



# Atria Plc Half Year Financial Report

1 January - 30 June 2022

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## Atria Group 1 January – 30 June 2022

EUR million	Q2		H1		2021
	2022	2021	2022	2021	
Net sales	431.9	387.2	806.7	748.5	1,540.2
EBIT before items affecting comparability	13.8	12.6	16.2	19.1	49.2
Adjusted EBIT, %	3.2 %	3.2 %	2.0 %	2.6 %	3.2 %
Items affecting comparability of EBIT:					
Refund of employment pension contribution	1.0	0.0	1.0	0.0	2.3
Sale of real estate in Malmö	9.9	0.0	9.9	0.0	0.0
Effect of the sale of subsidiaries	-8.8	-45.1	-8.8	-45.1	-45.1
EBIT	15.9	-32.5	18.2	-26.0	6.4
EBIT, %	3.7 %	-8.4 %	2.3 %	-3.5 %	0.4 %

### Atria's net sales continued to grow in all business areas – result improved in second quarter

- **In the first half of the year** Atria Group's consolidated net sales grew in Foodservice and retail channels. Sales to feed customers also increased. Exports declined compared to the corresponding period the year before, particularly exports to China.
- **In April-June** sales prices increased in the retail and Foodservice channels.
- The consolidated adjusted EBIT was burdened by the first quarter's weak profitability, resulting from an increase in the costs of raw materials, supplies, commodities and external services.
- At the end of the review period, meat producer prices paid by Atria in Finland were some 30 per cent higher than in the corresponding time the year before.
- EBIT includes a total of EUR +12.8 million in adjustment items with an impact on cash flow. The consolidated EBIT also includes an accumulated translation difference loss of EUR 10.7 million with no cash flow effect. The adjusted item in the EBIT of the comparison period consists of the accumulated EUR -45.1 million in translation differences recognised in the income statement in connection with the divestment of a Russian subsidiary (OOO Pit-Product).

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## Items affecting the comparability of EBIT

EUR million	Q2	Q2	H1	H1	2021
	2022	2021	2022	2021	
<b>Effect on cash flow:</b>					
Refund of employment pension contribution	1.0		1.0		2.3
Sale of real estate in Malmö	9.9		9.9		
Sale of Sibylla Rus	1.9		1.9		
<b>Total</b>	12.8	0.0	12.8	0.0	2.3
<b>No effect on cash flow:</b>					
Accumulated translation differences related to sold subsidiaries					
Sibylla Rus	-10.7		-10.7		
Pit-Product		-45.1		-45.1	-45.1
<b>Total</b>	-10.7	-45.1	-10.7	-45.1	-45.1
<b>Items affecting comparability total</b>	2.1	-45.1	2.1	-45.1	-42.8

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## Atria Group 1 January – 30 June 2022

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Net sales	431.9	387.2	806.7	748.5	1,540.2
EBIT before items affecting comparability	13.8	12.6	16.2	19.1	49.2
Adjusted EBIT, %	3.2 %	3.2 %	2.0 %	2.6 %	3.2 %
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Refund of employment pension contribution	1.0	0.0	1.0	0.0	2.3
Sale of real estate in Malmö	9.9	0.0	9.9	0.0	0.0
Effect of the sale of subsidiaries	-8.8	-45.1	-8.8	-45.1	-45.1
EBIT	15.9	-32.5	18.2	-26.0	6.4
EBIT, %	3.7 %	-8.4 %	2.3 %	-3.5 %	0.4 %

- In January 2022, Atria Finland received a licence for exporting poultry products to South Korea. The first product batch to South Korea was delivered in March.
- As part of Atria Sweden's efficiency improvement programme, Atria sold the Malmö industrial property in Sweden in April.
- In May, Atria withdrew from its business operations in Russia and sold its subsidiary engaged in the fast-food business there.
- Atria joined the UN Global Compact corporate responsibility initiative.
- Atria distributed a dividend of EUR 0.63 per share for the financial period which ended on 31 December 2021.

