20240617074

Årsredovisning

för

Belico Holding AB

556537-0904

Räkenskapsåret

2023

Fastställelseintyg

Undertecknad styrelseledamot i Belico Holding AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma 2024-04-29. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Karlshamn 2024-06-14

Erik Norberg

20240513103334

Årsredovisning

för

Belico Holding AB

556537-0904

Räkenskapsåret

2023

20240513103335

Styrelsen för Belico Holding AB avger följande årsredovisning för räkenskapsåret 2023.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp i hela kronor (kr). Uppgifter inom parentes avser föregående år.

Förvaltningsberättelse

Information om verksamheten

Bolaget har under verksamhetsåret inte drivit någon rörelse. Inga förändringar förväntas under 2024. Bolaget är moderbolag till AAK Dalby AB som bedriver tillverkning och försäljning av livsmedelsprodukter. AAK Dalby AB är i sin tur moderbolag till Alba Fabrikers AB.
Bolaget ingår i AAK-koncernen. Moderbolaget i koncernen är AAK AB(publ), 556669-2850, med säte i Malmö.

Företaget har sitt säte i Karlshamn.

Flerårsöversikt (Tkr)	**2023**	**2022**	**2021**	**2020**
Resultat efter finansiella poster	0	-3 948	-472	182
Balansomslutning	9 187	9 374	27 186	27 568
Soliditet (%)	34	36	27	28

Väsentliga händelser under räkenskapsåret

Inga väsentliga händelser under räkenskapsåret att rapportera.

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	4 611
disponeras så att	
i ny räkning överföres	4 611
	4 611

Förändringar i eget kapital

	Aktie-kapital	**Reserv-fond**	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	900 000	2 262 267	4 139 154	-3 947 543	**3 353 878**
Utdelning			-187 000		**-187 000**
Balanseras i ny räkning			-3 947 543	3 947 543	**0**
Årets resultat				0	**0**
Belopp vid årets utgång	**900 000**	**2 262 267**	**4 611**	**0**	**3 166 878**

Aktiekapitalet består av 9 000 st aktier med kvotvärde 100 kronor.

20240513103336

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter.

20240513103337

Resultaträkning

	Not	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Rörelseresultat		**0**	**0**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	8	0	-3 947 175
Räntekostnader och liknande resultatposter	2	0	-368
		0	**-3 947 543**
Resultat efter finansiella poster		**0**	**-3 947 543**
Resultat före skatt		**0**	**-3 947 543**
Skatt på årets resultat	3	0	0
Årets resultat		**0**	**-3 947 543**

20240513103338

Balansräkning

	Not	2023-12-31	2022-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	4, 5	9 186 488	9 186 488
		9 186 488	**9 186 488**
Summa anläggningstillgångar		**9 186 488**	**9 186 488**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		0	187 000
Övriga fordringar		70	70
		70	**187 070**
Summa omsättningstillgångar		**70**	**187 070**
SUMMA TILLGÅNGAR		**9 186 558**	**9 373 558**

20240513103339

Balansräkning

	Not	2023-12-31	2022-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital	7		
Bundet eget kapital			
Aktiekapital		900 000	900 000
Reservfond		2 262 267	2 262 267
		3 162 267	**3 162 267**
Fritt eget kapital			
Balanserad vinst eller förlust		4 611	4 139 154
Årets resultat		0	-3 947 543
		4 611	**191 611**
Summa eget kapital		**3 166 878**	**3 353 878**
Långfristiga skulder			
Skulder till koncernföretag		6 019 680	6 019 680
Summa långfristiga skulder		**6 019 680**	**6 019 680**
SUMMA EGET KAPITAL OCH SKULDER		**9 186 558**	**9 373 558**

20240513103340

Noter

Not 1 Redovisnings- och värderingsprinciper

F o m räkenskapsåret 2014 upprättas koncern- och årsredovisningarna med tillämpning av årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Bolaget har med stöd av ÅRL 7:2 inte själv upprättat någon koncernredovisning då AAK AB (publ), organisationsnummer 556669-2850, med säte i Malmö, upprättar koncernredovisning.

Utländska valutor
Monetära tillgångs- och skuldposter i utländsk valuta värderas till balansdagens kurs.
Transaktioner i utländsk valuta omräknas enligt transaktionsdagens avistakurs.

Inkomstskatter
Aktuella skatter värderas utifrån de skattesatser och skatteregler som gäller på balansdagen.
Uppskjutna skatter värderas utifrån de skattesatser och skatteregler som är beslutade före balansdagen.
Uppskjuten skatteskuld avseende temporära skillnader som hänför sig till investeringar i dotterföretag redovisas inte i koncernredovisningen då moderföretaget i samtliga fall kan styra tidpunkten för återföring av de temporära skillnaderna och det inte bedöms sannolikt att en återföring sker inom överskådlig framtid.
Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den utsträckning det är sannolikt att avdraget kan avräknas mot överskott vid framtida beskattning.
Fordringar och skulder nettoredovisas endast när det finns en legal rätt till kvittning.
Aktuell skatt, liksom förändring i uppskjuten skatt, redovisas i resultaträkningen om inte skatten än hänförlig till en händelse eller transaktion som redovisas direkt i eget kapital. Skatteeffekter av poster som redovisas direkt mot eget kapital, redovisas mot eget kapital.
På grund av sambandet mellan redovisning och beskattning särredovisas inte den uppskjutna skatteskulden som är hänförlig till obeskattade reserver.

Finansiella instrument
Finansiella instrument som redovisas i balansräkningen inkluderar värdepapper, kundfordringar och övriga fordringar, kortfristiga placeringar, leverantörsskulder, och låneskulder.
Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförts och koncernen har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten.

Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

Kundfordringar och övriga fordringar

20240513103411

Fordringar redovisas som omsättningstillgångar med undantag för poster med förfallodag mer än 12 månader efter balansdagen, vilka klassificeras som anläggningstillgångar. Fordringar tas upp till det belopp som förväntas bli inbetalt efter avdrag för individuellt bedömda osäkra fordringar. Fordringar som är räntefria eller som löper med ränta som avviker från marknadsräntan och har en löptid överstigande 12 månader redovisas till ett diskonterat nuvärde och tidsvärdeförändringen redovisas som ränteintäkt i resultaträkningen.

Låneskulder och leverantörsskulder
Låneskulder och leverantörsskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader. Skiljer sig det redovisade beloppet från det belopp som ska återbetalas vid förfallotidpunkten periodiseras mellanskillnaden som räntekostnad över lånets löptid med hjälp av instrumentets effektivränta. Härigenom överensstämmer vid förfallotidpunkten det redovisade beloppet och det belopp som ska återbetalas.

Aktier och andelar i dotterföretag
Aktier och andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott och koncernbidrag läggs till anskaffningsvärdet när de uppkommer. Utdelning från dotterföretag redovisas som intäkt.

Obeskattade reserver
Obeskattade reserver redovisas med bruttobelopp i balansräkningen.

Bokslutsdispositioner
Förändringar av obeskattade reserver redovisas som bokslutsdispositioner i resultaträkningen. Koncernbidrag redovisas som bokslutsdispositioner. Koncernbidrag som lämnas till ett dotterföretag redovisas dock som en ökning av andelens redovisade värde.

Nyckeltalsdefinitioner

Soliditet
Eget kapital och obeskattade reserver (med avdrag för uppskjuten skatt) i förhållande till balansomslutningen.

20240513103342

Not 2 Räntekostnader och liknande resultatposter

	2023	2022
Övriga räntekostnader och liknande resultatposter	0	368
	0	**368**

Not 3 Skatt på årets resultat

	2023	2022
Aktuell skatt	0	0
Skatt på årets resultat	**0**	**0**

	2023		2022
Årets Resultat	0		-3 947 543
	20,60	0	20,60	0
Redovisad effektiv skatt	**0,00**	**0**	**0,00**	**0**

Not 4 Andelar i koncernföretag

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	9 186 488	13 883 579
Utrangering (likvidation)		-4 697 091
Utgående ackumulerade anskaffningsvärden	**9 186 488**	**9 186 488**
Utgående restvärde enligt plan	**9 186 488**	**9 186 488**

Not 5 Specifikation andelar i koncernföretag

Namn	Kapital-andel	Antal andelar	Bokfört värde
AAK Dalby AB	100	2 000	9 186 488
			9 186 488

20240513103343

Not 6 Väsentliga händelser efter räkenskapsårets slut

Inga väsentliga händelser har inträffat efter räkenskapsårets utgång.

Not 7 Förslag till disposition av resultatet

	2023-12-31
Förslag till vinstdisposition	
Styrelsen föreslår att till förfogande stående vinstmedel:	
balanserad vinst	4 611
disponeras så att	
i ny räkning överföres	4 611
	4 611

Not 8 Resultat från andelar i koncernföretag

	2023	2022
Nedskrivningar	0	3 947 175
	0	**3 947 175**

20240513103344

Resultat- och balansräkningen kommer att föreläggas årsstämman för fastställelse.

Karlshamn 29/4 -2024

Hiske Keller
Styrelseledamot

Erik Norberg
Suppleant

Vår revisionsberättelse har lämnats 29/4 2024

KPMG AB

Christina Nilsson

Christina Nilsson
Auktoriserad revisor

20240513103345

Revisionsberättelse

Till bolagsstämman i Belico Holding AB, org. nr 556537-0904

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Belico Holding AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Belico Holding ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Belico Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Belico Holding AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelseledamoten ansvarsfrihet för räkenskapsåret.

20240513103346

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Belico Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om styrelseledamoten i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Malmö 29 / 4 2024

KPMG AB

Christina Nilsson

Christina Nilsson
Auktoriserad revisor

Annual Report 2023

The Multi-oil ingredient house



AAK



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Our purpose:

Everything we do is about Making Better Happen™

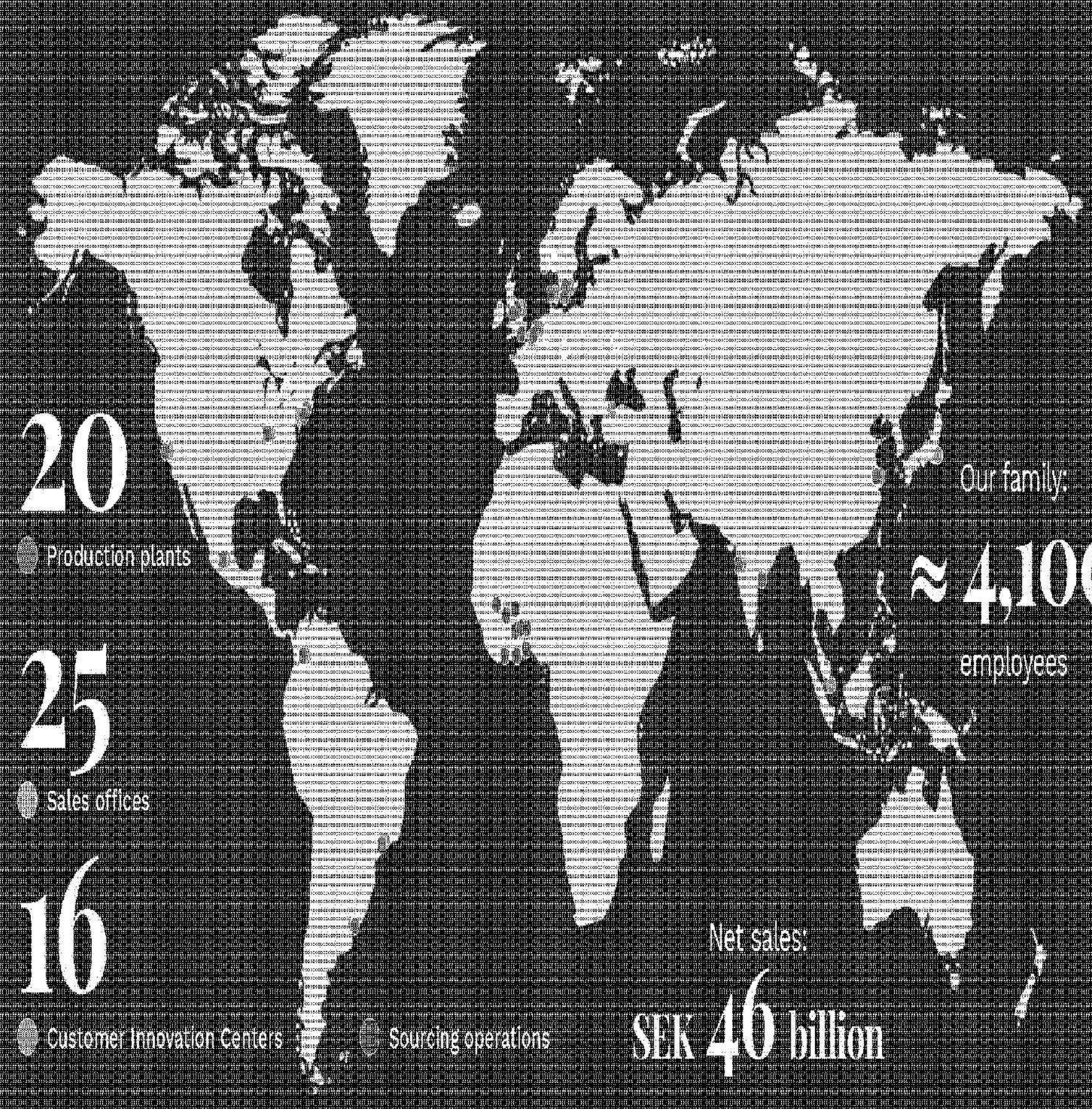
About AAK

AAK is a Multi-oil Ingredient House, specializing in plant-based oils and fats, the value-adding ingredients in many products people love to consume. We make these products better tasting, healthier, and more sustainable. The company is listed on Nasdaq Stockholm with headquarter in Malmö, Sweden.

At the heart of AAK's offer is customer co-development, combining our desire to understand what Making Better Happen™ means for each customer with the unique flexibility of our production assets and deep knowledge of products and industries we co-develop with.

Our values and better behaviors

- We are **passionate** about Making Better Happen™
- We are **agile** by intent
- We are **accountable** for our actions
- We are **collaborative** by choice



Industries we co-develop with

Chocolate and confectionery | Bakery | Dairy | Plant-based Foods | Special Nutrition | Foodservice | Personal Care | Technical Products | Feed

We have been Making Better Happen™ for more than 150 years



Patrik Andersson
and Johan Westman

Message from the Chair and CEO:

Embracing a plant-powered future

During 2023, we exceeded expectations, progressing rapidly towards our sustainability targets and 2030 aspiration. We had strong growth in our operating profit per kilo, and despite declining volumes, we surpassed our financial target of an average operating profit growth around ten percent. This achievement underscores the dedication and diligent efforts of our people, as well as the relevance of our diviersified portfolio of plant-based ingredients.

Changes to the Board of Directors

AAK comprises a team of highly competent and professional people, who are passionately aligned with our purpose of Making Better Happen™. This ambitious and progressive mindset is also embraced by the Board of Directors, with a collective commitment to continuous improvement and positive impact.

Following last year's Annual General Meeting, the Board welcomed Fabienne Saadane-Oaks, Ian Roberts, and Nils-Johan Andersson.

In September, Patrik Andersson was appointed Chairman of AAK's Board of Directors following the deeply saddening and sudden passing of AAK's former Chairman, Georg Brunstam. Georg, who was first elected in 2018, was a warm and visionary leader who played an important role in shaping AAK into a Multi-oil Ingredient House. Patrik Andersson has been a valued member of AAK's Board of Directors since 2019 with an operational background that includes six years as President and CEO of Loomis, as well as leadership roles at Unilever, Barilla, Rieber & Son, and Orkla.

Executing our strategy and 2030 aspiration

With a multi-oil ingredient approach and expertise in plant-based solutions, AAK benefits from an increased demand for alternatives to animal and fossil-based solutions, a growing consumer trend. In November 2022, we updated our strategy and set an ambitious 2030 aspiration to double our operating profit per kilo, while also exceeding the growth in the underlying market. In addition, we aspire to gain recognition among our stakeholders for an increasingly positive impact.

An increased focus on internal alignment and optimization across the organization has lead to higher operating profit despite declining volumes. Our efforts to earn recognition from our stakeholders for our increasingly positive impact is starting to show.

Culture Journey

The pace at which our strategic initiatives materialized exceeded our expectations, primarily driven by the passion and accountability ingrained within our decentralized organization.

While financial strategies and streamlined processes are undeniably significant, a robust culture amplifies our collective impact. Over the past few years, AAK has embarked on a culture transformation journey. The responsiveness to these changes exceeded our expectations, empowering a continued, more assertive transformation into the future.

A plant-based future

The future of plant-based food and ingredients is poised for a surge in innovation, driven by a global shift towards sustainability and health. Expected advancements to mimic both the taste and texture of animal products and hybrid solutions will accelerate the shift toward a more sustainable food system. Beyond food applications, plant-based oils and fats has the potential to further accelerate the transition from fossil-based ingredients to sustainably sourced alternatives.

At the same time, by 2050, the global demand for food is expected to increase significantly in order to feed a growing population. Meeting these demands sustainably and responsibly poses a significant challenge for the world's food supply chain.

Sustainable palm oil is one possible component to the solution. Beyond its unrivaled yield among vegetable oils, palm oil can play a pivotal role in substituting less sustainable fossil-based raw materials.

Recognizing this, AAK seeks to spread and share our knowledge of palm oil, acknowledging its status as one of the most versatile and sustainable edible vegetable oils, when cultivated in a proper way, and focus on making it more sustainable and deforestation-free.

Patrik Andersson, Chairman of the Board

Johan Westman, President and CEO

A vital partner for transforming the food system and beyond

Sustainability is at the heart of our purpose, Making Better Happen™. We think of sustainability as a core commitment and a dedicated journey, not a destination.

The transformation and shift towards more sustainable food and non-food solutions

The future is increasingly plant-based. Plant-based oils and fats are key to moving towards sustainable food systems, replace animal-based fats as well as sustainable, renewable, and biodegradable products in candles, personal care and other industries that today rely on fossil-based solutions. At AAK, we are a part of this transformation and want to collaborate with customers to address global challenges and to help them meet their sustainability targets.

Prioritizing climate, biodiversity, and people

Our sustainability strategy concentrates on the three key areas where we believe our company can

make the most significant impact: climate, biodiversity, and people. These areas offer us the best chance to drive industry-wide change and achieve sustainable, scalable results. We have established roadmaps and targets for our key priorities, outlining a series of activities and investments committed to be executed by 2025 and 2030. In 2024 we will be working towards updated 2030 targets reflecting our double materiality, customer and investor surveys, to encompass all priority areas.

Embedding sustainability in the value chain

Our priorities are firmly anchored in roadmaps and action plans across our supply chain and operations, ensuring that our commitment to Making Better Happen™ is reflected throughout our entire value chain. Our approach to sustainability is integrated at every level, starting with our internal operations and employees.

Some of the oils that we source are derived from crops that are produced in biodiverse regions where poverty and political instability are key challenges. We are committed to improving the lives and livelihoods of these communities and work actively to mitigate the environmental and human rights risks associated with sourcing from these regions, with the aim of making a positive impact on health, society and environment. We believe it's crucial to face challenges head-on and actively work towards transforming them.

Achieving positive impact through the Sustainable Development Goals

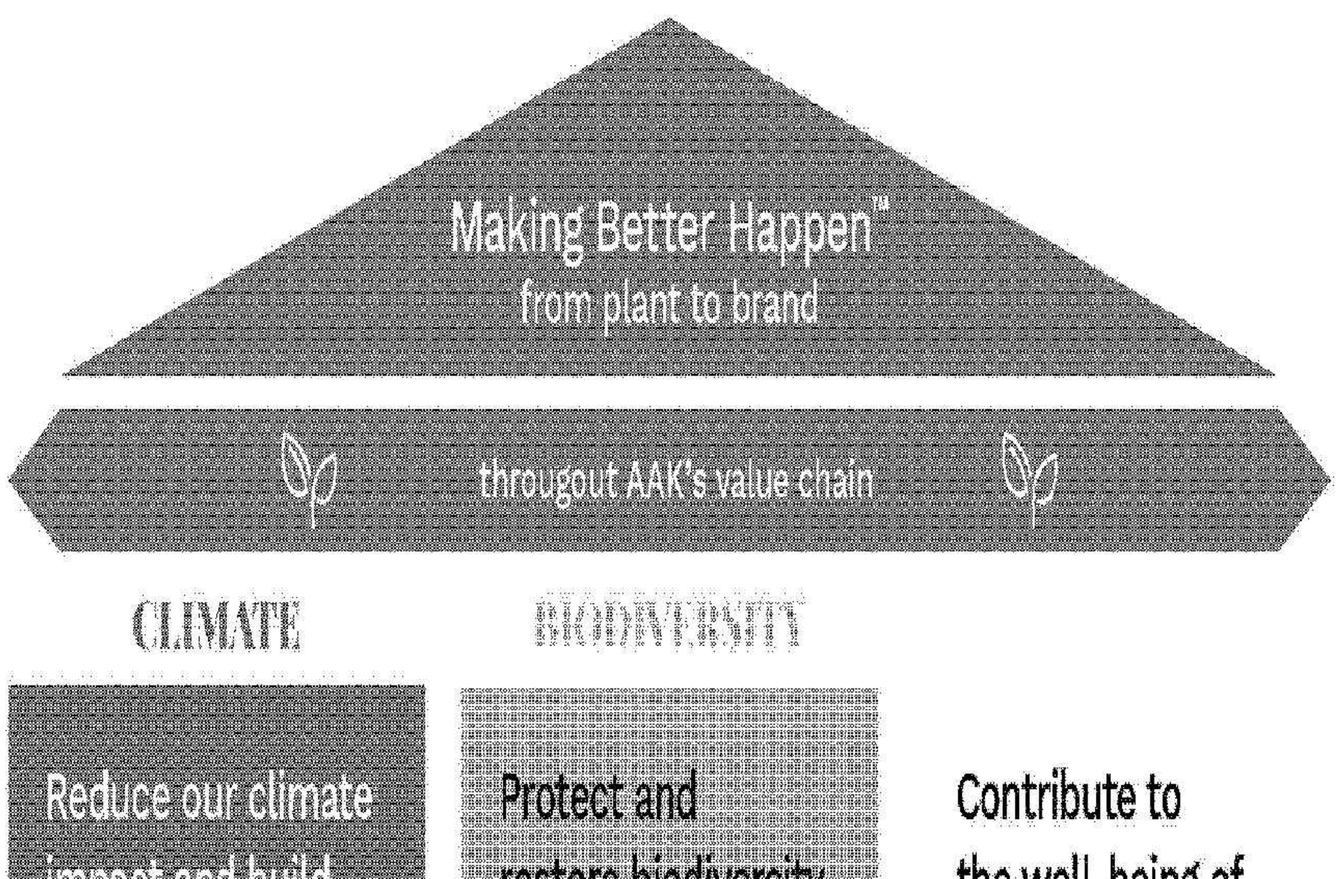
The 17 UN Sustainable Development Goals (SDGs) address global challenges, including poverty, inequality, climate change, environmental degradation, and peace and justice. Our efforts towards the Sustainable Development Goals focus on two areas: Firstly, we aim to lessen our environmental footprint by minimizing climate impact in our operations and supply chains. Secondly, we actively contribute to social progress by supporting poverty reduction and empowering women and smallholders within our supply chain.

Sustainability framework

AAK's House of Sustainability is our sustainability management framework that structures and connects:

- AAK's sustainability priorities and commitments, which have been defined based on a materiality assessment.
- Sustainability goals and performance indicators to measure and drive progress.

The AAK House of Sustainability portrays how our sustainability work is organized and set towards our purpose, Making Better Happen™. It defines our commitments, targets and contribution to the UN Sustainable Development Goals that are critical for our business, and to our ambition of fulfilling the Paris Agreement.



Our priorities

AAK's sustainability strategy focuses on the three key areas where we believe our company can make the most significant impact: climate, biodiversity, and people.



Climate impact mitigation

Human activities propel climate change. AAK is committed to minimizing our environmental impact throughout our entire supply chain.

In December 2023, AAK's emission reduction targets were officially approved by the Science Based Targets initiative (SBTi). SBTi enables businesses to set emissions reduction goals in accordance with the latest climate science. It aims to guide companies worldwide to halve emissions by 2030 and achieve net-zero emissions by 2050. By setting targets aligned with a 1.5°C trajectory, AAK is taking a proactive role in addressing our environmental impact. The approval underscores our commitment to align with the latest climate science.

A key example of our reduction efforts is the bio-boiler plant installation completed in 2023 at our production site in Aarhus, Denmark. The boiler plant will reduce the carbon footprint of the site by more than 45,000 tons per year, equivalent to 90 percent reduction of carbon footprint, while also proving feedstock for electricity generation to make green electricity for our own use.

At the same time there is a surplus by utilizing our shea meal instead of a fossil fuel at around SEK 100 million per year which also make it a good business case.

Protecting forests and ecosystems

Reducing deforestation and establish conversion free supply chains remain key priorities when it comes to managing land use change and protecting ecosystems. Land use change and deforestation accounts for 12–20 percent of the increase in global greenhouse gas emissions[1], and it is one of the most severe environmental risks we are facing.

We are committed to achieving 100 percent verified deforestation-free palm and 100 percent deforestation and conversion-free soy supply chains by 2025. To achieve these targets, we're committed to proactive supply chain engagement, effective grievance management, multistakeholder collaboration, and addressing root causes.

Traceability in the supply chain is a key enabler of this approach, providing insights into potential risks and responsibilities. In 2023, we expanded our efforts with satellite monitoring, achieving complete coverage of palm and coconut mills across Malaysia, Indonesia, the Philippines, Papua New Guinea, various African countries, and Latin America.

Our grievance management entails reporting and monitoring of potential responsible sourcing breaches. We follow our publicly available grievance management procedure to address all issues raised to ensure transparency and accountability.

Multistakeholder collaboration is critical for deforestation prevention. Through diverse forums, we contribute to research and industry-aligned tools, tackling shared environmental challenges. Engaging with smallholders is also central to our strategy, integrating them into our biodiversity strategies to effectively mitigate deforestation and land conversion.

Advancing well-being and human rights

AAK is committed to respecting and embedding human rights throughout our business and value chain. Our commitment extends beyond the workplace, as we actively engage with the communities in which we operate as well as the people throughout our supply chains. We have set key commitments for the stages of our value chain based on priority and impact.

Smallholders, and women in particular, play a critical role across our supply chains. In western Africa, we have created one of the largest shea supply chains in the world. In the Kolo Nafaso program, we pre-finance the women, that enables them to invest and have access to money in non-harvest periods, and we provide training support etc. These efforts enable them to invest in their children's futures, through direct investments in schooling or through investments in other income generating activities. On top of that, Kolo Nafaso enables access to resource efficiency measures such as improved cook stoves and clean water initiatives. As a result, entire communities benefit and more than 1.5 million people in western Africa lead improved lives. In 2023, 241,188 women were enrolled in the program.

[1] climatefundsupdate.org

Key events



Opening of plant-based innovation Center of Excellence

The grand opening of our plant-based innovation Center of Excellence in the Netherlands was a significant milestone during 2023.

The facility is a vibrant hub for driving innovation, conducting pioneering research, and spearheading the development of revolutionary plant-based food products.

The three-story facility in Zaandijk stands as a testament to AAK's commitment to innovation, showcasing a co-development process like no other. The state-of-the-art center has two pilot plants designed for developing plant-based meat and dairy products, an application laboratory for culinary experimentation, a fully equipped kitchen, and sensory facilities.

Under one AAK roof, this Innovation Center of Excellence changes the way we bring great-tasting plant-based food solutions to the market. With a focus on innovation and quality, it empowers our customers to introduce their plant-based creations faster and with confidence.

Health

Joining forces for better health

Type 2 diabetes and related health issues have been growing global challenges for decades. In September 2023, one of our health and nutrition innovation projects received funding to support a study aiming to mitigate type 2 diabetes and related health conditions such as obesity.

The project is a collaboration between AAK and Maastricht University and is funded by the Government of the Netherlands.

The study sets out to investigate the long-term effects of heightened levels of short-chain fatty acids, with a keen focus on their potential to enhance insulin sensitivity, reduce body weight, and combat inflammation. It serves as a shining example of how AAK actively engages in partnerships to effect positive change and promote the development of inventive and health-conscious solutions within the food and ingredients industry.

Key events



Sustainability

Introducing a new climate performance platform

As part of our ongoing commitment to the Science Based Target initiative, we are implementing a climate performance platform, designed to measure the environmental impact of rapeseed.

Rapeseed production constitutes a substantial part of AAK's Scope 3 emissions, primarily originating during the crop's growth phase. These emissions are inherently dynamic, contingent on factors such as geographic location, climate conditions, crop yield, soil health, agricultural practices, and machinery utilization.

Accurate measurement and reduction of Scope 3 emissions necessitate the collection and consolidation of field-level primary data in a scalable manner and call for close collaboration between stakeholders. Our new climate performance platform links sustainability efforts and field-grown commodities, providing verified emission data across the food chain.

By utilizing this innovative platform, we aim to enhance transparency, enable informed decision-making, and drive collective action toward achieving our sustainability targets. It reinforces our commitment to sustainability, ensuring that our actions align with the Science Based Targets initiative.

Sustainability

SBI targets officially approved

Our emission reduction targets were officially approved by the Science Based Targets initiative (SBTi) in December 2023. This approval underscores our commitment to aligning with the latest climate science and contributing effectively to global climate action efforts.

By setting targets aligned with a 1.5°C trajectory, AAK is taking a proactive role in addressing our environmental impact. Our commitment is a response to the UN climate science evaluating body, IPCC's, latest findings, highlighting the urgent necessity for rapid and extensive emissions reductions to meet this critical temperature limit and termed a "code red for humanity" by the UN (United Nations). Aligning with SBTi's rigorous criteria, we are dedicated to implementing best practice in emissions reduction. We invite other stakeholders to join us in this endeavor, aligning their operations with scientifically grounded climate targets.

Innovation

AAK invests in the development of alternative fats

AAK remains commited to championing the advancement of alternative ingredients, recognizing their importance in the evolving food industry.

In line with this commitment, during 2023, AAK invested strategically in Big Idea Venture's New Protein Fund II, following its previous investment in the first fund.

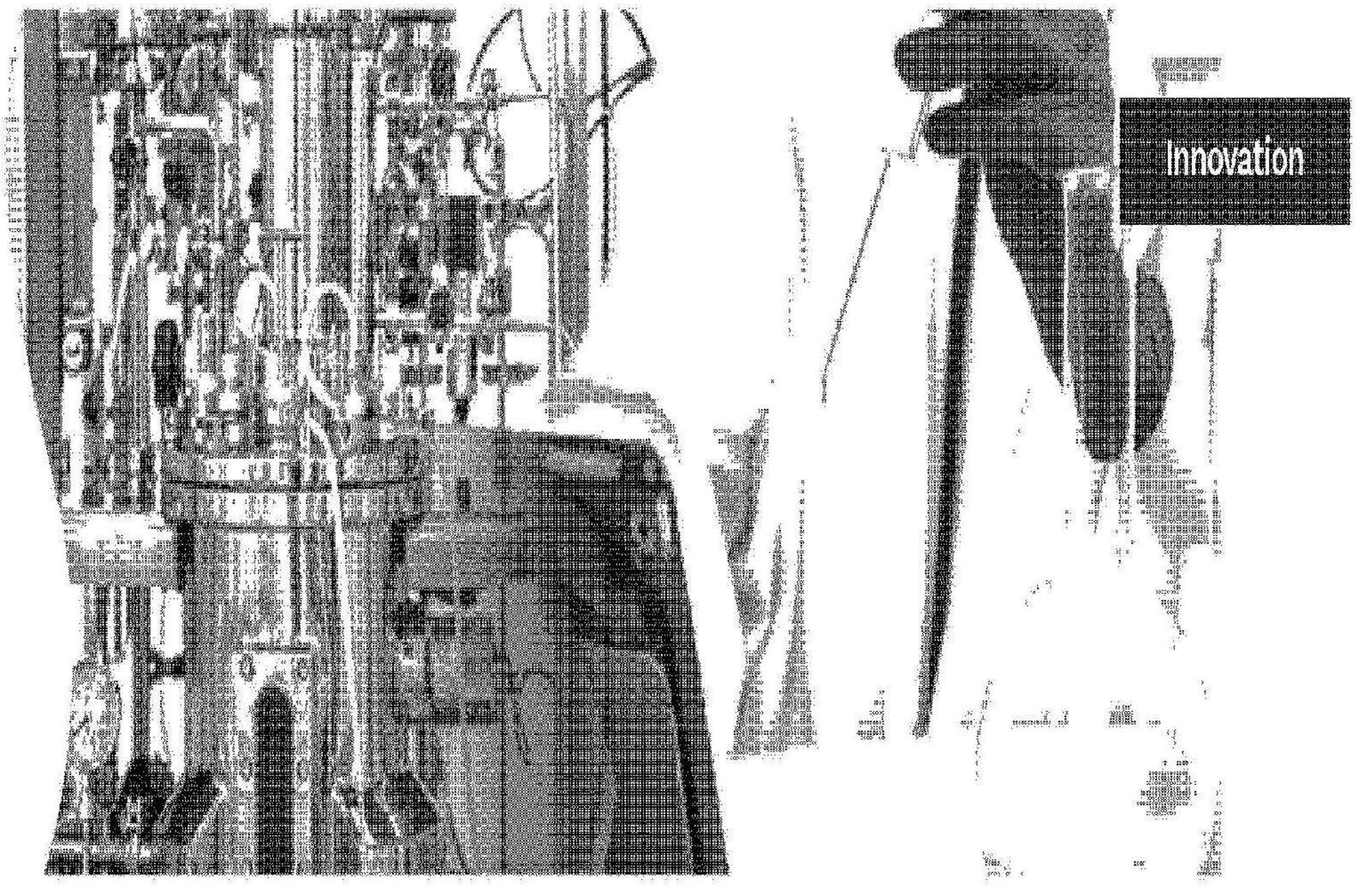
As a direct result of the investment in the first fund, AAK expanded its innovation program by partnering with Green-On in 2022. This joint venture further emphasizes AAK's pursuit of cutting-edge solutions and sustainability initiatives.

These strategic investments demonstrate AAK's ongoing commitment to drive positive change and play a significant role in shaping the future of the food and ingredients industry.

Funding to support the development of microbial cell factories for speciality lipids production

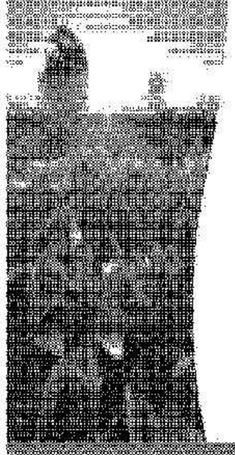
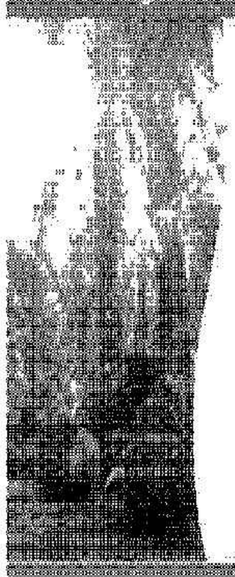
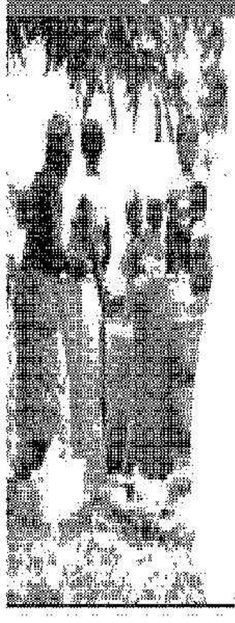
AAK has together with Chalmers University of Technology received funding to expand research and development in the area of Industrial Biotechnology and Environmental Biotechnology.

The funding, granted by Novo Nordisk Foundation (NNF), will be used to expand research and development on microbial production of functional fatty acids/lipids to be used in plant-based food, health nutrition and personal care products. This is a way to boost collaboration between universities and companies to make significant contributions to a more sustainable society and environment. The driving force is to enable a transition toward a circular and more sustainable bioeconomy where lipid production is not based on fossil or animal resources.



Making better impact happen

Sustainability targets

Priority	Target	Data 2023 (2022)	Progress
	50% revenue contributing to SDGs by 2025	37% (37)	
Climate impact mitigation			
	50% reduction in absolute Scope 1 and Scope 2 GHG emissions by 2030 from a 2019 base year[4]	12% (4.4)	
	33.3% reduction in absolute Scope 3 FLAG GHG emissions by 2030 from a 2019 base year[4]	2,287,447 tCO_2e[3]	
	46.2% reduction in absolute Scope 3 non-FLAG GHG emissions by 2030 from a 2019 base year[4]	1,825,969 tCO_2e[3]	
	10.4% of our suppliers by emissions covering purchased goods and services, transportation and distribution will have science-based targets by 2027[4]	Work will be initiated during 2024	
	Source 100% renewable electricity for our operations by 2025	64.4% (70)	
Protecting forests and ecosystems			
	100% verified deforestation-free (VDF) palm	Verified deforestation-free palm: 83% (71)	
	100% verified deforestation- and conversion-free (VDFC) soy supply chains by 2025	Verified deforestation- and conversion-free soy: 25% (20)	
	100% traceability to plantation (TTP) for palm	TTP for palm 93% (87)	
	Certified sustainable palm uptake, shared responsibility 2% increase year on year	RSPO uptake: 39% (36)	
	150,000 shea trees planted by 2025 (2019 base year)	Total shea trees planted: 144,833 (110,445)	
Advancing well-being and human rights			
	Maintain a zero accidents culture	Lost time injury frequency rate: 0.46 (0.6)	
	By 2030 we aim to have an inclusion index rate of 95%	87% (82)[2] inclusion rate	
	By 2030 we aim to have an attrition rate lower than 8%	17.2% (17.9) attrition rate	
	Human rights due diligence embedded across all key raw materials by 2025	35%[3] of tier 1 palm suppliers connected to AAK on the SEDEX platform	
	Work to improve livelihoods within the supply chain with focus on smallholders and women	241,188 (293,302) women enrolled in Kolo Nafaso program	

On track Ongoing Need for acceleration

[1] Due to methodological updates, and increased data granularity, we continue to develop comparability for total Scope 3 emissions versus our baseline, see explanation on page 16, AAK Sustainability Report 2023.

[2] Inclusion index measured every second year (2021: 82%).

[3] New target for 2023.

[4] SBTi approved.

Operational key figures

(SEK million unless otherwise stated)	2019	2020	2021	2022	**2023**
Volumes, thousand tons	2,290	2,195	2,312	2,259	**2,123**
Net sales	28,510	27,934	35,452	50,425	**46,028**
Operating profit	2,142	2,167	2,089	2,538	**4,116**
Operating profit, excl. items affecting comparability	2,157	2,165	2,393	2,888	**4,116**
Operating profit per kilo, SEK	0.94	0.99	0.90	1.12	**1.94**
Operating profit per kilo, excl. items affecting comparability, SEK	0.94	0.99	1.04	1.28	**1.94**
Cash flow from operating activities	1,558	2,023	508	-73	**5,314**
Earnings per share, SEK	5.86	6.16	5.59	6.84	**11.35**
Equity per share, SEK	40.74	38.00	45.58	57.93	**65.95**
Dividend per share, SEK	2.10	2.30	2.50	2.75	**3.70**[1]
Return on capital employed, R12M, %	15.0	14.2	15.6	14.5	**19.1**

[1] In accordance with the Board of Directors' proposal.

For financial definitions, please see page 127.



AAK

Our business - Making Better Happen™



A business model for Co-Development

The AAK business model is to improve and accelerate new product development in close cooperation with our customers to drive sustainable business growth and make better happen for people and the planet.

As a Multi-oil Ingredient House, we provide sustainable, innovative, and value-adding plant-based solutions to food and non-food industries. Our technical expertise and experience in delivering insight-led innovation impact markets across the world as we adapt to shifting consumer trends and taste preferences.

Sustainability as a foundation

Sustainability is a cornerstone of AAK, anchored in our framework, the House of Sustainability. In our co-development approach, we strive to create sustainable value propositions driven by customer needs. Along with the UN's Sustainable Development Goals we identify the sustainability credentials that drive most co-development value for climate, biodiversity, and people. We continously improve by measuring progress against those ambitions goals and targets.

Market trends allow new development opportunities

Successful co-development starts with a deeper understanding of consumer behavior and trends, to provide customer and consumer insights and ensure a constructive dialogue. We continue to invest in keeping a holistic approach to understanding the entire value chain of our customers' products and consumers' needs. This ensures innovating new solutions together to support our customers' goals.

Collaboration for innovation value

Our strong customer relations and a willingness to work as a united team enable our co-development model. This way, we accelerate the innovation process and bring products to the market efficiently, with better utilization of resources and commercial impact.

