

# Atria Plc Interim Report

1 January - 30 September 2022

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## Atria Group 1 January – 30 September 2022

EUR million	Q3	Q3	Q1 - Q3	Q1 - Q3	2021
	2022	2021	2022	2021	
<b>Net sales</b>	438.8	388.0	1,245.5	1,136.6	1,540.2
EBIT before items affecting comparability	16.2	19.7	32.3	38.9	49.2
<b>Adjusted EBIT, %</b>	3.7 %	5.1 %	2.6 %	3.4 %	3.2 %
<b>Items affecting comparability of EBIT:</b>					
Refund of employment pension contribution	0.3	0.0	1.3	0.0	2.3
Sale of real estate in Malmö, Sweden	-0.1	0.0	9.8	0.0	0.0
Effect of the sale of subsidiaries	0.0	0.0	-8.8	-45.1	-45.1
<b>EBIT</b>	16.4	19.7	34.6	-6.2	6.4
<b>EBIT, %</b>	3.7 %	5.1 %	2.8 %	-0.5 %	0.4 %

### Atria's net sales grew strongly – increased costs weighed down EBIT

#### July - September

- Consolidated net sales increased as a result of increased sales prices. Sales of Foodservice products also increased in volume.
- Increased costs weighed down EBIT in all business areas.
- The construction of a poultry plant in Nurmo, Finland and the expansion of the Sköllersta plant in Sweden are progressing according to plan.
- In September, Atria Finland launched a development programme to improve the competitiveness and profitability of its poultry business.
- Premium Atria beef was successful in the "World Steak Challenge" competition.

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### January - September

- EBIT includes a total of EUR +13.0 million in adjustment items with an impact on cash flow. In addition, the consolidated EBIT includes a translation difference of EUR -10.7 million, which has no impact on cash flow. The EBIT adjustment item in the comparison period consists of EUR -45.1 million in translation differences recognised in the income statement in connection with the divestment of a Russian subsidiary (OOO Pit-Product).
- Net sales grew thanks to good retail, Foodservice, and feed sales.
- Exports decreased compared to the previous year.
- Increased costs weighed down EBIT in all business areas.
- Free cash flow was negative due to large investments and an increase in working capital.
- As part of Atria Sweden's efficiency improvement programme, Atria sold the Malmö industrial property in Sweden in April.
- In May, Atria withdrew from its business operations in Russia and sold its subsidiary engaged in the fast-food business there.
- In January 2022, Atria Finland received an export licence for poultry products to South Korea.

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## Items affecting the comparability of EBIT

EUR million	Q3		Q1 - Q3		2021
	2022	2021	2022	2021	
<b>Effect on cash flow:</b>					
Refund of employment pension contribution	0,3		1,3		2,3
Sale of real estate in Malmö	-0,1		9,8		
Sale of Sibylla RUS			1,9		
<b>Total</b>	<b>0,2</b>	<b>0,0</b>	<b>13,0</b>	<b>0,0</b>	<b>2,3</b>
<b>No effect on cash flow:</b>					
Accumulated translation differences related to sold subsidiaries					
Sibylla RUS	0,0		-10,7		
Pit-Product				-45,1	-45,1
<b>Total</b>	<b>0,0</b>	<b>0,0</b>	<b>-10,7</b>	<b>-45,1</b>	<b>-45,1</b>
<b>Items affecting comparability total</b>	<b>0,2</b>	<b>0,0</b>	<b>2,3</b>	<b>-45,1</b>	<b>-42,8</b>

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## Atria Finland 1 January – 30 September 2022

EUR million	Q3	Q3	Q1 - Q3	Q1 - Q3	2021
	2022	2021	2022	2021	
Net sales	327.2	274.6	920.9	812.5	1,105.7
EBIT	12.7	16.4	29.2	37.5	48.1
EBIT, %	3.9 %	6.0 %	3.2 %	4.6 %	4.4 %

