

Fourth quarter and
year-end report 2022

Interim report



AAK

Financial highlights

Q4 2022

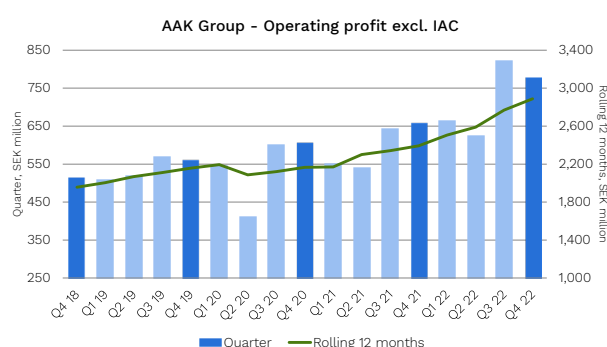
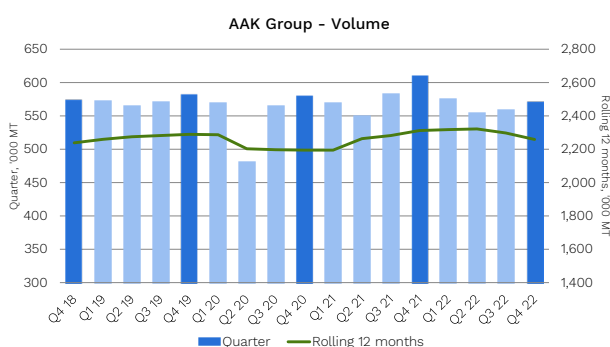
- Volumes decreased by 6 percent year-on-year to 571,000 MT (610,000), largely due to exiting the Russian market and the optimization program in Bakery. Excluding Russia, volumes decreased by 3 percent
- Operating profit, including a positive currency translation of SEK 24 million, increased by 18 percent, reaching SEK 778 million (659), with all three business areas contributing. At fixed foreign exchange rates, operating profit increased by 14 percent
- Profit for the quarter totaled SEK 517 million (480).
- Earnings per share equaled SEK 1.98 (1.84).
- Cash flow from operating activities amounted to SEK 1,062 million (239), including a positive net working capital impact from lower raw material prices.
- Return on Capital Employed (ROCE), R12M, was 14.5 percent (15.6 on December 31, 2021).

12M 2022

- Volumes decreased by 2 percent year-on-year to 2,259,000 MT (2,312,000). The decrease was mainly driven by exiting the Russian market and the optimization of our Bakery segment. Excluding Russia, volumes were flat.
- Operating profit, excluding items affecting comparability (IAC) and including a positive currency translation impact of SEK 287 million, increased by 21 percent, reaching SEK 2,888 million (2,393). At fixed foreign exchange rates, operating profit increased 9 percent.
- AAK reported a second-quarter IAC cost of SEK 350 million related to exiting the Russian market.
- Profit for the period totaled SEK 1,780 million (1,447). Excluding IAC, the profit for the period totaled SEK 2,099 million (1,733).
- Earnings per share equaled SEK 6.84 (5.59). Excluding IAC, earnings per share for the period equaled SEK 8.07 (6.71).
- Cash flow from operating activities amounted to negative SEK 73 million (positive 508), impacted by high raw material prices.
- Return on Capital Employed (ROCE), R12M, was 14.5 percent (15.6 on December 31, 2021).
- The Board of Directors proposes that a dividend of SEK 2.75 (2.50) per share to be paid for the financial year 2022.

	Q4 2022	Q4 2021	Δ%	12M 2022	12M 2021	Δ%
Volumes, '000 MT	571	610	-6	2,259	2,312	-2
Operating profit, SEK million	778	659	+18	2,538	2,089	+21
Operating profit, excluding IAC, SEK million	778	659	+18	2,888	2,393	+21
Operating profit per kilo, SEK	1.36	1.08	+26	1.12	0.90	+24
Operating profit per kilo, excluding IAC, SEK	1.36	1.08	+26	1.28	1.04	+23
Profit for the period, SEK million	517	480	+8	1,780	1,447	+23
Profit for the period, excluding IAC, SEK million	517	480	+8	2,099	1,733	+21
Earnings per share, SEK	1.98	1.84	+8	6.84	5.59	+22
Earnings per share, excluding IAC, SEK	1.98	1.84	+8	8.07	6.71	+20
Return on Capital Employed (R12M), percent	14.5	15.6	-7	14.5	15.6	-7

IAC affecting 2022 relates to exiting the Russian market. For 2021, the IAC relates to the optimization of the company's European Bakery business.



A solid year with double-digit earnings growth driven by margin expansion

I would like to start by expressing my sincere gratitude to our employees for their hard work and dedication to AAK. Your efforts lay the foundation for our success, and I am confident that we will continue to thrive as a result of your commitment.

As we enter a new year, I am excited to reflect on our progress and the opportunities and challenges that lie ahead. 2022 was a solid year. With 21 percent operating profit growth and an improved operating profit per kilo, we delivered on our target of having an average EBIT growth of ~10 percent. Adjusting for the positive effect from currencies and items affecting comparability, operating profit grew 9 percent compared to 2021, despite a negative impact due to our exit out of Russia. This achievement demonstrates our solid foundation as a multi-oil ingredient house, especially when considering the dynamic and volatile environment we have had during 2022.

In the fourth quarter, operating profit grew 18 percent compared to the corresponding quarter last year, driven by a strong margin expansion, compensating for the somewhat soft year-on-year volume development in Food Ingredients and Chocolate & Confectionery Fats. Adjusting for the positive currency effect, operating profit grew 14 percent compared to the fourth quarter of 2021.

Business performance

Fourth-quarter volumes in Food Ingredients declined by 7 percent year-on-year, largely due to the optimization program in Bakery as well as the expected effects of the controlled exit out of the Russian market. As a result of the optimization efforts, operating profit increased by 33 percent at fixed foreign exchange rates, driven by strong margin expansion.

Chocolate & Confectionery Fats reported a solid quarter despite volumes declining 10 percent due to the exit out of Russia. Excluding Russia, volumes grew 1 percent in the fourth quarter compared to the same period last year. Despite declining volumes, operating profit at fixed foreign exchange rates grew 1 percent year-on-year, driven by a strong margin improvement.

