



Interim report

Fourth quarter and
year-end report 2020

AAK

Financial highlights

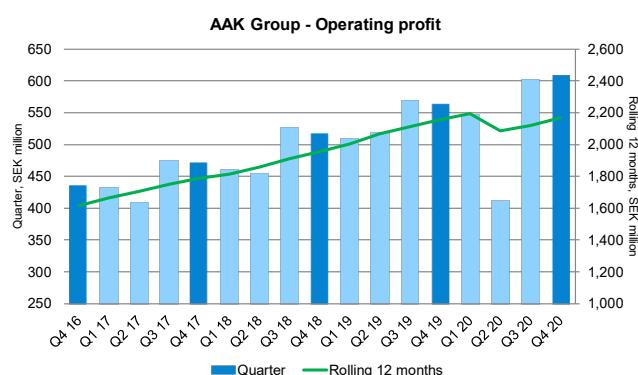
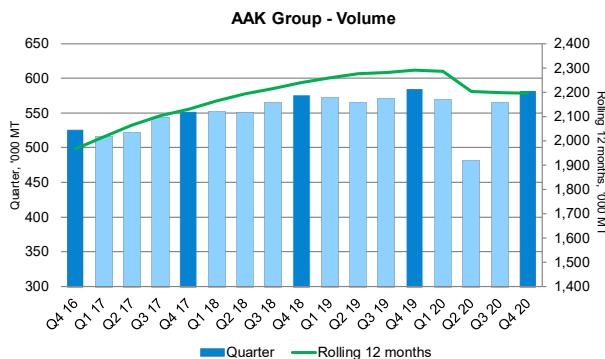
Q4 2020

- Total volumes for the quarter were on par with last year and amounted to 580,000 MT (582,000).
- Operating profit, including a negative currency translation impact of SEK 62 million, increased by 8 percent, reaching SEK 607 million (562).
- Profit for the period amounted to SEK 439 million (401), an increase by 9 percent.
- Earnings per share increased by 8 percent, to SEK 1.69 (1.56).
- Cash flow from operating activities amounted to SEK 1,208 million (626).
- Return on Capital Employed (ROCE), R12M, was 14.3 percent (14.9 at December 31, 2019).

Q1–Q4 2020

- Total volumes for the period amounted to 2,195,000 MT (2,290,000), a decrease by 4 percent (positive 2).
- Operating profit, including a negative currency translation impact of SEK 98 million, reached SEK 2,167 million (2,142), an increase by 1 percent.
- Operating profit, excluding acquisition costs and items affecting comparability, amounted to SEK 2,165 million (2,157).
- Profit for the period amounted to SEK 1,581 million (1,513), an increase by 4 percent.
- Earnings per share increased by 5 percent and reached SEK 6.16 (5.86).
- Cash flow from operating activities amounted to SEK 2,023 million (1,558).
- Return on Capital Employed (ROCE), R12M, was 14.3 percent (14.9 at December 31, 2019).
- The Board of Directors proposes that a dividend of SEK 2.30 (2.10) per share be paid for the financial year 2020.

	Q4 2020	Q4 2019	Δ %	Full year 2020	Full year 2019	Δ %
Volumes, '000 MT	580	582	-0	2,195	2,290	-4
Operating profit, SEK million	607	562	+8	2,167	2,142	+1
Operating profit excluding items affecting comparability and acquisition costs, SEK million	607	562	+8	2,165	2,157	+0
Operating profit per kilo, SEK	1.05	0.97	+8	0.99	0.94	+5
Operating profit per kilo excluding items affecting comparability and acquisition costs, SEK	1.05	0.97	+8	0.99	0.94	+5
Profit for the period, SEK million	439	401	+9	1,581	1,513	+4
Earnings per share, SEK	1.69	1.56	+8	6.16	5.86	+5
Return on Capital Employed (R12M), percent	14.3	14.9	-4	14.3	14.9	-4



Strong finish to an unprecedented year

The Covid-19 pandemic continues to impact people, societies, and business operations across the world, and the health and safety of our employees remains our highest priority.

In spite of the pandemic and a material negative currency translation impact, we delivered an all-time high operating profit including a solid cash flow from operating activities. Both Chocolate & Confectionery Fats and Technical Products & Feed reported a record-high operating profit. Our cost reduction measures initiated in the second quarter continue to yield results according to plan.

Business performance

Volumes for the Group were on par with last year, despite a significant Covid-19 impact within Foodservice. The sequential increase in volumes continued in the beginning of the fourth quarter but softened towards the end due to additional restrictions in many countries.

In line with our strategic direction, we continue to drive year-over-year volume growth for our high-end speciality solutions.

Operating profit amounted to SEK 607 million, an increase by 8 percent compared to the corresponding quarter last year. At fixed foreign exchange rates operating profit increased by 19 percent. Cost reduction measures combined with a higher share of speciality solutions resulted in a record-high operating profit per kilo for a fourth quarter.

The business dynamics within Food Ingredients were mixed with growth for our high-end speciality solutions within Special Nutrition and Plant-based Foods, while Foodservice, and to some extent Bakery, continued to be negatively impacted by restrictions and lockdowns.

Chocolate & Confectionery Fats reported volume growth in all product categories. This combined with our implemented supply chain improvements resulted in a very strong operating profit for the business area.

It was also a very good quarter for Technical Products & Feed, mainly driven by our feed business and a good performance in our crushing operations.

New CFO appointed

In mid-January, we announced that Tomas Bergendahl has been appointed new Chief Financial Officer of AAK. Tomas joins AAK with extensive experience and a solid finance background. For the past five and a half years he has served as CFO and Executive Vice President at COWI Holding A/S, a leading international consulting group within engineering, economics and environmental science based in Denmark. He will assume his position as of May 1, 2021.



2020 – a successful year despite unprecedented challenges

The past year has, in many ways, been challenging due to the Covid-19 pandemic. Thanks to our employees' commitment, passion and professionalism, we have managed to operate safely and at the same time grow our operating profit and our operating profit per kilo. In addition, we have increased our net result as well as earnings per share. I want to take this opportunity to express my sincere appreciation and admiration for the achievements made by our organization.

We have during 2020 acquired 75 percent of our Russian long-term partner Margaron to expand our presence in a highly attractive market. To further strengthen our position in the strategic and fast-growing Indian market, we have acquired the remaining shares of our joint venture AAK Kamani. Towards the end of the year, we launched our new company purpose, *Making Better Happen™*, which really embodies AAK's core values and operating culture.

Concluding remarks

Going into 2021, uncertainty and volatility remain very high making it difficult to predict the short-term future. However, AAK has a robust foundation, a strong financial track record and a solid balance sheet, and we have during 2020 demonstrated the resilience of our business. The passion, drive and agility our organization shows are strengths we build on going forward.

