



Atria Plc Half Year Financial Report

1 January - 30 June 2023

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Atria Group 1 January – 30 June 2023

	Q2	Q2	H1	H1	
EUR million	2023	2022	2023	2022	2022
Net sales	457.2	431.9	885.1	806.7	1,696.7
EBIT before items affecting comparability	10.0	13.8	20.9	16.2	49.0
Adjusted EBIT, %	2.2%	3.2%	2.4%	2.0%	2.9%
Items affecting comparability of EBIT:					
Impairment of goodwill and brands	0.0	0.0	0.0	0.0	-51.1
Refund of employment pension contribution	0.0	1.0	0.0	1.0	1.3
Sale of real estate in Malmö	0.0	9.9	0.0	9.9	9.7
Effect of the sale of subsidiaries	0.0	-8.8	0.0	-8.8	-8.8
EBIT	10.0	15.9	20.9	18.2	0.1
EBIT, %	2.2%	3.7%	2.4%	2.3%	0.0%

Atria Group's net sales continued to grow – result was strong

- **In April-June** consolidated net sales (+ EUR 25 Million) increased as a result of stable sales volumes and sales prices that were higher than in the comparison period.
- Additional costs related to the roll-out of Atria's investments in Finland and Sweden reduced EBIT. In addition, EBIT was weighed down by the increased cost of raw materials, supplies and external services, as well as increased wage costs.
- Atria acquired 100,000 of its own series A shares.
- Kai Gyllström took over as Group CEO on 1 June 2023.
- **In January-June** net sales grew by almost EUR 80 million year-on-year. The growth resulted from stable sales volumes and sales prices that were higher than in the comparison period.
- The increase in EBIT was the result of Atria Finland's good performance in the first quarter.
- The change in consumer behaviour resulting from the economic recession has favoured the sales of Atria's diverse product range, especially in the retail sector.

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Atria Finland 1 January – 30 June 2023

EUR million	Q2	Q2	H1	H1	
	2023	2022	2023	2022	2022
Net sales	345.4	319.5	668.8	593.8	1,265.3
EBIT	12.7	13.4	27.7	16.5	49.4
EBIT, %	3.7%	4.2%	4.1%	2.8%	3.9%

- **In April-June** the increase in net sales (+ EUR 26 million) was the result of higher sales prices in all sales channels. Compared to the same period last year, sales volumes to retail customers also grew.
- EBIT was weighed down by non-recurring items related to wage settlements implemented during the reporting period and additional costs related to the commissioning of the new poultry plant. The phased commissioning of the poultry plant started during the reporting period.
- During the reporting period, the input costs continued to be significantly higher than in the comparison period. Meat producer prices were also significantly higher than in the corresponding period in the previous year. Energy prices took a downturn during the period under review.
- **In January-June** the increase in net sales (+ EUR 75 million) was driven by higher selling prices than in the comparison period in all sales channels and higher sales volumes to retail and Foodservice customers. In addition, AB Korv-Görans Kebab Oy acquired by Atria at the end of 2022 increased net sales.
- The increase in EBIT resulted from the good performance in the first quarter. The costs of raw materials, supplies, energy and external services were significantly higher than in the previous year during the January-June period. Producer prices for meat were markedly higher year-on-year.

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Atria Finland

- The Finnish retail market in Atria product groups grew by 12.7% in terms of value during the January-May period. The biggest growth took place in poultry products: 21%. The convenience food product group also grew significantly: 14%.
- Atria's supplier share in its product groups in retail was 26%, up 1.4 percentage points from last year's corresponding period.
- The Finnish Foodservice market in the product groups represented by Atria grew by 16% in terms of value. In the Foodservice market, the poultry product group grew by 36% in value during January-May.
- Foodservice market, Atria's supplier share in its product groups was 21.3%, up 0.9 percentage points from the corresponding period last year.
- The Foodservice market has been exceptionally volatile over the past year, with sales volumes fluctuating wildly from month to month and even week to week.

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Atria Finland

- Atria Finland initiated change negotiations concerning the rearrangement of pig slaughtering and cutting at Atria's Nurmo plant in March. Negotiations were concluded in May and as a result, personnel adjustments will be made by reducing the use of temporary employees and through internal transfers during 2023. The rearrangements are based on the need to adjust production capacity to the current pork market situation.
- The phased commissioning of the new poultry plant started during the reporting period. Construction and installation work are progressing according to plan. Installations will continue, and process equipment is being tested and the commissioning of both the process and the building services will continue in phases.



