

Second quarter 2021

Interim report



AAK

Financial highlights

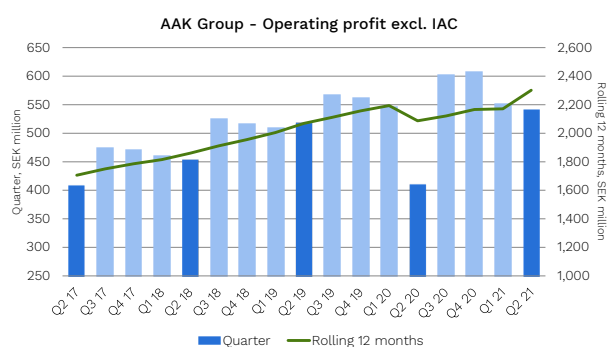
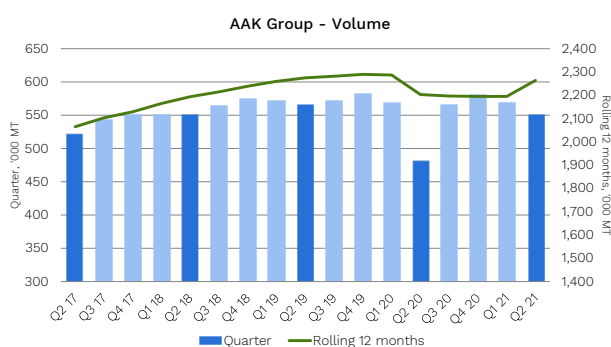
Q2 2021

- Total volumes increased by 14 percent, to 550,000 MT (481,000).
- Operating profit, excluding items affecting comparability (adjusted operating profit) but including a negative currency translation impact of SEK 37 million, increased by 32 percent, reaching SEK 541 million (411).
- AAK reported an item affecting comparability (IAC) of SEK 304 million, related to the proposed optimization of the company's European bakery business. SEK 203 million of this has a non-cash flow impact.
- Profit for the period amounted to SEK 103 million (324). Excluding IAC and related tax effects, profit for the period amounted to SEK 389 million (294).
- Earnings per share amounted to SEK 0.39 (1.27). Excluding IAC and related tax effects, earnings per share amounted to SEK 1.51 (1.15).
- Cash flow from operating activities amounted to SEK 231 million (262).
- Return on Capital Employed (ROCE), R12M, was 15.4 percent (14.2 at December 31, 2020).

Q1-Q2 2021

- Total volumes for the period increased by 7 percent, to 1,119,000 MT (1,050,000).
- Operating profit, excluding IAC but including a negative currency translation impact of SEK 94 million, increased by 14 percent, reaching SEK 1,092 million (957).
- Profit for the period amounted to SEK 503 million (707). Excluding IAC and related tax effects, profit for the period amounted to SEK 789 million (681).
- Earnings per share amounted to SEK 1.94 (2.77). Excluding IAC and related tax effects, earnings per share amounted to SEK 3.06 (2.67).
- Cash flow from operating activities amounted to SEK 289 million (333).
- Return on Capital Employed (ROCE), R12M, was 15.4 percent (14.2 at December 31, 2020).

	Q2 2021	Q2 2020	Δ %	Q1-Q2 2021	Q1-Q2 2020	Δ %	R12M 2021	Full year 2020
Volumes, '000 MT	550	481	+14	1,119	1,050	+7	2,264	2,195
Operating profit, SEK million	237	417	-43	788	959	-18	1,996	2,167
Operating profit excluding IAC, SEK million	541	411	+32	1,092	957	+14	2,300	2,165
Operating profit per kilo, SEK	0.43	0.87	-51	0.70	0.91	-23	0.88	0.99
Operating profit per kilo excluding IAC, SEK	0.98	0.85	+15	0.98	0.91	+8	1.02	0.99
Profit for the period, SEK million	103	324	-68	503	707	-29	1,377	1,581
Profit for the period excluding IAC, SEK million	389	294	+32	789	681	+16	1,667	1,555
Earnings per share, SEK	0.39	1.27	-69	1.94	2.77	-30	5.33	6.16
Earnings per share excluding IAC, SEK	1.51	1.15	+31	3.06	2.67	+15	6.46	6.05
Return on Capital Employed (R12M), percent	15.4	13.7	+12	15.4	13.7	+12	15.9	14.2



Record-high second quarter despite continued volatility and uncertainty

The second quarter showed strong volume as well as profit growth compared to the corresponding quarter last year which was significantly impacted by Covid-19. Both Chocolate & Confectionery Fats and Food Ingredients performed well, the latter supported by Foodservice which showed a strong recovery, although not yet back at pre-pandemic levels.

The pandemic still impacts our business negatively, especially in India and Turkey, while we have seen fast improvements in other geographies, such as the USA and parts of Europe.

We achieved a significantly higher operating profit compared to last year despite a material negative currency translation impact, highly volatile raw material prices, and continued global logistics and sea freight disturbances. At fixed foreign exchange rates, we increased our adjusted operating profit by 41 percent.

Business performance

Volumes for the Group increased significantly compared to last year, driven by speciality and semi-speciality solutions within Chocolate & Confectionery Fats as well as by Foodservice. There was also a good development for Bakery, while Technical Products & Feed reported lower volumes due to an extended maintenance stop.

Adjusted operating profit amounted to SEK 541 million (411), a record high for a second quarter, driven by volume growth and an increased productivity. Adjusted operating profit per kilo increased by 15 percent and reached SEK 0.98 (0.85). At fixed foreign exchange rates, adjusted operating profit per kilo increased by 24 percent.

