



# Atria Plc Interim Report

1 January - 30 September 2021

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## Atria Group 1 January – 30 September 2021

EUR million	Q3	Q3	Q1-Q3	Q1-Q3	2020
	2021	2020	2021	2020	
Net sales	388.0	382.4	1,136.6	1,105.4	1,504.0
EBIT before items affecting comparability	19.7	19.0	38.9	25.4	40.5
Adjusted EBIT, %	5.1 %	5.0 %	3.4 %	2.3 %	2.7 %
<b>Items affecting comparability of EBIT:</b>					
The effect of the sale of the subsidiary	0.0	0.0	-45.1	0.0	0.0
EBIT	19.7	19.0	-6.2	25.4	40.5
EBIT, %	5.1 %	5.0 %	-0.5 %	2.3 %	2.7 %

### January – September 2021

- The Group's net sales, excluding the effect of the divested Russian subsidiary, increased by approx. 4 per cent.
- With the removal of coronavirus restrictions, the Food Service and fast-food market started to grow in all business areas.
- Sales to retail were level with the corresponding period of the previous year. Sales were good in the summer barbecue season.
- Exports of pork from Finland to China decreased and the profitability of exports deteriorated year-on-year.
- Increased costs brought down EBIT growth at the end of the review period.
- Atria is committed to the international Science Based Targets climate initiative (SBTi), which links Atria's responsibility work to the goal of the Paris Agreement on Climate Change to limit the increase in global average temperature to less than 1.5 degrees.

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### January - September 2021

- The sale of Atria's Russian subsidiary OOO Pit-Product was completed in April. The EBIT adjustment item consists of translation differences of the sold Russian subsidiary (OOO Pit-Product). The amount of cumulated translation differences was EUR -45.1 million, which was recognised in the income statement.
- Atria Finland's net sales and EBIT improved clearly. Sales grew in all sales channels, especially Food Service sales and feed sales increased. EBIT was EUR 8.8 million higher than in the previous year.
- The improvement in Atria Sweden's EBIT was due to good sales development to Food Service and fast-food customers.
- Atria Denmark & Estonia's EBIT increased year-on-year, which was mainly due to the lower price level of meat raw material.
- Atria Group's operational structure and segment reporting was changed. The reporting segments are Atria Finland, Atria Sweden and Atria Denmark & Estonia.
- Atria is investing EUR 30 million in production restructuring in Sweden – production will be centralised at the Sköllersta plant and the Malmö plant will be closed.

### Events after review period

- Atria raised its EBIT guideline for 2021 and estimates the adjusted EBIT to be EUR 47-54 million (EUR 40.5 million).

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## Atria Finland 1 January – 30 September 2021

EUR million	Q3	Q3	Q1-Q3	Q1-Q3	2020
	2021	2020	2021	2020	
Net sales	274.6	266.1	812.5	781.8	1,066.3
EBIT	16.4	15.2	37.5	28.7	43.1
EBIT, %	6.0 %	5.7 %	4.6 %	3.7 %	4.0 %

- In July – September**, the growth in net sales is mainly due to increased sales to Food Service customers.
- Sales were good in the summer barbecue season. Sales to feed customers also grew during the review period. Sales to retail were level with the corresponding period of the previous year.
- Exports to China decreased and the profitability of exports deteriorated year-on-year.
- EBIT growth was due to stronger net sales and a more favorable sales structure.
- General cost inflation has increased the prices of many materials, supplies and external services at the end of the review period.
- In January – September**, the increase in net sales was due to increased sales in all sales channels, especially Food Service sales and exports to China were higher than in the corresponding period of the previous year.
- Sales to feed customers were higher than in the previous year. Sales to retail were level with the previous year.
- EBIT growth was due to the increase in net sales and a more favourable sales structure.
- Chinese export prices started to decline at the end of the second quarter and remained at a low level during the third quarter.

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## Atria Finland

- The retail market has grown by approximately 3 per cent from the beginning of the year in the product groups represented by Atria. In July–August, sales in Finnish retail increased by 3.1 per cent.
- The market for convenience food products has grown particularly strongly, over 9 per cent in terms of value. The sales of convenience food grew by 11.1 per cent in July–August.
- Atria's supplier share is 25 per cent in the product groups represented by Atria.
- In terms of value, Finland's Food Service market increased approximately 4 per cent in January–August. The market growth, which started in the spring, continued in the summer months and was 8 per cent in June–August. Atria's supplier share in the Food Service market is approximately 21 per cent in the product groups represented by Atria.