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## Atria Finland 1 January – 30 June 2022

EUR million	Q2	Q2	H1	H1	2021
	2022	2021	2022	2021	
Net sales	319.5	277.7	593.8	537.9	1.105.7
EBIT	13.4	11.3	16.5	21.1	48.1
EBIT, %	4.2 %	4.1 %	2.8 %	3.9 %	4.4 %

- **In the first half of the year Atria Finland's net sales** increased in the retail and Foodservice channels. Sales prices increased, particularly during the second quarter.
- Sales to feed customers also increased. Sales prices were higher year-on-year, which was the result of an increase in the cost of feed raw materials.
- The Covid-19 restrictions for restaurants were lifted completely at the beginning of March, which boosted Foodservice sales in April–June. The Easter sales season took place in the second quarter.
- Exports declined compared to the corresponding period the year before, particularly exports to China.
- **EBIT in April–June** improved year-on-year due to the increase in net sales and the more favourable structure of sales: Foodservice sales grew, while exports declined.
- At the end of the review period, meat producer prices paid by Atria were some 30 per cent higher than the corresponding time the year before. Atria has increased meat's producer prices since the review period.
- Cost inflation continued to be strong, while the number of absences resulting from the coronavirus and the related costs were substantially smaller in April–June than in January–March.
- **In January–June the decline in EBIT** was the result of weak profitability in the first quarter. EBIT was weighed down by the increase in the costs of raw materials, supplies, commodities and external services.

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## Atria Finland

- During the first half of the year, the markets have been characterised by a shift to a post-Covid 19 period, due to which the Foodservice market has grown strongly, i.e. at a rate of roughly 21 per cent, in product groups represented by Atria. The retail market grew by one per cent during January–May. Convenience foods are the product group which continues to exhibit the strongest growth. In the retail market, their sales have grown by 8 per cent, and in the Foodservice market, by as much as 19 per cent. (Source: Atria market insight)
- Atria's supplier share in the retail market is 24.5 per cent, having grown by 0.4 percentage points compared to the corresponding period the year before. In the Foodservice market, Atria's supplier share in January–May was 20.9 per cent, having grown by 0.4 percentage points. (Source: Atria market insight)
- Exports declined compared to the previous year. Particularly exports to China declined, due to the low price level. Sales to European countries have increased. Atria Finland's key export countries are South Korea, China, Denmark, Sweden and the Baltic countries.
- The construction project of the new poultry plant has progressed according to plan. Currently, the project's focus lies on installations related to technical building services.



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## Atria Sweden 1 January – 30 June 2022

EUR million	Q2		H1		2021
	2022	2021	2022	2021	
Net sales	95.1	88.0	177.3	164.7	351.7
Adjusted EBIT	0.7	0.3	-0.2	-1.0	2.7
Adjusted EBIT, %	0.8 %	0.3 %	-0.1 %	-0.6 %	0.8 %
Items affecting comparability of EBIT:					
Refund of employment pension contribution	1.0	0.0	1.0	0.0	2.3
Sale of real estate in Malmö	9.9	0.0	9.9	0.0	0.0
EBIT	11.6	0.3	10.7	-1.0	5.0
EBIT, %	12.2 %	0.3 %	6.0 %	-0.6 %	1.4 %

- **In April-June** sales to Foodservice and retail customers developed favourably. Year-on-year sales to fast-food customers declined, given that Atria withdrew from the Russian fast-food business.
- Sales prices increased in the retail and Foodservice channels.
- **In January-June** net sales in local currencies were some 11 per cent higher year-on-year.
- The sales of Foodservice products have increased in step with the lifting of the Covid-19 restrictions. Sales to retail customers have also increased.
- Increased costs weighed down EBIT. Increases in the sales prices have not set off the cost increases in full.
- The EBIT includes a EUR 9.9 million non-recurring sales gain on the divestment of an industrial property located in Malmö and a EUR 1.0 million non-recurring refund of an employment pension contribution.

