

HKFOODS

Interim Report January–September 2024

Juha Ruohola, CEO

Mika Tilli, CFO

6 November 2024

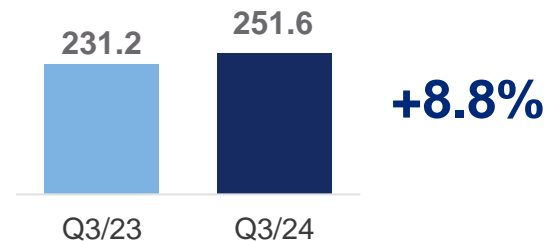


Q3/2024: HKFoods' continuing operations showing clear growth in net sales and comparable EBIT

Net sales

- HKFoods increased its sales through successful commercial measures and its comprehensive product portfolio
- Sales to the food service channel showed strong development and HKFoods strengthened its market position

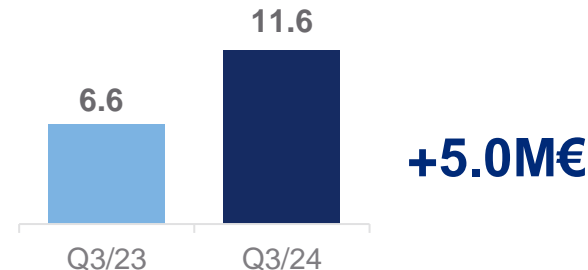
Net sales, M€, continuing operations



EBIT

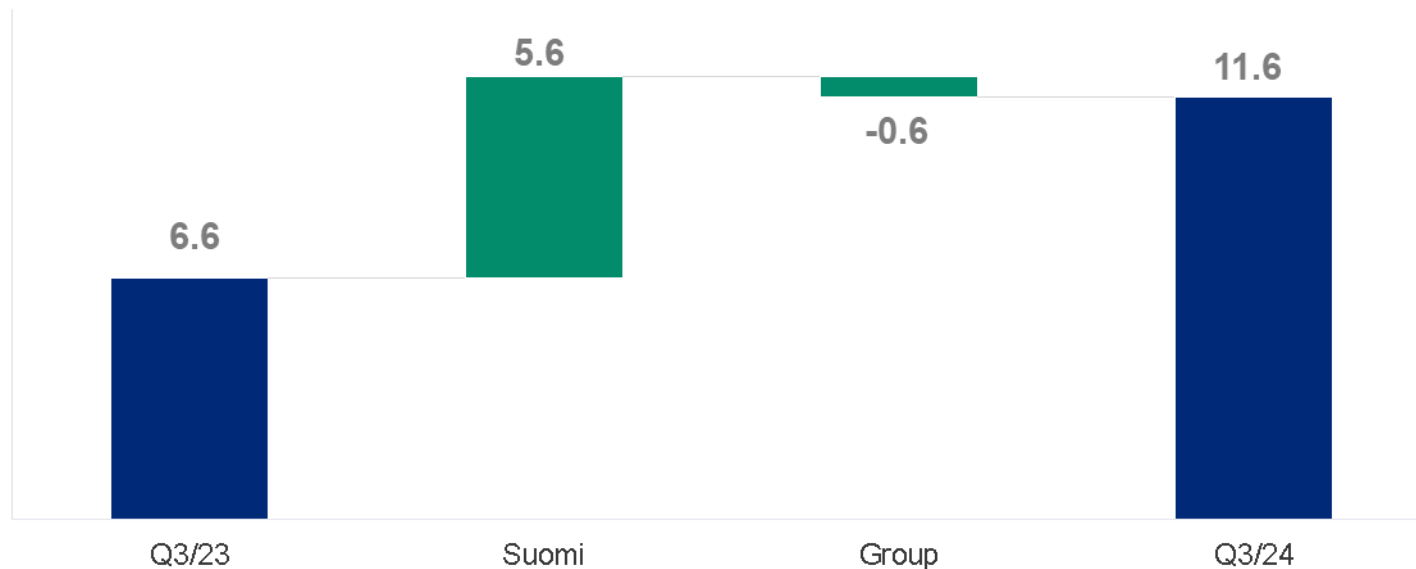
- HKFoods increased its profitability through successful commercial measures, production efficiencies and cost savings
- Cost levels remained high
- Retail sales developed positively
- The investment in the Rauma poultry cutting department has exceeded the targets set for improving production efficiency