Food Ingredients reported overall volume growth, mainly driven by Foodservice, Bakery and Plant-based Foods, particularly for meat alternative solutions. Special Nutrition volumes increased slightly. Cost absorption improved due to the volume growth, particularly within Foodservice, contributing to the business area's overall profitability.

Chocolate & Confectionery Fats reported strong volume growth, driven by our customer co-developed solutions. Demand in South Latin America and the USA was particularly good.

As for Technical Products & Feed, we saw strong profit growth despite lower volumes. The growth was mainly driven by good productivity and high utilization in our crushing operation.

Optimization of our European bakery business

We have initiated a formal consultation process regarding production consolidation to further optimize our European bakery business in line with our strategy. This to improve cost efficiency and increase competitiveness while continuing to support our customers with the same high level of dedication and service.

The proposed consolidation implies a transfer of production from Merksem, Belgium to our sites in Hull, United Kingdom and Zaandijk, the Netherlands, after which the site in Merksem would be closed.



Important sustainability initiatives

During the quarter, we signed a EUR 400 million sustainability-linked revolving credit facility, renewing an undrawn credit facility of the same amount. The facility is closely linked to a number of AAK's sustainability targets, among them our commitment to a 100 percent deforestation- and conversion-free palm supply chain by 2025.

Built on Kolo Nafaso, our existing direct shea sourcing program in West Africa, we have created a public-private partnership with Mars, several leading NGOs, and an impact investment fund that will improve the livelihoods of women working in Ghana's shea supply chain.

Concluding remarks

After reporting a strong quarter there is still uncertainty and volatility in our markets. However, AAK has a robust foundation, a strong financial track record and a solid balance sheet, and we see a high level of business activity. The passion, drive and agility in our organization 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, Q2 2021

Volumes

Volumes amounted to 550,000 MT (481,000), an increase by 14 percent compared to last year.

Net sales

Sales amounted to SEK 8,188 million (6,117), an increase by 34 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 539 million.

Operating profit

Operating profit, excluding items affecting comparability, reached SEK 541 million (411), an increase by 32 percent compared to the corresponding quarter in 2020. The increase was driven by higher volumes as well as cost reduction measures. Including items affecting comparability of SEK 304 million, operating profit amounted to SEK 237 million (417).

The currency translation impact was negative SEK 37 million of which SEK 26 million related to Food Ingredients and SEK 11 million to Chocolate & Confectionery Fats. Operating profit, excluding items affecting comparability and at fixed foreign exchange rates, increased by 41 percent.

Operating profit per kilo, excluding items affecting comparability, reached SEK 0.98 (0.85), an increase of 15 percent. The currency translation impact was negative SEK 0.07. At fixed foreign exchange rates and excluding items affecting comparability, operating profit per kilo increased by 24 percent.

Items affecting comparability

AAK has during the second quarter reported an item affecting comparability amounting to EUR 30 million (SEK 304 million), related to the proposed optimization of the company's European bakery business. EUR 20 million (SEK 203 million) of this has a non-cash flow impact. The proposed optimization would 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 2020, AAK reported two items affecting comparability during the second quarter, 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 25 million (35). The lower interest cost was related to less borrowing in high-interest rate countries. Reported tax costs correspond to an average tax rate of 51 percent (15). The expense reported as items affecting comparability cannot be utilized as a tax credit. This has increased the average tax rate in the quarter by 27 percentage points.

Earnings per share

Earnings per share amounted to SEK 0.39 (1.27), impacted by items affecting comparability.

Cash flow and investments

Operating cash flow including changes in working capital amounted to SEK 231 million (262). Cash flow from working capital amounted to negative SEK 290 million (negative 152). There was a negative cash flow from inventory in the quarter due to 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 154 million (174), of which SEK 11 million (0) related to acquisitions. Capital expenditure was mainly related to regular maintenance investments and capacity increases.

Raw material prices have continued to increase during the first half of 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. Towards the end of the second quarter, raw material prices started to decrease. If sustained, it will have a positive effect on cash flow towards the beginning of 2022.

Return on Capital Employed (ROCE)

Calculated on a rolling 12 months basis, Return on Capital Employed (ROCE) was 15.4 percent (14.2 at December 31, 2020). ROCE for the second quarter was 15.3 percent compared to 13.8 percent for the corresponding quarter 2020.

Financial position

The equity/assets ratio amounted to 43 percent (44 percent at December 31, 2020). Net debt at June 30, 2021 amounted to SEK 3,937 million (SEK 3,472 million at December 31, 2020). Net debt/EBITDA amounted to 1.33 (1.19 as of December 31, 2020). Net debt/EBITDA, excluding the IFRS 16 impact, amounted to 1.16 (0.99 as of December 31, 2020). At June 30, 2021 the Group had total credit facilities of SEK 8,372 million (8,274 as of December 31, 2020), whereof SEK 7,106 million (7,234 as of December 31, 2020) in committed credit facilities. Unused committed credit facilities at June 30, 2021 amounted to SEK 5,587 million (6,120 as of December 31, 2020).

Investments

During the quarter, we exercised the put/call option to acquire the remaining 20 percent of Soya International Ltd.

Selected key events

AAK and its global customer Mars in ten-year sustainable shea initiative to empower women in West Africa

AAK has joined forces with Mars, several leading NGOs, and an impact investment fund to create a public-private partnership that will improve the livelihoods of women working in Ghana's shea supply chain. The ten-year Women in Shea (WISH) initiative aims to reach 13,000 women shea collectors from more than 150 communities in northern Ghana.



Stakeholders in the WISH initiative have the common goal to bring economic and social benefits to the women in the program and promote environmental improvements for the shea tree parklands while meeting the growing market demand for high-quality shea kernels.