Technical Products & Feed reported another strong quarter, with operating profit at fixed foreign exchange rates up 20 percent, driven by higher volumes in our Feed business.

Our long-term aspiration

We are committed to driving innovation and growth while maintaining a strong focus on sustainability and social responsibility. Looking ahead, we have set an ambitious aspiration for ourselves as an organization - to double our operating profit per kilo by 2030.

The focus on expanding margins will be supported by continued volume growth, where we strive to outgrow the market in our prioritized specialty markets, and we will do so while being recognized for our positive impact.

We continue to drive sustainability progress in our operations and supply chain, with one of the main objectives being



verified deforestation- and conversion-free palm and soy by 2025. To reach 100 percent by 2025, we are strengthening existing partnerships with suppliers and continuing satellite monitoring of our global palm oil supply base.

Concluding remarks

As we close out the year, I am pleased to report that we have achieved a number of significant milestones and made progress toward our long-term aspiration.

Our financial performance has been strong, with operating profit exceeding expectations. We have also made progress in expanding our regional presence and strengthening our relationships with key partners, with a good example being the recent acquisition of Arani Agro in India.

In addition to our financial performance, we have made significant progress on our sustainability and social responsibility initiatives. We have actively managed our carbon emissions, increased our use of renewable energy sources, and implemented a number of initiatives to improve the well-being of our employees and the communities in which we operate.

As we look ahead, I am excited about the opportunities that we have and we are well-positioned to continue growing and expanding our business. Thus, we remain prudently optimistic and fully committed to Making Better Happen™.

Johan Westman, President and CEO

AAK Group, Q4 2022

Volumes

Volumes totaled 571,000 MT (610,000), a decrease by 6 percent compared to last year. Excluding Russia, the volumes decreased by 3 percent.

Net sales

Sales reached SEK 13,317 million (10,441), an increase by 28 percent, due to higher raw material prices and a positive currency translation impact of SEK 1,193 million.

Operating profit

Operating profit reached SEK 778 million (659), an increase by 18 percent compared to the corresponding quarter in 2021. The exit from the Russian market impacted the quarter negatively by SEK 40 million compared to the corresponding quarter last year.

The currency translation impact was positive SEK 24 million, of which SEK 17 million related to Food Ingredients and SEK 7 million to Chocolate & Confectionery Fats. Operating profit at fixed foreign exchange rates increased by 14 percent.

Operating profit per kilo reached SEK 1.36 (1.08), an increase of 26 percent. The currency translation impact was positive SEK 0.04. At fixed foreign exchange rates operating profit per kilo increased by 22 percent.

Net financial cost and tax costs

Net financial cost totaled SEK 145 million (26). The financial cost increased due to increased financing of working capital, increased interest rates in general, and higher borrowing in high-interest-rate countries. Reported tax costs correspond to an average tax rate of 18 percent (24), due to nonrecurring items in the fourth quarter. The underlying tax rate continued to be 24 percent.

Earnings per share

Earnings per share equaled SEK 1.98 (1.84).

Cash flow and investments

Operating cash flow, including changes in working capital, amounted to positive SEK 1,062 million (positive 239). Cash flow from working capital amounted to positive SEK 661 million (negative 389). There was a positive cash flow from inventory and accounts receivables in the quarter due to the impact from lower raw material prices. Cash flow from accounts payables was negative, mainly driven by lower raw material prices and timing in raw material purchases.

Cash outflow from investment activities amounted to SEK 488 million (215), of which SEK 14 million (0) was related to acquisitions of operations. Capital expenditure was mainly related to maintenance investments and capacity increases.

Raw material prices decreased year-on-year at the beginning of the third quarter of 2022, and based on the duration of our contract portfolio, there is a time lag of roughly 6–9 months until we see the cash flow effect from the price volatility. During the last part of the fourth quarter, working capital improved and the positive impact on working capital is expected to continue during the first half of 2023.

Return on Capital Employed (ROCE)

Calculated on a rolling 12-month basis, Return on Capital Employed (ROCE) was 14.5 percent (15.6 on December 31, 2021).

Financial position

The equity/assets ratio measured 44 percent (44 percent on December 31, 2021). Net debt on December 31, 2022, totaled SEK 5,707 million (SEK 3,817 million at December 31, 2021). Net debt/EBITDA measured 1.71 (1.25 as of December 31, 2021).

On December 31, 2022, the Group had total credit facilities of SEK 9,806 million (7,715 as of December 31, 2021), SEK 8,366 million (6,374 as of December 31, 2021) of which in committed credit facilities. Unused committed credit facilities at December 31, 2022, totaled SEK 4,295 million (4,248 as of December 31, 2021). Noncommitted credit facilities totaled SEK 1,440 million (1,341 as of December 31, 2021), SEK 976 million (511 as of December 31, 2021) of which were unused.

Changes to the Executive Committee

To support our updated strategy and long-term aspiration, we have sharpened the organizational structure of AAK. The updated organization is designed to create stronger accountability and an even more customer-centric organization with the right pre-requisitions to deliver on our strategy. Historically, AAK has had six functions and five regions, represented by eleven Executive Committee members. Going forward, there will be four functions and three regions. Consequently, the new Executive Committee consists of eight members, including the CEO. The members of the Executive Committee are; Johan Westman (President and CEO), Tomas Bergendahl (CFO), Sten Estrup (President AMEA & People), Susanne Jaspers (President Europe & Strategic Accounts), Octavio Díaz de León (President Americas), Tim Stephenson (President Global Sourcing & Trading and Sustainability), David Smith (President Global Operations) and Niall Sands (President Commercial Development and Innovation). The changes are effective as of January 1st, 2023 and have no impact on AAK's financials or reporting.

Selected key events

Updated strategy and aspiration presented at AAK's Capital Market Day

In addition to a business and financial update, we presented our updated strategy and long-term aspiration at the Capital Market Day on November 29, 2022, in Stockholm. The major updates in this year's strategy review include the following 2030 aspiration:

- To double our EBIT per kilo by investing in our speciality journey.
- To grow faster than the market average in our prioritized speciality markets.
- To be recognized for our increasingly positive impact by our stakeholders.

