ATRIA
Good food – better mood.

Interim report, 1 January–30 September 2019

23 October 2019, 8:00 am

Atria delivered a strong quarter, net sales and EBIT grew

July–September 2019

- Consolidated net sales totalled EUR 366.0 million (EUR 357.1 million).
- Consolidated EBIT was EUR 16.7 million (EUR 12.7 million), which is 4.6 per cent (3.5%) of net sales.
- The sales of Atria Finland increased in all channels, and profitability was at a good level. Exports of pork to China grew substantially.
- The positive development of Atria Sweden's net sales and EBIT continued in the third quarter. The sale of poultry products increased further.
- Atria Russia enjoyed a significant profit improvement. Increased sales and higher sales prices of Sibylla and Food Service products contributed to the good result.
- After the review period, Atria announced that it would start the planning of a EUR 130 million investment project for expanding poultry production in Finland.

January–September 2019

- Consolidated net sales totalled EUR 1,071.3 million (EUR 1,061.6 million).
- Consolidated EBIT was EUR 19.1 million (EUR 21.5 million), which is 1.8 per cent (2.0%) of net sales.
- During the first half of the year, the development of the Group's EBIT was brought down by higher raw material costs.
- Atria Finland's EBIT began to increase in Q3.
- Atria Sweden's net sales have improved steadily, especially the sales of poultry products have developed positively.
- Atria Russia updated its strategy at the beginning of 2019. A key goal is the quick revitalisation of business operations in Russia. As part of the strategy project. Atria is also looking into possibilities of selling Atria Russia's business operations.

	Q3	Q3	Q1–Q3	Q1–Q3	
EUR million	**2019**	**2018**	**2019**	**2018**	**2018**
Net sales					
Atria Finland	257.5	250.1	762.2	750.7	1,019.2
Atria Sweden	73.8	72.5	214.8	213.8	287.9
Atria Denmark & Estonia	24.7	24.7	70.0	72.0	97.4
Atria Russia	20.7	19.4	54.9	55.2	75.1
Eliminations	-10.8	-9.6	-30.7	-30.0	-41.1
Net sales, total	**366.0**	**357.1**	**1 071.3**	**1 061.6**	**1 438.5**
EBIT					
Atria Finland	15.3	13.6	25.6	27.2	36.7
Atria Sweden	0.0	-1.0	-5.6	-6.0	-7.1
Atria Denmark & Estonia	1.7	1.6	3.3	4.3	5.3
Atria Russia	0.4	-0.8	-2.0	-1.4	-4.0
Unallocated	-0.8	-0.8	-2.3	-2.5	-2.7
EBIT, total	**16.7**	**12.7**	**19.1**	**21.5**	**28.2**
EBIT%	**4.6 %**	**3.5 %**	**1.8 %**	**2.0 %**	**2.0 %**
Profit before taxes	**15.7**	**11.6**	**15.5**	**16.8**	**22.3**
Earnings per share, EUR	**0.43**	**0.30**	**0.35**	**0.46**	**0.58**

Juha Gröhn, CEO

"Q3 was a strong period for Atria. Net sales amounted to EUR 366 million, compared with EUR 357 million last year. EBIT improved. Now, it was EUR 16.7 million, an improvement of EUR 4 million over the corresponding period last year. All business areas improved their results.

From the beginning of the year to the end of September, net sales have increased by EUR 10 million compared to the corresponding period last year. EBIT for this period is EUR 19.1 million, and we are EUR 2.4 million behind last year's profit. This year, the first months of the year were modest in terms of profitability. Since then, we have been able to improve our profit level compared to last year.

The basis for improved profitability is in pricing management, product selection renewal and well-functioning industrial operations. The development of working capital improved the cash flow from operating activities by approximately EUR 38 million from the previous year.

Currently, the poultry and convenience food product groups show growth. The increased demand for meat products is focused on higher priced products than before. Even if the sales kilograms do not increase in the market, there is still a good opportunity to increase value. The increasing consumption focus on chicken is visible in the demand for pork and beef. This is a long-term trend. For example, 80% of the increase in total meat consumption on the Finnish market since 1990 is due to increased consumption of chicken.

Increased meat imports by China have changed and continue to change the structure of the global meat trade, both in terms of volumes and prices. In China, pork production has decreased and is forecasted to continue to decrease due to African swine fever. While the disease cannot be transmitted to humans, it is practically incurable in pigs. There is no vaccine against the disease as of yet. Atria's export volumes to China are also increasing, and during 2019 we will export about 12% of our annual pork production to China. It is possible that the export volumes will continue to grow.

After the review period, we announced that we will start the planning of a EUR 130 million production plant investment project for increasing poultry production in Finland. If implemented, the investment would be one of the biggest individual investment projects in Atria's history. The consumption of chicken is increasing, and through this investment, we would secure our capacity well into the future."

July–September 2019

Atria Group's net sales for July–September totalled EUR 366.0 million (EUR 357.1 million). EBIT amounted to EUR 16.7 million (EUR 12.7 million). Atria Finland's sales grew in all sales channels. Especially exports of pork to China increased. EBIT was strengthened by a better sales structure and higher sales prices than in the previous year. The positive development of Atria Sweden's net sales and EBIT continued in the third quarter. The sale of poultry products increased further. Atria Denmark & Estonia's EBIT improved year-on-year; a good sales structure and higher sales prices improved EBIT. Increased sales and higher sales prices of Atria Russia's Sibylla and Food Service products contributed to the significant profit improvement.

The international raw material costs of pork continued to increase during the third quarter, a result of the market disruptions in China, caused by African swine fever, and its effects on the global meat market.

