

This is a translation of the summary of the official half-year (1 Nov 2024 to 30 April 2025) financial report of Saga Furs Oyj (Ltd) published on 26 June 2025 at 11.15 EET. The full report is available at www.sagafurs.com in Finnish and Swedish.

SAGA FURS OYJ

HALF-YEAR FINANCIAL REPORT 1 NOVEMBER 2024–30 APRIL 2025

Mink prices on the increase, brokerage sales down compared to H1 2024

- Good demand and price level increase continued for mink pelts.
- The decrease in the number of pelts offered at the auction reduced brokerage sales from the comparison period. Demand for fox pelts continued to be weak.
- The value of brokerage sales decreased by 9 per cent from the comparison period to EUR 101 million (1 November 2023–30 April 2024: EUR 110 million).
- Consolidated net sales decreased to EUR 13.6 million (EUR 14.3 million).
- Other operating income decreased to a third from the exceptional level of the comparison period and amounted to EUR 0.8 million.
- Operating expenses were at the level of the comparison period at EUR -17,8 million (EUR -17,9 million).
- Consolidated operating profit decreased to a loss of EUR 3.6 million (EUR -1.3 million).
- Consolidated net financial income was EUR 1.6 million (EUR 1.7 million).
- Consolidated pre-tax profit was EUR -1.9 million (EUR 0.4 million).
- Earnings per share were EUR -0.72 (EUR 0.05).

Business outlook

- The results of the auctions that have already taken place in the financial year 2024–2025 support Saga Furs' stable financial position.
- Only the results of the auction in September 2025 will determine the brokerage sales, revenue and result of the company's entire financial year 2024–2025, which the company estimates to be below the level of the previous financial year (financial year 2023–2024: brokerage sales EUR 343 million, turnover EUR 41 million and operating profit/loss EUR 1.7 million).

Group key figures	11/24–4/25	11/23–4/24	11/23–10/24
	6 months	6 months	12 months
Value of sales, MEUR	100.6	110.3	342.7
Number of brokered pelts, million	2.7	3.1	10.5
Net sales, MEUR	13.6	14.3	41.1
Operating profit/loss, MEUR	-3.6	-1.3	1.7
Result before tax, MEUR	-1.9	0.4	3.5
Earnings per share, EUR	-0.72	0.05	0.73
Return on equity (ROE), %	-2.9%	0.2%	2.9%
Return on investment (ROI), %	-1.5%	0.8%	4.1%

CEO's review

CEO Markus Gotthardt:

Saga Furs' auction operations developed positively during the past six-month period. Despite the price level increase for mink pelts, the value of brokerage sales declined slightly, which is due to the decrease in the volume of pelts offered.

Saga Furs organised an online sale in January 2025 and the actual auction in March 2025. The mink pelt market continued to strengthen: the price level of normal-quality pelts increased by an average of 7 per cent compared to the auction in September 2024. Demand for fox pelts continued to be low.

Approximately 320 buyers attended the March auction—more than we've seen for many years—and included a new generation of buyers from the most important market areas. Positive signals include the increased presence of fur on the catwalks and in the streets of fashion capitals.

The Aurora project aimed at increasing the demand for fox pelts was launched in China in November 2024. During a three-week tour, Saga Furs showcased innovative techniques for fashion and textile companies to combine certified fox fur with different materials and garments. The sales promotion project will continue in other market areas because of the favourable reception.

Saga Furs aims for strong customer relationships and diverse market understanding in the main market, China. We cooperate closely with different customer groups at all levels of the market through the actions and presence of the Asia team and management.

The company wants to continue to be an industry pioneer in sustainability, the traceability of fur pelts and the transparency of the entire value chain. With the Omnibus Initiative announced by the European Commission, the schedule for sustainability reporting has been postponed by two years. Although Saga Furs is only required to provide a sustainability report in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD) for the financial year beginning in November 2027, the company is already continuing to develop its sustainability reporting in full. In addition, since 2008, the company has been committed to the UN Global Compact initiative and reports annually on its work to achieve the network's principles and sustainability goals.

Saga Furs is built on sustainability, trust and solvency. The value of all of these is emphasised even more in times of economic uncertainty and trade war. Trust requires incorporating sustainability as a vital element of our entire value chain. Every day, the company must earn the trust of buyers and producers, with buyers being sure of the consistently high quality of pelts and producers of the functioning of the auction to obtain the best possible price.

In a cyclical industry, solvency is the foundation of everything, and it is guided by the financial goals set in the strategy. The company's finances and financial position are strong, and we will continue to adapt our cost structure to reflect changes in the operating environment.

Future outlook

Market development

Saga Furs' operating environment is characterised by continued centralisation of the industry in production, brokerage sales and clientele. Saga Furs is practically the only Western marketplace for responsibly produced and certified fur pelts, which is why it collects the majority of the pelts produced in the region for its brokerage sales.

The gradual lowering of inventories of previously produced pelts since the start of the COVID-19 pandemic and the simultaneous lower volume of new production continue to reduce the total supply of mink pelts on the market. The average prices of mink pelts have been at a profitable level for producers in the current and previous financial year.

