ATRIA

Good food – better mood.

Annual Report 2017

Atria – Finnish with international presence

Atria is one of the leading meat and food companies in the Nordic countries, Russia and Estonia. The company is 115 years old and is respected by its customers, personnel and owners. Our company's development and growth are based on excellent commercial excellence, efficient operations and a way of work that respects consistent, sustainable success.

Our main product, Good Food, leads to a better mood and sustainable value for all of our stakeholders. Our good food is responsibly and ethically produced, nutritious and safe. In 2017, our net sales was about EUR 1.44 billion and we employed approximately 4,500 meat and food experts in Finland, Sweden, Denmark, Russia and Estonia. Atria Plc's shares have been listed on Nasdaq Helsinki Ltd since 1991.

Atria's annual report 2017

ATRIA GROUP'S KEY FIGURES

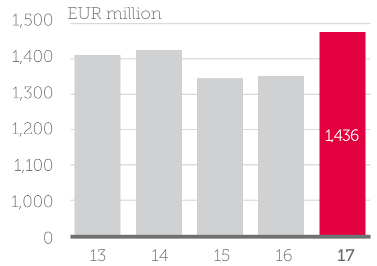
	2017	2016
Net sales, EUR million	1,436.2	1,351.8
EBIT, EUR million	40.9	31.8
EBIT, %	2.8	2.3
Adjusted EBIT, EUR million	39.6	31.4
Balance sheet total, EUR million	909.8	909.4
Return on equity (ROE), %	6.7	4.7
Equity ratio, %	47.5	46.5
Net gearing, %	49.0	50.5

Atria Group's operational structure and financial reporting was changed as of 1 January 2018. The segments to be reported on are: Atria Finland, Atria Sweden, Atria Russia and Atria Denmark & Estonia.

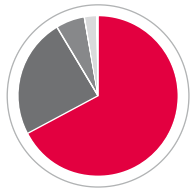
Net sales

EUR 1,436.2 million

The Group's net sales were EUR 1,436.2 million, which was EUR 84.4 million more than in 2016. Net sales grew in all business areas.



Net sales by business area

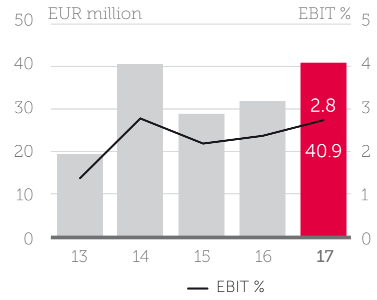


Atria Finland ....986.4 MEUR
Atria Scandinavia ....355.1 MEUR
Atria Russia ....85.7 MEUR
Atria Baltic ....37.9 MEUR

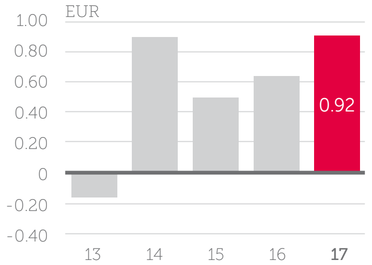
EBIT

EUR 40.9 million

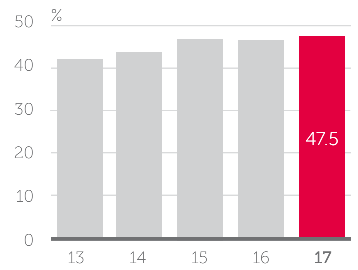
The Group's EBIT was EUR 40.9 million, representing 2.8 per cent of net sales. EBIT grew in all business areas other than Atria Scandinavia.



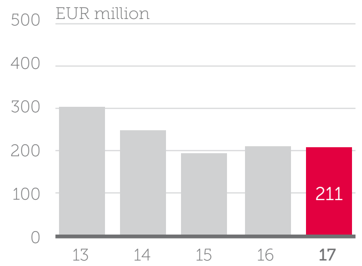
Earnings per share



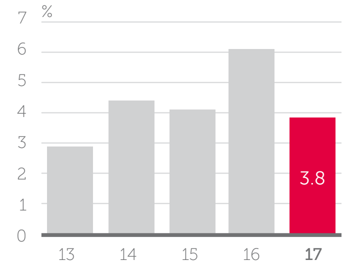
Equity ratio



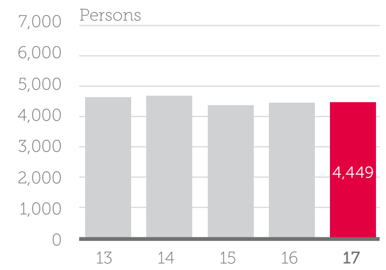
Net liabilities



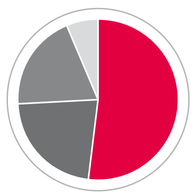
Gross investments, % of net sales



Average number of personnel



Personnel (4,449) by business area



Atria Finland 2,314
Atria Scandinavia 996
Atria Russia 860
Atria Baltic 279

"Healthy growth stems from good everyday work"

In 2017, Atria's net sales grew by EUR 85 million to EUR 1,436 million. EBIT was EUR 40.9 million, improving by EUR 9 million in comparison to the previous year. The Healthy Growth strategy is being realised.

We achieved growth through the corporate acquisitions made earlier, but also organically. It is interesting that our sales under our own brands grew stronger, particularly in Finland and Estonia. Atria is a developer of strong brands, even though we also manufacture products for our customer' brands.

Exporting to China began

The licence to export pork to China granted to Atria progressed to the commercial phase when the first loads from the Nurmo plant headed off to China at the beginning of May. The development of China's market situation and the purchasing behaviour of Chinese customers is decisive for the balance of the European meat market. There is no other market of the kind anywhere else in the world.

Alongside China, we took big commercial steps in our home markets as well.

In early autumn, Atria introduced a chicken to the Finnish market, the production of which does not, at any point, employ antibiotics. The Finnish meat production method and the health of Finnish animals are among the best in the world, but consumers have not really been informed about it. Now they will be.

Atria's antibiotic-free chicken is only one example of its commercial success, which was achieved in all of its sales channels. Our sales in Finland grew by more than EUR 50 million.

In Russia, Atria achieved a positive operating result. Product lines have been renewed, new sales channels sought and productivity has been improved. Atria Russia today is noticeably different from Atria Russia five years ago. Previously, the majority of sales consisted of sales to a chained retail trade sector. This has now been joined with other channels and customer groups. Sibylla's success continues to be strong from one year to the next, and the number of sales outlets keeps on growing.

The result in Estonia was excellent. The market situation has been favourable and, thanks to a period of structural change that spanned several years, the business area's own operations are in good shape. The new minced meat products have been a success, proving that you can achieve profitable growth even with basic products.

Projects to improve productivity

The more than two-year investment project in the complete renovation of the Nurmo pig-cutting plant was completed in late 2017. The end result is the most modern cutting plant in the world, whose process automation, combined with the digitalised monitoring of product flows, is taking productivity and the traceability of products on a new level. Benefits are yielded both by the rise in productivity and productisation.

Regarding other investments in the Nurmo plant, the adoption of solar power as a new form of energy was the most important one. Although the solar power will not be sufficient to meet our entire need for electrical energy, Atria must take part in the use of renewable energy. New technology must be adopted bravely.

In Sweden, Atria is modernising the poultry plant it acquired in 2016. Parts of the modernised plant have already been taken into use, and the project will be completed by the end of 2018. The market situation for chicken weakened at the beginning of 2017. A strong demand-driven situation slipped into overproduction, and prices declined. As a result, the profitability of the poultry business grew weaker. By the end of last year, however, the market situation was showing signs of a budding recovery.

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Even the best strategy will fail to take a company forward if the day-to-day work is not up to the task. You have to keep your promises to your customers and the consumers. You have to have the drive to get enthusiastic about doing things even better tomorrow than you did today. The world is full of opportunities – not just threats!

I would like to thank every Atria employee and our shareholders and partners for our smooth cooperation.

Seinäjoki, March 2018
Juha Gröhn
CEO

"New technology must be adopted bravely."

"Growth was achieved through acquisitions, but also organically."

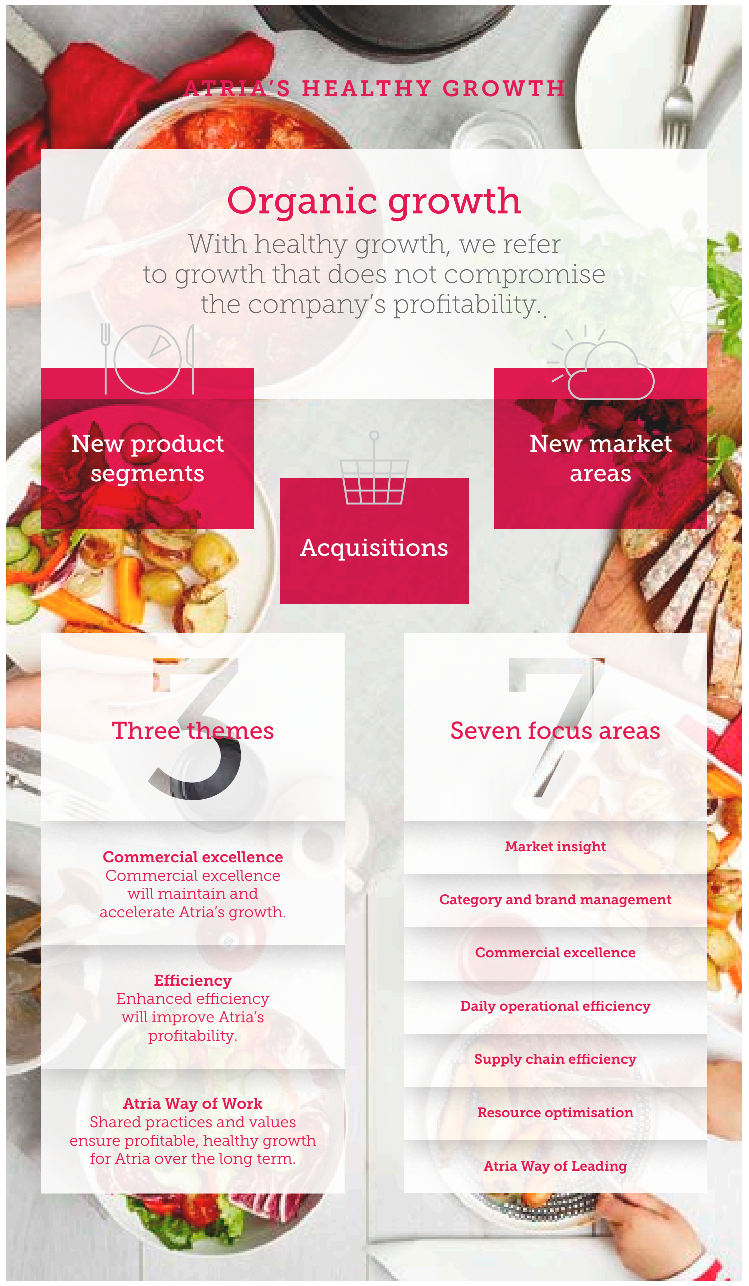
Atria's Healthy Growth

Atria's strategic goal is to improve profitability, accelerate growth and increase the company's shareholder value. To achieve this goal, the company is implementing its strategy extending to 2020 and named Atria's Healthy Growth.

Atria aims to grow mainly organically, by developing and growing its existing businesses. The aim is to speed up growth through new product segments and new market areas.

Alongside organic growth, Atria is actively mapping opportunities for acquisitions and other arrangements that generate healthy growth. These can supplement existing business operations, but also open up entirely new product segments or market areas. Atria manages its strategy of Healthy Growth through three main themes shared by all of its business areas.

Each business area (segment) of Atria implements its own development projects in line with the main themes in seven focal areas:



1. Market insight
   Atria uses market and consumer data precisely and innovatively, and aims to be a pioneer in knowledge management in its industry.
2. Category and brand management
   Atria strengthens the management and development of its brands and categories. The company's strong brands are well-positioned to grow even stronger.
3. Commercial excellence
   Atria develops and reinforces its sales, sales tools and customer cooperation with an open mind. The company wants to be the most preferred and trusted partner in its business.
4. Daily operational efficiency
   Atria will increase the efficiency of operations and productivity with regard to individual jobs, teams, departments, units, businesses and production plants.
5. Supply chain efficiency
   Atria will improve its operations, processes and steering throughout the supply chain, in close cooperation with the chain's different operators.
6. Resource optimisation
   Atria optimises its important resources, such as expertise and technology, raw materials and energy as well as work processes and times.
7. The Atria Way of Leading
   Atria develops its management, which must be interactive, engaging and developing. Atria aims to get things done – to focus on solutions, rather than problems.

IMPLEMENTATION OF ATRIA'S HEALTHY GROWTH STRATEGY

Enablers	Main themes	Realisation of themes in 2017*
1. Strong finances Atria's strong balance sheet and good financial position enable growth and development measures in line with the strategy. 2. Systematic investments Atria executes systematic investments which allow it to maintain and improve the productivity and competitiveness of its operations, also in the long term. 3. Efficiency Atria enables the productivity of its operations and the competitiveness of its products with the efficient operation of its entire supply chain. 4. Sound market and customer intelligence Atria is a pioneer in the use of consumer and market data. This allows for the development and precisely timed market entry of commercially successful product groups and products.	Commercial excellence	• Atria's sales grew in all of its business areas • Atria began exporting pork to China (page 10). • Atria introduced antibiotic-free labelled products to the Finnish market (page 13). • The number of Sibylla outlets rose to more than 6,000 internationally (page 14).
	Efficiency	• The large-scale investment concerning the new pig-cutting plant at Nurmo was completed (page 11). • The programme to renew the Lagerbergs chicken production in Sweden progressed according to plan (page 12). • Atria centralised pork slaughtering and cutting from Jyväskylä to Nurmo (page 11). • Atria invested in emission-free solar power of its own in Nurmo (page 15).
	Atria Way of Work	• The Atria Way of Leading progressed into the first practical projects and measures in the different business areas. • The Atria Way of Work action plan progressed into projects promoting productivity and competence, among other, and occupational safety, as of the beginning of 2018.

* The realisation of the themes is presented in more detail in the reviews concerning each business area.

Atria's financial targets

Target	Realisation in 2017	Realisation in 2016
EBIT 5%	2.8%	2.3%
Equity ratio 40%	47.5%	46.5%
Return on equity 8%	6.7%	4.7%
Dividend distribution of the profit for the period 50%	54.4%*	71.2%

*Board of Directors' proposal

Atria's risks

Further information on Atria's risks and risk management is available in the

» Report of the Board of Directors (page 43)
» Notes to the Consolidated Financial Statements (page 82)

STRATEGY AND OPERATING ENVIRONMENT

Atria's Healthy Growth responds to changes in the operating environment

Atria's operating environment is developing strongly, although the speed and focus of the changes varies from one business area to the next. As a financially strong, profitable company in line with its strategic goals, Atria will be able to renew and respond to the continuous changes in the business environment in all of its business areas.

Atria's Healthy Growth provides seamless support for the company's mission and vision. Atria's values and responsible operations contribute to the implementation of the strategy.

Changes in the operating environment

Atria's strategy responds to the following kinds of changes in the operating environment:

- purchasing power in Atria's home markets is growing only modestly
- competition in the industry and distribution channels is tough
- affordability is becoming increasingly important for consumers
- the consumption of white meat is growing, while the consumption of red meat is decreasing slightly; overall consumption remains unchanged
- consumers' power within sales channels is growing
- consumer behaviour is fragmenting, consumption is becoming more individualised
- the number of alternatives to meat, e.g. vegetable-based food product groups, is growing
- easy and fast eating is becoming increasingly relevant
- the quality and healthiness of food is becoming increasingly important
- the origin of food and the responsibility and transparency of operations are becoming increasingly important.

Megatrends with an impact

The following megatrends have a particularly significant impact on Atria's operating environment and operations:

- the global economy
- climate change and the sufficiency of natural resources
- population growth, growth in the consumption of food in emerging economies
- urbanisation, the aging of the population and smaller family sizes
- digitalisation and robotics, changes in work and consumption.

Atria's strategic progression

Atria's Healthy Growth strategy is a consistent continuation of the strategy for the previous period. In the previous period, Atria implemented significant efficiency improvement programmes and investments, which improved its competitiveness, particularly with regard to the productivity of industrial operations. At the same time, the company was able to reduce its net debt and increase its equity ratio.

International growth

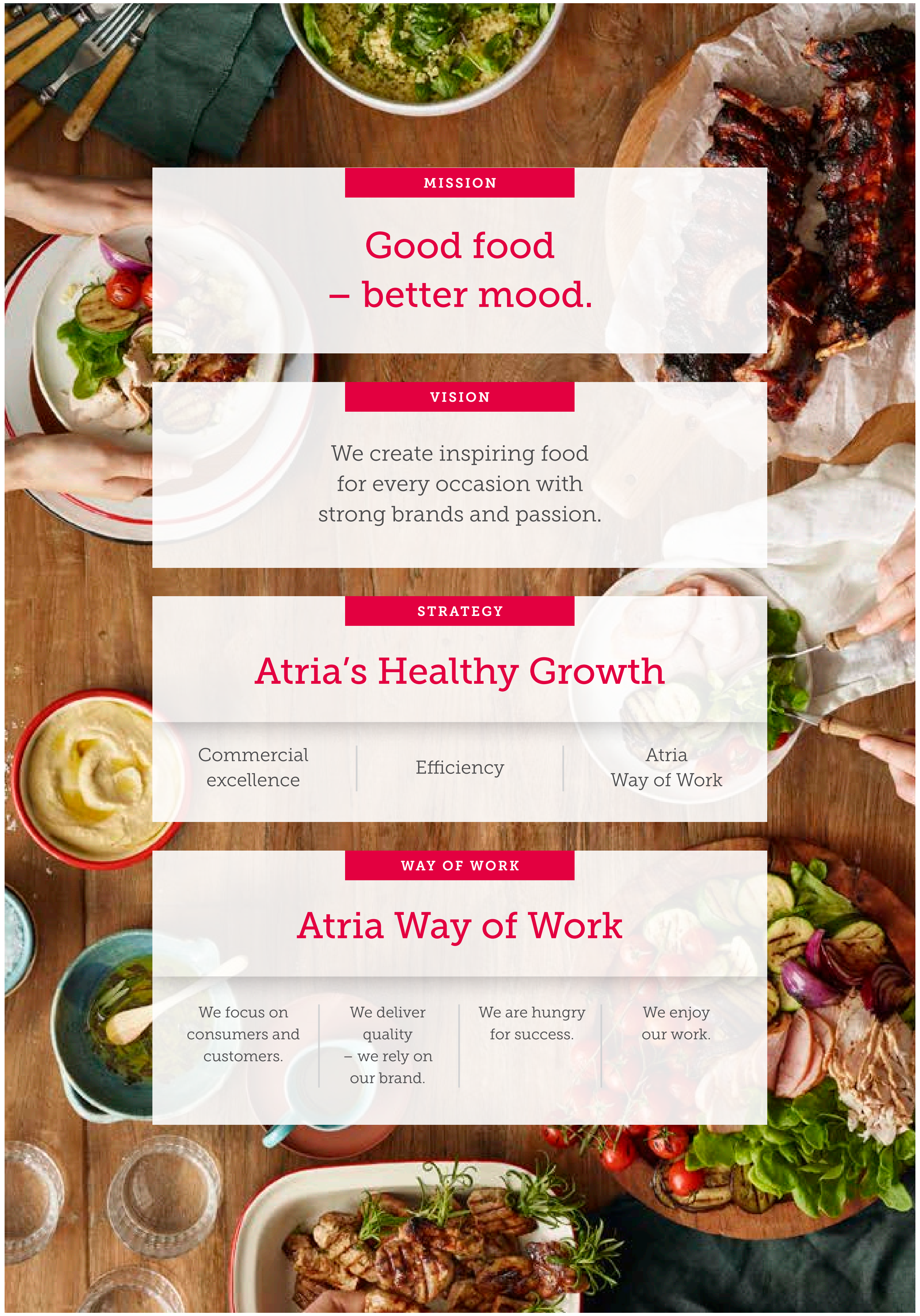
- Strong growth in the Baltic Sea area with the help of acquisitions; Atria becomes one of the leading food companies in the Nordic countries and the company expands to the Russian and Baltic markets
- Substantial growth investments in Nurmo
- Impairment of financial position

Improving productivity

- Strengthening the balance sheet and financial position
- The improvement of profitability and productivity in all countries of operation
- Investments in growth in Finland, including meat operations, the feed business and production automation
- Structural streamlining of operations in Sweden and Russia

Atria's Healthy Growth

- Organic growth at the core of growth in all business areas
- Complementing acquisitions alongside organic growth
- No compromises in the profitability of operations; emphasis on productivity
- Growth investments in technology and other targets improving efficiency and productivity



Pork exports to China off to a promising start

Atria's exports of pork to China started according to plans, and the export volumes slightly exceeded the original. The volume exported amounted to approximately three million kilos. The outlook in terms of exports is promising.

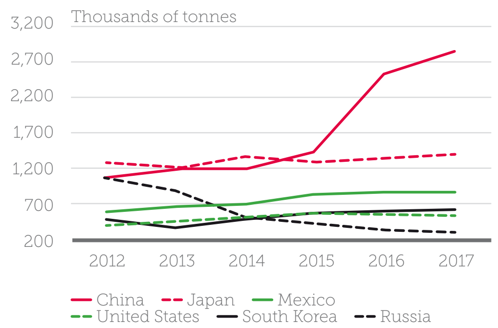
Atria initiated export deliveries of pork to China in the spring of 2017, and the first batches of meat were delivered to Chinese customers as agreed, in the summer. Atria's production plant in Nurmo was the first Finnish company to secure an export licence for the Chinese market in 2016, and the first delivery agreement, concerning approximately three million kilos, was signed in January 2017.

The export licence granted to the Nurmo production plant by the Chinese authorities has opened up a market area that, for Atria, is entirely unprecedented in terms of its size. The export licence offers good opportunities for increasing export volumes and diversifying the product range to all products that can be produced from a pig carcass. Atria developed its marketing in China strongly during the year, and the feedback received on both the products and Atria's operations was positive.

China is by far the largest and most strongly growing market area for pork in the world. The country's production and consumption of pork accounts for roughly 55 per cent of the world's pork production, totalling about 55 million tonnes a year. Thanks to a rise in the standard of living, demand for pork has grown considerably for several years now. Pork is an essential part of Chinese cuisine and the entire Chinese culture.

In 2017, China's imports of pork and the by-products of slaughtering grew even more than expected. The growth has been accelerated by a reduction in the number of the country's own pigs. Due to the high demand, the average prices of pork remained strong.

The world's largest importers of pork



Source: FAO, 2017

The automation of the new pig-cutting plant improves both product and occupational safety, alongside productivity.

Cutting edge technology increased productivity in pig-cutting plant

The extensive project concerning Atria Finland's new pig-cutting plant in Nurmo was completed. The cutting plant, which represents state-of-the-art technology in its industry even on a global scale, improved the productivity of Atria's pork production, for example, and the traceability of products.

The new pig-cutting plant at Nurmo improves Atria's competitiveness both at home and in exports. Thanks to modern automation and digital technology, the cutting plant's productivity has increased significantly. Opportunities for productisation have also increased. Among other things, the technology enables the farm-specific traceability of increasingly small batches of meat, which has great commercial significance.

The facilities of the new pig-cutting plant and the process's technical solutions have been dimensioned in such a way that they allow for the flexible integration of new and supplementing technologies as capacity requirements change. In 2017, the volume of pork processed by Atria was some 75 million kilos. At the end of the year, Atria centralised its pork production in Jyväskylä to the Nurmo plant.

