

FODELIA OYJ GROUP INTERIM REPORT 1 January–30 September 2023 (unaudited)

The Group's business developed very well in Q3. Net sales increased by 12% in July–September, while earnings before interest and taxes increased by more than six times compared to the corresponding period in 2022. Growth of Feelia and Marjvasu continued at a strong pace – Fodelia Retail focused on improving profitability.

HIGHLIGHTS OF THE INTERIM REPORT

This business review is unaudited. Unless otherwise stated, figures in parentheses refer to the corresponding period in 2022 in the same unit.

Summary for January-September 2023

- Net sales for the period grew by 20.3% and amounted to EUR 36,507 thousand (30,355 thousand).
- EBITDA for the period was EUR 3,448 thousand (1 869 thousand) or 9.4% of net sales (6.2%).
- EBITA for the period was EUR 2,315 thousand (855) or 6.3% of net sales (2.8%)
- EBIT for the period was EUR 1,982 thousand (605 thousand) or 5.4% of net sales (2.0%).

Summary for July-September 2023

- Net sales for the period grew by 12.1% and amounted to EUR 12,249 thousand (10,923 thousand).
- EBITDA for the period was EUR 1,500 thousand (593 thousand) or 12.2% of net sales (5.4%).
- EBITA for the period was EUR 1,101 thousand (240) or 9.0% of net sales (2.2%)
- EBIT for the period was EUR 990 thousand (150 thousand) or 8.1% of net sales (1.4%).

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 outlook is uncertain due to the effects of the war in Ukraine on material prices, material availability and the general price level.

Key figures

Group	7–9/23	7–9/22	Change %	1–9/23	1–9/22	Change %	1–12/22
Net sales in thousands of euros	12,249	10,923	12.1	36,507	30,355	20.3	41,621
EBITDA in thousands of euros	1,500	593	152.9	3,448	1,869	84.5	2,870
% of net sales	12.2	5.4		9.4	6.2		6.9
EBITA in thousands of euros	1,101	240	358.5	2,315	855	170.8	1,468
% of net sales	9.0	2.2		6.3	2.8		3.5
EBIT in thousands of euros	990	150	560.6	1,982	605	227.8	1,107
% of net sales	8.1	1.4		5.4	2.0		2.7
Profit for the period in thousands	699	-36		1,263	-5		8
% of net sales	5.7	-0.3		3.5	0.0		0.0
Earnings per share, EUR	0.09	0.00		0.16	0.00		0.00
Equity ratio, %	50.7	42.0		50.7	42.0		46.8
Net gearing, %	46.4	86.3		46.4	86.3		45.5
Return on equity, %	20.2	-1.1		12.2	-0.1		0.1
Return on investment, %	18.9	2.5		12.6	2.2		3.3
Balance sheet total in thousands of	27,274	30,631	-11.0	27,274	30,631	-11.0	27,548
Average number of employees	135	128	5.5	131	128	2.3	127

BUSINESS OVERVIEW

CEO Mikko Tahkola:

The Group's business developed very well in Q3. The Group's net sales grew by 12% in July–September and were the second highest in the Group's history. In particular, the Group's profitability development gave reason for satisfaction. The Group's EBIT increased more than six times compared to the corresponding period last year and exceeded the Group's long-term target level of 8%.

Due to the holiday season, the cost level in Q3 was lower than in other quarters, but the largest impact on the Group's very positive result was the strong performance of Feelia and Marjvasu. Measures taken over a longer period of time to increase the Group's profitability have yielded positive results.

A year earlier, the Group's result, and especially that of its largest subsidiary Feelia, was depressed by the strong increase in raw material costs and other expenses. While inflation has continued, the changes have no longer been as drastic. In its own operations, the Group has been able to adapt to the increased cost level and pass on the necessary price increases to sales prices.

Feelia's sales have developed well, and the focus of net sales has shifted increasingly to care sector customers. During the review period, Feelia made significant headway in the daycare centre market by scoring a major contract for the delivery of lunch meals and snacks to the daycare centres of Pilke päiväkodit Oy. The partnership has an initial annual value of approximately EUR 4 million. Feelia's concept is scalable to meet the needs of different operators, and the new entry into the daycare market is a significant indication of this.

In Fodelia Retail, the focus has been on measures to improve profitability. The subsidiary is carrying out a cost adjustment programme. There are also very positive aspects visible in Fodelia Retail's business. Demand for potato crisps has remained strong, and the crisp production plant set a new unit net sales record in September. In addition to good business development, Real Snacks' plant in Pyhäntä achieved the BRCGS certification with an AA rating during the review period, which is the highest possible result from an announced audit. Achieving the new, respected quality certificate is also an indication of the progress of the Group's ESG work.