All in all, it was an exciting day with a positive response from investors, analysts, and media.

AAK strengthens its position in southeast India by acquiring Arani Agro Oil

In November 2022, we strengthened our position in the Indian market via the acquisition of 100 percent of the shares in Arani Agro Oil Industries Ltd. The acquisition gives AAK a platform for serving a high concentration of strategic customers located in southeast India, particularly focused on Chocolate & Confectionery Fats, Nutrition, Bakery, and Dairy. Over the coming years, we will invest an estimated total of SEK 200–300 million, including the acquisition consideration, to increase capacity and improve efficiency in the acquired production facility. The transaction closed in January 2023 and will be included in AAK's financials from the first quarter of 2023 and onwards.



Food Ingredients, Q4 2022*

	Q4 2022	Q4 2021	Δ %	12M 2022	12M 2021	Δ %
Operating profit +38%						
Volumes, '000 MT	361	389	-7	1,433	1,476	-3
Operating profit per kilo +48%						
Net sales, SEK million	8,863	6,781	+31	32,661	23,245	+41
Operating profit, SEK million	465	337	+38	1,716	1,380	+24
Operating profit per kilo, SEK	1.29	0.87	+48	1.20	0.93	+29

Volumes

In the fourth quarter, volumes in Food Ingredients decreased by 7 percent compared to the same period last year. The decline was largely due to the optimization program in Bakery as well as the controlled withdrawal from the Russian market. Adjusting for Russia, fourth-quarter volumes in Food Ingredients declined by 6 percent.

In Bakery, volumes declined, mainly driven by the continued effort to optimize the business in Europe, with a continued prioritization of speciality and semi-speciality solutions. In addition, volumes were negatively affected by our exit from the Russian market.

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

The volume development for speciality fat systems for Plant-based Foods was soft and declined compared to the fourth quarter of 2021. The decline was driven by plant-based meat solutions, which is a continuation of a slowdown since late last year. Plant-based Dairy solutions increased slightly, mainly in North America.

Special Nutrition volumes were down, with a decline in semi-speciality solutions in the Infant Nutrition subsegment, primarily in Asia. Our high-end solutions were stable, with growth in Europe offset by a decline in Asia.

In Foodservice, volumes were down, mainly driven by North America and Europe. Previously communicated supply chain issues in the UK remain.

Net sales

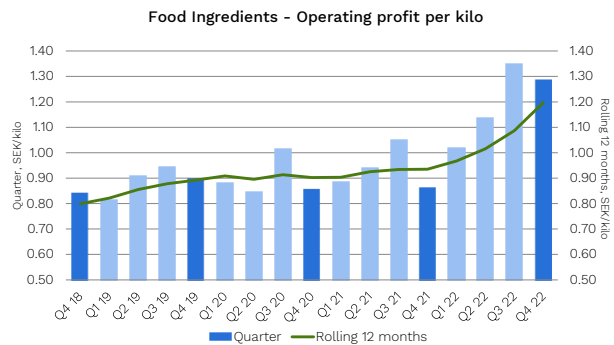
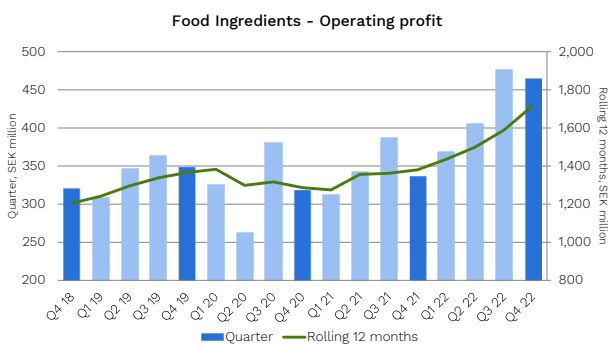
Sales reached SEK 8,863 million (6,781), an increase by 31 percent or SEK 2,082 million. The increase is related to price adjustments due to increased raw material prices and a positive currency translation impact of SEK 912 million.

Operating profit

Operating profit increased by 38 percent to SEK 465 million (337). The currency translation impact was positive and amounted to SEK 17 million. At fixed foreign exchange rates, operating profit increased by 33 percent.

The strong operating profit growth for the business area was broad-based and led by improved profitability in Special Nutrition, driven by favorable product and geographical mix, as well as declining raw material prices to some extent. Bakery and Dairy also performed well, driven by our dedicated work with contract and product portfolio management.

Operating profit per kilo increased to SEK 1.29 (0.87). The currency translation impact was positive SEK 0.05. At fixed foreign exchange rates, operating profit per kilo grew 43 percent.



* Operating profit and operating profit per kilo are excluding items affecting comparability.



Chocolate & Confectionery Fats, Q4 2022*

	Q4 2022	Q4 2021	Δ %	12M 2022	12M 2021	Δ %
Operating profit +3%						
Volumes, '000 MT	125	139	-10	521	519	+0
Net sales, SEK million	3,672	3,046	+21	14,813	10,116	+46
Operating profit per kilo +14%						
Operating profit, SEK million	308	299	+3	1,092	971	+12
Operating profit per kilo, SEK	2.46	2.15	+14	2.10	1.87	+12

Volumes

Fourth-quarter volumes decreased by 10 percent due to our withdrawal from the Russian market. Excluding Russia, volumes increased by 1 percent, driven by our successful co-development approach with a continued strong demand for speciality as well as semi-speciality solutions. The performance was broad-based with all regions performing well, except for a slight decline in North America and a decrease in Europe due to exiting the Russian market. Excluding Russia, volumes increased slightly in Europe, and we continue our efforts to gradually replace the lost Russian volumes with new opportunities in other geographies.