We offer plant-based, healthy, high value-adding oils and fats solutions based on our customer co-development approach. In spite of the short- to mid-term uncertainty from the Covid-19 pandemic, we see no reason to adjust our view on the strong favorable underlying long-term trends in our markets. Thus, we continue to remain prudently optimistic about the future and we are fully committed to *Making Better Happen™*.

Johan Westman, President and CEO

AAK Group, Q4 2020

Volumes

Volumes amounted to 580,000 MT (582,000), on par with last year.

Net sales

Sales slightly decreased and amounted to SEK 7,298 million (7,380). This was due to a negative currency translation impact of SEK 693 million, partly offset by selling more speciality solutions with a higher sales price, and to higher raw material prices.

Operating profit

Operating profit reached SEK 607 million (562), an increase by 8 percent compared to the corresponding quarter in 2019. The currency translation impact was negative SEK 62 million. SEK 23 million was related to Food Ingredients and SEK 39 million to Chocolate & Confectionery Fats. At fixed foreign exchange rates operating profit increased by 19 percent.

Operating profit per kilo reached SEK 1.05 (0.97), an increase of 8 percent. The currency translation impact was negative SEK 0.11. At fixed foreign exchange rates operating profit per kilo increased by 19 percent.

Net financial cost and tax costs

Net financial cost amounted to SEK 31 million (34). The lower interest cost was related to less borrowing in high-interest rate countries and reduced net debt for the Group. Reported tax costs correspond to an average tax rate of 24 percent (24).

Earnings per share

Earnings per share increased by 8 percent, to SEK 1.69 (1.56), due to an increased operating profit and lower financial costs.

Cash flow and investments

Operating cash flow including changes in working capital amounted to SEK 1,208 million (626). Cash flow from working capital amounted to SEK 521 million (negative 176). There was a strong positive cash flow from accounts receivables and accounts payables in the quarter. This was partly offset by negative cash flow from inventory due to increased raw material prices.

Cash outflow from investment activities amounted to SEK 592 million (326), of which SEK 359 million (47) was related to acquisitions. Capital expenditure was mainly related to regular maintenance investments and capacity increases.

Raw material prices have soared since June 2020. Based on the duration of our contract portfolio, there is a time lag of 6–9 months until we see the cash flow effect from the price volatility. This implies a material negative impact on working capital during the first half of 2021. However, the raw material forward curve indicates declining prices. If this materializes, it will have a positive effect on cash flow during the latter part of 2021.

Return on Capital Employed (ROCE)

Calculated on a rolling 12 months basis, Return on Capital Employed (ROCE) was 14.3 percent (14.9 at December 31, 2019). ROCE for the fourth quarter was 15.3 percent compared to 13.9 percent for the corresponding quarter 2019.

Financial position

The equity/assets ratio amounted to 44 percent (45 percent at December 31, 2019). Net debt at December 31, 2020 amounted to SEK 2,738 million (SEK 3,117 million at December 31, 2019). Net debt/EBITDA amounted to 0.94 (1.10 as of December 31, 2019). At December 31, 2020 the Group had total credit facilities of SEK 8,274 million (8,568 as of December 31, 2019), whereof SEK 7,234 million (7,081 as of December 31, 2019) in committed credit facilities. Unused committed credit facilities at December 31, 2020 amounted to SEK 6,120 million (5,728 as of December 31, 2019).

Acquisitions

AAK has further strengthened its position in the Indian market by acquiring the remaining 31 percent of the shares of AAK Kamani, the joint venture between AAK and Kamani Oil Industries Pvt Ltd. that was formed in September 2015. AAK now owns 100 percent of AAK Kamani.

Selected key events

AAK joins the MISTA innovation platform

To accelerate innovation and drive further growth within the plant-based foods market, AAK has joined the MISTA innovation platform, based in San Francisco, USA. Established in 2018, MISTA is an initiative that brings together the expertise of larger food and ingredients companies and selected start-ups to optimize ideas, products, people and investments in order to solve current and future challenges within the ever-changing food and beverage industries. The start-ups within the MISTA platform include clean meat, plant-based, biotech, and technology companies.



Plant-based Foods Global Center of Excellence

AAK has decided to establish a Plant-based Foods Global Center of Excellence on the company's premises in Zaandijk, the Netherlands. AAK has been operating here for decades and this strategic location, near Amsterdam in one of Europe's largest food and agribusiness economies, offers proximity to many customers and industry peers as well as the nearby 'Wageningen Food Valley'.

This investment reaffirms our commitment to grow our presence in this dynamic and fast-paced category. The three-story state-of-the-art center showcasing AAK's co-development process will feature two pilot plants, an analytical laboratory, a customer experience kitchen, and a sensory suite all under one AAK roof, allowing customers to bring great-tasting food and beverages to market faster and with confidence. The center is expected to be operational by the end of 2021.



AAK to set science-based emissions reduction targets through the Science Based Targets initiative

To hold off some of the world's climate impacts and avoid irreversible damage to our societies, economies and nature, international cooperation is needed with the corporate sector having a clear role to play in limiting global warming. AAK acknowledges this responsibility and will take action to reduce greenhouse gas emissions in line with climate science. Therefore, we have committed to set science-based emissions reduction targets across the entire value chain, consistent with keeping global warming to 1.5°C above pre-industrial levels. A first step together with hundreds of other leading businesses.

This commitment is part of our overall commitment to make better sustainability happen and it will drive the reduction of greenhouse gas emissions and contribute to protect our climate and our communities as well as support our business in providing sustainable value-adding solutions.

Capital Market Day 2020

In mid-November, AAK held its annual Capital Market Day for analysts, investors and media representatives. Due to the Covid-19 pandemic, the Capital Market Day was held virtually.

At the event, President and CEO Johan Westman together with Fredrik Nilsson, CFO, and Anne Mette Olesen, Chief Strategy & Sustainability Officer, updated the financial market and media on the company's strategy and business, financial development, and progress within the sustainability area. Johan Westman also presented AAK's new purpose, Making Better Happen™. In addition, Sten Estrup, President Asia, presented AAK's development in Asia, and Niall Sands, President Plant-based Foods, gave an update on our solutions for plant-based products. All presentations as well as the Q&A webcast that followed can be accessed at www.aak.com/cmd.



Food Ingredients, Q4 2020*

**Operating profit
-9%**

**Operating profit
per kilo
-4%**

	Q4 2020	Q4 2019	Δ %	Full year 2020	Full year 2019	Δ %
Volumes, '000 MT	371	387	-4	1,426	1,531	-7
Net sales, SEK million	4,698	4,780	-2	18,387	18,978	-3
Operating profit, SEK million	319	349	-9	1,286	1,366	-6
Operating profit per kilo, SEK	0.86	0.90	-4	0.90	0.89	+1

Volumes

Volume growth was negative by 4 percent in the quarter. This was due to significantly lower demand in Foodservice and, to some extent, in Dairy. Commodity volumes also decreased. There was growth for high-end speciality solutions within Special Nutrition, Bakery and Plant-based Foods.

