

7FODELIA OYJ GROUP – HALF-YEAR FINANCIAL REPORT 1 January–30 June 2023 (unaudited)

GROUP NET SALES FOR JANUARY–JUNE INCREASED BY 25% AND EARNINGS BEFORE INTEREST AND TAXES DOUBLED

HALF-YEAR HIGHLIGHTS

This half-year financial report is unaudited. Unless otherwise stated, figures in parentheses refer to the corresponding period in 2022 in the same unit.

Summary for January–June 2023

- Net sales in the period under review increased by 24.8% and amounted to EUR 24,259 thousand (EUR 19,432 thousand).
- EBITDA for the period was EUR 1,948 thousand (1,276 thousand) or 8.0% of net sales (6.6%).
- EBITA for the period was EUR 1,214 thousand (615 thousand) or 5.0% of net sales (3.2%).
- EBIT for the period was EUR 993 thousand (455 thousand) or 4.1% of net sales (2.3%).

Summary for April–June 2023

- Net sales for the period grew by 21.4%, amounting to EUR 12,526 thousand (10,319 thousand).
- EBITDA for the period was EUR 1,026 thousand (765 thousand) or 8.2% of net sales (7.4%).
- EBITA for the period was EUR 641 thousand (430 thousand) or 5.1% of net sales (4.2%).
- EBIT for the period was EUR 530 thousand (350 thousand) or 4.2% of net sales (3.4%).

Outlook for 2023

The company's management maintains the outlook and estimates the Group's net sales in 2023 to be 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.

Key figures

Group	4–6/23	4–6/22	Change %	1–6/23	1–6/22	Change %	1–12/22
Net sales in thousands of euros	12,526	10,319	21.4	24,259	19,432	24.8	41,621
EBITDA in thousands of euros	1,026	765	34.1	1,948	1,276	52.7	2,870
% of net sales	8.2	7.4		8.0	6.6		6.9
EBITA in thousands of euros	641	430	49.1	1,214	615	97.6	1,468
% of net sales	5.1	4.2		5.0	3.2		3.5
EBIT in thousands of euros	530	350	51.5	993	455	118.2	1,107
% of net sales	4.2	3.4		4.1	2.3		2.7
Profit for the period in thousands	328	154	113.5	565	31	1,726.4	8
% of net sales	2.6	1.5		2.3	0.2		0.0
Earnings per share, EUR	0.04	0.02		0.07	0.00		0.00
Equity ratio, %	47.7	35.1		47.7	35.1		46.8
Net gearing, %	54.4	125.2		54.4	125.2		45.5
Return on equity, %	10.1	6.4		8.7	0.6		0.1
Return on investment, %	10.1	4.2		9.4	2.3		3.2
Balance sheet total in thousands of	27,327	27,384	-0.2	27,327	27,384	-0.2	27,548
Average number of employees	137	131	4.6	133	129	3.1	134

BUSINESS OVERVIEW

CEO Mikko Tahkola:

The Group's business developed in a good direction during the first half of the year. Net sales increased by 25% and profitability improved. Earnings before interest and taxes more than doubled from the corresponding period last year, and the improvement in profits has been particularly positive compared to the end of 2022.

Of the Group's businesses, Feelia has again seen profitable growth after the challenges in late 2022. The end of 2022 was burdened by heavily increased costs that could only be passed on to sales prices with a delay. The company has streamlined its production operations and reformed its logistics, bringing cost-efficiency to operations. Company's net sales increased by 20%, and the company's order portfolio has grown to a record level, indicating a positive development also in the future. Feelia's concept and operating model are well suited to the needs of foodservice industry customers, combining the need for cost-efficiency with healthy and sustainably sourced food. We regularly develop new food options to meet the wishes of our customers. Feelia's solutions can be used to cut down on food waste and transport costs and reduce the need for capital expenditures.

In Fodelia Retail, sales increased by approximately 7% during the review period. Sales growth has been positive in the snacks business. However, the sales of Feelia's convenience foods through Fodelia Retail have fallen short of the target. Online grocery sales have no longer developed this year in the same way as in previous years. Sales of convenience foods to retail stores have also grown more slowly than targeted. The merger of the companies belonging to the business segment was completed in the early part of the year. Non-recurring costs related to the merger and implementation of the ERP system were incurred in January-June. The business area's profitability improved in Q2, and the lighter administrative structure will bring savings especially in the second half of the year.

Marjvasu, which joined the Group in autumn 2022, has continued its positive development. Marjvasu brought EUR 1.7 million in net sales to the Group in January-June, and its profitability has remained at a very strong level. The company is steadily gaining new customers, especially related to the juice machine business. The company has ongoing investment projects aimed at enabling growth and further developing production efficiency.

The business of the joint venture Fodbar is growing. The company won significant outsourcing contracts in the first half of the year. Rapid growth has caused additional costs in the early stages, resulting in low profitability to date. However, the company operates in an interesting market with great potential for growth.

BUSINESS DEVELOPMENT DURING THE REVIEW PERIOD

Trends in net sales

The group's net sales stood at EUR 24,259 thousand (19,432 thousand) for the period of January through June. The increase from the comparison period was roughly 24.8%, or EUR 4,827 thousand. Feelia's net sales grew by 20.3% and Fodelia Retail's net sales by 7.4%. Growth was also driven by Marjvasu, which joined Fodelia Group on 31 August 2022. Marjvasu's net sales in January-June amounted to EUR 1,728 thousand.

From April through June, the Group's net sales grew by approximately 21.4% from the comparison period and amounted to EUR 12,526 thousand (10,319 thousand).