WISH is a ground-breaking partnership of stakeholders in the shea supply chain, combining the knowledge and influence of both the public and private sector. The potential for positive, sustainable transformation is huge, especially in light of the holistic, long-term, and practical approach being taken by all parties involved.

The WISH initiative is built on AAK's Kolo Nafaso program in West Africa through which we source shea kernels directly from women collectors. The program, which has been running since 2009, focuses on poverty alleviation and women empowerment through direct trade, interest-free micro credits and training. Today, the program involves more than 320,000 women, but the positive impact it generates influences the livelihood of many more. We are continuously developing Kolo Nafaso to make better happen for even more women in the shea supply chain.

Important partnerships to meet the growing demand for plant-based alternatives

During the quarter, we announced a new partnership with Vista Processed Foods Pvt Ltd, part of OSI group, to meet India's growing demand for plant-based meat alternatives.

India's meat alternative market is in its early stages, but commercial adoption is accelerating, with plant-based options increasingly common in quick service restaurants (QSR) and online. We will now collaborate to create products from a variety of different plant proteins that meet the taste and texture preferences of Indian markets. Working on a co-development basis, Vista will manufacture plant-based products for customers, while AAK will provide its expertise in areas such as new product development.



We also announced an exclusive distribution agreement with Invita for plant-based food solutions to Australia and New Zealand. These are two of the fastest-growing markets in the world when it comes to plant-based foods, supported by an advanced food technology as well as the countries' eating clean and green lifestyle.

Invita has been trading since 1988 and has built a customer-focused company servicing New Zealand and Australia. With this partnership, our innovative and customized product range for plant-based foods solutions called AkoPlanet by AAK will be available to food manufacturers via Invita's well-established technical facility and distribution network in Australia and New Zealand.

Food Ingredients, Q2 2021*

	Q2 2021	Q2 2020	Δ %	Q1-Q2 2021	Q1-Q2 2020	Δ %	R12M 2021	Full year 2020
Operating profit +31%								
Volumes, '000 MT	365	310	+18	719	679	+6	1,466	1,426
Net sales, SEK million	5,508	4,086	+35	10,377	9,010	+15	19,754	18,387
Operating profit, SEK million	343	262	+31	656	587	+12	1,355	1,286
Operating profit per kilo, SEK	0.94	0.85	+11	0.91	0.86	+6	0.92	0.90
Operating profit per kilo +11%								

Volumes

Volumes for the business area increased substantially. Main contributors were Foodservice and Bakery which both recovered nicely due to eased pandemic-related restrictions and lockdowns. Total volume growth was 18 percent.

Bakery volumes increased and there was double-digit growth in both South Latin America and Asia. Growth in certain countries, primarily Turkey and India, was, however, still hampered by the pandemic.

Dairy volumes increased by double digits in all regions except for North Latin America where they were flat.

Plant-based Foods continued its strong trend and reported double-digit volume growth. This was mainly driven by plant-based meat solutions, primarily in the USA where restaurants have started to open up in the wake of lifted restrictions.

Special Nutrition volumes increased slightly with growth for high-end solutions in sub-segment Infant Nutrition as well as for Medical and Senior Nutrition. Our semi-speciality solutions experienced lower demand in most regions.

Volumes in Foodservice increased by high double digits. We are, however, still not back at pre-pandemic levels.

Net sales

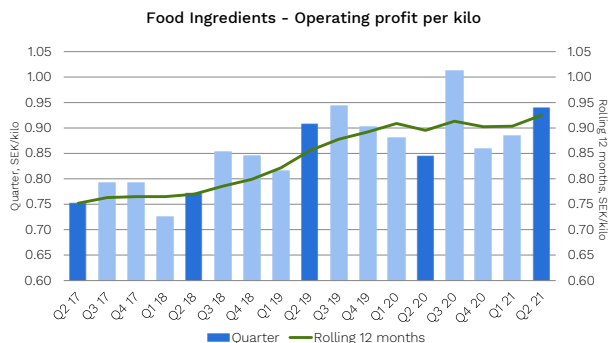
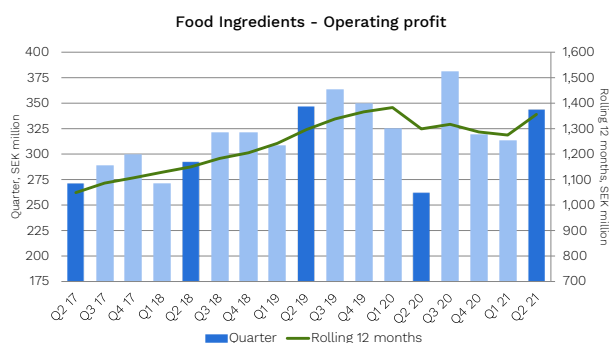
Sales amounted to SEK 5,508 million (4,086), an increase by 35 percent or SEK 1,422 million. This related to higher volumes and increased raw material prices, partly offset by a negative currency translation impact of SEK 348 million.

Operating profit

Operating profit increased by 31 percent to SEK 343 million (262). The currency translation impact was negative SEK 26 million. At fixed foreign exchange rates, operating profit increased by 41 percent.

Operating profit for the business area was close to an all-time high, driven by a strong recovery in Foodservice as well as Bakery, Dairy and Plant-based Foods – even considering the rapid and substantial increases in raw material prices. Within Special Nutrition, these price increases were slightly more difficult to compensate for. Our implemented cost reduction measures contributed to the overall profit growth.

Operating profit per kilo increased and amounted to SEK 0.94 (0.85). The currency translation impact was negative SEK 0.07. At fixed foreign exchange rates, operating profit per kilo increased by 19 percent.



