



HKFOODS

Remuneration Report **2025**

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Greetings from the Chairman of the Compensation Committee

Dear Shareholders,

On behalf of the Compensation Committee, I present HKFoods Plc's Remuneration Report for 2025. In this report, we describe the implementation of the Company's Remuneration Policy for the members of the Board of Directors, CEO and Deputy CEO. The report has been approved by the Board and will be presented at HKFoods' Annual General Meeting in 2026 for an advisory shareholder approval.

Despite a challenging operating environment, HKFoods continued to improve its profitability throughout the year. The company carried out financial arrangements by issuing new capital securities and redeeming the old ones, which resulted in significant interest savings and strengthened its financial position. During the financial year, the company also updated its strategy and long term financial targets. The future of the Polish production unit was assessed, and as a result, the unit located in Świnoujście, Poland, will continue operate as part of the HKFoods Group. We continue seeking new growth opportunities that support our current business and are in line with the Company's strategy.

In 2025, the Compensation Committee followed and implemented the Company's Remuneration Policy. Remuneration programs will continue to reflect the Company's remuneration principles. The remuneration of HKFoods is designed to drive the Company's long-term financial success, business strategy, and positive development of shareholder value. We aim to acknowledge and reward good performance and achievements and support value-based behavior. Our remuneration policy, practices, tools, and processes are designed to ensure that we are able to attract, retain, and motivate the competent workforce and senior management across the complex and long value chain in all our operating countries.

Our remuneration programs are fair, equal, and understandable. In addition, we encourage individuals and teams to promote a positive feedback culture to take accountability and lead their own performance by actively discussing targets and individual development with managers.

Our strategic, operative, and sustainability-related metrics are being set and followed in the annual short-term incentive plan. We will continue to develop our remuneration principles going forward to further drive the Company's long-term financial success, support a competence- and performance-based reward culture, and ensure that our employees are rewarded fairly, equitably, and transparently.



Ilkka Uusitalo
Chairman of the Compensation Committee

Composition of the Compensation Committee in 2025

Members of the Compensation Committee:

- Ilkka Uusitalo (Chairman)
- Reijo Kiskola
- Jari Mäkilä
- Lauri Sipponen

The meetings of the Compensation Committee were minuted by the HR Director Anu Heikkilä.

Compensation Committee's key activities in 2025

- Evaluation of the CEO's and Group Executive Team's performance and compensation levels for 2024.
- Preparation of Company's short-term incentive plans for 2025 and 2026
- Evaluation of the outcomes of the CEO's long-term incentive plan.
- Finalisation and approval of the Remuneration Report 2024.

Introduction

This Remuneration Report describes the implementation of HKFoods Plc's (HKFoods or Company) Remuneration Policy in 2025 and presents the remuneration of the members of the Board of Directors (Board), CEO and Deputy CEO for the financial year 2025. This report also describes the trend in employees' average salary and the Company's financial performance over the last five years compared with remuneration paid to the CEO and Board members.

This report has been prepared in accordance with the requirements set forth in the Finnish Limited Liability Companies Act, Securities Markets Act, Decree of the Ministry of Finance on the remuneration policy and remuneration report of a share issuer, and the Finnish Corporate Governance Code that entered into force on 1 January 2025. The report will be addressed and submitted for advisory adoption at the AGM 2026.

Application of the Remuneration Policy in 2025

The Remuneration Policy outlines the remuneration structure for the Board members, the CEO and the Deputy CEO. The Policy was presented and approved by an advisory resolution at the AGM 2024, and it will apply until the AGM 2028 unless a revised remuneration policy is presented to the AGM before that. The Compensation Committee will periodically review the Remuneration Policy to ensure that it is aligned with the Company's key strategic targets. The Remuneration Policy is presented to the AGM for an advisory vote at least once every four years.

The remuneration of the CEO, Deputy CEO and Board members during the financial year 2025 was executed in accordance with the adopted Remuneration Policy. The policy remains fit for purpose and achieves the key remuneration principles of ensuring the execution of our strategy, driving performance and encourage value-based behavior, being attractive and fair and encouraging individual and team accountability.

No deviations from the Remuneration Policy have been made and no remuneration of the Board, CEO or Deputy CEO has been reclaimed or restated during the financial year 2025.

