



2024

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ANNUAL REPORT



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THROUGH THE YEAR 2024 WITH **FORESIGHT AND TEAM SPIRIT**

There were many challenges that kept us busy, but there were also successes that we achieved when we look back on 2024. Thanks to the strong commitment of all of Hochland's national companies, the necessary growth was achieved. Volatile conditions were managed in the best possible way. The operational challenges at Hochland's US subsidiary, Franklin Foods, remain a priority. Hochland's Russian subsidiary also worked hard to keep operating as well as possible.

The market followed the same trends as last year. Private consumption remained subdued and consumers focused heavily on actions. Brand sales were stable and the private label business developed into a growth driver and a solid basis for our profitability. The development of the newly created B2B business unit and the food service sector proved to be just as positive. Overall, Hochland Group sales grew by 6.4 %, and revenue at the end of the year totalled EUR 2.36 billion.

In Dieue, the largest investment project in Hochland's history was completed with the commissioning of the flexible soft cheese dairy. Hochland Polska and Hochland România reported stable or growing sales. Hochland Española developed positively, and the Natec Network can also look back on a year of solid revenue. Other important investment projects continued. For example, the rollout of SAPS/4HANA in the national companies – a key step in our Hochland Vision 2025 to remain at the forefront of digitalisation.

The price of the Group's main raw material, milk, remained high at the end of the year. Hochland is in a good competitive position thanks to fair milk prices and long-term, strategic cooperation.

Commitment, cohesion and decisive decisions were the hallmarks of 2024. I would like to thank all employees and managers for their loyalty. My thanks also go to the shareholders, the members of the Supervisory Board and the Executive Board of Hochland SE.



We look forward to the coming years with great confidence under the leadership of CEO Sebastian Schaeffer and the proven Executive Board team.

The Hochland Group remained on course with its Vision 2025 to inspire consumers worldwide with high-quality products and to fulfil its responsibility as a family-run company.

Heimenkirch, 13.03.2025

Hansjörg Zelger, Chairman of the Supervisory Board

The Supervisory Board is characterised by its broad expertise and diverse industry experience. Hansjörg Zelger, an experienced auditor and tax consultant, has been Chairman of the Supervisory Board for eleven years. His professional career is closely linked to the auditing firm Nexia GmbH in Munich, where he is a partner.

Thomas Hinderer and, since April, Harald Emberger are also external members of the Supervisory Board. Felix Ahlers retired from the Supervisory Board after eleven years. Thomas Hinderer has a broad range of supervisory mandates in various sectors with a strong presence in the food industry. Harald Emberger, Chief Supply Officer at Reckitt, is a new member of the Board. He previously worked for many years in the FMCG sector, including for branded companies such as Mars and Unilever.

The Supervisory Board of Hochland SE is completed by the representation of the shareholder families. Claudia Reich, business economist, Angela Summer, M.A., and Franz Xaver Fuchs, farmer and businessman, represent the shareholder group. Their close ties with the company have been instrumental in preserving its values and long-term focus.



Executive Board Hochland SE

Josef Stitzl (COO)
Sebastian Schaeffer (CEO)
Hubert Staub (CFO)
f.l.t.r.

CHANGES IN TOP MANAGEMENT EXECUTIVE BOARD

Sebastian Schaeffer took over as Chairman of the Executive Board of Hochland SE on 1 December 2024. After twelve years as CEO of Hochland SE, Peter Stahl left the Group at the end of November. The Supervisory Board would like to thank Peter Stahl, who led Hochland for many years with great dedication and foresight. Under his aegis, significant developments were driven forward and strategically important steps were taken that enabled the international growth of the Hochland Group and its development into one of the largest European cheese producers. To keep it at the forefront of the industry and to continue to successfully meet the challenges of a changing market, the Executive Board of Hochland SE continues its work – characterised by a clear vision for the future.

SEBASTIAN SCHAEFFER CHIEF EXECUTIVE OFFICER (CEO)

Sebastian Schaeffer has been CEO of Hochland SE since December 2024. In his previous role as Chief Commercial Officer (CCO), he was responsible for Sales, Marketing, Research & Development and Innovation in order to drive the Group's profitable growth. In his new role as CEO, he will also be responsible for the key areas of Corporate Communications, Human Resources and New Business Development.

HUBERT STAUB CHIEF FINANCIAL OFFICER (CFO)

As CFO, Hubert Staub is responsible for the commercial aspects of Hochland SE. His area of responsibility includes Finance/Controlling and Tax/Compliance as well as Information Technology/Digitalisation and the Start-up Innovation and Ventures segment. Under his leadership, the company ensures that it remains financially healthy while developing sustainable business processes.

JOSEF STITZL CHIEF OPERATIONS OFFICER (COO)

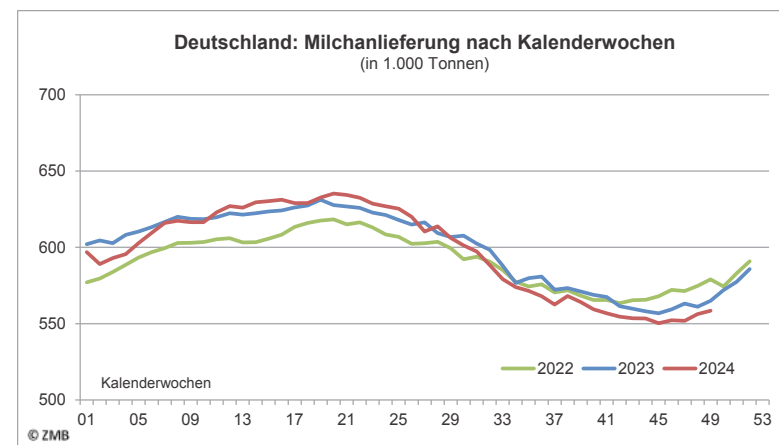
As COO of Hochland SE, Josef Stitzl manages the operational processes and is responsible for the Hochland Group's plants. His main responsibilities include Supply Chain Management & Business Process Management, Production, Purchasing, Quality Management, Logistics and Sustainability. Under his leadership, the company will continue to invest in profitable growth and make its production processes more efficient and environmentally friendly.

