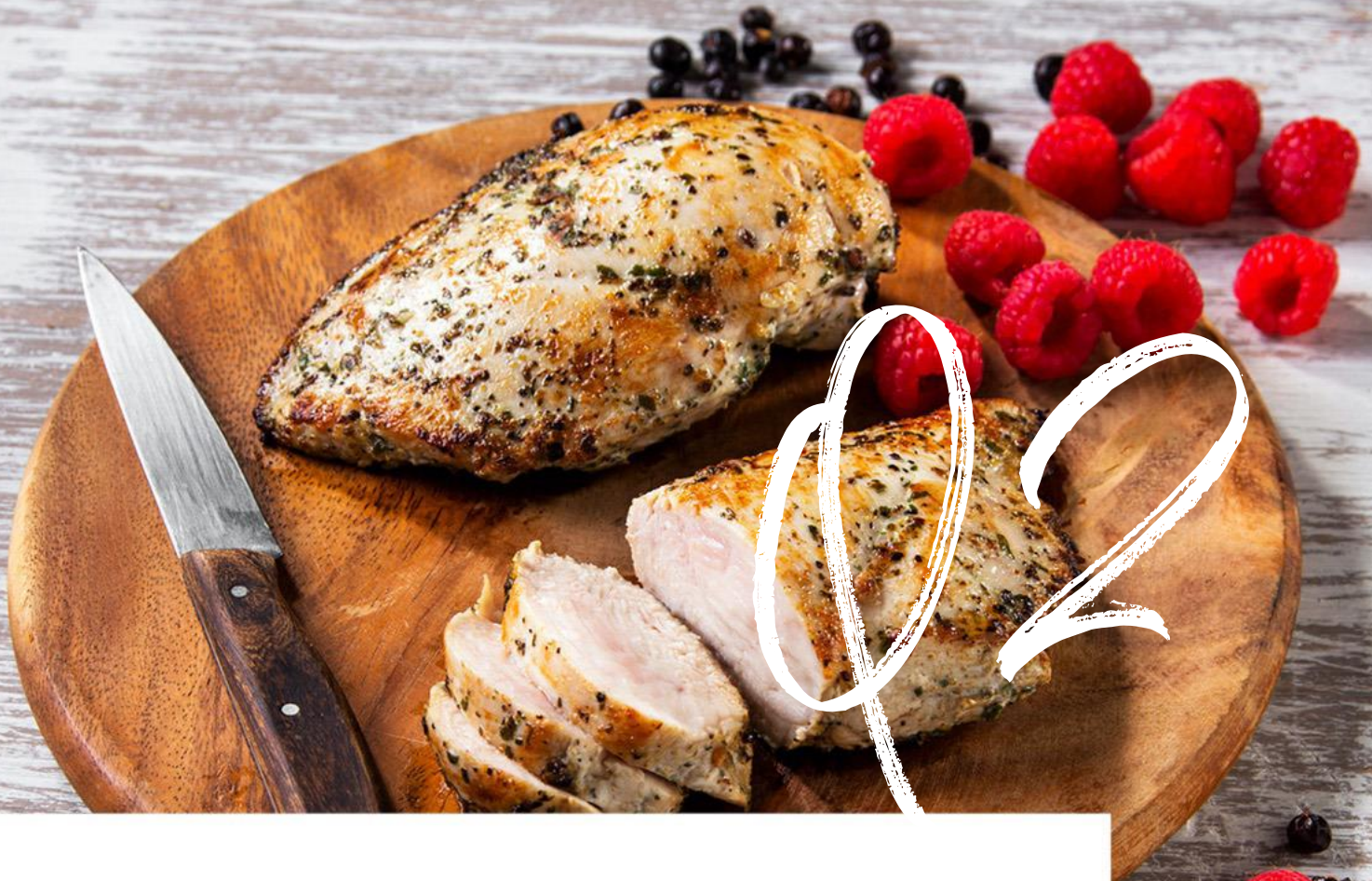


ATRIA

Good food – better mood.



Atria Plc Half-Year Financial Report 2020

1 January – 30 June 2020

Atria's EBIT and net sales remained stable in the second quarter

April–June 2020

- Consolidated net sales totalled EUR 366.3 million (EUR 368.9 million).
- Consolidated EBIT was EUR 4.1 million (EUR 5.1 million), or 1.1 per cent (1.4%) of net sales.
- The coronavirus pandemic (COVID-19) affected Atria's business: sales to Food Service customers decreased in all business areas, but on the other hand, sales to retail grew.
- Atria Finland's improved operative efficiency strengthened EBIT, but net sales remained at the previous year's level.
- Atria Sweden's and Atria Russia's net sales and EBIT declined due to the reduced Food Service and fast food sales. Sales and EBIT improved at the end of the period under review.
- Atria Denmark & Estonia's net sales grew almost 15% due to increased sales to retail.
- Market conditions took a turn for the better in all of Atria's business areas in June.

January–June 2020

- Consolidated net sales totalled EUR 723.0 million (EUR 705.3 million).
- Consolidated EBIT was EUR 6.4 million (EUR 2.3 million), which is 0.9 per cent (0.3%) of net sales.
- Atria Finland's improved net sales and good operative efficiency strengthened EBIT.
- Atria Sweden's net sales grew by 3 per cent in the local currency, and operating loss decreased from the previous year. EBIT was weighed down by an unfavourable sales structure.
- Atria Denmark & Estonia's net sales improved due to increased sales volumes and higher prices.
- Atria Russia's EBIT was weighed down by exceptionally weak sales in April-May.
- Market disruption caused by the coronavirus pandemic reduces business predictability.