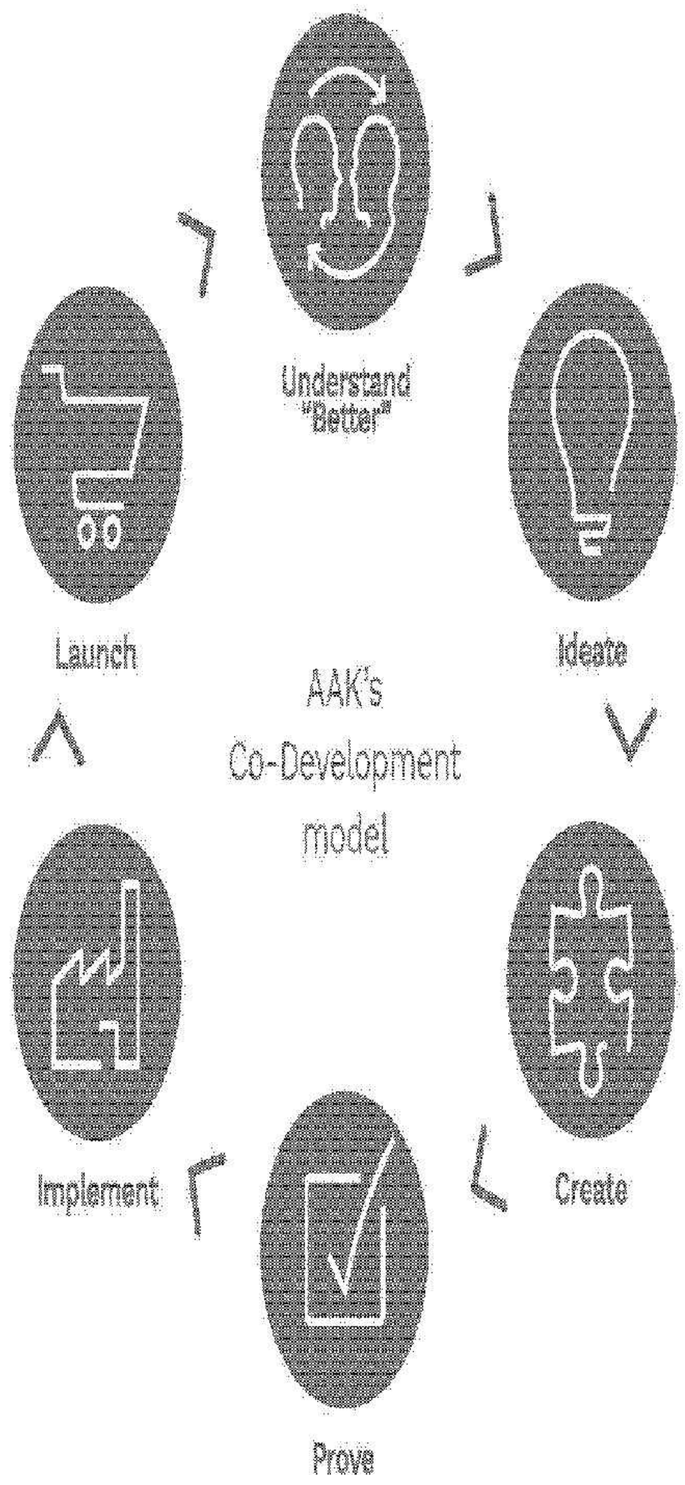
Customers often seek customized solutions to meet unique challenges and stay competitive in a dynamic market. Our Multi-oil capabilities and customized business model allow us to provide tailor-made solutions that deliver better nutrition, better functionality, better sustainability, and better taste.

Our global network of 16 customer innovation centres fosters many opportunities for co-development with customers and partners all over the world. In the recently opened plant-based innovation centre of excellence in the Netherlands, we offer fully equipped laboratories for plant-based meat and dairy products, a culinary kitchen, a sensory laboratory, and consumer panel capabilities. This accelerates and facilitates product development, often in collaboration with our partners from e.g. MISTA and Big Idea Ventures.

Commercial excellence

We will strengthen our position as a Multi-oil Ingredient House through our commercial programme. We have a strong commitment to enable sustainable solutions for our customers by close cooperation and adding value with our co-development approach, which ensures the right product for each unique application. AAK's expertise is to understand how each variety and fraction of vegetable oil and fat functions and interacts, but also to know how different protein sources can impact the same fat system differently.

AAK's digitalized go-to-market processes contribute to being better connected and better informed. Digital platforms along with more aligned project and product management programs will bring greater global consistency to our customer experiences and fulfull our purpose of Making Better Happen™.



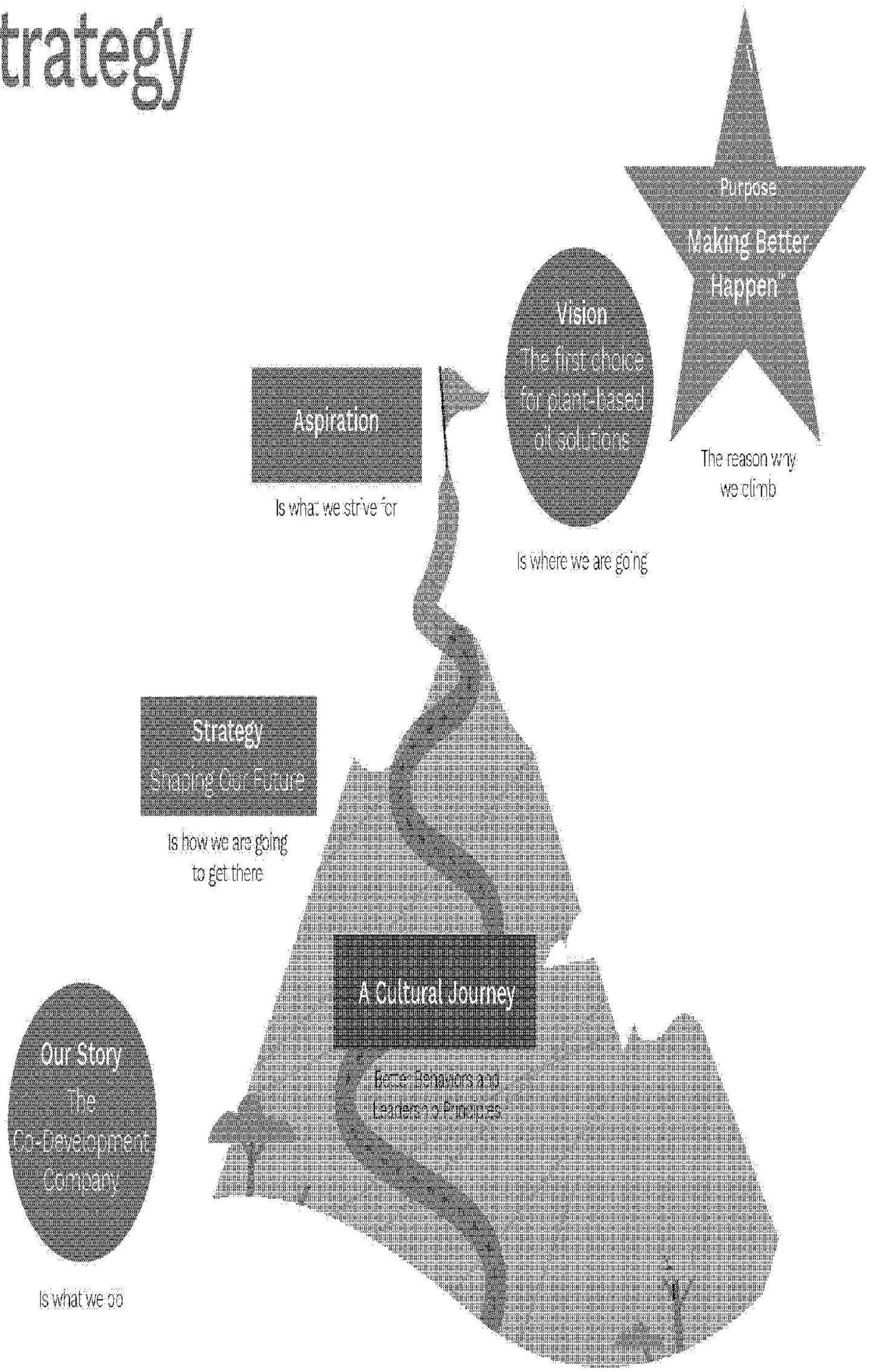
Executing our strategy

Continuous execution of strategic initiatives has delivered strong results and positions us well to reach our aspiration.

The aspiration is a milestone for our vision, purpose, and financial target – to achieve ten percent year-on-year average EBIT growth over time. Achieving this will benefit all stakeholders including our shareholders, customers, employees, and society. Moreover, it will position us well for long-term growth and further value-creating investment opportunities.

Multiple actions support our aspiration and AAK is progressing well. We have accelerated our plant optimization deep-dives and continued execution of better portfolio and price management practices, which has yielded results. In addition, our focused efforts on growth and innovation include our close to market innovation center capabilities, investments in positive impact and to drive sustainability improvements in our supply chain. We also invest in our culture with leadership development to empower and unleash the full potential of our people and make us well-positioned for the future.

Following the strong performance of 2023, there are still sizeable opportunities targeted in our aspiration and strategic plans ahead. Our portfolio strategy and our strategic actions across Industries make AAK well-positioned to continue driving value creation per kilo, growth and impact in line with our strategic aspiration.



AAK 2030 Aspiration

Double EBIT per kilo by investing in our speciality journey	Grow faster than the market average in our prioritized speciality markets	Earn recognition from our stakeholders for our increasingly positive impact

Our portfolio keeps us relevant

AAK's portfolio strategy targets and prioritizes high-value opportunities and optimizes our core business. Several milestones have been achieved during 2023 to realize our strategic aspiration. Each industry that AAK serves has its own strategy with different efforts and investment levels.

Acknowledging the market dynamics that characterize the end markets, AAK has defined four portfolio roles: "Invest in continued growth", "Bet for the future", "Optimize for value creation", and "Maintain and cultivate".

Invest in continued growth

Both Chocolate & Confectionery Fats and Special Nutrition & Health are specialized, consolidated markets within high-value oils and fats, in which spending per capita is expected to increase. AAK aims to strenthen its capabilities further to continue the strong performance in these industries.

During the year, AAK has continued to grow its operating profit in these markets, with continued strong demand for snacking and indulgence, as well as continued demand for premium infant formulas, even if the volume has decreased due to lower birth rates, showing resistance to a weaker economy. In Chocolate & Confectionery Fats, AAK has invested in new capacity and production capabilities and continued to innovate and launch products such as the premium cocoa

butter substitute compound CEBES™ Choco 15.
In Special Nutrition and Health, AAK continues to develop innovative health solutions. In September 2023, AAK was awarded a research grant together with Maastricht University, The Netherlands, to support a study aiming to mitigate type 2 diabetes and related health conditions such as obesity.

Optimize for value creation

Bakery, Dairy, and Foodservice are large and fragmented regional markets with a relatively lower share of speciality oils and fats solutions, yet with many sub-segments and regional pockets of high-value application opportunities. The AAK strategy is to optimize the portfolio mix and strategy to capture and grow the higher-value sub-segments effectively.

During the year, the dedicated portfolio mix optimization efforts have resulted in the strong development of the operating profit in Bakery and Diary, particularly in our Bakery business where we see positive effects from the optimization of the European Bakery business, as well as from our increased focus on higher-value sub-segments globally.

Bet for the future

With growing demand for more sustainable alternatives to animal-based fat in the food industry and for alternatives to petroleum-based solutions in consumer products and industrial solutions, AAK's bets for the future are within Plant-based Foods, Personal Care and Technical Products. These Industries are relatively small plant-based oils markets today but with expected high growth in the long term. The AAK strategy is selected early, but smart bets on capabilities required to capture future growth and value and help AAK's customers in the transition to more sustainable end-products and end solutions.

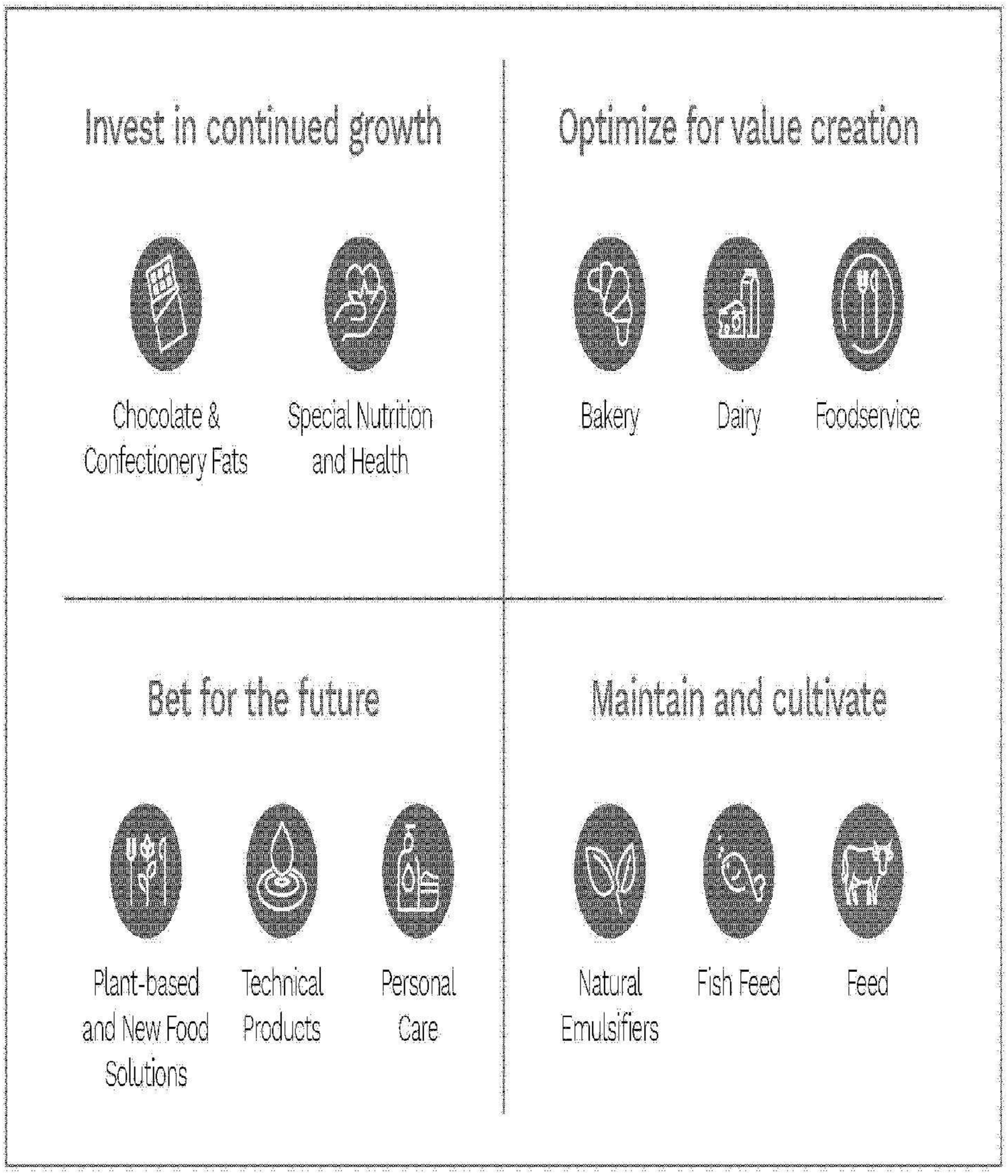
During the year, AAK has continued to help customers innovate more plant-based food through our innovation centers, engaging with start-ups and leading industry partners to explore new food solutions. In October 2023, AAK co-hosted a MISTA innovation session called "Growth Hack" to help accelerate sustainable solutions.

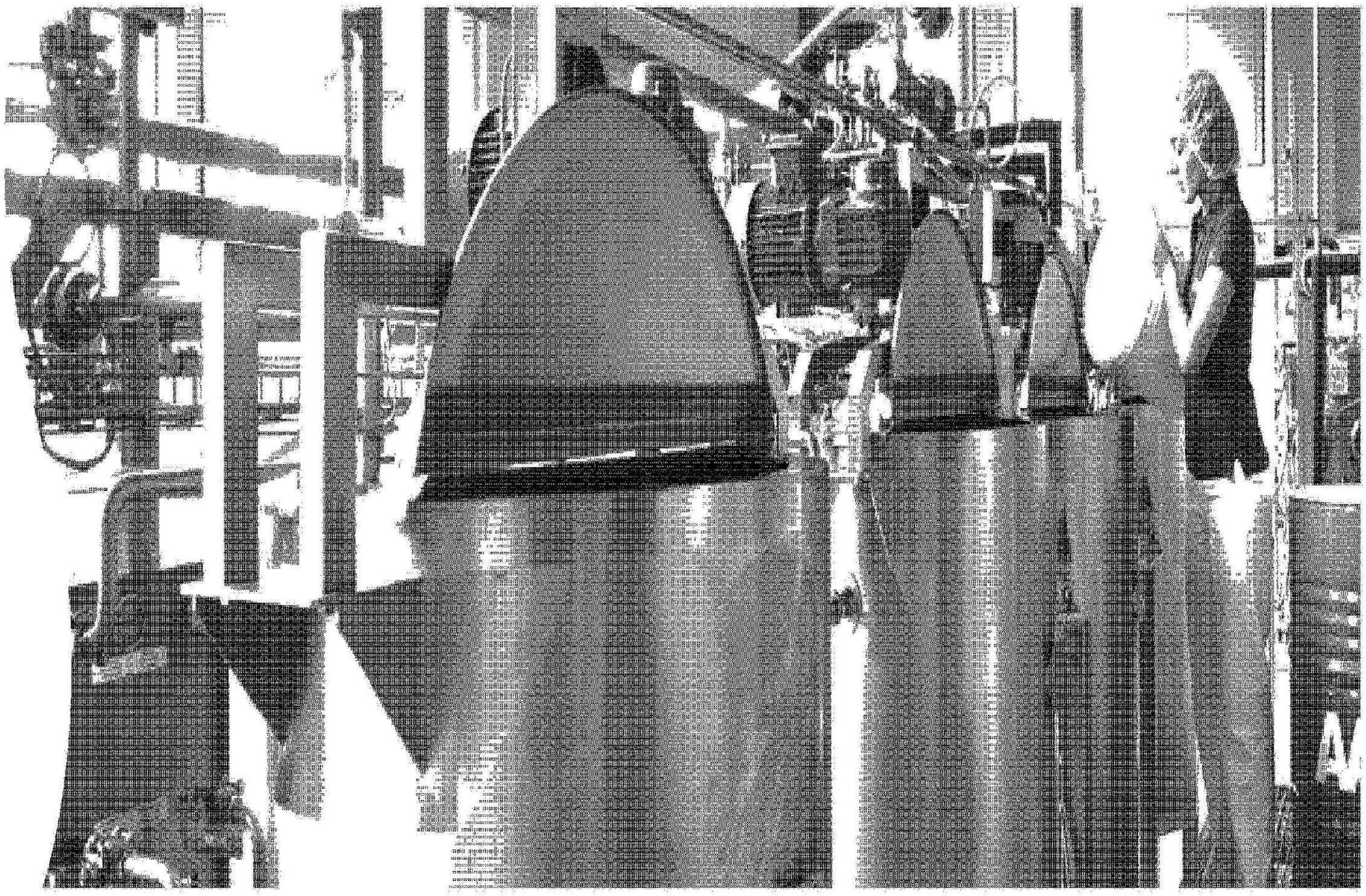
AAK continues to gain recognition for AAK's leadership position in the transition to more sustainable materials in Personal Care, and was in October 2023 named the winner of the Sustainable Beauty Award in the Sustainability Pioneer category. In Technical Products AAK has initiated global strategic initiatives that will drive long-term growth, with a strong focus on the global Candles industry in the short term, but also initiated the development of several new technical application opportunities to pursue with existing technology, where there is a high shift expected towards plant-based oils and fats solutions.

The weakened economy impacts consumer behavior and end-market demand in Plant-Based Foods, Personal Care and Technical Products, yet we have shown double-digit EBIT growth both in Plant-based Foods and Personal Care the past year.

Maintain and cultivate

We will continue to grow and develop regional strongholds in the "Maintain and cultivate" section of our portfolio. For example, we continue to develop our value propositions and capabilities in Natural Emulsifiers. Meanwhile, in Feed and Fish Feed, we serve the market with strong value propositions and abilities connected to regional market opportunities.





M&A remains prioritized

Our mergers, acquisitions and venture activities are important enablers for our portfolio strategy. During 2023, our M&A opportunities have been mapped systematically. This allows us to prioritize strategic actions to further strengthen our position in certain regions and end markets. We have a strong starting point and correspondingly high ambitions for the future.

To execute strategic initiatives and strengthen our technology capabilities and platform, M&A remains an important tool for us. We work systematically with acquisitions and target lists connected to our aspiration. Our ambition is to do this through industry-shaping M&A and additional bolt-on acquisitions, complemented by greenfield investments where current market capacity or M&A target availability is limited.

Commitment to innovation and venture

We will remain at the forefront of the food industry innovations by engaging with innovators and start-ups. We expect to focus on investments in disruptive F&O technology within: fermentation, cultivation, and Power-to-X. In the past year, our commitment was underlined by AAK's investment in Big Idea Ventures new fund, focused on the development of alternative proteins, ingredients, and fats. This partnership allows us to engage with pioneering innovators and start-ups and bring innovation to our organization.

Journey toward higher value and impact

As a Multi-oil Ingredient House on a strategic journey toward higher value and impact, AAK is well-positioned for the underlying trends we see in the market. With our multi-oil capabilities, well-anchored strategy, comprehensive product portfolio, and agile organization, we stand strong and see continued growth opportunities ahead. We are committed to Making Better Happen™.



Making better careers happen

In the dynamic and decentralized landscape of AAK, our narrative evolves through the diverse stories of individuals who share a sense of ownership and pride in AAK's positive impact. Together, we are passionate about our purpose Making Better Happen, and proud to be part of a workplace where health and safety, equality, diversity, and inclusivity are priorities.

Diversity and inclusion

A diversity of backgrounds and perspectives is key to spark innovation. By bringing together a variety of experiences, we cultivate a creative environment that encourages fresh ideas and problem-solving to generate efficient and innovative solutions and long-term success. In 2023, we rolled out the global e-learning training "Global Diversity and Inclusion" to all our colleagues, available in ten languages.

AAK is committed to attracting, developing, and retaining strong candidates to drive innovation and create an inclusive and trusting environment for long-term success. AAK employs 59 different nationalities, of which six are in our Executive Committee. We continuously work to increase the gender balance. During 2023, 43 percent of newly appointed leaders were female.

Enabling the well-being of our people

Enabling people's health and well-being is a core commitment and fundamental to our company identity. Through supportive policies and a nurturing work environment, we prioritize work-life balance and provide avenues for professional development. AAK actively promotes physical and mental health awareness, fostering a collaborative culture where the goal is that every member of our family feels valued and supported. Our global well-being program AAKtivate includes four pillars: physical health, nutrition, medical health, and mental health. We are also introducing AAKulture, an investment to promote cross-functional and culture-enhancing activities.

We work hard to become a zero-injury workplace. In 2023, we reported a Lost Time Injury Rate (LTIR) at our production sites of 0.28, a slight increase compared to 2022.

People engagement key to people development

When people are involved, motivated, and encouraged to contribute, they not only enhance their skills but collectively advance the growth and success of our company.

To drive engagement, we partner with the Great Place to Work Institute™. This includes certifying AAK entities as Great Place to Work and conducting regular pulse surveys to ensure we fulfill our commitments. In 2023, 13 out of the 15 countries were eligible for the Great Place To Work certification, including India, China, Malaysia, Uruguay, Colombia, Brazil, Ghana, Mexico, Benin, Burkina Faso, Denmark, USA, and Turkey.

During 2023, we used Great Place To Work for our recurring people engagement survey. An 87 percent response rate gave us great feedback. Three of the highest-scoring survey statements refer to fairness – being treated well regardless of sexual orientation, race, or gender. This is a direct result of our focused work on diversity and inclusion. Our ambition for 2030 is to raise our inclusion index rate from today's 87 percent to 95 percent.

Unlocking the potential by enhancing our culture

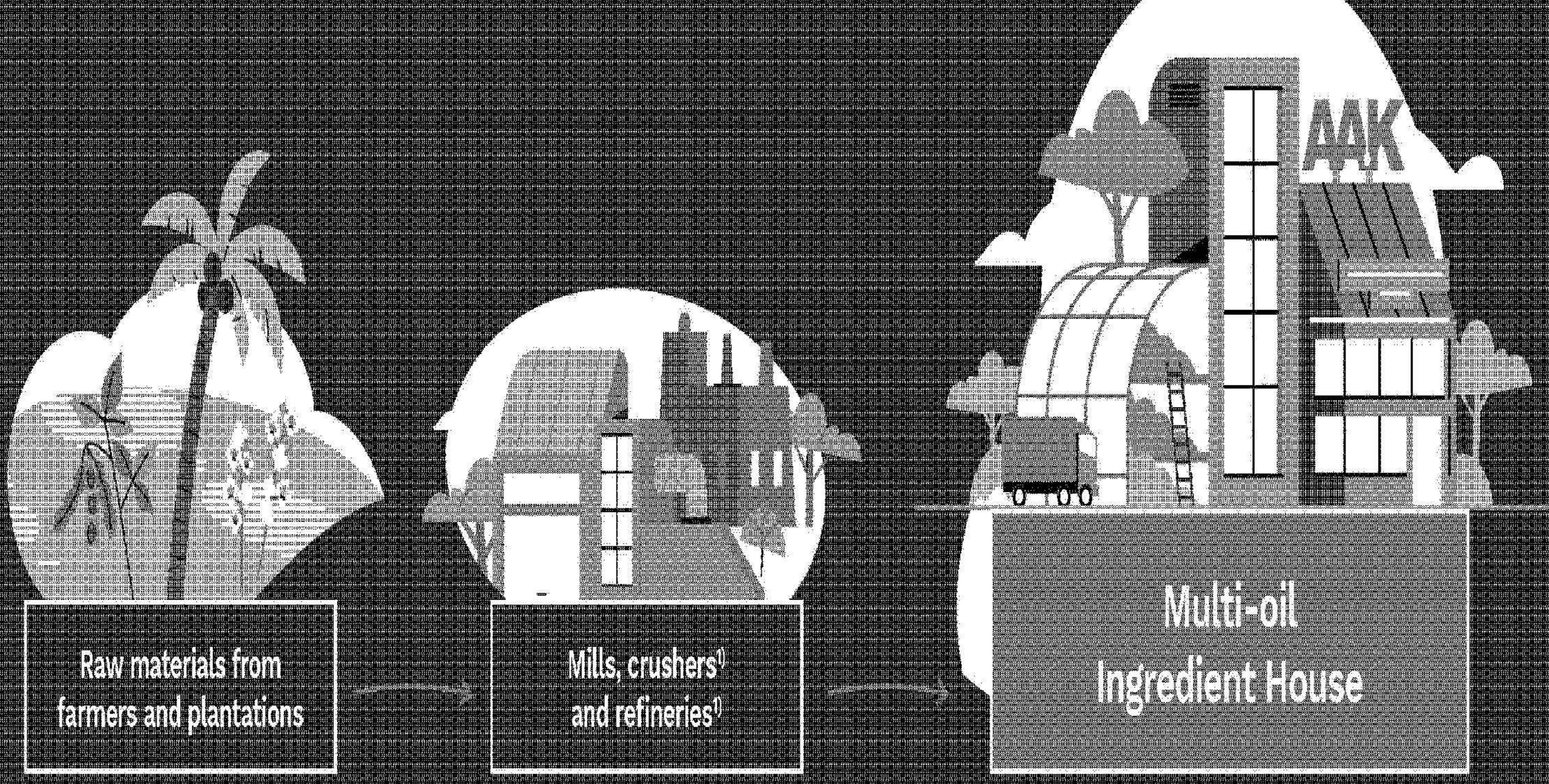
During 2023, we embarked on a journey to strengthen our culture. To get a good understanding of our current culture, we conducted assessments through our regular engagement survey Great Place To Work, a network analysis and anthropologist interviews and fieldwork. The findings focused on finding patterns of our strengths and weaknesses to create a strong, cohesive culture across AAK.

Investing in our culture is about the long-term health of our company and people, establishing an even more resilient and agile organization, and continuing to attract and retain strong candidates. We aim to unlock the potential of our people, meet new demands, deliver on our aspiration, and live our purpose of Making Better Happen™ as individuals, teams, and collectively as a company.



Our Better Behaviors and high ethical standards guide our decisions and actions.

AAK in the value chain



1) Crushing and refining is performed by AAK for selected raw materials

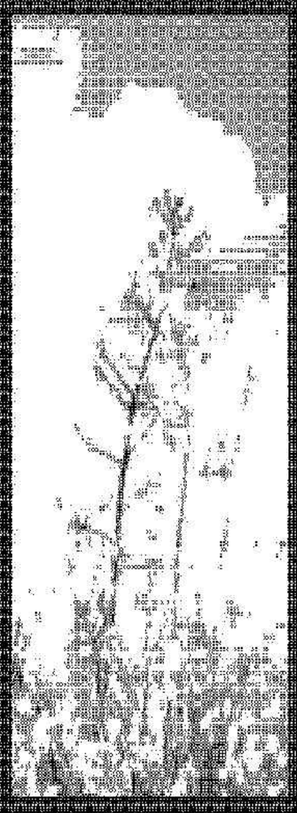
AAK – A Multi-oil Ingredient House

AAK offer a diversified portfolio of oils and fats. Utilizing our extensive expertise, innovation knowledge and many years of experience, we constantly strive to improve our close-to-customer positioning through new and explorative technologies.

Fat an essential food ingredient

Global demand for food is expected to increase significantly in order to feed a growing population, and fat is an essential food ingredient for humans. Nutritionists recommend that ~30 percent of our daily calorie intake should come from fat with an emphasis on achieving a balanced ratio between saturated and unsaturated fat, where unsaturated fat is considered healthier. Found in every cell in the body, fat is an important energy source, vital for cell function and hormone production. Moreover, body fat acts as an insulator and plays an important role in organ protection.

Precise combinations of oil and fat ingredients create specific sensory experiences like the smoothness of a piece of chocolate, the juiciness of a plant-based burger, or the stickiness of a barbecue sauce.



Rapeseed oil/ Canola oil
Northern and Central Europe, Canada, United States, Australia, and China



Palm oil
Asia, Mexico, Central and South America



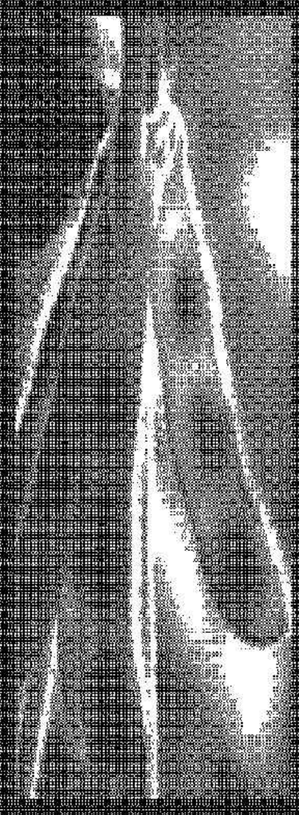
Palm kernel oil
Asia, Mexico, Central and South America



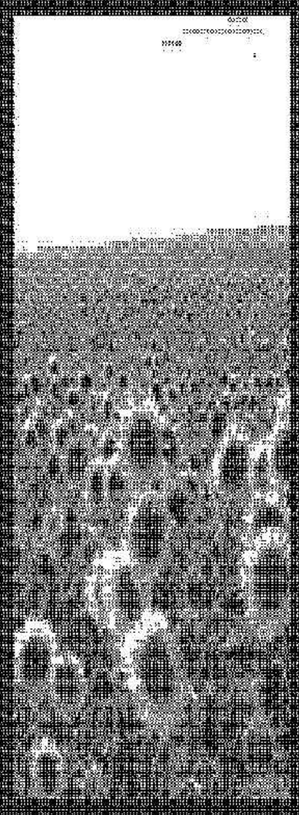
Shea kernels
Western Africa



Coconut oil
the Philippines, India, and Mexico



Soybean oil
United States, South America, and Asia



Sunflower oil
United States, Europe, and Argentina



Additional oils
Corn, Avocado, Mango, Grape, Sesame, Sal, Illipe, and Safflower, among others

Share of volumes in metric tons

AAK

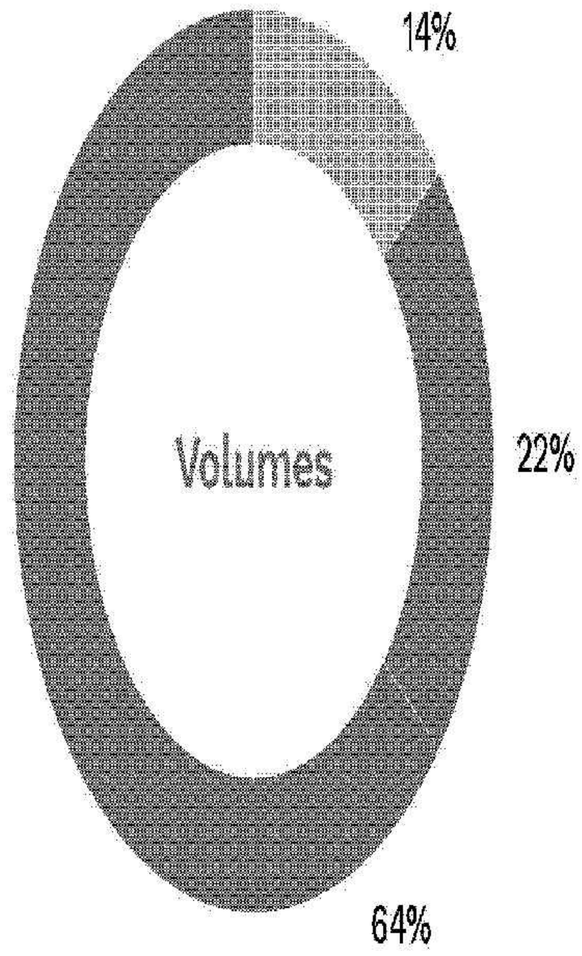
Our business areas



Food Ingredients

Our largest business area provides solutions to the bakery, dairy, special nutrition, plant-based, and foodservice industries.

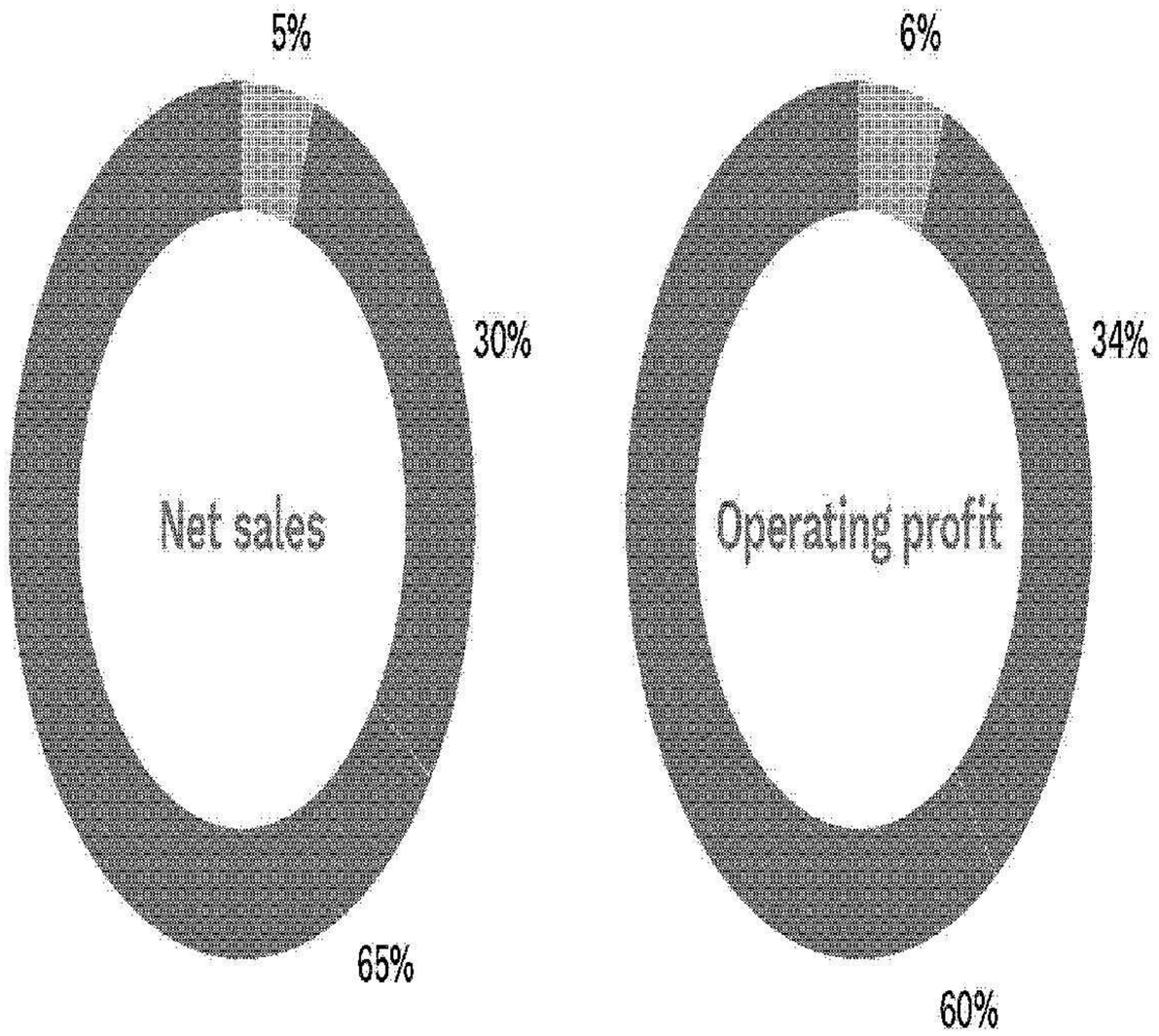
Bakery · Dairy · Plant-based Foods · Special Nutrition · Foodservice



Chocolate & Confectionery Fats

Primarily serves manufacturers of chocolate, spreads, and fillings products as well as our customers in the personal care industry.

Chocolate and confectionery · Personal Care



Technical Products & Feed

AAK provides a growing range of specialized solutions, responding to an increased demand for natural ingredients, sustainability and to replace fossil based ingredients.

Technical Products · Feed

Food Ingredients · Chocolate & Confectionery Fats · Technical Products & Feed

Business area:

Food Ingredients

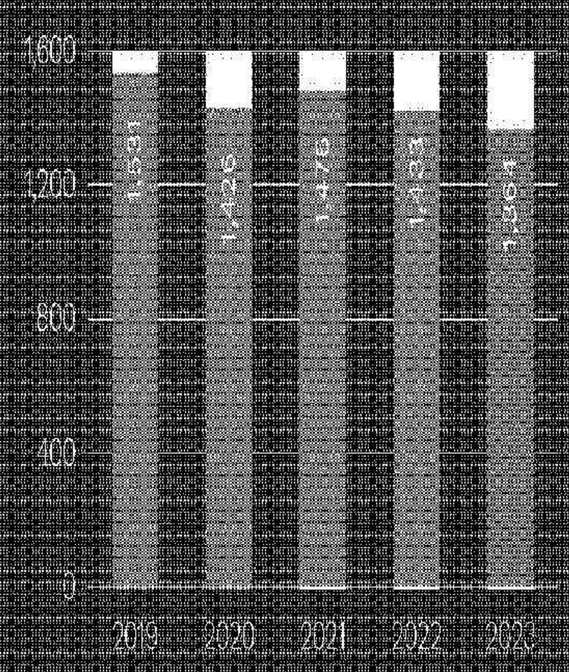
Strong profit growth, continued focus on speciality solutions

Food Ingredients delivered a strong year in 2023, with operating profit growing by 47 percent, primarily driven by the segments Bakery, Special Nutrition, and Dairy. Volumes were impacted by the ongoing optimization program in Bakery with a continued focus on portfolio and price management, prioritizing speciality solutions. Dairy volumes increased, while volumes for Special Nutrition were down mainly because of declining birth rates in China. In Foodservice, volumes declined due to soft performance in Europe.