DAIRY INDUSTRY

ECONOMIC ENVIRONMENT

The macroeconomic environment for the German dairy industry deteriorated further in 2024. According to leading economic institutes, economic output is expected to have fallen by 0.2%, putting Germany in recession for the second year in a row. Inflation eased but remained above two per cent on average. It fell significantly for food products. German milk market prices stabilised in 2024. Milk producer prices reached their second-highest level on record at around 48 euro cents per kilogram, despite an overall decline in milk deliveries. German dairies collected an estimated 31.3 million tonnes of milk from German producers, a decrease of 0.8 % compared to the previous year.

Milk deliveries also fell in neighbouring EU countries, particularly in the second half of the year, due to the outbreak of bluetongue disease, which will have a long-term impact on milk volumes.



(Source: ZMB Dairy World – Marktwoche Milch 51/2024 page 4 ff, various)

Despite fluctuations in the course of the year, the average price of skimmed milk powder remained at the previous year's level. According to the Federal Agency for Agriculture and Food (Bundesamt für Landwirtschaft und Ernährung – BLE), around 71 % less skimmed milk powder was produced in Germany in the first ten months of the year. International trade in skimmed milk powder and German exports in this segment declined. Overall, availability was sufficient to meet demand.

**MILK PRICES AT
SECOND-HIGHEST
LEVEL IN HISTORY**

The markets for packaging materials continued to suffer from the stagnation in the German industrial sector. The supply situation for raw materials stabilised and energy prices fell, although they remained at a high level by international standards. Through clear and transparent communication, the Hochland Group was able to make its needs known to its business partners and suppliers, thus ensuring the supply of raw materials for its own production. A decisive role in this was played by stable supplier relationships based on partnership and proactive supply chain management.

HOCHLAND HOLDS ITS OWN IN TIMES OF CHANGE

Despite the continuing difficult conditions, Hochland was able to consolidate its market position and achieve a stable business result. The company's resilience is underlined by its ability to adapt flexibly to difficult economic conditions.

PROFIT SITUATION INFLUENCED BY SPECIAL EFFECT

In the past financial year, the Hochland Group generated revenue of € 2.36 billion, which corresponds to an increase of 4.7 % or € 106 million compared with the previous year.

The return on sales before taxes halved to 2.4 %, while the absolute earnings before taxes fell by € 51.8 million to € 56.1 million.

The result for the year was affected by an impairment of the goodwill of Franklin Foods Inc. This impairment was necessary due to the weak business development on the American market.

In the reporting year, the gross profit of the Hochland Group grew by € 35.1 million or 5.1 % to € 726.2 million. The gross margin increased by 0.1 percentage points to 30.8 %.

In the past financial year, Hochland invested € 75.5 million in property, plant and equipment. Hochland also supported the branded business in Germany and abroad with intensive advertising measures. Above-the-line (ATL) and below-the-line (BTL) market investments totalled € 55.1 million, € 5.1 million more than in the previous year.

The return on equity before income taxes was 7.4 %, compared to 13.6 % in the previous year.



DECREASE IN OPERATING CASH FLOW

The net inflow of cash from operating activities fell significantly by € 135.8 million to € 59.1 million in the reporting year.

The outflow of cash for intangible assets and property, plant and equipment was distributed across all plants for both the expansion of production capacities, for new products and for replacement and rationalisation measures.

Taking into account dividend payments, exchange rate-related and other changes in the value of cash and cash equivalents, freely available liquid funds within the Hochland Group fell by € 9.4 million to € 91.1 million.

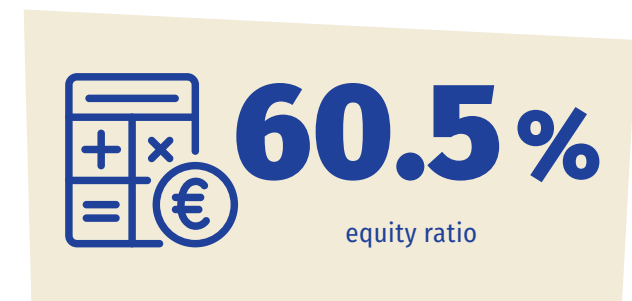
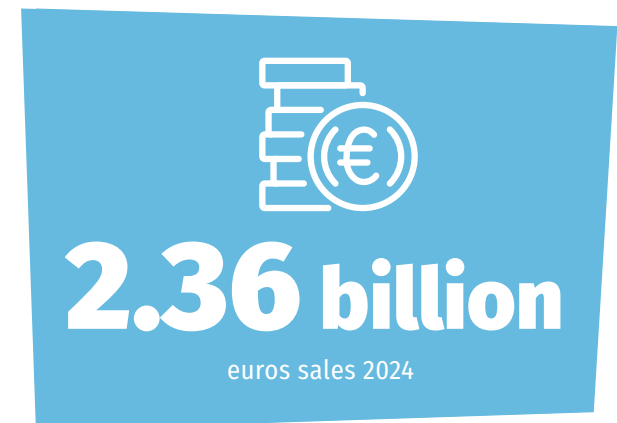
SOUND ASSET AND CAPITAL STRUCTURE

Hochland's assets and financial position remained healthy in the 2024 financial year. The Group's balance sheet total increased by € 24.2 million or 2.0 % to € 1,252 million.

Fixed assets accounted for 51.1 % of the balance sheet total, while inventories and trade receivables accounted for 37.3 %. Liquid funds accounted for 7.3 % of total capital.

The Hochland Group's financial liabilities increased by € 42.5 million to € 152.5 million, which corresponds to 12.2 % of the balance sheet total.

At the end of the year, Hochland had equity excluding minority interests of € 757.9 million. The equity ratio declined by 4.1 percentage points to 60.5 %.



DYNAMIC TIMES

STRONG BRAND STRATEGIES

The German cheese market was in a dynamic state in 2024: Rising consumption and growing trust in brand quality painted a positive picture. In this environment, the Hochland brands maintained their positioning with targeted investments in animal welfare, sustainability and digital communication.

