

# HKSCAN

## HKScan Corporation

Listing of  
EUR 90,000,000 Notes due 2025  
The Notes are represented by units in denominations of EUR 1,000

On 24 March 2021, HKScan Corporation ("**HKScan**" or the "**Issuer**") issued senior unsecured notes with an aggregate principal amount of EUR 90 million (the "**Notes**") to professional clients, eligible counterparties and retail clients (each as defined in Directive 2014/65/EU, as amended, "**MiFID II**"). The Notes are represented by units in denominations of EUR 1,000. The Notes were offered for subscription in a minimum subscription amount of EUR 100,000. The rate of interest of the Notes is 5.000 per cent per annum. This document (this document and the documents incorporated herein by reference jointly referred to as the "**Listing Prospectus**") has been prepared by HKScan, a public limited company incorporated in Finland. This Listing Prospectus has been prepared solely for the purpose of admission to trading of the Notes on the official list of Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**") (the "**Listing**") and does not constitute any public offering of the Notes.

This Listing Prospectus has been drawn up in accordance with the Regulation (EU) 2017/1129 of the European Parliament and of the Council, as amended (the "**Prospectus Regulation**"), the Commission Delegated Regulation (EU) 2019/979, the Commission Delegated Regulation (EU) 2019/980 (the "**Delegated Regulation**") in application of Annexes 6 and 14 thereof, the Finnish Securities Markets Act (14 December 2012/746, as amended) (the "**Finnish Securities Markets Act**") and the regulations and guidelines of the Finnish Financial Supervisory Authority (the "**FIN-FSA**"). The FIN-FSA, which is the competent authority for the purposes of the Prospectus Regulation in Finland, has approved this Listing Prospectus (journal number FIVA 8/02.05.04/2021). The FIN-FSA has only approved this Listing Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, and such approval shall not be considered as an endorsement of the Issuer or as an endorsement of the qualities of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes. This Listing Prospectus has been drawn up as a single document in accordance with Article 24 of the Delegated Regulation.

Application has been made for the Listing of the Notes, and the Listing is expected to take place on or about 25 March 2021. The validity of the Listing Prospectus expires when the Listing of the Notes has taken place. The obligation to supplement the Listing Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Listing Prospectus is no longer valid.

The distribution of this Listing Prospectus may, in certain jurisdictions, be restricted by law, and any of said documents may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No actions have been taken to register or qualify the Notes, or otherwise to permit a public offering of the Notes, in any jurisdiction. The Issuer and the Joint Lead Managers (defined hereafter) advise persons into whose possession the Listing Prospectus comes to inform themselves of and observe all such restrictions. None of the Issuer or the Joint Lead Managers accepts any legal responsibility for any violation by any person, whether or not a prospective purchaser of Notes is aware of such restrictions. In particular, the Notes may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States, Canada, New Zealand, Australia, Japan, Hong Kong, Singapore, South Africa or any other jurisdiction in which it would not be permissible to offer the Notes and the Listing Prospectus may not be sent to any person in the aforementioned jurisdictions.

The Notes have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state of the United States. The Notes may not be offered, sold, pledged or otherwise transferred directly or indirectly within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

The Issuer or the Notes have not been assigned any credit ratings at the request or with the co-operation of the Issuer in the rating process.

**Investment in the Notes involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "Risk factors" below.**

### Coordinators

Nordea



### Joint Lead Managers

Danske Bank



Nordea



## IMPORTANT INFORMATION

**MiFID II product governance / Retail investors, professional investors and eligible counterparties target market** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in MiFID II and (ii) all channels for distribution of the Notes to eligible counterparties, professional clients and retail clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**Important – EEA retail investors** – The Notes are not PRIIPs for the purposes of Regulation ((EU) No 1286/2014) (the "**PRIPs Regulation**") and, accordingly, no key information document pursuant to the PRIIPs Regulation has been or will be made available in respect of the Notes.

In this Listing Prospectus, "**HKScan**", "**HKScan Group**" and the "**Issuer**" refer to HKScan Corporation and its consolidated subsidiaries, except where the context may otherwise require. "**Subsidiaries**" refers to the Issuer's subsidiaries together, unless the context requires that the expression refers only to a certain subsidiary or business unit or some of these on a combined basis.

This Listing Prospectus should be read in conjunction with all documents which are deemed to be incorporated herein by reference and such documents form part of this Listing Prospectus. See "*Documents incorporated by reference*".

Nordea Bank Abp ("**Nordea**") and OP Corporate Bank plc ("**OP**") (Nordea and OP together the "**Coordinators**") have acted exclusively for HKScan as the coordinators and together with Danske Bank A/S and DNB Bank ASA, Sweden Branch as the bookrunners and the joint lead managers (jointly, the "**Joint Lead Managers**") of the issue and Listing of the Notes. The Joint Lead Managers are not acting for anyone else in connection with the issue and Listing of the Notes and will not be responsible to anyone other than HKScan for providing the protections afforded to their respective clients nor for providing any advice in relation to the issue and Listing of the Notes or the contents of the Listing Prospectus. Potential investors should rely only on the information contained in the Listing Prospectus including information incorporated by reference in the Listing Prospectus. Without prejudice to any obligation of HKScan pursuant to applicable rules and regulations, neither the delivery of the Listing Prospectus nor any offering or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of HKScan since the date of the Listing Prospectus or that the information herein is correct as of any time subsequent to the date of the Listing Prospectus. Nothing contained in the Listing Prospectus is, or shall be relied upon as, a promise or representation by the Issuer or the Joint Lead Managers as to the future. Investors are advised to inform themselves of any stock exchange releases and press releases published by the Issuer from and including the date of the Listing Prospectus.

In making an investment decision, each investor must rely on their examination, analysis and enquiry of HKScan and the terms and conditions of the Notes (as set out in Annex A: Terms and Conditions of the Notes), including the risks and merits involved. None of the Issuer, the Joint Lead Managers or any of their respective affiliated parties or representatives, has made or is making any representation to any offeree or subscriber of the Notes regarding the legality of the investment by such person. Investors (in conjunction with their advisors, if applicable) should make their independent assessment of the legal, tax, business, financial and other consequences of an investment in the Notes.

Neither the Issuer nor the Joint Lead Managers have authorised any person to give any information or to make any representation not contained in or not consistent with this Listing Prospectus or any information supplied by HKScan or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or the Joint Lead Managers. The Joint Lead Managers have not independently verified the information contained herein. Accordingly, to the fullest extent permitted by applicable laws, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Joint Lead Managers as to the accuracy or completeness of the information contained or incorporated in the Listing Prospectus or any other information provided by the Issuer in connection with the issue or the Listing of the Notes. The Joint Lead Managers accordingly disclaim any and all liability whether arising in tort, contract, or otherwise in relation to the information contained or incorporated by reference in the Listing Prospectus or any other information provided by the Issuer in connection with the Listing of the Notes or their distribution or otherwise in respect of this Listing Prospectus.

Information presented on HKScan's website or any other website does not form a part of the Listing Prospectus (except for the Listing Prospectus itself and information which has been incorporated by reference to the Listing Prospectus), and the information on such websites has not been scrutinised or approved by the FIN-FSA. Prospective investors should not rely on such information in making their decision to invest in the Notes.

The Notes shall not be offered, sold, directly or indirectly, and this Listing Prospectus must not be distributed or published, outside Finland, except for circumstances in which this is not in breach of applicable laws. Those in possession of this Listing Prospectus should assess and comply with the restrictions pertaining to them. Non-compliance with such restrictions may be in breach of securities laws in the relevant jurisdictions. The Issuer, the Joint Lead Managers or any of their respective affiliated parties or representatives are not liable for such breaches, regardless of whether those considering an investment in the Notes are aware of such restrictions. Besides filing the Listing Prospectus with the FIN-FSA and the application to the Helsinki Stock Exchange, neither the Issuer nor the Joint Lead Managers have taken any action, nor will they take any action to render the Notes or their possession, or the distribution of the Listing Prospectus or any other documents relating to the Notes admissible in any other jurisdiction than Finland requiring special measures to be taken for that purpose.

This Listing Prospectus has been prepared in English only but with a Finnish summary. Save for the Issuer's audited consolidated financial statements for the financial years ended 31 December 2020 and 31 December 2019, no part of this Listing Prospectus has been audited.

The Notes are governed by Finnish law and any dispute arising in relation to the Notes shall be settled by Finnish courts in accordance with Finnish law.

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## SUMMARY

### INTRODUCTION

*This summary contains all the elements required to be included in a summary for this type of securities and issuer. This summary should be considered as an introduction to this Listing Prospectus (the "**Listing Prospectus**"). Any decision to invest in the securities presented in this Listing Prospectus (the "**Notes**"), should be based on consideration of the Listing Prospectus as a whole by the investor. An investor investing in the securities could lose all or part of the invested capital. Where a claim relating to the information contained in this Listing Prospectus is brought before a court, the plaintiff investor might, under applicable law, have to bear the costs of translating the Listing Prospectus before legal proceedings are initiated. HKScan Corporation ("**HKScan**" or the "**Issuer**") assumes civil liability in respect of this summary, including the Finnish translation of this summary, only if it is misleading, inaccurate or inconsistent when read together with the other parts of the Listing Prospectus, or if it does not provide, when read together with the other parts of the Listing Prospectus, key information to said investors when considering whether or not to invest in the securities issued by HKScan.*

Name of the Issuer:	HKScan Corporation (in Finnish: <i>HKScan Oyj</i> )
Registered address:	Lemminkäisenkatu 48, FI-20520 Turku, Finland
Business identity code:	0111425-3
Legal entity identifier (LEI):	7437000PN6E448NPGY86
ISIN code of the Notes:	FI4000490990

This Listing Prospectus has been prepared solely for the purpose of admission to trading of the Notes on the official list of Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**") (the "**Listing**") and does not constitute any public offering of the Notes. This Listing Prospectus has been approved by the Finnish Financial Supervisory Authority (the "**FIN-FSA**") as the competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") on 24 March 2021. The FIN-FSA has only approved this Listing Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FIN-FSA on this Listing Prospectus shall not be considered as an endorsement of the issuer that is the subject of this Listing Prospectus. The journal number of the approval of this Listing Prospectus is FIVA 8/02.05.04/2021.

The identity and contact details of the competent authority, the FIN-FSA, approving the Finnish Prospectus are as follows:

Financial Supervisory Authority  
P.O. Box 103, FI-00101 Helsinki, Finland  
Tel.: +358 9 183 51  
E-mail: registry@fiva.fi

### KEY INFORMATION ON THE ISSUER

#### Who is the issuer of the securities?

HKScan Corporation is a public limited company incorporated on 31 December 1975 in Finland under the laws of Finland. HKScan is domiciled in Turku, Finland. The Issuer is registered in the Finnish Trade Register (the "**Trade Register**") under business identity code 0111425-3 and legal entity identifier (LEI) 7437000PN6E448NPGY86.

#### **General**

HKScan is a Nordic food company with over 100 years of experience in responsible meat and food production. HKScan produces, markets and sells responsibly produced and delicious food that is part of the consumers' versatile food moments – both every day and on special occasions. Products are to a large extent made of high-quality pork, beef, poultry and other raw materials and they are sold under HKScan's strong brands that are well-known by consumers. Through its strategic partnerships HKScan has also entered new categories of plant-based products. The Issuer serves customers in the retail, food service, industrial and export sectors. HKScan's home markets comprise Finland, Sweden, the Baltic countries and Denmark and it exports products to close to 50 countries. In 2020, the Issuer's net sales amounted to approximately EUR 1.8 billion and it employed over 7,000 employees on average. The Issuer is domiciled in Turku, Finland, and its production facilities are located in Finland, Sweden, Denmark, Estonia, Latvia and Poland. HKScan has also a sales office in Lithuania.

### **Controlling shareholder**

As at 23 March 2021, the shareholding of HKScan's biggest shareholder, LSO Osuuskunta, was 30.13 per cent of shares and 59.43 per cent of votes. The Issuer is thus directly controlled by LSO Osuuskunta for the purposes of Chapter 2, Section 4 of the Finnish Securities Markets Act. The Issuer is not aware of any arrangement the operation of which may result in a change of control of the Issuer.

### **Key management and auditor of the Issuer**

The following persons were elected to the Board of Directors by the Annual General Meeting of HKScan held on 10 June 2020:

<b>Name</b>	<b>Year born</b>	<b>Position</b>	<b>First elected to the Board of Directors</b>
Reijo Kiskola .....	1954	Chairman	2018
Jari Mäkilä .....	1970	Deputy Chairman	2018
Anne Leskelä .....	1962	Member	2019
Per Olof Nyman.....	1956	Member	2017
Harri Suutari.....	1959	Member	2019
Terhi Tuomi .....	1966	Member	2019
Carl-Peter Thorwid .....	1964	Deputy Member	2017
Ilkka Uusitalo.....	1968	Deputy Member	2019

The table below presents the members of the Group Executive Team as at the date of this Listing Prospectus.

<b>Name</b>	<b>Position</b>	<b>Year born</b>
Tero Hemmilä.....	CEO	1967
Jyrki Paappa .....	CFO	1965
Mika Koskinen.....	Executive Vice President, Strategic Business Development and Investments	1972
Jouni T. Laine.....	Executive Vice President, Food Solutions Unit	1964
Jari Leija.....	Executive Vice President, Business Unit Finland	1965
Lars Appelqvist.....	Executive Vice President, Business Unit Sweden	1974
Anne Mere.....	Executive Vice President, Business Unit Baltics	1971
Jukka Nikkinen .....	Executive Vice President, Business Unit Denmark	1962
Juha Ruohola.....	Executive Vice President, Export, Import and Meat Balance	1965
Markku Suvanto .....	Executive Vice President, Administration	1966

The Issuer's auditor is Authorised Public Accountants Ernst & Young Oy. Ernst & Young Oy has appointed Erkkä-Tapani Talvinko, Authorised Public Accountant as the responsible auditor. Ernst & Young Oy and Erkkä-Tapani Talvinko are registered in the auditor register maintained by the Finnish Patent and Registration Office.

### **What is the key financial information regarding the issuer?**

#### **Historical financial information**

HKScan's selected financial information below has been derived from HKScan's audited consolidated financial statement as at and for the year ended 31 December 2020 as well as the audited consolidated financial statement as at and for the year ended on 31 December 2019, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union.

**As at and for the year ended 31 December**

<b>Information from the consolidated income statement, balance sheet and cash flow statement</b>	<b>2020</b>	<b>2019</b>
(EUR million, unless otherwise stated)	(audited, unless otherwise indicated)	(audited, unless otherwise indicated)
<b>Information from the income statement</b>		
Net sales .....	1781.0	1744.4
EBIT .....	21.3	-23.2
- EBIT margin, % .....	1.2 <sup>(1)</sup>	-1.3 <sup>(1)</sup>
Comparable EBIT .....	17.0 <sup>(1)</sup>	-2.2 <sup>(1)</sup>
- EBIT margin, % .....	1.0 <sup>(1)</sup>	-0.1 <sup>(1)</sup>
Profit for the period .....	4.8	-37.5
EPS, EUR .....	-0.01	-0.52
Comparable EPS, EUR .....	-0.05 <sup>(1)</sup>	-0.26 <sup>(1)</sup>
<b>Information from the consolidated balance sheet</b>		
<b>Assets</b>		
Total non-current assets .....	687.7	654.9
Total current assets .....	288.2	280.6
<b>Total assets</b> .....	<b>975.9</b>	<b>935.6</b>
<b>Equity and liabilities</b>		
Equity .....	329.1	325.1
Total non-current liabilities .....	318.3	329.8
Total current liabilities .....	328.5	280.7
<b>Total equity and liabilities</b> .....	<b>975.9</b>	<b>935.6</b>
<b>Information from the cash flow statement</b>		
Cash flow from operating activities .....	63.7	59.2
Cash flow after investing activities .....	-21.4 <sup>(2)</sup>	27.6
Return on capital employed (ROCE) before taxes, % .....	3.9 <sup>(1)</sup>	-3.1 <sup>(1)</sup>
Interest-bearing net debt .....	299.6	275.8
Net gearing, % .....	91.0 <sup>(3)</sup>	84.8
(1) Unaudited.		
(2) Includes the investment to the plot of Vantaa EUR 37.7 million.		
(3) Net gearing ratio without the investment to the plot of Vantaa 81%.		

**What are the key risks that are specific to the issuer?**

- Economic and political uncertainty in the countries in which HKScan operates, or in global economic and financial market conditions, could adversely affect the Issuer
- Global epidemics and pandemics may have a material adverse effect on HKScan's business.
- Negative developments in consumer confidence and/or spending may have a material adverse effect on the Issuer.
- The Issuer's business is capital intensive and requires continuous investments in its facilities.
- Fluctuations in the costs of raw materials and commodities and their availability may have a material adverse effect on the Issuer.
- Structural changes in the consumer goods retail sector and intense competition within the meat industry may have a material adverse effect on HKScan.
- The Issuer may not receive financing on competitive terms or at all or it may have difficulties in complying with the financial covenants of its financing arrangements.
- HKScan is dependent on its production facilities and uninterrupted operation of its value chains.
- Changes in consumer behaviour and perception of HKScan, as well as seasonal fluctuation in demand may have a material adverse effect on the Issuer.
- HKScan's operations may involve legal risks relating to contracts and compliance.
- Animal disease epidemics may have a material adverse effect on the Issuer.

## KEY INFORMATION ON THE SECURITIES

### What are the main features of the securities?

The securities are senior unsecured notes with an aggregate principal amount of EUR 90 million due on 24 March 2025 (the "**Notes**"). The Notes have been issued on 24 March 2021 (the "**Issue Date**") to professional clients, eligible counterparties and retail clients (each as defined in Directive 2014/65/EU, as amended, "**MiFID II**"). On the Issue Date, a total of 90,000 Notes were issued. The Notes are represented by units in denominations of EUR 1,000. ISIN code of the Notes is FI4000490990 and the Notes are denominated in euro. The Issuer may later create and issue further notes having the same terms and conditions as the Notes, as set out in the terms and conditions of the Notes.

The Notes were issued at an issue price of 100 per cent. The Notes bear interest on their outstanding principal at a fixed interest rate of 5.000 per cent per annum. Interest on the Notes will be payable biannually in arrears commencing on 24 September 2021 and thereafter on each 24 March and 24 September until the Notes have been repaid in full. Interest on and principal of the Notes shall be paid in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as the rules and decisions of Euroclear Finland.

The Notes constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer ranking *pari passu* among each other and with all other unsecured, unguaranteed and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law. Each Note will be freely transferable after it has been registered into the respective book-entry account.

The Issuer may convene a meeting of the noteholders (the "**Noteholders**") (a "**Noteholders' Meeting**") or request a procedure in writing among the Noteholders (a "**Procedure in Writing**") to decide on amendments the terms and conditions of the Notes or other matters. Resolutions passed at such meetings or in a written procedure can bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting or participate in a written procedure and Noteholders who voted in a manner contrary to the majority. In addition, the Issuer has the right to amend the technical procedures relating to the Notes in respect of payments or other similar matters without the consent of the Noteholders, a Noteholders' Meeting or a Procedure in Writing.

The Notes are subject to covenants whereby HKScan has undertaken, among other things, that the ratio of its consolidated total net debt to equity shall not exceed 130 per cent at the end of any financial quarter (Net Gearing), that it shall not create or permit to exist any security in excess of 10 per cent of total consolidated assets (Negative Pledge) and that it shall not make certain disposals for consideration in excess of EUR 50 million without such disposals becoming subject to restrictions on use of proceeds (Disposals).

The Notes shall be repaid in full at their aggregate principal amount on 24 March 2025 (the "**Redemption Date**"), unless the Issuer has prepaid or redeemed the Notes prior to the Redemption Date in accordance with the terms and conditions of the Notes through a Voluntary total redemption, by utilising the Clean-up call option, as a result of Noteholders demanding prepayment of the Notes in case of in case of certain qualified events including an event of default, a demerger event or a change of control or repurchased the Notes in accordance with their terms.

Upon an event of default, each Noteholder shall have the right to declare the principal amount of such Note together with the interest accrued on such Note to be prematurely due and payable. Further, upon a demerger event or a change of control each Noteholder shall have the right to request that all, or only some, of its Notes be repurchased at a price per Note equal to 101 per cent of their principal amount together with accrued but unpaid interest. In addition, the Issuer may at any time voluntarily redeem the Notes. In case the date of the voluntary total redemption is before the date falling 24 months from the Issue Date (the "**First Call Date**"), the redemption price is 102.500 per cent of the principal amount of the Notes redeemed together with accrued but unpaid interest to (but excluding) the date of the voluntary redemption and the remaining interest payments from and including the date of the voluntary redemption to (but excluding) the First Call Date. In case the date of the voluntary redemption is on or after the First Call Date, the redemption price shall be the price set out in the terms and conditions of the Notes together with accrued but unpaid interest. Further, if at any time the outstanding aggregate principal amount of the Notes is 25 per cent or less of the initial aggregate principal amount of the Notes, the Issuer may, at its option, at any time redeem all (but not only some) of the outstanding Notes at a price per Note equal to 100 per cent of the principal amount together with accrued but unpaid interest to, but excluding, the date fixed for redemption.

### Where will the securities be traded?

The Issuer has made an application for listing of the Notes on the official list of the Helsinki Stock Exchange, and the listing is expected to take place on or about 25 March 2021.

**What are the key risks that are specific to the securities?**

- Active trading market for the Notes may not develop.
- Since the Notes bear a fixed interest rate, their price may fall as a result of changes in the interest rates.
- The Notes will be unsecured, and therefore will effectively be subordinated to any secured debt.
- The Issuer is dependent on its operative subsidiaries.

**KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET****Under which conditions and timetable can I invest in this security?*****Details of the admission to trading on a regulated market***

The Issuer has made an application for listing of the Notes on the official list of the Helsinki Stock Exchange, and the listing is expected to take place on or about 25 March 2021.

The total costs relating to the issue and the Listing are expected to amount to approximately EUR 0.7 million. HKScan will receive no proceeds from the Listing.

**Why is this Listing Prospectus being produced?**

This Listing Prospectus has been produced by HKScan solely for the purpose of admission to trading of the Notes on the official list of the Helsinki Stock Exchange and does not constitute any public offering of the Notes.

***Material interests***

In their involvement with the issue and the Listing of the Notes, the Joint Lead Managers have a business interest customary in the financial markets. The Joint Lead Managers and other entities within the same group and/or their affiliates may have performed and may in the future perform investment or other banking services for HKScan in the ordinary course of business for which they may have received and may continue to receive customary fees and commissions.



## TIIVISTELMÄ

### JOHDANTO

Tämä tiivistelmä sisältää kaikki ne osatekijät, jotka kyseessä olevasta arvopaperista ja sen liikkeeseenlaskijasta tulee esittää. Tätä tiivistelmää on pidettävä tämän Esitteen ("**Esite**") johdantona. Sijoittajan tulee perustaa tässä Esitteessä esitetyjä arvopapereita ("**Velkakirjat**") koskeva sijoituspäätöksensä Esitteeseen kokonaisuutena. Arvopapereihin sijoittava sijoittaja voi menettää kaiken tai osan sijoitetusta pääomasta. Jos tuomioistuimessa pannaan vireille tähän Esitteeseen sisältyviä tietoja koskeva kanne, kantajana toimiva sijoittaja voi sovellettavan lainsäädännön mukaan joutua ennen oikeudenkäynnin vireillepanoa vastaamaan Esitteen käänköskustannuksista. HKScan Oyj ("**HKScan**" tai "**Liikkeeseenlaskija**") vastaa siviilioikeudellisesti tästä tiivistelmästä vain, jos tiivistelmä luettuna yhdessä Esitteen muiden osien kanssa on harhaanjohtava, epätarkka tai epä johdonmukainen tai jos tiivistelmässä ei luettuna yhdessä Esitteen muiden osien kanssa anneta keskeisiä tietoja sijoittajille, kun he harkitsevat sijoittamista HKScanin liikkeeseenlaskemiin arvopapereihin.

Liikkeeseenlaskijan nimi:	HKScan Oyj
Osoite:	Lemminkäisenkatu 48, 20520 Turku, Suomi
Yritys- ja yhteisötunnus:	0111425-3
Oikeushenkilötunnus (LEI-tunnus):	7437000PN6E448NPGY86
Arvopapereiden ISIN-tunnus:	FI4000490990

Tämä Esite on laadittu yksinomaan Velkakirjojen ottamiseksi kaupankäynnin kohteeksi Nasdaq Helsinki Oy:n pörssilistalle ("**Nasdaq Helsinki**") ("**Listalleotto**") eikä se ole tarjous Velkakirjoista yleisölle. Finanssivalvonta on asetuksen (EU) 2017/1129 ("**Esiteasetus**") mukaisena toimivaltaisena viranomaisena hyväksynyt tämän Esitteen 24.3.2021. Finanssivalvonta on hyväksynyt tämän Esitteen vain siltä osin kuin se täyttää Esiteasetuksen mukaiset kattavuutta, ymmärrettävyyttä ja johdonmukaisuutta koskevat vaatimukset. Finanssivalvonnan Esitetä koskevaa hyväksyntää ei tule pitää osoituksena sen liikkeeseenlaskijan hyväksynnästä, jota tämä Esite koskee. Tämän Esitteen hyväksymispäätöksen diaarinumero on FIVA 8/02.05.04/2021.

Toimivaltaisen viranomaisen eli Finanssivalvonnan, joka hyväksyy tämän esitteen, yhteystiedot ovat seuraavat:

Finanssivalvonta  
PL 103, 00101 Helsinki, Suomi  
Puhelinnumero: +358 9 183 51  
Sähköpostiosoite: kirjaamo@finanssivalvonta.fi

### KESKEISIÄ TIETOJA LIIKKEESEENLASKIJASTA

#### Kuka on arvopapereiden liikkeeseenlaskija?

HKScan Oyj on Suomen lakien mukaisesti Suomessa 31.12.1975 perustettu julkinen osakeyhtiö. HKScanin kotipaikka on Turku. Liikkeeseenlaskija on merkitty Patentti- ja rekisterihallituksen ylläpitämään kaupparekisteriin ("**Kaupparekisteri**") Y-tunnuksella 0111425-3 ja oikeushenkilötunnuksella (LEI) 7437000PN6E448NPGY86.

#### Yleistä

HKScan on pohjoismainen ruokatalo, jolla on yli 100 vuoden kokemus vastuullisesta lihan- ja ruoan tuotannosta. HKScan valmistaa, markkinoi ja myy vastuullisesti tuotettua ja herkullista ruokaa, joka on osa kuluttajien moninaisia ruokahetkiä – arjessa ja juhlassa. Tuotteet valmistetaan suurelta osin korkealaatuisesta sian-, naudan- ja siipikarjanlihasta ja muista raaka-aineista sekä ne myydään yhtiön vahvoilla, kuluttajien tuntemilla tuotemerkeillä. Strategisten kumppanuuksiensa kautta HKScan on laajentanut tarjoomaansa myös kasvipohjaisiin tuotekategorioihin. Liikkeeseenlaskija palvelee asiakkaitaan vähittäiskauppa-, food service-, teollisuus- ja vientisektoreilla. HKScanin kotimarkkinat kattavat Suomen, Ruotsin, Baltian ja Tanskan, minkä lisäksi yhtiö vie tuotteita lähes 50 maahan. Yhtiön liikevaihto vuonna 2020 oli noin 1,8 miljardia euroa ja sillä oli keskimäärin yli 7.000 työntekijää. Liikkeeseenlaskijan kotipaikka on Turku ja sen tuotantolaitokset sijaitsevat Suomessa, Ruotsissa, Tanskassa, Virossa, Latviassa ja Puolassa. Lisäksi yhtiöllä on myyntikonttori Liettuassa.

#### Määräysvaltaa käyttävä osakkeenomistaja

23.3.2021 HKScanin suurin osakkeenomistaja LSO Osuuskunta omistaa 30,13 prosenttia HKScanin osakkeista ja 59,43 prosenttia kaikista HKScanin osakkeiden tuottamista äänistä. Liikkeeseenlaskija on siten välittömästi LSO

Osuuskunnan määräysvallassa Arvopaperimarkkinalain 2 luvun 4 §:n tarkoittamalla tavalla. Liikkeeseenlaskija ei ole tietoinen toimista, jotka voisivat muuttaa määräysvaltaa Liikkeeseenlaskijassa.

### Liikkeeseenlaskijan johdon avanhenkilöt ja tilintarkastaja

Seuraavat henkilöt valittiin HKScanin hallitukseen yhtiön 10.6.2020 pidetyssä varsinaisessa yhtiökokouksessa:

Nimi	Syntymävuosi	Asema	Valittu ensimmäisen kerran hallitukseen
Reijo Kiskola .....	1954	Puheenjohtaja	2018
Jari Mäkilä .....	1970	Varapuheenjohtaja	2018
Anne Leskelä .....	1962	Jäsen	2019
Per Olof Nyman.....	1956	Jäsen	2017
Harri Suutari.....	1959	Jäsen	2019
Terhi Tuomi .....	1966	Jäsen	2019
Carl-Peter Thorwid .....	1964	Varajäsen	2017
Ilkka Uusitalo.....	1968	Varajäsen	2019

Alla olevassa taulukossa esitetään konsernin johtoryhmän jäsenet tämän Esitteen päivämääränä.

Nimi	Asema	Syntymävuosi
Tero Hemmilä.....	Toimitusjohtaja	1967
Jyrki Paappa .....	Talousjohtaja	1965
Mika Koskinen.....	Strategisesta liiketoiminnan kehittämisestä ja investoinneista vastaava johtaja (EVP)	1972
Jouni T. Laine.....	Food Solutions -yksiköstä vastaava johtaja (EVP)	1964
Jari Leija.....	Suomen liiketoimintayksiköstä vastaava johtaja (EVP)	1965
Lars Appelqvist.....	Ruotsin liiketoimintayksiköstä vastaava johtaja (EVP)	1974
Anne Mere.....	Baltian liiketoimintayksiköstä vastaava johtaja (EVP)	1971
Jukka Nikkinen .....	Tanskan liiketoimintayksiköstä vastaava johtaja (EVP)	1962
Juha Ruohola.....	Viennistä, tuonnista ja lihataseesta vastaava johtaja (EVP)	1965
Markku Suvanto .....	Hallintojohtaja (EVP)	1966

Liikkeeseenlaskijan tilintarkastaja on tilintarkastusyhteisö Ernst & Young Oy. Ernst & Young Oy on nimittänyt päävastuulliseksi tilintarkastajaksi KHT Erkka-Tapani Talvingon. Ernst & Young Oy ja Erkka-Tapani Talvinko on merkitty Patentti- ja rekisterihallituksen ylläpitämään tilintarkastajarekisteriin.

### Mitä ovat liikkeeseenlaskijaa koskevat keskeiset taloudelliset tiedot?

#### Historialliset taloudelliset tiedot

HKScanin alla esitetyt valikoidut taloudelliset tiedot perustuvat HKScanin tilintarkastettuihin tilinpäätöksiin 31.12.2020 ja 31.12.2019 päättyneiltä tilikausilta, jotka on laadittu Euroopan Unionissa noudatettavien kansainvälisten tilinpäätösstandardien (*International Financial Reporting Standards*, "IFRS") mukaisesti.

Konsernin tuloslaskelma-, tase- ja rahavirtalaskelmatietoja	1.1.–31.12.	
	2020 (tilintarkastettu, ellei toisin ilmoitettu)	2019 (tilintarkastettu, ellei toisin ilmoitettu)
(miljoonaa euroa, ellei toisin ilmoitettu)		
<b>Tuloslaskelmatietoja</b>		
Liikevaihto .....	1781,0	1744,4
Liiketulos .....	21,3	-23,2
- Liiketulosmarginaali, % .....	1,2 <sup>(1)</sup>	-1,3 <sup>(1)</sup>
Vertailukelpoinen liiketulos.....	17,0 <sup>(1)</sup>	-2,2 <sup>(1)</sup>
- Liiketulosmarginaali, % .....	1,0 <sup>(1)</sup>	-0,1 <sup>(1)</sup>
Tilikauden voitto .....	4,8	-37,5
Tulos/osake, euroa.....	-0,01	-0,52
Vertailukelpoinen tulos/osake, euroa .....	-0,05 <sup>(1)</sup>	-0,26 <sup>(1)</sup>
<b>Tasetietoja</b>		
<b>Varat</b>		
Pitkäaikaiset varat .....	687,7	654,9
Lyhytaikaiset varat .....	288,2	280,6

<b>Varat</b> .....	<b>975,9</b>	<b>935,6</b>
<b>Oma pääoma ja velat</b>		
Oma pääoma .....	329,1	325,1
Pitkäaikainen vieras pääoma .....	318,3	329,8
Lyhytaikainen vieras pääoma.....	328,5	280,7
<b>Oma pääoma ja velat</b> .....	<b>975,9</b>	<b>935,6</b>

#### Rahavirtalaskelmatietoja

Liiketoiminnan rahavirta .....	63,7	59,2
Rahavirta investointien jälkeen .....	-21,4 <sup>(2)</sup>	27,6
Sitoutuneen pääoman tuotto (ROCE) ennen veroja, prosenttia.....	3,9 <sup>(1)</sup>	-3,1 <sup>(1)</sup>
Korollinen nettovelka.....	299,6	275,8
Nettovelkaantumisaste, prosenttia .....	91,0 <sup>(3)</sup>	84,8

(1) Tilintarkastamaton.

