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AarhusKarlshamn Holding AB

Årsredovisning för räkenskapsåret
2022-01-01- 2022-12-31

Styrelsen för AarhusKarlshamn Holding AB avger härmed följande årsredovisning.

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Fastställelseintyg

Undertecknad styrelseledamot i AarhusKarlshamn Holding AB intygar dels att denna kopia överensstämmer med originalet, dels att resultat- och balansräkning fastställts på ordinarie årsstämma den 15 juni 2023. Årsstämman beslöt även att godkänna styrelsens förslag till disposition av vinst.

Malmö den 15 juni 2023

Jarl Andreasson

20230626110548

AarhusKarlshamn Holding AB

Årsredovisning för räkenskapsåret
2022-01-01 - 2022-12-31

Styrelsen för AarhusKarlshamn Holding AB avger härmed följande årsredovisning.

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Förvaltningsberättelse

Styrelsen för AarhusKarlshamn Holding AB, 556759-7918 med säte i Malmö, får härmed avge årsredovisning för räkenskapsåret 2022.

Verksamheten

Bolaget skall äga och förvalta aktier samt bedriva därmed förenlig verksamhet.

Ägarförhållande

Bolaget är dotterföretag till AAK AB, organisationsnummer 556669-2850, med säte i Malmö. Bolaget har med stöd av ÅRL 7:2 inte själv upprättat någon koncernredovisning. Koncernredovisning upprättas av AAK AB, organisationsnummer 556669-2850 med säte i Malmö.

Väsentliga händelser under räkenskapsåret

Inga väsentliga händelser har inträffat under året.

Förväntad framtida utveckling och väsentliga riskfaktorer

Inga väsentliga händelser eller riskfaktorer efter räkenskapsåret slut.

Flerårsjämförelse

Belopp i kronor	2022-12-31	2021-12-31	2020-12-31	2019-12-31
Nettoomsättning	0	0	0	0
Rörelseresultat	-168 817	-40 632	-752 575	-3 253 139
Soliditet, %	10,5	10,5	10,6	20,7

Eget kapital

	Aktiekapital	Fritt eget kapital	Summa
Enligt fastställd balansräkning 2021-12-31	100 000	399 562 637	399 662 637
Årets resultat		3 963 262	3 963 262
Utgående balans 2022-12-31	**100 000**	**403 525 899**	**403 625 899**

Antalet aktier uppgår till 100 med kvotvärde 1 000.

Förslag till behandling av vinst

Till årsstämmans förfogande står:

Balanserade vinstmedel	399 562 637
Årets resultat	3 963 262
	403 525 899

Styrelsen föreslår att vinstmedlen disponeras enligt följande:

Utdelning till ägarna	-
Balanseras i ny räkning	403 525 899
	403 525 899

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Resultaträkning

Belopp i kronor		2022	2021
Övriga rörelsekostnader	Not 1	-168 817	-40 632
Summa rörelsekostnader		**-168 817**	**-40 632**
Rörelseresultat		**-168 817**	**-40 632**
Ränteintäkter och liknande resultatposter	Not 2	1 182 216	2 077 516
Räntekostnader och liknande resultatposter	Not 3	-6 724 995	-4 074 107
Resultat efter finansiella poster		**-5 711 596**	**-2 037 223**
Bokslutsdispositioner	Not 4	12 483 436	0
Resultat före skatt		**6 771 840**	**-2 037 223**
Skatt på årets resultat	Not 5	-2 808 578	-369 819
Årets resultat		**3 963 262**	**-2 407 042**

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Balansräkning

Belopp i kronor		2022-12-31	2021-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Aktier i dotterföretag	Not 6	3 797 752 383	3 770 187 758
Långfristiga fordringar hos koncernföretag		29 879 848	28 793 405
Summa anläggningstillgångar		**3 827 632 231**	**3 798 981 163**
Omsättningstillgångar			
Fordran hos koncernföretag		17 203 174	4 355 359
Övriga kortfristiga fordringar		5	16
Summa omsättningstillgångar		**17 203 179**	**4 355 375**
SUMMA TILLGÅNGAR		**3 844 835 410**	**3 803 336 538**
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		100 000	100 000
		100 000	100 000
Fritt eget kapital			
Balanserad vinst		399 562 637	401 969 679
Årets resultat		3 963 262	-2 407 042
		403 525 899	399 562 637
Summa eget kapital		**403 625 899**	**399 662 637**
Långfristiga skulder			
Skuld till koncernföretag	Not 7	2 841 643 459	2 841 643 459
Övriga skulder		6 965 375	-
Summa långfristiga skulder		**2 848 608 834**	**2 841 643 459**
Kortfristiga skulder			
Skuld till koncernföretag		582 415 024	561 522 704
Övriga skulder		7 007 256	20 041
Skatteskulder		3 178 397	487 697
Summa kortfristiga skulder		**592 600 677**	**562 030 442**
SUMMA EGET KAPITAL OCH SKULDER		**3 844 835 410**	**3 803 336 538**

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Noter (Belopp i kronor om inget annat anges)

Redovisnings- och värderingsprinciper
Årsredovisningen upprättas med tillämpning av årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3). Principerna är oförändrade jämfört med föregående år.

Finansiella anläggningstillgångar
Finansiella anläggningstillgångar som är avsedda för långsiktigt innehav redovisas till anskaffningsvärde. Har en finansiell anläggningstillgång på balansdagen ett lägre värde än det bokförda värdet samt att detta värde kan anses bestående, skrivs tillgången ned till detta lägre värde.

Skatter
Redovisade inkomstskatter innefattar skatt som skall betalas eller erhållas avseende aktuellt år, justeringar avseende tidigare års skatter samt förändringar i uppskjuten skatt. Uppskjuten skatt beräknas enligt balansräkningsmetoden på alla temporära skillnader som uppkommer mellan redovisade och skattemässiga värden på tillgångar och skulder.

Bokslutsdispositioner
Förändringar av obeskattade reserver redovisas som bokslutsdispositioner i resultaträkningen. Koncernbidrag redovisas som bokslutsdispositioner.

Eget kapital
Eget kapital delas in i bundet och fritt kapital, i enlighet med årsredovisningslagens indelning.

Värdering

Fordringar
Fordringar värderas till det belopp som efter individuell prövning beräknas bli betalt.

Fordringar och skulder i utländsk valuta
Fordringar och skulder i utländsk valuta värderas till balansdagens kurs. I de fall valutasäkringsåtgärd genomförts används terminskursen. Vinster och förluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet, medan vinster och förluster på finansiella fordringar och skulder redovisas som finansiella poster.

Uppskattningar och bedömningar
Bolaget gör uppskattningar och bedömningar om framtiden. De uppskattningar för redovisningsändamål som blir följden av dessa kommer, definitionsmässigt, sällan att motsvara det verkliga resultatet. Under året bedöms inga uppskattningar och antaganden som innebär en betydande risk för väsentliga justeringar i redovisade värden för tillgångar och skulder under nästkommande år ha gjorts.

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Not 1 – Löner, andra ersättningar och sociala kostnader

Bolaget har inga anställda och har därmed inga löner eller andra ersättningar utbetalda under året.

Not 2 – Ränteintäkter och liknande resultatposter

	2022	2021
Ränteintäkter	-	-
Övriga finansiella intäkter	1 182 216	2 077 516
Ränteintäkter och liknande resultatposter	**1 182 216**	**2 077 516**

Not 3 – Räntekostnader och liknande resultatposter

	2022	2021
Räntekostnader koncernföretag	-6 454 201	-3 832 460
Övriga finansiella kostnader	-270 794	-241 647
Räntekostnader och liknande resultatposter	**-6 724 995**	**-4 074 107**

Not 4 – Bokslutsdispositioner

	2022	2021
Koncernbidrag	12 483 436	-
Bokslutsdispositioner	**12 483 436**	**-**

Not 5 – Skatt på årets resultat

	2022	2021
Aktuell skatt	-2 808 578	-369 819
Uppskjuten skatt	-	-
Skatt på årets resultat	**-2 808 578**	**-369 819**

	2022	2021
Redovisat resultat före skatt	6 771 840	-2 037 223
Skatt enligt gällande skattesats 20,6% (20,6%)	-1 394 999	-419 668
Skatteeffekt ej avdragsgilla kostnader	-1 413 579	789 487
Skatteeffekt av ej skattepliktiga intäkter	-	-
Nyttjande av tidigare års underskott	-	-
Redovisad skattekostnad	**-2 808 578**	**-369 819**

Not 6 – Specifikation av aktier och andelar

	Säte	Antal aktier	Kapital- och röstandel %	Bokfört värde 2022	Bokfört värde 2021
AAK Sweden AB, 556478-1796	Karlshamn	21 864 928	100	3 051 995 969	3 051 995 969
AarhusKarlshamn Spain S.L, 11174823	Madrid	7 429	100	284 301 441	284 301 441
AAK Insurance Malta Ltd, C51071	Ta´Xbiex	1	1	100	100
AAK Kamani Private Limited	Mumbai	816 000	69	328 050 086	328 050 086
AAK Bastogne, 0673.737.551	Bryssel	613	99,8	584 083	584 083
AAK Rotterdam, NL8022.69.655.B12	Rotterdam	40 500	100	95 055 829	95 055 829
BIC Ingredients B.V, 56215819	Vught	100	100	37 764 875	10 200 250
Summa				**3 797 752 383**	**3 770 187 758**

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Not 7 – Skuld till koncernföretag

	2022	2021
Förfaller till betalning inom 1-5 år	-	-
Förfaller till betalning efter 5 år	2 841 643 459	2 841 643 459
Utgående skuld	**2 841 643 459**	**2 841 643 459**

Not 8 - Ställda säkerheter och ansvarsförbindelser

	2022-12-31	2021-12-31
Ställda säkerheter	Inga	Inga
Eventualförpliktelser	Inga	Inga

Not 9 – Väsentliga händelser efter räkenskapsåret

Inga väsentliga händelser har inträffat efter räkenskapsårets slut.

Malmö den 7 juni 2023

Pontus Malmunger
Styrelseordförande

Jarl Andreasson

Marianne Persson

Vår revisionsberättelse har avgivits den 15/6 2023.

KPMG AB

Linda Bengtsson
Auktoriserad revisor

20230626610553

Revisionsberättelse

Till bolagsstämman i AarhusKarlshamn Holding AB, org. nr 556759-7918

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för AarhusKarlshamn Holding AB för år 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av AarhusKarlshamn Holding ABs finansiella ställning per den 31 december 2022 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 AarhusKarlshamn 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.

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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 AarhusKarlshamn Holding AB för år 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

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

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 AarhusKarlshamn 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 någon styrelseledamot 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 den 15 juni 2023

KPMG AB

Linda Bengtsson

Auktoriserad revisor

935781623

Annual Report 2022

The Multi-oil Ingredient House



AAK

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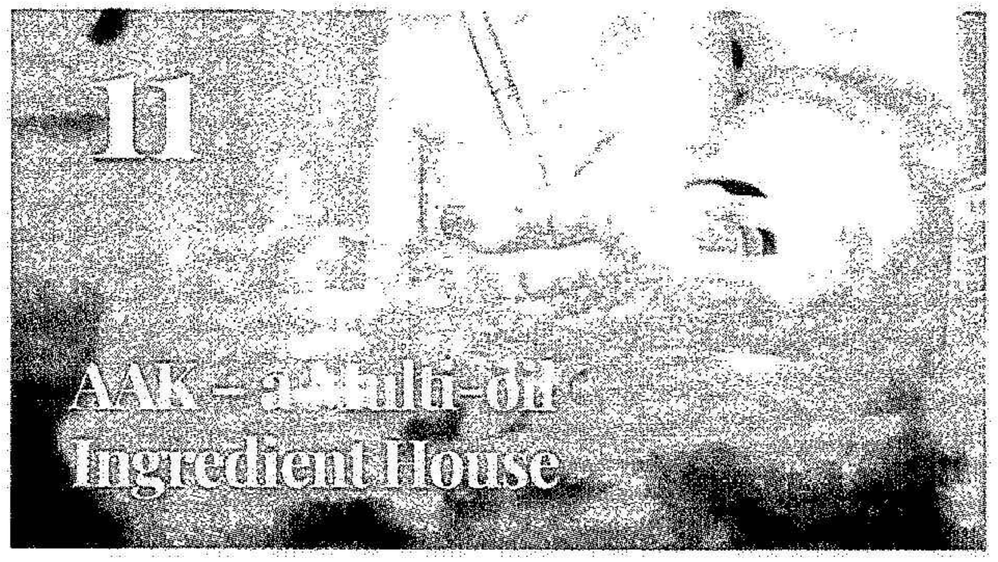
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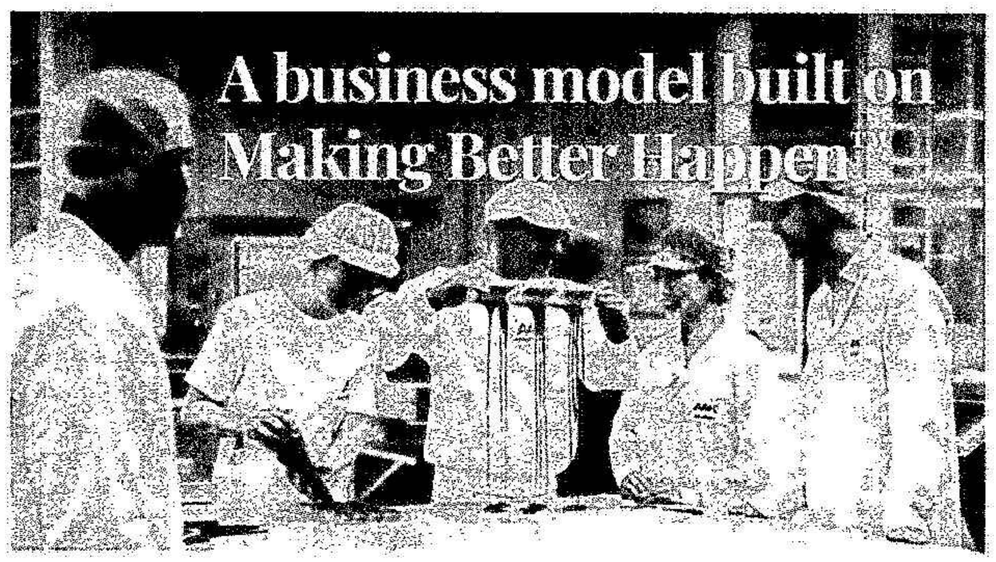
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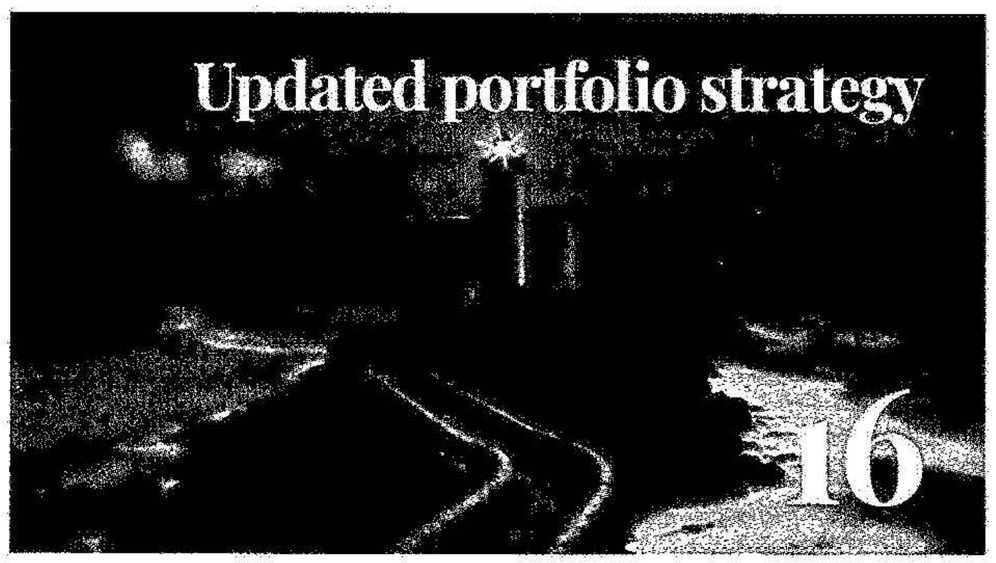
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Everything we do is about Making Better Happen™

AAK specializes 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. In addition, we enhance their sensory experience – by giving the silkier mouthfeel in premium chocolate, the juicier texture in a plant-based burger, and a puffier appearance in a lower-fat pastry.

We can also optimize our customers' production and processes by substituting existing ingredients with plant-based equivalents that improve efficiency and enhance the performance and sustainability of the end product. AAK's value-adding solutions enable our customers to Making Better Happen™.

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, including Chocolate & Confectionery, Bakery, Dairy, Plant-based Foods, Special Nutrition, Foodservice, and Personal Care. Our 4,000 employees support our close collaboration with customers through 25 regional sales offices, 16 dedicated Customer Innovation Centers, and with the support of more than 20 production facilities.

Listed on Nasdaq Stockholm and headquartered in Malmö, Sweden, AAK has been Making Better Happen™ for 150 years.


Production plants
Customization plants
Sales offices
Sourcing operations

A vision based on continuous improvement

AAK is the leading expert in plant-based oils. Our value-adding solutions optimize the quality, performance, and sustainability of our customers' products.

We simply don't claim to be the best in everything we do, our purpose and values support continuous improvement, making better decisions, taking better actions, and excelling. We refuse to accept the status quo. Simply put, we strive to continue fulfilling our purpose: Making Better Happen™. Our purpose serves our vision.

Our vision is to be the industry's first choice for plant-based oil solutions. This goal is made possible by the elements that form the foundation of our approach.



The **first choice** for plant-based oil solutions

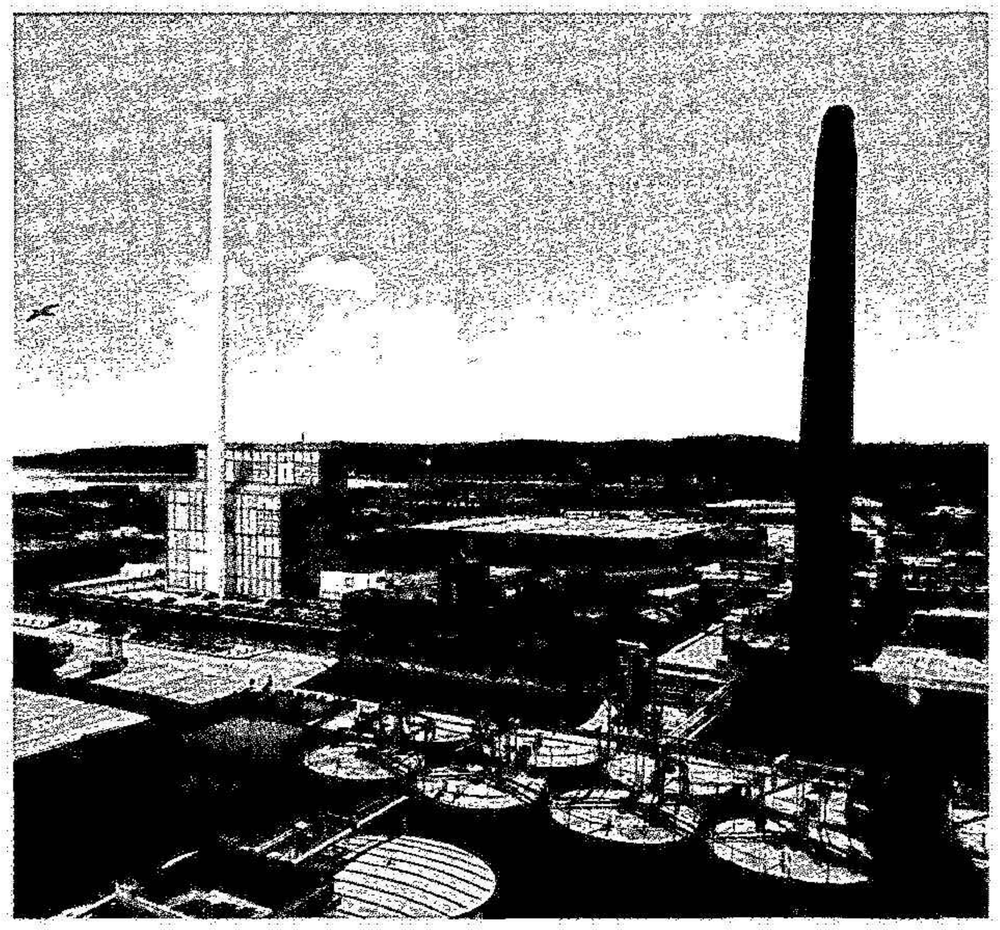
We aspire to be the **first choice** for businesses looking for innovative, cost-effective, and sustainable plant-based oil solutions. This aspiration also applies to our employees, partners, suppliers, and shareholders. We achieve this through our competitiveness, our consistently high-quality standards, and our innovative mindset.

We have deep knowledge about the characteristics of plant-based oils and creating better solutions. This wisdom is made possible through our unique multi-oil and multi-process approach and tailored services, including everything from understanding the quest to customization, technical support, and a faster time to market.

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Key events

CO_2 reduction
In February, we announced our decision to invest SEK 500 million to install biomass boilers at our production plant in Aarhus, Denmark – an initiative that is estimated to reduce the production site's CO_2 emissions by approximately 90 percent and around 15 percent for the Group. The project is expected to be completed by the end of 2023.



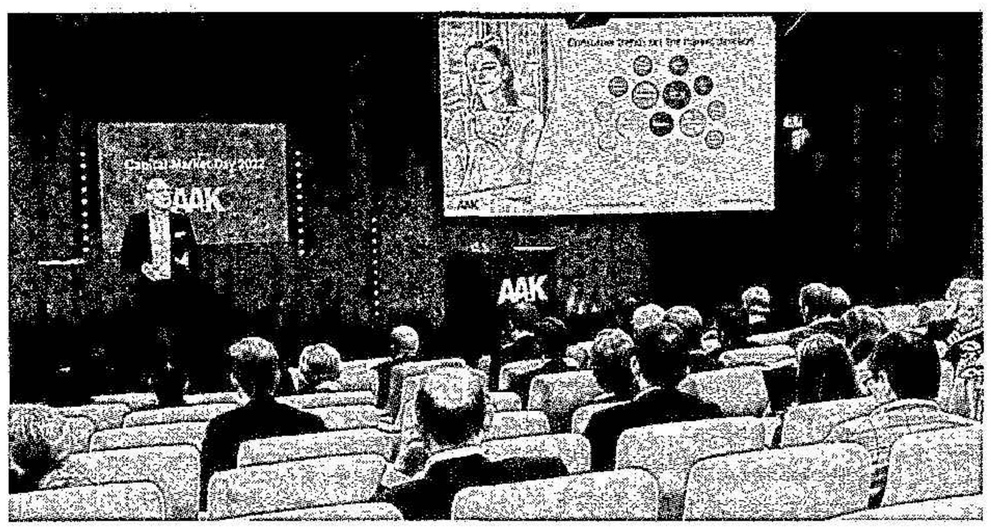
A controlled exit from Russia
An important question on the agenda for the Executive Committee and the Board of Directors was the exit from all operations and investments in Russia, a consequence of the tragic war in Ukraine. This was a complex and difficult process. After careful evaluation, AAK wound up the business in Russia in a controlled manner to ensure both legal compliance and the safety of the employees. The decision was made with the full support of the Executive Committee as well as the Board of Directors. We reverted our share in the joint venture NPO Margaron LLC to our partner and the exit from our operations and investments in Russia led to a non-recurring cost of SEK 350 million, affecting the second quarter's income statement. The lost sales caused a total impact on operating profit of SEK 110 million in 2022. Measured in metric tonnes, Russia accounted for approximately 3 percent of AAK's volumes and we are now working diligently to re-route these volumes to other geographies.

Investment in food-tech company Green-On
Our investment in food-tech company Green-On and its Power-to-X technology was announced in mid-July. This technology aims to create raw materials – in this case, oils and fats for food and other applications – directly from carbon dioxide, renewable energy, and water. If successful, the technology will reduce the need for arable land, one of our scarcest resources for related raw materials.

As part of the investment, AAK will provide expertise in oils, fats, and facilities to support and further develop Green-On and its work, accelerating sustainability in future food applications. The collaboration was made possible through AAK's partnership with Big Idea Ventures (BIV), initiated in March 2021.



Acquisition of Arani Agro Oil
In November 2022, we strengthened our position in the Indian market via the acquisition of 100 percent of the shares in Arani Agro Oil Industries Ltd. The acquisition gives AAK a platform for serving a high concentration of strategic customers located in southeast India, particularly focused on Chocolate & Confectionery Fats, Nutrition, Bakery, and Dairy. Over the coming years, we will invest an estimated total of SEK 200–300 million, including the acquisition consideration, to increase capacity and improve efficiency in the acquired production facility. The transaction closed in January 2023 and will be included in AAK's financials from the first quarter of 2023 and onwards.



Updated strategy and aspiration presented at AAK's Capital Market Day

In addition to a business and financial update, we presented our updated strategy and long-term aspiration at the Capital Market Day on November 29, 2022, in Stockholm. The major updates in this year's strategy review include the following 2030 aspiration:

- To double our EBIT per kilo by investing in our speciality journey.
- To grow faster than the market average in our prioritized speciality markets.
- To be recognized for our increasingly positive impact by our stakeholders.

Changes to the Executive Committee

To support our updated strategy and long-term aspiration, we have sharpened the organizational structure of AAK, which was implemented as of January 1, 2023. The updated organization is designed to create stronger accountability and an even more customer-centric organization with the right pre-requisites to deliver on our strategy.

Historically, AAK has had six functions and five regions, represented by eleven Executive Committee members. Going forward, there will be four functions and three regions.

The new Executive Committee consists of eight members, including the CEO: Johan Westman (President and CEO), Tomas Bergendahl (CFO), Sten Estrup (President AMEA & People), Susanne Jaspers (President Europe & Strategic Accounts), Octavio Díaz de León (President Americas), Tim Stephenson (President Global Sourcing & Trading and Sustainability), David Smith (President Global Operations) and Niall Sands (President Commercial Development and Innovation). The changes were effective as of January 1st, 2023 and had no impact on AAK's financials or reporting.

Key figures

Operational key figures (SEK million unless otherwise stated)	2018	2019	2020	2021	**2022**
Volumes, thousand tonnes	2,239	2,290	2,195	2,312	**2,259**
Net sales	27,592	28,510	27,934	35,452	**50,425**
Operating profit	1,956	2,142	2,167	2,089	**2,538**
Operating profit, excluding IAC*	1,956	2,157	2,165	2,393	**2,888**
Operating profit per kilo, SEK	0.87	0.94	0.99	0.90	**1.12**
Operating profit per kilo, excluding IAC, SEK	0.87	0.94	0.99	1.04	**1.28**
Cash flow from operating activities	1,090	1,558	2,023	508	**-73**
Earnings per share, SEK**	5.21	5.86	6.16	5.59	**6.84**
Equity per share, SEK**	35.11	40.74	38.00	45.58	**57.93**
Dividend per share, SEK**	1.85	2.10	2.30	2.50	**2.75*****
Return on Capital Employed, R12M, %	15.8	15.0	14.2	15.6	**14.5**

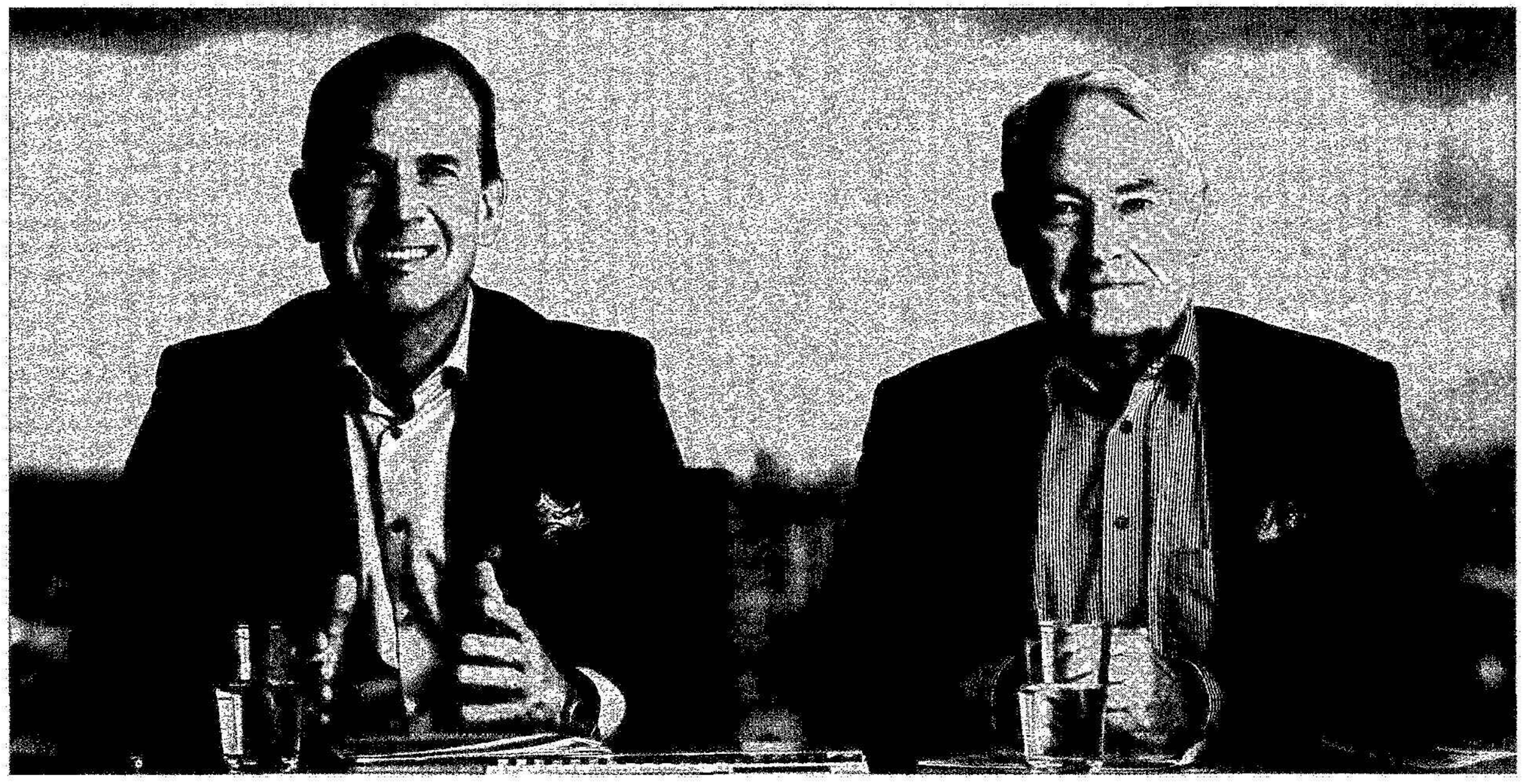
*Items affecting comparability
**Share data recalculated in accordance with the decided share split (6:1) by the Annual General Meeting on May 30, 2018
***In accordance with the Board of Directors' proposal
For financial definitions, please see page 131.

