



# Atria Plc Interim Report Q1/2023

1 January - 31 March 2023

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Hyvä ruoka – parempi mieli.

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## Atria Group 1 January – 31 March 2023

EUR million	Q1	Q1	2022
	2023	2022	
Net sales	428.0	374.8	1,696.7
EBIT before items affecting comparability	10.9	2.3	49.0
Adjusted EBIT, %	2.5%	0.6%	2.9%
<b>Items affecting comparability of EBIT</b>			
Impairment of goodwill and brands	0.0	0.0	-51.1
Refund of employment pension contribution	0.0	0.0	1.3
Sale of real estate in Malmö	0.0	0.0	9.7
Effect of the sale of subsidiaries	0.0	0.0	-8.8
<b>EBIT</b>	<b>10.9</b>	<b>2.3</b>	<b>0.1</b>
<b>EBIT, %</b>	<b>2.5%</b>	<b>0.6%</b>	<b>0.0%</b>

### Atria's net sales increased - strong performance by Atria Finland

- Consolidated net sales increased as a result of increased sales prices and stable sales volumes.
- EBIT grew in Finland, where the first quarter was successful. Sweden's EBIT was burdened by additional costs caused by the transfer of production of approx. EUR 1.3 million.
- The costs of raw materials, supplies, energy and external services were higher than in the comparison period.
- Atria initiated change negotiations concerning the rearrangement of pig slaughtering and cutting at Atria's Nurmo plant in Finland. In Denmark, an efficiency programme was launched to improve profitability.
- The change in consumer behavior caused by the economic recession has favoured the sales of Atria's diverse product range, especially in the retail sector.
- Atria started purchasing Series A treasury shares in March. A maximum of 100,000 shares will be purchased, which corresponds to approx. 0.35% of the company's stock.

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## Atria's responsibility

- Atria Finland's vacuum-packed mince will be sold in packages made from bio-based material from now on. The mince package's carbon dioxide emissions will reduce by 48% and the amount of fossil-based plastic used in packaging will reduce by approximately 120,000 kg per year.
- Atria Finland joined the Diversity Commitment of Finnish Business & Society (FIBS), the biggest corporate responsibility network in the Nordic countries. According to this Commitment, the company undertakes to voluntarily promote diversity, inclusion and equality in its work community.
- The solar power plant extension at the Nurmo plant has been taken into use. After the commissioning of the extension, Atria's annual solar power output will be roughly 9,000 MWh. Approximately 8% of Atria's Nurmo plant's annual energy consumption is covered by solar power.
- In cooperation with Valio and Natural Resources Institute Finland, Atria Finland has been developing a nationwide calculation model for the carbon footprint of cattle farms. Atria and Valio have been preparing the Carbo® calculator, which is based on the calculation model and suitable for beef cattle and suckler cow farms. With this calculator, Atria's more than 1,200 contract farms specialising in beef production can calculate the farm's environmental impacts and explore the most efficient ways to reduce these impacts.



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## Atria Finland 1 January – 31 March 2023

EUR million	Q1	Q1	2022
	2023	2022	
Net sales	323.5	274.3	1,265.3
EBIT	14.9	3.0	49.4
EBIT, %	4.6%	1.1%	3.9%

- **In January – March** net sales grew in all sales channels except exports. The increased net sales resulted from increased sales volumes and higher sales prices for retail and Foodservice customers. In addition, Ab Korv-Görans Kebab Oy acquired by Atria late last year increased net sales.
- EBIT was significantly better than in the corresponding period last year, thanks to increased sales. In addition, the sales structure was favourable, absence due to sick leaves decreased significantly from the previous year, and operational efficiency was at a good level.
- The costs of raw materials, supplies, commodities and external services were still significantly higher than in the comparison period. Meat producer prices were also significantly higher than in the corresponding period in the previous year.
- Atria Finland initiated change negotiations concerning the rearrangement of pig slaughtering and cutting at Atria's Nurmo plant in March. The planned rearrangements are based on the need to adjust production capacity to the current pork market situation. The rearrangements may result in a reduction of approximately 50 person-years of work input.

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## Atria Finland

- The Finnish retail market in the product groups represented by Atria grew by 14.3% in terms of value during the January–March period. The biggest growth took place in poultry products: 21%. The convenience food product group also grew significantly: 15%.
- Atria's supplier share in its product groups in retail was 25.7%, up 1.4 percentage points from last year's corresponding period.
- The Finnish Foodservice market in the product groups represented by Atria grew by 30.9% in terms of value. In the Foodservice market, the poultry product group grew as much as by 61% in value during Q1. Other product groups represented by Atria grew by 24–31%.
- In the Foodservice market, Atria's supplier share in its product groups was 21.8%, up 1.2 percentage points from last year's corresponding period.



