



# HKFOODS

Report of the Board  
of Directors and  
Financial Statements

**2024**

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

# Report of the Board of Directors for the financial year 2024\*

## Group net sales and EBIT

### Net sales

HKFoods' net sales from continuing operations increased by 7.4 per cent to EUR 1,001.8 (933.0) million. Sales increased due to good consumer demand, successful commercial activities and a diverse product range. Sales grew particularly in the Finnish retail and food service channels. In the early part of the review period, retail sales showed clear growth, while towards the end of the period sales growth in the food service channel was more pronounced. Within HKFoods' own branded products, growth was strongest in the strategically important poultry and ready meal products.

Sales from Finland to export markets remained at the previous year's level, exports of poultry and meat products increased strongly, but meat exports fell. As a result of the business transactions in Sweden and Denmark, the sales of the Polish bacon unit to Sweden have been reported as external sales from the second quarter and the sales to Denmark from November, which contributed to the increase in net sales and the share of exports in net sales.

### EBIT

HKFoods' EBIT from continuing operations totalled EUR 22.4 (14.3) million. The comparable EBIT from continuing operations was EUR 27.7 (11.6) million.

HKFoods strengthened its position in the Finnish consumer market, which reduced the need for less profitable meat exports. Sales to the consumer market developed positively for all main product categories.

An important factor in the improved performance was the increased efficiency in production, which was achieved as a result of higher production volumes and long-term efficiency improvements. The investment in the Rauma poultry cutting department has improved the efficiency of the unit and exceeded the efficiency improvement targets. Profitability of red meat continued to be challenging in Finland but improved towards the end of the review period. A better sales mix, increased production efficiency and cost savings improved the review period's EBIT.

\*Translation of the original Finnish version

Cost levels remained high. Especially the costs of wages and external services increased from the comparison period. The company made contingency arrangements to prepare for disruptions caused by political strikes and to secure customer deliveries, which contributed to the company's increased costs in the first quarter of the year.

An item affecting comparability of EUR -5.3 (2.7) million was recorded in continuing operations. Items affecting comparability are described in more detail in review by business unit.

## Balance sheet, cash flow and financing

At the end of the year 2024, HKFoods' balance sheet total was EUR 527.7 (851.7) million. The Group's interest-bearing debt at the end of the year was EUR 186.4 (306.9) million including an IFRS 16 lease liability of EUR 87.6 (89.6) million. The company's net debt decreased from the comparison period by EUR 138.1 million to EUR 149.8 (287.9) million. HKFoods' net gearing ratio was 69.5 (121.0) per cent. The impact of the IFRS 16 lease liability on the net gearing ratio was 40.7 percentage points.

At the end of the year 2024, the company had on its balance sheet a hybrid bond that was issued in 2018 and amounted to EUR 25.9 million. The hybrid bond does not have a specified maturity date, and the hybrid bond is treated as equity. In September, an interest of EUR 4.1 million was paid for the hybrid loan, treated as equity, from the retained earnings. The next possible redemption date for the hybrid loan will be in September 2025.

In June HKFoods Plc 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 bond were used for the partial repurchase of fixed-rate, unsecured notes due on 24 March 2025 and general corporate purposes of HKFoods' Group. After the repurchase, the remaining old notes amounted to EUR 9.6 million and were fully redeemed at a 100% redemption price on 20 December 2024.

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

In June HKFoods also entered into a new secured revolving credit facility agreement of EUR 20.0 million with its financing banks, which will mature in 2027. It replaced the previous revolving credit facility of EUR 55.0 million agreement maturing in January 2025.

The Group's liquidity position was satisfactory. A commercial paper programme had been drawn to the amount of EUR 3.0 (3.5) million. Committed credit facilities at the end of 2024 stood at EUR 20.0 (85.0) million and had been drawn to the amount of EUR 0.0 (75.0) million. Net financial expenses from continuing operations were -19.5 (-27.0) million. Cash flow from operating activities was EUR 60.8 (50.6) million. Cash flow after investments was EUR 141.7 (73.3) million.

HKFoods' covenants for bank loans and revolving credit facilities are the net gearing ratio and the ratio of net debt to EBITDA. EBITDA includes the share of profits from associates and joint ventures. At the end of 2024, the net gearing ratio limit is 110 per cent for bank loans until the end of June 2025, 105 per cent until the end of March 2026 and 100 per cent from June 2026. At the end of 2024, the company's net gearing ratio was 69.5 per cent.

The covenant limit for net debt to EBITDA ratio for bank loans is currently 3.75. and 3.5 starting from the end of June 2025. The limit is 3.25 starting from the end of September 2025 and 3.0 starting from the end of June 2026. At the end of 2024, the net debt to EBITDA ratio was 2.6.

The net gearing ratio limit for the new bond is 120 per cent. If the company distributes a dividend or makes a capital repayment, the ratio of net debt to EBITDA as a result of the dividend or capital repayment must not exceed 3.5, as applied to the key figure for the published quarter preceding the decision date. The covenant limit will be 3.0 as from July 2025.

HKFoods' management has assessed the cash flow forecasts of the business over the next 12 months, which indicate that the covenants will not be breached.

## Disputes and pending legal proceedings

There are some judicial proceedings related to employment relationships and/or occupational accidents, administrative authority processes and a judicial process related to an investment. Regardless of the outcome, the proceedings are not expected to have an impact on the company's financial key figures.

## Investments

HKFoods' investments in continuing operations amounted to EUR 25.5 (15.9) million. IFRS 16 increases to right-of-use assets totalled EUR 8.7 (10.6) million.

In March 2024, the company decided to centralise the packaging operations of poultry products from Eura to Rauma and Forssa, and to make an investment of approximately EUR 8 million in a production line for ready-to-eat products in its Eura unit. This investment proceeded during the review period. In addition, basic renovation work on the premises of the Eura unit will bring the total investment in Eura to around EUR 9.7 million. The new products made on the line will be launched during the second quarter of 2025.

In September, HKFoods decided on a significant strategic investment of approximately EUR 5 million in the meal production of its Vantaa unit. The investment proceeded during the review period. The investment is HKFoods' response to the growing demand for ready meals in both the retail and food service sectors. The new technology, high-quality products made on the line will be launched in second half of 2025. The investments in both Vantaa and Eura support HKFoods' strategy to increase added value and operational efficiency as well as its goal to grow in product categories that make consumers' everyday lives easier, such as meals, meal components and snacks.

The approximately EUR 4.6 million development investment in the Rauma poultry cutting department, decided in April 2023, was completed in the second quarter.

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

HKFoods was aiming for total annual savings of around EUR 3 million through the investment and related development activities. The investment in the Rauma poultry cutting department has improved the unit's efficiency and exceeded the efficiency improvement targets.

In the Forssa unit, the investment in the meat packing and dispatch departments, improving the competitiveness and cost-efficiency of production, was implemented in the third quarter.

The investment in a slicing and packaging line to improve capacity and efficiency was completed at the Polish production unit in the third quarter. The investment enabling an increase in the added value and the property development project continued as planned during the rest of the year.

In addition, HKFoods implemented several smaller efficiency investments during the review period.

(EUR million)	2024	2023
<b>INVESTMENTS</b>		
- Finland		
Gross capital expenditure on PPE	25.5	15.9
Additions in right-of-use assets	8.7	10.6
<b>Investments total, continuing operations</b>	<b>34.2</b>	<b>26.5</b>

## Export

HKFoods aims to grow the exports and added value of its products in selected product categories by making the most efficient and sustainable use of all parts of carcasses. Meat products accounted for more than 50 per cent of exports during the review period. HKFoods exports meat and meat products to, for example, Japan, New Zealand, South Korea and several European countries.

## Changes in the international meat market

Strong demand for poultry meat is expected to continue. Beef supply and consumption in the EU is expected to fall. Low pork prices in the US and Brazil are challenging EU export prices. The anti-dumping investigation on EU pork launched by the Chinese Ministry of Commerce (MOFCOM) in June is still pending.

## Review by Business Unit

(EUR million)	2024	2023
<b>NET SALES</b>		
- Finland	1,001.8	933.0
<b>Group total, continuing operations</b>	<b>1,001.8</b>	<b>933.0</b>
<b>EBIT</b>		
- Finland	32.9	20.7
- Group administration costs	-10.5	-6.4
<b>Group total, continuing operations</b>	<b>22.4</b>	<b>14.3</b>

## Items affecting comparability

(EUR million)	2024	2023
<b>Comparable EBIT, continuing operations</b>	<b>27.7</b>	<b>11.6</b>
Termination of employment, Group Management <sup>1)</sup>	-0.5	-
Termination of employment, Finland <sup>1)</sup>	-1.3	-0.3
Impairment of assets, Finland <sup>2)</sup>	-3.6	-
Reversal of environmental provision, Finland <sup>2)</sup>	-	0.5
Reclassification adjustment of electricity derivatives, Group management <sup>3)</sup>	-	2.6
Change in fair value of electricity derivatives, Group management <sup>3)</sup>	-	0.0
<b>EBIT, continuing operations</b>	<b>22.4</b>	<b>14.3</b>

<sup>1)</sup> Included in the Income Statement in the item "Employee benefit expenses"

<sup>2)</sup> Included in the Income Statement in the item "Depreciation and amortization"

<sup>3)</sup> Included in the Income Statement in the item "Other operating expenses"

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

### Business Unit Finland

Net sales for Business Unit Finland totalled EUR 1,001.8 (933.0) million.

Sales increased due to good consumer demand, successful commercial activities and a diverse product range. Sales grew particularly in the Finnish retail and food service channels. In the early part of the review period, retail sales showed clear growth, while towards the end of the period sales growth in the food service channel was more pronounced. Within HKFoods' own branded products, growth was strongest in the strategically important poultry and ready meal products.

Sales from Finland to export markets remained at the previous year's level, exports of poultry and meat products increased strongly, but meat exports fell. As a result of the business transactions in Sweden and Denmark, the sales of the Polish bacon unit to Sweden have been reported as external sales from the second quarter and the sales to Denmark from November, which contributed to the increase in net sales and the share of exports in net sales.

EBIT was EUR 32.9 (20.7) million. Comparable EBIT was EUR 37.7 (20.5) million. EBIT included an item of EUR -4.8 (0.1) million affecting comparability. HKFoods strengthened its position in the Finnish consumer market, which reduced the need for less profitable meat exports. Sales to the consumer market developed positively for all main product categories.

An important factor in the improved performance was the increased efficiency in production, which was achieved as a result of higher production volumes and long-term efficiency improvements. The investment in the Rauma poultry cutting department has improved the efficiency of the unit and exceeded the efficiency improvement targets. Profitability of red meat continued to be challenging in Finland but improved towards the end of the review period. A better sales mix, increased production efficiency and cost savings improved the review period's EBIT.

Cost levels remained high. Especially the costs of wages and external services increased from the comparison period. The company made contingency arrangements to prepare for disruptions caused by political strikes and to secure customer deliveries, which contributed to the company's increased costs in the first quarter of the year.

### Assets and liabilities of disposal group classified as held for sale and discontinued operations

#### Sale of operations in Baltics

On 31 August 2023, HKFoods and AS Maag Grupp closed the previously announced arrangement whereby HKFoods sells its Baltic operations to AS Maag Grupp of Estonia. The transaction involved the shares of AS HKScan Estonia, AS HKScan Latvia and UAB HKScan Lietuva, the subsidiaries that constituted HKFoods' Business Unit Baltics. The debt-free purchase price was EUR 90 million, of which EUR 20 million is conditional on the combined performance of the separately defined meat business subject to the transaction and Maag Grupp's Baltic meat business in the following years. Of the EUR 70 million fixed purchase price, EUR 55 million was paid at the closing of the transaction and the remainder will be paid over the next three years. HKFoods received EUR 40.8 million in cash at the closing. The sold companies had EUR 2.8 million in cash at the closing.

The Business Unit Baltics was classified as assets and liabilities held for sale on the balance sheet on 31 December 2022, and it is presented in the income statement as discontinued operations. At the end of December 2024, the Group has a purchase price receivable of EUR 20.1 million on its balance sheet. The fixed and unsecured purchase price receivable of EUR 10 million is measured at amortised cost and discounted at 5 per cent. The conditional purchase price receivable (earn-out) is measured at fair value through profit and loss, and it includes management judgement and estimation. Management has estimated the probability of the earn-out taking into account the uncertainty about the development of profitability. The EBITDA required for the realisation of the earn-out for the divested business is lower than the Group has previously used for valuation purposes, as the realisation of the earn-out is also significantly influenced by the development of the buyer's meat business and the achievable synergies. The conditional purchase price fair value is estimated at EUR 10.5 million at the end of December 2024.

The Group's significant internal transactions between continuing and discontinued operations included the sale and purchase of products between the Baltic operations and the rest of the Group, the Group's administrative service fee from the Baltics and the Group's financial gain on the Baltic lending. The figures for continuing and discontinued operations reflect external sales and their costs in accordance with the

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

Group's segment reporting. External financing costs for the Baltics are shown as a financing cost of discontinued operations.

#### Sale of operations in Sweden

HKFoods and Lantmännen ek för have on 27 March 2024 closed the transaction announced on 29 December 2023, whereby HKFoods sells its Swedish business to the Swedish Lantmännen. The transaction concerned the shares in HKScan Sweden AB, the subsidiary that formed HKFoods' Business Unit Sweden.

The purchase price for the shares of HKScan Sweden Ab including the settlement of an internal loan amounted to EUR 83.7 million at closing. In addition, Lantmännen ek för transferred A shares (6,869,750) and K shares (665,000) in HKFoods Plc held by Lantmännen. The calculated market value of the shares was EUR 5.5 million at the time of signing the agreement. A prepayment of EUR 25 million of the purchase price was made upon the signing of the agreement. The sold company had EUR 4.4 million in cash at the closing.

The Swedish business unit was classified as assets and liabilities held for sale on the balance sheet on 31 December 2023, and it is presented in the income statement as discontinued operations. The Group's translation difference in equity has come almost entirely from the Swedish operations, and at closing it was recorded from the comprehensive income statement into the income statement.

The Group's significant internal transactions between continuing and discontinued operations included the sale and purchase of products between the Swedish operations and the rest of the Group, the Group's administrative service fee from Sweden and the Group's financial gain on the Swedish lending. The figures for continuing and discontinued operations reflect external sales and their costs in accordance with the Group's segment reporting. External financing costs for Sweden are shown as a financing cost of discontinued operations.

#### Sale of operations in Denmark

On 2 May 2024, HKFoods signed an agreement to sell its Danish business to the Dutch Plukon Food Group B.V. The debt-free purchase price was EUR 44.6 million. The sale of the Danish business unit was completed on 31 October 2024. HKFoods received EUR 36.6 million in cash at the closing. The sold company had EUR 2.7 million in cash at the closing.

The Danish business unit was classified as assets and liabilities held for sale on the balance sheet on 31 March 2024, and it is presented in the income statement as discontinued operations.

The Group's significant internal transactions between continuing and discontinued operations included the sale and purchase of products between the Danish operations and the rest of the Group, the Group's administrative service fee from Denmark and the Group's financial gain on the Danish lending. The figures for continuing and discontinued operations reflect external sales and their costs in accordance with the Group's segment reporting. External financing costs for Denmark are shown as a financing cost of discontinued operations.

The income statement and cash flow presented below include the Danish operations until October 2024, the Swedish operations until March 2024 and the Baltic operations until August 2023. The balance sheet information includes the Swedish operations at the end of 2023.

#### Profit/loss for discontinued operations

(EUR million)	2024	2023
Net sales	371.7	1.092.7
Cost of goods sold	-351.6	-1.039.7
Other operating items total	-15.7	-39.1
Operating profit	4.4	13.8
Financial income and expenses	-1.2	-2.5
Share of profit/loss in associates and joint ventures	-	-0.7
Income tax	0.8	-0.7
Profit/loss for the period	3.9	10.0
Impairment from fair-value measurement, Baltics	0.2	-0.2
Impairment from fair-value measurement, Sweden	5.9	-17.1
Impairment from fair-value measurement, Denmark	-14.1	-
Translation difference transfer to profit and loss, Sweden	-21.1	-
Other equity items transfer to result for the period, Baltics	-	2.2
Other equity items transfer to result for the period, Sweden	1.1	-
Other equity items transfer to result for the period, Denmark	0.1	-
<b>Profit/loss for the period from discontinued operations</b>	<b>-24.0</b>	<b>-5.1</b>

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

#### Cash flow of discontinued operations

(EUR million)	2024	2023
Cash flow from operating activities	13.2	28.9
Cash flow from investing activities	107.0	42.5
Cash flow from financing activities	-1.9	-5.2
<b>Cash flow total</b>	<b>118.3</b>	<b>66.2</b>

#### Assets and liabilities of disposal group classified as held for sale

(EUR million)	31 Dec. 2024	31 Dec. 2023
Intangible assets	-	52.1
Tangible assets	-	88.7
Other non-current assets	-	20.2
Inventories	-	39.0
Receivables	-	45.7
Cash and cash equivalents	-	0.3
<b>Total assets (A)</b>	<b>-</b>	<b>246.0</b>
Lease liabilities	-	14.1
Trade payables and other liabilities	-	124.9
<b>Total liabilities (B)</b>	<b>-</b>	<b>139.0</b>
<b>Net balance sheet value (A-B)</b>	<b>-</b>	<b>107.1</b>

## Strategy

HKFoods' vision is to be the most valued partner of food moments. This means working together with all our employees to meet the changing needs of consumers and customers by creating sustainable, tasty and nutritious solutions for all meaningful food moments. It is a collaborative effort with customers, consumers, contract farmers and the company's other partners. HKFoods' strategic targets are sustainable commercial excellence and operational efficiency, increased added value and skilled employees.

Following the extensive restructuring, the company will focus on improving the competitiveness and profitability of its core operations and on commercial activities. HKFoods' core operations include pork, beef and poultry, meat products and ready meals and meal components.

HKFoods wants to grow in its core business by increasing the added value of its products and strengthening the value creation capacity of its own brands. The aim is to grow in product categories that make everyday life easier for consumers, such as meals, meal components and snacks. The company also aims to grow in poultry products and in new product categories. HKFoods wants to strengthen its relationship with consumers through its trusted brands and to renew commercially. The food service sector will continue to be an area of growth for the company.

Responsibility is taken into account in HKFoods' operations, and the company is developing responsible food production throughout the value chain from farm to consumer by continuing its goal-oriented sustainability work. HKFoods' responsibility programme focuses on two themes: nature and people. Responsibility work is driven by business needs and the expectations and requirements of key stakeholders.

The sustainability themes material to HKFoods' operations are good governance and corporate culture, the environment and social responsibility. In terms of the environment the material sustainability topics include, for example, climate change, water, biodiversity and circular economy. In terms of social responsibility the material sustainability topics include the health, safety and working conditions of the workforce, equal treatment, skills development and diversity, and animal welfare.

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

The company's strategy has impacts on all sustainability topics identified as material to the company; the most important ones in the medium to long term are climate change, consumer health and safety and animal welfare.

HKFoods is looking for new growth and pursues strategic business opportunities within the limits of its financial resources. For HKFoods, partnerships offer the opportunity to move into new business areas quickly and flexibly.

### Key events in 2024

#### Sale of the Swedish business completed

On 27 March 2024, HKFoods sold the shares in its Swedish subsidiary HKScan Sweden AB (now Scan Sverige AB) to Lantmännen ek för. The transaction was preceded by the approval of the Swedish authorities in February 2024 regarding foreign direct investment (FDI) control and the approval of the arrangement by HKFoods' Extraordinary General Meeting. On 7 March 2024, the EU Commission announced its approval of the arrangement, and the transaction was completed on 27 March 2024.

The purchase price for the shares in HKScan Sweden AB amounted to approximately EUR 60 million in cash as well as 6,869,750 A shares and 665,000 K shares in HKFoods held by Lantmännen. In addition, Lantmännen repaid an intragroup loan between HKFoods and HKScan Sweden AB to the amount of approximately EUR 50 million. HKFoods also reduced its off-balance sheet factoring financing by approximately EUR 55 million and IFRS 16 leasing liabilities by approximately EUR 13 million. A prepayment of EUR 25 million of the purchase price was made upon the signing of the agreement, with the remainder being paid after the completion of the transaction.

With the transaction, HKFoods' ownership of its Swedish business ended.

Details of the transaction have been disclosed in the following releases: [29 December 2023](#), [28 February 2024](#), [7 March 2024](#) and [27 March 2024](#).

#### The sale of the Danish business unit to Plukon Food Group B.V. was completed on 31 October 2024

On 15 October 2024 HKFoods was informed that the Danish Consumer and Competition Authority had approved the arrangement announced in May 2024 whereby HKFoods sells its operations in Denmark. The sale of the Danish business unit was completed on 31 October 2024. The company received cash of EUR 36.6 million. The amount was used to pay off the company's debts.

Details on the matter have been provided in the following releases: [7 March 2024](#), [2 May 2024](#), [15 October 2024](#) and [31 October 2024](#).

#### The company name changed to HKFoods

Due to the sale of the Swedish business, the Annual General Meeting approved the change of the company name from HKScan Oyj to HKFoods Oyj. The new name, logo, website and email address were introduced on 27 May 2024 after registration with the Trade Register. The parallel company names of the new name are HKFoods Plc (in English) and HKFoods Abp (in Swedish).

The new name of the Danish subsidiary changed to ROSE Poultry A/S on 27 May 2024. The name of the Polish subsidiary has been HKFoods Poland Sp. z o.o. from 23 August 2024 onwards. HKScan Finland Ltd has changed its name to HKFoods Finland Ltd on 2 September 2024.

Details on the matter were provided in the following releases: [15 March 2024](#), [18 April 2024](#) and [24 May 2024](#).

#### HKFoods issued secured notes of EUR 90 million

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 HKFoods' Group.

Details on the matter have been provided in the following releases: [31 May 2024](#), [7 June 2024](#), [10 June 2024](#), [10 June 2024](#) and [13 June 2024](#).



### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

#### HKFoods redeemed its outstanding notes due 24 March 2025

The Company gave a notice in December to the holders of Notes that it redeems all the outstanding Notes due 24 March 2025 in accordance with Condition 8.3 (*Clean-up call option*) of the terms and conditions of the Notes. The outstanding Notes redeemed on 20 December 2024 in accordance with the terms and conditions of the Notes. On the Redemption Date, the Company paid to the Noteholders a redemption price per Note equal to 100 per cent of their principal amount together with any accrued but unpaid interest. Interest on the Notes redeemed accrues until (but excluding) the Redemption Date.

Details on the matter have been provided in a release: [2 December 2024](#).

#### HKFoods invests in the growing meal category at its Vantaa unit - New technology line to prepare meals to make consumers' everyday lives easier

HKFoods Plc decided on a significant strategic investment of approximately EUR 5 million in the meal production of its Vantaa unit. The investment is HKFoods' response to the growing demand for ready meals in both the retail and food service sectors. The investment supports HKFoods' strategy to increase added value and operational efficiency. The company aims to grow in product categories that make everyday life easier for consumers, such as meals, meal components and snacks.

Details on the matter were provided in the following release: [19 September 2024](#).

#### Development investment in the Eura unit of ready-to-eat products improves profitability and competitiveness

In January 2024, HKFoods announced plans to improve the efficiency of its production operations by centralising the poultry packing activities in the Eura unit to the company's production units in Rauma and Forssa. The statutory negotiations concluded in February. After the statutory negotiations, HKFoods decided 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 operational efficiency and respond to the growing consumer demand for quick and easy cooking.

Details on the matter have been provided in a release: [11 January 2024](#), [5 March 2024](#) and [14 March 2024](#).

#### Changes in HKFoods Plc's Executive Team

Mika Tilli started as the new CFO and member of the Group Executive Team as of 1 July 2024. Jyrki Paappa left the company in summer 2024.

Details on the matter have been provided in a release: [26 March 2024](#).

Following the completion of the sale of the company's Swedish business, Lars Appelqvist, EVP of Business Unit Sweden and member of the Group Executive Team, left the company on 27 March 2024.

Details on the matter have been provided in a release: [27 March 2024](#).

Michael Juhl Jørgensen started as Interim EVP, Business Unit Denmark and member of the Group Executive Team as of 1 July 2024. Jukka Nikkinen left the company on 30 June 2024. Following the completion of the sale of HKFoods' Danish business, Michael Juhl Jørgensen left HKFoods on 31 October 2024.

Details on the matter have been provided in a release: [27 May 2024](#) and [31 October 2024](#).

Jari Leija, HKFoods Plc's EVP, Business Unit Finland and member of the Executive Team, left the company on 24 October 2024.

Details on the matter have been provided in a release: [24 October 2024](#).

Petri Toivola, EVP, Poultry Business at HKFoods, Mikko Järvinen, EVP Meat Business at HKFoods, and Terhi Hakkarainen, EVP Processed Food Business, were appointed as members of HKFoods Plc's Executive Team as of 27 November 2024.

Details on the matter have been provided in a release: [27 November 2024](#).

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

#### HKFoods launched Finnish poultry exports to China in late 2024

HKFoods started exporting poultry meat from Finland to China in late 2024, following an export licence for HKFoods' Rauma unit. The export licence obtained by HKFoods for Finnish poultry meat is a significant addition to HKFoods' extensive export rights. HKFoods currently exports Finnish pork to China.

Details on the matter have been provided in a release: [30 October 2024](#).

#### HKFoods revised its climate emissions calculation and target

HKFoods has updated the climate emissions calculation, climate target and timeline of its responsibility programme to better align with international climate work guidelines, calculations guidance and reporting standards.

Details on the matter were provided in a release: [25 January 2024](#).

#### Research and development

HKFoods' R&D aims to develop the product offering on all key markets to meet changing consumer and customer demand. In the product development, HKFoods focuses on the existing and new product categories and raw materials defined in the Group strategy, evolving and growing sales channels, changes in consumer behaviour and their mealtime as well as sustainability aspects.

In April 2020, HKFoods decided to support companies that reshape the food system in Finland, other Nordic countries and the Baltics, through the new capital investment fund Nordic FoodTech VC. The fund aims to invest in technology companies that change the food chain into a more resource-efficient and ecological direction, produce food in novel ways or promote healthy eating. The outlook for future food technologies brought about by the investment provides excellent support for HKFoods' strategic renewal and responsibility work.

Innovation funding organisation Business Finland participates in funding HKFoods' From Footprints to Digital Handprints development project. It aims to promote development of responsible food production ecosystem in Finland, which is considered as one of the most important competitive factors in food industry. A method to reduce carbon and greenhouse gases and promotion of food data

infrastructure development through digitalisation are the goals of the project. In HKFoods' part of the project research and development is done on responsible and environmentally friendly food chain through ecosystem co-operation and digitalisation. Business Finland funding enables broader networking of food chain companies and research institutions.

#### Significant intangible assets

Group balance sheet includes EUR 16.5 million intangible assets. The balance consists of IT-software, trademarks and connection fees. In addition group balance sheet includes EUR 28.0 million goodwill. Goodwill derives from historical consolidation, and it brings synergy benefits for the group.

#### Significant related party loans

There is EUR 5 million revolving credit facility to both directions between HKFoods Plc and LSO Osuuskunta. Related to this the Group had receivable amounting to EUR 4.9 (4.1) million at year end. The Group received interest income for the balance EUR 389 (294) thousand during the year. Interest rate for the credit facility is in line with HKFoods' financing cost.

#### Shares and shareholders

At the end of December 2024, HKFoods Plc's paid and registered share capital stood at EUR 66,820,528.10. The company's issued shares totalled 98,951,781 and were divided into two share series as follows: A shares, 93,551,781 (94.54% of the total number of shares) and K shares, 5,400,000 (5.46% of the total number of shares). The A shares are quoted on Nasdaq Helsinki Ltd. The K shares are held by LSO Osuuskunta (4,735,000 shares) and HKFoods Plc (665,000 shares) and are not listed.

On 27 March 2024, HKFoods sold the shares in its Swedish subsidiary HKScan Sweden AB (now Scan Sverige AB) to the Swedish company Lantmännen ek för. As part of the purchase price, Lantmännen ek för transferred to HKFoods 7,534,750 own shares, of which 6,869,750 were A shares and 665,000 K shares.

At the end of December, the company held 8,376,408 (1,506,658) A shares and 665,000 (0) K shares as treasury shares, corresponding to 9.14% of the company's total number of shares and 10.75% of the total number of votes.

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

The calculated market value of HKFoods' shares at the end of December stood at EUR 69.4 (86.9) million. The market value of the Series A shares was EUR 65.8 (82.1) million, and the calculated market value of the unlisted Series K shares was EUR 3.7 (4.8) million.

In 2024 a total of 11,959,218 (15,571,128) of the company's shares were traded with a total value of EUR 8,605,055 (12,190,163). The highest price quoted was EUR 0.99 (0.97) and the lowest EUR 0.56 (0.68). The average price was EUR 0.72 (0.78).

At the end of December, the closing price was EUR 0.77 (0.89).

At the end of 2024, the shareholders maintained by Euroclear Finland Ltd included 14,994 (15,552) shareholders. Nominee-registered foreign shareholders held 3.7 (6.4) per cent of the company's shares.

At the end of 2024, members of the Board of Directors and the company's President and CEO and his deputy, as well as their related parties owned a total of 486,996 A Shares, corresponding to 0.5 per cent of the total number of shares and 0.2 per cent of the votes

### Ownership breakdown by amount of share on 31 December 2024

	Number of shares	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-100		4,106	27.38	182,781	0.18
101-500		4,494	29.97	1,282,990	1.30
501-1,000		2,208	14.73	1,754,065	1.77
1,001-5,000		3,077	20.52	7,116,119	7.19
5,001-10,000		529	3.53	3,925,026	3.97
10,001-50,000		479	3.19	9,607,097	9.71
50,001-100,000		51	0.34	3,661,864	3.70
100,001-500,000		31	0.21	6,500,114	6.57
500,001-& above		19	0.13	64,794,160	65.48
On common accounts		0	0.00	127,565	0.13
<b>Total</b>		<b>14,994</b>	<b>100</b>	<b>98,951,781</b>	<b>100</b>

### Shares by share series 31 December 2024

Share series	Number of shares	% of shares	% of votes
A Shares	93,551,781	94.54	46.42
K Shares	5,400,000	5.46	53.58
<b>Total</b>	<b>98,951,781</b>	<b>100</b>	<b>100</b>

### Ownership breakdown by sector on 31 December 2024

	Share of owners %	Share of shares %	Share of votes %
Corporates	3.01	51.29	76.08
Finance and insurance companies	0.11	8.31	4.08
Public entities	0.02	5.68	2.79
Households	96.25	30.10	14.78
Non-profit organizations	0.33	0.77	0.38
Abroad	0.28	3.73	1.83
Other	0.00	0.14	0.06
<b>All sectors, total</b>	<b>100</b>	<b>100</b>	<b>100</b>

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

### 20 Largest shareholders on 31 December 2024

		A shares	K shares	Of total shares, %	Of total votes, %
1	LSO Osuuskunta	25,083,884	4,735,000	30.13	59.43
2	HKFoods Oyj	8,376,408	665,000	9.14	10.75
3	Apteekkien Eläkekassa	3,581,889		3.62	1.78
4	Sijoitusrahasto Fourton Hannibal	3,250,000		3.28	1.61
5	Maa- ja metsätaloustuottajain Keskusliitto MTK ry	2,711,414		2.74	1.35
6	Suhonen Jyrki	1,605,362		1.62	0.80
7	Keskinäinen työeläkevakuutusyhtiö Varma	1,539,247		1.56	0.76
8	Oy Etra Invest Ab	1,500,000		1.52	0.74
9	Jocer Oy Ab	1,175,000		1.19	0.58
10	Etola Group Oy	1,000,000		1.01	0.50
11	J & K Hämäläinen Oy	630,434		0.64	0.31
12	Gripenberg Jarl kuolinpesä	620,000		0.63	0.31
13	Sinituote Oy	600,000		0.61	0.30
14	Petter ja Margit Forsströmin säätiö Karl ja Olivia Forsströmin muistolle	522,000		0.53	0.26
15	Ab 2011 Fruitgum Company Oy	510,000		0.52	0.25
16	Sun Marianne Oy	508,200		0.51	0.25
17	Valtion Eläkerahasto	500,000		0.51	0.25
18	Kaunismaa Mika Markku	470,000		0.47	0.23
19	Piglauri Oy	423,968		0.43	0.21
20	Kaitila Tuomas Vilhelm	375,725		0.38	0.19
	<b>Other shareholders</b>	<b>38,568,250</b>	<b>0</b>	<b>38.98</b>	<b>19.14</b>
	<b>Total</b>	<b>93,551,781</b>	<b>5,400,000</b>	<b>100</b>	<b>100</b>

Source: Euroclear Finland

### Extraordinary General Meeting 2024

On 29 January 2024, the company convened an Extraordinary General Meeting (EGM), which was held on 28 February 2024 in Turku.

The EGM confirmed and approved the sale of the Swedish business.

The Board of Directors was authorised to decide on the acquisition of the company's own series A shares and series K shares. The authorisation is effective for eighteen (18) months from the decision of the EGM. The authorisation does not revoke earlier authorisations granted by the General Meeting to acquire and/or to accept as pledge the company's own shares.

In addition, the Board of Directors was authorised to decide on the issue of shares. The authorisation will be effective until no later than 30 June 2025. The authorisation revokes earlier authorisations granted to the Board of Directors to decide on the issue of shares or special rights entitling to shares.

The resolutions of the EGM were published in full in a stock exchange release on [28 February 2024](#), and the minutes of the meeting are available on the company's website at [www.hkfoods.com](http://www.hkfoods.com).

### Annual General Meeting 2024

HKScan Corporation's Annual General Meeting (AGM), held on 18 April 2024 in Turku, adopted the parent company's and consolidated financial statements, discharged the members and the deputy members of the Board of Directors and the CEO from liability for 2023 and adopted the remuneration report and remuneration policy for governing bodies. The AGM resolved that no dividend will be paid for 2023.

The Board members Reijo Kiskola, Jari Mäkilä, Anne Koutonen and Terhi Tuomi were re-elected as members of the Board. Ilkka Uusitalo, former deputy Board member, as well as Niclas Diesen, Lauri Sipponen and Sami Yski were elected as new members of the Board until the end of the Annual General Meeting 2025. At the organisational meeting after the AGM, the Board re-elected Reijo Kiskola as Chairman and Jari Mäkilä as Vice Chairman.

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

The auditing firm Ernst & Young Oy was elected as the Company's auditor until the end of the next AGM and Maria Onniselkä, Authorized Public Accountant, as the lead audit partner. In addition, the auditing firm Ernst & Young Oy was elected as the sustainability auditing assurer until the end of the next AGM, with Maria Onniselkä, M.Sc. (Econ.), Authorized Sustainability Auditor (ASA), as the lead sustainability assurer.

The AGM approved the change of the company's name from HKScan Oyj to HKFoods Oyj and resolved to amend Article 1 of the Articles of Association as follows: *"1 § The name of the company is HKFoods Oyj, in Swedish HKFoods Abp and in English HKFoods Plc. The domicile of the company is Turku."*

The AGM authorised the Board of Directors to decide on the acquisition of the Company's own Series A shares and/or on the acceptance as pledge of the Company's own Series A shares. The authorisation is effective until 30 June 2025. The authorisation revokes the authorisation granted by the AGM on 20 April 2023 to the Board of Directors to acquire and/or to accept as pledge the Company's own Series A shares. However, the authorisation does not revoke the authorisation granted by the Extraordinary General Meeting of 28 February 2024 to the Board of Directors to decide on the acquisition of own Series A and Series K shares.

The decisions of the AGM were published in full in a stock exchange release on [18 April 2024](#), and the minutes of the meeting are available on the company's website at [www.hkfoods.com](http://www.hkfoods.com).

### Share-based long-term incentive plan

The company has the following long-term incentive plans in place for the Group's key employees: the Performance Share Plan (PSP) 2018-2020, the Performance Share Plan (PSP) 2019-2021 and the Restricted Share Plan (RSP) 2019-2021.

On 7 April 2021, HKFoods announced changes to the payment schedules of both the Performance Share Plan (PSP) and Restricted Share Plan (RSP) to ensure relative alignment with the company's long-term performance and shareholder returns. According to the new payment schedule, part of the rewards earned will be paid during 2021-2023, and the remaining portion of the Group Executive Team rewards is

deferred and will be paid during 2024-2025. The deferred rewards will be paid on the basis of the achievement of minimum targets set by the Board of Directors for total shareholder return (TSR) and profitability. The Board of Directors has set a ceiling on the cost of the deferred reward.

Part of the shares earned based on the achievement of the performance targets in the 2018-2020 PSP was paid out in spring 2021 according to the original payment schedule and part of the rewards was paid out in spring 2022 according to the new payment schedule. Part of the shares earned based on the achievement of the performance targets in the 2019-2021 PSP and meeting the financial indicator of the 2019-2021 RSP was paid out in spring 2022 and 2023 according to the original payment schedule.

The minimum targets for deferred remuneration for 2024 were not met, so no deferred remuneration was paid in 2024. The deferred remuneration for 2025 will be paid if the minimum targets set by the Board of Directors are met.

In April 2023, HKFoods announced a new Performance Share Plan for the CEO for the period 2023-2027. Further information on the CEO's incentive scheme is available in the stock exchange release published on [3 April 2023](#).

More information on the share-based incentive plans is available on the company website at: <https://www.hkfoods.com/en/about-us/policies-and-certificates/remuneration-policy/>

### Short-term business risks

#### Economic operating environment and financing risks

In January, the European Central Bank (ECB) lowered the deposit rate used to regulate monetary policy by 0.25 percentage points to 2.75 per cent. The ECB has lowered the deposit rate by 1.25 percentage points since last June. The rate cuts are expected to continue as inflation has slowed and the economic outlook for Europe has weakened. The ECB forecasts inflation in the euro area to fall to 2.1 per cent in 2025. Geopolitical tensions may have adverse effects on inflation and interest rate development.

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

Consumer demand developments remain uncertain in a context of weakened employment and declining consumer purchasing power. Moreover, bankruptcies, lay-offs and redundancies have remained at a high level. In addition, labour market unrest and fiscal rebalancing has further increased uncertainty. Should consumer demand weaken significantly, and HKFoods' sales volumes fall considerably, this could have a negative impact on the company's profitability.

If long-term interest rates increase turn up again, the risk of impairment losses will increase and may affect the company's economic and financial position, despite the company's improved performance. The company's financing agreements include covenants, which are described in more detail in the section Balance, cashflow and financing.

#### Price increase and availability of production inputs and raw materials

Uncertainty about the availability and price of inputs can be reflected in production costs. If the liquidity and profitability crisis affecting farms were to reoccur, the situation could weaken the availability of local meat raw material or the company's profitability if it fails to raise the sales prices of its products to cover higher costs in the production chain alongside measures to improve production efficiency.

In the global meat raw material market, changes in the trade relations between major meat importing and exporting countries can lead to significant local price fluctuations. The effects of these price fluctuations are partly unpredictable, and they also concern HKFoods' home markets. In an unstable geopolitical situation, the role of global supply chains is weakening, and the importance and opportunities of regional supply chains and local food production are increasing.

#### Changes in consumer behaviour

Weaker consumer purchasing power may increase demand for lower-priced products and product categories. This may be reflected in a weakening of HKFoods' sales volume in higher-priced products and a strengthening in basic foods. In the unstable geopolitical situation, the demand for basic foods is expected to remain strong.

The impact of possible international or local food scandals on consumer behaviour cannot be excluded. The discussion surrounding climate change may also affect

the consumer demand for meat products. In addition, unexpected actions taken by pressure groups may impact the company's business and consumer demand.

#### Other business risks

Food safety is of key importance in the long production chain of the food industry.

There is a possibility of animal diseases. African Swine fever and avian flu cases in European countries and the foot-and-mouth disease case in Germany have reduced the export potential of meat outside the EU.

The risk of cyberattacks is high due to the unstable geopolitical situation, and several companies have been targeted by cyberattacks. Cyberattacks can significantly disrupt the company's operations. HKFoods is prepared for cyberattacks through systematic monitoring and cybersecurity enhancements to ensure a rapid response in the event of an incident.

The change in business interruption insurance in the food sector will raise costs and weaken insurance conditions.

The weakened functioning of global logistics chains may pose risks to the company's ability to execute its investments within the planned timeframes and at the planned costs and may affect the availability of capital goods used in HKFoods' value chain. In its planning, HKFoods takes into account the potential impact of cost and scheduling risks on the execution of its investments.

In October, the European Commission decided to impose tariff increases on Chinese electric cars for the next five years. In response, China can either increase tariffs on food imports from Europe or ban imports altogether. If this happens, HKFoods' pork and poultry exports to China could be affected.

#### Events after the reporting period

There are no events after the reporting period that would impact financial statement.

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

### Board of Directors' proposal on the distribution of profit, the distribution of assets from the reserve of unrestricted equity and the authorisation of the Board of Directors to resolve on the distribution of funds recorded in the reserve for invested unrestricted equity

The parent company's distributable equity amounts to EUR 167.2 (195.6) million, including a free equity reserve of EUR 216.2 (216.2) million and results for the financial year 2024 of EUR -23.1 (-69.9) million. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial year 2024 and that the loss for the financial year be recognised in the profit reserves of previous financial years.

The Board of Directors proposes that the Annual General Meeting resolve to distribute EUR 0.09 per share (corresponding to a total of approximately EUR 8.1 million for all 89,910,373 shares currently outstanding) from the company's reserve for invested unrestricted equity for 2024. The repayment of equity will be paid to shareholders who are registered in the shareholders' register of the company held by Euroclear Finland Ltd on the record date of the payment. The record date for the equity repayment will be 25 April 2025 and the payment date 5 May 2025.

The Board of Directors further proposes the Annual General Meeting to authorise the Board of Directors to resolve, at its discretion, on the distribution of the assets recorded in the reserve of unrestricted equity, up to a maximum of EUR 0.05 per share (corresponding to a total of approximately EUR 4.5 million for all 89,910,373 shares currently outstanding). Under the authorisation, it could be possible to resolve to distribute the funds in one or more instalments. The authorisation is valid until the beginning of the next Annual General Meeting. The company will announce any decision of the Board of Directors on the equity repayment and, at the same time, confirm the record and payment dates for the equity repayment. Equity repayments payable under the authorisation will be paid to shareholders entered in the shareholders' register held by Euroclear Finland Oy on the record date for the equity repayment in question.

### Outlook for 2025

HKFoods expects that in 2025 the Group's comparable EBIT will grow compared to 2024.

### Annual General Meeting 2025

HKFoods' Annual General Meeting will be held in Turku, Finland on Wednesday, 23 April 2025. The invitation will be published later.

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

### Key figures

Financial indicators	2024	2023	2022	2021	2020
Net sales, EUR million, continuing operations	1,001.8	933.0	877.2	778.0	775.7
Operating profit/loss (EBIT), EUR million, continuing operations	22.4	14.3	-7.0	1.4	-1.3
- % of net sales	2.2	1.5	-0.8	0.2	-0.2
Comparable operating profit/loss, EUR million, continuing operations	27.7	11.6	-7.3	-2.1	-5.9
- % of net sales	2.8	1.2	-0.8	-0.3	-0.8
Profit/loss before taxes, EUR million, continuing operations	4.2	-10.7	-17.8	-10.3	-11.0
- % of net sales	0.4	-1.2	-2.0	-1.3	-1.4
Return on equity (ROE), %, incl. discontinued operations	-11.4	-8.6	-21.2	-0.4	1.5
Return on capital employed before taxes (ROCE), %, incl. discontinued operations	0.9	3.0	-6.4	3.5	3.9
Equity ratio, %	40.8	28.8	29.3	33.9	33.7
Net gearing ratio, %	69.5	121.0	123.7	92.2	89.8
Gross capital expenditure on PPE, EUR million, continuing operations	25.5	15.9	17.3	18.2	55.2
Additions in right-of-use assets, EUR million, continuing operations	8.7	10.6	3.0	70.9	3.0
Investments total, EUR million, continuing operations	34.2	26.5	20.3	89.0	58.2
- % of net sales	3.4	2.8	2.3	11.4	7.5
R&D expenses, EUR million, continuing operations	2.9	3.3	3.9	3.7	2.6
- % of net sales	0.3	0.4	0.4	0.5	0.3
Employees, average (FTE), continuing operations	3,000	2,946	2,970	2,964	2,855

Per share data	2024	2023	2022	2021	2020
Undiluted earnings per share (EUR/share), continuing operations	-0.09	-0.24	-0.27	-0.20	-0.22
Earnings per share adjusted for dilution effect (EUR/share), continuing operations	-0.09	-0.24	-0.27	-0.20	-0.22
Undiluted earnings per share (EUR/share), discontinued operations	-0.27	-0.05	-0.47	0.14	0.22
Earnings per share adjusted for dilution effect (EUR/share), discontinued operations	-0.27	-0.05	-0.47	0.14	0.22
Undiluted earnings per share (EUR/share)	-0.36	-0.29	-0.73	-0.06	-0.01
Earnings per share adjusted for dilution effect (EUR/share)	-0.36	-0.29	-0.73	-0.06	-0.01
Comparable earnings per share, EUR, continuing operations	-0.04	-0.27	-0.27	-0.24	-0.27
Equity per share, EUR	2.08	2.17	2.68	3.24	3.19
Dividend paid per share, EUR	0.09*	0.00	0.00	0.04	0.03
Dividend payout ratio, undiluted, %	-100.0*	0.0	0.0	-19.7	-13.3
Dividend payout ratio, diluted, %	-100.0*	0.0	0.0	-19.7	-13.3
Effective dividend yield, %	11.7*	0.0	0.0	2.4	1.5
Price-to-earnings ratio (P/E)					
undiluted	-8.6	-3.7	-3.3	-8.2	-8.7
diluted	-8.6	-3.7	-3.3	-8.2	-8.7
Lowest trading price, EUR	0.56	0.68	0.86	1.57	1.60
Highest trading price, EUR	0.99	0.97	1.71	2.52	2.85
Middle price during the period, EUR	0.72	0.78	1.31	2.08	2.03
Share price at the end of the year, EUR	0.77	0.89	0.87	1.66	1.96
Market capitalisation, EUR million	69.2	86.9	84.6	161.2	190.0
Trading volume (1,000)	11,959	15,571	16,991	32,515	27,000
% of the average volume	13.1	16.0	17.5	33.5	27.8
Adjusted number of outstanding shares (1,000)					
average during financial period	91,166	97,426	97,291	97,046	96,952
at the end of financial period	89,910	97,445	97,330	97,094	96,952
fully diluted	89,910	97,445	97,330	97,094	96,952

\* Based on the Board of Directors' distribution of funds proposal. In addition authorisation 0.05 eur/share.



### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Calculation of financial indicators

HKFoods discloses alternative performance measures (APM) to give relevant information to stakeholders. Disclosed APMs are also used in steering the company. Items affecting comparability and related APMs are disclosed to better reflect the operational business performance and to enhance comparability between periods.

<b>Return on equity (%)</b>	Profit	x 100
	Total equity (average)	
<b>Return on capital employed (ROCE) before tax (%)</b>	Profit before tax + interest and other financial expenses	x 100
	Balance sheet total - non-interest-bearing liabilities (average)	
<b>Equity ratio (%)</b>	Total equity	x 100
	Balance sheet total - advances received	
<b>Gearing ratio (%)</b>	Interest-bearing liabilities incl. discontinued operations	x 100
	Total equity	
<b>Net gearing ratio (%)</b>	Net interest-bearing liabilities incl. discontinued operations	x 100
	Total equity	
<b>Earnings per share*</b>	Profit for the period attributable to equity holders of the parent	
	Average number of outstanding shares during period	
<b>Equity per share</b>	Equity attributable to holders of the parent	
	Number of outstanding shares at end of period	
<b>Dividend per share</b>	Dividend distribution	
	Number of outstanding shares at end of period	
<b>Dividend payout ratio (%)</b>	Dividend per share	x 100
	Earnings per share	
<b>Effective dividend yield (%)</b>	Dividend per share	x 100
	Closing price on the last trading day of the financial year	

<b>P/E ratio</b>	Closing price on the last trading day of the financial year
	Earnings per share
<b>Market capitalization</b>	The number of outstanding shares at the end of period x the closing price on the last trading day of the financial year
<b>Cash flow before debt service</b>	Cash flow after investment activities - financial items
<b>Employee numbers</b>	Average of workforce figures calculated at the end of calendar months
<b>Items affecting comparability</b>	One-time charges, which are not related to the normal continuing operations and materially affect company's finance. Examples of such expenses are: capacity adjustment (restructuring), redundancy, legal costs relating to restructuring or similar, one-time expenses related to efficiency / reorganization programmes, significant compensations or penalties paid out due to legal verdict or settlement, transaction fees / expenses related to business acquisitions (consultation, advisory, legal, due diligence, registration etc.) and gains/losses of business disposals.
<b>Comparable EBIT</b>	Operating profit - items affecting comparability
<b>Comparable earnings per share*</b>	Profit for the period attributable to equity holders of the parent - items affecting comparability
	Average number of outstanding shares during period
<b>Interest-bearing net debt</b>	Interest-bearing debt incl. discontinued operations - cash and bank and interest bearing loan receivables incl. discontinued operations
<b>Net debt to EBITDA ratio (leverage)</b>	Interest-bearing net debt incl. discontinued operations
	EBITDA continuing operations + share of profit/loss in associates and joint ventures continuing operations

\* When calculating the earnings per share, interest and issue costs of the hybrid loan, net of tax, have been reduced from profit for the period.

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance
<b>106</b>	<b>Financial Statements 2024</b>
106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

# Sustainability Statement 2024

Datapoint	Disclosure requirement	Page number
<b>ESRS 2</b>	<b>General disclosures</b>	
BP-1	General basis for preparation of the sustainability statement	21
BP-2	Disclosures in relation to specific circumstances	21
GOV-1	The role of the administrative, management or supervisory bodies	22
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	23
GOV-3	Integration of sustainability-related performance in incentive schemes	24
GOV-4	Statement on due diligence	25
GOV-5	Risk management and internal controls over sustainability reporting	26
SBM-1	Strategy, business model and value chain	27
SBM-2	Interests and views of stakeholders	28
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	30
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	39
IRO-2	Disclosure requirements in ESRS covered by the company's sustainability statement	40
<b>ESRS E1</b>	<b>Climate change</b>	
E1. ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	48
E1-1	Transition plan for climate change mitigation	48
E1. ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	49
E1. ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	50
E1-2	Policies related to climate change mitigation and adaptation	51
E1-3	Actions and resources in relation to climate change policies	52
E1-4	Targets related to climate change mitigation and adaptation	53
E1-5	Energy consumption and mix	54
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	55
<b>ESRS E2</b>	<b>Pollution</b>	
E2. ESRS 2 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities related to pollution	57
E2-1	Policies related to pollution	58
E2-2	Actions and resources related to pollution	58
E2-3	Targets related to pollution	59
E2-4	Pollution of water	59

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

Datapoint	Disclosure requirement	Page number
<b>ESRS E3</b>		
<b>Water and marine resources</b>		
ESRS 2 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	60
E3-1	Policies related to water and marine resources	60
E3-2	Actions and resources related to water and marine resources	61
E3-3	Targets related to water and marine resources	61
E3-4	Water consumption	61
<b>ESRS E4</b>		
<b>Biodiversity and ecosystems</b>		
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	62
E4. ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	62
E4. ESRS 2 IRO-1	Description of the processes to identify and assess material biodiversity and ecosystems-related impacts, risks and opportunities	63
E4-2	Policies related to biodiversity and ecosystems	65
E4-3	Action and resources related to biodiversity and ecosystems	65
E4-4	Targets related to biodiversity and ecosystems	66
E4-5	Impact metrics related to biodiversity and ecosystems change	67
<b>ESRS E5</b>		
<b>Resource use and circular economy</b>		
E5. ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	67
E5-1	Policies related to resource use and circular economy	68
E5-2	Actions and resources related to resource use and circular economy	68
E5-3	Targets related to resource use and circular economy	69
E5-5	Resource outflows	69
<b>ESRS S1</b>		
<b>Own workforce</b>		
S1. ESRS 2 SBM-2	Interests and views of stakeholders	28
S1. ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	71
S1-1	Policies related to own workforce	73
S1-2	Processes for engaging with own workers and workers' representatives about impacts	76
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	77
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	77
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	80
S1-6	Characteristics of the undertaking's employees	81
S1-8	Collective bargaining coverage and social dialogue	82
S1-9	Diversity metrics	82
S1-13	Training and skills development metrics	83
S1-14	Health and safety metrics	83
S1-16	Compensation metrics (pay gap and total compensation)	83

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

Datapoint	Disclosure requirement	Page number
<b>ESRS S2</b>		
<b>Workers in the value chain</b>		
S2. ESRS 2 SBM-2	Interests and views of stakeholders	28
S2. ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	84
S2-1	Policies related to value chain workers	87
S2-2	Processes for engaging with value chain workers about impacts	88
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	89
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	89
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	90
<b>ESRS S4</b>		
<b>Consumers and end-users</b>		
ESRS 2 SBM-2	Interests and views of stakeholders	91
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	91
S4-1	Policies related to consumers and end-users	92
S4-2	Processes for engaging with consumers and end-users about impacts	94
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	95
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	94
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	97
<b>ESRS G1</b>		
<b>Business conduct</b>		
G1. ESRS GOV-1	The role of the administrative, supervisory and management bodies	98
G1. ESRS IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	39
G1-1	Corporate culture and business conduct policies and corporate culture	99
G1-2	Management of relationships with supplier	103
G1-5	Political influence and lobbying activities	104
G1-6	Payment practices	105

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

## ESRS 2 General disclosures

### 1. Basis for preparation

#### BP-1 General basis for preparation of sustainability statements

This Sustainability Statement ("Sustainability Report") has been prepared at HKFoods Plc's Group level, and the scope of consolidation of the Sustainability Statement corresponds to the scope of HKFoods' consolidated financial statements. It is based on the EU Sustainability Reporting Directive, EU Sustainability Reporting Standards and EU Taxonomy. The Sustainability Report covers the HKFoods Group's subsidiaries. The activities of associates and joint ventures support the Group's own business and value chain. The activities of all these companies described above have been included in the assessment of impacts, risks and opportunities across the value chain. Associates and joint ventures are also included in the Group's emissions calculation under standard E1 *Climate change* of the Sustainability Report, in accordance with the General Greenhouse Gas Accounting Protocol, according to the proportion of ownership. The Group has no operational control over associates, joint ventures or companies in which it has a minor (less than 20%) shareholding. (Reference: a list of companies in Note 28 *Related party transactions to the Consolidated Financial Statements*) The report mainly deals with Group level information, with more detailed information on individual companies where necessary to provide a more complete picture.

The discontinued operations include the Swedish business until 27 March 2024 and the Danish business until 31 October 2024 for key sustainability data. Unless otherwise stated, the metrics include only continuing operations. The classification corresponds to the classification in the consolidated financial statements. In the Sustainability Statement for discontinued operations, estimates have been used based on the previous year's performance and the Group's data for continuing operations to the extent that the characteristics of the operations are similar.

Sustainability reporting has assessed the impacts of the value chain in terms of a 'field-to-table' chain of activities. This means taking into account not only own operations but also Tier 1 suppliers under contract at the upstream value chain. The downstream value chain consists of customers, consumers and end-users of the products. The metrics have been developed for the whole value chain described above. The Company's policies take into account the whole value chain.

In its Sustainability Report, HKFoods has not used the option to exclude information relating to the intellectual property, know-how or results of innovation of the Group companies.

#### BP-2 Disclosures in relation to specific circumstances

The timeframes used in this Sustainability Statement follow the definitions of timeframes set out in Section 6.4 of the ESRS 1 of Commission Delegated Regulation (EU) 2023/2772 (Sustainability Reporting Standard, hereinafter ESRS).

Short term: reporting period, calendar year at HKFoods  
 Medium term: from the end of the short-term reporting period to five years  
 Long term: more than 5 years

Topical standards E1, E3 and E5 describe in more detail the metrics, compilation criteria and level of precision of the result for the reported indicators to the extent that the measures include upstream and downstream data estimated using indirect sources.

So far, no indicators or amounts of money with high measurement uncertainty have been identified. In the emissions calculation, the data at the beginning and end of the value chain are only indicative. The estimates used by the Company have no material impact on the magnitude of CO<sub>2</sub>e emissions reported by the Company.

In the medium term, HKFoods aims to specify the following:

- GHG accounting of upstream value chain data through procurement processes.
- Quantity, quality and environmental data for the whole value chain procurement.

There has been a change in the calculation and presentation of sustainability data compared to the voluntary and unverified Annual and Corporate Responsibility Report for 2023. The Company changed the emissions calculation method in connection with the setting of the SBTi targets in 2023. It has not been applied until the Sustainability Report 2024. The current emissions calculation is done in accordance with the Corporate Standard GHG Protocol and the Land Sector and Removals Guidance. This calculation takes into account land use and the related changes in emissions. This method expanded the emissions calculation, in particular for Scope 3 emission categories, and takes into account land-based emissions more accurately.

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

HKFoods does not follow other legislative frameworks regarding sustainability information.

Section *IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement* contains a table listing the disclosure requirements of the sustainability standard or the datapoints required by the disclosure requirement that are incorporated by reference.

### 2. Governance

#### GOV-1 The role of the administrative, management and supervisory bodies

Until the Annual General Meeting (AGM) on 18 April 2024, the Board of Directors (Board) of HKFoods Plc consisted of six regular members and two deputy members. Since the AGM on 18 April 2024, the Board had had eight regular members.

The Board does not include any persons involved in the operational management of HKFoods' business, and none of the Board members are employed by the Company or any of its Group companies. There is no separate employee representation on the Board consisting of the Group's employees.

