Atria Plc
Financial Statement Release

1 January – 31 December 2020

Atria continued strong growth in the fourth quarter – result improved in all business areas

October–December 2020

- Consolidated net sales totalled EUR 398.6 million (EUR 380.0 million).
- Consolidated EBIT was EUR 15.1 million (EUR 12.1 million), or 3.8 per cent (3.2%) of net sales.
- All business areas improved their operating result.
- Atria Finland’s net sales increased, and the EBIT improved slightly from the same period a year earlier. Sales to retail and export customers increased.
- Increased retail sales, the strong Swedish krona and good cost management boosted the net sales and EBIT of Atria Sweden.
- Atria Denmark & Estonia had a steady performance. The good results are based on growth in sales to the retail sector.
- Atria Russia's result and net sales in roubles increased due to the increased retail and fast-food sales. The EBIT includes a EUR 0.8 million recognised brand impairment.
- Atria decided to invest EUR 155 million to expand poultry production in Finland.
- Atria published a new Group strategy: “Atria is a Winning Northern European Food Company”.

January–December 2020

- Consolidated net sales totalled EUR 1504.0 million (EUR 1451.3 million).
- Consolidated EBIT was EUR 40.5 million (EUR 31.1 million), or 2.7 per cent (2.1%) of net sales.
- Consolidated net sales increased by over 3,6 per cent owing to good sales to the retail sector and exports. Sales to Food Service customers were down about 20 per cent from the year before.
- Atria Finland's strong retail sales, increased pork exports to China and better profitability lead to improved EBIT.
- Atria Sweden's net sales due to increased sales to retail. The operating loss decreased by EUR 4 million year-on-year.
- Atria Denmark & Estonia's net sales grew by over 10 per cent due to strong sales to retail.
- Market disruption caused by the coronavirus pandemic still reduces business predictability.
- Consolidated earnings per share were EUR 0.81 (EUR 0.54). The Board of Directors proposes that a dividend of EUR 0.50 (EUR 0.42) be paid for each share for the 2020 financial period.

After the review period:

- Atria concluded the sale of its Russian subsidiary OOO Pit-Product to Limited Liability Company Agricultural Complex Mikhailovskiy. The deal is subject to the approval of the Russian competition authority.
- Atria announced the launch of a EUR 30-million investment plan to reorganise Atria Sweden's production lines and to increase productivity. The project involves a viability assessment into the transfer of production from the Malmö plant to the Sköllersta plant near Örebro.

EUR million	Q4 2020	Q4 2019	Q1 - Q4 2020	Q1 - Q4 2019
Net sales				
Atria Finland	284.5	271.6	1,066.3	1,033.8
Atria Sweden	78.2	74.5	300.8	289.4
Atria Denmark & Estonia	26.6	26.6	106.8	96.6
Atria Russia	17.6	18.9	66.7	73.8
Eliminations	-8.4	-11.7	-36.6	-42.3
Net sales, total	**398.6**	**380.0**	**1,504.0**	**1,451.3**
EBIT				
Atria Finland	14.4	14.4	43.1	40.0
Atria Sweden	0.7	-0.5	-2.0	-6.1
Atria Denmark & Estonia	1.7	1.0	5.3	4.4
Atria Russia	-1.0	-2.0	-2.9	-4.0
Unallocated	-0.7	-0.8	-3.0	-3.1
EBIT, total	**15.1**	**12.1**	**40.5**	**31.1**
EBIT, %	**3.8 %**	**3.2 %**	**2.7 %**	**2.1 %**
Profit before taxes	**14.6**	**10.7**	**37.3**	**26.2**
Earnings per share, EUR	**0.22**	**0.19**	**0.81**	**0.54**

Juha Gröhn,
CEO

”For Atria, 2020 was a successful year especially considering the changes brought on by the coronavirus pandemic on the market and on Atria's daily operations. Atria's net sales exceeded the EUR 1.5 billion mark for the first time. The EBIT improved to EUR 40.5 million, an increase of about 30 percent compared to the previous year. Free cash flow amounted to EUR 59.0 million.

The fourth quarter net sales amounted to EUR 398.6 million and EBIT to EUR 15.1 million. The year 2020 ended well in terms of business operations.

The best news in the fourth quarter of 2020 were the good holiday season sales. People stayed home for the holidays and bought groceries accordingly. Unfortunately, the quarter's sales to Food Service customers lagged about 20 per cent behind year-on-year due to coronavirus restrictions. Once travel restrictions are lifted, rebound towards previous levels will be swift. Proof of this was seen in the summer of 2020, during the weeks when COVID-19-related restrictions were moderate, and confidence increased. During that time the Food Service sales saw a quick recovery. The Far East has an increasingly significant role in exports. In 2020, we exported more than 20 million kilograms of pork to China. The significance of South Korea as an export destination is also increasing.

Atria updated its corporate strategy last year. The new strategy header is “**Winning Northern European Food Company**”. Northern Europe is the focus of our operations. Winning here signifies, above all, operational capability and fusing the strategy and its daily execution into an organism that stays relevant through constant renewal.

In October 2020, Atria made the decision to invest in a poultry plant at the Nurmo unit. The new plant will be completed in 2024. The value of the investment is EUR 155 million. We will ensure our success in the growing poultry market by increasing industrial capacity as the current plant nears the end of its useful life.

After the review period Atria came to an agreement on selling Pit-Product, its subsidiary in the St. Petersburg region in Russia. We have weighed our options for Atria Russia's operations. The assessment culminated in the decision to sell Pit-Product. Pit-Product product sales to retail customers have fallen behind expectations in the past few years. On the contrary, the Sibylla concept has remained on a path of profitable growth, and Atria continues to operate in the Russian fast-food market.

The past year has shown that the key risks in Atria's operations revolve around biosafety. Typically, we experience incidents as repercussions from market-disrupting events, such as the spread of the African swine fever in Central Europe and the resulting meat market disruption. A similar risk is the bird flu currently circulating in Europe, harmless to humans but a grave danger to fowl. The COVID-19 pandemic is also a biosafety hazard that materialised in a very unfortunate way.

The sales and profitability in the current year will be greatly affected by how the coronavirus can be managed and at which point restrictive arrangements can be lifted. Atria has maintained its performance well during the pandemic and we have faith in our continued handling of the situation.”

October–December 2020

Atria Group's net sales for the fourth quarter totalled EUR 398.6 million (EUR 380.0 million). EBIT was EUR 15.1 million (EUR 12.1 million). Atria's net sales increased by 4.9 per cent due to increased sales to the retail sector and to Atria Finland's export customers. Sales to Food Service customers fell around 20 per cent year-on-year.

All business areas improved their operational profits due to increased sales and better cost management. The EBIT increase in Finland was held back by changes in the structure of sales due to the coronavirus pandemic. Steady meat raw material costs bolstered the EBIT in Sweden.

Return to tighter coronavirus restrictions at year-end made a dent at sales volumes to Food Service customers. On the other hand, sales to retailer customers were significantly above those in the last quarter of 2019. At the production plants, additional expenses were incurred from the special arrangements made to prevent the spreading of the coronavirus.

In October, the Board of Directors of Atria Plc approved the revised corporate strategy for the years 2021–2025, as well as updated financial targets which are effective as of 1 January 2021.