	Q2	Q2	H1	H1	
EUR million	2020	2019	2020	2019	2019
Net sales					
Atria Finland	263.0	263.7	515.6	504.7	1,033.8
Atria Sweden	71.7	74.4	143.2	141.0	289.4
Atria Denmark & Estonia	26.9	23.5	53.3	45.3	96.6
Atria Russia	13.3	18.5	29.4	34.2	73.8
Eliminations	-8.6	-11.2	-18.5	-19.9	-42.3
Net sales, total	366.3	368.9	723.0	705.3	1,451.3
EBIT					
Atria Finland	7.3	6.4	13.5	10.3	40.0
Atria Sweden	-2.1	-1.5	-4.1	-5.6	-6.1
Atria Denmark & Estonia	1.1	1.0	1.4	1.6	4.4
Atria Russia	-1.4	-0.3	-2.8	-2.5	-4.0
Unallocated	-0.7	-0.5	-1.7	-1.5	-3.1
EBIT, total	4.1	5.1	6.4	2.3	31.1
EBIT%	1.1 %	1.4 %	0.9 %	0.3 %	2.1 %
Profit before taxes	3.6	3.5	4.7	-0.3	26.2
Earnings per share, EUR	0.07	0.07	0.08	-0.08	0.54

Juha Gröhn, CEO

"The Atria Group's net sales during the second quarter of this year totalled EUR 366.3 million and EBIT totalled EUR 4.1 million. Taking account of the exceptional situation caused by the coronavirus, we can be moderately satisfied with sales and profitability in the second quarter. Operationally, the period went smoothly – very few employees have been ill with the coronavirus, and plants have continued operations. Our measures to prevent the spread of the virus have been shown to be effective.



Sales in the second quarter were unusual. Households stocked up supplies at the end of March, and sales of basic products for preparing food at home were particularly brisk. Demand levelled off quickly in April with sales over Easter, for example, being lower than normal. Sales in May were also sluggish. In June, the easing of restrictions put in place due to the coronavirus increased demand in all of Atria's business areas and sales were also good. The warm weather also drove sales in June.

The coronavirus restrictions have had the biggest effect on Food Service sales. Business areas where the Food Service share in net sales is large have suffered the worst impact both in net sales and in earnings. Russia and Sweden experienced the biggest decrease in sales, but the effects in Finland were also significant. Sibylla's sales decreased everywhere - particularly in Russia where Sibylla's drop in April was severe, as 70 per cent of the net sales disappeared. Sibylla's sales returned to a normal level at the end of the period under review and even partly rose above that of the same period of the previous year.

Sales to retail have grown in all of Atria's business areas, but the growth was not sufficient to make up for losses in Food Service sales. The Finnish retail market for the product groups represented by Atria has grown by 9 per cent in terms of value. The waning in Food Service sales has made the sales of fillets and roasts, among other things, difficult. Certain product groups of convenience food have also suffered from corona. For example, the consumption of snacks decreased. Demand for meat products have been rising and the development of poultry is still growing.

Pork exports to China have gone smoothly with the volume being even better than expected, but the price level in the Chinese markets decreased. Swings in price levels in China are large and rapid.

News about corona in Atria's home markets has been encouraging in recent weeks as the spread of the disease has been brought under control. People now can and dare to move about and also consume – as shown by the good sales numbers for June. However, there is reason to prepare for swings in sales volume. Everyday life at Atria has gone well, so the ability to operate as the market dictates is good."

April–June 2020

Atria Group's net sales for April–June totalled EUR 366.3 million (EUR 368.9 million). EBIT amounted to EUR 4.1 million (EUR 5.1 million). Atria Finland's net sales remained roughly at the same level year-on-year: sales to retail and for export grew, but on the other hand, sales to Food Service customers decreased. Atria Sweden's and Atria Russia's net sales decreased due to reduced restaurant and fast food sales. Atria Denmark & Estonia's net sales grew almost 15 per cent due to increased sales volumes and higher prices.

Atria Finland's net sales grew, which was due to good operative efficiency and managing the seasons. Atria Sweden's and Atria Russia's the sharp weakening of sales to Food Service and fast food customers weighed down earnings in April–May. Atria Denmark & Estonia's EBIT improved with the growth in net sales. Increased meat raw material costs and an unfavourable sales structure at the beginning of the year weakened the earnings improvement.

The effects of the coronavirus pandemic on Atria's business were at their worst in April–May. The pandemic restrictions began to ease in June and sales volumes took a turn for the better. The export volumes of pork from Finland to China were at a good level, but the fall in sales prices in May weighed down on profitability.

January–June 2020

Atria Group's net sales for January–June totalled EUR 723.0 million (EUR 705.3 million). EBIT amounted to EUR 6.4 million (EUR 2.3 million). Atria's net sales in Finland grew due to increased sales to retail and for exports at the beginning of the year. Export volumes of pork to China in particular were quite good. Atria Finland's increased net sales and good operative efficiency strengthened EBIT.

Atria Sweden's net sales grew by 3 per cent in the local currency from the previous year and earnings were better than the previous year. Atria Sweden's EBIT for the comparable period includes EUR 1.4 million of costs related to employee arrangements. Atria Denmark & Estonia's net sales grew by approximately 18 per cent, which was due to increased sales volumes to retail and higher prices. Sales of Atria Russia's Food Service and Sibylla products increased at the beginning of the year, but sales fell sharply in April–May.

The exceptional circumstances caused by the coronavirus pandemic affected Atria's business environment starting from the end of the first quarter. National restrictions and recommendations related to restaurant operations and public food services had an impact on Atria's business. Restaurant opening hours and the number of customers were restricted. The reductions in travel and leaving the house has reduced food sales in both fast food restaurants and service stations.

The popularity of daily foods sold to retail rose sharply at the end of March due to preparing for exceptional circumstances. Sales volumes to Food Service and fast food customers decreased significantly in April–May. With the gradual easing of corona restrictions, Food Service sales increased and the market began to revive towards the end of the period under review.

The transition to exceptional circumstances in Atria's operations was carried out quickly in order to maintain the company's operational capacity. The uninterrupted continuation of operations and maintaining the security of the supply of products were Atria's primary tasks in addition to safeguarding the health and working capacity of personnel. New practices were introduced at production plants to prevent the possible spread of the virus infection. The special arrangements continue and have entailed additional expenses. On the other hand, the switch to remote working and the end of business travel has produced cost savings.

Atria has succeeded in reaching its objective of safeguarding the health and working capacity of its personnel and maintaining the security of the supply of products.

Energy efficiency reduces the carbon footprint of food production

The key goal of the Atria Group's corporate responsibility is combating climate change and achieving carbon-neutral food production. Atria has set itself a goal of reducing the carbon dioxide emissions of its industrial operations by 25 per cent by 2025 (compared with 2016). This objective will be reached with the current development measures. In 2019, Atria's carbon footprint in proportion to industrial operations production was approximately 15 per cent smaller than the reference year. Measures at the beginning of the year have been continued consistently. Emissions reductions are achieved through a number of different measures:

- renewable energy use has increased,
- the use and management of heat had been made more efficient and
- daily energy efficiency has been under focus.

