

HKSCAN

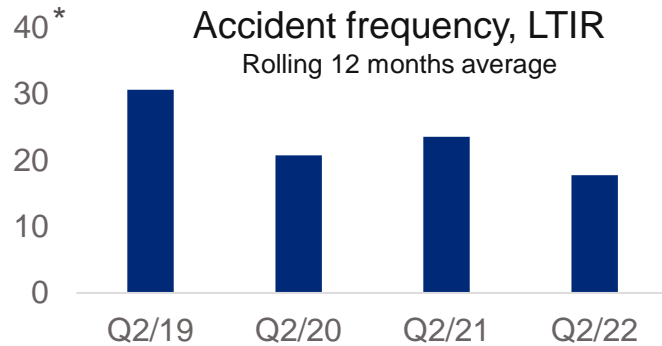
Half Year Financial Report 2022

Tero Hemmilä, CEO
Jyrki Paappa, CFO

20 July 2022



Safety First: Goal-oriented work towards zero accidents at work



- 30%** lost-time accidents
- 32%** days of absence due to accidents
- +80%** safety observations

*lost-time accidents per million working hours



In May, HKScan won the Danish Occupational Health Award 2022 in the work safety category

Highlights Q2/2022

Clear sales price increases

- Sales price increases largely covered the sharp rise in production input prices
- Producer prices increased to secure the availability of meat raw material and the continuity of domestic food production

Comparable EBIT improved to 1.5 M€

HKScan's drivers for profit improvement:

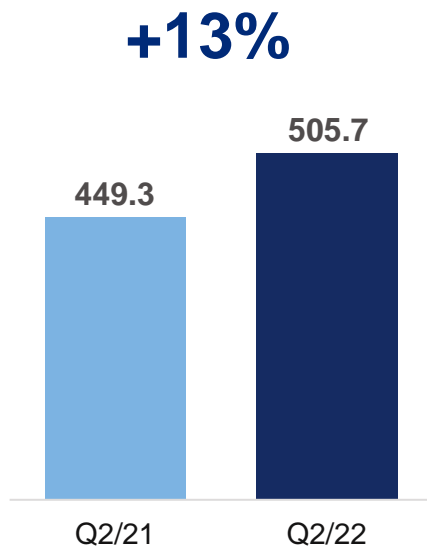
- Better sales mix
- Production efficiency
- Cost management

Outlook for 2022 unchanged

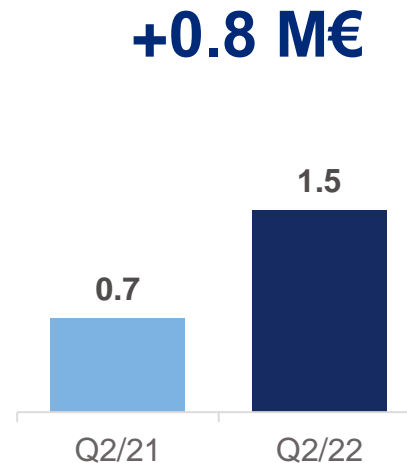


Q2/2022: Comparable EBIT strengthened

Net sales, M€



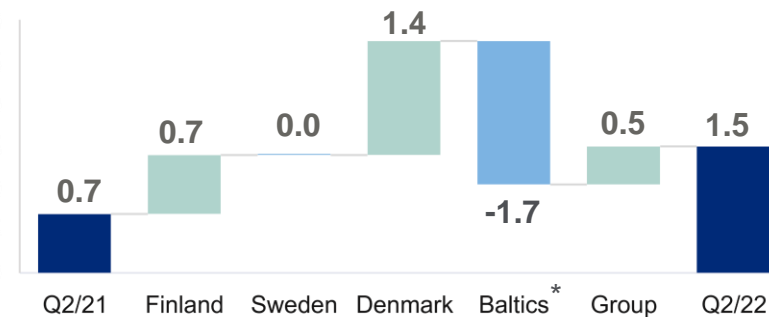
Comparable EBIT, M€



Q2/2022: Finland and Denmark improved

- Finland improved its comparable EBIT, especially towards the end of the quarter
- Challenging early spring in Sweden; strong profit development towards the end of the quarter
- Clear profit improvement in Denmark
 - Strong strategy implementation continued
 - Good demand for poultry products
- In the Baltics, comparable EBIT weakened and was negative
 - Determined measures have paid off and in June comparable EBIT was already at the comparison period level