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## Atria Finland

- The construction and building technology preparation of the new poultry plant are proceeding according to the planned schedule and phasing.
- The first process equipment installations have begun during the first quarter.
- The investment is estimated to total around EUR 160 million.



Construction site of the poultry factory in Nurmo, 21 April 2023

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## Atria Sweden 1 January – 31 March 2023

EUR million	Q1		2022
	2023	2022	
Net sales	81.8	82.1	356.2
Adjusted EBIT	-3.3	-0.9	2.3
Adjusted EBIT, %	-4.1%	-1.1%	0.7%
Items affecting comparability of EBIT:			
Impairment of goodwill and brands	0.0	0.0	-51.1
Refund of employment pension contribution	0.0	0.0	1.3
Sale of real estate in Malmö	0.0	0.0	9.7
EBIT	-3.3	-0.9	-37.8
EBIT, %	-4.1%	-1.1%	-10.6%

- **In January – March** the growth of net sales in local currencies, excluding the Russian fast-food business, was 16%. Sales price increases strengthened net sales.
- Raw material prices have remained very high during the review period. The price of pork started increasing in the EU towards the end of the period. This, combined with the weakening of the Swedish Krona, has had a negative impact on Atria Sweden's profitability.
- Sales prices were increased during the review period, but this was not sufficient to cover the increased costs.
- Meat product production was transferred from the Malmö plant to the Sköllersta plant, Örebro, during the review period according to plans. The Malmö plant will be closed later this year. The production transfer generated approximately EUR 1.3 million of additional costs, which deteriorated EBIT for the review period.

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## Atria Sweden

- In January–March, the sales value of all Atria's product groups in the Swedish retail sector increased compared to the corresponding period last year. In terms of volume, the market of Atria's product groups decreased.
- In terms of value, the sausage market grew by 3.9%, the cold cuts market by 4.3% and the poultry products market by 4.9%.
- In January–March, Atria's supplier share was 23.4% in sausages, 13.0% in cold cuts and 19.7% in fresh chicken products. (Source: AC Nielsen).
- During the first quarter of 2023, Atria launched several new barbecue season products to retail customers under the brands Lönneberga and Ridderheims.
- Sweden's public and private Foodservice markets have recovered in comparison with Q1 2022.



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## Atria Denmark & Estonia 1 January – 31 March 2023

EUR million	Q1		2022
	2023	2022	
Net sales	28.2	26.0	112.9
EBIT	-0.5	0.8	1.2
EBIT, %	-1.7%	3.0%	1.1%

- **In January – March** Atria's net sales in Estonia grew by approximately 20 per cent year-on-year as a result of increases in sales prices.
- Sales of consumer-packed pork in Estonia have decreased. Consequently, pork production at Atria's piggeries in Estonia has also been reduced. The prices of grain and feed remain high.
- In Denmark, lower sales volumes affected net sales. The sales volumes have decreased due to price increases and changes in consumer behaviour. In addition, the continued high raw material costs affected EBIT.
- Atria Denmark has launched an efficiency programme to improve its profitability. The programme includes centralising production to two plants and cutting personnel expenses. The review period's result includes ca. EUR 0.3 million in costs related to the efficiency improvement programme.