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Atria Sweden 1 January – 30 June 2023

	Q2	Q2	H1	H1	
EUR million	2023	2022	2023	2022	2022
Net sales	87.8	95.1	169.6	177.3	356.2
Adjusted EBIT	-2.1	0.7	-5.4	-0.2	2.3
Adjusted EBIT, %	-2.3%	0.8%	-3.2%	-0.1%	0.7%
Items affecting comparability of EBIT:					
Impairment of goodwill and brands	0.0	0.0	0.0	0.0	-51.1
Refund of employment pension contribution	0.0	1.0	0.0	1.0	1.3
Sale of real estate in Malmö	0.0	9.9	0.0	9.9	9.7
EBIT	-2.1	11.6	-5.4	10.7	-37.8
EBIT, %	-2.3%	12.2%	-3.2%	6.0%	-10.6%

- In April-June** the growth of net sales in local currencies, excluding the Russian fast-food business, was almost 5%.
- Raw material prices have continued to rise during April-June. Higher raw material prices, the weakening of the Swedish krona and costs related to the Sköllersta expansion project weighed on Atria Sweden's result.
- Sales volumes remained stable, but it has not been possible to pass on price increases sufficiently to customers in a tight market environment.
- The expansion of the Sköllersta plant was completed during the reporting period.
- The EBIT for the comparison period includes a non-recurring gain of EUR 9.9 million on the sale of the factory property in Malmö and a non-recurring recovery of EUR 1.0 million in pension contributions.
- In January-June** the growth of net sales in local currencies, excluding the Russian fast-food business, was almost 10%. Sales price increases strengthened net sales.
- EBIT was weighed down by higher costs and weaker consumer purchasing power resulting from inflation. Consumers prefer products in the lower price range. The sales price increases have not been sufficient to cover rapidly rising costs.

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Atria Sweden

- In January–June, the sales value of all Atria product groups in the Swedish retail sector increased.
- In terms of value, the sausage market grew by 8.0%, the cold cuts market by 7.4% and the poultry products market by 4.7%.
- In January–June, Atria's supplier share was 21.7% in sausages, 12.4% in cold cuts and 20.5% in fresh chicken products.

(Source: AC Nielsen)



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Atria Denmark & Estonia 1 January – 30 June 2023

EUR million	Q2	Q2	H1	H1	2022
	2023	2022	2023	2022	
Net sales	31.4	28.4	59.6	54.4	112.9
EBIT	0.6	0.7	0.1	1.5	1.2
EBIT, %	1.9%	2.5%	0.2%	2.8%	1.1%

- **In April-June** in Atria Estonia, net sales and market shares grew as a result of growth in sales volumes and sales prices. Increased sales also strengthened EBIT. Prices of energy and some other materials have fallen, but pork prices have remained high.
- The decline in Atria Denmark's net sales was due to a decline in market shares and sales volumes. In Denmark, EBIT was weighed down by lower sales volumes and high meat raw material prices.
- Lise Ostergaard was appointed General Manager of Atria Denmark as of 1 June 2023.
- **In January-June** the increase in net sales resulted from higher sales prices in both Estonia and Denmark.
- Atria Estonia's EBIT was strengthened by good sales performance.
- Atria Denmark's EBIT was weighed down by weaker sales volumes and high raw material prices. The result was also weighed down by additional costs resulting from the efficiency programme.
- In the first quarter, Atria Denmark launched an operational efficiency programme to improve profitability. The programme was completed during the second quarter. Production was centralised in two production sites and the number of personnel was reduced.
- **Atria Denmark & Estonia:** The growth of Q1 net sales + EUR 3 million, the growth of H1 net sales + EUR 5 million

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Atria Denmark & Estonia

- In April–June, Atria's total market share in the Estonian retail market in its product groups was 21.4% in terms of value. The market share increased by 2.7 percentage points from the comparison period.
- During the reporting period, Atria's sales of cold cuts in Estonia increased by 26% in volume and 44% in value. Atria's market share in barbecue products was slightly more than 40%. Atria is holding onto a strong second place in the market in its product groups.
- In June, Kantar Emor published its annual brand survey in Estonia. According to the survey, Maks&Moorits was the most popular meat brand and the second most popular food brand in Estonia.
- Sales of private label products have continued to strengthen in the Danish retail sector. In Denmark, Atria lost some of its market share.
- Atria's total market share in its product groups in the Danish retail market decreased by about one percentage point and was about 15% in terms of value.

