

Third quarter 2021

Interim report



AAK

Financial highlights

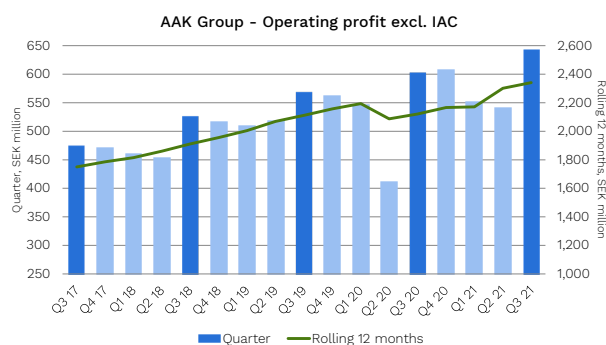
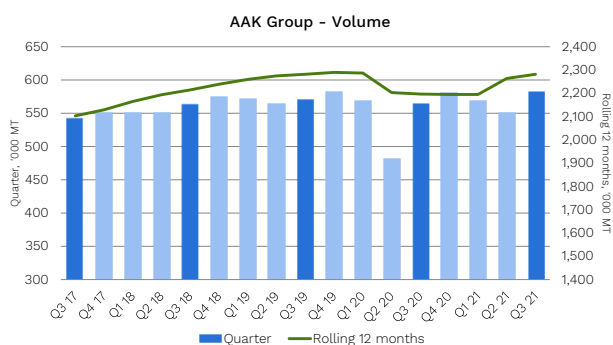
Q3 2021

- Total volumes increased by 3 percent, to 583,000 MT (565,000).
- Operating profit, including a negative currency translation impact of SEK 35 million, increased by 7 percent, reaching SEK 642 million (602).
- Profit for the period amounted to SEK 464 million (436).
- Earnings per share amounted to SEK 1.80 (1.69).
- Cash flow from operating activities amounted to negative SEK 20 million (482).
- Return on Capital Employed (ROCE), R12M, was 15.5 percent (14.2 at December 31, 2020).

Q1–Q3 2021

- Total volumes for the period increased by 5 percent, to 1,702,000 MT (1,615,000).
- In the second quarter, AAK reported an item affecting comparability (IAC) of SEK 304 million, related to the optimization of the company's European bakery business. SEK 203 million of this had a non-cash flow impact.
- Operating profit, excluding IAC but including a negative currency translation impact of SEK 129 million, increased by 11 percent, reaching SEK 1,734 million (1,558).
- Profit for the period amounted to SEK 967 million (1,142). Excluding IAC and related tax effects, profit for the period amounted to SEK 1,253 million (1,116).
- Earnings per share amounted to SEK 3.74 (4.46). Excluding IAC and related tax effects, earnings per share amounted to SEK 4.86 (4.36).
- Cash flow from operating activities amounted to SEK 269 million (815).
- Return on Capital Employed (ROCE), R12M, was 15.5 percent (14.2 at December 31, 2020).

	Q3 2021	Q3 2020	Δ %	Q1–Q3 2021	Q1–Q3 2020	Δ %	R12M 2021	Full year 2020
Volumes, '000 MT	583	565	+3	1,702	1,615	+5	2,282	2,195
Operating profit, SEK million	642	602	+7	1,430	1,560	-8	2,037	2,167
Operating profit excluding IAC, SEK million	642	602	+7	1,734	1,558	+11	2,341	2,165
Operating profit per kilo, SEK	1.10	1.07	+3	0.84	0.97	-13	0.89	0.99
Operating profit per kilo excluding IAC, SEK	1.10	1.07	+3	1.02	0.96	+6	1.03	0.99
Profit for the period, SEK million	464	436	+6	967	1,142	-15	1,406	1,581
Profit for the period excluding IAC, SEK million	464	436	+6	1,253	1,116	+12	1,692	1,555
Earnings per share, SEK	1.80	1.69	+7	3.74	4.46	-16	5.44	6.16
Earnings per share excluding IAC, SEK	1.80	1.69	+7	4.86	4.36	+11	6.55	6.05
Return on Capital Employed (R12M), percent	15.5	13.7	+13	15.5	13.7	+13	15.5	14.2



All-time high operating profit despite demanding macro-economic climate

We continued our strong performance in the third quarter with increased volumes and a solid earnings and operating profit per kilo growth, especially when comparing to the strong corresponding quarter last year. Chocolate & Confectionery Fats and Technical Products & Feed both delivered double-digit volume growth, while Food Ingredients was slightly down with a mixed volume development in its underlying segments.

The negative impact from the pandemic is still present and affecting our business, but to a lesser extent than in the previous quarter.

All business areas contributed to the Group's overall profitability, despite a negative currency translation impact and a macro-economic climate characterized by continued high raw material prices, disturbances in global logistics, and cost inflation.

Business performance

Operating profit increased by 7 percent (12 percent at fixed foreign exchange rates) to SEK 642 million (602), an all-time high, very much driven by our continued focus on speciality and semi-speciality solutions as well as improved cost efficiency. Operating profit per kilo increased by 3 percent and reached SEK 1.10 (1.07).

Volumes in Chocolate & Confectionery Fats increased by 12 percent, driven by growth in all markets, particularly South Latin America and Europe. On the back of higher volumes and an improved cost level, we delivered a very strong operating profit.

In line with our strategy, we prioritized high value-adding products which impacted our product mix in Food Ingredients. Volumes showed a slight decline while operating profit per kilo increased 4 percent. Plant-based Foods, Special Nutrition and Foodservice all reported volume growth.

Technical Products & Feed reported very strong volume and profit growth, supported by increased demand for natural ingredients for technical products as well as a continued strong performance in our crushing operations.

Further strengthened customer offering

M&A remains an important focus area and during the quarter we have acquired BIC Ingredients to further strengthen our position in the European lecithin market.

We have also entered a partnership with Progress Biotech to supply algae-based DHA for infant formula. This extends our product portfolio with a plant-based, vegan-friendly and sustainable oil that meets the highest demands on quality.

Continued progress within sustainability

We are proud to share that our improvement actions have led to a positive impact and good progress towards achieving our new targets. We have increased our verified deforestation-free palm volumes by 38 percent (69 vs. 50 in 2020) as well as traceability to plantation by 10 percent (77 vs. 70 in 2020). These are major steps towards our 2025 ambition – a palm oil supply chain that is 100 percent verified deforestation-free and 100 percent traceable to plantation.