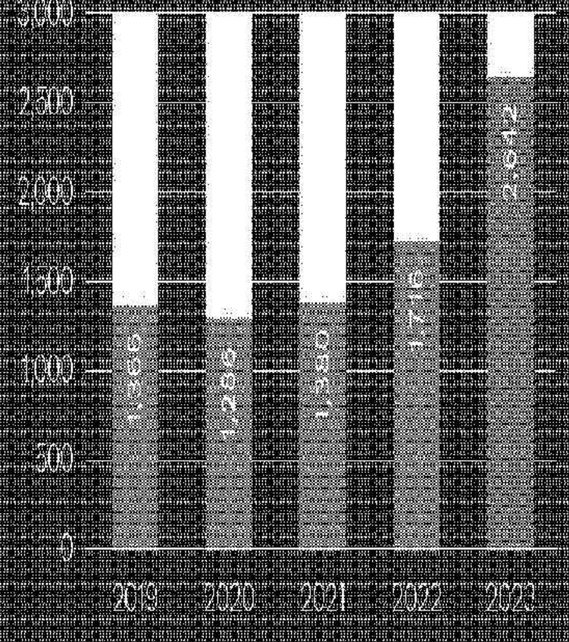
	2019	2020	2021	2022	2023
Volumes, thousand tons	1,531	1,426	1,476	1,433	**1,364**
Operating profit, SEK million[1]	1,366	1,286	1,380	1,716	**2,642**
Operating profit per kilo, SEK[1]	0.89	0.90	0.93	1.20	**1.94**

1) Excluding items affecting comparability (IAC)

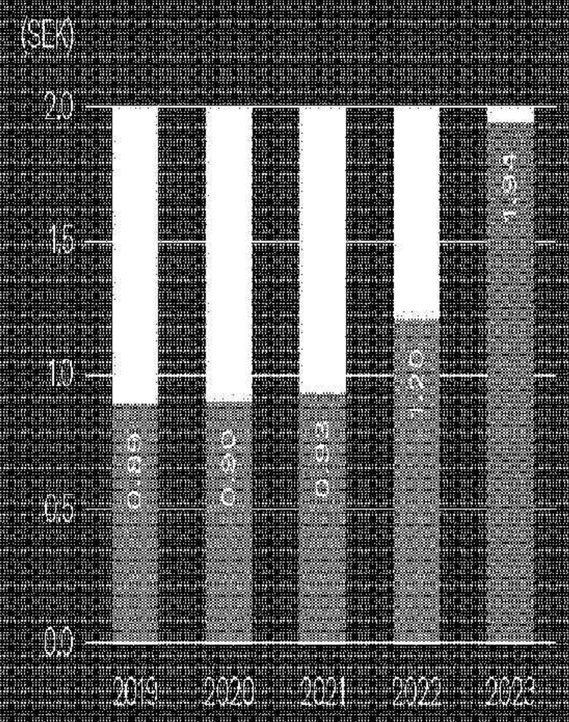
Volumes
(64% of Group total)
(Thousand tonnes)



Operating profit[1]
(60% of Group total)
(SEK million)



Operating profit per kilo[1]
(SEK)



Business area: Food Ingredients

Bakery, Dairy and Plant-based

Our segments Bakery and Dairy performed strongly throughout the year. Our strategic direction led us to improved profitability. The Bakery segment has ongoing optimization activities to strengthen our production footprint and product portfolio. In Dairy we have seen solid growth, especially for our European and American businesses.



Continued pressure on disposable income and climbing interest rates throughout the year impeded growth in the global plant-based market. Many consumers migrated to more cost-effective options away from the often-high-priced plant-based meat segment.

Trends

Rising cost of living and climate concerns have a high impact on consumer choices. Consumers are taking a more holistic approach to ensure a healthier, safe and more sustainable, yet affordable, lifestyle, but still and always with great taste.

In Europe, sustainability is the primary factor with approaching deforestation regulations, while healthy and natural qualities are top concerns in the Americas.

The perceived overprocessed nature and subordinate health benefit of plant-based foods is still being pushed by critics. To confront this challenge, plant-based manufacturers focus on fewer ingredients, and reduced saturated fat levels to complement the already zero cholesterol attributes of vegetable oils and fats. AAK is well-positioned to address this need in a vast array of different applications.

Future growth opportunities

A primary focus is improving the taste and texture of plant-based products. Our flagship brand in this area, AkoPlanet, is now available in all our regions worldwide.

Through our affiliation with MISTA we collaborate with leading global ingredients and consumer goods manufacturers to create better-tasting, better-for-you, sustainable food products. In Q4 2023, we hosted and facilitated a multitude of novel oil and fat start-up companies to optimize the full potential of their products, derived from innovative sources including precision fermentation, algae, cellular, CO_2, and others.

We see strong synergies and opportunities across our industry portfolios. A good example is the new product launch of CEBES Choco 15 for the "ChocoBakery" segment, a combination of the worlds of confectionery and bakery.



AAK supports the dairy and ice cream industry with great sensory solutions, a huge challenge to resolve to succeed replacing milk fat. Our co-development solutions contributes to meeting customer requirements of a healthier, more sustainable pizza topping, a more sustainable ice cream, or a tasty and healthier easy-to-spread butter blend to launch to the market.

Going forward our focus is to enable cost-efficient and value-adding solutions in products where milk fat is fully or partly replaced with plant-based oil solutions to enable more hybrid and plant-based dairy products.

Business area: Food Ingredients

Foodservice

With more than 500 different speciality oil ingredients, condiments, sauces, dressings, and ingredients for food service operators, wholesalers, and retailers across market-leading brands and private label products, our Foodservice organization had a stable performance in 2023.

Trends

Health, sustainability, "nostalgia", and world cuisine are trends that continue to influence our customers' menus and category offerings. Menu innovation focuses on classics reimagined and menus to transport consumers to other cultures. We have a strong focus to drive our product-building strategy to deliver solutions to meet these trends.

To support healthier home cooking and provide solutions to the growing trend of air fryer cooking, we have launched Air Fryer spray oils in the UK market and are now expanding into export markets.

Our packaging strategy is continuously developed to provide better packaging solutions for our customers. The ongoing plastic packaging initiative to move all PET packaging formats across all European sites to contain a minimum of 30 percent food-grade recycled material has progressed well and is at the end of 2023 around 80 percent complete.

Future growth

Rising cost and squeezed household budgets have influenced the eating-out market. Whilst hospitality leaders are cautious, they remain positive for future growth as cost-of-living pressures are forecasted to ease in 2024, contributing to stronger discretionary spending power for consumers.

Co-development solutions are key to new business in the retail market and leading restaurant brands. We will continue to invest in driving key strategic initiatives around product bundling, value-adding customer co-development, and market-leading brands to drive efficiency and market growth. A good example is our continued growth of the Lion brand.



Business area: Food Ingredients

Special Nutrition

AAK provides tailor-made speciality lipids solutions for Early Life Nutrition, Lifestyle Nutrition, and Medical Nutrition. 2023 was a challenging year for the global Infant Nutrition market. Volumes in China declined, mainly driven by continued lower birth rates, and we had relatively flat development in other regions.

Domestic producers in China have gained market share, and this has impacted the export business of European and Australia/New Zealand based manufacturers. Customers have announced consolidation of their infant formula manufacturing footprint in Europe due to declining export volumes to China over the last few years.



On the other hand, challenges in the raw material supply chains have been less severe than last year. The decline In raw material and energy costs, together with a focus on operational optimization and pricing has impacted operating profit positively in 2023. The Medical Nutrition market has been more stable, and AAK continues to grow this business together with our key customers.

Using our co-development approach, most solutions within Infant Nutrition are customer-specific sustainably and ethically sourced multi-oil blends. These are part of a product portfolio that also includes single oils and high-value specialities such as algae-based DHA, ARA, OPO (INFAT), Egg Phospholipids, and Lecithin.

Our specialized GMP-factory in Sweden supplies GMP-approved oils for Parenteral Nutrition and from our facility in India we offer a range of lipid excipients for pharmaceutical use. We strive to continuously add relevant, high-value components to extend the product range and enable the pursuit of new growth opportunities. In 2023, we have seen the addition of the ARA product range, a key ingredient for Infant Nutrition. We are expecting new concepts from our pipeline to be launched during the next years.

Trends

Lipids are increasingly acknowledged for their nutritional importance. We continue to invest in research to explore health benefits beyond infant nutrition.

There is a strong desire among infant formula manufacturers to mimic mother's milk and it is our vision to offer ingredients that can support our customers on that journey. The legislative requirements related to contaminants are becoming increasingly demanding requiring extra focus and investments within our sourcing and operations activitites.



The coming EU deforestation regulations, effective from January 1, 2025, are expected to impact the availability and cost of raw materials used in some of our Special Nutrition and health products. We are therefore fully committed to identifying and implementing the required mitigations to continue to serve our customers.

Future growth

In a highly competitive infant nutrition market with stagnant growth, we expect that innovative, sustainable solutions and reduced costs will be the differentiators needed to optimize and succeed. Our focus is on growing the broader nutrition area by bringing innovations to the global market and increasing our presence in selected regions. In addition, we aim to retain our market leadership in Infant Nutrition and increase our presence in Lifestyle Nutrition, Medical Nutrition, and pharmaceutical applications.

Business area:

Chocolate & Confectionery Fats

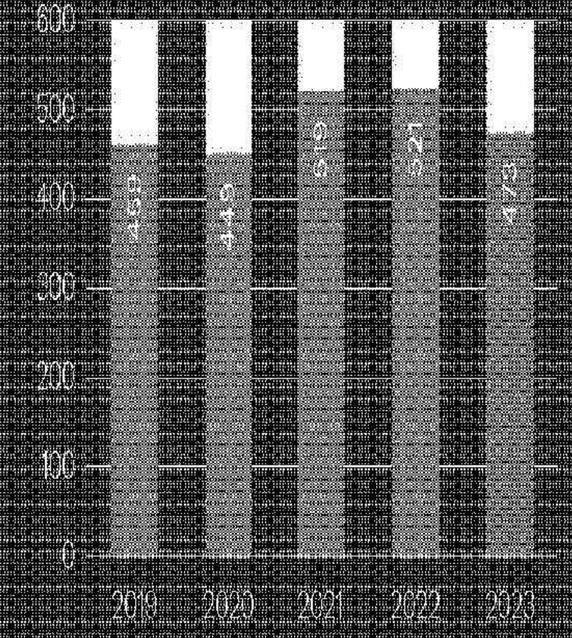
A great year fueled by our unique position in the market

AAK's leading position among global and regional chocolate & confectionery manufacturers continued during the year, with strong demand for our expertise and innovative solutions. Overall demand for chocolate & confectionery products enabled strong business growth in both operating profit and operating profit per kilo, driven by a continued focus on plant-based solutions, productivity improvements as well as more portfolio and price management.

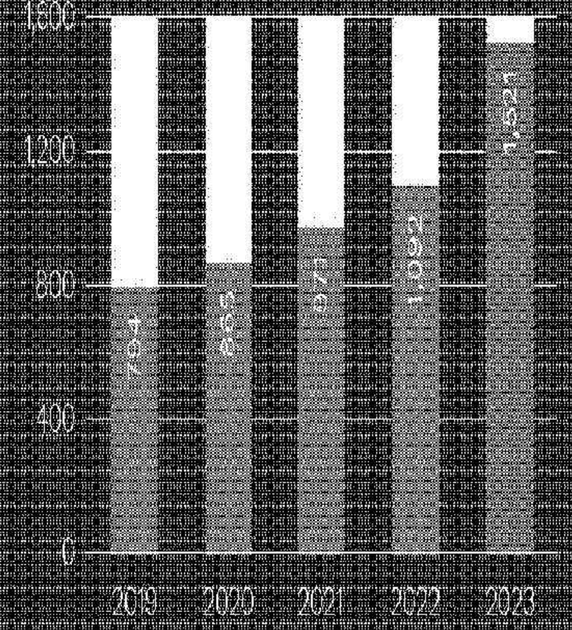
	2019	2020	2021	2022	2023
Volumes, thousand tons	459	449	513	521	**473**
Operating profit, SEK million[1]	794	865	971	1092	**1,521**
Operating profit per kilo, SEK[1]	1.73	1.93	1.87	2.10	**3.22**

[1] Excluding items affecting comparability (IAC)

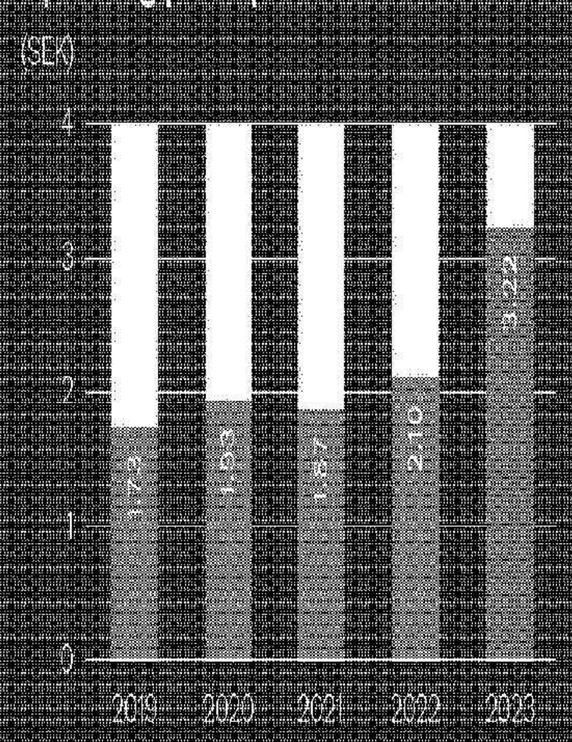
Volumes
(22% of Group total)
(Thousand tonnes)



Operating profit[1]
(34% of Group total)
(SEK million)



Operating profit per kilo[1]
(SEK)



Business area:
Chocolate & Confectionery Fats

Chocolate & Confectionery Fats

AAK's plant-based multi-oil solutions together with a deep technical expertise, form our unique co-development environment which generates value for our customers, the chocolate & confenctionery manufacturers. To stay relevant in the market, our customers seek affordable indulgence solutions in combination with our know-how through AAK Academies, webinars, and tailored innovation seminars have helped meet these demands.

Trends

During the year, consumers have stayed true to snacking, with awareness of how their choices have an impact on health and the environment. We have focused on meeting the demands of products for vegan, optimized use of sugar, or chocolate-like products with ingredients replacing cocoa but still providing a pleasant chocolate taste.

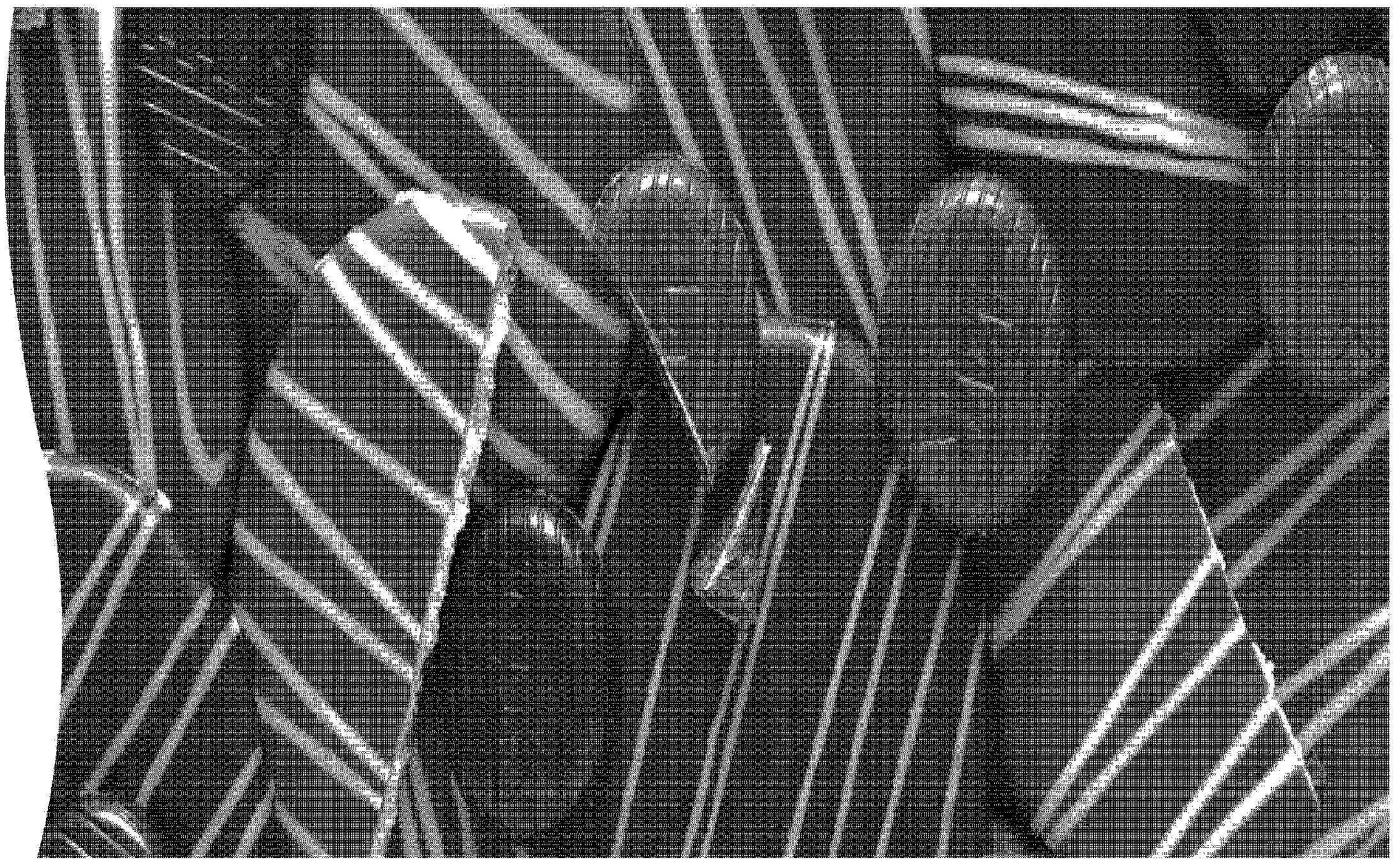
Also, the use of chocolate in bakery, our "Choco-Bakery" products, performed well during the year with more products launched. The price volatility of different raw materials (e g Cocoa, Sugar, etc.) kept a continued demand for affordable indulgence in the chocolate & confectionery market.

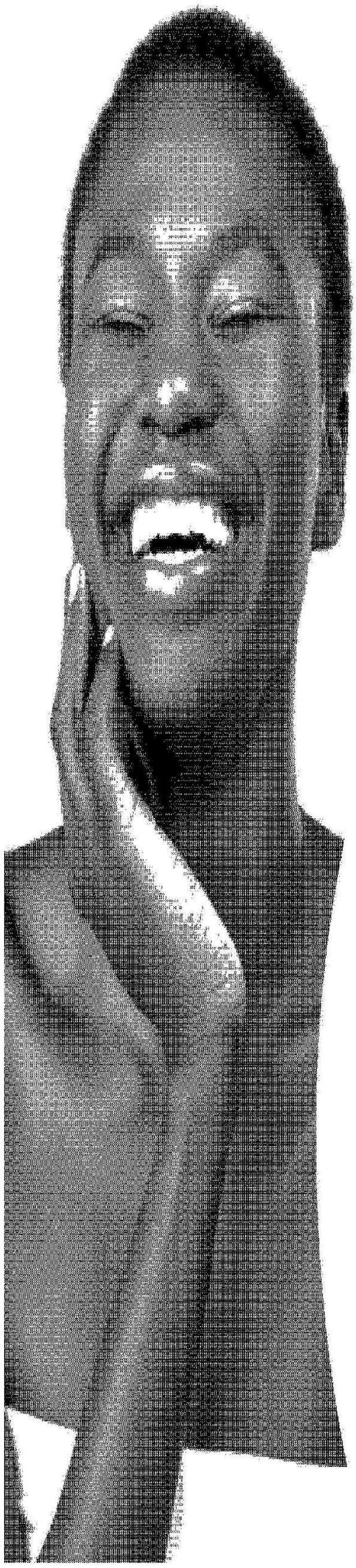
The demand for affordable premium products remained during the year. Our launch of the solution CEBES™ Choco 15 was well received. This innovative solution was also named as a finalist in the Food Ingredients Europe Awards, highly commended for its sensory innovation properties. A good example of AAK's commitment to continuously improving serving compounds demand in the world. CEBES™ Choco 15 is a premium cocoa butter substitute (CBS) that facilitates unprecedented levels of cocoa in chocolate compounds for enhanced taste.

Future growth

AAK has proactively talked to consumers in 14 countries to better understand why they buy chocolate, in order to get proprietary insights for differentiating the oil ingredients and help drive the purchase decision.

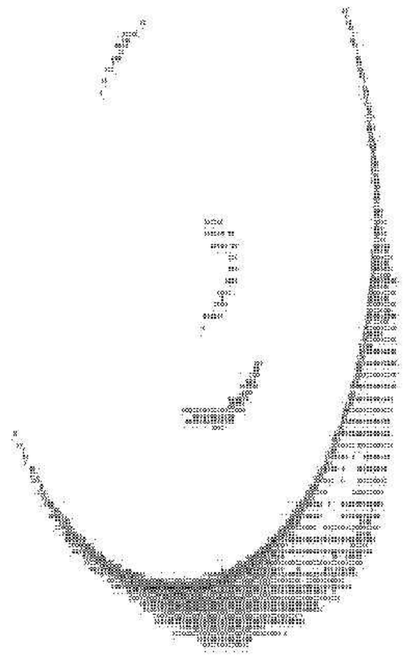
Consumers eat chocolate for pleasure and enjoyment. Therefore, the perception of great taste is the most important reason to buy a bar of chocolate. AAK strives to further improve its position as an innovative, reliable, and trusted value creator for the customers we serve, and ensure that the products consumed contain our functional, sustainable multi-oil solutions.





Business area:
Chocolate & Confectionery Fats

Personal Care



AAK serves all beauty customer categories, from local niche start-ups to multinational brand leaders. Our deep understanding of lipid chemistry and advanced technological know-how have enabled the development of a portfolio of sustainably sourced, plant-based emollients, expertly processed for optimized functionality and sensory appeal. We also offer new opportunities for formulators to develop natural, eco-conscious beauty products.

AAK's plant-based emollients are sustainably sourced and developed primarily for skin care applications, very distinct from synthetic-, animal-, or fossil-based raw materials. The emollients are preferred for the properties they bring to the end formulations used in face, body, and sun care products. They are also used for hair care, make-up, deodorants, and wet wipes, as well as diaper coatings to help protect sensitive baby skin.

Trends[1]

The expanding population with increased spending power in emerging markets, as well as an aging, active, and health-oriented demography in mature Western economies support the industry's global volume and value growth. Increasing environmental concern and awareness of inequalities drive consumer demand for cosmetic products based on renewable and sustainably sourced ingredients with strong environmental and social credentials.

AAK adds value by helping customers with supporting branding packages for our shea, canola, and coconut emollients to use in their communication. This is further strengthened by several third-party accreditations, such as Rainforest Alliance, COSMOS, NATRUE, and Vegan Society certification.

Sustainable and responsible

Ethical sourcing, traceability, and responsibly processed ingredients and products remain highly relevant for personal care consumers and cosmetic manufacturers. Furthermore, minimizing the carbon footprint across the value chain is becoming increasingly important to our customers. In response to their needs for communicating sustainability commitments and documenting progress and achievements, we are sharing impact assessments in our canola and shea supply chains, including identified hot spots and initiated actions for continued improvement.

Future growth

Consumer pressure, and corporate support and commitment to the UN's 2030 Sustainable Development goals continue to positively influence the attractiveness and use of sustainably sourced and processed bio-based ingredients in cosmetics. In addition, veganism is rapidly evolving into mainstream cosmetics – an area where AAK can further leverage with our plant-based offerings.

[1] Source: Vegan Cosmetics Market (fortunebusinessinsights.com)

Business area:

Technical Products & Feed

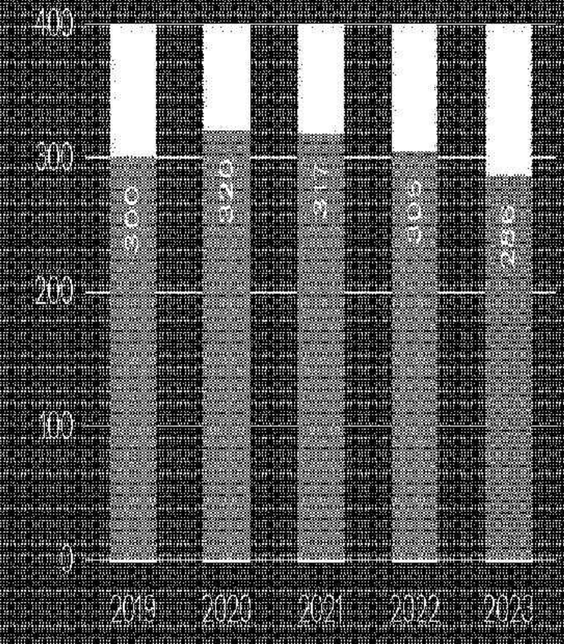
A challenging year with declining volumes

The Technical Products & Feed experienced a rather challenging year with declining volumes, but with a positive development of the candle wax business in Europe and a significant positive tailwind of biofuel by-products due to high energy prices. Demand for Feed products remained strong. We navigated the challenging environment and managed to stay ahead of inflation and surging energy prices.

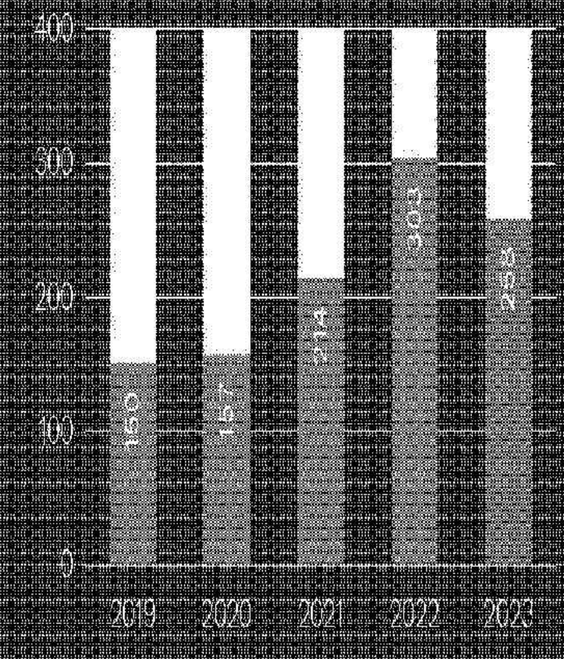
	2019	2020	2021	2022	2023
Volumes, thousand tons	300	320	317	305	**286**
Operating profit, SEK million[1]	150	157	214	303	**258**
Operating profit per kilo, SEK[1]	0.50	0.49	0.68	0.93	**0.90**

[1] Excluding items affecting comparability (IAC)

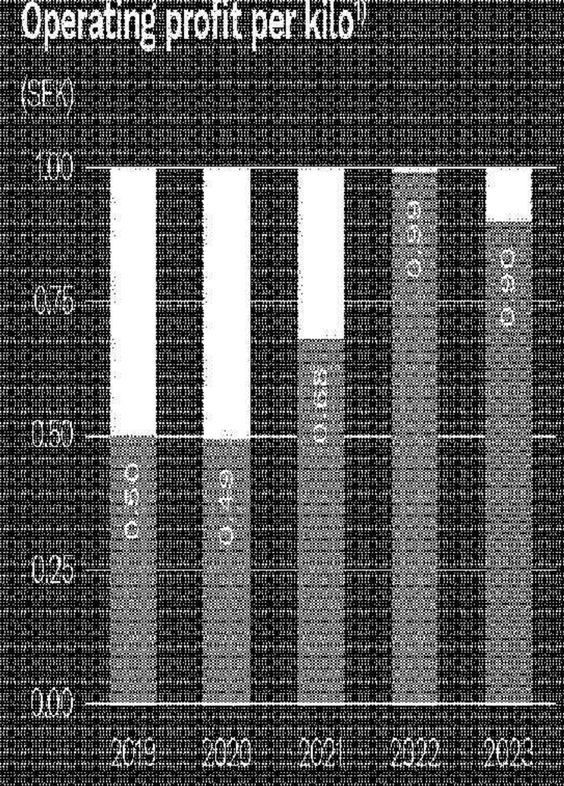
Volumes
(14% of Group total)
(Thousand Tonnes)



Operating profit[1]
(6% of Group total)
(SEK million)



Operating profit per kilo[1]
(SEK)





Business area: Technical Products

Technical Products

AAK offers refined fatty acids and glycerin to a wide range of technical industries, and plant-based solutions to the candle industry.

Trends

The trend to use more natural waxes in the candle industry, replacing fossil paraffin, is still strong, although 2023 was a challenging year with decreased demands from both industries like rubber and plastics as well as from consumers due to the ongoing recession.

We remain confident that the transformation from a fossil-based economy to a bio-based economy in Europe will be positive for our natural waxes and oleochemicals business in the medium- and long-term perspective.

Future growth

We strongly believe in developing sustainable candle waxes to replace non-renewable alternatives and will continue to focus on creating more opportunities in this segment to build a better pipeline for future growth. We will also expand our efforts and explore opportunities to replace fossil materials in other technical industries.

The main challenge in 2024 lies in preparing ourselves for the implementation of the European Deforestation Regulation (EUDR), which sets new, extensive requirements on traceability and due diligence for materials of palm and soy origin. Assuring compliance and business continuity will require tremendous efforts from all functions connected to our European business.

Business area: Technical Products

Feed

AAK supplies ExPro³, a rapeseed meal with high protein quality for ruminants, and an innovative soybean meal replacer. As most soy feed is based on GM soy, non-GMO products are sold as a premium product. ExPro® has the potential to completely replace soybean meal in most feed rations. Besides being non-GMO, it has an exceptionally high share of bypass protein and is guaranteed salmonella-free. This makes ExPro³ an increasingly popular choice and a more cost-efficient alternative. We also supply bypass fats, used in dairy cattle feeds to increase milk yield and simpler liquid fats.

Trends

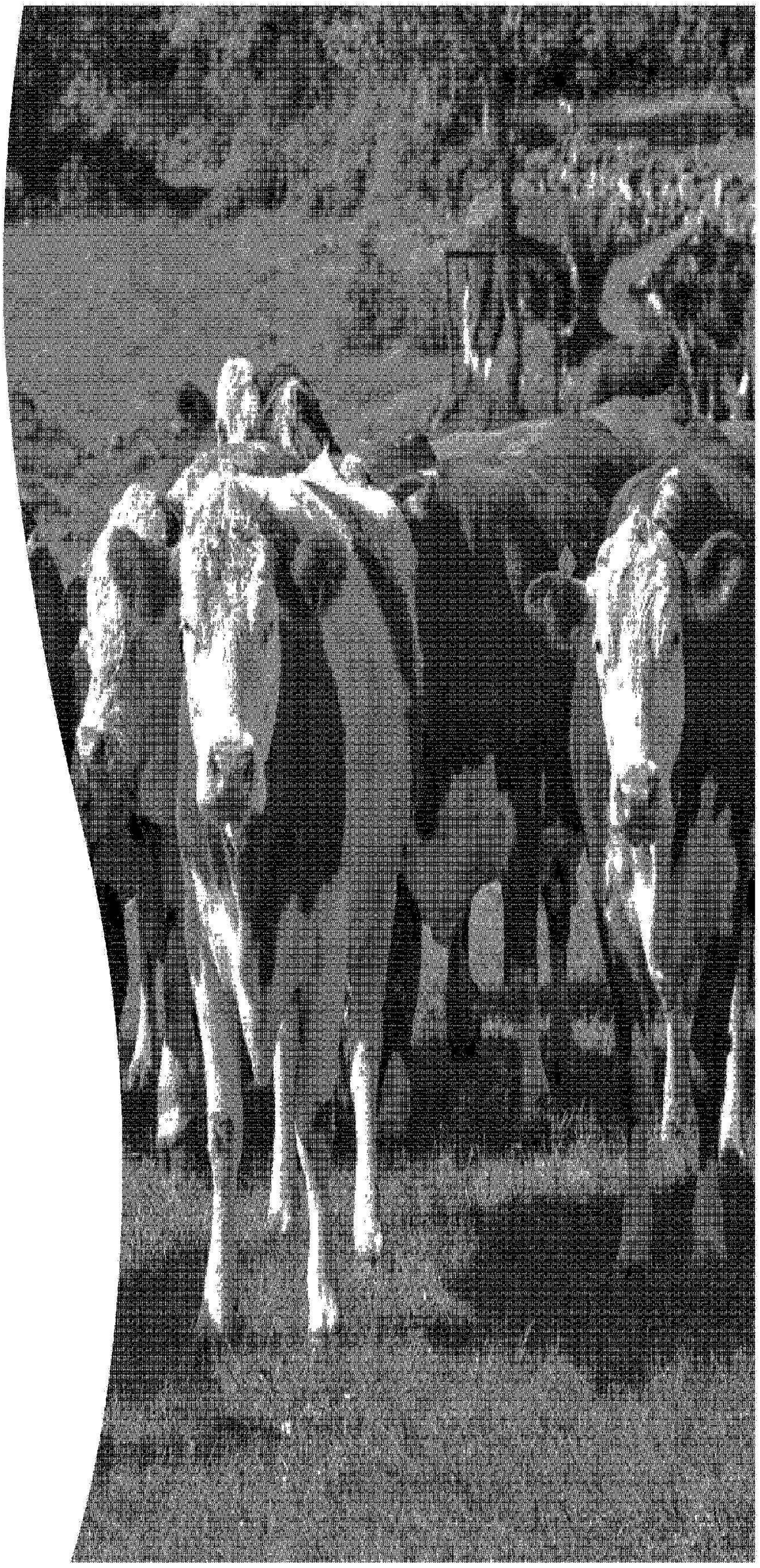
We see increasing consumer demand for sustainably produced feed rations. This demand has been less prominent in the price-sensitive animal nutrition area but is now catching up.

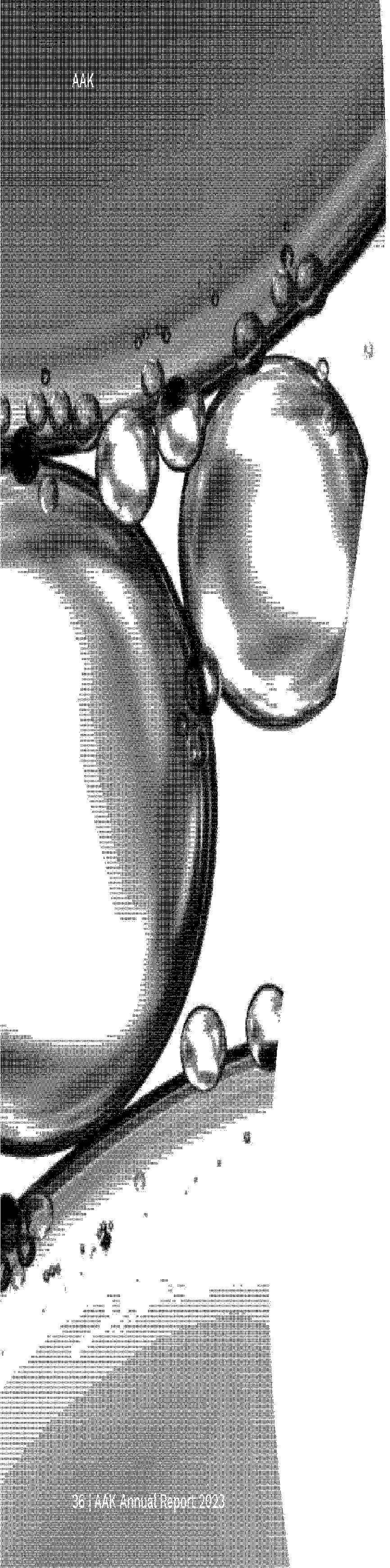
The consolidation into fewer and larger farms is expected to continue. Farms tend to produce their own feeds, and demand is turning to more concentrated feed products. These farms require smaller volumes of higher quality, containing more protein and energy. In addition, we see an increase in customers turning to non-GMO feeds.

Future growth

In 2024, we will focus on managing the potential impact of the coming new EU deforestation regulation. We will make necessary adjustments and actions to assure compliance partly by re-formulating and developing new products already in the pipeline.

Our rumen-protected fats will continue to grow in the Nordics. We foresee the potential to replace products that may be difficult to import into EU due to the new EU deforestation regulations.





Risks and risk management

As a leading supplier of plant-based ingredients for food and technical products, we are well positioned to manage risks and deliver value – something we have proven in recent, volatile years. Although we expect continued high inflationary pressure and a demanding macroeconomic environment, we see no reason to adjust our view on the strong favorable underlying long-term trends in our markets. Thus, we remain prudently optimistic about the future and are fully committed to Making Better Happen™.

AAK's operations are constantly exposed to risks, threats, and external factors that can impact the company. With a proactive approach to business intelligence, we aim to anticipate changes in factors affecting operations. AAK continuously adjusts plans and policies to counteract potential adverse effects. Active risk management, like hedging raw material prices and currencies, reduces some of our risks.

Raw materials

Harvests are weather dependent. While a year of poor harvests drive up prices, a year of successful crops reduces them. Most of our raw materials are traded on the global markets and purchased in foreign currencies. This exposes us to significant currency and raw material price risks. We have an active risk management strategy in which we hedge sales contracts for currency and raw material price exposure. This practice safeguards margins against price and currency risk on agreed sales contracts. Since many raw materials are produced far away from our production plants and markets, transport costs are an important factor. AAK must consider the potential impact on margins from the growing demand for environmentally acceptable transportation and volatility in logistics cost.

The processing industry

AAK is part of the processing industry. We achieve improvements in results through organic volume growth and increasing sales of speciality products with higher margins. Capacity expansion aimed at increasing total volumes to meet growing demand has a relatively long planning horizon, and we must analyze potential growth in a timely manner. We also have the possibility to balance production in our plants to enable specific products to be closer to their markets and accommodate variations in supply and demand. Key speciality products are produced at dedicated plants, where production equipment problems can have significant impact.

Changes in the competitive environment

The speciality ingredient sector in which AAK operates is undergoing structural change. As a sector that has existed for more than 150 years and has a fundamental dependence on natural products, the sector is experiencing strong demand for more innovation, including the demand for sustainable, ethical production where producers accept responsibility for the environmental impact of their operations. A strong balance sheet has laid the financial foundation for future acquisitions. There is intense competition in the industry. Several global competitors deliver large volumes of commodity products with limited margins. Our response is to focus

more on speciality products with better margins and higher value. These products include confectionery and personal care products, as well as value-adding ingredients for the bakery, dairy, and infant nutrition industries.

Political instability

Operating globally always carries risks, but it can also be a stabilizing factor. Although AAK largely operates in mature markets in the US and Europe, much of the company's growth is generated in developing markets, vulnerable to political instability that can impact currencies and exchange rates. We operate in Eastern Europe, the Middle East, Asia, Africa, and South America, where instability may arise. As a well-established operator in these areas, AAK has extensive experience in handling such issues. In addition, we operate with a well-established risk management strategy.

Global operations also involve risks such as trade barriers, inflation, environmental and health-related legislation, and changes in national or regional legislation, e.g., the introduction of protective tariffs and taxes, which may prevent us from operating in a free market.

Trade sanctions and export controls

AAK is committed to conducting business by applicable trade sanctions and export control regulations which we believe are important tools in the international community's drive to, among other things, improve human rights. Accordingly, AAK will not tolerate any violation of trade sanctions, export controls, or related regulations by its employees. This means that we will not engage, directly or indirectly, in any business, dealing, or transaction prohibited by applicable trade sanctions or export control regulations.

Furthermore, AAK and its employees will not carry out direct or indirect business activities with any person, entity, or government targeted by trade sanctions, nor export goods or services subject to applicable export controls without required licenses or approvals from relevant authorities.





Compliance

AAK conducts business globally with customers, suppliers, and other stakeholders, including countries in emerging markets. We are therefore exposed to risks related to corruption and bribery. AAK has zero tolerance for corruption and bribery and all employees are required to follow laws, regulations, and AAK policies for Code of Conduct, competition law, sanctions, money laundering and anti-corruption. To strengthen awareness in the organization, AAK provides e-learning training in competition law and anti-corruption. Misconduct and violation of laws, regulations, and policies can be reported in an anonymous whistle-blower system.

Health trends

We can adapt our product range to the latest health trends because we work with all types of plant-based oils and can reformulate our products to meet customer needs. In addition, AAK focuses strongly on co-development with our customers. This practice limits the risks involved in commercializing new products. However, regulatory measures also pose a risk. Therefore, the fact that AAK proactively implements sustainability measures to anticipate legislation is increasingly important.

Risks related to climate change

In previous years, AAK has assessed climate related risks and opportunities connected to Scopes 1 and 2. The financial risk related to climate change was evaluated low to medium, depending on developments such as local actions taken by governments and countries themselves.

Work has continued during 2023 with the identification and assessment of how climate-related risks and opportunities related to Scope 3 have a financial impact on AAK following the Task Force on Climate-related Financial Disclosure requirements.

Overall, palm, coconut and soy are crops likely to be more impacted by climate change than shea, rapeseed and sunflower. Flooding and drought as well as temperature increases will likely impact our palm and soy supply chains, especially in Latin America. India will be the origin potentially most heavily impacted across supply chains, especially by flooding and drought. Coconut will be impacted by tropical cyclones and flooding as well as droughts.

These climate risk insights are important for our teams to take into consideration for future sourcing strategies.

Building the foundation for climate resilience

AAK has set science-based targets in line with a maximum increase in temperature of 1.5°C.