The Group's Board has a broad representation of specialists in Finnish primary agricultural production and representatives of the Company's contract farmers, who have strong expertise in the production of the main raw materials and products. The Board members include two Finnish pork producers and one broiler meat producer.

The composition of the Board in 2024 was in line with the Company's diversity principles and gender balance was still in line with recommendation 8 of the CG Code 2020 in force during the transitional period (the transitional period ends on 30 June 2026). The gender composition of the Board in 2024 before the Annual General Meeting on 18 April 2024 was 33.3% female (2/6 members) and 66.6% male (4/6 members). After the AGM on 18 April 2024, the gender composition of the Board was 25% female (2/8 members) and 75% male (6/8 members).

The Board assesses the independence of its members annually in line with recommendation 10 of the CG Code. The Board member is obliged to provide the Company with the information necessary to carry out the independence assessment.

The Board member is also obliged to report any changes regarding independence. The independence assessment of the Board members is presented in a separate Corporate Governance Statement in the Board members' introductions. Of the members elected as Board members at the AGM on 18 April 2024, 62.5 (5/8 of the Board members) per cent of the Board members are independent of the Company and 62.5 (5/8 of the Board members) per cent of the Board members are independent of significant shareholders.

Until the AGM on 18 April 2024, the following persons served as Board members: Reijo Kiskola (Chairman), Jari Mäkilä (Vice Chairman), Anne Koutonen, Per Olof Nyman, Harri Suutari and Terhi Tuomi and deputy members Ilkka Uusitalo and Ove Conradsson. After the AGM on 18 April 2024, the following persons have served as Board members: Reijo Kiskola (Chairman), Jari Mäkilä (Vice Chairman), Niclas Diesen, Anne Koutonen, Lauri Sipponen, Terhi Tuomi, Ilkka Uusitalo and Sami Yski. The Audit Committee was chaired by Anne Koutonen and its members until the AGM on 18 April 2024 were Reijo Kiskola, Terhi Tuomi and Ove Conradsson. After the AGM on 18 April 2024, the Audit Committee has been chaired by Anne Koutonen and its members were Reijo Kiskola, Terhi Tuomi and Niclas Diesen.

HKFoods' Audit Committee oversees the sustainability reporting process and reports to the Board. The CEO reports regularly, in line with the annual schedule, to the Board on the consideration of material risks, impacts and opportunities related to sustainability matters in the Company's business. He also presents the sustainability statement material to the Board. In addition, the responsibilities for sustainability reporting are described for each key unit. Internal Audit conducts an annual risk and opportunity assessment of sustainability matters as part of the Company's ERM process. The Corporate Responsibility (CR) team is responsible for the operational work on the impact, risks and opportunities of sustainability matters and for updating the double materiality assessment. The final outcome of this work is approved by the Group Executive Team, monitored by the Audit Committee and finally approved and signed by the Board as part of the Report of the Board of Directors.

The Board approves the Company's strategy, which takes into account HKFoods' and its value chain's key sustainability matters and their impacts, risks and opportunities in the short, medium and long term. The Group Executive Team is responsible for the resources required for the preparation of the Sustainability Statement and the conditions for the implementation of the process.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

During 2024, sustainability matters and progress in reporting were discussed at three meetings (January, March and August) of the Board of the Group and five meetings (February, April, August, November and December) of the Audit Committee.

The CR team reports on sustainability matters and impacts, risks and opportunities to the Group CFO and Executive Team. The Group Executive Team is responsible for the resources required to prepare the Sustainability Statement and the conditions for implementing the process.

The Group Executive Team reports to the Board of the Group and, among the Board Committees, the Audit Committee oversees the sustainability reporting process, compliance with standards, and the implementation of the reporting as part of its responsibilities. The Group's internal auditor reports to the Group's CFO. In addition, he reports to the Audit Committee of the Board and to the Board on the results and measures of the Company's risk management process. The Shareholders' Nomination Board takes sustainability matters into account in the skills and selection of Board members.

The CR team reports on sustainability matters and impacts, risks and opportunities to the Group CFO and Executive Team. The Group Executive Team reports to the Board of the Group. The internal auditor reports to the Audit Committee of the Board on the results and measures of the Company's ERM process.

Internal audit carries out the annual risk and opportunity assessment of sustainability matters as part of the Company's ERM process. The CR team is in charge of the implementation of the operational work on the impacts, risks and opportunities of sustainability matters and the updating of the double materiality assessment.

The CR team is in charge of setting corporate responsibility targets and indicators, as well as developing and managing activities. The Group Executive Team is responsible for the implementation of responsibility work and adequate resources (strategy, business models, responsibility programme and targets, data collection). The Group's Board approves the responsibility targets and indicators. The CR team reports to the Board at least once a year on the progress of the targets. During 2024, the Board was updated three times on CR themes.

The Shareholders' Nomination Board is required to take sustainability considerations into account in the skills and selection of board members. The main task of the Shareholders' Nomination Board is to ensure that members and deputy members of the Board of Directors have sufficient expertise, skills and experience to meet the needs of the Company.

The CR team reports to the Audit Committee on the needs for sustainability reporting in terms of skills and training for the Group functions.

In 2024, HKFoods Plc's Board, Audit Committee, CEO, CFO and EVP Administration were provided with sustainability-related training, which covered sustainability-related legislation and the responsibilities of the Audit Committee and the Board related to sustainability matters.

Training and briefings on HKFoods' material impacts, risks and opportunities were held for the Board and CEO, with Group experts presenting sustainability topics and related considerations. The above has been done to ensure that the Board and CEO are aware of sustainability topics and the current situation.

The role of HKFoods' Board, CEO and Executive Team is also addressed in connection with the G1 standard in requirement *GOV-1 Role of the administrative, management and supervisory bodies*.

#### GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

As part of the annual risk management process, the CR Team updates HKFoods' double materiality assessment, which includes material impacts, risks and opportunities. HKFoods Group's Enterprise Risk Management (ERM) process includes uniform principles and systematic practices for risk management. The ERM process aims to identify and update HKFoods' potential risks, promote the Group's risk awareness and effective risk management and to ensure that management and the Board have sufficient information on risks to support their decision-making. The risk management process is an integral part of the management system and strategy process, which is implemented annually. The Group's Risk Management Policy is applied in the HKFoods Group companies.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

VP Corporate Responsibility reports results to the Group's Board once a year. As part of the outcome of the risk management work, the internal auditor reports once a year to the Group's Board on the main risks related to the Company's sustainability matters and the implementation of the sustainability work.

Sustainability targets, metrics and results are reported to the Group's Executive Team and Board at least once a year. The internal auditor presents the status of the principles and policies and any changes to them once a year.

The impacts, risks and opportunities of sustainability matters were determined in a double materiality assessment to this extent for the first time in 2024. The Board's charter specifies that the Board decides on the Group's strategic sustainability targets, including the material impacts, risks and opportunities of sustainability matters and on the monitoring of progress and results of these targets, with the assistance of the executive management and experts.

During the financial year 2024:

Reviews discussed at Board and Board Committee meetings included topics related to material impacts, risks and opportunities as follows:

- SBTi-based update and adoption of climate targets
- Group policy updates and implementation programme
- Occupational safety
- Information security
- Sustainability-related regulatory development and implementation of sustainability reporting as well as progress and outcome of materiality analysis

The following topics related to material impacts, risks and opportunities, among others, were discussed at the Group Executive Team meetings attended by the CEO:

- Group Policy updates and implementation programme
- Deforestation Regulation
- Occupational safety
- Information security
- Sustainability-related regulatory development, responsibility targets and reporting, and the progress and outcome of the materiality analysis
- Employee wellbeing
- Animal welfare

#### GOV-3 Integration of sustainability-related performance in incentive schemes

Sustainability issues were not taken into account in the 2024 reporting period in the remuneration of HKFoods Plc's Board of Directors for the reporting period.

In 2024, the Group Executive Team (excluding the CEO) had an ESG target (Lost Time Incident Rate, LTIR) linked to a personal goal in a single case. Due to the restructuring, the composition of the Group Executive Team changed significantly during the reporting year, which is why not all members of the Group Executive Team had an ESG target for 2024.

Of the 2024 short-term incentive reward for the members of the Group Executive Team (excluding the CEO), 70% is linked to the comparable EBIT of the Group and/or business unit and 30% to personal goals.

In 2024, sustainability-related performance indicators were not systematically considered as benchmarks for the Executive Team's performance. In the medium term, the Company aims to systematise and more comprehensively implement sustainability-related metrics and targets in its remuneration system by area of responsibility and role.

The Company has not defined the share of sustainability targets in the remuneration scheme.

As part of the E1 standard, requirement *GOV-3 Climate-related targets in remuneration* describes that climate-related targets were not considered in the remuneration of HKFoods' Board or CEO.

On the basis of preparation done by the Remuneration Committee of the Board, the Board decides on the incentive programmes for the Group's management and personnel and the criteria for the payment of bonuses. HKFoods' General Meeting decides on the remuneration of the Board based on a proposal by the Shareholders' Nomination Board.



### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

### GOV-4 Statement on due diligence

Part of the due diligence process	Topic	Location and page number in sustainability statement
Integration of the due diligence process into governance, strategy and business model	Double materiality assessment	ESRS 2 GOV-2, sustainability statement p. 25
	Integration of sustainability performance into incentive schemes	ESRS 2 GOV-3, sustainability statement p. 24
	Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS 2 SBM-3, sustainability statement p. 30
Engagement with affected stakeholders	Stakeholder interests and views	ESRS 2 SBM-2, sustainability statement p. 28
	Description of the process to identify and assess material impacts, risks and opportunities	ESRS 2 IRO-1, sustainability statement p. 39
Identifying and assessing negative impacts on people and the environment	Description of the process to identify and assess material impacts, risks and opportunities	ESRS 2 IRO-1, sustainability statement p. 39
	Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS 2 SBM-3, sustainability statement p. 30
	- own workforce	S1 ESRS 2 SBM-3, sustainability statement p. 32
	- workers in the value chain	S2 ESRS 2 SBM-3, sustainability statement p. 34
	- climate change	E1 ESRS 2 SBM-3, sustainability statement p. 30
	- pollution	E2 ESRS 2 SBM-3 30
Taking action to address negative impacts on people and the environment	- biodiversity	E4 ESRS 2 SBM-3, sustainability statement p. 31
	Corporate culture and business conduct policies and corporate culture	G1-1, sustainability statement p. 99
	Corporate culture promotion at HKFoods	G1-1, sustainability statement p. 100
	Reporting suspected misconduct and prevention of corruption and bribery	G1-1, sustainability statement p. 100
	Relationships with suppliers; Management of relationships with suppliers	G1-2, sustainability statement p. 103
	S1 own workforce:	
	- Actions related to material positive impacts	S1 ESRS 2 SBM-3, sustainability statement p. 72
	- Management of material negative impacts	S1 ESRS 2 SBM-3, sustainability statement p. 72
	S2 value chain workers	S2-4, sustainability statement p. 89
	E1 climate change	E1-3, sustainability statement p. 52
E2 pollution	E2-2, sustainability statement p. 58	
E4 biodiversity	E4-3, sustainability statement p. 65	

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

Part of the due diligence process	Topic	Location and page number in sustainability statement
Tracking the effectiveness of actions	Political influence and lobbying activities; transparency register	G1-5, sustainability statement p. 104
	Payment practices with suppliers	G1-6, ksustainability statement p. 105
	Management of relationships with suppliers; supplier surveys	G1-2, sustainability statement p. 103
	S1 own workforce	S1-5, sustainability statement p. 80
	S2 value chain workers	S2-5, sustainability statement p. 90
	E1 climate change	E1-4, ksustainability statement p. 53
	E2 pollution	E2-3, ksustainability statement p. 59
	E4 biodiversity	E4-4, sustainability statement p. 66

#### GOV-5 Risk management and internal controls over sustainability reporting

HKFoods' sustainability reporting is based on the results of the double materiality assessment approved by the Board of the Company. The Company's experts from different responsibility areas have contributed to the production of the information. The information has been systematically compiled in line with the ESRS structure.

The internal review of the reporting content has been carried out by each of the responsible areas, with each responsible director checking the accuracy of the content. The responsibility areas are finance, administration, environmental and quality management, human resources, procurement and corporate responsibility. The Audit Committee of the Board has followed the preparation of the reporting and the progress of the work during the reporting year 2024.

In 2023, the Company conducted its first double materiality assessment, which was still based on the ESRS draft standards. At this stage, the Company's main impacts, risks and opportunities were identified and prioritised. Based on the results, a disclosure gap analysis was prepared for each material theme and responsibility area. This phase was used to prepare and lay the groundwork for future data collection and to identify the main risks of each topic in terms of data collection and content. The double materiality assessment was updated in line with official standards and guidelines during the spring and summer of 2024.

The gap analysis showed that the main risks relate to information gaps, inadequate human resources and ESRS competences across the organisation. In addition, the risks relate to the establishment and technical implementation of the data collection management model. During the reporting period, the structural changes resulting from the sale of the Company's businesses and internal organisational changes were taken into account in the resourcing of the sustainability statement. The responsibility areas have been engaged in the reporting work in the most comprehensive and proactive way possible. Responsibilities for data collection are strongly linked to subject-matter expertise.

Risks related to the information gaps identified in the gap analysis were controlled by collecting information from suppliers on the sustainability management. This systematic data collection, covering key sustainability data, was launched centrally using the Company's new supplier management system in the autumn of 2024.

Risks related to insufficient human resources and lack of ESRS expertise were managed by using external experts to support the reporting process. In addition, the Company used a model designed by external experts to help identify risks and opportunities. This model was used to ensure that risks and opportunities were identified in accordance with the ESRS requirements. The data collection systems used by the Company ensured that the data sources for the information required by the CSRD were identified and collected in a sufficiently comprehensive manner.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

In addition, the data collection systems were designed to ensure that risks, opportunities and impacts were analysed in accordance with the ESRS requirements. The materiality analysis involved people from HR, administration, procurement, quality, finance, environment team, sustainability team and communications in the responsible sustainability reporting functions, while deepening the relevant expertise in the functions.

The progress of reporting has been reported to the Audit Committee five times (February, May, August, November and December) and to the Board three times (January, March and August).

### 3. Strategy

#### SBM-1 Strategy, business model and value chain

HKFoods' core business includes pork, beef and poultry, meat products, ready meals and meal components. The aim is to grow in categories that make everyday life easier for consumers, such as meals, meal components and snacks. In addition, the Company aims to grow in poultry products and new product categories.

HKFoods' key impacts, based on the double materiality assessment, are related to climate change, waste streams, health and safety of its own workforce, employment security of its own workforce, training and development of its own workforce, consumers and end-users' health, safety and access to high-quality information, and animal welfare. The impacts of material sustainability issues have been taken into account in 2024, for example, in product portfolio design, product development and manufacturing phases and investments to be made. Increasingly, sustainability aspects have been considered in the choice of raw materials, including salt and fat. A development project on product information management was carried out in 2024. Consumer-friendly, oven-ready packaging suitable for cardboard recycling was developed for product packaging. In 2024, HKFoods reviewed its medium-term strategy and plans for an update. HKFoods is also reviewing sustainability issues as part of the strategy updates.

In 2024, HKFoods has sold its businesses in Sweden and Denmark and centralised its production activities in Finland and Poland. HKFoods' customers include the retail and food service sectors and industrial and export customers.

The number of HKFoods employees in Finland was 2,936 and in Poland 183. Disclosure Requirement S1-6 *Characteristics of the undertaking's employees* provides more information on HKFoods' employees.

The Company has Group-wide sustainability targets in line with sustainability reporting requirements, which are explained in more detail in sections E-1 and E-3. HKFoods' key sustainability targets focus on primary production farms and suppliers in other procurement categories. The development work is mainly carried out in Finland. All customer groups are affected by the targets: retail and food service sectors as well as industrial and export customers.

All the Company's product categories (pork, beef, poultry, meat products, ready meals and meal components), customer segments (retail and food service sectors, industrial and export customers) and market areas (Finland and specific export markets) are equally included in the Company's sustainability targets.

At the core of HKFoods' strategy are the Finnish contract farmers and their pork, beef and poultry meat and the products made from them. The production of the main raw material has the greatest impact on climate change and is the most significant challenge for HKFoods in achieving its emission reduction targets.

Other important issues linked to the main raw material are water pollution from agriculture, water resource use, biodiversity and ecosystems, resource use and circular economy. The whole value chain depends on a skilled human workforce. The entire value chain is dependent on profitable operations, which is why in the current operating environment the Company has focused on strengthening its financial base and improving the competitiveness of its core business and the profitability of its operations.

Getting the value chain to commit to common targets is key to managing the impacts, risks and opportunities associated with sustainability.

HKFoods' upstream value chain includes farms that produce meat raw materials and suppliers that sell raw materials and services. HKFoods' role in the value chain covers procurement, product development, production, sales and marketing. The downstream value chain consists of HKFoods' customers - retail, food service and industrial customers - through whom the products reach consumers' food moments.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

HKFoods ensures the continuity of domestic food production in its home market and contributes to national food security and security of supply.

At the end of 2024, retail accounted for 62%, food service 18%, industrial sales 5% and exports 15% of HKFoods' sales channels.

HKFoods supports its own value chain and also conducts business through associates and joint ventures, including slaughtering, cutting, meat processing, ready food manufacturing and the use of rental, waste management, research and consultancy services.

Partnerships offer HKFoods a way to expand into new product categories and raw materials (e.g. Mäkitalon Maistuvat Oy) and to meet consumer demand for a diverse range of products.

Upstream value chain partnerships (DanHatch Finland Oy, Finnpig Oy, Länsi-Kalkkuna Oy, and InnoAgro Oy) and downstream partnerships (Honkajoki Oy and Pakastamo Oy) are an integral part of HKFoods' value chain activity and its further development.

HKFoods promotes the competitiveness of farmers and local food production through training and by developing food production from an environmental impact perspective. HKFoods' primary production experts and veterinarians advise farmers on issues such as animal nutrition and welfare, cultivation and technology. For more information on this topic, see S2-4.

HKFoods manufactures and sells food products that make everyday life easier for consumers. The nutritional value and quality of the products made by HKFoods are described under standard S4 of the Sustainability Statement. HKFoods' meat production is Finnish, which contributes to national food security and security of supply.

The company helps its farmers to improve their skills by providing training, among other measures. Together with them, HKFoods promotes animal welfare and develops a more climate-friendly way of producing food.

HKFoods promotes employee wellbeing and occupational safety through company-specific occupational well-being and occupational safety programs. Preventing accidents at work through proactive safety work increases wellbeing and reduces costs for the Company and the employee. Promoting wellbeing at work improves employee experience and commitment to the Company and reduces costs for the Company.

Shareholders, investors and financiers expect the Company to create value and generate returns in dividends and share price performance, and to manage its sustainability risks and opportunities.

HKFoods' long-term financial objectives are:

- EBIT of more than 4% of net sales
- Return on capital employed above 12%
- Net gearing of less than 100%
- Dividend above 30 % of net result

#### SBM-2 Interests and views of stakeholders

Food safety and high quality of products and processes are strategically important priorities for HKFoods and included in the HKFoods Group's management model. HKFoods' strategy is market-driven, with sustainability work guided by business needs and the expectations and requirements of key stakeholders. HKFoods continuously analyses consumer behaviour, changes in demand and consumption trends, and carries out competitor analyses. In addition, food safety and quality strategies are included in the annual business planning process. This information is used for strategy updates. Strategy updates are used to seek impact on all stakeholders.

The strategy is updated annually for three years, with the first year providing the guidelines for the following year's action plan and budget.

The Company's business model is based on its skilled and committed own workforce. Employees contribute to the development of a healthy and safe workplace. For more details, see S1-1. HKFoods is dedicated to providing a safe working environment and promoting equality and equal opportunities in the terms of employment, as well as diversity in the workplace. This supports staff development, wellbeing at work and job satisfaction, and ensures that the number, structure and skills of staff are in line with the targets and plans set out in the Company's strategy.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

HKFoods' business aims to establish long-term relationships with Finnish contract farmers who produce pork, beef and poultry for the Company. As a result, the Company's business is dependent on a skilled and committed value chain workforce. HKFoods' other value chain workers are also important to the Company's business. Consideration of these workers creates the basis for promoting cooperation, improving operating conditions and finding more sustainable operating models. Competitive pricing and cooperation with contract farmers contribute to profitability and create the conditions to operate and enhance cooperation.

HKFoods' key stakeholders include customers, consumers, staff and potential employees, contract farmers and other value chain workers, partners, owners, investors and financiers, as well as public authorities and decision-makers, the media, NGOs and associations.

There is interaction with all of the above stakeholders and this interaction is continuous in nature.

HKFoods has well-established practices for engaging in dialogue with its stakeholders. These practices provide an easy way for stakeholder representatives to ask questions, make suggestions and provide feedback to the Company. Examples of interaction channels include customer and other stakeholder events, meetings and consumer service activities. In addition, HKFoods receives valuable information from customer satisfaction surveys and reputation research on its brands. The Company also has a Fair Way reporting channel through which both internal and external parties can report, for example, any suspected breach of the Code of Conduct.

HKFoods participates in the activities of key industry and trade associations. These include trade unions, the Finnish Food and Drink Industries' Federation (ETL), animal health and welfare organisations and farmers' interest groups. More details can be found under G1-5.

The purpose of stakeholder interaction is to ensure cooperation with all stakeholders and to promote business and its sustainable development by understanding their needs and expectations.

The results of stakeholder interaction are taken into account in the development of the Company's operations and products. In addition, the safety and quality levels of HKFoods' products aim to ensure customer and consumer satisfaction and that the needs and expectations of internal and external stakeholders are met.

The Company is in active dialogue with its stakeholders. The double materiality assessment took into account a variety of materials, such as studies and analyses and farm-specific discussions with primary production operators, but no actual dialogue, such as interviews or surveys, was conducted.

In 2024, HKFoods has not made any significant changes to its existing strategy based on stakeholder views and does not expect any changes in the medium term.

The Board regularly considers the views of stakeholders and takes them into account on a case-by-case basis. The Company's management representatives report the main stakeholder views to the Board on various issues under discussion. In addition, the annual risk management process takes into account the most relevant stakeholder views under the guidance of the Internal Auditor.

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

## SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

HKFOODS' MATERIAL IMPACTS									
TOPIC	SUB-TOPIC	SUB-SUB-TOPIC	Impacted part of value chain	TYPE OF IMPACT			External impacts of strategy and business: environmental and social impacts	Impact of the sustainability topic on HKFoods: impacts of the environment and society on the Company's business	MANAGEMENT OF IMPACTS
				Actual or potential	Positive or negative	Time horizon			
<b>E - ENVIRONMENT</b>									
<b>E1 Climate Change</b>	Climate change adaptation		Raw materials and suppliers	potential	positive	long-term	<ul style="list-style-type: none"> <li>- The Company's activities play an important role in maintaining national food security.</li> <li>- Meat production generates significant GHG emissions, and the Company must support upstream adaptation to emission reduction measures and changes in circumstances caused by climate change.</li> </ul>	<ul style="list-style-type: none"> <li>- Raw material availability requires vibrant countryside, so adaptation supports the continuity of primary production, the management of animal and plant diseases and extreme weather events.</li> </ul>	<ul style="list-style-type: none"> <li>- Commitment to SBTi's targets and measurable actions under the Responsibility Programme.</li> <li>- Strategic commitment to Finnish meat through the HK, Kariniemen, Kivikylä and Tamminen consumer brand pledges</li> <li>- Increasing climate expertise in the value chain of primary production.</li> </ul>
	Climate change mitigation		Raw materials and suppliers	actual	negative	medium	<ul style="list-style-type: none"> <li>- The main raw material used is meat, the production of which produces GHG emissions (carbon dioxide and methane).</li> <li>- Operations are dependent on fossil energy sources and fuels.</li> </ul>	<ul style="list-style-type: none"> <li>- The high climate impact and growing awareness of the meat value chain is affecting stakeholder attitudes, the attractiveness of the industry and the cost of financing.</li> <li>- The rapidity of developments in national and EU legislation on climate change and the ambiguity of their content.</li> </ul>	<ul style="list-style-type: none"> <li>- Commitment to SBTi's targets and measurable actions under the Responsibility Programme</li> <li>- Strategic commitment to the use of Finnish meat through the HK® and Kariniemen® consumer brand promises</li> <li>- Increasing climate expertise of primary production in the value chain</li> <li>- Research projects: mitigating the climate impacts of agriculture and livestock production</li> </ul>
	Energy		Raw materials and suppliers	actual	negative	medium	<ul style="list-style-type: none"> <li>- Temperature-controlled processes and transport consume energy.</li> <li>- Operations depend on purchased energy and national/local energy production.</li> </ul>	<ul style="list-style-type: none"> <li>- Dependence on the availability and price of purchased energy and the progress of national energy investment projects and new technologies.</li> </ul>	<ul style="list-style-type: none"> <li>- Measures under the Energy Efficiency Agreement for Industries</li> <li>- Plant-specific energy efficiency programmes, investments and other measures</li> </ul>
<b>E2 Pollution</b>	Pollution of water		Raw materials and suppliers	actual	negative	medium	<ul style="list-style-type: none"> <li>- Field farming and meat production cause leaching of nutrients and soil from manure and fertilisers into local water bodies, leading to eutrophication.</li> </ul>	<ul style="list-style-type: none"> <li>- The impacts on the Company depend on the water protection measures taken by producers: reputation, costs, production constraints.</li> </ul>	<ul style="list-style-type: none"> <li>- Research projects: opportunities for reducing the impact of agriculture on water and the use of livestock manure</li> <li>- Participation in the Archipelago Sea project and related measures</li> <li>- Engaging contract farmers in water protection measures</li> </ul>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

TOPIC	SUB-TOPIC	SUB-SUB-TOPIC	Impacted part of value chain	TYPE OF IMPACT			External impacts of strategy and business: environmental and social impacts	Impact of the sustainability topic on HKFoods: impacts of the environment and society on the Company's business	MANAGEMENT OF IMPACTS			
				Actual or potential	Positive or negative	Time horizon						
E3 Water and marine resources	Water	Water withdrawals	Raw materials and suppliers Own production	actual	negative	long-term	<ul style="list-style-type: none"> <li>- In meat production, water is used both directly as drinking water for animals and indirectly to irrigate feed crops.</li> <li>- In own production, water is used for the manufacture of products and for washing the premises. The quality of waste water is limited by environmental permits.</li> </ul>	<ul style="list-style-type: none"> <li>- No own production activities in water risk areas.</li> <li>- Water withdrawal and its local environmental impact are primarily the responsibility of the water supply companies.</li> <li>- Dependence on the availability and price of clean water and the efficiency of municipal wastewater treatment.</li> </ul>	<ul style="list-style-type: none"> <li>- Pre-treatment and monitoring of waste water in accordance with the environmental permit conditions</li> <li>- Plant-specific water efficiency</li> </ul>			
				Direct impact drivers of biodiversity loss	Land-use change, fresh water-use change and sea-use change	Raw materials and suppliers	actual	negative	medium	<ul style="list-style-type: none"> <li>- Meat production requires the use of land for growing feed crops and grazing.</li> <li>- Feeds are made using soy, which is covered by the deforestation regulation.</li> <li>- Raw materials covered by the deforestation regulation (cattle, soy, palm oil) can be used for some products. Among land use changes, deforestation is one of the main drivers of biodiversity loss."</li> </ul>	<ul style="list-style-type: none"> <li>- Feed type (e.g. replacing soy with other protein sources) can reduce the nutritional efficiency of animal feed, which can affect the quality of meat raw material and animal welfare.</li> </ul>	<ul style="list-style-type: none"> <li>- Commitment to the measures required by the Deforestation Regulation</li> <li>- Sustainability certified soy and palm oil</li> <li>- Cooperation with feed suppliers</li> <li>- Research projects: production methods for regenerative farming and replacement of imported soy with domestic protein</li> </ul>
							Pollution	Raw materials and suppliers	actual	negative	long-term	<ul style="list-style-type: none"> <li>- Meat production has an impact on the eutrophication of water bodies. The main impact comes from the use of fertilisers and livestock manure.</li> <li>- Water pollution is one of the key drivers of biodiversity loss.</li> </ul>
Climate Change	Raw materials and suppliers	actual	negative	long-term	<ul style="list-style-type: none"> <li>- Climate change is the key driver of biodiversity change.</li> </ul>	<ul style="list-style-type: none"> <li>- Increasing contractual requirements and uncertainty expose supply chains to a variety of disruptions.</li> <li>- The rapidity of developments in national and EU biodiversity legislation and the ambiguity of content.</li> </ul>	<ul style="list-style-type: none"> <li>- Research projects: regenerative farming production methods to promote soil health and carbon sequestration</li> </ul>					

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

TOPIC	SUB-TOPIC	SUB-SUB-TOPIC	Impacted part of value chain	TYPE OF IMPACT			External impacts of strategy and business: environmental and social impacts	Impact of the sustainability topic on HKFoods: impacts of the environment and society on the Company's business	MANAGEMENT OF IMPACTS
				Actual or potential	Positive or negative	Time horizon			
	Impacts and dependencies on ecosystem services		Raw materials and suppliers	actual	negative	long-term	<ul style="list-style-type: none"> <li>- Dependence on agricultural raw materials, the production of which depends on ecosystem services.</li> <li>- Production of feeds and plant-based raw materials require good soil condition and plant disease management.</li> <li>- Meat production requires animal disease management. Medication used in animal disease management can contribute to the development of antibiotic-resistant microbial communities.</li> </ul>	<ul style="list-style-type: none"> <li>- Dependent on the availability and price of agricultural raw materials. Disruptions in ecosystem services expose to availability challenges and price volatility.</li> <li>- Dependent on national plant and animal disease prevention and research.</li> </ul>	<ul style="list-style-type: none"> <li>- Commitment to national animal health programmes and measures to combat antimicrobial resistance</li> <li>- Research projects: regenerative farming production methods to promote soil health and carbon sequestration</li> </ul>
<b>E5 Circular economy</b>	Waste		Customers and partners	actual	negative	medium	<ul style="list-style-type: none"> <li>- Distribution activities require the packaging of food products.</li> <li>- Downstream value chain, the recycling of bio-waste and packaging waste from food waste has a negative impact.</li> </ul>	<ul style="list-style-type: none"> <li>- The requirements and targets of national and EU legislation related to the EU Green Deal.</li> <li>- Dependent on national packaging recycling and sorting practices."</li> </ul>	<ul style="list-style-type: none"> <li>- Commitment to improving the recyclability of packaging as part of product development, identifying and testing substitute material solutions</li> <li>- Monitoring customer credits related to quality waste</li> </ul>
	Resource outflows related to products and services		Own operations	actual	positive	medium	<ul style="list-style-type: none"> <li>- The production process generates by-products suitable for human consumption, animal consumption or other industrial uses.</li> <li>- Meat production generates organic by-products that can be used as raw materials for, e.g. biofuels and fertilisers.</li> </ul>	<ul style="list-style-type: none"> <li>- Potential to develop the use of by-products more widely with partners.</li> <li>- Possibility to use circular economy solutions in product development.</li> </ul>	<ul style="list-style-type: none"> <li>- Activities in line with the Finnish food industry's material efficiency commitment</li> <li>- Joint ownership of Honkajoki to promote the circular economy of by-products of meat production</li> <li>- Plant-specific waste monitoring programmes</li> <li>- Waste reporting per production site</li> <li>- Market-specific utilisation of circular economy solutions, incl. exports</li> </ul>
<b>S - SOCIAL RESPONSIBILITY</b>									
<b>S1 Own workforce</b>	Working conditions	Secure employment	Own operations	actual	positive	medium	<ul style="list-style-type: none"> <li>- The Company's operations have a significant employment impact both nationally and locally in the production locations.</li> <li>- Several sites and good employment security allow for hybrid work and different forms of employment relationships.</li> </ul>	<ul style="list-style-type: none"> <li>- Dependent on the availability of skilled workforce, which may vary significantly from place to place.</li> <li>- Dependent on training opportunities and attractiveness of the industry.</li> <li>- A multicultural workforce requires extensive induction activities.</li> <li>- Changes in labour laws and regulations may create new requirements</li> </ul>	<ul style="list-style-type: none"> <li>- Standardised and job-specific induction and a wide range of support for employees</li> <li>- Collaboration with educational institutions and specialised vocational qualifications to be implemented</li> </ul>



## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

TOPIC	SUB-TOPIC	SUB-SUB-TOPIC	Impacted part of value chain	TYPE OF IMPACT			External impacts of strategy and business: environmental and social impacts	Impact of the sustainability topic on HKFoods: impacts of the environment and society on the Company's business	MANAGEMENT OF IMPACTS
				Actual or potential	Positive or negative	Time horizon			
		Health and safety	Own operations	potential	positive/negative	short	<ul style="list-style-type: none"> <li>- Proactive occupational health and safety of employees is promoted in the workplace.</li> <li>- All employees are provided with occupational health services to support their work ability.</li> <li>- Physical work exposes to musculoskeletal disorders, and psychological strain affects well-being at work.</li> </ul>	<ul style="list-style-type: none"> <li>- Dependent on the outsourced occupational health services, their scope and effectiveness.</li> <li>- A healthy workforce enables the success of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>- Commitment to Safety First and Better Together in line with the Responsibility Programme</li> <li>- Occupational Safety and Health Committee, early support models</li> <li>- Local occupational health and safety work carried out by health and safety committees</li> <li>- Workplace surveys, Voice staff survey</li> </ul>
		Social dialogue	Own operations	actual	positive	medium	<ul style="list-style-type: none"> <li>- The Company supports dialogue with employees and their representatives.</li> </ul>	<ul style="list-style-type: none"> <li>- The size of the Company requires collaborative processes and representative lobbying. The company has a European Works Council (EWC).</li> </ul>	<ul style="list-style-type: none"> <li>- Involved in the Finnish Food and Drink Industries' Federation (ETL) industry network and working groups</li> <li>- Activities in line with the cooperation procedures, representative lobbying</li> <li>- The Company supports dialogue with staff and their representatives through a variety of communication and interaction channels.</li> </ul>
		Collective bargaining, including rate of workers covered by collective agreements	Own operations	actual	positive	short	<ul style="list-style-type: none"> <li>- All employees are treated equally. The Company complies with collective agreements that guarantee equal treatment and working conditions.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company's employee relations guidelines are dependent on sectoral collective agreements.</li> </ul>	<ul style="list-style-type: none"> <li>- Collective agreements and sectoral collective agreements apply to employment relationships.</li> <li>- In the network of the Finnish Food and Drink Industries' Federation (ETL)</li> <li>- Activities in line with the cooperation procedures</li> </ul>
	Equal treatment and opportunities for all	Training and skills development	Own operations	actual	positive	medium	<ul style="list-style-type: none"> <li>- The Company supports the training of its employees.</li> <li>- Employees' skills and competences are developed in line with the requirements of their jobs.</li> </ul>	<ul style="list-style-type: none"> <li>- Dependent on the training opportunities in the sector, with a direct link to the availability of a skilled workforce.</li> <li>- Skills shortages can lead to increased labour costs, quality problems and disruptions.</li> </ul>	<ul style="list-style-type: none"> <li>- Commitment to the Better Together programme under the Responsibility Programme</li> <li>- Collaboration with educational institutions and specialist vocational qualifications to be implemented</li> <li>- Succession planning, training plans, induction programmes</li> <li>- Personal performance dialogues</li> </ul>
		Diversity	Own operations	actual	negative	short	<ul style="list-style-type: none"> <li>- Diversity in the workforce is not yet optimal at all levels of the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>- There may be preconceptions and ideological constraints on business that can affect the willingness of the workforce to enter the sector.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company's recruitment practices, job descriptions and criteria for applying for jobs are non-discriminatory</li> <li>- Diversity training for staff</li> </ul>
		Gender equality and equal pay for work of equal value	Own operations	potential	positive	short	<ul style="list-style-type: none"> <li>- The Company complies with collective agreements on pay and seeks gender equality.</li> </ul>	<ul style="list-style-type: none"> <li>- Tightening legislation on pay transparency and equality may create new requirements for pay practices</li> </ul>	<ul style="list-style-type: none"> <li>- Collective agreements guide the wages applied in employment contracts, regular practices for reviewing grades.</li> <li>- Pay transparency criteria reported annually</li> </ul>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

TOPIC	SUB-TOPIC	SUB-SUB-TOPIC	Impacted part of value chain	TYPE OF IMPACT			External impacts of strategy and business: environmental and social impacts	Impact of the sustainability topic on HKFoods: impacts of the environment and society on the Company's business	MANAGEMENT OF IMPACTS
				Actual or potential	Positive or negative	Time horizon			
<b>S2 Workers in the value chain</b>	Working conditions	Health and safety	Raw materials and suppliers	potential	negative	short	<ul style="list-style-type: none"> <li>- Agriculture is generally a sector prone to accidents at work.</li> <li>- In the Company's value chain, working conditions can potentially have negative impacts on value chain workers.</li> </ul>	<ul style="list-style-type: none"> <li>- Structural changes in agriculture can expose supply chains to a variety of disruptions.</li> <li>- Increasing regulation increases the pressure to identify risks.</li> </ul>	<ul style="list-style-type: none"> <li>- Setting requirements based on the Code of Conduct and corporate responsibility targets, procurement criteria at a general level.</li> <li>- The Next Generation training programme promotes, e.g., the skills of new farmers in the field of occupational safety and employment.</li> <li>- Primary production cooperation groups and network meetings used to interact with contract farmers.</li> <li>- Supplier management system and supplier surveys, producer surveys</li> <li>- Supplier audits</li> </ul>
	Equal treatment and opportunities for all	Training and skills development	Raw materials and suppliers	potential	positive	medium	<ul style="list-style-type: none"> <li>- The biggest positive and potential climate and environmental impact occurs in the supply chains.</li> <li>- The sustainability targets and requirements set by the Company require supply chain workers to have knowledge of related issues and to manage their impacts.</li> </ul>	<ul style="list-style-type: none"> <li>- Dependent on climate and environmental protection measures taken by suppliers.</li> <li>- Requirements may lead to changes in, e.g., operators or raw material supply.</li> </ul>	<ul style="list-style-type: none"> <li>- Setting requirements based on the Code of Conduct and corporate responsibility targets, procurement criteria at a general level.</li> <li>- The Next Generation training programme builds the skills of new farmers</li> <li>- Primary production cooperation groups and network meetings to increase the skills of contract farmers</li> <li>- Supplier management system and supplier surveys, contract farmer surveys</li> <li>- Supplier audits</li> </ul>
<b>S4 Consumers and end-users</b>	Personal safety of consumers and/or end-users	Health and safety	Customers and partners	actual	positive/negative	medium	<ul style="list-style-type: none"> <li>- The products made by the Company have a high level of product safety and are manufactured in certified production facilities.</li> <li>- The Company takes into account domestic nutritional recommendations in its product development.</li> <li>- The products are of public health importance.</li> </ul>	<ul style="list-style-type: none"> <li>- Stricter requirements for certification programmes are leading to changes in production methods.</li> <li>- Nutritional recommendations can affect the consumption of meat products and attitudes towards meat consumption.</li> <li>- Meat consumption habits are influenced by many factors such as the environment, health, ethics and culture.</li> </ul>	<ul style="list-style-type: none"> <li>- Commitment to safe products in line with the Responsibility Programme</li> <li>- Certification of production sites for food safety, internal audits</li> <li>- HACCP (Hazard Analysis and Critical Control Points) risk assessment</li> <li>- Category-specific product development projects to further develop the product range</li> <li>- Nutrition commitments</li> <li>- Consumer service, other consumer channels and surveys</li> </ul>
	Information-related impacts for consumers and/or end-users	Access to (quality) information	Customers and partners	actual	positive	medium	<ul style="list-style-type: none"> <li>- Product packaging provides comprehensive product and manufacturer information.</li> <li>- Consumers and end-users are provided with cooking instructions and recipes to support a balanced diet.</li> </ul>	<ul style="list-style-type: none"> <li>- Stricter regulation will increase the amount of verifiable information to be provided about products.</li> <li>- The need for product information is increasing as consumer interest and awareness grows.</li> </ul>	<ul style="list-style-type: none"> <li>- Joint sectoral development projects related to product information</li> <li>- Consumer service, other channels for consumers</li> <li>- Research projects: calculation of product-specific environmental impacts</li> </ul>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

TOPIC	SUB-TOPIC	SUB-SUB-TOPIC	Impacted part of value chain	TYPE OF IMPACT			External impacts of strategy and business: environmental and social impacts	Impact of the sustainability topic on HKFoods: impacts of the environment and society on the Company's business	MANAGEMENT OF IMPACTS
				Actual or potential	Positive or negative	Time horizon			
<b>G - GOOD GOVERNANCE</b>									
<b>G1 Business Conduct</b>	Animal welfare		Raw materials and suppliers	actual	positive	medium	<ul style="list-style-type: none"> <li>- Contract farms are mainly responsible for the welfare of farm animals throughout their life cycle. The company's animal welfare requirements affect the conditions of the production animals through the contracts.</li> <li>- The Company complies with the requirements of EU and national legislation in its own operations. The guiding principle for animal welfare is the implementation of the Five Freedoms of the World Organisation for Animal Health (WOAH).</li> </ul>	<ul style="list-style-type: none"> <li>- Stricter legislation will increase measures to support animal welfare.</li> <li>- Dependent on measures taken by contract farmers to promote the welfare of farm animals.</li> <li>- Animal welfare is of broad interest to the Company's various stakeholders for environmental and ethical reasons.</li> </ul>	<ul style="list-style-type: none"> <li>- Commitment to animal welfare in line with the Responsibility Programme</li> <li>- The company's animal welfare policy and guidelines, the guidelines and regulations of the relevant authorities and the guidelines under the Regulation on the protection of animals at the time of killing or slaughter, in addition to general compliance with legislation</li> <li>- Veterinary and other expert advice to contract farmers</li> <li>- Contract conditions, membership of animal welfare schemes (such as Naseva and Sikava)</li> <li>- External customer audits and internal audits</li> </ul>
	Corporate culture		Own operations	potential	positive	medium	<ul style="list-style-type: none"> <li>- The Company has a potentially positive impact on corporate culture through values, leadership and operating principles.</li> </ul>	<ul style="list-style-type: none"> <li>- Stakeholders and tightening legislation require compliance with a responsible corporate culture.</li> </ul>	<ul style="list-style-type: none"> <li>- The company culture is guided by the Code of Conduct and other policies.</li> <li>- This culture is promoted internally through various projects, programmes included in the Responsibility Programme and the development of management approaches.</li> <li>- Training for supervisors and other staff</li> </ul>
	Protection of whistle-blowers		Own operations	actual	positive	short	<ul style="list-style-type: none"> <li>- The Company has an anonymous reporting channel for external and internal stakeholders for suspected cases of misconduct involving the Company.</li> </ul>	<ul style="list-style-type: none"> <li>- Legal requirement for the company.</li> </ul>	<ul style="list-style-type: none"> <li>- Mandatory corporate policies and reporting practices.</li> <li>- The Whistleblowing Channel (FairWay) and the associated anonymous and confidential handling process and reporting to company management.</li> </ul>
	Political engagement		Own operations	actual	positive	short	<ul style="list-style-type: none"> <li>- Engages in lobbying activities under the Transparency Register Act on issues that are central to its operations.</li> <li>- Participates in lobbying activities through the activities of the Finnish Food and Drink Industries' Federation (ETL).</li> </ul>	<ul style="list-style-type: none"> <li>- Tightening regulation can affect operating conditions.</li> <li>- Transparency Register Act affects the transparency of company operations.</li> </ul>	<ul style="list-style-type: none"> <li>- Mandatory corporate policies and reporting practices, transparency register</li> </ul>
	Management of relationships with suppliers including payment practices		Raw materials and suppliers	actual	negative	short	<ul style="list-style-type: none"> <li>- In the business relationship, suppliers are required to comply with the Supplier Code of Conduct.</li> <li>- As a rule, written supply contracts are used, payment practices are agreed in separate contracts.</li> <li>- Payment times are sometimes long.</li> <li>- Standard payment terms for each group are applied.</li> </ul>	<ul style="list-style-type: none"> <li>- Suppliers' responsibility work may increase costs and require new contract negotiations.</li> <li>- Challenges to the profitability of food production keep pricing issues at the centre of the debate.</li> <li>- Growing demands and increasing regulation require new approaches and new skills.</li> </ul>	<ul style="list-style-type: none"> <li>- Engaging suppliers in the Supplier Code of Conduct.</li> <li>- Supply contracts and compliance with agreed payment terms</li> <li>- Supplier management system and supplier surveys, producer surveys</li> <li>- Supplier audits</li> </ul>

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

## HKFOODS' RISKS AND OPPORTUNITIES

TOPIC	SUB-TOPIC	SUB-SUB-TOPIC	Impacted part of value chain	Risk or opportunity	Time horizon	Business and strategy dependencies on the sustainability topic	Risk/Opportunity management
<b>E - ENVIRONMENT</b>							
<b>E1 Climate Change</b>	Climate Change adaptation		Raw materials and suppliers	risk	long-term	<ul style="list-style-type: none"> <li>- The business is dependent on meat raw material produced by Finnish contract farmers. Business continuity requires agricultural vitality, continuity of meat production and animal disease management.</li> <li>- Adaptation measures require financial incentives and national policy guidance.</li> </ul>	<ul style="list-style-type: none"> <li>- Adaptation measures resulting from climate work are taken into account in the company's strategy and procurement work</li> <li>- Commitment to SBTi targets and measurable actions in line with the Responsibility Programme</li> <li>- Increasing climate expertise in the primary value chain</li> <li>- The Company supports the operating conditions for meat production, including animal disease management measures to reduce vulnerability to disruptions and price volatility</li> </ul>
	Climate change mitigation		Raw materials and suppliers	risk	medium	<ul style="list-style-type: none"> <li>- Local meat production is mainly contract farming and depends on the conditions for primary production and the demand for raw materials.</li> <li>- Reducing emissions and increasing regulation impose costs along the value chain.</li> <li>- Substitution of fossil energy sources by electricity requires significant investments.</li> </ul>	<ul style="list-style-type: none"> <li>- Commitment to SBTi's targets and medium-term planning of investments in industrial activities and energy and soil modifications, in line with the Responsibility Programme</li> <li>- Strategic commitment to support local meat production</li> <li>- Next Generation programme to increase the climate skills of new farmers</li> <li>- Primary production partnership groups to increase the climate skills of contract farmers</li> <li>- Research projects: mitigating the climate impacts of agriculture and livestock production</li> </ul>
	Energy		Raw materials and suppliers	risk	medium	<ul style="list-style-type: none"> <li>- The availability and pricing of low-carbon energy and the ability to invest in new technologies.</li> <li>- The need for investment leads to cost increases and price volatility.</li> </ul>	<ul style="list-style-type: none"> <li>- Measures under the Industrial Energy Efficiency Agreement</li> <li>- Plant-specific energy efficiency programmes, investments and other measures</li> </ul>
<b>E4 Biodiversity and ecosystems</b>	Direct impact drivers of biodiversity loss	Land-use change, fresh water-use change and sea-use change	Raw materials and suppliers	risk	medium	<ul style="list-style-type: none"> <li>- The introduction of the Deforestation Regulation entails costs for verifying the origin of beef. The certification of origin of soy brings additional costs. Moreover, its availability is limited.</li> <li>- The Nature Restoration Regulation will add costs to the value chain.</li> <li>- Switching soy to other protein sources can affect feed costs</li> </ul>	<ul style="list-style-type: none"> <li>- Design and implementation of measures required by the Deforestation Regulation</li> <li>- Engaging the value chain in cooperation</li> <li>- Research projects: production methods for regenerative farming and replacement of imported soy with domestic protein</li> </ul>
		Climate Change	Raw materials and suppliers	risk	long-term	<ul style="list-style-type: none"> <li>- Increasing contractual requirements, uncertainty and emission reductions lead to costs and price volatility.</li> <li>- Introducing regenerative farming and carbon sequestration require national financial incentives, targeting of agricultural subsidies and policy guidance.</li> <li>- Decisions taken now will have a slow impact on nature, but will have a major impact on the sustainability of agriculture and soil vitality.</li> </ul>	<ul style="list-style-type: none"> <li>- Research projects: regenerative farming production methods to promote carbon sequestration, optimisation of field water management</li> </ul>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

TOPIC	SUB-TOPIC	SUB-SUB-TOPIC	Impacted part of value chain	Risk or opportunity	Time horizon	Business and strategy dependencies on the sustainability topic	Risk/Opportunity management
<b>E5 Circular economy</b>	Waste		Customers and partners	opportunity	medium	- Reducing waste enables a reduction in the environmental impact of the value chain and cost savings associated with recycling.	- A commitment to responsible packaging and improved recyclability, as part of the Sustainability Programme, supports customers and partners in their own targets - Monitoring of customer credits related to quality waste
	Resource outflows related to products and services		Own operations	opportunity	medium	- Wider use of by-products enables an increase in the commercial return on raw material of animal origin - Better use of raw material reduces disposal costs. - Export market potential for carcasses not in demand on the local market	- Activities in line with the Finnish food industry's material efficiency commitment - Joint ownership of Honkajoki to promote the circular economy of meat by-products - Plant-specific waste monitoring programmes - Waste reporting per production site - Greater use of by-products will enable increased commercial returns on raw material of animal origin and reduce disposal costs.
<b>S - SOCIAL RESPONSIBILITY</b>							
<b>S1 Own workforce</b>	Working conditions	Secure employment	Own operations	risk	medium	- Changes in labour laws and regulations can create new costs. - The attractiveness of the sector and the low availability of skilled labour may pose an operational risk.	- Standardised and job-specific induction and a variety of support services for employees - Collaboration with educational institutions and specialist vocational qualifications to be implemented
		Health and safety	Own operations	risk	short	- Production work, shift work and hazardous chemicals expose workers to accidents at work, which increase insurance premiums and other costs. - Physical work exposes people to musculoskeletal disorders and mental stress affects wellbeing at work.	- Commitment to Safety First and Better Together programmes under the Responsibility Programme - Occupational health care action plan, early support models - Local health and safety work by health and safety committees - Workplace surveys, Voice staff survey
		Collective bargaining, including rate of workers covered by collective agreements	Own operations	risk	short	- Cost evolution depends on the developments in collective agreements and the flexibility they allow. - Disagreements between unions can cause widespread labour market disruption and increase costs.	- Collective agreements and sectoral collective agreements apply to employment relationships. - Involved in the Food and Drink Industries' Federation (ETL) sectoral network - Activities in line with the cooperation procedure
<b>S2 Workers in the value chain</b>	Equal treatment and opportunities for all	Training and skills development	Raw materials and suppliers	opportunity	medium	- Farmers' subsidies are an essential financial incentive for climate and environmental protection in agriculture. - Doing things better increases productivity and boosts competitiveness.	- Setting requirements based on the Code of Ethics and corporate responsibility targets, procurement criteria at a general level. - The Next Generation programme builds the skills of new farmers - Primary production cooperation groups and network meetings to increase the skills of contract farmers - Supplier management system and supplier surveys, farmer surveys - Supplier audits
<b>S4 Consumers and end-users</b>	Personal safety of consumers and/or end-users	Health and safety	Customers and partners	risk	medium	- Possible product recalls can lead to costs and reputational damage. - Nutritional recommendations and changes in meat consumption habits may have an impact on the sales of meat products	- Commitment to safe products in line with the Responsibility Programme - Certification of production facilities for food safety, internal audits - HACCP (Hazard Analysis and Critical Control Points) risk assessment - Category-specific product development projects to develop the product range - Nutrition commitments - Consumer service, other consumer channels and consumer surveys

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

TOPIC	SUB-TOPIC	SUB-SUB-TOPIC	Impacted part of value chain	Risk or opportunity	Time horizon	Business and strategy dependencies on the sustainability topic	Risk/Opportunity management
<b>G - GOOD GOVERNANCE</b>							
<b>G1 Business Conduct</b>	Animal welfare		Raw materials and suppliers	risk	medium	<ul style="list-style-type: none"> <li>- Dependent on contract farmers for animal welfare work, which can increase costs.</li> <li>- New customer and legislative requirements bring additional costs.</li> <li>- Increased animal diseases pose risks and cost increases to the business.</li> <li>- Profitability and reputation of the meat business depends on the welfare of farm animals and the management of animal diseases.</li> </ul>	<ul style="list-style-type: none"> <li>- Commitment to animal welfare in line with the Responsibility Programme</li> <li>- Acting in compliance with legislation</li> <li>- Providing advice to producers from veterinarians and other experts</li> <li>- Contract conditions, membership of animal welfare schemes (such as Naseva and Sikava)</li> <li>- External customer audits and internal audits</li> <li>- Animal disease management to reduce exposure to supply chain disruption and price volatility</li> </ul>
	Corporate culture		Own operations	opportunity	medium	<ul style="list-style-type: none"> <li>- A competent organisation has the potential to create a good corporate culture that supports better management and good performance and that attracts talented people to work.</li> </ul>	<ul style="list-style-type: none"> <li>- The company culture is guided by the Code of Conduct and other policies.</li> <li>- This culture is promoted internally through various projects, programmes in the Responsibility Programme and the development of management approaches.</li> <li>- Training for supervisors and other staff.</li> </ul>

The Company has not made an accurate assessment of the impact of material risks and opportunities on its results, cash flows or financial position in the current or upcoming financial period. The Company will prepare a supplemental assessment in the medium term.

The Company has not prepared a resilience analysis. HKFoods will prepare the analysis in the course of 2025.

Before 2024 HKFoods has not conducted a double materiality assessment of material impacts, risks and opportunities in line with the ESRS standards.

HKFoods does not have its own entity-specific reportable topics.

HKFoods has described the material impacts, risks and opportunities related to climate change, biodiversity, own workforce, value chain workers, consumers and end-users and their interaction with the strategy and business model also as part of the topical ESRS standards:

- Impacts, risks and opportunities related to climate change are described as part of the E1 standard in requirement *SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model* on page 49.
- Impacts, risks and opportunities related to biodiversity are described as part of the E4 standard in requirement *SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model* on page 62.
- Impacts, risks and opportunities related to own workforce are described as part of the S1 standard in requirement *SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model* on page 71.
- Impacts, risks and opportunities related to workers in the value chain are described as part of the S2 standard in requirement *SBM-3 Material impacts, risks and opportunities and their interaction with the strategy and business model* on page 84.
- Impacts, risks and opportunities related to consumers and end-users are described as part of the S4 standard in requirement *SBM-3 Material impacts, risks and opportunities and their interaction with the strategy and business model* on page 91.

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

## 4. Impact, risk and opportunity management

### 4.1 Disclosures on the materiality assessment process

#### IRO-1 Description of the process to identify and assess material impacts, risks and opportunities

HKFoods updated the double materiality assessment following the requirements of the ESRS 1 standard and the final topical ESRS standards classification sub-categories in 2024. The work was supported by the EFRAG guidance on double materiality assessment work.

All topics, sub-topics and sub-sub-topics listed in the topical standards were considered in the analysis work. In the first stage, topics irrelevant to HKFoods' business and business environment were excluded. In the second stage, the magnitude of the impact, risks and opportunities of the remaining topics was assessed. The impact assessment determined the severity of the sustainability topic: scale, scope, irremediable character and likelihood. The range for each was 1-5, with a value of 5 being the highest.

For the financial impact, the sustainability topics were assessed based on the duration of their impact, their financial impact and the likelihood of the event. The assessment of financial materiality was based on the euro-denominated risk rating used in the Company's risk management process.

An assessment tool was used to prioritise material topics. The final prioritisation of topics was based on the numerical score of the tool, the likelihood of the sustainability topic occurring and the financial impact. The threshold score represents a sufficiently comprehensive set of sustainability topics and information for the Company. In the impact assessment, the threshold value was set at 15 and values above this were included in the list of material impacts.

The Company monitors the development of relevant sustainability topics assessed with a lower value but does not include them in the list of material topics. Sub-topics rated as moderate (value 15-20), high (value 20-22) and distinct (value 22-25) are defined as material sub-topics.

The financial assessment had the same threshold of 15, but in addition to this, the topic was considered to be financially material if its financial impact was assessed on the risk management rating scale as 2 (low financial impact) and at the same time its probability was 5 (likely). There were 27 topics listed in the impact assessment and 14 in the risk and opportunity assessment. No topics emerged in the risk and opportunity assessment that were not also material in terms of impact. The sustainability reporting includes all the topics identified in the impact assessment.

The topics, risks and opportunities material to the Company and the thresholds set were discussed and approved by the Company's Executive Team, Audit Committee and Board of Directors.

HKFoods does not have a single due diligence process for all of the topics identified in the double materiality of the sustainability assessment, but the due diligence process for each material sub-topic is determined under the management process for each sub-topic. The existing due diligence process priorities for the material sub-topics are described in the sections for each sub-topic separately and are listed in the table in GOV-4.

Under the double materiality assessment carried out during the reporting period, the most material risks, opportunities and impacts for sustainability have been largely identified in line with the due diligence processes. HKFoods recognises that the Company's development focus is to further define the processes for assessing and managing the risks, opportunities and impacts of the identified material elements and incorporating these into the Group's overall risk management process (ERM) or otherwise defining the required process. Preliminary planning has started during the reporting period but is still ongoing. The aim is to complete it in the medium term.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

HKFoods has described the process for identifying and assessing material impacts, risks and opportunities related to climate, water pollution, water and marine resources, biodiversity, resource use and circular economy, and business conduct also as part of the topic-specific ESRS standards:

- Description of the process to identify and assess material impacts, risks and opportunities related to climate is provided on page 50 (Climate change E1)
- Description of the process to identify and assess material impacts, risks and opportunities related to pollution is provided on page 5 (Pollution E2)
- Description of the process to identify and assess material impacts, risks and opportunities related to water and marine resources is provided on page 60 (Water and marine resources E3)
- Description of the process to identify and assess material impacts, risks and opportunities related to biodiversity and ecosystems is provided on page 63 (Biodiversity and ecosystems E4)
- Description of the process to identify and assess material impacts, risks and opportunities related to resource use and circular economy is provided on page 67 (Resource use and circular economy E5)
- Description of the process to identify and assess material impacts, risks and opportunities related to business conduct is provided on page 99 (Business conduct G1)

IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

IRO-2 Disclosure requirements and incorporation by reference

The following tables list the ESRS disclosure requirements that HKFoods has complied with in preparing this Sustainability Report on a double materiality basis.

