

HKSCAN

Financial Statements 2022

Juha Ruohola, interim CEO
Jyrki Paappa, CFO

9 February 2023



HKScan to sell its business in the Baltics to Maag Grupp

- On 13 December 2022, HKScan signed an agreement to sell its Baltic business to Estonian Maag Grupp
- The debt-free purchase price is 90 M€, of which 20 M€ is conditional
- The regulatory approvals in Estonia and Latvia, the sale is expected to be closed in the second half of 2023
- In the Financial Statements, HKScan discloses the Baltic business as discontinued operations and the company's financial reporting focuses on continuing operations in Finland, Sweden and Denmark
- The classification of the Baltic Business Unit as assets and liabilities held for sale and its valuation at fair value based on the purchase price resulted in an impairment of 30.6 M€



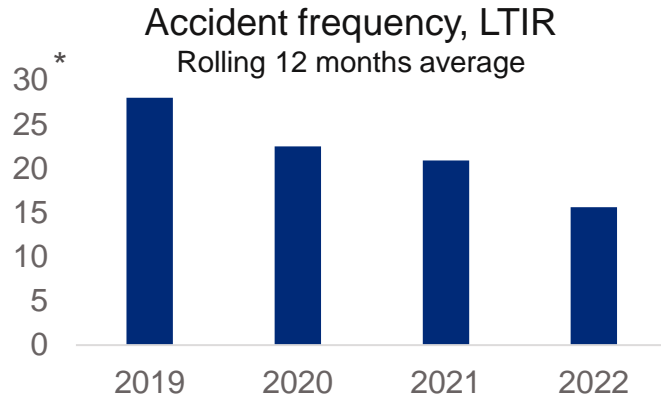
Safety First: proactive safety at work delivering good results

+94%

safety
observations

-25%

lost-time
accidents



*lost-time accidents per million working hours



Highlights 2022: EBIT from continuing operations positive despite strong cost inflation

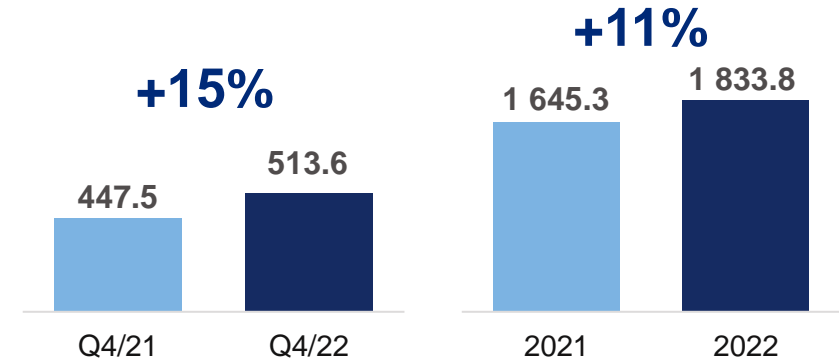
Net sales

- Net sales increased clearly as a result of sales price increases due to cost inflation
- Growth in all home markets and sales channels, food service +25%

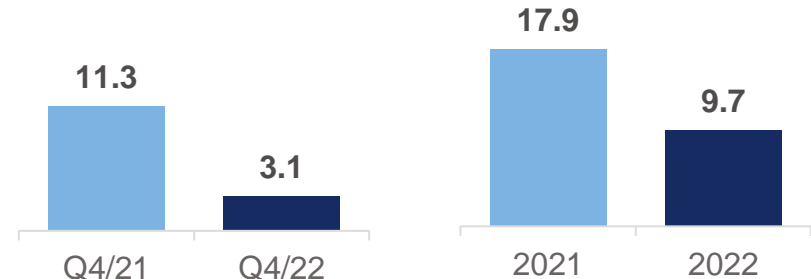
EBIT

- Comparable EBIT from all of continuing operations' Business Units positive, Denmark's result improved
- Key reasons for the weakened EBIT
 - The sharp rise in energy and logistics costs, accelerated in the Q3
 - Proactive producer price increases to secure the availability of meat raw material
- The EBIT from discontinued operations, Business Unit Baltics, totalled -60.8 (-3.6) M€, including impairments totalling 46.2 M€
- The Board of Directors proposes that no dividends be paid for 2022

Net sales, M€, continuing operations



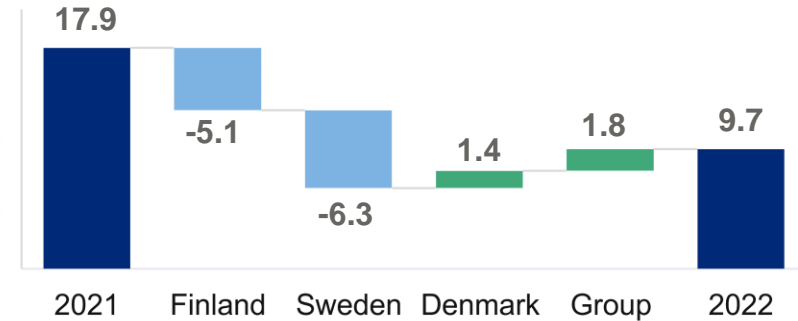
Comparable EBIT, M€, continuing operations