Despite increased consumption, consumers continued to focus on promotions and discounters. Cheese consumption in Germany increased by 35,000 tonnes. Due to declining prices for private labels, total revenue of the yellow cheese line fell by 0.5 % compared to the previous year. Branded products slightly increased their market share by 0.3 percentage points to 41.5 %.

THE HOCHLAND BRAND – 25 YEARS OF INNOVATION IN SANDWICH SLICES

The processed cheese market recorded declines in revenue (-5.6 %) and sales (-4.2 %). The Hochland brand outperformed the overall market with -1.5 % in revenue and -1.6 % in sales.

Consumer reach increased by 0.2 percentage points to 12.5 %. With the digital campaign “Ein Hoch auf“, the Hochland brand celebrated the 25th anniversary of its Sandwich Slices with a creative and contemporary approach. It inspired creative recipes on TikTok under the motto “Fast Food Fusion“.

Source: Nielsen, processed cheese market, revenue, sales, MAT week 52 2024 vs. MAT week 52 2023
Source: YouGov, KRW, 2023 vs. 2024



This image was created using AI.



OUR BRANDS: QUALITY, TRADITION, ENJOYMENT

ALMETTE – FOCUS ON NATURALNESS AND ALPINE ORIGINS

The traditional cream cheese market grew slightly in terms of revenue (+1.8 %) and sales (+4.1 %). Almette performed below the market with -2.6 % in revenue and stable sales (+0.5 %). However, its consumer reach increased by 0.7 percentage points to 21.9 %. In 2024, a new brand campaign will focus on the naturalness of fresh Alpine cheese. The new TV and YouTube commercial was deliberately produced in the foothills of the Alps, where Almette is based, to emphasise the authenticity of the products. A packaging relaunch at the beginning of 2025 completes the positioning perfectly. Almette Balance Natur with 16 % fat has been added to the range since April.

Source: Nielsen IQ, LEH+DM, MAT 29.12.2024 vs. previous year;
YouGov, KRW, 2023 vs. 2024.



GRÜNLÄNDER – ANIMAL WELFARE BECOMES A CENTRAL THEME

The hard and semi-hard cheese market recorded a decline in revenue of 5.1 %, mainly due to price reductions for private label products. Sales declined by 4.7 %. At -1.7 %, Grünländer's revenue was slightly below the brand market (-0.5 %).

The brand completed its transition to the DLG Animal Welfare Gold Standard in 2024. This corresponds to husbandry type level 4 (free range/pasture). In line with this, a new packaging design emphasises the naturalness and sustainability of the brand – the animal welfare certification is also prominently promoted to guide consumers. Since autumn 2024, improved animal welfare has also been the focus of a new brand campaign. For the first time, this will be supported by creator content on social media to appeal to a younger target group. The new cheese variety "Lieblingskäse Lauchgefühl" generated positive impulses in the chiller cabinet.

Source: Nielsen IQ, LEH+DM, MAT 29.12.2024 vs. previous year



Following the successful transition to the DLG Animal Welfare Standard Gold and husbandry type 4 in dairy farming, Grünländer launched a campaign to raise awareness for increased animal welfare.



PATROS – MARKET LEADER WITH PLANT-BASED INNOVATION

Revenue in the white cheese market grew positively by 4.1 %. Patros defended its market leadership with a market share of 16.7 %, while revenue growth was below average compared to the overall market (+1.1 %).

PATROS

Make a party out of it

The new TV campaign "More than food" communicates with the claim "Patros. Make a party out of it"

and underlines the brand essence with the values of conviviality, light-heartedness and joie de vivre with family and friends.

Patros Pflanzlich Natur was launched as the brand's first vegan white cheese alternative.

This addition to the portfolio was launched in the spring with extensive point-of-sale and social media support.

Source: Nielsen IQ, LEH+DM, MAT 29.12.2024 vs. previous year

CATHEDRAL CITY – NUMBER 1 FROM GREAT BRITAIN-

In the slightly growing Cheddar subsegment (+4 % revenue vs. PJ), Cathedral City maintained its position as the number three brand in its environment. The brand introduced highly* recyclable packaging for slices and extended its range of slices to include the classic 12-month maturing "strong and spicy" variant.

(*Cheese packaging (without insert papers) 19 out of 20 points, certificate 2947 Interseroh+) Source for the revenue figures: Nielsen IQ Retail, LEH+DM, hard & semi-hard cheese self-service, 2024 vs. previous year

AI-ASSISTED MARKET RESEARCH

User centrality as a driver: Growth opportunities were created for brands by linking validated insights with identified areas of potential. Following successful test & learn cases, the first AI tools were established as a methodological standard in market research. This is a proactive response to increasing complexity, cost and speed.

DIGITAL TRANSFORMATION OF THE MEDIA STRATEGY

Linear TV viewing continued to decline. TV remains an important part of the media strategy, but digital media dominate the target groups' media consumption as an entertainment medium. A Hochland campaign made the DACH shortlist for the TikTok Awards, which honours the most successful campaigns of recent months.



GERVAIS

Protein segment

GERVAIS – STRONG GROWTH IN PROTEIN SEGMENT

The market for cottage cheese grew by 15.9 %. Gervais cottage cheese – the double of protein and taste – grew in revenue at an above-average rate of 25.8 % and maintained its leading position with a revenue market share of 13.7 %. Under the theme "Go for your Goals", Gervais supported three well-known social media faces in their individual sporting challenges – and inspired the community with recipe and fitness tips.

Source: Nielsen IQ, LEH+DM, MAT 29.12.2024 vs. previous year



SIMPLY V BRINGS COLOR TO THE FRIDGE

The consumer reach of plant-based cheese alternatives continued to grow in 2024, with around 15 per cent of German households now increasingly turning to these products. However, the segment's sales growth has stagnated. This was due to the fierce price war between private labels, which slashed prices. As a result, consumers became even more price-conscious and the average sales price fell.

PFLANZ DICH ZU UNS! MARKET POSITION

Simply V defended its market leadership with a stable market share of 23.9%, sending a clear signal with a strategic price reduction at the beginning of the year. This means that the brand is still three times stronger than its nearest competitor. The market position demonstrates that investments in quality, brand and consumer loyalty pay off, even in a highly competitive market environment.

