

A woman with long brown hair, wearing a dark blue t-shirt, is holding a white plate with both hands. She has her eyes closed and a slight smile, appearing to savor the food. The plate contains a dish of white rice topped with a yellow-orange curry sauce, sliced chicken, and fresh green cilantro leaves. The background is a white brick wall.

HKFOODS

Annual Review
2024

*The most valued
partner of food moments*

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CEO
JUHA RUOHOLA

Strong development continued in 2024; HKFoods showing clear growth in net sales and comparable EBIT

In 2024, HKFoods continued its determined work to improve profitability and strengthen its balance sheet. A major restructuring was completed for the time being and the proceeds from the sale of businesses have been used to repay the company's loans. HKFoods' net debt was significantly reduced.

HKFoods' continuing operations developed strongly in 2024, with both net sales and comparable EBIT growing significantly. The company's net sales from continuing operations in 2024 increased by 7.4 per cent to EUR 1,001.8 (933.0) million. In the fourth quarter the comparable EBIT was 3.9 (1.2) per cent of net sales. The comparable EBIT margin for the whole year was 2.8 (2.2) per cent. The company's EBIT target is 4 per cent.

HKFoods increased its profitability also in the fourth quarter through successful commercial measures, production efficiency measures and cost savings. Retail sales developed positively with a comprehensive product range and successful Christmas season, which improved the sales mix and profitability. Our food service sector has managed to grow its share in a declining market. The structure of export sales has improved due to increased sales of ready-to-use products.

Investments increase added value

The company's investment capacity has improved. We have focused our investments on strategic and efficiency investments. The investments in the Rauma and Forssa units have been completed, and our investment in the manufacture of ready-to-eat products in our Eura unit is progressing as well as the investment in the ready meal production of our Vantaa unit. With this investment, we will increase our meal preparation capacity and develop new high-quality meals for consumers' various food moments.

Over the past two and a half years, we have been assessing the position of our businesses within the Group in order to increase our financial flexibility. We have improved HKFoods' profitability and strengthened our balance sheet through the sale of the Baltic business, which was completed in August 2023. The sale of the Swedish business was closed at the end of March 2024. Our major restructuring was completed at the end of October 2024, when the sale of the Danish subsidiary ROSE Poultry A/S to the Dutch Plukon Food Group was closed.

The divestments have strengthened HKFoods' balance sheet as planned and the proceeds have been used to repay the company's loans. The company's net debt decreased by EUR 138.1 million to EUR 149.8 (287.9) million from a year ago. Our net gearing ratio has decreased to 69.5 per cent. As a result of this reduction, our net financing costs have fallen by EUR 7.5 million during 2024. In the financing negotiations in summer 2024, we secured financial continuity until early 2027.

Renewed vision: The most valued partner of food moments

According to HKFoods' vision, updated at the end of 2024, we want to be the most valued partner of food moments. This means working together with all our employees to meet the changing needs of consumers and customers by creating sustainable, tasty and nutritious solutions for all meaningful food moments. It is a collaborative effort with customers, consumers, contract farmers and other company partners.

Material sustainability issues identified

The company's strategy affects all sustainability topics identified as material to HKFoods; the most important ones in the medium to long term are climate change, consumer health and safety and animal welfare. These will be pursued with even greater determination. During 2025, we will update our responsibility programme to better address the sustainability topics that we have identified as material to our stakeholders. The wellbeing and safety of our employees will remain at the heart of our responsibility programme. Our key target is to be a safe and healthy workplace for our own employees and the partners working in our units. Improving safety at work is something that will continue to require our continued commitment and action together with all our employees. We are running a quality culture project to improve the quality of our operations and products.

Developing a sustainable food chain requires long-term commitment. We at HKFoods are committed to

development. In addition, we are committed to the UN Global Compact sustainability initiative and are contributing to the UN Sustainable Development Goals as part of our sustainability work.

Efficiency programme focuses on production and commercial measures

Following the completion of our major restructuring, we are now focusing on implementing our long-term strategy by improving the competitiveness of our core business and the profitability of our operations in Finland. Our efficiency programme, launched at the end of 2024, aims to significantly improve our performance. The programme involves improving production efficiency and strengthening commercial measures.