2022: Strong performance in Denmark, Finland and Sweden down from the comparison year

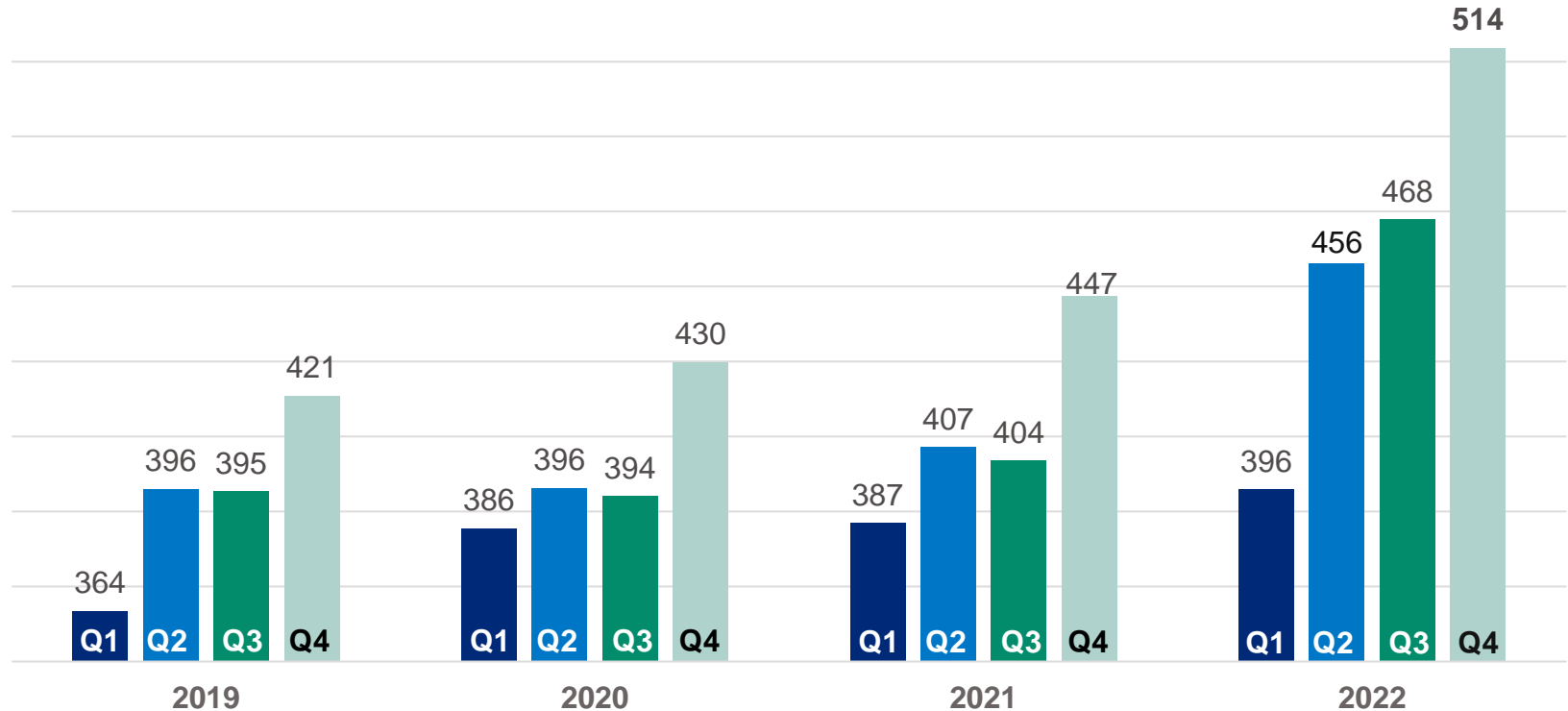
- Denmark continued its strong performance throughout the year despite the inflation
- In Finland and in Sweden, the exceptionally high cost inflation weakened the EBIT
 - Sales price increases able to offset the negative impact of cost increases from the Q2 onwards
 - The rise in energy costs, accelerated in Q3, exceeded all forecasts and weakened the EBIT

Change of comparable EBIT, M€, continuing operations



Net sales clearly up with price increases, volumes at the comparison period level

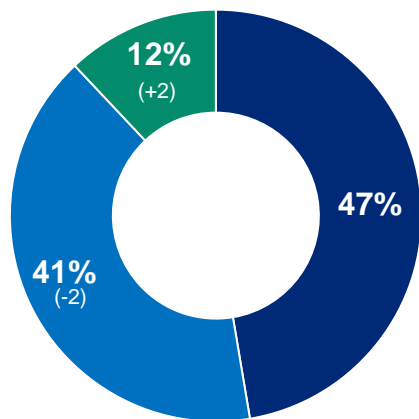
Quarterly net sales, M€, continuing operations



Share of poultry and meals sales up

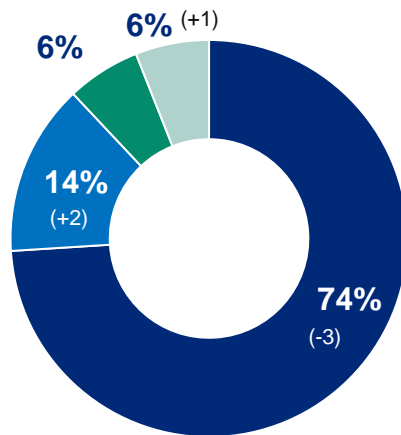
Net sales breakdown 2022, continuing operations