(Source: Atria market insight)



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## Atria Sweden 1 January – 30 September 2021

EUR million	Q3	Q3	Q1-Q3	Q1-Q3	2020
	2021	2020	2021	2020	
Net sales	94.3	90.8	259.0	247.1	332.2
EBIT	3.0	3.0	2.1	-0.4	0.8
EBIT, %	3.2 %	3.3 %	0.8 %	-0.1 %	0.2 %

- **In July – September**, net sales grew by 2.9 per cent year-on-year in the local currency.
- Atria's sales of Food Service and Sibylla products were higher than in the corresponding period of the previous year, thanks to the recovery of the Food Service and fast-food market with the lifting of coronavirus restrictions in Sweden.
- Sales of cold cuts and sausages in retail were lower than in the previous year. Sales of poultry products in retail continued to grow.
- Sales to fast food customers strengthened significantly in Russia. Due to coronavirus restrictions, domestic tourism has increased in Russia, which has grown the local fast-food market.
- Increased feed, transport and energy costs brought down EBIT growth during the review period.
- **In January – September**, net sales grew by 2.4 per cent year-on-year in the local currency.
- During the first quarter, coronavirus restrictions had a negative impact on the Food Service and fast-food business. After that, the market started to recover with the removal of coronavirus restrictions.
- Sales to retail were level with the previous year.
- EBIT grew due to improved sales structures.
- As a result of a segment change in Atria Group, the Sibylla Rus company operating in the fast-food business in Russia is reported as part of the Atria Sweden segment as of 1 January 2021. The change had a positive effect on net sales and EBIT for the review period and the comparison period.

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## Atria Sweden

- In January–August, sales to retail of the product groups represented by Atria were stable: the sausage market grew by 0.1 per cent, the cold cuts market grew by 3.7 per cent and the poultry products market grew by 7.5 per cent in value.
- In January–August, Atria's supplier share also remained stable and was 18.7 per cent in sausages, 12.3 per cent in cold cuts and 17.2 per cent in fresh chicken products. (Source: AC Nielsen).
- With the lifting of coronavirus restrictions, the Food Service and fast-food market has grown year-on-year.
- In May, Atria decided to invest EUR 30 million in production restructuring in Sweden. The investment includes the expansion of production facilities and the purchase of new production equipment for the Sköllersta plant. As a result of the restructuring, Malmö's production will be transferred to the Sköllersta and Moheda plants in Sweden and to the Horsens plants in Denmark. The transfer of production is expected to be completed in 2023. The restructuring is estimated to generate total annual savings of EUR 3.5 million for Atria.



