



HKFOODS

Interim Report
1 January–31 March 2025

7 May 2025

HKFoods' Interim Report 1 January–31 March 2025

HKFoods' profitability grew clearly in January–March 2025

January–March 2025

- HKFoods' net sales from continuing operations increased by 2.2 per cent to EUR 233.7 (228.7) million. Sales growth in the food service channel continued, allowing HKFoods to further strengthen its position in the market. Consumer demand in Finland weakened from the comparison period and shifted especially to lower-priced products. In particular, demand for meat products declined. Export sales grew significantly, but the increase was mainly due to the exceptionally weak sales in the comparison period.
- The Group's EBIT from continuing operations strengthened and totalled EUR 4.6 (1.2) million.
- Comparable EBIT from the Group's continuing operations was EUR 4.6 (1.4) million. A better sales mix, production efficiency measures and cost savings improved HKFoods' EBIT in the review period. The efficiency programme progressed as planned. Investments in production and efficiency measures increased operational efficiency and improved the company's profitability.
- The need for less profitable meat exports decreased from the comparison period, which improved HKFoods' sales mix and profitability. Growth in exports of meat products also strengthened the structure of export sales.
- Cash flow from business operations, including discontinued operations, was EUR -4.7 (1.8) million. The difference from the comparison period is due to the timing of the sale of the Swedish business in Q1/2024 and Easter taking place in the first quarter of 2024.
- HKFoods' balance sheet strengthened, and interest-bearing net debt decreased to EUR 160.1 (208.0) million. Net gearing was 74.1 (93.8) per cent.
- Interest-bearing net debt excluding leasing liabilities under IFRS 16 was EUR 74.0 (114.8) million.
- The Group's result for the financial year from continuing operations was EUR 0.8 (-3.8) million.
- The Annual General Meeting decided on 23 April 2025 that no dividend is to be paid for the financial year 2024. The Annual General Meeting resolved to distribute EUR 0.09 per share from the company's reserve for invested unrestricted equity for 2024. In addition, the Annual General Meeting authorised the Board of Directors to resolve on the distribution of the funds recorded in the reserve for invested unrestricted equity, at its discretion, up to a maximum of EUR 0.05 per share. Under the authorisation, the Board of Directors could decide to distribute funds in one or more instalments.

The figures in parentheses refer to the same period in the previous year, unless otherwise mentioned. The figures are unaudited.

Outlook for 2025

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

Key figures, net sales, continuing operations

(EUR million)	1-3/2025	1-3/2024	2024
Net sales	233.7	228.7	1,001.8

Key figures, EBIT, continuing operations

(EUR million)	1-3/2025	1-3/2024	2024
EBIT	4.6	1.2	22.4
- % of net sales	2.0	0.5	2.2
Comparable EBIT	4.6	1.4	27.7
- % of net sales	2.0	0.6	2.8

Key figures, other

(EUR million)	1-3/2025	1-3/2024	2024
EBITDA, continuing operations	12.1	8.9	56.3
Profit before taxes, continuing operations	1.2	-3.7	4.2
- % of net sales	0.5	-1.6	0.4
Profit for the period, continuing operations	0.8	-3.8	-1.8
- % of net sales	0.4	-1.7	-0.2
EPS, EUR, continuing operations	0.00	-0.05	-0.09
Comparable EPS, EUR, continuing operations	0.00	-0.05	-0.04
Cash flow from operating activities, incl. discontinued operations	-4.7	1.8	60.8
Cash flow after investing activities, incl. discontinued operations	-9.9	73.9	141.7
Return on capital employed (ROCE) before taxes, %, incl. discontinued operations	6.8	-0.2	0.9
Interest-bearing net debt	160.1	208.0	149.8
Net gearing, %	74.1	93.8	69.5

HKFoods' CEO Juha Ruohola

The company's profitability clearly improved in January–March 2025. Net sales from HKFoods' continuing operations increased by 2.2 per cent to EUR 233.7 (228.7) million. The comparable EBIT for the first quarter was EUR 4.6 (1.4) million. The review period's comparable EBIT was 2.0 (0.6) per cent. The company's EBIT target is 4 per cent.

The company's financial performance has clearly improved. The first quarter of 2025 was already the ninth consecutive quarter for the company in which the comparable EBIT increased from the comparison period. I am particularly pleased that we were able to show strong performance in the first quarter, which is traditionally the weakest quarter of the year. The result for the financial year also turned positive.

Investments in production and efficiency measures increased operational efficiency and improved the company's profitability. A better sales mix, production efficiency measures and cost savings improved HKFoods' EBIT in the review period. The efficiency programme progressed as planned.

Consumer demand in Finland weakened from the comparison period and shifted especially to lower-priced products. Demand for meat products, in particular, declined, which weakened the sales of HKFoods' own brands. Our food service sector has managed to further increase its share in a declining market and our export sales increased significantly.

Our investments are progressing both in the manufacture of ready-to-eat products in our Eura unit and in the ready meals production in our Vantaa unit. With these investments, we will increase the added value of our products in line with our strategy. With the Vantaa investment, we will also increase our meal preparation capacity and develop new high-quality meals for consumers' various food moments.

A three-day strike in the meat sector due to a labour dispute in the food industry disrupted our business after the review period in April. HKFoods' units in Forssa, Mikkeli and Vantaa were covered by the strike. The strike significantly affected the availability of our products and caused a pig backlog at our contract farms. Clearing the backlog will cause additional costs.

The shortage of minced beef became a public issue during the first quarter. The situation is due to a significant reduction in the number of cattle in Finland. Especially the number of dairy farms, and thus the number of dairy cows, has fallen significantly. Forecasts indicate that a similar trend will continue in the future, which means that there will continue to be a shortage of beef. It is important for HKFoods to maintain self-sufficiency in domestic meat. This is also of importance for national security of supply.