CONDITIONS FOR GROWTH IN THE DAIRY-FREE SEGMENT

With the integration of the operational areas of E.V.A. GmbH into Hochland Deutschland on 1 July 2024 and the commercial unit at the end of the year, the SimplyV brand strategy was adapted to the maturity of the market and the conditions for synergies were created in order to maintain and expand market leadership. Hochland has successfully established and promoted the plant-based category as a first mover in the market.



The integration of the former start-up E.V.A. into Hochland Deutschland GmbH is the result of a strategic decision and now creates sustainable conditions for the growth of Hochland's dairy-free division in other business areas of the Group such as Private Label, Food Service and Industry.



GROWTH IN THE PRIVATE LABEL SEGMENT PRIVATE LABEL POWER

Private labels continued to gain market share in the yellow cheese line. This success has been helped by inflation and consumer price sensitivity, but is primarily due to the continued expansion of private label ranges by discounters and food retailers in Germany and Europe.

In recent years, private labels have sometimes outperformed branded products in terms of quality and value for money. They are driving important issues such as animal welfare and organic products, thereby gaining market share. Retailers and professional manufacturers are increasingly developing private labels into independent brands with a deep understanding of shoppers and categories.

THE SUCCESS OF BONIFAZ KOHLER

The Hochland subsidiary Bonifaz Kohler, which specialises in private labels, also recorded impressive growth of over 6% in 2024. Despite its already high market penetration, Germany remains an important growth market for Bonifaz Kohler. The positive market development in France is particularly noteworthy. The plant in Dieue, which specialises in flexibility and sustainability, will now enable the company to tap into new retail markets. The share of private label sales outside Germany totalled 56% last year and is growing steadily.

MARKET CHALLENGES

High milk prices and, in some cases, declining milk volumes resulted in a challenging market situation, partly due to blue tongue. Exceptionally high demand for basic private label products such as sliced processed cheese, Brie and cream cheese led to bottlenecks that at times severely strained customer relationships.



GROWTH THROUGH INNOVATION

By entering new categories with products such as cottage cheese, cream cheese with kefir and Mediterranean spreads, and by offering sustainable packaging solutions, Bonifaz Kohler is already laying the foundations for future growth in the private label business. With paper tubular bag packaging, the Hochland subsidiary achieved the biggest sustainability innovation in the yellow cheese line in 2024. Customer interest exceeded capacity – the new production lines were fully utilised within a few months.

STRATEGIC PARTNERSHIPS

The private label business unit achieved significant market share gains in 2024 thanks to private label power. Relations with many customers developed very positively. Joint product development, new long-term contract models and negotiations on an equal footing are clear signs of the strategic partnerships that will shape the future of private label.

GROWTH ACROSS BORDERS

FOOD SERVICE AND B2B

Hochland serves three customer groups in the Food Service business segment, and their development in the year under review was characterised by opposing trends. In the first half of the year, demand for food and beverages increased in almost all catering channels, followed by a decline in the second half of the year.

There are many reasons for this: In Germany, the return to the original VAT rate must be mentioned and generally higher product prices changed consumer behaviour in many European countries. Nevertheless, sales in this business segment developed positively. Previous capacity expansions at the Heimenkirch site enabled us to meet most of the increased demand for Hochland's classic burger slices.

QUICK SERVICE RESTAURANTS (QSR)

The classic burger slices and cheese sauces form the core of the QSR product range. The division grew by 16 % compared to the previous year. Customers continue to favour value-for-money menus. In addition, the core products, with the classic burger processed cheese slices playing a key role in revenue growth of 11 %. Hochland cheese sauces also made a significant contribution: In France, these have become an integral part of the leading QSR's product range, leading to a 75 % increase in this product category.

INDUSTRY, HOTEL/RESTAURANT/CATERING (HORECA)

With a decline of 5 %, the HoReCa segment was most significantly affected by the downward trend in out-of-home consumption. Although processed cheese products grew by 21 % on a low volume basis, more expensive branded products were under significant pressure with a decline of 11 %. The industrial business grew by 13 % as a result of intensified sales activities and the acquisition of new customers. In particular, the cream cheese (+14 %) and processed cheese (+12 %) categories, with their impressive volumes, contributed significantly to the momentum in this area.

Food Service flanked by B2B as a new business unit

Hochland offers food manufacturers and export/import companies a professional and efficient alternative to in-house production. With the newly created B2B unit, Hochland is taking a further strategic step towards even greater customer orientation – the co-packing and industry divisions have been merged. This targeted measure serves to intensify customer service and proactive customer acquisition and aims to set new volume standards in the B2B segment for sustainable growth in the Hochland Group.



The business unit's momentum was initially limited due to capacity constraints; only in the second half of the year was it possible to meet part of the additional demand for processed cheese burger slices and achieve overall growth of 11.3 %.

