



Apetit Plc's Business Review 1 January–30 September 2022

Apetit's result was lower than in the comparison period due to increase in costs – in Oilseed Products, the result improved

Apetit Plc, Stock Exchange Release, 25 October 2022 at 8:30 a.m.

FINANCIAL PERFORMANCE IN BRIEF

*July–September 2022, continuing operations**

- In continuing operations comparable net sales increased by 20 per cent to EUR 45.2 (37.8) million. EBITDA was EUR 3.2 (3.6) million. Operating profit was EUR 1.7 (2.3) million.
- The net sales of Food Solutions was EUR 15.2 (15.2) million and operating profit EUR 1.7 (2.5) million.
- The net sales of Oilseed Products was EUR 30.3 (22.8) million and operation profit EUR 0.6 (0.3) million.

*January–September 2022, continuing operations**

- In continuing operations comparable net sales increased by 24 per cent to EUR 135.1 (108.7) million. EBITDA was EUR 4.7 (9.0) million. Operating profit was EUR 0.5 (5.0) million.
- The net sales of Food Solutions was EUR 47.1 (45.9) million and operating profit EUR 2.4 (4.0) million.
- The net sales of Oilseed Products was EUR 88.5 (63.2) million and operating profit EUR -0.2 (2.5) million.

*July–September 2022, Group, incl. discontinued operations**)*

- The Group's comparable net sales decreased by 29 per cent to EUR 45.5 (64.5) million. EBITDA was EUR 3.4 (4.2) million. Operating profit was EUR 1.9 (2.6) million. The divestment of the Grain Trade business was completed on 31 May 2022.
- The net sales of Grain Trade was EUR 3.2 (40.3) million and operating profit EUR 0.2 (0.4) million.

*January–September 2022, Group, incl. discontinued operations**)*

- The Group's comparable net sales decreased by 8 per cent to EUR 185.2 (200.9) million. EBITDA was EUR 8.0 (7.0) million. Operating profit was EUR 3.3 (2.3) million.
- The net sales of Grain Trade was EUR 67.2 (116.5) million and operating profit EUR 2.8 (-2.7) million. The divestment of the Grain Trade business was completed on 31 May 2022.
- The Group's liquidity was good, and its financial position was strong. The equity ratio was 80.6 (54.3) per cent and gearing was -7.3 (37.0) per cent. The Group's cash flow from operating activities after interest and taxes was EUR 21.5 (-4.0) 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 Estonian grain trade business to Scandagra was completed on 10 March 2022, and the divestment of the Lithuanian business was completed on 31 March 2022. The divestment of the Finnish operations of the Grain Trade business to Berner Ltd was completed on 31 May 2022.

The information in this report is unaudited. The figures in brackets refer to the corresponding period in 2021, and the comparison period means the corresponding period in the previous year, unless otherwise stated.

KEY FIGURES

EUR million	7-9 2022	7-9 2021	Change	1-9 2022	1-9 2021	Change	1-12 2021
Continuing operations							
Net sales	45.2	37.8	20 %	135.1	108.7	24 %	149.1
EBITDA	3.2	3.6		4.7	9.0		11.1
Operating profit	1.7	2.3		0.5	5.0		5.8
Share of profit of associated company Sucros	-0.2	0.2		-0.6	-0.4		0.4
Profit for the period	1.0	2.0		-0.4	3.8		5.3
Earnings per share, EUR	0.15	0.33		-0.07	0.61		0.85
Investments				4.1	4.7		6.6
Group (incl. discontinued operations)							
Net sales	45.5	64.5	-29 %	185.2	200.9	-8 %	283.9
EBITDA	3.4	4.2		8.0	7.0		9.2
Operating profit	1.9	2.6		3.3	2.3		2.8
Profit for the period	1.1	2.3		1.7	1.2		2.4
Earnings per share, EUR	0.17	0.37		0.27	0.19		0.38
Equity per share, EUR				14.89	14.22		14.95
ROCE-%				3.2	3.0		2.4
Working capital, end of period				21.9	53.4		50.5
Net cash flow from operating activities				21.5	-4.0		5.0
Equity ratio, %				80.6	54.3		59.4
Net gearing, %				-7.3	37.0		26.6

Esa Mäki, CEO

“Both businesses showed a profit in the third quarter. However, the increase in costs, which has influenced the operations from beginning of the year, still impaired the Q3 result, which was slightly lower than in the comparison period. In Oilseed Products, the result improved from the comparison period. The result for the review period was improved by the transfer of the higher costs to sales prices. The fact that raw material prices levelled off supported profit performance, but profitability is still impaired by high costs, such as energy and logistics costs.