HKFoods' vision is to be the most valued partner of food moments. Guided by our vision, we will continue to work 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. This is a collaborative effort with customers, consumers, contract farmers and other company partners.

HKFoods' first Sustainability Statement under the EU Corporate Sustainability Reporting Directive (CSRD) and ESRS reporting standards was published in March 2025 as part of the report of the Board of Directors. The Sustainability Statement covers issues material to the entire HKFoods value chain, the most important of which are climate change adaptation and mitigation, the wellbeing and skills of our own workforce, consumer health and safety, and animal welfare. We will continue to work even more determinedly on these material themes.

At HKFoods, we will continue to implement our long-term strategy by improving the competitiveness of our core business and the profitability of our operations, as well as restoring the balance sheet health and reducing financing costs.

Key events in January–March 2025

HKFoods to increase efficiency by moving operations away from Paimio

HKFoods is building a stronger foundation for the future competitiveness of its business and improving profitability by streamlining its operations. The company decided to transfer Paimion Teurastamo Oy's operations to the external service provider Liha Hietanen Oy in Sastamala from 31 March 2025, after which the Paimio-based production unit was closed. The Paimio unit slaughtered cattle and sows.

Through the efficiency plan, HKFoods aims to achieve annual savings of around one million euros, which will start to accrue from Q2/2025. Overall, these savings are expected to be realised in the course of 2026.

Details on the matter were provided in the following release: [7 March 2025](#)

HKFoods Plc cancelled treasury shares

The Board of Directors of HKFoods Plc resolved to cancel 8,376,408 series A and 665,000 series K treasury shares. The cancellation was registered in the trade register on 25 March 2025.

The cancellation reduced the number of issued series A and K shares with the corresponding amount but had no effect on the share capital. The cancelled amount equalled approximately 8.95 per cent of the total number of series A shares, approximately 12.31 per cent of the total number of series K shares and approximately 9.14 per cent of the total number of shares in the Company before the cancellation.

After the cancellation, the total number of shares and votes in the Company are 85,175,373 series A shares, representing the same number of votes, 4,735,000 series K shares, representing 94,700,000 votes and in total 89,910,373 shares, representing 179,875,373 votes.

Details on the matter were provided in the following release: [20 March 2025](#)

Flavoured Salt innovation

HKFoods has developed a new Flavoured Salt that has reduced the salt content of several HK® and Kariniemen® products by up to 25% while retaining the familiar taste. Part of the salt in these products has been replaced by the new Flavoured Salt. There is no sodium in Flavoured Salt.

The new Flavoured Salt consists of potassium chloride and flavourings. HKFoods has exclusive rights to it for the time being. The first renewed products were launched in January 2025.

Details on the matter were provided in Finnish in the following releases: [28 January 2025](#) and [11 April 2025](#).

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 a key part of 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 environmental sustainability topics material to HKFoods' business include climate change, water, biodiversity and circular economy. In terms of social responsibility, material sustainability topics include staff health, safety and working conditions, equal treatment, skills development and diversity. In addition, good governance, corporate culture and animal welfare are key sustainability themes. 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.

Corporate Responsibility

HKFoods' first Sustainability Statement under the EU Corporate Sustainability Reporting Directive (CSRD) and ESRS reporting standards was published from 2024 as part of the report of the Board of Directors. The Sustainability Statement covers issues material to the entire HKFoods value chain, the most important of which are climate change adaptation and mitigation, the wellbeing and skills of own workforce, consumer health and safety, and animal welfare.

Events in January–March 2025 included:

Climate change

HKFoods has joined a consortium collaboration to calculate the carbon footprint of the cattle chain; the gradual implementation of the calculator was started during the review period at HKFoods' cattle farms. Valio Carbo® Environmental Calculator is a tool developed to assess the environmental impact of the Finnish dairy and meat sector, providing Finnish dairy and meat producers with a common national standard for the carbon footprint calculation. The uniform calculation model reduces the uncertainty associated with environmental impact assessment and provides reliable, transparent and comparable results.

Biodiversity

HKFoods continued the development of the environmental impact calculation system by digitising the life cycle models of the Natural Resources Institute Finland (Luke) for pork, poultry and field crops. This enables the calculation of the water and carbon footprint and biodiversity impacts of primary production. The implementation of the calculation model will be gradually extended to HKFoods' contract farms during 2025.

Own workforce

HKFoods' aim is to create a safe and healthy working community where employee experience, inclusive corporate culture, continuous learning and wellbeing are key elements.

In 2025, HKFoods will continue to develop its corporate culture by investing in staff training, wellbeing and safety and in high-quality management. In the first quarter, the company continued the wellbeing models and support schemes launched in the previous year, with the aim of supporting the physical, social and mental wellbeing of employees. In addition, HKFoods introduced an employee bike benefit, Kiila rehabilitation programmes were launched and a new group of students started studying for the Specialist Vocational Qualification in Leadership and Management.

HKFoods makes goal-oriented efforts towards zero accidents at work. HKFoods' key objective is to be a safe workplace for its own workforce and for its partners operating in the units. During the review period, the company revised the method of calculating accident frequency to the Group level. The LTIR figure also covers information of the subsidiaries Kivikylän kotipalvaamo Oy and Lihatukku Harri Tamminen Oy. HKFoods group's Lost Time Injury Rate (LTIR) of work accidents leading to sick leave among group's own workforce in Finland and Poland for the previous 12 months was 20.4 (no comparison figure available for 2024).

