This is Fazer

Company presentation 2021
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1. Introduction
We are The Food Experience Company

In 130 years, Fazer has grown from Karl Fazer’s first café into an international Food Experience Company.

We work together to fulfil our mission: Food with a purpose. Whether it is a nourishing breakfast, a quick snack in the afternoon or a sweet treat in the evening, Fazer’s products bring joy and well-being into people’s everyday lives.

Our strong Consumer First approach and sharpened focus on fast-moving consumer goods allow us to craft the tastes of today, while already exploring those of tomorrow.

Northern Magic. Made Real.
Fazer in brief

As The Food Experience Company with focus on value creation, Fazer brings joy and well-being through high-quality products and services to people in the Nordics, Baltics, Russia and beyond.

The Group operates in eight countries – Finland, Sweden, Russia, Estonia, Latvia, Lithuania, Norway and Denmark – and exports to around 40 countries.

Fazer is strengthening its position as a leading FMCG company and focuses on the bakery, confectionery, non-dairy and plant-based food markets. We are also a major player in the Nordic grain milling market and increasingly in foodtech.

Shaping the next tastes, traditions and food experiences, Fazer builds on its strong heritage, consumer first approach and innovations to create the sustainable food solutions of the future.

Fazer Group’s net sales for continuing operations totalled 1.1 billion euros in 2020.

Operating profit for continuing operations amounted to 51.9 million euros.

The Group employed approximately 8,500 people in the continuing operations.

Fazer’s operations comply with Fazer’s ethical principles, based on the Group’s values and on the UN Global Compact.
### Fazer Group total
- **Net Sales**: 1.1 billion euros
- **Personnel**: 8,500
- **Countries**: Finland, Sweden, Russia, Norway, Denmark, Estonia, Latvia, Lithuania

### Fazer Bakery
- **Net Sales**: 549 million euros
- **Personnel**: 5,880
- **Brands**: Fazer, OuluLaiinen, Skogaholm, Hlebny Dom, Druva, Gardeksi
- **Countries**: Bakery production in Finland, Sweden, Russia, Latvia and Lithuania

### Fazer Confectionery
- **Net Sales**: 400 million euros
- **Personnel**: 1,900
- **Brands**: Karl Fazer, Fazer Pure Dark, Dumle, Geisha, Jyväshynä-biscuits
- **Countries**: Production in Finland

### Fazer Lifestyle Foods
- **Net Sales**: 177 million euros
- **Personnel**: 430
- **Brands**: Fazer Yosa, Fazer Aito, Froosh, Fazer Alku, Frebaco
- **Countries**: Finland, Sweden, Denmark, Norway

Net Sales in the continuing operations: 2020.
2. Mission, vision and strategy
The food industry is affected by disruptive megatrends, leading to inspiring opportunities for Fazer

Small attacker brands
Evolving & growing food system
Millennials
Foodtech
Digital channels
Fast-moving consumer goods market is evolving to become more diverse and complex

For Fazer, a successful future position and value creation in the food industry requires mastering three different market environments

**Established categories**
- Chocolate and sugar confectionery
- Bread and sweet bakery
- Porridge and cereals

**On-trend categories**
- Plant-based meals
- Non-dairy
- Snacks

**Foodtech**
- Alternative proteins
- Sugar replacements
- Upcycled ingredients

**Market growth, CAGR%**
- Established categories: 5% up to
- On-trend categories: 5-20% continuous
- Foodtech: 100%+

Note: Confectionery market growth until 2022 across Nordics and Baltics: CAGR 2-4% Lifestyle Foods categories growth until 2022 across Nordics: CAGR 3-21% Bakery historical market growth: CAGR 0.6-7%
Mission & Vision

**Food with a purpose**

Our mission: Food with a purpose

Fazer embraces joy, health and well-being in everyday lives while doing good for the planet. We want to enrich people’s lives with our offering.

**Towards Perfect Days**

Our vision: Towards Perfect Days

This is how we envision the future, together with those around us: Towards Perfect Days. We think that happiness is made of moments, and we are here to make them special.
Mission & Vision
Towards Perfect Days

FAZER BRAND PROMISE:
Northern Magic. Made Real.
Northern Liberty
True Relationships
Fearless Creativity

We are accelerating our growth through innovations, on-trend categories and foodtech.

We are excelling in our ways of working to become the industry leader in profitability.

We are developing leading positions in the Northern Europe.

We are building an even stronger position as the number 1 FMCG brand in Finland.

We implement cultural change and drive critical capabilities to enable our transformation.

We develop food as a solution for a more sustainable planet and business.

Our mission, vision and strategy

The Food Experience Company.