We have furthermore signed a smallholder partnership with Nestlé and palm oil corporation Musim Mas to address deforestation outside of palm oil concession areas in the Aceh province in Indonesia. The five-year program, which will positively impact some 1,000 independent smallholders, is an important part of AAK's sustainable sourcing approach. Engaging with partners and other stakeholders in the supply chain is fundamental – only together can we make the global palm oil industry fully transparent and sustainable.

150 years of Making Better Happen

AAK's successful story in Aarhus, Denmark started in 1871. In September, we proudly celebrated our first 150 years as a pioneer and leader in plant-based oils and fats and we look forward to making better happen for many years to come.

Concluding remarks

As we conclude the third quarter, there are still challenges affecting the global economy. However, we continue to navigate well, and we have a robust foundation, a strong financial track record, and a solid balance sheet. The passion, drive and agility in our organization have generated strong results and are strengths we build on going forward.

We offer plant-based, healthy, high value-adding oils and fats solutions based on our customer co-development approach. We continuously strengthen our portfolio of solutions that are good for both people and planet. Despite short- to mid-term uncertainty, we see no reason to adjust our view on the strong favorable underlying long-term trends in our markets. Thus, we remain prudently optimistic about the future and we are fully committed to Making Better Happen™.

Johan Westman, President and CEO

AAK Group, Q3 2021

Volumes

Volumes amounted to 583,000 MT (565,000), an increase by 3 percent compared to last year.

Net sales

Sales amounted to SEK 9,214 million (7,064), an increase by 30 percent. The increase was due to higher volumes as well as higher raw material prices, partly offset by a negative currency translation impact of SEK 130 million.

Operating profit

Operating profit reached SEK 642 million (602), an increase by 7 percent compared to the corresponding quarter in 2020. The increase was driven by higher volumes as well as cost reduction measures.

The currency translation impact was negative SEK 35 million of which SEK 12 million related to Food Ingredients and SEK 23 million to Chocolate & Confectionery Fats. Operating profit at fixed foreign exchange rates increased by 12 percent.

Operating profit per kilo reached SEK 1.10 (1.07), an increase of 3 percent. The currency translation impact was negative SEK 0.06. At fixed foreign exchange rates, operating profit per kilo increased by 8 percent.

Net financial cost and tax costs

Net financial cost amounted to SEK 26 million (26). Reported tax costs correspond to an average tax rate of 25 percent (24).

Earnings per share

Earnings per share amounted to SEK 1.80 (1.69).

Cash flow and investments

Operating cash flow including changes in working capital amounted to negative SEK 20 million (482). Cash flow from working capital amounted to negative SEK 713 million (negative 73). There was a negative cash flow from inventory in the quarter due to continued rising raw material prices. Cash flow from accounts payables was positive, driven by higher raw material prices. Cash flow from accounts receivables was negative, driven by increased raw material prices balanced by improved cash management.

Cash outflow from investment activities amounted to SEK 163 million (226), of which SEK 12 million (53) related to acquisitions. Capital expenditure was mainly related to regular maintenance investments and capacity increases.

Raw material prices have continued to increase during 2021. Based on the duration of our contract portfolio, there is a time lag of 6–9 months until we see the cash flow effect from the price volatility. This implies a continued negative impact on working capital during 2021 and into 2022.

Return on Capital Employed (ROCE)

Calculated on a rolling 12 months basis, Return on Capital Employed (ROCE) was 15.5 percent (14.2 at December 31, 2020). ROCE for the third quarter was 14.9 percent compared to 13.8 percent for the corresponding quarter 2020.

Financial position

The equity/assets ratio amounted to 44 percent (44 percent at December 31, 2020). Net debt at September 30, 2021 amounted to SEK 3,776 million (SEK 3,472 million at December 31, 2020). Net debt/EBITDA amounted to 1.26 (1.19 as of December 31, 2020). Net debt/EBITDA, excluding the IFRS 16 impact, amounted to 1.12 (0.99 as of December 31, 2020). At September 30, 2021 the Group had total credit facilities of SEK 7,510 million (8,274 as of December 31, 2020), whereof SEK 6,293 million (7,234 as of December 31, 2020) in committed credit facilities. Unused committed credit facilities at September 30, 2021 amounted to SEK 5,074 million (6,120 as of December 31, 2020).

Investments

During the quarter, AAK acquired BIC Ingredients, the lecithin arm of BIC International Holding. For more information, please see page 5.

Production consolidation

The formal consultation process with union delegates to carry out a production consolidation and subsequent closure of AAK's site in Merksem, Belgium, has now been completed. Consequently, AAK will initiate the suggested consolidation procedure communicated in a press release on June 30, 2021.

Selected key events

Smallholder partnership with Nestlé and Musim Mas to address deforestation

We have entered a five-year partnership with Nestlé and Musim Mas to address deforestation outside of palm oil concession areas in the Aceh province in Indonesia. The program will positively impact some 1,000 independent smallholders. Aceh is a prioritized province as 87 percent of the Leuser Ecosystem – a protected area important for both biodiversity and carbon storage – lies within its borders.



AAK and Nestlé will initially provide funding for the first two years of the program in which smallholders will be enrolled into Musim Mas' smallholder program. In a "train the trainer" approach, government extension officers will be trained in good agricultural practices and NDPE (No Deforestation, No Peat, and No Exploitation). The extension officers will in turn train oil palm smallholders.

Expected outcomes of the program are increased yields and earnings for the smallholders, reducing the incentive to encroach into protected areas as a way of increasing their income. As the majority of deforestation in Aceh occurs outside plantation concession areas, these types of programs are vital.

This is our third significant initiative supporting smallholders within palm. The other two are Forever Sabah in Malaysia, which seeks to apply RSPO jurisdictional certification to all smallholders in the state of Sabah, and a program in Mexico run together with Solidaridad supporting implementation of good agricultural practices as well as smallholders on their journey towards RSPO certification.

AAK acquires lecithin business BIC Ingredients

During the quarter, we have agreed a deal to purchase BIC Ingredients, the lecithin arm of BIC International Holding, strengthening our position in the European lecithin market.

BIC Ingredients, which is based in the Netherlands, supplies non-GM speciality lecithin and lecithin compounds. We will integrate BIC Ingredients' products into our current portfolio of speciality lecithins, sold under the Akolec® brand.



BIC Ingredients is a natural fit with our business and by expanding our portfolio further, we will be able to create even better solutions in close collaboration with our customers globally.

