



Atria Plc Interim Report

1 January — 31 December 2020

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Atria Group 1 January – 31 December 2020

	Q4	Q4	Q1 - Q4	Q1 - Q4
EUR million	2020	2019	2020	2019
Net sales	398.6	380.0	1,504.0	1,451.3
EBIT	15.1	12.1	40.5	31.1
EBIT, %	3.8 %	3.2 %	2.7 %	2.1 %

October – December

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

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January – December

- 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.

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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.

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Atria Finland 1 January – 31 December 2020

	Q4	Q4	Q1 - Q4	Q1 - Q4
EUR million	2020	2019	2020	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 %

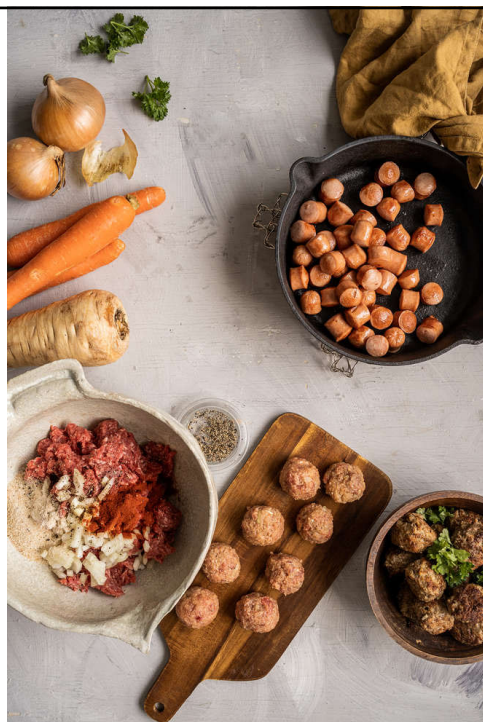
- **In October – December** the increase in net sales was due to increased sales to the retail sector and to export customers.
 - The sales of pork to China have increased substantially year-on-year.
 - Sales of Food Service products fell year-on-year.
 - The EBIT remained at a good level. The EBIT increase 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.
- **In January – December** 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 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.

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Atria Finland

- 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)
- 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.
- 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.



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Atria Sweden 1 January – 31 December 2020

	Q4	Q4	Q1 - Q4	Q1 - Q4
EUR million	2020	2019	2020	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 %

- **In October – December** net sales improved by 1.6 per cent year-on-year in the local currency.
- The improvement in EBIT was due to increased net sales, better management of costs and the strengthening of the Swedish krona.
- **In January – December** net sales grew by 3.1 per cent year-on-year in the local currency.
- 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.
- Earnings were burdened by a reduction in sales to fast food and Food Service customers.
- 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.

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Atria Sweden

- 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.



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Atria Denmark & Estonia 1 January – 31 December 2020

	Q4	Q4	Q1 - Q4	Q1 - Q4
EUR million	2020	2019	2020	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 %

- **In October – December** 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.
- **In January – December** 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.

