FODELIA

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INDERES CORPORATE CUSTOMER

EXTENSIVE REPORT

Profitable growth by reforming the industry

Fodelia has continued strong organic development while streamlining the Group structure and strategy during 2024. Fodelia's solutions, designed with a customer-oriented approach and produced with industrial efficiency, stand out clearly from the competition, which has helped it quickly gain market shares among institutional catering customers. If the market potential of the public sector materializes there would be upside pressure on our current growth forecasts. We raise the recommendation to Buy (was Accumulate) and our target price to EUR 7.2 (was 6.8).

A reformer of the institutional catering market

Fodelia consists of two business areas, of which Feelia's role in value creation is central due to the unit's strong growth potential and high return on capital (89% of the Group's operating result). Feelia produces versatile and cost-effective pre-cooked meals with a very long shelf life for professional kitchens. In recent years, Feelia has increased its market share strongly among, e.g., private players in the care and day-care sectors. Oikia, a consumer product manufacturer, includes businesses with profitability closer to the average in the food sector. In practice, Oikia's result is generated by the company's snacks business, which plays a significant role as a contract manufacturer for companies in the retail sector, as well as its own brand products. Oikia also includes an online shop of pre-cooked meal products and pita bread manufacturing, the combined result of which we estimates is slightly in the red.

The strategy focuses on competitive Feelia

After sprawling in the past, Fodelia's current strategy emphasizes focusing on the company's most competitive businesses, especially Feelia. The divestment of the low-profit Perniön Liha in May 2024 improved the Group's return on capital profile but reduced annual revenue by 5.6 MEUR. Feelia's organic development has been staggering during 2024 (30% growth in January-September), which has been affected by integrating large day-care center chains as the company's customers at the end of 2023. We expect growth will moderate but remain at double-digit levles in the coming years (2025-26e: 17% and 12%), which is supported by, e.g., HUS customer contract and Feelia's continuous development to meet new customer needs. The company's targets for 2028 are ambitious (revenue of 100 MEUR and EBIT around 10%) and could be met in a favorable scenario if the high market potential of the public sector realized quicker than before. With our current forecasts, 2028 revenue is 73 MEUR and EBIT 7.9%.

Strong value creation potential in a large market

In our view, the profitably growing Feelia should be valued at EV/EBIT 15x and Oikia at an industry-typical 10x, which results in a fair valuation level of good EV/EBIT 14x (equivalent to the 2024e level). The 19% earnings growth and around 2% dividend yield we forecast for 2025-26 make the overall expected return attractive and justify the Buy recommendation. If the company reaches its financial targets, the share price could even triple in four years. Due to economic challenges, the public sector is under pressure to switch to new, more efficient food solutions, which should benefit Feelia in the long term. However, public sector decisions are not in the company's own hands, which partly increases the uncertainty associated with growth forecasts.

Recommendation

Buy
(was Accumulate)

EUR 7.20
(was EUR 6.80)

Share price:
6.18

Business risk

Valuation risk

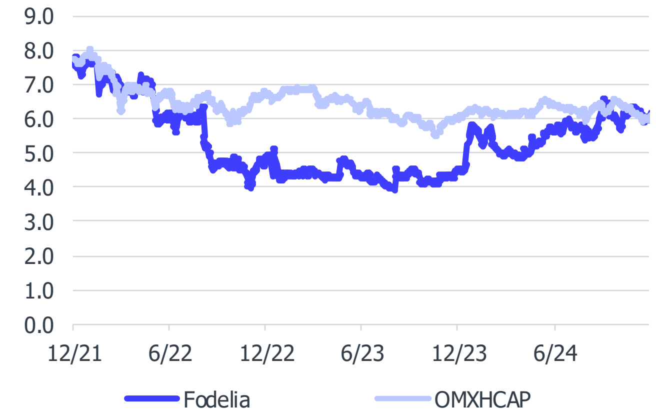
	2023	2024e	2025e	2026e
Revenue	49.0	53.0	57.3	63.2
growth-%	18%	8%	8%	10%
EBIT adj.	3.0	3.7	4.6	5.2
EBIT-% adj.	6.1 %	6.9 %	8.0 %	8.3 %
Net Income	1.2	0.8	3.0	3.6
EPS (adj.)	0.20	0.30	0.42	0.49
P/E (adj.)	27.1	20.3	14.7	12.6
P/B	3.3	3.7	3.2	2.7
Dividend yield-%	1.4 %	1.6 %	2.1 %	2.6 %
EV/EBIT (adj.)	17.2	14.7	11.5	9.8
EV/EBITDA	11.2	10.1	8.3	7.1
EV/S	1.0	1.0	0.9	0.8

Source: Inderes

Guidance (Unchanged)

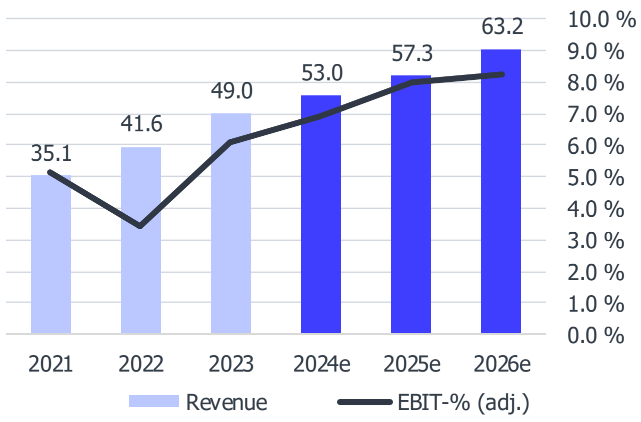
The company estimates that 2024 revenue will be about 50-54 MEUR. The comparable EBIT margin is expected to increase from the previous year (2023 EBIT: 5.1% of revenue).

Share price



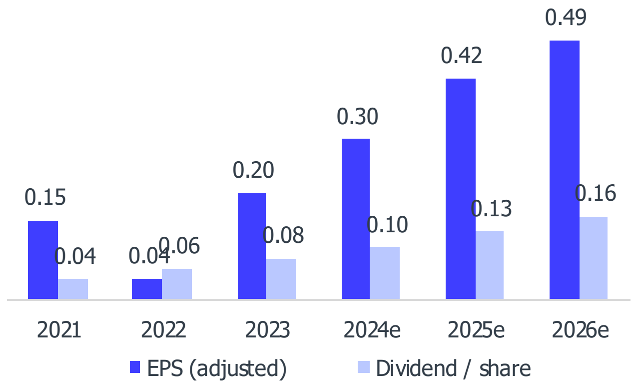
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Efficiently produced food solutions for institutional catering that serve customers' specific needs
- Feelia is quickly gaining ground in the private sector. The public sector changes more slowly but offers high growth potential
- The snacks business is reasonably profitable and there are still growth opportunities in the market
- Potential synergistic acquisitions or divestments of under-performing businesses

Risk factors

- Rapid growth requires investments and may depress profitability from time to time
- Possible increased competition in attractive segments
- The challenging operating environment in consumer products in the Finnish food sector
- Rapid changes in the cost environment may temporarily affect profitability
- Possible unsuccessful M&A transactions

Valuation	2024e	2025e	2026e
Share price	6.18	6.18	6.18
Number of shares. millions	8.13	8.13	8.13
Market cap	50	50	50
EV	54	53	51
P/E (adj.)	20.3	14.7	12.6
P/E	61.6	16.6	13.9
P/B	3.7	3.2	2.7
P/S	0.9	0.9	0.8
EV/Sales	1.0	0.9	0.8
EV/EBITDA	10.1	8.3	7.1
EV/EBIT (adj.)	14.7	11.5	9.8
Payout ratio (%)	99.7 %	35.0 %	36.1 %
Dividend yield-%	1.6 %	2.1 %	2.6 %

Source: Inderes

Fodelia in brief

Fodelia in brief

Fodelia is a Finnish food industry company that, e.g., processes pre-cooked meals for B2B customers and produces snacks for retail trade.

2007

Feelia, the Group's most significant company, is established

2019

IPO (First North list of Nasdaq Helsinki)

52.6 MEUR

Revenue Q4'23-Q3'24

3.3 MEUR **(6.3% of revenue)**

Adj. EBITA Q4'23-Q3'24

10.5%

ROCE 2023

119

Average number of personnel in Q3'2024

LISTED AS A HOLDING COMPANY

Feelia and Real Snacks merge as Fodelia and are listed in 2019

Feelia acquires Beofood

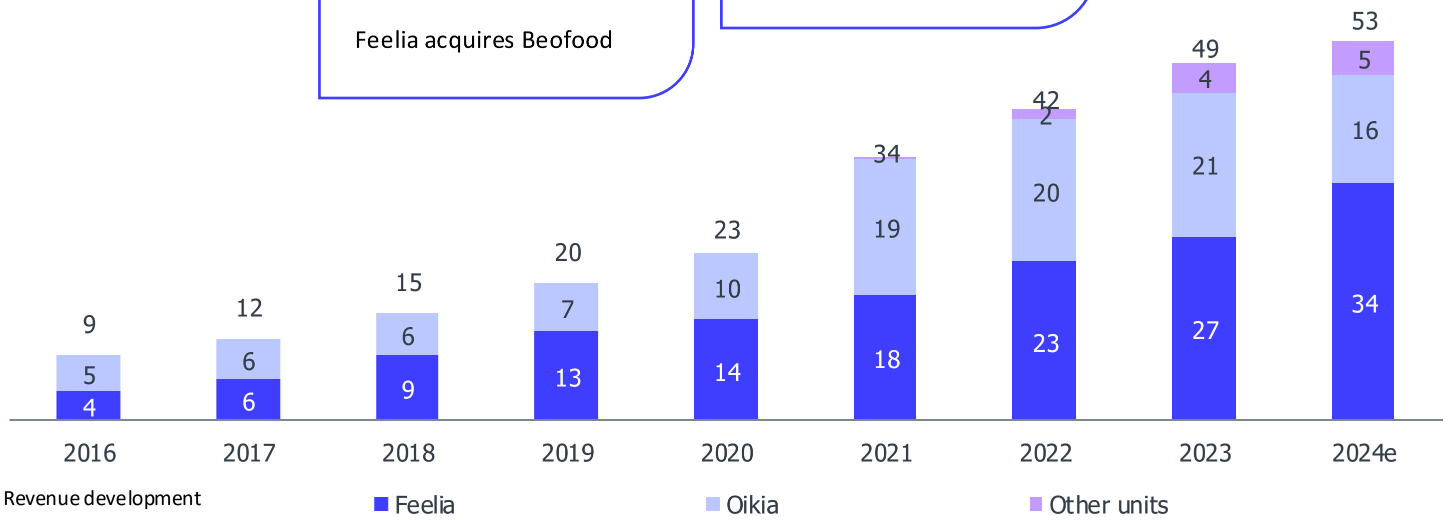
EXPANSION THROUGH ACQUISITIONS

In 2020-21, Fodelia acquired Perniön Liha and Pita Factory, but the result of the acquired businesses developed poorly as part of Fodelia

FOCUS ON COMPETITIVENESS

Focusing on profitable businesses with strong capital return

Perniön Liha is divested in 2024



STRONG ORGANIC DEVELOPMENT IN FEELIA

Feelia has grown organically by an average of 18%/year as a listed company. The company has continuously grown in new customer segments, such as the care sector, early childhood education and hospitals, by developing its concept to meet customer-specific needs.

Company description

Fodelia in brief
Fodelia is an industrial operator in the food industry that actively seeks to renew the industry by introducing new products and concepts to the food market. The Group's operations are divided into two business areas: Feelia focusing on the foodservice channel and Oikia focusing on retail trade. In addition, the subsidiary Marjavasu Oy is for the time being reported on a line separate from the business areas "Other units" until it merges with Feelia at the beginning of 2025. Fodbar Oy, 50% owned by Fodelia, is reported as part of the Group's financial income and expenses. The Group is domiciled in Pyhäntä and its production facilities are located in Pyhäntä, Kokkola and Jokioinen.

Feelia, which operates in the foodservice channel, is the Group's most profitable and fastest-growing business area. Feelia offers healthy and responsible pre-cooked meals and meal-components for professional kitchens and stores' food service concepts. In recent years, the company has grown strongly, especially in the elderly care sector and nurseries. Marjavasu Oy, which manufactures juices and purées, acquired in August 2022, complements Feelia's product offering. The joint venture Fodbar is reported separately from Feelia, but the company's operations are partly based on selling Feelia's products as part of a broader service concept.

The Oikia business area includes several domestic food products sold in retail, but also contract manufacturing and direct sales to consumers. The snacks business is the most significant part of Oikia and includes, e.g., the production of potato chips, corn and oat snacks. Oikia also includes a small pita bread manufacturing business with little revenue and profit impact, which was acquired by the Group at the end of 2020. In addition, the business area includes selling Feelia's pre-cooked meals to consumers, where the key sales channels are its online store (Oikia Ruoka) and, to a lesser extent, grocery stores.

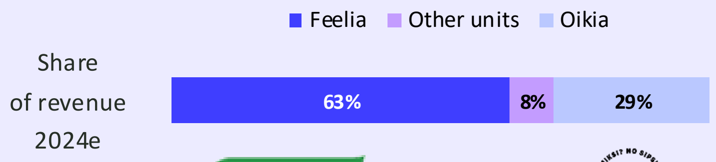
The Group's CEO is Mikko Tahkola, who is the company's biggest shareholder with a 20% stake. Other significant shareholders include, e.g., Jukka Ojala, CEO of the subsidiary Feelia (10%) and ShapeQ, a German investment fund (more than 10%).

Current strategy focuses on the most competitive businesses
Fodelia entered the stock exchange in 2019 as a holding company and expanded to new retail product segments through acquisitions (Perniön Liha and Pita Factory) roughly a year after the listing. However, the profitability of the acquisition targets developed poorly as part of the Group, which has resulted in the strategy focusing on the most competitive businesses since 2023. Perniön Liha was divested in May 2024. The Group still has a few small businesses that are not necessarily at the core of competitiveness but that, on the other hand, do not have a large negative impact on the result. In our view, Feelia's profitable growth is the key driver for the company's earnings development and the snacks business is a reasonably good business. We estimate that in the future, the company will aim to limit acquisitions to businesses that have a direct link to the company's current growth businesses, mainly Feelia. The company can also consider selling parts of the Group to streamline the Group structure around its most competitive parts.

Fodelia Oyj in brief

- Founded in 2019 by merging Feelia and Real Snacks (now Oikia) under a holding company and listing the holding company on the stock exchange
- The strategic objective is to reform the food sector by developing new products and concepts
- Revenue for the last 12 months[1]: 52.6 MEUR (growth 10%).
- Adjusted EBITA for the last 12 months[1]: 3.3 MEUR (6.3% of revenue)
- Average number of personnel Q3'2024 119

The Group's reporting structure



Other units include Marjavasu Oy, which will be integrated into Feelia at the beginning of 2025

The joint venture Fodbar Oy (holding 50%) is reported under **financial items**

Fodelia's production units

4 **Production plants**

Pyhäntä: Feelia's plant

- Makes, e.g., soups, casseroles, sauces and porridges
- Utilizes autoclave technology to preserve products
- Production capacity of around 240,000 servings per day
- Since fall 2024, production has included juices and purées after Marjavasu's production moved from Kuopio to Pyhäntä

Kokkola: Manufacture of Feelia's frozen products

- The Kokkola plant produces frozen products such as balls, patties and strips
- Became part of Feelia with the Beofood acquisition in 2019

Pyhäntä: Oikia's snacks plant

- Produces potato chips, corn snacks and oat nacks
- Completely gluten-free production

Jokioinen: Pita Factory's bakery

- Makes pita bread
- For example, the only baker of rye pitas in the world
- Acquired into the Group at the end of 2020

Of the Fodelia plants, the snacks plant in Pyhäntä is owned by the company and the rest operate in rental premises. In addition, the company owns a small factory space in Kuopio (the former Marjavasu factory), which will be sold after production is transferred.

Fodelia on the map

Business area Feelia (1/6)

Healthy pre-cooked food products for professional kitchens
The Feelia business area consists of the production and sales of healthy, responsible and long-lasting pre-cooked food products for professional kitchens. A small share of Feelia's production also includes food products for private consumers, but the external revenue from them is reported as part of the Oikia business unit.

The Feelia business area's revenue in 2023 was 26.5 MEUR and EBIT 2.5 MEUR (9.3% of revenue). In 2023, Feelia employed an average of 73 people, most of them in production. Revenue is almost entirely generated on the Finnish market.

Organic investments have been complemented with acquisitions
Feelia Oy was founded in 2007 and the company operated in leased premises until 2017. The company built a new plant in Pyhäntä in 2018, which was expanded in 2020-21. The expansion enabled tripling of the production capacity and expansion of the product range to include, for example, smaller consumer packages and special dietary products.

In 2019, Fodelia acquired Beofood, known for its kebab products, which was merged into the Group as a part of Feelia. The acquisition enabled expanding the product range to balls and patties made from different raw materials. Beofood's plant in a rental property in Kokkola was transferred to Fodelia's use. The Kokkola plant does not use autoclave technology and the shelf life of the products is ensured by freezing.

In August 2022, Fodelia acquired Marjavasu Oy, which has so far operated as an independent entity within the Group, but whose operations will be integrated into Feelia in the future. The production was moved to the premises of the Pyhäntä plant in the fall of 2024. Marjavasu manufactures juices and purées under the Delimax brand.

The products can be utilized in Feelia's customer field, as e.g., institutional catering customers buy a lot of drinks and desserts. Like Feelia, Marjavasu's profitability is high and its organic growth has historically been strong (2023 revenue: 3.7 MEUR, EBIT: 18%, growth 21% y/y). Marjavasu was purchased with Fodelia's own shares at a favorable price, corresponding to a P/E ratio of 6x with the 2021 result at the time of the acquisition.