As a part of our submission to SBTi, we have assessed AAK's GHG emissions. This shows that 95 percent of our GHG emissions come from our supply chain. About 64 percent of this is related to Forestry, Land and Agriculture (FLAG) and the remaining part comes from the production process in mills and refineries that we source from.

In December 2023, our Scope 1, 2 and 3 targets according to the FLAG standard for validation were approved. We have started to engage our suppliers and new potential partners to identify climate reduction Implementation pathways. We expect these pathways to solidify into climate transition plans in 2024

Risks related to biodiversity

In 2023, AAK assessed the physical biodiversity risks AAK's supply chains are potentially exposed to or contributing to globally. The risk assessment was conducted using the WWF Biodiversity risk Filter tool at country level and included a broad range of physical and reputational biodiversity risk indicators.

While this analysis already offers great insights into a comprehensive list of biodiversity risk indicators, AAK will need to specify the analysis in the future to

move from general country level assessments to more sourcing region and raw material specific analysis.

Overall medium to high biodiversity risks across all sourcing countries have been identified with regional differences of hotspots. One focus area of global relevance is soil health, with the majority of sourcing countries experiencing high to very high risk for soil health impacting yields and long-term raw material availability. Another high-risk indicator is overall tree loss, with hotspots in South Latin America, West Africa, Europe and Southeast Asia.

Risks related to Human Rights

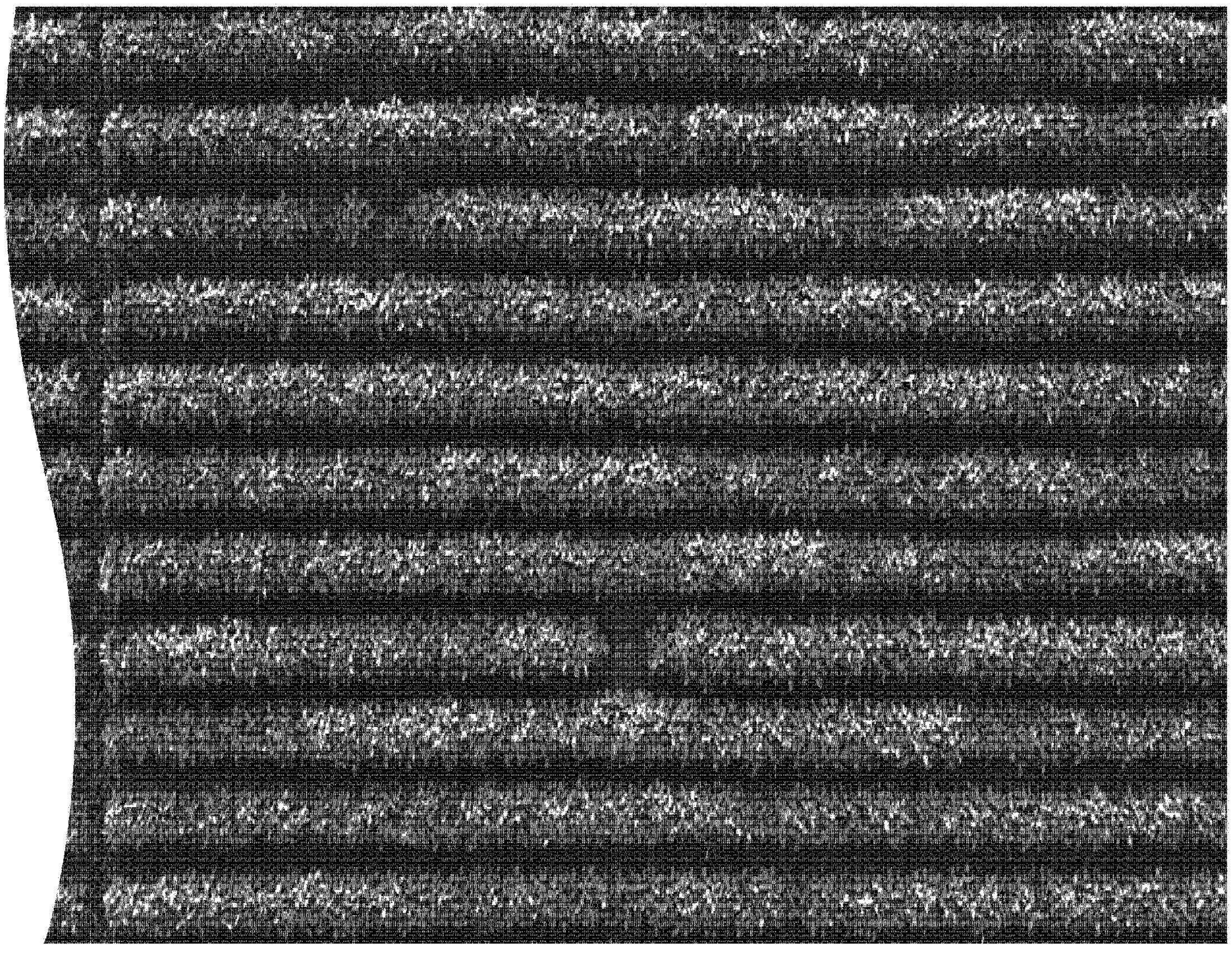
In 2022, AAK conducted a global Human rights risk assessment across all key raw material supply chains. In 2023, we focused on implementing the first step of our Human Rights due diligence system, with a focus on tier 1 suppliers. As many human rights challenges are rooted in local context, we work closely with local stakeholders on a long-term basis. Human rights issues may range from pay and working conditions, to discrimination and forced labor, child labor and land rights issues. We see hotspots in Latin America, Africa and Asia, with focus on tropical raw material supply chains like palm, coconut, soy and shea.

Disruptions to critical IT systems

AAK uses modern IT infrastructure and technology to support its business. As disruptions to critical IT systems could have a severe impact on the business, this risk needs to be analyzed and mitigated to prevent possible issues and minimize impact. This work is conducted by Group IT together with our local entities. Our critical IT systems are audited annually, focusing on security, internal processes, and compliance. AAK values cyber security highly, and to minimize external threats, we continuously invest in technology that is operated by highly skilled staff. The Group IT Security Policy is implemented at all AAK units together with a global IT infrastructure.

Changes in external factors

Raw material prices, transport costs, energy, interest, and exchange rates all affect business operations. Our employees are experienced in reacting quickly to changes in external factors and adapting operations, products, and services to customer needs.

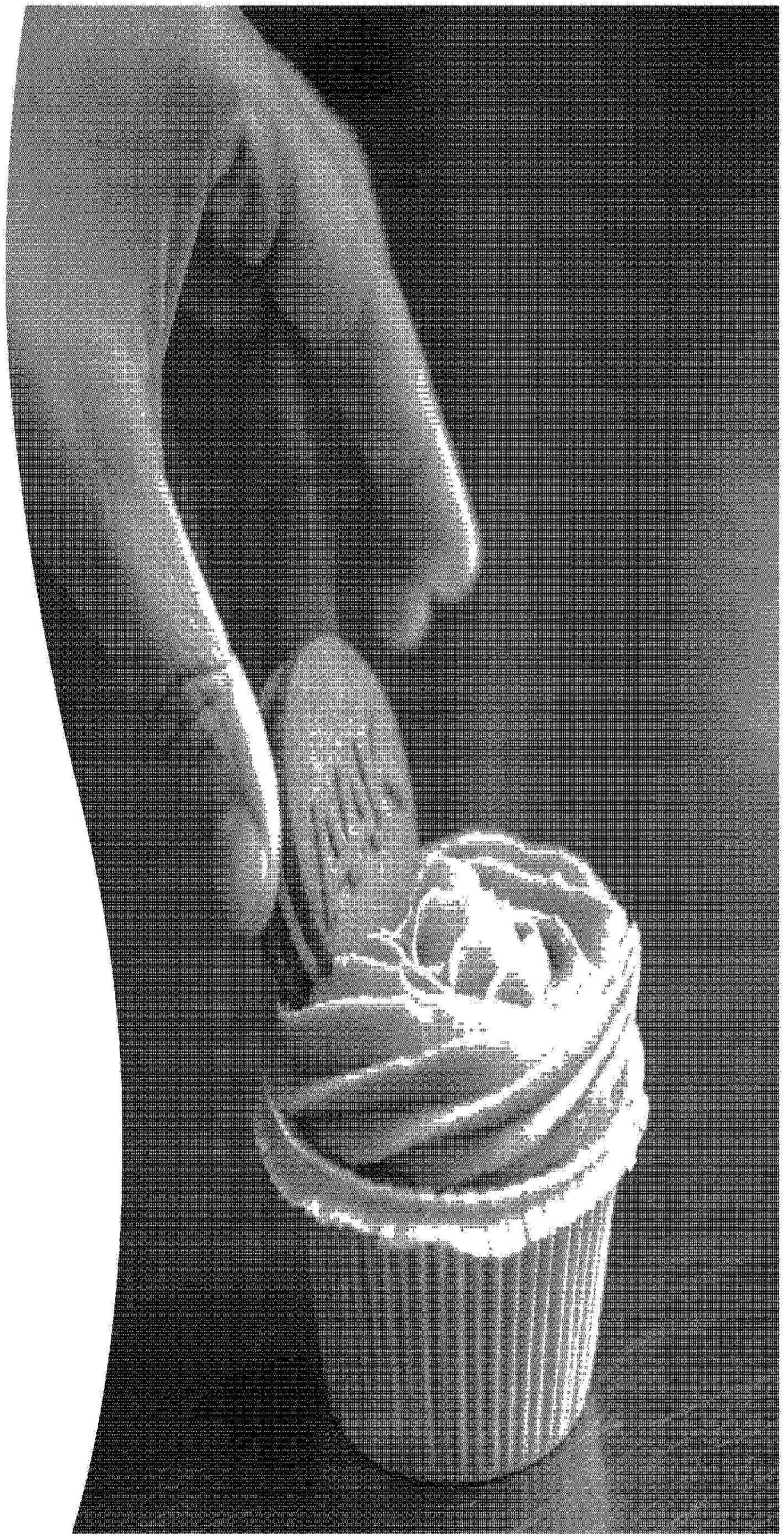


Corporate governance and financial information



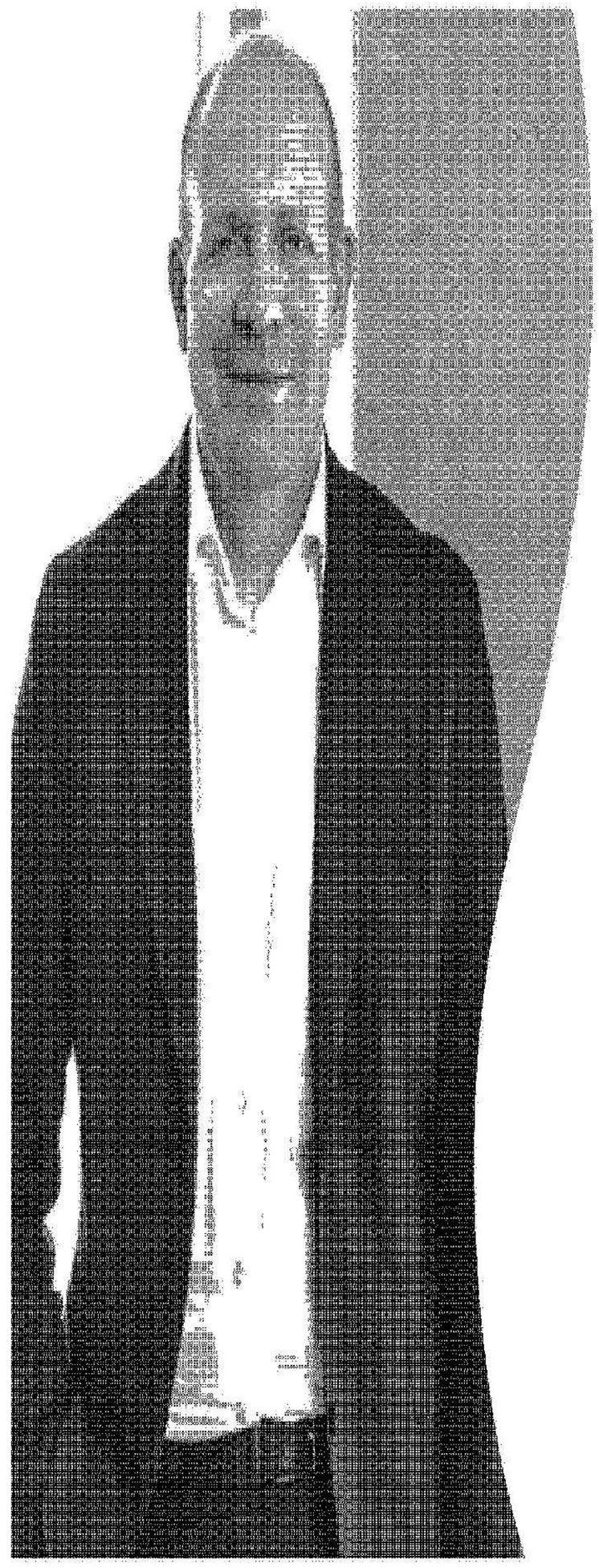
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Comments from the CFO:

Strategic initiatives generate strong results



2023 was an extraordinary year for AAK – one that saw us reach new heights and achieve success across financial and non-financial metrics. With strong operating profit per kilo growth, and despite declining volumes, we surpassed our target of an average operating profit growth of around ten percent. In addition lower raw material prices generated strong cash flow, strengthened our balance sheet, and reduced our debt. Coupled with increased earnings, this resulted in a 19.1 percent return on capital employed.

Strategic initiatives

Over the past years, we have built an increasingly aligned organization while at the same time allowing our decentralized structure to thrive. The strong growth in operating profit per kilo is a result of this structure and has mainly been driven by strategic initiatives that reflect our commitment to Making Better Happen™ as one globally aligned organization.

We continued optimizing production capabilities via deep dives and implementing best practices across our production sites. This resulted in increased capacity, improved product quality, general cost savings to mitigate inflation and CO_2 reductions.

We successfully launched an aligned product portfolio and price management strategy. This alignment was based on the revised portfolio strategy, which has been a key driver for improvements across our production and commercial organizations. We primarily focused on SKU rationalization and product tail management, introducing portfolio-based value pricing. While the process of portfolio and price management continues, the project was successfully concluded at the end of 2023, having contributed to the operating profit per kilo improvement and in addition had an adverse effect on our overall group volumes.

ESG and Corporate Responsibility

Our commitment to sustainability progress reached important milestones during 2023, from reducing our environmental footprint to engaging in community initiatives. Preserving our forests and safeguarding native ecosystems is key to our mission to protect biodiversity and combat climate change. Our company relies heavily on agricultural raw materials, making the sustainability of agricultural systems a cornerstone of our strategy.

At the close of 2022, we had achieved an impressive 87 percent traceability and a commendable 71 percent verification of deforestation-free practices for palm. We are eager to see how efforts have propelled us even further towards our targets in 2023. Today global palm traceability stands at 93 percent and our verified deforestation-free status for palm has reached 83 percent. This progress reaffirms our commitment to sustainable practices and responsible sourcing throughout our supply chain.

Strong foundation for shareholder value creation

AAK remains a financially solid company as a double-digit earnings compounder and is strategically well-positioned with a strong business model and strong sustainability committments. This places us in an attractive postion for continued value creation for all our stakeholders.

Tomas Bergendahl, Chief Financial Officer

Directors' report

For the financial year January 1 – December 31, 2023

The Board of Directors and the President and Chief Executive Officer (CEO) of AAK AB (publ.), corporate identity number 556669-2850, with its registered office in Malmö, hereby present the Financial Statements and Consolidated Financial Statements for the financial year January 1 – December 31, 2023.

Performance and financial position

The year 2023 brought substantial progress. Achieving a remarkable 43 percent growth in operating profit, on top of a 21 percent growth in 2022. The increase was driven by the positive development In Food Ingredients and Chocolate & Confectionary Fats, while Technical Products & Fats declined, demonstrating our solid foundation as a diverse Multi-oil Ingredient House.

- Volumes amounted to 2,123,000 MT (2,259,000), a decrease by 6 percent compared to last year. After adjusting for the negative year-on-year impact of the controlled exit from Russia, volumes declined by 5 percent.

- Net sales decreased by SEK 4,397 million to SEK 46,028 million (50,425), a decrease by 9 percent, due to lower volumes and lower raw material material prices, partly offset by a positive currency translation impact of SEK 1,174 million.

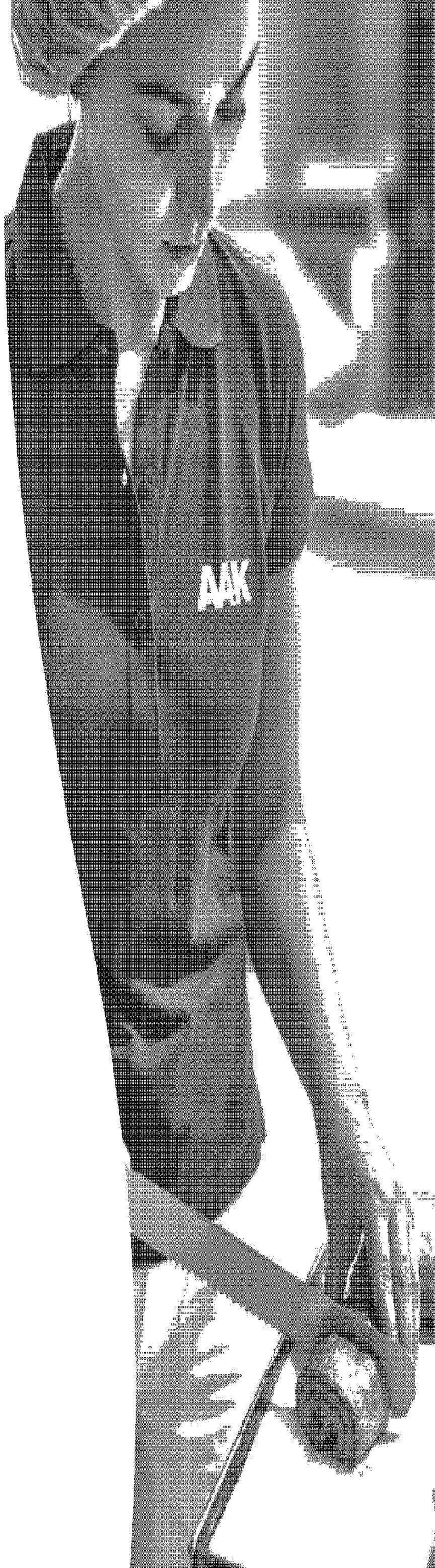
- Operating profit, excluding items affecting comparability, reached SEK 4,116 million (2,888), an increase by 43 percent compared to 2022. The currency translation impact was positive SEK 104 million. The growth in operating profit was largely driven by internal optimization projects and partly by better portfolio and price management. In addition, the performance was supported by continued higher sales of speciality solutions. Food Ingredients reported an increase of 54 percent and Chocolate & Confectionery Fats reported an improvement of 39 percent, while Technical Products & Feed decreased by 15 percent.

- Operating profit per kilo, excluding items affecting comparability, reached SEK 1.94 (1.28), an improvement by 52 percent. At fixed foreign exchange rates and excluding items affecting comparability, operating profit per kilo increased by 48 percent.

- The Group's profit after financial items amounted to SEK 3,824 million (2,350). Net financial items amounted to negative SEK 292 million (negative 188), an increase of SEK 104 million. The higher interest cost related to higher interest rates and reporting in hyperinflationary economies (IAS 29), partly offset by reduced debt level.

- The equity-to-asset ratio was 56 percent as of December 31, 2023 (44). Consolidated net debt as of December 31, 2023 was SEK 2,425 million (5,707). On December 31, 2023, the Group had total committed credit facilities of approximately SEK 7,085 million (8,366).

- Operating cash flow including changes in working capital amounted to SEK 5,314 million (negative 73). Cash flow from working capital was SEK 1,573 million (negative 2,710). There was a positive cash flow from inventory and accounts receivables due to decreased raw material prices and inventory optimization. Cash





flow from accounts payables had a negative effect in 2023. Cash outflow from investing activities amounted to SEK 1,203 million (1,233), whereof SEK 89 million (14) was related to acquisitions of operations. Capital expenditure was mainly related to regular maintenance investments and capacity increases. Free cash flow amounted to SEK 4,111 million (-1,306).

- Calculated on a rolling 12 months basis, Return on Capital Employed (ROCE) was 19.1 percent (14.5).

- Earnings per share was SEK 11.35 (6.84), an increase of 66 percent. Excluding items affecting comparability in 2022, earnings per share increased by 41 percent. Reported tax cost corresponds to an average tax rate of 23 percent (24).

- The proposed dividend for financial year 2023 is SEK 3.70 per share. For further information, please see page 52.

The Company's largest business area, Food Ingredients, reported an operating profit excluding items affecting comparability of SEK 2,642 million (1,716), an increase of 54 percent. The operating profit per kilo increased by 62 percent to SEK 1.94.

Excluding items affecting comparability, Chocolate & Confectionery Fats reported an improvement in operating profit of 39 percent, to SEK 1,521 million (1,092).

Operating profit, excluding items affecting comparability, for Technical Products & Feed, decreased by 15 percent to SEK 258 million (303). The decrease was mainly driven by lower volumes, lower margins in Biofuels, as well a slightly lower crush margin.

Operations and significant events

Business areas

The company's business areas are Food Ingredients, Chocolate & Confectionery Fats, and Technical Products & Feed. Group-wide functions are included in the Group Functions segment.

Food Ingredients maintains its strong regional positions, primarily in Europe, USA, and North Latin America, but is gradually strengthening its positions in other regions.

Chocolate & Confectionery Fats has world-leading positions, and these will gradually be expanded in an increasingly global arena.

Technical Products & Feed has a strong local position in Northern Europe and will continue to focus its growth efforts in these geographic areas through its close links to the Karlshamn factory in Sweden, bringing significant synergy effects.

Acquisitions

During the fourth quarter 2022, AAK signed an agreement to acquire Arani Agro Oil, based in east India. Arani Agro Oils was consolidated In the Group financials from January 1, 2023.

Financial target

AAK's financial target is to grow operating profit by an average of ten percent year-over-year.

Financial aspiration

AAK has a financial aspiration to double our operating profit per kilo by 2030, compared to a 2021 base. In addition AAK aspires to grow faster than the market average in our prioritized speciality markets and gain recognition for our increasingly positive impact by our stakeholders.

Dividend policy

The objective of the Board of Directors, taking into account the development of Group earnings, its financial position, and future development opportunities, is to propose annual dividends equivalent to 30–50 percent of the profit for the year, after tax, for the Group.

Concluding remarks by the CEO

As we bring 2023 to a close, I am pleased to note that we have reached several important milestones and have progressed toward realizing our long-term aspiration.

Our financial performance in 2023 exhibited strength, marked by an impressive 43 percent growth in operating profit, despite declining volumes. This performance was further underscored by a strong cash flow and return on capital employed.

We are gaining recognition for our positive contribution to the green transformation of the global food supply chain. Investors, media, and key opinion leaders are increasingly recognizing the potential of plant-based oils and fats.

We remain committed to delivering on our 2030 aspiration. As we look ahead, I am excited about the internal and external opportunities for AAK, and I believe we are well-positioned to continue growing and expanding our business. Thus, we remain prudently optimistic and fully committed to Making Better Happen™.

Nomination Committee

AAK's Nomination Committee for the 2024 Annual General Meeting consists of:

- Märta Schörling Andreen (Chair), Melker Schörling AB
- Henrik Didner, Didner & Gerge Fonder
- Daniel Kristiansson, Alecta
- Elisabet Jamal Bergström, SEB Investment Management

Share capital and shareholder structure

The total number of shares in AAK as of December 31, 2023 was 259,559,202. There is one class of shares in AAK, and each share entitles the holder to one vote. There are no limits as regards to how many votes each shareholder may cast at an Annual General Meeting. Nor are there any limitations regarding the transfer of the shares resulting from provisions in law or in the Articles of Association.

Of the Company's shareholders, only Melker Schörling AB has a shareholding which represents at least one tenth of the number of votes of all shares in AAK. Melker Schörling AB's shareholding as of December 31, 2023 amounted to 30.3 percent of the shares and votes.

AAK is not aware of any agreement between direct shareholders of AAK that would involve limitations in the right to transfer shares. The shareholder structure is further described on page 53.

Articles of Association

The Articles of Association stipulate that Board members shall be appointed by the Annual General Meeting of AAK. The Articles of Association contain no provisions regarding dismissal of Board members or regarding amendment of the Articles of Association.

Important agreements affected by change in control resulting from official take-over bid

The Group's long-term financing agreement contains stipulations that, in certain cases, give the lender the right to request advance payment if control of AAK changes substantially. Such a substantial change in control can occur as a result of an official take-over bid.

AAK's assessment is that it has been necessary to accept these stipulations in order to obtain financing on terms which are otherwise acceptable.

Guidelines for remuneration of senior executives

Guidelines for the remuneration of the CEO and other senior executives were adopted by the 2023 Annual General Meeting. No deviations from these guidelines have been made. The Board of Directors of AAK proposes that the 2024 Annual General Meeting resolve the same guidelines for remuneration of senior executives in 2024 as in 2023. The present guidelines



are contained In Note 8, Remuneration of the Board of Directors and Senior Executives.

These guidelines will cover those persons who are in Group management positions during the period of time in which the guidelines apply. The guidelines apply to agreements entered into after a resolution by the Annual General Meeting, and in the event that changes are made to existing agreements after this point in time. The Board will be entitled to diverge from the guidelines if there are particular reasons to do so in an individual case.

Product development

The Group's product development are described in further detail on pages 25–35.

Environment

The environmental impact from our plants include emissions of odorous substances, solvents, smoke and gases into the atmosphere, as well as discharging fats, oxygen-consuming material, and nutrients into the water, and also creating organic waste and noise. We continually review our impact on all levels to further improve the environmental performance at AAK. We operate all our plants with appropriate official permits in all countries in which we are present. In Sweden, the operations in Karlshamn are licensable under Swedish law.

People

The recruitment of skilled and competent people is an important component in maintaining competitiveness for the AAK Group. The Group therefore has continuous active programs for people development and succession planning.

Risk management and sensitivity analysis

All business operations involve risks – a controlled approach to risk-taking is a prerequisite for maintaining good profitability. Risks may depend on events in the operating environment and may affect a certain sector or market. A risk may also be purely company-specific or country-specific. At AAK, effective risk management is a continual process which is conducted within the framework of operational management and forms a natural part of the day-to-day monitoring of operations.

For more detailed information, please refer to the section Risks and risk management on pages 36–39 and to Note 3, Financial Risk Management.

External risks

The AAK Group is exposed to the fierce competition which characterizes the industry related to fluctuations in raw material prices and exchange rates, which affect capital tied up.

Operational risks

The raw materials used in AAK's operations are agricultural products, and availability may therefore vary due to climatic and other external factors.

Financial risks

The Group's management of financial risks is described in Note 3, Financial Risk Management.

Corporate Governance Report

The Corporate Governance Report on pages 113–119 is part of the Directors' Report. For information on the composition and work, etc., of the Board of Directors, see the Corporate Governance Report on pages 114–116.

Sustainability Report

Under Chapter 6, Section 11, of the Swedish Annual Accounts Act, AAK has decided to prepare its Sustainability Report separately from the Annual Report. The Sustainability Report was submitted to the auditor with the Annual Report.

Parent

The Parent company is the holding company of the AAK Group, and its activities consist mainly of joint Group functions connected to the development and management of the Group. The Parent employs people with skills and competencies to execute Group-wide

financing, accounting, communication, IR, marketing, product development, human resources, M&A, and IT. The Parent is also responsible for the Group's strategy and risk management and provides legal and tax related services to Group companies.

The Parent's invoicing in 2023 amounted to SEK 413 million (160). The profit after financial items amounted to negative SEK 83 million (negative 63). Interest-bearing liabilities minus cash and cash equivalents and interest-bearing assets totalled SEK 4,443 million (3,443). Investments in intangible and tangible assets amounted to SEK 23 million (1). The average number of employees at December 31, 2023 was 45 (37).

Background to and motivation of the proposed appropriation of profits

The Board of Directors has proposed that the 2024 Annual General Meeting approves an appropriation of profits under which the shareholders will receive a dividend of SEK 3.70 per share. The proposed dividend therefore totals SEK 960 million. The long-term objective for the dividend is to correspond to 30–50 percent of consolidated profits after tax, while always considering AAK's long-term financing requirements. The Parent has no financial instruments valued under Chap. 4, Section 14 a, of the Swedish Annual Accounts Act (1995:1554). The Board of Directors hereby makes the following statement regarding the proposed dividend, in accordance with Chap. 18, Section 4, of the Swedish Companies Act (2005:551).

Retained profits from the previous year total SEK 5,664 million and the result for the 2023 financial year is negative SEK 101 million (2,946 for the Group). Provided that the 2024 Annual General Meeting approves the Board's proposed appropriation of profits, a total of SEK 4,603 million will be carried forward. The Company's restricted equity will be fully covered after distribution of the dividend. In the Board's judgement, the Company and the Group will retain sufficient equity after distribution of the proposed dividend in relation to the nature, scope and risks associated with its business operations. In making this assessment, the board has taken into account the historical development of the Company and the Group, budgeted performance and the economic situation. In the view of the board, the Company and the Group are in a position and have the capacity, in both the short and long terms, to meet all their obligations.

The proposed dividend represents a total of 16 percent of the Company's equity and 6 percent of the Group's equity attributable to the Parent's shareholders. After payment of the dividend, the equity/assets ratio of the Company and the Group will be 52 percent and 55 percent, respectively. The Board of Directors judges that the Company is in a good position to meet future business risks as well as withstand possible losses. Distribution of the dividend will not negatively affect the ability of the Company and the Group to make further investments as planned by the Board of Directors. The proposed dividend distribution will have a temporary negative effect on the Company's liquidity. However, the Company and Group have sufficient access to both short- and long-term credit that can be obtained at short notice.

The Board of Directors therefore considers that the Company and the Group are prepared for likely changes to liquidity, as well as unforeseen events. In addition, the Board of Directors has considered other known circumstances that may materially affect the financial position of the Company and the Group. No circumstance has arisen that makes the proposed dividend distribution appear unjustifiable. It is proposed that the record date for the dividend to be on May 13, 2024, and it is estimated that the dividend will be received by the shareholders on May 16, 2024.

Proposed appropriation of profits

SEK	
The Board of Directors proposes that the disposable profit brought forward	5,663,624,707
and profit/loss for the year	-100,734,336
Total	**5,562,890,371**
be appropriated as follows:	
To be distributed to shareholders, a dividend of SEK 3.70 per share	960,369,047
To be carried forward	4,602,521,324
Total	**5,562,890,371**

The Group's and the Parent's income statements and balance sheets will be presented to the Annual General Meeting on May 8, 2024 for adoption.

The Directors' report comprise of pages 43–47.

Board of Directors



Patrik Andersson

Chairman of the Board, Chairman of the Remuneration Committee and member of the Audit Committee.

Year elected: 2019
(Chairman since 2023)

Born: 1963

Nationality: Swedish

Other board positions: Chairman of Midsona AB, Sesol AB and Cary Group AB. Board member of Ecolean AB.

Experience: President and CEO Loomis, President of Orkla Foods Sverige, CEO and President of Rieber & Son, President of Wasabröd globally within Barilla Group, and various senior positions at Unilever Group.

Qualifications: MSc Business Administration and Economics – International Business

Independent: Yes

Holdings[1]: 3,710 shares

Marianne Kirkegaard

Board member

Year elected: 2015

Born: 1968

Nationality: Danish

Other board positions: Board member of Dansk Supermarked.

Experience: President and CEO of CSM Bakery Solutions. Various senior positions at Unilever Europe and Carlsberg/Coca Cola.

Qualifications: Executive MBA, MBA

Independent: Yes

Holdings[1]: None

Märta Schörling Andreen

Board member, member of the Audit Committee and member of the Remuneration Committee.

Year elected: 2013

Born: 1984

Nationality: Swedish

Other board positions: Board member of Melker Schörling AB, HEXPOL AB, Hexagon AB and Absolent Group AB.

Experience: Board member of Melker Schörling AB, HEXPOL AB, Hexagon AB, and Absolent Group AB.

Qualifications: MSc Business Administration

Independent: No. Connection to the company's major shareholders through her assignment on behalf of AAK's main owner Melker Schörling AB.

Holdings[1]: 78,774,412 shares (through Melker Schörling AB)

Nils-Johan Andersson

Board member and Chairman of the Audit Committee

Year elected: 2023

Born: 1962

Nationality: Swedish

Other board positions: Board member of Hexpol AB and Absolent Group AB. Member of the investment committee of Greenbridge.

Experience: CEO of Melker Schörling AB. Prior to that, he was CFO at MSX International, CFO at Bravida, CFO and Head of business area Ventilation at Lindab and has in addition thereto held various finance positions within Bolden and Munksjö.

Qualifications: MSc Economics and Business Administration.

Independent: Independent of the company and its management, but connection to the major shareholder company, Melker Schörling AB.

Holdings[1]: 1,600 shares

Fabienne Saadane-Oaks

Board member

Year elected: 2023

Born: 1958

Nationality: French

Other board positions: Non-executive director of Fermentalg, Roal Oy and Fytexia Group and member of the Comité Sully.

Experience: CEO of ABF Ingredients, a division of Associated British Foods. Prior to that, she has held various management positions within Dupont, Danisco, Rhodia, SKW/Degussa Group and Sanofi Bio-Industries.

Qualifications: MSc Mechanical Engineering, ENSTA and MBA, ESSEC

Independent: Yes

Holdings[1]: None

Ian Roberts

Board member

Year elected: 2023

Born: 1970

Nationality: British

Other board positions: Chairman of Restor, President and co-founder of MassChallenge Switzerland, Board member of MassChallenge Global.

Experience: Previous working experiences include, among others, various management positions within Nestlé.

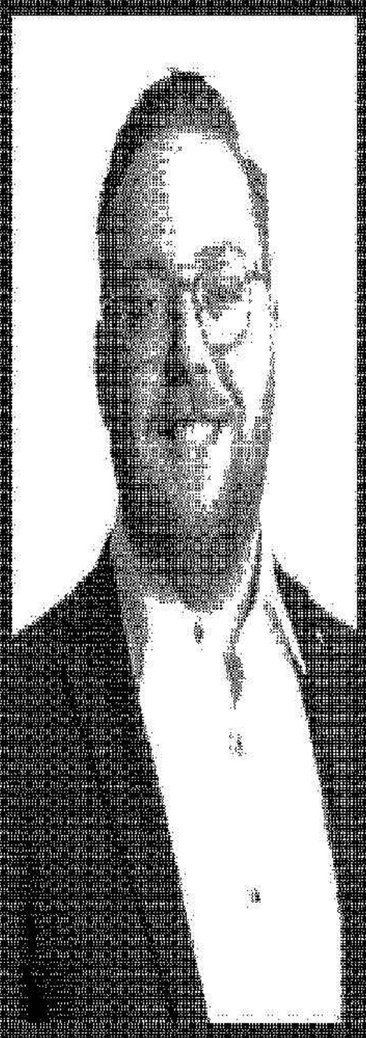
Qualifications: PhD Process Engineering, MSc Chemical Engineering and BEng Biochemical Engineering.

Independent: Yes

Holdings[1]: None

[1] Holdings as of February 16, 2024.

Board members appointed by the employees



David Alfredsson

Employee representative

Year elected: 2022

Appointed by: IF Metall

Born: 1994

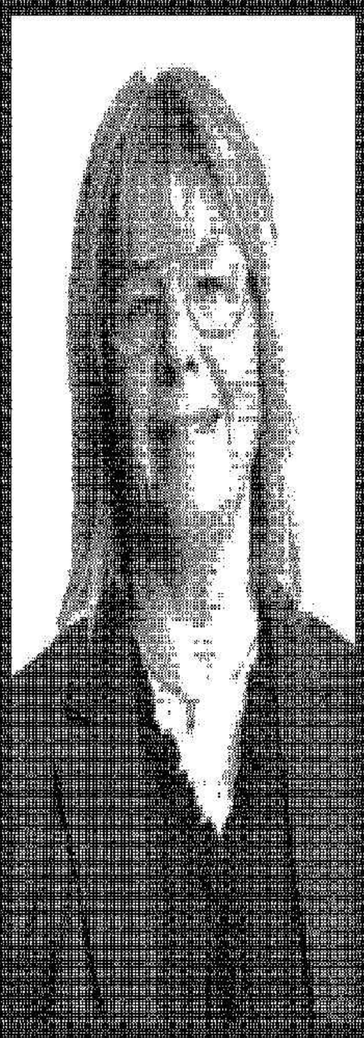
Nationality: Swedish

Position: Chief safety representative

Experience: Various labor union positions in AAK and in the regional labor union

Qualifications: Upper secondary school

Holdings[1]: None



Lena Nilsson

Employee representative

Year elected: 2018

Appointed by: PTK-L

Born: 1960

Nationality: Swedish

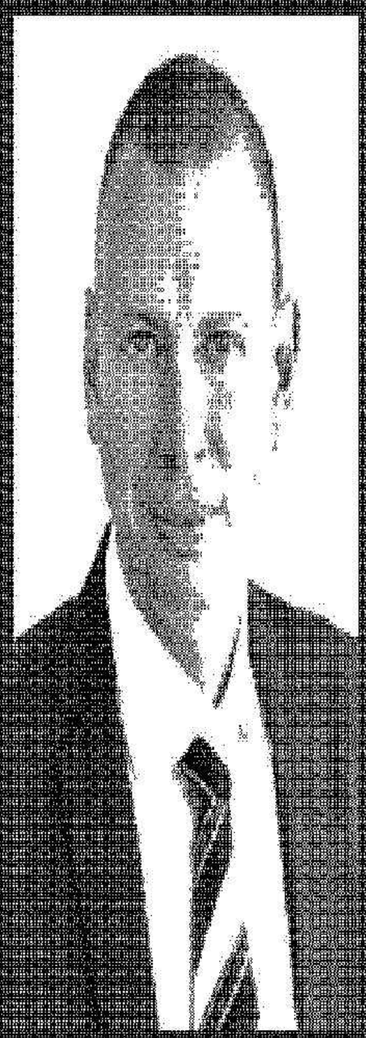
Position: Marketing Coordinator

Experience: Chairman local trade union, Deputy to Work environment representative, Work environment representative local trade union.

Qualifications: Upper secondary school

Holdings[1]: None

Auditor – KPMG AB



Jonas Nihlberg

Authorized Public Accountant

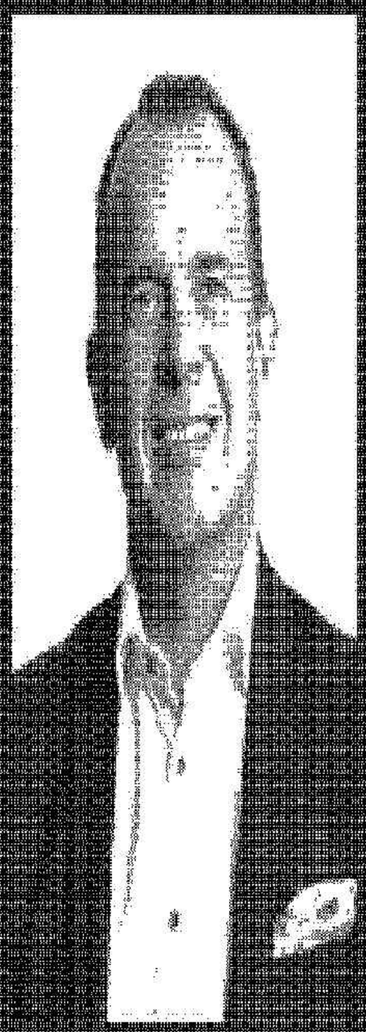
The Company's Auditor since: 2021

Born: 1973

Nationality: Swedish

[1] Holdings as of February 16, 2024.

Executive Committee



Johan Westman

President and CEO

Employed: 2018

Born: 1973

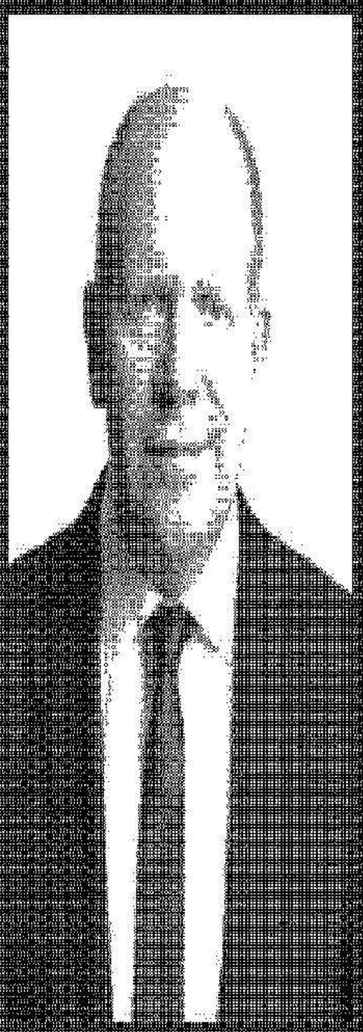
Nationality: Swedish

Other significant positions:
Chairman of the Board of Absolent Group AB (publ.) and Board member of Thule Group AB (publ.)

