

FODELIA OYJ GROUP – HALF-YEAR FINANCIAL REPORT 30 June 2021 (unaudited)

THE GROUP'S NET SALES GREW BY 53 PER CENT BETWEEN JANUARY AND JUNE

HALF-YEAR HIGHLIGHTS

This half-year financial report is unaudited. Unless otherwise stated, figures in parentheses refer to the corresponding period in 2020 in the same unit.

Summary for January–June 2021

- Net sales for the period grew by 52.8% and amounted to EUR 16,136 thousand (1–6/2020: EUR 10,560 thousand). Acquired businesses Perniön Liha and Pita Factory accounted for 53.7% of the growth, while organic growth excluding the impact of acquisitions was 20.3%.
- EBITDA for the period was EUR 782 thousand (723 thousand), representing 4.9% of net sales (6.8)
- EBIT for the period was EUR 81 thousand (283 thousand), representing 0.5% of net sales (2.7)
- The performance during the period was affected by the continuation of the coronavirus pandemic, growth investments, additional costs of growth in production and logistics as well as increased raw material and material costs
- During the period, the Group invested EUR 2,634 thousand (1,183 thousand). The period saw the completion of the expansion of the Feelia factory and the introduction of Real Snacks' automated packaging machinery.

Summary for April–June 2021

- Net sales for the period grew by 66.6% and amounted to EUR 8,617 thousand (5,174 thousand)
- EBITDA for the period was EUR 432 thousand (471 thousand), representing 5.0% of net sales (9.1)
- EBIT for the period was EUR 121 thousand (251 thousand), representing 1.4% of net sales (4.9)

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%. The management estimates that the result for the financial year will not be evenly distributed between the different quarters; it is estimated that the profitability will be better in the second half of the year compared to the first.

Key figures

Group	4-6/21	4-6/20	Change %	1-6/21	1-6/20	Change %	1-12/20
Net sales in thousands of euros	8,617	5,174	66.6	16,136	10,560	52.8	22,963
EBITDA in thousands of euros	432	471	-8.2	782	723	8.2	1,695
% of net sales	5.0	9.1		4.9	6.8		7.4
EBIT in thousands of euros	121	251	-51.9	81	283	-71.4	839
% of net sales	1.4	4.9		0.5	2.7		3.7
Profit for the period in thousands	51	223	-77.1	-48	185	-125.9	623
% of net sales	0.6	4.3		-0.3	1.7		2.7
Earnings per share, EUR	0.01	0.03		-0.01	0.03		0.09
Equity ratio, %	35.8	46.1		35.8	46.1		42.1
Net gearing, %	110.6	28.7		110.6	28.7		72.3
Return on equity, %	2.2	13.7		-1.0	5.7		7.1
Return on investment, %	2.3	8.9		0.8	5.0		5.0
Balance sheet total in thousands of	25,568	14,135	82.7	25,568	14,135	82.7	20,886
Average number of employees	136	91	49.5	131	79	65.8	89

BUSINESS OVERVIEW

CEO Mikko Tahkola:

"Fodelia Group is undergoing a period of strong growth. Between January and June, the Group's net sales grew by 53 per cent and by 67 per cent between April and June. Little over half of the growth can be attributed to the acquisitions of Perniön Liha and Pita Factory. We have also enjoyed strong organic growth, although the development of the Foodservice market, which is important to the Group, did not support the growth. According to statistics published by the Finnish Grocery Trade Association, the Foodservice market grew by 0.8 per cent between January and June, but is still around 20 per cent lower than in the period before the coronavirus pandemic.

With a 149 per cent increase in net sales in the first half of the year, Feelia Ruokakauppa, which is aimed at consumers, had a significant impact on the Group's growth. Feelia Ruokakauppa has been developed as its own business unit FodNet Oy, and we have invested heavily to boost the visibility and awareness. In the snacks sector, the growth has remained steady at approximately 10 per cent. Feelia's Foodservice revenue did not meet the targets at the beginning of the year due to the coronavirus pandemic, but Feelia's outlook for the future has remained strong. We have gained new significant clients especially in the care sector. The growth brought about by these factors and the Foodservice market picking up, as the coronavirus pandemic finally eases as vaccination progresses, will set the stage for a great business outlook for the rest of the year and especially for 2022. The integration of the new units – Perniön Liha and Pita Factory – into the Fodelia Group has progressed well, and we have launched numerous cooperation projects that bring synergies to the Group, including product ranges and sales channels.