Comparable EBIT, M€, continuing operations



Q3/2024: Comparable EBIT from continuing operations was 11.6M€

Change of comparable EBIT, M€, continuing operations



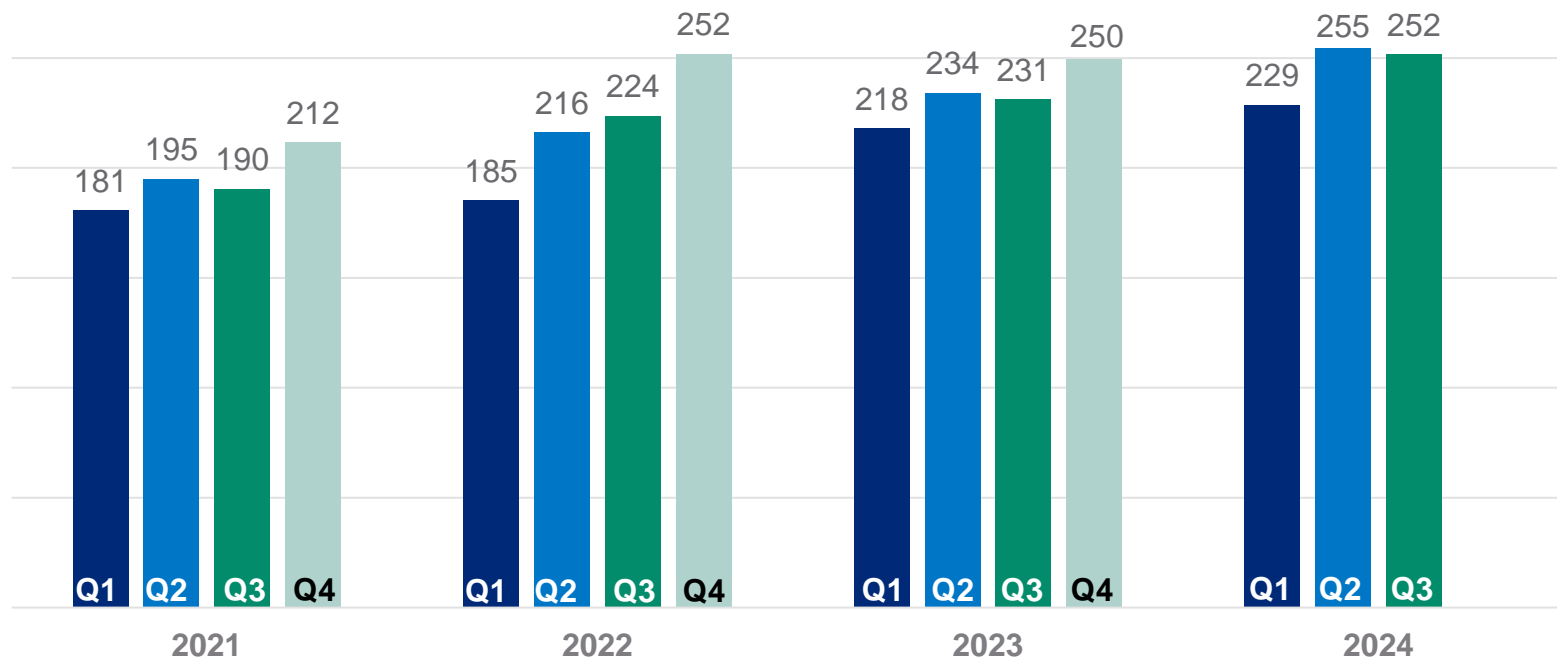
Quarterly net sales, M€, continuing operations

Year 2021:
778.0 M€

Year 2022:
877.2 M€

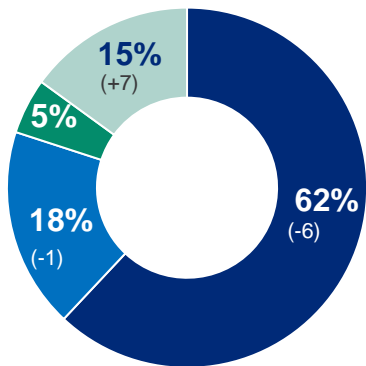
Year 2023:
933.0 M€

1-9/2024:
735.0 M€



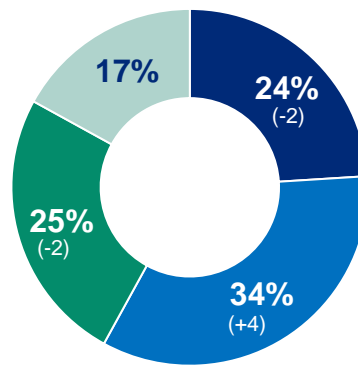
Net sales breakdown Q3 2024, continuing operations

