



Atria Plc Interim Report Q1/2022

1 January - 31 March 2022

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Atria Group 1 January – 31 March 2022

EUR million	Q1	Q1	2021
	2022	2021	
Net sales	374.8	361.3	1,540.2
EBIT before items affecting comparability	2.3	6.6	49.2
Adjusted EBIT, %	0.6 %	1.8 %	3.2 %
Items affecting comparability of EBIT:			
Refund of employment pension contribution	0.0	0.0	2.3
The effect of the sale of the subsidiary	0.0	0.0	-45.1
EBIT	2.3	6.6	6.4
EBIT, %	0.6 %	1.8 %	0.4 %

- Atria's net sales grew in all business areas – EBIT was brought down by increased costs
- Consolidated net sales grew, which was due to increased sales to feed and Foodservice customers.
- Sales prices increased slightly in the retail and Foodservice channels.
- Increased costs weakened EBIT.
- 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.
- Atria made the decision to exit the fast food business in Russia.
- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.63 (EUR 0.50) be paid per share for the 2021 financial period.

After the review period

- Atria divested the Malmö plant in Sweden, one-off impact on result approximately EUR 10 million.

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Atria Finland 1 January – 31 March 2022

EUR million	Q1		2021
	2022	2021	
Net sales	274.3	260.2	1,105.7
EBIT	3.0	9.8	48.1
EBIT, %	1.1 %	3.8 %	4.4 %

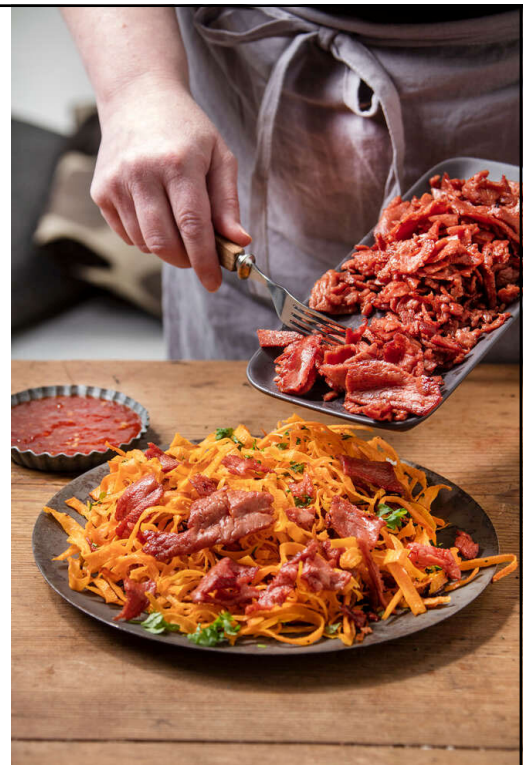
- **Atria Finland's** growth in net sales is due to increased sales of feed and Foodservice products. Feed sales prices were higher year-on-year, which was the result of an increase in the cost of feed raw materials. The growth in Foodservice sales was a result of the removal of coronavirus restrictions on restaurants.
- Sales to retail were level with the corresponding period of the previous year. Easter sales fall in the second quarter this year.
- Exports were lower than the previous year's figures.
- Sales prices increased slightly in the retail and Foodservice channels, but not correspondingly to the cost increases.
- EBIT was lower than in the corresponding period of the previous year due to higher costs for raw materials, supplies, commodities and external services.
- Meat producer prices were higher year-on-year.
- During the first quarter, there have been a large number of personnel absences related to the coronavirus, and the costs incurred were higher than those incurred during the comparison period.
- In January, Atria Finland received an export licence for poultry products to South Korea. The first product batch was delivered in March.

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Atria Finland

- In the retail market, the market was down by 0.5 per cent in Atria's product groups in January–March. The convenience food product group continues its long-standing strong growth and was +7.9 per cent during the review period. Atria's supplier share in the product groups it represents was 24.3 per cent, on level with the previous year.
- The Foodservice market grew by approximately 8 per cent in the review period compared to the corresponding period in the previous year. The kitchens of restaurants and cafeterias are also increasingly using convenience food and processed meat, as in the Foodservice market, these product groups grew most strongly, by approximately 10 per cent. Atria's supplier share was 21.2 per cent with a growth of 0.5 percentage points. (Source: Atria market insight)
- The status of meat on Finnish consumers' plates has remained steady. The majority of Finns have maintained their consumption of meat and 93 per cent eat meat in some form. Finnish origin continues to be an important criterion for Finns when choosing meat. (Source: Factors Guiding Meat Consumption 2021, Kantar TNS Agri Oy)



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Construction project of Atria Nurmo poultry plant

- The construction project of the new poultry plant has progressed as planned.
- At the moment, the last parts of the frame phase of the building and the installation of roof and wall structures are underway.
- Building technology installations have also started.



