

# FODELIA GROUP'S NET SALES GREW BY 23% IN JANUARY-DECEMBER, INCREASED COSTS DECREASED PROFITABILITY

**Fodelia Oyj**

**Financial Statements Release 8 February 2023**

**CEO Mikko Tahkola and CFO Kati Kokkonen**



**We grow Finnish food industry companies into success stories. Our goal is to be the most wanted and most successful innovator of food industry**

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## **Financial development in 2022**

# FODELIA GROUP'S NET SALES GREW BY 23% IN JANUARY-DECEMBER 2022

## Summary of January–December 2022

- Group net sales grew by 23.0% and amounted to EUR 41,621 thousand (EUR 33 843 thousand)
- Group EBITDA was EUR 2,870 thousand and 6.9% of net sales (EUR 2,599 thousand and 7.7% of net sales)
- Group EBIT was EUR 1,107 thousand and 2.7% of net sales (1,375 thousand and 4.1% of net sales)
- The Group's profit for the period was EUR 8 thousand and 0.0% of net sales (EUR 653 thousand and 1.9% of net sales)

## Comments about year 2022

- The uncertainty created by the war in Ukraine and extremely high inflation posed significant business challenges
- Fodelia Group suffered from the sharp rise in costs
- The strong increase in the costs of raw materials, materials, freight and energy decreased the profitability of the Group's companies
- For contractual reasons, the increase in costs has been transferred into sales prices with a delay, with the most recent major price increases entering into force on 1 January 2023