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Financial development

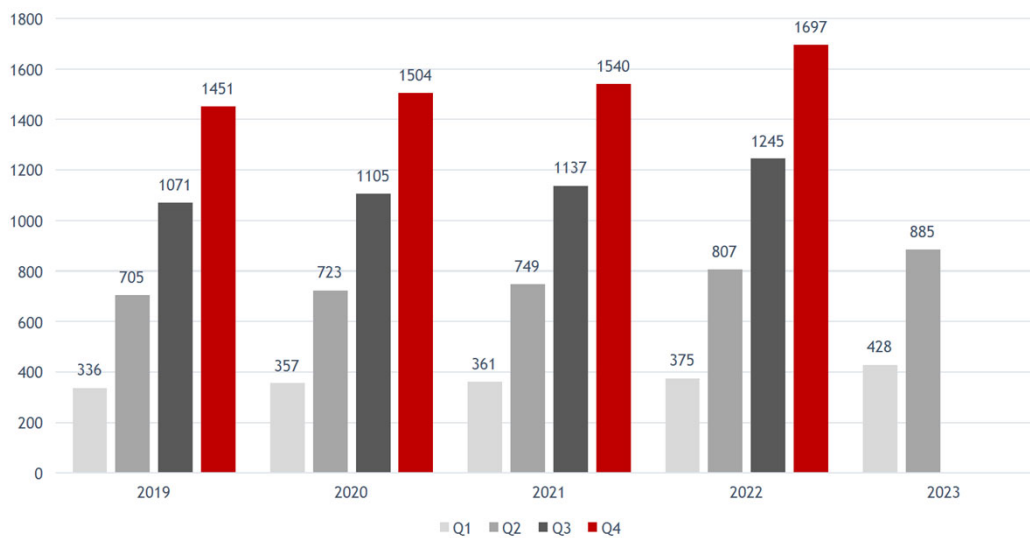
"The increase in EBIT was achieved in the first quarter, when Atria Finland posted a strong result, which is now reflected in the improved half-year results."

Kai Gyllström, CEO

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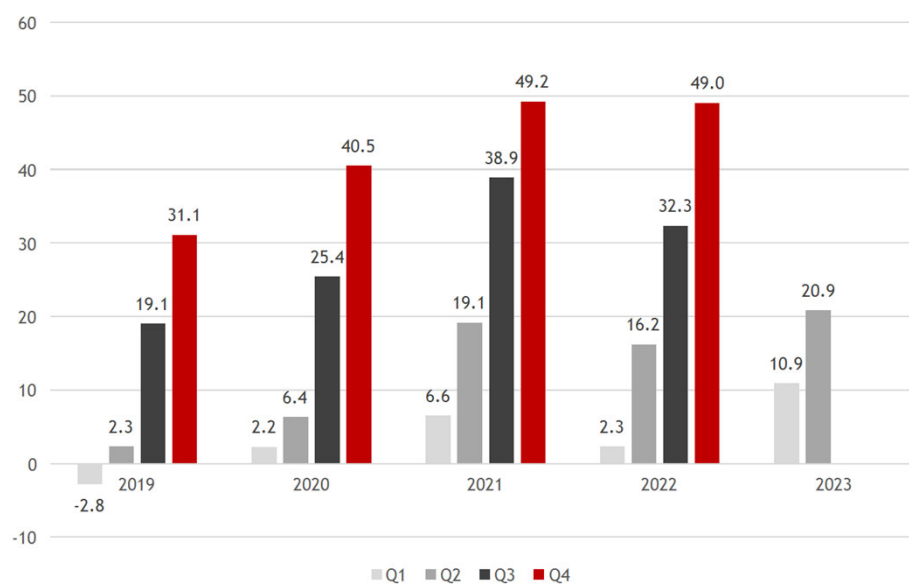
Atria Group Net Sales cumulative, EUR million



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Atria Group adjusted EBIT cumulative, EUR million



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Atria Group Financial indicators 1 January – 30 June 2023