Merja Leino, PhD (Phil.), was appointed Executive Vice President of Sustainability at Atria Group as of 1 September 2019. She is responsible for developing the responsibility of Atria's businesses and carrying out responsibility work. Merja Leino is a member of Atria Group's management team and reports to CEO Juha Gröhn.

January–September 2019

Atria Group's net sales for January–September totalled EUR 1,071.3 million (EUR 1,061.6 million). EBIT amounted to EUR 19.1 million (EUR 21.5 million). Price increases, stable market shares and increased sales improved the net sales of Atria Finland. In Sweden, net sales in the local currency grew by 3.7 per cent thanks especially to increased sales of poultry products. The Group's EBIT was brought down by higher raw material costs. Atria Sweden's profit was weakened by the costs of the efficiency improvement programme, EUR 1.4 million, which were recognised for the first quarter.

Atria Russia updated its strategy at the beginning of 2019. A key goal is the quick revitalisation of business operations in Russia, which means increasing sales and sales margin as well as turning performance positive. As part of the strategy project, Atria is also looking into possibilities of selling Atria Russia's business operations. At the same time, Atria has investigated the reorganisation of the administrative company structure and the strategic development of the Sibylla fast food operations in all business areas.

In January, Atria Finland launched an efficiency improvement project at the Nurmo pig cutting plant, which aims to improve the profitability and competitiveness of the plant. The collective redundancy consultation related to the restructuring was completed in February. The restructuring will result in annual savings of approximately EUR 1.5 million, which will be fully realised from the beginning of 2020 onwards. The volume of work at the pig cutting plant was reduced by 51 person-years. The adjustments were implemented through internal arrangements and the reduction of fixed-term employment relationships.

In March, Atria Sweden launched a project in line with its revised strategy, which aims to enhance business operations and improve competitiveness in the changed business environment. The collective redundancy consultation related to the plan concerned all salaried employees of Atria Sweden and was finished in June. The efficiency improvement project aims to generate annual personnel cost savings of approximately EUR 3 million. The savings will be partly realised towards the end of 2019 and fully from the beginning of 2020. As a result of the consultation, Atria laid off 40 salaried employees in Sweden and Norway.

Atria aims for a carbon-neutral food chain – the carbon footprint of meat production is smaller in Nordic production

Atria’s food production is based on the taste, healthiness, safety, usability and sustainability of raw materials and processed products. Sustainable Atria is part of Atria Group's strategy and includes four focus areas: product, planet, people, and responsible business operations. The goals and development areas for Atria's responsible business operations were updated during the first half of the year.

The key goal of Sustainable Atria is combating climate change and achieving carbon-neutral food production. By 2021, Atria will identify the carbon footprint of its products, understand the cause of emissions, how the emissions can be decreased and how a carbon-neutral food chain is realised. Especially the reduction of the environmental impact of Atria's industrial operations is a key target of the programme. Besides carbon emissions, Atria will pay attention to water and energy consumption and to developing environmentally friendly packaging solutions.

Atria has calculated the carbon footprint of pork, beef and chicken production from the farm to the slaughterhouse gate. The carbon footprint of an Atria example pig is 3.8 CO_2e/kg of carcass weight. It is about 40% lower than the international average. Increasing protein self-sufficiency is one of the most important factors in reducing the carbon footprint of pork, according to the calculation. Converting feed for Atria's fattening pigs soya-free has already enabled a 32% reduction in carbon emissions over the entire production chain.

The carbon footprint of an Atria example bovine is 13.4 CO_2e/kg of carcass weight. This is about 70% lower than the international average. The carbon footprint of beef on the farm included in the calculation was about 25% smaller than in research projects completed in Finland in 2016 and 2017. The development work carried out on the Atria Beef chain farms in recent years has paid off.

The carbon footprint of an Atria chicken is 3.2 CO2e/kg of carcass weight. It is about 40% lower than the international average. A key factor behind this is the low use of soya and the good health of chickens, which allows Atria's chickens to take full advantage of their feed. Atria's chicken feed is 80% made up of Finnish feed grains – dehusked oat and wheat. Finnish grains have a higher protein content than Central European grains, and low-protein maize is not used at all. Moreover, soya is being increasingly replaced with Finnish peas and broad beans.

The carbon footprint calculation has been carried out with Envitecpolis Oy and Atria Family Farms. Farms representing the average Atria production chain have been selected for the calculation. Envitecpolis uses the international Cool Farm Tool to calculate carbon footprints. Cool Farm Tool specialises in carbon emission calculation for primary production and enables the calculation of a unique carbon footprint based on the farm's own data and functions. The calculation is based on IPCC (Intergovernmental Panel on Climate Change) calculation methods and the latest research in the field. The international average is published in the FAO (United Nations Food and Agriculture Organization) report: www.fao.org/3/i3437e/i3437e.pdf.

