



Interim Report Q1/2021

1 January – 31 March 2021

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Atria Group 1 January – 31 March 2021

EUR million	Q1		2020
	2021	2020	
Net sales	361.3	356.7	1,504.0
EBIT	6.6	2.2	40.5
EBIT, %	1.8 %	0.6 %	2.7 %

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

- **In January – March:** 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.
- 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.
- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.50 (EUR 0.42) be paid per share.

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Changes to segment reporting

- 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
 - Atria Denmark & Estonia

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Atria Finland 1 January – 31 March 2021

EUR million	Q1	Q1	
	2021	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 %

- **In January – March** 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.
- EBIT growth was due to stronger net sales, a favourable sales structure and improved cost efficiency.
- 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.
- 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.

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Atria Finland

- 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.
- 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)



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Atria Sweden 1 January – 31 March 2021

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

- **In January – March** 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.
- 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. 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.
- 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 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.

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Atria Sweden

- 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.



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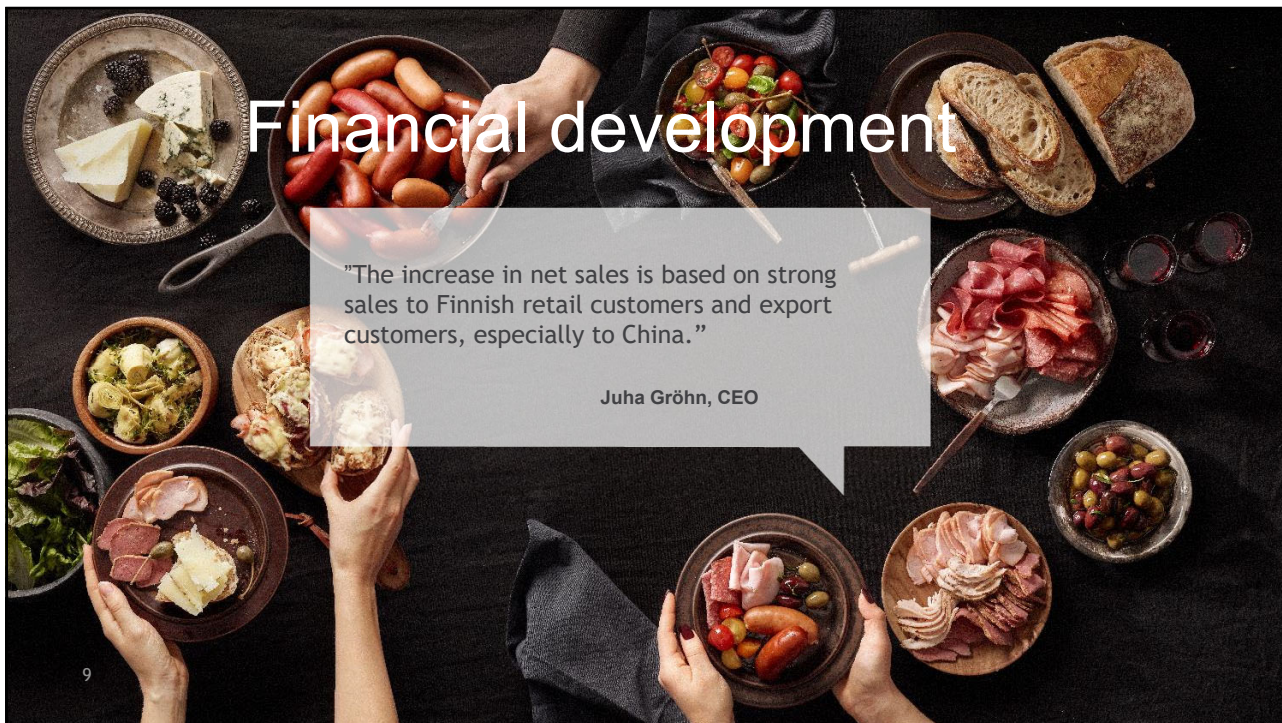
Atria Denmark & Estonia 1 January – 31 March 2021