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## Atria Sweden

- The sales of the product groups represented by Atria in Sweden's retail channel experienced slight growth in January–June: the sausage market decreased by 1.4 per cent, the cold cuts market grew by 1.2 per cent and the poultry products market grew by 1.5 per cent in value.
- Atria's year-on-year market shares in retail strengthened in all the product groups represented by the company. In January–June, Atria's supplier share was 20.1 per cent in sausages, 13.1 per cent in cold cuts and 19.2 per cent in fresh chicken products. (Source: AC Nielsen).
- As part of the efficiency programme initiated earlier, Atria sold the industrial property in Malmö for EUR 21 million at the end of April. Atria will continue its industrial operations at the plant until its production in the premises will end during 2023. The transaction was completed on 26 April 2022. A non-recurring sales gain of EUR 9.9 million on the sale of the property was recognised.
- In May, Atria divested its subsidiary Sibylla Rus LLC, engaged in the fast-food business. The transaction does not include the Sibylla brand. The net sales of the Russian fast-food company have accounted for approximately 2 per cent of Atria Group's net sales and the business has been profitable.



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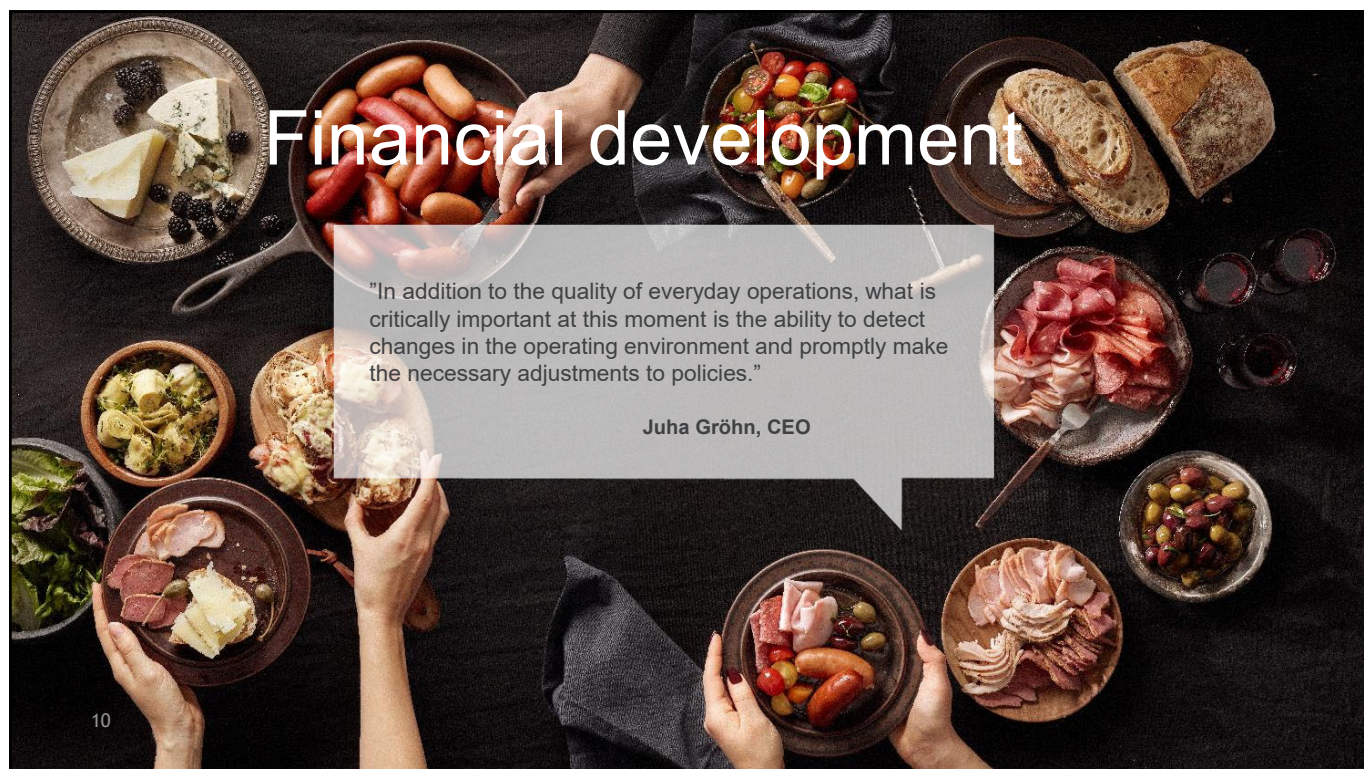
## Atria Denmark & Estonia 1 January – 30 June 2022