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Nurmo's new pig-cutting plant

4,500 m² of new production facilities added to the existing cutting plant of 2,700 m²

EUR 36 million
Total value of the investment, most of which concerns technology and equipment

The consumption of poultry products in Sweden is growing by about five per cent a year.

Investment programme gives a boost to Atria's poultry operations in Sweden

Atria Scandinavia's large-scale investment and development programme to improve poultry operations in Sweden progressed on schedule. The programme, which increases efficiency in the entire supply chain of Lagerbergs, raises the capacity of chicken production to a significant degree and improves the operations' profit-earning potential.

Atria Scandinavia expanded its operations to Sweden's growing poultry market by acquiring the poultry firm Lagerberg i Norjeby AB (Lagerbergs) in the spring 2016. Immediately after the transaction, Atria launched an approximately EUR 14 million investment programme aiming to bring the operations to a new level. The plan includes the modernisation of the entire production chain – from rearing and slaughtering to cutting and packaging – by the end of 2018. In addition to the poultry plant, the chain covers farms owned by the company, chicken rearing facilities and an extensive network of contract producers.

Besides the investment programme, Atria sharpened the business strategy in terms of the Lagerbergs trademark, product development and marketing. For example, the emphasis in the Lagerbergs product range has shifted from whole birds to cut products. This has increased the number of product items significantly. The diversification of the product range was also visible in a larger market share. Atria Scandinavia is the third largest operator in Sweden's strongly developing poultry market.

The consumption of poultry has more than doubled in Sweden during the 2000s, and the consumption of fresh poultry products represented by Atria has grown by roughly 10 per cent a year.

Atria Plc › Strategy › Realisation in 2017

Atria and Atria's producers are pioneers in the production of antibiotic-free meat both in Finland and internationally.

Atria's antibiotic-free meat production responds to great challenges

In the autumn, Atria launched antibiotic-free-labelled poultry products under the Atria Family Farm name on the Finnish market. At the turn of the year, the company was also able to add the same label to some of its pork products. Atria's antibiotic-free production allows it to respond to great challenges in consumer demand.

The antibiotic-free label added to the poultry and pork packages of Atria Family Farm products is an indication that no antibiotics have been used in the rearing of the animals. The animals are healthy and have been cared for so well that there has been no need for antibiotics.

Atria's chicken production is already entirely free of antibiotics. Throughout the production chain, animals are medicated in extremely minimal degrees and, even then, only when necessary, under controlled conditions and in line with withdrawal periods. During the year, Atria carried out an extensive programme to extend its policy of no antibiotics to its pork chain as well. The programme commercial culmination occurred at the turn of the year, when Atria delivered the first antibiotic-free pork products to retail stores. Atria's goal is for roughly 40 per cent of its entire pork production to be verifiably free of antibiotics in 2018.

At the beginning of 2018, Atria also introduced the first batches of antibiotic-free beef to the market.

Excess use of antibiotics

Demands for pure and safe food have also grown stronger in Finland. Risks related to purity and safety occur in the production and use of food, whether it is of animal or plant origin. Regarding the production of meat, consumers are particularly concerned about the excessive use of antibiotics. In many countries, antibiotics are routinely fed to production animals to promote growth and prevent diseases. The excess use of antibiotics accelerates the emergence of antibiotic-resistant bacteria – i.e. bacteria that can resist the effect of antibiotics – which can be transmitted to humans via foodstuffs or directly from animals. The World Health Organisation considers resistance to antibiotics to be one of the most significant global health threats.

The international growth of the Sibylla concept is one of Atria's most successful sales stories.

Sibylla's growth remained strong

The number of sales outlets for the Sibylla concept grew by more than 10 per cent for the second year in a row. The growth was strongest in Russia, in addition to which new growth markets also opened up for the concept.

For several years now, the growth of the Sibylla concept has been the strongest in Russia. By the end of the year, there were more 3,000 Sibylla sales outlets in the country. This represents about half of the more than 6,000 sales outlets for the Sibylla concept located in a total of 10 countries. The concept also expanded into new markets, the most significant of which were the UK and South Korea.

In Sweden, the country in which the concept originated, Atria and Sibylla franchising entrepreneurs renewed their cooperation model to speed up growth. Atria sold its share in the marketing company of the Sibylla chain to FIAB, which represents the franchising entrepreneurs in Sweden. Atria will continue to own the rights to the Sibylla trademark, develop the productisation and the brand, and deliver the meat products to Sibylla customers. The Sibylla trademark is one of the most well-known food brands in Sweden.

Atria Plc › Strategy › Realisation in 2017

The former open compost field of the Nurmo plant is now home to 15,000 solar panels. Another 9,000 panels will be located on the rooftops and lawns of the plant area.

Atria Sun began energy production

Finland's largest and simultaneously its first solar power project of an industrial scale, named Atria Sun, progressed successfully to its final phase: the production of the solar power plant was connected to Atria's network in the summer. The entire solar power park is set to be completed in 2018, when the 24,000 solar panels will produce approximately 5,600 megawatt hours a year for the Nurmo plant. The amount corresponds to roughly 5 per cent of the plant's annual electricity need. Self-produced solar power is a significant advantage during the summer months, when the plant's cooling requirement is high.

The solar power park is notable even on the Nordic scale, given that there is only one more solar power facility, which is located in Denmark, with more capacity in the Nordic countries. Atria Sun is a concrete indication of Atria's investments in renewable, emission-free forms of energy and in new technologies and methods. The project is valued at approximately EUR 7 million. Atria implements the project in co-operation with the Solarigo Systems.

More sales – more growth

Atria launched a strategically important project to develop sales. This Group-level project, named Sales Excellence, aims to raise Atria's sales to a new level and improve the operating conditions for sales in all business areas. The project supports the core of Atria's Healthy Growth – in other words, increased sales in current and new product groups.

The Sales Excellence project focuses on three themes:

1. the smooth sharing of information and the development of uniform working models in all business areas
2. the development of sales talents and management by knowledge
3. the development of sales management systems.

Material efficiency generates significant savings

Atria developed its Group-wide wastage project kicked off in the previous year. The main goal of this project is to ensure that the meat raw material is used as precisely and carefully as possible in various stages of the meat processing. Reducing waste has a significant impact on both productivity and competitiveness. Reducing waste by roughly 1 per cent in the Finnish operations alone generates annual savings totalling nearly EUR 10 million.

Minimising meat production and, from a broader perspective, food waste as a whole is a crucial challenge for the entire food chain: from primary production to the industrial sector, trade and households. The economic and environmental effects of food waste are considerable.

Food waste in Finland

- Primary production approx. 12%
- Food industry approx. 20%
- Retail trade approx. 18%
- Restaurant and catering sector approx. 20%
- Households approx....................30%

Source: Motiva Ltd., the Ministry of Agriculture and Forestry 2017

HOW ATRIA CREATES VALUE IN THE FOOD CHAIN

RESOURCES AND INVESTMENTS

Raw materials and other materials
- Meat raw materials: pork, beef, poultry
- Other raw materials
- Packaging and other materials

Production
- 19 production plants in five countries

Human resources and development
- 4,449 food-industry experts

Intangible capital
- Brands, patents, concepts
- Expertise; research and development operations: EUR 13 million

Investments
- Investments: EUR 54 million

Financing
- Equity and liabilities: EUR 910 million

Natural resources
- Energy consumption: around 432 MWh, of which renewable sources represent around 41 per cent
- Energy efficiency: energy consumption per tonne of production
  - Finland 0.5 MWh
  - Scandinavia 1.4 MWh
  - Russia 3.0 MWh
  - Baltic countries 1.8 MWh
- Water consumption: around 2.98 million m³, of which around 69 per cent is groundwater and 31 per cent is surface water

BUSINESS MODEL

PRIMARY PRODUCTION

ATRIA'S INDUSTRIAL AND COMMERCIAL OPERATIONS

Healthy Growth

PRODUCTION PROCESSES:
Efficiency

COMMERCIAL PROCESSES:
Commercial excellence

VALUE AND MANAGEMENT PROCESSES:
- Atria Way of Work
- Atria Way of Leading

We create inspiring food for every occasion.

Our success is based on inspired people and the most attractive brand.

Responsibility

CUSTOMER

CONSUMER

GOOD FOOD – BETTER MOOD.

Our good food is responsibly and ethically produced, nutritious and safe.

ATRIA'S VALUE AND IMPACTS

For producers and partners
Purchases from producers, subcontractors and other partners
- Purchasing and other expenses: EUR 1,159 million

For customers
Food products for retail, the food service industry and export customers
- Net sales and other income: EUR 1,442 million

For personnel
- Salaries and fees: EUR 189.6 million

For society
- Taxes and social security expenses: EUR 59 million

For shareholders and financiers
- Dividends: EUR 13 million
- Financial income and expenses: EUR 7 million

For communities
Support for public and private organisations and associations

For other industries
Around 98 per cent of production side streams are used, particularly by the feed and energy industries. Approximately 0.1 per cent of all material flows end up in landfill sites or are treated as hazardous waste.

Environmental impact
Around 80 per cent of wastewater is pre-treated before being discharged into the municipal sewage network. The vast majority of the energy used is for generating process heating and cooling. The indirect environmental impact is mostly due to primary production and transportation.

Responsibility at all levels

In all its business areas, Atria takes into account the economic, social and environmental aspects of its operations. The priorities for these development vary slightly depending on the business area's operations and stakeholder requirements.

GROUP LEVEL COMMITMENTS

Group-level commitments:	Economic responsibility	Environmental responsibility	Social responsibility				
	• Meeting financial targets in a manner that enables the company to generate long-term added value for its shareholders and other stakeholders and increase well-being in its local communities and in society. • Operational risk management and healthy business principles.	• An environmentally sound food chain based on the sustainable use of natural resources and the fulfilment of statutory obligations.	• An open, transparent production chain. • Safe, healthy, nutritious food for various consumer needs. • Inspired and skilled people build success.	Focus areas in business areas			
Focus areas				Finland	Scandinavia	Russia	Baltic
Profitability	●			●	●	●	●
Risk management	●			●	●	●	●
Environmental protection		●		●	●	●	●
Energy efficiency	●	●		●	●	●	●
Sustainable use of natural resources	●	●		●	●	●	●
Safe, healthy products	●	●	●	●	●	●	●
Responsible primary production	●	●	●	●	●		●
Employee well-being	●		●	●	●	●	●
Social impact	●		●	●	●		

The importance of responsibility is emphasized

Atria acknowledges its responsibility towards all of its stakeholders. Stakeholders' are increasingly interested in Atria's corporate responsibility. Domestic origin, traceability and animal welfare are important for Atria's two most important stakeholders; customers and consumers. Investors and financiers, for instance, are interested in financial performance, Atria's energy and material usage and company's efforts to combat climate change.

Atria reports its responsible operations and its goals actively and transparently. The objectives and results of corporate responsibility are presented on the **Atria's corporate responsibility report: www.atria.fi/en/group/corporate-responsibility/corporate-responsibility-reporting/**

Information on Atria's environmental and social affairs, respect for human rights and the prevention of the corruption and bribery is also found in **the report of the Board of Directors on the Non-Financial Reporting Document, page 41.**

Atria Finland

Atria Finland is responsible for the Group's operations in Finland, the Group's most important business area. Atria Finland develops, manufactures, markets and sells fresh meat and other foodstuffs and provides services related to them. Atria is the market leader in Finland's slaughterhouse industry and several meat categories and has significant export operations. The number of personnel is about 2,300. Atria's subsidiary A-Farmerst Ltd is responsible for the sourcing of meat and develops the production of Finnish meat. All of the meat used in the products of the Atria brand is Finnish.

"Profitable growth in all sales channels, good cost control and improved productivity provide us with a sound basis for growth and performance."

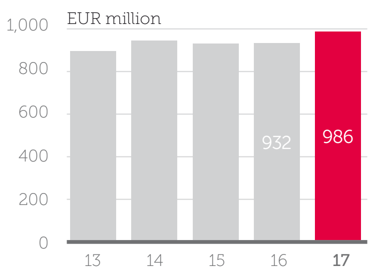
Mika Ala-Fossi
Executive Vice President, Atria Finland

Net sales

EUR 986.4 million

(EUR 932.3 million in 2016)

Atria Finland's net sales increased by EUR 54.1 million in comparison to the corresponding period in the previous year and were EUR 986.4 million. Net sales grew due to increased sales in all sales channels and the integration of Well-Beef Ltd. into Atria in the fourth quarter of 2016. The biggest increase in sales took place in the product categories of poultry and convenience food.

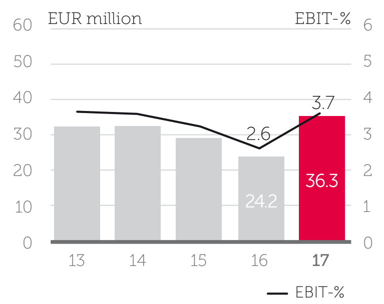


EBIT

EUR 36.3 million

(EUR 24.2 million in 2016)

EBIT increased by EUR 12.1 million in comparison to the corresponding period in the previous year and was EUR 36.3 million. This represented 3.7 per cent of net sales. The improved result was driven by the profitable growth of net sales and sound cost control.



Customers
- Retail trade
- Food service customers
- Export customers
- Sibylla concept customers
- Food industry

Core categories
- Cold cuts
- Meat products, such as sausages
- Fresh meat and consumer-packed meat
- Poultry products
- Convenience food
- Animal feed

Brands
Atria Finland's leading brand is Atria, one of the best-known and most valuable food brands in Finland.

ATRIA FINLAND'S HEALTHY GROWTH

Strategy enablers

1. **Large scale**
   Enables supply to large, growing and more diverse demand.
2. **Strong competitive position**
   Atria is the market leader or number two in its main categories, and the market leader in the slaughterhouse industry.
3. **Strong and valued brands**
   Atria is the most well-known food brand in the meat industry; this facilitates the market introduction of new categories and the creation of new markets.
4. **Efficiency**
   The efficiency of industrial processes and consistent investments in the improvement of productivity ensure price competitiveness.
5. **A reliable and transparent meat chain**
   Good cooperation with primary production secures deliveries and growth.

Strategic focal points	Realisation of focal points in 2017
Market insight	• The roles of market research, intelligence and analyses were strengthened.
Category and brand management	• The most significant commercial efforts were allocated to the product categories of poultry, convenience food and consumer-packed meat. • The origin of the meat gained emphasis as the competitive advantage of the Atria brand: The Atria Family Farm concept grew considerably due to the antibiotic-free product categories, for example (page 13).
Commercial excellence	• Sales grew in all sales channels. • Strong market share: Atria's manufacturing share in the retail trade sector was 24 per cent and in the food service sector, some 21 per cent.
Daily operational efficiency	• The extension and modernisation project Nurmo's pig-cutting plant was completed, and the highly automated production started (page 10). • The slaughter and cutting of pigs was centralised to Nurmo from the production plant at Jyväskylä, which continues to process beef. • The meat volumes processed by Atria totalled approximately 171.5 million kilos.
Supply chain efficiency	• Atria's order–supply chain and the entire value chain of from field to table was developed in close cooperation with various operators, particularly primary production.
Resource optimisation	• Atria Finland's operating system was granted an ISO 50001 energy management certificate covering all locations. • Atria Sun, the biggest solar power park in Finland, began its production at Nurmo (page 15).
The Atria Way of Leading	• The supervisor programme Atria Way of Leading and the action programme Atria Way of Work focused on the development of competence, material efficiency and occupational safety, among other things.

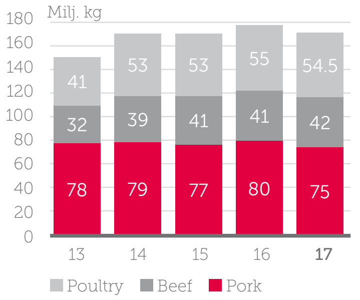
The position of Atria's main categories in the market

Category	Change in overall markets[1]		Manufacturing share[2]	Atria's brands[3]
	Value	Volume		
Consumer-packed meat	1.0%	-1.3%	28%	#1
Poultry	-0.3%	0.0%	44%	#2
Sausages	0.7%	-0.4%	23%	#2
Cold cuts	-0.7%	-2.9%	20%	#1
Convenience food	9.7%	4.4%	16%	#2
Total	3.0%	0.7%	24%	#1

1) Percentage of change in comparison to 2016
2) Atria as a supplier
3) The market position of product categories sold under the Atria brand

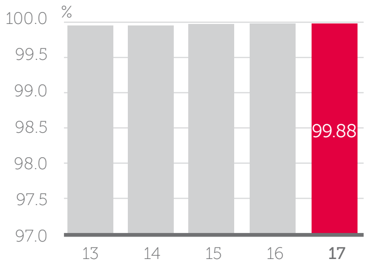
Volume of meat processed by Atria

171.5 million kg



Atria's delivery reliability

99.88 %



Atria's sound management of the supply chain increases the predictability of operations alongside delivery reliability.

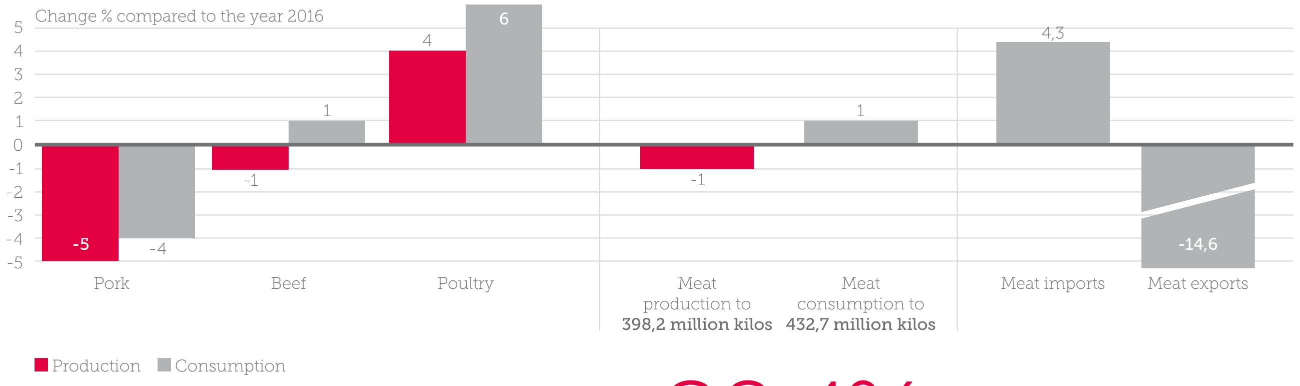
#1

Atria is the market leader of Finland's slaughtering industry and the market number one or two in its main product categories. Atria is strong both in the market for its own brand and for private labels.

Atria is the market leader in grill product categories in Finland. This number one position gained a new kind of significance in connection with the World Championships held in Lahti, Finland, when Atria's three-member team of chefs won the Guinness World Records title for the longest team barbecue, a title previously held by an American team. New record: 36 hours of uninterrupted barbecuing.

Page source: Atria Insight, 2018

Meat production and consumption in 2017



Source: Kantar TNS Agri Oy 2018

80.4%

Finnish meat accounted for 80.4% of the consumption (82.3% in 2016).

Finland's meat processing markets

EUR 2.8 billion

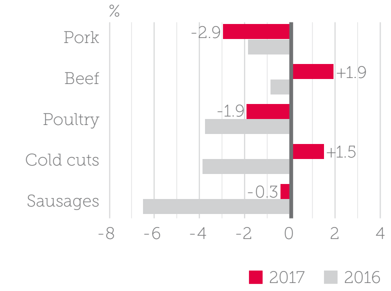
The total value of the meat and meat product market in the distribution channels of the retail trade and the food service sectors.

Consumer prices (Change % compared to the year 2016)

-0.2

The average consumer prices of meat and meat products remained on par with the previous year, when they declined by 3.4 per cent.

Average consumer prices of meat products, % of change



Source: Statistics Finland/Kantar TNS Agri Oy, 2018

THREE TRENDS

The following consumer trends in the food industry are among those effecting Atria Finland's operations and product range.

Trend	Atria's answers
1. Responsibility	• Atria's Family Farm concept, a responsible method for the production of food and the traceability of meat all the way up to individual farms (page 13) • Environmentally efficient product and packaging innovations, such as the new minced meat package (page 30)
2. Easiness	• On-the-go product categories, including Atria Heat & Eat and Atria Eat & Go (page 31) • Product categories for versatile use, such as the Atria Vuolu product categories (page 31) • Easy meat dishes, such as Atria Bravuuri Karjalanpaisti and Kalkkunafilee
3. Well-being and individuality	• Increasing the volume of white meat, Atria's poultry product range and products with a high vegetable content. • Diversifying the Atria Family Farm's chicken range for different uses and the development of the Jyväbroiler brand

Atria Scandinavia

Atria Scandinavia produces and markets meat products, meals and delicatessen products mainly for the Swedish and Danish markets. It also has an international fast food concept business. The production plants are located in Sweden and Denmark. The company boasts valued, widely known brands, many of which are market leaders in their respective categories. The number of personnel is about 1,000. The majority of the meat raw material used by the company is Swedish.

"Atria is well-positioned to become the leading manufacturer of cold cuts and sausages in Sweden. The goal is driven by our increasingly efficient poultry plant and the entire chicken chain. In Denmark, growth is driven by organic product categories, among others."

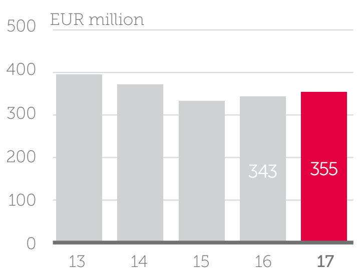
Tomas Back
Executive Vice President, Atria Scandinavia

Net sales

EUR **355.1** million

(EUR 343.4 million in 2016)

Atria Scandinavia's net sales grew by EUR 11.7 million in comparison to the corresponding period in the previous year and were EUR 355.1 million. In local currency, net sales grew by 4.8 percent. The manufacturing share of Atria's poultry products in Sweden grew slightly, while the shares of other product categories in Sweden and Denmark decreased slightly.

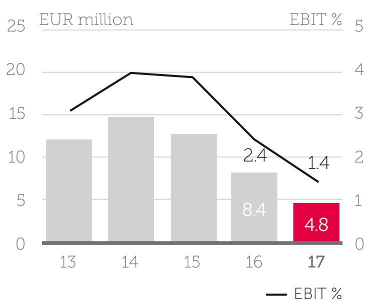


EBIT

EUR **4.8** million

(EUR 8.4 million in 2016)

EBIT decreased by EUR 3.6 million in comparison to the corresponding period in the previous year and was EUR 4.8 million. Adjusted EBIT was EUR 3.5 million (EUR 7.0 million in 2016). The result weakened due to increased raw material costs and bird disease cases which lowered demand for domestic poultry.



Customers
- Consumer goods retailers
- Food service customers
- Sibylla concept customers
- Export customers

Core categories
- Meat products, including sausages
- Cold cuts
- Convenience food
- Poultry products
- Vegetable and delicatessen products

Brands
Atria Scandinavia's best-known brands in Sweden are Lithells and Sibylla, which is also Atria Group's most international brand. In Denmark, the best-known brand is 3-Stjernet.