Food with a purpose
Strategic development in 2020

We are accelerating our growth through innovations, on-trend categories and foodtech.

Initiated investment to double the oat milling capacity in Lahti and Lidköping.

Major greenfield investment progressing to build the oat xylitol factory in Lahti.

Strategic partnership with novel protein foodtech startup Solar Foods + new investment.

Entered and strengthened our position in on-trend categories with e.g., oat rice and healthy snacks.

We are building an even stronger position as the number 1 FMCG brand in Finland.

Continued positive market share development in Fazer Confectionery, Fazer Lifestyle Foods and Fazer Bakery.

Integration of Kaslink and acquisition of gluten-free bakery Vuohelan Herkku.

Continued expansion of shop-in-shops bakeries and Fazer Café.

Build-up of a joint field sales organisation in Finland.
Expansion of shop-in-shops in the Baltics.

Build-up of a joint commercial organisation for Fazer Lifestyle Foods and Fazer Confectionery in Sweden and Norway.

Fazer Retail and the crisp business transferred to Fazer Confectionery.

Continued rationalising the manufacturing footprint through transfer of the non-dairy production from Kaarina to Koria and the pastille and gum production from Karkkila to Lappeenranta.

Started group-wide transformation programmes in marketing and procurement to unify the ways of working and extract synergies across businesses.

Turnaround and transformation initiatives in Fazer Bakery Russia and Fazer Bakery Sweden along a range of initiatives driving efficiency across functions.
## Strong focus on Research & Development and innovation

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FazerXtech</strong></td>
<td>Foodtech project with focus on sustainable &amp; nutritious food solutions.</td>
</tr>
<tr>
<td><strong>Solein2Food</strong></td>
<td>Cooperation project with Solar Foods to develop Solein-based food products.</td>
</tr>
<tr>
<td><strong>Oat technology</strong></td>
<td>R&amp;D project aiming to support oat innovations and new business.</td>
</tr>
<tr>
<td><strong>Nutrition</strong></td>
<td>Science and technology solutions for sugar replacement, salt reduction and plant-based foods.</td>
</tr>
<tr>
<td><strong>Open innovation</strong></td>
<td>Working together with extended networks to boost innovation.</td>
</tr>
<tr>
<td><strong>Gut-brain axis</strong></td>
<td>Fazer PhD research project about dietary fibre, microbiota and gut-brain axis.</td>
</tr>
</tbody>
</table>
Fazer’s brand promise Northern Magic. Made Real. defines our strong relationship with consumers.

The role of food: Food is an ingredient of happiness. It creates special moments in everyday life. It enables you to enjoy yourself and embrace relationships with loved ones.

Key consumer insight: Joy and well-being are a result of choices that do good for yourself, others and the world around us. You need to live in the moment to feel it.
Fazer’s brands

Fazer, the master brand, is complemented by nearly a hundred other local and international brands.

Our wide brand portfolio is one of the cornerstones of our success.

In 2020, we re-designed ourselves to further develop the Fazer brand from a consumer centric perspective.
Our promise is Northern Magic. Made Real.

**Northern Liberty**
Be and become who you want to be. Be true to your word. Empower others to do the same.

**True Relationships**
Be good for your world. Make choices that do good for us all.

**Fearless Creativity**
Live without prejudice. Be fearless. Be creative.

In 2020, the brand themes were adopted as Fazer’s values. They are a bridge that connects the consumer experience we want to create and the employee experience we share as we craft our products and services.
We build our success on our people, brands & products, production & distribution assets and our customer relations

Our People
Our passionate, dedicated personnel embody the values of Fazer and are at the core of our success.

Our Brands and Products
The most valued brands in Finland; strong brands in our other markets.
Broad offering of high-quality products and services with excellent taste.

Customer Relations
Exceptionally deep customer relationships; bringing value through both services and products.

Production Assets
Well-functioning traditional bakeries, chocolate, confectionery, biscuit and non-dairy factories and kitchens.

Distribution Network
Our distribution network covers all of Finland and Sweden, St Petersburg, Moscow and the Baltics.
We create a holistic consumer experience through multiple channels

Product experiences
Broader, more innovative, fun and engaging product portfolio for consumers to experience.

Shop-in-shops, Fazer Cafés and Gateau bakery shops
Enhanced consumer experience through select concept improvements and broader network of own shops and shop-in-shop bakeries in retail.

Fazer Experience
Unique, holistic Fazer brand experience that gives joy and insight to visitors in all ages.

Web channels, social media & eCom
Personalised Fazer experience ecosystem through which consumers can interact with us broadly.
Fazer Experience delights all senses

Fazer Experience is a unique place where everybody can experience Fazer in their own way.