Overview of Company's Financial Performance and Remuneration

HKFoods' strategic objective is profitable and sustainable growth, as well as a strong presence in consumers' food moments as a valued partner. The focus areas of HKFoods' updated strategy are growth in selected food moments, operational excellence, competent and healthy personnel, and a sustainable value chain.

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' comparable EBIT improved due to company's efficiency programme, better sales structure and increased production efficiency. The company will continue to focus on improving the competitiveness of its core business and the profitability of its operations, as well as commercial activities.

In 2025, profitability was negatively impacted by the food industry strike and the overtime and shift-change bans related to labour market negotiations. In addition, the shortage of beef significantly increased its purchase price, and the cool early summer slowed down the start of the barbecue season. In the short term, improving profitability remains HKFoods' key priority. Targets related to profitability, growth, cost efficiency, and productivity remain the basis for performance management and remuneration targets in the short term.

Summary of HKFoods' remuneration development and Company performance from continuing operations over the last five financial years

	2021	2022	2023	2024	2025
CEO total remuneration EUR	997,560	2,034,515	683,149	827,098	762,265
Ruohola Juha, CEO ¹		148,442	683,149	827,098	762,265
Hemmilä Tero, Previous CEO ²	997,560	1,886,073			
Total Board remuneration EUR	454,600	470,160	469,650	544,292	546,915
Current Board members					
Kiskola Reijo, Chairman	118,400 ³	122,600	125,300	135,000 ³	129,700 ³
Mäkilä Jari, Vice Chairman	57,300 ³	57,000	57,800	65,350 ³	72,200 ³
Tuomi Terhi, Member	49,500 ³	51,200	49,500	51,450 ³	49,500 ³
Uusitalo Ilkka ⁴ , Member	34,200 ³	36,700	33,850	61,610 ³	69,850 ³
Niclas Diesen, Member				40,050 ³	50,800 ³
Lauri Sipponen, Member				40,700 ³	61,200 ³
Sami Yski, Member				40,700 ³	50,800 ³
Henriksson Outi, Member					46,750 ³
Previous Board members					
Suutari Harri, Member	52,800 ³	52,600	52,100	15,417	
Nyman Per Olof, Member	52,400 ³	54,500	55,150	16,665	
Koutonen Anne, Member	57,000 ³	61,200	62,100	68,400 ³	16,115
Thorwid Carl-Peter, Deputy Member	33,000 ³	9,210			
Conradsson Ove, Deputy Member		22,150	33,850	8,950	
Employee salary on average⁵ EUR	54,590	54,211	55,989	57,251	58,005
Net Sales, EUR million	778	877	933	1,002	996
Comparable EBIT, EUR million	-2.1	-7.3	11.6	27.7	34.1

¹ Ruohola Juha as of 29 September 2022.

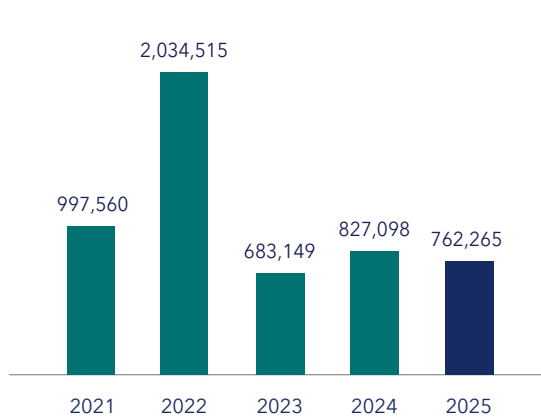
² Hemmilä Tero 4 February 2019 to 29 September 2022; Hemmilä's total compensation in 2022 includes his pay for the period of notice and severance pay.

³ The annual fees were partly paid in Company shares and partly in cash so that 25% of the remuneration was in Company shares acquired on the market on the Board members' behalf, and the rest was paid in cash.

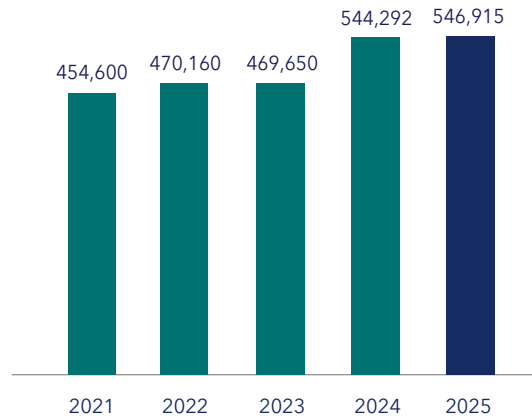
⁴ Uusitalo Ilkka deputy member until 18 April 2024.