Experience: Senior Vice President Europe and Managing Director of the BlankLight division at Shiloh Industries, Inc., President and CEO of FinnvedenBulten AB (publ.), President of Finnveden Metal Structures AB, and management consulting with Arthur D. Little.

Qualifications: MSc Industrial Engineering and Management

Holdings: 54,000 shares and 500,000 stock options (Warrants program 2022/2027)



Tomas Bergendahl

Chief Financial Officer, Vice President AAK AB

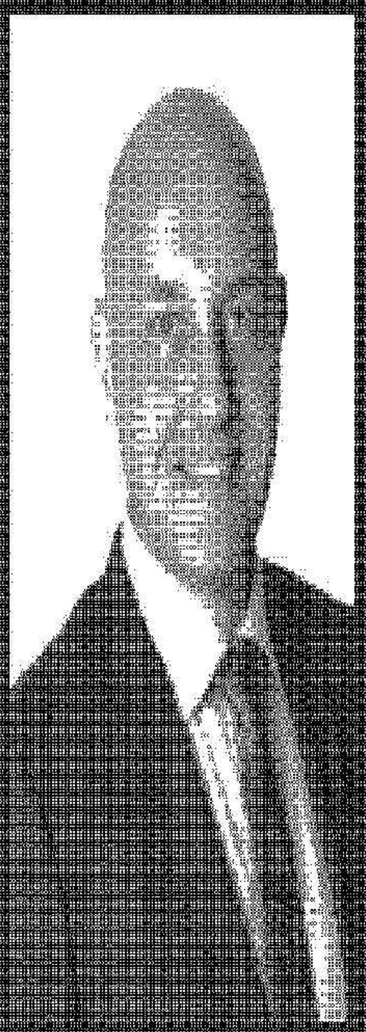
Employed: 2021

Born: 1974

Nationality: Swedish

Qualifications: MSc Business Administration

Holdings: 500,000 stock options (Warrants program 2022/2027)



Sten Estrup

President AAK AMEA and Global People, Vice President AAK AB

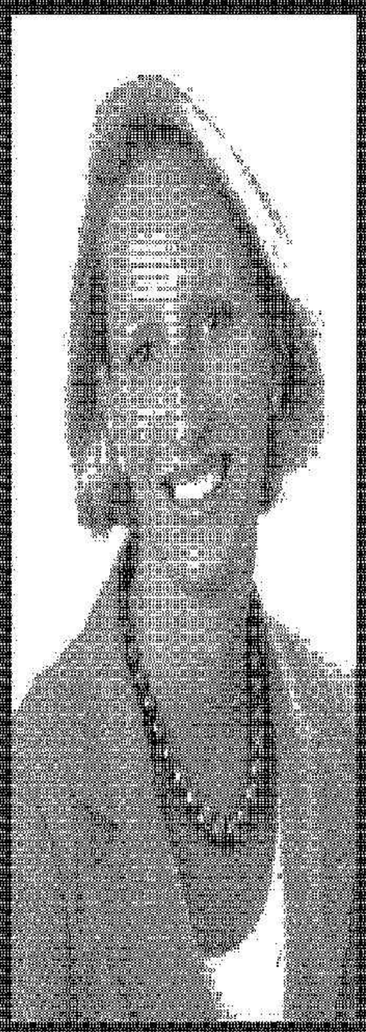
Employed: 2020

Born: 1968

Nationality: Danish

Qualifications: MBA, MSc Dairy Science & Technology, EMCCC (Executive Master in Consulting and Coaching for Change), Diploma in HRM

Holdings: 500,000 stock options (Warrants program 2022/2027)



Susanne Jaspers

President AAK Europe & Strategic Accounts, Vice President AAK AB

Employed: 2022

Born: 1973

Nationality: German

Qualifications: Diplom Betriebswirt (MBA), BSc International Business Administration

Holdings: 1,500 shares and 125,000 stock options (Warrants program 2022/2027)



Octavio Díaz de León

President AAK Americas, Vice President AAK AB

Employed: 2007

Born: 1967

Nationality: Mexican

Qualifications: MBA, BSc Mechanical & Electrical Engineering

Holdings: 240,000 shares and 300,000 stock options (Warrants program 2022/2027)



Tim Stephenson

President Global Sourcing & Trading and Sustainability, Vice President AAK AB

Employed: 1995

Born: 1961

Nationality: British

Qualifications: MA (Oxon) Mathematics, FCA

Holdings: 250,000 stock options (Warrants program 2022/2027)

David Smith

President Global Operations, Vice President AAK AB

Employed: 2007

Born: 1960

Nationality: British

Qualifications: MBA, Graduate Diploma in Business Management

Holdings: 300,000 stock options (Warrants program 2022/2027)

Niall Sands

President Commercial Development and Innovation, Vice President AAK AB

Employed: 2018

Born: 1979

Nationality: Irish

Qualifications: MSc Operations Management, BSc Computer Studies

Holdings: None

The AAK share

AAK's shares have been traded on NASDAQ OMX Stockholm, Nordic List, since October 2, 2005. As from January 2, 2014, AAK shares are traded in the Large Cap segment in the Consumer Commodities sector. The ticker is AAK and the ISIN code is SE0011337708.

Turnover and price trend

During 2023, 66.6 million (67.7) shares were traded at a total value of SEK 13,327 million (11,435), which corresponds to a turnover rate of 26 percent (26). The average trade per trading day was 265,472 (267,616) shares or SEK 53 million (45). At year-end, the share price was SEK 224.80 (177.85) and AAK's market value was SEK 58,349 million (46,163). The highest closing price during the year was SEK 226.60 (December 28) and the lowest closing price was SEK 170.05 (March 13).

Share capital

As of December 31, 2023, the share capital of AAK was SEK 432,598,670 (432,598,670). The number of shares was 259,559,202 (259,559,202). The quota value per share was SEK 1.67. Each share entitles the holder to one vote. All shares have equal rights to participate in the profits and assets of the company.

Ownership

There were 21,664 (19,839) shareholders as of December 31, 2023. There are shareholders in more than 40 countries, and the total ownership outside of Sweden amounted to 31 percent (34) at year-end. The ten largest individual shareholders accounted for 55 percent (61) of the share capital on the same date. As of December 31, 2023, members of AAK's Group Executive Management owned a total of 295,500 (295,500) shares in AAK.

Planned dividend policy

The Board of Directors has adopted a dividend policy, under which it aims to propose annual dividends equivalent to 30–50 percent of the Group's profit after tax for the year, taking into account the development of the Group's earnings, financial position and future development opportunities.

Ordinary dividend

For the 2023 financial year, the Board of Directors proposes a dividend of SEK 3.70 (2.75) per share, a total of SEK 960 million (714), which represents 33 percent (40) of the Group's profit for the year.

AAK's Investor Relations work

AAK strives to ensure its share is valued on the basis of relevant, accurate and up-to-date information. Reaching this objective requires a strategy that underscores the importance of continuous financial dialogue, the reliable distribution of information, and ongoing interaction with stakeholders in the financial market.

Contact with the financial markets takes place via presentations in conjunction with quarterly reports and meetings with analysts, investors and journalists at capital market days, as well as during roadshows, conferences and seminars.

Anyone interested can obtain presentation material and listen to audio recordings from quarterly presentations at www.aak.com.

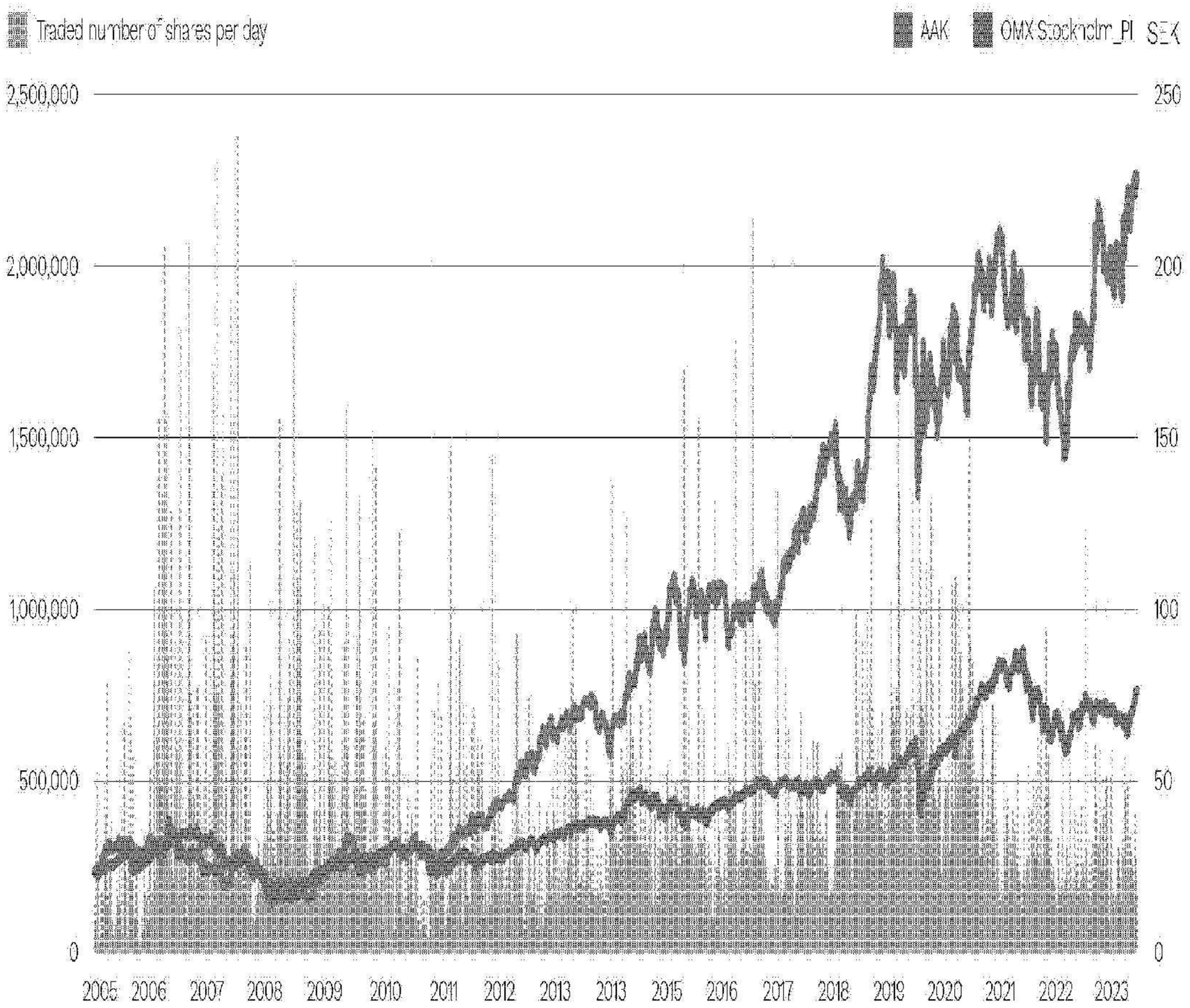
Analysts

Bank of America – Alexander Jones
Barclays – Alex Sloane
Berenberg– Samantha Darbyshire
Carnegie – Victor Hansen
Danske Bank – Oskar Lindström
DNB Bank – Simen Aas
Exane BNP Paribas – Joan Lim
Handelsbanken – Karri Rinta
Jyske Bank – Morten Holm Enggaard
Nordea – Daniel Ovin
SEB – Johan Fred

Shareholder contacts

Carl Ahlgren, Head of Investor Relations, Communication & Brand
Telephone: +46 706 810 734
Email: carl.ahlgren@aak.com

The AAK share September 29, 2005 to December 31, 2023



Major shareholders, December 29, 2023	No. of shares	Proportion of share capital and votes, %
Melker Schörling AB	78,774,412	30.3
Alecta Tjänstepension	12,250,000	4.7
SEB Fonder	11,983,904	4.6
Didner & Gerge Fonder	8,150,069	3.1
Vanguard	6,706,740	2.6
Lannebo Fonder	5,923,347	2.3
Swedbank Robur Fonder	5,585,599	2.2
Nordea Funds	5,143,731	2.0
Handelsbanken Fonder	4,397,136	1.7
Spiltan Fonder	4,128,875	1.6
Other shareholders	116,515,389	44.9
Total	**259,559,202**	**100.0**

Distribution of shareholdings, December 29, 2023	No. of shareholders	Proportion of all share-holders, %	Proportion of share capital and votes, %
1–500	16,300	75.2	0.6
501–1,000	1,832	8.5	0.5
1,001–5,000	2,535	11.7	2.1
5,001–10,000	507	2.3	1.4
10,001–15,000	136	0.6	0.6
15,001–20,000	60	0.3	0.4
20,001–	294	1.4	88.8
Unknown holding size	-	-	5.6
Total	**21,664**	**100.0**	**100.0**

Information per share	2023	2022
Share price, reporting date, SEK	224.80	177.85
Dividend per share, SEK	3.70[1]	2.75
Direct yield, %	1.65	1.55
Earnings per share, SEK	11.35	6.84
Equity per share, SEK	65.95	57.93
Share price/Equity	3.41	3.07

[1] Board of Directors' proposal.

Definitions, see page 127.

AAK as an investment case

A double-digit earnings compounder

AAK has over the past ten years maintained a consistent year-on-year operating profit growth, averaging 10 percent or higher. This places AAK as a double-digit-earnings compounder in the speciality ingredients sector. 2023 was a strong year, driven by higher sales of speciality solutions, productivity improvements and better portfolio and price management.

Market growth

The total market for edible oils and fats is roughly 200 million tons and growing around 3 percent annually. The volume growth is supported by consumer trends in areas where AAK has a strong position – health & well-being, indulgence, sustainability, natural ingredients and premiumization. The speciality oils and fats market accounts for roughly 5 percent of the edible oils and fats market and is expected to grow at a higher rate.

Innovation & Co-development

Through our innovation, co-development and expertise in plant-based oils and fats, we aspire to outgrow the broader edible oils and fats market. Competition in the industry is intense, and several global competitors deliver large volume products. AAK's response is to focus on the speciality segment, in which there is strong demand for innovation and high-quality premium solutions. In addition, with our focus on traceability and sustainability throughout the supply chain, AAK can leverage sustainability as a competitive advantage.

Margin expansion & optimization

Considering the exposure to fluctuations in raw material prices, a prudent approach to assessing our margin and profitability growth is to examine our operating profit per kilo. With approximately 80 percent of our cost of goods sold being attributable to raw materials, our net sales are significantly influenced by fluctuations in raw material prices. In terms of ensuring healthy margins, our goal is to maintain a comprehensive back-to-back hedging strategy, limiting any profitability impact, positive or negative, due to potential fluctuations in raw material prices.

Over the past ten years, AAK has more than doubled operating profit per kilo, from SEK 0.73 in 2014 to SEK 1.94 in 2023, driven by innovation, optimization, and an increased focus on high-speciality solutions.

We have taken necessary measures over the past few years to optimize our structure, particularly through tight cost management and increased organizational alignment. By way of example, the optimization program initiated in 2020 generated annual savings of about SEK 150 million and in 2021, we decided to consolidate our bakery production in Europe. In addition, during 2023 there was an increased focus on higher sales of speciality solutions, productivity improvements, and better portfolio & price management.

Structural growth

AAK has a proven track record of making successful acquisitions and has acquired 13 companies during the past decade. Going forward, AAK aims to continue to make selective acquisitions based on regional expansion particularly in emerging and more mature markets where we have limited or no presence, technology and capabilities, and adjacent product portfolios.

New markets

In addition, to continue increasing the penetration of plant-based ingredients for foods, AAK has the potential to leverage our existing expertise in oils and fat chemistry for non-food applications. It could for example be via the replacement of mineral or fossil-based oils such as paraffin. An estimated 2.5 million tonnes of paraffin wax are being used on an annual basis for the manufacturing of candles. We estimate that for roughly 80 percent of the 2.5 million tonnes, there is an existing plant-based alternative available.

Market growth

Per cent market average organic annual growth (CAGR)

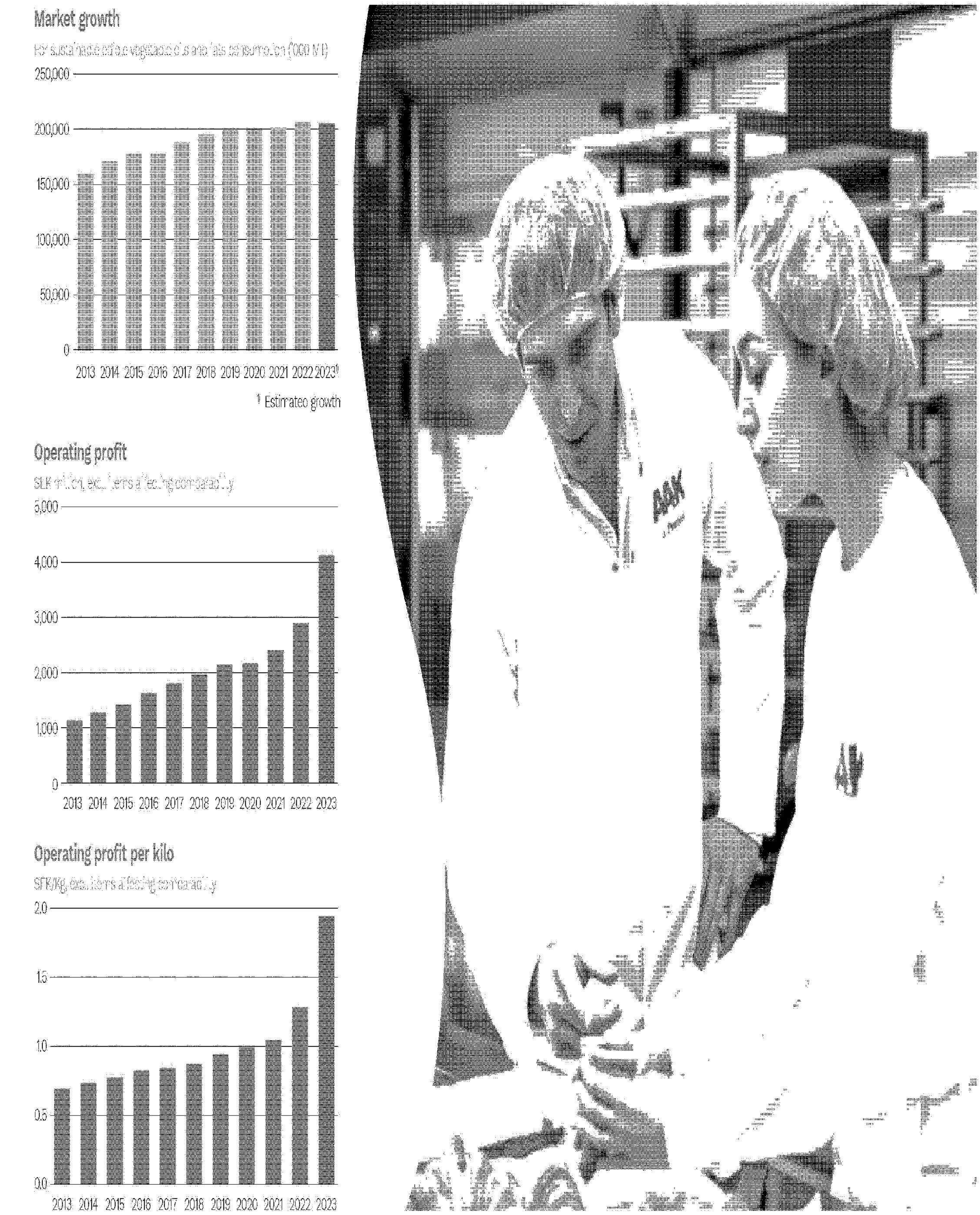
[1] Estimated growth

Operating profit

SEK million, excluding items affecting comparability

Operating profit per kilo

SEK/kg, excluding items affecting comparability



Consolidated Income Statement

SEK million	Note	Jan–Dec 2023	Jan–Dec 2022
Net sales	27	46,028	50,425
Other operating income		225	149
Total operating income		**46,253**	**50,574**
Changes in inventories of finished goods and work in progress		-64	201
Raw materials and consumables		-33,421	-39,777
Goods for resale		-811	-1,085
Other external expenses	5, 16, 27	-3,577	-3,401
Employee benefits expenses	6, 7, 8, 9	-3,399	-2,958
Depreciation, amortization and impairment loss	14, 15, 16	-877	-799
Other operating expenses		12	-217
Total operating expenses		**-42,137**	**-48,036**
Operating profit (EBIT)		**4,116**	**2,538**
Result from financial items	10, 16		
Financial income		83	69
Financial expenses		-375	-257
Net financial items		**-292**	**-188**
Profit before tax		**3,824**	**2,350**
Income tax	11, 16	-870	-570
Profit for the year		**2,954**	**1,780**
Attributable to:			
Non-controlling interests		8	10
Parent company shareholders		2,946	1,770
Earnings per share before dilution (SEK)	12	11.35	6.84
Earnings per share after dilution (SEK)	12	11.35	6.84

Consolidated Statement of Comprehensive Income

SEK million	Note	Jan–Dec 2023	Jan–Dec 2022
Profit for the period		2,954	1,780
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	9	-11	149
Total items that will not be reclassified to profit or loss		**-11**	**149**
Items that may subsequently be reclassified to profit or loss			
Translation differences		-146	1,460
Fair-value changes in cash flow hedges		-12	20
Tax related to fair-value changes in cash flow hedges		3	-4
Total items that may subsequently be reclassified to profit or loss		**-155**	**1,476**
Total other comprehensive income for the period		**-166**	**1,625**
Total comprehensive income for the period		**2,788**	**3,405**
Attributable to:			
Non-controlling interests		9	16
Parent company shareholders		2,779	3,389

Consolidated Balance Sheet

SEK million	Note	Dec 31, 2023	Dec 31, 2022
ASSETS			
Non-current assets			
Intangible assets	14		
Goodwill		2,712	2,538
Patents and other intangible assets		290	293
Total intangible assets		**3,002**	**2,831**
Property, plant and equipment	15		
Land and buildings		1,360	1,205
Plant and machinery		4,264	4,280
Equipment, tools and fixtures and fittings		275	272
Assets under construction		1,594	1,187
Total property, plant and equipment		**7,493**	**6,944**
Right-of-use assets	16	760	685
Shares in associates		13	32
Financial assets		79	67
Deferred tax assets	11	390	327
Total other non-current assets		**1,242**	**1,111**
Total non-current assets		**11,737**	**10,886**
Current assets			
Inventories	18	8,656	11,174
Accounts receivables	3	5,312	6,635
Current tax assets	11	602	610
Prepaid expenses and accrued income		227	330
Derivative instruments	3	1,403	2,383
Other current receivables		1,111	457
Cash and cash equivalents	19	1,503	1,515
Total current assets		**18,814**	**23,104**
TOTAL ASSETS		**30,551**	**33,990**

Consolidated Balance Sheet

SEK million	Note	Dec 31, 2023	Dec 31, 2022
EQUITY AND LIABILITIES			
Shareholders' equity	20		
Share capital		433	433
Reserves		545	701
Retained profit		16,139	13,902
Equity attributable to Parent's shareholders		**17,117**	**15,036**
Non-controlling interests		56	47
Total equity		**17,173**	**15,083**
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities			
Liabilities to banks and credit institutions	21	1,969	3,526
Pension provisions	9	31	58
Lease liabilities	16	630	562
Total non-current interest-bearing liabilities		**2,630**	**4,146**
Non-interest-bearing liabilities			
Deferred tax liabilities	11	656	553
Other non-current provisions	22	238	177
Other non-current liabilities		217	96
Total non-current non-interest-bearing liabilities		**1,111**	**826**
Total non-current liabilities		**3,741**	**4,972**
Current liabilities			
Interest-bearing liabilities			
Liabilities to banks and credit institutions	21	1,715	2,997
Other current liabilities		11	12
Lease liabilities	16	171	162
Total current interest-bearing liabilities		**1,897**	**3,171**
Non-interest-bearing liabilities			
Accounts payables	3	3,804	5,337
Current tax liabilities	11	520	644
Other current provisions	22	297	139
Accrued expenses and prepaid income	23	1,997	2,361
Derivative instruments	3	857	2,011
Other current liabilities		265	272
Total current non-interest-bearing liabilities		**7,740**	**10,764**
Total current liabilities		**9,637**	**13,935**
TOTAL EQUITY AND LIABILITIES		**30,551**	**33,990**

Consolidated Changes in Equity

SEK million	Attributable to the Parent's shareholders			Non-controlling interests	Total equity
	Share capital	Reserves	Retained profit		
Opening balance, January 1, 2022	431	-769	12,121	48	11,831
Adjustment Opening balance IAS 29	-	-	41	-	41
Adjusted Opening balance, January 1, 2022	**431**	**-769**	**12,162**	**48**	**11,872**
Profit for the year	-	-	1,770	10	1,780
Other comprehensive income	-	1,470	149	6	1,625
Comprehensive income	**-**	**1,470**	**1,919**	**16**	**3,405**
Transactions with shareholders					
New issue of shares	2	-	145	-	147
Subscription warrants	-	-	80	-	80
Exit Russia	-	-	237	-17	220
Liquidation	-	-	5	-	5
Dividend	-	-	-646	-	-646
Total transactions with shareholders	**2**	**-**	**-179**	**-17**	**-194**
Closing balance, December 31, 2022	**433**	**701**	**13,902**	**47**	**15,083**

SEK million	Attributable to the Parent's shareholders			Non-controlling interests	Total equity
	Share capital	Reserves	Retained profit		
Opening balance, January 1, 2023	**433**	**701**	**13,902**	**47**	**15,083**
Profit for the year	-	-	2,946	8	2,954
Other comprehensive income	-	-156	-11	1	-166
Comprehensive income	**-**	**-156**	**2,935**	**9**	**2,788**
Transactions with shareholders					
Long-term incentive	-	-	16	-	16
Dividend	-	-	-714	-	-714
Total transactions with shareholders	**-**	**-**	**-698**	**-**	**-698**
Closing balance, December 31, 2023	**433**	**545**	**16,139**	**56**	**17,173**

For further information, see Note 20.

Consolidated Cash Flow Statement

SEK million	Note	Jan–Dec 2023	Jan–Dec 2022
OPERATING ACTIVITIES			
Operating profit		4,116	2,538
Depreciation, amortization and impairment losses	14, 15, 16	877	799
Adjustment for other non-cash items	28	-65	63
Interest received and other financial income		75	42
Interest paid and other financial expenses		-283	-188
Tax paid		-979	-617
Cash flow before changes in working capital		**3,741**	**2,637**
Changes in inventory		2,463	-1,427
Changes in accounts receivables		1,241	-1,149
Changes in accounts payables		-1,545	-812
Changes in other working capital items		-586	678
Changes in working capital		**1,573**	**-2,710**
Cash flow from operating activities		**5,314**	**-73**
INVESTING ACTIVITIES			
Acquisition of intangible assets		-40	-11
Acquisition of property, plant and equipment		-1,205	-1,215
Acquisition of operations and shares, net of cash acquired		-89	-14
Proceeds from sale of property, plant and equipment		131	7
Cash flow from investing activities		**-1,203**	**-1,233**
FINANCING ACTIVITIES			
Loans raised	28	259	4,625
Amortization of loans	28	-3,425	-2,261
Amortization of lease liability	16, 28	-181	-152
New issue of shares		-	147
Subscription warrants		-	80
Dividends paid		-714	-646
Cash flow from financing activities		**-4,061**	**1,793**
Cash flow for the year		**50**	**487**
Cash and cash equivalents at beginning of year		1,515	1,001
Exchange rate difference for cash equivalents		-62	27
Cash and cash equivalents at year-end	19	**1,503**	**1,515**

Income Statement – Parent Company

SEK million	Note	Jan–Dec 2023	Jan–Dec 2022
Net sales	26	413	160
Other operating income		0	0
Total operating income		**413**	**160**
Other external expenses	5	-341	-151
Personnel costs	6, 7, 8, 9	-153	-130
Depreciation, amortization and impairment loss		-10	-7
Total operating expenses		**-504**	**-288**
Operating profit (EBIT)		**-91**	**-128**
Profit from financial items	10		
Profit from interests in Group companies		213	108
Interest income and similar items		0	20
Interest expenses and similar items		-205	-63
Net financial items		**8**	**65**
Profit before tax		**-83**	**-63**
Income tax	11	-18	0
Profit for the year		**-101**	**-63**

Statement of Comprehensive Income – Parent Company

SEK million	Note	Jan–Dec 2023	Jan–Dec 2022
Profit for the period		-101	-63
Other comprehensive income		-	-
Total comprehensive income for the period		**-101**	**-63**

Balance Sheet – Parent Company

SEK million	Note	Dec 31, 2023	Dec 31, 2022
ASSETS			
Non-current assets			
Intangible assets		24	8
		24	**8**
Property, plant and equipment		3	1
		3	**1**
Right-of-use assets		23	2
		23	**2**
Financial non-current assets			
Shares in Group companies	17	7,013	7,013
Receivables from Group companies		2,893	2,951
Deferred tax assets	11	2	3
Other non-current assets		4	10
		9,912	**9,977**
Total non-current assets		**9,962**	**9,988**
Current assets			
Receivables from Group companies		651	443
Tax assets	11	0	13
Prepaid expenses and accrued income		16	11
Other receivables		15	26
Total current assets		**682**	**493**
TOTAL ASSETS		**10,644**	**10,481**

Balance Sheet – Parent Company

SEK million	Note	Dec 31, 2023	Dec 31, 2022
EQUITY AND LIABILITIES			
EQUITY	20		
Restricted equity			
Share capital		433	433
Statutory reserve		5	5
		438	**438**
Non-restricted equity			
Retained profit		5,663	6,436
Profit/loss for the year		-101	-63
		5,562	**6,373**
Total equity		**6,000**	**6,811**
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities			
Liabilities to banks and credit institutions	21	1,500	3,000
Lease liabilities		17	1
		1,517	**3,001**
Non-interest-bearing liabilities			
Other non-current liabilities		27	36
		27	**36**
Total non-current liabilities		**1,544**	**3,037**
Current liabilities			
Interest-bearing liabilities			
Liabilities to banks and credit institutions	21	1,500	500
Lease liabilities		5	2
		1,505	**502**
Non-interest-bearing liabilities			
Accounts payables		19	18
Liabilities to Group companies		1,477	24
Accrued interest		14	11
Accrued expenses and prepaid income	23	71	72
Other current liabilities		14	6
		1,595	**131**
Total current liabilities		**3,100**	**633**
TOTAL EQUITY AND LIABILITIES		**10,644**	**10,481**

Changes in Equity – Parent Company

SEK million	Share capital	Statutory reserves	Retained profit	Total equity
Opening balance, January 1, 2022	**431**	**5**	**6,937**	**7,373**
Profit for the year	-	-	-63	-63
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**-63**	**-63**
New issue of shares	2	-	145	147
Dividend	-	-	-646	-646
Closing balance, December 31, 2022	**433**	**5**	**6,373**	**6,811**

SEK million	Share capital	Statutory reserves	Retained profit	Total equity
Opening balance, January 1, 2023	**433**	**5**	**6,373**	**6,811**
Profit for the year	-	-	-101	-101
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**-101**	**-101**
Long-term incentive	-	-	4	4
Dividend	-	-	-714	-714
Closing balance, December 31, 2023	**433**	**5**	**5,562**	**6,000**

Total shares outstanding were 259,559,202 at quota value of SEK 1.67 per share. For further information, see Note 20.

Cash Flow Statement – Parent Company

SEK million	Note	Jan–Dec 2023	Jan–Dec 2022
OPERATING ACTIVITIES			
Operating profit		-91	-128
Depreciation, amortization and impairment losses		10	7
Adjustment for other non-cash items	28	-1	12
Interest received and other financial income		1	128
Interest paid and other financial expenses		-205	-63
Tax paid		-3	-1
Cash flow before changes in working capital		**-289**	**-45**
Net change in other current receivables		10	-115
Net change in other current operating liabilities		21	57
Changes in working capital		**31**	**-58**
Cash flow from operating activities		**-258**	**-103**
INVESTING ACTIVITIES			
Acquisition of intangible assets		-20	-1
Acquisition of property, plant and equipment		-3	-
Acquisition of operations and shares, net of cash acquired		-	-1,225
Change in receivables from Group companies		1,500	933
Cash flow from investing activities		**1,477**	**-293**
FINANCING ACTIVITIES			
Loans raised from banks and credit institutions	28	-500	899
Amortization of lease liability	28	-5	-4
New issue of shares		-	147
Dividend		-714	-646
Cash flow from financing activities		**-1,219**	**396**
Cash flow for the year		**0**	**0**
Cash and cash equivalents at beginning of year		0	0
Cash and cash equivalents at year-end		**0**	**0**

Notes

Amounts stated in SEK million unless specified otherwise.

Note 1 | General information

AAK AB (publ.), corporate identity number 556669-2850, is a Swedish registered limited liability company domiciled in Malmö, Sweden. The shares of the Parent are listed on NASDAQ OMX Stockholm, in the Large Cap list and under Consumer Goods. The head office is located at Pulpetgatan 20, 215 37 Malmö, Sweden.

These consolidated financial statements for 2023 are for the Group consisting of the Parent and all subsidiaries. The Group also has ownership interests in associates and joint ventures. The Board of Directors approved these consolidated financial statements for publication on April 9, 2024.

Note 2 | Summary of significant accounting policies

Basis of presentation of the annual report and consolidated financial statements

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standard Board (IASB) and the interpretations issued by the IFRS Interpretations Committee as adopted within the EU, the Swedish Annual Accounts Act, and the Swedish Financial Reporting Board's recommendation RFR 1 "Supplementary accounting rules for groups of companies". The Parent company has prepared its financial statements in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for legal entities". There are no differences between the Group's accounting policies and those of the Parent company. The accounting policies for both the Group and the Parent company have been applied consistently for the periods presented, unless otherwise stated.

The annual and consolidated financial statements have been prepared on a historical cost basis, except for currency, interest rate and commodity derivative instruments, which are measured at fair value through profit or loss. Preparing these financial statements requires that the Board of Directors and the Company management use certain critical accounting estimates and assumptions. These estimates and assumptions can materially affect the income statement, balance sheet and other information contained herein, including contingent liabilities; see Note 4. The actual outcome can vary from these estimates under different assumptions or circumstances.

New and amended standards applied by the Group

A number of changes to IFRS were effective from January 1, 2023. None of these have had any significant effect on the Group's financial statements.

New standards and interpretations not yet applied by the Group

Changes of IFRS are not expected to have any significant effect on the Group's financial statements in the current or future reporting periods and on foreseeable future transactions.

Consolidated financial statements

Subsidiaries

The consolidated financial statements cover AAK AB and all its subsidiaries. Subsidiaries are all companies over which the Group has control. The Group controls a company when it is exposed to or is entitled to variable return from its holding in the company and is able to affect the return by exerting influence in the company. Subsidiaries are included in the consolidated financial statements as from the date on which the control is transferred to the Group. They are excluded from the consolidated financial statements as from the date on which the control ceases.

Acquisition method

The acquisition of subsidiaries is recognized using the acquisition method of accounting. The cost of acquisition is measured as the fair value of the assets provided as consideration, liabilities incurred and shares issued by the Group. Transaction costs relating to acquisitions are expensed as they are incurred. Identifiable assets acquired and liabilities and obligations assumed in an acquisition are measured initially at fair value at the acquisition date. For each acquisition, the Group determines whether all non-controlling interests in the acquired companies are to be recognized at fair value or according to the proportional share of the identifiable net assets in the company. The excess of the purchase price, any non-controlling interests and the fair value of previous shareholdings at the acquisition date over the fair value of the Group's interest in identifiable net assets is recognized as goodwill. If this amount is less than the fair value for the acquired subsidiary's assets, the difference is recognized directly in the statement of comprehensive income.

All intra-group transactions, balances and unrealized gains on transactions are eliminated, unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Note 2 | Summary of significant accounting policies

Transactions with holders of non-controlling interests

The Group handles transactions with holders of non-controlling interests in the same ways as transactions with the Group's shareholders. In the event of acquisitions from holders of non-controlling interests, the company recognizes the difference between the purchase price paid and the actual acquired portion of the carrying amount of the subsidiary's net assets in equity. Gains and losses on disposals to holders of non-controlling interests are also recognized in equity.

When the Group no longer holds a controlling or significant influence, each shareholding is remeasured at fair value and the change in the carrying amount is recognized in the income statement. Fair value is used as the primary carrying amount and forms the basis for ongoing recognition of the remaining ownership interest as an associate company, joint venture or financial asset. All amounts relating to divested units previously recognized under "Other comprehensive income" are recognized as though the Group had directly disposed of the respective assets or liabilities. This can result in amounts previously recognized in "Other comprehensive income" being reclassified as earnings.

Associated companies

Associates are those companies where the Group has significant influence, but not a controlling influence over operational and financial management, usually through an ownership interest of between 20 and 50 percent of the voting rights. As of the date at which the significant influence is acquired, investments in associated companies are recognized in the consolidated financial statements using the equity method. The equity method means that the value of the shares in the associated companies recognized for the Group corresponds to the Group's interest in the equity of the associates plus Group-related goodwill and any residual values of Group-related surplus or shortfall in value. The consolidated income statement reports the Group's share of profit of associated companies, adjusted for any amortization, impairment or dissolution of acquired surplus or shortfall values, as other financial revenue. Dividends received from associated companies reduce the carrying amount of the investment.

Foreign currency translation of foreign subsidiaries' financial statements

Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which they operate (functional currency). The consolidated financial statements are presented in Swedish krona which is the Parent's functional and presentation currency.

Transactions and balance sheet items

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate are recognized as of the end of the reporting period in the income statement.

Foreign operations in hyperinflationary economies

The Group applies IAS 29 for its operations in Turkey. The financial statements of the Group's entities in Turkey are first restated to compensate for the loss of purchasing power of the Turkish Lira (TRL) during the period. Restatement is made using the consumer price index (CPI) in Turkey as published by Turkish Statistical Institute (TURKSTAT). As a result, the financial statements are stated at the current purchasing power at the reporting date under the so-called "current purchasing power concept". Assets and liabilities as well as income and expenses in the inflation-adjusted financial statements of the Turkish entities are then as a second step translated from TRL into Swedish Krona (SEK) by using the closing rate at the reporting date. The financial statements that have been adjusted for hyperinflation are based on a historical cost approach.

Group companies

The results and financial position of foreign subsidiaries that have a functional currency other than the presentation currency are translated into the Group's presentation currency as follows:

- Assets and liabilities are translated at the closing day rate.
- Income and expenses are translated at average exchange rates.
- All exchange differences are charged directly to other comprehensive income and are recognized as a separate part of equity. When a foreign subsidiary is sold, any exchange differences are recognized in profit or loss as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising in the acquisition of foreign operations are treated as assets and liabilities of the entity and translated at the closing day rate.

Exchange rates

The following rates were used to translate currency:

Currency	Average rate	Closing rate
EUR	11.45	11.12
DKK	1.54	1.49
GBP	13.17	12.81
MXN	0.60	0.59
USD	10.59	10.05

Note 2 | Summary of significant accounting policies

Segment reporting

An operating segment is the part of the Group that conducts business operations from which it may generate revenue and incur expenses for which discrete financial information is available. The operating results of an operating segment are followed up by the Group's chief operating decision-maker in order to evaluate its performance and allocate resources to the operating segment. The Group's operations are divided up into operating segments based on which parts of the operations the Group's chief operating decision-maker monitors, that is, according to the management approach. AAK's business operations are organized in such a way that the Group's highest executive decision-maker, that is the CEO, monitors earnings, returns and cash flows generated by the Group's various products. Each operating segment has a manager who is responsible for day-to-day operations and who regularly reports to the CEO on the outcome of the operating segment's performance and its resource requirements. Where the CEO monitors profit/loss and determines resource allocations based on the product that the Group produces and sells, these constitute the Group's operating segments.

The Group's operations are divided into business segments based on product. The marketing organization also reflects this structure. Segment reporting is submitted in accordance with IFRS 8 for the Group only. For each segment, the results, assets and liabilities directly attributable to or items that can reliably be attributed to the segment are included in that segment. Assets and liabilities not attributed to segments include tax assets and tax liabilities, financial investments and financial liabilities, as well as cash and cash equivalents and interest-bearing receivables.

Revenue recognition

Revenue from contracts with customers are reported as Net sales in the Consolidated Income Statement. AAK recognizes revenue from contracts with customers based on the five-step process described in IFRS 15. The five steps in the process for recognizing revenue from contracts with customers are: identify the contract, identify separate performance obligations in the contract, determine the transaction price, allocate the transaction price to the separate performance obligations, and recognize revenue when each performance obligation is satisfied. The Group's performance obligation in contracts with customers consists of providing the goods specified in the contract. Revenue from the Group's sales is recognized when the control of the products is transferred to the customer in accordance with the terms of the contract, which occurs when the products are delivered to the customer and there are no unfulfilled obligations that may affect the customer's acceptance and approval of the products.