(2) Sisältää 37,7 miljoonan euron investoinnin Vantaan tonttiin.

(3) Velkaantumisaste ilman investointia Vantaan tonttiin 81 prosenttia.

#### Mitkä ovat liikkeeseenlaskijaan liittyvät olennaiset riskit?

- Taloudellinen ja poliittinen epävarmuus maissa, joissa HKScan toimii, tai maailmanlaajuiset epävarmat talouden ja finanssimarkkinoiden olosuhteet voivat vaikuttaa haitallisesti Liikkeeseenlaskijaan.
- Maailmanlaajuisilla epidemioilla ja pandemioidella voi olla olennaisen haitallinen vaikutus HKScanin liiketoimintaan.
- Negatiivinen kehitys kuluttajien luottamuksessa ja/tai kulutuksessa voi vaikuttaa olennaisen haitallisesti Liikkeeseenlaskijaan.
- Liikkeeseenlaskijan liiketoiminta edellyttää suurta pääomaa ja jatkuvia investointeja tuotantolaitoksissa.
- Vaihtelut raaka-aineiden ja hyödykkeiden kustannuksissa ja saatavuudessa voivat vaikuttaa olennaisen haitallisesti Liikkeeseenlaskijaan.
- Rakenteelliset muutokset kuluttajatuotteiden sektorilla ja liiateollisuuden kireä kilpailu voivat vaikuttaa olennaisen haitallisesti HKScaniin.
- Yhtiö ei välttämättä saa tarvitsemaansa rahoitusta sille edullisilla ehdoilla tai ollenkaan, tai sillä voi olla vaikeuksia noudattaa lainasopimustensa kovenanttiehtoja.
- HKScan on riippuvainen tuotantolaitoksensa ja arvoketjujen keskeytymättömästä toiminnasta.
- Muutokset kuluttajakäyttäytymisessä, kuluttajien käsitys HKScanista sekä kausittaiset kysynnän vaihtelut voivat vaikuttaa olennaisen haitallisesti Liikkeeseenlaskijaan.
- HKScanin toimintoihin voi liittyä oikeudellisia sopimuksiin ja lainsäädännön noudattamiseen liittyviä riskejä.
- Eläintautiepidemiat voivat vaikuttaa olennaisen haitallisesti Liikkeeseenlaskijaan.

#### KESKEISET TIEDOT ARVOPAPEREISTA

##### Mitkä ovat arvopapereiden keskeiset ominaisuudet?

Arvopaperit ovat senioriehtoisia ja vakuudettomia velkakirjoja, joiden yhteenlaskettu pääoman nimellisarvo on 90 miljoonaa euroa ja jotka erääntyvät 24.3.2025 ("**Velkakirjat**"). Velkakirjat on laskettu liikkeeseen 24.3.2021 ("**Liikkeeseenlaskupäivä**") ammattimaisille asiakkaille, hyväksyttävillä vastapuolilla ja yksityisasiakkaille (siten kuin kukin on määritelty direktiivissä 2014/65/EU, muutoksineen, "**MiFID II**"). Liikkeeseenlaskupäivänä laskettiin liikkeeseen yhteensä 90.000 Velkakirjaa. Velkakirjojen yksikkökoko on 1.000 euroa. Velkakirjojen ISIN-koodi on FI4000490990 ja Velkakirjat ovat euromääräisiä. Liikkeeseenlaskija voi antaa ja laskea liikkeeseen lisää velkakirjoja, joilla on vastaavat, Velkakirjojen ehdoissa määritellyt ehdot kuin Velkakirjoilla.

Velkakirjat laskettiin liikkeeseen 100 prosentin merkintähintaan. Velkakirjojen maksamatta olevalle pääomalle maksetaan kiinteää vuotuista korkoa, joka on 5,000 prosenttia. Velkakirjojen maksamattomatta olevalle pääomalle maksetaan korkoa puolivuositain alkaen 24.9.2021 ja tämän jälkeen aina 24.3. ja 24.9., kunnes Velkakirjat on maksettu kokonaan takaisin. Velkakirjojen korko ja pääoma maksetaan arvo-osuusjärjestelmää ja arvo-osuustilejä koskevan kotimaisen lainsäädännön ja Euroclear Finlandin sääntöjen ja päätösten mukaisesti.

Velkakirjat ovat Liikkeeseenlaskijan suoria, vakuudettomia, takaamattomia ja alistamattomia velvoitteita, jotka ovat samanarvoisia keskenään ja kaikkien muiden Liikkeeseenlaskijan vakuudettomien, takaamattomien ja alistamattomien velkojen kanssa, lukuun ottamatta sellaisia velvoitteita, joilla on etuoikeus pakottavan lain nojalla. Kukin Velkakirja on vapaasti luovutettavissa sen jälkeen, kun se on rekisteröity asianomaiselle arvo-osuustilille.

Liikkeeseenlaskija voi kutsua koolle velkakirjanhaltijoiden ("**Velkakirjanhaltijat**") kokouksen ("**Velkakirjanhaltijoiden kokous**") tai pyytää kirjallista menettelyä velkakirjanhaltijoiden kesken ("**Kirjallinen menettely**") päättämään muutoksista Velkakirjojen ehtoihin tai muihin asioihin. Tällaisissa kokouksissa tai kirjallisessa menettelyssä tehdyt päätökset voivat sitoa kaikkia velkakirjanhaltijoita mukaan lukien velkakirjanhaltijoita, jotka eivät osallistuneet asianomaiseen kokoukseen tai äänestäneet asianomaisessa kokouksessa tai osallistuneet kirjalliseen menettelyyn, ja velkakirjanhaltijoita, jotka äänestivät enemmistöä vastaan. Lisäksi Liikkeeseenlaskijalla on oikeus muuttaa Velkakirjoihin liittyviä teknisiä menettelyjä maksujen tai muiden vastaavien asioiden suhteen ilman velkakirjanhaltijoilta, Velkakirjanhaltijoiden kokoukselta tai Kirjallisessa menettelyssä saatavaa suostumusta.

Velkakirjoja koskevat kovenantit, joiden mukaisesti HKScan on sitoutunut, muun muassa, siihen, ettei sen konsernin nettovelka suhteessa pääomaan ylitä minkään taloudellisen kvartaalin lopussa 130 prosenttia (*Net Gearing*), ettei se anna pantteja tai salli sellaisten panttausten voimassa oloa, jotka määrältään ylittäisivät 10 prosenttia kokonaisvaroista (*Negative Pledge*) ja ettei se tee tiettyjä vastikkeeltaan yli 50 miljoonan euron luovutuksia ilman, että tällaisesta luovutuksesta saatavaan vastikkeeseen kohdistuisi varojen käyttörajoituksia (*Disposals*).

Velkakirjat maksetaan takaisin niiden yhteenlasketun pääoman määräisinä 24.3.2025 ("**Takaisinmaksupäivä**"), ellei Liikkeeseenlaskija ole maksanut tai lunastanut Velkakirjoja ennenaikaisesti ennen Takaisinmaksupäivää vapaaehtoisella lunastuksella (*Voluntary total redemption*), käyttämällä mahdollisuutta lunastaa jäljellä olevat Velkakirjat (*Clean-up call option*), sen johdosta, että Velkakirjanhaltijat ovat vaatineet Velkakirjojen ennenaikaista takaisinmaksua tiettyjen ennalta rajattujen tilanteiden johdosta, mukaan lukien ehtorikkomus, jakautumistilanne tai määräysvallan vaihtuminen, tai ostanut Velkakirjoja takaisin niiden ehtojen mukaisesti.

Ehtorikkomustilanteessa Velkakirjanhaltijalla on oikeus vaatia, että Velkakirjan pääoman nimellisarvo sekä kertynyt, mutta maksamatta oleva korko eräännyy ja on maksettava ennenaikaisesti. Lisäksi jakautumistilanteessa tai määräysvallan vaihtuessa jokaisella Velkakirjanhaltijalla on oikeus vaatia, että kaikki tai osa hänen Velkakirjoistaan ostetaan takaisin hintaan, joka on 101 prosenttia Velkakirjojen pääoman nimellisarvosta sekä kertynyt, mutta maksamatta oleva korko. Liikkeeseenlaskija voi lisäksi koska tahansa lunastaa Velkakirjat vapaaehtoisesti. Mikäli vapaaehtoisen lunastuksen päivämäärä on ennen kuin 24 kuukautta on kulunut Liikkeeseenlaskupäivästä ("**Ensimmäinen Ilmoituspäivä**"), lunastushinta on 102,500 prosenttia lunastettujen Velkakirjojen pääoman nimellisarvosta lisätynä vapaaehtoisen lunastuksen päivämäärään asti (mutta kyseinen päivä pois lukien) kertyneillä, mutta maksamatta olevilla koroilla ja vapaaehtoisen lunastuksen päivämäärästä lukien, kyseinen päivä mukaan lukien, jäljellä olevilla koroilla Ensimmäiseen Ilmoituspäivään asti. Mikäli vapaaehtoisen lunastuksen päivämäärä on Ensimmäinen Ilmoituspäivä tai sen jälkeen, lunastushinta määritetään Velkakirjojen ehtojen mukaisesti määritetty lunastushinta lisätynä kertyneen ja maksamatta olevan koron kanssa. Lisäksi, mikäli koska tahansa Velkakirjojen maksamatta oleva yhteenlaskettu nimellisarvo on 25 prosenttia tai alle Velkakirjojen alkuperäisestä yhteenlasketusta nimellisarvosta, Liikkeeseenlaskija voi omasta päätöksestään milloin tahansa lunastaa kaikki (mutta ei vain osaa) maksamatta olevat Velkakirjat hintaan, joka on 100 prosenttia pääoman nimellisarvosta lisätynä kertyneellä, mutta maksamatta olevalla korolla.

### **Missä arvopapereilla tullaan käymään kauppaa?**

Liikkeeseenlaskija on tehnyt hakemuksen Velkakirjojen ottamisesta kaupankäynnin kohteeksi Nasdaq Helsingin pörssilistalle ja listalleoton odotetaan tapahtuvan arviolta 25.3.2021.

### **Mitkä ovat arvopapereihin liittyvät keskeiset riskit?**

- Velkakirjoille ei välttämättä kehity aktiivista kaupankäyntimarkkinaa.
- Velkakirjat ovat kiinteäkorkoisia, joten niiden hinta voi laskea korkovaihteluiden takia.
- Velkakirjat tulevat olemaan vakuudettomia ja siten alisteisia vakuudelliselle velalle.
- Liikkeeseenlaskija on riippuvainen operatiivisista tytäryhtiöistään.

## **KESKEISET TIEDOT ARVOPAPEREIDEN KAUPANKÄYNNIN KOHTEEKSI OTTAMISESTA**

### **Mitkä ovat arvopaperiin sijoittamisen edellytykset ja aikataulu?**

#### ***Tiedot kaupankäynnin kohteeksi ottamisesta säännellyllä markkinalla***

Liikkeeseenlaskija on tehnyt hakemuksen Velkakirjojen ottamisesta kaupankäynnin kohteeksi Nasdaq Helsingin pörssilistalle ja listalleoton odotetaan tapahtuvan arviolta 25.3.2021.

Liikkeeseenlaskusta ja listalleotosta aiheutuvien kokonaiskustannusten yhteismäärän arvioidaan olevan noin 0,7 miljoonaa euroa. HKScan ei saa Listalleottamisesta tuottoja.

**Miksi tämä Listalleottoesite on laadittu?**

HKScan on laatinut tämän Esitteen yksinomaan Velkakirjojen ottamiseksi julkisen kaupankäynnin kohteeksi Nasdaq Helsingin pörssilistalle eikä se muodosta mitään Velkakirjojen yleisölle tarjoamista.

***Olennaiset intressit***

Pääjärjestäjillä on rahoitusmarkkinoille tavanomainen liiketaloudellinen intressi osallistua liikkeeseenlaskuun ja Listalleottoon. Pääjärjestäjät ja niiden kanssa samaan konserniin kuuluvat yhtiöt ja/tai niiden lähipiiriyhtiöt ovat voineet tarjota ja saattavat tulevaisuudessa tarjota sijoitus- tai muita pankkipalveluita osana tavanomaista liiketoimintaansa, joista ne ovat voineet saada, ja voivat jatkossakin saada, tavanomaisia palkkioita ja komissioita.

## RISK FACTORS

*Investing in the Notes involves various risks that can be material. Those considering an investment in the Notes are recommended to carefully study the risk factors presented below and the other information presented in this Listing Prospectus. Factors possibly affecting an investment decision are also discussed elsewhere in this Listing Prospectus. Each of the risks presented below in this Listing Prospectus is specific to the Issuer and may affect the Issuer's ability to fulfil its obligations under the Notes. Any or all of the risks may have an adverse effect on the Issuer's business operations, operating result and financial position and may cause the Issuer not to reach its financial targets. If these risks result in a decrease in the market price of the Notes, or adversely affect the Issuer's ability to fulfil its obligations when due, those who invested in them may lose their investment in part or in full. In addition, risks and uncertainty factors that are unknown or regarded as minor at the present time may have a material adverse effect on the Issuer's business operations, operating result and financial position.*

*The following description is a summary of certain risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes or that are material in order to assess the market risk associated with the Notes. This description is based on information known and assessed at the time of preparing the Listing Prospectus, and, therefore, the description of the risk factors is not necessarily exhaustive. While the categories are not presented in any order of materiality, in each risk category the most material risks, in the assessment of the Issuer, taking into account the negative impact on the Issuer and the probability of their occurrence, are presented first. The description of the risk factors is based on the information and values available on the date of this Listing Prospectus and is not necessarily exhaustive.*

*The risks presented herein have been divided into six categories based on their nature. These categories are:*

- 1. Risks relating to HKScan's operating environment*
- 2. Risks relating to HKScan's business operations*
- 3. Risks relating to HKScan's financing*
- 4. Risks relating to the Notes as debt of the Issuer*
- 5. Risks relating to the marketability of the Notes*
- 6. Risks relating to the status and form of the Notes*

*Should one or more of the risk factors described herein materialise, it may have a material adverse effect on HKScan's business, financial condition, results of operations and prospects and, thereby, on HKScan's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. As a result, investors may lose part or all of their investment.*

*Words and expressions under categories "Risks relating to the Notes as debt of the Issuer", "Risks relating to the marketability of the Notes" and "Risks relating to the status and form of the Notes" shall have the meanings defined in Annex A: Terms and Conditions of the Notes (the "**Terms and Conditions**"). References to "**Conditions**" are references to the terms and conditions of the Terms and Conditions.*

### **Risks relating to HKScan's operating environment**

#### ***Economic and political uncertainty in the countries in which HKScan operates, or in global economic and financial market conditions, could adversely affect the Issuer***

HKScan's home markets comprise of Finland, Sweden, the Baltics and Denmark. In addition to these home markets, HKScan is also present in Europe and Asia, and HKScan exports to close to 50 countries around the world (see "*Business overview – The Issuer's business and principal activities – Business units*"). HKScan does not plan to significantly increase its exports volume, as sales in the home markets have so far developed well. Some of the economies of the countries in which HKScan operates have been adversely affected by the uncertain global economic and financial market conditions as well as international sanctions imposed on Russia. Further, trade tensions between the United States and the People's Republic of China may have an adverse effect on the export agreement between the Chinese and Finnish food authorities. HKScan commenced pork exports to China during the first half of 2018, and the first deliveries took place in April 2018. HKScan is exposed to the effects of trade actions and barriers due to the international nature of its operations. Various countries, such as Russia, the United States and the People's Republic of China mentioned above, have implemented, and may in the future implement trade restrictions and barriers. Further, there can be no assurance that countries targeted by anti-dumping and countervailing measures would not respond with corresponding measures which could escalate into a trade war. Global economic conditions have been, and are likely to continue to be, affected by concerns over increased geopolitical tensions as well as political developments, such as the increased threat of escalated trade conflicts on a global level.

An economic slowdown or a recession, regardless of its severity, or any other negative political or economic developments in HKScan's home markets and in the other countries in which HKScan operates may affect HKScan's business in a number of ways, including among other things, the income, wealth, liquidity, business and/or financial condition of HKScan, as well as its customers and its suppliers. Such adverse developments are currently caused by the coronavirus disease (covid-19) pandemic, which has caused increasing uncertainty in the global economy and financial markets. The general economic and financial market conditions in Europe and other parts of the world remain vulnerable to significant turmoil due to, among other factors, the current covid-19 pandemic. Further, possible weakness in the global economy may reduce customer demand or place an additional financial strain on HKScan's customers, which may negatively impact HKScan's ability to collect its receivables fully or in a timely manner, which, in turn, could require HKScan to contribute additional capital or obtain alternative financing to meet its obligations under any financing arrangements. Further, HKScan may not be able to utilise the opportunities created by the economic fluctuations and HKScan may not be able to adapt to a long-term economic recession or stagnation.

***Global epidemics and pandemics may have a material adverse effect on HKScan's business***

In addition to their effects on the global economy and the financial markets, global epidemic or pandemic, such as the current covid-19 pandemic, could have a direct or indirect effect on HKScan's business, due to, among other things, restrictions and other measures taken to contain the epidemic or pandemic and prevent its spread. These restrictions caused by an epidemic or pandemic affect not only HKScan, but its customers, suppliers and other stakeholders as well. Restrictions and measures could, for example, increase the costs of raw materials used by HKScan, in addition to which an epidemic or pandemic could lead to large-scale absences due to sickness or other reasons by HKScan employees and suppliers.

Restrictions on movement could limit or even halt deliveries of raw materials as a result of disruptions and problems in the global transport traffic. In addition, if the pandemic is prolonged, it may impact the availability and prices of some raw materials, production inputs, packaging materials and protective equipment. Direct and indirect effects through the international meat raw materials market in both the domestic and export markets may be unpredictable as the pandemic continues. The effect of the aforementioned rise in the cost of materials, disruptions and other problems related to the logistics of material deliveries, combined with the risk of HKScan's personnel's sickness absences, could lead to disruption of HKScan's production. The disruption of production poses a significant risk for the Issuer and could, in turn, have a negative effect on the profitability of HKScan's operations.

If the current covid-19 pandemic continues, it may also affect the price and volume development of certain products in sales channels in which demand has significantly declined due to the current pandemic. This applies to the Issuer's home markets as well as export markets. For example, Issuer's retail sales have clearly increased due to the pandemic while the food service sales were significantly down from the comparison period and the pandemic has thus slowed down the profit improvement of the Issuer. The pandemic may also cause unexpected delays in the implementation of investments, which may affect the Issuer's Turnaround Programme defined under "*Business overview – Business strategy – Turnaround Programme*".

The final impacts of the covid-19 pandemic that is ongoing at the date of this Listing Prospectus (including the timing, duration and extent of the impacts) on HKScan's business and HKScan's suppliers and customers is difficult to assess, particularly because the pandemic situation and the consequent measures of the public authorities change rapidly. As the covid-19 pandemic has changed the sales structure and responding to the sudden growth in retail sales and ensuring customer satisfaction led to additional costs, the progress of the Issuer's Turnaround Programme slowed down in 2020. According to HKScan's management, the effects of the pandemic may be longer-lasting and extend, possibly, into the coming years. For detailed discussion on the effects of the covid-19 pandemic on the Issuer and its markets, see "*Business overview – Business strategy – Turnaround Programme*" and "*Trend and market information – Market growth, drivers and trends*". If any of the risks described above should materialise, it could have a material adverse effect on HKScan's business, financial position, results of operations and future prospects.

***Negative developments in consumer confidence and/or spending may have a material adverse effect on the Issuer***

HKScan's results of operations depend on consumer consumption of retail and food service products, and as such, they are sensitive to changes in consumer confidence and spending (see "*Business overview – Business strategy – Significant factors affecting HKScan's ability to implement the new strategy and Turnaround Programme – Customer relations*" and "*Trend and market information – Market growth, drivers and trends*"). For example, increased taxes and public payments resulting from the indebtedness of the public sector coupled with increasing unemployment, caused potentially by the covid-19 pandemic, could weaken purchasing power, causing a negative development in consumer confidence and/or spending (for effects of the covid-19 pandemic on customer spending see "*Trend and market information – Market growth, drivers and trends*"). Should a recession occur, this may result in lower consumer purchasing power, and as a result shift

demand to lower-priced products. These developments generally affect the types or categories of products bought by consumers, as well as HKScan's sales margins.

## **Risks relating to HKScan's business operations**

### ***The Issuer's business is capital intensive and requires continuous investments in its facilities***

Over the past few years HKScan has carried out significant investments to ramp-up production at its new Rauma poultry unit in Finland focusing on improving the efficiency and competitiveness of HKScan's poultry business and enabling the introduction of product and meal concepts. HKScan plans to continue to invest in maintaining and developing its facilities in the future, including the Rauma unit. The Group's investments totalled EUR 90.7 million in 2020 including additions in right-of-use assets. For information on recent material investments, see "*Business overview – Material investments*".

In 2016 HKScan began the construction of a new poultry unit in Rauma, Finland. During the first half of 2017, the investment in the Rauma poultry production facility proceeded according to plan, with production line testing launched successfully after the reporting period, in July. During the second half of 2017, challenges related to the ramp-up process of the new Rauma unit, including the parallel run of the existing Eura unit, resulted in higher than anticipated ramp-up costs, contributing to a temporary increase in costs, and also temporarily reduced delivery capability in poultry in Finland, leading to a revised outlook. HKScan's first half year result for 2018 was still burdened by the challenges related to the Rauma poultry unit's ramp-up, particularly in packaging, which increased production costs and material loss, together with lost sales and a decrease in market share. During the second half of 2018, HKScan succeeded in improving the Rauma poultry unit's delivery capability, but challenges continued to significantly burden the results of operations. During first half of 2020 HKScan published its decision to invest some EUR 6 million in a new slaughter process in the Rauma poultry unit in order to improve raw material yields, productivity and operational reliability.

HKScan's capital requirements have in the past exceeded its estimates, regarding, inter alia, the Rauma unit. The amount and timing of HKScan's future capital requirements may differ materially from its current estimates due to various factors, many of which are beyond HKScan's control. In addition, HKScan's existing facilities and potential new facilities will require investments in the future which could be significant. Furthermore, the covid-19 pandemic may also cause unexpected delays in the implementation of investments, which may affect the Issuer's Turnaround Programme launched at the beginning of 2019 to improve the Issuer's profitability. The Turnaround Programme and effects caused by covid-19 pandemic are described under "*Business overview – Business strategy – Turnaround Programme*".

### ***Fluctuations in the costs of raw materials and commodities and their availability may have a material adverse effect on the Issuer***

The profitability of HKScan's business is greatly affected by the global risk associated with changes in the availability and market price of raw materials such as feed, pork, poultry and beef as well as commodities, such as electricity (see "*Business overview – Business strategy – Significant factors affecting HKScan's ability to implement the new strategy and Turnaround Programme – Management of the long value chain and so-called meat balance, availability and prices of raw materials and commodities*"). Global and particularly Europe-wide political decisions associated with meat production may have a substantial effect on HKScan's raw material procurement. The prices for pork, beef and poultry are determined in a global market. The level of primary production capacity is a crucial factor affecting the price and availability of raw materials. Global or regional overproduction or excess supply may decrease the price of feed and raw materials and increase their availability, while underproduction or short supply may lead to lower availability and rising prices. The economic cycle also impacts the price level of raw materials. The current pandemic caused by covid-19 may impact the availability and prices of some raw materials, production inputs, packaging materials and protective equipment and the direct and indirect effects through the international meat raw materials market in both the domestic and export markets may be unpredictable as the pandemic continues. Further, Russia's ban on pork imports from the European Union has increased available supply and may continue to cause oversupply in the EU markets. Oversupply, economic uncertainty and fluctuating consumption have affected sales prices in the HKScan's home markets and especially the export market, and may continue to do so in the foreseeable future.

Other factors having a substantial effect on the production of raw materials and, consequently, the price level include the European Union's agricultural and subsidy policy, trade barriers, animal disease epidemics and measures associated with preventing and fighting them, as well as regional production circumstances, including heat and dry spells that may be affected by climate conditions. The prices of products sold by HKScan to retail are agreed months ahead in Finland, Sweden, Denmark and the Baltics, and under these circumstances, changes in the prices of raw materials cannot necessarily be passed on to product prices quickly enough. Passing higher raw material prices on to product prices may also be difficult even in situations where prices have not been agreed in advance.



HKScan has delivered a promise of 100 per cent domestic meat content in its main brands, HK® and Kariniemen® in Finland and Scan® in Sweden. This makes HKScan vulnerable to domestic meat production declines and price increases. Also, HKScan is facing growing competition in all market areas from retail chains and other industrial operators, which are increasingly competing on the food market with their own products and brands (see "*Trend and market information – Competitive landscape*").

HKScan is also exposed to commodity risks as physical electricity consumption poses one of the most significant commodity risks in HKScan Group. In the food processing industry, energy is one of the most significant cost items. In addition to production, energy costs are reflected in transport and the entire logistics chain. HKScan may be vulnerable to a substantial increase in energy prices or difficulties with the availability of energy, a substantial increase in waste management costs or the failure of alternative measures (see "*Business overview – Business strategy – Significant factors affecting HKScan's ability to implement the new strategy and Turnaround Programme*").

***Structural changes in the consumer goods retail sector and intense competition within the meat industry may have a material adverse effect on HKScan***

The structure of the consumer goods retail sector is constantly changing. Globally operating retail chains are seeking new markets and competition between chains is intensifying. The entry of foreign low-price chains into the market in Finland, Sweden, Denmark and the Baltics has increased price competition and resulted in local companies establishing hard discount retail schemes. The combination of a concentrated trade environment and market consolidation has reduced the number of brands sold by some retailers. The supply of private-label products, i.e. the retailers' own products, typically at lower price points, has increased. The proportion of private-label products in Finland is lower than the European Union average, while in Sweden and Denmark they are more significant, and in the Baltics less significant than in Finland.

For a food industry company, the structural changes in retail trade may mean increased buying power for retailers and lead to pressure on the production of private-label products, as well as lead to pressure on the pricing of HKScan's own brands. In the future, the food industry in Finland as well as in HKScan's other market areas may need to compete for deliveries not only with domestic operators but also increasingly with international companies and companies operating in lower-cost countries (see "*Trend and market information – Competitive landscape*").

***HKScan is dependent on its production facilities and uninterrupted operation of its value chains***

HKScan is dependent on the uninterrupted operation of its production units and distribution centres (see "*Business overview – Business strategy – Significant factors affecting HKScan's ability to implement the new strategy and Turnaround Programme – Dependence on production facilities and uninterrupted operation of the delivery chain*"). If one of the key production units of HKScan is destroyed or closed or experiences a temporary halt in operations, regardless of the reason, if its equipment is damaged in a significant manner or other disruptions occur in production, this is likely to cause delays in HKScan's ability to produce and distribute its products as scheduled. In addition, factory upgrades or service breaks may cause risks of failures or delay deliveries. Depending on the product, it may be possible for HKScan to shift production to other locations, thus avoiding any significant interruptions to its operations. Changes in production of this kind may, however, be more difficult to implement in respect of some product groups and may lead to significant delays in the deliveries of products and to lost sales and give rise to additional expenditure before insurance coverage.

The delivery of orders on very short lead times is characteristic of the Issuer's industry and HKScan is dependent on third parties, such as retailers and wholesalers. Short lead times increase the significance of an effective and dependable supply chain and underscore the need to be able to anticipate consumer behaviour. Likewise, the importance of the reliability of logistics systems and other technological systems is high. If distribution centres are damaged, destroyed or taken out of commission for whatever reason, or if the products held in the distribution centres suffer significant damage, HKScan would have to come up with an alternative method of delivering products to customers until such time as the relevant distribution centre can again be made available for operations.

***Changes in consumer behaviour and perception of HKScan, as well as seasonal fluctuation in demand may have a material adverse effect on the Issuer***

One of the food production industry's challenges is to predict consumer needs, preferences and behaviour (see "*Trend and market information – Market growth, drivers and trends*" and "*Business overview – Business strategy – Significant factors affecting HKScan's ability to implement the new strategy and Turnaround Programme – Consumer behaviour, confidence and trends*"). These needs are affected by social changes such as general growth in purchasing power and the age structure of consumers. In addition to general trends, understanding the varying purchasing criteria of consumers and their willingness and ability to assimilate information presents challenges. Substantial changes in food consumption habits normally take place over a very long period of time. However, there is no certainty that such changes could not occur quicker and thereby affect HKScan's ability to react to them.

The consumption and eating habits and funds available for consumption vary greatly among the countries within HKScan's home market area. Further, changes in the methods in which consumers purchase food, as well as the emergence of new purchasing channels, such as food service, e-commerce and other similar channels, may affect HKScan's position in the market. Knowing and monitoring the purchasing and eating habits of different consumer groups is a challenge for HKScan.

Segmentation of consumer groups into increasingly smaller special groups is continuing also at the national levels, and it is even more difficult to foresee consumer behaviour. The selection criteria for foods besides price, domestic origin and taste, which remain the most important, are becoming more and more diverse. Health-oriented thinking has been a rising trend in the consumer market in recent years and HKScan has responded to this by developing healthier products. A small proportion of consumers avoid all meat products due to ethical or other reasons and this proportion could increase. Through partnerships HKScan has introduced to the market plant-based protein product portfolios to enter into new product categories and raw materials to answer consumer needs. The segmentation of consumer groups could continue to increasingly make it more difficult to foresee consumer preferences.

The core business of HKScan is the development, production, marketing and selling of meat and meat products. Pork, beef, and poultry are the main raw materials. It is possible that due to e.g. environmental or animal rights related matters, consumers or certain consumer groups may boycott HKScan or its products, no matter whether HKScan's behaviour has been called into question or not. Even boycotts by certain minor groups may have an impact on the perceptions and behaviour of other consumers in the longer run.

Furthermore, HKScan's sales are subject to seasonal fluctuation (see "*Business overview – Business strategy – Significant factors affecting HKScan's ability to implement the new strategy and Turnaround Programme – Consumer behaviour, confidence and trends*"). For example, the success of the barbecue season during the summer months has a substantial effect particularly on HKScan's processed meat products group. Cold and rainy weather may substantially reduce sales during the barbecue season. Therefore weather conditions may have a material effect on HKScan's results or financial condition. In addition to the barbecue season, for example Christmas and Easter are important seasons for HKScan.

There is no guarantee that HKScan's product range will remain in line with consumer habits and preferences, HKScan's new products will succeed as expected or HKScan will be able to respond to changes in consumer requirements through new products or seasonal fluctuations.

#### ***HKScan's operations may involve legal risks relating to contracts and compliance***

HKScan's home markets comprise of Finland, Sweden, the Baltics and Denmark and HKScan exports to close to 50 countries. The operations of HKScan are strictly regulated in all of its countries of operation. Owing to this, HKScan has to comply with a wide range of laws and regulations enacted on both the European and the national level, most notably competition law, health and safety regulations, consumer law, environmental regulations, labour regulations, competition regulations, which may include restrictive regulations due to leading market shares and corporate and tax laws as well as import and export regulations (for example, most recently in Russia) (see "*Business overview – Business strategy – Significant factors affecting HKScan's ability to implement the new strategy and Turnaround Programme – Compliance and safety*"). For example, regulatory restrictions on food service companies resulting from the covid-19 pandemic have affected HKScan's sales during 2020 and continue to do so in 2021.

The nature and timing of regulatory changes are beyond HKScan's control and any new laws or regulations affecting HKScan's operations or services, as well as any amendments to, or new interpretations of, the existing laws and regulations may affect its competitiveness generally or increase costs, and HKScan cannot guarantee that it would be compliant with such changed requirements without taking material action. Any changes in the regulatory framework and/or the loss of benefits associated with a status or an authorisation could require HKScan to adapt its business activities, its assets or its strategy, possibly leading to a negative impact on its results, an increase in its expenses, and/or a slowing or even halting of the development of its business activities.

In the normal course of its business activities, HKScan could be involved in legal proceedings (for instance, regarding contractual responsibility, employer's liabilities, anti-trust, anti-bribery and anti-corruption cases, penal issues as well as consumer law violations which may be litigated by individual parties or by Consumer Ombudsmen on behalf of a consumer group). From time to time, HKScan may become subject to tax and administrative audits. In addition, the Issuer has deductible losses and it utilises various tax planning mechanisms, for which the scheduling of tax depreciation is considered most important. The application of deferred tax assets is based on an assumption, that there will be no significant negative changes in the tax legislation applicable to HKScan. However, there are no guarantees that this kind of significant negative changes will not occur in the future, and that the Issuer will be able to apply the deferred tax assets fully or partially. Contract and compliance risks may also arise from liabilities assumed in mergers and acquisitions, including exposure to environmental liability.

