

# HKFOODS

## Half Year Financial Report 2024

Juha Ruohola, CEO

Mika Tilli, CFO

7 August 2024

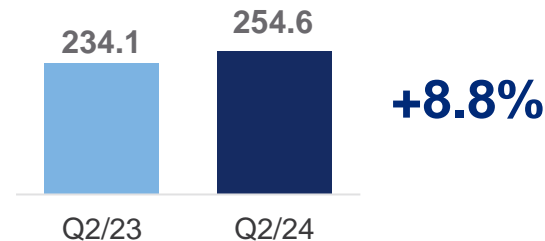


# Q2/2024: Net sales and comparable EBIT from HKFoods' continued operations increased

## Net sales

- Successful commercial measures increased the value of retail sales
- In Finland, the strongest growth came from meat, poultry and ready meal products. Sales from Poland's bacon unit to Sweden are reported as external sales from the review period onwards (exports/meat products).

Net sales, M€, continuing operations



## EBIT

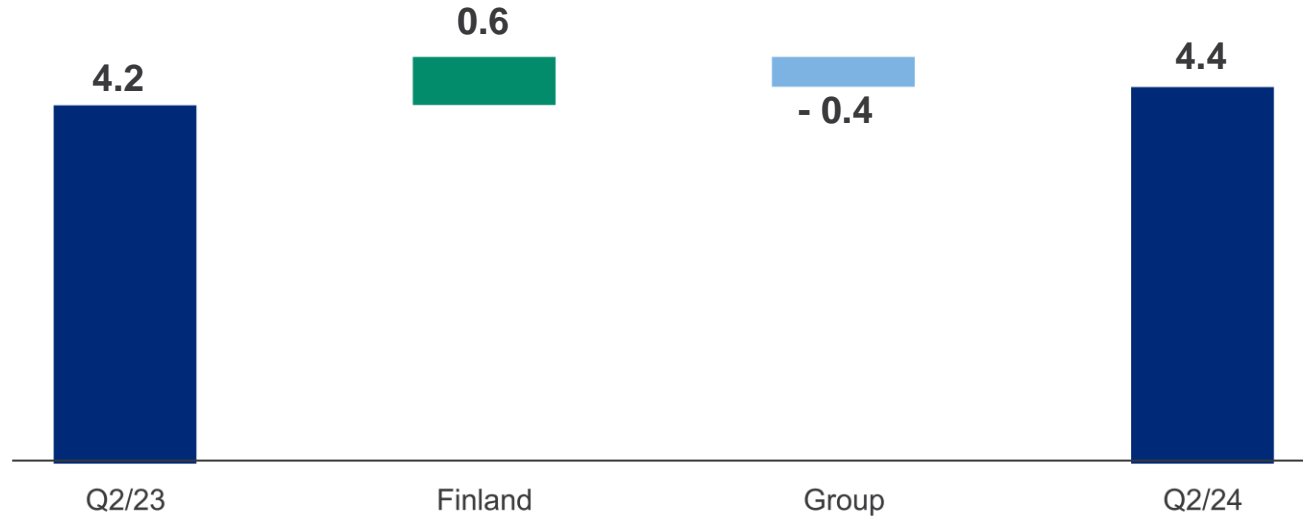
- Comparable EBIT improved by better sales mix, production efficiency improvements and successful commercial measures
- Cost levels remained high
- HKFoods strengthened its position in the Finnish market
- Exports increased significantly due to the shift in sales caused by the political strikes in March. This contributed to the decline in relative profitability.