In terms of occupational safety, HKFoods continues the harmonisation and development of critical processes. During the first quarter, safety incident handling and forklift safety have been further developed and the new HESQ system has been introduced.

Consumers and nutrition

The company launched its Flavoured Salt innovation, which enables HKFoods to reduce the amount of sodium, harmful to health, in its products by up to 25%. In the first phase, the Flavoured Salt was introduced in HK® whole meat cold cuts and in Kariniemen® seasoned and marinated fillet products, the company's largest volume products.

Group net sales and EBIT

January–March

Net sales

HKFoods' net sales from continuing operations increased by 2.2 per cent to EUR 233.7 (228.7) million. Consumer demand in Finland weakened from the comparison period and shifted especially to lower-priced products. In particular, demand for meat products declined, weakening the sales of HKFoods' own brands. In addition, all of the comparison period's Easter sales took place in March, which weakened HKFoods' sales growth in the review period. Industrial sales declined as planned, with a significant impact on net sales. Sales growth continued in poultry products. Sales growth in the food service channel continued in all product categories, allowing HKFoods to further strengthen its position in the market.

Export sales grew significantly, but the increase was mainly due to exceptionally weak sales in the comparison period as a result of the port strikes in spring 2024. Following the business divestments in Sweden and Denmark, bacon sales by the Polish bacon unit to Sweden and Denmark have been reported as external sales from April 2024 and November 2024 respectively. This contributed to higher net sales and increased the share of exports in net sales.

EBIT

HKFoods' EBIT from continuing operations strengthened and totalled EUR 4.6 (1.2) million. The comparable EBIT from continuing operations was EUR 4.6 (1.4) million.

An item affecting comparability of EUR 0.0 (-0.2) million was recorded in continuing operations. Items affecting comparability are described in more detail in the Tables section of this report.

HKFoods' better sales mix, production efficiency measures and cost savings improved EBIT in January–March. Due to commercial activities and comprehensive product portfolio, sales to the food service channel increased. The need for less profitable meat exports decreased from the comparison period, which improved HKFoods' sales mix and improved profitability. Growth in exports of meat products also strengthened the structure of export sales.

The efficiency programme progressed as planned during the review period. Increased production volumes together with production efficiency measures have increased production efficiency and improved the company's profitability. Cost levels remained high in January–March 2025. Inflation rose from the same period last year due to high costs of external services and general wage increases. The impact of HKFoods' efficiency measures exceeded the cost increase resulting from inflation, which improved the company's profitability.

Balance, cashflow and financing

At the end of March 2025, HKFoods' balance sheet total was EUR 527.2 (598.0) million. The Group's interest-bearing debt at the end of March was EUR 193.9 (227.4) million including an IFRS 16 lease liability of EUR 86.1 (93.2) million. The company's net debt decreased from the comparison period by EUR 47.9 million to EUR 160.1 (208.0) million. From the turn of the year, the seasonal growth in the net debt was EUR 10.3 million. HKFoods' net gearing ratio was 74.1 (93.8) per cent. The impact of the IFRS 16 lease liability on the net gearing ratio was 39.9 percentage points.

At the end of March 2025, 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. The next possible redemption date for the hybrid loan will be in September 2025.

The Group's liquidity position was satisfactory. A commercial paper programme had been drawn to the amount of EUR 12.0 (6.5) million. Committed credit facilities at the end of March 2025 stood at EUR 20.0 (55.0) million and had been drawn to the amount of EUR 0.0 (0.0) million. In January–March, net financial expenses from continuing operations were EUR -3.9 (-5.0) million.

Cash flow from operating activities in January–March was EUR -4.7 (1.8) million. The difference from the comparison period is due to the timing of the sale of the Swedish business in Q1/2024 and Easter taking place in the first quarter of 2024. Cash flow after investments in January–March was EUR -9.9 (73.9) 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 March 2025, 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 March 2025, the company's net gearing ratio was 74.1 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 March 2025, the net debt to EBITDA ratio was 2.6.

The net gearing ratio limit for the bond is 120 per cent. HKFoods has proposed a capital repayment for year 2024. If the company distributes a dividend or pays a capital repayment, the net debt to EBITDA ratio must not exceed 3.5 as a result of the capital repayment, when applied to the published ratio for the 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 and the company's liquidity will not be compromised.

Disputes and pending legal proceedings

There are administrative proceedings pending with the authorities; an investment-related legal process and a dispute relating to damage compensation. 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 in January–March amounted to EUR 4.3 (6.2) million. IFRS 16 increases to right-of-use assets totalled EUR 0.3 (5.3) million in January–March.

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 2024, 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 the third quarter 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.

In Poland, the investment enabling an increase in the added value and the property development project continued during the first quarter.

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

Exports

HKFoods aims to grow the exports and added value of its products in selected product categories and to make 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.

HKFoods started exporting poultry meat from Finland to China in late 2024, when the company's Rauma unit was granted an export licence. The first sea container deliveries of poultry meat were made to China during the review period.

Changes in the international meat market

Strong demand for poultry meat is expected to continue. Beef supply in the EU is expected to remain scarce until the end of the year. Pork prices in the EU were lower in the review period than in the comparison period a year ago, although EU pork prices rose towards the end of the period. EU export prices are being challenged by low pork prices in the US and Brazil, the anti-dumping investigation launched by the Chinese Ministry of Commerce in June and the US tariffs on imports imposed in April.

Personnel

HKFoods employed 2,806 (2,834) people in its continuing operations.

Continuing operations personnel	1-3/2025	1-3/2024	2024
Personnel on average*	2,806	2,834	3,000
Women / men %	41 / 59	40 / 60	40 / 60
Women / men of superiors %	38 / 62	31 / 69	37 / 63

* Figures include persons employed by HKFoods converted to full-time equivalents (FTE).