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Message from the Chair and the CEO:

Strong performance in yet another year of turbulence

2022 will be remembered as a year of unrest and uncertainty, as Russia's invasion of Ukraine followed a global pandemic. Record-high energy, transportation, and logistics costs, on top of high volatility in the raw materials market, resulted in unprecedented challenges. With a sound business model and a dedicated organization, AAK has successfully navigated these challenges, delivering strong financial and non-financial results for the year.



Johan Westman, President and CEO, Georg Brunstam, Chairman of the Board

Delivering on our financial target

Operating profit for the full year, excluding items affecting comparability, increased by 21 percent, with all three business areas – Food Ingredients, Chocolate & Confectionery Fats, and Technical Products & Feed – contributing. When calculated at fixed exchange rates, and excluding items affecting comparability, operating profit increased by 9 percent and we continued to deliver on our target of having a ~10 percent year-on-year average growth in operating profit. This progress is yet another important milestone on our vision, to be the first choice for plant-based oil solutions.

Investing in new technologies and expanding geographic focus

AAK is committed to leading sustainable food production and transforming our industry. Investing in new technologies through innovation and acquisitions is key to fulfilling that mission. During 2022 we invested in the food tech start-up Green-On to accelerate improved sustainability in future food applications and oil production. If scalable, this concept will produce fats with functionalities needed in future foods, with a lower environmental impact than any other known technology today, making it a strong fit with AAK's strategy and aspiration.

Expanding into fast-growing markets is also an important objective for AAK. During the year, AAK acquired Arani Agro Oil on the east coast of India. The acquisition aligns with our strategy to expand geographically and increases our market share in India's high-value speciality oils market.

An ambitious 2030 aspiration

With a multi-oil approach and expertise in plant-based solutions, AAK is well positioned to benefit from shifting consumer trends. In 2022, we updated our strategy and set an ambitious 2030 aspiration: We aim to double our operating profit per kilo by investing in our speciality oils journey. While doing so, we aim to grow faster than the market average in our prioritized speciality markets, and to be recognized for our increasingly positive impact by our stakeholders.

Our portfolio strategy reflects an updated view of how to invest to reach our aspiration. It includes focusing on Special Nutrition and Health, Plant-based and New Food Solutions. The strategy also includes investing in Technical Products and Personal Care to capture the broader trend and opportunities to shift away from fossil-based ingredients to more sustainable alternatives in non food-applications.

The future is plant-based

Consumers are increasing their demand for transparency and sustainability, especially concerning what they eat. This demand goes hand in hand with an increased focus on healthy foods. AAK is co-developing and innovating with our customers to help meet these consumer demands. As an industry, we need to better communicate the progress in sustainable sourcing and health benefits from different oils to both consumers and customers.

Parallel to these trends, the general demand for food is expected to increase by 70 percent by 2050. Meeting this increasing need in a sustainable way will be a major challenge for the world's food producers. Sustainable palm oil, with its unique functional and nutritional characteristics, is part of the solution. In addition to being the most effective vegetable oil in terms of yield, palm can play a vital role in replacing less sustainable raw materials such as mineral and fossil oil. We see it as an important task for AAK – and in fact our responsibility – to share our knowledge about palm oil as one of the most versatile and sustainable edible vegetable oils.

AAK has a strong sustainability commitment, and we support the new EU Deforestation Due Diligence Regulation – The Green Deal – and the ambition to halt deforestation-linked commodities being imported to the EU and to enforce human rights compliance. The regulation enters into force during first half of 2023 and the transition period for compliance is 18 months. AAK supports the overall ambition with the regulation but also points towards potential issues, especially regarding some of the requirements around geolocation.

Well positioned

As we write this, the market generally agrees that inflation might soon have reached its peak. This outlook is encouraging, but the world might be heading towards lower economic growth, with several countries expected to be in a recession during 2023 and into the next year. We see no reason, however, to adjust our view on the favorable underlying long-term trends in our markets. Therefore, we remain prudently optimistic about the future. Moreover, as a major supplier of plant-based ingredients, AAK is well positioned to manage risks and continue to serve the crucial food supply chain.

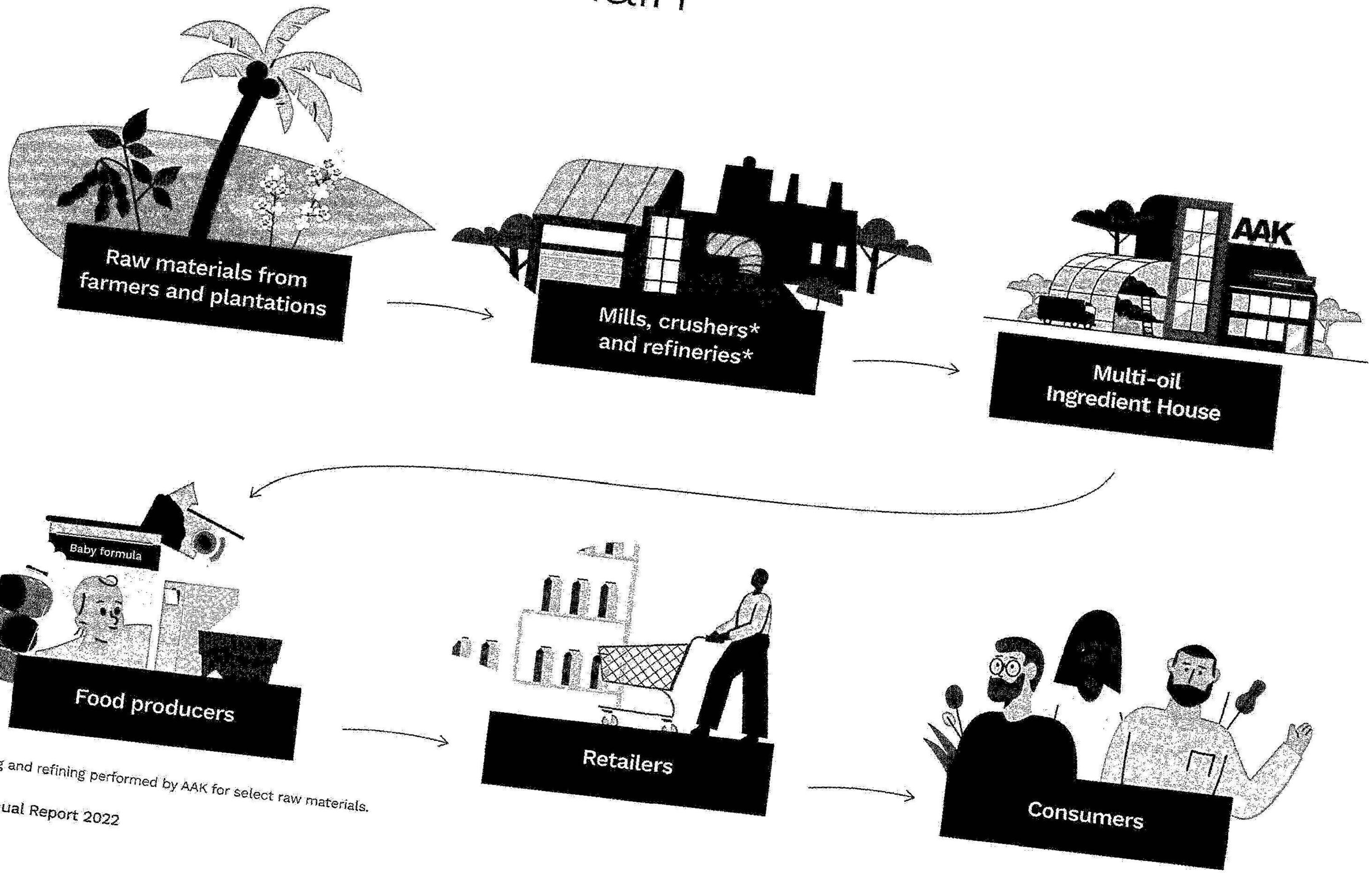
In 2021, we proudly celebrated our first 150 years as a pioneer and leader in plant-based oils and fats. We can now look back at another dynamic year in which AAK's business model yet again proved resilient. This makes us very proud. We want to thank our customers, collaboration partners, shareholders and every AAK colleague worldwide for your continued support and valuable contributions. We look forward to continue Making Better Happen™.

Georg Brunstam, Chairman of the Board

Johan Westman, President and CEO

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AAK in the value chain



*Crushing and refining performed by AAK for select raw materials.

AAK – a Multi-oil Ingredient House

AAK is a Multi-oil Ingredient House. Drawing on our extensive knowledge and more than 150 years of experience, we utilize our market-leading position and expertise in oils, plant-based solutions, and close-to-customer positioning. In addition, we constantly strive for improvement and increased sustainability through developing new and explorative technologies.



Fat, an essential food ingredient

The global demand for food is expected to increase by 70 percent by 2050, and fat is an essential food ingredient for humans. Nutritionists recommended that ~30 percent of our daily intake comes from fat. Found in every cell in the body, fat is required to produce certain hormones, to keep cholesterol levels and blood pressure under control.

It takes a precise combination of ingredients to create a specific sensory experience like the smoothness of a piece of chocolate, the juiciness of a plant-based burger, or the stickiness of a barbecue sauce. For example, saturated, hard-melting fats like coconut and palm oils remain solid at room temperature, which is excellent in chocolate bars. Canola and rapeseed oils are monounsaturated, soft oils, which are more suitable for cooking.

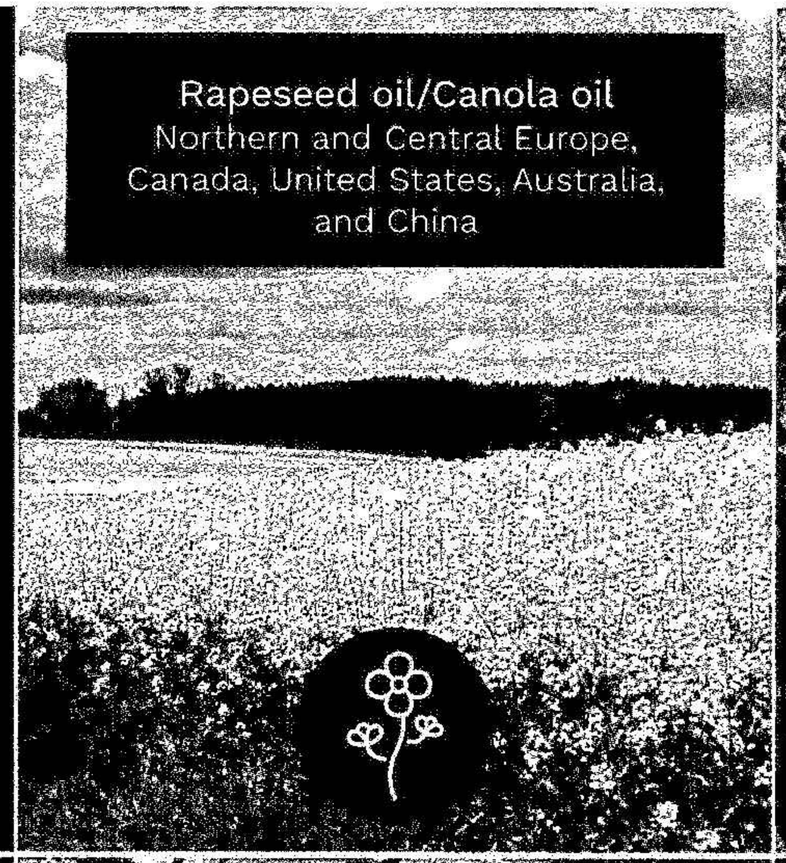
Different types of fat have different characteristics. Different fats include:

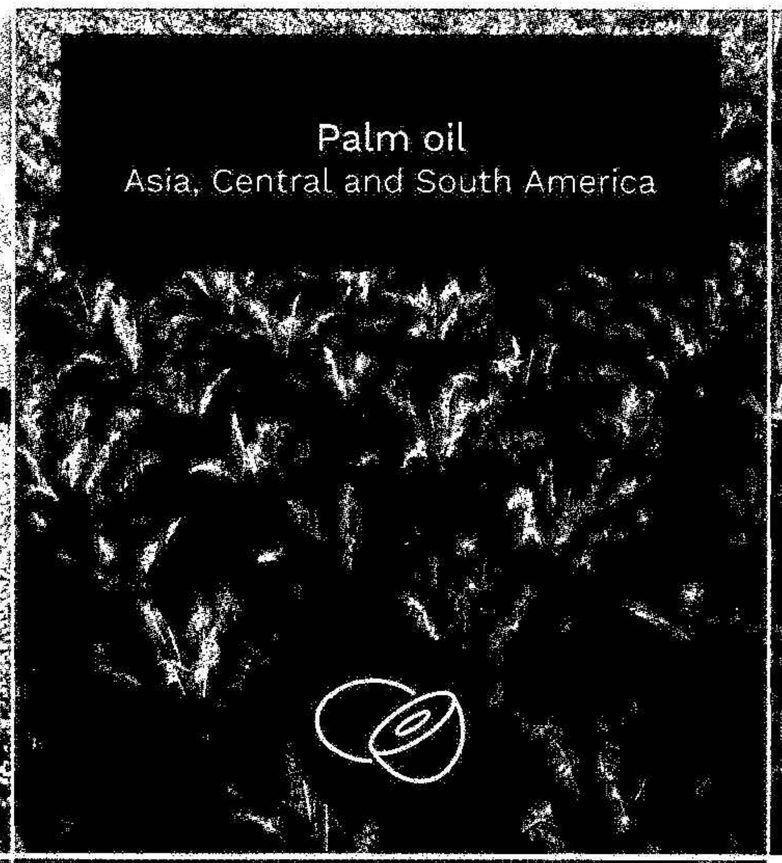
- Saturated fats
- Monounsaturated fats
- Polyunsaturated fats
- Trans fats

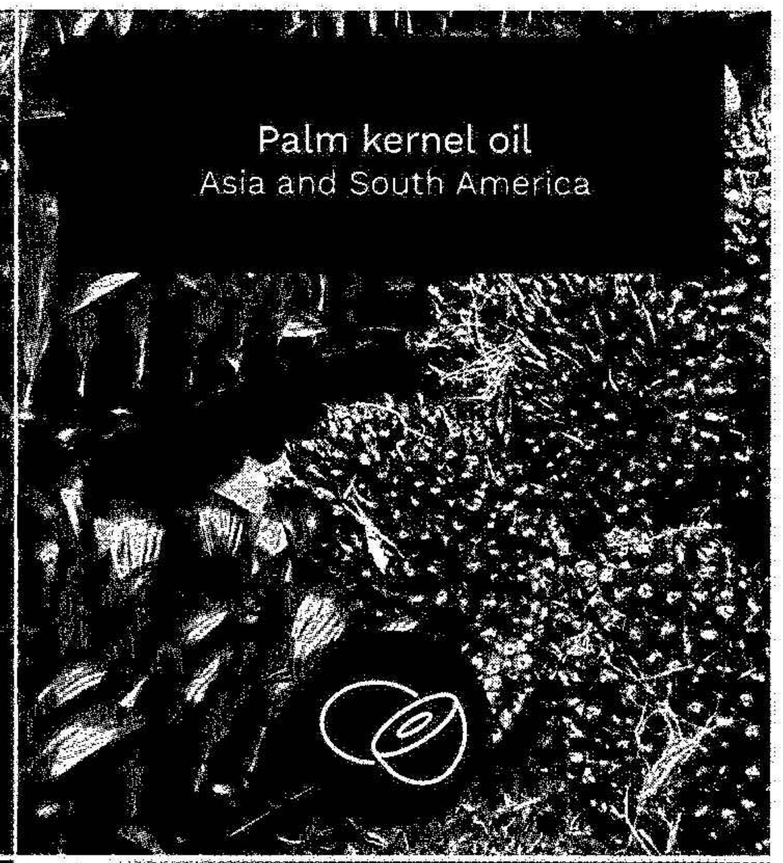
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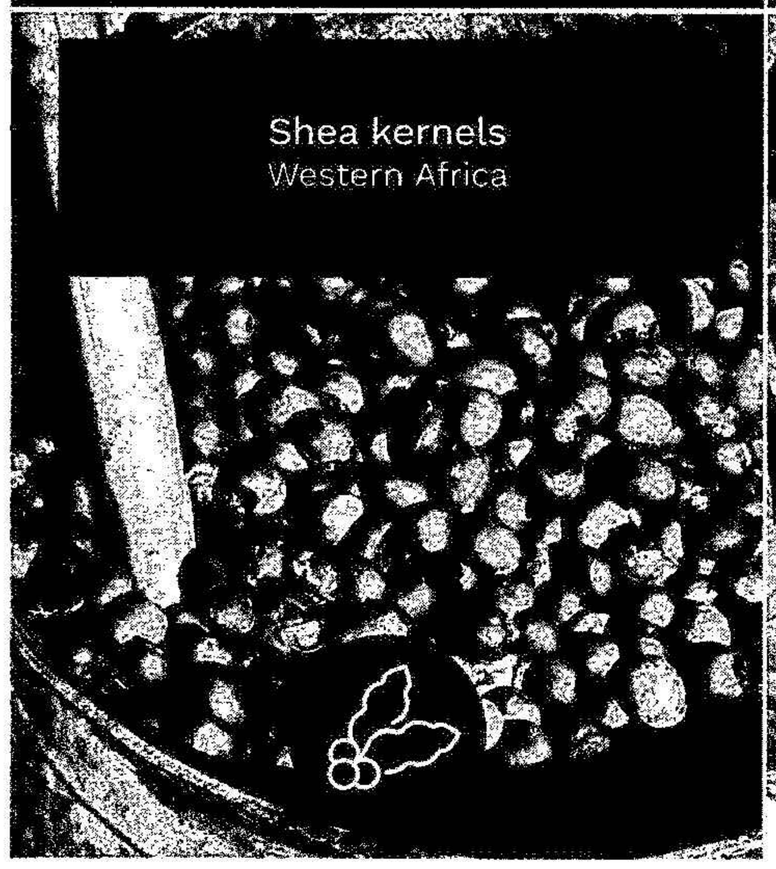
A broad range of raw materials

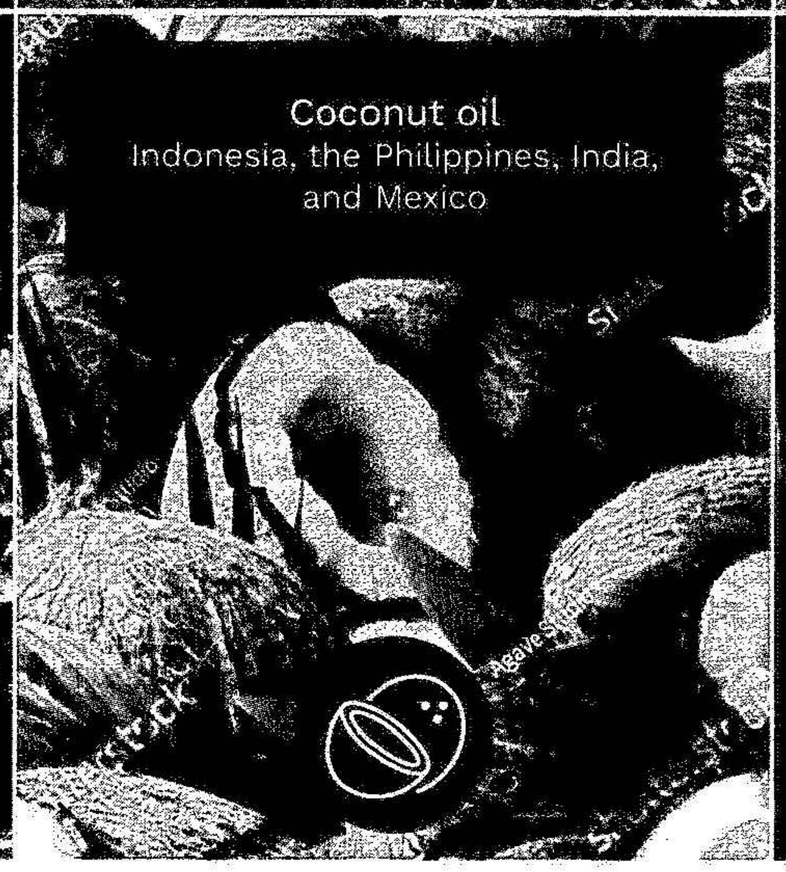
Sustainable sourcing of our broad range of raw materials is a key part of AAK's value proposition. The raw materials we source are natural and obtained from coconuts, rapeseed, palm, shea kernels, soya beans and sunflower seeds. We constantly improve traceability and monitoring of raw materials and engage with stakeholders to create a positive sustainability impact. AAK has committed to 100 percent verified, deforestation- and conversion-free palm and soy supply chains in 2025.

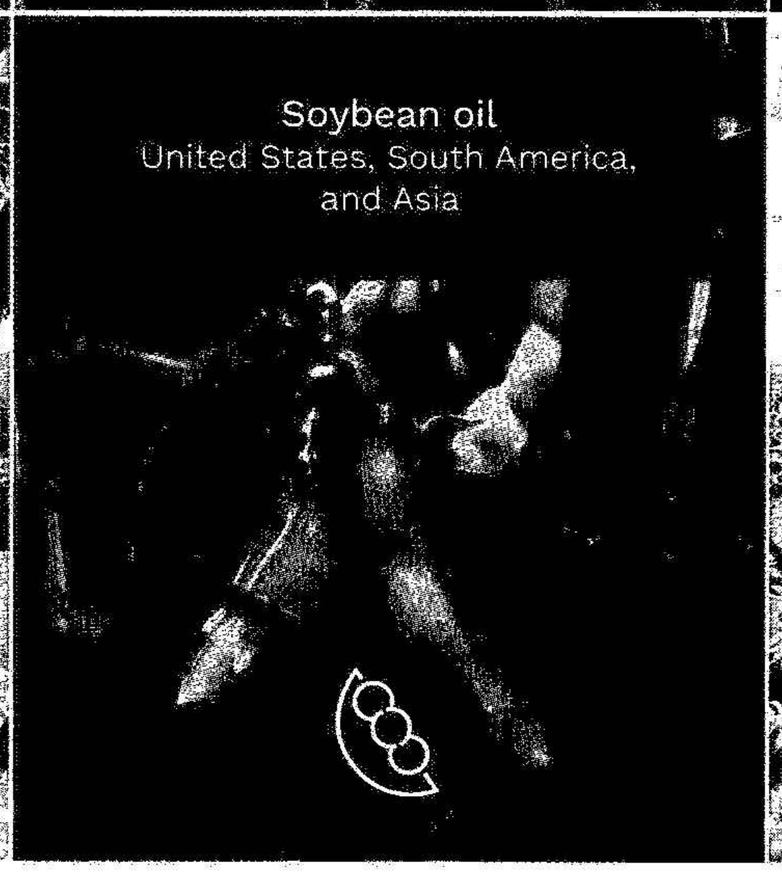


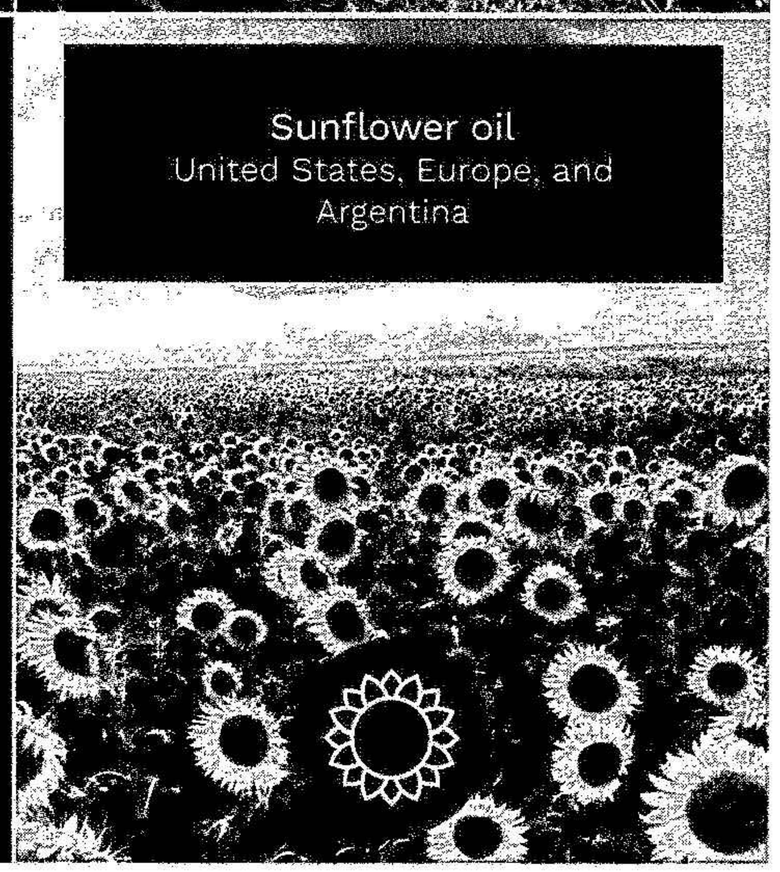












Additional oils – Avocado, Grape, Mango, Sesame, Sal among others.

A business model built on Making Better Happen™

Since AAK first started improving and accelerating product development together with our customers, our industry has changed tremendously. Consequently, our business model has evolved to ensure we deliver better and more effective solutions that drive sustainable growth.

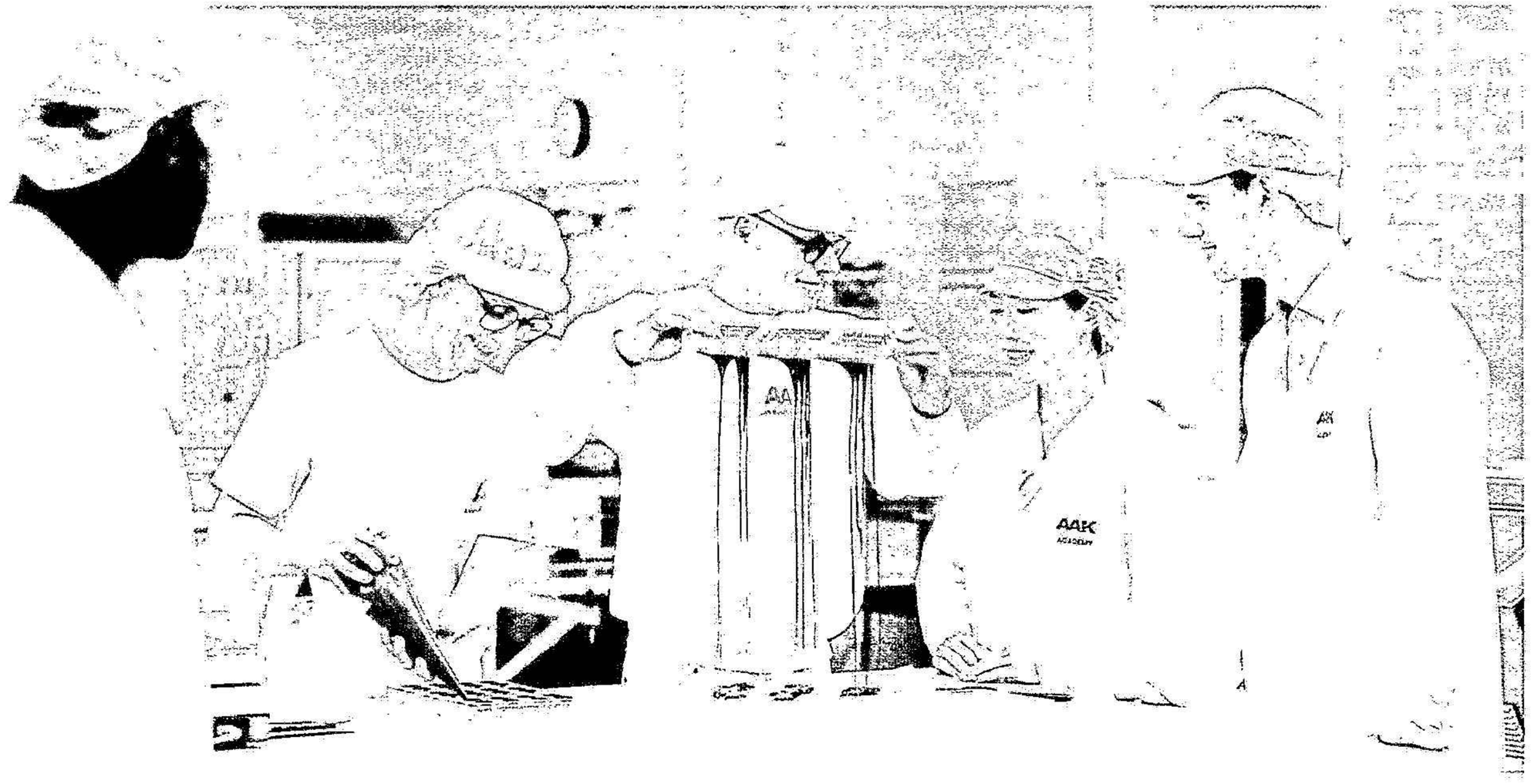
Our core business is to provide value-adding plant-based solutions to the food, confectionery, and cosmetics industries – solutions based on our multi-oil ingredient approach. Customers worldwide rely on our expertise, experience, and innovation to deliver lasting value in markets shaped by shifting consumer trends.

A common understanding of opportunities

Successful co-development starts with gaining a deeper understanding of consumer trends and our customers' businesses and objectives. We continually ask where AAK and our customers need to improve and why. We then continuously upgrade the tools we use to help us understand what improvement looks like for our customers. To efficiently innovate, AAK strives to identify the right opportunities for Making Better Happen™.

Co-development is innovation

We go the extra mile to understand the entire value chain of our customers' products. That enables us to be creative together and not only improve existing products, but also innovate new solutions that the market will love.



Collaboration that creates lasting value

Our co-development is based on our strong relationships with our customers; we bring the most value by working proactively in close collaboration to deliver value-adding results at every stage. This methodology enables us to work as an efficient team from idea to launch, in which solutions with better ideation, faster development times, and more effective implementation are created.

One size does not fit all

Customers come with unique challenges and require customized solutions to stay competitive. Our multi-oil and multi-process approach gives us capabilities to provide products tailored to specific needs. Simultaneously, our global network of Customer Innovation Centers and production facilities enables us to be flexible and effectively perform as both a local and international partner.

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Better multi-functional solutions

We make better nutritional and functional products with great structure, melting and crystallization behavior, rheological properties, flavor release, and skin penetration. This ability enables us to meet specific customer requirements like improved health profile, taste, processing, logistics, labeling, and legal requirements. In every case, our technical and commercial experts work closely with customers to identify the optimal solution.

A focus on health

Healthy eating is a strong trend in the food market. We support our customers' product development strategies by contributing our expertise in developing ingredients that make food products healthier to eat, without compromising taste or texture. This includes limiting saturated fats which are believed to increase the risk of cardiovascular disease.

