

HKSCAN

Half Year Financial Report 2023

Juha Ruohola, CEO

Jyrki Paappa, CFO

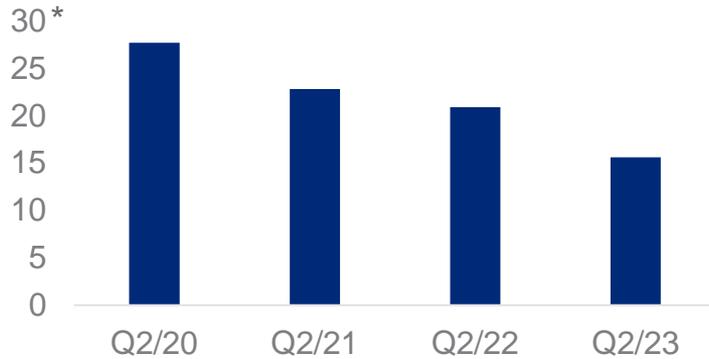
9 August 2023



Goal-oriented work towards zero accidents at work

Accident frequency, LTIR

Continuing operations, rolling 12M average



*lost-time accidents per million working hours



Q2/2023: Net sales growth continued and EBIT clearly strengthened

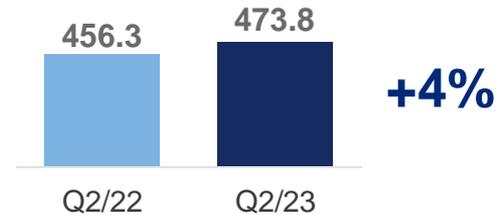
Net sales

- Net sales increased by higher sales prices than in the comparison period
- Sales volumes remained at the comparison period's level

EBIT

- Production costs continued to rise
- Cost increases covered by higher sales prices
- Consumer demand improved slightly after a weak start to the year
- Profitability improved as a result of increased production efficiency and cost savings

