

FODELIA OYJ GROUP – HALF-YEAR FINANCIAL REPORT 1 January – 30 June 2022 (unaudited)

GROUP NET SALES FOR JANUARY–JUNE INCREASED BY 22% AND PROFITABILITY IMPROVED

HALF-YEAR HIGHLIGHTS

This half-year financial report is unaudited. Unless otherwise stated, figures in parentheses refer to the corresponding period in 2021 in the same unit.

Summary for January–June 2022

- Net sales for the period under review grew by 22.0%, to EUR 19,686 thousand (EUR 16,136 thousand).
- EBITDA for the period was EUR 1 072 thousand (782 thousand), representing 5.4% of net sales (4.8).
- EBIT for the period was EUR 250 thousand (81 thousand), representing 1.3% of net sales (0.5).

Summary for April–June 2022

- Net sales for the period grew by 21.3%, amounting to EUR 10,449 thousand (8,617 thousand).
- EBITDA for the period was EUR 421 thousand (432 thousand), representing 4.0% of net sales (5.0).
- EBIT for the period was EUR 5 thousand (121 thousand), representing 0.0% of net sales (1.4).

Outlook for 2022

The company management estimates the Group's net sales in 2022 at approximately EUR 40–50 million. EBIT and relative profitability are expected to improve from 2021. The effects of the war in Ukraine on the price and availability of materials and prices in general, as well as possible new restrictions in response to the pandemic, have created a degree of uncertainty in the outlook.

Key figures

Group	4–6/22	4–6/21	Change %	1–6/22	1–6/21	Change %	1–12/21
Net sales in thousands of euros	10,449	8,617	21.3	19,686	16,136	22.0	34,072
EBITDA in thousands of euros	421	432	2.6	1,072	782	37.0	2,410
% of net sales	4.0	5.0		5.4	4.9		7.1
EBIT in thousands of euros	5	121	-95.7	250	81	209.0	1,186
% of net sales	0.0	1.4		1.3	0.5		3.5
Profit for the period in thousands	-74	51	-244.0	30	-48	162.7	653
% of net sales	-0.7	0.6		0.2	-0.3		1.9
Earnings per share, EUR	-0.01	0.01		0.00	-0.01		0.09
Equity ratio, %	34.6	35.8		34.6	35.8		37.5
Net gearing, %	125.9	110.6		125.9	110.6		113.6
Return on equity, %	-3.1	2.2		0.6	-1.0		6.6
Return on investment, %	2.2	2.3		2.3	0.8		5.5
Balance sheet total in thousands of	27,728	25,568	8.4	27,728	25,568	8.4	26,380
Average number of employees	137	136	0.7	133	131	1.5	127

BUSINESS OVERVIEW

CEO Mikko Tahkola:

Fodelia Group's business has continued its steady, organic growth. The Group's net sales grew by 22.0% from January through June and 21.3% from April through June. The Group's EUR 19.7 million net sales from January through June already exceed the entire (pro forma) net sales of 2019.

The business environment has continued to be exceptional. The easing of pandemic restrictions has allowed the Foodservice Market to grow. According to Finnish Grocery Trade Association (PTY) statistics, Foodservice Market sales in Finland grew by 22.4% from January through June in comparison to the previous year, restoring them to pre-pandemic 2019 levels. However, the significant price increases resulting from the war in Ukraine pose challenges for the development of profitability. The rapid increase in the cost of raw ingredients, materials, transport and energy requires frequent price negotiations and improvements in the efficiency of the company's own operations.

Within Fodelia Group, Feelia's Foodservice business has had an excellent start. A significant number of new clients have been published over the course of the period under review. The revitalisation of the Foodservice Market has supported business, and summer events have brought improved net sales. Business is growing healthily, and profitability has recovered following the challenging pandemic period. Feelia's Foodservice net sales grew 41.7% from January through June, and EBITDA was more than 10%.

The consumer-oriented Feelia Ruokakauppa (FodNet) has been in the midst of a period of transformation. Operations and the online shop platform have been under active development, and the organisation has been overhauled. However, net sales have slowed and fallen short of the targets set for the unit. Food e-commerce remains an exciting business sector, but investments are being reduced somewhat, and cost savings are being sought to trim down operations.

The Group is making significant changes to its steering model, under which the business of Real Snacks, Perniön Liha, Pita Factory and FodNet have been combined into the new Fodelia Retail unit starting 1 July 2022. The profitability of these units has fallen short of targets, and the changes are aimed at achieving synergy benefits and cost savings, as well as streamlining operations. Going forward, reporting on the business of the Group's subsidiaries will be divided into Feelia and Fodelia Retail.