Optimizing costs

At AAK, we constantly strive to reduce raw material and processing costs, but not at the expense of our high standards. By finding new ways to operate more efficiently, we help customers maintain their growth and development, especially in highly competitive markets where retailers continue to challenge food manufacturers.

Sustainability as a foundation

Sustainable growth is a cornerstone of our company. The foundation of our model for sustainable growth incorporates the ten principles of the UN Global Compact, the UN's Sustainable Development Goals, and our policies and codes. Through our co-development model, we can create solutions that help our customers live up to these same commitments.

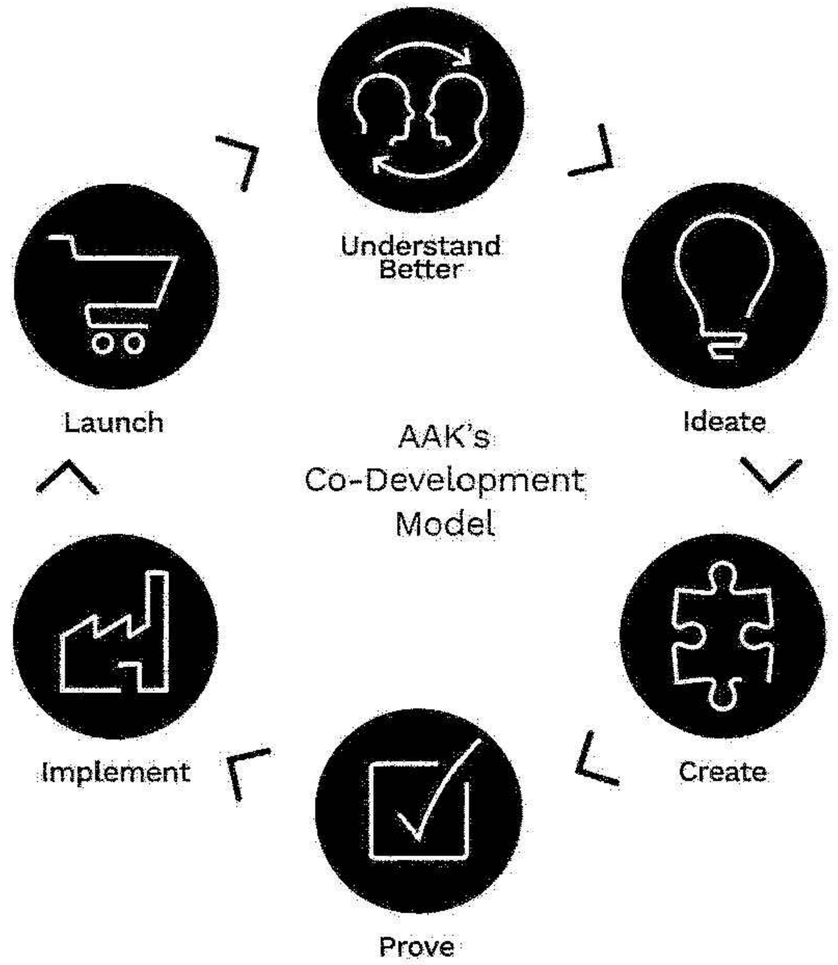


Our co-development model is driven by customer needs. However, we see it as our responsibility to embed and demonstrate the value of sustainability credentials and to increase the understanding of this value. This can be through better sourcing of raw materials, better operations to reduce environmental footprint, and better solutions, offering the sustainability credentials consumers increasingly demand.

Our work during 2022 has enabled us to identify the sustainability credentials that drive most co-development value. We have also improved our systems to support how we measure progress.

Co-development in a digital environment

During the past year, AAK has regained direct contact with most customers, which was hindered during the pandemic. However, we have also seen interest from many customers to maintain a form of virtual interaction as part of our strong co-development process. In this way, blending both methods keeps our momentum moving and enables faster and more efficient co-development for both the customer and AAK. In addition, cameras in our Customer Innovation Centers have made it possible to interact closely with our customers, enabling a transparent and effective joint development of successful solutions from idea to launch.



Making Better Happen™

Once new solutions have been launched, we continue Making Better Happen™ by fine-tuning and improving them based on ongoing research, customer feedback, or extensive tests. This is also a crucial part of the co-development process, enabling us to strengthen our solution pipeline. This strengthening includes efficient ways to manage knowledge, tools, and processes in the drive for commercial excellence.

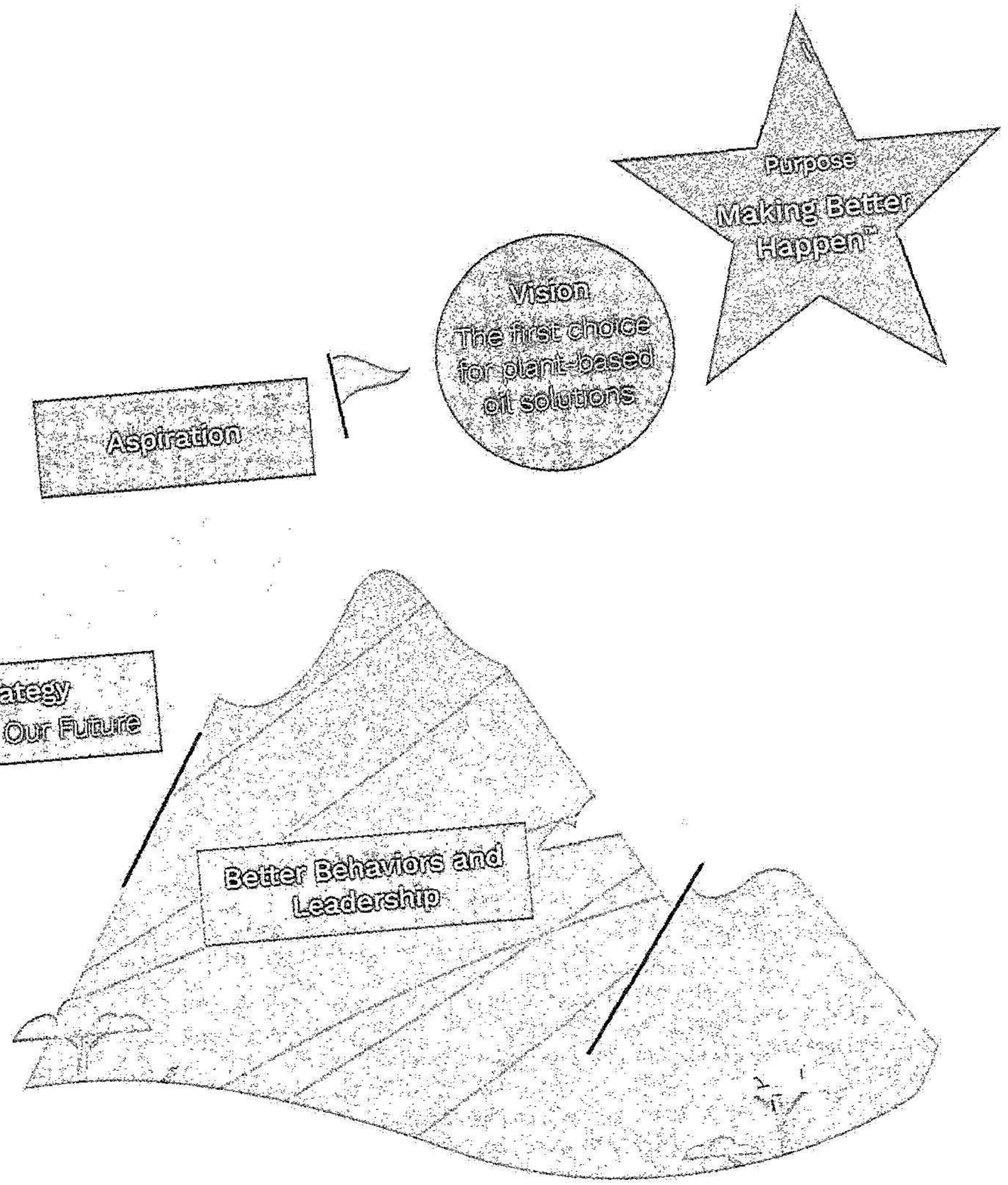
Continuous development of our strategy

The continuous strategy process and yearly strategy evaluation resulted in a new strategic aspiration and an updated portfolio strategy.

In line with our overall vision, to be the first choice for plant-based oil solutions, and our purpose Making Better Happen™, we have set an ambitious 2030 strategic aspiration that is valid across all industries we operate in:

- 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

We will achieve this aspiration by investing in higher-value opportunities, innovating and differentiating our solutions, optimizing our core business, and driving impact. The strategic aspiration is a milestone towards our vision, purpose, and financial ambition – to achieve 10 percent year-on-year average EBIT growth. Achieving our aspiration will be recognized by, and benefit all stakeholders including our shareholders, customers, employees, society, and planet. Moreover, it will position us well for long-term growth and further value-creating investment opportunities.



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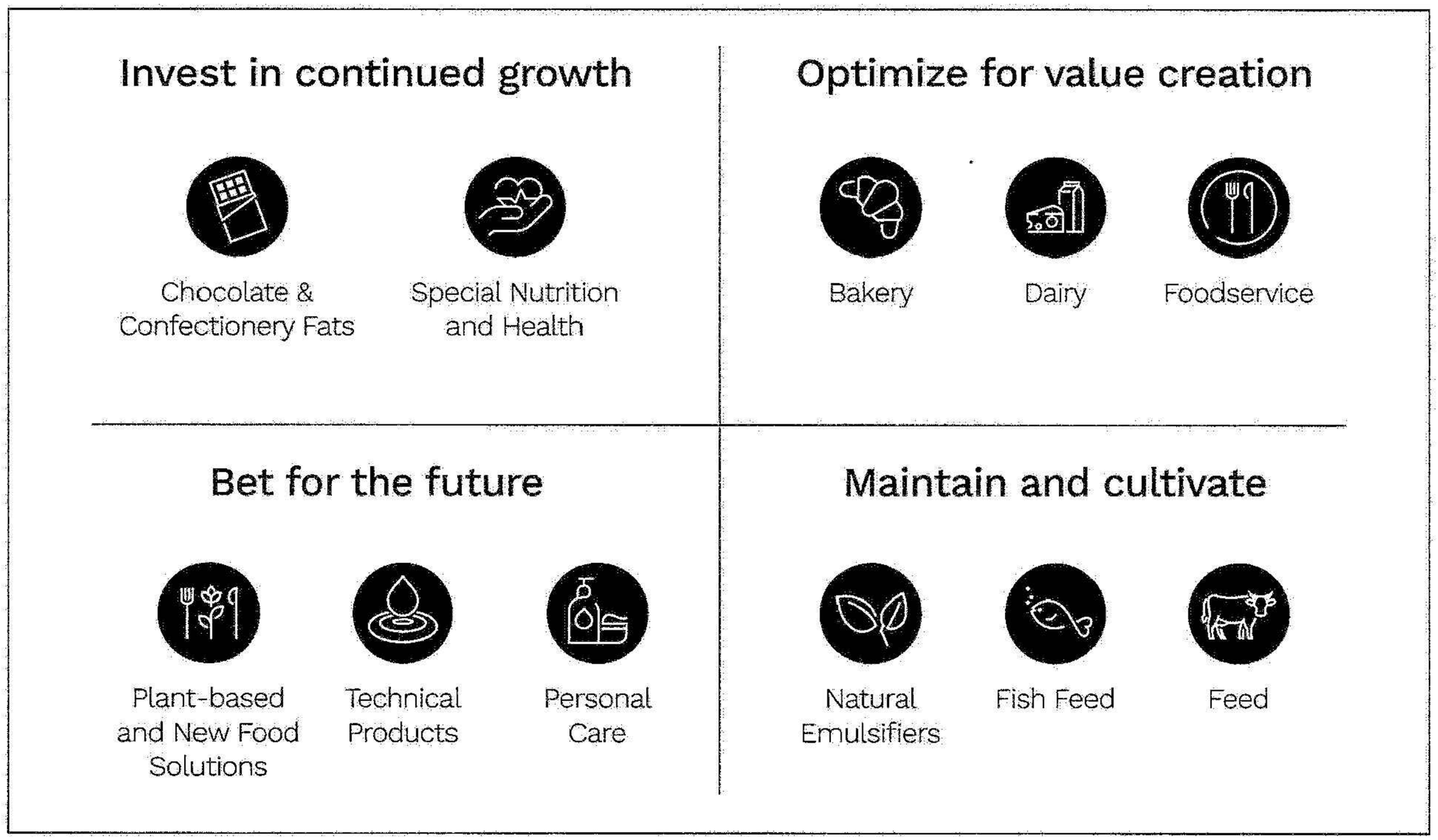


Updated portfolio strategy

AAK's portfolio strategy targets and prioritizes the appropriate actions for each segment and keeps us relevant in the market. The updated portfolio strategy reflects our view of how to invest to reach our aspiration.

Invest in continued growth

Chocolate & Confectionery Fats have continued to grow, with a strong underlying market development, and we will continue to invest in future growth of this segment. Our Health and Nutrition platform has developed meaningfully and, as a result, been moved from our "Bet for the future" section and added to Special Nutrition to drive accelerated focus on targeted Health and Nutrition segments within Special Nutrition. AAK has a strong position in the Special Nutrition high-value segment, which we continue to invest in to drive future growth.



Bet for the future

Despite a slowdown in the plant-based foods market during 2022 we remain confident in the long term positive development for these solutions. Furthermore, with the AAK Plant-based Foods Centre of Excellence in Zaandijk, Netherlands, which was inaugurated in March 2023, we are well positioned to continue helping customers innovate and meet end-consumer preferences and demands.

New Food Solutions have been added to Bet for the future, highlighting that we plan to stay close to new food-solution technologies such as fermentation, cultivation, and Power-to-X. We closely monitor and selectively invest in emerging oils and fats technologies with the potential for significant impact, new value, and a faster shift to a more sustainable oils and fats industry. The investments in Big Idea Ventures and Green-On are two examples that reflect this strategic direction. Our strategic positioning within New Food Solutions depends on how these new technologies commercialize and scale. Through innovation partnerships, we can move early towards new technologies and lead our customers into the future of oils and fats. By investing in selected in-house capabilities, we can create differentiated speciality oils. Finally, we can source oil from large-scale producers, similar to the current downstream position.

The Personal Care and Technical Products segments are developing well, driven by strong AAK value propositions and our ability to target and win in high-value subsegments. The shift from fossil-based ingredients to more sustainable alternatives is a strong underlying trend for AAK, driven by environmental factors, consumer pressure, company policies, and legislative forces. We aim to invest in capabilities and innovations to continue capturing the opportunities driven by this shift.

Optimize for value creation

We have and will continue to optimize our Bakery, Dairy, and Foodservice segments, exemplified by our consolidation in Europe and targeting of high-value market segments. Furthermore, we will continue to pursue opportunities connected to higher-value segments in specific applications through product development, innovation, and portfolio management, while continuously optimizing our core business.

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 the regional market opportunities.

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Strategic actions to realize the aspiration

We will focus on four overall strategic actions, as well as M&A activities, to deliver our portfolio strategy and work towards our 2030 aspiration.

- Invest in higher value opportunities
- Truly differentiate and innovate
- Optimize to create a smarter and better core
- Drive impact

To achieve our aspiration, we will invest in higher-value opportunities across our entire portfolio, targeting higher-value and faster-growing categories and building our business on favourable trends to realize the full potential of the AAK global portfolio. We will differentiate and innovate, striving to offer unique customer value by utilizing our market-leading multi-oils expertise and close-to-customer positioning. A more efficient core portfolio, operations, and market approach will be essential to enable AAK to invest in our future growth. Optimization will be required to double our value creation per kilo. We will also utilize our speciality position to continue driving impact towards a better overall oils and fats industry. Ultimately, we strive to be recognized for our increasingly positive impact by our stakeholders.

M&A remains important
Mergers and acquisitions will continue to be important tools for us to execute our updated portfolio strategy and accelerate the portfolio transformation. Acquiring technology for in-house use or expanding our product portfolio by investing in adjacent portfolios will allow us to accelerate our growth. Therefore, we work systematically with acquisitions and a target list connected to our strategic ambitions. The acquisition of Arani Agro Oil in southeast India exemplifies these efforts.

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

Our business areas

As a Multi-oil Ingredient House, we work extensively with innovation and co-development to ensure that our product ranges and customers' brands continue to exceed expectations. With our ingredients and precise, tailored formulations, customers can confidently offer high-quality products that are better tasting, healthier, and more sustainable.

Three business areas

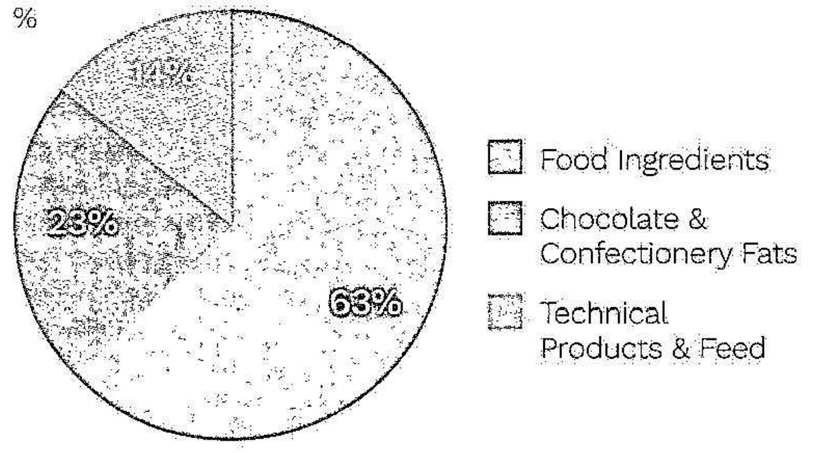
AAK is organized into three business areas: Food Ingredients, Chocolate & Confectionery Fats, and Technical Products & Feed. Food Ingredients, our largest business area, provides solutions to the bakery, dairy, nutrition, plant-based, and foodservice industries. Chocolate & Confectionery Fats primarily serves manufacturers of chocolate, spreads, and fillings products as well as our customers in the personal care industry. Within Technical Products & Feed, AAK provides a growing range of specialized solutions, responding to an increased demand for natural ingredients and sustainability. We leverage our multi-process production facilities and technologies to service all three business areas.

Staying close to our customers

We continuously analyze market, industry, and food and flavor trends to support new product development to fulfill consumers' wishes. Our team of experts can help customers meet healthy eating requirements and special nutritional needs.

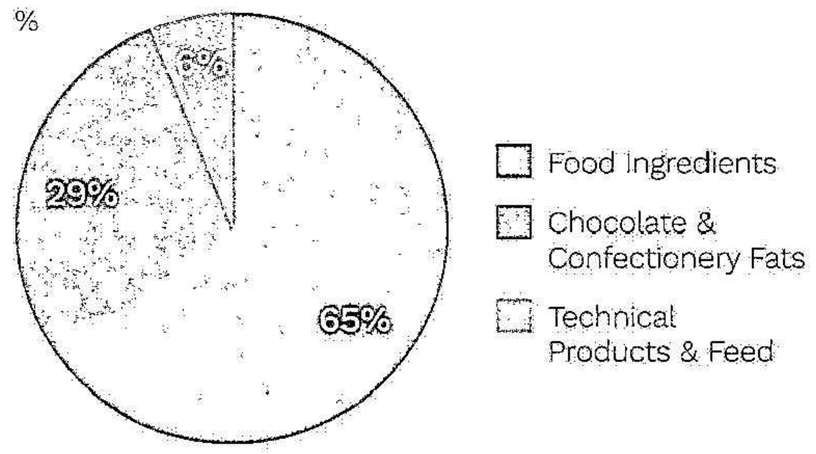
Volumes

%



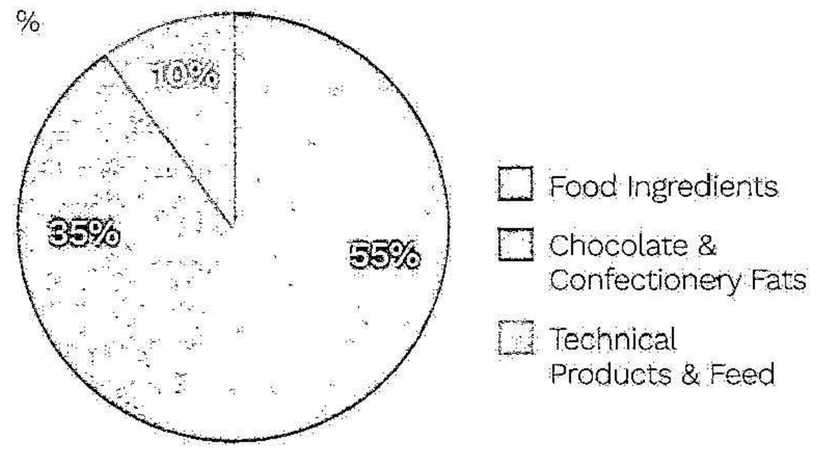
Net sales

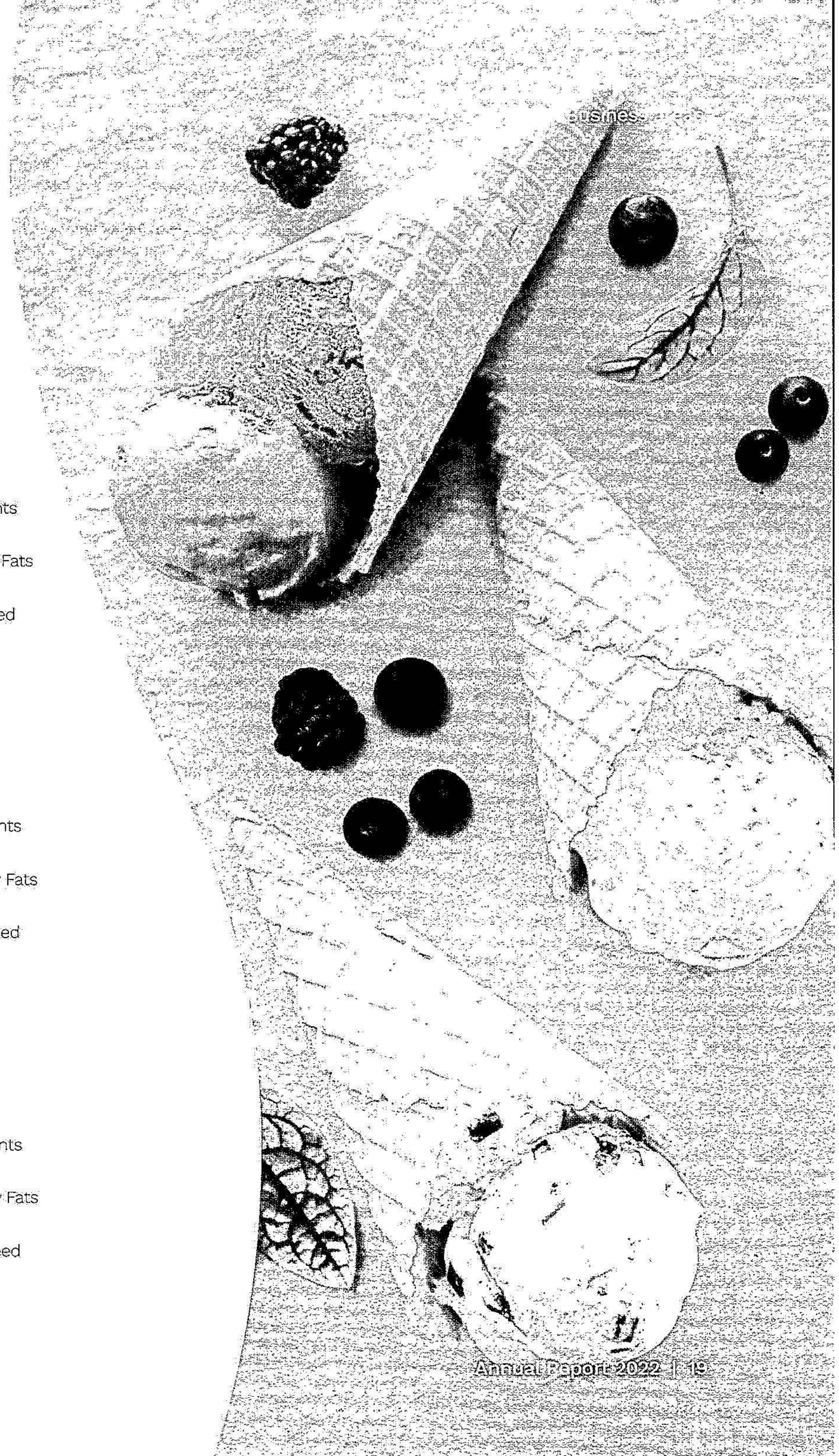
%



Operating profit

%





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Business area: Food Ingredients

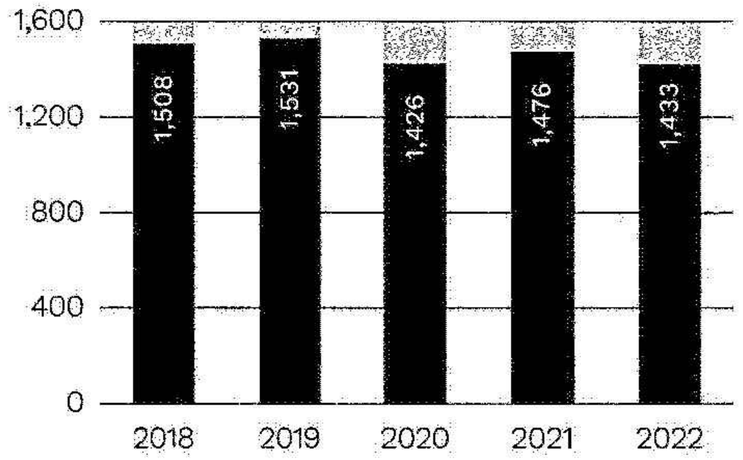
Strong profitability driven by optimization of the Bakery business

Food Ingredients delivered a strong year in 2022, with the operating profit growing by 24 percent, primarily driven by dedicated contract and product portfolio management in Bakery. The volume development in Food Ingredients was impacted by our continued optimization of the Bakery business in Europe, a slight decline in demand for Plant-based Foods, declining birth rates in China, and the controlled exit from the Russian market. Volumes for Food-service decreased in all markets. Excluding Russia, volumes in Food Ingredients declined by 2 percent. Currencies had a positive impact on profitability compared to 2021. Net sales increased despite soft volumes and was inflated by higher raw material prices.

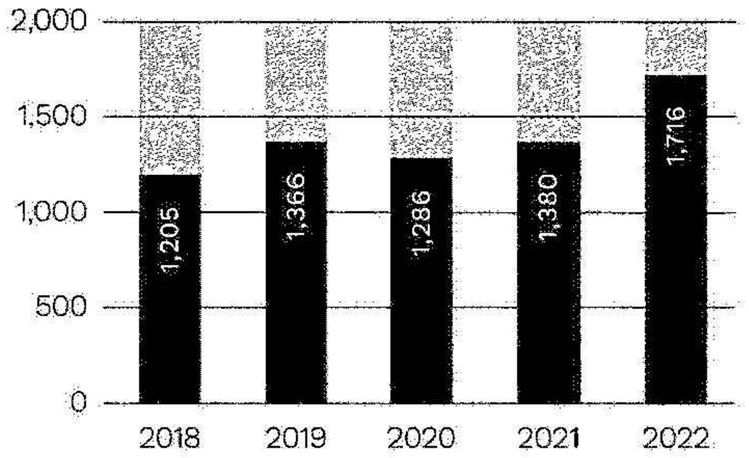
	2018	2019	2020	2021	2022
Volumes, thousand tonnes	1,508	1,531	1,426	1,476	**1,433**
Net sales, SEK million	18,468	18,978	18,387	23,245	**32,661**
Operating profit, SEK million*	1,205	1,366	1,286	1,380	**1,716**
Operating profit per kilo, SEK*	0.80	0.89	0.90	0.93	**1.20**

*Excluding items affecting comparability (IAC)

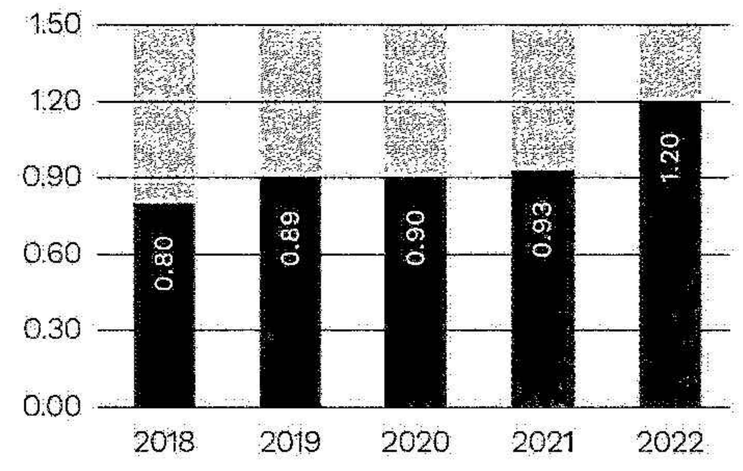
Volumes
(63% of Group total)
(Thousand tonnes)



Operating profit*
(55% of Group total)
(SEK million)



Operating profit per kilo*
(SEK)



Bakery

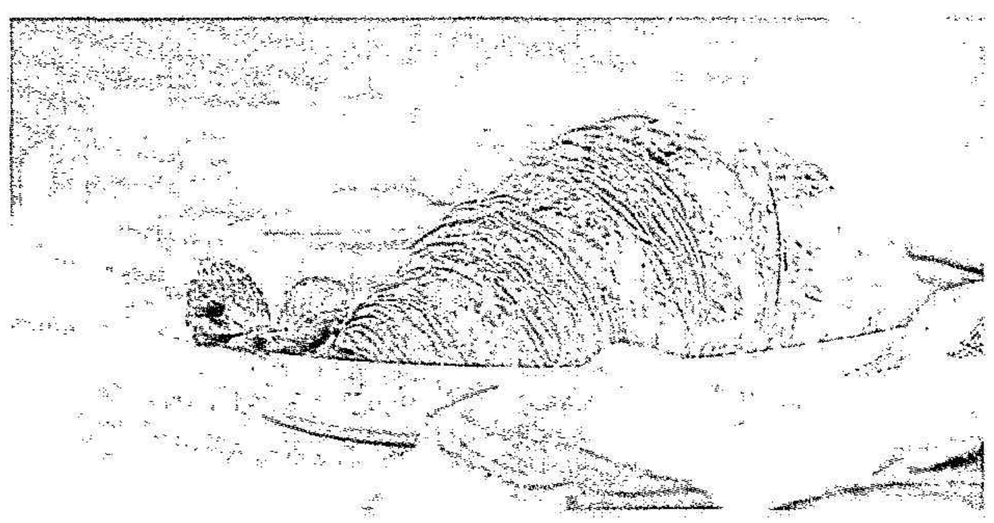
Bakery performed strongly throughout the year, with the overall strategic direction leading to profitability improvements. In addition, several optimization activities have taken place in various regions, strengthening our production footprint and Bakery portfolio.

