

ATRIA

Good food – better mood.



Atria Plc Interim Report

1 January – 30 September 2020

Atria had a strong third quarter: the company's net sales and EBIT increased, and profitability was at a good level

July–September 2020

- Consolidated net sales totalled EUR 382.4 million (EUR 366.0 million).
- Consolidated EBIT was EUR 19.0 million (EUR 16.7 million), or 5.0 per cent (4.6%) of net sales.
- All business areas posted a positive EBIT.
- Atria Finland's net sales increased, and EBIT was on par with the previous year. Net sales and EBIT were boosted by pork exports to China.
- Both Atria Sweden and Atria Russia improved their EBIT substantially.
- Atria Sweden's earnings were bolstered by improved management of costs, the strengthening of the Swedish krona and continued growth in the sale of poultry products.
- Atria Russia's earnings improved due to good retail sector and fast food sales.
- Atria Denmark & Estonia's profitability remained good. The good earnings are based on strong growth in sales to the retail sector.

January–September 2020

- Consolidated net sales totalled EUR 1,105.4 million (EUR 1,071.3 million).
- Consolidated EBIT was EUR 25.4 million (EUR 19.1 million), or 2.3 per cent (1.8%) of net sales.
- The Group's net sales increased by over three per cent owing to good sales to the retail sector and exports to China. Sales to Food Service customers were at a notably lower level than in the previous year.
- Consolidated EBIT was boosted by the growth in net sales and the improved composition of sales, as well as increased pork exports from Finland to China.
- Atria Sweden's net sales increased by almost four per cent, thanks in particular to the strong sale of poultry products. Operating loss decreased substantially.
- Atria Denmark & Estonia posted a net sales growth of nearly 15 per cent owing to strong sales to the retail sector.
- Market disruption caused by the coronavirus pandemic has reduced business predictability.

After the review period:

- Atria published a new Group strategy: "**Atria is a Winning Northern European Food Company**".
- Atria will invest EUR 155 million to expand poultry production in Finland.

	Q3	Q3	Q1 - Q3	Q1 - Q3	
EUR million	2020	2019	2020	2019	2019
Net sales					
Atria Finland	266.1	257.5	781.8	762.2	1,033.8
Atria Sweden	79.4	73.8	222.6	214.8	289.4
Atria Denmark & Estonia	26.9	24.7	80.3	70.0	96.6
Atria Russia	19.6	20.7	49.0	54.9	73.8
Eliminations	-9.6	-10.8	-28.2	-30.7	-42.3
Net sales, total	382.4	366.0	1,105.4	1,071.3	1,451.3
EBIT					
Atria Finland	15.2	15.3	28.7	25.6	40.0
Atria Sweden	1.4	0.0	-2.8	-5.6	-6.1
Atria Denmark & Estonia	2.1	1.7	3.6	3.3	4.4
Atria Russia	0.9	0.4	-1.8	-2.0	-4.0
Unallocated	-0.6	-0.8	-2.3	-2.3	-3.1
EBIT, total	19.0	16.7	25.4	19.1	31.1
EBIT, %	5.0 %	4.6 %	2.3 %	1.8 %	2.1 %
Profit before taxes	17.9	15.7	22.6	15.5	26.2
Earnings per share, EUR	0.51	0.43	0.59	0.35	0.54

Juha Gröhn, CEO



"The third quarter of 2020 was strong for Atria, both in terms of growth and earnings. Net sales increased by more than EUR 16 million and totalled approximately EUR 382 million. EBIT improved from below EUR 17 million to EUR 19 million. All business areas posted a positive EBIT, and we reached the Group's EBIT target of five per cent.

Since the beginning of the year, our net sales have increased by more than EUR 34 million and EBIT has improved by about EUR 6 million - at the end of September, the net sales amounted to EUR 1,105 million and EBIT to approximately EUR 25 million.

We have countered the harmful effects of the coronavirus by concentrating on measures to prevent the disease from spreading and by performing our future-oriented activities in the planned timetable to our best capacity. None of our production units have had to cease their industrial operations on account of coronavirus.

Over the summer, our sales recovered from the drop experienced in the spring, and the barbecue season, important to Atria, was a success. In a similar vein, the sales of Food Service products improved from the spring, although we do have ground to cover to attain the volume of sales from last year. Retail trade represents Atria's biggest sales channel and up to this point, the increase in sales to the retail sector has made up for the decrease in Food Service sales. It appears that people have a strong desire to return to their former eating habits, as soon as circumstances allow.

Good customers, diverse product selection, well-known brands, strong market position and the attitude of the personnel towards their work, also support Atria's success at present. Pork exports to China, in particular, have increased and the development of the Chinese market has a substantial bearing on the market situation for pork. About one-fifth of the pork processed by Atria is currently exported to China.

In the coming winter, the effectiveness of the measures to control the spread of coronavirus will have a decisive impact on our operations as well as our earnings. The incidence of the disease, the restrictions placed to prevent the disease from spreading and the measures decided upon independently by companies have a direct impact on the behaviour of people in general, as well as the consumer.

Following the end of the review period, we launched a new Group strategy: "**Atria is a Winning Northern European Food Company**". Over the coming strategy period, our primary objectives are achieving profitable growth in our Swedish operations, raising the efficiency of our production and delivery chain to a new level and improving the profitability of our red meat business. Furthermore, we will make considerable inputs to achieve growth in our poultry, convenience food and Food Service businesses.