- Net sales increased in all sales channels, especially in the retail, feed and Foodservice channels. The increase in net sales in the retail channel was due to increases in sales prices in July-September.
- Sales to Foodservice customers increased both in terms of value and volume. The coronavirus restrictions for restaurants that were imposed in spring 2020 were completely lifted at the beginning of March, which boosted Foodservice sales.
- In July-September exports increased in value, although volumes declined slightly. In January-September exports declined from the previous year.
- EBIT was lower than in the same period last year due to higher cost of raw materials, supplies, commodities and external services. Among commodities, energy costs in particular have increased.
- Meat producer prices were more than 30 per cent higher than in the same period in the previous year.
- Logistics costs were also significantly higher than in the reference period.
- In September, Atria Finland launched a development programme to improve the competitiveness and profitability of its poultry business. The programme will be implemented in phases. During the first phase, Atria will start negotiations on changes in the Sahalahti poultry unit in accordance with the Act on Co-operation within Undertakings. The possible closure of the Sahalahti plant will be discussed during the negotiations, which concern the entire workforce of the Sahalahti plant, approximately 130 people. Atria's other production plants will not be affected by the first phase of the change negotiations. With the planned measures, Atria is aiming to achieve total annual savings of around EUR 5 million. The savings are expected to be realised from the end of 2024 onwards. During the second phase, negotiations will be launched in accordance with the Act on Co-operation within Undertakings in the Nurmo poultry unit. The aim of these negotiations is to prepare for the commissioning of a new poultry plant and to prepare for the renewal of work tasks and working practices.
- The construction of the new poultry plant is progressing according to plan.

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## Atria Finland

- Two significant developments have taken place in the market for the product groups represented by Atria in Finland during 2022: a strong recovery of the Foodservice market after the coronavirus pandemic and a sharp increase in market prices since the spring.
- The Finnish retail market for the product categories represented by Atria grew by 3.7 per cent in value between January and August. In volume terms, the market declined by 2.4 per cent, reflecting a shift of consumption to the Foodservice market. Sales of convenience food showed the largest increase of 7.3 per cent in terms of value. Convenience food was the only product group that also showed growth in volume. In the other product groups represented by Atria, retail sales fell by 3–8 per cent in volume terms. Atria's supplier share in the retail market was 24.9 per cent. (Source: Atria market insight)
- During January-August, the Finnish Foodservice market in the product groups represented by Atria grew by 12 per cent in volume and by approximately 21 per cent in terms of value. The market for poultry products has grown most strongly: 29 per cent in value. All other product groups represented by Atria also grew by 17–21 per cent in value. In the Foodservice market, Atria's supplier share is 20.8 per cent. (Source: Atria market insight)
- In January–September, exports contracted compared to the same period last year. Atria Finland's main export countries are South Korea, Japan, Denmark, Sweden and China. In January 2022, Atria Finland received a licence to export poultry products to South Korea. The first product batch to South Korea was delivered in March.



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## Atria Sweden 1 January – 30 September 2022

EUR million	Q3	Q3	Q1 - Q3	Q1 - Q3	2021
	2022	2021	2022	2021	
Net sales	92.7	94.3	269.9	259.0	351.7
Adjusted EBIT	3.4	3.0	3.2	2.1	2.7
Adjusted EBIT, %	3.7 %	3.2 %	1.2 %	0.8 %	0.8 %
Items affecting comparability of EBIT:					
Refund of employment pension contribution	0.3	0.0	1.3	0.0	2.3
Sale of real estate in Malmö	-0.1	0.0	9.8	0.0	0.0
EBIT	3.7	3.0	14.3	2.1	5.0
EBIT, %	4.0 %	3.2 %	5.3 %	0.8 %	1.4 %

- **In July - September**, net sales grew by 2.1 per cent year-on-year in the local currency.
- Sales to the retail sector increased as a result of increased sales prices.
- Year-on-year sales to fast-food customers declined because of Atria's withdrawal from the Russian fast-food business in May.
- EBIT contains a refund of an employment pension contribution in the amount of EUR 0.3 million.
- The constantly high raw-material, transport and energy costs brought down EBIT during the review period.
- **In January - September**, net sales in local currency were some 7.8 per cent higher than in the previous year.
- The net sales were strengthened by increases in retail sales prices.
- The sales of Foodservice products have increased in step with the lifting of the COVID-19 restrictions.
- The EBIT includes a EUR 9.8 million non-recurring sales gain from an industrial property located in Malmö and a EUR 1.3 million non-recurring refund of an employment pension contribution.
- EBIT was weighed down by higher costs and weaker consumer purchasing power resulting from inflation. Consumers are now favouring products in lower price categories.

