

Fodelia Oyj

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FODELIA GROUP FINANCIAL STATEMENT BULLETIN FOR 1 JANUARY–31 DECEMBER 2020 (UNAUDITED)

DESPITE THE DIFFICULT MARKET SITUATION, THE GROUP'S NET SALES INCREASED BY APPROXIMATELY 17% IN JANUARY–DECEMBER. THE COVID-19 PANDEMIC REDUCED PROFITABILITY, WITH EBIT AT APPROXIMATELY 4% OF NET SALES.

This release is a translation of the summary of Fodelia's Financial Statement Bulletin for 2020. The full Financial Statement Bulletin is available in Finnish on the company's website at <https://www.fodelia.fi/fodelia-sijoittajille/sijoittajille/>.

HIGHLIGHTS OF THE FINANCIAL STATEMENT BULLETIN

Summary of January–December 2020

- Group net sales grew by 16.8% and amounted to EUR 22,963 thousand (pro forma 2019: EUR 19,661 thousand)
- Group EBITDA was EUR 1,695 thousand and 7.4% of net sales (pro forma 2019: EUR 2,383 thousand and 12.1% of net sales)
- Group EBIT was EUR 839 thousand and 3.7% of net sales (pro forma 2019: EUR 1,811 thousand and 9.2% of net sales)
- The Group's profit for the period was EUR 623 thousand and 2.7% of net sales (pro forma 2019: EUR 464 thousand and 2.4% of net sales)

Summary of July–December 2020

- Group net sales grew by 18.4% and amounted to EUR 12,403 thousand (pro forma 7–12/2019: EUR 10,477 thousand)
- Group EBITDA was EUR 973 thousand and 7.8% of net sales (pro forma 7–12/2019: EUR 1,224 thousand and 11.7% of net sales)
- Group EBIT was EUR 556 thousand and 4.5% of net sales (pro forma 7–12/2019: EUR 911 thousand and 8.7% of net sales)
- The Group's profit for the period was EUR 438 thousand and 3.5% of net sales (pro forma 7-12/2019: EUR -205 thousand and -2.0% of net sales)

The Board of Directors proposes a dividend of EUR 0.07 per share.

Guidance for 2021

The company's management 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 more strongly on the end of the year.

Key figures

The Fodelia Group was formed as the result of the share exchange on 9 August 2019. In the share exchange, Real Snacks Oy and Feelia Oy became fully owned subsidiaries of Fodelia Oy. This summary presents unaudited pro forma financial figures as comparable data to illustrate how the Fodelia Group's profit would have formed if Real Snacks and Feelia had been part of the Group for the full year 2019.

Group (thousand euros)	Fodelia Oy 7–12/2020	Pro forma 7–12/2019	Change, %	Fodelia Oy 1–12/2020	Pro forma 1–12/2019	Change, %
Net sales	12,403	10,477	18.4	22,963	19,661	16.8
EBITDA	973	1,224	-20.5	1,695	2,383	-28.9
% of net sales	7.8	11.7		7.4	12.1	
EBIT	556	911	-39.0	839	1,811	-53.7
% of net sales	4.5	8.7		3.7	9.2	
Profit for the period	438	-205	313.7	623	464	34.2
% of net sales	3.5	-2.0		2.7	2.4	
Earnings per share, EUR	0.06	-0.03		0.09	0.07	
Equity ratio, %	42.1	48.0		42.1	48.0	
Net gearing ratio, %	72.3	8.2		72.3	8.2	
Return on equity, %	10.0	-6.0		7.1	6.8	
Return on investment, %	6.6	15.7		5.0	15.6	
Balance sheet total	20,886	14,323	45.8	20,886	14,323	45.8
Average number of employees	89	63	41.3	89	63	41.3

CEO MIKKO TAHKOLA:

Due to the COVID-19 pandemic, the year 2020 was challenging in the foodservice market. According to statistics of the Finnish Grocery Trade Association, total net sales of the market decreased by nearly 18% in Finland. The market decline was due to various restrictions imposed on restaurants and events, restrictions imposed on travel, a large-scale transition to remote work and schools, and other changes in consumer behaviour resulting from the pandemic.

The market situation improved slightly after the first wave of the pandemic eased in the summer, but the second wave in autumn and the restrictions again weakened the situation. The demanding market situation also had a negative impact on Fodelia Group's business. In view of the overall situation, however, I am fairly satisfied with the development of the Fodelia Group's business. Despite the pandemic, the Group's net sales grew in January–December by approximately 17%, and our business remained profitable even as EBIT decreased from the previous year. The year also saw many successes, new business openings and active development of operations, which will enable profitable growth for Fodelia in the coming years.

The growth in net sales in 2020 was especially due to Feelia's online store for consumers and Real Snacks' private label customers. In contrast, the pandemic decreased Feelia's sales to lunch and school lunch customers and public events. COVID-19 had a negative impact on Real Snacks' business due to restrictions on public events and parties, reduced exports and changes in consumers' buying habits. The Group's EBIT decreased as net sales trended toward low-margin business during the pandemic. In addition, the rapid decline in demand due to the pandemic caused one-off write-downs of the value of the company's stock. Expenses during the period were increased by, for example, capital expenditures on the development of an online store critical for the Group's future growth.