Key indicators

EUR million	**30.9.19**	**30.9.18**	**31.12.18**
Shareholders´ equity per share EUR	14.63	14.61	14.69
Interest-bearing liabilities	263.3	255.1	227.2
Equity ratio, %	45.1 %	45.8 %	47.7 %
Net gearing, %	60.9 %	59.7 %	52.1 %
Gross investments in fixed assets *	29.8	33.1	44.5
% of net sales	2.8 %	3.1 %	3.1 %
Average FTE	4,467	4,446	4,460

The principles for calculating the indicators are presented at the end of the report.
The impact of the IFRS 16 standard is described in the accounting principles for the interim report.
*) Not include right-of-use assets

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Business development by area January–September 2019

Atria Finland

EUR million	Q3 2019	Q3 2018	Q1–Q3 2019	Q1–Q3 2018	2018
Net sales	257.5	250.1	762.2	750.7	1,019.2
EBIT	15.3	13.6	25.6	27.2	36.7
EBIT, %	6.0 %	5.4 %	3.4 %	3.6 %	3.6 %

Atria Finland's net sales for July–September totalled EUR 257.5 million (EUR 250.1 million). Sales strengthened in all channels, which increased the net sales of the review period year-on-year. EBIT amounted to EUR 15.3 million (EUR 13.6 million). This increase was due to an improved sales structure and higher sales prices than in the corresponding period of the previous year. The commissioning of new production lines for the poultry unit has progressed as planned during the review period. African swine fever in China has increased demand for pork and raised prices. Atria's exports of pork to China have grown. Exports to China are expected to double to around 8 million kilos in 2019, which is about 12 per cent of Atria's annual pork production.

Net sales for January–September totalled EUR 762.2 million (EUR 750.7 million). EBIT amounted to EUR 25.6 million (EUR 27.2 million). Price increases, stable market shares and increased sales improved net sales in January–September. Compared to the previous year, the sales structure was weaker in the first half of the year but improved in the third quarter. The beef market has been weak.

In June–August, the aggregate growth in retail value of the product groups represented by Atria stood at 4 per cent. The poultry and convenience food product groups showed particularly strong growth, both growing by about 7 per cent. Atria's supplier share in retail was about 25 per cent in terms of value. (Source: Atria)

The Food Service market for the product groups represented by Atria continued to grow strongly during June–August. The Food Service market grew by 5 per cent in value. The highest growth, 10 per cent, was seen in the convenience food product group. There was also an increase in the poultry product group (+4%) and the cooking product group (+5%). In value, the market for red meat and cold cut products was at the previous year's level. Atria's supplier share was 22 per cent. (Source: Atria)

In January, Atria Finland launched an efficiency improvement project at the Nurmo pig cutting plant, which aims to improve the profitability and competitiveness of the plant. The collective redundancy consultation related to the restructuring was completed in February. The restructuring will result in annual savings of approximately EUR 1.5 million, which will be fully realised from the beginning of 2020 onwards. The volume of work at the pig cutting plant was reduced by 51 person-years. The adjustments were implemented through internal arrangements and the reduction of fixed-term employment relationships.

After the review period, Atria announced that it would start planning an investment project for expanding poultry production. According to preliminary studies, the value of the investment totals approximately EUR 130 million. The investment project includes the renovation and modernisation of existing production facilities and the construction of new production facilities and lines at the Nurmo plant. The first step is to initiate the application processes for official authorisations and to complete them as soon as possible. After the planning phase, the implementation of the investment will be decided on. If implemented, the project is expected to be fully completed at the end of 2024 at the earliest.

Atria Sweden

	Q3	Q3	Q1–Q3	Q1–Q3	
EUR million	**2019**	**2018**	**2019**	**2018**	**2018**
Net sales	73.8	72.5	214.8	213.8	287.9
EBIT	0.0	-1.0	-5.6	-6.0	-7.1
EBIT, %	0.0 %	-1.3 %	-2.6 %	-2.8 %	-2.5 %

Atria Sweden's net sales for July–September totalled EUR 73.8 million (EUR 72.5 million). In the local currency, net sales grew by 4,3 per cent. The sales and profitability of poultry products increased substantially year-on-year. The negative EBIT for the first half of the year turned positive, with an improvement of EUR 1 million in July–September. EBIT was EUR 0.0 (EUR -1.0 million). Weaker availability of Swedish pork, higher meat raw material prices and the weak krona weighed EBIT down.

Net sales for January–September totalled EUR 214.8 million (EUR 213.8 million). In the local currency, net sales grew by 3.7 per cent. EBIT was EUR -5.6 million (EUR -6.0 million). The result was burdened by the EUR 1.4 million cost of the efficiency measures launched at the beginning of the year and the continued high prices of meat raw materials. The sales and profitability of poultry products have increased compared to the previous year. The sharp rise in raw material costs of pork started during the second quarter, a result of the market disruptions in China, caused by African swine fever, and its effects on the international meat market.

Sales of the product groups represented by Atria developed favourably during the review period. In cooking sausages, Atria's market share grew by 1.8 percentage points, and in poultry products by 2.6 percentage points. In cold cuts, Atria's supplier share decreased slightly. (Source: AC Nielsen)

In March, Atria Sweden launched a project in line with its revised strategy, which aims to enhance business operations and improve competitiveness in the changed business environment. The collective redundancy consultation related to the plan concerned all salaried employees of Atria Sweden and was finished in June. The efficiency improvement project aims to generate annual personnel cost savings of approximately EUR 3 million. The savings will be partly realised towards the end of 2019 and fully from the beginning of 2020. As a result of the consultation, Atria laid off 40 salaried employees in Sweden and Norway.

The development programme launched at production plants to increase the daily efficiency of production has continued as planned. The development programme will be implemented at all production plants between 2019 and 2020.

Atria Denmark & Estonia

EUR million	Q3 2019	Q3 2018	Q1–Q3 2019	Q1–Q3 2018	2018
Net sales	24.7	24.7	70.0	72.0	97.4
EBIT	1.7	1.6	3.3	4.3	5.3
EBIT, %	6.9 %	6.7 %	4.8 %	6.0 %	5.5 %

Atria Denmark & Estonia's net sales for July–September totalled EUR 24.7 million (EUR 24.7 million). EBIT amounted to EUR 1.7 million (EUR 1.6 million). In Denmark, increases in sales prices and a more favourable sales structure strengthened net sales and EBIT compared to the beginning of the year. In Estonia, Atria's sales to retail increased by approximately 12% compared to the previous year.