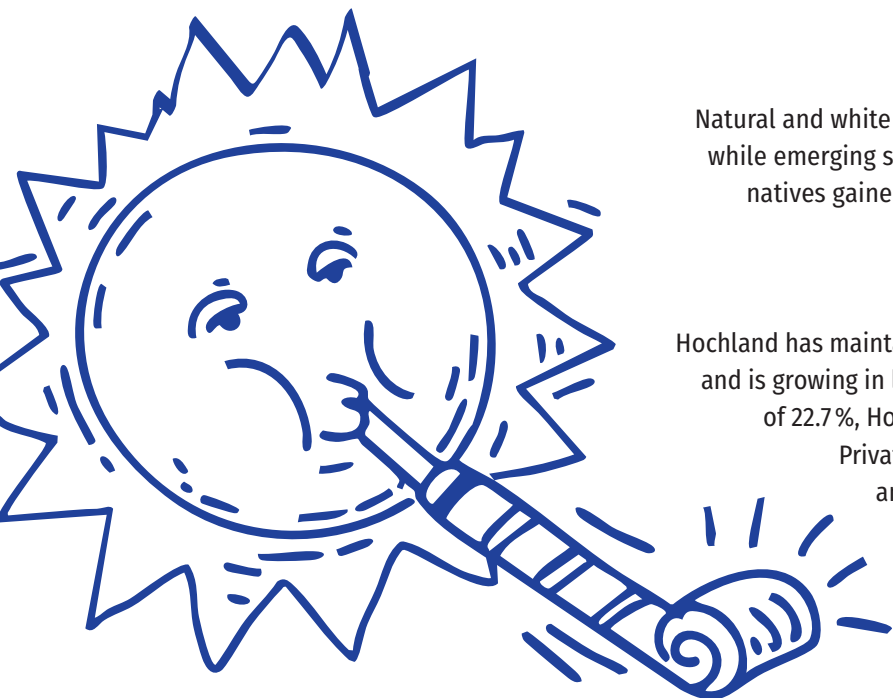
Burger food trend

Market development in Asia and the Middle East was particularly important. Here, the Western European "burger" food trend has arrived and is generating significant momentum.

In the highly competitive cream cheese market with industrial customers, the market position was consolidated with an increase of 25 %. This was achieved through the acquisition of new customers and the development of new customer categories.

HOCHLAND ROMÂNIA RECORD SALES

The overall cheese market in Romania showed robust growth in 2024, with volume up 9.3 % and value up 8.3 %. The average market price fell slightly as a result of increased promotional activities by all market participants.



Natural and white cheese remained the most important categories, while emerging segments such as cream cheese and cheese alternatives gained in importance. With the exception of processed cheese, all segments grew.

LEADERSHIP IN THE BRANDED SEGMENT

Hochland has maintained its leading position in the branded segment and is growing in line with the market. With a revenue market share of 22.7 %, Hochland România is well ahead of the competition.

Private labels remain the main driver of market growth and contributed to the growth in volume and value.

MARKETING CAMPAIGNS

The Hochland brand always remained present, thanks to continuous communication.

Together with the Almette brand, a TV share of voice of 46 % was achieved. Overall, the communication focus was on natural, white and cottage cheese, supported by integrated STAR campaigns with high visibility across all touchpoints.



We are particularly proud of the successful “Hochland Telemea” campaign, which continued in 2024 and was honoured with a silver EFFIE Award in the packaged food category in the second half of the year.



PRODUCT INNOVATIONS

The focus was also on innovative packaging: Cașcaval slices and the grated products made in Sovata were among the top priorities. In the processed cheese segment, the focus was on fine processed cheese recipes for savoury pasta dishes or cheddar sauces. In particular, the vegan alternative Velemea and a lactose-free Almette variant were successfully launched. Velemea in particular received a very positive and broad consumer response.

SALES

Overall business rose by 11.4 % to a record sales volume of over 27,000 tonnes. The branded business grew by 10 % and the Food Service business by more than 20 % thanks to a focused strategy and competitive offers. Hochland România continues to expand its national presence and achieved a numerical distribution of over 80 %.

SUPPLY CHAIN AND PRODUCTION

2024 posed challenges for the entire supply chain with a noticeable impact on availability and prices. Working in partnership with our suppliers, particularly milk suppliers, is a key factor in supporting long-term business growth.

Bucuria gustului

Initiatives to improve data quality, process optimisation and automation helped to increase supply chain efficiency.

The expansion of production capacity in Sovata was completed with an investment of around 15 million euros and represents a significant milestone with new packaging lines for grated cheese and sliced natural cheese. A new FreePack 2000 line for sliced processed cheese is planned for the Sighişoara plant to increase capacity.

SOCIAL RESPONSIBILITY

Hochland România continued its support for the generation project. This NGO initiative, under the patronage of the Romanian royal family, promotes intergenerational exchange between children and senior citizens in 10 educational institutions in Transylvania near the Hochland sites. In 2024, the programme's reach was expanded through partnerships with influencers.





The Polish FMCG market showed positive development in 2024.

HOCHLAND POLSKA GROWTH, DIGITALISATION AND SUSTAINABILITY

The cheese market grew by 5.6 % in value terms (Nielsen, MAT DEC 2024). Growth rates varied significantly between segments: Cream cheese +9.0 %, soft cheese +6.8 %, processed cheese +2.3 %, while the hard cheese market stagnated. Changing consumer preferences and increasing private label trends characterised the market.

BUSINESS DEVELOPMENT

Hochland consolidated its position as the second strongest brand manufacturer with a market share of 8.6 % and value growth of 5.6 %. The company was particularly strong in the total processed cheese segment with a market share of 47.2 % and with Almette with a market share of 65.2 % in the fluffy cream cheese segment. The market shares of Valbon and Hochland hard cheese remained stable.

DIGITAL TRANSFORMATION

The digital transformation was systematically driven forward on the basis of Microsoft 365, SAP S/4HANA and MES systems. The development towards a data-driven organisation was consistently continued.

SUSTAINABILITY AND INNOVATION

The strategic focus was centred on five areas: Attractiveness, efficiency, digitalisation, profitable growth and sustainability. Particular attention was paid to sustainable milk production to reduce CO₂e emissions along the value chain in cooperation with Hochland milk suppliers, as well as recyclable packaging.

AWARDS AND ANNIVERSARY

In 2024, Hochland Polska celebrated its 30th anniversary. The Hochland subsidiary was established on 16 December 1993 and the first factory was opened in Kaźmierz in 1995.



DIGITAL

SAP S/4HANA

The product innovation Almette with coloured pepper was named “Innovative Product 2024” and received the gold medal in the “Debuts” category in the Good Cheese survey. Hochland Polska was also the only company to be awarded the “Eco-Investor in the Food Industry 2024” prize at the Polish Cheese Congress.

MARKET OUTLOOK

Consumer sentiment is optimistic: According to GfK, 41 % of Polish consumers are willing to pay more for quality in their everyday purchases. The main factors influencing consumer behaviour remain inflation, the growing importance of private labels and discounters and changing consumer preferences.

HOCHLAND RUSSLAND MASTERS UNCERTAINTIES

In a challenging economic environment, the Russian economy grew by 4 % overall. Inflation rose to 9.5 %, prompting the Central Bank to raise interest rates to 21 %. The resulting high cost of raising capital affected various sectors of the economy and also had a noticeable impact on Hochland Russland’s distributors.

