

FODELIA OYJ GROUP BUSINESS REVIEW 1 January–30 September 2024 (unaudited)

The Group's business performed very well in the third quarter. Comparable continuing operations net sales increased by 18% in July–September compared to the same period last year. Operating income excluding the costs of the long-term incentive scheme for the period was approximately 10%.

HIGHLIGHTS OF THE BUSINESS REVIEW

This business review is unaudited. Unless otherwise stated, figures in brackets refer to the corresponding period in 2023 in the same unit.

In May 2024, the Group completed the sale of the business operations of Perniön Liha and Helsingin Makkaratehdas. The review presents adjusted key figures, from which non-recurring items arising from the sale of business operations have been eliminated. The impact is described in more detail below in the review.

Summary for January–September 2024

- Net sales for the period under review increased by 9.9% to EUR 40,121 thousand (36,507 thousand).
- Adjusted EBITDA for the period was EUR 3,912 thousand (3,448 thousand), or 9.8% of net sales (9.4%).
- EBITDA for the period was EUR 5,236 thousand (3,448 thousand), or 13.1% of net sales (9.4%).
- Adjusted EBITA for the period was EUR 2,655 thousand (2,315 thousand), or 6.6% of net sales (6.3%).
- EBITA for the period was EUR 1,402 thousand (2,315 thousand), or 3.5% of net sales (6.3%).
- Adjusted EBIT for the period was EUR 2,354 thousand (1,982 thousand), or 5.9% of net sales (5.4%).
- EBIT for the period was EUR 1,101 thousand (1,982 thousand), or 2.7% of net sales (5.4%).

Summary for July–September 2024

- Net sales for the period increased by 5.6% to EUR 12,929 thousand (12,249 thousand).
- EBITDA for the period was EUR 1,543 thousand (1,500 thousand), or 11.9% of net sales (12.2%).
- EBITA for the period was EUR 1,135 thousand (1,101 thousand), or 8.8% of net sales (9.0%).
- EBIT for the period was EUR 1,043 thousand (990 thousand), or 8.1% of net sales (8.1%).
- The EBITA for the review period is affected by the costs of the long-term incentive scheme, totalling EUR 280 thousand. Consolidated EBIT excluding these costs was EUR 1,322 thousand, or 10.2% of net sales.

Guidance for 2024 (published on 31 May 2024)

The company's management keeps the guidance unchanged and estimates that the group's net sales for 2024 will be approximately EUR 50–54 million. Operating profit margin excluding non-recurring items is estimated to increase from the previous year.

Key figures

Group	7-9/2024	7-9/2023	Change -%	1-9/2024	1-9/2023	Change -%	1-12/2023
Net sales, EUR thousand	12,929	12,249	5.6	40,121	36,507	9.9	48,965
Adjusted EBITDA, EUR thousand	1,543	1,500	2.9	3,912	3,448	13.5	4,575
% of net sales	11.9	12.2		9.8	9.4		9.3
EBITDA, EUR thousand	1,543	1,500	2.9	5,236	3,448	51.9	4,575
% of net sales	11.9	12.2		13.1	9.4		9.3
Adjusted EBITA, EUR thousand	1,135	1,101	3.1	2,655	2,315	14.7	2,965
% of net sales	8.8	9.0		6.6	6.3		6.1
EBITA, EUR thousand	1,135	1,101	3.1	1,402	2,315	-39.5	2,965
% of net sales	8.8	9.0		3.5	6.3		6.1
Adjusted EBIT, EUR thousand	1,043	990	5.3	2,354	1,982	18.8	2,521
% of net sales	8.1	8.1		5.9	5.4		5.1
EBIT, EUR thousand	1,043	990	5.3	1,101	1,982	-44.5	2,521
% of net sales	8.1	8.1		2.7	5.4		5.1
Adjusted profit for the period, EUR thousand	731	699	4.6	1,340	1,263	6.1	1,204
% of net sales	5.7	5.7		3.3	3.5		2.5
Profit for the period, EUR thousand	731	699	4.6	86	1,263	-93.2	1,204
% of net sales	5.7	5.7		0.2	3.5		2.5
Adjusted earnings per share, EUR	0.09	0.09	0.5	0.2	0.16	3.8	0.15
Earnings per share, EUR	0.09	0.09	0.5	0.0	0.16	-93.3	0.15
Equity ratio %	51.1	50.7	0.7	51.1	50.7	0.7	50.4
Net gearing, %	26.0	46.4	-43.9	26.0	46.4	-43.9	47.7
Adjusted return on equity, %	22.6	20.2	11.7	13.8	12.2	12.9	8.9
Return on equity, %	22.6	20.2	11.7	0.9	12.2	-92.7	8.9
Return on investment, %	23.0	18.9	267.2	17.9	12.6	41.9	10.5
Return on investment, %	23.0	18.9	267.2	8.9	12.6	-29.6	10.5
Balance sheet total, EUR thousand	25,388	27,274	-6.9	25,388	27,274	-6.9	26,741
Average number of employees	119	135	-12.1	134	131	2.3	133

* The adjusted key figures exclude non-recurring items arising from the divestment in May, which have an effect of EUR +1,324 thousand on EBITDA and EUR -1,254 thousand on EBIT and profit for the period.