Net sales for January–September totalled EUR 70.0 million (EUR 72.0 million). EBIT amounted to EUR 3.3 million (EUR 4.3 million). In Denmark, the development of sales was weak in the first half of the year but improved in the third quarter. Atria Estonia's sales to retail have increased since the beginning of the year, and market shares have strengthened significantly. The prices of meat raw materials have increased significantly due to the rapid increase in pork exports from Europe to China.

In Denmark, competition has continued to be intense. Private label products have been gaining market share.

Atria Estonia's market share strengthened significantly during the summer period. In grill sausages, Atria's market share was 40 per cent, and in meat products, approximately 17 per cent. (Source: ACNielsen)

Atria Russia

EUR million	Q3 2019	Q3 2018	Q1–Q3 2019	Q1–Q3 2018	2018
Net sales	20.7	19.4	54.9	55.2	75.1
EBIT	0.4	-0.8	-2.0	-1.4	-4.0
EBIT, %	2.1 %	-3.9 %	-3.7 %	-2.6 %	-5.3 %

Atria Russia's net sales for July–September totalled EUR 20.7 million (EUR 19.4 million). EBIT was EUR 0.4 million (EUR -0.8 million). Increased sales and higher sales prices of Sibylla and Food Service products strengthened the positive development of net sales and EBIT. Sales to retail decreased compared to the corresponding period of the previous year.

Net sales for January–September totalled EUR 54.9 million (EUR 55.2 million). EBIT was EUR -2.0 million (EUR -1.4 million). Net sales remained roughly at the same level year-on-year and EBIT was slightly weaker year-on-year. EBIT was brought down by continued high meat raw material prices and weakened sales to retail.

Atria Russia updated its strategy at the beginning of 2019. A key goal is the quick revitalisation of business operations in Russia, which means increasing sales and sales margin as well as turning performance positive. As part of the strategy project, Atria is also looking into possibilities of selling Atria Russia's business operations.

Average personnel (FTE)

Personnel by Business Area (FTE)	Q1 - Q3 2019	Q1 - Q3 2018	2018
Atria Finland	2,345	2,331	2,321
Atria Sweden	838	841	847
Atria Denmark & Estonia	431	419	423
Atria Russia	853	855	869
Total	4,467	4,446	4,460

Financial position

During the period under review, the Group’s free cash flow (operating cash flow - cash flow from investments) was EUR +11.9 million (EUR -29.1 million). Operating cash flow was EUR +42.6 million (EUR +3.8 million), and the cash flow from investments was EUR -30.6 million (EUR -32.8 million). Operating cash flow improved from last year by EUR 38.8 million, which is largely due to the development of working capital.

The Group's investments in tangible and intangible assets during the review period totalled EUR 29.8 million (EUR 33.1 million).

The equity ratio was 45.1 per cent (31 December 2018: 47,7 %). The equity ratio was lowered by lease liabilities recognised in accordance with IFRS 16, amounting to EUR 34.5 million on 30 September 2019. The total translation differences with the Swedish krona and the Russian rouble recognised in equity increased equity by EUR 2.7 million (EUR -7.3 million) in January–September.

Interest-bearing net liabilities amounted to EUR 260.2 million, which includes the above-mentioned financial liability for leases of EUR 34.5 million (31 December 2018: EUR 223.2 million, excluding lease liabilities under IFRS 16). On 30 September 2019, the Group had undrawn committed credit facilities worth EUR 85.0 million (31 December 2018: EUR 85.0 million). The average maturity of loans and committed credit facilities at the end of the review period was 2 years 8 months (31 December 2018: 3 years 2 months).

Events after the review period

After the review period, Atria announced that it would start planning an investment project for expanding poultry production. According to preliminary studies, the value of the investment totals approximately EUR 130 million. The investment project includes the renovation and modernisation of existing production facilities and the construction of new production facilities and lines at the Nurmo plant. The first step is to initiate the application processes for official authorisations and to complete them as soon as possible. After the planning phase, the implementation of the investment will be decided on. If implemented, the project is expected to be fully completed at the end of 2024 at the earliest.

Business risks in the review period and short-term risks

Risks related to the quality, availability, safety and price of raw materials and products are ordinary risks affecting Atria's profitability in the food production chain, from primary production to consumption.

African swine fever, a risk related to animal health, is a significant worldwide risk. It has spread to for example Estonia, Russia and China. The consumption of pork in China is the highest in the world, and due to the disease, the country is currently unable to meet its demand domestically. China's problems affect pork prices and production around the world. Swine fever can also spread to Finland. Atria has taken several precautionary measures to prevent the disease from spreading into its production facilities and contract farms.

The general economic climate, geopolitical tensions, significant changes in exchange rates, the development of the meat and consumer product markets, and the competitive environment cause uncertainties in the development of demand. This is reflected in the implementation of Atria's strategy and the maintaining or improving of the financial results of business areas. At Atria, the most significant exchange rate changes affecting the euro-denominated net sales, result and equity take place in the Russian rouble and the Swedish krona.

The availability of skilled and motivated personnel is a risk in terms of strategy implementation and goal achievement. Atria invests in the well-being of its personnel and offers plenty of training opportunities. The Atria Way of Leading programme and the Safely Home from Atria occupational safety programme continued during the third quarter.

Work on risk prevention has continued in the third quarter. Risk assessments have been carried out in Finland and Sweden. Updates have also been made to the Atria Risk Management Manual.

A more detailed description of the risks related to Atria's operations was provided in the 2018 annual report.

