



Apetit Plc's Business Review 1 January–31 March 2021

Apetit Group's operating profit improved – a record quarter in Food Solutions and Oilseed Products, the profitability of Grain Trade was weak

Apetit Plc, Stock Exchange Release, 7 May 2021 at 8:30 a.m.

January–March 2021, continuing operations*

- Net sales amounted to EUR 67.8 (65.2) million
- EBITDA was EUR 2.5 (1.7) million
- Operating profit was EUR 0.9 (0.2) million

*) Apetit's continuing operations are Food Solutions, Oilseed Products and Grain Trade. In addition to the three reporting segments (Food Solutions, Oilseed Products, Grain Trade), 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 three business segments.

The information in this report is unaudited. The figures in brackets refer to the corresponding period in 2020, and the comparison period means the corresponding period in the previous year, unless otherwise stated.

Esa Mäki, CEO:

“Apetit Group's first quarter was one of contrasts: the record-breaking profit performance of Food Solutions and Oilseed Products was very pleasing, but the result of the Grain Trade business was a big disappointment.

Throughout the first quarter, the sales growth of Food Solutions was the highest in the retail and export segments. The strong retail sales were supported by the increase in eating at home due to the COVID-19 pandemic as well as attractive new products and commercial successes. Our strategically important exports to Sweden have also seen strong growth in line with our targets: the year-on-year increase was 31 per cent. The Food Service channel continues to suffer from the restrictions related to COVID-19, such as the reduced scale of operations in school meal services and lunch restaurants. Our delivery reliability has been very high. Our employees have also largely remained healthy in spite of the prevailing COVID-19 situation.

The market situation in the Grain Trade business remained very challenging throughout the first quarter. The profitability of Grain Trade was reduced by unforeseen market changes in the international wheat trade. The export duties introduced by Russia, which gradually entered into force in February–March, increased the supply of wheat in particular in February, leading to a rapid decrease in prices. After the sharp increase in supply in the spring, international demand has declined and a substantial write-down was recognised on the value of Apetit's wheat inventories in the first quarter. Finnish grain exports have also been lower than usual due to the small harvest. The situation in the Grain Trade is not expected to improve before the next harvest.

The total sales of rapeseed oil increased significantly. The strong growth of retail sales supports our strategy of increasing value added. The demand for rapeseed expeller has also been at a good level. The rising market prices of the products improved the refining margin in the first quarter. We are continuing our efforts related to the commercialisation of the rapeseed ingredient. The first customer deliveries for product application testing and test sales will begin in the late summer.

Apetit has continued the construction of the Kantvik bioenergy plant with a new contractor starting from the beginning of March. The updated estimate is that the bioenergy plant will be fully operational in summer 2021. The change in supplier and the delay to the original schedule will not have a material impact on the project's total cost. When completed, the bioenergy plant will reduce the Group's energy costs and significantly decrease carbon dioxide emissions.



Apetit has continued its purposeful efforts to increase the cultivation area and harvest size of oilseed plants in Finland. We have been active in signing cultivation agreements for the next autumn's harvest and we are making good progress towards achieving the 50 per cent growth target set for increasing the domestic contract cultivation area for the upcoming cultivation season as a whole. The prices of oilseed plants are high, which has increased interest among farmers in the cultivation of oilseed plants.

In the field vegetables category, our target for contract growing is the previously established level of just over 30 million kilograms of domestic vegetables. In addition to the cultivation of the familiar varieties we are accustomed to, we are involved in a project to study the development of the cultivation of cauliflower and various legumes, such as chickpeas, to satisfy the needs of the food industry. Our utilisation rate of domestic ingredients is already very high. Developing the production of cauliflower and legumes will give us access to even more domestic plants. As nitrogen-fixing plants, legumes also have considerable potential in crop rotation.

Apetit published its updated corporate responsibility programme and related targets in March. One of our most significant and impactful targets is to achieve a 75 per cent reduction in carbon dioxide emissions by 2025. This will be accomplished by transitioning to renewable energy and improving our energy efficiency. Food-related consumption habits and choices play a significant role in promoting sustainable development and thereby reducing environmental impacts. As a food industry company, we have an excellent opportunity – and an obligation – to have an impact on the world. Our sustainability targets are comprehensively linked to the various stages of our value chain, from field to fork.