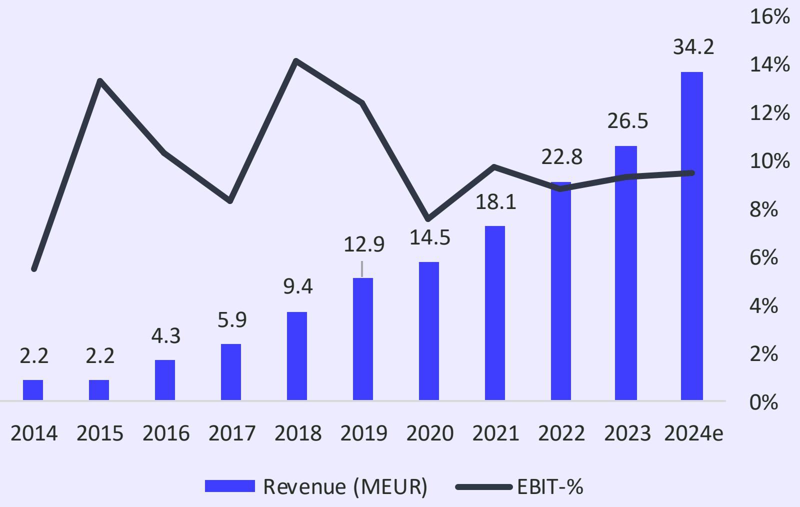
Feelia has strong growth and profitability
Feelia's organic growth has averaged 18% in 2019-24e, and growth has even accelerated during 2024. In recent years, the company has gained market shares especially in the elderly care, school and nursery markets thanks to its service concept that differs from traditional food supply models that rely on manual labour in professional kitchens. Growth has consisted of both large contracts worth several million euros annually and numerous smaller customers. Feelia's profitability is also high compared to the average level of the food industry (2021-23 EBIT%: 9-10%). Based on the 2023 results, our estimate of Feelia's return on investment (ROI) was approximately 18%, significantly exceeding the average cost of capital, which reflects the company's competitiveness.

Autoclave technology enables a long shelf life
Feelia uses autoclave technology in its production at the Pyhäntä plant, where the product is first manufactured inside a vacuum package to 90-120 degrees Celsius, after which it is quickly cooled close to zero. The pre-cooked and semi-cooked products manufactured in this way can be stored in refrigerator temperatures for up to six months without the need to add additives or preservatives in the process. Feelia's products are pre-cooked, so the end user typically only needs to heat up the food and add liquid.

The Feelia business area in brief

- The business area includes Feelia Oy's sales to professional kitchens. In addition, Feelia records internal revenue from products sold through the Oikia Ruoka online store.
- The company's products are manufactured at the Pyhäntä plant (e.g. autoclave products, juices and purées) and in Kokkola (frozen products).
- Revenue 2023: 26.5 MEUR (growth 16%).
- EBIT 2023: 2.5 MEUR (EBIT 9.3%)

Feelia's revenue and profitability[1]



1) Inderes' assessment or information provided by the company

Business area Feelia (2/6)

The shelf-life and ease of preparation reduce the investments, costs and labor needed to prepare the food in professional kitchens. Feelia has developed its manufacturing method and process since the start of operations. The company even has a patent for the process of cooking soups, but we suspect that the patent itself does not constitute a significant competitive moat. We believe the competitive advantages arise in areas other than patents – for example, manufacturing-related know-how and the large production volume make it difficult to launch competing manufacturing operations.

The production chain utilizes domestic raw materials and process heat is produced with gas

Most of Feelia's raw materials come from familiar producers less than two hours away from Pyhäntä. Domestic raw materials account for more than 80% of purchases, but some raw materials are imported (e.g. salmon, tomato sauce, sweet potatoes and pumpkin). At the Pyhäntä plant, the process heat needed for cooking the food can be produced with biogas or fossil gas. During 2024, the company introduced a condensate heat recovery system to improve manufacturing energy efficiency. In addition, a solar park is being built in connection with Feelia's plant, where an external partner is responsible for equipment investments and energy production.

Direct customers make up more than half of the volume

Feelia's products are used in various types of restaurants, daycare centers, schools and care units in both the private and public sectors. The company also delivers products to various mass events. Products are distributed both through wholesalers and directly to customer companies, often based on long-term (~2-5 year) contracts. The share of direct deliveries is growing and, we estimate it already represents more than half of the volume. For some long-term contracts, pricing is fixed for the first year, after which prices can be adjusted every 3 months based on cost development. Rapid and unexpected changes in cost levels can, therefore, affect profitability in the short term.

The range and concept are developed in a customer-oriented manner

Feelia's customer base has continuously expanded to new segments thanks to the company's active product development and sales work. In the 2020s, the company has gained a significant foothold in the care sector, early childhood education and hospitals, where there are specific requirements related to the healthiness of food and recipes. Feelia has also developed special products, such as ready-to-eat emergency food stored at room temperature and box-packed pre-cooked meals that keep in the refrigerator for a long time, mainly for home care customers. In many of its customer segments, Feelia is the only player that produces food industrially and the competition mainly consists of local labor-intensive manual food production.

The concept improves the efficiency of institutional catering

Feelia's competitiveness and gaining of market shares are based on a comprehensive product and service concept, which enables especially institutional catering customers to reduce costs related to personnel, logistics and waste. Products that are largely pre-prepared at the plant are easy to heat and finish near the end customer before serving, reducing the need for kitchen staff and production facilities. Long product shelf-life and an easy-to-use digital ordering system enable centralized delivery of food products a few times a week, which reduces logistics costs and food waste.

Products manufactured by Feelia

The Pyhäntä plant	The Kokkola plant
• Soups • Casseroles • Porridges • Sauces • Root vegetables • Potato sides • Emergency food • Juices and purées • Ready-to-eat meals	• Balls • Patties • Fish fingers • Kebap skewers • Other frozen products

Feelia's customers

Municipalities, wellbeing services counties[1], care companies, wholesalers, restaurants, events and self-service concepts in stores.

1) Wellbeing service county: A public entity consisting of several municipalities that has a legal responsibility to provide care and health services to people in that area. Example: HUS (includes Helsinki, Espoo, Vantaa and several smaller nearby municipalities)

Business area Feelia (3/6)

Food can be prepared in, e.g., care or school units in an amount corresponding to the demand on that particular day, and leftover food packages will be stored in fridge until the next time that particular food is on the menu. Feelia's extensive product range enables customers to have comprehensive rotating menus. The company is the only industrial operator that offers a 6-week rotating menu for both regular and vegetarian dishes.

The proprietary ordering system creates value for the customer

Feelia has sought to centralize customers' direct delivery orders to its proprietary digital ordering system, "FERP". FERP makes it easy for care units to order all the food products they need (including products not produced by Feelia). The system automatically offers the necessary products based on the number of customers and also forces to consider special diets when ordering. In addition, the system supports the ERP of institutional kitchens, as it contains aggregated information on menus, prices per meal and nutritional values of meals. The system is constantly being developed and the development work has been outsourced to Ukraine. Since products other than those manufactured by Feelia can be ordered through the system, directing customers from traditional, smaller order systems to a new expansive system will enable additional sales for Feelia through a wider range of products (while improving the efficiency of food delivery logistics). During Q3'24, meals and other products were ordered for 2.2 MEUR through FERP, representing a quarter of Feelia's revenue.

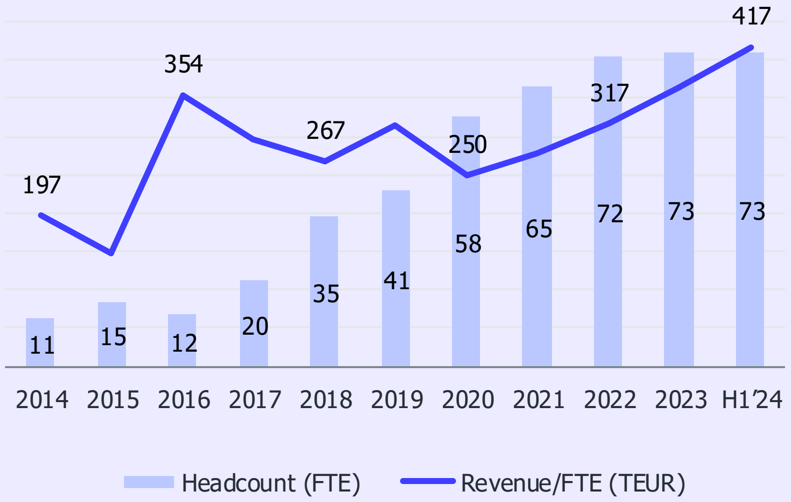
Three different operating models to meet customers' needs

Feelia's product offering can be utilized for care home and school clients on three different levels. In the lightest option, the customer can only purchase a small portion of the food products they use from Feelia (e.g. as emergency food). The customer can also order comprehensive food deliveries, which will result in a more significant efficiency improvement. The most intensive service level also includes personnel needed for food service provision, in which case the service is purchased through the joint venture Fodbar (more about Fodbar on page 14).

Significant customer contracts 2021-24

Customer	Contract announced	Estimated annual revenue[1]
HUS	6/2024	1.6 MEUR
Norlandia Päiväkodit	12/2023	2-3 MEUR
Pilke Päiväkodit	8/2023	4 MEUR
Validia care company	6/2022	1-2 MEUR
Vantaan tilapalvelut	6/2022	2.5 MEUR
Juvenes restaurant company	7/2021	1 MEUR
Eteva-kuntayhtymä	4/2021	1.5 MEUR

Development of the number of personnel



1) Inderes' assessment or information provided by the company

Business area Feelia (4/6)

Feelia has developed its food concept to meet, e.g., the special needs of food supply in the care sector and public sector

Value to the customer

1 **Ready-to-heat food** makes it possible to abandon central kitchens and helps municipalities, wellbeing services counties and companies to organize food supply cost-effectively.

2 **The wide range of products** enables a six-week rotating menu also in vegetarian foods as the only industrial player in the market and also considers other special diets. The product ranges have also been developed to suit, e.g., hospital, early childhood education and home care customers.

3 **Long shelf life** (up to 3-6 months) reduces food waste, cuts logistics costs and the climate impact of eating. In addition to products stored in the refrigerator, the range includes approximately 10 foods with a long shelf life at room temperature, offering protection for emergencies.

4 **The digital ordering system** enables an easy and flexible way to order food services digitally for care home customers on a weekly basis, depending on the number of customers and taking special groups into account. The system provides precise information about the price of a meal day, menu information and nutritional values. The system can also be used to order brokerage products (e.g. bread, drinks and salads), in which case the customer is served on a one-stop-shop basis.

5 **The Fodbar service concept**[1] also includes responsibility for service personnel and, e.g., cleaning services, in addition to food delivery.

6 **Domestic products, responsibility and quality.** Feelia's industrial processes, responsible production chains and over 80% degree of domestic origin ensure high-quality food.

1) The revenue of the Fodbar joint venture is not reported as part of Feelia, but the company utilizes the products manufactured by Feelia

Business area Feelia (5/6)

A large target market consisting of professional kitchens
Feelia’s target market mainly consists of professional kitchens located in Finland, including, e.g., hotels, restaurants, hospitals, schools, care homes and day-care centers. There are about 20,000 professional kitchens in Finland, which serve some 800 million meals per year to customers. The raw materials for professional kitchens are sourced mainly from foodservice wholesalers. Measured in euros, we estimate that the Finnish foodservice market will be around 3.6 billion in 2024. In 2024, we estimate the size of the foodservice wholesale trade to be approximately 2.5 BNEUR.

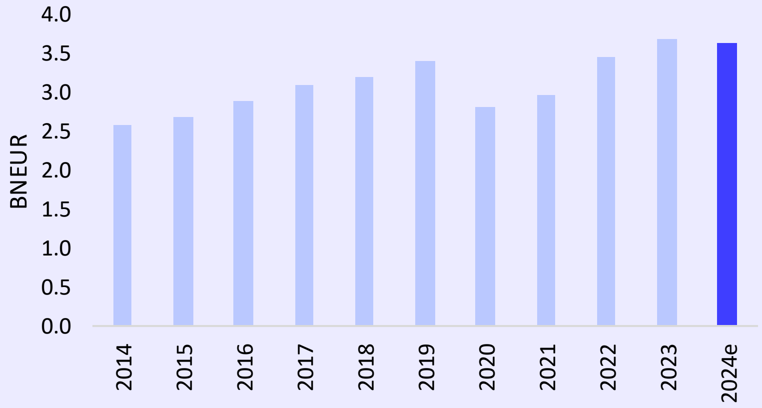
The growth of the foodservice market has fluctuated in recent years due to both the COVID pandemic and economic cycles. We estimate the long-term average growth rate of the market to be around 3%. The growth has turned negative this year, e.g., due to the fall in the price of food and the cautious consumption behavior of consumers. On the other hand, a pre-pandemic growth rate of up to 5% p.a. in 2015-19 exceeded the average growth rate of the food market. We estimate that eating out and home delivery of restaurant food will slowly become more common in the long term, which would mean that the foodservice market would grow slightly faster than the rest of the food market.

The private sector quickly adopts new concepts
We believe Feelia’s food concept has especially strong growth potential in institutional catering, where, e.g., the cost-effectiveness of food production, healthiness and consideration of special groups are emphasized. We estimate the market size of institutional catering to be some 900 MEUR, which includes, e.g., schools, day-care centers, the care sector, hospitals and garrisons. The majority of the customers of institutional catering services are public sector actors, such as municipalities and wellbeing services counties. About 15-20% of day-care centers and care units are operated by the private sector, such as companies, organizations and foundations. Such private sector players have been quick to adopt Feelia’s cost-effective food solutions. In recent years, a significant share of large private sector enterprises have become Feelia's customers.

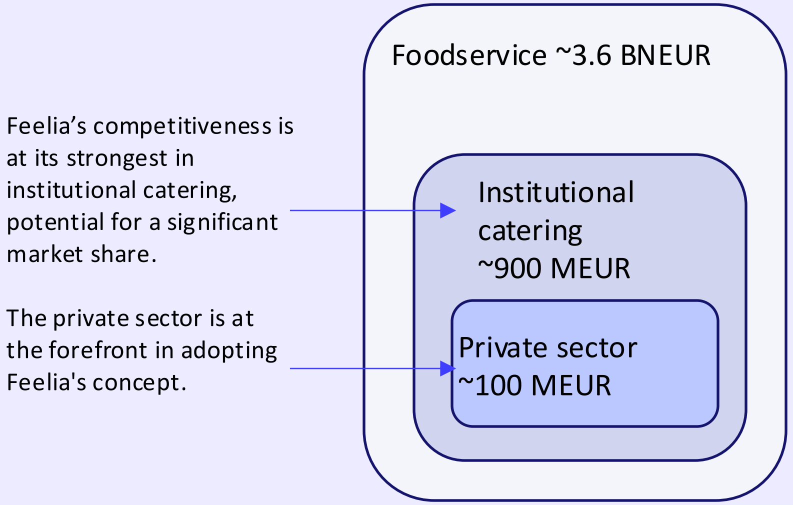
The public sector changes more slowly, but we expect economic realities to drive the change
Policy-making regarding the streamlining of public-sector food services often encounters various counterarguments related to, e.g., preserving local jobs or the municipality's ability to independently control food quality and the supply chain. We estimate that the transfer of social and health services from municipalities to wellbeing services counties at the beginning of 2023 accelerated the restructuring of local government food supply and is gradually increasing the scope of free competition. The segregation of education and wellbeing services counties kitchens means that more and more municipalities are considering outsourcing food services due to the drop in customer numbers. However, the majority of the public sector catering (in total about 500 MEUR) is still controlled by publicly-owned companies that allow the public sector to circumvent the obligation to tender food services. The government program of the current Finnish government also expresses a political will to restrict the operations of public in-house companies, aiming to improve the efficiency of procurement by municipalities and wellbeing services counties. However, we do not expect government decisions to cause major changes in the market for the time being.

The most important driver for increased competition stems from the financial situation of municipalities and wellbeing services counties and their need to improve efficiency and service levels. The finances of the wellbeing services counties are significantly in deficit, so we expect the importance of efficiency to only increase in the future (even if not directly enforced by the government).

Finnish foodservice market 2014-2024e[1]



Structure of the target market[2]



1) Euromonitor, PTY and Inderes' estimate
2) Inderes’ estimate

Business area Feelia (6/6)

Feelia's market share is less than one percent of the entire foodservice market with the 32 MEUR external revenue we forecast for 2024. However, we estimate that the market share is already somewhat significant in institutional catering provided by private sector care homes and day-care centers. We still see significant growth potential for the company in this segment as well, but continued strong growth in the long term also requires the opening up of the public sector to market-based players.

Feelia has no direct competitors

We see Feelia more as a product than a service company, and, therefore, there are no direct competitors based on pure industrial production that extensively offer pre-cooked meals to customers in the public sector and the care sector. However, Feelia's pre-cooked meal concept competes with more conventional service companies that rely on central kitchens and human labor. Fodelia's subsidiary, Fodbar, can be considered a direct competitor to service companies, as the service package offered by Fodbar, which utilizes the Feelia concept, also includes the necessary service elements in areas such as cooking and cleaning.

Feelia's concept wins market share from central kitchen-driven operations

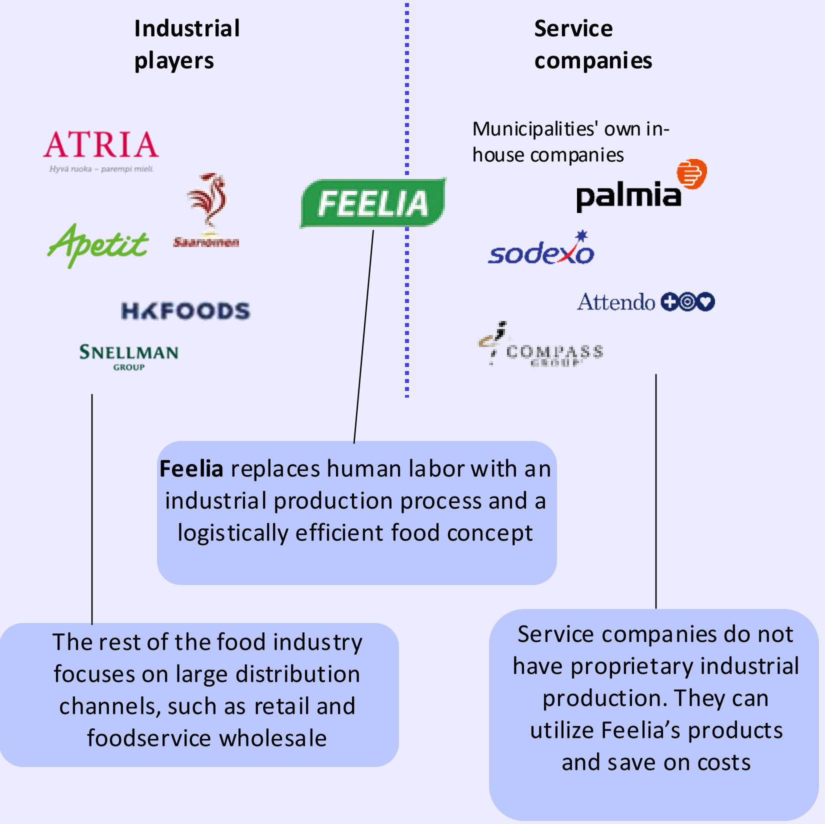
Among service companies, the most significant competitors are, e.g., Palmia, Attendo, Sodexo, Compass Group and Arkea. In addition, in-house companies owned by municipalities and other public sector entities provide services to the market. The operating model of service companies is often based on local infrastructure, which can be competitive in places, or at least acquiring new customers may be profitable if the utilization rate of existing central kitchen capacity can be increased. The benefits of Feelia's model become emphasized especially in smaller units, where delivering food from central kitchens is most inefficient. In addition, as old central kitchens reach the end of their service life, the replacement-investments might not seem economically feasible that should encourage customers to transition to Feelia's pre-cooked food supply model. We believe that the competing service companies also use Feelia's products as part of their own food service production, at least to some extent.