The visitor centre offers Fazer a way to interact and communicate with consumers of all ages.

Fazer Experience tells the story of Fazer, from the first café to the newest innovations.

Visitors can explore a raw material garden, see how chocolate or sourdough bread is made, learn about nutrition or enjoy an exhibition, among other things.

Opened in 2016 when Fazer celebrated its 125th anniversary.

Features unique Finnish architectural design.

Fazer Experience was visited in 2020 by more than 150,000 people.
Food with a purpose – Value creation

Our key resources

Personnel
Approx. 8,500 employees

Natural resources
Food and packaging raw materials
Water
Energy

Manufacturing and services
21 production units
Own retail: cafés, bakery shops and shop-in-shops, altogether more than 160 units
Online stores

Intangible assets
Brands and reputation
Distribution network
Innovation generation process and strong product development

Financial resources
Strong balance sheet
Healthy profitability and cash flow
Significant debt capacity

Social resources
Deep customer and supplier relationships
Collaboration and co-creation with stakeholders and partners

Fazer Group

Our values and brand themes
Northern Liberty, True Relationships, Fearless Creativity

Our businesses

- Bakery
- Confectionery
- Lifestyle Foods

Value creation through profitable growth and by creating the food of the future

- We build an even stronger position as the number one FMCG brand in Finland
- We develop leasing positions in Northern Europe
- We accelerate growth through innovations, on-trend categories and foodtech
- We excel in our ways of working to become the industry leader in profitability
- We develop food as a solution for a more sustainable planet and business

Northern Magic, Made Real.
We are The Food Experience Company.

Key outputs and impacts

People
Direct and indirect employment
Development opportunities for employees
Joy and well-being through meaningful food experiences
More plant-based foods to support the well-being of people and the planet

Planet
Sustainable raw materials: 100% by 2030
Emissions and food waste: 50% less by 2030
Waste recycling almost 100%

Business and society
Economic value distribution in 2020:
- Personnel 347 M€
- Owners 58 M€
- Business development 337 M€
- Society 24 M€
- Financiers 8 M€

In addition to economic value:
- Taxes collected 95 M€
- To suppliers and service providers: Purchased 699 M€ worth of goods and services from 7,227 suppliers
- To local communities: support through partnerships and donation
- Operative Investments 93 M€
- To owners: increased shareholder value
- To universities and research institutes: co-operation and support
We create stakeholder value

In 2020, Fazer Group employed 8,496 people in eight countries.

Paid 347 M€ in salaries, wages, and other indirect employee costs.

Paid 24 M€ in taxes and donations.

Purchased 699 M€ worth of goods and services from 7,227 suppliers.

Operating investments 93 M€.

Figures include Fazer Food Services, which was sold on 31 January 2020.
3. Key figures
Risks and short-term business uncertainties

Uncertainty caused by the COVID-19 pandemic remains high as new waves and virus mutations alter the situation quickly.

Prolonged situation adds to uncertainty in economies globally and increases price sensitivity in fast moving consumer goods.

Governmental restrictions and recommendations may impact all Fazer key markets and businesses.

Key impacts to Fazer’s businesses are anticipated in the sales of frozen bakery products to the HoReCa channel, Travel Retail and the Retail business.
# Key figures 2020

<table>
<thead>
<tr>
<th>CONTINUING OPERATIONS*</th>
<th>1-12/2020</th>
<th>1-12/2019</th>
<th>CHANGE%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group net sales, M€</td>
<td>1,101.2</td>
<td>1,097.0</td>
<td>0.4%</td>
</tr>
<tr>
<td>Operating profit before depreciation and amortisation (EBITDA), M€</td>
<td>117.4</td>
<td>111.2</td>
<td>5.6%</td>
</tr>
<tr>
<td>EBITDA, %</td>
<td>10.7%</td>
<td>10.1%</td>
<td></td>
</tr>
<tr>
<td>Operating profit (EBIT), M€</td>
<td>51.9</td>
<td>49.1</td>
<td>5.8%</td>
</tr>
<tr>
<td>Operating profit (EBIT), %</td>
<td>4.7%</td>
<td>4.5%</td>
<td></td>
</tr>
<tr>
<td>Profit before taxes, M€</td>
<td>41.8</td>
<td>51.6</td>
<td>-19.0%</td>
</tr>
<tr>
<td>Profit for the period, M€</td>
<td>32.6</td>
<td>38.9</td>
<td>-16.4%</td>
</tr>
<tr>
<td>Nr. of employees at the end of the period</td>
<td>8,496</td>
<td>8,805</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Nr. of employees on average in the period (FTE)</td>
<td>7,316</td>
<td>7,532</td>
<td>-2.9%</td>
</tr>
<tr>
<td>Return on equity, %</td>
<td>58.8</td>
<td>13.4</td>
<td></td>
</tr>
<tr>
<td>Equity ratio, %</td>
<td>70.7</td>
<td>52.6</td>
<td></td>
</tr>
<tr>
<td>Gearing, %</td>
<td>-22.8</td>
<td>22.5</td>
<td></td>
</tr>
</tbody>
</table>

