

## **FODELIA GROUP FINANCIAL STATEMENTS BULLETIN for 1 January-31 December 2021 (unaudited)**

### ***GROUP NET SALES SHOW STRONG GROWTH DESPITE THE COVID-19 PANDEMIC***

#### **KEY POINTS OF THE FINANCIAL STATEMENTS BULLETIN**

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

#### **Summary of January–December 2021**

- Group net sales grew by 48.4% and amounted to EUR 34,072 thousand (EUR 22,963 thousand)
- Group EBITDA was EUR 2,410 thousand and 7.1% of net sales (1,695 and 7.4%)
- Group EBIT was EUR 1,186 thousand and 3.5% of net sales (839 and 3.7%)
- The Group's profit for the period was EUR 653 thousand and 1.9% of net sales (623 and 2.7%)

#### **Summary of July–December 2021**

- Group net sales grew by 44.6% and amounted to EUR 17,935 thousand (12,403)
- Group EBITDA was EUR 1,627 thousand and 9.1% of net sales (973 and 7.8%)
- Group EBIT was EUR 1,105 thousand and 6.2% of net sales (556 and 4.5%)
- The Group's profit for the period was EUR 700 thousand and 3.9% of net sales (438 and 3.5%)

#### **Summary of October–December 2021**

- Group net sales grew by 44.7% and amounted to EUR 9,061 thousand (6,263)
- Group EBITDA was EUR 702 thousand and 7.7% of net sales (504 and 8.0%)
- Group EBIT was EUR 338 thousand and 3.7% of net sales (315 and 5.0%)
- The Group's profit for the period was EUR 174 thousand and 1.9% of net sales (306 and 4.9%)

The Board of Directors proposes a dividend of EUR 0.04 per share.

#### **Outlook for 2022**

The company's management estimates the Group's net sales in 2022 to be approximately EUR 40–50 million. EBIT and relative profitability are expected to improve from 2021. Uncertainty factors in the forecast are the potential continuation and re-acceleration of the COVID-19 pandemic.

## Key figures

Group	10-12/ 2021	10-12/ 2020	Change -%	7-12/ 2021	7-12/ 2020	Change -%	1-12/ 2021	1-12/ 2020	Change -%
Net sales	9,061	6,263	44.7	17,935	12,403	44.6	34,072	22,963	48.4
EBITDA	702	504	39.3	1,627	973	67.3	2,410	1,695	42.1
% of net sales	7.7	8.0		9.1	7.8		7.1	7.4	
EBIT	338	315	7.3	1,105	556	98.8	1,186	839	41.4
% of net sales	3.7	5.0		6.2	4.5		3.5	3.7	
Profit for the period	174	306	-43.1	700	438	59.9	653	623	4.8
% of net sales	1.9	4.9		3.9	3.5		1.9	2.7	
Earnings per share, EUR	0.02	0.04		0.09	0.06		0.09	0.09	
Equity ratio, %	37.5	42.1		37.5	42.1		37.5	42.1	
Net gearing, %	113.6	72.3		113.6	72.3		113.6	72.3	
Return on equity, %	7.1	14.0		14.2	10.0		6.6	7.1	
Return on investment, %	6.3	7.5		10.3	6.6		5.5	5.0	
Balance sheet total	26,380	20,886	26.4	26,380	20,886	26.4	26,380	20,886	26.4

### CEO MIKKO TAHKOLA:

“Fodelia Group continued its strong growth in 2021, which can be considered a good achievement considering the challenges of the operating environment. For the second year in a row, the COVID-19 pandemic affected the development of the foodservice market. According to statistics by the Finnish Grocery Trade Association (PTY), net sales of foodservice wholesalers grew by 5.9% in January–December compared to the previous year, but were 12.7% lower than in 2019 before the pandemic.

The COVID-19 pandemic had a negative impact on Fodelia Group's business especially in the first half of the year. In the second half of the year, we were able to turn the company's profitability positive and double the amount of EBITDA compared to earlier in the year. Tightened restrictions towards the end of the year, as well as increased costs that could not be immediately passed on to sales prices, reduced the Group's result in the fourth quarter. As a result, the performance target for the year was not reached. However, the EBITDA margin of 9% in the second half of the year provides a good basis for profit development in 2022.

In an unpredictable operating environment, we have purposefully shifted our business focus to a wider customer base than before the COVID-19 pandemic. We have invested in the development of Feelia Ruokakauppa with the aim to provide Feelia's ready-to-eat meals directly to consumer customers through our own distribution channel. In May 2021, we reorganised our e-commerce business into a separate company (FodNet Oy). The focus of Feelia's foodservice business has shifted to the care sector, and we won over significant new customers in 2021.

In 2021, we carried out significant investments in the Group. The expansion of Feelia's production plant in Pyhäntä was commissioned, and production operations were streamlined with investments in automation at both Feelia and Real Snacks. In 2022, our goal is to invest particularly in the development and digitalisation of the e-commerce business and to continue the automation and streamlining of our plants' operations.