The key objective of the strategy update is to be a **Winning Northern European Food Company** with
- an strong profit-making ability,
- the most desired brands,
- deep partnerships with our customers,
- committed personnel,
- a position as a forerunner in accountability, and
- the best partnership with owner-producers.

The main changes in the business environment affecting the new strategy are related to consumer purchase behaviour. Purchase decisions increasingly reflect consumers' awareness of responsible food choices and the increase in the demand of convenience foods and poultry products in particular. Additionally, the popularity of the Food Service channel and private labels is on the increase.

For the company to achieve its objectives, it is essential to continue striving towards commercial excellence, continued improvement of operational efficiency and further enhancement of the Atria Way of Work. Additionally, it is especially important for us to succeed in the six focus areas that are the most essential for our profit-making in accordance with our strategy. These six focus areas are:
- Grow **Sweden** profitably
- Drive next level Supply Chain **efficiency**
- Optimize **red meat**
- Win big in **poultry**
- Expand in **convenience food**
- Strengthen in **Food Service** including fast food

Atria's new Group strategy sets out the following comprehensive financial targets:
- EBIT percentage: 5% (unchanged)
- Equity ratio: 40 % (unchanged)
- Capital distribution of profit from period: 50% (unchanged)
- Return on equity (ROE): 10 % (revised target)
- Above-market growth (new target)

Atria made a decision in October 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 was 3,6%. The new processing plant will help the company to meet growing consumer demand, and it 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. The investment will increase Atria Finland's poultry production capacity by 40%.

In October, Atria Finland Ltd acquired the entire stock of Domretor Oy, 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 shareholding in it. The transaction price has no major impact on Atria's financial position or earnings. Domretor Oy's production plant is situated in Kauhava. The company has personnel of 70 around the year plus some 40 seasonal employees. Domretor Oy's 2019 net sales were EUR 8.8 million.

January–December 2020

Atria Group's net sales for January–December totalled EUR 1,504.0 million (EUR 1,451.3 million). EBIT amounted to EUR 40.5 million (EUR 31.1 million). Atria Group's net sales increased owing to good sales to the retail sector and exports. Sales to Food Service customers were down about 20 per cent from the year before. Consolidated EBIT was boosted by the growth in net sales, good export development and lower costs.

The increase in Atria Finland's net sales was due to increased sales to the retail sector and to export customers. Atria Finland saw its EBIT improve as a result of increased sales to the retail sector, increased pork exports to China and better productivity.

Atria Sweden's net sales, measured in the local currency, grew by 3.1 per cent from the previous year and earnings were up by EUR 4 million from the previous year. Profitability has increased due to improved efficiency and lower costs. The Swedish krona strengthened against the euro during the year and hit its highest level in the fourth quarter. 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 over 10 per cent due to strong sales to retail. All through 2020, Atria Russia's sales to the retail sector were at substantially higher than in the previous year. The improvement in earnings was due to the increase in net sales and a more favourable sales structure.

The exceptional circumstances caused by the coronavirus pandemic affected Atria's business environment starting 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 daily foods sold to the retail sector rose sharply at the end of March due to preparations for exceptional circumstances. The volumes of sales to fast food and Food Service customers decreased significantly in April and 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 failing to return to its pre-coronavirus level by September's end. In the last quarter, with a renewed tightening of coronavirus restrictions, sales to Food Service customers fell again. Sales to the retail sector were at a substantially higher level than in the previous year.

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 any virus infections. 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 is the first meat company to disclose the carbon footprint on chicken product packaging

Atria will be the first meat company to add a label of chicken products' carbon footprint on consumer product packages. The ability to trace the meat raw material to an individual farm also allows the carbon footprint to be marked on product packaging. The first carbon footprint marked products are chicken products from the Alatalo farm.

"Traceability of the meat raw material all the way to the farm has allowed us to calculate and mark the carbon footprint of individual products. Initially we add the carbon footprint label on chicken products from the Alatalo farm, and as the calculation capacity advances at individual farms, we will be extending the labels gradually to more products," says Merja Leino, Executive Vice President of Sustainability at Atria.

Atria continues to develop its product safety, quality, environmental and energy expertise

Certification of standardised systems are third-party proof of Atria's ongoing work on product safety, quality, environmental and energy expertise. Six of Atria's Swedish production plants acquired certification for their ISO 14001 environmental management systems. The ISO 14001 certification of the Sköllersta plant was renewed. All seven of Atria's Swedish production plants renewed their ISO 50001 energy management system certificates in the last quarter of 2020. Atria Finland's FSSC 22000 food safety system certification, ISO 14001 environmental management system certification and ISO 50001 energy management system certification also had their follow-up audits carried out in the fourth quarter. Atria Denmark & Estonia's production plants in Horsens and Valga as well as Atria Russia's production plants in Gorelovo and Sinyavino in the vicinity of St Petersburg have been audited and their quality system and product safety certificates are valid.

Business development by area January-December 2020

Atria Finland

EUR million	Q4 2020	Q4 2019	Q1 - Q4 2020	Q1 - Q4 2019
Net sales	284.5	271.6	1,066.3	1,033.8
EBIT	14.4	14.4	43.1	40.0
EBIT, %	5.1 %	5.3 %	4.0 %	3.9 %

Atria Finland's net sales for October–December totalled EUR 284.5 million (EUR 271.6 million). The increase in net sales was due to increased sales to the retail sector and to export customers. The sales of pork to China have increased substantially year-on-year. Sales of Food Service products fell year-on-year. EBIT was EUR 14.4 million (EUR 14.4 million). The EBIT remained at a good level. The EBIT increase was held back by changes in the structure of sales due to the COVID-19 pandemic. Under normal circumstances, Christmas holiday sales are very significant to the Food Service's all-year sales, but their share was significantly smaller than usual this year.

Net sales for the year amounted to EUR 1066.3 million (EUR 1033.8 million). The increase in net sales was due to increased sales to the retail sector and to export customers. Sales of Food Service products fell by approximately one fifth year-on-year due to the coronavirus restrictions. The company's EBIT increased to EUR 43.1 million (EUR 40.0 million). The EBIT growth was due to increased net sales, favourable export development and better productivity. The coronavirus pandemic has incurred additional expenses, but their negative impact on profit has been mitigated by the reduction in statutory employment pension contributions.

In October–December, strong growth continued in the product groups offered by Atria. The sales of poultry products grew by 16.3 per cent in terms of value. Among Atria's product groups, growth was most moderate in convenience foods, but even they were up by 8.3 per cent year-on-year. The sales of cooking products (sausages, frankfurters, strips, bacons) increased by 14.9 per cent in the fourth quarter. Atria's supplier share in retail was about 24 per cent. The value of the Food Service market decreased in 2020 by approximately 20 per cent. (Source: Atria market insight)