Solutions

AAK provides a wide range of solutions for major bakery applications, such as biscuits, cookies, pastries, cakes, bread, and pizza. Our solutions are developed with the consumer in mind and suited to meet our customers' requirements for bringing baked goods to the market. We facilitate this indulgent, guilt-free moment stemming from a lower climate footprint and healthier on-the-go snacking. We also have our customers' production setups in mind, facilitating wins within process efficiency.

Trends

Consumers are focusing on healthier, safer, and more sustainable products that deliver a great-tasting experience. However, regional differences exist in how these trends carry through to packaging claims. For example, sustainability is the primary factor in Europe, while healthy and natural qualities are a top concern in Latin and North America.



New products

Through our co-development approach, our Customer Innovation team has globally developed various products during the year. In addition, we maintain our strong commitment to the regional markets: to develop solutions for our customers' needs to bring new baked goods that consumers love, to the market.

Future growth

We will continue our efforts to deliver efficient and value-creating bakery solutions worldwide based on consumer insights. We also see strong synergies across our industry portfolios. For example, our confectionery and bakery portfolios combined offer great opportunities for launching new consumer products for our customers' "Choco-Bakery" segment, combining the best of two worlds.

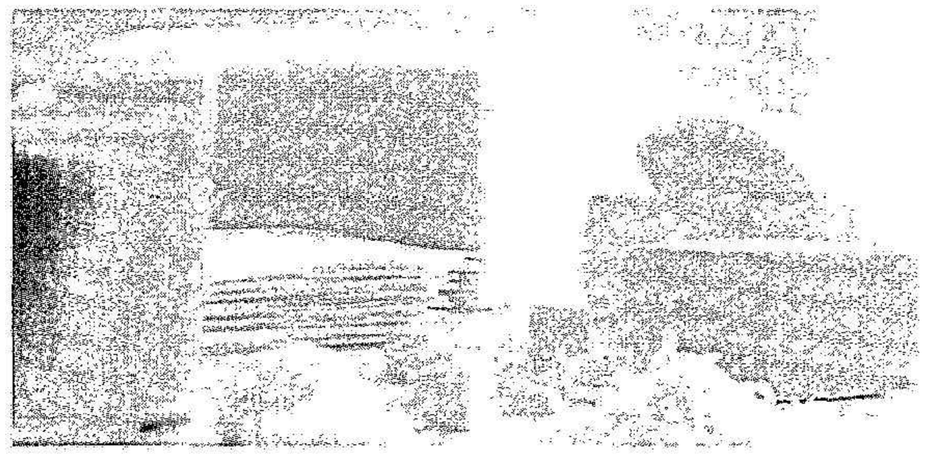
We will continue strengthening our position as a plant-based Multi-oil Ingredient House with deep technical industry knowledge.

Dairy

Our Dairy business has delivered profitability improvements in line with the overall strategic direction throughout the year. In addition, the growth momentum has been solid, especially for our European, US, and Latin American businesses.

Solutions

AAK develops and provides the dairy and ice cream industries with solutions for ice cream, cheese, whipped toppings, yellow fats, fermented milk products, milk drinks, and coffee whiteners. Our solutions are developed with the consumer in mind and suited to meet our customers' requirements for bringing new dairy products like a healthier pizza topping, a more



sustainable ice cream, or a tasty easy-to-spread butter blend to the market. We also have our customers' production setups in mind. Therefore, we facilitate wins within process efficiency; our solutions help regions with shortages of milk fat to bridge that gap.

Trends

Consumers are focused on healthier, safer, and more sustainable products that deliver a great-tasting experience. Health is a leading quality in every region, and sustainability is second in Europe and North America — closely linked to the consumer drive for plant-based Dairy.

New products

To support the customers' needs to bring new dairy-based products that consumers love to the market, AAK's Customer Innovation team has together with the customers developed several new products in accordance with the requests in the regional markets. We also help our customers stay competitive by offering cost efficient solutions.

Future growth

We will continue our efforts to deliver cost-efficient and value-adding Dairy solutions worldwide based on consumer insights and demands. In addition, we will continue to strengthen our position as a Multi-oil Ingredient House with deep technical industry knowledge.

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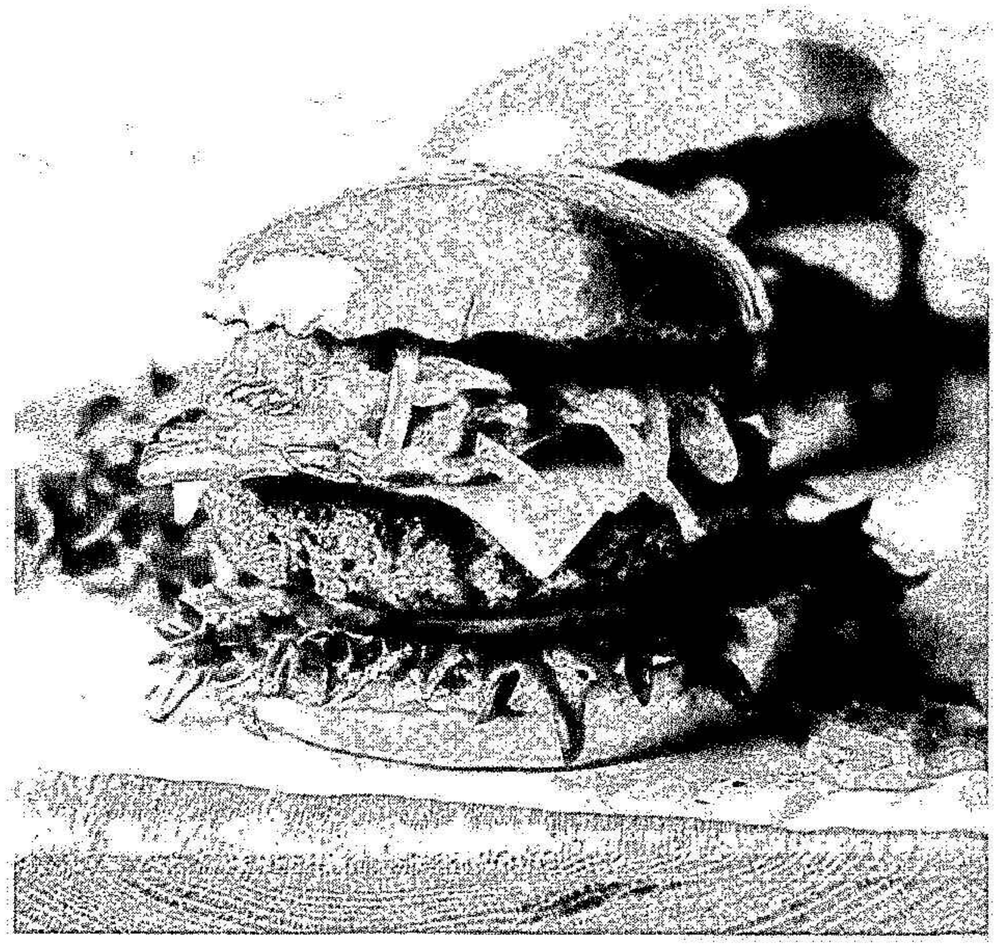
Plant-based Foods

Consumers worldwide have been grappling with the effects of a cost-of-living crisis in which food, energy, and interest rates have steadily increased through 2022. With tightening household budgets, consumers make conscious decisions about what they purchase every week. As a result, grocery volumes have slowed in general, and plant-based food volumes in the retail channel have slowed even more. This slowdown reflects the price premium such products command, coupled with the perception that taste & texture still need further development, especially with the flexitarian consumer group.

Solutions

AAK embraces the challenge to improve plant-based food's sensory and nutritional performance, with a particular focus on plant-based meat and dairy. We recognize the important role speciality fat delivery systems play in product formulation and have been diligently working internally and with external partners and peers to harness our collective strengths in speciality ingredients to bring these products to the next level. Since 2020 AAK has been a member in the MISTA innovation platform, an initiative that brings together the expertise of larger food and ingredients companies and selected start-ups to solve current and future challenges within the food and beverage industries.

Another example is our participation in the Buhler Networking Days in Uzwil, Switzerland, during the summer of 2022. We were able to demonstrate effective collaboration with Buhler, Givaudan, and DIL to develop plant-based meat products using high moisture extrusion, creating a tastier and more succulent product with a juicy, flavorful mouthfeel. We intend to continue similar collaborations, cognizant that our joint efforts are complimentary and welcomed by our mutual customers.



New Products

The essential role of speciality fat systems is becoming evermore evident in formulating quality plant-based food. Under the umbrella of our "AkoPlanet™ by AAK" platform, we have been developing a product portfolio that captures the diverse functionality and value-adding contribution fat makes to food with particular emphasis on four pillars:

- Taste by AkoPlanet™
- Sustainability by AkoPlanet™
- Functionality by AkoPlanet™
- Nutrition by AkoPlanet™

We successfully unveiled this segmented portfolio at the Plant-based World Expo in London in late 2022, generating encouraging engagement and feedback from partners and customers alike.

Future Growth

Previously we announced our intention to invest in a Innovation Center of Excellence for Plant-based Foods in Zaandijk, Netherlands. After nine months of construction, we completed this critical facility in December 2022. Designed to put our customers at the very heart of our innovation & co-development process, we look forward to transforming the customer experience of innovation at AAK with complete pilot facilities for plant-based meat and dairy, a Sensory Suite & Application Lab, and a Culinary Kitchen to showcase how AAK science and technology combines in great-tasting food and beverage applications.

We are confident that Plant-based Foods will be an essential category in the food industry. The underlying megatrends of an increasing global population, the need for accelerated action in climate and sustainability, and the role of our diets and nutrition to support healthy aging will facilitate the future growth of plant-based foods.

Special Nutrition

2022 saw a continued contraction of the infant nutrition market due to lower birth rates, particularly in China. With challenged raw material supply chains, this trend negatively impacted the volumes supplied. Despite this downturn, the operating profit grew over last year driven by continued requirements for higher-purity oils, and a strong focus on costs and pricing.

Solutions
AAK provides tailor-made speciality lipids solutions for Early Life Nutrition, Lifestyle Nutrition, and Medical Nutrition. Using our co-development approach, most solutions within Special Nutrition are customer-specific multi-oil blends. In 2021, we added algae-based DHA to our product range, including single oils, oil blends, INFAT (OPO), Egg phospholipids, and Lecithin. While 2022 did not bring new launches, we strive to continuously add value-adding, nutritional components to extend the product range and enable the pursuit of new growth opportunities.

Trends
The global trends driving AAK's Special Nutrition segment are health, premiumization, purity, trust, and sustainability. Lipids are increasingly acknowledged for their nutritional importance, and we continue to explore health benefits that can be obtained with new, innovative lipid solutions.



Future Growth
In line with the updated strategy, we will focus on growing the broader nutrition area by bringing innovations to the global market and increasing our presence in selected regions. In addition, we want to maintain our market leadership in Infant Nutrition and increase our presence in Lifestyle Nutrition and Medical Nutrition.

Foodservice

AAK Foodservice has shown strength in adapting to the new challenges of 2022, from the dynamics of the vegetable oil market to inflation outpacing the foodservice market growth, along with the rising costs of living and increasing costs for operators. Our business has remained agile and adapted quickly to meet these challenges while ensuring we deliver our customers' needs.

Solutions
Our Foodservice organization produces more than 500 different frying oils, speciality oils, condiments, sauces, dressings, and ingredients for foodservice operators and retailers across market-leading brands and private label products.

Trends
Macro market trends remain strong across plant-based solutions, health and wellness, indulgence, and sustainable solutions. Foodservice operators have moved away from menu reductions following the pandemic and returned to menu innovation. They deliver strong core menus supported by promotional menu items to offer consumers choice, customization, and value. Dark kitchens and home delivery also remain strong. These trends have enabled AAK to expand the product offerings within key operators and cover more menu items via our unique co-development approach.

New products
Creating better solutions has been a key driver for plant-based solutions and our plastic strategy.

Our butter alternatives brands, Prep™ and Whirl™, sold in the UK, Germany, and France, are now plant based. Approved by the Vegan Society and the V-Label, they deliver an improved nutritional profile compared to our previous recipe and dairy butter.

In the US, AAK obtained the plant-based butter brand ForA™, strengthening our plant-based expansion in premium plant butter products. In addition, new flavored mayonnaise and aioli have been launched under our plant-based brand GreenOasis™.

Continued progress within our plastic strategy includes moving our Prep™ high-performance frying oils for the German market from Jerriboxes to 7.5L PET bottles, removing of amber index components and becoming 100% recyclable. In addition, our site in Dalby has introduced 50% recycled content to over 1 million PET bottles, and our site in Hull has moved 318K PET bottles to 50% recycled content.

Future growth
The global foodservice market remains under pressure, and the impact of the cost-of-living crisis is expected to ease in 2024. Until then, consumer spending on eating out will be impacted. As a result, our Foodservice organization will focus on our strengths to drive business growth, high-value solutions, product bundling, customer co-development, market-leading brands, and expanding our customer base across key markets.

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Business area: Chocolate & Confectionery Fats

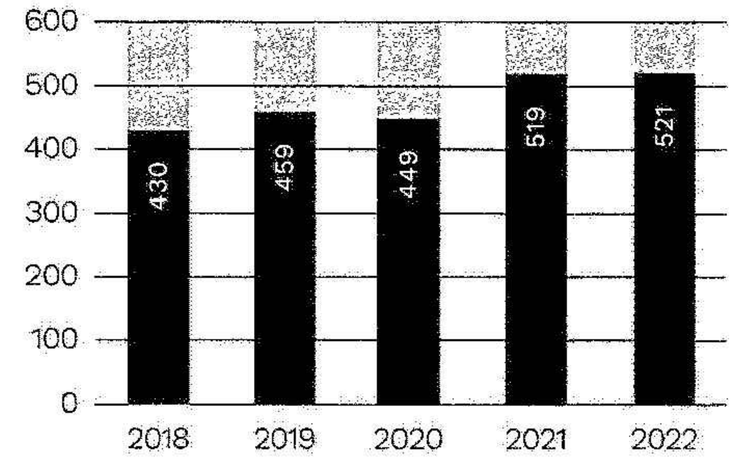
Strong demand with focus on high-value solutions

AAK has a leading position with global and regional chocolate & confectionery manufacturers. The strong demand for our expertise, combined with our innovative solutions, enabled growth in both operating profit and operating profit per kilo, as well as a slight growth in volumes despite high, volatile raw material prices. Excluding the negative impact from Russia, volumes grew 8 percent.

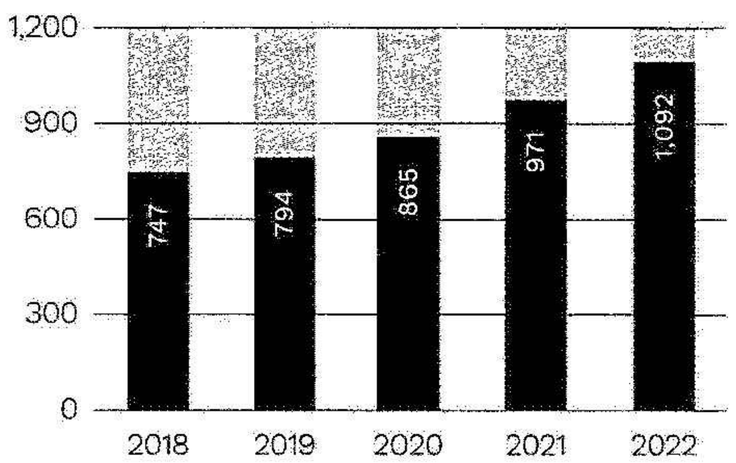
	2018	2019	2020	2021	2022
Volumes, thousand tonnes	430	459	449	519	**521**
Net sales, SEK million	7,611	8,076	7,949	10,116	**14,813**
Operating profit, SEK million*	747	794	865	971	**1,092**
Operating profit per kilo, SEK*	1.74	1.73	1.93	1.87	**2.10**

*Excluding items affecting comparability (IAC)

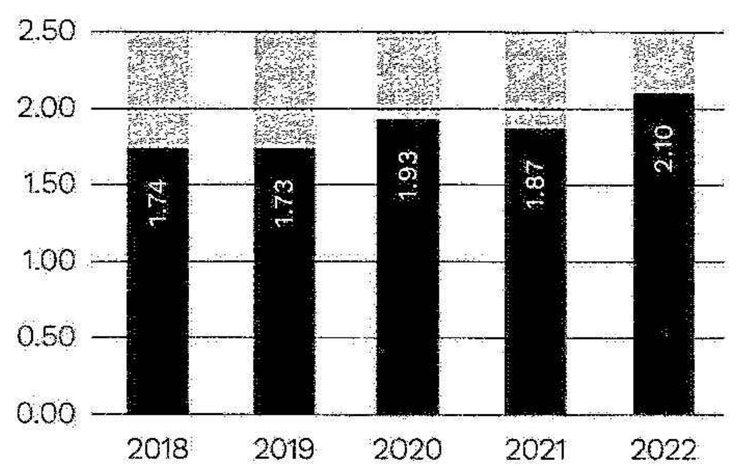
Volumes
(23% of Group total)
(Thousand tonnes)



Operating profit*
(35% of Group total)
(SEK million)



Operating profit per kilo*
(SEK)



Chocolate & Confectionery Fats

Solutions

Our solutions within Chocolate & Confectionery Fats bring value to customers' products in several ways. Affordable premiumization, shelf-life extension, enhanced taste, and sustainable solutions are some of the highlights we contribute with in a volatile market due to the various geopolitical tensions and the lingering effects of the the pandemic.

Trends

Premium versions of favorite chocolate confectionery products are considered a luxury that can be afforded. Affordable premiumization remains a key global trend, and AAK maintains global coverage with a strong local presence and connection with our customers and the needs of their markets.

New products

As an example of our innovation capability, this year we produced CEBES™ Choco 15 a solution that allows manufacturers to create compounds with a closer sensory experience to milk chocolate. Traditionally, cocoa butter substitutes can compromise the strong cocoa taste in a chocolate compound, due to poor compatibility with cocoa butter and some cocoa powders. This new solution from AAK provides better compatibility while maintaining other performance characteristics like fast-setting time; this innovation makes it possible to enhance the cocoa taste by providing more premium recipes in terms of taste and maintaining affordability.

Future growth

The chocolate confectionery market has proven its resilience during uncertain times. AAK is a trusted supplier of multi-oil ingredients and solutions and is well positioned to deliver value to customers and continue improving consumers' indulgence worldwide.



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Personal Care

Making Better Happen™ in beauty has been our core offering since 1988 when we first created a customized solution for a global cosmetic giant. Since then, our deep understanding of lipid chemistry and advanced technological know-how has enabled the development of a portfolio of sustainably sourced, plant-based emollients, expertly processed for optimized functionality and sensory appeal. Today, AAK proudly serves all customer categories, from local niche start-ups to multinational brand leaders, and offers new opportunities for formulators to develop natural, eco-conscious beauty products that deliver on all parameters.

Solutions

AAK's sustainably sourced and expertly processed plant-based emollients — distinct from synthetic-, animal-, or fossil-based raw materials — are primarily chosen for skin care applications. These applications include face, body, and sun care categories across all ages, ethnicities, and gender. In addition, our customers also choose them for hair care, make-up, deodorants, and wet wipes, as well as diaper coatings to help protect sensitive baby skin. Our customers choose our emollients for the moisturizing and sensory attributes they bring to end formulations and consumer experience.

Trends

Macro trends supporting the industry's continued global volume and value growth include an expanding population; increasing spending power in emerging markets; and an aging, active, health-oriented, demographic in mature Western economies. In addition, the heightened concern for the environment and awareness of inequalities are driving consumer demand for cosmetic products based on renewable and sustainably sourced ingredients with strong environmental and social credentials.



AAK is answering that demand by developing a substantiated package of consumer claims for our shea, canola, and coconut emollients that our customers can use on their in-store brand packaging. We further strengthen our products with third-party accreditation, 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 and documenting sustainability commitments, we have increased our focus on sharing impact assessments in our canola and shea supply chains, including hot spots and initiatives for continued improvement. Moreover, we have also communicated that, as of 2023, we will offer an exclusive and limited number of carbon-neutral products in our shea portfolio through a partnership with FairClimateFund, which generates Fairtrade and Gold Standard carbon credits through upscaling an energy-saving cookstove project in the shea belt. As well as reducing carbon emissions and improving health and safety for users, carbon credit premiums directly benefit local communities through direct payments. By rooting our carbon credits in simple and cost-effective interventions that make a real and relevant difference, we can connect part of the needs of the communities at the start of the shea supply chain with those at a corporate and consumer level.

In recognition of our achievements, we were awarded 2022 Sustainability Leadership by Ecovia Intelligence at the Sustainable Beauty Awards.

Future growth

In 2022, the global consumption of cosmetics experienced growth rates in line with pre-pandemic levels. Despite global market uncertainties, AAK remains optimistic regarding the continued change for natural-derived ingredients driven by consumer pressure, legislative forces, and the need for increasingly transparent supply chains. In addition, veganism is rapidly evolving into mainstream cosmetics. Projections show that the global vegan cosmetics market will grow from USD 15.87 billion in 2021 to USD 24.79 billion in 2028*, an area we can further leverage with our plant-based offering.

*Source: Vegan Cosmetics Market (fortunebusinessinsights.com)

Natural Emulsifiers

AAK's business for Natural Emulsifiers serves customers around the world with natural lecithins that are crucial in a wide range of applications. Segments in which natural lecithins play a key role are Chocolate & Confectionery Fats, Bakery, Dairy, Plant-based Foods, Personal Care, and Special Nutrition.

Solutions

With our portfolio of natural emulsifiers, we create customized solutions in close collaboration with our customers based on lecithin from soy, sunflower, and rapeseed in both liquid and powder form.

Trends

As a by-product from the processing of plant-based oils, lecithin is the only natural, clean-label emulsifier on the market. The global demand for specialized lecithin, such as organic, certified non-GMO IP, or allergen-free products, is expected to continue to rise as consumers look to verify the sustainability and traceability within food production.

New Products

Our portfolio continues to expand with these value-adding ingredients: natural lecithins and our plant-based multi-oils. Driven by trends and our close customer collaboration, we continue to create even better co-development solutions and greater value in the various segments that we serve.

Future growth

The global lecithin market is expected to show continued strong market growth, supported by clear trends such as a focus on health, clean label declarations, natural and functional ingredients, allergen-free products, and traceability.

With AAK's updated strategy, being a Multi-oil Ingredient House, our customer co-development approach, and continuous focus on sustainability and trends, we are well positioned to create new products in close collaboration with our customers.

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Business area: Technical Products & Feed

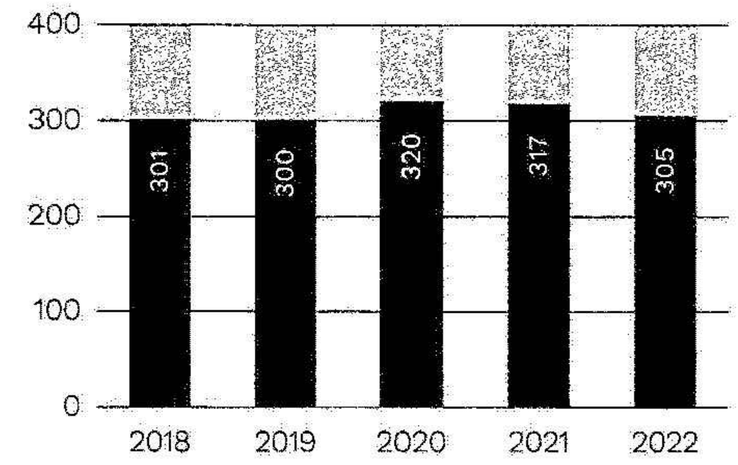
Strong growth in specialized non-food markets

Within Technical Products & Feed, we provide a growing range of specialized solutions for the technical products and feed industries. Compared to 2021, the business area reported strong growth in operating profit and an operating profit per kilo up by 46 percent, with broad-based growth across subsegments and mainly driven by the positive development of the candle wax business in Europe.

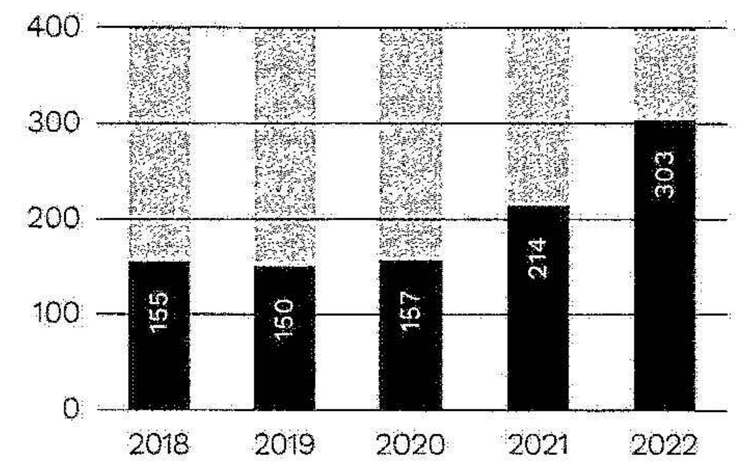
	2018	2019	2020	2021	2022
Volumes, thousand tonnes	301	300	320	317	**305**
Net sales, SEK million	1,513	1,456	1,598	2,091	**2,951**
Operating profit, SEK million*	155	150	157	214	**303**
Operating profit per kilo, SEK*	0.51	0.50	0.49	0.68	**0.99**

*Excluding items affecting comparability (IAC)

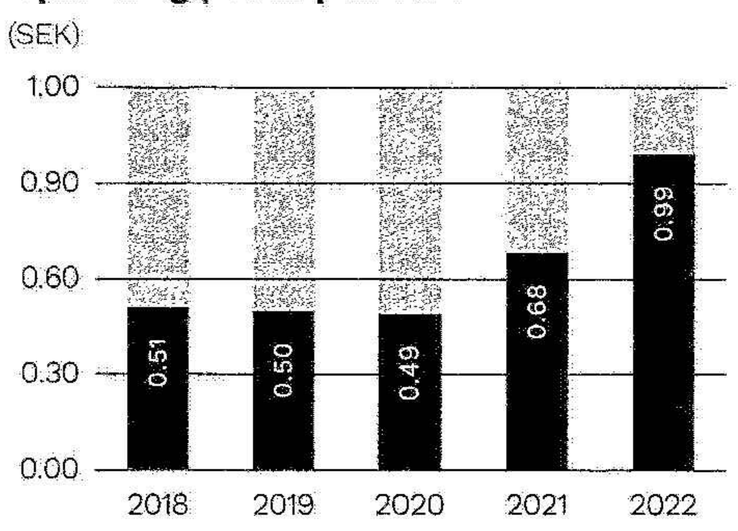
Volumes
(14% of Group total)
(Thousand tonnes)



Operating profit*
(10% of Group total)
(SEK million)



Operating profit per kilo*
(SEK)



Technical Products

Technical Products experienced a strong year, mainly driven by the positive development of the candle wax business in Europe. We also saw a significant tailwind for the sales of biofuel by-products, driven by high energy prices. The biofuel business is usually a minor part of our Technical Products business but had a more significant positive impact this year.

Solutions

AAK offers refined fatty acids and glycerine to a wide range of technical industries and sustainably produced plant-based solutions to the candle industry. The fatty acids and glycerine are produced by the oleochemical splitting of the fat molecule and subsequent refining of the fractions.

Trends

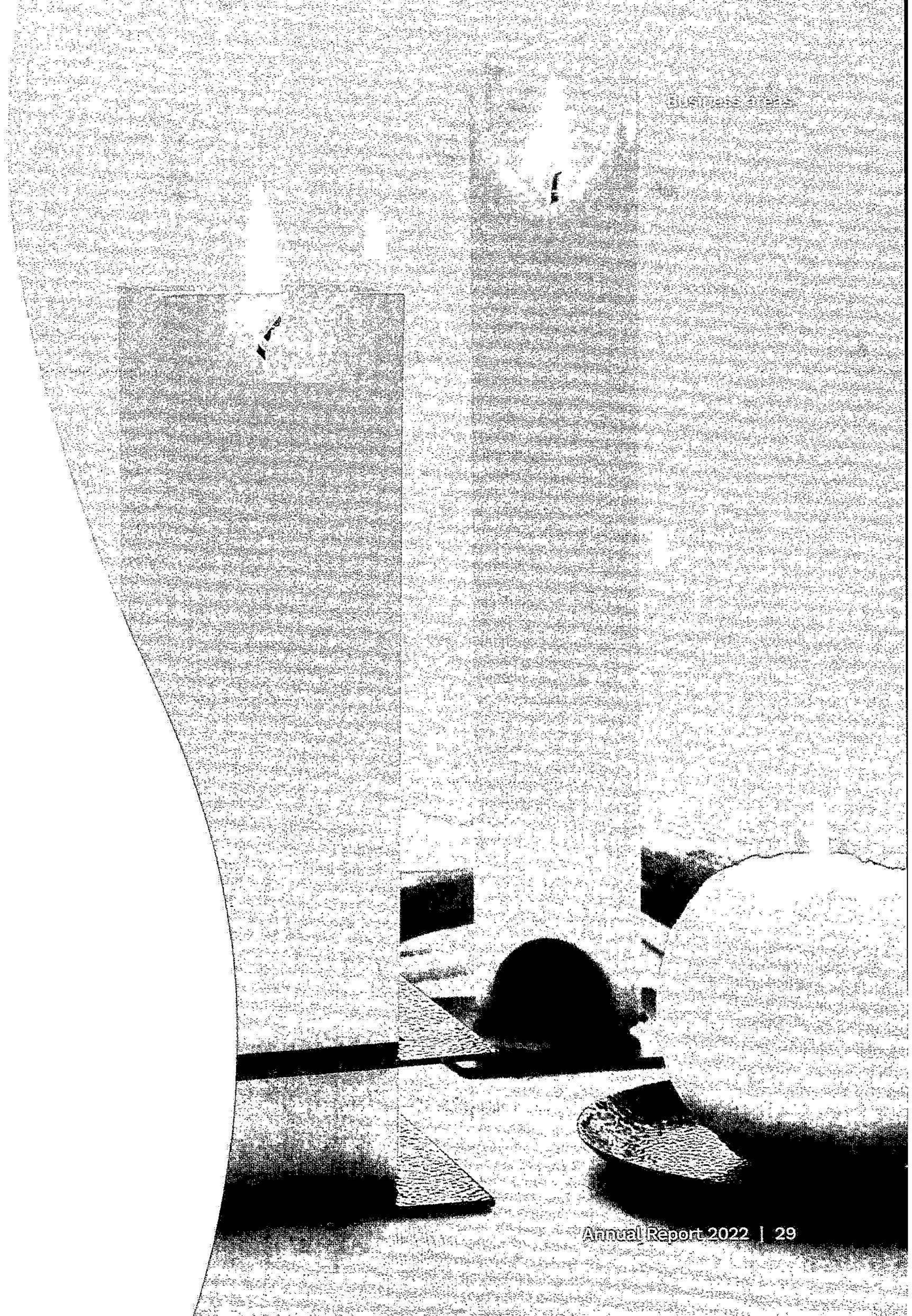
The trend towards increased use of natural, sustainable waxes in the candle industry (at the expense of fossil paraffin) remains strong. Therefore, in the long term, we expect the transformation from a fossil-based economy to a bio-based economy in Europe to be positive for our natural oleochemical business.