Net sales are recognized based on the price specified in the sales contract less any discounts. A contract with a customer may include one or more variable considerations. The IFRS 15 standard requires an entity to estimate the amount of variable consideration and recognizes a minimum amount of highly probably, not reversing revenue. Variable considerations, such as price reductions, performance discounts and bonuses are non-significant within the AAK Group. Based on this, AAK follows the objective of the constraint as it is highly probable that a significant reversal in the cumulative amount of revenue recognized will not occur.

No element of financing is deemed present as the sales are made with shorter credit terms. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognized as a warranty provision monthly. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional.

Prepayments are reported as a liability on the line item Accrued expenses and prepaid income in the Balance Sheet.

Other operating income relates to for instance rental revenue, capital gains from the sale and scrapping of tangible and intangible assets and exchange gains on operating receivables and liabilities. nterest income is recognized allocated over the maturity of the security using the effective interest method. Dividend income is recognized when the right to receive payment has been determined.

Employee benefits

a) Pension liabilities

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current or prior periods. The fees paid in exchange for the employee performing services for the company are recognized as expenses in the period in which the services are performed.

A defined benefit pension plan is a pension plan that is not a defined contribution plan. The characteristic feature of a defined benefit plan is that it defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality mortgage bonds that are denominated in the same currency in which the benefits will be paid, and that have terms of maturity approximating the terms in the related pension commitment.

Past-service costs are recognized immediately in the income statement.

The net interest rate is calculated by the discount rate being applied to defined benefit plans and to the fair value of plan assets. This expense is included in the personnel costs in the income statement.

Actuarial gains and losses as a result of experience-based adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise.

b) Termination benefits

Employees receive compensation on termination before normal retirement age or when they voluntarily accept termination in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed, formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

c) Variable remuneration

Annual variable remuneration is based on meeting set targets determined on an annual basis. These targets are related to the performance of the Company. The Group recognizes costs as and when earnings occur.

Note 2 | Summary of significant accounting policies

d) Incentive program

The Group's Incentive Program 2023/2026 is an equity-settled program where participants are granted share rights (Performance Shares) that confer a conditional right to receive shares free of charge at a future time provided that applicable performance conditions and other conditions during the vesting period are met.

The fair value of the program is determined on the grant date and is not updated during the vesting period. The value on the grant date is a maximum monetary value based on participants' basic salary adjusted for participants not being compensated for dividends paid during the vesting period. On March 8, 2024, the maximum monetary value was converted into a maximum number of Performance Shares using the volume-weighted average price of AAK AB's share on Nasdaq Stockholm in the period March 4-8, 2024. The fair value of each share right corresponds to the fair value determined on the grant date.

The value of services received is recognized in personnel costs over the program's vesting period, based on the fair value determined on the grant date. As the program is an equity-settled program, an amount corresponding to the recognized personnel cost is recognized directly in equity. The recognized cost is initially measured and subsequently adjusted on the basis of the number of awards expected to vest, the number of participants expected to remain in service during the vesting period, and actual fulfillment of the program's performance conditions.

Once the share rights have vested and shares have been allocated, social security contributions will be paid in some countries on the value of the employee benefit. A cost and a liability will be recognized over the vesting period based on the number of awards expected to vest. The cost of social security contributions is based on the program's fair value at each reporting date and finally on the allocation of shares.

Leases

The Group leases various land, buildings, machinery, equipment and vehicles. Rental contracts are typically made for fixed periods of 10 to 30 years for land, 5 to 20 years for buildings, and 3 to 5 years for vehicles but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable in connection with the inception date of the lease
- Variable lease payments that are based on an index or a rate, measured based on the index or rate at initial recognition
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. The incremental borrowing rate is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions considering the entity's financial credit ability.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received in connection with the inception date of the lease
- Any initial direct costs
- Restoration costs of the underlying asset in accordance with the lease agreement.

AAK has chosen to apply the practical expedient concerning short-term leases and leases of low-value assets. Short-term leases are leases with a lease term of 12 months or less and low-value assets have an underlying value of USD 5,000 or less when new. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

Extension and termination options are included in the majority of the property leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. When determining the lease term, the management considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise an option to extend the lease, or not to exercise an option to terminate the lease. Periods covered by the extension option are included in the lease term only if the lessee is reasonably certain to exercise the extension option, or if the lessee is reasonably certain not to exercise the termination option. Assessment regarding the exercise of options to extend or options to terminate a lease agreement is revised if there is any material event or change in circumstances that affect this assessment and if that change is within AAK's control.

Product development

Product development work is an integral part of production relating to process improvement measures that is expensed as part of the product cost as it arises. The criteria for capitalization of development expenses according to IAS 38.57 are not met. The development work consists primarily of work aimed at optimizing the attributes and function of speciality oils and fats, either for the finished product in which these oils and fats are ingredients or to improve the efficiency of the production process of the finished product.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary on the date of acquisition.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill recognized separately is allocated to cash-generating units for the purpose of annual impairment testing.

Note 2 | Summary of significant accounting policies

Goodwill is allocated to the cash-generating units that are expected to benefit from the acquisition. Goodwill is recognized at cost less accumulated impairment losses.

When acquiring operations where cost is less than the net value of the acquired assets, borrowings, and any contingent liabilities, the difference is recognized directly in the income statement.

Other intangible assets

Other intangible assets include such assets as capitalized expenditure on IT, patents and trademarks. These assets have a defined useful life and are carried at cost less accumulated amortization and impairment losses. The cost associated with maintaining an intangible asset is recognized as part of the carrying value or as a separate asset only when it is probable that the future economic benefit associated with the asset will flow to the Group and the cost of the asset can be reliably measured. Other expenditures are expensed as they arise. Other intangible assets are amortized using the straight-line method over their estimated useful lives, normally 5 to 10 years.

Property, plant and equipment

Land and buildings comprise mainly factory buildings and offices. All property, plant and equipment is carried at cost, less accumulated depreciation. Acquisition costs include expenditure that is directly attributable to the acquisition of an asset.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the assets will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are expensed in the financial period in which they arise.

Land is not depreciated. Depreciation of other property, plant and equipment is allocated on a straight-line basis over the estimated useful lives of the assets to reduce their cost to residual values. Depreciation periods of between 3 and 15 years are used for plant and machinery, equipment, tools, fixtures and fittings. Industrial buildings and research laboratories are depreciated over 20 and 25 years, respectively, and office buildings over 50 years. When an asset's carrying amount may not be recoverable, the asset is immediately impaired to its recoverable amount.

Assets' residual value and useful life are reviewed at the end of every reporting period and adjusted as required.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

Impairment of non-financial assets

Assets with indefinite useful lives are tested for impairment annually rather than being amortized. All assets are assessed in terms of impairment whenever events or changes in circumstances indicate that an asset's carrying amount exceeds its recoverable amount. Impairment reflects the excess of an asset's carrying amount over its recoverable amount. The recoverable amount is either the asset's fair value less any selling costs or its value in use, whichever is greater. For the purposes of assessment, assets are grouped on the basis of the lowest level at which there are separate identifiable cash flows (cash-generating units). Assets, other than financial assets and goodwill, for which impairment loss was previously recognized, are tested at the end of every reporting period to ascertain whether any reversal should be made.

Inventories

Inventories are stated at cost or net selling price, whichever is lowest. Cost is calculated using the first-in-first-out principle (FIFO) or weighted average prices. The nature and area of use of the product determines the method used. The cost of finished goods and work in progress includes direct material costs, direct labor and other direct manufacturing costs and a reasonable allocation of indirect manufacturing expenses based on normal production capacity, excluding borrowing costs. Net selling price is the estimated sale price in the ordinary course of business, less costs of completion and applicable variable costs to sell.

Financial income and expenses

Financial income consists of interest income on funds invested, dividend income and gains on hedging instruments recognized in profit or loss. Dividend income is recognized when the right to receive payment has been established. Results from the sale of financial instruments are recognized when the risks and rewards associated with ownership of the instruments have been transferred to the buyer and the Group no longer has control of the instrument. Financial expenses consist of interest expenses on loans, the effect of unwinding of discounting for provisions, impairment of financial assets and those losses on hedging instruments recognized in profit or loss. Borrowing expenses are recognized in profit or loss, except where they are directly attributable to the acquisition, construction or production of assets that take considerable time to complete for their intended use or sale, in which case they are included in the cost of those assets. No borrowing expenses have been capitalized during the past two years. Exchange gains and losses are recognized net.

Financial instruments

The Group's financial instruments consist of derivatives, sales and purchase contracts for which the fair value option in IFRS 9 is applied, fund investments, borrowings from banks and credit institutions, accounts payables and accounts receivables, cash and cash equivalents as well as other receivables and other liabilities to the extent such items meet the definition of financial instruments in IFRS.

a) Recognition and initial measurement

Accounts receivables are initially recognized when they are originated by AAK. All other financial assets are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial liability is recognized when the counterparty has performed and a contractual duty to pay arises, even if no invoice is received.

Accounts receivables are initially measured at the transaction price as determined under the guidance in IFRS 15. Other financial assets and financial liabilities are initially measured at fair value plus or minus any transaction costs that are directly attributable to the acquisition of an asset or the issue of a financial liability. Hence, any transaction costs related to borrowings from banks and credit institutions are presented net of the borrowings in the balance sheet. However, any transaction costs related to instruments that are subsequently measured at fair value through profit or loss are expensed immediately.

b) Classification and subsequent measurement of financial assets

The Group classifies its financial assets in the following categories:

- Amortized cost
- Fair value through profit or loss

Note 2 | Summary of significant accounting policies

The classification is dependent on AAK's business model for managing the financial assets and the contractual terms of the cash flows. Management establishes the classification of financial assets at initial recognition. The classification of the Group's financial assets is described further below.

Assets for derivatives and sales and purchase contracts when the fair value option is applied

All derivatives that are assets are measured at fair value though profit or loss unless the derivative is identified as a hedging instrument in a cash flow hedge. All assets for sales and purchase contracts for which the fair value option in IFRS 9 is applied are measured at fair value through profit or loss. For more information about how the Group accounts for derivatives as well as sales and purchase contracts for which the fair value option is applied, see sections "Derivatives and hedge accounting" and "Sales and purchase contracts" below.

Investment in funds

The Group's investment in funds is measured at fair value through profit or loss.

Other financial assets

All other financial assets are measured at amortized cost as they are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest. These are included in current assets, except for items with a maturity of more than 12 months after the end of the reporting period, which are classified as non-current assets. Interest income from these financial assets is included in financial income using the effective interest method. The Group's financial instruments measured at amortized cost consist of accounts receivables and other receivables, as well as cash and cash equivalents in the balance sheet.

c) Classification and subsequent measurement of financial liabilities

Financial liabilities are measured either at fair value or at amortized cost. Financial liabilities that are measured at fair value consists of derivatives with a negative fair value for the Group as well as sales and purchase contracts for which the fair value option is applied and where the contracts have a negative fair value for AAK. For more information about how the Group accounts for derivatives as well as sales and purchase contracts for which the fair value option is applied, see sections "Derivatives and hedge accounting" and "Sales and purchase contracts" below.

All other financial liabilities, including borrowings from banks and credit institutions as well as accounts payables, are measured at amortized cost using the effective interest rate method.

d) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortized cost. For accounts receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The expected credit loss rates are calculated based on payment profiles and the corresponding historical credit losses experienced within the same period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Accounts receivables are written off when there is no reasonable expectation of recovery. Indications that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Impairment losses on accounts receivables are recognized in the income statement as "Other external expenses". Subsequent recoveries of amounts previously written off are credited against the same line item.

For other receivables than accounts receivables, the Group applies the full impairment model in IFRS 9 where changes in the loss reserve is made based on whether there has been a significant increase in credit risk.

e) Derivatives and hedge accounting

AAK uses derivatives to manage the Group's exposure to raw material price risks, currency risks and interest rate risk. All derivatives are measured at fair value, both at the date of initial recognition and on subsequent balance sheet dates. The full fair value of the derivative is classified as a non-current asset or liability when remaining maturity of the derivative is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the derivative is less than 12 months.

Fair value hedging of inventory

The Group applies fair value hedge accounting for derivatives that hedge raw material price risks in inventory. The Group has identified the spot risk as the hedged risk in the hedging relationships. Changes in the fair value on derivatives that are designated as hedging instruments in such hedges are recognized in the income statement. The Group also remeasures inventory to fair value in respect of the spot risk during the period of the hedging relationship to the extent it is designated as the hedged item. The remeasurement adjustment is presented as part of current assets and liabilities in the balance sheet. Changes in the fair value of the hedging instruments as well as the effects of remeasuring the hedged item, i.e. inventory, at fair value is recognized in the income statement as part of "Raw materials and consumables". Any ineffectiveness is recognized immediately in the income statement on the same line item.

Since the quality of the underlying raw materials used for hedging differs from the quality of the hedged raw materials, some inefficiency is likely. AAK minimizes this inefficiency by reducing the basis risk between hedged raw material risks and the underlying raw materials in hedging contracts. Hedge efficiency testing in 2023 confirmed that the fair-value hedge of raw materials qualifies for hedge accounting.

Cash flow hedges of interest rate risk

The Group has issued floating rate bonds and uses interest rates swaps to hedge the exposure to variability in interest rates. The interest rate swaps have been identified as cash flow hedges. Changes in the fair value of the swaps are therefore reported in other comprehensive income and accumulated in the hedging reserve within equity. Interest coupons paid or received on the swaps are presented as part of "Financial expenses".

f) Sales and purchase contracts

AAK applies the fair value option in IFRS 9 to binding commitments (sales and purchase contracts) for own use since this offsets the change in fair value of derivatives not designated for hedge accounting and hence reduces an accounting mismatch. AAK's business model enables the net settlement of sales and purchase contracts entered into for physical delivery since the commodities are readily convertible to cash. The full fair value of the contract is generally classified as current asset or liabilities since most of the Group's sales and purchase contracts are matured within 12 months.

Note 2 | Summary of significant accounting policies

g) Derecognition of financial assets and financial liabilities

Financial assets are derecognized when the rights to cash flow in the contract mature or the rights are transferred to a third party in a transaction that transfers substantially all risks and rewards of ownership. This also applies to parts of financial assets. Financial liabilities are derecognized from the balance sheet when payment is made to the lender or when the liability is extinguished in some other manner. This also applies to parts of financial liabilities.

Equity

Ordinary shares are classified as share capital. Transaction expenses that are directly attributable to new share issues or options are recognized, net of tax, in equity as a deduction from the proceeds.

Premium received for share warrants issued at market price has been recognized as an increase in funds brought forward in equity as the options will be redeemed with equity instruments. Information on outstanding subscription warrants is available in Note 8.

Provisions

Provisions are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of past events, and it is more likely than not that an outflow of resources will be required to settle the obligations and the amount can be estimated reliably. No provisions are made for future operating losses. If the effect of when in time payment is made is significant, provisions are calculated through discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks associated with the debt.

A provision for restructuring is recognized when the Group has adopted a comprehensive and formal restructuring plan, and the restructuring has either been started or published.

Income tax

Tax expenses for the period comprise both current tax due and deferred income tax. Tax is recognized in the income statement, apart from when tax is attributable to items recognized in other comprehensive income or directly in equity. In such cases, tax is also recognized in other comprehensive income and equity. ncome tax is determined using the tax rules that have been enacted or announced by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. Tax expenses stated include both current tax due and deferred income tax.

Deferred tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. The principal temporary differences arise from depreciation of property, plant and equipment, provisions for pensions and other post-retirement benefits and tax losses carried forward. The tax rates enacted in each country are used in determining deferred income tax.

Deferred income tax assets for tax-deductible temporary differences and loss carry-forwards are recognized only to the extent it is likely that it will be possible to utilize these items. The value of deferred tax assets is derecognized when it is no longer deemed likely that they can be utilized.

Deferred income tax assets are recognized on temporary differences arising from investments in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the difference will not be reversed in the foreseeable future.

Cash and cash equivalents

Cash and cash equivalents consist of cash balances and balances with banks and other institutes maturing within three months from the date of acquisition, as well as short-term liquid investments with a maturity, from the date of acquisition, of less than three months, and which are exposed to a minimal risk of fluctuations in value.

Cash flow statement

Payments in and out have been divided up into three categories: operating activities, investing activities, and financing activities. The indirect method is used for flows from operating activities.

The changes during the year in operating assets and operating liabilities have been adjusted for the effects of changes in exchange rates. Acquisitions and disposals are recognized under investing activities. The assets and liabilities that acquired and divested companies had at the time of the change are not included in the analysis of the changes in operating capital, nor in changes to balance sheet items recognized under investing and financing activities. These items are reported separately under investing activities.

Earnings per share

The calculation of earnings per share is based on the consolidated profit attributable to the Parent's shareholders and the weighted average number of shares outstanding during the year.

When determining earnings per share after dilution, a company must base its calculations on the company's shares and stock options which could result in dilution being exercised. Compensation from these instruments will be deemed to have been received from the issuing of ordinary shares at the average market price for ordinary shares during the period. The difference between the number of issued ordinary shares and the number of ordinary shares that should have been issued at the average market price for ordinary shares during the period, shall be treated as an issue of ordinary shares without consideration. According to paragraph 47 of IAS 33, options and stock options only have a dilutive effect when the average market price for ordinary shares during the period exceeds the exercise price for options or stock options.

Dividend

The dividend to shareholders in the Parent is recognized as a liability in the consolidated financial statements in the period when the dividend was approved by the shareholders.

Note 3 | Financial risk management

Financial risk management

The AAK Group's operations are exposed to various financial risks, including market price risks (on raw materials, currencies and interest rates), liquidity risk, counterparty risk and credit risk. Since AAK's products are sold throughout the world, our sales revenues are exposed to market fluctuations in the exchange rates of the currencies involved. Moreover, the Group buys its raw materials on international markets, so its cost of raw materials is exposed to market fluctuations in both the price of the raw materials and the exchange rates of the currencies involved.

Exposure to such significant financial risks makes managing these risks a significant factor in successful operations. AAK believes that it is largely successful in managing risks owing to the policies and procedures established for the Group.

The Group's management of price risks and other risks related to purchasing of raw materials is regulated by AAK's policy and principles on the management of market risk for raw materials. Currency risk is hedged when risk arise from underlying commercial actions and flows. Interest rate risks are hedged in line with AAK's financial policy and principles. Counterparty risks are measured and managed according to AAK's financial policy and principles. Policies and principles are established by AAK's Board of Directors, which also monitors, evaluates and updates these policies and principles annually.

Raw material price risks

The Group's annual costs for raw materials are approximately 75 percent of the sales value of the finished products. AAK hedges both operational raw material price risk and the underlying operational currency risk when sales agreements are signed with customers.

Raw material prices fluctuate, so the Group has assigned a high priority to raw material procurement and to managing this exposure. Raw material procurement is managed by the Group procurement organization, which continually monitors and controls raw material market exposure for the Group. However, to maintain an effective organization, the Group's procurement organization is permitted to take limited price risks within the framework of our trading policy established by the Board of Directors.

AAK generally hedges sales contracts with physical purchases of raw material. However, for long-term sales contracts the Group typically uses financial derivatives to hedge its exposure, since there is low liquidity in the market for longer-period physical purchase contracts. The Group uses standard commodity futures traded on commodity exchanges or OTC hedge contracts as hedging instruments.

Exotic raw materials, of which shea is by far the most important, must be sourced when they are available right after the harvest season. No efficient hedge market exists for exotic raw materials. Therefore, the Group is typically left with a significant unhedged volume of exotic raw materials in the months following the harvest season. The Group endeavors to limit this exposure by entering into new exotic-raw-material-based sales contracts during the months in which the exotic raw materials are sourced.

The table below illustrates the Group's exposure to raw material price risk as per the balance sheet date, expressed in thousands of metric tons. The amount of raw material sold under sales contracts less the amounts held in inventory and amounts purchased for future delivery, results in the Group's net exposure to price risk in oils and fats at any given point in time.

Exposure to raw material price risk, December 31, 2023

(Thousand tonnes)	Sales contracts	Inventory	Purchase contracts	Net exposure
Oils and fats	1,877	-310	-1,541	26

Exposure to raw material price risk, December 31, 2022

(Thousand tonnes)	Sales contracts	Inventory	Purchase contracts	Net exposure
Oils and fats	1,617	-367	-1,226	24

Note 3 | Financial risk management

Sensitivity analysis – raw materials (excluding exotic raw materials)

With the stock and commercial contracts hedged by raw material hedge contracts, leaving a limited net exposure, changes in raw material prices have no significant effect on the Group's profit margin. A 10 percent change in all raw material prices would therefore have a limited effect on Group operating profit.

Fair value hedge accounting disclosures

The following table provides information on the hedge accounting adjustments that follows from the Group's application of fair value hedge accounting for price risk in inventory.

Fair value hedge accounting

SEK million	2023	2022
Carrying amount of the hedged item	8,656	11,174
Accumulated amount of fair value hedge adjustments on the hedged item	68	-581

Exposure to foreign currency

A significant portion of the Group's buying and selling of raw materials is denominated in foreign currency. Moreover, most of the Group's operational subsidiaries are located outside Sweden. Changes in exchange rates therefore affect AAK in several ways:

- Sales contracts and raw material contracts in foreign currency give rise to transaction risk.
- Profits for our foreign subsidiaries are affected by changes in currency rates when they are translated to SEK.
- The Group's equity is affected when equity in our foreign subsidiaries is translated to SEK.

AAK hedges all its currency transaction risks. Payment for all sales contracts is thus hedged in the local currency of the subsidiaries that have entered into such sales contracts. Exchange rate risks related to translating equity and profit/loss in our foreign subsidiaries to SEK are not hedged.

The table below illustrates the Group's exposure to currency transaction price risk as per the balance sheet date.

Exposure to transaction risk, December 31, 2023

					Currency contracts		
SEK million	Assets	Liabilities	Sales contracts	Purchase contracts	Sold	Bought	Net exposure
USD	4,748	-3,364	-2,533	157	-1,780	2,706	-68
EUR	2,944	-1,041	2,537	-150	-5,364	929	-145
GBP	47	-537	29	3	-374	831	-2
Other	856	-329	351	-71	-2,529	1,746	25
Total	**8,594**	**-5,271**	**384**	**-61**	**-10,047**	**6,212**	**-189**

Exposure to transaction risk, December 31, 2022

					Currency contracts		
SEK million	Assets	Liabilities	Sales contracts	Purchase contracts	Sold	Bought	Net exposure
USD	5,355	-3,354	-2,105	-300	-2,109	2,420	-92
EUR	2,831	-1,076	2,416	-241	-4,886	937	-20
GBP	28	-279	48	-3	-538	745	2
Other	1,258	-252	533	-91	-3,101	1,694	41
Total	**9,471**	**-4,961**	**893**	**-634**	**-10,634**	**5,796**	**-69**

Note 3 | Financial risk management

Sensitivity analysis – transaction risk

With all foreign currency transaction risk hedged by currency hedge contracts, leaving a very limited net exposure, changes in foreign currencies will have an insignificant effect on each subsidiary's profit margin. As this is considered non-material for AAK, no sensitivity analysis for transaction risk is shown.

Sensitivity analysis – translation risk

Changes in foreign currencies relative to SEK do affect Group profit when the profit of each foreign subsidiary is translated into SEK. A 10 percent change in the exchange rates of all foreign currencies relative to SEK would have an effect of ± SEK 304 million (224) on Group operating profit. Furthermore, a 10 percent change in the exchange rates of all foreign currencies relative to SEK would affect Group net sales by ± SEK 3,477 million (3,855) and Group net working capital by ± SEK 718 million (1,101).

Interest rate risk

AAK's policy on interest rate risk management is to minimize volatility in cash flow and net profit caused by fluctuations in interest rates. However, during abnormal market conditions – e.g. a financial crisis – short-term interest rates can rise to extreme levels. In order to protect the Group's interest costs against such abnormal scenarios, the interest rate on part of the Group's net interest-bearing debt can be fixed or capped. AAK applies as a general principle cash flow hedging on interest rate swaps. As per year-end 2023, the Group had outstanding interest rate swaps with a nominal total amount of SEK 400 million in order to hedge variable rate expose from floating rate bonds issued under the Group's Medium Term Note (MTN) program. The swaps are identified as cash flow hedges of the exposure to variability interest rates on the MTN bonds.

At year-end 2023, the Group's interest-bearing net debt, including pensions, amounted to SEK 2,425 million (5,707).

Effective interest rate on debt to banks and credit institutions at balance sheet date

%	2023	2022
SEK	5.4	3.1
DKK	3.3	1.0
USD	5.3	4.1
CNY	3.6	3.6
TRY	50.0	25.5
INR	9.0	7.0

Sensitivity analysis – interest rates

At the closing date, the Group had a floating-rate-based net debt of SEK 2,789 million (4,140), not including part of issued bonds under the MTN program that are hedged with interest rate swaps. A 1 percent change in interest rates would therefore have a full-year effect of SEK 28 million (41) on the Group's interest costs before tax. Of the fixed-rate-based debt, SEK 400 million (400) was hedged with interest swaps.

Capital management

AAK defines its managed capital as the Group's consolidated equity and net debt. The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and provide an adequate return for shareholders and benefits for other stakeholders together with maintaining an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may for instance raise new loans, amortize existing loans, adjust the dividends paid to shareholders, issue new shares or sell assets to improve capital structure.

AAK's policy on capital structure is to optimize debt financing, though not to a level that would threaten the Company's position as an investment grade company. When managing the capital, the Group monitors different measures including the following target key ratio which is included as financial covenant under the terms of the major borrowing facilities. This target level is considered relatively conservative and contributes to ensuring that AAK will be able to retain its high credit rating.

Multiple	Target	2023	2022
Net debt/EBITDA	< 3.00	0.49	1.71

Main source for external funding is a Revolving Credit facility of EUR 400 million, MTN program of SEK 4,000 million and local bilateral credit facilities. The Group's policy is to allocate total net borrowings per subsidiary relative to each subsidiary's share of the Group's cash flow. This minimizes the currency risk in relation to the Group's ability to pay interest on and amortize its borrowings, which in turn strengthens the Group's debt capacity.

Total borrowing reported in the balance sheet, per currency at balance sheet date

	2023	2022
SEK	3,000	5,500
DKK	526	571
INR	34	88
CNY	60	164
TRY	68	204
Other	7	8
Total	**3,695**	**6,535**

Note 3 | Financial risk management

Liquidity risk

Liquidity risk concerns the Group's ability to meet its financial commitments as they fall due.

The following table shows all of the Group's financial commitments, listed by the earliest contractual maturity date at the balance sheet date. The Group pays floating interest rate on all liabilities to banks and credit institutions. In the maturity analysis, the future payments of floating interest rate have been estimated using the prevalent floating rates at the balance sheet date. All liabilities in foreign currency are translated into SEK at year-end closing rates.

The Group's cash and cash equivalents of SEK 1,503 million, available committed credit facilities of SEK 5,559 million, and future cash generated by the business are together deemed sufficient for the Group to meet its financial commitments.

Maturities of financial liabilities, December 31, 2023

	Total amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities to banks and credit institutions	3,684	1,715	1,559	189	221
Lease liabilities	1,005	182	154	295	374
Accounts payables	3,804	3,804[1]	-	-	-
Derivative financial instruments	819	819	-	-	-
Other interest-bearing liabilities	11	11	-	-	-
Total financial liabilities	**9,323**	**6,531**	**1,713**	**484**	**595**
Interest on liabilities to banks and credit institutions	359	123	112	-	124
Total financial liabilities and interest	**9,682**	**6,654**	**1,825**	**484**	**719**

[1] The majority are due within 3 months.

Unused committed credit facilities available to the Group, December 31, 2023

	Total amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Unused committed credit facilities	5,559	-	556	5,003	-

Note 3 | Financial risk management

Maturities of financial liabilities, December 31, 2022

	Total amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities to banks and credit institutions	6,523	2,997	1,561	1,688	277
Lease liabilities	838	162	123	239	314
Accounts payables	5,337	5,337[1]	-	-	-
Derivative financial instruments	1,434	1,434	-	-	-
Other interest-bearing liabilities	12	12	-	-	-
Total financial liabilities	**14,144**	**9,942**	**1,684**	**1,927**	**591**
Interest on liabilities to banks and credit institutions	423	133	-	-	290
Total financial liabilities and interest	**14,567**	**10,075**	**1,684**	**1,927**	**881**

[1] The majority are due within 3 months.

Unused committed credit facilities available to the Group, December 31, 2022

	Total amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Unused committed credit facilities	4,295	837	-	3,458	-

Credit risk

The Company is exposed to credit risk primarily in relation to accounts receivables and customer contracts. Risk in the latter case is represented by customers' failure to meet their commitments due to changes in market prices.

Generally, AAK's credit risks are significantly limited due to the stable, long-term business relationships we have with our customers and suppliers. The customer structure for the Group is such that its single-largest customer is responsible for less than 5 percent of its total sales, and the average customer corresponds to less than 1 percent.

Nearly a quarter of the Group's sales occur in countries where the political and commercial risks are deemed to be higher than in Western economies. However, we experience only a limited need for impairments even in these countries. This is largely due to the fact that a significant portion of AAK's business in these countries is with large multinational companies that also do business worldwide. The partners with whom AAK do business are also primarily companies with which we have stable, long-term relationships.

Each business segment is responsible for managing its customer credit risks, while our large production facilities are responsible for managing their counterparty risk in relation to raw material procurement.

Change in allowance for expected credit losses on accounts receivables

	2023	2022
Balance, January 1	89	70
Provision for expected credit losses	18	26
Amounts written off	-11	-2
Reversal of prior year provisions	-	-10
Exchange differences	1	5
Balance, December 31	**97**	**89**

Total accounts receivables excluding provisions were SEK 5,409 million (6,724).

Accounts receivables past due

	2023	2022
1–30 days	467	458
31–120 days	87	116
121–360 days	18	28
Over 360 days	40	22
Total	**612**	**624**

Total past due is 12 percent (9) of total accounts receivables.

Note 3 | Financial risk management

Accounting classification of financial instruments

The following table shows the carrying amounts of financial assets and financial liabilities per measurement category in IFRS 9. The table also shows the levels in the fair value hierarchy to which the instruments that are measured at fair value in the balance sheet belong to.

	Fair value through profit and loss			Derivatives used in cash flow hedges			Amortized cost		Total	
	2023	2022	Level	2023	2022	Level	2023	2022	2023	2022
Financial assets										
Currency derivatives	358	164	2	-	-		-	-	358	164
Sales and purchase contracts	927	2,199	2	-	-		-	-	927	2,199
Investment in unlisted shares	7	7	3	-	-		-	-	7	7
Investment in unlisted funds	55	43	3	-	-		-	-	55	43
Interest rate swaps	-	-		13	25	2	-	-	13	25
Financial non-current assets	-	-		-	-		11	7	11	7
Accounts receivables	-	-		-	-		5,312	6,635	5,312	6,635
Financial current assets	-	-		-	-		97	85	97	85
Cash and cash equivalents	-	-		-	-		1,503	1,515	1,503	1,515
Total financial assets	**1,347**	**2,413**		**13**	**25**		**6,923**	**8,242**	**8,283**	**10,680**
Financial liabilities										
Currency derivatives	389	294	2	-	-		-	-	389	294
Sales and purchase contracts	430	1,140	2	-	-		-	-	430	1,140
Liabilities to banks and credit institutions	-	-		-	-		3,684	6,523	3,684	6,523
Lease liabilities	-	-		-	-		801	724	801	724
Accounts payables	-	-		-	-		3,804	5,337	3,804	5,337
Other interest-bearing liabilities	-	-		-	-		11	12	11	12
Total financial liabilities	**819**	**1,434**		**-**	**-**		**8,300**	**12,596**	**9,119**	**14,030**

Fair values of financial instruments

Derivatives

The fair value for exchange traded derivatives is based on available quoted market prices. For OTC-derivatives the Group measures fair value using valuation models that discount future cash flows using a zero-coupon interest rate curve. The cash flows are estimated using forward curves for underlying variables such as raw materials, exchange rates and interest rates. The Group's credit risk is taken into consideration in determining the fair value of derivative liabilities, whereas the credit of the counterparty is considered when determining the fair value of derivative assets.

Sales and purchase contracts

Foreign currency contracts and the foreign currency components in sales and purchase contracts are valued at actual market foreign currency forward rates. The raw material price components in sales and purchase contracts are valued at actual market forward prices for identical or similar raw materials. The part of inventory identified as hedged items in hedges of fair value is valued at market prices for identical or similar raw materials.

Investment in funds

The fair value of the Group's investment in unlisted funds is assessed using IFRS 9 level 3 evaluation.

Note 3 | Financial risk management

Fair values of financial assets and financial liabilities that are not measured at fair value in the balance sheet

The Group pays floating interest rate on its borrowings from banks and credit institutions and there has been no change in margins since the inception of the borrowings that would have a material impact on their fair values. The carrying amounts of the borrowings are therefore considered reasonable approximations of their respective fair values. For short-term financial instruments such as accounts payables and accounts receivables, the carrying amounts are also considered reasonable approximations of fair value due to the short-term maturity for these items.

Note 4 | Critical accounting estimates and assumptions in applying accounting policies

In preparing these financial statements, the Group management and Board of Directors must make estimates and assumptions that affect the recognized amounts of assets and liabilities, revenues and expenses, and other information, especially regarding contingent liabilities. The estimates and assumptions for accounting purposes dealt with in this section are deemed the most critical for a proper understanding of the financial statements, in view of their degree of significance in judgments and uncertainty. Our estimates and assumptions in this regard change as the circumstances for AAK's operations change.

Impairment testing of goodwill

The Group tests goodwill for any impairment on an annual basis or whenever events or objective circumstances indicate that the fair value of acquisition-related goodwill may have declined – for example, because of changes in the business climate or decisions to dispose of or discontinue certain operations. To determine whether the value of goodwill has decreased, the cash-generating unit to which the goodwill is attributable must be valued and this is done by discounting the cash flow of the unit. In applying this method, the Company relies on several factors, such as profit/loss, business plans, financial forecasts and market data. See also note 14.

Impairment test of other non-current assets

AAK's property, plant and equipment and intangible non-current assets, excluding goodwill, are recognized at cost less accumulated amortization/depreciation and any impairment. Besides goodwill, AAK recognizes no intangible assets with unlimited useful life. Depreciation/amortization is applied over the estimated useful life to an estimated residual value. Both the useful life and residual value are reviewed at least once at the end of each financial period.

The carrying amount of the Group's non-current assets is tested whenever events or changes in circumstances indicate that the carrying amount cannot be recovered. The carrying amount of intangible assets not yet finished for use is tested each year. If such an analysis indicates that the carrying amount is too high, the recovery value of the asset is established, which is either the net sales value or the value in use, whichever is greatest. Value in use is measured as the expected future discounted cash flow from the assets or the cash-generating unit to which the asset belongs. See also note 14 and 15.

Income tax

The Group is liable to pay taxes in many countries. Extensive reviews and testing are necessary to establish worldwide provisions for income tax liabilities. There are many transactions and calculations for which the final tax is uncertain.

The Group recognizes a liability for anticipated tax audit issues based on assessment of whether an additional tax liability will arise. In cases where the final tax for these matters differs from the amounts first recognized, these differences will impact current and deferred tax assets and tax liabilities in the period when these determinations are made. See also note 11.

Disputes

According to our best assessment, neither the Parent nor any subsidiary is currently involved in any legal proceedings or arbitration proceedings that are deemed to have any significant negative impact on the business, its financial position or its performance.

Pension obligations

The present value of pension obligations depends on multiple factors determined on an actuarial basis using a number of assumptions. The assumptions used to determine net cost (income) for pensions include the discount rate. Each change in these assumptions will affect the carrying amount of pension obligations.

The Group determines a suitable discount rate at the end of each year. This is the rate used to determine the present value of assessed future payments that are expected to be demanded to settle the pension obligations. When determining a suitable discount rate, the Group considers the interest rates of high-quality mortgage bonds that are denominated in the currency in which the benefits will be paid, and that have terms of maturity equivalent to the assessments for the pension obligation in question. See also note 9.

Note 5 | Auditors' remuneration

	Group		Parent	
	2023	2022	2023	2022
Audit				
Group-appointed auditor	10[1]	8	1[2]	1
Other	2	2	-	-
Subtotal, audit	12	10	1	1
Other audit assignments				
Group-appointed auditor	0	1	0	0
Other	0	0	-	-
Subtotal, other audit assignments	0	1	0	0
Tax consulting				
Group-appointed auditor	9	8	-	-
Other	1	2	-	-
Subtotal, tax consulting	10	10	-	-
Other assignments				
Group-appointed auditor	0	0	-	-
Other	1	0	-	-
Subtotal, other assignments	1	0	-	-
Total	**23**	**21**	**1**	**1**

[1] Of which SEK 4 million concerns KPMG AB.
[2] Of which SEK 1 million concerns KPMG AB.

The audit assignment refers to fees for the statutory audit, i.e. work that has been necessary in order to issue the Auditors' Report, and what is referred to as audit consulting, which is submitted in conjunction with the audit assignment.

Note 6 | Employee benefits (SEK thousand)

	Group		Parent	
	2023	2022	2023	2022
Wages and salaries	2,824,640	2,438,051	99,243	97,894
Social security contributions	620,630	553,123	48,659	47,708
(of which pension costs)	(174,615)	(155,075)	(13,402)	(12,575)

SEK 6 million (6) of the Group pension costs relates to the CEO and other members of the Executive Committee.

Salaries and other remuneration for members of the Board of Directors and others:

	2023		2023	2022		2022
	Board of Directors, CEO and other senior managers		Other employees	Board of Directors, CEO and other senior managers		Other employees
	Wages and salaries	Of which variable remuneration[1]	Wages and salaries	Wages and salaries	Of which variable remuneration	Wages and salaries
Parent, Sweden	41,429	22,963	57,814	52,590	28,390	45,304
Subsidiaries, Sweden	6,150	1,966	341,060	4,863	1,888	322,464
	47,579	**24,929**	**398,874**	**57,453**	**30,278**	**367,768**
Foreign subsidiaries	126,715	50,519	2,251,472	111,554	37,241	1,901,276
Group total	**174,294**	**75,448**	**2,650,346**	**169,007**	**67,519**	**2,269,044**

[1] Cost of Incentive Program 2023/2026 amounts to SEK 19.3 million.

Note 7 | Average number of employees, etc.

	2023			2022		
Average number of employees	Number of employees	Of which men	Of which women	Number of employees	Of which men	Of which women
Parent, Sweden	45	23	22	37	21	16
Subsidiaries in Sweden	547	402	145	528	393	135
	592	425	167	565	414	151

	2023			2022		
Foreign subsidiaries:	Number of employees	Of which men	Of which women	Number of employees	Of which men	Of which women
United Kingdom	589	446	143	550	419	131
USA	545	408	137	517	386	131
India	540	512	28	491	466	25
Mexico	399	325	74	395	324	71
Denmark	245	183	62	235	176	59
Colombia	190	138	52	170	123	47
Netherlands	184	127	57	164	119	45
Ghana	174	166	8	168	159	9
China	169	125	44	167	125	42
Brazil	154	97	57	140	89	51
Burkina Faso	61	41	20	88	65	23
Belgium	56	38	18	89	66	23
Benin	41	36	5	39	34	5
Turkey	39	28	11	39	27	12
Ivory Coast	37	32	5	31	27	4
Singapore	29	16	13	28	16	12
Malaysia	23	3	20	23	4	19
Uruguay	19	7	12	19	7	12
Ukraine	6	4	2	8	4	4
Mali	6	6	-	7	7	-
Japan	5	3	2	5	4	1
Germany	5	3	2	4	2	2

Note 7 | Average number of employees, etc.

	2023			2022		
Foreign subsidiaries:	Number of employees	Of which men	Of which women	Number of employees	Of which men	Of which women
Poland	4	2	2	4	2	2
Australia	4	2	2	3	2	1
Spain	4	2	2	-	-	-
Philippines	2	1	1	4	1	3
Czech Republic	2	1	1	2	1	1
Russia	1	-	1	4	1	3
Malta	1	1	-	1	1	-
Norway	1	1	-	1	1	-
Canada	1	1	-	1	1	-
	3,536	2,755	781	3,397	2,659	738
Group total	**4,128**	**3,180**	**948**	**3,962**	**3,073**	**889**

	2023		2022	
Board members and senior executives	Proportion of men (%)	Proportion of women (%)	Proportion of men (%)	Proportion of women (%)
Group (incl. subsidiaries)				
Board members	73	27	74	26
Chief Executive Officer and other senior executives	72	28	67	33
Parent company				
Board members[1]	50	50	40	60
Chief Executive Officer and other senior executives	100	0	66	34

[1] And two employee representatives, one male and one female.