BUSINESS OVERVIEW

CEO Mikko Tahkola:

The year 2024 has been a time of good growth and development for the Fodelia Group. Comparable net sales increased by 18% in the third quarter and operating profit exceeded the target limit of 8%. The figures for July–September also include EUR 280 thousand of costs of the longer-term incentive scheme, and the operating income excluding these costs was more than 10%.

The net sales of Feelia, the Group's largest unit, have continued to grow strongly and profitability is at a very good level. Feelia's net sales increased by 30% during the period under review, which clearly exceeded the slow development of the overall Foodservice market. The strategic direction taken a few years ago to shift the focus of business operations from restaurant customers to the care sector has proven to be very good, as the current customer segments guarantee a more stable development of business. At the same time, we can support our customers in addressing labor shortages, cost-saving pressures, and waste reduction. Growth has been driven by both new customer acquisitions and the expansion of existing customer relationships.

We are currently integrating Marjvasu's operations into Feelia, which we believe will provide clear cost-efficiency and facilitate continued growth among Feelia's customer accounts in addition to Marjvasu's current customers. Production operations were transferred to Pyhäntä in mid-October, and the merger of the companies is expected to take place at the turn of the year.

The acquisition made in Oikia's business in May substantially clarified the structure of the unit. The Snacks business has continued to develop well, and the plant is planning to expand its production facilities to meet future growth prospects. Investments were made in the operations of the Oikia Ruoka online store during 2024, both through marketing and other development activities. Net sales are still below the target, but the profitability of the business has been turned into growth.

Fodbar's business has continued to develop well and the company has gained new customers. A new larger project started in Oulunsalo during the period under review. The market is in an interesting phase and we see a strong growth opportunity in Fodbar's business.

Numerous development projects are ongoing in the Group. In terms of sustainability reporting, we are getting ready to align with the CSRD Directive, which we will implement starting January 1, 2025. Ongoing projects related to the standardization of HR processes and the development of internal communication will support even closer Group's responsibility and cooperation in the future. Significant developments have also taken place in environmental issues. Feelia holds an ISO14001 environmental management certificate and a project is currently under way to obtain the certificate for Oikia as well. Attention has also been paid to energy solutions. The energy efficiency of the Oikia plant has been enhanced and a solar farm will be built next to the Feelia plant. The Pyhäntä plants factories operate in a groundwater area, where careful treatment of wastewater plays a very important role. The municipality of Pyhäntä has built a new wastewater pre-treatment plant, which in part facilitates an increase in production at Fodelia's Pyhäntä plants.

The Group's outlook for the rest of the year has remained strong and we believe that the favourable development will continue next year. During 2024, we have been clarifying the Group's strategy and consolidating the Group structure. This allows us to focus on developing our existing businesses and supporting profitable growth.

BUSINESS DEVELOPMENT DURING THE REVIEW PERIOD

Development of net sales and operating profit

The divestment of the Group's Perniön Liha and Helsingin Makkaratehdas businesses in May affects the comparability of figures.

The Group's net sales amounted to EUR 40,121 thousand for the period January–September (36,507 thousand). The increase from the comparison period was approximately 9.9%. Comparable continuing operations net sales increased by 18.3%.

In July–September, the Group's net sales increased by approximately 5.6% year-on-year to EUR 12,929 thousand (12,249 thousand). Comparable net sales increased by 18.0%.

The net sales growth of the Group was mainly due to the favourable development of Feelia's business.

Net sales by unit / business area	7–9/24	7–9/23	Change - %	1–9/24	1–9/23	Change - %	1–12/23
Feelia	8,601	6,598	30.3	25,465	19,541	30.3	26,513
Oikia, continuing operations	3,494	3,798	-8.0	10,387	11,796	-11.9	14,797
Other units	1,217	1,130	7.7	3,438	3,128	9.9	4,213
Eliminations	-382	-569	-32.7	-1,178	-2,238	-47.4	-2,479
Total	12,929	10,958	18.0	38,113	32,226	18.3	43,044
Oikia, divested operations	0	1,291	-100.0	2,008	4,281	-53.1	5,920
Fodelia Group total net sales	12,929	12,249	5.6	40,121	36,507	9.9	48,965

The Group's EBIT in January–September was EUR 1,101 thousand (1,982 thousand), or 2.7% (5.4%) of net sales. Non-recurring items arising from the business transaction completed in the second quarter, totalling EUR -1,254 thousand, and the costs related to the long-term share-based incentive scheme recognised in July–September amounting to approximately EUR 280 thousand had an effect on the EBIT for the period under review. EBIT excluding these items in January–September was EUR 2,646 thousand, or 6.6% of net sales.

The Group's EBIT in July–September was EUR 1,043 thousand (990 thousand), or 8.1% of net sales (8.1%). Operating income (excluding the incentive scheme costs described above) was EUR 1,322 thousand, or 10.2% of net sales excluding the costs of the long-term incentive scheme.