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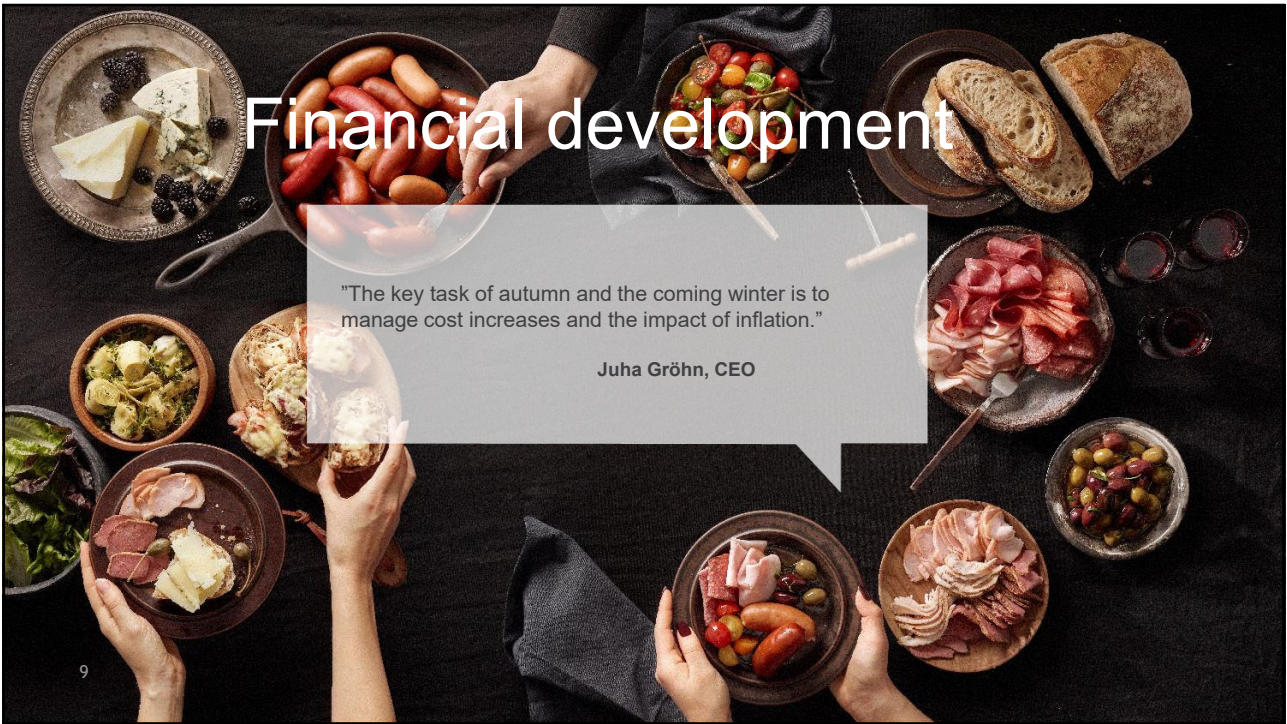
## Atria Denmark & Estonia 1 January – 30 September 2021

EUR million	Q3	Q3	Q1-Q3	Q1-Q3	2020
	2021	2020	2021	2020	
Net sales	27.3	26.9	78.5	80.3	106.8
EBIT	1.2	2.1	5.1	3.6	5.3
EBIT, %	4.3 %	7.9 %	6.5 %	4.4 %	4.9 %

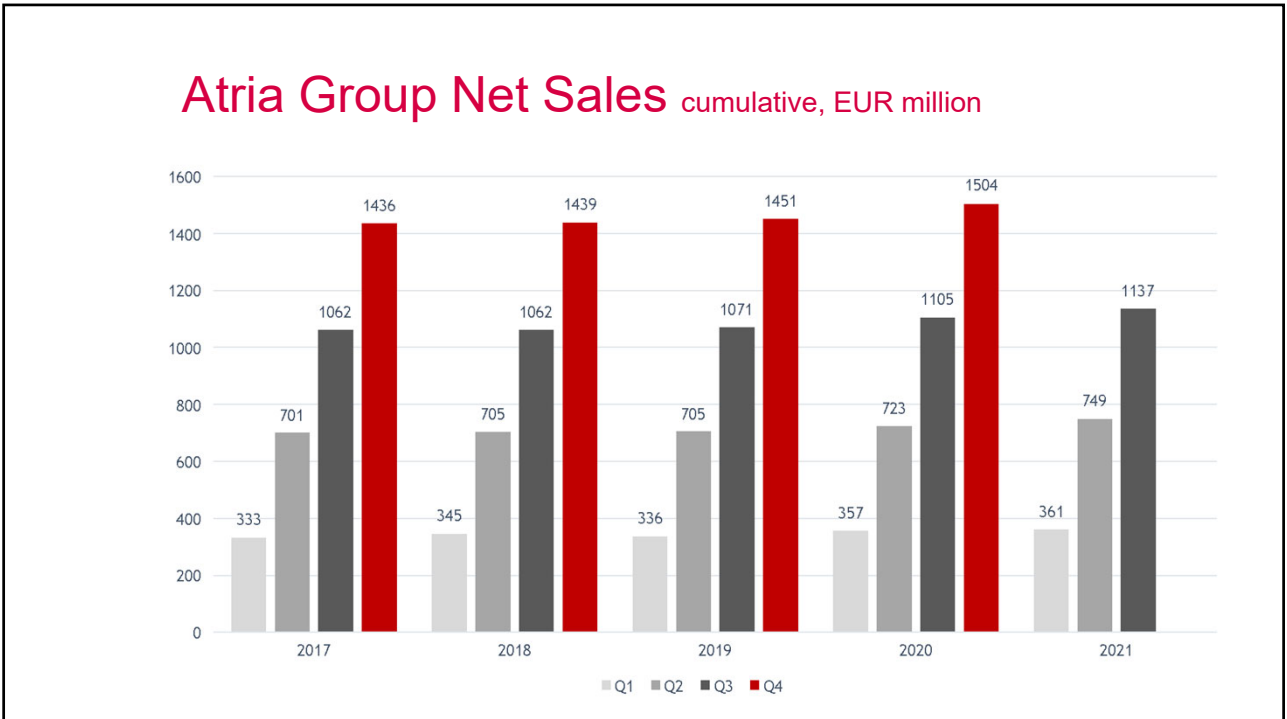
- **In July – September**, Atria's sales in Estonian retail increased and its total market share strengthened to approximately 17 per cent. In Denmark, sales to Food Service and export customers went well with the lifting of coronavirus restrictions. Sales to retail are returning to pre-coronavirus levels.
- EBIT was weighed down by higher prices of materials, supplies and external services and increased costs of own primary production in Estonia. The price of pork in Denmark has remained at a low level.
- **In January – September**, net sales and EBIT were bolstered by the price increases implemented early in the year.
- EBIT growth was impacted by low meat raw material prices and good cost management.