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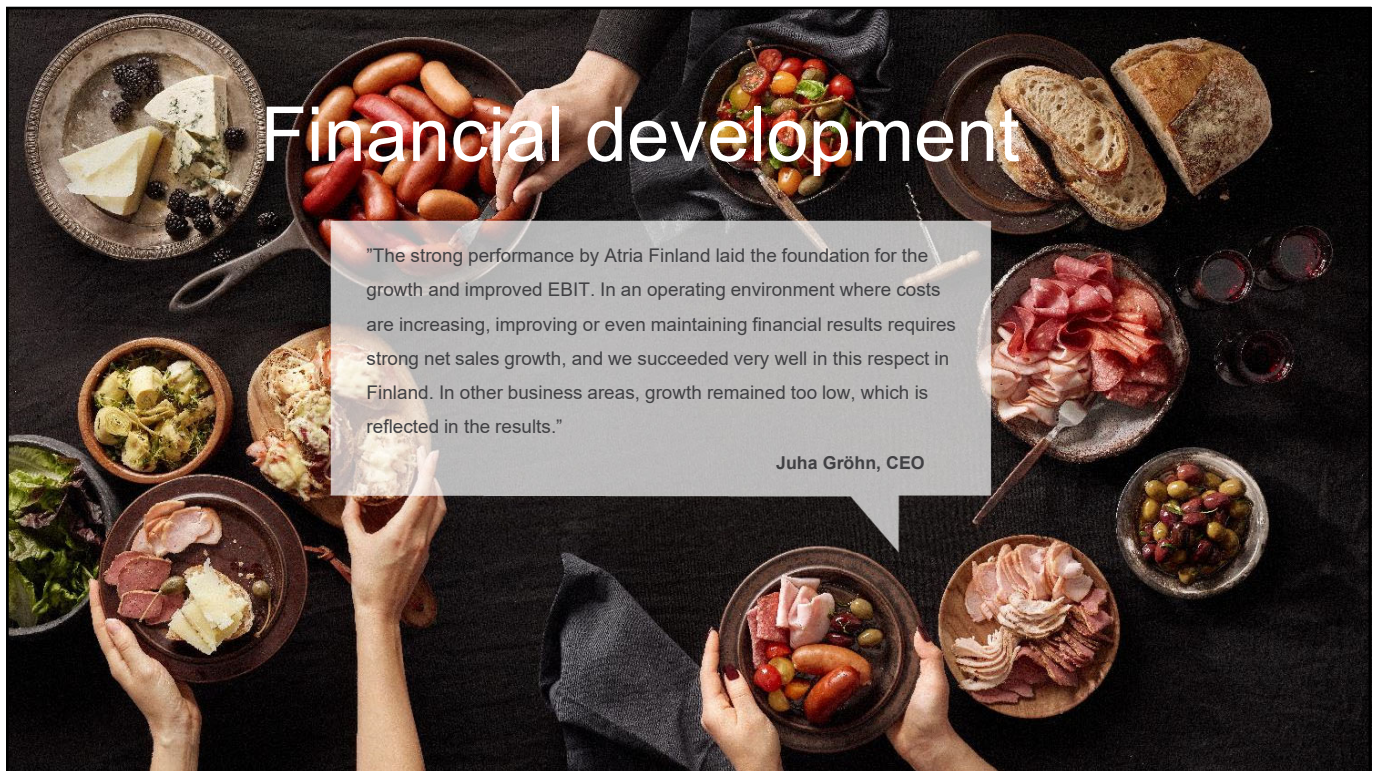
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## Atria Denmark & Estonia

- Atria's total market share in the Estonian retail market in its product groups was 21.7% in terms of value.
- The market share increased by 3.3 percentage points from the comparison period. Sales of meat products, especially hams, grill sausages and frankfurters, grew, while sales of consumer-packed meat decreased.
- Inexpensive Private Label products have reinforced their market shares in the Danish retail sector.
- Atria's total market share in its product groups in the Danish retail market was about 16% in terms of value.



