

Second quarter 2023

Interim report



AAK

Financial highlights

Q2 2023

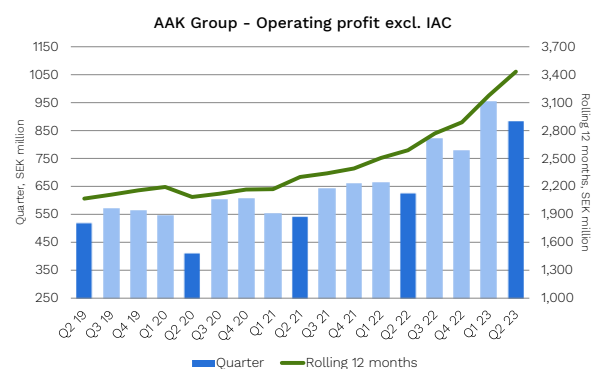
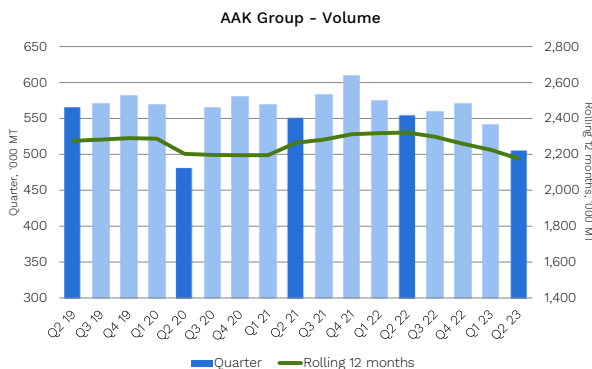
- Total volumes decreased by 9 percent to 505,000 MT (554,000), largely due to the ongoing optimization program in Bakery, last year's exit from the Russian market and weaker consumer demand. Excluding Russia, volumes declined by 7 percent.
- Excluding items affecting comparability and including a positive currency translation impact of SEK 34 million, operating profit increased by 41 percent, reaching SEK 880 million (624). At fixed foreign exchange rates, operating profit, excluding items affecting comparability, increased by 36 percent.
- Profit for the period totaled SEK 615 million (160).
- Earnings per share equaled SEK 2.36 (0.60).
- Cash flow from operating activities amounted to SEK 1,645 million (55).
- Return on Capital Employed (ROCE), R12M, was 15.9 percent (14.5 on December 31, 2022).

Q1–Q2 2023

- Total volumes decreased by 7 percent to 1,046,000 MT (1,129,000), largely due to the optimization program in Bakery, last year's exit from the Russian market and weaker consumer demand. Excluding Russia, volumes declined by 5 percent.
- Excluding items affecting comparability and including a positive currency translation impact of SEK 98 million, operating profit increased by 42 percent, reaching SEK 1,832 million (1,288). At fixed foreign exchange rates, operating profit, excluding items affecting comparability, increased by 35 percent.
- Profit for the period totaled SEK 1,277 million (652).
- Earnings per share equaled SEK 4.91 (2.50).
- Cash flow from operating activities amounted to SEK 2,747 million (negative 1,095).
- Return on Capital Employed (ROCE), R12M, was 15.9 percent (14.5 on December 31, 2022).

	Q2 2023	Q2 2022	Δ%	Q1–Q2 2023	Q1–Q2 2022	Δ%	R12M 2023	Full year 2022
Volumes, '000 MT	505	554	-9	1,046	1,129	-7	2,176	2,259
Operating profit, SEK million	880	274	+221	1,832	938	+95	3,432	2,538
Operating profit, excluding IAC, SEK million	880	624	+41	1,832	1,288	+42	3,432	2,888
Operating profit per kilo, SEK	1.74	0.49	+255	1.75	0.83	+111	1.58	1.12
Operating profit per kilo, excluding IAC, SEK	1.74	1.13	+54	1.75	1.14	+54	1.58	1.28
Profit for the period, SEK million	615	160	+284	1,277	652	+96	2,405	1,780
Profit for the period, excluding IAC, SEK million	615	479	+28	1,277	971	+32	2,405	2,099
Earnings per share, SEK	2.36	0.60	+293	4.91	2.50	+96	9.25	6.84
Earnings per share, excluding IAC, SEK	2.36	1.83	+29	4.91	3.73	+32	9.25	8.07
Cash flow from operating activities, SEK million	1,645	55	-	2,747	-1,095	-	-	-73
Return on Capital Employed (R12M), percent	15.9	15.0	+6	15.9	15.0	+6	15.0	14.5

Items affecting comparability (IAC) are related to the controlled exit from the Russian market (Q2 2022: negative SEK 350 million).



Continued strong performance driven by margin expansion

I am pleased to report that we delivered a strong result in the second quarter, including a strong cash flow and an improved Return on Capital Employed. This accomplishment is a testament to the dedication and hard work of our teams, continued margin expansion compared to last year, and the resilience of our diversified portfolio of plant-derived oils and fats.

Business performance

Operating profit, excluding items affecting comparability, grew 41 percent compared to the same period last year, driven by higher sales of speciality solutions, productivity improvements and price management, resulting in an improved profit margin. Adjusting for the positive effects from currency conversions, operating profit grew 36 percent compared to the second quarter of last year.

Volumes declined, mainly due to the ongoing optimization program in Bakery and the controlled exit from the Russian market. Additionally, we experienced a weaker year-over-year consumer demand, likely due to inflationary pressure, especially within Chocolate & Confectionery Fats and Food Ingredients. Excluding Russia, volumes declined 7 percent in the second quarter compared to the second quarter of 2022, mainly driven by Chocolate & Confectionery Fats.

Looking across the three business areas, the strong result stemmed from impressive growth in operating profit, especially within Food Ingredients and Chocolate & Confectionery Fats. This performance can be attributed to the expansion of margins, which was a direct result of higher sales of specialty solutions, internal productivity improvements, as well as, price management. These factors demonstrate our capability to enhance profitability, even in the face of reduced volumes. Performance Technical Products & Feed was somewhat weaker. Volumes fell by around 10 percent while operating profit was only marginally lower than the previous year.

The operating cash flow was strong, driven by improved profitability and a positive working capital effect of lower raw material prices.