EUR million	30.6.2023	30.6.2022	31.12.2022
Shareholders' equity per share EUR	14.82	17.05	15.90
Interest-bearing liabilities	304.3	217.2	265.7
Equity ratio, %	42.4%	49.4%	44.8%
Net gearing, %	64.2%	43.1%	50.5%
Free cash flow	-22.4 *	-36.2 *	-47.7 **
Gross investments	57.6 *	53.9 *	131.4 **
% of net sales	6.5%	6.7%	7.7%
Average FTE	3,997	3,744	3,698

* 1 Jan - 30 Jun

** 1 Jan - 31 Dec

- Consolidated interest-bearing net liabilities on 30 June 2023 amounted to EUR 281.8 million (31 December 2022: EUR 234.7 million).
- Equity decreased due to a change in the fair value of the derivative instruments employed as hedging, which amounted to EUR -13.3 million during the period (EUR +23.7 million).
- The Group's liquidity during the review period remained good.
- On 30 June 2023, the Group had undrawn committed credit facilities worth EUR 85.0 million (31 December 2022: EUR 85.0 million). The average maturity of loans and committed credit facilities at the end of the period under review was 4 years 2 month (31 December 2022: 4 years 1 months).
- Net financing costs increased due to rising interest rates and amounted to EUR 3.7 million for the second quarter of the year (Q2 2022: EUR 0.7 million). The average interest rate of the loan portfolio on 30 June 2023 was 4.41% (30 December 2022: 1.41%).

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Atria Group Income statement

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
NET SALES	457.2	431.9	885.1	806.7	1,696.7
Costs of goods sold	-415.6	-385.4	-801.6	-728.6	-1,528.2
GROSS PROFIT	41.6	46.5	83.5	78.0	168.5
% of Net sales	9.1%	10.8%	9.4%	9.7%	9.9%
Other income	0.9	11.6	1.3	13.0	16.4
Other expenses	-32.5	-42.2	-64.0	-72.8	-184.8
EBIT	10.0	15.9	20.9	18.2	0.1
% of Net sales	2.2%	3.7%	2.4%	2.3%	0.0%
Finance income and costs	-3.7	-0.7	-6.9	-1.6	-3.4
Income from joint ventures and associates	0.5	2.1	1.6	3.6	4.9
PROFIT BEFORE TAXES	6.7	17.3	15.6	20.2	1.7
Income taxes	-1.6	-3.1	-3.5	-3.3	-5.5
PROFIT FOR THE PERIOD	5.1	14.3	12.1	16.9	-3.9

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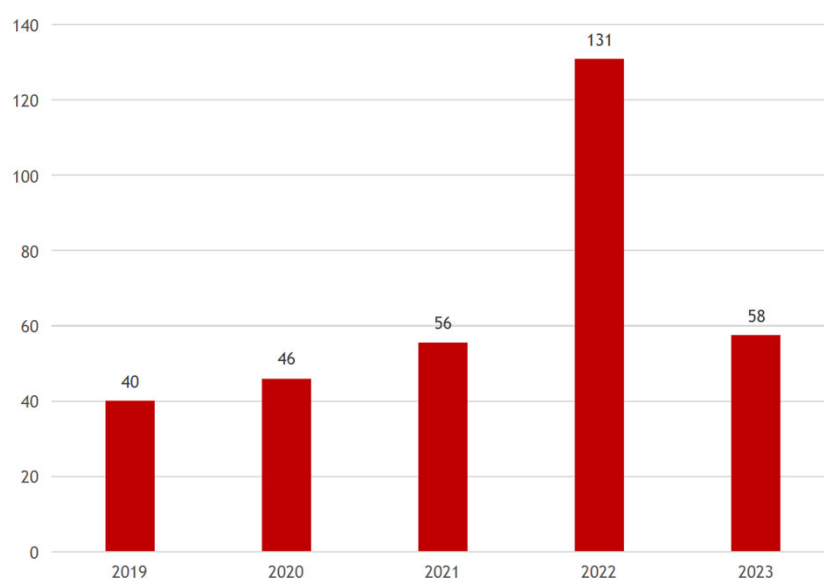
Atria Group Cash flow statement

