



Apetit Plc's Business Review 1 January–31 March 2022

The profitability of Apetit's continuing operations was lower than in the comparison period – Food Solutions recorded a profit

Apetit Plc, Stock Exchange Release, 26 April 2022 at 8:30 a.m.

FINANCIAL PERFORMANCE IN BRIEF

*January–March 2022, continuing operations**

- In continuing operations comparable net sales increased by 15 per cent to EUR 42.5 (37.1) million. EBITDA was EUR 1.2 (3.7) million. Operating profit was EUR -0.2 (2.4) million
- The net sales of Food Solutions was EUR 17.3 (16.7) million and operating profit EUR 1.1 (1.6) million.
- The net sales of Oilseed Products was EUR 25.4 (20.5) million and operation profit EUR -0.7 (1.3) million.

*January–March 2022, Group (incl. discontinued operations**)*

- The Group's comparable net sales increased by 10 per cent to EUR 74.8 (67.8) million. EBITDA was EUR 1.8 (2.5) million. Operating profit was EUR 0.2 (0.9) million.
- The net sales of Grain Trade was EUR 42.1 (35.9) million and operating profit EUR 0.4 (-1.4) million.
- The Group's liquidity was good, and its financial position was strong. The equity ratio was 62.7 (69.6) per cent and gearing was 23.6 (18.2) per cent. The Group's cash flow from operating activities after interest and taxes was EUR 2.9 (3.7) million.

*) Apetit's continuing operations are Food Solutions and Oilseed Products.

**) Grain Trade is reported as a discontinued operation starting from the Q1/2022 Business Review. Apetit agreed on 23 March 2022 to sell its Grain Trade business to Berner Ltd. The transaction is expected to be completed in Q2/2022.

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	1–3/2022	1–3/2021	Change	1–12/2021
Continuing operations				
Net sales	42.5	37.1	15%	149.1
EBITDA	1.2	3.7		11.1
Operating profit	-0.2	2.4		5.8
Share of profit of associated company				
Sucros	-0.3	-0.5		0.4
Profit for the period	-0.5	1.5		5.3
Earnings per share, EUR	-0.08	0.25		0.85
Investment	0.9	0.4		6.6
Group (incl. discontinued operations)				
Net sales	74.8	67.8	10%	283.9
EBITDA	1.8	2.5		9.2
Operating profit	0.2	0.9		2.8
Profit for the period	-0.3	0.1		2.4
Earnings per share, EUR	-0.05	0.02		0.38
Equity per share, EUR	15.39	15.32		14.95
ROCE %	1.7	4.0		2.4
Working capital at the end of the period	36.4	47.3		50.5
Net cash flow from operating activities	2.9	3.7		5.0
Equity ratio, %	62.7	69.6		59.4
Gearing, %	23.6	18.2		26.6

ESA MÄKI, CEO

“The significant increase in the prices of production inputs had a negative effect on the profit performance of continuing operations in the first quarter. The profitability of Food Solutions was reduced in particular by higher energy costs. The profitability of Oilseed Products was weighed down by the high costs of raw materials and logistics. Both businesses will continue to transfer the higher costs to sales prices.

At the end of December, we announced that Apetit had signed an agreement to sell the Baltic operations of the Grain Trade business to Scandagra Group. The sale concerned the business operations of Avena’s companies in Estonia and Lithuania. The transactions for both companies were completed as planned in March. In connection with these divestments, we decided to close our Latvian company. The Latvian company primarily provided logistics support for wheat and oilseed plants sourced in Lithuania.

In March, we announced the sale of the Finnish operations of the Grain Trade business to Berner Ltd. The transaction will be carried out as a business transfer including Avena’s Finnish grain trade business, as well as its grain stocks and port operations in Finland. The transaction is expected to be completed in the second quarter. The completion of the sale is subject to approval by the competition authority.

Once completed, the divestment of the Grain Trade business will improve Apetit’s profitability and allow Apetit to focus on the growth and development of its processing businesses, namely the Food Solutions and Oilseed Products businesses. The operating environment and competitive landscape in the Grain Trade business has changed drastically during the past few years. The operating conditions have continuously become increasingly challenging for a company that operates purely as a grain seller.



In the upcoming cultivation season, our target for contract growing is the previously established level of just over 30 million kilograms of domestic vegetables. In addition to contract farming, we will continue to implement a number of projects at our experimental farm to seek ways to improve soil fertility and water economy, for example, and to develop the cultivation of various legumes, such as chickpeas, to correspond to the needs of the industry. This will present us with the opportunity to further increase our degree of domestic origin and our self-sufficiency with regard to specialty plants.

