

HKSCAN

Interim Report Q1 2024

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8 May 2024



The transaction of HKScan's Swedish business closed

- On 27 March 2024, HKScan sold the shares in its Swedish subsidiary HKScan Sweden AB to Lantmännen ek för
- The purchase price for the shares in HKScan Sweden AB amounted to approximately EUR 60 million in cash as well as the A shares (6,869,750) and K shares (665,000) in HKScan Corporation held by Lantmännen
- Lantmännen also repaid an intragroup loan between HKScan Corporation and HKScan Sweden AB to the amount of approximately EUR 50 million
- HKScan also reduced off-balance sheet factoring financing of approx. EUR 55 million and approx. EUR 13 million of IFRS 16 leasing liabilities



HKScan to sell its Danish business

- On 2 May 2024, HKScan signed an agreement to sell the shares of its Danish subsidiary HKScan Denmark A/S to Plukon Food Group B.V. from the Netherlands
- The transaction is expected to close during 2024 and will be subject to approval by the Danish competition authorities
- The debt-free purchase price is EUR 44.6 million
- At closing, the cash portion of the purchase price, estimated at approximately EUR 35 million, will be paid in a one-off payment
- As a result of this and the liabilities to be transferred, the net debt ratio is expected to decrease by approximately 16 percentage points
- The Danish business will be presented as a discontinued operation, and HKScan's financial reporting will focus on continuing operations
- The Group will recognise an impairment of approximately EUR 11 million on the value of the Danish business



Q1/2024: HKScan's net sales and EBIT increased

Net sales

- Good volume growth increased the value of retail sales. The strongest growth came from HKScan's own branded meat, poultry and ready meal products
- Sales in the food service channel increased slightly versus the comparison period
- Meat exports decreased as planned due to good domestic sales. Exports were also reduced by the domestic political strikes in March.

EBIT

- EBIT improved by better sales mix, production efficiency improvements and successful commercial measures
- Cost levels remained high