EUR million	Q2	Q2	H1	H1	2021
	2022	2021	2022	2021	
Net sales	28.4	26.7	54.4	51.2	104.9
EBIT	0.7	2.0	1.5	4.0	5.1
EBIT, %	2.5 %	7.5 %	2.8 %	7.7 %	4.9 %

- **In April-June** Atria's net sales in Estonia grew by 7.5 per cent year-on-year. In Denmark, sales to export customers grew significantly, while sales to retail customers declined slightly. The growth in net sales was the result of increased sales prices for retail customers in both Denmark and Estonia. EBIT was weighed down by increased energy and raw material costs.
- **In January-June** the growth in net sales resulted from the increase in Atria Denmark's exports and the increases in sales prices at the end of the review period in both Estonia and Denmark. Sales to retail customers in Estonia strengthened. EBIT was weighed down by record-high energy and raw material costs.
- The total market of the product groups represented by Atria in Estonia's retail channel grew to 18.4 per cent (18.2%) in value. Atria's market shares in Denmark have remained stable. The exceptionally strong increase in energy costs and consumer prices has resulted in instability in the market. Consumers' purchasing behaviour has become more cautious due to the rising costs of living.

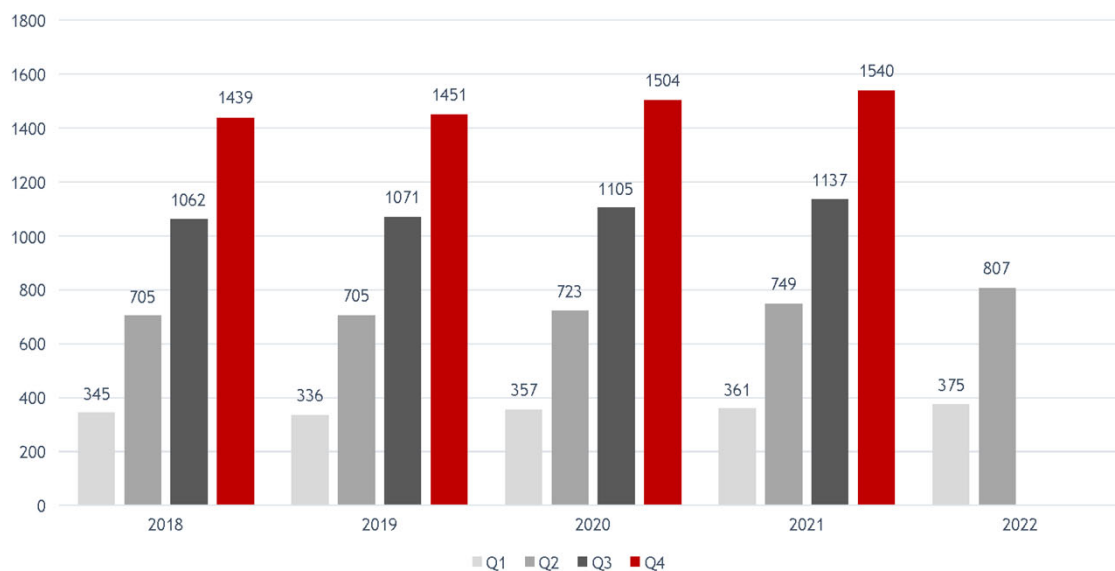
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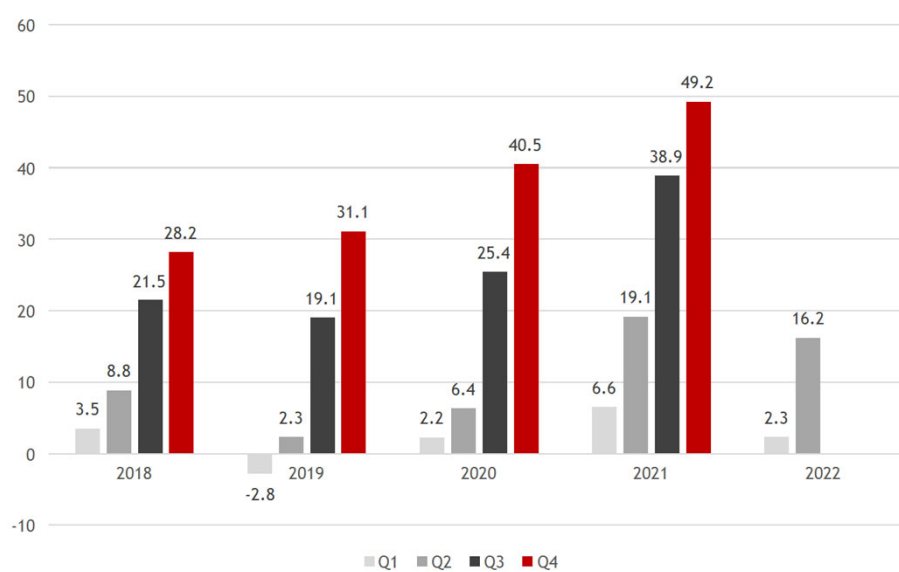
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## Atria Group Net Sales cumulative, EUR million