Comparable EBIT, M€, continuing operations

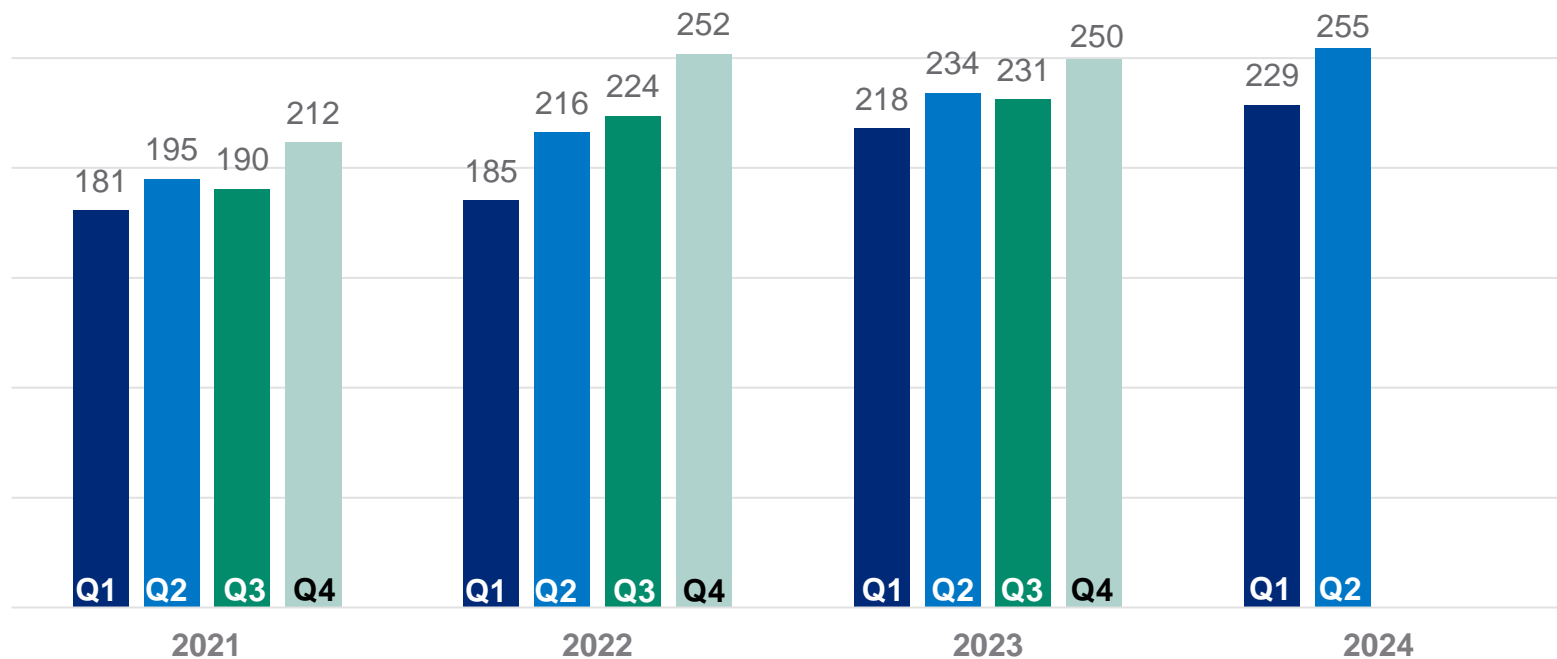


# Comparable EBIT from continuing operations was 4.4 M€

Change of comparable EBIT, M€, continuing operations

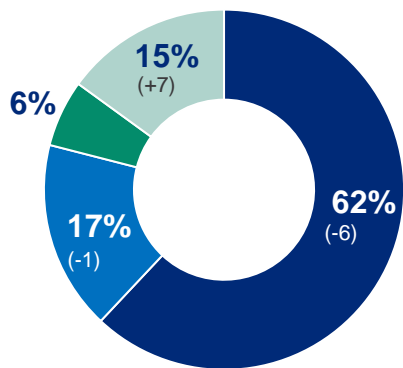


# Quarterly net sales, M€, continuing operations



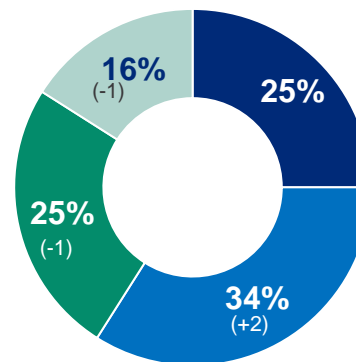
# Net sales breakdown Q2 2024, continuing operations