Overall, the Hochland subsidiary was able to maintain operations despite serious disruptions in the supply chain and remained the country’s largest cheese producer, supported by a very high level of product acceptance among the population.

DEVELOPMENT OF THE DAIRY MARKET

The Russian dairy market showed a clear imbalance in 2024: While production increased by only 2.2 % in the first half of the year, demand rose by 9 %. The resulting supply gap was filled mainly by imports from Belarus. In general, prices for dairy ingredients rose sharply, especially for milk fat. The tight market situation forced all manufacturers, including Hochland Russland, to make significant price adjustments.

BUSINESS DEVELOPMENT

Hochland Russland maintained its market leadership in processed cheese, cream cheese and white cheese and grew by 8.6 % in volume terms. Profitability declined significantly compared to the previous year. One of the biggest challenges in 2024 was the localisation of IT against the backdrop of EU and US sanctions. Hochland Russland focused on the digitalisation of key business and production processes to mitigate the risk of business interruption.

WORKFORCE SITUATION

The historically low unemployment rate of 2.4 % has exacerbated labour shortages in Russia. By taking proactive measures, we have been able to limit the negative impact of this skills shortage at our sites compared to the industry average.



This image was created using AI.

FRANKLIN FOODS OPERATIONAL CHALLENGES

The Enosburg Falls (Vermont) facility of US subsidiary Franklin Foods was operating at full capacity in 2024. To meet this challenge, investments were made in production expansions, which were installed in the fourth quarter. Production at the Casa Grande (Arizona) facility declined during the year due to extensive renovation and maintenance work on key infrastructure and production equipment. The measures taken will provide the basis for increased reliability, growth and future technological improvements. The overall situation had an impact on profitability due to lower volumes.

PERSONNEL DEVELOPMENT: HOCHLÄNDER GOING USA

Hochland plants achieve top performance thanks to the skills and commitment of its employees. In order to meet the technical challenges and skills shortages at Franklin Foods’ production sites, an internal Hochland campaign was launched to find specialists who are interested in working abroad on a temporary basis. This allowed key positions to be filled by European specialists, supplemented by local recruitment. In addition to investments in training programmes, this approach will be continued in 2025.

BUSINESS DEVELOPMENT

Despite all the challenges, the US Hochland subsidiary succeeded in establishing three private brand initiatives and a seasonal range. In Food Service, Franklin Foods remained the sole supplier to a leading casual dining chain and achieved improvements in their overall business. The US bulk cream cheese business was under pressure due to volume-driven pricing strategies by regional co-operatives and increased price competition.

MARKET OUTLOOK

The US cream cheese market has significant potential with a projected compound annual growth rate of 5.6 % (Food Marketing Institute (FMI)) through 2029. Franklin Foods’ strategic investments in production and distribution capacity are designed to improve its business results and position, and to reliably serve the expanding market.



Best Tasting

Cream Cheese
Everyone
Can Enjoy.

ATTRACTING AND RETAINING TALENT

STRONG TEAMS, STRONG FUTURE



The challenges in recruiting remain. The focus was therefore on the further attractive expansion of the Hochland employer brand and maintaining employee satisfaction.

GENUINE EMPLOYER COMMITMENT

Based on the Great Place to Work® survey carried out throughout the Group in 2023, the results were analysed and measures were taken in 2024. The Hochland national companies set individual priorities in post-processing: In France, focus groups dealt with the topics of recognition, transparency and fairness. In Spain, the focus was on participation and impartiality, while in Poland, the Kaźmierz production site introduced a monthly information event to improve communication with non-desk employees.

LEADERSHIP ASSESSMENT

Preparations for testing internationally developed leadership competencies at top management level have been completed. In the third quarter, Hochland SE launched a pilot project to assess these competencies as part of the annual development dialogue. The international roll-out is planned for 2025. The assessment criteria are based on the corporate values described in the management and cooperation guidelines.

GENUINE EMPLOYER COMMITMENT

For Hochland, in a nutshell: Create an attractive working environment that promotes satisfaction and long-term performance. These elements are the keys and drivers of our sustainable business success. In Germany, Hochland is also addressing the issue of mental health with the AI-supported Kyan Health app to promote mental

well-being. As a result, 2024 was again characterised by the continuous development and maintenance of an authentic employer promise for strong teams and a strong future.

INTERNATIONAL LEADERSHIP DEVELOPMENT

The ability of managers to lead is a key anchor for employee retention. The aim of the one-year International Management Development Programme (MDP-I) is to identify, train and develop international top management and specialist talent from within the company. The 12 participants in the pilot group of the MDP-I successfully completed the programme in April. The participants then took stock of their own development, and now it is time to apply what they have learnt to their management work and their organisation. Following the successful pilot, the second MDP-I group started in May.

MDP-I
participants
Well done



Strong
Teams



TOP MANAGEMENT NETWORKING AT HOCHLAND

Networking, exchanging ideas and growing – this is the basic idea behind the International Management Meeting (IMM). The annual IMM also took place in the first quarter of 2024 – the theme of “Profitable Growth” brought the Group’s top management together in Warsaw. The workshop, which lasted several days, once again strengthened the sense of togetherness and created a positive spirit for tackling future challenges together with a common understanding. The international link between the national companies and their teams is the unmistakable Hochland corporate culture and values, based on the guidelines for management and cooperation.

FOR PROFITABLE GROWTH:
**INVESTMENTS
IN LOCATIONS**

HOCHLAND GERMANY

A milestone at the Heimenkirch site was the start of construction of the new high-bay warehouse, an important prerequisite for future growth and improved logistics, as well as the increase in processed cheese production capacity. In Schongau, the capacity for white cheese production was successfully expanded to strengthen the position in this growing market.

The Hochland subsidiary Natec Network supplied and installed new systems for individually wrapped slices (IWS) and slice on slice (SOS).



The brine tank farm was expanded as part of the capacity expansion in Schongau.

HOCHLAND ROMÂNIA

The expansion of the plant in Sovata was completed in record time and production started in March. This has increased the capacity of the slicing line and created new capacity for grated cheese.

