ATRIA

Good food – better mood.


# Atria Plc
# Interim Report

**1 January – 31 March 2021**

# A clear improvement in Atria's earnings in the first quarter

## January–March 2021

- Consolidated net sales totalled EUR 361.3 million (EUR 356.7 million).
- Consolidated EBIT was EUR 6.6 million (EUR 2.2 million), or 1.8 per cent (0.6%) of net sales.
- Easter sales occurred in March, which had a positive effect on the increase in net sales.
- All business areas improved their operating result.
- Atria Finland's EBIT grew by EUR 3.6 million year-on-year. Sales to retail and especially export to China increased.
- The improvement in Atria Sweden's EBIT was due to stable raw-material prices and the strengthening of the Swedish krona. As a result of a segment change in Atria Group, the Sibylla Rus company operating in the fast food business in Russia will be reported as part of the Atria Sweden segment as of 1 January 2021.
- Atria Denmark & Estonia's EBIT increased significantly year-on-year, which was mainly due to the lower price level of meat raw material.
- In February, Atria entered into an agreement of the sale of its Russian subsidiary OOO Pit-Product to Limited Liability Company Agricultural Complex Mikhailovskiy.
- Atria announced the launch of a EUR 30 million investment plan to reorganise Atria Sweden's production lines and to increase productivity. The project involves a viability assessment into the transfer of production from the Malmö plant to the Sköllersta plant near Örebro.
- Due to the probable sale of its Russian subsidiary OOO Pit-Product, Atria changed its segment reporting. Following the sale of OOO Pit-Product, Atria Russia does not form an independent business area and is therefore not a reporting segment. The reporting segments will be Atria Finland, Atria Sweden and Atria Denmark & Estonia.
- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.50 (EUR 0.42) be paid per share.

| EUR million | Q1 2021 | Q1 2020 | 2020 |
|---|---|---|---|
| **Net sales** | | | |
| Atria Finland | 260.2 | 252.6 | 1,066.3 |
| Atria Sweden | 76.7 | 78.0 | 332.2 |
| Atria Denmark & Estonia | 24.5 | 26.5 | 106.8 |
| Unallocated | 10.0 | 13.7 | 51.8 |
| Eliminations | -10.1 | -14.1 | -53.0 |
| **Net sales, total** | **361.3** | **356.7** | **1,504.0** |
| **EBIT** | | | |
| Atria Finland | 9.8 | 6.2 | 43.1 |
| Atria Sweden | -1.2 | -1.8 | 0.8 |
| Atria Denmark & Estonia | 1.9 | 0.3 | 5.3 |
| Unallocated | -4.0 | -2.6 | -8.7 |
| **EBIT, total** | **6.6** | **2.2** | **40.5** |
| **EBIT, %** | **1.8 %** | **0.6 %** | **2.7 %** |
| **Profit before taxes** | **5.1** | **1.1** | **37.3** |
| **Earnings per share, EUR** | **0.13** | **0.01** | **0.81** |

# Juha Gröhn, CEO

"The first quarter of 2021 was better than the 2020 opening in terms of both net sales and earnings. Net sales now amounted to EUR 361.3 million, compared with EUR 356.7 million last year. EBIT amounted to EUR 6.6 million. The improvement on last year's EBIT was EUR 4.4 million.

The increase in net sales is based on strong sales to Finnish retail customers and export customers, especially to China.

EBIT improved in all business areas. The relatively most significant improvement is in the Denmark & Estonia business area, and measured in euros, the improvement was the largest in Finland.

Easter sales occurred in March, which had a positive effect on the increase in net sales. A year ago in March, sales were boosted by hoarding, triggered by the outbreak of the coronavirus. The effect of Easter sales on net sales is greater than the effect of hoarding. A year ago, hoarding increased net sales, but the effect on earnings was the opposite. The surprising increase in demand was met in production by special arrangements, and such arrangements invariably increase costs.

It seems that during the coronavirus, people prepare for the holidays by buying food, making sure it will not run out in the middle of the holidays. After the holidays, demand level offs. This was the case in January – after strong Christmas sales, January sales were modest. February and March were as expected. As long as the coronavirus is with us, we need to be prepared for larger-than-usual fluctuations in demand.

Atria's sales to retail increased by almost 10 per cent and, correspondingly, Food Service sales decreased by approximately 20 per cent. In Food Service sales, trade with the public sector has been better than with restaurants or hotels, some of which have been completely closed. During the coronavirus, those businesses and product groups whose customers focus on the Food Service sector have suffered the most from the coronavirus.

In February, negotiations were started with personnel in Sweden on production arrangements. The project explores the possibilities of closing the Malmö plant and investing EUR 30 million in the Sköllersta plant, so that the most important parts of production at the Malmö plant can be produced in Sköllersta in the future. Decisions on implementing the project will be made by the end of June.

The planning of the details of Nurmo's poultry plant investment is underway and earthworks are about to begin.

Atria has been successful in controlling the coronavirus. There have been no significant disruptions in operations.”