## Sales channels



- Retail
- Food service
- Industry
- Export

## Categories

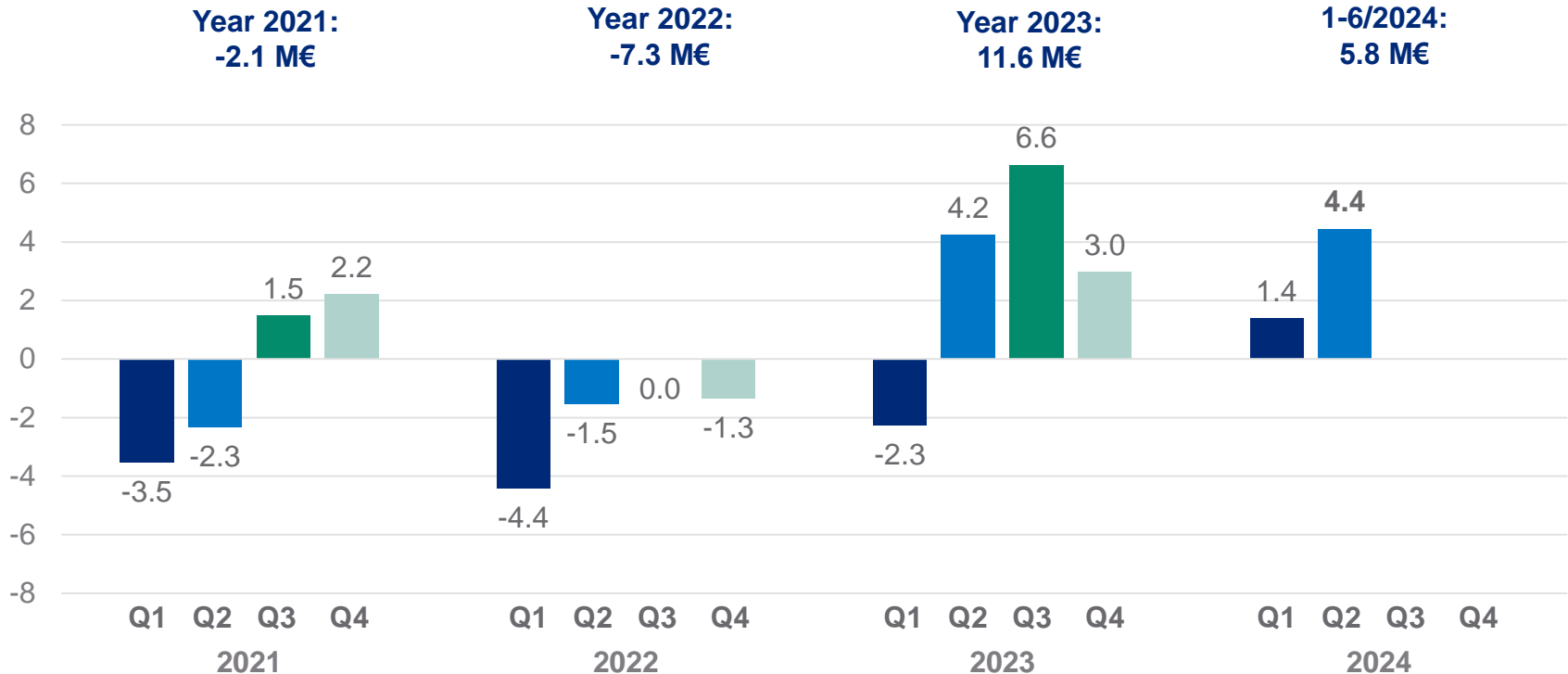


- Beef and pork
- Charcuterie, sausages and bacons
- Poultry
- Meals and meal components

Changes in percentage points vs. Q2/2023 in parantheses

Sales from Poland's bacon unit to Sweden are reported as external sales

# Quarterly comparable EBIT from continuing operations, M€



# Strategic renewal requires better profitability and stronger balance sheet

## Improving the profitability of the core business

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

## Strengthening the financial base

Divestment of the Baltic and Swedish businesses. The agreement to sell Danish business.