⁵ Salaries and fees (incl. social cost) divided by FTE; excluding rented personnel.

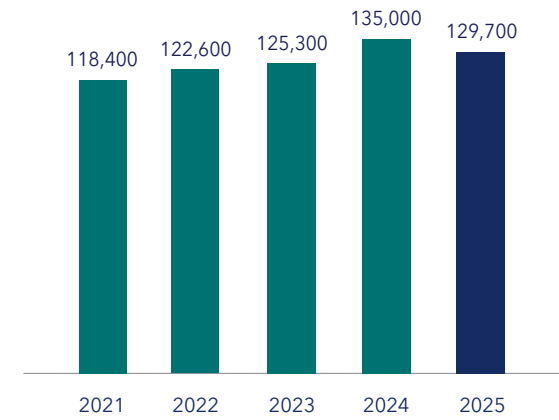
CEO total remuneration EUR



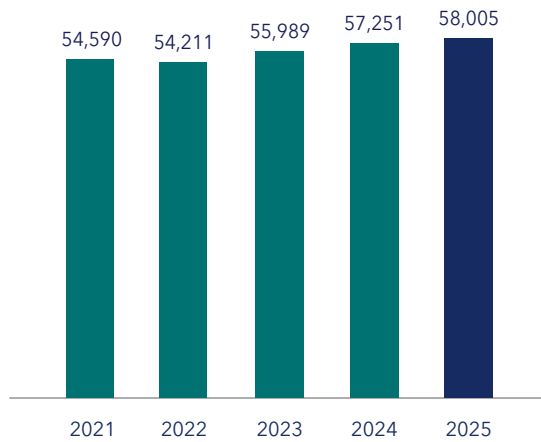
Total Board remuneration EUR



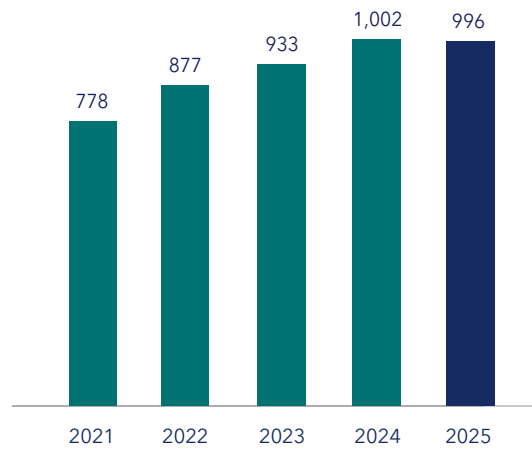
Chairman of the Board total remuneration EUR



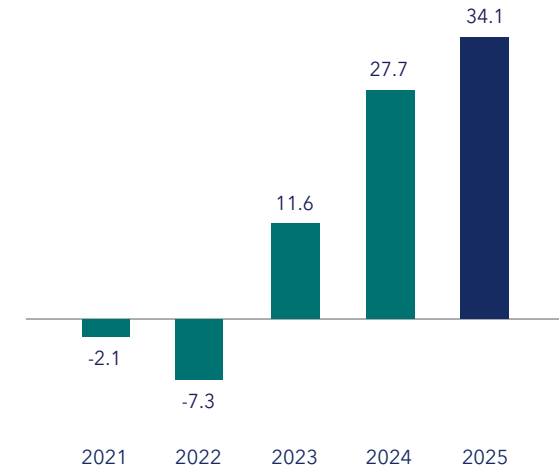
Employee salary on average EUR⁵



Net sales, EUR million



Comparable EBIT, EUR million



Remuneration of the Board of Directors

The AGM decides on the remuneration of the Board members for one term of office at a time, based on a proposal by the Shareholders' Nomination Board. The amount of the annual remuneration payable to the Board members remained at the 2024 level: to a Board member EUR 30,000, to the Vice Chairman of the Board EUR 37,500, to the Chairman of the Board EUR 70,000, and to a deputy member of the Board EUR 15,000. The annual remuneration was paid in cash or partly in Company shares and partly in cash so that 25% of the remuneration was in Company shares acquired on the market on the Board members' behalf, and the rest was paid in cash.