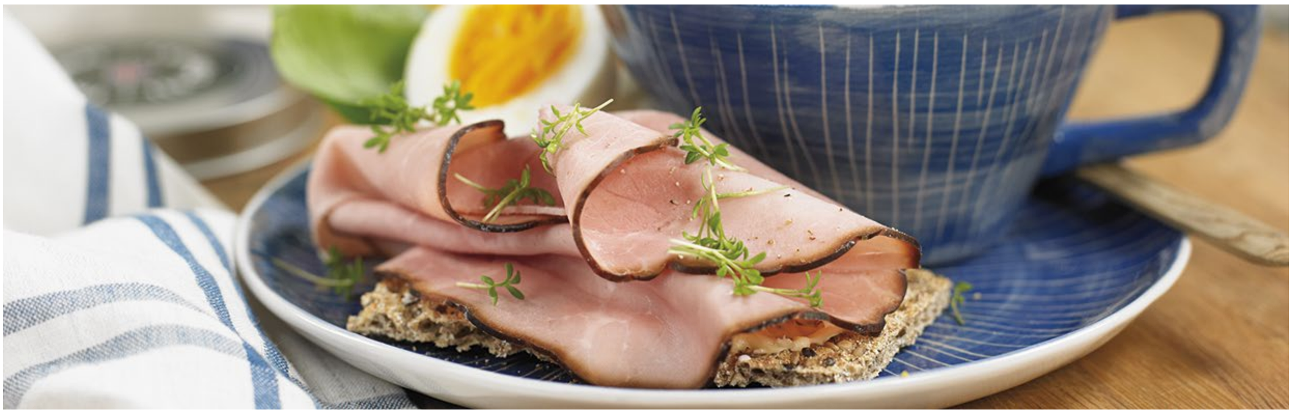
The status of meat on Finnish consumers' plates remains steady, with 93 per cent eating meat. Domestically produced meat continues to fare well, and preliminary data shows that in 2020, around 83 per cent of consumed meat was of domestic origin. (Source: Kantar TNS Agri Oy)

In October, 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 shareholding in it. Domretor Oy's 2019 net sales were EUR 8.8 million.

In October, Atria made a 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 takes part in an export promotion project with the objective of executing a high-visibility campaign in the Chinese market over several years to further strengthen its exports to China. In December, the European Union granted the project nearly EUR 3 million from the agri-food product export promotion funds for putting together this export promotion campaign in the Chinese market.



Atria Sweden

EUR million	Q4 2020	Q4 2019	Q1 - Q4 2020	Q1 - Q4 2019
Net sales	78.2	74.5	300.8	289.4
EBIT	0.7	-0.5	-2.0	-6.1
EBIT, %	1.0 %	-0.7 %	-0.7 %	-2.1 %

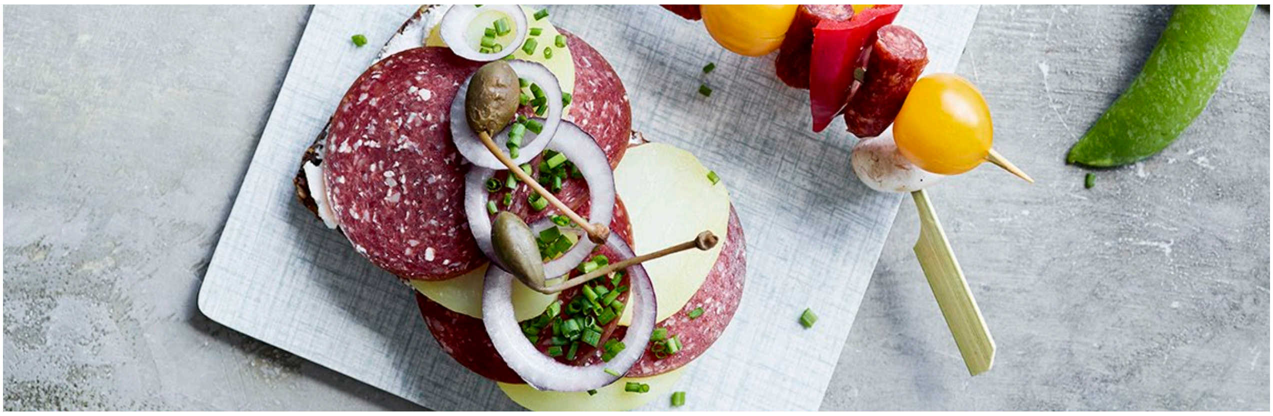
Atria Sweden's net sales for the fourth quarter amounted to EUR 78.2 million (EUR 74.5 million). In the local currency, net sales improved by 1.6 per cent year-on-year. Coronavirus restrictions had a negative impact on the Atria Food Service sales in the fourth quarter as well. Overall net sales increased, since sales to the retail sector continued stronger than earlier. EBIT was EUR 0.7 million (EUR -0.5 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 the year amounted to EUR 300.8 million (EUR 289.4 million). In the local currency, net sales grew by 3.1 per cent year-on-year. COVID-19 restrictions had a negative impact on the Food Service and fast-food business. On the other hand, sales to the retail sector increased substantially, which had a positive impact on all-year net sales. Net sales were boosted by strong sales of poultry products. EBIT was EUR -2.0 million (EUR -6.1 million). Earnings were burdened by a reduction in sales to fast food and Food Service customers. Furthermore, the coronavirus pandemic caused additional expenses, whose effect on profit was nevertheless mitigated by the compensation for sick leaves 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 year-end. The sales to the retail sector in Atria's product groups increased substantially, both in terms of volume and value: in value, the sausage market grew by 15.7% in 2020, the cold cuts market by 7.9% and the poultry products market by 19.2%. In January–December Atria's producer share was 18.7% in sausages, 13.6% in cold cuts and 16.8% in fresh chicken products. (Source: AC Nielsen).

As stricter coronavirus restrictions took effect in Sweden towards year-end, the sales increase in the retail market intensified. Sweden's Food Service market suffered severely during the 2020 pandemic. The market picked up somewhat after summer, but the second wave of the pandemic brought stricter restrictions upon restaurants. These restrictions clearly had a negative impact on the fast-food business as well.

After the review period, Atria announced the launch of an investment plan to reorganise Atria Sweden's production lines and to increase productivity. The investment is estimated to total around EUR 30 million. The investment plan will thoroughly investigate the reorganisation of production lines, potential transfers and investment needs related to the construction of new production lines. The project will involve assessing the option of moving production from the Malmö plant to the Sköllersta plant. After the planning phase, the implementation of the investment will be decided on. If implemented, the project is expected to be fully completed during 2023.



Atria Denmark & Estonia

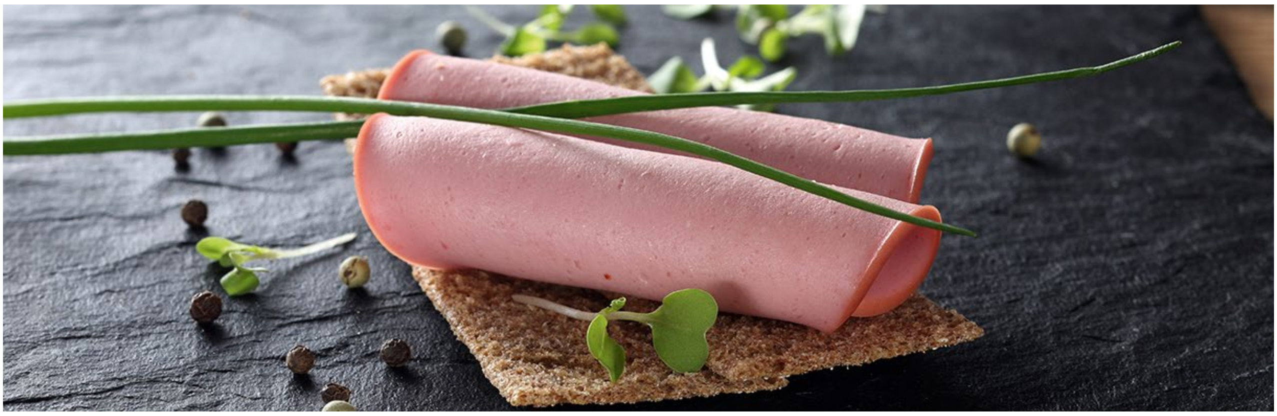
EUR million	Q4 2020	Q4 2019	Q1 - Q4 2020	Q1 - Q4 2019
Net sales	26.6	26.6	106.8	96.6
EBIT	1.7	1.0	5.3	4.4
EBIT, %	6.5 %	3.9 %	4.9 %	4.5 %

Atria Denmark & Estonia's net sales for October–December totalled EUR 26.6 million (EUR 26.6 million). EBIT amounted to EUR 1.7 million (EUR 1.0 million). Atria Denmark & Estonia had a steady performance. Sales to the retail sector remained at a good level. Atria's Food Service sales were at a lower level than in the corresponding period last year both in Denmark and Estonia. Net sales were bolstered by the price increases implemented early in the year. The growth of EBIT in Denmark was due to the stable raw material prices and good retail sales.