The table can be used to navigate to the information on the disclosure requirement of the sustainability statement.

The tables present ESRS-compliant information that is referred to outside the Sustainability Statement, either in another part of the Report of the Board of Directors or in the Financial Statements.

#### References outside the Sustainability Impact Assessment

Data point	Section of the Board of Directors/ Financial Statements
BP-1	Note 28 to the Consolidated Financial Statements Related party transactions
E1-5	Consolidated Financial Statements
E1-6	Consolidated Financial Statements



## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

### Disclosures stemming from other legislation

The following table shows all other datapoints derived from EU legislation listed in Annex B of ESRS 2. The table shows where the datapoints are found in the HKFoods Sustainability Statement and which datapoints have been assessed as non-material on the basis of the double materiality analysis. If HKFoods does not yet have data relating to a particular datapoint, it is marked with a dash (-).

Disclosure requirement	Datapoint	Location and page number	Sustainability information	Reference to other EU legislation			
				SFDR	Pillar 3	Benchmark Regulation	EU Climate Law
ESRS 2 GOV-1	21 (d)	22	The board's gender diversity	x		x	
ESRS 2 GOV-1	21 (e)	22	Percentage of board members who are independent			x	
ESRS 2 GOV-4	30	25	Statement of due diligence	x			
ESRS 2 SBM-1	40 (d) i	Non-material	Involvement in activities related to fossil fuel	x	x	x	
ESRS 2 SBM-1	40 (d) ii	Non-material	Involvement in activities related to chemical production	x		x	
ESRS 2 SBM-1	40 (d) iii	Non-material	Involvement in activities related to controversial weapons	x		x	
ESRS 2 SBM-1	40 (d) iv	Non-material	Involvement in activities related to cultivation and production of tobacco			x	
ESRS E1-1	14	48	Transition plan to reach climate neutrality by 2050				x
ESRS E1-1	16 (g)	Non-material	Undertakings excluded from Paris-aligned benchmarks		x	x	
ESRS E1-4	34	53	GHG emissions reduction targets	x	x	x	
ESRS E1-5	38	54	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x			
ESRS E1-5	37	54	Energy consumption and mix	x			
ESRS E1-5	40-43	54	Energy intensity associated with activities in high climate impact sectors	x			
ESRS E1-6	44	55	Gross Scope 1, 2, 3 and Total GHG emissions	x	x	x	
ESRS E1-6	53-55	57	Gross GHG emissions intensity	x	x	x	
ESRS E1-7	56	Non-material	GHG removals and carbon credits				x
ESRS E1-9	66	-	Exposure of the benchmark portfolio to climate-related physical risks			x	
ESRS E1-9	66 (a); 66 (c)	-	Disaggregation of monetary amounts by acute and chronic physical risk. Location of significant assets at material physical risk.		x		
ESRS E1-9	67 (c)	-	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		x		
ESRS E1-9	69	-	Degree of exposure of the portfolio to climate-related opportunities			x	
ESRS E2-4	28	59	Amount of each pollutant listed in Annex II of the E-PRTR Regulation emitted to air, water and soil	x			
ESRS E3-1	9	60	Water and marine resources	x			
ESRS E3-1	13	Non-material	Dedicated policy	x			
ESRS E3-1	14	Non-material	Sustainable oceans and seas	x			

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

Disclosure requirement	Datapoint	Location and page number	Sustainability information	Reference to other EU legislation			
				SFDR	Pillar 3	Benchmark Regulation	EU Climate Law
ESRS E3-4	28 (c)	61	Total water recycled and reused	x			
ESRS E3-4	29	61	Total water consumption in m <sup>3</sup> per net revenue on own operations	x			
ESRS 2- IRO 1 - E4	16 (a) i	63		x			
ESRS 2- IRO 1 - E4	16 (b)	63		x			
ESRS 2- IRO 1 - E4	16 (c)	63		x			
ESRS E4-2	24 (b)	65	Sustainable land / agriculture practices or policies	x			
ESRS E4-2	24 (c)	65	Sustainable oceans / seas practices or policies	x			
ESRS E4-2	24 (d)	65	Policies to address deforestation	x			
ESRS E5-5	37 (d)	70	Non-recycled waste	x			
ESRS E5-5	39	70	Hazardous waste and radioactive waste	x			
ESRS 2- SBM3 - S1	14 (f)	73	Risk of incidents of forced labour	x			
ESRS 2- SBM3 - S1	14 (g)	73	Risks of incidents of child labour	x			
ESRS S1-1	20	74	Human rights policy commitments	x			
ESRS S1-1	21	74	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions			x	
ESRS S1-1	22	73	Processes and measures for preventing trafficking in human beings	x			
ESRS S1-1	23	75	Workplace accident prevention policy or management system	x			
ESRS S1-3	32 (c)	77	Grievance/complaints handling mechanisms	x			
ESRS S1-14	88 (b) & (c)	83	Number of fatalities and number and rate of work-related accidents	x		x	
ESRS S1-14	88 (e)	-	Number of days lost to injuries, accidents, fatalities or illness	x			
ESRS S1-16	97 (a)	83	Unadjusted gender pay gap	x		x	
ESRS S1-16	97 (b)	83	Excessive CEO pay ratio	x			
ESRS S1-17	103 (a)	Non-material	Incidents of discrimination	x			
ESRS S1-17	104 (a)	Non-material	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	x		x	
ESRS 2- SBM3 - S2	11 (b)	86	Significant risk of child labour or forced labour in the value chain	x			
ESRS S2-1	17	87	Human rights policy commitments	x			
ESRS S2-1	18	87	Policies related to value chain workers	x			
ESRS S2-1	19	88	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x		x	
ESRS S2-1	19	88	Due diligence policies on issues addressed by the fundamental ILO Conventions			x	
ESRS S2-4	36	88	Human rights issues and incidents connected to its upstream and downstream value chain	x			
ESRS S3-1	16	Non-material	Human rights policy commitments	x			

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

Disclosure requirement	Datapoint	Location and page number	Sustainability information	Reference to other EU legislation			
				SFDR	Pillar 3	Benchmark Regulation	EU Climate Law
ESRS S3-1	17	Non-material	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines	x		x	
ESRS S3-4	36	Non-material	Human rights issues and incidents	x			
ESRS S4-1	16	92	Policies related to consumers and end-users	x			
ESRS S4-1	17	94	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x		x	
ESRS S4-4	35	Non-material	Human rights issues and incidents	x			
ESRS G1-1	10 (b)	-	Principles for anti-corruption or anti-bribery consistent with the UN Convention against Corruption	x			
ESRS G1-1	10 (d)	-	Protection of whistle-blowers	x			
ESRS G1-4	24 (a)	Non-material	Fines for violation of anti-corruption and anti-bribery laws	x		x	
ESRS G1-4	24 (b)	Non-material	Standards of anti-corruption and anti-bribery	x			

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

## E: EU taxonomy

### 1. Assessment of taxonomy eligibility and alignment at HKFoods and reporting principles

#### 1.1. Net sales

HKFoods' net sales from continuing operations of EUR 1,001.8 million consist almost entirely of sales of food products manufactured by the Company, which is not yet an activity in the EU taxonomy. The Company therefore has no taxonomy-eligible net sales. In relation to net sales, a significant proportion of the Company's costs from continuing operations is accounted for by the purchase of meat raw material from contract farmers. The reportable net sales correspond to the net sales from continuing operations as reported in the consolidated financial statements.

#### 1.2. Capital and operating expenditure

HKFoods has analysed that the Company does not have a material amount of taxonomy-eligible capital and operating expenditure. Capital expenditure includes additions from continuing operations to intangible and tangible fixed assets and to concession assets related to leases, determined in accordance with IFRS accounting policies. Operating expenditure includes maintenance and repair expenditure and short-term leases related to the maintenance of tangible fixed assets.

#### 1.3. Fossil gas and nuclear energy

HKFoods has no activities related to fossil gas or nuclear energy.

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

## Tables according to the EU Taxonomy Regulation

Share of net sales in 2024 of products or services related to economic activities under the classification system.

TURNOVER	Substantial Contribution Criteria								DNSH criteria ('Does Not Significantly Harm') (h)										
	Code (a) (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic Activities (1)		EUR million	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Activity: HKFoods' industry has no Taxonomy classification		0	0							Y	Y	Y	Y	Y	Y	Y	0		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)			%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%		
Of which Enabling			%	%		%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%	E	
Of which Transitional			%	%						Y	Y	Y	Y	Y	Y	Y	%		T
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)</b>																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Activity: HKFoods' industry has no Taxonomy classification		0	0	EL	EL				EL								0		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			%	%	%	%	%	%	%								%		
<b>A. Turnover of Taxonomy eligible activities (A.1+A.2)</b>		<b>0</b>	<b>0</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>								<b>0</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>Turnover of Taxonomy-non-eligible activities</b>		1,001.8	100%																
<b>TOTAL</b>		<b>1,001.8</b>	<b>100%</b>																

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

Share of capital expenditures in 2024 of products or services related to economic activities under the classification system.

CAPITAL EXPENDITURES	Substantial Contribution Criteria								DNSH criteria ('Does Not Significantly Harm') (h)										
	Code (a) (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic Activities (1)	EUR million	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Activity: HKFoods' industry has no Taxonomy classification	0	0								Y	Y	Y	Y	Y	Y	Y	0		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%		
Of which Enabling		%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%	E	
Of which Transitional		%	%							Y	Y	Y	Y	Y	Y	Y	%		T
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)</b>																			
			EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Activity: HKFoods' industry has no Taxonomy classification	0	0															0		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		%	%	%	%	%	%	%	%								%		
<b>A. CapEx of Taxonomy eligible activities (A.1+A.2)</b>	<b>0</b>	<b>0</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>								<b>0</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>CapEx of Taxonomy-non-eligible activities</b>	34.2	100%																	
<b>TOTAL</b>	<b>34.2</b>	<b>100%</b>																	

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

Share of operating expenditure in 2024 of products or services related to economic activities under the classification system.

OPERATING EXPENDITURE	Substantial Contribution Criteria								DNSH criteria ('Does Not Significantly Harm')(h)										
	Code (a) (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic Activities (1)	EUR million	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Activity: HKFoods' industry has no Taxonomy classification	0	0							Y	Y	Y	Y	Y	Y	Y	0			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%			
Of which Enabling		%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	%	E		
Of which Transitional		%	%						Y	Y	Y	Y	Y	Y	Y	%			T
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)</b>																			
			EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)											
Activity: HKFoods' industry has no Taxonomy classification	0	0														0			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		%	%	%	%	%	%	%								%			
<b>A. OpEx of Taxonomy eligible activities (A.1+A.2)</b>	<b>0</b>	<b>0</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>								<b>0</b>			
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>OpEx of Taxonomy-non-eligible activities</b>	27.0	0																	
<b>TOTAL</b>	<b>27.0</b>	<b>100%</b>																	

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

## E1 Climate change

### 1. Governance

#### GOV-3 Climate-related targets for remuneration

The remuneration of the Board of Directors and CEO in HKFoods Plc is based on the remuneration principles set out in the Remuneration Policy in force and approved by the HKFoods' Board and shareholders. Climate-related targets are not taken into account in the remuneration of the HKFoods' Board or CEO.

### 2. Strategy

#### E1-1 Transition plan for climate change mitigation

In 2024, HKFoods updated its climate emissions calculation and climate target as part of its Responsibility Programme to better reflect international climate and calculation guidelines and reporting standards.

HKFoods does not have a transition plan in accordance with the Sustainability Reporting Standard. In 2024, the divestments of the Swedish and Danish businesses significantly changed the structure of the Company, and HKFoods aims to have an updated transition plan for climate change mitigation in 2025.

The details of the updated transition plan for climate change mitigation are under preparation. This work is guided by the Company's strategic guidelines, the updated corporate structure and the geographical location of the business.

HKFoods aims to achieve net zero for all GHG emissions by 2050. However, this target does not meet the ESRS requirements in terms of net zero, but is in line with the Paris Climate Agreement, which aims to limit the global average temperature increase to 1.5 degrees Celsius. To achieve the target, HKFoods will focus across its value chain on implementing the most significant GHG emission reduction measures, followed by short-term measures that will be complemented by sustainable decarbonisation solutions.

The Company is committed to SBTi's short-term targets, but in 2024 has not yet committed to the SBTi's long-term target, so the measures required for the long-term targets are not further specified. These targets will be set in the medium term.

In calculating GHG emissions, HKFoods follows the GHG Protocol's Corporate Standard and Land Sector and Removals Guidance in line with SBTi requirements.

#### HKFoods' short-term climate target

The SBTi (Science Based Targets initiative) has approved HKFoods' short-term climate targets. Under the short-term targets, HKFoods commits to reduce absolute scope 1 and 2 GHG emissions from industrial operations and energy by 42 per cent by 2030 compared to the 2022 baseline. Similarly, a commitment has been made to reduce emissions in specific scope 3 categories by 42 per cent over the same period. The target also includes emissions related to bioenergy feedstocks.

In addition, HKFoods has committed to reduce absolute scope 3 FLAG GHG emissions from land-based emissions by 30.3 per cent by 2030 compared to the 2022 baseline.

HKFoods' SBTi-approved short-term climate targets have been approved by the Group Executive Team and the Board of Directors. HKFoods' updated transition plan for climate change mitigation, currently under preparation, has not yet been submitted to the Group Executive Team and Board for approval. Once the updated transition plan is completed in 2025, it will be presented to HKFoods' senior management and Board for approval.

With its climate target, HKFoods is committed to reducing its GHG emissions in all its own operations and throughout the value chain. Key actions to reduce GHG emissions include improving the energy efficiency of industrial operations, sustainable land use methods and practices, and cooperating with contract farmers to reduce GHG emissions. HKFoods has an obligation to implement the Deforestation Regulation in the manner required by law by the end of 2025.

HKFoods finances investments to support the implementation of the transition plan for climate change mitigation with cash flow generated from the business. In 2024, the Company invested a total of around EUR 450,000 in activities contributing to climate targets and improving energy efficiency.



21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

The most significant energy investment was made in the steam generation unit of the Vantaa production plant by replacing the use of natural gas with electricity. HKFoods estimated that 89% of steam would be produced in the future with electricity of certified origin. In addition, during the reporting period, the Company has invested in a switch to LED lighting, electric car charging outlets, compressed air leakage survey, water saving in the water cooler of the packaging machine and energy saving in the air conditioner technology.

HKFoods has no significant locked-in GHG emissions for key assets or products that could jeopardise the Company's achievement of its GHG emission reduction targets and pose a transition risk.

HKFoods has no economic activities falling within the scope of the delegated regulations on climate change adaptation or mitigation adopted under the Taxonomy Regulation.

HKFoods is not excluded from the EU Paris-aligned Benchmarks.

#### SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

##### Risks and opportunities related to climate change and their impact on HKFoods' business

HKFoods has assessed the climate change risks to its operations. HKFoods' material risks relate to climate change mitigation, climate change adaptation and energy.

Based on HKFoods' risk assessment, the following **transition risks** relate to **climate change mitigation**:

- the effectiveness, verification and scalability of measures to reduce primary production emissions
- the rapidity of development of national and EU climate change legislation and the uncertainty of content interpretation
- potential impacts on the capacity and viability of the food chain
- maintaining the Finland's security of supply and guaranteeing equal food security for all

- cost increases due to increased regulation of carbon dioxide emissions
- impacts of the carbon footprint of the meat value chain on the attractiveness of the Company as an investment
- the impact of the carbon footprint on financing costs

**Adapting to climate change** involves both physical and transition risks.

Based on HKFoods' risk assessment, the following **physical risks** were identified:

- impacts of increasing animal and plant diseases in the domestic market on the supply chain and exports
- impacts of extreme weather events on crop yields, raw material availability and prices

**Transition risks** were identified as follows:

- impacts of the carbon footprint of the meat value chain on customer and consumer attitudes, demand and sales of products
- impacts of the high carbon footprint of the meat value chain on the attractiveness of the Company as an employer

Based on HKFoods' risk assessment, the following **transition risks** are associated with **energy**:

- increasing demand for lower emission technologies may delay the implementation of investments in renewable energy and energy efficiency
- poor availability of energy, especially low-emission energy, and lack of competition
- cost increases and price volatility, e.g. for electricity
- dependence on the progress of national energy investment projects

##### Resilience of HKFoods' strategy and business model in relation to the risks and opportunities of climate change

HKFoods has not conducted a formal resilience analysis for climate change risks and adaptation measures in accordance with the reporting standard. In the risk assessment related to climate change, the major risks in the value chain and their interdependencies have been taken into account.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

HKFoods has the ability to adapt its strategy and business model to climate change in the short and medium term. Based on HKFoods' materiality analysis, reducing climate emissions and adapting to climate change are key sustainability topics in the Company's value chain. HKFoods' long-term energy plan aims to replace the fossil energy sources used in its units with low-emission energy, such as electricity generated by means of nuclear power. Investments under the plan will be made in line with the Company's climate targets. HKFoods' management will ensure the adequacy of the financing and cash flow of the business in line with the principle of business continuity for at least one year ahead. However, the aim is always to secure financing for at least three years. Financing is market-based. The Company's management is constantly working to reposition, update and, if necessary, eliminate balance sheet items. HKFoods' product development team regularly updates and develops the product portfolio in line with market conditions and consumer preference.

As part of the financial materiality determination of the double materiality analysis, HKFoods has assessed the impacts on the Company and its ability to recover if the risks materialise. HKFoods has assessed that serious physical or transition risks related to climate change are unlikely to materialise and are not expected to affect the Company's own operations. It has not been possible to predict the timeframe for the realisation of these risks.

### 3. Impact, risk and opportunity management

#### IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities

The material impacts, risks and opportunities related to climate change in the upstream and downstream of the value chain and in own operations have been identified in HKFoods' double materiality analysis, which is based on the principles of the company's risk management process and reviewed annually. The identified climate change risks and opportunities are described in SBM-3 Material impacts, risks and opportunities and their interaction with the strategy and business model. The assessment of physical risks and transition risks and opportunities also utilised a previous assessment the Company had made based on the TCFD framework.

#### Calculating greenhouse gas emissions to identify significant impacts, risks and opportunities

HKFoods' emissions calculation is based on the international GHG Protocol guidelines. HKFoods has conducted emissions calculation since 2019. In 2023, the calculation was extended for relevant scope 3 categories and land-based emissions. The calculation results can be used to identify material impacts, risks and opportunities related to climate change.

HKFoods has estimated that achieving its strategic climate target requires both significant emission reduction measures and decarbonisation solutions. The Company has recognised its dependence on agricultural raw materials, for which climate neutrality also requires significant long-term national measures, which will be promoted in accordance with the Low-Carbon Roadmap for Finnish Agriculture, developed by Natural Resources Institute Finland (Luke), The Central Union of Agricultural Producers and Forest Owners (MTK) and The Central Union of Swedish-speaking Agricultural Producers in Finland (SLC), among others.

#### The process to identify and assess climate-related risks

HKFoods used the findings, materials and scenarios from the Paris Agreement's package of targets and the IPCC's 2022 Sixth Assessment Report to identify and assess the climate risks in its value chain. In addition, HKFoods has made use of national research materials, such as the assessments published by the Finnish Meteorological Institute on the realisation of physical risks related to climate change. In the identification and assessment of climate change risks, short, medium and long-term horizons have been taken into account in compliance with the Sustainability Reporting Standard.

HKFoods used the results and scenario analyses of international and national research data to support its sectoral risk assessment and to assess the speed of future transition events. Scientific data was used to validate the Company's own analysis and to address all relevant climate change issues related to food production. During the process, the physical climate change risk areas related to the Group's operations and value chain were identified. Climate-related transition risks have been identified in the areas of policies and legislation, technology, markets and reputation as part of the financial materiality analysis and the assessment based on TCFD framework. The Company has not identified any financially significant negative impacts on its assets or business in the short or medium term.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

The major threats under the EU's Taxonomy Regulation relate to temperature, wind, water, land masses and soil. HKFoods has assessed physical acute and chronic threats related to climate, but not purely according to the classification of the Taxonomy Regulation. HKFoods has identified physical acute risks arising from the impact that the increasing animal and plant diseases in the domestic market have on the supply chain and exports, and chronic risks arising from the impact of extreme weather phenomena on crop levels, raw material availability and prices. HKFoods' double materiality assessment identified moderate risks for these threats in the short and medium term. The geographical location of HKFoods' value chain sites and business operations is predominantly in Finland, where major climate change-related threats will materialise in the long term.

The majority owner of HKFoods is the meat producers' association, LSO Cooperative. In addition, HKFoods has various shareholdings in companies whose activities are related to the parent company's business. The Company's double materiality assessment work has considered the main areas of impact related to climate change and the interdependencies between the value chain operators such as agricultural products, meat and other raw materials, Finnish primary producers, raw material production and logistics. The likelihood, impact and remediability of the risks were considered in the assessment.

HKFoods has not conducted a comprehensive climate scenario analysis in accordance with the reporting standard and has not identified critical climate-related assumptions that should be disclosed in the financial statements.

#### E1-2 Policies related to climate change mitigation and adaptation

HKFoods' climate work is guided by HKFoods' Code of Conduct, Supplier Code of Conduct and Environmental Policy. HKFoods' Code of Conduct, Supplier Code of Conduct and Environmental Policy provide the framework for managing climate change mitigation and adaptation, as well as energy-related material impacts, risks and opportunities.

The Code is approved by the Board and published on the Company's public website. The CEO is responsible for the implementation of the Code of Conduct, and the

Procurement Director owns and is responsible for the implementation of the Supplier Code of Conduct. The Quality and Environment Director is responsible for the Environmental Policy. The Code of Conduct applies to all HKFoods employees and the value chain.

HKFoods expects all its producers, suppliers, subcontractors and business partners to act responsibly in line with the above principles. Not all suppliers of meat and animal species operating in primary production have yet committed to the HKFoods Group's Code of Conduct and Supplier Code of Conduct. The inclusion of Code of Conduct and Supplier Code of Conduct in producer contracts is not comprehensive, and efforts are being made to improve this in the medium term.

HKFoods' Code of Conduct sets out the target of reducing environmental impact. HKFoods aims to increase the positive and prevent or reduce the negative environmental impacts of its operations in compliance with national and international regulations and environmental permits. Efforts must be made to prevent environmental damage, and environmental considerations must be applied throughout the value chain, not only in HKFoods' own operations. HKFoods aims to reduce its GHG emissions and other climate impacts and improve its energy and material efficiency through the circular economy. In its Code of Conduct, HKFoods is committed to actively supporting measures to protect biodiversity and ecosystems and to improve water and waste management. The Code of Conduct also highlights the importance of taking care of chemicals and other hazardous substances and the treatment of discharges. The main principles of environmental management are set out in the Group's Environmental Policy.

HKFoods is aware that the environmental impact of meat products starts with primary production. In its Code of Conduct, HKFoods commits to monitor primary animal production from a sustainable development perspective and seeks to develop it in cooperation with farmers. HKFoods Supplier Code of Conduct describes the principles according to which the Company operates in Finland and in export markets throughout the value chain. Suppliers must comply with applicable environmental laws and regulations. Adverse impacts on the environment and thus on human health must be minimised throughout the value chain. This includes minimising emissions and preventing leakage, promoting resource efficiency and sustainable use, promoting the reduction of GHG emissions and minimising other environmental impacts.

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

Suppliers must commit to operating according to the principles of HKFoods' Environmental Policy, which sets out HKFoods' environmental commitments. The Company takes responsibility for the environment throughout the food chain.

HKFoods' Environmental Policy focuses on climate change mitigation, climate change adaptation, energy efficiency, using renewable energy and improving material efficiency.

The key principles of the Policy in relation to climate change are:

- HKFoods complies with and regularly monitors environmental laws and regulations and operates in accordance with the environmental permits issued for production facilities.
- HKFoods cooperates with the authorities, its customers and other stakeholders to ensure that its environmental work meets the expectations and requirements set for its operations.
- HKFoods minimises environmental and climate impacts from its production facilities and transportation. This includes improving energy efficiency, reducing energy consumption, switching to renewable energy and reducing water consumption.
- HKFoods is working to improve material efficiency. This means, among other things, developing packaging materials, complying with the waste hierarchy, minimising production waste and making efficient use of animal raw materials.
- HKFoods promotes circular economy throughout its value chain.
- HKFoods promotes the reduction of environmental impact in primary production on its contract and own farms, together with contract farmers and other partners.
- HKFoods takes environmental considerations into account in its procurement, subcontracting and investments.
- HKFoods works to conserve biodiversity and forests.
- HKFoods requires that the supply chain does not cause deforestation or support the conversion of other natural ecosystems.

#### E1-3 Actions and resources related to climate change policies

In its science-based climate targets, HKFoods is committed to reducing its greenhouse gas emissions in line with the SBTi programme. HKFoods' concrete measures to reduce emissions will contribute to the achievement of the climate targets. Measures identified to reduce land-based emissions include the

development of animal feed, the use of farming techniques improving soil condition, and the reduction of methane emissions from cattle digestion and manure. Measures identified to reduce industrial emissions include investments in the Company's own production units to replace fossil energy use, heat recovery and utilisation in production processes, and committing the supply chain to climate targets.

In addition, HKFoods has an extensive development project portfolio that includes a wide range of research projects for emissions reduction research and scientific verification. As part of the research projects, carbon sequestration opportunities in the value chain are also investigated.

- During the 2024 growing season, projects were implemented as planned on the pilot farms to investigate the use of recycled fertilisers, split fertilisation techniques, legumes, catch crops, field water management and soil carbon sequestration. During the growing season, a pilot study was carried out, e.g. on the use of controlled drainage in fields and its effects on field water management and winter wheat yields.
- During the reporting year, HKFoods joined the Valio Food 2.0 partner ecosystem, which aims to promote sustainable food production and improve its profitability and international competitiveness.

The Group calculates and reports its GHG emissions annually. The Group's development projects focus on animal nutrition, genetics and measures for regenerative farming practices.

- Primary production training on climate change and adaptation has been provided through cooperation groups, the Kotitila magazine for farmers and Next Generation training. More information on this is provided in S2-2 and S2-4.
- In addition, the Company is committed to a programme of measures under the Energy Efficiency Agreement for Industries. For the above measures, only the progress under this Agreement is reported annually via the Motiva Ltd portal.
- In 2024, HKFoods spent EUR 700,000 on operational costs of projects and external human resources.

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

The investment plan for HKFoods' sites is based on HKFoods' short-term emission reduction target of 42% by 2030 compared to the 2022 baseline. In terms of climate emissions, the Company has identified the most significant sources of emissions at its key sites and the opportunities to replace them with lower-emission technologies, such as electricity. In addition, the Company is exploring new technologies for those operations for which low-emission technological solutions have not yet been found.

About EUR 450,000 of HKFoods' investments were for projects related to climate change mitigation. Note 12 to the Financial Statements shows the additions to tangible assets.

In 2024, investments of around EUR 450,000 were related to the technological development and modernisation of production units and premises. These investments have the potential to reduce emissions or improve energy efficiency.

HKFoods has no economic activities covered by the delegated regulations on climate change adaptation or mitigation adopted under the Taxonomy Regulation.

The timeframe for implementing the investments depends on HKFoods' ability to allocate resources, the availability of replacement technology and delivery times. The investment plan has been developed in line with HKFoods' science-based short-term climate target for the period 2022-2030 and will be implemented within this timeframe.

#### 4. Metrics and targets

##### E1-4 Targets related to climate change mitigation and adaptation

The SBTi (Science Based Targets Initiative) has adopted HKFoods' short-term climate targets aligned with the 1.5°C target timetable, and the calculation covers all seven GHGs. Under the short-term targets, HKFoods commits to reducing absolute scope 1 and 2 GHG emissions from industrial operations and energy by 42% by 2030 compared to the 2022 baseline. Scope 2 emissions are calculated using a market-based methodology. Furthermore, a commitment is made to reduce emissions by 42% of emissions from industrial activities in the scope 3 categories 3.1 Purchased goods and services, 3.3 Fuel and energy related activities, 3.4 Upstream transport and

distribution, 3.9 Downstream transport, 3.15. Investments over the same period. The target also includes emissions related to bioenergy feedstocks.

In addition, HKFoods has committed to reducing absolute scope 3 FLAG GHG emissions from land-based emissions by 30.3% by 2030 compared to the 2022 baseline. These short-term emission reduction targets under the SBTi apply to the emissions from Finnish meat raw material calculated in Scope 3, category 3.1.

In the baseline year 2022, scope 1 accounted for 0.91%, scope 2 for 0.32% and scope 3 for 98.77% of the Company's emissions. The calculation took into account the countries and units of the current Company structure in Finland, Sweden, Denmark and Poland. The ratio of the shares of greenhouse gas scope classifications has remained the same since the company structure change. For 2024, more detailed scope-specific results are presented in section E1-6.

HKFoods' annual emissions calculation for scope 1, scope 2 and scope 3 categories follows the GHG Protocol Guidance and the Land Sector and Removals Guidance. In addition, emissions from FLAG (Forest, Land and Agriculture) materials are separated into so-called LUC (Land Use Change), non-LUC and Industrial emissions. The organisational boundary of calculation follows the principle of operational control. The gross results of the emissions calculation are compared with the set reduction targets. The Company does not use offsets, avoided emissions or emission removals, and therefore the emissions calculation is directly consistent with the science-based targets set.

HKFoods' progress towards achieving its emission reduction targets will be compared with the 2022 baseline, whose calculated background data represents the entire period of operation, and no deviations from the normal annual variation have been identified in the source data for operational activities, emission factors or external conditions for this year.

HKFoods' climate target is to increase the use of renewable energy in coming years and improve energy efficiency. The achievement of this target will be supported by an investment plan that promotes the technological modernisation of the sites and the construction of new production lines, including the diversified use of plant-based raw materials.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

HKFoods' planned means of achieving the emission reduction target for scope 1 and 2 relate to medium- and long-term operational investments that allow a gradual transition away from emission-intensive energy sources by replacing fossil energy use with electricity. The realisation of emission reductions will require investments in production units, transport energy sources and new technological solutions. For logistics, achieving the reduction target will require a gradual switch to renewable fuels in the medium and long term.

For scope 3, the largest climate change mitigation measures are targeted at procurement of materials and services, where the most significant emissions come from agricultural products. For emissions from meat raw materials, a number of reduction measures are planned to be implemented in the medium and long term. In addition, the emission reduction targets concerning the scope 3 emissions from the production of meat raw material will require systemic changes in primary production and covering related investments.

In primary production, the most significant measures include engaging contract farmers and feed manufacturers in developing reduction measures for emissions from animal feed production, regenerative farming techniques and scaling them for the use of all producers, and the reduction of cattle methane emissions. Research and scientific evidence, new technologies and related investments are needed to achieve emission reductions.

The SBTi 1.5°C target timeframe requirements and climate scenario have been taken into account in the emission reduction measures.

## E1-5 Energy consumption and energy sources in use

Energy consumption and energy mix	2024
Fuel consumption from coal and coal products (MWh)	0
Fuel consumption from crude oil and petroleum products (MWh)	24,357
Fuel consumption from natural gas (MWh)	10,549
Fuel consumption from other fossil sources (MWh)	0
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources (MWh)	29,395
<b>Total fossil energy consumption (MWh)</b>	<b>64,301</b>
Share of fossil energy sources in total energy consumption (%)	27.56
<b>Energy consumption from nuclear sources (MWh)</b>	<b>116,024</b>
Share of nuclear sources in total energy consumption (%)	49.74
Fuel consumption from renewable sources, incl. biomass (as well as industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	1,019
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	38,867
Consumption of self-produced, non-fuel renewable energy (MWh)	196
<b>Total renewable energy consumption (MWh)</b>	<b>39,887</b>
Share of renewable energy sources in total energy consumption (%)	17.10
<b>Total energy consumption from other energy sources (MWh)</b>	<b>13,070</b>
<b>Total energy consumption (MWh)</b>	<b>233,284</b>
<b>Energy intensity MWh / net sales MEUR *</b>	<b>232.9</b>

\*) Energy intensity is calculated as the sum of total consumption of fossil energy, consumption of energy from nuclear sources and total consumption of renewable energy and total consumption of energy from other energy sources divided by net sales. Net sales is the total reported in the financial statements for the Company's food industry business for the reporting period 2024.

The calculation is based on the value of net sales EUR 1,001.8 million as shown in the Consolidated Income Statement, which is presented in the Consolidated Financial Statements under "Consolidated Income Statement".

The total energy consumption of the discontinued operations is estimated to have been around 56,500 MWh until the date of closure of the businesses. The main sources of energy in the discontinued operations were nuclear power (around 71% of energy consumption) and district heating (around 22% of energy consumption).

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions for continuing operations in 2024 (tCO<sub>2</sub>eq.)

	Retrospective		Milestones and target year	
	Base year (2022) (*)	2024	2030	Annual %-target / base year (**)
<b>Gross Scope 1 GHG emissions (tCO<sub>2</sub>eq.)</b>	<b>13,492</b>	<b>15,589</b>	<b>7,825</b>	<b>Total Scope 1-2: -5.25</b>
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0		
<b>Gross location-based Scope 2 GHG emissions (tCO<sub>2</sub>eq.)</b>	<b>21,037</b>	<b>17,599</b>		
<b>Gross market-based Scope 2 GHG emissions (tCO<sub>2</sub>eq.)</b>	<b>4,823</b>	<b>5,132</b>	<b>2,797</b>	<b>Total Scope 1-2: -5.25</b>
<b>Total Gross indirect (Scope 3) GHG emissions (tCO<sub>2</sub>eq.)</b>	<b>1,471,908</b>	<b>1,503,033</b>	<b>773,752</b>	<b>Industrial emissions : -5.25 LUC- and non-LUC-emissions: -3.79</b>
3.1 Purchased goods and services	1,302,460	1,292,037	761,217	Industrial emissions: -5.25 LUC- and non-LUC-emissions: -3.79
3.2 Capital goods	76,654	83,161		
3.3 Fuel and energy-related activities (which are not included in scope 1 or scope 2 emissions)	1,819	2,925	1,055	Total industrial emissions from Scope 3: -5.25
3.4 Upstream transportation and distribution	18,386	12,854	10,664	Total industrial emissions from Scope 3: -5.25
3.5 Waste generated in operations	327	427		
3.6 Business travels	194	296		
3.7 Employee commuting	1,318	1,410		
3.9 Downstream transportation	646	2,535	375	Total industrial emissions from Scope 3: -5.25
3.10 Processing of sold products	54,970	77,627		
3.12 End-of-life treatment of sold products	14,301	28,899		
3.15 Financial investments	760	858	441	Total industrial emissions from Scope 3: -5.25
Total GHG emissions (location-based) (tCO <sub>2</sub> eq.)	1,505,594	1,536,222		
Total GHG emissions (market-based) (tCO <sub>2</sub> eq.)	1,490,223	1,523,755		
<b>Biogenic emissions Scope 1</b>	<b>147</b>	<b>212</b>		
<b>Biogenic emissions Scope 2</b>	<b>13,233</b>	<b>13,547</b>		
<b>Biogenic emissions Scope 3</b>	<b>11,381</b>	<b>13,435</b>		

\*) Figures presented for continuing operations. The official SBTi validation carried out in 2023 included discontinued operations.

\*\*) The annual reduction target is notional, based on the ESRS reporting requirement, and is not included in HKFoods' emission reduction plan. Targets are only reported for those categories that are included in the reduction targets assigned to HKFoods by SBTi.

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

The emissions from FLAG materials (Forest, Land and Agriculture) accounting for land-use change in the reporting year 2024 totalled 1,209 million tCO<sub>2</sub>e including LUC and Non-LUC emissions (in the base year 2022 the corresponding amount was 1,231 million tCO<sub>2</sub>e).

The total estimated emissions from the discontinued activities in 2024 were 0.711 million tCO<sub>2</sub>e. Scope 1 accounted for 24,304 tCO<sub>2</sub>e, scope 2 for 352 tCO<sub>2</sub>e (market-based) and scope 3 for 686,148 tCO<sub>2</sub>e. The figures are based on actual data for 2022 and 2023, and the 2024 share is estimated until the closing date of the businesses.

The emissions calculation is based on an automated measuring system in which HKFoods manages the actual data broken down for each site. The emission factors used by the Company for its continuing and discontinued operations were verified in 2024 for key materials for materials in scopes 1, 2 and 3. The factors are based on commonly used emission factor databases and scientific publications. Scope 1 data are partly based on estimates, as it has not been possible to measure exact actual data. Scope 2 data are based on measured actual data. Scope 3 data, except for purchased meat volumes, are based on purchasing data in euro, converted into tonnes of products using average coefficients. During the reporting period, the Company has not used completed emissions data from other parties, e.g. service providers or suppliers, in its own calculations.

For discontinued operations, emissions are based on estimates made on the basis of the previous year's actual data.

Scope 2 emissions are calculated using market- and location-based emission factors. For market-based emission factors, guarantees of origin of electricity purchased by the Company have been taken into account for the Finnish and Polish operations. The market-based emission factors are based on information provided by the local energy companies. The guarantees cover the total amount of electricity purchased in the reporting period and in the previous years 2022 and 2023. For Finland, the guarantee of origin includes 100% of the electricity produced by nuclear power and for Poland the guarantee is based on wind power.

The sub-categories excluded from the emissions calculation are not relevant to the business.

The Company's emissions calculation boundary is based on an audit carried out during the SBTi validation. The businesses of the companies included in the Group's emissions calculation are not materially related to the four sub-categories and are therefore excluded from the calculation. These scope 3 sub-categories are: 3.8. upstream leased assets emissions, 3.11. use of products, 3.13. downstream leased assets and 3.14. franchising activities.

The emissions calculation is based on a third-party automated calculation system under the GHG Protocol, where HKFoods manages the actual data and factors broken down for each site. The calculation method is described in more detail in E1-4.

The scope 3 sub-categories of the Group and value chain companies, and the associated estimation methods, are aligned with the emissions calculation and SBTi targets described above:

- 3.1. Purchased services and goods, including the purchased materials and services central to the Company's emissions inventory. Except for purchased meat volumes, the data are based on euro-denominated procurement data converted into tonnes of products using average factors.
- 3.3. Emissions from purchased energy activities - the category is directly dependent on the production methods of the scope 2 energy forms. The data are based on actual data on purchased energy.
- 3.4. and 3.9. Logistics and storage services for operational activities. Data based on average logistic efficiency assumptions and the volume of transport services purchased. Emissions from storage are average values.
- 3.15. Investments - for 2024, the calculation includes a rough estimate of the emissions of each company based on the net sales and ownership share of the Group companies in which HKFoods does not have operational control (scope 1, 2 and 3). To avoid double counting, this category excludes companies with which HKFoods has a procurement relationship and from which it purchases, e.g. raw materials. The most relevant emissions of these companies are included in category 3.1.



## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

In 2024, HKFoods' GHG intensity (total GHG emissions relative to net sales) for continuing operations and discontinued operations were as follows:

Using market-based emission factors 1,521 tCO<sub>2</sub>e/MEUR

Using location-based emission factors 1,533 tCO<sub>2</sub>e/MEUR

The calculation is based on the value of turnover of EUR 1,001.8 million as shown in the Consolidated Financial Statements under the heading "Consolidated Income Statement".

## E2 Pollution

### 1. Impact, risk and opportunity management

#### IRO-1 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

The material pollution-related impacts, interdependencies, key risks and opportunities have been identified and assessed through a double materiality assessment based on the principles of HKFoods' risk management process. As part of the double materiality assessment, HKFoods has identified that the greatest, likely and actual impacts, risks and opportunities of pollution (reference: SBM-3 Material impacts, risks and opportunities and their interaction with the strategy and business model) are at the upstream of the value chain, the activities caused by agricultural nutrient loading. The assessment is based on commonly identified agri-environmental impacts. The impacts arise in Finnish water bodies, which are affected by agricultural nutrient loads and in which HKFoods' main raw materials are mainly produced. Agriculture contributes significantly to the nutrient load of the Baltic Sea, with more than half of its nitrogen and phosphorus load coming from agriculture.

For its own operations, HKFoods has assessed site-specific environmental impacts and possible changes to the surrounding natural environment as required by the environmental authorities. However, HKFoods' actual impacts on water bodies have not yet been surveyed on a catchment area basis. HKFoods' business activities generate wastewater, the final treatment of which is carried out by local wastewater treatment plants. The nutrient load caused by the wastewater depends on the efficiency of each treatment plant. HKFoods uses scientific research on eutrophication to assess the impacts and, in the medium term, aims to gather more detailed information on nutrient pollution in its supply chain and assess the implementation of its environmental policy in its value chain.

The regulation on environmental protection in agriculture is expected to become stricter, but based on the Company's risk assessment, the financial impact is estimated to be low in the double materiality assessment. Through the actions taken by HKFoods itself and by the value chain as a whole to reduce water pollution, a positive impact on the status of water bodies is expected to be created in the long term.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

In the double materiality assessment, HKFoods has not carried out separate consultations with the affected communities. In 2024, HKFoods has started to survey the impacts of its value chain on the Baltic Sea and local water bodies and affected communities in Finland. Within the legal framework, domestic agriculture is bound by practices and measures defined by environmental authorities, to which HKFoods' contract farmers are also committed.

#### E2-1 Policies related to pollution

HKFoods' policy on environmental protection, both in its own operations and in its business relationships, is to comply with the conditions of permits issued by local environmental authorities and to reduce negative impacts on the environment.

HKFoods' Code of Conduct and Supplier Code of Conduct cover the management of material impacts, risks and opportunities related to pollution prevention and control. The Company's CEO is responsible for the implementation of the Code of Conduct. In terms of the Supplier Code of Conduct, the Company's Procurement Director owns and is responsible for the implementation of requirements. Both Codes are available on the Company's website. The Supplier Code of Conduct refers to the environmental policy on the company website owned by the Director of Quality and Environment, which is presented in more detail under E1-2 "Climate Change Mitigation and Adaptation Policy".

The Code of Conduct applies to all entities in direct business dealings with HKFoods as part of written agreements. The HKFoods Group Supplier Code of Conduct requires all suppliers of goods and services to comply with all applicable legal and regulatory requirements. Suppliers are expected to work towards minimising environmental risks and impacts in their own operations and supply chains and to work in line with the principle of continuous improvement. HKFoods encourages its suppliers to conduct systematic environmental work in accordance with the principles of ISO 14001. All suppliers of meat and animal species in primary production have not yet committed to HKFoods Group's Code of Conduct and Supplier Code of Conduct.

#### Management of adverse impacts

HKFoods aims to enhance the positive impacts of its operations and prevent or reduce negative environmental impacts, including water pollution, through its Code of Conduct, Supplier Code of Conduct and Environmental Policy. The Company also seeks to prevent or reduce negative impacts as required by national and international regulations and environmental permits. In 2024, HKFoods started work on the Archipelago Sea project, which aims to reduce diffuse agricultural pollution in the Archipelago Sea. The Company has a large number of producers in the catchment areas of Aurajoki, Paimionjoki and Kemiönsaari in the project's pilot phase areas. The aim of the project is to study and introduce measures to promote water protection in agriculture.

HKFoods handles chemicals and other hazardous substances and the treatment of discharges appropriately. The main principles of environmental management are set out in the Group's Environmental Policy. HKFoods monitors the impacts of primary production on water pollution and aims to improve it in cooperation with its contract farmers and other partners.

HKFoods' Code of Conduct also takes into account due diligence obligations under local environmental laws, which require the Company to prevent environmental damage in its own operations and to take immediate corrective action in emergency situations in cooperation with the authorities. The Environmental Policy also requires the suppliers of goods and services to comply with all applicable legal and regulatory requirements. Suppliers are required to work towards minimising environmental risks and impacts in their own operations and supply chain and to follow the principle of continuous improvement.

#### E2-2 Actions and resources related to pollution

In 2024, HKFoods had no completed actions in accordance with European Sustainability Reporting Standard. During the reporting period, HKFoods started to examine ways to reduce negative impacts on water bodies in Finland through research and development projects, in which HKFoods systematically participated together with its pilot farms. The pilot farms are the Company's contract farms with whom research cooperation has been separately agreed. There are 18 pilot farms representing broiler, pig and cattle production.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

Projects on pilot farms may cover different topics, and not all pilot farms are involved in all the pilots carried out. In 2024, research projects have provided information on, for example, the impacts that have the greatest impact on catchment areas. Research has also been carried out on issues such as regenerative farming practices, manure management and nitrogen fertilisation of farmland.

In addition, HKFoods is the responsible party in the Business Finland-funded research and development project FF2DH (From Footprints To Digital Handprints), which aims to promote the development of responsible food production in Finland and help monitor and reduce the environmental impacts of food production. The FF2DH cooperation project will carry out pilots involving the same pilot farms. Project results and lessons learned will be shared with contract farmers at joint events and in the contract farmers' own magazine Kotitilalta.

In its own operations, HKFoods continued its systematic work in 2024 to meet the requirements of the environmental management system and environmental authorities.

### 2. Metrics and targets

#### E2-3 Targets related to pollution

HKFoods has not set separate targets for water pollution. HKFoods aims to minimise the negative environmental impacts of its own operations through continuous monitoring and cooperation with the supervisory authorities.

Environmental permit conditions related to HKFoods' operations include wastewater quality criteria. The quality of the wastewater generated by the Company's own operations is regularly monitored with the aim of conducting operational activities without exceeding the permit conditions. The Company has no specific requirements for contract farmers of primary production or other suppliers of raw materials.

#### E2-4 Water pollution

The quality of wastewater generated by HKFoods' own operations is systematically monitored through laboratory analyses when required by the environmental permit. Wastewater quality limits are set either by environmental authorities or in industrial water contracts. Wastewater from HKFoods' own operations is treated at municipal wastewater treatment plants, which are responsible for meeting the quality criteria for the treated wastewater released into the environment.

HKFoods has no measuring methods to monitor eutrophication of water bodies caused by the value chain at the upstream of the value chain with sufficient accuracy. For the time being, assessments of the mechanisms, extent and status of water pollution are based on general international and local water status assessments produced by environmental authorities.

HKFoods' sites where environmental permit conditions or industrial water contracts require monitoring of wastewater quality are subject to local regulations and permit conditions. Wastewater quality at these sites is monitored regularly and samples are analysed by independent laboratories. EU-BREF requirements are met for those HKFoods' sites where the requirement is to be applied in practice.

The thresholds for "non-GHG" emissions as defined in Appendix II of the EU E-PRTR regulation are not exceeded in the Company's own operations and thus not reported by the Company.

Historical data on the impacts of HKFoods' own operations and its contract farmers on water bodies have not been collected, so changes over time in the status of water bodies are not available.

There were no significant changes in the Company's emissions during the reporting period. The environmental permit conditions for these emissions did not change in 2024.

For the time being, HKFoods' value chain data is assessed using publicly available environmental management data sources. At present, more detailed site-specific data is not available to comprehensively assess the cause-effect relationships of nature impacts.

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

## E3 Water and marine resources

### 1. Impact, risk and opportunity management

#### IRO-1 Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

HKFoods has assessed the use of water and marine resources in line with its risk assessment process as part of the 2024 double materiality assessment. Environmental impact assessments are carried out at HKFoods' production units following the main principles of the environmental management system. Impact identification has been based both on the results of the environmental impact assessment and on the content of the environmental permits. The water resource-related impacts, risks and opportunities of industrial activities of the production units and the discharges through wastewater have been identified in this environmental impact assessment and included in the double materiality assessment. HKFoods estimates that its most material actual impacts, risks and opportunities relate both to the upstream value chain, i.e. animal production and agriculture, and to its own operations, in terms of water withdrawal and the optimal use of water consumed. In the double materiality assessment, the assessment of upstream water consumption was based on estimates.

HKFoods' production units are committed to operating within the applicable legislation and the permit conditions set by the regional environmental authority. The environmental authorities have assessed the risks posed by wastewater to water bodies and imposed necessary monitoring obligations on the production units in respect of wastewater discharge parameters.

HKFoods has not found it necessary to hold consultations with affected communities, as water withdrawal and associated local environmental impacts are primarily the responsibility of the water treatment companies.

#### E3-1 Policies related to water and marine resource

HKFoods' Group-wide Environmental Policy guides the Group's environmental work and environmental impact management. The Environmental Policy applies to all Group employees and to all HKFoods' business relationships, including with suppliers. HKFoods is committed to reducing the environmental impact of its own operations. HKFoods Group's environmental targets are derived from its Environmental Policy. HKFoods' environmental management is based on the requirements of ISO 14001, and the effectiveness of the management system or equivalent environmental work is reviewed annually. The key principle of the Environmental Policy is to reduce negative environmental impacts, including water consumption. In addition, the Policy requires all HKFoods suppliers to work to minimise environmental risks and impacts in their own operations and supply chain and to operate according to the continuous improvement principle. This Policy, published on the Company's website, is referred to in the Supplier Code of Conduct, which is described in more detail in G1 Business Conduct. The Environmental Policy must be applied throughout HKFoods Group and it applies to the entire supply chain, including upstream value chain and primary production, which have the greatest impact on water resources in the Group's value chain.

The Policy is implemented by a separately appointed Environmental Director for each company. As part of its overall policy review activities, the HKFoods Board regularly assesses the up-to-dateness, managerial approach and effectiveness of the implementation of the Environmental Policy.

As key principles of its Environmental Policy, HKFoods has identified the reduction of water consumption and compliance with threshold values of environmental permits.

HKFoods' Code of Conduct does not describe specific aspects of HKFoods Group's management of water resources. However, the Group has identified and assessed that its production units are water-intensive. Water is used in almost all stages of the production process and for cleaning production premises, and this water must meet the quality requirements for drinking water set by the applicable legislation.

HKFoods' policies and guidelines do not explicitly state how water issues and conservation of marine resources are addressed in product design. HKFoods takes

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

into account the environmental impact of its activities and seeks to integrate water-related issues and the conservation of marine resources into its activities.

In its Group-wide Environmental Policy, HKFoods states that the key principle is to reduce water consumption and is thus committed to reducing water consumption in its operations. HKFoods has no sites located in areas of high-water stress or water risk.

HKFoods also seeks to integrate upstream environmental considerations, including water consumption, into its procurement, subcontracting and investment activities.

#### E3-2 Actions and resources related to water and marine resources

The Company has not defined specific measures for Group-wide water resource management in accordance with ESRS, as the efficiency measures in water consumption depend on the nature of the operational activities of the sites. Water consumption was not included in the Company's 2024 responsibility programme, as prices and availability of local water do not pose a significant risk to the Company's own business. In practice, water use is managed on the basis of continuous improvement principles on a site-by-site basis and Environmental Policy guidelines. As part of its environmental work, HKFoods monitors wastewater quality in accordance with the sampling plan required by the environmental permit conditions. The production units set their own operational targets for water consumption and draw up action plans to achieve these targets. The water consumption of the production units is monitored through total and proportional consumption. During 2024, no significant investments were made to reduce water consumption. The Company has not estimated the long-term capital and operating expenditure required to reduce water consumption.

### 2. Metrics and targets

#### E3-3 Targets related to water and marine resources

The Company has not set ESRS-compliant Group-level targets for managing impacts, risks and opportunities to water and marine resources.

HKFoods' Group companies do not have their own activities in areas at water risk. Therefore, there are no material impacts, risks and opportunities in areas at water risk

that require management or management targets. Section E3-4 describes the Group's water withdrawal rate, which is a key performance indicator related to water resource use and is measured on an ongoing basis.

HKFoods has not set Group-wide targets for reducing water withdrawal and consumption in accordance with the ESRS standard. Due to the water-intensive nature of production processes and the legal obligation to use domestic water, no clear water consumption reduction target has been set for all production sites. In its operational activity, HKFoods' production management regularly monitors developments in its operational activities and seeks to optimise and reduce the water intensity of each production unit.

In 2025, HKFoods will assess the need to set long-term targets for reducing water withdrawal and consumption.

#### E3-4 Water consumption

HKFoods' total water withdrawal was 1.598 million m<sup>3</sup> in 2024, of which 84% is surface water and 16% groundwater. The estimated water consumption was 56,290 m<sup>3</sup> in 2024.

For the discontinued operations in Sweden and Denmark, the estimated water withdrawal was 0.701 million m<sup>3</sup>. There was no reliable estimate of water consumption to report.

In 2024, HKFoods had no activities in water risk or high-water stress areas.

HKFoods' production units do not use recycled or reused water.

Data on water withdrawal is collected by site and reported monthly to the Group-wide reporting system. The data are based on accurate measured actual data from water meters. Groundwater and surface water shares are based on data provided by local water treatment plants. Water consumption includes an estimate of the amount of water evaporated and discharged.

In 2024, HKFoods' water intensity, i.e. total water consumption of operations in cubic metres relative to net sales (EUR million), was 56.19.

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

## E4 Biodiversity and ecosystems

### 1. Strategy

#### E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model

##### Transition plan to support biodiversity

HKFoods does not currently have a strategic transition plan for biodiversity, which would define specific biodiversity development objectives and action plans and associated financial impacts.

##### Resilience of HKFoods' strategy and business model in relation to biodiversity and ecosystems

The main raw materials procured by HKFoods depend on natural ecosystem services such as pollination and the diversity and fertility of the soil. HKFoods has assessed the resilience of its business and value chain in relation to biodiversity and ecosystems.

HKFoods' short- and long-term strategy and business model are dependent on the Finnish primary production, where physical, transition and systemic risks from climate change are assessed as part of the Group's annual risk management process (ERM). *Material risks and opportunities related to biodiversity and ecosystems* below describes in more detail the material financial risks related to the business.

The impact and risk assessment conducted have not identified any factors that could negatively affect resilience in the short term. HKFoods' current strategy and business model are resilient in the medium term to physical, transitional and systemic risks related to biodiversity and ecosystems.

##### Impact and risk assessment related to biodiversity

Biodiversity impacts and risks have been assessed in the short, medium and long term from four different perspectives across the value chain:

- 1) The impact of climate change on biodiversity loss
- 2) Impacts of water use and land use change on biodiversity
- 3) The value chain's dependence on ecosystem services
- 4) Impacts of pollution on biodiversity

The biggest impact on these themes comes in the upstream value chain.

In its impact and risk assessment, HKFoods has taken into account the operating environment of domestic primary production, its view on the state of nature work and, on a case-by-case basis, relevant science-based studies. The following assumptions have been used as the basis for the assessment:

- HKFoods' business model is based on the processing of meat raw material in both the short and long term
- As a rule, natural areas in Finland are not cleared for in meat production use, for instance for new pastures
- Pressures from agriculture for increased water use, land use change or increased agricultural loading to water bodies or soils have not been assessed locally in the light of the different environmental conditions and circumstances
- There are uncertainties associated with the difficult-to-predict impacts of climate change, which makes it currently difficult to make a long-term assessment of potential disruptions to ecosystem services and their impacts on the company, for example

#### SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

##### Impacts of HKFoods sites on biodiversity

HKFoods production units in Finland are located in Vantaa, Rauma, Eura, Paimio, Forssa, Mikkeli, and Outokumpu, and in Świnoujście in Poland. The company's head office is in Turku. In addition, HKFoods Finland Ltd's subsidiary Kivikylän kotipalvaamo operates in Rauma, Säskylä, Huittinen, Eura and Liperi. Lihatukku Harri Tamminen Oy has premises in Vantaa, Sipoo and Luumäki. HKFoods' sites are not located in or near biodiversity-sensitive areas. The activities of the companies under HKFoods' control have not been found to cause deterioration of habitats of biotopes or species or disturbance of protected species.

HKFoods' local impacts arise from direct emissions to the air, which may also contribute to long-term impacts on biodiversity-sensitive habitats due to climate change. The impacts of these emissions are described in more detail under E1, Climate change

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

As yet, HKFoods has not surveyed the impacts of its supply chains on biodiversity-sensitive areas based on the origin of raw materials. With the supplier management system introduced in 2024, HKFoods will systematically collect information on the nature impacts of its suppliers' own activities and any related measures and targets. Topics include changes in land use and marine fish stock use, climate change mitigation, pollution avoidance, direct exploitation of natural resources and control of invasive alien species.

Areas of activity with material impacts on biodiversity are located on Finnish farms. The entire production chain of HKFoods' main raw materials, i.e. primary production, is significantly dependent on domestic natural conditions and the functioning of ecosystems. As a rule, the natural state of the contract farms is assumed to be in balance for the current level of raw material production. Deforestation caused by agricultural construction is low, according to the Natural resources and bioeconomy study 39/2024. The deforestation regulation does not apply to the agricultural use of cleared fields for the production of non-regulated commodities. In terms of risk, the most significant of these commodities is beef produced in Finland, for which HKFoods is an operator under the Deforestation Regulation. It is the responsibility of the operator to maintain a costly traceability system enabling proof of the deforestation-free status of the product placed on the market.

Zoonoses associated with livestock and medication used in the management of animal diseases can contribute to the emergence of antibiotic-resistant microbial communities. This can adversely affect natural microbial communities and microbiological processes in soil and water bodies. In Finland, animal disease control and prevention are at a high level and the use of antibiotics in livestock is low by international standards. This is shown in the annual FINRES-Vet reports.

E2 of the Sustainability Report discusses in more detail the impacts of agriculture on the status of water bodies both in Finland's inland waters and in the coastal regions of the Baltic Sea.

HKFoods has not identified, in its own operations or in the operating environment of its value chain, any material adverse effects related to land degradation, desertification or soil sealing. Over the next few years, HKFoods will continue its investigation of the negative impacts utilizing the traceability of its material raw materials and conducting supplier surveys.