Bakery reported volume growth despite certain markets being negatively impacted by restrictions and lockdowns, for example Turkey and USA. South as well as North Latin America had the strongest growth.

Dairy volumes decreased in most regions with the exception of Europe and South Latin America.

Plant-based Foods continued its strong trend with a significant volume growth (high double-digit). This was driven by both plant-based dairy and plant-based meat solutions.

The performance for Special Nutrition was mixed. High-end solutions in sub-segment Infant Nutrition continued to grow by double digits, driven by Asia and supported by new local Chinese customers. Medical Nutrition continued to grow and the trend for Senior Nutrition was also positive. Our semi-speciality solutions experienced lower demand in most regions, which is partly explained by the strong demand in high-end solutions.

Volumes in Foodservice declined by more than 20 percent compared to the corresponding quarter last year. The decline was particularly noticeable towards the end of the quarter due to additional restrictions in

many countries. When the pandemic-driven restrictions are lifted, we expect volumes to gradually increase.

Net sales

Sales amounted to SEK 4,698 million (4,780), a decrease by SEK 82 million. This was related to a negative currency translation impact of SEK 448 million and lower volumes, partly offset by selling more speciality solutions with a higher sales price and sales price adjustments due to higher raw material prices.

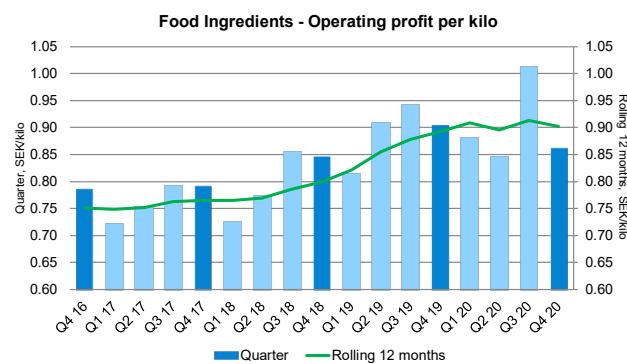
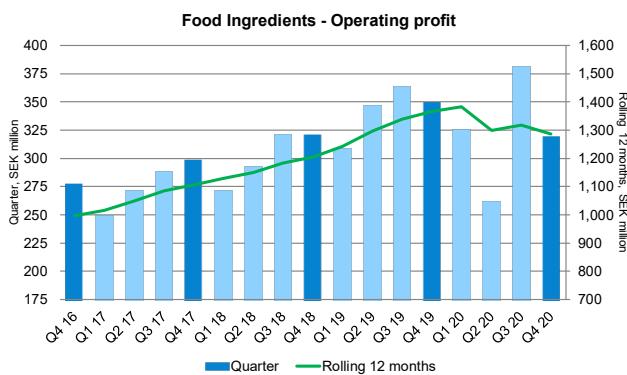
Operating profit

Operating profit decreased by 9 percent to SEK 319 million (349). The currency translation impact was negative SEK 23 million. At fixed foreign exchange rates operating profit decreased by 2 percent.

Operating profit for Food Ingredients, excluding Foodservice, increased by 15 percent and at fixed foreign exchange rates by 23 percent. The lower Foodservice volumes have led to a situation of under-absorption of costs, but we are in a better position now compared to the second quarter. This is due to the earlier communicated cost optimization programs initiated at all Foodservice facilities.

Operating profit per kilo decreased by 4 percent to SEK 0.86 (0.90). The currency translation impact was negative SEK 0.06. At fixed foreign exchange rates operating profit per kilo increased by 2 percent.

AAK's position within Food Ingredients is strong and the Foodservice demand is expected to gradually return when restrictions and lockdowns are lifted.



*All figures are excluding items affecting comparability.



Chocolate & Confectionery Fats, Q4 2020*

**Operating profit
+30%**

**Operating profit
per kilo
+21%**

	Q4 2020	Q4 2019	Δ %	Full year 2020	Full year 2019	Δ %
Volumes, '000 MT	124	116	+7	449	459	-2
Net sales, SEK million	2,177	2,222	-2	7,949	8,076	-2
Operating profit, SEK million	266	205	+30	865	794	+9
Operating profit per kilo, SEK	2.15	1.77	+21	1.93	1.73	+12

Volumes

Volumes increased by 7 percent compared to the corresponding quarter last year. There has been a strong demand for our speciality solutions such as cocoa butter equivalents, filling fats and spreads, but also for our semi-speciality solutions.

All regions reported volume growth with the strongest growth in North Latin America, South Latin America and USA. Within Europe, the demand remains soft in the CIS area and some customers continue to opt for more low-end solutions.

Net sales

Net sales for the business area amounted to SEK 2,177 million (2,222). The decrease was related to the negative currency translation impact of SEK 245 million, partly offset by the strong volume growth.

Operating profit

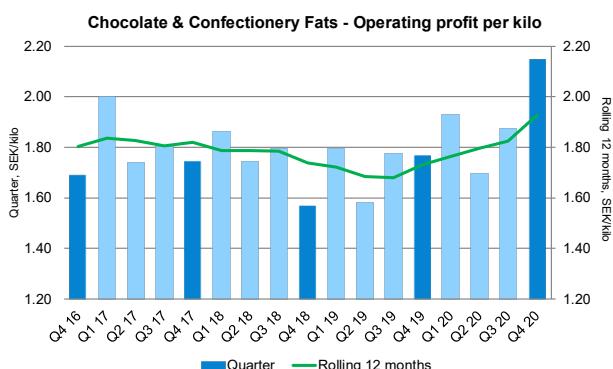
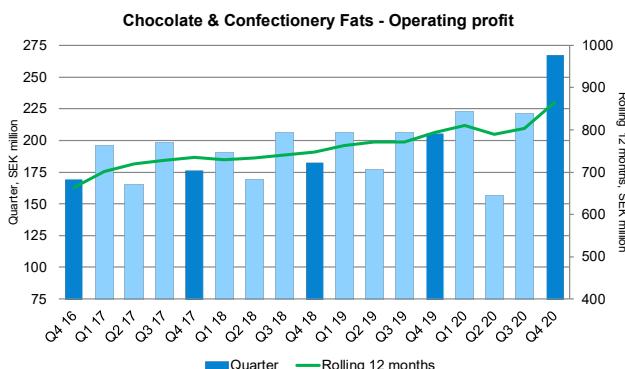
Operating profit reached SEK 266 million (205), an increase by 30 percent and a record-high profit for the business area. The currency translation impact was

negative SEK 39 million. At fixed foreign exchange rates operating profit increased by 49 percent.