Partnership with Progress Biotech on premium plant-based DHA for infant formula

We have announced a partnership with Progress Biotech to supply the Dutch company's high-quality, algae-based DHA for infant formula. Commonly derived from fish oils, DHA is an omega-3 fatty acid that offers several clinically proven benefits and is mandatory in infant formula across the EU.

Progress Biotech secured Infant Novel Food approval in the EU for its algal DHA in May 2021. It represents the purest form of DHA oil, with proven high quality. It is also a vegan-friendly, sustainable alternative to fish-based DHA and is produced without the use of solvents.

With this agreement, we continue to add to our portfolio of active lipids and can now offer our customers, infant formula manufacturers, a plant-based DHA oil that meets the highest demands on quality. Our algal DHA also has neutral taste and color, which is difficult to achieve with alternatives based on fish oil.

In addition to its technical expertise on DHA oils, Progress Biotech is a company with extensive experience in international trade and logistics. Having evaluated the DHA oil market, we chose Progress Biotech as our strategic partner because it shares our values on quality, sustainable sourcing, and the importance of a flexible supply chain. By combining the strengths of our companies, we bring an exceptional offer to the market.

Food Ingredients, Q3 2021*

	Q3 2021	Q3 2020	Δ %	Q1-Q3 2021	Q1-Q3 2020	Δ %	R12M 2021	Full year 2020
Operating profit +2%								
Volumes, '000 MT	368	376	-2	1,087	1,055	+3	1,458	1,426
Operating profit per kilo +4%								
Net sales, SEK million	6,087	4,679	+30	16,464	13,689	+20	21,162	18,387
Operating profit, SEK million	387	381	+2	1,043	967	+8	1,362	1,286
Operating profit per kilo, SEK	1.05	1.01	+4	0.96	0.92	+4	0.93	0.90

Volumes

Volumes for the business area decreased by 2 percent.

Bakery volumes decreased due to a prioritization of speciality and semi-speciality solutions. However, Asia and North Latin America reported volume growth.

Dairy volumes decreased somewhat, driven by lower demand in Asia. Europe and South Latin America, however, reported volume growth.

Plant-based Foods continued its positive trend and reported strong double-digit volume growth. Both plant-based meat and plant-based dairy solutions contributed.

Special Nutrition volumes increased, primarily driven by semi-speciality solutions in sub-segment Infant Nutrition, although high-end solutions also grew.

Volumes in Foodservice increased in all market geographies, especially in Europe, but we are, however, still not quite back at pre-pandemic levels.

Net sales

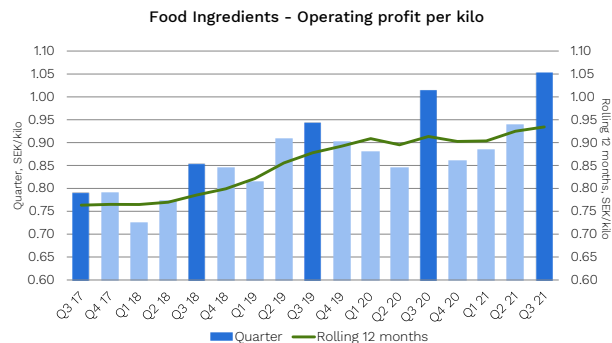
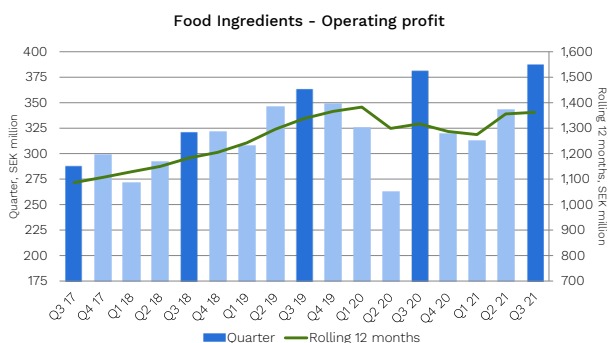
Sales amounted to SEK 6,087 million (4,679), an increase by 30 percent or SEK 1,408 million. The increase related to high demand for our speciality and high-end semi-speciality solutions and price adjustments due to increased raw material prices. This was partly offset by lower volumes and a negative currency translation impact of SEK 80 million.

Operating profit

Operating profit increased by 2 percent to SEK 387 million (381). The currency translation impact was negative SEK 12 million. At fixed foreign exchange rates, operating profit increased by 5 percent.

Operating profit for the business area was at an all-time high, driven by Bakery and Dairy. Plant-based Foods also contributed to the profit growth. Although still on a high level, margins in Special Nutrition were lower compared to the corresponding quarter last year.

Operating profit per kilo increased to SEK 1.05 (1.01). The currency translation impact was negative SEK 0.03. At fixed foreign exchange rates, operating profit per kilo grew 7 percent.



* All figures are excluding items affecting comparability.



Chocolate & Confectionery Fats, Q3 2021*

	Q3 2021	Q3 2020	Δ %	Q1-Q3 2021	Q1-Q3 2020	Δ %	R12M 2021	Full year 2020
Operating profit +6%								
Volumes, '000 MT	132	118	+12	380	325	+17	504	449
Net sales, SEK million	2,568	2,033	+26	7,070	5,772	+22	9,247	7,949
Operating profit per kilo -5%								
Operating profit, SEK million	234	221	+6	672	599	+12	938	865
Operating profit per kilo, SEK	1.77	1.87	-5	1.77	1.84	-4	1.86	1.93

Volumes

Volumes increased by 12 percent, driven by good market growth and our successful co-development approach. There was strong demand for our filling fats, but also for our semi-speciality solutions. All regions reported strong volume growth, particularly South Latin America and Europe.

Net sales

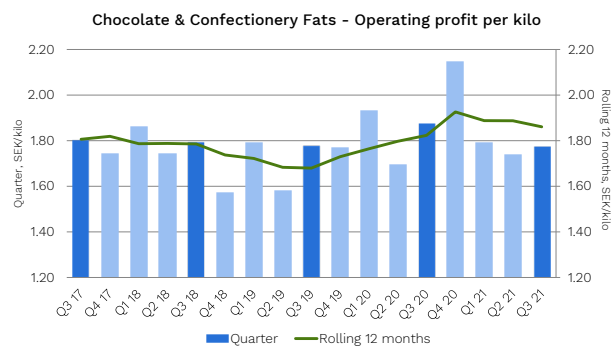
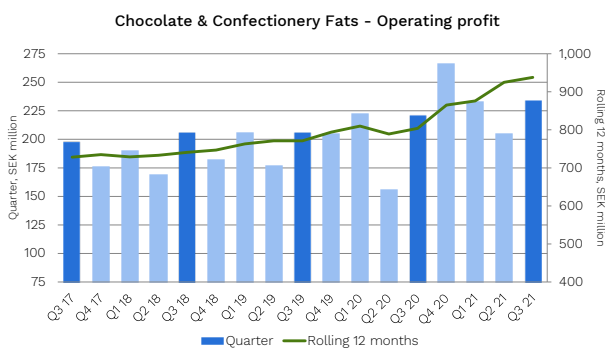
Net sales for the business area amounted to SEK 2,568 million (2,033), an increase by 26 percent. The increase related to volume growth and price adjustments due to higher raw material prices, offset by a negative currency translation impact of SEK 50 million.