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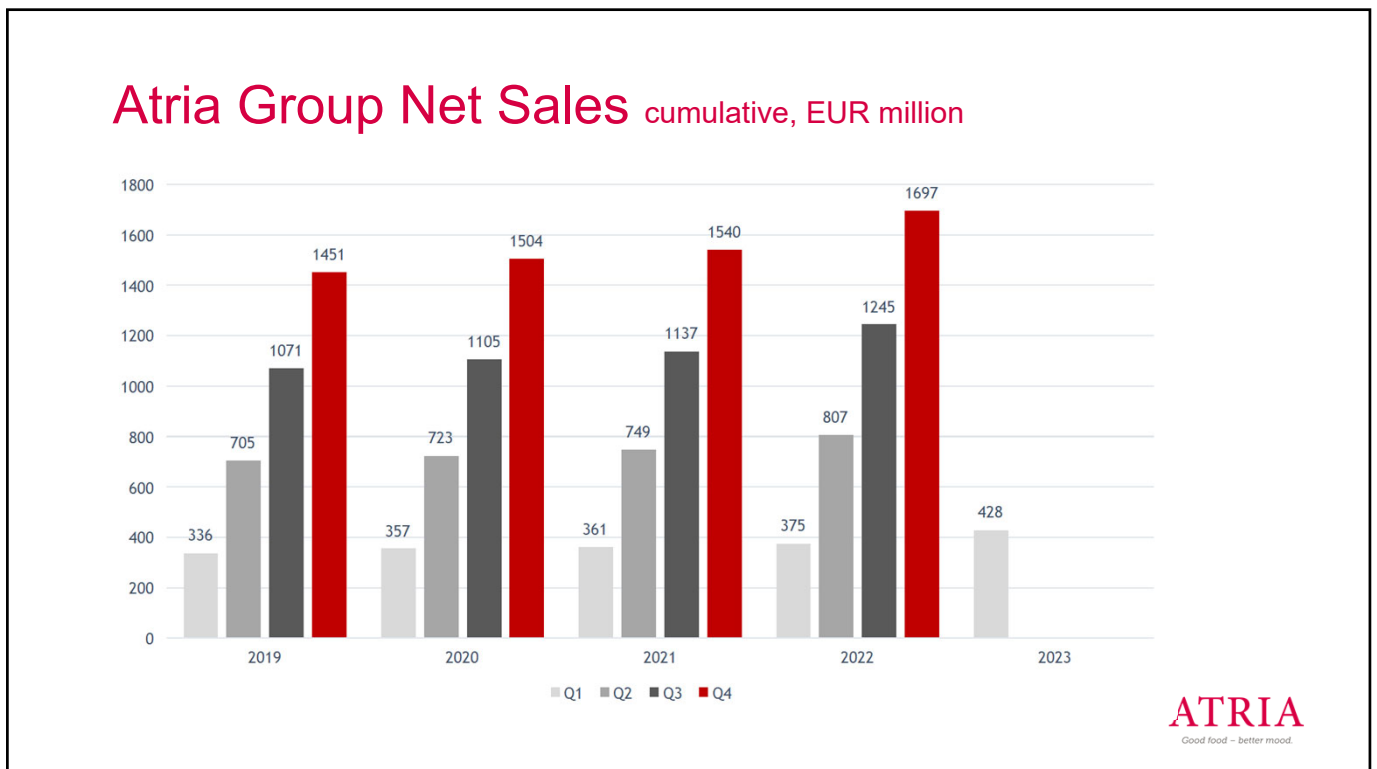


# Financial development

"The strong performance by Atria Finland laid the foundation for the growth and improved EBIT. In an operating environment where costs are increasing, improving or even maintaining financial results requires strong net sales growth, and we succeeded very well in this respect in Finland. In other business areas, growth remained too low, which is reflected in the results."

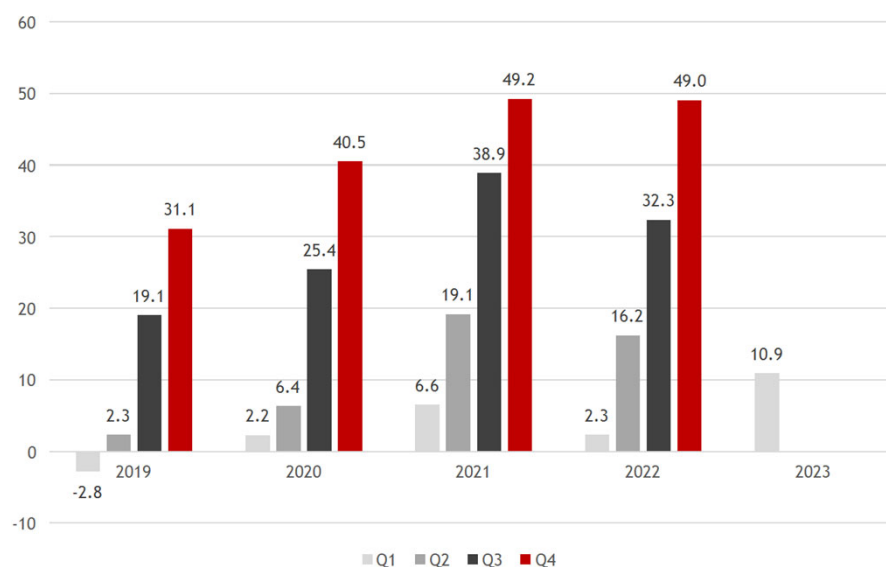
Juha Gröhn, CEO

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## Atria Group Adjusted EBIT cumulative, EUR million



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## Atria Group Financial indicators 1 January – 31 March 2023

