

FODELIA OYJ GROUP BUSINESS REVIEW 1 January – 31 March 2021 (unaudited)

THE GROUP'S NET SALES GREW BY 40%

HIGHLIGHTS OF THE BUSINESS REVIEW

Summary for January–March 2021

- Net sales for the period grew by 39.6% and amounted to EUR 7,520,000 (Fodelia Oyj 1–3 2020: EUR 5,387,000)
- EBITDA for the period was EUR 350,000, representing 4.7% of net sales (Fodelia Oyj 1–3 2020 EUR 252,000 and 4.7%)
- Operating profit for the period was EUR –40,000, representing 0.5% of net sales (Fodelia Oyj 1–3 2020 EUR 32,000 and 0.6%)

Forecast for 2021

The company's management maintains the previous forecast and estimates the Group's net sales in 2021 to be approximately EUR 30–35 million with an operating profit margin of approximately 5–8%. Management estimates that profit for the period will not be generated evenly between quarters. The COVID-19 pandemic is expected to have a negative impact on the company's operations in the first half of the year, with growth in net sales and profitability to be focused strongly on the end of the year.

Key figures

Group	Fodelia Oyj 1-3/2021	Fodelia Oyj 1-3/2020	Change %	Fodelia Oyj 1-12/2020
Net sales	7,520	5,387	39.6	22,963
EBITDA	350	252	38.9	1,695
% of net sales	4.7	4.7		7.4
EBIT	–40	32	–226.1	839
% of net sales	–0.5	0.6		3.7
Profit for the period	–99	–38	–161.7	623
% of net sales	–1.3	–0.7		2.7
Earnings per share, EUR	–0.01	–0.01		0.09
Equity ratio, %	42.3	48.5		42.1
Net gearing, %	83.8	10.8		72.3
Return on equity, %	–4.1	–2.2		7.1
Return on investment, %	–0.8	1.1		5.0
Balance sheet total	22,762	14,091	61.1	20,886
Average number of employees	124	70	77.1	89

CEO'S REVIEW

“January-March was very challenging for the Foodservice-market due to restaurants’ opening restrictions and other change in consumer behaviour caused by the coronavirus pandemic. According to the Finnish Grocery Trade Association, the Foodservice wholesale net sales decreased 22,1 per cent during January-March.

Despite the negative development of the market, The Group's net sales grew by approximately 40% during the period compared to the corresponding period of the previous year. In addition to the new business units, Perniön

Liha and Pita Factory, the growth in net sales was driven by the snacks business and Feelia's growth in consumer e-commerce. On the contrary, Feelia's foodservice revenue decreased due to decreasing market.

EBITDA for quarter one grew by 39% compared to the corresponding period of the previous year, representing 4.7% of net sales. However, the development of the company's profit was lower than the company's targets and forecast for the full year. In addition to the decrease in foodservice net sales, which is important for the Group's profit development, this was due to seasonal variation seen in the beginning of the year, among other things. The Group's result is not generated evenly between annual quarters. The beginning of the year saw higher than average administrative costs, and normal seasonal variations in the sector had an impact on the demand for particularly Perniön Liha and Real Snacks products at the beginning of the year. In addition, a lot of development measures important for the future were implemented in the first quarter. These measures had a negative impact on the company's results in the short term, but they enable profitable growth in the longer term.

The Group maintains its full-year forecast. Recent investments and other business development will be reflected in more efficient operations and cost savings. The rest of the year will see good business opportunities with some tenders already won and new ones being launched. The lifting of coronavirus restrictions is likely to start supporting the recovery of the foodservice market at the latest by the second half of the year. We have purposefully taken the company's growth strategy forward and kept our eyes on the horizon, even though the coronavirus pandemic has brought a temporary drop in profitability. We are committed to long-term growth targets and believe that with the normalization of the market, we will be able to return to the path of profitable growth.

BUSINESS DEVELOPMENT BY BUSINESS AREA

Net sales by unit/ business area	1-3/2021	1-3/2020	Change %	1-12/2020
Real Snacks Oy	1,891	1,677	12.8	7,343
Feelia Oy + Beofood Oy (until 30/09/2020) *	4,085	3,809	7.2	15,710
Perniön Liha Oy and Pita Factory Oy **	1,569	0		328
Other units and eliminations	-25	-100	74.9	-418
Fodelia Group's total net sales	7,520	5,387	39.6	22,963

*Beofood merged with Feelia on 30 September 2020

**Perniön Liha Oy has been combined with Fodelia Group's result as of 15 December 2020 and Pita Factory Oy as of 1 January 2021. The companies are reported together.

The Group's net sales grew by 40%, or EUR 2,133,000. Of the growth, EUR 1,569,000 came from new businesses and EUR 214,000 from snacks. The growth of the snacks business was strong in private label products, but the strong focus of sales on this product segment reduced the company's profitability. Feelia's online shop for consumers grew by 157%, or EUR 571,000. By contrast, the net sales of Feelia's foodservice unit decreased by EUR 295,000. This was due to the restrictions on the opening hours of restaurants related to the coronavirus pandemic and the decrease in the demand for lunch meals caused by working from home and remote schooling.