Focus of industrial food companies lies in other segments

Feelia has no direct industrial competitors, and we do not see such competition likely to occur, at least in the near future. Industrial food operators such as Atria, HKFoods, Snellman and Saarioinen do not significantly compete with the same products or customer segments as Feelia. The main focus of the companies' operations is on retail customers and supplying raw materials to the foodservice channel.

Recently, industrial players' strategies have also emphasized growth by increasing value-add processed foods, both in consumer-oriented pre-cooked meals and in more processed products for restaurants. So far, this has meant, e.g., increasing the production of various cooked, easier-to-use meat products (such as readily-cooked bacon chips or chicken-wings) in the foodservice field, which does not affect Feelia's competitive position. In schools, the care sector and hospitals, the requirements for recipes and healthiness of food differ significantly from the retail sector and the conventional restaurant field, which in part limits the expansion of industrial companies into this segment. Providing comprehensive menus for institutional catering would require significant production investments and long product development from new entrants.

Feelia has a specialized market position



Other units: Fodbar Oy

Fodbar joint venture commercializes Feelia's products as part of a broader service concept
Fodbar is a joint venture established by Fodelia and Bravedo in 2020. Each owns 50% of Fodbar. In previous years, Fodelia has recorded its share of the joint venture's net result, corresponding to its holding, on its income statement under the item "financial income and expenses". In 2024, Fodbar's net result is likely to be positive, but it has not been recorded in Fodelia's income statement, as Fodbar's equity is still negative (2023: -2.2 MEUR).

The aim of the joint venture is to offer a convenient and cost-effective solution to, e.g., municipalities or care homes to outsource their food services. Fodbar's business idea is to combine the expertise of Fodelia's subsidiary Feelia and Bravedo's subsidiary Barona. Feelia delivers the joint venture's food and brings its expertise on the foodservice market. Barona ensures the availability of personnel and brings expertise on cost-effective personnel processes to the joint venture. The company offers a turnkey solution where the customer can outsource both food production and service personnel.

Fodbar's solution generates savings and reduces waste
From the viewpoint of potential customers (municipalities/care homes), Fodbar's service model works so that the joint venture established by Fodelia and Bravedo provides the food needed for the contract period at a fixed price, as well as the person/staff who takes care of on-site food preparation. Fodbar can also offer other services, such as cleaning. However, the company focuses mainly on contracts where the share of food services is significant.

Fodbar's service portfolio is thus equivalent to the food and cleaning services offered by competing service companies such as Palmia or Attendo. However, the efficiency of the business stands out from the competition as Fodbar utilizes Feelia's pre-cooked meal concept to provide the service. The food is delivered from Feelia's plant to the service kitchen, where the food is heated and the quantities are optimized according to the number of eaters. The concept eliminates the need for expensive central kitchen facilities and reduces food waste and logistics needs compared to conventional central kitchen-based solutions.

Growth has taken off in 2023-24
Winning outsourcing contracts in the municipal sector was initially challenging for the new company, but 2023 brought significant growth to Fodbar through several significant contracts. Nina Rokkila joined Fodbar as CEO in February 2022. We consider this an important recruitment, as Rokkila, as the former CEO of Palmia, has experience in the requirements and bureaucracy related to public sector tendering.

Fodbar won its first public tender in 2021 when the municipality of Kärsämäki outsourced its services to Fodbar (the annual value of the contract is 2 MEUR). Numerous significant contracts were signed in the second half of 2022. In 2023, revenue rose to 7.5 MEUR, but EBIT was still negative at -0.7 MEUR due to challenges related to the ramp-up. According to Fodelia, the result has improved clearly during 2024 and revenue growth has also continued. The health and social services reform and the deficit in the finances of wellbeing services counties have forced municipalities and wellbeing services counties to rethink their food supply, which has been evident in active tenders and accelerated the market opening to purely market-based players.

Fodbar in brief

- Provides a comprehensive solution for outsourcing meal and cleaning services
- Joint venture established by Fodelia and Bravedo (50/50 ownership)
- Half of Fodbar's net result is recorded in Fodelia Group's financial income and expenses[1] line
- Nina Rokkila (ex-Palmia CEO) started as the company's CEO in February 2022
- Revenue 2023: 7.5 MEUR
- EBIT (2023: -0.7 MEUR

Significant published customer contracts

Customer	Contract announced	Estimated annual revenue
Kärsämäki	3/2021	2 MEUR
Siuntio municipality and wellbeing services county	10/2022	1-2 MEUR[1]
Wellbeing services county of North Ostrobothnia	11/2022	3.7 MEUR
Siuntio, Kannus, Lestijärvi, Toholampi, Hailuoto	11/2022	1.5 MEUR

1) At present, no profit is recognized because Fodbar's equity is negative for the time being

Business area Oikia (1/6)

Oikia in brief
Oikia consists of retail-focused businesses that include both products sold through the grocery trade and direct sales through its own online store. Manufacturing and selling snack products (formerly Real Snacks Oy) is Oikia's biggest and most profitable business. Oikia also includes a small pita bread business (formerly Pita Factory Oy) and selling of Feelia products in its online store and retail stores.

The revenue of Oikia's continuing operations in 2023 was 15.1 MEUR and EBIT 0.23 MEUR (1.6% of revenue). During January-September 2024, the EBIT of the continuing operations has doubled from the comparison period, which, we believe is affected by the implemented efficiency measures, a stable cost environment and the reduction of e-commerce marketing investments.

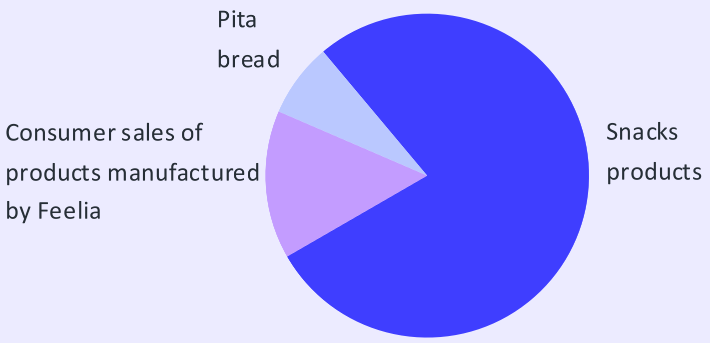
Focus sharpened on competitiveness and profitability
The Oikia business area (formerly known as Fodelia Retail) was formed from several companies following the 2022 reorganization aimed at improving efficiency and clarifying operations through organizational streamlining. In practice, the entire result of Oikia comes from the snacks business, which has been part of Fodelia since the IPO. The pita business and Perniön Liha that manufactures meat products were acquired as part of the Group at the turn of 2020-21, but the earnings development of these units has not met expectations. Perniön Liha (revenue 5.6 MEUR) was divested in May 2024. We believe pita bread production is not a key part in Oikia's future strategy either. Sales of Feelia products, the majority of which are sold through the company's online store, have decreased significantly since the end of the COVID pandemic, and there is no longer a desire to artificially boost sales with loss-making marketing campaigns in 2024. Ending the forced growth measures is a key factor behind Oikia's profitability recovery in 2024. We estimate that Oikia still has some growth potential in the snacks business, e.g., in domestic brand sales and contract manufacturing for export markets. Overall, however, we consider the growth profile of the business area as rather moderate, as the growth outlook for e-commerce and the pita business is weaker.

We estimate that the Oikia business area is still somewhat vulnerable to changes in the cost environment, as if the prices of raw materials increase it takes some time to pass on the costs to sales prices. The customer base consists of, e.g., large retail chains, which challenges the bargaining position. The value chain of the industry is illustrated on page 21.

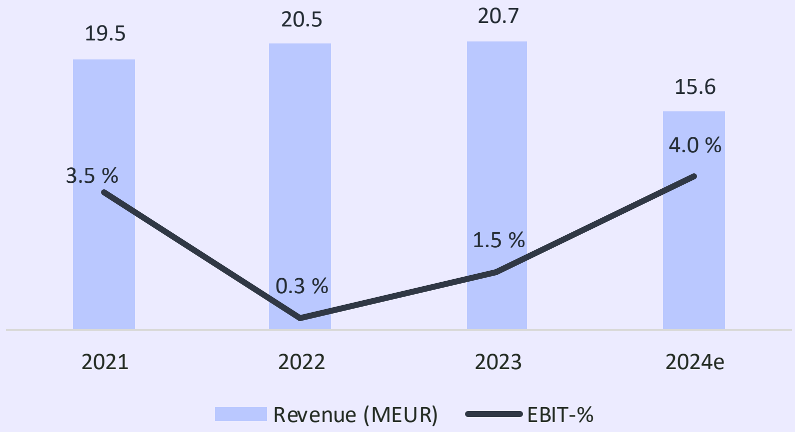
The snacks business is Oikia's largest and most competitive part
Oikia's largest business is to be a Finnish producer of potato chips, as well as corn and oat snacks. In 2023, the revenue of the snacks business was estimated to be approximately 10 MEUR. The EBIT level was not reported for 2023 anymore, but in recent history, the EBIT margin has been between 4-7%, with the exception of the COVID pandemic year.

Approximately one-third of the snacks business revenue is sold under its own Oikia brand and two-thirds consists of contract manufacturing of private label products (e.g. Pirkka and Kotimaista). Growth has not only been sought in Finland but also in the export markets, and products have already been exported to over 15 countries. However, we believe exports account for less than 10% of revenue.

Breakdown of Oikia's revenue [1]



Oikia's revenue and profitability[2]



1) Continuing businesses in 2024. Inderes' estimate
2) Includes Perniön Liha until May 2024, when the business was divested

Business area Oikia (2/6)

The snacks business is the strongest part of Oikia measured by profitability. In normal years, we estimate that the company can generate a ROI of over 10%. However, the performance level may fluctuate from time to time, e.g., as a result of the cost environment or one-off factors.

Production plant in Pyhäntä and raw materials from nearby
Oikia (at the time Real Snacks Oy) was established in 2001 to run the potato chips plant in Pyhäntä, which was also transferred from Raisio Oyj to private ownership. The new owners launched extensive plant expansion and development projects. The plant has been expanded several times over the years and the production lines have been renewed. In 2018, the business invested in a production machine, which more than doubled the production capacity of oat products. The new packaging automation systems to improve cost-efficiency were completed in 2021. In fall of 2024, Fodelia announced that it will expand its potato tempering capacity at the plant to support increasing production volumes. We estimate that the plant's utilization rates are at a good level, which also means that achieving more significant volume growth requires at least small investments from the company to remove bottlenecks.

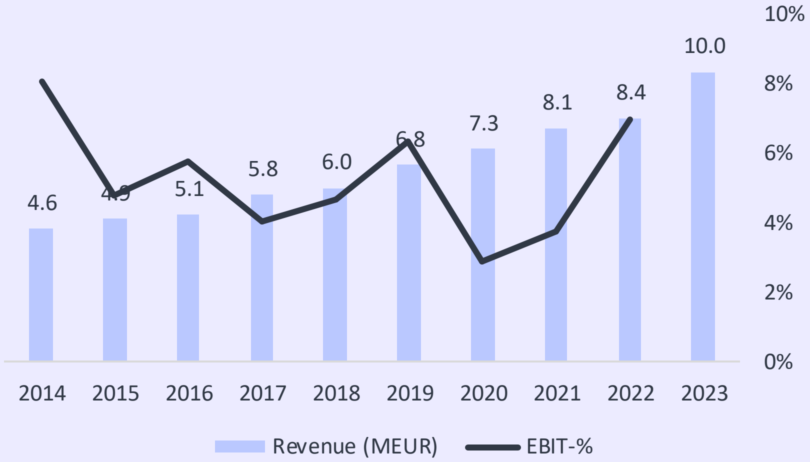
The potato needed for manufacturing comes from local contract farmers, most of whom are located within a radius of about 150 kilometers from the Pyhäntä plant. A key part of the raw materials comes from a high-grade seed potato production area (EU-defined High Grade area). The product packaging has the farmer's farm information, which gives the consumer visibility to the origin of the raw material. Oikia signs contracts with farmers on potato purchase volumes and prices based on its own sales forecasts in the early part of the year. Of the other ingredients, oats are domestic, but the corn comes from elsewhere in Europe. The energy required in the manufacturing process is mainly produced with biochips. Finished products are stored at the Pyhäntä plant and delivered to customers through their own logistics chain, i.e., they are mainly collected directly from the Oikia plant.

Efforts made to strengthen the position of brand products
The first brand products were launched in Finnish grocery stores in 2005. After the 2019 brand renewal, Oikia is the main proprietary brand of the business, under which you also find Oatis, Moomin and Junior brands. Finnish Oikia potato chips have gained more shelf space in the retail trade after the brand reform, which has supported the growth in proprietary brand products. The brand renewal included significant investments in marketing and increasing the awareness of proprietary brands.

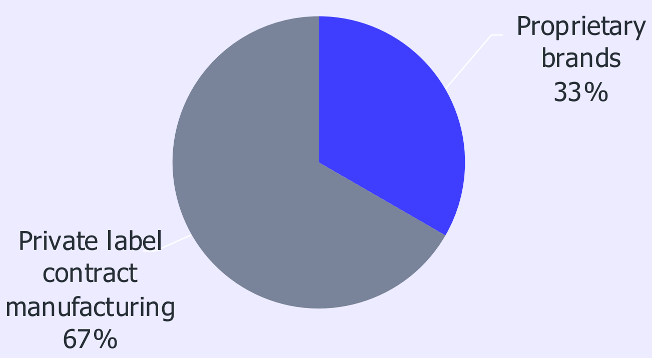
In its product development, the company has also focused on developing healthy alternatives. In 2017, it launched the world's first gluten-free oat-based snack under the Oatis brand. The snack has fiber-rich and low-fat characteristics. The Moomin and Junior brands are gluten-free snack options for children. Controlled growth investments have been made in oat-based Oatis products and they have attracted interest abroad, but revenue growth has not taken the desired path in recent years.

The company has a strong market position in contract manufacturing
Since 2002, the company has been the contract manufacturer of Pirkka potato chips and won over new customers over the years. The development of private label products takes place together with the contract partners. The growth of brand products and contract manufacturing products has progressed at different speeds, which has balanced the development of overall sales.

Revenue and profitability of the snacks business [1]



Distribution of revenue in the snacks business [2]



1) Source: Fodelia
2) Source: Inderes' estimate

Business area Oikia (3/6)

Contract manufacturing has grown significantly in 2023, as the retail sector has sought to emphasize more affordable products, such as private label, as consumers' purchasing power has weakened. The company itself has limited possibilities to influence the development of the revenue from contract manufacturing, and customers' decisions can sway revenue in one direction or another. Oikia's market share in contract manufacturing in the Finnish potato chips market is high, which in part limits the growth potential in Finland. Growth in the contract portfolio is increasingly sought from outside Finland, even though logistics costs limit potential export countries mainly to the Baltic Sea region.

The grocery trade plays a major role as a customer and distributor
Most of Oikia's products are sold to consumers through Finnish or international grocery stores. Typically, the same retail chains operate both as private label customers and as distributors of Oikia's brand products. Oikia carries out contract manufacturing for virtually all major Finnish retail operators (e.g. Kesko, S-Group, Lidl and Tokmanni). Close cooperation in contract manufacturing can help support the position of Oikia's brand products in the stores' range. On the other hand, the company's dependence on large retail operators limits its bargaining position, and maintaining profitability requires continuous operational efficiency improvements as stores seek to tender suppliers and their prices.

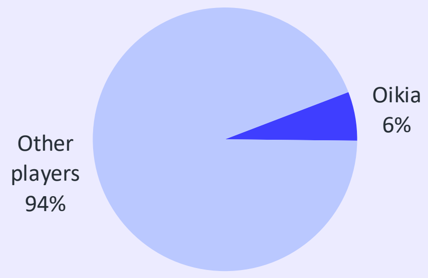
Oikia consumer brand is a challenger
As a consumer brand, Oikia is in a challenger's role compared to larger and more well-known competitors. We estimate that Oikia's market share in the snacks market is approximately 6%. The company has several major international competitors (e.g. Orkla) and big brands (e.g. Taffel, Pringles, Estrella and Doritos). To stand out in the competition, Oikia has sought to invent innovative and different brand products, develop new flavor combinations, bring healthy alternatives to consumers, and emphasize that the products are Finnish and the origin of the raw material is traceable. In addition, the strategic change in 2024 to introduce the Oikia brand also in other Fodelia consumer businesses may to some extent support the brand's recognition.

On average, the snacks market has grown rapidly
According to grocery sales statistics, the total retail trade of the Finnish potato chips market was approximately 163 MEUR in 2023. In addition, Oikia's target market includes other snack categories, such as corn and oat snacks. Some products are sold to, e.g., events, which further increases the overall target market.

The snacks market is growing faster than the rest of the food market as consumer habits develop in a favorable direction for the market. The demand for easy-to-eat products is growing, while the preference for healthy solutions increases the demand for new types of snacks, which are often more expensive than traditional potato chips. The snacks market grew by about 4% p.a. in 2014-22.

In recent years, market growth has fluctuated due to inflation. In 2023, the potato chips market grew by as much as 22%, but in 2024 the value of sales in the market has fallen by about 9%. The short-term volatility is due in particular to vegetable oil prices that rose sharply in 2022 but have since fallen closer to the long-term level.

Market share in Finland



Inderes' estimate, based mainly on Oikia's revenue relative to the size of the potato chips market in retail trade. The examination excludes, e.g., other snack categories and other distribution channels, like events.

Customers of Oikia's snacks business

Grocery stores, franchising groups and importers operating in export countries

We estimate that the largest customer accounts for approximately 20% of the revenue of the snacks business

Source: Inderes' estimate

Business area Oikia (4/6)

Potato chips

Oikia potato chips are made from high-quality raw materials sourced from local potato farmers. Potato chips are available in a variety of flavors.

Corn puffs

Moomin Original and *Junior Original* corn puffs are a lactose-free and gluten-free alternative, especially suitable for children. In addition, the products do not contain added salt or sugar and are mildly flavored.

Oat snacks

Oatis oat snacks are gluten-free and made from Finnish whole-grain oat flour. The products focus on health by, e.g., using less fat.

~1/3 of revenue from proprietary brands (Inderes' estimate)

Private Label production

Oikia works as a contract manufacturer for large Finnish private labels in the grocery trade, e.g., Pirkka (Kesko), Kotimaista (S Group) and Priima (Tokmanni). Contract manufacturing customers also include foreign retail companies.