In Food Solutions, both net sales and sales volumes grew in the third quarter especially in the food service sector. In retail trade, sales volumes and net sales remained on a par with the comparison period’s high level. In exports, sales did not reach the comparison period level. A significant factor in the decrease in net sales of exports is the postponement of pea deliveries. In Food Solutions, the effects of the cost inflation have already been transferred to prices, but the price changes will mainly enter into force at the beginning of October. In particular, high energy costs, which had increased from the comparison period, had a negative impact on the result.

This harvest season has been successful for Finnish vegetables. The Finnish frozen pea harvest was good in terms of both quantity and quality and also in line with the targets set. The root vegetable harvest season has gone well, too. For instance, the harvest of carrots grown under carrot netting is qualitatively and quantitatively good. We continued our domestic vegetable research and development activities with making the cultivation technique more efficient for chickpeas and cauliflower, among other things. During the research period, chickpeas were collected



with pea harvesters for the second time. Based on the lessons learned from the previous harvest season, some changes were made to harvesting, which resulted in positive experiences.

Apetit is a stable buyer for domestic rapeseed. We will continue our efforts to increase the cultivation area and harvest size of domestic oilseed plants in Finland. With the higher price level, oilseed plants, well suited to crop rotation, are now an attractive option to farmers also in terms of profitability. According to the September harvest estimate of Natural Resources Institute Finland, the rapeseed harvest in Finland would increase by more than 35 per cent from last year. This increase was definitely needed after the modest oilseed plant harvest in the last year. Nevertheless, the harvest volume is still clearly below the average harvests over the last ten years. Domestic rapeseed oil is valued and in high demand in all sales channels: industry, professional kitchens and retail. The innovative BlackGrain rapeseed ingredient, which is currently in small-scale production, responds to the future global need to increase the availability of plant-based proteins. In our development efforts we have made development in moving the production to an industrial scale.

In its corporate responsibility programme, Apetit has committed to reducing its direct emissions by 75 per cent by 2025. The most significant emission reductions are achieved from energy solutions: the introduction of electricity generated with wind power and the Kantvik bioenergy plant, which was commissioned last year. At the Säkylä plant, the goal is to commission the energy solution based on heat recovery and gas produced with bioenergy during the second quarter of 2023. Work on the plot of the Säkylä frozen foods plant have already started, with the aim of having us closer to our ambitious emission reduction target already next year, as scheduled. The new energy solution will reduce the Säkylä plant's CO2 emissions by up to 80 per cent.

Our significant investment in the Pudasjärvi frozen pizza plant is completed. At the turn of September-October, frozen pizzas baked with sourdough have arrived in shops from our renewed frozen pizza plant. The delicious frozen pizzas, made in Finland mainly with domestic raw materials, have been welcomed warmly by consumers. With these new high-quality pizzas, we will grow our market share in the significant frozen pizza product category.

Our efforts to promote a sustainable food supply chain and improve profitability continues.”



KEY FIGURES BY SEGMENT, CONTINUING OPERATIONS

Food Solutions

EUR million	7-9/2022	7-9/2021	Change	1-9/2022	1-9/2021	Change	2021
The segment's net sales	15.2	15.2	0%	47.1	45.9	3%	61.5
EBITDA	2.6	3.3		4.9	6.5		9.2
Operating profit	1.7	2.5		2.4	4.0		5.9

Oilseed Products

EUR million	7-9/2022	7-9/2021	Change	1-9/2022	1-9/2021	Change	2021
The segment's net sales	30.3	22.8	33%	88.5	63.2	40%	88.1
EBITDA	1.0	0.6		1.0	3.4		3.4
Operating profit	0.6	0.3		-0.2	2.5		2.0

Group Functions

EUR million	7-9/2022	7-9/2021	Change	1-9/2022	1-9/2021	Change	2021
The function's net sales	-	-					-
EBITDA	-0.4	-0.3		-1.2	-0.9		-1.5
Operating profit	-0.6	-0.5		-1.7	-1.4		-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	7-9/2022	7-9/2021	Change	1-9/2022	1-9/2021	Change	2021
The segment's net sales	3.2	40.3	-92 %	67.2	116.5	-42 %	164.5
EBITDA	0.2	0.6		3.1	-2.0		-2.0
Operating profit	0.2	0.4		2.8	-2.7		-3.0