In its operations, HKScan is also highly dependent on the authorities in its countries of operation, and the procedures of the authorities may vary considerably in HKScan's various sectors of operation. Changes in the regulatory framework and/or the loss of benefits associated with a status or an authorisation could require HKScan to adapt its business activities, its assets or its strategy, possibly leading to a negative impact on its results, an increase in its expenses, and/or a slowing or even halting of the development of certain investment activities. In addition, various unexpected actions potentially taken by pressure groups may cause restrictions to the business or volatility in demand. Changes in international trade restrictions, international sanctions and trade bans and various countries' competition legislation pose a risk that requires continuous follow-up and the development of self-supervision functions. Breaches of business principles and the Group's Code of Conduct are also recognised as operational risks. Cases that are technically or contractually unclear may also involve claims for compensation addressed to HKScan.

#### ***Animal disease epidemics may have a material adverse effect on the Issuer***

An outbreak of animal disease, such as bovine spongiform encephalopathy (BSE), avian flu, Newcastle disease, foot-and-mouth disease, African swine fever, high pathogenic avian flu (H5N6 and H5N8) or any other animal disease may affect the Issuer's business and demand for its products (see "*Business overview – Business strategy – Significant factors affecting HKScan's ability to implement the new strategy and Turnaround Programme – Consumer behaviour, confidence and trends*" and "*Business overview – Business strategy – Significant factors affecting HKScan's ability to implement the new strategy and Turnaround Programme – Management of the long value chain and so-called meat balance, availability and prices of raw materials and commodities*"). For example, the African swine fever, which has high animal mortality rates and has during the past few years spread to Russia and some European countries, would cause a severe risk of an animal disease epidemic. The Finnish Food Safety Authority states that the African swine fever has never been found in Finland, but the risk of its spread to Finland has increased. H5N8 avian flu has recently been found in wild birds also in some countries in which HKScan operates.

Animal diseases may affect the availability of raw materials, production processes and their costs, as well as consumer behaviour. Examples of changes in testing procedures and increased costs associated with previous cases of animal diseases and preparations for epidemics have included the effects of the BSE case which occurred in Finland early in the previous decade on testing and handling procedures, as well as the preparations for foot-and-mouth disease and avian flu. For example, animal diseases detected in Europe in 2020 weakened HKScan's net sales through tighter competition of regional oversupply and forced a reorientation of sales.

Animal diseases may impact consumer behaviour for extended periods. In a fully integrated value chain, such as in the bulk of HKScan's Baltic operations, discovery of an animal disease may temporarily interrupt, in the worst-case scenario, the supply of raw materials if substitute raw material sources such as imports from abroad are not available.

In other European countries, animal disease epidemics have had a stronger impact through reduced consumption compared to Finland, Sweden and Denmark. An animal disease epidemic might prevent or temporarily hinder the procurement of raw materials, and additionally, official protection measures during an epidemic may affect HKScan's operations even if the case does not directly concern HKScan or its operating area. In spite of tightened regulations, strict control of feeds, professional handling of animal carcasses and HKScan's strict self-control system, there are no guarantees that any measures would be sufficient to prevent cases of animal disease epidemics.

#### ***The Issuer is dependent on its customer relationships and decreasing co-operation with one or several important customers may have a material adverse effect on the Issuer***

Well-functioning co-operation with major customers plays a central role in HKScan's business (see "*Business overview – Business strategy – Significant factors affecting HKScan's ability to implement the new strategy and Turnaround Programme – Customer relations*"). Decreasing co-operation with one or several important customers may harm HKScan's business. Should an important customer decide to reduce the offering of HKScan's products in its product range, consumers would not have an opportunity to purchase HKScan's products even though their preferences may not have changed. In addition, problems affecting customers' ability to take deliveries may significantly interrupt the product distribution of HKScan.

#### ***Product quality and product liability risks may have a material adverse effect on the Issuer***

As a food manufacturing company, HKScan's production processes need to comply with strict food safety standards and its product safety standards are based on risk assessments of products and processes (see "*Business overview – Business strategy – Significant factors affecting HKScan's ability to implement the new strategy and Turnaround Programme – Compliance and safety*"). The safety risks of foodstuffs are related to the purity of raw materials (residues, foreign substances), microbiological purity, and packages and labelling. In addition to rigorous in-house quality controls and food safety certificate standards, the facilities of all industry operators in the value chain are subject to strict scrutiny by the

authorities. The actual or perceived safety risks of foodstuffs, potential lawsuits or claims relating to such risks, published reports about risks or litigation relating to such risks could adversely affect the volume or growth rate of HKScan's sales and result in decreased usage of its products or increased litigation costs.

HKScan may not have complete certainty over the risk-free management of the entire value chain. An animal disease or other detected faults or defects in products or in product descriptions discovered at a critical point in HKScan's value chain could interrupt production in the unit concerned and disturb the entire chain's operations. If actual or perceived health, safety or product liability risks were to materialise, they may have an adverse effect on the demand for HKScan's products among customers and consumers.

***Potential divestments, acquisitions or failure in the integration of businesses acquired may have a material adverse effect on the Issuer***

In order to develop its business, HKScan may acquire, either in its current market areas or in new geographical areas, companies or businesses which enhance its competitive position. It is possible that the integration of any acquired companies or businesses would not succeed as planned, thus creating unexpected costs and shortcomings in business-related estimates. Other risks relating to acquisitions include potentially unknown liabilities, possible inability to manage the business operations and personnel acquired, and the risk of the benefits or synergies not being realised. In addition, consolidation of different industrial sectors may have an adverse effect on HKScan's strategic competitive position. Expansion into new geographical areas may also cause problems relating to exchange rate fluctuations, unexpected changes in statutory requirements, changes in and compliance with local legislation and regulations, as well as political risks.

Further, HKScan may divest parts of its business operations. There are no guarantees that HKScan will succeed in such divestments, or such divestments may not necessarily produce the expected cash flow or capital gain. Potential divestment may also lead to unpredictable impacts, risks, hidden liabilities and write-downs which the Issuer has not been able to prepare for. The execution of a potential divestment may require considerable resources from HKScan's management, in which case the core business of HKScan may suffer. If the transaction or divestment is not carried out at all or is carried out partially, this may have a clear impact on HKScan's ability to continue its operations.

***Labour disputes or the loss of or failure to recruit skilled personnel may have a material adverse effect on the Issuer***

HKScan's success is materially dependent on the professional expertise of the Issuer's management and other personnel, as well as on HKScan's ability to foster the commitment of current management and other personnel and recruit new, skilled employees in the future (see "*Business overview – Business strategy – Significant factors affecting HKScan's ability to implement the new strategy and Turnaround Programme – Availability of labour and relations between employer and employees*").

To remain competitive and be able to implement its strategy, HKScan will need to hire and retain sufficient numbers of highly skilled employees with expertise in the relevant parts of HKScan's business operations. A portion of this competence is held by certain key persons who are of particular importance in ensuring that HKScan retains and develops its competitiveness. The growth and profitability of HKScan's future business activities depend on its continued ability to recruit and retain key employees as well as sufficient number of employees with the necessary industry experience and skills.

HKScan is vulnerable to potential legal or illegal strikes in its value chain or in its own operations. Labour disputes in HKScan's business operations or associated areas may have an adverse effect on the business of HKScan. HKScan or employers' organisations may not necessarily succeed in negotiating new satisfactory collective agreements once the currently valid agreements expire. Furthermore, currently valid collective agreements concerning HKScan's personnel may not necessarily prevent strikes or work stoppages at HKScan's production facilities. Labour disputes in the transport sector may prevent the distribution of HKScan's products, and labour disputes affecting HKScan's important suppliers may hamper HKScan's business. In particular, labour disputes or exceptional arrangements associated with pending negotiations taking place before the most important holiday seasons, being Christmas, Easter and Midsummer, may have a material adverse effect on HKScan's business and financial condition.

***The Issuer's insurance cover may prove to be insufficient***

HKScan's facilities, equipment and other property could be at risk of being damaged because of events such as mechanical failures, human error, cyber intrusion and natural hazards. All of these hazards can result in loss of property, damage to property, business interruptions and delays. HKScan carries insurance to protect against accident-related, cyber and liability risks involved in the conduct of its business operations. However, HKScan's insurance policies may be inadequate

or unavailable to protect it in the event of a claim or other loss, or the insurance coverage may be cancelled or otherwise terminated.

Additionally, there are risks in respect of the scope of HKScan's insurance coverage. HKScan may not be able to continue to obtain insurance on commercially reasonable terms or at all. HKScan may incur liabilities or losses not covered by its insurance, such as liabilities for breach of contract. The amount of any liabilities may exceed HKScan's policy limits and HKScan may incur losses from interruption of its business due to reasons that are excluded from the insurance coverage.

***Environmental risks, changes in prices of waste management and energy and changes in the availability of energy may have a material adverse effect on the Issuer***

Due to the nature of HKScan's business, the most substantial environmental load of its own production is caused by energy usage, water usage, waste originated in the processing of biomass materials, waste water and emissions of the production facilities (see "*Business overview – Business strategy – Significant factors affecting HKScan's ability to implement the new strategy and Turnaround Programme – Management of the long value chain and so-called meat balance, availability and prices of raw materials and commodities*"). Heavy metals or dangerous environmental toxins are not used in the meat industry. Ammonia used in cooling machines may cause injuries at the production facility and nearby in the event of a failure.

Environmental management is a key component in HKScan's management system, and environmental concerns are catered for at every stage of operations. There is a possibility of, for example, human error or sabotage which may lead to substantial environmental damage. It is possible that in such a situation, legal action directed against HKScan, any revocations of licences or other sanctions would have an adverse effect on HKScan's business, financial condition, results of operations and future prospects. In the food industry, energy is one of the most significant cost items. In addition to production, energy costs are reflected in transport and the entire logistics chain. HKScan may be vulnerable to a substantial increase in energy prices or difficulties with the availability of energy, a substantial increase in waste management costs or the failure of alternative measures.

***The Issuer may not be able to protect its brand and intellectual property in all circumstances***

HKScan's products are sold in the consumer market, in which the visibility and reputation of product brands have substantial effects on their attractiveness for consumers. HKScan's core brand names include HK®, Kariniemen®, Via®, Scan®, Pärsons®, Rose®, Rakvere®, Tallegg®, Rīgas Miesnieks, and Klaipėdos Maistas (see "*Business overview – Selected key strengths – Leading brands*" and "*Business overview – Business strategy – Significant factors affecting HKScan's ability to implement the new strategy and Turnaround Programme – Brands and product development*"). Brands may lose their value as a consequence of negative publicity associated with HKScan brand names. The risks related to brands are also increased by the growth of international low-price brands and the local nature of many brands. It is impossible to fully foresee consumer reactions to any particular brand. Negative publicity affecting one or more important HKScan brand names may have a material adverse effect on HKScan's business, financial condition, results of operations and future prospects.

If HKScan fails to establish, protect or enforce its brand names, products imitating HKScan's brand names, packaging or other properties of HKScan's products may enter the market. The entry into the market of products imitating HKScan's products may have an adverse effect on HKScan's sales and the reputation of its brands. HKScan incurs costs for the establishment, protection and enforcement of its brand names and the related intellectual property rights. The possible expansion of HKScan's business into new countries may increase the costs associated with measures to establish, protect and enforce the brands and the intellectual property rights, as well as the risks associated with the increasing presence of products imitating HKScan's products.

***The Issuer is dependent on its major information systems, and their malfunction may have a material adverse effect on the efficiency and/or continuity of the Issuer's operations***

HKScan's business is dependent on information technology and on HKScan's ability to manage and maintain stocks efficiently, deliver products to customers in a timely manner, maintain the cost-efficiency of operations, respond to customers' sales inquiries and process sales transactions by using various information systems and other similar information and communications systems offered and supported by third parties. Besides order and distribution chain management, HKScan uses information systems in every stage of the production chain from planning to distribution, and uses the systems in question as a communication channel with employees, foreign subsidiaries, contract suppliers, customers and other stakeholders. In addition, HKScan utilises information systems in financial administration, debt collection, customer service and forecasting results and cash flows. Thus, the performance and reliability of HKScan's major information systems are critical to HKScan's ability to carry out its business operations.

HKScan assesses the risk relating to its information systems continuously but despite HKScan's best efforts, system failures and service breaks may occur. System failures and service breaks are a possible outcome of several reasons, such as computer viruses, security breaches and other illegal action by third parties, natural catastrophes, malfunctions of appliances, machines or software, connection failures, long-term power outages or HKScan's inability or failure to properly protect, repair or maintain the communications and information systems. As HKScan's business is dependent on the continuing functioning of its major information systems, disruptions involving them may materially hamper the continuity of operations for an unspecified period. Thus, disruptions in the functioning of such systems may have a material adverse effect on HKScan's business, financial condition, results of operations and future prospects.

### **Risks relating to HKScan's financing**

#### ***The Issuer may not receive financing on competitive terms or at all or it may have difficulties in complying with the financial covenants of its financing arrangements***

Uncertainty in the financial markets may cause the price of the financing needed to conduct HKScan's business to increase or to be less readily available. HKScan's ability to finance its operations depends on a number of factors, such as the amount of cash flows from its operations and its access to additional debt or equity financing if needed. There can be no assurance that HKScan will have access to additional financing or that it will be able to refinance its facilities at a commercially reasonable cost, or at all. HKScan has bank loans, pension loans, export credit agency backed loans, current accounts with overdraft facilities, a short-term commercial paper programme and an EUR 100,000,000 revolving credit facility. The EUR 100,000,000 revolving credit facility is maturing in 2022 and HKScan has negotiated with its financing banks to replace the existing revolving credit facility with a new EUR 100,000,000 revolving credit facility which would mature in 2024 with an extension option for a maximum of one year. In addition to certain standard terms and conditions, the new revolving credit facility loan is conditional, inter alia, on the signing of a final facility agreement (see "*Business overview – Description of current financing of the Group*").

HKScan's loan agreements and senior unsecured notes, respectively, are subject to financial covenants. For example, under the financial covenant of the EUR 100,000,000 revolving credit facility maturing in 2022, HKScan has undertaken to ensure that the net gearing ratio shall not exceed 125 per cent and the new EUR 100,000,000 revolving credit facility which would mature in 2024 is expected to include a similar financial covenant. Further, under the financial covenants of the Notes, HKScan has undertaken to ensure that the ratio of its consolidated total net debt to equity shall not exceed 130 per cent at the end of any financial quarter. The Issuer's net gearing was at 91.0 per cent at 31 December 2020.

HKScan could encounter difficulties in raising sufficient financing and, as a result, could lack access to the liquidity that it needs. There can be no assurance that HKScan will be able to meet its financial covenants as set out in HKScan's loan agreements. In such situation, in order to avoid an event of default, HKScan might be required to obtain a waiver from its creditors, renegotiate its agreements or repay or refinance its borrowings. Any of these actions could then result in increased financing costs and there can be no assurance that the attempted actions would be successful. In the event not being able to successfully renegotiate, repay or refinance its agreements and borrowings, the continuing financing of HKScan could be at risk. Not being able to receive financing on competitive terms or at all or a failure to comply with the financial covenants of its financing arrangements could therefore have a material adverse effect on HKScan's business, financial condition, results of operations and future prospects.

#### ***Fluctuations in currency exchange rates may have a material adverse effect on the Issuer's earnings and balance sheet***

HKScan's domestic markets comprise Finland, Sweden, Denmark and the Baltics, and the Issuer exports its products to close to 50 countries. HKScan is exposed to risks arising from foreign exchange rate fluctuations and it carries out foreign currency denominated imports and exports both outside and within the Group. The aim of transaction risk management is to hedge the Issuer's business against foreign exchange rate movements and allow the business units time to react and adapt to fluctuations in exchange rates.

The translation risk arises from the consolidation of equity into the basic currency in subsidiaries whose operational currency is not the euro. The largest such foreign-currency exposures of the Group are to the Swedish krona, the Danish krone and the Polish zloty. Fluctuations of exchange rates affect the amount of consolidated equity, and translation differences are generated in connection with equity in accounting. Such differences could result in significant changes in HKScan's earnings and balance sheet from period to period. Consequently, fluctuations in foreign exchange rates may have an adverse effect on HKScan's business, financial condition, results of operations and future prospects. The Group Treasury identifies and manages foreign exchange translation risks according to HKScan's Treasury Policy. HKScan does not currently hedge the translation risk.

### ***Fluctuations in interest rates may have a material adverse effect on the Issuer's earnings and balance sheet***

Fluctuations in interest rates can have a significant effect on HKScan. The Issuer's main exposure to interest rate risks arises through interest-bearing liabilities. As at the end of 2020, the Group's interest-bearing debt was EUR 346.4 million (EUR 313.3 million in 2019) including IFRS 16 lease liability EUR 35.6 million (EUR 46.3 in 2019) and interest-bearing net debt was EUR 299.6 million (EUR 275.8 million in 2019).

The goal of interest rate risk management is to reduce the fluctuation of interest expenses in the income statement, minimise debt servicing costs and improve predictability. The Issuer's short-term money market investments expose it to the cash flow interest rate risk. There can be no assurance that any hedging will enable HKScan to fully manage its exposure to movements in interest rates or to continue to do so at a reasonable cost. Fluctuations in interest rates may therefore increase HKScan's costs of financing and have material adverse effect on the Issuer's earnings. Moreover, as financial liabilities, except for derivative contract liabilities, are recognised in the balance sheet and subsequently measured at amortised cost using the effective interest method, fluctuations in interest rates may have a material adverse effect on the Issuer's balance sheet.

### ***HKScan is exposed to credit and counterparty risks***

Credit and counterparty risks materialise when counterparties are unable or unwilling to fulfil their obligations towards HKScan. HKScan is exposed to credit and counterparty risks through all of its trade receivables and receivables related to financing intermediaries, such as cash, deposits, derivatives, receivables under guarantees and other receivables. Counterparty risks are mostly related to derivative contracts and investment activities. HKScan applies the IFRS 9 expected credit loss provisions when considering its credit losses. Thus, the information used in such considerations includes estimates of both current and predicted state of affairs. If one or more of such estimates later turns out to be wrong, HKScan's credit losses may increase and HKScan's credit loss provisions may not be sufficient to cover all of the credit losses.

### ***A possible impairment of goodwill, trademarks or other intangible assets or tangible assets or deferred tax assets may have a material adverse effect on HKScan's financial condition and results of operations***

As at 30 December 2020, HKScan had EUR 148.0 million in intangible assets (representing approximately 45 per cent of the equity) consisting of goodwill, trademarks and other intangible assets and EUR 458.7 million in tangible assets and EUR 40.9 million in deferred tax assets. Other intangible and tangible assets are amortised or depreciated over their useful lives and tested for impairment when events or changes in circumstances indicate that the carrying amount of the asset exceeds the recoverable amount. Goodwill and trademarks are not amortised but are tested for impairment annually and whenever there are indications of possible impairment. The key assumptions affecting the present value of cash flows are the growth prospects of the business, cost trends and the discount rates employed. Goodwill and trademarks are monitored by the management at the business segment level. The assumptions used in the impairment calculations involve judgment that the management has used in estimating the development of different factors. In impairment testing the discounted present value of the recoverable cash flows of each cash-generating unit is compared with the carrying amount of the unit in question. If the present value is lower than the carrying amount, the difference is recognised through profit and loss as an expense in the current year. Deferred tax assets arise mostly from adopted losses, postponed depreciations and non-deductible interest expenses in Group's operations in Finland. Utilisation of deferred tax asset is based on taxable profits in the future and the assumption that there are no significant adverse changes in tax legislation. Deferred tax assets are recognised for the amount which it is likely that taxable profit will be generated in the future, but were such taxable profit not be generated this would possibly lead to an impairment of the deferred tax assets.

The growth prospects of the business, cost trends, and the discount rate employed are the key sources of uncertainty in the methods, assumptions and estimates. This sensitivity derives from the challenge of estimating the future developments of the factors mentioned above. Changes in the business environment of cash-generating units that are sudden or unexpected may result in an increase in capital costs or in a situation where a cash-generating unit is forced to estimate clearly lower cash flows. Recognition of an impairment loss is likely in such situations, which would decrease HKScan's results. Other events and circumstances that could result in an impairment of goodwill include increasing financial uncertainty, increasing competition and other factors leading to declining sales or profitability. The risks related to impairment of assets will increase and have an effect on the financial position in case the Issuer is not able to improve its financial performance and strengthen its balance sheet.

## **Risks relating to the Notes as debt of the Issuer**

### ***The Issuer is dependent on its operative subsidiaries***

The Issuer is the parent company of the HKScan Group and has multiple operative subsidiaries in different countries, of which it is dependent on. Accordingly, payments of interest and principal in respect of the Notes will effectively be paid from cash flows generated from the business of the Issuer's subsidiaries operating HKScan's business areas. Accordingly, the ability of the Issuer to pay interest on and repay the Notes will be subject to all the risks to which the HKScan Group is subject. The ability of the Issuer to make payments of interest and principal on the Notes is dependent on its rights to receive intra-company payments from its subsidiaries. If these payments are not made by the subsidiaries, for whatever reason, the Issuer would not expect to have any other sources of funds available to it that would be sufficient to make payments on the Notes.

### ***HKScan may be able to merge, demerge, effect asset sales or otherwise effect significant transactions***

In addition to the rights of creditors in general, the Notes contain only limited provisions designed to protect Noteholders from a reduction in the creditworthiness of the Issuer. In particular, the Terms and Conditions do not, except for the Change of Control and the Demerger Event condition (see Condition 11 (Mandatory repurchase due to Demerger Event or Change of Control (put option)) which grants the Noteholders the right of prepayment of the Notes in certain limited circumstances, and the Disposal condition (see Condition 12 (Disposals)) which includes conditions on the application of disposal proceeds from sales of the Issuer's or its subsidiaries, operations or assets, restrict the Issuer's ability to enter into a merger, demerger, asset sale or other significant transaction that could materially alter its existence, jurisdiction of incorporation or regulatory regime and/or its composition and business provided that the Issuer does not cease to carry on its current business in its entirety. In the event the Issuer enters into such a transaction, Noteholders could be materially and adversely affected. Furthermore, the Change of Control or the Demerger Event condition does not restrict any of the current shareholders of the Issuer from disposing any or all of their shareholdings.

### ***No voting rights***

The Notes carry no voting rights with respect to general meetings of shareholders of the Issuer. Consequently, the Noteholders cannot influence any decisions of the general meetings of shareholders of the Issuer concerning, for instance, the capital structure of the Issuer.

### ***The Issuer's shareholding is concentrated and its biggest shareholder may independently cause the adoption of significant resolutions affecting Noteholders***

As at 23 March 2021, the shareholding of HKScan's biggest shareholder, LSO Osuuskunta, was 30.13 per cent of shares and 59.43 per cent of votes (see "*Certain additional information – Controlling shareholder*"). With its shareholding, LSO Osuuskunta may independently cause the adoption of significant resolutions on matters such as the adoption of the annual accounts, payment of dividends up to an amount proposed or approved by the board of directors from time to time, election of the members of the board of directors and discharging them. The interests of LSO Osuuskunta may differ from those of debt investors and, consequently, with its shareholding LSO Osuuskunta may independently cause the adoption of resolutions contrary to the interests of the debt investors. In addition, should LSO Osuuskunta sell a significant part of its shareholding in the Issuer or should the market believe it is about to do so, it could adversely affect HKScan.

## **Risks relating to the marketability of the Notes**

### ***Active trading market for the Notes may not develop***

The Notes constitute a new issue of securities by the Issuer. There is no public market for the Notes. Although application has been made for the Listing of the Notes, no assurance can be given that such application will be approved. In addition, Listing of the Notes will not guarantee that a liquid public market for the Notes will develop and even if such a market were to develop, neither the Issuer nor the Joint Lead Managers are under any obligation to maintain such market (see Condition 21 (Listing and Secondary Market)). The liquidity and the market prices of the Notes can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer as well as many other factors that generally influence the market prices of securities. Such factors may significantly affect the liquidity and the market prices of the Notes, which may trade at a discount to the price at which the Noteholders purchased the Notes.

There can be no assurance that an active trading market for the Notes will develop, or, if one does, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, it may result in a material decline in the market price of the Notes, and the liquidity of the Notes may be adversely affected. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the assets of



the Issuer. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Further, if additional and competing products are introduced in the markets, this may also result in a material decline in the price and value of the Notes.

***Since the Notes bear a fixed interest rate, their price may fall as a result of changes in the interest rates***

The Notes bear interest on their outstanding principal at a fixed interest rate (see Condition 4 (Interest)). A holder of the Notes with a fixed interest rate is exposed to the risk that the price of the Notes could fall as a result of changes in market interest rates. Market interest rates follow the changes in general economic conditions, and are affected by, among many other things, demand and supply for money, liquidity, inflation rate, economic growth, benchmark rates of central banks, implied future rates, and changes and expectations related thereto.

While the nominal compensation rate of a security with a fixed interest rate is fixed during the term of such security or during a certain period of time, current interest rates on capital markets (market interest rates) typically change continuously. In case market interest rates increase, the market price of such a security typically falls, until the yield of such security is approximately equal to the market interest rates. If market interest rates fall, the price of a security with a fixed interest rate typically increases, until the yield of such a security is approximately equal to market interest rates. Consequently, the Noteholders should be aware that movements of market interest rates may result in a material decline in the market price of the Notes and can lead to losses for the Noteholders if they sell the Notes. Further, the past performance of the Notes is not an indication of their future performance.

***The Issuer may not be able to finance the prepayment of Notes following an Event of Default, a Demerger Event or a Change of Control***

Upon an Event of Default, a Demerger Event and a Change of Control, Noteholders are entitled to demand prepayment of the Notes. The source for the funds required for any prepayment as a result of any such event will be available cash or cash generated from operating activities or other sources, including issuance of shares, borrowings, sales of assets or funds provided by subsidiaries of the Issuer. There can be no assurance that the Issuer will have or will be able to generate or obtain sufficient funds to prepay the Notes that have been requested to be prepaid.

***The Issuer may have an obligation to prepay the Notes prior to maturity***

As specified in the Terms and Conditions, Noteholders are entitled to demand prepayment of the Notes in case of an Event of Default, a Demerger Event and a Change of Control. Such prepayment may have a material adverse effect on HKScan's business, financial condition, results of operations and prospects and, thereby, on HKScan's ability to fulfil its obligations under the Notes of such Noteholders who elect not to exercise their right to prepayment of the Notes as well as on the market price and value of such Notes.

***The Issuer has a right to redeem and purchase Notes prior to maturity***

The Issuer may at any time voluntarily redeem the Notes (see Condition 8.2 (Voluntary total redemption)). Although the redemption amount payable is designed to avoid the incurrance of losses by the Noteholders, such redemption initiated by the Issuer may incur financial losses or damage, among other things, to such Noteholders who had prepared themselves to have the amount of the Notes invested until the contractual final maturity of the Notes and may be incapable of reinvesting the redemption amount at a yield comparable to that offered by the Notes.

In addition, as specified in the Terms and Conditions, the Issuer may at any time prior to maturity purchase Notes in any manner and at any price it deems appropriate. Only if such purchases are made by a tender offer, such tender offer must be available to all Noteholders alike. The Issuer is entitled to cancel, dispose of or hold the purchased Notes at its discretion. Consequently, a Noteholder offering Notes to the Issuer in connection with such purchases may not receive the full invested amount. Furthermore, a Noteholder may not have the possibility to participate in such purchases. The purchases, whether by tender or otherwise, may have a material adverse effect on such Noteholders who do not participate in the purchases as well as the market price, liquidity and value of such Notes.

Furthermore, in case the outstanding aggregate principal amount of the Notes is 25 per cent or less of the initial aggregate principal amount of the Notes, the Issuer is entitled to redeem all of the outstanding Notes by notifying Noteholders of such redemption (see Condition 8.3 (Clean-up call option)). Such redemption initiated by the Issuer may incur financial losses or damage, among other things, to such Noteholders who had prepared themselves to have the amount of the Notes invested until the contractual final maturity of the Notes.

***Neither the Issuer nor the Notes are currently rated by any rating agency***

The Issuer or the Notes have not been assigned any credit ratings at the request or with the co-operation of the Issuer in the rating process. Accordingly, investors may not be able to refer to any independent credit rating agency when evaluating factors that may affect the value of the Notes. The absence of rating may reduce the liquidity of the Notes as investors often base part of their decision to buy debt securities on the credit rating. The absence of rating may also increase the borrowing costs of the Issuer.

**Risks relating to the status and form of the Notes**

***The Notes will be unsecured, and therefore will effectively be subordinated to any secured debt***

The Notes will not be obligations of anyone other than the Issuer and they will not be guaranteed. No one other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes. Should the Issuer become financially distressed, insolvent or bankrupt during the term of the Notes, an investor may forfeit interest payable on, and the principle amount of, the Notes in whole or in part.

The Notes are unsecured debt instruments. In the event of the Issuer's bankruptcy, Noteholders would be unsecured creditors and claims under the Notes would rank junior to claims under the Issuer's secured indebtedness, if any (for information on HKScan secured indebtedness, see "*Certain additional information – Description of current financing of the Group*"). Accordingly, in addition to that any adverse change in the financial condition or prospects of the Issuer may have a material adverse effect on the liquidity of the Notes, and may result in a material decline in their market price (if a market for the Notes develops and is maintained), such adverse change may endanger the prompt and full payment, when due, of principal, interest and/or any other amounts and items payable to Noteholders pursuant to the Notes from time to time. See Condition 5 (Status and Security).

***Noteholders holding interests in the Notes through nominee book-entry accounts will not be able to enforce any rights under the Notes directly against the Issuer***

Persons holding interests in the Notes through nominee book-entry accounts, e.g., in Euroclear or Clearstream (rather than EFi directly), or through other custody/sub-custody arrangements so that the Notes are held on a nominee omnibus account in EFi will not be recorded as the legal/beneficial owners of such Notes under Finnish law and such holders will, therefore, not be entitled to enforce any rights under the Notes directly against the Issuer. Such persons should look to the terms of business of the respective clearing system or custodian, as applicable, with respect to indirect enforcement of their rights, as well as having regard to the possibility of transferring the Notes to a book-entry account with EFi held directly by the Noteholder.

***Any amendments made to the Notes pursuant to the Terms and Conditions bind all Noteholders***

The Terms and Conditions may be amended in certain circumstances, with the required consent of a defined majority of the Noteholders. The Terms and Conditions contain provisions for Noteholders to attend meetings or participate in a written procedure to consider and vote upon matters affecting their interests generally (see Condition 15 (Noteholders' Meeting and Procedure in Writing)). Resolutions passed at such meetings or in a written procedure can bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting or participate in a written procedure and Noteholders who voted in a manner contrary to the majority. This may incur financial losses, among other things, to all Noteholders, including such Noteholders who did not attend and vote at the relevant meeting or participate in a written procedure and Noteholders who voted in a manner contrary to the majority.

***Prescription***

In case any payment under the Notes has not been claimed within three years from the original due date thereof, the right to such payment shall become void (see Condition 18 (Prescription)). Such prescription will incur financial losses to such Noteholders who have not claimed payment under the Notes within the prescription time of three years.

## RESPONSIBILITY STATEMENT

This Listing Prospectus has been prepared by HKScan Corporation and HKScan Corporation accepts responsibility regarding the information contained in this Listing Prospectus. To the best knowledge of HKScan Corporation, the information contained in this Listing Prospectus is in accordance with the facts and makes no omission likely to affect its import.

HKScan Corporation

Turku, Finland

## CERTAIN ADDITIONAL INFORMATION

### Information about the Issuer

The business name of the Issuer is HKScan Corporation (in Finnish *HKScan Oyj* and in Swedish *HKScan Abp*). The Issuer is a public limited company incorporated in Finland, and it is organised under the laws of Finland. The Issuer is registered in the Finnish Trade Register under the business identity code 0111425-3. The Issuer was registered in the Trade Register on 31 December 1975. The Issuer's legal entity identifier code (LEI) is 7437000PN6E448NPGY86. The registered address of the Issuer is Lemminkäisenkatu 48 FI-20520 Turku, Finland, and its telephone number is +358 010 570 100. The shares in the Issuer are admitted to trading on the official list of the Helsinki Stock Exchange under the trading code HKSAV.

According to Section 2 of the Issuer's Articles of Association the Issuer's line of business is to engage in the meat and other foodstuffs industry, to process by-products of the meat industry, to engage in the fodder industry, trade in products and supplies for the above sectors, and consultation associated with the business of the company. The company can for its activities own and possess land, buildings, and real estate and other shares that justify the possessing, carrying on leasing and trade as well as other investment activities. The company can carry on activities either itself or through subsidiaries.