The annual remuneration of the Committee Chairmen was paid as follows: to the Chairman of the Audit Committee EUR 15,000 and to the Chairmen of the Compensation, Working and Special Committees EUR 5,000. A compensation of EUR 650 per meeting was paid to all the Board members for each attended Board and Board Committee meeting, and a compensation of EUR 300 for a meeting or occasion requiring their attendance as a Board member. Travel expenses of the Board members were compensated according to the Company's travel policy.

Board remuneration as resolved by the AGM 2025:

Position	Annual base fee in 2025, EUR
Chairman of the Board	70,000
Deputy Chair of the Board	37,500
Board Member	30,000
Deputy Board Member	15,000

Committee	Annual fee of Chair, EUR	Meeting fee, EUR
Audit Committee	15,000	650
Compensation Committee	5,000	650
Working Committee	5,000	650
Special Committee	5,000	650

Board remuneration in 2025

Board member	Annual base fee in shares, EUR	Number of shares purchased as part of annual fee	Annual committee meeting fees, EUR	Total remuneration, EUR	Chairman of the Committee
Kiskola Reijo, Chairman	19,999	12,295	27,300	129,700	Working committee, Special Committee
Mäkilä Jari, Vice Chairman	9,374	5,763	23,400	72,200	
Diesen Niclas	7,499	4,610	10,400	50,800	
Sipponen Lauri	7,499	4,610	20,800	61,200	
Tuomi Terhi	7,499	4,610	9,100	49,500	
Uusitalo Ilkka	8,749	5,379	17,550	69,850	Compensation Committee
Yski Sami	7,499	4,610	10,400	50,800	
Koutonen Anne ¹			3,250	16,115	
Henriksson Outi ²	11,250	6,916	5,850	46,750	Audit Committee

¹ Board member and the Chairman of the Audit Committee until 23 April 2025.

² Board member and the Chairman of the Audit Committee as of 23 April 2025

Remuneration of the CEO

CEO's total remuneration 2025

EUR	Base salary	Short-term Incentive ¹	Long-term Incentive ¹	Benefits	Pension ²	Total
Juha Ruohola	560,401	70,000	-	23,864	108,000	762,265

¹ FY 2025, the relative share of the incentives was 9% of the total remuneration. Due remuneration to be paid in 2026 is EUR 43,200.

² Pension paid as a cash allowance for acquiring the pension.

In 2025, Juha Ruohola's remuneration consisted of fixed components, such as fixed base salary and fringe benefits, supplementary defined contribution pension, and variable components including short- and long-term incentives.

In addition to the Finnish statutory pension plan, the CEO Juha Ruohola is covered by a supplementary defined contribution pension plan, which provides a retirement benefit based on the accrued savings capital. The supplementary pension plan is financed in full by the employer and the contribution is 20% of annual salary. If the CEO's contract ends before retirement age, he is entitled to retain the accrued savings. The retirement age will be determined by the Finnish statutory pension plan for the CEO Juha Ruohola.



Briefly on the CEO's Remuneration Policy

The Remuneration Policy provides a total remuneration structure that aligns the remuneration of the CEO with the delivery of HKFoods' long-term strategy. The following table describes the content of the CEO's remuneration policy at a glance. The full Remuneration Policy is available on HKFoods' website.

