

Press release, February 4, 2022

AAK's Interim report for the fourth quarter and year-end report 2021 – record-high operating profit with strong development across the board

AAK Group, fourth quarter

- Total volumes increased by 5 percent, to 610,000 MT (580,000).
- Operating profit, including a negative currency translation impact of SEK 26 million, increased by 9 percent, reaching SEK 659 million (607).
- Profit for the period amounted to SEK 480 million (439).
- Earnings per share amounted to SEK 1.84 (1.69).
- Cash flow from operating activities amounted to SEK 239 million (1,208).
- Return on Capital Employed (ROCE), R12M, was 15.6 percent (14.2 at December 31, 2020).

Business areas

- Food Ingredients – operating profit increased by 6 percent to SEK 337 million (319).
- Chocolate & Confectionery Fats – operating profit reached SEK 299 million (266), an increase by 12 percent.
- Technical Products & Feed – operating profit reached SEK 83 million (57), an increase by 46 percent.

AAK Group, full year

- Total volumes for the period increased by 5 percent, to 2,312,000 MT (2,195,000).
- 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.
- Operating profit, excluding IAC but including a negative currency translation impact of SEK 155 million, increased by 11 percent, reaching SEK 2,393 million (2,165).
- Profit for the period amounted to SEK 1,447 million (1,581). Excluding IAC and related tax effects, profit for the period amounted to SEK 1,733 million (1,555).
- Earnings per share amounted to SEK 5.59 (6.16). Excluding IAC and related tax effects, earnings per share amounted to SEK 6.71 (6.05).
- Cash flow from operating activities amounted to SEK 508 million (2,023).
- Return on Capital Employed (ROCE), R12M, was 15.6 percent (14.2 at December 31, 2020).
- The Board of Directors proposes that a dividend of SEK 2.50 (2.30) per share be paid for the financial year 2021.

CEO's comments

The trends seen in the preceding quarters continued in the fourth quarter. Volumes were up 5 percent compared to the corresponding quarter last year, with strong demand in Chocolate & Confectionery Fats and Food Ingredients. All business areas contributed to lifting our operating profit and operating profit per kilo to new record levels – increasing 13 and 7 percent, respectively, at fixed foreign exchange rates.

For the full year, operating profit increased by 11 percent, excluding items affecting comparability. Delivering on our financial ambition, to achieve average annual EBIT growth of 10 percent, is a clear indication of the sustainable nature of our business, the attractiveness of our offering, and our organization's continued ability to successfully handle the uncertainties and disruptions which characterized 2021.



Business performance

The positive momentum in Chocolate & Confectionery Fats seen in previous quarters continued, resulting in strong growth, both in terms of volumes (+12%) and operating profit (+12%). Demand was good in all geographies.

Volumes in Food Ingredients increased by 5 percent. Foodservice was the main contributor, followed by Special Nutrition and Dairy, while Bakery was flat. Plant-based Foods continued its positive trend and reported a continued strong volume growth. Operating profit was up 7 percent at fixed foreign exchange rates, supported by Foodservice and Bakery.

Technical Products & Feed reported another very strong quarter, with operating profit up 46 percent. The demand for natural ingredients for technical products continued to grow while feed volumes declined somewhat.

Capital Market Day

On November 23, we held our annual Capital Market Day for analysts, investors, and media representatives. It was a true pleasure to once again meet and interact, in person and under safe conditions.

A strong year for AAK, but not without challenges

In 2021, the world experienced rising raw material prices, general cost inflation, and logistics disturbances. This affected businesses globally, AAK included. But, when looking at our strong performance, it's fair to say that we handled these challenges successfully. For the full year, operating profit increased by 18 percent at fixed foreign exchange rates and excluding items affecting comparability. The increase was driven by the positive development across business areas, well supported by the successful execution of our strategy.

During the year, we acquired BIC Ingredients to strengthen our position in the European lecithin market. We also joined forces with Progress Biotech, to supply the Dutch company's premium plant-based DHA (omega-3) for infant formula, as well as entered into strategic partnerships to accelerate the development of solutions for plant-based foods.

We continued to drive sustainability progress in our operations as well as in our supply chain. To address deforestation, we have implemented satellite monitoring for our global palm oil supply base as well as established partnerships with suppliers and customers. We are committed to a supply chain that by 2025 is 100 percent verified deforestation-free and 100 percent traceable to plantation. Recent initiatives and commitments from the EU and global leaders at COP26, are therefore something we sincerely welcome.

During the year, we also partnered with our customer Mars and several leading NGOs in a ten-year initiative to further improve the livelihoods of women working in the shea supply chain in West Africa.

Our progress and achievements during the year can be attributed to our dedicated employees. I therefore want to express my sincere gratitude and appreciation to each and every AAK colleague.

Concluding remarks

As we concluded the fourth quarter and the full year, there were still challenges affecting the global economy. We navigated well throughout 2021, and could close the year on a strong note, having a robust foundation, strong financial track record, and solid balance sheet. The passion, drive and agility of our employees have generated strong results and are also strengths we build on going forward.

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™.



Press and analyst conference

The Interim report for the fourth quarter and year-end report 2021 will be presented today, February 4, 2022 at 2 p.m. CET at a press and analyst conference. For participation, please see instructions under the Investor tab at the AAK website, www.aak.com.

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About AAK

Everything AAK does is about Making Better Happen™. We specialize 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. 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 4,000 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 more than 150 years.