HKFoods' own activities are not identified as having a direct impact on endangered species.

### 2. Managing impacts, risks and opportunities

#### IRO-1 Description of processes for identifying and assessing significant impacts, risks and opportunities related to biodiversity and ecosystems

Biodiversity-related material impacts, dependencies, key risks and opportunities have been identified and assessed through a double materiality assessment based on the principles of the company's risk management process.

#### Material impacts and dependencies related to biodiversity and ecosystems

The main impact of HKFoods' operations on biodiversity and ecosystems is generated in primary production. The production of agricultural raw materials is also dependent on natural ecosystem services.

As part of its double materiality assessment, HKFoods has also identified the following key factors related to the direct and indirect drivers of biodiversity loss.

In the medium term, the main impacts on biodiversity are:

- Among land-use changes, deforestation is one of the key drivers of biodiversity loss. Meat production requires the use of land for growing feed crops and grazing. One of the alternative protein components used in feed is soy, the production of which can cause deforestation and is a raw material covered by the Deforestation Regulation. Some HKFoods products may also use cattle and/or palm oil, which are covered by the Deforestation Regulation, as raw materials for production. Deforestation can impair the carbon sequestration capacity of ecosystems and reduce biodiversity.

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

#### 106 Financial Statements 2024

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

In the long term, the main impacts on biodiversity are:

- Meat production contributes to eutrophication of water bodies. The main impact comes from the use of fertilisers and livestock manure
- Water pollution is one of the main drivers of biodiversity loss. Run-off from agricultural production carries nutrients, such as nitrogen and phosphorus, contributing to the eutrophication of water bodies. The main environmental impacts are due to nutrient discharges from fertilisers used in crop production and from livestock manure. Eutrophication negatively affects aquatic ecosystems and the services they provide, such as access to clean water
- Climate change is the main driver of biodiversity change. HKFoods' main GHG emissions come from the main raw materials and their production in the upstream value chain
- Extreme weather events caused by climate change can have adverse impacts on biodiversity and ecosystems, including intensifying nutrient leaching.
- The production of agricultural raw materials depends on ecosystem services. Agricultural production takes advantage of the services provided by ecosystems, but at the same time it can degrade the quality and quantity of some ecosystem services
- Feed production and the production of plant-based raw materials require good soil condition and disease management
- Meat production requires animal disease management. Medication used in animal disease management can encourage the emergence of antibiotic-resistant microbial communities

#### Material risks and opportunities related to biodiversity and ecosystems

As part of its annual Group risk analysis process, HKFoods has assessed transition risks related to biodiversity and ecosystem services, such as the impact of politics and legislation on agricultural activities, as well as physical risks, such as unforeseen extreme natural events, plant disease outbreaks, animal disease management, extreme drought or excessive rainfall. In its risk assessments, HKFoods has used data from climate research reports published by the Intergovernmental Panel on Climate Change (IPCC).

In the impact and risk analyses carried out, the following risks have been identified:

In the medium term:

- the entry into force of the deforestation regulation may cause costs due to beef origin insurance
- additional costs of certifying the origin of soy and limited availability of certified soy
- additional costs for the value chain due to the Restoration Regulation
- substitution of soy with other protein sources, which may affect feed costs

In the long term:

- increasing contractual requirements, uncertainty and emission reductions lead to costs and price volatility
- introduction of regenerative farming and carbon sequestration will require national financial incentives, targeting of agricultural subsidies and policy guidance
- decisions taken now will have a slow impact on nature, but will have a major impact on the sustainability of agriculture and soil vitality

Identified opportunities:

In the long term, a milder climate may offer new opportunities for agricultural development in Finland.

The low use of antibiotics in animal medicine has been identified as an opportunity for biodiversity and ecosystem services. HKFoods' contract production methods to promote biodiversity and ecosystem health include regenerative farming methods and traditional biotope management. These opportunities are put into practice in projects described in more detail in section E4-3 and in sections E1 and E2 of the Sustainability Report on other activities.

In its risk assessment, HKFoods has also assessed systemic risks at a general level to the extent that ecosystem services can be expected to change in the agricultural environment, either temporarily or permanently.



- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### Consultations with affected communities

As part of its continuous contact processes with Finnish contract farmers, HKFoods has collected insight into the local operating environment and natural resource use affecting agriculture. No similar regular contacts with foreign raw material producers have been carried out so far.

Views of the agricultural operators affected by HKFoods have been taken into account in the double materiality assessment, based on continuous cooperation, for example, through research projects and analysis of sector-specific, commonly identified nature impacts in HKFoods' own value chain.

HKFoods' procurement principles and Environmental Policy require raw material suppliers to commit to the conservation of biodiversity and forests in their own operations.

#### E4-2 Policies related to biodiversity and ecosystems

A key principle of HKFoods' Environmental Policy is to work across its value chain to conserve biodiversity and forests. The Policy is implemented by the Quality and Environment Director. The HKFoods Group's Supplier Code of Conduct supports these same principles in nature work. In the case of the Supplier Code of Conduct, the Procurement Director is responsible for the ownership and implementation of the content in practice.

HKFoods complies with the obligations of local environmental authorities and requires its value chain actors to also comply with local environmental legislation. In Finland, HKFoods complies with its regular inspection obligations under the ISO 140001 environmental management system. For example, contingency plans are updated annually for the Finnish sites. The plan comprehensively assesses all key nature impacts, including the affected areas of Natura 2000 sites, and whether they should be taken into account in the company's own operations.

HKFoods' Code of Conduct requires that operators in business relations with the company always comply with the local environmental protection law. Agricultural operators are guided by a separate sector-specific code of conduct, which also requires reporting to the authorities.

HKFoods' biodiversity and ecosystem policies relate to climate change, land use change, water use and ecosystem services and their interdependencies, and pollution. These policies are described in more detail in the Sustainability Report standards on the environment, E1, E2, E3 and E5.

HKFoods' policies guide internal processes that support the identification of the impacts, risks and opportunities affecting nature, the prevention of negative impacts and the promotion of positive impacts.

In addition, the policies support the identification of the origin of products, as the main raw materials used in products are procured through a strictly controlled animal production chain. For example, by the end of 2025, the areas where cattle are farmed can be verified according to the requirements of the deforestation regulation and the interpretation of the authorities.

The company's raw material procurement policy supports the prevention of deforestation as regards the origin of beef, palm oil, soy and wood-based products. In 2024, HKFoods has been building capacity for the implementation of practices under the EU Deforestation Regulation.

So far, HKFoods has not analysed how actual or potential social impacts should be taken into account in its biodiversity and ecosystem policies.

#### E4-3 Actions and resources related to biodiversity and ecosystems

##### Actions to promote biodiversity

HKFoods has not defined actions in line with ESRS reporting requirements and has not set measurable time-bound and results-oriented targets related to biodiversity and ecosystems. HKFoods' multi-year From Footprints To Digital Handprints (FF2DH) development project includes a life cycle assessment package for broiler and pork, including the development of biodiversity and water scarcity assessment methods. During the reporting year, activities focused on the construction of the LCA model. As part of the project, a study on biodiversity, grazing, cattle welfare and monitoring technology development was carried out in Friskalanlahti Turku in the summer of 2024. As a result of grazing, the biodiversity of the area has been observed to have become more diverse, both in terms of insects and vegetation.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

The pilot farm work has also investigated the impact of regenerative farming and related production methods on soil carbon sequestration, the optimisation of nitrogen fertiliser use, the improvement of field water management and the potential for the use and further treatment of livestock manure. The FF2DH project will end in 2025.

In line with its internal policy, HKFoods is committed to using responsibly produced soy and palm oil. The proportion of locally produced feed in the feed mix will be further increased and the use of imported soy will be replaced by other sources of protein such as broad beans and peas in the future. For the use of soy, HKFoods is dependent on the development work carried out by the feed mills used by contract farmers. This is influenced, for example, by the nutritional quality, availability and price of alternative protein sources.

HKFoods Finland Ltd's value chain only uses soy that is certified for sustainability (RTRS, ProTerra and other similar certification schemes that take into account environmental responsibility, working conditions and sustainable agricultural practices). HKFoods Finland Ltd is also a member of the Round Table on Responsible Soy (RTRS), which promotes responsible soy production. HKFoods procures palm oil only as ingredient of some raw materials. For these products, the Round Table on Sustainable Palm Oil (RSPO) certification is required.

The EU Deforestation Regulation will enter into force by the end of 2025 and will apply to HKFoods for beef products, soy, palm oil and wood-based products. HKFoods as an operator places beef products on the market and is responsible for providing traceability information. For soy, palm oil and wood-based products, the company is obliged to manage traceability data in accordance with the duty of care. The requirements of the EU Deforestation Regulation have been prepared for application to practical processes during 2024. The preparation has included defining a due diligence system, identifying the challenges of obtaining information on DD (Due Diligence) insurance and setting up teams to address the identified challenges by the end of the transition period. At the end of the reporting period, the interpretative guidance issued by the authorities on the application of the Regulation was still pending, which meant that practical steps could not yet be defined and implemented.

The controlled use of antibiotics and reducing the need for medication are key measures in the fight against antibiotic resistance. In HKFoods contract production, national antimicrobial resistance prevention measures are promoted and slaughtered animals are regularly sampled to test for antimicrobial residues in accordance with the surveillance programme. HKFoods' slaughterhouses receive information on the health of the animals, their morbidity and any medication through the chain information system.

HKFoods has not used biodiversity offsets in its action plans.

#### Available resources for promoting biodiversity

HKFoods' VP Corporate Responsibility and a team of sustainability experts are responsible for compliance with biodiversity and ecosystem legislation and frameworks, as well as for raw material certification of procurement and the collection and analysis of supplier data. The implementation of this work is also supported by research and development activities focused on sustainability themes, animal and raw material procurement units and factory environmental experts.

### 3. Metrics and targets

#### E4-4 Targets related to biodiversity and ecosystems

##### Setting biodiversity targets

HKFoods will set biodiversity targets over the next few years. A thorough and scientifically evidence-based biodiversity impact assessment is being prepared and will be carried out, where possible, in line with the requirements of general international frameworks.

HKFoods' biodiversity targets will minimise business risks and reduce negative impacts on the environment in the value chain, and increase positive nature impacts using science-based criteria.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

As part of its biodiversity target setting, HKFoods will take into account, for example, the targets set by the EU Biodiversity Strategy and their potential application to HKFoods' value chain activities. When setting targets, the consideration of ecological thresholds will be considered on a case-by-case basis.

HKFoods will also specify the geographical delimitation as part of the biodiversity target setting process.

HKFoods has not used biodiversity offsets in its nature work and does not currently plan to use them in target setting.

#### E4-5 Impact metrics related to biodiversity and ecosystems change

HKFoods has not set any metrics for biodiversity and ecosystem-related material impacts for 2024, as target setting is currently underway.

## E5 Resource use and circular economy

### 1. Impact, risk and opportunity management

**IRO-1 The description of the processes to identify and assess material impacts, risks and opportunities related to resource use and the circular economy**

HKFoods has assessed the actual and potential impacts, risks and opportunities related to resource use and circular economy for its own operations and upstream and downstream of the value chain for the reporting period 2024 in a double materiality assessment according to the European sustainability reporting standards. The material impacts, risks and opportunities assessed by the Company have been analysed in terms of the resource outflows related to products and the generation of ordinary and hazardous waste from its own operations. Based on the assessment, the Company has not identified any significant risks related to the circular economy. The related conclusions are based on accurate volume data for different packaging materials, waste fractions and by-products generated by the business, which have been monitored and developed over several years. Based on the results of the double materiality assessment HKFoods has estimated that the main impacts and dependencies of resource outflows related to products and services are within the Group's own activities as a raw material procurer and user. The production process generates by-products suitable for human consumption, for animal feed and for use in a number of other industries, such as raw materials for biofuels and fertilisers. The Company has identified the potential to use circular economy solutions in product development and to make more extensive use of by-products.

The treatment of waste at the downstream value chain has negative impacts on the environment. Product distribution activities require the packaging of food products, which results in the handling of waste fractions from packaging materials. The Company is dependent on national packaging recycling and sorting practices and on the requirements and targets of national and EU legislation. Negative impacts are also caused by bio-waste from food waste and its treatment.

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

Waste and by-products from HKFoods' business are handled by various operators, such as transport services and material handling plants, whose operations have an environmental impact. The management of waste and by-products requires close cooperation with the above-mentioned circular economy partners. Various industries use animal ingredients as raw materials, and the share of animal by-products from carcasses is significant. Downstream value chain environmental impacts also arise from food waste, which can be caused either by quality defects or by unused batches of products.

In addition, HKFoods has limited influence on the recyclability and reuse of products through its choice of packaging materials.

HKFoods engages in regular dialogue with its circular economy partners. This dialogue aims to ensure that waste streams and by-products are optimally channelled to further processing sites. New circular economy solutions in cooperation with business partners may offer new opportunities to increase the recycling or value-added use of different materials in the medium and long term. Reducing waste enables a reduction in the value chain's environmental impact and the cost savings associated with recycling. Wider use of by-products allows for increased commercial returns on raw material of animal origin and reduced disposal costs. Sales potential has been identified in export markets for carcasses that are not in demand on the local market.

#### E5-1 Policies related to resource use and circular economy

In its 2024 double materiality assessment, HKFoods identified material resource use and circular economy-related impacts, risks and opportunities in its own operations and in the value chain. These impacts, risks and opportunities are reflected in the Environmental Policy approved by HKFoods' Board of Directors, which is described in more detail under *E1-2 Policies related to climate change mitigation and adaptation*. One of the key principles of the Environmental Policy is to operate in accordance with a certified environmental management system (ISO 14001). This means, among others, the development of packaging materials, compliance with the waste hierarchy, minimising production waste and the efficient use of animal raw materials. HKFoods is committed to promoting circular economy throughout the value chain.

As HKFoods' business is focused on food production, it cannot switch to using recycled resources in its own production. Only the product packaging materials as part of the main product and logistics have been identified as an area where HKFoods can gradually move towards the use of recycled materials within the limits of food contact material legislation, and the Company has set a target for the recyclability of packaging materials. The management and implementation of circular economy issues and by-products in line with the Environmental Policy is the responsibility of the director of environmental matters in each company. The development of packaging materials is the responsibility of the product development director or the director responsible of product packaging.

The HKFoods' Board of Directors has approved an internal HKFoods Procurement Policy for other suppliers except animal contract farmers. The Procurement Policy defines the guiding principles for HKFoods' sustainable procurement, which are extended to the supply chain through the HKFoods Group's Supplier Code of Conduct. The Procurement Policy and Supplier Code of Conduct are described in more detail under *G1-2 HKFoods Group Procurement Policy and Supplier Code of Conduct*.

#### E5-2 Actions and resources related to resource use and circular economy

In 2024, HKFoods did not have a Group-level action plan in place to meet the requirements of the Sustainability Reporting Standard, nor were there systematic, monitored actions to manage the impacts and opportunities of resource use and the circular economy. HKFoods aims to set these targets and corresponding measures in the medium term. Development work on the circular economy has been the responsibility of the unit-specific environmental managers. Plant-specific waste monitoring programmes and waste reporting are in place at the production sites. Currently, the impacts and opportunities for outflow of resources and waste associated with products and services are managed in line with the Environmental Policy through continuous monitoring of resource use and the circular economy, as well as through improved material efficiency.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

As part of the resource outflow measures, the Company has made efforts in the reporting period 2024 to improve the utilisation of meat raw material in its own operations. The by-products generated in the production processes of HKFoods' products are primarily used as raw materials or energy in the value chain in the circular economy partners' operations. HKFoods also owns 50% of Honkajoki Oy, a processor and refiner of animal by-products. Honkajoki Oy processes by-products from meat production into raw materials for various industries. The products manufactured by Honkajoki are used as raw materials in products such as animal feed, fertilisers and biofuels.

In terms of waste management, the Company has been working to reduce waste and increase recycling in line with the waste hierarchy. Food waste at the downstream value chain is assessed by monitoring customer credits in euros due to quality defects. This will help to guide and develop corrective and preventive production measures.

The Company has also improved material efficiency by increasing the recyclability of packaging materials and minimising production waste. The recyclability of materials used in consumer packaging was increased by testing new recyclable materials for all product categories, new products were launched in recyclable packaging, and, for example, the plastic box for Via ready meals was replaced by a recyclable one.

For packaging materials, HKFoods reports the packaging materials it places on the market to the producer responsibility organisation and pays the waste disposal costs as part of the implementation of producer responsibility. Packaging materials must be recyclable by 2030 in line with the upcoming EU PPWR legislation.

No significant investments in resource use and circular economy have been made in 2024. The Company has not estimated the long-term capital and operating expenditure required for the circular economy.

## 2. Metrics and targets

### E5-3 Targets related to resource use and circular economy

HKFoods' Environmental Policy has been used as the basis for deriving the key targets for the Group's commitment to the efficient use of energy, water and raw materials. In terms of resource efficiency and circular economy, material efficiency and compliance with the waste hierarchy have been identified as key targets for which the Group is currently carrying out continuous development work on a site-by-site basis. No Group-wide target has been set for the management of waste or by-products.

In terms of resource outflows, HKFoods has set a long-term target of 100% recyclable packaging by the end of 2030. The achievement of this target is measured as the proportion of recyclable packaging materials out of all packaging materials used.

HKFoods has set targets to reduce food waste and food losses, but they do not meet the MDR-T requirements of the ESRS standards in terms of content. HKFoods will develop its food waste and food loss reduction targets in the medium term.

HKFoods' waste and by-product targets relate primarily to tiers 1 (reduction of waste) and 2 (recovery of reusable materials) of the waste hierarchy, but the Company is also working on measures for other tiers.

HKFoods' resource use and circular economy targets are voluntary in nature.

### E5-5 Resource outflows

HKFoods' primary product is foodstuffs manufactured by the Group companies, which require packaging for storage and transport. The material used for product packaging is mainly cardboard or plastic. Product packaging is subject to recyclability targets, which are set out in Disclosure Requirement E5-3.

In addition, HKFoods' food production generates a large amount of animal material as a by-product, which cannot be used as food. Most of these by-products are sent either to HKFoods' 50%-owned Honkajoki Oy for processing or to other industries as raw materials, such as bovine hides for the leather industry.

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

In terms of outflows of resources produced by HKFoods, the products are foodstuffs and related packaging. The durability of the packaging products produced by HKFoods in relation to the industry average and their reparability are not relevant for the outflows of HKFoods' resources.

The share of recyclable product packaging at HKFoods in 2024 was 64 per cent. The recyclability of food packaging is determined by the separable packaging components and the local recycling infrastructure. HKFoods' packaging waste mainly ends up in the Finnish market. Consumer packaging is sorted in accordance with the recycling instructions printed on the packaging.

E5-5 The following table shows a breakdown of the waste generated by HKFoods' business (t):

<b>Total Waste generated (t)</b>	<b>30,643</b>
Hazardous waste diverted from disposal (t)	1.76
Hazardous waste diverted from disposal due to preparation for reuse (t)	0.00
Hazardous waste diverted from disposal due to recycling (t)	1.34
Hazardous waste diverted from disposal due to other recovery operations (t)	0.42
<b>Non-hazardous waste diverted from disposal (t)</b>	<b>27,643</b>
Non-hazardous waste diverted from disposal due to preparation for reuse (t)	0.29
Non-hazardous waste diverted from disposal due to recycling (t)	1,880
Non-hazardous waste diverted from disposal due to other recovery operations (t)	25,763
Hazardous waste directed to disposal (t)	10
Hazardous waste directed to disposal by incineration (t)	0.29
Hazardous waste directed to disposal by landfilling (t)	0.00
Hazardous waste directed to disposal by other disposal operations (t)	10
<b>Non-hazardous waste directed to disposal (t)</b>	<b>2,986</b>
Non-hazardous waste directed to disposal by incineration (t)	2,586
Non-hazardous waste directed to disposal by landfilling (t)	318
Non-hazardous waste directed to disposal by other disposal operations (t)	82
Non-recycled waste (t)	2,997
<b>Percentage of non-recycled waste (%)</b>	<b>9.78</b>
<b>Total amount of hazardous waste (t)</b>	<b>12</b>

For discontinued operations in Sweden and Denmark, the amount of waste generated in 2024 has been estimated based on data from 2023. The total amount of waste was approximately 15,783 tonnes, of which 9.86 tonnes were hazardous waste.

The waste resulting from HKFoods' business is mostly non-hazardous waste generated by processes typical of food industry operations. In terms of waste volumes, the main categories of waste are sludge from water treatment and grease traps, animal manure, litter and other animal by-products and biowaste. Together, these account for about 87% of the total waste. Of the remaining 13% or so, mixed waste is the largest category.

HKFoods' most significant waste streams are solids from water treatment, grease sludge discharged from grease traps and organic matter containing animal waste (manure, litter, wood chips). In addition, food production generates bio-waste as a by-product.

Most of the waste generated by HKFoods' business is organic matter, i.e. biomass. It also includes various types of plastic fractions, metal, glass and small amounts of paper, cardboard and hazardous waste.

Waste data is collected on a site-by-site basis and waste volumes are calculated using the Group's common accounting system. The data are based on the EWC classification and on actual data reported by the waste management companies. The by-products of HKFoods' business activities are separated from materials classified as waste in accordance with legal requirements.

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

## S1 Own workforce

### 1. Strategy

#### SBM-3 Material impacts, risks and opportunities and their interaction with the strategy and business model

According to HKFoods' strategy, the health and safety, employment security, training and skills development of its own employees are key factors in the Company's productivity and competitiveness, and thus contribute to the long-term success of the Company.

The material impacts, risks and opportunities associated with HKFoods' own workforce have been identified through a double materiality assessment based on the principles of HKFoods' risk management process. All members of the Company's own workforce are covered by the disclosures.

HKFoods' business activities have material impacts on permanent employees, part-time employees, temporary employees and on-demand workers. In addition to HKFoods' own employees, subcontractors and/or consultants may work at the same sites.

#### Material impacts, risks and opportunities related to own workforce

Based on the double materiality assessment results, material sustainability matters related to own workforce include the topics of *health and safety and secure employment* within the theme Working conditions of own workforce as well as the topic of *training and skills development* within the theme Equal treatment and opportunities for all, and Collective bargaining.

HKFoods' most material risk in terms of own workforce:

- Employee illness and disability can result in significant costs and business disruption.
- Accidents at work and exposed working conditions can have serious consequences.
- Poor working atmosphere and stress may lead to employee exhaustion and reduced productivity.

- Changes in labour laws and regulations can create new requirements and costs.
- Shortcomings in workforce training and development can lead to skills gaps, increased labour costs, quality problems and other disruptions, thereby increasing production costs.
- Negligence in employee wellbeing can lead to increased sickness absence, reduced productivity and reputational damage, affecting the Company's performance and competitiveness.
- Disputes between unions can cause widespread labour market disruption and increase costs.
- The attractiveness of the meat sector and the availability of a skilled workforce may pose risks to business continuity.

HKFoods' most material opportunities related to own workforce:

- By investing in employee training and skills development, HKFoods can improve productivity and innovation.
- Utilising a diverse workforce can bring new perspectives and improve and enhance decision making.
- By investing in wellbeing at work, HKFoods can reduce sickness absences and improve employee engagement.
- By investing in safety at work, HKFoods can ensure safe and healthy working conditions for its employees, thereby reducing accidents at work and work-related illnesses.
- By investing in safety at work, employees feel safer, which improves their productivity and reduces the time needed to deal with accidents. More time can then be spent working efficiently. Reduced accidents and sickness absences also mean lower insurance premiums and other costs associated with disability and claims.
- Developing cooperation between staff and business can reduce the disruption caused by disagreements between unions and improve employer image, which affects the availability of labour, for example.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

#### Material risks and opportunities for specific groups of workers

Employment security risks, such as underpayment, working terms, and working conditions detrimental to health, can particularly affect young workers (under 30), older workers (over 50) and foreign workers. Young workers' shorter work experience may be reflected in a lack of awareness of their employment security rights and obligations. Inadequate information on employment protection, such as contracts, pay and working terms, can increase the risk of young workers feeling insecure, having accidents at work, experiencing adverse working conditions and developing work-related illnesses, and can reduce opportunities for skills development.

Unemployment protection for older workers in Finland has been weakened by the recent legislative change that removed age-related exemptions from unemployment protection. This can increase financial insecurity and reduce mental well-being as people approach retirement age.

Foreign workers may be unfamiliar with their employment security rights and obligations, as well as local labour practices and laws, due to a lack of language skills or cultural differences. This can make them more vulnerable to discrimination and exploitation in the workplace and thus to poorer working conditions and pay.

Employment security allows for different forms of employment, such as part-time, fixed-term and temporary agency work. This flexibility helps workers to better reconcile their work with family life, studies and/or other commitments. Employment security also provides support for specific groups, such as young immigrants and people with partial work ability. This can take the form of job induction, language training and other support services to help people adjust to working life.

Work safety risks can particularly affect workers who do not have sufficient knowledge or understanding of safety rules, for example, because of a lack of language skills. Training and skills development risks may particularly affect workers on fixed-term contracts and foreign workers.

#### Actions related to material positive impacts

Positive impacts on the Company's own workforce are promoted through company-specific workplace well-being programmes, which provide a framework for promoting well-being at work in all companies, countries of operation and personnel groups. Efforts to improve personnel training and skills development and to increase work flexibility aim at enhancing employee engagement and motivation, promoting innovation and thereby competitiveness and productivity.

In Finland, measures to improve working conditions, such as personal development dialogues, everyday work ability management, occupational wellbeing card training, sports benefits, increasing the diversity of the work community and more extensive cooperation in occupational health care than required by law, have a positive impact on employees' work ability and wellbeing. The activities are described in more detail in S1-4.

#### Material negative impacts

Repetitive work in cold conditions, physically demanding, heavy production work and unergonomic working positions, shift work, the use of hazardous chemicals, and psychological stress can have a direct impact on workers' wellbeing and safety at work and thus on productivity. Ignoring diversity can lead to sticking to old ways of doing things and losing the opportunity to benefit from different perspectives and ideas. This can also lead to discrimination and unequal practices, which in turn can undermine employee well-being and motivation.

#### Management of material negative impacts

HKFoods' Health and Safety Policy sets out the principles of health, safety and welfare. The Policy applies to the HKFoods Group and to all employees of entities under HKFoods' control in the performance of their duties in HKFoods' own units and external locations. The Policy also applies to subcontractors, suppliers and other persons working in HKFoods' units. All HKFoods activities must comply with applicable international (e.g. EU level), national and local laws and regulations and with the provisions of the Health and Safety Policy, the health and safety guidelines and the standards.



## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

In HKFoods' Finnish operations, all employees starting permanent employment are subject to a pre-employment health check and all employees exposed to hazardous work have a health check in accordance with the Occupational Health Care Act. In HKFoods' Finnish operations, departmental workplace surveys, including a pre-survey of staff in the preliminary phase, are carried out every 2-5 years. The workplace surveys provide the employer with more detailed information on potential work stress factors and are carried out together with the occupational health service provider.

In HKFoods' Finnish operations also job-specific surveys are carried out. By examining and measuring tasks, the employer obtains information on the current situation in order to clarify work processes, improve work opportunities and manage workload factors. The legislation requires employers to carry out a sufficiently systematic investigation and identification of hazards and risks arising from work, workplace, other working environment and working conditions. Hazard and risk assessments are carried out in consultation with staff and the results are communicated to all workers. Risks are assessed and managed from the perspective of the Company, site, department, equipment, job and business continuity. In addition, staff surveys are regularly carried out for all staff and regular performance and development dialogues are held.

To increase understanding of diversity, HKFoods trains its employees and supervisors through, for example, language training, recruitment and prejudice awareness training, as well as providing support for succession planning and age management through an age management programme.

#### Impact of transition plans on own workforce

HKFoods' plans and measures to reduce carbon emissions and the associated potential investments in new production technologies and more energy-efficient solutions may change the job descriptions of its workers and entail changes in the working facilities and equipment used.

#### Principles prohibiting forced or child labour

HKFoods' business and related work assignments are not geographically located in areas where forced or child labour has been identified as a significant risk. In the Group's area of operation, local legislation and HKFoods' Code of Conduct prohibit the use of forced and child labour. Recruitment is carried out in accordance with local legislation and HKFoods' Code of Conduct.

The Code of Conduct is described in more detail in standard G1 Business conduct.

HKFoods' Code of Conduct emphasises that the Company does not accept any form of forced labour, wage slavery, labour coercion, modern slavery or human trafficking. HKFoods workers are not required to pay securities or surrender their identity card to the employer. HKFoods workers have the right to terminate their employment according to the laws and collective agreements in force. HKFoods does not accept the use of child labour. This means, for example, that persons under 18 years of age may not work at night or on any other assignments that may endanger their health and safety. Children under 15 years of age or children who have not reached the local minimum working age or the end of compulsory school age, whichever is the highest, may not work in a way that would interfere with their schooling. In its Code of Conduct, HKFoods is committed to not accepting employment relationships that do not meet the above conditions.

## 2. Impact, risk and opportunity management

### S1-1 Policies related to own workforce

The management of material impacts, risks and opportunities on HKFoods' own workforce is guided by the Code of Conduct and the Human Resources Policy.

HKFoods' Code of Conduct sets out the general framework for HKFoods' guidelines for appropriate conduct and behaviour. The purpose of the HKFoods' HR Policy is to ensure that all employees are treated fairly and with dignity and to set out the principles of HR management applicable to our employees. HKFoods complies with the laws, regulations and collective agreements relating to HR policies and ensures that its HR Policy is always in line with HKFoods' Code of Conduct and other policies.

HKFoods' Code of Conduct and Personnel Policy apply to all members of the Company's own workforce, regardless of role, background, gender or type of employment relationship. Kivikylän kotipalvaamo Oy and Lihatukku Harri Tamminen Oy did not have a similar personnel policy in the reporting period 2024.

The companies have started the process of drawing up company-specific HR policies.

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

#### 106 Financial Statements 2024

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

The Group's CEO is responsible for the Code of Conduct implementation. The HR Policy owner is the Group's SVP HR who is also responsible for implementing related matters within HKFoods. As an exception, Kivikylän kotipalvaamo Oy and Lihatuokku Harri Tamminen Oy are themselves responsible for the implementation of the Code of Conduct and HR Policy.

#### Human rights policy commitments

In line with the HKFoods' Code of Conduct, HKFoods respects the following international human rights conventions as part of its responsible conduct:

- International Bill of Human Rights
  - UN Guiding Principles on Business and Human Rights
  - UN Convention on the Rights of the Child
  - UN Convention on the Elimination of All Forms of Discrimination against Women
  - OECD Guidelines for Multinational Enterprises
  - International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work
  - Ten Principles of the UN Global Compact
- and uses impact assessments and Due Diligence processes to manage potential and actual adverse impacts.

#### Respect for the labour rights

Workers' rights are specific human rights that workers have in the workplace. HKFoods emphasises the following in its Code of Conduct:

- Work at HKFoods is always based on an employment relationship, which is entered into under national laws and practices. All HKFoods employees have the right to make and sign an employment contract, in a language they understand, which includes all mutually agreed terms and conditions of employment. Information provided to employees concerning their rights at the workplace must comply with local legal requirements and established practices.
- All HKFoods employees are treated equally without regard to race, religion, ethnic origin, age, disability, gender, marital status, pregnancy, parenthood, sexual orientation, union membership, political opinion or any other personal characteristic. HKFoods does not tolerate discriminatory practices in hiring, job assignment, training and development, promotion, compensation and other benefits, or general conduct in the workplace. If discrimination is identified, it is addressed.

- HKFoods pays its employees' wages and benefits in accordance with national legal norms or generally applicable standards in the industry, including minimum wages. HKFoods recognises that wages must be sufficient to meet the basic needs of workers in their country of residence. As regards wages and payment methods, HKFoods' employees are informed of the terms and conditions of employment prior to the start of their employment. These conditions are also recorded in the employment contract.
- All disciplinary action against an employee is recorded. Disciplinary action may take the form of verbal or written warnings. However, deductions from wages are not accepted disciplinary measures at HKFoods. Deductions from wages are only possible if permitted by applicable national law or if specifically authorised by the employee concerned. The nature and type of disciplinary measures taken are described in more detail in the HR guidelines.
- HKFoods supports compliance with national legislation, applicable collective agreements and international conventions on working hours. At HKFoods, overtime is voluntary and is used in exceptional circumstances such as unexpected peaks in production or similar situations. Overtime always requires appropriate precautions to protect workers' health and safety. Employees are paid overtime according to the applicable national laws and collective agreements.
- HKFoods provides working environments that are sensitive to general industry knowledge and specific risk factors for work-related injuries and illnesses, including possible exposure to substances and working conditions hazardous to health. Clear rules and procedures have been established and are followed regarding occupational health and safety, fire prevention and emergency preparedness. Access to occupational health services for all workers is ensured in line with local practices.
- HKFoods takes occupational safety seriously and works continuously to prevent accidents and health hazards in the workplace. Employees participate in the development of a healthy and safe workplace. This includes participation in occupational health and safety committees, where such activities are organised. Our commitment and action plan are set out in more detail in the Group's Health and Safety Policy.
- HKFoods respects workers' freedom of association and the right to collective bargaining. HKFoods employees are free to join trade unions and participate in the election of their official representatives in accordance with the applicable laws and collective agreements in each country. There must be no discrimination whatsoever against employees who are official representatives.

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

#### 106 Financial Statements 2024

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

#### Measures to provide remedy for human rights impacts

HKFoods Group recognises its responsibility to manage adverse human rights impacts through its operations and products, and to manage adverse human rights impacts in its supply chain through its business relationships. The Group's business and operations have a material impact on the human rights of its employees, customers, consumers, suppliers, producers and communities in the countries where the Group operates. HKFoods' Code of Conduct states that the Company respects international human rights conventions and is committed to continuously improving its processes and practices to identify, prevent and mitigate human rights impacts that it may cause, contribute to or be directly associated with, both in its own operations and in its value chain.

#### Policies related to workplace accident prevention

HKFoods' Health and Safety Policy defines the health, occupational safety and wellbeing principles to be followed in all operating countries and units. The Policy, available on the company website, is the responsibility of the SVP of Risk Management, Safety and Cyber Security. The Group and Business Unit management is responsible for planning and resourcing activities in each unit and country to ensure that the Policy principles and supporting guidelines can be implemented and that human safety or health is not compromised at any stage of the process.

Management and supervisors are responsible for handling workplace health and safety-related matters through strong and credible leadership according to the legal requirements. HKFoods expects each employee to take responsibility for their own actions and to comply with this Policy and its supporting guidelines.

All sites must ensure that health and safety communication to employees, subcontractors and other stakeholders is systematic and proactive. If necessary, training and exercises must be organised to ensure that everyone is able to carry out their duties safely.

#### Principles for promoting diversity and inclusion

HKFoods is committed to promoting equality and equal treatment in the workplace as set out in its Code of Conduct, HR Policy and Equality Plan. Equality and non-discrimination plans have been drawn up for the Group's Finnish companies in accordance with local legislation. The promotion of equality and equal opportunities

is a key part of the Company's culture. The Equality Plan emphasises an open, interactive and respectful working community where everyone can work to their full potential and take the initiative. All employees, regardless of their role, must take into account the need for fair, equal and appropriate treatment of permanent and temporary employees of different groups, genders, ages, religions, gender orientations, backgrounds or different stages of family life.

To promote equality and inclusion, HKFoods is committed in the Equality Plan to:

- working to ensure that vacancies are open to people of different genders, regardless of ethnic background
- promoting a balanced staff structure and gender equality
- creating equal opportunities for everyone to be trained and to advance in their careers
- promoting equality and inclusion in working terms
- developing working conditions that are appropriate for both women and men
- facilitating the balance between work and family/private life
- ensuring that there is no discrimination of any kind in performance appraisals, remuneration, training selection or other personnel-related decisions
- acting in a way that prevents discrimination based on sex, age, origin, nationality, language, religion, belief, opinion, political activity, trade union activities, health status, family status, disability, sexual orientation or any other ground related to a person.

HKFoods' recruitment practices, positions and application criteria are non-discriminatory. When making recruitment decisions, attention is paid to applicants' education, previous work experience, knowledge and skills and personality traits relevant to the role.

#### Principles of non-discrimination

HKFoods' Code of Conduct states that HKFoods is committed to acting against all forms of discrimination and unfair or prejudiced treatment of individuals and groups based on, for example, race, gender, age or sexual orientation. All employees must be treated fairly, equally and with respect, regardless of the type of employment contract. HKFoods takes measures to protect employees from discrimination and promote diversity and inclusion, and seeks to take vulnerable groups into account in its operations and value chains.

21 ESRS 2 - General disclosures

48 E - Environment

71 S - Social responsibility

98 G - Good governance

106 Consolidated income statement for 1 January - 31 December

107 Consolidated statement of comprehensive income 1 January - 31 December

108 Consolidated balance sheet on 31 December

109 Consolidated cash flow statement

110 Statement of changes in consolidated equity

112 Notes to the financial statements for 2024

123 Notes to income statement

133 Notes to the balance sheet

162 Parent company income statement for 1 January - 31 December

163 Parent company balance sheet 31 December

164 Parent company cash flow statement

165 Notes to the parent company's financial statements

167 Notes to the parent company's income statement

169 Notes to the parent company's balance sheet

177 Signatures to the financial statement and report of the Board of Directors

177 Auditor's note

#### S1-2 Processes for engaging with own workforce and workers' representatives about impacts

HKFoods complies with local labour legislation, applicable collective agreements and local agreements in force in all countries where it operates. Cooperation is carried out under the legislation of each country. All local agreements are drawn up in conformity with HKFoods' Code of Conduct.

HKFoods complies with local collective agreements. The agreements are renewed through regular collective bargaining between the employers and workers' unions. The aim of this cooperation is to improve the Company's operations and employees' opportunities for influence.

HKFoods holds a European Works Council (EWC), which promotes internal flow of information and communication between management and staff and regularly discusses issues of interest to staff. The EWC meets twice a year. The aim of this cooperation is to build trust, listen to employees, answer their questions, involve them and discuss any training needs.

For national operations, HKFoods has a National negotiations council in Finland, which convenes four times a year to discuss the Company's financial situation, current staff issues and the topics covered by the Co-operation Act. Responsibility for preparing the meetings of the council lies with a specially appointed Working Committee, which meets once a month.

In addition, local cooperation is carried out with local shop stewards. HKFoods has a national Health and Safety Committee, in which the health and safety representatives of each location are represented. It meets twice a year.

HKFoods conducts a Voice employee survey, repeated at least every three years, to assess the satisfaction and commitment of all employees and their willingness to recommend the company. The HR survey measures satisfaction with supervisor work and management, job meaningfulness, clarity and balance, psychological safety and diversity, among other things. At Kivikylän kotipalvaamo Oy, a staff survey is carried out at least every four years in cooperation with the pension insurer. Short pulse surveys are carried out a few times a year for each unit. At Lihatukku Harri Tamminen Oy, a staff survey is carried out four times a year.

Everyone is guaranteed the opportunity to respond, and the response rate is systematically monitored throughout the survey. The language options for the staff survey are determined on a company-specific basis. In addition, technical support is available when necessary.

HR management is responsible for the implementation of the employee survey. Top management, with the support of HRM, is responsible for ensuring that the results are processed and taken into account in decision-making. The results will be discussed at different organisational levels and with shop stewards. Supervisors are trained to deal with the results and teams are supported in drawing up improvement measures. Based on the results, improvement measures are agreed in the work communities and their implementation is monitored in meetings under the management system.

HKFoods organises internal briefings on a quarterly basis and otherwise as and when required. At these events, staff have the opportunity to ask questions and discuss current issues directly with management. Supervisors are encouraged to engage in an ongoing dialogue with their team members.

Communication with employees and employee representatives is the responsibility of business management, operational management and HR management, each within their own area of responsibility.

#### S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

HKFoods has drawn up and implemented health, safety and welfare principles, which are monitored regularly. The main focus is on proactive occupational safety and the development of employee skills, with the aim of reducing any significant negative impact on employees.

Continuous improvement and initiative activities are also part of HKFoods' operating principles, and through them the Company constantly aims to develop and improve working methods and conditions.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

HKFoods' initiative activities provide personnel with opportunities to influence their own work and the Company's operations. The aim of the initiative is to stimulate continuous improvement, to create a channel for the implementation of ideas and to reward good ideas and the benefits they bring.

#### Addressing inappropriate behaviour and discrimination

In addition to HKFoods' Code of Conduct, the Company has guidelines for managing inappropriate behaviour and discrimination in the workplace. They form part of HKFoods' HR Policy. They apply to all HKFoods companies and all countries in which HKFoods operates.

In addition, the Company's own workforce can report any ethical concerns or violations of the law to their supervisors, local management or HR management. HKFoods has agreed on a model for consultation and cooperation with shop stewards. The cooperation forums cover both local and national cooperation. The forums involve a dialogue between the employer and staff representatives to promote adequate and timely communication between the employer and staff, and opportunities for staff to influence matters relating to their work, working conditions or status. Moreover, HKFoods has a separate occupational health and safety organisation and occupational health service, which also allows its own workforce to raise concerns or needs directly with the Company.

#### Reporting unethical behaviour and discrimination

HKFoods' own employees and other persons outside the Company may report suspected misconduct to the whistleblowing reporting systems operated by external service providers (Fair Way channel). Reporting through the whistleblowing reporting system is possible either by name or on a completely anonymous basis. Suspected misconduct is treated confidentially and in accordance with the Whistleblower Act.

HKFoods' employees are informed about the accessibility of the channels during their induction as part of the Code of Conduct training. In addition, HKFoods regularly informs its staff through the communication channels defined by each company.

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and the effectiveness of those actions

#### Action plans

The HR Action Plan covers the strategic period until 2027 and takes into account succession planning, skills assurance, standardised job-specific induction and support for occupational well-being for all employees. The key goals of the Action Plan are described in more detail in 3 Metrics and targets.

HKFoods seeks to promote positive cooperation and inclusion in its human resources management.

HKFoods annually reviews both its *Gender Equality Plan* and its *Work community Development Plan* to determine action plans to manage material impacts, risks and opportunities.

The aim of the Gender Equality Plan assesses the implementation of equality and inclusion in the workplace and to develop workplace practices to be followed in making decisions concerning staff. The Work community Development Plan aims to make visible the long-term, proactive and consistent HR and training planning at HKFoods, which is important for the Company's renewal and readiness for change. It supports staff development, wellbeing and coping at work, and ensures that the number, structure and skills of employees are in line with the targets and plans set out in the Company's strategy.

HKFoods, excluding HKFoods Poland Sp. z o.o., prepares an annual *Occupational Health Care Plan* and an *Occupational Safety and Health Policy* in cooperation with the staff and occupational health services. The Occupational Health Care plan is discussed by the Company's National negotiations council, Working Committee and Health and Safety Committee as well as at local health and safety committee meetings and in a similar procedure with employee representatives as required by the Occupational Health Care Act.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

The first goal of the Occupational Health Care Plan period is the management of pension risks and payment class impacts, which will be addressed through the development of work ability management:

- 1) training in the use of the early support model and occupational health consultation for supervisors and shop stewards,
- 2) supporting work ability management at as early a stage as possible.

The second goal is to prevent and reduce harmful physical strain.

The third goal is to promote mental health in the workplace. In addition, HKFoods is investing in promoting mental health in the workplace, in the context of the changing working life, and especially with regard to mental health and wellbeing problems among young adults.

The fourth goal is to support the business in labour availability; it is important that the recruitment process enables a smooth start to work.

#### Actions to prevent material negative impacts and to enable positive impacts

In the reporting period 2024, the Company's activities did not comply with the Sustainability Reporting Standard and have not been fully adopted across the Group. HKFoods further developed its efforts to prevent material negative impacts and enable positive impacts in the 2024 reporting period.

HKFoods has various means in place to manage employee wellbeing over the lifecycle of the employment relationship. These include an ageing programme, rehabilitation courses, a self-reporting practice, occupational health care, exercise benefits and a lighter working model.

In the reporting period 2024, HKFoods made use of working time arrangements to facilitate the reconciliation of work and family life by offering employees the opportunity to work part-time and fixed-term assignments. Fixed-term employment contracts were signed for periods such as substitute work, family leave and annual leave. For white-collar employees, flexible working hours were used and there was also the possibility for them to work remotely in line with the hybrid working guidelines.

In addition to the occupational psychologist (a statutory service), HKFoods had in its Finnish offices concern chat and mood coaching, and targeted workplace surveys in the event of psychosocial stress factors. In Rauma, we launched a pilot project with a partner to prevent and treat mental health and life management problems among young adults.

In the reporting period 2024, HKFoods applied the early support model in force to support employees' work coping and prevent prolonged sickness absence and disability. The work ability management is supported by a service of the occupational health service, providing real-time information on sickness absence to supervisors, HR management and the occupational health team.

In HKFoods Plc, HKFoods Finland Ltd, Paimion Teurastamo Oy and HKFoods Poland Sp. z o.o., the Company is preparing for the ISO 45001 Occupational Health and Safety Standard by surveying current practices in the Finnish and Polish production units. The aim is to have an ISO 45001-compliant management model in place in all the above companies by the end of 2025. A significant focus of occupational safety work is proactive occupational safety and the development of employee skills to prevent serious accidents, injuries and fatalities through Blue Rules guidelines and other safety training. Safety observations, near misses and accidents of different degrees are systematically dealt with and used to develop safer practices, processes and working environments.

Concrete measures in the area of occupational safety include improving the safety awareness of employees by organising various safety campaigns, developing induction and performance discussions from a safety perspective, and organising safety card training and encouraging safety observations.

The concrete development of activities and guidelines will be continued, and fire safety in the sites and management of occupational safety will be improved in the long term in HKFoods' Finnish and Polish operations.

In 2024, a fire safety project has been launched to inspect all the Company's production sites, fire compartmentation and fire safety.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

Safety management will be improved through the introduction of the new HESQ system and the resulting improved reporting. Similarly, a new document management system will be introduced for document management. The implementation of both systems is currently underway. In addition, a new approach to risk assessment has been developed and is being implemented.

Kivikylän kotipalvaamo Oy and Lihatukku Harri Tamminen Oy have their own action plans for safety and well-being at work.

Kivikylän Kotipalvaamo Oy's action plans are location-specific and occupational safety is managed through occupational safety committees. The company provides its staff with initial fire-fighting and first aid training. Operational activities focus on continuous improvement through workplace surveys, safety rounds and various inspections.

At Lihatukku Harri Tamminen Oy, operations are managed through health and safety committees, which review key occupational safety indicators and measures at company level. In 2024, the company introduced a training platform, including an occupational safety module. During 2024, early support training was provided to supervisors and occupational healthcare carried out ergonomics rounds at one production plant and office. In addition, cardiac stimulators were also purchased for all sites and related user training was provided.

HKFoods provides training opportunities for its staff in the form of internal and external training courses and programmes, such as occupational wellbeing card training. At HKFoods, training includes general induction, safety training, Code of Conduct and information security training and other training relevant to the industry.

#### Monitoring the effectiveness of actions

In the reporting period 2024, HKFoods promoted wellbeing at work through activities aiming to promote employee engagement, well-being at work and psychological safety. Wellbeing action plans have been drawn up for each company, production unit and business unit. HKFoods conducts company-specific employee surveys, repeated at least every four years, to assess staff experience and commitment to HKFoods. Supervisors are trained in handling the results, and each supervisor reviews the results with their team. Based on the results, the teams will jointly develop action plans to

take forward the areas for improvement. The results are discussed with all employees and staff representatives.

Staff sickness absence and staff turnover are monitored quarterly and analysed in cooperation with the occupational health service provider, occupational pension insurers and occupational accident insurers. The results are reported to management, who use them to support decision-making.

HKFoods wants to ensure that all employees and partners get to go home in good health at the end of the working day.

Occupational safety action plans have been drawn up at company, country and unit levels and their progress is monitored in accordance with site practices. At annual level, occupational safety issues are reported to the Group's Board of Directors.

#### Actions to manage material risks and opportunities

As part of the Group's risk management process, HKFoods conducts regular risk assessments to identify and evaluate risks related to its own workforce. These assessments are used to develop site-specific risk management plans and action plans, which are reviewed with staff.

In 2024, HKFoods actively participated in networking activities in the Finnish Food and Drink Industries' Federation (ETL), with the aim of contributing to the maintenance of industrial peace in the sector.

HKFoods provides its staff with induction, training and coaching focused on safety, wellbeing and coping at work. HKFoods works closely with the occupational health care provider and pension insurer to provide its staff with comprehensive occupational health services and rehabilitation pathways, ensuring preventive measures and prompt access to treatment. HKFoods offers flexible working hours and remote working opportunities to help staff balance work-life demands and reduce stress. HKFoods encourages its staff to continuous improvement and to come up with new ideas through statutory initiative activities. HKFoods actively works to strengthen its employer brand to attract and retain the best talent.

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

HKFoods regularly monitors the effectiveness of these measures through staff surveys, feedback interviews and occupational health reports. Based on this data, HKFoods makes the necessary changes and improvements to processes.

#### Resources to manage material impacts on own workforce

The HR departments of the different HKFoods companies are responsible for implementing HR processes to support the business and developing them to meet business needs. Health and Safety managers and occupational safety representatives support staff in safety-related matters and provide training for them. HKFoods also works with external experts and organisations that provide expertise and support in the management of impacts.

### 3. Metrics and targets

#### S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

In 2024, HKFoods' Group-wide targets for managing the own workforce-related risks and opportunities did not yet fully meet the requirements of the European Sustainability Reporting Standards. HKFoods has so far focused on the implementation of existing targets. The Company continues to develop targets that meet the requirements of the ESRS in the medium term.

HKFoods aims to achieve zero accidents at work, reduce work-related illnesses and occupational diseases and develop the overall wellbeing of its employees.

For its own workforce, HKFoods is working towards zero occupational accidents, with a particular focus on promoting a proactive safety culture and continuous improvement. The Group's accident frequency rate for occupational accidents resulting in sickness absence was 24.28. Occupational accidents resulting in sick leave, significant occupational accidents requiring medical treatment, which are considered to be those resulting in restricted work or transfer to another job, and occupational accidents which have led in themselves to restricted work or transfer to another job, are counted in the accident frequency rate.

For other targets and indicators related to its own workforce, HKFoods conducts proactive wellbeing work, to be defined in strategic periods (excluding Kivikylän kotipalvaamo Oy and Lihatuokku Harri Tamminen Oy). The aim is to promote employee wellbeing at work and thereby reduce sickness absence (5.7% by 2027 / 7% achieved in 2024). Staff turnover is regularly measured. Lihatuokku Harri Tamminen Oy and Kivikylän kotipalvaamo Oy have their own targets to reduce sick leave, but no numerical target has been set. The targets of the subsidiaries will be aligned with those of the parent company in the medium term, where appropriate, taking into account the size of the companies.

HKFoods also invests in increasing psychological safety and aims to strengthen staff engagement. Inappropriate behaviour is measured by the number of related reports received through the WhistleBlow channel. In 2024, the channel received 8 reports, of which 4 were related to inappropriate behaviour. The target is zero reports. Our Employee Net Promoter Score (eNPS) target is over 10. In 2024, the Employee Net Promoter Score was not measured.

Wellbeing action plans are drawn up at the company, production unit and business unit levels.

#### Setting targets related to own workforce

The current targets are set out in HKFoods' Responsibility Programme, which has been discussed with employees. HKFoods has not used direct contact with its own staff and staff representatives in setting targets.

The achievement of targets is reported and monitored by HKFoods' National negotiations council, Working Committee and EWC as well as through internal briefings, personal development dialogues and team meetings.



21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

#### S1-6 Characteristics of the Company's employees

The gender distribution of HKFoods Group's own workforce:

Gender	Number of employees (head count) / Year	Year
Female	1,306	2024
Male	1,813	2024
Other	0	2024
Not reported	0	2024
Total	3,119	2024

Characteristics of HKFoods Group employees - employee head count in countries where the Company has at least 50 employees representing at least 10% of its total number of employees:

Country	Number of employees (head count) / Year	Year
Finland	2,936	2024
Poland	183	2024

Characteristics of HKFoods Group's employees - information on employees by type of contract and gender in 2024:

	Female	Male	Other	Not reported	Total
Number of employees (by head count)	1,306	1,813	0	0	3,119
Number of permanent employees (by head count)	1,083	1,454	0	0	2,537
Number of temporary employees (by head count)	133	260	0	0	393
Number of non-guaranteed hours employees (by head count)	90	99	0	0	189

HKFoods Group's employee characteristics - information on employees by region in 2024:

	Region A FINLAND	Region B POLAND	Total
Number of employees (head count)	2,936	183	3,119
Number of permanent employees (head count)	2,397	140	2,537
Number of temporary employees (head count)	350	43	393
Number of non-guaranteed hours employees (by head count)	189	0	189

For discontinued operations, the number of employees at the time of the transaction was 1,774 in Sweden and 699 in Denmark.

The total number of permanent employees that left the Company during the reporting period was 204 and the turnover rate of permanent employees during the reporting period was 6.5%.

Figures related to own workforce include all HKFoods Group companies.

In 2024, there were no fatal accidents at work in the HKFoods Group either to its own staff or staff of service providers working on the same premises.

The accident frequency includes the HKFoods Group's occupational accidents resulting in sickness absence, significant occupational accidents requiring medical treatment, which are considered to be occupational accidents resulting in restricted work or transfer to other duties, and occupational accidents that have in themselves resulted in restricted work or transfer to other duties. The accident frequency rate is calculated per million hours worked.

The number of employees is disclosed by head count.

The number of employees is disclosed at the end of the reporting period (31 Dec 2024). The number of employees also includes non-active employees such as those on family and sick leave. The HKFoods Group employed an average of 640 fixed-term employees during the year. The number of HKFoods Group employees varies throughout the year, peaking during the summer season.

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

The table in S1-6 *Characteristics of the Company's employees* shows the number of employees in the Group by country and gender. In this Sustainability Report, the numbers are disclosed in head count. In the financial statements, the numbers are presented as an average FTE (Full Time Equivalent).

#### S1-8 Collective bargaining coverage and social dialogue

HKFoods complies with national legislation and local collective agreements to ensure that all workers' working terms and conditions meet minimum standards.

At HKFoods, employment relationships are, as a rule, open-ended and full-time. HKFoods aims to provide permanent, full-time employment when possible. Fixed-term contracts are used for justified reasons in accordance with the Employment Contracts Act. Part-time employment is used when appropriate and necessary for the organisation of work. Agency workers are subject to the same collective agreements as own permanent employees. The collective agreements determine the wages, working hours and holidays of agency workers, thus guaranteeing them the same conditions as permanent workers.

The social dialogue is described in more detail under Disclosure Requirement S1-2.

Information on the collective bargaining coverage and social dialogue within the HKFoods Group:

Coverage rate	Collective bargaining coverage		Social dialogue
	Employees in Finland and in Poland		Workplace representation
0-19%			
20-39%		Poland	Poland
40-59%			
60-79%			
80-100%		Finland	Finland

#### S1-9 Diversity indicators

The Board of Directors is responsible for the management of HKFoods and the proper organisation of its activities. The duties and responsibilities of the Board are primarily determined in accordance with the Articles of Association and the Finnish Limited Liability Companies Act in force at the time. HKFoods' top management consists of the members of the Company's Executive Team - Chief Executive Officer (CEO), Chief Financial Officer (CFO), EVP Administration and Legal, EVP Poultry Business, EVP Meat Business and EVP Processed Foods Business. The definition of top management is based on strategy planning, business development, financial control and human resources management.

Diversity of employees	2024
Number of employees (head count) at top management level (prs)	6
Number of female employees (head count) at top management level (prs)	1
Number of male employees (head count) at top management level (prs)	5
Percentage of female employees at top management level (%)	17
Percentage of male employees at top management level (%)	83
Number of employees (head count) under 30 years old (prs)	649
Percentage of employees under 30 years old (%)	21
Number of employees (head count) between 30 and 50 years old (prs)	1,446
Percentage of employees between 30 and 50 years old (%)	46
Number of employees (head count) over 50 years old (prs)	1,024
Percentage of employees over 50 years old (%)	33

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

#### S1-13 Indicators for training and skills development

Hours spent on training and skills development	2024
Training and skills development indicators (Total training hours) (h)	11,088
Percentage of employees that participated in regular performance and career development reviews (%)	53
Percentage of male employees that participated in regular performance and career development reviews (%)	51
Percentage of female employees that participated in regular performance and career development reviews (%)	55
Average number of training hours per person for employees (h)	3.6
Average number of training hours per person for male employees (h)	3.4
Average number of training hours per person for female employees (h)	3.8

#### S1-14 Health and safety indicators

	2024
Percentage of people in its own workforce who are covered by health and safety management system based on legal requirements and (or) recognised standards or guidelines (%)*	0
Number of fatalities in own workforce as result of work-related injuries and work-related ill health (prs)	0.00
Number of fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites (prs)	0.00
Number of recordable work-related accidents for own workforce (pcs)	128
Rate of recordable work-related accidents for own workforce (accidents per Million working hours)	25.92
Amount of working hours used in rate formula (h)	4,938,088

\*) 0 % safety management systems based on recognized standards or guidelines

For discontinued operations, HKFoods reports data for S1-14 at the time of the transaction:

The Swedish operations' lost time injury rate (LTIR) at the time of the transaction was 19.5 for the 3 months preceding the transaction (1-3/2024).

The Danish operations' lost time injury rate (LTIR) at the time of the transaction was 9.04 for the 12 months preceding the transaction.

#### S1-16 Remuneration metrics (pay gap and total remuneration)

The remuneration metrics are reported on the basis of active staff as at 31 December 2024. The ratio of total pay for women and to total pay for men has been calculated as the average weighted by the number of persons. When comparing the ratio of the total annual remuneration of the highest paid person to the median of total annual remuneration, the median is calculated excluding persons who started in the middle of the reporting year and the salary of the highest paid person.