Sales channels



- Retail
- Food service
- Industry
- Export

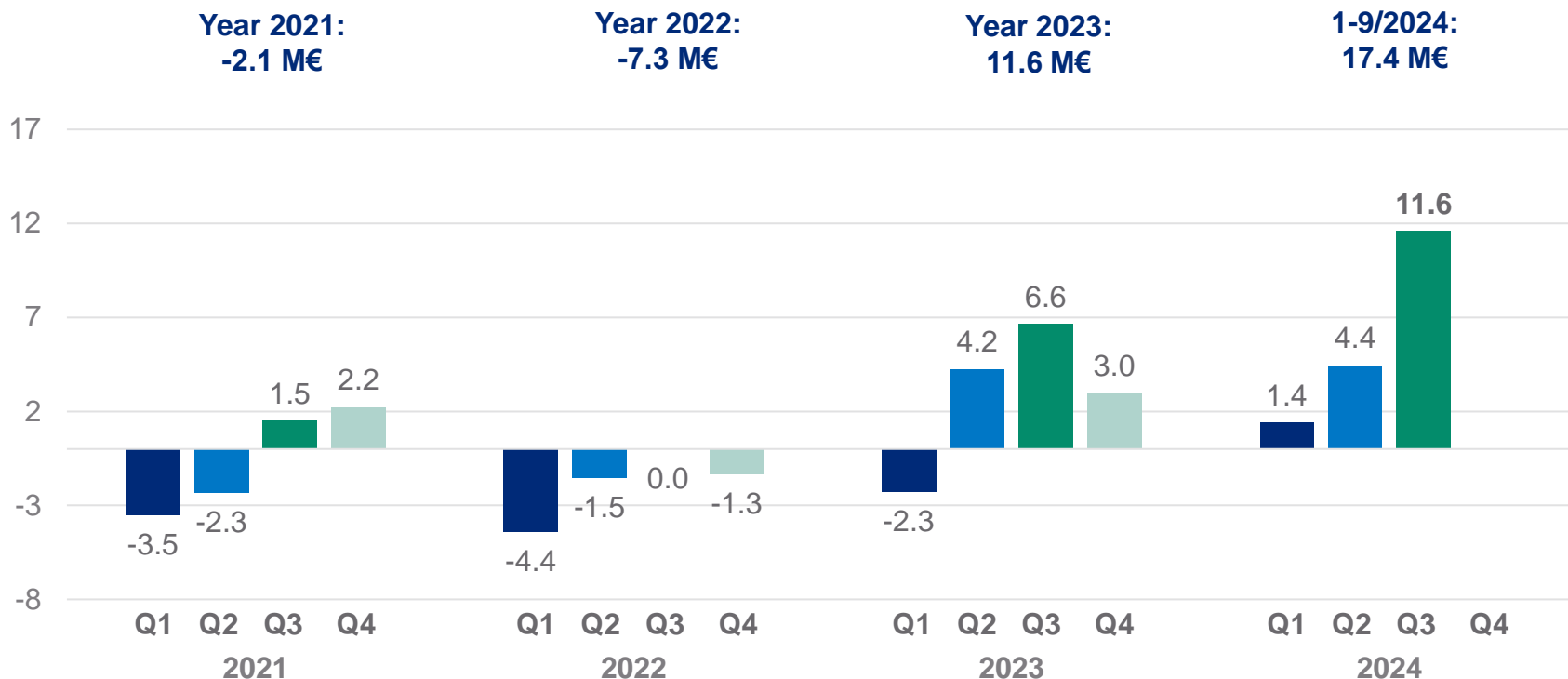
Categories



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

- Changes in percentage points vs. Q3/2023 in parantheses
- Sales from Poland's bacon unit to Sweden are reported as external sales

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

HKFoods sold its Danish business

- On 2 May 2024, the company signed an agreement to sell the shares of its Danish business to Plukon Food Group B.V. from the Netherlands
- The sale was closed on 31 October 2024 after the Danish competition authorities approved the transaction
- The debt-free purchase price was EUR 44.6 million
- The cash portion of the purchase price paid in a one-off payment was EUR 36.6 million at the time of closing
- As a result of this and the liabilities to be transferred, the net gearing ratio is expected to decrease by around 16 percentage points
- The Danish business will be presented as a discontinued operation