Net sales, M€, continuing operations

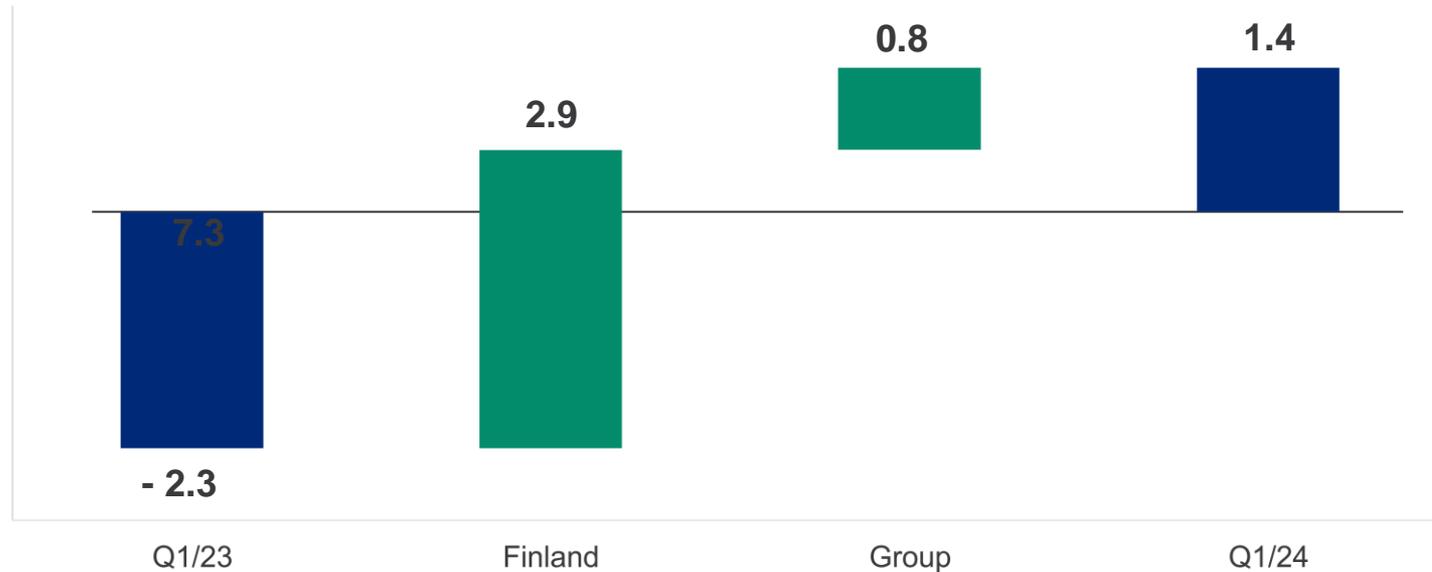


Comparable EBIT, M€, continuing operations

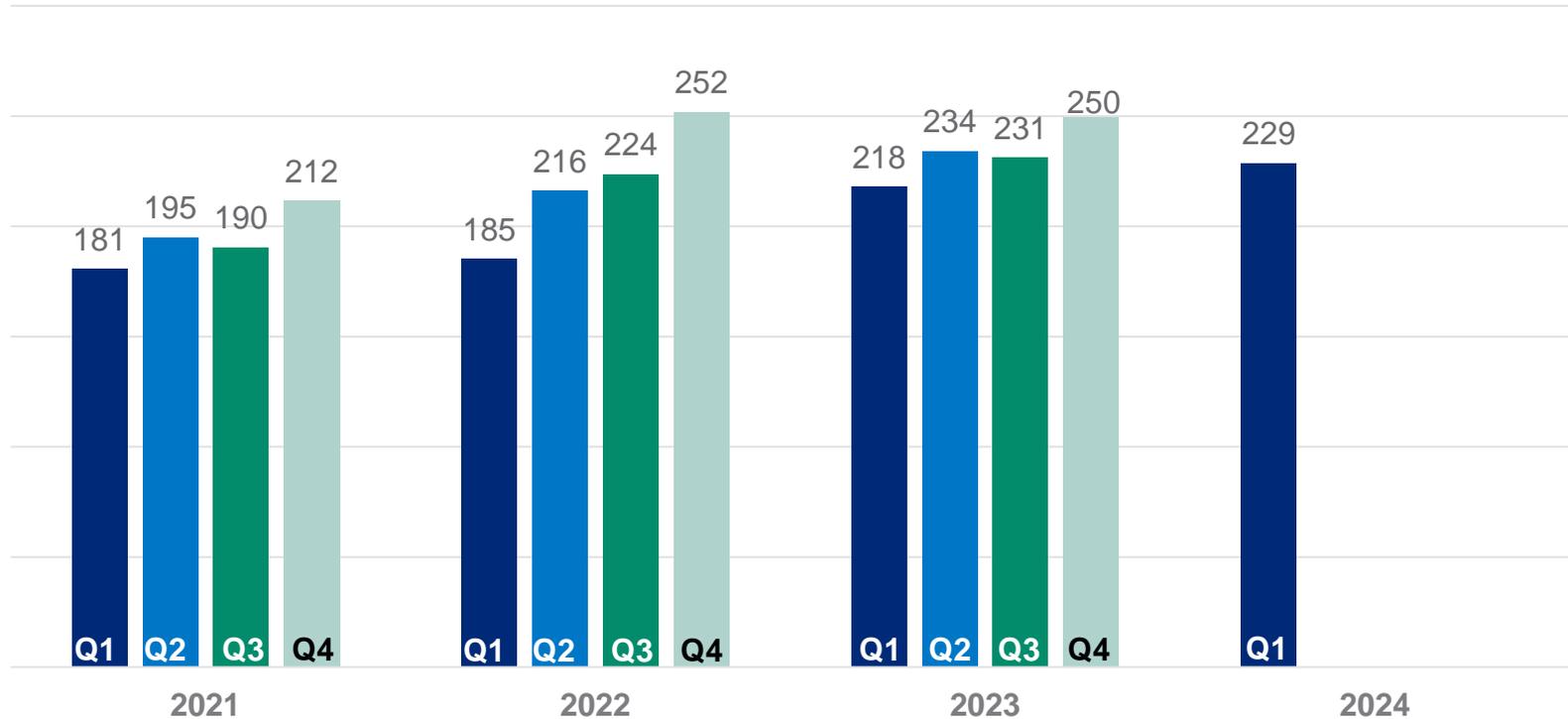


Q1/2024 Comparable EBIT improved by 3.7M€

Change of comparable EBIT, M€, continuing operations

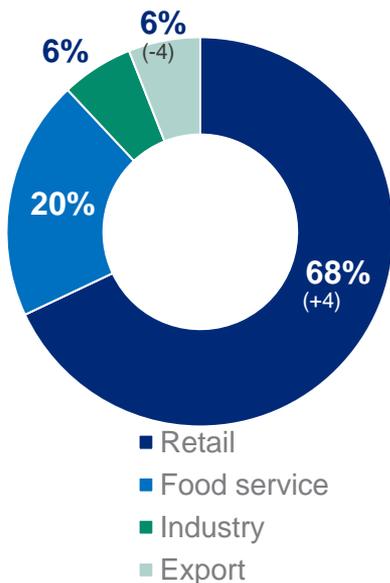


Quarterly net sales, M€, continuing operations

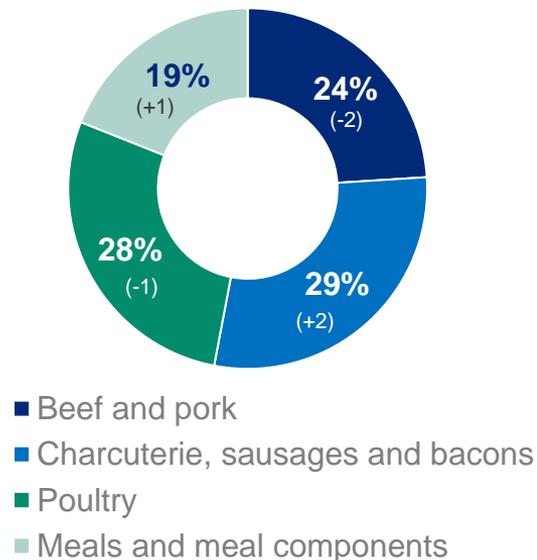


Net sales breakdown Q1 2024, continuing operations

Sales channels



Categories



Changes in percentage points vs. Q1/2023 in parantheses

Quarterly comparable EBIT from continuing operations, M€



Strategic renewal requires better profitability and stronger balance sheet

Improving the profitability of the core business

Increasing production efficiency, cost control, optimising the product portfolio to meet changing consumer demand and commercial measures

Strengthening the financial base

Divestment of the Baltic, Swedish and Danish businesses

Renewal into a versatile food company

Profitable growth

2023

CASH FLOW · PROFITABILITY · BALANCE SHEET

2030

Annual estimated cost savings of approximately 6 M€ from the investments and development measures decided

Unit	Measure	Estimated annual savings	Realisation of savings
Forssa	Investment of over 5 M€ in meat packaging, reorganisation of operations, staff adjustments and renewal of operating methods	2 M€	During 2024
Rauma	Development investment of 4.6 M€ in poultry cutting department, reorganisation of operations, staff adjustments and renewal of operating methods	3 M€	From H2/2024