## January–March 2021

**Atria Group's** net sales for January–March amounted to EUR 361.3 million (EUR 356.7 million). EBIT was EUR 6.6 million (EUR 2.2 million). Atria's net sales grew by 1.3 per cent due to increased sales to the retail sector and to Atria Finland's export customers. Sales to Food Service customers remained slow.

Atria Group's EBIT was bolstered through increased sales, better cost management and lower raw material prices. In particular, Atria Finland's EBIT growth was significant, which was the result of increased net sales, a favourable sales structure and improved cost efficiency.

Coronavirus restrictions have reduced sales to Sibylla and Food Service customers. At the production plants, additional expenses were further incurred from the special arrangements made to prevent the spreading of the coronavirus.

In February, Atria entered into an agreement of the sale of its Russian subsidiary OOO Pit-Product to Limited Liability Company Agricultural Complex Mikhailovskiy, which belongs to the Cherkizovo Group. Cherkizovo is Russia's leading meat products manufacturer and a listed company on the Moscow Stock Exchange since 2006.

OOO Pit-Product is Atria's fully owned subsidiary. It has been Atria's subsidiary since 2005. At the end of 2020, the company had around 700 employees. The company produces products for retail and Food Service customers and owns plants in Gorelovo and Sinyavino. The divestment does not include Atria Russia's other subsidiary, Sibylla Rus LLC, which engages in fast food operations in Russia.

The deal is expected to be finalised during the first half of 2021. The divestment will have an impact of around EUR 35 million on Atria Group's annual net sales. The business has been showing a loss.

Cumulated translation differences associated with Pit-Product stood at around EUR -44 million on 31 March 2021. When divesting a foreign subsidiary, the cumulative translation differences associated with said subsidiary, which have already been recognised in equity, are recognised through profit or loss. Since the cumulated translation differences already reduce the Group's equity, this recognition will have no impact on the Group's equity ratio or cash flow. The translation differences will only be recognised after the deal has been finalised. The final purchase price will be determined at the time of the transaction and the divestment is not expected to have any further significant impact on the Group result.

In February, Atria launched investment planning to reorganise production lines and increase productivity at Atria Sweden's production plants. The investment is estimated to total around EUR 30 million. The investment plan will thoroughly investigate the reorganisation of production lines, potential transfers and investment needs related to the construction of new production lines. The project will involve assessing the option of moving production from the Malmö plant to the Sköllersta plant. After the planning phase, the implementation of the investment will be decided on. If implemented, the project is expected to be fully completed during 2023.

Atria increased its stake in Well-Beef Kaunismaa Ltd by 20 per cent through share transactions made in March. Atria now owns 90 per cent of Well-Beef Kaunismaa's stock. In 2016, Atria acquired 70 per cent of Well-Beef Kaunismaa's stock. Well-Beef Kaunismaa holds a strong position in the Finnish market as a manufacturer of high-quality hamburger patties and kebab products.

## Aiming for a carbon-neutral food chain – Atria involved in a training project on regenerative farming and a project to increase the recycling of packaging plastics

Atria is involved in an online training project on regenerative farming aimed at Finnish farmers, which provides farmers with up-to-date and science-based information on practices that improve soil, crops and the environment. The course is administered by the Baltic Sea Action Group (BSAG) and is free for all participants. Regenerative farming is an important tool for mitigating and adapting to climate change. Studies show the benefits of the approach in terms of productivity, climate impact, water protection and biodiversity. Regenerative farming that improves the condition of the soil will help food production to adapt to weather extremes brought about by climate change and improve crop reliability.

Atria signed the Swedish consumer goods industry's voluntary plastic recycling commitment "The 2025 Plastic Initiative". Atria Sweden is committed to ensuring that the plastic consumer packaging on the market is recyclable by 2025. The initiative also aims to improve the recycling rate of plastic waste in line with producer responsibility for packaging. The launch of the new Lönneberga poultry packaging in the first quarter was also an initiative to reduce the use of plastic. The new packaging contains 57 per cent less plastic, which means 20,000 kilogrammes less plastic per year.

## Key indicators

| EUR million | 31.3.2021 | 31.3.2020 | 31.12.2020 |
|---|---|---|---|
| Shareholders´ equity per share EUR | 15.22 | 14.24 | 14.96 |
| Interest-bearing liabilities | 227.6 | 291.4 | 218.1 |
| Equity ratio, % | 47.5 % | 43.0 % | 46.8 % |
| Net gearing, % | 49.4 % | 60.9 % | 43.6 % |
| Gross investments | 8.5 | 11.9 | 45.6 |
| % of net sales | 2.4 % | 3.3 % | 3.0 % |
| Average FTE | 4,461 | 4,486 | 4,444 |

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

## Business development by area January-March 2021

### Atria Finland

| EUR million | Q1 2021 | Q1 2020 | 2020 |
|---|---|---|---|
| Net sales | 260.2 | 252.6 | 1,066.3 |
| EBIT | 9.8 | 6.2 | 43.1 |
| EBIT, % | 3.8 % | 2.5 % | 4.0 % |

**Atria Finland's** net sales for January–March totalled EUR 260.2 million (EUR 252.6 million). The growth in net sales was due to increased sales to the retail sector and to export customers. The Easter season occurring in March boosted sales to retail in the first quarter. Exports of pork to China have continued to grow significantly. Sales of Food Service products continued to be slow, due to coronavirus restrictions and the exceptional market situation. EBIT was EUR 9.8 million (EUR 6.2 million). EBIT growth was due to stronger net sales, a favourable sales structure and improved cost efficiency.