EUR million	1-6/2023	1-6/2022	1-12/2022
Cash flow from operating activities	46.5	-5.9	63.9
Financial items and taxes	-15.3	-6.7	-10.2
NET CASH FLOW FROM OPERATING ACTIVITIES	31.2	-12.6	53.8
Investments in tangible and intangible assets	-57.6	-54.1	-126.4
Proceeds from the sale of tangible and intangible assets	0.4	20.7	20.7
Acquired operations	0.0	0.0	-4.2
Sold operations	0.0	7.4	7.4
Changes in long-term receivables	0.8	0.1	-0.2
Change in short-term receivables	1.1	0.3	-0.8
Dividends received	1.6	2.0	2.1
NET CASH FLOW FROM INVESTING ACTIVITIES	-53.7	-23.6	-101.5
FREE CASH FLOW	-22.4	-36.2	-47.7
Changes in interest-bearing liabilities	35.7	0.5	38.9
Transactions with non-controlling interest	0.4	0.0	0.0
Acquisition of own sharers	-1.1	0.0	0.0
Dividends paid	-20.5	-18.5	-18.5
NET CASH FLOW FROM FINANCING ACTIVITIES	14.5	-18.0	20.3
CHANGE IN LIQUID FUNDS	-7.9	-54.2	-27.4

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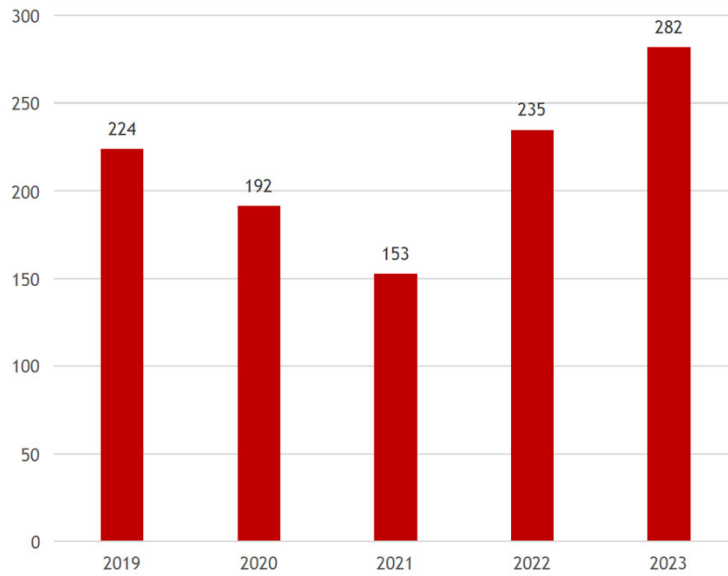
Atria Group Gross investments, EUR million



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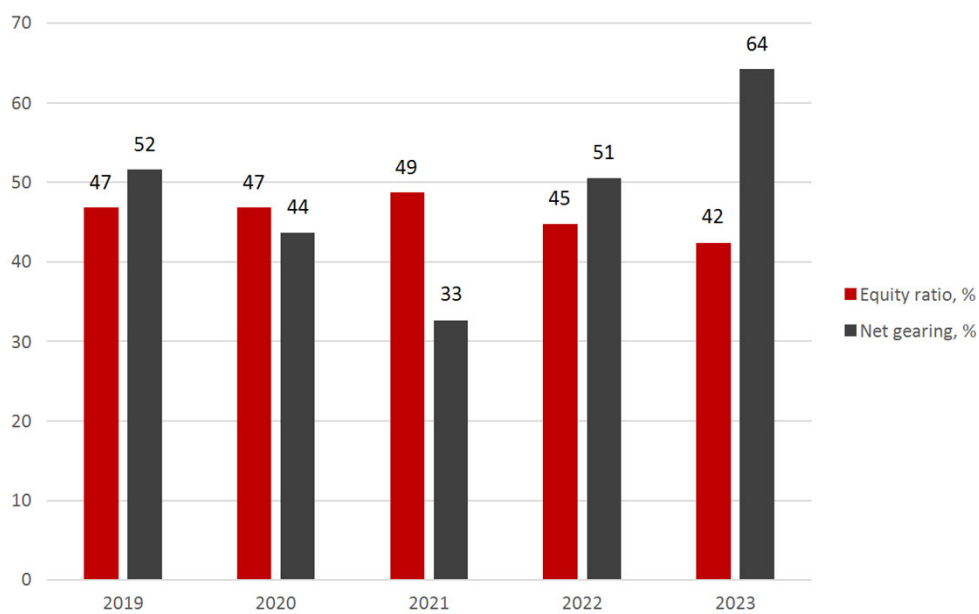
Atria Group Net debts, EUR million



