

Apetit Plc's Business Review 1 January - 30 September 2024: operating result clearly improved from comparison period

FINANCIAL PERFORMANCE IN BRIEF

July-September 2024, continuing operations*)

- In continuing operations net sales were EUR 40.5 (39.7) million. Operating result was EUR 3.7 (2.7) million. EBITDA was EUR 5.3 (4.0) million.
- The net sales of Food Solutions were EUR 18.4 (17.6) million and operating result EUR 3.2 (2.3) million.
- The net sales of Oilseed Products were EUR 22.2 (22.2) million and operating result EUR 1.1 (1.1) million.
- Net sales grew slightly from the comparison period. In Food Solutions, both net sales and sales volumes increased. Growth was particularly strong in retail trade. In Oilseed Products, net sales were on a par with the comparison period.
- In Food Solutions, operating result improved clearly from the comparison period. One of the factors behind the improvement was the normal seasonal fluctuation between quarters.

January-September 2024, continuing operations*)

- In continuing operations net sales were EUR 119.7 (132.9) million. Operating result was EUR 6.9 (5.4) million. EBITDA was EUR 11.8 (9.5) million.
- The net sales of Food Solutions were EUR 55.4 (53.9) million and operating result EUR 5.0 (3.8) million.
- The net sales of Oilseed Products were EUR 64.7 (79.4) million and operating result EUR 3.9 (3.7) million.
- Liquidity was good, and financial position was strong. The equity ratio was 81.7 (82.9) per cent and gearing was 4.4 (-12.9) per cent. Cash flow from operating activities after interest and taxes was EUR -1.1 (7.9) million. The change in gearing and the exceptional decrease in cash flow from operating activities were due to raw material sourcing that was carried out proactively and the early payment of purchase invoices related to the ERP system deployment.

July-September 2024, Group, incl. discontinued operations)**

- The Group's net sales were EUR 40.5 (39.7) million. Operating result was EUR 3.7 (2.7) million. EBITDA was EUR 5.3 (4.0) million.
- The net sales of Grain Trade were EUR 0.0 (0.0) million and operating result EUR 0.0 (-0.0) million.

January-September 2024, Group, incl. discontinued operations)**

- The Group's net sales were EUR 119.7 (132.9) million. Operating result was EUR 6.9 (5.3) million. EBITDA was EUR 11.8 (9.4) million.
- The net sales of Grain Trade were EUR 0.0 (0.0) million and operating result EUR 0.0 (-0.1) 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 and strategic projects, 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 Grain Trade business was completed in stages during the first half of 2022.

The information in this report is unaudited. The figures in brackets refer to the corresponding period in 2023, and the comparison period means the corresponding period in the previous year, unless otherwise stated.



KEY FIGURES

EUR million	7-9/2024	7-9/2023	Change	1-9/2024	1-9/2023	Change	2023
Continuing operations							
Net sales	40.5	39.7	2 %	119.7	132.9	-10 %	175.5
EBITDA	5.3	4.0	31 %	11.8	9.5	24 %	13.2
Operating result	3.7	2.7	37 %	6.9	5.4	29 %	7.5
Share of profit of associated company Sucros	0.4	1.4		0.1	2.3		4.0
Profit for the period	3.3	3.5		5.3	6.3		9.8
Earnings per share, EUR	0.53	0.56		0.85	1.01		1.56
Investments				7.1	4.2		7.5
Group							
Net sales	40.5	39.7	2 %	119.7	132.9	-10 %	175.5
EBITDA	5.3	4.0	31 %	11.8	9.4	25 %	13.1
Operating result	3.7	2.7	37 %	6.9	5.3	31 %	7.5
Profit for the period	3.3	3.5		5.3	6.3		9.7
Earnings per share, EUR	0.53	0.56		0.85	1.01		1.56
Equity per share, EUR				16.77	16.03		16.60
ROCE-%				8.3	8.3		7.3
Working capital, end of period				34.9	22.5		23.0
Net cash flow from operating activities				-1.1	7.9		9.7
Equity ratio, %				81.7	82.9		78.9
Net gearing, %				4.4	-12.9		-5.7

Esa Mäki, CEO:

“Apetit’s operating result in the third quarter improved from the comparison period. In Food Solutions, operating result grew clearly year-on-year and the result of Oilseed Products was at the same level as last year. One of the factors behind the improvement in Food Solutions was the normal seasonal fluctuation between quarters.

The Group’s net sales increased slightly from the comparison period. In Food Solutions, net sales grew especially in retail trade. Also in the Food service sector, development continued to be strong. In Oilseed Products, net sales were on a par with the comparison period.

Apetit Group’s operating result in January–September improved from the comparison year and both businesses are ahead of the result for the comparison period. We continue to maintain our profit guidance, according to which the Group’s operating profit is estimated to be at the same level as in the comparison period.

In the strategically important ERP project, the production implementation for Food Solutions was carried out successfully as planned. The critical production and order-delivery system functions were successfully deployed at the turn of September and October. Important support systems also came into use at the same time. The ERP project will continue according to the planned schedule until the second half of 2025, proceeding to the production implementation phase in Oilseed Products.

The bottling line at the Kantvik vegetable oil milling plant has become operational as planned. The line will be up and running at full capacity in late 2024. The first new Apetit Kotimainen Rapeseed Oil bottles have been produced on the line, and they will gradually be rolled out to retail stores during the rest of the year.