Net sales

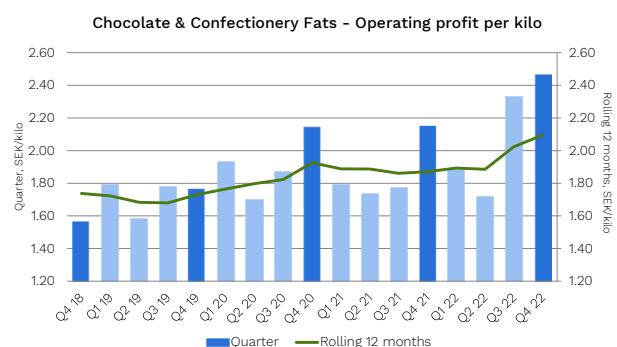
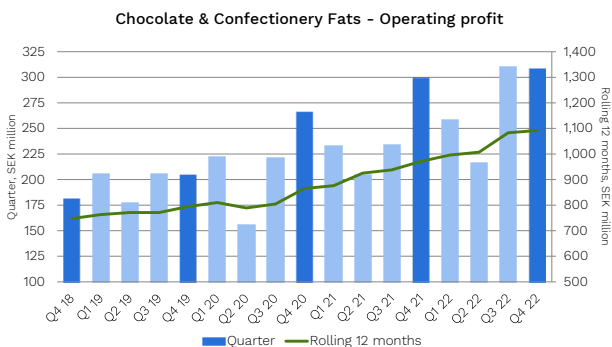
Net sales for the business area reached SEK 3,672 million (3,046), a 21 percent increase. This growth was related to volume growth, price adjustments due to higher raw material prices, and a positive currency translation impact of SEK 281 million.

Operating profit

Operating profit reached SEK 308 million (299), an increase by 3 percent compared to the corresponding quarter last year. The currency translation impact was positive SEK 7 million. At fixed foreign exchange rates, operating profit increased by 1 percent.

Our decision to exit the Russian market impacted the quarter negatively by SEK 40 million compared to last year. The impact in 2022 on operating profit totaled approximately SEK 110 million. Excluding this impact, the business area showed strong performance in a continued competitive market.

Operating profit per kilo increased and totaled SEK 2.46 (2.15). The currency translation impact was positive SEK 0.06. At fixed foreign exchange rates, operating profit per kilo increased by 12 percent.



* Operating profit and operating profit per kilo are excluding items affecting comparability.



Technical Products & Feed, Q4 2022*

	Q4 2022	Q4 2021	Δ %	12M 2022	12M 2021	Δ %
Operating profit +20%						
Volumes, '000 MT	85	82	+4	305	317	-4
Net sales, SEK million	782	614	+27	2,951	2,091	+41
Operating profit, SEK million	100	83	+20	303	214	+42
Operating profit per kilo +17%						
Operating profit per kilo, SEK	1.18	1.01	+17	0.99	0.68	+46

Volumes

Volumes in the fourth quarter increased by 4 percent compared to the fourth quarter of 2021. The increase was driven by strong performance in our Feed business.

In Technical products, volumes decreased, driven by natural ingredients and internal use of biofuels to partly offset the cost of high energy prices.

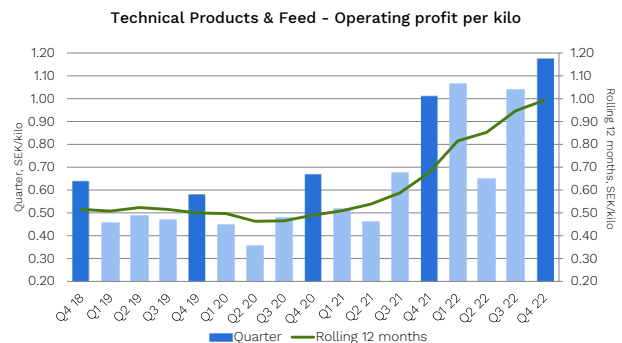
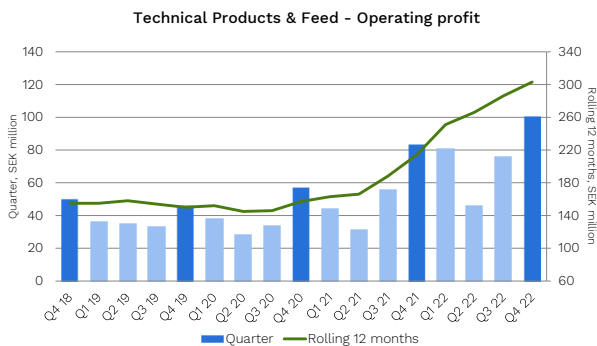
Net sales

Net sales for the business area increased by SEK 168 million, to SEK 782 million.

Operating profit

Operating profit reached SEK 100 million (83), up 20 percent compared to last year. This growth was driven by significant improvement of profitability in Natural Ingredients and higher volumes in Feed through our dedicated work with contract and product portfolio management, supported by operational improvements and favorable market conditions in our Feed business. Our crush margin remained stable in the quarter.

The business area reported an operating profit per kilo of SEK 1.18 (1.01), an increase of 17 percent.



* Operating profit and operating profit per kilo are excluding items affecting comparability.



AAK Group, 12M 2022

Volumes

Volumes totaled 2,259,000 MT (2,312,000), a decrease by 2 percent compared to last year. Excluding Russia, the volumes were flat.

Net sales

Sales reached SEK 50,425 million (35,452), an increase by 42 percent, due to higher raw material prices and a positive currency translation impact of SEK 3,472 million.

Operating profit

Operating profit, excluding items affecting comparability, reached SEK 2,888 million (2,393), an increase by 21 percent compared to 2021, mainly driven by improved profitability in Special Nutrition and Bakery, as well as our Feed business and Natural Ingredients. The exit from the Russian market impacted the year negatively by approximately SEK 110 million compared to 2021.

The currency translation impact was positive SEK 287 million, of which SEK 173 million was related to Food Ingredients and SEK 114 million to Chocolate & Confectionery Fats. Operating profit at fixed foreign exchange rates, excluding items affecting comparability, increased by 9 percent.

Operating profit per kilo, excluding items affecting comparability, reached SEK 1.28 (1.04), an increase of 23 percent. The currency translation impact was positive SEK 0.13. At fixed foreign exchange rates, excluding items affecting comparability, operating profit per kilo increased by 11 percent.

Items affecting comparability

At the end of April, we announced the controlled exit from our operations and investments in Russia. The exit has resulted in a nonrecurring cost of SEK 350 million, affecting the income statement in the second quarter. As previously communicated, AAK Margaron in Russia was divested during the second quarter.