EUR million	31 March 2023	31 March 2022	31 Dec 2022
Shareholders' equity per share EUR	15.62	16.33	15.90
Interest-bearing liabilities	290.1	220.5	265.7
Equity ratio, %	44.5%	49.2%	44.8%
Net gearing, %	60.7%	45.6%	50.5%
Free cash flow	-40.3*	-56.7*	-47.7**
Gross investments	27.4*	21.5*	131.4**
% of net sales	6.4%	5.7%	7.7%
Average FTE	3,879	3,724	3,698

\*1 Jan – 31 March  
\*\*1 Jan – 31 March 2022

- Consolidated interest-bearing net liabilities on 31 March 2023 amounted to EUR 277.4 million (31 December 2022: EUR 234.7 million).
- Equity decreased due to a change in the fair value of the derivative instruments employed as hedging, which amounted to EUR -12.9 million during the period (EUR +6.0 million).
- The Group's liquidity during the review period remained good.
- On 31 March 2023, the Group had undrawn committed credit facilities worth EUR 85.0 million (31 December 2022: EUR 85.0 million).
- The average maturity of loans and committed credit facilities at the end of the period under review was 3 years 7 month (31 December 2022: 4 years 1 months).
- Net financing costs have increased due to the rise in interest rates and were EUR -3.2 million (EUR -0.9 million) in the first quarter of the year. The average interest rate of the loan portfolio on 31 March 2023 was 3.82% (31 March 2022: 1.23%).

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## Atria Group Income statement

EUR million	1-3/2023	1-3/2022	1-12/2022
NET SALES	428.0	374.8	1,696.7
Costs of goods sold	-386.0	-343.2	-1,528.2
GROSS PROFIT	42.0	31.5	168.5
<i>% of Net sales</i>	9.8%	8.4%	9.9%
Other income	0.4	1.3	16.4
Other expenses	-31.5	-30.5	-184.8
EBIT	10.9	2.3	0.1
<i>% of Net sales</i>	2.5%	0.6%	0.0%
Finance income and costs	-3.2	-0.9	-3.4
Income from joint ventures and associates	1.1	1.4	4.9
PROFIT BEFORE TAXES	8.9	2.9	1.7
Income taxes	-2.0	-0.2	-5.5
PROFIT FOR THE PERIOD	6.9	2.7	-3.9

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## Atria Group Cash flow statement

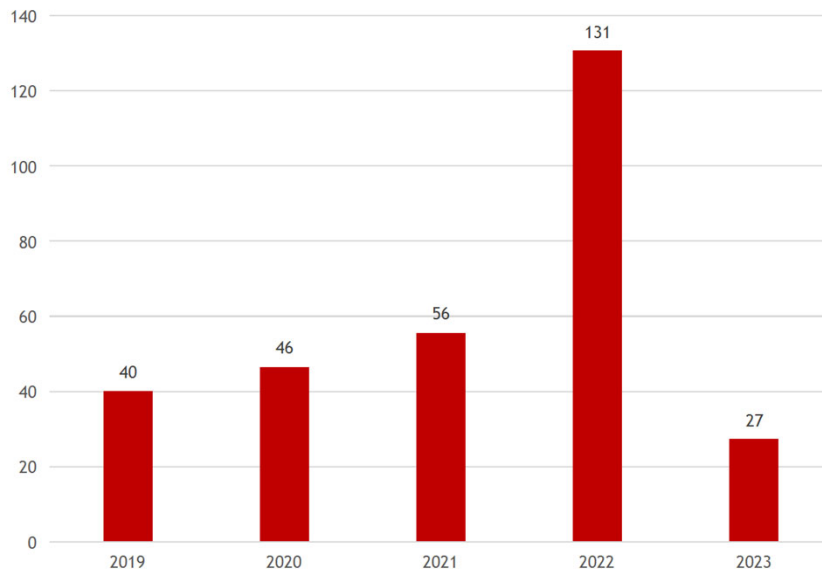
EUR million	1-3/2023	1-3/2022	1-12/2022
Cash flow from operating activities	-3.7	-32.0	63.9
Financial items and taxes	-9.6	-3.2	-10.2
NET CASH FLOW FROM OPERATING ACTIVITIES	-13.3	-35.2	53.8
Investments in tangible and intangible assets	-27.5	-21.4	-126.4
Proceeds from the sale of tangible and intangible assets	0.5	0.4	20.7
Acquired operations	0.0	0.0	-4.2
Sold operations	0.0	0.0	7.4
Changes in long-term receivables	0.2	0.4	-0.2
Change in short-term receivables	-0.3	-0.8	-0.8
Dividends received	0.0	0.0	2.1
NET CASH FLOW FROM INVESTING ACTIVITIES	-27.0	-21.4	-101.5
FREE CASH FLOW	-40.3	-56.7	-47.7
Changes in interest-bearing liabilities	22.3	3.5	38.9
Dividends paid	0.0	0.0	-18.5
NET CASH FLOW FROM FINANCING ACTIVITIES	22.3	3.5	20.3
CHANGE IN LIQUID FUNDS	-18.1	-53.2	-27.4