The growth has required focus and investments and caused production activities to slow down temporarily. We have wanted to take advantage of these business opportunities, even though doing so has temporarily impaired the Group's profitability. The Group is pushing ahead with an investment programme in which, in addition to increasing capacity, investments will be made in automating production operations. The Group's cost-effectiveness is expected to increase during the rest of the year when the automated systems the Group has invested in are up and running.

The investments will increase the Group's depreciation costs, but the repayment period for the investments will be short thanks to the resulting cost benefit.

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 addition to growth, we are prioritising measures that improve profitability."

BUSINESS DEVELOPMENT DURING THE REVIEW PERIOD

Trends in net sales

The group's net sales stood at EUR 16,136 thousand for the period between January and June (10,560 thousand). Net sales grew by 53% from the comparison period amounting to EUR 5,576 thousand, of which new businesses accounted for EUR 3,434 thousand. Organic growth from the comparison period was approximately 20%. Net sales grew across all units. Feelia Ruokakauppa's (FodNet Oy as of 1 May 2021) net sales increased by 148.6%. Real Snacks' net sales grew by 11.5%, but the sales of its own brands increased by 31.4%. Feelia's Foodservice business grew by 3.9% as the coronavirus pandemic continued to have a negative impact on the sector.

Between April and June, the Group's net sales grew by approximately 67% from the comparison period, standing at EUR 8,617 thousand (5,174 thousand). Organic growth excluding the impact of acquisitions was 30.8%.

Net sales by unit/ business area	4-6/21	4-6/20	Change %	1-6/21	1-6/20	Change %	1-12/20
Real Snacks Oy	2,001	1,815	10.2	3,892	3,492	11.5	7,343
Feelia Oy + Beofood Oy (until 30/09/2020) + FodNet Oy*	4,806	3,560	35.0	8,891	7,369	20.7	15,710
Perniön Liha Oy and Pita Factory Oy **	1,865			3,434			328
Other units and eliminations	-55	-201	-231.2	-81	-301	-129.6	-418
Fodelia Group's total net sales	8,617	5,174	66.6	16,136	10,560	52.8	22,963

*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 June, the Group's EBIT was EUR 81 thousand (283 thousand) and EUR 121 thousand (251 thousand) between April and June. The coronavirus pandemic continued to have a negative impact on the Foodservice business, which is important for the Group's profitability. EBIT was reduced by additional costs of growth in production and logistics, increased raw material and material costs as well as growth investments. The Group's operating profit was also hampered by increased depreciation costs due to investments and acquisitions, and the comparability was affected by the coronavirus grants included in the previous year's result.

EBIT by unit/ business area	4-6/21	4-6/20	Change %	1-6/21	1-6/20	Change %	1-12/20
Real Snacks Oy	91	125	-26.8	164	139	18.1	212

Feelia Oy + Beofood Oy (until 30/09/2020) + FodNet Oy*	240	244	-1.6	474	426	11.3	1,162
Perniön Liha Oy and Pita Factory Oy**	76			44			39
Other units	-255	-87	194.0	-442	-220	-101.1	-451
Business result (EBITA)	152	282	-46.2	241	345	-30.3	963
Group's amortisation of goodwill	-31	-31	-1.0	-160	-62	-156.2	-124
Fodelia Group's EBIT in total	121	251	-51.9	81	283	-71.4	839

*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

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MAJOR EVENTS IN THE BUSINESS AREAS

Between January and June, net sales of Real Snacks grew by 11.5% compared to the corresponding period of the previous year. Sales of the company's own brands grew by 31 per cent in the first half of the year. With marketing and sales investments, the company aims to increase the share of its own brand products and thus shift the focus of sales to products with a better margin. Real Snacks completed a packaging automation investment in the first half of the year, 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.

For Feelia, the period between January and June was both positive and negative. The company enjoyed strong success in sales. At the beginning of the year, the company won several significant tenders in the care sector, which will increase net sales and open up new business opportunities, especially at the end of the year and next year. During the first half of the year, the Foodservice market continued to be burdened by the impact of the coronavirus pandemic due to restrictions and consumer behaviour. The pandemic also resulted in the cancellation of several summer events, which are important to the company. The company's net sales have grown during the coronavirus pandemic, but profitability has remained at a lower level than before. This has been influenced by the focus of sales on low-margin products and customers, as well as increased costs. Net sales growth has been strong especially for products in smaller packaging, which has increased personnel costs in production before the introduction of additional capacity brought about by the expansion.