~2/3 of revenue from private label (Inderes' estimate)

Competition

Examples of Oikia's competitors

Oikia's position relative to competitors

Strengths

- Domestic brand and local operations
- Traceability of raw materials
- Healthy options
- Private label manufacturing supports production utilization rates
- Domestic logistics

Challenges

- Smallish size limits the economies of scale of production
- Brand awareness not at the level of major competitors
- Locality does not serve as a sales argument in the export market

Business area Oikia (5/6)

Oikia Ruoka: Pre-cooked meals for consumers

In recent years, the pre-cooked meals manufactured by Feelia have also been commercialized to consumer customers, which is reported as part of the Oikia business area. Most of the sales of pre-cooked meals to consumers are generated through the online store (Oikia Ruoka), but small-scale sales are also generated through retail trade.

Online store has strived to find its direction after the pandemic

Feelia opened an online store aimed at consumers (Feelia Ruokakauppa) in February 2020, which was separated into its own company, FodNet Oy in May 2021 and later merged with Fodelia Retail Oy (now Suomen Oikia Oy). The revenue of the online store already reached 5.4 MEUR in 2022, but growth turned to a sharp decline after the end of the pandemic. We estimate that 2024 revenue will only be good 2 MEUR. The recent decline has also been partly influenced by reduced marketing and discount campaigns.

So far, e-commerce has depressed Fodelia Group's profitability because, in a favorable demand situation, Fodelia sought to support e-commerce growth with various technological and marketing investments. The slowdown in e-commerce growth has forced the company to implement cost-cutting measures, and during 2024, the business has increasingly focused on profitability. Fodelia reported in Q3'24 that the profitability of e-commerce improved but we estimate that the earnings level will remain low or loss-making at the full-year level.

Brand renewal implemented during 2024

The online store brand was renewed in Q2'24. The shop is now known as Oikia Ruoka (formerly Feelia Ruokakauppa). The reform aims to achieve synergies in the marketing of the Oikia brand between different consumer businesses. In addition, the company does not want to mix the B2B-driven Feelia brand with the consumer business. The success of the reform will probably be measured in the coming years. If profitability remains weak, the continuation of operations might be reviewed.

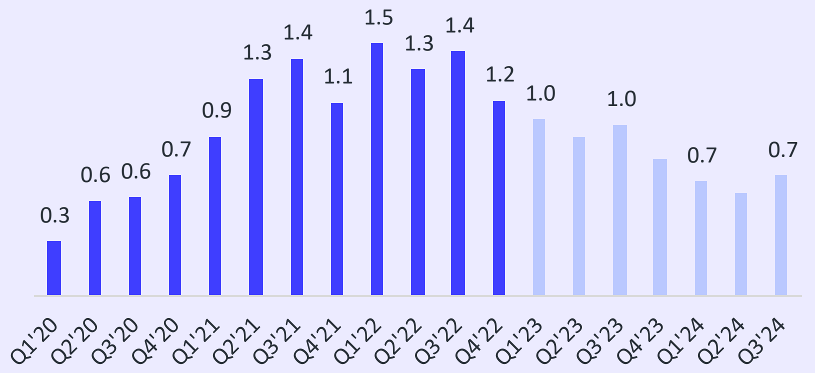
Long-lasting pre-cooked meals are well suited for e-commerce

The online store offers a wide selection of pre-cooked meals mainly prepared by Feelia. The long shelf life of the food at refrigerated temperature serves consumers but also supports the logistics involved in running e-commerce. In addition to a long shelf life, the limited number of products and large orders per product also support logistics. Oikia Ruoka delivers food throughout Finland. The company has outsourced transit storage, from where the products are delivered either by cold transport or via Posti to customers.

Grocery trade is a small sales channel

Fodelia aimed especially at the beginning of 2023 to also bring Feelia products to grocery stores and brick-and-mortar stores. However, growth in the nationwide grocery store channel did not start as expected, so products are currently sold only in limited areas. In the big picture, consumers are not used to Feelia's concept of pre-cooked meals, as the ready-made dishes in stores are typically pre-packaged products to be heated in the microwave, whereas the final preparation of Feelia's meals may often require, e.g., the addition of liquid and cooking in a pot.

Revenue of consumer online store (MEUR)[1]



1) Light-blue figures are based on Inderes' estimates. Quarterly revenue for 2023-24 has not been reported. Fodelia has reported that total growth was -30.7% in 2023 and described the growth in 2024 verbally.

Business area Oikia (6/6)

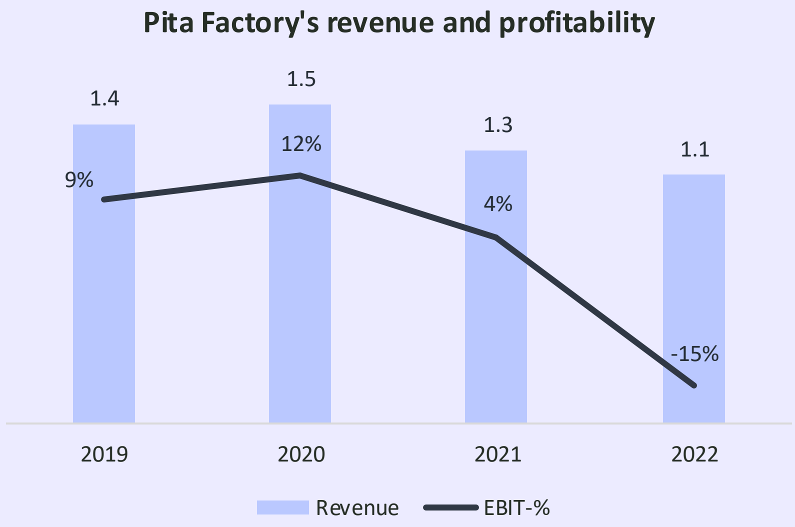
The pita business

Oikia also includes the production of pita bread and stuffed pita bread at the bakery in Jokioinen. The company was founded in 2013 and was formerly known as Pita Factory Oy before the merger with Oikia. We estimate that the revenue of the pita business is around 1 MEUR and the EBIT is close to zero.

The objectives of the acquisition have not been met

Pita Factory became part of the Fodelia Group following the acquisition in late 2020. The total purchase price paid at the time for Pita Factor and Perniön Liha acquired at the same time was 4.7 MEUR corresponding to an EV/EBITDA valuation level of some 6x. However, most of the purchase price was directed at Perniön Liha, which was divested in May 2024.

The companies already cooperated before the acquisition, which in part supported the merger. Fodelia planned to improve the efficiency of the companies' production and increase the distribution of the acquired companies' products to the online store and foodservice channel, which would have enabled higher production volumes. The combined profitability of the companies weakened clearly after the first year under Fodelia Group , after which operational efficiency was improved. In our view, the remaining pita bread production from the two acquired businesses is not a core business for Fodelia's equity story and shareholder value creation.



The pita business is currently part of Suomen Oikia Oy, so no business-specific figures are available from financial statements.

Food market value chain in Finland

Primary production

- Dairy farmers
- Farmers
- Meat producers
- Poultry producers

Processing*

FEELIA, Oikia, RAISIO, Fazer, Orkla, ATRIA (Hyvä ruoka – parempi mieli.), Valio, Arla, meira, HKFOODS, Apetit, Saarioinen

Wholesalers

K, Inex Partners, KESPRO, Valio Aimo, MEIRA NOVA, METRO

Retail and HoReCa

S-RYHMÄ, K, LIDL, Scandic, Leijona Catering, Compass Group, NoHo Nordic Hospitality Partners, Restel, Robert's Coffee

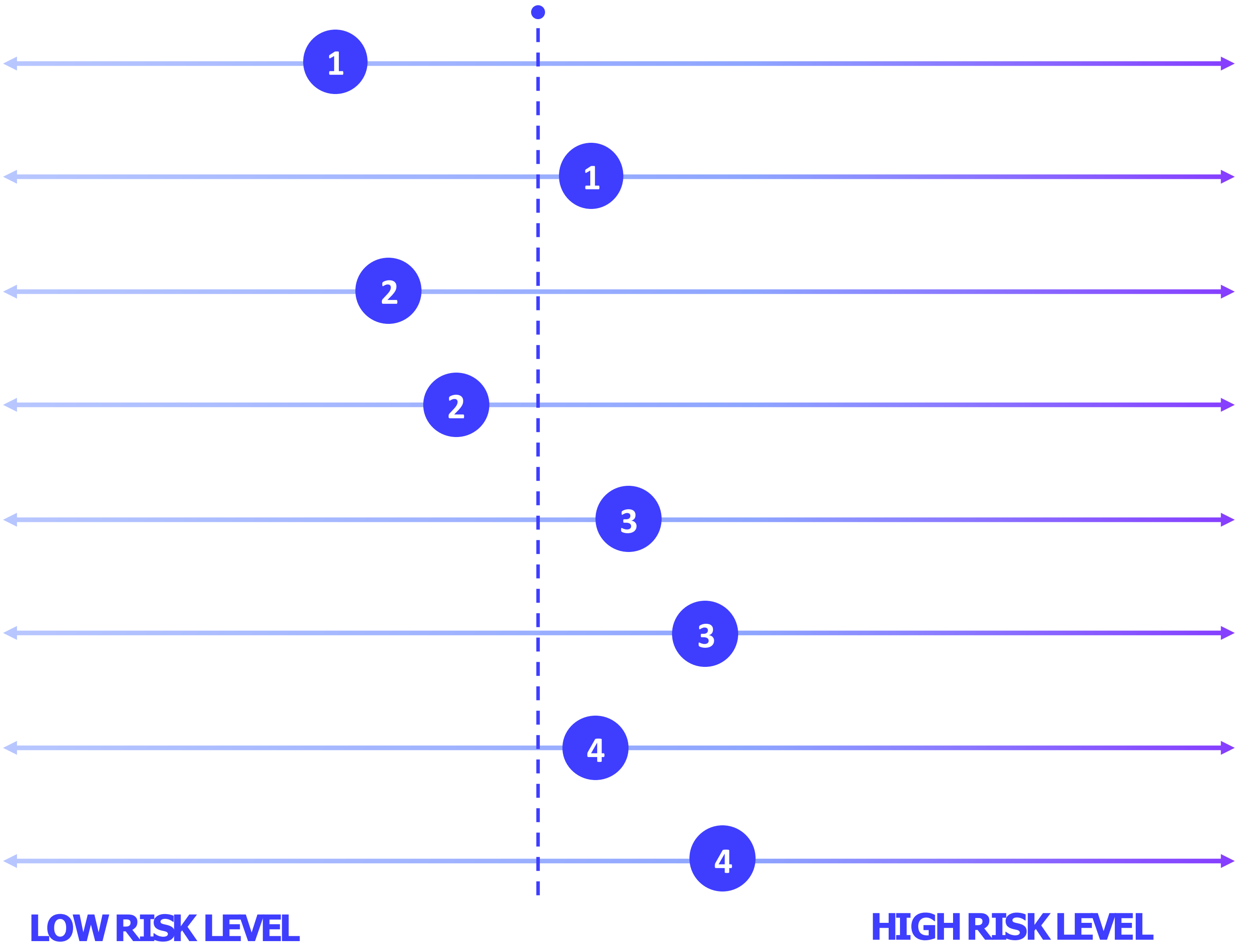
Weak bargaining power

Strong bargaining power for large retail players

* Fodelia's role is at the end of the processing phase. The company does not focus on producing basic food raw materials but rather buys raw materials and processes finished products.

Risk profile of the business

Assessment of Fodelia's overall business risk



1	Rate of change in the industry	1	The reform of food supply in the public sector and the industrialization of foodservice are significant positive drivers for Feelia.
1	Company's development stage	1	The company is in a profitable growth phase.
2	Market cyclicality	2	Demand in the food market is quite defensive, but cost shocks can have a significant impact on profitability.
2	Revenue diversification and continuity	2	Overall, Fodelia Group's revenue is fairly diversified and recurring, although a few larger contracts can be found in both business areas.
3	Scalability of costs	3	Feelia has a specialized market position, which brings bargaining power. The pricing power in Oikia is more mediocre.
3	Cost structure	3	As typical of the industry. low margins in Oikia expose profitability to fluctuations. In Feelia, the margin level is better.
4	Capital commitment	4	Capital is heavily committed to production equipment and plant investments.
4	Need for financing	4	There is leeway in the balance sheet for required investments. The growing result supports increased dividend payments.

Historical earnings development

Feelia has driven the Group's organic growth

Fodelia's average annual revenue growth in 2018-23 has been 27%, of which 20 percentage points organic and 7 percentage points through acquisitions. Acquisitions during the period under review include Beofood, Perniön Liha, Pita Factory and Marjavasu. Perniön Liha was divested in May 2024, i.e., only after the period mentioned above.

Organic growth in recent years has largely rested on Feelia. Feelia's organic growth has averaged 18% over the past five years. Sales to restaurants suffered significantly from the COVID pandemic, but Feelia started to focus sales on the care sector at that time, which has borne fruit even after the pandemic. Some of Feelia's growth is also generated by smaller new customers and existing customers, but the timing of large contracts can sway overall growth at times above or below trend growth. During 2024, growth has accelerated, driven by major contracts, which have targeted, e.g., the day-care center segment.

Organic growth in Oikia has been moderate on average

Oikia's growth has historically been weaker. Online sales to consumers grew strongly during the COVID pandemic, but in 2023, revenue decreased by as much as 31%. The growth of the snacks business has been good in the long run (2018-22: 8 %/year) and in 2023 sales benefited significantly from the price-driven growth of the potato chips market and the increase in the share of private label. The divestment of Perinöin Liha in May 2024 is not yet fully reflected in the figures but will decrease Oikia's revenue in 2024-25 by a total of some 5.6 MEUR. The revenue development of the pita business has been varying, but due to its small size it has no significant impact on the overall picture.

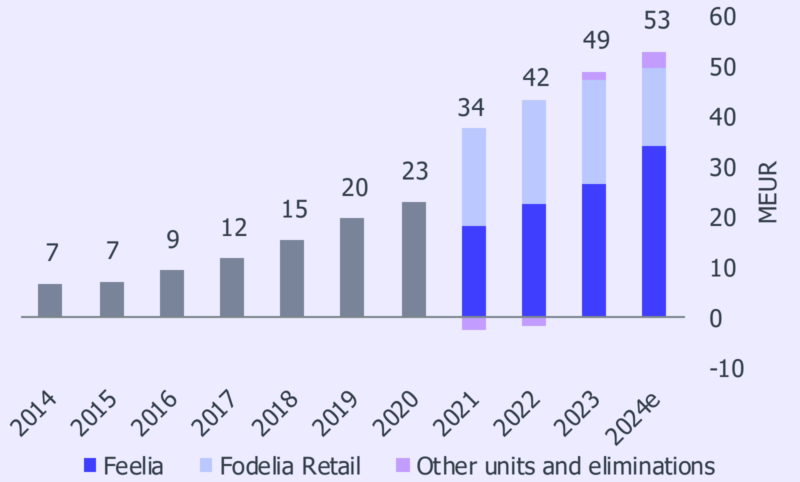
Feelia's profitability is strong by industry standards

Fodelia's profitability in Feelia is very good by food industry standards, which we believe is affected by the company's specialized customer-oriented business model and efficient industrial production. Feelia's EBIT margin has averaged 9.3% in 2021-23. Profitability has been challenged by, e.g., unfinished production investments (2021) and increased input costs (2022-23), which were transferred to sales prices with a slight delay. Prior to the listing, Feelia's EBIT margin was above 10% in most years, so it is possible that the level seen in recent years could even be improved in the long term.

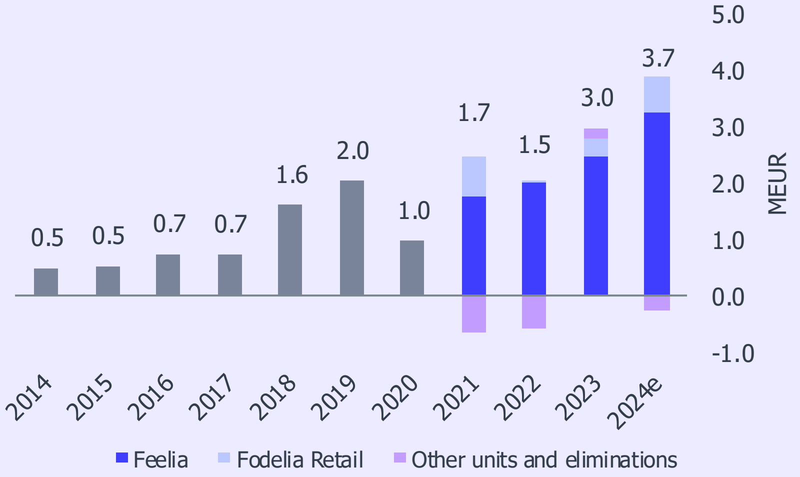
In Oikia the profitability of snacks is good, the whole is weaker

Oikia's profitability profile is more mediocre. The EBIT margin for the entire business area was on average 1.8% in 2021-23, but we estimate that this does not reflect the long-term potential. We estimate that the EBIT % will improve to 4% in 2024. The profitability of the snacks business is at a good level (EBIT estimated to be 6-9% of revenue), but the small businesses with low profitability, i.e., e-commerce and pita business, depress the overall profitability. The improvement in profitability during 2024 has been partly due to efficiency measures and the stabilization of the cost environment after high inflation in previous years. Especially in the e-commerce business, focus has shifted more clearly to improving profitability. The divestment of Perniön Liha which had a low profitability also has a positive impact on relative overall profitability.

Development of Group revenue



Development of Group EBITA



Source: Fodelia and Inderes' estimate

Financial position

Investments and acquisitions increased the balance sheet

Fodelia's balance sheet total in June 2024 was 24.6 MEUR, of which slightly more than half were non-current assets (13.6 MEUR) and just under half were current assets (10.9 MEUR). The size of the balance sheet decreased slightly compared to the corresponding period in the previous year, which was influenced, e.g, by the divestment of Perniön Liha and write-down of the balance sheet value in May 2024.

Fodelia's investments have historically been very high at times due to the company's growth investments (2021-22: 5-6 MEUR), which specifically targeted Feelia's pre-cooked meal plant. However, in 2022-24 the investment level has only been around 2 MEUR, which has moderately exceeded the normalized annual depreciation level of 1.4-1.7 MEUR.

At the end of H1'24, the balance sheet contained 7.8 MEUR of tangible assets, most of which were related to buildings, machinery and equipment. Intangible assets amounted to 5.7 MEUR, of which the Group's goodwill accounted for 3.7 MEUR. An estimated 0.7 MEUR of the Group goodwill is related to the pita business, which could be subject to write-down risk if profitability was low or the unit was divested well below the purchase price. For other goodwill, we do not see such a risk in the near future. The balance sheet also contains a small extent of e-commerce development costs, which could also be subject to write-down risk.