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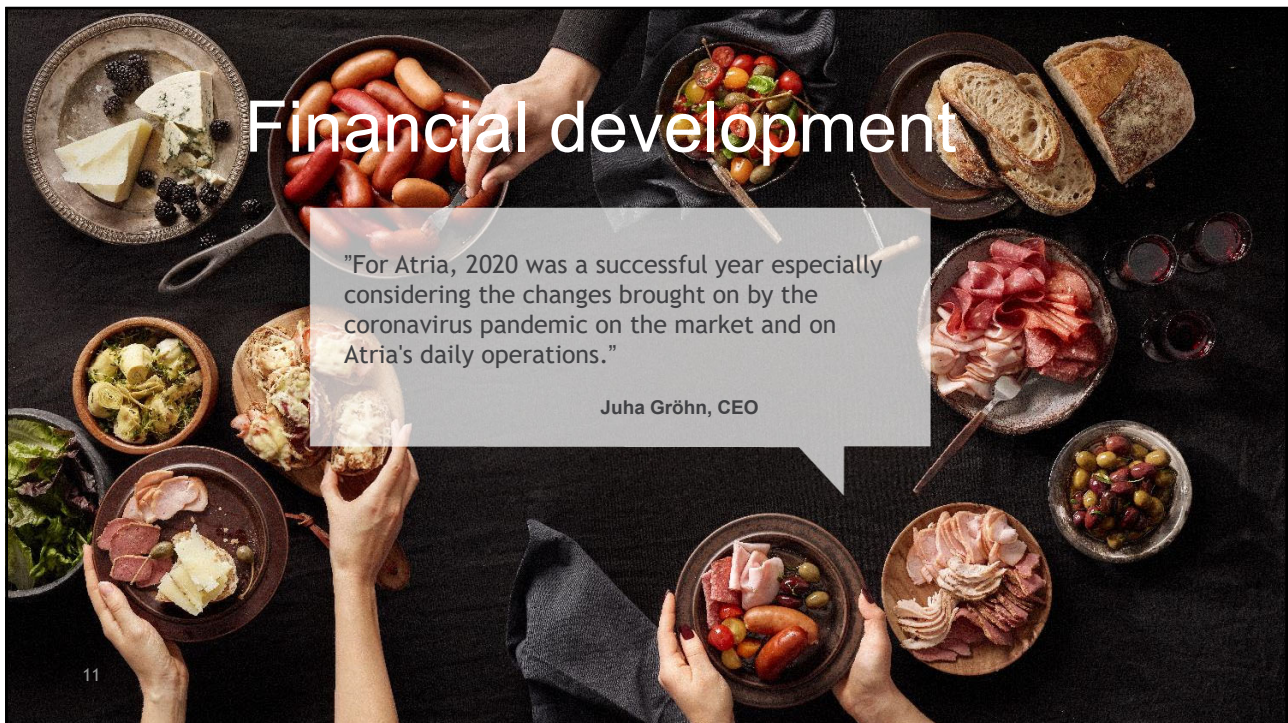
Atria Russia 1 January – 31 December 2020

	Q4	Q4	Q1 - Q4	Q1 - Q4
EUR million	2020	2019	2020	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 %

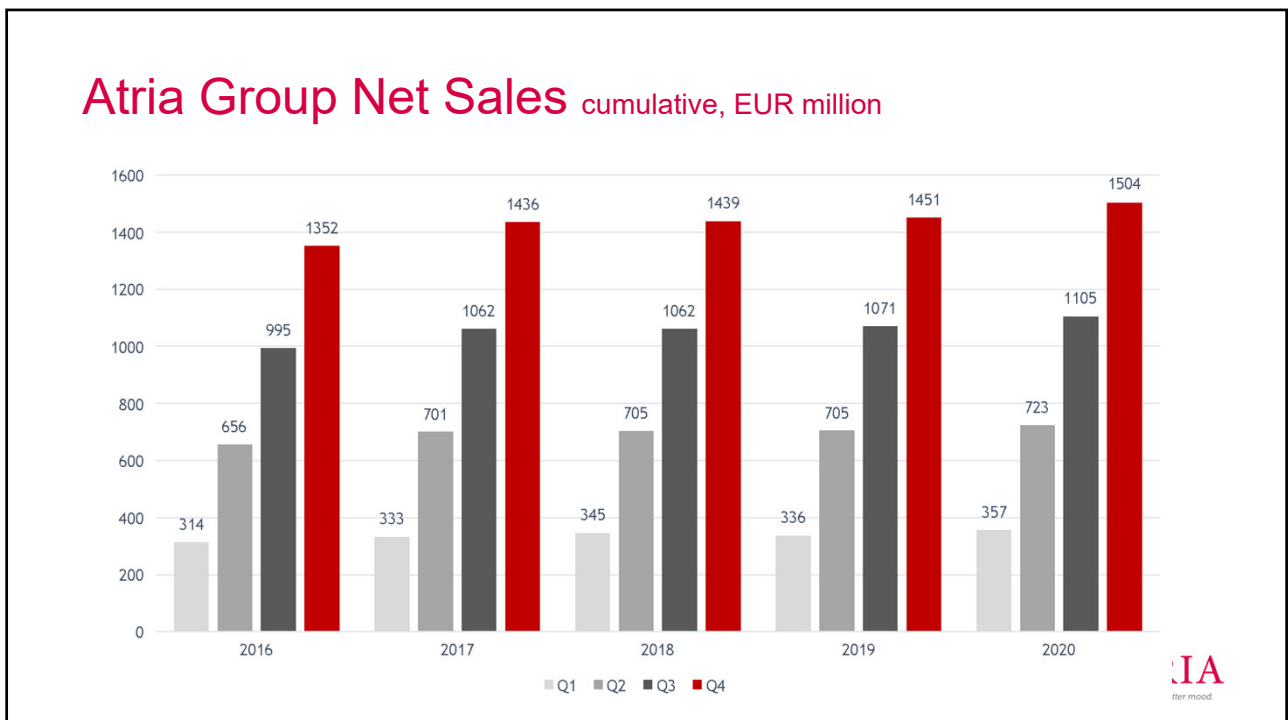
- **In October – December** net sales grew by nearly 20 per cent in the local currency.
- Sales to the retail sector increased by almost 30 per cent, in particular due to good Casademont product sales.
- Sales of Sibylla products increased by more than 15 per cent year-on-year.
- The measures carried 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.
- **In January – December** net sales grew by 3,0 per cent in the local currency.
- The increase in earnings was due to the increase in net sales and a more favourable sales structure.
- Sales to the retail sector grew significantly from the previous year.
- 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.