## Renewal into a versatile food company

Profitable growth

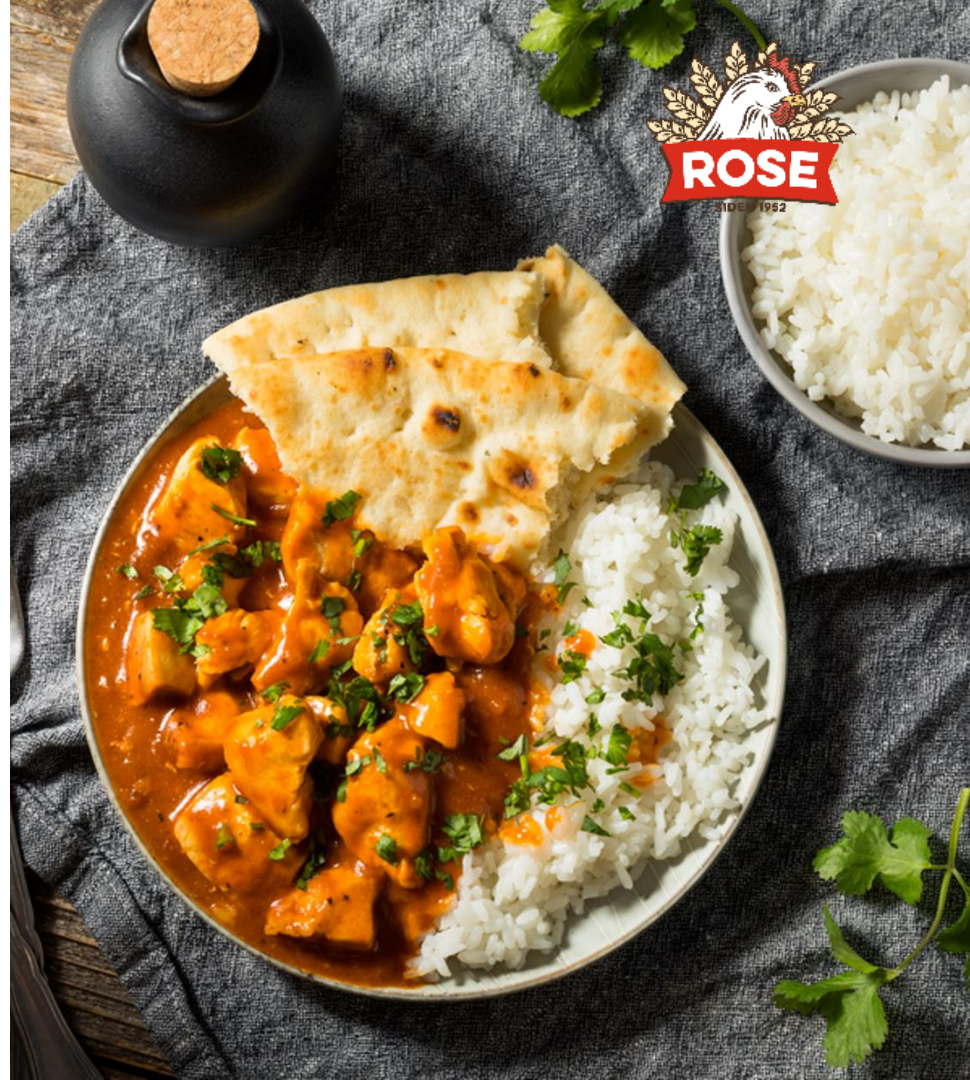
2023

CASH FLOW · PROFITABILITY · BALANCE SHEET

2030

# HKFoods to sell its Danish business

- On 2 May 2024, the company signed an agreement to sell the shares of its Danish business to Plukon Food Group B.V. from the Netherlands
- The transaction is expected to close during 2024 and will be subject to approval by the Danish competition authorities
- The debt-free purchase price is EUR 44.6 million
- At closing, the cash portion of the purchase price, estimated at approximately EUR 35 million, will be paid in a one-off payment
- As a result of this and the liabilities to be transferred, the net debt ratio is expected to decrease by approximately 16 percentage points
- The Danish business will be presented as a discontinued operation





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

- HKFoods to centralise its poultry meat packaging operations in Finland from Eura to Rauma and Forssa
- In March, the company announced plans to invest approximately EUR 8 million in a production line for ready-to-eat products at its Eura unit
- With this strategic investment, HKFoods will improve its profitability by increasing the added value of its products and respond to the growing consumer demand for quick and easy cooking