Large investments in Pyhäntä in 2020-21

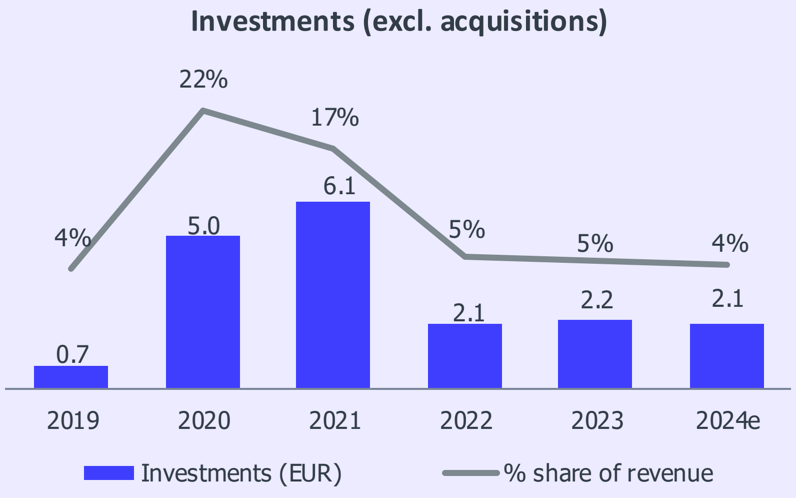
Feelia invested heavily in, e.g., the real estate and production equipment in 2020-21 to meet increasing demand both in the school and care sector markets and in smaller package sizes directed at consumer sales. The company invested approximately 5 MEUR (including the extension of the building and the machinery and equipment) in the Pyhäntä plant to triple its production capacity. The equipment is modern and production has been continuously improved by automating the line. There is still room to increase production capacity in the plant and there is also room for expansion on the site. The next major production investment could be a new production facility in Kokkola, costing approximately 3-4 MEUR, planned to replace the current compact and elderly rental property, if no suitable modern rental property can be found. However, the new facility could be built on the balance sheet of an external investor, so the required investment would be smaller than the above-mentioned investment. Feelia's factory building in Pyhäntä was sold and leased back to an investor at the end of 2022, which helped Fodelia lighten its balance sheet (sale price 6.6 MEUR).

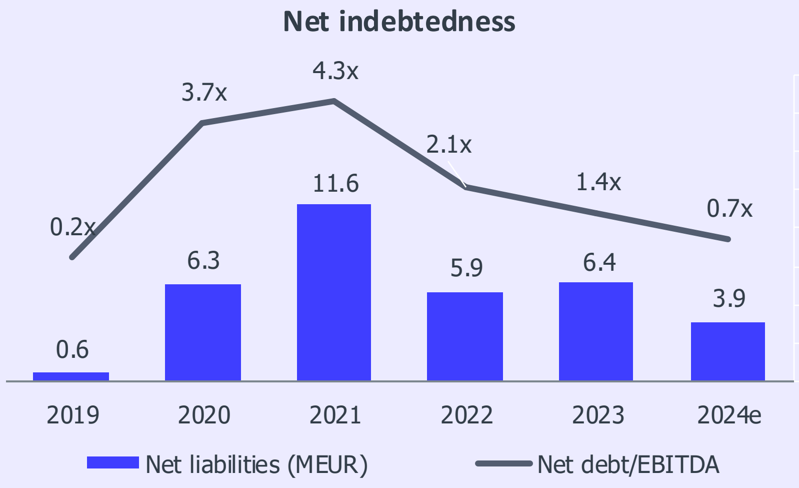
Indebtedness has dropped to low levels

In June 2024, Fodelia had 3.2 MEUR in net debt, comprising 5.6 MEUR in interest-bearing liabilities and 2.4 MEUR in cash assets. Net debt was only 0.6 times the EBITDA of the previous 12 months, which is already quite low. We estimate that the maximum level of reasonable net debt in the food industry is typically 2-3x EBITDA. Indebtedness has fallen, e.g., supported by the divestment of Perniön Liha, moderate investment levels and good profitability.

Dividend payment has turned to growth

Fodelia distributed dividends of EUR 0.07 per share for 2019-20, EUR 0.04 for 2021 and EUR 0.06-0.08 for 2022-23. The dividend declined in 2021 due to, e.g., performance challenges caused by the COVID pandemic and the indebtedness of the balance sheet, but the strengthened balance sheet and improved profitability have since made it possible to raise the dividend again. We see dividend payments or share buybacks as a favorable way to allocate excess capital from the investor's perspective, as we consider value creation through acquisitions quite challenging and risky in the food industry.





Source: Fodelia

Strategy and financial targets

An active food industry player

Fodelia strives to be an active food industry player who wants to reform the industry by bringing new products and concepts to the food market. So far, the industry reform has been most successful in the institutional catering market, where Feelia has continuously developed its product range and overall concept, thus bringing new customer groups to the scope of industrially produced pre-cooked meal solutions.

Growth is primarily sought organically, but the company is also exploring opportunities for acquisition-driven growth, although we believe with a more critical eye than before. We interpret that the company does not wish to dilute its competitive and organically growing core business (especially Feelia) through mediocre acquisitions. We believe the company is critical about the remaining small businesses with low profitability (e-commerce and pita business). Fodelia does not rule out internationalization in its strategy, but we suspect that the company currently focuses primarily on success in the domestic market.

Financial targets

Fodelia last updated its financial targets in connection with its CMD in May 2024. Fodelia Group's current financial targets are as follows:

- Revenue over 100 MEUR in 2028.
- EBIT margin of around 10%, gradually improving toward the target level over the next few years
- ROI over 10%.
- The ratio of interest-bearing liabilities to EBITDA under 3.
- Payout ratio at least 35% of the result.

We consider the profit growth targets ambitious, as success in the targets would mean increasing EBIT to 10 MEUR by 2028 (Q4'23-Q3'24: 2.9 MEUR excluding non-recurring items).

The growth target would probably require accelerating growth in public-sector customers

Revenue growth target (2028: 100 MEUR) corresponds to an average growth rate of 18% over the period 2024-28, most of which is to be generated organically[1]. Of the two business areas, Oikia's growth can be assumed to be moderate (e.g. 3%/year), in which case Feelia and Marjavasu should continue to have strong relative growth throughout the strategy period (in this example, 24%/year). The combined external revenue growth of Feelia and Marjavasu in our 2024 forecasts, after three completed quarters, is as high as 32%, but the fact that several large contracts were gained at the end of 2023 may have accelerated the growth to exceptionally high levels. As base numbers grow, maintaining high relative growth rates becomes increasingly challenging. However, the goal can be achieved if Feelia continues to win major new contracts. This, in turn, would require accelerated growth in the public sector, as many large-scale private care and day-care sector companies have already become Feelia's customers in recent years. Of course, there is also room to grow in the private sector, especially among smaller customers.

Profitability will improve with the mix and scale

We believe reaching Fodelia's profitability target is strongly dependent on how the business distribution develops. Feelia's profitability is already close to 10% and as the business scales, profitability could still improve slightly. If Feelia's share of the Group's revenue grew to close to 80% as a result of continued strong growth, the Group's average profitability would also rise to close to the target of 10%. Correspondingly, if Feelia's relative revenue growth slowed down significantly, it would be challenging to reach the profitability target. We also believe there is still some room for improvement in Oikia's profitability, e.g., as a result of the small, weak businesses turning around or being shut down, but we see this as less important for long-term earnings growth.

Leeway in capital allocation increases as the balance sheet and cash flows strengthen

We believe Fodelia's return on investment (ROI) is already at the target level, and estimate that the 2025 ROI will rise to above 20%. The company's options for capital allocation will increase in the coming years, as the Group's net debt has fallen to a fairly low level, and we estimate that operating cash flow will exceed organic investment needs. In our view, increasing dividend distribution would be the most risk-free option for using additional funds, and this would not conflict with the company's financial targets, since the payout ratio target (min. 35% of the result) does not have an upper limit. Finding suitable value-creating acquisition targets can be challenging. We do not expect Fodelia to make major inorganic expansion steps, but rather focus more closely on the Group's most competitive businesses. The company has made both successful and unsuccessful acquisitions in the past. Historically successful acquisitions have been small and complemented Feelia's product range (Beofood and Marjavasu), thus enabling them to continue to grow as part of the Group.

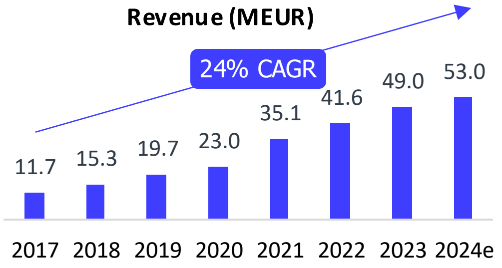
1) Revenue base level 2023: 43.4 MEUR if the revenue of Perniön Liha divested in May 2024 is deducted from the reported revenue of 2023 (49.0 MEUR).

Financial targets

Medium-term financial targets / Starting point

Revenue

Revenue 100 MEUR in 2028
(CAGR 2023-28: 18%[1])



Profitability

EBIT margin around 10%

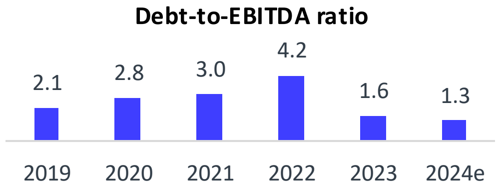
2017	2018	2019	2020	2021	2022	2023	2024e
6.2%	10.8%	9.2%	3.6%	4.1%	2.7%	5.1%	6.1%[2]

ROI was over 10%
(non-recurring items not adjusted)

2017	2018	2019	2020	2021	2022	2023	2024e
26%	34%	20%	5.9%	5.9%	3.3%	12.0%	10.1%

Indebtedne ss

Net debt/EBITDA less than 3x



Dividend policy

Over 35% payout ratio

2019	2020	2021	2022	2023
106%	79%	44%	>1,000%	53%
(EUR 0.07)	(EUR 0.07)	(EUR 0.04)	(EUR 0.06)	(EUR 0.08)

1) The base revenue level for 2023 is 43.4 MEUR after deducting the revenue of Perniön Liha divested in May 2024 from the reported revenue of 2023 (49.0 MEUR).
2) For comparability, the 1.25 MEUR write-down is adjusted related to the Perniön Liha divestment below the balance sheet value.

Estimates (1/4)

Feelia makes the Group's growth profile strong

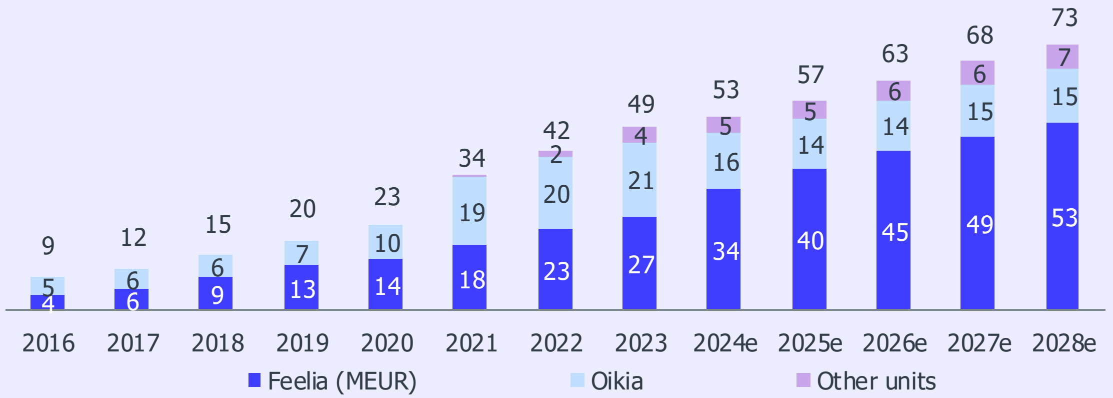
We estimate that Fodelia's revenue will grow to 73 MEUR by 2028, which means a rapid, average organic growth of 11% in 2024-28. The divestment of Perniön Liha, which took place in May 2024 (revenue impact of 5.6 MEUR) lower overall nominal growth somewhat. Our forecast for 2028 is below the company's revenue target of 100 MEUR. Fodelia Group is divided into two business areas with very different growth profiles. The forecast growth rate we estimate for 2024-28 is high at 15% in Feelia and 10% in Other units (Marjavasu Oy). We expect Oikia's revenue to develop steadily as revenue decreases in 2024-25 but grows again at a rate of 4% in 2026-28.

We expect Feelia's growth to continue at a good level

During January-September 2024, Feelia has grown by as much as 30% year-on-year and external revenue by as much as 39% supported by a strong contract portfolio. The contract portfolio announced so far does not support similar strong growth continuing during 2025, although new contracts may still be concluded at the turn of the year and the beginning of the year. However, we expect the company can achieve good growth in the long term, as it has a broad target market and, on the other hand, Feelia also continuously develops its product offering and service concept to meet different customer needs. Our growth forecast for Feelia for 2025 is 17%, which is clearly below the growth in 2024e (29%). However, our absolute 2025 growth forecast of 5.8 MEUR is quite close to the 2024 growth (7.7 MEUR) and thus includes the assumption of new customer gains in addition to existing ones. For 2026-28, we forecast an absolute growth of 4-5 MEUR per year. There could be upside in the growth forecasts if Feelia accelerates revenue growth in public sector customers. On the other hand, Feelia's already strong market position among large care and day-care companies limits the strongest growth potential in the private sector.

The significant decline in internal revenue from products manufactured for online sales and other consumer sales has slightly slowed Feelia's revenue development in 2023-24. In our forecasts, we assume that internal revenue will remain unchanged in the coming years, although this involves uncertainty. We estimate that internal revenue in 2024 will be around 1.5 MEUR, so in absolute terms the downside from this item is limited.

The Group's revenue development[1]



Key drivers for Feelia's growth

	2021	2022	2023	2024e	2025e	2026e	2027e	2028e
Feelia revenue	**18.1**	**22.8**	**26.5**	**34.2**	**40.0**	**44.8**	**48.9**	**52.8**
Organic growth	**24%**	**17%**	**16%**	**29%**	**17%**	**12%**	**9%**	**8%**
-of which external revenue growth	9%	40%	22%	37%	18%	12%	9%	8%
-of which internal revenue growth	116%	8%	-27%	-35%	0%	0%	0%	0%
Organic growth (MEUR)	**1.9**	**4.7**	**3.7**	**7.7**	**5.8**	**4.8**	**4.0**	**3.9**
-of which external revenue growth	0.3	4.4	4.6	8.5	5.8	4.8	4.0	3.9
-of which internal revenue growth	1.6	0.2	-0.9	-0.8	0.0	0.0	0.0	0.0
Growth in announced contracts	1.0	2.5	4.0	5.5	1.5			
Other external revenue growth	-0.7	1.9	0.6	3.0	4.3			
General market drivers								
Growth in foodservice wholesale	6%	16%	8%	-2%	3%	3%	3%	3%
Inflation in food	3%	10%	7%	0%	2%	2%	2%	2%

1) The graph does not present internal revenue eliminations, but the eliminations are considered in total revenue figures above the bars.

Source: Inderes and PTY

Estimates (2/4)

In terms of general market drivers, we do not believe that there will be any dramatic changes in one direction or another after 2024. The growth of foodservice wholesale has an increasingly limited impact on Feelia as more than 50% of revenue is generated from direct customers. There is no significant upward pressure on food prices in the short term, but we estimate inflation to reach 2% in the long term.

Marjavasu has potential for synergistic growth
Marjavasu Oy is, for now, reported in the Other units row, but it will be merged with Feelia at the turn of 2024/25. We estimate that Marjavasu's long-term growth profile is close to Feelia's and growth could also accelerate with the merger if juice and puree products are sold extensively to Feelia's current customer base. The relocation of Marjavasu's production to the Feelia plant in fall 2024 and recent packaging investments enabling new size options support synergistic growth as part of Feelia. We expect Marjavasu's average annual growth to be 10% in 2024-28.

Oikia's growth direction is a question mark
The development of organic growth in Oikia, which includes consumer operations, has recently been contradictory. We see a risk that revenue from online commerce will continue to decline in the short term while the snacks business continues to grow steadily. Our overall growth forecasts for 2024-25 are clearly negative at -25% and -13%, mainly due to the divestment of Perniön Liha, which was realized in May 2024. Our medium-term organic growth forecast (2026-28) is 4% per year.

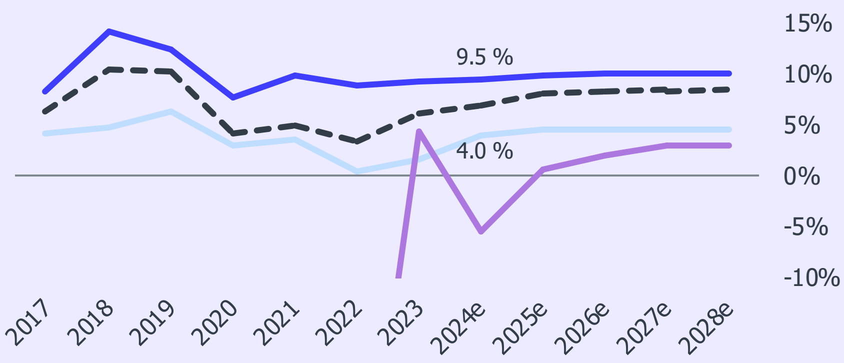
The snacks business, which is responsible for Oikia's total earnings, is growing reasonably well and volumes are developing steadily. Growth is generated, e.g., supported by the growth development of the snacks market and, occasionally, by possible new contract manufacturing customers. The company's market share in Finnish private label manufacturing is high, so new contract customers are mainly sought abroad. Inflation, such as changes in vegetable oil prices, may occasionally be reflected in sales prices with a slight delay. We estimate that the snacks business has the potential for an average annual growth of approximately 5%. The Finnish snacks market has on average grown by 4% per year in 2014-22

The online consumer store is Oikia's biggest question mark, as revenue decreased sharply in 2023-24. We estimate that revenue will be just over 2 MEUR in 2024. The online store went through a brand reform in mid-2024, the impact of which is not yet clearly visible. In our forecasts, we assume that the revenue from e-commerce will remain stable in the coming years, although this involves significant uncertainty.