Net sales, M€, continuing operations

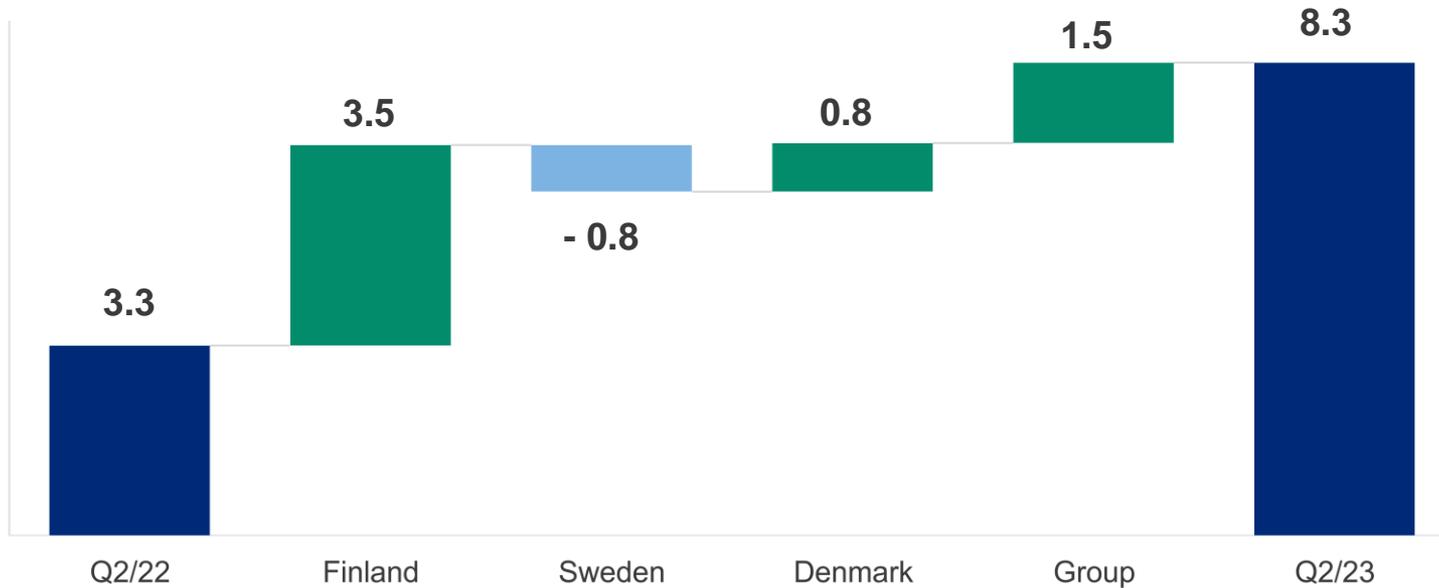


Comparable EBIT, M€, continuing operations

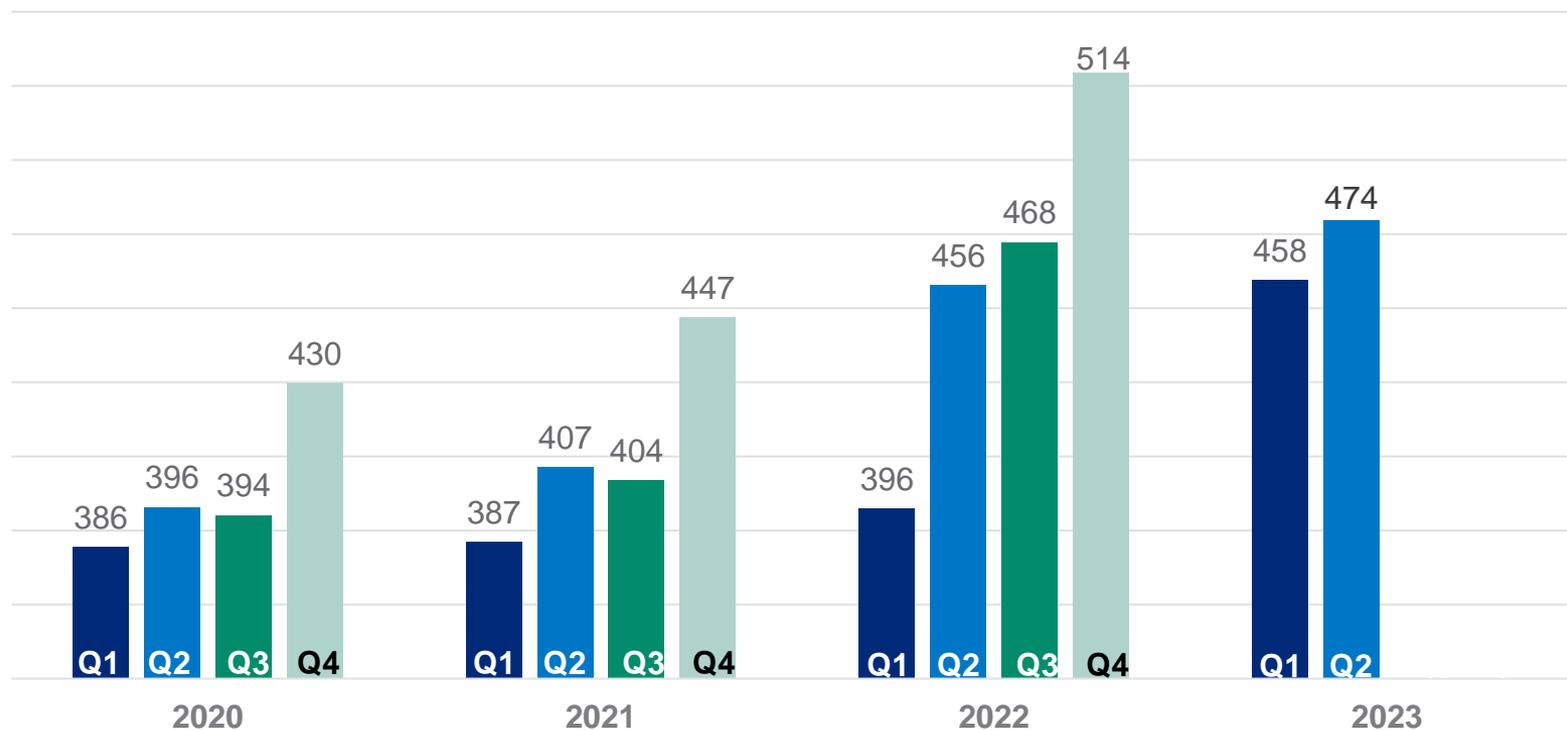


EBIT improved in Finland and Denmark

Change of comparable EBIT, M€, continuing operations

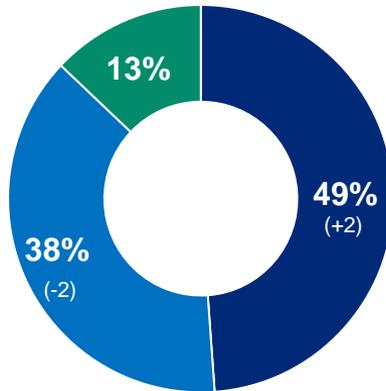


Quarterly net sales, M€, continuing operations



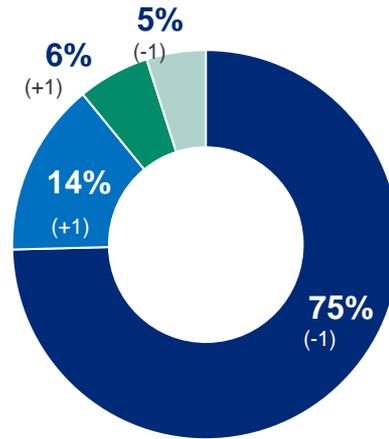
Net sales breakdown Q2 2023, continuing operations

Markets



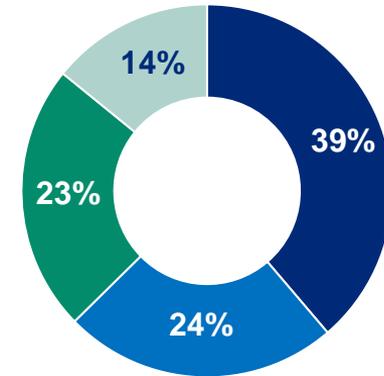
- Finland
- Sweden, incl. Poland
- Denmark

Sales channels



- Retail
- Food service
- Industry
- Export

Categories



- Beef and pork
- Charcuterie, sausages and bacons
- Poultry
- Meals and meal components

Changes in percentage points vs. Q2/2022 in parantheses

Quarterly comparable EBIT from continuing operations, M€



Outlook for 2023 unchanged

In 2023, HKScan expects the Group's comparable EBIT from continuing operations to improve compared to 2022. The full-year performance will be significantly affected by inflation and the development of consumer purchasing power in the company's home markets. On the other hand, in the beginning of 2023, energy and logistics costs are on a more moderate level than in the peak of 2022.