Net sales for the year amounted to EUR 106.8 million (EUR 96.6 million). EBIT amounted to EUR 5.3 million (EUR 4.4 million). The increase in net sales followed from substantial growth in 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 months, but tighter coronavirus restrictions at year-end weakened Food Service sales. Sales of minced meat to the retail sector have picked up considerably with the revamped packaging. Atria's market share in the Estonian retail sector has remained stable.

In Denmark, the cold cuts market has remained stable. Private label sales increased to some extent and price competition intensified in 2020. Sales to retail temporarily rose to record numbers in March and April and remained at a higher level year-on-year all year.



Atria Russia

EUR million	Q4 2020	Q4 2019	Q1 - Q4 2020	Q1 - Q4 2019
Net sales	17.6	18.9	66.7	73.8
EBIT	-1.0	-2.0	-2.9	-4.0
EBIT, %	-5.9 %	-10.7 %	-4.3 %	-5.5 %

Atria Russia's net sales for the fourth quarter amounted to EUR 17.6 million (EUR 18.9 million). In the local currency, net sales grew by nearly 20 per cent. EBIT was EUR -1.0 million (EUR -2.0 million). Sales to the retail sector increased by almost 30 per cent, in particular due to good Casademont product sales. Sales of Sibylla products increased by more than 15 per cent year-on-year. The measures carried out at the production plants to prevent the spreading of the coronavirus continued to incur some additional expenses. Following the changes in Atria Russia's retail sales structure, a EUR 0.8 million impairment was recognised on the value of one brand.

Net sales for the year amounted to EUR 66.7 million (EUR 73.8 million). In the local currency, net sales grew by 3,0 per cent. EBIT was EUR -2.9 million (EUR -4.0 million). Sales to the retail sector grew significantly from the previous year. Sales of Casademont products increased substantially throughout the review period. Food Service product sales suffered from the coronavirus restrictions, but picked up again in the fourth quarter. The increase in earnings was due to the increase in net sales and a more favourable sales structure.

The effects of the coronavirus pandemic on Atria Russia's business environment were minor during the first quarter. In the spring, the sales volumes fell considerably as a result of the restrictions enacted to control the coronavirus pandemic. The sales volumes began to recover towards the end of May, but the market disruptions brought about by the pandemic in September again weakened the sales. In the last quarter, sales to Food Service customers rebounded with force.

Atria has investigated various options for developing its Russian business. As a result of this investigation, Atria has today entered into an agreement to sell its Russian subsidiary OOO Pit-Product to Limited Liability Company Agricultural Complex Mikhailovskiy, member of the Cherkizovo Group. Cherkizovo is Russia's largest manufacturer of meat products and has been listed on the Moscow Stock Exchange since 2006.

OOO Pit-Product is a wholly owned subsidiary. Atria has owned the company since 2005. At the end of 2020, the company had approximately 700 employees. The company produces food products for the retail and Food Service channels and owns the Gorelovo and Sinyavino plants. The sale transaction does not include Atria Russia's subsidiary Sibylla Rus LLC, which conducts fast food business in Russia.

The transaction is expected to close during the first half of 2021. The transaction is subject to the approval of the Russian Competition Authority. The impact of the divested business on Atria Group's net sales is approximately EUR 35 million. The business has been loss-making.

The amount of accumulated translation differences related to Pit-Product on December 31, 2020 was EUR -45 million. The translation difference has arisen from exchange rate changes during Pit-Product's ownership. Atria acquired Pit-Product in 2005. At that time, the exchange rate of the Ruble against the euro was about 34 and at the end of 2020 about 92. Upon divestment of a foreign subsidiary, the accumulated translation differences related to that subsidiary, presented already earlier in equity, are recognized in profit or loss. As the accumulated translation differences already reduce the Group's equity, this entry will not have an effect on the Group's equity nor cash flow. Translation differences are not recognized until the final completion of the transaction.

The final purchase price will be determined at the closing of the transaction and the divestment is not expected to have any other significant effect on the consolidated result.

Average personnel (FTE)

Personnel by Business Area average FTE	Q1 - Q4 2020	Q1 - Q4 2019
Atria Finland	2,398	2,333
Atria Sweden	814	840
Atria Denmark & Estonia	439	435
Atria Russia	793	846
Total	4,444	4,454

Financial position and taxes

Consolidated interest-bearing net liabilities at the end of the review period amounted to EUR 191.6 million (31 December 2019: EUR 223.9 million). During the review period, net liabilities decreased by EUR 32.3 million due to the favourable result and change in working capital.

During the period under review, the Group's free cash flow (operating cash flow - cash flow from investments) was EUR 59.0 million (EUR 51.4 million).

Equity ratio at the end of the review period was 46.8% (31 December 2019: 46.9 %). The total translation differences with the Swedish krona and the Russian rouble recognised in equity reduced equity by EUR 6.8 million (EUR +4.6 million) in January–December.

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 commercial paper market that provides short-term financing. It did, however, operate slightly better in the latter half of the year, although not yet quite 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 31 December 2020 stood at EUR 26.6 million (31 December 2019: EUR 4.4 million). The Group's liquidity remained good throughout the year. On 31 December 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 period under review was 3 years 2 months (31 December 2019: 3 years 2 months).

The Group's taxes in the review period amounted to EUR 12.6 million (EUR 9.2 million). Comparability is impaired by the tax treatment of the loss associated with the discontinuation of UAB Vilniaus Mesa in 2015, which was adjudicated by the Administrative Court in late 2020. Atria has applied to the Supreme Administrative Court for leave to appeal the ruling. In compliance with the prudence principle, the tax effect of EUR 2.1 million has been recognised as an expense. Additionally, EUR 2.0 million of deferred tax assets from Russia have been written down, because the company did not foresee convincing evidence of future opportunities to offset the tax losses.

Events after the period under review

After the review period, Atria concluded the sale of its Russian subsidiary Pit-Product to Limited Liability Company Agricultural Complex Mikhailovskiy, which belongs to the Cherkizovo Group. Cherkizovo is Russia's leading meat products manufacturer and a listed company on the Moscow Stock Exchange since 2006.

OOO Pit-Product is a wholly owned subsidiary. Atria has owned the company since 2005. At the end of 2020, the company had approximately 700 employees. The company produces food products for the retail and Food Service channels and owns the Gorelovo and Sinyavino plants. The sale transaction does not include Atria Russia's subsidiary Sibylla Rus LLC, which conducts fast food business in Russia.