Our future is now on firmer ground

The measures taken in 2024 have taken the company to the right direction. The hard work has paid off and our future is now on firmer ground than it has been for many years. I am confident that our good development will continue also during this year.

I would like to thank our own people, our customers, our contractors and our other partners.

We are well-positioned to move forward inspired by our new vision.

Juha Ruohola
CEO

HKFOODS IN BRIEF

The most valued partner of food moments

With 110 years of experience, we at HKFoods make life tastier – today and tomorrow. With 3,000 professionals, we make responsible and locally produced food for consumers' various food moments. Our well-known brands in Finland are HK®, Kariniemen® and Via®. We are developing a more climate-friendly way of producing food. HKFoods is a publicly listed company, and in 2024, our net sales totalled EUR 1 billion.

Home market

Finland

Locations in
Finland and Poland

7 | 1

Our people
on average

3 000

Values **Inspire
Care
Lead
Deliver**

Net sales 2024

1,001.8 M€

933.0 M€*

Comparable
EBIT 2024

27.7 M€

11.6 M€*

Cash flow from
operating activities

60.8 M€

50.6 M€*

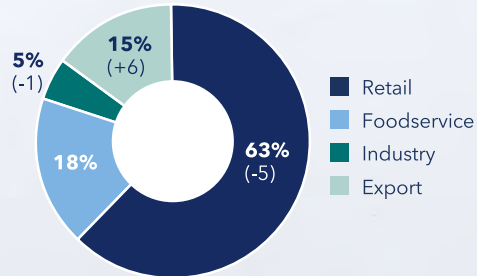
Net gearing

69.5%

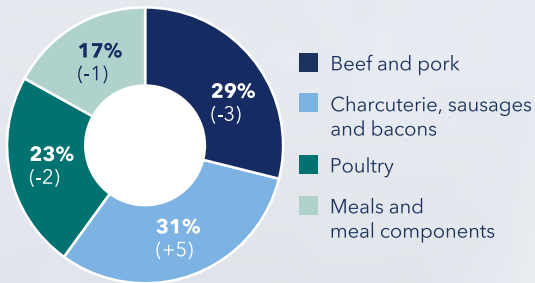
121.0%*

* Key figures of 2023

Sales channels



Categories



Changes in percentage points vs. Q4/2023 in parantheses. Sales from Poland's bacon unit to Sweden are reported as external sales.

Delicious food by our famous brands:

Key own brands:



Key partnerships:





Production*

HEAD OFFICE

Turku

PRODUCTION UNITS IN FINLAND

Forssa: Pig slaughtering, cutting and packing

Outokumpu: Beef slaughtering and cutting

Rauma: Poultry slaughtering, cutting and packing

Eura: Production of salad portions and pizzas

Vantaa: Production of processed meat and meals, logistics centre

Mikkeli: Production of processed meat and meals

PRODUCTION UNIT IN POLAND

Świnoujście: Production of bacon

LOCATIONS OF ASSOCIATES

Vantaa, Sipoo and Luumäki: Lihatukku Harri Tamminen Oy

Rauma, Säkylä, Huittinen, Liperi and Eura:

Kivikylän kotipalvaamo Oy

Säkylä: Länsi-Kalkkuna Oy

Mynämäki and Kokemäki: DanHatch Finland Oy

Eura: Mäkitalon Maistuvat Oy

* as from 31 March 2025

HKFoods' Key Events 2024

Q1

HKFoods revised its climate emissions calculation and climate target

HKFoods centralised its poultry packing activities from Eura to the company's production units in Rauma and Forssa

HKFoods decided on a strategic investment regarding its Eura unit's production line for ready-to-eat products

HK Herkkumaksamakkara celebrated its 50th anniversary

Sale of the Swedish business completed 27 March 2024

Q2

The Annual General Meeting approved the change of the company name to HKFoods Plc

The new name was adopted on 27 May 2024

HKFoods issued a EUR 90 million secured bond

Q3

HKFoods invested in the growing meal category at its Vantaa unit - New technology line to prepare meals to make consumers' everyday lives easier

Positive profit warning - HKFoods Plc updated its financial guidance for 2024 in September

Q4

Sale of the Danish business completed 31 October 2024

HKFoods redeemed its outstanding bonds due 24 March 2025 in December

HKFoods launched Finnish poultry meat exports to China in late 2024



HKFOODS' STRATEGY

The most valued partner of food moments

HKFoods' vision is to be the most valued partner of food moments. This means working together with all our employees to meet the changing needs of consumers and customers by creating sustainable, tasty and nutritious solutions for all meaningful food moments. It is a collaborative effort with customers, consumers, contract farmers and the company's other partners. HKFoods' strategic targets are sustainable commercial excellence and operational efficiency, increased added value and skilled employees.

