



Half-Year Report 2021

Esa Mäki, CEO, Apetit Plc



Financial Performance



Food Solutions and Oilseed Products improved their operating profit, Grain Trade recorded a loss

- Apetit Group's net sales declined and profitability decreased year-on-year due to the continued weakening of the Grain Trade segment's result.
- Oilseed Products continued its strong profit performance in the second quarter.
- The result of Food Solutions improved year-on-year but was slightly in the negative due to the seasonality of operations.
 - On a positive note, the profit performance of Apetit's processing businesses was good for the entire first half of the year!



Net sales, EBITDA, Operating profit

Continuing operations

April-June 2021

- Net sales 68.7 (73.7) EUR million
- EBITDA 0.3 (1.6) EUR million
- Operating profit -1.2 (0.1) EUR million

January-June 2021

- Net sales 136.4 (138.8) EUR million
- EBITDA 2.8 (3.3) EUR million
- Operating profit -0.3 (0.3) EUR million

Group (incl. discontinued operations)

April-June 2021

- Net sales EUR 68.7 (73.7) million
- EBITDA EUR 0.3 (1.7) million
- Operating profit EUR -1.2 (0.2) million

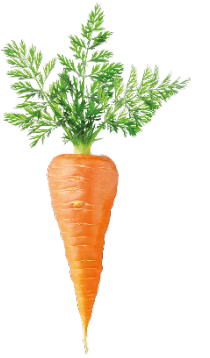
January-June 2021

- Net sales EUR 136.4 (138.9) million
- EBITDA EUR 2.8 (3.4) million
- Operating profit EUR -0.3 (0.4) million



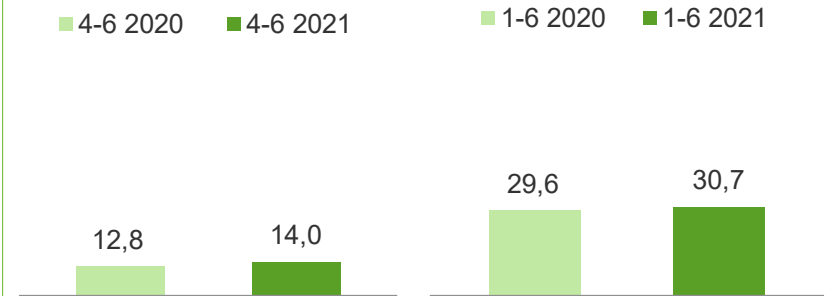
Food Solutions April-June 2021

Profitability improved substantially in all sales channels

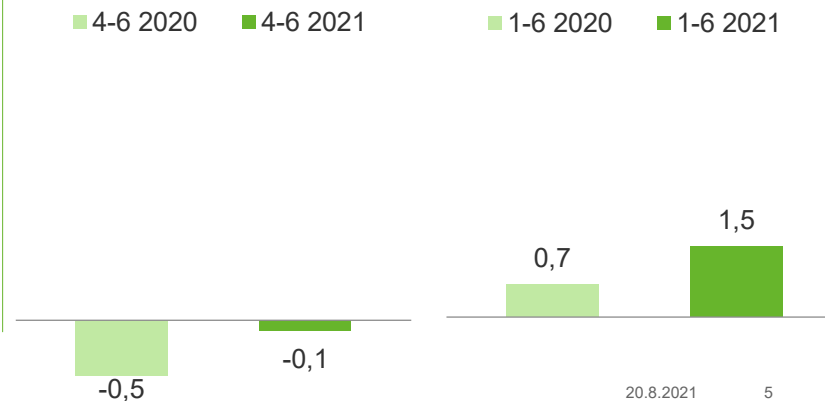


- The sales of frozen products increased especially in the Food service channel
 - A clear recovery has also been seen in the Food service channel during the summer
 - In the retail segment, the sales of frozen food and frozen vegetable products are seasonally lower in the summer months than at other times of the year
- Export sales also grew slightly compared to the reference period
 - The value of food exports grew by a third and amounted to approximately EUR 2.5 million in January–June
- Profitability was improved by the increased efficiency of the supply chain as well as the management of fixed costs
 - While signs of a recovery were seen in the food service channel, sales in that segment have not yet returned to the pre-pandemic level, which has a negative effect on profitability

Net sales, EUR million



Operating profit, EUR million





Pizza investment renews frozen pizza product family

- Apetit invests EUR 2 million on a new frozen pizza production line at Pudasjärvi factory
 - The investment covers the renewal of the whole production equipment in the current factory building
- Due to the investment, Apetit's frozen pizzas will go through significant changes
 - Our goal is to offer Finnish people frozen pizza even more delicious than before, made from ingredients as domestic as possible
- Apetit's renewed frozen pizza selection launches in 2022