*Fazer Food Services was divested in January 2020. Discontinued operations are not included in the figures in the table.
Net sales & operating profit

**NET SALES, M€**

- 2018: 1,029.2
- 2019: 1,097.0
- 2020: 1,101.2

**OPERATING PROFIT, M€**

- 2018: 55.9
- 2019: 49.1
- 2020: 51.9
Cash flow & gross investment

CASH FLOWS FROM OPERATING ACTIVITIES, M€

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>114.6</td>
<td>144.8</td>
<td>152.4</td>
</tr>
</tbody>
</table>

GROSS INVESTMENTS, M€

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>50.5</td>
<td>107.1</td>
<td>104.1</td>
</tr>
</tbody>
</table>
Interest-bearing net debt & equity ratio

**INTEREST-BEARING NET DEBT, M€**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>95.0</td>
</tr>
<tr>
<td>2019</td>
<td>127.0</td>
</tr>
<tr>
<td>2020</td>
<td>-213.3</td>
</tr>
</tbody>
</table>

**EQUITY RATIO, %**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>56.8</td>
</tr>
<tr>
<td>2019</td>
<td>52.6</td>
</tr>
<tr>
<td>2020</td>
<td>70.7</td>
</tr>
</tbody>
</table>
Equity & return on equity

EQUITY AND RETURN ON EQUITY

- 2018: Equity, M€ 544.4, Return on equity (ROE), % 11.6
- 2019: Equity, M€ 563.7, Return on equity (ROE), % 13.4
- 2020: Equity, M€ 934.6, Return on equity (ROE), % 58.8

Figures include the Food Services, which were sold on 31 January 2020.
Net sales

Net sales for continuing operations 1,101.2 M€

NET SALES BY COUNTRY

- Finland 56%
- Sweden 21%
- Russia 13%
- Estonia 2%
- Latvia 1%
- Lithuania 1%
- Denmark 1%
- Norway 1%
- Others 3%

NET SALES BY BUSINESS AREA

- Fazer Bakery 49%
- Fazer Confectionery 35%
- Fazer Lifestyle Foods 16%
Net sales & market share: Finland

**NET SALES, M€**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales M€</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>631.0</td>
</tr>
<tr>
<td>2019</td>
<td>694.7</td>
</tr>
<tr>
<td>2020</td>
<td>714.9</td>
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</table>

**MARKET SHARE**

<table>
<thead>
<tr>
<th>Category</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakery</td>
<td>29%</td>
</tr>
<tr>
<td>Confectionery</td>
<td>35%</td>
</tr>
<tr>
<td>Smoothies</td>
<td>14%</td>
</tr>
<tr>
<td>Non-Dairy</td>
<td>16%</td>
</tr>
</tbody>
</table>

Market share information by Nielsen Homescan panel
Net sales & market share: Sweden

**NET SALES, M€**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>238.8</td>
</tr>
<tr>
<td>2019</td>
<td>239.7</td>
</tr>
<tr>
<td>2020</td>
<td>246.9</td>
</tr>
</tbody>
</table>

**MARKET SHARE**

<table>
<thead>
<tr>
<th>Category</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakery</td>
<td>23%</td>
</tr>
<tr>
<td>Confectionery</td>
<td>8%</td>
</tr>
<tr>
<td>Smoothies</td>
<td>23%</td>
</tr>
<tr>
<td>Non-Dairy</td>
<td>1%</td>
</tr>
</tbody>
</table>

Market share information by AC Nielsen
Net sales & market share: Russia

**NET SALES, M€**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>167.8</td>
</tr>
<tr>
<td>2019</td>
<td>164.1</td>
</tr>
<tr>
<td>2020</td>
<td>145.6</td>
</tr>
</tbody>
</table>

**MARKET SHARE**

- Bakery St. Petersburg: 37%
- Bakery Moscow: 14%
- Confectionery: 3%

Market share information by AC Nielsen
Net sales & market share: Estonia

**NET SALES, M€**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>16.3</td>
</tr>
<tr>
<td>2019</td>
<td>17.4</td>
</tr>
<tr>
<td>2020</td>
<td>18.0</td>
</tr>
</tbody>
</table>