Development measures and energy efficiency system reviews have been conducted in all of Atria's business areas.

Key indicators

EUR million	30.6.2020	30.6.2019	31.12.2019
Shareholders' equity per share EUR	14.24	14.23	14.85
Interest-bearing liabilities	263.0	274.0	228.3
Equity ratio, %	43.8 %	43.8 %	46.9 %
Net gearing, %	59.7 %	65.7 %	51.6 %
Gross investments	23.4	22.5	40.1
% of net sales	3.2 %	3.2 %	2.8 %
Average FTE	4,515	4,532	4,454

The principles for calculating the indicators are presented at the end of the report.



Business development by area January–June 2020

Atria Finland

EUR million	Q2	Q2	H1	H1	2019
	2020	2019	2020	2019	
Net sales	263.0	263.7	515.6	504.7	1,033.8
EBIT	7.3	6.4	13.5	10.3	40.0
EBIT, %	2.8 %	2.4 %	2.6 %	2.0 %	3.9 %

Atria Finland's net sales for April–June totalled EUR 263.0 million (EUR 263.7 million). Sales to retail and for export grew year-on-year, but on the other hand, sales to Food Service customers declined. With the gradual easing of corona restrictions, Food Service sales began to revive towards the end of June. Pork exports to China increased, but the price level decreased in accordance with global price changes. EBIT amounted to EUR 7.3 million (EUR 6.4 million). Good operative efficiency in industrial operations and good management of seasons strengthened EBIT. The corona pandemic weakened the sales structure and caused additional costs, but their impact on earnings was mitigated by pension contribution reductions granted by the state.

Net sales for January–June totalled EUR 515.6 million (EUR 504.7 million). The increase in net sales was due to increased sales to retail and to export customers. Food Service product sales began to decline at the end of March but started to revive again in June. EBIT amounted to EUR 13.5 million (EUR 10.3 million). The growth in EBIT were due to growth in first quarter net sales and the better overall productivity prevailing for the entire beginning of the year.

The effects of the coronavirus pandemic on business in Finland were apparent from the end of March. The retail market for the products represented by Atria grew by nearly 9 per cent in value in January–May. The product groups with the most growth were consumer-packed meat +12%, poultry products +14% and cooking products +12% (source: Atria). Atria's supplier share in retail was about 25 per cent in January–May.

The consumption of Atria's product groups has moved from restaurants to households during the pandemic. In the Food Service market, the value of the product groups represented by Atria shrunk by approximately 30 per cent at the beginning of the year. (source: Atria).

Atria Finland renews its Atria brand logo. The new logo will appear on packaging and in marketing materials starting August 2020. The brand image in the packaging will be also renewed: traceability to farms, responsibility and Finnish origins are more prominent in the packaging. The new logo more clearly

communicates the values of the Atria brand: a long tradition and the expertise that comes with it, Finnish family farms providing the raw materials for the products of the brand and responsibility.





Atria Sweden

EUR million	Q2	Q2	H1	H1	2019
	2020	2019	2020	2019	
Net sales	71.7	74.4	143.2	141.0	289.4
EBIT	-2.1	-1.5	-4.1	-5.6	-6.1
EBIT, %	-2.9 %	-2.0 %	-2.9 %	-4.0 %	-2.1 %

Atria Sweden's net sales for April–June totalled EUR 71.7 million (EUR 74.4 million). In the local currency, net sales decreased by 3 per cent. Net sales were weighed down by the weakening of sales to Food Service and fast food customers, which was due to restrictions and recommendations set to prevent the spread of the corona pandemic. Poultry product sales to retail continued to grow during the second quarter. EBIT was EUR -2.1 million (EUR -1.5 million). The drop in earnings was a result of the reduction in net sales and unfavourable sales structures in retail. The sales of private labels increased in the period under review. The sharp weakening of sales to Food Service and fast food customers weighed down earnings in April-May. Sales volumes and performance took a turn for the better in June. The corona pandemic weakened the sales structure and caused additional costs, but their impact on earnings was mitigated by state compensation for sick leaves.

Net sales for January–June totalled EUR 143.2 million (EUR 141.0 million). In the local currency, net sales grew by 3 per cent. The increase in net sales was due to increased sales to retail in the first quarter. Net sales were boosted by strong sales of poultry products in particular. EBIT was EUR -4.1 million (EUR -5.6 million). Earnings were weighed down by the weakened Swedish krona, increased raw material costs and reduced sales to Food Service customers in the second quarters. EBIT for the comparable period includes EUR 1.4 million of costs related to employee arrangements.

The corona virus pandemic affected the purchasing behaviour of consumers from the end of March to the beginning of June in particular. Sales to retail increased, while sales of Food Service products and fast food decreased. Of Atria's product selection, sales of daily foods (sausages, liver pâtés, black pudding and convenience foods) increased in particular. In Sweden, schools were not closed due to the pandemic, which kept up sales to public sector food service customers. The Food Service market began to revive again in June.

During the review period, the retail market for product groups represented by Atria developed favourably. Atria's producer share in poultry products increased by 2.8 per cent, and in sausages, by 0.6 per cent. In cold cuts, the producer share decreased by 0.5 per cent. Atria's producer share in terms of value is 17.2% in poultry products, 18.8% in sausages, and 13.9% in cold cuts. (source: AC Nielsen)



Atria Denmark & Estonia

EUR million	Q2	Q2	H1	H1	2019
	2020	2019	2020	2019	
Net sales	26.9	23.5	53.3	45.3	96.6
EBIT	1.1	1.0	1.4	1.6	4.4
EBIT, %	4.1 %	4.3 %	2.7 %	3.6 %	4.5 %

Atria Denmark & Estonia's net sales for April–June totalled EUR 26.9 million (EUR 23.5 million). EBIT amounted to EUR 1.1 million (EUR 1.0 million). Net sales grew almost 15% due to increased sales to retail. The share of Food Service sales of total sales in Estonia and Denmark is small, which is why the corona pandemic did not have much of a negative effect on the net sales of the business area. EBIT grew with the growth in net sales. Drastically increased meat raw material costs and an unfavourable sales structure at the beginning of the year weakened the earnings improvement in Denmark.