Investing in the development of alternative fats

AAK is dedicated to reducing the environmental impact of foods by exploring the potential of existing plant-based oils and fats solutions. We are also actively pursuing new and alternative methods of food production, including fats. One example is our recent strategic investment in Big Idea Venture's New Protein Fund II. This marks our second investment with Big Idea Venture and emphasizes our ongoing dedication to fostering innovation.



Complying with the EU deforestation regulation

The EU Deforestation Regulation, set to be implemented by the end of 2024, represents a significant and commendable effort to address the import of products associated with deforestation and forest degradation. Through a thorough examination of our supply chain, we have identified areas where improvements can be made to ensure compliance with limited impact on AAK, our customers, or our partners. To align with this regulation, we have devised a comprehensive plan that includes a series of targeted adjustments to our supply chain such as reformulations, increased processing in the EU, and supplier engagement. With the industry, the next step is to identify the right data management system to collect and store the required geolocations.

Concluding remarks

I am proud of the accomplishments we have achieved in the second quarter and the positive momentum we have generated. Our strong financial performance, coupled with our customer-centric approach and relentless pursuit of innovation, positions us favorably for the future. While we remain mindful of the challenges ahead, we are prudently optimistic about our ability to sustain our growth and create long-term value for all stakeholders.

Johan Westman, President and CEO

AAK Group, Q2 2023

Volumes

Volumes totaled 505,000 MT (554,000), a decrease of 9 percent compared to last year. Excluding Russia, volumes declined by 7 percent.

Net sales

Sales reached SEK 11,229 million (12,563), a decrease of 11 percent. The decrease was driven by lower volumes and price adjustments due to lower raw material prices, partly offset by a favorable product mix via a continued focus on speciality solutions and a positive currency translation impact of SEK 499 million.

Operating profit

Operating profit, excluding items affecting comparability (IAC), totaled SEK 880 million (624), corresponding to an increase of 41 percent compared to the corresponding quarter in 2022.

The growth was largely driven by strong operating profit per kilo in Food Ingredients and Chocolate & Confectionery Fats. AAK achieved this growth via a continued focus on speciality solutions, productivity improvements and price management.

The currency translation had a positive impact of SEK 34 million, of which SEK 14 million was related to Food Ingredients and SEK 20 million to Chocolate & Confectionery Fats. Operating profit, excluding items affecting comparability at fixed foreign exchange rates, increased by 36 percent.

Operating profit per kilo, excluding items affecting comparability, totaled SEK 1.74 (1.13), an increase of 54 percent. The currency translation impact was positive SEK 0.07. At fixed foreign exchange rates, operating profit per kilo, excluding items affecting comparability, increased by 49 percent.

The reported operating profit in the second quarter of last year was SEK 274 million and included an item affecting comparability of negative SEK 350 million, related to the controlled exit from the Russian market. Reported operating profit at fixed foreign exchange rates increased by 209 percent and operating profit per kilo at fixed foreign exchange rates increased by 243 percent.

Net financial cost and tax costs

Net financial cost totaled SEK 68 million (6). The financial cost increased due to higher interest rates, partly offset by a reduced debt level. Reported tax costs correspond to an average tax rate of 24 percent (40). Last year's tax rate was impacted by the expenses reported as items affecting comparability being unable to be utilised in full as a tax credit.

Earnings per share

Earnings per share equaled SEK 2.36 (0.60).

Cash flow and investments

Operating cash flow, including changes in working capital, amounted to SEK 1,645 million (55). Cash flow from working capital amounted to SEK 1,064 million (negative 382). Following the decrease in raw material prices during the second half of 2022, there was a positive cash flow from inventory, accounts receivables, and accounts payables.

Cash outflow from investment activities amounted to SEK 246 million (255), of which SEK 0 million (0) stemmed from acquisitions of operations. Capital expenditure was primarily for maintenance investments, productivity improvements, and capacity increases.

Return on Capital Employed (ROCE)

Calculated on a rolling 12-month basis, Return on Capital Employed (ROCE) was 15.9 percent (14.5 on December 31, 2022).

Financial position

The equity-to-asset ratio was 51 percent (44 percent on December 31, 2022). Net debt on June 30, 2023, totaled SEK 4,336 million (SEK 5,707 million on December 31, 2022). Net debt / EBITDA totaled 1.01 (1.71 as of December 31, 2022).

On June 30, 2023, the group had total credit facilities of SEK 10,474 million (9,806 as of December 31, 2022), of which there was SEK 8,710 million (8,366 as of December 31, 2022) in committed credit facilities. Unused committed credit facilities on June 30, 2023, totaled SEK 5,622 million (4,295 as of December 31, 2022). Noncommitted credit facilities totaled SEK 1,764 million (1,440 as of December 31, 2022), SEK 1,597 million (976 as of December 31, 2022) of which were unused.

Selected key events

Annual General Meeting 2023

On May 4, AAK's Annual General Meeting was held in Malmö, Sweden, where we had the pleasure of welcoming almost 300 shareholders and guests.

For access to the presentation given by President and CEO Johan Westman as well as all other documentation relating to the Annual General Meeting, please visit [AAK.com/investors](https://www.aak.com/investors).



AAK invests in the development of alternative fats

AAK is committed to investing in the advancement of alternative ingredients, recognizing their importance in the evolving food industry. In line with this commitment, AAK has made strategic investments in Big Idea Venture's New Protein Fund II, following its previous investment in the first fund. These investments highlight AAK's dedication to fostering innovation and driving sustainable growth within the food and ingredients sector.

As a direct result of the investment in the first fund, AAK expanded its innovation program by partnering with Green-On in 2022. This joint venture further emphasizes AAK's pursuit of cutting-edge solutions and sustainability initiatives.

Furthermore, AAK recently celebrated the inauguration of a new Plant-based Innovation Center of Excellence in the Netherlands. This state-of-the-art facility serves as a hub for driving innovation, research, and development in the realm of plant-based food products.

These strategic investments demonstrate AAK's ongoing commitment to driving positive change and playing a significant role in shaping the future of the food and ingredients industry.

Introducing a new climate performance platform

As part of our ongoing commitment to the Science Based Target initiative, we are implementing a cutting-edge climate performance platform, designed to measure the environmental impact of rapeseed.