As part of the strategy implementation, Atria made the decision to invest in expanding its poultry production in Finland. We are investing EUR 155 million into our new production plant in Nurmo. The investment will be carried out between 2020 and 2024. Through this investment, we want to do our part in safeguarding domestic food production and also enhance our competitiveness."

July–September 2020

Atria Group's net sales for July–September totalled EUR 382.4 million (EUR 366.0 million). EBIT was EUR 19.0 million (EUR 16.7 million). Atria's net sales increased by 4.5%, due to increased sales to the retail sector and to Atria Finland's export customers. Sales to Food Service customers were at a lower level than in the corresponding period last year.

All business areas posted a positive EBIT. Atria Finland's EBIT was strong, reaching the level of the corresponding period last year. Costs associated with Atria Finland's brand reform were allocated to the review period. In all business areas EBIT was bolstered through increased sales, high efficiency of operations and improved cost management.

In June, pandemic restrictions began to be lifted. However, although the volume of sales to Food Service customers started picking up, they failed to return to their pre-coronavirus levels by September's end. At production plants, additional expenses were incurred from special arrangements made to prevent the spreading of the coronavirus.

January–September 2020

Atria Group's net sales for January–September totalled EUR 1,105.4 million (EUR 1,071.3 million). EBIT amounted to EUR 25.4 million (EUR 19.1 million). Atria's net sales in Finland grew thanks to increased sales to the retail sector and exports. In particular, pork exports to China established positively. Atria Finland saw its EBIT improve as a result of increased net sales, better overall productivity and improved composition of sales.

Atria Sweden's net sales, measured in the local currency, grew by 3.6 per cent from the previous year and EBIT was substantially better than last year. Profitability has increased due to improved efficiency, lower costs and the strengthening of the Swedish krona. Atria Sweden's EBIT for the comparable period includes EUR 1.4 million of costs related to employee arrangements.

Atria Denmark & Estonia's net sales grew by more than EUR 10 million, which was due to an increased volume of sales to the retail sector and higher prices. Throughout this year, Atria Russia's sales to the retail sector have been at a substantially higher level than last year. Sales of Casademont products increased substantially throughout the review period.

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

The popularity of everyday foods sold to the retail sector rose sharply at the end of March due to preparations for exceptional circumstances. The volume of sales to fast food and Food Service customers decreased significantly in April-May. Following the gradual lifting of coronavirus restrictions, Food Service sales increased, and the market began to recover towards the end of the second quarter, yet failed to return to its pre-coronavirus level by September's end.

The transition to exceptional circumstances in Atria's operations was carried out quickly in order to maintain the company's operational capacity. Ensuring uninterrupted continuation of operations and maintaining reliability of product deliveries were Atria's primary tasks alongside safeguarding the health and working capacity of personnel. New practices were introduced at production plants to prevent the spread of virus

infection. The special arrangements continue, and they have incurred additional expenses. However, the switch to remote working and the cessation of business travel have produced cost savings. Atria has succeeded in reaching its objective of safeguarding the health and working capacity of its personnel and maintaining its delivery reliability.

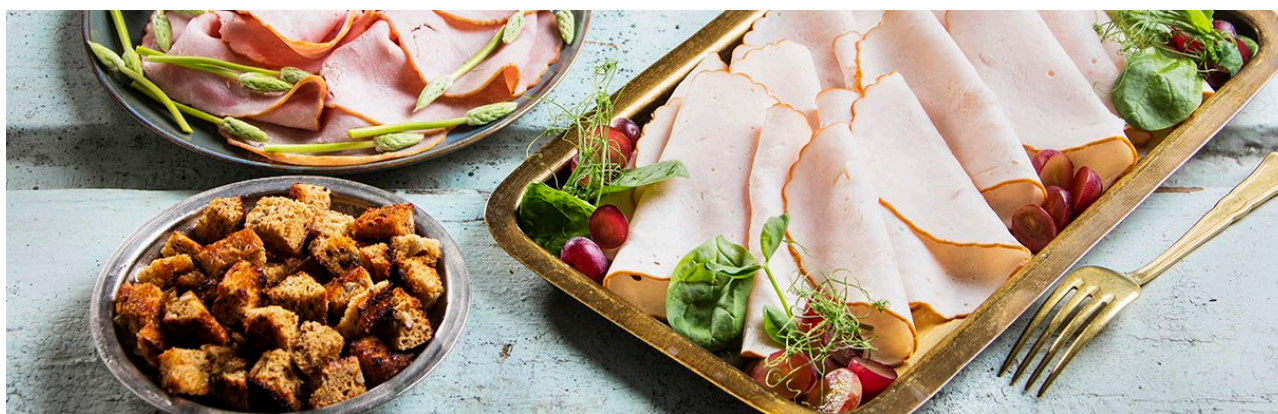
Atria aims at a carbon-neutral beef chain – the carbon footprint of Finnish steak meat falls well below the international average

Atria's carbon emission calculations on suckler cow farms that produce steak meat clearly show that the carbon footprint of Finnish steak meat is considerably smaller than the international average. The carbon footprint of Atria's steak meat is approximately 25 CO₂e/kg of carcass weight, while the international average is over 60 CO₂e/kg of carcass weight (source of reference data: <http://www.fao.org/3/i3437e/i3437e.pdf>, pp. 24-25). The carbon footprint of Finnish beef cattle is reduced by the practice of grass feeding applied generally in the country. The carbon footprint of beef cattle is also affected by productivity, i.e. a good level of grass crops and a high professional standard of cattle rearing, as well as excellent daily growth and slaughter weight. In Finland, production of suckler cows accounts for approximately 20% of Finnish beef production. Suckler cows that produce steak meat utilise grass to a very high extent. Suckler cows graze on both seeded and natural pastures, thereby maintaining biodiversity.