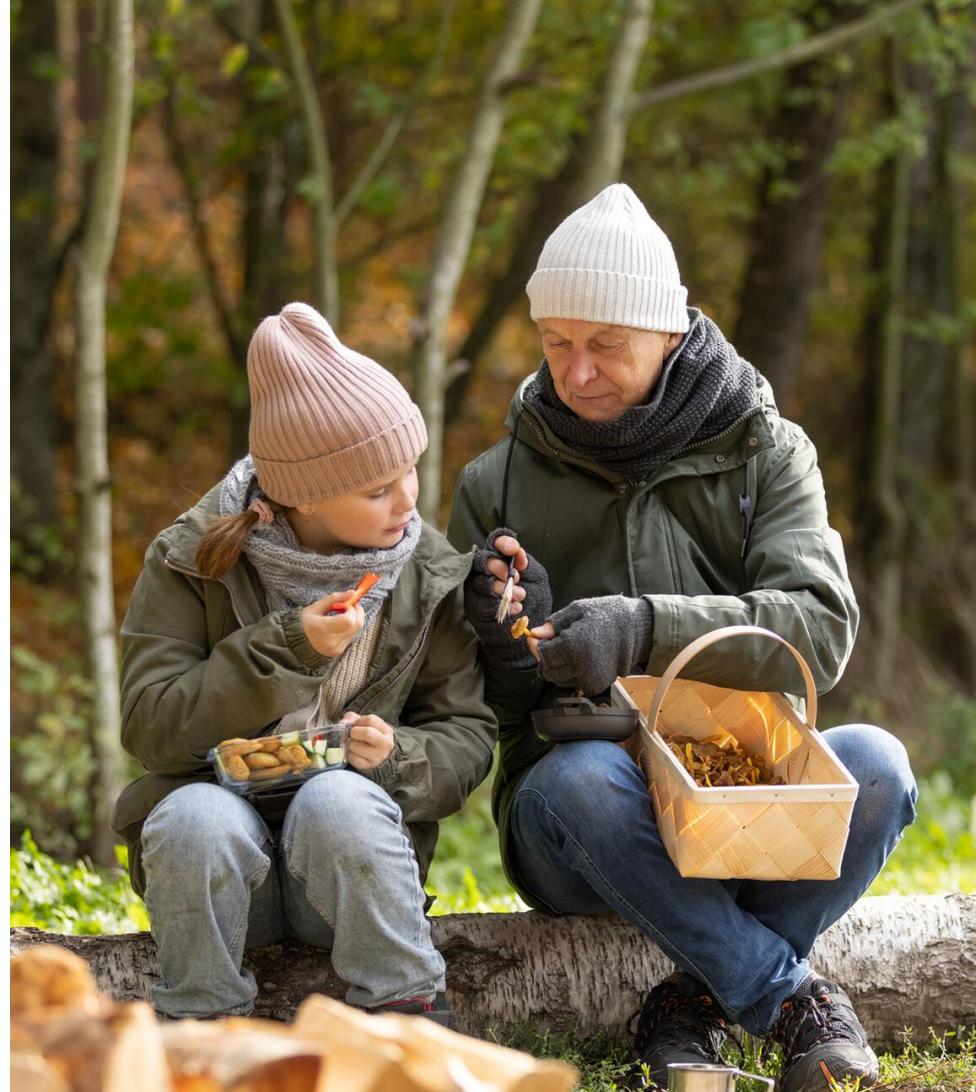
Regulatory approvals for the sale of the Baltic business

- 12/2022, HKScan signed an agreement to sell its Baltic business to Estonian AS Maag Grupp
- Approvals from competition authorities received:
 - Estonian Competition Authority 7/2023, post-closing obligations for the buyer
 - Latvian Competition Authority 2/2023, no conditions
- HKScan and AS Maag Grupp intend to close the transaction by the end of Q3/2023



Profitability improvement as a priority

1. Tight cost control
2. Increasing production efficiency
3. Optimising the product portfolio to meet changing consumer demand
4. Commercial measures



Strategic renewal requires better profitability and stronger balance sheet

**Improving
the profitability of
the core business**

E.g. cost efficiency and
commercial measures

**Strengthening
the financial base**

E.g. divestment of the Baltic business

**Renewal into
a versatile
food company**

Profitable growth

2023

CASH FLOW · PROFITABILITY · BALANCE SHEET

2030

HKScan listed as European Climate Leader by Financial Times

- HKScan selected on the European Climate Leaders list for the third year in a row
- 500 companies selected on the list with the following criteria:
 - Reducing emissions from own production 2016–2021
 - Transparent reporting on climate impacts
 - Setting or committing to science-based climate targets

Zero Carbon



Developing the data collection on the climate impact of the value chain

- Digital tools for contract farmers in Finland and Sweden
- The tools provide increasingly accurate information on the climate impacts of HKScan's value chain
- The data helps farms to target their climate actions to the most impactful issues.