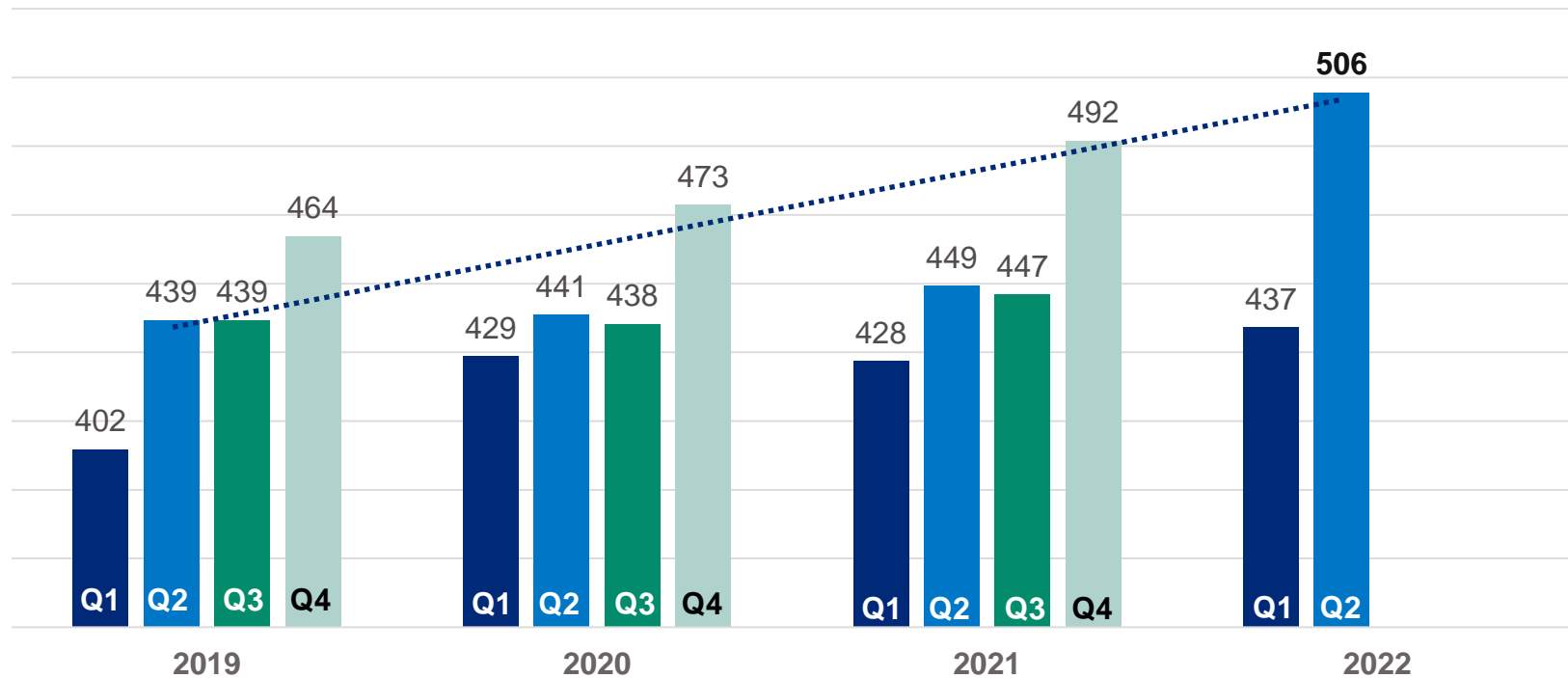
Change of comparable EBIT, M€



*Change of EBIT excluding biological asset revaluation -1.6 M€

Net sales growth continuing

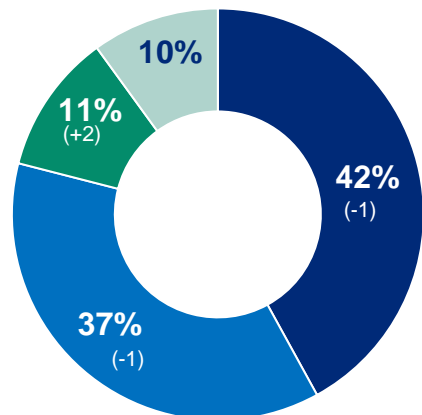
Quarterly net sales, M€



Poultry and meals account for an increasing share of net sales

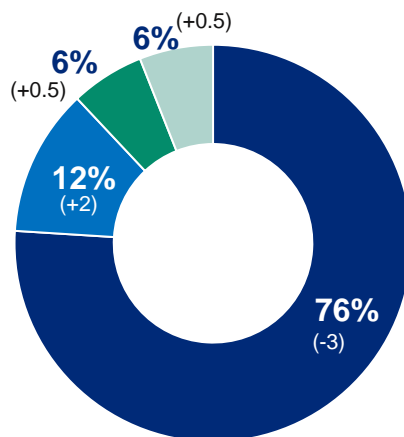
Net sales breakdown Q2/2022

Markets



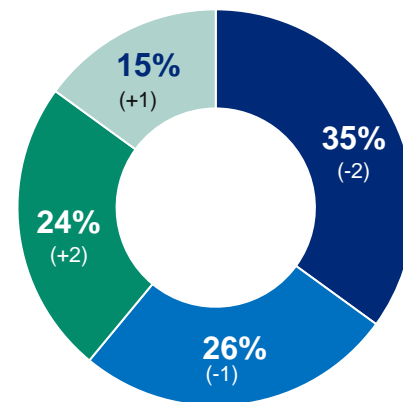
- Finland
- Sweden, incl. Poland
- Baltics
- Denmark