Key indicators

EUR million	30.9.2020	30.9.2019	31.12.2019
Shareholders' equity per share EUR	14.58	14.63	14.85
Interest-bearing liabilities	245.1	263.3	228.3
Equity ratio, %	46.0 %	45.1 %	46.9 %
Net gearing, %	55.7 %	60.9 %	51.6 %
Gross investments	31.2	29.8	40.1
% of net sales	2.8 %	2.8 %	2.8 %
Average FTE	4,453	4,467	4,454

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



Business development by area January–September 2020

Atria Finland

	Q3	Q3	Q1 - Q3	Q1 - Q3	
EUR million	2020	2019	2020	2019	2019
Net sales	266.1	257.5	781.8	762.2	1,033.8
EBIT	15.2	15.3	28.7	25.6	40.0
EBIT, %	5.7 %	6.0 %	3.7 %	3.4 %	3.9 %

Atria Finland's net sales for July-September totalled EUR 266.1 million (EUR 257.5 million). The increase in net sales was due to increased sales to the retail sector and to export customers. In particular, pork exports to China have grown compared with the previous year, improving profitability. Sales of Food Service products fell below the level of the corresponding period a year ago. EBIT was EUR 15.2 million (EUR 15.3 million). The efficiency of industrial operations was at a good level. Moreover, EBIT was bolstered by the excellent sales success in the barbecue season. In August, Atria launched a revised Atria brand image, which is delivered to consumers in revamped product packaging and marketing communication. Costs relating to the brand reform were allocated to the review period.

Net sales for January-September totalled EUR 781.8 million (EUR 762.2 million). The increase in net sales was due to increased sales to the retail sector and export customers. Food Service product sales began to decline at the end of March, and although they revived somewhat over the summer, they failed to return to their pre-coronavirus levels. EBIT rose to EUR 28.7 million (EUR 25.6 million) as a result of increased net sales, improved composition of sales and better overall productivity. The coronavirus pandemic has incurred some additional expenses, but their effect on profit has been mitigated by the reduction in statutory employment pension contributions.

The retail sales value of the product groups represented by Atria grew by 8.1 per cent in January-August and 8.9 per cent in the summer period (May-August). The biggest growth took place in the sales of poultry products (+13%), cooking products (+12%) and red meat (+10%). Atria's supplier share in retail trade is around 25%. (Source: Atria market insight)

The value of the Food Service market has decreased during this year by almost one quarter, -24.6%, and in the summer period by as much as -27.8%. (Source: Atria market insight)

Summer barbecuing was more extensive than normal, and the value of sales of barbecue products in summer 2020 increased by 9.5% (Source: Nielsen HomeScan). Overall consumption of meat in Finland has declined by about one per cent during this year. Consumption of poultry has continued to increase at a rate of about three per cent (Source: Kantar TNS Agri).

After the review period, Atria Finland Ltd acquired the entire stock of Domretor Oy, a Kauhava-based contract manufacturer in the food business. Ownership and holding of the company were transferred to Atria as of 1 October 2020. Domretor Oy has been an associated company of Atria since 2013, when Atria acquired a 24.9 per cent share. Domretor Oy's 2019 net sales were EUR 8.8 million.

After the review period, Atria made the decision to invest in expanding its poultry production. The investment has a value of EUR 155 million and it involves the construction of new slaughtering, cutting and packaging lines at the company's production plant in Nurmo.



Atria Sweden

	Q3	Q3	Q1 - Q3	Q1 - Q3	
EUR million	2020	2019	2020	2019	2019
Net sales	79.4	73.8	222.6	214.8	289.4
EBIT	1.4	0.0	-2.8	-5.6	-6.1
EBIT, %	1.7 %	0.0 %	-1.3 %	-2.6 %	-2.1 %

Atria Sweden's net sales for July-September totalled EUR 79.4 million (EUR 73.8 million). In the local currency, net sales improved by nearly five per cent year-on-year. Sales to the retail sector increased, but sales to fast food and Food Service customers decreased, as a result of a change in the market caused by coronavirus restrictions. EBIT was EUR 1.4 million (EUR 0.0 million). The improvement in EBIT was due to increased net sales, better management of costs and the strengthening of the Swedish krona.

Net sales for January-September totalled EUR 222.6 million (EUR 214.8 million). In the local currency, net sales grew by 3.6 per cent year-on-year. After a good beginning to the year and an unstable second quarter, sales recovered in quarter three. Net sales were boosted by strong sales of poultry products. However, coronavirus restrictions have had an adverse effect on the sale of Food Service products and fast foods since the beginning of the year. Sales of Food Service products recovered slightly in the third quarter, yet failed to return to the previous year's level. EBIT was EUR -2.8 million (EUR -5.6 million). EBIT was burdened by a reduction in sales to fast food and Food Service customers. Furthermore, the coronavirus pandemic caused additional expenses, however effect on profit was mitigated by compensation for sick leave, paid by the government. Profitability has increased due to improved efficiency, lower costs and the strengthening of the Swedish krona. EBIT for the comparable period includes EUR 1.4 million of costs related to employee arrangements.

The coronavirus pandemic affected consumer purchasing behaviour from the end of March to September. Sales of product groups represented by Atria to the retail sector have grown substantially both in terms of volumes and value of sales, as domestic consumption and sales of convenience foods have increased. The sale of both sausages and poultry products has developed favourably. Measured in value, the sausage market has grown by 15.8 per cent from the beginning of the year, while the cold cuts and poultry products markets have grown by 7.9 per cent and 18.2 per cent, respectively, over the same period. Atria's producer share was 18.8 per cent in sausages, 13.3 per cent in cold cuts and 17.1% in fresh poultry products. (Source: AC Nielsen).