ATRIA SCANDINAVIA'S HEALTHY GROWTH

Strategy enablers	Strategic focal points	Implementation of focal points in 2017
1. **Large scale** Enables meeting large, growing and diversifying demand	Market insight	• The roles of market research and analyses were strengthened.
2. **Strong competitive position** Market number two in its main categories in Sweden, market number one in Denmark	Category and brand management	• The most important product category-specific investments in Sweden were allocated to chicken products and, in Denmark, to organic cold cuts (page 31).
3. **Strong and valued brands** Facilitate the market introduction of new categories and the creation of new markets	Commercial excellence	• Atria's manufacturing share in the product categories of sausages and cold cuts was 16.3 per cent and in chicken product categories, 9 per cent. • Atria's manufacturing share in Denmark's cold cut markets was 18.5 per cent.
4. **Efficiency** Centralised operations and consistent investments in production and sourcing processes improve price competitiveness	Daily operational efficiency	• The EUR 14 million modernisation project of the poultry plant progressed according to the programme (page 12). • Production-related investments aiming to increase capacity and productivity were carried out.
	Supply chain efficiency	• Focal points of development included the primary production of chicken and the entire chicken chain as well as the logistics operations centralised to the Malmö plant.
	Resource optimisation	• The energy and material efficiency of production was improved systematically.
	The Atria Way of Leading	• The supervisor programme Atria Way of Leading and the action programme Atria Way of Work focused on the development of competence and occupational safety.

The position of Atria's main categories in the Swedish retail market

Category	Change in overall markets[1]		Manufacturer share[2]	Market position[3]
	Value	Amount		
Sausages and cold cuts	0.9%	-1.2%	16.3%	#2
Poultry	-3.7%	-5.9%	9.0%	#3

The position of Atria's main categories in the Danish retail market

Category	Change in overall markets[1]		Manufacturer share[2]	Market position[3]
	Value	Amount		
Cold cuts	2.0%	-1.3%	18.5%	#1

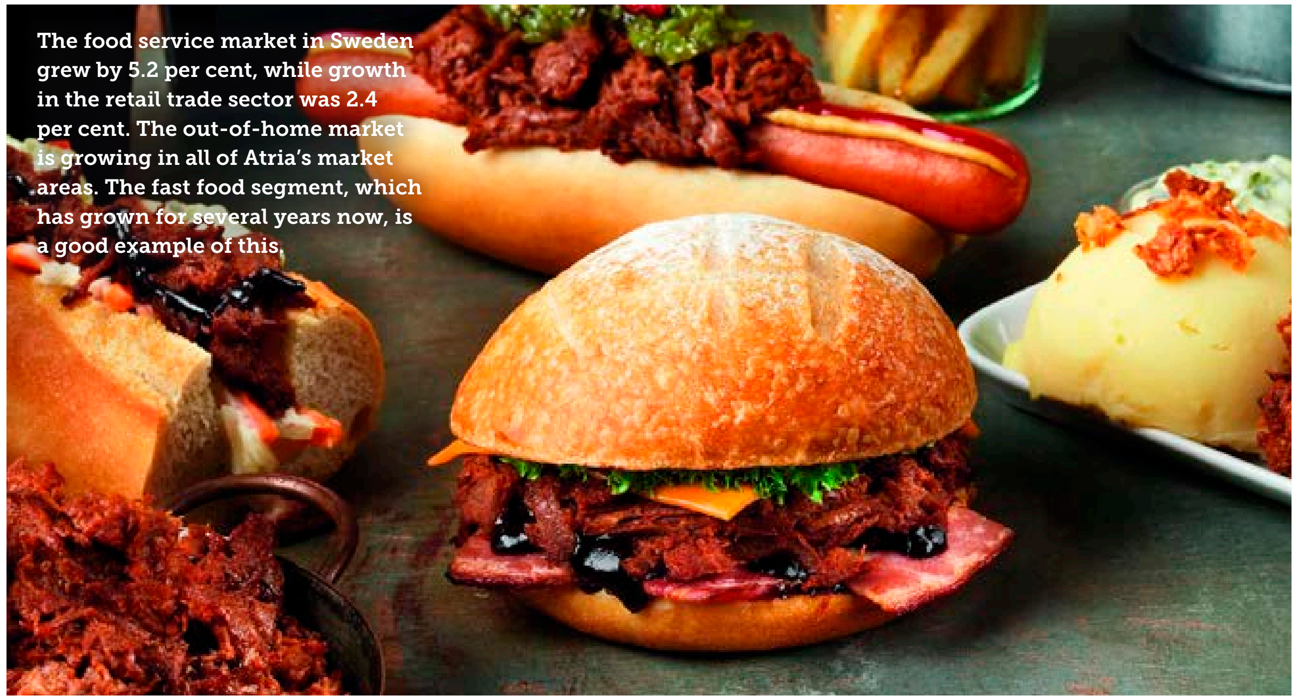
1) Percentage of change in comparison to 2016
2) Atria as a supplier
3) The market position of product categories sold under the Atria brand

The markets for Atria's main product categories in Sweden and Denmark

EUR 1.22 billion
The markets for sausages and cold cuts in Sweden's retail trade and the market for cold cuts in Denmark's retail trade in total.

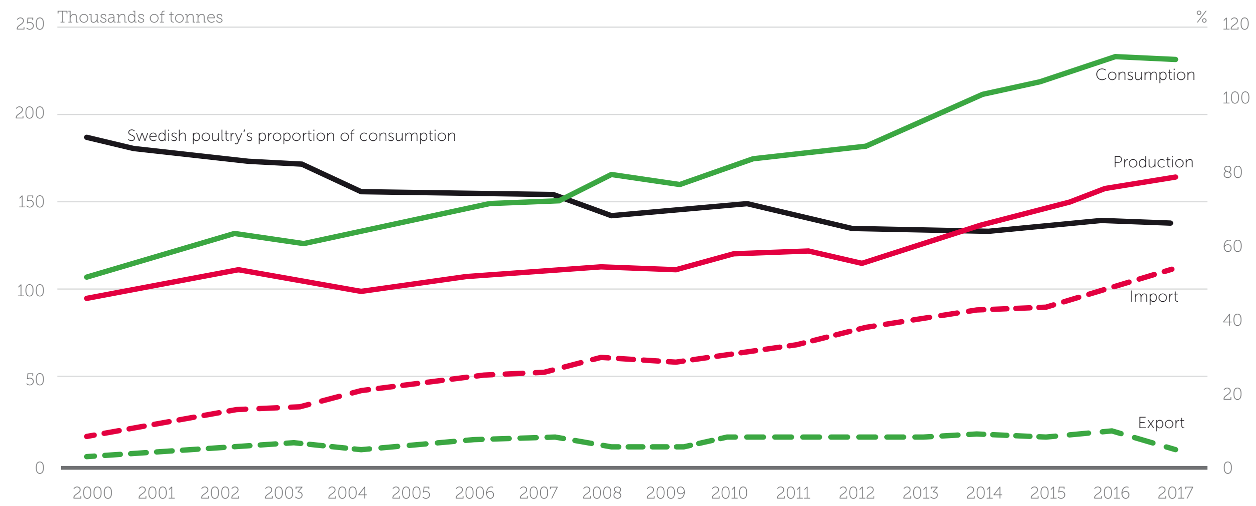
-1.2 %
The development of consumers' purchasing power in Sweden

-1.3 %
The development of consumers' purchasing power in Denmark



Page Source: Atria Insight, 2018

Poultry market in Sweden



Consumption of poultry meat has more than doubled in Sweden in the 2000s. Domestic meat production have not been able to meet demand growth and imports have increased significantly.

Source: Jordbruksverket, 2017

EUR 190 million
The value of the fresh poultry products represented by Atria in Sweden's retail market in 2017.

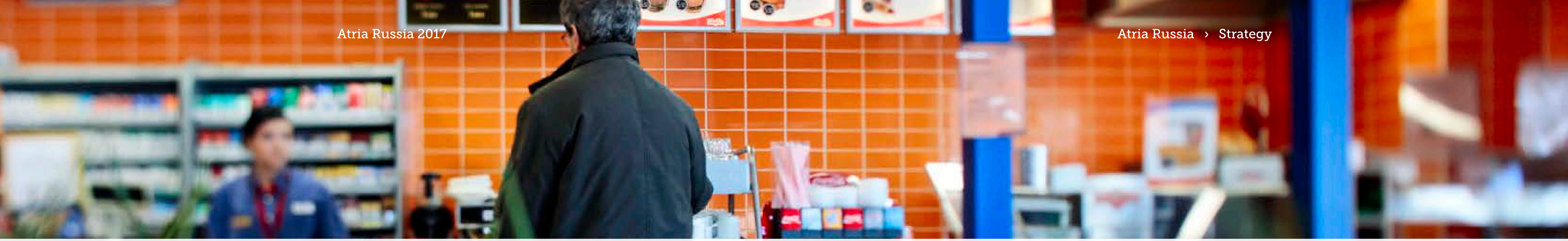
-4 %
The overall change in fresh poultry products in 2017; the reason for the sudden decline in demand lies in the bird disease cases that occurred early in the year. The situation normalised towards the end of the year.

10–12 %
Average annual growth in fresh poultry products; growth in 2016 was 13%

THREE TRENDS

The following consumer trends in the food industry are among those effecting Atria's operations and product range in Sweden and Denmark.

Trend	Atria's answers
1. The responsibility of food production	• The use of domestic meat raw material to the greatest extent possible • The supplementation of product categories based on red meat with product categories based on poultry meat and organic raw materials • Transparent and responsible production and entire food chain
2. Easiness	• On-the-go product categories that are quick to prepare • Versatile product categories of cold cuts • The development of the Sibylla concept in the fast food segment and growth in food service accounts
3. Well-being and individuality	• Increasing the volume of Atria's poultry product range • Increasing the volume of vegetable-based alternatives • The nutritiousness, safety and purity of meat



Atria Russia

Atria Russia markets its meat products and convenience foods mainly in the St. Petersburg and Moscow regions. Industrial operations are concentrated in St. Petersburg. In addition to its own brands, Atria's position in the market is strengthened by the Sibylla concept and contract manufacturing. The number of personnel is about 860. Atria procures its meat raw material from the international meat markets in addition to Russia.

"The recovery of Russia's retail trade sector after four years of recession, the strong development of the Sibylla concept and the growing food service market provide a good growth platform for Atria in Russia."

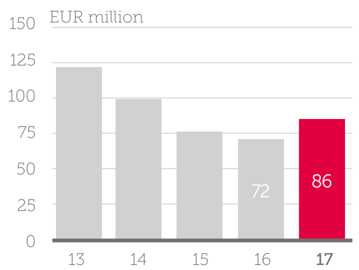
Jarmo Lindholm
Executive Vice President, Atria Russia

Net sales

EUR **85.7** million

(EUR 71.8 million in 2016)

Atria Russia's net sales grew by EUR 13.9 million in comparison to the corresponding period in the previous year and were EUR 85.7 million. Rouble-denominated net sales grew by six per cent. The growth was driven by the expansion of the Sibylla concept and particularly the increased sales of delicatessen products.

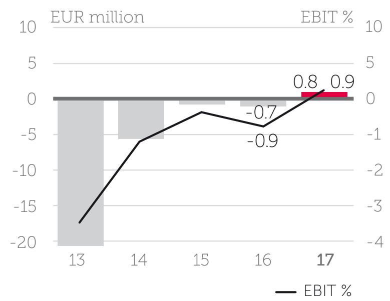


EBIT

EUR **0.8** million

(EUR -0.7 million in 2016)

EBIT increased by EUR 1.1 million in comparison to the corresponding period in the previous year and was EUR 0.8 million. Profitability improved due to both increased sales prices and a more profitable range of products in Russia's retail trade sector, which recovered towards the end of the year.



Customers

- Retail trade
- Sibylla concept customers
- Food service customers

Core categories

- Meat products, particularly sausages
- Cold cuts
- Convenience food, such as pizza
- Fresh meat

Brands

Atria Russia's main brands are Pit-Product and CampoMos. These are complemented with the Atria brand, introduced to market in 2016. The Sibylla concept business is active in Russia, Belarus and Kazakhstan. The company collaborates with the Spanish brand, Casademont.

ATRIA RUSSIA'S HEALTHY GROWTH

Strategy enablers

1. **Large scale**
   Enables supply for growing and more diverse demand.
2. **Strong competitive position**
   Market leader or number two in selected segments in St. Petersburg; strong operator in the fast food segment throughout its operating area.
3. **Strong and valued brands**
   Known food brands facilitate the market introduction of new categories and the creation of new markets.
4. **Efficiency**
   Concentrating the majority of production in a plant with a cutting-edge technology in St. Petersburg and investments in the entire operating chain improve price competitiveness.

Strategic focal points	Implementation of focal points in 2017
Market insight	• Reinforced the role of market research and leveraged the Market Insight group synergy.
Category and brand management	• The most significant investments were made in the Sibylla brand and the product categories of pizza. • Investments in the growth of the Casademont brand (page 31).
Commercial excellence	• The Sibylla concept grew by 17 per cent, to a total of approximately 3,100 sales outlets (page 14). • Food service sales grew by 16 per cent.
Daily operational efficiency	• The capacity utilisation rate of Gorelovo, the main plant in St. Petersburg, grew. • The investment project concerning a new automation line began at the Sinyavino plant.
Resource optimisation	• Development targets included particularly measures related to the availability and price of the meat raw material.
The Atria Way of Leading	• The supervisory programme Atria Way of Leading focused on competence development and leadership.

Market for Atria's main categories

EUR **0.7–1.0** billion

Market share for Atria's meat products in St. Petersburg's retail trade sector. The value is approximately threefold in the Moscow area.

0.2 %

The development of retail sales in 2017 (-5.0% in 2016).

16 %

Market share for Atria's product categories in St. Petersburg's retail trade sector.

Atria Baltic

Atria Baltic produces and markets its meat products mainly in Estonia. The company is home to well-known brands and it is the second biggest operator in the market. The number of personnel is about 280. The company has its own primary production; Atria is Estonia's second largest pork producer.

"Atria's progress in Estonia is visible as improved profitability and a bigger market share. Our productivity has increased, and particularly new product categories have been commercial successes."

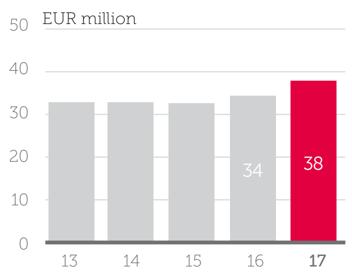
Olle Horm
Executive Vice President, Atria Baltic

Net sales

EUR 37.9 million

(EUR 34.4 million in 2016)

Atria Baltic's net sales grew by EUR 3.5 million in comparison to the corresponding period in the previous year and were EUR 37.9 million. The growth was driven by the successful launches of new product categories as well as increased sales during the grilling and Christmas seasons.

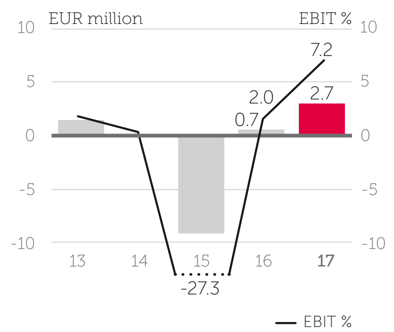


EBIT

EUR 2.7 million

(EUR 0.7 million in 2016)

EBIT increased to EUR 2 million and was EUR 2.7 million. The EBIT for the previous year includes a sales loss of EUR 1 million. Profitability improved due to an increase in productivity and successes in product categories of a higher price range.



Customers
- Retail trade
- Food service customers
- Export and industrial customers

Core categories
- Meat products, particularly sausages
- Cold cuts
- Fresh and consumer packed meat

Brands
Atria Baltic's main brand is Maks&Moortis, which is complemented by VK and Wõro. Atria Scandinavia is responsible for sales of the Sibylla concept in the Baltic region.

ATRIA BALTIC'S HEALTHY GROWTH

Strategy enablers

1. Large scale
   Enables supply for growing and more diverse demand.
2. Strong competitive position
   Number two in selected market segments in Estonia; a strong operator in primary production as well.
3. Strong and valued brands
   Known food brands facilitate the market introduction of new categories and the creation of new markets.
4. Efficiency
   The concentration of meat product production in one plant boosts productivity, while investments in the entire operating chain improve price competitiveness.

Strategic focal points	Implementation of focal points in 2017
Market insight	• Reinforced the role of market research and leveraged the Market Insight group synergy
Category and brand management	• The most significant investments were allocated to the product categories of new minced meat products and sausages with a high meat content (77.7 per cent) (page 31).
Commercial excellence	• Market share (measured in value) grew by one per cent to 14.3 per cent. • New products accounted for 12 per cent of total sales. • Success in the growing grilling segment; Atria is the market leader in grill products.
Daily operational efficiency	• The efficiency of production, centralised in the plant at Valga, was improved with technical and production restructuring. • The production capacity for minced meat products was doubled with a new production line.
Resource optimisation	• Efforts to increase efficiency, ensure quality and improve productivity across the entire pig chain continued; primary production has been centralised in four pig farms.
The Atria Way of Leading	• The supervisory programme Atria Way of Leading focused on the development of both industrial and commercial skills.

Market for Atria's main categories

EUR 205 million

Value of the market for meat products in the Estonian retail trade sector. In 2016, the value stood at EUR 199 million.

1.9 %

Development of sales in the retail trade sector in 2017. The quantitative development was approximately -1.8 per cent.

14.3 %

Market share for Atria's meat products in Estonia's retail trade sector. Atria's share grew for the second consecutive year.

Research & Development

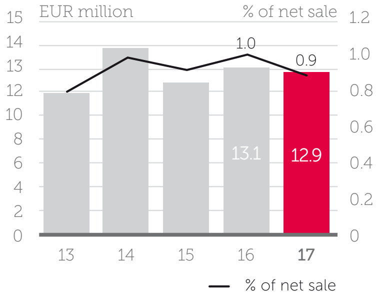
Emphasis on consumer and customer understanding

Atria's product, marketing and sales development emphasises sound consumer and customer understanding. The extensive research data and precise analysis related to these constitute essential competitive factors for Atria in the markets, characterised by fragmented consumer behaviour and tough price competition over customers, and concerning the entire industry.

Research and development

EUR **12.9** million

Atria's research and development investments decreased slightly, totalling EUR 12.9 million.



Number of new products

406

The number of new products includes new packages and new product support innovations.

New products	2017		2016	
Business area	Qty	% of net sales	Qty	% of net sales
Atria Finland	118	10	92	6
Atria Scandinavia	221	3	220	4
Atria Russia	26	6	53	7
Atria Baltic	41	12	37	7

» Atria's research and development activities are discussed in the Report by the Board of Directors (page 37).

The best minced meat package in the world

Atria Finland's efforts in the development of packages were successful. The company's new minced meat package was welcomed by retail stores and consumers alike – as well as the juries of competitions held in the industry. The international World Packaging Organisation (WPO) recognised the package with a WorldStar in its category. In the Nordic Scanstar competition, the package was selected as the best in the entire competition, and in Finland, it was selected as the 2017 responsibility act of the year in K-Ruoka Awards.

This minced meat package – which represents a wholly new packaging innovation – is simple, stylish and functional. The package, made from flexible plastic, is material-efficient and saves space in everything from transportation and store shelves to refrigerators and waste receptacles. The new package reduces the need for plastic raw material and waste, too – by up to 150 tonnes per year.

Atria Russia's partnership with the Spanish Casademont grew significantly deeper when Atria became the first non-Spanish certified manufacturer to be granted a licence to manufacture jamón serrano.

Denmark – an organic country

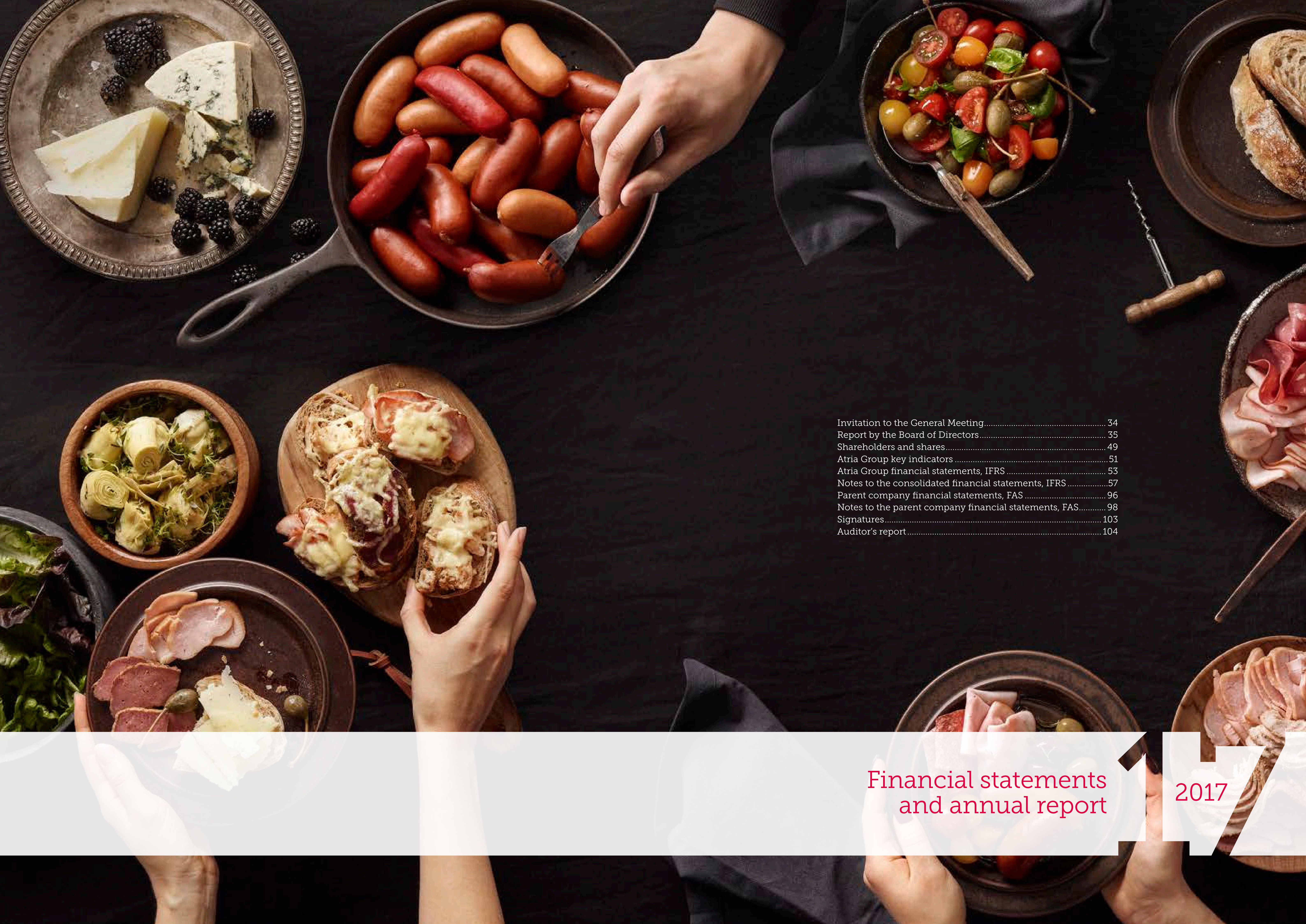
Atria Scandinavia introduced a new organic product category to Denmark's cold cut market under the 3-Stjernet brand. Atria also has the Aalbaek brand in Denmark. Aalbaek is Denmark's leading and one of Europe's most important brands for premium organic meat products. The share that organic meat accounts for in terms of all meat and meat products sold in Denmark is the highest in the world.

The new Pastejköket vegetable pâté was one of Atria Scandinavia's most successful new products. It was also recognised in events related to a number of food industry product launches.

The new products in the Heat & Eat and Eat & Go ranges, which are part of Atria's convenience food product categories, as well as the versatile products in Atria's Vuolu range are good examples of food products that facilitate and speed up consumers' everyday life.