Shares and shareholders

At the end of March 2025, HKFoods Plc's paid and registered share capital stood at EUR 66,820,528.10. The company's issued shares totalled 89,910,373 and were divided into two share series as follows: A shares, 85,175,373 (94.73% of the total number of shares) and K shares, 4,735,000 (5.27% 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 are not listed.

In March 2025, HKFoods Plc cancelled 8,376,408 of its own series A shares and 665,000 of its own series K shares. At the end of March, HKFoods Plc held 0 (8,376,408) of its own series A shares and 0 (665,000) of its own K shares. They accounted for 0.00 per cent of all shares and 0.00% of the voting rights.

The calculated market value of HKFoods' shares at the end of March stood at EUR 113.3 (61.5) million. The market value of the Series A shares was EUR 107.3 (58.3) million, and the calculated market value of the unlisted Series K shares was EUR 6.0 (3.2) million.

In January–March, a total of 4,218,641 (2,769,268) of the company's shares were traded with a total value of EUR 4,387,586 (2,072,767). The highest price quoted was EUR 1.29 (0.83) and the lowest EUR 0.77 (0.68). The average price was EUR 1.04 (0.75). At the end of March, the closing price was EUR 1.26 (0.68).

Annual General Meeting 2025

HKFoods Plc's Annual General Meeting (AGM), held on 23 April 2025 in Turku, confirmed the financial statements of the parent company and the Group, granted discharge to the members of the Board of Directors (Board) and the CEO for 2024 and approved the remuneration report. The AGM decided that the company will not distribute a dividend for the financial year 2024. The AGM decided to distribute EUR 0.09 per share from the company's reserve for invested unrestricted equity for the year 2024. In addition, the AGM authorised the Board to decide on the distribution of the funds recorded in the reserve for invested unrestricted equity, at its discretion, up to a maximum of EUR 0.05 per share.

The Board members Reijo Kiskola, Jari Mäkilä, Terhi Tuomi, Ilkka Uusitalo, Niclas Diesen, Lauri Sipponen and Sami Yski were re-elected as members of the Board. Outi Henriksson was elected as a new member of the Board until the end of the AGM 2026. At the organisational meeting after the AGM, the Board re-elected Reijo Kiskola as Chair and Jari Mäkilä as Vice Chair.

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 decided to amend items 1, 6 and 8 of the Shareholders' Nomination Board's charter to read as follows:

- item 1, company name, HKFoods Plc
- item 6, the Nomination Board will also take into account the general familiarity with sustainability issues (environmental, social responsibility, good governance) when proposing members
- item 8, the Nomination Board shall submit its proposals to the Board of Directors in good time so that the proposals can be included in the invitation to the AGM.

The AGM authorised the Board to decide on share issues and on the issue of option rights and other special rights entitling to shares. In addition, the AGM authorised the Board of Directors to decide on the acquisition and/or pledge of the company's own series A shares. The authorisations will be valid until 30 June 2026, and they revoke both the authorisation granted by the Extraordinary General Meeting on 28 February 2024 to the Board to decide on the issue of series A shares and the authorisation granted by the AGM on 18 April 2024 to the Board to acquire and/or to accept as pledge the company's own series A shares.

The resolutions of the AGM were published in full in the stock exchange release of 23 April 2025, and the minutes of the AGM are available on the company's website at www.hkfoods.com.

Share-based long-term incentive plans

The performance/vesting periods of the company's long-term incentive plans 2018–2020 and 2019–2021 (Performance Share Plan (PSP) 2018–2020, Performance Share Plan (PSP) 2019–2021 and Restricted Share Plan (RSP) 2019–2021) have expired.

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 were paid during 2021–2023, and the remaining portion of the Group Executive Team rewards was deferred to 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 rewards deferred for 2024–2025 were not met and therefore no deferred rewards were paid for 2024–2025.

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/investors-information/corporate-governance/remuneration/>

Short-term business risks

Economic operating environment and financing risks

The economic downturn has been accelerated by large-scale import tariffs imposed by the US and counter-tariffs imposed by the EU and China. At worst, the situation can lead to a trade war. The ECB forecasts that inflation will be settled at around 2.0 per cent in the medium term. Geopolitical tensions and tariff-related tensions may have an adverse impact on inflation and interest rates.

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 recent years, the number of cattle has declined in Finland. Especially the number of dairy farms, and thus the number of dairy cows, has fallen significantly. Forecasts indicate that this trend will continue in the future. It will affect the availability and price of the company's beef.

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 new national nutritional recommendations published in November 2024 have had a negative impact on the meat product market. If this trend continues, the recommendations will also have an impact on the development of the meat product market in the longer term.

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, avian flu and Newcastle Disease 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

Meat sector strike in April due to food industry dispute

Following the failure of the mediation between the Finnish Food Workers' Union (SEL) and the Finnish Food and Drink Industries' Federation (ETL) in early April 2025, a three-day strike in the meat and staple food sector took place from 8 to 10 April 2025. HKFoods' units in Forssa, Mikkeli and Vantaa were covered by the strike. The strike significantly affected the availability of the company's products and caused a pig backlog at the company's contract farms, which will generate additional costs.

HKFoods has launched the investigation to assess the future of its Polish bacon unit

Preliminary investigations to assess the future of the production unit in Swinoujście, Poland, include the possible sale of the unit. The investigation is a continuation of HKFoods' assessment of its group structure, and the possible sale is aimed at strengthening the group's balance sheet. HKFoods' production unit in Poland specialises in bacon production. The net sales of HKFoods Poland Sp. z o.o. is estimated at EUR 70 million in 2025. In addition, the unit has internal sales within the group. The unit employs approximately 300 people.