Atria Denmark and Estonia

	Q3	Q3	Q1 - Q3	Q1 - Q3	
EUR million	2020	2019	2020	2019	2019
Net sales	26.9	24.7	80.3	70.0	96.6
EBIT	2.1	1.7	3.6	3.3	4.4
EBIT, %	7.9 %	6.9 %	4.4 %	4.8 %	4.5 %

Atria Denmark and Estonia's net sales for July-September totalled EUR 26.9 million (EUR 24.7 million). EBIT was EUR 2.1 million (EUR 1.7 million). Atria Denmark & Estonia's profitability remained good. The good earnings are based on strong growth in sales to the retail sector. Exports from Denmark fell slightly below the level of the corresponding period last year. In Estonia, Atria's sales to the retail sector increased by nearly six per cent. Net sales were bolstered by the price increases implemented early in the year.

Net sales for January–September totalled EUR 80.3 million (EUR 70.0 million). EBIT was EUR 3.6 million (EUR 3.3 million). The almost 15 per cent increase in net sales was due to increased sales to the retail sector in both Estonia and Denmark. Net sales were bolstered by the price increases implemented early in the year.

The effects of the coronavirus pandemic on the business environment in Estonia began to be felt in early March. The market recovered in the summer period, but the new coronavirus restrictions weakened Food Service sales in the autumn. Sales of minced meat to the retail sector have picked up considerably with the revamped packaging.

In Denmark, the cold cuts market has remained stable. The sale of private labels has increased slightly. The effects of the coronavirus pandemic in Estonia and Denmark have fallen on the Food Service market, where Atria's market share is small in both countries. Sales to the retail sector temporarily rose to record numbers in March-April, and have remained at a higher level year-on-year for the entire review period.



Atria Russia

	Q3	Q3	Q1 - Q3	Q1 - Q3	
EUR million	2020	2019	2020	2019	2019
Net sales	19.6	20.7	49.0	54.9	73.8
EBIT	0.9	0.4	-1.8	-2.0	-4.0
EBIT, %	4.7 %	2.1 %	-3.8 %	-3.7 %	-5.5 %

Atria Russia's net sales for July–September totalled EUR 19.6 million (EUR 20.7 million). In the local currency, net sales grew by nearly 12 per cent. EBIT was EUR 0.9 million (EUR 0.4 million). Sales to the retail sector and fast food customers increased considerably over the previous year's corresponding period. In particular, sales of Casademont products experienced strong growth. Sales to Food Service customers began to recover following the lifting of coronavirus restrictions, but nevertheless fell below the previous year's level. The measures carried out at production plants to prevent the spreading of coronavirus continued to incur some additional expenses.

Net sales for January–September totalled EUR 49.0 million (EUR 54.9 million). In the local currency, net sales fell by 2.4 per cent. EBIT was EUR -1.8 million (EUR -2.0 million). Throughout the year, sales to the retail sector have been at a substantially better level than last year. Sales of Casademont products increased substantially throughout the review period. However, sales of Food Service products have deteriorated, owing to market disruptions caused by the coronavirus pandemic.

The effects of the coronavirus pandemic on Atria Russia's business environment were minor during the first quarter. In April-May, sales volumes fell considerably as a result of the restrictions enacted to control the pandemic. Sales volumes began to recover towards the end of May, but the market disruptions brought about by the pandemic in September again weakened the results.

In the new Group strategy, a key objective is a review of the development and restructuring of Atria Russia to be completed early on in the strategy period. Atria Russia's key goal is the revitalisation of business operations, which means increasing sales and improving sales margin as well as turning performance in a positive direction. As part of the strategy, Atria is also looking into possibilities of divesting Atria Russia's business operations.

Average personnel (FTE)

Personnel by Business Area average FTE	Q1 - Q3 2020	Q1 - Q3 2019	2019
Atria Finland	2,409	2,345	2,333
Atria Sweden	811	838	840
Atria Denmark & Estonia	438	431	435
Atria Russia	795	853	846
Total	4,453	4,467	4,454

Financial position

Consolidated interest-bearing net liabilities at the end of the review period amounted to EUR 238.0 million (31 December 2019: EUR 223.9 million). During the review period, net liabilities increased by EUR 14.0 million, due to a change in working capital, investments and dividends paid. During the review period, the company's lease liability included in net liabilities increased by EUR 2.0 million. The most significant increase in the lease liability was the investment into the expansion of the production facility leased by A-Rehu.

During the review period, consolidated free cash flow (operating cash flow - cash flow from investments) was EUR 6.8 million (EUR 11.9 million). The weakening in free cash flow was due to an increase in working capital items caused by normal seasonal variation.

Equity ratio at the end of the review period was 46.0% (31 December 2019: 46,9 %). The total translations differences with the Swedish krona and with the Russian rouble recognised in equity, decreased equity by EUR 10.9 million (EUR +2.7 million) in January-September.

