

**FODELIA OYJ GROUP BUSINESS REVIEW 1 January – 30 September 2021 (unaudited)**  
**THE GROUP'S NET SALES INCREASED BY 50 PER CENT IN JANUARY-SEPTEMBER, POSITIVE SHIFT IN PROFITABILITY**

**HIGHLIGHTS OF THE BUSINESS REVIEW**

This business review is unaudited. Unless otherwise stated, figures in parentheses refer to the corresponding period in 2020 in the same unit.

**Summary for January-September 2021**

- Net sales for the period grew by 49.8%, amounting to EUR 25,011 thousand (1–9/2020: EUR 16,700 thousand)
- EBITDA for the period grew by 43.3%, amounting to EUR 1,708 thousand (1,192 thousand) and representing 6.8% of net sales (7.1%)
- EBIT for the period grew by 61.9%, amounting to EUR 848 thousand (524 thousand) and representing 3.4% of net sales (3.1%)

**Summary for July-September 2021**

- Net sales for the period grew by 44.6%, amounting to EUR 8,875 thousand (6,139 thousand)
- EBITDA for the period grew by 97.4%, amounting to EUR 926 thousand (469 thousand) and representing 10.4% of net sales (7.6%)
- EBIT for the period grew by 218.4%, amounting to EUR 767 thousand (241 thousand) and representing 8.6% of net sales (3.9%)

**Outlook for 2021**

The company's management maintains the previously published outlook 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%.

**Key figures**

Group	7–9/21	7–9/20	Change %	1–9/21	1–9/20	Change %	1–12/20
Net sales in thousands of euros	8,875	6,139	44.6	25,011	16,700	49.8	22,963
EBITDA in thousands of euros	926	469	97.4	1,708	1,192	43.3	1,695
% of net sales	10.4	7.6		6.8	7.1		7.4
EBIT in thousands of euros	767	241	218.4	848	524	61.9	839
% of net sales	8.6	3.9		3.4	3.1		3.7
Profit for the period in thousands	526	132	298.9	478	317	51.1	623
% of net sales	5.9	2.1		1.9	1.9		2.7
Earnings per share, EUR	0.07	0.02		0.06	0.04		0.09
Equity ratio, %	37.2	41.1		37.2	41.1		42.1
Net gearing, %	104.3	49.7		104.3	49.7		72.3
Return on equity, %	21.7	7.9		6.6	6.4		7.1
Return on investment, %	14.7	7.3		5.4	5.3		5.0
Balance sheet total in thousands of	26,090	16,148	61.6	26,090	16,148	61.6	20,886
Average number of employees	128	76	68.4	122	78	56.4	89

**BUSINESS OVERVIEW**

**CEO Mikko Tahkola:**

The strong growth of Fodelia's net sales continued in the third quarter, growing by about 45 percent from the comparison period. The quarter saw a clear turn for the better in the Group's profitability. The effects of the coronavirus pandemic, which have impaired the Group's core business since March 2020, are finally going away, and the company is returning to the path of profitable growth in line with its strategy. The Group's EBITDA doubled compared to the corresponding period of the previous year, amounting to more than 10 percent of net sales.

The improvement in the Group's results was made possible by the positive development of the Foodservice business, which was boosted not only by the market recovery but also by new customers in the care sector. The surprisingly rapid growth in demand occurred at a time when Feelia's factory investment project was still partially underway, causing temporary delivery delays in Q3. The production process has been strengthened during the autumn, and production has now reached a level that meets demand. The investment project is currently being finalised with work being done on the production robotics. Strong demand and, in our opinion, a well-timed factory expansion, process development and increasing the level of automation will provide a good basis for the positive development of the Foodservice business also for the end of the year and next year.

In terms of retail customers, the development has not been as rapid, and the change requires long-term commitment. We have already seen some positive developments, such as the increase in the share of Real Snacks' own brands. To support our retail business, we have reorganised the Group's sales operations and hired Lotta Sillantaka, a specialist with a wealth of experience, as the Group's Sales Director Retail. From 29 September 2021 onwards, Lotta will be responsible for the sales operations of Real Snacks Oy, Perniön Liha Oy and Pita Factory Oy.