The sales growth of the product groups represented by Atria in retail trade continued during January–March, growing by 7.0 per cent compared to the corresponding period of the previous year. The highest growth, 10,7 per cent, was seen in consumer-packed meat. Sales of cooking products (sausages, frankfurters, strips, bacon) increased by 8.4 per cent, sales of convenience food products by 8.0 per cent, sales of poultry products by 6.4 per cent and sales of cold cuts by 4.8 per cent. Atria's supplier share in retail trade was approximately 25 per cent in all the product groups represented by Atria. (Source: Atria market insight)

The Food Service market was down more than a quarter (-26.0%) year-on-year. In the Food Service market, Atria's estimated supplier share is just over 20 per cent and is less than a percentage point higher than a year ago. (Source: Atria market insight)

Finnish consumers prefer domestic raw materials and a varied mixed diet. The eating of Finnish meat was analysed in a survey conducted by Kantar TNS Agri Oy in October 2020. The results show that 93 per cent of Finns eat meat in some form. Meat is eaten daily in 41 per cent of households. 76 percent of households eat meat several times a week. According to a survey commissioned by meat companies, 75 per cent of Finns think that meat served in public kitchens should be domestic, even if it raises the purchase price. The survey also examined the views of Finns on what kind of food should be offered in public kitchens. Nine out of ten Finns (90%) consider it important that food served in public kitchens is a varied mixed diet in accordance with nutritional recommendations. (Source: Kantar TNS Gallup Channel 2021)

The actual planning of the poultry plant investment is underway and the project is progressing according to schedule. Earthworks will start in April.

In March, Atria and Lihakunta, Itikka Co-operative and Pohjanmaan Liha Co-operative, together with Maitosuomi Co-operative, established Nautasuomi Oy, a company developing cattle feeds, which is indirectly owned by Finnish milk and meat producers. The aim of the arrangement is to combine the expertise and resources of milk and meat producers, and thus to support internationally competitive milk and beef production. The aim of the cooperation is to ensure cost-effective and high-quality industrial feed for dairy and beef farms. Feed costs form a significant part of farm production costs. This cooperation can contribute to the success of farms by investing in the development of productivity.

Atria increased its stake in Well-Beef Kaunismaa Ltd by 20 per cent through share transactions made in March. Atria now owns 90 per cent of Well-Beef Kaunismaa's stock. In 2016, Atria acquired 70 per cent of Well-Beef Kaunismaa's stock. Well-Beef Kaunismaa holds a strong position in the Finnish market as a manufacturer of high-quality hamburger patties and kebab products.

## Atria Sweden

| EUR million | Q1 2021 | Q1 2020 | 2020 |
|---|---|---|---|
| Net sales | 76.7 | 78.0 | 332.2 |
| EBIT | -1.2 | -1.8 | 0.8 |
| EBIT, % | -1.6 % | -2.3 % | 0.2 % |

**Atria Sweden's** net sales for January–March amounted to EUR 76.7 million (EUR 78.0 million). Net sales in local currency decreased by 4.7 per cent year-on-year. Sales of Sibylla and Food Service products continued to be below normal levels due to coronavirus restrictions. EBIT was EUR -1.2 million (EUR -1.8 million). The EBIT improvement was due to stable raw material prices and the strengthening of the Swedish krona. The development of EBIT was weighed down by the costs incurred in implementing the ERP system. As a result of a segment change in Atria Group, the Sibylla Rus company operating in the fast food business in Russia will be reported as part of the Atria Sweden segment as of 1 January 2021. The change had a small positive effect on net sales and EBIT for the review and comparison periods. Atria has a total of 12,600 Sibylla sales outlets in 12 countries. Sibylla Rus has a total of 4,300 sales outlets in Russia, Kazakhstan and Belarus. Atria Sweden's business has already previously included most of the Sibylla business.

During the first quarter, the sales to retail of the product groups represented by Atria continued to grow both in terms of volume and value year-on-year: in value, the sausage market grew by 7.4 per cent, the cold cuts market by 5.5 per cent and the poultry products market by 17.0 per cent. In January–March, Atria's producer share remained stable and was 20.0 per cent in sausages, 12.8 per cent in cold cuts and 16.6 per cent in fresh chicken products. (Source: AC Nielsen).

The growth of the retail market in Sweden in the first quarter of 2021 was more moderate than in the previous year. Due to coronavirus restrictions, sales of Food Service and fast food products have weakened significantly.