The antibiotic-free chicken products of Atria Family Farm enjoyed one of the most successful launches in 2018 (page 13).

The delightful success of minced meat products has driven the growth of Atria Baltic in product categories with a higher added value.



Financial statements and annual report

2017

Annual General Meeting on 26 April 2018
Atria Plc invites its shareholders to the Annual General Meeting to be held on Friday, 26 April 2018 in Helsinki at the Finlandia Hall.

The agenda includes matters that are to be discussed by the Annual General Meeting in accordance with Article 14 of the Articles of Association.

A notice of the Annual General Meeting was published in national newspapers on 16 March 2018. The AGM documents are available on the company website at www.atria.com.

In 2018, Atria Plc will publish financial results as follows:

Financial Statement Release 2017	15 February 2018
Annual Report 2017	In week 13/2018
Interim Report Q1 (3 months)	26 April 2018
Half Year Financial Report (6 months)	19 July 2018
Interim Report Q3 (9 months)	25 October 2018

Atria's financial information will be published in real time on the company website at www.atria.com.

A strong year for Atria – the strategy yields results

The strategy for Healthy Growth was realized – growth was achieved and profitability improved.

In line with the Healthy Growth strategy implemented by Atria, the increase in the company's net sales was based on organic growth. It was supported by the acquisitions of Well-Beef Ltd. (Kaivon Liha) and the poultry firm Lagerbergs completed in the previous year. Atria did not make any corporate acquisitions in the period under review. Growth was also accelerated by the opening of a new market area in China and higher sales in the home markets.

Atria grew profitably in all of its business areas. Earnings development in Finland, Russia and the Baltic countries was strong. An increase in the prices of raw materials and challenges in the poultry business impaired the company's ability to make a profit in Scandinavia. The positive earnings development of the entire Group was driven above all by improved profitability and sound cost management. Individual commercial successes also played a significant role.

Market demand for the product groups represented by Atria developed positively. Economic recovery increased overall demand particularly in Finland and Russia. The growth was smaller in the business areas of Scandinavia and the Baltic countries. The consumer prices of meat and processed meat products grew only marginally stronger due to tough competition in both the retail sector and the meat industry. Atria was able to retain, and partly even strengthen, its market shares in various business areas.

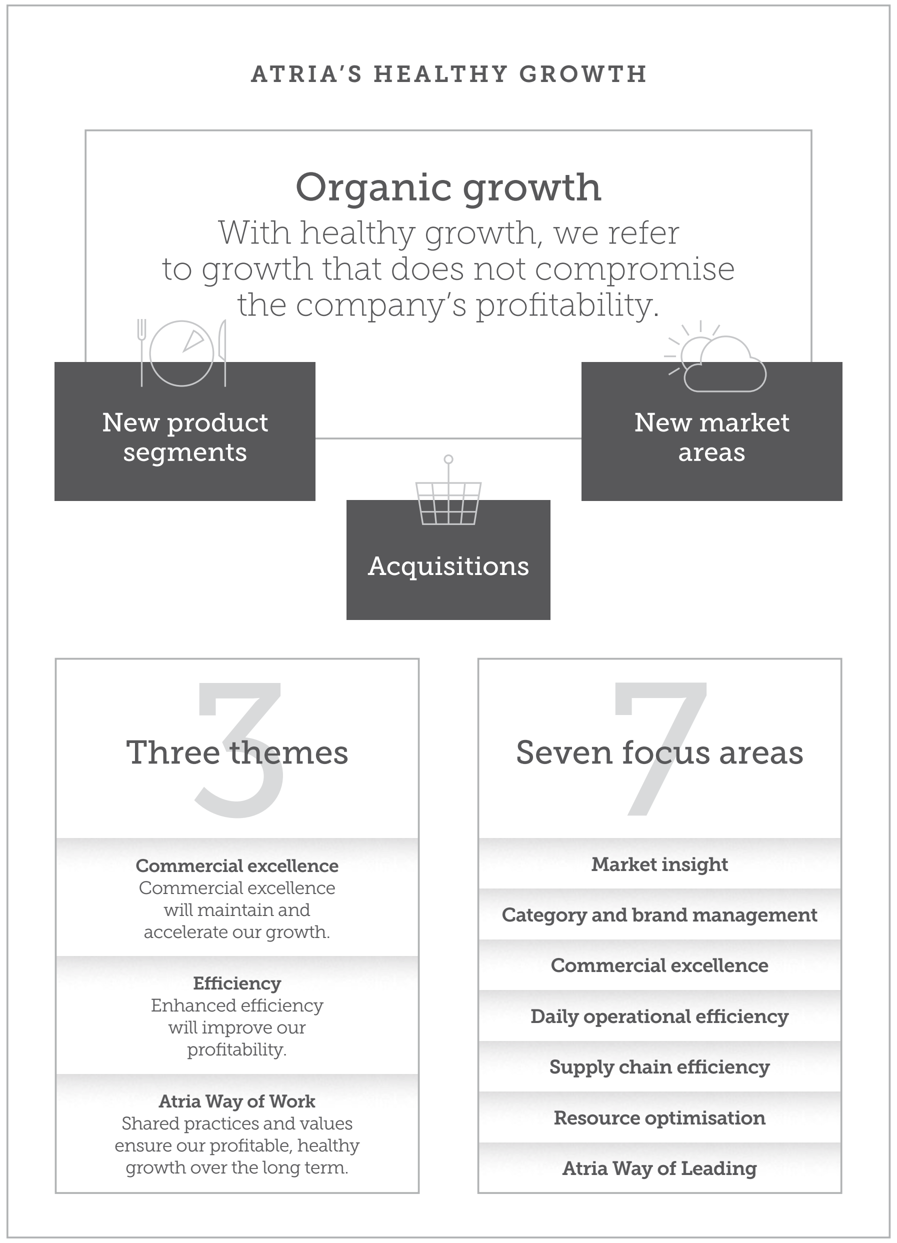
The company's balance sheet and financial position was good during the period under review.

Healthy Growth – Atria Group's strategy
Atria's Healthy Growth strategy aims for profitable growth achieved in a healthy manner. The company pursues primarily organic growth, by developing and expanding its current operations. Growth is accelerated by the development of new product segments and the opening of new market areas. Corporate acquisitions and other possible corporate arrangements are explored as measures complementing organic growth. Atria's Healthy Growth strategy allows it to respond to continuous changes in the operating environment and increase the company's shareholder value in the long term.

Atria implements its strategy through three Group-wide growth themes. Each business area (segment) deploys the themes by implementing initiatives, projects and measures in line with seven focal points.

Atria's financial targets:

- EBIT 5%
- Equity ratio 40%
- Return on equity 8%
- Dividend distribution of the profit for the period 50%



Financial review

Atria Group's full-year net sales amounted to EUR 1,436.2 million (EUR 1,351.8 million). EBIT was EUR 40.9 million (EUR 31.8 million). EBIT includes a EUR 1.4 million sales gain recognised from the disposal of the shares in Nordic Fastfood AB. Adjusted EBIT was EUR 39.6 million (EUR 31.4 million). Atria implemented its Healthy Growth strategy systematically and focused on the achievement of organic growth, which was visible as an increase of both net sales and profitability. Net sales grew, and EBIT was positive in all of the business areas. Investments in line with the Healthy Growth strategy and development programmes aiming to improve profitability support a stronger EBIT.

In January, Atria Finland Ltd. made an agreement on delivering the first batch of meat to China. In 2017, Atria delivered approximately three million kilos of frozen pork products to China. The first batches of products arrived in China in late June.

Atria is building Finland's largest solar power park in the area of the Nurmo production plant in cooperation with Nurmon Aurinko Ltd. The construction of this solar power park has progressed to the phase in which the first solar panels were taken into use in July.

In August, Atria Finland launched an antibiotic-free chicken meat. The marking "antibiotic-free" on consumer packages indicates that no antibiotics have been used in the rearing of the chickens. A corresponding concept regarding pork will be launched in February 2018. A pilot project on the production of antibiotic-free beef was initiated at Atria's contract production farms for beef. The first batches of antibiotic-free beef went on sale at the beginning of 2018.

In October, Atria decided to centralise the slaughtering and cutting of pigs to the Nurmo plant. Beef will continue to be processed in Jyväskylä. This restructuring will yield annual savings of approximately EUR 1.2 million, which will materialise as of June 2018. This also means that the employment relationship of 17 people was terminated and that the entire personnel of the Jyväskylä production plant will be subject to layoffs. All of those whose employment was terminated were offered the possibility to start working at other Atria units.

The construction of new production facilities for the poultry plant in Sweden has progressed according to investment programme. The modernised production plant will be taken into use in phases by the end of 2018.

Atria Group decided to change its operational structure and financial reporting as of the beginning of 2018. The organisation of Atria Scandinavia was simplified and the operations in Sweden were established a segment of their own. The operations in Denmark and Estonia were brought under a single business area and reporting segment. The new business area is called Atria Denmark & Estonia. Atria Group's reporting segments as of 1 January 2018 are: Atria Finland, Atria Sweden, Atria Russia and Atria Denmark & Estonia.

Atria Plc's Management Team was subject to changes effective as of 1 January 2018. As CFO Heikki Kyntäjä retired, Tomas Back was appointed CFO and Deputy CEO of Atria Plc. He was also appointed Director of Atria Denmark. Jarmo Lindholm transferred from the position of Executive Vice President of the Atria Russia business area to EVP of the Atria Sweden business area. The application process aiming to find a new EVP for Atria Russia is underway. For now, the duties of the EVP are taken care of by Andrey Shkredov, CFO of Atria Russia.

During the review period, the Group's free cash flow (cash flow from operations – cash flow from investments) was EUR 19.2 million (EUR -2.5 million). Cash flow from operations was EUR 64.5 million (EUR 64.8 million), and cash flow from investments was EUR -45.3 million (EUR -67.3 million). Cash flow from operations was weakened due to an increase in paid financial expenses and taxes from the comparison year. The Group's investments during the period totalled EUR 53.9 million (EUR 82.9 million).

Atria Finland's full-year net sales were EUR 986.4 million (EUR 932.3 million). The increase in net sales was attributable to increased sales in all sales channels and the integration of Well-Beef's business operations into Atria as of the final quarter of 2016. EBIT was EUR 36.3 million (EUR 24.2 million). The focus on organic and profitable growth in line with the strategy of Healthy Growth and the successful management of costs were visible as an increase in EBIT.

Atria Scandinavia's full-year net sales amounted to EUR 355.1 million (EUR 343.4 million). In the local currency, net sales grew by 4.8 per cent. The increase in net sales was mainly attributable to the integration of the poultry firm Lagerbergs into Atria in 2016; organic growth was 2 per cent. EBIT was EUR 4.8 million (EUR 8.4 million). EBIT includes a EUR 1.4 million sales gain recognised from the disposal of the shares in Nordic Fastfood AB. Adjusted EBIT was EUR 3.5 million (EUR 7.0 million). The decrease in EBIT was due to the weak result of the poultry business and a rise in the prices of raw materials.

Atria Russia's full-year net sales were EUR 85.7 million (EUR 71.8 million). In the local currency, net sales grew by 6.0 per cent. Net sales grew, particularly in the Sibylla product group and in delicatessen products. EBIT was EUR 0.8 million (EUR -0.7 million). The increase in EBIT was influenced by the price increases made as a result of a rise in raw material prices and a more profitable product selection.

Atria Baltic's full-year net sales were EUR 37.9 million (EUR 34.4 million). EBIT was EUR 2.7 million (EUR 0.7 million). The growth in net sales was primarily attributable to the launch of new products. EBIT continued to grow, thanks to improved sales and better productivity. The sales of new minced meat products and sausages with a high meat content (77.7 per cent) were very successful.

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Group's key figures, EUR million

	2017	2016	2015
Net sales	1,436.2	1,351.8	1,340.2
EBIT	40.9	31.8	28.9
EBIT, %	2.8	2.3	2.2
EBIT includes non-recurring items	1.4	0.4	-7.2
Earnings per share, EUR	0.92	0.65	0.49
Dividend/share, EUR*	0.50	0.46	0.40
Dividend/profit, %*	54.4	71.2	81.9
Return on equity, %	6.7	4.7	3.6
Equity ratio, %	47.5	46.5	47.4
Net gearing, %	49.0	50.5	48.3

* The Board of Directors' proposal, key figures are presented more detailed on page 51.

Financing and liquidity

Monetary policy in the euro area and in the Nordic countries continued to be very light. All Euribor rates were negative during the past year. Long-term interest rates were likewise on an extremely low level. The liquidity of the financial market and the availability of financing remained good and even significant events in world politics failed to upset the financial markets. Nor were there any notable changes in the terms for commercial banking.

Atria Plc refinanced a committed credit facility of EUR 25 million, due to mature in November 2019, by taking out a new EUR 25 million committed credit facility with a maturity of five years. Short-term funding was acquired mainly through commercial papers. The Group's liquidity remained good. To ensure liquidity at all times, the company had an average of EUR 105 million of unused committed credit lines during the year.

At the end of the accounting period, on 31 December 2017, fixed-interest debts accounted for 16.0 per cent (64.1 per cent) of the Group's liabilities.

Research and development

Atria's main product groups are fresh and consumer packed meat, poultry products, meat products such as sausages and cold cuts, and convenience food. Atria aims to serve its stakeholders by exploiting research and development activities in its operations in diverse ways, both in the further development of existing products and the planning of new ones.

Product development relies on consumer and customer understanding in identifying new product needs. Product development is guided by these identified market needs. In addition, development work accounts for the flavour, healthiness, safety, and usability as well as responsibility of all products. In terms of responsibility, we have systematically developed the food chain from the field to the table over the long term, and in 2017, we launched the antibiotic-free Atria Family Farm poultry products. The range of our antibiotic-free products will also expand in February 2018 with the pork products of Atria Family Farm and the antibiotic-free beef products available to order on Atria's online store.

In 2017, Atria introduced 118 products for the retail and food service markets. The launch of a new minced meat package occurred at the beginning of 2017. This package, developed in cooperation with consumers and the retail trade sector, was welcomed in the markets and recognised with a number of awards for its environmental friendliness. Among other things, the package was selected as the responsibility act of the year and as a Worldstar Winner, by the World Packaging Organisation. The package enables us to reduce plastic waste by around 150,000 kilos per year.

Our research and development operations in Finland focused on expanding the Atria Family Farm product line (antibiotic-free products) and developing food preparation solutions that make daily life both faster and easier for consumers. Examples of products that facilitate and speed up consumers' everyday life include the new convenience foods sold under the Heat & Eat and Eat & Go lines, as well as the versatile products of the Vuolu product line and the Jyväbroiler products seasoned with fresh herbs, introduced to the market at the beginning of the summer season. New products accounted for more than 10 per cent of total sales.

Atria Scandinavia brought all product categories and private labels to the Danish and Swedish markets, thereby accounting for 221 new products: 59 new products in Denmark and 162 in Sweden. The product development of Atria Scandinavia had two important focal areas in 2017. The first one involved the development of new concepts, products and packages in relation to the revamping of the Ridderheims brand, and the second one the development of a new poultry product category. In addition to these, product development invested in the development of new packages in the sausage and cold cut categories. The new Pastejköket vegetable pâté was one of the most successful new products, and it received awards in several food industry events related to product launches. The 3-Stjernet product range was complemented with a new organic product concept. In Sweden and Denmark, new products accounted for some 3 per cent of total sales.

In 2017, Atria Russia brought 26 new products to the market, 17 of which were aimed at the retail trade and food service customers and 9 of which belonged to the Sibylla product family. Atria Russia's focus in product development is on delicacies in the higher price category. In 2017, Atria was the only non-Spanish certified manufacturer to be granted the right to produce jamón serrano. Other successful launches of new products included consumer packaged bacon, frankfurters wrapped in bacon in the Sibylla product family and ham products for food service customers. The sales of these products were robust and strengthened Atria's image as an innovative product developer. The proportion of new products in terms of the value of total sales was 6 per cent and in terms of volume, 5 per cent.

Atria Baltic introduced a total of 41 new products to the market, consisting mainly of convenience food and sausages. The goal in 2017 was to complement the popular range of cooked minced meat products with new ones. The first filled mince meat patties were launched onto the Estonian market in late 2017. The most popular new products last year were the meat products with a 77.7 per cent meat content and minced meat products. New products accounted for roughly 12 per cent of total sales.

Percentage of net sales spent on research and development in Atria Group in 2015–2017:

EUR million	2017	2016	2015
Research and development	12.9	13.1	12.4
% of net sales	0.9	1.0	0.9

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

Incidents related to the quality and safety of raw materials and products in any part of the chain, from primary production to consumption, are conventional short-terms risks involving Atria's operating environment. The price development in raw materials, the general economic situation, market development and the operations of competitors may create uncertainty in the development of demand for Atria's products.

Other potential short-term uncertainties in Atria's operations are related to the implementation of strategy, maintaining or improving the financial results of the business areas, and the integration of acquired businesses.

African swine fever continues to cause disruption in Estonia. The risk is that African swine fever will spread to Finland. Atria relies on several precautionary measures to prevent the disease from spreading into its production facilities, aiming to manage the risk.

Changes in the value of the Russian rouble and the Swedish krona are reflected in the Group's euro-denominated net sales and results. The Annual Report contains a more detailed description of the risks related to operations.

Risks and risk management at Atria are described in more detail on page 43.

Administration and operational organisation

The Annual General Meeting (AGM) decided that the composition of the Supervisory Board would be as follows:

Member	Term ends
• Juho Anttikoski	2019
• Mika Asunmaa	2019
• Reijo Flink	2020
• Lassi-Antti Haarala	2018
• Jussi Hantula	2018
• Henrik Holm	2018
• Hannu Hyry	2019
• Veli Hyttinen	2020
• Pasi Ingalsuo	2020
• Jussi Joki-Erkkilä	2018
• Marja-Liisa Juuse	2018

Member	Term ends
• Jukka Kaikkonen	2019
• Juha Kiviniemi	2020
• Ari Lajunen	2018
• Mika Niku	2018
• Pekka Ojala	2020
• Heikki Panula	2019
• Ahti Ritola	2019
• Risto Sairanen	2020
• Timo Tuhkasaari	2020
Twenty members in total	

In its constitutive meeting following the Annual General Meeting, Atria Plc's Supervisory Board elected Jukka Kaikkonen as the new Chairperson and re-elected Juho Anttikoski as Deputy Chairperson of the Supervisory Board.

The AGM decided that the Board of Directors would consist of eight (8) members. Seppo Paavola and Jukka Moisio, whose terms were due to expire, were re-elected as members of the Board of Directors for the next three-year term. Nella Ginman-Tjeder, Esa Kaarto, Pasi Korhonen, Kjell-Göran Paxal, Jyrki Rantsi and Harri Sivula will continue as members of the Board of Directors. When the 2018 Annual General Meeting comes to an end, the terms of Board members Esa Kaarto, Kjell-Göran Paxal and Harri Sivula are due to expire, and the terms of Board members Nella Ginman-Tjeder, Pasi Korhonen and Jyrki Rantsi are due to expire at the close of the 2019 AGM. The constitutive meeting of the Board of Directors elected Seppo Paavola as the Chairperson and Jyrki Rantsi as the Deputy Chairperson.

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Atria Plc's Board of Directors has the following composition:

Member	Term ends
• Nella Ginman-Tjeder	2019
• Esa Kaarto	2018
• Pasi Korhonen	2019
• Jukka Moisio	2020
• Seppo Paavola	2020
• Kjell-Göran Paxal	2018
• Jyrki Rantsi	2019
• Harri Sivula	2018

Atria Plc's Management Team was composed of the following people:

- Juha Gröhn, CEO
- Heikki Kyntäjä, CFO, Executive Vice President and Deputy CEO
- Mika Ala-Fossi, Executive Vice President, Atria Finland
- Tomas Back, Executive Vice President, Atria Scandinavia
- Jarmo Lindholm, Executive Vice President, Atria Russia
- Olle Horm, Executive Vice President, Atria Baltic
- Lars Ohlin, Executive Vice President, Human Resources
- Pasi Luostarinen, Executive Vice President, Marketing & Market Insight

The members of the Management Team report to CEO Juha Gröhn.

Atria Group decided to change its operational structure and financial reporting as of the beginning of 2018. The operations in Denmark and Estonia were brought under a single business area and reporting segment. The new business area is called Atria Denmark & Estonia. Atria Sweden is reported as its own segment. Atria Group's reporting segments as of 1 January 2018 are: Atria Finland, Atria Sweden, Atria Russia and Atria Denmark & Estonia.

Atria Plc's Management Team was subject to changes effective as of 1 January 2018. As CFO Heikki Kyntäjä retired, Tomas Back was appointed CFO and Deputy CEO of Atria Plc. He was also appointed Director of Atria Denmark. Jarmo Lindholm transferred from the position of Executive Vice President of the Atria Russia business area to EVP of the Atria Sweden business area. The application process aiming to find a new EVP for Atria Russia is underway. For now, the duties of the EVP are taken care of by Andrey Shkredov, CFO of Atria Russia.

Atria Plc's governance is described in more detail in the separate Corporate Governance Statement.

Composition of the Nomination Committee

The following people were elected to Atria Plc's Nomination Committee, appointed by the AGM:
- Jukka Kaikkonen, Farmer, representative of Lihakunta
- Henrik Holm, Farmer, representative of Pohjanmaan Liha
- Esa Kaarto, Farmer, representative of Itikka co-operative
- Timo Sallinen, Head of Equity Investments (listed investments), representative of Varma Mutual Pension Insurance
- Seppo Paavola, Agrologist, Expert Member, Chairperson of Atria Plc's Board of Directors

The Nomination Committee elected Jukka Kaikkonen as its Chairperson.

Personnel on average (FTE)

	2017	2016	2015
Atria Finland	2,314	2,214	2,214
Atria Scandinavia	996	980	930
Atria Russia	860	819	812
Atria Baltic	279	302	315
Group total	4,449	4,315	4,271
Salaries and benefits for the period, Group total (EUR million)	189.6	181.6	176.1

Incentive plans for management and key personnel

Long-term incentive scheme

Atria's long-term incentive plan was implemented per earning period, which consists of three one-year periods.

Payments from the earning period implemented in 2015–2017 were based on the Group's earnings per share (EPS) excluding extraordinary items. Bonuses earned during the period will be paid in instalments in the coming years. Cash rewards earned under the plan for the entire 2015–2017 earning period are capped at EUR 4.5 million. The plan ended on 31 December 2017, and it covered a maximum of 45 people. The plan covers the CEO and the rest of the Group's Management Team. The bonuses accrued for the entire earning period of 2015–2017 totalled EUR 2.1 million.

Short-term incentive scheme
The maximum bonus payable under Atria Plc's short-term incentive plan is 25–50 per cent of the annual salary, depending on the performance impact and requirement level of each individual's role. The criteria in the bonus scheme 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 Group's Management Team, Atria Plc's bonus schemes cover approximately 40 people.

Share-based incentive scheme
Atria Plc's Board of Directors decided on the long-term incentive scheme of key personnel for the period 2018–2020. The new scheme, based on a shares and a cash bonus, is divided into three one-year periods, with the first earning period beginning on 1 January 2018 and ending on 31 December 2018. The possible bonus in the scheme is based on the company's earnings per share (70 per cent) and organic growth (30 per cent).

The bonuses for the 2018 earning period are paid in three equal parts in 2019, 2020 and 2021, partly as company shares and partly in cash. The cash proportion aims to cover any taxes and tax-like payments incurred by the person due to the bonus. If the person's employment relationship or service contract ends prior to the payment of the bonus, the bonus is not usually paid.

