



# Financial Statements Release 2020

Esa Mäki, CEO, Apetit Plc

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# Goal-oriented work to implement the turnaround and improve profitability in 2020

- Annual profitability improved by nearly EUR 9 million compared to the previous year.
  - Profit turnaround and systematic improvement of profitability from Q1 / 2020
  - Success in developing operational activities despite the pandemic
- Profitability improvement is mainly attributable to
  - strong demand for the Apetit brand products in retail trade
  - improved efficiency in our own operations
  - commercial successes both in Finland and in export trade
  - improved trading ability in Grain Trade





# Financial performance

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# Net sales, EBITDA and operating profit

## Continuing operations

### October-December 2020

- Net sales 82.0 (105.4) Meur
- EBITDA 2.7 (0.1) Meur
- Operating profit 1.1 (-1.1) Meur

### January-December 2020

- Net sales 292.9 (296.9) Meur
- EBITDA 10.1 (0.8) Meur
- Operating profit 3.9 (-4.8) Meur

## Group, incl. discontinued operations

### October-December 2020

- Net sales 82.0 (105.4) Meur
- EBITDA 2.8 (2.2) Meur
- Operating profit 1.2 (-1.3) Meur

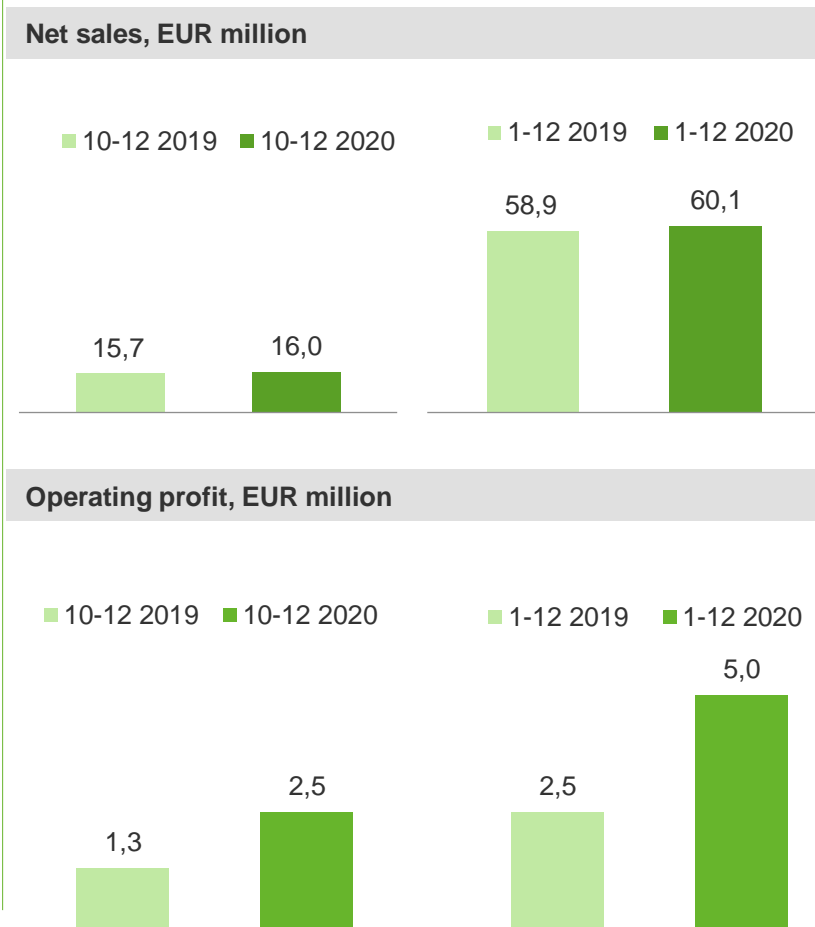
### January-December 2020

- Net sales 293.0 (312.6) Meur
- EBITDA 10.2 (2.9) Meur
- Operating profit 4.1 (-3.4) Meur

# The sales of frozen products increased in the retail and export operations.



- The sales of frozen products increased especially in the retail segment and export operations.
  - In 2020, food exports accounted for 9% of net sales (2019: 6%) and were mainly targeted at Sweden, Italy and the United Kingdom.
  - The share of the service business was EUR 2.3 million in 2019, comparable growth in net sales 6%
- Sales decreased in the Food Service channel as restaurants and other public services, such as schools and day-care centres, scaled back their operations due to the COVID-19 pandemic.
- Profit was increased by efficiency improvement measures related to the use of raw materials and production efficiency as well as substantial sales growth in the retail segment and export operations.