In February, Atria launched investment planning to reorganise production lines and increase productivity at Atria Sweden's production plants. The investment is estimated to total around EUR 30 million. The investment plan will thoroughly investigate the reorganisation of production lines, potential transfers and investment needs related to the construction of new production lines. The project will involve assessing the option of moving production from the Malmö plant to the Sköllersta plant. After the planning phase, the implementation of the investment will be decided on. If implemented, the project is expected to be fully completed during 2023.

## Atria Denmark & Estonia

| EUR million | Q1 2021 | Q1 2020 | 2020 |
|---|---|---|---|
| Net sales | 24.5 | 26.5 | 106.8 |
| EBIT | 1.9 | 0.3 | 5.3 |
| EBIT, % | 7.9 % | 1.2 % | 4.9 % |

**Atria Denmark & Estonia's** net sales for January–March amounted to EUR 24.5 million (EUR 26.5 million). EBIT was EUR 1.9 million (EUR 0.3 million). Atria Denmark & Estonia's EBIT increased significantly year-on-year. Sales to the retail sector fell slightly. As a result of coronavirus restrictions, sales to Food Service customers and for export continued to be slow. In Denmark, EBIT growth was impacted by low meat raw material prices during the first quarter. Also in Estonia, EBIT growth was due to the lower price level of meat raw material.

Atria's market shares in the Estonian retail trade have decreased slightly. Due to coronavirus restrictions, sales to Food Service customers have weakened nearly 30 per cent year-on-year. In Estonia, the coronavirus situation has been particularly difficult during the first part of the year. Atria's production plant in Valga has operated normally despite the restrictions and delivery reliability has remained good.

Due to intense price competition, Atria has lost some market share in the Danish cold cuts market during January–March. Atria Denmark has managed to operate normally despite strict coronavirus restrictions and to start investments related to production improvement at the Horsens plant as planned.

## Average number of personnel (FTE)

| Average personnel by business area (FTE) | Q1 2021 | Q1 2020 | 2020 |
|---|---|---|---|
| Atria Finland | 2 379 | 2 358 | 2 398 |
| Atria Sweden | 884 | 901 | 879 |
| Atria Denmark & Estonia | 436 | 443 | 439 |
| Unallocated | 762 | 784 | 728 |
| **Total** | 4 461 | 4 486 | 4 444 |

## Financial position

Consolidated interest-bearing net liabilities on 31 March 2021 was EUR 218.4 million (31 December 2020: EUR 191.6 million).

During the review period, the Group's free cash flow (operating cash flow - cash flow from investments) was EUR -21.6 million (EUR -23.7 million).

Equity ratio at the end of the review period was 47.5% (31 December 2020: 46,8 %). The total translation differences with the Swedish krona and the Russian rouble recognised in equity reduced equity by EUR 0.9 million (EUR -13.3 million) in January–March.

Last year, the coronavirus pandemic caused an imbalance in the short-term financing commercial paper market, but the market has functioned normally again this year. During the review period, Atria has used the commercial paper market for short-term financing as usual. Cash funds were decreased during the first quarter closer the company's target level and amounted to EUR 9.2 million on 31 March 2021 (31 December 2020: EUR 26.6 million). The Group's liquidity has remained good. On 31 March 2021, the Group had undrawn committed credit facilities worth EUR 85.0 million (31 December 2020: EUR 85.0 million). The average maturity of loans and committed credit facilities at the end of the review period was 3 years 0 months (31 December 2020: 3 years 2 months).

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

Atria's business, net sales and earnings can be affected by several uncertainties. Risk management and business risks are comprehensively described in Atria's Annual Report 2020, which can be found at www.atria.fi/en/group/investors/financial-information/annual-reports.

The key risks for the first quarter of 2021 were related to human and animal health and welfare. The impact of the COVID-19 pandemic, identified in early 2020, continues on Atria's operations for the second year in a row. Although coronavirus vaccinations have begun in many countries, the duration of the pandemic and the speed of implementation of country-specific vaccination programmes continue to cause uncertainty in Atria's operations. Atria's business is also affected by restrictions on movement and business in different countries imposed by the authorities, the health and safety of personnel and the maintenance of delivery reliability. In the long run, the coronavirus pandemic may also affect economic, legislative and regulatory risks.

The African swine fever, which has been found in multiple European countries and in China and Russia, affected the price, demand and supply of pork around the world. Considering the risk of African swine fever spreading to Finland, Atria employs prevention measures at its own production plants and contract production farms. Cases of avian flu in Europe have in turn caused uncertainty in the poultry market.

Risks related to supply chains are common in Atria's operations. An example of this is the blockage in March of the Suez Canal caused by a cargo ship turning sideways. Atria's containers were in ships stuck in the canal. However, the situation did not cause any direct financial damage. Risks related to cyber crime and IT disruptions also affect Atria's operations. Every effort is made to prevent and protect against them through systematic monitoring and security-enhancing measures.

## Outlook for the future

In 2021, Atria Group's adjusted EBIT is estimated to be EUR 37–43 million (EUR 40.5 million).