The share-based incentive scheme covers a maximum of 40 persons. The maximum value of the bonuses to be paid on the basis of the 2018 earning period is not more than EUR 2 million. The new incentive scheme aims to encourage Atria's management to acquire company shares and to enhance the company's long-term increase in value by their decisions and activities.

Outlook for 2018
The consolidated EBIT in 2017 was EUR 40.9 million. EBIT is expected to be better in 2018 than in 2017. Net sales are expected to grow in 2018.

Flagging notifications
Atria Plc did not receive any flagging notifications in 2017.

Atria Plc's share capital
The breakdown of the parent company's share capital is as follows:

• Series A shares	(1 vote per share)	19,063,747
• Series KII shares	(10 votes per share)	9,203,981

Shares from series A have right of priority to a dividend of EUR 0.17, after which KII-series shares are paid a dividend of up to EUR 0.17. If distributable dividends remain after this, series A and series KII shares entitle their holders to an equal right to a dividend.

Atria's Articles of Association include a pre-emptive purchase clause concerning the KII shares. If series KII shares are transferred to a party outside the company or to a shareholder within the company who has not previously owned series KII shares, the proposed recipient of the shares must inform the Board of Directors without delay, and series KII shareholders have the right to pre-emptively purchase the shares under certain conditions. In addition, the acquisition of series KII shares by means of transfer requires approval by the company. Series A shares have no such limitations.

Information on the breakdown of shareholding, shareholders and management holdings can be found under the heading "Shares and shareholders" on pages 49 and 50.

Valid authorisations to purchase or issue shares, grant special rights and make donations
The General Meeting authorised the Board of Directors to decide, on one or several occasions, on the acquisition of a maximum of 2,800,000 of the company's own Series A shares with funds belonging to the Company's unrestricted equity, subject to the provisions of the 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 scheme, 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 trading market price of the moment of acquisition. The shares shall be acquired and paid for in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Oy. 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 AGM on 28 April 2016 to the Board of Directors to decide on the acquisition of the company's own shares, and it shall remain valid until the closing of the next AGM or until 30 June 2018, whichever is first.

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The AGM authorised the Board of Directors to decide, on one or several occasions, 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 scheme 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 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 supersedes the share issue authorisation granted by the AGM on 28 April 2016 to the Board of Directors and is valid until the closing of the next AGM or until 30 June 2018, whichever is first.

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

Board of Directors' proposal for profit distribution
The parent company's shareholders' equity on 31 December 2017 comprises the invested unrestricted equity fund of EUR 248,729,608.85, the treasury share fund of EUR -1,277,443.82 and profits of EUR 75,141,822.55, of which profit for the period totals EUR 15,148,469.99.

The Board of Directors will propose to the Annual General Meeting that the distributable funds be used as follows:

• A dividend of EUR 0.50 per share be paid, totalling EUR	14,078,208.00
• To be retained as equity, EUR	308,515,779.58
	322,593,987.58

Report on the non-financial information

Introduction
Atria's non-financial statement includes information on how Atria manages environmental and social matters, respect for human rights and anti-corruption and bribery matters.

The aforementioned issues fall under the scope of corporate responsibility, which is an integral part of Atria's business and its corporate culture. Corporate responsibility is integrated into all levels of Atria's operations: goals, values, operating strategies, management and day-to-day work. Atria's corporate responsibility is visible in the entire chain of food production – from primary production, through Atria's plants, to the consumer. Atria develops and implements responsible business operations in the areas of financial, social and environmental responsibility within the framework of its Handprint programme. The company's measures with regard to corporate responsibility are described in more detail in Atria's Corporate Responsibility Report. The Corporate Responsibility Report is available on Atria's website at https://www.atria.fi/en/group/corporate-responsibility/corporate-responsibility-reporting/. Our responsibility is also evident in our Code of Conduct, which guides our day-to-day operations (www.atria.fi/globalassets/atriagroup/vastuullisuus/atrian-toimintaperiaatteet/atria-code-of-conduct.pdf).

Atria acknowledges its responsibility towards all of its stakeholders. Stakeholders' are increasingly interested in particularly the environmental and social matters of corporations. In addition to reporting, stakeholders expect companies to have goals for improving aspects related to corporate responsibility. Investors and financiers, for instance, are interested in a corporation's efforts to combat climate change. Domestic origin, traceability and animal welfare are important for customers and consumers. Atria listens to and actively considers its stakeholders' wishes and needs in terms of responsible operations. The transparency, openness and interactiveness of operations are also an integral aspect of Atria's responsibility.

Climate change is a global threat, and Atria invests in fighting climate change throughout the production chain. Atria has included carbon footprint accounting in its indicators for curbing climate change. Efficiency is part of Atria's strategy. It maintains and improves profitability. Among other things, Atria invests in the efficient use of raw materials, the reduction of wastage and waste, as well as the improvement of energy efficiency. Increasing the share of renewable energy sources in total energy consumption is part of Atria's energy policy. In Finnish primary production, Atria promotes the use of domestic vegetable protein instead on imported soy in the feed of production animals. Measures are also in place to reduce the environmental impact of transportation.

Description of Atria's business model

RESOURCES AND INVESTMENTS	BUSINESS MODEL	ATRIA'S VALUE AND IMPACTS

Raw materials and other materials
• Meat raw materials: pork, beef, poultry
• Other raw materials
• Packaging and other materials
 	
Production
• 19 production plants in five countries
 	
Human resources and development
• 4,449 food-industry experts
 	
Intangible capital
• Brands, patents, concepts
• Expertise; research and development operations: EUR 13 million
 	
Investments
• Investments: EUR 54 million
 	
Financing
• Equity and liabilities: EUR 910 million
 	
Natural resources
• Energy consumption: around 432 MWh, of which renewable sources represent around 41 per cent
• Energy efficiency: energy consumption per tonne of production
  • Finland 0.5 MWh
  • Scandinavia 1.4 MWh
  • Russia 3.0 MWh
  • Baltic countries 1.8 MWh
• Water consumption: around 2.98 million m³, of which around 69 per cent is groundwater and 31 per cent is surface water
	PRIMARY PRODUCTION
	
	ATRIA'S INDUSTRIAL AND COMMERCIAL OPERATIONS
	
	Healthy Growth
	
	PRODUCTION PROCESSES:
	Efficiency
	
	COMMERCIAL PROCESSES:
	Commercial excellence
	
	VALUE AND MANAGEMENT PROCESSES:
	• Atria Way of Work
	• Atria Way of Leading
	
	We create inspiring food for every occasion.
	
	Our success is based on inspired people and the most attractive brand.
	
	Responsibility
	
	CUSTOMER
	
	CONSUMER
	
	GOOD FOOD – BETTER MOOD.
	
	Our good food is responsibly and ethically produced, nutritious and safe.
		For producers and partners
		Purchases from producers, subcontractors and other partners
		• Purchasing and other expenses: EUR 1,159 million
		
		For customers
		Food products for retail, the food service industry and export customers
		• Net sales and other income: EUR 1,442 million
		
		For personnel
		• Salaries and fees: EUR 189.6 million
		
		For society
		• Taxes and social security expenses: EUR 59 million
		
		For shareholders and financiers
		• Dividends: EUR 13 million
		• Financial income and expenses: EUR 7 million
		
		For communities
		Support for public and private organisations and associations
		
		For other industries
		Around 98 per cent of production side streams are used, particularly by the feed and energy industries. Approximately 0.1 per cent of all material flows end up in landfill sites or are treated as hazardous waste.
		
		Environmental impact
		Around 80 per cent of wastewater is pre-treated before being discharged into the municipal sewage network. The vast majority of the energy used is for generating process heating and cooling. The indirect environmental impact is mostly due to primary production and transportation.

Atria's Code of Conduct and procedures

Atria's Code of Conduct is a set of ethical guidelines for day-to-day activities within Atria, approved by Atria Plc's Board of Directors. Atria's Code of Conduct is based on the laws and collective agreements of the countries in which Atria operates as well as on international conventions and recommendations regulating responsible operations in terms of human rights and anti-corruption, for example.

The Code of Conduct was prepared on the basis of an extensive discussion of values conducted within the company and involving Atria's entire personnel. Atria's Code of Conduct describes Atria's policies in terms of environmental and HR matters, quality and product safety (Safe Atria Quality), stakeholder operations and the integrity of business, including respect for human rights and anti-corruption and bribery measures. Atria's Code of Conduct is part of its extensive Handprint programme. The Handprint programme is essentially a collection of the principles, practices and results of Atria's responsible operations. It also serves as the basis for their communication to the personnel and external stakeholders.

Due diligence measures in the production chain

Atria requires its suppliers and subcontractors to follow Atria's Code of Conduct or equivalent responsibility principles, of at least the same level, in their operations. Furthermore, purchase contracts obligate partners to meet Atria's requirements for product quality, procedures and the delivery chain.

Atria's own production farms and contract production farms invest in the well-being of animals. Low levels of drug use can be considered one measure of animal welfare. Chicken, pigs and cows reared entirely without antibiotics have been launched in Finland. In Finland, Atria's pork production process is part of the national Quality Assurance system, the criteria of which are tougher than those provided in legislation.

Atria's contractual partners are audited on a regular basis. The audits pay attention to food safety, for instance, as well as the responsibility of operations, such as the consideration of environmental and social matters, the realisation of human rights and anti-corruption and bribery measures.

Results of compliance with Code of Conduct

Compliance with the Code of Conduct is an integral part of Atria's Corporate Responsibility Programme. Corporate responsibility is managed at Group and local levels. The shared Code of Conduct is determined at the Group level. The Group also ensures compliance with the Code and determines the development projects and target state applicable to all business areas. Responsibility is developed as part of day-to-day operational management across Atria's business areas. The personnel are provided with training related to various aspects of corporate responsibility in accordance with Atria's training plan. The steering groups of the business areas analyse the operating environment and key stakeholders' expectations with regard to responsibility, and also integrate the implementation of the necessary development measures into their business plans. Their realisation is assessed in the internal and external audits of the business areas.

The results of the development measures are reported in Atria's Corporate Responsibility Report. Atria bases its reporting work on the international Global Reporting Initiative (GRI) G4 guidelines. Atria has selected the essential measurements and indicators relevant to its operations and stakeholders from the GRI guidelines.

Risks and risk management at Atria

Atria's risk management process is based on the ISO 31000 risk management standard. The objective of risk management is to support the realisation of Atria's strategy and the achievement of goals, to prevent unfavourable events from occurring and to safeguard business continuity.

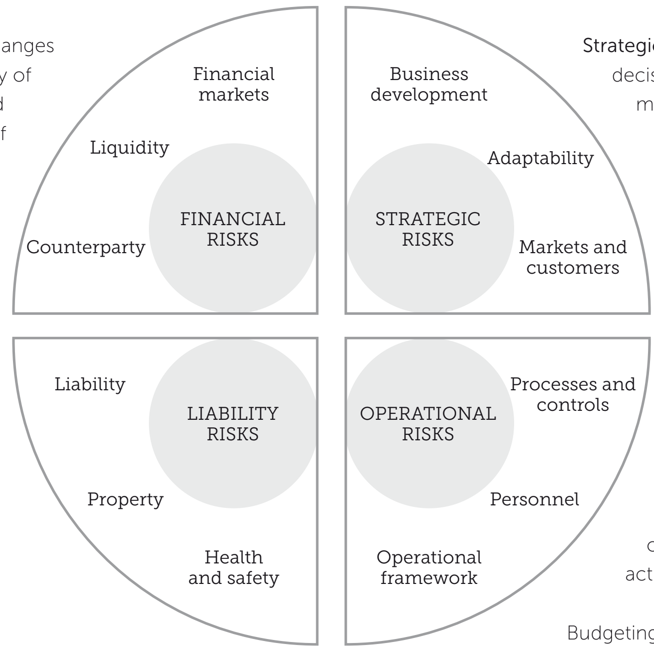
Atria defines risk as the effect of uncertainty on the company's objectives. Risks can cause positive or negative deviations from set goals. Risks may be caused by events within Atria, or by external conditions or events. Atria is subject to many different risks. For the identification and monitoring of risks, these are divided into four categories: strategic risks, operational risks, liability risks and financial risks.

Financial risks are related to changes in market prices, the sufficiency of financial assets in the short and medium term, and the ability of counterparties to meet their financial obligations.

Risk transfer

Strategic risks are related to business decisions, resource allocation, management systems and adaptation to changes in the business environment.

Strategic period:
Long-term, 3–5 years



Liability risks are errors, malfunctions and accidents that occur within Atria or in the business environment and that cause damage or loss.

Risk transfer
Continuity planning

Operational risks are related to implementation of the strategy and everyday business activities. These risks include deviations from the functioning of processes, systems or human activities.

Budgeting period:
Short-term, 1–2 years

The following table contains a brief summary of the most significant risks related to Atria's operations. These risks together or separately may have a favourable or adverse effect on Atria's business, results, financial standing, competitiveness or reputation. The risk table also describes the most significant risks identified in terms of non-financial information, including personnel and social matters and environmental issues.

Atria has not identified any significant risks related to human rights, corruption or bribery the materialisation of which was likely to have adverse effects on Atria's operations. Any possible risks related to the realisation of human rights or anti-corruption or bribery are managed with the help of personnel training and audits.

Risk	Description	Risk management
Raw material price risk	The profitability of Atria's business is greatly affected by changes in the global market prices of meat raw materials.	Atria manages this risk by means of centralised control of meat purchasing and price variation clauses for raw material.
Risks related to customers and consumer demand	The retail trade in the food industry is highly centralised in all of Atria's key markets, which creates opportunities to build diverse forms of customer cooperation over the long term. On the other hand, this may increase dependence on individual customers. Over the long term, changes in consumer behaviour may change the pattern of demand for Atria's products across different product categories.	In its risk management, Atria makes use of its strong market position, efficient industrial processes, high level of quality and well-known brands. The company is making preparations for changes in consumption habits and the need to adapt its operations by investing in consumer-oriented product development.
Risks related to animal diseases and animal welfare	The health and well-being of animals are key elements of Atria's quality, responsibility and profitability. An animal disease discovered at a critical point in Atria's production chain could interrupt production in the unit concerned and disrupt operations throughout the chain. A serious new animal disease, such as African swine fever or avian influenza, may lead to import and export restrictions on meat products.	Atria uses several stages of internal monitoring to detect potential hazards related to animal health and welfare at the earliest possible phase.
Product safety risk	As a food manufacturing company, Atria's priority is to ensure the high quality and safety of raw materials and products throughout the production chain.	Atria has modern methods in place to ensure the safety of production processes and to eliminate various microbiological, chemical and physical hazards. Atria ensures the safety of its products in compliance with the operating practices required by its food safety management and quality certification.
Liability risks	Atria has production plants in Finland, Sweden, Denmark, Estonia and Russia. A fire or other unexpected incident may result in plant operations being suspended. Low temperatures and repetitive movements are characteristic of work performed within the food industry. The work is often physically demanding and requires the use of cutting machines and tools, which increases the risk of accidents at work.	All of Atria's production facilities are insured against material damage and business interruptions through the Group's insurance programmes. A risk analysis is prepared annually or biannually at key plants. Continuity planning is in place to limit the potential damage caused by business interruptions. Atria aims to prevent occupational accidents, the risks of occupational disease and the related costs by investing significantly in safety at work and the continuous improvement of working methods and tools.
Financial risks	The key risks related to financing Atria's operations are currency transaction and translation risks as well as refinancing risk.	The goal of financial risk management is to reduce the effect that price fluctuations on the financial markets and other uncertainty factors have on earnings, the balance sheet and cash flow, as well as to ensure sufficient liquidity. Atria's financing risk management is discussed in more detail in Note 27 to the financial statements.

Key non-financial indicators

Atria has selected its carbon footprint, and the consumption of renewable and non-renewable energy and the energy efficiency directly linked to it, as the most important indicator of environmental matters. Clean water is a crucial part of Atria's production process and sanitation. It is used in sufficient amounts, but the unnecessary consumption of water is avoided. In social matters, the well-being, safety and right kind of competence of the personnel are materially important for the business operations and developed in a goal-oriented way. The personnel is inducted in Atria's Code of Conduct in relation to the protection of human rights and anti-corruption and bribery.

Environmental matters

At Atria, the generation of greenhouse gases in the entire production chain and transportation is unavoidable, but concrete measures and new plans to reduce their impact have been and are continuously carried out and prepared. The curbing of climate change is accounted for in Atria's strategic policies, and it is consistent with Atria's performance targets.

The efficient allocation and use of resources as well as the reduction of wastage and waste volumes increase the efficiency of energy consumption. These measures have been implemented in Group-level and country-specific development projects and in the context of the continuous improvement of production processes.

Roughly one-thirds of the electrical and heat energy used by Atria derives from renewable energy sources. The construction of Finland's largest solar power park began at our Nurmo plant in 2017. When completed, it will produce around 5 per cent of the electricity used by the Nurmo plant.

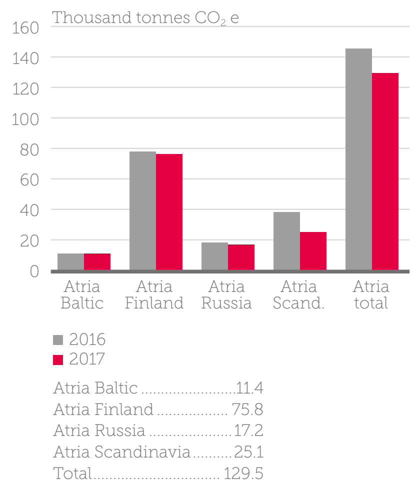
Atria Finland's minced meat package innovation – an easy-to-open vacuum pack – reduces packaging waste to a significant degree and requires less space in transport and storage. It also improves the shelf life of the minced meat.

Through carbon footprint accounting, Atria seeks to identify opportunities to reduce and manage greenhouse gas emissions in its production chain.

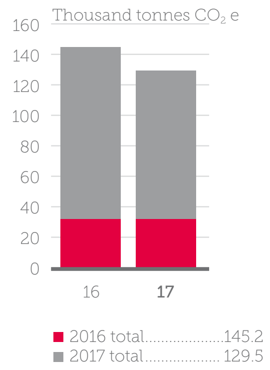
Carbon footprint

The calculation and reporting of our carbon footprint are based on the international calculation and reporting standard, the Greenhouse Gas Protocol (World Business Council for Sustainable Development and World Resources Institute). The emissions calculation covers the operational boundaries and the organisational boundaries in accordance with Scope 1 and 2.

Carbon footprint by business area



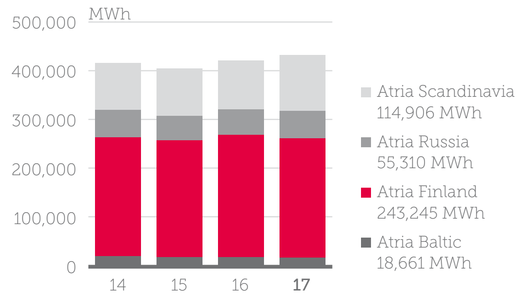
Atria Group's carbon footprint



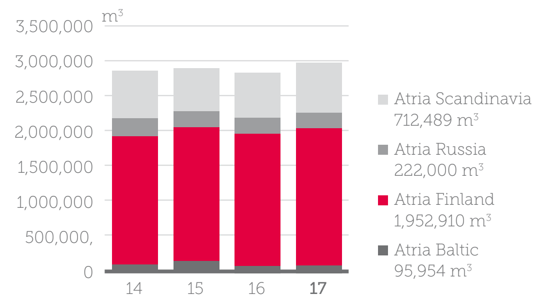
Scope 1 (red colour) covers the direct emissions of the energy sources owned by and under the control of the reporting company used for heating and production. Scope 2 (grey) covers emissions from indirect purchased electricity, steam and heat production, and cooling.Scope 2 reporting is based on a cost-based calculation method and employs the emission values of known energy sources or the national residual mix. With regard to Russia, the calculation employs the location-based CO_2 emission value reported by the International Energy Agency (IEA). In terms of the IEA's residual mix and the national residual mix, the calculation uses the carbon dioxide emission values of 2016, since the values for 2017 are not yet available.

Energy efficiency, energy consumption and water consumption
The following indicators also have a direct connection to the carbon footprint and the curbing of climate change:

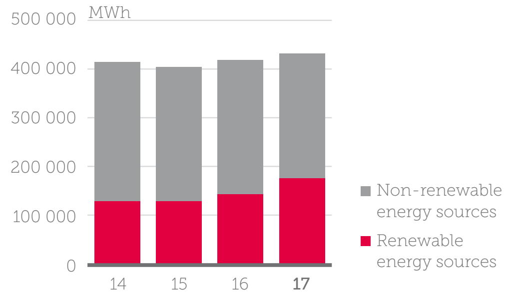
Energy consumption by business area



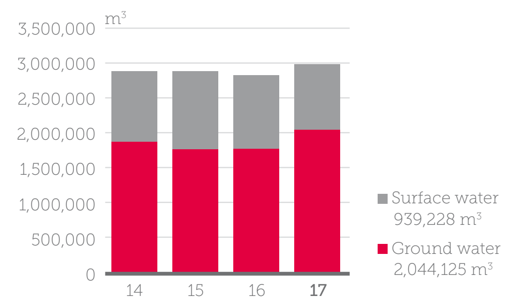
Total water consumption by business area



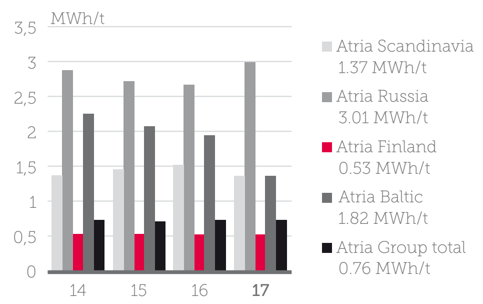
Direct energy consumption by sources



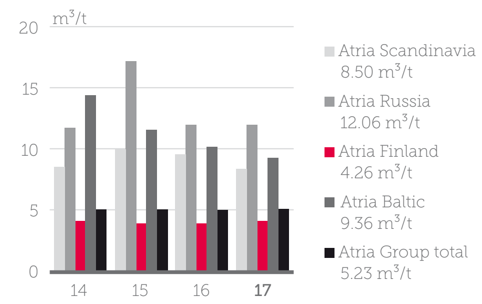
Total water consumption by source



Energy efficiency by business area



Water consumption by production



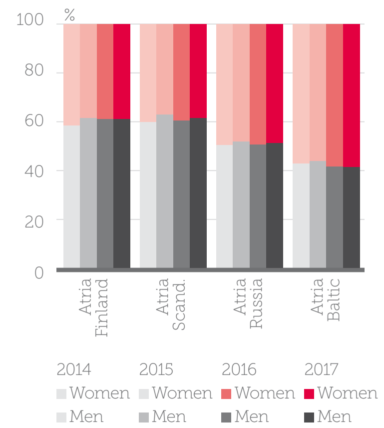
Financial Statements 2017 › Report by The Board of Directors 1 January–31 December 2017

Social and personnel matters
At Atria, social responsibility towards personnel covers employee well-being, safety, competence development and fair remuneration. All Atria employees have an Atria Way of Work (WoW), determined by the personnel itself. Significant investments are made in well-being within programmes that last for years, throughout the career of an employee. Atria also pays attention to improving safety at work, which is monitored with the help of several indicators. The quality of the company's operations and products depends on its employees' knowledge and skills. Therefore, Atria invests in the training of its personnel, and the competence of the entire organisation is improved in line with the talent management programme. At Atria, social responsibility applicable to the personnel covers remuneration.