# The company's new name is HKFoods Oyj

- Annual General Meeting approved the change of the company's name from HKScan Oyj to HKFoods Oyj. The parallel company names of the new name are HKFoods Plc (in English) and HKFoods Abp (in Swedish).
- The company's new name, logo, website and email address, were introduced on 27 May 2024
- The change schedule of subsidiary names:
  - Denmark: ROSE Poultry A/S from 27 May 2024
  - Poland: HKFoods Poland Sp. z.o.o. from 23 August 2024
  - Finland: HKFoods Finland Plc from 2 September 2024
- Other contact details of the company and its personnel (phone numbers, addresses) will remain unchanged



# Continuity of financing ensured

- On 17 June 2024, HKFoods issued secured senior notes of EUR 90 million
- The three-year notes mature on 17 June 2027, carry a floating interest at the rate of EURIBOR 3 months plus a margin of 7.5 per cent and had an issue price of 100 per cent
- The proceeds from the issue of the notes will be used for refinancing certain existing indebtedness of HKFoods and general corporate purposes of the HKFoods' group
- HKFoods also entered into a new secured revolving credit facility agreement of EUR 20 million with its financing banks, which will mature in 2027



# Outlook for 2024 unchanged

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



# HKFoods' responsibility work themes

**HKFOODS**  
*Food that does good*  
- because we care

**NATURE**  
Climate  
Sustainable packaging  
Biodiversity

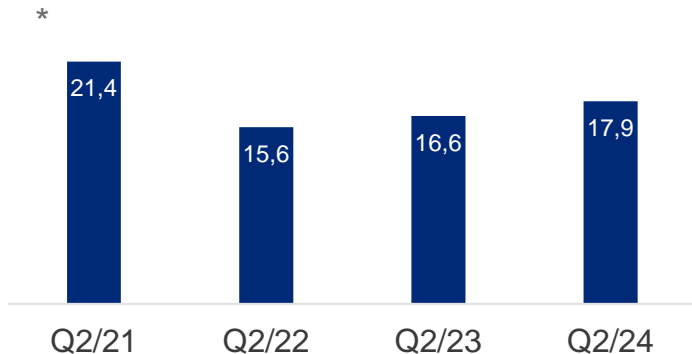
**PEOPLE**  
Work safety  
Work well-being

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

# Goal-oriented work towards zero accidents at work

## Accident frequency, LTIR

Continuing operations, rolling 12M average



\*lost-time accidents per million working hours

An example of determined work to promote safety: at Forssa' maintenance department 3 years without LTIR

*Safety First*



# HKFOODS

Our revised climate target

*Net-Zero*

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



# HKFoods listed among the Europe's Climate Leaders by Financial Times

- HKFoods was listed among the precious Europe's Climate Leaders by Financial Times for the fourth year in a row
- The Financial Times has listed 500 European companies that have achieved the greatest reduction in their production emissions in relation to net sales between 2017 and 2022, reported transparently on their climate impacts and committed to or set science-based climate targets.
- This year, 30 companies from Finland were included in the Financial Times' Climate Leader list