Net sales for January–June totalled EUR 53.3 million (EUR 45.3 million). EBIT amounted to EUR 1.4 million (EUR 1.6 million). The increase in net sales was due to increased sales to retail and prices raised in the spring in both Estonia and Denmark. At the beginning of the year EBIT was weighed down by increased raw material costs and an unfavourable sales structure in Denmark.

The cold cut market in Denmark has remained stable during the entire beginning of the year. The sales of private labels increased in the second quarter.

The effects of the coronavirus pandemic in Estonia and Denmark have targeted the Food Service market, where Atria's market share is small in both countries. Sales to retail temporarily rose to record numbers in March–April, and have remained at a higher level year-on-year for the entire period under review.



Atria Russia

	Q2	Q2	H1	H1	
EUR million	2020	2019	2020	2019	2019
Net sales	13.3	18.5	29.4	34.2	73.8
EBIT	-1.4	-0.3	-2.8	-2.5	-4.0
EBIT, %	-10.7 %	-1.6 %	-9.4 %	-7.2 %	-5.5 %

Atria Russia's net sales for April–June totalled EUR 13.3 million (EUR 18.5 million). EBIT was EUR -1.4 million (EUR -0.3 million). Sales to retail increased, with Casademont sales in particular being strong. Sales to Food Service and fast food customers decreased significantly in April, but began to recover at the end of May. In June sales of Sibylla products were already considerably better year-on-year. The drop in earnings was a result of weakening sales and unfavourable sales structures. Measures taken to prevent the spread of corona infections at production facilities caused some additional costs.

Net sales for January–June totalled EUR 29.4 million (EUR 34.2 million). EBIT was EUR -2.8 million (EUR -2.5 million). Net sales weakened year-on-year, which was due to the severe disruption caused by the coronavirus pandemic in the Food Service and fast food markets in April-May. The reduced sales volumes in the Food Service and fast food channels weighed down earnings.

The effects of the coronavirus pandemic on Atria Russia's business environment were minor during the first quarter. The sales volumes in April-May fell considerably due to the pandemic as a result of the restrictions enacted. Sales numbers turned again to growth starting from the end of May.

Atria Russia updated its strategy a year ago. A key goal is the revitalisation of business operations in Russia, which means increasing sales and sales margin as well as turning performance positive. As part of the strategy project, Atria is also looking into possibilities of selling Atria Russia's business operations.

Personnel by Business Area (FTE)

Personnel by Business Area (FTE)	H1 2020	H1 2019	2019
Atria Finland	2,430	2,362	2,333
Atria Sweden	840	860	840
Atria Denmark & Estonia	446	432	435
Atria Russia	799	878	846
Total	4,515	4,532	4,454

Financial position

Consolidated interest-bearing net liabilities at the end of the review period amounted to EUR 249.1 million (31 December 2019: EUR 223.9 million). During the review period net liabilities increased by EUR 25.2 million due to a change in working capital, investments, and dividends paid. For January-June the company's net liabilities including lease liability grew by EUR 3.7 million. A significant increase in the lease liability was the expansion investment in the production facility leased by A-Rehu.

The Group's interest-bearing liabilities increased more than net liabilities from the turn of the year, a total of EUR 34.7 million. The higher increase in interest-bearing liabilities resulted from the company's decision to increase cash funds due to financial market instability caused by the coronavirus pandemic.

During the review period, consolidated free cash flow (operating cash flow – cash flow from investments) was EUR -4.9 million (EUR -0.3 million). The weakening in free cash flow was mainly due to an increase in working capital items.

Equity ratio at the end of the review period was 43.8% (31 December 2019: 46,9 %). Equity ratio decreased somewhat from the turn of the year due to an increase in liabilities and changes in equity. The total translation differences with the Swedish krona and the Russian rouble recognised in equity decreased equity by EUR 5.4 million (EUR +3.0 million) in January-June.

The coronavirus pandemic has caused an imbalance in the short-term financing commercial paper market, which has, however, operated slightly better at the beginning of the summer although it has not return to normal. Despite the exceptional situation, Atria has succeeded in refinancing maturing commercial papers with new commercial papers. Cash funds were increased during the first quarter by about EUR 30 million, but this was again reduced in the quarter to nearer its normal level. Cash funds on 30 June 2020 stood at EUR 13.9 million (31 December 2019: EUR 4.4 million). The Group's liquidity has remained good over the entire beginning of the year. On 30 June 2020, the Group had undrawn committed credit facilities worth EUR 85.0 million (31 December 2019: EUR 85.0 million). The average maturity of loans and committed credit facilities at the end of the review period was 2 years 7 months (31 December 2019: 3 years 2 months).

Business risks in the review period and short-term risks

The coronavirus pandemic (COVID-19) of the first half and the measures taken to prevent it were Atria's most significant risk event. The closures and restrictions implemented in different countries, the uncertainty about the duration of the pandemic, the geopolitical uncertainties, the effects on the national economy and market for food stuffs, and rapid changes in the financial markets showed themselves more clearly as risk factors in April-June. The instability of the business environment has required flexible operations from Atria to adjust to guidelines, closures and restrictions from the authorities in each business area.

At Atria the most significant coronavirus risks are related to the health of personnel and to Atria's sales, earnings and cash flow. In the period under review, Atria has focus on safeguarding the health and working capacity of personnel by using PPE and hand washing hygiene, information and guidance, recommending remote working, and promoting social distancing in all premises and situations. Visits and travelling have been limited.

Maintaining delivery reliability of products has been important in the entire Group. Production has been adjusted to demand, and new operation methods have always been adopted when needed. There are cost risks associated with the rapid adjustments made to production. Capacity adjustments, overtime, maintaining occupational safety, and increased hygiene requirements have increased costs. Risk evaluation of purchasing pipelines for procurement and stockpiling practices have prevented shortages in raw materials and supplies.

The earnings risk associated with the sales structure was realised in the half when Food Service sales shrank in multiple business areas. Potential risks of a pandemic in the near future include credit losses for Food Service customers. Atria's financing position and cash flow have remained good in the review period. States have revitalised the economy by providing support and stimulus packages during the pandemic. For Atria, the most significant support package has been the 2.6 per cent reduction in the employer's pension contribution (TyEL) in Finland for the period covering 1 May to 31 December 2020. The key support model in Sweden has been the removal of the sick leave waiting period and the compensation paid by the state during sick leaves.