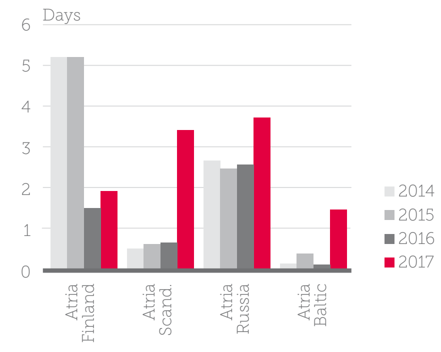
At the beginning of 2017, Atria launched a multiyear leadership development programme in all of its operating countries. All supervisors in Atria Group take part in the training. The Atria Way of Leading (WOL) programme establishes common principles and practices for leadership which allow supervisors to develop operations and steer employees towards agreed objectives. The programme is essential for Atria's success in a rapidly changing and competitive operating environment.

The achievement of the goals related to social and personnel matters is monitored with the help of the following indicators.
- Sickness absences from regular working hours
- Reducing the Lost Time Injury Frequency rate by 20 per cent in comparison to the previous year.
- Proportion of women/men in the personnel
- Training days per employee, on average.

Proportion of women/men

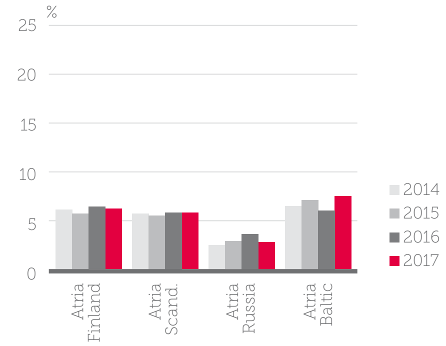


Average training days per employee*

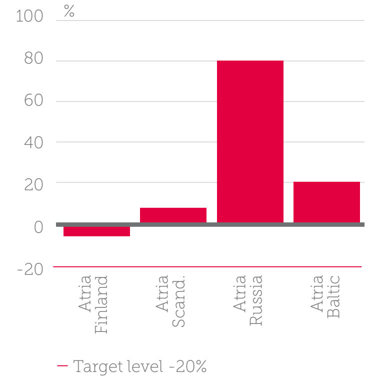


* There are differences in the method of calculation by business area. The method of calculation in Atria Finland has been changed in 2016.

Sickness absences of regular working time



Accident frequency rate



Reducing the lost-time injury frequency rate by 20 per cent in comparison with the previous year. The change in the accident frequency rate in Russia seems to be large in terms of the percentage, as the comparison rate was low. The target for 2017 was not achieved.

Respect for human rights and anti-corruption and bribery
Respect for human rights is the basis of Atria's HR policy and part of Atria's Code of Conduct. Atria respects and supports internationally recognised human rights principles and requires all of it employees as well as its suppliers and subcontractors to comply with them, and promotes their realisation in all of its business areas. Atria ensures its suppliers are committed to the following conventions and recommendations in audits.

Atria is committed to the following international conventions and recommendations:
- UN Universal Declaration of Human Rights and Convention on Rights of the Child
- Agreement of the International Labour Organisation (ILO) on basic rights at work
- UN Global Compact initiative for the promotion of human rights, rights at work and environmental protection and the prevention of corruption
- OECD code of practice for multinational companies
- Business Charter for Sustainable Development of the International Chamber of Commerce (ICC) and ICC instructions against bribery and corruption
- Business Social Compliance Initiative (BSCI) purchasing principles

Compliance with healthy and responsible business practices is the foundation for all of Atria's operations. Atria has zero tolerance for any kind of corruption or bribery in its operations. Atria's employees must not give or receive benefits, gifts or hospitality that could inappropriately influence business decisions. Atria has organised training related to the detection and prevention of corruption bribery as part of its WoL programme, in addition to which the Group also organised anti-trust training in 2017. All new employees are familiarised with the Code of Conduct as part of Atria's new employee orientation programme.

Atria has a Whistleblowing channel through which its employees can report, in addition to the report they make to their supervisor, any suspected breaches of Atria's Code of Conduct and suspicions concerning illegal activities within the company. All suspicions are handled as confidentially as possible, and Atria will take the measures required by the reports. The indicator is the number of reports received through the Whistleblowing channel, of which there none in 2017.

BREAKDOWN OF SHARE OWNERSHIP

Shareholders by number of shares owned, 31 Dec 2017

Number of shares	Shareholders		Shares	
	Number	%	1 000 shares	%
1–100	5,573	44.53	276	0.98
101–1,000	5,863	46.84	2,116	7.49
1,001–10,000	1,003	8.01	2,454	8.68
10,001–100,000	62	0.50	1,557	5.51
100,001–500,000	8	0.06	1,079	3.82
500,001–1,000,000	3	0.02	2,257	7.98
1,000,001–	4	0.03	18,528	65.55
Total	12,516	100.00	28,268	100.00

Shareholders by type, 31 Dec 2017

Shareholder type	Shareholders		Shares	
	Number	%	1 000 shares	%
Companies	391	3.12	18,312	64.78
Financial and insurance institutions	21	0.17	1,456	5.15
Public corporations	8	0.06	753	2.66
Non-profit organisations	87	0.70	370	1.31
Households	11,985	95.76	5,009	17.72
Foreign owners	24	0.19	24	0.08
Total	12,516	100.00	25,924	91.71
Nominee-registered, total	9		2,344	8.29

INFORMATION ON SHAREHOLDERS

Major shareholders on 31 Dec 2017

	KII	A	Total	%
Itikka Co-operative	4,914,281	3,537,652	8,451,933	29.90
Lihakunta	4,020,200	3,838,797	7,858,997	27.80
Mandatum Life		982,363	982,363	3.48
Pohjanmaan Liha Co-operative	269,500	480,038	749,538	2.65
Varma Mutual Pension Insurance Company		524,640	524,640	1.86
Oy Etra Invest Ab		200,000	200,000	0.71
OP Life Assurance Company Ltd		182,701	182,701	0.65
Sijoitusrahasto Taaleritehdas Arvo Markka Osake		130,000	130,000	0.46
Elo Mutual Pension Insurance Company		126,289	126,289	0.45
Norvestia Oyj		115,672	115,672	0.41

Major shareholders in terms of voting rights, 31 Dec 2017

	KII	A	Total	%
Itikka Co-operative	49,142,810	3,537,652	52,680,462	47.42
Lihakunta	40,202,000	3,838,797	44,040,797	39.64
Pohjanmaan Liha Co-operative	2,695,000	480,038	3,175,038	2.86
Mandatum Life		982,363	982,363	0.88
Varma Mutual Pension Insurance Company		524,640	524,640	0.47
Oy Etra Invest Ab		200,000	200,000	0.18
OP Life Assurance Company Ltd		182,701	182,701	0.16
Sijoitusrahasto Taaleritehdas Arvo Markka Osake		130,000	130,000	0.12
Elo Mutual Pension Insurance Company		126,289	126,289	0.11
Norvestia Oyj		115,672	115,672	0.10

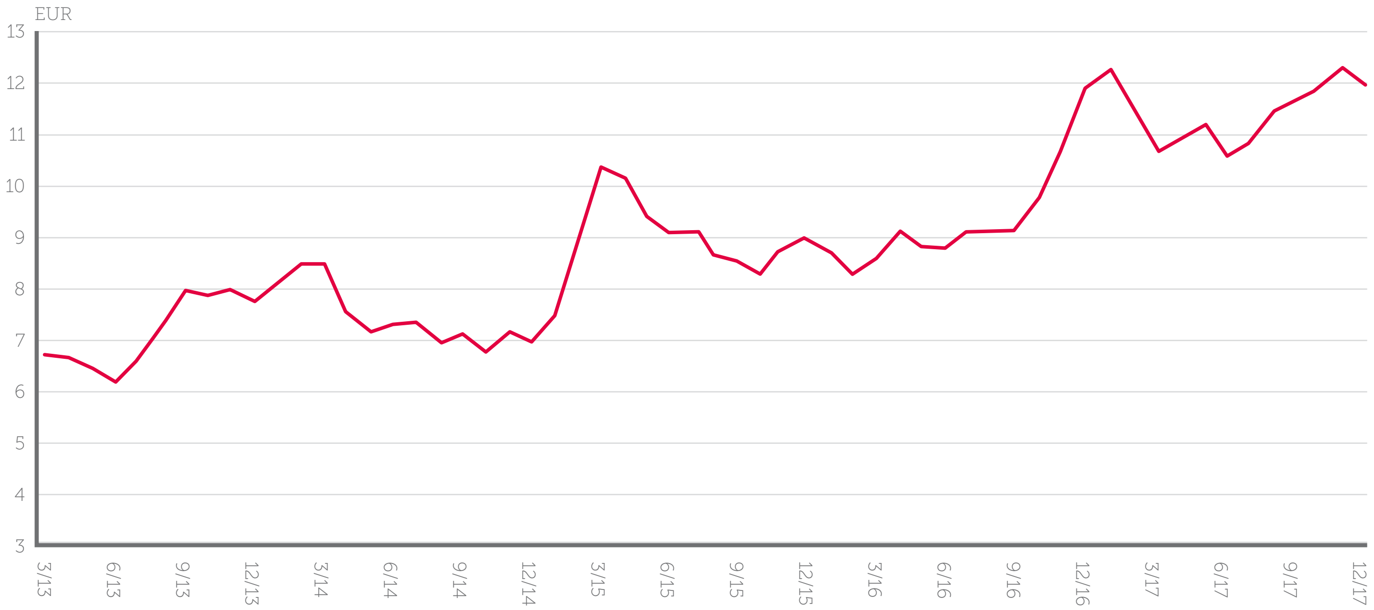
MANAGEMENT'S SHAREHOLDING

Holdings by the members of the Board of Directors and the Supervisory Board, the CEO and Deputy CEO, and members of the Group Management Team amounted to 76,355 Series A shares on 31 December 2017, representing 0.27% of the shares and 0.07% of the voting rights conferred by them.

MONTHLY TRADING VOLUME OF SERIES A SHARES IN 2017

Month	Trading, EUR	Trading, qty	Monthly low	Monthly high
January	4,963,046	407,196	11.44	12.61
February	3,658,635	316,022	10.91	12.32
March	2,802,102	262,046	10.37	11.30
April	3,942,225	360,936	10.33	11.45
May	2,559,498	229,957	10.70	11.50
June	1,511,784	143,014	10.11	11.27
July	3,982,286	369,122	10.15	11.43
August	2,792,009	244,565	11.07	11.72
September	2,902,669	249,445	11.25	12.00
October	2,714,540	228,351	11.58	12.17
November	4,845,224	394,395	12.00	12.96
December	2,103,433	176,016	11.72	12.70
Total	38,777,452	3,381,065		

CHANGES IN THE SERIES A SHARE PRICE 2013–2017 (AVERAGE PRICE)



FINANCIAL INDICATORS

EUR million	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
Net sales	1,436.2	1,351.8	1,340.2	1,426.1	1,411.0
EBIT	40.9	31.8	28.9	40.6	19.7
% of net sales	2.8	2.3	2.2	2.8	1.4
Financial income and expenses	-7.3	-6.3	-9.2	-12.7	-15.2
% of net sales	-0.5	-0.5	-0.7	-0.9	-1.1
Profit before taxes	35.5	26.1	20.1	34.0	6.9
% of net sales	2.5	1.9	1.5	2.4	0.5
Return on equity (ROE), %	6.7	4.7	3.6	6.6	-1.0
Return on investment (ROI), %	7.3	5.9	5.6	8.3	3.7
Equity ratio, %	47.5	46.5	47.4	44.0	42.2
Interest-bearing liabilities	214.3	217.8	199.6	254.1	334.7
Gearing, %	49.8	51.6	49.3	62.6	81.3
Net gearing, %	49.0	50.5	48.3	61.8	74.3
Gross investments	53.9	82.9	56.9	62.7	41.1
% of net sales	3.8	6.1	4.2	4.4	2.9
Average number of personnel	4,449	4,315	4,271	4,715	4,669
Research and development costs	12.9	13.1	12.4	13.9	11.8
% of net sales *	0.9	1.0	0.9	1.0	0.8
Order stock**	-	-	-	-	-

* Booked in total as expenditure for the financial year

** Not a significant indicator as orders are generally delivered on the day after being placed

SHARE ISSUE-ADJUSTED INDICATORS PER SHARE

EUR million	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
Earnings per share (EPS), EUR	0.92	0.65	0.49	0.93	-0.15
Equity/share, EUR	14.81	14.49	14.16	14.22	14.45
Dividend/share, EUR*	0.50	0.46	0.40	0.40	0.22
Dividend/profit, %*	54.4	71.2	81.9	43.0	-142.8
Effective dividend yield*	4.1	4.0	4.4	6.0	2.8
Price/earnings (P/E)	13.2	17.8	18.5	7.1	-50.2
Market capitalisation	342.3	324.8	255.8	187.1	218.5
Market capitalisation, series A	230.9	219.0	172.5	126.2	147.4
Share turnover/1,000 shares, series A	3,381	3,313	5,443	3,035	3,223
Share turnover %, series A	17.7	17.4	28.6	15.9	16.9
Total number of shares, million	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
Average share issue-adjusted number of shares	28.3	28.3	28.3	28.3	28.3
Average share issue-adjusted number of shares on 31 Dec	28.3	28.3	28.3	28.3	28.3

* Board of Directors' proposal for 2017 to be submitted to the Annual General Meeting convening on 26 April 2018

Share price development, series A (EUR)					
Lowest of the period	10.11	7.61	6.62	6.43	6.01
Highest of the period	12.96	12.22	10.50	8.89	8.39
At the end of the period	12.11	11.49	9.05	6.62	7.73
Average rate during the period	11.47	9.49	9.03	7.46	7.21

FINANCIAL INDICATORS

Alongside the IFRS figures, Atria publishes certain other widely used financial indicators which can be derived from the income statement and balance sheet. The formulas for calculating these financial indicators are presented below.

Principles for calculating financial indicators

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 recognised 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

FTE = Hours worked during the review period / Number of working days during the review period * normal working hours per day * 100

Return on equity (%) = Profit/loss for the accounting period / Equity (average) * 100

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

Equity ratio (%) = Equity / Balance sheet total – advance payments received * 100

Gearing (%) = Interest-bearing financial liabilities / Equity * 100

Net interest-bearing liabilities = Interest-bearing financial liabilities – cash and cash equivalents

Net gearing (%) = Interest-bearing financial liabilities – cash and cash equivalents / Equity * 100

Earnings/share (basic) = Profit for the period attributable to the owners of the parent company / Weighted average of outstanding shares

Equity/share = Equity attributable to the owners of the parent company / Undiluted number of shares on 31 Dec

Dividend/share = Dividend distribution from the accounting period / Undiluted number of shares on 31 Dec

Dividend/profit (%) = Dividend/share / Earnings per share (EPS) * 100

Effective dividend yield (%) = Dividend/share / Closing price at the end of the accounting period * 100

Price/earnings (P/E) = Closing price at the end of the accounting period / Earnings per share

Average price = Overall share turnover (EUR) / 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 (%) = Number of shares traded during the accounting period / Undiluted average number of shares * 100

CONSOLIDATED INCOME STATEMENT

EUR 1,000	Note	1 Jan –31 Dec 2017	1 Jan –31 Dec 2016
Net sales	1, 2, 30	1,436,188	1,351,752
Costs of goods sold	7, 8, 30	-1,262,875	-1,187,387
Gross profit		**173,313**	**164,365**
Sales and marketing expenses	3, 7, 8	-92,392	-89,389
Administrative expenses	4, 7, 8, 30	-42,668	-43,024
Other operating income	5, 30	5,694	4,565
Other operating expenses	6, 8	-3,043	-4,755
EBIT	1	**40,904**	**31,762**
Financial income	9, 27	11,917	20,246
Financial expenses	9, 27	-19,211	-26,563
Net financial items		**-7,294**	**-6,317**
Income from investments accounted for using the equity method	15	1,904	679
Profit/loss before taxes		**35,514**	**26,124**
Income taxes	10, 18	-7,146	-6,571
Profit/loss for the accounting period		**28,368**	**19,553**
Profit attributable to:			
Owners of the parent		25,859	18,189
Non-controlling interests		2,509	1,364
Total		**28,368**	**19,553**
Basic earnings per share, EUR	11	0.92	0.65
Earnings per share adjusted by the dilution effect, EUR	11	0.92	0.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	1 Jan –31 Dec 2017	1 Jan –31 Dec 2016
Profit/loss for the accounting period		**28,368**	**19,553**
Other items of comprehensive income after tax:			
Items not reclassified to profit or loss			
Actuarial gains/losses from benefit-based pension obligations	10, 25	-51	-46
Items reclassified to profit or loss when specific conditions are met			
Cash flow hedges	9, 10, 27	2,126	1,838
Translation differences	9, 10, 27	-6,139	6,586
Total comprehensive income for the financial period		**24,304**	**27,931**
Comprehensive income distribution for the financial period:			
Owners of the parent		21,873	26,664
Non-controlling interests		2,431	1,267
Total		**24,304**	**27,931**

The notes on pages 57 to 95 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS, EUR 1,000	Note	31 Dec 2017	31 Dec 2016
Non-current assets			
Property, plant and equipment	1, 12, 31, 32	408,665	403,974
Biological assets	13	637	625
Goodwill	14, 31	166,800	169,932
Other intangible assets	14, 31	89,094	93,566
Investments in joint ventures and associates	15, 30	14,715	13,610
Other financial assets	16, 27	1,196	1,103
Trade receivables, loans and other receivables	17, 27	9,156	11,101
Deferred tax assets	10, 18	6,023	7,437
Total		696,286	701,348
Current assets			
Inventories	19, 31	93,025	89,783
Biological assets	13	3,130	3,171
Trade and other receivables	20, 27, 30, 31	113,684	108,813
Current tax assets		538	1,735
Cash and cash equivalents	21, 27, 31	3,137	4,591
Total		213,514	208,093
Total assets	1	909,800	909,441

EQUITY AND LIABILITIES, EUR 1,000	Note	31 Dec 2017	31 Dec 2016
Equity attributable to the shareholders of the parent company			
Share capital		48,055	48,055
Share premium			
Treasury shares		-1,277	-1,277
Other funds		-420	-2,547
Invested unrestricted equity fund		249,073	249,073
Translation differences		-50,795	-44,736
Retained earnings		173,937	161,162
Total	10, 11, 18, 22, 27	418,573	409,730
Non-controlling owners' share		12,105	12,427
Total equity		430,678	422,157
Non-current liabilities			
Interest-bearing financial liabilities	23, 27	122,424	177,864
Deferred tax liabilities	10, 18, 31	47,231	49,167
Other liabilities	24, 27	8,066	10,814
Pension obligations	25	6,320	7,167
Total		184,041	245,012
Current liabilities			
Interest-bearing financial liabilities	23, 27	91,850	39,983
Trade and other payables	26, 27, 30, 31	202,130	199,564
Current tax liabilities		1,101	2,725
Total		295,081	242,272
Total liabilities	1	479,122	487,284
Total equity and liabilities		909,800	909,441

The notes on pages 57 to 95 are an integral part of the consolidated financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to the owners of the parent company								Non-controlling owners' share	Total equity
EUR 1,000	Note	Share capital	Share premium	Treasury shares	Other funds	Invested unrestricted equity fund	Translation differences	Retained earnings	Total		
Equity on 1 Jan 2016		48,055	138,502	-1,277	-4,387	110,571	-51,416	160,159	400,207	4,608	404,815
Transfers between items			-138,502			138,502			0		0
Non-controlling interest related to acquisition of subsidiary	24, 31							-5,877	-5,877	6,550	673
Total comprehensive income for the financial period											
Profit/loss for the accounting period								18,189	18,189	1,364	19,553
Other items of comprehensive income											
Cash flow hedges	27				1,838				1,838		1,838
Actuarial losses from pension benefits	25							-46	-46		-46
Translation differences	9, 10				2		6,680		6,682	-95	6,586
Transactions with owners											
Dividend distribution	22							-11,263	-11,263		-11,263
Equity on 31 Dec 2016		48,055	0	-1,277	-2,547	249,073	-44,736	161,162	409,730	12,427	422,157
Minority share of divested subsidiary	32								0	-2,585	-2,585
Non-controlling interest related to acquisition of subsidiary	24, 31							-81	-81		-81
Total comprehensive income for the financial period											
Profit/loss for the accounting period								25,859	25,859	2,509	28,368
Other items of comprehensive income											
Cash flow hedges	27				2,126				2,126		2,126
Actuarial losses from pension benefits	25							-51	-51		-51
Translation differences	9, 10				1		-6,059		-6,058	-81	-6,139
Transactions with owners											
Dividend distribution	22							-12,952	-12,952	-165	-13,117
Equity on 31 Dec 2017		48,055	0	-1,277	-420	249,073	-50,795	173,937	418,573	12,105	430,678

The notes on pages 57 to 95 are an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	Note	1 Jan –31 Dec 2017	1 Jan –31 Dec 2016
Cash flow from operating activities			
Payments received from sales		1,429,104	1,357,028
Payments received from other operating income		2,817	2,950
Payments on operating expenses		-1,349,580	-1,285,557
Interest paid and payments on other financial expenses	9	-16,443	-13,892
Interest payments received and other financial income	9	8,322	11,561
Direct taxes paid	10	-9,713	-7,242
Cash flow from operating activities		64,507	64,848
Cash flow from investments			
Investments in tangible and intangible assets		-53,144	-42,641
Acquired businesses, net of cash acquired on the date of acquisition	31		-30,217
Sold operations, net of cash acquired on the date of sale	32	4,030	5,241
Change in long-term loan receivables		2,309	1,413
Change in other investments		671	-1,250
Dividends received and returns of capital		797	135
Cash flow from investments		-45,337	-67,319
Cash flow from financing activities			
Draw down of long-term loans			113,257
Repayment of long-term loans		-5,463	-88,289
Increase (+)/decrease (-) in short-term loans		1,986	-9,581
Dividends paid	22	-13,117	-11,263
Cash flow from financing activities		-16,594	4,124
Change in cash and cash equivalents		2,576	1,653
Cash and cash equivalents at the beginning of the financial period		4,591	4,140
Effect of exchange rate changes		-4,030	-1,202
Cash and cash equivalents at end of the financial period	21	3,137	4,591

The notes on pages 57 to 95 are an integral part of the consolidated financial statements.

Basic corporate information

The parent company of the Atria Group, Atria Plc, is a Finnish public limited liability company established according to the laws of Finland and domiciled in Kuopio, Finland. The company has been listed on Nasdaq Helsinki Ltd. since 1991. Copies of the consolidated financial statements are available online at www.atria.com and at the parent company's head office at Itikanmäenkatu 3, Seinäjoki, Finland; postal address: PO Box 900, 60060 ATRIA, Finland.

Atria Plc and its subsidiaries manufacture and market food products, especially meat products, poultry products, meals and food concepts. Atria's market area covers Finland, Sweden, Denmark, European Russia and the Baltic countries. Atria's subsidiaries are also located in this area. In 2017, the Group's operations were divided into four business areas: Atria Finland, Atria Scandinavia, Atria Russia and Atria Baltic.

The financial statements were approved by the Board of Directors for publication on 14 February 2018. According to the Finnish Limited Liability Companies Act, the shareholders are entitled to approve or reject the financial statements in the Annual General Meeting (AGM) to be held after their publication. The AGM can also make a decision to revise the financial statements.

Accounting policies

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved for use in the EU. IAS and IFRS standards valid on 31 December 2017 have been followed, as well as SIC and IFRIC interpretations. The IFRS refer to standards and interpretations thereof approved for application in the EU in compliance with the proceedings provided in Regulation (EC) 1606/2002, as referred to in the Finnish Accounting Act and subsequent regulations. The notes to the consolidated financial statements also comply with Finnish accounting and corporate legislation.