# Net Sales continued smooth growth during the second half of the year

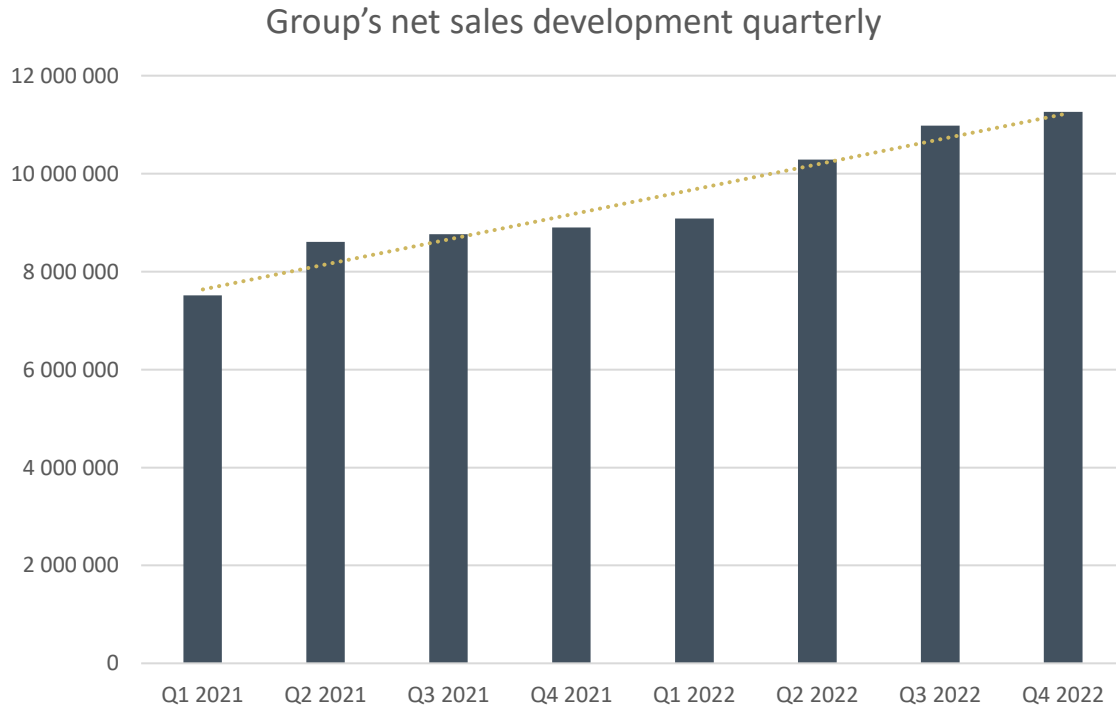
## Summary of July–December 2022

- Group net sales grew by 25.2% and amounted to EUR 22,190 thousand (EUR 17,719 thousand)
- Group EBITDA was EUR 1,594 thousand and 7.2% of net sales (EUR 1,741 thousand and 9.8% of net sales)
- Group EBIT was EUR 652 thousand and 2.9% of net sales (1,219 thousand and 6.9% of net sales)
- The Group's profit for the period was EUR -23 thousand and -0.1% of net sales (EUR 700 thousand and 4.0% of net sales)

## Summary of October–December 2022

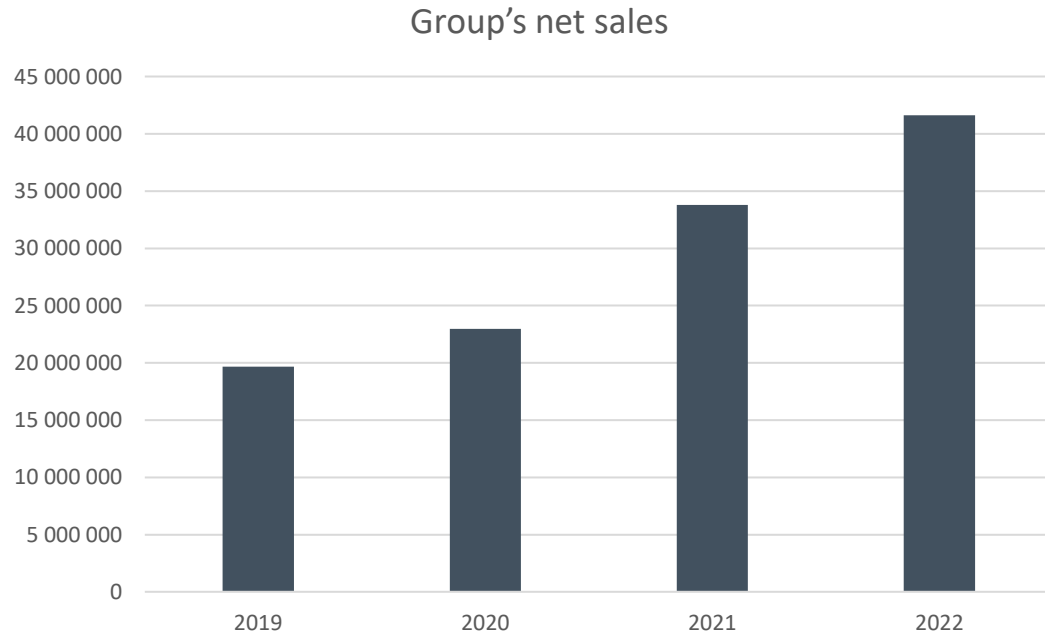
- Group net sales grew by 26.2% and amounted to EUR 11,266 thousand (EUR 8,928 thousand)
- Group EBITDA was EUR 1,000 thousand and 8.9% of net sales (EUR 765 thousand and 8.6% of net sales)
- Group EBIT was EUR 502 thousand and 4.5% of net sales (401 thousand and 4.5% of net sales)
- The Group's profit for the period was EUR 13 thousand and 0.1% of net sales (EUR 174 thousand and 2.0% of net sales)

# The Group's net sales development quarterly in 2021-2022



- The net sales of Fodelia Group continued smooth growth in 2022
- The growth came especially from Feelia's business
- Marjvasu joined Fodelia from 31 August 2022 and brought amounting EUR 1.1 million to Group's net sales