Outlook for the future

Consolidated EBIT in 2018 was EUR 28.2 million. In 2019, EBIT is expected to be better than in 2018. At comparative exchange rates, net sales for 2019 are expected to grow compared to 2018.

Financial calendar 2020

Atria's Capital Market Day 2019 event will be organised on 27 November 2019 in Helsinki.

Atria Plc’s Financial Statement Release for 2019 will be published on 13 February 2020 at approximately 8:00 am.

The Annual General Meeting will be held in Helsinki on 29 April 2020. 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 requests 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 the request by 24 February 2020 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, Läkkisepäntie 23, FI-00620 Helsinki.

Atria Plc's Annual Report 2019 will be published in week 13/2020.

Atria Plc will publish two interim reports and one half-year report in 2020:
- interim report January–March on 29 April 2020 at approximately 8:00 am
- half-year report January–June on 17 July 2020 at approximately 8:00 am
- interim report January–September on 22 October 2020 at approximately 8:00 am.

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

Shares

On 18 March 2019, Atria Plc's Board of Directors transferred a total of 2,572 shares held by the company to the Group's key personnel who belong to the share incentive plan's target group. The right to dividend and other shareholder rights began on the day the shares were entered in the key person's book-entry account.

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 and each series KII share to ten (10) votes at a General Meeting. Therefore, Atria Plc's shareholders are entitled to a total of 111,103,557 votes. The company holds 108,740 series A treasury shares.

Valid authorisations to purchase or issue shares, grant special rights and make donations

The General Meeting authorised the Board of Directors to decide on the acquisition of a maximum of 2,800,000 of the company's own series A shares, in one or several tranches, with funds belonging to the company's unrestricted equity, subject to the provisions of the Limited Liability Companies Act regarding the maximum number of treasury shares to be held by a company. 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 for in accordance with 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 shall supersede the authorisation granted by the Annual General Meeting on 26 April 2018 to the Board of Directors to decide on the acquisition of the company's own shares and be valid until the closing of the next Annual General Meeting or until 30 June 2020, whichever is first.

The General Meeting authorised the Board of Directors to decide, in one or several tranches, on an issue of a maximum of 5,500,000 new series A shares or on the disposal of any series A shares held by the company through a share issue and/or by granting option rights or other special rights entitling people to shares as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act. The authorisation may be exercised to finance or execute any acquisitions or other arrangements or investments related to the company's business, to implement the company's incentive programme or for other purposes at the Board's discretion.

The Board of Directors 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 Limited Liability Companies Act. The authorisation thus also includes the right to issue shares in a proportion other than that currently held by the shareholders under the conditions provided by law, the right to issue shares against or without payment and the right to decide on a share issue to the company itself without payment – subject to the provisions of the Limited Liability Companies Act regarding the maximum number of treasury shares to be held by a company.

The authorisation shall supersede the share issue authorisation granted by the Annual General Meeting on 26 April 2018 to the Board of Directors and is valid until the closing of the next Annual General Meeting or until 30 June 2020, whichever is first.

The General Meeting authorised the Board of Directors to decide on the donation of a maximum of EUR 100,000 to universities or other educational institutions.

Composition of Atria Plc's Nomination Board

The following people were elected to Atria Plc's Nomination Committee, appointed by the Annual General Meeting:

- Pasi Korhonen, Farmer, representative of Lihakunta
- Ola Sandberg, Farmer, representative of Pohjanmaan Liha
- Juho Anttikoski, Farmer, representative of Itikka Co-operative
- Timo Sallinen, Investment Director (listed investments), representative of Varma Mutual Pension Insurance Company
- Seppo Paavola, Agrologist (expert member), Chairman of Atria Plc's Board of Directors

The Nomination Committee elects a Chairman from amongst its members at its first meeting. The Nomination Board prepares proposals to the next Annual General Meeting regarding the remuneration of the members of the Board of Directors and the Supervisory Board as well as the election of the members of the Board of Directors. The Nomination Committee must present its proposal to the company's Board of Directors by 1 February 2020.

Shareholders or their representatives who own Series KII shares are selected for the Nomination Committee, as well as the largest holder of Series A shares who does not own Series KII shares, or a representative of such a shareholder. Elections are made in accordance with the situation in early September preceding the next General Meeting. If the largest holder of Series A shares does not wish to exercise his or her right to nominate a member, the right will be transferred to the next largest Series A shareholder. Itikka Co-operative, Lihakunta and Pohjanmaan Liha Co-operative are Series KII shareholders.

Some shareholders are obligated to notify the company of certain changes in shareholding (flagging obligations) when necessary under the Finnish Securities Markets Act. Such shareholders may present a written request to the company's Board of Directors by the end of August for the holdings of corporations or foundations controlled by the shareholder, or the shareholder's holdings in several funds or registers, to be combined when calculating voting rights. A shareholder with nominee-registered shares is considered when defining the composition of the Shareholders' Nomination Committee, if the holder of nominee-registered shares presents a request regarding the matter to the company's Board of Directors by the end of August preceding the General Meeting.

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.

