

HKSCAN

Financial Statements 2023

Juha Ruohola, CEO

Jyrki Paappa, CFO

9.2.2024



HKScan to sell its Swedish business to Lantmännen

- On 29 December 2023, HKScan Corporation signed an agreement to sell the shares of its Swedish subsidiary HKScan Sweden AB to the Swedish company Lantmännen ek för
- The purchase price for the shares in HKScan Sweden AB amounts to approximately EUR 60 million in cash as well as the A shares (6,869,750) and K shares (665,000) in HKScan Corporation held by Lantmännen
- Lantmännen will also repay an intragroup loan between HKScan Corporation and HKScan Sweden AB to the amount of approximately EUR 50 million
- HKScan Corporation will also reduce off-balance sheet factoring financing of approximately EUR 55 million and approximately EUR 13 million of IFRS 16 leasing liabilities
- A prepayment of EUR 25 million of the purchase price was made upon signing of the agreement. The remainder of the purchase price will be paid at the closing of the transaction
- The total number of A and K shares held by Lantmännen to be transferred to HKScan as purchase price is 7,534,750 shares, with a calculational market value of EUR 5.5 million at the time of signing the agreement



Highlights 2023: Net sales from continuing operations increased by 6% and comparable EBIT improved by 17.8M€

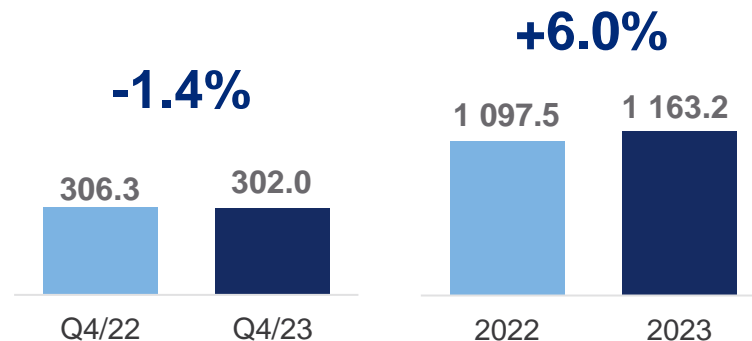
Net sales

- Net sales increased in both Finland and Denmark
- Retail sales increased 8 per cent in Denmark and 6 per cent in Finland

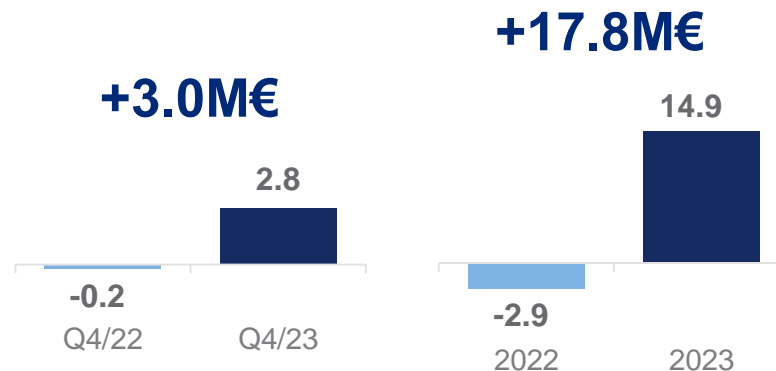
EBIT

- Finland's unit achieved a strong performance
- Denmark achieved its best full-year result in more than ten years
- EBIT was improved by improved sales mix, successful commercial measures and long-term production efficiency improvements
- The cost level remained high in 2023
- The Board of Directors proposes that no dividends be paid for 2023