We will continue our efforts to increase the cultivation area and harvest size of oilseed plants in Finland. Due to the significant increase in the prices of oilseed plants, the profitability of cultivation is at an attractive level from the farmer's perspective, and there is certain demand for oilseed plant raw material in the Finnish food industry. High-quality rapeseed oil is valued and in high demand in all sales channels: industry, professional kitchens and retail. The BlackGrain rapeseed ingredient, which is currently in small-scale production, responds to the need to increase the availability of plant-based proteins. Our development efforts are focused on moving the production to an industrial scale.

Apetit's corporate responsibility programme sets a target of reducing the CO₂ emissions from Apetit's own operations by 75 per cent by 2025. The most significant emission reductions are achieved from the bioenergy plant completed at the Kantvik vegetable oil milling plant, which became operational last year, and the new energy solution to be deployed in Säkylä.

The energy solution at the Säkylä frozen foods plant will use heat-capturing technology and renewable energy to reduce the plant's CO₂ emissions by as much as 80 per cent. The new energy solution is scheduled to be deployed in the second quarter of 2023. To date, we have reduced the Group's emissions by over 50 per cent compared to the baseline year specified in our corporate responsibility programme. Phasing out the use of fossil fuels and having a fixed price for electricity will also significantly reduce the Group's energy costs in the next few years.

In general, Apetit has successfully achieved its goal of ensuring the health and safety of employees and uninterrupted operations throughout the food supply chain during the COVID-19 pandemic. However, sickness-related absences caused by the pandemic have significantly increased during the early part of the year.

Apetit will continue to promote sustainable food supply chains in a profitable manner."

KEY FIGURES BY SEGMENT, CONTINUING OPERATIONS

Food Solutions

EUR million	1–3/2022	1–3/2021	Change	2021
The segment's net sales	17.3	16.7	4%	61.5
EBITDA	1.9	2.4		9.2
Operating profit	1.1	1.6		5.9

Oilseed Products

EUR million	1–3/2022	1–3/2021	Change	2021
The segment's net sales	25.4	20.5	24%	88.1
EBITDA	-0.3	1.6		3.4
Operating profit	-0.7	1.3		2.0



Group Functions

EUR million	1–3/2022	1–3/2021	Change	2021
The function's net sales	-	-		-
EBITDA	-0.5	-0.3		-1.5
Operating profit	-0.6	-0.5		-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	1–3/2022	1–3/2021	Change	2021
The segment's net sales	42.1	35.9	17%	164.5
EBITDA	0.6	-1.2		-2.0
Operating profit	0.4	-1.4		-3.0

FINANCIAL PERFORMANCE IN JANUARY–MARCH, CONTINUING OPERATIONS

Comparable net sales increased by 15 per cent to EUR 42.5 (37.1) million. In Food Solutions, net sales increased by 4 per cent: the sales of frozen foods grew especially in the food service and export channels. The food service channel has continued its recovery from the impacts of COVID-19 but is still below the pre-pandemic level. In Oilseed Products, the selling prices of raw materials and end products have continued to increase, and net sales grew substantially.

The operating profit was EUR -0.2 (2.4) million. The profit performance of Food Solutions was negatively affected by high energy costs and COVID-19-related arrangements in production operations. Significantly increased raw material and logistics costs reduced the refining margin in Oilseed Products and reduced profitability. The sharp increases in prices have not yet been fully transferred to the sales prices of end products.

FINANCIAL PERFORMANCE IN JANUARY–MARCH, DISCONTINUED OPERATIONS

Comparable net sales increased by 17 per cent to EUR 42.1 (35.9) million. The net sales of Grain Trade increased substantially due to higher prices.

The operating profit was EUR 0.4 (-1.4) million. The operating profit of the Grain Trade business was improved by commercial successes related to taking advantage of the prevailing market conditions.

The Group's liquidity was good, and its financial position was strong. The equity ratio was 62.7 (69.6) per cent and gearing was 23.6 (18.2) per cent. The Group's cash flow from operating activities after interest and taxes was EUR 2.9 (3.7) million.

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 transaction will be carried out as a business transfer including Avena's Finnish grain trade business, as well as its grain stocks and port operations in Finland. The transaction is expected to be completed in the second quarter. The completion of the sale is subject to approval by the competition authority.

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. Certain ingredients used in food production, such as spices, have previously been sourced from Russia, but alternative suppliers have been found for these ingredients. The events in Ukraine create 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 also cause seasonal variation in the amount of working capital tied up in operations. Working capital tied up in Grain Trade and 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.

Net sales in the Grain Trade business vary from one year and quarter to the next, even quite considerably, being dependent on the demand and supply situation and on the price level in Finland and other markets.

PROFIT GUIDANCE FOR 2022 UPDATED TO CORRESPOND TO THE CURRENT CONTINUING OPERATIONS (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. We also produce high-quality vegetable oils and rapeseed expellers for feedstuff, and trade grain on the international markets. Apetit Plc's shares are listed on Nasdaq Helsinki. The Group's net sales in 2021 were EUR 284 million. Read more: at apetit.fi.