Following the extensive restructuring, the company will focus on improving the competitiveness and profitability of its core operations and on commercial activities. HKFoods' core operations include pork, beef and poultry, meat products and ready meals and meal components.

HKFoods wants to grow in its core business by increasing the added value of its products and strengthening the value creation capacity of its own brands. The aim is to grow in product categories that make everyday life easier for consumers, such as meals, meal components and snacks. The company also aims to grow in poultry products and in new product categories. HKFoods wants to strengthen its relationship with consumers through its trusted brands and to renew commercially. The food service sector will continue to be an area of growth for the company.

Responsibility is taken into account in HKFoods' operations, and the company is developing responsible food production throughout the value chain from farm to consumer by continuing its goal-oriented sustainability work. HKFoods' responsibility programme focuses on two themes: nature and people. Responsibility work is driven by business needs and the expectations and requirements of key stakeholders.

Environmental sustainability topics material to HKFoods' business include climate change, water, biodiversity and circular economy. In terms of social responsibility, material sustainability topics include staff health, safety and working conditions, equal treatment, skills development and diversity. In addition, good governance, corporate culture and animal welfare are key sustainability themes. The company's strategy has impacts on all sustainability topics identified as material to the company; the most important ones in the medium to long term are climate change, consumer health and safety and animal welfare.

HKFoods is looking for new growth and pursues strategic business opportunities within the limits of its financial resources. For HKFoods, partnerships offer the opportunity to move into new business areas quickly and flexibly.



HKFoods' renewed vision



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



Vision:

The most valued partner of food moments

Profitable and sustainable growth

2023	CASH FLOW	PROFITABILITY	BALANCE SHEET	2030
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Changes in food moments

WHAT WE EAT

Food culture continues to change and attention is paid to the time spent in cooking. On weekdays, cooking is expected to be quick and easy. On weekends and holidays, more effort is made on meal planning and preparation.

Food moments and expectations for meals have changed. Increasingly, the traditional hot meal is replaced by different snacks. This change in the importance of snacks has led, for example, to the need for precision meals.

In recipe searches, Finnish traditional recipes are the most popular. In contrast, people are looking for and boldly experimenting with either completely new taste experiences or new ways of cooking.

Overall meat consumption has remained stable, but there has been a shift from red to white meat.

Meat consumption habits have been changed by time pressure and new technologies. Demand and use of ready-to-eat alternatives has increased.

Domestic origin of the food chain and its responsibility, such as animal welfare, circular economy and healthy food, are important. HKFoods' top innovation in 2024 was the Flavoured Salt concept, which reduces salt consumption.

WHERE AND HOW WE EAT

Busy, constant on-the-go life changes our eating habits.

On weekdays, eating is fast. Work and leisure are combined as much as possible with ready meals. On weekends, the emphasis is on eating together, either at home, in restaurants, at events or at parties.

At parties, quality is not compromised. Even if the festive season, such as Christmas, may be shorter than before, it is still delicious.

A calendar year can be varied with bigger and smaller food festivals and different harvest seasons.

Cooking skills have weakened. This trend increases the purchase of ready meals. In addition, the increase in the number of small households is reflected in the range of products available in shops. It is easier to buy meals for one person than to prepare a small amount of food from scratch just for one's own use.

As inviting guests to visit has decreased, restaurants have taken on the role of "living room". People like to eat together, perhaps while playing board games or singing karaoke.