Net sales, M€, continuing operations

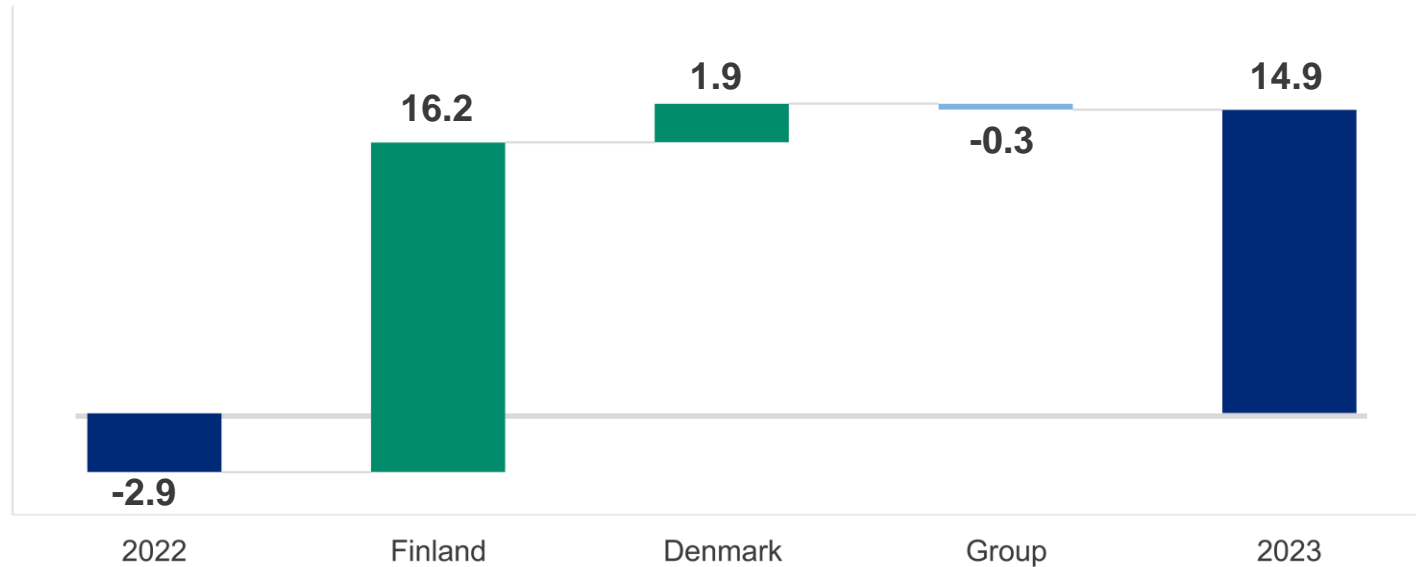


Comparable EBIT, M€, continuing operations



2023: Comparable EBIT improved significantly

Change of comparable EBIT, M€, continuing operations



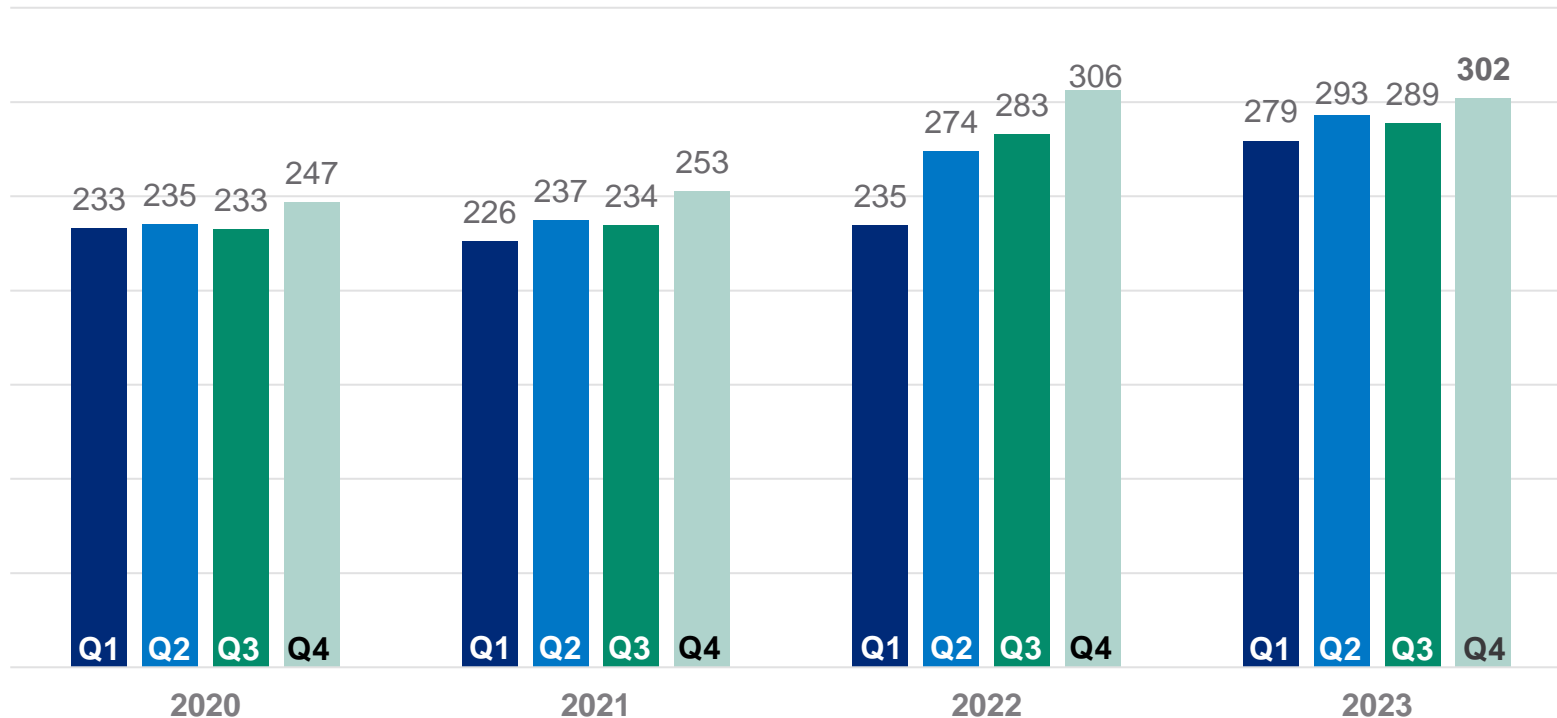
Quarterly net sales, M€, continuing operations

Year 2020:
947.1 M€

Year 2021:
950.6 M€

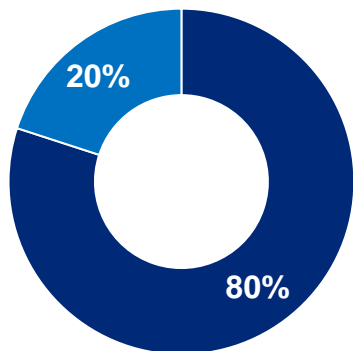
Year 2022:
1 097.5 M€

Year 2023:
1 163.2 M€



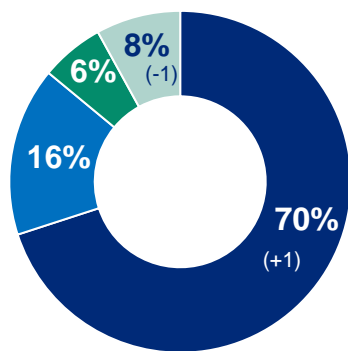
Net sales breakdown 2023, continuing operations