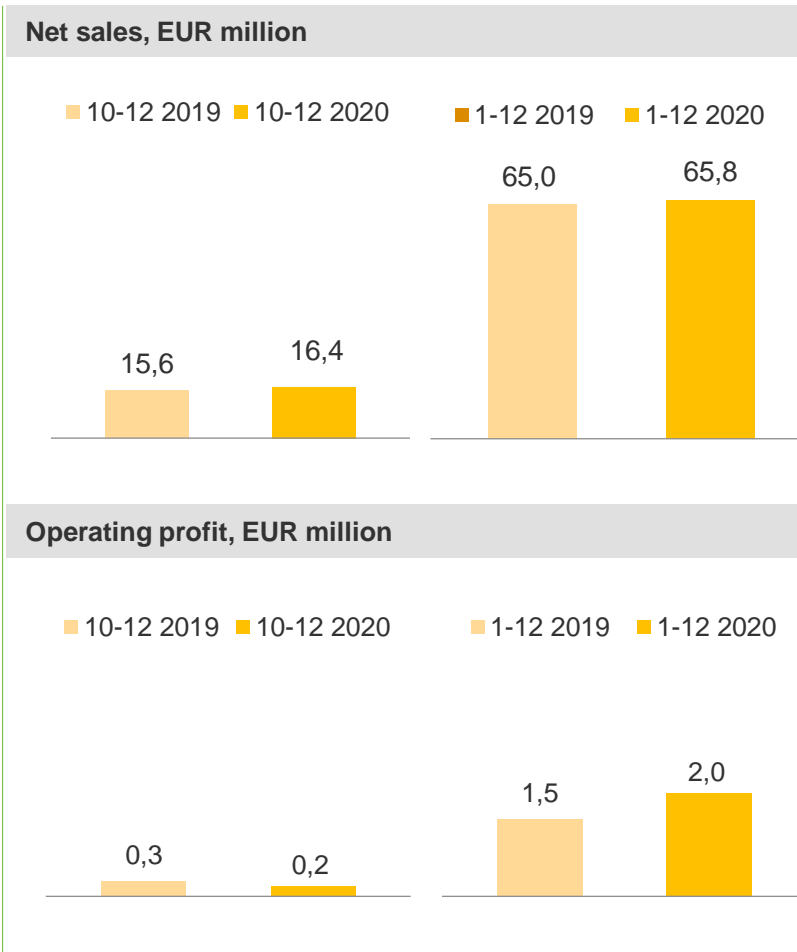




# Profitability on a par with the previous year



- Net sales grew and were EUR 16.4 (15.6) million in October–December, thanks to increased sales volumes resulting from higher rapeseed expeller demand.
- Operating profit was EUR 0.2 (0.3) million, on a par with the previous year.
- The commissioning of the bioenergy plant will be further delayed due to reasons related to an equipment supplier.
  - The aim is to commission the bioenergy plant during summer 2021.
- The European Commission granted a novel food authorisation for Apetit's rapeseed ingredient in December 2020.
  - In the autumn, Apetit decided to invest in starting small-scale production, which will make it possible to test the rapeseed ingredient on an industrial scale with potential customers in summer 2021.
  - The assessment of options related to the commercialisation of the ingredient continues.