Operating profit

Operating profit reached SEK 234 million (221), an increase by 6 percent compared to the strong corresponding quarter last year. The currency translation impact was negative SEK 23 million. At fixed foreign exchange rates, operating profit increased by 16 percent.

The growth in operating profit is a result of our strong global position for customer co-developed solutions as well as leverage on higher volumes.

Operating profit per kilo decreased by 5 percent and reached SEK 1.77 (1.87). The currency translation impact was negative SEK 0.17. At fixed foreign exchange rates, operating profit per kilo increased by 4 percent.



* All figures are excluding items affecting comparability.



Technical Products & Feed, Q3 2021*

	Q3 2021	Q3 2020	Δ %	Q1-Q3 2021	Q1-Q3 2020	Δ %	R12M 2021	Full year 2020
Operating profit +65%								
Volumes, '000 MT	83	71	+17	235	235	+0	320	320
Net sales, SEK million	559	352	+59	1,477	1,175	+26	1,900	1,598
Operating profit, SEK million	56	34	+65	131	100	+31	188	157
Operating profit per kilo +40%								
Operating profit per kilo, SEK	0.67	0.48	+40	0.56	0.43	+30	0.59	0.49

Volumes

Volumes increased by 17 percent. Both our feed and fatty acids business grew substantially. We see higher demand for natural ingredients for technical products. This is linked to an increased focus on sustainability across different industry segments where our solutions can substitute, for example, fossil-based ingredients in various customer products.

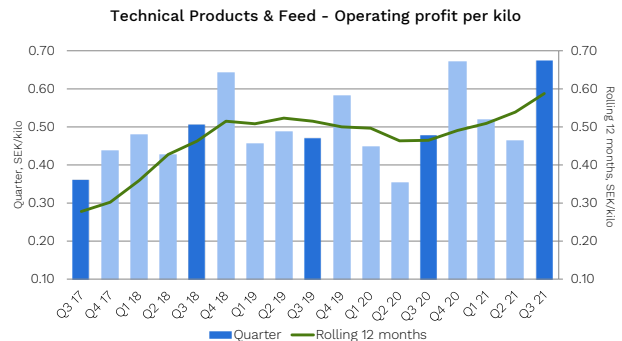
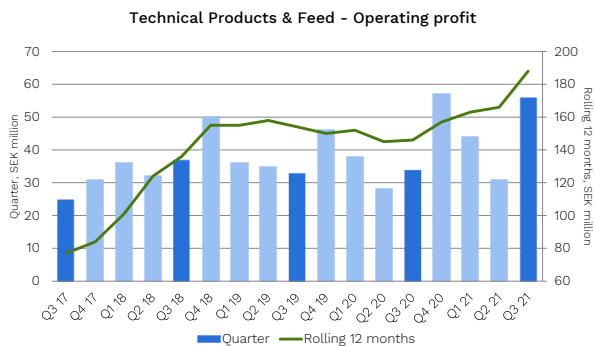
Net sales

Net sales for the business area increased by SEK 207 million.

Operating profit

Operating profit reached SEK 56 million (34), an increase by 65 percent. This was driven by an increased demand for natural ingredients, higher volumes in general, and a strong performance in our crushing operations.

The business area reported an operating profit per kilo of SEK 0.67 (0.48), an increase by 40 percent.



* All figures are excluding items affecting comparability.



AAK Group, first nine months 2021

Volumes

Volumes amounted to 1,702,000 MT (1,615,000), an increase of 5 percent compared to last year.

Net sales

Sales amounted to SEK 25,011 million (20,636), an increase by 21 percent. This was due to increased sales of speciality solutions, with a higher sales price, as well as higher raw material prices, partly offset by a negative currency translation impact of SEK 1,503 million.

Operating profit

Operating profit, excluding items affecting comparability, reached SEK 1,734 million (1,558), an increase of 11 percent. Including items affecting comparability of negative SEK 304 million (2), operating profit amounted to 1,430 million (1,560). The currency translation impact was negative SEK 129 million of which SEK 66 million related to Food Ingredients and SEK 63 million to Chocolate & Confectionery Fats. Operating profit, excluding items affecting comparability, and at fixed foreign exchange rates, increased by 20 percent.

Operating profit per kilo, excluding items affecting comparability, reached SEK 1.02 (0.96), an increase of 6 percent. The currency translation impact was negative SEK 0.08. At fixed foreign exchange rates and excluding items affecting comparability, operating profit per kilo increased by 12 percent.

Items affecting comparability

During the second quarter, AAK reported an item affecting comparability amounting to EUR 30 million (SEK 304 million), related to the optimization of the company's European bakery business. EUR 20 million (SEK 203 million) of this had a non-cash flow impact. The optimization will lead to annual cost reductions and productivity gains of approximately EUR 5 million (SEK 51 million), expected to reach full run rate by the end of 2022.

During the first quarter 2020, AAK reported acquisition costs of SEK 4 million as an item affecting comparability. During the second quarter 2020, AAK reported two items affecting comparability, amounting to net SEK 6 million. There were costs of SEK 200 million linked to structural measures, which has now been implemented according to plan, and an income of SEK 206 million, related to an optimization of the company's capital structure.

Net financial cost and tax costs

Net financial cost amounted to SEK 76 million (96). The lower interest cost related to less borrowing in high-interest rate countries. Reported tax costs correspond to an average tax rate of 29 percent (22). The expense reported as items affecting comparability in the second quarter could not be utilized as a tax credit. This increased the average tax rate by 5 percentage points.

Earnings per share

Earnings per share amounted to SEK 3.74 (4.46), impacted by items affecting comparability. Excluding IAC, earnings per share amounted to SEK 4.86 (4.36).