Sales channels



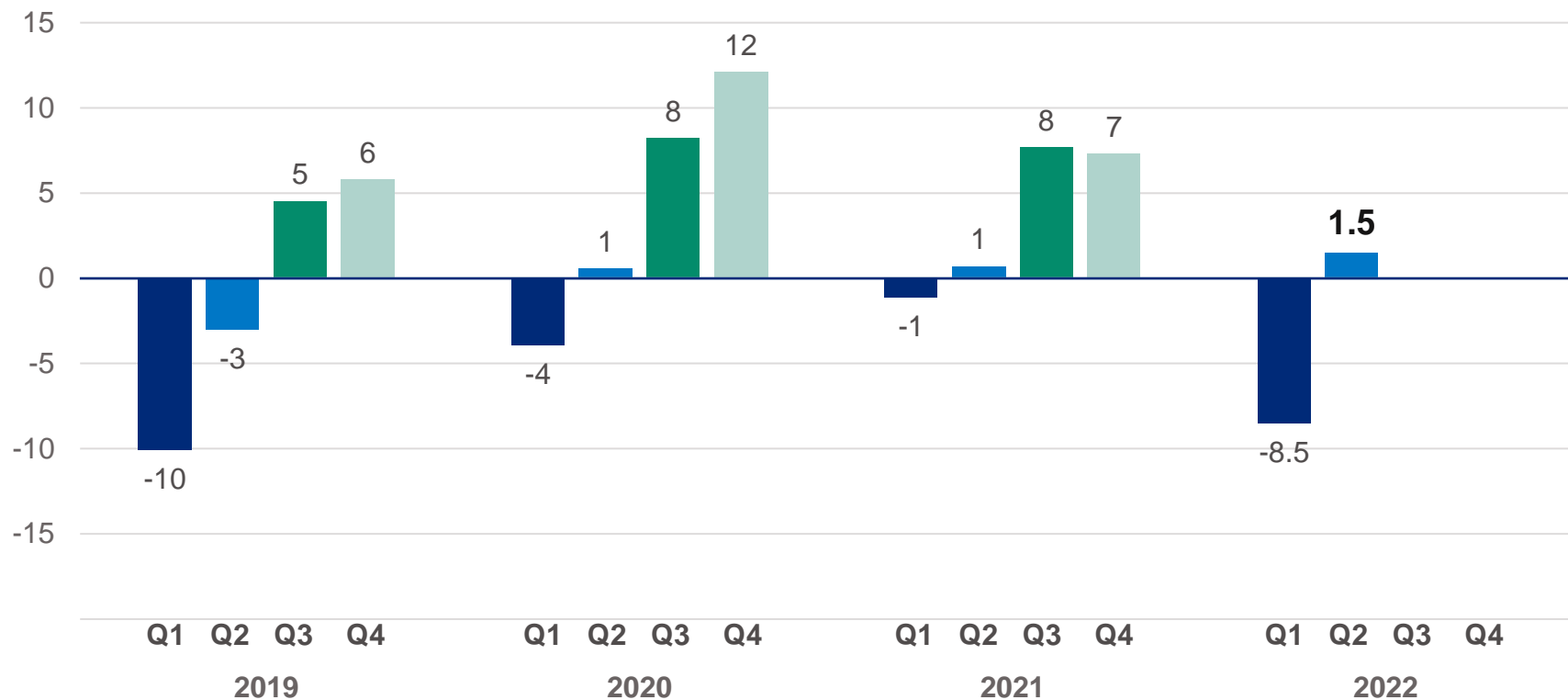
- Retail
- Food service
- Industry
- Export

Categories

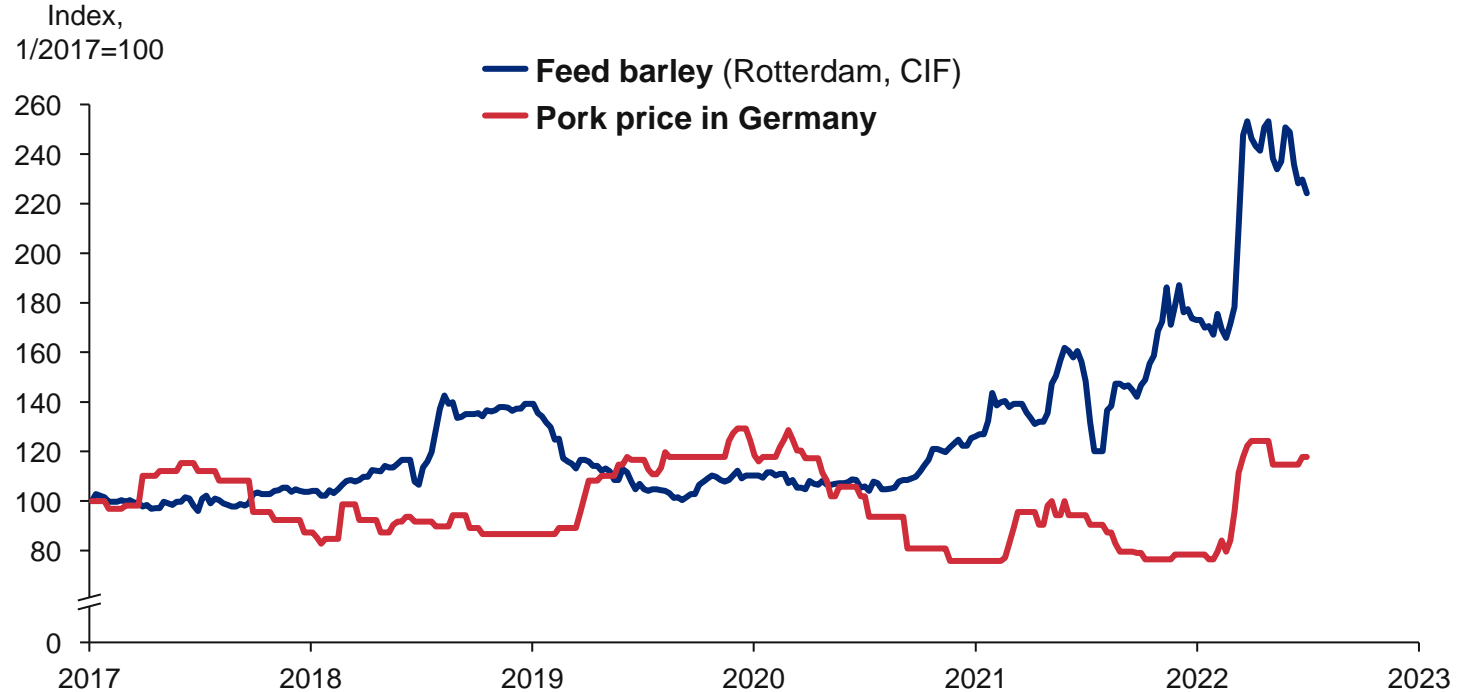


- Beef and pork
- Charcuterie, sausages and bacons
- Poultry
- Meals and meal components