Net financial cost and tax costs

Net financial cost totaled SEK 188 million (102). The financial cost increased due to increased financing of working capital,

higher interest rates in general, and higher borrowing in high-interest rate countries. Reported tax costs correspond to an average tax rate of 24 percent (27). The expenses reported as items affecting comparability could not be utilized as a tax credit in full, offset by nonrecurring items reported in the fourth quarter. The underlying tax rate remains at 24 percent.

Earnings per share

Earnings per share equaled SEK 6.84 (5.59), impacted by our decision to exit Russia and by the optimization of the European Bakery business. Excluding IAC, earnings per share equaled SEK 8.07 (6.71).

Cash flow and investments

Operating cash flow, including changes in working capital amounted to negative SEK 73 million (positive 508). Cash flow from working capital amounted to negative SEK 2,710 million (negative 2,149). Inventory and accounts receivables had a negative cash flow effect in the period due to high raw material prices. Cash flow from accounts payables was negative, driven by one-off effects due to changes in a few contractual payment terms and sourcing patterns, lower raw material prices, and timing in raw material purchases.

Cash outflow from investment activities amounted to SEK 1,233 million (650), of which SEK 14 million (31) was related to acquisitions of operations. Capital expenditure was mainly related to maintenance investments and capacity increases.

Raw material prices increased during the first part of the year and decreased at the beginning of the third quarter of 2022 compared to 2021. 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. During the last part of the fourth quarter, working capital improved and the positive impact on working capital is expected to continue during the first half of 2023.

Employees

The average number of employees on December 31, 2022, was 3,962 (4,013 at December 31, 2021).

General information

Related parties

No significant changes have taken place in relations or transactions with related parties since 2021.

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.

The war in Ukraine is affecting the global economy and adding to already high inflationary pressures and volatility, contributing to a demanding macroeconomic climate. The costs for transports, logistics and energy remained high during the quarter.

Since the publication of the Annual Report 2021, AAK's Board of Directors and Executive Committee have reviewed the development of significant risks and uncertainties and can confirm that there have not been any other changes than what has been commented on with respect to market developments during 2022.

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

Accounting policies in 2022

This interim report is prepared in accordance with IAS 34, Interim Financial Reporting, and applicable rules in the Swedish Annual Accounts Act. During the second quarter, Turkey was to be considered a hyperinflationary economy, and AAK applied Reporting in hyperinflationary economies (IAS 29). This decision resulted in a financial expense of SEK 17 million, affecting the income statement for the full year and an adjustment of the opening equity January 1, 2022, of SEK 41 million. Other accounting principles correspond to the principles applied in the preparation of the Annual Report 2021.

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.

Annual General Meeting and Annual Report

The Annual General Meeting will be held on May 4, 2023, in Malmö, Sweden. The Annual Report for 2022 will be available at www.aak.com from April 5, 2023.

Nomination Committee

At the Annual General Meeting 2022, Märta Schörling Andreen (Melker Schörling AB), Henrik Didner (Didner & Gerge Fonder), Elisabet Jamal Bergström (SEB Investment Management) and William McKechnie (Alecta) were elected members of the Nomination Committee in respect of the Annual General Meeting 2023. Märta Schörling Andreen was elected chairman of the Nomination Committee.

Proposed dividend

The Board of Directors proposes that a dividend of SEK 2.75 (2.50) per share be paid for the financial year 2022. The proposed record date for the dividend is May 8, 2023. It is expected that the dividend will reach the shareholders on May 11, 2023.

Events after the reporting period

No events to be reported.

The Parent Company and Group Functions

AAK AB (publ.), corporate identity number 556669-2850, 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 resulted in negative SEK 63 million (1,002). Interest-bearing liabilities minus cash and cash equivalents and interest-bearing assets totaled SEK 3,443 million (1,610 as of December 31, 2021). Investments in intangible and tangible assets were SEK 1 million (1).

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

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 2021.

Malmö, February 2, 2023

Georg Brunstam
Chairman of the Board

Märta Schörling Andreen
Board member

Gun Nilsson
Board member

Patrik Andersson
Board member

Marianne Kirkegaard
Board member

Mikael Myhre (deputy)
Trade union representative

Lena Nilsson
Trade union representative

For further information, please contact:

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This information is information that AAK AB (publ.) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:30 CET on February 2, 2023.

Auditor's review report

AAK AB (publ.)
Corp. Id. 556669-2850

Introduction

We have reviewed the condensed interim financial information (interim report) of AAK AB (publ.) as of December 31, 2022, and the twelve-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the 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 International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information 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 and other generally accepted auditing practices and consequently does 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, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Malmö, February 2, 2023

KPMG AB

Jonas Nihlberg
Authorized Public Accountant

Condensed income statement

SEK million	Q4 2022	Q4 2021	12M 2022	12M 2021
Net sales	13,317	10,441	50,425	35,452
Other operating income	34	49	149	186
Total operating income	13,351	10,490	50,574	35,638
Change in inventories of finished goods and work in progress	143	322	201	356
Raw materials and consumables	-10,547	-8,329	-39,777	-27,219
Goods for resale	-234	-251	-1,085	-834
Other external expenses	-894	-720	-3,401	-2,346
Cost for remuneration to employees	-838	-661	-2,958	-2,527
Depreciation, amortization, and impairment losses	-209	-182	-799	-958
Other operating expenses	6	-10	-217	-21
Total operating expenses	-12,573	-9,831	-48,036	-33,549
Operating profit (EBIT)	778	659	2,538	2,089
Financial income	-51	5	69	19
Financial expense	-94	-31	-257	-121
Total financial net	-145	-26	-188	-102
Profit before tax	633	633	2,350	1,987
Income tax	-116	-153	-570	-540
Profit for the period	517	480	1,780	1,447
Attributable to non-controlling interests	2	4	10	10
Attributable to the Parent Company's shareholders	515	476	1,770	1,437
Earnings per share before dilution, SEK ¹⁾	1.98	1.84	6.84	5.59
Earnings per share after dilution, SEK ²⁾	1.98	1.84	6.84	5.58