At the start of 2020, Fodelia Group was joined by Beofood Oy, which offers vegetarian and meat products. Thanks to the acquisition, we have been able to reform the Group's product portfolio to serve our customers' needs more widely. Beofood Oy merged with Feelia Oy on 30 September 2020, and the factory will continue to operate as Feelia Oy's Kokkola factory.

In summer 2020, we took a significant next step in expanding our business and founded the joint venture Fodbar together with Bravedo Oy. The company's business idea is to combine the expertise of Feelia and Barona, subsidiaries of Fodelia Oy and Bravedo Oy, respectively, in order to provide customers an easy, fast and cost-effective all-in-one solution for outsourcing food services. In 2020 we formed the business model for Fodbar, the first customer relationships were launched in early 2021. The company's operations are not yet substantially reflected in the Group's figures for 2020, but we see great potential for the collaboration in the future.

In December 2020, we announced the acquisitions of Perniön Liha Oy and TJ Jockis Oy and its subsidiary Pita Factory Oy. Perniön Liha Oy is one of the oldest sausage factories in Finland, while Pita Factory Oy manufactures Finnish-made pita breads and high-quality snack products. Perniön Liha Oy joined the Fodelia Group on 15 December 2020. As of January 2021, TJ Jockis Oy and Pita Factory Oy will merge with Fodelia Group. In addition to growth, we estimate that the acquisitions will bring synergies to Group companies' operations and expand the product range of Feelia's online store for consumers, which will in turn be incorporated as a separate company (FodNet Oy) during 2021.

In 2020, we also launched significant investment projects. The expansion Feelia's Pyhäntä factory will be completed in early 2021, enabling us to triple production capacity and expand our product range to include, for example, special diet products and smaller consumer packages, for which we see strong demand. In January 2021, Real Snacks Oy's factory introduced new packaging automation equipment, which will significantly improve the efficiency of company's production operations and thus reduce cost level. In addition, during 2020, we invested in developing our processes and raising our level of digitalisation.

In 2020, we also received recognition as a new listed company. In May, the Finnish Foundation for Share Promotion and the Finnish Society of Financial Analysts selected our investor pages as the best in the First North category and in October, Fodelia came first in the European Small and Mid-Cap Awards 2020 Rising Star category. Presented by the European Commission, European Issuers and the Federation of European Securities Exchanges, the Rising Star award is a recognition of the company's exceptional performance and developing business and growth opportunities following its IPO.

I want to thank the organisation and our partners for an excellent performance during this exceptional year. Despite the challenges faced by the market, the year was successful in many respects. We can look to 2021 with confidence and estimate that it will be stronger in terms of both net sales and profitability than the year in review.

STRATEGY AND FINANCIAL TARGETS

Fodelia is a holding company of a number of Finnish food companies. Fodelia's strategy is to own viable food industry companies and develop them over the long term while increasing shareholder value. Fodelia supports the profitable growth of its Group companies both in Finland and internationally and strives to identify new growth opportunities. Fodelia stands out from competition with new, innovative and responsible products and concepts.

The company's medium-term financial targets are:

- Achieving an average annual net sales increase of approximately 25%
- Achieving an average operating profit margin of over 10%
- Net sales target of over EUR 60 million set for 2024

The company strives to distribute at least 35% of its earnings as dividends to shareholders.

The presented targets are not forecasts of the company's future development.

BUSINESS DEVELOPMENT DURING THE REVIEW PERIOD

Net sales and EBIT

Group net sales increased in January–December by EUR 3,302 thousand or 16.8% year-over-year and amounted to EUR 22,963 thousand (pro forma 2019: EUR 19,661 thousand). In 2020, net sales increased especially due to Feelia's online store for consumers and Real Snacks Oy's private label customers. Real Snacks Oy's net sales increased by 8.2% and EUR 554 thousand, and the combined net sales of Feelia Oy and Beofood Oy by 22.0% and EUR 2,828 thousand. Perniön Liha Oy, which joined the Fodelia Group on 15 December 2020, brought in EUR 328 thousand in net sales.

In July–December, the Group's net sales grew by 18.4% year-over-year and amounted to EUR 12,403 thousand. Real Snacks Oy's net sales grew by 9.5%. Combined net sales of Feelia and Beofood grew by 19.9%.