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## Atria Sweden

- In January-August, the sales volume of Atria product groups in the Swedish retail sector decreased. In terms of value, the sausage market grew by 2.5 per cent, the cold cuts market by 3.5 per cent and the poultry products market by 5.6 per cent. Atria's year-on-year market shares in retail strengthened in all the product groups represented by the company. In January–August, Atria's supplier share was 20.0 per cent in sausages, 12.9 per cent in cold cuts and 19.4 per cent in fresh chicken products. (Source: AC Nielsen)
- As part of the efficiency programme initiated in 2020, Atria sold its industrial property in Malmö for EUR 21 million at the end of April. Atria will continue its industrial operations at the plant until production in the premises end in 2023. The transaction was completed on 26 April 2022. A non-recurring sales gain of EUR 9.8 million on the sale of the property was recognised.
- In May, Atria divested its subsidiary Sibylla Rus LLC, engaged in the fast-food business, to Limited Liability Company Agricultural Complex Mikhailovsky, which is part of Cherkizovo Group. The transaction does not include the Sibylla brand. The net sales of the Russian fast-food company have accounted for approximately 2 per cent of Atria Group's net sales, and the business has been profitable. The fast-food operations have been reported in the Atria Sweden segment.
- The construction project for new production facilities at the Sköllersta factory in Örebro is progressing on schedule. The project has progressed to the building services and equipment installation phase, which is expected to be completed early next year. Part of the production of cold cuts at the Malmö plant has been transferred to the Horsens plant in Denmark in October 2022. The remainder of the Malmö plant's production will be transferred to Sköllersta by autumn next year.



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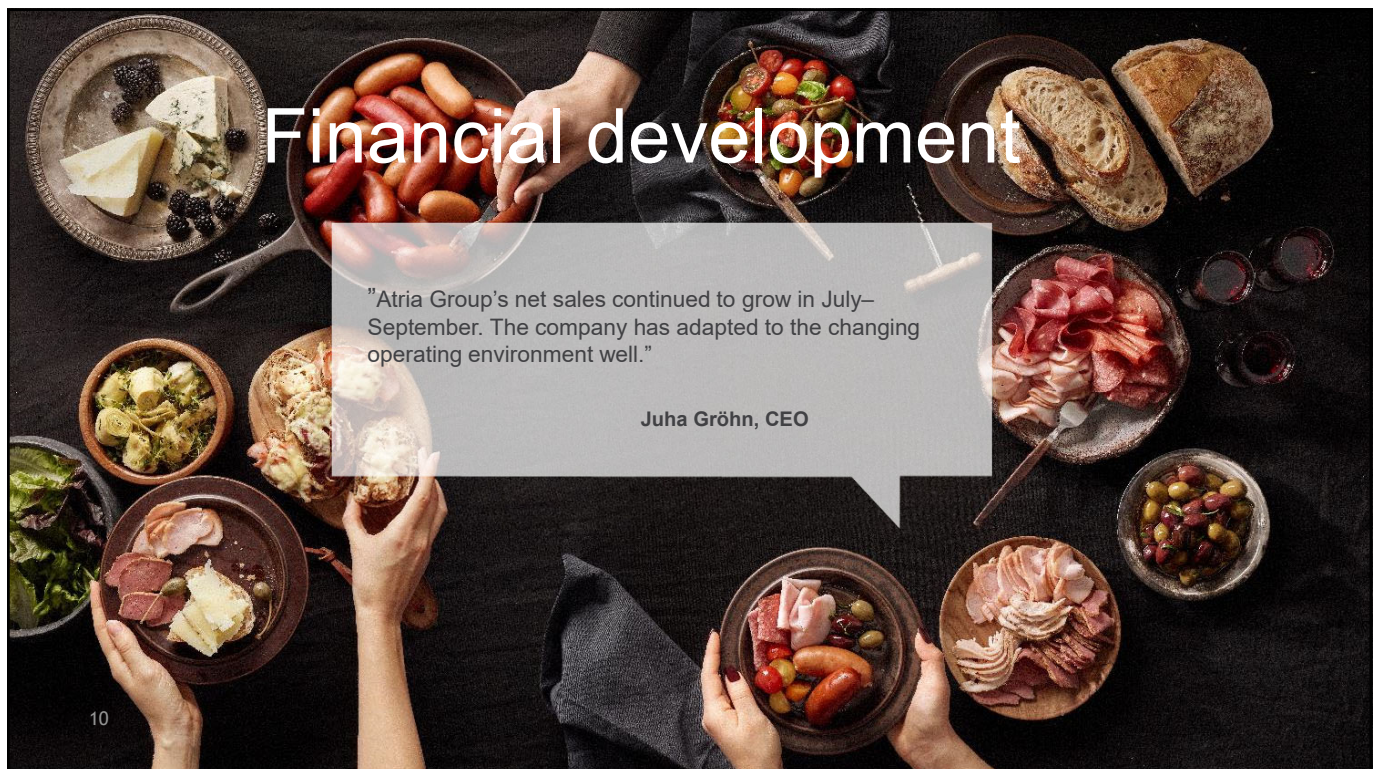
## Atria Denmark & Estonia 1 January – 30 September 2022