The transaction is expected to close during the first half of 2021. The transaction is subject to the approval of the Russian Competition Authority. The impact of the divested business on Atria Group's net sales is approximately EUR 35 million. The business has been loss-making.

The amount of accumulated translation differences related to Pit-Product on December 31, 2020 was EUR -45 million. The translation difference has arisen from exchange rate changes during Pit-Product's ownership. Atria acquired Pit-Product in 2005. At that time, the exchange rate of the Ruble against the euro was about 34 and at the end of 2020 about 92. Upon divestment of a foreign subsidiary, the accumulated translation differences related to that subsidiary, presented already earlier in equity, are recognized in profit or loss. As the accumulated translation differences already reduce the Group's equity, this entry will not have an effect on the Group's equity nor cash flow. Translation differences are not recognized until the final completion of the transaction.

The final purchase price will be determined at the closing of the transaction and the divestment is not expected to have any other significant effect on the consolidated result.

After the review period, Atria announced the launch of an investment plan to reorganise Atria Sweden's production lines and to increase productivity. The investment is estimated to total around EUR 30 million. The investment plan will thoroughly investigate the reorganisation of production lines, potential transfers and investment needs related to the construction of new production lines. The project will involve assessing the option of moving production from the Malmö plant to the Sköllersta plant. After the planning phase, the implementation of the investment will be decided on. If implemented, the project is expected to be fully completed during 2023.

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

In 2020, the coronavirus (COVID-19) pandemic was Atria's most significant risk event. Its social, market economy and public health repercussions have been felt in operations since March 2020. The significance of the risk has fluctuated both in terms of business areas and seasons. News of vaccines in the fourth quarter did not yet have a risk-reducing impact. The mutability of the virus caused some countries to increase coronavirus restrictions and protection measure.

Throughout the pandemic, Atria has invested in safeguarding the health and working capacity of its personnel and maintaining its production reliability. Atria's various units have adjusted operations to meet changing circumstances and demand for products.

Although Atria has incurred some additional expenses owing to hygiene requirements and operational adjustments, the impacts on result and cash flow are moderate. The financial position has also remained strong.

States have revitalised the economy by providing support and stimulus packages during the pandemic. In Finland, Atria's operations have been subsidised by the 2.6 percentage point reduction in the employer's TyEL contribution from 1 May to 31 December 2020. In Sweden, state has paid remuneration for employee sick leaves.

Vaccination programmes in various countries were rolled out in early 2021. However, the time it takes to roll out vaccinations, the efficacy of the various vaccines and the quick mutability of the virus mean that the impacts of the pandemic on Atria's result, balance and cash flow in 2021 remain difficult to forecast.

Atria's ordinary food production risks are associated with the quality, availability, safety and price of ingredients and preparations. The African swine fever, which has been found in multiple European countries and in China and Russia, affected the price, demand and supply of pork around the world. Considering the risk of African swine fever spreading to Finland, Atria employs prevention measures at its own production plants and contract production farms. The poultry market experienced uncertainty in the final months of the year, as cases of avian flu were detected in Europe.

Data security questions gained increasing attention as a societal issue in the second half of 2020. Fraudulent behaviour, data breaches and data leaks can also target Atria's operations. Every effort is made to prevent such behaviour and to protect the systems from them through systematic surveillance and security-enhancing measures.

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 the strategic objectives.

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

Outlook for the future

In 2021, Atria Group's adjusted EBIT is estimated to be EUR 37 - 43 million (EUR 40.5 million).

The adjusted EBIT is determined by adjusting the EBIT recognized in the income statement for material 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. Such an item affecting the EBIT, if completed, is the translation difference related to the divestment of OOO Pit-Product. The amount of accumulated translation differences related to Pit-Product on December 31, 2020 was EUR -45 million. Translation differences depend on the development of the Ruble exchange rate and are made at the final completion of the transaction.

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 to increase, 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 further during 2021.

The coronavirus pandemic that began in early 2020 and continues in early 2021 has caused strong and rapid changes in the business environment in the food industry. This has 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 ordinary everyday food has strengthened. The possible weakening of consumer purchasing power will also affect food purchases and may shift the sales structure of Atria's products into an unfavourable direction.

Board of Directors' proposal for profit distribution 2020

The Board of Directors proposes that a dividend of EUR 0.50 (EUR 0.42) be paid for each share for the 2020 financial period.

Financial calendar 2021

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

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 demands 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 demand 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 will publish two interim reports and one half-year report in 2021:

- Interim report January–March on 29 April 2021 at approximately 8:00 am
- Half-year report January–June on 20 July 2021 at approximately 8:00 am
- Interim report January–September on 21 October 2021 at approximately 8:00 am.

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

Decisions of the General Meeting 2020

The decisions of the General Meeting were published as a company announcement on 29 April 2020. The announcement can be viewed on Atria's investor pages at https://www.atria.fi/en/group/investors/annual-general-meeting/annual-general-meeting-2020/

Valid authorisations to acquire the company's own shares or issue shares, grant special rights and make donations

The General Meeting resolved, in accordance with the proposal of the Board of Directors, to authorise the Board of Directors to resolve on the acquisition of a maximum of 2,800,000 of the Company's own series A shares in one or more instalments with funds belonging to the Company's unrestricted equity, subject to the provisions of the Finnish Companies Act on the maximum number of treasury shares. The Company's own series 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 programme, 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 market price at the time 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 acquisition of the Company's own shares in all other respects.

The authorisation cancels 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.

The General Meeting resolved, in accordance with the proposal of the Board of Directors, to authorise the Board of Directors to resolve on an issue of a maximum total of 5,500,000 new series A shares or series A shares possibly held by the company, in one or more instalments, by issuing shares and/or option rights or other special rights entitling to shares, referred to in Chapter 10, Section 1 of the Finnish Companies Act. The authorisation can 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 programme or for other purposes subject to the Board of Directors' decision.

The Board is also authorised to decide on all terms and conditions of the share issue and of the granting of special rights as referred to in Chapter 10, Section 1 of the Companies Act. The authorisation thus 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 cancels 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 of 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 the 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 series A share entitles its holder to one (1) vote at a General Meeting and each series 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 pcs of its own series A shares.

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.

Incentive programmes for management and key personnel

Long-term share incentive plan 2018–2020

In 2017, Atria Plc's Board of Directors decided on the long-term incentive programme for management and key personnel for the period 2018–2020. The aim of the share incentive plan was to encourage Atria's management to acquire shares in the company and to take action and make decisions that will increase the company's long-term value.

The programme based on share and cash incentives is divided into three year-long earning periods, the third earning period having started 1 January 2020 and expired 31 December 2020. The bonuses payable under the programme are based on the company's earnings per share (EPS) (70%) and organic growth (30%). The bonuses for 2020 will be paid in three equal instalments in 2021, 2022 and 2023, partly in the form of shares in the company and partly in cash. The cash sum is intended to cover the taxes and tax-like fees arising from the bonus. If a person's employment relationship ends before the payment of the bonus, the bonus will not usually be paid. The target group for the share incentive plan can contain a maximum of 40 people. The estimated total value of bonuses payable for the 2020 earning period is approximately EUR 0.9 million.