Details on the matter were provided in the following release: [28 April 2025](#)

Turku, 7 May 2025

HKFoods Plc
Board of Directors

Webcast

In connection with its Interim Report for January–March 2025, HKFoods will hold a briefing for analysts, institutional investors and media on 7 May 2025 at 10 a.m. EEST as a webcast at <https://hkfoods.events.inderes.com/q1-2025>.

The event will be held in Finnish, and the recording will be available later in the day at www.hkfoods.com

The January–March 2025 Interim Report will be presented by CEO Juha Ruohola and CFO Mika Tilli.

To arrange investor calls, please contact Executive Assistant Suvi Oksava, tel. +358 44 554 4231 or suvi.oksava@hkfoods.com.

Financial reports in 2025

HKFoods will publish the following financial reports in 2025:

- Half-Year Financial Report 2025 on Wednesday 6 August 2025 at about 8:30 EEST
- Interim Report for January–September 2025 on Wednesday 5 November 2025 at about 8:30 EET

For further information

Juha Ruohola, CEO, tel. +358 400 647 160

Mika Tilli, CFO, tel. +358 50 538 5793

HKFoods Media Service Desk email communications@hkfoods.com or tel. +358 10 570 5700.

With 110 years of experience, we at HKFoods make life tastier – today and tomorrow. With 3,000 professionals, we make responsible and locally produced food for consumers' various food moments. Our well-known brands in Finland are HK®, Kariniemen® and Via®. We are developing a more climate-friendly way of producing food. HKFoods is a publicly listed company, and in 2024, our net sales totalled EUR 1 billion. www.hkfoods.com

The brands mentioned in this report – HK®, Kariniemen® and Via® – are registered trademarks of HKFoods Group.

Consolidated Interim Report 1 January–31 March 2025

Consolidated income statement

(EUR million)		1-3/2025	1-3/2024	2024
Continuing operations:				
Net sales		233.7	228.7	1 001.8
Cost of goods sold	1.	-215.4	-215.0	-925.0
Gross profit		18.3	13.8	76.8
Other operating items total	1.	1.3	2.4	8.8
Sales and marketing costs	1.	-5.8	-7.1	-27.1
General administration costs	1.	-9.1	-8.0	-36.0
Operating profit		4.6	1.2	22.4
Financial income		1.2	1.1	4.6
Financial expenses		-5.1	-6.0	-24.1
Share of profit/loss in associates and joint ventures		0.5	0.1	1.2
Profit/loss before taxes		1.2	-3.7	4.2
Income tax		-0.3	-0.1	-6.0
Profit/loss for the period, continuing operations		0.8	-3.8	-1.8
Profit/loss for discontinued operations		-0.3	-21.7	-24.0
Profit/loss for the period		0.5	-25.5	-25.8
Profit/loss for the period attributable to:				
Equity holders of the parent		0.3	-25.6	-29.2
Non-controlling interests		0.2	0.1	3.4
Total		0.5	-25.5	-25.8
Earnings per share calculated on profit attributable to equity holders of the parent:				
EPS, undiluted, continuing operations, EUR/share		0.00	-0.05	-0.09
EPS, diluted, continuing operations, EUR/share		0.00	-0.05	-0.09
EPS, undiluted, discontinued operations, EUR/share		0.00	-0.23	-0.26
EPS, diluted, discontinued operations, EUR/share		0.00	-0.23	-0.26
EPS, undiluted, EUR/share		-0.01	-0.28	-0.36
EPS, diluted, EUR/share		-0.01	-0.28	-0.36

Consolidated statement of comprehensive income

(EUR million)	1-3/2025	1-3/2024	2024
Profit/loss for the period	0.5	-25.5	-25.8
OTHER COMPREHENSIVE INCOME (after taxes):			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations, continuing operations	0.6	0.2	0.3
Exchange differences on translating foreign operations, discontinued operations	-	-2.2	-2.0
Sweden translation difference transfer to profit and loss, discontinued operations	-	21.1	21.1
Cash flow hedging, continuing operations	-0.5	-1.4	-2.1
Cash flow hedging, discontinued operations	-	-0.8	-0.9
Transfer of the value of Sweden's electricity derivatives to the result for the financial period, discontinued operations	-	-1.0	-1.1
TOTAL OTHER COMPREHENSIVE INCOME	0.1	16.0	15.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	0.6	-9.5	-10.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Equity holders of the parent	0.4	-9.6	-13.8
Non-controlling interests	0.2	0.1	3.4
Total	0.6	-9.5	-10.4

Consolidated balance sheet

(EUR million)	Note	31 March 2025	31 March 2024	31 Dec. 2024
ASSETS				
Intangible assets	2.	43.7	43.1	44.0
Tangible assets	3.4	249.6	256.1	251.6
Holdings		22.3	20.9	21.8
Deferred tax asset	5.	21.1	25.1	21.2
Other non-current assets		12.5	23.6	12.4
TOTAL NON-CURRENT ASSETS		349.2	368.8	351.0
Inventories	6.	66.6	66.4	59.6
Current receivables		77.6	84.3	80.3
Cash and cash equivalents		33.8	21.0	36.7
TOTAL CURRENT ASSETS		178.0	171.7	176.6
Assets of disposal group classified as held for sale	7.	-	57.4	-
TOTAL ASSETS		527.2	598.0	527.7
EQUITY AND LIABILITIES				
EQUITY				
		215.9	221.8	215.4
Non-current loans, interest-bearing	4.	171.0	89.2	172.4
Non-current liabilities, non-interest-bearing		5.2	5.7	5.4
TOTAL NON-CURRENT LIABILITIES		176.2	95.0	177.8
Current loans, interest-bearing	4.	22.9	138.2	14.0
Current liabilities, non-interest-bearing		112.2	118.8	120.4
TOTAL CURRENT LIABILITIES		135.1	257.0	134.5
Liabilities of disposal group classified as held for sale	7.	-	24.2	-
TOTAL EQUITY AND LIABILITIES		527.2	598.0	527.7