Uncertainty factors for the sales and earnings of the end of the year include travel restrictions, changes in domestic demand and the possible prolongation of this exceptional situation. Uncertainty factors in long term forecasting include the duration of the economic downturn and the unemployment level. The above risks occur in all of Atria's business areas, but their emphasis may vary depending on how sales have previously been distributed across different sales channels and how long and to what extent the restrictions of COVID-19 will be in force in each country.

The corona pandemic has not ruled out other usual risks in Atria's operations, such as a significant animal disease, product quality and safety or various hazard risks. These risks are managed and risk-related precautionary measures are taken, even in the midst of the crisis.

A more detailed description of the risks related to Atria's operations was provided in the 2019 annual report.

Outlook for the future

In 2020, Atria Group's EBIT is estimated to be higher than in 2019 (EUR 31.1 million).

Atria operates mainly in the retail and Food Service markets in Finland and Sweden. The strong and rapid changes in the global meat market will have a greater impact on the company's development and reduce predictability.

Consumption of poultry meat is expected to continue to increase, while consumption of red meat is expected to decline slightly. Atria has increased its meat exports, and pork exports to China, for example, are expected to increase during 2020.

The coronavirus pandemic that began in early 2020 has caused strong and rapid changes in the business environment in the food industry. This has further hindered the predictability of the company's development. Immediate effects related to Atria's business include national restrictions on restaurant operations and public food services, which reduce sales to Food Service customers. During the coronavirus epidemic, the importance of daily food is expected to strengthen.

The possible weakening of consumer purchasing power will also affect food purchases and may shift the sales structure of Atria's products into an unfavorable direction.

Financial calendar 2020

Atria Plc will publish one more interim report in 2020:

- Interim report January–September on 22 October 2020 at approximately 8:00 am.

Financial releases can also be viewed on the company's website at www.atria.com immediately after their release.

Decisions of Atria Group Plc's Annual General Meeting 29 April 2020

The General Meeting approved the financial statements and the consolidated financial statements for the financial year of 1 January to 31 December 2019 and discharged the members of the Supervisory Board and the Board of Directors, as well as the CEO from liability for the financial period which ended on 31 December 2019.

The General Meeting decided that a dividend of EUR 0.42 per share be distributed for the financial period which ended on 31 December 2019. Dividend was paid to a shareholder entered in the Company's shareholder register kept by Euroclear Finland Ltd on the record date for the payment of the dividend. The record date was 4 May 2020 and the date of payment was 11 May 2020.

The General Meeting adopted the Remuneration Policy for governing bodies in accordance with the proposal of the Board of Directors.

Composition and remuneration of the Supervisory Board

The General Meeting resolved that the composition of the Supervisory Board be as follows:

Member	Term ends
Juho Anttikoski	2022
Mika Asunmaa	2022
Lassi-Antti Haarala	2021
Jyrki Halonen	2022
Jussi Hantula	2021
Veli Hyttinen	2023
Pasi Ingalsuo	2023
Jussi Joki-Erkkilä	2021
Marja-Liisa Juuse	2021
Juha Kiviniemi	2023
Risto Lahti	2023
Ari Lajunen	2021
Vesa Lapatto	2023
Juha Nikkola	2022
Mika Niku	2021
Heikki Panula	2022
Ari Pöyhönen	2022
Risto Sairanen	2023
Ola Sandberg	2021
Timo Tuhkasaari	2023

20 members in total

The General Meeting resolved that the remuneration of the members of the Supervisory Board be kept at the same level as in 2019 and the meeting fees were raised as follows: the meeting compensation is EUR 300 per meeting and the compensation for loss of working time is EUR 300 for meeting and proceeding dates. The fee of the Chairman of the Supervisory Board is EUR 1,500 a month, the fee of the Deputy Chairman is EUR 750 a month, and travelling expenses are compensated in accordance with the Company's travel policy.

Composition and remuneration of the Board of Directors

The General Meeting resolved that the Board of Directors consist of eight (8) members. The members who were due to resign, Seppo Paavola and Jukka Moisio, were re-elected as members of the Board of Directors for the term of the next three years. Jukka Kaikkonen was elected as a new member to replace Jyrki Rantsi, who resigned from the Board of Directors.

It was noted that Nella Ginman-Tjeder, Pasi Korhonen, Kjell-Göran Paxal, Ahti Ritola and Harri Sivula will continue as members of the Board of Directors. Kjell-Göran Paxal, Ahti Ritola and Harri Sivula are due to resign from the Board of Directors at the closing of the Annual General Meeting 2021, and Nella Ginman-Tjeder ja Pasi Korhonen are due to resign from the Board of Directors at the closing of the Annual General Meeting 2022.

The General Meeting resolved that the remuneration of the members of the Board of Directors be raised and meeting compensations be kept unchanged. The fees are: the meeting compensation is EUR 300 per meeting, the compensation for loss of working time is EUR 300 for meeting and proceeding dates, the fee of

the Chairman of the Board of Directors is EUR 4,800 a month, the fee of the Deputy Chairman is EUR 2,600 a month, the fee of a member of the Board of Directors is EUR 2,200 a month, and travelling expenses are compensated in accordance with the Company's travel policy.

Election and Fees of Auditor

The General Meeting resolved, in accordance with the proposal of the Board of Directors, to elect PricewaterhouseCoopers Oy, a firm of authorised public accountants, as the Company's auditor for a term expiring at the closing of the next Annual General Meeting. The audit firm has notified that the auditor in charge is Samuli Perälä, Authorised Public Accountant. The General Meeting further resolved that the remuneration to the auditor shall be paid as per an invoice approved by the Company.

Purchase of treasury shares

The General Meeting resolved, in accordance with the proposal of the Board of Directors, to authorise the Board of Directors to resolve on the acquisition of a maximum of 2,800,000 of the Company's own series A shares in one or more instalments with funds belonging to the Company's unrestricted equity, subject to the provisions of the Finnish Companies Act on the maximum amount of treasury shares. The Company's own series A shares may be acquired for use as consideration in any acquisitions or other arrangements relating to the Company's business, to finance investments, as part of the Company's incentive scheme, to develop the Company's capital structure, to be otherwise further transferred, to be retained by the Company, or to be cancelled.