# Group's net sales development in 2019-2022

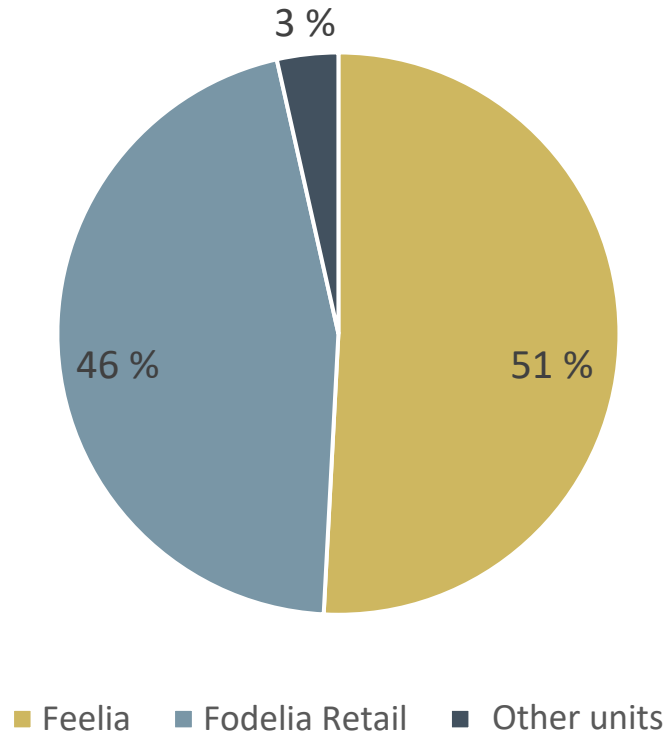


- Fodelia Group's annual growth has been 23 % in average
- The net sales has doubled from 2019, even though the Corona Pandemic has slowed down the growth



# The Group's net sales segmentation in 2022

Net sales segmentation in 2022

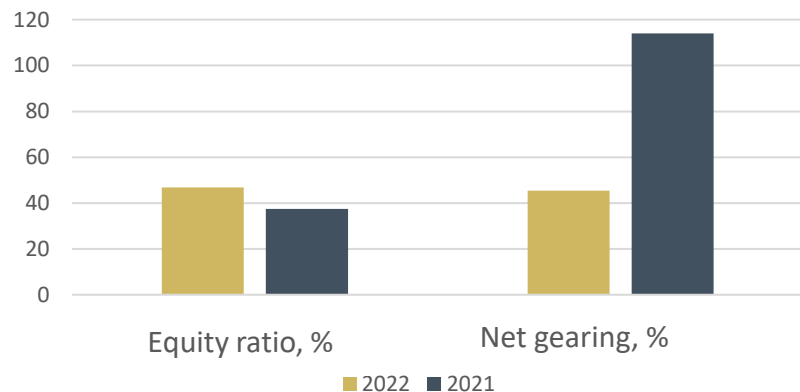


- Over 50 % of Group's net sales in 2022 came from Feelia
- "Other units" includes Marjavesu from 31 August 2022 and the Group's parent company Fodelia Oyj

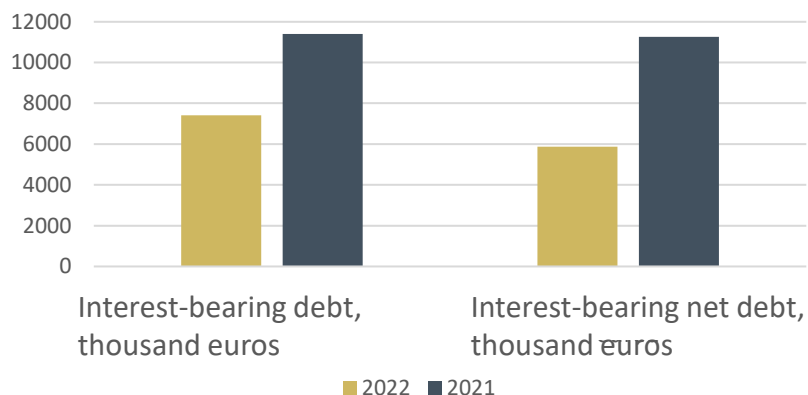
Net Sales	1-12/2022	1-12/2021	Change-%
Feelia	22 809	18 145	26
Fodelia Retail	20 478	18 186	13
Other units	1 581	286	453
Eliminations	-3 247	-2 774	-17
Fodelia Group in total	41 621	33 843	23