In practice, an increase in the production of fox and Finn raccoon pelts is prevented by the continued weak demand, which has kept the average pelt prices unprofitable for the producer. With its sales promotion measures, Saga Furs aims to increase the sales of responsibly produced Blue fox fur.

The willingness to invest is also affected by uncertainty about regulatory changes affecting the sector. Several citizen and legislative initiatives are currently being discussed by both the national Parliament and the European Union, which, if successful, would change the operating environment of fur producers. The production of fur pelts has already ceased in several countries in Europe, most recently in Sweden, which may lead to the relocation of large producers to countries outside the EU.

During the first six-month period of the financial year, the demand for mink pelts in the global market continued to be good, and the strong trend also continued after the end of the review period in the June auction. The average price level of fox pelts has not improved significantly in the two auctions during the financial year, even though the sales percentage and price level of some types of pelt increased significantly.

In China, the threat of a trade war with the United States has not yet had a direct impact on the fur garment market, but has increased uncertainty in the industry. China's economic growth is forecasted to be in the range of 4–4.5 per cent in 2025, which has maintained consumer purchasing power. After the previous sales season ended with good signs, the market for fur garments is feeling optimistic. In the coming winter, the fur sales season will continue until mid-February and will therefore be longer than in the previous year. In addition, we have succeeded in reducing our inventories of previously produced garments. With regard to fox fur, the market is on hold, as manufacturers still have inventories of previously purchased pelts.

The situation in South Korea's fur trade is not as good as in China. Large city department stores have continued to reduce the sales space allocated to furs, which has led garment manufacturers to be cautious about ordering pelts.

Fur is said to be making a comeback in the fashion markets of North America and Europe as fur has returned to the collections of more and more fashion brands and the streetscape of fashion capitals. Although the sales volumes of fur pelts ending up in high fashion are relatively small, the collections of Western fashion houses have a significant positive reflective effect on the higher-volume garment trade. The revival of fur is also visible in Greece and Türkiye, which are strengthening their position as European centres of excellence in the design and manufacture of fur garments.

There are still major uncertainties in market development, the most significant of which, at the time of publication of this report, are estimated to be related to geopolitical and trade policy tensions, especially between the United States and China, and possible regulatory changes in Europe. If realised, situations such as a trade war could lead to a weakening of the global economy and thus to consumer caution. Regulatory changes, on the other hand, could affect the investments of operators in the sector. The market risks affecting Saga Furs' business operations are described in the Risks and business uncertainties section of the Board of Directors' Report for the financial year 2023–2024.

Business outlook

In Saga Furs' June 2025 auction, the demand for mink pelts in the main market, China, and other important markets remained good and the price level remained at the level of the March auction. Demand for fox pelts was weak.

Saga Furs' share of the pelt volume brokered in the market increases as the industry centralises, but the number of brokered pelts continues to decrease as fur animal production decreases. This supports the price development seen over the past couple of years, particularly in the brokerage sales of mink pelts.

Saga Furs has sold pelts at auctions for just under EUR 230 million during the current financial year. In September, the company will organise the last auction of the financial year. The supply volumes will be announced later, and a large part of the supply is of lower quality pelts and thus cheaper in unit price.

The results of the auctions already realised for the financial year 2024–2025 support Saga Furs' stable financial position. Only the results of the auction in September 2025 will determine the brokerage sales, revenue and result of the company's entire financial year 2024–2025, which the company estimates to be below the levels of the previous financial year (financial year 2023–2024: brokerage sales EUR 343 million, revenue EUR 41 million and operating profit/loss EUR 1.7 million).

Events after the reporting period

In May 2025, Saga Furs signed a new three-year agreement on working capital financing of EUR 30 million. The agreement strengthens the company's financial position in addition to the company's own funds and other financial instruments. Seasonal variations in auction business require significant working capital at times. The financing agreement ensures the smooth running of the company's operations in all market situations.

Saga Furs organised a fur auction on 6–12 June 2025 with 320 buyers participating. The brokerage sales of the auction amounted to EUR 127 million (the value of the May 2024 auction was EUR 128 million). 92 per cent of the 3.9 million mink pelts available at the mink auction were sold. Demand for mink pelts remained strong and, despite the recent weakening of the Chinese yuan, the price level remained stable compared to the March auction. On the other hand, demand for fox pelts remained modest. Of the 200,000 fox pelts offered, 39 per cent were sold and their price level

was low. Most purchases were once again directed to China. Additionally, pelts were bought by South Korea, Türkiye, Greece and the Western fashion industry.

On 20 June 2025, the European Commission voted on an amendment to the EU regulation on invasive species. As a result of the vote, mink will be added to the EU's list of invasive alien species. The decision means that mink farming in the EU can continue after the beginning of 2027 only with an exemption. A deadline of 24 months has been set for applying for exemptions. Several countries, including Finland, have announced in advance that they will apply for an exemption, which allows mink pelts to be produced in the country in question. However, Saga Furs estimates that the regulatory change concerning invasive species and other regulatory and citizen initiatives pending and under consideration may weaken the conditions for fur production in the EU and thus further reduce the supply of fur pelts in the long term. If production shifts to countries outside the EU, the impacts can be estimated to be moderate even after the transition period.