New products

During the year, AAK continued to develop new plant-based solutions for the candle industry to replace paraffin in as many applications as possible. This is further enabled by our decision to invest in increased product capacity of these products. An extensive capacity and portfolio review was performed at our Karlshamn site to remove bottlenecks and increase earnings per kilo. We expect this to lead to an increase in available capacity for candle waxes.

Future growth

We strongly believe in developing renewable, sustainable candle waxes to replace nonrenewable alternatives. We will continue to focus on creating more opportunities in this segment to build a better pipeline for future growth. The main challenge in 2023 will mirror 2022: the availability of certain raw materials and additives, as well as managing cost increases for key utilities such as steam and electricity.



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Feed

Demand for our Feed products remained strong and stable throughout 2022. We navigated the challenging environment and managed to stay ahead of inflation and surging energy prices in our pricing. In addition, our rapeseed-crushing unit could benefit from another year with favorable market conditions.

Solutions

AAK supplies ExPro®, a rapeseed meal produced using a special heat treatment process to improve the protein quality for ruminants. As a result, ExPro® is an innovative and well-received soybean meal replacer. As most of the available soy feed is based on GM soy, non-GMO products is sold at quite a large premium on the market. ExPro® can completely replace soybean meal in most feed rations, and has several advantages besides being non-GMO: in addition to it having an exceptionally high share of by-pass protein, it's guaranteed salmonella free, and is also a more cost-efficient alternative. This makes ExPro® an increasingly popular choice. We also supply bypass fats, used in dairy cattle feeds to increase milk yield, and simpler liquid fats.

Trends

For years, consumers have demanded sustainably produced products, a true differentiator in many areas. In the price-sensitive animal nutrition area, this demand has been less prominent but is now catching up, with increasing initiatives steering towards more sustainably produced feed rations.

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 are seeing an increase of customers turning to non-GMO feeds.

New products

In 2022 we have worked on more sustainable fat solutions for swine, and to making old products work in new applications.

Future growth

In 2023, our product development will focus on managing the potential impact of the coming EU deforestation legislation. The exact effects of this regulation have yet to be determined as we write this report. Still, we anticipate that significant effort will be required to mitigate the problems created or capitalize on the opportunities they provide. Nevertheless, potential solutions are already in the pipeline.

We will also continue to grow with our rumen-protected fats in the Nordics. In the longer term, we also see potential to replace products that may be difficult to import to the EU following the new deforestation regulation.

Sustainability from plant to brand

At AAK, we are as committed to creating a positive future as we are committed to meeting the needs of our customers. We seek to build a world where conserving ecosystems, respecting resources, empowering women, supporting communities, and building sustainable supply chains go hand in hand with reliability, transparency and supply security.

Sustainability lies at the heart of our purpose: Making Better Happen™. We always strive to go further, continually putting forward new efforts to improve and deliver solutions that are more sustainable.

Driving the transformation to a sustainable food system

The food sector plays a vital role in the sustainability transition. The world needs to feed a growing population without exceeding planetary boundaries, and AAK wants to be part of driving the transformation.

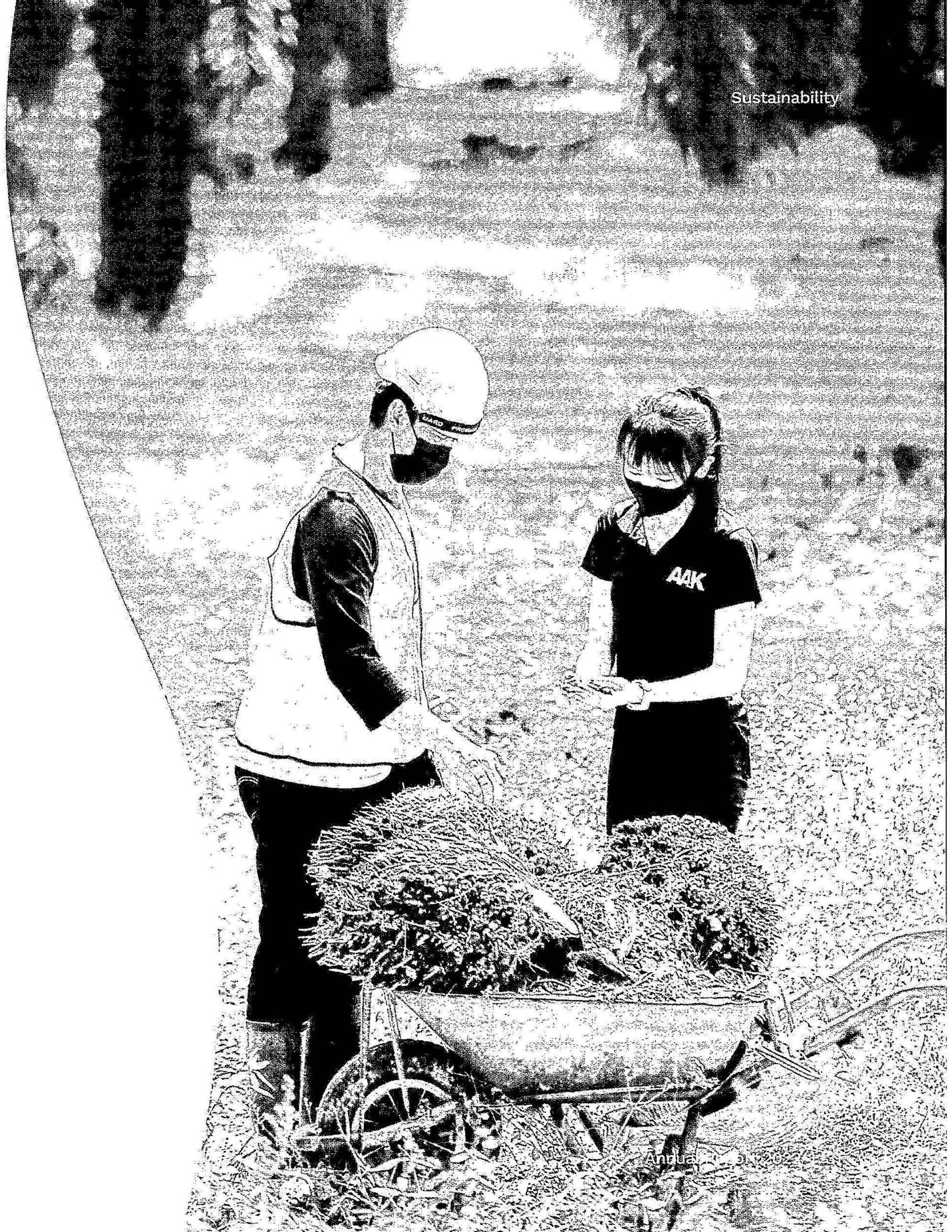
Embedding sustainability across our value chain

Our sustainability work is embedded in all parts of the value chain – upstream, where we transform our supply chain, and downstream, where we partner with customers to positively impact health and the environment through innovative solutions.

Co-development of sustainable solutions

AAK's sustainability co-development process starts by identifying the specific sustainability credentials that create value for the customer. We then assess the sustainability impact of products over their full life cycle. Finally, AAK delivers segregated supply chains that fulfill our customers' specific requirements, supporting their sustainability journey and delivering full transparency.

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Our sustainability priorities

AAK's sustainability strategy focuses on three key priorities.

Reducing climate impact

We are committed to reducing our impact on the planet and building resilience. This commitment includes our entire value chain.

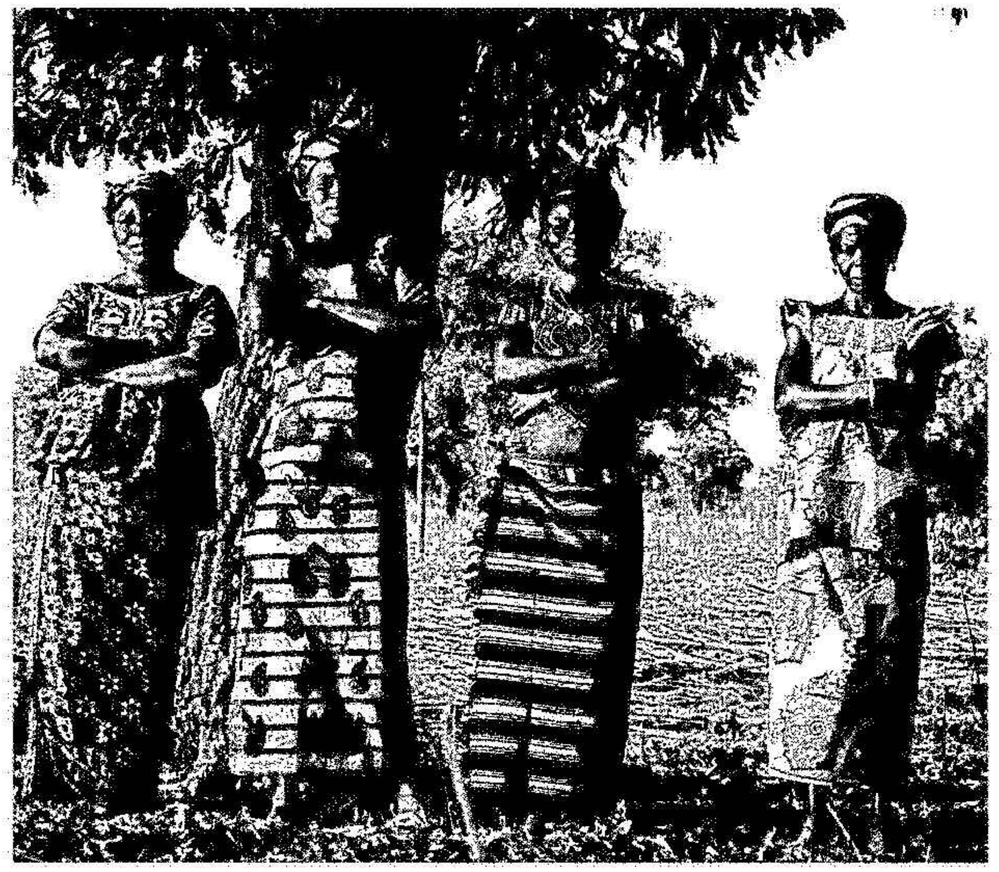
AAK has committed to setting Science Based Targets in line with a maximum increase in global temperatures to 1.5°C above pre-industrial levels. During 2022 we have taken strategic steps towards this ambition. We developed the decarbonization roadmaps for our raw materials and we have submitted our Scope 1, 2 and 3 targets for approval by the Science Based Targets initiative (SBTi). We await approval during the spring of 2023.

We have committed to:

- Reduce absolute Scope 1 and Scope 2 GHG emissions with 50 percent by 2030 from a 2019 base year.*
- Reduce absolute Scope 3 GHG emissions with 46 percent by 2030 from a 2019 base year.
- 10 percent of our suppliers by emissions will have set science-based targets by 2027.

In 2022, we began constructing two new biomass boilers at our plant in Aarhus, Denmark that will be fueled by waste shea meal from shea kernels. The boiler is estimated to be operational in end of 2023 will reduce CO_2 emissions at the plant by 90 percent, and AAK's overall global emissions by 16 percent by 2024.

* The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks



Protecting biodiversity

AAK works to prevent deforestation and supports reforestation in the areas that we source from.

A traceable supply chain is an important tool in AAK's approach to sustainable sourcing and protecting biodiversity. We work closely with tier 1 suppliers and their suppliers to achieve a transparent supply chain. We are committed to achieving 100 percent-verified, deforestation- and conversion-free palm and soy by 2025.

We support reforestation projects in our shea and coconut supply chains. These initiatives include training suppliers and local agriculture communities about the importance of planting new trees and renewing the tree stock they harvest from.

Improve human well-being

AAK strives to contribute positively to the well-being of our employees, of the communities where we operate, and those in our supply chains.

Smallholders, and women in particular, play a critical role across our supply chains. In western Africa, we have created the largest sustainable shea supply chain in the world. In the Kolo Nafaso program, we support female shea collectors with pre-financing and training. These efforts enable them to invest in their children's futures through clean water initiatives and resource efficiency. As a result, entire communities benefit and more than 1.5 million people in western Africa lead improved lives. In 2022 almost 300,000 women were enrolled in the program. This is a decline since 2021 due to a deteriorating security situation in Burkina Faso which made it necessary to terminate sourcing from certain areas in order to protect the security of our staff.

In northern Ghana, AAK has partnered with Mars in a ten-year private-public partnership to empower women and alleviate poverty. This initiative aims to reach 13,000 women shea collectors from more than 150 communities in northern Ghana.

Kolo Nafaso **directly contributes** to poverty **alleviation** and also contributes to women **empowerment**

Caroline Westerik-Sikking, Director of Sustainability AAK

Key progress towards our commitments

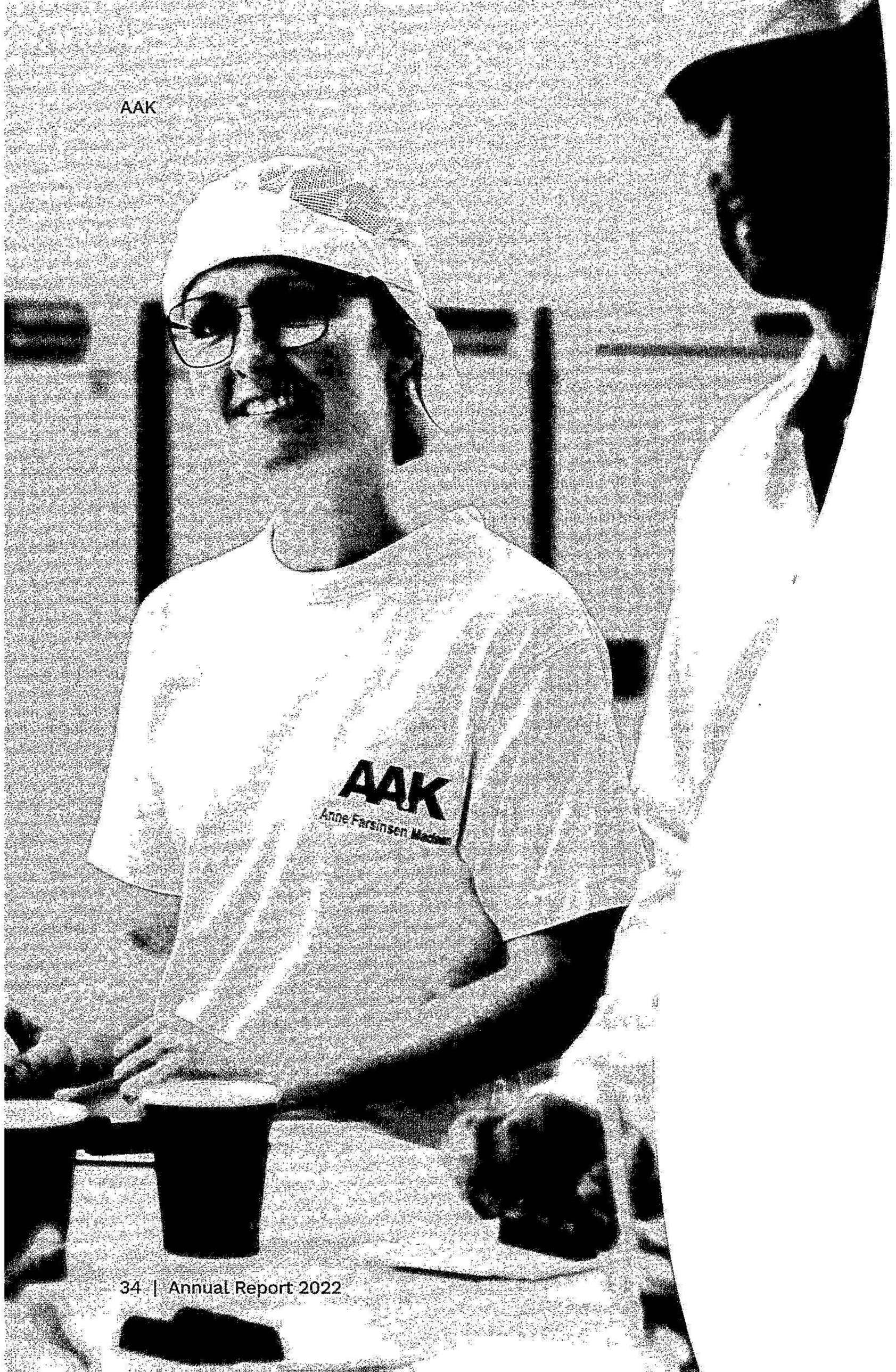
Key progress towards our commitments

What gets measured gets done. To drive progress, accountability, and transparency in our sustainability work, AAK has developed sustainability indicators for each of our three prioritized areas. Below we present the progress for our prioritized goals and indicators.

Priority	Commitment	Progress 2022 (2021 reference)
Enhancing sustainable development with our solutions	50% of revenue shall contribute to the Sustainable Development Goals by 2025	37% (31%)
Reducing climate impact	Scientifically verified climate goals	Science based targets sent in for approval by SBTi FLAG-targets to be submitted during 2023
	Reduce Scope 1 and 2 emissions by 50% by 2030 (compared to 2019)	4.4% total reduction (4.3%)
	100% renewable electricity for our operations by 2030	70% (64%)
Protecting biodiversity	100% verified deforestation-free and conversion-free palm and soy supply chains by 2025	71% verified deforestation-free palm (67%) 20% verified deforestation- and conversion-free soy (30%)*
	100% traceability to plantation (palm)	87% traceability to plantation (81%)
	150,000 trees planted between 2020 and 2025	116,842 trees planted in total (89,544)
Contribute to well-being of people	Empowering smallholders and women to improve their livelihoods	293,302 women involved in the Kolo Nafaso program (353,735)
	Human rights due diligence embedded across all key raw material by 2025	100% of key raw materials risk assessed for human rights
	Striving to be a zero-injury workplace	Lost time injury frequency rate: 0.6% (0.4%)
	Inclusion index rate of 95% by 2030	Inclusion rate measured every second year (2021: 82%) In 2022 400 leaders were trained in unconscious bias

*The total verified deforestation-free soy and/or soy from North America is 92%. North America is considered low-risk.

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Making better careers happen

A main objective during 2022 was to continue our journey to be a truly purpose-driven company. Our purpose – Making Better Happen™ – and our Better Behaviors and Better Leadership principles are built on our three dimensions of leadership: leading self, leading teams, and leading business. Our Better Behaviors (being passionate, agile, accountable, and collaborative) guide us in our decisions and live throughout all of AAK.

We have also added an employee value proposition – our People Ambition.

We offer our employees the chance to make a real difference by being part of a passionate team focused on Making Better Happen™.

- Together with our employees, we take responsibility for health and safety and for creating a workplace where equality, diversity, and inclusivity are priorities
- Our leaders strive to be role models of our Better Leadership principles, and they are committed to unleashing the full potential of every member of the AAK family
- Together, we are guided in our decisions and actions by our Better Behaviors and high ethical standards
- We share a sense of ownership and pride for our company's positive impact

Yet another unprecedented year

With the pandemic still present throughout 2022, AAK focused on keeping our employees safe, connected, and engaged. Unfortunately, in February, we all witnessed the invasion of Ukraine. Our employees jointly succeeded in funding SEK 235,513 to UNHCR, and AAK added the same amount plus another SEK 2 million. Our employees in Ukraine have also organized the AKOHELP, a channel to support customers, suppliers, and other stakeholders that needed support to move to other locations in Europe. More than 50 families have been helped through this initiative.

3,962

The average number of employees globally (on December 31, 2022)

8.8 years

The average time of employment

Employee distribution by region

Europe: 43%
Americas: 30%
Asia/Pacific: 19%
Africa: 8%

0.61

Lost Time Injury Rate (LTIR) – the number of work injuries that result in one or more days of sick leave per 200,000 working hours (production sites)

Health and safety

Health and safety are top priorities at AAK. Any work-related injury is unacceptable, and we strive to be a zero-injuries workplace. In 2022, we reported a Lost Time Injury Rate (LTIR) at our production sites of 0.61, a slight increase compared to 2021. We will continue to work relentlessly to reach our objective of being a zero-injuries workplace.

Diversity and Inclusion

AAK is committed to attracting, developing, and retaining an inclusive and diverse workforce. This emphasis drives innovation, creates a trusting environment within the company and with our customers, and contributes to the success and sustainability of our business. We know that diverse groups are proven more successful and effective. Therefore, in 2022, we launched training for all leaders about awareness of unconscious bias.

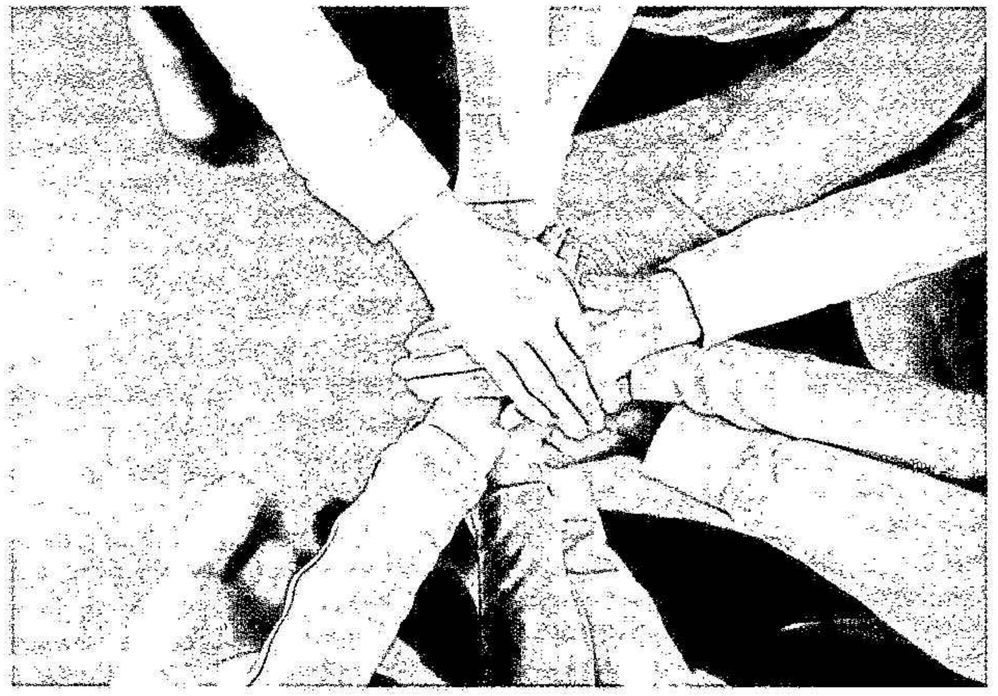
AAKtivate

Over the past decade, AAK in Mexico and Colombia have successfully worked with an employee well-being program called AAKtivate. The program focuses on nutrition as well as medical, physical, and mental health. We strongly believe that the program contributes to a healthier lifestyle, resulting in increased motivation, increased productivity, lower absenteeism, and reduced health costs. AAKtivate became a global program in 2020, and in 2022 we continued to roll out a number of activities successfully.

One program stemming from AAKtivate was the Moving Mountain step challenge, in which 62 AAK teams racked up an incredible 95.84 million steps.

Leadership development

During the year, we have had an increased focus on leadership development. AAK created an interactive portal – The Leadership Universe – where employees can find bite-sized learnings, articles, and books and leaders can share best practices and interact with one another.



To ensure continued employee development as well as our ability to retain and attract talent, AAK offers educational sessions for the global leadership population. This year's sessions were focused on "Unleashing Potential" and "Leading Business." In tandem, we introduced several regional leadership programs.

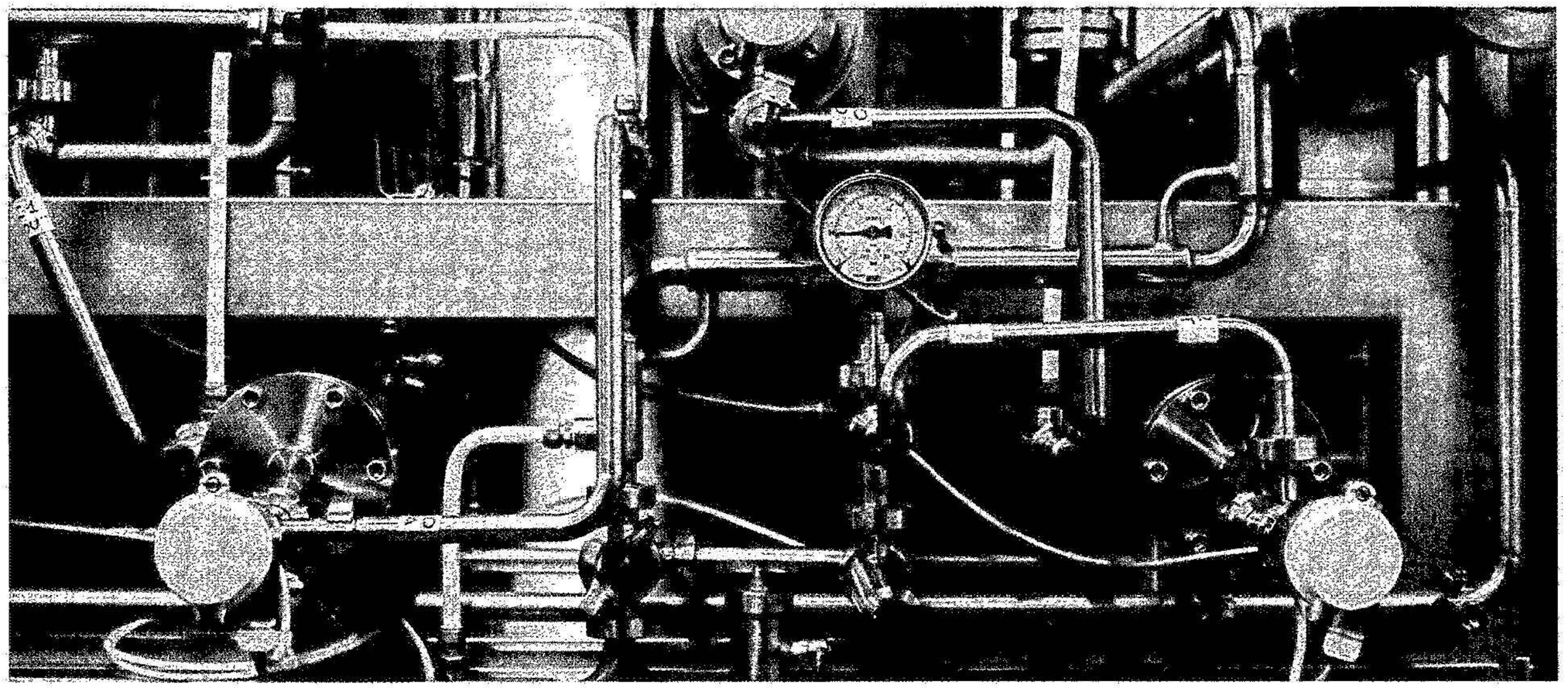
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Risks and risk management

As an important 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 the recent, volatile years. Although we expect continued high inflationary pressure and a demanding macroeconomic climate, we remain confident. 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™.

During 2022, AAK has seen high inflation affecting the global economy. In addition, Russia's war against Ukraine contributed to record-high energy, transport, logistics and vegetable oil costs and an already difficult macroeconomic environment. Despite these challenges, and high uncertainty, AAK performed well. We have been able to manage price volatility, and we have diligently worked with our product portfolio management successfully and effectively. Thanks to solid operational performance, we have delivered a strong full year in challenging times.

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 drives 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 reality 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 risks 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.

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 relative to lower-margin products. 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. In the meantime, it is possible to balance production between our plants to enable the processing of specific products closer to their markets and accommodate swings 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 just over a century and has a fundamental dependence on natural products, the sector is experiencing a strong demand for more innovation, including the demand for sustainable, ethical production where producers accept responsibility for special issues and 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 cosmetic 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 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 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.

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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 the awareness in the organization, AAK provides e-learning training in Competition law and anti-corruption. Misconduct and violation of law, regulations, and policies can be reported in an anonymous whistle-blower system.

Health trends

We can adapt our product range quickly 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

Previous years, AAK has assessed climate related risks and opportunities connected to Scope 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 2022 with the identification and assessment of how climate-related risks and opportunities related to Scope 3 have a financial impact on AAK. More specifically, climate change and water security impact have been assessed, using two different scenarios with various socio-economic assumptions in line with Task Force on Climate-related Financial Disclosures 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 will likely impact palm and soy, as well as temperature rises especially in Latin America. India will be the origin potentially most heavily impacted. 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. The findings will also be used to prioritize which on-the-ground-climate-risk-mitigation-work AAK will embark on in the next few years to come.

Building the foundation for climate resilience

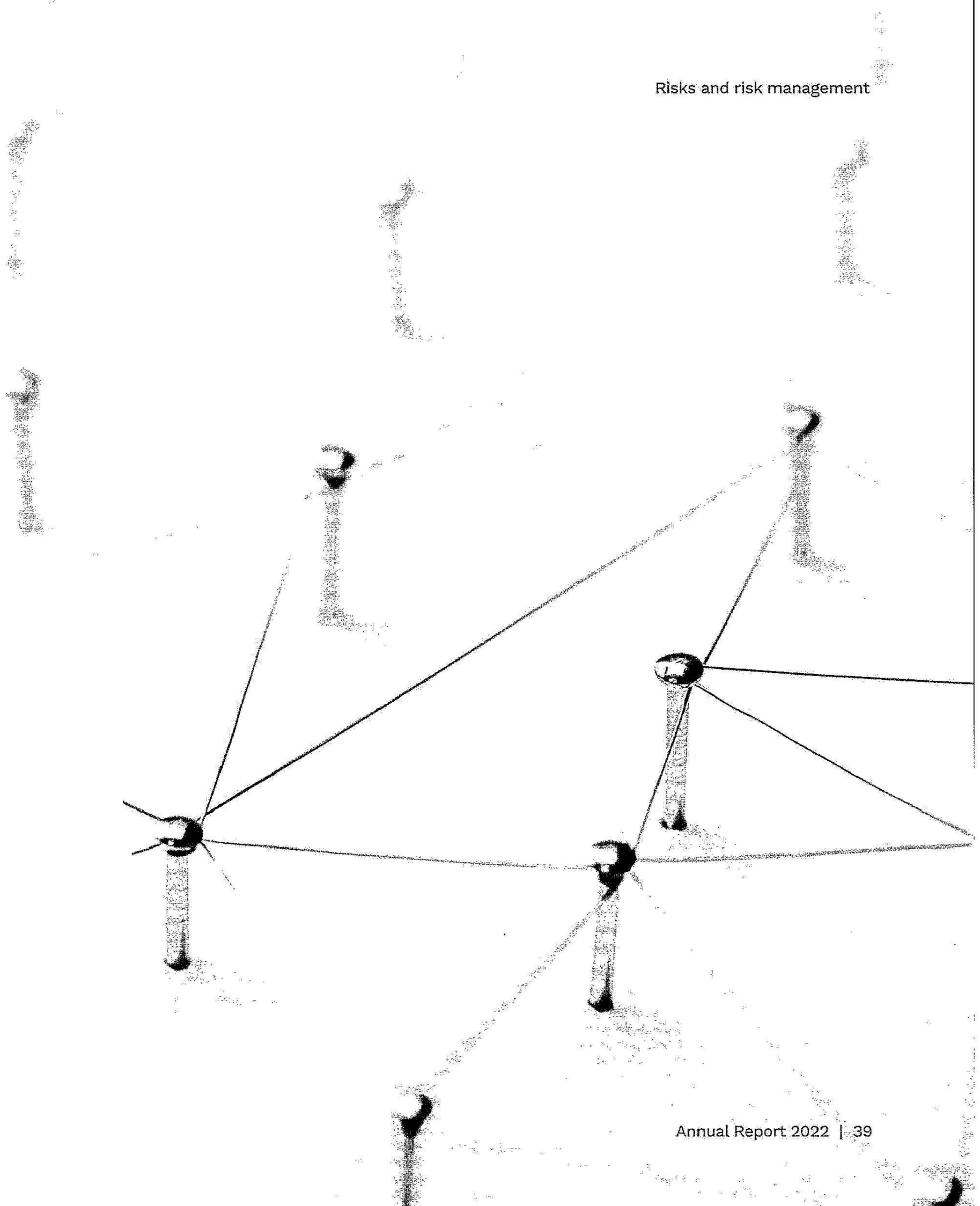
AAK has set science-based targets in line with a maximum increase in temperature of 1.5°C. During 2022 we have focused on developing a pathway for reduced CO_2-emissions throughout our value chain.