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

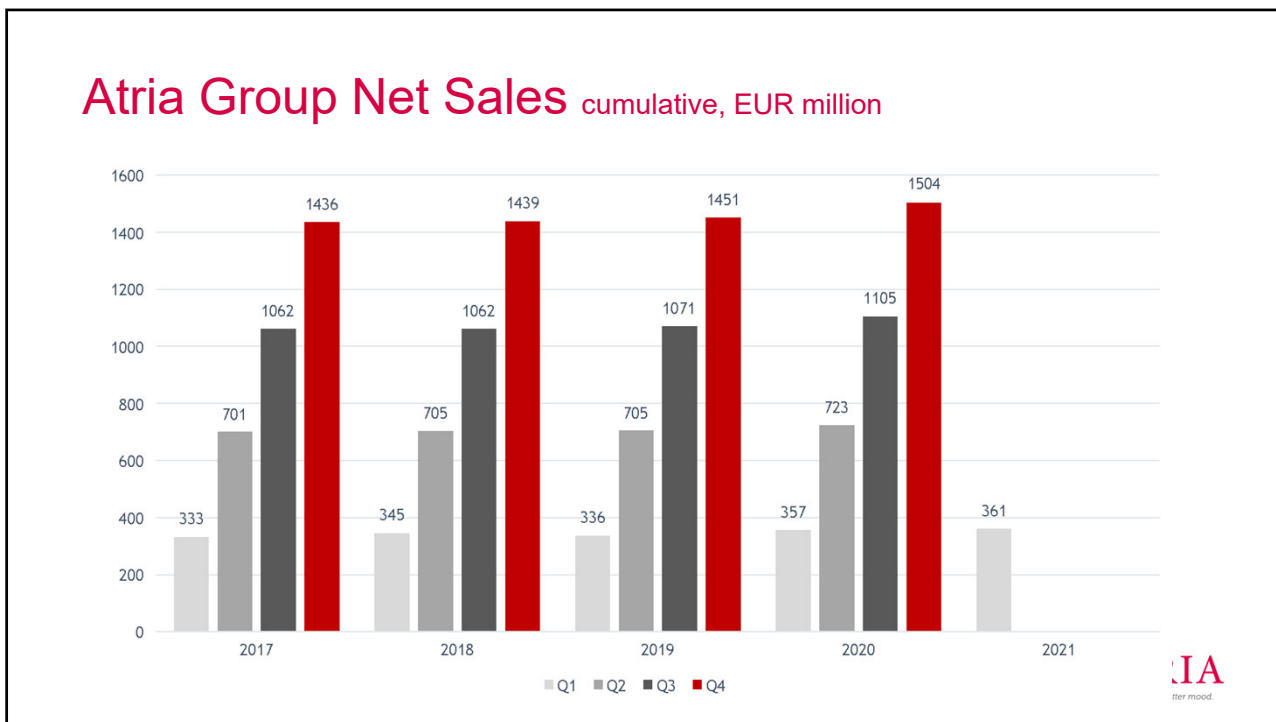
- **In January – March** Atria Denmark & Estonia's EBIT increased significantly year-on-year.
- In Denmark, EBIT growth was impacted by low meat raw material prices during the first quarter.
- Also in Estonia, EBIT growth was due to the lower price level of meat raw material.
- Atria Denmark & Estonia's 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.
- 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.

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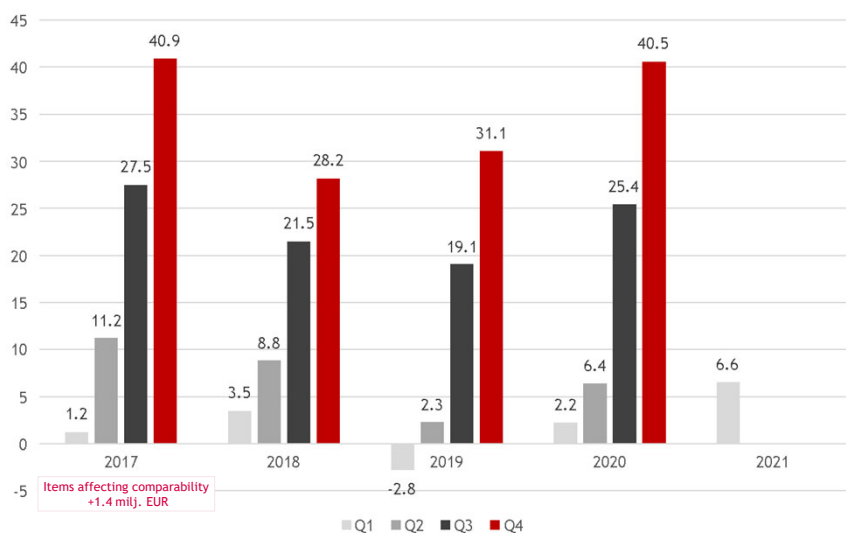


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Atria Group EBIT cumulative, EUR Million



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Atria Group Financial indicators

1 January – 31 March 2021

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

- 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).
- 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).