Rapeseed production constitutes a significant portion of AAK's Scope 3 emissions, which primarily arise during the crop's cultivation. These emissions vary depending on factors such as geographic location, climate conditions, crop yield, soil health, farming practices, and machinery usage.

Accurate measurement and reduction of Scope 3 emissions necessitate the collection and consolidation of field-level primary data in a scalable manner and call for close collaboration between stakeholders. Our new climate performance platform acts as a link between sustainability efforts and field-grown commodities, providing verified emission data across the food chain.

By utilizing this innovative platform, we aim to enhance transparency, enable informed decision-making, and drive collective action toward achieving our sustainability targets. It reinforces our commitment to sustainability, ensuring that our actions align with the Science Based Targets initiative.



Engagement for a more sustainable supply of palm

Palm oil plays a significant role in feeding the world and providing sustainable nutrition to populations around the globe. While deforestation remains a challenge, including the use of protected areas for farming, AAK does not accept cultivation in protected areas and we are firmly committed to continue to drive a sustainable supply of palm.

The expansion of palm plantations contributed to deforestation in the first decade of this century. However, deforestation rates relating to palm plantations in Indonesia and Malaysia have reduced significantly in recent years.

By 2025, we aim to source 100 percent-verified deforestation-free palm oil globally. As of last year, we reached 71 percent-verified deforestation-free and 87 percent traceability to plantation.

Maintaining a sustainable and responsible supply chain requires ongoing vigilance—that is why we work with our stakeholders to establish strong assurance systems. The solution for AAK is not to turn its back on a crop that is needed to feed the world in a sustainable way. The solution is to stay actively engaged in the supply chain to eliminate deforestation.

Food Ingredients, Q2 2023*

	Q2 2023	Q2 2022	Δ %	Q1-Q2 2023	Q1-Q2 2022	Δ %	R12M 2023	Full year 2022
Operating profit +57%								
Volumes, '000 MT	334	357	-6	671	719	-7	1,385	1,433
Net sales, SEK million	7,504	8,119	-8	15,363	15,260	+1	32,764	32,661
Operating profit per kilo +67%								
Operating profit, SEK million	636	406	+57	1,218	775	+57	2,159	1,716
Operating profit per kilo, SEK	1.90	1.14	+67	1.82	1.08	+68	1.56	1.20

Volumes

In the second quarter, volumes for Food Ingredients fell 6 percent compared to the same period in the previous year. The volume decline is attributed to the optimization program in Bakery, the controlled exit from the Russian market, and weaker consumer demand, likely due to inflationary pressure. If we exclude Russia, volumes for Food Ingredients declined 5 percent in the second quarter.

In Bakery, volumes decreased due to the ongoing optimization program in Europe, where there is a continued focus on prioritizing speciality and semi-speciality solutions. Volumes were also negatively impacted by the controlled exit from the Russian market.

Dairy volumes were roughly flat in the quarter compared to the corresponding period of last year. The performance was mixed across regions, with growth in Europe and the Americas, while volumes in Asia declined.

Plant-based Foods decreased in the quarter, mainly due to weak plant-based meat demand.

Similar to the first quarter, volumes for Special Nutrition were down year-over-year, mainly due to the negative effect of lower birth rates in China.

In Foodservice, volumes were roughly flat, with growth in the Americas, while Europe declined.

Net sales

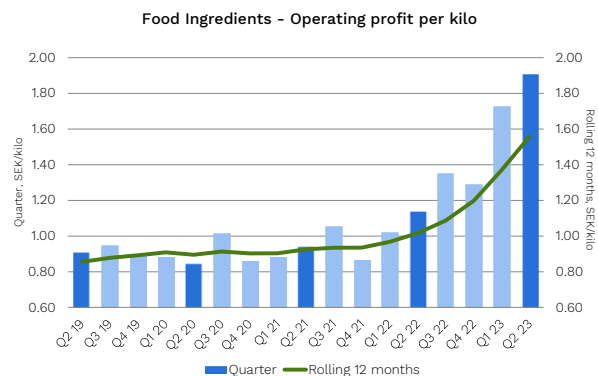
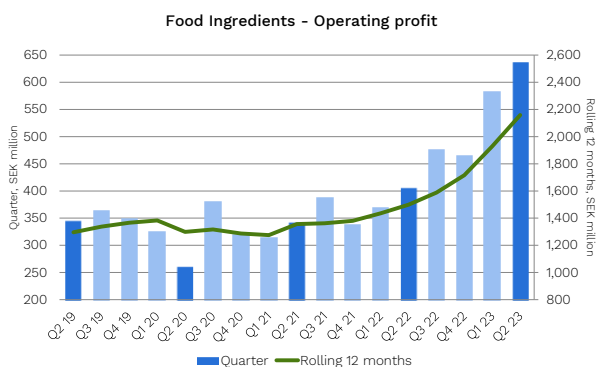
Sales reached SEK 7,504 million (8,119), a decrease of 8 percent or SEK 615 million, including a positive currency translation impact of SEK 344 million and a negative impact from lower year-over-year volumes and raw material prices.

Operating profit

Operating profit, excluding items affecting comparability, increased by 57 percent to SEK 636 million (406). The currency translation impact was positive and amounted to SEK 14 million. At fixed foreign exchange rates, operating profit increased by 53 percent.

The result was driven by our continued focus on speciality solutions, productivity improvements, and to some extent favorable year-over-year market conditions and price management. The strong operating profit growth for the business area was broad-based and primarily driven by Bakery, Special Nutrition and Dairy.

Operating profit per kilo, excluding items affecting comparability, increased to SEK 1.90 (1.14), including a positive currency translation impact of SEK 0.04. At fixed foreign exchange rates, operating profit per kilo grew 63 percent.



* Operating profit and operating profit per kilo exclude items affecting comparability.



Chocolate & Confectionery Fats, Q2 2023*

	Q2 2023	Q2 2022	Δ %	Q1-Q2 2023	Q1-Q2 2022	Δ %	R12M 2023	Full year 2022
Operating profit +27%								
Volumes, '000 MT	107	126	-15	231	263	-12	489	521
Net sales, SEK million	3,170	3,677	-14	6,905	7,084	-3	14,634	14,813
Operating profit per kilo +50%								
Operating profit, SEK million	275	216	+27	602	474	+27	1,220	1,092
Operating profit per kilo, SEK	2.57	1.71	+50	2.61	1.80	+45	2.49	2.10

Volumes

Second quarter volumes decreased by 15 percent, mainly due to weaker year-over-year consumer demand, our withdrawal from the Russian market, and negative effects following the February earthquake in Turkey. Excluding Russia, volumes decreased by 11 percent compared to the second quarter of last year.