The bottling line enables a production method that significantly reduces the amount of plastic as well as logistic load associated with empty bottles. From now on, our plastic use will decrease on average by 41 per cent, taking into account all three sizes of Apetit’s rapeseed oil plastic bottles. The bottles receive their final shape only when they are on the bottling line, which significantly reduces the space required at all stages of the logistics chain. In addition to the new shape, all bottles have a new look and feel and are now part of the Apetit Kotimainen product family.

The commercialization of BlackGrain rapeseed powder is progressing. Over the past year, work with BlackGrain has focused on developing the production process and starting production on a commercial scale. In addition to developing the production process, we have, for example, invested in developing the product’s various use cases, both internally at Apetit and together with customers.

The harvest season for field vegetables has progressed well. For domestic frozen peas, the harvest season was successful as a whole. We processed more frozen peas than in previous years and the field-to-factory process ran smoothly. For root vegetables, the situation looks good – the long, warm autumn contributed to their growth. Harvest-time production has proceeded as planned. The success of the harvest season will be ultimately determined by the harvest conditions in late autumn and preservation of processability until freezing.

According to the harvest estimate of the Natural Resources Institute Finland*, the domestic turnip rape and rapeseed harvest is expected to increase by more than 40 per cent from last year, to 58 thousand tonnes. If the estimate is realised, the harvest would reach its highest level since 2018. The direction is good, but we hope that the turnip rape and rapeseed cultivation area and harvest volumes will continue to increase. The current level is not enough to cover Apetit’s targeted annual quantity of domestic raw materials. The sustainable cultivation level of domestic oilseed plants is also important for the security of supply.

In the autumn, we launched new products into retail stores. In addition to the new rapeseed oil packaging, we are introducing a new Kotimainen Wok Vegetables mix, spicy Falafel Harissa balls and a hot Nduja Pepperoni pizza. We are also renewing our frozen soup selection, introducing a tomato and lentil soup that is perfectly suited to the new nutritional recommendations. Product development and the continuous renewal of the product selection play an important role in commercial success, alongside classic products.”

[*Natural Resources Institute Finland, harvest estimate 16.9.2024](#)

KEY FIGURES BY SEGMENT, CONTINUING OPERATIONS

Food Solutions

EUR million	7-9/2024	7-9/2023	Change	1-9/2024	1-9/2023	Change	2023
Net sales	18.4	17.6	5 %	55.4	53.9	3 %	73.7
EBITDA	4.3	3.2	34 %	8.2	6.4	27 %	9.5
Operating result	3.2	2.3	39 %	5.0	3.8	31 %	5.8

Oilseed Products

EUR million	7-9/2024	7-9/2023	Change	1-9/2024	1-9/2023	Change	2023
Net sales	22.2	22.2	0 %	64.7	79.4	-19 %	102.4
EBITDA	1.5	1.4	7 %	5.3	4.9	7 %	6.2
Operating result	1.1	1.1	2 %	3.9	3.7	5 %	4.6

Group Functions

EUR million	7-9/2024	7-9/2023		1-9/2024	1-9/2023		2023
Net sales	-	-		-	-		-
EBITDA	-0.5	-0.6		-1.7	-1.9		-2.5
Operating result	-0.6	-0.7		-2.0	-2.2		-2.9

In addition to the reporting segments, Apetit reports Group Functions, consisting of the expenses related to Group management and strategic projects, that are not allocated to the business segments.

FINANCIAL PERFORMANCE IN JULY-SEPTEMBER, CONTINUING OPERATIONS

Net sales amounted to EUR 40.5 (39.7) million. Net sales grew slightly from the comparison period. In Food Solutions, net sales grew especially in retail trade. Net sales also increased in the Food service sector and industrial sales, while in exports, sales were below the comparison period. In Oilseed Products, net sales were on a par with the comparison period.

Operating result was EUR 3.7 (2.7) million. In Food Solutions, operating result improved clearly from the comparison period. One of the factors behind the improvement was the normal seasonal fluctuation between quarters. Production has been efficient and delivery reliability has remained good in both businesses. In Oilseed Products, operating result was at the same level as in the comparison period.

The share of the profit of the associated company Sucros was EUR 0.4 (1.4) million.

FINANCIAL PERFORMANCE IN JANUARY-SEPTEMBER, GROUP

The Group's liquidity was good, and its financial position was strong. The equity ratio was 81.7 (82.9) per cent, and gearing was 4.4 (-12.9) per cent. The Group's cash flow from operating activities after interest and taxes was EUR -1.1 (7.9) million. The change in gearing and the exceptional decrease in cash flow from operating activities were due to raw material sourcing that was carried out proactively and the early payment of purchase invoices related to the ERP system deployment.

FINANCIAL PERFORMANCE IN JULY-SEPTEMBER, DISCONTINUED OPERATIONS

In January-March, net sales amounted to EUR 0.0 (0.0) million. Operating result was EUR 0.0 (-0.0) million. The divestment of the Grain Trade business was completed in stages during the first half of 2022.



SUMMARY OF JANUARY-SEPTEMBER, GROUP INCLUDING DISCONTINUED OPERATIONS

Net sales amounted to EUR 119.7 (132.9) million. Operating result was EUR 5.3 (6.3) million.

EVENTS AFTER THE END OF THE PERIOD

The Group had no material events after the end of the review 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 when more fixed production overheads are recognized on the balance sheet than the other quarters 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 timing of end of the harvest season can affect the comparability between financial years. 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 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 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 2024 UNCHANGED

(published on 15 February 2024)

Group's operating profit is estimated to stay at the level of the comparison year (EUR 7.5 million in 2023). The operating result from Food Solutions is estimated to further improve. In Oilseed Products, the operating result is expected to decline due to outlook of market prices.

Apetit Plc