



Apetit Plc's Business Review 1 January–31 March 2023: Apetit's result clearly improved – net sales grew in both businesses

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FINANCIAL PERFORMANCE IN BRIEF

January–March 2023, continuing operations)*

- In continuing operations comparable net sales were EUR 48.2 (42.5) million. Operating profit was EUR 2.0 (-0.2) million. EBITDA was EUR 3.4 (1.2) million.
- The net sales of Food Solutions were EUR 19.6 (17.3) million and operating profit EUR 1.6 (1.1) million.
- The net sales of Oilseed Products were EUR 28.7 (25.4) million and operation profit EUR 1.3 (-0.7) million.

*January–March 2023, Group, incl. discontinued operations**)*

- The Group's comparable net sales were EUR 48.2 (74.8) million. Operating profit was EUR 2.0 (0.2) million. EBITDA was EUR 3.4 (1.8) million.
- The net sales of Grain Trade were EUR 0.0 (42.1) million and operating profit EUR -0.0 (0.4) million.
- The Group's liquidity was good, and its financial position was strong. The equity ratio was 81.8 (62.7) per cent and gearing was -13.6 (23.6) per cent. The Group's cash flow from operating activities after interest and taxes was EUR 1.5 (2.9) million.

*) Apetit's continuing operations are Food Solutions and Oilseed Products. In addition, Apetit reports Group Functions, consisting of the expenses related to Group management, strategic projects and listing on the stock exchange, that are not allocated to the business segments.

***) Grain Trade is reported as a discontinued operation starting from the Q1/2022 Business Review. The divestment of the Grain Trade business was completed in stages during the first half of 2022.

The information in this report is unaudited. The figures in brackets refer to the corresponding period in 2022, and the comparison period means the corresponding period in the previous year, unless otherwise stated.

KEY FIGURES

EUR million	1-3 2023	1-3 2022		1-12 2022
Continuing operations				
Net sales	48.2	42.5	13 %	181.7
EBITDA	3.4	1.2		9.2
Operating profit	2.0	-0.2		3.5
Share of profit of associated company Sucros	0.4	-0.3		0.5
Profit for the period	2.0	-0.5		3.2
Earnings per share, EUR	0.32	-0.08		0.51
Investments	1.0	0.9		5.0
Group (incl. discontinued operations)				
Net sales	48.2	74.8	-36 %	231.8
EBITDA	3.4	1.8		12.4
Operating profit	2.0	0.2		6.2
Profit for the period	2.0	-0.3		5.2
Earnings per share, EUR	0.32	-0.05		0.83
Equity per share, EUR	15.57	15.39		15.38
ROCE-%	7.7	1.7		5.7
Working capital, end of period	19.7	36.4		18.7
Net cash flow from operating activities	1.5	2.9		28.4
Equity ratio, %	81.8	62.7		81.8
Net gearing, %	-13.6	23.6		-13.2



Esa Mäki, CEO:

“The net sales and operating profit of Apetit’s continuing operations clearly grew year-on-year. In the Oilseed Products business the result rose to profitable. The result of Food Solutions also improved year-on-year.

Net sales and sales volumes increased year-on-year in both businesses. In Food Solutions, sales volumes increased particularly in the Food service channel and exports. In the retail segment, volumes were slightly below than the high level seen in the comparison period. In the Oilseed Products business, market prices have levelled off from the highs seen last year.

Investments in product development make sure that Apetit’s product range keeps aligned with the needs of consumers. In March, we launched new snack products in the retail channel, consisting of delicious combinations of vegetables and cheese. We also expanded our range of oven and grill vegetables by introducing a new flavour. Taste and competitive pricing remain key factors in consumers’ purchasing decisions, and we are able to respond to these expectations in our product categories. We strengthen the Apetit brand and have added our Finnish Apetit rapeseed oil to our selection in the Food service channel.