The consolidated financial statements have been prepared on an acquisition cost basis with the exception of biological assets, available-for-sale financial assets, financial assets and liabilities measured at fair value through profit or loss and derivative financial instruments. From the moment of classification, the assets held for sale are measured at the lower of their book value and fair value less cost to sell.

The financial statement data is presented in thousands of euros, with sums rounded off to the nearest thousand.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

a) New and amended standards, effective for financial periods beginning on or after 1 January 2017

- Disclosure Initiative – Amendments to IAS 7. From now on, companies must disclose changes in liabilities arising from financing activities. This covers changes arising from financing cash flows (such as the withdrawal and repayment of debts) as well as changes unrelated to cash flows, such as acquisitions, transfers, accrued interest and unrealised exchange rate differences.
  As a result of the amendment, Atria has added a reconciliation of interest-bearing liabilities in Note 23.

b) New standards and interpretations that have been issued, but take effect after the financial period beginning on 1 January 2017.

- IFRS 9, Financial Instruments, takes effect on 1 January 2018. IFRS 9 changes the classification and measurement of financial assets and liabilities, the determination of their impairment and the application principles of hedge accounting.

  The new standard will not bring significant changes to the recognition and measurement of the Group's financial assets.
  - A majority of the Group's financial assets are trade receivables, loan receivables and other receivables. They are measured at amortised cost. According to the business model, these investments are kept until the due date and the cash flows based on the contract accrue from the payment of capital and interest.
  - The gains and losses realised from the sale of financial assets measured at fair value in other comprehensive income will no longer be reclassified as profit or loss at the moment of sale. Changes in fair value will be reclassified as retained earnings in comprehensive income.
  - According to the new impairment model, expected credit losses will be recognised as impairment. The credit loss provision pursuant to IAS 39 was based on the amount of realised credit losses. The amount of realised credit losses in the Group has been low in recent years, and the amount of expected credit losses is expected to remain low in the future as well, due to which there will be no significant changes to the amount of recognised credit loss provision.

  The treatment of financial liabilities will not change. The rules concerning derecognition have been transferred as is from standard IAS 39 Financial Instruments: Recognition and Measurement.

  The new rules applicable to hedge accounting will bring hedge accounting closer to the Group's risk management practices. More hedge relationships than before may meet the conditions for the application of hedge accounting, because the standard complies

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with a more principled approach. The retrospective effectiveness testing and the 80–125 per cent effectiveness requirement pursuant to IAS 39 will be abandoned. In hedge relationships pursuant to IFRS 9, the amount of effectiveness is expected to be smaller than before. The impact in Atria Group will be related primarily to hedge accounting applicable to electricity, regarding which the system-priced risk and regional price difference risk can be treated separately in hedge accounting.

The Group will adopt the standard in the financial period beginning on 1 January 2018. The new rules will be applied in the Group retroactively as of 1 January 2018 in such a way that the practical aids permitted by the standard are exercised.

- IFRS 15 Revenue from Contracts with Customers, takes effect on 1 January 2018. The new standard replaces the IAS 11 and IAS 18 standards for the recognition of revenue and their interpretation.

  IFRS 15 applies a five-step approach to the recognition of revenue based on contracts with customers by identifying contracts with customers and the separate performance obligations, determining the transaction price of the contract, allocating the transaction price to each of the separate performance obligations, and recognising the revenue as each performance obligation is satisfied.

  The main principle of the new standard is that revenue is recognised when control over the goods or service is transferred to the customer. A majority of the Group's contracts with customers concern the sale of foodstuffs. Delivery usually takes place within 24 hours and control is transferred in connection with delivery.

  The adoption of the standard has no significant effect on the Group's income statement, balance sheet or cash flow. IFRS 15 has no impact on the company's systems and processes.

  The standard will be taken into use in the financial period beginning on 1 January 2018 non-retrospectively, through additional disclosure.

- IFRS 16 Leases, takes effect on 1 January 2019. The new standard will replace the current IAS 17, Leases.

  IFRS 16 has an impact primarily on the accounting of lessees, because from a lessee's perspective, the standard abandons the current division into operating and finance leases. As a result, all other lease agreements, apart from low value and short-term leases, are recognised in the balance sheet. An asset and a financial liability applicable to the lease payment obligation will, in the future, be recognised with regard to applicable leases. The standard also has an effect on the income statement, given that overall costs are typically higher at the beginning of a lease's validity and lower towards its end. In addition, the lease expenses will be replaced by interest and depreciation, which will have an impact on key figures such as EBIT.

  Lessors' accounting will not be subject to significant changes; instead, leases will continue to be classified as finance leases or operating leases.

  Atria will commence an assessment concerning the adoption of the standard in 2017. The Group's leases have been identified and the requirements to be set for the system needed to manage leases have been mapped.

  At the end of the financial period, the Group had noncancellable lease obligations of approximately EUR 30 million based on operating leases. The majority of these will be recognised in the balance sheet in accordance with IFRS 16. The evaluation of the adjustment resulting from the amended definition of lease term and the different treatment of changing leases and extension and termination options is still incomplete. Because of this, it is not yet possible to estimate the amount of the right-of-use assets and lease liabilities to be recognised in connection with the adoption of the new standard, nor how this will impact the Group's result and classification of cash flows in the future.

  The standard will be adopted in the financial period beginning on 1 January 2019. The intention is to use a simplified procedure to carry out the transition and the comparative figures of the year preceding adoption will not to be adjusted.

ACCOUNTING POLICIES CALLING FOR MANAGEMENT DISCRETION AND KEY FACTORS OF UNCERTAINTY RELATED TO ASSESSMENTS

When preparing the financial statements, discretion must be used in applying the accounting policies. In addition, the management must make assessments and assumptions that concern the future and affect assets and liabilities in relation to responsibilities, profits and costs. The realised values may deviate from the original assessments and assumptions.

Key discretionary decisions when applying the accounting policies:
The Group management must make discretionary decisions regarding the choice and application of accounting policies. This particularly affects cases where the IFRS norms in force contain alternative recognition, measurement or presentation procedures. The management has exercised discretion in the valuation and classification of assets and financial items, in the recognition of deferred tax assets and provisions, and in the classification of associated companies and joint ventures as materially significant.

Key accounting assessments and assumptions:
The assessments are based on the management's best estimate at the end date of the reporting period. They are affected by previous experiences as well as assumptions about the future that are deemed the most likely at the end of the period and are related to the expected developments in the Group's financial environment. Any changes in the assessments and assumptions are recognised in the accounting period in which the assessment or assumption is adjusted and in all subsequent accounting periods.

Measurement of the fair value of assets acquired in business combinations:
The assets and liabilities acquired in business combinations are valued using the fair value at the time of acquisition. Situations in which there exist functioning markets that provide fair values for assets and liabilities are rare. This is why the measurement of fair value requires the management's discretion and assumptions. In the case of tangible assets, comparisons have been made with the market price of corresponding assets, and the assets have been tested for impairment due to their condition, age, wear and other similar factors. The fair value of intangible assets is determined based on assessments of asset cash flows. The management believes that the assessments and assumptions are sufficiently detailed to be used as the basis for fair value measurement.

Impairment of assets:
The Group reviews any indication of the impairment of tangible and intangible assets at least at the end date of each reporting period. The Group conducts annual impairment tests on goodwill and intangible assets with indefinite useful lives. It also assesses any indication of impairment in accordance with the accounting policies.

Deferred tax:
Deferred tax assets are recognised for the amount which it is likely that taxable profit will be generated in the future, against which the temporary difference can be utilised. The Group assesses the principles for recognising deferred tax in connection with the financial statements. To this end, it has assessed how likely subsidiaries are to have recoverable taxable income against which the unused tax losses or unused tax credits can be utilised.

Accounting policies for the consolidated financial statements

SUBSIDIARIES

The consolidated financial statements include the parent company Atria Plc and all of its subsidiaries. Subsidiaries are companies over which the Group has control. The group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries acquired during the financial year are consolidated from the date of their acquisition and divested subsidiaries are included up to their date of sale.

The acquisition method of accounting is used to account for acquisitions of separate entities or businesses by the Group. Consideration transferred and the identifiable acquired assets and assumed liabilities of the acquired business are measured at fair value at acquisition date. Consideration transferred includes the fair value of an asset or liability arising from a contingent consideration arrangement. The costs of acquisition are charged to the income statement in the period in which they are incurred and the related services are received. The net assets and accepted and contingent liabilities acquired in business combinations are valued at fair value at the time of the acquisition. The interest of non-controlling owners in the acquisition target is recognised on acquisition basis either at fair value or based on their relative share of the identifiable net assets of the acquisition target.

Where the consideration transferred together with the non-controlling interest and the fair value of the previously held interest exceeds the fair value of the acquired net assets, the excess is recorded as goodwill in the balance sheet. If the sum total of the consideration, the amount of the non-controlling interest and previously held interest is less than the fair value of the acquired net assets, the difference is recorded in the income statement.

All intra-Group transactions, receivables and liabilities and income and expenses are eliminated. Profits and losses due to intra-Group transactions leading to the recognition of an asset are also eliminated. The accounting policies applied by subsidiaries have been, where necessary, revised to match the Group policies.

The parent company's changes of ownership of the subsidiaries, which do not lead to a loss of control, are treated as equity transactions. When shares are purchased from non-controlling shareholders, the difference between the consideration paid and the book value of the share acquired of the net assets of the subsidiary is recognised in equity. Profit or loss from the sale of shares to non-controlling shareholders is also recognised in equity.

When the control or major influence by the Group ceases to exist, any remaining interest is measured at fair value on the date of the loss of control and the change in book value is recognised in the income statement. This fair value serves as the original book value when the remaining interest is later recognised as an associated company, joint venture or financial assets. In addition, the amounts of said entity previously recognised in other comprehensive income are treated as if the Group had directly disposed of the associated assets and liabilities. This may mean that amounts previously recognised as other comprehensive income are reclassified to the income statement.

ASSOCIATED COMPANIES AND JOINT ARRANGEMENTS

Associates are companies in which the Group holds voting rights of between 20 per cent and 50 per cent and in which the Group has significant influence but which is does not control.

A joint arrangement is an arrangement in which two or more parties have joint control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group's joint arrangements are joint ventures.

Investments in associates and joint ventures are consolidated using the equity method. When using the equity method, the investment is initially recognised at acquisition cost and this amount is increased or decreased to recognise the investor's share of the subsequent profits or losses of the investee after the time of acquisition. The Group's investment in associates and joint ventures includes any goodwill identified on the acquisition.

If the interest in an associate company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified as profit or loss.

The Group's share of associates' post-acquisition profits or losses is recognised under operating profit in the income statement. The book value of the investment is adjusted accordingly. If the Group's share of the loss of an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group will not recognise further losses if it does not have a legal or factual obligation to do so and it has not made payments on behalf of the associate.

FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the Group companies are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euros (EUR), which is the parent company's functional currency and the parent company's and the Group's presentation currency.

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign currency receivables and liabilities are translated using the exchange rate prevailing at the end of the reporting period. Exchange differences arising from translation are recognised in the income statement and presented within operating profit. Exchange gains and losses from forward exchange agreements protecting financial transactions are included in financial income and expenses as part of the fair value change of the agreements. Those exchange rate changes of derivative financial instruments that are qualifying cash flow hedges or are used to effectively protect foreign net investments and net investment related loans have been recognised in other comprehensive income.

The income statements and balance sheet items of the Group companies outside the euro area are accounted for in the currency that is the currency of the operating region of the company in question. The income statements of Group companies outside the euro area are translated into euros at the average exchange rate for the accounting period and the balance sheets at the closing exchange rate. Differences resulting from the translation are recognised as part of translation differences in other comprehensive income. The translation differences arising from the elimination of the acquisition costs of subsidiaries outside the euro area and the hedge profits deriving from the corresponding net investments are recognised in other comprehensive income as well. When a foreign operation is partially disposed of or sold, exchange rate differences in equity are recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of the foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at the cost of purchase or construction less accumulated depreciation and impairment losses.

If the tangible fixed asset consists of several parts with different useful lives, each part is treated as a separate asset. The costs arising from replacing the part are capitalised. Other subsequent expenditure is included in the acquisition cost only if it is probable that the future benefit connected to the asset will benefit the Group, and the acquisition cost of the asset can be reliably determined. All other repair and maintenance costs are recognised in the income statement as an expense as incurred.

Depreciation is recorded using a straight-line method over the estimated useful lives of the assets as follows:

- Buildings..25–40 years
- Machinery and equipment......................5–10 years
- Other tangible assets ....5–10 years

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No depreciation is carried out on land and water. Asset items that cannot be recognised under property, plant and equipment due to their nature or depreciation periods are recognised as other tangible assets.

The residual value and useful life of assets are reviewed annually at the closing of the accounts and, if necessary, adjusted so that the book value is equal to the recoverable amount.

The depreciation of property, plant and equipment ends when the asset item is classified as available for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

Gains and losses on the disposal or transfer of property, plant or equipment are included in other operating income or expenses.

Leases – Group as lessee:

Lease contracts concerning tangible assets in which the Group has a significant share of the risks and rewards related to ownership are classified as finance leases. Finance leases are entered in the balance sheet at the fair value of the leased asset on the day the lease period begins, or at a lower value that corresponds to the present value of the minimum lease payments. The depreciation of assets acquired from finance leases is made for the period of their useful life or a shorter leasing period. Lease payments are apportioned between a finance charge and debt amortisation over the lease period, so that the interest rate for the outstanding liability in each financial year remains constant. Lease obligations are included in interest-bearing debts.

Leases where the risks and rewards related to ownership remain with the lessor are accounted for as operating leases, where rental payments are recognised as expenses in the income statement during the lease period.

INTANGIBLE ASSETS

Goodwill:

Goodwill represents the Group's share of difference between the consideration transferred and the identifiable acquired assets and assumed liabilities measured at fair value at the acquisition date. Goodwill is tested annually for impairment. For this purpose, goodwill has been allocated to cash-generating units. The Group's cash-generating units are classified by business segment based on the operations and location of subsidiaries. They are Atria Finland, Atria Scandinavia, Atria Russia and Atria Baltic.

Goodwill is entered in the balance sheet at cost less impairment losses. An impairment loss recognised for goodwill is not reversed.

Other intangible assets:

An Intangible asset is initially capitalised in the balance sheet at cost if the cost can be measured reliably and it is probable that the company will receive future economic benefit from the asset.

Intangible assets with a limited useful life are amortised on a straight-line method over their estimated useful lives. Intangible assets with indefinite useful lives are not amortised, but instead they are tested annually for impairment.

Depreciation is recorded using a straight-line method as follows:

- Customer relationships .... 3–8 years
- Trademarks ....5–20 years
- Other intangible assets *)........................5–10 years

*) Includes software and subscription fees

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

On each closing date, the Group reviews intangible and tangible assets to see whether there are any indications of impairment. If there are such indications, the recoverable amount from said asset is estimated. The recoverable amount of cash from goodwill and intangible assets with indefinite useful lives is assessed annually and whenever indications of impairment are detected. The recoverable amount is the higher of the present value of the future cash flows (value in use) and the fair value of the asset less costs of disposal. If the recoverable amount cannot be assessed per item, the impairment need is observed on the level of cash-flow generating units, i.e. at the lowest unit level which is mainly independent of other units and at which cash flows can be distinguished from other cash flows.

Impairment loss is recognised if the book value of the asset is higher than the recoverable amount. Impairment loss is recognised immediately in the income statement. If the impairment loss arises with regard to a cash-generating unit, it is first allocated to reduce the goodwill and then to reduce the other assets of the unit pro rata. The useful life of the depreciated asset is re-evaluated in conjunction with the recognition of an impairment loss. An impairment loss recognised for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the amount recoverable from the said asset. However, the impairment loss may not be reversed in excess of what the asset's book value would be without the recognition of the impairment loss. An impairment loss recognised for goodwill is never reversed.

INVENTORIES

Inventories are measured at the lower of cost or probable net realisable value. The cost is determined using the first-in first-out (FIFO) method. The acquisition cost for finished and unfinished products consists of raw materials, direct labour costs, other direct costs, and the appropriate share of manufacturing-related variable overheads and fixed overheads at a normal level of operations. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

BIOLOGICAL ASSETS

The Group's biological assets are living animals. They are measured at fair value, less estimated sales-related expenses. Productive animals are included in tangible assets and other animals are included in inventories.

The fair value of productive animals has been measured at cost less an expense corresponding to a reduction of value in use caused by aging. There is no available market price for productive animals. The fair value of slaughter animals equals their market price, which is based on the company's slaughter animal procurement/sales in the local market.

FINANCIAL ASSETS

Classification

The Group's financial assets are classified in the following categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Available-for-sale financial assets

The classification is made on their purpose of use, and the assets are classified in connection with the initial recognition.

Regular purchases and sales of financial assets are recognised or derecognised using trade date i.e. the date on which the Group undertakes to purchase or sell the asset. Financial assets are classified as non-current assets when they fall due more than 12 months from the closing date. If the financial assets are intended to be kept for less than 12 months, they are classified as current assets. The Group derecognises financial assets when it has lost its right to receive the cash flows or when it has substantially transferred all the risks and rewards of ownership to an external party.

At the end of each reporting period the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired if they have not been measured at the fair value from the beginning of the period.

Financial assets recognised at fair value through profit or loss:

Financial assets that are held for trading are classified in this category. Financial assets held for trading are acquired mainly to generate profit from changes in short-term market prices. The derivatives used by the Group that are not subject to hedge accounting in accordance with IAS 39 have been classified as held for trading. The assets belonging to this category have been classified as current assets and are carried at fair value.

Unrealised and realised profits and losses due to changes in the fair value of the "financial assets at fair value through profit or loss" category are recognised in the income statement in the accounting period in which they occur.

Loans and other receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The trade and other receivables as well as cash and cash equivalents are included in the Group's loans and receivables. They are recognised at amortised cost.

Available-for-sale financial assets:

Available-for-sale financial assets are non-derivative assets that have been classified in this category or that have not been classified in any other category. They are included in non-current assets unless they fall due or are intended to be kept for less than 12 months from the closing date, in which case they are included in current assets. Exchange differences and changes in the fair value of assets classified as available for sale are recognised under other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value changes in equity are included in the income statement as financial income and expenses. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established as financial income. The fair values of quoted financial assets are determined based on the market value. If the market for a financial asset is not active (and for unlisted securities), fair value is established through valuation techniques. These include the use of recent arm's-length transactions between independent parties, fair values of other instruments that are substantially similar and discounted cash flow analysis. The models make maximum use of market inputs and they rely as little as possible on entity-specific inputs.

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DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

When derivative contracts are entered into, they are recognised at fair value and subsequently they are re-measured at their fair value. The recognition of changes in the fair value of derivatives depends on whether the derivative instrument qualifies for hedge accounting and, if so, on the hedged item. The Group designates certain derivatives as either:

- interest rate hedges, currency or electricity price risks associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- net investment hedges in a foreign operation (a net investment hedge).

The relationship between hedging instruments and hedged items is documented at the inception of the hedging transaction. Risk management objectives and strategies for undertaking various hedge transactions are documented as well. The Group documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedge transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

Valuation principles:

The fair value of forward exchange agreements is calculated by applying the forward rate on the balance sheet date. The fair value of interest rate swaps is calculated by discounting the future cash flows using interest rate curves for the currencies in question. Electricity derivatives are measured at fair value using the market prices at the balance sheet date.

Cash flow hedge:

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement under the appropriate item. Gains and losses accumulated in equity are re-reclassified in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast purchase that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventories or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial acquisition cost of the asset. The deferred amounts are ultimately recognised in costs of goods sold in case of inventories, or in depreciations in case of fixed assets. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised in the income statement only when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement under the appropriate account.

Net investment hedge:

Hedges of net investments in foreign operations are accounted for in the same way as cash flow hedges.
Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other items of the total comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

Derivatives to which hedge accounting is not applied:

Certain derivative financial instruments do not meet the criteria for hedge accounting. All changes in the fair value of these derivatives are immediately recognised in the appropriate account of the income statement.

TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank deposits available on demand. Available credit limits are included in current interest-bearing liabilities.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their book value is to be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary. Furthermore, management must be committed to the sale, which should be expected to occur within one year of the date of classification.

Immediately before being classified as held for sale, these assets are measured in accordance with the applicable IFRS standards. Thereafter, the assets are measured at the lower of their book value and fair value less cost to sell. These assets are no longer depreciated after the classification.

SHAREHOLDERS' EQUITY

Ordinary shares are presented as share capital. Expenses related to the issue or acquisition of equity instruments are presented as a deductible item under equity.

If a Group company acquires shares in the company, the consideration paid for them and the expenses arising directly from the acquisition, taking into consideration the tax effect, are deducted from the shareholders' equity until the shares are either cancelled or reissued. If the shares are reissued, the consideration received for them less transaction costs directly attributable to the shares is included in the shareholders' equity, taking into consideration the tax effect.

FINANCIAL LIABILITIES

Financial liabilities (other than derivative instruments) are initially recognised at the fair value net of the transaction costs incurred. They are later measured at amortised cost using the effective interest rate method. Financial liabilities are classified as current or non-current liabilities.

A one-off credit fee related to committed credit facilities is recognised as prepayment for liquidity services and amortised over the period of the facility to which it relates. The credit limit fees related to such facilities are similarly expensed based on the passing of time.

PROVISIONS

A provision is entered when the Group has, as a result of a past event, a legal or constructive obligation, and it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are valued at the present value of the expenses required to cover the obligation. The amounts of provisions are reviewed on each closing date and adjusted to correspond to the best estimate at that time. Changes in provisions are recognised in the income statement in the same item where the original provision was entered.

REVENUE RECOGNITION

Net sales are determined on the basis of the fair value of considerations received or to be received for the sale of products and services, raw materials and supplies, and are adjusted by indirect taxes and discounts based on normal contractual principles applied in the industry. Revenue from the sale of goods is recognised when the risks and rewards of owning the goods have been transferred to the buyer and revenue from services when the service has been completed. Rental income is recognised on a straight-line basis over the lease period.

Interest rates are recognised based on the passing of time, taking into account the effective income from the asset. Dividend income is recognised when the shareholders' right to payment is established.

EMPLOYEE BENEFITS

Pension obligations:

The Group companies have various pension plans in accordance with local conditions and practises throughout the operating countries. Pension arrangements are classified as either defined contribution plans or defined benefit pension plans.

In defined contribution plans, the Group makes fixed payments into a separate unit. The Group has no legal or constructive obligation to make additional payments if the recipient of the payments cannot pay the pension benefits in question. All plans that do not fulfil these conditions are defined benefit pension plans.

Payments made into defined contribution plans are recognised in the income statement in the reporting period to which they apply. The Group's pension plans are mainly defined contribution plans.

In defined benefit plans the company still has an ongoing obligation for the plan even after the payment for the period has been made. For arrangements classified as defined benefit plans, actuarial estimates acquired on a yearly basis serve as the grounds for recognising an expense and liability or asset in the financial statements. Actuarial gains or losses are recognised as equity refunds or a charge in other comprehensive income in the financial period in which they occur.

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Long-term incentive plan:

Atria's long-term incentive plan includes an earning period consisting of periods of three years.

Possible payments from the earning period implemented in 2015–2017 was based on the Group's earnings per share (EPS) excluding non-recurring items. Bonuses earned during the period will be paid in instalments in the coming years. Cash rewards payable under the plan for the entire 2015–2017 earning period are capped at EUR 4.5 million. The plan will end on 31 December 2017, and it covers a maximum of 45 people.