Note 8 | Remuneration of the Board of Directors and senior executives

Principles

The principles for the remuneration of senior managers (Group management) at AAK, in both the Parent company and the Group, are designed to ensure that AAK can offer internationally competitive remuneration that can attract and retain qualified managers.

Consideration and determination

Compensation of the Chief Executive Officer and other senior managers is considered by the Remuneration Committee of the Board of Directors and all decisions are made by the Board as a whole.

Components of remuneration

Total remuneration includes salary, annual variable remuneration, pension, car allowance, and termination benefit.

Salary

Fixed salary, individually determined and differentiated according to responsibility and performance, is determined on competitive principles and reviewed annually. The applicable date for the annual performance review is January 1.

Variable remuneration

Annual variable remuneration is based on meeting set targets determined on an annual basis. These targets are related to the performance of the Company and how well the ESG targets are met. Senior management are entitled to up to 125 percent of their annual fixed salary in variable remuneration.

Incentive program

At the Annual General Meeting in AAK AB on May 18, 2022 it was resolved to implement a long-term incentive program for senior executives and key employees in AAK and issue of subscription warrants for implementation of a subscription warrants program. The subscription warrants are acquired by the employees at market value using the Black & Scholes formula. The exercise period for the subscription warrants is September 1, 2025 – August 31, 2027 at an exercise price of SEK 195.85 per share. The total number of subscription warrants in the program amounted to 5,000,000 with an initial value of SEK 20.22 per subscription warrant, in total SEK 101,100,000. In 2022, employees in AAK subscribed for 3,946,050 subscription warrants at an average price per subscription warrant of SEK 20.44 for a value of SEK 80,656,647. For the CEO's and other senior executives' holdings of subscription warrants, please see pages 50–51. The number of outstanding subscription warrants on December 31, 2023 amounted to 3,946,050.

Number	2023	2022
Subscription warrants outstanding, January 1	3,946,050	-
Awarded during period	-	3,946,050
Subscription warrants outstanding, December 31	3,946,050	3,946,050

The average exercise price in both periods above was SEK 195.85. The number of performance shares in the Group's Incentive Program 2023/2026 will be determined on March 8, 2024 and will be included in the table above with effect from 2024.

The Annual General Meeting of AAK AB on May 4, 2023 resolved to implement a long-term incentive program for around 70 senior executives and certain key employees in the AAK Group who will receive a conditional right to be awarded AAK shares ("Performance Shares"), i.e. a right to receive shares at a future time provided that applicable performance conditions and other conditions during the vesting period are met. The conditional right to receive Performance Shares presupposes that the participant remains employed and has not given or received notice of termination as per February 28 of the year in which the Performance Shares are transferred. The award of Performance Shares is linked to a performance condition set by the Board of Directors based on earnings per share for the 2023 financial year. The performance condition set by the Board of Directors will specify a minimum level that must be achieved for Performance Shares to be awarded, and a maximum level corresponding to the maximum allocation of Performance Shares. If actual performance is below the maximum level, but exceeds the minimum level, Performance Shares will be allocated proportionally. If all of the conditions set out in Incentive Program 2023/2026 are met, half of the Performance Shares will be transferred in the first half of 2025 and the remainder in the first half of 2026. The transfer of shares will be free of charge but subject to tax.

The value on the grant date will be a maximum value based on participants' basic salary adjusted for participants not being compensated for dividends paid during the vesting period. Participants are divided into two categories, where the maximum value for Group 1 is 40 percent of the participant's annual basic salary for 2023, and the maximum value for Group 2 is 25 percent of the participant's annual basic salary for 2023. The fair value of the program will be determined on the grant date and will not be updated during the vesting period. On March 8, 2024, the maximum monetary value will be converted into a maximum number of Performance Shares using the volume-weighted average price of AAK AB's share on Nasdaq Stockholm in the period March 4–8, 2024. The fair value of each share right will correspond to the fair value determined on the grant date and amounts to SEK 49,960,669.

Pension

Pensions for senior management are in line with the Swedish KTP plan (corresponding to ITP) and retirement age for senior managers is from the age of 60 years at the earliest.

Termination benefits

The Company has separate agreements with the Chief Executive Officer and senior managers for termination compensation of one year's salary (fixed cash amount per month x 12 months) on termination by the Company. Neither the Chief Executive Officer nor any senior manager can independently assert the right to termination compensation.

The period of notice of termination by the Chief Executive Officer and senior managers is agreed as 6 months. Termination notice by the Company is agreed as 12 months.

Compensation of Board Members

Fees are paid to the elected members of the Board in accordance with a resolution of the Shareholders' Annual General Meeting. This is distributed between the members as decided by the Board of Directors.

No other compensation or benefits have been paid to members of the Board, except travel expenses. The CEO, and employee representatives to the Board do not receive any compensation other than for costs in connection with their participation in Board activities. The secretary of the Board received a compensation in 2023 of SEK 600,000.

Note 8 | Remuneration of the Board of Directors and senior executives

Under a resolution of the Annual General Meeting, the compensation of elected external members of the Board, including compensation for committee work, for the period up to the next Annual General Meeting, should be distributed as follows: SEK 1,000,000 to the Chairman and SEK 440,000 to each of the other external members. Compensation for committee work is distributed, in accordance with a decision of the Annual General Meeting, as SEK 250,000 to the Chairman of the Audit Committee, SEK 125,000 to other members of the Audit Committee, SEK 100,000 to the Chairman of the Remuneration Committee, and SEK 50,000 to other members of the Remuneration Committee.

Remuneration and other benefits for the year[1]

SEK	Salary/Board of Directors' fees	Annual variable salary	Other benefits[2]	Pension cost	Total
Board of Directors					
Patrik Andersson, Chairman	988,500	-	-	-	988,500
Georg Brunstam	394,167	-	-	-	394,167
Marianne Kirkegaard	440,000	-	-	-	440,000
Märta Schörling Andreen	615,000	-	-	-	615,000
Fabienne Saadane-Oaks	440,000	-	-	-	440,000
Ian Roberts	440,000	-	-	-	440,000
Nils-Johan Andersson	690,000	-	-	-	690,000
Subtotal, Board of Directors	**4,007,667**	**-**	**-**	**-**	**4,007,667**
Senior executives					
Johan Westman, Chief Executive Officer	10,920,000	13,132,973 [3,4]	369,979	3,188,204	27,611,156
Other senior executives	38,984,100	39,722,073 [3]	3,305,789	3,422,923	85,434,885 [5]
Subtotal, senior executives	**49,904,100**	**52,855,046**	**3,675,768**	**6,611,127**	**113,046,041**
Total	**53,911,767**	**52,855,046**	**3,675,768**	**6,611,127**	**117,053,708 [6]**

[1] Refers to items recorded as an expense in 2023.

[2] Other benefits refer primarily to company cars.

[3] Final amounts approved by the Remuneration Committee to be paid in 2024. During the year, variable remuneration expensed in 2022 of SEK 47,297,860 was paid.

[4] Of the Annual variable salary, SEK 2,464,314 relates to the long-term share price-related incentive program, decided by the 2022 Annual General Meeting. The incentive program that was introduced in 2023 amounts to SEK 1,386,659.

[5] Refers to the following for 2023: Tomas Bergendahl, Niall Sands, Susanne Jaspers, Octavio Díaz de León, Tim Stephenson, David Smith and Sten Estrup.

[6] Of the amount of SEK 117,053,706, SEK 46,149,973 relates to the Parent company, AAK AB.

Note 9 | Provisions for pensions and similar obligations

Defined benefit plans

The Group maintains defined benefit retirement plans in which employees earn the right to payment of benefits after completing their employment, based on their final salary and period of service. These defined benefit retirement plans exist in Sweden, Belgium, and India. There are further commitments for retirement and survivors' pensions for salaried employees in Sweden that are insured through policies with Alecta or correspondingly in Folksam. According to the Swedish Financial Reporting Board, statement UFR10, this is a defined benefit plan which covers a number of employers. For the period from January 1 to December 31, 2023, AAK AB and AAK Sweden AB have not had access to sufficient information to recognize their proportional shares of the plan's obligations, plan assets and costs, which has meant that it has not been possible to recognize the plan as a defined benefit plan. The ITP 2 pension plan that is insured through Folksam is therefore recognized as a defined contribution plan. The premium for the defined benefit retirement and survivors' pension is calculated individually and depends on factors including salary, pension earned previously, and expected remaining period of service. Charges for ITP 2 pensions insured through Folksam are SEK 12 million (11).

The collective consolidation level consists of the market value of Alecta's assets as a percentage of the estimated insurance commitments, computed using Alecta's actuarial methods and assumptions, which are not in accordance with IAS 19. The collective consolidation level should normally be permitted to vary between 125 and 175 percent. If Alecta's collective consolidation level is below 125 percent or above 175 percent, measures must be taken to create the conditions for the consolidation level to return to the normal range. If the consolidation is low, one measure may be to increase the agreed price for new and existing benefits. If the consolidation is high, one measure may be to introduce premium reductions. At year-end 2023, Alecta's and Folksam's surplus in the form of their collective consolidation levels was 158 percent and 115 percent, respectively (172 percent and 110 percent, respectively).

The Group has defined benefit pension plans in Sweden and some minor plans in Belgium and India. All plans are pension plans based on final salary and give employees covered by the plans benefits in the form of a guaranteed level of pension payments during their lives. The pension liability includes special payroll tax. The level of the benefits depends on the employees' period of service and salary on retirement. The pension payments in the Swedish plan are normally indexed according to the consumer price index. The plans are subject to largely similar risks. Benefits are paid from plans that are secured with foundations. The activities of the foundations are regulated by national regulations and practice which also apply to the relationship between the Group and the administrator (or equivalent) of the foundation's plan assets. Responsibility for monitoring the plans, including investment decisions and contributions, is held jointly by the company and the foundation's board.

	2023	2022
Specification of costs		
Costs for services during current year	16	50
Interest expenses/(income)	-5	1
Employee contributions	0	-5
Total cost of defined benefit plans, included in employee costs (Note 6)	**11**	**46**
Cost of defined contribution plans	164	109
Total pension costs	**175**	**155**
Net defined benefit liability in the Balance Sheet		
Present value of funded obligations	392	381
Fair value of plan assets	-361	-323
Net defined benefit liability	**31**	**58**

Note 9 | Provisions for pensions and similar obligations

	2023	2022
Change in defined benefit liability		
Net liability, January 1	58	271
Net cost (Income Statement, Employee benefit expenses)	11	46
Benefits paid	-19	-12
Disbursement of funds from the foundation	13	12
Contributions by employer to funded obligations	-38	-44
Actuarial losses/gains arising from changes in demographic assumptions (Statement of comprehensive income)	11	-149
Actuarial losses/gains arising from changes in financial assumptions (Statement of comprehensive income)	-	-
Actuarial losses/gains arising from changes in experience (Statement of comprehensive income)	-	-
Exchange rate differences on foreign plans	1	8
Reclassifications	-6	-74
Net liability, December 31	**31**	**58**

Composition of plan assets (%)		
Interest-bearing assets	60	57
Shares	32	30
Properties	8	8
Alternative investments	-	5

Contributions to plans for post-employment benefits for the 2024 fiscal year are expected to amount to SEK 0 million. The weighted average term of the pension obligation is 14–16 years.

Key actuarial assumptions (%)		
Sweden		
Discount rate	3.70	1.20
Inflation	2.70	2.20
Future annual salary increases	2.70	3.20

Note 9 | Provisions for pensions and similar obligations

	Impact on the defined benefit liability	
Sensitivity in the defined benefit liability to changes in key weighted assumptions		
Swedish	+1%	-1%
Discount rate	-41	51
Inflation	49	-41
Future annual salary increases	25	-17

Note 10 | Financial items

	Group		Parent	
	2023	2022	2023	2022
Interest income	60	27	0	20
Share of profit in associated companies	10	35	-	-
Changes in exchange rates	6	3	-	-
Other financial income	7	4	-	-
Group contributions	-	-	213	108
Financial income	**83**	**69**	**213**	**128**
Interest expenses[1]	-248	-173	-203	-59
Interest expenses leases	-32	-30	-0	-0
Changes in exchange rates	-1	-3	-1	-1
Effect of IAS 29	-56	-23	-	-
Other financial expenses	-38	-28	-1	-3
Financial expenses	**-375**	**-257**	**-205**	**-63**
Net financial items	**-292**	**-188**	**8**	**65**
[1] Interest on interest rate swaps is included with	14	3	14	3

Note 11 | Tax expenses

Tax expenses for the year

	Group		Parent	
	2023	2022	2023	2022
Current tax	-876	-667	-16	0
Deferred tax	6	97	-2	0
Total	**-870**	**-570**	**-18**	**0**

Determination of the current tax expense

The Group's weighted average underlying tax rate is approximately 24–25 percent. The Group's weighted average tax rate for 2023, based on the tax rates in each of the various countries involved, was 23 percent. The tax rate in Sweden is 20.6 percent (20.6).

	Group		Parent	
	2023	2022	2023	2022
Profit before taxes	3,924	2,350	-83	-63
Weighted average tax rate based on the tax rates in each country	-877	-558	17	13
Tax effect of non-deductible expenses	-50	-59	-40	-16
Tax effect of tax-exempt income	41	22	1	1
Effect of deficit deductions not carried forward	-89	-40	4	2
Effect of tax rate changes	0	0	-	-
Adjustment for current tax for previous years	105	65	-	-
Tax expense	**-870**	**-570**	**-18**	**0**

Global minimum tax

The majority of the companies in the Group operate in countries that have adopted the new legislation to implement the global minimum tax, called Pillar 2. The Group's initial calculations of effective tax per country do not indicate any significant effect on the Group.

Note 11 | Tax expenses

Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the recognized tax assets and liabilities and when the deferred taxes refer to the same tax authority. The offset amounts are as follows:

	Group		Parent	
Deferred tax assets	2023	2022	2023	2022
Tax loss carry-forwards	24	32	-	-
Non-current assets	85	54	-	-
Right-of-use assets	11	10	0	0
Inventory	23	20	-	-
Current assets	22	18	-	-
Provisions	179	150	2	3
Current liabilities	46	43	-	-
At year-end	**390**	**327**	**2**	**3**

	Group		Parent	
Deferred tax liabilities	2023	2022	2023	2022
Non-current assets	576	490	-	-
Inventory	76	53	-	-
Current assets	28	21	-	-
Provisions	1	16	-	-
Current liabilities	-25	-27	-	-
At year-end	**656**	**553**	**-**	**-**

Income tax liabilities and tax assets

In addition to deferred tax assets and liabilities, AAK has the following current tax liabilities and tax receivables:

	Group		Parent	
	2023	2022	2023	2022
Current tax liabilities	-520	-644	-	-
Current tax receivables	602	610	0	13
Income tax liabilities/tax assets	**82**	**-34**	**0**	**13**

Note 12 | Earnings per share

	Group	
	2023	2022
Earnings attributable to Parent company's shareholders (SEK million)	2,946	1,770
Weighted average number of outstanding shares before dilution	259,559,202	258,877,332
Effect of subscription warrants	69,206	-
Weighted average number of outstanding shares after dilution from outstanding subscription warrants	259,628,408	258,877,332
Earnings per share before dilution, SEK[1]	11.35	6.84
Earnings per share after dilution, SEK[2]	11.35	6.84
Earnings per share after full dilution, SEK[3]	11.18	6.84

[1] Earnings per share are calculated based on net profit for the year attributable to Parent company's shareholders, SEK 2,946 million (1,770) and on a weighted average number of outstanding shares of 259,559,202 (258,877,332).

[2] Earnings per share are calculated based on net profit for the year attributable to Parent company's shareholders and on a weighted average number of outstanding shares after dilution from outstanding subscription warrants.

[3] Earnings per share are calculated based on a weighted average number of outstanding shares including a conversion of all outstanding subscription warrants to ordinary shares. During 2023, AAK had a subscription warrants program with a strike price of SEK 195.85 per share, which is below the market value of the share at the balance date of SEK 224.80. These subscription warrants could have a potential dilution effect and are therefore included in the calculation of Earnings per share including full dilution.

Note 13 | Events after the balance sheet date

The Board of Directors proposes that a dividend of SEK 3.70 (2.75) per share be paid for the financial year 2023. A decision will be made at the Annual General Meeting on May 8, 2024. The proposed record date for the dividend is May 13, 2024 and it is expected that the dividend will reach the shareholders on May 16, 2024.

Note 14 | Intangible assets

Group	Goodwill	Patents and other intangible assets	Total
Cost, January 1, 2022	2,270	705	2,975
Investments	8	3	11
Adjustment IAS 29	70	-	70
Exchange differences	217	25	242
Accumulated cost, December 31, 2022	**2,565**	**733**	**3,298**
Cost, January 1, 2023	2,565	733	3,298
Investments	3	37	40
Acquired through business combinations	135	-	135
Disposals	-	-20	-20
Adjustment IAS 29	22	-	22
Exchange differences	14	-17	-3
Accumulated cost, December 31, 2023	**2,739**	**733**	**3,472**
Amortization and impairment loss, January 1, 2022	-	398	398
Amortization and impairment loss for the year	27	28	55
Exchange differences	-	14	14
Accumulated amortization and impairment loss, December 31, 2022	**27**	**440**	**467**
Amortization and impairment loss, January 1, 2023	27	440	467
Amortization and impairment loss for the year	-	30	30
Disposals	-	-20	-20
Exchange differences	-	-7	-7
Accumulated amortization and impairment loss, December 31, 2023	**27**	**443**	**470**
Residual value, December 31, 2022	**2,538**	**293**	**2,831**
Residual value, December 31, 2023	2,712	290	3,002

Note 14 | Intangible assets

Reviewing impairment of goodwill

In preparing the financial statements for 2023, the Group has reviewed impairment of goodwill.

Goodwill is allocated to the following cash-generating units: business areas Food Ingredients, Chocolate & Confectionery Fats, and Technical Products & Feed. These cash-generating units correspond to the operating segments of AAK. The recoverable amount for a cash-generating unit is determined by calculating its value in use. These calculations are based on estimated future cash flow as stated in budgets and forecasts covering a five-year period. The projection for 2024 is based on a detailed reporting from each entity in the Group. The numbers are based on large number of assumptions regarding volume growth, operating margin, operating costs, capital expenditures, working capital, finance cost and taxes. The projection for the years 2025–2028 is based on management's general assumptions regarding expectations of market development and past performance. Key assumptions have been determined for volume growth, operating margin, operating costs, capital expenditures, working capital, finance cost and taxes. Cash flow beyond this period has been extrapolated by no more than 3 percent (3) in any case. Working capital beyond the five-year period is estimated at the same level as year five. Discount rates are assumed to be 10 percent (9.1) after tax for all three cash-generating units.

Testing has not demonstrated any need for impairment. The sensitivity in these calculations indicates that recognized goodwill is still intact even if the discount rate increases by 1 percent or if long-term growth is 1 percent less.

Goodwill by cash-generating unit

	2023	2022
Food Ingredients	1,596	1,459
Chocolate & Confectionery Fats	1,116	1,079
Technical Products & Feed	-	-
Total	**2,712**	**2,538**

Note 15 | Property, plant and equipment

Group	Land and buildings	Plant and machinery	Equipment, tools and fixtures and fittings	Non-current assets under construction	Total
Cost, January 1, 2022	2,560	11,664	912	460	15,596
Investments	31	318	48	818	1,215
Disposals	-40	-100	-71	-10	-221
Adjustment IAS 29	4	-	-	-	4
Reclassifications	90	149	15	-123	131
Exchange differences	245	854	70	61	1,230
Accumulated cost, December 31, 2022	**2,890**	**12,885**	**974**	**1,206**	**17,955**
Cost, January 1, 2023	2,890	12,885	974	1,206	17,955
Investments	167	407	67	564	1,205
Acquired through business combinations	26	92	-	-	118
Disposals	-180	-260	-19	-10	-469
Adjustment IAS 29	3	-	-	-	3
Reclassifications	73	154	12	-182	57
Exchange differences	-20	-56	13	16	-47
Accumulated cost, December 31, 2023	**2,959**	**13,222**	**1,047**	**1,594**	**18,822**

Note 15 | Property, plant and equipment

Group	Land and buildings	Plant and machinery	Equipment, tools and fixtures and fittings	Non-current assets under construction	Total
Depreciation, January 1, 2022	1,367	7,563	644	-	9,574
Disposals	-9	-83	-67	-	-159
Depreciations for the year	81	480	71	-	632
Exchange differences	109	516	54	-	679
Accumulated depreciation, December 31, 2022	**1,548**	**8,476**	**702**	**-**	**10,726**
Depreciation, January 1, 2023	1,548	8,476	702	-	10,726
Acquired through business combinations	20	88	-	-	108
Disposals	-71	-136	-19	-	-226
Depreciations for the year	93	501	78	-	672
Exchange differences	-12	-28	7	-	-33
Accumulated depreciation, December 31, 2023	**1,578**	**8,901**	**768**	**-**	**11,247**
Impairment loss, January 1, 2022	155	128	-	19	302
Write-down for the year	-19	-	-	-	-19
Exchange differences	1	1	-	-	2
Accumulated impairment loss, December 31, 2022	**137**	**129**	**-**	**19**	**285**
Impairment loss, January 1, 2023	137	129	-	19	285
Write-down for the year	7	8	4	-	19
Reclassifications	-123	-80	-	-19	-222
Exchange differences	0	0	-	-	0
Accumulated impairment loss, December 31, 2023	**21**	**57**	**4**	**-**	**82**
Residual value, December 31, 2022	**1,205**	**4,280**	**272**	**1,187**	**6,944**
of which land	130				
Residual value, December 31, 2023	**1,360**	**4,264**	**275**	**1,594**	**7,493**
of which land	134				

Note 16 | Leases

The consolidated balance sheet shows the following amounts related to leases:

	Group	
Right-of-use assets	2023	2022
Land and buildings	599	543
Plant and machinery	55	43
Equipment	7	6
Vehicles	99	93
Residual value, December 31	**760**	**685**

Additions to the right-of-use assets during the year were SEK 70 million (79).

	Group	
Lease liabilities	2023	2022
Non-current	630	562
Current	171	162
Total lease liabilities	**801**	**724**

For maturity analysis of the lease liabilities, see Note 3 Financial risk management.

The consolidated income statement shows the following amounts related to leases:

	Group	
Depreciations of right-of-use assets	2023	2022
Land and buildings	85	72
Plant and machinery	35	27
Equipment	4	2
Vehicles	31	30
Total depreciation	**155**	**131**

Expense related to short-term leases (included in Other external expenses)	13	14
Expense related to leases of low-value assets (included in Other external expenses)	4	1
Interest expense (included in Result from financial items)	32	30
Tax income (included in income tax)	2	2

The total cash lease payments for the year amounted to SEK 181 million (152).

Note 17 | Shares in Group companies

Parent company's direct holdings of shares in Group companies

Company name	Registration number	Domicile	Number of shares	Share of capital, %	2023 Book value	2022 Book value
AAK Denmark Holding A/S	45954919	Aarhus, Denmark	400,000,000	100	1,468	1,468
AAK Miyoshi Japan Co.Ltd	0118-01-031265	Tokyo, Japan	70,000,000	70	5	5
AarhusKarlshamn Finance AB	556880-4339	Malmö, Sweden	100,000	100	472	472
AarhusKarlshamn Holding AB	556759-7918	Malmö, Sweden	100	100	481	481
AarhusKarlshamn Invest AB	556747-6931	Malmö, Sweden	1,000	100	4,587	4,587
Advanced Lipids AB	556728-5837	Karlshamn, Sweden	100	50	0	0
Total					**7,013**	**7,013**

Note 17 | Shares in Group companies

Group holding of shares in Group companies

Company name	Registration number	Domicile	Share of capital, %
AAK (UK) Ltd	1585686	Hull, United Kingdom	100
AAK Australia Pty Ltd	094486361	New South Wales, Australia	100
AAK Baltic Holding AB	556381-8664	Karlshamn, Sweden	100
AAK Bastogne SA	0673.737.551	Bastogne, Belgium	100
AAK Belgium NV	0547.965.074	Antwerpen, Belgium	100
AAK BD Foods Ltd	04170983	Hull, United Kingdom	100
AAK Burkina Faso Sarl	BF 3BD2007 B465	Bobo-Dioulasso, Burkina Faso	100
AAK Canada Ltd	2040468	Toronto, Canada	100
AAK China Ltd	913 101 155 791 320 606	Shanghai, China	100
AAK Colombia S.A.S.	860090365-8	Bogotá, Colombia	100
AAK Côte d'Ivoire SASU	CI ABJ2018 320038	Abidjan, Côte d'Ivoire	100
AAK Czech Republic s.r.o.,	15268853	Prague, Czech Republic	100
AAK Dalby AB	556236-0478	Lund, Sweden	100
AAK Denmark A/S	15672099	Aarhus, Denmark	100
AAK do Brasil Indústria e Comércio de Óleos Vegetais Ltda	07.830.192/0001-02	São Paulo, Brazil	100
AAK Germany GmbH	HRB89102	Darmstadt, Germany	100
AAK Havnen A/S	13919232	Aarhus, Denmark	100
AAK India Pvt Ltd	U15140MH2002PTC137681	Maharashtra, India	100
AAK Insurance Malta Ltd	C51071	St Julians, Malta	100
AAK International AB	559155-5411	Malmö, Sweden	100
AAK Invest Ltd	C59066	St Julians, Malta	100
AAK Malaysia Sdn. Bhd.	516423-P	Kuala Lumpur, Malaysia	100
AAK Mali SARL	MA BKO2018 H5859	Bamako, Mali	100
AAK Malta EUR Ltd	C78539	St Julians, Malta	100
AAK Malta MXN Ltd	C83359	St Julians, Malta	100
AAK Malta TRY Ltd	C88855	St Julians, Malta	100
AAK Malta USD Ltd	C59069	St Julians, Malta	100
AAK Mexico, S.A. de C.V.	AUM8302244G2	Morelia, Mexico	99.9976
AAK Natural Emulsifiers Ltd	7734226	Cheshire, United Kingdom	100
AAK Netherlands BV	35012547	Zaandijk, the Netherlands	100
AAK Nigeria Oils and Fats Ltd	1539623	Lagos, Nigeria	100
AAK Norway AS	988 369 403	Oslo, Norway	100
AAK LLC	7709851438	Moscow, Russia	100
AAK Phillippines Inc	CS201816294	Batangas, Philippines	100
AAK Poland Sp.z o.o.,	0000124135	Warsaw, Poland	100
AAK Rotterdam BV	24419984	Rotterdam, the Netherlands	100

Note 17 | Shares in Group companies

Company name	Registration number	Domicile	Share of capital, %
AAK SG Pte. Ltd.	201421305H	Singapore, Singapore	100
AAK South East India Pvt Ltd	U15142TG1986PTC006854	Telangana, India	100
AAK Sweden AB	556478-1796	Karlshamn, Sweden	100
AAK Turkey Gida Sanayi ve Ticaret Limited Sirketi	877226	Istanbul, Turkey	100
AAK USA Inc.	13-3445572	New Jersey, USA	100
AAK USA K1, LLC	45-2596488	Kentucky, USA	100
AAK USA K2, LLC	45-2700873	Kentucky, USA	100
AAK USA Realco, LLC	45-2596451	Kentucky, USA	100
AAK USA Richmond Corp.	94-28476111	Richmond, USA	100
AAK Zhangjiagang Ltd	913 205 920 885 469 71Q	Zhangjiagang, China	100
Aarhus 1 A/S	10112265	Aarhus, Denmark	100
Aarhus 3 A/S	16335770	Aarhus, Denmark	100
AarhusKarlshamn Hull Ltd	2193829	Hull, United Kingdom	100
AarhusKarlshamn Latin America S.A.	214947990014	Montevideo, Uruguay	100
AarhusKarlshamn Ltd	2747344	Hull, United Kingdom	100
AarhusKarlshamn Spain S.L.	11174823	Madrid, Spain	100
Alba Fabrikers AB	556030-2183	Lund, Sweden	100
Allied Foods Ltd	500613	Hull, United Kingdom	100
Anglia Oils Ltd	1492748	Hull, United Kingdom	100
BIC Ingredients B.V.	56215819	s-Hertogenbosch, the Netherlands	100
Belico Holding AB	556537-0904	Karlshamn, Sweden	100
Book & Claim Ltd	5997462	Hull, United Kingdom	100
Ceylon Trading Co. Ltd.	J 333	Colombo, Sri Lanka	100
Chamber & Fargus Ltd	2352279	Hull, United Kingdom	100
Fondation (Centre de recherche sur l'arbre a karite)	00085852R	Satiri, Burkina Faso	100
Karlshamns International Plc	2366565	Hull, United Kingdom	100
Karlshamns UK Holdings Plc	83553	Hull, United Kingdom	100
KI Ghana Ltd	C-933	Tamale, Ghana	100
KNAR Benin Sarl	19 269B	Cotonou, Benin	100
Nutritionelle Ltd	1726044	Hull, United Kingdom	100
Oasis Trading Co. Inc.	22-2107122	New Jersey, USA	100
Rapsona	556759-4600	Malmö, Sweden	100
Rowallan Creamery Ltd	529393	Hull, United Kingdom	100
Tefac AB	556283-5214	Karlshamn, Sweden	100
Unicao Ltd	1492799	Hull, United Kingdom	100

Note 18 | Inventories

	Group	
	2023	2022
Raw materials and consumables	4,379	5,914
Goods in transit	1,378	2,337
Work in progress	1,879	1,754
Finished products and goods for resale	1,020	1,169
Total inventories	**8,656**	**11,174**

Impairment loss on inventories of SEK 4 million (11) is included in the Consolidated Income Statement in line items Raw materials and consumables and Changes in inventories of finished goods and work in progress.

Note 19 | Cash and cash equivalents

	Group	
	2023	2022
Cash equivalents	1,355	1,309
Current investments	148	206
Total	**1,503**	**1,515**

Note 20 | Equity

Group

Share capital

As of December 31, 2023, the Group's registered share capital was 259,559,202 shares (SEK 432,598,670).

Reserves

Statutory reserve

The statutory reserve refers to a reduction of the share capital carried out previously.

Hedging reserve

The hedging reserve encompasses the effective portion of the accumulated net change in the fair value of a cash flow hedging instrument attributable to hedging transactions yet to take place.

Translation reserve

Translation reserves include all exchange differences that arise when translating financial statements from foreign operations whose financial statements are stated in currencies other than the Group's presentation currency. The Parent company and the Group present their financial statements in SEK.

Retained profits and profit for the year

Retained profits and profit for the year include profits earned and retained by the Parent and subsidiaries, investments in associates, revaluation of the net pension commitment, new share issue, subscription warrants, net effect of acquisition of minority share, and profit for the year.

Treasury shares

The Group owned a total of 0 (0) treasury shares as of December 31, 2023.

Specification of equity item "Reserves"

	Statutory reserve	Hedging reserve	Translation reserve	Total
2022 opening balance	5	3	-777	-769
Exchange differences	-	16	1,454	1,470
2022 closing balance	**5**	**19**	**677**	**701**
2023 opening balance	5	19	677	701
Exchange differences	-	-9	-147	-156
2023 closing balance	**5**	**10**	**530**	**545**

Parent company

Share capital

In accordance with the Articles of Association for AAK AB, share capital shall be a minimum of SEK 300 million and a maximum of SEK 1,200 million. All shares are fully paid and entitle the holder to equal voting rights and shares in Company assets. Share capital consists of 259,559,202 shares (259,559,202) at a quota value of SEK 1.67 per share, and shareholder equity of SEK 432,598,670 (432,598,670).

Statutory reserve

The statutory reserve refers to a reduction of the share capital carried out previously.

Retained profit

Retained profit includes non-restricted equity from the previous year after any dividend distribution together with the profit for the year. The total non-restricted equity is the amount available for dividends to shareholders.

Proposed appropriation of profits

In accordance with the Swedish Companies Act, the Board of Directors proposes appropriation of profits for the consideration and approval of the Annual General Meeting of the Shareholders.

The Board of Directors proposes that

the disposable profit brought forward	SEK	5,663,624,707
and profit/loss for the year	SEK	-100,734,336
Total	**SEK**	**5,562,890,371**

be appropriated as follows:

To be distributed to shareholders, a dividend of		
SEK 3.70 per share	SEK	960,369,047
To be carried forward	SEK	4,602,521,324
Total	**SEK**	**5,562,890,371**

Note 21 | Borrowings

	Group		Parent	
Non-current	2023	2022	2023	2022
Liabilities to banks and credit institutions	1,969	3,526	1,500	3,000
Total	**1,969**	**3,526**	**1,500**	**3,000**

	Group		Parent	
Current	2023	2022	2023	2022
Liabilities to banks and credit institutions	1,715	2,997	1,500	500
Total	**1,715**	**2,997**	**1,500**	**500**

Maturity for non-current borrowing is as follows:

	Group		Parent	
	2023	2022	2023	2022
Between 1 and 5 years	1,748	3,249	1,500	3,000
More than 5 years	221	277	-	-
Total	**1,969**	**3,526**	**1,500**	**3,000**

Note 22 | Other provisions

Group	Restructuring	Environmental restoration	Legal	Other	Total
Opening balance, January 1, 2022	138	28	8	98	272
Provisions for the year	-	-	23	68	91
Provisions claimed for the year	-97	-	-	-23	-120
Reclassifications	-	60	-	-	60
Exchange differences	-	2	-	11	13
Closing balance, December 31, 2022	**41**	**90**	**31**	**154**	**316**
Opening balance, January 1, 2023	41	90	31	154	316
Provisions for the year	112	-	13	96	221
Provisions claimed for the year	-44	-	-	-76	-120
Reclassifications	66	-	-	98	164
Reversal of unused amounts	-41	-	-	-8	-49
Exchange differences	-	-	-	3	3
Closing balance, December 31, 2023	**134**	**90**	**44**	**267**	**535**

Provisions include	2023	2022
Non-current	238	177
Current	297	139
Total	**535**	**316**

Restructuring
A provision for restructuring is reported when the Group has adopted a comprehensive and formal restructuring plan, and the restructuring has either been started or published. No provisions are made for future operating expenses.

Environmental restoration
These provisions are primarily related to restoring contaminated land.

Legal
Provisions for legal claims.

Note 23 | Accrued expenses and deferred income

	Group		Parent	
	2023	2022	2023	2022
Employee-related expenses	616	615	66	57
Advance payments from customers	31	30	-	-
Other	1,350	1,716	5	15
Total	**1,997**	**2,361**	**71**	**72**

Note 24 | Assets pledged

	Group		Parent	
	2023	2022	2023	2022
Collateral for provisions and liabilities				
Property mortgages	1,187	918	-	-
Total	**1,187**	**918**	**-**	**-**

Note 25 | Contingent liabilities

	Group		Parent	
	2023	2022	2023	2022
Pension obligations	389	332	389	332
Total	**389**	**332**	**389**	**332**

Note 26 | Related-party transactions

For the Parent, SEK 413 million (160), i.e. 100 percent (100) of sales were to Group companies. The Parent's purchasing from Group companies is related to administrative services of limited scope. All transactions were carried out on commercial terms. As at December 31, 2023, the Parent had intragroup receivables of SEK 651 million (443) and intragroup liabilities of SEK 34 million (24).

In 2023, a management fee amounting to SEK 690,000 was paid to Melker Schörling AB.

Besides transactions stated in Note 8 Remuneration of the Board of Directors and senior executives, and in the description of the Board of Directors on pages 48–49, no transactions with related physical persons have taken place.

Note 27 | Segment reporting

The Group's operations are organizationally divided into business areas based on product. The marketing organization also reflects this structure.

All transactions between business areas are recognized at market value. Assets and liabilities not attributed to a business area include tax assets and tax liabilities, financial investments and financial liabilities, as well as cash and cash equivalents and interest-bearing receivables.

The external sales are based on where our customers are located. The carrying amounts of assets and the direct investment in plant for the period are determined by the location of the assets. Segment-based reporting is prepared in accordance with the accounting policies described in Note 2 "Accounting Policies".

Note 27 | Segment reporting

Reporting by business area

2023	Food Ingredients	Chocolate & Confectionery Fats	Technical Products & Feed	Group Functions	Group
External sales	29,891	13,694	2,443	-	46,028
Operating profit	2,642	1,521	258	-305	4,116
Assets	14,676	12,081	1,100	106	27,963
Unallocated assets	-	-	-	-	2,588
Total assets	**14,676**	**12,081**	**1,100**	**106**	**30,551**
Liabilities	3,842	3,816	401	213	8,272
Unallocated liabilities	-	-	-	-	5,106
Total liabilities	**3,842**	**3,816**	**401**	**213**	**13,378**
Investments	638	548	36	23	1,245
Depreciation, amortization and impairment loss	535	283	48	11	877

Reporting by market

2023	Europe	North and South America	Asia	Other countries	Total
External sales	17,963	21,157	6,244	664	46,028
of which Mexico	-	5,738	-	-	5,738
of which Sweden	3,576	-	-	-	3,576
of which United Kingdom	3,713	-	-	-	3,713
of which USA	-	10,091	-	-	10,091
Intangible assets and property, plant and equipment	5,169	4,217	1,515	354	11,255
of which Denmark	1,980	-	-	-	1,980
of which Sweden	1,192	-	-	-	1,192
of which United Kingdom	1,235	-	-	-	1,235
of which USA	-	2,638	-	-	2,638
Other assets	8,025	7,327	3,210	734	19,296
Total assets	**13,194**	**11,544**	**4,725**	**1,088**	**30,551**
Investments	687	512	45	1	1,245

Note 27 | Segment reporting

Reporting by business area

2022	Food Ingredients	Chocolate & Confectionery Fats	Technical Products & Feed	Group Functions	Group
External sales	32,661	14,813	2,951	-	50,425
Operating profit	1,652	806	303	-223	2,538
Assets	16,305	13,049	1,375	720	31,449
Unallocated assets	-	-	-	-	2,541
Total assets	**16,305**	**13,049**	**1,375**	**720**	**33,990**
Liabilities	5,222	4,455	477	877	11,031
Unallocated liabilities	-	-	-	-	7,875
Total liabilities	**5,222**	**4,455**	**477**	**877**	**18,906**
Investments	715	477	33	1	1,226
Depreciation, amortization and impairment loss	491	255	46	7	799

Reporting by market

2022	Europe	North and South America	Asia	Other countries	Total
External sales	20,594	22,459	6,641	731	50,425
of which Mexico	-	5,986	-	-	5,986
of which Sweden	3,775	-	-	-	3,775
of which United Kingdom	3,599	-	-	-	3,599
of which USA	-	10,921	-	-	10,921
Intangible assets and property, plant and equipment	4,590	3,988	1,523	359	10,460
of which Denmark	1,689	-	-	-	1,689
of which Sweden	1,113	-	-	-	1,113
of which United Kingdom	1,207	-	-	-	1,207
of which USA	-	2,616	-	-	2,616
Other assets	9,815	8,797	3,749	1,169	23,530
Total assets	**14,405**	**12,785**	**5,272**	**1,528**	**33,990**
Investments	648	554	21	3	1,226

Note 28 | Supplemental cash flow statement

Adjustment for other non-cash items

	Group		Parent	
	2023	2022	2023	2022
Sales of non-current assets	-109	7	-	-
Changes in pensions and provisions	138	-11	-9	9
Unrealized exchange rate effects	64	183	-	-
Long-term incentive	16	-	4	-
Others	-174	-116	4	3
Total	**-65**	**63**	**-1**	**12**

Cash flow from financing activities

			Changes that do not affect cash flow			
Group	Dec 31, 2022	Cash flows	Reclassification	Exchange rate effects	IFRS 16 Leases	Dec 31, 2023
Non-current financial assets	67	15	-	-3	-	79
Current financial assets	95	504	-	0	-	599
Non-current financial liabilities	4,184	-432	-1,000	-5	69	2,816
Current financial liabilities	3,170	-2,397	1,000	-67	191	1,897
Total liabilities from financing activities	**7,192**	**-3,348**	**-**	**-69**	**260**	**4,035**

			Changes that do not affect cash flow			
Group	Dec 31, 2021	Cash flows	Acquisition/ Disposal	Exchange rate effects	IFRS 16 Leases	Dec 31, 2022
Non-current financial assets	43	24	-	0	-	67
Current financial assets	31	64	-	0	-	95
Non-current financial liabilities	2,367	1,777	-80	51	69	4,184
Current financial liabilities	2,474	517	-	-6	185	3,170
Total liabilities from financing activities	4,767	2,206	-80	45	254	7,192

Note 28 | Supplemental cash flow statement

		Changes that do not affect cash flow				
Parent	Dec 31, 2022	Cash flows	Reclassification	Exchange rate effects	IFRS 16 Leases	Dec 31, 2023
Non-current financial assets	10	-6	-	-	-	4
Current financial assets	-	-	-	-	-	-
Non-current financial liabilities	3,001	-500	-1,000	-	16	1,517
Current financial liabilities	502	-6	1,000	-	9	1,505
Total liabilities from financing activities	**3,493**	**-500**	**-**	**-**	**25**	**3,018**

		Changes that do not affect cash flow			
Parent	Dec 31, 2021	Cash flows	Reclassification	Exchange rate effects	IFRS 16 Leases	Dec 31, 2022
Non-current financial assets	12	-2	-	-	-	10
Current financial assets	-	-	-	-	-	-
Non-current financial liabilities	1,002	2,000	-	-	-1	3,001
Current financial liabilities	1,603	-1,103	-	-	2	502
Total liabilities from financing activities	2,593	899	-	-	1	3,493

Alternative Performance Measures (APMs)

Organic volume growth %	2023	2022
Food Ingredients		
Organic volume growth	-5	-3
Acquisitions/divestments	-	-
Volume growth	**-5**	**-3**
Chocolate & Confectionery Fats		
Organic volume growth	-9	0
Acquisitions/divestments	-	-
Volume growth	**-9**	**0**
Technical Products & Feed		
Organic volume growth	-6	-4
Acquisitions/divestments	-	-
Volume growth	**-6**	**-4**
AAK Group		
Organic volume growth	-6	-2
Acquisitions/divestments	-	-
Volume growth	**-6**	**-2**

EBITDA SEK million	2023	2022
Operating profit (EBIT)	4,116	2,538
Depreciation, amortization and impairment losses	877	799
EBITDA	**4,993**	**3,337**

Alternative Performance Measures (APMs)

Operating profit excl. items affecting comparability (IAC)

SEK million	2023	2022
Food Ingredients		
Operating profit excluding IAC	2,642	1,716
Exit Russia	-	-64
Operating profit	**2,642**	**1,652**
Chocolate & Confectionery Fats		
Operating profit excluding IAC	1,521	1,092
Exit Russia	-	-286
Operating profit	**1,521**	**806**
Technical Products & Feed		
Operating profit excluding IAC	258	303
Operating profit	**258**	**303**
AAK Group		
Operating profit excluding IAC	4,116	2,888
Exit Russia	-	-350
Operating profit	**4,116**	**2,538**

Return on Capital Employed (R12M)

SEK million	2023	2022
Total assets	32,147	32,083
Cash and cash equivalents	-1,500	-1,354
Financial assets	-213	-51
Accounts payables	-4,333	-5,791
Other non-interest-bearing liabilities	-4,566	-4,998
Capital employed	21,535	19,889
Operating profit excluding items affecting comparability	4,116	2,888
Return on Capital Employed (R12M), %	19.1	14.5

Alternative Performance Measures (APMs)

Net working capital

SEK million	2023	2022
Inventory	8,656	11,174
Accounts receivables	5,312	6,635
Other current receivables, non-interest-bearing	2,743	3,686
Accounts payables	-3,804	-5,337
Other current liabilities, non-interest-bearing	-3,936	-5,411
Net working capital	**8,971**	**10,747**

Net debt

SEK million	2023	2022
Current interest-bearing receivables	599	95
Cash and cash equivalents	1,503	1,515
Pension liabilities	-31	-58
Lease liabilities	-801	-724
Non-current liabilities to banks and credit institutions	-1,969	-3,526
Current liabilities to banks and credit institutions	-1,715	-2,997
Other interest-bearing liabilities	-11	-12
Net debt	**-2,425**	**-5,707**

Net debt/EBITDA

SEK million	2023	2022
Net debt	2,425	5,707
EBITDA (R12M)	4,993	3,337
Net debt/EBITDA, multiple	**0.49**	**1.71**

Alternative Performance Measures (APMs)

Equity to assets ratio

SEK million	2023	2022
Shareholders' equity	17,117	15,036
Non-controlling interests	56	47
Total equity including non-controlling interests	17,173	15,083
Total assets	30,551	33,990
Equity to assets ratio, %	56.2	44.4

Corporate Governance Report

Corporate Governance Report 2023

This Corporate Governance Report has been drawn up in accordance with the rules of the Annual Accounts Act and the Swedish Corporate Governance Code ("the Code"). The Corporate Governance Report has been subject to the statutory review by the company's auditor.