ATRIA GROUP

Consolidated income statement

EUR million	7-9/19	7-9/18	1-9/19	1-9/18	1-12/18
Net sales	**366.0**	**357.1**	**1,071.3**	**1,061.6**	**1,438.5**
Costs of goods sold	-320.1	-316.4	-956.6	-946.9	-1 285.7
Gross profit	**45.9**	**40.7**	**114.7**	**114.7**	**152.9**
Sales and marketing expenses	-19.0	-18.3	-61.6	-60.8	-81.9
Administrative expenses	-10.0	-9.5	-32.5	-31.4	-41.4
Other operating income	0.8	1.2	2.4	3.2	3.9
Other operating expenses	-0.9	-1.4	-3.9	-4.2	-5.3
EBIT	**16.7**	**12.7**	**19.1**	**21.5**	**28.2**
Finance income and costs	-1.4	-1.2	-3.9	-5.0	-6.2
Income from joint ventures and associates	0.4	0.2	0.3	0.3	0.4
Profit before taxes	**15.7**	**11.6**	**15.5**	**16.8**	**22.3**
Income taxes	-3.0	-2.9	-4.3	-2.6	-4.5
Profit for the period	**12.7**	**8.8**	**11.2**	**14.1**	**17.8**
Profit attributable to:					
Owners of the parent	12.2	8.4	9.9	12.9	16.4
Non-controlling interests	0.5	0.3	1.3	1.2	1.4
Total	**12.7**	**8.8**	**11.2**	**14.1**	**17.8**
Basic earnings per share, EUR	0.43	0.30	0.35	0.46	0.58
Diluted earnings per share, EUR	0.43	0.30	0.35	0.46	0.58

Consolidated statement of comprehensive income

EUR million	7-9/19	7-9/18	1-9/19	1-9/18	1-12/18
Profit for the period	**12.7**	**8.8**	**11.2**	**14.1**	**17.8**
Other comprehensive income after tax:					
Items that will not be reclassified to profit or loss					
Actuarial losses from benefit-based pension obligations	-0.2	-	-0.5	-	-0.2
Items reclassified to profit or loss when specific conditions are met					
Cash flow hedges	-0.3	-0.5	-3.0	2.8	4.2
Currency translation differences	-0.3	-0.6	2.7	-7.3	-9.6
Total comprehensive income for the period	**11.8**	**7.7**	**10.5**	**9.6**	**12.1**
Total comprehensive income attributable to:					
Owners of the parent	11.3	7.4	9.2	8.3	10.7
Non-controlling interests	0.5	0.3	1.3	1.3	1.4
Total	**11.8**	**7.7**	**10.5**	**9.6**	**12.1**

Consolidated statement of financial position

Assets **EUR million**	**30.9.19**	**30.9.18**	**31.12.18**
Non-current assets			
Property, plant and equipment	399.3	404.3	400.5
Biological assets	0.7	0.6	0.6
Right-of-use assets	34.3	-	-
Goodwill	158.6	162.1	162.6
Other intangible assets	82.1	84.1	86.7
Investments in joint ventures and associates	14.7	14.7	14.5
Other financial assets	1.2	1.2	1.2
Loan and other receivables	6.4	9.3	9.8
Deferred tax assets	6.6	5.4	5.1
Total	**703.8**	**681.8**	**681.1**
Current assets			
Inventories	112.3	108.4	105.9
Biological assets	4.1	3.5	3.4
Trade and other receivables	125.5	135.5	105.3
Cash and cash equivalents	3.1	1.1	4.0
Total	**245.0**	**248.5**	**218.5**
Total assets	**948.8**	**930.3**	**899.6**

Equity and liabilities **EUR million**	**30.9.19**	**30.9.18**	**31.12.18**
Equity attributable to the shareholders of the parent company	413.5	413.1	415.3
Non-controlling interests	13.8	12.7	12.9
Total equity	**427.4**	**425.8**	**428.2**
Non-current liabilities			
Loans	151.4	155.2	152.1
Finance lease liabilities	26.3	0.9	0.7
Deferred tax liabilities	41.8	45.4	42.7
Pension obligations	6.7	6.1	6.3
Other non-interest-bearing liabilities	7.2	7.8	7.4
Provisions	1.0	-	-
Total	**234.4**	**215.4**	**209.2**
Current liabilities			
Loans	77.4	99.0	74.1
Finance lease liabilities	8.2	0.1	0.4
Trade and other payables	201.4	190.0	187.8
Total	**287.0**	**289.1**	**262.2**
Total liabilities	**521.4**	**504.5**	**471.4**
Total equity and liabilities	**948.8**	**930.3**	**899.6**

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 1.1.18	**48.1**	**-1.3**	**-0.4**	**249.1**	**-50.8**	**173.9**	**418.6**	**12.1**	**430.7**
Profit for the period						12.9	12.9	1.2	14.1
Other comprehensive income									
Cash flow hedges			2.8				2.8		2.8
Currency translation differences					-7.3		-7.3		-7.3
Share of non-controlling interest related to acquisition of subsidiary						0.0	0.0		0.0
Share-based payments				0.2			0.2		0.2
Dividends						-14.1	-14.1	-0.7	-14.8
Equity 30.9.18	**48.1**	**-1.3**	**2.4**	**249.3**	**-58.1**	**172.8**	**413.1**	**12.7**	**425.8**
Equity 1.1.19	**48.1**	**-1.3**	**3.7**	**249.2**	**-60.4**	**176.0**	**415.3**	**12.9**	**428.2**
Profit for the period						9.9	9.9	1.3	11.2
Other comprehensive income									
Cash flow hedges			-3.0				-3.0		-3.0
Acturial losses from pension liabilities						-0.5	-0.5		-0.5
Currency translation differences					2.7		2.7		2.7
Share of non-controlling interest related to acquisition of subsidiary						0.2	0.2		0.2
Share-based payments				0.1			0.1		0.1
Dividends						-11.3	-11.3	-0.3	-11.6
Equity 30.9.19	**48.1**	**-1.3**	**0.8**	**249.3**	**-57.7**	**174.4**	**413.5**	**13.8**	**427.4**