Net sales (pro forma) by unit (thousand euros)	7–12/2020	7–12/2019 Pro forma	Change, %	1–12/2020	1–12/2019 Pro forma	Change, %
Real Snacks Oy	3,851	3,518	9.5	7,343	6,789	8.2
Feelia Oy + Beofood Oy (until 30 Sep)	8,341	6,959	19.9	15,710	12,882	22.0
Other units and eliminations	211	0		-90	-10	
Fodelia Group in total	12,403	10,477	18.4	22,963	19,661	16.8

In January–December, the Group's EBIT decreased by EUR 972 thousand year-over-year. The Group's EBIT for January–December before amortisations of Group goodwill was EUR 963 thousand and 4.2% of net sales. EBIT before amortisations of Group goodwill decreased by EUR 917 thousand, of which EUR 218 thousand was due to decrease in profitability of Real Snacks Oy, EUR 431 thousand due to decrease in profitability of Feelia Oy (including Beofood Oy) and EUR 268 due to other smaller units (Fodbar Oy and Perniön Liha Oy). The comparability of the Group's EBIT is weakened by the fact that the parent company's expenses are included in EBIT as of the company's registration in August 2019. The decline in profitability of Real Snacks Oy was due in part by the shift in sales focus to lower-margin private label products. Feelia's decline in profitability was due to a decrease in sales to food service customers (lunch and school meals, public events), a shift in sales focus to smaller package sizes, resulting in temporary production inefficiencies, expenses related to the integration of the Kokkola factory (Beofood Oy until 30 September 2020) into Feelia's operations during the review period and the change in the company's depreciation policy to comply with the Group's depreciation practices.

The Group's EBIT for July–December was EUR 556 thousand, a decrease of 39% year-over-year.

EBIT (pro forma) by unit (thousand euros)	7–12/2020	7–12/2019 Pro forma	Change, %	1–12/2020	1–12/2019 Pro forma	Change, %
Real Snacks Oy	73	201	-63.7	212	430	-50.6
Feelia Oy + Beofood Oy (until 30 Sep)	736	888	-17.1	1,162	1,593	-27.1
Other units	-191	143		-411	143	
EBITA	618	946	-34.7	963	1,880	-48.8
Amortisation of Group goodwill	-62	-34	80.6	-124	-69	80.6
Fodelia Group EBIT in total	556	911	-39.0	839	1,811	-53.7

The presented comparative pro forma figures from 2019 consist of key figures of Real Snacks Oy and Feelia Oy from the period January–July 2019 and from the official figures of Fodelia Group from August 2019 onwards, following the Group’s founding in August 2019. The comparative figures do not include the time period’s figures from other companies that have subsequently joined the Group.

COMPANY BALANCE SHEET, FINANCING AND CAPITAL EXPENDITURES

The Group’s balance sheet total on 31 December 2020 was EUR 20,886 thousand (31 December 2019: EUR 14,323 thousand). The Group’s equity ratio was 42.1% (31 December 2019: 48.0%) and the net gearing ratio was 70.6% (31 December 2019: 8.2%). The company’s balance sheet’s key figures were influenced by significant capital expenditures and acquisitions during the financial year.

In 2020, the company made capital expenditures of EUR 4,965 thousand (2019: EUR 690 thousand). The expenditures included EUR 3,591 thousand on the expansion of Feelia’s factory, EUR 1,162 thousand on Feelia’s machinery and equipment investments, EUR 111 thousand on Real Snacks Oy’s machinery and equipment investments and EUR 101 thousand on purchases of intangible assets. The expenditures will improve the efficiency of the company’s production operations and enable future growth.

Feelia and Real Snacks have received subsidies for the investments from the regional Centre for Economic Development, Transport and the Environment. The subsidies are not included in the figures on capital expenditures for 2020 but will be recorded upon their payment in 2021. In 2020, the Group also received a total of EUR 150 thousand from Business Finland in grants to support business development in disruptive circumstances.

The Group’s liquid cash and cash equivalents at the end of the year amounted to EUR 1,696 thousand (31 December 2019: EUR 4,147 thousand). Interest-bearing liabilities amounted to EUR 8,035 thousand (31 December 2019: EUR 4,710 thousand).

FINANCIAL REPORTING

In 2021, the company will publish the following financial releases and reports:

- Financial statements and annual report for the financial year 1 January–31 December 2020 will be published on week 12/2021
- Business review for January–March 2021 will be published on 4 May 2021
- Half-year report for January–June 2021 will be published on 12 August 2021
- Business review for January–September 2021 will be published on 2 November 2021



All of the company's financial reports and releases will be published in Finnish and are available after publication on the company's website at www.fodelia.fi/sijoittajat.

The Annual General Meeting is scheduled to be held on Tuesday, 20 April 2021. The Board of Directors will convene the Annual General Meeting separately at a later date.

PRESS AND ANALYST CONFERENCE

The company will hold a webcast on the Financial Statement Bulletin for investors, analysts and the media in Finnish on 18 February 2021 at 1 p.m. EET.

The presentation can be viewed live at the address <https://fodelia.videosync.fi/2020-tulosjulkistus>.

A recording of the webcast and the presentation materials will be published later at <http://www.fodelia.fi>

18 February 2021

BOARD OF DIRECTORS

Fodelia Oyj

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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. Our portfolio includes ready-to-eat meal manufacturer Feelia, snack food manufacturer Real Snacks, Perniön Liha, one of Finland's oldest sausage factories, Pita Factory, which produces pita bread and snack products, and our joint venture with Bravedo Group, Fodbar, which provides a cost-effective all-in-one solution for outsourcing food services. We own food-industry pioneers who invest in innovative products, value-adding customer concepts and advanced manufacturing processes.

www.fodelia.fi/en