Zero Carbon

Financial review



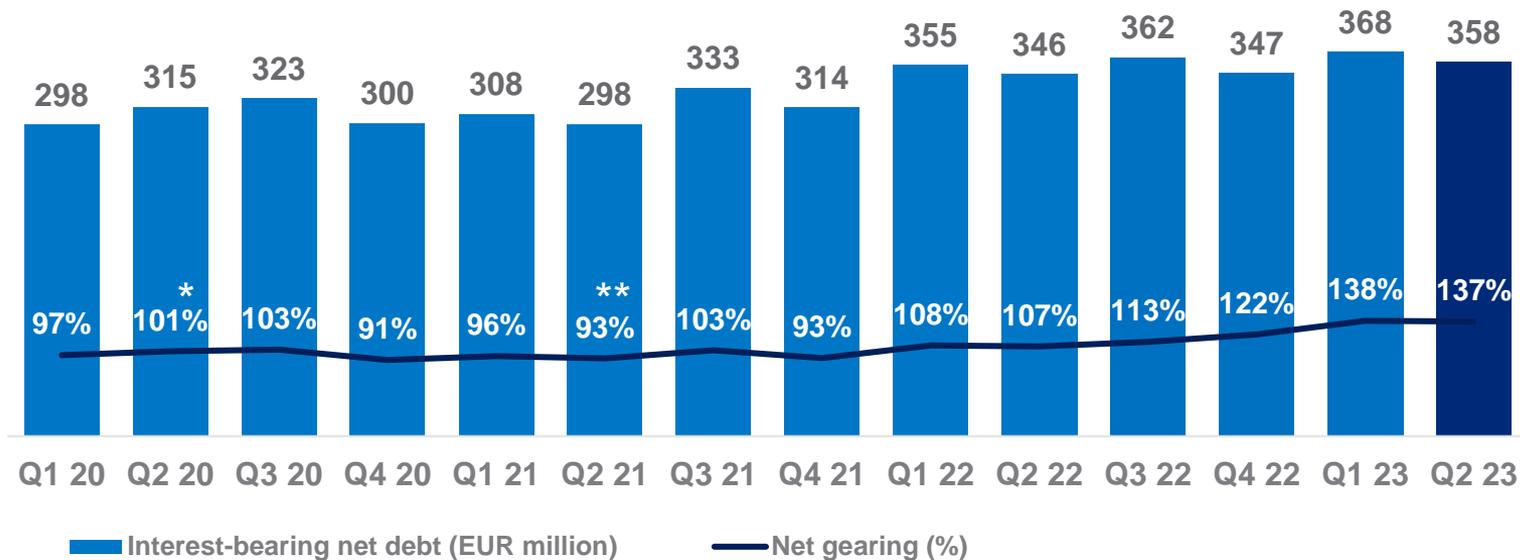
Key figures, continuing operations

EUR million	4-6/2023	4-6/2022	2022
Net sales	473.8	456.3	1 833.8
EBITDA	20.0	15.0	55.8
EBIT	8.4	3.1	10.1
- EBIT margin, %	1.8	0.7	0.5
Comparable EBIT	8.3	3.3	9.7
- EBIT margin, %	1.7	0.7	0.5
Profit for the period	-0.6	1.4	-4.9
EPS, EUR	-0.02	0.00	-0.11
Comparable EPS, EUR	-0.02	0.00	-0.11

Key figures

EUR million	4-6/2023	4-6/2022	2022
Cash flow from operating activities, incl. discontinued operations	19.8	22.4	18.9
Cash flow after investing activities, incl. discontinued operations	10.9	15.2	-21.9
Return on capital employed (ROCE) before taxes, %, incl. discontinued operations	-2.0	0.0	-6.4
Interest-bearing net debt	357.9	346.3	347.2
Net gearing, %	137.0	107.4	122.1