The decrease in volumes was broad-based, with all three main regions declining, impacted by the weak underlying consumer demand. In addition, the second quarter decline came on top of a strong 7 percent volume growth last year.

Net sales

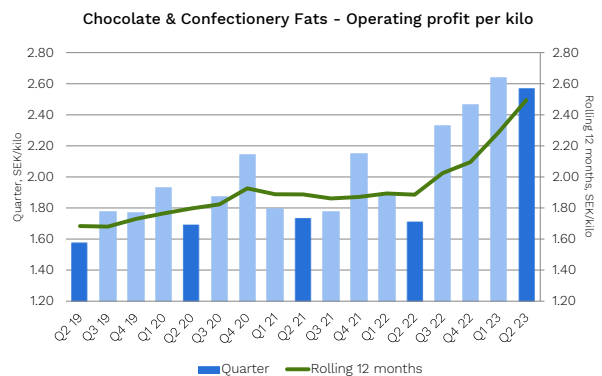
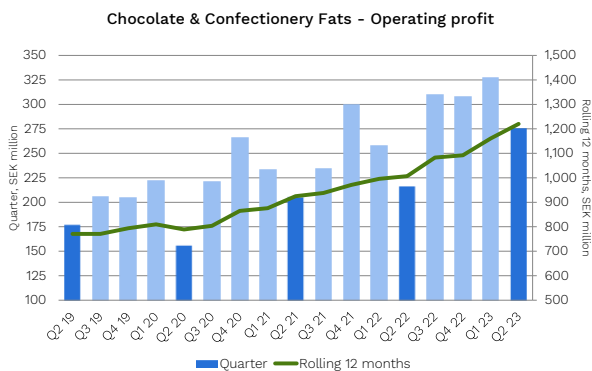
Net sales for the business area reached SEK 3,170 million (3,677), a 14 percent decrease, including a positive currency translation impact of SEK 155 million and negative impact from lower year-over-year volumes and raw material prices.

Operating profit

Operating profit, excluding items affecting comparability, reached SEK 275 million (216), an increase of 27 percent compared to the corresponding quarter last year. The currency translation impact was a positive SEK 20 million. At fixed foreign exchange rates, operating profit increased by 18 percent.

The increase in operating profit was driven by a continued focus on speciality solutions, productivity improvements, as well as, favorable year-over-year market conditions and price management.

Operating profit per kilo, excluding items affecting comparability, increased and totaled SEK 2.57 (1.71). The currency translation impact was positive SEK 0.19. At fixed foreign exchange rates, operating profit per kilo increased by 39 percent.



* Operating profit and operating profit per kilo exclude items affecting comparability.



Technical Products & Feed, Q2 2023*

	Q2 2023	Q2 2022	Δ %	Q1-Q2 2023	Q1-Q2 2022	Δ %	R12M 2023	Full year 2022
Operating profit -4%								
Volumes, '000 MT	64	71	-10	144	147	-2	302	305
Net sales, SEK million	555	767	-28	1,306	1,458	-10	2,799	2,951
Operating profit, SEK million	44	46	-4	152	127	+20	328	303
Operating profit per kilo, SEK	0.69	0.65	+6	1.06	0.86	+23	1.09	0.99
Operating profit per kilo +6%								

Volumes

In the second quarter, there was a 10 percent decline in volumes compared to the same period last year. This decline can primarily be attributed to weak demand for Technical Products, whereas the volume development in Feed remained stable.

The volume decrease in Technical Products was due to weak end-market demand for plant-based solutions used in candles, as well as additives for rubber and plastics production.

In Feed, volumes were roughly flat year-over-year, which is solid considering the strong performance in the second quarter of the previous year.

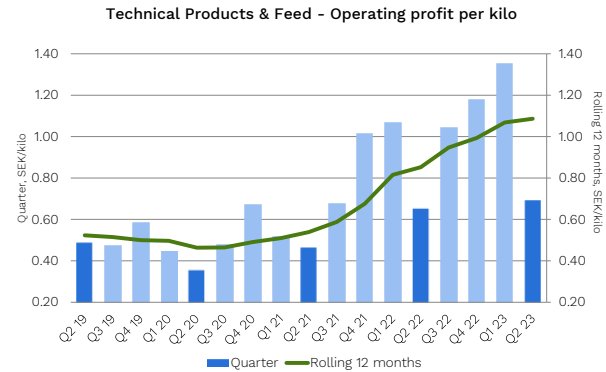
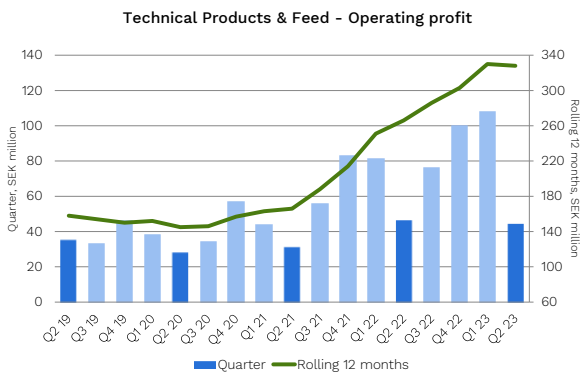
Net sales

Net sales for the business area reached SEK 555 million, decreasing by SEK 212 million compared to SEK 767 million during the second quarter of last year due to a negative impact from lower year-over-year volumes and raw material prices.

Operating profit

Operating profit totaled SEK 44 million (46), a 4 percent decrease compared to last year driven by the lower volumes in Technical Products.

The business area reported an operating profit per kilo of SEK 0.69 (0.65), an increase of 6 percent.



* Operating profit and operating profit per kilo exclude items affecting comparability.



AAK Group, first six months 2023

Volumes

Volumes totaled 1,046,000 MT (1,129,000), a decrease of 7 percent compared to last year. Excluding Russia, volumes declined by 5 percent.