Sales volumes increased year-on-year. The food service channel has continued its growth following the decline in sales caused by the COVID-19 pandemic. In the export, we have achieved strong growth in sales volumes thanks to our deliveries of peas. We have maintained our stable position among the preferred food choices of Finnish consumers. Cost inflation and the sharp increase in food prices reflect in consumer behaviour. Consumers are trying to decrease food waste and are opting for products in more affordable price categories.

We will increase our cultivation area for field vegetables in the upcoming growing season. The number of hectares used for the cultivation of field vegetables by our contract growers will increase particularly for peas, potatoes and carrots. Our contract growing volume for Finnish field vegetables during the upcoming harvest season will be well over 30 million kilograms, using the Responsible Farming method we have developed at Apetit.

Our Räpi experimental farm is continuing to develop cultivation methods. In accordance with our strategy, we will focus on promoting the cultivation of domestic pulses during the upcoming harvest season. In addition to peas, the Räpi farm grows chickpeas, among other crops, and the area under cultivation will again grow substantially when compared to the previous year. We were among the signatories to the Carbon Action cooperation network’s statement published in April with the aim of supporting sustainable cultivation methods and promoting regenerative agriculture. Promoting regenerative agriculture can produce benefits for waterways, the environment and farmers. The Räpi experimental farm will cultivate rapeseed in the upcoming harvest season.

During this spring, we have made highly visible efforts to promote domestic rapeseed cultivation. In our campaign, which is known as *Kaikki kotiinpäin* in Finnish, we have sought to remind audiences of the significance of rapeseed with regard to self-sufficiency, as well as their favourable characteristics in crop rotation. The concerns about the declining cultivation areas of domestic rapeseed are real: according to the 2023 cultivation area forecast* of the Finnish Cereal Committee VYR, the area under cultivation for spring rapeseed – which is the most popular oilseed plant in Finland – will decline substantially this season. We hope that farmers will include rapeseed in their cultivation plans. Apetit is a stable buyer of domestic oilseed plants and we want to significantly increase the number of Finnish oilseed products.

The new energy solution at the Säkylä frozen foods plant will be deployed during the summer. The energy solution is primarily based on renewable energy sources and heat recovery, and it represents an important step in reducing the climate impacts arising from our energy consumption.

During the first months of the year, we conducted a survey** on Finnish consumers’ habits and perceptions concerning frozen vegetables. The results indicate that we are on the right path in many respects. A majority of the respondents felt that frozen foods make it easier to include vegetables in their diet. According to the survey, frozen vegetables are perceived as a very sustainable choice. Frozen vegetables enable anyone to reduce food waste and increase the share of domestic vegetables on their plate all year round.”

*VYR: <https://www.vyr.fi/fin/ajankohtaista/uutiset/2023/03/kylvoalaennuste-2023>

** The survey sample consisted of 1,000 Finnish consumers between the ages of 18 and 75 who buy frozen vegetables at least a few times a year. Further information and more detailed results are available on [Apetit's website \(in Finnish\)](#).



KEY FIGURES BY SEGMENT, CONTINUING OPERATIONS

Food Solutions

EUR million	1-3/2023	1-3/2022	Change	2022
Net sales	19.6	17.3	14 %	64.2
EBITDA	2.5	1.9		7.6
Operating profit	1.6	1.1		4.2

Oilseed Products

EUR million	1-3/2023	1-3/2022	Change	2022
Net sales	28.7	25.4	13 %	118.2
EBITDA	1.7	-0.3		3.2
Operating profit	1.3	-0.7		1.5

Group Functions

EUR million	1-3/2023	1-3/2022	Change	2022
Net sales	-	-		-
EBITDA	-0.8	-0.5		-1.6
Operating profit	-0.9	-0.6		-2.2

In addition to the reporting segments, Apetit reports Group Functions, consisting of the expenses related to Group management, strategic projects and listing on the stock exchange, that are not allocated to the business segments.