Quarterly comparable EBIT, M€



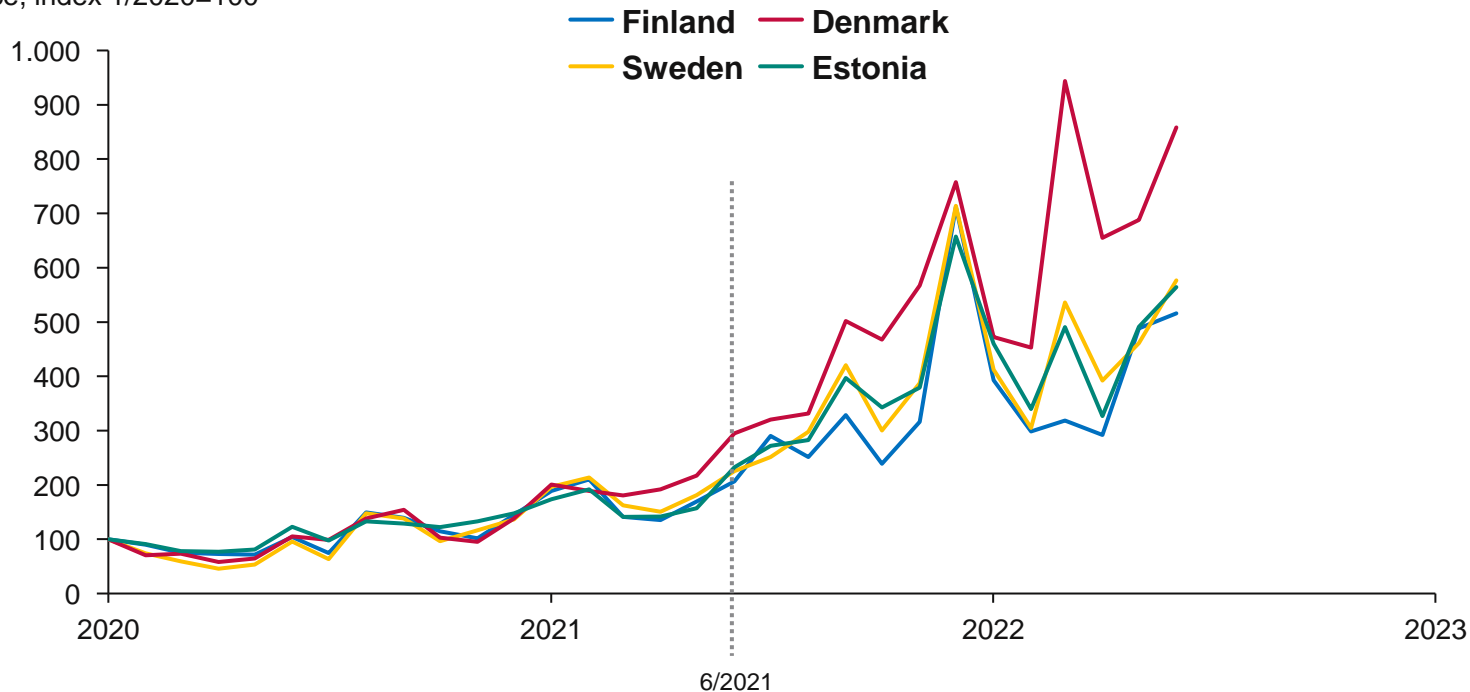
Feed barley and pork price development in 1/2017 - 6/2022



Source: European Commission – Cereal statistics and Pig333.com
Note: Price in NL – Rotterdam – CIF (Cost, Insurance and Freight – Incoterm)

Electricity price development 1/2020 - 6/2022

Electricity stock exchange price, index 1/2020=100



HKScan to improve the profitability of its poultry business in Finland

- The statutory negotiations for the Finnish poultry business ended after the review period in July
- The measures aim to achieve annual savings of **over 3 M€**, estimated to be realised during 2023
- As a result of the negotiations, 55 jobs will be reduced in the Rauma unit and 105 jobs will be affected by substantial changes in employment conditions
- The changes will be implemented after the summer holiday period in August-September 2022
- The aim was to improve the profitability, competitiveness and cost-efficiency of the Finnish poultry business by improving production efficiency, reorganising operations and renewing operating methods



Outlook for 2022 unchanged

HKScan estimates that the Group's comparable EBIT in 2022 will improve compared to 2021.

Early 2022 comparable EBIT is expected to be weaker than the comparison period due to inflation, which strongly affects the company's profit development, and significant imbalances in the international meat and grain market. The full-year profit development will be significantly affected by the development of the international meat and grain market.



HKScan – key figures

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	2021
Net sales	505.7	449.3	942.9	876.8	1 815.3
EBITDA	15.9	16.3	21.7	31.0	78.1
EBIT	-14.3*	3.7	-23.2*	2.6	17.9
- EBIT margin, %	-2.8	0.8	-2.5	0.3	1.0
Comparable EBIT	1.5	0.7	-7.0	-0.5	14.5
- EBIT margin, %	0.3	0.1	-0.7	-0.1	0.8
Profit for the period	-16.1	0.5	-26.9	-5.7	-1.2
EPS, EUR	-0.18	-0.01	-0.30	-0.08	-0.06
Comparable EPS, EUR	-0.01	-0.04	-0.13	-0.11	-0.10

* Includes a goodwill write-down of -15.6 M€ for the Baltic Business Unit.

HKScan – key figures

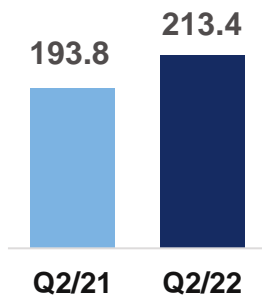
EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	2021
Cash flow from operating activities	22.4	24.9	-12.0	28.1	54.6
Cash flow after investing activities	15.2	14.3	-23.3	83.9*	81.2*
Return on capital employed (ROCE) before taxes, %			0.0	5.1	3.6
Interest-bearing net debt			346.3	298.5	314.5
Net gearing, %			109.6	92.8	95.2

* Includes sale of Vantaa property (land and buildings) with EUR 76.1 million.