Cash flow and investments

Operating cash flow, including changes in working capital, amounted to SEK 269 million (815). Cash flow from working capital amounted to negative SEK 1,760 million (negative 477). There was a negative cash flow from inventory driven by higher raw material prices, partly offset by lower inventory levels. Cash flow from accounts receivables was negative, driven by higher raw material prices and increased sales, balanced by improved cash management. Cash flow from accounts payables was positive, driven by higher raw material prices.

Cash outflow from investment activities amounted to SEK 435 million (558), of which SEK 31 million (53) related to acquisitions. Capital expenditure was mainly related to regular maintenance investments and capacity increases.

Raw material prices have continued to increase during 2021. Based on the duration of our contract portfolio, there is a time lag of 6–9 months until we see the cash flow effect from the price volatility. This implies a continued negative impact on working capital during 2021 and into 2022.

Employees

The average number of employees at September 30, 2021, was 3,980 (3,978 at December 31, 2020).

General information

Related parties

No significant changes have taken place in relations or transactions with related parties since 2020.

Risks and uncertainty factors

AAK's operations are constantly exposed to risks, threats and external factors with an impact on the company. Through a proactive approach to business intelligence, the company aims to anticipate changes in factors affecting operations. Plans and policies are adjusted continuously to counteract potential negative effects. Active risk management, such as hedging raw material prices and currencies, reduces the risks that the company faces.

Efficient risk management is an ongoing process conducted within the framework of business control and is part of the ongoing review and forward-looking assessment of operations.

AAK's long-term risk exposure is assumed not to deviate from the inherent exposure associated with AAK's ongoing business operations.

AAK's Board of Directors and Executive Committee have, since the publication of the Annual Report 2020, reviewed the development of significant risks and uncertainties, and can confirm that there have been no changes other than what has been commented on in respect of market developments during 2021.

For a more in-depth analysis of risks, please refer to AAK's Annual Report.

Accounting policies in 2021

This interim report is prepared in accordance with the Swedish Annual Accounts Act and IAS 34, Interim Financial Reporting. For information regarding the accounting policies applied, please see our Annual Report.

Alternative Performance Measures (APMs)

AAK presents APMs to reflect underlying business performance and to enhance comparability from period to period. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS.

Definitions of Alternative Performance Measures can be found at www.aak.com under the Investor tab. For reconciliation of Alternative Performance Measures, see pages 20–21.

Definitions

For definitions, please see our Annual Report.

Events after the reporting period

No events to be reported.

The Parent Company and Group Functions

The Parent Company is a holding company for the AAK Group. Its functions are primarily activities related to the development and administration of the Group.

The result for the Parent Company after financial items amounted to SEK 989 million (negative 55).

Interest-bearing liabilities minus cash and cash equivalents and interest-bearing assets totaled SEK 1,664 million (2,456 as of December 31, 2020). Investments in intangible and tangible assets were SEK 1 million (2).

The Parent Company's balance sheet and income statement are shown on pages 22–23.

Accounting policies

AAK AB (publ.) is the Parent Company of the AAK Group. The company has prepared its financial reports in accordance with Chapter 9 of the Swedish Annual Accounts Act, Interim Report and RFR 2 Reporting for legal entities.

Changes in the balance sheet

No major changes in the Parent Company since year-end.

Malmö, October 29, 2021

Johan Westman
President and CEO

For further information, please contact:

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Head of IR and Corporate Communications
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E-mail: gabriella.grotte@aak.com

This information is information that AAK AB (publ.) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 1:00 p.m. CET on October 29, 2021.

Auditor's review report

AAK AB (publ.)
Corp. Id. 556669-2850

Introduction

We have reviewed the condensed interim financial information (interim report) of AAK AB (publ.) as of September 30, 2021 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Malmö, October 29, 2021

KPMG AB

Jonas Nihlberg
Authorized Public Accountant

Condensed income statement

SEK million	Q3 2021	Q3 2020	Q1–Q3 2021	Q1–Q3 2020	Full year 2020
Net sales	9,214	7,064	25,011	20,636	27,934
Other operating income	46	28	137	302	364
Total operating income	9,260	7,092	25,148	20,938	28,298
Raw materials and supplies	-7,211	-5,063	-19,439	-15,170	-20,572
Other external expenses	-614	-662	-1,626	-1,805	-2,416
Cost for remuneration to employees	-607	-577	-1,866	-1,785	-2,334
Depreciation, amortization and impairment losses	-184	-186	-776	-574	-755
Other operating expenses	-2	-2	-11	-44	-54
Total operating expenses	-8,618	-6,490	-23,718	-19,378	-26,131
Operating profit (EBIT)	642	602	1,430	1,560	2,167
Interest income	2	1	5	5	7
Interest expense	-25	-27	-69	-88	-114
Other financial items	-3	0	-12	-13	-20
Total financial net	-26	-26	-76	-96	-127
Profit before tax	616	576	1,354	1,464	2,040
Income tax	-152	-140	-387	-322	-459
Profit for the period	464	436	967	1,142	1,581
Attributable to non-controlling interests	1	7	6	10	18
Attributable to the Parent Company's shareholders	463	429	961	1,132	1,563
Earnings per share, SEK ¹⁾	1.80	1.69	3.74	4.46	6.16
Earnings per share incl. dilution, SEK ²⁾	1.79	1.68	3.73	4.45	6.13
Earnings per share incl. full dilution, SEK ³⁾	1.79	1.65	3.73	4.36	6.07

¹⁾ Earnings per share are calculated based on weighted average number of outstanding shares.

²⁾ Earnings per share are calculated based on weighted average number of outstanding shares including dilution from outstanding subscription warrants.

³⁾ Earnings per share are calculated based on total number of average outstanding shares including a conversion of all outstanding subscription warrants to ordinary shares.