* All figures are excluding items affecting comparability.



Chocolate & Confectionery Fats, Q2 2021*

	Q2 2021	Q2 2020	Δ %	Q1-Q2 2021	Q1-Q2 2020	Δ %	R12M 2021	Full year 2020
Operating profit +31%								
Volumes, '000 MT	118	92	+28	248	207	+20	490	449
Net sales, SEK million	2,239	1,623	+38	4,502	3,739	+20	8,712	7,949
Operating profit, SEK million	205	156	+31	438	378	+16	925	865
Operating profit per kilo, SEK	1.74	1.70	+2	1.77	1.83	-3	1.89	1.93
Operating profit per kilo +2%								

Volumes

Volumes increased by 28 percent compared to the corresponding quarter last year. There was strong demand for our speciality solutions such as cocoa butter equivalents and filling fats, but also for our semi-speciality solutions. All regions reported double-digit volume growth, confirming our strong market position.

Net sales

Net sales for the business area amounted to SEK 2,239 million (1,623). The increase related to volume growth and higher raw material prices, offset by a negative currency translation impact of SEK 191 million.

Operating profit

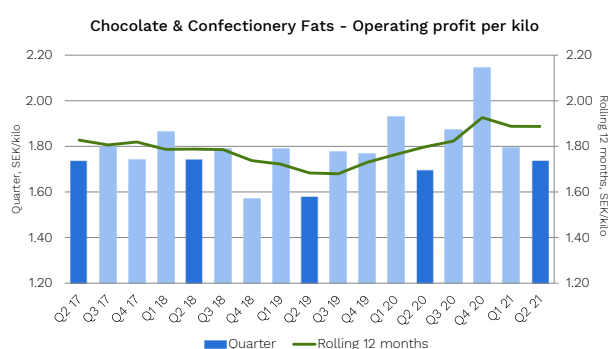
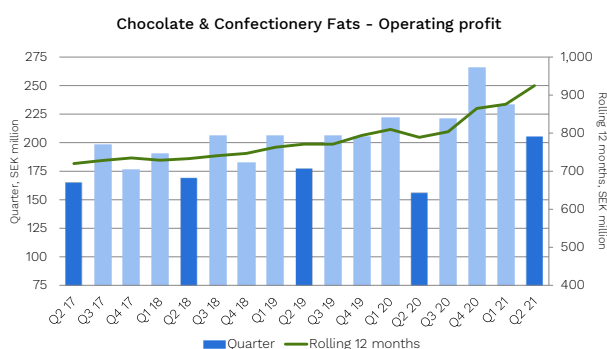
Operating profit reached SEK 205 million (156), an increase by 31 percent and a record-high for a second quarter. The

currency translation impact was negative SEK 11 million. At fixed foreign exchange rates, operating profit increased by 38 percent.

The growth in operating profit is a result of our strong global position to meet market demand for customer co-developed solutions. The increase was also supported by good cost control.

The recent decline in raw material prices has increased the average duration of our contract portfolio, but we continue to see a somewhat higher than normal competitive intensity in the market.

Operating profit per kilo increased by 2 percent and reached SEK 1.74 (1.70). The currency translation impact was negative SEK 0.09. At fixed foreign exchange rates, operating profit per kilo increased by 8 percent.



* All figures are excluding items affecting comparability.



Technical Products & Feed, Q2 2021*

	Q2 2021	Q2 2020	Δ %	Q1-Q2 2021	Q1-Q2 2020	Δ %	R12M 2021	Full year 2020
Operating profit +11%								
Volumes, '000 MT	67	79	-15	152	164	-7	308	320
Net sales, SEK million	441	408	+8	918	823	+12	1,693	1,598
Operating profit, SEK million	31	28	+11	75	66	+14	166	157
Operating profit per kilo, SEK	0.46	0.35	+31	0.49	0.40	+23	0.54	0.49
Operating profit per kilo +31%								

Volumes

Volumes were down 15 percent as an extended maintenance stop in the quarter led to a decline in Feed volumes. This was partly offset by increased volumes in our fatty acids business.

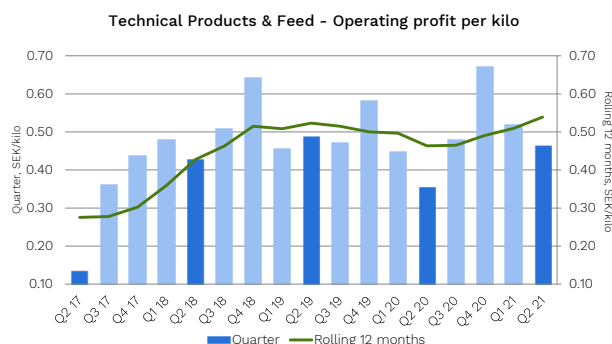
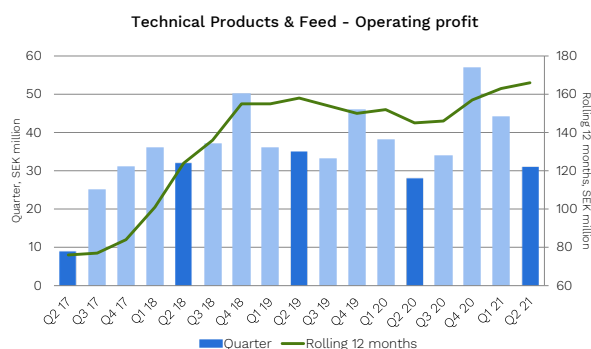
Net sales

Net sales for the business area increased by SEK 33 million.