Markets



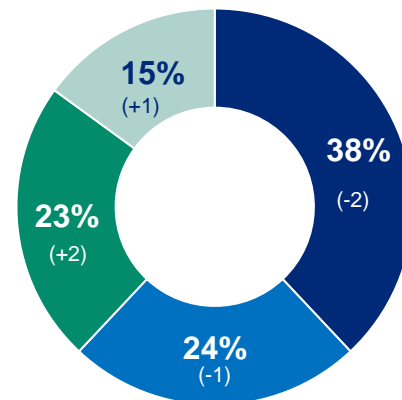
- Finland
- Sweden, incl. Poland
- Denmark

Sales channels



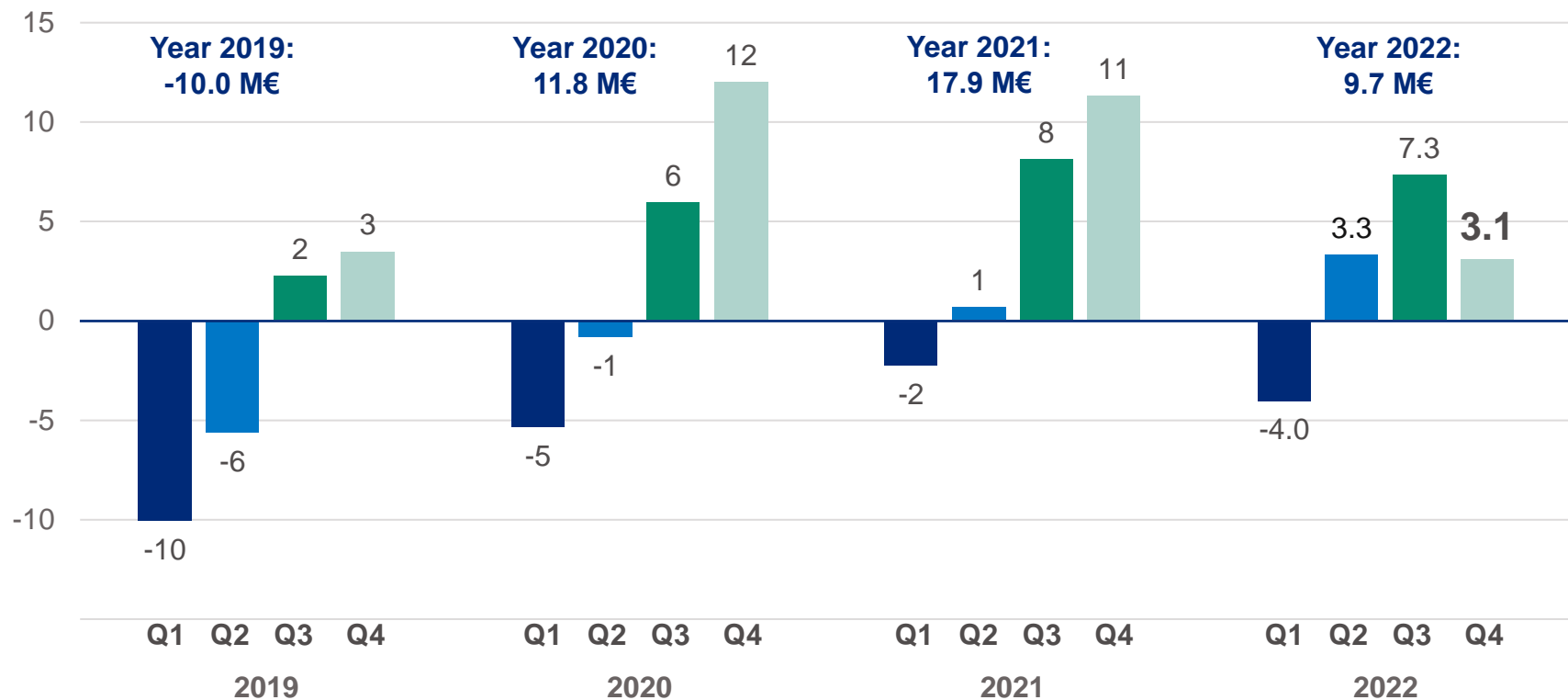
- Retail
- Food service
- Industry
- Export

Categories



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

Quarterly comparable EBIT from continuing operations, M€



Outlook for 2023

In 2023, HKScan expects the Group's comparable EBIT from continuing operations to improve compared to 2022.

The full-year performance will be significantly affected by inflation and the development of consumer purchasing power in the company's home markets. On the other hand, in the beginning of 2023, energy and logistics costs are on a more moderate level than in the peak of 2022.