**MARKET SHARE**

<table>
<thead>
<tr>
<th>Category</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confectionery</td>
<td>10%</td>
</tr>
<tr>
<td>Bakery</td>
<td>15%</td>
</tr>
</tbody>
</table>

Market share information by AC Nielsen
Net sales & market share: Latvia

**NET SALES, M€**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>25.4</td>
</tr>
<tr>
<td>2019</td>
<td>26.6</td>
</tr>
<tr>
<td>2020</td>
<td>26.6</td>
</tr>
</tbody>
</table>

**MARKET SHARE**

![Market share chart]

- Bakery: 20%

Market share information by AC Nielsen
Net sales & market share: Lithuania

**NET SALES, M€**

- 2018: 17.9
- 2019: 18.9
- 2020: 18.1

**MARKET SHARE**

- Bakery: 15%

Market share information by AC Nielsen
Net sales & market share: Denmark

**NET SALES, M€**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2.9</td>
</tr>
<tr>
<td>2019</td>
<td>11.0</td>
</tr>
<tr>
<td>2020</td>
<td>14.1</td>
</tr>
</tbody>
</table>

**MARKET SHARE**

- **Smoothies**: 13%
- **Non-Dairy**: 1%

Market share information by AC Nielsen
Net sales & market share: Norway

**NET SALES, M€**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>3.6</td>
</tr>
<tr>
<td>2019</td>
<td>3.6</td>
</tr>
<tr>
<td>2020</td>
<td>4.4</td>
</tr>
</tbody>
</table>

**MARKET SHARE**

<table>
<thead>
<tr>
<th>Product</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smoothies</td>
<td>13%</td>
</tr>
<tr>
<td>Non-Dairy</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

Market share information by AC Nielsen
4. Fazer Leadership Team
Fazer Leadership Team

Christoph Vitzthum  
b. 1969  
President and CEO, Fazer Group  
Master of Economic Sciences

Jenni Gallagher  
b. 1972  
Head of People and Executive Vice President, Fazer Group  
Bachelor of Arts, Business & Human Resources Management Postgraduate Degree, Human Resource Strategies

Jouni Grönroos  
b. 1965  
CFO and Deputy CEO, Fazer Group  
Master of Economic Sciences

Markus Hellström  
b. 1974  
Managing Director, Fazer Confectionery and Executive Vice President, Fazer Group  
Master of Sciences, Engineering

Sebastian Jägerhorn  
b. 1969  
Legal and Executive Vice President, Fazer Group  
Master of Arts, Master of Economic Sciences

Mats Liedholm  
b. 1965  
Managing Director, Fazer Lifestyle Foods and Executive Vice President, Fazer Group  
Master of Science, Marketing and International Business

Joséphine Mickwitz  
b. 1968  
Communications & Sustainability and Executive Vice President, Fazer Group  
Master of Economic Sciences

Lara Saulo  
b. 1972  
Executive Vice President, Managing Director, Fazer Bakery Business Area & Group Transformation, Fazer Group  
Master of Economic Sciences
5. Our businesses
Fazer’s businesses

**Fazer Bakery**
- Packed fresh & frozen bread
- Hand made artisanal bread made in 105 shop-in-shop bakeries*
- Long shelf life products

**Fazer Confectionery**
- Chocolate and sugar confectionery
- Home baking, biscuits, snack bars
- Retail operations including Gateau bakery shops and Fazer Cafés

**Fazer Lifestyle Foods**
- Non-dairy foods, plant-based meals, on-the-go snacking and smoothies, porridges, mueslis
- Fazer Mills’ B2B products (flours, mixes)

<table>
<thead>
<tr>
<th></th>
<th>Employees</th>
<th>Net sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fazer Bakery</td>
<td>5,880</td>
<td>549 M€</td>
</tr>
<tr>
<td>Fazer Confectionery</td>
<td>1,900</td>
<td>400 M€</td>
</tr>
<tr>
<td>Fazer Lifestyle Foods</td>
<td>430</td>
<td>177 M€</td>
</tr>
</tbody>
</table>

* Number of shop-in-shop bakeries in Finland 31.12.2020
Fazer Bakery

The leading bakery company in Finland, St Petersburg and Moscow, with a major presence in Sweden and the Baltic countries.

Cherished brands such as Fazer, Oululainen, Skogaholm, Hlebny Dom, Druva and Gardesis.

Bakery production in Finland, Sweden, Russia, Latvia and Lithuania.

105* shop-in-shop bakeries in Finnish retail and five in the Baltics.