Effective and clear corporate governance contributes to the safeguarding of trust among AAK's stakeholder groups and also increases the focus on business benefit and shareholder value in the company. AAK's Board of Directors and management team endeavor, through a high level of transparency, to make it easy for individual shareholders to understand the company's decision-making process and to clarify where in the organization responsibilities and authorities reside. AAK's corporate governance is based on applicable legislation, the Code, NASDAQ OMX Stockholm's regulatory framework for issuers, generally accepted practice in the stock market, and various internal guidelines. Where AAK has chosen to diverge from the rules in the Code, the reason is provided under each heading in this Corporate Governance Report.

General

AAK is a Swedish public limited liability company, the shares of which are traded on NASDAQ OMX Stockholm within the Large Cap segment, Consumer Commodities sector. AAK has around 21,800 shareholders. Its business operations are global, with a presence in more than 100 countries. At December 31, 2023, the average number of employees was 4,128. Responsibility for management and control of AAK is divided between the shareholders at the Annual General Meeting, the Board of Directors, its elected committees and the President and Chief Executive Officer (CEO) in accordance with the Swedish Companies Act, other legislation and ordinances, applicable rules for companies traded on a regulated market, the Articles of Association, and the Board's internal control instruments. AAK's goal is to be the obvious first choice for customers when it comes to plant-based oil solutions, and to create the best possible value for the company's various stakeholder groups – in particular customers, suppliers, shareholders, and employees. At the same time, AAK aims to be a good corporate citizen and take long-term responsibility. The aim of corporate governance is to define a clear allocation of responsibility and roles between the owners, the Board, the executive management team and various control bodies. In line with this, corporate governance covers the Group's management and control systems.

Ownership structure

Information about shareholders and shareholdings can be found on pages 52–53.

Articles of Association

AAK's current Articles of Association were adopted at the Annual General Meeting on May 7, 2021. The Articles of Association state that the company is to operate manufacturing and trading business, primarily within the food industry, to own and manage shares and securities and other associated business. The Articles of Association also state the shareholders' rights, the number of Board members and auditors, that the Annual General Meeting shall be held yearly within six months of the end of the financial year, how notification of the Annual General Meeting shall be effected, and that the registered office of the Board of Directors shall be in Malmö, Sweden. The company's financial year is the calendar year. The Annual General Meeting shall be held in Malmö or Karlshamn, Sweden. The Articles of Association contain no restrictions on the number of votes each shareholder may cast at a general meeting. Furthermore, the Articles of Association contain no special provisions on the appointment and removal of members of the Board of Directors and on amendments to the Articles of Association. For the current Articles of Association, please see www.aak.com.

Annual General Meeting

The Annual General Meeting of AAK is the highest decision-making body and the forum through which the shareholders exercise their influence over the company. The tasks of the Annual General Meeting are regulated by the Swedish Companies Act and the Articles of Association. The Annual General Meeting makes decisions on a number of central issues, such as adoption of the income statement and balance sheet, discharge from liability for the Board members and CEO, the dividend to shareholders, and the composition of the Board. Further information about the Annual General Meeting and complete minutes from previous Annual General Meetings and Extraordinary General Meetings are published at www.aak.com.

Annual General Meeting 2023

The Annual General Meeting, held on May 4, 2023 was represented by shareholders holding around 76 percent of the share capital and votes in the company. Georg Brunstam was elected Chairman of the Meeting. The Annual General Meeting adopted the income statement and balance sheet, as well as the consolidated income statement and consolidated balance sheet. Georg Brunstam, Märta Schörling Andreen, Patrik Andersson, and Marianne Kirkegaard were re-elected as ordinary members of the Board of Directors. Nils-Johan Andersson, Fabienne Saadane-Oaks and Ian Roberts were elected as new ordinary members of the board. Georg Brunstam was elected Chairman of the Board. In September 2023 the saddening notice was received that George Brunstam has passed away. Patrik Andersson was appointed Chairman of the Board until a new Chairman is elected by the General

Meeting. The employee organizations had appointed Lena Nilsson (PTK-L) and David Alfredsson (IF Metall) as employee representative members of the Board, and Mikael Myhre (IF Metall) and Andreas Thoresson (PTK-L) as deputy members of the Board. The Annual General Meeting authorized the Board to resolve on the issue of new shares by the Company or the acquisition of the Company's own shares.

Nomination Committee

The Annual General Meeting decides on the election of the Board, among other items. The task of the Nomination Committee is to make proposals to the Annual General Meeting regarding the election of the Chairman and other members of the Board and of the Chairman of the Meeting, and regarding remuneration issues and related issues. The Nomination Committee considers the company's operations, phase of development and other relevant circumstances when assessing the appropriate composition of the Board.

Nomination Committee for the Annual General Meeting in 2024

At the Annual General Meeting 2023, Märta Schörling Andreen (Melker Schörling AB), Elisabet Jamal Bergström (SEB Investment Management), William McKechnie (Alecta), and Henrik Didner (Didner & Gerge Fonder) were elected members of the Nomination Committee in respect of the Annual General Meeting 2024. Märta Schörling Andreen was elected Chairman of the Nomination Committee. The members of the Nomination Committee represent around 42 percent of the votes in AAK. The decision also included the opportunity to change the composition of the Nomination Committee in the event of a change in ownership.

William McKechnie has thereafter left Alecta and thereby also his assignment in the Nomination Committee for the Annual General Meeting 2024. In accordance with the Instructions for the Nomination Committee, Alecta has been given the opportunity to appoint a new representative, whereby Daniel Kristiansson has been appointed new member of the Nomination Committee. The Nomination Committee for the Annual General Meeting 2024 thus consists of Chairman Märta Schörling Andreen (Melker Schörling AB) and the members Henrik Didner (Didner & Gerge Fonder), Daniel Kristiansson (Alecta) and Elisabet Jamal Bergström (SEB Investment Management).

During the year, the Nomination Committee held two minuted meetings. At these meetings, the Chairman reported on the evaluation work, whereupon the Nomination Committee discussed any changes and new recruitments. The Nomination Committee has been contactable by letter with proposals from shareholders. The members of the Nomination Committee have not received any remuneration from AAK for their work. Shareholders who wish to contact the Nomination Committee can send letters addressed to AAK AB (publ.), Valberedningen, Pulpetgatan 20, SE-215 37 Malmö, Sweden.

The Board of Directors and its activities

The tasks of the Board are regulated in the Swedish Companies Act and the Articles of Association. In addition to this, the work of the Board is regulated by the working practices adopted by the Board each year. The procedural rules of the Board also regulate the distribution of work and responsibilities between the Board, the Chairman of the Board and the CEO and also include procedures for financial reporting by the CEO to the Board. According to the current working practices, the Board shall meet at least six times each year, including a statutory meeting following election held immediately after the Annual General Meeting. The tasks of the Board shall include setting strategies, business plans, budgets, interim reports and year-end reports for AAK. The Board shall also monitor the work of the CEO, appoint and dismiss the CEO and decide on important changes to AAK's organization and operation. The most important tasks of the Board are to set the overall goals for the company's operation and to decide on the company's strategy for achieving the goals; to ensure the company has an effective executive management team and appropriate remuneration terms; to ensure the transparency and accuracy of the company's external reporting; and that external reporting provides a fair presentation of the company's performance, profitability and financial position and exposure to risk; to monitor the financial reporting, including instructions to the CEO and the establishment of requirements for the content of the financial reporting to be submitted to the Board on a continuous basis; to ensure the company's insider policy and logging procedures are adhered to in accordance with legislation and the guidelines of the Swedish Financial Supervisory Authority; to ensure there are effective systems for follow-up and control of the company's operational and financial position against set goals; to follow up and evaluate the company's development and to recognize and support the work of the CEO in carrying out the required measures; to ensure there is sufficient control of the company's compliance with legislation and other rules applicable to the operation of the company; to ensure the required ethical guidelines are set for the company's behavior; and to propose to the Annual General Meeting any dividend, repurchase of shares, redemption or other proposals falling within the competence of the Annual General Meeting. The Chairman of the Board of Directors is responsible for evaluating the work of the Board. During 2023, he conducted a survey of the members and, based on this and interviews in the previous year, analyzed the results. The results of the survey were then presented and discussed on the Board and on the Nomination Committee as the basis for assessing the size and composition of the Board. The evaluation focused on Board work in general and on the contributions of individual members, including the Chairman of the Board and the CEO. The Board evaluations clearly contributed to continued development of the work of the Board and the committees.

Composition of the Board

Under the Articles of Association, AAK's Board shall consist of at least three and at most ten members. The current Board consists of six members elected

by the Annual General Meeting. Under Swedish law, employee organizations have a right to be represented on the Board and have appointed two ordinary members and two deputies. Georg Brunstam was re-appointed Chairman of the Board of Directors. At the statutory Board meeting following the Annual General Meeting, the Board chose to appoint an Audit Committee and a Remuneration Committee.

Nils-Johan Andersson was appointed Chair of the Audit Committee and Patrik Andersson and Märta Schörling Andreen were appointed members. Georg Brunstam was appointed Chairman of the Remuneration Committee and was replaced by Patrik Andersson in September when Georg Brunstam passed away, and Märta Schörling Andreen was appointed member. Märta Schörling Andreen, a member of the Board of Directors of Melker Schörling AB, and Nils-Johan Andersson, CEO of Melker Schörling AB, cannot be considered to be independent in relation to AAK's major shareholders in the Company in accordance with the Code. The other five members elected by the Annual General Meeting, Georg Brunstam, Marianne Kirkegaard, Patrik Andersson, Fabienne Saadane-Oaks and Ian Roberts are independent in relation to AAK, the Company management and the Company's major shareholders in accordance with the Code.

The Board therefore fulfills the requirement of the Code that at least two Board members who are independent of the Company and the Company management shall also be independent of the Company's major shareholders. Mikael Ekdahl, lawyer, acts as secretary to the Board. The application and result of the diversity policy are described on the Company's website in the Nomination Committee's reasoned statement regarding proposals to the Board of AAK AB.

Working practices

The Board's working practices, containing instructions for the division of work between the Board and the CEO and for financial reporting, are updated and adopted annually. Board meetings consider the financial reporting and monitoring of day-to-day business operations and profitability trends, as well as goals, strategies for the business operation, acquisitions and significant investments, and matters relating to capital structure. Business area managers and other senior executives report on business plans and strategic issues on a continual basis.

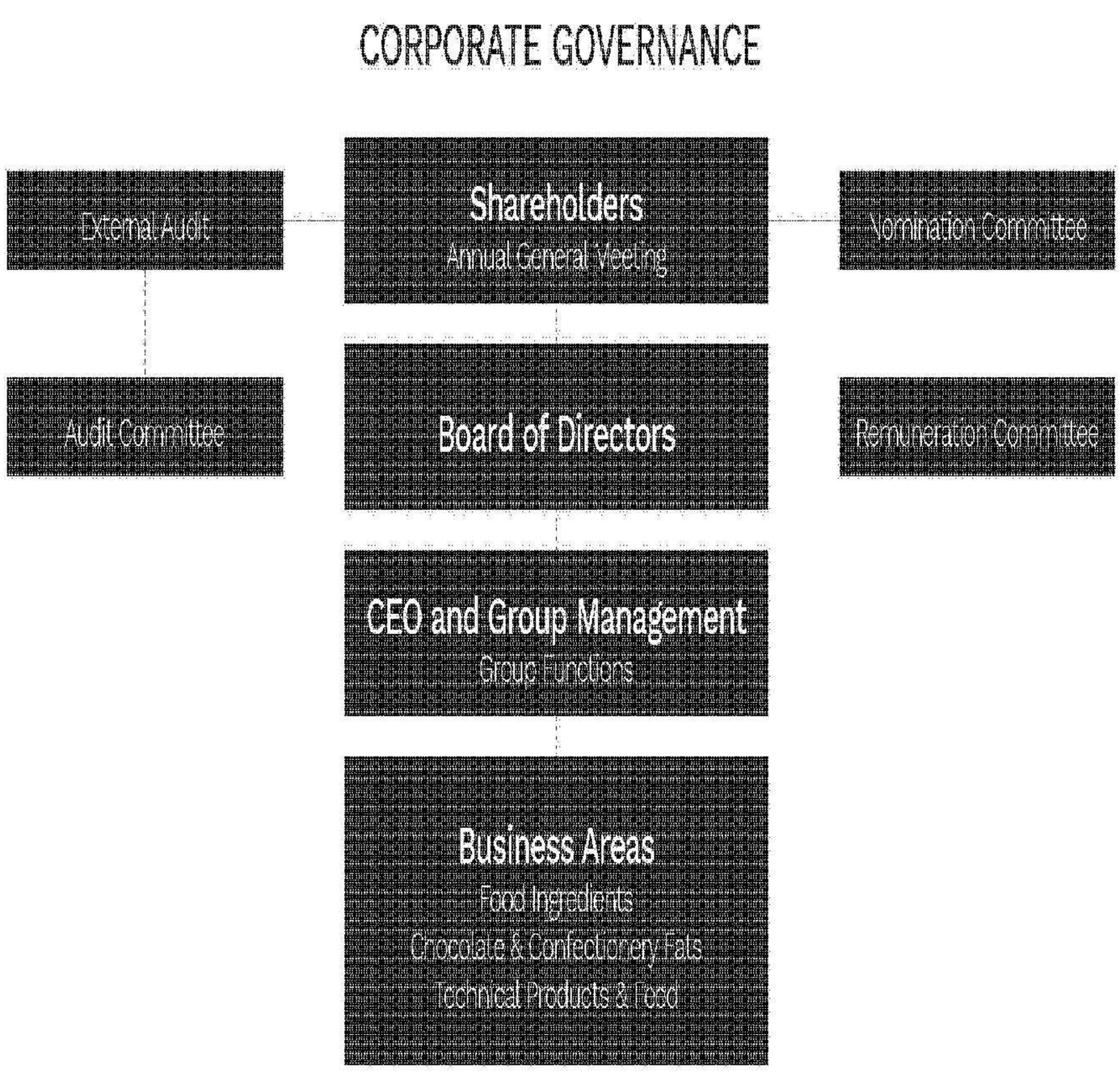
Remuneration and audit issues are prepared within the respective committees. The Board holds a statutory meeting immediately after the Annual General Meeting. At this meeting, the Board's working practices are also adopted, as are the instructions to the CEO and the Committees and other internal management instruments. The current Board held its statutory meeting on May 4, 2023, at which all members were in attendance.

Chairman of the Board

At the Annual General Meeting held on May 4, 2023, Georg Brunstam was re-elected Chairman of the Board, and was replaced by Patrik Andersson in September when Georg Brunstam passed away. The role of the Chairman of the Board is to lead the work of the Board and ensure the Board fulfills its tasks. The Chairman shall monitor the progress of the business in dialogue with the CEO, and is responsible for ensuring the other members continuously receive the information required to carry out the work on the Board, maintaining the required quality and in accordance with the Swedish Companies Act and other applicable laws and ordinances, the Articles of Association, and the working practices of the Board. The Chairman is responsible for ensuring the Board constantly develops its knowledge about the Company, that an evaluation of the Board's work is carried out and that the Nomination Committee is provided with this evaluation. The Chairman shall also participate in evaluation and development issues relating to senior executives in the Group.

The work of the Board in 2023

The Board held 11 meetings during the year. Business area managers have reported on the goals and



business strategies of the business areas. The Board has handled issues relating to strategy, staffing and organization. Decisions have been made relating to investments and acquisitions. Other areas handled have been the Group's work on the supply of raw materials, risk management and the Company's strategy for capital structure and borrowing.

Attendance at Board and Committee meetings in 2023

Member	Board of Directors	Audit Committee	Remuneration Committee
Number of meetings	11	4	2
Georg Brunstam	7		1
Patrik Andersson	11	3	1
Marianne Kirkegaard	7		
Gun Nilsson	4	2	
Märta Schörling Andreen	11	4	2
Nils-Johan Andersson	7	3	
Ian Roberts	5		
Fabienne Saadane-Oaks	6		
Daniel Alfredsson	10		
Lena Nilsson	11		

Information about the members of the Board can be found on pages 48–49.

Fees to Board members

According to the decision of the Annual General Meeting, the total fees to the Board amounted to SEK 3,640,000, to be allocated between the members as follows: SEK 1,000,000 to the Chairman and SEK 440,000 to each of the other members elected at the Annual General Meeting who are not employed by the Company. The Chairman of the Audit Committee received SEK 250,000 and the members SEK 125,000 each. The Chairman of the Remuneration Committee received SEK 100,000 and the member SEK 50,000.

The secretary to the Board received a compensation in 2023 of SEK 600,000. Employee representatives to the Board do not receive any compensation other than for costs in connection with their participation in Board activities. For further information about remuneration to members of the Board, please see page 86.

Evaluation of the CEO

The Board continuously evaluates the work and competence of the CEO and the Company's management team. This is discussed at least once a year without representatives of the Company management being present.

Guidelines for remuneration of senior executives

The 2023 Annual General Meeting approved the principles for the remuneration of senior executives. The principles for the remuneration of AAK's senior executives are designed to ensure, from an international perspective, that AAK can offer compensation that is competitive and at the prevailing market level to attract and retain qualified people. The total remuneration package paid to senior executives shall consist of fixed basic salary, annual variable salary, long-term incentive program, pension, company car, and severance payment. The fixed salary shall be individually differentiated on the basis of responsibility and performance, and shall be set on market principles and revised annually. In addition to annual salary, senior executives shall also receive a variable salary, which shall have a pre-set ceiling and be based on the outcome in relation to goals set annually. The goals shall be related to the company's performance and shall also be able to be linked to individual areas of responsibility. ESG targets is a qualifier for the Executive Committee's remuneration. The annual variable portion must not exceed 125 percent of the fixed salary. In addition to the variable salary mentioned, share or share-price related incentive programs may be added as determined from time to time by the Annual General Meeting. The right to a pension for senior executives shall apply from the age of 60 at the earliest. Pension plans for senior executives shall primarily be defined benefit plans. In the event of termination of employment by the Company, the notice period for the CEO and other senior executives shall be twelve months, and they shall be entitled to receive severance pay with a pre-determined ceiling corresponding to twelve months' salary. For termination of employment by the employee, a notice period of six months shall normally apply and no severance pay shall be payable. These guidelines will cover those persons who are in Group management positions during the period of time in which the guidelines apply. The guidelines apply to agreements entered into after a resolution by the Annual General Meeting, and in the event that changes are made to existing agreements after this point in time. The Board will be entitled to diverge from the guidelines if there are particular reasons to do so in an individual case.

Board committees

Audit and remuneration issues within the Board are handled in committees, whose task it is to prepare issues arising and submit proposals for decisions to the Board. The tasks and working practices of the committees are determined by the Board in written instructions, which constitute part of the Board's working practices.

Remuneration Committee

In accordance with the Board's working practices, issues of remuneration to the CEO and senior executives shall be prepared by the Remuneration Committee. The Remuneration Committee prepares and presents proposals to the Board relating to remuneration to the CEO and other senior executives. The final task of the Remuneration Committee is to monitor and evaluate the ongoing programs for variable remuneration of the company management team, and programs terminated during the year, as well as the application of the guidelines for the remuneration of senior executives and the current remuneration structure and remuneration levels in the Company. During 2023, the members of the

Remuneration Committee were Georg Brunstam (Chairman), until he passed away and was replaced by Patrik Andersson, and Märta Schörling Andreen. The recommendations of the Remuneration Committee to the Board include principles for remuneration, the relationship between fixed and variable salary, conditions for pensions and severance pay, and other benefits payable to the management. Remuneration to the CEO of the Group has been decided by the Board on the basis of the recommendations of the Remuneration Committee. Remuneration to other senior executives has been decided by the Chief Executive Officer in consultation with the Remuneration Committee. For further information, see page 86. During 2023, the Remuneration Committee met on two occasions. Current guidelines for remuneration to senior executives can be found in Note 8. The Board's proposal for new guidelines will be put to the Annual General Meeting in 2024 for a decision.

Audit Committee

During 2023, the members of the Audit Committee were Nils-Johan Andersson (Chair), Märta Schörling Andreen and Patrik Andersson. The Audit Committee held four meetings during the year, which the Company's external auditors and representatives of the management team attended. Areas dealt with by the Audit Committee are primarily related to planning, scope and follow-up of the audit for the year. Other issues dealt with include risk management, integration and systematics of Group procedures, Information Technology, Sourcing and Trading, coordination of insurance issues, corporate governance, internal control, accounting rules, development of the global finance function, financing operations, and other issues that the Board has requested the Audit Committee to prepare. Pursuant to the Code, a majority of the members of the Audit Committee must be independent in relation to the Company and management, and at least one member must also be independent in relation to major shareholders. Under the provisions of Chap. 8, Section 49 a, of the Swedish Companies Act (2005:551), at least one member of the Audit Committee must have expertise in accounting or auditing. The Company fulfills these requirements.

External auditors

AAK's auditors are appointed by the Annual General Meeting. At the Annual General Meeting in 2023, the audit company KPMG AB was elected as auditors up to and including the Annual General Meeting in 2024. Jonas Nihlberg, Authorized Public Accountant, was appointed auditor in charge. All services requested in addition to the statutory audit are tested separately to ensure there is no conflict arising involving independence or disqualification.

Operational management

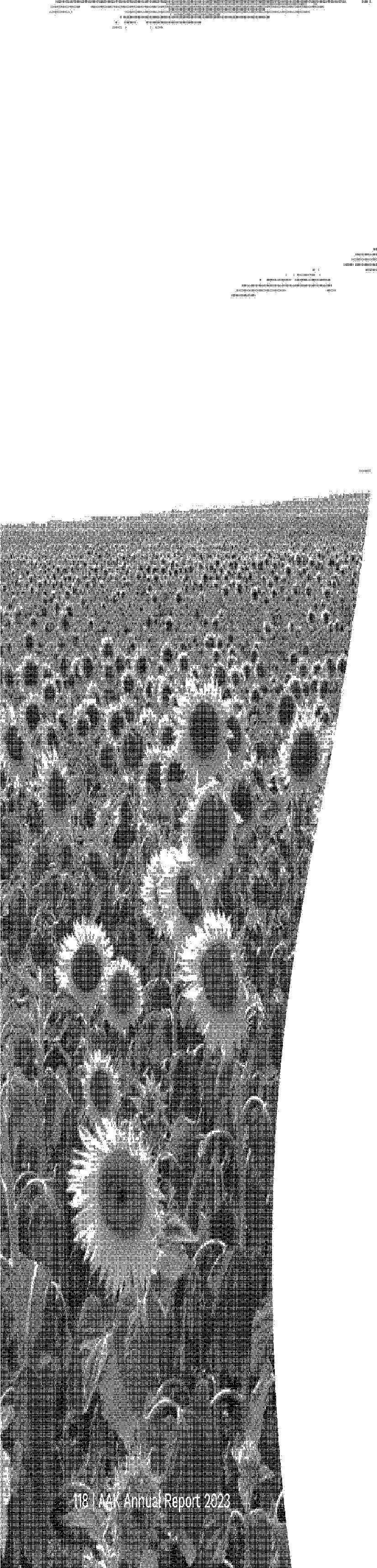
It is the task of the CEO to lead operations in accordance with the guidelines and instructions of the Board. In conjunction with this, the CEO shall use the required control systems to ensure the company complies with applicable laws and regulations. The CEO reports to the Board meetings and shall ensure the Board receives as much factual, detailed and relevant information as is required for the Board to reach well-informed decisions. The CEO also maintains continual dialogue with the Chairman of the Board and keeps him informed of the development and financial position of the Company and the Group.

AAK's Group management team consists of eight persons from six countries: the CEO, Chief Financial Officer (CFO) who is also responsible for Mergers & Acquisitions, IR, Corporate Communication & Brand, Global IT, Strategy, and Legal, President Commercial Development and Innovation, President Global Operations and President Global Sourcing & Trading, as well as three persons in charge of business areas/regions/industries, whereof one also responsible for Global HR. The Group management team meets every other month and deals with the Group's financial development, investments, synergy and productivity projects, acquisitions, Group-wide development projects, leadership and competence supply, and other strategic issues. The meetings are chaired by the CEO, who make decisions in consultation with the other members of the Group management team. The Group has a small number of Group employees, who are responsible for Group-wide activities, such as financial performance, M&A, tax, IT, internal control, strategy, communication, investor relations, brand, and legal issues. The CEO and Group management team are presented on pages 50–51. For remuneration principles and salaries and other fees paid to the CEO and Group management team, please see Note 8.

AAK's business areas are Food Ingredients, Chocolate & Confectionery Fats and Technical Products & Feed. The head of each business area are responsible for goals, strategies, product development and day-to-day business issues, as well as for profit, cash flow and balance sheets for the unit in question. The business areas in turn are organized into different sectors with responsibility for day-to-day business issues. Direction is exercised through internal boards, which meet four times a year. AAK's CEO chairs the meetings. Other executives are co-opted as necessary. In all countries where AAK has subsidiaries, a Country Manager has legal charge of operations. The Country Manager's task is to represent AAK vis-à-vis public authorities in the country, to coordinate operations on the ground, organization and Group-wide procedures/projects, and to ensure that Group-wide guidelines are complied with. For each such country, one member of the Group management team has been appointed to have overall responsibility for operations. This person is the superior of the Country Manager, and in most cases acts as Chairman of the local legal board.

The Board's description of internal control and risk management relating to financial reporting

The Board is responsible for AAK's internal control, the overall purpose of which is to protect the owners' investments and the Company's assets. The Board shall provide a description of how internal control and risk management relating to financial reporting are organized in a separate section of this Corporate



Governance Report. Internal control relating to financial reporting is a process involving the Board, the company management team and personnel.

The process has been designed to ensure the reliability of external reporting. According to the commonly accepted framework established for this purpose, internal control is usually described from five different aspects, which are described below. The control environment forms the basis for internal management and control. Risk assessment and risk management mean that the management is aware of and has itself assessed and analyzed risks and threats to operations.

Control activities are the measures and procedures designed by the management to prevent errors from arising and for discovering and correcting errors that do arise. In order for individual tasks to be carried out in a satisfactory manner, the personnel in an organization need to have access to current and relevant information. The final module of the model relates to follow-up of internal management and the design and effectiveness of controls.

Control environment

AAK's organization is designed to facilitate quick decision-making. Operational decisions are therefore made at business area or subsidiary level, while decisions about strategies, acquisitions and overriding financial issues are taken by the company's Board and Group management team. The organization is characterized by clear division of responsibilities and effective and established management and control systems, covering all units within AAK.

The basis for the internal control relating to financial reporting consists of an overall control environment in which the organization, decision-making routes, authorities, and responsibilities have been documented and communicated in management documents, such as AAK's Treasury policy, the manual on financial reporting, and the authorization rules set by the CEO. AAK's finance function is integrated through a joint consolidation system and joint accounting instructions. The Group's finance function works closely and effectively with the controllers of subsidiaries in relation to year-end financial statements and reporting.

As a supplement to the internal control, under a specific plan, an annual audit of some units in the Group is carried out on a rotating basis by the Group's central Finance Department, in collaboration with an independent international accounting firm. AAK has decided not to set up a separate review function (internal audit), as the functions mentioned above fulfill this task well. All of AAK's subsidiaries report on a monthly basis. These reports form the basis for the Group's consolidated financial reporting. Each legal unit has a controller who is responsible for the financial management of each business area, and for ensuring the financial reports are correct, complete and delivered in time for consolidated reporting.

Risk assessment and risk management

Through its international presence, the AAK Group is exposed to a number of different risks. Risk management within the Group is run in accordance with fixed policies and procedures, which are reviewed annually by AAK's Board. Risks relating to commodities are managed using the Group's raw material purchasing policy. Risks relating to currency, interest and liquidity are mainly governed by AAK's Treasury policy. The Group's credit policy directs the management of credit and contract risks. Effective risk management unites operational business development with the requirements of owners and other stakeholders for improvements in control and long-term value. Risk management aims to minimize risks, but also to ensure that opportunities are utilized in the best possible way. Risk management covers the following areas of risk: strategic risks relating to the market and sector, commercial, operational and financial risks, compliance with external and internal regulatory frameworks, and financial reporting. The main components of risk assessment

and management are identification, evaluation, management, reporting, follow-up and control. For further information about AAK's risk management, please see Note 3.

Control activities

The risks identified relating to financial reporting are handled via the company's control activities. These control activities aim to prevent, identify and correct errors and discrepancies. Control activities take the form of manual controls, such as reconciliation and stocktaking, automatic controls via the IT systems and general controls of the underlying IT environment. Detailed financial analyses of the result and follow-up against budgets and forecasts, supplement the operation-specific controls and provide overall confirmation of the quality of the reporting.

Information and communication

To ensure the completeness and accuracy of its financial reporting, the Group has adopted guidelines for information and communication aimed at ensuring relevant and significant exchange of information within business operations, both within each unit and to and from Group management and the Board. Policies, handbooks and working practices relating to the financial process are communicated between the management and employees, and are available in electronic format and/or printed format. The Board receives regular feedback on internal control from the Audit Committee. To ensure that external information is correct and complete, AAK has a communication policy adopted by the Board, which states what is to be communicated, by whom and in what way.

Follow-up

The effectiveness of the process for risk assessment and execution of control activities is followed up continuously. The follow-up covers both formal and informal procedures, which are used by those responsible at each level. The procedures include follow-up of results against budgets and plans, analyses and key figures. The Board receives monthly reports about the Group's financial position and development. The Company's financial situation is discussed at each Board meeting, and the management team analyzes the financial reporting at detailed level on a monthly basis.

At Audit Committee meetings, the Committee follows up the financial reporting and receives reports from the auditors about their observations.

Policy documents

AAK has a number of policies for the operations of the Group and its employees. These include:

Code of conduct

The Code of conduct for the Group have been drawn up with the aim of clarifying the Group's fundamental approach to ethical issues, both within the Group and externally with regard to customers and suppliers.

Treasury policy

The Group's finance function works in accordance with instructions adopted by the Board, which provide a framework for how the Group's operations shall be financed, and for how, for example, currency and interest risks are to be handled.

Communication policy

The Group's communication policy is a document describing the Group's general principles for the publication of information.

Environmental policy

The Group's environmental policy provides guidelines for environmental work within the Group.



The consolidated income statement and balance sheet will be presented to the Annual General Meeting on May 8, 2024 for adoption.

The Board of Directors and the Chief Executive Officer declare that the consolidated accounts have been prepared in accordance with IFRS International Accounting Standards, as adopted by the EU, and provide a true and fair view of the Group's financial position and results. The annual accounts have been prepared in accordance with generally accepted accounting practices and provide a true and fair view of the Parent's financial position and results.

The Directors' Report for the Group and Parent provides a true and fair view of the development of the business operations, financial position and results of the Group and Parent and describes the significant risks and uncertainty factors facing the Parent and the companies belonging to the Group.

Malmö, April 9, 2024

Patrik Andersson
Chairman of the Board

Johan Westman
President and CEO

Märta Schörling Andreen
Board member

Marianne Kirkegaard
Board member

Nils-Johan Andersson
Board member

Fabienne Saadane-Oaks
Board member

Ian Roberts
Board member

David Alfredsson
Employee representative

Lena Nilsson
Employee representative

Our auditor's report was submitted on April 10, 2024
KPMG AB

Jonas Nihlberg
Authorized Public Accountant
Auditor in charge

Auditor's report

To the general meeting of the shareholders of AAK AB (publ.), corp. id 556669-2850

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of AAK AB (publ.) for the year 2023, except for the corporate governance statement on pages 113–119 and other information on pages 48–55. The annual accounts and consolidated accounts of the company are included on pages 43–120 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of December 31, 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2023 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 113–119 and other information on pages 48–55. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group. Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Accounting for hedges of commodities and accounting for open sales and purchase contracts

See disclosure 3 and accounting principles on pages 72–73 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter	Response in the audit
The Group is exposed to commodity price risks and uses derivative financial instruments to manage these risks. The Group applies fair value hedge accounting for derivatives that are used to hedge price risks in raw materials. This means that a change in the market price of raw materials impact both the value of the hedging instruments (derivatives) and the revaluation of the hedged item (inventory). Open sales and purchase contracts are measured at fair value through the use of the fair value option in IFRS 9. As such, the Group's raw material purchasing process is complex and fluctuations in the market price of raw materials can have a significant impact on the financial information. An incorrect valuation would have a direct impact on the Group's costs and earnings.	To verify that valuation of the hedged item (inventory), derivatives, and open sales and purchase contracts are performed at fair value in accordance with the Group's accounting policies, we have gained an understanding of the Group's internal control and management of the risk exposure in inventory, derivatives and open contracts. Furthermore, we have performed sample tests to ensure the existence of derivatives and sales and purchase contracts together with the accuracy in market prices used in the valuation of the same and of the hedged item (inventory). We have also assessed the appropriateness of the disclosures presented in the annual report.

Other information than the annual accounts and consolidated accounts

This document contains other information than the annual accounts and consolidated accounts and can be found on pages 1–42, 48–55 and 126–127. The other information also includes the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.

- Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of AAK AB (publ.) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Chief Executive Officer have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for AAK AB (publ.) for year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of AAK AB (publ.) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Chief Executive Officer determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Chief Executive Officer, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Chief Executive Officer.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 113–119

has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 227, 201 22 , Malmö, was appointed auditor of AAK AB (publ.) by the general meeting of the shareholders on May 4, 2023. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2021.

Malmö, April 10 2024

KPMG AB
Jonas Nihlberg
Authorized Public Accountant

Financial calendar and Annual General Meeting

Reporting schedule

AAK AB (publ.) will provide financial information for the 2024 financial year on the following occasions:

- The interim report for the first quarter will be published on April 25.
- The interim report for the second quarter will be published on July 18.
- The interim report for the third quarter will be published on October 24.
- The fourth quarter and year-end report 2024 will be published on February 5, 2025.

Interim reports, press releases, and Annual Reports are available in English and Swedish at www.aak.com.

Annual General Meeting

AAK AB's Annual General Meeting will take place on Wednesday, May 8, 2024, in Malmö, Sweden.

Notice of Annual General Meeting

Notice of the Annual General Meeting is published in Post- och Inrikes Tidningar and on the company's website, including a complete agenda. In addition, an advertisement regarding the Annual General Meeting being convened will be published in Svenska Dagbladet.

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For further information, please visit our website at www.aak.com.

This document is a translation of the Swedish language version. In the event of any discrepancies between the translation and the original Swedish AAK Annual Report 2023, the latter shall prevail.

Alternative Performance Measures (APMs) and other financial definitions

AAK presents Alternative Performance Measures (APMs) that are not defined in the financial reporting framework IFRS. APMs are used as guidance to the Group's management and external stakeholders in their analysis of the Group's operations and are considered as a supplement to the financial statements prepared in accordance with IFRS. AAK uses the following APMs:

Organic volume growth, EBITDA, Operating profit excluding items affecting comparability (IAC), Return on Capital Employed (ROCE), Net working capital, Net debt, Net debt/EBITDA and Equity/asset ratio. See pages 110–112 for calculations. See definitions of the APMs and other performance measures below.

Cash and cash equivalents
Cash and bank balances and short-term investments with a maturity of less than three months.

Capital employed
Total assets less cash and cash equivalents, other interest-bearing receivables, non-interest-bearing operating liabilities, but excluding deferred tax.

Direct yield
Dividend per share in relation to the share price at the reporting date. Expressed in percent.

Dividend pay-out ratio
Dividend in relation to the net profit for the year. Expressed in percent.

Earnings per share
Net profit for the year attributable to the Parent company shareholders divided by the average number of shares on the reporting date.

EBITDA
Earnings before interest, tax, depreciation and amortization.

Equity/assets ratio
Equity including non-controlling interests in relation to total assets. Expressed in percent.

Equity per share
Equity excluding non-controlling interests divided by the average number of shares on the reporting date.

Net debt
Interest-bearing liabilities (incl. pension liabilities and financial leases) less Cash and cash equivalents and other current interest-bearing receivables.

Net debt/EBITDA
Net debt in relation to EBITDA calculated on a rolling 12 months basis. Expressed as a multiple of EBITDA.

Net working capital
Non-interest-bearing current assets less non-interest-bearing current liabilities.

Operating profit excluding items affecting comparability (IAC)
Operating profit excluding acquisition and restructuring costs and other items affecting comparability.

Organic volume growth
Total volume growth excluding effects of acquisitions/disposals. Expressed in percent.

Return on Capital employed (ROCE)
Operating profit excl. items affecting comparability in relation to average capital employed, calculated on a rolling 12 months basis. Expressed in percent.

Share price/equity
Share price in relation to equity per share.

Everything we do is about Making Better Happen™

We specialize in plant-based oils that are the value-adding ingredients in the products people love to consume. We make these products better tasting, healthier, and more sustainable.

At the heart of AAK's offering is Customer Co-Development, combining our desire to understand what better means for each customer with the unique flexibility of our production assets and deep knowledge across products and industries. 4,100 employees support our close collaboration with customers through 25 regional sales offices, 16 dedicated Customer Innovation Centers and support of more than 20 production facilities.

Listed on Nasdaq Stockholm and with our headquarters in Malmö, Sweden, AAK has been Making Better Happen for more than 150 years.

AAK

Explore more at
www.aak.com

Or contact us at
info@aak.com

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