WHERE WE BUY FOOD

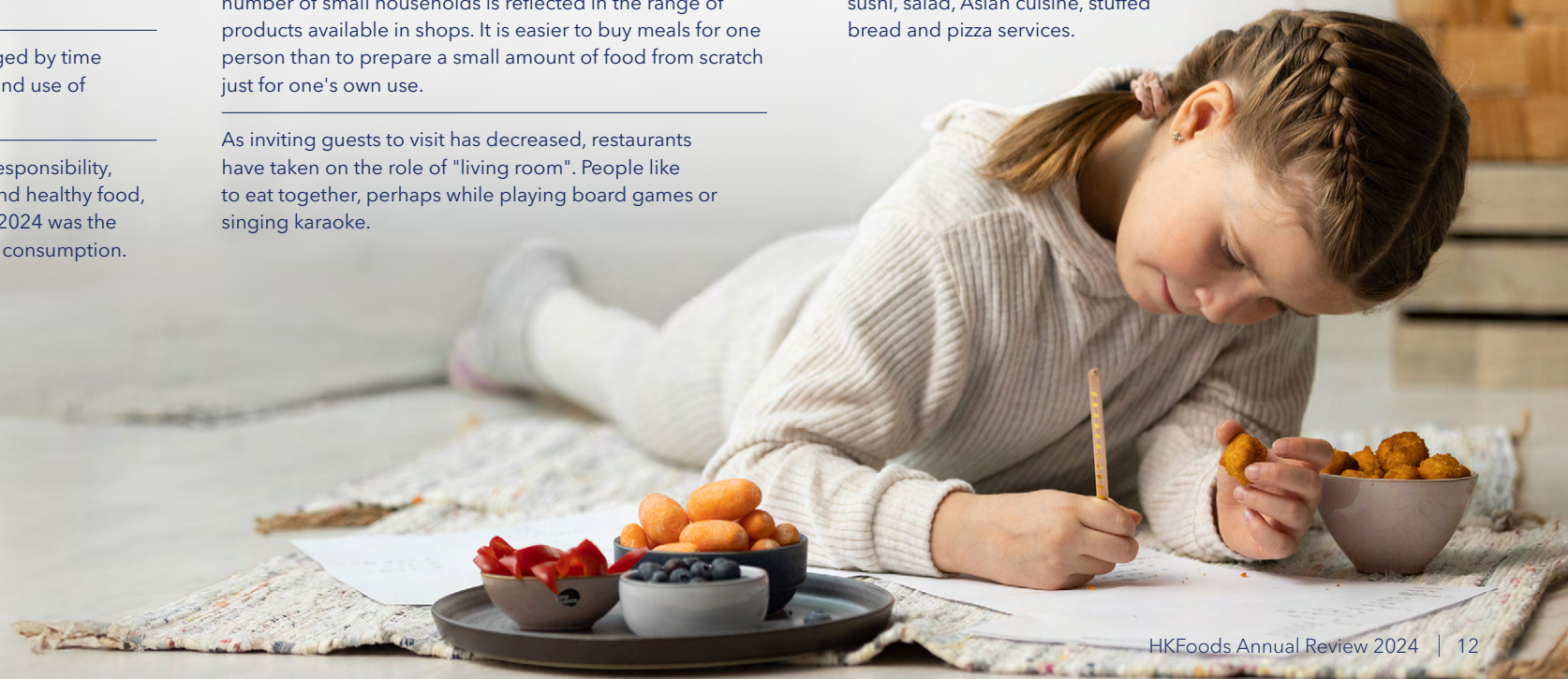
In 2024, consumers significantly reduced eating out. Workplace eating in particular has changed since the pandemic, with the rise of remote working.

In restaurants, fast food has increased and fine dining has declined.

In big cities, home delivery of food has continued to increase, as have the number of outlets of different ready-to-eat meals.

Food sales at events have increased.

A significant proportion of restaurant sales has shifted to retail with the grocerant phenomenon. Flexible concepts of retail outlets include sushi, salad, Asian cuisine, stuffed bread and pizza services.



RESPONSIBILITY

Responsible food production

During the review period, HKFoods was working on the preparation of the sustainability report required by the EU Corporate Sustainability Reporting Directive (CSRD). During the review period, the company updated the double materiality assessment following the guidance provided by the European Finance Advisory Group (EFRAG) and started preparing its sustainability report based on the 2024 data. The figures presented in the sustainability report are in accordance with the sustainability

reporting standard, which differ from the key figures and their calculation methods previously used by the Group.