### Special cautionary notice regarding forward-looking statements

This Listing Prospectus includes forward-looking statements which are not historical facts but statements regarding future expectations. These forward-looking statements include, without limitation, those regarding the Issuer's future financial position and results of operations, the Issuer's strategy, objectives, future developments in the markets in which the Issuer participates or is seeking to participate or anticipated regulatory changes in the markets in which the Issuer operates or intends to operate. In some cases, forward-looking statements can be identified by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "projected," "should" or "will" or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and are based on numerous assumptions. The assumptions which the management can influence for its part include the development of HKScan's sales and profitability through ordinary managerial measures. Such measures include, among others, impairment testing, provisions, determination of tax assets, business combinations, defined benefit plans, as well as allocation of revenues, inventories and impairment on accounts receivable. Other factors are generally outside of the influence of the management. The Issuer's actual results of operations, including the Issuer's financial condition and liquidity and the development of the industries in which the Issuer operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Listing Prospectus. In addition, even if the Issuer's historical results of operations, including the Issuer's financial condition and liquidity and the development of the industry in which the Issuer operates, are consistent with the forward-looking statements contained in this Listing Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Forward-looking statements are set forth in a number of places in this Listing Prospectus, including in the sections "*Risk factors*" and "*Business overview*", and wherever this Listing Prospectus includes information on the future results, plans and expectations with regard to the Issuer, the future growth and profitability of the Issuer and the future general economic conditions to which the Issuer is exposed.

### Market and industry information

This Listing Prospectus contains estimates regarding the markets and industries in which HKScan operates as well as its competitive positions therein. Such estimates cannot be gathered from publications by market research institutions or any

other independent sources. In many cases, there is no publicly available information on such data, for example from industry associations, public authorities or other organisations and institutions. HKScan believes that its internal estimates of market data and information derived therefrom and included in this Listing Prospectus are helpful in order to give investors a better understanding of the industries in which HKScan operates as well as its position therein. Although HKScan believes that its internal market estimates are fair, they have not been reviewed or verified by any external experts and HKScan cannot guarantee that a third-party expert using different methods would obtain or generate the same results.

Where third-party information, such as market data and market estimates have been derived from third party sources, such as industry publications, the name of the source is given. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but the correctness and completeness of such information is not guaranteed. The Issuer confirms that any such information has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Issuer has not independently verified, and cannot give any assurances as to the appropriateness of, such information. Should this Listing Prospectus contain market data or market estimates in connection with which no source has been presented, such market data or market estimate is based on the estimates of HKScan's management. Where information on HKScan's markets or HKScan's competitive position therein is provided expressly according to HKScan's management in this Listing Prospectus, such assessments have been made by HKScan's management on the basis of information available to HKScan's management.

### **No incorporation of website information**

Information presented on HKScan's website (at [www.hkscan.com](http://www.hkscan.com)) or any other website does not form a part of this Listing Prospectus (except for the Listing Prospectus itself, any supplement to the Listing Prospectus and information which has been incorporated by reference to the Listing Prospectus or any supplement thereto, see section "*Documents incorporated by reference*"), and the information on such websites has not been scrutinised or approved by the FIN-FSA. Prospective investors should not rely on such information in making their decision to invest in the Notes.

### **Controlling shareholder**

As at 23 March 2021, the shareholding of HKScan's biggest shareholder, LSO Osuuskunta, was 30.13 per cent of shares and 59.43 per cent of votes. The Issuer is thus directly controlled by LSO Osuuskunta for the purposes of Chapter 2, Section 4 of the Finnish Securities Markets Act. The Issuer is not aware of any arrangement the operation of which may result in a change of control of the Issuer.

### **No material agreements outside the ordinary course of business**

On 19 February 2021 HKScan announced that it had agreed to carry out a sale and lease back transaction concerning its factory and logistics centre in Vantaa, whereby HKScan sells the land and buildings to Finland-based real estate investor Sagax Finland Asset Management Oy (a subsidiary of AB Sagax listed on Nasdaq Stockholm) and leases the same back on a long-term lease (20 years and an option for additional years) (the "**Sale and Lease Back Transaction**"). The Sale and Lease Back Transaction was completed on 1 March 2021 (see "*Business overview – Material investments*").

As at the date of this Listing Prospectus, HKScan has not entered into material contracts outside the ordinary course of its business other than regarding the completed Sale and Lease Back Transaction.

### **Shares and share capital**

As the date of this Listing Prospectus, the Issuer has two share classes and in total 98,951,781 shares, comprising of 93,551,781 A shares and 5,400,000 K shares. The shares have been issued in accordance with Finnish laws. The A shares have been listed on the Helsinki Stock Exchange since 1997. The K shares are not listed and are held by LSO Osuuskunta and Lantmännen ekonomisk förening ("**Lantmännen ek. för**"). Each A share entitles to one vote and each K share to twenty votes at the Issuer's general meeting. Each Issuer's share entitles to dividend. There are no voting restrictions related to the shares.

According to articles 13 and 14 of the Issuer's Articles of Association the consent of the board of directors is required for the transfer of K shares by assignment. If the consent is not forthcoming, the board of directors shall convert any K share transferred into an A share. In addition according to article 15 of the Issuer's Articles of Association a shareholder whose proportion of the total number of votes yielded by all the Issuer's shares, either alone or together with other shareholders as defined below, reaches or exceeds 33 1/3 per cent or 50 per cent (shareholder with redemption obligation) shall, upon request by other shareholders, (shareholders with the right to redeem) redeem the shares of these and the securities entitling thereto under the Companies Act.

As at the date of this Listing Prospectus, the Issuer's registered share capital is EUR 66,820,528.10 and all the shares have been paid in full. The shares do not have nominal value. The shares have been entered in the book-entry system maintained by Euroclear Finland. The ISIN code of the A shares is FI0009006308 and the ISIN code of the K shares is FI0009006662.

## BUSINESS OVERVIEW

### General

HKScan is a Nordic food company with over 100 years of experience in responsible meat and food production.<sup>1</sup> HKScan produces, markets and sells responsibly produced and delicious food that is part of the consumers versatile food moments – both every day and on special occasions. Products are to a large extent made of high quality pork, beef, poultry and other raw materials and they are sold under HKScan's strong brands that are well-known by consumers. Through its strategic partnerships HKScan has also entered a new category of plant-based products. The Issuer serves customers in the retail, food service, industrial and export sectors. HKScan's home markets comprise Finland, Sweden, the Baltic countries and Denmark. In 2020, the Issuer's net sales amounted to approximately EUR 1.8 billion and it employed over 7,000 employees on average. The Issuer is domiciled in Turku, Finland, and its production facilities are located in Finland, Sweden, Denmark, Estonia, Latvia and Poland. HKScan has also a sales office in Lithuania.

HKScan revised its strategy in 2019 and has introduced a new revised operating model on 1 January 2020. HKScan's key strategic target is to improve profitability, which enables business continuity and the strategy implementation of the Issuer.

The following table presents HKScan's key financial indicators for the years ended 31 December 2020 and 31 December 2019.

	1 January– 31 December	
	2020	2019
(EUR million, unless otherwise indicated)	(audited, unless otherwise stated)	(audited, unless otherwise stated)
<b>Key financials of HKScan</b>		
Net sales .....	1781.0	1744.4
EBIT .....	21.3	-23.2
Comparable EBIT.....	17.0 <sup>(1)</sup>	-2.2 <sup>(1)</sup>
Cash flow from operating activities.....	63.7	59.2
Net result.....	4.8	-37.5
(1) Unaudited.		

HKScan's main geographic markets are Finland, Sweden, Denmark and the Baltics. The table below presents HKScan's net sales by operating country for the years ended 31 December 2020 and 31 December 2019.

	1 January–31 December	
	2020	2019
(EUR million)	(audited)	(audited)
<b>Net sales by country</b>		
Finland .....	772.4	770.6
Sweden .....	662.1	652.1
Baltics .....	171.5	168.5
Denmark .....	175.0	153.3
<b>Total .....</b>	<b>1781.0</b>	<b>1744.4</b>

### Selected key strengths

The Issuer has identified the following selected key strengths the management believes to provide HKScan with a competitive advantage.

<sup>1</sup> HKScan Group is a modern industrial company shaped by many corporate acquisitions and mergers. The Issuer traces its roots to Lounais-Suomen Osuusteurastamo (currently LSO Osuuskunta), a slaughterhouse cooperative founded by some 20 cattle owners in 1913. The Issuer developed and grew in southwest Finland and initially engaged in wholesale operations, beginning to export meat towards the end of the 1910s.

### **Strong market position in key markets**

The Issuer's home markets comprise Finland, Sweden, the Baltic countries and Denmark, in addition to which it exports products to close to 50 countries. With net sales of approximately EUR 1.8 billion, HKScan is one of the largest food companies within its home markets.<sup>2</sup>

HKScan works actively to develop its strong market position, in good collaboration with the stakeholders.

### **Leading brands<sup>3</sup>**

HKScan's key product brands include HK®, Kariniemen® and Via® in Finland, Scan® and Pärsons® in Sweden, Rakvere® and Tallegg® in the Baltic countries and Rose™ in Denmark. In Finland the brands Kivikylän®, Tamminen® and Boltsi are also a part of the brand portfolio thanks to strategic partnerships. HKScan's products are sold in the consumer market, in which the visibility and reputation of product brands have substantial effects on their attractiveness for consumers. According to the view of the Issuer's management, the strong position and appreciation of HKScan's brands among consumers offers a solid foundation for building the market position.

### **Value chain from farms to consumers**

HKScan professionally manages its long value chain, from farms to consumers, enabling locally produced, responsible food. Close collaboration with HKScan's farming community is also a key element of company's responsibility work. One of HKScan's operational priorities is to support the economic and production efficiency of its contract farmers and to continuously improve eco-efficiency. Additionally, HKScan improves animal welfare through diverse collaboration.

### **Skilled people**

In 2020, HKScan employed some 7,000 skilled and dedicated food industry professionals on average. Having competent employees is one of HKScan's most important strategic strengths and the Issuer's most important asset. HKScan develops good leadership practices to have motivated, committed and result-oriented people.

At HKScan the safety, wellbeing and motivation of the personnel are also priorities of corporate responsibility. The everyday work at HKScan is guided by HKScan's values: Inspire, Lead, Care and Deliver. People at HKScan perform above expectations by always working in line with HKScan's targets. HKScan ensures quality and high professional standards in everything it does.

HKScan leads personnel wellbeing and work safety with Group-level Better Together and Safety First programmes. These programmes are implemented in all business units.

### **Local raw materials**

Nearly 100 per cent of the animals sourced by HKScan come from contract producers in each home market in Finland, Sweden and Denmark, and mainly from HKScan's own farms in Estonia. Group-wide animal purchase principles are followed in animal procurements. The origin of the meat and the living conditions of the animals are very well known to HKScan. HKScan procures also other raw materials, products and services primarily locally from its home markets.

### **Financial targets**

HKScan's Board of Directors has set the following long-term financial targets for HKScan. These financial targets constitute forward-looking ambitions that are not guarantees of future financial performance. The Issuer's actual results of operations could differ materially from those expressed or implied by these forward-looking ambitions as result of many factors including, but not limited to, those described under "*Certain additional information – Special cautionary notice regarding forward-looking statements*" and "*Risk factors*". Any financial targets discussed herein are targets only and are not, and should not be viewed as, forecasts, projections, estimates or views on the Issuer's future performance.

The long-term financial targets of the Issuer are:

- EBIT over 4 per cent of net sales
- Return on capital employed (ROCE) over 12 per cent

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<sup>2</sup> Management estimate based on Nielsen market data comprising information on the Finnish (Nielsen PanelTrack (updated week 4/2021)), Swedish (Nielsen ScanTrack (updated week 4/2021)), Baltic (Nielsen Retail Panel (updated week 52/2020)) and Danish (Nielsen ScanTrack (updated week 52/2020)) markets.

<sup>3</sup> According to management estimates based on Nielsen market data, depending on the product category, HKScan's products hold a leading market position or the second or third largest market share by sales in branded products in all key product categories in HKScan's home markets.

- Net gearing less than 100 per cent
- Dividends more than 30 per cent of net profit.

### Selected financial information

HKScan's selected financial information below has been derived from HKScan's audited consolidated financial statement as at and for the year ended 31 December 2020 as well as the audited consolidated financial statement as at and for the year ended on 31 December 2019, prepared in accordance with IFRS. Items affecting comparability are discussed on pages 2, 3, 6, 8 and 20 of the Board of directors' report for financial year 2020 incorporated to this Listing Prospectus by reference.

Information from the consolidated income statement	As at and for the year ended 31 December	
	2020	2019
(EUR million, unless otherwise stated)	(audited, unless otherwise indicated)	(audited, unless otherwise indicated)
Net sales .....	1781.0	1744.4
EBIT .....	21.3	-23.2
- EBIT margin, %.....	1.2 <sup>(1)</sup>	-1.3 <sup>(1)</sup>
Comparable EBIT.....	17.0 <sup>(1)</sup>	-2.2 <sup>(1)</sup>
- EBIT margin %.....	1.0 <sup>(1)</sup>	-0.1 <sup>(1)</sup>
Profit for the period.....	4.8	-37.5
EPS, EUR .....	-0.01	-0.52
Comparable EPS, EUR.....	-0.05 <sup>(1)</sup>	-0.26 <sup>(1)</sup>

(1) Unaudited.



Information from the consolidated balance sheet	As at and for the year ended 31 December	
	2020	2019
(EUR million, unless otherwise stated)	(audited, unless otherwise indicated)	(audited, unless otherwise indicated)
<b>Assets</b>		
Intangible assets .....	76.2	65.8
Goodwill .....	71.8	70.7
Tangible assets .....	458.7	439.1
Other assets .....	80.9	79.4
<b>Total non-current assets .....</b>	<b>687.7</b>	<b>654.9</b>
Inventories .....	119.0	115.5
Trade receivables .....	105.3	111.3
Other receivables .....	17.1	16.2
Income tax receivable .....	-	0.2
Cash and cash equivalents .....	46.8	37.5
<b>Total current assets .....</b>	<b>288.2</b>	<b>280.6</b>
<b>Total assets .....</b>	<b>975.9</b>	<b>935.6</b>
<b>Equity and liabilities</b>		
<b>Equity .....</b>	<b>329.1</b>	<b>325.1</b>
Deferred tax liability .....	19.0	16.6
Non-current interest-bearing liabilities .....	249.2	262.7
Non-current non-interest-bearing liabilities .....	1.8	3.1
Non-current provisions .....	5.2	6.1
Pension obligations .....	43.1	41.1
<b>Total non-current liabilities .....</b>	<b>318.3</b>	<b>329.8</b>
Current interest-bearing liabilities .....	97.2	50.6
Trade and other payables .....	219.4	222.0
Refund liabilities .....	7.4	6.3
Income tax liability .....	1.0	0.1
Current provisions .....	3.5	1.7
<b>Total current liabilities .....</b>	<b>328.5</b>	<b>280.7</b>
<b>Total equity and liabilities .....</b>	<b>975.9</b>	<b>935.6</b>

Information from the cash flow statement	As at and for the year ended 31 December	
	2020	2019
(EUR million, unless otherwise stated)	(audited, unless otherwise indicated)	(audited, unless otherwise indicated)
Cash flow from operating activities .....	63.7	59.2
Cash flow after investing activities .....	-21.4 <sup>(2)</sup>	27.6
Return on capital employed (ROCE) before taxes, % .....	3.9 <sup>(1)</sup>	-3.1 <sup>(1)</sup>
Interest bearing net debt .....	299.6	275.8
Net gearing, % .....	91.0 <sup>(3)</sup>	84.8

(1) Unaudited.

(2) Includes the investment to the plot of Vantaa EUR 37.7 million.

(3) Net gearing ratio without the investment to the plot of Vantaa 81%.

## **Business strategy**

HKScan revised its strategy in 2019 and has introduced a new revised operating model on 1 January 2020. HKScan's key strategic target is to improve profitability, which enables business continuity and the strategy implementation of the Issuer. HKScan's strategy focuses on the implementation of the Turnaround Programme described under "*Turnaround Programme*" to improve the Issuer's profitability in 2019–2021. At the same time, HKScan paves the way for profitable growth with other forward-looking strategic measures.

HKScan's aim is to grow profitably into a versatile food company, have a stronger presence in consumers' food moments and strengthen its market position in evolving markets together with its customers. HKScan aims to achieve a leading position in the key sales channels in Issuer's home markets Finland, Sweden, the Baltics and Denmark. In its strategy, HKScan also states that the growth of exports, especially to Asia, is important and that HKScan will continue its efforts to strengthen its market position in its key export markets. HKScan continues to strategically assess the company structure and reviews the positioning of different market areas as part of the HKScan Group's operations.

Changes in consumer behaviour emphasise the need for renewal in line with the strategy on HKScan's journey to a versatile food company. Renewing ways and channels of food production and supply, combined with rapidly advancing digitalisation, strengthen the need to renew the operations. The covid-19 pandemic has already changed consumer behaviour and thus, HKScan's operations. Some of the changes caused by the pandemic are expected to remain permanent, such as the much stronger anchoring of digitalisation to the purchase of food. The pandemic has not caused the need to change the key targets of the Group strategy, but for example digitalisation will have a greater weight in the strategy implementation.

HKScan's growth drivers are the HKScan Group's strong, innovative poultry range as well as meals and meal components. Responsibly produced meat and meat products are at the core of the Issuer's operations and will continue to play a major role in the future. HKScan is a strong partner for retail with its well-known consumer brands. Due to consumers' changing eating habits and buying behaviour, the food service channel is growing and opening interesting opportunities for the food industry. HKScan will continue investing in growth and strengthening its position in evolving and growing sales channels. New commercial concepts and digital solutions, together with the expanding product range, are the Issuer's growth drivers.

Strong partnerships are a key part of HKScan's strategy. As consumption habits are changing, partnerships create the basis for the company's growth in new product categories and for expansion into new raw material bases. In 2019 and 2020, HKScan has extended into new product categories through partnerships in Finland. HKScan is looking into opportunities to expand sales of plant-based protein products to its other home markets.

The commercial implementation of the cooperation agreed with Hes-Pro (Finland) Oy in November 2019, focusing on the sale of plant-based protein products, was postponed due to the pandemic. In the autumn 2020, HKScan launched a new plant-based HK Vihreät™ product family for retail sales in Finland. Boltsi Oy, established with Leivon Leipomo in June 2020, focuses on the development of the Boltsi® product family and business, based on oat and seed raw material. The cooperation has been taken forward in Finland with existing products and by investing in the new product development.

As part of its strategy implementation, HKScan established a new Food Solutions unit, which started operations at the beginning of 2021. The new unit will develop and commercialise HKScan's concept business in all its key market areas. The Food Solutions unit will also create value to HKScan's current, product and category driven business. With changing consumer behaviour, commercial concepts serving customers and consumers and the digital solutions supporting these concepts play a key role in the implementation of HKScan's strategy. New commercial concepts will utilise everything from HKScan's traditional strengths to the latest digital solutions.

## **Strategic priorities**

HKScan's management has identified strategic priorities to continue strengthening HKScan's position in its home and export markets. HKScan's strategy is built on four key strategic priorities: creating profitable growth in consumers' food moments, driving performance excellence, leading advanced corporate responsibility work and developing competitive farming community.

### *Creating profitable growth in consumers' food moments*

HKScan aims to grow into a versatile food company in evolving sales channels and product categories preferred by consumers. HKScan will utilise new commercial concepts and digital solutions. HKScan's inspiration derives from its continuous curiosity to learn more and to build knowledge to the level that enables HKScan to serve the markets with new consumer and customer experiences.

HKScan's strong, innovative poultry range as well as meals and meal components are HKScan's growth drivers. Responsibly produced pork and beef as well as meat products are at the core of HKScan's operations and will continue to

play a major role in the future. HKScan is also looking into expanding its business into new product categories and raw materials.

In the short term, HKScan will strengthen its market position by focusing on growth opportunities in the existing product categories and sales channels. HKScan will strengthen its position in the evolving retail and in the growing food service channel. New commercial concepts and digital solutions are driving growth alongside HKScan's growing product portfolio.

Increasing the exports, especially to Asia, is important for HKScan. HKScan will continue its efforts to strengthen HKScan's market position in key export markets. The share of added value products in exports has increased, although the export of surplus volumes is still a significant part of exports.

HKScan will build partnerships enabling its growth in evolving sales channels and new product categories.

#### *Driving performance excellence*

Performance excellence is one of the focus areas of HKScan's new strategy. HKScan promotes its performance excellence through effective knowledge management and by developing all of HKScan's key business processes. For example, HKScan is developing its commercial processes and ability to create value for customers and consumers and thus, for HKScan's own business. HKScan aims to develop and strengthen its operational capabilities to improve productivity, cost efficiency and to create a foundation for growth.

The objective of this focus area of HKScan's strategy is to aim to develop and strengthen HKScan's processes and personnel competence with a view to strengthening consumer and customer experience, productivity, cost efficiency and profitability. HKScan aims to reach good results by knowing its numbers and paying attention to the everyday performance.

For employees, performance excellence means competence development that supports the strategy. For example, expanding to new product categories and sales channels requires new competences. Development of the personnel's wellbeing and competence to meet the demands set by the strategy is at the heart of our process development.

#### *Leading advanced responsibility work*

Sustainable way of operating is the foundation of HKScan's business. Responsibility work covering the whole food chain, from farms to consumers, is an essential part of HKScan's strategy and at the heart of HKScan's daily work. HKScan's extensive responsibility work strengthens confidence in HKScan's products and operations and increases the transparency of the food chain. With its Corporate Responsibility Programme, HKScan makes advanced responsibility work one of its key competitive advantages and strengthens its position as one of the leading operators in the food industry, both at the Group and brand level.

HKScan focuses on environment, healthy food, animal welfare as well as employee wellbeing and safety and its' farming community. For HKScan, responsibility means genuine action throughout the food chain and continuous improvement. The sustainability work at HKScan is based on good collaboration with contract farmers and other partners. Through HKScan's responsibility work, the Issuer helps consumers to make their food choices with a good conscience. The responsibility work of HKScan is described in more detail under "*– Responsibility at HKScan*".

#### *Developing competitive farming community*

HKScan is committed to developing its farming community together with meat producers. This is how HKScan can ensure high-quality, domestic and responsibly produced raw material. With its development work, HKScan aims to promote sustainability in the entire food chain, increase transparency and improve the competitiveness of the farming community's production. HKScan develops contract production together with farmers and takes it to the next development level so that it creates and meets also the needs of customers and consumers.

Together with HKScan's contract farming community, HKScan aims to develop the competitiveness of responsible, high-quality primary production and ensure the availability of important raw materials giving HKScan a competitive edge.

#### ***The new operating model of HKScan***

In early 2020, HKScan launched a new operating model targeted to strengthen market area-level profit responsibility and performance management as well as the Issuer's customer and consumer-driven way to operate. The operating model renewal is central in the implementation of the Issuer's strategy.

The new operating model emphasises HKScan's business units' profit responsibility. A fundamental change in the HKScan Group's operating model from a matrix organisation to the country-specific profit centre based organisation plays a key role in the strategy implementation. In line with HKScan's new operating model, at the beginning of 2020 HKScan moved from a matrix organisation to country-based business unit level profit and loss management, with Finland, Sweden, the

Baltics and Denmark forming the reporting business units. The key group-level functions will ensure business synergies and good governance. The management of the Issuer considers that the implementation of the operating model has been successful.

### **Turnaround Programme**

At the beginning of the year 2019, HKScan launched the turnaround programme aiming to turn the Issuer's profitability to a healthy level between 2019 and 2021 (the "**Turnaround Programme**"). During 2019–2021, HKScan's key strategic target has been and will be to successfully lead the Turnaround Programme. The successful implementation of the Turnaround Programme creates a financially strong foundation for the Issuer, enabling future growth and renewal. With the three-year Turnaround programme, HKScan has already been able to cumulatively improve the EBIT by over EUR 69 million and the comparable EBIT by over EUR 63 million in two years. HKScan's cash flow from operating activities improved cumulatively by EUR 78 million during the same period.

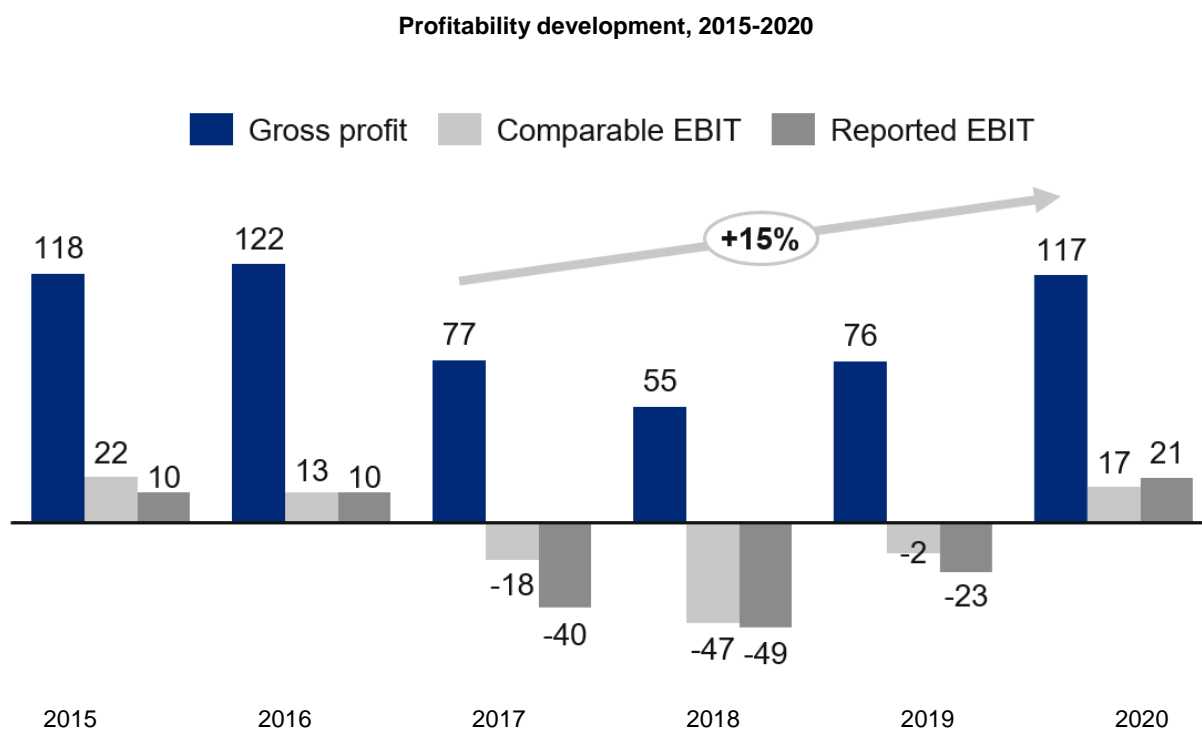
On 3 April 2019, the Issuer announced that it was revising the composition of the Group Executive Team. The changes to the composition of the Group Executive Team came as part of the process of revising the Issuer's strategy and strategic focus areas following the appointment of the new CEO, Tero Hemmilä.

During the last quarter of 2019, HKScan launched the HKScan Group's new strategy, which focuses on the successful implementation of the Turnaround Programme for the years 2019–2021 and strategic renewal to grow into a versatile food company. In January 2020 HKScan introduced its new group-wide operating model which is an integral part of the Turnaround Programme and its accountable implementation as well as the new strategy.

Since March 2020, the covid-19 pandemic changed the sales structure and responding to the sudden growth in retail sales and ensuring customer satisfaction led to additional costs, which slowed down the execution of the Turnaround Programme. Pandemic's impact was strongest in Finland, where the importance of the food service channel is the greatest. However, despite the exceptional operating environment, HKScan managed to keep the turnaround on track with clear cash flow and profitability improvements. In 2020, EBIT was the highest since 2015 amounting to EUR 21.3 million (EUR -23.2 million in 2019). Comparable EBIT was EUR 17.0 million, which is over EUR 19 million better than in 2019 (EUR -2.2 million). HKScan achieved a comparable ROCE of 3.9 per cent in 2020 (-3.1 per cent in 2019), the first positive ROCE since 2016, highlighting the successfulness of the Turnaround Programme.

Cash flow from operations in 2020 increased by nearly EUR 5 million compared to 2019 (EUR 63.7 million in 2020 and EUR 59.2 million in 2019). Cash flow after investments remained negative for the whole of 2020. The single most significant reason for this was the purchase of the Vantaa production unit's plot of land as well as a temporary increase in inventories. In 2020, HKScan increased its investments from the previous year as part of its Turnaround Programme. Improving productivity and supporting the implementation of HKScan's strategy are key goals when planning investments for the coming years. However, the ongoing covid-19 pandemic may also cause unexpected delays in the implementation of investments, which may also affect the Issuer's Turnaround programme (see "*Risk factors – Risks relating to HKScan's operating environment – Global epidemics and pandemics may have a material adverse effect on HKScan's business*" and "*Risk factors – Risks relating to HKScan's business operations – The Issuer's business is capital intensive and requires continuous investments in its facilities*"). Some minor delays have already emerged during 2020 but such delays have not been significant. Possible unexpected future delays that could have a significant impact on HKScan would concern one of its most significant investments for example in Rauma, Kristianstad or Rakvere (see "*Business overview – Material investments*").

The following graph illustrates HKScan's profitability development during 2015–2020 in EUR million:



#### **Significant factors affecting HKScan's ability to implement the new strategy and Turnaround Programme**

HKScan's key strategic target is to improve profitability according to the Turnaround Programme 2019–2021, which enables business continuity and the development of the Issuer. HKScan aims to grow into a versatile food company and strengthen its market position in changing markets together with its customers. The results of operations of HKScan Group have been, and may continue to be, influenced by numerous internal and external factors, many of which HKScan cannot influence with its own actions. HKScan's ability to influence external factors, in particular, is limited. Below is a presentation of the key factors that, according to HKScan's view, have impacted or may impact the results of its operations and thus HKScan's ability to implement the strategy and Turnaround Programme.

##### *Customer relations*

HKScan's customers operate in the retail, food service, industrial and export sectors. The most important customers are central retail organisations operating in various market areas. HKScan's home markets comprise Finland, Sweden, the Baltic countries and Denmark but the Group has customers in close to 50 countries worldwide.

HKScan's customers consist of retailers, food service sector and hotel, restaurant and catering businesses both in private and public sectors, as well as the food industry mainly in the Nordic countries, Central Europe and Asia. HKScan works in close cooperation with its customers, suppliers and other stakeholders, such as research institutes, to anticipate emerging consumer trends as well as sector trends related to the businesses of the Issuer's customers in retail, the food industry and food service. Well-functioning co-operation with major customers plays a central role in HKScan's business. While HKScan is not dependent on any individual customer or customer group, decreasing cooperation with one or several key customers could lead to a decline in sales and market share, as well as weaken HKScan's results and market position. Furthermore, strong bargaining power of major customers may have an impact on the Issuer's possibilities to, for example, transfer increased costs to the prices of its products.

HKScan's results may also be impacted by deterioration in the global economy through lower demand among consumers and customers, or through additional financial burdens on the customer. HKScan's results are also highly dependent on the Issuer's ability to collect its receivables in full or in a timely manner. As such, weakened customer demand or the failure of customers in satisfying their payables may have an adverse impact on HKScan's results of operations.

Consumers and customers are also at core of HKScan's strategy. HKScan's aim is to grow profitably into a versatile food company, have a stronger presence in consumers' food moments and strengthen its market position in evolving markets together with its customers.

### *Management of the long value chain and so-called meat balance, availability and prices of raw materials and commodities*

HKScan's results depend on the high quality of the products, responsible operating methods and good availability of meat raw materials, which in turn requires good cooperation with meat producers. HKScan offers its contract producers a stable market channel that ensures the continuity of the producers' operations. A good relationship with the producers requires fair pricing and long-term business relationships based on contracts, as well as advisory and other services supporting the continuity of meat production.

HKScan's operations are based on responsible and efficient management of the long value chain and creation of added value throughout the complete chain from farms to consumers. As such, HKScan's profitability is impacted materially by the efficient management of the complete value chain and active control of all its parts. Management of the meat balance means active control of the supply and demand for various animal species and the various parts of the animal carcass throughout the complete value chain in order to achieve an optimal financial situation both in the short-term and in the long-term.

The availability and prices of the raw materials needed in the production of HKScan's products, such as pork, poultry and beef, are subject to fluctuation. Global surplus production increases their availability, while underproduction results in weaker availability and higher prices of the raw materials. Cyclical fluctuation, the EU's common agricultural policy, trade barriers and changes in subsidies impact the balance of supply and demand in the long-term. Factors that have a fast impact on the supply, such as animal disease epidemics, may disturb the balance between supply and demand from time to time. For example, animal diseases detected in Europe in 2020 weakened HKScan's net sales, forced a reorientation of sales and caused a clear regional oversupply.