The adjusted EBIT is determined by adjusting the EBIT recognised in the income statement with material items affecting comparability. These may include events that are not part of the company's ordinary business activities, such as reorganisation of operations, capital gains and losses from the sale of operations, impairment, and the costs of discontinuing significant operations. Such an item affecting EBIT, if realised, is the translation difference recognition arising from the sale of OOO Pit-Product. Cumulated translation differences associated with Pit-Product stood at around EUR -45 million on 31 December 2020. Translation differences depend on the development of the Russian rouble exchange rate and will be recognised after the deal has been finalised.

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 further during 2021.

The coronavirus pandemic that began in 2020 and continues in early 2021 has caused strong and rapid changes in the business environment in the food industry. This has hindered the predictability of the company’s development. Immediate effects related to Atria's business have included national restrictions on restaurant operations and public food services, resulting in reduced sales to Food Service customers. During the coronavirus pandemic, the importance of ordinary everyday food has strengthened. The possible weakening of consumer purchasing power will also affect food purchases and may shift the sales structure of Atria's products into an unfavourable direction.

## Board of Directors’ proposal for profit distribution for 2020

The Board of Directors proposes that a dividend of EUR 0.50 (EUR 0.42) be paid for each share for the 2020 financial period.

## Financial calendar 2021

The Annual General Meeting will be held in Helsinki on 29 April 2021.

Atria Plc will publish two interim reports and one half-year report in 2021:

- interim report January–March on 29 April 2021 at approximately 8:00 am
- half-year report January–June on 20 July 2021 at approximately 8:00 am
- interim report January–September on 21 October 2021 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 the General Meeting 2020

The decisions of the General Meeting were published as a company announcement on 29 April 2020. The announcement can be viewed on Atria's investor pages at https://www.atria.fi/en/group/investors/annual-general-meeting/annual-general-meeting-2020/

## Valid authorisations to acquire the company's own shares or issue shares, grant special rights and make donations

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 number 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 programme, 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 the Company's own shares in all other respects.

The authorisation supersedes 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 or until 30 June 2021, whichever is first.

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 programme 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 number 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 30 June 2021.

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.

## 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 92,185 series A treasury 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 | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|---|---|---|---|
| **Net sales** | **361.3** | **356.7** | **1,504.0** |
| Costs of goods sold | -323.2 | -322.8 | -1,337.7 |
| **Gross profit** | **38.2** | **33.9** | **166.3** |
| Sales and marketing expenses | -18.9 | -19.7 | -77.7 |
| Administrative expenses | -12.7 | -11.7 | -45.7 |
| Other operating income | 1.1 | 1.0 | 3.2 |
| Other operating expenses | -1.1 | -1.3 | -5.6 |
| **EBIT** | **6.6** | **2.2** | **40.5** |
| Finance income and costs | -2.3 | -1.4 | -4.5 |
| Income from joint ventures and associates | 0.8 | 0.3 | 1.2 |
| **Profit before taxes** | **5.1** | **1.1** | **37.3** |
| Income taxes | -0.9 | -0.4 | -12.6 |
| **Profit for the period** | **4.2** | **0.7** | **24.7** |
| **Profit attributable to:** | | | |
| Owners of the parent | 3.8 | 0.3 | 22.9 |
| Non-controlling interests | 0.4 | 0.4 | 1.8 |
| **Total** | **4.2** | **0.7** | **24.7** |
| Basic earnings per share, EUR | 0.13 | 0.01 | 0.81 |
| Diluted earnings per share, EUR | 0.13 | 0.01 | 0.81 |

## Consolidated statement of comprehensive income

| EUR million | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|---|---|---|---|
| **Profit for the period** | **4.2** | **0.7** | **24.7** |
| **Other comprehensive income after tax:** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Actuarial losses from benefit-based pension obligations | 0.0 | 0.0 | -0.1 |
| **Items reclassified to profit or loss when specific conditions are met** | | | |
| Cash flow hedges | 0.2 | -4.2 | -1.5 |
| Currency translation differences | -0.9 | -13.3 | -6.8 |
| **Total comprehensive income for the period** | **3.4** | **-16.8** | **16.2** |
| **Total comprehensive income attributable to:** | | | |
| Owners of the parent | 3.0 | -17.3 | 14.5 |
| Non-controlling interests | 0.4 | 0.4 | 1.8 |
| **Total** | **3.4** | **-16.8** | **16.2** |

## Consolidated statement of financial position

| Assets<br>EUR million | 31.3.2021 | 31.3.2020 | 31.12.2020 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 370.4 | 389.3 | 395.5 |
| Biological assets | 0.6 | 0.7 | 0.6 |
| Right-of-use assets | 31.4 | 39.2 | 33.7 |
| Goodwill | 162.8 | 155.4 | 164.8 |
| Other intangible assets | 80.2 | 80.6 | 83.9 |
| Investments in joint ventures and associates | 15.2 | 15.4 | 14.5 |
| Other financial assets | 1.2 | 1.2 | 1.2 |
| Loan and other receivables | 4.8 | 4.5 | 4.6 |
| Deferred tax assets | 2.1 | 4.3 | 1.5 |
| **Total** | **668.9** | **690.4** | **700.4** |
| **Current assets** | | | |
| Inventories | 92.8 | 114.6 | 102.9 |
| Biological assets | 3.8 | 3.9 | 3.6 |
| Trade and other receivables | 119.9 | 126.8 | 106.1 |
| Cash and cash equivalents | 9.2 | 37.3 | 26.6 |
| **Total** | **225.7** | **282.7** | **239.2** |
| Assets classified as held for sale | 38.6 | 0.0 | 0.0 |
| **Total assets** | **933.2** | **973.1** | **939.5** |