During the review period, the company also continued to implement measures and ongoing research projects related to the climate target renewed at the beginning of 2024. HKFoods joined Valio’s Food 2.0 partnership ecosystem, which aims to promote sustainable food production and improve

its profitability and international competitiveness. HKFoods also continued to promote responsible procurement and due diligence by introducing supplier management software. Furthermore, the company carried on preparing for the implementation of the EU Deforestation Regulation (EUDR).

Long value chain from farms to consumers

FARMS	SUPPLIERS	HKFOODS	CUSTOMERS	CONSUMERS
				
<div>Trusted, locally produced raw materials<ul style="list-style-type: none">• animal farming and welfare• farming and feeds</div>	<div>High-quality raw materials and services<ul style="list-style-type: none">• raw materials• packaging• energy, transportation, services and similar purchases</div>	<div>Reliably produced tasty food<ul style="list-style-type: none">• product development• procurement• production• sales and marketing</div>	<div>High-quality products and strong brands close to consumers<ul style="list-style-type: none">• retailers• food service• industrial customers• digital sales channels</div>	<div>Naturally nutritious food for consumers’ diverse food moments</div>

HKFoods promotes responsible food production in cooperation with the entire food chain.

The previous sustainability program ended in 2024 and the goals will be updated during 2025.

Nature

At the beginning of 2024, HKFoods updated the climate emissions calculation and climate target and timetable of its responsibility programme to better align with international climate work guidelines, calculation guidance and reporting standards. HKFoods Group aims to reach net zero for all greenhouse gas (GHG) emissions by 2050. The SBTi approved HKFoods’ short-term targets among the first Nordic food companies for both industrial energy (Industrial) and the land use sector (Forest, Land and Agriculture = FLAG). In addition, the company published the results of the GHG emissions calculation updated in line with the GHG Protocol Corporate Standard and the draft Land Sector and Removals Guidance for the land use sector.

People

HKFoods’ Code of Conduct and values guide the company’s operations and decision-making. HKFoods is committed to promoting the occupational wellbeing and safety of its employees through the Better Together and Safety First programmes. The aim is to create a safe and healthy working community with employee experience, inclusive corporate culture, continuous learning and wellbeing as key elements.

In 2024, HKFoods continued the development of its corporate culture through a quality culture project, with a particular focus on the development of existing

HKFoods’ responsibility programme focuses on two themes: nature and people.



processes, employee experience and leadership skills, and improving product quality through employee involvement.

HKFoods offers a wide range of training and development opportunities that contribute to the professional growth and wellbeing of employees. In 2024, employees were offered both internal and external training opportunities, such as language training and training leading to vocational qualifications. In addition, HKFoods promotes the overall wellbeing of its employees through internal wellbeing training and by developing cooperation with its long-term external partners. In 2024, the company launched a number of wellbeing models and support schemes aimed at supporting the physical, social and mental wellbeing of employees.

HKFoods makes goal-oriented efforts towards zero accidents at work, with the key objective of providing a safe workplace for its employees and for its partners operating in the units. HKFoods’ total lost time injury frequency rate in Finland and Poland (LTIR) for 01-12/2024 was 16.9 (19.3 for 2023).

In terms of occupational safety, HKFoods has focused on the harmonisation and development of critical processes. The focus has been on improving safety incident handling and forklift safety as well as the introduction of the new HESQ system. The company strives to clarify and streamline its processes related to safety management, reporting, incident handling and communication. The aim is to increase staff safety awareness, improve fire safety on the premises and develop data-driven management.

NATURE

Building a more climate-friendly way of producing food

We promote the targets of our responsibility programme throughout the entire food chain.
The sustainability program ended in 2024 and the goals will be updated during 2025.