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	Q4 2022	Q4 2021	12M 2022	12M 2021
Profit for the period	517	480	1,780	1,447
Items that will not be reclassified to profit or loss:				
Remeasurements of post-employment benefit obligations	11	-9	149	12
	11	-9	149	12
Items that may subsequently be reclassified to profit or loss:				
Translation differences	-659	214	1,460	682
Fair-value changes in cash flow hedges	-1	2	20	5
Tax related to fair-value changes in cash flow hedges	0	0	-4	-1
	-660	216	1,476	686
Total comprehensive income for the period	-132	687	3,405	2,145
Attributable to non-controlling interests	2	3	16	9
Attributable to the Parent Company's shareholders	-134	684	3,389	2,136

Condensed balance sheet

SEK million	31.12.2022	31.12.2021
Assets		
Goodwill	2,538	2,270
Other intangible assets	293	307
Property, plant and equipment	6,944	5,720
Right-of-use assets	685	595
Shares in associated companies	32	16
Financial assets	67	43
Deferred tax assets	327	179
Total non-current assets	10,886	9,130
Inventory	11,174	9,054
Accounts receivables	6,635	5,132
Current receivables	3,780	2,849
Cash and cash equivalents	1,515	1,001
Total current assets	23,104	18,036
Total assets	33,990	27,166
Equity and liabilities		
Shareholders' equity	15,036	11,783
Non-controlling interests	47	48
Total equity including non-controlling interests	15,083	11,831
Liabilities to banks and credit institutions	3,526	1,611
Pension liabilities	58	271
Lease liabilities	562	493
Deferred tax liabilities	553	444
Other non-current liabilities	273	361
Total non-current liabilities	4,972	3,180
Liabilities to banks and credit institutions	2,997	2,333
Lease liabilities	162	128
Accounts payables	5,337	5,696
Other current liabilities	5,439	3,998
Total current liabilities	13,935	12,155
Total equity and liabilities	33,990	27,166

Condensed change in equity

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	41	-	41
Adjusted Opening balance January 1, 2022	11,824	48	11,872
Profit for the period	1,770	10	1,780
Other comprehensive income	1,619	6	1,625
Total comprehensive income	3,389	16	3,405
New issue of shares	147	-	147
Subscription warrants	80	-	80
Exit Russia	237	-17	220
Liquidation	5	-	5
Dividend	-646	-	-646
Closing balance December 31, 2022	15,036	47	15,083

2021

SEK million	Shareholders' equity	Non-controlling interests	Total equity incl. non-controlling interests
Opening balance January 1, 2021	9,699	39	9,738
Profit for the period	1,437	10	1,447
Other comprehensive income	699	-1	698
Total comprehensive income	2,136	9	2,145
New issue of shares	434	-	434
Non-controlling interest	104	0	104
Dividend	-590	-	-590
Closing balance December 31, 2021	11,783	48	11,831

Condensed cash flow statement

SEK million	Q4 2022	Q4 2021	12M 2022	12M 2021
Operating activities				
Operating profit	778	659	2,538	2,089
Depreciation and amortization	209	182	799	958
Adjustment for other items not included in cash flow	-276	6	63	204
Interest paid and received	-135	-20	-146	-73
Tax paid	-175	-199	-617	-521
Cash flow before changes in working capital	401	628	2,637	2,657
Changes in inventory	536	-724	-1,427	-2,181
Changes in accounts receivables	357	-382	-1,149	-1,710
Changes in accounts payables	-640	918	-812	1,793
Changes in other working capital items	408	-201	678	-51
Changes in working capital	661	-389	-2,710	-2,149
Cash flow from operating activities	1,062	239	-73	508
Investing activities				
Acquisition of intangible assets and property, plant and equipment	-480	-215	-1,226	-619
Acquisition of operations and shares, net of cash acquired	-14	-	-14	-31
Proceeds from sale of property, plant and equipment	6	-	7	0
Cash flow from investing activities	-488	-215	-1,233	-650
Financing activities				
Changes in loans	-333	21	2,364	242
Amortization of lease liabilities	-43	-34	-152	-151
New issue of shares	-	2	147	434
Subscription warrants	-	-	80	-
Dividend paid	-	-	-646	-590
Cash flow from financing activities	-376	-11	1,793	-65
Cash flow for the period	198	13	487	-207
Cash and cash equivalents at start of period	1,410	999	1,001	1,200
Exchange rate difference for cash equivalents	-93	-11	27	8
Cash and cash equivalents at end of period	1,515	1,001	1,515	1,001

Key ratios

SEK million (unless otherwise stated)	Q4 2022	Q4 2021	Δ %	12M 2022	12M 2021	Δ %
Income statement						
Volumes, '000 MT	571	610	-6	2,259	2,312	-2
Operating profit	778	659	+18	2,538	2,089	+21
Operating profit excluding IAC	778	659	+18	2,888	2,393	+21
Profit for the period	517	480	+8	1,780	1,447	+23
Profit for the period excluding IAC	517	480	+8	2,099	1,733	+21
Financial position						
Total assets	33,990	27,166	+25	33,990	27,166	+25
Equity	15,083	11,831	+27	15,083	11,831	+27
Net working capital	10,747	7,327	+47	10,747	7,327	+47
Net debt	5,707	3,817	+50	5,707	3,817	+50
Cash flow						
Cash flow from operating activities	1,062	239	-	-73	508	-
Cash flow from investing activities	-488	-215	-	-1,233	-650	-
Share data						
Number of shares, thousand	259,559	258,501	+1	259,559	258,501	+1
Earnings per share before dilution, SEK ¹⁾	1.98	1.84	+8	6.84	5.59	+22
Earnings per share after dilution, SEK ²⁾	1.98	1.84	+8	6.84	5.58	+23
Equity per share, SEK	57.93	45.58	+27	57.93	45.58	+27
Market value on closing date, SEK	177.85	195.30	-9	177.85	195.30	-9
Other key ratios						
Volume growth, percent	-6	+5	-	-2	+5	-
Operating profit per kilo, SEK	1.36	1.08	+26	1.12	0.90	+24
Operating profit per kilo excluding IAC, SEK	1.36	1.08	+26	1.28	1.04	+23
Return on Capital Employed (R12 months), percent	14.5	15.6	-7	14.5	15.6	-7
Net debt / EBITDA, multiple	1.71	1.25	+37	1.71	1.25	+37

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.