Finland Q2/2022: Clear sales increase for meal components

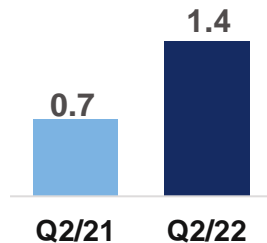
Net sales, M€

+10%



Comparable EBIT, M€

+0.7 M€



- Exceptionally high cost inflation partly passed on to sales prices, which increased net sales
- Growth in food service sales continued, especially in meals and meals components
- Decrease in retail sales volumes
- Better sales mix and production efficiency as drivers for profit improvement

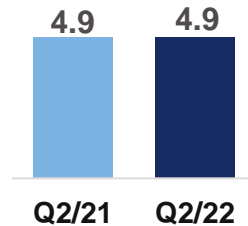
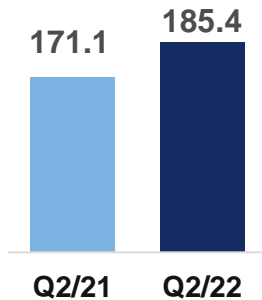


Sweden Q2/2022: HKScan maintained its strong position in the market

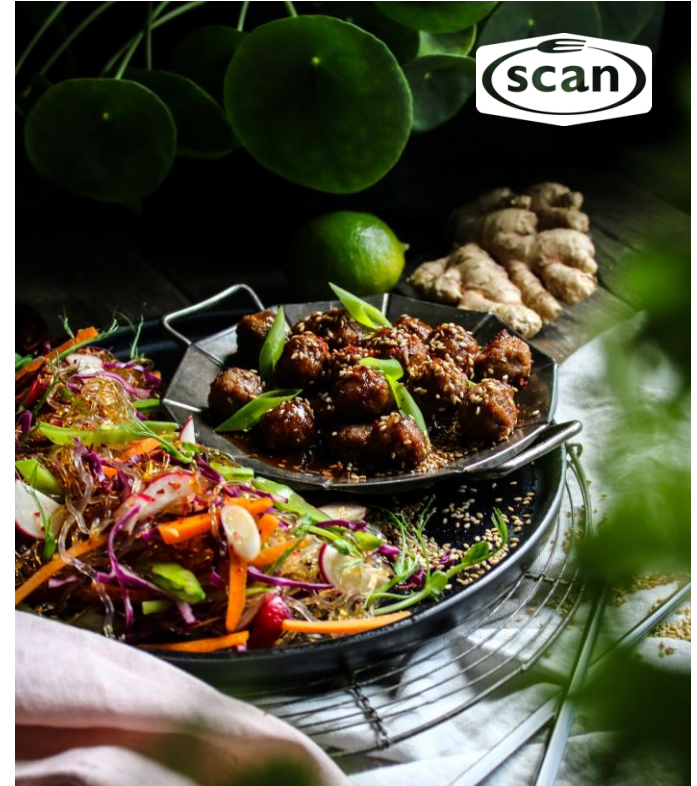
Net sales, M€

Comparable EBIT, M€

+8%

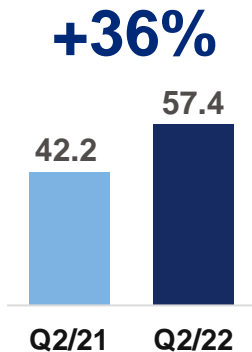


- Exceptionally high cost inflation passed on to sales prices, which contributed to the net sales increase
- Recovery of food service sales increased net sales
- Sales volumes at the comparison period level
- Retail sales growth in Scan branded products continued
- Improvement of production efficiency progressed as planned

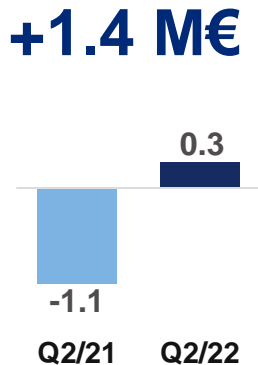


Denmark Q2/2022: Strong performance continued

Net sales, M€



Comparable EBIT, M€



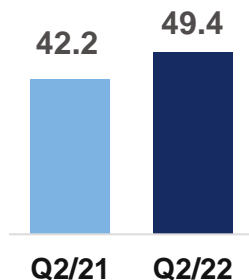
- Strong demand for poultry products continued, with clear increase in sales volumes
- EBIT improved as a result of continued strategy implementation and improved production efficiency
- Sales growth in chicken minced meat and ready-to-eat products continued
- Sales of Danish poultry products increased in Sweden
- Strong demand for poultry products opens up new business opportunities



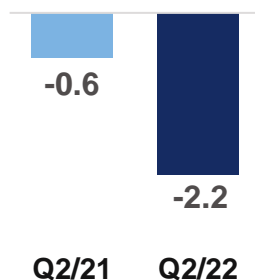
Baltics Q2/2022: Market position remained strong

