

Apetit Plc's Business Review 1 January-31 March 2024: Operating profit clearly improved from comparison period

FINANCIAL PERFORMANCE IN BRIEF

January-March 2024, continuing operations*)

- In continuing operations net sales were EUR 42.2 (48.2) million. Operating profit was EUR 3.4 (2.0) million. EBITDA was EUR 5.0 (3.4) million.
- The net sales of Food Solutions were EUR 20.5 (19.6) million and operating profit EUR 1.9 (1.6) million.
- The net sales of Oilseed Products were EUR 21.8 (28.7) million and operation profit EUR 2.1 (1.3) million.
- The decline of net sales was due to a decrease in the market prices of oilseed products compared to the comparison period. In Food Solutions, sales volumes decreased slightly year-on-year. The volumes were at the same level as in the comparison period in retail trade, the Food service sector and industrial sales and decreased in exports.
- Operating profit increased clearly in Oilseed Products and Food Solutions also showed a year-on-year increase. In Oilseed Products, international crush margins have remained at a good level. Production has been efficient and delivery reliability has remained good in both businesses.

January-March 2024, Group, incl. discontinued operations)**

- The Group's net sales were EUR 42.2 (48.2) million. Operating profit was EUR 3.4 (2.0) million. EBITDA was EUR 5.0 (3.4) million.
- The net sales of Grain Trade were EUR 0.0 (0.0) million and operating profit EUR 0.0 (-0.0) million.
- The Group's liquidity was good, and its financial position was strong. The equity ratio was 80.6 (81.8) per cent and gearing was -4.2 (-13.6) per cent. The Group's cash flow from operating activities after interest and taxes was EUR 0.4 (1.5) 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 and strategic projects, 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 2023, and the comparison period means the corresponding period in the previous year, unless otherwise stated.

KEY FIGURES

EUR million	1-3/2024	1-3/2023	Change	2023
Continuing operations				
Net sales	42.2	48.2	-12 %	175.5
EBITDA	5.0	3.4	45 %	13.2
Operating profit	3.4	2.0	67 %	7.5
Share of profit of associated company Sucros	-0.6	0.4		4.0
Profit for the period	1.9	2.0		9.8
Earnings per share, EUR	0.3	0.3		1.6
Investments	1.4	1.0		7.5
Group (incl. discontinued operations)				
Net sales	42.2	48.2	-12 %	175.5
EBITDA	5.0	3.4	46 %	13.1
Operating profit	3.4	2.0	68 %	7.5
Profit for the period	1.9	2.0		9.7
Earnings per share, EUR	0.31	0.32		1.56
Equity per share, EUR	16.94	15.57		16.60
ROCE-%	8.4	7.7		7.3
Working capital, end of period	27.1	19.7		23.0
Net cash flow from operating activities	0.4	1.5		9.7
Equity ratio, %	80.6	81.8		78.9
Net gearing, %	-4.2	-13.6		-5.7

Esa Mäki, CEO:

“Apetit’s operating profit improved clearly from the comparison period, especially in Oilseed Products. In Food Solutions, operating profit also grew year-on-year. In Oilseed Products, international crush margins have remained at a good level. In Food Solutions, operational efficiency has had a positive impact on profit performance.

As expected, the Group’s net sales decreased from the comparison period. The decline in net sales was due to the clearly lower market prices of oilseed products. In Food Solutions, net sales grew slightly from the comparison period and sales volumes were almost at the level of comparison year.

In addition to high-quality daily operations that reflect on our profit development, we are making progress in our strategic focus areas. We are promoting the commercialisation of the BlackGrain rapeseed powder and continuing the project to produce Finnish pea protein. The pea protein project has started small-scale testing using Finnish peas as the raw material. Common factors in these projects are Apetit’s strong commitment to Finnish primary production and raw materials as well as the goal of increasing the degree of processing and developing added-value products.

In the coming harvest season, we will significantly increase the area used for contract farming of field vegetables. Especially pea, potato and carrot cultivation areas will be increased. Our aim for the harvest season is to get more than 35 million kilos of Finnish vegetables from our contract growers’ fields.

In recent years, we have invested in improving harvest-time production efficiency at the Säkylä frozen foods plant, for instance by modernising the frozen pea intake end. In the coming harvest season, we will also start using a new pea harvester. Experimentation at the Räpi farm will continue, with a particular focus on further research into pea varieties. Räpi will carry out variety tests with carrots, swedes and spring rapeseed in the coming harvest season.