EBIT by unit/ business area	1-3/2021	1-3/2020	Change %	1-12/2020
Real Snacks Oy	73	14	406.0	212
Feelia Oy + Beofood Oy (until 30/9/2020)*	234	181	28.8	1,162
Perniön Liha Oy and Pita Factory Oy**	-31	0		39

Other units	-187	-133	-40.4	-451
Business result (EBITA)	89	63	41.4	963
group goodwill amortisation and other group eliminations	-129	-31	-310.9	-124
Fodelia Group's EBIT in total	-40	32	-226.1	839

*Beofood merged with Feelia on 30 September 2020

**Perniön Liha Oy has been combined with Fodelia Group's result as of 15 December 2020 and Pita Factory Oy as of 1 January 2021. The companies are reported together.

The Group's operating result before goodwill amortisation was EUR 89,000, an increase of 41%. Profit of the snacks unit increased by EUR 59,000, while Feelia's profit increased by EUR 53,000. Of the Group's new businesses, the sales of Perniön Liha and, consequently, its result are at their strongest during the summer months and the rest of the year due to seasonal fluctuations. The depreciation policy of the new companies (Perniön Liha Oy and Pita Factory Oy) has been harmonised with Fodelia Group's accounting principles, which has increased the depreciation of the companies. In addition, the Group's operating result is affected by the Group's increased amortisation of goodwill.

MAIN EVENTS IN BUSINESS AREAS

Net sales of Real Snacks grew by 12.8% compared to the corresponding period of the previous year. The company invests heavily in marketing initiatives aimed at increasing the share of its own brand products and thus shifting the focus of sales to products with a better margin. The company's export operations are also picking up again after the year marked by the coronavirus pandemic. Real Snacks completed a packaging automation investment in the first quarter, which caused temporary inefficiencies in the company's operations during commissioning. However, the investment will bring significant savings in personnel costs and enable growth in the future. The benefit of this investment, the scale of which is extremely important for the company, can be seen in fully from the second quarter onwards.

Feelia won the largest tender in the Group's history and has signed a 2+2-year contract to supply food for the joint local authority of Eteva to more than 70 different Eteva locations. With an annual value of approximately EUR 1.5 million, the contract includes a so-called meal day package, and operations have started during April 2021.

The expansion of the Feelia factory is about to be completed. This makes it possible to increase production capacity, streamline production operations and respond to the growing demand for products suitable for special diets. Feelia is also developing its order processes, and it will soon deploy a new digital system for supplying food to care homes.

Feelia's e-commerce business for consumers has grown strongly during the beginning of the year. Net sales grew by 157%, representing already more than 12% of the Group's net sales. The online shop has invested in customer acquisition and improved brand awareness, as well as in the development of logistics. The online shop has outsourced its warehouse operations, which has resulted in start-up costs, but the change will enable Feelia to better meet customer needs and future growth targets. The online shop's product range has been expanded to include products from the Group's other business units.

Our joint venture Fodbar Oy won the total outsourcing contract for the food and cleaning services of the Municipality of Kärsämäki in spring 2021. The contract is valid for four years and is valued at more than EUR 2 million during the contract period. This is a significant step in the business operations of Fodbar Oy. Winning the outsourcing contract reinforces the view that the concept that combines Feelia's food portfolio with Barona HoReCa Oy's human resources expertise is a very competitive option.



At the turn of the year, the Group was joined by two new business units, Perniön Liha Oy and Pita Factory Oy. The integration of the companies with the Fodelia Group has progressed as planned. During the first quarter, we launched intra-group cooperation projects on product ranges and sales channels, which will provide synergies and new growth opportunities.

EVENTS AFTER THE PERIOD

The Group's Annual General Meeting was held on 20 April 2021. The decisions of the Annual General Meeting were published on 20 April 2021, and the minutes of the meeting can be found on the company's website at www.fodelia.fi.

Feelia's e-commerce business was separated into its own company (FodNet Oy) on 1 May 2021.

FURTHER INFORMATION

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FODELIA IN BRIEF

Fodelia grows Finnish food companies into flourishing international success stories so that consumers can enjoy locally and responsibly produced, clean food from known sources. Our portfolio includes ready-to-eat meal manufacturer Feelia, snack food manufacturer Real Snacks, one of Finland's oldest sausage factories Perniön Liha, snack and pita bread manufacturer Pita Factory and Fodbar, a joint venture with Bravedo Group that offers a cost-effective all-in-one solution for outsourcing food services. The companies we own are food industry pioneers who invest in innovative products, value-adding customer concepts and advanced manufacturing processes.

www.fodelia.fi/en