Responsibility programme targets 2024	Results for continuing operations*
CLIMATE GOALS	
<p>HKFoods aims to achieve net zero for all greenhouse gas emissions by 2050</p> <p>Metric: Short-term targets 2022-2030 approved by SBTi:</p> <ul style="list-style-type: none"> Industrial operations and energy -42% (Scope 1 and 2) Industrial operations and energy -42% (Scope 3: 3.1., 3.3., 3.4., 3.9. and 3.15.) Land-based emissions, FLAG -30.3% (Scope 3: 3.1. Finnish meat) 	<ul style="list-style-type: none"> Industrial operations and energy (Scope 1 and 2): 0.021 MtCO₂e (+13% in 2022) Scope 2 emissions calculation is based on a market-based method Industrial operations and energy (Scope 3: 3.1., 3.3., 3.4., 3.9. and 3.15.): 0.101 MtCO₂e (+9% in 2022) Land-based emissions, FLAG (Scope 3: 3.1 Finnish meat): 1.014 MtCO₂e (-2% in 2022)
PACKAGING MATERIAL TARGETS	
<ul style="list-style-type: none"> 100% recyclable packaging by the end of 2030 80% renewable or recycled packaging materials by the end of 2030 	<ul style="list-style-type: none"> 64 % of packaging recyclable 31 % renewable or recycled materials
BIODIVERSITY	
<ul style="list-style-type: none"> We commit to increasing biodiversity in our food chain 	<p>Research and development work on biodiversity has continued in cooperation with the pilot farms.</p>

Our responsibility work related to nature's wellbeing contributes to the four UN Sustainable Development Goals (SDGs):



* The calculation includes the Finnish and Polish units as well as the results of the Finnish subsidiaries Kivikylän kotipalvaamo Oy and Lihatuokku Harri Tamminen Oy.



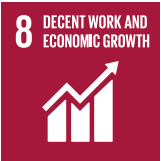
PEOPLE

We promote the safety and wellbeing of our employees

The safety, well-being and health of our employees is an essential part of our social responsibility. The sustainability program ended in 2024 and the goals will be updated during 2025.

Responsibility programme targets 2024	Results for continuing operations 2024*
SAFETY FIRST	
• Determined work towards zero accidents	• Accidents at work resulting in at least one day's absence 16.9 /million working hours
BETTER TOGETHER	
• Continuous promotion of personnel wellbeing	• Employee Net Promoter Score eNPS (not measured in 2024) • Absences 6.9% working hours

Our responsibility work on people’s wellbeing contributes to the three UN Sustainable Development Goals (SDGs):



* At the end of the Responsibility Programme in 2024, the Safety First and Better Together programmes for employees were conducted in Finland and Poland and only include the results for these countries. The HR programmes of the Finnish subsidiaries were not included in the targets of the Responsibility Programme.



HKFoods is a responsible food company

Strong commitment to climate work



2023 approved near-term industrial and land-based climate targets

Committed to UN sustainability initiatives

WE SUPPORT



SUSTAINABLE
DEVELOPMENT GOALS



Included in the
Nasdaq OMX
Sustainability Finland



Rated by independent
ESG ratings

ISS ESG Corporate
and QualityScore:



Listed as European Climate Leader
by Financial Times in 2021, 2022,
2023 and 2024

CASE



Flavoured Salt innovation

HKFoods has developed a new Flavoured Salt that has reduced the salt content of several HK® and Kariniemen® products by up to 25% while retaining the familiar taste.

Part of the salt in these products has been replaced by the new Flavoured Salt. There is no sodium in Flavoured Salt.

New Flavoured Salt consists of potassium chloride and flavourings. HKFoods has exclusive rights to it for the time being.

When the package has the Heart Symbol, the salt has been reduced to meet the criteria for the Heart Symbol

for this product group. The Heart Symbol indicates that the product is a better choice in its product group e.g. in terms of the amount of fat and salt.

The first renewed products were launched in January 2025.



CASE



Nature

In order to contribute to climate targets, GHG emissions reduction and climate change adaptation measures will play an important role in the coming years. During the 2024 growing season, projects were implemented on pilot farms as planned, including research on the use of recycled fertilisers, distributed fertilisation techniques, legume cultivation, use of catch crops, field water management and soil carbon sequestration. During the growing season, a pilot study was carried out to investigate the use of controlled drainage in fields and to observe the impact of their use on field water balance and winter wheat yield.

In summer 2024, a study on biodiversity, grazing, animal welfare and monitoring technology development was carried out in Friskalanlahti in Turku. As a result of the grazing, the biodiversity of the area improved, both in terms of insects and flora.

During the review period, HKFoods participated in the Finnish Government's Archipelago Sea Programme, which aims to reverse the diffuse pollution from agriculture into the Archipelago Sea.

HKFOODS

www.hkfoods.com