In September, Atria refinanced a EUR 30 million loan due in June 2022 with a new EUR 30 million bullet loan that has a maturity of seven years. The coronavirus pandemic has caused an imbalance in the short-term financing commercial paper market, which did, however, operate slightly better during the review period, although not yet returning to normal. Despite the exceptional situation, Atria has succeeded in refinancing maturing commercial papers with new commercial papers. Cash funds were increased during the first quarter by about EUR 30 million, but they were again reduced in the second and third quarters nearer to their normal level. Cash funds on 30 September 2020 stood at EUR 7.2 million (31 December 2019: EUR 4.4 million). The Group's liquidity has remained good over the entire current year. On 30 September 2020, the Group had undrawn committed credit facilities worth EUR 85.0 million (31 December 2019: EUR 85.0 million). The average maturity of loans and committed credit facilities at the end of the review period was 3 years (31 December 2019: 3 years 2 months).

Events after the review period

Atria Plc's Board of Directors has approved the company's renewed strategy for 2021-2025 and updated financial targets, which will take effect on 1 January 2021.

The key goal of the strategy update is to be a **Winning Northern European Food Company** with

- best in class financial performance
- most desired brands
- preferred partner for the customer
- committed people
- leader in sustainability
- best partner for owner-producers.

The main changes in the operating environment that affected the new strategy are related to consumers' purchasing behaviour. Purchasing decisions place greater emphasis on awareness of responsible food choices and the growing demand for convenience food and especially poultry meat. The popularity of the Food Service channel and Private Label products is also growing. Over the past year, market uncertainty has affected the outlook for the food industry.

Central to achieving the goals is to continue investing in improving commercial excellence, continuous operational efficiency and Atria's Way of Work. In addition to these, it is particularly important that we succeed in the six Ways to Win, which are:

- Win big in **poultry**
- Expand in **convenience food**
- Strengthen in **Food Service** including fast food
- Grow **Sweden** profitably
- Optimize **red meat**
- Drive next level **Supply Chain efficiency**.

The key objective of the new Group strategy for Atria Russia is to complete the study on the development and restructuring of Atria Russia at the beginning of the strategy period. As part of the study, Atria is exploring opportunities to sell Atria's Russian operations.

The financial targets of Atria's new corporate strategy are as follows:

- Growth above market (new target)
- EBIT 5% (no change)
- Equity ratio 40% (no change)
- Return on equity (ROE) 10% (updated target)
- Capital distribution of the profit for the financial year 50% (no change).

After the review period, Atria made the decision to invest in expanding its poultry production. The investment has a value of EUR 155 million and it involves the construction of new slaughtering, cutting and packaging lines at the company's production plant in Nurmo.

Poultry consumption has been increasing rapidly in Finland for several years. The growth was around 4% per year between 2010 and 2019. The growth rate in 2020 has been 3% so far. The new processing plant will help the company meet growing consumer demand, and will strengthen Atria's position as market leader in poultry products. Construction work at the site of the new plant will begin as soon as possible with completion estimated in 2024 at the earliest. This investment will increase Atria Finland's poultry production capacity by approximately 40%.

Atria Finland Ltd acquired the entire stock of Domretor Oy, a Kauhava-based contract manufacturer in the food business. Ownership and holding of the company were transferred to Atria as from 1 October 2020. Domretor Oy has been an associated company of Atria since 2013, when Atria acquired a 24.9 per cent share.

In business since 1999, Domretor is a contract manufacturer of high-quality convenience foods and semi-prepared foods. The acquisition further solidifies Atria's position in convenience food selections for the retail sector and in the Food Service product market. Domretor operates independently as a separate business, now with better opportunities to harness all of Atria's customer channels. The transaction price has no major impact on Atria's financial position or earnings. Domretor Oy's production plant is situated in Kauhava, Finland. The company has a staff of 70 year-round, plus some 40 seasonal employees. Domretor Oy's 2019 net sales were EUR 8.8 million.

Business risks in the review period and short-term risks

Coronavirus (COVID-19) and its effects on the health of Atria personnel, as well as on the company's sales, earnings and cash flow, were Atria's most significant risks in the third quarter. During the review period, the company's operations have been flexibly adjusted to the changing situations, and measures to safeguard the health and working capacity of personnel and maintain the reliability of product deliveries have continued. Atria has incurred some additional expenses owing to the hygiene requirements and adjustment of operations. The financial position and cash flow remained good in the review period.

The sustained duration of the coronavirus pandemic and the effects of the pandemic on the demand for food products, national economy and financial markets are factors that increase uncertainty both in the short and long term. It is difficult to forecast their effects, because the weighting of the uncertainties may also vary from one business area to another. As the speed of the virus spread gains momentum, the risk of production disturbances increases.

Governments have revitalised the economy during the pandemic by providing support and stimulus packages. For Atria, the most significant support package has been the 2.6 per cent reduction in the employer's TyEL payment in Finland for the period covering 1 May to 31 December 2020. In Sweden, the key forms of support have been the removal of the sick leave waiting period and sick leave compensation paid by the state.

Atria's ordinary food production risks are associated with the quality, availability, safety and price of ingredients and preparations. During the review period, African swine fever infections of wild boar in Germany affected the price, demand and supply of pork around the world. African swine fever is also found in China and Russia, and also in several European countries. Considering the risk of African swine fever spreading to Finland, Atria employs prevention measures at its own production plants and contract production farms.

Personnel is a resource of the utmost importance to Atria. Personnel risks are managed with preventive measures focusing on occupational safety and personnel healthcare, as well as training provision. The purpose of these measures is, on one hand, to safeguard personnel well-being and competence and, on the other, to guarantee successful implementation of Atria's strategy and attainment of its strategic objectives.

A more detailed description of the risks related to Atria's operations and of the company's risk management is featured in the 2019 Annual Report.