The ended long-term incentive programme

All payments from the earning period implemented in 2015–2017 were based on the Group’s earnings per share (EPS) excluding non-recurring items. Cash bonuses payable under the plan for the entire 2015–2017 earning period was capped at EUR 4.5 million. The plan expired on 31 December 2017, and it covered a maximum of 45 people. The CEO as well as members of the Group’s Management Team and the Management Teams of Business Areas were covered by the programme. For the entire 2015–2017 earning period, bonuses worth EUR 2.1 million were accrued. The final bonus payment was paid in March 2020 and it totalled EUR 0.2 million.

Short-term incentive programme

The maximum amount of bonus pay under Atria's short-term incentive programme is 25 to 50% of the annual salary, depending on the effect on the results and the level of competence required for the role. The criteria in the merit pay plan are the performance requirements and net sales at Group level and in the area of responsibility of the person concerned. In addition to the CEO and other members of the Management Team, Atria Plc's merit pay plans cover approximately 40 people.

New long-term incentive programme 2021–2023

Atria Group Plc's Board of Directors decided on the long-term incentive programme for key personnel for the period 2021–2023. The programme is principally the same as in 2018–2020. The new programme is based on incentives paid in shares and cash, and it is divided into three earnings periods of one year, with the first earning period beginning on 1 January 2021 and ending on 31 December 2021.

The bonuses for 2021 will be paid in three equal instalments in 2022, 2023 and 2024, partly in the form of shares in the company and partly in cash. The cash sum is intended to cover the taxes and tax-like fees arising from the bonus. If a person's employment relationship ends before the payment of the bonus, the bonus will not usually be paid.

The target group for the share incentive programme can contain a maximum of 40 people. The total value of bonuses payable for each earning period can be up to EUR 2 million.

The aim of the new incentive plan is to encourage Atria's senior management to acquire shares in the company and to take action and make decisions that will increase the company's long-term value.

Major shareholders

Major shareholders on 31 December 2020

	KII	A	Total	%
Itikka Co-operative	4 914 281	3 537 652	8 451 933	29,90
Lihakunta	4 020 200	3 848 073	7 868 273	27,83
Mandatum Life Insurance Company		902 578	902 578	3,19
Pohjanmaan Liha Cooperative	269 500	480 038	749 538	2,65
Varma Mutual Pension Insurance Company		524 640	524 640	1,86
Oy Etra Invest Ab		300 000	300 000	1,06
The von Julin Sofia Margareta Estate		135 000	135 000	0,48
Elo Mutual Pension Insurance Company		126 289	126 289	0,45
Atria Plc		105 311	105 311	0,37
Investment Fund Taalerintehdas Arvo Markka Osake		105 000	105 000	0,37

Largest shareholders in terms of voting rights, 31 December 2020

	KII	A	Total	%
Itikka Co-operative	49 142 810	3 537 652	52 680 462	47,42
Lihakunta	40 202 000	3 848 073	44 050 073	39,65
Pohjanmaan Liha Cooperative	2 695 000	480 038	3 175 038	2,86
Mandatum Life Insurance Company		902 578	902 578	0,81
Varma Mutual Pension Insurance Company		524 640	524 640	0,47
Oy Etra Invest Ab		300 000	300 000	0,27
The von Julin Sofia Margareta Estate		135 000	135 000	0,12
Elo Mutual Pension Insurance Company		126 289	126 289	0,11
Atria Plc		105 311	105 311	0,09
Investment Fund Taalerintehdas Arvo Markka Osake		105 000	105 000	0,09

Financial indicators

mill. EUR	31.12.20	31.12.19	31.12.18	31.12.17	31.12.16
Net sales	1,504.0	1,451.3	1,438.5	1,436.2	1,351.8
EBIT	40.5	31.1	28.2	40.9	31.8
% of net sales	2.7	2.1	2.0	2.8	2.3
Financial income and expenses	-4.5	-5.6	-6.2	-7.3	-6.3
% of net sales	-0.3	-0.4	-0.4	-0.5	-0.5
Profit before tax	37.3	26.2	22.3	35.5	26.1
% of net sales	2.5	1.8	1.6	2.5	1.9
Return of equity (ROE), %	5.7	3.9	4.1	6.7	4.7
Return of investment (ROI), %	7.2	5.3	5.0	7.3	5.9
Equity ratio, %	46.8	46.9	47.7	47.5	46.5
Interest-bearing liabilities	218.1	228.3	227.2	214.3	217.8
Gearing, %	49.7	52.6	53.1	49.8	51.6
Net gearing, %	43.6	51.6	52.1	49.0	50.5
Gross investments in fixed assets	45.6	40.1	44.5	53.9	82.9
% of net sales	3.0	2.8	3.1	3.8	6.1
Average FTE	4,444	4,454	4,460	4,449	4,315
R&D costs	15.0	15.3	13.7	12.9	13.1
% of net sales *	1.0	1.1	1.0	0.9	1.0
Volume of orders **	-	-	-	-	-

* Booked in total as expenditure for the financial year.

** Not a significant indicator, as orders are generally delivered on the day following the order being placed.

Share-issued adjusted per-share indicators

	31.12.20	31.12.19	31.12.18	31.12.17	31.12.16
Earnings per share (EPS), EUR	0.81	0.54	0.58	0.92	0.65
Shareholders' equity per share, EUR	14.96	14.85	14.69	14.81	14.49
Dividend per share, EUR*	0.50	0.42	0.40	0.50	0.46
Dividend per profit, %*	61.4	78.4	68.8	54.4	71.2
Effective dividend yield *	5.1	4.2	6.1	4.1	4.0
Price per earnings (P/E)	12.1	18.7	11.3	13.2	17.8
Market capitalisation	278.4	283.8	186.0	342.3	324.8
Market capitalisation, series A	187.8	191.4	125.4	230.9	219.0
Share turnover per 1 000 shares, series A	4,599	3,831	5,696	3,381	3,313
Share turnover %, series A	24.1	20.1	29.9	17.7	17.4
Number of shares, million, total	28.3	28.3	28.3	28.3	28.3
Number of shares, series A	19.1	19.1	19.1	19.1	19.1
Number of shares, series KII	9.2	9.2	9.2	9.2	9.2
Share issue-adjusted average number of shares	28.3	28.3	28.3	28.3	28.3
Share issue-adjusted number of shares on 31 December	28.3	28.3	28.3	28.3	28.3

* The Board of Directors proposal from year 2020 for the Annual Meeting to be held on April 29 2021.