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## Atria Group adjusted EBIT cumulative, EUR Million



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## Atria Group Financial indicators 1 January – 30 June 2022

EUR million	30.6.2022	30.6.2021	31.12.2021
Shareholders' equity per share EUR	17.05	15.14	16.08
Interest-bearing liabilities	217.2	191.2	209.9
Equity ratio, %	49.4 %	48.9 %	48.7 %
Net gearing, %	43.1 %	41.5 %	32.6 %
Gross investments	53.9	20.4	55.6
% of net sales	6.7 %	2.7 %	3.6 %
Average FTE	3,744	3,770	3,711

- Consolidated interest-bearing net liabilities on 30 June 2022 amounted to EUR 213.4 million (31 December 2021: EUR 152.6 million).
- During the review period, consolidated free cash flow (operating cash flow – cash flow from investments) was EUR -36.2 million (EUR 28.2 million). Operating cash flow amounted to EUR -12.6 million (EUR 19.3 million). An increase in working capital weakened the operating cash flow. Cash flow from investments was EUR -23.6 million (EUR 8.9 million). The cash flow from investments includes the sales price of 21 million euros from the sale of the factory property in Malmö and the net cash flow effect of the sale of Sibylla Rus 7.4 million euros. The construction of the poultry plant in Finland and the extension investments of the Sköllersta plant in Sweden increased cash flow from investments. The comparison period's cash flow from investments includes the EUR 29.3 million net cash flow effect of a divested subsidiary.
- Equity ratio at the end of the review period was 49.4 per cent (31 December 2021: 48.7%). Equity increased due to a change in the fair value of interest and electricity hedges, which amounted to EUR +23.7 million during the period (EUR +1.7 million).
- The Group's liquidity during the review period remained good. On 30 June 2022, the Group had undrawn committed credit facilities worth EUR 85.0 million (31 December 2021: EUR 85.0 million). The average maturity of loans and committed credit facilities at the end of the review period was 4 years and 4 months (31 December 2021: 4 years 11 months).

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## Atria Group Income statement

EUR million	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
NET SALES	431.9	387.2	806.7	748.5	1,540.2
Costs of goods sold	-385.4	-341.8	-728.6	-664.9	-1,363.7
GROSS PROFIT	46.5	45.4	78.0	83.6	176.5
% of Net sales	10.8 %	11.7 %	9.7 %	11.2 %	11.5 %
Other income	11.6	1.0	13.0	2.0	6.0
Other expenses	-42.2	-78.9	-72.8	-111.6	-176.2
EBIT	15.9	-32.5	18.2	-26.0	6.4
% of Net sales	3.7 %	-8.4 %	2.3 %	-3.5 %	0.4 %
Finance income and costs	-0.7	-0.4	-1.6	-2.7	-4.9
Income from joint ventures and associates	2.1	1.1	3.6	1.8	3.4
PROFIT BEFORE TAXES	17.3	-31.9	20.2	-26.8	4.8
Income taxes	-3.1	-2.9	-3.3	-3.8	-10.2
PROFIT FOR THE PERIOD	14.3	-34.8	16.9	-30.7	-5.4