Outlook for the future

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

Atria operates mainly in the retail and Food Service markets in Finland and Sweden. The strong and rapid changes in the global meat market will have a greater impact on the company's development and reduce predictability. Consumption of poultry meat is expected to continue increasing, while consumption of red meat is expected to decline slightly. Atria has increased its meat exports, and pork exports to China, for example, are expected to increase during 2020.

The coronavirus pandemic that began in early 2020 has caused considerable and rapid changes in the business environment in the food industry. This has further hindered the predictability of the company's development. Immediate effects related to Atria's business 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 everyday food is expected to strengthen. The possible weakening of consumer purchasing power will also affect food purchases and may shift the sales structure of Atria's products in an unfavourable direction.

Financial calendar 2021

Atria's Capital Market Day 2020 event will be arranged remotely on 25 November 2020. A link for the webcast of the event is available online at the address <https://www.atria.fi/konserni/sijoittajat/>.

Atria Plc's Financial Statement Release for 2020 will be published on 16 February 2021 at approximately 8.00 a.m.

The Annual General Meeting will be held in Helsinki on 29 April 2021. Under the Limited Liability Companies Act, a shareholder has the right to have a matter falling within the competence of the General Meeting dealt with by the General Meeting if the shareholder so requests in writing from the Board of Directors well in advance of the meeting, so that the matter can be mentioned in the notice. The Board of Directors must be notified of such a request by 26 February 2021 in order for it to be dealt with at the General Meeting. The request, with accompanying justification or proposed resolution, must be sent in writing to Atria Plc, Group Legal Affairs, P.O. Box 900, FI-60060 Atria.

Atria Plc's Annual Report 2020 will be published in week 12/2021.

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 a.m.
- Half-year report January–June on 20 July 2021 at approximately 8:00 a.m.
- Interim report January–September on 21 October 2021 at approximately 8:00 a.m.

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

Valid authorisations to purchase or issue shares, grant special rights and make donations

In accordance with the proposal of the Board of Directors, the Annual General Meeting resolved to authorise the Board of Directors to decide on the repurchase of a maximum of 2,800,000 of the company's own A shares in one or more instalments with the company's unrestricted equity, subject to the provisions of the Limited Liability Companies Act on the maximum number of own shares held by the company. The Company's own A shares may be acquired for use as consideration in any acquisitions or other arrangements relating to the Company's business, to finance investments, as part of the Company's incentive scheme, to develop the Company's capital structure, to be otherwise further transferred, to be retained by the Company, or to be cancelled.

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

The authorisation revokes the authorisation granted by the Annual General Meeting on 26 April 2019 to the

Board of Directors to decide on the acquisition of the Company's own shares and is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2021.

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

The authorisation includes the Board of Directors' right to decide on any terms and conditions of the share issue and the issue of special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act. The authorisation, therefore, 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 revokes 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 by 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 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 A share entitles its holder to one (1) vote at a General Meeting and each KII share to ten (10) votes. Atria Plc's shareholders are entitled to a total of 111,103,557 votes. The company holds 105,311 Company A shares.

Composition of Atria Plc's Nomination Board

The following people were elected to Atria Plc's Nomination Board, appointed by the Annual General Meeting:

- Ahti Ritola, Farmer, representative of Itikka Co-operative
- Jyrki Halonen, Farmer, representative of Lihakunta
- Ola Sandberg, Farmer, representative of Pohjanmaan Liha
- Timo Sallinen, Head of Equity Investments (listed investments), representative of Varma Mutual Pension Insurance Company
- Seppo Paavola, Agrologist, Expert Member, Chairman of Atria Plc's Board of Directors

The Nomination Board elects a Chairman from amongst its members at its first meeting. The Nomination Board prepares proposals to the next Annual General Meeting regarding the remuneration of the members of the Board of Directors and the Supervisory Board as well as the election of the members of the Board of Directors. The Nomination Board shall present its proposal to the Board of Directors by 1 February 2021.

Shareholders or their representatives who own Series KII shares as well as the largest holder of Series A shares who does not own Series KII shares, or a representative thereof, shall be elected to the Nomination Board in accordance with their ownership in early September preceding the next General Meeting. If the largest holder of Series A shares does not wish to exercise his or her right to nominate a member, the right will be transferred to the next largest Series A shareholder. Itikka Co-operative, Lihakunta and Pohjanmaan Liha Co-operative are Series KII shareholders.

Some shareholders are obligated to notify the Company of certain changes in shareholding (flagging obligation) when necessary under the Finnish Securities Markets Act. Such shareholders may present a written request to the Company's Board of Directors by the end of August for the holdings of corporations or foundations controlled by the shareholder, or the shareholder's holdings in several funds or registers, to be combined when calculating voting rights. A shareholder with nominee-registered shares is considered when defining the composition of the Shareholders' Nomination Board, if the holder of nominee-registered shares presents a request regarding the matter to the company's Board of Directors by the end of August preceding the Annual General Meeting.