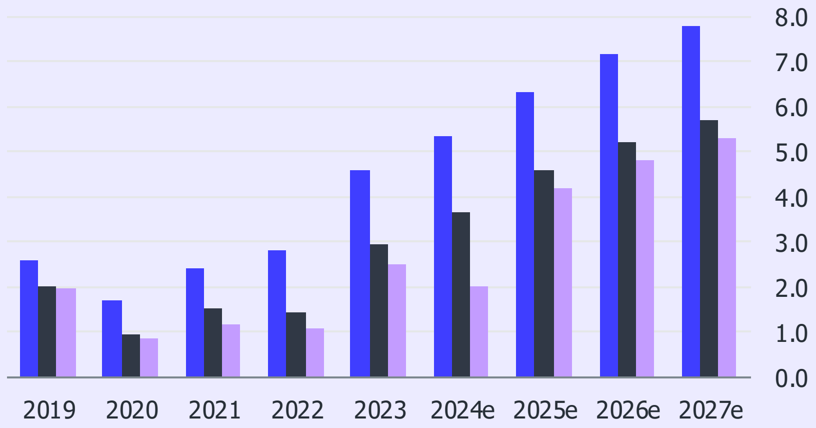
Pita bread manufacturing is the smallest of Oikia's businesses (around 1 MEUR), and is of low importance to the investment case. We expect the revenue to remain stable.

Profitability is taking a positive step
The adjusted EBITA margin is, in our view, the best-suited comparable profitability indicator for Fodelia. The company has not reported any recurring adjustments in history, but the write-down of 1.25 MEUR from the Perniön Liha divestment in 2024 should be considered when examining profitability.
We estimate that Fodelia's adjusted EBITA margin will strengthen to 6.9% in 2024 (2023: 6.1%), which is also in line with the company's guidance (the guidance assumes that the comparable EBIT margin will improve from the previous year).

EBITA margin by reporting unit



Earnings items



Source: Fodelia

Estimates (3/4)

The improvement in 2024 earnings is particularly driven by the strong growth of the highly profitable Feelia and the significant improvement in the profitability of the less profitable Oikia. In our estimates, Oikia's EBIT margin improves to 4.0% (2023: 1.5%), which is affected, e.g., by the Perniön Liha divestment, a more profitability-driven approach in the online store and a stable cost environment.

Reasonable profitability improvement expected also in the long term

We estimate that Feelia's EBIT margin is 9.5-10.0% and Oikia's 4.0-4.6% in 2024-28. Feelia's profitability has developed quite steadily in recent years, but as the size class grows, we also expect profitability to scale moderately. Oikia, in turn, can still improve profitability by turning the profitability of the loss-making e-commerce business into profit or by closing down the business. We estimate that the cost environment was favorable for snacks in 2024, and rising vegetable oil prices can depress profitability slightly during 2025. Overall, however, we expect the result of Oikia's continuing operations will remain fairly stable in 2025 compared to 2024.

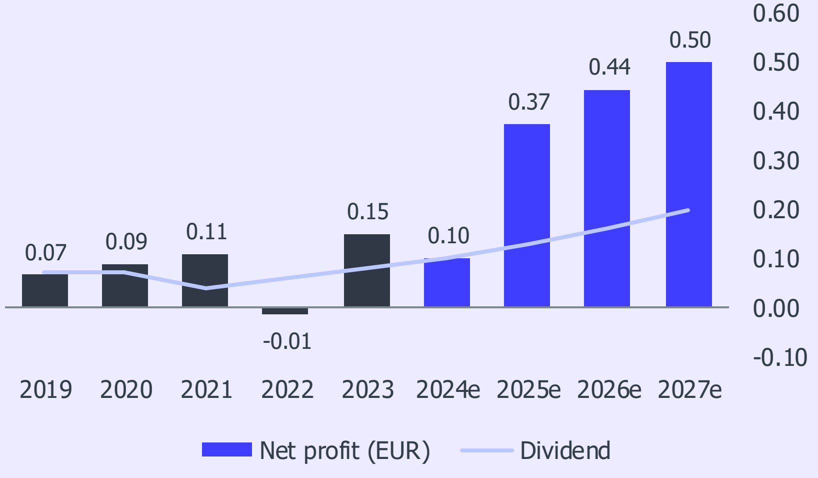
The Other units earnings line includes the Group's costs and Marjavasu's result. This line will be negative for 2024 (EBIT forecast -0.3 MEUR), which is affected by both the increase in Group costs and the weakening of Marjavasu's earnings due to raw material costs. However, we estimate that the item will turn neutral again in 2025 and to a moderate profit in 2026-28 (0.1-0.2 MEUR) as the profitability level normalized and revenue grows.

As a whole, we estimate that the Group's EBITA margin will improve to 8.1-8.4% (EBIT 7.4-7.9%) in 2025-28, i.e., it will not reach the company's target level (EBIT around 10%), but will increase clearly from the level of recent years. If Feelia's growth exceeds our expectations or profitability scales clearly more strongly than expected, the Group's profitability could improve to the target level.

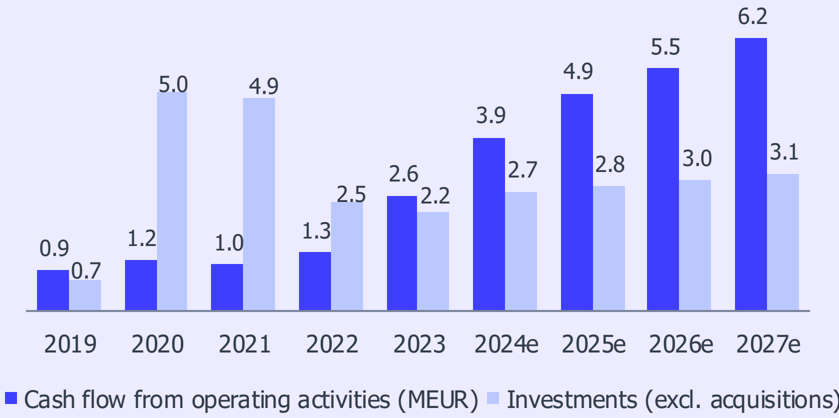
Fodbar turned profitable

No revenue is reported for Fodelia's 50%-owned joint venture Fodbar to Fodelia Group, only the profit share of the ownership would normally be reported as part of financial income and expenses. For the time being, the profit share is not reported either because Fodbar's equity is negative (2023: -2.2 MEUR) due to losses from previous years. We expect that the positive performance will turn equity into the black by 2027, which means the profit share would be reported starting from 2028. We expect Fodbar to continue growing its revenue in the coming years, supported by new contracts. In the early stages of the contracts, profitability is typically lower or loss-making, so profitability should develop steadily upward toward the end of the strategy period. We estimate that the profit share will be 0.4 MEUR in 2028 and grow by 5%/year from there on until 2033. So far, very little information is reported about the company, so it is challenging to prepare detailed forecasts.

Reported net profit and dividend per share[1]



Cash flow from operating activities and investments



Source: Inderes

1) 2024e adjusted EPS: EUR 0.31.

Estimates (4/4)

Net profit growing clearly

Fodelia's adjusted net profit rises to 2.5 MEUR in our 2024 estimates (adj. EPS EUR 0.31). In 2027, EPS would already be EUR 0.55 adjusted for Group goodwill depreciation or EUR 0.50 without adjustments. Financing costs have already decreased from previous years in 2024, and for the coming years, we estimate that the decrease will be more moderate. Net financing costs are estimated to be some 5% of interest-bearing debt in 2025-27, i.e. 0.1-0.2 MEUR/year. We estimate the tax rate at 22%, which is based on the assumption of a 20% tax rate and the non-deductibility of the depreciation of Group goodwill. However, in the terminal period, our tax assumption is only 20%.

Organic expansion investments will continue in the next few years

Although we do not expect Fodelia to make giant investments comparable to the expansion of the Pyhäntä plant, we estimate that the investment level will temporarily exceed the depreciation level in the coming years. This is particularly affected by the planned new frozen product factory in Kokkola, which could require an investment of 3-4 MEUR. Building the plant for lease could limit Fodelia's financial investment in the project. We have set the investment estimates for 2025-27 at an average 54% higher than depreciation of fixed assets. This would mean that fixed asset investments exceed the depreciation of fixed assets by approximately 1 MEUR per year.

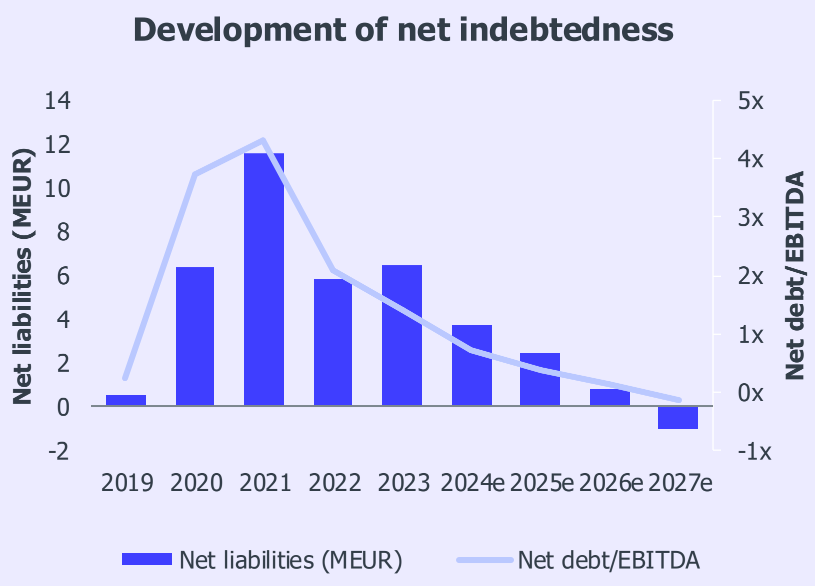
We estimate that the premises of the Pyhäntä plant are sufficient to implement the growth efforts of the coming years. Increasing production lines within the plant requires relatively moderate investments.

A strong balance sheet provides leeway

We estimate that net debt at the end of 2024 will be 3.8 MEUR, with a significant decrease from the end of 2023 (6.4 MEUR) due to, e.g., the strong performance and the divestment of Perniön Liha. We expect net debt to continue declining in the coming years with good profitability, even though investment assumptions are clearly elevated compared to depreciation. The ratio of net debt to EBITDA is falling to a low level (2024e: 0.7x, 2025e: 0.4x), so the leeway in the company's use of capital increases. This could favor accelerating increases in dividend payments. The balance sheet also provides room for acquisitions, although the company's current strategy does not place particular emphasis on inorganic growth.

Dividend growth could accelerate

The company's dividend distribution policy is to distribute at least 35% of net profit to shareholders. Our dividend forecasts for 2025-27 correspond to an average of 37% of the projected reported net profit, so the company could afford to pay a higher dividend than our forecasts or, e.g., buy its own shares.



Source: Inderes

Valuation 1/3

Interesting investment profile is based on Feelia

Fodelia is a food industry group consisting of two business areas with different levels of competitiveness. Feelia clearly has stronger competitiveness, which is reflected in a high ROI (~20%) and strong double-digit growth. Oikia, in turn, consists of several businesses whose average growth and profitability are closer to the average in the food industry. However, Feelia (and the associated Marjavasu) accounts for approximately 90% of the Group's earnings and already accounts for about 70% of revenue, so we believe that the valuation should focus more on Feelia's attractive investment profile. The demand for both business areas is developing quite defensively, but rapid changes in the cost environment can sometimes sway profitability.

We believe the Group's complex corporate structure may have impacted the valuation negatively in recent years, but the structure seems to become simpler and the quality of revenue is improving, e.g., through the divestment of Perniön Liha and the merger of Marjavasu with Feelia. We also feel the Group's strategy focusing on the most competitive businesses in 2023-24 has reduced the risk level of the stock from the investor's point of view.

Capital allocation decisions and possible changes in the Group structure may affect the company's investment profile. The focus of Fodelia's strategy on Feelia probably means that the company will in the future use the capital mainly to support Feelia's growth or increase the dividend. We estimate that this would also be beneficial from the stock market perspective. We also consider it possible that the least profitable of Oikia's businesses could still be divested or shut down, which could support the Group's long-term result.

We apply earnings-based valuation and the cash flow model

We approach the valuation of Fodelia's stock primarily through earnings-based valuation multiples. The earnings-based valuation of the stock is already reasonable for a growth company with our 2024 forecasts (adj. EV/EBITA: 14.7x) and decreases to 11.5x and 9.8x in 2025-26, provided that the projected growth (in Feelia) and the stable performance (in Oikia) materialize according to our assumptions. Adj. EV/EBITA has been adjusted for the depreciation of Group goodwill. We estimate that the Group's EBIT will grow on average by 19%/year in 2025-26 and dividend yield will be approximately 2%, which together would enable an annual return of some 20% with our current forecasts. Our target price of EUR 7.2 corresponds to adj. EV/EBITA ratios of 13.3x and 11.4x for 2025-26, which can be considered reasonable. With the time value of money (required ROE: 9%/year) and as the uncertainty associated with the forecasts eases, we expect the share price to develop above our current target price in 2025-26. In addition to the earnings-based valuation of the coming years, we consider the DCF calculation a useful valuation method, although it is sensitive to, e.g., changes in assumptions about the cost of capital. DCF shows the value of the stock to be EUR 7.4.

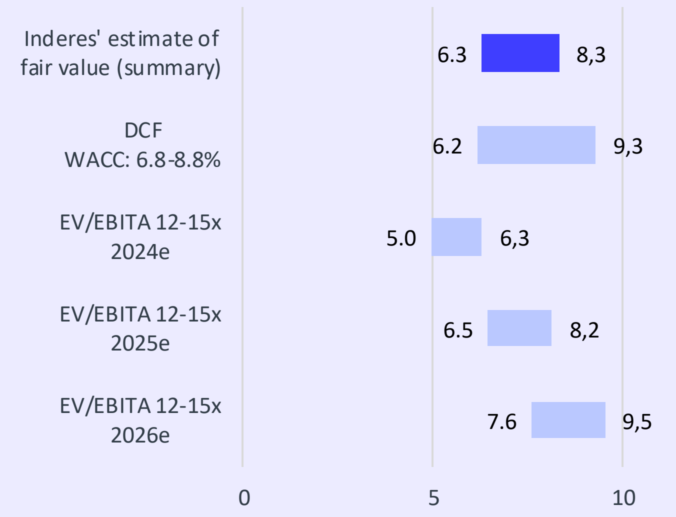
Achieving the financial targets would increase the upside

We feel our current forecasts are realistic and still require significant contract gains from the company in the coming years. However, the forecasts would have a significant upside if a major change was seen in the operating models of the public sector, and wellbeing services counties and municipalities started to acquire truly market-based food solutions on a large scale instead of the current services produced by in-house companies with central kitchens. In this case, Fodelia could even reach its high financial targets and the stock's upside would be manifold (illustrated on the next page).

Valuation level	2024e	2025e	2026e
Share price	6.18	6.18	6.18
Number of shares, million	8.13	8.13	8.13
Market cap	50	50	50
EV	54	53	51
P/E (adj.)	20.3	14.7	12.6
P/E	61.6	16.6	13.9
P/B	3.7	3.2	2.7
P/S	0.9	0.9	0.8
EV/Sales	1.0	0.9	0.8
EV/EBITDA	10.1	8.3	7.1
EV/EBIT (adj.)	14.7	11.5	9.8
Dividend/earnings (%)	99.7%	35.0%	36.1%
Dividend yield-%	1.6%	2.1%	2.6%

Source: Inderes

Fair value measurement



Valuation 2/3

The sum of parts calculation shows significant upside in the stock
Because Fodelia consists of two business areas with very different growth and profitability profiles, and other parts, we consider the sum-of-parts calculation a useful tool in valuation.

Of the two business areas, Feelia is clearly growing faster (average revenue growth forecast for 2025-26 is 15%) and more profitable (EBIT 2025e: 10%, ROIC 2023: 18%). The company has a distinctive market position as it is the only company that has developed a large-scale industrially produced food concept for institutional catering, such as the care sector, schools and day-care centers. The company's market share in private sector customers is growing rapidly. If the public sector also started to outsource food supply to market-based operators on a large scale, our forecasts could have room for growth, as the market potential of the public sector is manifold compared to the private sector. In the sum-of-the-parts valuation, we give Feelia an EV/EBITA ratio of 15x, which clearly exceeds the level of the Finnish food industry (the EV/EBIT 2024e multiples of domestic peers are in the range of 9-12x).

Oikia includes a number of different businesses, of which the snacks business is the most important. The average profitability and competitiveness of the business area are fairly average relative to domestic listed food companies. Therefore, we give Oikia a fair valuation multiple of EV/EBITA 10x. Small amounts of additional value could be released from this unit, e.g., through a turnaround of unprofitable units or divestments.

Other units include the profitable Marjavasu Oy and Group costs. We calculate the valuation multiple of other units based on the average weighted EV/EBITA ratio of Feelia and Oikia. The heavy weight of Feelia elevates the ratio to a high 14.3x.

For Fodbar, we use a simple DCF model to define the value. The model assumes revenue to increase to 20 MEUR by 2028 and an EBIT margin of 4%. In our model, the value of Fodelia's 50% holding is approximately 2 MEUR. The growth and profitability assumptions we set for Fodbar in the DCF model are rather moderate, as very little information is reported on the company's development. In addition, we note that Fodelia's share of Fodbar's balance sheet value is currently approximately -1 MEUR due to losses in recent years.

Considering the net debt, the fair value of the stock, with the sum of the parts calculation, would be EUR 6.1 per share with 2024 forecasts, EUR 8.1 per share with 2025 forecasts, and would rise to EUR 12.0 per share by 2028. With the assumptions for 2025 assuming good earnings growth, the annual expected return is set at around 35%. Over a four-year horizon the average expected return would be 19%. The upside in the stock is mainly due to Feelia's expected growth and positive cash flow.

In the company's target state, the stock could triple
Fodelia has set a target of increasing revenue to 100 MEUR and an EBIT margin of 10%. Our 2028 revenue estimate is 73 MEUR. We believe that reaching 100 MEUR is possible, but would require strong growth also in public sector customers, of which the track record is thinner so far. If the targets are met, the share value could rise close to EUR 20, tripling the current level.

Sum of the parts calculation (MEUR)

	EBITA 2025e	EV/EBITA multiple	Value per share (EUR)	With 2026e estimates	With 2027e estimates
Feelia	3.9	15.0x	7.2	8.3	9.0
Oikia	0.6	10.0x	0.8	0.8	0.8
Other units	0.0	14.3x	0.0	0.2	0.3
Net liabilities	2.5		-0.3	-0.1	0.1
Dividends			0.1	0.2	0.4
Fodbar			0.2	0.2	0.2
Total			**8.1**	**9.6**	**10.9**
Total upside			**35%**	**61%**	**82%**
Annual return			**35%**	**27%**	**22%**

Valuation scenarios 2028e (MEUR)

	Inderes' estimate	Company objective
Revenue	73.3	100.0
EBITA	6.2	
EBIT	5.8	10.0
Fair EV/EBIT multiple (x)	15	15
EV	87	150
Net cash	3	3
Dividends 2024-27e	5	5
Fodbar	2	2
Market cap	97	160
Market cap EUR per share	**12.0**	**19.7**
Total upside	**99%**	**228%**
Annual return	**19%**	**35%**

Source: Inderes' estimate

Valuation 3/3

It is more difficult to come up with possible negative scenarios, as the company's earnings trend is so clearly positive. One of the most obvious risks is naturally a slowdown in growth as growth opportunities decrease, which could depress the accepted valuation multiples. However, we believe the company can still afford to grow in its current main markets, so growth should in any case remain above the industry average. A possible increase in competition would also be a risk for Feelia, but this is not yet in sight and we consider copying the Feelia concept challenging.