HKFoods invests in ready meal production at Vantaa unit

- In September HKFoods decided on a significant strategic investment of approximately EUR 5 million in the meal production of its Vantaa unit
- The investment is HKFoods' response to the growing demand for ready meals in both the retail and food service sectors
- The new technology, high-quality products produced on the line will be launched in the summer of 2025



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

- HKFoods has centralised its poultry meat packaging operations in Finland from Eura to Rauma and Forssa
- In March, the company 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, HKFoods will improve its profitability by increasing the added value of its products and respond to the growing consumer demand for quick and easy cooking



HKFoods to launch Finnish poultry exports to China in late 2024

- HKFoods will start exporting poultry meat from Finland to China in late 2024, following an export licence for HKFoods' Rauma unit
- The export licence obtained by HKFoods on 30 October 2024 is a significant addition to HKFoods' extensive export rights. HKFoods currently exports Finnish pork to China.
- The products exported to China are mainly chicken toes and wings
- Over the past few years, HKFoods has invested in the growth of the Rauma unit, also in terms of exports



Outlook for 2024

On 26 September 2024 HKFoods updated its financial guidance for 2024 due to the positive performance of its continuing operations.

Updated guidance for 2024:

HKFoods expects that the Group's comparable EBIT 2024 from continuing operations will grow clearly compared to 2023.

HKFoods now estimates that the Group's comparable EBIT in 2024 will be EUR 22–25 million. The Group's comparable EBIT for the Group's continuing operations 2023 was EUR 11.6 million.

Previous guidance published on 9 February 2024:

In 2024, HKFoods estimates that the Group's comparable EBIT from continuing operations will improve compared to 2023.

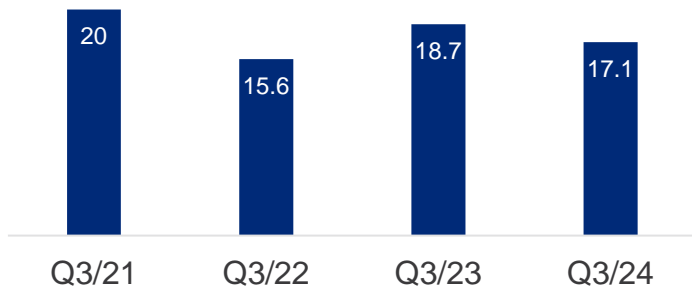


HKFoods' responsibility work themes



Goal-oriented work towards zero accidents at work

Incident frequency, LTIR
Continuing operations, rolling 12M average*



*lost-time incidents per million working hours

Safety First



Financial Review



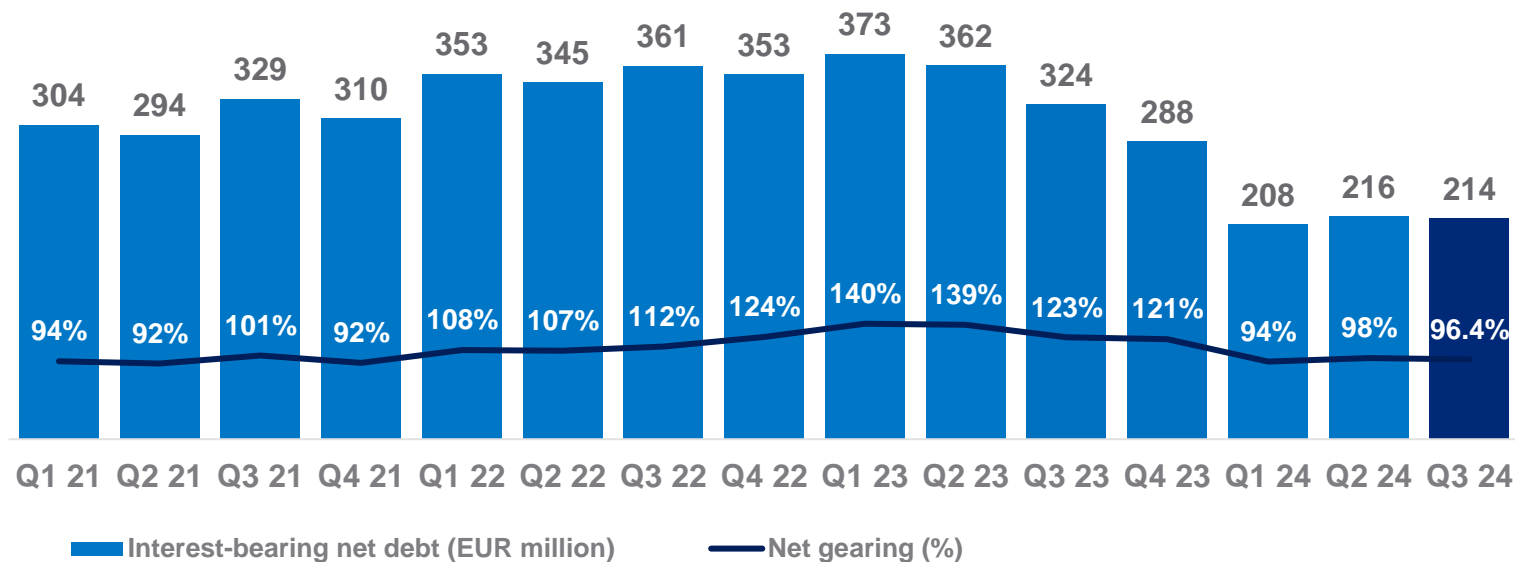
Key figures, continuing operations:

EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	2023
Net sales	251.6	231.2	735.0	683.3	933.0
EBITDA	19.2	14.9	39.4	34.4	45.1
EBIT	11.6	7.1	15.9	11.1	14.3
- EBIT margin, %	4.6	3.1	2.2	1.6	1.5
Comparable EBIT	11.6	6.6	17.4	8.6	11.6
- EBIT margin, %	4.6	2.9	2.4	1.3	1.2
Profit for the period	6.4	0.2	0.9	-10.1	-17.3
EPS, EUR	0.05	-0.01	-0.03	-0.14	-0.24
Comparable EPS, EUR	0.05	-0.02	-0.02	-0.17	-0.27

Key figures

EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	2023
Cash flow from operating activities, incl. discontinued operations	7.5	3.5	22.4	17.6	50.6
Cash flow after investing activities, incl. discontinued operations	6.8	34.9	77.4	33.1	73.3
Return on capital employed (ROCE) before taxes, %, incl. discontinued operations			-2.4	0.0	3.0
Interest-bearing net debt			213.8	323.8	287.9
Net gearing, %			96.4	123.3	121.0

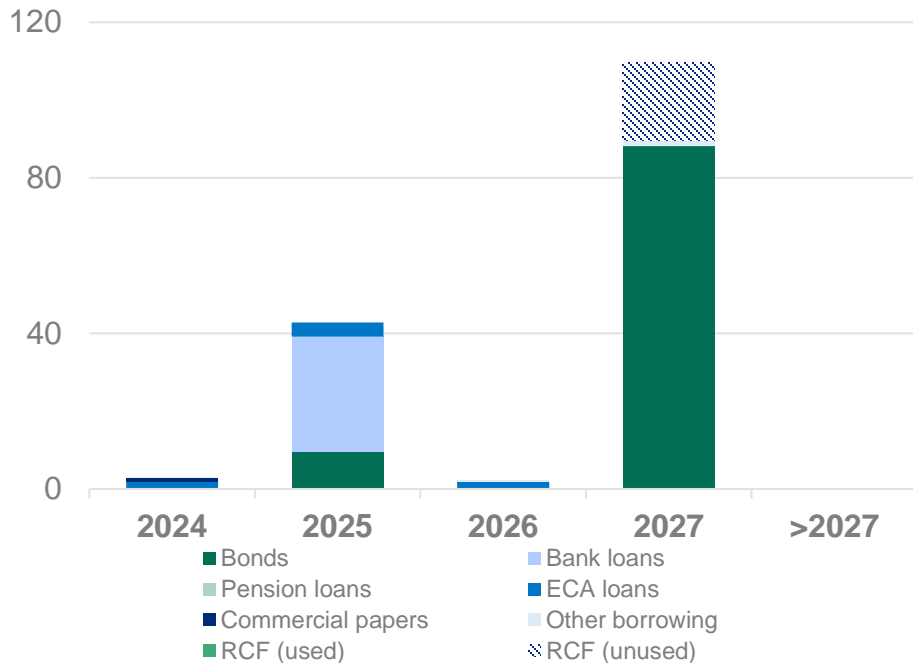
Interest-bearing net debt and net gearing