EUR million	Q3	Q3	Q1 - Q3	Q1 - Q3	2021
	2022	2021	2022	2021	
Net sales	29.1	27.3	83.5	78.5	104.9
EBIT	0.7	1.2	2.2	5.1	5.1
EBIT, %	2.3 %	4.3 %	2.6 %	6.5 %	4.9 %

- **In July - September** Atria's net sales in Estonia grew by approximately 15 per cent year-on-year as a result of increases in sales prices. In Denmark, net sales were on a par with the previous year, exports increased slightly and retail sales contracted.
- EBIT was weighed down by a sharp increase in energy and raw material costs. Record-high inflation weakened consumer demand. Consumers are now clearly favouring products in lower price categories. Households' purchasing power is being eroded by very high electricity and gas prices.
- **In January – September** The increase in net sales resulted from higher sales prices in both Estonia and Denmark. EBIT was weighed down by record-high raw material and commodity costs.
- Atria's overall market share in terms of value for the product groups it represents in the Estonian retail sector was 19.6 per cent. In Estonia, high inflation levels have weakened consumer purchasing power and increased sales of more affordable product groups in the grocery trade.
- In Denmark, record-high energy cost increases and accelerated inflation have also affected household purchasing power and consumer behaviour. Consumers prefer products in the lower price range.