HKFoods pays its employees' wages and benefits in accordance with national legal provisions or generally applicable industry standards, also with regard to minimum wages. Regarding wages and payment methods, HKFoods' employees are informed of the employment conditions prior to the start of their employment. These conditions are also recorded in the employment contracts.

During the reporting period, the company's highest salary was 19 times the median salary.

The gender pay gap at the Group level in 2024 was 12%, taking into account gross hourly earnings and country-specific differences in the weighted average for the number of employees.

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance
<b>106</b>	<b>Financial Statements 2024</b>
106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

## S2 Workers in the value chain

### 1. Strategy

#### SBM-3 aterial impacts, risks and opportunities related to workers in the value chain and their interaction with strategy and business model

HKFoods procures most of the pigs, cattle and poultry for its production needs from the contract farmers in Finland. In Finland, the Company is committed to Finnish meat raw material, and the brand promise of the HK® and Kariniemen® brands includes a promise of Finnish meat raw material. HKFoods is therefore dependent of the meat raw material produced by its Finnish contract farmers and on workers in primary production for the duration of the production contract.

Since the Company's animal procurement is based on long-term contracts and close cooperation with producers, the development of a competitive, socially sustainable producer community is part of HKFoods' strategy.

The material impacts, key risks and opportunities affecting all value chain workers have been identified through a double materiality assessment based on the principles of the Company's risk management process.

Based on the double materiality assessment results, the key sustainability topics related to value chain workers are the "Health and safety" sub-topic under the "Working conditions of value chain workers" topic as well as the "Training and skills development" sub-topic under the "Equal treatment and equal opportunities for all" topic.

The health and safety of value chain workers and their training and skills development are key factors in maintaining workers' working capacity, company productivity and competitiveness. As such, they contribute to the long-term success of value chain enterprises.

#### Types of workers in the value chain

The extent of the impact of a group of value chain workers is assessed on the basis of relative procurement costs and supply chain risk factors. HKFoods' key value chain worker group is its contract farmers. Other identified value chain worker groups are the employees of contract manufacturing plants, employees of plants manufacturing raw materials and packaging materials used in HKFoods' products, employees of service providers working in HKFoods' facilities, animal transport companies and their employees, employees of companies responsible for the storage and transport of raw materials used in products and manufactured goods, and other service providers and their employees at their sites.

#### Types of value chain workers, broken down by phase of the value chain

The most important group of workers in HKFoods' upstream value chain is contract farmers, who are independent entrepreneurs and some also farm employers. The total number of Finnish contract farmers is around 2,100, of which 3% are broiler farms, 11% pig farms and 86% cattle farms. Contract farms are located in Finland and some of them are limited liability companies jointly owned by several families. This group of workers is represented by the main owner of HKFoods, LSO Osuuskunta, a cooperative of some 700 Finnish meat producers.

Other upstream groups of workers identified as significant are those employed by contract farmers and various suppliers who produce the raw materials and packaging materials used in HKFoods' products, including meat procured from outside HKFoods' own slaughterhouses. In contract manufacturing, a significant group of employees are the workers in the production plants that manufacture products for HKFoods' consumer brands, as well as those in the outsourced processes.

HKFoods own production plants and sites employ workers from service providers, such as cleaning companies, and workers from external maintenance companies who are not part of the Company's own workforce. Among the groups of workers employed by service providers, the companies and their employees responsible for the transport of animals, storage and contract transport of raw materials and finished products upstream and downstream of the value chain are significant.

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

Expertise and advisory services throughout the value chain are an important part of HKFoods' collaborative network. These service providers help in areas such as increasing brand visibility, planning and implementing marketing campaigns and managing customer relationships. The consultancy and development activities of contract primary producers are carried out using outsourced services.

Animal production specialists and veterinarians support farms by providing a wide range of advisory services on animal production, genetics, breeding and feeding. They also carry out a wide range of research and product development work, including animal welfare. The Company also outsources research work related to its nature conservation targets and climate change mitigation. One of the worker groups in the Company's value chain who can be particularly vulnerable to adverse effects are seasonal workers, young workers and workers with a foreign background. In addition, a group of contract producers have been identified as vulnerable or at risk for various reasons; this group may be excluded from access to capacity building and development information.

#### Negative impacts related to the value chain workers in HKFoods' operating environment

The shift to greener and more climate-neutral activities can affect value chain workers in many ways. Awareness of the climate impacts of food production has increased stakeholders' requirements for more sustainable production methods. Value chains face increasing pressure to reduce emissions and adapt more environmentally friendly practices.

The sustainability transition requires the introduction of new technologies and processes and can therefore significantly increase costs for companies. If food chain operators do not adapt quickly enough, competitiveness may be weakened and market position may even be jeopardised.

New sustainability regulations and standards can cause new risks and possible sanctions to business. They may also increase the obligations to receive EU subsidies, especially in the subsidy-dependent agricultural sector. Increased costs without corresponding compensation may lead to a readjustment of activities, which may affect the number of employees, the terms of employment and working conditions.

Agriculture is a particularly risky sector. In 2023, almost half of all workplace deaths in Finland occurred in agriculture and forestry. The adaptability of the whole value chain and the adoption of new operating models are key in the face of major and systemic challenges such as climate change. Workers need to acquire new skills and develop, which requires time, training and guidance.

It is reasonable to assume that all the negative impacts described above, if realised, could also be reflected in HKFoods' operating environment and its value chain.

#### Positive impacts related to the value chain workers in HKFoods' operating environment

The positive effects of competitive pricing and cooperation with contract farmers include the maintenance of operating conditions, increased awareness and the gradual improvement of activities. The positive effects of respecting terms of employment and safety at work are not only the access to farmer subsidies, but also more sustainable practices that can bring cost savings and improve worker welfare by reducing accidents at work or sick leaves. Increased awareness of the sustainability transition will have a positive impact on the development of sustainable value chains.

In 2024, HKFoods has continued to provide its contract farmers with species-specific consultation and various development programmes aimed at contributing to maintaining and improving farmers' competitiveness. In spring 2024, the Next Generation programme for livestock farmers and new entrepreneurs came to an end. The programme supports the continuity of primary production.

In 2024, HKFoods invested in a new supplier management system. This system will be used to conduct procurement category-specific supplier surveys to identify risk factors and score the level of current supplier capabilities and operating models. Feedback on responsible procurement requirements based on the survey results will improve awareness and contribute to the gradual development of capabilities and operating models. The use of the new supplier management system started in August 2024.

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

#### Material risks and opportunities related to the value chain workers

In terms of the value chain workers, HKFoods' main risks relate to occupational safety and the implementation of working practices, as well as the value chain workers' competence in implementing climate and other measures in line with the Company's sustainability targets.

Risks related to occupational safety and the implementation of working practices are affected by the possible lack of knowledge of occupational safety regulations and language skills of value chain workers. Risks related to working conditions also include underpayment and working conditions that are detrimental to health if value chain workers are not sufficiently informed about their labour rights. Increased work load, social isolation, demographic changes and increased administrative work can add psycho-social risk factors to the agricultural sustainability transition, which in the long term can lead to problems with coping at work and even to closing down the business.

Both risks and opportunities are associated with the skills of value chain workers in implementing the measures of the Company's sustainability targets. HKFoods' biggest environmental impacts occur outside the Company, so the inability of contract farmers and suppliers to implement effective climate measures will make it more difficult for HKFoods to achieve its strategic targets, and thus negatively impact external sustainability assessments of HKFoods, for example. Similarly, the ability of contract farmers and suppliers to implement significant nature measures will positively affect the achievement of HKFoods' strategic targets, including a significant reduction in emissions.

#### Material risks and opportunities affecting specific groups of value chain workers

Agricultural harvesting is highly seasonal, requiring a significant amount of workforce over a given period of time. Seasonal workers on farms typically require temporary accommodation and may also include workers of foreign origin who intend to permanently settle in the country. Potential risks associated with this value chain worker group have been identified as exploitation of working terms and conditions, such as underpayment or working conditions detrimental to health, if workers are not aware of their rights or are unable to defend them. In addition, safety risks may arise if seasonal workers are not familiar with safety regulations or do not understand instructions due to a lack of language skills. In the medium term, HKFoods aims to specify information on farm workers as part of the data collected from contract farms.

In general, food production plants and service providers are increasingly employing workers of foreign origin, who are exposed to the same risks as in agriculture. Especially during the summer, production sites may also employ young workers who are subject to specific legal requirements. In the food industry, for example, workers handle detergents, which pose significant occupational safety risks. In addition, the food industry is seasonal, and variations in labour demand are balanced by the use of fixed-term contracts. Although these contracts offer flexibility for employers, they are associated with uncertainty and financial instability for workers. The supplier surveys used by HKFoods address issues related to occupational safety, the use of young and temporary workers, and the terms and conditions of employment contracts. An understanding of the situation of certain value chain worker groups is formed by examining factors and risks related to their working conditions and rights. The sources used are sectoral publications on health and safety at work.

#### Risks related to child labour and forced labour

The risks of child labour and forced labour are linked both to specific agricultural commodities and to geographical areas. HKFoods applies the Country Risk Classification Concept of the Global G.A.P. Certification Programme in its risk assessments of geographical areas. The Global G.A.P. is a globally recognised standard that promotes compliance with good agricultural practices. The risk classification concept used by the programme is based on indicators developed by the World Bank, the Worldwide Governance Indicators (WGI), which are updated annually. When necessary, the country-specific risk assessment is deepened using, for example, commodity-specific risk maps maintained by Fair Trade, which are particularly suitable for assessing the risk associated with forced labour.

Meat raw material procured by HKFoods comes from local contract farmers in Finland, which is classified as a low-risk country according to the above-mentioned risk classification. Meat used in the Polish unit comes through Finnish contract farming and through other procurement from low- to medium-risk countries, according to the risk classification.

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

All HKFoods' contract manufacturing takes place in low- to medium-risk countries according to the risk classification. Most of the direct suppliers of raw materials and packaging materials procured by HKFoods also come from low- to medium- risk countries. Part of the manufacturing of raw materials and packaging materials takes place in high-risk countries, but the mapping of supply chains is ongoing and will continue in 2025. During the reporting year, the Company was not made aware of any cases of child labour or forced labour. However, HKFoods purchases commodities where their use is possible in primary production. Of these commodities, the most significant purchasing volumes are for spices and rice.

### 2. Impact, risk and opportunity management

#### S2-1 Policies related to value chain workers

Material impacts, risks and opportunities related to value chain workers are managed as part of the supplier approval process and assessment. The HKFoods Code of Conduct and Supplier Code of Conduct, approved by the HKFoods Group's Board of Directors, contain requirements applicable to all worker groups in the value chain, regarding, for example, working conditions, occupational safety, equal treatment and other employment-related rights. The Code of Conduct and Supplier Code of Conduct are described in more detail in standard G1 Business Conduct.

The HKFoods Supplier Code of Conduct outlines that the supplier must provide a safe working environment for its employees and take into account the industry and any associated risks. The supplier must appropriately prevent accidents and injuries at work or in the context of work by minimising hazards in the working environment as far as reasonably possible. Suppliers must have an appropriate, structured and systematic approach to their health and safety responsibilities.

According to the HKFoods Supplier Code of Conduct, a supplier must not use forced labour or subcontractors or suppliers who use child or forced labour in its operations or supply chain. This includes all forms of slavery, including modern slavery and human trafficking. Workers must be free to leave the workplace after their shift and to resign from their jobs after a reasonable period of notice.

#### Interaction with value chain workers

HKFoods has regular interaction with its value chain workers through network meetings and in primary production cooperation groups. The aim is to promote cooperation, improve operating conditions and jointly find the best production methods and operating models.

For other groups of value chain workers, direct interaction is possible when they work in HKFoods-owned production facilities. Interaction takes place through supplier management practices such as collaboration meetings, supplier surveys and supplier audits.

#### Human rights policy commitments

In line with its Code of Conduct, HKFoods is committed to respecting and promoting internationally recognised human and labour rights. These include the rights set out in the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, the fundamental rights of workers as defined by the International Labour Organisation (ILO), including the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. HKFoods is committed to the UN Global Compact initiative, the sustainability principles of which are incorporated into the HKFoods principles. In addition, HKFoods supports the UN Sustainable Development Goals as part of its sustainability programme.

The supplier is expected to respect the above internationally recognised human rights. The supplier has to identify and address adverse human rights impacts in its supply chain. In agreeing to cooperate with HKFoods, the supplier confirms that the supplier and its subcontractors undertake to comply with the HKFoods Code of Conduct and principles that include respect for human and labour rights.

In the reporting year, a new supplier management system was introduced, whereby suppliers' practices in this regard are assessed through procurement category-specific questionnaires. The surveys cover the Company's suppliers other than the contract farmers of meat raw material.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

#### Measures to provide and/or enable remedy for human rights impacts

HKFoods Group recognises its responsibility to manage adverse human rights impacts through its operations and products, and to manage adverse human rights impacts in its supply chain through its business relationships. HKFoods' Human Rights due diligence process consists of supplier screening, assessments and surveys, as well as communications and complaint mechanisms. HKFoods continuously develops its human rights due diligence programme to identify and address potential risks in its own operations and supply chain and to ensure that the programme is in line with international human rights standards.

Supply chain links to risk countries are assessed through supplier surveys and commodity-specific product specifications. This includes an assessment of whether HKFoods has procured raw materials from risk countries. Suppliers with manufacturing operations in a high-risk country must demonstrate adequate measures to implement human rights. If the Company becomes aware of human rights violations involving the value chain workers, further investigations will be initiated and appropriate corrective measures will be taken. This may include working with relevant stakeholders to resolve the situation.

In 2024, HKFoods was not aware of any cases involving value chain workers that did not comply with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises.

#### S2-2 Processes for engaging with value chain workers about impacts

The views of value chain workers are addressed in cooperation with contract farmers and other suppliers, in line with established policies. By working in a common workplace in HKFoods' production facilities, value chain workers have access to various initiative systems that allow feedback to be taken into account in the development process. Feedback received through various levels of collaboration meetings, supplier surveys and supplier audits will be taken into account in the process of updating the procurement criteria.

In addition to personal contact, contract farmers' feedback and views will be addressed in species-specific cooperation groups, which so far have mainly focused on production targets and achievements. These groups also serve as a channel of influence for the design and evaluation of various development measures. The sustainability topics identified as material (training and skills development, health and safety) were addressed when necessary.

Contract farmers are one of the significant value chain worker groups for HKFoods, and contact is made directly with them through various supplier management activities such as co-operation groups and network meetings. During 2024, the cooperation groups met 6-11 times, depending on the line of animal production and the scope of the issues to be addressed. In addition, separate farm visits are made as needed. Network meetings with contract farmers are informal meetings held a few times a year by production line. Depending on the line of animal production, there were 6 to 13 informal meetings.

During 2024, 7 meetings were organised jointly for all production lines. In 2024, primary production cooperation groups and network meetings reached around 95% of poultry farms, 70% of pig farms and 20% of cattle farms. HKFoods aims to further improve the outreach of contract farmers through network meetings or other forms of cooperation.

For other groups of value chain workers, contact is made through interviews with entrepreneurs, workers or their representatives involved in supplier audits. Not all of the suppliers are audited, however. In 2024, 17 supplier audits were carried out.

The primary production contact process is handled by HKFoods' animal procurement organisations: the poultry business (broiler) and the meat business (pig and cattle). This responsibility covers local meat procurement per animal species. Business directors responsible of animal procurement report to HKFoods' CEO. For other procurement, the contact process is the responsibility of the Procurement Director, who reports to HKFoods' Supply Chain Director.



## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

The Company does not have a general framework agreement or other agreement with trade unions concerning value chain workers. Commitment to respecting the human rights of value chain workers takes place through the Supplier Code of Conduct.

HKFoods assesses the effectiveness of its communication with value chain workers on a case-by-case basis and aims to improve the assessment of effectiveness through, for example, supplier surveys.

As part of the information collected from contract farms and suppliers and the overall communication processes, the Company will in future aim to refine its insights into workers that may be particularly vulnerable to impacts.

#### S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

The Company seeks to prevent and reduce negative impacts on value chain workers on a case-by-case basis in line with general procurement practices.

The approach is to give primary contract farmers, suppliers and other value chain worker groups the opportunity to work together to remedy their conduct. If the contract farmer or supplier is not willing or able to correct its conduct, the procurement relationship may be terminated.

Value chain workers may report directly any wrongdoing they have observed anonymously through HKFoods' whistleblowing reporting channel (Fair Way) or directly to HKFoods' contact person, who is responsible for taking appropriate action.

HKFoods requires the usability of the above channels in accordance with HKFoods Group's Supplier Code of Conduct. In addition, the usability of the channels will be surveyed through supplier surveys, and information on the availability of the channels will be provided as part of supplier audits.

Issues raised through the whistleblowing channel will be dealt with confidentially on a case-by-case basis. The procedures are described in Disclosure Requirement G1 - 1 under sections *Reporting allegations of misconduct and preventing corruption and bribery and Handling of suspected misconduct*.

Based on the experience gained through supplier audits, the Company believes that currently value chain workers are not particularly aware of the means available to raise concerns or needs and have them addressed confidentially. Therefore, HKFoods aims to continuously improve its interaction with value chain workers by increasing their awareness of and confidence in the means by which they can raise their concerns or needs through the reporting channels.

#### S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

In 2024, HKFoods had no ESRS-compliant Group-wide targets, action plan or systematically monitored measures to manage the risks and opportunities affecting value chain workers. As HKFoods' focus in recent years has been on implementing the restructuring of the Company and improving profitability, the Company aims to set such targets and corresponding actions in the medium term. Currently, risks and opportunities are managed through various interaction activities such as primary production cooperation groups, face-to-face and network meetings, supplier meetings and requirements written into procurement contracts. These requirements include the HKFoods Code of Conduct.

All suppliers must commit to the procurement terms and principles set out in the procurement contracts or otherwise agreed at the start of the co-operation. The level of contractual commitment to policies and principles is still low for the largest procurement categories, such as meat raw materials. Over the medium term, HKFoods aims to improve the level of contract coverage within each procurement category.

No systematic supplier risk assessment has been carried out on value chain workers. Suppliers' awareness is raised through cooperation groups, training programmes, information and audits. Through the supplier survey feedback, HKFoods aims to raise suppliers' awareness of risks and to guide them in developing social responsibility management systems and related procedures.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

Occupational safety management policies, risk awareness and efforts to maintain a safe working environment are assessed, in particular in the context of the electronic supplier survey and supplier audits. In addition, safety induction on hazards and risks in the working environment is mandatory for service suppliers working in HKFoods' production plants.

The skills of contract farmers are strengthened through development groups and producer networks, and farm-specific advice is offered to all contract farmers. For more information, see section G1-1. Through its Next Generation programme, HKFoods provides young producers with up-to-date information, expertise and networking opportunities. The training package covers topics such as strategic farm management and risk management, responsibility, employer obligations and communication. The first Next Generation training programme took place in 2019. The second was held in 2023-2024, with 37 producers participating. In total, around 80 young producers have participated in these trainings.

HKFoods monitors and evaluates the effectiveness of activities and initiatives in delivering results through value chain workers' feedback. During the Next Generation training programme, feedback is collected by means of a questionnaire. It focuses on the content of the training, the usefulness of the content, the delivery methods and procedures. HKFoods' activities and their quality are also monitored through a producer satisfaction survey, which was last conducted in 2023. The supplier surveys are regularly repeated to measure the development of the operating models.

Necessary and appropriate measures to address the negative impact on value chain workers are assessed on a case-by-case and supplier-by-supplier basis as part of procurement practices.

If HKFoods identifies or becomes aware of actual, material adverse impacts, it acts on a case-by-case basis, in line with general procurement practices and the principles of responsible procurement. In the first instance, steps are taken to remedy the situation in cooperation with the supplier. If this is not possible, the procurement relationship may be terminated.

HKFoods' procurement organisation, poultry business and meat business, and quality and environment organisation are responsible for managing the material impacts on value chain workers. External expertise, training and other cooperation are provided through outsourced services.

### 3. Metrics and targets

#### S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

HKFoods Group has not yet set targets to manage material impacts, risks and opportunities related to value chain workers. The timeline and content of the target setting will be examined during 2025. The effectiveness of actions to address material sustainability impacts, risks and opportunities was not monitored in the reporting year 2024. The overall objective of the activity is to continually update HKFoods Group's view on the situation of contract farmers. This is done by means of regular cooperation group meetings and various network meetings, as well as regular surveys such as the meat production outlook survey and the producer satisfaction survey.

During the reporting year, the supplier management system surveys covered suppliers of contract manufacturing, raw materials and packaging materials. In 2025, HKFoods plans to expand the supplier surveys to include suppliers of logistics and other major service providers.

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

## S4 Consumers and end-users

### 1. Strategy

#### SBM-2 Interests and views of stakeholders

Food safety and high quality of products and processes are strategically important priorities for HKFoods and included in the Group's management model. Food safety and quality strategies are included in the annual business planning process.

The expectations and requirements of key stakeholders are reflected in the strategy. HKFoods' product safety and quality levels aim to ensure customer and consumer satisfaction and the needs and expectations of internal and external stakeholders.

#### SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Material impacts, risks and opportunities relating to HKFoods' consumers and end-users have been identified through a double materiality assessment based on the principles of HKFoods' risk management process. Based on the double materiality assessment, the material sustainability topics related to consumers and end-users are product information and health and safety. The products of the brands managed by HKFoods and their consumers and end-users are taken into account in the double materiality assessment.

#### Types of consumers and end-users affected

The main consumer and end-user groups of HKFoods' products represent Finnish households that use cooked ready meals and food components and prepare and cook their own meals containing meat products. End-users also include users of products resold and served by food service customers. The group of users who are particularly dependent on accurate product information and labelling are people with special diets.

#### Material negative impacts

HKFoods manufactures perishable products and has identified the associated food safety risks and developed management programmes to address them. If there were any discrepancies in HKFoods' products or labelling, this could typically result in individual adverse health effects for consumers and end-users.

The most significant risks are related to inadequate handling or use of the products. Risks associated with the misuse of products are controlled by the instructions for use and cooking on the labelling and on the Company website. Potential adverse effects may be related to allergic and hypersensitive ingredients, i.e. allergens, which may enter the product as a result of a manufacturing process error. Adverse effects may also be related to incomplete or incorrect product information on products or packaging.

Red meat contains nutritionally high-quality protein, but has also been found to be a significant source of saturated fatty acids, harmful to health. The 2024 National Nutrition Recommendations suggest that an ecologically sustainable diet can include a moderate amount of red meat. When choosing meat, the dietary recommendations encourage low-fat options to reduce saturated fat intake. There is no evidence of beneficial or harmful effects of poultry meat on the risk of chronic diseases. Poultry meat provides, among other things, high-quality protein and has a more favourable fatty acid composition than red meat.

#### Material positive impacts

HKFoods uses a systematic approach to manage and control the quality and food safety risks associated with its products. A certified GFSI-compliant food safety management system promotes product safety and quality standards.

HKFoods' strategic goal in product development is to expand the coverage of Heart Symbol products in all product categories. Nutritional communication targeted at consumers encourages a varied diet. For example, HKFoods Finland Ltd will expand its nutritional calculations in 2025 to include new consumer recipes to help them make healthier choices.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

#### Material risks and opportunities

In its double materiality assessment, the Company has identified that nutritional recommendations may have a medium-term impact on attitudes towards the use of meat products and eating meat, as well as on the economic risk of reduced sales of meat products.

The consumption of meat and meat products has remained stable so far. According to TNS Kantar Agri's Meat Consumption Drivers survey, 93% of Finns eat meat and this has remained stable over the period of the survey. Red meat consumption has decreased slightly, while poultry consumption has increased.

Deviations in food safety or compliance with legislation can pose a health risk to consumers or mislead them. Public product recalls impose costs and can have a significant impact on HKFoods' reputation.

Investment in the development of a food safety management system promotes the safety and quality of HKFoods products throughout the supply chain. Quality management based on the principles of continuous improvement will enable HKFoods to profile itself as a producer of safe and quality food products.

#### Material negative impacts and risks for specific consumer or end-user groups

As part of its HACCP process (hazard analysis and critical control points), HKFoods identifies the end users of its products and potential product misuse according to practices defined in the food safety system. The products manufactured by HKFoods are designed for a wide range of consumer and end-user groups. HKFoods also manufactures products suitable for special dietary requirements (e.g. gluten-free, lactose-free) and Heart Symbol products, which are nutritionally better in their category. HKFoods also has customers in the baby food industry who have particularly strict quality requirements for the raw materials used in products. The end users of these operators' products are particularly vulnerable to negative effects.

Possible errors in the manufacturing process, relating to the composition or labelling of the products, are a particular risk for consumers suffering from hypersensitivities or special dietary requirements. Deviations in microbiological food safety may particularly affect vulnerable groups (e.g. children, elderly, immunocompromised).

## 2. Impact, risk and opportunity management

### S4-1 Policies related to consumers and end-users

The Food Safety and Quality Policy, publicly available on the HKFoods Group website, sets out the food safety and quality management principles, regulations, rules and reference documents that must be followed at all times. The HKFoods' Food Safety and Quality Policy specifies that all the Group's production units must be certified in accordance with the food safety standard approved by the Global Food Safety Initiative (GFSI).

The Food Safety and Quality Policy is applied throughout the Group and applies to the entire supply chain. The Policy commits HKFoods to meet the requirements and principles jointly agreed with customers on open communication with HKFoods' staff and other stakeholders to enable food safety and quality management.

The Policy is owned by the Director of Quality and Environment. The Policy is put into practice for all products that reach consumers and end-users. The management of the Group and its member companies is responsible for operational planning and resourcing to ensure that the principles of this Policy and the supporting guidelines and instructions can be implemented and that food safety and agreed product quality are not compromised at any stage of the process.

HKFoods continuously evaluates guidelines, standards and procedures to effectively manage food safety risks associated with product, process and technology changes. The processes for policy adoption, updating and training are described in more detail in Disclosure requirements G-1.

Known and emerging hazards, threats and vulnerabilities are part of HKFoods' risk assessment process.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

#### 106 Financial Statements 2024

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

One of HKFoods' fundamental principles in implementing safe and quality processes and manufacturing products is the right and duty of every HKFoods employee to stop a defective or incorrect material, product or information before it proceeds to the next stage of the process. HKFoods' Food Safety and Quality Policy identifies ways to improve commitment to food safety and quality:

- professional and fair management,
- clear objectives, regular monitoring and timely action,
- ensuring the quality of staff competencies in food safety and hygiene,
- ensuring that staff are aware of the risks of food fraud and deliberate damage,
- complying with local food safety and quality management systems,
- developing and maintaining the Group's management system for food safety and quality,
- ensuring that suppliers and subcontractors comply with the food safety and quality criteria and controls required by the supplier and subcontractor management system, with a high level of traceability, and by ensuring animal welfare.

HKFoods complies with local legislation, which requires mandatory labelling of the nutritional content of products on their packaging. HKFoods' food service contracts with public authorities require products to comply with the criteria set out in the national nutritional recommendations.

Allergen and labelling errors are systematically prevented through a product safety management system.

The Food Safety and Quality Policy covers all consumer and end-user groups.

#### Interaction with consumers and end-users

In line with HKFoods' Code of Conduct, the Company respects international conventions\* and is committed to continuously improving its processes and practices to identify, prevent and mitigate human rights impacts that it may cause, contribute to or be directly associated with, both in its own operations and in its value chain.

\* International Human Rights Law; UN Guiding Principles on Business and Human Rights; UN Convention on the Rights of the Child; UN Convention on the Elimination of All Forms of Discrimination against Women; OECD Guidelines for Multinational Enterprises; ILO Declaration on Fundamental Principles and Rights at Work; Ten Principles of the UN Global Compact initiative.

HK Foods' Code of Conduct includes human rights commitments relevant to consumers and end-users, including the right to healthy and safe food, comprehensive product information and to provide feedback. HKFoods uses risk assessments and due diligence processes to manage potential and actual adverse impacts. Beyond this, the Company had no practical measures in place in 2024 to enable the remediation of human rights impacts.

HKFoods' customers are companies and public entities that have direct contact with consumers and end-users of the products. HKFoods' customers interact with consumers and end-users in line with their own processes.

HKFoods has a direct communication channel with consumers and end-users through each brand's website and social media channels. Consumers and end-users can also contact Consumer Service by phone, give feedback or make a complaint. HKFoods continuously monitors consumer and end-user requests and forms opinions based on the information received from business customers. Interaction with customers is regular and needs-based.

In addition, consumer and end-user needs are addressed based on the results of comprehensive food surveys. Customer interaction findings guide decision-making, as they are discussed in sales meetings and, when necessary, in business management or top management meetings. Through insights and monitoring of sales volumes, market knowledge is increased, leading to the prioritisation of products and services and their development according to consumer and end-user preferences and needs.

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

Each business director is responsible for ensuring that the wishes and needs of customers, and therefore consumers and end-users, are taken into account in the decision making.

Consumer and customer service operates according to local legislation and therefore also complies with GDPR requirements. HKFoods is committed to complying with the UN's guidelines on human rights and business conduct.

In addition, products, related services and marketing take into account the UN Sustainable Development Goals (3) Good Health and Well-Being, (5) Gender Equality and (12) Sustainable Consumption.

In 2024, HKFoods was not aware of any consumer or end-user-related incidents of non-compliance with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises.

#### S4-2 Processes for engaging with consumers and end-users about impacts

General processes and interaction with consumers and end-users are described in Disclosure requirement *S4-1 Policies related to consumers and end-users*. HKFoods regularly addresses consumer and customer feedback and end-user concerns. The information obtained is used to improve HKFoods' processes and to assess product quality and food safety levels. As part of HKFoods' product development process, the Company also conducts consumer testing of its products. On the basis of these tests, changes can be made, for example, to a planned product recipe. The tests and recipe changes ensure that products appeal to consumers and are profitable to produce on a larger scale.

Direct contact with end-users of products is made through consumer services, particularly on issues of product quality and taste. Beyond the consumer service, information on the views of consumers and end-users of HKFoods' products is obtained from the Company's clients, who have direct contact with consumers and end-users, and from the research findings on national eating habits.

Consumer services are available on weekdays and provide personal service. HKFoods complies with consumer protection and product liability legislation in handling product complaints. Social media channels are used to inform and respond to comments from external stakeholders as necessary.

As senior management representatives, the directors responsible for brands and marketing at HKFoods are in charge of the proper handling of complaints regarding brand-specific consumer services and of communicating any discrepancies to the responsible persons within the Company. Directors responsible for production are in charge of handling complaints and taking appropriate action in their units. The persons in charge of the quality organisations are responsible for ensuring that the results obtained on the basis of complaints are reflected in HKFoods' practices and that the necessary corrective measures are taken.

#### S4-3 Processes to remedy negative impacts and channels for consumers and end-users to raise concerns

The packaging of products made by HKFoods is labelled with the name and contact details of the manufacturer. HKFoods does not specifically assess the awareness of consumers or end-users of the contact channels.

In situations where a product made by HKFoods has caused or may cause negative effects on consumers or customers, the Company's recall process is followed to remove defective products from the market. The severity of the product defect is assessed according to the recall process. Depending on the severity of the defect, the need and scope of the recall and the necessary and effective communication mechanisms are determined according to the Company's recall guidelines. In the case of a serious product defect, information will always be provided through public communication channels, such as newspaper advertisement, media releases and customer information. A defective product means a product which; may present a health hazard to consumers; may damage the reputation of HKFoods or its trademarks or; is required by the authorities to be withdrawn from the market.

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

A product defect is considered serious if it has caused or may cause a health hazard or an animal disease hazard (e.g. ASF) to its user. These may include: allergenic errors, a product contaminated with salmonella, listeria or any other food poisoning bacteria or virus, incorrect cooking, unsafe levels of contaminants or additives, foreign objects in the product, a labelling error or other serious defect.

Other product defects which do not pose a health risk to the user may, on a case-by-case basis, lead to the product being withdrawn from the market.

The specific channels available for consumers or end-users to raise their concerns or needs directly with HKFoods and have them addressed are described in Disclosure requirement *S4-2 Processes for engaging with consumers and end-users*.

In addition to the product contents, HKFoods' product packaging also includes information on the manufacturer, place of manufacture and consumer service. Information on consumer services is also constantly available on the Company website.

#### **S4-4 Taking action on material risks on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions**

HKFoods does not have a Group-wide action plan to manage risks and opportunities related to consumers and end-users, as the Company manages and resources product safety and quality on a business unit basis.

HKFoods' Food Safety and Quality Policy specifies that all production units within the Group must be certified to the GFSI (Global Food Safety Initiative) approved food safety standard to manage and prevent negative impacts and risks of products to consumers and customers. The effectiveness of the management system is regularly assessed, for example through consumer and customer feedback, internal deviations and observations.

At the end of 2024, HKFoods' units of Kivikylän kotipalvaamo in Lappi and Tamminen in Luumäki were not certified. The production unit of Kivikylän kotipalvaamo in Eura was audited in 2024, and the certificate will be issued at the beginning of 2025.

#### **Actions to prevent, mitigate or remedy material negative impacts on consumers and end-users**

HKFoods has an ongoing process to develop its food safety management systems to prevent negative impacts. The effectiveness of the customer and consumer feedback process is monitored by management.

In 2024, a project was launched under the leadership of HKFoods Finland to develop the deviation and detection process to promote faster and better-quality information flow and to improve risk and hazard prevention. In addition, during the reporting period, a consumer and customer feedback reporting system was developed to support the monitoring and handling of feedback and its trends.

A systematic food safety and quality management system, in line with BRC and FSSC22000 standards, aims to anticipate and manage risks and prevent recalls or other similar negative impacts on end users of the products.

During 2024, the product development of Flavoured Salt was completed. The salt makes it possible to reduce the amount of harmful sodium in HKFoods' products by up to 25%. In the first phase, it was decided to introduce the salt in the highest volume HK®'s wholemeat cuts and Kariniemen®'s seasoned and marinated fillet products, which were product-maintained during 2024.

The Group's separate companies also have separate commitments, of which the most significant actions identified during the reporting period are:

- At the end of 2024, HKFoods Finland Ltd made four nutrition-related commitments. These aim to reduce the amount of salt in different product categories and to increase the number of plant-based products during 2025.
- HKFoods Finland Ltd commits to reduce salt in Kariniemen's marinated and seasoned fillet products so that all products meet the Heart Symbol criteria by the end of 2025.
- HKFoods Finland Ltd will develop new vegetable products and Heart Symbol recipes for the HoReCa sector by the end of 2025. Foods service companies are important from the viewpoint of offering more plant-based food moments, which is why HKFoods may offer a range of ready-to-eat vegetable products through this channel.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

#### 106 Financial Statements 2024

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

- By the end of 2025, the salt content of the most well-known HK branded whole meat cuts will be reduced by 25% compared to similar products on the market. Meat products are a significant source of salt in the Finnish diet. 93% of Finns report eating meat and meat products, so the reduction of salt in these products will affect a large part of the population.
- HKFoods Finland Ltd is committed to developing Heart Symbol recipes for customers in the industrial kitchen and consumer segments. HKFoods Finland Ltd is committed to developing 10 new Heart Symbol recipes for HoReCa customers. In addition, HKFoods Finland Ltd will support its food service customers in planning menus both for public food services and staff canteens, making it easier for customers to choose healthier options.

In cases where a product manufactured by HKFoods has caused or may cause negative impacts on consumers or customers, the Company's recall process has been followed to remove defective products from the market. In the case of a serious product defect, information was communicated through public information channels via a newspaper advertisement and a media release. In addition, customers were contacted directly by telephone and by means of a customer newsletter.

In 2024, HKFoods made 3 public product recalls.

In the case of a negative impact on an individual consumer, the consumer service compensation process has been followed. Each complaint has been dealt with and each consumer or end-user has been responded to and, if necessary, compensated for the damage caused.

HKFoods monitors and evaluates the effectiveness of its actions and initiatives through reputation research, customer surveys, and consumer and customer feedback. According to HKFoods' management system, internal and external audits are carried out in all production units to verify compliance with BRC, FSSC 22000 and ISO14001, among others. These audits are used to monitor the implementation of internal measures.

#### Processes to identify actions for negative impact on consumers and end-users

Contacts from consumers, end-users and customers are routed through the feedback process for processing and response. Feedback is always responded to as thoroughly as possible. The HKFoods deviation process is used to address negative impacts on consumers and end-users and to collect responses to consumer contacts. If necessary, feedback is referred for further root cause analysis.

Established practices in the product development process include the preparation of labels and instructions for use to prevent mishandling or misuse, and the determination of nutritional information.

All HKFoods Finland Ltd's product categories offer a choice of Heart Symbol products, which are better choices in terms of salt and fat content in their respective product categories.

HKFoods' recall process is followed to eliminate product safety risks from the market. HKFoods' recall process is described in Disclosure Requirement S4-3 Processes to remedy negative impacts and channels for consumers and end-users to raise concerns. A root cause analysis is always conducted during the recall process and the adequacy of product safety risk management measures is assessed to ensure that similar incidents do not recur.

HKFoods' recall process is tested at least once a year. The performance test is used to assess the success of the process and any areas for improvement. In addition, the Company carries out the necessary evaluations of successes and development needs after each recall.

#### Actions to mitigate material risks

Assessment of product safety risks is a material part of the Company's food safety management system. Risk assessment is carried out in accordance with HACCP principles and has resulted in the establishment of controls for each product group and a self-monitoring programme to monitor the effectiveness of the controls. Food moments in line with nutritional recommendations are supported by a diverse range of products and nutritional communication.



## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

#### 106 Financial Statements 2024

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

Reducing the amount of salt used in products and increasing the number of Heart Symbol products are seen as material opportunities for HKFoods' consumers or end-users. At the end of 2024, HKFoods had more than 200 Heart Symbol products in its range.

#### Resources for managing material impacts

The quality organisations of HKFoods and its subsidiaries are responsible for compliance with the BRC and FSSC 22000 food safety systems, food risk assessment, development of self-monitoring plans, training and monitoring of implementation. All white collar and blue collar employees working in production are trained in quality and food safety for their area of responsibility. The Company's Food Safety and Quality Policy defines everyone's responsibility and duty to respond to any non-conformities detected. The product development process operates in a centralised manner, as described in HKFoods' innovation process. External auditors, e.g. BRC or FFSC, regularly certify the process according to the food safety standard.

### 3. Metrics and targets

#### S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Company has not set Group-wide numerical indicators or targets related to product safety and quality and nutrition. However, under the food safety management system, each production unit sets food safety and quality targets for its operational activities, which are approved by the director responsible for production.

The targets are set taking into account the performance of previous years, as well as consumer and customer feedback. HKFoods' targets for the management of consumer and end-user-related material impacts, risks and opportunities relate to the following areas:

- Certified GFSI compliant food safety system in all HKFoods production units.
- Aiming for zero recalls
- No level of pathogens in finished products exceeding the food safety criteria set by legislation
- Annual numerical target for the number of consumer complaints, relative to the volume of products sold
- Consumer service must deal with complaints within the agreed response time.

HKFoods systematically collects information from consumers and customers through its feedback process. In addition, HKFoods conducts annual customer and brand surveys and uses the data to set consumer and end-user targets. In addition, the number of complaints received is also used as a starting point for target setting. The target setting process also makes use of data collected directly from consumers by the central distributors through HKFoods' customers.

The information gathered from the feedback and the achievement of targets are regularly monitored at different organisational levels.

The Company communicates directly to consumers on a case-by-case basis about product changes, including product recalls or novelties, both through its own brand-specific communication channels and through business partners.

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

## G1 Business Conduct

### 1. Governance

#### GOV-1 The role of the administrative, management and supervisory bodies

##### The role of the Board of Directors

HKFoods Plc's Board of Directors (Board) is responsible for the HKFoods Group's administration and the proper organisation of its operations. The Board meetings and duties are described in the charter adopted annually by the Board:

According to the charter, the following key matters are among those to be resolved by the Board at HKFoods:

- the appointment and dismissal of CEO and senior executives, and the principles governing the terms of employment
- the principles of the employment conditions of CEOs and senior management of Group companies
- the incentive schemes and criteria for the payment of bonuses to the Group's management and personnel
- the Group and organisation structure, starting new business, changes in or termination of material business
- the Group's strategy, business plan and performance targets for the following year, and the assumptions underlying the strategy
- the Group's strategic sustainability goals including the material impacts, risks and opportunities of sustainability matters and the monitoring of progress and performance against these objectives with the assistance of the executive management and experts
- the Group's significant investments, corporate, business and real estate transactions, and sales and outsourcing of major equipment and machinery within the Group
- the Group's other significant contracts
- the dividend policy and the proposal for dividend distribution to the Annual General Meeting
- the Group's business risk management and communication principles and the monitoring of the compliance of the business operations

- the approval of an investment plan and approval of material investments which deviate from the plan
- taking out the Group loans and giving securities
- the granting of procurement and other rights of representation of the Company.

To facilitate the preparation and management of matters for which the Board is responsible, the Board has four committees: Audit Committee, Compensation Committee, Working Committee and Special Committee. HKFoods Plc's Board appoints and dismisses the CEO, possible deputy CEO and members of the Group Executive Team (GET).

##### The role of CEO and Executive Team

CEO is responsible for managing the Group's business activities and administration in accordance with the Articles of Association, the Finnish Limited Liability Companies Act in force at the time and instructions provided by the Board. CEO is accountable to the Board for the implementation of the objectives, plans, procedures and goals laid down by the Board. The GET assists CEO in managing the Group, in preparing business plans, strategy, policies and other important matters, and in implementing strategic and operational targets. At the end of 2024, GET consisted of CEO, CFO, EVP Legal and administration, EVP Poultry Business, EVP Meat Business and EVP Processed Food Business.

HKFoods Plc's Shareholders' Nomination Board prepares a proposal on the Board members in accordance with its rules of procedure. The main function of the Shareholders' Nomination Board is to ensure that the members and deputy members of the Board have sufficient expertise, skills and experience to meet the Company's needs and also to ensure that the principles of gender balance and diversity set by the Company are met.

Members are elected annually at the Annual General Meeting. HKFoods' Board conducts an annual review of its effectiveness and working methods with a view to improving its performance. The review will consider the composition and processes of the Board, the quality of the Board work, the cooperation between the Board and operational management, and the skills and involvement of Board members.

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

## 2. Impact, risk and opportunity management

The process of identifying and assessing material impacts, risks and opportunities has taken into account the geographical location of the business in Finland and Poland, industry-specific characteristics and business structure. HKFoods operates in a region with comprehensive national legislation on the conduct of business and basically a good compliance culture. HKFoods' policies ensure legal compliance.

### G1-1 Corporate culture and business conduct policies

HKFoods Group has internal policies that guide the Group's business and corporate culture. These are based on HKFoods' Group-wide Code of Conduct, which sets out a general framework for appropriate activities and guidance on behaviour. HKFoods' Code of Conduct is publicly available to all on the company's website.

HKFoods' Code of Conduct provides general principles for the aspects of:

- management of human right impacts
- prohibitions of forced labour and child labour
- prohibition of discrimination
- prohibition of cruel and inhuman treatment
- principles of respect for freedom of opinion and expression
- key principles on workers' rights, such as policies on collective bargaining, non-discrimination, pay practices, working hours, occupational health and safety, the right to organise and disciplinary action
- reducing environmental impacts
- ensuring the health and welfare of animals
- quality and safety of products
- compliance with laws and regulations
- compliance with competition rules and regulations
- anti-corruption and anti-bribery
- avoidance of conflict of interests and preventing frauds
- principles of open and fact-based communication, protection of confidential information, data security and data protection.

In addition, HKFoods' Code of Conduct describes the process for reporting suspected misconduct (described below).

HKFoods requires all its employees to comply with HKFoods' Code of Conduct. In addition, HKFoods requires all its producers, suppliers, subcontractors and business partners to act in accordance with the HKFoods Code of Conduct. This is achieved by requiring suppliers of raw materials and services to comply as far as possible with the HKFoods Group's Supplier Code of Conduct. HKFoods Group's Supplier Code of Conduct contains the principles of supplier conduct required by HKFoods with corresponding content for the following areas:

- incorporation of the UN Global Compact principles of responsibility and support for the UN Sustainable Development Goals
- suppliers' commitment to comply with national and international laws and regulations regarding human rights, workers, the environment, food safety and animal welfare, among others
- compliance with sanction regulations
- prohibition of corruption and bribery
- compliance with competition law
- respect for workers' rights
- prohibition of child and forced labour
- compliance with terms of employment (including remuneration)
- freedom of association and the right to collective bargaining
- prohibition of discrimination
- provision of a healthy and safe working environment
- product quality and safety
- reduction of environmental impacts
- ensuring animal health and welfare.

HKFoods has reserved the right to carry out inspections and request further clarification from suppliers as agreed in the Supplier Code of Conduct. In addition, HKFoods may terminate cooperation with a supplier who does not comply with the HKFoods Group's Supplier Code of Conduct. The HKFoods Group's Supplier Code of Conduct is described in more detail in Disclosure Requirement G1-2.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

As part of its other policies, HKFoods has a separate public Animal Welfare Policy, which is described in more detail below. The content of other key policies is described in more detail in the topic specific sections.

The Code of Conduct, policies and guidelines are updated as appropriate. HKFoods' management allocates the necessary human resources to update existing policies or develop new policies. HKFoods Plc's Board of Directors approves the Code of Conduct and policies and any revisions involving changes in their content. HKFoods' CEO approves the HKFoods Group's Supplier Code of Conduct, and the procurement organisation has primary responsibility for its implementation. The Group Executive Team or HKFoods' CEO approves other guidelines as well as any non-substantive amendments to the Code of Conduct and policies.

During the review period, HKFoods has established a process to annually assess the need to update the Code of Conduct and the Supplier Code of Conduct, policies and other guidelines. This process will be implemented from the beginning of 2025. Policies where significant change needs have been identified have been updated during 2024.

#### Promoting corporate culture at HKFoods

HKFoods' Code of Conduct represent the Group's values: Inspire, Lead, Care and Deliver. HKFoods assesses the implementation of its corporate culture within the Group through separately decided surveys and studies, such as market research and the personnel survey Voice. In addition, the corporate culture is promoted through various projects, programmes and policies, such as the Better Together operating model to further develop HR activities and the Zero Accident model to promote safety at work. In 2024, a quality culture project was launched, with a particular focus on developing existing processes, employee experience and leadership skills, and improving product quality through employee engagement.

Furthermore, HKFoods has incorporated the HKFoods Code of Conduct online training into its staff training programme, which every staff member is required to complete every two years. HKFoods Group's subsidiaries Kivikylän kotipalvaamo Oy and Lihatuokku Harri Tamminen Oy have their own corporate cultures, which are broadly in line with HKFoods Group's corporate culture and whose development HKFoods monitors through Board work.

#### Reporting allegations of misconduct and preventing corruption and bribery

HKFoods' Code of Conduct contains information on reporting allegations of misconduct through HKFoods' Fair Way channel. The Fair Way channel is a whistleblowing reporting system provided by an external service provider, through which staff and partners can report their concerns confidentially and anonymously. It allows people to report findings where they believe that a company-related activity is not in compliance with the law or HKFoods' values, Code of Conduct or other guidelines. Of HKFoods' subsidiaries, Kivikylän kotipalvaamo Oy and Lihatuokku Harri Tamminen Oy have whistleblowing channels for their own staff to report any wrongdoing.

During 2024, HKFoods Group has been in the process of evaluating the implementation of the Group's internal policies, which has led to the preparation of an action plan, timetable and measures for the implementation of the Code of Conduct. The HKFoods' Code of Conduct includes, and related online training has covered and will continue to cover, aspects of corruption and bribery. HKFoods has recognised that its subsidiaries Kivikylän kotipalvaamo Oy and Lihatuokku Harri Tamminen Oy do not yet have in place a policy on anti-corruption and anti-bribery in line with the UN Convention against Corruption. Implementation plans are under preparation and are expected to be finalised during the first half of 2025. HKFoods has no plans to develop a separate UN Convention on Combating Corruption and Bribery policy but intends to continue to include it in the HKFoods Code of Conduct.

HKFoods has recognised that among its internal operations, the functions most susceptible to corruption and bribery are those that procure materials, supplies and services, and sales functions.

#### Handling of suspected misconduct

HKFoods' Code of Conduct describes the basic information for reporting suspicions of misconduct, the principles of whistleblower protection and provides a link to a reporting channel with more detailed instructions for making a report. HKFoods' Code of Conduct is available to all on HKFoods' website. In addition, HKFoods has an internal Fair Way guideline that specifies the process for handling whistleblowing allegations and the whistleblower protection policy. The Fair Way reporting channel and whistleblowing are covered as part of the HKFoods Code of Conduct online training held every two years.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

HKFoods' Fair Way Team investigates and handles any reports of misconduct. The Team is composed of appointed persons from the Risk Management and Legal units and the Chief Shop Steward representing the employees. Persons receiving and processing the reports have legal training and/or training to support the clearing process. HKFoods monitors the notifications received by the Fair Way Team together with HR and an employee representative. HKFoods' Fair Way Team reports on its activities to the Board's Audit Committee.

Reported suspicions of misconduct are treated confidentially and in accordance with the Whistleblower Protection Act in force at the time. Concerns may be reported without threat of retaliation or other negative consequences. In case of a breach of the Code of Conduct in HKFoods' own business or in the supply chain of a business partner, HKFoods will take appropriate action to stop or prevent the breach or at least to minimise its extent. Whistleblowers are protected from retaliation by means of the technical implementation of an anonymous channel and upon the identification of the individual, by keeping the whistleblower's identity secret from people other than the team receiving the reports, and by keeping any documents that may be produced confidential or classified from the point of view of data classification and technical protection.

Other persons may be appointed to the Fair Way Team on a case-by-case basis to investigate suspected misconduct reports and to plan follow-up action. The internal auditor may also be involved in the investigation of such suspicions. The above-mentioned company representatives may assist the subsidiaries Kivikylän kotipalvaamo Oy and Lihatukku Harri Tuominen Oy in any investigations on a case-by-case basis. Reports of suspected misconduct are investigated and resolved promptly by impartial and independent persons.

#### Considering animal welfare across HKFoods and the value chain

At HKFoods, animal welfare is integrated into the following policies: the Animal Welfare Policy, Code of Conduct and Supplier Code of Conduct. The key content and scope of the Code of Conduct is described in the Disclosure Requirement *"Corporate culture and business conduct policies."*

The combination of the above-mentioned policies covers the entire value chain of business relationships as well as HKFoods Group's subsidiaries. For the value chain, strengthening the implementation of the policy on animal welfare is still in progress in 2024.

The Animal Welfare Policy is a public policy available to all on the HKFoods website and internally to employees on the intranet. HKFoods' Group-wide Animal Welfare Policy also applies to the supply chain of HKFoods' Group companies. The Policy states that animal health and welfare is based on good care, appropriate conditions of care and meeting essential behavioural needs. HKFoods' animal welfare work is based on EU and national legislation, which HKFoods complies with in its own processes. HKFoods' Board approves the Animal Welfare Policy as well as other Group policies, and any amendments thereto, except for purely technical ones, which may be approved by the policy owner, who informs the Board about them. The Board also regularly reviews the Policy and regularly evaluates the management and effectiveness of its implementation. EVPs of the meat and poultry Business Units and the head of the order-supply chain are responsible for the planning and resourcing of activities and the actual implementation of the Policy. Compliance with animal welfare requirements is reported to the Business Units. The animal procurement organisation is responsible for the communication, training and practical implementation of this Policy throughout the Group to ensure that all employees have a clear and consistent understanding of the Policy.

The welfare and quality of farm animals for slaughter and trade is constantly monitored during animal transport and on the basis of slaughter and production results. Any deviations in these will trigger corrective action together with the farm. Continuous guidance and counselling is a key part of the job description of advisors and procurement personnel working with contract farmers. This is done through advisory and training sessions in addition to farm visits. Pig farms are covered by the Sikava scheme and around 90% of cattle farms are covered by the Naseva scheme. These include health visits to the farms and the data from these visits and animal welfare performance are monitored. HKFoods' animal procurement regularly carries out advisory and procurement visits to farms to assess animal welfare and conditions on the farm and agree with the farmer on any necessary improvements.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

Each animal species has its own veterinarian, who monitors animal health and welfare on the contract farms. In addition, seven experts provide advice and development to the farms on issues such as animal feeding, conditions, genetics and management. Moreover, the advisory experts work with health veterinarians on Sikava and Naseva farms. Three procurement managers and 11 regional managers are responsible for managing producer relations in their respective regions. Animal welfare, monitoring of conditions and production quality are also part of the regional manager's remit. If necessary, they initiate measures on the farm together with the producer, the expert and the veterinarian. In 2024, 1,319 farm visits and 2,345 telephone contacts were made by the regional managers and experts to all farms.

Kivikylän kotipalvaamo Oy requires its producers to belong to Sikava and regularly monitors Sikava's classification data. No animals are picked up from or delivered to a farm that is not at or above Sikava's national level. The Company's own staff drivers handle the Company's animal transport and their regular farm visits complete the overall understanding of the situation on each farm and allow for the intervention of nonconformities if necessary. The Company's producers procure advisory services from the service provider of their choice. In addition, the Company has entered into an agreement with an external service provider to provide advisory services to its contract farmers. This option was used by four producers during 2024.

HKFoods requires all its contract farmers and partners to comply with the animal welfare regulations and HKFoods' contract conditions. Contract conditions describe in more detail the criteria and procedures relating to animal welfare. The five freedoms of the World Organisation for Animal Health (WOAH) are used as guiding principles. HKFoods requires its producers to be members of Naseva or Sikava if they produce cattle or pigs. If a producer does not meet the Naseva or Sikava conditions, the price paid to the producer for the animals is reduced.

The subsidiary Lihatuokku Harri Tamminen Oy is a member of Naseva and Sikava, but does not require its suppliers to be members.

#### Policy training

As part of its staff training programme, HKFoods has included an online course on HKFoods' Code of Conduct, which must be completed every two years. The training covers the main issues of the HKFoods Code of Conduct.

In the Disclosure Requirement "Corporate culture and business conduct policies" it has been explained, for instance, the key content and scope of the Code of Conduct, and Disclosure Requirement "Considering animal welfare across HKFoods and the value chain" covers the corresponding issues in relation to Animal Welfare Policy. The content of other key policies is described in more detail in the topic-specific sections.

The corresponding biannual training for all staff covers data protection. In addition, short briefing-type training sessions on data security are regularly organised for white-collar employees.

Training related to other HKFoods Group policies has been planned during 2024. The starting point has been that the responsible director and owner of the policy, is responsible for the design and implementation of the training on the policy and related guidelines. The plan is that training on all policies will be provided to white-collar employees by the end of 2026 and to blue-collar employees by the end of 2027. After that, training on all policies will be organised at regular intervals, generally every two years and as part of the new employee induction. Training on policies considered to be of particular importance, such as policies related to occupational safety and well-being, will be organised annually.

For the subsidiaries Kivikylän kotipalvaamo Oy and Lihatuokku Harri Tamminen Oy, the preparation of the policy management process and the planning of trainings started in the review period 2024.

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

#### G1-2 Relationships with suppliers

##### Management of relationships with suppliers

HKFoods Group has classified its suppliers of goods and services (suppliers) into primary producers (animal procurement) and suppliers of services and other raw materials.

HKFoods' Group companies and suppliers generally sign written supply agreements that seek to address the risks and impacts associated with the sustainability aspects of each supply chain. The suppliers' business activities are regularly monitored in co-operation meetings between the HKFoods Group company and the supplier. In addition, HKFoods has introduced a new supplier management system in the 2024 review period to support the assessment of suppliers' responsible business practices. The supplier management system includes supplier surveys to assess suppliers' practices in relation to animal welfare, product safety, quality, environment and social responsibility management, as well as occupational health, safety, data protection, information security and business continuity management.

##### HKFoods Group's Procurement Policy and Supplier Code of Conduct

The Company's Procurement Policy defines the guiding principles for HKFoods' sustainable procurement, which are extended to the supply chain through the HKFoods Group Supplier Code of Conduct.

The HKFoods Board of Directors has approved an internal HKFoods Procurement Policy for non-animal contract producers. The Policy has been updated for the reporting period 2024. The Procurement Policy is the Company's internal policy and is available to employees on the Company's intranet. HKFoods requires Group employees to comply with the Procurement Policy and it applies to all Group procurement activities, excluding live animal procurement, which is covered by its own policy. The Procurement Director is responsible for the content and updating of the Procurement Policy and for monitoring its compliance. Those working in the Procurement function are responsible, together with the business, for supplier selection and the contracting process for suppliers in accordance with the Procurement Policy.

In addition, HKFoods has prepared principles for responsible procurement, setting out obligations and recommendations for HKFoods Group procurement units to take environmental impacts into account in supplier selection criteria and to commit suppliers to the HKFoods Group Supplier Code of Conduct. The principles of responsible procurement will be submitted to the Company's Executive Team in 2025.

The key principles of HKFoods' Procurement Policy:

- the target that all approved suppliers should sign the HKFoods Group Supplier Code of Conduct
- subcontractors and suppliers to respond to category-specific supplier surveys as part of the supplier selection process to determine supplier compliance and assess potential supply chain impacts and risk factors
- suppliers are assessed against the criteria of animal welfare, product safety, quality, environment, social responsibility, occupational health, safety, security, information security and continuity management
- procurement is made from approved suppliers and monitored to ensure risk management and continuous improvement
- suppliers are treated equally and in a spirit of fair competition
- contractual terms agreed with suppliers are respected and purchase orders are based on mutually agreed specifications and conditions
- HKFoods has zero tolerance for corruption or bribery and all reported cases are investigated and reported further as appropriate
- HKFoods encourages its stakeholders to report their concerns through HKFoods' whistleblowing channel (HKFoods Fair Way).