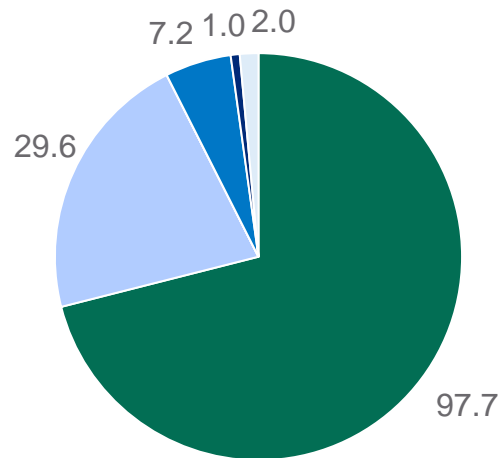
*The net gearing ratio limit is 115 per cent for bank loans in the end of September 2024.
The net gearing ratio limit for the new bond is 120 per cent.*

Debt profile and maturity structure as of 30 September 2024

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



Interest-bearing debt by credit type, M€*



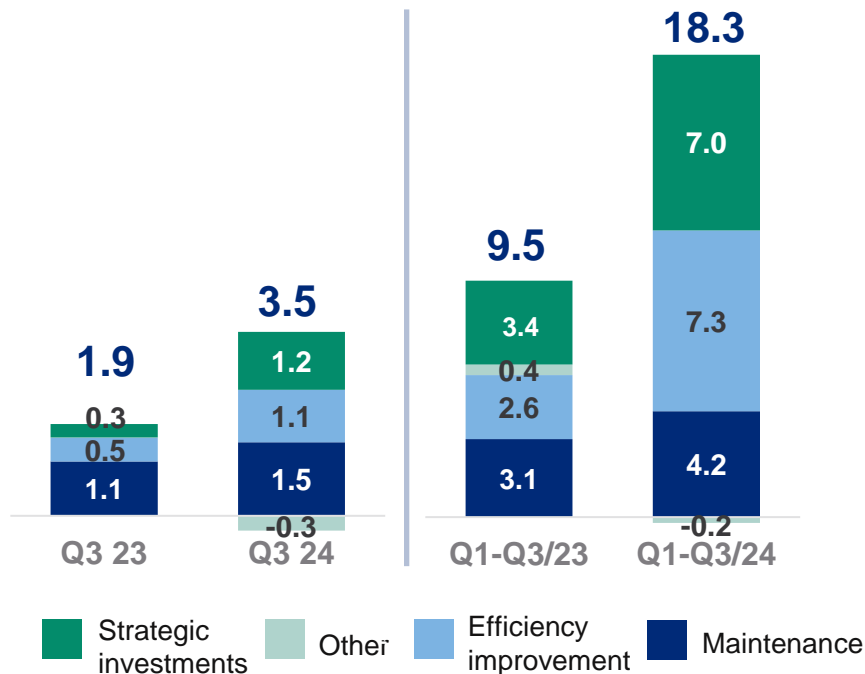
**Total interest-bearing debt without IFRS 16:
EUR 137.6 million**

*Without lease liabilities

*EUR 26 million hybrid bond is treated as equity

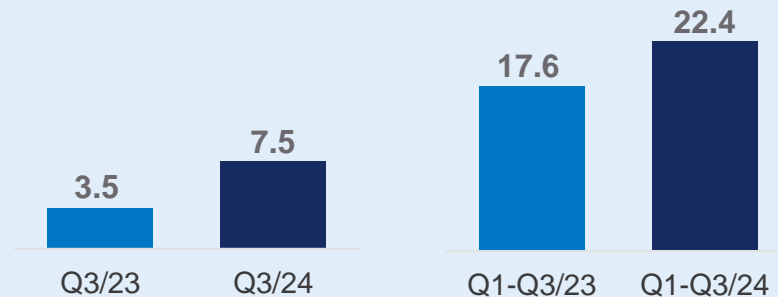
Investments

Group investments, M€, continuing operations

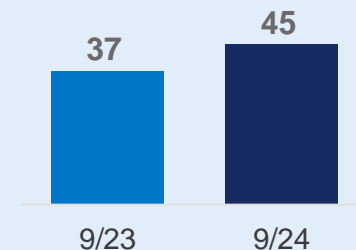


Cash flow and working capital

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



Working capital, M€, incl. discontinued operations*



*9/23 incl. Sweden's -7 M€

Examples of novelties in autumn 2024



Examples of novelties in autumn 2024



Easy everyday cooking for consumers



FRESH • AUTHENTIC • TASTY
via



HKFoods will publish the following financial reports in 2025:

- Financial Statements Bulletin 2024: 14 Feb 2025
- Q1 Interim Report: 7 May 2025
- Half-Year Financial Report 2025: 6 Aug 2025
- Q3 Interim Report: 5 Nov 2025



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life tastier*
- today and tomorrow

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