Consolidated cash flow statement

EUR million	1-9/19	1-9/18	1-12/18
Cash flow from operating activities			
Operating activities before financial items and taxes	52.9	9.8	53.9
Financial items and taxes	-10.3	-6.0	-6.7
Net cash flow from operating activities	**42.6**	**3.8**	**47.2**
Cash flow from investing activities			
Tangible and intangible assets	-30.6	-32.8	-44.5
Non-current receivables	1.0	-0.8	-0.9
Dividends received	0.1	0.2	0.6
Current receivables	-1.2	0.4	-0.5
Net cash used in investing activities	**-30.7**	**-33.0**	**-45.2**
Cash flow from financing activities			
Proceeds from long-term borrowings	0.2	35.0	35.0
Repayment of long-term borrowings	-1.9	-53.6	-56.3
Changes in short-term borrowings	-0.9	59.2	33.9
Dividends paid	-11.6	-14.8	-14.8
Net cash used in financing activities	**-14.2**	**25.9**	**-2.2**
Change in liquid funds	**-2.3**	**-3.3**	**-0.2**
Cash and cash equivalents at beginning of year	4.0	3.1	3.1
Effect of exchange rate changes	1.5	1.2	1.0
Cash and cash equivalents at the end of period	**3.1**	**1.1**	**4.0**

Interim report notes

Interim report accounting principles

This interim report has been 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 2018 annual financial statements. However, as of 1 January 2019, the Group uses the new or revised IFRS standards and IFRIC interpretations published by the IASB, included in the accounting principles of the annual financial statements 2018.

IFRS 16, Leases, was adopted on 1 January 2019. The standard abandons the separation into operating leases and finance leases under IAS 17. According to the standard, lessees should in practice recognise asset items (fixed asset item) and the financial liability related to the lease payment obligation (lease liability) for all their lease agreements. The standard also affects the income statement, because total costs are typically higher during the first half of the term of the lease and lower towards the end. In addition, the rental cost earlier included in operating expenses is replaced by depreciation and interest, which will affect key indicators such as EBITDA.

The right-of-use asset item and the lease liability are recognised at the commencement date of the lease. The lease liability is valued at the present value of the unpaid rents at the valuation date. Rental costs include fixed rents and variable rents that depend on changes in the index or price level specified in the agreement. Other variable rents or service charges included in the lease are treated as an expense for the period. Rents are discounted at the internal rate of the lease. If the internal rate is not readily determinable, the company's additional credit interest rate is used. Right-of-use asset items are depreciated according to the length of the leases. If the lease is valid for an indefinite period and there are no known changes, the agreement period is assessed case-by-case. Atria utilises the concession on recognition allowed by the standard and will not apply the standard to short-term leases or contracts where the underlying asset is of low value. A simplified approach was applied to the transition, and the comparable figures for the year preceding adoption have not been adjusted. The application of the standard had no impact on retained earnings.

Lease liabilities on 1 January 2019 (EUR million):

Finance lease obligations under IAS 17 on 31 December 2018	**1.1**
Increases:	
Undiscounted off-balance sheet lease obligations on 31 December 2018	20.4
Other changes *)	18.5
Total increases	**38.9**
Lease liabilities on 1 January 2019	**40.0**

*) Includes changes in discounting of the above-mentioned lease obligations, increases arising from the determination of the lease term and the different treatment of options for continuing and terminating leases, as well as other leases that are dealt with in accordance with the new standard.

The adoption of the new standard had an impact on Atria Group's equity ratio and net gearing. The amount of interest-bearing liabilities increased, amounting on 30 September 2019 to EUR 263.3 million (31 December 2018: EUR 227.2 million). Interest-bearing liabilities included EUR 34.5 million of lease liabilities (31 December 2018: EUR 1.1 million). The adoption had no major impact on EBIT or net result. Depreciation for the review period was EUR 6.6 million higher due to the adoption of the standard, but correspondingly, rental costs decreased by EUR 6.9 million. Rental costs are now presented in cash flow from financing, whereby operating cash flow improved by approximately EUR 7 million.

The adoption of IFRS 16 increased the amount of assets to be depreciated in the Group on 1 January 2019 by EUR 38.9 million. Increases by business areas:

Atria Finland	34.6
Atria Sweden	2.8
Atria Denmark & Estonia	0.6
Atria Russia	0.9

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 in this interim report are unaudited.

Operating segments

EUR million	7-9/19	7-9/18	1-9/19	1-9/18	1-12/18
Revenue from Consumer goods					
Atria Finland	199.4	193.1	587.1	582.1	787.1
Atria Sweden	73.8	72.5	214.8	213.8	287.9
Atria Denmark & Estonia	24.2	24.0	68.3	70.1	94.8
Atria Russia	20.7	19.4	54.9	55.2	75.1
Eliminations	-10.8	-9.6	-30.7	-30.0	-41.1
Total	**307.3**	**299.3**	**894.5**	**891.1**	**1 203.8**
Revenue from primary products					
Atria Finland	58.2	57.1	175.1	168.6	232.1
Atria Sweden	-	-	-	-	-
Atria Denmark & Estonia	0.6	0.7	1.7	1.9	2.6
Atria Russia	-	-	-	-	-
Total	**58.7**	**57.8**	**176.8**	**170.5**	**234.7**
Total net sales	**366.0**	**357.1**	**1,071.3**	**1,061.6**	**1,438.5**
EBIT					
Atria Finland	15.3	13.6	25.6	27.2	36.7
Atria Sweden	0.0	-1.0	-5.6	-6.0	-7.1
Atria Denmark & Estonia	1.7	1.6	3.3	4.3	5.3
Atria Russia	0.4	-0.8	-2.0	-1.4	-4.0
Unallocated	-0.8	-0.8	-2.3	-2.5	-2.7
Total	**16.7**	**12.7**	**19.1**	**21.5**	**28.2**
Investments					
Atria Finland	3.7	4.0	16.6	14.9	20.6
Atria Sweden	2.4	2.6	9.6	11.2	15.4
Atria Denmark & Estonia	0.5	0.8	2.0	3.3	4.4
Atria Russia	0.7	1.5	1.6	3.6	4.1
Total	**7.3**	**9.0**	**29.8**	**33.1**	**44.5**
Depreciation and write-offs					
Atria Finland	8.4	6.5	25.3	20.1	26.9
Atria Sweden	2.8	2.5	8.5	7.6	10.1
Atria Denmark & Estonia	1.1	1.0	3.3	3.1	4.2
Atria Russia	1.2	1.0	3.5	3.1	4.2
Total	**13.5**	**11.1**	**40.6**	**33.8**	**45.4**