Management of the global and local meat balance has a material impact on HKScan's results. While management of the global meat balance is to a large extent beyond HKScan's control, HKScan can impact the management of the local meat balance, among others, with efficient supply chain management, efficient utilisation of the production capacity, good planning of production and control of yields.

In addition to raw materials, electricity consumption poses one of the most significant commodity risks in HKScan Group. The subsidiaries can hedge against fluctuation in market prices for electricity and other commodities by procuring fixed-price products or through derivative contracts. The subsidiaries can hedge against fluctuation in market prices for electricity and other commodities by procuring fixed-price products or through derivative contracts. The Group uses electricity derivatives in Finland, Sweden, Denmark and Estonia to level out energy costs. The electricity price risk is evaluated for five-year periods. The value changes of derivatives hedging the price of electricity supplied during the period are included in the adjustment items of purchases. Hedge accounting is applied to contracts hedging future purchases.

Due to the nature of HKScan's business, energy usage, water usage, waste originated in the processing of biomass materials, waste water and emissions of the production facilities cause the most substantial environmental load in the HKScan's own industrial production. Environmental management is a key component in HKScan's management system, and environmental concerns are catered for at every stage of operations.

### *Dependence on production facilities and uninterrupted operation of the delivery chain*

HKScan depends on uninterrupted operation of its production facilities and delivery centres. Should some of HKScan's major production facilities experience production disturbances, this would potentially result in delays in HKScan's ability to produce and deliver its products as scheduled. However, HKScan may be able to transfer its production to other units and, as such, avoid significant interruptions in its operations.

### *Consumer behaviour, confidence and trends*

HKScan's results of operations depend on, among other factors, the demand for food products and restaurant services among consumers. As such, HKScan's profitability is impacted by consumers' confidence in HKScan and its brands and products. In order to predict the customers' needs, preferences and behaviour, HKScan continuously monitors the latest trends in food, food consumption and proactively develops its product portfolio. The present fragmentation of consumer behaviour into smaller subgroups than previously may make it more difficult to predict consumer preferences and also impact the profitability of volume production.

The origin of food and its raw materials, the sustainability of production methods and nutritional aspects impact the food choices of consumers and, as such, the demand for HKScan's products. Sustainability themes that are important to the consumer include product quality and safety, healthiness, environmental responsibility, transparency, animal welfare and social responsibility, for example the working conditions of employees.

Health, safety and product quality risks could, if they materialise, impact demand for HKScan's products among customers and consumers, which could affect HKScan's business and results of operations. Similarly, reasons related to animals and

the environment could result in weakening demand for HKScan's products. HKScan is constantly striving to decrease environmental impacts throughout the food chain and to ensure that the treatment of production animals complies with both ethical and statutory requirements.

HKScan's sales are also subject to seasonal fluctuation. For example, the success of the barbecue season during the summer months has a substantial effect particularly on HKScan's processed meat products group. In addition to the barbecue season, Christmas and Easter are important seasons for HKScan. In addition to ordinary seasonal fluctuation, external factors, such as weather conditions may have an impact on changes in demand, sales of HKScan's products, and as such, HKScan's results of operations.

#### *Brands and product development*

HKScan's ability to maintain the position and value of its strong brands among consumers impacts the demand for HKScan's products, and as such, the results of its operations. According to the view of HKScan's management, the strong position and appreciation of HKScan's brands among consumers offers a solid foundation for building a leading market position. Strong brands, such as HK®, Kariniemen® and Via® in Finland as well as brands of the Finnish subsidiaries Kivikylän® and Tamminen®, Scan® and Pärsons® in Sweden, Rose™ in Denmark and Rakvere® and Tallegg® in the Baltic countries, are key to enabling HKScan to be a market leader in selected product categories. Well-known consumer brands are also important for building HKScan's image as an employer and, thus, for the availability of competent personnel.

In addition to its strong brands, HKScan's results are impacted by its success in product development. HKScan needs to succeed in its product development to respond, for example, to the Nordic and national nutrition recommendations and the latest trends. Product development also impacts the profitability of production. For example, better utilisation of by-products improves profitability and also helps to decrease HKScan's environmental impacts.

#### *Availability of labour and relations between employer and employees*

Personnel management and the development of competence within the organisation are material competitive advantages for HKScan. HKScan's success, results and future growth of the business depend on the competence of HKScan's management and other personnel, as well as HKScan's ability to ensure the commitment of the current management and other personnel. Furthermore, it is important that HKScan is able to recruit new competent employees and commit its key employees to its operations and development. The availability of labour and correct scaling of personnel strength to HKScan's main seasons, as well as relations between employer and employees may also, in part, have an impact on HKScan's profitability.

#### *Compliance and safety*

HKScan's home markets comprise of Finland, Sweden, the Baltics and Denmark, and HKScan exports to close to 50 countries. The operations of HKScan are strictly regulated in all of HKScan's countries of operation. Owing to this, HKScan has to comply with a wide range of laws and regulations enacted on both the European and the national level. The nature and timing of regulatory changes are beyond HKScan's control and any new laws or regulations affecting HKScan's operations or services, as well as any amendments to, or new interpretations of, the existing laws and regulations may affect HKScan's competitiveness generally or increase costs.

In the normal course of its business activities, HKScan could be involved in legal proceedings (for instance, regarding contractual responsibility, employer's liabilities, anti-trust, anti-bribery and anti-corruption cases, penal issues as well as consumer law violations which may be litigated by individual parties or by the Finnish Consumer Ombudsman on behalf of a consumer group). Contract and compliance risks may also arise from liabilities assumed in mergers and acquisitions, including exposure to environmental liability. In its operations, HKScan is also highly dependent on the authorities in its countries of operation, and the procedures of the authorities may vary considerably in HKScan's various sectors of operation.

As a food manufacturing company, HKScan's production processes need to comply with strict food safety standards and its product safety standards are based on risk assessments of products and processes. The safety risks of foodstuffs are related to the purity of raw materials (residues, foreign substances), microbiological purity, the food safety approval of packaging materials and labelling. In addition to rigorous in-house quality controls and the requirements of food safety certificates, the facilities of all industry operators in the value chain are subject to strict scrutiny by the authorities. The actual or perceived safety risks of foodstuffs, potential lawsuits or claims relating to such risks, press reports about risks or litigation relating to such risks could adversely affect the volume or growth rate of HKScan's sales and result in decreased usage of its products or increased litigation costs.

HKScan may not have complete certainty over the risk-free management of the entire value chain. An animal disease or other detected faults or defects in products or in product descriptions discovered at a critical point in HKScan's production chain could interrupt production in the unit concerned and disturb the entire chain's operations.

## The Issuer's business and principal activities

### Business units

HKScan Group's business is divided into the following business units:

- *Finland.* Meat categories in Finland are pork, beef and poultry. The product categories are among others consumer-packaged meat, meat products (for example sausages and cold cuts) and meals. The major product brands include HK®, Kariniemen® and Via® as well as Kivikylän®, Tamminen® and Boltsi, which are the brands of HKScan's Finnish subsidiaries.
- *Sweden.* Meat categories in Sweden are pork, beef and lamb. The product categories are among others consumer-packaged meat, meat products and meals. The major product brands include Scan® and Pärsons®.
- *Denmark.* Meat category in Denmark is poultry and the product category is consumer-packaged poultry meat and value added poultry products. The main product brand is Rose®.
- *The Baltic countries.* Meat categories in the Baltics are pork, beef and poultry. The product categories are among others consumers-packaged meats, meat products and meals. The major product brands include Rakvere® and Tallegg®.

HKScan also exports meat to nearly 50 countries. The main export products are frozen poultry and pork as part of the meat balance management. For example, HKScan currently exports pork to markets such as New Zealand and Japan. HKScan has also started exporting pork from Finland to China in spring 2018. HKScan Group has a joint venture in Shanghai, China and a representative office in St. Petersburg, Russia.

As of 1 January 2014, the Group's reporting segments have conformed to the geographical markets: Finland, Sweden, the Baltics and Denmark. The Group's export activities are reported within its geographical segments.

### Key financials

The following table sets forth the breakdown of HKScan's net sales, EBIT and comparable EBIT by segment for the financial years ended 31 December 2020 and 31 December 2019.

Segments	As at 31 December	
	2020	2019
(EUR million)	(audited, unless otherwise stated)	
<b>Net sales</b>		
Finland .....	772.4	770.6
Sweden .....	662.1	652.1
The Baltics .....	175.0	168.5
Denmark .....	171.5	153.3
<b>Total net sales .....</b>	<b>1781.0</b>	<b>1744.4</b>
<b>EBIT</b>		
Finland .....	10.7	-10.3
Sweden .....	19.1	7.1
The Baltics .....	3.7 <sup>(2)</sup>	5.0 <sup>(3)</sup>
Denmark .....	1.0	-9.8
<b>Total EBIT (segments) .....</b>	<b>34.5</b>	<b>-8.0</b>
<b>Comparable EBIT</b>		
Finland .....	6.0 <sup>(1)</sup>	-1.7 <sup>(1)</sup>
Sweden .....	19.0 <sup>(1)</sup>	12.0 <sup>(1)</sup>
The Baltics .....	4.0 <sup>(1)(4)</sup>	5.1 <sup>(1)(5)</sup>
Denmark .....	1.1 <sup>(1)</sup>	-5.3 <sup>(1)</sup>
<b>Total comparable EBIT (segments) .....</b>	<b>30.1<sup>(1)</sup></b>	<b>10.2<sup>(1)</sup></b>

(1) Unaudited.

(2) EBIT excluding the change in the fair value of biological assets totalled EUR 5.7 million.



- (3) EBIT excluding the change in the fair value of biological assets totalled EUR 2.7 million.
- (4) Comparable EBIT excluding the change in the fair value of biological assets totalled EUR 6.1 million.
- (5) Comparable EBIT excluding the change in the fair value of biological assets totalled EUR 2.9 million.

#### *Finland*

HKScan Group's business in Finland is mainly carried out by HKScan Finland Oy (formerly HK Ruokatalo Oy). In addition, HKScan Finland cooperates with Kivikylän kotipalvaamo Oy and Lihatukku Harri Tamminen Oy. Meat categories in Finland are pork, beef and poultry (chicken and turkey). The product categories are among others consumer-packaged meat, meat products (for example sausages and cold cuts) and meals. These are sold under a range of brands, the most important of which are HK®, Kariniemen® and Via®. The other brands in Finland are Tamminen® and Kivikylän®.

#### *Sweden*

HKScan Group's business in Sweden is carried out by HKScan Sweden AB (formerly Scan AB) and its subsidiaries. Meat categories in Sweden are pork, beef and lamb. The product categories are among others consumer-packaged meat, meat products and meals. The main product brands are Scan® and Pärsons®.

#### *Baltics*

HKScan Group's business in the Baltic countries is carried out by its subsidiary AS HKScan Estonia (formerly AS Rakvere Lihakombinaat and AS Tallegg, which were merged in June 2014) in Estonia, by its subsidiary AS HKScan Latvia (formerly AS Rigas Miesnieks) in Latvia, and by its subsidiary UAB HKScan Lietuva (formerly UAB Klaipėdos Maisto Mesos Produktai) in Lithuania. Meat categories in the Baltics are pork, beef and poultry (chicken). The product categories are among others consumers-packaged meats, meat products and meals. The product brands are Rakvere®, Tallegg®, Rīgas Miesnieks and Klaipėdos Maistas.

#### *Denmark*

HKScan Group's business in Denmark is carried out by HKScan Denmark A/S (former Rose Poultry A/S). Meat category in Denmark is mainly chicken and the product category is consumer-packaged meat. The most important product brand is Rose®. In addition to Denmark, HKScan Denmark sells poultry products to Sweden. It also has extensive export markets, especially in the Middle East and Southeast Asia, as well as in the EU area.

### **Responsibility at HKScan**

A sustainable way of operating is the foundation of HKScan's business and HKScan has set ambitious sustainability programme aiming for carbon-neutral food production by the end of 2040. HKScan develops corporate responsibility throughout our entire food chain. HKScan's corporate responsibility programme is called Food that does good and it is a key part of the Group strategy published in autumn 2019. The programme has four key priorities: environment, healthy food, own community and animal welfare. HKScan has set targets for each priority areas and the progress is monitored and reported regularly. HKScan engages in active and transparent collaboration with its stakeholders in HKScan's corporate responsibility work.

For HKScan, responsibility means genuine action throughout the food chain and continuous improvement. HKScan is working to meet the responsibility requirements of its stakeholders and society and at the same time develop its competitiveness by extending the responsibility work deeper within HKScan's own operations and the most critical parts of HKScan's food chain. Corporate responsibility is also a key premise in the development of new business models. The goal of new business models is to increase productivity, transparency and sustainability.

In January 2021, HKScan announced it has set the goal of carbon neutrality of its own industrial production by the end of 2025 and carbon neutrality of the entire food chain from farms to consumers by the end of 2040 at the latest. Climate work is carried out in all HKScan's home market areas in Finland, Sweden, Denmark and the Baltics. HKScan's Zero Carbon climate plan shows the stepping stones for HKScan to achieve carbon neutrality as one of the major food companies in the Baltic Sea region. HKScan has defined and calculated the emissions of its entire food chain together with external experts specialising in carbon footprint calculation. The identification of emission sources initially directs measures to activities with the greatest climate impact. These include energy solutions in HKScan's own production and feeds, field farming and circular use of manure in primary production. In 2020, HKScan reduced climate emissions from its own industrial operations (scope 1 and 2) by 55%.

HKScan works with its collaboration partners to build a food production ecosystem enhancing productivity and the sustainability footprint across the entire food chain. Additionally, HKScan wants to meet consumer and customer needs with healthy, high-quality, responsibly produced products that taste good. It is important to HKScan that consumers can enjoy HKScan's products with a good conscience.

## **Environment**

Climate work and material efficiency are at the core of HKScan's corporate environmental responsibility. HKScan determinedly reduces the environmental impacts of our its industrial production and throughout the food chain from farms to consumers together with its partners.

At the beginning 2021, HKScan set the goal for the carbon neutrality of its own industrial production by the end of 2025 and the carbon neutrality of the entire food chain from farms to consumers by the end of 2040 at the latest. HKScan promotes the work in line with our Zero Carbon climate plan in all our home market areas. In 2020, HKScan reduced climate emissions for its own industrial production (scope 1 and 2) by 55%.

HKScan's direct environmental impacts originate in its production facilities from the consumption and use of energy, water and chemicals, and from wastewater and other waste and side streams generated in production. HKScan affects the climate by reducing greenhouse gas emissions – for example, by decreasing energy consumption and increasing energy efficiency, and by transitioning to renewable energy sources. HKScan takes environmental issues into account in all investment decisions.

HKScan acquired Guarantees of Origin of renewable energy for all the electricity it uses. In the Baltics and Denmark, HKScan switched to renewable electricity confirmed with Guarantees of Origin in 2020. In Finland and Sweden, HKScan has used renewable electricity for several years already. As HKScan started to use renewable electricity also in the Baltics and Denmark, the climate emissions from its own production decreased significantly from 2019.

HKScan's contract farms have long worked successfully to reduce the climate impact, for example by increasing the circular use of manure, introducing solar power and promoting resource efficiency in feed production. In Finland, HKScan promotes responsibility in contract farming through the Agrofood Ecosystem® network and in Sweden, through the Gårdsinitiativet project. Almost 60 pilot farms are involved already and together with them, HKScan looks into new ways to reduce climate impacts and scale good practices across our home markets with an ecosystem-based operating model.

HKScan promotes material efficiency to reduce its environmental impacts and to increase the sustainable use of natural resources by decreasing production waste and by boosting the efficiency of waste recycling, waste management and disposal practices. The circular economy concept creates many opportunities to develop a food system in which resources are used in a more sustainable manner.

In 2020, HKScan made a packaging strategy that outlines the responsibility priorities of the packaging. By the end of 2025 at the latest, all of HKScan's packaging will be recyclable. At the same time, HKScan will decrease the packaging carbon footprint by 20 per cent and the amount of packaging plastic by 20 per cent from the 2019 level. HKScan takes responsibility into account in all our packaging renewals. In 2020, 70 per cent of HKScan's packaging were recyclable and the amount of packaging plastic was decreased by 7 per cent.

## **Healthy food**

Healthy food is one of the focus areas of HKScan's corporate responsibility programme. Healthy products and sustainable lifestyle are increasingly important for consumers.

HKScan's long-term work to develop the healthiness of the products is based on nutritional guidelines. Many of HKScan's products have been recognised for their healthiness: The Heart Symbol in Finland, and the Keyhole symbol in Sweden and Denmark. These symbols indicate that the specific product is a healthier alternative within its product category. Meat and meat products are part of a diverse and balanced diet as meat is a natural source of good nutrients. Meat is an excellent source of protein, in terms of both quantity and quality. Meat contains all the essential amino acids your body cannot make itself.

As the biggest food company in the Baltic Sea region, HKScan has the opportunity to make an impact on the nutrition of the people in HKScan's home markets and thus also on public health. HKScan's goal is to annually have 60 per cent of our new products with increased nutritional quality. Nutritional quality refers to the product as a whole: packaging and its content. In 2020, 44% of of new products had increased nutritional quality.

For HKScan, sustainable food also means that the food is safe and that all the raw materials for HKScan's products have been produced responsibly and in an ethically sustainable way. HKScan ensures product safety through systematic work from procurement to customers with strict food safety standards. All of HKScan's production plants are certified in accordance with the Global Food Safety Initiative (GFSI) standards (FSSC 22000, IFS or BRC). Reliable product labelling as well as traceability of the products has significant importance in serving safe products. HKScan aims to minimise the risks related to product safety so that the quality and safety of our products is always first class and no recalls need to be made.

The change in consumers' purchasing behaviour has increased the demand for plant-based protein products. In addition to responsibly produced meat, HKScan provides consumers with an increasingly diverse selection of tasty and healthy food for various food moments. In the autumn 2020, HKScan launched plant-based HK® Vihreät products in Finland. In the summer 2020, HKScan established Boltsi Oy together with Leivon Leipomo and continued the development of the Boltsi® product family based on oat and seed raw material. HKScan's Parsons® brand is the market leader in vegetarian cold cuts in Sweden.

HKScan has drawn up a quality policy that determines HKScan Group's quality management principles and the regulations, guidelines and reference documents to be followed as well as a food safety policy that determines product safety management and the related responsibilities within the Group, as well as the regulations, standards, guidelines and documents to be followed.

### ***Community of producers and employees***

One of the focus areas of HKScan's corporate responsibility programme is support and promotion of the farming community's sustainable business and wellbeing and safety of HKScan's personnel.

HKScan works closely together with its farmers to develop production and responsibility and to promote the competitiveness and continuity of local meat production. Animal sourcing at HKScan is based on collaboration agreements made with meat producers in Finland, Sweden and Denmark, and on HKScan's own meat production in Estonia. In line with the Group's strategy, HKScan engages in close cooperation with its contract producers.

In order to secure sustainable local food production, HKScan develops permanent, responsible operating models together with its farmers. HKScan is gradually moving to the next evolution phase of contract farming, where responsibility work will be more closely integrated into contract farming. HKScan is building a new operating model for sustainable farming with its farmers and other partners. HKScan pilots new practices through the Agrofood Ecosystem® and Gårdsinitiativet projects in Finland and Sweden, and scales the best practices in our home market areas. With Agrofood Ecosystem and Gårdsinitiativet, HKScan supports producers in reducing their carbon footprint by adopting new cultivating techniques, increasing energy efficiency, and improving manure processing methods.

HKScan launched Next Generation training programme for young farmers in Finland in 2019 and in Sweden in 2020. The programme aims to enable the competitiveness and continuity in primary production. The programme also promotes networking between young farmers.

HKScan employs some 7,000 food industry professionals in Finland, Sweden, the Baltics, Denmark and Poland. A committed and skilful personnel who feel well and enjoy their work plays a key role in the implementation of the HKScan's strategy. HKScan promotes the occupational safety, wellbeing and competence of our employees in many ways.

In 2020, HKScan launched its Better Together workplace wellbeing programme, which aims to promote responsible management, a committed work community as well as workplace wellbeing and performance. In order to develop wellbeing at work, HKScan makes action plans at the local and national levels, and the plans are monitored at the Group level. The programme was launched in Finland, Sweden and the Baltics. In Denmark and Poland, the Better Together programme started at the beginning of 2021.

Safety at work was promoted through the Group's Safety First programme. The determined work towards zero accidents continued and accidents decreased for the third consecutive year. A new workplace safety reporting tool was introduced at the beginning of 2020 in all the markets. It enabled, for example, more systematic analysis of accidents and near miss cases, better targeting of development actions at root causes, risk assessment and process management. Workplace safety was promoted through guidance, communication and risk assessments, among other things. In addition, HKScan's Group Executive Team made their personal workplace safety and wellbeing commitments, which were published during the European Week for Safety and Health at Work.

### ***Animal welfare***

Animal welfare is one of the focus areas of HKScan's corporate responsibility programme. HKScan is committed to the continuous promotion of animal welfare in co-operation with its contract farmers. HKScan's goal is to work with its producers to develop the good care and treatment of animals, increase natural behaviours and improve protection against animal diseases. Strict laws and regulations guide animal welfare in our countries of operation within the Baltic Sea region. Additionally, we have established our own animal welfare policy and guidelines, and we require our farmers to comply with them. Thanks to HKScan's close cooperation with farmers, HKScan knows the origin of meat and the growing conditions of animals. Healthy animals also ensure a profitable business for a farmer.

HKScan expects that animals grow in good living conditions in the right type of environment and that they receive good treatment. HKScan acquires almost 100% of animals directly from its contract farmers and closely monitors animal welfare.

HKScan continuously develops animal health and welfare in collaboration with contract producers, experts, veterinarians and other partners.

HKScan develops animal health and welfare together with its farmers in line with the Welfare Quality® principles:

- Good feeding: freedom from hunger and thirst
- Good housing: comfort around resting, thermal comfort, enough space to move around freely
- Good health: freedom from injuries and diseases, painless treatment
- Species-specific appropriate behaviour: social and other behaviours, good human-animal relationships, positive emotions

HKScan maintains animal health with high-level biosecurity practices at farms, good production hygiene, and the continuous monitoring of animal health and welfare. The prevention of highly contagious animal diseases, like African swine fever and avian flu, is essential on the part of producers and HKScan. Authorities also support this work by e.g. taking samples, and by providing general guidelines or restrictions when needed.

Animals grow healthy as a result of good biosecurity and optimum rearing conditions. As healthy animals do not need medicine, the use of antibiotics at farms is minimal. At HKScan, antibiotics are used only when ordered by a veterinarian for a diagnosed need, and their use is closely monitored.

### Group legal structure and significant subsidiaries

HKScan is the parent company of HKScan Group. HKScan has multiple operative subsidiaries in different countries, of which it is dependent on. HKScan's most important operative subsidiaries are HKScan Finland Oy, HKScan Sweden AB, HKScan Denmark A/S, AS HKScan Estonia, UAB HKScan Lietuva, AS HKScan Latvia, HKScan Poland Sp.zo.o, Kivikylän kotipalvaamo Oy as well as Lihatukku Harri Tamminen Oy.

The following tables set forth the most significant subsidiaries and associated companies of the Issuer as at 24 March 2021:

<b>HKScan's subsidiaries</b>	<b>Ownership, %</b>	<b>Votes, %</b>	<b>Domicile</b>
<b>Owned by the Group's parent company</b>			
HKScan Finland Oy.....	100.00	100.00	Finland
HKScan Sweden AB.....	100.00	100.00	Sweden
HKScan Denmark A/S.....	100.00	100.00	Denmark
AS HKScan Estonia.....	100.00	100.00	Estonia
UAB HKScan Lietuva.....	100.00	100.00	Lithuania
AS HKScan Latvia.....	99.87	99.87	Latvia
HKScan Asia Limited <sup>(2)</sup> .....	100.00	100.00	Hong Kong
<b>Owned by HKScan Finland Oy</b>			
Kivikylän Kotipalvaamo Oy.....	49.00 <sup>(1)</sup>	49.00 <sup>(1)</sup>	Finland
Lihatukku Harri Tamminen Oy.....	49.00 <sup>(1)</sup>	49.00 <sup>(1)</sup>	Finland
Paimion Teurastamo Oy.....	100.00	100.00	Finland
Boltsi Oy.....	48.00 <sup>(1)</sup>	48.98 <sup>(1)</sup>	Finland
<b>Owned by AS HKScan Estonia</b>			
Rakvere Farmid AS.....	100.00	100.00	Estonia
<b>Owned by HKScan Sweden AB</b>			
HKScan Real Estate AB.....	100.00	100.00	Sweden
HKScan International AB <sup>(2)</sup> .....	100.00	100.00	Sweden
HKScan Poland Sp.zo.o.....	100.00	100.00	Poland
Samfod S.A. <sup>(2)</sup> .....	100.00	100.00	Belgium
<b>Owned by HKScan Real Estate AB</b>			
HKScan Real Estate Halmstad AB.....	100.00	100.00	Sweden
<b>Owned by HKScan Denmark A/S</b>			
Kreatina A/S, Denmark <sup>(2)</sup> .....	100.00	100.00	Denmark

<sup>(1)</sup> Control is based on a shareholders' agreement/board resolution.

<sup>(2)</sup> Dormant.

<u>Shares and holdings in associated companies and joint ventures</u>	<u>Ownership, %</u>	<u>Votes, %</u>	<u>Domicile</u>
<b>Owned by the Group's parent company</b>			
Nordic Lotus Food Co. Ltd <sup>(1)</sup> .....	35.00	35.00	China
<b>Owned by HKScan Finland Oy</b>			
Länsi-Kalkkuna Oy <sup>(1)</sup> .....	50.00	50.00	Finland
Pakastamo Oy .....	50.00	50.00	Finland
Honkajoki Oy <sup>(1)</sup> .....	50.00	50.00	Finland
Finnpig Oy .....	50.00	50.00	Finland
Oy LHP Bio-Carbon LTD .....	24.24	24.24	Finland
DanHatch Finland Oy .....	10.00	10.00	Finland
Mäkitalon Maistuvat Oy .....	24.90	24.90	Finland
<b>Owned by HKScan Sweden AB</b>			
Industrislakt Syd AB .....	50.00	50.00	Sweden
AB Tillväxt för svensk animalieproduktion .....	25.00	25.00	Sweden
Svenska Köttföretagen Holding AB .....	23.52	23.52	Sweden
<b>Owned by HKScan Denmark A/S</b>			
Tican-Rose GmbH .....	50.00	50.00	Germany
Farmfood A/S .....	33.30	33.30	Denmark

<sup>(1)</sup> Joint venture.

## Employees

During the year 2020, HKScan had on average 7,116 employees. There has been no material change to the number of employees between 31 December 2020 and the date of this Listing Prospectus.

## Material investments

HKScan Group's investments amounted EUR 90.7 million in 2020 (EUR 43.0 million in 2019).

Over the past few years HKScan has carried out significant investments to ramp up production at its new Rauma poultry production facility, focused on improving the efficiency and competitiveness of HKScan's poultry production and on enabling the introduction of new food concepts to the market. HKScan plans to continue to invest in maintaining and expanding its facilities, including the Rauma unit, in the future. During first half of 2020 HKScan published its decision to invest some EUR 6 million in a new slaughter process in the Rauma poultry unit in order to improve raw material yields, productivity and operational reliability. The realisation of the investment in Rauma has proceeded according to plan and the investment is planned to be taken into use in early part of 2021. For information on the risks related to the Rauma unit and to HKScan's other investments, see "*Risk factors – Risks relating to HKScan's business operations – The Issuer's business is capital intensive and requires continuous investments in its facilities*".

One of HKScan's strategic targets is to strengthen its position in the attractive and growing meals business. HKScan sees good growth potential in its current meals product offering in all of its markets. In order to strengthen its position in the meals business, the Issuer took the decision in December 2017 to expand its meals production capacity in Rakvere, Estonia. The investment in Rakvere production facility amounted to EUR 8 million. The investment comprises the full modernisation of the meals related cooking lines, installation of new cooking and packaging lines, and general expansion of the plant. The investment project was completed as planned and the rebuilt sections of the unit were taken into use in June 2019 and the investment completed at the end of the second quarter of 2019.

In 2019, the Issuer announced it had modernised the Group's Kristianstad unit in Sweden. The planning of the modernisation was initiated during the turn of the year in 2016–2017 and the upgraded production lines were inaugurated in March 2019. The Issuer believes the investments in the production facilities in Rakvere, the Baltics and in Kristianstad, Sweden will improve HKScan's environmental performance and reduce energy and water consumption and related costs.

In April 2020, HKScan announced its EUR 37.7 million investment in the plot on which its factory and logistics centre are located in Vantaa. HKScan bought the plot of land from LSO Osuuskunta using the right of first refusal included in the land lease agreement. The purchase price paid by HKScan corresponded to the offer LSO Osuuskunta received for the plot of land from a third party. The City of Vantaa has announced that it will not exercise its statutory pre-emption right. HKScan negotiated a funding arrangement with its financing banks to enable the purchase of the land. On 19 February 2021 HKScan announced the Sale and Lease Back Transaction concerning the aforementioned factory and logistics centre in Vantaa, whereby HKScan would sell the land and buildings to Finland-based real estate investor Sagax Finland Asset

Management Oy (a subsidiary of AB Sagax listed on Nasdaq Stockholm) with a transaction price of almost EUR 77 million and lease the same back on a long-term lease (20 years with an option for additional years). The Sale and Lease Back Transaction was completed on 1 March 2021.

Between 31 December 2020 and the date of this Listing Prospectus, HKScan has not made any material investments or made any resolutions on material investments other than the Sale and Lease Back Transaction described above.

### Description of current financing of the Group

As at 31 December 2020, HKScan's balance sheet total was EUR 975.9 million (EUR 935.6 million in 2019). The Group's interest-bearing debt at the end of the year was EUR 346.4 million (EUR 313.3 million in 2019) including IFRS 16 lease liability EUR 35.6 million (EUR 46.3 in 2019). Interest-bearing net debt was EUR 299.6 million (EUR 275.8 million in 2019) and it increased by EUR 23.8 million from the comparison year. The net gearing was affected by the investment of EUR 37.7 million in the Vantaa plot. The net gearing ratio was 91.0 per cent (84.8 per cent in 2019). The impact of IFRS 16 lease liability on net gearing ratio was approximately 11 percentage points. Cash flow from operating activities was EUR 63.7 million in 2020 (EUR 59.2 million in 2019). Cash flow after investments was EUR -21.4 million (EUR 27.6 million in 2019) including the Vantaa plot investment.

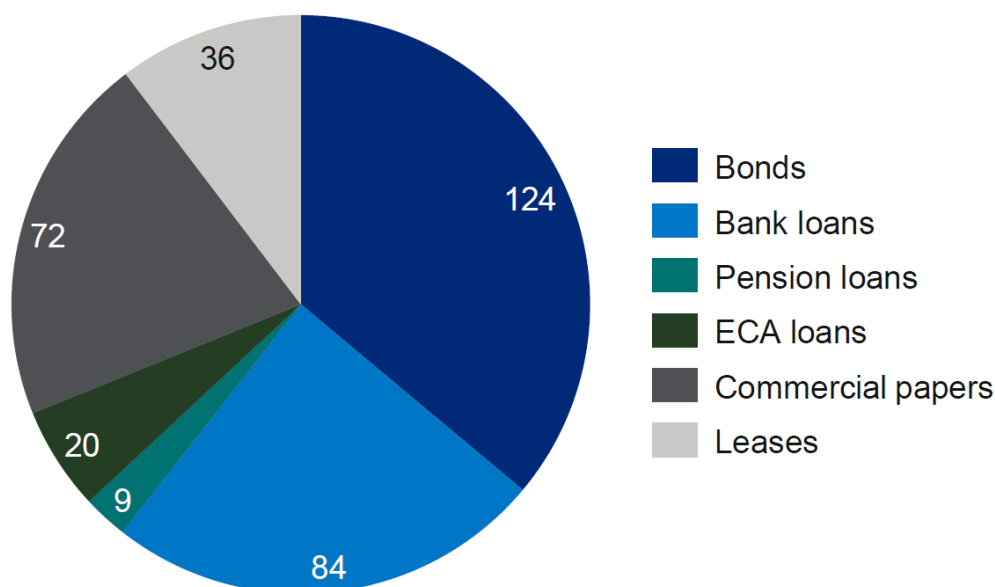
As at 31 December 2020, HKScan had EUR 90.6 million of non-current bank loans (EUR 94.2 million in 2019) and EUR 13.6 million of current bank loans (EUR 3.6 million in 2019) of which non-current and current bank loans approximately EUR 20 million were export credit agency backed loans, EUR 6.4 million of non-current pension loans (EUR 8.6 million in 2019) and EUR 2.1 million of current pension loans (EUR 2.1 million in 2019), a EUR 100.0 million revolving credit facility (with 10.0 million in use) and, in addition, HKScan had other undrawn overdraft and other facilities of EUR 17.5 million (EUR 17.4 million in 2019). HKScan also has a EUR 200 million short-term commercial paper programme which, as at 31 December 2020, has been drawn to the amount of EUR 71.6 million (EUR 34.9 million in 2019). HKScan has negotiated with its financing banks to replace its existing EUR 100,000,000 revolving credit facility maturing in 2022 with a new EUR 100,000,000 revolving credit facility which would mature in 2024 with an extension option for a maximum of one year (the "**New Revolving Credit Facility**"). In addition to certain standard terms and conditions, the loan under the New Revolving Credit Facility is conditional, inter alia, on the signing of a final facility agreement expected to take place following the issue of the Notes.

