

## Saga Furs Oyj Half-Year Financial Report

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*This is a translation of the summary of the official half-year (1 Nov 2023 to 30 April 2024) financial report of Saga Furs Oyj (Ltd) published on 27 June 2024. The full report is available at [www.sagafurs.com](http://www.sagafurs.com) in Finnish and in Swedish.*

### Mink prices on the increase, brokerage sales down compared to H1 2023

- Good demand and price level increase continued for mink pelts, but lower volumes of mink and poor demand for fox pelts impacted brokerage sales.
- The value of brokerage sales decreased by 26 percent compared to H1/2023 and was EUR 110 million (1.11.2022–30.4.2023: EUR 149 million).
- Group net sales decreased to EUR 14.3 million (EUR 19.8 million).
- Consolidated costs increased to EUR 17.9 million (EUR 20.5 million).
- Operating profit weakened to EUR 1.3 million loss (EUR 0.1 million profit).
- Net financial income was EUR 1.7 million (EUR 1.8 million).
- Pre-tax profit was EUR 0.4 million (EUR 1.9 million loss).
- Earnings per share were EUR 0.05 (EUR 0.43).

Consolidated key figures	11/23-4/24	11/22-4/23	11/22-10/23
	6 mo	6 mo	12 mo
Total sales, MEUR	110.3	149.4	352.4
Total amount of pelts sold, million pcs	3.1	4.8	13.0
Net turnover, MEUR	14.3	19.8	46.6
Operating profit/loss, MEUR	-1.3	0.1	3.2
Profit before taxes, MEUR	0.4	1.9	6.1
Earnings per share, EUR	0.05	0.43	1.39
Return on equity, (ROE) %	0.2%	1.8%	5.7%
Return on investment, (ROI) %	0.8%	2.2%	6.6%

### Review of CEO Markus Gotthardt:

"During the past six-month period, Saga Furs' business developed positively. However, the value of brokerage sales decreased significantly from the comparison period as the number of pelts offered decreased. After the one-day online auction held in December 2023, buyers arrived in large numbers to Vantaa for the March auction. Compared to the record-breaking March 2023 auction, there were 40 percent fewer mink and nearly 30 percent fewer fox and Finn raccoon pelts available. Our net turnover for the half-year period was 14.3 million euros, which was more than a quarter less than in the beginning of the previous financial year.

The mink market continued to strengthen, and nearly 90 percent of mink pelts were sold at the March auction. In addition to the increase in the sales percentage, prices also rose, on average, by a quarter from last year. In contrast, the market for fox and Finn raccoon pelts did not see a significant boost in sales volumes or prices during the review period. Clearly, the level that satisfies producers was not reached.

Overall, the auction results showed that there is demand for certified pelts in our main markets in China, South Korea, and Türkiye, despite many uncertainties in the economy. The March auction was attended by over 250 buyers, who also represented the Greek market and Western fashion industry.

In addition to financial stability, Saga Furs' operations are built on trust and respect, which as a global trading channel, we strive to build in relations with producers and buyers and between them. Trust also requires transparency in the certifications and origins of the pelts offered at auctions. The Saga Trac traceability solution offered to our customers enables transparency from the fur farm through to the various stages of processing and finally to the finished product. Saga Trac is not only a pioneer in the traceability of fashion industry materials but also an example of our concrete sustainability and development work.

Although the production of mink and fox pelts continues to decrease in Western countries, Saga Furs has succeeded in collecting a large number of pelts for future auctions. As we already reported in the annual review, we have ensured the supply of pelts from significant international producers through our auctions.

The May auction, held after the review period, demonstrated that the mink market had continued to strengthen, as almost all mink pelts were sold. The price level for most types of pelts continued to rise from March, becoming profitable for producers after several difficult years.

The consequences of the bird flu that has distressed Finnish fur farms will significantly reduce fox production as the number of farms and the production volumes decrease. However, Saga Furs' warehouses have enough pelts for sales for the coming years. Currently, the demand for fox skins is weak, and prices have remained at a low level".

## **Events after the reporting period**

The May 2024 auction, the third during the fiscal year, was attended by about 300 buyers, which was more than at any auction globally in the past two years. The mink sales at the auction was particularly brisk, with 96 percent of the 3.8 million mink pelts on offer being sold. The average price level of mink was 6 percent higher than at the March 2024 auction.

In contrast, the demand for fox pelts at the May auction remained modest, with only half of the 316,000 fox and Finn raccoon pelts on offer being sold. To defend the prices of fox, some of the pelts were left unsold.

The total brokerage sales value of the May auction was 127 million euros (compared to the 111 million euros for the June 2023 auction). Most purchases were once again directed to China. Additionally, pelts were bought by South Korea, Türkiye, Greece, and the Western fashion industry.

## **Business outlook**

Saga Furs' share of the pelts market volume is increasing as the industry consolidates. As of the publication of this report, Saga Furs has brokered pelts worth approximately 240 million euros in the fiscal year's auctions. The company will organize the last auction of the fiscal year in September, with the quantities offered to be announced later. The offering structure of the auction corresponds to the typical September auction offering, where a large part of the pelts offered are of lower quality.

Saga Furs estimates that the value of brokerage sales and turnover for the current fiscal year will remain below the level of the previous fiscal year (fiscal year 2022–2023: brokerage sales 352 million euros and turnover 47 million euros). The result for the fiscal year 2023–2024 largely depends on the outcome of the September 2024 auction, which is difficult to predict in the current market situation.

Vantaa 27 June 2024

SAGA FURS OYJ

BOARD OF DIRECTORS

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