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	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Net sales	382.4	366.0	1,105.4	1,071.3	1,451.3
Costs of goods sold	-335.2	-320.1	-988.3	-956.6	-1,288.5
Gross profit	47.3	45.9	117.2	114.7	162.7
Sales and marketing expenses	-18.3	-19.0	-57.5	-61.6	-84.3
Administrative expenses	-9.7	-10.0	-33.3	-32.5	-44.0
Other operating income	0.8	0.8	2.5	2.4	3.2
Other operating expenses	-1.1	-0.9	-3.5	-3.9	-6.5
EBIT	19.0	16.7	25.4	19.1	31.1
Finance income and costs	-1.4	-1.4	-3.7	-3.9	-5.6
Income from joint ventures and associates	0.3	0.4	0.9	0.3	0.6
Profit before taxes	17.9	15.7	22.6	15.5	26.2
Income taxes	-3.0	-3.0	-4.7	-4.3	-9.2
Profit for the period	14.9	12.7	17.9	11.2	17.0
Profit attributable to:					
Owners of the parent	14.4	12.2	16.7	9.9	15.1
Non-controlling interests	0.5	0.5	1.2	1.3	1.9
Total	14.9	12.7	17.9	11.2	17.0
Basic earnings per share, EUR	0.51	0.43	0.59	0.35	0.54
Diluted earnings per share, EUR	0.51	0.43	0.59	0.35	0.54

Consolidated statement of comprehensive income

EUR million	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Profit for the period	14.9	12.7	17.9	11.2	17.0
Other comprehensive income after tax:					
Items that will not be reclassified to profit or loss					
Actuarial losses from benefit-based pension obligations	0.0	-0.2	0.1	-0.5	-0.5
Items reclassified to profit or loss when specific conditions are met					
Cash flow hedges	0.6	-0.3	-2.1	-3.0	-3.6
Currency translation differences	-5.5	-0.3	-10.9	2.7	4.6
Total comprehensive income for the period	10.0	11.8	5.0	10.5	17.4
Total comprehensive income attributable to:					
Owners of the parent	9.5	11.3	3.8	9.2	15.6
Non-controlling interests	0.5	0.5	1.2	1.3	1.9
Total	10.0	11.8	5.0	10.5	17.4

Consolidated statement of financial position

Assets			
EUR million	30.9.2020	30.9.2019	31.12.2019
Non-current assets			
Property, plant and equipment	388.2	399.3	398.1
Biological assets	0.6	0.7	0.7
Right-of-use assets	35.2	34.3	33.3
Goodwill	159.7	158.6	160.8
Other intangible assets	81.3	82.1	84.7
Investments in joint ventures and associates	15.4	14.7	15.0
Other financial assets	1.2	1.2	1.2
Loan and other receivables	3.7	6.4	5.2
Deferred tax assets	4.3	6.6	4.0
Total	689.6	703.8	703.0
Current assets			
Inventories	104.8	112.3	110.2
Biological assets	3.7	4.1	4.1
Trade and other receivables	124.5	125.5	107.0
Cash and cash equivalents	7.2	3.1	4.4
Total	240.2	245.0	225.7
Total assets	929.8	948.8	928.7
Equity and liabilities			
EUR million	30.9.2020	30.9.2019	31.12.2019
Equity attributable to the shareholders of the parent company	412.1	413.5	419.9
Non-controlling interests	15.5	13.8	14.4
Total equity	427.6	427.4	434.3
Non-current liabilities			
Loans	146.9	151.4	140.9
Lease liabilities	26.3	26.3	25.0
Deferred tax liabilities	39.5	41.8	40.7
Pension obligations	6.6	6.7	6.8
Other non-interest-bearing liabilities	2.2	7.2	7.0
Provisions	0.1	1.0	0.7
Total	221.5	234.4	221.1
Current liabilities			
Loans	62.7	77.4	53.9
Lease liabilities	9.3	8.2	8.6
Trade and other payables	208.7	201.4	210.9
Total	280.7	287.0	273.3
Total liabilities	502.2	521.4	494.4
Total equity and liabilities	929.8	948.8	928.7

Consolidated statement of changes in equity

EUR million	Equity attributable to the shareholders of the parent company							Non-controlling interests	Total equity
	Share capital	Treasury shares	Other funds	Inv. non-rest. equity fund	Trans lation diff.	Retained earnings	Total		
Equity 1.1.2019	48.1	-1.3	3.7	249.2	-60.4	176.0	415.3	12.9	428.2
Profit for the period						9.9	9.9	1.3	11.2
Other comprehensive income									
Cash flow hedges			-3.0				-3.0		-3.0
Actuarial gains / losses from pension benefits						-0.5	-0.5		-0.5
Currency translation differences					2.7		2.7		2.7
Share of non-controlling interest related to acquisition of subsidiary						0.2	0.2		0.2
Share-based payments				0.1			0.1		0.1
Dividends						-11.3	-11.3	-0.3	-11.6
Equity 30.9.2019	48.1	-1.3	0.8	249.3	-57.7	174.3	413.5	13.8	427.4
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						16.7	16.7	1.2	17.9
Other comprehensive income									
Cash flow hedges			-2.1				-2.1		-2.1
Actuarial gains / losses from pension benefits						0.1	0.1		0.1
Currency translation differences					-10.9		-10.9		-10.9
Share of non-controlling interest related to acquisition of subsidiary						0.0	0.0		0.0
Share-based payments				0.2			0.2		0.2
Dividends						-11.8	-11.8	-0.1	-11.9
Equity 30.9.2020	48.1	-1.2	-1.9	249.4	-66.7	184.5	412.1	15.5	427.6