The growth in operating profit, compared to last year, was very strong due to a lower cost achieved by the implemented supply chain improvements, increased production capacity in Aarhus, Denmark, and the better-yielding shea kernels from the harvest 2019/2020. The fourth quarter of 2019 included substantial supply chain costs. The improvement has also been fueled by volume growth and the cost reduction measures initiated in the second quarter.

Operating profit per kilo increased by 21 percent and reached SEK 2.15 (1.77) driven by the above-mentioned factors. The currency translation impact was negative SEK 0.31. At fixed foreign exchange rates operating profit per kilo increased by 39 percent.

Uncertainty, especially in relation to the upcoming Easter sales, will remain high until restrictions are fully lifted and consumer patterns return to more normal. In the current situation, we also experience an increased competitive intensity in the market.



*All figures are excluding items affecting comparability.



Technical Products & Feed, Q4 2020*

**Operating profit
+24%**

**Operating profit
per kilo
+16%**

	Q4 2020	Q4 2019	Δ %	Full year 2020	Full year 2019	Δ %
Volumes, '000 MT	85	79	+8	320	300	+7
Net sales, SEK million	423	378	+12	1,598	1,456	+10
Operating profit, SEK million	57	46	+24	157	150	+5
Operating profit per kilo, SEK	0.67	0.58	+16	0.49	0.50	-2

Volumes

Volumes increased by 8 percent (1) compared to the corresponding quarter in 2019. Our feed business continued to grow while volume growth within our fatty acids business was negative due to a lower demand for technical solutions.

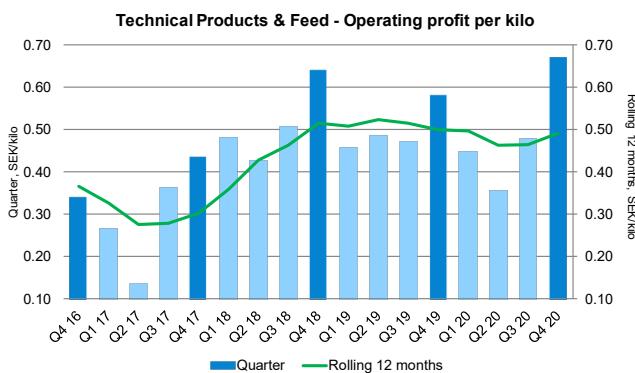
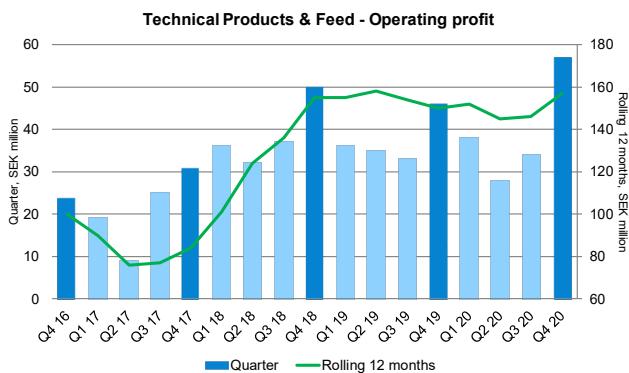
Net sales

Net sales for the business area increased by SEK 45 million due to the volume growth and higher raw material prices.

Operating profit

Operating profit reached SEK 57 million (46), an increase by 24 percent. This is a record-high operating profit for the business area. The increase was mainly driven by strong performances in our feed business and crushing operations. Our fatty acids business also showed growth during the quarter due to a favorable product mix.

The business area reported an operating profit per kilo of SEK 0.67 (0.58), an increase by 16 percent.



*All figures are excluding items affecting comparability.



The AAK Group, full year 2020

Volumes

Total volumes were down by 4 percent (positive 2).

Net sales

Sales amounted to SEK 27,934 million (28,510), a decrease by SEK 576 million. This was mainly related to a negative currency translation impact of SEK 1,370 million and lower sales due to the Covid-19 pandemic, partly offset by the impact from higher raw material prices.

Operating profit

Operating profit reached SEK 2,167 million (2,142), an increase by 1 percent. Operating profit, excluding items affecting comparability and acquisition costs, amounted to SEK 2,165 million (2,157).

The currency translation impact was negative SEK 98 million of which SEK 42 million was related to Food Ingredients and SEK 56 million to Chocolate & Confectionery Fats. At fixed foreign exchange rates operating profit increased by 6 percent.

Operating profit per kilo reached SEK 0.99 (0.94), an increase by 5 percent. The currency translation impact was negative SEK 0.04. At fixed foreign exchange rates operating profit per kilo increased by 10 percent.

Items affecting comparability and acquisition costs

AAK reported two items affecting comparability during the second quarter, amounting to net SEK 6 million. There were costs of SEK 200 million linked to structural measures that will generate annual savings of about SEK 150 million, expected to reach full run-rate by the second half of 2021. By the end of 2020, AAK has implemented approximately 50 percent of planned savings. AAK has also reported an income of SEK 206 million, related to an optimization of the company's capital structure.

Acquisition costs during the year amounted to SEK 4 million (15).

Net financial cost and tax costs

Net financial cost amounted to SEK 127 million (131). A higher net debt increased the financial costs during the first six months. This has been offset by lower financial costs during the third and fourth quarter. Reported tax costs correspond to an average tax rate of 23 percent (25). The income reported as items affecting comparability in the second quarter was not taxable.

This has reduced the average tax rate in the period by 1 percent. The work to further optimize the capital structure in the Group has also supported the lower tax rate.

Earnings per share

Earnings per share increased and amounted to SEK 6.16 (5.86), due to the improved operating profit, lower financial costs and lower tax costs.

Cash flow and investments

Operating cash flow including changes in working capital amounted to SEK 2,023 million (1,558). Cash flow from working capital amounted to SEK 44 million (negative 896). Accounts receivables have increased and impacted cash flow negatively due to sales of more speciality solutions to customers with longer payment terms. Inventory has increased due to increased raw material prices. The increased inventory has been more than fully offset by the increased accounts payables.

Cash outflow from investment activities amounted to SEK 1,150 million (1,335), of which SEK 412 million (535) was related to acquisitions. Our earlier communicated add-on investments in China will be operational during the first half of 2021.

Acquisitions

In early March, we signed an agreement to acquire 75 percent of NPO Margaron LLC, a producer of margarines, spreads, and bakery and confectionery fats, based in St. Petersburg, Russia. Margaron has been a trusted toll manufacturer to AAK for more than a decade and had last year revenues of approximately SEK 280 million.