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Atria Group 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
<i>% of Net sales</i>	10.6 %	9.5 %	11.1 %
Other income	1.1	1.0	3.2
Other expenses	-32.7	-32.6	-129.0
EBIT	6.6	2.2	40.5
<i>% of Net sales</i>	1.8 %	0.6 %	2.7 %
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

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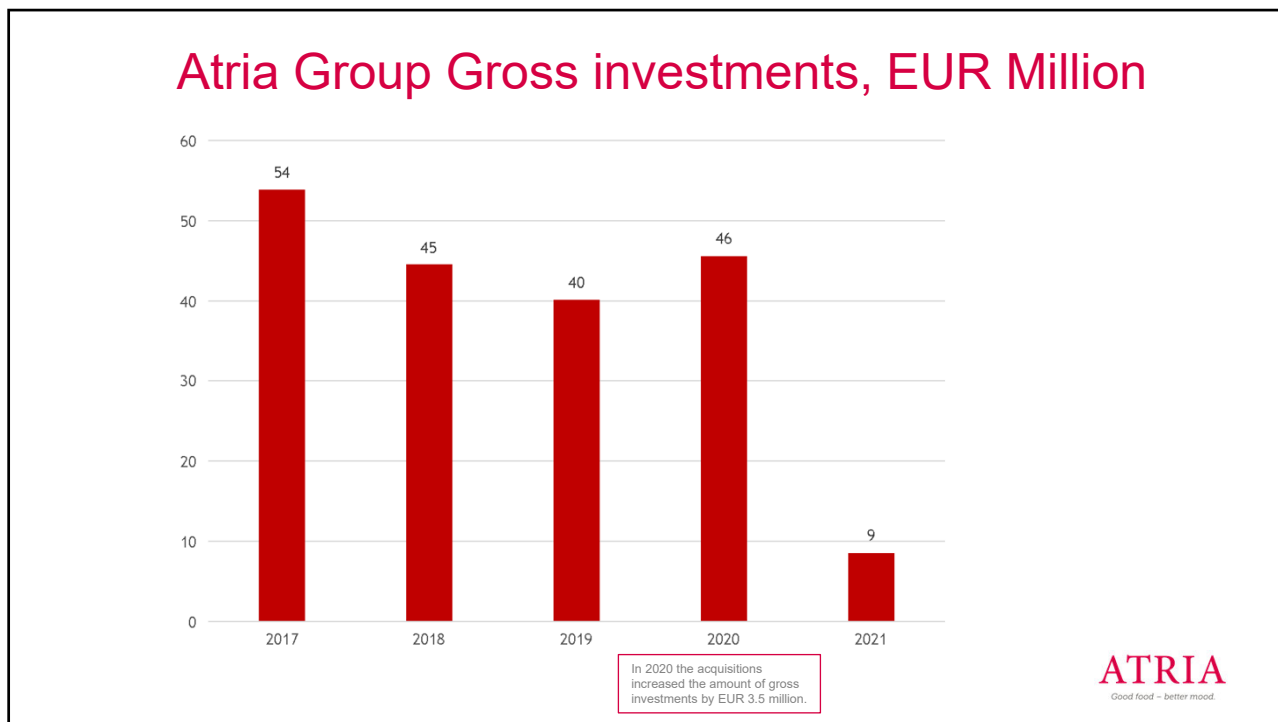
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Atria Group Cash flow statement