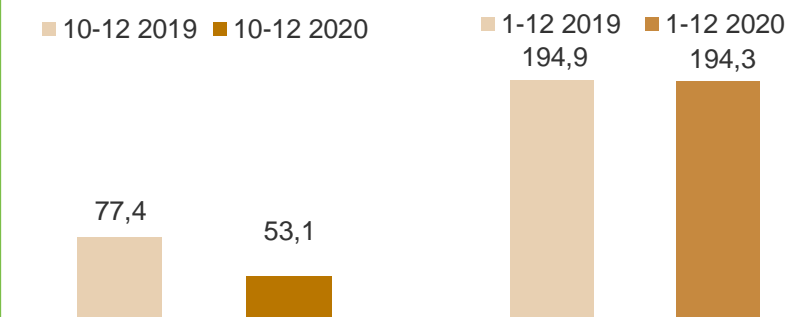
Grain Trade October-December 2020

# Profitability was impaired by the strong increase in grain prices

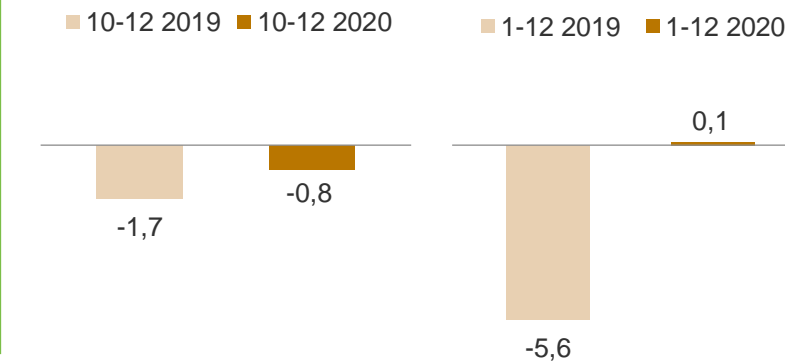


- Net sales in October–December decreased clearly to EUR 53.1 (77.4) million due to decreased delivery volumes.
  - The relatively small grain harvest in Finland decreased export deliveries from the previous year.
  - In 2020, the export deliveries of the summer harvest from the Baltic countries were evenly distributed throughout the second half of the year, while in the previous year, they focused on the end of the year.
  - Operating profit was EUR -0.8 (-1.7) million. Profitability was impaired by the strong increase in grain prices, which led to the need to cover existing sales commitments with high-price purchases.
  - In addition, the decrease in Finland's export volume weakened profitability.
- Operating profit was EUR -0.8 (-1.7) million.

Net sales, EUR million



Operating profit, EUR million





# Strong financial position

EUR million

31.12.2020

31.12.2019

Working capital, continuing operations	<b>48.4</b>	64.0
Group's net cash flow from operating activities	<b>26.8</b>	-5.9
Group's total equity	<b>95.0</b>	93.9
Group's net debt	<b>20.6</b>	33.7
Group's Equity ratio, %	<b>66.5 %</b>	55.0 %
Group's Gearing, %	<b>21.7 %</b>	35.9 %
Group's Operational return on capital employed, (ROCE-%)	<b>3.3 %</b>	-4.0 %



A photograph of a woman with long blonde hair hugging a young child with blonde hair from behind. They are in a field of tall yellow flowers, possibly rapeseed, under bright, warm sunlight. A semi-transparent green horizontal band is overlaid across the middle of the image, containing the title text.

# Profit guidance for 2021

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## Profit guidance for 2021

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





# From returning profitability towards the development stage - key measures 2021

## Food Solutions

- Further development in operational and material efficiency
- Launching new products and product groups
- Increasing international trade
  - Sweden
  - Other selected markets

## Oilseed Products

- Promotion of oilseed cultivation by the renewed contract cultivation model
- Path for commercialisation of the ingredient
- Increasing added value
- Completion and commissioning of the bioenergy plant in 2021

## Grain Trade

- Skillful use of trading opportunities
- Further refining Viljelijän Avena Berner cooperation

Alongside organic growth, opportunities for inorganic growth are being actively sought.

The background of the slide features a man in a green polo shirt standing in a field of tall green grass in front of a large, weathered wooden barn with a gabled roof. A semi-transparent green horizontal band is overlaid across the middle of the image, containing the title text.

# Dividend proposal





# Dividend proposal for the financial year 2020

- Dividend policy
  - The Board of Directors of Apetit Plc aims to ensure that the company's shares provide shareholders with a good return on investment and retain their value.
  - The company will distribute at least 50 per cent of the profit for the financial year in dividends.
- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.50 per share be paid for the financial year 2020.

# Covid-19 pandemic – impacts and measures

A blue tractor pulling a red Grimme trailer in a field. The tractor is a modern, large model with a blue cab and large black tires. The trailer is red with the brand name 'GRIMME' in white letters. They are in a green field, possibly a vineyard, with a hazy background.

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19.2.2021 14

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# Impacts of the COVID-19 pandemic on Apetit's businesses

- The COVID-19 pandemic has affected the Food Solutions business the most.
  - Retail:
    - The retail demand for food increased clearly when the exceptional situation started in the spring: food consumption has shifted to people's homes.
    - Consequently, the sales of consumer products were exceptionally high for a time in the early stages of the exceptional circumstances, with demand levelling off later.
  - Food service:
    - Demand has decreased significantly in the Food Service sector as restaurants and other public services, such as schools and day-care centres, scaled back their operations.
    - In the summer, demand in the Food Service channel began to gradually increase compared to the early stages of the exceptional situation but, at the annual level, it was still substantially below the pre-pandemic period.
- In the Oilseed Products business, the demand for vegetable oils grew particularly in the retail segment and decreased in the Food Service channel, similarly to the Food Solutions business.
- 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

- 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.