Quarterly data by business area

Operating profit

SEK million	2021					2022				
	Q1	Q2	Q3	Q4	12M	Q1	Q2	Q3	Q4	12M
Food Ingredients	313	39	387	337	1,076	369	342	476	465	1,652
Chocolate & Confectionery Fats	233	205	234	299	971	258	-70	310	308	806
Technical Products & Feed	44	31	56	83	214	81	46	76	100	303
Group Functions	-39	-38	-35	-60	-172	-44	-44	-40	-95	-223
Operating profit AAK Group	551	237	642	659	2,089	664	274	822	778	2,538
Financial net	-25	-25	-26	-26	-102	-18	-6	-19	-145	-188
Profit before tax	526	212	616	633	1,987	646	268	803	633	2,350

Operating profit excluding items affecting comparability

SEK million	2021					2022				
	Q1	Q2	Q3	Q4	12M	Q1	Q2	Q3	Q4	12M
Food Ingredients	313	343	387	337	1,380	369	406	476	465	1,716
Chocolate & Confectionery Fats	233	205	234	299	971	258	216	310	308	1,092
Technical Products & Feed	44	31	56	83	214	81	46	76	100	303
Group Functions	-39	-38	-35	-60	-172	-44	-44	-40	-95	-223
Operating profit AAK Group	551	541	642	659	2,393	664	624	822	778	2,888
Financial net	-25	-25	-26	-26	-102	-18	-6	-19	-145	-188
Profit before tax	526	516	616	633	2,291	646	618	803	633	2,700

Net sales by market

2022

SEK million	FI	CCF	TPF	Total	FI	CCF	TPF	Total
	Q4 2022	Q4 2022	Q4 2022	Q4 2022	12M 2022	12M 2022	12M 2022	12M 2022
Europe	3,331	1,133	782	5,246	12,113	5,530	2,951	20,594
North and South America	4,268	1,648	0	5,916	16,114	6,345	0	22,459
Asia	1,114	847	0	1,961	3,980	2,661	0	6,641
Other countries	150	44	0	194	454	277	0	731
Net sales	8,863	3,672	782	13,317	32,661	14,813	2,951	50,425

2021

SEK million	FI	CCF	TPF	Total	FI	CCF	TPF	Total
	Q4 2021	Q4 2021	Q4 2021	Q4 2021	12M 2021	12M 2021	12M 2021	12M 2021
Europe	2,857	1,531	614	5,002	9,745	4,885	2,091	16,721
North and South America	2,994	1,036	0	4,030	10,262	3,685	0	13,947
Asia	863	431	0	1,294	2,998	1,378	0	4,376
Other countries	67	48	0	115	240	168	0	408
Net sales	6,781	3,046	614	10,441	23,245	10,116	2,091	35,452

Financial instruments

SEK million	31.12.2022	31.12.2021	Hierarchy level
<i>Assets at fair value through profit and loss</i>			
Currency and raw material derivatives	184	1,036	2
Sales and purchase contracts	2,199	882	2
Investment in unlisted shares	7	-	3
Investment in funds	43	26	3
<i>Derivatives used in cash flow hedges</i>			
Interest rate swaps	25	5	2
<i>Assets at amortized cost</i>			
Financial non-current assets	7	4	-
Accounts receivables	6,635	5,132	-
Financial current assets	85	25	-
Cash and cash equivalents	1,515	1,001	-
Total financial assets	10,700	8,111	
<i>Liabilities at fair value through profit and loss</i>			
Currency and raw material derivatives	871	241	2
Sales and purchase contracts	1,140	1,420	2
<i>Liabilities at amortized cost</i>			
Liabilities to banks and credit institutions	6,523	3,944	-
Lease liabilities	724	621	-
Other interest-bearing liabilities	12	13	-
Total financial liabilities	9,270	6,239	

Alternative Performance Measures (APMs)

Organic volume growth

Percent	Q4 2022	Q4 2021	12M 2022	12M 2021
Food Ingredients				
Organic volume growth	-7	5	-3	4
Acquisitions/divestments	-	-	-	-
Volume growth	-7	5	-3	4
Chocolate & Confectionery Fats				
Organic volume growth	-10	12	0	16
Acquisitions/divestments	-	-	-	-
Volume growth	-10	12	0	16
Technical Products & Feed				
Organic volume growth	4	-4	-4	-1
Acquisitions/divestments	-	-	-	-
Volume growth	4	-4	-4	-1
AAK Group				
Organic volume growth	-6	5	-2	5
Acquisitions/divestments	-	-	-	-
Volume growth	-6	5	-2	5

EBITDA

SEK million	Q4 2022	Q4 2021	12M 2022	12M 2021
Operating profit (EBIT)	778	659	2,538	2,089
Depreciation and amortization	209	182	799	958
EBITDA	987	841	3,337	3,047

Operating profit excl. items affecting comparability (IAC)

SEK million	Q4 2022	Q4 2021	12M 2022	12M 2021
Food Ingredients				
Operating profit excl. IAC	465	337	1,716	1,380
Exit Russia	-	-	-64	-
Optimization European bakery business	-	-	-	-304
Operating profit	465	337	1,652	1,076
Chocolate & Confectionery Fats				
Operating profit excl. IAC	308	299	1,092	971
Exit Russia	-	-	-286	-
Operating profit	308	299	806	971
Technical Products & Feed				
Operating profit excl. IAC	100	83	303	214
Operating profit	100	83	303	214
AAK Group				
Operating profit excl. IAC	778	659	2,888	2,393
Exit Russia	-	-	-350	-
Optimization European bakery business	-	-	-	-304
Operating profit	778	659	2,538	2,089

Return on Capital Employed (ROCE)

SEK million	R12M 31.12.2022	R12M 31.12.2021
Total assets	32,083	24,270
Cash and cash equivalents	-1,354	-1,117
Financial assets	-51	-12
Accounts payables	-5,791	-4,458
Other non-interest-bearing liabilities	-4,998	-3,385
Capital employed	19,889	15,298
Operating profit excl. items affecting comparability	2,888	2,393
Return on Capital Employed (ROCE), percent	14.5	15.6