Statement of changes in consolidated equity

-	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
EQUITY ON 1 Jan. 2025	66.8	72.9	0.0	215.4	25.9	8.3	0.8	-9.1	-194.2	186.9	28.5	215.4
Result for the financial period	-	-	-	-	-	-	-	-	0.3	0.3	0.2	0.5
Other comprehensive income (+) / expense (-)												
Transl. diff.	-	-	-	-	-	-	0.6	-	-	0.6	-	0.6
Cash flow hedging	-	-	-0.5	-	-	-	-	-	-	-0.5	-	-0.5
Total other comprehensive income / expense	-	-	-0.5	-	-	-	0.6	-	-	0.1	-	0.1
Total compreh. income for the period	-	-	-0.5	-	-	-	0.6	-	0.3	0.4	0.2	0.6
Direct recognitions	-	-	-	-	-	0.0	-	-	0.1	0.1	-	0.1
Cancellation of own shares	-	-	-	-9.1	-	-	-	-9.1	-	0.0	-	0.0
Dividend distribution	-	-	-	-	-	-	-	-	-	-	-0.2	-0.2
EQUITY ON 31 March 2025	66.8	72.9	-0.5	206.3	25.9	8.3	1.4	0.0	-193.8	187.4	28.6	215.9

(EUR million)	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
EQUITY ON 1 Jan. 2024	66.8	72.9	5.9	215.4	25.9	8.1	-18.6	-3.8	-161.5	211.1	26.9	238.0
Result for the financial period	-	-	-	-	-	-	-	-	-25.6	-25.6	0.1	-25.5
Other comprehensive income (+) / expense (-)												
Transl. diff.	-	-	-0.1	-	-	-	19.2	-	-	19.2	-	19.2
Cash flow hedging	-	-	-2.2	-	-	-	-	-	-	-2.2	-	-2.2
Transfer of the value of Sweden's electricity derivatives to the result for the financial period	-	-	-1.0	-	-	-	-	-	-	-1.0	-	-1.0
Total other comprehensive income / expense	-	-	-3.2	-	-	-	19.2	-	-	16.0	-	16.0
Total comprehensive income for the period	-	-	-3.2	-	-	-	19.2	-	-25.6	-9.6	0.1	-9.5
Direct recognitions	-	-	-	-	-	-	-	-	0.0	0.0	-	0.0
Sweden sale related transfer to result for the financial period	-	-	-1.2	-	-	0.1	-	-	-	-1.1	-	-1.1
Acquisition of own shares	-	-	-	-	-	-	-	-5.6	-	-5.6	-	-5.6
Dividend distribution	-	-	-	-	-	-	-	-	-	-	-	-
EQUITY ON 31 March 2024	66.8	72.9	1.5	215.4	25.9	8.2	0.5	-9.4	-186.9	194.9	26.9	221.8

COLUMNS: 1. Share capital, 2. Share premium reserve, 3. Revaluation reserve, 4. Reserve for invested unrestricted equity (RIUE), 5. Hybrid loan, 6. Other reserves, 7. Translation differences, 8. Treasury shares, 9. Retained earnings, 10. Equity holders of the parent, 11. Non-controlling interests, 12. Total

Cash flow statement, incl. discontinued operations

(EUR million)	1-3/2025	1-3/2024	2024
Cash flow before change in net working capital	12.6	11.6	62.6
Change in net working capital	-12.4	-0.8	24.2
Financial items and taxes	-4.8	-9.0	-25.9
CASH FLOW FROM OPERATING ACTIVITIES	-4.7	1.8	60.8
Cash flow from investing activities	-5.2	72.1	80.9
CASH FLOW AFTER INVESTING ACTIVITIES	-9.9	73.9	141.7
Hybrid loan	-	-	-4.1
Change in loans	7.0	-82.5	-128.3
Dividends paid	-0.2	-	-1.7
CASH FLOW FROM FINANCING ACTIVITIES	6.8	-82.5	-134.2
NET CASH FLOW	-3.1	-8.6	7.5
Cash and cash equivalents at beginning of period	36.7	29.0	29.0
Translation differences	0.2	0.6	0.2
Cash and cash equivalents at end of period	33.8	21.0	36.7

Financial indicators

(EUR million)	1-3/2025	1-3/2024	2024
Earnings per share (EPS), undiluted, EUR, continuing operations	0.00	-0.05	-0.09
Earnings per share (EPS), diluted, EUR, continuing operations	0.00	-0.05	-0.09
Equity per share, EUR	2.08	2.17	2.08
Equity ratio, %	41.0	37.1	40.8
Adjusted average number of outstanding shares, mill.	89.9	94.9	91.2
Gross capital expenditure on PPE, EUR mill., continuing operations	4.3	6.2	25.5
Additions in right-of-use assets, EUR mill., continuing operations	0.3	5.3	8.7
Depreciation and impairment, EUR mill., continuing operations	7.4	7.7	33.9
Employees, average, FTE, continuing operations	2,806	2,834	3,000

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.