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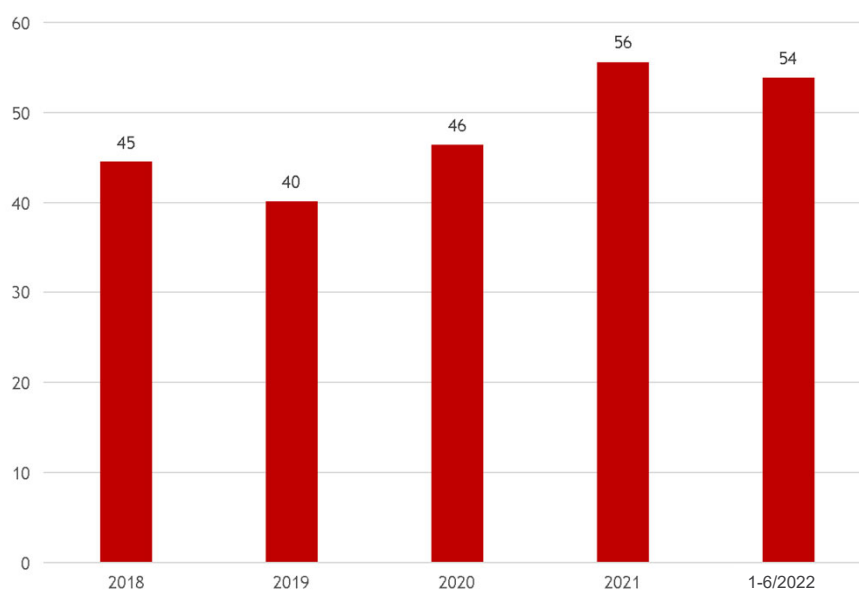
## Atria Group Cash flow statement

EUR million	1-6/2022	1-6/2021	1-12/2021
Cash flow from operating activities	-5.9	29.3	105.6
Financial items and taxes	-6.7	-9.9	-17.4
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-12.6</b>	<b>19.3</b>	<b>88.2</b>
Investments in tangible and intangible assets	-33.4	-20.4	-55.8
Acquired operations	0.0	0.0	-0.1
Sold operations	7.4	29.3	30.3
Changes in long-term receivables	0.1	-0.6	-0.4
Change in short-term receivables	0.3	0.5	-0.5
Dividends received	2.0	0.0	0.7
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-23.6</b>	<b>8.9</b>	<b>-25.8</b>
<b>FREE CASH FLOW</b>	<b>-36.2</b>	<b>28.2</b>	<b>62.4</b>
Changes in interest-bearing liabilities	0.5	-28.9	-14.5
Transactions with non-controlling interest	0.0	-3.1	-3.1
Dividends paid	-18.5	-14.6	-14.6
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-18.0</b>	<b>-46.7</b>	<b>-32.2</b>
<b>CHANGE IN LIQUID FUNDS</b>	<b>-54.2</b>	<b>-18.5</b>	<b>30.2</b>

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## Atria Group Gross investments, EUR Million



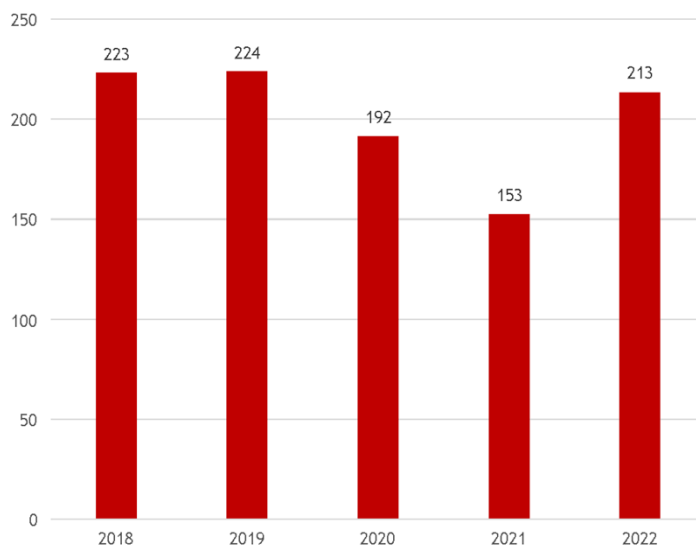
In 2020 the acquisitions increased the amount of gross investments by EUR 3.5 million.

