



Press release, April 27, 2022

AAK's Interim report for the first quarter 2022 – all-time high operating profit with strong development across business areas

AAK Group

- Total volumes increased by 1 percent, to 575,000 MT (569,000).
- Operating profit, including a positive currency translation impact of SEK 31 million, increased by 21 percent, reaching SEK 664 million (551). At fixed foreign exchange rates, the increase was 15 percent.
- Profit for the period amounted to SEK 492 million (400).
- Earnings per share amounted to SEK 1.89 (1.56).
- Cash flow from operating activities amounted to negative SEK 1,150 million (positive 58).
- Return on Capital Employed (ROCE), R12M, was 15.4 percent (15.6 at December 31, 2021).

Business areas

- Food Ingredients – operating profit increased by 18 percent to SEK 369 million (313).
- Chocolate & Confectionery Fats – operating profit reached SEK 258 million (233), an increase by 11 percent.
- Technical Products & Feed – operating profit reached SEK 81 million (44), an increase by 84 percent.

CEO's comments

As I write this, the war in Europe is still ongoing, directly impacting millions of people, including AAK colleagues and partners in the region. We stand with all of those impacted by this tragedy.

The war has also affected the global economy, adding to already high inflationary pressures. In spite of this, we started the year on a strong note – with growth in volumes and, even more so, in operating profit, which reached an all-time high.

Volumes were up 1 percent compared to the first quarter last year, supported by Food Ingredients and Chocolate & Confectionery Fats. Meanwhile, operating profit and operating profit per kilo grew by 15 and 13 percent respectively, at fixed foreign exchange rates. This is a great achievement, even more so considering the tough circumstances, made possible by our dedicated and hard-working employees around the world.

AAK's business in Russia

Early March, we halted deliveries to and sales in Russia. Based on careful evaluation, we have today announced our decision to wind up our operations and investments in the country. It will be a controlled exit, carefully managing risk, safety as well as legal obligations for our employees, customers, suppliers, and our joint venture partner. AAK, which holds a 75 percent stake in this joint venture, will seek an agreement to let the business revert to our partner. The controlled exit is expected to result in a cost of approximately SEK 300–350 million, affecting the income statement in the second quarter 2022.

Russia makes up about 3 percent of AAK's total volumes, as measured in metric tons. Approximately half relates to Chocolate & Confectionery Fats. We expect to be able to gradually re-route some of the CCF volumes to other geographies, limiting the total impact on operating profit to approximately SEK 75–100 million this year.



Business performance

Chocolate & Confectionery Fats continued to grow both in terms of volumes and profit. Volumes were up 5 percent year-on-year, operating profit was up 9 percent, and operating profit per kilo increased by 3 percent, at fixed foreign exchange rates. Our decision to halt deliveries to and sales in Russia, combined with difficulties in exporting to Ukraine, had only a marginal impact in the quarter.

Volumes in Food Ingredients increased by 2 percent following a strong recovery in Foodservice. Special Nutrition also grew while Dairy and Plant-based Foods were flat, and Bakery declined. In terms of profit, both Foodservice and Bakery reported a very strong development. This contributed to lifting the business area's operating profit by 9 percent, at fixed foreign exchange rates.

Technical Products & Feed reported another very strong quarter, with operating profit up 84 percent, driven by improved profitability in both our feed and natural ingredients businesses.

Continued focus on limiting our emissions

In the quarter, we decided to invest in two biomass boilers, to be installed at our production plant in Aarhus, Denmark. This will reduce the plant's CO₂ emissions by approximately 90 percent. The installation will also generate substantial savings, as fossil fuel will be replaced by shea meal, a by-product from our shea oil extraction process in Aarhus.

With this investment, we continue our efforts to limit AAK's impact on the environment, proving our commitment to reduce greenhouse gas emissions from our operations.

Concluding remarks

The war in Europe, and its ripple effects, have thrown the world into new uncertainties. As an important supplier of plant-based ingredients for food and technical products, we are well positioned to manage risks and to deliver value – something we have proven in the past few years' dynamic environment.

Despite short- to mid-term uncertainty, we therefore 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 first quarter 2022 will be presented today, April 27, 2022 at 1 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.