High balance sheet valuation reflects a good return on capital and strong growth potential

We forecast equity at the end of 2024 to be 14 MEUR, or EUR 1.7 per share. At the current share price, this corresponds to a P/B ratio of 3.7x, which exceeds both the average (2.5x) and the median (1.4x) of the peer group. There are grounds for a highish balance sheet valuation. P/B valuation differences reflect the company's ability to grow and generate ROI. Historically, Fodelia's capital return figures have been high and after a few difficult years, they have again risen to stronger levels than the industry's average during 2023-24 (2023-24e adj. ROI: 11-20%). Fodelia's organic growth outlook is also clearly better than in the industry whose growth typically follows GDP development. Therefore, the growth outlook can also be used to justify a high balance sheet based valuation relative to the peer group.

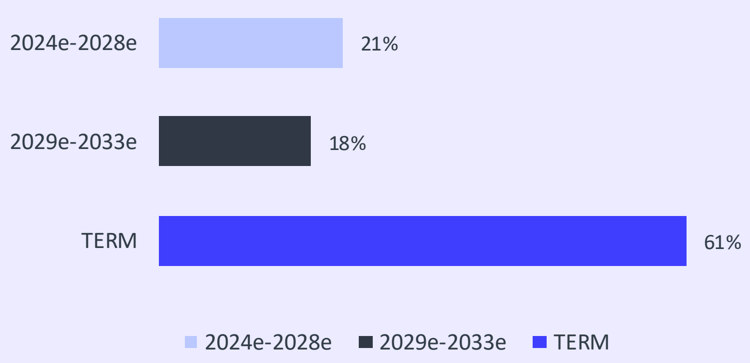
DCF valuation

Our cash flow-based DCF model gives a value of 60.6 MEUR (EUR 7.4 per share) for Fodelia's equity. In our forecast model, the average annual revenue growth for 2025-27 is good (8-10%/year) but slower than in history and falls short of the company's target (the company aims for revenue of 100 MEUR in 2028, our forecast is 73 MEUR). Thereafter, growth will slow down to an average of 5% in our forecasts in 2029-32. In the terminal period starting in 2033, growth will be 2.5%. In our model, the EBIT margin rises to 7.9% by 2028 and remains at that level until the end of the forecast period (the company's medium-term target is approximately 10%). Our EBIT margin assumption for the terminal period is 6.5%. The cost of capital (WACC) used in the model is 7.8%, which is relatively low in the context of the entire Helsinki Stock Exchange and, especially, considering the company's size. At the same time, we point out that the defensive demand profile of the food sector and Feelia's strong market position limit the risk level in the operations. The share of the terminal period in cash flows is 61%, which is slightly higher than for other companies in the industry, but moderate for a growth company.

Valuation multiples of the peer group

Company	EV/EBIT 2024e	P/B 2024e
Apetit	10.1	0.8
Atria	8.8	0.8
Raisio	12.2	1.3
Orkla	16.2	2.1
Danone	15.4	2.4
Cloetta	12.2	1.5
Nestle	17.1	5.6
Kellogg	17.8	7.3
Kraft Heinz	10.5	0.8
Average of domestic companies	**10.4**	**1.0**
Average of international companies	**14.9**	**3.3**
Average (all)	**13.4**	**2.5**
Median (all)	**12.2**	**1.5**

DCF: Cash flow breakdown



Investment profile

1. **Feelia has strong competitiveness, as the company is the only industrial manufacturer of food solutions tailored for institutional catering in Finland**

2. **Feelia has a large target market where customers' need for efficiency steer toward new solutions**

3. **Oikia's businesses are closer to the industry average in terms of profitability and growth**

4. **The industry's demand picture is defensive, but changes in the cost environment may occasionally sway profitability**

5. **Capital allocation has improved and acquisition-driven expansion has been abandoned**

Potential

- Feelia has a unique product and service concept that responds well to the needs of professional kitchens and the public sector
- The possibility of big growth leaps through, e.g., public sector or large private sector contracts
- Favorable megatrends: e.g., cost pressures in the public sector, improving food supply and reducing waste
- Improved profitability in Oikia
- Restricting the allocation of capital to only Feelia-linked growth businesses and dividends would support value creation

Risks

- Rapid growth may bring occasional setbacks (e.g. failure in investments, acquisitions or customer retention)
- The opening of the public sector food supply market may attract competition into the sector
- Public sector decision-making is sometimes slow and political decisions involve risks
- The small size of the businesses and challenger brands in Oikia may limit the pricing power of the business area
- Rapid changes in the cost environment can sway profitability in the short term

Source: Inderes

Total Shareholder Return drivers

Positive driver

Neutral

Negative driver

- Strong competitiveness in institutional catering means profitable growth
- Improved profitability in Oikia and divestments of weak parts
- The food sector is competed at market level and margins are low on average

Earnings growth

Adjusted EBIT increases on average by 19% p.a. in 2025-26e

- Strong earnings growth
- The balance sheet is in good shape, but we forecast that investment needs will be higher relative to depreciation in the coming years
- The company is committed to paying a dividend or capital return of >35% of profit

Dividend yield

~2 %
per year

- Earnings-based valuation with 2024e figures is reasonable
- Strong earnings growth will drive the value of the share in the next few years
- The growth rate should not stagnate too much to maintain the current valuation level also in the coming years

Valuation

Valuation multiples can remain at their current level if the growth profile remains strong

Total return form the share

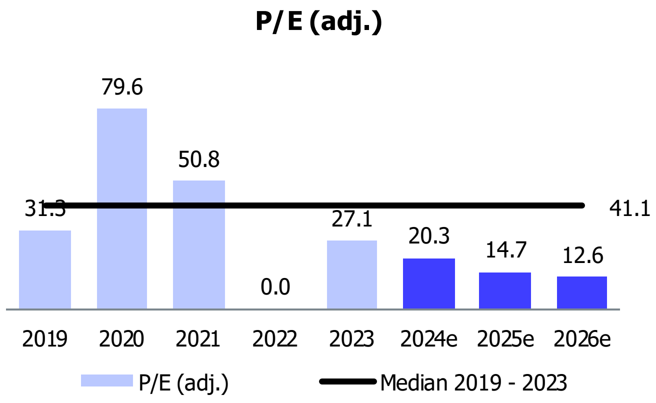
~20 %
per year

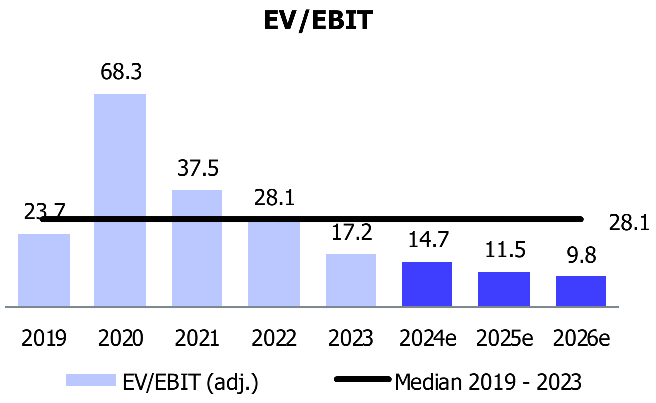
Source: Inderes

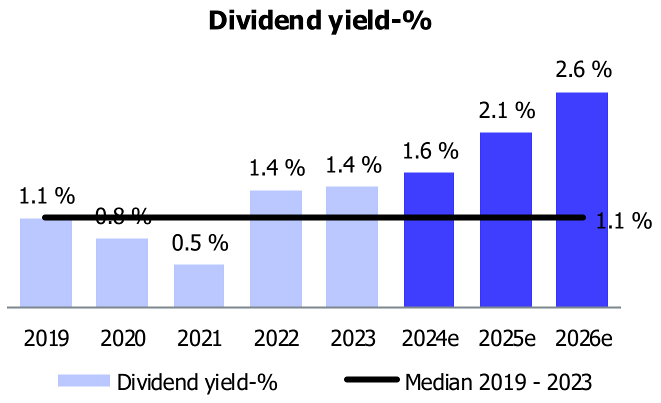
Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	6.50	8.42	7.74	4.25	5.52	**6.18**	**6.18**	**6.18**	**6.18**
Number of shares. millions	7.05	7.05	7.29	8.04	8.09	**8.13**	**8.13**	**8.13**	**8.13**
Market cap	46	59	56	34	45	**50**	**50**	**50**	**50**
EV	46	66	68	40	51	**54**	**53**	**51**	**49**
P/E (adj.)	31.3	79.6	50.8	>100	27.1	**20.3**	**14.7**	**12.6**	**11.3**
P/E	98.8	95.5	71.4	neg.	37.1	**61.6**	**16.6**	**13.9**	**12.4**
P/B	6.7	6.8	5.7	2.7	3.3	**3.7**	**3.2**	**2.7**	**2.4**
P/S	2.3	2.6	1.6	0.8	0.9	**0.9**	**0.9**	**0.8**	**0.7**
EV/Sales	2.4	2.9	1.9	1.0	1.0	**1.0**	**0.9**	**0.8**	**0.7**
EV/EBITDA	19.5	38.7	25.2	14.1	11.2	**10.1**	**8.3**	**7.1**	**6.3**
EV/EBIT (adj.)	23.7	68.3	37.5	28.1	17.2	**14.7**	**11.5**	**9.8**	**8.6**
Payout ratio (%)	106.4 %	79.4 %	36.9 %	neg.	53.7 %	**99.7 %**	**35.0 %**	**36.1 %**	**40.1 %**
Dividend yield-%	1.1 %	0.8 %	0.5 %	1.4 %	1.4 %	**1.6 %**	**2.1 %**	**2.6 %**	**3.2 %**

Source: Inderes







Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Apetit	87	81	10.1	11.6	5.4	5.8	0.5	0.5	12.3	13.3	5.4	5.4	0.8
Atria	311	613	8.8	8.9	4.7	4.7	0.4	0.3	7.6	7.5	6.6	7.1	0.8
Raisio	342	278	12.2	10.4	8.8	7.6	1.2	1.2	18.0	16.4	6.4	6.5	1.3
Orkla	8829	10629	16.2	15.0	11.9	11.4	1.8	1.7	15.8	15.1	3.4	3.4	2.1
Danone	43994	53932	15.4	14.5	11.7	11.2	2.0	1.9	18.3	17.0	3.2	3.4	2.4
Cloetta	662	820	12.2	10.6	8.9	8.0	1.1	1.1	14.7	14.7	3.8	3.8	1.5
Nestle	215015	279097	17.1	17.3	13.7	13.9	2.9	2.8	16.6	16.7	4.0	4.0	5.6
Kellogg	26349	31543	17.8	16.8	14.8	14.0	2.6	2.5	21.4	20.5	2.8	2.9	7.3
Kraft Heinz	35599	53637	10.5	10.5	8.9	8.8	2.2	2.2	10.3	10.1	5.2	5.2	0.8
Fodelia (Inderes)	**50**	**54**	**14.7**	**11.5**	**10.1**	**8.3**	**1.0**	**0.9**	**20.3**	**14.7**	**1.6**	**2.1**	**3.7**
Average			**13.4**	**12.8**	**9.9**	**9.5**	**1.6**	**1.6**	**15.0**	**14.6**	**4.5**	**4.6**	**2.5**
Median			**12.2**	**11.6**	**8.9**	**8.8**	**1.8**	**1.7**	**15.8**	**15.1**	**4.0**	**4.0**	**1.5**
Diff-% to median			***20%***	***0%***	***13%***	***-6%***	***-42%***	***-46%***	***28%***	***-3%***	***-59%***	***-48%***	***154%***

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	**41.6**	**11.7**	**12.5**	**12.2**	**12.5**	**49.0**	**13.7**	**13.5**	**12.9**	**12.8**	**53.0**	**57.3**	**63.2**	**68.3**
Feelia	22.8	6.4	6.6	6.6	7.0	26.5	8.4	8.4	8.6	8.7	34.2	40.0	44.8	48.9
Oikia	20.5	5.2	5.7	5.1	4.8	20.7	4.5	4.4	3.5	3.2	15.6	13.6	14.2	14.7
Other units	1.6	1.0	1.0	1.1	1.1	4.2	1.2	1.0	1.2	1.2	4.6	5.2	5.7	6.3
Eliminations	-3.2	-0.8	-0.7	-0.6	-0.4	-2.5	-0.5	-0.3	-0.4	-0.3	-1.5	-1.5	-1.5	-1.5
EBITDA	**2.8**	**0.9**	**1.0**	**1.5**	**1.1**	**4.6**	**1.4**	**1.0**	**1.5**	**1.4**	**5.3**	**6.3**	**7.2**	**7.8**
Depreciation	-1.8	-0.5	-0.5	-0.5	-0.6	-2.1	-0.6	-1.8	-0.5	-0.5	-3.3	-2.2	-2.4	-2.5
EBIT (excl. NRI)	**1.4**	**0.6**	**0.6**	**1.1**	**0.7**	**3.0**	**0.9**	**0.6**	**1.1**	**1.0**	**3.7**	**4.6**	**5.2**	**5.7**
EBIT	**1.1**	**0.5**	**0.5**	**1.0**	**0.5**	**2.5**	**0.8**	**-0.7**	**1.0**	**0.9**	**2.0**	**4.2**	**4.8**	**5.3**
Feelia	1.9	0.5	0.6	0.7	0.6	2.5	0.9	0.7	0.8	0.9	3.2	3.9	4.5	4.9
Oikia	0.1	-0.1	0.1	0.2	0.0	0.3	0.0	0.2	0.3	0.1	0.6	0.6	0.7	0.7
Other units	-0.6	0.1	-0.1	0.1	0.0	0.2	0.0	-0.3	0.0	0.0	-0.3	0.0	0.1	0.2
Eliminations	-0.3	-0.1	-0.1	-0.1	-0.1	-0.4	-0.1	-1.3	-0.1	-0.1	-1.6	-0.4	-0.4	-0.4
Share of profits in assoc. compan.	-0.5	-0.1	0.0	0.0	-0.3	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-0,6	-0.1	-0.1	-0.1	-0.2	-0.5	-0.1	0.0	-0.1	-0.1	-0.2	-0.3	-0.2	-0.1
PTP	**0.0**	**0.3**	**0.4**	**0.9**	**0.1**	**1.7**	**0.7**	**-0.8**	**1.0**	**0.8**	**1.8**	**3.9**	**4.6**	**5.2**
Taxes	-0.1	-0.1	-0.1	-0.2	-0.2	-0.5	-0.1	-0.4	-0.2	-0.1	-1.0	-0.9	-1.0	-1.1
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**-0.1**	**0.2**	**0.3**	**0.7**	**-0.1**	**1.2**	**0.6**	**-1.2**	**0.7**	**0.7**	**0.8**	**3.0**	**3.6**	**4.0**
EPS (adj.)	**0.04**	**0.04**	**0.05**	**0.10**	**0.01**	**0.20**	**0.09**	**0.02**	**0.10**	**0.10**	**0.30**	**0.42**	**0.49**	**0.55**
EPS (rep.)	**-0.01**	**0.03**	**0.04**	**0.09**	**-0.01**	**0.15**	**0.07**	**-0.15**	**0.09**	**0.08**	**0.10**	**0.37**	**0.44**	**0.50**

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	18.6 %					17.6 %	16.6 %	7.9 %	5.6 %	3.0 %	8.2 %	8.2 %	10.2 %	8.2 %
Adjusted EBIT growth-%	-21.5 %					108.4 %	6.,5 %	-6.1 %	3.1 %	54.9 %	23.5 %	24.9 %	14.1 %	9.7 %
EBITDA-%	6.8 %	7.9 %	8.2 %	12.2 %	9.0 %	9.3 %	9.9 %	7.5 %	11.9 %	11.1 %	10.1 %	11.0 %	11.4 %	11.5 %
Adjusted EBIT-%	3.4 %	4.9 %	5.1 %	9.0 %	5.2 %	6.1 %	6.7 %	4.5 %	8.8 %	7.8 %	6.9 %	8.0 %	8.3 %	8.4 %
Net earnings-%	-0.2 %	2.0 %	2.6 %	5.7 %	-0.5 %	2.5 %	4.4 %	-8.9 %	5.7 %	5.3 %	1.5 %	5.3 %	5.7 %	5.9 %

Source: Inderes

We made no significant changes to our comparable EBIT estimates in connection with the extensive report. However, our revenue forecasts for 2025-26 increased by 2% mainly due to the reassessment of Feelia's growth potential.