HKScan's strategic target is to grow into a versatile food company in the long term

HKSCAN

Strategic renewal requires better profitability and stronger balance sheet

**Improving
the profitability of
the core business**

E.g. cost efficiency and
commercial measures

**Strengthening
the financial base**

E.g. divestment of the Baltic business

**Renewal into
a versatile
food company**

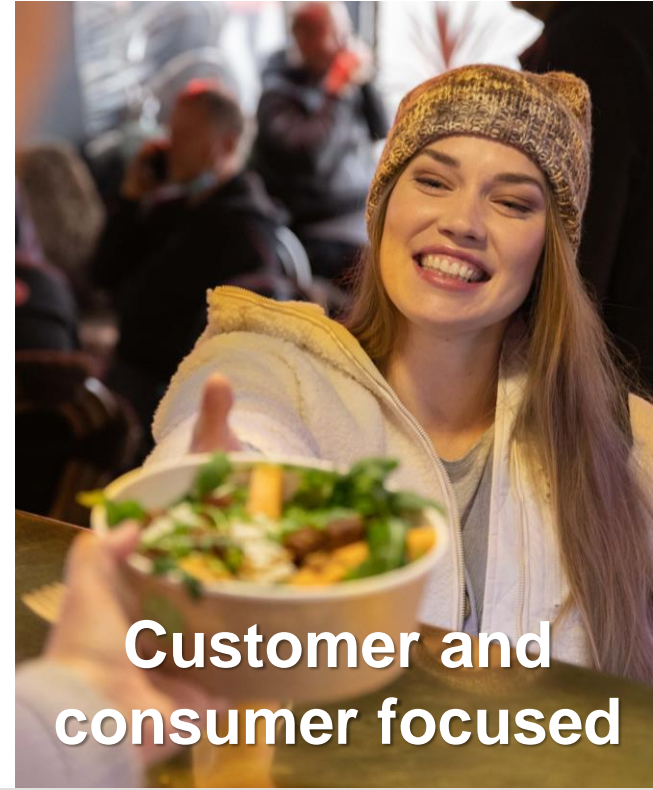
Profitable growth

CASH FLOW · PROFITABILITY · BALANCE SHEET

2022

2030

Building a value-creating basis for business through responsibility

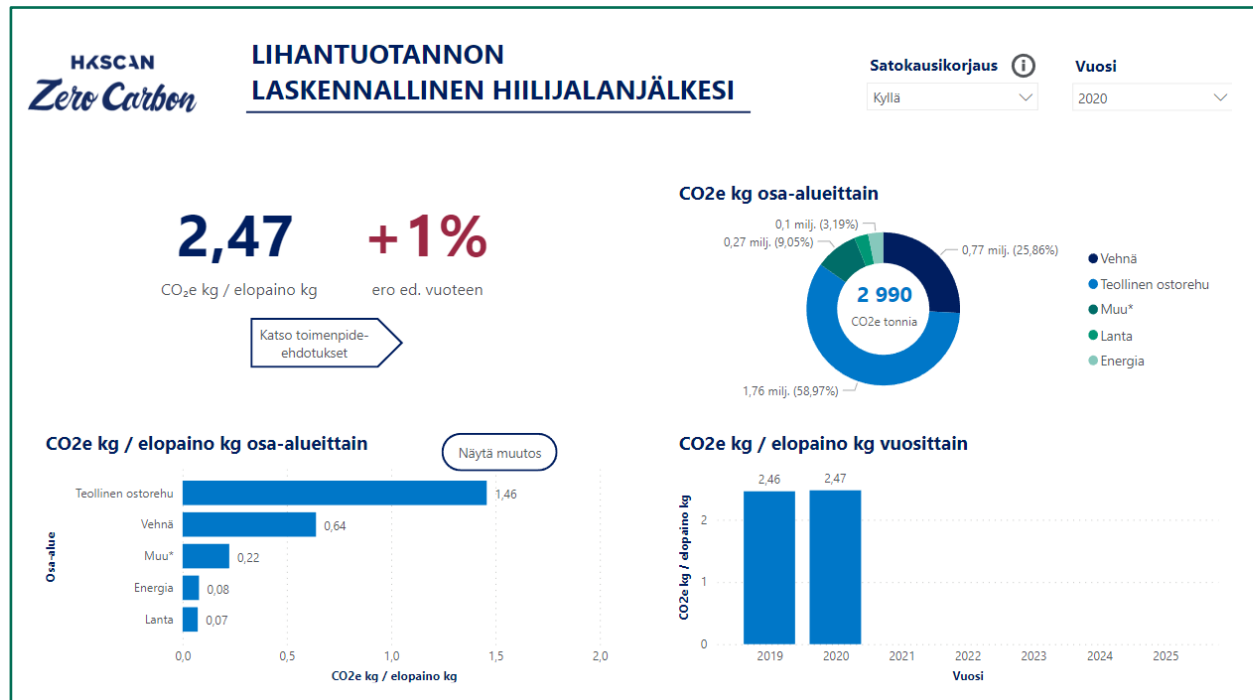


Farm-specific climate data enabling targeted measures and emission reduction monitoring

Zero Carbon tool available for use in Finnish contract poultry and pig farms and some cattle farms

Partnership with Agronod platform in Sweden

Example of a farm's own dashboard in the Zero Carbon -tool:





Financial review

HKSCAN

HKScan – key figures, continuing operations

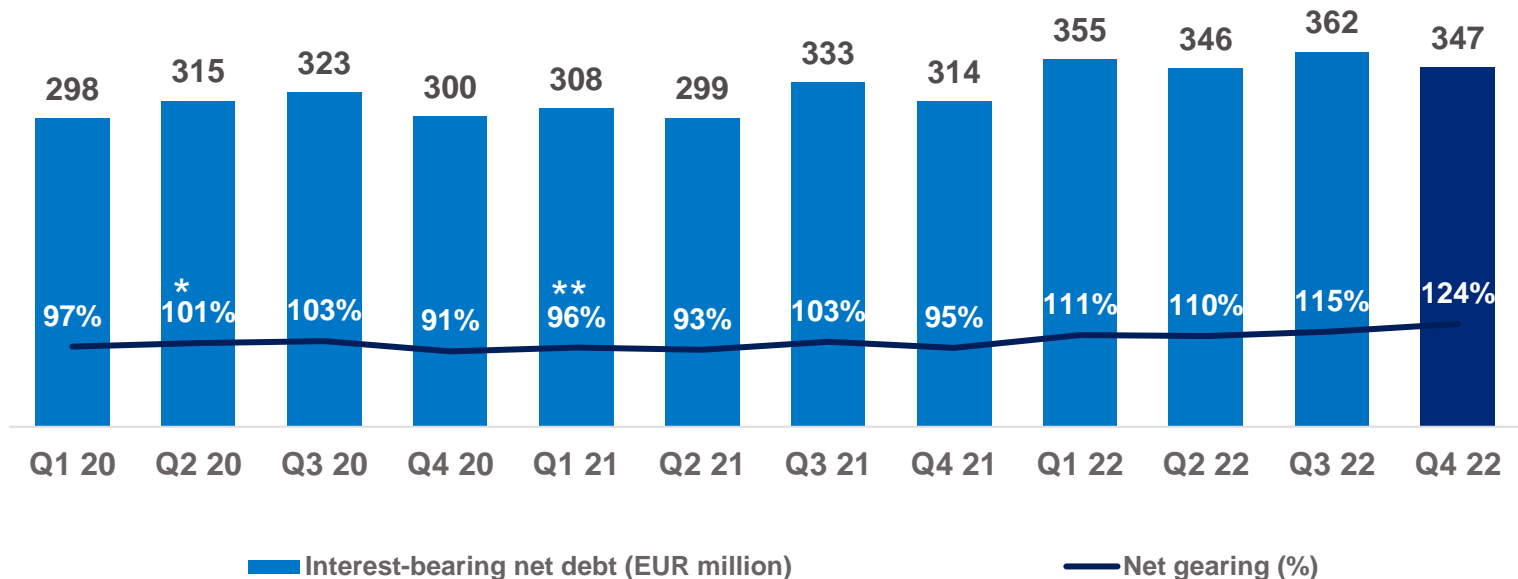
EUR million	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Net sales	513.6	447.5	1 833.8	1 645.3
EBITDA	14.8	25.0	55.8	71.4
EBIT	5.1	11.6	10.1	21.4
- EBIT margin, %	1.0	2.6	0.5	1.3
Comparable EBIT	3.1	11.3	9.7	17.9
- EBIT margin, %	0.6	2.5	0.5	1.1
Profit for the period	-2.7	4.9	-4.9	2.5
EPS, EUR	-0.05	0.03	-0.11	-0.02
Comparable EPS, EUR	-0.07	0.03	-0.11	-0.06

HKScan – key figures

EUR million	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Cash flow from operating activities, incl. discontinued operations	37.1	42.1	18.9	54.6
Cash flow after investing activities, incl. discontinued operations	13.6	21.2	-21.9	81.2*
Return on capital employed (ROCE) before taxes, %, incl. discontinued operations			-6.5	3.6
Interest-bearing net debt			347.2	314.5
Net gearing, %			124.4	95.2