Sales in over 20 countries.

Fazer-branded bake-off units in Russian and Finnish retail.

New expertise in gluten-free baking through the acquisition of Vuohelan Herkku.

We will invest in innovations in new areas.

We will further expand the shop-in-shop concept.

We will develop e-commerce to reach consumers in the channels of their choice.

Approx. 5,880 employees

Net sales 549 M€

*The number of shop-in-shop bakeries 31.12.2020. The number is expected to reach 125 by the end of 2021.
Bake-it Easy PRO Bake frozen products successfully launched in Russia

Fazer successfully launched the Bake-it Easy PRO Bake products for Russian consumers in 2020.

The product range includes frozen bread, sweet pastries, pizzas and doughs.

The innovative Pro bake technology allows consumers to bake the products without defrosting, reaching restaurant quality.

The product range responds to consumer needs in the ‘new normal’ as home cooking and baking are increasing in popularity.

The delicious novelties have already found their way into the hearts of Russian consumers.
Fazer strengthens its position in the gluten-free market

Fazer purchased the Vuohelan Herkku bakery and mill businesses, which are specialised in gluten-free baking, in early 2020.

Following the acquisition, Fazer is renewing its entire gluten-free portfolio and it will be rebranded in the next few years.

Vuohelan Herkku’s expertise in gluten-free baking combined with Fazer’s strong brands creates significant new opportunities in the market.

The acquisition included a gluten-free, modern bakery in Lahti, and a mill in Joutsa, Finland.

With the acquisition, Fazer became one of the top players in the gluten-free market in Finland.

Fazer believes the gluten-free market will grow significantly in the coming years.
Fazer is Finland’s leading confectionery company. Strong market position in Sweden, the Baltic countries and global travel retail.

Wide offering with brands such as Karl Fazer, Tutti Frutti, Dumle, and Geisha.

All confectionery production is located in Finland.

Sales in over 40 countries.

Expanding presence in the global travel trade.

14 Fazer Cafés in Finland, 29 Gateau bakery shops in Sweden and 15 in Finland.

New online sales channels support growth.

We will invest in growth in the Nordics and Baltics.

We will capture new business opportunities by developing online sales channels, assortment and store design.

We will grow our market share across markets with a balanced offering.

Approx. 1,900 employees
Net sales 400 M€
Indulgence for future consumer needs

Test version of Oat Choco, a plant-based version of Fazer milk chocolate utilising Finnish oat was launched in own channels in June 2020.

First Fazer chocolate sweetened with xylitol.

Strong growth in our online stores

- Fazer Store: launched in 2018, growth 265% from 2019 (however, not only confectionery products)
- Personalised Karl Fazer Blue-chocolate tablets, growth from 40,000 in 2019 to 192,000 in 2020
- Gateau
- Fazer Café

Gateau and Fazer Café online stores were launched in spring 2020 in a very agile and quick process to react to the challenges of the COVID-19 pandemic. The online stores will be further developed to serve the needs of the consumers also post-COVID.
Fazer Lifestyle Foods

Focuses on plant-based meals, non-dairy products, on-the-go snacking and smoothies, breakfast foods such as porridges, cereals and mueslis.

Established in 2017.

Targets modern, health-conscious consumers with sustainable lifestyles.

Brands include Fazer Yosa, Fazer Aito, Fazer Alku, Frebaco and Froosh.

In addition to plant-based foods, the product range includes flours, mixes and ingredient solutions for businesses.

Fazer Lifestyle Foods' ambition is to become one of the leading plant-based players in Northern Europe.

Our expertise in foodtech plays a key role in generating future growth.

We will invest in our non-dairy strategy to build an innovative, consumer insight-driven offering.

Approx. 430 employees
Net sales 177 M€
Fazer Oat rice – a true innovation for better health and climate

Fazer Oat rice, a new meal component made of oat, answers the consumers’ growing demand for sustainable, climate-smart food solutions.

Oat rice is a plant-based, locally sourced product with a low carbon footprint.

Fazer Oat rice has a significantly better nutritional value than competing products in the category.

Oat rice was first successfully launched in Sweden by Fribaco, then in Finland under the Fazer Alku brand followed by Norway and Denmark.

In Sweden, the product won the Swedish Food Award 2020.
6. Our people
Fazer as an employer – Shared responsibility for success

Fazer wants to provide a culture of diversity and inclusiveness where all employees can experience an equal working community with a motivating, respectful and safe work environment.

We nurture a culture where our employees perform, engage and develop together. It means taking initiative, looking further than completing our task, understanding the impact of our contribution and taking responsibility for the result.