Net working capital

SEK million	31.12.2022	31.12.2021
Inventory	11,174	9,054
Accounts receivables	6,635	5,132
Other current receivables, non-interest-bearing	3,686	2,818
Accounts payables	-5,337	-5,696
Other current liabilities, non-interest-bearing	-5,411	-3,981
Net working capital	10,747	7,327

Net debt

SEK million	31.12.2022	31.12.2021
Current interest-bearing receivables	95	31
Cash and cash equivalents	1,515	1,001
Pension liabilities	-58	-271
Lease liabilities	-724	-621
Non-current liabilities to banks and credit institutions	-3,526	-1,611
Current liabilities to banks and credit institutions	-2,997	-2,333
Other interest-bearing liabilities	-12	-13
Net debt	-5,707	-3,817

Net debt/EBITDA

SEK million	31.12.2022	31.12.2021
Net debt	5,707	3,817
EBITDA (rolling 12 months)	3,337	3,047
Net debt/EBITDA, multiple	1.71	1.25

Equity to assets ratio

SEK million	31.12.2022	31.12.2021
Shareholders' equity	15,036	11,783
Non-controlling interests	47	48
Total equity including non-controlling interests	15,083	11,831
Total assets	33,990	27,166
Equity to assets ratio, percent	44.4	43.6

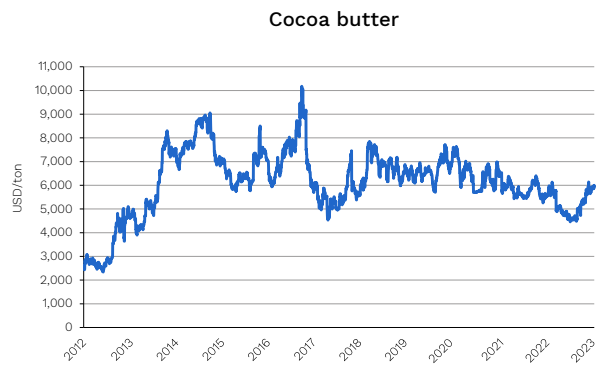
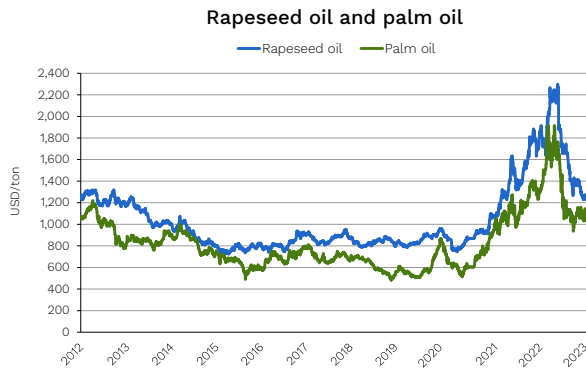
Income statement – Parent Company

SEK million	Q4 2022	Q4 2021	12M 2022	12M 2021
Net sales	64	5	160	116
Total operating income	64	5	160	116
Other external expenses	-58	-27	-151	-88
Cost for remuneration to employees	-54	-41	-130	-113
Depreciation, amortization and impairment losses	-2	-1	-7	-6
Total operating expenses	-114	-69	-288	-207
Operating profit (EBIT)	-50	-64	-128	-91
Dividend from Group companies	-	-	-	1,039
Profit from interest in Group companies	108	82	108	82
Interest income and similar items	-1	0	20	0
Interest expense and similar items	-26	-5	-63	-28
Total financial net	81	77	65	1,093
Profit before tax	31	13	-63	1,002
Income tax	-19	-10	0	0
Profit for the period	12	3	-63	1,002

Condensed balance sheet – Parent Company

SEK million	31.12.2022	31.12.2021
Assets		
Other intangible assets	8	10
Property, plant and equipment	1	1
Right-of-use assets	2	6
Financial assets	9,974	9,682
Deferred tax assets	3	5
Total non-current assets	9,988	9,704
Current receivables	493	374
Cash and cash equivalents	0	-
Total current assets	493	374
Total assets	10,481	10,078
Equity and liabilities		
Shareholders' equity	6,811	7,373
Non-controlling interests	-	-
Total equity including non-controlling interests	6,811	7,373
Liabilities to banks and credit institutions	3,000	1,000
Lease liabilities	1	2
Other non-current liabilities	36	27
Total non-current liabilities	3,037	1,029
Liabilities to banks and credit institutions	500	1,600
Lease liabilities	2	3
Accounts payables	18	6
Other current liabilities	113	67
Total current liabilities	633	1,676
Total equity and liabilities	10,481	10,078

Price trends in raw materials



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

Additional information

Press and analyst conference

AAK will host a conference call for investors, analysts and media on February 2, 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 first quarter 2023 will be published on May 4, 2023.

The Annual General Meeting will be held in Malmö, Sweden on May 4, 2023.

The interim report for the second quarter 2023 will be published on July 19, 2023.

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.

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Everything

we do

is about

Making Better Happen™

AAK specializes in plant-based oils that are the value-adding ingredients in many of the products people love to consume. We make these products better tasting, healthier, and more sustainable. We enhance their sensory experience – by giving the silkier mouthfeel in premium chocolate, the juicier texture in a plant-based burger, and the puffier appearance in a lower-fat pastry.

We can also optimize their production by substituting existing ingredients with plant-based equivalents that give better efficiency. AAK's value-adding solutions enable our customers to be successful in a better way.

At the heart of AAK's offer is Customer Co-Development, combining our desire to understand what better means for each customer, with the unique flexibility of our production assets, and a deep knowledge of many products and industries, including Chocolate & Confectionery, Bakery, Dairy, Plant-based Foods, Special Nutrition, Foodservice and Personal Care.

Our 4,000 employees support our close collaboration with customers through 25 regional sales offices, 15 dedicated Customer Innovation Centers, and with the support of more than 20 production facilities.

Listed on Nasdaq Stockholm and with our headquarters in Malmö, Sweden, AAK has been Making Better Happen™ for more than 150 years.



Explore more at
www.aak.com

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