Return on capital employed (ROCE) before tax, last 12 months (%)	$\frac{\text{Profit before tax + interest and other financial expenses}}{\text{Balance sheet total – non-interest-bearing liabilities (average)}} \times 100$
Equity ratio (%)	$\frac{\text{Total equity}}{\text{Balance sheet total – advances received}} \times 100$
Net gearing ratio (%)	$\frac{\text{Net interest-bearing liabilities incl. discontinued operations}}{\text{Total equity}} \times 100$
Earnings per share (EPS)*	$\frac{\text{Profit for the period attributable to equity holders of the parent}}{\text{Average number of outstanding shares during period}}$
Equity per share	$\frac{\text{Equity attributable to holders of the parent}}{\text{Number of outstanding shares at end of period}}$
Market capitalisation	The number of outstanding shares at the end of period x the closing price on the last trading day of the financial year
Cash flow before debt service	Cash flow after investing activities before financing activities - financial items
Employee numbers	Average of workforce figures calculated at the end of calendar months
Items affecting comparability	One-time charges, which are not related to the normal continuing operations and materially affect the company's finances. Examples of such expenses are: capacity adjustments (restructuring), redundancy, legal costs relating to restructuring or similar, one-time expenses related to efficiency/reorganisation programmes, significant compensations or penalties paid out due to a legal verdict or settlement, transaction fees/expenses related to business acquisitions (consultation, advisory, legal, due diligence, registration etc.) and gains/losses of business disposals.
Comparable EBIT	Operating profit – items affecting comparability
Comparable profit before taxes	Profit before taxes – items affecting comparability
Comparable earnings per share (EPS)*	$\frac{\text{Profit for the period attributable to equity holders of the parent – items affecting comparability}}{\text{Average number of outstanding shares during period}}$
Interest-bearing net debt	Interest-bearing debt incl. discontinued operations – cash and bank and interest-bearing receivables incl. discontinued operations Interest-bearing net debt incl. discontinued operations
Net debt to EBITDA ratio (leverage)	$\frac{\text{Interest-bearing net debt incl. discontinued operations}}{\text{EBITDA continuing operations + share of profit/loss in associates and joint ventures continuing operations}}$

* 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.

Notes to the Interim Report

Accounting policies

HKFoods Plc's Interim Report for 1 January–31 March 2025 has been prepared in compliance with the IAS 34 Interim Financial Reporting standards. The same accounting principles have been applied in the Interim Report as in the annual financial statements for 2024. Due to the rounding of the figures to the nearest million euros in the Interim Report, some totals may not agree with the sum of their constituent parts. The accounting principles are explained in the financial statements for 2024. The Interim Report is unaudited.

The Interim Report for January–March 2025 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 management has also assessed the adequacy of liquidity, according to which the company's liquidity is not at risk.

Notes to the income statement

1. Items affecting comparability

(EUR million)	1-3/2025	1-3/2024	2024
Comparable EBIT, continuing operations	4.6	1.4	27.7
Termination of employment 1)	-	-0.2	-1.7
Impairment of assets 2)	-	-	-3.6
EBIT, continuing operations	4.6	1.2	22.4

1) Included in the Income Statement in the item "General administration and sales and marketing costs"

2) Included in the Income Statement in the item "Cost of goods sold"

Notes to the statement of financial position

2. Changes in intangible assets

(EUR million)	31 March 2025	31 March 2024	31 Dec. 2024
Opening balance	44.0	44.0	44.0
Translation differences	0.2	0.1	0.1
Additions	0.1	-	1.1
Disposals, business disposals	-	-	-0.5
Depreciation and impairment	-0.8	-0.8	-3.2
Reclassification between items	0.1	0.3	2.4
Assets of disposal group classified as held for sale	-	-0.4	-
Closing balance	43.7	43.1	44.0

3. Changes in tangible assets

(EUR million)	31 March 2025	31 March 2024	31 Dec. 2024
Opening balance	251.6	284.9	284.9
Translation differences	0.3	0.0	0.1
Additions	4.5	12.7	36.7
Disposals	-	0.0	-0.3
Disposals, business disposals	-	-	-34.7
Depreciation and impairment	-6.7	-8.0	-32.7
Reclassification between items	-0.1	-0.3	-2.4
Assets of disposal group classified as held for sale	-	-33.3	-
Closing balance	249.6	256.1	251.6

4. Right-of-use assets and lease liabilities

(EUR million)	Land and Water	Buildings and structures	Machinery and equipment	Total	Lease liabilities
Opening balance on 1 Jan. 2025	0.3	70.7	8.4	79.3	87.6
Additions	-	-	0.3	0.3	0.3
Depreciation for the financial period	0.0	-1.6	-0.6	-2.2	-
Payments	-	-	-	-	-1.8
Closing balance on 31 March 2025	0.2	69.1	8.1	77.4	86.1

(EUR million)	Land and Water	Buildings and structures	Machinery and equipment	Total	Lease liabilities
Opening balance on 1 Jan. 2024	0.0	70.3	12.7	82.9	89.6
Translation differences	-	-	0.0	0.0	0.0
Additions	-	5.3	0.6	5.8	5.8
Depreciation for the financial period	-	-1.7	-0.9	-2.6	-
Payments	-	-	-	-	-2.2
Assets and liabilities of disposal group classified as held for sale	-	-0.4	-3.1	-3.5	-3.6
Closing balance on 31 March 2024	0.0	73.4	9.2	82.6	89.6

(EUR million)	1-3/2025	1-3/2024	2024
Depreciation expense of right-of-use assets, continuing operations	-2.2	-2.3	-9.0
Interest expense on lease liabilities, continuing operations	-1.2	-1.1	-4.7
Total amounts recognised in profit or loss, continuing operations	-3.4	-3.4	-13.7

5. Deferred tax assets

Out of the total EUR 21.1 million, EUR 19.7 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 March 2025 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.