# Group's liquidity and solvency improved

Key figures of the balance sheet



Change in interest-bearing debt



- Strategic actions in 2022 had positive effect on Group's liquidity and solvency
  - Group's equity ratio bettered compared to previous year
  - The amount of interest-bearing debt reduced
  - Net gearing ratio reduced
- Marjvasu was acquired via share exchange during profit period
- Due to sale-leaseback arrangement for Feelia's processing plant in Pyhäntä, we paid back loans by EUR 3.5 million

## Key figures 2022

Group	10-12/ 2022	10-12/ 2021	Change -%	7-12/ 2022	7-12/ 2021	Change -%	1-12/ 2022	1-12/ 2021	Change -%
Net sales	11,266	8,928	26.2	22,190	17,719	25.2	41,621	33,843	23.0
EBITDA	1,000	765	30.7	1,594	1,741	-8.5	2,870	2,599	10.4
% of net sales	8.9	8.6		7.2	9.8		6.9	7.7	
EBITA	613	481	27.4	853	1,378	-38.1	1,468	1,695	-13.4
% of net sales	5.4	5.4		3.8	7.8		3.5	5.0	
EBIT	502	401	25.2	652	1,219	-46.5	1,107	1,375	-19.5
% of net sales	4.5	4.5		2.9	6.9		2.7	4.1	
Profit for the period	13	174	-92.5	-23	700	-103.3	8	653	-98.8
% of net sales	0.1	2.0		-0.1	4.0		0.0	1.9	
Earnings per share, EUR	0.00	0.02		0.00	0.09		0.0	0.09	
Equity ratio, %	46.8	37.9		46.8	37.9		46.8	37.9	
Net gearing, %	45.5	114.0		45.5	114.0		45.5	114.0	
Return on equity, %	0.4	7.1		-0.4	14.2		0.1	6.6	
Return on investment, %	5.1	6.3		4.1	10.4		3.3	5.9	
Balance sheet total	27,548	26,094	5.6	27,548	26,094	5.6	27,548	26,094	5.6

# Dividend proposal

The Board of Directors proposes a dividend of **EUR 0,03 per share**. In Addition, The Board of Directors proposes to The General meeting, that The General Meeting powers The Board of Directors to make a decision on an additional dividend maximum of EUR 0.03 per share.

