



**Press release, October 25, 2023**

AAK's Interim report for the third quarter 2023

## Strong profit growth, including a sequential volume improvement

### AAK Group

- Total volumes decreased by 5 percent to 529,000 MT (559,000), mainly due to declines in Chocolate & Confectionery Fats and the optimization program in Bakery.
- Including currency translation gains of SEK 32 million, operating profit increased by 39 percent, reaching SEK 1,143 million (822). At fixed foreign exchange rates, operating profit, increased by 35 percent.
- Profit for the period totalled SEK 807 million (611).
- Earnings per share equalled SEK 3.10 (2.36).
- Cash flow from operating activities amounted to SEK 1,214 million (negative 40).
- Return on Capital Employed (ROCE), R12M, was 17.2 percent (14.5 percent on December 31, 2022).

### Business areas

- Food ingredients operating profit increased by 55 percent to SEK 739 million (476).
- Chocolate & Confectionery Fats operating profit reached SEK 438 million (310), an increase of 41 percent.
- Technical Products & Feed operating profit totalled SEK 47 million (76), a 38 percent decrease compared to last year.

### CEO's comments

I am proud to present our third-quarter results, which showcase strong operating profit growth and a sequential volume improvement, as well as solid cash flow and improved return on capital employed. This achievement underscores the dedication and diligent efforts of our teams, as well as the relevance of our diversified portfolio of plant-based oils and fats ingredients.

#### *Business performance*

Operating profit, increased 39 percent compared to the third quarter of last year. Similar to the first half of this year, the increase was mainly driven by higher sales of speciality solutions, productivity improvements, and better portfolio and price management. At fixed foreign exchange rates, operating profit increased by 35 percent.

Volumes improved sequentially between the second and third quarter of 2023 but declined compared to the third quarter of last year. The year-on-year decline was mainly due to Chocolate & Confectionery Fats and the ongoing optimization program in the Bakery business. In Chocolate & Confectionery Fats, the decline was broad-based with the three main regions declining from a strong 11 percent increase in the third quarter of last year.

Profitability, measured as operating profit per kilo, was strong and improved compared to the third quarter of last year. The improvement was mainly driven by higher sales of specialty solutions, productivity improvements, as well as better portfolio and price management. In Technical Products & Feed, operating profit per kilo declined mainly due to the lower volume in Technical Products as well as slightly lower year-over-year crush margin.



Our operational cash flow was strong, primarily driven by increased profit and a positive effect from inventories.

#### *On track towards our 2025 biodiversity targets*

Preserving our forests and safeguarding native ecosystems is of great importance to our mission to protect biodiversity and combat climate change. Our company relies heavily on agricultural raw materials, making the sustainability of these systems a cornerstone of our strategy.

To uphold transparency and accountability, we have set forth ambitious yet fundamental targets. By 2025, we are committed to achieving 100 percent traceability to the palm oil source, as well as maintaining a palm and soy supply chain that is verified free from deforestation and conversion.

As of the close of the previous year, we had achieved an impressive 87 percent traceability and a commendable 71 percent verification of deforestation-free practices for palm. Fast forward to the midpoint of 2023, we are proud to announce that our efforts have propelled us even further towards our targets. Presently, our global palm traceability stands at 91 percent, and our verified deforestation-free status for palm has reached 77 percent. This progress reaffirms our commitment to sustainable practices and responsible sourcing throughout our supply chain.

#### *Concluding remarks*

I take great pride in our achievements during the third quarter and the positive momentum we've built. As we look ahead, we anticipate a finish to the year that is in line with the average performance in the first nine months. Our strong financial results, combined with our commitment to serve our customers and our dedication to innovation, puts us in a strong position for the future.

Johan Westman, President and CEO

#### **Conference call**

The Interim report for the third quarter of 2023 will be presented today, October 25, 2023 at 10 a.m. CET. For participation, please see instructions under the investor tab on the AAK website, [www.aak.com](http://www.aak.com).

#### **For more information, please contact:**

Carl Ahlgren  
Head of IR & Corporate Communication  
Mobile: +46 706 81 07 34  
E-mail: [carl.ahlgren@aak.com](mailto:carl.ahlgren@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 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.