| Equity and liabilities<br>EUR million | 31.3.2021 | 31.3.2020 | 31.12.2020 |
|---|---|---|---|
| Equity attributable to the shareholders of the parent company | 430.2 | 402.7 | 422.8 |
| Non-controlling interests | 12.1 | 14.8 | 16.1 |
| **Total equity** | **442.2** | **417.5** | **438.9** |
| **Non-current liabilities** | | | |
| Loans | 138.2 | 148.0 | 138.8 |
| Lease liabilities | 23.9 | 30.0 | 24.6 |
| Deferred tax liabilities | 37.0 | 39.4 | 39.2 |
| Pension obligations | 7.0 | 6.5 | 7.2 |
| Other non-interest-bearing liabilities | 4.0 | 9.9 | 1.8 |
| Provisions | 0.2 | 0.4 | 0.3 |
| **Total** | **210.3** | **234.2** | **211.9** |
| **Current liabilities** | | | |
| Loans | 57.5 | 103.9 | 45.1 |
| Lease liabilities | 8.0 | 9.5 | 9.6 |
| Trade and other payables | 209.7 | 208.0 | 234.0 |
| **Total** | **275.1** | **321.4** | **288.7** |
| Liabilities classified as held for sale | 5.5 | 0.0 | 0.0 |
| **Total liabilities** | **490.9** | **555.6** | **500.7** |
| **Total equity and liabilities** | **933.2** | **973.1** | **939.5** |

## 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 | Translation diff. | Retained earnings | Total | | |
| **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 | | | | | | 0.3 | 0.3 | 0.4 | 0.7 |
| Other comprehensive income | | | | | | | | | |
| Cash flow hedges | | | -4.2 | | | | -4.2 | | -4.2 |
| Currency translation differences | | | | | -13.3 | | -13.3 | | -13.3 |
| 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 |
| **Equity 31.3.2020** | **48.1** | **-1.2** | **-4.1** | **249.3** | **-69.2** | **179.8** | **402.7** | **14.8** | **417.5** |
| **Equity 1.1.2021** | **48.1** | **-1.2** | **-1.3** | **249.5** | **-62.7** | **190.4** | **422.8** | **16.1** | **438.9** |
| Profit for the period | | | | | | 3.8 | 3.8 | 0.4 | 4.2 |
| Other comprehensive income | | | | | | | | | |
| Cash flow hedges | | | 0.2 | | | | 0.2 | | 0.2 |
| Currency translation differences | | | | | -0.9 | | -0.9 | | -0.9 |
| Shares of non-controlling interests related to acquisition of subsidiaries | | | | | | 4.3 | 4.3 | -4.4 | 0.0 |
| **Equity 31.3.2021** | **48.1** | **-1.2** | **-1.1** | **249.5** | **-63.6** | **198.5** | **430.2** | **12.1** | **442.2** |

## Consolidated cash flow statement

| EUR million | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Operating activities before financial items and taxes | -5.5 | -10.1 | 115.2 |
| Financial items and taxes | -6.4 | -1.1 | -13.0 |
| **Net cash flow from operating activities** | **-11.9** | **-11.2** | **102.2** |
| **Cash flow from investing activities** | | | |
| Investments in tangible and intangible assets | -8.6 | -11.8 | -40.8 |
| Acquired operations | -0.1 | 0.0 | -3.4 |
| Increase (-) / decrease (+) in long-term receivables | -0.3 | 0.1 | 0.7 |
| Dividends received | 0.0 | 0.0 | 0.5 |
| Change in short-term receivables | -0.7 | -0.8 | -0.1 |
| **Net cash used in investing activities** | **-9.6** | **-12.5** | **-43.2** |
| **Cash flow from financing activities** | | | |
| Draw down of long-term borrowings | 0.0 | 7.0 | 37.0 |
| Repayment of long-term borrowings | -7.4 | -9.7 | -41.7 |
| Increase (+) / decrease (-) in short-term loans | 19.1 | 60.1 | -8.3 |
| Principal elements of lease payments | -2.4 | -2.5 | -9.4 |
| Acquisition of non-controlling interest | -4.0 | 0.0 | 0.0 |
| Contribution by non-controlling interest | 0.3 | 0.0 | 0.0 |
| Dividends paid | 0.0 | 0.0 | -11.9 |
| **Net cash used in financing activities** | **5.6** | **54.9** | **-34.4** |
| **Change in liquid funds** | **-16.0** | **31.2** | **24.6** |
| Cash and cash equivalents at beginning of year | 26.6 | 4.4 | 4.4 |
| Effect of exchange rate changes on cash flows | -1.4 | 1.7 | -2.4 |
| **Cash and cash equivalents at the end of period** | **9.2** | **37.3** | **26.6** |

# Interim report notes

## Interim report accounting principles

This interim 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 2020 annual financial statements. However, as of 1 January 2021, the Group uses new or revised standards and IFRIC interpretations published by the IASB, included in the accounting principles of the annual financial statements 2020.