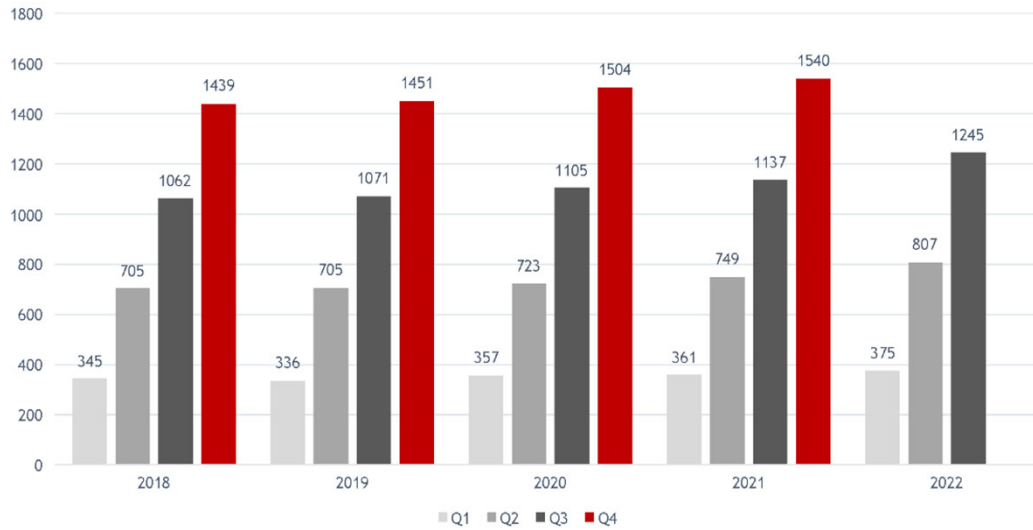
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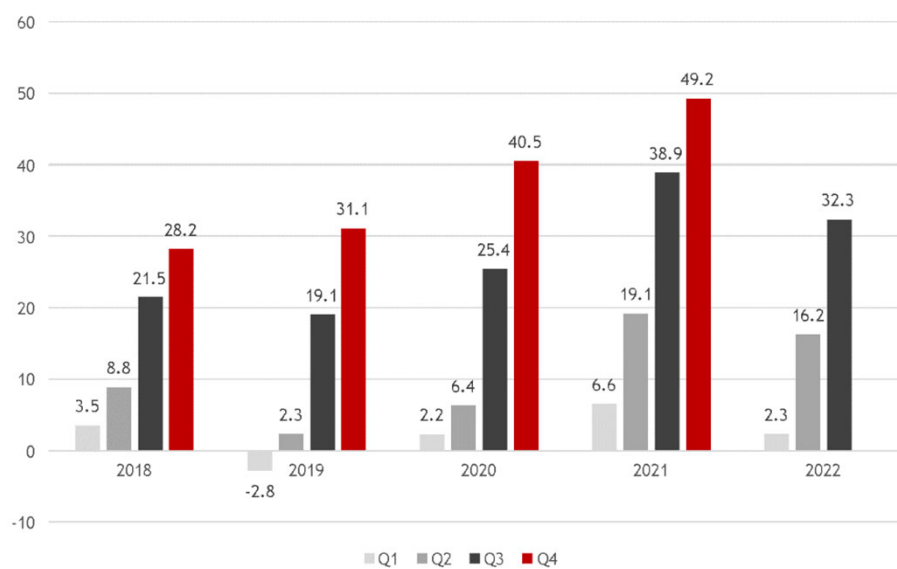
## Atria Group Net Sales cumulative, EUR million



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## Atria Group adjusted EBIT cumulative, EUR Million



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## Atria Group Financial indicators, 1 January – 30 September 2022

EUR million	30.9.2022	30.9.2021	31.12.2021
Shareholders' equity per share EUR	17.75	15.72	16.08
Interest-bearing liabilities	256.2	191.0	209.9
Equity ratio, %	48.9 %	49.6 %	48.7 %
Net gearing, %	49.5 %	38.6 %	32.6 %
Gross investments	85.0	33.4	55.6
% of net sales	6.8 %	2.9 %	3.6 %
Average FTE	3,697	3,690	3,711

- Consolidated interest-bearing net liabilities on 30 September 2022 amounted to EUR 254.5 million (31 December 2021: EUR 152.6 million). The increase in debt was mainly caused by the negative free cash flow of the review period.
- During the review period, consolidated free cash flow (operating cash flow – cash flow from investments) was EUR -76.7 million (EUR 36.7 million). Operating cash flow amounted to EUR -20.2 million (EUR 41.9 million). Cash flow from operating activities is affected by an increase in working capital, mainly due to the impact of inflation on the value of products and raw materials. Cash flow from investments was EUR -56.5 million (EUR -5.2 million). Cash flow from investments includes the purchase price of EUR 21 million from the sale of the Malmö plant site and the net cash flow effect of the sale of Sibylla Rus of EUR 7.4 million. The construction of a poultry plant in Finland and the expansion of the Sköllersta plant in Sweden increased the cash flow from investments. The comparison period's cash flow from investments includes the EUR 29.3 million net cash flow effect of a divested subsidiary.
- Equity ratio at the end of the review period was 48.9 per cent (31 December 2021: 48.7%). Equity increased as a result of a change in the fair value of interest rate and electricity hedges, which are subject to hedge accounting. The change in the fair value amounted to EUR +29.3 million during the period (EUR +4.0 million).
- The Group's liquidity during the review period remained good. On 30 September 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 period under review was 3 years 7 month (31 December 2021: 4 years 11 months). The company has hedged itself against rising interest rates with interest rate derivatives, so that about a quarter of the loans have been changed to fixed interest rates.