The production in the expansion of Feelia's Pyhänänen plant started in the second quarter. The plant's start-up will continue in the third quarter in terms of machine and equipment deliveries, which will allow the plant's operations to be further automated. The completion of the expansion has already brought much-needed additional capacity, and automation investments to be completed in the autumn will bring significant cost-effectiveness to production operations.

The incorporation of Feelia's e-commerce business has been completed, and FodNet Oy started its operations as its own company on 1 May 2021. FodNet continues to seek strong growth and invests in marketing activities and increasing consumer awareness. The company's product range has been expanded to include products from other group companies in the first half of the year. At the beginning of the year, the net sales of the business-to-consumer online shop grew by EUR 1,318 thousand and 149 per cent compared to the corresponding period of the previous year, and in June, the company reached net sales of over half a million euros. Outsourcing of warehouse operations

at the beginning of the year has resulted in start-up costs, but with the new operating model operations can be scaled to reflect the growth prospects of the business.

Business operations of Perniön Liha and Pita Factory, which joined the Group at the turn of the year, have developed fairly well in the first half of the year, although coronavirus restrictions have affected in particular Pita Factory's operations. The integration of the companies with the Fodelia Group has progressed as planned. Cooperation projects concerning product ranges and sales channels have been launched, which will create significant group synergies and new growth opportunities.

The operations in the first sites of our joint venture Fodbar have started and they are expected to open up new opportunities in future tenders.

COMPANY BALANCE SHEET, FINANCING AND CAPITAL EXPENDITURES

The Group's balance sheet total on 30 June 2021 was EUR 25,568 thousand (14,135 thousand). The Group's equity ratio on 30 June 2021 was 35.8 % (46.1) and the net gearing ratio was 110.6 % (28.7). The Group's liquid cash and cash equivalents at the end of the period amounted to EUR 1,712 thousand (3,017 thousand). Interest-bearing liabilities amounted to EUR 11,845 thousand (4,885 thousand). Interest-bearing net liabilities amounted to EUR 10,133 thousand (1,868 thousand). Investments and acquisitions made by the Group in 2020 and 2021 will affect the change in the Group's net gearing ratio and the growth of interest-bearing net liabilities.

The Group's net investments in the period between January and June amounted to EUR 2,634 thousand (1,183 thousand). The investments include an investment grant of EUR 1,022 thousand received by Feelia Oy. The investments are related to the expansion of Feelia Oy's factory, the acquisition of Real Snacks Oy's real estate and the acquisition of packaging automation machinery for Real Snacks Oy, as well as the modernisation of production operations and other business development in different Group companies.

STRATEGY AND FINANCIAL TARGETS

The company's management has updated the strategy of Fodelia Group. Fodelia is a holding company of a number of Finnish food companies. Our mission is to grow Finnish food industry companies into success stories and our vision is to be the most wanted and the most successful innovator of food industry.

Fodelia's strategy is to own viable companies in the food industry and develop them over the long term. Fodelia differs with new, innovative and responsible products and concepts. The cooperation between the group companies and utilizing the synergies are part of our strategy. Fodelia supports the growth of its subsidiaries' business by giving them possibilities to invest and by offering competence and best practices to use. In addition to this Fodelia's goal is to manage its subsidiary portfolio by recognizing new growth possibilities, and if necessary, by divesting companies owned.

The company's medium-term financial targets are:

- Average net sales increase of 25% annually
- Average operating profit margin of over 10%
- Net sales target of over EUR 60 million in 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.

FUTURE PROSPECTS



The company's management maintains the 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%. The management estimates that the result for the financial year will not be evenly distributed between the different quarters; it is estimated that the profitability will be better in the second half of the year compared to the first.

EVENTS AFTER THE PERIOD

No significant events after the financial period.



PRESS AND ANALYST CONFERENCE

The press and analyst conference, which will be conducted in Finnish, will be held online at <https://fodelia.videosync.fi/2021-h1-tulokset> on 12 August 2021 at 13:00 (EEST). Attending the event does not require pre-registration.

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

12 August 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 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