Net sales, M€

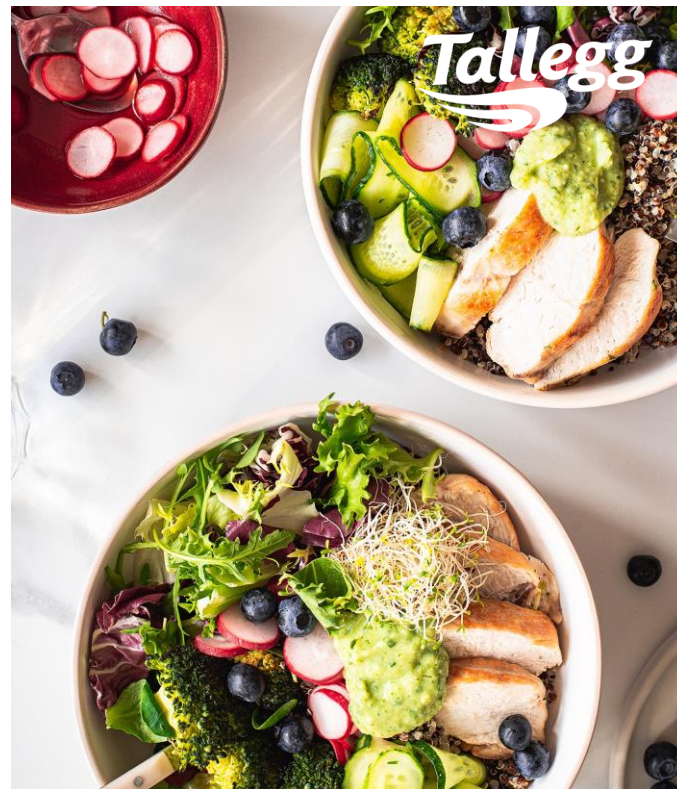
+17%



Comparable EBIT, M€
excluding change of biological
asset revaluation



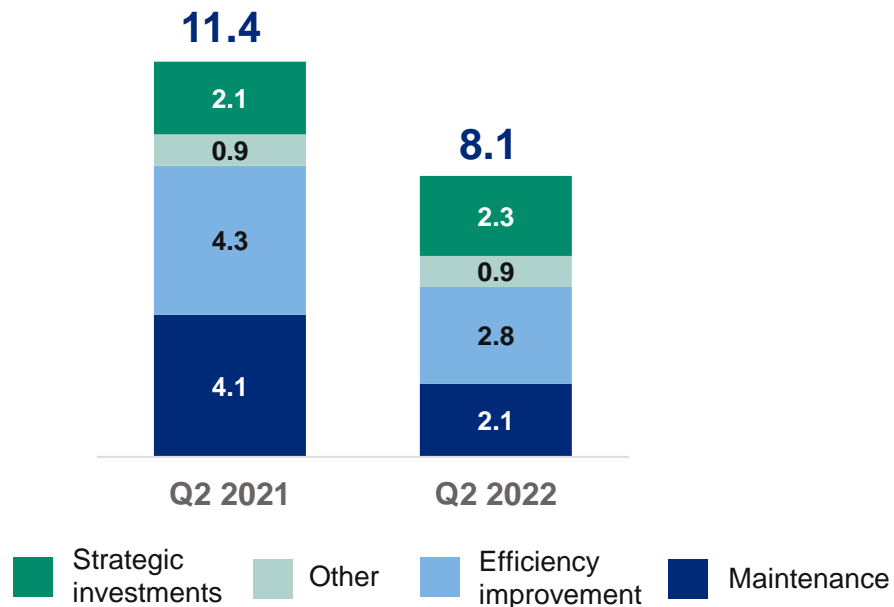
- Net sales driven in particular by higher sales volumes in almost all product categories
- Exceptionally high inflation partly passed on to sales prices
- Determined measures in commercial operations and in production brought the June EBIT to the comparison period level
- Product range renewals strongly supported sales pricing
- Demand for poultry meat growing strongly, Tallegg brand the clear market leader in Estonia



Q2/2022: Investments to secure energy supply

- Investments in energy solutions for production units continued
 - We secure energy supply also in exceptional situations
 - Possibility to switch off from Russian energy in the autumn
- In Finland, strategic investment in the multifunctional snacks line in Eura progressed as planned
 - New products in stores in the autumn
- In Vantaa, investment to increase the level of automation in packaging
- In Jelgava unit, Latvia, the capacity of the expansion investment in dumplings meal components in full use

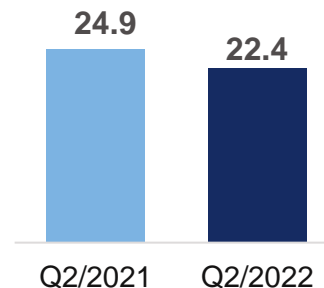
Group investments, M€



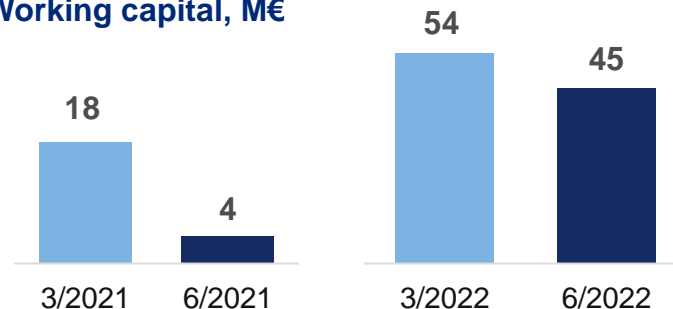
Q2/2022: Cash flow from operating activities and working capital

- Cash flow before the change in working capital increased to 17.6 M€ and working capital was released
- However, the working capital release was lower than in the comparison period as the value of inventories continued to increase due to higher cost levels