Net sales by unit / business area	4-6/23	4-6/22	Change %	1-6/23	1-6/22	Change %	1-12/22
Feelia	6,586	5,564	18.4	12,942	10,758	20.3	22,809

Fodelia Retail	5,666	5,373	5.5	10,834	10,083	7.4	20,478
Other units	954	111	759.5	1,997	222	799.9	1,581
Eliminations	-680	-728	-6.7	-1,515	-1,632	-7.2	-3,247
Fodelia Group total net sales	12,526	10,319	21.4	24,259	19,432	24.8	41,621

Trends in EBIT

The Group's EBIT in January–June was EUR 993 thousand (455 thousand), or 4.1% percent of net sales (2.3%). The Group's EBIT for January–June was improved by Feelia's profitable growth and Marjavasu's very good profit development. The Group's EBITA doubled to EUR 1,214 thousand (615 thousand) or 5.0% of net sales (3.2%).

The Group's EBIT in January–June amounted to EUR 530 thousand (350 thousand) or 4.2% of net sales (3.4%). The Group's EBITA amounted to EUR 641 thousand (430 thousand) or 5.1% of net sales (4.2%).

EBIT by unit/ business area	4–6/23	4–6/22	Change %	1–6/23	1–6/22	Change %	1–12/22
Feelia	589	577	2.1	1,108	901	23.0	2,005
Fodelia Retail	108	23	375.2	40	5	773.9	32
Other units	-82	-208	60.4	63	-335	118.9	-618
Eliminations	27	39	-30.8	3	44	-94.1	49
Business result (EBITA)	641	430	49.1	1,214	615	97.6	1,468
Group's amortisation of goodwill	-111	-80	38.7	-222	-160	38.7	-361
Fodelia Group's EBIT in total	530	350	51.5	993	455	118.2	1,107

MAJOR EVENTS IN THE BUSINESS SEGMENTS

Feelia

Feelia's business continued to develop steadily during the review period. Net sales grew by approximately 20% in January–June and profit improved. Feelia's EBIT in January–June was 8.6% of net sales.

Demand for Feelia's products in the foodservice market has strengthened further. Feelia has responded to the growing demand by reinforcing its sales team, developing its order channel and ensuring cost-effective production and logistics. Care home and school lunch customer relationships are an increasingly important part of net sales.

Fodelia Retail

Fodelia Retail's net sales increased by 7.4% in January–June. Net sales growth was particularly attributable to increased sales of snack products. On the other hand, the net sales of Feelia Ruokakauppa, which is part of the Fodelia Retail unit, decreased compared to the previous year. This also had a negative impact on the development of Fodelia Retail's total net sales.

Fodelia Retail's operations were streamlined during the review period, and the company's EBIT improved in Q2 compared to the start of the year. Operational efficiency has been sought both in production operations and by merging administrative structures. Fodelia Retail unit companies Real Snacks Oy, FodNet Oy, Perniön Liha Oy and Pita Factory Oy merged to form Fodelia Retail Oy on 28 February 2023. All of Fodelia Retail's factories now use a common ERP system, as the implementation project launched in 2021 was finalised during the spring also for Perniön Liha and Pita Factory. Among other benefits, this enables more comprehensive reporting and monitoring of operational efficiency.

Other units

Marjvasu's business has developed positively in the early half of the year, and the company has gained new customers especially in the juice machine business. The company's profitability has remained very good. The company has launched investment projects to support future growth and cost-effective operations.

The business of the joint venture Fodbar is also growing, and several significant outsourcing contracts were launched in the early half of the year. However, the takeover of the contracts has incurred additional costs and as a result, the profitability of operations was low during the review period.

COMPANY BALANCE SHEET, FINANCING AND CAPITAL EXPENDITURES

The Group's balance sheet total as of 30 December 2023 was EUR 27,327 thousand (27,384 thousand). The Group's equity ratio as of 30 June 2023 was 47.7% (35.1%), and the net gearing ratio was 54.4% (125.2%). The Group's liquid cash and cash equivalents at the end of the period amounted to EUR 909 thousand (18 thousand). Interest-bearing liabilities amounted to EUR 7,996 thousand (12,040 thousand). Interest-bearing net liabilities amounted to EUR 7,086 thousand (12,021 thousand).

The Group's net investments in January–June amounted to EUR 1,191 thousand (1,210 thousand). The breakdown of investments by company is as follows: Feelia Oy EUR 556 thousand, Fodelia Retail Oy EUR 624 thousand, and other units EUR 11 thousand in total.

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.

War in Ukraine

Fodelia has no industrial operations or sales in Ukraine, Russia and Belarus. Sunflower oil for the snack business is sourced from Ukraine. The war in Ukraine has an indirect impact on the prices and availability of raw materials, as well as on the development of general price level, inflation and interest rates. During the review period, the impact of the war is visible in Fodelia Group's result in the form of increased costs, which are partially passed on to sales prices with a delay. The war and its indirect effects bring general uncertainty to the market and companies' operations.

Other risks

Changes in customer relationships or consumers' purchasing power and consumer behaviour may affect the company's short-term prospects.

FUTURE PROSPECTS

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.

PRESS AND ANALYST CONFERENCE

A press and analyst conference will be held in Finnish at Töölönlahdenkatu 2, 00100 Helsinki on 9 August 2023 at 12.00. The event can be followed at <https://fodelia.videosync.fi/h1-2023>. 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>

9 August 2023

BOARD OF DIRECTORS

Fodelia Oyj

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Fodelia in brief

“Fodelia grows Finnish food companies into flourishing 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