Net sales

Sales reached SEK 23,574 million (23,802), a decrease of 1 percent. The decrease was driven by lower volumes and price adjustments due to lower raw material prices, partly offset by a favorable product mix via a continued focus on speciality solutions and a positive currency translation impact of SEK 1,212 million.

Operating profit

Operating profit, excluding items affecting comparability (IAC), totaled SEK 1,832 million (1,288), an increase of 42 percent compared to the corresponding period in 2022.

The growth in operating profit was largely driven by strong operating profit per kilo in Food Ingredients and Chocolate & Confectionery Fats. AAK achieved this growth via a continued focus on speciality solutions, productivity improvements and price management.

The currency translation had a positive impact of SEK 98 million, of which SEK 51 million related to Food Ingredients and SEK 47 million to Chocolate & Confectionery Fats. Operating profit, excluding items affecting comparability at fixed foreign exchange rates, increased by 35 percent.

Operating profit per kilo, excluding items affecting comparability, totaled SEK 1.75 (1.14), an increase of 54 percent. The currency translation impact was positive SEK 0.09. At fixed foreign exchange rates, operating profit per kilo, excluding items affecting comparability, increased by 46 percent.

The reported operating profit in the second quarter of last year was negatively impacted by an item affecting comparability of negative SEK 350 million, related to the controlled exit from the Russian market. Reported operating profit at fixed foreign exchange rates increased by 85 percent and operating profit per kilo at fixed foreign exchange rates increased by 100 percent.

Net financial cost and tax costs

Net financial cost totaled SEK 145 million (24). The financial cost increased due to higher interest rates. Reported tax costs correspond to an average tax rate of 24 percent (29). Last year's tax rate was impacted by the expenses reported as items affecting comparability being unable to be utilised in full as a tax credit.

Earnings per share

Earnings per share equaled SEK 4.91 (2.50).

Cash flow and investments

Operating cash flow including changes in working capital amounted to SEK 2,747 million (negative 1,095). Cash flow from working capital amounted to SEK 1,441 million (negative 2,386). Following the decrease in raw material prices during the second half of 2022, there was a positive cash flow from inventory and accounts receivables. Accounts payables had a negative cash flow effect in the first six months of the year.

Cash outflow from investment activities amounted to SEK 608 million (482), of which SEK 89 million (0) stemmed from acquisitions of operations. The acquisition of Arani Agro Oil, announced during the 2022 fiscal year, was completed in January 2023 and is included in AAK's financials from January 1, 2023, onward. Capital expenditure was mostly spent on maintenance investments, productivity improvements, and capacity increases.

Employees

The average number of employees on June 30, 2023, was 4,027 (3,962 at December 31, 2022).

General information

Related parties

No significant changes have taken place in relations or transactions with related parties since 2022.

Risks and uncertainty factors

AAK's operations are constantly exposed to risks, threats, and external factors. 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.

AAK's Board of Directors and Executive Committee have, since the publication of the Annual Report 2022, reviewed the development of significant risks and uncertainties and can confirm that there have been no changes other than what has been commented on in respect of market developments during 2022 and 2023.

For a more in-depth analysis of risks, please refer to AAK's Annual Report.

Accounting policies in 2023

This interim report is prepared in accordance with IAS 34, Interim Financial Reporting, and applicable rules in the Swedish Annual Accounts Act. The accounting principles correspond to the principles applied in the preparation of the Annual Report 2022.

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 21–22.

Definitions

For definitions, please see our Annual Report.

Events after the reporting period

No events to be reported.

The Parent Company and Group Functions

AAK AB (publ.) is the Parent Company of 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 185 million (negative 50). Interest-bearing liabilities minus cash and cash equivalents and interest-bearing assets totaled SEK 4,000 million (3,443 as of December 31, 2022). Investments in intangible and tangible assets amounted to SEK 7 million (0).

The Parent Company's balance sheet and income statement are shown on pages 23–24. There are no major changes in the Parent Company's balance sheet since year's end.

The Parent Company has prepared its financial reports in accordance with Chapter 9 of the Swedish Annual Accounts Act, Interim Report and RFR 2 Accounting for legal entities. The accounting principles correspond to the principles applied in the preparation of the Annual Report 2022.

Audit review

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

Malmö, July 19, 2023

Georg Brunstam
Chairman of the Board

Märta Schörling Andreen
Board member

Nils-Johan Andersson
Board member

Patrik Andersson
Board member

Marianne Kirkegaard
Board member

Fabienne Saadane-Oaks
Board member

Ian Roberts
Board member

David Alfredsson
Trade union representative

Lena Nilsson
Trade union representative

For further information, please contact:

Carl Ahlgren
Head of IR & Corporate Communications
Mobile: +46 70 681 07 34
E-mail: carlahlgren@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 8:30 CET on July 19, 2023.

Condensed income statement

SEK million	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Full year 2022
Net sales	11,229	12,563	23,574	23,802	50,425
Other operating income	36	62	98	91	149
Total operating income	11,265	12,625	23,672	23,893	50,574
Change in inventories of finished goods and work in progress	68	155	27	229	201
Raw materials and consumables	-8,403	-10,178	-17,696	-19,045	-39,777
Goods for resale	-200	-318	-362	-562	-1,085
Other external expenses	-830	-827	-1,744	-1,544	-3,401
Cost for remuneration to employees	-811	-704	-1,627	-1,358	-2,958
Depreciation, amortization and impairment losses	-206	-203	-434	-391	-799
Other operating expenses	-3	-276	-4	-284	-217
Total operating expenses	-10,385	-12,351	-21,840	-22,955	-48,036
Operating profit (EBIT)	880	274	1,832	938	2,538
Financial income	14	54	37	69	69
Financial expense	-82	-60	-182	-93	-257
Total financial net	-68	-6	-145	-24	-188
Profit before tax	812	268	1,687	914	2,350
Income tax	-197	-108	-410	-262	-570
Profit for the period	615	160	1,277	652	1,780
Attributable to non-controlling interests	1	5	2	7	10
Attributable to the Parent Company's shareholders	614	155	1,275	645	1,770
Earnings per share before dilution, SEK ¹⁾	2.36	0.60	4.91	2.50	6.84
Earnings per share after dilution, SEK ²⁾	2.36	0.60	4.91	2.49	6.84

¹⁾ Earnings per share are calculated based on a weighted average number of outstanding shares.