KEY FIGURES BY SEGMENT, DISCONTINUED OPERATIONS

Grain Trade

EUR million	1-3/2023	1-3/2022	Change	2022
Net sales	-	42.1	-100 %	67.2
EBITDA	-0.0	0.6		3.2
Operating profit	-0.0	0.4		2.7

FINANCIAL PERFORMANCE IN JANUARY–MARCH, CONTINUING OPERATIONS

Comparable net sales amounted to EUR 48.2 (42.5) million. Net sales increased clearly in both businesses. In Food Solutions, sales volumes were higher than in the comparison period. Sales volumes grew particularly in exports and the Food service channel. Sales volumes in the retail segment declined slightly from the high level seen in the comparison period. Gradual increases to selling prices were continued in all sales channels during the



first months of the year to correspond to the increased costs. In Oilseed Products, sales volumes were higher than in the comparison period. In Oilseed Products, raw material prices have levelled off from the highs of last year.

Operating profit was EUR 2.0 (-0.2) million. Profit improved in both businesses. In Food Solutions, profit was improved by the gradual price increases made after the comparison period, as well as increased sales volumes and the improved efficiency of production. In Oilseed Products, profit was improved by the succeeding in raw material procurement and sales. The operational efficiency of the bioenergy plant at the vegetable oil milling plant has improved.

FINANCIAL PERFORMANCE IN JANUARY–MARCH, GROUP

The Group's liquidity was good, and its financial position was strong. The equity ratio was 81.8 (62.7) per cent, and gearing was -13.6 (23.6) per cent. The Group's cash flow from operating activities after interest and taxes was EUR 1.5 (2.9) million. The sale of the Grain Trade business had a positive influence on the Group's key figures.

FINANCIAL PERFORMANCE IN JANUARY–MARCH, DISCONTINUED OPERATIONS

In January–March, net sales amounted to EUR 0.0 (42.1) million. Operating profit was EUR -0.0 (0.4) million. The divestment of the Grain Trade business was completed in stages during the first half of 2022.

THE DIVESTMENT OF THE GRAIN TRADE BUSINESS

Grain Trade is reported as a discontinued operation starting from the Q1/2022 Business Review. The divestment of the Grain Trade business was completed in stages during the first half of 2022.

Operating profit for Discontinued operations for 2022 includes EUR 2.3 million in gains on sale resulting from the sale of the Baltic and Finnish business operations.

EVENTS AFTER THE END OF THE PERIOD

The Group had no material events after the end of the period.

SEASONALITY OF OPERATIONS

In accordance with the IAS 2 standard, the historical cost of inventories includes a systematically allocated portion of the fixed production overheads. With production focusing on harvest time, raw materials are mainly processed into finished products during the second half of the year. This means that more fixed production overheads are recognized on the balance sheet in the second half of the year. Due to this accounting practice, most of the Group's annual profit is accrued during the second half of the year. The timing of end of the harvest season can affect the comparability between financial years. The seasonal nature of profit accumulation is most marked in the Food Solutions segment and in the associated company Sucros, where production reflects the crop harvesting season.

Harvesting seasons also cause seasonal variation in the amount of working capital tied up in operations. Working capital tied up in Oilseed Products is at its highest towards the end of the year and decreases to its lowest in the summer before the next harvest season. As production in the Food Solutions segment is seasonal and follows the harvest period, the working capital tied up in operations is at its highest around the turn of the year in that segment.

PROFIT GUIDANCE FOR 2023 UNCHANGED

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The full-year operating profit from continuing operations is expected to improve year-on-year (EUR 3.5 million in 2022).



Apetit Plc

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Apetit is a food industry company firmly rooted in Finnish primary production. Our operations are based on a unique and sustainable value chain: we create well-being with vegetables by offering tasty food solutions that make daily life easier and produce high-quality vegetable oils and rapeseed expellers for feeding stuff. Apetit Plc's shares are listed on Nasdaq Helsinki. In 2022, Apetit Group's net sales were EUR 182 million.