Domestic rapeseed cultivation area is expected to increase in the Finnish Cereal Committee VYR’s* 2024 cultivation area survey. According to the survey, the cultivation area of spring turnip rape is expected to grow by 38 per cent and that of spring rapeseed by 16 per cent. Growing the cultivation area and harvest levels of domestic oilseed plants is important to Apetit. We want to secure the supply of domestic raw materials and use as much domestic rapeseed as possible. We are therefore cooperating with the domestic oilseed plant sector to develop the industry through the RypsiRapsi-foorumi development group, established in 2023.

The work on the new bottling line for the Kantvik vegetable oil milling plant has proceeded on schedule. According to the estimate, the new line is expected to be operational in the second half of 2024. With this approximately EUR 4.5 million investment, we take the supply chain into our own hands. For instance, the need for logistics will be significantly reduced with the new bottling line.

The strategically important ERP project has progressed according to schedule. The first deployment phase at the end of last year was very successful. We are currently preparing production deployment.

We have started a survey to set climate emission reduction targets for the entire Apetit value chain. In Apetit’s value chain, the main sources of emissions are primary production, packaging and logistics.

As part of Apetit’s preparations for the requirements of the Corporate Sustainability Reporting Directive (CSRD), we have conducted a double materiality analysis. Based on the results, we will improve management and reporting of our sustainability data.

During the spring we launched new products in several different product groups. The new product launches included new Superior frozen pizza varieties, new cauliflower wings flavours as well as affordably priced salmon balls and a versatile tomato-based frozen vegetable mix, ideal for the current consumption circumstances. In the spring we will also launch new flavoured vegetable oils. Investments in product development and new product launches play an important role in strengthening Apetit’s market position even further.”

*[The Finnish Cereal Committee \(VYR\). Kylvöalaksely 2/2024](#)

KEY FIGURES BY SEGMENT, CONTINUING OPERATIONS

Food Solutions

EUR million	1-3/2024	1-3/2023	Change	2023
Net sales	20.5	19.6	4 %	73.7
EBITDA	2.9	2.5	17 %	9.5
Operating profit	1.9	1.6	16 %	5.8

Oilseed Products

EUR million	1-3/2024	1-3/2023	Change	2023
Net sales	21.8	28.7	-24 %	102.4
EBITDA	2.6	1.7	52 %	6.2
Operating profit	2.1	1.3	67 %	4.6

Group Functions

EUR million	1-3/2024	1-3/2023	2023
Net sales	-	-	-
EBITDA	-0.5	-0.8	-2.5
Operating profit	-0.6	-0.9	-2.9

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

FINANCIAL PERFORMANCE IN JANUARY-MARCH, CONTINUING OPERATIONS

Net sales amounted to EUR 42.2 (48.2) million. Net sales clearly declined year-on-year. The decline was due to a decrease in the market prices of oilseed products compared to the comparison period. In Food Solutions, net sales grew slightly from the comparison period. Sales volumes decreased slightly year-on-year. The volumes were at the same level as in the comparison period in retail trade, the Food service sector and industrial sales and decreased in exports.

Operating profit was EUR 3.4 (2.0) million. Operating profit increased clearly in Oilseed Products and Food Solutions also showed a year-on-year increase. In Oilseed Products, international crush margins have remained at a good level. Production has been efficient and delivery reliability has remained good in both businesses.

The share of the profit of the associated company Sucros in January-March was EUR -0.6 (0.4) million. In addition to the usual seasonal variation, Sucros' result for the period was impaired by delayed freight-related expense and taxes recorded retroactively.

FINANCIAL PERFORMANCE IN JANUARY-MARCH, GROUP

The Group's liquidity was good, and its financial position was strong. The equity ratio was 80.6 (81.8) per cent, and gearing was -4.2 (-13.6) per cent. The Group's cash flow from operating activities after interest and taxes was EUR 0.4 (1.5) million.

FINANCIAL PERFORMANCE IN JANUARY-MARCH, DISCONTINUED OPERATIONS

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

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 when more fixed production overheads are recognized on the balance sheet than the other quarters 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 2024 UNCHANGED

(published on 15 February 2024)

Group's operating profit is estimated to stay at the level of the comparison year (EUR 7.5 million in 2023). The operating profit from Food Solutions is estimated to further improve. In Oilseed Products, the operating profit is expected to decline due to outlook of market prices.

Apetit Plc

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