Consolidated cash flow statement

EUR million	1-9/2020	1-9/2019	1-12/2019
Cash flow from operating activities			
Operating activities before financial items and taxes	46.7	52.9	102.9
Financial items and taxes	-9.4	-10.3	-14.4
Net cash flow from operating activities	37.3	42.6	88.5
Cash flow from investing activities			
Investments in tangible and intangible assets	-30.7	-30.6	-39.4
Acquired operations	-	-	-
Sold operations	-	-	-
Increase (-) / decrease (+) in long-term receivables	0.2	1.0	2.3
Dividends received	0.5	0.1	0.1
Change in short-term receivables	-0.5	-1.2	-0.1
Net cash used in investing activities	-30.5	-30.7	-37.1
Cash flow from financing activities			
Draw down of long-term borrowings	37.0	0.2	0.6
Repayment of long-term borrowings	-40.7	-1.9	-3.7
Increase (+) / decrease (-) in short-term loans	18.6	5.4	-28.4
Principal elements of lease payments	-7.1	-6.3	-8.5
Dividends paid	-11.9	-11.6	-11.6
Net cash used in financing activities	-4.2	-14.2	-51.5
Change in liquid funds	2.6	-2.3	-0.1
Cash and cash equivalents at beginning of year	4.4	4.0	4.0
Effect of exchange rate changes on cash flows	0.1	1.5	0.5
Cash and cash equivalents at the end of period	7.2	3.1	4.4

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 2019 annual financial statements. However, as of 1 January 2020, the Group uses new or revised standards and IFRIC interpretations published by the IASB, included in the accounting principles of the annual financial statements 2019.

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

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

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

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

Operating segments

EUR million	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Revenue from consumer goods					
Atria Finland	205.8	199.4	604.2	587.1	795.6
Atria Sweden	79.4	73.8	222.6	214.8	289.4
Atria Denmark & Estonia	26.4	24.2	78.7	68.3	94.4
Atria Russia	19.6	20.7	49.0	54.9	73.8
Eliminations	-9.6	-10.8	-28.2	-30.7	-42.3
Total	321.6	307.3	926.3	894.5	1,210.9
Revenue from primary products					
Atria Finland	60.3	58.2	177.6	175.1	238.2
Atria Sweden	-	-	-	-	-
Atria Denmark & Estonia	0.5	0.6	1.6	1.7	2.2
Atria Russia	-	-	-	-	-
Total	60.8	58.7	179.2	176.8	240.4
Total net sales	382.4	366.0	1,105.4	1,071.3	1,451.3
EBIT					
Atria Finland	15.2	15.3	28.7	25.6	40.0
Atria Sweden	1.4	0.0	-2.8	-5.6	-6.1
Atria Denmark & Estonia	2.1	1.7	3.6	3.3	4.4
Atria Russia	0.9	0.4	-1.8	-2.0	-4.0
Unallocated	-0.6	-0.8	-2.3	-2.3	-3.1
Total	19.0	16.7	25.4	19.1	31.1
Investments					
Atria Finland	5.2	3.7	21.1	16.6	21.8
Atria Sweden	1.6	2.4	7.0	9.6	13.3
Atria Denmark & Estonia	0.9	0.5	2.1	2.0	2.9
Atria Russia	0.1	0.7	1.1	1.6	2.2
Total	7.8	7.3	31.2	29.8	40.1
Depreciation and write-offs					
Atria Finland	8.8	8.4	26.4	25.3	33.9
Atria Sweden	2.9	2.8	8.5	8.5	11.4
Atria Denmark & Estonia	1.1	1.1	3.4	3.3	4.3
Atria Russia	1.0	1.2	3.2	3.5	4.7
Total	13.7	13.5	41.6	40.6	54.3

Fair value hierarchy of financial assets and liabilities

EUR million

Balance sheet items	30.9.2020	Level 1	Level 2	Level 3
Assets				
Financial assets at fair value through other comprehensive income	1.2			1.2
Derivative financial instruments	1.3		1.3	
Total	2.5	0.0	1.3	1.2
Liabilities				
Derivative financial instruments	2.9		2.9	
Total	2.9	0.0	2.9	0.0
<hr/>				
Balance sheet items	31.12.2019	Level 1	Level 2	Level 3
Assets				
Financial assets at fair value through other comprehensive income	1.2			1.2
Derivative financial instruments	1.5		1.5	
Total	2.7	0.0	1.5	1.2
Liabilities				
Derivative financial instruments	2.9		2.9	
Total	2.9	0.0	2.9	0.0

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

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

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

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

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

Related party transactions

EUR million

The following transactions were completed with related parties:

	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019
Sales of goods and services	5.0	4.2	14.7	13.9	18.9
Purchases of goods and services	-25.3	-26.6	-73.5	-70.4	-96.0
			30.9.2020	30.9.2019	31.12.2019
Receivables			1.0	1.1	1.5
Liabilities			12.7	14.8	15.0

Contingent liabilities

EUR million	30.9.2020	30.9.2019	31.12.2019
Debts with mortgages given as security			
Loans from financial institutions	1.3	1.4	1.4
Pension fund loans	4.2	4.1	4.2
Total	5.5	5.5	5.6
Mortgages given as comprehensive security			
Real estate mortgages	1.3	2.4	1.4
Corporate mortgages	0.0	1.0	
Total	1.3	3.4	1.4
Guarantee engagements not included in the balance sheet			
Guarantees	0.1	0.1	0.1

The main exchange rates

	Income statement			Balance sheet		
	1-9/2020	1-9/2019	1-12/2019	30.9.2020	30.9.2019	31.12.2019
SEK	10.5618	10.5672	10.5867	10.5713	10.6958	10.4468
DKK	7.4581	7.4644	7.4661	7.4462	7.4662	7.4715
RUB	79.896	73.0958	72.4593	91.7763	70.7557	69.9563

Principles for calculating financial indicators

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

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

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ATRIA PLC

Board of Directors

DISTRIBUTION

Nasdaq Helsinki Ltd

Major media

www.atria.com

The interim report is available on our website at www.atria.com.