Markets



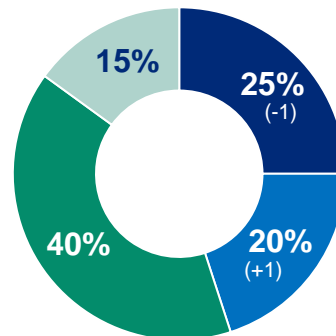
- Finland, incl. Poland
- Denmark

Sales channels



- Retail
- Food service
- Industry
- Export

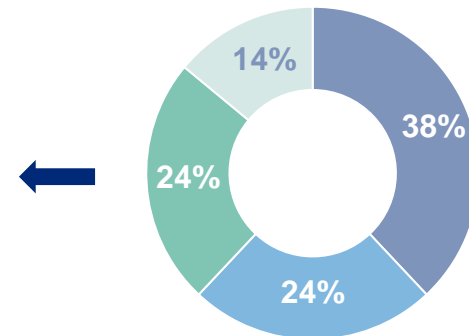
Categories 2023



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

Categories Q3/2023

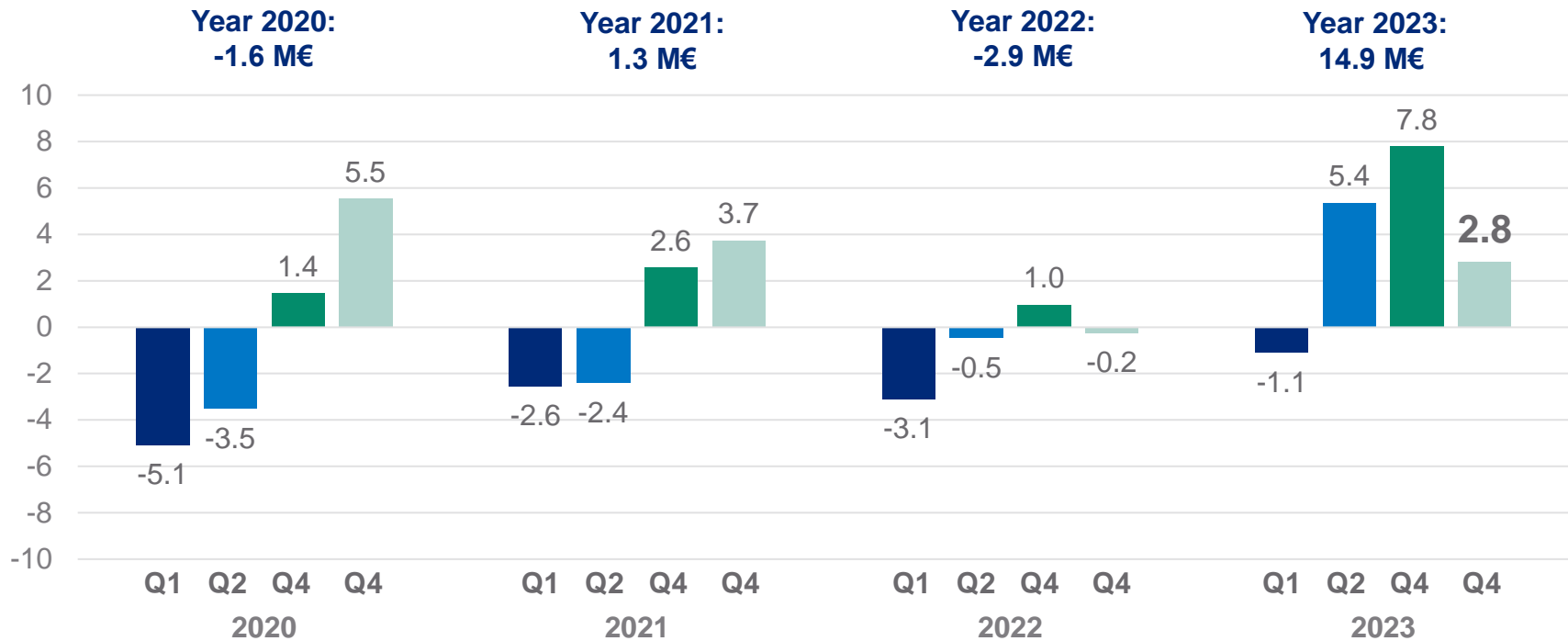
incl. Sweden



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

Changes in percentage points vs. 2022 in parantheses

Quarterly comparable EBIT from continuing operations, M€



Annual cost savings of 12 M€ from the decided or planned investments and development measures

Unit	Measure	Estimated annual savings	Realisation of savings
Group functions	<i>Change of operating model and development measures, staff adjustments</i>	3 M€	<i>After Q1/2023</i>
Rauma and Eura	<i>Efficiency measures decided in 2022: improving production efficiency and reorganising operations, staff adjustments</i>	3 M€	<i>During 2023</i>
Forssa	Investment of over 5 M€ in meat packaging, reorganisation of operations, staff adjustments and renewal of operating methods	2 M€	During 2024
Rauma	Development investment of 4.6 M€ in poultry cutting department, reorganisation of operations, staff adjustments and renewal of operating methods	3 M€	From H2/2024
Eura	Plan to improve the efficiency of production operations by centralising the poultry packing activities currently located in the Eura unit to the company's production units in Rauma and/or Forssa.	1 M€	From Q3/2024