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## **Market development**

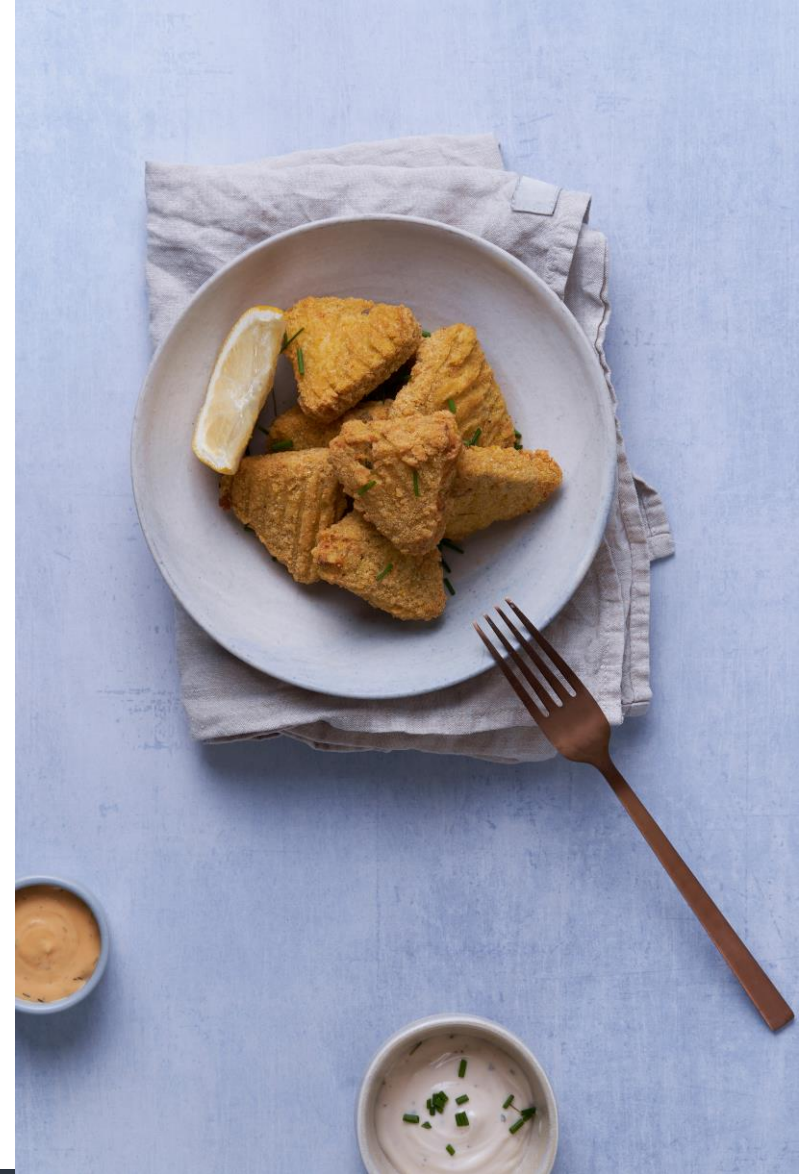
# The amount of prepared food products sold in Finland grew in 2022, the total amount of groceries sold decreased

- Price increases affected the grocery trade's sales centrally
- The amount of sales grew only in individual product groups
  - For example prepared food products and soft drinks
  - The amount groceries sold lessened most in so called raw materials such as fish, vegetables and meat
- Part of the lessening can be explained by the customers' returning to cafeterias and restaurants

Source: <https://www.pty.fi/kuluttajat-reagoivat-hintojen-nousuun-lihan-kalan-ja-vihannesten-myyntimaarat-laskivat-selvasti/>

# Feelia's solutions to care sector market's challenges and shortage of manpower

- The care sector market in Finland is estimated to grow strongly in coming years
- There are over 600 000 75 year-old people
- There are about 2500 care homes in Finland
  - 1000 of them are public, and 1500 private
- Feelia's products are very suitable for care homes' menus



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## **Business area development in 2022**



# Feelia offers a wide range of healthy semicooked meals



Healthy semicooked food with no added additives



The products made with autoclave technique in vacuum are high-quality, have long best before dates and they fit in small storage