6. Inventories

(EUR million)	31 March 2025	31 March 2024	31 Dec. 2024
Materials and supplies	37.2	39.2	31.0
Semi-finished products	3.8	2.8	3.0
Finished products	16.8	16.5	16.9
Spare parts	5.6	5.3	5.5
Inventories, advance payments	3.2	2.6	3.3
Total inventories	66.6	66.4	59.6

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

Sale of operations in Baltics

HKFoods sold its Baltic operations to AS Maag Grupp of Estonia on 31 August 2023. 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 is paid in 2024 and 2025.

At the end of March 2025, the Group has a purchase price receivable of EUR 20.2 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 receivable is due in Q3/2025. 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 March 2025.

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 Corporation 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 and the Swedish operations until March 2024.

Profit/loss for discontinued operations

(EUR million)	1-3/2025	1-3/2024	2024
Net sales	-	236.6	371.7
Cost of goods sold	-	-224.6	-351.6
Other operating items total	-	-10.2	-15.7
Operating profit	-	1.8	4.4
Financial income and expenses	-	-0.7	-1.2
Share of profit/loss in associates and joint ventures	-	-	-
Income tax	-	0.8	0.8
Profit/loss for the period	-	1.9	3.9
Impairment from fair-value measurement, Baltics	-	0.3	0.2
Impairment from fair-value measurement, Sweden	-	7.1	5.9
Impairment from fair-value measurement, Denmark	-0.3	-11.0	-14.1
Translation difference transfer to profit and loss, Sweden	-	-21.1	-21.1
Other equity items transfer to result for the period, Sweden	-	1.1	1.1
Other equity items transfer to result for the period, Denmark	-	-	0.1
Profit/loss for the period from discontinued operations	-0.3	-21.7	-24.0

Cash flow of discontinued operations

(EUR million)	1-3/2025	1-3/2024	2024
Cash flow from operating activities	-	10.3	13.2
Cash flow from investing activities	-1.0	73.4	107.0
Cash flow from financing activities	-	-1.1	-1.9
Cash flow total	-1.0	82.6	118.3

Derivative instrument liabilities

(EUR million)	31 March 2025	31 March 2024	31 Dec. 2024
Nominal values of derivative instruments			
Foreign exchange derivatives	15.1	42.4	14.5
Interest rate derivatives	30.0	20.0	30.0
Electricity derivatives	3.2	0.4	2.5
Fair values of derivative instruments			
Foreign exchange derivatives	0.2	0.1	-0.1
Interest rate derivatives	-0.2	0.2	-0.2
Electricity derivatives	0.0	2.5	0.7

Consolidated other contingent liabilities

(EUR million)	31 March 2025	31 March 2024	31 Dec. 2024
Debts secured by pledges or mortgages			
- loans from financial institutions	3.0	29.6	3.0
- bonds	90.0	-	90.0
- lease liabilities	10.7	-	10.7
On own behalf			
- Assets pledged	246.4	33.3	233.0
On behalf of others			
- guarantees and other commitments	6.2	6.3	6.2
Other contingencies			
Leasing and rental commitments	0.2	0.2	0.2

The fair value determination principles applied by the Group on financial instruments measured at fair value

Derivatives

The fair values of currency derivatives 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 rates at the reporting date. The fair value of commodity derivatives is determined by using publicly quoted market prices.

Conditional purchase price receivable

Valuation principles of the conditional purchase price receivable are described in note 7.

(EUR million)	31 March 2025	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 derivatives				
- Interest rate swaps	-	-	-	-
- Foreign exchange derivatives	0.2	-	0.2	-
- Commodity derivatives	0.9	-	0.9	-
of which subject to cash flow hedging	0.3	-	0.3	-
Total	11.6	-	1.1	10.5
Liabilities measured at fair value				
Financial liabilities recognised at fair value through profit or loss				
-Trading derivatives				
- Interest rate swaps	-0.2	-	-0.2	-
- Foreign exchange derivatives	0.0	-	0.0	-
- Commodity derivatives	-0.9	-	-0.9	-
of which subject to cash flow hedging	-0.8	-	-0.8	-
Total	-1.1	-	-1.1	-

(EUR million)	31 March 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 derivatives				
- Interest rate swaps	0.2	-	0.2	-
- Foreign exchange derivatives	0.2	-	0.2	-
- Commodity derivatives	2.6	-	2.6	-
of which subject to cash flow hedging	1.0	-	1.0	-
Total	13.5	-	3.0	10.5
Liabilities measured at fair value				
Financial liabilities recognised at fair value through profit or loss				
-Trading derivatives				
- Interest rate swaps	-	-	-	-
- Foreign exchange derivatives	-0.1	-	-0.1	-
- Commodity derivatives	-0.1	-	-0.1	-
of which subject to cash flow hedging	-0.1	-	-0.1	-
Total	-0.2	-	-0.2	-

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 but rather to a significant degree on management estimates and measurement models generally acceptable for their use.

Business transactions with related parties

(EUR million)	1-3/2025	1-3/2024	2024
Sales to associates	1.8	2.4	8.5
Purchases from associates	11.3	12.2	48.6
Trade and other receivables from associates	0.5	2.1	0.7
Trade and other payables to associates	3.8	4.4	4.3
Animal purchases from related party*	6.7	6.3	25.4
Animal sales to related party*	1.3	1.1	5.4
Loan receivable from LSO Osuuskunta	4.7	2.0	4.9

*Members of the Group's Board of Directors and members of the Supervisory Board and Board of Directors of its parent entity LSO Osuuskunta.

In January 2025, the Group has purchased Eura factory plot from LSO with EUR 760 thousand. The price was based on an external estimate.