Outlook for 2024

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



Strategic renewal requires better profitability and stronger balance sheet

Improving the profitability of the core business

Increasing production efficiency, cost control, optimising the product portfolio to meet changing consumer demand and commercial measures

Strengthening the financial base

Sales of businesses in Baltics and Sweden

Renewal into a versatile food company

Profitable growth

2023

CASH FLOW · PROFITABILITY · BALANCE SHEET

2030

HKScan's responsibility work themes

HKSCAN
Food that does good
- because we care

NATURE
Climate
Sustainable packaging
Biodiversity

PEOPLE
Work safety
Work well-being

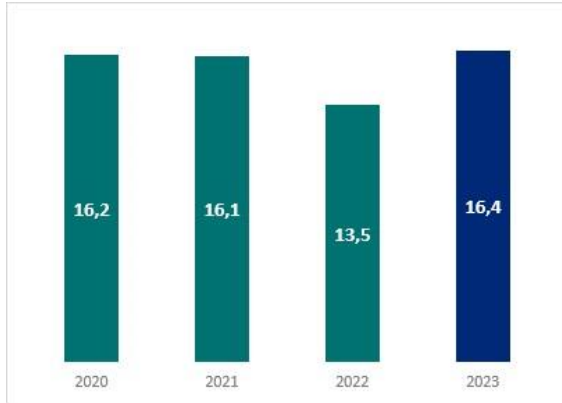
FARMER COMMUNITY **SAFE FOOD** **ANIMAL WELFARE** **GOOD GOVERNANCE**

Targeting zero accidents at work

Accident frequency, LTIR

Continuing operations, rolling 12M average

*



*lost-time accidents per million working hours

Safety First



HKSCAN

Our renewed climate target

Net-Zero
by 2050

i.e. **net zero** for all greenhouse gas
emissions by 2050



SBTi approval for near-term and land-based climate targets

- HKScan is among the first Nordic food companies to have specified the **near-term targets for industrial energy usage** and for the **land sector (Forest, Land and Agriculture = FLAG)**
- As the majority of HKScan's total emissions are generated in other parts of the food chain, it is therefore essential to **take into account emissions from land use and its change as well as the entire food chain.**



SBTi approval for HKScan's near-term and land-based climate targets



Summary

1

HKScan **updated its calculation of climate emissions** in line with the new international guidelines and **revised its climate target.**

2

HKScan's new climate target is to **achieve net zero for all greenhouse gas emissions by 2050.**

3

HKScan's total emissions are **generated by about 1% in its own operations** and **99% in other parts of the food chain.**

4

We will achieve our "Net-Zero 2050" target through:

- **cutting significantly the total greenhouse gas emissions,**
- **durable carbon removals** that complement emission cuts.

5

SBTi has approved HKScan's near-term and land-based climate targets.