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 come from the production process in mills and refineries that we source from.

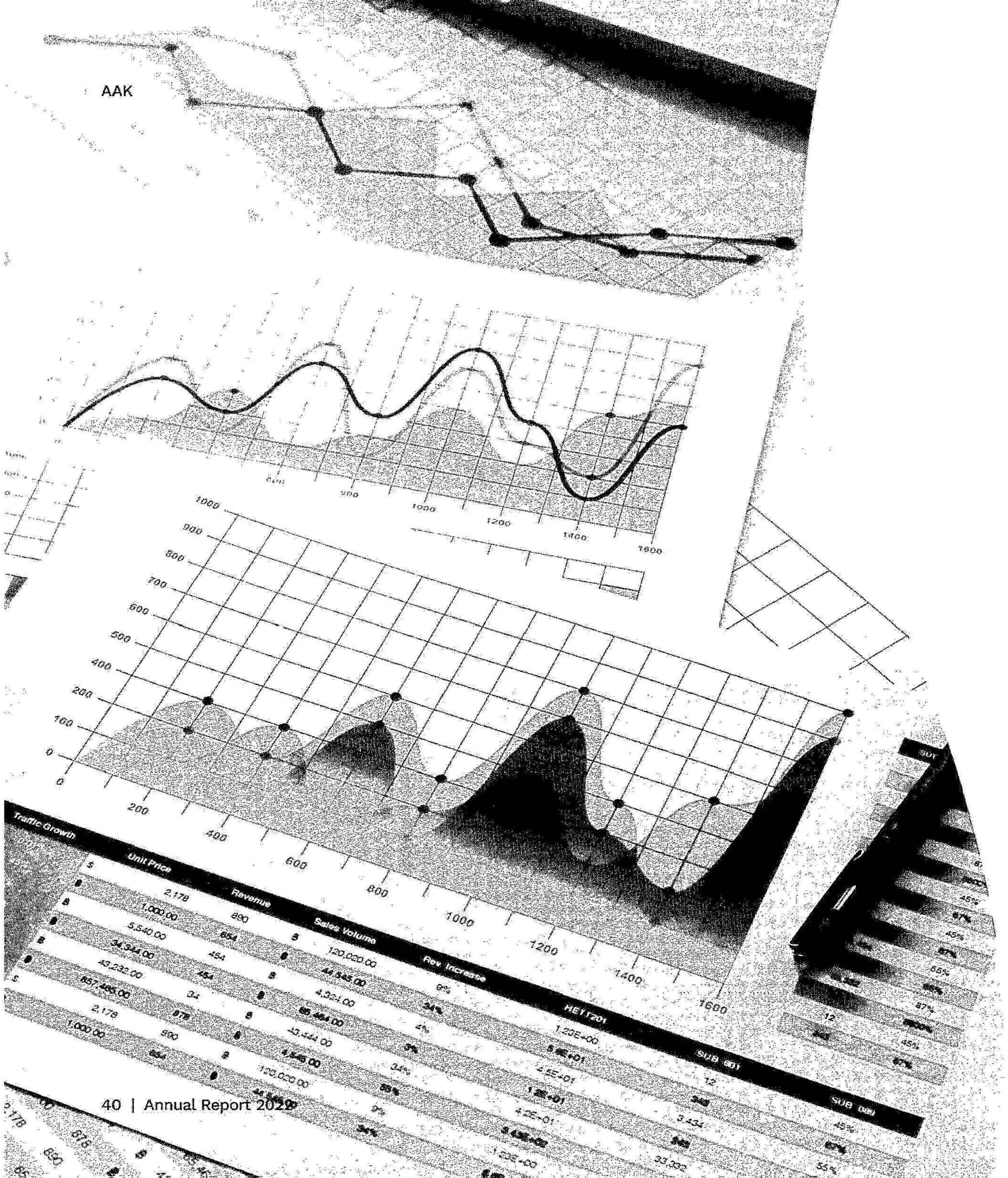
In 2023 we will submit Scope 3 targets according to the FLAG standard, the first standard for science-based target that includes emissions from land use.

Disruptions to critical IT systems
AAK uses modern IT infrastructure and technology to support its business. As disruptions to critical IT systems could have an 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, and a common framework is used for our 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.



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Corporate governance and financial information

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All amounts are denominated in SEK million unless otherwise stated.

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Comments from the CFO:

Delivering on our financial commitments in a challenging macroeconomic climate

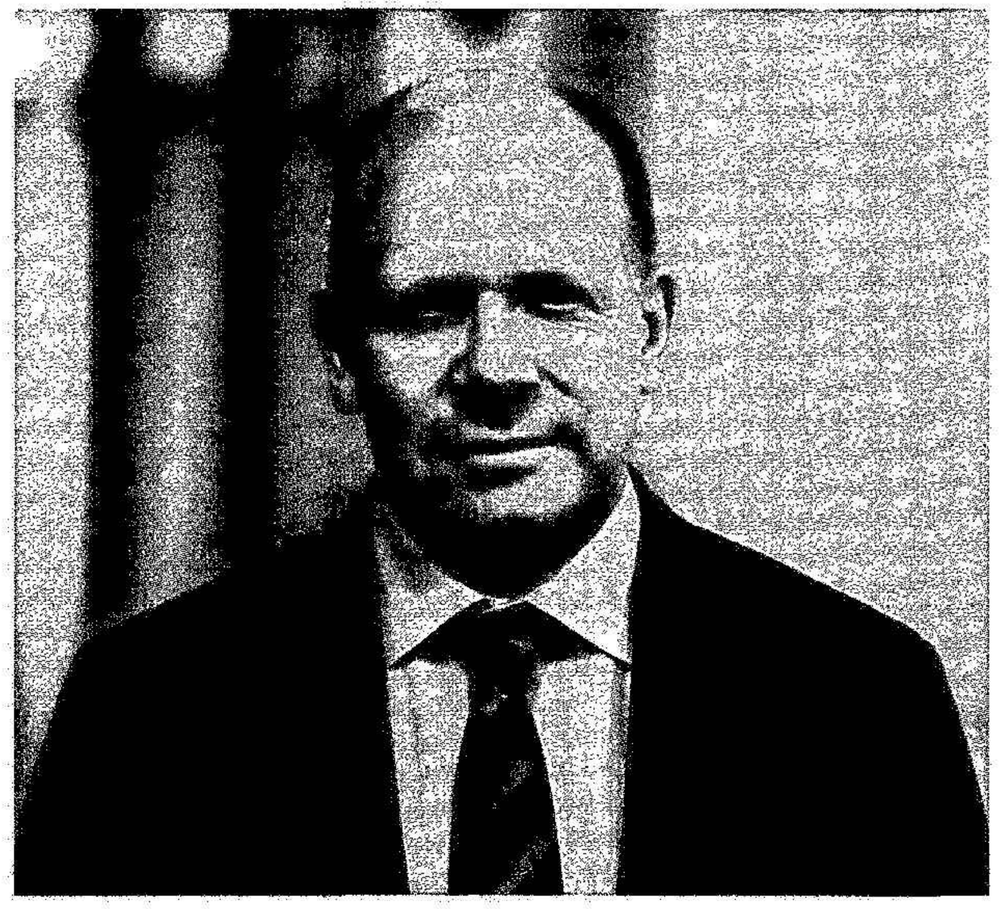
2022 was a solid year for AAK, despite dynamic market environment and volatile raw material prices. With strong EBIT growth, solid underlying volume development, and an improved EBIT per kilo, we delivered on our target of having an average EBIT growth of ~10 percent. Operating profit per kilo, excluding items affecting comparability, was SEK 1.28 and SEK 1.15 when calculated at fixed currency exchange rates. We experienced continuous volume growth across our main regions, except for Europe, which was affected by our controlled exit of Russia and the optimization in our Bakery business.

Strengthening the balance sheet

Looking back on the past year, we are pleased to report solid financial performance across many key metrics. However, we have also faced some challenges related to the invasion of Ukraine. In April, AAK decided to make a controlled exit out of the Russian market, a market that accounted for around 3 percent of Group volumes. As a result, we reported a second-quarter IAC cost of SEK 350 million following the disposal of our Russian assets. In addition, the funding requirements increased during 2022, mainly related to the increase in raw material prices. To strengthen the liquidity, we successfully issued a bond amounting to SEK 1,000 million, as well as two SEK 500 million bonds and signed a green loan of SEK 500 million. We also renewed a SEK 500 million bond.

Investing for growth and a reduced environmental footprint

In 2022, capital expenditure amounted to SEK 1.2 billion, partly driven by the investment in biomass boilers at our site in Aarhus, Denmark. This investment will reduce CO_2 emissions and energy costs substantially and is expected to generate annual savings of up to SEK 100 million. In addition to our CAPEX spendings, we also invested in the Power-to-X food tech company Green-On to accelerate sustainability in future food applications. Finally yet importantly, we acquired 100 percent of the shares in Arani Agro Oil Industries Ltd. to expand geographically and increase our market share in India's high-value speciality oils and fats market.



Tomas Bergendahl, Chief Financial Officer

Over the coming years, AAK will invest an estimated total of SEK 200–300 million, including the acquisition consideration, to increase capacity and improve efficiency in the production facility.

Increased value creation and continued volume growth

As announced at our Capital Market Day in November we have raised our long-term ambition with a bold 2030 aspiration: to double our value creation per kilo by accelerating our speciality journey. The focus on expanding margins will be supported by continued volume growth, where we strive to grow faster than the market average in our prioritized speciality markets, while being recognized for our increasingly positive impact.

Solid foundation for shareholder value creation

To summarize the financial developments in 2022: AAK remains a solid company with a strong business model and financials – a "double-digit earnings compounder". We solidified the balance sheet via successful bond issues and refinancing. Our total CAPEX amounted to SEK 1.2 billion in 2022, above the historical average for AAK. On the other hand, cash flow from working capital was negative, mainly due to higher raw material prices. Toward the end of the year we saw an improvement in cash flow driven by the working capital. At the end of 2022, our debt/EBITDA ratio was 1.71, and earnings per share were SEK 8.07.

Directors' report

For the financial year January 1 – December 31, 2022

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, 2022.

Performance and financial position

In 2022, the world continued to experience rising raw material prices, general cost inflation, and logistics disturbances. This affected businesses globally, AAK included, but, when looking at our solid performance, it is fair to say that we handled these challenges successfully. Operating profit increased by 9 percent at fixed foreign exchange rates and excluding items affecting comparability. The increase was driven by the positive development across all business areas, demonstrating our solid foundation as a multi-oil ingredient house, especially when operating in a very dynamic and volatile environment. During the year, we signed an agreement to acquire Arani Agro Oil to strengthen our position in the Indian market. The acquisition gives AAK a platform for serving a high concentration of strategic customers in southeast India. The acquisition was completed after the reporting date and will be included in AAK's financials from January 2023.

In the second quarter we announced a controlled exit from our operations and investments in Russia. Following the announcement, we started to re-route Russian Chocolate & Confectionary fats related volumes to other geographies to limit the negative impact on our operating profit. The exit from the Russian market impacted the year negatively by approximately SEK 110 million compared to 2021.

- Volumes amounted to 2,259,000 MT (2,312,000), a decrease by 2 percent compared to last year. Excluding Russia, the volumes were flat.
- Net sales increased by SEK 14,973 million to SEK 50,425 million (35,452), an increase by 42 percent, due to higher raw material prices and a positive currency translation impact of SEK 3,472 million.
- Operating profit, excluding items affecting comparability, reached SEK 2,888 million (2,393), an increase by 21 percent. Including items affecting comparability of negative SEK 350 million (negative 304), operating profit amounted to 2,538 million (2,089). The currency translation impact was positive SEK 287 million. Operating profit at fixed foreign exchange rates and excluding items affecting comparability improved by 9 percent. Food Ingredients reported an increase of 24 percent and Chocolate & Confectionery Fats reported an improvement of 12 percent. Technical Products & Feed increased by 42 percent.
- Operating profit per kilo, excluding items affecting comparability, reached SEK 1.28 (1.04), an improvement by 23 percent. At fixed foreign exchange rates and excluding items affecting comparability, operating profit per kilo increased by 11 percent.
- During the second quarter, AAK reported an item affecting comparability of negative SEK 350 million related to the decision to exit Russia.
- The Group's profit after financial items amounted to SEK 2,350 million (1,987). Excluding items affecting comparability, profit after financial items increased by SEK 409 million and reached SEK 2,700 million. Net financial items amounted to negative SEK 188 million (negative 102), an increase of SEK 86 million. The higher interest cost related to increased financing of working capital and higher borrowing in high-interest rate countries.
- The equity-to-asset ratio was 44 percent as of December 31, 2022 (44 percent on December 31, 2021). Consolidated net debt as of December 31, 2022 was SEK 5,707 million (3,817 at December 31, 2021). On December 31, 2022, the Group had total committed credit facilities of approximately SEK 8,366 million (6,374 as of December 31, 2021).
- Operating cash flow including changes in working capital amounted to negative SEK 73 million (508). Cash flow from working capital was negative SEK 2,710 million (negative 2,149). There was a negative cash flow from inventory and accounts receivables due to high raw material prices. Cash flow from accounts payables was negative, driven by one-off effects due to changes in a few contractual payment terms and sourcing patterns, lower raw material prices, and timing in raw material purchases. Cash outflow from investing activities amounted to SEK 1,233 million (650), whereof SEK 14 million (31) was related to acquisitions of operations. Capital expenditure was mainly related to regular maintenance investments and capacity increases.

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- Calculated on a rolling 12 months basis, Return on Capital Employed (ROCE) was 14.5 percent (15.6 at December 31, 2021).
- Earnings per share (EPS) was SEK 6.84 (5.59), an increase of 22 percent. Excluding items affecting comparability, EPS was 8.07 (6.71), an increase by 20 percent. Reported tax cost corresponds to an average tax rate of 24 percent (27).
- The proposed dividend for financial year 2022 is SEK 2.75 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 1,716 million (1,380), an increase of 24 percent. The operating profit per kilo increased by 29 percent to SEK 1.20 (0.93). The increase was primarily due to improved profitability in Special Nutrition and Bakery.

Excluding items affecting comparability, Chocolate & Confectionery Fats reported an improvement in operating profit of 12 percent, to SEK 1,092 million (971). Our decision to exit Russia impacted the year by approximately SEK 110 million. Operating profit per kilo increased and amounted to SEK 2.10 (1.87).

Operating profit, excluding items affecting comparability, for Technical Products & Feed, increased by 42 percent to SEK 303 million (214). The increase was mainly driven by a higher demand for natural ingredients, linked to an increased focus on sustainability across different industry segments, as well as higher margins in our feed business. Operating profit per kilo increased by 46 percent to SEK 0.99 (0.68).

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 have 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, AAK acquired Arani Agro Oil, based in east India. The acquisition has no significant impact on the Group earnings.

Company management

Susanne Jaspers was appointed President AAK Europe in March 2022. Anne Mette Olesen, Chief Strategy & Sustainability Officer and René Schou, President Global Industries, left the company in the beginning of 2023. Karsten Nielsen, Chief Technology Officer and Gerardo Garza Lopez de Hereida, President AAK South Latin America, left their roles in the Executive Committee, but will stay in the company. In January 2023, Niall Sands was appointed President Commercial Development and Innovation.

The Changes to the Executive Committee aim to support our updated strategy and long-term aspiration and sharpen the organizational structure of AAK. The updated organization is designed to create stronger accountability and an even more customer-centric organization with the right pre-requisitions to deliver on our strategy.

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 while getting recognized for our inreasingly 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 close out the year, we are pleased to report that we have achieved a number of significant milestones and made progress toward our long-term ambition.

Our financial performance has been strong, with operating profit exceeding expectations. We have also made progress in expanding our regional presence and strengthening our relationships with key partners, with a good example being the recent acquisition of Arani Agro Oil in India.

In addition to our financial performance, we have made significant progress on our sustainability and social responsibility initiatives. We have reduced our carbon emissions, increased our use of renewable energy sources, and implemented a number of initiatives to improve the well-being of our employees and the communities in which we operate.

As we look ahead, we are excited about the opportunities that we have and 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

For the 2023 Annual General Meeting, the Nomination Committee has proposed re-election of Georg Brunstam, Märta Schörling Andreen, Marianne Kirkegaard, and Patrik Andersson as Board members. The Nomination Committee has also proposed that Nils-Johan Andersson, Fabienne Saadane-Oaks and Ian Roberts be elected as new Board members. Gun Nilsson has declined re-election. In total, the Nomination Committee represents approximately 43 percent of the shares and votes in AAK as at December 31, 2022.

AAK's Nomination Committee for the 2023 Annual General Meeting consists of:

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

Share capital and shareholder structure
The total number of shares in AAK as of December 31, 2022 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 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, 2022 amounted to 30.4 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 2022 Annual General Meeting. No deviations from these guidelines have been made. The Board of Directors of AAK proposes that the 2023 Annual General Meeting resolves new guidelines for remuneration of senior executives to be applied in 2023. In the proposal senior management are entitled to up to 125 percent of their annual fixed salary in variable remuneration. Further, the Board of Directors proposes to replace the current cash-based Long Term Incentive Plan with a share-based plan. Other guidelines are unchanged. The present guidelines *are contained in Note 8, Remuneration of the Board of* Directors and senior executives.

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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 19–30.

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.

Employees

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

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 114–121 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 115–117.

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 personnel 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 2022 amounted to SEK 160 million (116). The profit after financial items amounted to negative SEK 63 million (positive 1,002). Interest-bearing liabilities minus cash and cash equivalents and interest-bearing assets totalled SEK 3,443 million (1,610 as of December 31, 2021). Investments in intangible and tangible assets amounted to SEK 1 million (1). The average number of employees at December 31, 2022 was 37 (37).

Background to and motivation of the proposed appropriation of profits

The Board of Directors has proposed that the 2023 Annual General Meeting approves an appropriation of profits under which the shareholders will receive a dividend of SEK 2.75 per share. The proposed dividend therefore totals SEK 714 million. The objective is for the dividend in the long term 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 6,437 million and the result for the 2022 financial year is negative SEK 63 million (1,770 for the Group). Provided that the 2023 Annual General Meeting approves the Board's proposed appropriation of profits, a total of SEK 5,660 million will be carried forward. The Company's restricted equity will be fully covered after distribution of the dividend. In the Board's judgment, 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 account of 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 10 percent of the Company's equity and 5 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 62 percent and 43 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 be May 8, 2023, and it is estimated that the dividend will be received by the shareholders on May 11, 2023.

Proposed appropriation of profits

The Board of Directors proposes that the disposable profit brought forward	SEK	6,436,738,932
and profit/loss for the year	SEK	-63,191,576
Total	SEK	6,373,547,356
be appropriated as follows:		
To be distributed to shareholders, a dividend of SEK 2.75 per share	SEK	713,787,806
To be carried forward	SEK	5,659,759,550
Total	SEK	6,373,547,356

The Group's and the Parent's income statements and balance sheets will be presented to the Annual General Meeting on May 4, 2023 for adoption.

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Georg Brunstam

Chairman of the Board of Directors

Year elected: 2018

Born: 1957

Nationality: Swedish

Other board positions: Board member of NIBE Industrier AB

Experience: President and CEO of

Gun Nilsson

Board member

Year elected: 2017

Born: 1955

Nationality: Swedish

Other board positions: Chairman of the Board of Directors of Hexagon AB. Board member of Hexpol AB, Bonnier Group AB, Kollegiet för

Marianne Kirkegaard

Board member

Year elected: 2015

Born: 1968

Nationality: Danish

Other board positions: Board member of Dansk Supermarked

Experience: President and CEO of

Märta Schörling Andreen

Board member

Year elected: 2013

Born: 1984

Nationality: Swedish

Other board positions: Board member of Melker Schörling AB, Hexpol AB, Hexagon AB and Absolent

Patrik Andersson

Board member

Year elected: 2019

Born: 1963

Nationality: Swedish

Other board positions: Chairman of the Board of Sosol AB and Midsona AB. Bard member of Ecolean AB

Experience: President and CEO

Members of the Board of Directors appointed by the employees



David Alfredsson

AAK Sweden AB

Appointed by IF Metall

Year elected: 2022

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



Lena Nilsson

AAK Sweden AB

Appointed by PTK-L

Year elected: 2018

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

Auditor



Jonas Nihlberg

Authorized public accountant

KPMG AB

Born: 1973

Nationality: Swedish

The company's auditor since 2021

Executive Committee









Tim Stephenson

President Global Sourcing & Trading and Sustainability

Vice President AAK AB

Employed: 1995

Born: 1961

Nationality: British

Qualifications: MA (Oxon), FCA

Holdings in AAK: 250,000 stock options*



David Smith

President Global Operations

Vice President AAK AB

Employed: 2001

Born: 1960

Nationality: British

Qualifications: MBA, Graduate Diploma in Business Management

Holdings in AAK: 300,000 stock options*



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 in AAK: None

* Warrants program 2022/2027

The AAK share

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

Turnover and price trend

During 2022, 67.7 million (92.3) shares were traded at a total value of SEK 11,435 million (17,235), which corresponds to a turnover rate of 26 percent (36). The average trade per trading day was 267,616 (364,763) shares or SEK 45 million (68). At year-end, the price was SEK 177.85 (195.30) and AAK's market value was SEK 46,163 million (50,485). The highest price during the year was SEK 197.95 (January 3) and the lowest price was SEK 144.10 (September 29).

Share capital

As of December 31, 2022, the share capital of AAK was SEK 432,598,670 (430,844,260). The number of shares was 259,559,202 (258,500,556). 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 19,839 (16,928) shareholders as of December 31, 2022. There are shareholders in more than 40 countries, and the total ownership outside of Sweden amounted to 34 percent (37) at year-end. The ten largest individual shareholders accounted for 61 percent of the share capital on the same date. As of December 31, 2022, members of AAK's Group Executive Management owned a total of 295,500 shares in AAK.

Planned dividend policy

The Board of Directors has adopted a dividend policy. According to the 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.

Ordinary dividend

The Board of Directors proposes a dividend for the 2022 financial year of SEK 2.75 (2.50) per share, a total of SEK 714 million (646), which represents 40 percent (45) of the Group's profit for the year.

AAK's Investor Relations work

AAK strives to ensure its shares are valued on the basis of relevant, accurate and up-to-date information. This requires a clear strategy for frequent financial communication, reliable information and regular contact with financial market stakeholders.

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, roadshow, conferences and seminars.

Those 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 Bank – James Targett
Carnegie Investment Bank – Kenneth Toll Johansson
Danske Bank – Oskar Lindström
DNB Bank – Simon C.H Aas
Exane BNP Paribas – Heidi Vesterinen
Handelsbanken – Karri Rinta
Jyske Bank – Morten Holm Anggaard
Nordea Bank – Daniel Ovin
SEB Enskilda – Johan Fred

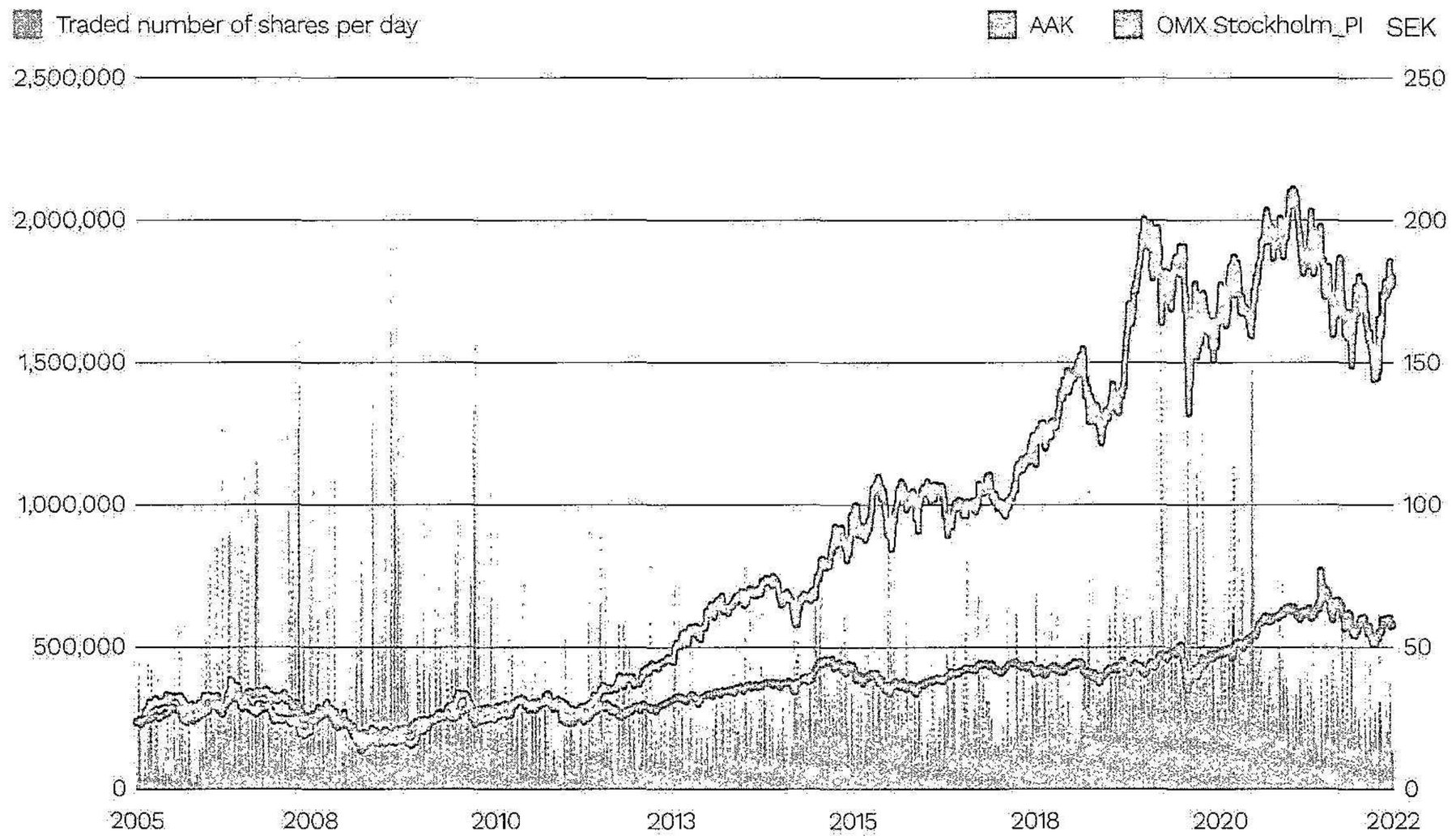
Financial information about AAK is available at www.aak.com, where financial reports, press releases and presentations can be obtained. The company's press releases are distributed via Cision.

The company management can be contacted as follows: Telephone: +46 (0)40-627 83 00
Email: info@aak.com

Shareholder contacts

Carl Ahlgren, Head of Investor Relations and Corporate Communications
Telephone: +46 706 810 734
Email: carl.ahlgren@aak.com

The AAK share September 29, 2005 to December 31, 2022



Major shareholders, December 30, 2022	No. of shares	Proportion of share capital and votes, %
Melker Schörling AB	78,774,412	30.4
State Street Bank and Trust	14,380,272	5.5
Alecta Pensionsförsäkring	12,560,000	4.8
JP Morgan Chase Bank NA	10,639,153	4.1
Didner & Gerge Fonder	10,360,670	4.0
SEB Investment Management	10,338,322	4.0
Nordea Investment Funds	5,353,638	2.1
BNP Paribas SA Paris	4,968,046	1.9
Lannebo Fonder	4,869,501	1.9
Kirkbi Invest A/S	4,836,356	1.9
Other shareholders	102,478,832	39.4
Total	**259,559,202**	**100.0**

Distribution of shareholdings, December 30, 2022	No. of shareholders	Proportion of all share-holders, %	Proportion of share capital and votes, %
1–500	14,387	72.5	0.6
501–1,000	1,846	9.3	0.5
1,001–5,000	2,533	12.8	2.1
5,001–10,000	538	2.7	1.4
10,001–15,000	159	0.8	0.8
15,001–20,000	57	0.3	0.4
20,001–	319	1.6	94.2
Total	**19,839**	**100.0**	**100.0**

Information per share	2022	2021
Share price, reporting date, SEK	177.85	195.30
Dividend per share, SEK	2.75	2.50
Direct yield, %	1.55	1.28
Earnings per share, SEK	6.84	5.59
Equity per share, SEK	57.93	45.58
Share price/Equity	3.07	4.27

Definitions, see page 131.