Interest-bearing net debt and net gearing

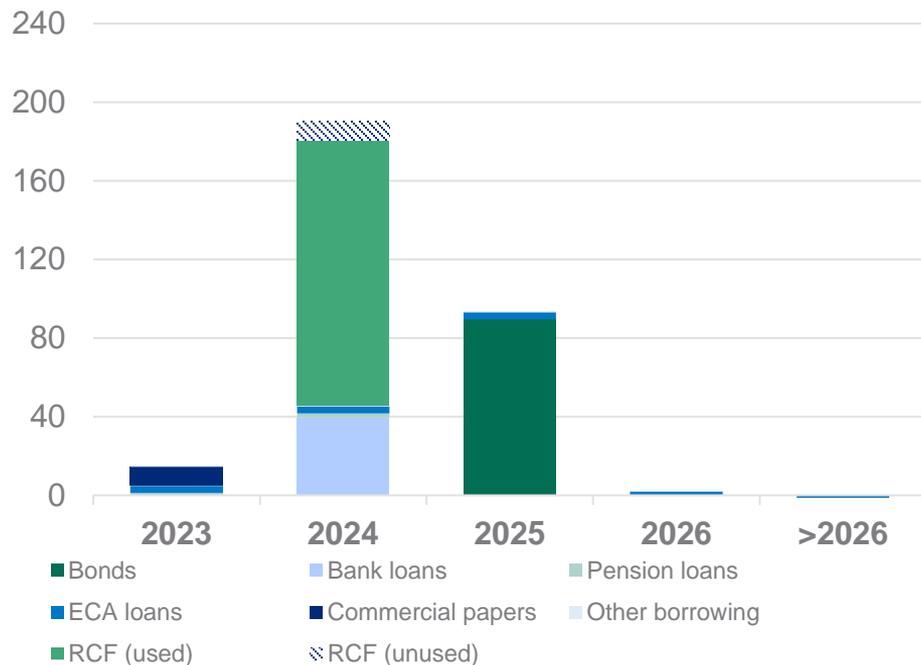


* Q2/2020 includes the investment to the plot of the Vantaa unit EUR 37.7 million.

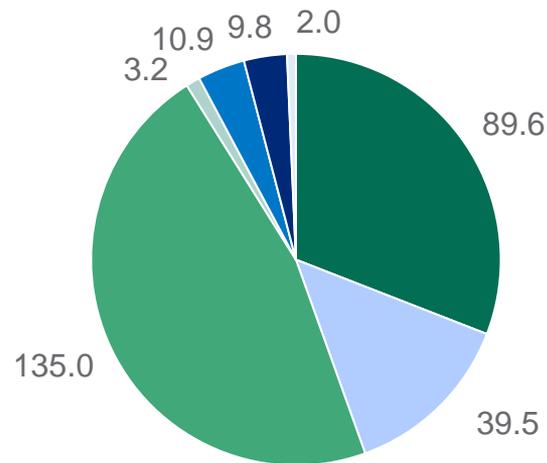
** Q1/2021 includes the sale of Vantaa property (land and buildings) with EUR 76.1 million and a lease liability in accordance with IFRS.