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## Atria Group Income statement

EUR million	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
NET SALES	438.8	388.0	1,245.5	1,136.6	1,540.2
Costs of goods sold	-397.0	-339.2	-1,125.6	-1,004.1	-1,363.7
GROSS PROFIT	41.8	48.9	119.8	132.4	176.5
% of Net sales	9.5 %	12.6 %	9.6 %	11.7 %	11.5 %
Other income	2.6	0.6	15.5	2.7	6.0
Other expenses	-28.0	-29.7	-100.7	-141.3	-176.2
EBIT	16.4	19.7	34.6	-6.2	6.4
% of Net sales	3.7 %	5.1 %	2.8 %	-0.5 %	0.4 %
Finance income and costs	-0.3	-1.4	-1.9	-4.0	-4.9
Income from joint ventures and associates	2.2	1.0	5.8	2.8	3.4
PROFIT BEFORE TAXES	18.3	19.4	38.5	-7.5	4.8
Income taxes	-2.4	-4.2	-5.7	-8.0	-10.2
PROFIT FOR THE PERIOD	15.9	15.2	32.8	-15.5	-5.4

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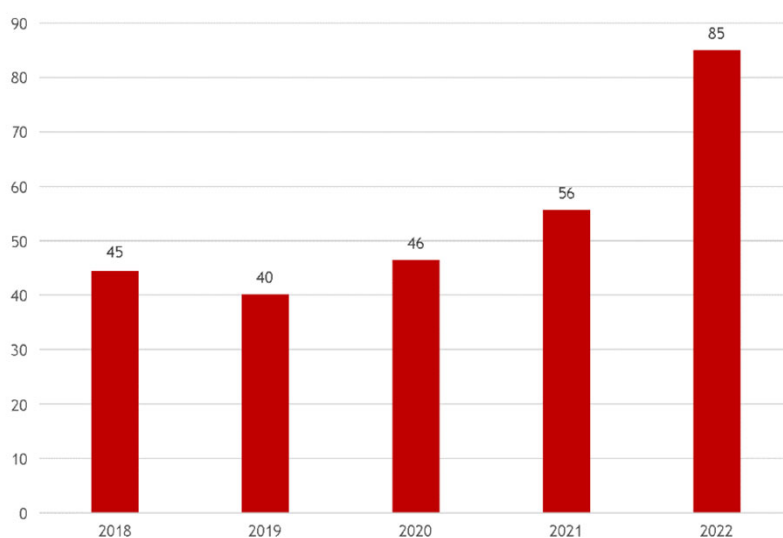
## Atria Group Cash flow statement

EUR million	1-9/2022	1-9/2021	1-12/2021
Cash flow from operating activities	-12.0	55.8	105.6
Financial items and taxes	-8.2	-13.9	-17.4
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-20.2</b>	<b>41.9</b>	<b>88.2</b>
Investments in tangible and intangible assets	-65.7	-33.6	-55.8
Acquired operations	0.0	0.0	-0.1
Sold operations	7.4	29.3	30.3
Changes in long-term receivables	0.0	-0.5	-0.4
Change in short-term receivables	-0.3	-1.0	-0.5
Dividends received	2.1	0.7	0.7
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-56.5</b>	<b>-5.2</b>	<b>-25.8</b>
<b>FREE CASH FLOW</b>	<b>-76.7</b>	<b>36.7</b>	<b>62.4</b>
Changes in interest-bearing liabilities	38.5	-31.3	-14.5
Transactions with non-controlling interest	0.0	-3.1	-3.1
Dividends paid	-18.5	-14.6	-14.6
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>20.0</b>	<b>-49.1</b>	<b>-32.2</b>
<b>CHANGE IN LIQUID FUNDS</b>	<b>-56.7</b>	<b>-12.4</b>	<b>30.2</b>