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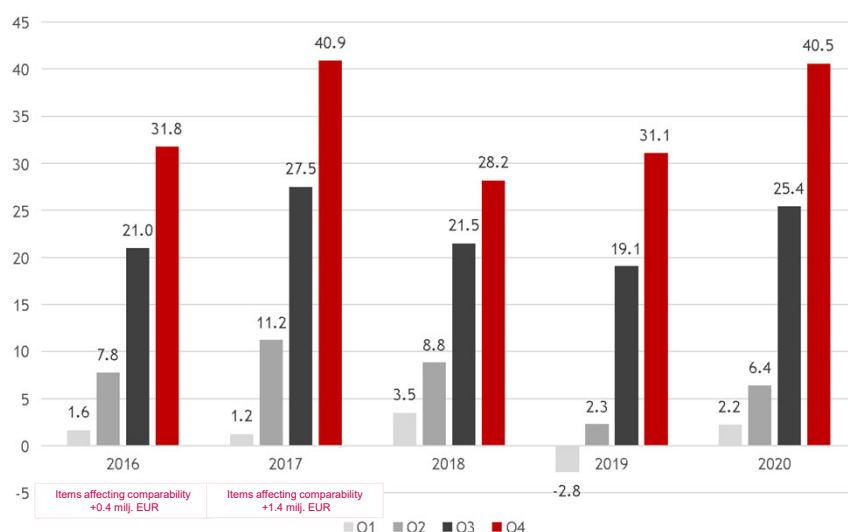


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Atria Group EBIT cumulative, EUR Million



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Atria Group Financial indicators 1 January – 31 December 2020

EUR million	31.12.2020	31.12.2019
Shareholders' equity per share EUR	14.96	14.85
Interest-bearing liabilities	218.1	228.3
Equity ratio, %	46.8 %	46.9 %
Net gearing, %	43.6 %	51.6 %
Gross investments	45.6	40.1
% of net sales	3.0 %	2.8 %
Average FTE	4,444	4,454

- 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).
- 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.
- 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 Vilnius 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.

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Atria Group 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
% of Net sales	12.3 %	12.6 %	11.1 %	11.2 %
Other income	0.8	0.9	3.2	3.2
Other expenses	-34.8	-36.8	-129.0	-134.9
EBIT	15.1	12.1	40.5	31.1
% of Net sales	3.8 %	3.2 %	2.7 %	2.1 %
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

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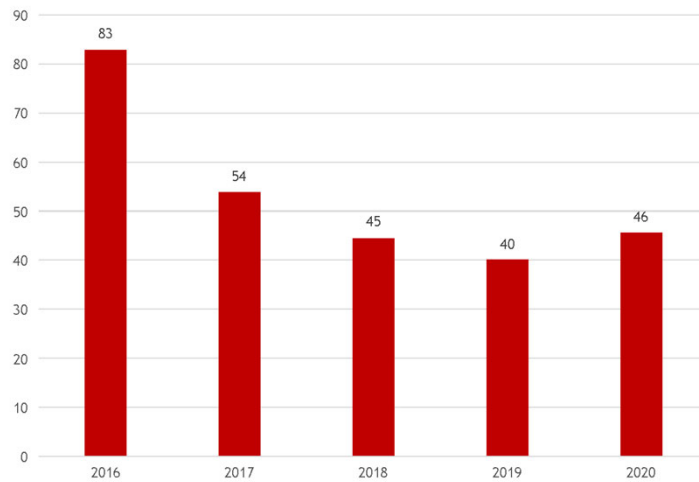
Atria Group Cash flow statement