The shares shall be acquired in a proportion other than that of the shareholders' current shareholdings in the Company in public trading arranged by Nasdaq Helsinki Ltd at the trading price of the moment of acquisition. The shares shall be acquired and paid according to the rules of Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The Board of Directors was authorised to decide on the acquisition of own shares in all other respects.

The authorisation cancels the authorisation granted by the Annual General Meeting on 26 April 2019 to the Board of Directors to decide on the acquisition of the Company's own shares and is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2021.

Share issue and special rights entitling holders to shares

The General Meeting resolved, in accordance with the proposal of the Board of Directors, to authorise the Board of Directors to resolve on an issue of a maximum total of 5,500,000 new series A shares or series A shares possibly held by the Company, in one or more instalments, by issuing shares and/or option rights or other special rights entitling to shares, referred to in Chapter 10, Section 1 of the Finnish Companies Act. The authorisation can be used for the financing or execution of any acquisitions or other arrangements or investment relating to the Company's business, for the implementation of the Company's incentive scheme or for other purposes subject to the Board of Directors' decision.

The authorisation includes the Board of Directors' right to decide on any terms and conditions of the share issue and the issue of special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act. The authorisation thus also includes the right to issue shares in a proportion other than that of the shareholders' current shareholdings in the Company under the conditions provided in law, the right to issue shares against payment or without charge as well as the right to decide on a share issue without payment to the Company

itself, subject to the provisions of the Finnish Companies Act on the maximum amount of treasury shares.

The authorisation cancels the authorisation granted by the Annual General Meeting on 26 April 2019 to the Board of Directors, and is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2021.

Donations

The General Meeting resolved, in accordance with the proposal of the Board of Directors, to authorise the Board of Directors to donate a maximum of EUR 100,000 of the company's distributable funds to support activities of colleges, universities, or other educational institutions or to support other charitable or similar purposes and at the same time authorised the Board to decide on payment schedules for donations and other terms of the donation.

Personnel elections to Atria Plc's Board of Directors and Supervisory Board

At its inaugural meeting after the Annual General Meeting, Atria Plc's Board of Directors elected Pasi Korhonen as Deputy Chairman of the Board. Seppo Paavola will continue as Chairman of the Board.

At its inaugural meeting after the Annual General Meeting, Atria Plc's Supervisory Board elected Jyrki Halonen as Chairman of the Supervisory Board. Juho Anttikoski will continue as Deputy Chairman of the Supervisory Board.

Shares

Atria Plc's share capital consists of a total of 28,267,728 shares, divided into 19,063,747 series A shares and 9,203,981 series KII shares. Each series A share entitles its holder to one (1) vote at a General Meeting and each series KII share to ten (10) votes. Atria Plc's shareholders are entitled to a total of 111,103,557 votes. The company holds 105,311 pcs of own series A shares.

Corporate governance principles

Atria's Corporate Governance Principles and deviations from the Finnish Corporate Governance Code are published on the company's website at www.atria.com.

Atria Group

Consolidated income statement

EUR million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Net sales	366.3	368.9	723.0	705.3	1,451.3
Costs of goods sold	-330.3	-330.4	-653.1	-636.5	-1,288.5
Gross profit	36.0	38.5	69.9	68.8	162.7
Sales and marketing expenses	-19.6	-22.6	-39.2	-42.6	-84.3
Administrative expenses	-11.9	-11.1	-23.5	-22.5	-44.0
Other operating income	0.7	1.0	1.7	1.6	3.2
Other operating expenses	-1.1	-0.7	-2.4	-3.0	-6.5
EBIT	4.1	5.1	6.4	2.3	31.1
Finance income and costs	-0.8	-1.3	-2.2	-2.5	-5.6
Income from joint ventures and associates	0.2	-0.3	0.6	-0.1	0.6
Profit before taxes	3.6	3.5	4.7	-0.3	26.2
Income taxes	-1.3	-1.0	-1.7	-1.3	-9.2
Profit for the period	2.3	2.4	3.0	-1.5	17.0
Profit attributable to:					
Owners of the parent	2.1	2.0	2.4	-2.3	15.1
Non-controlling interests	0.2	0.4	0.7	0.8	1.9
Total	2.3	2.4	3.0	-1.5	17.0
Basic earnings per share, EUR	0.07	0.07	0.08	-0.08	0.54
Diluted earnings per share, EUR	0.07	0.07	0.08	-0.08	0.54

Consolidated statement of comprehensive income

EUR million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Profit for the period	2.3	2.4	3.0	-1.5	17.0
Other comprehensive income after tax:					
Items that will not be reclassified to profit or loss					
Actuarial gains/losses from benefit-based pension obligations	0.1	-0.2	0.1	-0.2	-0.5
Items reclassified to profit or loss when specific conditions are met					
Cash flow hedges	1.5	-0.3	-2.7	-2.6	-3.6
Currency translation differences	7.9	-0.1	-5.4	3.0	4.6
Total comprehensive income for the period	11.8	1.7	-5.0	-1.4	17.4
Total comprehensive income attributable to:					
Owners of the parent	11.6	1.3	-5.7	-2.2	15.6
Non-controlling interests	0.2	0.4	0.7	0.8	1.9
Total	11.8	1.7	-5.0	-1.4	17.4

Consolidated statement of financial position

Assets			
EUR million	30.6.2020	30.6.2019	31.12.2019
Non-current assets			
Property, plant and equipment	395.5	402.5	398.1
Biological assets	0.6	0.7	0.7
Right-of-use assets	36.9	36.1	33.3
Goodwill	160.4	159.8	160.8
Other intangible assets	82.3	83.8	84.7
Investments in joint ventures and associates	15.2	14.3	15.0
Other financial assets	1.2	1.2	1.2
Loan and other receivables	4.4	7.8	5.2
Deferred tax assets	4.7	5.4	4.0
Total	701.2	711.4	703.0
Current assets			
Inventories	106.9	107.7	110.2
Biological assets	4.3	4.3	4.1
Trade and other receivables	126.7	123.9	107.0
Cash and cash equivalents	13.9	1.1	4.4
Total	251.7	236.9	225.7
Total assets	953.0	948.3	928.7
Equity and liabilities			
EUR million	30.6.2020	30.6.2019	31.12.2019
Equity attributable to the shareholders of the parent company			
Non-controlling interests	15.0	13.3	14.4
Total equity	417.5	415.5	434.3
Non-current liabilities			
Loans	146.9	152.3	140.9
Lease liabilities	27.8	27.5	25.0
Deferred tax liabilities	40.1	42.1	40.7
Pension obligations	6.7	6.5	6.8
Other non-interest-bearing liabilities	8.8	7.1	7.0
Provisions	0.2	1.4	0.7
Total	230.5	236.9	221.1
Current liabilities			
Loans	78.7	85.4	53.9
Lease liabilities	9.5	8.8	8.6
Trade and other payables	216.8	201.7	210.9
Total	305.0	295.9	273.3
Total liabilities	535.5	532.8	494.4
Total equity and liabilities	953.0	948.3	928.7