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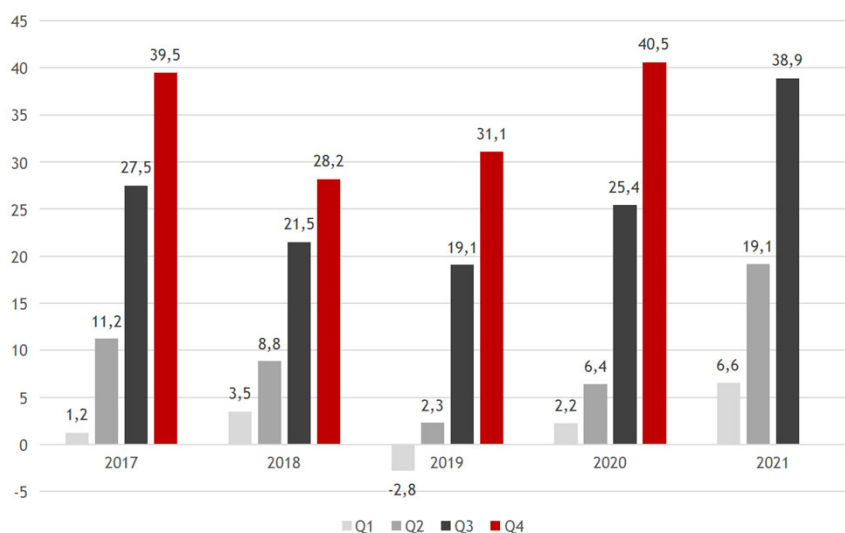


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## Atria Group adjusted EBIT cumulative, EUR Million



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## Atria Group Financial indicators

1 January – 30 September 2021

EUR million	30.9.2021	30.9.2020	31.12.2020
Shareholders' equity per share EUR	15.72	14.58	14.96
Interest-bearing liabilities	191.0	245.1	218.1
Equity ratio, %	49.6 %	46.0 %	46.8 %
Net gearing, %	38.6 %	55.7 %	43.6 %
Gross investments	33.4	31.2	45.6
% of net sales	2.9 %	2.8 %	3.0 %
Average FTE*	3,690	4,453	4,444

\*The figure for the review period is without the number of employees of OOO Pit-Product.

- Consolidated interest-bearing net liabilities on 30 September 2021 amounted to EUR 176.2 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 36.7 million (EUR 6.8 million). Free cash flow includes a net cash flow effect of EUR 29.3 million related to the sale of OOO Pit-Product.
- Accumulated translation differences related to the sold subsidiary, OOO Pit-Product, amounted to EUR -45.1 million and were written off from translation differences to retained earnings. The recording has no effect on equity ratio or cash flow.
- In April, Atria refinanced a EUR 40 million loan due in April 2023 with a new EUR 60 million bullet loan that has a maturity of seven years.
- On 30 September 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 4 years 2 months (31 December 2020: 3 years 2 months).