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## Atria Group Gross investments, EUR Million



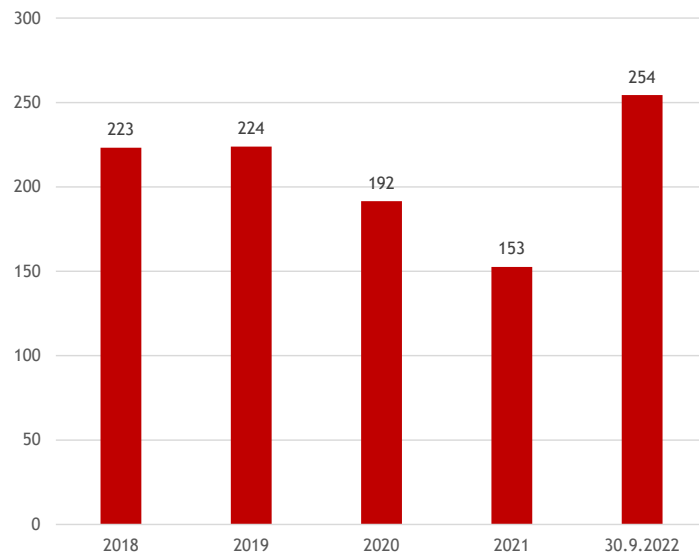
In 2020 the acquisitions increased the amount of gross investments by EUR 3.5 million.

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## Atria Group Net debts, EUR Million

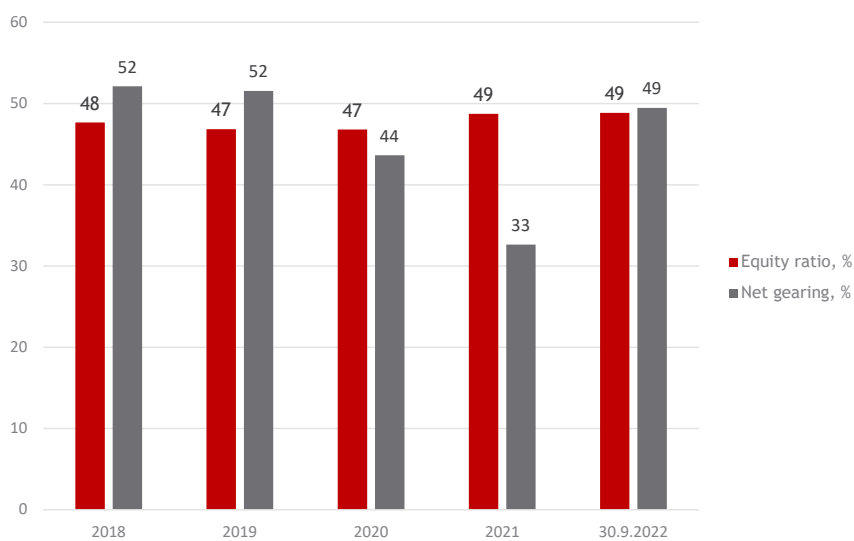


Year 2018 does not include finance lease liabilities according to IFRS 16.

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## Atria Group Equity ratio & Net gearing, %



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

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

- Consumer purchasing power, weighed down by cost inflation and higher market rates
- Increase in business costs due to inflation
- Energy availability and price developments
- Cybersecurity and information interference
- Increase in the incidence and impact of the Covid-19 virus
- Serious animal diseases such as highly pathogenic avian influenza and African swine fever

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## Outlook for the future

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

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Thank you!

Q4/2022 will be published on 22 February 2023.