Eura	Improving operational efficiency by centralising Eura unit's poultry packaging activities to the production units in Rauma and/or Forssa	1 M€	From Q3/2024

Development investment in the Eura unit of ready-to-eat products

- HKScan to centralise its poultry meat packaging operations in Finland from Eura to Rauma and Forssa
- Through the efficiency measures, HKScan aims to achieve annual savings of around EUR 1 million as from the third quarter of 2024
- In March, HKScan announced plans to invest approximately EUR 8 million in a production line for ready-to-eat products at its Eura unit
- With this strategic investment, HKScan will improve its profitability by increasing the added value of its products and respond to the growing consumer demand for quick and easy cooking



Outlook for 2024 unchanged

In 2024, HKScan expects the Group's comparable EBIT from continuing operations to improve compared to 2023.



The company's new name will be HKFoods

- Annual General Meeting of HKScan approved the change of the company's name from HKScan Oyj to HKFoods Oyj
- The parallel company names of the new name are HKFoods Plc (in English) and HKFoods Abp (in Swedish)
- The company's new name, logo, website and email address, etc. will be introduced in stages from May 2024 after the name has been registered with the Trade Register
- Other contact details of the company and its personnel (phone numbers, addresses) will remain unchanged
- The company will publish a separate stock exchange release once the name change has been registered with the Trade Register