The products are ready to be served after quick heating and finishing

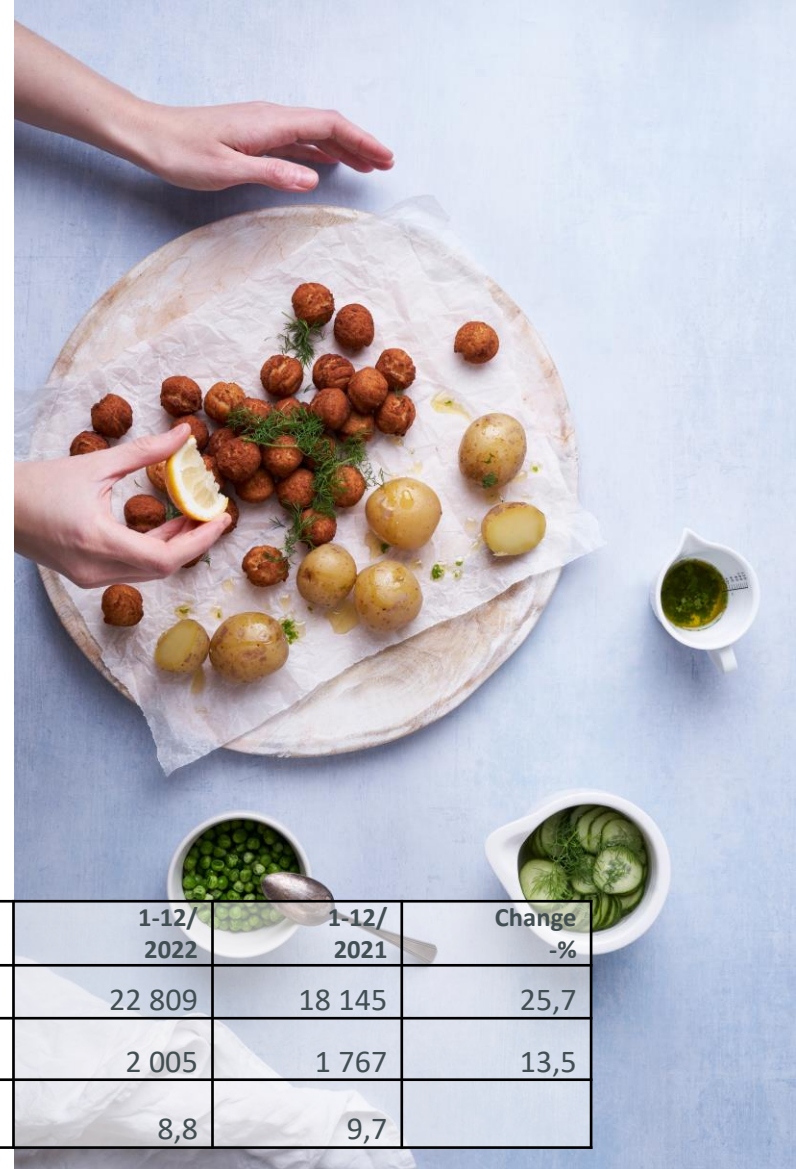
**With Feelia's products you need less time, investments, costs and personnel in food preparation**



# The company's net sales increased by 25.7%, more than 28 million meals were prepared at Feelia's processing plant in Pyhäntä

- Net sales of the Foodservice segment increased by 39.5%
  - intra-group sales increased by 8.1%
- Profitability was burdened by strong increases in the costs of raw materials and shipping, which have not been fully exported to sales prices due to contractual practice
- Some of the sales price increases have entered into force at the start of 2023
- During the past year, Feelia has invested especially in the development of vegetarian and fish products, as well as measures to ensure more responsible operations
- By developing the plant's operations, we have been able to further improve the security of supply and increase capacity

TEUR	10-12/ 2022	10-12/ 2021	Change -%	7-12/ 2022	7-12/ 2021	Change -%	1-12/ 2022	1-12/ 2021	Change -%
Net Sales	5 948	5 092	16,8	12 050	9 581	25,8	22 809	18 145	25,7
EBIT	925	451	104,9	1 104	1 362	-18,9	2 005	1 767	13,5
% of Net Sales	15,5	8,9		9,2	14,2		8,8	9,7	





## Feelia's cooperation with the city of Kangasala continues

- Feelia's and Kangasala's cooperation has continued for over 5 years, and the cooperation continues with a 2+2+2 contract
  - The estimated annual value for the contract is about EUR 0,6 million, and for the whole period about EUR 3,6 million

## Feelia gained two significant customerships in 2022



- Feelia signed an agreement with Vantaan Tilapalvelut Vantti Oy for the delivery of meal components to Vantti Oy's locations
  - The total value of the procurement over four years is EUR 10–12 million
- In addition, Feelia was chosen as the meal service partner of the nationwide care sector service provider Validia Oy
  - Validia is now Feelia's single largest client in the care sector
- Both contracts have significant reference value

# Fodelia Retail –integration has improved efficiency

- Fodelia Retail business segment formed on 1 July 2022 due to organizational reform
- The reorganisation has resulted in the desired improvement in efficiency and reduced the amount of overlapping work in the units
- The business segment's operational result has already improved in the second half of the year
- The cost savings brought about by the reorganisation will not be fully visible until 2023