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## Atria Group Income statement

EUR million	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
NET SALES	388.0	382.4	1,136.6	1,105.4	1,504.0
Costs of goods sold	-339.2	-335.2	-1,004.1	-988.3	-1,337.7
GROSS PROFIT	48.9	47.3	132.4	117.2	166.3
<i>% of Net sales</i>	12.6 %	12.4 %	11.7 %	10.6 %	11.1 %
Other income	0.6	0.8	2.7	2.5	3.2
Other expenses	-29.7	-29.1	-141.3	-94.3	-129.0
EBIT	19.7	19.0	-6.2	25.4	40.5
<i>% of Net sales</i>	5.1 %	5.0 %	-0.5 %	2.3 %	2.7 %
Finance income and costs	-1.4	-1.4	-4.0	-3.7	-4.5
Income from joint ventures and associates	1.0	0.3	2.8	0.9	1.2
PROFIT BEFORE TAXES	19.4	17.9	-7.5	22.6	37.3
Income taxes	-4.2	-3.0	-8.0	-4.7	-12.6
PROFIT FOR THE PERIOD	15.2	14.9	-15.5	17.9	24.7

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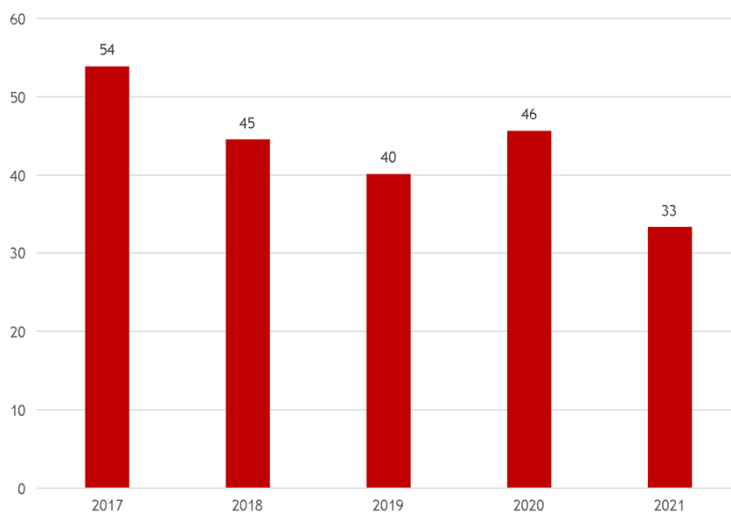
## Atria Group Cash flow statement

EUR million	1-9/2021	1-9/2020	1-12/2020
Cash flow from operating activities	55.8	46.7	115.2
Financial items and taxes	-13.9	-9.4	-13.0
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>41.9</b>	<b>37.3</b>	<b>102.2</b>
Investments in tangible and intangible assets	-33.6	-30.7	-40.8
Acquired operations	0.0	0.0	-3.4
Sold operations	29.3	0.0	0.0
Changes in long-term receivables	-0.5	0.2	0.7
Change in short-term receivables	-1.0	-0.5	-0.1
Dividends received	0.7	0.5	0.5
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-5.2</b>	<b>-30.5</b>	<b>-43.2</b>
FREE CASH FLOW	36.7	6.8	59.0
Changes in interest-bearing liabilities	-31.3	7.8	-22.4
Transactions with non-controlling interest	-3.1	0.0	0.0
Dividends paid	-14.6	-11.9	-11.9
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-49.1</b>	<b>-4.2</b>	<b>-34.4</b>
CHANGE IN LIQUID FUNDS	-12.4	2.6	24.6

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## Atria Group Gross investments, EUR Million