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Atria Group Equity ratio & Net gearing, %



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Business risks in the review period and short-term risks

- Prices of raw materials and other inputs, wage increases and repeated increases of the European Central Bank's policy rate
- Consumer purchasing power, weighed down by cost inflation, electricity prices and higher market interest rates
 - Wide range of products, ability to develop the product range, well-known brands
- Cybercrime and information system failures
 - Planned monitoring, continuous improvement of cyber security, quick responses
- Serious animal diseases, like highly pathogenic avian influenza and African swine fever
 - Protective measures in Atria's own production plants and at its contract farms

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Outlook for the future

- Atria Group's adjusted EBIT in 2023 is expected to be smaller than in the previous year (EUR 49.0 million).
- During 2023, the company will commission a major expansion at its Sköllersta plant in Sweden, and the phased start-up and testing of the new poultry plant in Nurmo will begin. These measures will result in additional costs in 2023.
- In addition, high costs, weakened consumer purchasing power and global political uncertainty will continue to affect the business environment in 2023. Atria's strong market position and strong brands, good customer relationships and reliable industrial processes will enable stable business also in 2023.

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Implementation of the strategy H1/2023 1/2

Strategic target or priority	Implementation
Win big in poultry	<ul style="list-style-type: none"> The construction and installation of Atria Finland's new poultry plant progresses on schedule – start-up in 2024 Investments in the development and marketing of poultry products in all business areas
Expand in convenience food	<ul style="list-style-type: none"> Utilising the best market knowledge and customer insight
Optimize red meat	<ul style="list-style-type: none"> Strengthening red meat exports. Value is added by the products being antibiotic-free, hormone-free, salmonella-free, and traceable, and by emphasizing animal welfare.
Strengthen Foodservice, incl. fast food	<ul style="list-style-type: none"> International expansion of the Sibylla fast food concept Development of new concepts and sales channels for the Sibylla business
Best partner for owner-producers	<ul style="list-style-type: none"> Atria Finland reduces the carbon footprint of beef with the help of the Carbo environmental calculator.
Committed people	<ul style="list-style-type: none"> Atria joined the Diversity Commitment of the Nordic Corporate Responsibility Network (FIBS). The company makes a voluntary commitment to promote diversity, inclusion and equality in the workplace.
Strong financial performance	<ul style="list-style-type: none"> Atria Finland adjusted its pork slaughtering and cutting production capacity to the prevailing market situation for pork. Atria Sweden centralised production from the Malmö plant to the Sköllersta plant. The Malmö plant was closed in June. In Atria Denmark, production was concentrated in two production plants and personnel costs were cut.
Drive next level supply chain efficiency	<ul style="list-style-type: none"> The construction of Atria Finland's new poultry plant progresses on schedule – start-up in 2024 Atria Finland adjusted its pork slaughtering and cutting production capacity to the prevailing market situation for pork. Atria Sweden centralised production from the Malmö plant to the Sköllersta plant. The Malmö plant was closed in June. In Atria Denmark, production was concentrated in two production plants and personnel costs were cut.

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Implementation of the strategy H1/2023 2/2

Strategic target or priority	Implementation
Leader in sustainability	<ul style="list-style-type: none"> • Atria continues to work for a carbon-neutral food chain in a consistent manner. • Atria, together with its contracted producers in the Atria Pork chain, is building the first model in Finland to verify the sustainability of pig farm activities. The aim is to build a verification model for sustainability work that facilitates the measurement, development and reporting of sustainability issues. • Atria Finland launched a call for applications for the new 100 Young Producers training programme. The training will start in autumn 2023. The new training programme supports young producers' entrepreneurship as producers of Finnish food and helps them succeed in a changing operating environment. • Atria Plc donated EUR 50,000 to the Finnish Olympic Fund, which has been raising funds to support goal-oriented sports for children and young people since 2020. • Atria's solar park extension will almost double solar electricity production in Nurmo. • Atria Finland launches new bio-based minced meat packaging. • Atria Finland reduces the carbon footprint of beef using the Carbo environmental calculator. • Atria's targets were approved by the Science Based Targets climate initiative.

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Summary H1/2023

- Net sales continued to grow
- EBIT was strong
- Sales prices higher than the comparison period and sales volumes stable
- Investments progressing according to plan

Thank you!

Q3/2023 will be published on 24 October 2023.

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