²⁾ Earnings per share are calculated based on a weighted average number of outstanding shares after dilution from outstanding subscription warrants.

Comprehensive income

SEK million	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Full year 2022
Profit for the period	615	160	1,277	652	1,780
Items that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefit obligations	0	-	0	-	149
	0	-	0	-	149
Items that may subsequently be reclassified to profit or loss:					
Translation differences	832	881	1,007	1,291	1,460
Fair-value changes in cash flow hedges	0	7	-3	18	20
Tax related to fair-value changes in cash flow hedges	0	-2	1	-4	-4
	832	886	1,005	1,305	1,476
Total comprehensive income for the period	1,447	1,046	2,282	1,957	3,405
Attributable to non-controlling interests	1	11	2	13	16
Attributable to the Parent Company's shareholders	1,446	1,035	2,280	1,944	3,389

Condensed balance sheet

SEK million	30.06.2023	30.06.2022	31.12.2022
Assets			
Goodwill	2,785	2,506	2,538
Other intangible assets	302	310	293
Property, plant and equipment	7,566	6,371	6,944
Right-of-use assets	691	583	685
Shares in associated companies	11	19	32
Financial assets	78	58	67
Deferred tax assets	357	214	327
Total non-current assets	11,790	10,061	10,886
Inventory	9,498	10,995	11,174
Accounts receivables	6,107	6,657	6,635
Current receivables	3,621	3,846	3,780
Cash and cash equivalents	1,485	1,680	1,515
Total current assets	20,711	23,178	23,104
Total assets	32,501	33,239	33,990
Equity and liabilities			
Shareholders' equity	16,602	13,432	15,036
Non-controlling interests	49	44	47
Total equity including non-controlling interests	16,651	13,476	15,083
Liabilities to banks and credit institutions	3,028	2,533	3,526
Pension liabilities	44	279	58
Lease liabilities	571	491	562
Deferred tax liabilities	609	408	553
Other non-current liabilities	302	279	273
Total non-current liabilities	4,554	3,990	4,972
Liabilities to banks and credit institutions	2,216	4,347	2,997
Lease liabilities	161	123	162
Accounts payables	4,498	6,363	5,337
Other current liabilities	4,421	4,940	5,439
Total current liabilities	11,296	15,773	13,935
Total equity and liabilities	32,501	33,239	33,990

Condensed change in equity

2023

SEK million	Shareholders' equity	Non-controlling interests	Total equity incl. non-controlling interests
Opening balance January 1, 2023	15,036	47	15,083
Profit for the period	1,275	2	1,277
Other comprehensive income	1,005	0	1,005
Total comprehensive income	2,280	2	2,282
Dividend	-714	-	-714
Closing balance June 30, 2023	16,602	49	16,651

2022

SEK million	Shareholders' equity	Non-controlling interests	Total equity incl. non-controlling interests
Opening balance January 1, 2022	11,783	48	11,831
Adjustment Opening balance IAS29	38	-	38
Adjusted Opening balance January 1, 2022	11,821	48	11,869
Profit for the period	645	7	652
Other comprehensive income	1,299	6	1,305
Total comprehensive income	1,944	13	1,957
New issue of shares	6	-	6
Subscription warrants	74	-	74
Exit Russia	233	-17	216
Dividend	-646	-	-646
Closing balance June 30, 2022	13,432	44	13,476

Condensed cash flow statement

SEK million	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Full year 2022
Operating activities					
Operating profit	880	274	1,832	938	2,538
Depreciation and amortization	206	203	434	391	799
Adjustment for other items not included in cash flow	-143	166	-392	301	63
Interest paid and received	-63	7	-112	-3	-146
Tax paid	-299	-213	-456	-336	-617
Cash flow before changes in working capital	581	437	1,306	1,291	2,637
Changes in inventory	625	-569	2,139	-1,378	-1,427
Changes in accounts receivables	629	-527	795	-1,177	-1,149
Changes in accounts payables	196	749	-1,079	230	-812
Changes in other working capital items	-386	-35	-414	-61	678
Changes in working capital	1,064	-382	1,441	-2,386	-2,710
Cash flow from operating activities	1,645	55	2,747	-1,095	-73
Investing activities					
Acquisition of intangible assets and property, plant and equipment	-265	-271	-553	-501	-1,226
Acquisition of operations and shares, net of cash acquired	0	-	-89	-	-14
Proceeds from sale of property, plant and equipment	19	16	34	19	7
Cash flow from investing activities	-246	-255	-608	-482	-1,233
Financing activities					
Changes in loans	-592	1,265	-1,403	2,822	2,364
Amortization of lease liabilities	-45	-37	-88	-72	-152
New issue of shares	-	-	-	6	147
Subscription warrants	-	74	-	74	80
Dividend paid	-714	-646	-714	-646	-646
Cash flow from financing activities	-1,351	656	-2,205	2,184	1,793
Cash flow for the period	48	456	-66	607	487
Cash and cash equivalents at start of period	1,405	1,165	1,515	1,001	1,001
Exchange rate difference for cash equivalents	32	59	36	72	27
Cash and cash equivalents at end of period	1,485	1,680	1,485	1,680	1,515