Element	Purpose and link to strategy	Description
Fixed compensation	Provides a core compensation for the role and attracts and retains the key talent with the required skills and experience to lead the Company and to deliver its short-term results as well as long-term strategic priorities.	<p>May include a monetary base salary and various taxable fringe benefits, such as a company car, housing, and a phone.</p> <p>The fixed base salary is typically reviewed annually.</p> <p>The Compensation Committee may consider various factors when setting and reviewing the base salary, including market benchmark data and individual's experience, development, and performance in the role, for example.</p>
Pension	Provides a retirement benefit in addition to the statutory pensions in line with market practice.	In addition to the statutory pension plan, the CEO may be covered by a supplementary defined contribution pension plan, which provides a retirement benefit based on the accrued savings capital.
Short-term incentives (STI)	To reward and incentivise achievement of challenging financial and, when appropriate, non-financial performance targets aligned with key strategic priorities of the year.	<p>The STI plan terms, performance measures, weightings, and targets are set annually by the Board. These can vary each year to align with the Company's strategic priorities and usually consist of, but are not limited to, financial objectives, completion of certain projects, or other non-financial or qualitative targets deemed relevant by the Board.</p> <p>Performance is typically measured for a one-year performance period against the pre-defined targets set by the Board. Performance is evaluated by the Board following the end of each performance period.</p> <p>STI reward is capped annually at a maximum of 60% of the fixed annual base salary.</p>
Long-term incentives (LTI)	To reward and incentivise over a longer period for sustained performance, commit the CEO to the Company and align the CEO's interests with those of shareholders.	<p>The commencement of the share-based long-term incentive plan requires a shareholder decision after which the Board shall decide on the terms and conditions of the LTI plan. Performance measures, related targets, and weightings are set by the Board for each commencing LTI plan. Performance measures typically include but are not limited to, financial, share-price-related, sustainability, or other targets deemed relevant by the Board.</p> <p>LTI reward is typically paid in the Company's shares unless other remuneration format is specified. The LTI plan period shall be no less than three years.</p> <p>The annualised fair value of the LTI reward is capped at a maximum of 150% of the annual fixed base salary at the grant. The Board may, at its discretion, further decide to set a maximum cap in euros for the LTI reward and therefore reduce the number of shares to be delivered, if the participant's LTI reward exceeds the maximum cap at the delivery date.</p>
Other financial benefits	To provide a suitable and reasonable set of benefits.	<p>Other financial benefits are provided in line with the relevant market practice and in accordance with the Company's practices in force at the time.</p> <p>Other financial benefits may include, but are not limited to, e.g. health services and insurances.</p>
Shareholding requirement	Encourages to accumulate shareholding in the Company and aligns the interests of the CEO and shareholders.	The Board recommends that the CEO holds 50% of all the shares received from the LTI plan until the value of share ownership equals the individual's annual salary. This shareholding should be retained for the duration of service. The Board may amend its recommendations at any time.

CEO's Short-term incentives

HKFoods' Board of Directors decides on the CEO's short-term incentive plans, including terms and conditions of the plan. The Board sets and evaluates annually the performance measures used in the incentive plan for the CEO.

Short-term incentive 2024 (paid in 2025)

For 2024, the Board set three performance criteria for the CEO related to key strategic targets, which aimed to strengthen the Company's balance sheet and increase financial flexibility. The maximum amount of the CEO's reward for the performance period was EUR 150,000. At the Board's discretion, the achievement of the target was 46,7% and the incentive paid in spring 2025 was EUR 70,000.

The performance criteria, weightings, and outcomes under the short-term incentive plans are presented in the table below.

Earning period	STI 2024 (paid in 2025)
Maximum reward % of annual base salary	27,47%
Performance criteria 1	Divestment of the Danish operations
Weight	33,33%
Performance criteria 2	Implementation of the changes in the Group structure
Weight	33,33%
Performance criteria 3	New financing solution to ensure continuity of the Company's financing
Weight	33,33%
Actual reward % of annual base salary	12,82%

Short-term incentive 2025 (paid in 2026)

The short-term incentive plan 2025 offers the CEO a possibility to earn a reward in euros for achieving the required performance level set by the Board. For 2025, the Board set an EBIT target and two performance criteria for the CEO related to key strategic targets, which aimed to strengthen the Company's balance sheet and increase financial flexibility. In addition, an ESG target was set for the CEO. The maximum amount of the CEO's reward for the performance period was EUR 216,000. At the Board's discretion, the achievement of the target was 20% and the incentive paid in spring 2026 is EUR 43,200.

The performance criteria, weightings, and outcomes under the short-term incentive plans are presented in the table below.

Earning period	STI 2025 (paid in 2026)
Maximum reward % of annual base salary	40%
Performance criteria 1	Comparable EBIT
Weight	70%
Performance criteria 2	Project focusing on improving production efficiency
Weight	15%
Performance criteria 3	Strategic assessment of the Polish operations
Weight	10%
Performance criteria 4	Reducing workplace accident-related absences
Weight	5%
Actual reward % of annual base salary	7.71%

CEO's Long-term incentives

HKFoods' Board of Directors decides and implements long-term incentive plans and their earning opportunities for the CEO in accordance with the terms and conditions of the plan and the Company's Remuneration Policy. The long-term incentive plan aims to commit the CEO to the Company, align the CEO's interests with those of shareholders, and enable the Company's long-term successful performance.

All long-term incentive plans include the requirement of continuance of service upon award payment in order to be qualified to receive the potential award. Also, the CEO should retain at least 50% of all shares received as an award until the value of shareholding equals his/her annual base salaries during the validity of service.