Comprehensive income

SEK million	Q3 2021	Q3 2020	Q1–Q3 2021	Q1–Q3 2020	Full year 2020
Profit for the period	464	436	967	1,142	1,581
Items that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefit obligations	12	-23	21	-12	-19
	12	-23	21	-12	-19
Items that may subsequently be reclassified to profit or loss:					
Translation differences	86	-170	468	-1,139	-1,959
Fair-value changes in cash flow hedges	0	0	3	-2	-1
Tax related to fair-value changes in cash flow hedges	0	0	-1	1	0
	86	-170	470	-1,140	-1,960
Total comprehensive income for the period	562	243	1,458	-10	-398
Attributable to non-controlling interests	2	7	6	7	10
Attributable to the Parent Company's shareholders	560	236	1,452	-17	-408

Condensed balance sheet

SEK million	30.09.2021	30.09.2020	31.12.2020
Assets			
Goodwill	2,228	2,223	2,103
Other intangible assets	307	326	313
Property, plant and equipment	5,531	5,741	5,601
Right-of-use assets	565	768	709
Financial assets	63	36	34
Deferred tax assets	174	175	187
Total non-current assets	8,868	9,269	8,947
Inventory	8,207	6,257	6,569
Accounts receivables	4,765	3,699	3,336
Current receivables	2,358	1,777	2,226
Cash and cash equivalents	999	1,143	1,200
Total current assets	16,329	12,876	13,331
Total assets	25,197	22,145	22,278
Equity and liabilities			
Shareholders' equity	11,097	10,428	9,699
Non-controlling interests	45	91	39
Total equity including non-controlling interests	11,142	10,519	9,738
Liabilities to banks and credit institutions	1,595	3,214	2,087
Pension liabilities	244	263	278
Lease liabilities	468	676	617
Deferred tax liabilities	453	448	480
Non-interest-bearing liabilities	353	662	440
Total non-current liabilities	3,113	5,263	3,902
Liabilities to banks and credit institutions	2,335	635	1,565
Lease liabilities	125	118	117
Accounts payables	4,673	3,056	3,659
Other current liabilities	3,809	2,554	3,297
Total current liabilities	10,942	6,363	8,638
Total equity and liabilities	25,197	22,145	22,278

No changes have arisen in contingent liabilities.

Condensed change in equity

2021

SEK million	Shareholders' equity	Non-controlling interests	Total equity incl. non-controlling interests
Opening balance January 1, 2021	9,699	39	9,738
Profit for the period	961	6	967
Other comprehensive income	491	0	491
Total comprehensive income	1,452	6	1,458
New issue of shares	432	-	432
Non-controlling interest	104	0	104
Dividend	-590	-	-590
Closing balance September 30, 2021	11,097	45	11,142

2020

SEK million	Shareholders' equity	Non-controlling interests	Total equity incl. non-controlling interests
Opening balance January 1, 2020	10,337	84	10,421
Profit for the period	1,132	10	1,142
Other comprehensive income	-1,149	-3	-1,152
Total comprehensive income	-17	7	-10
New issue of shares	93	-	93
Subscription warrants	15	-	15
Closing balance September 30, 2020	10,428	91	10,519

Financial instruments

2021

SEK million	Asset 30.09.2021	Liability 30.09.2021
Sales and purchase contracts	715	1,083
Currency hedge contracts	113	116
Total derivatives financial instruments	828	1,199
Fair value adjustment inventory	576	48
Total	1,404	1,247

2020

SEK million	Asset 30.09.2020	Liability 30.09.2020
Sales and purchase contracts	427	186
Currency hedge contracts	189	136
Total derivatives financial instruments	616	322
Fair value adjustment inventory	142	47
Total	758	369

Condensed cash flow statement

SEK million	Q3 2021	Q3 2020	Q1–Q3 2021	Q1–Q3 2020	Full year 2020
Operating activities					
Operating profit	642	602	1,430	1,560	2,167
Depreciation and amortization	184	186	776	574	755
Other non-cash items	-4	52	198	-187	-137
Cash flow before interest and tax	822	840	2,404	1,947	2,785
Interest paid and received	-18	-18	-53	-71	-94
Tax paid	-111	-267	-322	-584	-712
Cash flow before changes in working capital	693	555	2,029	1,292	1,979
Changes in inventory	-746	-208	-1,457	122	-470
Changes in accounts receivables	-395	-469	-1,328	-442	-190
Changes in accounts payables	121	461	875	-147	631
Changes in other working capital items	307	143	150	-10	73
Changes in working capital	-713	-73	-1,760	-477	44
Cash flow from operating activities	-20	482	269	815	2,023
Investing activities					
Acquisition of intangible assets and property, plant and equipment	-151	-174	-404	-506	-742
Acquisition of operations and shares, net of cash acquired	-12	-53	-31	-53	-412
Proceeds from sale of property, plant and equipment	0	1	0	1	4
Cash flow from investing activities	-163	-226	-435	-558	-1,150
Cash flow after investing activities	-183	256	-166	257	873
Financing activities					
Changes in loans	-200	-287	221	-37	-131
Amortization of lease liability	-40	-38	-117	-112	-154
New issue of shares	278	93	432	93	236
Subscription warrants	-	-	-	15	15
Dividend paid	-	-	-590	-	-536
Cash flow from financing activities	38	-232	-54	-41	-570
Cash flow for the period	-145	24	-220	216	303
Cash and cash equivalents at start of period	1,139	1,138	1,200	982	982
Exchange rate difference for cash equivalents	5	-19	19	-55	-85
Cash and cash equivalents at end of period	999	1,143	999	1,143	1,200

Key ratios

SEK million (unless otherwise stated)	Q3 2021	Q3 2020	Δ %	Q1-Q3 2021	Q1-Q3 2020	Δ %	Full year 2020
Income statement							
Volumes, '000 MT	583	565	+3	1,702	1,615	+5	2,195
Operating profit	642	602	+7	1,430	1,560	-8	2,167
Operating profit excluding IAC	642	602	+7	1,734	1,558	+11	2,165
Profit for the period	464	436	+6	967	1,142	-15	1,581
Profit for the period excluding IAC	464	436	+6	1,253	1,116	+12	1,555
Financial position							
Total assets	25,197	22,145	+14	25,197	22,145	+14	22,278
Equity	11,142	10,519	+6	11,142	10,519	+6	9,738
Net working capital	6,861	6,134	+12	6,861	6,134	+12	5,186
Net debt	3,776	3,770	+0	3,776	3,770	+0	3,472
Cash flow							
EBITDA	826	788	+5	2,206	2,134	+3	2,922
Cash flow from operating activities	-20	482	-	269	815	-	2,023
Cash flow from investing activities	-163	-226	-	-435	-558	-	-1,150
Free cash flow	-183	256	-	-166	257	-	873
Share data							
Number of shares, thousand	258,495	254,391	+2	258,495	254,391	+2	255,414
Earnings per share, SEK ¹⁾	1.80	1.69	+7	3.74	4.46	-16	6.16
Earnings per share incl. dilution, SEK ²⁾	1.79	1.68	+7	3.73	4.45	-16	6.13
Earnings per share incl. full dilution, SEK ³⁾	1.79	1.65	+8	3.73	4.36	-14	6.07
Equity per share, SEK	42.93	41.10	+4	42.93	41.10	+4	38.00
Market value on closing date, SEK	188.75	167.15	+13	188.75	167.15	+13	166.00
Other key ratios							
Volume growth, percent	+3	-1	-	+5	-5	-	-4
Operating profit per kilo, SEK	1.10	1.07	+3	0.84	0.97	-13	0.99
Operating profit per kilo excluding IAC, SEK	1.10	1.07	+3	1.02	0.96	+6	0.99
Return on Capital Employed (R12 months), percent	15.5	13.7	+13	15.5	13.7	+13	14.2
Net debt / EBITDA, multiple	1.26	1.31	-4	1.26	1.31	-4	1.19

¹⁾ Earnings per share are calculated based on weighted average number of outstanding shares.

