

SAGA FURS OYJ'S HALF-YEAR FINANCIAL REPORT H1 2020/2021 June 29, 2021

This is a summary of the official half-year (Nov 1, 2020, to April 30, 2021) financial report of Saga Furs Oyj published today. The report is available at www.sagafurs.com in Finnish and in Swedish.

Brokerage sales and revenue into new growth, strong profitability improvement

- Market demand for fur pelts recovered, the number of auctioned pelts more than doubled and the prices of especially minks were on the rise.
- During the six-month period ending April 30, 2021, the value of brokerage sales more than tripled from the comparison period and was EUR 144 million (EUR 45 million for the period of comparison).
- Revenue grew by EUR 11 million and was EUR 21 million (EUR 10 million).
- Consolidated costs decreased and were EUR 18 million (EUR 23 million).
- Operating profit improved to EUR 3.9 million (EUR -12.5 million).
- Net financial income rose to EUR 3.8 million (EUR 1.7 million).
- Pre-tax profit was at EUR 7.6 million (EUR 10.8 million pre-tax loss).
- Earnings per share were EUR 1.73 (EUR -2.44).

Consolidated key figures	11/20-4/21	11/19-4/20	11/19-10/20
	6 mo	6 mo	12 mo
Total sales, MEUR	144,0	45,3	156,9
Total amount of skins sold, million pcs	3,8	1,6	8,0
Net turnover, MEUR	21,0	9,7	28,2
Operating profit/loss, MEUR	3,9	-12,5	-12,6
Profit before taxes, MEUR	7,6	-10,8	-10,4
Earnings per share, EUR	1,73	-2,44	-2,37
Return on equity, (ROE) %	7,6 %	-10,6 %	-10,2 %
Return on investment, (ROI) %	6,2 %	-5,5 %	-5,0 %

CEO review

For Saga Furs Oyj, the first half of the financial year 2020-2021 marked a return towards normal and a gradual return of business to pre-pandemic levels, in some cases even above it. The June auction after the review period confirmed this positive development.

In brokerage sales, we saw a clear upward correction during the review period, as in particular buyers from Asia returned to the market after the disruption caused by COVID-19 pandemic. We saw also cautious recovery in European demand as Western fashion houses were able to start design new collections.

The pick-up in demand restored much-needed confidence to the price level of pelts. Intensified demand and the global unravelling of overproduction raised mink pelt prices to a level that is profitable from the point of view of the fur producers' business. The rise in the prices of fox pelts has been more cautious, but there was already some competition between buyers, especially for better qualities, at the spring auction. At the June auction after the end of the review period, both sales volumes and prices of mink pelts continued to rise.

At the time of reporting, we are in a good position in Saga Furs' financial development. As a result of the adjustment measures taken last year, our cost structure is more flexible than before and thus our ability to adapt to possible new market disruptions is better.

In the second half of the financial year, we will still have to balance between the auction operations hampered by the pandemic and the growing demand for furs. We hope that at the end of the period or at the latest at the beginning of the next financial year, we will be able to return to normal auction operations. Our online auction has earned the trust of our customers, so we can auction even large amounts of pelts should travel and other restrictions continue.

We continued to distribute only certified mink, fox and Finnraccoon in accordance with our responsibility principles. In the new situation, Saga Furs, as the only large Western auction house to continue its business, has a big role to play in promoting responsibility of the industry.

We will continue to develop Saga Furs' business with the organization we established one year ago. The fur industry's adaptation to the market situation changed by the COVID-19 pandemic has also required dramatic action, but these changes have also led to better business conditions than for years for producers still operating in the sector and for Saga Furs. We have a very strong position in the industry, and we expect to collect more mink pelts for the upcoming 2021/2022 auctions than ever before.

Events after the reporting period

Saga Furs organized its third fur auction for the financial year 2020/2021 online on June 10-17, 2021. The value of brokerage sales was EUR 188 million, which was clearly more than the total brokerage sales of the financial year 2019/2020 (EUR 157 million) and the brokerage sales of the first half of the financial year 2020/2021 (EUR 144 million). Nearly 3.6 million mink pelts were sold at the auction out of the 3.8 million pelts on offer. The price level increased significantly for all pelt types. About 95 percent of the 590,000 certified Saga® fox and Finnraccoon pelts offered were sold. Strong demand led to a clear rise in prices for fox pelts as well. Sales went mainly to China, but pelts were also sold to other main markets. Saga Furs will hold its next auction in September 2021.

Business outlook

Saga Furs estimates that the value of brokerage sales and net sales for the financial year will clearly exceed the level of the financial year 2018/2019 prior to the pandemic (2018/2019: brokerage sales EUR 297 million and net sales EUR 45 million). The company estimates that the result for the financial year will be significantly better than previously estimated and clearly profitable.

Vantaa June 29, 2021

SAGA FURS OYJ

BOARD OF DIRECTORS

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