



Press release, May 4, 2023

AAK's Interim report for the first quarter 2023

Strong start to the year; volumes and operating profit confirmed per April 13 pre-announcement

AAK Group

- Total volumes decreased by 6 percent to 541,000 MT (575,000). Excluding the Russian market, volumes declined by 3 percent.
- Operating profit, including a positive currency translation impact of SEK 64 million, increased by 43 percent, reaching SEK 952 million (664). At fixed foreign exchange rates, operating profit increased by 34 percent.
- Profit for the period totaled SEK 662 million (492).
- Earnings per share equaled SEK 2.55 (1.89).
- Cash flow from operating activities amounted to SEK 1,102 million (negative 1,150).
- Return on Capital Employed (ROCE), R12M, was 15.2 percent (14.5 on December 31, 2022).

Business areas

- Food ingredients operating profit increased by 58 percent to SEK 582 million (369).
- Chocolate & Confectionery Fats operating profit reached SEK 327 million (258), an increase of 27 percent.
- Technical Products & Feed operating profit totaled SEK 108 million (81), a 33 percent increase compared to last year.

CEO's comments

I am pleased to confirm that we had a strong start to the year, with solid performance across all three business areas, including a strong cash flow and an improved Return on Capital Employed. Despite the ongoing challenges posed by the state of the global economy, we remain successful in delivering value to our customers.

Business performance

As communicated on April 13, we achieved a first-quarter operating profit growth of 43 percent compared to the same period last year, driven by particularly strong performance in Food Ingredients and Chocolate & Confectionery Fats. The main growth drivers were continued focus on speciality solutions, productivity improvements and favorable year-over-year market conditions, including an improved ability to compensate for inflationary effects. Our team has worked intensively to maintain supply chain stability and ensure the timely delivery of products to our customers, another contributor to our continued improvement.

Volumes declined 6 percent year-over-year as expected due to our controlled exit from the Russian market and the optimization program in Bakery. Excluding Russia, volumes declined 3 percent in the first quarter compared to the first quarter of 2022.

Innovation and co-development

We have continued to invest in innovation and co-development, focusing on new product development and solutions to ensure that we meet the evolving needs of our customers. One of AAK's strengths is our ability to understand the full ingredient matrix of foods and to use this expertise to co-develop plant-based oils and fats solutions with our customers.

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The most recent milestone on our co-development journey was the inauguration of a plant-based Innovation Center of Excellence outside Amsterdam in March this year. The three-story state-of-the-art center showcases AAK's co-development process, including two pilot plants for plant-based meat and dairy, an application laboratory, co-development workspaces, a culinary kitchen, and sensory facilities, all under one AAK roof. The center allows customers to bring great-tasting plant-based foods to market faster and with confidence.

The EU Deforestation Regulation

Set to take effect later this year with an 18-month implementation period, the EU Deforestation Regulation is an effort to reduce the importation of products associated with deforestation and forest degradation to the European market. This regulation will apply to a range of products, including soy, palm oil, beef, leather and timber.

As a company with over two decades of experience in promoting sustainable supply chains, AAK has made significant progress in recent years toward achieving a 100 percent-verified deforestation-free and traceable global palm oil supply chain by 2025. As of last year, we reached 100 percent traceability to mill, 87 percent traceability to plantation and 71 percent verified deforestation-free within our palm supply chain.

While we support the legislative initiative, we have raised concerns about the risks associated with geolocation and the potential implications for implementation. Long-term, the development is a step in the right direction.

Concluding remarks

AAK started the year strong, and while some of the performance was driven by favorable market conditions, we remain prudently optimistic about the future, and we are well positioned to capitalize on new growth opportunities. We will continue to prioritize the health and safety of our employees, customers, and partners, while remaining committed to delivering long-term value to our shareholders.

Johan Westman, President and CEO

Conference call

The Interim report for the first quarter 2023 will be presented today, May 4, 2023 at 10 a.m. CET at a conference call. For participation, please see instructions under the Investor tab on the AAK website, www.aak.com.

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This information is information that AAK AB (publ.) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:30 a.m. CET on May 4, 2023.

About AAK

Everything AAK does is about Making Better Happen™. We specialize in plant-based oils that are the value-adding ingredients in the products people love to consume. We make these products better tasting, healthier, and more sustainable. At the heart of AAK's offering is Customer Co-Development, combining our desire to understand what better means for each customer with the unique flexibility of our production assets and deep knowledge across products and industries. 4,000 employees support our close collaboration with customers through 25 regional sales offices, 15 dedicated Customer Innovation Centers and 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.

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