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

Interest-bearing net debt and net gearing

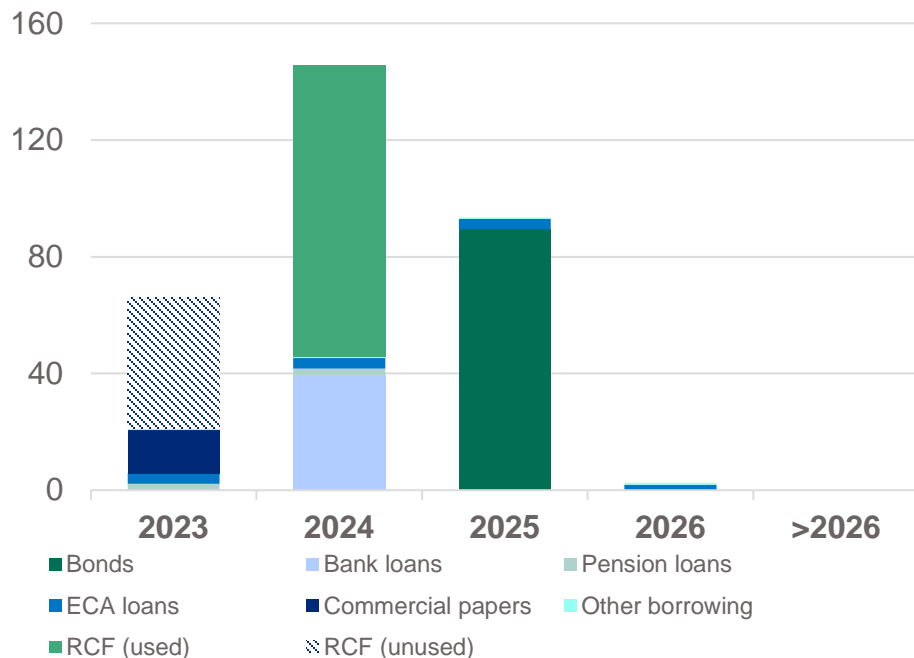


* Q2/2020 includes the investment to the plot of the Vantaa unit EUR 37.7 million.

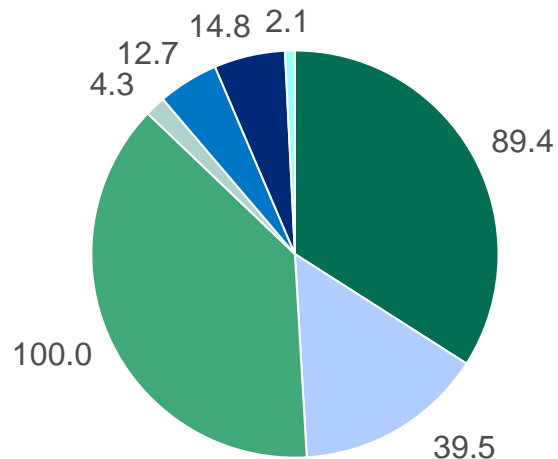
** Q1/2021 includes the sale of Vantaa property (land and buildings) with EUR 76.1 million and a lease liability in accordance with IFRS.

Debt profile and maturity structure as of 31 December 2022

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



Interest-bearing debt by credit type, M€*



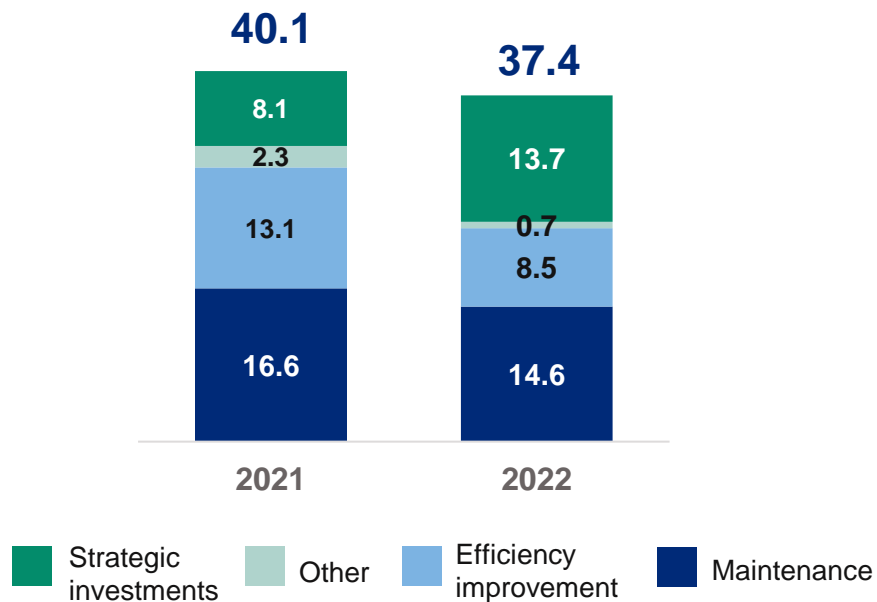
**Total interest-bearing debt without IFRS 16:
EUR 262.7 million**

*Without lease liabilities

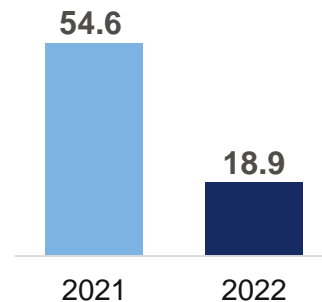
*EUR 26 million hybrid bond is treated as equity

2022: Investments, cash flow and working capital

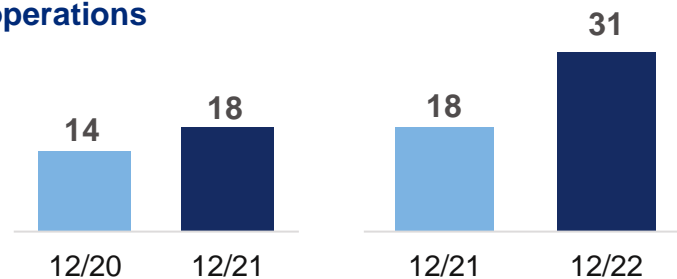
Group investments, M€, continuing operations