HKScan's responsibility work themes

HKSCAN
Food that does good
- because we care

NATURE
Climate
Sustainable packaging
Biodiversity

PEOPLE
Work safety
Work well-being

FARMER COMMUNITY **SAFE FOOD** **ANIMAL WELFARE** **GOOD GOVERNANCE**

Goal-oriented work towards zero accidents at work

Safety First

Accident frequency, LTIR

Continuing operations, rolling 12M average



*lost-time accidents per million working hours



HKSCAN

Our revised climate target

Net-Zero

by 2050

i.e. **net zero** for all greenhouse gas emissions by 2050



Financial Review



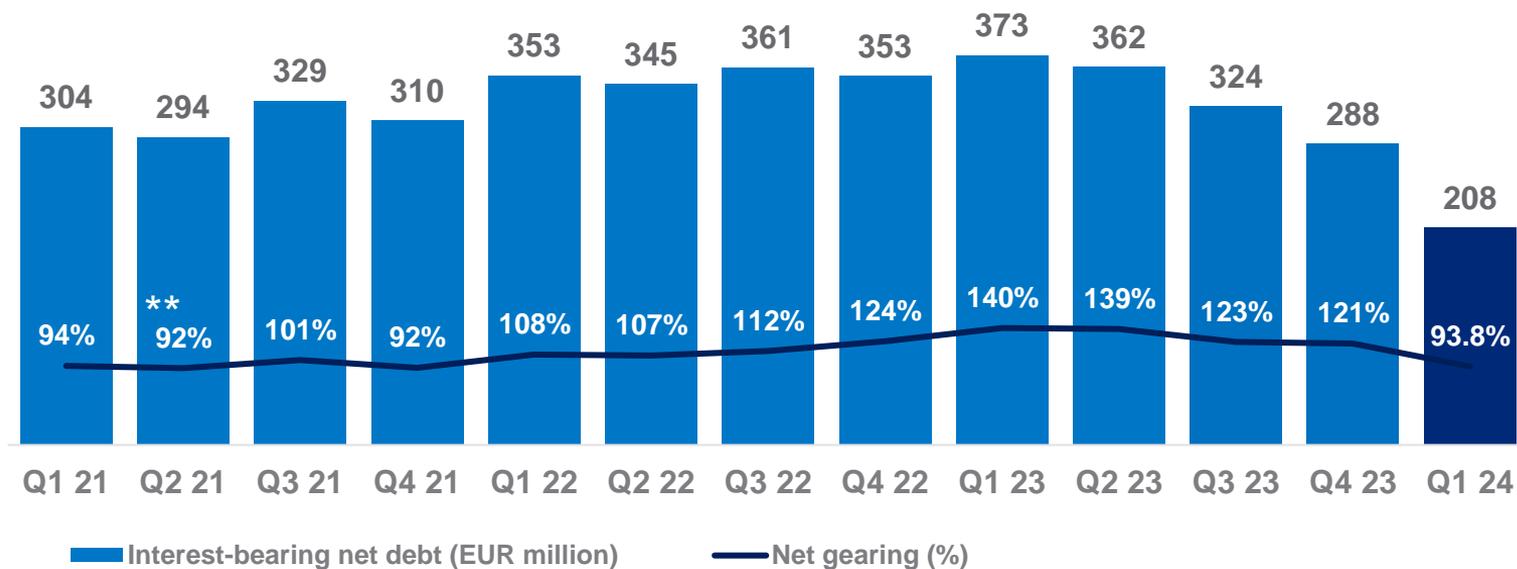
Key figures, continuing operations

EUR million	1-3/2024	1-3/2023	2023
Net sales	228.7	218.0	933.0
EBITDA	8.9	7.4	45.1
EBIT	1.2	-0.4	14.3
- EBIT margin, %	0.5	-0.2	1.5
Comparable EBIT	1.4	-2.3	11.6
- EBIT margin, %	0.6	-1.0	1.2
Profit for the period	-3.8	-6.5	-17.3
EPS, EUR	-0.05	-0.08	-0.24
Comparable EPS, EUR	-0.05	-0.09	-0.27

Key figures

EUR million	1-3/2024	1-3/2023	2023
Cash flow from operating activities, incl. discontinued operations	1.8	-5.7	50.6
Cash flow after investing activities, incl. discontinued operations	73.9	-12.8	73.3
Return on capital employed (ROCE) before taxes, %, incl. discontinued operations	-0.2	-5.2	3.0
Interest-bearing net debt	208.0	372.7	287.9
Net gearing, %	93.8	139.6	121.0

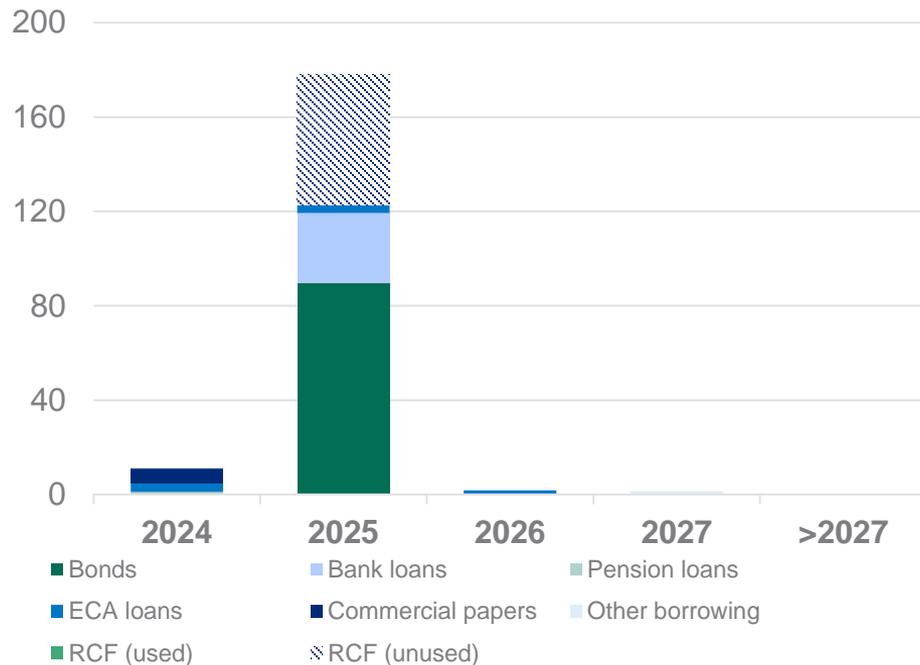
Interest-bearing net debt and net gearing