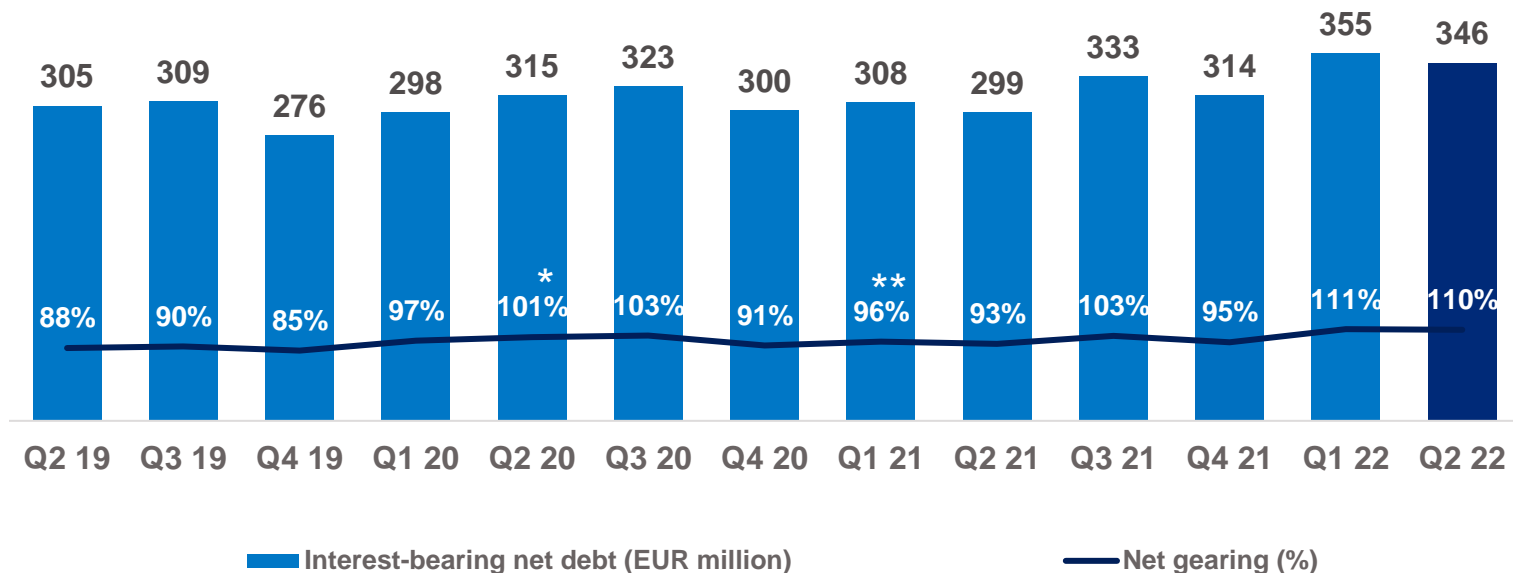
Cash flow from operating activities, M€



Working capital, M€



Interest-bearing net debt and net gearing

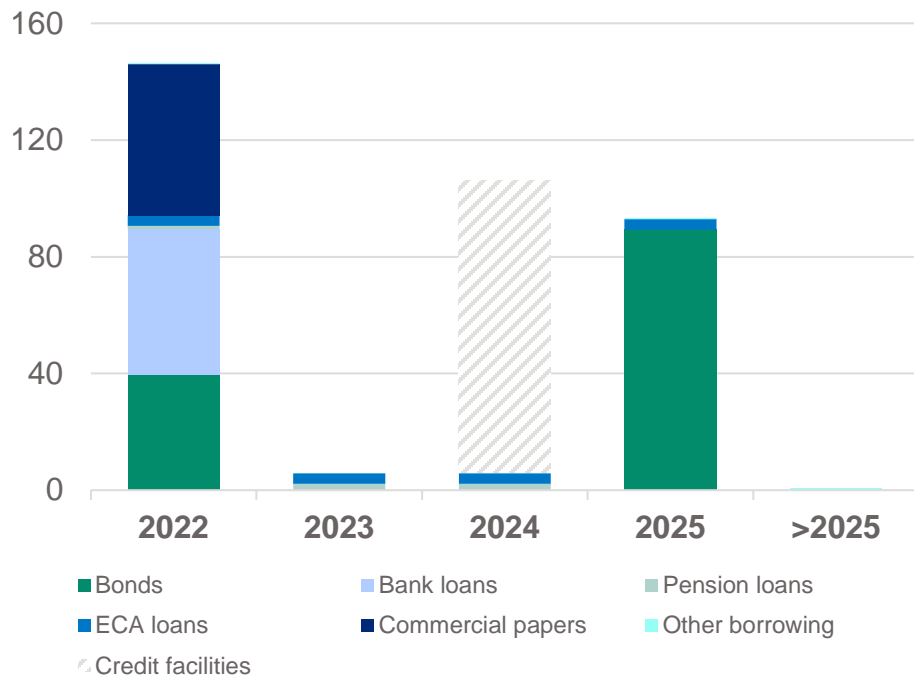


* Q2/2020 includes the investment to the plot of the Vantaa unit EUR 37.7 million.

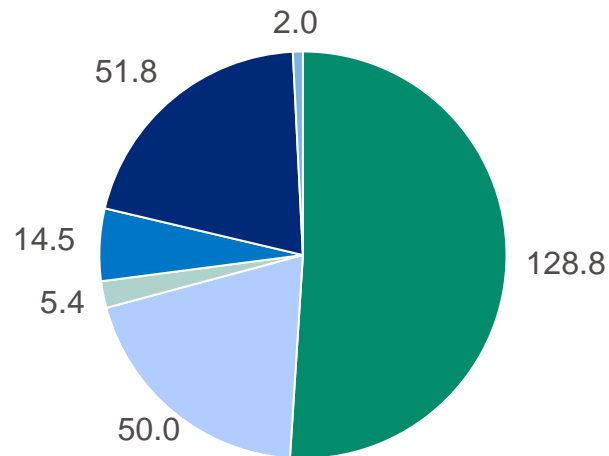
** Q1/2021 includes the sale of Vantaa property (land and buildings) with EUR 76.1 million and a lease liability in accordance with IFRS.