Subject to certain long-term targets being met, there is a put/call option under which we could acquire the remaining 25 percent of Margaron. Margaron was consolidated into business areas Food Ingredients and Chocolate & Confectionery Fats in the third quarter.

AAK has furthermore strengthened its position in the Indian market and acquired the remaining 31 percent of the shares of AAK Kamani.

Employees

The number of employees at December 31, 2020 was 3,982 (3,884 at December 31, 2019).

General information

Related parties

No significant changes have taken place in relations or transactions with related parties since 2019.

Risks and uncertainty factors

AAK's operations are constantly exposed to risks, threats and external factors with an impact on the company. 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.

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

Accounting policies in 2020

This interim report is prepared in accordance with the Swedish Annual Accounts Act and IAS 34, Interim Financial Reporting. For information regarding the accounting policies applied, please see our Annual Report.

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 20–21.

Definitions

For definitions, please see our Annual Report.

Annual General Meeting

The Annual General Meeting will be held on May 7, 2021 in Malmö, Sweden. The Annual Report for 2020 will be available at www.aak.com from April 15, 2021 and is expected to be distributed to shareholders during

the week starting with April 19, 2021. The report will at that time also be available at AAK's headquarters.

Nomination Committee

At the Annual General Meeting 2020, Märta Schörling Andreen (Melker Schörling AB), Leif Törnvall (Alecta), Joachim Spetz (Swedbank Robur fonder), and Elisabet Jamal Bergström (SEB Investment Management) were elected members of the Nomination Committee in respect of the Annual General Meeting 2021. Märta Schörling Andreen was elected chairman of the Nomination Committee.

Proposed dividend

The Board of Directors proposes that a dividend of SEK 2.30 (2.10) per share be paid for the financial year 2020. The proposed recording day for the dividend is May 11, 2021. It is expected that the dividend will reach the shareholders on May 17, 2021.

Events after the reporting period

No events to be reported.

The Parent Company and Group Functions

The Parent Company is a holding company for 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 39 million (positive 1,474).

Interest-bearing liabilities minus cash and cash equivalents and interest-bearing assets totalled SEK 2,456 million (2,173 as of December 31, 2019). Investments in intangible and tangible assets amounted to SEK 3 million (5).

The Parent Company's balance sheet and income statement are shown on pages 23–24.

Accounting policies

AAK AB (publ.) is the Parent Company of the AAK Group. The company has prepared its financial reports in accordance with the Annual Accounts Act and RFR 2 Reporting for legal entities.

Changes in the balance sheet

No major changes in the parent company since year-end.

Malmö, January 28, 2021

Georg Brunstam
Chairman of the Board

Gun Nilsson
Board member

Bengt Baron
Board member

Märta Schörling Andreen
Board member

Patrik Andersson
Board member

Marianne Kirkegaard
Board member

Leif Håkansson
Trade union representative

Lena Nilsson
Trade union representative

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The 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 8:50 a.m. CET on January 28, 2021.

Auditor's report

Introduction

We have reviewed the condensed interim financial information (interim report) of AAK AB (publ.) as of December 31, 2020 and the twelve-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, January 28, 2021

PricewaterhouseCoopers AB

Bo Karlsson
Authorized Public Accountant

AAK Group

Condensed Income statement

SEK million	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Net sales	7,298	7,380	27,934	28,510
Other operating income	62	61	364	193
Total operating income	7,360	7,441	28,298	28,703
Raw materials and supplies	-5,402	-5,349	-20,572	-20,743
Other external expenses	-611	-702	-2,416	-2,685
Cost for remuneration to employees	-549	-636	-2,334	-2,423
Depreciation, amortization and impairment losses	-181	-179	-755	-687
Other operating expenses	-10	-13	-54	-23
Total operating expenses	-6,753	-6,879	-26,131	-26,561
Operating profit (EBIT)	607	562	2,167	2,142
Interest income	2	3	7	10
Interest expense	-26	-30	-114	-133
Other financial items	-7	-7	-20	-8
Total financial net	-31	-34	-127	-131
Profit before tax	576	528	2,040	2,011
Income tax	-137	-127	-459	-498
Profit for the period	439	401	1,581	1,513
Attributable to non-controlling interests	8	6	18	26
Attributable to the Parent company's shareholders	431	395	1,563	1,487

Comprehensive income

SEK million	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Profit for the period	439	401	1,581	1,513
Items that will not be reclassified to profit or loss:				
Remeasurements of post-employment benefit obligations	-7	25	-19	-21
	-7	25	-19	-21
Items that may subsequently be reclassified to profit or loss:				
Translation differences	-820	-390	-1,959	402
Fair-value changes in cash flow hedges	1	5	-1	-0
Tax related to fair-value changes in cash flow hedges	-1	-1	0	0
	-820	-386	-1,960	402
Total comprehensive income for the period	-388	40	-398	1,894
Attributable to non-controlling interests	3	3	10	26
Attributable to the Parent company's shareholders	-391	37	-408	1,868

Condensed balance sheet

SEK million	31.12.2020	31.12.2019
Assets		
Goodwill	2,103	2,114
Other intangible assets	313	363
Property, plant and equipment	5,601	6,034
Right-of-use assets	709	770
Financial assets	34	31
Deferred tax assets	187	144
Total non-current assets	8,947	9,456
Inventory	6,569	6,681
Accounts receivables	3,336	3,529
Current receivables	2,226	2,271
Cash and cash equivalents	1,200	982
Total current assets	13,331	13,463
Total assets	22,278	22,919
Equity and liabilities		
Shareholders' equity	9,699	10,337
Non-controlling interests	39	84
Total equity including non-controlling interests	9,738	10,421
Liabilities to banks and credit institutions	2,087	2,987
Pension liabilities	278	241
Lease liabilities	617	675
Deferred tax liabilities	480	511
Non-interest-bearing liabilities	440	525
Total non-current liabilities	3,902	4,939
Liabilities to banks and credit institutions	1,565	870
Lease liabilities	117	110
Accounts payables	3,659	3,354
Other current liabilities	3,297	3,225
Total current liabilities	8,638	7,559
Total equity and liabilities	22,278	22,919

No changes have arisen in contingent liabilities.

