

FODELIA OYJ GROUP BUSINESS REVIEW 1 January – 31 March 2023 (unaudited)

THE GROUP'S NET SALES INCREASED BY 29% IN JANUARY-MARCH, 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 2022 in the same unit. The Group changed its reporting structure and the method for reporting figures for the joint venture in July 2022. The figures for the comparison period have been changed to correspond to current practice.

Summary for January–March 2023

- Net sales for the period under review increased by 28.8% and amounted to EUR 11,732 thousand (1–3/2022: EUR 9,112 thousand).
- EBITDA for the period was EUR 922 thousand (511 thousand) or 7.9% of net sales (5.6%).
- Profit for the period was EUR 573 thousand (185 thousand) or 4.9% of net sales (2.0%)
- EBIT for the period was EUR 463 thousand (105 thousand) or 3.9% of net sales (1.2%).

Outlook for 2023 (published 8 February 2023)

The company's management estimates the Group's net sales in 2023 to be at approximately EUR 45–52 million. Operating profit margin is estimated to increase from the previous year.

The effects of the war in Ukraine on the price and availability of materials and prices in general, as well as possible new restrictions due to the pandemic, result in a degree of uncertainty in the outlook.

Key figures

Group	1–3/23	1–3/22	Change %	1–12/22
Net sales in thousands of euros	11,732	9,112	28.8	41,621
EBITDA in thousands of euros	922	511	80.5	2,870
% of net sales	7.9	5.6		6.9
EBITA in thousands of euros	573	185	210.0	1,468
% of net sales	4.9	2.0		3.5
EBIT in thousands of euros	463	105	340.2	1,107
% of net sales	3.9	1.2		2.7
Profit for the period in thousands of euros	237	-123	293.0	8
% of net sales	2.0	-1.3		0.0
Earnings per share, EUR	0.03	-0.02		0.00
Equity ratio, %	47.5	36.6		46.80
Net gearing, %	50.3	113.5		45.5
Return on equity, %	7.3	5.0		0.1
Return on investment, %	9.1	2.0		3.3
Balance sheet total in thousands of euros	27,414	26,606	3.0	27,548
Average number of employees	122	121	0.8	127

BUSINESS OVERVIEW

CEO Mikko Tahkola:

Fodelia Group's first half of the year has got off to a promising start. Net sales have continued to grow well, and profitability has seen a positive turnaround. In Q1, net sales grew by 29% compared to the corresponding period in the previous year. Development has been especially strong in Feelia's business. Marjivasu, which joined the Group in autumn 2022, has also contributed to the growth in net sales and improved profitability.

The Group's profitability in Q1 was clearly better than in the previous year, and the change is also significant compared to previous quarters. Development has been particularly positive in Feelia, whose profitability has been boosted by increases in sales prices that entered into force at the start of the year and increases in cost effectiveness in various areas. Feelia's plant in Pyhäntä has invested heavily in measures to improve production efficiency, and the positive impacts of this long-term work are now visible. Thanks to advanced processes and investments, the plant is able to respond well to the growing demand. Production at Feelia's plant in Kokkola has also got off to a good start, and the demand for new vegetarian and fish products produced in Kokkola is growing. The positive development of Feelia's business is expected to continue. Feelia is seen as an interesting and attractive partner, as evidenced by new customer relationships and a growing product portfolio.

Fodelia Retail has continued its determined development of operations. The merger process between Fodelia Retail business area companies Real Snacks Oy, FodNet Oy, Perniön Liha Oy and Pita Factory Oy was finalised on 28 February 2023. The merger and the business area's growth investments have generated non-recurring costs that impact the result for January-March, but which are expected to support the business area's positive development in the future. At Fodelia Retail, the snacks business in particular has developed well. The unit's role as a strong private label operator also fits well with the current cost-conscious market situation. In addition to previous contracts, the private label customer relationship that started in autumn 2022 has brought growth. The first convenience food products were introduced to retail customers in Q1 of the year, and new products are coming out later this year. The development of online grocery sales is currently more modest, reflecting the general trend.

In addition of making the production more efficient, the leadership in Fodelia Group has been developed, and some organizational structures and roles has been redefined. For example there are new persons working as directors in Feelia. The implementation of new ERP system in Group units supports the company management for its part.

The importance of responsibility and sustainable activities is still growing, and the Group's responsibility work has continued. Fodelia's goal is to proceed the implementation of ISO 14001 -environment standard in its units in year 2023. The building of a new environmental system has started.

Fodelia Group's business development outlook for 2023 is good. The foodservice market has grown in the early part of the year and although prices have continued to rise, we have already been able to adapt to the situation better. According to the forecast by Pellervo Economic Research PTT, the rate of increase in costs will level off towards the end of the year but prices are expected to remain higher than usual for a longer period of time. The general increase in prices and problems with the availability of labour contribute to the growth of Feelia, which is at the core of Fodelia's growth strategy, thanks to its ability to offer a cost-effective and consistent alternative for arranging food supply.