# Financial Review



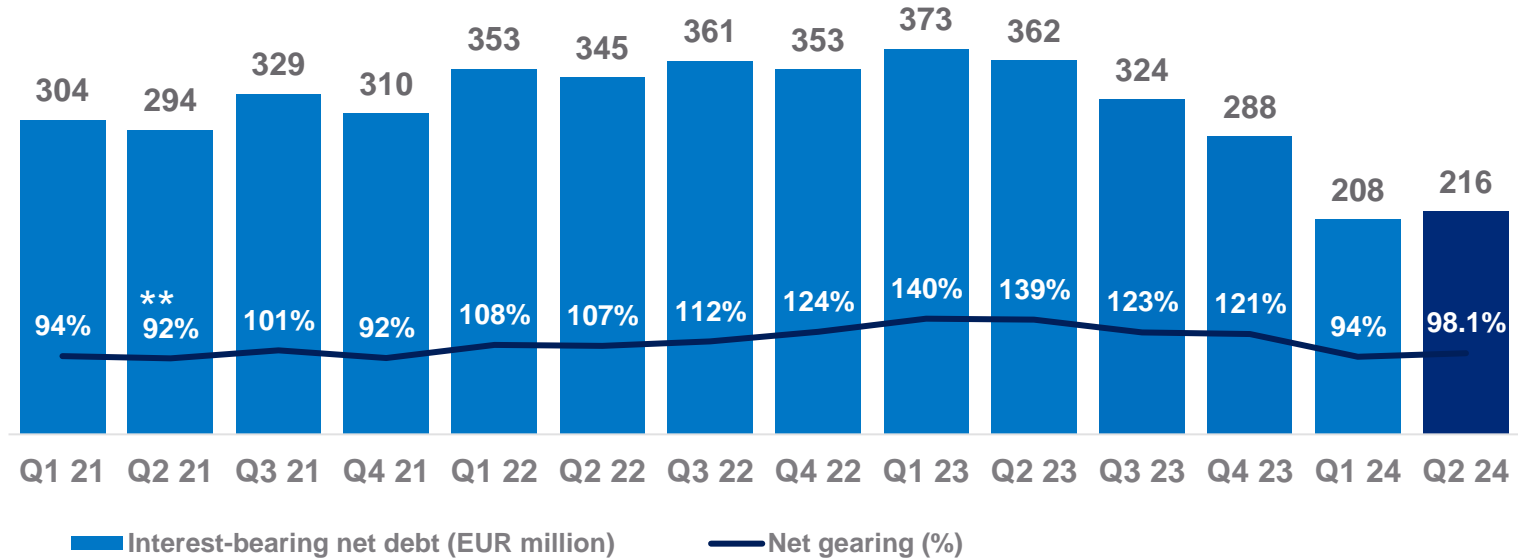
# Key figures, continuing operations

EUR million.	4-6/2024	4-6/2023	2023
Net sales	254.6	234.1	933.0
EBITDA	11.4	11.7	45.1
EBIT	3.1	4.4	14.3
- EBIT margin, %	1.2	1.9	1.5
Comparable EBIT	4.4	4.2	11.6
- EBIT margin, %	1.7	1.8	1.2
Profit for the period	-1.7	-3.8	-17.3
EPS, EUR	-0.03	-0.05	-0.24
Comparable EPS, EUR	-0.02	-0.06	-0.27

# Key figures

EUR million	4-6/2024	4-6/2023	2023
Cash flow from operating activities, incl. discontinued operations	13.1	19.8	50.6
Cash flow after investing activities, incl. discontinued operations	-3.3	10.9	73.3
Return on capital employed (ROCE) before taxes, %, incl. discontinued operations	-1.1	-2.0	3.0
Interest-bearing net debt	215.6	361.9	287.9
Net gearing, %	98.1	138.5	121.0

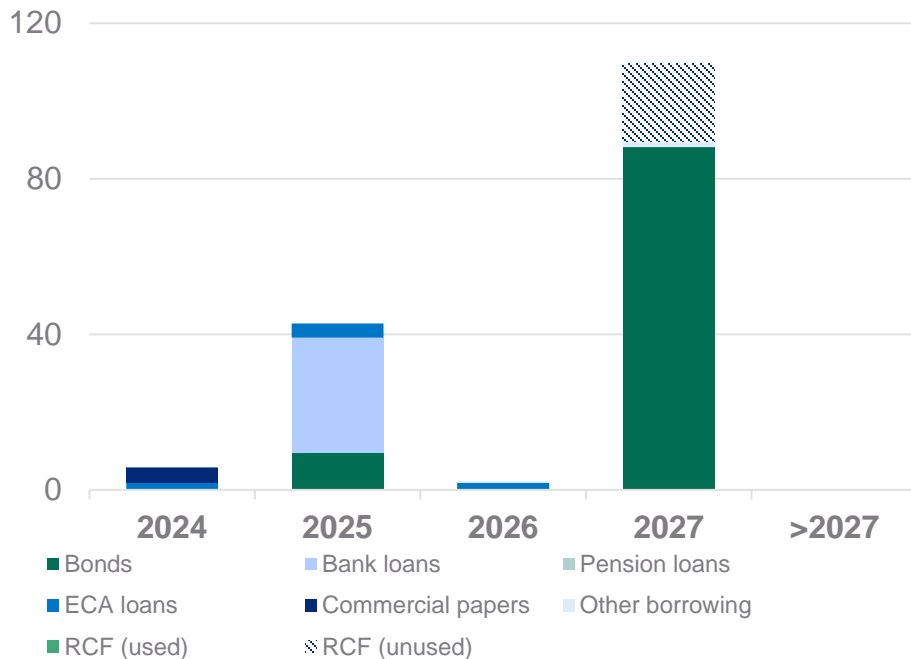
# Interest-bearing net debt and net gearing