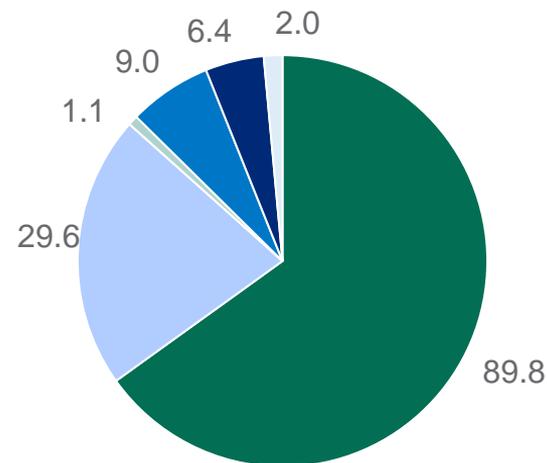
** Q2/2021 includes the sale of Vantaa property (land and buildings) with EUR 76.1 million and a lease liability in accordance with IFRS.

Debt profile and maturity structure as of 31 March 2024

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



Interest-bearing debt by credit type, M€*



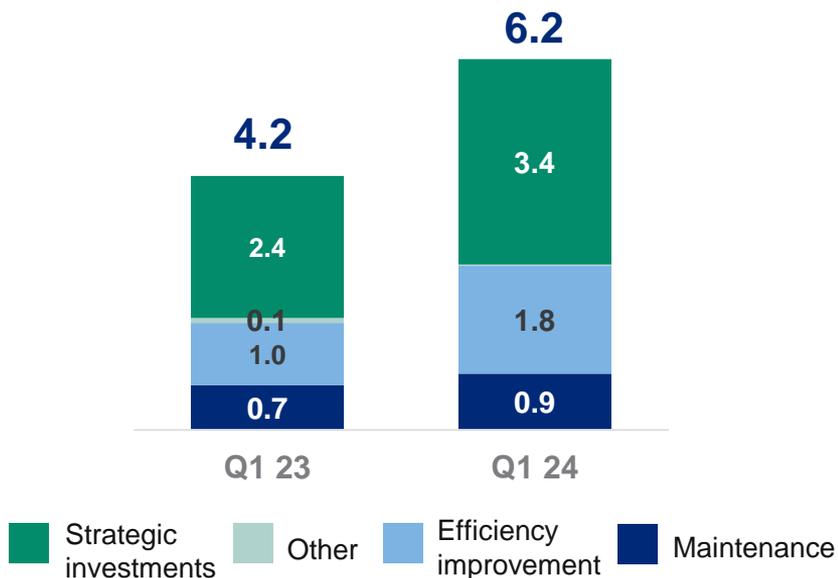
**Total interest-bearing debt without IFRS 16:
EUR 137.9 million**

*Without lease liabilities

*EUR 26 million hybrid bond is treated as equity

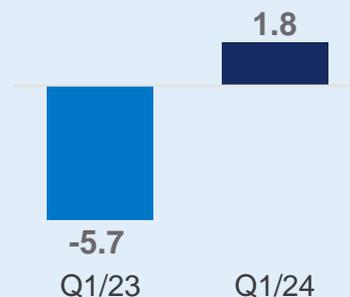
Investments

Group investments, M€, continuing operations

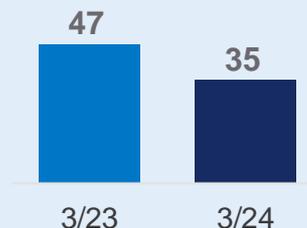


Cash flow and working capital

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



Working capital, M€, incl. discontinued operations





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