Debt profile and maturity structure as of 30 June 2022

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



Interest-bearing debt by credit type, M€*



**Total interest-bearing debt without IFRS 16:
EUR 252.5 million**

*Without lease liabilities

*EUR 26 million hybrid bond is treated as equity

New bank facility to repay a bond maturing in September 2022

- In September 2017, HKScan issued a 135.0 M€ 2.625 per cent fixed-rate, unsecured and senior bond with a current outstanding amount of some 39.5 M€
- In June 2022, HKScan agreed on a new 39.5 M€ unsecured bank facility to repay the bond maturing in September 2022
- The bond will be repaid on its maturity date on 21 September 2022

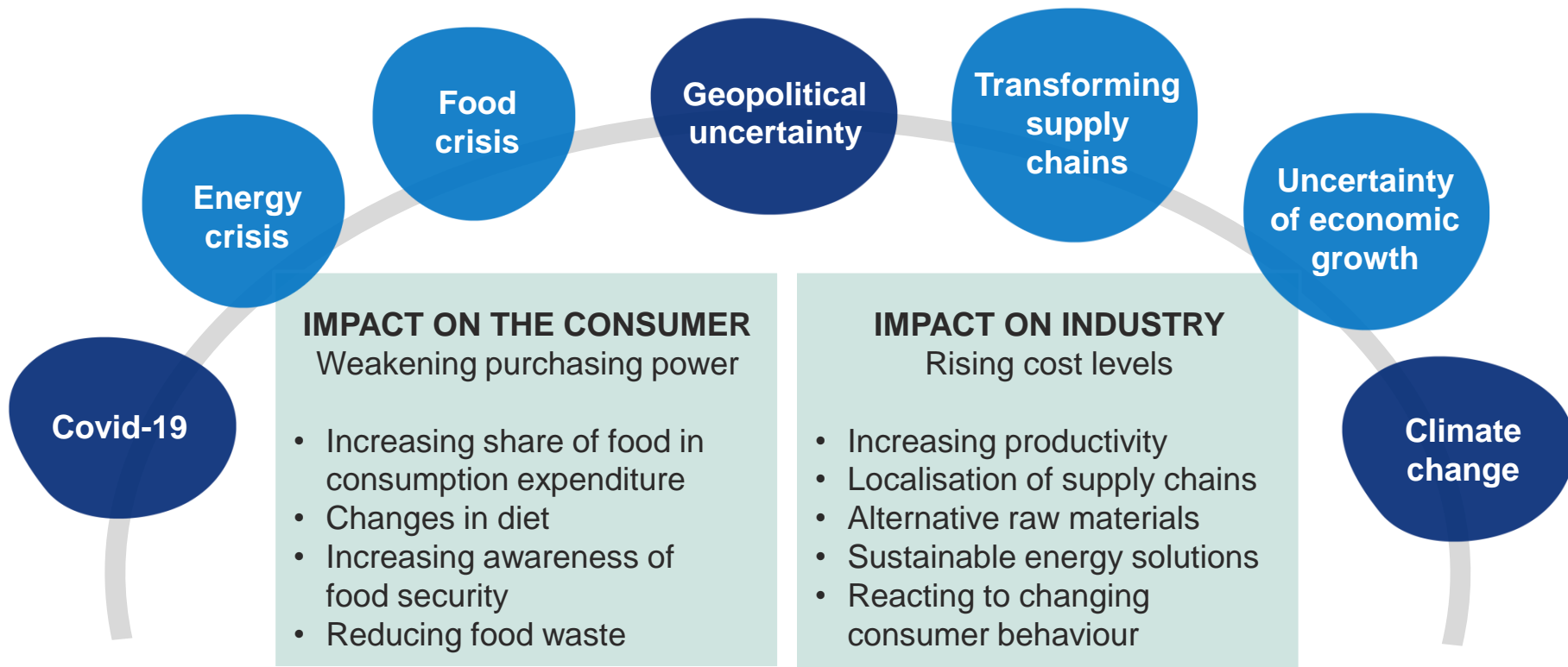




**HKScan and the disruption
of the operating environment**

HKSCAN

Disruption of the operating environment driving strategic changes across the global food chain



Measures to secure profitability 2022

- 1) Passing on strong cost inflation to sales prices
- 2) Optimisation of the product portfolio to meet the changing consumer demand
- 3) Increasing productivity in operations, in particular in production
- 4) Cost management in all operations



Measures for strategic renewal 2022

- 1) Developing the product portfolio to respond to changes in customer interface and consumer behaviour
 - Food service and consumers
 - Retail and consumers
- 2) New customers in the transforming supply chains due to instability in global markets
- 3) New business development in plant-based products



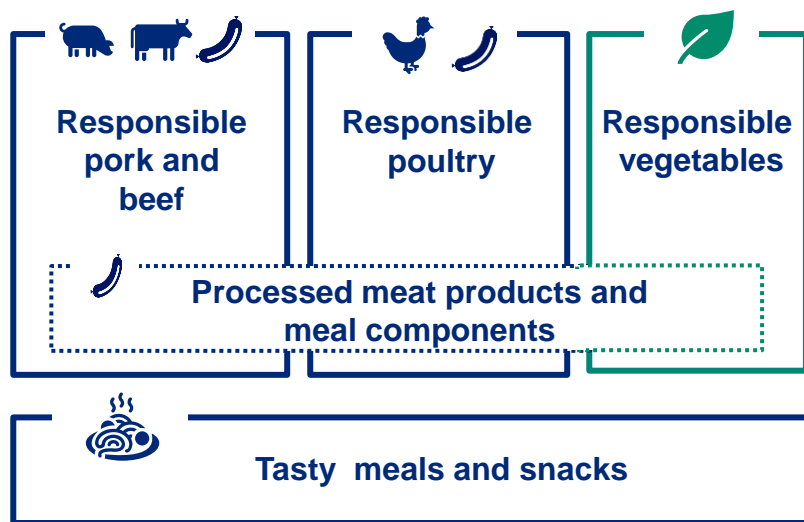
HKScan's transformation into a versatile food company



Digital solutions and strengthening consumer experience



HKSCAN



SALES CHANNELS



CUSTOMERS





HKSCAN

*We make
life tastier*

- today and tomorrow