²⁾ Earnings per share are calculated based on weighted average number of outstanding shares including dilution from outstanding subscription warrants.

³⁾ Earnings per share are calculated based on total number of average outstanding shares including a conversion of all outstanding subscription warrants to ordinary shares.

Quarterly data by business area

Operating profit

SEK million	2020					2021		
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3
Food Ingredients	325	168	381	319	1,192	313	39	387
Chocolate & Confectionery Fats	222	73	221	266	782	233	205	234
Technical Products & Feed	38	20	34	57	149	44	31	56
Group Functions	-43	156	-34	-35	44	-39	-38	-35
Operating profit AAK Group	542	417	602	607	2,167	551	237	642
Financial net	-35	-35	-26	-31	-127	-25	-25	-26
Profit before tax	507	382	576	576	2,040	526	212	616

Operating profit excluding items affecting comparability

SEK million	2020					2021		
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3
Food Ingredients	325	262	381	319	1,286	313	343	387
Chocolate & Confectionery Fats	222	156	221	266	865	233	205	234
Technical Products & Feed	38	28	34	57	157	44	31	56
Group Functions	-39	-35	-34	-35	-143	-39	-38	-35
Operating profit AAK Group	546	411	602	607	2,165	551	541	642
Financial net	-35	-35	-26	-31	-127	-25	-25	-26
Profit before tax	511	376	576	576	2,038	526	516	616

Net sales by market

2021

SEK million	FI	CCF	TPF	Total	FI	CCF	TPF	Total
	Q3 2021	Q3 2021	Q3 2021	Q3 2021	Q1-Q3 2021	Q1-Q3 2021	Q1-Q3 2021	Q1-Q3 2021
Europe	2,606	1,163	559	4,328	6,888	3,354	1,477	11,719
North and South America	2,598	972	0	3,570	7,268	2,649	0	9,917
Asia	829	391	0	1,220	2,135	947	0	3,082
Other countries	54	42	0	96	173	120	0	293
Net sales	6,087	2,568	559	9,214	16,464	7,070	1,477	25,011

2020

SEK million	FI	CCF	TPF	Total	FI	CCF	TPF	Total
	Q3 2020	Q3 2020	Q3 2020	Q3 2020	Q1-Q3 2020	Q1-Q3 2020	Q1-Q3 2020	Q1-Q3 2020
Europe	2,152	1,020	352	3,524	6,058	2,899	1,175	10,132
North and South America	1,946	733	0	2,679	5,901	2,107	0	8,008
Asia	529	259	0	788	1,557	669	0	2,226
Other countries	52	21	0	73	173	97	0	270
Net sales	4,679	2,033	352	7,064	13,689	5,772	1,175	20,636

Alternative Performance Measures (APMs)

Organic volume growth

Percent	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Full year 2020
Food Ingredients					
Organic volume growth	-2	-2	3	-8	-7
Acquisitions/divestments	-	-	-	-	-
Volume growth	-2	-2	3	-8	-7
Chocolate & Confectionery Fats					
Organic volume growth	12	2	17	-5	-2
Acquisitions/divestments	-	-	-	-	-
Volume growth	12	2	17	-5	-2
Technical Products & Feed					
Organic volume growth	17	1	0	6	7
Acquisitions/divestments	-	-	-	-	-
Volume growth	17	1	0	6	7
AAK Group					
Organic volume growth	3	-1	5	-5	-4
Acquisitions/divestments	-	-	-	-	-
Volume growth	3	-1	5	-5	-4

EBITDA

SEK million	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Full year 2020
Operating profit (EBIT)	642	602	1,430	1,560	2,167
Depreciation and amortization	184	186	776	574	755
EBITDA	826	788	2,206	2,134	2,922

Operating profit excl. items affecting comparability (IAC)

SEK million	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Full year 2020
Food Ingredients					
Operating profit excl. IAC	387	381	1,043	967	1,286
Optimization European bakery business	-	-	-304	-	-
Structural measures	-	-	-	-94	-94
Operating profit	387	381	739	873	1,192
Chocolate & Confectionery Fats					
Operating profit excl. IAC	234	221	672	599	865
Structural measures	-	-	-	-83	-83
Operating profit	234	221	672	516	782
Technical Products & Feed					
Operating profit excl. IAC	56	34	131	100	157
Structural measures	-	-	-	-8	-8
Operating profit	56	34	131	92	149
AAK Group					
Operating profit excl. IAC	642	602	1,734	1,558	2,165
Optimization European bakery business	-	-	-304	-	-
Optimization capital structure	-	-	-	206	206
Structural measures	-	-	-	-200	-200
Acquisition costs	-	-	-	-4	-4
Operating profit	642	602	1,430	1,560	2,167

Return on Capital Employed (ROCE)

SEK million	30.09.2021	30.09.2020	R12M 30.09.2021	R12M 31.12.2020
Total assets	25,197	22,145	23,265	22,573
Cash and cash equivalents	-999	-1,143	-1,145	-1,273
Financial assets	-3	-5	-7	-115
Accounts payables	-4,673	-3,056	-3,930	-3,235
Other non-interest-bearing liabilities	-3,792	-2,538	-3,096	-2,753
Capital employed	15,730	15,403	15,087	15,197
Operating profit excl. items affecting comparability (Rolling 12 months)	2,341	2,120	2,341	2,165
Return on Capital Employed (ROCE), percent	14.9	13.8	15.5	14.2

Net working capital

SEK million	30.09.2021	31.12.2020
Inventory	8,207	6,569
Accounts receivables	4,765	3,336
Other current receivables, non-interest-bearing	2,354	2,222
Accounts payables	-4,673	-3,659
Other current liabilities, non-interest-bearing	-3,792	-3,282
Net working capital	6,861	5,186

Net debt

SEK million	30.09.2021	31.12.2020
Current interest-bearing receivables	3	4
Cash and cash equivalents	999	1,200
Pension liabilities	-243	-278
Lease liabilities	-593	-734
Non-current liabilities to banks and credit institutions	-1,595	-2,087
Current liabilities to banks and credit institutions	-2,335	-1,565
Other interest-bearing liabilities	-12	-12
Net debt	-3,776	-3,472

Net debt/EBITDA

SEK million	30.09.2021	31.12.2020
Net debt	3,776	3,472
EBITDA (Rolling 12 months)	2,994	2,922
Net debt/EBITDA, multiple	1.26	1.19

Net debt/EBITDA, excluding the IFRS 16 impact, amounted to 1.12 (0.99 as of December 31, 2020).