Financial review



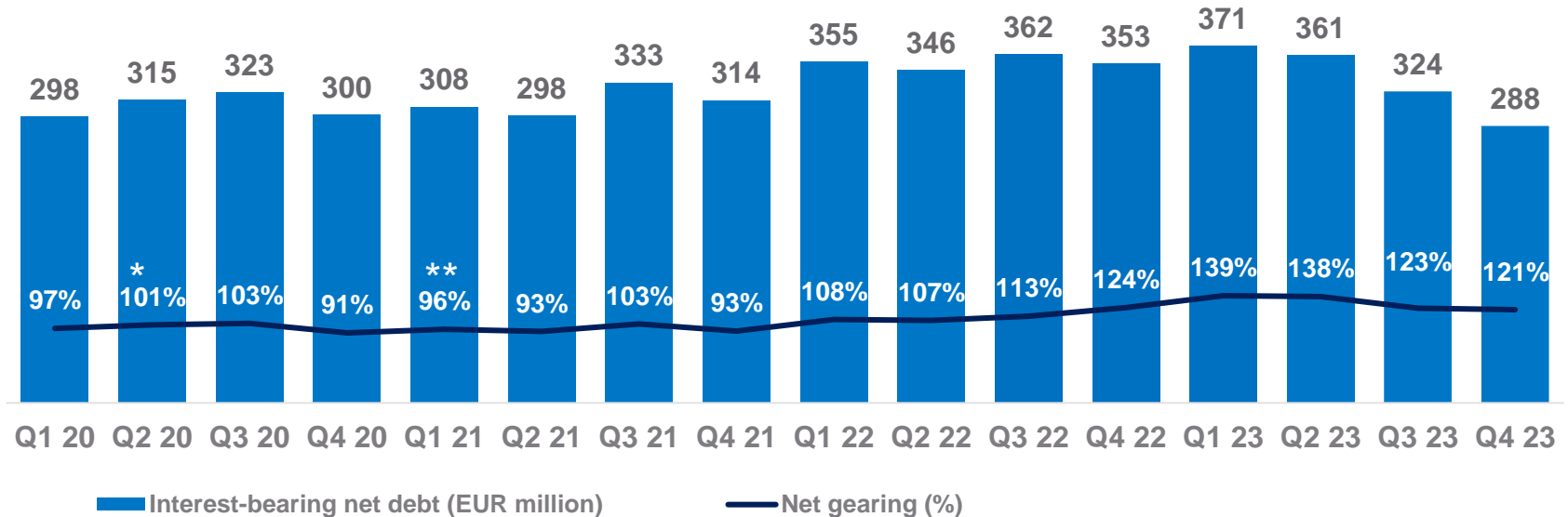
Key figures, continuing operations

EUR million	10-12/2023	10-12/2022	2023	2022
Net sales	302.0	306.3	1 163.2	1 097.5
EBITDA	12.2	8.3	52.7	30.1
EBIT	3.0	1.7	17.4	-2.6
- EBIT margin, %	1.0	0.6	1.5	-0.2
Comparable EBIT	2.8	-0.2	14.9	-2.9
- EBIT margin, %	0.9	-0.1	1.3	-0.3
Profit for the period	-7.4	-5.7	-15.6	-16.1
EPS, EUR	-0.10	-0.08	-0.22	-0.22
Comparable EPS, EUR	-0.10	-0.10	-0.25	-0.22

Key figures

EUR million	10-12/2023	10-12/2022	2023	2022
Cash flow from operating activities, incl. discontinued operations	33.1	37.1	50.6	18.9
Cash flow after investing activities, incl. discontinued operations	40.2	13.6	73.3	-21.9
Return on capital employed (ROCE) before taxes, %, incl. discontinued operations			3.0	-6.4
Interest-bearing net debt			287.9	353.1
Net gearing, %			121.0	123.7

Interest-bearing net debt and net gearing

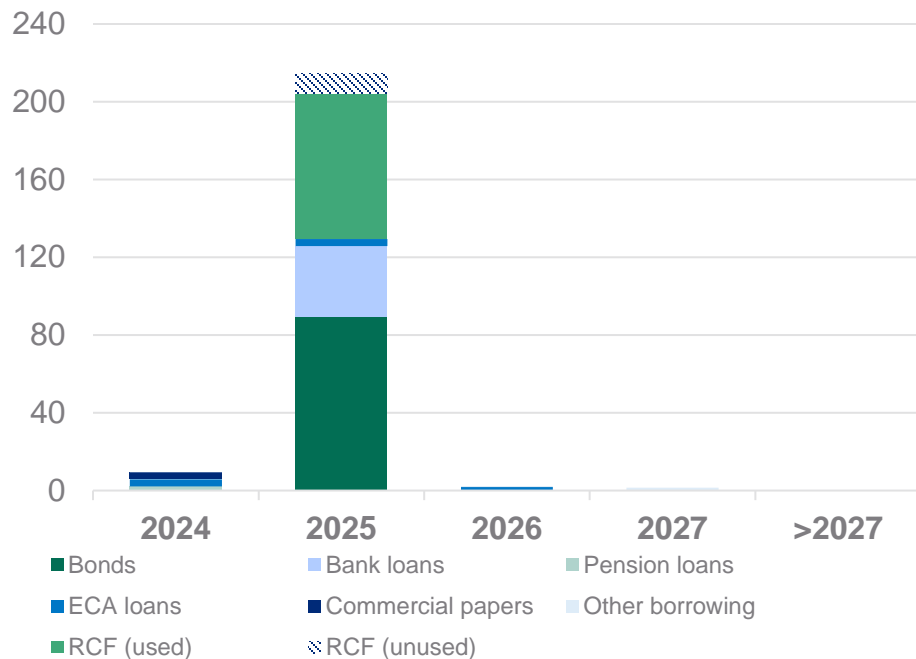


* Q2/2020 includes the investment to the plot of the Vantaa unit EUR 37.7 million.