Debt profile and maturity structure as of 30 June 2023

Maturity of the Group's interest-bearing debt*, M€



Interest-bearing debt by credit type, M€*



**Total interest-bearing debt without IFRS 16:
EUR 290.0 million**

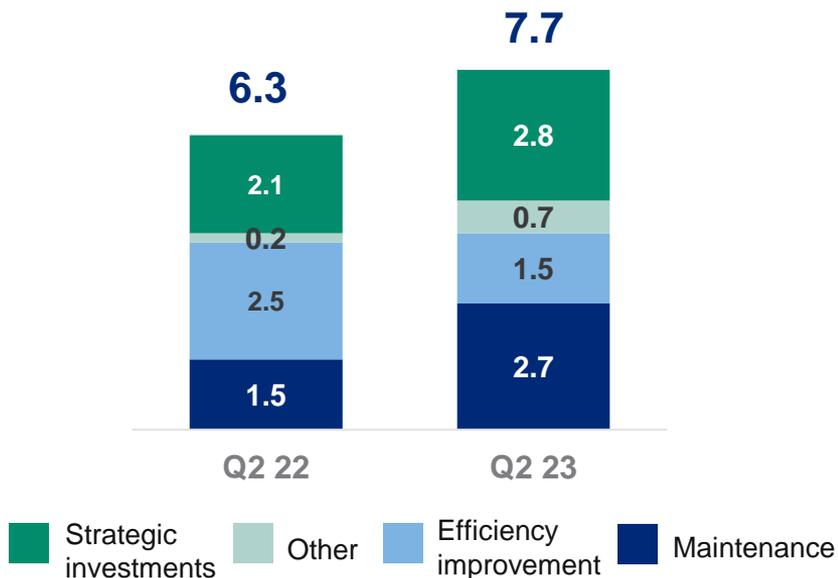
*Without lease liabilities

EUR 26 million hybrid bond is treated as equity

The company intends to redeem the hybrid loan in 2024.

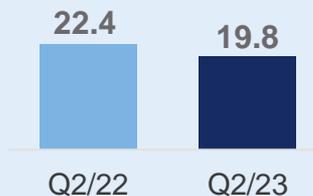
Investments

Group investments, M€, continuing operations

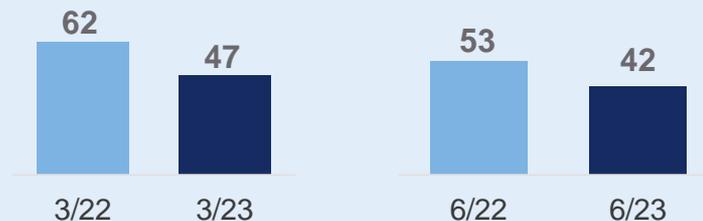


Cash flow and working capital

Cash flow from operating activities, M€, incl. discontinued operations



Working capital, M€, incl. discontinued operations



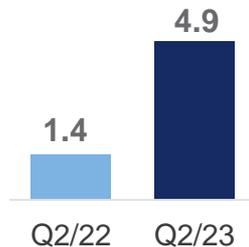
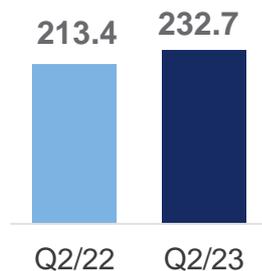
Finland Q2/2023

Net sales, M€

Comparable EBIT, M€

+9%

+3.5M€



- Higher sales prices increased net sales, sales volumes at the comparison period's level
- Retail sales value increased especially in higher added-value branded products
- Cost increases covered by higher sales prices



**EBIT improved by
production efficiency
improvements and
successful commercial
measures**

Sweden Q2/2023

Net sales, M€



Comparable EBIT, M€



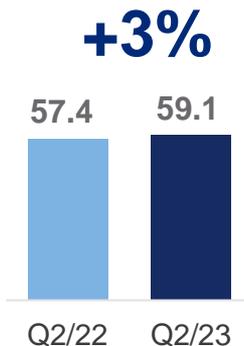
- Net sales clearly grew at comparable exchange rates
- Particularly sales of private label brands and the share of promotional sales increased
- EBIT weakened by high price of meat raw material and general cost inflation
- The negative impact of the exchange rate change on EBIT was EUR 0.4 million



HKScan maintained its market position, retail sales volumes increased

Denmark Q2/2023

Net sales, M€



Comparable EBIT, M€



- Food service sales increased by 15%
- Impact of cost inflation levelled off
- EBIT improved through successful commercial measures, strong consumer demand and long-term improvements in production efficiency
- New frying line completed on schedule, production starting in August



Sales of strategically important higher value-added poultry products continued to grow



*We make
life tastier*
- today and tomorrow

HKSCAN

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