HENRI HUTIN FRANCE

In September, the Dieue plant celebrated the opening of one of the most modern soft cheese production facilities in Europe. The flexible plant is a beacon for innovation in the Hochland Group and strengthens our position as a leading cheese supplier.



Opening of the flexible soft cheese dairy at the Dieue site with Claudia Reich (Shareholder and Deputy Chairwoman of the Supervisory Board, 4.f.l.), Géraldine Diard (Plant Manager, 3.f.r.), Josef Stitzl (COO Hochland SE, 2.f.r.), Volker Büstrow (Managing Director, 1.f.r.) and external guests.

Further investments in sustainability and digitalisation

Focus is on sustainable packaging solutions. With the launch of IWS (individually wrapped slices) in the innovative paper tubular bag, a resource-saving and environmentally friendly packaging was developed that was very well received by customers. This led us to equip other production sites in Germany and other subsidiaries with this technology. The development was carried out in collaboration with Natec Network.

Our investments in the energy sector are aimed at growth and sustainability. In Heimenkirch, a hybrid boiler will be added to the steam supply to enable renewable electricity to be used for steam generation as well. In Schongau, the biogas produced at the wastewater treatment plant is used to generate hot water. Both measures will reduce the consumption of fossil fuels and support Hochland's sustainability goals. The new staff car park will have a photovoltaic roof, which will supply energy and reduce CO₂e emissions in the long term.

In the past financial year, the focus continued to be on the digitalisation of the factories and the entire supply chain. In July 2024, Hochland Polska became the third national company to successfully migrate to SAP S/4HANA, and preparations are underway for the migration at Hochland Española in 2025. The Manufacturing Execution System (MES) and the machine and plant level are now being integrated into the new digital ecosystem. The digitalisation strategy increases the efficiency and transparency of the production processes in the long term and creates the conditions for profitable growth.



SECURING THE FUTURE INVESTING IN SUSTAINABILITY

As a major cheese producer, Hochland shares responsibility for a sustainable food industry and is actively helping to shape the transition to even more sustainable products. Last year, too, progress was made in the areas of raw material security and more sustainable raw material production, as well as in product development. We continue to be a strong and reliable partner for our customers and suppliers.

STRATEGIC RAW MATERIALS MANAGEMENT

Milk remains the foundation of our core business. The supply contracts for the Schongau plant with seven milk producer organisations were renewed, securing the raw material supply for the coming years. Approximately half of the milk meets higher standards, such as Level 3 (DLG Animal Welfare Silver) or organic. An incentive system includes a higher payment for fat content and higher premiums for two-day milk collection. This reduces transport related CO₂e emissions. Following successful negotiations, a new milk purchase agreement was concluded with ULNE, for the French Hochland subsidiary the third largest milk producer organisation, thus securing further milk volumes for the plant in Dieue-sur-Meuse.

HOCHLAND RECEIVES MCDONALD'S "SUSTAINABILITY 2024" AWARD

McDonald's has been working strategically with its suppliers, in our case for more than five decades. Since 2017, the "Farmers For McDonald's" programme has been promoting sustainable business practices and innovative projects in the agricultural sector.

As part of this programme, Hochland received the "Sustainability Award 2024" for the first joint calculation of CO₂e emissions from the dairy cow to the end product.



GRÜNLÄNDER DLG ANIMAL WELFARE GOLD CERTIFIED

Since the beginning of 2024, Grünländer products have been made with milk from farms certified according to the DLG Animal Welfare Gold criteria, which corresponds to husbandry level 4 for dairy cattle. For example, the certification guarantees that cows have year-round access to outdoor exercise yards and regular access to pasture, as well as other aspects that promote improved animal welfare.

MILK

Our most important
raw material



CLIMATE TARGETS ACCORDING TO INDUSTRY STANDARDS

SCIENCE-BASED CLIMATE TARGETS UPDATED IN LINE WITH INDUSTRY STANDARDS

Hochland is working together with its retail customers to reduce CO₂e emissions. To this end, the science-based emission reduction targets for the companies in Germany and France have been updated in line with the new FLAG (Forest Land and Agriculture) guidelines.

PRECISE DATA FOR SUSTAINABLE MANAGEMENT

Hochland's Corporate Carbon Footprint shows the results of all CO₂e reduction measures and provides detailed insights for sustainable management. Significant progress has been made within the Group in 2024: For the first time, a specific carbon footprint (product carbon footprint) was calculated for around 34 % of milk volume in Germany and 14 % in France, enabling targeted support for partners.

Preparations were made for international expansion into Poland and Romania. In Germany, CO₂e emissions data were also linked to recipes and production volumes, enabling the simulation of different portfolio options and informed decision-making.

Ø 7.00 t CO₂e

per tonne of product sold
(Scope 1-3), our Corporate
Carbon Footprint

DECARBONISATION

The focus is on decarbonising the energy supply in all Hochland plants. Projects aimed at securing supply and becoming more efficient are pursued throughout the Group. In 2024, a PV system was installed on the wastewater treatment plant at the Schongau site and the production of biogas from sewage gas was increased by 100 % (by expanding the wastewater treatment plant). Further projects are being planned. As a result, renewable energy accounted for around 21 % of the Group's total energy consumption in 2024, and site-related CO₂e emissions (scope 1 and 2) have been reduced by 23 % per tonne of finished product compared to the 2019 baseline.

INNOVATIVE PACKAGING

We are setting new standards with the introduction of recyclable packaging made from renewable resources for individually wrapped processed cheese slices. This significant investment in a patented sealing system and packaging concept increases our competitiveness. The environmental data speak for themselves: Compared to the previous packaging (folding box), the amount of plastic has been reduced by 24 %, the weight of the packaging by 63 % and CO₂e emissions by 36 %. We have made further progress by changing the packaging of brie wedges: The new paper film is 85 % fibre and reduces the packaging's CO₂e emissions by 30 %. We are already working on further improvements to further increase recyclability.



1

The traditional cross-border exchange of experiences between representatives of the German milk team and the boards and extended committees of our milk producer co-operatives took place in Switzerland.