Fazer is continuously developing its culture, emphasising shared responsibility for the company’s success.

We care for each other and focus on the well-being and engagement of our employees, continuously developing our people and management.

At the end of 2020, Fazer employed ca. 8,500 people in the continuing operations.
Updated values help us provide Northern Magic. Made Real.

In 2020, we renewed Fazer’s values and behaviours.

OUR VALUES
Northern Liberty, Fearless Creativity and True Relationships

OUR BEHAVIOURS
We make magic happen
We improve every day
We win as one Fazer

Fazer’s new values are also our brand themes. They connect the consumer experience we create and the employee experience we share as we craft our products and services.
Values & Behaviours brought to life through discussions

In 2020, Fazer held Values & Behaviours discussion sessions in all operating countries to make the updated values part of everyday work.

The discussions started in the spring and continued as virtual sessions after a break caused by the COVID-19 pandemic.

The sessions aimed to help all Fazer employees to better understand how we can make our values come to life and encounter each other.

The discussions were a joint effort managed by HR and communications and reflect well the Fazer spirit of working together towards a shared goal.
Almost 8,500 employees internationally

**EMPLOYEES BY BUSINESS AREA**
- Fazer Bakery: 5,880
- Fazer Confectionery: 1,904
- Fazer Lifestyle Foods: 428
- Group shared functions: 284

**EMPLOYEES BY COUNTRY**
- Finland: 3,681
- Russia: 2,376
- Sweden: 1,762
- Latvia: 296
- Lithuania: 250
- Estonia: 72
- Denmark: 52
- Norway: 7

Number of employees in continuing operations 31.12.2020
7. Sustainability
We see food as a solution.

How we grow, produce and consume food has a significant impact on the environment, on society and on our well-being.
Our Core goals by 2030 guide our sustainability work

**Goal 1**
50% LESS emissions

**Goal 2**
50% LESS food waste

**Goal 3**
100% sustainably sourced

**Goal 4**
MORE plant-based
Majority of the emissions outside our own operations originate from producing our raw materials such as grain, cocoa and milk.

**Goal 1:**
- **50% Less emissions**
  - 2019: 2.29 CO₂e tonnes/tonne
  - 2020: 2.11 CO₂e tonnes/tonne
  - Decrease: 8%

**Goal 2:**
- **50% Less food waste**
  - 2019: 0.051 tonnes/tonne
  - 2020: 0.047 tonnes/tonne
  - Decrease: 8%

**Goal 3:**
- **100% sustainably sourced**
  - 2020

**Goal 4:**
- **More plant-based**
  - 2019: 45%
  - 2020: 45%
  - Share of plant-based offering (SKU)
Goal 1: 50% less emissions by 2030
Goal 1: 50% less emissions by 2030

Excess CO₂ in the atmosphere contributes to climate change. To combat climate change, we will reduce our CO₂ emissions.

Sustainable food production plays an important role in preventing climate change. It also helps secure raw material availability in the future.

We believe that by reducing the impacts of food production, we can really make a difference.

We measure our energy consumption, water usage and amount of food waste continuously.

We look for new ways to use production side streams.

We monitor our carbon footprint and we are committed to reducing our CO₂ emissions.

Since 2019, we have reduced our emissions per each tonne of produced food by 8%.
Goal 1: 50% less emissions
How we’ve reduced emissions so far

From 2019, we had reduced our emissions by 8%. To make this happen we have, for example:

1. Improved energy efficiency in our production units.
2. Bought only green electricity from non-fossil sources in Finland, Sweden and Latvia.
3. Cooperated with our producers, customers, researchers and other stakeholders to find sustainable solutions to farming, to mitigate climate change. We joined the Carbon Action platform in 2019.

We are also making plans to increase the use of renewable energy in our production and turn transportation fossil-free.
Committed to Science Based Targets

Fazer has committed to set the Science Based Targets (SBT). Science Based Targets initiative is a cooperation between UN Global Compact, WRI, WWF and CDP.

The goal is to take swift climate actions by setting emission reduction targets in line with the Paris Agreement.

Fazer will define new climate targets and develop its cooperation with suppliers to reduce emissions in own operations and throughout the value chain.
Goal 2: 50% less food waste by 2030
Goal 2: 50% less food waste by 2030

Food waste has a major impact on climate, water, land and biodiversity.

Cutting down on food waste is one of the most efficient ways to reduce food’s impact on the climate and the environment.

Food waste is also costly – reducing it creates value for business.

We have started several actions to reduce food waste and to increase utilising side streams.

We cooperate actively to find new solutions to food waste.