# Consistent implementation of the strategy









# Taloudelliset tavoitteet

## Financial objectives

- EBITDA will be EUR 14 million in 2022 (continuing operations in 2019 EUR 0.8 million)
  - Return on capital employed (ROCE %) > 8% (2019: -4.0%)
- **In light of the 2020 results, we are well on track to reach our financial objectives by the end of the strategy period.**



# Optimising core business functions

Key measures in 2020:

- ✓ Construction of a bioenergy plant in conjunction with the Kantvik vegetable oil milling plant in Kirkkonummi.
- ✓ Development of functions and practices to match current business operations.
- ✓ Creation and development of appropriate partnership networks.
- ✓ Trading ability development in the grain trade by improving operational coordination.

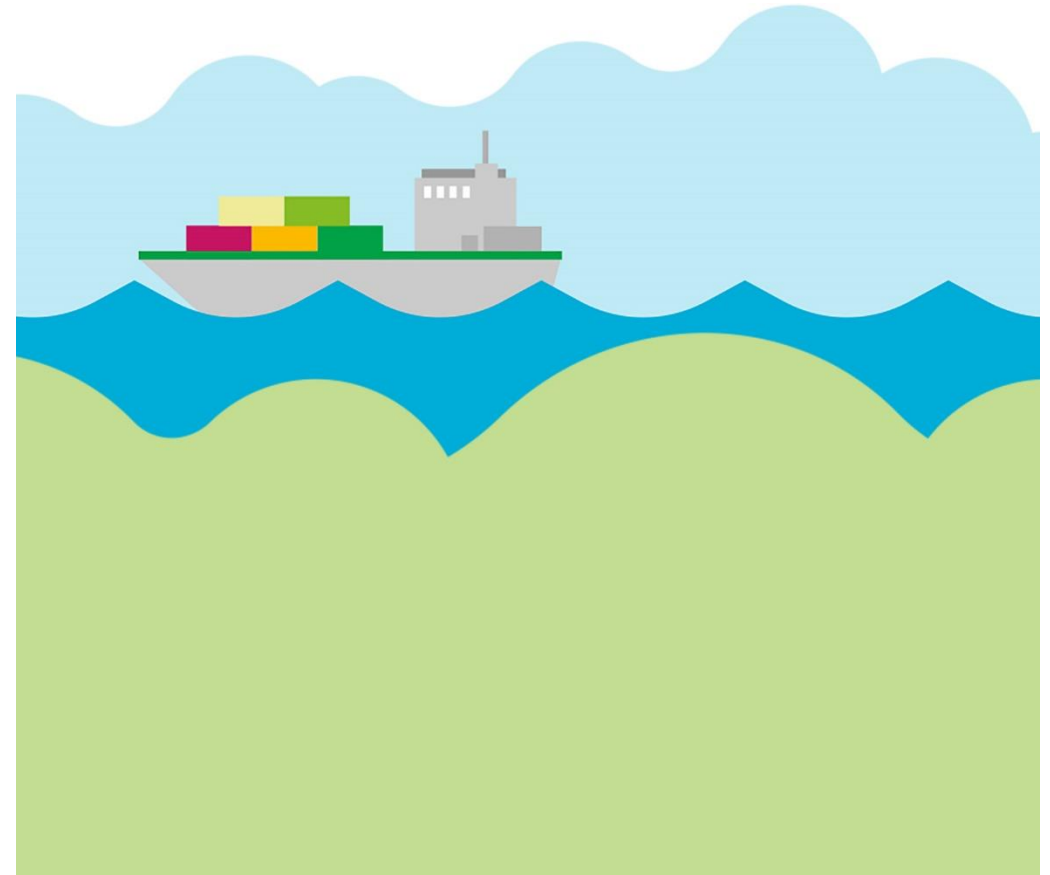




# Strong foothold in Sweden

## Key measures in 2020:

- ✓ Introduction of the Apetit brand products (14 products) into the product selection of ICA, the largest retail chain in Sweden.
- ✓ Launch of sales cooperation with a local partner for the Food Service channel in Sweden.
- ✓ Establishment of new partnerships and the launch of cooperation in other markets.
- ✓ Systematic increase of the total export volume.