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Atria Sweden 1 January – 31 March 2022

EUR million	Q1	Q1	2021
	2022	2021	
Net sales	82.1	76.7	351.7
Adjusted EBIT	-0.9	-1.2	2.7
Adjusted EBIT, %	-1.1 %	-1.6 %	0.8 %
Items affecting comparability of EBIT:			
Refund of employment pension contribution	0.0	0.0	2.3
EBIT	-0.9	-1.2	5.0
EBIT, %	-1.1 %	-1.6 %	1.4 %

- **Atria Sweden's** net sales grew by 11.2 per cent year-on-year in the local currency.
- With the removal of coronavirus restrictions, sales of Foodservice and Sibylla products in Sweden were clearly better year-on-year.
- Sales to retail were level with the corresponding period of the previous year.
- Increased raw-material, transport and energy costs brought down EBIT during the review period. The increase in costs was partly compensated for by price increases and improved production efficiency.
- Due to the changed geopolitical situation, Atria made the decision in March to exit the fast food business in Russia. The fast food company operating in Russia has net sales of approximately 1.5 per cent of the Group's total net sales, the EBIT has been positive and the value of the company's net assets on 31 March 2022 was EUR 4.8 million. The Russian fast food business is reported in the Atria Sweden segment.

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Atria Sweden

- In the review period, sales to retail of the product groups represented by Atria were in slight decline: the sausage market decreased by 3.3 per cent, the cold cuts market decreased by 0.2 per cent, and the poultry products market decreased by 0.8 per cent in value.
- Atria's market shares in retail strengthened in all the product groups represented by the company.
- In January–March, Atria's supplier share was 20.7 per cent in sausages, 13.4 per cent in cold cuts and 18.8 per cent in fresh chicken products. (Source: AC Nielsen).
- Atria's sales to Foodservice customers recovered in the review period with the lifting of coronavirus restrictions. All restrictions on restaurants were lifted in February.
- The Swedish fast food market has also started to grow compared to the corresponding period of the previous year.



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Atria Denmark & Estonia 1 January – 31 March 2022

EUR million	Q1		2021
	2022	2021	
Net sales	26.0	24.5	104.9
EBIT	0.8	1.9	5.1
EBIT, %	3.0 %	7.9 %	4.9 %

- **Atria Denmark & Estonia's Tanska & Viron** for January–March amounted to EUR 26.0 million (EUR 24.5 million). EBIT amounted to EUR 0.8 million (EUR 1.9 million). During the review period, EBIT was weighed down by rising costs of meat raw materials, materials, supplies, energy and external services.
- Atria's year-on-year net sales in Estonia increased by over 8 per cent. The increase in net sales was due to the strengthening of Atria's market share, especially in consumer-packed meat.
- In Denmark, sales to retail, Foodservice and export customers increased year-on-year. In Denmark, sales prices were higher than in the previous year.
- Absences due to illness caused by the coronavirus and the resulting higher production costs weakened the result.

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Atria Denmark & Estonia

- The total market for the product groups represented by Atria in Estonian retail trade grew by almost 7 per cent in terms of value during the review period. The growth was due to an increase in consumer-packed meat sales: +16.2 per cent compared to the previous year. Atria's market share in consumer-packed minced meat increased to 17.9 per cent in terms of value.
- In Denmark, the market share of the product groups represented by Atria in retail trade increased markedly.
- The project to relocate the production of cold cuts sold in Denmark from the Malmö plant to Denmark will be completed by the end of this year.