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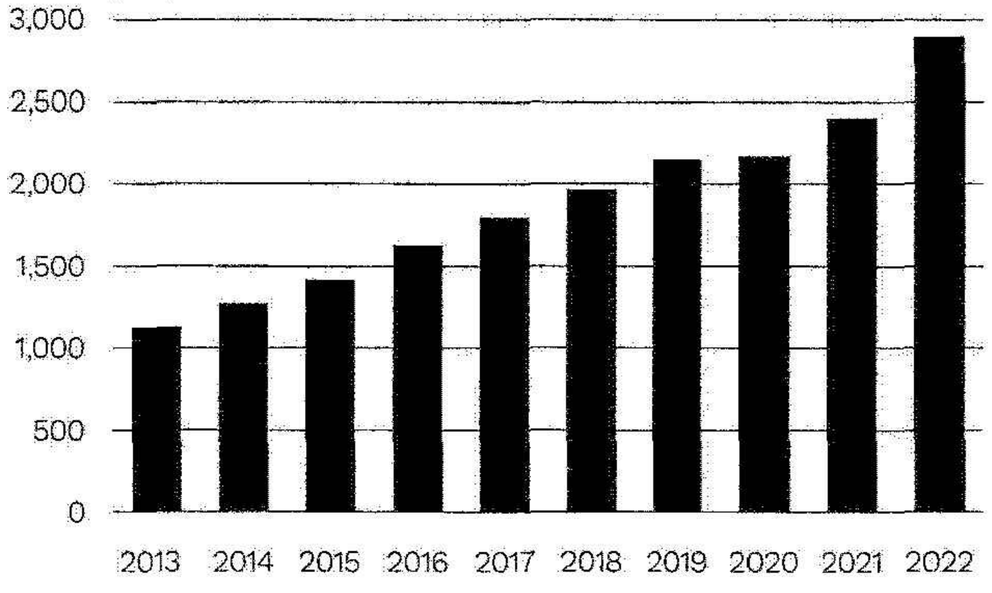
AAK as an investment case

A double-digit earnings compounder

Looking back at the past ten years, AAK has achieved an average of around 10 percent or higher year-on-year operating profit growth, making AAK a double-digit earnings compounder in the speciality ingredient sector. The strong performance comes from a combination of underlying market growth, innovation, capacity expansion, and margin improvements across all three business areas.

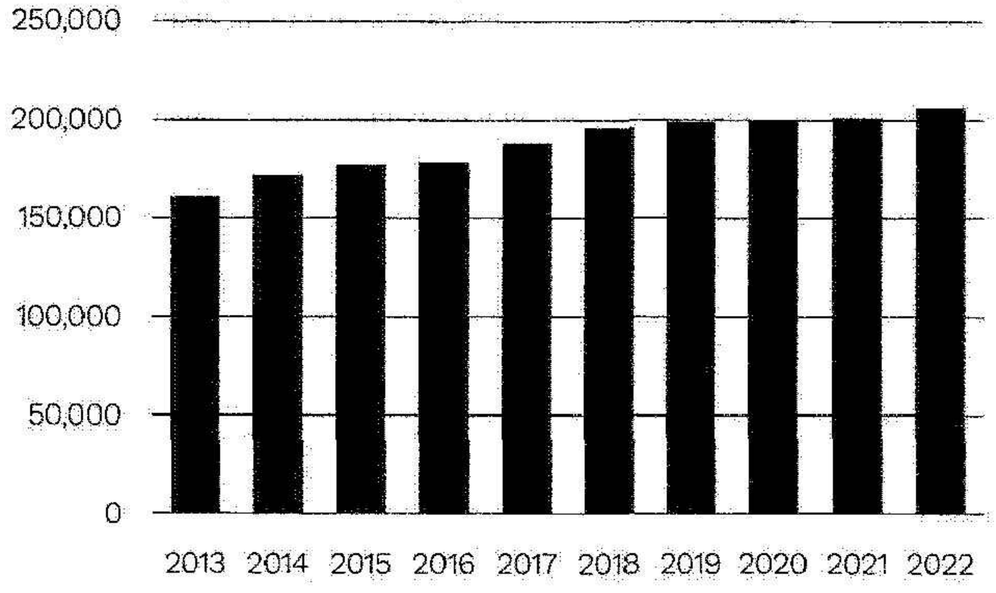
Operating profit, excl IAC

SEK million, excl. IAC



Market growth

Oils and fats consumption ('000 MT)



Market growth

The total market for edible oils and fats is roughly 200 million tonnes and growing around 3 percent annually. The volume growth is supported by consumer trends such as health and well-being, sustainability and natural ingredients, and premiumization, all of which AAK is well positioned towards. The speciality oils and fats market accounts for roughly 5 percent of the total market and is expected to grow at a higher rate than the total oils and fats market.

Innovation & co-development

Through our unique customer co-development approach, expertise in speciality oils and fats, and our focus on global key drivers, we intend to continue to outgrow the oils and fats market. The competition in the industry is intense, and several international competitors deliver large volume products. AAK's response is to focus on the speciality segment in which there is a strong demand for co-developed and high-quality premium solutions that add value to our customers. An important example is our natural and plant-based solutions that align well with consumers' health and nutrition demands. In addition, with our focus on traceability and sustainability throughout the value chain, AAK can leverage sustainability as a competitive advantage as a co-development partner.

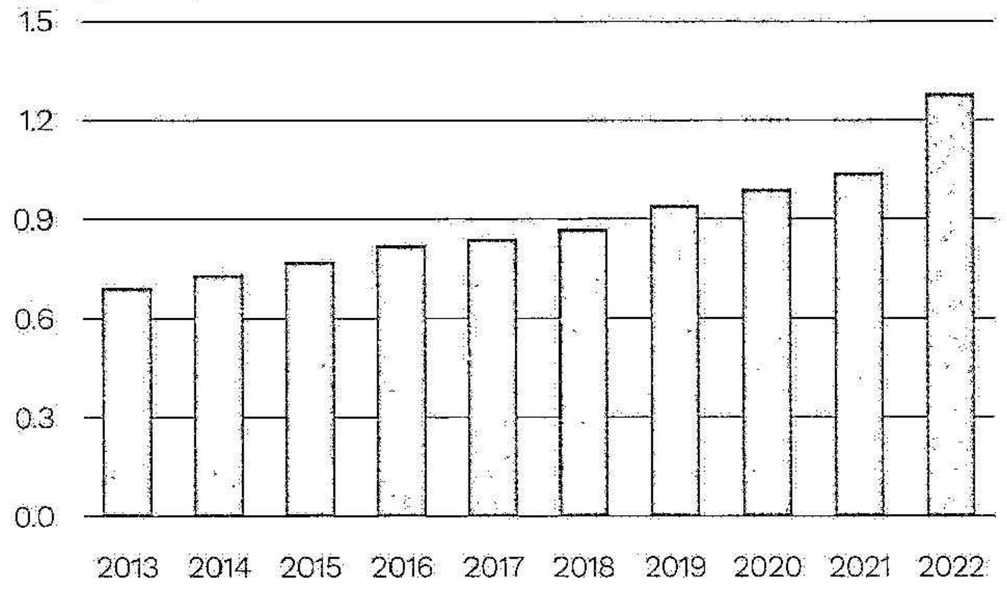
Margin expansion & optimization

Over the past ten years, AAK has close to doubled the operating profit per kilo from SEK 0.69 in 2013 to SEK 1.28 in 2022, driven by innovation, optimization, and an increased focus on high-speciality solutions. As announced at the Capital Market Day in November 2022, the aspiration is to yet again double the operating profit per kilo by 2030, from the 2021 base.

We have taken necessary measures over the past few years to adapt to the pandemic and optimize our structure, particularly through tight cost management. The optimization program initiated in 2020, for example, generated annual savings of about SEK 150 million; and in 2021, we decided to consolidate our bakery production in Europe. These initiatives align with our strategic direction. Furthermore, our individual production sites also optimize, continuously seeking to improve productivity and minimize our environmental impact.

Operating profit per kilo

SEK/Kg, excl. IAC



Structural growth

Despite considerable investments to increase capacity and enable innovation, and several acquisitions to add capacity and new capabilities, we have built a strong balance sheet in recent years. AAK has a proven track record of making successful acquisitions and has acquired 15 companies during the past decade. In 2022, we increased our regional footprint and strengthened our position in southeast India by acquiring Arani Agro Oil. 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.

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Consolidated Income Statement

SEK million	Note	Jan–Dec 2022	Jan–Dec 2021
Net sales	27	50,425	35,452
Other operating income		149	186
Total operating income		**50,574**	**35,638**
Changes in inventories of finished goods and work in progress		201	356
Raw materials and consumables		-39,777	-27,219
Goods for resale		-1,085	-834
Other external expenses	5, 16, 27	-3,401	-2,346
Employee benefits expenses	6, 7, 8, 9	-2,958	-2,527
Depreciation, amortization and impairment loss	14, 15, 16	-799	-958
Other operating expenses		-217	-21
Total operating expenses		**-48,036**	**-33,549**
Operating profit (EBIT)		**2,538**	**2,089**
Result from financial items	10, 16		
Financial income		69	19
Financial expenses		-257	-121
Net financial items		**-188**	**-102**
Profit before tax		**2,350**	**1,987**
Income tax	11, 16	-570	-540
Profit for the year		**1,780**	**1,447**
Attributable to:			
Non-controlling interests		10	10
Parent company shareholders		1,770	1,437
Earnings per share before dilution (SEK)	12	6.84	5.59
Earnings per share after dilution (SEK)	12	6.84	5.58

Consolidated Statement of Comprehensive Income

SEK million	Note	Jan–Dec 2022	Jan–Dec 2021
Profit for the period		1,780	1,447
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations	9	149	12
Total items that will not be reclassified to profit or loss		**149**	**12**
Items that may subsequently be reclassified to profit or loss:			
Translation differences		1,460	682
Fair-value changes in cash flow hedges		20	5
Tax related to fair-value changes in cash flow hedges		-4	-1
Total items that may subsequently be reclassified to profit or loss		**1,476**	**686**
Total comprehensive income for the period		**3,405**	**2,145**
Attributable to:			
Non-controlling interests		16	9
Parent company shareholders		3,389	2,136

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Consolidated Balance Sheet

SEK million	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
Non-current assets			
Intangible assets	14		
Goodwill		2,538	2,270
Patents and other intangible assets		293	307
Total intangible assets		**2,831**	**2,577**
Property, plant and equipment	15		
Land and buildings		1,205	1,038
Plant and machinery		4,280	3,973
Equipment, tools and fixtures and fittings		272	268
Assets under construction		1,187	441
Total property, plant and equipment		**6,944**	**5,720**
Right-of-use assets	16	685	595
Shares in associates		32	16
Financial assets		67	43
Deferred tax assets	11	327	179
Total other non-current assets		**1,111**	**833**
Total non-current assets		**10,886**	**9,130**
Current assets			
Inventories	18	11,174	9,054
Accounts receivables	3	6,635	5,132
Current tax assets	11	610	275
Prepaid expenses and accrued income		330	285
Derivative instruments	3	2,383	1,918
Other current receivables		457	371
Cash and cash equivalents	19	1,515	1,001
Total current assets		**23,104**	**18,036**
TOTAL ASSETS		**33,990**	**27,166**

Consolidated Balance Sheet

SEK million	Note	Dec 31, 2022	Dec 31, 2021
EQUITY AND LIABILITIES			
Shareholders' equity	20		
Share capital		433	431
Reserves		701	-769
Retained profit		13,902	12,121
Equity attributable to Parent's shareholders		**15,036**	**11,783**
Non-controlling interests		47	48
Total equity		**15,083**	**11,831**
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities			
Liabilities to banks and credit institutions	21	3,526	1,611
Pension provisions	9	58	271
Lease liabilities	16	562	493
Total non-current interest-bearing liabilities		**4,146**	**2,375**
Non-interest-bearing liabilities			
Deferred tax liabilities	11	553	444
Other non-current provisions	22	177	98
Other non-current liabilities		96	263
Total non-current non-interest-bearing liabilities		**826**	**805**
Total non-current liabilities		**4,972**	**3,180**
Current liabilities			
Interest-bearing liabilities			
Liabilities to banks and credit institutions	21	2,997	2,333
Other current liabilities		12	12
Lease liabilities	16	162	128
Total current interest-bearing liabilities		**3,171**	**2,473**
Non-interest-bearing liabilities			
Accounts payables	3	5,337	5,696
Current tax liabilities	11	644	296
Other current provisions	22	139	174
Accrued expenses and prepaid income	23	2,361	1,676
Derivative instruments	3	2,011	1,661
Other current liabilities		272	179
Total current non-interest-bearing liabilities		**10,764**	**9,682**
Total current liabilities		**13,935**	**12,155**
TOTAL EQUITY AND LIABILITIES		**33,990**	**27,166**

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Consolidated Changes in Shareholders' Equity

SEK million	Attributable to the Parent's shareholders			Non-controlling interests	Total equity
	Share capital	Reserves	Retained profit		
Opening balance as at January 1, 2021	**426**	**-1,456**	**10,729**	**39**	**9,738**
Profit for the year	-	-	1,437	10	1,447
Other comprehensive income	-	687	12	-1	698
Comprehensive income	**-**	**687**	**1,449**	**9**	**2,145**
Transactions with shareholders					
New issue of shares	5	-	429	-	434
Change in non-controlling interests	-	-	104	0	104
Dividend	-	-	-590	-	-590
Total transactions with shareholders	**5**	**-**	**-57**	**0**	**-52**
Closing balance as at December 31, 2021	**431**	**-769**	**12,121**	**48**	**11,831**

SEK million	Attributable to the Parent's shareholders			Non-controlling interests	Total equity
	Share capital	Reserves	Retained profit		
Opening balance as at January 1, 2022	**431**	**-769**	**12,121**	**48**	**11,831**
Adjustment Opening balance IAS 29	-	-	41	-	41
Adjusted Opening balance as at 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 as at December 31, 2022	**433**	**701**	**13,902**	**47**	**15,083**

For further information, see Note 20.

Consolidated Cash Flow Statement

SEK million	Note	Jan–Dec 2022	Jan–Dec 2021
OPERATING ACTIVITIES			
Operating profit		2,538	2,089
Depreciation and amortization	14, 15, 16	799	958
Adjustment for other items not included in cash flow	28	63	204
Interest received and other financial income		42	17
Interest paid and other financial expenses		-188	-90
Tax paid		-617	-521
Cash flow before changes in working capital		**2,637**	**2,657**
Changes in inventory		-1,427	-2,181
Changes in accounts receivables		-1,149	-1,710
Changes in accounts payables		-812	1,793
Changes in other working capital items		678	-51
Changes in working capital		**-2,710**	**-2,149**
Cash flow from operating activities		**-73**	**508**
INVESTING ACTIVITIES			
Acquisition of intangible assets		-11	-6
Acquisition of property, plant and equipment		-1,215	-613
Acquisition of operations and shares, net of cash acquired		-14	-31
Proceeds from sale of property, plant and equipment		7	0
Cash flow from investing activities		**-1,233**	**-650**
FINANCING ACTIVITIES			
Loans raised	28	4,625	1,630
Amortization of loans	28	-2,261	-1,388
Amortization of lease liability	16, 28	-152	-151
New issue of shares		147	434
Subscription warrants		80	-
Dividends paid		-646	-590
Cash flow from financing activities		**1,793**	**-65**
Cash flow for the year		**487**	**-207**
Cash and cash equivalents at beginning of year		1,001	1,200
Exchange rate difference for cash equivalents		27	8
Cash and cash equivalents at year-end	19	**1,515**	**1,001**

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Income Statement – Parent Company

SEK million	Note	Jan–Dec 2022	Jan–Dec 2021
Net sales	26	160	116
Other operating income		0	0
Total operating income		**160**	**116**
Other external expenses	5	-151	-88
Personnel costs	6, 7, 8, 9	-130	-113
Depreciation, amortization and impairment loss		-7	-6
Total operating expenses		**-288**	**-207**
Operating profit (EBIT)		**-128**	**-91**
Profit from financial items	10		
Dividend from Group companies		-	1,039
Profit from interests in Group companies		108	82
Interest income and similar items		20	0
Interest expenses and similar items		-63	-28
Net financial items		**65**	**1,093**
Profit before tax		**-63**	**1,002**
Income tax	11	0	0
Profit for the year		**-63**	**1,002**

Statement of Comprehensive Income – Parent Company

SEK million	Note	Jan–Dec 2022	Jan–Dec 2021
Profit for the period		-63	1,002
Other comprehensive income		-	-
Total comprehensive income for the period		**-63**	**1,002**

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Balance Sheet – Parent Company

SEK million	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
Non-current assets			
Intangible non-current assets		8	10
		8	**10**
Property, plant and equipment		1	1
		1	**1**
Right-of-use assets		2	6
		2	**6**
Financial non-current assets			
Shares in Group companies	17	7,013	5,788
Receivables from Group companies		2,951	3,882
Deferred tax assets	11	3	5
Other non-current assets		10	12
		9,977	**9,687**
Total non-current assets		**9,988**	**9,704**
Current assets			
Receivables from Group companies		443	355
Tax assets	11	13	10
Prepaid expenses and accrued income		11	4
Other receivables		26	5
Total current assets		**493**	**374**
TOTAL ASSETS		**10,481**	**10,078**

Balance Sheet – Parent Company

SEK million	Note	Dec 31, 2022	Dec 31, 2021
EQUITY AND LIABILITIES			
EQUITY	20		
Restricted equity			
Share capital		432	431
Statutory reserve		5	5
		437	**436**
Non-restricted equity			
Retained profit		6,437	5,935
Profit/loss for the year		-63	1,002
		6,374	**6,937**
Total equity		**6,811**	**7,373**
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities			
Liabilities to banks and credit institutions	21	3,000	1,000
Lease liabilities		1	2
		3,001	**1,002**
Non-interest-bearing liabilities			
Other non-current liabilities		36	27
		36	**27**
Total non-current liabilities		**3,037**	**1,029**
Current liabilities			
Interest-bearing liabilities			
Liabilities to banks and credit institutions	21	500	1,600
Lease liabilities		2	3
		502	**1,603**
Non-interest-bearing liabilities			
Accounts payables		18	6
Liabilities to Group companies		24	14
Accrued interest		11	2
Accrued expenses and prepaid income	23	72	48
Other current liabilities		6	3
		131	**73**
Total current liabilities		**633**	**1,676**
TOTAL EQUITY AND LIABILITIES		**10,481**	**10,078**

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Changes in Shareholders' Equity – Parent Company

SEK million	Share capital	Statutory reserves	Retained profit	Total equity
Opening balance as at January 1, 2021	**426**	**5**	**6,096**	**6,527**
Profit for the year	-	-	1,002	1,002
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**1,002**	**1,002**
New issue of shares	5	-	428	433
Dividend	-	-	-589	-589
Closing balance as at December 31, 2021	**431**	**5**	**6,937**	**7,373**

SEK million	Share capital	Statutory reserves	Retained profit	Total equity
Opening balance as at 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 as at December 31, 2022	**433**	**5**	**6,373**	**6,811**

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 2022	Jan–Dec 2021
OPERATING ACTIVITIES			
Operating profit		-128	-91
Depreciation and amortization		7	6
Adjustment for other items not included in cash flow	28	12	2
Interest received and other financial income		128	1,121
Interest paid and other financial expenses		-63	-28
Tax paid		-1	-1
Cash flow before changes in working capital		**-45**	**1,009**
Net change in other current receivables		-115	-21
Net change in other current operating liabilities		57	17
Changes in working capital		**-58**	**-4**
Cash flow from operating activities		**-103**	**1,005**
INVESTING ACTIVITIES			
Acquisition of intangible assets		-1	-1
Acquisition of operations and shares, net of cash acquired		-1,225	-
Change in receivables from Group companies		933	-845
Cash flow from investing activities		**-293**	**-846**
FINANCING ACTIVITIES			
Loans raised from banks and credit institutions	28	899	0
Amortization of lease liability	28	-4	-3
New issue of shares		147	433
Dividend		-646	-589
Cash flow from financing activities		**396**	**-159**
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**

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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 Skrivaregatan 9, 215 32 Malmö, Sweden.

These consolidated financial statements for 2022 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 3, 2023.

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 principles 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. 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, 2022. None of these have had any significant effect on the Group's financial statements.

New standards and interpretations not yet applied by the Group
The IASB has made amendments to IAS 1 Presentation of Financial Statements, requiring an entity to disclose its material accounting policy information instead of its significant accounting policies. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023 and have been endorsed by the EU. The amendments will likely lead to a reduction of the disclosures of accounting principles in Group's annual report from 2023 and onwards. The IASB has also issued amendments to IAS 1 which clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. The Group does not expect any changes in the classification of liabilities due to the amendments. The amendments also introduced requirements for an entity to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for annual periods beginning on or after January 1, 2024 but have not yet been endorsed by the EU. The Group has not early adopted any of the above-mentioned amendments. Other 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 a controlling influence. 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.

Purchase method
The acquisition of subsidiaries is recognized using the purchase 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

Note 2 | Summary of significant accounting policies

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.

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 has operations in Turkey. Turkey was declared a hyperinflationary economy under the criteria in IAS 29 Financial Reporting in Hyperinflationary Economies as of June 30, 2022. The Group therefore 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. Per January 1, 2022, CPI in Turkey (as measured by TURKSTAT) was 686.95 compared with 1,128.45 on December 31, 2022. On average, CPI was 946.11 during the year. The financial statements that have been adjusted for hyperinflation are based on a historical cost approach. Comparatives have not been restated for IAS 29 as such restatements are not permitted.

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.

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Note 2 | Summary of significant accounting policies

Exchange rates
The following rates were used to translate currency:

Currency	Average rate	Closing rate
EUR	10.63	11.14
DKK	1.43	1.50
GBP	12.46	12.58
MXN	0.50	0.53
USD	10.08	10.42

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 organically 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. Interest 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.

Note 2 | Summary of significant accounting policies

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.

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.

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Note 2 | Summary of significant accounting policies

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. 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

Note 2 | Summary of significant accounting policies

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

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 2022 confirmed that the fair-value hedge of raw materials qualifies for hedge accounting.

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Note 2 | Summary of significant accounting policies

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 classified as a non-current asset or liability when remaining maturity is more than 12 months. It is classified as a current asset or liability when the remaining maturity is less than 12 months.

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. Income 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

Note 2 | Summary of significant accounting policies

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 75–80 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. Since these raw material positions are managed appropriately, AAK's profitability is affected only marginally by price changes.

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, 2022

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

Exposure to raw material price risk, December 31, 2021

(Thousand tonnes)	Sales contracts	Inventory	Purchase contracts	Net exposure
Oils and fats	1,913	-341	-1,612	-40

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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 very 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 negligible effect on Group operating profit, but a cash flow impact of SEK 700 million over a period of six to nine months.

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	2022	2021
Carrying amount of the hedged item	11,174	9,054
Accumulated amount of fair value hedge adjustments on the hedged item	-581	868

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, 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	49	-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**

Exposure to transaction risk, December 31, 2021

					Currency contracts		
SEK million	Assets	Liabilities	Sales contracts	Purchase contracts	Sold	Bought	Net exposure
USD	5,742	-4,931	-2,058	255	-2,060	3,128	76
EUR	2,024	-1,226	999	173	-3,036	1,049	-17
GBP	17	-548	34	2	-612	1,107	0
Other	2,015	-438	734	-337	-3,417	1,452	9
Total	**9,798**	**-7,143**	**-291**	**93**	**-9,125**	**6,736**	**68**

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 224 million (185) 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 ± 5,146 million (3,555) and Group net working capital by SEK ± 1,101 million (620).

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 2022, 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 2022, the Group's interest-bearing net debt, including pensions, amounted to SEK 5,707 million (3,817).

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

%	2022	2021
SEK	3.1	1.0
DKK	1.0	1.3
USD	4.1	2.0
CNY	3.6	2.3
TRY	25.5	17.5
INR	7.0	5.5

Sensitivity analysis – interest rates

At the closing date, the Group had a floating-rate-based net debt of SEK 4,140 million (2,289), 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 41 million (23) 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.

	Target	2022	2021
Net debt/EBITDA	< 3.00	1.71	1.25

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

SEK million	2022	2021
SEK	5,500	2,600
DKK	571	527
INR	88	423
CNY	164	196
RUB	-	43
TRY	204	160
Other	8	8
Total	**6,535**	**3,957**

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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 1,515 million, available committed credit facilities of SEK 4,295 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, 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*	-	-	-
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**

* 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	-

Note 3 | Financial risk management

Maturities of financial liabilities, December 31, 2021

	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	3,944	2,333	129	1,179	303
Lease liabilities	727	127	99	206	295
Accounts payables	5,696	5,696*	-	-	-
Derivative financial instruments	1,634	1,634	-	-	-
Other interest-bearing liabilities	12	12	-	-	-
Total financial liabilities	**12,013**	**9,802**	**228**	**1,385**	**598**
Interest on liabilities to banks and credit institutions	334	249	-	30	55
Total financial liabilities and interest	**12,347**	**10,051**	**228**	**1,415**	**653**

* The majority are due within 3 months.

Unused committed credit facilities available to the Group, December 31, 2021

	Total amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Unused committed credit facilities	4,248	-	1,234	3,014	-

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

	2022	2021
Balance at January 1	70	71
Provision for expected credit losses	26	-3
Amounts written off	-2	0
Reversal of prior year provisions	-10	-2
Exchange differences	5	4
Balance at December 31	**89**	**70**

Total accounts receivables excluding provisions were SEK 6,724 million (5,202).

Accounts receivables past due

SEK million	2022	2021
1–30 days	458	368
31–120 days	116	55
121–360 days	28	23
Over 360 days	22	22
Total*	**624**	**468**

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

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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	
	2022	2021	Level	2022	2021	Level	2022	2021	2022	2021
Financial assets										
Currency and raw material derivatives	184	1,036	2	-	-		-	-	184	1,036
Sales and purchase contracts	2,199	882	2	-	-		-	-	2,199	882
Investment in unlisted shares	7	-	3	-	-		-	-	7	-
Investment in funds	43	26	3	-	-		-	-	43	26
Interest rate swaps	-	-		25	5	2	-	-	25	5
Financial non-current assets	-	-		-	-		7	4	7	4
Accounts receivables	-	-		-	-		6,635	5,132	6,635	5,132
Financial current assets	-	-		-	-		85	25	85	25
Cash and cash equivalents	-	-		-	-		1,515	1,001	1,515	1,001
Total financial assets	**2,433**	**1,944**		**25**	**5**		**8,242**	**6,162**	**10,700**	**8,111**
Financial liabilities										
Currency and raw material derivatives	871	241	2	-	-		-	-	871	241
Sales and purchase contracts	1,140	1,420	2	-	-		-	-	1,140	1,420
Liabilities to banks and credit institutions	-	-		-	-		6,523	3,944	6,523	3,944
Lease liabilities	-	-		-	-		724	621	724	621
Other interest-bearing liabilities	-	-		-	-		12	13	12	13
Total financial liabilities	**2,011**	**1,661**		**-**	**-**		**7,259**	**4,578**	**9,270**	**6,239**

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 actual market spot prices for identical or similar raw materials.

Investment in funds
The fair value of the Group's investment in the unlisted fund "New Protein Fund I" 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.

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Note 5 | Auditors' remuneration

	Group		Parent	
	2022	2021	2022	2021
Audit				
Group-appointed auditor	8[1]	8	1[2]	1
Other	2	1	-	-
Subtotal, audit	10	9	1	1
Other audit assignments				
Group-appointed auditor	1	1	0	0
Other	0	0	-	-
Subtotal, other audit assignments	1	1	0	0
Tax consulting				
Group-appointed auditor	8	5	-	-
Other	2	1	-	-
Subtotal, tax consulting	10	6	-	-
Other assignments				
Group-appointed auditor	0	0	-	-
Other	0	0	-	-
Subtotal, other assignments	0	0	-	-
Total	**21**	**16**	**1**	**1**

[1] Of which SEK 2 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	
	2022	2021	2022	2021
Wages and salaries	2,438,051	1,927,609	97,894	72,332
Social security contributions	553,123	474,541	47,708	36,443
(of which pension costs)	(155,075)	(145,479)	(12,575)	(10,567)

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:

	2022		2022	2021		2021
	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	Wages and salaries	Wages and salaries	Of which variable remuneration	Wages and salaries
Parent, Sweden	52,590	28,390	45,304	32,942	15,676	39,390
Subsidiaries, Sweden	4,863	1,888	322,464	5,073	969	305,865
	57,453	**30,278**	**367,768**	**38,015**	**16,645**	**345,255**
Foreign subsidiaries	111,554	37,241	1,901,276	101,397	27,585	1,442,942
Group total	**169,007**	**67,519**	**2,269,044**	**139,412**	**44,230**	**1,788,197**

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Note 7 | Average number of employees, etc.

	2022			2021		
Average number of employees	Number of employees	Of which men	Of which women	Number of employees	Of which men	Of which women
Parent, Sweden	37	21	16	37	21	16
Subsidiaries in Sweden	528	393	135	528	389	139
	565	**414**	**151**	**565**	**410**	**155**

	2022			2021		
Foreign subsidiaries:	Number of employees	Of which men	Of which women	Number of employees	Of which men	Of which women
United Kingdom	550	419	131	513	386	127
USA	517	386	131	495	354	141
India	491	466	25	499	471	28
Mexico	395	324	71	391	324	67
Denmark	235	176	59	229	171	58
Colombia	170	123	47	153	110	43
Ghana	168	159	9	169	158	11
China	167	125	42	162	119	43
Netherlands	164	119	45	153	117	36
Brazil	140	89	51	121	81	40
Belgium	89	66	23	97	74	23
Burkina Faso	88	65	23	106	80	26
Turkey	39	27	12	42	29	13
Benin	39	34	5	35	30	5
Ivory Coast	31	27	4	32	28	4
Singapore	28	16	12	27	16	11
Malaysia	23	4	19	22	3	19
Uruguay	19	7	12	17	7	10
Ukraine	8	4	4	8	3	5
Mali	7	7	-	7	7	-
Japan	5	4	1	5	4	1
Poland	4	2	2	4	2	2

Note 7 | Average number of employees, etc.

	2022			2021		
Foreign subsidiaries:	Number of employees	Of which men	Of which women	Number of employees	Of which men	Of which women
Philippines	4	1	3	4	1	3
Germany	4	2	2	3	2	1
Russia	4	1	3	140	99	41
Australia	3	2	1	3	2	1
Czech Republic	2	1	1	2	1	1
Malta	1	1	-	2	2	-
Norway	1	1	-	1	1	-
Canada	1	1	-	1	1	-
Nigeria	-	-	-	5	4	1
	3,397	2,659	738	3,448	2,687	761
Group total	**3,962**	**3,073**	**889**	**4,013**	**3,097**	**916**

	2022		2021	
Board members and senior executives	Proportion of men (%)	Proportion of women (%)	Proportion of men (%)	Proportion of women (%)
Group (incl. subsidiaries)				
Board members	74	26	75	25
Chief Executive Officer and other senior executives	67	33	77	23
Parent company				
Board members[1)]	40	60	40	60
Chief Executive Officer and other senior executives	66	34	66	34

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

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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. ESG targets is a qualifier for the Executive Committee's remuneration. Senior management are entitled to up to 120 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, 2022 amounted to 3,946,050.

Pension
Pensions for senior management are in line with the Swedish KTP plan (corresponding to ITP) and retirement age for senior managers is 65 years.

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 2022 of SEK 600,000.

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 975,000 to the Chairman and SEK 425,000 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.