At the completion of the Sale and Lease Back Transaction, HKScan was required to recognise the lease on its balance sheet as a lease liability debt in accordance with IFRS. Following the completion of the Sale and Lease Back Transaction, the amount of the IFRS 16 lease liability recognised in the Issuer's consolidated balance sheet increased by approximately EUR 66 million. The Sale and Lease Back Transaction reduced HKScan's net debt by some EUR 10 million and net debt per share by 10 eurocents as the proceeds from the transaction were used to pay down existing indebtedness. The lease HKScan will pay for Vantaa is some EUR 5 million a year and, correspondingly, HKScan will not be subject to depreciations related to the Vantaa property and financial expenses will decline. The proceeds received from the transaction were used to reduce the amount of interest-bearing loans of HKScan which expanded the financing base for the implementation of HKScan's new strategy. The Sale and Lease Back Transaction together with the reduction of interest-bearing loans decreased HKScan's net gearing to 88 per cent (with said figure not accounting for the Tender Offer (defined below) and the issue of the Notes).

A hybrid bond issued by HKScan in 2018 amounting to EUR 25.9 million is included in HKScan's balance sheet. The coupon interest of the hybrid bond is fixed 8 per cent per annum until the first redemption date. The hybrid bond is treated as equity. The hybrid bond does not have a specified maturity date but HKScan is entitled to redeem the hybrid bond for the first time on the fifth anniversary of the issue date in 2023, and subsequently, on each annual coupon interest payment date. In September 2020, an interest of EUR 2.1 million was paid for the hybrid loan, treated as equity, from the retained earnings.

The graph below illustrates HKScan's interest-bearing debt by credit type, including IFRS 16 lease liability, as at 31 December 2020:<sup>4</sup>

Interest-bearing debt by credit type, EUR million<sup>5</sup>



As at 31 December 2020, HKScan had a total of EUR 84.3 million of debts secured by pledges or mortgages that were all loans from financial institutions, EUR 37.7 million of mortgages given on own behalf and EUR 8.0 million of guarantees and other commitments given on behalf of others. After the completion of the Sale and Lease Back Transaction and resulting reduction in interest-bearing debt, HKScan does not have loans from financial institutions secured by pledges or mortgages.

On 8 March 2021, the Issuer announced an invitation to the holders of its existing EUR 135 million 2.625 per cent fixed-rate notes due 21 September 2022 (ISIN: FI4000278536), the outstanding value of which was EUR 125.44 million (the "**Existing Notes**") to tender their Existing Notes for purchase by the Issuer for cash (the "**Tender Offer**"). The Tender Offer was made on the terms and subject to conditions contained in the tender offer memorandum dated 8 March 2021. On 24 March 2021, the Issuer, completed a purchase of a total nominal value of EUR 85,924,000 of the Existing Notes validly tendered in the Tender Offer. As at the date of this Listing Prospectus, the total outstanding nominal amount of the Existing Notes is EUR 39,516,000.

As regards the maturity profile of HKScan's indebtedness, as at 31 December 2020, HKScan had EUR 87 million of interest-bearing debt liabilities maturing in 2021, EUR 294 million maturing in 2022, EUR 32 million maturing in 2023, and EUR 11 million maturing in 2024 and later. Following HKScan's refinancing measures including the Sale and Lease Back Transaction, replacement of the existing revolving credit facility with the New Revolving Credit Facility and the bond refinancing carried out through the Tender Offer and the issue of the Notes, HKScan expects to have EUR 77 million of interest-bearing debt liabilities maturing in 2021, EUR 46 million maturing in 2022 (which amount comprises Existing Notes not tendered and purchased in the Tender Offer and EUR 6 million of other indebtedness), EUR 32 million maturing in 2023, EUR 106 million maturing in 2024 and EUR 94 million maturing in 2025 (which amount comprises the Notes and EUR 4 million of other indebtedness). Lease liabilities have been excluded from the maturity profile figures above.

#### Legal and arbitration proceedings

The Danish tax authorities have conducted an audit of energy taxes covering the period 2011-2020 in HKScan Denmark A/S, which is a subsidiary of HKScan. The Danish tax authorities have on 23 December 2020 issued their decision, according to which HKScan should repay past refunds of energy taxes amounting to 24.7 million Danish crown (ca. EUR 3.3 million) in the pending matter. Further, it cannot be excluded that in addition to the currently pending matter,

<sup>4</sup> EUR 26 million hybrid bond is treated as equity.

<sup>5</sup> Including IFRS 16 lease liability.

HKScan could separately be imposed penal sanctions as a result of the tax audit. HKScan Denmark A/S will appeal the decision issued to it.

In the last quarter of 2020, HKScan recorded an item of EUR -3.5 million affecting comparability, which includes the EUR -3.3 million repayment of energy tax refunds as well as related legal and consulting expenses.

Other than those stated above, as at the date of this Listing Prospectus, there are no governmental, legal, arbitration or administrative proceedings against or affecting HKScan or any of its subsidiaries (and no such proceedings are pending or threatened of which HKScan is aware) during a period covering at least the previous 12 months which have or may have had in the recent past, individually or in the aggregate, significant effects on the profitability or the financial position of HKScan or of HKScan and its subsidiaries taken as a whole.



## TREND AND MARKET INFORMATION

### Market size and characteristics

HKScan's home market consists of Finland, Sweden, Denmark and the Baltics. However, HKScan operates on a global market and have customers around the world from the US to New Zealand. Asia represents a significant growing market for HKScan. Consumers in nearly 50 countries enjoy products made from HKScan's raw materials everywhere from homes and schools to workplace cafeterias and restaurants.

HKScan's production units are located around the Baltic region, which enables flexible adjustment of HKScan's production capacity and allows HKScan to maximise its efficiency and synergies in developing its offering.

### Market growth, drivers and trends

HKScan's business and operating environment are affected by global megatrends. For example, consumer trends and economic cycles have a direct and indirect impact both on HKScan's own business and that of its customers. HKScan works in close cooperation with its customers, suppliers and other stakeholders, such as research institutes, to anticipate emerging consumer trends as well as sector trends related to the businesses of the Issuer's customers in retail, the food industry and food services.

Both consumer trends and sector trends evolve over time based on so-called contextual drivers and powerful themes that can also be called megatrends. These themes are dominant and have the likely potential to change the consumer's way of thinking and behaving.

As contextual drivers the Issuer identifies several contextual shifts, such as climate change, pressure on global resources, the state of the world economy, digital innovations and demographic changes that are impacting consumers' lives. In general, consumers cannot control these drivers. They are forces and factors that also have a direct impact on sector trends, e.g. through legislation and regulation, as well as digital advances. Contextual drivers can be divided into four groups: How we live, the Global World, Urbanism and Environment, and the Digital Revolution. These drivers as well as consumer trends and economic cycles have a direct and indirect impact both on HKScan's own business and that of the Issuer's customers.

HKScan has recognised five overarching themes that have the potential to change the way consumers think and live. These themes are: pressured lifestyles, health consciousness, self-fulfilment, food experiences, and eco & sustainability. Consumer trends are typically quantitatively proven and they define a consumer need, attitude or behaviour. As described above, they derive both from contextual drivers and from the identified themes. Sector trends are a result of how consumer trends are manifested in different aspects of consumers' lives, such as in the food and drink industry, in beauty, health, leisure etc.

Food has become an increasingly important part of people's daily lives and consumer identity. It is a widely discussed hot topic both in the media and social media. The links between good health and nutrition have recently been widely covered in the media. Consumers are also taking a growing interest in the environmental impacts of meat production. The following examples of consumer trends directly impact both HKScan and the entire food industry:

- The changing concept of meal – snacking is on the rise
- Food is part of our identity
- The wellness tracking boom
- Corporate responsibility is the new normal
- Packaging must provide protection, communication and sustainability

The retail industry is in the midst of a major transition. The line between shops and restaurants is being blurred, which is altering patterns of consumer behaviour. Rapid urbanisation is a positive indicator for traditional brick and mortar establishments, provided that they are able to offer services and offerings that are carefully tailored to the needs of specific customers.

International competition and digitalisation are posing challenges for traditional, domestic retail chains. Price competition is growing fiercer. Private-label brands have seized a growing market share and strengthened their foothold also in the fresh meat segment. While the proliferation of digital services is posing a threat to the future of traditional brick-and-mortar establishments, online platforms also present a number of exciting opportunities. Digital platforms offer retailers a new channel for reaching out, serving and interacting with consumers. They provide a real-time environment for faster, more open communication on topics such as food quality, health, origin and traceability and corporate responsibility.

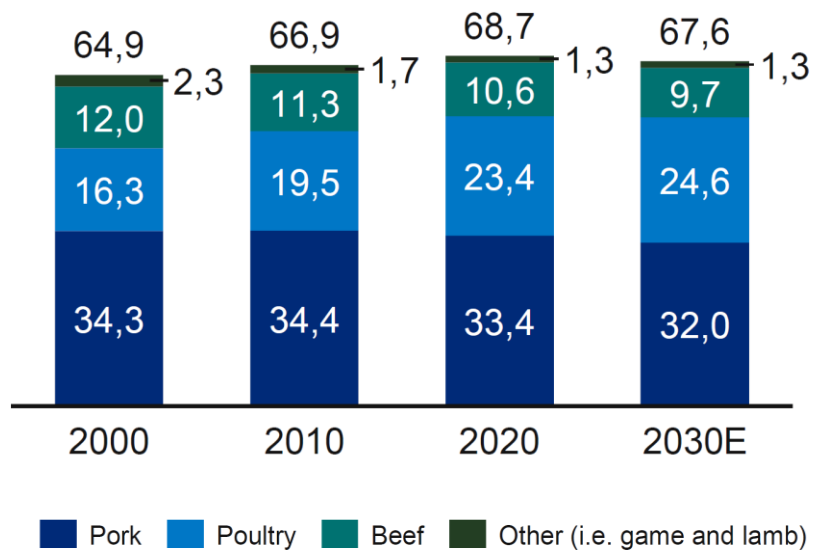
For now, food industry e-commerce remains relatively small in scale on HKScan's home markets. The food industry needs to find new ways of getting closer to its key customers, fostering innovation, increasing the visibility of its brands and

promoting growth alongside private-label brands. One of the key assets offered by traditional retailers is the high quality and broad selection of fresh foods included in their offering.

Ready-to-heat meals are gaining popularity in the HoReCa segment. Sous vide and other slow-cooked products are also in high demand. Recent trends in the food services sector largely conform to those in the retail segment: on-the-go meals are on the rise and locally-grown meat that is traceable from farm to fork is likewise gaining popularity.

Meat consumption is showing no signs of decline on HKScan's home markets and meat is eaten by over 90 per cent of the population in HKScan's home markets. Meat consumption per person in the EU is forecasted to remain relatively stable until 2030.<sup>6</sup> Global consumption of meat is forecast to grow at approximately 1.1 per cent annually over the next decade.<sup>7</sup> Demand for poultry is expected to increase and partially offset an expected reduction in pork and beef.<sup>8</sup> HKScan has begun exports to the steadily growing Chinese market, which is one of the largest in the world for pork. Meat consumption in HKScan's home markets has varied but remain over EU average. The graph below presents the consumption of meat in EU countries per meat category per person from 2000 to 2020, including an estimate of the trend up to 2030.<sup>9</sup>

**Meat consumption in EU countries, kg per capita**



<sup>6</sup> Source: EU Agricultural Outlook 2020–2030.

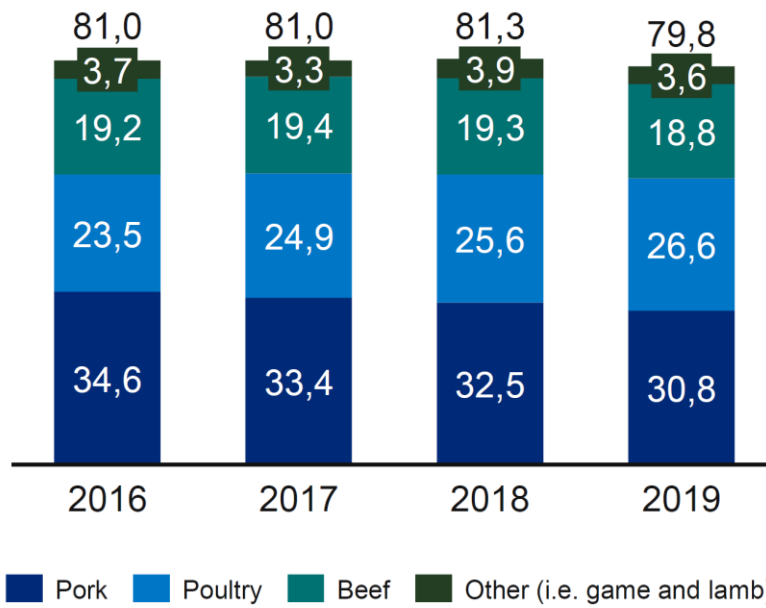
<sup>7</sup> Source: EU Agricultural Outlook 2020–2030.

<sup>8</sup> Source: EU Agricultural Outlook 2020–2030.

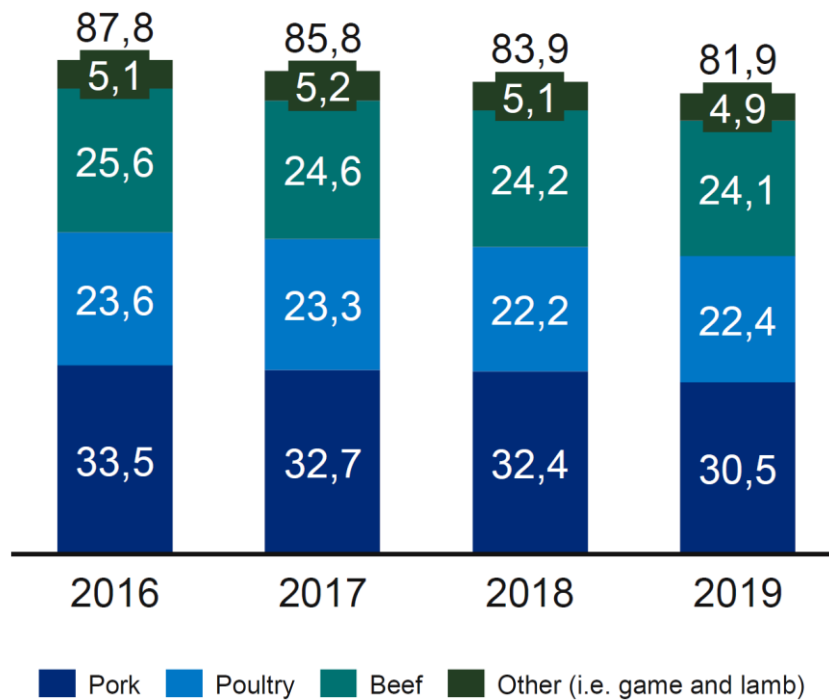
<sup>9</sup> Source: EU Agricultural Outlook 2020–2030.

The graphs below present the consumption of meat in Finland and Sweden per meat category per person from 2016 to 2019.<sup>10</sup>

**Meat consumption in Finland, kg per capita**



**Meat consumption in Sweden, kg per capita**



In 2020, the covid-19 pandemic caused changes in HKScan's sales channels and sales structure in all HKScan's home markets. Growth in retail food sales was strong in all HKScan's home market areas, but demand in the food service channel was weaker than normal despite some recovery after the first quarters of 2020. Online food sales and deliveries directly to

<sup>10</sup> Source: Natural Resources Institute Finland (statistics database), Swedish board of agriculture (JO44 - Consumption of food and nutritive values).

consumers' homes were at a clearly higher level than before the pandemic. The pandemic increased the amount of home cooking during the summer season as well.

In 2020, the share of domestic meat in terms of total meat consumption increased in HKScan's home markets. The popularity of branded products within retail sales increased. The pandemic has increased consumers' awareness of the significance of domestic food and food safety, thereby increasing the appreciation of local primary production in all the HKScan's home markets. Correspondingly, the pandemic affected HKScan's exports. The volume of exports was down from the comparison year 2019. However, export volumes to China increased and were in line with the target.

In 2020, as a result of the covid-19 pandemic, price volatility has clearly increased in the international meat market. During the last quarters of 2020, weak demand in the food service channel has created market imbalances, not only in HKScan's home markets but also throughout Europe and HKScan's export markets in Asia. Furthermore, the detected cases of African swine fever in Germany clearly reduced the market price of pork in Europe. The pandemic has also led to the shutdown of production facilities throughout Europe and in other markets, thereby causing market disruptions within many markets.

Throughout the pandemic, HKScan has been able to keep its supply chain operations on a good level with no disruptions and has continued to implement its own preventive operating procedures unconditionally in all its home markets and units. HKScan's primary focus is to safeguard the health and safety of personnel and consumers and to ensure the disturbance-free activities of production, business and the entire food chain.

The significance of domestic food production and the long food chain is further emphasised in exceptional situations such as the pandemic. In addition to the guidelines of the authorities, HKScan ensures the functioning of the food chain through its own comprehensive contingency plan. The plan covers all key functions of HKScan's value chain, such as animal and material procurement, production and logistics, customer cooperation, sales and support functions.

HKScan anticipates the impacts of the pandemic on consumer behaviour to the best of its ability and takes into account the effects of different scenarios on HKScan's operations in both the short and longer term. HKScan has also diversified its export structure with the aim of balancing out exports and avoiding market risks.

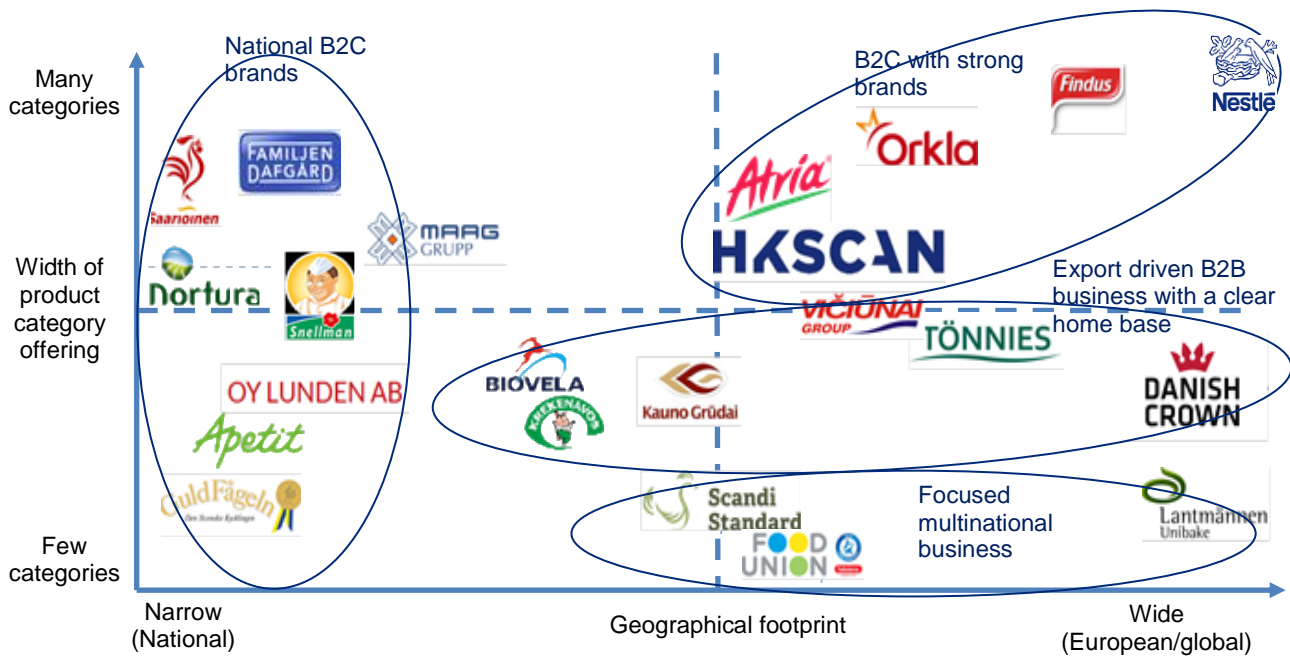
### **Competitive landscape**

Although HKScan and its competitors operate in several different markets, the main competitors of the Issuer vary from one market to another.

According to the view of the management, depending on the product category, HKScan holds either a leading market position or the second largest market share in Finland in red meat, poultry, meat products and its subcategories, a leading market position or the second largest market share in Sweden in red meat, meat products and its subcategories, and a leading market share in Denmark in fresh packed poultry in the retail market. It also holds a leading market position in all of its product categories in the Baltic countries. The Issuer's management's assessment of its market position in each home market is based on an examination of the following criteria and their overall picture: (a) the turnover of the company; (b) volumes delivered to reseller channels; (c) purchases from the primary production of the business; and (d) the market share of the company in each of its commensurate product groups.

According to the view of the management, the key competitors in HKScan's home markets are the following: (i) in the Finnish market, Atria Plc, Oy Snellman Ab, Saarioinen Oy and Scandi Standard AB (publ.); (ii) in the Swedish market, Atria Plc, Scandi Standard AB (publ.), Danish Crown AmbA and various importers; (iii) in the Baltic market, Atria Plc, Saarioinen Oy and smaller local producers; and (iv) in the Danish market, Danish Crown AmbA, Scandi Standard AB (publ.) and various importers.

The graph below illustrates the management's view of the relevant competitors in HKScan's home markets. Key players in the market are positioned in the graph based on their estimated geographical footprint (narrow – wide) and the width of their product category offering (narrow – broad).



The structure of the consumer goods retail sector is constantly changing. Globally operating retail chains are seeking new markets and competition between chains is intensifying. The entry of foreign low-price chains into the market in Finland, Sweden, Denmark and the Baltics has increased price competition and resulted in local companies establishing hard discount retail schemes. The combination of a concentrated trade environment and market consolidation has reduced the number of brands sold by retailers. The position of globally-known food brands has strengthened and the supply of private-label products, i.e. the retailers' own products, typically at lower price points, has increased. The proportion of private-label products in Finland is lower than the European Union average, while in Sweden and Denmark they are more significant, and in the Baltics less significant than in Finland.

For a food industry company, the structural changes in retail trade may mean increased buying power for retailers and lead to pressure on the production of private-label products, as well as lead to pressure on the pricing of HKScan's own brands. In the future, the food industry in Finland as well as in HKScan's other operating areas may need to compete for deliveries not only with domestic operators but also increasingly with international companies and companies operating in lower-cost countries.

However, in 2020, the share of domestic meat in terms of total meat consumption increased in HKScan's home markets. The popularity of branded products within retail sales increased. The ongoing covid-19 pandemic has increased consumers' awareness of the significance of domestic food and food safety, thereby increasing the appreciation of local primary production in all HKScan's home markets.

## FINANCIAL AND OTHER INFORMATION

### Historical financial information

HKScan prepares its consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS") and the Issuer's unaudited interim financial reports have been prepared in accordance with IAS 34 - Interim Financial Reporting standard. HKScan's audited financial statements for financial years ended 31 December 2020 and 31 December 2019 have been incorporated to this Listing Prospectus by reference.

### Auditors

Under the Issuer's Articles of Association, the annual general meeting of shareholders elects the Issuer's auditor. The auditor must be an authorised public accountant or an audit firm authorised by the Finnish Patent and Registration Office with an authorised public accountant in charge. The term of the auditor expires at the closing of the annual general meeting of shareholders following the election. The annual general meeting of shareholders decides on the remuneration of the auditor.

The Issuer's financial statements of accounting periods ending on 31 December 2020 and 31 December 2019 have been audited by Authorised Public Accountants Ernst & Young Oy, Authorised Public Accountant Erkkä-Tapani Talvinko as the auditor in charge. Ernst & Young Oy and Erkkä-Tapani Talvinko are registered in the auditor register maintained by the Finnish Patent and Registration Office in accordance with Chapter 6, Section 9 of the Finnish Auditing Act (1141/2015, as amended).

### Alternative performance measures

This Listing Prospectus includes certain performance measures of the Issuer's historical financial performance, financial position and cash flows, which, in accordance with the "Alternative Performance Measures" guidelines issued by the European Securities and Markets Authority ("ESMA") are not accounting measures defined or specified in IFRS and are therefore considered alternative performance measures.

HKScan presents alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. HKScan reports alternative performance measures to show the business performance and to enhance comparability between reporting periods.

Alternative performance measures are not accounting measures defined or specified in IFRS and, therefore, they are considered non-IFRS measures which should not be viewed in isolation or as a substitute to the IFRS financial measures. Companies do not calculate alternative performance measures in a uniform manner and, therefore, the alternative performance measures presented in this Listing Prospectus may not be comparable with similarly named measures presented by other companies. Furthermore, these alternative performance measures are not meant to be predictive of potential future results. The alternative performance measures presented in this Listing Prospectus are unaudited unless otherwise stated. Accordingly, undue reliance should not be placed on the alternative performance measures presented in this Listing Prospectus.

The detailed calculation formulas of the Issuer's alternative performance measures have been presented in the following documents incorporated in this Listing Prospectus by reference (see "*Documents incorporated by reference*"):

- audited consolidated financial statements for the financial year ended 31 December 2020 on page 20; and
- audited consolidated financial statements for the financial year ended 31 December 2019 on page 116 of the annual report.

### Significant changes or material adverse changes

Other than the Sale and Leaseback Transaction and resulting decrease in interest-bearing loans, there has been no significant change in HKScan's financial position or performance and no material adverse change in the prospects of HKScan since 31 December 2020.

## BOARD OF DIRECTORS AND GROUP EXECUTIVE TEAM

### General

Pursuant to the provisions of the Finnish Companies Act, the control and management of the Issuer are divided between the general meeting and the board of directors. The ultimate decision-making authority lies with the shareholders at the annual general meeting, which appoints the members of the board of directors and the Issuer's auditor. The board of directors is responsible for the administration and the proper organisation of the operations of the Issuer. The duties and accountability of the board of directors are determined primarily under the Articles of Association and the Finnish Companies Act. The procedure and duties of the meetings of the board of directors are described in the charter adopted by the board of directors. The President and Chief Executive Officer (the "CEO") and a deputy CEO of the Issuer are appointed by the Issuer's board. In addition, the Group Executive Team assists the President and CEO in the operations of the Issuer.

### Corporate governance

In addition to the applicable legislation governing the operations of public limited liability companies, the Issuer complies with the Finnish Corporate Governance Code (the "CG Code").

Furthermore, the Issuer complies with HKScan Group's Code of Conduct as well as the Group's other policies. Furthermore, the Issuer complies with the rules and regulations of the Helsinki Stock Exchange.

### Board of Directors

According to the Articles of Association of HKScan, the Issuer has a board of directors comprising between five and eight members. In addition, a maximum of three deputy members may be elected to the board. The board of directors elects a chairman and deputy chairman from among its members. Board members are elected annually by the annual general meeting based on a proposal put forward by the Shareholders' Nomination Board. The Articles of Association contain no provisions regarding any special order for board member appointments. The term of board members begins at the end of the general meeting at which they were elected and ends at the end of the general meeting first following their election.

The board members are proposed by the Shareholders' Nomination Board taking into account the diversity principles determined by the Issuer in accordance with Recommendation 9 of the CG Code. The Issuer has determined the following diversity principles:

- both genders should be represented in the board;
- the board members should have a versatile professional and educational background that benefits the Issuer's business;
- the board members should have experience of international tasks; and
- the board members should represent a varied age range.

The board of directors conducts an annual evaluation of the independence of its members in accordance with the CG Code recommendation 10. A member of the board is required to submit to the Issuer the information necessary to conduct the evaluation of independence. A board member is also required to notify the Issuer of any changes in information relating to independence. According to the evaluation conducted by the board, Reijo Kiskola, Anne Leskelä and Harri Suutari are independent of the Issuer and its major shareholders, Per Olof Nyman, Terhi Tuomi and Carl-Peter Thorwid are independent of the Issuer but not independent of a major shareholder, and Jari Mäkilä and Ilkka Uusitalo are not independent of the Issuer nor of a significant shareholder.

The following persons were elected to the board of directors by the annual general meeting of HKScan held on 10 June 2020:

<u>Name</u>	<u>Year born</u>	<u>Position</u>	<u>First elected to the Board of Directors</u>
Reijo Kiskola .....	1954	Chairman	2018
Jari Mäkilä .....	1970	Deputy Chairman	2018
Anne Leskelä .....	1962	Member	2019
Per Olof Nyman.....	1956	Member	2017
Harri Suutari.....	1959	Member	2019
Terhi Tuomi.....	1966	Member	2019
Carl-Peter Thorwid .....	1964	Deputy Member	2017
Ilkka Uusitalo.....	1968	Deputy Member	2019

*Reijo Kiskola* has been the Chairman of the board of directors since 2018. In addition, Mr. Kiskola has previously served as acting CEO of HKScan (27 November 2018 – 3 February 2019). Mr. Kiskola's most relevant simultaneous positions

include serving as Member of the Board of HC Ässät Oy since 2020 and as Member of the Board of Leivo's Bakery Ltd since 2016. Mr. Kiskola has previously served as a Member of Leadership Team of Arla Foods Amba, European Zone (2016–2017), Managing Director of Arla Oy (2011–2017), Supply Chain Director of Arla Ingman Oy (2011), Managing Director of Hämeenlinna Dairy Cooperative (2007–2010), Executive Vice President Poultry Business (2005–2006) and Executive Vice President Commercial Business (2003–2005) of HK Ruokatalo Oy as well as Managing Director of Broilertalo Oy, a subsidiary of HK (2001–2003). In addition to positions described above, Kiskola has also served as the Managing Director of Cooperative Dairy Satamaito (1993–2001), Alavuden Osuusmeijeri Cooperative Dairy (1987–1993), Virtain Osuusmeijeri Cooperative Dairy (1989–1993), Rantasalmen Osuusmeijeri Cooperative Dairy (1984–1987) and Ylistaron Osuusmeijeri Cooperative Dairy (1981–1984). In addition, Mr. Kiskola has acted as a Member of the Board of Vataja Oy (2015–2016), Chairman of the Board of Massby Facility & Services Ltd Oy (2011–2017), Member of the Board and Member of the Working Council of the Finnish Food and Drink Industries Federation (2007–2017) as well as Member of the Board and Chairman of the Finnish Dairy Association (2007–2017). Mr. Kiskola is a dairy engineer.

*Jari Mäkilä* has been a Member of the board of directors since November 2018. Mr. Mäkilä's most important simultaneous positions include serving as Member of the Supervisory Board of LSO Osuuskunta since 2006, Chairman of the Supervisory Board of LSO Osuuskunta since 2014, Member of the Delegation of Pellervo since 2014 and as the Chairman of the Board of Mäkilän Tila Oy. Mr. Mäkilä has previously acted as Deputy Member of the Board of HKScan (2018–2019), Member of the Board of HK Agri Oy (2011–2012), Member of the Board of LSO Foods Oy (2009–2010) and Member of the Board of Lounaisfarmi Oy (2009–2010). Mr. Mäkilä has been a farmer entrepreneur (pork producer) since 1995. Mr. Mäkilä is an agricultural technician.

*Anne Leskelä* has been a Member of the board of directors since 2019. Ms. Leskelä's most important simultaneous positions include serving as Member of the Board (since 2017) and Vice Chairman of the Board (since 2019) of Componenta Corporation, Member of the Board and Audit Committee of Kojamo Plc since 2018 as well as Chairman of the Audit Committee of Kojamo Plc since 2019, Member of the Board of Robit Oyj since 2020, Member of the Board (since 2018) and Chairman of the Board (since 2020) of Tammer Brands Oy and Member of the Board of Image Wear Oy since 2019. Ms. Leskelä has previously served as CFO and Vice President, Finance and Control and IR of Nokian Tyres plc (2006–2018), Treasurer and Manager, Treasury of Nokian Tyres plc (1997–2006), Financial Analyst at Oy Kyro Ab (1995–1997) and Manager, Domestic Money Market, Management team member and head of market dealers of Suomen Säästöpankki - SSP Oy (1992–1994). Ms. Leskelä holds a Master of Science degree in Business Administration.