The business of Marjvasu, which has been part of Fodelia Group for about a year, has developed very well. Net sales have increased, and profitability is at a very positive level. A new packaging machine is being acquired for the Kuopio juice production plant, which will enable the production of new package types, including small juice bags for foodservice customers. The business of the Fodelia's and Bravedo's joint venture Fodbar has continued to grow, and operations have been developed further. Due to the rapid growth, profitability is still at a low level.

The Group's outlook for the remainder of the year has remained strong. Demand for Feelia's products appears strong in the current environment, as solutions for cost-effective food supply are being sought. Marjvasu's business is also expected to continue its positive development. The effects of Fodelia Retail's cost savings programme will be partly visible already in Q4 and in their entirety next year. Even if the Group's record result in Q3 is not repeated in Q4, the result for the full year 2023 is likely to clearly exceed the profitability in 2022.

BUSINESS DEVELOPMENT DURING THE REVIEW PERIOD

Development of net sales and EBIT

The Group's net sales amounted to EUR 36,507 thousand for the period January–September (30,355 thousand). The increase from the comparison period was approximately 20.3%, or EUR 6,152 thousand. In July–September, the Group's net sales grew by approximately 12.1% from the comparison period and amounted to EUR 12,249 thousand (10,923 thousand).

Net sales by unit / business area	7–9/23	7–9/22	Change %	1–9/23	1–9/22	Change %	1–12/22
Feelia	6,598	6,102	8.1	19,541	16,861	15.9	22,809
Fodelia Retail	5,089	5,333	-4.6	15,923	15,416	3.3	20,478
Other units	1,130	418	170.5	3,128	640	388.8	1,581
Eliminations	-569	-929	-38.8	-2,084	-2,562	-18.7	-3,247
Fodelia Group total net sales	12,249	10,923	12.1	36,507	30,355	20.3	41,621

Group EBIT was EUR 1,982 thousand (605 thousand) in January–September and EUR 990 thousand (150 thousand) in July–September. Feelia and Fodelia Retail increased their EBIT. Marjvasu's very positive result also increased the Group's profitability.

Group EBITA (earnings before goodwill amortisation) improved considerably and amounted to EUR 2,315 thousand (855 thousand) in January–September and EUR 1,101 thousand (240 thousand) in July–September.

EBIT by unit/ business area	7–9/23	7–9/22	Change %	1–9/23	1–9/22	Change %	1–12/22

Feelia	741	180	312.8	1,849	1,080	71.2	2,005
Fodelia Retail	248	143	73.0	288	148	94.9	32
Other units and eliminations	112	-82	235.9	178	-373	147.7	-618
Business result (EBITA)	1,101	240	358.5	2,315	855	170.8	1,419
Group's amortisation of goodwill	-111	-90	22.9	-333	-250	33.0	-361
Fodelia Group EBIT in total	990	150	560.6	1,982	605	227.8	1,058

Feelia

Feelia's net sales grew by 15.9% in January–September and by 8.1% in July–September. Feelia's external net sales grew by 21.3% in January–September and by 14.9% in July–September. The Group's external net sales grew thanks to increased sales to care sector. Feelia's sales to other Group companies decreased during the review period.

Feelia's EBIT increased by 71.2% in January–September and amounted to EUR 1,849 thousand (1,080) or 9.5% of net sales (6.4%). In July–September, EBIT increased by 312.8% to EUR 741 (180) or 11.2% (2.9%) of net sales. Feelia has succeeded in restoring profitability to a good level by streamlining production and logistics and by passing on the cost increases caused by inflation to sales prices.

Fodelia Retail

Fodelia Retail's net sales in January–September increased by 3.3% to EUR 15,923 thousand (15,416). Net sales decreased by 4.6% in July–September to EUR 5,089 (5,333).

Net sales of Fodelia Retail's snacks business increased by 25.7% in January–September and continued strong growth also in Q3. By contrast, the net sales of the online store (Feelia Ruokakauppa) decreased by 27.6% in January–September, reflecting the general trend in online grocery sales. Net sales of processed meat products and pita sandwiches was almost at the previous year's level.

Fodelia Retail's EBIT for January–September was EUR 288 thousand (148) or 1.8% of net sales (1.0%). EBIT for July–September was EUR 248 thousand (143 thousand) or 4.9% of net sales (2.7%). Profitability improved as a result of cost adjustment measures and increases in sales prices.

Other units

Marjvasu's net sales were EUR 2,723 in January–September and EUR 995 thousand in July–September. The company's business has grown steadily, and profitability has remained at the target level. The company is investing in new production machinery and plans to expand its production plant to support growth.

1 November 2023

BOARD OF DIRECTORS

Fodelia Oyj

Further information

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Fodelia in brief

“Fodelia grows Finnish food companies into thriving 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 Marjvasu 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