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

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					
Georg Brunstam, Chairman	1,075,000	-	-	-	1,075,000
Marianne Kirkegaard	425,000	-	-	-	425,000
Gun Nilsson	675,000	-	-	-	675,000
Märta Schörling Andreen	600,000	-	-	-	600,000
Patrik Andersson	550,000	-	-	-	550,000
Subtotal, Board of Directors	**3,325,000**	**-**	**-**	**-**	**3,325,000**
Senior executives					
Johan Westman, Chief Executive Officer	10,500,000	15,064,314 [3, 4)]	147,883	3,159,379	28,871,576
Other senior executives	52,138,143	55,400,430 [3)]	4,081,182	3,318,137	114,937,892 [5)]
Subtotal, senior executives	**62,638,143**	**70,464,744**	**4,229,065**	**6,477,516**	**143,809,468**
Total	**65,963,143**	**70,464,744**	**4,229,065**	**6,477,516**	**147,134,468 [6)]**

1) Refers to items recorded as an expense in 2022.

2) Other benefits refer primarily to company cars.

3) Final amounts approved by the Remuneration Committee to be paid in 2023. During the year, variable remuneration expensed in 2021 of SEK 39,441,185 was paid.

4) Of the Annual variable salary, SEK 2,464,314 relates to the long term share price-related incentive program.

5) Refers to the following for 2022: Anne Mette Olesen, David Smith, Tomas Bergendahl, Gerardo Garza López de Hereida, Jan Lenferink (until March 2022), Susanne Jaspers (from March 2022), Karsten Nielsen, Octavio Díaz de León, René Schou, Tim Stephenson, and Sten Estrup.

6) Of the amount of SEK 147,134,468, SEK 54,819,938 relates to the Parent company, AAK AB.

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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, the Netherlands, 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, 2022, 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 11 million (12).

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 2022, Alecta's and Folksam's surplus in the form of their collective consolidation levels was 172 percent and 166 percent, respectively (172 percent and 212 percent, respectively).

The Group has defined benefit pension plans in Sweden and the Netherlands which come under largely similar regulations. 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 and Dutch plans 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.

	2022	2021
Specification of costs		
Costs for services during current year	50	48
Interest expenses/(income)	1	1
Employee contributions	-5	-4
Total cost of defined benefit plans, included in employee costs (Note 6)	**46**	**45**
Cost of defined contribution plans	109	100
Total pension costs	**155**	**145**
Net defined benefit liability in the Balance Sheet		
Present value of funded obligations	381	1,152
Fair value of plan assets	-323	-881
Net defined benefit liability	**58**	**271**

Note 9 | Provisions for pensions and similar obligations

	2022	2021
Change in defined benefit liability		
Net liability at January 1	271	278
Net cost (Income Statement, Employee benefit expenses)	46	45
Benefits paid	-12	-12
Disbursement of funds from the foundation	12	12
Contributions by employer to funded obligations	-44	-43
Actuarial losses/gains arising from changes in demographic assumptions (Statement of comprehensive income)	-149	-12
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	8	1
Reclassifications	-74	2
Net liability at December 31	**58**	**271**

Composition of plan assets (%)		
Interest-bearing assets	57	46
Shares	30	25
Properties	8	6
Alternative investments	5	23

The entire pension obligation in the Netherlands concerns alternative investments.

Contributions to plans for post-employment benefits for the 2023 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 (%)		
The Netherlands		
Discount rate	3.10	1.00
Inflation	2.30	2.05
Future annual salary increases	2.80	2.55
Sweden		
Discount rate	1.20	0.90
Inflation	2.20	1.50
Future annual salary increases	3.20	2.50

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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		
The Netherlands	+1%	-1%
Discount rate	-0	+0
Inflation	+0	-0
Future annual salary increases	+0	-0
Sweden	+1%	-1%
Discount rate	-40	50
Inflation	49	-40
Future annual salary increases	25	-16

Note 10 | Financial items

	Group		Parent	
	2022	2021	2022	2021
Dividend from Group companies	-	-	-	1,039
Interest income	27	8	20	0
Share of profit in associated companies	35	8	-	-
Changes in exchange rates	3	1	-	-
Other financial income	4	2	-	-
Group contributions	-	-	108	82
Financial income	**69**	**19**	**128**	**1,121**
Interest expenses	-173	-69	-59	-23
Interest expenses leases	-30	-28	-0	-0
Changes in exchange rates	-3	-0	-1	-1
Effect of IAS 29	-23	-	-	-
Other financial expenses	-28	-24	-3	-4
Financial expenses	-257	-121	-63	-28
Net financial items	-188	-102	65	1,093

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Note 11 | Tax expenses

Tax expenses for the year

	Group		Parent	
	2022	2021	2022	2021
Current tax	-667	-520	0	0
Deferred tax	97	-20	0	0
Total	**-570**	**-540**	**0**	**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 2022, based on the tax rates in each of the various countries involved, was 24 percent. The tax rate in Sweden is 20.6 percent (20.6).

	Group		Parent	
	2022	2021	2022	2021
Profit before taxes	2,350	1,987	-63	1,002
Weighted average tax rate based on the tax rates in each country	-558	-396	13	-206
Tax effect of non-deductible expenses	-59	-51	-16	-8
Tax effect of tax-exempt income	22	2	1	214
Effect of deficit deductions not carried forward	-40	-76	2	-
Effect of tax rate changes	0	-18	-	-
Adjustment for current tax for previous years	65	-1	-	-
Tax expense	**-570**	**-540**	**0**	**0**

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	2022	2021	2022	2021
Tax loss carry-forwards	32	13	-	-
Non-current assets	54	11	-	-
Right-of-use assets	10	7	0	0
Inventory	20	-1	-	-
Current assets	18	34	-	5
Provisions	150	99	3	-
Current liabilities	43	16	-	-
At year-end	**327**	**179**	**3**	**5**

	Group		Parent	
Deferred tax liabilities	2022	2021	2022	2021
Non-current assets	490	442	-	-
Inventory	53	14	-	-
Current assets	21	5	-	-
Provisions	16	21	-	-
Current liabilities	-27	-38	-	-
At year-end	**553**	**444**	**-**	**-**

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	
	2022	2021	2022	2021
Current tax liabilities	-644	-296	-	-
Current tax receivables	610	275	13	10
Income tax liabilities/tax assets	**-34**	**-21**	**13**	**10**

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Note 12 | Earnings per share

	Group	
	2022	2021
Earnings attributable to Parent company's shareholders (SEK million)	1,770	1,437
Weighted average number of outstanding shares before dilution	258,877,332	256,999,373
Effect of subscription warrants	-	681,545
Weighted average number of outstanding shares after dilution from outstanding subscription warrants	258,877,332	257,680,918
Earnings per share before dilution, SEK[1]	6.84	5.59
Earnings per share after dilution, SEK[2]	6.84	5.58

[1] Earnings per share are calculated based on net profit for the year attributable to Parent company's shareholders, SEK 1,770 million (1,437) and on a weighted average number of outstanding shares of 258,877,332 (256,999,373).

[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.

Note 13 | Events after the balance sheet date

The Board of Directors proposes that a dividend of SEK 2.75 (2.50) per share be paid for the financial year 2022. A decision will be made at the Annual General Meeting on May 4, 2023. The proposed record date for the dividend is May 8, 2023 and it is expected that the dividend will reach the shareholders on May 11, 2023.

The acquisition of Arani Agro Oil, signed during 2022, was completed after the reporting date and will be included in AAK's financials from January 2023.

Note 14 | Intangible assets

Group	Goodwill	Patents and other intangible assets	Total
Cost at January 1, 2021	2,103	674	2,777
Investments	-	6	6
Acquired through business combinations	31	-	31
Reclassifications	-	1	1
Exchange differences	136	24	160
Accumulated cost at December 31, 2021	**2,270**	**705**	**2,975**
Cost at January 1, 2022	2,270	705	2,975
Investments	8	3	11
Adjustment IAS 29	70	-	70
Exchange differences	217	25	242
Accumulated cost at December 31, 2022	**2,565**	**733**	**3,298**
Amortization and impairment loss at January 1, 2021	-	361	361
Amortization for the year	-	30	30
Exchange differences	-	7	7
Accumulated amortization and impairment loss at December 31, 2021	**-**	**398**	**398**
Amortization and impairment loss at January 1, 2022	-	398	398
Amortization and impairment loss for the year	27	28	55
Exchange differences	-	14	14
Accumulated amortization and impairment loss at December 31, 2022	**27**	**440**	**467**
Residual value at December 31, 2021	**2,270**	**307**	**2,577**
Residual value at December 31, 2022	**2,538**	**293**	**2,831**

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Note 14 | Intangible assets

Reviewing impairment of goodwill
In preparing the financial statements for 2022, 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 2023 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 2024–2027 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 9.1 percent (8) after tax.

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

	2022	2021
Food Ingredients	1,459	1,378
Chocolate & Confectionery Fats	1,079	892
Technical Products & Feed	-	-
Total	**2,538**	**2,270**

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 at January 1, 2021	2,348	10,480	797	667	14,292
Investments	39	214	90	270	613
Disposals	-	-5	-4	-3	-12
Reclassifications	61	453	-16	-502	-4
Exchange differences	112	522	45	28	707
Accumulated cost at December 31, 2021	**2,560**	**11,664**	**912**	**460**	**15,596**
Cost at 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 at December 31, 2022	**2,890**	**12,885**	**974**	**1,206**	**17,955**

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 at January 1, 2021	1,241	6,835	553	-	8,629
Disposals	-	-4	-3	-	-7
Depreciations for the year	73	430	61	-	564
Exchange differences	53	302	33	-	388
Accumulated depreciation at December 31, 2021	**1,367**	**7,563**	**644**	**-**	**9,574**
Depreciation at 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 at December 31, 2022	**1,548**	**8,476**	**702**	**-**	**10,726**
Impairment loss at January 1, 2021	12	50	-	-	62
Write-down for the year	142	80	-	19	241
Reclassifications	-	-3	-	-	-3
Exchange differences	1	1	-	-	2
Accumulated impairment loss at December 31, 2021	**155**	**128**	**-**	**19**	**302**
Impairment loss at January 1, 2022	155	128	-	19	302
Write-down for the year	-19	-	-	-	-19
Exchange differences	1	1	-	-	2
Accumulated impairment loss at December 31, 2022	**137**	**129**	**-**	**19**	**285**
Residual value according to plan at December 31, 2021	**1,038**	**3,973**	**268**	**441**	**5,720**
of which land	124				
Residual value according to plan at December 31, 2022	**1,205**	**4,280**	**272**	**1,187**	**6,944**
of which land	130				

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Note 16 | Leases

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

	Group	
Right-of-use assets	**2022**	**2021**
Land and buildings	543	459
Plant and machinery	43	49
Equipment	6	5
Vehicles	93	82
Residual value at December 31	**685**	**595**

Additions to the right-of-use assets during the year were SEK 79 million (69).

	Group	
Lease liabilities	**2022**	**2021**
Non-current	562	493
Current	162	128
Total lease liabilities	**724**	**621**

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	**2022**	**2021**
Land and buildings	72	80
Plant and machinery	27	13
Equipment	2	2
Vehicles	30	29
Total depreciation	**131**	**124**
Expense related to short-term leases (included in Other external expenses)	14	16
Expense related to leases of low-value assets (included in Other external expenses)	1	2
Interest expense (included in Result from financial items)	30	28
Tax income (included in Income tax)	2	0

The total cash lease payments for the year amounted to SEK 152 million (155).

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, %	2022 Book value	2021 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
AarhusKarshamn Holding AB	556759-7918	Malmö, Sweden	100	100	481	481
AarhusKarlshamn Invest AB	556747-6931	Malmö, Sweden	1,000	100	4,587	3,362
Advanced Lipids AB	556728-5837	Karlshamn, Sweden	100	50	0	0
Total					**7,013**	**5,788**

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 BBD2007 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 B20038	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 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 Kamani Pvt Ltd	U15140MH2002PTC137681	Maharashtra, India	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

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Note 17 | Shares in Group companies

Company name	Registration number	Domicile	Share of capital, %
AAK Rotterdam BV	24419984	Rotterdam, the Netherlands	100
AAK SG Pte. Ltd.	201421305H	Singapore, Singapore	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	
	2022	2021
Raw materials and consumables	5,914	4,862
Goods in transit	2,337	1,109
Work in progress	1,754	1,855
Finished products and goods for resale	1,169	1,228
Total inventories	**11,174**	**9,054**

Impairment loss on inventories of SEK 11 million (25) 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	
	2022	2021
Cash equivalents	1,309	928
Current investments	206	73
Total	**1,515**	**1,001**

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Note 20 | Shareholders' equity

Group

Share capital

As of December 31, 2022, 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, 2022.

Specification of equity item "Reserves"

	Statutory reserve	Hedging reserve	Translation reserve	Total
2021 opening balance	5	-1	-1,460	-1,456
Exchange differences	-	4	683	687
2021 closing balance	**5**	**3**	**-777**	**-769**
2022 opening balance	5	3	-777	-769
Exchange differences	-	16	1,454	1,470
2022 closing balance	**5**	**19**	**677**	**701**

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 (258,500,556) at a quota value of SEK 1.67 per share, and shareholder equity of SEK 432,598,670 (430,844,260).

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	6,436,738,932
and profit/loss for the year	SEK	-63,191,576
Total	**SEK**	**6,373,547,356**

be appropriated as follows:

To be distributed to shareholders, a dividend of		
SEK 2.75 per share	SEK	713,787,806
To be carried forward	SEK	5,659,759,550
Total	**SEK**	**6,373,547,356**

Note 21 | Borrowings

Non-current	Group		Parent	
	2022	2021	2022	2021
Liabilities to banks and credit institutions	3,526	1,611	3,000	1,000
Total	**3,526**	**1,611**	**3,000**	**1,000**

Current	Group		Parent	
	2022	2021	2022	2021
Liabilities to banks and credit institutions	2,997	2,333	500	1,600
Total	**2,997**	**2,333**	**500**	**1,600**

Maturity for non-current borrowing is as follows:

	Group		Parent	
	2022	2021	2022	2021
Between 1 and 5 years	3,249	1,308	3,000	1,000
More than 5 years	277	303	-	-
Total	**3,526**	**1,611**	**3,000**	**1,000**

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Note 22 | Other provisions

Group	Restructuring	Environmental restoration	Other	Total
Opening balance at January 1, 2021	87	27	144	258
Provisions for the year	97	-	33	130
Provisions claimed for the year	-46	-	-71	-117
Reversal of unused amounts	-	-	-7	-7
Exchange differences	-	1	7	8
Closing balance as at December 31, 2021	**138**	**28**	**106**	**272**
Opening balance at January 1, 2022	138	28	106	272
Provisions for the year	-	-	91	91
Provisions claimed for the year	-97	-	-23	-120
Reclassifications	-	60	-	60
Exchange differences	-	2	11	13
Closing balance as at December 31, 2022	**41**	**90**	**185**	**316**

Provisions include	2022	2021
Non-current	177	98
Current	139	174
Total	**316**	**272**

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.

Note 23 | Accrued expenses and deferred income

	Group		Parent	
	2022	2021	2022	2021
Employee-related expenses	615	473	57	43
Advance payments from customers	30	38	-	-
Other	1,716	1,165	15	5
Total	**2,361**	**1,676**	**72**	**48**

Note 24 | Assets pledged

	Group		Parent	
	2022	2021	2022	2021
Collateral for provisions and liabilities				
Property mortgages	918	596	-	-
Total	**918**	**596**	**-**	**-**

Note 25 | Contingent liabilities

	Group		Parent	
	2022	2021	2022	2021
Pension obligations	332	172	332	172
Total	**332**	**172**	**332**	**172**

Note 26 | Related-party transactions

For the Parent, SEK 160 million (116), 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, 2022, the Parent had intragroup receivables of SEK 443 million (354) and intragroup liabilities of SEK 24 million (14).

Transactions with key management personnel
Besides those 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".

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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	-	-	5,976
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 27 | Segment reporting

Reporting by business area

2021	Food Ingredients	Chocolate & Confectionery Fats	Technical Products & Feed	Group Functions	Group
External sales	23,245	10,116	2,091	-	35,452
Operating profit	1,076	971	214	-172	2,089
Assets	13,854	10,366	1,364	76	25,660
Unallocated assets	-	-	-	-	1,506
Total assets	**13,854**	**10,366**	**1,364**	**76**	**27,166**
Liabilities	5,044	4,141	954	175	10,314
Unallocated liabilities	-	-	-	-	5,021
Total liabilities	**5,044**	**4,141**	**954**	**175**	**15,335**
Investments	435	160	23	1	619
Depreciation, amortization and impairment loss	648	254	45	11	958

Reporting by market

2021	Europe	North and South America	Asia	Other countries	Total
External sales	16,721	13,947	4,376	408	35,452
of which Mexico	-	3,842	-	-	3,842
of which Sweden	3,172	-	-	-	3,172
of which United Kingdom	2,737	-	-	-	2,737
of which USA	-	7,393	-	-	7,393
Intangible assets and property, plant and equipment	4,208	3,145	1,493	46	8,892
of which Denmark	1,360	-	-	-	1,360
of which Sweden	1,017	-	-	-	1,017
of which United Kingdom	1,131	-	-	-	1,131
of which USA	-	2,104	-	-	2,104
Other assets	8,347	6,464	3,082	381	18,274
Total assets	**12,555**	**9,609**	**4,575**	**427**	**27,166**
Investments	302	279	34	4	619

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Note 28 | Supplemental cash flow statement

Adjustment for items not included in cash flow

	Group		Parent	
	2022	2021	2022	2021
Sales of non-current assets	7	5	-	-
Changes in pensions and provisions	-11	-1	9	-2
Unrealized exchange rate effects	183	240	-	-
Others	-116	-40	3	4
Total	**63**	**204**	**12**	**2**

Cash flow from financing activities

			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**

			Changes that do not affect cash flow			
Group	Dec 31, 2020	Cash flows	Acquisition/ Disposal	Exchange rate effects	IFRS 16 Leases	Dec 31, 2021
Non-current financial assets	20	23	-	0	-	43
Current financial assets	4	27	-	0	-	31
Non-current financial liabilities	4,150	-1,599	4	-64	-124	2,367
Current financial liabilities	594	1,740	-	-22	162	2,474
Total liabilities from financing activities	**4,720**	**91**	**4**	**-86**	**38**	**4,767**

Note 28 | Supplemental cash flow statement

Parent	Dec 31, 2021	Cash flows	Changes that do not affect cash flow: Acquisition/ Disposal	Changes that do not affect cash flow: Exchange rate effects	Changes that do not affect cash flow: IFRS 16 Leases	Dec 31, 2022
Non-current financial assets	12	-2	-	-	-	10
Current financial assets	-	0	-	-	-	-
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**

Parent	Dec 31, 2020	Cash flows	Changes that do not affect cash flow: Acquisition/ Disposal	Changes that do not affect cash flow: Exchange rate effects	Changes that do not affect cash flow: IFRS 16 Leases	Dec 31, 2021
Non-current financial assets	17	-5	-	-	-	12
Current financial assets	1	-1	-	-	-	-
Non-current financial liabilities	1,501	-500	-	-	1	1,002
Current financial liabilities	1,103	497	-	-	3	1,603
Total liabilities from financing activities	**2,586**	**3**	**-**	**-**	**4**	**2,593**

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Alternative Performance Measures (APMs)

Organic volume growth %	2022	2021
Food Ingredients		
Organic volume growth	-3	4
Acquisitions/divestments	-	-
Volume growth	**-3**	**4**
Chocolate & Confectionery Fats		
Organic volume growth	0	16
Acquisitions/divestments	-	-
Volume growth	**0**	**16**
Technical Products & Feed		
Organic volume growth	-4	-1
Acquisitions/divestments	-	-
Volume growth	**-4**	**-1**
AAK Group		
Organic volume growth	-2	5
Acquisitions/divestments	-	-
Volume growth	**-2**	**5**

EBITDA SEK million	2022	2021
Operating profit (EBIT)	2,538	2,089
Depreciation and amortization	799	958
EBITDA	**3,337**	**3,047**

Alternative Performance Measures (APMs)

Operating profit excl. items affecting comparability (IAC) SEK million	2022	2021
Food Ingredients		
Operating profit excl. IAC	1,716	1,380
Exit Russia	-64	-
Optimization European bakery business	-	-304
Operating profit	**1,652**	**1,076**
Chocolate & Confectionery Fats		
Operating profit excl. IAC	1,092	971
Exit Russia	-286	-
Operating profit	**806**	**971**
Technical Products & Feed		
Operating profit excl. IAC	303	214
Operating profit	**303**	**214**
AAK Group		
Operating profit excl. IAC	2,888	2,393
Exit Russia	-350	-
Optimization European bakery business	-	-304
Operating profit	**2,538**	**2,089**

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Alternative Performance Measures (APMs)

Return on Capital Employed (R12M) SEK million	2022	2021
Total assets	32,083	24,270
Cash and cash equivalents	-1,354	-1,117
Financial assets	-51	-12
Accounts payables	-5,791	-4,458
Other non-interest-bearing liabilities	-4,998	-3,385
Capital employed	**19,889**	**15,298**
Operating profit excl. items affecting comparability	**2,888**	**2,393**
Return on Capital Employed (R12M), %	**14.5**	**15.6**

Net working capital SEK million	2022	2021
Inventory	11,174	9,054
Accounts receivables	6,635	5,132
Other current receivables, non-interest-bearing	3,686	2,818
Accounts payables	-5,337	-5,696
Other current liabilities, non-interest-bearing	-5,411	-3,981
Net working capital	**10,747**	**7,327**

Net debt SEK million	2022	2021
Current interest-bearing receivables	95	31
Cash and cash equivalents	1,515	1,001
Pension liabilities	-58	-271
Lease liabilities	-724	-621
Non-current liabilities to banks and credit institutions	-3,526	-1,611
Current liabilities to banks and credit institutions	-2,997	-2,333
Other interest-bearing liabilities	-12	-13
Net debt	**-5,707**	**-3,817**

Alternative Performance Measures (APMs)

Net debt/EBITDA SEK million	2022	2021
Net debt	5,707	3,817
EBITDA (R12M)	3,337	3,047
Net debt/EBITDA, multiple	**1.71**	**1.25**

Equity to assets ratio SEK million	2022	2021
Shareholders' equity	15,036	11,783
Non-controlling interests	47	48
Total equity including non-controlling interests	**15,083**	**11,831**
Total assets	**33,990**	**27,166**
Equity to assets ratio, %	**44.4**	**43.6**

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Corporate Governance Report

Corporate Governance Report 2022
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 19,800 shareholders. Its business operations are global, with a presence in more than 100 countries. At December 31, 2022, the average number of employees was 3,962.

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 its customers, 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 2022

The Annual General Meeting, held on May 18, 2022 was represented by shareholders holding around 66 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, Gun Nilsson, Patrik Andersson, and Marianne Kirkegaard were re-elected as ordinary members of the Board of Directors. Georg Brunstam was elected Chairman of the Board. 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 2023

At the Annual General Meeting 2022, 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 2023. Märta Schörling Andreen was elected Chairman of the Nomination Committee. The members of the Nomination Committee represent around 43 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. 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, Skrivaregatan 9, SE-215 32 Malmö, Sweden.

The Board of Directors and its activities

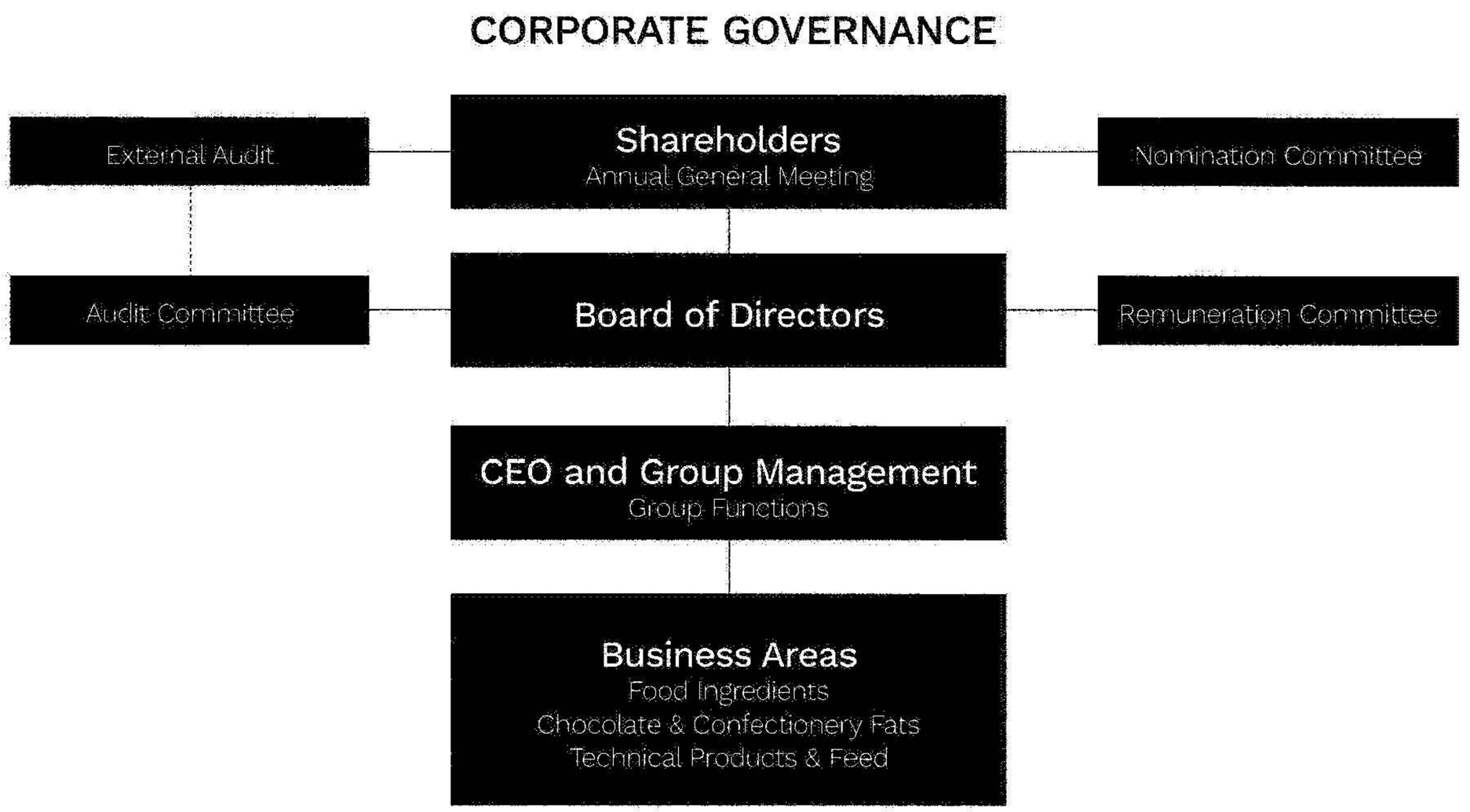
The tasks of the Board are regulated in the Swedish Companies Act and the Articles of Association. In addition to this, the work of the Board is regulated by the working practices adopted by the Board each year. The procedural rules of the Board also regulate the distribution of work and responsibilities 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

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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 2022, 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 five 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.



Gun Nilsson 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 Märta Schörling Andreen was appointed member. Märta Schörling Andreen, a member of the Board of Directors of Melker Schörling AB, and Gun Nilsson, 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 three members elected by the Annual General Meeting, Georg Brunstam, Marianne Kirkegaard and Patrik Andersson, 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 18, 2022, at which all members were in attendance.

Chairman of the Board

At the Annual General Meeting held on May 18, 2022, Georg Brunstam was re-elected Chairman of the Board. 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 2022

The Board held 10 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 2022

Member	Board of Directors	Audit Committee	Remuneration Committee
Number of meetings	10	4	2
Georg Brunstam	10		2
Patrik Andersson	10	4	
Marianne Kirkegaard	10		
Gun Nilsson	10	4	
Märta Schörling Andreen	10	3	2
Daniel Alfredsson	9		
Lena Nilsson	10		

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 3,325,000, to be allocated between the members as follows: SEK 975,000 to the Chairman and SEK 425,000 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 2022 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 2022 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, pension,

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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 120 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 2022, the members of the Remuneration Committee were Georg Brunstam (Chairman) 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 2022, the Remuneration Committee met on two occasions, on which both members attended. 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 2023 for a decision.

Audit Committee

During 2022, the members of the Audit Committee were Gun Nilsson (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 2022, the audit company KPMG AB was elected as auditors up to and including the Annual General Meeting in 2023. 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, Corporate Communications, IR, Global IT 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. 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, tax, IT, internal control, strategy, communication, investor relations, 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.

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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.

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The consolidated income statement and balance sheet will be presented to the Annual General Meeting on May 4, 2023 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 3, 2023

Georg Brunstam
Chairman of the Board

Johan Westman
President and CEO

Märta Schörling Andreen
Board member

Marianne Kirkegaard
Board member

Gun Nilsson
Board member

Patrik Andersson
Board member

David Alfredsson
Employee representative

Lena Nilsson
Employee representative

Our auditor's report was submitted on April 4, 2023
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 2022, except for the corporate governance statement on pages 114–121. The annual accounts and consolidated accounts of the company are included on pages 42–122 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, 2022 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, 2022 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 114–121. 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 responsibility 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.

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Accounting for hedges of commodities and accounting for open sales and purchase contracts
See disclosure 3 and accounting principles on pages 73–74 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 also 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 revaluation of the hedged item and open sales and purchase contracts are performed at market value in accordance with the Group's accounting policies, we have gained an understanding of, and tested, the internal control aimed at managing the risk exposure in inventory and open contracts. We have also tested the Group's internal controls for measuring at fair value. Furthermore, we have performed random sample tests to ensure the existence of sales and purchase contracts and used market prices in the revaluation. 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 and 130–132. 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 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.*

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- 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 2022 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 responsibility 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.

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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 2022.

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 ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and 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 appropriatenes 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 114–121 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing 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 18, 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2021.

Malmö, April 4, 2023

KPMG AB
Jonas Nihlberg
Authorized Public Accountant

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Financial calendar and Annual General Meeting

Reporting schedule

AAK AB (publ.) will provide financial information for the 2023 financial year on the following occasions:

- The interim report for the first quarter will be published on May 4.
- The interim report for the second quarter will be published on July 19.
- The interim report for the third quarter will be published on October 25.
- The fourth quarter and year-end report 2023 will be published on February 7, 2024.

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 Thursday, May 4, 2023, 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.

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 110–113 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.

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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 2022, the latter shall prevail.

we do
is about
Making Better Happen™

AAK specializes 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. In addition, we enhance their sensory experience – by giving the silkier mouthfeel in premium chocolate, the juicier texture in a plant-based burger, and a puffier appearance in a lower-fat pastry.

We can also optimize our customers' production and processes by substituting existing ingredients with plant-based equivalents that improve efficiency and enhance the performance and sustainability of the end product. AAK's value-adding solutions enable our customers to Making Better Happen™.

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, including Chocolate & Confectionery, Bakery, Dairy, Plant-based Foods, Special Nutrition, Foodservice, and Personal Care. Our 4,000 employees support our close collaboration with customers through 25 regional sales offices, 16 dedicated Customer Innovation Centers, and with the support of more than 20 production facilities.

Listed on Nasdaq Stockholm and headquartered in Malmö, Sweden, AAK has been Making Better Happen™ for 150 years.

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From responsible sources
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