FINANCIAL PERFORMANCE IN JULY-SEPTEMBER, CONTINUING OPERATIONS

Comparable net sales increased by 20 per cent to EUR 45.2 (37.8) million. Net sales grew especially in Oilseed Products due to higher market prices. In Food Solutions, net sales and sales volumes were on a par with the comparison period. Net sales and sales volumes grew in the food service channel but export volumes decreased as deliveries were postponed. In retail trade, sales volumes and net sales were on a par with the comparison period and, for the most part, the agreed on price increases did not yet enter into force during the review period.

Operating profit was EUR 1.7 (2.3) million. The cost inflation and the ramp-up costs of the new pizza production line had a negative effect on the operating profit of Food Solutions. In Food Solutions, the effects of the cost



inflation have been partly transferred to sales prices during the third quarter, but the price changes will mainly enter into force at the beginning of October. In Oilseed Products, the operating profit increased from the comparison period. Some of the higher costs was transferred to sales prices, in addition to which the fact that raw material prices levelled off supported profit performance.

FINANCIAL PERFORMANCE IN JULY–SEPTEMBER, DISCONTINUED OPERATIONS

In July–September, net sales amounted to EUR 3.2 (40.3) million. Operating profit was EUR 0.2 (0.4) million. The sale of the Grain Trade business to Berner Ltd was completed on 31 May 2022.

Summary of January–September

Net sales amounted to EUR 67.2 (116.5) million. Operating profit was EUR 2.8 (-2.7) million. Operating profit includes EUR 2.3 million in gains on sale resulting from the sale of the Baltic and Finnish business operations.

The Group's liquidity was good, and its financial position was strong. The equity ratio was 80.6 (54.3) per cent, and gearing was -7.3 (37.0) per cent. The Group's cash flow from operating activities after interest and taxes was EUR 21.5 (-4.0) million. The sale of the Grain Trade business had a positive influence on the Group's key figures.

THE DIVESTMENT OF THE GRAIN TRADE BUSINESS

On 28 December 2021, Apetit announced that its subsidiary Avena Nordic Grain had agreed to sell the Baltic operations of its Grain Trade business to Scandagra Group. The agreement concerned the business operations of Avena's Estonian and Lithuanian companies.

The requirements for closing the sale of the Estonian company were fulfilled, and the transaction was completed on 10 March 2022. The requirements for closing the sale of the Lithuanian company were fulfilled, and the transaction was completed on 31 March 2022. Apetit also decided to close its Latvian company. The Latvian company primarily provided logistics support for wheat and oilseed plants sourced in Lithuania.

On 23 March 2022, Apetit announced it had agreed to sell its Grain Trade business to Berner Ltd. The sale of the Grain Trade business to Berner Ltd was completed on 31 May 2022. The transaction includes Avena's Finnish grain trade business, as well as its grain stocks and port operations in Finland.

The agreed acquisition price was about EUR 4 million added by the value of the transferring inventory. Gains on sale after income tax was EUR 1.9 million.

IMPACTS ON BUSINESS OF THE WAR IN UKRAINE

The war in Ukraine has an indirect impact on Apetit's business through the higher prices of energy, raw materials and packaging materials. Apetit does not have operations in Ukraine, Russia or Belarus. Apetit also does not export food products or raw materials to these countries. The events in Ukraine has created uncertainty and exceptional volatility in the prices of raw materials and products in the oilseed plant business. Logistics chains for raw and packaging materials may also be disrupted by the war. The potential business effects of sanctions are actively monitored.

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



recognised 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 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 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 also 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 2022 UNCHANGED
(published on 21 April 2022)

The full-year operating profit from continuing operations is expected to decrease year-on-year (EUR 5.8 million in 2021).

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 through vegetables by offering tasty food solutions that make daily life easier and produce high-quality vegetable oils and rapeseed expellers for feedstuff. Apetit Plc's shares are listed on Nasdaq Helsinki. The Group's net sales in 2021 were EUR 284 million. Read more: [apetit.fi](https://www.apetit.fi).