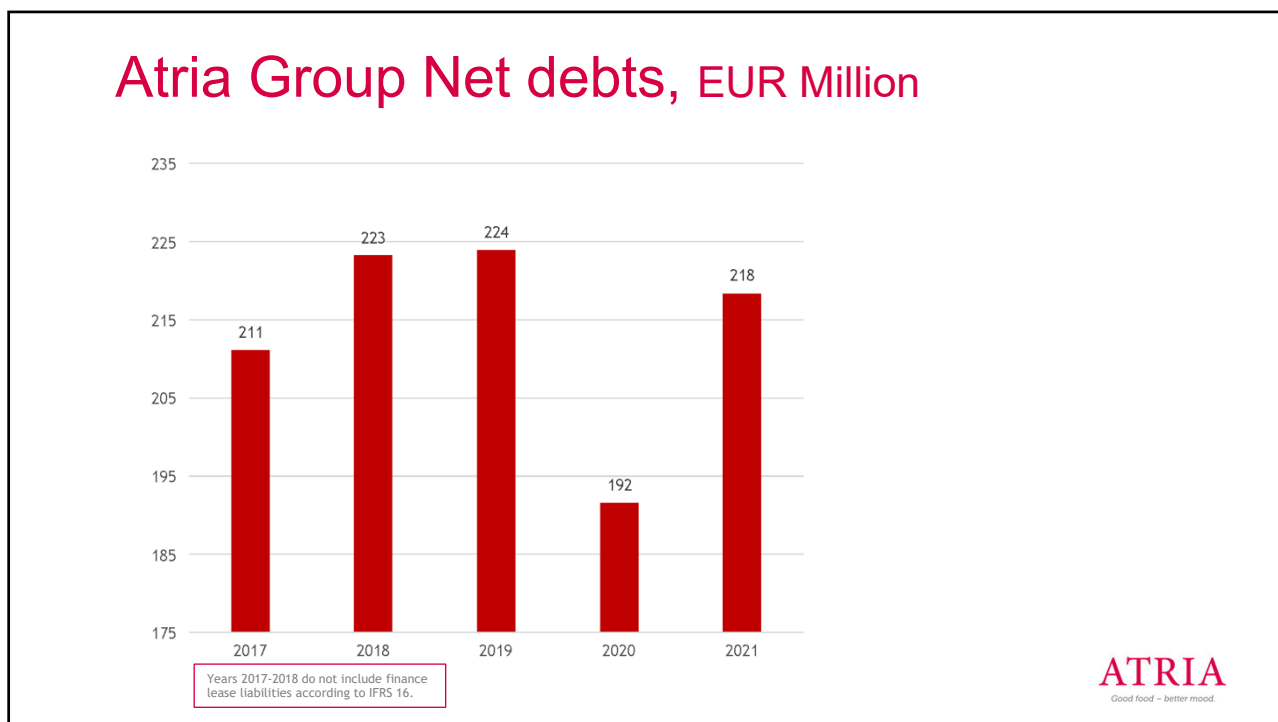
EUR million	1-3/2021	1-3/2020	1-12/2020
Cash flow from operating activities	-5.5	-10.1	115.2
Financial items and taxes	-6.4	-1.1	-13.0
NET CASH FLOW FROM OPERATING ACTIVITIES	-11.9	-11.2	102.2
Investments in tangible and intangible assets	-8.6	-11.8	-40.8
Acquired operations	-0.1	0.0	-3.4
Changes in long-term receivables	-0.3	0.1	0.7
Dividends received	0.0	0.0	0.5
Changes in short-term receivables	-0.7	-0.8	-0.1
NET CASH FLOW FROM OPERATING ACTIVITIES	-9.6	-12.5	-43.2
FREE CASH FLOW	-21.6	-23.7	59.0
Changes in interest-bearing liabilities	9.4	54.9	-22.4
Transactions with non-controlling interest	-3.7	0.0	0.0
Dividends paid	0.0	0.0	-11.9
NET CASH FLOW FROM FINANCING ACTIVITIES	5.6	54.9	-34.4
CHANGE IN LIQUID FUNDS	-16.0	31.2	24.6

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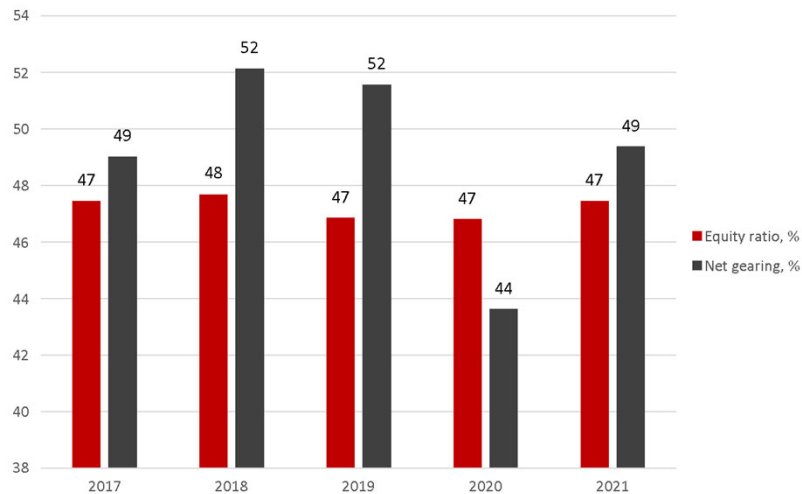


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Atria Group Equity ratio & Net gearing, %



Years 2017-2018 do not include finance lease liabilities according to IFRS 16.

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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.

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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.

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Atria Group Strategy 2025

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Implementation of the strategy Q1/2021

Targets	Implementation Q1/2021
Win big in poultry	- The new poultry plant investment is progressing according to schedule. Earthworks will start in April.
Strong financial performance	- In February, Atria entered into an agreement of the sale of its Russian subsidiary OOO Pit-Product to Limited Liability Company Agricultural Complex Mikhailovskiy.
Grow profitably in Sweden	- 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.
Leader in sustainability	- Atria is involved in an online training project on regenerative farming aimed at Finnish farmers. - Atria signed the Swedish consumer goods industry's voluntary plastic recycling commitment "The 2025 Plastic Initiative".
Best partner for owner-producers	- 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.

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Thank you!

H2/2021 will be published on 20 July 2021.