EUR million	1-12/2020	1-12/2019
Cash flow from operating activities	115.2	102.9
Financial items and taxes	-13.0	-14.4
NET CASH FLOW FROM OPERATING ACTIVITIES	102.2	88.5
Investments in tangible and intangible assets	-40.8	-39.4
Acquired operations	-3.4	0.0
Changes in long-term receivables	0.7	2.3
Dividends received	0.5	0.1
Changes in short-term receivables	-0.1	-0.1
NET CASH FLOW FROM OPERATING ACTIVITIES	-43.2	-37.1
FREE CASH FLOW	59.0	51.4
Changes in interest-bearing liabilities	-22.4	-39.9
Dividends paid	-11.9	-11.6
NET CASH FLOW FROM FINANCING ACTIVITIES	-34.4	-51.5
CHANGE IN LIQUID FUNDS	24.6	-0.1

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Atria Group Gross investments, EUR Million



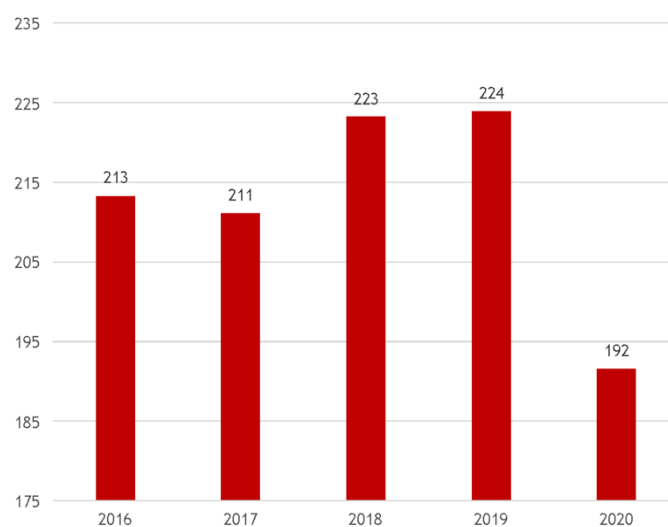
In 2016 the acquisitions increased the amount of gross investments by EUR 34.9 million.

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

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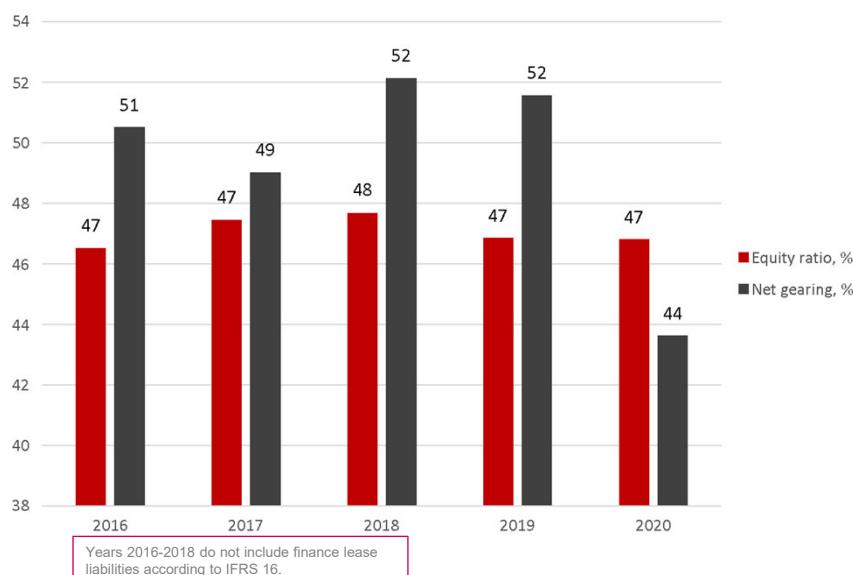
Atria Group Net debts, EUR Million



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Atria Group Equity ratio & Net gearing, %



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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.

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Business risks in the review period and short-term risks 1/2

- 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.

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Business risks in the review period and short-term risks 2/2

- 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.

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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.

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Thank you!

Q1/2021 will be published on 29 April 2021.

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