Share price development, series A (EUR)

Lowest of period, series A	7.13	6.61	6.42	10.11	7.61
Highest of period, series A	10.86	10.04	13.48	12.96	12.22
At end of period, series A	9.85	10.04	6.58	12.11	11.49
Average price for period, series A	9.08	8.28	9.58	11.47	9.49

ATRIA GROUP

Consolidated income statement

EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Net sales	**398.6**	**380.0**	**1,504.0**	**1,451.3**
Costs of goods sold	-349.4	-331.9	-1,337.7	-1,288.5
Gross profit	**49.1**	**48.0**	**166.3**	**162.7**
Sales and marketing expenses	-20.2	-22.7	-77.7	-84.3
Administrative expenses	-12.4	-11.5	-45.7	-44.0
Other operating income	0.8	0.9	3.2	3.2
Other operating expenses	-2.1	-2.6	-5.6	-6.5
EBIT	**15.1**	**12.1**	**40.5**	**31.1**
Finance income and costs	-0.8	-1.6	-4.5	-5.6
Income from joint ventures and associates	0.3	0.3	1.2	0.6
Profit before taxes	**14.6**	**10.7**	**37.3**	**26.2**
Income taxes	-7.9	-4.9	-12.6	-9.2
Profit for the period	**6.8**	**5.8**	**24.7**	**17.0**
Profit attributable to:				
Owners of the parent	6.2	5.2	22.9	15.1
Non-controlling interests	0.6	0.6	1.8	1.9
Total	**6.8**	**5.8**	**24.7**	**17.0**
Basic earnings per share, EUR	0.22	0.19	0.81	0.54
Diluted earnings per share, EUR	0.22	0.19	0.81	0.54

Consolidated statement of

EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Profit for the period	**6.8**	**5.8**	**24.7**	**17.0**
Other comprehensive income after tax:				
Items that will not be reclassified to profit				
Actuarial losses from benefit-based pension obligations	-0.3	-0.1	-0.1	-0.5
Items reclassified to profit or loss when specific conditions are met				
Cash flow hedges	0.6	-0.6	-1.5	-3.6
Currency translation differences	4.1	1.9	-6.8	4.6
Total comprehensive income for the	**11.2**	**7.0**	**16.2**	**17.4**
Total comprehensive income attributable				
Owners of the parent	10.6	6.4	14.5	15.6
Non-controlling interests	0.6	0.6	1.8	1.9
Total	**11.2**	**7.0**	**16.2**	**17.4**

Consolidated statement of financial position

Assets EUR million	31.12.2020	31.12.2019
Non-current assets		
Property, plant and equipment	395.5	398.1
Biological assets	0.6	0.7
Right-of-use assets	33.7	33.3
Goodwill	164.8	160.8
Other intangible assets	83.9	84.7
Investments in joint ventures and associates	14.5	15.0
Other financial assets	1.2	1.2
Loan and other receivables	4.6	5.2
Deferred tax assets	1.5	4.0
Total	**700.4**	**703.0**
Current assets		
Inventories	102.9	110.2
Biological assets	3.6	4.1
Trade and other receivables	106.1	107.0
Cash and cash equivalents	26.6	4.4
Total	**239.2**	**225.7**
Total assets	**939.5**	**928.7**

Equity and liabilities EUR million	31.12.2020	31.12.2019
Equity attributable to the shareholders of the parent company	422.8	419.9
Non-controlling interests	16.1	14.4
Total equity	**438.9**	**434.3**
Non-current liabilities		
Loans	138.8	140.9
Lease liabilities	24.6	25.0
Deferred tax liabilities	39.2	40.7
Pension obligations	7.2	6.8
Other non-interest-bearing liabilities	1.8	7.0
Provisions	0.3	0.7
Total	**211.9**	**221.1**
Current liabilities		
Loans	45.1	53.9
Lease liabilities	9.6	8.6
Trade and other payables	234.0	210.9
Total	**288.7**	**273.3**
Total liabilities	**500.7**	**494.4**
Total equity and liabilities	**939.5**	**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	Translation 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						15.1	15.1	1.9	17.0
Other comprehensive income									
Cash flow hedges			-3.6				-3.6		-3.6
Actuarial gains / losses from pension benefits						-0.5	-0.5		-0.5
Currency translation differences					4.6		4.6		4.6
Share of non-controlling interest related to acquisition of subsidiary						0.2	0.2		0.2
Share-based payments		0.0		0.0			0.1		0.1
Dividends						-11.3	-11.3	-0.3	-11.6
Equity 31.12.2019	**48.1**	**-1.2**	**0.2**	**249.2**	**-55.8**	**179.5**	**419.9**	**14.4**	**434.3**
Profit for the period						22.9	22.9	1.8	24.7
Other comprehensive income									
Cash flow hedges			-1.4				-1.4		-1.4
Actuarial gains / losses from pension benefits						-0.1	-0.1		-0.1
Currency translation differences					-6.8		-6.8		-6.8
Share of non-controlling interest related to acquisition of subsidiary						0.0	0.0		0.0
Share-based payments		0.0		0.3			0.3		0.3
Dividends						-11.8	-11.8	-0.1	-11.9
Equity 31.12.2020	**48.1**	**-1.2**	**-1.3**	**249.5**	**-62.7**	**190.4**	**422.8**	**16.1**	**438.9**

Consolidated cash flow statement

EUR million	1-12/2020	1-12/2019
Cash flow from operating activities		
Operating activities before financial items and taxes	115.2	102.9
Financial items and taxes	-13.0	-14.4
Net cash flow from operating activities	**102.2**	**88.5**
Cash flow from investing activities		
Investments in tangible and intangible assets	-40.8	-39.4
Acquired operations	-3.4	
Increase (-) / decrease (+) in long-term receivables	0.7	2.3
Dividends received	0.5	0.1
Change in short-term receivables	-0.1	-0.1
Net cash used in investing activities	**-43.2**	**-37.1**
Cash flow from financing activities		
Draw down of long-term borrowings	37.0	0.6
Repayment of long-term borrowings	-41.7	-3.7
Increase (+) / decrease (-) in short-term loans	-8.3	-28.4
Principal elements of lease payments	-9.4	-8.5
Dividends paid	-11.9	-11.6
Net cash used in financing activities	**-34.4**	**-51.5**
Change in liquid funds	**24.6**	**-0.1**
Cash and cash equivalents at beginning of year	4.4	4.0
Effect of exchange rate changes on cash flows	-2.4	0.5
Cash and cash equivalents at the end of period	**26.6**	**4.4**

Notes for the financial statement release

Principles applied in preparing the financial statements

This financial statement release was prepared 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 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 financial statement release are unaudited.

COVID-19 impacts and accounting policies calling for judgments by the management and key sources of estimation uncertainty

The exceptional situation caused by the COVID-19 pandemic and the resulting uncertainty have required that Atria's management reviews assets and liabilities, income and expenses critically, although the COVID-19 impacts have been moderate. The management has estimated the uncertainties and risks and used discretion in applying the accounting principles. In the following paragraphs, a brief description has been provided about the impact of the COVID-19 pandemic on the application of the accounting principles.

Intangible and tangible assets and inventories:
Atria's operations have continued throughout the pandemic without interruption and sales have increased. Needs for additional write-offs were not identified, and Atria's depreciation policy remains unchanged. There has not been any need to make extraordinary value adjustments on goods in stock.

At Atria, indications of impairment of intangible assets have also been reviewed on the end date of the reporting period. The interest rates used in the calculations have been verified. In the Group, goodwill and intangible assets with an unlimited useful life have been tested.

The impairment testing calculation of intangible assets is based on a series of figures from the five-year strategy period, which is evaluated annually on the basis of changes that have occurred in the business environment, Atria's measures and results achieved.

Each of Atria's business areas has prepared its own five-year series of figures, and in the first year of the series of figures, the COVID-19 pandemic continuing also in 2021 has been taken into account. The Group's management team has, together with the business areas, evaluated the realism of the series of figures in the pandemic situation and thereafter, as well as the risks. The Board of Directors has been the last to review the figures and has approved the proposals made. No signs of impairment have been detected. Atria will provide more detailed insight on the annual goodwill impairment testing in its annual financial statements.