Baltic Sea Fish Sticks expand the Local fish -family of sustainable fish products

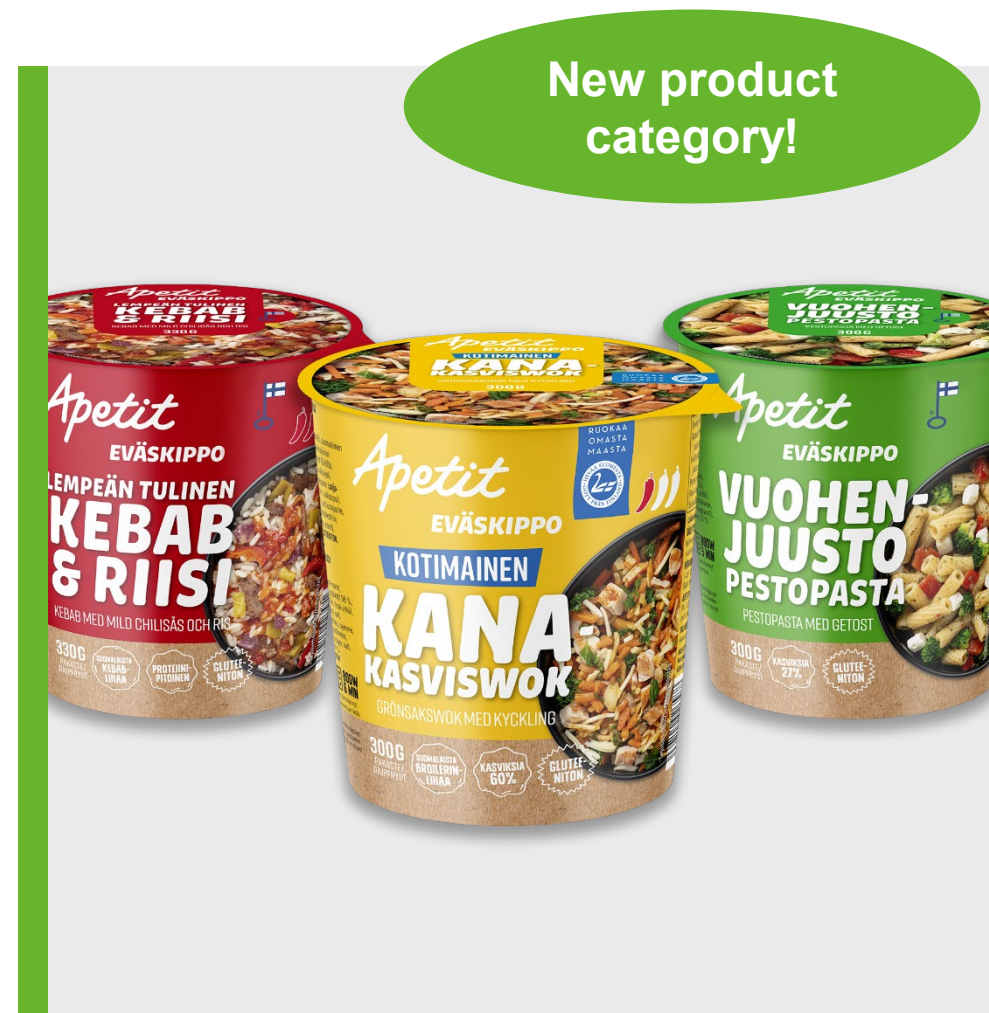
- Consumer demand for sustainable food choices is growing
- A new product for fall: Baltic Sea Fish Sticks, made from domestic Baltic herring
- On a national level, there's volition to advance the use of domestic fish
 - Increasing the consumption of domestic fish has a significant effect on the well-being of our water systems. By using roach in our products, in 2020 Apetit removed an amount of phosphorus from the water system, that would have grown 60 000 buckets of algae.
- Earlier products in the Local fish -family
 - Fresh water fish sticks and -patties
 - Särkinen fish balls





Growth from plant-based added value products – Apetit expands to convenience foods

- In accordance with its strategy, Apetit seeks growth from plant-based added value products e.g. by expanding into new product categories
- Convenience foods have experienced significant growth of +20 %*
 - Prolonged COVID-19-pandemic has decreased consumers interest in cooking
 - Between April-June Finnish consumers bought more convenience foods and ready to eat meals
- Consumers look for quick and easy solutions, that add to their well-being
- Apetit expands to convenience foods in the frozen food selection
 - From varied domestic ingredients