-8% Food waste 2019–2020

From 2019 to 2020, we reduced the amount of food waste per each tonne of produced food from 0,051 to 0,047 tonnes.
Goal 2: 50% less food waste
How we’ve reduced food waste so far

We have taken several steps – both big and small – to reduce food waste in our production.

1. We are building a xylitol factory next to Fazer’s oat mill in Lahti. The xylitol manufacturing facility uses oat hulls – a side stream from the oat mill – to produce xylitol.

2. We cooperate with Lahti Energia to have a bio-heating facility built on our site in Lahti. The new facility will use our production side streams to produce bioenergy for our mill, bakery and rye crisp production lines, as well as the new xylitol factory.

3. We have a long tradition of using production scrap to create tasty novelties. Did you know that some of our classics – like Pätkis and DaCapo – are a result of inventive rework?
Goal 3:
100% sustainably sourced by 2030
Goal 3: 100% sustainably sourced by 2030

Sustainably sourced means that the product or raw material is produced in a way that is sustainable – for people and the planet.

We cooperate, look for new innovations and promote the use of best available practices for sustainable sourcing.

In the end of 2020, 52% of total spend had signed the Supplier Code of Conduct.

Our actions affect people and their livelihoods, societies, and the environment.

To us, sustainably sourced means two things:

- In our Supplier Code of Conduct we have basic requirements for all our suppliers.
- We put extra effort on certain value chains such as cocoa, grain, palm oil and soy, which are particularly risky.

Our commitments

We use only 100% sustainable cocoa, palm oil and soy.

We have committed to 100% cage-free eggs by 2024 in Finland, Sweden and the Baltics, and by 2030 in Russia.
**Sustainable sourcing**

**We use 100% certified palm oil**

**Fazer’s Grainvision**

By 2025 all grain we use in consumer products in Finland and Sweden will meet the Sustainable Grain Farming Principles.

**We use 100% sustainable certified soy**

**We use 100% sustainable cocoa**

We source cocoa through direct programmes in e.g., Ivory Coast and Nigeria (31% of cocoa) and UTZ/Rainforest Alliance and Fairtrade Cocoa Programme -certified cocoa (69%).

**We follow WWF’s seafood guide**

**Cage-free eggs**

We are committed to using only cage-free eggs in the Nordic and Baltic countries by 2024, and in Russia by 2030.
Goal 4: More plant-based
Goal 4: More plant-based

We want to support people’s quest for healthier and more sustainable lifestyles. To add moments of joy and well-being to every day.

We develop our offering to reflect the benefits of plant-based foods on people’s well-being and on the planet. We respond to consumer needs – and food trends such as flexitarianism.

One of our growth areas is Fazer Lifestyle Foods, which focuses on plant-based products.

Our aim is to create delicious, sustainable food experiences that make each day a little better.

<table>
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<th>2015</th>
<th>2020</th>
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<td>36%</td>
<td>45%</td>
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Increased share of plant-based in our offering (% of SKU’s)
Sustainability – For People, For Planet and For Business

We want to actively participate in sustainability dialogue, take a stand and create solutions that respond to the global challenges of our time.

Fazer approaches sustainability through three areas: For People, For Planet and For Business.
Fazer’s approach to the United Nations’ Sustainable Development Goals

We have defined the ways in which our work contributes to the realisation of the United Nations’ Sustainable Development Goals (SDGs).

We see food as a solution and know that the food industry has a significant impact on reaching the goals.

We are strongly committed to supporting the implementation of the SDGs and encourage active stakeholder dialogue on them.
Sustainability highlights 2020

For people

LTAF (Lost time accident frequency) improved to 4.7.

Values & Behaviours discussions were held to make renewed Fazer values become alive.

Results in the Fazer Pulse survey improved in every measured area and in all businesses.

Diversity e-learning was launched in Fazer Campus.

Fazer in Russia received the “Made in St. Petersburg” award for social responsibility.

For planet

Energy efficiency improved by 18% from the 2011 baseline and waste generation decreased.

Fazer partnered with Baltic Sea Action Group (BSAG) and Reaktor in creating the Farmers’ training platform for regenerative farming.

We introduced Fazer Oat rice, with excellent nutritional value and low carbon footprint.

Systematic work was carried out to define and develop sustainable sourcing.

For business

Construction of new factory that produces xylitol from oat hull and of the adjoining bio-heating facility proceeded according to plan.

Fazer made a further investment in Solar Foods, which has developed a novel protein ingredient, Solein®.

Suppliers representing 52% of Fazer’s spend signed the Supplier Code of Conduct.

Fazer received an all-time high score in the Reputation & Trust survey in St. Petersburg, with good results in Finland and Sweden.