Operating profit

Operating profit reached SEK 31 million (28), an increase of 11 percent, mainly driven by a strong performance in our crushing operation.

The business area reported an operating profit per kilo of SEK 0.46 (0.35), an increase by 31 percent.



* All figures are excluding items affecting comparability.



AAK Group, first six months 2021

Volumes

Volumes amounted to 1,119,000 MT (1,050,000), an increase of 7 percent compared to last year.

Net sales

Sales amounted to SEK 15,767 million (13,572), an increase by 16 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 1,373 million.

Operating profit

Operating profit, excluding items affecting comparability, reached SEK 1,092 million (957), an increase of 14 percent. Including items affecting comparability of SEK 304 million, operating profit amounted to 788 million (959). The currency translation impact was negative SEK 94 million of which SEK 54 million related to Food Ingredients and SEK 40 million to Chocolate & Confectionery Fats. Operating profit, excluding items affecting comparability, and at fixed foreign exchange rates, increased by 24 percent.

Operating profit per kilo, excluding items affecting comparability, reached SEK 0.98 (0.91), an increase of 8 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 16 percent.

Net financial cost and tax costs

Net financial cost amounted to SEK 50 million (70). The lower interest cost related to less borrowing in high-interest rate countries. Reported tax costs correspond to an average tax rate of 32 percent (20). The expense reported as items affecting comparability in the second quarter cannot be utilized as a tax credit. This increased the average tax rate by 8 percentage points.

Earnings per share

Earnings per share amounted to SEK 1.94 (2.77), impacted by items affecting comparability.

Cash flow and investments

Operating cash flow, including changes in working capital, amounted to SEK 289 million (333). Cash flow from working capital amounted to negative SEK 1,047 million (negative 404). There was a negative cash flow from inventory in the quarter 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. Cash flow from accounts payables was positive, driven by higher raw material prices.

Cash outflow from investment activities amounted to SEK 272 million (332), of which SEK 19 million (0) related to acquisitions. Capital expenditure was mainly related to regular maintenance investments and capacity increases.

Raw material prices have continued to increase during the first half of 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. Towards the end of the second quarter, raw material prices started to decrease. If sustained, it will have a positive effect on cash flow towards the beginning of 2022.

Employees

The average number of employees at June 30, 2021, was 3,969 (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.

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 negative SEK 34 million (negative 43).

Interest-bearing liabilities minus cash and cash equivalents and interest-bearing assets totaled SEK 2,970 million (2,456 as of December 31, 2020). Investments in intangible and tangible assets were SEK 0 million (1).

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.

Audit review

This report has not been reviewed by the company's auditors.

Malmö, July 16, 2021

Georg Brunstam
Chairman of the Board

Märta Schörling Andreen
Board member

Gun Nilsson
Board member

Patrik Andersson
Board member

Marianne Kirkegaard
Board member

Leif Håkansson
Trade union representative

Lena Nilsson
Trade union representative

For further information, please contact:

Gabriella Grotte
Head of IR and Corporate Communications
Mobile: +46 737 16 80 01
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 July 16, 2021.

Condensed income statement

SEK million	Q2 2021	Q2 2020	Q1-Q2 2021	Q1-Q2 2020	Full year 2020
Net sales	8,188	6,117	15,797	13,572	27,934
Other operating income	45	234	91	274	364
Total operating income	8,233	6,351	15,888	13,846	28,298
Raw materials and supplies	-6,387	-4,599	-12,228	-10,107	-20,572
Other external expenses	-503	-491	-1,012	-1,143	-2,416
Cost for remuneration to employees	-686	-597	-1,259	-1,208	-2,334
Depreciation, amortization and impairment losses	-415	-207	-592	-387	-755
Other operating expenses	-5	-40	-9	-42	-54
Total operating expenses	-7,996	-5,934	-15,100	-12,887	-26,131
Operating profit (EBIT)	237	417	788	959	2,167
Interest income	2	2	3	4	7
Interest expense	-22	-30	-44	-61	-114
Other financial items	-5	-7	-9	-13	-20
Total financial net	-25	-35	-50	-70	-127
Profit before tax	212	382	738	889	2,040
Income tax	-109	-58	-235	-182	-459
Profit for the period	103	324	503	707	1,581
Attributable to non-controlling interests	3	1	5	3	18
Attributable to the Parent Company's shareholders	100	323	498	704	1,563
Earnings per share, SEK ¹⁾	0.39	1.27	1.94	2.77	6.16
Earnings per share incl. dilution, SEK ²⁾	0.39	1.27	1.94	2.76	6.13
Earnings per share incl. full dilution, SEK ³⁾	0.39	1.24	1.92	2.71	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	Q2 2021	Q2 2020	Q1-Q2 2021	Q1-Q2 2020	Full year 2020
Profit for the period	103	324	503	707	1,581
Items that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefit obligations	9	6	9	11	-19
	9	6	9	11	-19
Items that may subsequently be reclassified to profit or loss:					
Translation differences	-128	-1,048	382	-970	-1,959
Fair-value changes in cash flow hedges	2	-2	3	-2	-1
Tax related to fair-value changes in cash flow hedges	-1	1	-1	1	0
	-127	-1,049	384	-971	-1,960
Total comprehensive income for the period	-15	-719	896	-253	-398
Attributable to non-controlling interests	3	-1	4	0	10
Attributable to the Parent Company's shareholders	-18	-718	892	-253	-408