Key ratios

SEK million (unless otherwise stated)	Q2 2023	Q2 2022	Δ %	Q1-Q2 2023	Q1-Q2 2022	Δ %	Full year 2022
Income statement							
Volumes, '000 MT	505	554	-9	1,046	1,129	-7	2,259
Operating profit	880	274	+221	1,832	938	+95	2,538
Operating profit excluding IAC	880	624	+41	1,832	1,288	+42	2,888
Profit for the period	615	160	+284	1,277	652	+96	1,780
Profit for the period excluding IAC	615	479	+28	1,277	971	+32	2,099
Financial position							
Total assets	32,501	33,239	-2	32,501	33,239	-2	33,990
Equity	16,651	13,476	+24	16,651	13,476	+24	15,083
Net working capital	10,126	10,209	-1	10,126	10,209	-1	10,747
Net debt	4,336	6,095	-29	4,336	6,095	-29	5,707
Cash flow							
Cash flow from operating activities	1,645	55	-	2,747	-1,095	-	-73
Cash flow from investing activities	-246	-255	-	-608	-482	-	-1,233
Share data							
Number of shares, thousand	259,559	258,551	+0	259,559	258,551	+0	259,559
Earnings per share, SEK ¹⁾	2.36	0.60	+293	4.91	2.50	+96	6.84
Earnings per share, excluding IAC, SEK ¹⁾	2.36	1.83	+29	4.91	3.73	+32	8.07
Equity per share, SEK	63.96	51.95	+23	63.96	51.95	+23	57.93
Market value on closing date, SEK	202.80	166.90	+22	202.80	166.90	+22	177.85
Other key ratios							
Volume growth, percent	-9	+1	-	-7	+1	-	-2
Operating profit per kilo, SEK	1.74	0.49	+255	1.75	0.83	+111	1.12
Operating profit per kilo, excluding IAC, SEK	1.74	1.13	+54	1.75	1.14	+54	1.28
Return on Capital Employed (R12 months), percent	15.9	15.0	+6	15.9	15.0	+6	14.5
Net debt / EBITDA, multiple	1.01	2.03	-50	1.01	2.03	-50	1.71

¹⁾ Earnings per share are calculated based on a weighted average number of outstanding shares.

Quarterly data by business area

Operating profit

SEK million	2022					2023	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2
Food Ingredients	369	342	476	465	1,652	582	636
Chocolate & Confectionery Fats	258	-70	310	308	806	327	275
Technical Products & Feed	81	46	76	100	303	108	44
Group Functions	-44	-44	-40	-95	-223	-65	-75
Operating profit AAK Group	664	274	822	778	2,538	952	880
Financial net	-18	-6	-19	-145	-188	-77	-68
Profit before tax	646	268	803	633	2,350	875	812

Operating profit excluding items affecting comparability

SEK million	2022					2023	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2
Food Ingredients	369	406	476	465	1,716	582	636
Chocolate & Confectionery Fats	258	216	310	308	1,092	327	275
Technical Products & Feed	81	46	76	100	303	108	44
Group Functions	-44	-44	-40	-95	-223	-65	-75
Operating profit AAK Group	664	624	822	778	2,888	952	880
Financial net	-18	-6	-19	-145	-188	-77	-68
Profit before tax	646	618	803	633	2,700	875	812

Net sales by market

2023

SEK million	FI	CCF	TPF	Total	FI	CCF	TPF	Total
	Q2 2023	Q2 2023	Q2 2023	Q2 2023	Q1-Q2 2023	Q1-Q2 2023	Q1-Q2 2023	Q1-Q2 2023
Europe	2,801	1,024	555	4,380	5,712	2,323	1,306	9,341
North and South America	3,739	1,539	0	5,278	7,614	3,223	0	10,837
Asia	855	576	0	1,431	1,779	1,273	0	3,052
Other countries	109	31	0	140	258	86	0	344
Net sales	7,504	3,170	555	11,229	15,363	6,905	1,306	23,574

2022

SEK million	FI	CCF	TPF	Total	FI	CCF	TPF	Total
	Q2 2022	Q2 2022	Q2 2022	Q2 2022	Q1-Q2 2022	Q1-Q2 2022	Q1-Q2 2022	Q1-Q2 2022
Europe	3,022	1,533	767	5,322	5,740	3,087	1,458	10,285
North and South America	4,027	1,553	0	5,580	7,582	2,908	0	10,490
Asia	964	517	0	1,481	1,753	937	0	2,690
Other countries	106	74	0	180	185	152	0	337
Net sales	8,119	3,677	767	12,563	15,260	7,084	1,458	23,802

Financial instruments

SEK million	30.06.2023	31.12.2022	Hierarchy level
<i>Assets at fair value through profit and loss</i>			
Currency derivatives	416	164	2
Sales and purchase contracts	1,253	2,199	2
Investment in unlisted shares	7	7	3
Investment in unlisted funds	50	43	3
<i>Derivatives used in cash flow hedges</i>			
Interest rate swaps	22	25	2
<i>Assets at amortized cost</i>			
Financial non-current assets	10	7	-
Accounts receivables	6,107	6,635	-
Financial current assets	199	85	-
Cash and cash equivalents	1,485	1,515	-
Total financial assets	9,549	10,680	
<i>Liabilities at fair value through profit and loss</i>			
Currency derivatives	564	294	2
Sales and purchase contracts	112	1,140	2
<i>Liabilities at amortized cost</i>			
Liabilities to banks and credit institutions	5,244	6,523	-
Lease liabilities	732	724	-
Accounts payables	4,498	5,337	-
Other interest-bearing liabilities	12	12	-
Total financial liabilities	11,162	14,030	

Alternative Performance Measures (APMs)

Organic volume growth

Percent	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Full year 2022
Food Ingredients					
Organic volume growth	-6	-2	-7	0	-3
Acquisitions / divestments	-	-	-	-	-
Volume growth	-6	-2	-7	0	-3
Chocolate & Confectionery Fats					
Organic volume growth	-15	7	-12	6	0
Acquisitions / divestments	-	-	-	-	-
Volume growth	-15	7	-12	6	0
Technical Products & Feed					
Organic volume growth	-10	6	-2	-3	-4
Acquisitions / divestments	-	-	-	-	-
Volume growth	-10	6	-2	-3	-4
AAK Group					
Organic volume growth	-9	1	-7	1	-2
Acquisitions / divestments	-	-	-	-	-
Volume growth	-9	1	-7	1	-2

EBITDA

SEK million	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Full year 2022
Operating profit (EBIT)	880	274	1,832	938	2,538
Depreciation and amortization	206	203	434	391	799
EBITDA	1,086	477	2,266	1,329	3,337

Operating profit excl. items affecting comparability (IAC)

SEK million	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Full year 2022
Food Ingredients					
Operating profit, excluding IAC	636	406	1,218	775	1,716
Exit Russia	-	-64	-	-64	-64
Operating profit	636	342	1,218	711	1,652
Chocolate & Confectionery Fats					
Operating profit, excluding IAC	275	216	602	474	1,092
Exit Russia	-	-286	-	-286	-286
Operating profit	275	-70	602	188	806
Technical Products & Feed					
Operating profit, excluding IAC	44	46	152	127	303
Operating profit	44	46	152	127	303
AAK Group					
Operating profit, excluding IAC	880	624	1,832	1,288	2,888
Exit Russia	-	-350	-	-350	-350
Operating profit	880	274	1,832	938	2,538