Apetit will continue the systematic execution of its strategy with the primary goal being the improvement of profitability.”

KEY FIGURES

EUR million	1–3 2021	1–3 2020	Change	2020
Continuing operations				
Net sales	67.8	65.2	4%	292.9
EBITDA	2.5	1.7		10.1
Operating profit	0.9	0.2		3.9
Share of profit of associated company Sucros	-0.5	-0.4		0.3
Profit for the period	0.1	-0.5		3.1
Earnings per share, EUR	0.02	-0.08		0.49
Working capital at the end of the period	47.3	42.9		48.4
Investments	0.4	0.9		7.8
Group (incl. discontinued operations)				
Net sales	67.8	65.2		293.0
EBITDA	2.5	1.7		10.2
Operating profit	0.9	0.2		4.1
Profit for the period	0.1	-0.5		3.2
Earnings per share, EUR	0.02	-0.08		0.52

Equity per share, EUR	15.32	15.02	15.26
ROCE % (rolling 12 months)	4.0	-2.1	3.3
Net cash flow from operating activities	3.7	22.4	26.8
Equity ratio	69.6%	64.7%	66.5%
Gearing	18.2%	13.4%	21.7%

KEY FIGURES BY SEGMENT

Food Solutions

EUR million	1-3 2021	1-3 2020	Change	2020
Net sales	16.7	16.7	0%	60.1
EBITDA	2.4	2.0		8.4
Operating profit	1.6	1.1		5.0

Oilseed Products

EUR million	1-3 2021	1-3 2020	Change	2020
Net sales	20.5	17.1	20%	65.8
EBITDA	1.6	0.6		3.0
Operating profit	1.3	0.4		2.0

Grain Trade

EUR million	1-3 2021	1-3 2020	Change	2020
Net sales	35.9	36.2	-1%	194.3
EBITDA	-1.2	-0.0		1.0
Operating profit	-1.4	-0.3		0.1

Group Functions

EUR million	1-3 2021	1-3 2020	Change	2020
Net sales	0.0	0.0		0.0
EBITDA	-0.3	-0.9		-2.3
Operating profit	-0.5	-1.1		-3.2



FINANCIAL PERFORMANCE IN JANUARY–MARCH

Comparable net sales increased by 4 per cent to EUR 67.8 (65.2) million. In Food Solutions, net sales were on a par with the previous year. The sales of frozen foods grew in the retail and export channels. The value of food exports was EUR 1.3 million in the first quarter. The Food Service channel continues to suffer from the reduced scale of operations in public services, such as schools and lunch restaurants. In the comparison period, sales in the Food Service channel were considerably higher before the effects of the COVID-19 pandemic began. In Oilseed Products, net sales increased significantly year-on-year thanks to the strong demand and favourable price development of both oil and expeller. The net sales of the Grain Trade business were on a par with the comparison period.

The Group's operating profit improved to EUR 0.9 (0.2) million. The profit of Food Solutions was improved by sales growth in the retail segment as well as improved operational efficiency. The demand for Oilseed Products, combined with the high refining margin, had a positive effect on profitability. The result of the Grain Trade business was significantly reduced by a write-down recognised on wheat inventories due to the weaker international demand for wheat and Finland's lower-than-usual export volumes. The operating profit of Group Functions includes EUR 0.2 million in capital gains.

The Group's liquidity was good and its financial position is strong. The equity ratio was 69.6 (64.7) per cent and gearing was 18.2 (13.4) per cent. The Group's cash flow from operating activities was EUR 3.7 (22.4) million in January–March.

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 than during the first 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.

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).

Apetit Plc

For further information, please contact:

Esa Mäki, CEO, tel. 010 402 2100

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 with vegetables by offering tasty food solutions that make



daily life easier. We also produce high-quality vegetable oils and rapeseed expellers for feeding stuff, and trade grain on the international markets. Apetit Plc's shares are listed on Nasdaq Helsinki. In 2020, Apetit Group's net sales were EUR 293 million.