Consolidated statement of changes in equity

EUR million	Equity attributable to the shareholders of the parent company							Non-controlling interests	Total equity
	Share capital	Treasury shares	Other funds	Inv. non-rest. equity fund	Trans. lation diff.	Retained earnings	Total		
Equity 1.1.2019	48.1	-1.3	3.7	249.2	-60.4	176.0	415.3	12.9	428.2
Profit for the period						-2.3	-2.3	0.8	-1.5
Other comprehensive income									
Cash flow hedges			-2.6				-2.6		-2.6
Actuarial losses from pension liabilities						-0.2	-0.2		-0.2
Currency translation differences					3.0		3.0		3.0
Share of non-controlling interest related to acquisition of subsidiary						0.2	0.2		0.2
Share-based payments				0.1			0.1		0.1
Dividends						-11.3	-11.3	-0.3	-11.6
Equity 30.6.2019	48.1	-1.3	1.1	249.3	-57.4	162.4	402.2	13.3	415.5
Equity 1.1.2020	48.1	-1.2	0.2	249.2	-55.8	179.5	419.9	14.4	434.3
Profit for the period						2.4	2.4	0.7	3.0
Other comprehensive income									
Cash flow hedges			-2.7				-2.7		-2.7
Actuarial gains from pension liabilities						0.1	0.1		0.1
Currency translation differences					-5.4		-5.4		-5.4
Share of non-controlling interest related to acquisition of subsidiary						0.0	0.0		0.0
Share-based payments				0.1			0.1		0.1
Dividends						-11.8	-11.8	-0.1	-11.9
Equity 30.6.2020	48.1	-1.2	-2.5	249.3	-61.2	170.1	402.5	15.0	417.5

Consolidated cash flow statement

EUR million	1-6/2020	1-6/2019	1-12/2019
Cash flow from operating activities			
Operating activities before financial items and taxes	21.5	29.1	102.9
Financial items and taxes	-4.2	-6.7	-14.4
Net cash flow from operating activities	17.2	22.3	88.5
Cash flow from investing activities			
Investments in tangible and intangible assets	-22.8	-22.9	-39.4
Increase (-) / decrease (+) in long-term receivables	0.5	0.4	2.3
Dividends received	0.4	0.1	0.1
Change in short-term receivables	-0.2	-0.2	-0.1
Net cash used in investing activities	-22.1	-22.6	-37.1
Cash flow from financing activities			
Draw down of long-term borrowings	7.0	0.2	0.6
Repayment of long-term borrowings	-10.7	-1.8	-3.7
Increase (+) / decrease (-) in short-term loans	34.7	13.8	-28.4
Principal elements of lease payments	-4.8	-4.1	-8.5
Dividends paid	-11.9	-11.6	-11.6
Net cash used in financing activities	14.3	-3.6	-51.5
Change in liquid funds	9.4	-3.8	-0.1
Cash and cash equivalents at beginning of year	4.4	4.0	4.0
Effect of exchange rate changes on cash flows	0.1	0.9	0.5
Cash and cash equivalents at the end of period	13.9	1.1	4.4

Notes for Half-Year Financial Report

Interim report accounting principles

This half-year report has been compiled in accordance with the IAS 34 Interim Financial Reporting standard. Atria has applied the same principles in preparing this interim report as in preparing the 2019 annual financial statements. However, as of 1 January 2020, the Group uses new or revised standards and IFRIC interpretations published by the IASB, included in the accounting principles of the annual financial statements 2019.

The preparation of the interim report in accordance with IFRS requires the Group's management to use estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. In addition, discretion must be used in applying the accounting principles. The estimates and assumptions are based on the views at the end of the review period and include risks and uncertainties. The realised values may deviate from the estimates and assumptions. Due to the financial uncertainty caused by the corona pandemic (COVID 19), the company has assessed the effects of the pandemic on the income statement and balance sheet of the half-year report. In particular, the company has assessed whether the situation gives rise to indications of impairment of assets or the need to update provisions or other accounting estimates. The company estimates that the pandemic will not currently have a material impact on the reported figures.

The key accounting estimates and discretionary decisions are presented in more detail in the accounting principles for the 2019 consolidated financial statements.

The formulae for calculating the indicators are presented at the end of the report. In the company's view, the indicators presented serve to clarify the view provided by the income statement and balance sheet of the operational result and financial position of operations.

The figures presented in the release are rounded to EUR million, so the combined total of individual figures may differ from the total sum presented. The figures presented in this half-year financial report are unaudited.