The business of our joint venture Fodbar Oy is still quite small, but we believe that great business opportunities await the company in the future. The first fully outsourced customer relationships were introduced this year. On 1 February 2022, the company's management team will be joined by Nina Rokkila, whose strong experience in the field will strengthen the company's chances of gaining a significant foothold in the market.

As a group, we will continue to implement our renewed strategy with the goal of being the most desirable and successful food industry innovator in order to grow Finnish food companies into success stories. The positive shift in the Group's results in the third quarter also gives us confidence in achieving our longer-term goals. We maintain the outlook for 2021. The growth in net sales is expected to remain strong also during the last half of the year. In contrast, the steep rise in the price of raw ingredients and materials is creating cost pressures. However, the recovery of the foodservice market and measures to improve profitability support the Group's positive development.

**BUSINESS DEVELOPMENT DURING THE REVIEW PERIOD****Trends in net sales**

The group's net sales stood at EUR 25,011 thousand for the period between January and September (16,700 thousand). The increase from the comparison period was roughly 50%, or EUR 8,311 thousand. Of the increase in net sales, EUR 5,059 thousand came from the acquisitions of Perniön Liha and Pita Factory, while EUR 3,253 thousand came from organic growth. The increase in net sales was particularly strong in the Feelia Ruokakauppa (FodNet Oy) and the Feelia Foodservice business, especially towards the end of the review period.

Between July and September, the Group's net sales grew by approximately 45% from the comparison period, standing at EUR 8,875 thousand (6,139 thousand). Of the increase in net sales, EUR 1,617 thousand came from the

acquisitions of Perniön Liha and Pita Factory, while EUR 1,119 thousand came from organic growth. The increase in net sales was particularly strong in the Feelia Ruokakauppa (FodNet Oy) and the Feelia Foodservice business.

Net sales by unit/ business area	7-9/21	7-9/20	Change %	1-9/21	1-9/20	Change %	1-12/20
Real Snacks Oy	2,105	2,106	-0.1	5,997	5,598	7.1	7,343
Feelia Oy + Beofood Oy (until 30/09/2020) + FodNet Oy*	5,085	4,033	26.1	13,905	11,121	25.0	15,710
Perniön Liha Oy and Pita Factory Oy**	1,617			5,059			328
Other units and eliminations	67	0		50	-19	-357.7	-418
<b>Fodelia Group's total net sales</b>	<b>8,875</b>	<b>6,139</b>	<b>44.6</b>	<b>25,011</b>	<b>16,700</b>	<b>49.8</b>	<b>22,963</b>

\*Beofood merged with Feelia on 30 September 2020. FodNet Oy, which was established as a result of the partial division of Feelia on 1 May 2021, is reported in the same segment with Feelia

\*\* 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.

### Trends in EBIT

Between January and September, the Group's EBIT was EUR 848 thousand (524 thousand) and EUR 767 thousand (241 thousand) between July and September. The Group's profitability was at a good level in Q3, which raised the profit level also for January-September. The improvement in the Group's profitability was mainly due to the positive development of the Feelia Foodservice business. The profitability of Real Snacks also improved compared to the corresponding period last year.

EBIT by unit/ business area	7-9/21	7-9/20	Change %	1-9/21	1-9/20	Change %	1-12/20
Real Snacks Oy	51	23	116.6	215	163	32.2	212
Feelia Oy + Beofood Oy (until 30/09/2020) + FodNet Oy*	870	350	148.8	1,274	775	64.3	1,162
Perniön Liha Oy and Pita Factory Oy**	92			137			39
Other units	-166	-101	64.1	-538	-321	68.8	-451
<b>Business result (EBITA)</b>	<b>847</b>	<b>272</b>	<b>211.4</b>	<b>1,088</b>	<b>617</b>	<b>76.2</b>	<b>963</b>
Group's amortisation of goodwill	-80	-31	157.4	-240	-93	-156.2	-124
<b>Fodelia Group's EBIT in total</b>	<b>767</b>	<b>241</b>	<b>218.4</b>	<b>848</b>	<b>524</b>	<b>61.9</b>	<b>839</b>

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### MAJOR EVENTS IN THE BUSINESS AREAS

Net sales of **Real Snacks** increased by approximately 7% in January-September, and EBIT improved by approximately 32%. In Finland, the sales of own-brand products increased by 26%. The growth was markedly higher than the market development, which will steer the ratio of own and private label products in a better direction in terms of the company's profitability. Increasing the share of own-brand products is of utmost importance in order to increase the profitability of the business, and we will invest in this, for example, by injecting more talent into sales operations by appointing a new Sales Director Retail for the Fodelia Group. During the review period, we made significant investments to increase the efficiency of production and warehouse operations. On the other hand, the steep rise in raw ingredient and material prices poses challenges to the development of profitability for the end of the year.