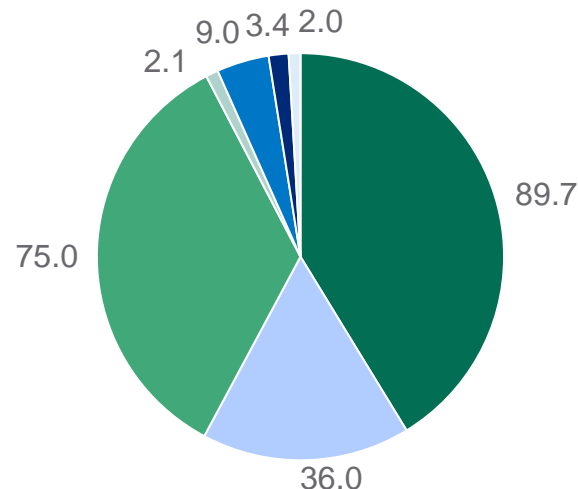
** Q1/2021 includes the sale of Vantaa property (land and buildings) with EUR 76.1 million and a lease liability in accordance with IFRS.

Debt profile and maturity structure as of 31 December 2023

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



Interest-bearing debt by credit type, M€*

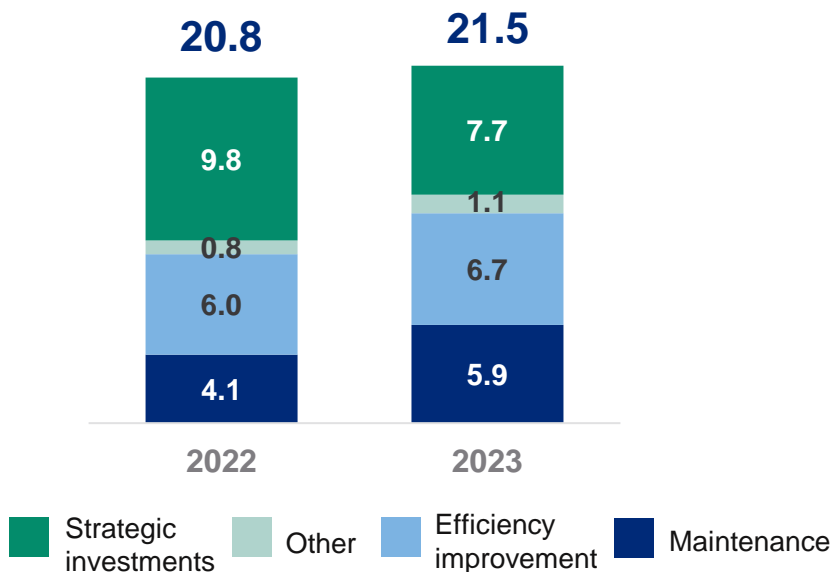


**Total interest-bearing debt without IFRS 16:
EUR 217.3 million**

*Without lease liabilities
EUR 26 million hybrid bond is treated as equity

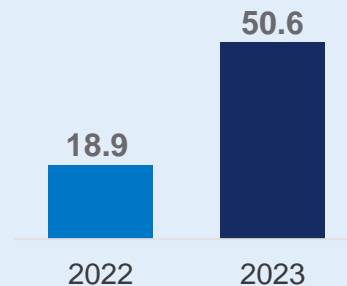
Investments

Group investments, M€, continuing operations

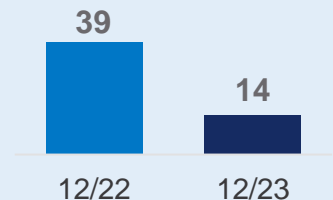


Cash flow and working capital

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



Working capital, M€, incl. discontinued operations

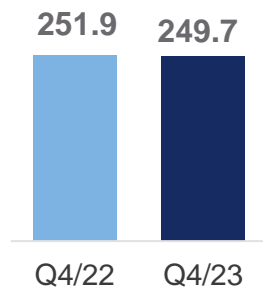


Includes the change in comparable working capital and Baltics' removal from working capital