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

The Group's net sales amounted to EUR 11,732 thousand for the period January–March (EUR 9,112 thousand). The increase from the comparison period was roughly 28.8%, or EUR 2,620 thousand. Feelia's net sales grew by 22.4% and Fodelia Retail's net sales by 9.7%. Marjvasu, acquired in autumn 2022, is reported with the parent company under Other units. Marjvasu brought net sales of EUR 909 thousand to the Group.

Net sales by unit / business area	1–3/23	1–3/22*	Change %	1–12/22
Feelia	6,356	5,195	22.4	22,809
Fodelia Retail	5,168	4,711	9.7	20,478
Other units	1,043	111	840.3	1,581
Eliminations	-835	-904	7.6	-3,247
Fodelia Group total net sales	11,732	9,112	28.8	41,621

*Net sales for the comparison period have been adjusted to reflect the current accounting principle used for reporting the joint venture.

Trends in EBIT

The Group's EBIT amounted to EUR 463 thousand for the period January–March (EUR 105 thousand). The positive development of EBIT was particularly due to Feelia's good performance during the review period. The Group's result is also boosted by Marjvasu's result, which is reported under other units together with the parent company's result.

EBIT by unit/ business area	1–3/23	1–3/22*	Change %	1–12/22
Feelia	519	324	60.4	2,005
Fodelia Retail	-68	-18	-273.5	32
Other units	145	-127	215.0	-618
Eliminations	-24	6	513.2	49
Business result (EBITA)	573	185	210,0	1,468
Group's amortisation of goodwill	-111	-80	-38.7	-361
Fodelia Group's EBIT in total	463	105	340.2	1,107

*EBIT for the comparison period have been adjusted to reflect the current accounting principle used for reporting the joint venture and the adjusted elimination entry.

MAJOR EVENTS IN THE BUSINESS SEGMENTS

Feelia

Feelia's business is at a good level, and net sales grew by 22.4% in January-March. In the early part of the year, Feelia launched new fish and vegetarian products and nuggets for Foodservice customers, and demand for these products is growing. Feelia's product portfolio is solid, and Feelia has carried out various pilot projects in the care sector and with leading daycare provider chains.

Profitability also improved, and Feelia's EBIT was EUR 519 thousand (324 thousand) in January-March, or 8.2% of net sales (6.2%). The change is particularly significant compared to previous quarters, when operations were heavily burdened by increased costs. Costs have continued to rise, but the business has been better able to respond to the changed situation. Feelia has taken measures to improve cost-effectiveness in various areas. For example, the logistics model has been changed with a new partnership. Production efficiency has been increased by upgrading processes. In addition, increases in sales prices have entered into force and an unprofitable customer relationship has been dropped. Feelia's personnel costs have also decreased as a result of the decrease in the number of fixed-term employees.

Fodelia Retail

Fodelia Retail's net sales increased by 9.7% in January-March. The unit's EBIT was EUR 68 thousand (18 thousand) in January-March, or 1.3% of net sales (-0.4%).

The development of business segments belonging to Fodelia Retail is at different stages. In particular, Real Snacks' business has developed well, and the private label customer relationship that started in the autumn has brought growth in net sales. In addition, Real Snacks has launched two new products for its own Oikia brand, and especially the new potato crisp Rehti Rosetta has been well received by customers.

The growth in Feelia Ruokakauppa's online grocery store sales has recently levelled off. The features of the online store have been developed to serve the needs of customers as well as possible. The launch of ready-to-eat food products in grocery stores has begun, but this has not yet brought significant growth in net sales as the operations are still in early stages. The new business initiative is seen as having potential, and investments in the initiative will be continued.

The deployment project of the Group's joint ERP system has been completed at the Perniön Liha and Pita Factory plants, and the new system will facilitate business operations in the future.

The merger process between Real Snacks Oy, FodNet Oy, Perniön Liha Oy and Pita Factory Oy was finalised on 28 February 2023. The merger process and business development measures have resulted in non-recurring costs that decreased the unit's result for January-March.

Other units

The business development of **Marjivasu**, which joined Fodelia Group in August 2022, has been very good in Q1. The company's profitability is at a very good level, and its net sales have increased. Business is proceeding according to plan, and the sales organisation has been reinforced, for example. In 2023, the intention is to launch cooperation with Feelia in foodservice customer relationships.

Fodelia's joint venture **Fodbar** has launched several new outsourcing targets in early 2023. The company's net sales are estimated to increase significantly during the year, and its result is also expected to turn profitable during 2023.

EVENTS AFTER THE PERIOD UNDER REVIEW

Fodelia Oyj's Annual General Meeting was held on 5 April 2023. The decisions of the Annual General Meeting were published on 5 April 2023, and the minutes of the meeting are available on the company's website at <https://www.fodelia.fi/fodelia-sijoittajille/hallinto/yhtiokokous-2023/> (in Finnish).

26 April 2023

BOARD OF DIRECTORS

Fodelia Oyj

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. The company's business segments are Fodelia Retail, which focuses on retail and consumer e-commerce, and Feelia, which serves clients in the Foodservice market. Fodelia's portfolio also includes the juice producer subsidiary Marjivasu and the joint venture Fodbar, which provides food service outsourcing solutions. Companies owned by Fodelia are food industry pioneers who invest in innovative products, value-adding customer concepts and advanced manufacturing processes.”

www.fodelia.fi/en