The approved suppliers of the HKFoods Group companies form the HKFoods approved supplier network. The main principle is that a supplier cannot become an approved supplier in the network unless it has committed to the HKFoods Group Supplier Code of Conduct, which forms part of the supply agreements between HKFoods Group companies and suppliers. The Supplier Code of Conduct contains conditions on, e.g., good governance and practices, workers' rights and human rights, product safety and quality and the environment. In addition, it refers to the HKFoods Group's publicly available policies, such as Environmental Policy, Occupational Health and Safety Policy, Food Safety and Quality Policy and Animal Welfare Policy.

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

All suppliers must commit to these. HKFoods Group companies give priority to working with operators who are committed to these requirements. However, some suppliers of goods and services have been found not to have made such a commitment. HKFoods is working to obtain the missing commitments. HKFoods Group's Supplier Code of Conduct is not binding on suppliers of different animal species in primary production. Nor is HKFoods' Code of Conduct specifically binding on primary producers of various animal species, with the exception of the terms of supply contracts for primary producers referred to in Disclosure Requirement E2-1. In 2024, irregularities were identified in the commitment to the HKFoods Group's Supplier Code of Conduct. HKFoods will continue its efforts to engage suppliers of goods and services in the Code. The need for auditing new suppliers is determined at the time of supplier approval. Existing suppliers are audited on the basis of the results of the annual review and the supplier survey, as necessary. Three new suppliers and 14 existing suppliers were audited in 2024.

#### Policy on payment practices for suppliers and partners

HKFoods does not have a separate written policy on late payments to SMEs. As a general practice, the Group aims to pay invoices within the agreed payment period and no later than the due date. In 2024, there have been monthly exception to the above principle to a varying extent. Payment practices are described in more detail in Disclosure Requirement G1-6 Payment practices of the Sustainability Report.

### 3. Metrics and targets

#### G1-5 Political influence and lobbying activities

In HKFoods Group, the activities related to the use of political influence and the related impacts, risks and opportunities are monitored by the Group's EVP Administration and Legal. In HKFoods' subsidiaries Kivikylän kotipalvaamo Oy and Lihatukku Harri Tamminen Oy, the activities related to the use of political influence and the related effects, risks and opportunities are supervised by the subsidiary's Managing Director.

HKFoods Group has not made donations for political purposes in cash or in kind, directly or indirectly, in the review period 2024. The value of any contributions in kind is determined by fair value, such as purchase price.

#### Lobbying activities in 2024 under the Transparency Register Act

Of the HKFoods Group companies, HKFoods Plc and HKFoods Finland Ltd have conducted lobbying activities in 2024 in compliance with the Transparency Register Act on the following main topics:

- Meat inspection fees - the Company's view: fees too high.
- Property tax reform - the view: property taxes for production facilities and plants must not increase.
- Animal Welfare Act - the view: in relation to the ban on castration of boars, how to ensure the reliability and functionality of quality assurance systems for new castration methods and animal welfare.
- Mechanically separated meat interpretations: MSM must be accepted for meat content.
- African swine fever control: the Finnish Food Authority needs to update its ASF plan.
- Animal welfare and animal transport: taking into account the specific conditions in Finland when preparing future legislation on animal transport.
- Deforestation Regulation: potential use of national registers in the meat sector for the implementation of the deforestation regulation: enabling the data collection required by the EUDR.
- Deforestation Regulation: concrete implementation challenges for the cattle sector, outstanding issues in the content of the Regulation and possibilities for the Ministry to influence the national implementation of the Regulation.
- Castration law: Finland's position on the castration law should be the same as the EU's, i.e. no national castration regulation.
- Export: Ministry of Agriculture and Forestry (MMM) should proceed with the HKFoods' approval for South Korea.
- Archipelago Sea programme: the primary producers in the Group's value chain influence the measures of the Archipelago Sea programme, with more than 150 farms in the pilot area.
- Meetings at the Finnish Parliament: the Company has met with some Members of Parliament and their assistants to discuss the salmonella and general disease protection of Finnish pig farming as well as options for maintaining disease protection and the related costs.



## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

In addition, HKFoods is involved in lobbying activities through the activities of the Finnish Food and Drink Industries' Federation (ETL), for example by participating in ETL working groups. HKFoods also participates in the activities of Finfood - Finnish Food Information, Animal Health ETT and Lihatie dotusyhdistys ry, all of which conduct lobbying activities.

Of the HKFoods Group companies, HKFoods Plc (Business ID 0111425-3) and HKFoods Finland Ltd (Business ID: 1951458-9) are registered in Finland in the Transparency Register maintained by the National Audit Office of Finland. The companies have registered with the Transparency Register after meeting the requirements of the Finnish Transparency Register Act and have undertaken to comply with its rules.

During the review period 2024, no persons who have held a similar position in the public sector in the previous two years have been appointed to the administrative, management and supervisory bodies of HKFoods Group companies.

#### G1-6 Payment practices

In HKFoods Group, payment practices are explicitly agreed in separate contracts with suppliers and business partners.

HKFoods' Group companies pay the invoices from suppliers of goods and services within an average of 37 days from the date agreed in the contract or the date prescribed by law. Invoices from primary producers (Groups 1 and 2 in Disclosure Requirement G1-6) are paid by HKFoods Group companies on average within 14.7 days from the date agreed in the contract or the date prescribed by law.

HKFoods has classified its suppliers of goods and services into the following groups in terms of standard payment terms:

Group	Share of total number of invoices/year	Payment period under the standard contract term (days net)	Payments made under the standard contract terms
Group 1: Broiler producers, suppliers of perishable fresh vegetables and suppliers of perishable food raw materials	9.2%	7-14 days	100%
Group 2: Pig and cattle producers, suppliers of perishable fresh vegetables and suppliers of perishable food raw materials	30.2%	15 days	100%
Group 3: Suppliers of non-perishable food raw materials	15.3%	16-30 days	90%
Group 4: Suppliers of maintenance spare parts, suppliers of packaging materials and suppliers of services	14.8%	31-45 days	90%
Group 5: Suppliers of maintenance spare parts, suppliers of packaging materials and suppliers of services	16.3%	46-60 days	90%
Group 6: Suppliers of maintenance spare parts, suppliers of packaging materials and suppliers of services	14.2%	61-90 days	90%

The payment term to be used is always be agreed with each supplier individually in line with the principles stated above.

The difference in the payment terms for suppliers of food raw materials and maintenance spare parts, packaging materials and services is due to the provisions of the Food Market Act.

At the end of 2024, HKFoods Group companies had no legal proceedings pending in relation to late payment.

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

# Financial Statements 2024

## Consolidated income statement for 1 January - 31 December

(EUR million)	Note	2024	2023
Continuing operations			
Net sales	1.	1,001.8	933.0
Other operating income	2.	6.8	4.0
Materials and services	3.	-679.2	-638.3
Employee benefits expenses	4.	-171.8	-164.9
Depreciation and amortisation	5.,13.	-33.9	-30.8
Other operating expenses	6.	-101.3	-88.7
<b>EBIT</b>		<b>22.4</b>	<b>14.3</b>
Financial income	7.	4.6	3.6
Financial expenses	7.,13.	-24.1	-30.6
Share of associates' and joint ventures' results		1.2	2.0
<b>Profit/loss before taxes</b>		<b>4.2</b>	<b>-10.7</b>
Income tax	8.	-6.0	-6.6
Profit/loss for the period, continuing operations		-1.8	-17.3
Profit/loss for discontinued operations	20.	-24.0	-5.1
<b>Profit/loss for the period</b>		<b>-25.8</b>	<b>-22.5</b>
Profit/loss for the period attributable to:			
Equity holders of the parent		-29.2	-26.4
Non-controlling interests		3.4	4.0
<b>Total</b>		<b>-25.8</b>	<b>-22.5</b>

(EUR million)	Note	2024	2023
Earnings per share calculated on profit attributable to equity holders of the parent:			
EPS, undiluted, continuing operations, EUR/share	9.	-0.09	-0.24
EPS, diluted, continuing operations, EUR/share	9.	-0.09	-0.24
EPS, undiluted, discontinued operations, EUR/share	9.	-0.27	-0.05
EPS, diluted, discontinued operations, EUR/share	9.	-0.27	-0.05
EPS, undiluted, EUR/share	9.	-0.36	-0.29
EPS, diluted, EUR/share	9.	-0.36	-0.29

The notes 1-29 form an integral part of the consolidated financial statements.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Consolidated statement of comprehensive income 1 January - 31 December

(EUR million)	2024	2023
Profit/loss for the period	-25.8	-22.5
OTHER COMPREHENSIVE INCOME (after taxes):		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translating foreign operations, continuing operations	0.3	-
Exchange differences on translating foreign operations, discontinued operations	-2.0	1.3
Sweden translation difference transfer to profit and loss, discontinued operations	21.1	-
Cash flow hedging, continuing operations	-2.1	-5.5
Cash flow hedging, discontinued operations	-0.9	-8.5
Reclassification adjustment (electricity derivative), continuing operations	-	-2.6
Transfer of the value of Sweden's electricity derivatives to the result for the financial period, discontinued operations	-1.1	-
Share of associates' and joint ventures' other comprehensive income items, continuing operations	-	0.5
Items that will not be reclassified to profit or loss		
Actuarial gains or losses, discontinued operations	-	-4.4
<b>Total other comprehensive income</b>	<b>15.4</b>	<b>-19.2</b>
<b>Total comprehensive income for the period</b>	<b>-10.4</b>	<b>-41.6</b>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
Equity holders of the parent	-13.8	-45.6
Non-controlling interests	3.4	4.0
<b>Total</b>	<b>-10.4</b>	<b>-41.6</b>

The notes 1-29 form an integral part of the consolidated financial statements.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Consolidated balance sheet on 31 December

(EUR million)	Note	31 Dec. 2024	31 Dec. 2023
Intangible assets	10.	16.1	16.2
Goodwill	11.	28.0	27.8
Tangible assets	12.,13.	251.6	284.9
Shares in associates and joint ventures	14.	20.8	23.6
Other receivables	15.	12.4	26.2
Other shares and holdings	15.	1.0	0.7
Deferred tax asset	16.	21.2	25.1
<b>Non-current assets</b>		<b>351.0</b>	<b>404.5</b>
Inventories	17.	59.6	75.2
Trade receivables	18.	58.4	75.3
Other receivables	18.	21.7	21.9
Income tax receivable	18.	0.2	0.1
Cash and bank	19.	36.7	28.7
<b>Current assets</b>		<b>176.6</b>	<b>201.1</b>
Assets of disposal group classified as held for sale	20.	-	246.0
<b>Assets</b>		<b>527.7</b>	<b>851.7</b>
Share capital	21.	66.8	66.8
Share premium reserve	21.	72.9	72.9
Treasury shares	21.	-9.1	-3.8
Hybrid loan	21.	25.9	25.9
Fair value reserve and other reserves	21.	223.7	228.9
Translation differences	21.	0.8	-18,6
Retained earnings	21.	-194.2	-160,9
Equity attributable to equity holders of the parent		186.9	211.1
Non-controlling interests		28.6	26.9
<b>Equity</b>		<b>215.4</b>	<b>238.0</b>

(EUR million)	Note	31 Dec. 2024	31 Dec. 2023
Deferred tax liability	16.	3.0	3.9
Non-current interest-bearing liabilities	13.,24.	172.4	289.0
Non-current non-interest-bearing liabilities	24.	-0.1	-0.1
Pension obligations	22.	2.6	2.5
<b>Non-current liabilities</b>		<b>177.8</b>	<b>295.3</b>
Current interest-bearing liabilities	13.,24.	14.0	17.9
Trade and other payables	24.	117.6	156.5
Refund liabilities	24.	2.8	3.7
Income tax liability	24.	0.0	1.4
<b>Current liabilities</b>		<b>134.5</b>	<b>179.4</b>
Liabilities of disposal group classified as held for sale	20.	-	139.0
<b>Equity and liabilities</b>		<b>527.7</b>	<b>851.7</b>

The notes 1-29 form an integral part of the consolidated financial statements.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Consolidated cash flow statement

(EUR million)	2024	2023
Profit/loss for the period, continuing operations	-1.8	-17.3
Profit/loss for discontinued operations	-24.0	-5.1
Adjustments	88.4	96.6
Cash flow before change in net working capital	62.6	74.2
Change in net working capital	9.7	15.1
Other changes	14.5	-9.3
Interest paid	-23.8	-29.6
Other financial expenses paid	-4.5	-10.6
Interest received	4.1	4.2
Other financial income received	1.9	7.9
Dividends received	0.6	1.7
Income taxes paid	-4.1	-3.0
<b>Cash flow from operating activities (A)</b>	<b>60.8</b>	<b>50.6</b>
Total investments	-30.8	-36.0
Total sales of assets	0.5	1.7
Acquisition of subsidiary, net of cash acquired	-	0.2
Disposal of subsidiary, net of cash	111.1	59.6
Loan receivables, borrowings and repayments	0.1	-2.8
<b>Cash flow from investing activities (B)</b>	<b>80.9</b>	<b>22.6</b>

(EUR million)	2024	2023
Hybrid loan	-4.1	-2.1
Proceeds from external borrowings	90.0	35.0
Repayment of external borrowings	-209.1	-80.7
Payment of lease liabilities	-9.2	-12.4
Dividends paid	-1.7	-1.9
<b>Cash flow from financing activities (C)</b>	<b>-134.2</b>	<b>-62.0</b>
<b>Net cash flow (A+B+C)</b>	<b>7.5</b>	<b>11.3</b>
Cash and cash equivalents, end balance	36.7	29.0
Cash and cash equivalents, opening balance	29.0	17.8
Effect of changes in exchange rates	0.2	-0.1
<b>Change</b>	<b>7.5</b>	<b>11.3</b>

The notes 1-29 form an integral part of the consolidated financial statements.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Statement of changes in consolidated equity

(EUR million)	Share capital	Share premium reserve	Revaluation reserve	Reserve for invested unrestricted equity (RIUE)	Hybrid loan	Other reserves	Translation differences	Treasury shares	Retained earnings	Equity holders of the parent	Non-controlling interests	Total
<b>EQUITY ON 1 Jan. 2024</b>	<b>66.8</b>	<b>72.9</b>	<b>5.9</b>	<b>215.4</b>	<b>25.9</b>	<b>8.1</b>	<b>-18.6</b>	<b>-3.8</b>	<b>-161.5</b>	<b>211.1</b>	<b>26.9</b>	<b>238.0</b>
Result for the financial period	-	-	-	-	-	-	-	-	-29.2	-29.2	3.4	-25.8
Other comprehensive income (+) / expense (-)												
Translation difference	-	-	-0.1	-	-	-	19.6	-	-	19.5	-	19.5
Cash flow hedging	-	-	-3.0	-	-	-	-	-	-	-3.0	-	-3.0
Transfer of the value of Sweden's electricity derivatives to the result for the financial period	-	-	-1.1	-	-	-	-	-	-	-1.1	-	-1.1
Associates' and joint ventures' other comprehensive income items transfer to profit and loss	-	-	-0.5	-	-	-	-	-	0.5	0.0	-	0.0
Total other comprehensive income / expense	-	-	-4.7	-	-	-	19.6	-	0.5	15.4	-	15.4
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-4.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19.6</b>	<b>-</b>	<b>-28.7</b>	<b>-13.8</b>	<b>3.4</b>	<b>-10.4</b>
Direct recognitions	-	-	-	-	-	-	-	-	0.0	0.0	0.0	0.0
Sweden and Denmark sale related transfer to result for the financial period	-	-	-1.2	-	-	0.2	-	-	-	-1.0	-	-1.0
Purchase of own shares	-	-	-	-	-	-	-	-5.3	-	-5.3	-	-5.3
Dividend distribution	-	-	-	-	-	-	-	-	-	-	-1.7	-1.7
Hybrid loan	-	-	-	-	-	-	-	-	-4.1	-4.1	-	-4.1
<b>EQUITY ON 31 Dec. 2024</b>	<b>66.8</b>	<b>72.9</b>	<b>0.0</b>	<b>215.4</b>	<b>25.9</b>	<b>8.3</b>	<b>0.8</b>	<b>-9.1</b>	<b>-194.2</b>	<b>186.9</b>	<b>28.6</b>	<b>215.4</b>

The notes 1-29 form an integral part of the consolidated financial statements.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

(EUR million)	Share capital	Share premium reserve	Revaluation reserve	Reserve for invested unrestricted equity (RIUE)	Hybrid loan	Other reserves	Translation differences	Treasury shares	Retained earnings	Equity holders of the parent	Non-controlling interests	Total
<b>EQUITY ON 1 Jan. 2023</b>	<b>66.8</b>	<b>72.9</b>	<b>21.9</b>	<b>215.4</b>	<b>25.9</b>	<b>10.4</b>	<b>-19.9</b>	<b>-4.1</b>	<b>-128.4</b>	<b>260.9</b>	<b>24.6</b>	<b>285.5</b>
Result for the financial period	-	-	-	-	-	-	-	-	-26.4	-26.4	4.0	-22.5
Other comprehensive income (+) / expense (-)												
Translation difference	-	-	-	-	-	-	1.3	-	-	1.3	-	1.3
Cash flow hedging	-	-	-14.0	-	-	-	-	-	-	-14.0	-	-14.0
Reclassification adjustment (electricity derivative)	-	-	-2.6	-	-	-	-	-	-	-2.6	-	-2.6
Share of associates' and joint ventures' other comprehensive income items	-	-	0.5	-	-	-	-	-	-	0.5	-	0.5
Actuarial gains or losses	-	-	-	-	-	-	-	-	-4.4	-4.4	-	-4.4
Total other comprehensive income / expense	-	-	-16.0	-	-	-	1.3	-	-4.4	-19.2	-	-19.2
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-16.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.3</b>	<b>-</b>	<b>-30.9</b>	<b>-45.6</b>	<b>4.0</b>	<b>-41.6</b>
Direct recognitions	-	-	-	-	-	-	-	-	0.1	0.1	-	0.1
Baltics sale related transfer to result for the financial period	-	-	-	-	-	-2.2	-	-	-	-2.2	-	-2.2
Transfer of own shares	-	-	-	-	-	-	-	0.3	-0.3	0.0	-	0.0
Dividend distribution	-	-	-	-	-	-	-	-	-	-	-1.9	-1.9
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	0.2	0.2
Hybrid loan	-	-	-	-	-	-	-	-	-2.1	-2.1	-	-2.1
<b>EQUITY ON 31 Dec. 2023</b>	<b>66.8</b>	<b>72.9</b>	<b>5.9</b>	<b>215.4</b>	<b>25.9</b>	<b>8.1</b>	<b>-18.6</b>	<b>-3.8</b>	<b>-161.5</b>	<b>211.1</b>	<b>26.9</b>	<b>238.0</b>

The notes 1-29 form an integral part of the consolidated financial statements.

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

# Notes to the financial statements for 2024

## Basic information about the entity

HKFoods (before HKScan) Plc is a Finnish public limited company operating in food industry. The company is domiciled in Turku.

HKFoods Plc and its subsidiaries (together 'the Group') produce, sell and market high-quality and responsibly-produced pork, beef and poultry products, processed meats and convenience foods under strong brand names. Its customers are the retail, food service, industry and export sectors. The Group has operations in Finland and Poland. HKFoods Plc's A share has been quoted on Nasdaq Helsinki since 1997.

HKFoods Plc is a subsidiary of LSO Osuuskunta and part of the LSO Osuuskunta Group. LSO Osuuskunta is domiciled in Turku.

The Board of Directors of HKFoods Plc approved the publication of these financial statements at its meeting on 28 February 2025. Under the Finnish Companies Act, shareholders may approve or reject the financial statements at the Annual General Meeting held subsequent to their publication. The Annual General Meeting can also modify the financial statements.

A copy of the HKFoods Group's consolidated financial statements is available on the company's website at [www.hkfoods.com](http://www.hkfoods.com) or in the parent company's head office at Lemminkäisenkatu 48, FI-20520 Turku, Finland. The LSO Osuuskunta Group's consolidated financial statements are also available at the same address.

## Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have consistently been applied to all the years presented, unless otherwise stated. PDF document is a voluntary publication and the xHTML document according to ESEF regulation is the official version according to Securities Markets Act chapter 7, section 5.

## Assumption of ability to continue as a going concern

The Financial Statements for financial year 2024 has been prepared on a going concern basis, assuming that HKFoods will be able to realise its assets and settle its liabilities in the foreseeable future in the ordinary course of business. In assessing the going concern basis, HKFoods' management has taken into account the uncertainties and risks associated with the business environment, available funding sources and the cash flow estimates of the Group companies.

The closing of the sale of the Swedish business in March 2024 and the Danish business in October 2024 significantly strengthened the company's financial position. In addition, profitability and cash flow from continuing operations have improved.

HKFoods' covenants for bank loans and revolving credit facilities are the net gearing ratio and the ratio of net debt to EBITDA. At the end of 2024, HKFoods had a net gearing ratio of 69.5 per cent (limit 110 per cent), and a net debt to EBITDA ratio of 2.6 (limit 3.75). HKFoods' management has assessed the cash flow forecasts of the business over the next 12 months, and the forecast indicates that the covenants will not be breached. The management has also assessed the adequacy of liquidity, according to which the company's liquidity is not at risk.

During the second quarter of 2024, HKFoods Plc finalised negotiations to refinance the debt maturing in January-March 2025 and issued secured senior notes of EUR 90 million. The proceeds from the bond were used for the partial repurchase of fixed-rate, unsecured notes due on 24 March 2025 and general corporate purposes of HKFoods Group. After the repurchase, the remaining old notes amounted to EUR 9.6 million and they were fully redeemed at a 100% redemption price on 20 December 2024.



## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

#### Basis of preparation

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) and the IAS standards and SIC and IFRIC interpretations effective on 31 December 2024. 'International Financial Reporting Standards' refers, in the Finnish Accounting Act and in the provisions given thereupon, to the standards approved for application within the EU according to the procedure as established in EU Regulation (EC) No. 1606/2002 and the interpretations thereof. The notes to the financial statements also conform to Finnish accounting and corporate legislation supplementing IFRS requirements.

The consolidated financial statements have been prepared under the historical cost convention except for some financial instruments, which have been measured at fair value.

The accounting policies in respect of subsidiaries have been changed to correspond to those of the parent company if required.

Unless otherwise stated, the information in the consolidated financial statements is given in millions of euros. Consequently, some totals may not agree with the sum of their constituent parts.

The consolidated financial statements have been prepared in compliance with the same accounting policies as in 2023.

#### New and amended standards adopted by the group

There have been no new standards, amendments or interpretations, which are effective for the financial year beginning on 1 January 2024 that affect Group's accounting policies or any of the disclosures.

#### Comparability with previous years

The years 2024 and 2023 are comparable with each other. Assets and liabilities classified as held for sale in the balance sheet include Swedish operations in 2023. Discontinued operations in the income statement include Danish operations until October 2024, Swedish operations until March 2024 and Baltics operations until August 2023.

#### Consolidation subsidiaries

The consolidated financial statements include the accounts of the parent company HKFoods Plc and its subsidiaries. Subsidiaries are entities over which the Group exercises control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value, or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Recorded goodwill is originally the sum of consideration transferred, interest of non-controlling shareholders in the acquiree and previously held interest in the acquiree minus the fair value of the acquired net assets. If the consideration is smaller than the fair value of the subsidiary's acquired net assets, the difference is recognised through profit or loss.

Subsidiaries acquired are consolidated from the date the Group acquires a controlling interest in them. All intragroup transactions, receivables and liabilities, and intragroup profit distribution, have been eliminated upon preparation of the consolidated financial statements.

A previous shareholding in a sequential acquisition is measured at the fair value and any profit or loss derived from this is recorded in the income statement as either profit or loss. When the Group loses control in a subsidiary, the remaining investment is measured at the fair value of the date of the expiry of control and the difference derived from this is recognised through profit and loss.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

Distribution of profit for the period between holders of the parent and non-controlling interests is presented in the separate income statement, and the distribution of comprehensive income between holders of the parent and non-controlling interests is presented in the statement of comprehensive income. Comprehensive income is allocated to the parent company shareholders and non-controlling interests, even if this should mean that the share held by non-controlling interests becomes negative. The share of equity owing to non-controlling interests is presented as a separate item on the balance sheet under equity. Changes in the parent company's shareholding in a subsidiary, which do not lead to loss of control, are treated as equity-related transactions. The difference between fair value of any consideration paid, and the relevant share acquired of the carrying value of net assets of the subsidiary, is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### Associates

Associates are companies over which the Group exercises a significant influence which usually arises when the Group holds 20-50 per cent of a company's voting rights. Associates have been consolidated using the equity method. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. If the Group's share of the losses of an associate exceeds the investment's carrying amount, the investment is recognized as having no value and, unless the Group is committed to meeting the obligations of associates, no losses exceeding the carrying amount are consolidated. Investments in associates include the goodwill arising on their acquisition. Dividends received from associates have been eliminated in the consolidated financial statements. The associates mentioned below in Note 28, 'Related Party Transactions' have been consolidated into the consolidated financial statements. Share of associates' results is presented below EBIT.

The Group's share in associates' changes recognised in other items of comprehensive income are recognised in the Group's other items of comprehensive income.

#### Joint ventures

A joint venture is a company in which the Group exercises joint control with another party. Joint ventures are consolidated using the equity method.

More detailed information about holdings in Group companies and associates and joint ventures is presented in Note 28, 'Related party transactions'.

#### Foreign Currency Translation

The items included in the financial statements of the Group companies are valued in the currency of the main operating environment for that company (functional currency). The consolidated financial statements are presented in euros, the parent company's functional and reporting currency.

The assets and liabilities of foreign subsidiaries, and the foreign joint venture, are translated into euros at the closing exchange rates confirmed by the European Central Bank on the balance sheet date. The income statements are translated into euros using the average rate for the period. A translation difference arises from translating the result for the period and the comprehensive result at different rates in the income statement and comprehensive income statement and the balance sheet. The difference is recognised under equity. The change in the translation difference is recognised in other comprehensive income. The translation differences arising from eliminating the acquisition cost of foreign subsidiaries, and the joint venture, and from the translation of equity items accrued after the acquisition, are recognised in translation differences in the Group's equity, and the change is recognised in items of comprehensive income.

Group companies recognise transactions in foreign currencies at the rate prevailing on the day of the transaction. Trade receivables, trade payables, and loan receivables denoted in foreign currencies, and foreign currency bank accounts, have been translated into the operational currency at the exchange rates quoted on the balance sheet date. Exchange rate gains and losses on loans denoted in foreign currencies are included in financial income and expenses below EBIT. As a rule, exchange rate gains and losses related to business operations are included in the corresponding items above EBIT.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Property, plant and equipment

Property, plant and equipment have been measured at cost less accumulated depreciation and any impairment. Depreciation of assets is made on a straight-line basis over the expected useful life. No depreciation is made on land.

The expected useful lives are as follows:

Buildings and structures	25-50 years
Building machinery and equipment	8-12.5 years
Machinery and equipment	2-15 years

The residual value and useful life of assets are reviewed in each financial statement and if necessary adjusted to reflect changes taking place in expected useful life.

Depreciation on property, plant and equipment ends when an item is classified as being for sale. Gains and losses arising on the disposal and discontinuation and assignment of property, plant and equipment are included either in other operating income or expenses.

Maintenance and repair costs arising from normal wear and tear are recognized as an expense when they occur. Major refurbishment and improvement investments are capitalised and depreciated over the remaining useful life of the main asset to which they relate.

## Government grants

Government grants, such as grants from the State or the EU relating to PPE acquisitions, have been recognized as deductions in the carrying amounts of PPE when receipt of the grants and the Group's eligibility for them is reasonably certain. The grants are recognised as income in the form of lower depreciations over the useful life of the item. Grants received in reimbursement of expenses incurred are recognised as income in the income statement at the same time as the costs relating to the object of the grant are recognised as an expense. Grants of this kind are reported under other operating income.

## Intangible assets

### Goodwill

Goodwill arises on the acquisition of subsidiaries or business operations and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree, and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually, or more frequently, if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill and other intangible items that have an unlimited useful life are not subject to regular depreciation, being instead tested yearly for impairment. For this reason, goodwill is allocated to CGUs or, in the case of an associate, included in the acquisition cost of the associate concerned. Goodwill is measured according to the historical cost convention less impairments. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of goodwill are not reversed. See, 'Impairment' and 'Impairment testing'.

### Research and development costs

Research and development costs are charged as incurred.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

#### Other intangible rights and assets

An intangible asset is recognised on the balance sheet only if its acquisition cost can be reliably determined and it is likely that the company will reap the expected economic benefit of the asset. Intangible rights include trademarks and patents, while items such as software licenses are included in other intangible assets. Patents and software licenses are recognised on the balance sheet at cost and are depreciated on a straight-line basis during their useful life, which varies from five to 10 years. No depreciation is made on intangible assets with an unlimited useful life.

Brands have been estimated to have an unlimited useful life. The good recognition of the brands and analyses performed support the view of management that the brands will affect cash flow generation for an indeterminate period of time.

#### Impairment of non-financial assets

Intangible assets that have an indefinite useful life, or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of nonfinancial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

See 'Critical accounting estimates and judgements' and 'Goodwill'.

#### Inventories

Raw materials are measured at weighted average cost. The cost of finished goods and work in progress comprises raw materials, direct labor costs, other direct costs and a systematically allocated proportion of variable and fixed production overheads. In determining the acquisition cost, standard cost accounting is applied and standard costs are reviewed regularly and changed if necessary. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Inventories are shown net of a reserve for obsolete and slow-moving inventories. A reserve is established and a corresponding charge is taken to profit and loss in the period in which the loss occurs based upon an assessment of obsolescence and related factors.

#### Leases

##### The Group as lessee

The Group recognises a right-of-use asset and related lease liability from all lease for all leases with term of more than 12 months. Less than 12 months agreements and assets of low value are excluded by the Group. Office equipment such as printers, coffee machines, phones and computers are considered assets of low value. Initial recognition is based on discounted present value of the lease payments. The discount rate is a rate from the agreement, or if not available, the interest rate for additional loan. Discounted present value of the lease payments include expected payable residual value guarantee, price of purchase or continuation option if likely that the Group will utilise option and expected payments from the ending of the agreement. Lease agreements without end date (with short notice period) are based on management judgement considered with two years duration which is renewed when the time expires. Also, other justified duration based on management judgment can be used. Depreciations from right-of-use assets and interest expense on lease liability are recorded to income statement instead of the lease expense. Right-of-use assets are depreciated with straight-line method during the lease period. Lease payments are divided into interest expense and lease liability amortisation with effective interest rate method. Right-of-use assets are included in tangible assets and lease liabilities in interest bearing debts in the balance sheet.

When an arrangement enters into force, the Group uses its factual content to determine whether the arrangement is a lease agreement or whether it includes one. A lease agreement exists if the following conditions are met: there is an identified asset, customer has the right to obtain substantially all of the economical benefits from the use of the asset throughout the period of use, customer has the right to direct how and for what purpose the asset is used throughout the period of use, or if the use is predetermined, customer operates the asset or has designed the asset.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

#### The Group as lessor

The Group's leased assets whose risks and rewards of ownership have essentially been transferred to the lessee are recognised as receivables on the balance sheet. Receivables are initially recognised at their present value. Financing income is recognised during the term of the lease so as to achieve a constant rate of return on the outstanding net investment over the term of lease.

Other assets leased under other operating leasing agreements are included in property, plant and equipment on the balance sheet. They are depreciated over their useful lives in the same way as corresponding property, plant and equipment in the company's own use are. Rental income is recognised in the income statement on a straight-line basis over the lease term.

#### Employee benefits

##### Pension obligations

Pension plans are classified as defined benefit plans and defined contribution plans. In defined contribution plans, the Group makes fixed payments to a separate entity. The Group is under no legal or actual obligation to make additional payments in the event that the entity collecting pension payments is unable to meet its obligations to pay the pension benefits in question. Any pension plan that does not meet these criteria is a defined benefit plan.

Statutory pension cover for Finnish Group companies has been arranged through pension insurance. Pension plans in respect of companies outside Finland have been made in accordance with local practice.

In defined contribution plans, such as the Finnish employment pension scheme (TyEL), pension plan contributions are recognised in the income statement during the financial period in which they are incurred.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, curtailments and settlements.

Past-service costs are recognised immediately in the income statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, are charged or credited to equity in other comprehensive income in the period in which they arise.

##### Share based payments

Based on IFRS 2, the fair value of share based incentives is determined at the grant date and the fair value is expensed until vesting. The fair value is booked to equity and possible social security contributions to liability. The fair value of equity-settled portion is the fair value of Company share at the grant date deducted with expected dividends to be paid before the reward payment. The fair value of the liability is recalculated on each reporting date until reward payment.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Provisions

A provision is recognised when the Group has a legal or actual obligation as the result of a past event, it is likely that the payment obligation will be realised and the magnitude of the obligation can be reliably estimated.

A restructuring provision is made when the Group has compiled a detailed restructuring plan and launched its implementation or announced the plan. No provision is made for expenses relating to the Group's continuing operations.

A provision for environmental obligations is made when the Group has an obligation, based on environmental legislation and the Group's environmental responsibility policies, which relates to site decommissioning, repairing environmental damage or moving equipment from one place to another.

## Taxes and deferred taxes based on taxable income for the period

The income tax expense in the income statement consists of tax based on taxable income and deferred tax. Taxes are recognised in the income statement, except when related to items recognised directly in equity, or the statement of comprehensive income, in which event the tax is also recognised in the said items. Tax based on taxable income in the financial period is calculated from taxable income on the basis of the tax law of the domicile of each company. Taxes are adjusted with any taxes relating to previous financial periods.

Deferred tax assets and liabilities are calculated on temporary differences in bookkeeping and taxation using the tax rate valid at the balance sheet date or expected date the tax is paid. The most significant temporary differences arise from measurement to fair value of derivative instruments, defined benefit pension plans, unclaimed tax losses and measurements to fair value in connection with acquisitions. No deferred tax is recognised on non-deductible goodwill. Deferred tax assets are recognised for the amount which it is likely that taxable profit will be generated in the future, against which the temporary difference can be utilised.

Deferred taxes are calculated using the tax rates which have been enacted or which in practice have been adopted by the reporting date.

## Revenue recognition policies

Net sales is presented as revenue from the sales of products and services measured at fair value and adjusted for indirect taxes, discounts and translation differences resulting from sales in foreign currencies.

The Group sells food products, feed, animals and to a small extent slaughtering and transport services. The Group fulfils its performance obligation and recognises revenue when the product is delivered, and service is performed. Food products have limited shelf life, so quality and warranty issues realise quickly. There is no additional warranty provision recorded for the delivered products. Product and service prices and quantities do not include significant judgement. Variable discount periods are typically short, value is low, and usually end at year end so they can be reliably estimated. The Group does not adjust the promised amount of consideration for the effects of a significant financing component as the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service is short.

## Non-current assets held for sale and discontinued operations

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Assets need to be disposable in their current condition immediately with conventional conditions, management needs to be committed to the sale and the sale can be expected to realise within one year from classification. Assets held for sale are stated at the lower of carrying amount and fair value less costs to sell. After classification depreciations are no longer booked. Assets held for sale and related liabilities are presented as separate line item in the Group balance sheet. Comparison year is not restated.

Discontinued operation is a material part of the Group that has been disposed of or classified as held for sale. Profit from discontinued operations is disclosed as a separate item in the income statement and comparison year figures have been restated respectively.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Financial assets and liabilities

### Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

#### Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables and loan receivables under current and non-current financial assets.

#### Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as financial income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

### Derecognition

Financial assets are derecognised from the balance sheet when the Group's contractual right to the cash flows has expired or when the risks and rewards of ownership have to a significant degree been transferred outside the Group.

### Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For trade receivables, the Group applies a simplified approach in calculating ECLs. The Group recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

#### Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits and other highly liquid short-term investments which are easily exchangeable for a previously known amount of cash assets, and whose risk of a change in value is minimal. Items classified in cash and cash equivalents have a maturity of less than three months from the date of acquisition. Credit accounts relating to the Group accounts are included in current financial liabilities, and they are recognized as setoffs, as the Group has an agreement-based legal right to settle or otherwise eliminate the amount to be paid to the creditor in full or in part.

#### Financial liabilities

The Group's financial liabilities are classified into the following categories: financial liabilities recognised at fair value through profit or loss, and other financial liabilities at amortised cost.

Financial liabilities recognised at fair value through profit or loss are initially and subsequently measured at fair value with the same principles as corresponding financial assets. Derivative financial liabilities are included in this category. Other financial liabilities are initially recognised at fair value and transaction costs are included in the original carrying amount. Financial liabilities, except for derivative contract liabilities, are subsequently measured at amortised cost using the effective interest method. Financial liabilities are included in current and non-current liabilities. Financial liabilities are classified as current unless the Group has an unconditional right to defer payment for at least 12 months from the reporting date.

Borrowing costs directly attributable to the acquisition, construction or manufacture of a qualifying asset are capitalised as a part of the cost of the said asset when it is likely that these will generate future economic benefits, and when the costs can be measured reliably. During the financial years presented, the Group did not have any qualifying investments.

Other borrowing costs are recognised as an expense in the period in which they are incurred. Credit fees related to loan commitments are recognised as transaction costs in proportion to the extent that it is probable that the total loan commitment or a part of it will be raised. Credit fees are recognised on the balance sheet until the loan is

raised. In connection with the drawdown, the credit fee related to loan commitments is recognised as part of the transaction costs. To the extent that it is probable that the loan commitment will not be raised, the credit fee is recognised as a prepaid expense in respect of the liquidity-related services and is accrued for the period of the loan commitment.

#### Derivatives and hedge accounting

Derivative contracts are initially accounted for at fair value on the date on which the Group becomes a party to the contract and subsequently continue to be measured at fair value. Gains and losses arising from the measurement at fair value are treated in the income statement in the manner determined by the purpose of the derivative. The impacts on profit or loss arising from changes in the value of derivative contracts to which hedge accounting applies and which are effective hedges, are presented in a manner consistent with the hedged item. When derivative contracts are entered into, the Group treats the derivatives, as in the case of interest rate risk, as cash flow hedges, cash flow hedges of a highly probable forecast transaction, or derivatives that do not satisfy the criteria for applying hedge accounting. The Group documents the hedge accounting at the beginning of the relationship between the hedged item and the hedging instrument, as well as the objectives of the Group's risk management and the hedging strategy applied. When initiating the hedge and thereafter when publishing all financial statements, the Group documents and assesses the effectiveness of the hedging relationships by examining the ability of the hedging instrument to nullify changes in the fair value of the hedged item or changes in cash flows.

#### Cash flow hedging

A change in the fair value of the effective portion of derivative instruments that satisfy the conditions for hedging cash flow are recognised under other comprehensive income and reported in the hedging reserve (included in Fair value reserve and other reserves). Gains and losses accrued from the hedging instrument are transferred to the income statement when the hedged item affects profit or loss. The ineffective portion of the hedging instrument's profit or loss is recognised as financial income or expenses (interest rate derivatives) or other operating expenses (commodity derivatives).



## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

When a hedging instrument acquired to hedge cash flow matures or is sold, or when the criteria for hedge accounting are no longer satisfied, the profit or loss accrued from the hedging instrument remains in equity until the forecast transaction is carried out. Nevertheless, if the forecast hedged transaction is no longer expected to be realised the profit or loss accrued in equity is recognised immediately in the income statement.

#### Other hedging instruments where hedge accounting is not applied

Despite the fact that some hedging relationships satisfy the Group's risk management hedging criteria, hedge accounting is not applied to them. Derivatives hedging against currency and interest risk fall into this category. In accordance with the Group's recognition policy, changes in the fair value of foreign exchange contracts hedging commercial flows are recognised in other operating income and expenses, and changes in the value of foreign exchange contracts hedging financial items are recognised in the income statement in foreign exchange gains and losses from financing operations. On the balance sheet, derivatives relating to currency-denominated trade receivables or trade payables are presented in other current receivables or liabilities. Changes in the fair value of interest rate derivatives are recognised in financial items. On the balance sheet the fair value of interest rate derivatives is presented in current and non-current liabilities according to maturity.

Changes in the hedging reserve are presented in Note 21. 'Notes relating to equity' under 'Revaluation reserve'.

#### Equity

All company shares are reported as share capital. Any repurchase of its own shares by the company is deducted from equity.

#### Dividend

The dividend proposed to the Annual General Meeting by the Board of Directors is not deducted from distributable equity until approved by the AGM.

#### EBIT

The concept of EBIT is not defined in IAS 1: Presentation of Financial Statements. The Group employs the following definition: EBIT is the net sum arrived at by adding other operating income to net sales, deducting from this purchase costs as well employee benefit expenses, depreciation and impairment losses, if any, and other operating expenses. All other income statement items are presented below EBIT.

Where necessary, major gains and losses on disposal, impairment and recognitions of discontinuations, reorganisations of operations or significant compensations or penalties paid out due to the legal verdict or settlement, recorded as items affecting comparability, as well as comparable EBIT may be presented separately in interim reports and financial statement bulletins.

#### Critical accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions affecting the content and to exercise judgement in applying the accounting policies. The most important of these estimates affect the possible impairment of goodwill and other assets as well as provisions. Actual results may differ from these estimates.

The estimates made in preparation of the financial statements are based on the best judgement of management on the reporting date. The estimates are based on historical experience and assumptions regarding the future seen as most likely on the balance sheet date. Such assumptions are related to the expected development of the Group's financial operating environment in terms of sales and cost levels. The estimations and judgements are reviewed regularly.

The most important areas in which the estimations and judgement have been used are presented below.

The assumptions made by the management regarding the taxable income of the Group companies in the coming reporting periods are taken into account when estimating the amount of recognised deferred tax assets.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

#### Impairment testing

The Group tests goodwill annually for possible impairment. The recoverable amounts of cash generating units are determined in calculations based on value in use.

The preparation of these calculations requires the use of estimates. Although the assumptions used are appropriate according to the Management, the estimated recoverable amounts may differ substantially from those realised in future.

The assumptions used in the impairment calculation involve judgement that the Management has used in estimating the development of different factors.

The sensitivity analysis emphasises that the factors related to revenue growth are the most central sources of uncertainty in the methods, assumptions and estimates used in the calculations. This sensitivity derives from the challenging estimation of the future development of the previously mentioned factors. More details on the matter are presented in note 11.

#### Deferred tax

Deferred tax assets are recognised for the amount which it is likely that taxable profit will be generated in the future, against which the temporary difference can be utilised. The Group assesses the principles for recognising deferred tax in connection with the financial statements. To this end, it has assessed how likely subsidiaries are to have recoverable taxable income against which the unused tax losses or unused tax credits can be utilised. More details on the matter are presented in note 16.

#### Valuation of inventories

Management's principle is to recognise an impairment loss for slowly moving and outdated inventories based on the management's best possible estimate of possibly unusable inventories in the Group's possession at the reporting date. The Group has valuation policy for inventories which is approved by the Management. Management bases its estimates on systematic and continuous monitoring and evaluations.

#### Impact of climate related matters to financial statement

The company has evaluated risks and opportunities and their financial impact related to climate change as part of the company's double materiality analysis, which is presented in sustainability report. Key risks are timed mid- or long-term. Climate related matters in financial statements mainly impact management estimates on long-term cash flows that are used in impairment testing and valuation of deferred tax assets.

#### Valuation of conditional purchase price receivable

Conditional purchase price receivable related to sale of Baltics business includes significant management estimate and judgment. More details on the matter are presented in note 20.

#### Assumption of ability to continue as a going concern

The financial statement has been prepared on the going concern basis. Should it prove in the future that the preparation of financial statements on the going concern principle is not justified, the carrying values and/or classification of the company's assets and liabilities would have to be adjusted. This would result in an impairment of deferred tax assets and measurement of non-current assets at fair value. See "Assumption of ability to continue as going concern" in the beginning of accounting policies.

#### Application of new and revised IFRS norms

There are no new IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

# Notes to income statement

## 1. Business segments

The Group's operational activities are the responsibility of the Group's CEO assisted by the Group Management Team. The division into business segments is based on the reports used by the Group Management Team for the allocation of resources and assessment of performance.

The Group Management Team monitors business performance of business unit Finland and group administration costs. Finland and Poland are separate business segments, but they are combined to single business segment based on combination criteria. They have similar economical characteristics, and they are similar in products, production processes, customer types and distribution. In addition, long-term profitability target is similar.

Business unit Finland manufactures, sells and markets meat products, processed meat products and convenience foods. In addition to this it sells to a small extent slaughtering and transport services. Business unit Finland has two customers which exceed 10 % of group net sales. Sales to these customers is over half of the group net sales. Business unit Finland had sales to Sweden amounting to 43 million euros in 2024.

The net sales and EBIT for business unit Finland does not include intercompany sales and margins against the discontinued operations. A business unit reports external sales and cost of the external sales.

The assets and liabilities of a segment are items that are either directly or fairly allocated to the business of the relevant segment. Segment assets include tangible and intangible assets, shares in associates, inventories and non-interest bearing receivables. Segment liabilities include leases and current non-interest bearing liabilities. Unallocated items include financial and tax items and items common to the entire Group.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

Year 2024	Swedish operations	Finnish operations	Danish operations	Baltic operations	Business segments, total	Group administration	Eliminations	Un-allocated	Group total
<b>INCOME STATEMENT INFORMATION</b>									
Net sales	-	1,001.8	-	-	1,001.8	-	-	-	1,001.8
EBIT	-	32.9	-	-	32.9	-10.5	-	-	22.4
Share of associates' results	-	1.2	-	-	1.2	-	-	-	1.2
Financial income and expenses								-19.5	-19.5
Income taxes								-6.0	-6.0
<b>Result for the period</b>									<b>-1.8</b>
<b>BALANCE SHEET INFORMATION</b>									
Segment assets	-	477.3	-	-	477.3	72.2	-77.4	-	472.0
Shares in associates	-	20.8	-	-	20.8	-	-	-	20.8
Unallocated assets	-	-	-	-	-	-	-	34.8	34.8
<b>Total assets</b>	<b>-</b>	<b>498.1</b>	<b>-</b>	<b>-</b>	<b>498.1</b>	<b>72.2</b>	<b>-77.4</b>	<b>34.8</b>	<b>527.7</b>
Segment liabilities	-	217.4	-	-	217.4	13.1	-20.8	-	209.7
Unallocated liabilities	-	-	-	-	-	-	-	102.5	102.5
<b>Total liabilities</b>	<b>-</b>	<b>217.4</b>	<b>-</b>	<b>-</b>	<b>217.4</b>	<b>13.1</b>	<b>-20.8</b>	<b>102.5</b>	<b>312.2</b>
<b>OTHER INFORMATION</b>									
Sales, goods	-	998.6	-	-	998.6	-	-	-	998.6
Sales, services	-	3.2	-	-	3.2	-	-	-	3.2
Investments	-	33.8	-	-	33.8	0.4	-	-	34.2
Depreciation and amortisation	-	-29.2	-	-	-29.2	-1.1	-	-	-30.3
Impairment	-	-3.6	-	-	-3.6	-	-	-	-3.6
Goodwill	-	28.0	-	-	28.0	-	-	-	28.0
Cash flow before debt service	2.5	30.8	0.2	-	33.5	129.9	-	-	163.4
<b>Cash flow before debt service reconciliation Group total</b>									
Cash flow from operating activities									60.8
Financial items (-)									21.8
Cash flow from investing activities									80.9
Loan receivables Borrowings and repayments (-)									-0.1
<b>Cash flow before debt service</b>									<b>163.4</b>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

Year 2023	Swedish operations	Finnish operations	Danish operations	Baltic operations	Business segments, total	Group administration	Eliminations	Un-allocated	Group total
<b>INCOME STATEMENT INFORMATION</b>									
Net sales	-	933.0	-	-	933.0	-	-	-	933.0
EBIT	-	20.7	-	-	20.7	-6.4	-	-	14.3
Share of associates' results	-	2.0	-	-	2.0	-	-	-	2.0
Financial income and expenses								-27.0	-27.0
Income taxes								-6.6	-6.6
<b>Result for the period</b>									<b>-17.3</b>
<b>BALANCE SHEET INFORMATION</b>									
Segment assets	-	471.0	69.6	-	540.7	59.2	-85.1	-	514.8
Shares in associates	-	20.1	3.5	-	23.6	-	-	-	23.6
Assets of disposal group classified as held for sale	246.0	-	-	-	246.0	-	-	-	246.0
Unallocated assets	-	-	-	-	-	-	-	67.3	67.3
<b>Total assets</b>	<b>246.0</b>	<b>491.1</b>	<b>73.2</b>	<b>-</b>	<b>810.3</b>	<b>59.2</b>	<b>-85.1</b>	<b>67.3</b>	<b>851.7</b>
Segment liabilities	-	208.9	24.8	-	233.7	38.5	-20.7	-	251.5
Liabilities of disposal group classified as held for sale	139.0	-	-	-	139.0	-	-	-	139.0
Unallocated liabilities	-	-	-	-	-	-	-	223.2	223.2
<b>Total liabilities</b>	<b>139.0</b>	<b>208.9</b>	<b>24.8</b>	<b>-</b>	<b>372.7</b>	<b>38.5</b>	<b>-20.7</b>	<b>223.2</b>	<b>613.7</b>
<b>OTHER INFORMATION</b>									
Sales, goods	-	929.5	-	-	929.5	-	-	-	929.5
Sales, services	-	3.5	-	-	3.5	-	-	-	3.5
Investments	-	25.5	-	-	25.5	1.0	-	-	26.5
Depreciation and amortisation	-	-29.7	-	-	-29.7	-1.1	-	-	-30.8
Goodwill	-	27.8	-	-	27.8	-	-	-	27.8
Cash flow before debt service	-0.4	29.9	10.7	-1.0	39.2	63.3	-	-	102.5
<b>Cash flow before debt service reconciliation to Group total</b>									
Cash flow from operating activities									50.6
Financial items (-)									26.4
Cash flow from investing activities									22.6
Loan receivables Borrowings and repayments (-)									2.8
<b>Cash flow before debt service</b>									<b>102.5</b>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 2. Other operating income

	2024	2023
Rental income	1.7	1.6
Gain on disposal of non-current assets	0.1	0.0
Exchange rate gains related to foreign exchange derivatives	0.5	0.8
Insurance compensation	0.5	0.2
Government grants	0.1	0.3
Transitional service fee of disinvestment	2.8	0.3
Other operating income	1.0	0.7
<b>Other operating income</b>	<b>6.8</b>	<b>4.0</b>

## 3. Materials and services

	2024	2023
Purchases during the financial period	-596.1	-555.7
Increase/decrease in inventories	-4.1	-6.8
Work performed for own use and capitalised	0.0	0.0
<b>Materials and supplies</b>	<b>-600.2</b>	<b>-562.5</b>
External services	-79.0	-75.8
<b>Materials and services</b>	<b>-679.2</b>	<b>-638.3</b>

## 4. Employee benefit expenses

	2024	2023
Salaries and fees	-137.9	-132.3
Share-based payments	-0.1	-0.1
Pension expenses, defined contribution plans	-22.3	-21.7
Pension expenses, defined benefit plans	-0.3	-0.3
Total pension expenses	-22.6	-22.0
Other social expenses	-11.1	-10.6
<b>Employee benefit expenses</b>	<b>-171.8</b>	<b>-164.9</b>
<b>Key management personnel compensation:</b>		
Short-term employee benefits	-2.6	-2.9
Post-employment benefits	-0.4	-0.4
Termination benefits	-0.9	-0.1
Share-based payments	-	-0.1
<b>Key management salaries, fees and benefits</b>	<b>-3.9</b>	<b>-3.5</b>
Average number of employees during financial year (FTE)		
Clerical employees	552	566
Workers	2,448	2,380
<b>Total</b>	<b>3,000</b>	<b>2,946</b>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

Members of Board of Directors:	Salaries and fees	Post-employment benefits
Reijo Kiskola, Chairman	0.135	-
Jari Mäkilä, Deputy Chairman	0.065	-
Per Olof Nyman	0.017	-
Harri Suutari	0.015	-
Terhi Tuomi	0.051	-
Anne Koutonen	0.068	-
Ilkka Uusitalo	0.062	-
Ove Conradsson	0.009	-
Niclas Diesen	0.040	-
Lauri Sipponen	0.041	-
Sami Yski	0.041	-
<b>Total</b>	<b>0.544</b>	<b>-</b>
<b>CEO</b>		
Juha Ruohola	0.719	0.108

The Finnish members of the Group Leadership Team are covered by a contribution-based additional pension insurance. The retirement age according to the pension agreements is 63 years.

## Share-based payments

### Long-term incentive scheme 2018-2020

On 7 February 2018, HKFoods announced that the Board of Directors had approved a share based incentive scheme for the Group's key management. It comprises a Performance Share Plan (also "PSP") as the main structure and a Restricted Share Plan (also "RSP") as a complementary structure. Each Plan covers a three-year period. The earning opportunity of the participants within these plans is capped.

In 2021 the Board of Directors decided that out of the total gross rewards earned based on initial performance criteria outcome approximately half will be paid during 2021-2023, subject to employment precondition. In order to ensure that the reward payments are aligned with long-term company performance and shareholder returns, the Board of Directors decided to defer and pay the remaining portion of the Group Executive Team rewards during 2024-2025, subject to employment precondition. The rewards for which payment is deferred, will be paid based on the minimum requirements set by the Board of Directors on the company's total shareholder return (TSR) and profitability. The Board of Directors has set a maximum limit for the cost of deferred reward.

From performance period 2019-2021 a total of 115,137 shares were delivered to 5 participants in spring 2023. In addition a cash portion was paid to cover taxes. The deferred payment for spring 2024 did not occur because the criteria were not met.

### PSP 2018-2020

The potential share rewards under PSP 2018-2020, performance period 2018-2020, will be paid partly in the Company's A series shares and partly in cash in during the years 2021-2025. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the key personnel. As a main rule, no reward will be paid, if the key employee's employment or service ends before reward payment. The performance targets based on which the potential share reward under PSP 2018-2020 will be paid are the comparable EBIT (operating profit) and comparable EPS (earnings per share) of HKFoods for year 2018 and HKFoods operative cash flow for years 2019-2020.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

The plan is directed to approximately 30 people. The rewards to be paid on basis of the performance period are a maximum approximate total of 910,400 HKFoods Plc series A shares, including the cash payment for taxes and tax-related costs. If the end value of the class A share of HKFoods within the three-year plan exceeds three times its start value, the exceeding value of the reward will be cut and will not be paid.

#### PSP 2019-2021

The potential share rewards under PSP 2019-2021, performance period 2019-2021, will be paid partly in the Company's A series shares and partly in cash during 2022-2025. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the key personnel. As a main rule, no reward will be paid, if the key employee's employment or service ends before reward payment. The performance criterion based on which the potential share rewards under PSP 2019-2021 will be paid is the operative cash flow of HKFoods.

Eligible to participate in PSP 2019-2021 are the Group Management Team members, in total maximum of 10 individuals. The rewards to be paid on basis of the performance period are a maximum approximate total of 1322 200 HKFoods Plc series A shares, including the cash payment for taxes and tax-related costs. If the end value of the class A share of HKFoods within the three-year plan exceeds four times its start value, the exceeding value of the reward will be cut and will not be paid.

#### RSP 2019-2021

The potential share rewards under RSP 2019-2021 will be paid partly in the Company's A series shares and partly in cash during 2022-2025. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the key personnel. No reward will be paid, if the key employee's employment or service ends before reward payment. In addition to the afore-mentioned employment precondition, the Board has for RSP 2019-2021 set a company level financial criterion, the fulfilment of which is a precondition for the payment of the share reward under the plan. This criterion is based on the average comparable ROCE (return on capital employed) before taxes.

Eligible to participate in RSP 2019-2021 are the Group Management Team members, in total maximum of 10 individuals. The rewards to be paid on basis of the performance period are a maximum approximate total of 881,500 HKFoods Plc series A shares, including the cash payment for taxes and tax-related costs. If the end value of the class A share of HKFoods within the plan exceeds four times its start value, the exceeding value of the reward will be cut and will not be paid.

#### Performance Share Plan 2023-2027

On 3 April 2023 the Board of Directors of HKFoods Plc has decided to establish a new long-term share-based incentive plan for the CEO. The Performance Share Plan 2023-2027 comprises one (1) five-year (5) performance period covering the calendar years 2023-2027. In the plan, the CEO has the opportunity to earn HKFoods Plc series A shares based on the achievement of performance criteria. The potential rewards based on the plan will be paid in three instalments, by the end of May 2026, May 2027 and May 2028.

The rewards to be paid based on the performance period 2023-2027 correspond to the value of approximately 1.9 million HKFoods Plc shares in maximum total, also including the portion to be paid in cash. The reward to be paid on the basis of the Performance Share Plan will be capped if the limits set by the Board for the payable reward from the performance period 2023-2027 are reached.

The reward of the Performance Share Plan is paid partly in HKFoods shares and partly in cash. The cash proportion of the reward is intended for covering taxes and tax-related expenses arising from the rewards to the participant. In general, the reward payment is not binding if the CEO contract terminates during the performance period.

More specific information of the performance share plan grants are presented in the tables below.



### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Share based incentives during the reporting period 1 Jan. - 31 Dec. 2024

Plan	Performance Share Plan 2023-2027			LTI 2018			TOT/WA	
	Instrument	PSP 2023-2027	PSP 2019-2021 (2 tranche)	RSP 2019-2021 (2 tranche)	PSP 2019-2021 (1 tranche)	RSP 2019-2021 (1 tranche)		PSP 2018-2020
Initial amount, pcs		1,944,445	661,100	440,750	661,100	440,750	910,400	5,058,545
Initial allocation date		3.4.2023	26.6.2019	26.6.2019	26.6.2019	26.6.2019	5.3.2018	
Vesting date / payment approximately		31.5.2026, 31.5.2027, 31.5.2028	31.3.2023, 31.5.2024, 31.5.2025	31.3.2023, 31.5.2024, 31.5.2025	31.3.2022, 31.5.2024, 31.5.2025	31.3.2022, 31.5.2024, 31.5.2025	31.3.2021, 31.3.2022, 31.5.2024, 31.5.2025	
Maximum contractual life, yrs		5	6	6	6	6	7	5,9
Remaining contractual life, yrs		3.4	0.4	0.4	0.4	0.4	0.4	3.3
Vesting conditions		EBIT, EPS, Debt service capacity, Employment precondition	Operative Cash flow, Employment precondition, in addition TSR and profitability for 2024-2025 payments	ROCE, Employment precondition, in addition TSR and profitability for 2024-2025 payments	Operative Cash flow, Employment precondition, in addition TSR and profitability for 2024-2025 payments	ROCE, Employment precondition, in addition TSR and profitability for 2024-2055 payments	2018: EBIT (50%), EPS (50%); 2019-2020 Operative Cash flow, TSR and profitability for 2024-2025 payments, Employment precondition	
Number of persons at the end of the reporting year		1	2	2	2	2	1	
Payment method		Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity	
<b>Changes during the period 2024</b>		<b>PSP 2023-2027</b>	<b>PSP 2019-2021 (2 tranche)</b>	<b>RSP 2019-2021 (2 tranche)</b>	<b>PSP 2019-2021 (1 tranche)</b>	<b>RSP 2019-2021 (1 tranche)</b>	<b>PSP 2018-2020</b>	<b>Total</b>
1 Jan. 2024								
Outstanding at the beginning of the reporting period, pcs		1,944,445	132,426	115,900	132,424	115,900	56,950	2,498,045
Changes during the period								
Granted		-	-	-	-	-	-	0
Forfeited		-	49,787	36,050	49,785	36,050	22,588	194,260
Exercised		-	-	-	-	-	-	0
Expired		45,305	66,214	57,950	66,214	57,950	28,475	322,108
31 Dec. 2024								
Outstanding at the end of the period		1,899,140	16,425	21,900	16,425	21,900	5,887	1,981,677

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

#### Fair value determination

Based on IFRS2 standard, the fair value of share based incentives is determined at grant date and the fair value is expensed until vesting. The fair value is booked to equity and possible social security contributions to liability. The fair value of the equity is the fair value of Company A share at grant date deducted with expected dividends to be paid before reward payment. Total shareholder return (TSR) is estimated using Monte-Carlo Simulation and included in the fair value. The fair value of the liability is recalculated on each reporting date until reward payment.

There were no new allocations during the period.

#### Effect of share-based incentives on the result and financial position during the period

Expenses for the financial year, share-based payments, euros	105,413
Expenses for the financial year, share-based payments, equity-settled, euros	112,299
Liabilities arising from share-based payments 31 Dec. 2024, euros	-
Estimated amount of cash to be paid to the tax authorities under the plans which have not yet been delivered	226,501

#### 5. Depreciation and impairment

	2024	2023
Depreciation according to plan	-21.4	-21.9
Depreciation expense of right-of-use assets	-9.0	-8.9
Impairment	-3.6	-
<b>Total</b>	<b>-33.9</b>	<b>-30.8</b>

#### 6. Other operating expenses

	2024	2023
Rents/leases	-1.2	-1.2
Non-statutory staff costs	-7.1	-7.0
Energy	-21.8	-20.8
Maintenance	-21.8	-21.1
Advertising, marketing and entertainment costs	-11.1	-10.7
Service, information management and office costs	-20.6	-18.9
Exchange rate losses related to foreign exchange derivatives	-0.3	-0.7
Other expenses	-17.5	-8.4
<b>Total other operating expenses</b>	<b>-101.3</b>	<b>-88.7</b>

#### Audit fees

The Group's audit fees paid to independent auditors are presented in the table below. The audit fees are in respect of the audit of the annual accounts and legislative functions closely associated therewith. Other expert services include tax consulting and advisory services in corporate arrangements.

	2024	2023
Audit fees	-0.4	-0.5
Tax consultation	0.0	0.0
Other fees	-0.1	-0.1
<b>Audit fees, total</b>	<b>-0.5</b>	<b>-0.6</b>

Ernst & Young Oy was paid from non-audit services to entities of HKFoods in total 29 thousand euros during the financial year 2024.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 7. Financial income and expenses

Financial income	2024	2023
Dividend income	0.1	0.2
Interest income		
Interest income from loans and receivables	3.5	2.6
Interest income from interest rate derivatives	0.9	0.8
Other financial income	0.0	0.0
<b>Total</b>	<b>4.6</b>	<b>3.6</b>
<b>Financial expenses</b>		
Interest expenses		
Interest expenses from other liabilities at amortised cost	-15.2	-21.0
Interest expenses from other liabilities at amortised cost	-0.7	-0.6
Interest expenses from lease liabilities	-4.7	-4.1
Other financial expenses		
Change in fair value of interest rate derivatives	-0.4	-0.1
Other financial expenses	-2.9	-4.2
Exchange gains and losses from loans and other receivables	-0.3	-0.6
<b>Total</b>	<b>-24.1</b>	<b>-30.6</b>
<b>Total financial income and expenses</b>	<b>-19.5</b>	<b>-27.0</b>

## 8. Income taxes

Income taxes	2024	2023
Income tax on ordinary operations	-2.4	-2.9
Tax for previous financial periods	0.0	0.0
Change in deferred tax liabilities and assets	-3.6	-3.7
<b>Income tax on ordinary operations</b>	<b>-6.0</b>	<b>-6.6</b>
<b>Cumulative tax rate reconciliation</b>		
Accounting profit/loss before taxes	4.2	-10.7
Deferred tax at parent company's tax rate	-0.8	2.1
Effect of different tax rates applied to foreign subsidiaries	0.0	0.0
Share of associates' results	0.2	0.4
Tax-exempt income	0.0	0.0
Non-deductible expenses	-0.1	0.0
Unrecognised tax on the losses for the financial period	-5.5	-8.8
Tax for previous financial periods	0.0	-0.5
<b>Tax expenses in the income statement</b>	<b>-6.0</b>	<b>-6.6</b>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 9. Earnings per share

	2024	2023
Profit for the period attributable to equity holders of the parent from continuing operations	-5.2	-21.3
Profit for the period attributable to equity holders of the parent from discontinued operations	-24.0	-5.1
Hybrid loan calculational interest (after taxes) from continuing operations	-3.3	-1.7
<b>Total</b>	<b>-32.6</b>	<b>-28.1</b>
Weighted average number of outstanding shares in thousands	91,166	97,426
Weighted average number of outstanding shares adjusted for dilution effect	91,166	97,426
Undiluted earnings per share (EUR/share), continuing operations	-0.09	-0.24
Earnings per share adjusted for dilution effect (EUR/share), continuing operations	-0.09	-0.24
Undiluted earnings per share (EUR/share), discontinued operations	-0.26	-0.05
Earnings per share adjusted for dilution effect (EUR/share), discontinued operations	-0.26	-0.05
Undiluted earnings per share (EUR/share)	-0.36	-0.29
Earnings per share adjusted for dilution effect (EUR/share)	-0.36	-0.29

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

## Notes to the balance sheet

### 10. Intangible assets

	2024	2023
Opening balance, cumulative acq cost	59.3	111.4
Translation differences	0.0	0.2
Additions	1.1	0.9
Disposals	-0.2	-
Disposals, business disposals	-5.4	-
Reclassification between items	2.4	2.3
Assets of disposal group classified as held for sale	-	-55.5
Closing balance, cumulative acq cost	57.3	59.3
Opening balance, cumulative depreciations	-43.2	-44.3
Translation differences	0.0	0.0
Accumulated depreciation on disposals and reclassifications	0.2	-
Accumulated depreciation on business disposals	4.9	-
Depreciation for the financial period	-3.2	-4.0
Assets of disposal group classified as held for sale	-	5.1
Closing balance, cumulative depreciations	-41.3	-43.2
<b>Intangible assets on 31 Dec.</b>	<b>16.1</b>	<b>16.2</b>

The intangible assets included in the Swedish business operations have been classified as assets held for sale in 2023. Remaining balance includes IT-software, trademarks and connection fees.

### 11. Goodwill

	2024	2023
Opening balance	27.8	46.8
Translation differences	0.1	0.1
Assets of disposal group classified as held for sale	-	-19.0
<b>Closing balance</b>	<b>28.0</b>	<b>27.8</b>

#### Allocation of goodwill

All acquisitions resulting in the Group recognizing goodwill have concerned the acquisition of net assets or business by an individual CGU and goodwill has been allocated to said CGU separately in respect of each acquisition. Goodwill in the Group is allocated to Finland and Poland.

Specification of goodwill	2024	2023
Finland	19.9	27.8
Poland	8.1	-
<b>Total</b>	<b>28.0</b>	<b>27.8</b>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

#### Impairment testing

The Company tests for impairment each year. The key assumptions in testing are the growth prospects of the business, cost trends, and the discount rate employed.

Management reviews the business performance based on business segments and it has identified Finland and Poland as cash generating units. Goodwill is monitored by the management at CGU level. In connection with classifying Sweden BU as held for sale per 31.12.2023, EUR 8 million of goodwill from Sweden BU was allocated to Poland unit and tested as part of CGU Finland. In 2024 due to divestments Poland's business has changed to mostly external and is therefore mostly independent from business of other group companies. As result Poland has been tested as own CGU in 2024.

In impairment testing all the CGU's assets are tested against the recoverable amounts in the future. The recoverable amounts of the CGUs' are based on value-in-use calculations. The cash flow estimates employed are based on management's financial plans. Group administration costs are allocated in testing to CGU Finland. Net sales of continuing operations is expected to increase by 2.2 per cent in 2025. Plans include EBITDA improvement in 2025. Subsequent terminal period after 2025 does not include other profit improvement other than terminal residual growth rate. HKFoods' long-term financial target of over 4 per cent EBIT percentage, which is also level achieved by competitors, has not been used as assumption in the calculation as the company has not met estimates in previous years and current EBIT percentage is clearly below target level. Assumption is that sales mix and operational efficiency improve. Cost inflation is expected to be moderate. Due to not reaching estimates before 2023 the discount rate includes a risk component related to uncertainty of future cash flows. The cash flow for terminal period is extrapolated using a growth factor (2.0 per cent).

The interest rate has been defined as the weighted average cost of capital (WACC). Calculation of the interest rate is based on market information on companies operating in the same field (control group). In addition, a company specific risk based on management judgment, which is 3.5 per cent, been considered in the calculation. This includes the uncertainty related to consumer behaviour and future cash flows. The interest rates used before taxes are 10.5 (9.5) per cent in Finland and 14.6 per cent in Poland.

The sensitivity of each CGU to impairment is tested by varying the discount rate and future cash flow. Based on the sensitivity analyses conducted, an increase of 1 percentage point in WACC would not result in impairment in the CGUs. If EBITDA for all future years in testing would be 10 % smaller, impairment loss amounting to EUR 28 million in Finland would have to be booked. Following discount rate increases in percentage points would not cause any impairment, provided that other factors remained unchanged: Finland 1.2, Poland 3.5. Following decreases in EBITDA would not cause any impairment, provided that other factors remained unchanged: Finland EUR 4 million. Recoverable amounts in testing exceeded the assets values by EUR 50 million in Finland.

The following table presents EBITDA in EUR million used in testing. Years 2023-2024 are actuals.

	2023	2024	2025	terminal year 2026
CGU Finland	47.9	61.0	67.4	67.4

As far as management is aware, reasonable changes in assumptions used in respect of other factors do not necessitate impairment for the goodwill of Poland. Sudden, and other than reasonably possible changes in the business environment of cash generating unit, may result in an increase in capital costs or in a situation where a cash generating unit is forced to assess clearly lower cash flows. Recognition of an impairment loss is probable in such situations.

No impairment has been recorded based on impairment testing in 2024 and 2023.

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 12. Tangible assets

Tangible assets 2024	Land and water	Buildings and structures	Machinery and equipment	Other property, plant and equipment	Pre-payments and work in progress	Total
Opening balance, cumulative acq cost	6.4	267.6	497.7	5.3	20.3	797.3
Translation differences	0.0	0.1	0.2	-	0.0	0.3
Additions	0.2	0.4	11.1	0.1	14.7	26.6
Disposals	-0.1	-0.1	-15.8	-0.1	-	-16.0
Disposals, business disposals	-	-52.2	-114.3	-2.4	-1.4	-170.3
Reclassification between items	-	2.0	17.2	-	-21.6	-2.4
Closing balance, cumulative acq cost	6.5	217.8	396.2	3.0	12.0	635.4
Opening balance, cumulative depreciations	0.0	-168.8	-421.7	-4.8	-	-595.2
Translation differences	-	0.0	-0.1	-	-	-0.2
Accumulated depreciation on disposals and reclassifications	-	0.0	14.9	0.1	-	15.1
Accumulated depreciation on business disposals	-	42.0	95.5	2.3	-	139.7
Depreciation for the financial period	-	-6.9	-12.0	0.0	-	-19.0
Impairment losses	-	-2.8	-0.8	-	-	-3.6
Closing balance, cumulative depreciations	0.0	-136.5	-324.2	-2.4	-	-463.2
<b>Tangible assets on 31 Dec. 2024</b>	<b>6.5</b>	<b>81.3</b>	<b>72.0</b>	<b>0.5</b>	<b>12.0</b>	<b>172.3</b>
Right-of-use assets (Note 13)	0.3	70.7	8.4	0.0	0.0	79.3
<b>Tangible assets total on 31 Dec. 2024</b>	<b>6.7</b>	<b>151.9</b>	<b>80.4</b>	<b>0.5</b>	<b>12.0</b>	<b>251.6</b>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

	Land and water	Buildings and structures	Machinery and equipment	Other property, plant and equipment	Pre-payments and work in progress	Total
<b>Tangible assets 2023</b>						
Opening balance, cumulative acq cost	6.7	336.6	712.8	5.4	27.2	1,088.8
Translation differences	0.0	0.8	1.1	-	0.4	2.3
Additions	1.6	0.8	2.9	0.1	26.9	32.3
Disposals	0.0	-5.0	-11.6	0.0	-	-16.6
Other changes	-	-4.1	-21.1	-0.1	-	-25.3
Reclassification between items	-	2.9	14.1	0.0	-19.7	-2.7
Assets of disposal group classified as held for sale	-2.0	-64.6	-200.4	-	-14.5	-281.5
Closing balance, cumulative acq cost	6.4	267.5	497.7	5.3	20.3	797.2
Opening balance, cumulative depreciations	0.0	-226.3	-575.3	-4.8	-	-806.4
Translation differences	-	-0.5	-1.0	-	-	-1.4
Accumulated depreciation on disposals and reclassifications	-	-	11.5	-	-	11.5
Depreciation for the financial period	-	-7.6	-22.9	-0.1	-	-30.6
Other changes	-	4.1	21.1	0.1	-	25.3
Assets of disposal group classified as held for sale	-	61.5	144.8	-	-	206.4
Closing balance, cumulative depreciations	0.0	-168.7	-421.7	-4.8	-	-595.2
<b>Tangible assets on 31 Dec. 2023</b>	<b>6.4</b>	<b>98.8</b>	<b>76.0</b>	<b>0.6</b>	<b>20.3</b>	<b>202.0</b>
Right-of-use assets (Note 13)	0.0	81.4	15.1	-	-	96.5
Assets of disposal group classified as held for sale	-	-11.1	-2.5	-	-	-13.6
<b>Tangible assets total on 31 Dec. 2023</b>	<b>6.3</b>	<b>169.0</b>	<b>88.7</b>	<b>0.6</b>	<b>20.3</b>	<b>284.9</b>



## 13. Right-of-use assets and lease liabilities

The company leases land, premises, machinery and equipment. Lease durations vary from few years for machinery and equipment up to decades for land. An expense amounting to EUR -1.9 (-1.9) million has been recognised in other operating expenses from short-term and items of low value leases.

	Land and Water	Buildings and structures	Machinery and equipment	Total	Lease liabilities
Opening balance on 1.1.2024	0.0	70.3	12.7	82.9	89.6
Translation differences	-	-	0.0	0.0	0.0
Additions	0.4	7.8	2.0	10.1	10.1
Disposals, business disposals	-	-0.7	-2.8	-3.5	-3.6
Depreciation for the financial period	0.0	-6.7	-3.4	-10.2	-
Payments	-	-	-	-	-8.5
<b>Closing balance on 31 Dec. 2024</b>	<b>0.3</b>	<b>70.7</b>	<b>8.4</b>	<b>79.3</b>	<b>87.6</b>

	Land and Water	Buildings and structures	Machinery and equipment	Total	Lease liabilities
Opening balance on 1.1.2023	2.2	80.3	13.8	96.3	101.7
Translation differences	-	0.0	0.0	0.0	0.0
Additions	0.1	9.2	6.4	15.7	15.7
Disposals	-2.2	-	0.0	-2.2	0.0
Depreciation for the financial period	0.0	-8.1	-5.1	-13.2	-
Other changes	-	-	-	-	-2.2
Payments	-	-	-	-	-11.5
Assets and liabilities of disposal group classified as held for sale	-	-11.1	-2.5	-13.6	-14.1
<b>Closing balance on 31 Dec. 2023</b>	<b>0.0</b>	<b>70.3</b>	<b>12.7</b>	<b>82.9</b>	<b>89.6</b>

	2024	2023
Depreciation expense of right-of-use assets	-9.0	-8.9
Interest expense on lease liabilities	-4.7	-4.2
<b>Total amounts recognised in profit or loss</b>	<b>-13.7</b>	<b>-13.1</b>

Maturity of lease liabilities is disclosed in note 25 regarding interest bearing loans.

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 14. Shares in associates and joint ventures

	2024	2023
Opening balance	23.6	29.3
Translation differences	0.0	0.0
Impairment losses	-	-0.2
Disposals, business disposals	-3.6	-0.9
Assets of disposal group classified as held for sale	-	-5.0
Closing balance	20.0	23.3
Share of associates' and joint ventures' results	1.2	1.4
Share of associates' and joint ventures' other comprehensive income items	-	0.5
Dividend from associates and joint ventures	-0.4	-1.6
<b>Shares in associates on 31 Dec.</b>	<b>20.8</b>	<b>23.6</b>
<b>Effect on the Group's earnings:</b>		
Associates	0.0	-0.6
Joint ventures	1.2	1.9
<b>Total</b>	<b>1.2</b>	<b>1.4</b>
<b>Book value in the Group's balance sheet:</b>		
Associates	3.1	5.8
Joint ventures	17.7	17.8
<b>Total</b>	<b>20.8</b>	<b>23.6</b>

Associated companies and joint ventures consolidated in the Group's financial statements are listed in note 28. The Group conducts business through the associates and joint ventures. The activities include slaughtering, cutting, meat processing, and the use of leasing, waste disposal, research and advisory services.

There are no contingent liabilities relating to the Group's interest in the associates and joint ventures.

### Material investment in joint venture:

Honkajoki Oy is a recycling facility for animal-based raw materials. HKFoods Finland Oy owns 50% of the company and exercises joint control in it with Atria Oyj.

Summary of Honkajoki Group's results:	2024	2023
Net sales	58.2	60.0
EBIT	3.6	4.8
Profit before taxes	2.9	4.6
Profit for the period	2.3	3.7

### Summary of Honkajoki Group's balance sheet:

Assets	2024	2023
Non-current assets	51.5	38.2
Current assets	17.1	13.9
<b>Total assets</b>	<b>68.5</b>	<b>52.1</b>

### Liabilities

Non-current liabilities	21.0	7.1
Current liabilities	11.4	10.4
<b>Total assets</b>	<b>32.3</b>	<b>17.4</b>

<b>Net assets</b>	<b>36.2</b>	<b>34.7</b>
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### Reconciliation of the summary of financial information for Honkajoki Group:

Profit for the period	2.3	3.7
Share of non-controlling interest	0.0	0.0
Income from joint venture (50%)	1.2	1.9
Net assets 1. Jan.	34.7	34.0
Profit for the period	2.3	3.7
Dividend distribution	-0.8	-3.0
Net assets 31. Dec.	36.2	34.7
Share of non-controlling interest	0.3	0.3
Share of joint venture (50%)	18.0	17.2

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

## 15. Financial assets and liabilities

### Financial instruments by category 2024

	Assets and liabilities at fair value through profit and loss	Financial assets at amortised cost	Equity instruments at fair value through OCI	Derivatives used for hedging	Other financial liabilities at amortised cost	Total	Fair value	Fair value hierarchy
<b>Assets as per balance sheet</b>								
Non-current trade and other receivables	6.9	5.4	-	-	-	12.3	12.3	3
Other shares and holdings	-	-	1.0	-	-	1.0	1.0	3
Trade and other receivables *	3.6	72.3	-	-	-	75.9	-	-
Derivative financial instruments	0.3	-	-	0.3	-	0.6	0.6	2
Cash and bank	-	36.7	-	-	-	36.7	-	-
<b>Total</b>	<b>10.8</b>	<b>114.4</b>	<b>1.0</b>	<b>0.3</b>	<b>0.0</b>	<b>126.5</b>	<b>-</b>	<b>-</b>
* Trade and other receivables balance sheet amount of EUR 80.1 million euros includes derivative financial instruments amounting to EUR 0.6 million euros and prepayments and other items that are not financial instruments amounting to EUR 3.7 million euros.								
<b>Liabilities as per balance sheet</b>								
Non-current interest-bearing liabilities	-	-	-	-	172.4	172.4	-	-
Non-current non-interest bearing liabilities	-	-	-	-	-0.1	-0.1	-	-
Current interest-bearing liabilities	-	-	-	-	14.0	14.0	-	-
Derivative financial instruments *	-0.2	-	-	0.3	-	0.1	0.1	2
Trade and other payables *	-	-	-	-	120.1	120.1	-	-
<b>Total</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>306.4</b>	<b>306.5</b>	<b>-</b>	<b>-</b>
* Trade and other payables balance sheet amount of EUR 120.4 million euros includes derivative financial instruments amounting to EUR 0.1 million euros and advance payments that are not financial instruments amounting to EUR 0.2 million euros.								

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Financial instruments by category 2023

	Assets and liabilities at fair value through profit and loss	Financial assets at amortised cost	Equity instruments at fair value through OCI	Derivatives used for hedging	Other financial liabilities at amortised cost	Total	Fair value	Fair value hierarchy
<b>Assets as per balance sheet</b>								
Non-current trade and other receivables	10.5	14.0	-	-	-	24.5	24.5	3.0
Other shares and holdings	-	-	0.7	-	-	0.7	0.7	3.0
Trade and other receivables *	-	83.1	-	-	-	83.1	-	-
Derivative financial instruments	-	-	-	5.5	-	5.5	5.5	2
Cash and bank	-	28.7	-	-	-	28.7	-	-
<b>Total</b>	<b>10.5</b>	<b>125.8</b>	<b>0.7</b>	<b>5.5</b>	<b>0.0</b>	<b>142.5</b>	<b>-</b>	<b>-</b>
* Trade and other receivables balance sheet amount of EUR 97.2 million euros includes derivative financial instruments amounting to EUR 3.8 million euros and prepayments and other items that are not financial instruments amounting to EUR 10.2 million euros.								
<b>Liabilities as per balance sheet</b>								
Non-current interest-bearing liabilities	-	-	-	-	289.0	289.0	-	-
Non-current non-interest bearing liabilities	-	-	-	-	-0.1	-0.1	-	-
Current interest-bearing liabilities	-	-	-	-	17.9	17.9	-	-
Derivative financial instruments *	1.7	-	-	-	-	1.7	1.7	2
Trade and other payables *	-	-	-	-	133.4	133.4	-	-
<b>Total</b>	<b>1.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>440.2</b>	<b>441.8</b>	<b>-</b>	<b>-</b>

\* Trade and other payables balance sheet amount of EUR 160.2 million euros includes derivative financial instruments amounting to EUR 1.7 million euros and advance payments that are not financial instruments amounting to EUR 25.1 million euros.

In 2024 assets at fair value through profit and loss relate to conditional purchase price receivable arising from sale of Baltics operations. Fixed purchase price receivable is recorded at amortised cost. Other shares and holdings consists of holdings in non-listed entities and are measured at cost as it is considered appropriate estimate of fair value. The balance sheet values best correspond to the amount of money which is the maximum amount of credit risk in the event that counterparties are unable to fulfil their obligations associated with the financial instruments.

Fair value of financial instruments, other than those recorded at fair value (hierarchy 2), is close to the balance sheet value and therefore they are not separately disclosed. EUR 90.0 million bond that has balance sheet value of EUR 88.5 million has market value of EUR 91.3 million at the end of 2024.

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

## 16. Deferred tax assets and liabilities

### Specification of deferred tax assets

	1 Jan. 2024	Translation difference	Recognised in income statement	Recognised in equity	Assets and liabilities of disposal group classified as held for sale	31 Dec. 2024
Pension benefits	0.5	-	0.0	-	-	0.5
Other timing differences	0.7	0.0	0.3	-	-	1.1
Postponed tax depreciations	9.9	-	-	-	-	9.9
Non-deductible interest expense	4.5	-	-	-	-	4.5
Adopted losses	9.4	-	-4.3	-	-	5.2
<b>Total</b>	<b>25.1</b>	<b>0.0</b>	<b>-3.9</b>	<b>-</b>	<b>-</b>	<b>21.2</b>

### Specification of deferred tax liabilities

	1 Jan. 2024	Translation difference	Recognised in income statement	Recognised in equity	Assets and liabilities of disposal group classified as held for sale	31 Dec. 2024
Depreciation difference	1.3	-	0.0	-	-	1.3
Other timing differences	2.3	0.0	-0.3	0.0	-	2.0
Arising from consolidation	-0.3	-	0.0	-	-	-0.3
Arising from hedge accounting	0.5	-	-	-0.5	-	0.0
<b>Total</b>	<b>3.9</b>	<b>0.0</b>	<b>-0.3</b>	<b>-0.5</b>	<b>-</b>	<b>3.0</b>

### Specification of deferred tax assets

	1 Jan. 2023	Translation difference	Recognised in income statement	Recognised in equity	Assets and liabilities of disposal group classified as held for sale	31 Dec. 2023
Pension benefits	2.5	0.0	-1.2	1.1	-2.0	0.5
Other timing differences	1.3	0.0	-0.2	-	-0.3	0.7
Postponed tax depreciations	9.9	-	-	-	-	9.9
Non-deductible interest expense	4.5	-	-	-	-	4.5
Adopted losses	13.6	-	-4.1	-	-	9.4
<b>Total</b>	<b>31.8</b>	<b>0.0</b>	<b>-5.5</b>	<b>1.1</b>	<b>-2.4</b>	<b>25.1</b>

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Specification of deferred tax liabilities

	1 Jan. 2023	Translation difference	Recognised in income statement	Recognised in equity	Assets and liabilities of disposal group classified as held for sale	31 Dec. 2023
Depreciation difference	6.6	0.0	-0.4	-	-4.8	1.3
Other timing differences	2.4	0.0	0.3	-	-0.5	2.3
Arising from consolidation	11.6	0.0	-1.1	-	-10.8	-0.3
Arising from hedge accounting	3.3	-	-	-2.3	-0.4	0.5
<b>Total</b>	<b>23.9</b>	<b>0.0</b>	<b>-1.2</b>	<b>-2.3</b>	<b>-16.5</b>	<b>3.9</b>

Out of the total EUR 21.2 million, EUR 19.6 million of the deferred tax asset arise from adopted losses, postponed depreciations, and non-deductible interest expenses in the Group's operations in Finland. The increased deferred tax asset arising from tax losses in Finland in 2018 resulted from losses incurred during the Rauma unit ramp up and was therefore temporary in nature.

Deferred tax assets are assumed to be used from losses in 2027 and postponed depreciations and non-deductible interest expenses to material respect by the end of the current decade. The estimate is based on management's plans for the near future. As plans contain uncertainties, these are mitigated in the estimate with a very conservative assumption on EBIT growth in 2026 and beyond. The 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. In addition, postponing tax depreciations and deductibility restrictions of interest expense can be used to speed up the utilisation of losses before they expire. The utilisation of postponed tax depreciations and non-deducted interest expense does not have a time limit. Unrecognised Finnish deferred tax asset at the end of December 2024 was EUR 34.0 million.

The company has utilised tax losses in Finland every year in 2019-2024, and no losses have expired. In 2024, the company was able to utilise tax losses, and a EUR 4.3 (4.1) million deferred tax asset was used and recognised as a tax expense. The losses in taxation in Finland expire with the following schedule: EUR 14.5 million in 2027, EUR 14.9 million in 2028, EUR 10.0 million in 2029 and EUR 1.6 million in 2031.

Global 15 per cent minimum tax regulation Pillar 2 applies to HKFoods. The company has evaluated the impact of Pillar 2 regulation. The regulation is not expected to have impact on Group's income taxes. The company will use temporary relief method to calculate minimum tax.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 17. Inventories

	2024	2023
Materials and supplies	31.0	37.5
Unfinished products	3.0	4.1
Finished products	16.9	25.4
Other inventories	5.5	5.5
Prepayments for inventories	3.3	2.6
<b>Total inventories</b>	<b>59.6</b>	<b>75.2</b>

## 18. Trade and other current receivables

	2024	2023
Trade receivables from associates	0.7	1.4
Current receivables from associates	0.7	1.4
Trade receivables	57.7	73.9
Loan receivables	0.0	0.1
Other receivables	2.6	6.7
Current receivables from others	60.3	80.6
Current derivative receivables	0.5	3.8
Interest receivables	0.8	1.1
Other prepayments and accrued income	17.8	10.3
Current prepayments and accrued income	18.6	11.3
Trade and other receivables	80.1	97.2
Tax receivables (income taxes)	0.2	0.1
<b>Total current receivables</b>	<b>80.3</b>	<b>97.3</b>

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Age breakdown of trade receivables and items recognised as impairment losses

	2024	Expected loss rate	Impairment losses	Net 2024	2023	Expected loss rate	Impairment losses	Net 2023
Unmatured	54.6	0.03%	0.0	54.6	70.6	0.03%	-0.1	70.6
Matured:								
Under 30 days	3.1	0.03%	0.0	3.1	5.3	0.03%	0.0	5.3
30-60 days	0.5	22%	-0.1	0.4	0.2	22% - 100%	-0.1	0.2
61-90 days	0.2	45%	-0.1	0.1	0.2	37% - 100%	-0.1	0.1
over 90 days*	0.3	54%	-0.2	0.1	0.5	57% - 100%	-0.2	0.2
<b>Total</b>	<b>58.8</b>		<b>-0.4</b>	<b>58.5</b>	<b>76.8</b>		<b>-0.4</b>	<b>76.4</b>

\* Comprise among other receivables to be set off against payments for animals

Expected loss rates used by the company represent long-term average bad debt history adjusted with management judgment and estimate of the future. In addition, netting right related to animal sales receivables is considered. As result over 90 days old receivable are not fully written down.

### The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

	2024	2023
Opening loss allowance at 1 January	0.5	1.0
Receivables written off during the year as uncollectible	-0.2	-0.1
Increase in loss allowance recognised in profit or loss during the year	0.4	0.5
Unused amount reversed	-0.3	-0.9
Closing loss allowance at 31 December	0.4	0.5

## 19. Cash and cash equivalents

The balance sheet values best correspond to the amount of money which is the maximum amount of credit risk in the event that counterparties are unable to fulfil their obligations associated with the financial instruments.

Cash and cash equivalents according to the cash flow statement are as follows:

	2024	2023
Cash and bank	36.7	28.7
Short-term money market investments	-	-
Other financial instruments	-	-
<b>Total cash and cash equivalents</b>	<b>36.7</b>	<b>28.7</b>

There are no significant concentrations of credit risk associated with cash and cash equivalents.



## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 20. Assets and liabilities of disposal group classified as held for sale and discontinued operations

### Sale of operations in Baltics

On 31 August 2023, HKFoods and AS Maag Grupp closed the previously announced arrangement whereby HKFoods sells its Baltic operations to AS Maag Grupp of Estonia. The transaction involved the shares of AS HKScan Estonia, AS HKScan Latvia and UAB HKScan Lietuva, the subsidiaries that constituted HKFoods' Business Unit Baltics. The debt-free purchase price was EUR 90 million, of which EUR 20 million is conditional on the combined performance of the separately defined meat business subject to the transaction and Maag Grupp's Baltic meat business in the following years. Of the EUR 70 million fixed purchase price, EUR 55 million was paid at the closing of the transaction and the remainder will be paid over the next three years. HKFoods received EUR 40.8 million in cash at the closing. The sold companies had EUR 2.8 million in cash at the closing.

The Business Unit Baltics was classified as assets and liabilities held for sale on the balance sheet on 31 December 2022, and it is presented in the income statement as discontinued operations. At the end of December 2024, the Group has a purchase price receivable of EUR 20.1 million on its balance sheet. The fixed and unsecured purchase price receivable of EUR 10 million is measured at amortised cost and discounted at 5 per cent. The conditional purchase price receivable (earn-out) is measured at fair value through profit and loss, and it includes management judgement and estimation. Management has estimated the probability of the earn-out taking into account the uncertainty about the development of profitability. The EBITDA required for the realisation of the earn-out for the divested business is lower than the Group has previously used for valuation purposes, as the realisation of the earn-out is also significantly influenced by the development of the buyer's meat business and the achievable synergies. The conditional purchase price fair value is estimated at EUR 10.5 million at the end of December 2024.

The Group's significant internal transactions between continuing and discontinued operations included the sale and purchase of products between the Baltic operations and the rest of the Group, the Group's administrative service fee from the Baltics and the Group's financial gain on the Baltic lending. The figures for continuing and discontinued operations reflect external sales and their costs in accordance with

the Group's segment reporting. External financing costs for the Baltics are shown as a financing cost of discontinued operations.

### Sale of operations in Sweden

HKFoods and Lantmännen ek för have on 27 March 2024 closed the transaction announced on 29 December 2023, whereby HKFoods sells its Swedish business to the Swedish Lantmännen. The transaction concerned the shares in HKScan Sweden AB, the subsidiary that formed HKFoods' Business Unit Sweden.

The purchase price for the shares of HKScan Sweden Ab including the settlement of an internal loan amounted to EUR 83.7 million at closing. In addition, Lantmännen ek för transferred A shares (6,869,750) and K shares (665,000) in HKFoods Plc held by Lantmännen. The calculated market value of the shares was EUR 5.5 million at the time of signing the agreement. A prepayment of EUR 25 million of the purchase price was made upon the signing of the agreement. The sold company had EUR 4.4 million in cash at the closing.

The Swedish business unit was classified as assets and liabilities held for sale on the balance sheet on 31 December 2023, and it is presented in the income statement as discontinued operations. The Group's translation difference in equity has come almost entirely from the Swedish operations, and at closing it was recorded from the comprehensive income statement into the income statement.

The Group's significant internal transactions between continuing and discontinued operations included the sale and purchase of products between the Swedish operations and the rest of the Group, the Group's administrative service fee from Sweden and the Group's financial gain on the Swedish lending. The figures for continuing and discontinued operations reflect external sales and their costs in accordance with the Group's segment reporting. External financing costs for Sweden are shown as a financing cost of discontinued operations.

### Sale of operations in Denmark

On 2 May 2024, HKFoods signed an agreement to sell its Danish business to the Dutch Plukon Food Group B.V. The debt-free purchase price was EUR 44.6 million. The sale of the Danish business unit was completed on 31 October 2024. HKFoods received EUR 36.6 million in cash at the closing. The sold company had EUR 2.7 million in cash at the closing.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

The Danish business unit is presented in the income statement as discontinued operations.

The Group's significant internal transactions between continuing and discontinued operations included the sale and purchase of products between the Danish operations and the rest of the Group, the Group's administrative service fee from Denmark and the Group's financial gain on the Danish lending. The figures for continuing and discontinued operations reflect external sales and their costs in accordance with the Group's segment reporting. External financing costs for Denmark are shown as a financing cost of discontinued operations.

The income statement and cash flow presented below include the Danish operations until October 2024, the Swedish operations until March 2024 and the Baltic operations until August 2023. The balance sheet information includes the Swedish operations at the end of 2023.

<b>Profit/loss for discontinued operations</b>	<b>2024</b>	<b>2023</b>
Net sales	371.7	1,092.7
Cost of goods sold	-351.6	-1,039.7
Other operating items	-15.7	-39.1
Operating profit	4.4	13.8
Financial income and expenses	-1.2	-2.5
Share profit/loss in associates and joint ventures	0.0	-0.7
Income tax	0.8	-0.7
Profit/loss for the period	3.9	10.0
Impairment from fair-value measurement, Baltics	0.2	-0.2
Impairment from fair-value measurement, Sweden	5.9	-17.1
Impairment from fair-value measurement, Denmark	-14.1	-
Translation difference transfer to profit and loss, Sweden	-21.1	-
Other equity items transfer to result for the period, Baltics	-	2.2
Other equity items transfer to result for the period, Sweden	1.1	-
Other equity items transfer to result for the period, Denmark	0.1	-
<b>Profit/loss for the period from discontinued operations</b>	<b>-24.0</b>	<b>-5.1</b>

<b>Cash flow of discontinued operations</b>	<b>2024</b>	<b>2023</b>
Cash flow from operating activities	13.2	28.9
Cash flow from investing activities	107.0	42.5
Cash flow from financing activities	-1.9	-5.2
<b>Cash flow total</b>	<b>118.3</b>	<b>66.2</b>

<b>Assets and liabilities of disposal group classified as held for sale</b>	<b>2024</b>	<b>2023</b>
Intangible assets	-	52.1
Tangible assets	-	88.7
Other non-current assets	-	20.2
Inventories	-	39.0
Receivables	-	45.7
Cash and cash equivalents	-	0.3
<b>Total assets (A)</b>	<b>-</b>	<b>246.0</b>
Lease liabilities	-	14.1
Trade payables and other liabilities	-	124.9
<b>Total liabilities (B)</b>	<b>-</b>	<b>139.0</b>
<b>Net balance sheet value (A-B)</b>	<b>-</b>	<b>107.1</b>

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 21. Notes relating to equity

The effects of changes in the number of outstanding shares are presented below.

	Number of outstanding shares (1,000)	Share capital (EUR million)	Share premium reserve (EUR million)	RIUE (EUR million)	Treasury shares (EUR million)	Total (EUR million)
1 Jan. 2023	97,330	66.8	72.9	215.4	-4.1	351.0
31 Dec. 2023	97,445	66.8	72.9	215.4	-3.8	351.2
1 Jan. 2024	97,445	66.8	72.9	215.4	-3.8	351.2
31 Dec. 2024	89,910	66.8	72.9	215.4	-9.1	346.0

The shares have no nominal value. All issued shares have been paid up in full. The company's stock is divided into Series A and K shares, which differ from each other in the manner set out in the Articles of Association. Each share gives equal entitlement to a dividend. K Shares produce 20 votes and A Shares 1 vote each. A Shares are numbered 93 551 791 and K Shares 5 400 000.

### The equity reserves are described below:

#### Share premium reserve

In share issues, decided while the earlier Finnish Companies Act (29.9.1978/734) was in force, payments in cash or kind obtained on share subscription, less transaction costs, were recognized under equity and the share premium reserve in accordance with the terms of the arrangements.

#### Reserve for invested unrestricted equity

The reserve for invested unrestricted equity (RIUE) contains other investments of an equity nature and share issue price inasmuch as this is not recognised under equity pursuant to express decision to that effect.

#### Treasury shares

At the beginning of the financial year 2024, HKFoods held 1,506,658 treasury A shares. On 27 March 2024, HKFoods sold the shares in its Swedish subsidiary HKScan Sweden AB (now Scan Sverige AB) to the Swedish company Lantmännen ek för. As part of the

purchase price, Lantmännen ek för transferred to HKFoods 7,534,750 own shares, of which 6,869,750 were A shares and 665,000 K shares. At the end of the financial year, the company held 8,376,408 A shares and 665 000 K shares as treasury shares. At the end of the year, they had a market value of EUR 7.0 million and accounted for 9.14 per cent of all shares and 10.75 per cent of all votes. The acquisition cost is presented in the balance sheet as a deduction from equity.

### Translation differences

The translation differences reserve includes exchange differences arising on the translation of foreign units' financial statements, as well as gains and losses arising on the hedging of net investments in foreign units, when hedge accounting requirements are satisfied.

### Revaluation reserve and other reserves

These reserves are for changes in the value of available-for-sale financial assets and changes in the fair value of derivative instruments used in cash flow hedging.

The following is an itemisation of events in the hedging instruments reserve during the financial period.

Hedging instruments reserve	2024	2023
Fair value reserve and hedging instruments reserve on 1 Jan.	4.1	20.8
Amount recognised in equity in the financial period (effective portion), commodity derivatives	-4.2	-17.6
Share of deferred tax asset of changes in period	0.1	0.9
Fair value reserve and hedging instruments reserve on 31 Dec.	0.0	4.1

Gains/losses reclassified from other comprehensive income to profit or loss amounted to EUR 2.5 (15.0) million from commodity derivatives.

### Distribution of unrestricted equity

Dividend of EUR 0.00 (0.00) per share, totalling EUR 0.0 (0.0) million, was distributed in 2024. Since the reporting date, the Board of Directors has proposed that the Annual General Meeting resolve to distribute EUR 0.09 per share (corresponding to a total of approximately EUR 8.1 million for all 89,910,373 shares currently outstanding) from the company's reserve for invested unrestricted equity for 2024. The Board of Directors further proposes the Annual General Meeting to authorise the Board of Directors to

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

resolve, at its discretion, on the distribution of the assets recorded in the reserve of unrestricted equity, up to a maximum of EUR 0.05 per share (corresponding to a total of approximately EUR 4.5 million for all 89,910,373 shares currently outstanding). Under the authorisation, it could be possible to resolve to distribute the funds in one or more instalments. The authorisation is valid until the beginning of the next Annual General Meeting. The company will announce any decision of the Board of Directors on the equity repayment and, at the same time, confirm the record and payment dates for the equity repayment.

### Hybrid loan

In September 2018 the Group issued a EUR 40 million hybrid bond to strengthen the company's capital structure. After the conversions carried out in the context of the share issue in June 2019, the outstanding amount is EUR 25.9 million. A hybrid bond is treated as equity in consolidated financial statements prepared in accordance with IFRS. The coupon of the hybrid bond is 8.00 per cent per annum until the first possible redemption date. The hybrid bond does not have a specified maturity date, but the Group is entitled to redeem the hybrid bond for the first time on the fifth anniversary of the issue date, and subsequently, on each annual coupon interest payment date. The Group did not use the first redemption option and as result the interest rate increased. New coupon since September 19th, 2023 is 16 per cent. An interest payment obligation is set up if the Annual Shareholders' Meeting decides to distribute dividends. If no dividend is distributed, the company can decide upon the payment of interest separately. Hybrid loan has an off-balance sheet calculational accrued interest amounting to EUR 1.2. The payment of interest is recorded from retained earnings.

## 22. Pension obligations

	2024	2023
Pension liability/receivable in balance sheet		
Defined benefit plans	2.6	2.5
<b>Pension liability (+)/receivable (-) in balance sheet</b>	<b>2.6</b>	<b>2.5</b>

The Group's defined benefit plan consist of the pension liability for the former CEO of the parent company which is unfunded. Expected contribution into former CEO plan for 2025 is EUR 0.3 million.

## 23. Provisions

	1 Jan. 2024	Translation difference	Increase in provisions	Exercised in financial period(-)	Reversals of provisions	31 Dec. 2024
Non-current provisions	0.0	-	-	-	-	0.0
Current provisions	0.0	-	-	-	-	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

	1 Jan. 2023	Translation difference	Increase in provisions	Exercised in financial period(-)	Reversals of provisions	31 Dec. 2023
Non-current provisions	5.1	-	-	-0.1	-5.0	0.0
Current provisions	0.2	0.0	-	-0.2	-	0.0
<b>Total</b>	<b>5.3</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.3</b>	<b>-5.0</b>	<b>0.0</b>

In 2017 a rental lot restoration provision amounting to EUR 5.0 million has been recorded as part of the acquisition cost of Rauma facility into non-current provisions. The amount was based on an estimate. Provision has been capitalized as part of the building's value and it has been depreciated during the lot rental agreement. In 2023 the Group has purchased the lot and the restoration provision has been reversed. Residual value has correspondingly been removed from building value.

### Legal matters

A number of Group companies are, and will likely continue to be subject to various legal proceedings and investigations that arise from time to time. As a result, the Group may incur substantial costs that may not be covered by insurance and could affect business and reputation. While Management does not expect any of these legal proceedings to have a material adverse effect on the Group's financial position, litigation is inherently unpredictable and the Group may in the future incur judgments, or enter into settlements, that could have a material adverse effect on the results of operations and cash flows.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 24. Liabilities

	2024	2023
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing		
Bond	88.5	89.7
Bank loans	1.8	116.4
Non-current lease liabilities	80.4	81.2
Other liabilities	1.7	1.7
<b>Non-current interest-bearing liabilities</b>	<b>172.4</b>	<b>289.0</b>
Non-interest-bearing		
Other liabilities	-0.1	-0.1
<b>Non-current non-interest-bearing liabilities</b>	<b>-0.1</b>	<b>-0.1</b>
Deferred tax liability	3.0	3.9
Pension obligations	2.6	2.5
<b>Non-current liabilities</b>	<b>177.8</b>	<b>295.3</b>
<b>CURRENT INTEREST-BEARING LIABILITIES</b>		
Commercial paper	3.0	3.4
Pension loans	-	2.1
Bank loans	3.6	3.6
Current lease liabilities	7.1	8.4
Other liabilities	0.3	0.3
<b>Current interest-bearing liabilities</b>	<b>14.0</b>	<b>17.9</b>

	2024	2023
<b>TRADE AND OTHER PAYABLES</b>		
Advances received	0.1	25.1
Trade payables	69.3	76.4
Refund liabilities	2.8	3.7
Accruals and deferred income		
Short-term interest payable	0.5	2.4
Matched staff costs	34.6	39.9
Other short-term accruals and deferred income	7.8	5.7
Derivatives	0.1	1.7
Other liabilities	5.1	5.4
<b>Trade and other payables</b>	<b>120.4</b>	<b>160.1</b>
Income tax liability	0.0	1.4
<b>Current liabilities</b>	<b>134.5</b>	<b>179.4</b>
<b>Liabilities</b>	<b>312.2</b>	<b>474.7</b>

Amounts of the Group's interest-bearing liabilities and their contractual re-pricing periods are as follows:

	2024	2023
Under 6 months	96.9	125.6
6-12 months	0.2	0.2
1-5 years	1.8	91.6
Over 5 years	-	-
<b>Total</b>	<b>98.9</b>	<b>217.3</b>

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Interest-bearing net debt reconciliation

	2024	2023
Cash and cash equivalents	36.7	29.0
Interest-bearing loan receivables	-	4.1
Lease liabilities due within 1 year	-7.1	-10.9
Lease liabilities due after 1 year	-80.4	-92.8
Borrowings due within one year (including overdraft)	-6.9	-9.5
Borrowings due after one year	-92.0	-207.8
<b>Interest-bearing net debt</b>	<b>-149.8</b>	<b>-287.9</b>

	Other assets		Liabilities from financing activities				Total
	Cash/ bank overdraft	Interest-bearing loan receivables	Lease liabilities due within 1 year	Lease liabilities due after 1 year	Borrowings due within 1 year	Borrowings due after 1 year	
Interest-bearing net debt on 1 Jan 2023	17.8	1.7	-11.0	-98.9	-20.9	-241.9	-353.1
Cash flows	14.0	2.4	12.4	-	-17.2	62.7	74.2
Acquisitions - leases	-	-	-2.7	-13.4	-	-	-16.0
Disposals - leases	-	-	0.0	2.2	-	-	2.3
Reclassification between items - leases	-	-	-10.9	10.9	-	-	0.0
Reclassification between items - borrowings	-	-	-	-	28.6	-28.6	-
Foreign exchange adjustments	-	-	0.0	0.0	-	-	0.0
Sale of Baltics	-2.8	-	1.2	6.4	-	-	4.8
<b>Interest-bearing net debt on 31 Dec 2023</b>	<b>29.0</b>	<b>4.1</b>	<b>-10.9</b>	<b>-92.8</b>	<b>-9.5</b>	<b>-207.8</b>	<b>-287.9</b>
Cash flows	14.8	-0.1	9.2	-	-150.0	268.5	142.5
Other changes	-	-4.0	-	-	-	-	-4.0
Acquisitions - leases	-	-	-0.6	-11.3	-	-	-12.0
Disposals - leases	-	-	0.0	-0.1	-	-	0.0
Reclassification between items - leases	-	-	-8.9	8.9	-	-	0.0
Reclassification between items - borrowings	-	-	-	-	152.6	-152.6	-
Foreign exchange adjustments	-	-	0.1	0.2	-	-	0.3
Sale of Sweden	-4.4	-	2.7	12.5	-	-	10.7
Sale of Denmark	-2.7	-	1.3	2.2	-	-	0.7
<b>Interest-bearing net debt on 31 Dec 2024</b>	<b>36.7</b>	<b>0.0</b>	<b>-7.1</b>	<b>-80.4</b>	<b>-6.9</b>	<b>-92.0</b>	<b>-149.8</b>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 25. Financial risk management

The duty of Group Treasury in the HKFoods Group is to ensure cost-effective funding and financial risk management for Group companies and to attend to relations with financiers. The treasury policy approved by the Board provides the principles for financial risk management in the Group. The policy is supplemented by separate guidelines and instructions, as well as approval practices.

Financial risks mean unfavourable movements taking place in the financial markets that may erode accrual of the company's result or reduce cash flows. Financial risk management aims to use financial means to hedge the company's intended earnings performance and equity, and to safeguard the Group's liquidity in all circumstances and market conditions.

External funding of the Group's operations and financial risk management is centralised to the Group Treasury operating under the Group Treasurer. Group Treasury identifies and assesses the risks and acquires the instruments required for hedging against the risks, in close co-operation with the operational units.

Risk management may employ various instruments, such as currency forwards and options, interest-rate or currency swaps, foreign currency loans and commodity derivatives. Derivatives are used for the sole purpose of hedging, not for speculation. Funding of the Group's subsidiaries is managed mainly through the parent company. The subsidiaries may not accept new external funding, nor may they give guarantees or pledges without the permission of the Group Treasury in the parent company.

### Foreign exchange risk

The Group's domestic market consists of Finland. Customers are in retail, food service, industry and export sectors. Meat products are mainly produced for domestic markets which reduces the overall currency risk in the Group.

Transaction risk arises when the Group companies engage in foreign currency denominated import and export both outside and within the Group. The aim of transaction risk management is to hedge the Group's business against foreign exchange rate movements and allow the business units time to react and adapt to fluctuations in exchange rates. Foreign exchange risk exposures, which include sales, purchases (balance sheet items and committed cash flows), financing related contractual cash flows, and highly probable forecasted cash flows, are hedged through forward contracts made with the parent company. The business units report their balance sheet risk exposures, forecasted foreign currency sales and purchases and hedging levels to the Group Treasury on a regular basis.

According to Treasury Policy, subsidiaries must hedge balance sheet items in full amount and committed cash flows from 50 to 100 per cent. In addition, forecasted, highly probable cash flows are hedged at 0 - 50 per cent for up to 12 months into the future. Group Treasury can use currency forwards, options and swaps as hedging instruments. Treasury targets to hedge fully its significant foreign exchange risk exposures. Those include commercial exposures, external financing and internal financing which is given in the subsidiary's home currency. All the forward contracts mature within one year. Hedge accounting is not applied currently. Nevertheless, all hedging instruments are done for hedging purposes.

Translation risk arises from the consolidation of equity into the basic currency in subsidiaries whose operational currency is not the euro. The only foreign currency denominated equity of the Group companies is in Polish zloty. Fluctuations of exchange rates affect the amount of consolidated equity, and translation differences are generated in connection with the consolidation of equity in accounting. Group Treasury identifies and manages foreign exchange translation risks according to Treasury Policy. HKFoods Group is not hedging translation risk currently.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

The equities of the Group's non-euro-denominated subsidiaries and associates are presented in the following table in million euros.

	2024	2023
Currency	Exposure	Exposure
PLN	26.4	25.1
DKK	-	0.5

The parent company's functional currency is the euro. The following net positions (USD, NZD, SEK, JPY) include sales receivables, payables, interest bearing loans and receivables, cash reserves and committed commercial flows in the most significant foreign currencies. The reported amounts are translated into euros at the exchange rates of the reporting date:

	2024				2023			
	USD	NZD	SEK	JPY	USD	NZD	SEK	JPY
Net position before hedging	1.0	2.9	0.4	0.4	2.9	1.9	10.7	0.4
Hedging of balance sheet items	-0.6	-1.7	-0.1	-0.1	-0.9	-1.0	-56.9	-0.1
Hedging of committed items	-0.4	-1.3	0.0	-0.2	0.0	-0.8	-1.1	-0.3
Open position	0.1	-0.1	0.2	0.0	2.0	0.1	-47.3	0.0

The following table analyses the strengthening or weakening of the euro against the US dollar, New Zealand dollar, Swedish krona and Japanese yen, all other factors remaining unchanged. Sensitivity analysis is based on assets, liabilities and committed cash flows denominated in foreign currencies at the reporting date. The effects of currency derivatives, which offset the effects of changes in exchange rates, are also taken into account in sensitivity analysis. Net investments in foreign units and the instruments used to hedge these have been excluded from sensitivity analysis.

In respect of the foreign currencies, the effect would mainly be due to changes in the exchange rates applicable to foreign currency denominated trade receivables and payables.

	2024				2023			
	USD	NZD	SEK	JPY	USD	NZD	SEK	JPY
Movement (+/-), %	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Effect on profit before taxes	0.0	0.0	0.0	0.0	0.2	0.0	4.3	0.0

The following assumptions were used in calculating sensitivity to currency risks: Forecast future cash flows have not been taken into account in the calculation except for committed cash flows. Financial instruments such as forward contracts used to cover these positions are included in the analysis.

The calculation and estimates of reasonably possible changes in exchange rates are based on the assumption of ordinary market and business conditions.

#### Interest rate risk

The Group's main exposure to interest rate risk arises through interest-bearing liabilities. The goal of interest rate risk management is to reduce the fluctuation of interest expenses in the income statement, minimize debt servicing costs and improve the predictability. The Group's short-term money market investments expose it to cash flow interest rate risk, but the impact is not significant as these investments are targeted to keep in minimum. Group revenues and operative cash flows are mainly independent of fluctuations in market rates.

Interest rate risk is measured by the effect of interest rate movements on the total forecasted debt portfolio.

To manage interest rate risks, Group borrowings are spread across fixed and variable interest instruments. The company may borrow at fixed or variable interest rates and use interest rate derivatives to achieve a result that is in line with the Treasury policy. The goal of the policy is to keep the fixed interest term of the loans between 12 and 48 months. On the balance sheet date the fixed interest term was 9 months.

The Group monitors and analyses its interest rate risk position on a regular basis. The Group has determined sensitivity limits for interest rate movements.



## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

The sensitivity of net financial expenses on the balance sheet date to change of one per cent in interest rates, all other things being equal, was approximately EUR -1.1 (-3.1) million for interest increase and approximately EUR 1.4 (3.1) million for interest decrease before taxes over the next 12 months. The sensitivity analysis was prepared based on the amounts and maturities of interest-bearing liabilities and interest rate derivatives on the balance sheet date.

#### Counterparty risk

Financial counterparty risk refers to the risk that counterparty may fail to fulfill its contractual obligations. The risks are mostly related to investment activities and counterparty risks in derivative contracts. Banks that finance the Group are used as counterparties whenever possible, as well as a few other specified counterparties. Cash may be invested in bank deposits, certificates of deposit, municipal papers, and the commercial paper programmes of certain specified companies listed on the main list of the Nasdaq Helsinki, and to certain state-owned companies. Because of the limited extent of the investment activities, the resulting counterparty and price risks are not significant

#### Commodity risk

The Group is exposed to commodity risks that are related to the availability and price fluctuations of commodities. In addition to meat raw materials, physical electricity consumption is one of the most significant commodity risks in the Group companies. The subsidiaries can hedge against fluctuation in market prices for electricity and other commodities by procuring fixed-price products or through derivative contracts with the Group Treasury. The companies may use external parties to assist them in commodity risk management.

The Group uses electricity derivatives in Finland to level out energy costs. Electricity derivatives do not result in physical electricity delivery, but instead the difference between fixed and variable price is realised as cashflow. The price risk of electricity is analysed in five year time span so that next year's hedge ratio is between 50-100 per cent. Subsequent years are hedged with reducing hedge ratio. Electricity derivatives' nominal value is 98 GWh and 98 GWh is allocated for the next 12 months. 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. Maturity table for electricity derivatives is presented later in this note.

Sensitivity analysis has been made with expected annual consumption of continuing operations of 104 GWh. Change in electricity price and derivatives maturing in less than 12 months impact income statement and derivatives maturing after 12 months impact balance sheet. If the market price of electricity changed by +/-10 percentage points from the balance sheet date, the impact would be as follow, calculated before tax:

EUR million	2024	2023
Electricity - effect in income statement	+/- 0.0	+/- 0.3
Electricity - effect in equity (price + 10%)	0.0	-2.8
Electricity - effect in equity (price - 10%)	0.0	-2.6

#### Credit risk

The Group's Treasury Policy and related guidelines specify the credit quality requirements and investment principles applied to customers and counterparties to investment transactions and derivative contracts. The Group Treasury is responsible for defining the principles for credit management within the Group and updating the Credit Policy as well as instructing the Group's subsidiaries in credit management.