NIKI? NO SIPI.  
**Oikia**

FEELIA  
**Ruokakauppa**



## Net sales of the business segment increased by 12.6% in 2022

- Net sales of the business segment increased by 12.6% in 2022
- Retail companies' EBIT excluding non-recurring items improved by 32.6%



TEUR	10-12/2022	10-12/2021	Change-%	7-12/2022	7-12/2021	Change-%	1-12/2022	1-12/2021	Change-%
Net Sales	5 096	4 791	6,4	10 362	9 906	4,6	20 478	18 186	12,6
EBIT	-115	205	-156,0	28	294	-90,3	36	571	-93,8
% of Net Sales	-2,3	4,3		0,3	3,0		0,2	3,1	



## Fodelia Retail's units underwent significant development measures during the past year

- In 2022, Feelia Ruokakauppa invested in system development, including improving the usability of the e-commerce system
- Pita Factory and Perniön Liha made preparations for the implementation of the Group's shared ERP system
- In addition, Pita Factory's processing plant in Jokioinen made significant investments in machinery and equipment
- Potato chip and snack producer Real Snacks entered into a significant new private label customer relationship
- Feelia's ready-to-eat meals were launched early in the year 2023 to grocery stores

# Marjavasu offers juice concentrates and purées to Foodservice customers

- Marjavasu Oy is a significant Finnish juice producer
- Marjavasu produces juice concentrates and berry purées under it's own Delimax brand
- The company portfolio also includes different kind of juice machines







## Marjavasu's business developed favourably

- Marjavasu joined Fodelia Group through an acquisition on 31 August 2022
- Joining the Group has brought new growth opportunities to the company and strengthened it in areas such as the sales organisation
- Marjavasu's net sales in 2022 were EUR 3.1 million
  - Net sales from the period after joining Fodelia Group amounted to EUR 1.1 million

# Fodbar's business is in strong growth

- Fodelia's joint venture Fodbar's business is in strong growth
- The company won several new outsourcing customers this past year
- Net sales in 2022 were still at a moderate level of approximately EUR 1.5 million, but the order backlog for 2023 indicates that net sales will be almost 10 million euros in 2023
- The result is expected to turn profitable during 2023
- Fodbar's result is presented in Fodelia Group's financial items.

## Current model of municipal food services

- ✓ Central kitchen
- ✓ Food preparation kitchen
- ✓ Distribution kitchen

## Fodbarin malli

- |                    |                                     |
|--------------------|-------------------------------------|
| ✓ Feelia's factory | <del>Central kitchen</del>          |
| ✓ Service kitchen  | <del>Food preparation kitchen</del> |

# Fodbar has won several new outsourcing targets



Fodbar was chosen to be the provider of food- and cleaningservices for municipality of Siuntio

In Addition Fodbar was chosen to be the provider of foodservices for 7 municipalities in northern Ostrobothnia

The contract is 3+1 years long, and the service has started 1 January 2023

The estimated value for one year is approximately 3,7 million euros

In November Fodbar won new outsourcing targets for example in Soite area

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**Future outlook**

# How does Fodelia's future look?


**Excellent evidence** from strong growth

**Experienced and committed personnel**, many of them are Fodelia's owners

**High-quality, and customer-oriented designed products and services** that are produced in responsible way

**Very good position** in relation to market trends and customer needs

**Strong growth potential** for example in public sector and care company services



**Improving the profitability  
of Fodelia Retail and  
establishment of the  
organization**

**Ensuring Feelia's growth  
and increasing Feelia's  
profitability**

**Priorities in 2023**

**Recognizing and utilizing  
new growth possibilities  
especially in public food  
sector**

**Increasing the  
amount of  
knowledge-based  
management**

# Long-term targets and outlook for 2023

## Long-term targets

The Group's net sales in 2026 are over EUR 100 million

The Group's operating margin is approximately 8-10%

The group's return on investment is over 10%

The interest-bearing debts to ebitda are under 3.

## Dividend policy

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

## Outlook for 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.

Q&A





# Thank you!

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