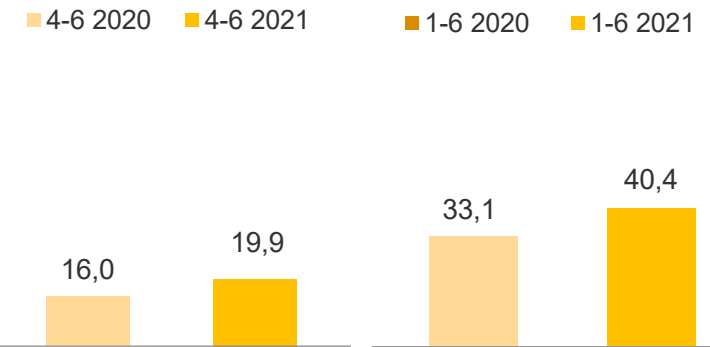


The profitability of Oilseed Products improved

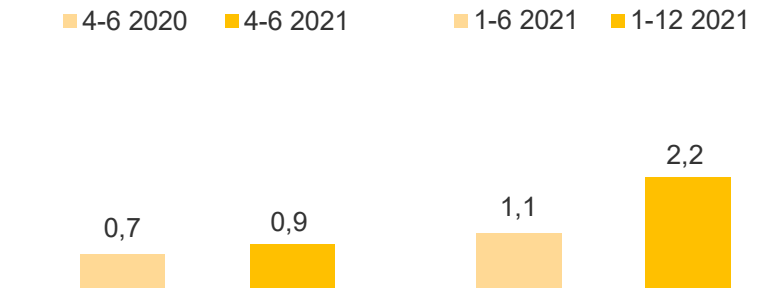


- Net sales grew substantially in April–June
 - Net sales were boosted by strong demand in all product categories as well as higher market prices.
- Profit was improved by strong demand in all product categories
 - End product prices increased substantially due to higher raw material costs
 - The increased costs of raw materials visible in the second quarter
- The bioenergy plant built in connection to the Kantvik oil milling plant was commissioned at the beginning of August
 - The size of the investment was nearly EUR 7 million
 - The plant significantly reduces the Group's CO2 emissions and energy costs

Net sales, EUR million



Operating profit, EUR million





Production testing of rapeseed ingredient begins at subcontractors premises

- Apetit has worked towards the commercialization of the rapeseed ingredient
- Production testing is set to begin during August-September at Apetit's subcontractors premises
 - The product will be ready for customers's production testing and for sale at the end of 2021
 - In the beginning, rapeseed ingredients commercial use is mainly focused in plant protein products and gluten-free baking
- The goal is to begin production of rapeseed ingredient on a commercial scale during 2022





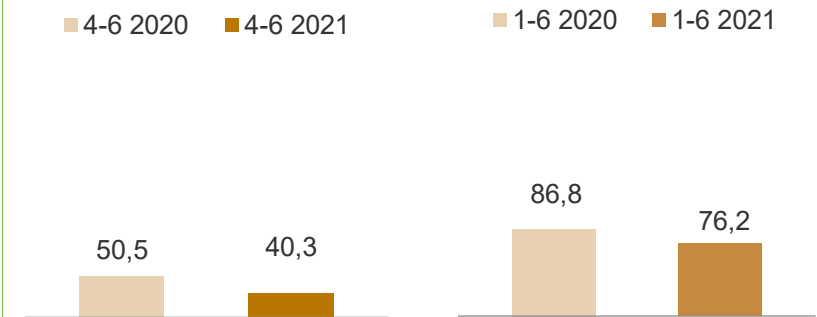
Grain Trade April-June 2021

The profitability of the grain trade continued to weaken

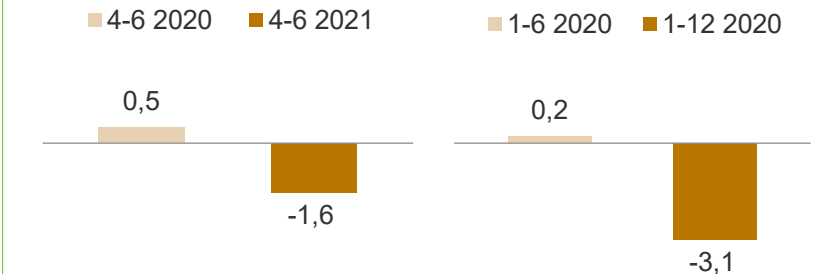


- Net sales decreased clearly due to the lower delivery volumes than in the comparison period
- The result was negatively affected by the difficult market conditions in the international wheat trade and the unsuccessful response to unpredictable market changes.
 - After a peak in supply caused by the export tariffs imposed by Russia, the international demand for wheat was very weak in March–April. Consequently, the large wheat reserves in the Baltic countries were delivered in their entirety to customers in May–June at a significant loss.
- Finnish grain exports have also been lower than usual due to the small harvest in 2020.