Return on Capital Employed (ROCE)

SEK million	R12M 30.06.2023	R12M 31.12.2022
Total assets	33,437	32,083
Cash and cash equivalents	-1,499	-1,354
Financial assets	-99	-51
Accounts payables	-5,304	-5,791
Other non-interest-bearing liabilities	-4,960	-4,998
Capital employed	21,575	19,889
Operating profit, excluding items affecting comparability	3,432	2,888
Return on Capital Employed (ROCE), percent	15.9	14.5

Net working capital

SEK million	30.06.2023	31.12.2022
Inventory	9,498	11,174
Accounts receivables	6,107	6,635
Other current receivables, non-interest-bearing	3,409	3,686
Accounts payables	-4,498	-5,337
Other current liabilities, non-interest-bearing	-4,390	-5,411
Net working capital	10,126	10,747

Net debt

SEK million	30.06.2023	31.12.2022
Current interest-bearing receivables	211	95
Cash and cash equivalents	1,485	1,515
Pension liabilities	-44	-58
Lease liabilities	-732	-724
Non-current liabilities to banks and credit institutions	-3,028	-3,526
Current liabilities to banks and credit institutions	-2,216	-2,997
Other interest-bearing liabilities	-12	-12
Net debt	-4,336	-5,707

Net debt / EBITDA

SEK million	30.06.2023	31.12.2022
Net debt	4,336	5,707
EBITDA (rolling 12 months)	4,274	3,337
Net debt / EBITDA, multiple	1.01	1.71

Equity to assets ratio

SEK million	30.06.2023	31.12.2022
Shareholders' equity	16,602	15,036
Non-controlling interests	49	47
Total equity including non-controlling interests	16,651	15,083
Total assets	32,501	33,990
Equity to assets ratio, percent	51.2	44.4

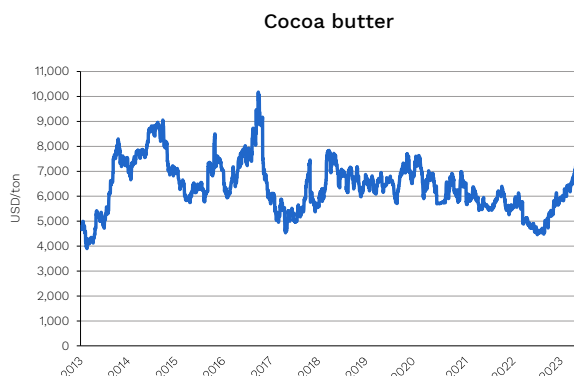
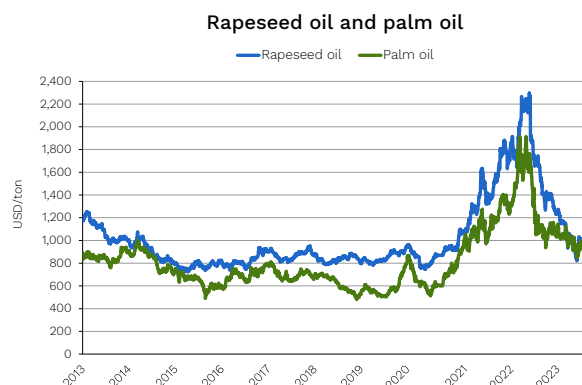
Income statement – Parent Company

SEK million	Q2 2023	Q2 2022	Q1–Q2 2023	Q1–Q2 2022	Full year 2022
Net sales	44	32	88	64	160
Total operating income	44	32	88	64	160
Other external expenses	-76	-34	-122	-63	-151
Cost for remuneration to employees	-32	-22	-64	-50	-130
Depreciation, amortization and impairment losses	-3	-1	-4	-3	-7
Total operating expenses	-111	-57	-190	-116	-288
Operating profit (EBIT)	-67	-25	-102	-52	-128
Profit from interest in Group companies	-	-	-	-	108
Interest income and similar items	1	7	1	18	20
Interest expense and similar items	-47	-10	-84	-16	-63
Total financial net	-46	-3	-83	2	65
Profit before tax	-113	-28	-185	-50	-63
Income tax	23	9	38	13	0
Profit for the period	-90	-19	-147	37	-63

Condensed balance sheet – Parent Company

SEK million	30.06.2023	31.12.2022
Assets		
Other intangible assets	12	8
Property, plant and equipment	1	1
Right-of-use assets	26	2
Financial assets	9,914	9,974
Deferred tax assets	3	3
Total non-current assets	9,956	9,988
Current receivables	551	493
Cash and cash equivalents	0	0
Total current assets	551	493
Total assets	10,507	10,481
Equity and liabilities		
Shareholders' equity	5,950	6,811
Non-controlling interests	-	-
Total equity including non-controlling interests	5,950	6,811
Liabilities to banks and credit institutions	3	3,000
Lease liabilities	18	1
Other non-current liabilities	390	36
Total non-current liabilities	2,908	3,037
Liabilities to banks and credit institutions	1,500	500
Lease liabilities	6	2
Accounts payables	22	18
Other current liabilities	121	113
Total current liabilities	1,649	633
Total equity and liabilities	10,507	10,481

Price trends in raw materials



For information regarding cocoa and cocoa butter please refer to information at www.icco.org

Additional information

Conference call

AAK will host a conference call for investors, analysts and media on July 19, 2023, at 10 a.m. CET. The presentation can be followed via teleconference or webcast. Please visit www.aak.com for details.

The annual and quarterly reports are published on www.aak.com.

Financial calendar 2023-2024

The interim report for the third quarter 2023 will be published on October 25, 2023.

The interim report for the fourth quarter and year-end 2023 will be published on February 7, 2024

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

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

Everything

we do

is about

Making Better Happen™

Everything AAK does is about Making Better Happen™. We specialize in plant-based oils and fats, the value-adding ingredients in many 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 Making Better Happen™ means for each customer with the unique flexibility of our production assets and deep knowledge of 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, 16 dedicated Customer Innovation Centers, and with the support of more than 20 production facilities.

Listed on Nasdaq Stockholm and headquartered 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