Condensed change in equity

2020

SEK million	Shareholders' equity	Non-controlling interests	Total equity incl. non-controlling interests
Opening balance January 1, 2020	10,337	84	10,421
Profit for the period	1,563	18	1,581
Other comprehensive income	-1,971	-8	-1,979
Total comprehensive income	-408	10	-398
New issue of shares	236	-	236
Subscription warrants	15	-	15
Non-controlling interest	55	-55	-
Dividend	-536	-	-536
Closing balance December 31, 2020	9,699	39	9,738

2019

SEK million	Shareholders' equity	Non-controlling interests	Total equity incl. non-controlling interests
Opening balance January 1, 2019	8,908	88	8,996
Profit for the period	1,487	26	1,513
Other comprehensive income	381	0	381
Total comprehensive income	1,868	26	1,894
Non-controlling interest	30	-30	-
Dividend	-469	-	-469
Closing balance December 31, 2019	10,337	84	10,421

Financial instruments

2020

SEK million	Asset	Liability
Financial instruments reported in balance sheet December 31, 2020		
Sales and purchase contracts	573	928
Currency hedge contracts	223	191
Total derivatives financial instruments	796	1,119
Fair value adjustment inventory	569	28
Total financial instruments	1,365	1,147

2019

SEK million	Asset	Liability
Financial instruments reported in balance sheet December 31, 2019		
Sales and purchase contracts	813	801
Currency hedge contracts	152	122
Total derivatives financial instruments	965	923
Fair value adjustment inventory	426	175
Total financial instruments	1,391	1,098

Condensed cash flow statement

SEK million	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Operating activities				
Operating profit	607	562	2,167	2,142
Depreciation and amortization	181	179	755	687
Other non-cash items	50	218	-137	246
Cash flow before interest and tax	838	959	2,785	3,075
Interest paid and received	-23	-21	-94	-122
Tax paid	-128	-136	-712	-499
Cash flow before changes in working capital	687	802	1,979	2,454
Changes in inventory	-592	-1,199	-470	-1,784
Changes in accounts receivables	252	288	-190	86
Changes in accounts payables	778	549	631	540
Changes in other working capital items	83	186	73	262
Changes in working capital	521	-176	44	-896
Cash flow from operating activities	1,208	626	2,023	1,558
Investing activities				
Acquisition of intangible assets and property, plant and equipment	-236	-280	-742	-801
Acquisition of operations and shares, net of cash acquired	-359	-47	-412	-535
Proceeds from sale of property, plant and equipment	3	1	4	1
Cash flow from investing activities	-592	-326	-1,150	-1,335
Cash flow after investing activities	616	300	873	223
Financing activities				
Changes in loans	-94	5	-131	591
Amortization of lease liability	-42	-34	-154	-122
New issue of shares	143	-	236	-
Subscription warrants	-	-	15	-
Dividend paid	-536	-	-536	-469
Cash flow from financing activities	-529	-29	-570	0
Cash flow for the period	87	271	303	223
Cash and cash equivalents at start of period	1,143	731	982	737
Exchange rate difference for cash equivalents	-30	-20	-85	22
Cash and cash equivalents at end of period	1,200	982	1,200	982

Key ratios

SEK million (unless otherwise stated)	Q4 2020	Q4 2019	Δ %	Full year 2020	Full year 2019	Δ %
Income statement						
Volumes, '000 MT	580	582	-0	2,195	2,290	-4
Operating profit	607	562	+8	2,167	2,142	+1
Operating profit excluding items affecting comparability and acquisition costs	607	562	+8	2,165	2,157	+0
Profit for the period	439	401	+9	1,581	1,513	+4
Financial position						
Total assets	22,278	22,919	-3	22,278	22,919	-3
Equity	9,738	10,421	-7	9,738	10,421	-7
Net working capital	5,186	5,908	-12	5,186	5,908	-12
Net debt	2,738	3,117	-12	2,738	3,117	-12
Cash flow						
EBITDA	788	741	+6	2,922	2,829	+3
Cash flow from operating activities	1,208	626	-	2,023	1,558	-
Cash flow from investing activities	-592	-326	-	-1,150	-1,335	-
Free cash flow	616	300	-	873	223	-
Share data						
Number of shares, thousand	255,414	253,731	+1	255,414	253,731	+1
Earnings per share, SEK*	1.69	1.56	+8	6.16	5.86	+5
Earnings per share incl. dilution, SEK**	1.69	1.55	+9	6.13	5.84	+5
Earnings per share incl. full dilution, SEK***	1.67	1.52	+10	6.07	5.74	+6
Equity per share, SEK	38.00	40.74	-7	38.00	40.74	-7
Market value on closing date, SEK	166.00	178.00	-7	166.00	178.00	-7
Other key ratios						
Volume growth, percent	-0	+1	-	-4	+2	-
Operating profit per kilo, SEK	1.05	0.97	+8	0.99	0.94	+5
Operating profit per kilo excluding items affecting comparability and acquisition costs, SEK	1.05	0.97	+8	0.99	0.94	+5
Return on Capital Employed (R12 months), percent	14.3	14.9	-4	14.3	14.9	-4
Net debt / EBITDA, multiple	0.94	1.10	-15	0.94	1.10	-15

* The calculation of earnings per share is based on weighted average number of outstanding shares.

** The calculation of earnings per share is based on weighted average number of outstanding shares including dilution from outstanding subscription options (in accordance with IAS 33).

*** Earnings per share after full dilution is calculated by dividing net income for the period by the total number of average outstanding shares for the period including a conversion of all outstanding share options to ordinary shares.

Quarterly data by business area

Operating profit

SEK million	2019 Q1	Q2	Q3	Q4	Full year	2020 Q1	Q2	Q3	Q4	Full year
Food Ingredients	308	346	364	349	1,366	325	168	381	319	1,192
Chocolate & Confectionery Fats	206	177	206	205	794	222	73	221	266	782
Technical Products & Feed	36	35	33	46	150	38	20	34	57	149
Group Functions	-50	-40	-40	-38	-168	-43	156	-34	-35	44
Operating profit AAK Group	500	518	563	562	2,142	542	417	602	607	2,167
Financial net	-30	-33	-34	-34	-131	-35	-35	-26	-31	-127
Profit before tax	470	485	529	528	2,011	507	382	576	576	2,040

Operating profit excluding items affecting comparability and acquisition costs

SEK million	2019 Q1	Q2	Q3	Q4	Full year	2020 Q1	Q2	Q3	Q4	Full year
Food Ingredients	308	346	364	349	1,366	325	262	381	319	1,286
Chocolate & Confectionery Fats	206	177	206	205	794	222	156	221	266	865
Technical Products & Feed	36	35	33	46	150	38	28	34	57	157
Group Functions	-41	-40	-34	-38	-153	-39	-35	-34	-35	-143
Operating profit AAK Group	509	518	569	562	2,157	546	411	602	607	2,165
Financial net	-30	-33	-34	-34	-131	-35	-35	-26	-31	-127
Profit before tax	479	485	535	528	2,026	511	376	576	576	2,038