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## Atria Group Net debts, EUR Million

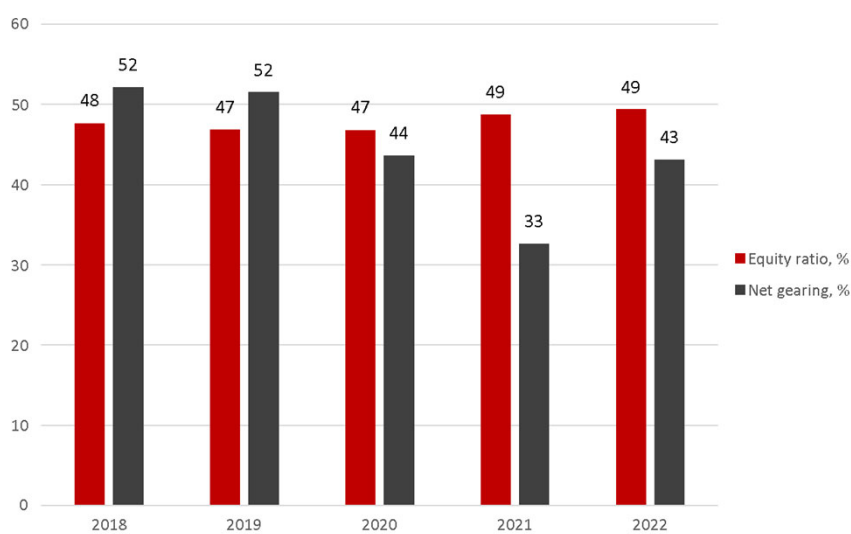


Year 2018 does not include finance lease liabilities according to IFRS 16.

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## Atria Group Equity ratio & Net gearing, %



Year 2018 does not include finance lease liabilities according to IFRS 16.

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

- Inflation caused by war and sanctions in Russia and Ukraine, as well as changes in consumer purchasing power, may cause changes in consumer behaviour towards Atria's products.
- The shortage of feed grain caused by last year's dry and hot summer and the reduced grain production as well as Russia's blockades in Ukraine have increased farm costs also in Finland, and meat prices have risen.
- The risk associated with energy prices and availability has increased.
- Increased cybercrime and information system failures
- Continued Covid-19 pandemic
- Volume and price risks related to export markets
- Serious animal diseases, such as highly pathogenic avian influenza and African swine fever

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## Outlook for the future

- In 2022, Atria Group's adjusted EBIT is estimated to be lower than in the previous year (EUR 49.2 million).
- The significant and rapid rise in costs and the imbalance between global pork demand and supply will create uncertainty in the business environment in 2022. However, Atria's strong market position, long-term investment in its own brands, as well as good customer relationships and reliable industrial processes provide the preconditions for business stability even in these market situations.

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## Implementation of the strategy H1/2022

Targets	Implementation H1/2022
Win big in poultry	<ul style="list-style-type: none"> <li>- The construction project of the new poultry plant has progressed according to plan.</li> <li>- In January 2022, Atria Finland received an export licence for poultry products to South Korea. The first product batch to South Korea was delivered in March.</li> </ul>
Grow profitably in Sweden	<ul style="list-style-type: none"> <li>- The Malmö industrial property was sold, production will be centralised in Örebro.</li> <li>- The construction work has started on an investment to expand the production facility at the Sköllersta plant in Örebro.</li> </ul>
Leader in sustainability	<ul style="list-style-type: none"> <li>- Atria has joined the UN Global Compact corporate sustainability initiative. Joining the corporate sustainability initiative strengthens Atria's development work in environmental and social responsibility.</li> <li>- Atria's poultry products, the packaging of which includes a label indicating their carbon footprint, were recognised in the respected European Award for Cooperative Innovation competition organised by Cogeca.</li> <li>- Atria aims to reduce methane emissions from cows with Bovaer® feed additive. Atria has been together with Valio the first in Finland to test Bovaer® feed additive, produced by the Dutch company DSM, which has been shown to reduce methane emissions from cows by 30%.</li> <li>- Atria is involved in a project that started planning a wind plant in Nurmo in 2021.</li> <li>- A new biofuel boiler was installed at Atria's Borås factory in Sweden in March. The factory's energy consumption is now completely fossil-free and carbon dioxide emissions are reduced by 580 tonnes per year.</li> </ul>

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Thank you!

Q3/2022 will be published on 26 October 2022.