Long-term Incentive Plan 2019-2021

The CEO Juha Ruohola was entitled to the LTI 2019-2021 plan, which included both a Performance Share Plan and a Restricted Share Plan. The Performance Share Plan 2019-2021 had one two-year performance period (2019-2020) and one one-year performance period (2021). The performance measure for the performance period 2019-2020 was cumulative cash flow from operating activities. The achievement level of this two-year period was 75%. The earning criterion for the performance period 2021 was EBIT. The criterion was not met and thus, there was no pay-out for this period.

The main structure was complemented with a Restricted Share Plan 2019-2021 with one three-year vesting period, and the plan included a financial criterion that is measured based on the average achievement of a three-year period ROCE. The cumulative ROCE was positive and thus the earning criterion for the period was met.

LTI 2019-2021

Performance Period 2019-2020:
75% outcome for Operative Cash Flow.

Performance Period 2021:
Outcome based on EBIT 2021.
Performance for 2021 was below threshold.

Restricted Share Plan 2019-2021:
Rewards earned if average ROCE 2019-2021 is positive.
The performance measure was positive.

The performance/vesting periods of the Company's long-term incentive plan 2019-2021 have ended. HKFoods informed in April 2021 on the Board's decision to change the payment schedule of LTI 2019-2021 to ensure relative alignment of rewards with the Company's long-term performance and shareholder returns. According to the new payment schedule, part of the rewards for LTI 2019-2021 earned were paid during 2022-2023, with the remainder deferred and paid during 2024-2025. The deferred rewards will be paid based on the minimum requirements set by the Board on the Company's total shareholder return (TSR) and profitability. The Board has set a maximum limit on the cost of deferred reward.

The minimum requirements for the deferred rewards for 2024-2025 were not met and thus, no deferred rewards were paid in 2024-2025.

Long-term incentive plan 2023-2027

In April 2023, HKFoods announced a new Performance Share Plan for the CEO with one five-year performance period covering the financial years 2023-2027. The potential rewards based on the plan will be paid in three instalments, by the end of May 2026, May 2027 and May 2028. The rewards of the plan are based on EBIT 2023 (10% weight), EBIT 2024 (10% weight), EPS during 2023-2027 (50% weight) and the Company's debt service capacity during 2023-2027 (30% weight).

The achievement level of the earning criterion based on EBIT 2023 was 77%, and the total number of shares earned with a 10% weighting was 149,139 shares. The achievement level of the earning criterion based on EBIT 2024 was 100%, and the total number of shares earned with a 10% weighting was 194,445 shares. The earned reward will be paid out in 2026-2028.

The rewards payable based on the performance period 2023-2027 correspond to the value of approximately 1.9 million HKFoods Plc shares in maximum total, including the cash portion. The reward payable on the basis of the Performance Share Plan will be capped if the limits set by the Board for the reward payable for the performance period 2023-2027 are reached.

Long-term Incentive Plan	2023-2027
Allocated shares	
Maximum number of shares granted (gross)	1,944,445
Grant date	3.4.2023
Share price at grant, EUR	0.781
Shares earned	
Number of shares earned (gross)	343,584
Shares to be delivered in 2026-2028*	
Number of shares delivered (gross)**	343,584

*The total number of shares to be delivered will be confirmed at the time of payment in 2026.

**The net amount, after taxes, is estimated to be approximately half of the gross number of shares.

Remuneration of the Deputy CEO

Deputy CEO's total remuneration 2025

EUR	Base salary	Short-term Incentive¹	Benefits	Pension²	Total
Markku Suvanto	314,748	99,540	4,555	60,000	478,843

¹ FY 2025, the relative share of the incentives was 21% of the total remuneration. Due remuneration to be paid in 2026 is EUR 25,200.

² Pension paid as a cash allowance for acquiring the pension.

In 2025, Markku Suvanto's remuneration consisted of fixed components, such as fixed base salary and fringe benefits, supplementary defined contribution pension, and variable component in the form of a short-term incentive.

In addition to the Finnish statutory pension plan, the Deputy CEO Markku Suvanto is covered by a supplementary defined contribution pension plan, which provides a retirement benefit based on the accrued savings capital. The supplementary pension plan is financed in full by the employer and the contribution is 20% of annual salary. If the Deputy CEO's contract ends before retirement age, he is entitled to retain the accrued savings. The retirement age will be determined by the Finnish statutory pension plan for the Deputy CEO Markku Suvanto.

HKFOODS

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