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 coronavirus pandemic, the company has assessed the effects of the pandemic on the income statement and balance sheet for the review period. 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 does 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 2020 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 interim report are unaudited.

**Changes to segment reporting**

On 28 April 2021, Atria reported in a company announcement that Atria Group's operational structure and financial reporting would be changed. The change is implemented in reporting as of 1 January 2021.

Following the sale of OOO Pit-Product, Atria Russia does not form an independent business area and is therefore not a reporting segment. As a result, Atria Group's operational structure and financial reporting will be changed. Sibylla Rus is reported as part of the Atria Sweden segment, which includes most of the Sibylla business. OOO Pit-Product's net sales and EBIT for 2021 are reported under 'Unallocated'. The change is implemented in reporting as of 1 January 2021. Atria has estimated that the divestment will be finalised during the first half of 2021.

Atria Group’s reporting segments as of 1 January 2021 are as follows:
- Atria Finland
- Atria Sweden
- Atria Denmark & Estonia

## Operating segments

| EUR million | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|---|---|---|---|
| **Revenue from consumer goods** | | | |
| Atria Finland | 198.7 | 193.1 | 823.2 |
| Atria Sweden | 76.7 | 78.0 | 332.2 |
| Atria Denmark & Estonia | 24.0 | 26.0 | 104.7 |
| Unallocated | 10.0 | 13.7 | 51.8 |
| Eliminations | -10.1 | -14.1 | -53.0 |
| **Total** | **299.3** | **296.7** | **1,258.9** |
| **Revenue from primary products** | | | |
| Atria Finland | 61.5 | 59.6 | 243.1 |
| Atria Sweden | - | - | - |
| Atria Denmark & Estonia | 0.6 | 0.5 | 2.1 |
| Unallocated | - | - | - |
| **Total** | **62.0** | **60.0** | **245.2** |
| **Total net sales** | **361.3** | **356.7** | **1,504.0** |
| **EBIT** | | | |
| Atria Finland | 9.8 | 6.2 | 43.1 |
| Atria Sweden | -1.2 | -1.8 | 0.8 |
| Atria Denmark & Estonia | 1.9 | 0.3 | 5.3 |
| Unallocated | -4.0 | -2.6 | -8.7 |
| **Total** | **6.6** | **2.2** | **40.5** |
| **Investments** | | | |
| Atria Finland | 5.3 | 8.1 | 30.6 |
| Atria Sweden | 2.4 | 3.2 | 11.2 |
| Atria Denmark & Estonia | 0.8 | 0.5 | 3.4 |
| Unallocated | 0.0 | 0.0 | 0.3 |
| **Total** | **8.5** | **11.9** | **45.6** |
| **Depreciation and write-offs** | | | |
| Atria Finland | 9.2 | 8.9 | 35.8 |
| Atria Sweden | 3.5 | 3.3 | 13.1 |
| Atria Denmark & Estonia | 1.1 | 1.1 | 4.6 |
| Unallocated | 1.5 | 0.7 | 3.1 |
| **Total** | **15.4** | **14.0** | **56.7** |

Atria Plc’s group structure and segment reporting was changed with effect from 1 January 2021. Comparative data published in a company announcement on 28 April 2021.

## Fair value hierarchy of financial assets and liabilities

**EUR million**

| Balance sheet items | 31.3.2021 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets** | | | | |
| Financial assets at fair value through other comperhensive income | 1.2 | | | 1.2 |
| Derivative financial instruments | 1.4 | | 1.4 | |
| **Total** | **2.6** | **0.0** | **1.4** | **1.2** |
| **Liabilities** | | | | |
| Derivative financial instruments | 2.5 | | 2.5 | |
| **Total** | **2.5** | **0.0** | **2.5** | **0.0** |

| Balance sheet items | 31.12.2020 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets** | | | | |
| Financial assets at fair value through other comperhensive income | 1.2 | | | 1.2 |
| Derivative financial instruments | 0.9 | | 0.9 | |
| **Total** | **2.1** | **0.0** | **0.9** | **1.2** |
| **Liabilities** | | | | |
| Derivative financial instruments | 6.0 | | 6.0 | |
| **Total** | **6.0** | **0.0** | **6.0** | **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:**

| | 1-3/2021 | 1-3/2020 | 1-12/2020 |
|---|---|---|---|
| Sales of goods and services | 5.1 | 5.0 | 20.1 |
| Purchases of goods and services | -24.7 | -24.5 | -98.2 |

| | 31.3.2021 | 31.3.2020 | 31.12.2020 |
|---|---|---|---|
| Receivables | 1.6 | 1.6 | 1.0 |
| Liabilities | 5.3 | 12.4 | 8.5 |