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

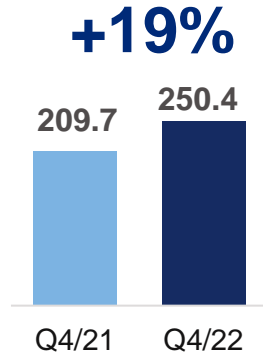


Working capital, M€, incl. discontinued operations

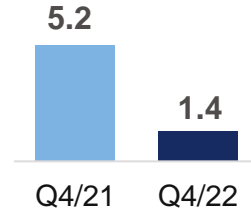


Finland Q4/2022: Net sales growth continued

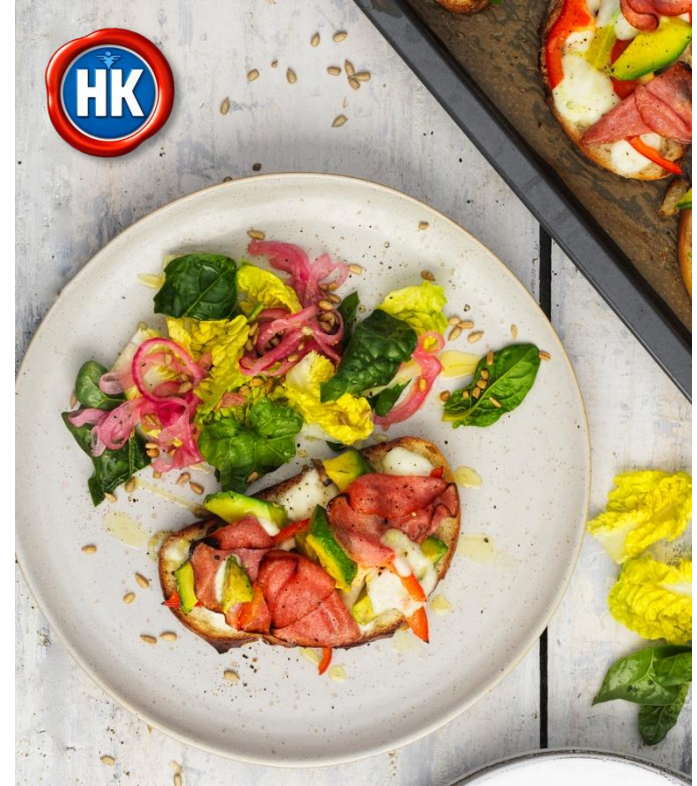
Net sales, M€



Comparable EBIT, M€

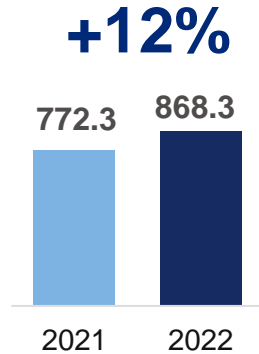


- Net sales increased mainly due to the impact of price increases made before the review period
- Food service sales continued to grow, but retail sales volumes were below the comparison period
- Especially the increased energy and logistics costs and growth in exports of pork weakened the EBIT

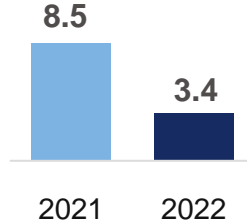


Finland 2022: Structural pricing delay as well as energy and logistics costs weakened the EBIT

Net sales, M€



Comparable EBIT, M€



- Net sales increased in all sales channels, with food service and export sales showing the strongest growth
- Growth in meals and snacks continued in line with the strategy
- Due to a structural pricing delay, sales price increases were able to offset the negative impact of cost increases from the Q2 onwards
- The exceptionally sharp rise in energy and logistics costs as well as increase in exports of pork weakened the EBIT in the second half of the year