Credit risk results from a customer's possible failure to fulfil its payment obligations. The Group's trade receivables are spread among a wide customer base, the most important customers being central retail organisations in the various market areas. The creditworthiness, payment behaviour and credit limits of the clients are monitored systematically. As a main principle some type of securing is needed for all credit granted. The security can be credit insurance, a bank guarantee, or a security deposit. In addition, the Group is exposed to minor credit risk in remaining financing investments of primary production contract producers.

The amount of impairment losses recognised through profit or loss in the financial period was EUR -0.4 (-0.4) million. The Group's maximum exposure to credit risk equals the carrying amount of financial assets at year-end. The age breakdown of trade receivables is presented in Note 18. Purchase price receivable related to sale of Baltics operations is unsecured.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

#### Liquidity and refinancing risk

The Group constantly assesses and monitors the amount of funding required for operations by means such as preparation and analysis of cash flow forecasts. The Group maintains adequate liquidity under all circumstances to cover its business and financing needs in the foreseeable future.

The availability of funding is ensured by spreading the maturity of the borrowing portfolio, financing sources and instruments. In general, cash and cash equivalents are targeted to be kept at a minimum. The Group also has revolving credit facilities with banks, bank borrowings, current accounts with overdraft facilities and the short-term EUR 200 million Finnish commercial paper programme. Liquidity risk is managed by retaining long-term liquidity reserves and by exceeding short-term liquidity requirements. The Group's liquidity reserve includes cash and cash equivalents, money market investments and long-term unused committed credit facilities. Short-term liquidity requirements include the repayments of short- and long-term debt within the next 12 months, expected dividends as well as a specifically defined strategic liquidity requirement, which covers the operative funding needs.

The Group's liquidity together with funding profile and maturity structure remained satisfactory in 2024. Committed credit facilities on 31 December 2024 stood at EUR 20.0 (85.0) million and had been drawn to the amount of EUR 0.0 (75.0) million. In addition, the Group had other undrawn overdraft and other facilities of EUR 7.0 (14.3) million. The overdraft facility agreements are in force until further notice. At year end, the company's EUR 200 million commercial paper programme had been drawn to the amount of EUR 3.0 (3.5) million. Cash and cash equivalents were EUR 36.7 (28.7) million.

The average rate of interest for outstanding loans (including commitment fees) paid by the Group was 9.8 (8.6) per cent at the balance sheet date.

HKFoods' covenants for bank loans and revolving credit facilities are the net gearing ratio and the ratio of net debt to EBITDA. The EBITDA includes the share of profits from associates and joint ventures.

The net gearing ratio limit is 110 per cent for bank loans until the end of June 2025, 105 per cent until the end of March 2026 and 100 per cent from 30 June 2026. The net gearing ratio limit for bond is 120 per cent. At the end of year 2024, the company's net gearing ratio was 69.5 per cent. Covenant is evaluated on a quarterly basis.

The covenant limit for net debt to EBITDA ratio for bank loans is currently 3.75 and 3.5 starting from the end of June 2025. The limit is 3.25 starting from the end of September 2025 and 3.0 starting from the end of June 2026. At the end of year 2024, the net debt to EBITDA ratio was 2.6. Covenant is evaluated on a monthly basis.

HKFoods' management has assessed the cash flow forecasts of the business over the next 12 months, which indicates that the covenants will not be breached. Further information is available under the headline Assumption of ability to continue as a going concern in the accounting policies of the financial statements.

#### The number of the Group's commitments on the balance sheet date by type of credit

##### 2024

Credit type	Size	In use	Available
Overdraft facility	7.0	-	7.0
Committed credit limit	20.0	-	20.0
<b>Total</b>	<b>27.0</b>	<b>0.0</b>	<b>27.0</b>

##### 2023

Credit type	Size	In use	Available
Overdraft facility	14.3	-	14.3
Committed credit limit	85.0	75.0	10.0
<b>Total</b>	<b>99.3</b>	<b>75.0</b>	<b>24.3</b>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

The following table analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period on the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Maturity analysis only applies to financial instruments and statutory liabilities are therefore excluded. The amounts also include interest on financial liabilities and margin on loan.

### 31 Dec. 2024 Maturity of financial liabilities

Credit type	Balance sheet 31 Dec. 2024	Cashflows sum	Cashflows					
			2025	2026	2027	2028	2029	>2029
Bond	88.5	111.8	9.4	9.4	93.2	-	-	-
Bank loans	5.4	5.6	3.8	1.8	-	-	-	-
Pension loans	-	-	-	-	-	-	-	-
Commercial paper programme	3.0	3.0	3.0	-	-	-	-	-
Lease liabilities	87.6	128.7	11.7	11.0	9.3	8.7	7.8	80.2
Other borrowing	2.0	2.1	0.2	0.8	1.0	-	-	-
Trade and other payables	120.4	120.4	120.4	-	-	-	-	-
<b>Total</b>	<b>306.8</b>	<b>371.6</b>	<b>148.5</b>	<b>23.1</b>	<b>103.6</b>	<b>8.7</b>	<b>7.8</b>	<b>80.2</b>

### 31 Dec. 2023 Maturity of financial liabilities

Credit type	Balance sheet 31 Dec. 2023	Cashflows sum	Cashflows					
			2024	2025	2026	2027	2028	>2028
Bond	89.7	96.4	4.5	91.9	-	-	-	-
Bank loans	120.0	130.9	13.4	115.7	1.9	-	-	-
Pension loans	2.1	2.2	2.2	-	-	-	-	-
Commercial paper programme	3.4	3.4	3.4	-	-	-	-	-
Lease liabilities	89.6	131.1	12.6	11.5	10.2	8.0	6.8	81.9
Other borrowing	2.0	2.2	0.2	0.0	0.5	1.4	-	-
Trade and other payables	160.1	160.1	160.1	-	-	-	-	-
<b>Total</b>	<b>467.0</b>	<b>526.3</b>	<b>196.4</b>	<b>219.1</b>	<b>12.6</b>	<b>9.4</b>	<b>6.8</b>	<b>81.9</b>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

The following table presents the nominal value and fair values (EUR million) of derivative instruments. The derivatives mature within the next 12 months except for interest rate derivatives and commodity derivatives, the maturity of which are presented separately.

	2024	2024	2024	2023	2024	2023
	Positive fair value	Negative fair value	Fair value net	Fair value net	Nominal value	Nominal value
<b>Interest rate derivatives</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.2</b>	<b>0.2</b>	<b>30.0</b>	<b>20.0</b>
matured in 2024	-	-	-	0.1	-	10.0
matures in 2025	-	0.0	0.0	0.1	10.0	10.0
matures in 2026	-	-	-	-	-	-
matures in 2027	-	-0.2	-0.2	-	20.0	-
matures in 2028	-	-	-	-	-	-
matures in >2028	-	-	-	-	-	-
of which defined as cash flow hedging instruments	-	-	-	-	-	-
<b>Foreign exchange derivatives</b>	<b>0.1</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-1.7</b>	<b>14.5</b>	<b>98.4</b>
of which defined as net investment hedging instruments	-	-	-	-	-	-
<b>Commodity derivatives</b>	<b>1.1</b>	<b>-0.3</b>	<b>0.7</b>	<b>5.2</b>	<b>2.5</b>	<b>1.3</b>
matured in 2024	-	-	-	3.9	-	0.9
matures in 2025	1.1	-0.3	0.7	1.3	2.5	0.4
matures in 2026	-	-	-	-	-	-
matures in 2027	-	-	-	-	-	-
matures in 2028	-	-	-	-	-	-
of which defined as cash flow hedging instruments	0.3	-0.3	0.0	3.3	3.2	3.4

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

#### Derivatives to which hedge accounting applies

Changes in the fair values of the effective portions after taxes of commodity derivatives, designated as hedges of cash flow amounting to EUR -3.0 (-14.0) million, are recognised under other comprehensive income. The hedged highly probable transactions are estimated to occur at various dates during the next 60 months. Gains and losses accumulated in the hedging instruments reserve are included as reclassification adjustments in the income statement when the hedged transaction affects profit or loss. The ineffective portion of commodity risk hedge amounting to EUR 0.0 (0.0) million are recognised under other operating expenses in the income statement.

#### Capital management

The purpose of capital management in the Group is to support business through an optimal capital structure by safeguarding a normal operating environment and enabling organic and structural growth. An optimal capital structure also generates lower costs of capital.

Capital structure is influenced by controlling the amount of working capital tied up in the business and through reported profit/loss, distribution of dividend and share issues. The Group may also decide on the disposal of assets to reduce liabilities.

The tools to monitor the development of the Group's capital structure are the equity ratio and net gearing ratio. Equity ratio refers to the ratio of equity to total assets. Net gearing ratio is measured as net liabilities divided by equity. Net liabilities include interest-bearing liabilities less interest-bearing short-term receivables and cash and cash equivalents including discontinued operations.

On the balance sheet date the equity ratio is 40.8 per cent. The official financial target in respect of net gearing ratio is below 100 per cent. On the balance sheet date, the net gearing ratio was 69.5 per cent.

#### Net gearing ratio

	2024	2023
Interest-bearing liabilities	186.4	321.0
Interest-bearing loan receivables	-	4.0
Cash and bank	36.7	29.0
Interest-bearing net liabilities	149.8	287.9
Equity	215.4	238.0
Net gearing ratio	69.5%	121.0%

## 26. Fair values of financial assets and liabilities

### The fair value determination principles applied by the Group on all financial instruments

When determining the fair values of the financial assets and liabilities, the following price quotations, assumptions and measurement models have been used.

### Other shares and holdings

Other shares and holdings consists of holdings in non-listed entities and are measured at cost as it is considered appropriate estimate of fair value.

### Derivatives

The fair values of currency forward contracts are determined by using the market prices for contracts of equal duration at the reporting date. The fair values of interest rate swaps are determined using the net present value method supported by the market interest rate or other market information at the reporting date. If the market value given by a counterparty is used, the Group also produces its own calculation using generally accepted valuation methods. The fair values of commodity derivatives are determined by using publicly quoted market prices. The fair values are equal to the prices which the Group would have to pay or would obtain if it were to terminate a derivative instrument.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

#### Bank loans

The fair values of liabilities are based on the discounted cash flows. The rate used for measurement is the rate at which the Group could obtain corresponding credit from a third party on the reporting date. The overall rate consists of a risk free rate and a risk premium (margin on loan) for the company.

#### Bonds

The fair values of bonds are based on the quoted market prices.

#### Finance lease liabilities

The fair value is measured by discounting future cash flows by an interest rate which corresponds to the interest rate of future leases.

#### Trade and other receivables

The original carrying amounts of non-derivative based receivables are equal to their fair values, as discounting has no material effect taking into account the maturity of the receivables. Fixed purchase price receivable related to sale of Baltics operations is measured at amortised cost discounted with 5%.

#### Conditional purchase price receivable

Conditional purchase price receivable related to sale of Baltics business is based on buyers estimate on development of the business, which company's management has compared to historical development and evaluated the probability of realization including the related uncertainty. EUR 20 million of the total purchase price is conditional on the combined performance of the separately defined meat business subject to the transaction and Maag Grupp's Baltic meat business in the following years.

#### Trade and other payables

The original carrying amounts of trade and other payables are equal to their fair values, as discounting has no material effect taking into account the maturity of the payables.

Fair value hierarchy for financial assets and liabilities measured at fair value.

Fair values at end of reporting period.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

Fair value hierarchy for financial assets and liabilities measured at fair value. Fair values at end of reporting period.

	31 Dec. 2024	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial assets recognised at fair value through profit or loss				
Conditional purchase price receivable	10.5	-	-	10.5
Trading securities	-	-	-	-
Trading derivatives				
Interest rate swaps	0.0	-	0.0	-
Foreign exchange derivatives	0.1	-	0.1	-
Commodity derivatives	1.1	-	1.1	-
of which subject to cash flow hedging	0.3	-	0.3	-
<b>Total</b>	<b>11.7</b>	<b>0.0</b>	<b>1.2</b>	<b>10.5</b>
Liabilities measured at fair value				
Financial assets recognised at fair value through profit or loss				
Trading derivatives				
Interest rate swaps	-0.2	-	-0.2	-
Foreign exchange derivatives	-0.2	-	-0.2	-
Commodity derivatives	-0.3	-	-0.3	-
of which subject to cash flow hedging	-0.3	-	-0.3	-
<b>Total</b>	<b>-0.7</b>	<b>0.0</b>	<b>-0.7</b>	<b>0.0</b>

The fair values of Level 1 instruments are based on prices quoted on the market. The fair values of Level 2 instruments are to a significant degree based on inputs other than the quoted prices included in Level 1 but nonetheless observable for the relevant asset or liability either directly or indirectly (derived from prices). In determining the fair value of these instruments, the Group uses generally accepted measurement models, the inputs of which are nonetheless to a considerable degree based on observable market information. The fair values of Level 3 instruments are based on inputs which are not based on observable market information; rather to a significant degree on management estimates and measurement models generally acceptable for their use.

	31 Dec. 2023	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial assets recognised at fair value through profit or loss				
Conditional purchase price receivable	10.5	-	-	10.5
Trading securities	-	-	-	-
Trading derivatives				
Interest rate swaps	0.2	-	0.2	-
Foreign exchange derivatives	0.0	-	0.0	-
Commodity derivatives	5.2	-	5.2	-
of which subject to cash flow hedging	3.3	-	3.3	-
<b>Total</b>	<b>15.9</b>	<b>0.0</b>	<b>5.4</b>	<b>10.5</b>
Liabilities measured at fair value				
Financial assets recognised at fair value through profit or loss				
Trading derivatives				
Interest rate swaps	-	-	-	-
Foreign exchange derivatives	-1.7	-	-1.7	-
Commodity derivatives	-	-	-	-
of which subject to cash flow hedging	-	-	-	-
<b>Total</b>	<b>-1.7</b>	<b>0.0</b>	<b>-1.7</b>	<b>0.0</b>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 27. Conditional assets and liabilities and purchase commitments

Commitments and contingent liabilities	2024	2023
<b>Loans secured by mortgages</b>		
- loans from financial institutions	3.0	36.0
- bonds	90.0	-
- lease liabilities	10.7	-
<b>On own behalf</b>		
Assets pledged	233.0	44.3
<b>On behalf of others</b>		
Guarantees	6.2	6.3
<b>Leasing commitments</b>		
Leasing commitments maturing in less than a year	0.2	0.2
Leasing commitments maturing in 1-5 years	-	-
Leasing commitments maturing in over 5 years	-	-
<b>Total</b>	<b>239.4</b>	<b>50.8</b>

## 28. Related party transactions

Parties are considered related parties if one of the parties is able to exercise control, or a significant influence, over the other in decisions affecting its finances and business. The Group's related parties include the associates and joint ventures. Related parties also include the Supervisory Board and Board of Directors of the Group parent's parent entity (LSO Osuuskunta), the members of the Group's Board of Directors, the Group's CEO, the deputy CEO and their immediate family members, as well as the members of the Group Management Team. The Group strives to treat all parties equally in its business.

HKFoods Corporation's principal owner, LSO Osuuskunta, is a cooperative of 700 Finnish meat producers. The cooperative fosters its members' meat production and marketing by exercising its power of ownership in HKFoods. The HKFoods Group applies pure market price principles to the acquisition of meat raw material.

Lot lease amounting to 104 (34) thousand has been paid by the Group to LSO. Group has paid EUR 30 (30) from primary production related services. In addition, the Group charged from LSO EUR 40 (40) thousand from office services and EUR 28 (27) thousand from services related to LSO membership. There is EUR 5 million revolving credit facility to both directions between the parties. Related to this the Group had receivable amounting to EUR 4.9 (4.1) million at year end. The Group received interest income for the balance EUR 389 (294) thousand during the year. Interest rate for the credit facility is in line with HKFoods' financing cost. The sale of animals to the Group by members of the Group's Board of Directors and members of the Supervisory Board and Board of Directors of its parent entity LSO Osuuskunta totalled EUR 25.4 (28.3) million. Said persons purchased animals from the Group with EUR 5.4 (6.4) million. After the end of the reporting period in January 2025, the Group has purchased Eura factory plot from LSO with EUR 760 thousand. The price was based on external estimate.

Information on employee benefits of management are presented in Note 4. More information on fees of the Board of Directors and management is available in the remuneration statement for 2024, which can be found on the Group's website [www.hkfoods.com](http://www.hkfoods.com).

Related party individuals are not otherwise in a material business relationship with the company.



## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

Shares in subsidiaries	Owner %	Share of votes %
<b>Owned by the Group's parent company</b>		
HKFoods Finland Oy, Finland	100.00	100.00
HKFoods Poland SP. z o.o., Poland	100.00	100.00
<b>Owned by HKFoods Finland Oy</b>		
Kivikylän kotipalvaamo Oy, Finland	49.00*	49.00*
Lihatukku Harri Tamminen Oy, Finland	49.00*	49.00*
Paimion Teurastamo Oy, Finland	100.00	100.00
Boltsi Oy, Finland	48.00*	48.98*
Jokisen Eväät Oy, Finland	97.00	97.00

\* Control is based on shareholders' agreement / board selection.

Shares and holdings in associated companies and joint ventures	Owner %	Share of votes %
<b>Owned by HKFoods Finland Oy</b>		
Länsi-Kalkkuna Oy, Finland*	50.00	50.00
Pakastamo Oy, Finland	50.00	50.00
Honkajoki Oy, Finland*	50.00	50.00
Finnpig Oy, Finland	50.00	50.00
Oy LHP Bio-Carbon LTD, Finland**	24.24	24.24
DanHatch Finland Oy, Finland***	10.00	10.00
Mäkitalon Maistuvat Oy, Finland	24.90	24.90

\* Joint venture

\*\* Dormant

\*\*\* Associated company status is based on board membership and business.

The Group conducts business through the associates and joint ventures.

The activities include slaughtering, cutting, meat processing, and the use of leasing, waste disposal, research and advisory services. All commercial contracts are negotiated on market terms.

The following transactions were carried out with related parties

	2024	2023
Sales to associates	8.5	12.7
Sales of animals to related parties	5.4	6.4
Purchases from associates	48.6	47.6
Purchases of animals from related parties	25.4	28.3

Open balances on 31 December	2024	2023
Trade and other receivables from associates	0.7	2.0
Trade and other payables to associates	4.3	3.9

## 29. Events after the reporting date

There are no events after the reporting period that would impact financial statement.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Parent company income statement for 1 January - 31 December

(EUR)

	Note	2024	2023
Other operating income	1.	18,794,476.94	23,254,761.10
Employee costs	2.	-7,283,130.14	-7,423,508.53
Depreciation and impairment	3.	-91,686.68	-166,168.08
Other operating expenses	4.	-50,731,788.25	-21,367,275.57
<b>EBIT</b>		<b>-39,312,128.13</b>	<b>-5,702,191.08</b>
Financial income and expenses	5.	-1,461,250.28	-76,498,063.01
<b>Profit/loss before appropriations and taxes</b>		<b>-40,773,378.41</b>	<b>-82,200,254.09</b>
Appropriations	6.	19,999,936.00	15,278,213.70
Income taxes	7.	-2,371,572.95	-3,019,992.79
<b>Profit/loss for the period</b>		<b>-23,145,015.36</b>	<b>-69,942,033.18</b>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Parent company balance sheet 31 December

(EUR)

	Note	2024	2023
<b>ASSETS</b>			
Intangible assets	8.	480,239.00	446,948.00
Tangible assets	8.	207,756.32	347,597.68
Financial assets	8.	260,658,817.23	341,396,085.14
<b>Non-current assets</b>		<b>261,346,812.55</b>	<b>342,190,630.82</b>
Non-current receivables	9.	168,204,058.52	260,441,060.60
Deferred tax asset	9.	5,015,971.44	7,609,032.26
Current receivables	10.	39,623,364.67	31,533,621.53
Cash and cash equivalents		32,318,490.42	24,008,736.61
<b>Current assets</b>		<b>245,161,885.05</b>	<b>323,592,451.00</b>
<b>Assets</b>		<b>506,508,697.60</b>	<b>665,783,081.82</b>

	Note	2024	2023
<b>EQUITY AND LIABILITIES</b>			
Share capital	11.	66,820,528.10	66,820,528.10
Share premium reserve	11.	73,420,363.20	73,420,363.20
Treasury shares	11.	-9,098,412.16	-3,831,817.81
RIUE	11.	216,226,777.79	216,226,777.79
Other reserves	11.	4,931,656.91	4,931,656.91
Retained earnings	11.	-17,434,923.22	52,507,109.96
Profit/loss for the period	11.	-23,145,015.36	-69,942,033.18
<b>Equity</b>		<b>311,720,975.26</b>	<b>340,132,584.97</b>
Accumulated appropriations	12.	238.00	174.00
Provisions	13.	2,397,691.00	2,393,236.00
Deferred tax liability	14.	141,217.59	389,446.02
Non-current interest-bearing liabilities	14.	117,728,423.32	232,345,269.78
Non-current non-interest-bearing liabilities	14.	1,293,798.00	1,188,386.00
Current interest-bearing liabilities	15.	65,922,369.56	80,359,790.52
Current non-interest-bearing liabilities	15.	7,303,984.87	8,974,194.53
<b>Liabilities</b>		<b>192,389,793.34</b>	<b>323,257,086.85</b>
<b>Equity and liabilities</b>		<b>506,508,697.60</b>	<b>665,783,081.82</b>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Parent company cash flow statement

(EUR 1,000)

	2024	2023
EBIT	-39,312	-5,702
Adjustments to EBIT	34,144	4,411
Depreciation and impairment	92	166
Change in provisions	4	43
Change in net working capital	-4,517	328
Interest income and expenses	-1,461	1,262
Taxes	-27	-52
<b>Cash flow from operating activities</b>	<b>-11,078</b>	<b>456</b>
Purchases of shares and holdings	-397	-177
Disposals of shares in subsidiary	118,364	62,398
Purchase of other fixed assets	-305	-636
Disposals of other fixed assets	320	1,277
Repayments of loans receivable	20,431	-6,716
<b>Cash flow from investing activities</b>	<b>138,412</b>	<b>56,147</b>
<b>Cash flow before financing activities</b>	<b>127,335</b>	<b>56,603</b>
Proceed from external borrowings	90,000	35,000
Repayment of external borrowings	-209,025	-80,031
<b>Cash flow from financing activities</b>	<b>-119,025</b>	<b>-45,031</b>
<b>Change in cash and cash equivalents</b>	<b>8,310</b>	<b>11,572</b>
Cash and cash equivalents on 1 Jan.	24,009	12,436
<b>Cash and cash equivalents on 31 Dec.</b>	<b>32,318</b>	<b>24,009</b>

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

# Notes to the parent company's financial statements

## Basic information about the entity

HKFoods Plc is a Finnish public limited company established under the law of Finland. The Company is domiciled in Turku.

HKFoods Plc comprises Group management and Group administration.

HKFoods Corporation's A Share has been quoted on the Nasdaq Helsinki since 1997.

HKFoods Plc is a subsidiary of LSO Osuuskunta and part of the LSO Osuuskunta Group. LSO Osuuskunta is domiciled in Turku.

Copies of HKFoods Plc's financial statements are available at the company's registered office at Lemminkäisenkatu 48, 20520 Turku.

## Accounting policies

### Basis of preparation

The parent company's financial statements have been prepared in compliance with valid Finnish Accounting Standards (FAS). The HKFoods Group's consolidated financial statements have been prepared in compliance with the IFRS (International Financial Reporting Standards) and the IAS and IFRS standards and SIC and IFRIC interpretations valid on 31 December 2024.

The amounts in the parent company's income statement and balance sheet are in euros and the amounts in the cash flow statement and notes are in thousands of euros.

### Non-current assets

Intangible and tangible assets have been measured at cost less accumulated depreciation and any impairment. Depreciation of assets is made on a straight-line basis over the expected useful life. Intangible assets are depreciated over 5-10 years and tangible assets over 2-10 years. Holdings in subsidiaries and associated companies as well as other shares and holdings are measured at cost less any impairment.

### Transactions in foreign currency

Foreign currency denominated transactions are recognised at the exchange rates valid on the transaction date. Trade receivables, trade payables and loan receivables denoted in foreign currencies, and foreign currency bank accounts have been translated into the functional currency at the closing rate quoted by the European Central Bank on the balance sheet date. Gains and losses arising from business transactions in foreign currencies, and from the translation of monetary items, have been recognised in financial income and expenses in the income statement.

### Derivative contracts

HKFoods Plc makes all external derivative contracts for the Group. Derivatives that are made for subsidiaries are handled with intercompany derivative contracts. Because of this HKFoods Plc has all the external derivatives of the Group and these are partly for the parent company and partly for subsidiaries.

Outstanding derivatives in foreign currencies are measured at the forward exchange rate quoted on the balance sheet date. Hedge accounting is not applied and changes in the value of foreign exchange contracts hedging commercial flows are recognised through profit or loss in other operating income or expenses, and changes in the value of foreign exchange contracts hedging financial items are recognised in the income statement in foreign exchange gains and losses from financing operations.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

Commodity derivatives all relate to subsidiaries and intercompany derivatives have been made. There is no income statement effect as the cash flows from the derivatives are eliminated by the intercompany derivative contracts with subsidiaries.

Hedge accounting is not applied. Fair values of these derivatives are netted in the balance sheet and they are reported in the notes.

Hedge accounting is not applied on interest rate swaps for the part that they hedge parent company's interest risk. The fair values of the derivatives are recorded in the balance sheet and changes in the fair values are recorded in the income statement in financial items. Realised gains or losses on interest rate swaps hedging variable-interest loans are presented under financial items in the income statement. Hedge accounting is also not applied on external interest rate swaps that relate to subsidiaries and intercompany derivatives. Income statement effect is eliminated by the intercompany derivative contract with subsidiaries. Fair values of these derivatives are netted in the balance sheet and they are reported in the notes.

The fair values of currency forward contracts are determined by using the market prices for contracts of equal duration at the reporting date. The fair values of interest rate swaps are determined using the net present value method supported by the market interest rate or other market information at the reporting date. If the market value given by a counterparty is used, the company also produces its own calculation using generally accepted valuation methods. The fair values of commodity derivatives are determined by using publicly quoted market prices. The fair values are equal to the prices which the company would have to pay, or would obtain, if it were to terminate a derivative instrument.

#### Pension plans

HKFoods Plc employees' statutory pension provision has been organised through insurance in a pension insurance company. Statutory pension expenses have been charged in the year to which the contributions relate.

#### Management retirement benefit obligations and severance payments

The remuneration of the CEO consists of a fixed monthly salary, benefits, supplementary pension benefits and possible incentive awards under the company's incentive scheme. Under the terms of the CEO's executive agreement, the CEO's employment may be terminated by the company and the CEO at six months' notice. In the event that the company terminates the CEO's executive agreement, the CEO will receive an amount that equals 12 months' salary, in addition to the salary for the period of notice.

Detailed information about management compensation is available in group financial statement note 4.

#### Income taxes

Consolidated accounting principles are applied to income taxes and deferred tax assets and liabilities when allowed under Finnish accounting principles. The deferred tax liability on depreciation difference is disclosed as a Note.

#### Leases

All leasing payments have been treated as rent. Leasing payments based on unpaid leasing agreements are shown in contingent liabilities in the financial statements.

#### Accumulated appropriations

Accumulated appropriations consist of change in depreciation difference. The difference in depreciation according to plan and accounting depreciation, is shown as an appropriation in the income statement, and the accumulated difference in depreciation according to plan and accounting depreciation, is shown in the balance sheet as accumulated appropriations.

# Notes to the parent company's income statement

(EUR 1,000)

## 1. Other operating income, total

	2024	2023
Other operating income	18,794	23,255
<b>Other operating income, total</b>	<b>18,794</b>	<b>23,255</b>

## 2. Staff costs

	2024	2023
Salaries and fees	-6,087	-7,426
Pension expenses	-1,153	-1,276
Other social expenses	-43	1,279
<b>Staff costs</b>	<b>-7,283</b>	<b>-7,423</b>
Managing directors and their deputies	719	577
Members of the Board of Directors	544	470
<b>Management salaries, fees and benefits</b>	<b>1,263</b>	<b>1,047</b>
Employees, average	50	53

## 3. Depreciation and impairment

	2024	2023
Depreciation according to plan on non-current assets and goodwill	-92	-166
<b>Total depreciation and impairment</b>	<b>-92</b>	<b>-166</b>

## 4. Other operating expenses

	2024	2023
Rents/leases	-1,736	-1,731
Losses on disposal of fixed assets, tangible assets total	-34,144	-4,413
<b>Losses on disposal of non-current assets</b>	<b>-34,144</b>	<b>-4,413</b>
Audit fees, ordinary audit	-206	-165
Audit fees, other expert services	-60	-9
<b>Audit fees</b>	<b>-266</b>	<b>-174</b>
Non-statutory staff costs	-775	-1,003
Energy	-44	-120
Maintenance	-53	-44
Advertising, marketing and entertainment costs	-159	-249
Service, information management and office costs	-12,000	-11,322
Other expenses	-1,555	-2,311
<b>Total other operating expenses</b>	<b>-50,732</b>	<b>-21,367</b>

Losses on disposal of fixed assets in 2024 results from the agreed sales of Swedish and Denmark business and in 2023 from the sales of Baltics business. More information on the subject is in Group's note 20 Assets and liabilities of disposal group classified as held for sale and discontinued operations.

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 5. Financial income and expenses

	2024	2023
<b>Financial income</b>		
Interest income from Group companies	19,364	25,642
Interest income from others	403	378
<b>Interest income</b>	<b>19,767</b>	<b>26,020</b>
Other financial income from others	2,224	5,337
<b>Other financial income</b>	<b>2,224</b>	<b>5,337</b>
<b>Total financial income</b>	<b>21,991</b>	<b>31,357</b>
<b>Financial expenses</b>		
Interest expenses payable to Group companies	-1,885	-1,500
Interest expenses payable to others	-17,218	-21,944
<b>Total other interest and financial expenses</b>	<b>-19,103</b>	<b>-23,444</b>
<b>Unrealised losses on fair value assessment</b>	<b>-363</b>	<b>-83</b>
Impairment in holdings in Group companies	-	-75,533
Impairment in holdings in associates	-3,986	-8,795
<b>Other financial expense</b>	<b>-3,986</b>	<b>-84,328</b>
<b>Total financial expenses</b>	<b>-23,452</b>	<b>-107,855</b>
<b>Financial income and expenses, total</b>	<b>-1,461</b>	<b>-76,498</b>

Impairment in holdings in Group companies results from the agreed sales of Swedish business in 2023. More information on the subject is in Group's note 20 Assets and liabilities of disposal group classified as held for sale and discontinued operations.

## 6. Appropriations

	2024	2023
Increase (-) or decrease (+) in depreciation difference	-	52
Group contribution income	<b>20,000</b>	<b>15,226</b>
<b>Total appropriations</b>	<b>20,000</b>	<b>15,278</b>

## 7. Direct taxes

	2024	2023
Change in deferred tax liabilities and assets	-2,345	-2,968
Other direct taxes	-27	-52
<b>Income tax on ordinary operations</b>	<b>-2,372</b>	<b>-3,020</b>



- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

# Notes to the parent company's balance sheet

(EUR 1,000)

## 8. Non-current assets

Intangible assets 2024	Intellectual property rights	Other long-term expenditure	Total
Acquisition cost on 1 Jan.	4,400	661	5,061
Increase	-178	-	-178
Decrease	293	-	293
<b>Acquisition cost on 31 Dec.</b>	<b>4,515</b>	<b>661</b>	<b>5,176</b>
Accumulated depreciation on 1 Jan.	-3,953	-661	-4,614
Depreciation for the financial period	-82	-	-82
<b>Accumulated depreciation on 31 Dec.</b>	<b>-4,035</b>	<b>-661</b>	<b>-4,696</b>
<b>Carrying amount on 31 Dec.</b>	<b>480</b>	<b>0</b>	<b>480</b>

Intangible assets 2023	Intellectual property rights	Other long-term expenditure	Total
Acquisition cost on 1 Jan.	4,006	661	4,667
Increase	201	-	201
Transfers between items	193	-	193
<b>Acquisition cost on 31 Dec.</b>	<b>4,400</b>	<b>661</b>	<b>5,061</b>
Accumulated depreciation on 1 Jan.	-3,796	-661	-4,457
Depreciation for the financial period	-157	-	-157
<b>Accumulated depreciation on 31 Dec.</b>	<b>-3,953</b>	<b>-661</b>	<b>-4,614</b>
<b>Carrying amount on 31 Dec.</b>	<b>447</b>	<b>0</b>	<b>447</b>

Tangible assets 2024	Machinery and equipment	Other tangible assets	Pre-payments	Total
Acquisition cost on 1 Jan.	1,159	427	303	1,889
Increase	-	-	163	163
Transfers between items	2	-	-296	-294
<b>Acquisition cost on 31 Dec.</b>	<b>1,161</b>	<b>427</b>	<b>170</b>	<b>1,758</b>
Accumulated depreciation on 1 Jan.	-1,152	-390	0	-1,542
Depreciation for the financial period	-2	-7	-	-9
<b>Accumulated depreciation on 31 Dec.</b>	<b>-1,154</b>	<b>-397</b>	<b>0</b>	<b>-1,551</b>
<b>Carrying amount on 31 Dec.</b>	<b>7</b>	<b>30</b>	<b>170</b>	<b>207</b>

Tangible assets 2023	Machinery and equipment	Other tangible assets	Pre-payments	Total
Acquisition cost on 1 Jan.	1,160	427	1,269	2,856
Decrease	-1	-	-773	-774
Transfers between items	-	-	-193	-193
<b>Acquisition cost on 31 Dec.</b>	<b>1,159</b>	<b>427</b>	<b>303</b>	<b>1,889</b>
Accumulated depreciation on 1 Jan.	-1,150	-384	0	-1,534
Accumulated depreciation on disposals	1	-	-	1
Depreciation for the financial period	-3	-6	-	-9
<b>Accumulated depreciation on 31 Dec.</b>	<b>-1,152</b>	<b>-390</b>	<b>0</b>	<b>-1,542</b>
<b>Carrying amount on 31 Dec.</b>	<b>7</b>	<b>37</b>	<b>303</b>	<b>347</b>

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

Financial assets 2024	Holdings in Group companies	Holdings in associates	Receivables from associates	Other shares and holdings	Total
Acquisition cost on 1 Jan.	340,897	0	0	499	341,396
Increase	36,240	-	-	397	36,637
Decrease	-117,374	-	-	-	-117,374
<b>Carrying amount on 31 Dec.</b>	<b>259,763</b>	<b>0</b>	<b>0</b>	<b>896</b>	<b>260,659</b>

Financial assets 2023	Holdings in Group companies	Holdings in associates	Receivables from associates	Other shares and holdings	Total
Acquisition cost on 1 Jan.	436,687	70	0	323	437,080
Increase	400	-	-	176	576
Decrease	-20,657	-70	-	-	-20,727
Impairment	-75,533	-	-	-	-75,533
<b>Carrying amount on 31 Dec.</b>	<b>340,897</b>	<b>0</b>	<b>0</b>	<b>499</b>	<b>341,396</b>

Company has sold Swedish and Danish business in 2024. More information on the subject is in Group's note 20 Assets and liabilities of disposal group classified as held for sale and discontinued operations.

Impairment in holdings in Group companies in 2023 resulted from the agreed sales of Swedish business. Holdings in Swedish Group companies in were measured at EUR 115.5 million purchase price deducted with transaction costs.

Intangible assets	2024	2023
Intellectual property rights	480	447
<b>Intangible assets</b>	<b>480</b>	<b>447</b>
<b>Tangible assets</b>		
Machinery and equipment	7	7
Other tangible assets	30	37
Payments on account and tangible assets in the course of construction	170	303
<b>Tangible assets</b>	<b>207</b>	<b>347</b>
<b>Financial assets</b>		
Holdings in Group companies	259,763	340,897
Other shares and holdings	896	499
<b>Financial assets</b>	<b>260,659</b>	<b>341,396</b>
<b>Total non-current assets</b>	<b>261,346</b>	<b>342,190</b>

### 2 Report of the Board of Directors

### 18 Sustainability Statement

21 ESRS 2 - General disclosures

48 E - Environment

71 S - Social responsibility

98 G - Good governance

### 106 Financial Statements 2024

106 Consolidated income statement for 1 January - 31 December

107 Consolidated statement of comprehensive income 1 January - 31 December

108 Consolidated balance sheet on 31 December

109 Consolidated cash flow statement

110 Statement of changes in consolidated equity

112 Notes to the financial statements for 2024

123 Notes to income statement

133 Notes to the balance sheet

162 Parent company income statement for 1 January - 31 December

163 Parent company balance sheet 31 December

164 Parent company cash flow statement

165 Notes to the parent company's financial statements

167 Notes to the parent company's income statement

169 Notes to the parent company's balance sheet

177 Signatures to the financial statement and report of the Board of Directors

177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 9. Non-current receivables

	2024	2023
Non-current loan receivables	181	381
Non-current Group loan receivables	158,721	235,735
Other receivables	9,200	23,300
Prepayments and accrued income	102	1,025
<b>Total</b>	<b>168,204</b>	<b>260,441</b>
Deferred tax assets	5,016	7,609

Non-current other receivables include EUR 9.2 million conditional purchase price receivable from the sale of Baltic operations. In addition current receivables include EUR 4.1 million current portion of the conditional purchase price receivable and EUR 10.0 million fixed purchase price receivable.

On 31 December 2024, the company had EUR 14 (14) million of losses, of which no deferred tax receivable has been recognized. The losses in taxation expire with the following schedule: EUR 14.5 million in 2027, EUR 9.9 million in 2028, EUR 10.0 million in 2029 and EUR 1.6 million in 2031. Utilisation of deferred tax asset from losses is based on the same assumptions that are used in group note 16.

## 10. Current receivables

	2024	2023
Trade receivables	330	73
Short-term receivables (from others)	-	1
Short-term prepayments from accrued income (from others)	18,226	8,174
<b>Total</b>	<b>18,556</b>	<b>8,248</b>

### RECEIVABLES FROM GROUP COMPANIES

Trade receivables	632	829
Loan receivables	399	7,044
Other receivables	36	187
Group contribution receivables	20,000	15,226
<b>Total</b>	<b>21,067</b>	<b>23,286</b>

**Total current receivables** **39,623** **31,534**

### MAIN ITEMS INCLUDED IN PREPAYMENTS AND ACCRUED INCOME

Accrued financial items	469	1,206
Accrued interest receivables	241	566
Accrued staff costs	14	19
Other prepayments and accrued income	17,502	6,383
<b>Total</b>	<b>18,226</b>	<b>8,174</b>

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 11. Equity

Equity in 2024	Share capital	Share premium reserve	Treasury shares	Fair value reserve	RIUE	Other reserves	Retained earnings	Total
Equity on 1 Jan.	66,820	73,420	-3,831	0	216,227	4,931	-17,434	340,133
Increase	-	-	-5,267	-	-	-	-	-5,267
Profit for the period	-	-	-	-	-	-	-23,145	-23,145
<b>Equity on 31 Dec.</b>	<b>66,820</b>	<b>73,420</b>	<b>-9,098</b>	<b>0</b>	<b>216,227</b>	<b>4,931</b>	<b>-40,579</b>	<b>311,721</b>

Equity in 2023	Share capital	Share premium reserve	Treasury shares	Fair value reserve	RIUE	Other reserves	Retained earnings	Total
Equity on 1 Jan.	66,820	73,420	-4,083	0	216,034	4,931	52,760	409,882
Increase	-	-	-	-	193	-	-	193
Direct recognition in retained earnings	-	-	252	-	-	-	-252	0
Profit for the period	-	-	-	-	-	-	-69,942	-69,942
<b>Equity on 31 Dec.</b>	<b>66,820</b>	<b>73,420</b>	<b>-3,831</b>	<b>0</b>	<b>216,227</b>	<b>4,931</b>	<b>-17,434</b>	<b>340,133</b>

Distributable equity	2024	2023
Contingency reserve	653	653
Treasury shares	-9,098	-3,832
Reserve for invested unrestricted equity	216,227	216,227
Retained earnings	-17,436	52,507
Profit/loss for the period	-23,145	-69,942
<b>Distributable equity</b>	<b>167,201</b>	<b>195,613</b>

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 12. Accumulated appropriations

	2024	2023
Depreciation difference	-	-
<b>Total appropriations</b>	<b>0</b>	<b>0</b>

The unrecognised deferred tax liability on depreciation difference is EUR 0.

## 13. Statutory provisions

	2024	2023
Provisions for pensions	2,398	2,393
<b>Statutory provisions, total</b>	<b>2,398</b>	<b>2,393</b>

## 14. Non-current liabilities

	2024	2023
Deferred tax liability	141	389
Hybrid loan	25,920	25,920
Bond	90,000	90,000
Loans from financial institutions	1,808	116,425
Other liabilities	1,294	1,188
<b>Total</b>	<b>119,163</b>	<b>233,922</b>
<b>Total non-current liabilities</b>	<b>119,163</b>	<b>233,922</b>
Interest-bearing		
Amounts owed to others	117,728	232,345
<b>Non-current interest-bearing liabilities</b>	<b>117,728</b>	<b>232,345</b>
Non-interest-bearing		
Amounts owed to others	1,435	1,577
<b>Non-current non-interest-bearing liabilities</b>	<b>1,435</b>	<b>1,577</b>
<b>Total non-current liabilities</b>	<b>119,163</b>	<b>233,922</b>

In 2024 the company issued EUR 90.0 million bond maturing in June 2027 with 3 month Euribor + 7.5 per cent coupon interest. In addition, company has issued a hybrid bond in 2018 amounting to EUR 40 million with 8 per cent coupon interest. After the conversions carried out in the context of the share issue in June 2019, the outstanding amount is EUR 25.9 million. Hybrid bond does not have specified maturity, but the company has right to redeem it on the fifth anniversary of the issue date and subsequently on each annual coupon interest payment date. The Group did not use the first redemption option and as result the interest rate increased. New coupon since September 19th, 2023 is 16 per cent. An interest payment obligation is set up if the Annual Shareholders' Meeting decides to distribute dividends. If no dividend is distributed, the company can decide upon the payment of interest separately.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 15. Current liabilities

	2024	2023
Loans from financial institutions	6,597	9,186
Advance payments	-	25,000
Trade payables	2,963	4,124
Accruals and deferred income	4,892	7,080
Other liabilities	2,412	1,894
<b>Total</b>	<b>16,864</b>	<b>47,284</b>

### Amounts owed to Group companies

Trade payables	46	21
Accruals and deferred income	87	29
Other liabilities	56,229	42,000
<b>Total</b>	<b>56,362</b>	<b>42,050</b>

### Total current liabilities

**73,226**      **89,334**

### Interest-bearing

Current amounts owed to Group companies	56,228	42,000
Amounts owed to others	6,597	9,186
<b>Current interest-bearing liabilities</b>	<b>62,825</b>	<b>51,186</b>

### Non-interest-bearing

Current amounts owed to Group companies	134	50
Amounts owed to others	10,267	38,098
<b>Current non-interest-bearing liabilities</b>	<b>10,401</b>	<b>38,148</b>

### Total current liabilities

**73,226**      **89,334**

	2024	2023
<b>Main items (non-current and current) included in accruals and deferred income</b>		
Accrued staff costs	2,015	1,871
Accrued interest expenses	1,657	3,515
Accrued changes in value of derivatives	145	1,675
Other accruals and deferred income	1,075	19
<b>Total</b>	<b>4,892</b>	<b>7,080</b>

### Liabilities due in five years or more

<b>Liabilities due in more than five years</b>	<b>0</b>	<b>0</b>
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### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## 16. Commitments and contingent liabilities

	2024	2023
<b>Debts secured by mortgages and shares</b>		
Loans from financial institutions	2,955	36,000
Bonds	90,000	-
Lease liabilities	10,730	-
<b>Total</b>	<b>103,685</b>	<b>36,000</b>
Real estate pledges and mortgages	377,332	61,265
<b>Total</b>	<b>377,332</b>	<b>61,265</b>
<b>Security for debts of subsidiaries and other group companies</b>		
Guarantees	535	1,330
<b>Total</b>	<b>535</b>	<b>1,330</b>
<b>Security for debts of others</b>		
Guarantees	6,197	1,319
<b>Total</b>	<b>6,197</b>	<b>1,319</b>
<b>Leasing and rental commitments</b>		
Maturing in less than a year	1,447	1,735
Maturing in 1-5 years	1,227	2,647
<b>Total</b>	<b>2,674</b>	<b>4,382</b>
<b>Total other contingencies</b>	<b>2,674</b>	<b>4,382</b>

## 17. Derivative instruments

	2024	2024	2024	2023	2024	2023
	Positive fair value	Negative fair value	Fair value net	Fair value net	Nominal value	Nominal value
<b>Interest rate derivatives</b>	1	-167	-166	187	30,000	20,000
matured in 2024	-	-	-	119	-	10,000
matures in 2025	1	-	1	68	10,000	10,000
matures in 2026	-	-	-	-	-	-
matures in 2027	-	-167	-167	-	20,000	-
matures in 2028	-	-	-	-	-	-
matures in >2028	-	-	-	-	-	-
of which defined as cash flow hedging instruments	-	-	-	-	-	-
<b>Foreign exchange derivatives</b>	93	-276	-184	-1,514	10,082	89,842
of which defined as net investment hedging instruments	-	-	-	-	-	-
<b>Commodity derivatives</b>	742	-742	-	-	-	-
matured in 2024	-	-	-	-	-	-
matures in 2025	742	-742	-	-	-	-
matures in 2026	-	-	-	-	-	-
matures in 2027	-	-	-	-	-	-
matures in 2028	-	-	-	-	-	-
of which defined as cash flow hedging instruments	-	-	-	-	-	-

Nominal values of external derivatives that are eliminated due to intercompany derivatives are netted to zero in the table above. The nominal values are EUR 4,425 (8,556) thousand foreign exchange derivatives, EUR 3,227 (3,358) thousand commodity derivatives, EUR 0 (0) thousand interest rate derivatives.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Fair value hierarchy

	2024	Level 1	Level 2	Level 3
Derivatives, positive fair value				
Interest rate swaps	1	-	1	-
Foreign exchange derivatives	93	-	93	-
Commodity derivatives	742	-	742	-
<b>Total</b>	<b>836</b>	<b>-</b>	<b>836</b>	<b>-</b>
Derivatives, negative fair value				
Interest rate swaps	-167	-	-167	-
Foreign exchange derivatives	-276	-	-276	-
Commodity derivatives	-742	-	-742	-
<b>Total</b>	<b>-1,186</b>	<b>-</b>	<b>-1,186</b>	<b>-</b>

	2023	Level 1	Level 2	Level 3
Derivatives, positive fair value				
Interest rate swaps	187	-	187	-
Foreign exchange derivatives	193	-	193	-
Commodity derivatives	5,198	-	5,198	-
<b>Total</b>	<b>5,579</b>	<b>-</b>	<b>5,579</b>	<b>-</b>
Derivatives, negative fair value				
Interest rate swaps	-	-	-	-
Foreign exchange derivatives	-1,707	-	-1,707	-
Commodity derivatives	-5,198	-	-5,198	-
<b>Total</b>	<b>-6,905</b>	<b>-</b>	<b>-6,905</b>	<b>-</b>

The fair values of Level 1 instruments are based on prices quoted on the market. The fair values of Level 2 instruments are, to a significant degree, based on inputs other than the quoted prices included in Level 1 but nonetheless observable for the relevant asset or liability either directly or indirectly (derived from prices). In determining the fair value of these instruments, the company uses generally accepted measurement models, the inputs of which are nonetheless to a considerable degree based on observable market information. The fair values of Level 3 instruments are based on inputs which are not based on observable market information; rather to a significant degree on Management estimates and measurement models generally acceptable for their use.



## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

## Signatures to the financial statement and report of the Board of Directors

Financial statements prepared according to applicable accounting standards give true and fair view of the company and group assets, liabilities, financial position and profit/loss for the period.

The report of the board of directors gives true view of the company's and group's business development and result and description of the most significant risks and uncertainties and other status of the company.

Sustainability report included in the report of the board of directors has been prepared according to accounting act chapter 7 reporting standards and article 8 of the taxonomy act.

Vantaa, 28 February 2025

**Reijo Kiskola**  
Chairman of the Board

**Lauri Sipponen**  
Member of the Board

**Terhi Tuomi**  
Member of the Board

**Ilkka Uusitalo**  
Member of the Board

**Juha Ruohola**  
CEO

**Jari Mäkilä**  
Deputy chairman of the Board

**Niclas Diesen**  
Member of the Board

**Anne Koutonen**  
Member of the Board

**Sami Yski**  
Member of the Board

## Auditor's note

A report on the audit carried out has been submitted today.

Helsinki, 28 February 2025

**Ernst & Young Oy**  
Authorized Public Accountants

**Maria Onniselkä**  
APA

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

# Auditor's report (Translation of the Finnish original)

To the Annual General Meeting of HKFoods Plc

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of HKFoods Plc (business identity code 0111425-3) (former HKScan Corporation) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

#### In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 6 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

#### Key Audit Matter

##### Revenue recognition

We refer to the group's accounting policies and the note 1.

HKFoods sells food products, feed, animals and minor amount of services. Revenue consists of product and service sales, which is adjusted with discounts and translation differences resulting from sales in foreign currencies. The Group fulfils its performance obligation and recognises revenue when the control over product or service has been transferred to the buyer.

Revenue recognition was key audit matter due to risk related to correct timing of revenue and discounts.

This matter was also a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).

##### Valuation of goodwill, intangible and tangible assets

We refer to the group's accounting policies and the notes 5, 10, 11, 12 and 13.

At the balance sheet date, the value of tested goodwill, intangible and tangible assets amounted to 296 M€ representing 56 % of the total assets and 137 % of the total equity.

Valuation of goodwill, intangible and tangible assets was a key audit matter because the impairment testing imposes estimates and judgment. The group management uses assumptions in respect of determining discount rate as well as future market and economic conditions such as economic growth, expected inflation rates, expected market share and revenue and profitability developments.

This matter was also a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).

#### How our audit addressed the Key Audit Matter

Our audit procedures to address the risk of material misstatement in respect of correct timing of revenue recognition included among others:

- We assessed the compliance of the group's accounting policies over revenue recognition with applicable accounting standards.
- We assessed the group's controls over timing of revenue recognition and over the calculation of discounts and credits.
- We tested using analytical procedures and transaction level testing the underlying calculations of discounts and credits, the correct timing of their recognition and compliance with the contract terms.
- We tested the timing of revenue with analytical procedures and testing on a transaction level either side of the balance sheet date as well as credit notes prepared after the balance sheet date.
- We considered the appropriateness of the group's disclosures in respect of revenues.

Our audit procedures to address the risk of material misstatement in respect of valuation of goodwill, intangible and tangible assets included among others:

- We involved our valuation specialists to assist us in evaluating the assumptions and methodologies used by the group. Audit focused among others to those relating to the forecasted profitability, volume of replacement investments and discount rates used.
- We focused on analysing by cash generating unit how the profitability has been derived from the historical performance and the budget prepared by the management.
- We assessed the historical accuracy of the management's estimates.
- We tested the mathematical accuracy of the calculation.
- We considered the appropriateness of the group's disclosures in respect of impairment testing.

#### Key Audit Matter

##### Valuation of deferred tax asset

We refer to the group's accounting policies and the notes 8 and 16.

Deferred tax asset arising from tax losses carried forward, deferred tax depreciation and deferred interest expenses subject to interest deduction limit can be recognized when IAS 12 Income Taxes -standard's recognition criteria are met.

Valuation of deferred tax asset was a key audit matter because the management's assessment regarding the utilization of the tax losses carried forward, deferred tax depreciation and deferred interest deductions involves management's assumptions and judgement.

This matter was also a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).

##### Valuation of inventory

We refer to the group's accounting policies and the note 17.

At the balance sheet date, the value of inventory amounted to 60 M€. The valuation of the inventory was a key audit matter as the amount of inventory in the financial statements is material and imposes management judgement.

#### How our audit addressed the Key Audit Matter

Our audit procedures to address the risk of material misstatement in respect of valuation of deferred tax asset included among others:

- We assessed the compliance of the group's accounting policies over the recording deferred tax assets with applicable accounting standards.
- We evaluated the estimates made by management with respect to utilization of the tax losses carried forward, deferred tax depreciation and deferred interest deduction.
- We considered the appropriateness of the group's disclosures about the deferred tax assets.

We performed, among others, the following audit procedures:

- We assessed the group's accounting principles related to the valuation of inventories.
- We tested using analytical procedures and testing the underlying analyses and calculations prepared by the management relating to the costing of finished and semi-finished goods and determining the net realizable value. We familiarized ourselves regarding the relevant controls and processes.
- We also considered the appropriateness of the group's disclosures in respect of balance sheet values and the accounting principles concerning the valuation of inventories.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

#### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Reporting Requirements

#### Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 12 April 2018, and our appointment represents a total period of uninterrupted engagement of seven years.

#### Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinions based on assignment of the Annual General Meeting

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the distributable equity shown in the balance sheet for the parent company is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us

Helsinki 28.2.2025

Ernst & Young Oy  
Authorized Public Accountant Firm

Maria Onniselkä  
Authorized Public Accountant

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
110	Statement of changes in consolidated equity
112	Notes to the financial statements for 2024
123	Notes to income statement
133	Notes to the balance sheet
162	Parent company income statement for 1 January - 31 December
163	Parent company balance sheet 31 December
164	Parent company cash flow statement
165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

# Assurance report on the sustainability statement

(Translation of the Finnish original)

## To the Annual General Meeting of HKFoods Plc

We have performed a limited assurance engagement on the group sustainability statement of HKFoods Plc (business identity code 0111425-3) (former HKScan Corporation) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1.1.-31.12.2024.

### Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability statement does not comply, in all material respects, with

- 1) the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
- 2) the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which HKFoods Plc has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the group sustainability statement with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

### Basis for Opinion

We performed the assurance of the group sustainability statement as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Our responsibilities under this standard are further described in the *Responsibilities of the Group Sustainability Auditor* section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matter

We draw attention to the fact that the group sustainability statement of HKFoods Plc that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.-31.12.2024. Our opinion does not cover the comparative information that has been presented in the group sustainability statement. Our opinion is not modified in respect of this matter.

### Group sustainability auditor's Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

#### 18 Sustainability Statement

- 21 ESRS 2 - General disclosures
- 48 E - Environment
- 71 S - Social responsibility
- 98 G - Good governance

#### 106 Financial Statements 2024

- 106 Consolidated income statement for 1 January - 31 December
- 107 Consolidated statement of comprehensive income 1 January - 31 December
- 108 Consolidated balance sheet on 31 December
- 109 Consolidated cash flow statement
- 110 Statement of changes in consolidated equity
- 112 Notes to the financial statements for 2024
- 123 Notes to income statement
- 133 Notes to the balance sheet
- 162 Parent company income statement for 1 January - 31 December
- 163 Parent company balance sheet 31 December
- 164 Parent company cash flow statement
- 165 Notes to the parent company's financial statements
- 167 Notes to the parent company's income statement
- 169 Notes to the parent company's balance sheet
- 177 Signatures to the financial statement and report of the Board of Directors
- 177 Auditor's note

#### 178 Auditor's report

#### 182 Assurance report on the sustainability statement

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of HKFoods Plc are responsible for:

- the Group sustainability statement and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and
- the compliance of the group sustainability statement with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability statement that is free from material misstatement, whether due to fraud or error.

### Inherent Limitations in the Preparation of a Sustainability Statement

The preparation of the group sustainability statement requires a materiality assessment from the company in order to identify relevant disclosures. This significantly involves management judgment and choices. Group Sustainability reporting is also characterized by estimates and assumptions, as well as measurement and estimation uncertainty.

The determination of greenhouse gases is subject to inherent uncertainty due to the incomplete scientific data used to determine the emission factors and the numerical values needed to combine emissions of different gases.

In addition, when reporting forward-looking information, the company must make assumptions about possible future events and disclose the company's possible future actions in relation to these events. The actual outcome may be different because predicted events do not always occur as expected.

### Responsibilities of the Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability statement.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional scepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability statement, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

## Report of the Board of Directors and Financial Statements

### 2 Report of the Board of Directors

### 18 Sustainability Statement

21	ESRS 2 - General disclosures
48	E - Environment
71	S - Social responsibility
98	G - Good governance

### 106 Financial Statements 2024

106	Consolidated income statement for 1 January - 31 December
107	Consolidated statement of comprehensive income 1 January - 31 December
108	Consolidated balance sheet on 31 December
109	Consolidated cash flow statement
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112	Notes to the financial statements for 2024
123	Notes to income statement
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165	Notes to the parent company's financial statements
167	Notes to the parent company's income statement
169	Notes to the parent company's balance sheet
177	Signatures to the financial statement and report of the Board of Directors
177	Auditor's note

### 178 Auditor's report

### 182 Assurance report on the sustainability statement

Our procedures included for ex. the following:

- We have interviewed the key persons responsible for collecting and reporting the information included in the group sustainability statement.
- Through interviews, we gained an understanding of the group's control environment related to the group sustainability reporting process.
- We evaluated the implementation of the company's double materiality assessment process against the requirements of ESRS standards and the compliance of the information provided for the double materiality assessment with ESRS standards.
- We assessed whether the group sustainability statement in material respect meets the requirements of ESRS standards for material sustainability topics:
  - We have tested the accuracy of the information presented in the group sustainability statement by comparing the information on a sample basis with supporting company documentation.
  - We have on a sample basis performed analytical assurance procedures and related inquiries, recalculation and inspected documentation, as well as tested data aggregation to assess the accuracy of the group sustainability statement.
- We gained an understanding of the process by which a company has defined taxonomy-eligible and taxonomy-aligned economic activities and evaluate the regulatory compliance of the information provided.

Helsinki 28.2.2025

Ernst & Young Oy  
Authorized Sustainability Audit Firm

Maria Onniselkä  
Authorized Sustainability Auditor



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