Fair value hierarchy of financial assets and liabilities

EUR milloin

Balance sheet items	30.9.19	Level 1	Level 2	Level 3
Assets				
Financial assets at fair value through other comperhensive income	1.2			1.2
Derivative financial instruments	2.9		2.9	
Total	**4.1**	**0.0**	**2.9**	**1.2**
Liabilities				
Derivative financial instruments	1.4		1.4	
Total	**1.4**	**0.0**	**1.4**	**0.0**

Balance sheet items	31.12.18	Level 1	Level 2	Level 3
Assets				
Financial assets at fair value through other comperhensive income	1.2			1.2
Derivative financial instruments	6.6		6.6	
Total	**7.8**	**0.0**	**6.6**	**1.2**
Liabilities				
Derivative financial instruments	2.5		2.5	
Total	**2.5**	**0.0**	**2.5**	**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:

	7-9/19	7-9/18	1-9/19	1-9/18	1-12/18
Sales of goods and services	4.2	4.8	13.9	13.6	18.7
Purchases of goods and services	26.6	23.3	70.4	66.4	97.2

	30.9.19	30.9.18	31.12.18
Receivables	1.1	1.5	1.3
Liabilities	14.8	14.3	14.6

Provisions

EUR million	
Provisions 1.1.2019	**0.0**
The cost of Atria Sweden's effiency improvement measures	
- Other operating expenses	1.0
Provisions 30.9.2019	**1.0**

Contingent liabilities

EUR million	30.9.19	30.9.18	31.12.18
Debts with mortgages given as security			
Loans from financial institutions	1.4	1.5	1.5
Pension fund loans	4.1	4.3	4.3
Total	**5.5**	**5.8**	**5.8**
Mortgages given as comprehensive security			
Real estate mortgages	2.4	2.5	2.5
Corporate mortgages	1.0	1.1	1.1
Total	**3.4**	**3.6**	**3.6**
Guarantee engagements not included in the balance sheet			
Guarantees	0.1	0.2	0.1

The main exchange rates

	Income statement			Balance sheet		
	1-9/19	1-9/18	1-12/18	30.9.19	30.9.18	31.12.2018
SEK	10.5672	10.2365	10.2567	10.6958	10.3090	10.2548
DKK	7.4644	7.4502	7.4532	7.4662	7.4564	7.4673
RUB	73.0958	73.4244	74.0551	70.7557	76.1422	79.7153

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 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

$$\text{FTE} = \frac{\text{Hours worked during the review period}}{\text{Number of working days during the review period * normal working hours per day}}$$

$$\text{Return on equity (\%)} = \frac{\text{Profit/loss for the accounting period}}{\text{Equity (average)}} * 100$$

$$\text{Return on investment (\%)} = \frac{\text{Profit/loss before tax + interest and other financial expenses}}{\text{Equity + interest-bearing financial liabilities (average)}} * 100$$

$$\text{Equity ratio (\%)} = \frac{\text{Equity}}{\text{Balance sheet total – advance payments received}} * 100$$

$$\text{Interest-bearing liabilities} = \text{Loans and finance lease liabilities}$$

$$\text{Gearing (\%)} = \frac{\text{Interest-bearing liabilities}}{\text{Equity}} * 100$$

$$\text{Net interest-bearing liabilities} = \text{Interest-bearing liabilities – cash and cash equivalents}$$

$$\text{Net gearing (\%)} = \frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Equity}} * 100$$

$$\text{Earnings/share (basic)} = \frac{\text{Profit for the period attributable to the owners of the parent company}}{\text{Weighted average of outstanding shares}}$$

$$\text{Equity/share} = \frac{\text{Equity attributable to the owners of the parent company}}{\text{Undiluted number of shares on 31 Dec}}$$

$$\text{Dividend/share} = \frac{\text{Dividend distribution during the accounting period}}{\text{Undiluted number of shares on 31 Dec}}$$

$$\text{Dividend/profit (\%)} = \frac{\text{Dividend/share}}{\text{Earnings per share (EPS)}} * 100$$

$$\text{Effective dividend yield (\%)} = \frac{\text{Dividend/share}}{\text{Closing price at the end of the accounting period}} * 100$$

$$\text{Price/earnings (P/E)} = \frac{\text{Closing price at the end of the accounting period}}{\text{Earnings per share}}$$

$$\text{Average price} = \frac{\text{Overall share turnover (EUR)}}{\text{Undiluted average number of shares traded during the accounting period}}$$

$$\text{Market capitalisation} = \text{Number of shares at the end of the accounting period * closing price on 31 Dec}$$

$$\text{Share turnover (\%)} = \frac{\text{Number of shares traded during the accounting period}}{\text{Undiluted average number of shares}} * 100$$

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