Fixed assets and lease liabilities:
The Group has leased properties, machinery and equipment. The lease agreements are concluded for a fixed period or until further notice. As regards lease agreements valid until further notice, the agreement period and possible extension options are assessed case-by-case. COVID-19 has not affected the terms and conditions of Atria's lease agreements, and Atria has not been granted any lease reductions.

Income recognition of revenue from contracts and management of liquidity risk:
Atria's total sales have developed favourably during the pandemic, and there has been no need to change the revenue recognition. As a result of the increased sales and good performance, the financial position and cash flow were good during the reporting period and, 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.

Trade receivables
Atria's trade receivables from consumer customers are short-term and do not contain any significant financing components. Consumer customers are primarily central wholesale businesses. Some of the trade receivables from parties other than central wholesale businesses are sold to financing companies. Sold trade receivables are derecognised when the financing company has made payment for the receivables and when all material risks relating to ownership have been transferred to the buyer. In every Group company, trade receivables and their breakdown have been evaluated. Atria has assessed its model regarding expected credit losses from trade receivables, which takes into account the macroeconomic developments. It has not been deemed necessary to make material changes to the credit loss provisions.

Employee benefits:
Because of the COVID-19 pandemic, a 2.6 per cent discount was in force in the employer's TyEL payment in Finland from 1 May to 31 December 2020. In Sweden, the state has compensated the salary and social security costs for sick leaves caused by coronavirus from 1 March to 31 December 2020. In the other Atria's business areas, no government grants or subsidies relating to COVID-19 were received.

Acquired operations:
During the financial year, Atria acquired the entire stock of Domretor Oy. Because the assets and liabilities acquired in the combination of business operations are valued at the current value at the time of acquisition, Atria's management has evaluated the values of assets, compared them to market values and made assumptions about their use in the future. Liabilities have also been reviewed critically. The management believes that the assessments and assumptions are sufficiently detailed to be used as the basis for fair value measurement.

Taxes:
In conjunction with the financial statements, Atria's management has estimated the impact of uncertainty possibly associated with handling taxes in accordance with IFRIC 23. Atria has not applied the payment reliefs relating to the COVID-19 pandemic granted by the tax authority, and income taxes are recognised on the basis of the tax year's taxable profit. Deferred tax assets have been written down in Russia, because the Company did not foresee convincing evidence of future opportunities to offset tax losses. Because of the COVID-19 subsidies, group contributions could not be utilised in Sweden to balance the taxable profits of the companies. This slightly increases the income taxes of the Swedish companies.

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

Operating segments

EUR million	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Revenue from consumer goods				
Atria Finland	219.1	208.5	823.2	795.6
Atria Sweden	78.2	74.5	300.8	289.4
Atria Denmark & Estonia	26.0	26.0	104.7	94.4
Atria Russia	17.6	18.9	66.7	73.8
Eliminations	-8.4	-11.7	-36.6	-42.3
Total	**332.6**	**316.3**	**1,258.9**	**1,210.9**
Revenue from primary products				
Atria Finland	65.5	63.1	243.1	238.2
Atria Sweden	-	-	-	-
Atria Denmark & Estonia	0.5	0.5	2.1	2.2
Atria Russia	-	-	-	-
Total	**66.0**	**63.6**	**245.2**	**240.4**
Total net sales	**398.6**	**380.0**	**1,504.0**	**1,451.3**
EBIT				
Atria Finland	14.4	14.4	43.1	40.0
Atria Sweden	0.7	-0.5	-2.0	-6.1
Atria Denmark & Estonia	1.7	1.0	5.3	4.4
Atria Russia	-1.0	-2.0	-2.9	-4.0
Unallocated	-0.7	-0.8	-3.0	-3.1
Total	**15.1**	**12.1**	**40.5**	**31.1**
Investments				
Atria Finland	9.6	5.1	30.6	21.8
Atria Sweden	3.4	3.7	10.4	13.3
Atria Denmark & Estonia	1.3	0.9	3.4	2.9
Atria Russia	0.1	0.5	1.2	2.2
Total	**14.4**	**10.3**	**45.6**	**40.1**
Depreciation and write-offs				
Atria Finland	9.4	8.6	35.8	33.9
Atria Sweden	2.9	2.9	11.4	11.4
Atria Denmark & Estonia	1.2	1.0	4.6	4.3
Atria Russia	1.6	1.2	4.9	4.7
Total	**15.1**	**13.7**	**56.7**	**54.3**

Fair value hierarchy of financial assets and liabilities

EUR million

Balance sheet items	31.12.2020	Level 1	Level 2	Level 3
Assets				
Financial assets at fair value through other comperhensive income	1.2			1.2
Derivative financial instruments	0.9		0.9	
Total	**2.1**	**0.0**	**0.9**	**1.2**
Liabilities				
Derivative financial instruments	6.0		6.0	
Total	**6.0**	**0.0**	**6.0**	**0.0**

Balance sheet items	31.12.2019	Level 1	Level 2	Level 3
Assets				
Financial assets at fair value through other comperhensive 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:

	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Sales of goods and services	5.5	5.1	20.1	18.9
Purchases of goods and services	-24.8	-25.7	-98.2	-96.0

	31.12.2020	31.12.2019
Receivables	1.0	1.5
Liabilities	8.5	15.0

Contingent liabilities

EUR million	31.12.2020	31.12.2019
Debts with mortgages given as security		
Loans from financial institutions	1.3	1.4
Pension fund loans	4.4	4.2
Total	**5.7**	**5.6**
Mortgages given as comprehensive security		
Real estate mortgages	1.3	1.4
Total	1.3	**1.4**
Guarantee engagements not included in the balance sheet		
Guarantees	0.1	0.1

Acquired operations

In October, Atria Finland Ltd acquired the entire stock of Domretor Oy, 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 shareholding in it. Domretor started operations in 1999, and it is a contract manufacturer of high-quality convenience food products and semi-prepared foods. The acquisition will further strengthen Atria's position as a supplier of convenience foods to the retail sector and 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. The company has personnel of 70 around the year plus some 40 seasonal employees. Domretor Oy's 2019 net sales were EUR 8.8 million.

Domretor Oy	Fair value used in acquisition EUR million
Purchase price	**3.5**
Fair value of previous 24.9 % holding	1.2
Acquisition price	**4.7**
Property, plant and equipment	5.8
Intangible assets	0.6
Inventories	0.6
Short-term receivables	1.1
Cash and cash equivalensts	0.1
Total assets	**8.1**
Deferred tax liabilities	0.4
Long-term liabilities	2.0
Short-term liablities	1.1
Liabilities total	**3.5**
Net assets	4.7
Cash consideration	**3.5**
Net outflow of cash	3.4

The calculation is preliminary.

The main exchange rates

	Income statement		Balance sheet	
	1-12/2020	**1-12/2019**	**31.12.2020**	**31.12.2019**
SEK	10.4881	10.5867	10.0343	10.4468
DKK	7.4544	7.4661	7.4409	7.4715
RUB	82.6454	72.4593	91.4671	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 material 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	
Free cash flow	=	Operational cash flow – cash flow from investments	
FTE	=	$\frac{\text{Hours worked during the review period}}{\text{Number of working days during the review period * normal working hours per day}}$	
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

For more information, please contact: Juha Gröhn, CEO, Atria Plc, tel. +358 400 684224.

ATRIA PLC
Board of Directors

DISTRIBUTION
Nasdaq Helsinki Ltd
Major media
www.atria.com

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