*Per Olof Nyman* has been a Member of the board of directors since 2017. Mr. Nyman's has also served as the President and CEO of Lantmännen ek. för since 2012 and as the Chairman of the Board of Intercoop since 2020. Mr. Nyman has also served as the Executive Vice President, Senior Vice President and CFO of Lantmännen ek. för since 2008. Mr. Nyman has previously held the following positions at WHIRLPOOL Europe between 1991 and 2008: VP Finance & CFO, VP Strategy Development, VP Customer Service & Innovation, Director, Group Financial Planning & Analysis, Finance Director Manufacturing, Technology & Procurement, Director Group Planning, Analysis & Control, Director, European Treasury, Marketing Controller, Whirlpool Brand. Mr. Nyman has also held the following position at WHIRLPOOL Sweden between 1986 and 1991: Factory & Legal Entity Controller, Mega Project Leader, New Range of Microwave Ovens, Manager Organisation & Efficiency, Project Controller. In addition, Mr. Nyman has acted as Financial Analyst & Assistant Controller of Gränges Metallwerken (1982–1986) as well as IS System Analyst and Manager Production Planning & Material of JOHNSON METALL (1980–1982). Mr. Nyman's relevant positions of trust include acting in Svensk Kooperation Ekonomisk Förening, Lantmännen DLG International AB, Hauptgenossenschaft Nord AG as well as Lantmännen Internal Boards. Mr. Nyman holds a Master of Science degree in Industrial and Management Engineering.

*Harri Suutari* has been a Member of the board of directors since 2019. Mr. Suutari has also served as Chairman of the Board of Componenta Oyj since 2019, Board Member of Kauppahuone Laakkonen Oy since 2018, Vice Chairman of the Board of PunaMusta Media Oyj since 2018, Chairman of the Board of Proventia Oy since 2017, Chairman of the Board of Talgraf Oy since 2017 and Member of the Board of Oy M-Filter Ab since 2011. Mr. Suutari has previously served as the CEO of Componenta Corporation (2015–2019), CEO of PKC Group Plc (2008–2011 and 2002–2005), CEO of Ponsse Plc (1992–2001) and Managing Director of Kajaani Automaatiikka Oy (1984–1996). In addition, Mr. Suutari has served as Member of the Board of Directors of JOT Automation Ltd (2016–2018), Chairman of the Board (2013–2018) and Member of the Board (2005–2013) of Alma Media Corporation, Chairman of the Board of MHY Kainuu LKV (2013–2016), Chairman of the Board of Componenta Corporation (2012–2015), Member of the Board of Tulikivi Corporation (2012–2014), Chairman of the Board (2005–2008) and Member of the Board (2012–2013) of PKC Group Plc, Member of the Board of Tiivituote Oyj (2005–2007) and Member of the Board of Ponsse Plc (1992–2001). Mr. Suutari holds a Bachelor of Science degree in Engineering.

*Terhi Tuomi* has been a Member of the board of directors since 2019. Ms. Tuomi has also served as CFO of Boreal Plant Breeding Ltd since 2004 and Member of the Board of LSO Osuuskunta since 2017. Ms. Tuomi has previously served as Financial Manager of Pihla-Windows (2000–2004), Entrepreneur and Office Manager of Racinel Ltd (1990–2000) and



Advertisement Assistant of Gebrüder Jüng GmbH (1991–1992). Ms. Tuomi holds a Master of Science degree in Economics, and she has been a farmer entrepreneur (pork producer) since 2002.

*Carl-Peter Thorwid* has served as Deputy Member of the board of directors since 2017. Mr. Thorwid's most important simultaneous positions include serving as the CEO of Lantmännen Cerealia AB. Mr. Thorwid has previously served as Group Business Lead Fresh Bread and member of the management team, Head of Integration at Lantmännen Unibake (2016–2017) and Integration Lead for the Vaasan acquisition at Lantmännen at Ackot AB (2014–2016). Mr. Thorwid has also served in different roles at Accenture AB between 1992 and 2014. These roles included CMD/CEO (2011–2014) as well as Co-lead and Lead for Accenture Products Market Unit (2001–2011) and Client Account Lead roles for Skanska, Lantmännen, Electrolux, Volvo Cars, Volvo Trucks and Volvo Powertrain, Executive Sponsor for Alfa Laval and the Swedish Police as well as Various Engagement Lead roles for clients within the following industries: Automotive, Industrial Equipment and Consumer Goods & Services, and Management Consultant. In addition, Mr. Thorwid has acted in Production Planning of AXE switches in Teli AB (1991–1992), Officer in charge of Group Chief School in Hälsinge Regemente I14 (1991) and Officer in Hälsinge Regemente I14 (1986–1987). Mr. Thorwid holds a Master of Science degree in Industrial Engineering and Management.

*Ilkka Uusitalo* has been a Deputy Member of the board of directors since 2019. Mr. Uusitalo's most important simultaneous positions include serving as Member of the Board (since 2011) and Vice Chairman of the Board (since 2015) of LSO Osuuskunta, Member of the Delegation (since 2012), Vice Chairman of the Delegation (2017–2018) and Chairman of the Delegation (since 2019) of Coop Center Pellervo, Member of the Supervisory Board of Metsäliitto Cooperative since 2017, Member of the Board (since 2007), Vice Chairman of the Board (2009–2011) and Chairman of the Board (since 2011) of OP Kantrisalio (bank), Member of the City Council (since 2009) and Vice Chairman of the City Council (since 2017) of the City of Salo as well as Member of the Chairman Board of City of Salo (since 2017). Mr. Uusitalo has previously served as Member of the Board of HK Agri Oy (2012–2013), Member of the Representative Board of LSO Osuuskunta (2009–2011), Member of the Representative Council of Metsäliitto Cooperative (2007–2017), Member of the Building and Environment Committee (2009–2017) and Chairman of the Committee (2013–2017) of the City of Salo, Vice Chairman of the Board of Public Utility Salon Vesi (2009–2012) as well as Member of the Town Council and Vice Chairman of the Town Council of Kiikala (2001–2008). In addition, Mr. Uusitalo has acted as Member of the Board of Forestry Association KiiKisSuo (2005–2015), Member of the Meat Producers in the Central Union of Agricultural Producers and Forest Owners (MTK) (2009–2010), Member of the Poultry Meat Producers (2007–2012), Vice Chairman (2007–2008) and Chairman (2009–2010) of the Central Union of Agricultural Producers and Forest Owners (MTK) as well as Member of the Board of Suomen Broileriyhdistys ry (Finnish Broiler Association) (2009–2010). Mr. Uusitalo is a farm entrepreneur (poultry meat producer).

### **Committees of the board of directors**

The board of directors may establish permanent committees to assist the board of directors in the preparation and performance of its duties and responsibilities and determine their sizes, compositions and tasks. As at the date of this Listing Prospectus, the board of directors is assisted by four committees which streamline the preparation and management of matters for the consideration of the board. The board of directors selects the members and chairmen of the committees from among its members.

The committees of the board of directors do not have independent decision-making authority in matters within the competence of the board of directors, but they assist the board of directors by preparing such matters. The committees of the board of directors shall regularly report on their work to the board of directors.

In addition to the committees of the board of directors, HKScan also has a Shareholders' Nomination Board. The Nomination Board consists of at most four members, of which three represent the Issuer's largest shareholders who, on the last business day of June preceding the next annual general meeting, hold the largest number of votes calculated of all shares in the Issuer.<sup>11</sup> In addition, the chairman or the deputy chairman of the board is a member of the Nomination Board. The Nomination Board elects a chairman amongst its members.

### **Audit Committee**

The board elects at least three members of the Audit Committee from among its members. At least one of the members must possess particular expertise in the fields of accounting, bookkeeping or auditing. The majority of the members of the Audit Committee shall be independent of the Issuer and at least one member shall be independent of significant shareholders. The CEO of the Issuer or other senior executives may not be elected to the Audit Committee. The Audit

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<sup>11</sup> The charter of the Shareholders' Nomination Committee is proposed to be amended in the annual general meeting to be held on 8 April 2021. According to the proposed charter, the Issuer's largest shareholders would be determined based on the votes held on the last business day of May instead of June.

Committee assists the board by preparing matters within its remit for the consideration of the board and by submitting proposals or recommendations for board resolution.

The duties of the Audit Committee have been determined in its charter adopted by the board, in keeping with Recommendation 16 of the CG Code. The tasks of the Audit Committee of HKScan's board of directors include, among other things, the following:

- to monitor the reporting process of financial statements;
- to supervise the financial reporting process;
- to monitor the efficiency of HKScan's internal control, internal auditing and risk management system;
- to evaluate and review the corporate governance statement covering the internal control and risk management related to the financial reporting process;
- to monitor the statutory audit of the financial statements and consolidated financial statements;
- to evaluate the independence of auditors and the provision of related ancillary services to the Issuer in particular; and
- to prepare the proposal for decision on the election of the auditors.

The Audit Committee reports on its work to the board at the board meeting first following the meeting of the Committee and submits for the information of the board the minutes of the Committee's meeting.

The Audit Committee's chair is Anne Leskelä and its other members are Reijo Kiskola, Terhi Tuomi and Carl-Peter Thorwid. Committee meetings are also regularly attended by the Issuer's CEO, the CFO, the internal auditor and by its external auditors.

The chair of the Audit Committee prepares the agenda for the meeting based on a proposal made by the CFO and convenes the meetings, under normal circumstances with at least one week's notice.

### ***Compensation Committee***

The Compensation Committee consists of at least three members elected by the board from among its members. The majority of the members of the Compensation Committee must be independent of the Issuer. The CEO of the Issuer or other senior executives may not be elected to the Compensation Committee.

The duties of the Compensation Committee are defined in its charter adopted by the board. The Compensation Committee is tasked with preparing matters pertaining to the Issuer's compensation schemes, such as CEO compensation, other management compensation, the Issuer's incentive and benefit plans and review of other arrangements or agreements between the Issuer and the CEO or other senior executives. The Compensation Committee convenes at least twice a year and reports on its work to the board following the meeting of the Committee and submits for the information of the board the minutes of the Committee's meetings.

The Compensation Committee is chaired by Per Olof Nyman and its other members are Harri Suutari, Reijo Kiskola and Ilkka Uusitalo.

The Compensation Committee has used external consultants in its work.

### ***Working Committee***

Within the Working Committee the board considers matters without the presence of the operative management of the Issuer.

The duties of the Working Committee are defined in its charter adopted by the board of directors. The Working Committee is tasked with promoting the efficient accomplishment of the duties of the Issuer's board of directors. The aim of the Committee is to advance compliance with the CG Code in HKScan.

All members and deputy members of the board are members of the Working Committee. The chair of the board, Reijo Kiskola, acts as the Committee's chair.

### ***Special Committee***

The board elects in its annual convening meeting at least three members from among its members or deputy members to the Committee. The CEO of the Issuer attends the meetings and prepares the agenda and minutes.

The purpose of the Committee is to efficiently support the board of the Issuer in potential M&A or divestment activities of HKScan. In addition, the Committee assists the board and the management of the Issuer in other duties related to the Committee's work as specified by the board.

The Committee is chaired by Reijo Kiskola and the other members are Jari Mäkilä and Harri Suutari.

### **Shareholders' Nomination Board**

The Shareholders' Nomination Board is a body of HKScan's shareholders, responsible for annually proposals to the annual general meeting for the election and remuneration of the members and deputy members of the board of directors. The Nomination Board shall submit its proposals to the board of directors well in advance before the board of directors convenes the annual general meeting.<sup>12</sup>

The largest shareholders of HKScan have, according to the charter of the Shareholders' Nomination Board, nominated the following persons as members of the Nomination Board: Veikko Kemppe (managing director, LSO Cooperative), Per Lindahl, (chairman of the board, Lantmännen ek. för.) and Reima Rytölä (deputy CEO, Varma Mutual Pension Insurance Company).

Furthermore, the board of directors of HKScan has nominated as member of the Nomination Board Jari Mäkilä, deputy chair of the board of directors. The Nomination Board elected amongst its members Veikko Kemppe as chairman.

### **The CEO and the Group Executive Team**

The CEO is responsible for managing, supervising and controlling the business operations of the Issuer. Further, the CEO is responsible for the day-to-day executive management of the Issuer in accordance with the instructions and orders given by the board of directors. In addition, the CEO ensures that the accounting practices of the Issuer comply with Finnish law and that its financials have been organised in a reliable manner. The duties of the CEO are governed primarily by the Finnish Companies Act. The CEO must provide the board of directors and its members with the information necessary for the performance of the duties of the board of directors. The CEO is accountable to the board of directors for the implementation of the objectives, plans, procedures and goals laid down by the board.

HKScan's board of directors appoints and dismisses the CEO. The board of directors also decides on the terms and conditions of the CEO's employment, specified in a written service contract.

The Group Executive Team supports the CEO in management, preparation of business plans, strategy, policies and other important matters and in reaching strategic and operative targets. The members of the Group Executive Team are appointed by the board of directors.

The table below presents the members of the Group Executive Team as at the date of this Listing Prospectus.

<b>Name</b>	<b>Position</b>	<b>Year born</b>
Tero Hemmilä.....	CEO	1967
Jyrki Paappa .....	CFO	1965
Mika Koskinen .....	Executive Vice President, Strategic Business Development and Investments	1972
Jouni T. Laine.....	Executive Vice President, Food Solutions Unit	1964
Jari Leija.....	Executive Vice President, Business Unit Finland	1965
Lars Appelqvist.....	Executive Vice President, Business Unit Sweden	1974
Anne Mere.....	Executive Vice President, Business Unit Baltics	1971
Jukka Nikkinen .....	Executive Vice President, Business Unit Denmark	1962
Juha Ruohola.....	Executive Vice President, Export, Import and Meat balance	1965
Markku Suvanto .....	Executive Vice President, Administration	1966

*Tero Hemmilä* has been the President and CEO of HKScan as of February 2019. Mr. Hemmilä's most important simultaneous positions include serving as a Member of the Board of Finnish Food and Drink Industries' Federation since 2019. Previously, Mr. Hemmilä has served as Commercial Director of the Nordic Area at Yara International (2015–2019), Country Manager of Yara Suomi Oy (2010–2015), SVP of strategy and development of HKScan Corporation (2009–2010), SVP in charge of the meat business of HK Ruokatalo Oy (2008–2009) and in several executive positions at LSO Foods Oy (1997–2008). Mr. Hemmilä holds a Master of Science degree (Agr. & Econ.).

*Jyrki Paappa* has been the CFO of HKScan since April 2019. Previously Mr. Paappa was Group CFO at Maintpartner Group (2018–2019), Executive management consultant through his own company (2014–2017), CFO at Raisio plc (2004–2014), VP Finance at Ravintoraisio Oy (2002–2004), Market Risk Manager, Dealer at Raisio plc (1995–2002) and Money

<sup>12</sup> The charter of the Shareholders' Nomination Committee is proposed to be amended in the annual general meeting to be held on 8 April 2021. According to the proposed charter, the Shareholders' Nomination Board shall submit its proposals to the board of directors on 15 January at the latest.

Market-, Bonds- and Derivatives Dealer at OP Financial Group Turku (1989–1995). Mr. Paappa holds a Master of Science degree in Economics.

*Mika Koskinen* started at HKScan in January 2019. Previously, Mr. Koskinen was the Executive Vice President of Production and Logistics, Purchases, International sales and Investments at Valio Ltd (2014–2018), Managing Director/Russia, Eastern Markets and Industrial Products at Valio Ltd (2012–2014), Regional Director/Russia and CIS at Valio Ltd (2007–2012), Chief Executive Officer/Russia at Valio Ltd (2005–2007), Project Director/M&A projects at Rautakesko Oy (2003–2005) and Deputy Managing Director (Production Manager) at SCA Packaging Russia (1998–2003). Mr. Koskinen holds a Master of Science degree (Chem. Eng.).

*Jouni T. Laine* started at HKScan in January 2021. Previously, Mr. Laine has served as the CEO and President of Clewer-Group (2014–2020), EVP of Gurulogic Microsystems Oy (2014–2020), Director and Partner of Lucia Capital Oy (2006–2014), Group President/Director and Partner of Televisiotehtaat (2000–2005), Director of Turun Puhelin (1999–2000) and Marketing Director of the fast food chain Hesburger (1994–1999). Mr. Laine holds an Executive Master of Business Administration degree.

*Jari Leija* started in his new position at HKScan in April 2019. Mr. Leija has strong experience in the meat industry and has previously served in several senior leadership positions at HKScan and Atria Plc. Previously, Mr. Leija served as the Deputy Managing Director of Atria Finland at Atria Plc and as the Managing Director of A-Tuottajat and A-Rehu between 2012 and 2018. Mr. Leija has also acted as the Managing Director of HKScan Finland Ltd and HK Ruokatalo Oy from December 2007 to April 2012. Before that, Mr. Leija served as the Plant & Logistics Manager Vantaa Production, Production Director and Executive Vice President of Poultry Business at HKScan between 1993 and 2007.

*Lars Appelqvist* started at HKScan in November 2020. Mr. Appelqvist's most important simultaneous positions include serving as the Chairman of the Board of Swedish Food Federation since 2016, Member of the Board of Consivo AB since 2018 and serving in the Confederation of Swedish Enterprise since 2014. Previously Mr. Appelqvist has also served as the President and CEO of AB Anders Löfberg (2008–2020), Supply Chain Director of AB Anders Löfberg Group (2008), Key Account Manager of Löfbergs Lila AB (2006–2008) as well as in various logistic positions at Löfbergs Lila AB between 1998 and 2006. Mr. Appelqvist has also previously served as a Member of the Board of Food Drink Europe (2020) and as the Chairman of the Board of Doggy AB (2015–2018).

*Anne Mere* has been the Executive Vice President of Business Unit Baltics of HKScan since February 2012. Ms. Mere has also served as a Member of the Supervisory Board of Estonian Health Insurance Fund since 2020. Ms. Mere has also held multiple board positions in Group companies. Ms. Mere's key employment history includes the following positions: EVP, Marketing (2013–2016) and EVP, Market Area Finland and Baltics of HKScan (2012–2013), Managing Director (2008–2012) and Marketing Director (2003–2008) of AS Rakvere Lihakombinaat, Marketing Manager of Austria Tabak Eesti OÜ (2000–2003), Key Account Manager of Unilever Eesti OÜ (1997–2000) and Representative for Estonia in Unilever Finland Oy, Van den Bergh Foods (1994–1997). Ms. Mere holds a Master of Business Administration degree.

*Jukka Nikkinen* has been the Executive Vice President of Business Unit Denmark since 2017. Previously, Mr. Nikkinen was the Executive Vice President of International and Biotech business (2017) and the Executive Vice President of Away from Home and International business at HKScan (2012–2017). Mr. Nikkinen has previously served as Senior Vice President of Business Development and Strategy of Rautakirja Oy and as a member of Rautakirja Group's management team (2004–2012). Mr. Nikkinen has also served as Kiosk Trade, Director (international business) and a member of the Kiosk Trade business's management team at Rautakirja Oy (2002–2004) and held various positions in sales and marketing at Leaf Finland and Leaf Group during 1988–2001, the last of which was Export Director (1999–2001). Mr. Nikkinen holds a Master of Science degree in Economics.

*Juha Ruohola* started at HKScan in September 2019. Previously, Mr. Ruohola has served as Director, Meat Division of Landeli Group Oy (2018–2019), the CEO of Lihatuokku Jouni Partanen Oy (2018), the CEO of Polarica Holding Ab (2014–2017), Deputy CEO of Atria Plc (2011–2014), Executive Vice President of Atria Russia, Atria Plc (2009–2011), General Director & Managing Director of OOO Pit Product (2006–2009), Group Vice President, Purchasing and Investments of Atria Plc (2006–2009), Group Vice President, Atria Russia and Atria Baltic of Atria Plc (2006–2007), Atria Russia Integration Director (2006), has held several Director positions at Atria Finland Ltd between 2002 and 2006, has served as Managing Director of Atria Meal Ltd (2001), Managing Director of Lithells Ab (1999–2001) and Managing Director of Atria Lithells Ab (1999–2001). Mr. Ruohola has also served as Member of the Board of Landeli Group Oy (2018–2019), Member of the Board of Maalaistuote Vataja Ltd and Pajuniemi Ltd (2017–2019), Member of the Board of S&N Ltd (2014–2019), Chairman of The Board of Best Inn Ltd (2011–2014) and Member of the Supervisory Board of Elo Mutual Pension Insurance Company (2010–2014). Mr. Ruohola holds the degrees of Master of Science (Agr.) and Executive Master of Business Administration.

*Markku Suvanto* has been the EVP Administration of HKScan since April 2019. Mr. Suvanto has also been a partner at Suomi & Suvanto Law Office Ltd since 1992. Previously, Mr. Suvanto was the Administrative and Legal Director at HKScan (2012–2017), Group Lawyer at HKScan (2009–2012), Legal Counsel and Business Law Supervisor at KPMG Oy Ab (2002–2009) and Asset Manager/Private Banker at Mandatum/Sampo Pankki (1998–2002). Mr. Suvanto holds an LL.M. degree and he is trained on the bench.

### **Business Address**

The business address of the members of the board, the CEO and the members of the Group Executive Team is Lemminkäisenkatu 48, FI-20520 Turku.

### **Conflicts of interest**

Provisions regarding the conflicts of interest of the management of a Finnish company are set forth in the Finnish Companies Act. Pursuant to Chapter 6, Section 4 of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself and the company. Further, pursuant to Chapter 6, Section 4 a of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself or an entity that is related to himself or herself as defined in the IAS 24 standard, and the company or its subsidiary, unless the agreement is part of the company's ordinary course of business or is conducted on normal market terms. This provision also applies to any other legal act, legal proceeding or other similar matter. Further, this provision also applies to the President and CEO.

To the knowledge of HKScan, notwithstanding any shares they hold directly or indirectly, the members of the board of directors, the CEO or the members of the Group Executive Team do not have any conflicts of interests between their duties relating to HKScan and their private interests and/or their other duties.

Based on an evaluation of independence, Reijo Kiskola, Anne Leskelä and Harri Suutari are considered independent of the Issuer and its major shareholders, Per Olof Nyman, Terhi Tuomi and Carl-Peter Thorwid are considered independent of the Issuer but not independent of a major shareholder, and Jari Mäkilä and Ilkka Uusitalo are not considered independent of the Issuer nor of a significant shareholder.

## TAXATION

*The following is a general description that only addresses the Finnish withholding tax treatment of income arising from the Notes. This summary is based on the laws, regulations, and tax authority guidance in force and effect in Finland as at the date of this Listing Prospectus, which may be subject to change in the future, potentially with retroactive effect. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. The comments below relate only to the position of persons who are the absolute beneficial owners of the Notes. Prospective investors are advised to consult their own qualified advisors so as to determine, in the light of their individual circumstances, the tax consequences of the acquisition, holding, redemption, sale or other disposal of the Notes. The tax legislation of the investor's Member State and of the Issuer's country of incorporation may have an impact on the income received from the securities.*

### **Finnish resident individuals**

Interest paid on the Notes to an individual (natural person) residing in Finland for tax purposes, or an undistributed estate of a deceased Finnish resident, is subject to an advance withholding tax in accordance with the Finnish Withholding Tax Act (1118/1996, as amended). The withholding obligation is with the Issuer, or paying agent or other intermediary effecting payment that is resident in Finland or has a permanent establishment in Finland. Interest on the Notes is treated as capital income in the final taxation in accordance with the Finnish Income Tax Act (1535/1992, as amended), assuming the Notes do not belong to the business activities of the individual.

The current applicable withholding tax rate is 30 per cent. The capital income tax rate is 30 per cent, however, should the amount of capital income received by a resident natural person exceed EUR 30,000 in a calendar year, the final capital income tax rate is 34 per cent on the amount that exceeds the EUR 30,000 threshold.

If the Notes are disposed of (or if the Notes are repaid or redeemed), any capital gain as well as accrued interest received (secondary market compensation) is taxed as capital income. The Issuer, or a paying agent or other intermediary resident in Finland or having a permanent establishment in Finland, must deduct an advance withholding tax from secondary market compensation paid to an individual residing in Finland or an undistributed estate of a deceased Finnish resident. Capital losses are primarily deductible from capital gains arising in the same year. Any capital losses that cannot be used to offset capital gains in the same year can be used against other capital income in the same year. Any remaining unused capital losses can be carried forward to be deducted from capital gains or other capital income in the five subsequent calendar years. If the aggregate value of all taxable disposals of the individual does not exceed EUR 1,000 during the calendar year, the capital gain is exempt (and the capital loss is not deductible, if also the aggregate acquisition costs do not exceed EUR 1,000).

If Notes are acquired in the secondary market, any accrued interest paid (secondary market compensation) is deductible from the capital income or, to the extent exceeding capital income, from earned income subject to the limitations in the Finnish Income Tax Act.

### **Finnish corporate entities**

Interest paid on the Notes and income arising from the disposal, repayment or redemption of the Notes are subject to final taxation as income of the recipient corporation either in accordance with the Finnish Business Income Tax Act (360/1968, as amended) or the Finnish Income Tax Act, depending on to which source of income the Notes belong to. The current Finnish income tax rate for corporate entities is 20 per cent. Interest paid to corporate Noteholders is not subject to withholding taxation.

In a disposal, repayment or redemption of Notes belonging to the business income source, the received income is taxable and the acquisition cost is in general treated as a deductible expense. Possible losses in the business income source can be set off against income from the same income source during the same tax year and the ten subsequent tax years.

In a disposal, repayment or redemption of Notes belonging to the other income source, the capital gain is taxable income but capital losses may only be set off against capital gains from disposals of other assets in the other source of income derived during the same tax year and the five subsequent tax years.

### **Non-Finnish resident Noteholders**

Noteholders who are not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment in Finland are not subject to Finnish taxation on interest or gains realised on the sale, repayment or redemption of the Notes.

**Transfer taxation**

The Notes are not subject to Finnish transfer taxation.

## **ARRANGEMENTS WITH THE JOINT LEAD MANAGERS**

Nordea and OP acted as Coordinators and together with Danske Bank A/S and DNB Bank ASA, Sweden Branch as Joint Lead Managers of the issue and Listing of the Notes. HKScan has entered into agreements with the Joint Lead Managers with respect to certain services provided by the Joint Lead Managers in connection with the issue and Listing of the Notes. In addition, the Coordinators acted as dealer managers in the Tender Offer.

Each of the Joint Lead Managers and/or their respective affiliates have acted and may in future act as lenders under certain facility agreements of the Issuer, such as the New Revolving Credit Facility, for which they have received, or will receive, customary fees and expenses. Furthermore, each of the Joint Lead Managers and/or their respective affiliates have performed, and may in the future perform, advisory, consulting and/or banking services for HKScan in the ordinary course of their business. The Joint Lead Managers and their respective affiliates may hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of their customers, in debt or equity securities of the Issuer.



## DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been incorporated by reference to this Listing Prospectus. They have been published on the Issuer's website at <https://www.hkscan.com/en/investors-information/> and can be accessed by clicking the below hyperlinks. The parts of the following documents that have not been incorporated by reference to this Listing Prospectus are either not relevant for potential investors or are covered elsewhere in this Listing Prospectus.

<u>Document</u>	<u>Information incorporated by reference</u>
<u>Board of directors' report, financial statements and auditor's report 2020</u> .....	Board of directors' report, financial statements and auditor's report as at and for the year ended on 31 December 2020
<u>Annual Report 2019, pages 92–191</u> .....	Board of directors' report and financial statements as at and for the year ended on 31 December 2019
<u>Annual Report 2019, pages 192–195</u> .....	Auditor's report for the year ended on 31 December 2019

## DOCUMENTS AVAILABLE

In addition to the documents incorporated to this Listing Prospectus by reference, the Issuer's Articles of Association may, for the term of validity of this Listing Prospectus, be inspected on the Issuer's website at <https://www.hkscan.com/en/investors-information/>.

The Issuer publishes annual reports, including its audited consolidated financial statements, quarterly interim financial information and other information as required by applicable law and rules. All annual reports, interim reports and stock exchange releases are published in Finnish and English. These documents may be inspected on the Issuer's website at <https://www.hkscan.com/en/investors-information/>.

## OVERVIEW OF THE NOTES AND THE OFFERING

*This overview is an overview of certain key features of the Notes and the offering thereof. Any decision by an investor to invest in any Notes should be based on a consideration of this Listing Prospectus as a whole, including the documents incorporated by reference therein.*

*Words and expressions in this section shall, unless otherwise defined herein, have the meanings defined in the Terms and Conditions.*

Issuer: .....	HKScan Corporation.
Legal entity identifier (LEI) of the Issuer:.....	7437000PN6E448NPGY86.
Risk factors: .....	Investing in the Notes involves risks. The principal risk factors relating to the Issuer and the Notes are discussed in the section "Risk factors" of this Listing Prospectus.
Coordinators: .....	Nordea Bank Abp OP Corporate Bank plc.
Joint Lead Managers: .....	Nordea Bank Abp OP Corporate Bank plc Danske Bank A/S DNB Bank ASA, Sweden Branch.
Issuer agent and paying agent:.....	OP Custody plc.
Type and class of the Notes: .....	Senior unsecured notes with an aggregate principal amount of EUR 90 million.
ISIN code of the Notes:.....	FI4000490990.
Currency of the Notes: .....	Euro.
Minimum subscription amount: .....	EUR 100,000.
Denomination of a book-entry unit: .....	EUR 1,000.
Issue Date:.....	24 March 2021.
Listing: .....	Application has been made for the Listing of the Notes, and the Listing is expected to take place on or about 25 March 2021.
Redemption Date:.....	24 March 2025.
Redemption: .....	At par, bullet, on the Redemption Date. Earlier, upon an Event of Default at 100 per cent Notes plus accrued but unpaid interest and in case of a Change of Control or a Demerger Event at 101 per cent plus accrued but unpaid interest.  In addition, the Issuer may at any time voluntarily redeem the Notes. In case the date of the voluntary total redemption is before the date falling 24 months from the Issue, the redemption price is 102.500 per cent of the principal amount of the Notes redeemed together with accrued but unpaid interest and the remaining interest payments from

and including the date of the voluntary redemption to (but excluding) the First Call Date. In case the date of the voluntary redemption is on or after the First Call Date, the redemption price shall be the price set out in the terms and conditions of the Notes together with accrued but unpaid interest.

Covenants and Events of Default: .....	Negative Pledge, Net Gearing, Change of Control, Demerger Event, Disposals, Non-payment, Non-compliance, Cross-default, Cessation of business, Winding-up, Insolvency.
Interest:.....	<p>The Notes bear fixed interest at the rate of 5.000 per cent per annum. Interest on the Notes will be paid biannually in arrears commencing on 24 September 2021 and thereafter on each 24 March and 24 September until the Notes have been repaid in full. The Issuer may have to prepay the Notes on a date earlier than the Redemption Date upon an Event of Default, a Change of Control or a Demerger Event, in which case interest shall be payable until such prepayment date. The Issuer may at any time voluntarily redeem the Notes, in which case interest is payable until such redemption date.</p> <p>Interest shall accrue for each interest period from and including the first day of the interest period to and excluding the last day of the interest period.</p>
Ranking of the Notes: .....	The Notes constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer ranking <i>pari passu</i> among each other and with all other unsecured, unguaranteed and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.
Issue Price: .....	100 per cent.
Yield:.....	As at the Issue Date, the effective yield of the Notes at the Issue Price is 5.063 per cent per annum.
Settlement:.....	The Notes are issued in dematerialised form in the Infinity securities system of Euroclear Finland Ltd.
Tender Offer: .....	On 8 March 2021, the Issuer announced an invitation to the holders of its existing EUR 135 million 2.625 per cent fixed-rate notes due 21 September 2022 (ISIN: FI4000278536), the outstanding value of which is EUR 125.44 million (the " <b>Existing Notes</b> ") to tender their Existing Notes for purchase by the Issuer for cash (the " <b>Tender Offer</b> "). The Tender Offer was made on the terms and subject to conditions contained in the tender offer memorandum dated 8 March 2021. On 24 March 2021, the Issuer, completed a purchase of a total nominal value of EUR 85,924,000 of the Existing Notes validly tendered in the Tender Offer. As at the date of this Listing Prospectus, the total outstanding nominal amount of the Existing Notes is EUR 39,516,000.
Applicable law:.....	Finnish law.

Description of restrictions on free transferability of the Notes: .....	Each Note will be freely transferable after it has been registered into the respective book-entry account.
Reason for the issue and use of net proceeds:.....	The Issuer shall use the proceeds from the issue of the Notes, less the costs and expenses incurred by the Issuer in connection with issue of the Notes, for refinancing certain existing indebtedness of the Issuer and general corporate purposes of the Group.
Interests material to the issue of the Notes: .....	In their involvement with the issue and the Listing of the Notes, the Joint Lead Managers have a business interest customary in the financial markets. The Joint Lead Managers and other entities within the same group and/or their affiliates may have performed and may in the future perform investment or other banking services for HKScan in the ordinary course of business for which they may have received and may continue to receive customary fees and commissions.
Estimated cost and net proceeds of issue and Listing: .....	The total estimated cost of the issue and the Listing is approximately EUR 0.7 million. The estimated net proceeds of the issue amount to approximately EUR 89.3 million. The Issuer will receive no proceeds from the Listing.