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Financial development

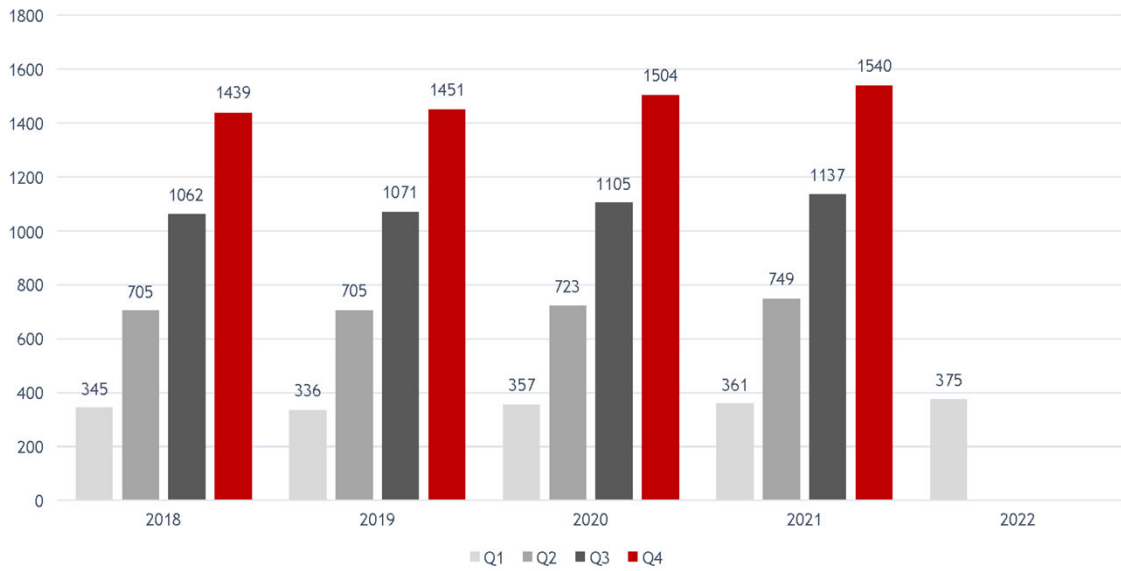
"The price of food has risen all over the world and the rise continues. There will be no turnaround to falling prices in the near future. Atria's growth and profitability are greatly influenced by consumers' purchasing behaviour, i.e. what, where and when people buy their food."

Juha Gröhn, CEO

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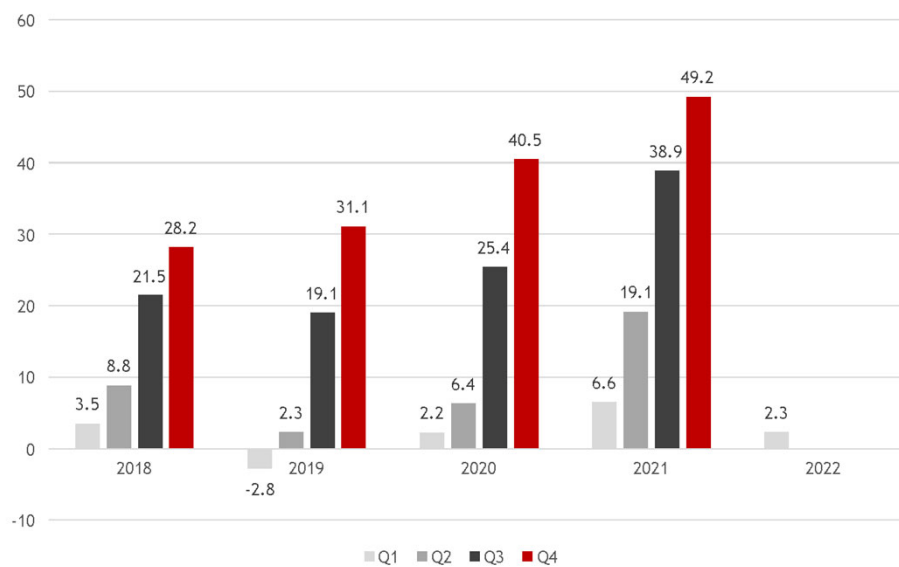
Atria Group Net Sales cumulative, EUR million



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Atria Group adjusted EBIT cumulative, EUR Million



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Atria Group Financial indicators

1 January – 31 March 2022

EUR million	31.3.2022	31.3.2021	31.12.2021
Shareholders' equity per share EUR	16.33	15.22	16.08
Interest-bearing liabilities	220.5	227.6	209.9
Equity ratio, %	49.2 %	47.5 %	48.7 %
Net gearing, %	45.6 %	49.4 %	32.6 %
Gross investments	21.5	8.5	55.6
% of net sales	5.7 %	2.4 %	3.6 %
Average FTE	3,724	4,461	3,711

- Consolidated interest-bearing net liabilities on 31 March 2022 amounted to EUR 216.5 million (31 December 2021: EUR 152.6 million).
- During the period under review, the Group's free cash flow (operating cash flow - cash flow from investments) was EUR -56.7 million (EUR -21.6 million). Operating cash flow amounted to EUR -35.2 million (EUR -11.9 million). The increase in costs and the normal seasonal increase in working capital items weakened the operating cash flow. The construction of the poultry plant increased the cash flow from investments, which amounted to EUR -21.4 million (EUR -9.6 million).
- Equity ratio at the end of the review period was 49.2% (31 December 2021: 48.7%). The change in translation differences in equity was EUR -1.5 million (EUR -0.9 million).
- The Group's liquidity has remained good over the review period. On 31 March 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 7 months (31 December 2021: 4 years 11 months).