Condensed balance sheet

SEK million	30.06.2021	30.06.2020	31.12.2020
Assets			
Goodwill	2,169	2,046	2,103
Other intangible assets	308	323	313
Property, plant and equipment	5,498	5,769	5,601
Right-of-use assets	666	747	709
Financial assets	55	40	34
Deferred tax assets	156	89	187
Total non-current assets	8,852	9,014	8,947
Inventory	7,423	6,085	6,569
Accounts receivables	4,356	3,325	3,336
Current receivables	1,945	2,163	2,226
Cash and cash equivalents	1,139	1,138	1,200
Total current assets	14,863	12,711	13,331
Total assets	23,715	21,725	22,278
Equity and liabilities			
Shareholders' equity	10,155	10,099	9,699
Non-controlling interests	43	84	39
Total equity including non-controlling interests	10,198	10,183	9,738
Liabilities to banks and credit institutions	2,097	3,530	2,087
Pension liabilities	253	229	278
Lease liabilities	564	660	617
Deferred tax liabilities	430	454	480
Non-interest-bearing liabilities	422	495	440
Total non-current liabilities	3,766	5,368	3,902
Liabilities to banks and credit institutions	2,003	1,094	1,565
Lease liabilities	130	108	117
Accounts payables	4,525	2,624	3,659
Other current liabilities	3,093	2,348	3,297
Total current liabilities	9,751	6,174	8,638
Total equity and liabilities	23,715	21,725	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	498	5	503
Other comprehensive income	394	-1	393
Total comprehensive income	892	4	896
New issue of shares	154	-	154
Dividend	-590	-	-590
Closing balance June 30, 2021	10,155	43	10,198

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	704	3	707
Other comprehensive income	-957	-3	-960
Total comprehensive income	-253	0	-253
Subscription warrants	15	-	15
Closing balance June 30, 2020	10,099	84	10,183

Financial instruments

2021

SEK million	Asset	Liability
Financial instruments reported in balance sheet June 30, 2021		
Sales and purchase contracts	626	643
Currency hedge contracts	90	98
Total derivatives financial instruments	716	741
Fair value adjustment inventory	263	67
Total financial instruments	979	808

2020

SEK million	Asset	Liability
Financial instruments reported in balance sheet June 30, 2020		
Sales and purchase contracts	485	197
Currency hedge contracts	134	84
Total derivatives financial instruments	619	281
Fair value adjustment inventory	3	0
Total financial instruments	622	281

Condensed cash flow statement

SEK million	Q2 2021	Q2 2020	Q1-Q2 2021	Q1-Q2 2020	Full year 2020
Operating activities					
Operating profit	237	417	788	959	2,167
Depreciation and amortization	415	207	592	387	755
Other non-cash items	3	-56	202	-239	-137
Cash flow before interest and tax	655	568	1,582	1,107	2,785
Interest paid and received	-18	-27	-35	-53	-94
Tax paid	-116	-127	-211	-317	-712
Cash flow before changes in working capital	521	414	1,336	737	1,979
Changes in inventory	-832	248	-711	330	-470
Changes in accounts receivables	-184	558	-933	27	-190
Changes in accounts payables	796	-737	754	-608	631
Changes in other working capital items	-70	-221	-157	-153	73
Changes in working capital	-290	-152	-1,047	-404	44
Cash flow from operating activities	231	262	289	333	2,023
Investing activities					
Acquisition of intangible assets and property, plant and equipment	-143	-174	-253	-332	-742
Acquisition of operations and shares, net of cash acquired	-11	-	-19	-	-412
Proceeds from sale of property, plant and equipment	0	0	0	0	4
Cash flow from investing activities	-154	-174	-272	-332	-1,150
Cash flow after investing activities	77	88	17	1	873
Financing activities					
Changes in loans	435	-786	421	250	-131
Amortization of lease liability	-38	-36	-77	-74	-154
New issue of shares	12	-	154	-	236
Subscription warrants	-	15	-	15	15
Dividend paid	-590	-	-590	-	-536
Cash flow from financing activities	-181	-807	-92	191	-570
Cash flow for the period	-104	-719	-75	192	303
Cash and cash equivalents at start of period	1,245	1,899	1,200	982	982
Exchange rate difference for cash equivalents	-2	-42	14	-36	-85
Cash and cash equivalents at end of period	1,139	1,138	1,139	1,138	1,200

Key ratios

SEK million (unless otherwise stated)	Q2 2021	Q2 2020	Δ %	Q1-Q2 2021	Q1-Q2 2020	Δ %	Full year 2020
Income statement							
Volumes, '000 MT	550	481	+14	1,119	1,050	+7	2,195
Operating profit	237	417	-43	788	959	-18	2,167
Operating profit excluding IAC	541	411	+32	1,092	957	+14	2,165
Profit for the period	103	324	-68	503	707	-29	1,581
Financial position							
Total assets	23,715	21,725	+9	23,715	21,725	+9	22,278
Equity	10,198	10,183	+0	10,198	10,183	+0	9,738
Net working capital	6,140	6,064	+1	6,140	6,064	+1	5,186
Net debt	3,937	3,971	-1	3,937	3,971	-1	3,472
Cash flow							
EBITDA	652	624	+4	1,386	1,346	+3	2,922
Cash flow from operating activities	231	262	-	289	333	-	2,023
Cash flow from investing activities	-154	-174	-	-272	-332	-	-1,150
Free cash flow	77	88	-	17	1	-	873
Share data							
Number of shares, thousand	256,514	253,731	+1	256,514	253,731	+1	255,414
Earnings per share, SEK ¹⁾	0.39	1.27	-69	1.94	2.77	-30	6.16
Earnings per share incl. dilution, SEK ²⁾	0.39	1.27	-69	1.94	2.76	-30	6.13
Earnings per share incl. full dilution, SEK ³⁾	0.39	1.24	-69	1.92	2.71	-29	6.07
Equity per share, SEK	39.59	39.80	-1	39.59	39.80	-1	38.00
Market value on closing date, SEK	191.80	160.10	+20	191.80	160.10	+20	166.00
Other key ratios							
Volume growth, percent	+14	-15	-	+7	-8	-	-4
Operating profit per kilo, SEK	0.43	0.87	-51	0.70	0.91	-23	0.99
Operating profit per kilo excluding IAC, SEK	0.98	0.85	+15	0.98	0.91	+8	0.99
Return on Capital Employed (R12 months), percent	15.4	13.7	+12	15.4	13.7	+12	14.2
Net debt / EBITDA, multiple	1.33	1.41	-6	1.33	1.41	-6	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 Q1	Q2	Q3	Q4	Full year	2021 Q1	Q2
Food Ingredients	325	168	381	319	1,192	313	39
Chocolate & Confectionery Fats	222	73	221	266	782	233	205
Technical Products & Feed	38	20	34	57	149	44	31
Group Functions	-43	156	-34	-35	44	-39	-38
Operating profit AAK Group	542	417	602	607	2,167	551	237
Financial net	-35	-35	-26	-31	-127	-25	-25
Profit before tax	507	382	576	576	2,040	526	212