Operating segments

EUR million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Revenue from Consumer goods					
Atria Finland	205.3	205.6	398.3	387.7	795.6
Atria Sweden	71.7	74.4	143.2	141.0	289.4
Atria Denmark & Estonia	26.3	23.0	52.3	44.1	94.4
Atria Russia	13.3	18.5	29.4	34.2	73.8
Eliminations	-8.6	-11.2	-18.5	-19.9	-42.3
Total	308.0	310.3	604.7	587.3	1,210.9
Revenue from primary products					
Atria Finland	57.8	58.1	117.3	116.9	238.2
Atria Sweden					
Atria Denmark & Estonia	0.6	0.5	1.0	1.1	2.2
Atria Russia					
Total	58.3	58.6	118.3	118.1	240.4
Total net sales	366.3	368.9	723.0	705.3	1,451.3
EBIT					
Atria Finland	7.3	6.4	13.5	10.3	40.0
Atria Sweden	-2.1	-1.5	-4.1	-5.6	-6.1
Atria Denmark & Estonia	1.1	1.0	1.4	1.6	4.4
Atria Russia	-1.4	-0.3	-2.8	-2.5	-4.0
Unallocated	-0.7	-0.5	-1.7	-1.5	-3.1
Total	4.1	5.1	6.4	2.3	31.1
Investments					
Atria Finland	7.8	7.1	15.9	12.9	21.8
Atria Sweden	2.9	3.9	5.4	7.2	13.3
Atria Denmark & Estonia	0.6	0.7	1.1	1.5	2.9
Atria Russia	0.2	0.5	1.0	0.9	2.2
Total	11.5	12.2	23.4	22.5	40.1
Depreciation and write-offs					
Atria Finland	8.7	8.5	17.6	16.9	33.9
Atria Sweden	2.8	2.8	5.6	5.7	11.4
Atria Denmark & Estonia	1.1	1.1	2.3	2.2	4.3
Atria Russia	1.1	1.2	2.3	2.3	4.7
Total	13.8	13.5	27.9	27.1	54.3

Fair value hierarchy of financial assets and liabilities

EUR million

Balance sheet items	30.6.2020	Level 1	Level 2	Level 3
Assets				
Financial assets at fair value through other comprehensive income	1.2			1.2
Derivative financial instruments	0.4		0.4	
Total	1.6	0.0	0.4	1.2
Liabilities				
Derivative financial instruments	5.7		5.7	
Total	5.7	0.0	5.7	0.0

Balance sheet items	31.12.2019	Level 1	Level 2	Level 3
Assets				
Financial assets at fair value through other comprehensive income	1.2			1.2
Derivative financial instruments	1.5		1.5	
Total	2.7	0.0	1.5	1.2
Liabilities				
Derivative financial instruments	2.9		2.9	
Total	2.9	0.0	2.9	0.0

There were no transfers between Levels 1 and 2 during the period.

Level 1: Prices listed on active markets for identical assets and liabilities.

Level 2: Fair values can be determined either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Fair values are not based on verifiable market prices.

Fair values of financial instruments do not deviate significantly from balance sheet values.

Related party transactions

EUR million

The following transactions were completed with related parties:

	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Sales of goods and services	4.6	5.0	9.6	9.7	18.9
Purchases of goods and services	-23.6	-21.6	-48.1	-43.8	-96.0
			30.6.2020	30.6.2019	31.12.19
Receivables			1.2	1.6	1.5
Liabilities			12.1	14.1	15.0

Contingent liabilities

EUR million	30.6.2020	30.6.2019	31.12.2019
Debts with mortgages or other collateral given as security			
Loans from financial institutions	1.3	1.4	1.4
Pension fund loans	4.2	4.2	4.2
Total	5.6	5.6	5.6
Mortgages given as comprehensive security			
Real estate mortgages	1.3	2.4	1.4
Corporate mortgages		1.0	
Total	1.3	3.5	1.4
Contingent liabilities not included in the balance sheet			
Guarantees	0.1	0.1	0.1

The main exchange rates

	Income statement			Balance sheet		
	1-6/2020	1-6/2019	1-12/2019	30.6.2020	30.6.2019	31.12.2019
SEK	10.661	10.5187	10.5867	10.4948	10.5633	10,4468
DKK	7,4648	7,4651	7,4661	7,4526	7,4636	7,4715
RUB	76,6825	73,7215	72,4593	79,6300	71,5975	69,9563

Principles for calculating financial indicators

Alongside the IFRS figures, Atria publishes certain other widely used alternative financial indicators which can be derived from the income statement and balance sheet.

Adjusted EBIT		In addition to reporting EBIT, the company publishes an adjusted EBIT indicator to describe the actual financial development of the business and to improve comparability between different periods. The adjusted EBIT is determined by adjusting the EBIT recognized in the income statement for items that affect comparability. These may include events that are not part of the ordinary business activities, such as the restructuring of operations, capital gains and losses attributable to the sale of operations, impairment, and the costs of discontinuing significant operations.	
Gross investments		Investments in tangible and intangible assets, including acquired businesses	
FTE	=	$\frac{\text{Hours worked during the review period}}{\text{Number of working days during the review period} * \text{normal working hours per day}}$	
Return on equity (%)	=	$\frac{\text{Profit/loss for the accounting period}}{\text{Equity (average)}}$	* 100
Return on investment (%)	=	$\frac{\text{Profit/loss before tax + interest and other financial expenses}}{\text{Equity + interest-bearing financial liabilities (average)}}$	* 100
Equity ratio (%)	=	$\frac{\text{Equity}}{\text{Balance sheet total} - \text{advance payments received}}$	* 100
Interest-bearing liabilities	=	Loans and lease liabilities	
Gearing (%)	=	$\frac{\text{Interest-bearing liabilities}}{\text{Equity}}$	* 100
Net interest-bearing liabilities	=	Interest-bearing liabilities – cash and cash equivalents	
Net gearing (%)	=	$\frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents}}{\text{Equity}}$	* 100
Earnings/share (basic)	=	$\frac{\text{Profit for the period attributable to the owners of the parent company}}{\text{Weighted average of outstanding shares}}$	
Equity/share	=	$\frac{\text{Equity attributable to the owners of the parent company}}{\text{Undiluted number of shares on 31 Dec}}$	
Dividend/share	=	$\frac{\text{Dividend distribution during the accounting period}}{\text{Undiluted number of shares on 31 Dec}}$	
Dividend/profit (%)	=	$\frac{\text{Dividend/share}}{\text{Earnings per share (EPS)}}$	* 100
Effective dividend yield (%)	=	$\frac{\text{Dividend/share}}{\text{Closing price at the end of the accounting period}}$	* 100
Price/earnings (P/E)	=	$\frac{\text{Closing price at the end of the accounting period}}{\text{Earnings per share}}$	
Average price	=	$\frac{\text{Overall share turnover (EUR)}}{\text{Undiluted average number of shares traded during the accounting period}}$	
Market capitalisation	=	Number of shares at the end of the accounting period * closing price on 31 Dec	
Share turnover (%)	=	$\frac{\text{Number of shares traded during the accounting period}}{\text{Undiluted average number of shares}}$	* 100

ATRIA PLC
Board of Directors

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DISTRIBUTION

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