In 2021, we renewed our strategy and introduced a Group-wide steering model and reward scheme. We have sought synergies from cooperation between different units by procuring shared resources, launching cooperation projects on product ranges and sales channels, combining procurement and establishing cooperation teams for

different functions. We also took significant steps in our CSR work by taking environmental aspects into account in our production plant investment and by launching a cooperation with the Biocode Collective community with the aim of calculating our product emissions and managing their climate impact.

We start 2022 with a positive mindset. We believe that our strong growth will continue and the company's profitability will improve. Many of Fodelia Group's products and solutions are well suited to the changing operating environment and consumer expectations. A large number of public contracts will be put out to tender during 2022 due to, among other things, the new market situation resulting from the social welfare and health care reform and the ongoing market restructuring. Due to strong growth prospects, we have updated our long-term goals. In terms of net sales, our goal is to exceed EUR 100 million in 2026. On January 24, 2022, we announced that we would launch an investigation for a possible public listing in the Helsinki Stock Exchange in late 2022. The groundwork done in 2021 through investments, new customer acquisition and development of operations will provide a good foundation for our business in 2022.

I want to thank our customers, employees and partners for the year 2021.”

## 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.

## BUSINESS DEVELOPMENT DURING THE REVIEW PERIOD

### Trends in net sales

Group net sales increased in January–December by EUR 11,109 thousand or 48.4% year-over-year and amounted to EUR 34,072 thousand (22,963). Of the increase in net sales, EUR 4,740 thousand came from organic growth and EUR 6,369 from acquisitions.

In October–December, the Group's net sales grew by 44.7% year-over-year and amounted to EUR 9,061 thousand (6,263).

Net sales by unit	10-12/ 2021	10-12/ 2020	Change -%	7-12/ 2021	7-12/ 2020	Change -%	1-12/ 2021	1-12/ 2020	Change -%
Real Snacks Oy	2,079	1,744	19.2	4,185	3,851	8.7	8,077	7,343	10.0
Feelia Oy + FodNet	5,350	4,191	27.7	10,552	8,341	26.5	19,519	15,710	24.2
Perniön Liha Oy and Pita Factory Oy	1,634	328	398.1	3,256	328	892.7	6,697	328	1941.4
Other units and eliminations	-3			-57	-117	51.3	-221	-418	-47.2
Fodelia Group in total	9,061	6,263	44.7	17,935	12,403	30.8	34,072	22,963	48.4

### Development of financial performance

In January–December, the Group's EBIT increased by EUR 347 thousand year-over-year and stood at EUR 1,186 thousand (839). The Group's EBITA for January–December stood at EUR 1,505 thousand and 4.4% of net sales (EUR 963 thousand and 4.2%). EBITA increased by 56% year-over-year.

Group EBIT in October–December was EUR 338 thousand and (315). EBITA increased by 20% and was 4.6% of net sales.

EBIT by unit	10-12/ 2021	10-12/ 2020	Change -%	7-12/ 2021	7-12/ 2020	Change -%	1-12/ 2021	1-12/ 2020	Change -%
Real Snacks Oy	89	50	80.1	140	73	91.8	304	212	43.4
Feelia Oy + Fodnet	568	387	47.0	1,425	736	93.6	1,898	1,162	63.4
Perniön Liha Oy and Pita Factory Oy	-1	39	-102.6	91	39	133.3	136	39	243.6
Other units and eliminations	-238	-130	-83.1	-391	-230	-70.0	-833	-451	-84.7
Business result (EBITA)	418	346	<b>20.8</b>	1,265	618	<b>104.7</b>	1,505	963	<b>56.3</b>
Group's amortisation of goodwill	-80	-31	-155.0	-160	-62	-158.1	-320	-124	-156.8
Fodelia Group in total	338	315	<b>7.4</b>	1,105	556	<b>98.7</b>	1,186	839	<b>41.4</b>

### MAJOR EVENTS IN THE BUSINESS AREAS

#### Real Snacks Oy:

Net sales of Real Snacks grew by 10% and amounted to EUR 8,077 thousand (7,343). Net sales of own-brand products increased by 27%, which supported the company's goal to shift the ratio of own-brand and private label products into a more favourable direction in terms of profitability. The company invests heavily in the development of sales operations with a new sales organisation.

Early 2021 saw the introduction of packaging automation equipment at Real Snacks' production plant, which has resulted in savings in personnel costs and increased production efficiency. The company's EBIT increased by 43% year-over-year, although financial performance was strained by increased raw ingredient and material costs.

#### Feelia Oy and FodNet Oy:

The combined net sales of Feelia and FodNet increased by 24% in January–December year-over-year, although the COVID-19 pandemic and restrictions resulting from it negatively impacted Feelia's important foodservice market. Notable growth in net sales came from e-commerce and new customers in the care and public sectors. In contrast, sales of school meals and other lunch meals declined as a result of home education and working from home.