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Atria Group Income statement

EUR million	1-3/2022	1-3/2021	1-12/2021
NET SALES	374.8	361.3	1,540.2
Costs of goods sold	-343.2	-323.2	-1,363.7
GROSS PROFIT	31.5	38.2	176.5
% of Net sales	8.4 %	10.6 %	11.5 %
Other income	1.3	1.1	6.0
Other expenses	-30.5	-32.7	-176.2
EBIT	2.3	6.6	6.4
% of Net sales	0.6 %	1.8 %	0.4 %
Finance income and costs	-0.9	-2.3	-4.9
Income from joint ventures and associates	1.4	0.8	3.4
PROFIT BEFORE TAXES	2.9	5.1	4.8
Income taxes	-0.2	-0.9	-10.2
PROFIT FOR THE PERIOD	2.7	4.2	-5.4

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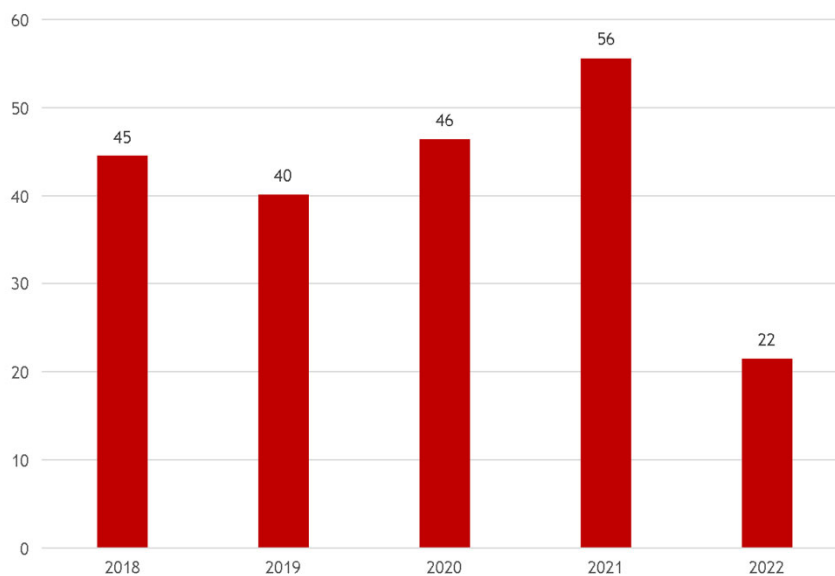
Atria Group Cash flow statement

EUR million	1-3/2022	1-3/2021	1-12/2021
Cash flow from operating activities	-32.0	-5.5	105.6
Financial items and taxes	-3.2	-6.4	-17.4
NET CASH FLOW FROM OPERATING ACTIVITIES	-35.2	-11.9	88.2
Investments in tangible and intangible assets	-21.0	-8.6	-55.8
Acquired operations	0.0	-0.1	-0.1
Sold operations	0.0	0.0	30.3
Changes in long-term receivables	0.4	-0.3	-0.4
Change in short-term receivables	-0.8	-0.7	-0.5
Dividends received	0.0	0.0	0.7
NET CASH FLOW FROM OPERATING ACTIVITIES	-21.4	-9.6	-25.8
FREE CASH FLOW	-56.7	-21.6	62.4
Changes in interest-bearing liabilities	3.5	9.4	-14.5
Transactions with non-controlling interest	0.0	-3.7	-3.1
Dividends paid	0.0	0.0	-14.6
NET CASH FLOW FROM FINANCING ACTIVITIES	3.5	5.6	-32.2
CHANGE IN LIQUID FUNDS	-53.2	-16.0	30.2

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Atria Group Gross investments, EUR Million

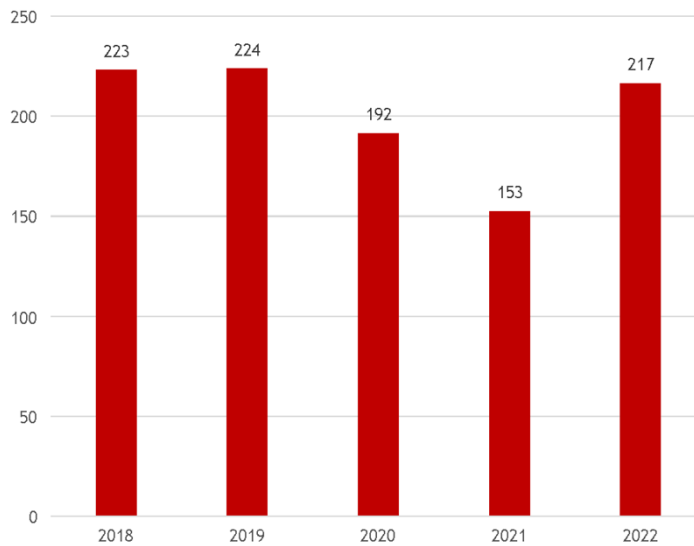


In 2020 the acquisitions increased the amount of gross investments by EUR 3.5 million.