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**ANNEX A: TERMS AND CONDITIONS OF THE NOTES**  
**HKSCAN CORPORATION EUR 90,000,000 5.000%**  
**SENIOR UNSECURED FIXED RATE NOTES DUE 2025**  
**ISIN CODE FI4000490990**

The Board of Directors of HKScan Corporation (the "**Issuer**") has in its meeting held on 3 March 2021 approved the issuance of senior unsecured notes (the "**Notes**") referred to in paragraph 1 of Section 34 of the Act on Promissory Notes (622/1947, as amended, in Finnish: *velkakirjalaki*) and authorised the persons named therein to finally decide on the definitive terms and conditions of the Notes which are specified below (the "**Terms and Conditions**").

Nordea Bank Abp and OP Corporate Bank plc will act as coordinators (the "**Coordinators**") and together with Danske Bank A/S and DNB Bank ASA, Sweden Branch as bookrunners and joint lead managers (the "**Joint Lead Managers**") in connection with the offer and issue of the Notes.

**MiFID II Product Governance / Retail clients, professional clients and eligible counterparties target market** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**") and (ii) all channels for distribution of the Notes to eligible counterparties, professional clients and retail clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**Important – EEA retail investors** – The Notes are not PRIIPs for the purposes of Regulation ((EU) No 1286/2014) (the "**PRIIPs Regulation**") and, accordingly, no key information document pursuant to the PRIIPs Regulation has been or will be made available in respect of the Notes.

### **1. Principal Amount and Issuance of the Notes**

The principal amount of the Notes is ninety million euros (EUR 90,000,000). The Issuer may later create and issue further notes having the same terms and conditions as the Notes, as further set out below under Clause 19 (*Further Issues*).

The Notes will be issued in dematerialised form in the Infinity book-entry securities system of Euroclear Finland Oy ("**EFi**"), address Urho Kekkosen katu 5 C, 00100 Helsinki, Finland (or any system replacing or substituting the Infinity book-entry securities system in accordance with the rules and decisions of EFi) in accordance with Finnish legislation governing the Finnish book-entry system and book-entry accounts as well as the rules and decisions of EFi. The Notes cannot be physically delivered.

The issuer agent (in Finnish: *liikkeeseenlaskijan asiamies*) of the Notes referred to in the rules of EFi (the "**Issuer Agent**") is OP Custody Ltd.

The issue date of the Notes is 24 March 2021 (the "**Issue Date**").

The Notes will be offered for subscription in a minimum amount of EUR 100,000. The principal amount of each book-entry unit relating to the Notes (in Finnish: *arvo-osuuden yksikkökoko*) is one thousand euros (EUR 1,000). The maximum number of the Notes is ninety thousand (90,000), or a higher number if the Issuer decides to increase the maximum principal amount of the Notes. Each Note will be freely transferable after it has been registered into the respective book-entry account.

### **2. Subscription of the Notes**

The Notes shall be offered for subscription to eligible counterparties, professional clients, and retail clients (each as defined in MiFID II) through a book-building procedure. The subscription period (the "**Subscription Period**") of the Notes shall commence and end on 17 March 2021. By subscribing for Notes, each initial holder of Notes, and, by acquiring Notes, each subsequent holder of Notes, agrees to be bound by these Terms and Conditions (each such holder of Notes, a "**Noteholder**").

Bids for subscription shall be submitted to Nordea Bank Abp, Satamaradankatu 5, FI-00020 NORDEA, Finland, tel. +358 9 369 50880, OP Corporate Bank plc, Gebhardinaukio 1, FI-00510 Helsinki, Finland, tel. +358 10 252 7970, Danske Bank A/S, c/o Danske Bank A/S, Finland Branch, Kasarmikatu 21 B, FI-00100 Helsinki, Finland,

tel. +358 10 546 2070 or DNB Bank ASA, Sweden Branch, Regeringsgatan 59, SE-105 88 Stockholm, Sweden, tel. +46 8 473 48 16 during the Subscription Period and within regular business hours.

Subscriptions made are irrevocable. All subscriptions remain subject to the final acceptance by the Issuer. The Issuer may, in its sole discretion, reject a subscription in part or in whole. The Issuer shall decide on the procedure in the event of over-subscription. After the final allocation and acceptance of the subscriptions by the Issuer, each investor that has submitted a subscription shall be notified by the relevant Joint Lead Manager whether and, where applicable, to what extent such subscription is accepted.

Subscriptions shall be paid for as instructed by the Joint Lead Managers in connection with the subscription.

Notes subscribed and paid for shall be entered by the Issuer Agent to the respective book-entry accounts of the subscribers on a date advised by the Joint Lead Managers in connection with the issuance of the Notes in accordance with the relevant provisions of Finnish legislation governing the book-entry system and book-entry accounts as well as rules and decisions of EFi.

### **3. Issue Price**

The issue price of the Notes is one hundred (100) per cent.

### **4. Interest**

The Notes bear fixed interest at the rate of five (5.000) per cent per annum.

Interest on the Notes will be paid biannually in arrears commencing on 24 September 2021 and thereafter on each 24 March and 24 September (each an "**Interest Payment Date**") until the Notes have been repaid in full. Interest shall accrue for each interest period from and including the first day of the interest period to and excluding the last day of the interest period on the principal amount of the Notes outstanding from time to time. The first interest period commences on (and includes) the Issue Date and ends on (but excludes) the first Interest Payment Date. Each consecutive interest period begins on (and includes) the previous Interest Payment Date and ends on (but excludes) the following Interest Payment Date. The last interest period ends when the Notes have been repaid in full.

Interest in respect of the Notes will be calculated on the basis of an interest year of three hundred and sixty (360) days with twelve (12) 30-day interest months (30/360).

### **5. Status and Security**

The Notes constitute direct, unconditional, unguaranteed, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among each other and with all other unsecured, unguaranteed and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.

### **6. Use of Proceeds**

The Issuer shall use the proceeds from the issue of the Notes, less the costs and expenses incurred by the Issuer in connection with issue of the Notes, for refinancing certain existing indebtedness of the Issuer and general corporate purposes of the Group (as defined below) and, where the Issuer issues further notes having the same terms and conditions as the Notes, for general corporate purposes of the Group (as defined below).

### **7. Payments**

Interest on and principal of the Notes shall be paid in accordance with the relevant provisions of Finnish legislation governing the Finnish book-entry securities system and book-entry accounts as well as the rules and decisions of EFi.

Should any Interest Payment Date, Voluntary Redemption Date (as defined below), Repurchase Date (as defined below) or the Redemption Date (as defined below) or the date of redemption pursuant to Clause 12 (*Disposals*) fall on a date which is not a Business Day (as defined below), the payment of the amount due will be postponed to the next following Business Day. The postponement of the payment date shall not have an impact on the amount payable.

In these Terms and Conditions, a "**Business Day**" shall mean a day on which banks in Helsinki are open for general business and on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open and the Infinity book-entry securities system is operative.

## 8. Redemption of the Notes

### 8.1 Redemption at maturity

The Notes shall be repaid in full at their principal amount on 24 March 2025 (the "**Redemption Date**"), unless the Issuer has prepaid or redeemed the Notes in accordance with Clause 8.2 (*Voluntary total redemption*), Clause 8.3 (*Clean-up call option*), Clause 12 (*Disposals*) or Clause 13 (*Events of Default*) below or repurchased the Notes in accordance with Clause 11 (*Mandatory repurchase due to Demerger Event or Change of Control (put option)*) below.

### 8.2 Voluntary total redemption

The Issuer may, at any time having given, not less than thirty (30) nor more than sixty (60) calendar days' prior notice (the "**Voluntary Prepayment Notice**") to the Issuer Agent and to the Noteholders in accordance with Clause 16 (*Notices and Right to Information*), redeem all, but not only part, of the aggregate principal amount of the Notes on the relevant date (the "**Voluntary Redemption Date**") specified for redemption in the Voluntary Prepayment Notice at a redemption price equal to:

- (i) in the case of a Voluntary Redemption Date occurring before the date falling twenty-four (24) months from the Issue Date (the "**First Call Date**"), the sum of (i) 102.500 per cent of the principal amount of the Notes redeemed together with accrued but unpaid interest to (but excluding) the Voluntary Redemption Date and (ii) the remaining interest payments from and including the Voluntary Redemption Date to (but excluding) the First Call Date; or
- (ii) in the case of a Voluntary Redemption Date occurring on or after the First Call Date, the redemption prices set forth below (expressed as percentages of principal amount) together with accrued but unpaid interest to (but excluding) the Voluntary Redemption Date.

<b>Months from the Issue Date</b>	<b>Redemption Price</b>
at least 24 but less than 30	102.500 per cent
at least 30 but less than 36	101.875 per cent
at least 36 but less than 42	101.250 per cent
at least 42 but less than 48	100.625 per cent

Any Voluntary Prepayment Notice is irrevocable, but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and fulfilment of the conditions precedent (if any), the Issuer shall redeem the Notes in full at the applicable amounts.

### 8.3 Clean-up call option

If at any time the outstanding aggregate principal amount of the Notes is twenty-five (25) per cent or less of the initial aggregate principal amount of the Notes (as adjusted by the principal amount of any further issues of Notes under Clause 19 (*Further Issues*)), the Issuer may, at its option, at any time redeem all (but not only some) of the outstanding Notes at a price per Note equal to one hundred (100) per cent of the principal amount together with accrued but unpaid interest to, but excluding, the date fixed for redemption, subject to the Issuer having given the Noteholders not less than fifteen (15) nor more than forty-five (45) calendar days' prior notice (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Clause 16 (*Notices and Right to Information*).

## 9. Negative Pledge

For so long as any of the Notes remain outstanding, the Issuer shall not (and the Issuer shall ensure that no other member of the Group will) create or permit to exist any Security (as defined below) over any of its assets, unless such security interest is arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Group, or unless prior to or simultaneously therewith the Issuer's obligations under the Notes either (a) are secured equally and rateable therewith or (b) have the benefit of such other security interest or other arrangement (whether or not it includes the granting of a security interest) as shall be approved by a resolution of the Noteholders (as referred to in Clause 15 (*Noteholders' Meeting and Procedure in Writing*)).



The above mentioned does not apply to any Security securing the Indebtedness of the Issuer, any other member of the Group, an associated company or a third party, the outstanding principal amount of which does not exceed, when taken together, ten (10) per cent of the total consolidated assets of the Group.

For the purposes of these Terms and Conditions:

"**Group**" and "**subsidiaries**" mean the Issuer and its subsidiaries from time to time within the meaning of Chapter 1, Section 6 of the Bookkeeping Act (1336/1997, as amended, in Finnish: *kirjanpitolaki*).

"**Indebtedness**" means interest-bearing debt, guarantees and counter-indemnities for guarantee (whether principal, premium, interest or other amounts) in respect of any notes, bonds or other debt securities or any borrowed money.

"**Security**" means a mortgage, charge, pledge, lien, assignment, hypothecation, guarantee or other security interest securing any obligation of any person or any other agreement or arrangement having similar effect.

## 10. Net Gearing

The Issuer undertakes to ensure that the ratio of Total Net Debt to Equity shall not at the end of any financial quarter exceed one hundred and thirty (130) per cent.

The ratio of Total Net Debt to Equity shall be calculated in accordance with the Accounting Principles and otherwise by reference to the latest annual audited consolidated financial statements or interim financial statements (as applicable) published by the Issuer and using end of the period values for balance sheet items.

The Issuer shall report in its consolidated financial statements and interim financial statements (as applicable) the ratio of Total Net Debt to Equity calculated in accordance with the Accounting Principles.

"**Accounting Principles**" means international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC on the application of international accounting standards in force on the date of, and applied in the Issuer's consolidated financial statements for the year 2020.

"**Equity**" means the consolidated book value of the Group's aggregate shareholders' equity plus minority interests as calculated in accordance with the Accounting Principles.

"**Total Net Debt**" means the interest-bearing net liabilities (including, for the avoidance of doubt, any leases treated as finance/capital leases in accordance with IFRS 16) of the Group as calculated in accordance with the Accounting Principles.

## 11. Mandatory repurchase due to Demerger Event or Change of Control (put option)

If, after the Issue Date, the Issuer is demerged (in Finnish: *jakautuminen*) (the "**Demerger Event**") or any person or group of persons acting in concert (as defined below), directly or indirectly, gains Control (as defined below) of the Issuer (such event a "**Change of Control**"), each Noteholder shall have the right to request that all, or only some, of its Notes be repurchased at a price per Note equal to one hundred and one (101) per cent of their principal amount together with accrued but unpaid interest, during a period of twenty (20) Business Days following a notice from the Issuer of such Demerger Event or Change of Control (after which time period such right shall lapse) in accordance with Clause 16 (*Notices and Right to Information*). However, such period may not start earlier than upon the occurrence of the Demerger Event or the Change of Control.

The notice from the Issuer shall specify the repurchase date (a "**Repurchase Date**") and include instructions about the actions that a Noteholder needs to take if it wants Notes held by it to be repurchased. If a Noteholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall, or shall procure that a person designated by the Issuer will, repurchase the relevant Notes and the repurchase amount shall fall due on the Repurchase Date specified in the notice given by the Issuer pursuant to this Clause 11. The Repurchase Date must fall no later than forty (40) Business Days after the end of the twenty (20) Business Days' period referred to in the preceding paragraph. Any Notes so repurchased may at the Issuer's discretion be retained, sold or cancelled.

Each Noteholder, whether or not it elects to exercise its right to require the repurchase of its Notes in accordance with this Clause 11 in the case of a Demerger Event, is deemed to have waived any and all of its statutory rights under Chapter 17, Section 6 of the Companies Act (624/2006, as amended, in Finnish: *osakeyhtiölaki*) to oppose the demerger in its capacity as a creditor.

"**acting in concert**" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them, either directly or indirectly, of shares in the Issuer, to obtain or consolidate Control of the Issuer.

"**Control**" means either:

- (a) having the beneficial ownership (directly or indirectly) of more than fifty (50) per cent of the voting share capital of the Issuer; or
- (b) being capable of appointing the majority of the board of directors of the Issuer.

## 12. Disposals

- (a) For so long as any of the Notes remain outstanding, the Issuer shall not (and the Issuer shall ensure that no other member of the Group will) sell, transfer or otherwise dispose shares or any other securities in any member of the Group or its (or those of that member of the Group) assets or operations to any party other than the Issuer or another member of the Group, unless such sale, transfer or disposal:
  - (i) is lawful payment of dividends or other distribution of funds in compliance with applicable law;
  - (ii) is made in the ordinary course of trading of goods produced for sale of the disposing entity, including, for the sake of clarity, sales of any trade receivables relating to such sales of goods;
  - (iii) is carried out at fair market value and on terms and conditions customary for such transactions; or
  - (iv) is required (either mandatorily or as an alternative to other remedies) to be made by any competition authority in connection with an acquisition by any member of the Group.
- (b) If any cash proceeds from a sale, transfer or other disposal (whether by a single transaction or a series of transactions, whether related or not) referred to in sub-paragraphs (iii)–(iv) of paragraph (a) above exceed EUR 50,000,000 (or its equivalent in other currencies) in aggregate (the "**Cash Proceeds**") during any period of twelve (12) consecutive months, with any such period starting at the earliest on the Issue Date, the Issuer:
  - (i) may within twelve (12) months after the receipt thereof apply (or cause the relevant member of the Group to apply) such Cash Proceeds (at its sole discretion) to investments in assets (including, for the sake of clarity, any real properties) that will be used in the business of the Group (whether through direct investments in such assets or through investments in shares or other securities) or repayment and cancellation or discharge of any Indebtedness, in so far as such repayment and cancellation or discharge can be made in accordance with the terms of such Indebtedness, incurred by the members of the Group; and
  - (ii) shall, to the extent the Cash Proceeds are not applied in accordance with sub-paragraph (i) above, apply (or cause the relevant member of the Group to apply) the remaining Cash Proceeds towards repayment or discharge of any Indebtedness, in so far as such repayment or discharge can be made in accordance with the terms of such Indebtedness, incurred by the members of the Group without delay after the expiry of the twelve (12) month period referred to in sub-paragraph (i) above,
 or, as an alternative way to fulfil the requirements under sub-paragraphs (i) and (ii) above, the Issuer may offer to use the Cash Proceeds to repurchase the Notes at a price per Note equal to one hundred (100) per cent of the principal amount together with accrued but unpaid interest to, but excluding, the date fixed for repurchase, in which case the requirement under sub-paragraphs (i) and (ii) above shall be deemed fulfilled irrespective of whether such offer is accepted by any Noteholders.
- (c) The requirement to apply Cash Proceeds within the twelve (12) month period as referred to in paragraph (b) above shall be deemed to be met where in the Issuer and/or the relevant member of the Group has/have entered into an agreement or otherwise committed to make an investment in assets referred to in paragraph (b) above before the expiry of the twelve (12) month period although the Cash Proceeds would be finally applied only after such deadline.
- (d) For the avoidance of doubt, the obligation to apply Cash Proceeds in accordance with paragraph (b) above, shall apply only to the amount exceeding EUR 50,000,000.

## 13. Events of Default

If an Event of Default (as defined below) occurs, any Noteholder may by a written notice to the Issuer declare the principal amount of such Note together with the interest accrued on such Note to be prematurely due and payable at the earliest on the tenth (10<sup>th</sup>) Business Day from the date such notice was received by the Issuer provided that an Event of Default is continuing on the date of receipt of the notice and on the specified early repayment date. Interest accrues until (but excluding) the early repayment date. An Event of Default is "**continuing**" if it has not been remedied or waived.

Each of the following events shall constitute an **Event of Default**:

- (a) **Non-payment**: any amount of interest on or principal of the Notes has not been paid within five (5) Business Days from the relevant due date, unless the failure to pay is caused by a reason referred to in Clause 17 (*Force Majeure*) (excluding, for the sake of clarity, any lack of funds to perform such obligation);
- (b) **Non-compliance**: the Issuer does not comply with its obligations under Clause 9 (*Negative Pledge*), Clause 10 (*Net Gearing*) or Clause 12 (*Disposals*), unless in case of Clause 9 (*Negative Pledge*) or Clause 12 (*Disposals*)

- the failure to comply is capable of remedy and is remedied within fifteen (15) Business Days of the earlier of (i) any Noteholder giving notice to the Issuer and (ii) the Issuer becoming aware of the failure to comply;
- (c) **Cross-default:** Any outstanding Indebtedness of the Issuer or any of its Material Subsidiaries (as defined below) in a minimum amount of ten million euros (EUR 10,000,000) or its equivalent in any other currency is accelerated prematurely because of an event of default, howsoever described, or if any such Indebtedness is not repaid on the due date thereof as extended by applicable grace period, if any, or if any Security given by the Issuer for any such Indebtedness becomes enforceable by reason of an event of default. A Noteholder shall not be entitled to demand repayment under this paragraph (c) if the Issuer has *bona fide* contested the existence of the occurrence of an Event of Default under this paragraph (c) as long as it has not been finally and adversely adjudicated against the Issuer without any appeal period;
  - (d) **Cessation of Business:** The Issuer ceases to carry on its current business in its entirety;
  - (e) **Winding-up:** An order is made or an effective resolution is passed for the winding-up (in Finnish: *selvitystila*), liquidation or dissolution of the Issuer or any of its Material Subsidiaries except for (i) actions which are frivolous (in Finnish: *perusteeton*) or vexatious (in Finnish: *oikeuden väärinkäyttö*), or (ii) in the case of a Material Subsidiary, on a voluntary solvent basis; and
  - (f) **Insolvency:** (i) The Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due; (ii) the Issuer or any of its Material Subsidiaries makes a general assignment or an arrangement or composition with or for the benefit of its creditors (excluding any Noteholder in its capacity as such) or (iii) an application is filed for the Issuer or any of its Material Subsidiaries being subject to bankruptcy (in Finnish: *konkurssi*) or re-organisation proceedings (in Finnish: *yrittysaneeraus*), or for the appointment of an administrator or liquidator of any of the Issuer's or its Material Subsidiaries' assets, save for any such applications that are contested in good faith and discharged, stayed or dismissed within forty-five (45) calendar days.

**"Material Subsidiary"** means for the purposes of these Terms and Conditions, at any time, any subsidiary of the Issuer:

- (i) whose net sales (consolidated in the case of a subsidiary which itself has subsidiaries) or whose total assets (consolidated in the case of a subsidiary which itself has subsidiaries) represent not less than ten (10) per cent of the consolidated net sales or the consolidated total assets of the Group (as defined above) taken as a whole, all as calculated by reference to the then most recent audited financial statements (consolidated or, as the case may be, unconsolidated) of such subsidiary and the then most recent audited consolidated financial statements of the Issuer's Group; or
- (ii) to which is transferred the whole or substantially the whole of the sales or assets and undertakings of a subsidiary which, immediately prior to such transfer, was a Material Subsidiary.

In respect of an Event of Default specified in paragraphs (b) – (f) above, the Issuer shall notify each Noteholder in accordance with Clause 16 (*Notices and Right to Information*) without undue delay after becoming aware of the respective Event of Default.

#### 14. Taxation

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of Finland or any political subdivision of, or any authority in, or of, Finland having power to tax, unless the withholding or deduction of the Taxes is required by law. In such case, the Issuer shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer will not be obligated to make any additional payments to the Noteholders in respect of such withholding or deduction.

#### 15. Noteholders' Meeting and Procedure in Writing

- (a) The Issuer may convene a meeting of the Noteholders (a "**Noteholders' Meeting**") or request a procedure in writing among the Noteholders (a "**Procedure in Writing**") to decide on amendments of these Terms and Conditions or other matters as specified below. EFi and the Issuer Agent must be notified of the Noteholders' Meeting or a Procedure in Writing in accordance with the rules of EFi.
- (b) Notice of a Noteholders' Meeting and the initiation of a Procedure in Writing shall be published in accordance with Clause 16 (*Notices and Right to Information*) no later than ten (10) calendar days prior to the Noteholders' Meeting or the last day for replies in the Procedure in Writing. Furthermore, the notice or the initiation shall specify the time, place and agenda of the Noteholders' Meeting or the last day and address for replies in the Procedure in Writing (or if the voting is to be made electronically, instructions for such voting) as well as any action required on the part of a Noteholder to attend the Noteholders' Meeting (including any preconditions or procedures for participation by telecommunications or other electronic or technical means) or to participate in the Procedure in

Writing. No matters other than those referred to in the notice of Noteholders' Meeting or initiation of the Procedure in Writing may be resolved upon at the Noteholders' Meeting or the Procedure in Writing.

- (c) Only those who, according to the register kept by EFI in respect of the Notes, were registered as Noteholders on the fifth (5<sup>th</sup>) Business Day prior to the Noteholders' Meeting or the last day for replies in the Procedure in Writing on the list of Noteholders to be provided by EFI in accordance with Clause 16 (*Notices and Right to Information*), or proxies authorised by such Noteholders, shall, if holding any of the principal amount of the Notes at the time of the Noteholders' Meeting or the last day for replies in the Procedure in Writing, be entitled to vote at the Noteholders' Meeting or Procedure in Writing and shall be recorded in the list of the Noteholders present in the Noteholders' Meeting or participating in the Procedure in Writing.
- (d) A Noteholders' Meeting shall be held in Helsinki, Finland. However, at the Issuer's discretion, a Noteholders' Meeting may also be held (or participation in a physical meeting enabled) by telecommunications or other electronical or technical means.
- (e) The Chairman of a Noteholders' Meeting shall be appointed by the Issuer.
- (f) A Noteholders' Meeting or a Procedure in Writing shall constitute a quorum only if one (1) or more Noteholders holding in aggregate at least fifty (50) per cent of the principal amount of the Notes outstanding attend(s) the Noteholders' Meeting or provide/provides replies in the Procedure in Writing. Any holdings of the Notes by the Issuer and any companies belonging to its Group are not included in the assessment whether or not a Noteholders' Meeting or a Procedure in Writing shall constitute a quorum.
- (g) If, within thirty (30) minutes after the time specified for the start of the Noteholders' Meeting, a quorum is not present, any consideration of the matters to be dealt with at the Noteholders' Meeting may, at the request of the Issuer, be adjourned for consideration at a Noteholders' Meeting to be convened on a date no earlier than ten (10) calendar days and no later than forty-five (45) calendar days after the original meeting at a place to be determined by the Issuer. Correspondingly, if by the last day to reply to the Procedure in Writing constitutes no quorum, the time for replies may be extended as determined by the Issuer. The adjourned Noteholders' Meeting or the extended Procedure in Writing shall constitute a quorum if one (1) or more Noteholders holding in aggregate at least ten (10) per cent of the principal amount of the Notes outstanding are/is present or provide/provides replies in the Procedure in Writing.
- (h) Notice of an adjourned Noteholders' Meeting or the extension of the time for replies in the Procedure in Writing, shall be given in the same manner as notice of the original Noteholders' Meeting or the Procedure in Writing. The notice shall also state the conditions for the constitution of a quorum.
- (i) Voting rights of the Noteholders shall be determined according to the principal amount of the Notes held. The Issuer and any companies belonging to its Group shall not hold voting rights at the Noteholders' Meeting or the Procedure in Writing.
- (j) Subject to paragraph (m) of this Clause 15, resolutions shall be carried by a majority of more than fifty (50) per cent of the votes cast.
- (k) When consent from the Noteholders representing the requisite majority, pursuant to paragraph (j) of this Clause 15 or paragraph (m) of this Clause 15, as applicable, has been received in the Procedure in Writing, the relevant decision shall be deemed to be adopted even if the time period for replies in the Procedure in Writing has not yet expired.
- (l) A representative of the Issuer and a person authorised to act for the Issuer may attend and speak at a Noteholders' Meeting.
- (m) A Noteholders' Meeting or a Procedure in Writing is entitled to make the following decisions that are binding on all the Noteholders:
  - (i) to amend these Terms and Conditions of the Notes; and
  - (ii) to grant a temporary waiver on these Terms and Conditions of the Notes.

However, consent of at least seventy-five (75) per cent of the aggregate principal amount of the outstanding Notes is required to:

- (i) approve change of the Issuer;
- (ii) effect mandatory exchange of the Notes for other securities;
- (iii) decrease the principal amount of or interest on the Notes;
- (iv) reduce the premium payable upon the redemption or repurchase of any Note, or amend any threshold triggering the right of such redemption or repurchase, pursuant to Clause 8 (*Redemption of the Notes*);
- (v) extend the maturity of the Notes;
- (vi) amend the provisions of Clause 1 (*Principal Amount and Issuance of the Notes*) or Clause 5 (*Status and Security*);
- (vii) amend the requirements for the constitution of a quorum at a Noteholders' Meeting or Procedure in Writing;
- (viii) amend the majority requirements of the Noteholders' Meeting or Procedure in Writing; or

(ix) grant a waiver in respect of any of the items (i) to (viii) above.

The consents can be given at a Noteholders' Meeting, in the Procedure in Writing or by other verifiable means.

The Noteholders' Meeting and the Procedure in Writing can authorise a named person to take necessary action to enforce the decisions of the Noteholders' Meeting or of the Procedure in Writing.

- (n) Resolutions passed at a Noteholders' Meeting or in the Procedure in Writing shall be binding on all Noteholders irrespective of whether they have been present at the Noteholders' Meeting or participated in the Procedure in Writing, and irrespective of how and if they have voted.
- (o) Resolutions passed at a Noteholders' Meeting or in the Procedure in Writing shall be notified to the Noteholders in accordance with Clause 16 (*Notices and Right to Information*). In addition, Noteholders are obliged to notify subsequent transferees of the Notes of the resolutions of the Noteholders' Meeting or the Procedure in Writing.
- (p) The Issuer shall have the right to amend the technical procedures relating to the Notes in respect of payments or other similar matters without the consent of the Noteholders, a Noteholders' Meeting or a Procedure in Writing. For the sake of clarity, any resolution at a Noteholders' Meeting or in a Procedure in Writing, which extends or increases the obligations of the Issuer, or limits, reduces or extinguishes the rights or benefits of the Issuer, shall be subject to the consent of the Issuer.

## **16. Notices and Right to Information**

Noteholders shall be advised of matters relating to the Notes by a press or stock-exchange release (as applicable). Any such notice shall be deemed to have been received by the Noteholders when published in the manner specified in this paragraph.

The Issuer may at its option choose to deliver notices on the Notes in writing directly to the Noteholders at the address appearing on the list of Noteholders provided by EFi in accordance with the below paragraph. Any such notice shall be deemed to have been received by the Noteholders on the third (3<sup>rd</sup>) Business Day following dispatch unless the notice has been published in the manner set out in the first paragraph of this Clause 16.

The Noteholders consent to the Issuer being entitled to obtain information on the Noteholders, their contact details and their holdings of the Notes registered in the relevant book-entry securities system from EFi and EFi shall be entitled to provide such information to the Issuer notwithstanding any secrecy obligation applicable to the same. If requested by the Issuer Agent, the Issuer shall promptly obtain such information from EFi and provide it to the Issuer Agent. The Issuer may also on a case by case basis authorise the Issuer Agent or any third party to receive the information referred to above from EFi.

Address for notices to the Issuer is as follows:

HKScan Corporation  
P.O. Box 50  
FI-20521  
Turku, Finland

## **17. Force Majeure**

The Issuer, the Coordinators, the Joint Lead Managers or the Issuer Agent shall not be responsible for any losses of the Noteholders resulting from:

- (a) action of the authorities, war or threat of war, rebellion or civil unrest;
- (b) disturbances in postal, telephone or electronic communications or the supply of electricity which are due to circumstances beyond the reasonable control of the Issuer, the Coordinators, the Joint Lead Managers or the Issuer Agent and that materially affect operations of any of them;
- (c) any interruption of or delay in any functions or measures of the Issuer, the Coordinators, the Joint Lead Managers or the Issuer Agent as a result of fire or other similar disaster;
- (d) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of the Issuer, the Coordinators, the Joint Lead Managers or the Issuer Agent even if it only affects part of the employees of any of them and whether any of them is involved therein or not; or
- (e) any other similar force majeure or hindrance which makes it unduly difficult to carry on the activities of the Issuer, the Coordinators, the Joint Lead Managers or the Issuer Agent.

## **18. Prescription**

In the case any payment under the Notes has not been claimed within three (3) years from the original due date thereof, a Noteholder's right to such payment shall become void.

## **19. Further Issues**

The Issuer may from time to time, without the consent of and notice to the Noteholders, create and issue further Notes having the same Terms and Conditions as the Notes in all respects (or in all respects except for the first payment of interest on them, the issue price and/or the minimum subscription amount thereof) by increasing the maximum principal amount of the Notes or otherwise. For the avoidance of doubt, this Clause 19 shall not limit the Issuer's right to issue any other notes.

## **20. Information**

Copies of the documents relating to the Notes shall be available for inspection during office hours at the office of the Issuer at HKScan Corporation, Lemminkäisenkatu 48, FI-20520 Turku, Finland, at Nordea Bank Abp, Satamaradankatu 5, FI-00020 NORDEA, Helsinki, Finland and at OP Corporate Bank plc, Gebhardinaukio 1, FI-00510 Helsinki, Finland.

## **21. Listing and Secondary Market**

An application will be made to, with the aim of having the Notes to be admitted to trading on a regulated market on the official list maintained by Nasdaq Helsinki Ltd.

## **22. Purchases**

The Issuer may at any time purchase Notes in any manner and at any price it deems appropriate. If the purchases are made by a tender offer, tender offers must be available to all Noteholders alike. The Issuer shall in its sole discretion be entitled to cancel, dispose of or hold the Notes so purchased.

## **23. Applicable Law and Jurisdiction**

The Notes, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Finland.

Any disputes relating to the Notes shall be settled in the first instance at the District Court of Helsinki (in Finnish: *Helsingin käräjäoikeus*). However, any plaintiff that is a consumer is entitled to proceed at the district court of the plaintiff's domicile whose jurisdiction is provided for by application of mandatory rules of Finnish law.

**The Issuer**

HKScan Corporation  
Lemminkäisenkatu 48,  
FI-20520 Turku, Finland

**Coordinators**

Nordea Bank Abp  
Satamaradankatu 5,  
FI-00020 NORDEA, Finland

OP Corporate Bank plc  
Gebhardinaukio 1,  
FI-00510 Helsinki, Finland

**Joint Lead Managers**

Danske Bank A/S  
Holmens Kanal 2-12,  
DK-1092 Copenhagen K, Denmark

DNB Bank ASA, Sweden Branch  
Regeringsgatan 59,  
SE-105 88 Stockholm, Sweden

Nordea Bank Abp  
Satamaradankatu 5,  
FI-00020 NORDEA, Finland

OP Corporate Bank plc  
Gebhardinaukio 1,  
FI-00510 Helsinki, Finland

**Legal adviser to the Issuer**

Krogerus Attorneys Ltd  
Unioninkatu 22,  
FI-00130 Helsinki, Finland

**Legal adviser to the Joint Lead Managers**

Hannes Snellman Attorneys Ltd  
Eteläesplanadi 20,  
FI-00130 Helsinki, Finland