# Growth from plant-based added value products

## Key measures in 2020:

- ✓ Continuous development of new plant- and fish-based products and product groups.
- ✓ Launch of new product groups: first fully Finnish wok vegetables to shops' frozen food sections.
- ✓ More customer-oriented operating model in the Food Service channel.
- ✓ Investment decision to start the small-scale production of the rapeseed ingredient in summer 2021 and the launch of the assessment of options related to the commercialisation of the ingredient.

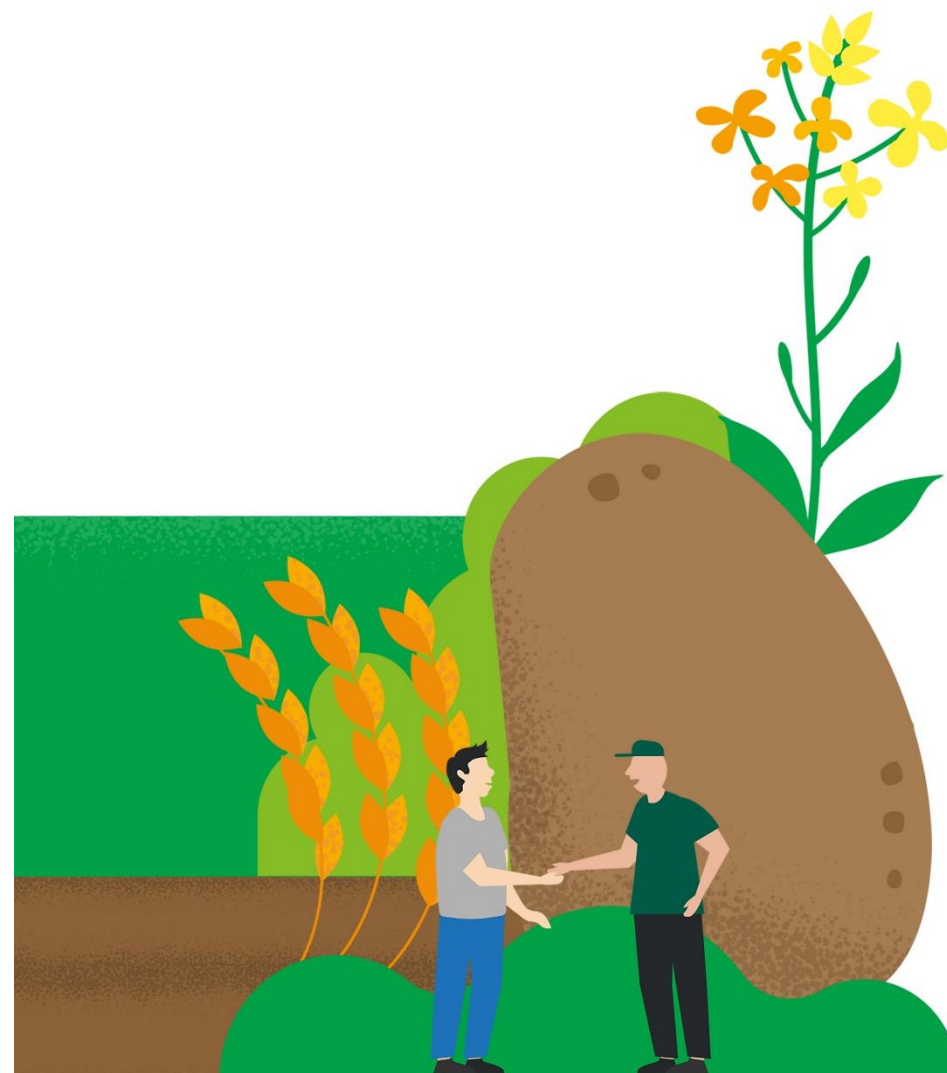




# Developing farming partnerships

Key measures in 2020:

- ✓ New contract growers and a record in pea cultivation area.
- ✓ Further development of Apetit's responsible farming practices and their implementation among contract growers.
- ✓ Active participation in projects promoting soil fertility and carbon sequestration.
- ✓ Renewal and deepening of the oilseed plant contract farming model.
- ✓ Establishment and development of Farmer's Avena Berner cooperation.



## Key measures in 2020:

- ✓ Adoption of wind power at all of the Group's production facilities.
- ✓ Joining the food industry's material efficiency commitment.
- ✓ Material review at the Säkylä production facility.
- ✓ Calculation of the environmental footprint of selected products.
- ✓ Development and standardisation of the Group's carbon footprint calculation to comply with the GHG Protocol (Scope 1 and 2).





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