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Atria Group Net debts, EUR Million

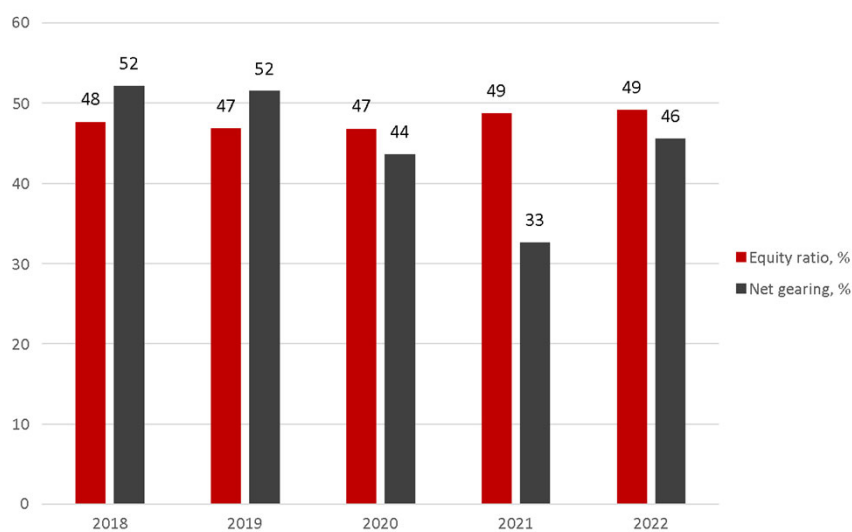


Year 2018 does not include finance lease liabilities according to IFRS 16.

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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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Events after the review period

- In April 2022, Atria came to an agreement on selling its Malmö industrial property in Sweden. Atria launched an efficiency improvement programme in Sweden in 2020 and decided in 2021 to concentrate production from the Malmö plant to Sköllersta in Örebro. As part of the efficiency improvement programme, Atria has decided to sell the Malmö industrial property for approximately EUR 22 million. Atria will continue to run industrial operations on the premises until the end of 2023. The transaction was completed on 26 April 2022. The divestment of the factory will result a non-recurring sales profit of approximately EUR 10 million on the consolidated EBIT.

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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.
- Russia's invasion of Ukraine in February 2022 has increased risks in Atria's operations. The war affects world trade in food, grains and energy, both through product availability and price changes.
- Ukraine is a major producer of feed grains. Last summer was dry and exceptionally warm in Europe. Grain harvests were small, and there was a shortage of feed grains already before the war. The war further undermines the adequacy of feed grain. As a result, the costs of production farms have increased, and the price of meat has risen.
- The risk associated with energy prices has also increased due to the war, as Russia is a major energy producer in Europe. The price of fuels and electricity has been on the rise since the start of the war, and significant price volatility in energy costs is projected to continue.
- In particular, cybersecurity and information warfare have become topics of discussion in the wake of the war. Atria is prepared for increasing cybercrime and information system failures. The purpose of systematic monitoring is to ensure rapid responsiveness in the event of an incident. At Atria, improving cybersecurity is an ongoing process.
- The Covid-19 virus affects Atria's operations for the third consecutive year. The impact can be seen, for example, in customers' purchasing behaviour, variation in the delivery reliability of suppliers, and in the operation of the logistics chain. The number of sick leave cases has been significant in the first quarter of the year and it is possible that cases will also occur in the second quarter. It is still difficult to predict the mutation of the virus, and controlling the pandemic through vaccination programmes contains uncertainties.
- A significant part of the pork processed at Atria's Nurmo plant is exported to China. On the Chinese market, the price and demand of meat can fluctuate very quickly, which is a risk to both volume and profitability.
- 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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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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Board of Directors' proposal for profit distribution 2021

- The Board of Directors proposes that a dividend of EUR 0.63 (EUR 0.50) be paid for each share for the 2021 financial period.

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Thank you!

Q2/ 2022 will be published on 19 July 2022.