The Group's joint venture Fodbar's business has not been launched in the planned timeframe and scope, and it is currently still affecting the Group's performance trends negatively. We still see much potential in the company's operations, but obtaining contracts and launching operations in the planned scope takes time.

In the current uncertain global situation, we are looking confidently to the future. Feelia's business is expected to continue growing quickly, and the overhauled business structure will improve the efficiency of Fodelia Retail's operations.

BUSINESS DEVELOPMENT DURING THE REVIEW PERIOD

Trends in net sales

The group's net sales stood at EUR 19,686 thousand (16,136 thousand) for the period of January through June. The increase from the comparison period was roughly 22.0%, or EUR 3,550 thousand. The growth in net sales came particularly from Feelia and FodNet's business, with their net sales growing by 38.9%.

From April through June, the Group's net sales grew by approximately 21.3% from the comparison period, standing at EUR 10,449 thousand (8,617 thousand).

Net sales by unit / business area	4-6/22	4-6/21	Change %	1-6/22	1-6/21	Change %	1-12/21
Real Snacks Oy	2,109	2,001	5.4	3,965	3,892	1.9	8,077
Feelia Oy and FodNet Oy*	6,331	4,806	31.7	12,347	8,891	38.9	19,519
Perniön Liha Oy and Pita Factory Oy	2,008	1,865	7.7	3,389	3,434	-1.3	6,697
Other units and eliminations	1	-55		-15	-81		-221
Fodelia Group total net sales	10,449	8,617	21.3	19,686	16,136	22.0	34,072

*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.

Trends in EBIT

From January through June, the Group's EBIT was EUR 250 thousand (81 thousand) and, from April through June, it was EUR 5 thousand (121 thousand). EBIT growth was particularly good in Feelia's Foodservice business. The combined EBIT of Real Snacks, Perniön Liha and Pita Factory also grew in comparison to the previous year.

The Group's EBIT for the period of April through June was lower than it was in the previous year. The total EBIT of business units grew 48%, but profits were reduced by the parent company and joint venture's costs during the second quarter and the eliminations and goodwill amortisations falling between quarters.

EBIT by unit/ business area	4-6/22	4-6/21	Change %	1-6/22	1-6/21	Change %	1-12/21
Real Snacks Oy	103	91	13.1	177	164	7.6	304
Feelia Oy and FodNet Oy*	387	240	61.2	674	474	42.1	1,898
Perniön Liha Oy and Pita Factory Oy	111	76	46.6	57	44	29.1	136
Other units and eliminations	-516	-255	-102.4	-498	-442	-12.8	-833
Business result (EBITA)	85	152	-44.0	410	241	70.0	1,505
Group's amortisation of goodwill	-80	-31	-155.0	-160	-160	0	-320
Fodelia Group's EBIT in total	5	121	-95.7	250	81	209.0	1,186

*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.

MAJOR EVENTS IN THE BUSINESS AREAS

Feelia's business developed favourably during the review period. In the period of January through June, net sales increased by 38.9% compared to the same period during the previous year, and EBIT improved by 42.1%. The net sales of Feelia Ruokakauppa (FodNet Oy from 1 May 2021) grew 26.9% from January through June.

Feelia's Foodservice net sales grew by 41.7% from January through June. The company gained significant new Foodservice clients during the review period. Feelia signed an agreement with Vantaan Tilapalvelut Vantti Oy for the delivery of meal components to Vantti Oy's locations. According to Vantti's estimate, the total value of the procurement over four years is EUR 10–12 million. Thanks to the agreement, Vantti's selection will include more than 40 products delivered by Feelia. The cooperation was launched during the summer. In addition, Feelia was chosen as the meal service partner of the nationwide care sector service provider Validia Oy. The cooperation covers the care unit's entire meal day, including breakfast, lunch, dinner and evening snacks, along with side dishes. Validia uses an ordering system tailored for Feelia's care-sector customers, which makes daily operations significantly easier. The cooperation between Feelia and Validia has already been launched, and Validia is now Feelia's single largest client in the care sector. In addition, Feelia gained several smaller new clients.

During the review period, Feelia's Foodservice business was supported by the easing of pandemic restrictions and the market's recovery to the pre-pandemic levels of 2019. We have succeeded in improving business profitability despite a sharp increase in costs.

Feelia Ruokakauppa's net sales grew by 26.9% from January through June in comparison to the same period during the previous year. However, the rate of growth has slowed, and internal growth targets have not been achieved in full. As a result, measures have been taken to trim business costs.

Real Snacks's net sales grew by 1.9% from January through June. The company's profitability improved, with its EBIT growing by 7.6%. From April through June, the company's net sales grew by 5.4%, and its EBIT improved by 13.1%. The company has successfully increased the share of its own products in its net sales and obtained contracts that are better for profitability in terms of private label brands.