Equity to assets ratio

SEK million	30.09.2021	31.12.2020
Shareholders' equity	11,097	9,699
Non-controlling interests	45	39
Total equity including non-controlling interests	11,142	9,738
Total assets	25,197	22,278
Equity to assets ratio, percent	44.2	43.7

Income statement – Parent Company

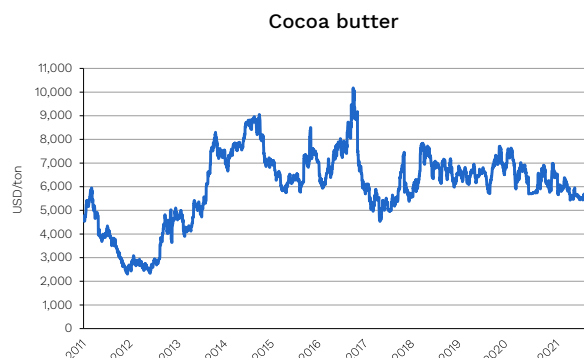
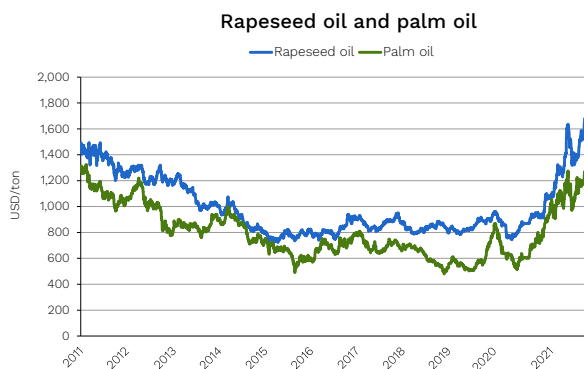
SEK million	Q3 2021	Q3 2020	Q1–Q3 2021	Q1–Q3 2020	Full year 2020
Net sales	37	44	111	131	134
Total operating income	37	44	111	131	134
Other external expenses	-21	-27	-61	-83	-107
Cost for remuneration to employees	-23	-16	-72	-68	-87
Depreciation, amortization and impairment losses	-1	-2	-5	-6	-7
Total operating expenses	-45	-45	-138	-157	-201
Operating profit (EBIT)	-8	-1	-27	-26	-67
Dividend from Group companies	1,039	-	1,039	-	-
Income from shares in Group companies	-	-	-	-	65
Interest expense	-7	-8	-19	-25	-31
Other financial items	-1	-1	-4	-4	-6
Total financial net	1,031	-9	1,016	-29	28
Profit before tax	1,023	-10	989	-55	-39
Income tax	5	2	10	12	-
Profit for the period	1,028	-8	999	-43	-39

Condensed balance sheet – Parent Company

SEK million	30.09.2021	31.12.2020
Assets		
Other intangible assets	10	12
Property, plant and equipment	1	2
Right-of-use assets	3	4
Financial assets	9,731	8,843
Deferred tax assets	5	5
Total non-current assets	9,750	8,866
Current receivables	405	351
Cash and cash equivalents	-	-
Total current assets	405	351
Total assets	10,155	9,217
Equity and liabilities		
Shareholders' equity	7,369	6,527
Non-controlling interests	-	-
Total equity including non-controlling interests	7,369	6,527
Liabilities to banks and credit institutions	1,000	1,500
Lease liabilities	0	1
Other non-current liabilities	23	29
Total non-current liabilities	1,023	1,530
Liabilities to banks and credit institutions	1,700	1,100
Lease liabilities	3	3
Accounts payables	2	6
Other current liabilities	58	51
Total current liabilities	1,763	1,160
Total equity and liabilities	10,155	9,217

No changes have arisen in contingent liabilities.

Price trends in raw materials



For information regarding cocoa and cocoa butter please refer to information at www.icco.org

Additional information

Press and analyst conference

AAK will host a conference call on October 29, 2021 at 2 p.m. CET. The conference call can be accessed via our website, www.aak.com.

The annual and quarterly reports are also published on www.aak.com.

Financial calendar 2021–2022

A Capital Market Day will be held in Malmö, Sweden on November 23, 2021.

The interim report for the fourth quarter and full-year report for 2021 will be published on February 4, 2022.

The interim report for the first quarter 2022 will be published on April 27, 2022.

The Annual General Meeting will be held in Malmö, Sweden on May 18, 2022.

Forward-looking statements

This report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of AAK AB (publ.), may cause actual developments and results to differ materially from the expectations expressed in this report.

Governing text

The report has been translated from Swedish. The Swedish text shall govern for all purposes and prevail in the event of any discrepancy between the versions.

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Everything

we do

is about

Making Better Happen™

AAK specializes in plant-based oils that are the value-adding ingredients in many of the products people love to consume. We make these products better tasting, healthier, and more sustainable. We enhance their sensory experience – by giving the silkier mouthfeel in premium chocolate, the juicier texture in a plant-based burger, and the puffier appearance in a lower-fat pastry.

We can also optimize their production by substituting existing ingredients with plant-based equivalents that give better efficiency. AAK's value-adding solutions enable our customers to be successful in a better way.

At the heart of AAK's offer is Customer Co-Development, combining our desire to understand what better means for each customer, with the unique flexibility of our production assets, and a deep knowledge of many products and industries, including Chocolate & Confectionery, Bakery, Dairy, Plant-based Foods, Special Nutrition, Foodservice and Personal Care.

Our 3,900 employees support our close collaboration with customers through 25 regional sales offices, 15 dedicated Customer Innovation Centers, and with the support of more than 20 production facilities.

Listed on Nasdaq Stockholm and with our headquarters in Malmö, Sweden, AAK has been Making Better Happen™ for 150 years.



Explore more at
www.aak.com

Or contact us at
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