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	**17.3**	**17.3**	**15.0**	**15.7**	**16.2**
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	8.4	8.5	6.9	6.6	6.3
Tangible assets	8.5	8.5	8.0	9.0	9.9
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.3	0.3	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**10.2**	**9.4**	**11.1**	**11.9**	**13.0**
Inventories	3.8	3.7	4.0	4.3	4.7
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	4.9	5.2	5.6	6.0	6.7
Cash and equivalents	1.5	0.6	1.6	1.5	1.6
Balance sheet total	**27.5**	**26.7**	**26.1**	**27.5**	**29.2**

Source: Inderes

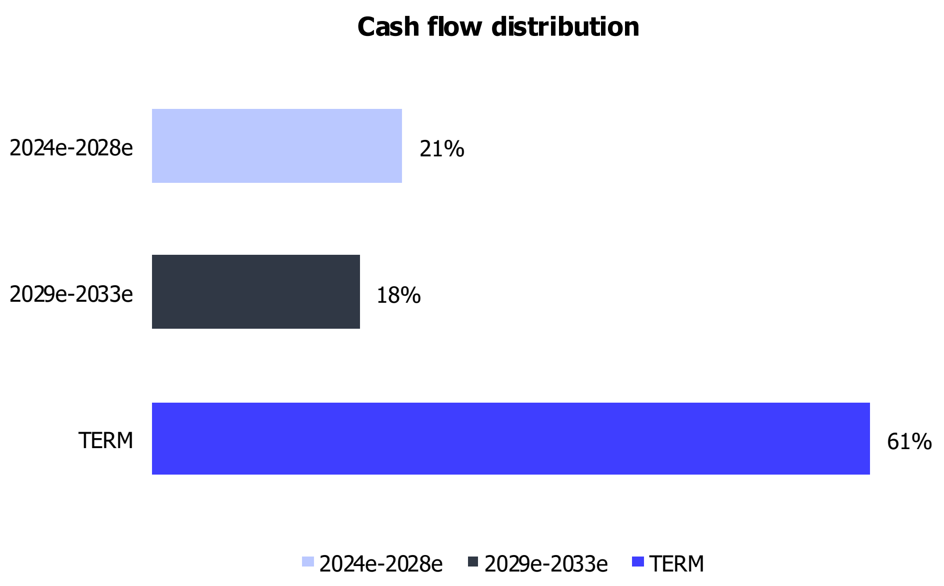
Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	**12.9**	**13.5**	**13.7**	**15.9**	**18.4**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	0.5	1.1	1.2	3.4	6.0
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	12.3	12.3	12.3	12.3	12.3
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**4.6**	**4.0**	**3.2**	**2.5**	**1.7**
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	4.2	3.5	2.7	2.0	1.2
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.4	0.5	0.5	0.5	0.5
Current liabilities	**10.1**	**9.3**	**9.3**	**9.2**	**9.1**
Interest bearing debt	3.2	3.5	2.7	2.0	1.2
Payables	6.9	5.8	6.6	7.2	7.9
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**27.5**	**26.7**	**26.1**	**27.5**	**29.2**

DCF-calculation

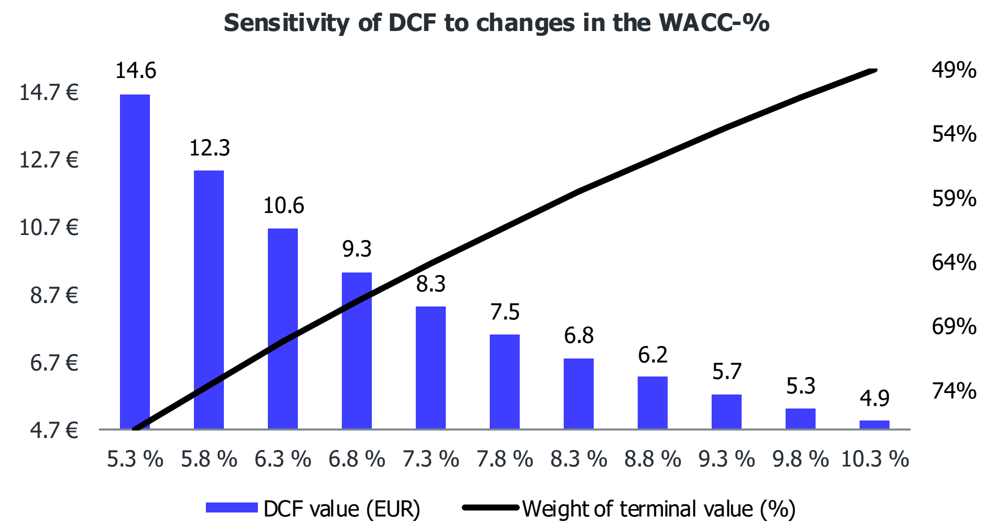
DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	17.6 %	8.2 %	8.2 %	10.2 %	8.2 %	7.3 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %	2.5 %
EBIT-%	5.2 %	3.8 %	7.3 %	7.6 %	7.8 %	7.9 %	7.5 %	7.5 %	7.5 %	6.5 %	6.5 %	6.5 %
EBIT (operating profit)	**2.5**	**2.0**	**4.2**	**4.8**	**5.3**	**5.8**	**5.8**	**6.1**	**6.4**	**5.7**	**5.8**	
+ Depreciation	2.1	3.3	2.2	2.4	2.5	2.7	2.8	2.7	2.8	2.9	2.9	
- Paid taxes	-0.5	-1.0	-0.9	-1.0	-1.1	-1.3	-1.3	-1.3	-1.3	-1.2	-1.2	
- Tax. financial expenses	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax. financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-1.3	0.1	-0.2	-0.3	-0.3	-0.3	-0.2	-0.2	-0.2	-0.1	-0.1	
Operating cash flow	**2.7**	**4.5**	**5.2**	**5.8**	**6.4**	**6.9**	**7.1**	**7.2**	**7.6**	**7.2**	**7.5**	
+ Change in other long-term liabilities	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-2.1	-1.0	-2.8	-3.0	-3.1	-3.3	-3.4	-3.3	-3.2	-3.3	-3.2	
Free operating cash flow	**0.7**	**3.5**	**2.3**	**2.8**	**3.3**	**3.7**	**3.8**	**3.9**	**4.4**	**3.9**	**4.2**	
+/- Other	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	0.7	4.5	2.3	2.8	3.3	3.7	3.8	3.9	4.4	3.9	4.2	81.5
Discounted FCFF		**4.5**	**2.2**	**2.4**	**2.6**	**2.7**	**2.6**	**2.5**	**2.6**	**2.1**	**2.1**	**41.2**
Sum of FCFF present value		67.5	63.0	60.8	58.4	55.8	53.1	50.5	48.0	45.5	43.3	41.2
Enterprise value DCF		**67.5**										
- Interest bearing debt		-7.0										
+ Cash and cash equivalents		0.6										
-Minorities		0.0										
-Dividend/capital return		-0.6										
Equity value DCF		**60.6**										
Equity value DCF per share		**7.4**										

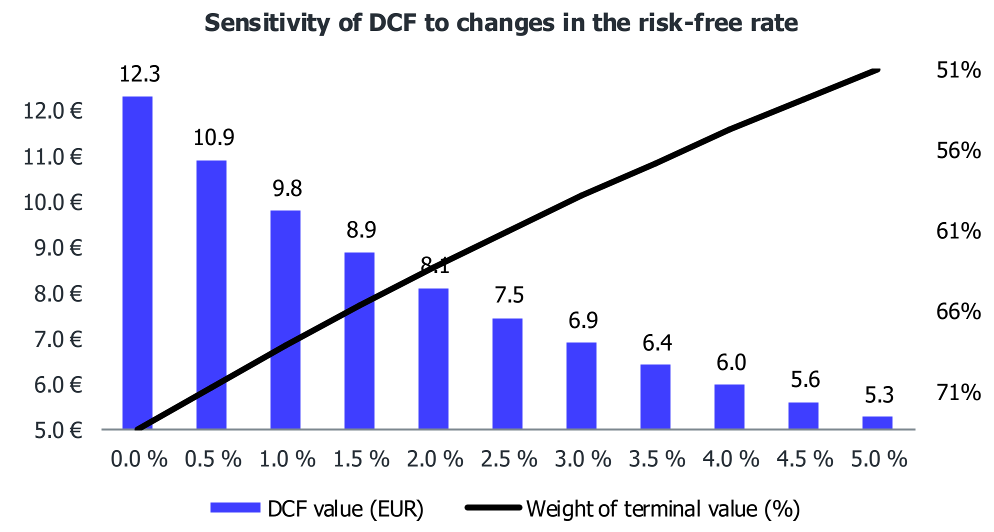
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	4.0 %
Equity Beta	1.15
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	**9.0 %**
Weighted average cost of capital (WACC)	**7.8 %**

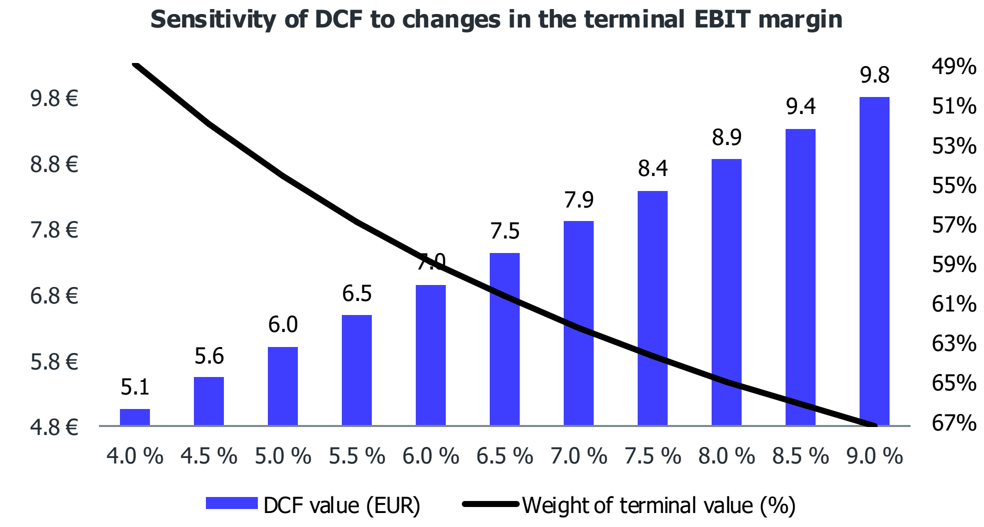
Source: Inderes

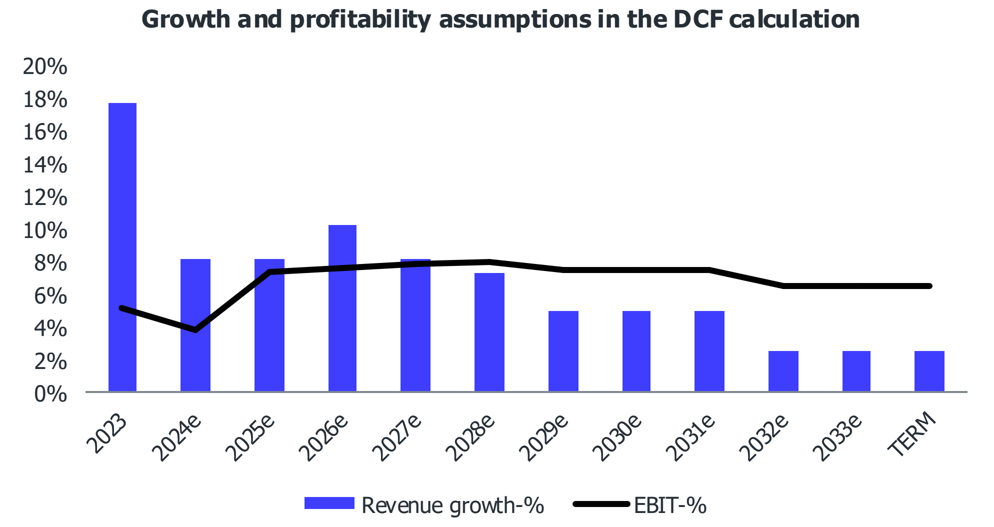


DCF sensitivity calculations and key assumptions in graphs









Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2021	2022	2023	2024e	2025e
Revenue	35.1	41.6	49.0	**53.0**	**57.3**
EBITDA	2.7	2.8	4.6	**5.3**	**6.3**
EBIT	1.5	1.1	2.5	**2.0**	**4.2**
PTP	1.1	0.0	1.7	**1.8**	**3.9**
Net Income	0.8	-0.1	1.2	**0.8**	**3.0**
Extraordinary items	-0.3	-0.4	-0.4	**-1.7**	**-0.4**

Per share data	2021	2022	2023	2024e	2025e
EPS (reported)	0.11	-0.01	0.15	**0.10**	**0.37**
EPS (adj.)	0.15	0.04	0.20	**0.30**	**0.42**
OCF / share	0.19	0.36	0.33	**0.55**	**0.64**
FCF / share	-0.51	0.42	0.09	**0.55**	**0.29**
Book value / share	1.36	1.60	1.67	**1.68**	**1.95**
Dividend / share	0.04	0.06	0.08	**0.10**	**0.13**

Balance sheet	2021	2022	2023	2024e	2025e
Balance sheet total	26.4	27.5	26.7	**26.1**	**27.5**
Equity capital	9.9	12.9	13.5	**13.7**	**15.9**
Goodwill	0.1	0.0	0.0	**0.0**	**0.0**
Net debt	§	5.9	6.4	**3.8**	**2.5**

Growth and profitability	2021	2022	2023	2024e	2025e
Revenue growth-%	53%	19%	18%	**8%**	**8%**
EBITDA growth-%	59%	5%	62%	**17%**	**19%**
EBIT (adj.) growth-%	88%	-21%	108%	**24%**	**25%**
EPS (adj.) growth-%	44%	-73%	388%	**50%**	**38%**
EBITDA-%	7.7 %	6.8 %	9.3 %	**10.1 %**	**11.0 %**
EBIT (adj.)-%	5.2 %	3.4 %	6.1 %	**6.9 %**	**8.0 %**
EBIT-%	4.3 %	2.6 %	5.2 %	**3.8 %**	**7.3 %**
ROE-%	8.5 %	-0.9 %	9.1 %	**6.0 %**	**20.5 %**
ROI-%	7.7 %	2.9 %	10.9 %	**10.1 %**	**21.5 %**
Equity ratio	37.5 %	46.9 %	50.4 %	**52.3 %**	**57.6 %**
Gearing	117.2 %	45.5 %	47.7 %	**27.5 %**	**15.5 %**

Cash flow	2021	2022	2023	2024e	2025e
EBITDA	2.7	2.8	4.6	**5.3**	**6.3**
Change in working capital	-0.9	0.4	-1.3	**0.1**	**-0.2**
Operating cash flow	1.4	2.9	2.7	**4.5**	**5.2**
CAPEX	-6.3	0.1	-2.1	**-1.0**	**-2.8**
Free cash flow	-3.7	3.4	0.7	**4.5**	**2.3**

Valuation multiples	2021	2022	2023	2024e	2025e
EV/S	1.9	1.0	1.0	**1.0**	**0.9**
EV/EBITDA	25.2	14.1	11.2	**10.1**	**8.3**
EV/EBIT (adj.)	37.5	28.1	17.2	**14.7**	**11.5**
P/E (adj.)	50.8	>100	27.1	**20.3**	**14.7**
P/B	5.7	2.7	3.3	**3.7**	**3.2**
Dividend-%	0.5 %	1.4 %	1.4 %	**1.6 %**	**2.1 %**

Source: Inderes

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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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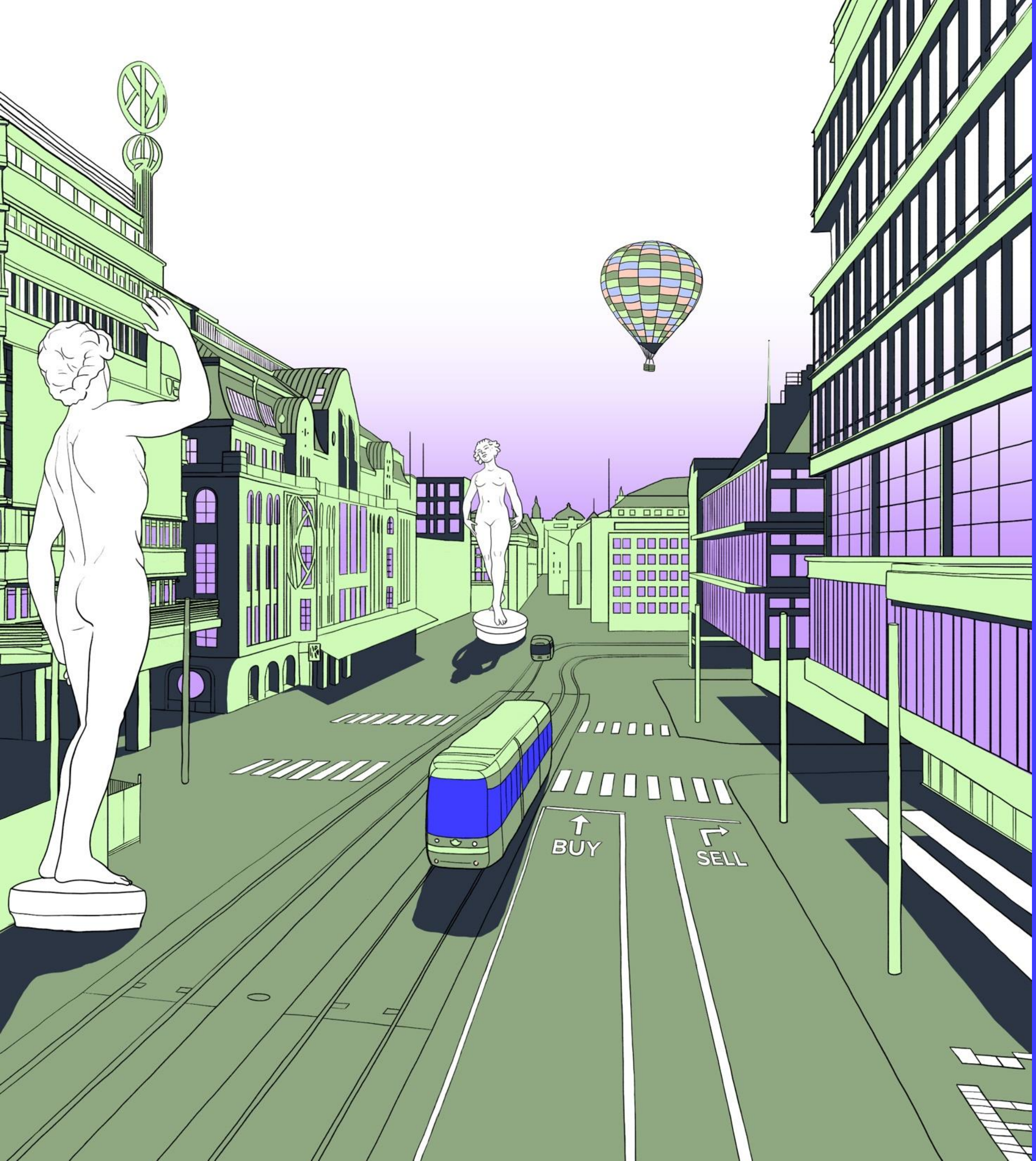
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2022-05-03	Reduce	7.40 €	7.00 €
2022-08-10	Reduce	5.50 €	5.48 €
2022-08-31	Accumulate	5.50 €	4.69 €
2022-10-31	Reduce	4.00 €	4.40 €
2022-11-02	Reduce	3.70 €	4.05 €
2022-11-28	Reduce	4.40 €	4.70 €
2023-02-08	Reduce	4.20 €	4.38 €
2023-04-26	Accumulate	5.20 €	4.77 €
2023-08-09	Accumulate	5.00 €	4.53 €
2023-11-01	Accumulate	5.00 €	4.25 €
2023-12-19	Accumulate	5.20 €	4.48 €
2023-12-27	Accumulate	5.70 €	5.22 €
2024-02-07	Accumulate	6.00 €	5.50 €
2024-04-24	Accumulate	6.50 €	5.50 €
2024-08-07	Accumulate	6.50 €	5.50 €
2024-20-23	Accumulate	6.80 €	6.10 €
2024-12-05	Buy	7.20 €	6.18 €



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