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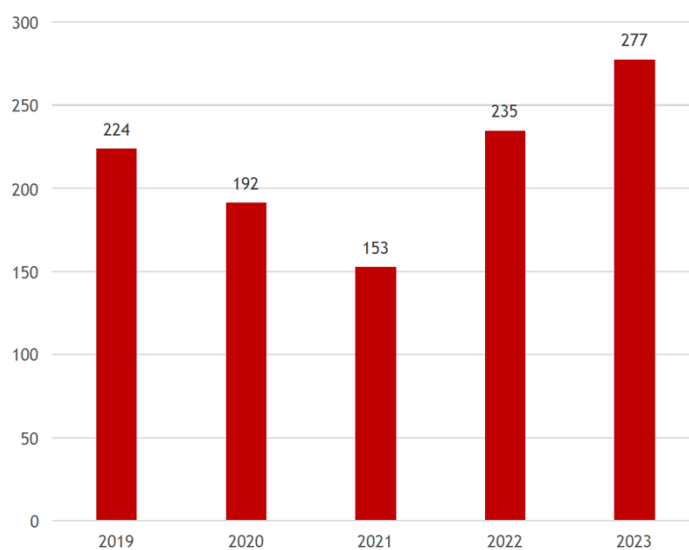
## Atria Group Gross investments, EUR million



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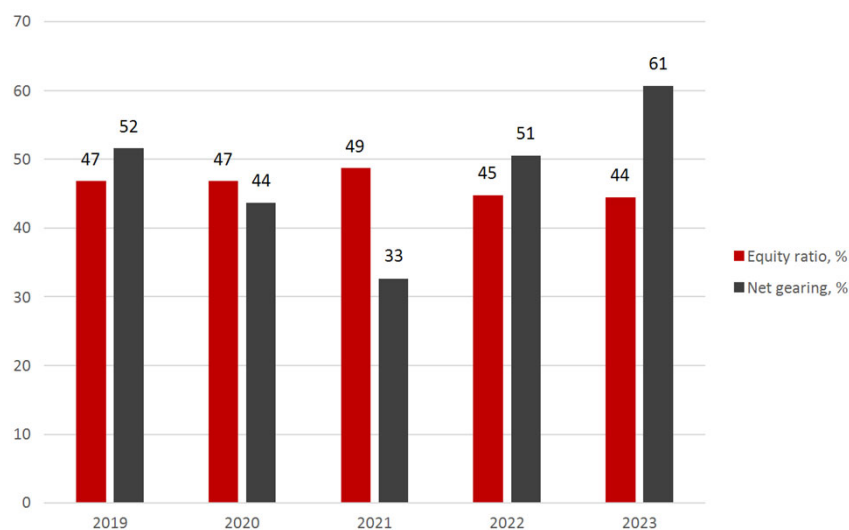
## Atria Group Net debts, EUR million



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## Atria Group Equity ratio & Net gearing, %



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## Business risks in the review period and in the short term

- Geopolitical risks
- Cost inflation and increased loan interest rates, which have affected consumers' purchasing behaviour
- Cybercrime and information interference
- Serious animal diseases such as highly pathogenic avian influenza and African swine fever

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## Outlook for the future

- Atria Group's adjusted EBIT in 2023 is expected to be smaller than in the previous year (EUR 49.0 million).
- During 2023, the company will commission a major expansion at its Sköllersta plant in Sweden, and the phased start-up and testing of the new poultry plant in Nurmo will begin. These measures will result in additional costs in 2023.
- In addition, high costs, weakened consumer purchasing power and global political uncertainty will continue to affect the business environment in 2023. Atria's strong market position and strong brands, good customer relationships and reliable industrial processes will enable stable business also in 2023.

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## Board of Directors' proposal for profit distribution for 2022

- The Board of Directors proposes that a dividend of EUR 0.70 (EUR 0.63) be paid for each share for the 2022 financial period.

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Thank you!

Q2/2023 will be published on 20 July 2023.