Finland Q4/2023

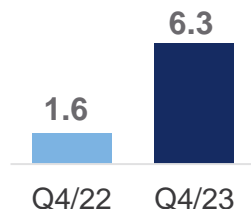
Net sales, M€

-0.9%



Comparable EBIT, M€

+4.7M€



- The value of retail sales grew in Finland, with the strongest growth coming from HKScan's own branded poultry and ready meal products
- The sales volume for minced meat also increased clearly. Food service sales remained at the same level as a year ago. Sales of pork increased clearly, but beef sales fell.
- Cost inflation was covered by higher sales prices

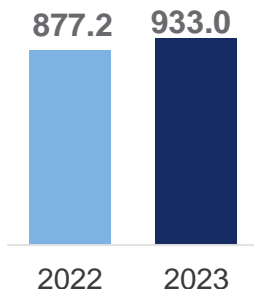
EBIT improved due to improved sales mix, successful commercial measures and production efficiency improvements



Finland 2023

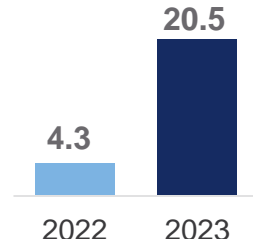
Net sales, M€

+6.4%



Comparable EBIT, M€

+16.2M€



- Net sales increased mainly due to the price increases made before the review period
- Particularly strong growth in the retail sales value of HKScan's own branded products
- Raw materials prices particularly were more expensive than in the comparison period and general wage increases, one-off items and higher external service prices pushed up costs
- Cost increases were covered by higher sales prices

HKSCAN

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Examples of 2024 winter's novelties in Finland:

Via[®] soups and HK[®] Isosti makua –ready meals

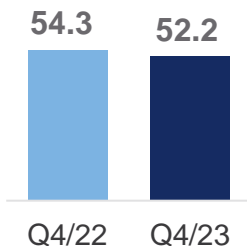


Denmark Q4/2023



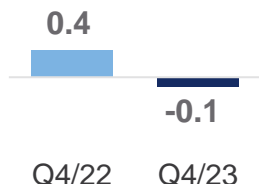
Net sales, M€

-3.8%



Comparable EBIT, M€

-0.5M€



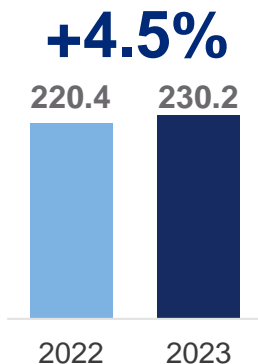
Sales of strategically important higher value-added poultry products grew significantly

- Good demand for poultry products continued in Denmark and Sweden
- Demand for by-products weakened and the price paid for by-products was exceptionally low, leading to a decline in the comparable EBIT

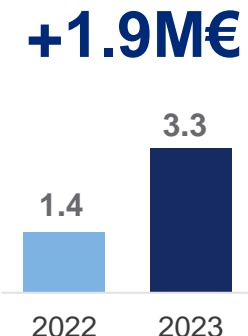


Denmark 2023

Net sales, M€



Comparable EBIT, M€



- Record result and strong cash flow for Denmark unit
- Retail sales growth was particularly strong at the beginning of the year but levelled off from the spring onwards
- The importance of promotional sales became more pronounced towards the end of the year
- Food service sales showed clear growth
- Due to the strong demand of the home markets, exports decreased from the previous year



2023 novelties in Denmark



Financial reports in 2024:

- Q1 Interim Report: 8 May 2024
- Half-Year Financial Report:
7 August 2024
- Q3 Interim Report: 6 November 2024



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life tastier*
- today and tomorrow

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