## Contingent liabilities

| EUR million | 31.3.2021 | 31.3.2020 | 31.12.2020 |
|---|---|---|---|
| **Debts with mortgages given as security** | | | |
| Loans from financial institutions | 1.3 | 1.4 | 1.3 |
| Pension fund loans | 4.3 | 4.0 | 4.4 |
| **Total** | **5.6** | **5.4** | **5.7** |
| | | | |
| **Mortgages given as comprehensive security** | | | |
| Real estate mortgages | 1.3 | 1.4 | 1.3 |
| | | | |
| **Guarantee engagements not included in the balance sheet** | | | |
| Guarantees | 0.1 | 0.1 | 0.1 |

## Acquisitions of non-controlling interests

Atria has increased its stake in Well-Beef Kaunismaa Ltd by 20 per cent and owns 90 per cent of the company's stock as a result of the share transaction made on 19 March 2021. The purchase price was EUR 4.0 million. The remaining value of the put option of the company's minority shareholders (10%) on 31 March 2021 was EUR 2.1 million and it has been recognised in long-term interest-free liabilities. The company has been Atria's subsidiary since 2016.

## Assets held for sale

In February, Atria concluded the sale of its Russian subsidiary OOO Pit-Product to Limited Liability Company Agricultural Complex Mikhailovskiy, which belongs to the Cherkizovo Group. The divestment, which transfers ownership of OOO Pit-Product to the buyer, is expected to be implemented during the first half of 2021. Assets and liabilities included in the transaction are classified in the balance sheet as held-for-sale assets and liabilities related to held-for-sale assets. In connection with the classification, the assets were valued to correspond to the estimated selling price, which resulted in value adjustments of approximately EUR -1.2 million. The final result of the sale is affected by the effects of ruble exchange rate changes on the value of assets and working capital items at the time of sale.

**Held for sale assets and liabilities:**

| EUR million | 31.3.2021 |
|---|---|
| **Asset** | |
| Property, plant and equipment | 21.4 |
| Right-of-use assets | 0.3 |
| Other intangible assets | 1.7 |
| Inventories | 8.7 |
| Short-term trade and other receivables | 5.3 |
| Cash and cash equivalents | 1.3 |
| **Total assets** | 38.6 |
| | |
| **Liabilities** | |
| Long-term lease liabilities | 0.1 |
| Deferred tax liabilities | 1.9 |
| Short-term lease liabilities | 0.1 |
| Short-term trade and other payables | 3.3 |
| **Total liabilities** | 5.5 |

## The main exchange rates

| | Income statement | | | Balance sheet | | |
|---|---|---|---|---|---|---|
| | 1-3/2021 | 1-3/2020 | 1-12/2020 | 31.3.2021 | 31.3.2020 | 31.12.2020 |
| SEK | 10.1167 | 10.6658 | 10.4881 | 10.2383 | 11.0613 | 10.0343 |
| DKK | 7.4373 | 7.4715 | 7.4544 | 7.4373 | 7.4674 | 7.4409 |
| RUB | 89.7335 | 73.702 | 82.6454 | 88.3175 | 85.9486 | 91.4671 |

## 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 material 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 | |
| Free cash flow | = | Operational cash flow – cash flow from investments | |
| FTE | = | Hours worked during the review period | |
| | | Number of working days during the review period * normal working hours per day | |
| Return on equity (%) | = | Profit/loss for the accounting period | * 100 |
| | | Equity (average) | |
| Return on investment (%) | = | Profit/loss before tax + interest and other financial expenses | * 100 |
| | | Equity + interest-bearing financial liabilities (average) | |
| Equity ratio (%) | = | Equity | * 100 |
| | | Balance sheet total – advance payments received | |
| Interest-bearing liabilities | = | Loans and lease liabilities | |
| Gearing (%) | = | Interest-bearing liabilities | * 100 |
| | | Equity | |
| Net interest-bearing liabilities | = | Interest-bearing liabilities – cash and cash equivalents | |
| Net gearing (%) | = | Interest-bearing liabilities – cash and cash equivalents | * 100 |
| | | Equity | |
| Earnings/share (basic) | = | Profit for the period attributable to the owners of the parent company | |
| | | Weighted average of outstanding shares | |
| Equity/share | = | Equity attributable to the owners of the parent company | |
| | | Undiluted number of shares on 31 Dec | |
| Dividend/share | = | Dividend distribution during the accounting period | |
| | | Undiluted number of shares on 31 Dec | |
| Dividend/profit (%) | = | Dividend/share | * 100 |
| | | Earnings per share (EPS) | |
| Effective dividend yield (%) | = | Dividend/share | * 100 |
| | | Closing price at the end of the accounting period | |
| Price/earnings (P/E) | = | Closing price at the end of the accounting period | |
| | | Earnings per share | |
| Average price | = | Overall share turnover (EUR) | |
| | | 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 (%) | = | Number of shares traded during the accounting period | * 100 |
| | | Undiluted average number of shares | |

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