2

At the end of July, we welcomed representatives from the Bavarian State Ministry of Food, Agriculture, Forestry and Tourism to Heimenkirch. The aim of the visit was to engage in dialogue on key topics such as strategic milk management and sustainable milk production.



NATEC NETWORK GROWTH THROUGH CUSTOMER SERVICE

Hochland Natec's financial year reflected the uncertainties on the global markets. This led to irregular capacity utilisation in some areas at the mechanical engineering company Hochland Natec. The food market continues to grow, but new investments by customers for the necessary capacity increases are not keeping pace. Investments were mainly in retrofitting and upgrading existing equipment to extend its useful life, rather than in new production lines.

GERMANY

Overall, Hochland Natec achieved a satisfactory result at its headquarters in Heimenkirch and managed short-term incoming orders with a high level of customer focus. As a result, revenue remained at the previous year's level with a solid return on sales. The focus continues to be on increasing efficiency and automating processes in order to counteract the sharp rise in costs in all areas, especially material procurement and personnel.

AMERICA



Nine years after its foundation, the final steps were taken to hand over the American subsidiary to a local management team and to implement a reorganisation. The management of operations has been transferred to an American manager, as has accounting to local managers.

The sales unit is now even more prominent, supported by a heating technology expert in the team. This reorganisation was made possible by a consistently

positive performance. Revenue developed very positively with a solid return on sales.

AUSTRALIA

Following a further change in the management of the Australian subsidiary, the second half of the year saw a significant increase in orders. The organisation also set the stage for further growth and improved profitability. Overall, the year was characterised by high staff turnover in all areas and adjustments in cost and expense calculations. Revenue remained low and profitability was negative due to one-off effects from previous years.

NATEC NETWORK

In order to strengthen the Natec Network's innovation portfolio, the team identified potential search areas and developed a roadmap as a basis for new projects and products. From this, the development team derives promising applications and works with sales on new products. One of the main growth drivers last year was the service business, where sales increased by 18%. The spare parts business was optimised and customer proximity was extended and intensified through service contracts and training. Remote support also showed promising results for the first time.

HOCHLAND SE AT A GLANCE

	2024	2023	2022	2021	2020
REVENUES (in million €)					
Total	2,356.4	2,250.7	2,200.9	1,702.4	1,632.4
SALES (in thousand tonnes)					
Total	440.1	413.8	412.5	409.9	394.3
PROFIT SITUATION (in million €)					
Earnings before interest, taxes, depreciation (EBITDA)	159.2	179.6	141.9	115.6	150.4
Earnings before taxes (EBT)	56.1	107.9	79.2	62.3	77.6
CASH FLOW (in million €)					
Net inflow of cash assets from operational activities	59.1	194.9	27.7	72.5	114.6
Net outflow of cash assets for investment activity in fixed assets	(74.4)	(117.3)	(119.0)	(121.8)	(65.2)
ADVERTISING EXPENSES (in million €)					
ATL/BTL	55.1	50.0	45.5	46.1	42.2
ASSETS AND LIABILITIES STRUCTURE (in million €)					
Balance sheet total	1,252.4	1,228.2	1,221.9	1,136.0	1,052.8
Non-current assets	656.0	692.2	666.1	589.8	516.6
Current assets	596.4	536.0	555.8	546.2	536.1
Financial liabilities	152.5	110.0	118.8	99.1	75.1
Ratio of equity to assets (in %)	115.5	114.6	117.0	119.5	128.6
CAPITAL STRUCTURE (without minorities)					
Equity (million €)	757.9	793.0	779.4	705.0	664.6
Equity ratio (in %)	60.5	64.6	63.8	62.1	63.1
PROFITABILITY (in %)					
EBITDA margin	6.8	8.0	6.4	6.8	9.2
EBT margin	2.4	4.8	3.6	3.7	4.8
Return on equity (after tax)	1.1	9.7	7.9	6.1	9.3
EMPLOYEES (as at end of year)					
Total	6,376	6,178	5,974	5,843	5,518
– Germany	2,383	2,337	2,328	2,236	2,096
– Other countries	3,993	3,841	3,646	3,607	3,422

STATEMENT OF FINANCIAL POSITION

ASSETS (million €)	31.12.2024	31.12.2023
Property, plant and equipment/intangible assets	623.5	652.8
Financial assets and other non-current financial assets	16.9	15.3
Deferred tax assets	15.6	24.1
NON-CURRENT ASSETS	656.0	692.2
Inventories	244.0	208.6
Receivables and current financial assets	261.3	226.9
Liquid assets	91.1	100.5
CURRENT ASSETS	596.4	536.0
TOTAL ASSETS	1,252.4	1,228.2

EQUITY AND LIABILITIES (million €)	31.12.2024	31.12.2023
Nominal capital and reserves	757.9	792.9
Non-controlling interests	3.0	1.7
EQUITY	760.9	794.6
Non-current provisions	87.0	77.3
Non-current liabilities	107.9	52.7
Deferred tax liabilities	2.1	1.2
NON-CURRENT LIABILITIES	197.0	131.2
Current provisions	33.2	35.6
Current liabilities	261.3	266.8
CURRENT LIABILITIES	294.5	302.4
TOTAL LIABILITIES	1,252.4	1,228.2

STATEMENT OF PROFIT OR LOSS

(million €)	2024	2023
REVENUES	2,356.4	2,250.7
Change in inventories and own work capitalised	27.0	(4.0)
GROSS PERFORMANCE	2,383.4	2,246.7
Material expenses	(1,657.2)	(1,555.5)
Personnel expenses	(320.7)	(296.5)
Depreciation and impairment	(111.4)	(70.1)
Other operating income	19.2	20.7
Other operating expenses	(265.5)	(235.8)
EARNINGS BEFORE INTEREST AND TAXES	47.8	109.5
Financial result	8.3	(1.6)
EARNINGS BEFORE TAXES	56.1	107.9
Income tax	(46.6)	(29.5)
NET INCOME	9.5	78.4
Non-controlling shareholders' share of profit	1.4	1.8

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NOTICE

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All gender designations apply equally.
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