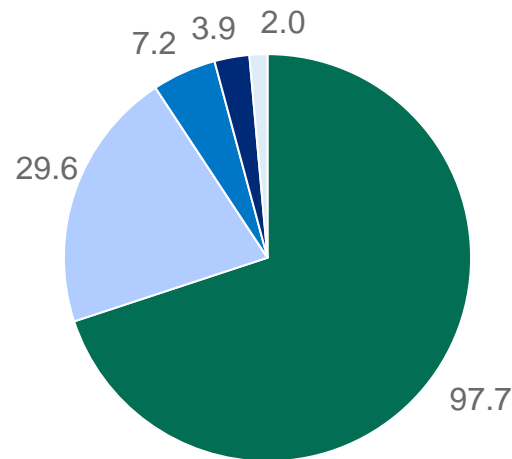
\*\* Q2/2021 includes the sale of Vantaa property (land and buildings) with EUR 76.1 million and a lease liability in accordance with IFRS.

# Debt profile and maturity structure as of 30 June 2024

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



Interest-bearing debt by credit type, M€\*



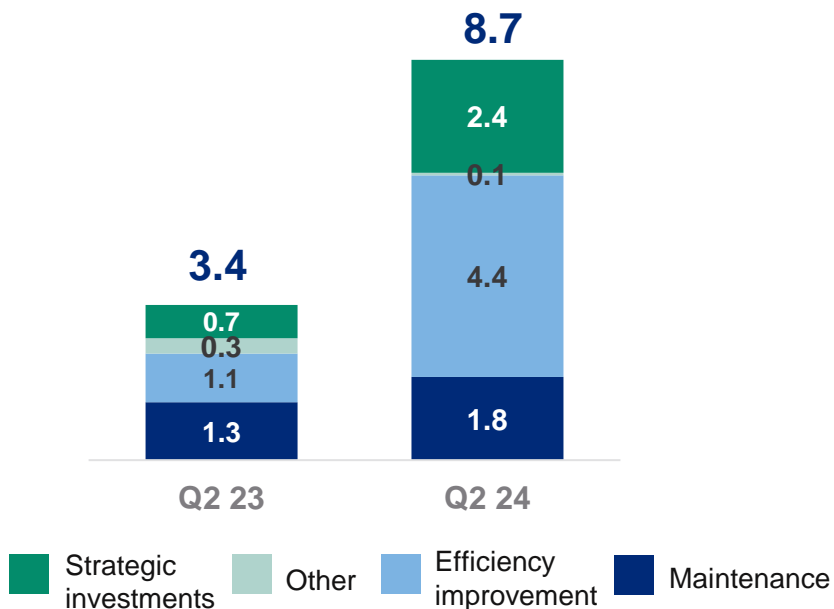
**Total interest-bearing debt without IFRS 16:  
EUR 140.5 million**

\*Without lease liabilities

\*EUR 26 million hybrid bond is treated as equity

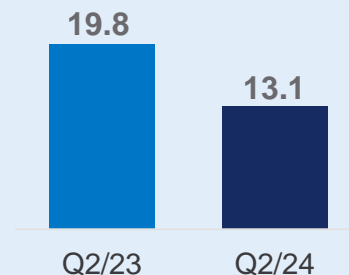
# Investments

Group investments, M€, continuing operations

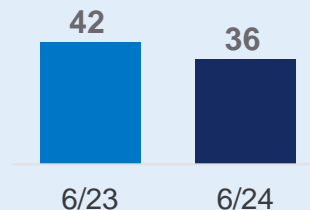


# Cash flow and working capital

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



Working capital, M€, incl. discontinued operations



# Summer 2024 food moments



# Summer 2024 food moments





# Summer 2024 food moments



HKFoods will publish  
Q3 Interim Report on  
6 November 2024

*We make  
life tastier*  
- today and tomorrow

**HKFOODS**

[www.hkfoods.com](http://www.hkfoods.com)