Operating profit excluding items affecting comparability

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

Net sales by market

2021

SEK million	FI Q2 2021	CCF Q2 2021	TPF Q2 2021	Total Q2 2021	FI Q1-Q2 2021	CCF Q1-Q2 2021	TPF Q1-Q2 2021	Total Q1-Q2 2021
Europe	2,260	1,091	441	3,792	4,282	2,191	918	7,391
North and South America	2,551	850	0	3,401	4,670	1,677	0	6,347
Asia	650	260	0	910	1,306	556	0	1,862
Other countries	47	38	0	85	119	78	0	197
Net sales	5,508	2,239	441	8,188	10,377	4,502	918	15,797

2020

SEK million	FI Q2 2020	CCF Q2 2020	TPF Q2 2020	Total Q2 2020	FI Q1-Q2 2020	CCF Q1-Q2 2020	TPF Q1-Q2 2020	Total Q1-Q2 2020
Europe	1,768	834	408	3,010	3,906	1,879	823	6,608
North and South America	1,782	587	0	2,369	3,955	1,374	0	5,329
Asia	482	172	0	654	1,028	410	0	1,438
Other countries	54	30	0	84	121	76	0	197
Net sales	4,086	1,623	408	6,117	9,010	3,739	823	13,572

Alternative Performance Measures (APMs)

Organic volume growth

Percent	Q2 2021	Q2 2020	Q1-Q2 2021	Q1-Q2 2020	Full year 2020
Food Ingredients					
Organic volume growth	18	-19	6	-11	-7
Acquisitions/divestments	-	-	-	-	-
Volume growth	18	-19	6	-11	-7
Chocolate & Confectionery Fats					
Organic volume growth	28	-18	20	-9	-2
Acquisitions/divestments	-	-	-	-	-
Volume growth	28	-18	20	-9	-2
Technical Products & Feed					
Organic volume growth	-15	10	-7	9	7
Acquisitions/divestments	-	-	-	-	-
Volume growth	-15	10	-7	9	7
AAK Group					
Organic volume growth	14	-15	7	-8	-4
Acquisitions/divestments	-	-	-	-	-
Volume growth	14	-15	7	-8	-4

EBITDA

SEK million	Q2 2021	Q2 2020	Q1-Q2 2021	Q1-Q2 2020	Full year 2020
Operating profit (EBIT)	237	417	788	959	2,167
Depreciation and amortization	415	207	592	387	755
EBITDA	652	624	1,380	1,346	2,922

Operating profit excl. items affecting comparability (IAC)

SEK million	Q2 2021	Q2 2020	Q1-Q2 2021	Q1-Q2 2020	Full year 2020
Food Ingredients					
Operating profit excl. IAC	343	262	656	587	1,286
Optimization European bakery business	-304	-	-304	-	-
Structural measures	-	-94	-	-94	-94
Operating profit	39	168	352	493	1,192
Chocolate & Confectionery Fats					
Operating profit excl. IAC	205	156	438	378	865
Structural measures	-	-83	-	-83	-83
Operating profit	205	73	438	295	782
Technical Products & Feed					
Operating profit excl. IAC	31	28	75	66	157
Structural measures	-	-8	-	-8	-8
Operating profit	31	20	75	58	149
AAK Group					
Operating profit excl. IAC	541	411	1,092	957	2,165
Optimization European bakery business	-304	-	-304	-	-
Optimization capital structure	-	206	-	206	206
Structural measures	-	-200	-	-200	-200
Acquisition costs	-	-	-	-4	-4
Operating profit	237	417	788	959	2,167

Return on Capital Employed (ROCE)

SEK million	30.06.2021	30.06.2020	R12M 30.06.2021	R12M 31.12.2020
Total assets	23,715	21,725	22,571	22,573
Cash and cash equivalents	-1,139	-1,138	-1,173	-1,273
Financial assets	-3	-524	-112	-115
Accounts payables	-4,525	-2,624	-3,520	-3,235
Other non-interest-bearing liabilities	-3,057	-2,332	-2,804	-2,753
Capital employed	14,992	15,107	14,962	15,197
Operating profit excl. items affecting comparability (Rolling 12 months)	2,300	2,087	2,300	2,165
Return on Capital Employed (ROCE), percent	15.3	13.8	15.4	14.2