The net sales of **Feelian and FodNet Oy (Feelia Ruokakauppa)**, which are reported together, increased by approximately 25% in January-September, while EBIT improved by 64%. The positive earnings trend was particularly pronounced in Q3, when increased demand and the gradual ramp-up of production operations restored Feelia's profitability to pre-pandemic levels. The expansion of the Pyhäntää production plant is now in use, but the output had not yet reached an optimal level in Q3. This combined with the surprisingly strong growth in demand posed temporary challenges to the security of supply and slightly slowed down the growth of both the Foodservice business and the Feelia Ruokakauppa. The investment project is currently being finalised with work being done on the production robotics. This autumn saw the introduction of our new white water system, which supports the autoclaving process while reducing Feelia's water consumption by roughly 70%.

In the Feelia Foodservice business, demand has clearly increased in Q3 and the growth is expected to remain strong also during the rest of the year. The impact of the coronavirus pandemic is not as strong anymore, and demand has also been boosted by new customers in the care sector.

FodNet (Feelia Ruokakauppa) has continued its strong growth. The net sales of the online shop increased by 146% in January-September, amounting to EUR 3,603 thousand. In July-September, the net sales stood at EUR 1,399 thousand with an increase of 142%. In terms of our future operations, we will focus on increasing our visibility, renewing our product range and optimising the cost-effectiveness of logistics and the use of packaging materials.

The combined net sales in January-September of the Group's new units, **Perniön Liha and Pita Factory**, were EUR 5,059 thousand. The integration of Perniön Liha and Pita Factory into the Fodelia Group has progressed well, and we have numerous ongoing cooperation projects that bring synergies to the Group, including product ranges and sales channels. In the Pita Factory plant in Jokioinen, we have invested in a bread roll machine which will boost production and make the output more uniform. We have also updated the recipes of products. In other news, Perniön Liha's sausages have once again garnered acclaim. The Academic Kiuas-Seura (AKS) has awarded the title of the best link sausage of 2021 to the 'Cheddar-Jalapenolenkki' produced by the Perniön Liha-owned Helsingin Makkaratehdas brand. The title of the best bratwurst of the year was awarded to the 'Oktober Bratwurst-Duo Savupaprika&Cheddar', also produced by Helsingin Makkaratehdas.

### EVENTS AFTER THE PERIOD

No significant events after the reporting period.

### PRESS AND ANALYST CONFERENCE

A press and analyst conference conducted in Finnish will be held on 2 November 2021 at 10:00 as a Teams meeting. Materials presented in the conference will be available on the company's website after the event

<https://www.fodelia.fi/fodelia-sijoittajille/esitykset-ja-julkaisut/>

2 November 2021

BOARD OF DIRECTORS

Fodelia Oyj

#### Further information

Fodelia Oyj, CEO Mikko Tahkola, tel. +358 40 829 0195, e-mail: [mikko.tahkola@fodelia.fi](mailto:mikko.tahkola@fodelia.fi)

Fodelia Oyj, CFO Kati Kokkonen, tel. +358 400 138 396, e-mail: [kati.kokkonen@fodelia.fi](mailto:kati.kokkonen@fodelia.fi)

Approved advisor, Ernst & Young Oy, tel. +358 207 280 190, e-mail: [heikki.saukola@fi.ey.com](mailto:heikki.saukola@fi.ey.com)

#### 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; Fodnet, which is also known as Feelia Ruokakauppa; one of Finland’s oldest sausage factories Perniön Liha; snack and pita bread manufacturer Pita Factory and Fodbar, our joint venture which 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.”