Net sales by market

2020

SEK million	FI Q4 2020	CCF Q4 2020	TPF Q4 2020	Total Q4 2020	FI Full year 2020	CCF Full year 2020	TPF Full year 2020	Total Full year 2020
Europe	1,913	1,052	423	3,388	7,971	3,951	1,598	13,520
North and South America	2,041	771	0	2,812	7,942	2,878	-	10,820
Asia	694	318	0	1,012	2,251	987	-	3,238
Other countries	50	36	0	86	223	133	-	356
Net sales	4,698	2,177	423	7,298	18,387	7,949	1,598	27,934

2019

SEK million	FI Q4 2019	CCF Q4 2019	TPF Q4 2019	Total Q4 2019	FI Full year 2019	CCF Full year 2019	TPF Full year 2019	Total Full year 2019
Europe	2,106	1,158	378	3,642	8,519	3,972	1,456	13,947
North and South America	2,142	655	0	2,797	8,039	2,969	0	11,008
Asia	476	365	0	841	2,213	979	0	3,192
Other countries	56	44	0	100	207	156	0	363
Net sales	4,780	2,222	378	7,380	18,978	8,076	1,456	28,510

Alternative Performance Measures (APMs)

Organic volume growth

Percent	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Food Ingredients				
Organic volume growth	-4	2	-7	2
Acquisitions/divestments	-	-	-	-
Volume growth	-4	2	-7	2
Chocolate & Confectionery Fats				
Organic volume growth	7	0	-2	7
Acquisitions/divestments	-	-	-	-
Volume growth	7	0	-2	7
Technical Products & Feed				
Organic volume growth	8	1	7	-0
Acquisitions/divestments	-	-	-	-
Volume growth	8	1	7	-0
AAK Group				
Organic volume growth	-0	1	-4	2
Acquisitions/divestments	-	-	-	-
Volume growth	-0	1	-4	2

EBITDA

SEK million	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Operating profit (EBIT)	607	562	2,167	2,142
Add back depreciation and amortization	181	179	755	687
EBITDA	788	741	2,922	2,829

Return on Capital Employed (ROCE)

SEK million	31.12.2020	31.12.2019	R12M 31.12.2020	R12M 31.12.2019
Total assets	22,278	22,919	22,573	20,454
Cash and cash equivalents	-1,200	-982	-1,273	-801
Financial assets	-4	-12	-115	-13
Accounts payables	-3,659	-3,354	-3,235	-2,885
Other non-interest-bearing liabilities	-3,281	-3,207	-2,753	-2,338
Capital employed	14,134	15,364	15,197	14,417
Operating profit (Rolling 12 months)	2,167	2,142	2,167	2,142
Return on Capital Employed (ROCE), percent	15.3	13.9	14.3	14.9

Net working capital

SEK million	31.12.2020	31.12.2019
Inventory	6,569	6,681
Accounts receivables	3,336	3,529
Other current receivables, non-interest-bearing	2,222	2,261
Accounts payables	-3,659	-3,354
Other current liabilities, non-interest-bearing	-3,282	-3,209
Net working capital	5,186	5,908

Net debt

SEK million	31.12.2020	31.12.2019
Current interest-bearing receivables	4	11
Cash and cash equivalents	1,200	982
Pension liabilities	-278	-241
Non-current liabilities to banks and credit institutions	-2,087	-2,987
Current liabilities to banks and credit institutions	-1,565	-870
Other interest-bearing liabilities	-12	-12
Net debt	-2,738	-3,117

Net debt/EBITDA

SEK million	31.12.2020	31.12.2019
Net debt	2,738	3,117
EBITDA (Rolling 12 months)	2,922	2,829
Net debt/EBITDA, multiple	0.94	1.10

Equity to assets ratio

SEK million	31.12.2020	31.12.2019
Shareholders' equity	9,699	10,337
Non-controlling interests	39	84
Total equity including non-controlling interests	9,738	10,421
Total assets	22,064	22,919
Equity to assets ratio, percent	44.1	45.5

Acquisitions

During the second quarter 2020, AAK acquired 75 percent of the Russian company NPO Margaron LLC. The effect on AAK's Balance sheet and Cash flow is shown below.

SEK million	Full year 2020
Fair value of acquired assets and liabilities	
Total fixed assets	27
Total financial assets	1
Total current assets	32
Total assets	60
Total non-current liabilities	36
Total current liabilities	12
Total liabilities	48
Fair value of acquired assets and liabilities	
Goodwill	242
Non-current liabilities	-216
Total purchase consideration transferred	38
Less cash and cash equivalents in acquired companies	0
Cash flow from acquisition of operations and shares	38

During the third quarter 2020, AAK paid an additional purchase price for BD Foods Ltd. for an amount of SEK 15 million. During the fourth quarter, AAK acquired the remaining 31 percent of the shares in AAK Kamani for an amount of SEK 359 million.

Income statement – Parent company

SEK million	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Net sales	3	61	134	159
Total operating income	3	61	134	159
Other external expenses	-24	-33	-107	-136
Cost for remuneration to employees	-20	-23	-87	-101
Depreciation, amortization and impairment losses	-2	-2	-7	-7
Total operating expenses	-46	-58	-201	-244
Operating profit (EBIT)	-43	3	-67	-85
Dividend from group companies	-	-	-	1,497
Income from shares in group companies	65	87	65	87
Interest income	-	0	-	1
Interest expense	-6	-0	-31	-20
Other financial items	-1	-2	-6	-6
Total financial net	58	85	28	1,559
Profit before tax	15	88	-39	1,474
Income tax	-11	-25	-	-1
Profit for the period	4	63	-39	1,473
Attributable to non-controlling interests	-	-	-	-
Attributable to the Parent company's shareholders	4	63	-39	1,473

Comprehensive income – Parent company

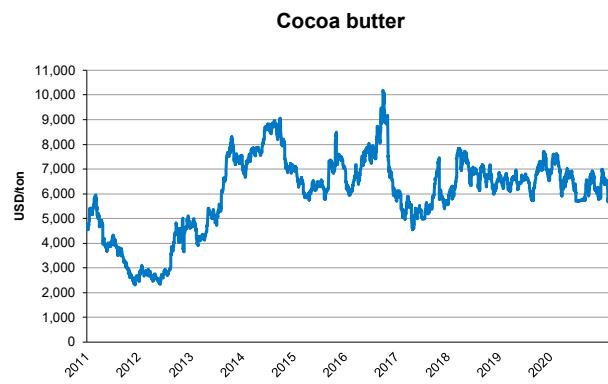
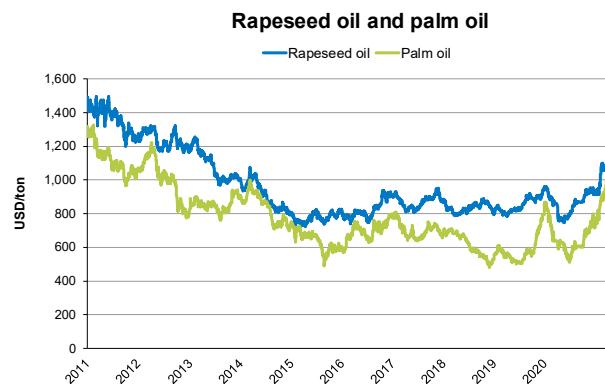
SEK million	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Profit for the period	4	63	-39	1,473
Items that will not be reclassified to profit or loss:	-	-	-	-
Items that may subsequently be reclassified to profit or loss:	-	-	-	-
Total comprehensive income for the period	4	63	-39	1,473
Attributable to non-controlling interests	-	-	-	-
Attributable to the Parent company's shareholders	4	63	-39	1,473