Net working capital

SEK million	30.06.2021	31.12.2020
Inventory	7,423	6,569
Accounts receivables	4,356	3,336
Other current receivables, non-interest-bearing	1,942	2,222
Accounts payables	-4,525	-3,659
Other current liabilities, non-interest-bearing	-3,056	-3,282
Net working capital	6,140	5,186

Net debt

SEK million	30.06.2021	31.12.2020
Non-current interest-bearing receivables	-	-
Current interest-bearing receivables	3	4
Cash and cash equivalents	1,139	1,200
Pension liabilities	-252	-278
Lease liabilities	-694	-734
Non-current liabilities to banks and credit institutions	-2,097	-2,087
Current liabilities to banks and credit institutions	-2,003	-1,565
Other interest-bearing liabilities	-33	-12
Net debt	-3,937	-3,472

Net debt/EBITDA

SEK million	30.06.2021	31.12.2020
Net debt	3,937	3,472
EBITDA (Rolling 12 months)	2,956	2,922
Net debt/EBITDA, multiple	1.33	1.19

Net debt/EBITDA, excluding the IFRS 16 impact, amounted to 1.16 (0.99 as of December 31, 2020).

Equity to assets ratio

SEK million	30.06.2021	31.12.2020
Shareholders' equity	10,155	9,699
Non-controlling interests	43	39
Total equity including non-controlling interests	10,198	9,738
Total assets	23,715	22,278
Equity to assets ratio, percent	43.0	43.7

Income statement – Parent Company

SEK million	Q2 2021	Q2 2020	Q1-Q2 2021	Q1-Q2 2020	Full year 2020
Net sales	37	44	74	87	134
Total operating income	37	44	74	87	134
Other external expenses	-16	-26	-40	-56	-107
Cost for remuneration to employees	-26	-24	-49	-52	-87
Depreciation, amortization and impairment losses	-2	-2	-4	-4	-7
Total operating expenses	-44	-52	-93	-112	-201
Operating profit (EBIT)	-7	-8	-19	-25	-67
Income from shares in Group companies	-	-	-	-	65
Interest expense	-6	-9	-12	-17	-31
Other financial items	-2	-1	-3	-1	-6
Total financial net	-8	-10	-15	-18	28
Profit before tax	-15	-18	-34	-43	-39
Income tax	1	4	5	9	-
Profit for the period	-14	-14	-29	-34	-39
Attributable to non-controlling interests	-	-	-	-	-
Attributable to the Parent Company's shareholders	-14	-14	-29	-34	-39

Comprehensive income – Parent Company

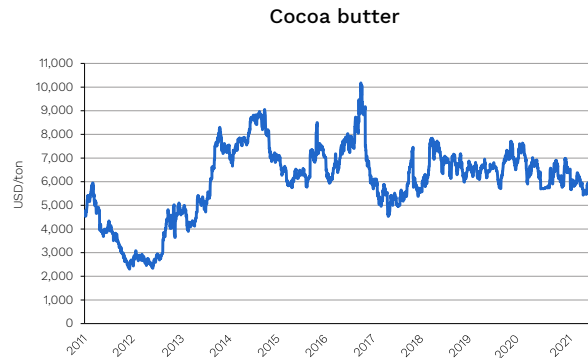
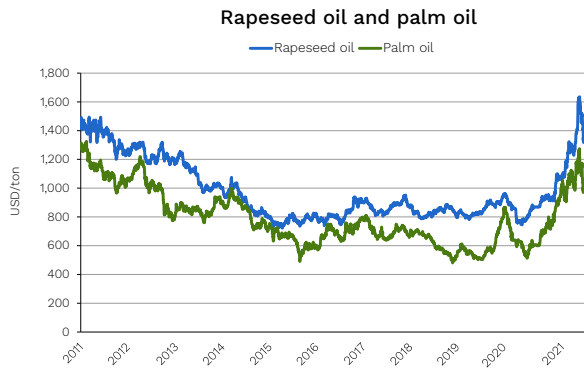
SEK million	Q2 2021	Q2 2020	Q1-Q2 2021	Q1-Q2 2020	Full year 2020
Profit for the period	-14	-14	-29	-34	-39
Items that will not be reclassified to profit or loss:	-	-	-	-	-
Items that may subsequently be reclassified to profit or loss:	-	-	-	-	-
Total comprehensive income for the period	-14	-14	-29	-34	-39
Attributable to non-controlling interests	-	-	-	-	-
Attributable to the Parent Company's shareholders	-14	-14	-29	-34	-39

Condensed balance sheet – Parent Company

SEK million	30.06.2021	31.12.2020
Assets		
Other intangible assets	11	12
Property, plant and equipment	1	2
Right-of-use assets	3	4
Financial assets	8,725	8,843
Deferred tax assets	5	5
Total non-current assets	8,745	8,866
Current receivables	399	351
Cash and cash equivalents	-	-
Total current assets	399	351
Total assets	9,144	9,217
Equity and liabilities		
Shareholders' equity	6,062	6,527
Non-controlling interests	-	-
Total equity including non-controlling interests	6,062	6,527
Liabilities to banks and credit institutions	1,500	1,500
Lease liabilities	0	1
Other non-current liabilities	23	29
Total non-current liabilities	1,523	1,530
Liabilities to banks and credit institutions	1,500	1,100
Lease liabilities	2	3
Accounts payables	2	6
Other current liabilities	55	51
Total current liabilities	1,559	1,160
Total equity and liabilities	9,144	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 July 16, 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

The interim report for the third quarter 2021 will be published on October 29.

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

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

Investor Relations contact:

Gabriella Grotte
Head of IR and Corporate Communications
Mobile: +46 737 16 80 01
E-mail: gabriella.grotte@aak.com

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
info@aaak.com