Net sales, EUR million



Operating profit, EUR million





Strong financial position

EUR million

30.6.2021

30.6.2020

Working capital, continuing operations	22.0	42.9
Group's net cash flow from operating activities	24.4	45.9
Group's total equity	90,3	91.2
Group's net debt	8.3	22.1
Group's Equity ratio, %	76.3	68.8
Group's Gearing, %	3.1	-4.7
Group's Operational return on capital employed, (ROCE-%)	2.9	1.6



Profit guidance for 2021 unchanged

- The full-year operating profit from continuing operations is expected to improve year-on-year (EUR 3.9 million in 2020).



Covid-19 pandemic – impacts and measures



The impacts of the COVID-19 pandemic vary by business

- Thanks to its proactive and systematic approach, Apetit has been able to maintain normal operations throughout the pandemic.
 - Food Solutions
 - During the pandemic, food consumption has shifted to people's homes as restaurants and other public services, such as schools and day-care centres, have scaled back their operations. The sales of consumer products were exceptionally high for a time in the early stages of the COVID-19 pandemic, with demand levelling off subsequently.
 - In the Food service segment, demand has been significantly lower than usual since the start of the pandemic as restaurants and other public services, such as schools and day-care centres, have operated at a significantly smaller scale than normal. While there have been signs of a recovery in demand in the food service channel recently, demand has still remained below the pre-pandemic level.
 - Oilseeds Products
 - In the Oilseed Products business, the demand for vegetable oils has grown particularly in the retail segment. In the professional food service sector, the demand for vegetable oils returned to the pre-pandemic level in the second quarter of 2021.
- ## Grain Trade
- In the Grain Trade business, the COVID-19 pandemic has only had a minor impact, mainly in the form of increased market volatility in the early stages of the pandemic.



Apetit's measures related to the COVID-19 pandemic

- Exceptional arrangements related to the COVID-19 pandemic continue in Apetit Group. We are actively monitoring the situation and will react to any changes.
- Apetit's goal during the COVID-19 pandemic has been to ensure the health of employees, customers and other stakeholders while ensuring the uninterrupted continuation of production, business operations and the food supply chain.
- In order to reach the goal Apetit has e.g.
 - minimised interaction between employees and with outside parties
 - increased the use of personal protective equipment
 - further improved hygiene standards at various work areas
 - instructed office employees to work remotely.
- Apetit ensures the functioning of the food supply chain by complying with the guidelines issued by the authorities and by preparing for both exceptional and normal operating conditions in its businesses.



Hot and dry cultivation season



The harvest of outdoor-grown vegetables is expected to be moderate

- The growing season got off to a rainy start in May, which delayed the planting of field vegetables to some degree
- The prolonged hot and dry conditions in the summer also posed challenges, especially for pea cultivation, but also for other vegetables
 - Frozen pea production will be lower than last year
- In general, the harvest of outdoor-grown vegetables is expected to be moderate





The harvest outlook for oilseed plants is positive, a total cultivated area is increasing

- The total area under cultivation for domestic oilseed plants this year grew by nearly a third compared to last year
- The harvest outlook is positive
 - The hectare harvest outlook for oilseed plants sown in the autumn has been particularly good and their total cultivated area in autumn 2021 is expected to grow substantially compared to the previous year
 - The contract farming of oilseed plants has nearly doubled from last year
- The oilseed plant harvest (rapeseed) is expected to amount to 48 million kilograms, which would represent a year-on-year increase of 55 per cent.





The domestic grain harvest to be slightly weaker than average

- The domestic grain harvest is expected to be slightly weaker than average
 - According to the harvest estimate (16 July 2021) of Natural Resources Institute Finland, the domestic grain harvest in 2021 will be approximately 3.1 million tonnes
 - Except for wheat and rye, the harvest expectations for grains are lower than last year
- In the Baltic countries, the harvest is expected to be fair, but substantially lower than the record harvest last year



Apetit