The profitability of Feelia and FodNet developed positively during the period. EBIT increased by 63% and amounted to 10% of net sales. During the period, several investments were made to support growth and operational efficiency. At the Pyhäntä plant, an expansion of more than 5,000 square meters was completed, which will enable more efficient production of special diet products and smaller consumer packages in addition to increased production capacity.

Feelia's e-commerce business, which was previously known as Feelia Ruokakauppa, was reorganised on 1 May 2021 into a separate company (FodNet Oy) to support the strong growth of the business. Feelia Ruokakauppa has grown at a strong pace. Net sales of the business segment increased by 116% in 2021 and amounted to EUR 4.7 million. The company has invested particularly in increasing its brand recognition and developing logistics and marketing. The aim is for the development of operations and investments in Feelia Ruokakauppa to continue in 2022.

#### Perniön Liha Oy and Pita Factory Oy

At the turn of 2021, the Group was joined by two new business units, Perniön Liha Oy and Pita Factory Oy. Integration of the companies as part of Fodelia Group has proceeded according to plan, and cooperation projects have been launched between the companies regarding product ranges and sales channels. These projects can help achieve significant synergies and new growth opportunities.

Business development in 2021 remained below the target level. The COVID-19 pandemic had a negative impact particularly on Pita Factory's performance, and Perniön Liha also fell short of its sales targets. The companies' sales organisation was reformed in late 2021, and this is expected to bring about positive developments in 2022.

The Pita Factory plant in Jokioinen has invested in a bread roll machine which will boost production and help ensure the consistency of product quality. The recipes of Pita Factory's products were also updated. Sausages by Perniön Liha again received recognition when the Academic Kiuas-Seura (AKS) has awarded the title of the best link sausage of 2021 to the 'Cheddar-Jalapenolenkki' produced by the Perniön Liha-owned Helsingin Makkaratehdas brand. The title of the best bratwurst of the year was awarded to the 'Oktober Bratwurst-Duo Savupaprika&Cheddar', also produced by Helsingin Makkaratehdas.

#### Fodbar Oy:

The first contracts of our joint venture Fodbar began in 2021, and the company's new CEO, Nina Rokkila, started in the position on 1 February 2022. The company's share of Group net sales was still small in 2021, but its growth prospects are good.

## COMPANY BALANCE SHEET, FINANCING AND CAPITAL EXPENDITURES

The Group's balance sheet total on 31 December 2021 was EUR 26,380 thousand (31 December 2020: EUR 20,886 thousand). The Group's equity ratio was 37.5% (31 December 2020: 42.1%) and the net gearing ratio was 113.6% (31 December 2020: 72.3%). The company's balance sheet's key figures were influenced by significant capital expenditures during the financial year.

In 2021, the company's net investments (without investment subsidies) amounted to EUR 6,058 thousand (2020: EUR 4,965 thousand). The investments include EUR 1,741 thousand for the expansion of Feelia's plant (share of year 2021 of total costs). In addition, Feelia invested EUR 1,220 thousand in purchases of machinery and equipment and EUR 241 thousand in intangible assets. Real Snacks Oy invested EUR 883 thousand in purchases of machinery and equipment, EUR 480 thousand in the purchase of a plant facility and EUR 494 thousand in intangible assets. Investments by Perniön Liha and Pita Factory amounted to EUR 637 thousand and those of FodNet Oy to EUR 362 thousand.

Feelia, Real Snacks and Perniön Liha have received a total of approximately EUR 1,570 in investment subsidies from ELY Centres. In 2021, the Group also received a total of EUR 30 thousand from Business Finland in grants to support business development in disruptive circumstances.

The Group's liquid cash and cash equivalents at the end of the period amounted to EUR 281 thousand (31 December 2020: EUR 1,696 thousand) As of 31 December 2021, the Group's available credit limit was EUR 443 thousand. Interest-bearing liabilities amounted to EUR 11,507 thousand (31 December 2020: EUR 8,035 thousand).

## FINANCIAL REPORTING

In 2022, the company will publish the following financial releases and reports:

- Financial statements and annual report for the financial year 1 January–31 December 2022, to be published on 17 March 2022
- Business review for January–March 2022, to be published on 3 May 2022
- Half-year report for January–June 2022, to be published on 10 August 2022
- Business review for January–September 2022, to be published on 2 November 2022

All of the company's financial reports and releases will be published in Finnish and are available after publication on the company's website at [www.fodelia.fi/en/investing-in-fodelia/](http://www.fodelia.fi/en/investing-in-fodelia/).

The Annual General Meeting is scheduled to be held on Tuesday, 12 April 2022. The Board of Directors will convene the Annual General Meeting separately at a later date.

**PRESS AND ANALYST CONFERENCE**

The company will hold a webcast presentation on the financial statements bulletin for investors, analysts and the media in Finnish on 9 February 2022 at 12 noon.

The presentation can be viewed live at <https://fodelia.videosync.fi/2021-h2-tulosjulkistus>.

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

9 February 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, one of Finland's oldest sausage factories Perniön Liha, pita bread and snack manufacturer Pita Factory and Fodbar, a joint venture with Bravedo Group that 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](http://www.fodelia.fi/en)