HK
SININEN
60
VUOTTA

INTOHIMONA MAKU



JO VUODESTA 1913

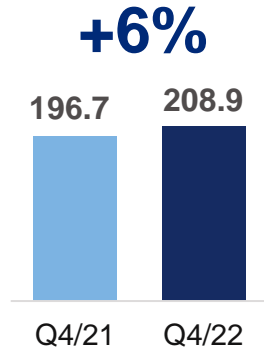


HKScan expanding into new raw materials in line with the strategy

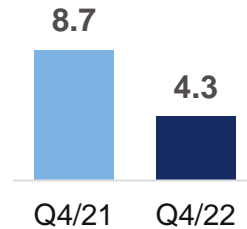


Sweden Q4/2022: HKScan maintained its market position

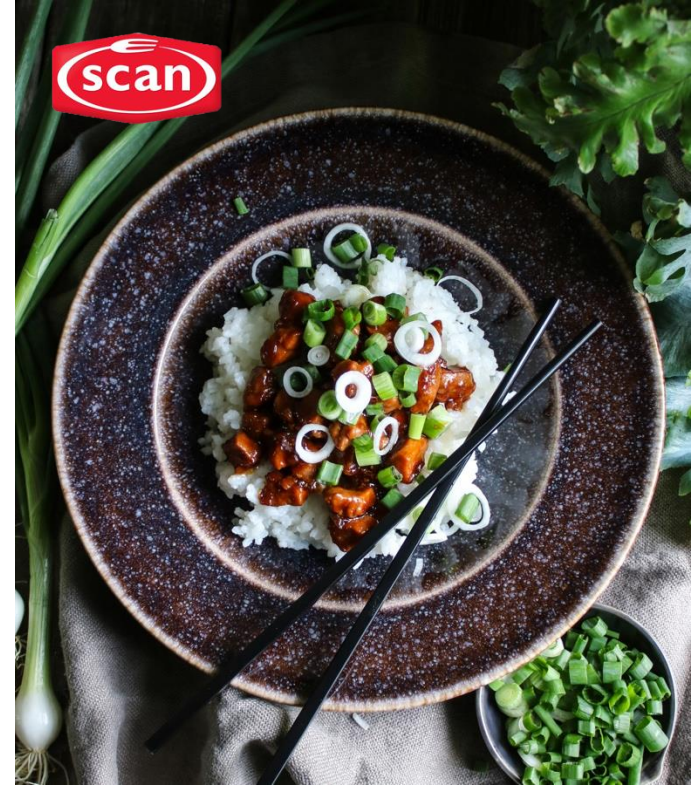
Net sales, M€



Comparable EBIT, M€



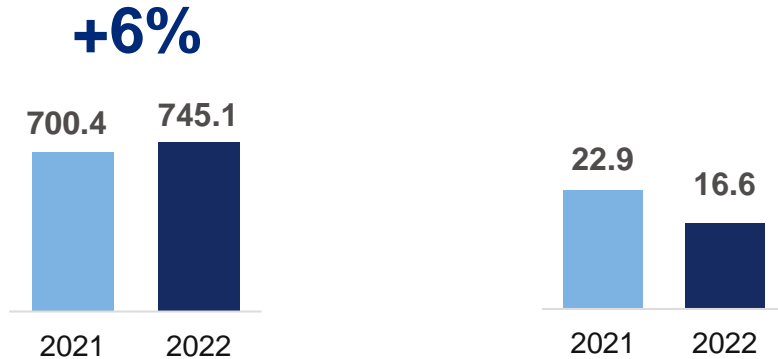
- Net sales increased clearly at comparable exchange rates
- Recovery in food service sales continued
- Retail sales volumes at the comparison period's level
- Exceptionally high energy and logistics costs as well as general cost inflation weakened the EBIT
- EBIT negatively impacted by the weakened demand for higher value meat products
- The effect of the exchange rate change on EBIT was -0.3 M€



Sweden 2022: Cost inflation weakened the EBIT

Net sales, M€

Comparable EBIT, M€



- At comparable exchange rates, net sales increased clearly due to price increases as well as the growth of food service sales and exports
- At the start of the year, sales pricing could not yet respond to the strong cost inflation, the situation was corrected in the Q2 and Q3
- After the summer, the exceptionally high cost inflation and in particular the increased energy costs had a negative impact on EBIT
- The effect of the exchange rate change on EBIT was -0.9 M€



Bringing the Scan brand closer to the consumer

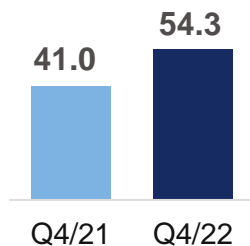
Consumer encounters at Swedish amusement parks, events and ski resorts



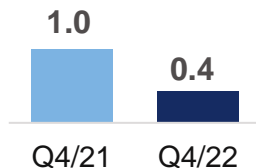
Denmark Q4/2022: Net sales increased by one third

Net sales, M€

+32%



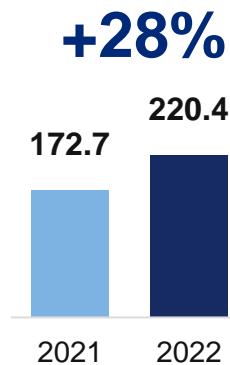
Comparable EBIT, M€



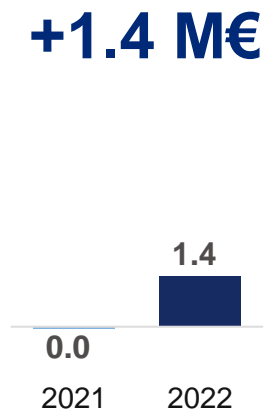
- Demand for poultry products remained strong
- Sales volumes increased
- Food service sales increased clearly to Denmark and Sweden
- EBIT was lower than in the comparison period due to strong cost inflation
- In the comparison period, EBIT was exceptionally accrued towards the end of the year

Denmark 2022: Continued strong performance throughout the year

Net sales, M€



Comparable EBIT, M€



- Net sales increased mainly due to higher sales prices
- The retail sales of the Rose brand increased by 36%
- The impact of high cost inflation could be passed on to sales prices
- The results were positively impacted by the sales channel choices in line with the strategy, increased added value and the continuing efforts to improve production efficiency

HKScan's product portfolio developing in line with strategy in Denmark



Focus in
cooked and
ready-to-use
products

HKSCAN

FINANCIAL REPORTS IN 2023

Interim Report for
January-March 2023
on 10 May 2023, at 8:30 EET

Half-Year Financial Report 2023
9 August 2023, at 8:30 EET

Interim Report for
January-September 2023
8 November 2023, at 8:30 EET





HKSCAN
110 years

*We make
life tastier*
- today and tomorrow