Condensed balance sheet – Parent company

SEK million	31.12.2020	31.12.2019
Assets		
Other intangible assets	12	12
Property, plant and equipment	2	3
Right-of-use assets	4	6
Financial assets	8,843	8,777
Deferred tax assets	5	5
Total non-current assets	8,866	8,803
Current receivables	351	423
Cash and cash equivalents	-	0
Total current assets	351	423
Total assets	9,217	9,226
Equity and liabilities		
Shareholders' equity	6,527	6,867
Non-controlling interests	-	-
Total equity including non-controlling interests	6,527	6,867
Liabilities to banks and credit institutions	1,500	2,250
Lease liabilities	1	3
Other non-current liabilities	29	33
Total non-current liabilities	1,530	2,286
Liabilities to banks and credit institutions	1,100	-
Lease liabilities	3	3
Accounts payables	6	8
Other current liabilities	51	62
Total current liabilities	1,160	73
Total equity and liabilities	9,217	9,226

No changes have arisen in contingent liabilities.

Price trends in raw materials



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

Additional information

Press and analyst conference

AAK will host a conference call on January 28, 2021 at 10 a.m. CET. The conference call can be accessed via our website, www.aak.com.

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

Financial calendar 2021

The interim report for the first quarter 2021 will be published on April 23.

The Annual General Meeting will be held on May 7, 2021.

The interim report for the second quarter 2021 will be published on July 16.

The interim report for the third quarter 2021 will be published on November 1.

Forward-looking statements

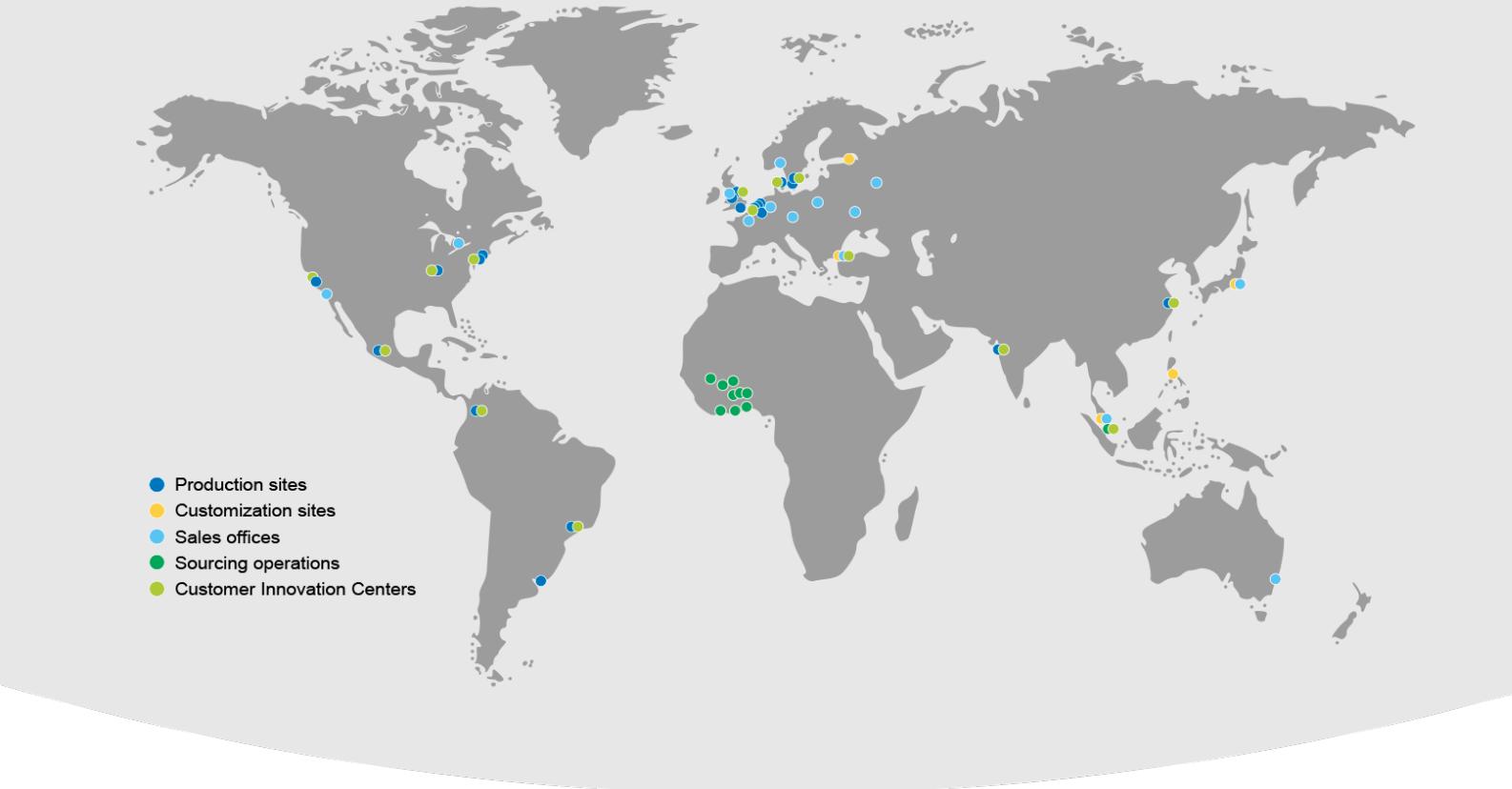
This report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of AAK AB (publ.), may cause actual developments and results to differ materially from the expectations expressed in this report.

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.

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Through our unique co-development approach we bring together our customers' skills and know-how with our capabilities and mindset. By doing so, we solve customer specific needs across many industries – Chocolate & Confectionery, Bakery, Dairy, Plant-based Foods, Special Nutrition, Foodservice, Personal Care, and more.

AAK's proven expertise is based on more than 140 years of experience within oils & fats. With our headquarters in Malmö, Sweden, more than 20 production facilities and customization plants, and sales offices in more than 25 countries, our more than 3,900 employees are dedicated to providing innovative value-adding solutions to our customers.

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