The net sales of **Perniön Liha and Pita Factory** from January through June were slightly lower than those of the previous year, but profitability improved. Perniön Liha's net sales saw positive development from April through June. The company has improved its products' position in shops' selections. The operations of Pita Factory have been developed by investing in a new production line.

The retail-customer-oriented business of Real Snacks, Perniön Liha and Pita Factory has been affected by spikes in the cost of raw ingredients, materials, energy and transport during the period under review. The company has worked closely and actively with customers to negotiate prices. We have been reasonably successful in managing the negative effects of price increases. However, some of the new sales prices do not come into effect until the second half of the year.

Starting 1 July 2022, FodNet's (Feelia Ruokakauppa), Real Snacks', Perniön Liha's and Pita Factory's businesses were combined into the new Fodelia Retail business area led by the companies' CEO Sanna Kittelä. Fodelia Retail focuses on retail clients and an online shop aimed at consumers. Fodelia Group's published financial figures will be presented in accordance with the new structure after the change. With the changes to the business structure, our goal is to make functions more efficient and streamlined, achieve cost savings and respond to customers' needs better than ever. We will start planning a merger to combine the Fodelia Retail units to one legal company.

COMPANY BALANCE SHEET, FINANCING AND CAPITAL EXPENDITURES

The Group's balance sheet total on 30 June 2022 was EUR 27,728 thousand (25,568 thousand). The Group's equity ratio on 30 June 2022 was 34.6% (35.8), and the net gearing ratio was 125.9% (110.6). The Group's liquid cash and cash equivalents at the end of the period amounted to EUR 112 thousand (1,712 thousand). Interest-bearing



liabilities amounted to EUR 12,199 thousand (11,845 thousand). Interest-bearing net liabilities amounted to EUR 12,087 thousand (10,133 thousand).

The Group's net investments in the period of January through June amounted to EUR 1,210 thousand (2,634 thousand). The breakdown of investments by company is as follows: Feelia Oy EUR 693 thousand, FodNet Oy EUR 116 thousand, Real Snacks Oy EUR 105 thousand, Pita Factory Oy EUR 228 thousand, Perniön Liha Oy EUR 52 thousand and Fodelia Oyj EUR 16 thousand.

STRATEGY AND FINANCIAL TARGETS

Fodelia is a holding company of a number of Finnish food companies. Our mission is to grow Finnish food companies into success stories. Our vision is to be the most attractive and successful food industry innovator.

Fodelia's strategy is to own viable companies in the food industry and develop them over the long term. Fodelia stands out with new, innovative and responsible products and concepts. Our strategy includes cooperation between Group companies and making the most out of synergies. Fodelia supports the growth and development of its subsidiaries' business by providing investment opportunities, expertise and best practices available to Group companies. In addition, Fodelia seeks to manage its portfolio of subsidiaries by identifying new growth opportunities and, if necessary, divesting its owned companies.

The company's long-term financial targets are:

- Group net sales target of over EUR 100 million in 2026.
- Group operating profit margin of approximately 8–10%.
- Group return on investment of over 10%.
- Group interest-bearing liabilities in relation to EBITDA less than 3.

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.

SHORT-TERM RISKS AND RISK FACTORS

The company's operations entail risks that may affect its profits or financial position to varying degrees.

The war in Ukraine

Fodelia does not have industrial operations and sales to Ukraine, Russia or Belarus. Sunflower oil to snacks business is acquired from Ukraine. The war in Ukraine have indirect effects to raw material and other material prices and availability as well as to general price level, inflation trends and rise in interest rates.

The effects of war to Fodelia's profit can be seen as increased costs, that can be partly added to selling prices during the second half of the year. The war with its' indirect effects bring general uncertainty to market and operations of companies.

Other risks

Possible new pandemic restrictions may have an especially pronounced effect on the Foodservice Market and, consequently, on Feelia's operations. In addition, changes in customer relationships or consumers' purchasing power and consumer behaviour may affect the company's short-term prospects.



FUTURE PROSPECTS

The company management estimates the Group's net sales in 2022 at approximately EUR 40–50 million. EBIT and relative profitability are expected to improve from 2021. The risks described above may affect these prospects.

PRESS AND ANALYST CONFERENCE

A press and analyst conference will be held in Finnish on 10 August 2022 at 12 noon at Töölönlahdenkatu 2, 00100 Helsinki. The event can be followed at <https://fodelia.videosync.fi/2022-h1-tulosjulkistus>. You do not need to register in advance to attend the event.

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

10 August 2022

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. 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.”

www.fodelia.fi/en