EBIT by unit / business area	7–9/24	7–9/23	Change - %	1–9/24	1–9/23	Change -%	1–12/23
Feelia	806	741	8.7	2,384	1,849	28.9	2,472
Oikia, continuing operations	285	189	50.9	610	297	105.4	234
Other units	34	97	-65.4	-263	160	-264.4	179
Eliminations	10	14	-28.5	50	17	194.1	0
Business result (EBITA)	1,135	1,042	9.5	2,781	2,324	19.7	2,885
Group's amortisation of goodwill	-92	-111	-17.0	-301	-333	-9.6	-443
Oikia, divested operations		59	-100.0	-126	-9	1,264.0	80
Non-recurring items (divestment)	0	0	0.0	-1,254	0	-	
Fodelia Group EBIT in total	1,043	990	5.4	1,101	1,982	-44.5	2,522

Feelia

Feelia's net sales increased by 30.3% both in January–September and July–September. Feelia's external net sales increased by 38.8% in January–September and by 36.0% in July–September. The Group's external net sales increased due to increased sales to the care sector. Feelia's sales to other Group companies decreased during the period under review.

Feelia's EBIT increased by 28.9% in January–September and amounted to EUR 2,384 thousand (1,849 thousand), or 9.4% of net sales (9.5%). In July–September, EBIT increased by 8.7% to EUR 806 thousand (741 thousand), or 9.4% of net sales (11.2%). Costs of the long-term share-based incentive scheme amounting to EUR 182 thousand were allocated to the third quarter. Excluding these costs, EBIT would have been EUR 988 thousand, or 11.5% of net sales.

During the period under review, Feelia achieved important successes on the customer front. The municipality of Kangasala decided to continue the cooperation for the next two years (1 March 2025 - 28 February 2027), after which there is an option of extending the cooperation for two more years

Great successes were also achieved in the early childhood education sector. With regard to the current early childhood education partnerships, the number of locations increased significantly during Q3 – a total of 58 new locations joined the scope of Feelia's services, of which the Touhula daycare chain has 40 units and Norlandia 18.

Feelia also performed successful product development during Q3. A total of 60 new products were launched during the third quarter and the products have been well received by customers. The company's long-running box packaging project has entered the pilot phase and deliveries will start in the fourth quarter. The company has also developed a temperature-free product family that works for preparedness purposes, among other things.

Oikia

The comparability of Oikia's key figures for 2024 are significantly affected by the business transactions completed in May. The unit's business currently consists of the sale of snacks and pita bread products and the Oikia Ruoka online store.

Oikia's comparable net sales from continuing operations decreased by 11.9% in January–September to EUR 10,387 thousand (11,796 thousand). Net sales decreased by 8.0% in July–September to EUR 3,494 thousand (3,798 thousand).

Oikia's EBIT improved significantly. EBIT from continuing operations in January–September was EUR 610 thousand (297 thousand), or 5.9% of net sales (2.5%). EBIT for July–September was EUR 285 thousand (189 thousand), or 8.2% of net sales (5.0%). Oikia's EBIT included EUR 68 thousand of costs of the long-term employee share savings plan. EBIT excluding these costs was EUR 353 thousand, or 10.1% of net sales.

The third quarter was a quarter of steady growth in the snacks business. The production efficiency of the Pyhäntä snack plant has been significantly increased, which helps to increase the production volume to meet the growing demand. The good sales development of Oikia's own brand snacks in the third quarter was particularly pleasing. The net sales of the online store, Oikia Ruoka, decreased slightly, but the declining trend was stopped and the profitability of the business turned to growth.

Other units

In January–September, Marjvasu's net sales increased by 7.8% to EUR 2,935 thousand (2,723 thousand). In July–September, net sales increased by approximately 5.4% to EUR 995 thousand (1,049 thousand).

The company's profitability returned to a very good level in the third quarter.

Marjvasu's business is being merged into Feelia. Production operations were transferred to Feelia's premises in Pyhäntä in October 2024 and the merger process to merge Marjvasu with Feelia is under way. The merger is expected to take place on 31 December 2024.

PRESS AND ANALYST SESSION

The company will hold a Finnish-language information session at 11:00 Finnish time on 23 October 2024. The webcast will be available at <https://fodelia.videosync.fi/q3-2024>.

A recording of the presentation and presentation material will be published later on <http://www.fodelia.fi>

23 October 2024

BOARD OF DIRECTORS

Fodelia Oyj

Further information

Fodelia Oyj, CEO Mikko Tahkola, tel. +358 40 829 0195, e-mail: mikko.tahkola@fodelia.fi

Fodelia Oyj, CFO Kati Kokkonen, tel. +358 400 138 396, e-mail: kati.kokkonen@fodelia.fi

Approved advisor, EY Advisory Oy, tel. +358 207 280 190, e-mail: heikki.saukola@fi.ey.com

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. The company's business segments are Oikia, 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 Marjasasu and the joint venture Fodbar, which provides food service outsourcing solutions. Companies owned by Fodelia are food industry pioneers that invest in innovative products, value-adding customer concepts and advanced manufacturing processes.

www.fodelia.fi



Tuotetie 1, 92930 Pyhäntä • www.fodelia.fi