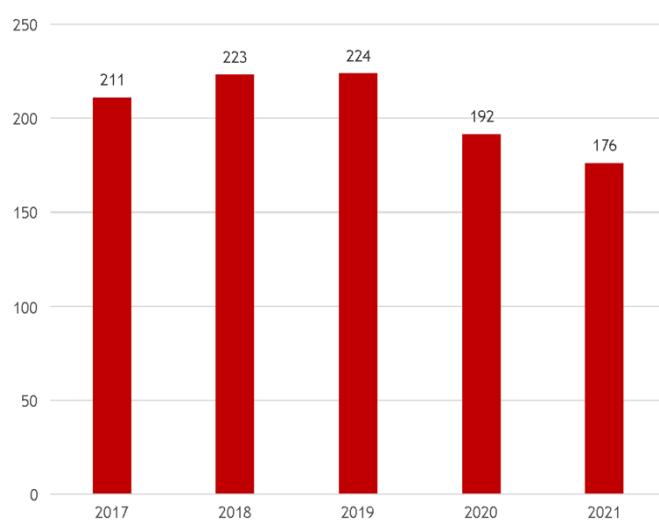


In 2020 the acquisitions increased the amount of gross investments by EUR 3.5 million.

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## Atria Group Net debts, EUR Million



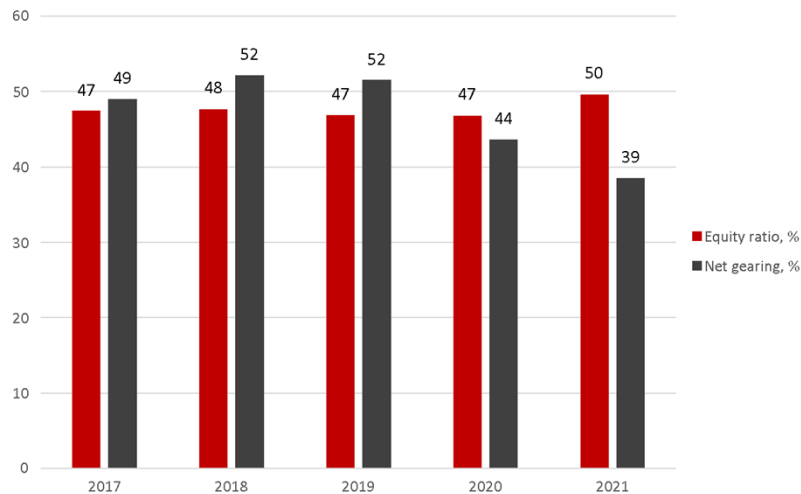
Years 2017-2018 do not include finance lease liabilities according to IFRS 16.

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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

- The continuation of the COVID-19 pandemic and measures to prevent its spread constituted the main risk to Atria's business also in the third quarter of the year. The pandemic has affected the demand for products, the operation of factories, the health and well-being of personnel and the movement of people. National restrictions on restaurant operations, which had an immediate effect on Atria's business, have been partially removed during the review period. The implementation of vaccination programmes has progressed well in Atria's operating countries and the restrictions related to the pandemic have already been partially lifted.
- The dry and exceptionally warm summer reduced grain harvests in Finland. The rains in August also weakened the quality of the harvest. As a result, the costs of meat production farms have increased, and this has caused pressure to increase the price of meat.
- The sharp rise in the price of natural gas has also increased the prices of other fuels. This and the deteriorating water situation as a result of the dry summer have pushed the price of exchange-traded electricity to record highs. Atria's hedging against electricity price risks has been effective, so the high price level has so far not affected production costs.
- A significant part of the pork processed at Atria's Nurmo plant is exported to China. On the Chinese market, the price of meat can fluctuate very quickly, which is a risk to both production and the price level.
- African swine fever is encountered in several European countries, China and Russia. The poultry market experienced uncertainty, as cases of highly pathogenic avian influenza were detected in Europe. Considering the risk of these diseases spreading to Finland, Atria employs prevention measures at its own production plants and contract production farms.

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## Events after the review period

### Outlook for the future: updated guidelines 18 October 2021

- Atria raised its EBIT guideline for 2021 and estimates the adjusted EBIT to be EUR 47-54 million (EUR 40.5 million).
- The reason for the improvement in the EBIT forecast is the faster-than-expected recovery of the Food Service and fast-food markets after the removal of Covid-19 restrictions, and better-than-expected sales in these sales channels. Sales of summer barbecue products were also better than expected. The earnings trend towards the end of the year is affected by the development in the demand of various sales channels, the profitability of exports and the effects of cost inflation.
- The statement describing the development of EBIT as well as the statements describing exports and Food Service market situation are updated in the new guidelines. In other respects, the guidelines have remained unchanged.

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Thank you!

Q4/2021 will be published on 15 February 2022.

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