RESEARCH AND DEVELOPMENT EXPENSES

Research expenditure is recognised as an expense in the income statement. Expenditure on development activities related to new products is capitalised in the balance sheet when there is enough certainty that the future economic benefits are expected to be available from the product and the Group has the intention and resources to finalise the development. Capitalised development expenditure is recognised in project-specific expenses over the useful life of the product. The asset is amortised from the time it is ready for use. The Group has no capitalised development expenses.

GOVERNMENT GRANTS

Grants received as compensation for expenses are recognised in the income statement, while expenses connected with the grant are entered as costs. Such grants are entered under other operating income. The nature of the grants varies from one country to the next and the grants are only recognised after all the terms and conditions of the grant have been met, so the company does not have a repayment obligation regarding grants received.

Government grants, such as grants received for the acquisition of property, plant and equipment, are recognised as a deduction in the book value of property, plant and equipment when it is reasonably certain that the grant will be received and that the Group company fulfils the prerequisites for receiving the grant. Grants are recognised as income in the form of lower depreciation during the useful life of the asset.

INCOME TAXES

The Group income statement includes the current taxes of Group companies based on taxable profit for the financial period according to local tax regulations as well as adjustments to prior year taxes and changes in deferred taxes. Taxes are entered in the income statement unless they are related to other comprehensive income or to items recognised directly in equity. In this case the tax is also entered in other comprehensive income or directly in equity. The taxes, based on taxable profit for the financial year, are calculated using the current tax rate of each country.

Deferred taxes are recognised from all temporary differences between the book value and the tax base. The biggest temporary differences arise from the depreciation of property, plants and equipment and fair value measurements in connection with acquisitions. No deferred tax is recognised for non-deductible goodwill impairment, and no deferred tax is recognised for the undistributed profits of subsidiaries if the difference is not likely to dissolve in the foreseeable future.

Deferred tax is calculated using the tax rates provided on the balance sheet date. Deferred tax assets are recognised to the amount for which it is likely that taxable profit will be generated in the future against which the temporary difference can be utilised. Deferred tax assets are recognised for confirmed losses made by Group companies in amounts for which it is likely that the assets can be utilised to offset future taxable profits.

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1. SEGMENT INFORMATION EUR 1,000

The Group's operating segments are based on the Group's internal organisational structure and internal financial reporting, which Atria's Board of Directors uses in strategic and operative decision-making. The Board of Directors assesses the performance of the operating segments based on net sales, EBIT and return on capital employed for the year. The Group has four recognisable geographical segments that differ essentially from one another in terms of the functioning of the markets. They are Atria Finland, Atria Scandinavia, Atria Russia and Atria Baltic. In addition, Group costs are now reported separately in unallocated items. Group costs consist of personnel and administration costs as well as other costs that are not allocated to the business areas. A segment's assets and liabilities are items that can be directly attributed or reasonably allocated to the segment. Transactions between the segments take place at market prices.

The Group has two major customers, and the value of the trade with each of them forms between 10 per cent and 15 per cent of the Group's net sales. The net sales in question are reported in the operating segments Finland, Russia and Baltic.

Operating segments	Atria Finland	Atria Scandinavia	Atria Russia	Atria Baltic	Unallocated	Eliminations	Group
Accounting period that ended on 31 Dec 2017							
Net sales							
External	969,375	343,221	85,713	37,879			1,436,188
Internal	17,034	11,835				-28,869	0
Total net sales	986,409	355,056	85,713	37,879	0	-28,869	1,436,188
EBIT	36,305	4,813	812	2,719	-3,745		40,904
Financial income and expenses							-7,294
Income from joint ventures and associates							1,904
Income taxes							-7,146
Profit for the period							28,368
Assets	480,709	341,450	66,037	28,904		-7,300	909,800
Liabilities	234,521	210,412	36,107	5,382		-7,300	479,122
Investments	23,368	24,283	2,916	3,371			53,938
Depreciation and impairment	26,534	12,469	4,693	2,358			46,054
Items affecting comparability*:							
Sale of a subsidiary		1,350					1,350
Adjusted EBIT	36,305	3,463	812	2,719	-3,745	0	39,554

*) The categorisations into items affecting comparability are unaudited.

Operating segments	Atria Finland	Atria Scandinavia	Atria Russia	Atria Baltic	Unallocated	Eliminations	Group
Accounting period that ended on 31 Dec 2016							
Net sales							
External	913,421	332,159	71,750	34,422			1,351,752
Internal	18,873	11,219				-30,092	0
Total net sales	932,294	343,378	71,750	34,422	0	-30,092	1,351,752
EBIT	24,174	8,394	-657	698	-847		31,762
Financial income and expenses							-6,317
Income from joint ventures and associates							679
Income taxes							-6,571
Profit for the period							19,553
Assets	483,453	344,465	73,201	32,856		-24,534	909,441
Liabilities	251,510	210,921	43,245	6,142		-24,534	487,284
Investments	46,622	30,887	2,497	2,895			82,901
Depreciation and impairment	28,496	12,014	4,126	2,258			46,894
Items affecting comparability*:							
Pig farm sale				-1,019			-1,019
Sale of the real estate company		1,417					1,417
Adjusted EBIT	24,174	6,977	-657	1,717	-847	0	31,364

*) The categorisations into items affecting comparability are unaudited.

2. NET SALES, EUR 1,000

	2017	2016
Sale of goods	1,423,646	1,341,708
Services, rents and other sales	12,542	10,044
Total	1,436,188	1,351,752

3. RESEARCH AND DEVELOPMENT EXPENSES, EUR 1,000

	2017	2016
Research and development costs recognised as expenditure	12,889	13,136

4. REMUNERATIONS PAID TO AUDITORS, EUR 1,000

	2017	2016
Firm of authorised public accountants:		
Auditing fees	352	351
Reports and statements	13	14
Total	365	365

5. OTHER OPERATING INCOME, EUR 1,000

	2017	2016
Proceeds from sales of fixed assets *)	1,515	1,537
Grants received	1,259	913
Other	2,920	2,115
Total	5,694	4,565

*) Atria divested its 51 per cent holding in the subsidiary Nordic Fastfood AB on 1 December 2017. The transaction price was EUR 4.0 million. Atria Scandinavia recognised a sales gain of EUR 1.4 million from the transaction.

In Sweden, Atria sold the real estate company KB Joddlaren on 1 June 2016. The company owns a logistics property in Gothenburg. The transaction price was EUR 3.8 million and Atria Scandinavia recognised a EUR 1.4 million sales gain from the transaction.

6. OTHER OPERATING EXPENSES, EUR 1,000

	2017	2016
Sales loss from fixed assets *)	16	1,029
Depreciation and impairment of intangible assets	3,651	2,729
Other	-624	997
Total	3,043	4,755

*) Atria sold a pig farm located in northern Estonia during the 2016 financial period. The sale of the pig farm gave rise to a sales loss of approximately EUR 1 million, recognised in other operating expenses.

7. PERSONNEL EXPENSES, EUR 1,000

	2017	2016
Expenses from employee benefits:		
Salaries	189,587	181,556
Pension costs – defined-contribution plans	28,244	28,797
Pension costs – defined-benefit plans	-25	-16
Other staff-related expenses	23,795	22,459
Total	241,601	232,796

Information on employee benefits for managerial employees is presented in note 30.

	2017	2016
Expenses from employee benefits by function:		
Costs of goods sold	188,048	180,149
Sales and marketing expenses	30,782	30,136
Administrative expenses	22,771	22,511
Total	241,601	232,796
Group personnel on average by business area (FTE):		
Finland	2,314	2,214
Scandinavia	996	980
Russia	860	819
Baltic countries	279	302
Total	4,449	4,315

8. DEPRECIATION AND IMPAIRMENT, EUR 1,000

	2017	2016
Depreciation and impairment by function:		
Costs of goods sold	35,849	38,922
Sales and marketing expenses	3,302	2,420
Administrative expenses	3,009	2,823
Other operating expenses	3,894	2,729
Total	46,054	46,894

9. FINANCIAL INCOME AND EXPENSES, EUR 1,000

	2017	2016
Financial income:		
Interest income from loan receivables	2,024	2,373
Exchange rate gains from financial liabilities and loan receivables measured at amortised cost	3,055	4,086
Other financial income	1	
Changes in the value of financial assets recognised at fair value through profit or loss		
- Derivative instruments - not in hedge accounting *)	6,837	7,292
Total	11,917	13,751
Financial expenses:		
Interest expenses from financial liabilities measured at amortised cost	-8,030	-7,805
Exchange rate losses from financial liabilities and loan receivables measured at amortised cost	-7,288	-6,005
Other financial expenses	-1,168	-1,090
Changes in the value of financial assets recognised at fair value through profit or loss		
– Derivative instruments – not in hedge accounting **)	-2,725	-5,168
Total	-19,211	-20,068
Total financial income and expenses	-7,294	-6,317
Items related to financial instruments and recognised in other items of total comprehensive income before taxes:		
Cash flow hedges	2,663	2,304
Translation differences	-6,139	6,586
Total	-3,476	8,890

*) Derivative income related to rouble-denominated currency hedges was EUR 1.8 million (EUR 0.7 million).
**) Derivative expenses related to rouble-denominated currency hedges were EUR 1.1 million (EUR 2.8 million).

10. INCOME TAXES, EUR 1,000

	2017	2016
Taxes in the income statement:		
Tax based on the taxable profit for the period	7,748	5,778
Retained taxes	17	789
Deferred tax	-619	4
Total	7,146	6,571
Balancing of taxes in income statement and profit before taxes:		
Profit before taxes	35,514	26,124
Taxes calculated with the parent company's 20.0 per cent tax rate	7,103	5,225
Effect of foreign subsidiaries' deviating tax rates	-499	-304
Retained taxes	-195	789
Effect of income from joint ventures/associates	-381	-136
Effect of tax-free income	-129	-207
Effect of costs that are non-deductible in taxation	581	136
Unrecognised deferred tax assets	578	1,141
Changes in tax rate		2
Other changes	88	-75
Total	7,146	6,571

Taxes recognised in other items of total comprehensive income	Before tax	Tax effects	After tax
2017:			
Cash flow hedges	2,662	-536	2,126
Actuarial losses from pension obligations	-66	15	-51
Translation differences	-6,139		-6,139
Total	-3,543	-521	-4,064
2016:			
Cash flow hedges	2,302	-464	1,838
Actuarial losses from pension obligations	-59	13	-46
Translation differences	6,586		6,586
Total	8,829	-451	8,378

11. EARNINGS PER SHARE, EUR 1,000

Basic earnings per share are calculated by dividing the parent company's shareholder's profit for the period by the weighted average number of outstanding shares.

	2017	2016
Profit (+)/loss (-) for the accounting period attributable to the owners of the parent company	25,859	18,189
Weighted average of shares for the period (1,000 pcs)	28,156	28,156
Basic earnings per share	0.92	0.65

When calculating the earnings per share adjusted by the dilution effect, the dilution effect from all potential dilutive conversions of ordinary shares is taken into account in the weighted average number of shares.

12. PROPERTY, PLANT AND EQUIPMENT, EUR 1,000

	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Acquisitions in progress	Total
Acquisition cost, 1 Jan 2017	9,738	453,475	615,055	10,792	47,593	1,136,653
Increases		26,686	53,507	1,561		81,754
Decreases			-8,088	-40	-31,422	-39,550
Exchange differences	-366	-3,850	-6,820	-535	491	-11,080
Acquisition cost, 31 Dec 2017	9,372	476,311	653,654	11,778	16,662	1,167,777
Accumulated depreciation and impairment, 1 Jan 2017	0	-224,323	-502,928	-5,402	-26	-732,679
Decreases			6,733	40		6,773
Depreciation		-11,325	-27,048	-1,843		-40,216
Exchange differences		1,429	5,257	324		7,010
Accumulated depreciation and impairment, 31 Dec 2017	0	-234,219	-517,986	-6,881	-26	-759,112
Book value, 1 Jan 2017	9,738	229,152	112,127	5,390	47,567	403,974
Book value, 31 Dec 2017	9,372	242,092	135,668	4,897	16,636	408,665

	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Acquisitions in progress	Total
Acquisition cost, 1 Jan 2016	9,652	452,089	587,588	8,484	25,322	1,083,135
Acquisition of a subsidiary	2	5,241	13,729	37	77	19,086
Increases	50	3,477	19,897	977	38,777	63,178
Decreases	-610	-13,016	-5,792	-1	-16,911	-36,330
Exchange differences	644	5,684	-367	1,295	328	7,584
Acquisition cost, 31 Dec 2016	9,738	453,475	615,055	10,792	47,593	1,136,653
Accumulated depreciation and impairment, 1 Jan 2016		-217,981	-466,933	-3,490	-11	-688,415
Acquisition of a subsidiary		-1,047	-10,823	-11		-11,881
Decreases		6,741	4,474	1		11,216
Depreciation		-11,372	-29,427	-1,319	-15	-42,133
Exchange differences		-664	-219	-583		-1,466
Accumulated depreciation and impairment, 31 Dec 2016		-224,323	-502,928	-5,402	-26	-732,679
Book value, 1 Jan 2016	9,652	234,108	120,655	4,994	25,311	394,720
Book value, 31 Dec 2016	9,738	229,152	112,127	5,390	47,567	403,974

Assets acquired under financial leasing contracts are included in machinery and equipment. The acquisition cost recognised on the basis of the financial leasing contracts was EUR 1.2 million (EUR 1.2 million) and accumulated depreciation was EUR 0.5 million (EUR 0.5 million). The book value of assets was EUR 0.7 million (EUR 0.7 million).

The tangible assets used as loan collateral amount to EUR 9.5 million (EUR 9.8 million).

13. BIOLOGICAL ASSETS, EUR 1,000

	2017	2016
Biological assets:		
Productive	637	625
Consumable	3,130	3,171
At the end of the period	3,767	3,796
Amounts of biological assets at the end of the period:		
Boars, sows, gilts / qty	3,790	3,757
Pigs for fattening / qty	26,793	24,577
Chicken eggs and chicks / 1,000 qty	2,803	2,868
Production of agricultural products during the period:		
Pork / 1,000 kg	5,081	5,442
Chicks / 1,000 qty	36,517	29,479

The fair value of productive biological assets is based on the original acquisition price less a cost corresponding to the reduction of value in use due to the ageing of the animals. The fair value of slaughter animals equals their market price, which is based on the company's slaughter animal procurement/sales in the local market.

14. GOODWILL AND OTHER INTANGIBLE ASSETS, EUR 1,000

Intangible assets	Goodwill	Trademarks	Customer relationships	Other intangible assets	Total
Acquisition cost, 1 Jan 2017	185,396	78,312	19,245	30,978	313,931
Increases				3,002	3,002
Decreases				-24	-24
Exchange differences	-3,225	-1,722	-135	-126	-5,208
Acquisition cost, 31 Dec 2017	182,171	76,590	19,110	33,830	311,701
Accumulated depreciation and impairment, 1 Jan 2017	-15,464	-5,938	-4,819	-24,212	-50,433
Depreciation on decreases				24	24
Depreciation		-1,053	-2,428	-2,357	-5,838
Exchange differences	93	214	24	109	440
Accumulated depreciation, 31 Dec 2017	-15,371	-6,777	-7,223	-26,436	-55,807
Book value, 1 Jan 2017	169,932	72,374	14,426	6,766	263,498
Book value, 31 Dec 2017	166,800	69,813	11,887	7,394	255,894

Intangible assets	Goodwill	Trademarks	Customer relationships	Other intangible assets	Total
Acquisition cost, 1 Jan 2016	173,466	70,221	10,056	29,386	283,129
Acquisition of a subsidiary	15,903	9,092	9,189	1	34,185
Increases				1,524	1,524
Decreases				-72	-72
Exchange differences	-3,973	-1,001		139	-4,835
Acquisition cost, 31 Dec 2016	185,396	78,312	19,245	30,978	313,931

Intangible assets	Goodwill	Trademarks	Customer relationships	Other intangible assets	Total
Accumulated depreciation and impairment, 1 Jan 2016	-15,558	-5,396	-3,029	-21,994	-45,977
Depreciation on decreases				31	31
Depreciation		-829	-1,793	-2,139	-4,761
Exchange differences	94	287	3	-110	274
Accumulated depreciation, 31 Dec 2016	-15,464	-5,938	-4,819	-24,212	-50,433
Book value, 1 Jan 2016	157,908	64,825	7,027	7,392	237,152
Book value, 31 Dec 2016	169,932	72,374	14,426	6,766	263,498

Goodwill and intangible assets with indefinite useful lives are allocated to the Group's cash-generating units as follows:

	Goodwill		Trademarks	
	2017	2016	2017	2016
Atria Finland	28,438	28,438	2,500	2,500
Atria Scandinavia	138,362	141,494	49,084	50,192
Atria Russia			3,087	3,331
Atria Baltic			2,857	2,857
Total	166,800	169,932	57,528	58,880

Impairment testing:

Key assumptions for 2017	Atria Finland	Atria Scandinavia	Atria Russia brand	Atria Baltic
Long-term net sales growth rate	1.0%	1.0%	2.5%	1.0%
Discount rate defined before taxes	5.1%	5.1%	15.8%	5.9%

Key assumptions for 2016	Atria Finland	Atria Scandinavia	Atria Russia brand	Atria Baltic
Long-term net sales growth rate	1.0%	1.0%	2.5%	1.0%
Discount rate defined before taxes	4.4%	4.4%	17.1%	6.1%

The recoverable amount of a cash-generating unit is defined on the basis of value-in-use calculations. These calculations, which use cash flow forecasts based on management-approved budgets and strategic targets, are defined before taxes and extend over a five-year period. Cash flows after this period are extrapolated using the growth rates presented above.

The most important assumptions used in Atria's impairment testing for cash flow forecasts are growth in net sales and long-term EBIT margin. The growth and profitability assumptions used are based on the net sales growth rates and profitability levels that business areas will experience in the near future. EBIT margins are expected to be close to the Group's targeted level of 5 per cent.

Growth rate assumptions are moderate in all market areas. The higher growth projection in Russia is due to its higher inflation rate, higher market growth expectations and the relatively high growth projection for meat consumption. Due to the relatively stable development of the food industry and moderately optimistic growth forecasts, it is unlikely that the growth rate assumptions will generate impairment losses in the future.

As regards EBIT margins, impairment losses must be recognised in Finland if the long-term level remains below 78 per cent of the assumed level. In Scandinavia, the EBIT percentage should be approximately 83 per cent and, in the Baltic countries, 53 per cent below the assumption before the need for impairment arises.

Discount rates would give rise to impairment losses (all cash flow forecasts being equal) if they increased by 8.3 percentage points in Finland, 5.4 percentage points in Scandinavia and 2.7 percentage points in the Baltic countries. Clearly higher discount rates would mean that the market situation has changed and that the change could also affect Atria's cash flows. Therefore, the aforementioned increases in discount rates do not directly mean that there would be a need for impairment.

A separate test was conducted on a brand with an indefinite useful life for Atria Russia. An increase of over 6.2 percentage points would lead to the recognition of impairment.

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15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES, EUR 1,000

	2017	2016
Effect on the Group's earnings:		
Associates	484	171
Joint ventures	1,420	508
Total	1,904	679
Book values in the consolidated statement of financial position:		
Associates	3,916	3,528
Joint ventures	10,799	10,082
Total	14,715	13,610

Material investment in a joint venture

Honkajoki Oy is a recycling facility for animal-based raw materials located in Honkajoki, Finland. The company has the subsidiaries Findest Protein Oy and GMM Finland Oy. Atria Plc owns 50 per cent of the company and has joint control in it with HKScan Finland. Honkajoki Group's figures, which are reported according to the Finnish Accounting Standards (FAS), have been consolidated using the equity method.

	2017	2016
Summary of Honkajoki Group's results:		
Net sales	32,339	30,158
EBIT	3,318	1,674
Profit before taxes	3,046	1,679
Profit/loss for the accounting period	2,494	1,335
Summary of Honkajoki Group's balance sheet:		
Assets		
Non-current assets	27,925	21,206
Current assets	9,721	13,023
Total assets	37,646	34,229
Liabilities		
Non-current liabilities	9,372	8,653
Current liabilities	7,502	6,651
Total liabilities	16,874	15,304
Net assets	20,772	18,925
Balancing of the summary of financial information for Honkajoki Group:		
Profit/loss for the accounting period	2,494	1,335
Share of non-controlling interest	-26	19
Income from joint venture (50%)	1,234	677
Net assets, 1 Jan	18,925	17,590
Profit/loss for the accounting period	2,494	1,335
Other changes	-107	
Dividend distribution	-540	
Net assets at the end of the accounting period	20,772	18,925
Share of non-controlling interest	239	320
Share of joint venture (50%)	10,267	9,302

Non-material investments in joint ventures

	2017	2016
Book value in the consolidated statement of financial position	532	779
Effect on earnings in the consolidated income statement	186	-169

Non-material investments in associates

	2017	2016
Book value in the consolidated statement of financial position	3,916	3,528
Effect on earnings in the consolidated income statement	484	171

The joint ventures and associates are listed in Note 33.

16. OTHER FINANCIAL ASSETS, EUR 1,000

Other financial assets include available for sale financial assets:

	2017	2016
Available for sale financial assets, 1 Jan	1,103	1,103
Increases	100	
Decreases	-7	
Available for sale financial assets, 31 Dec	1,196	1,103
Available for sale financial assets include the following euro-denominated items:		
Unlisted securities	1,196	1,103
Total	1,196	1,103

17. TRADE RECEIVABLES, LOANS AND OTHER RECEIVABLES, EUR 1,000

	2017	2016
	Balance sheet values	
Trade receivables from producers	3,178	2,651
Loan receivables	4,932	7,112
Other receivables	301	905
Derivative instruments – in hedge accounting	738	422
Derivative financial instruments – not in hedge accounting	7	11
Total	9,156	11,101

Fair values do not deviate significantly from balance sheet values.

	2017	2016
Non-current receivables were divided into currencies as follows:		
EUR	8,867	10,226
SEK	279	864
Other	10	11
Total	9,156	11,101

The "trade receivables from producers" account includes feed and animal trading receivables from animal payments that fall due in more than 12 months. The credit risk of these receivables is explained in Note 20.

No impairment has been recognised for loans and other receivables. The maximum credit risk for loans and other receivables is equivalent to their book value.

18. DEFERRED TAX ASSETS AND LIABILITIES, EUR 1,000

	2017	2016
Deferred tax assets:		
Tax asset to be realised in more than 12 months	5,760	7,158
Tax asset to be realised within 12 months	263	279
Total	6,023	7,437
Deferred tax liabilities:		
Tax liability to be realised in more than 12 months	47,197	49,111
Tax liability to be realised within 12 months	34	56
Total	47,231	49,167
Deferred tax assets by balance sheet item:		
Intangible and tangible assets	273	755
Inventories	91	64
Trade and other receivables	396	843
Interest-bearing and non-interest-bearing liabilities	1,189	1,843
Recognised losses	4,074	3,932
Total	6,023	7,437
Deferred tax liabilities by balance sheet item:		
Intangible and tangible assets	47,024	49,009
Inventories	20	27
Trade and other receivables	6	
Interest-bearing and non-interest-bearing liabilities	181	131
Total	47,231	49,167
Change in deferred taxes:		
Recognised in the income statement	619	-4
Recognised in other items of total comprehensive income	-521	-451
Changes from acquired/sold businesses	60	-4,091
Exchange differences	364	1,083
Total	522	-3,463

Deferred tax assets for unused tax losses are recognised to the amount for which obtaining tax benefits on the basis of taxable profit is likely. Deferred tax assets unrecognised for the period were EUR 0.5 million (1.1 million).

Of the deferred tax assets recognised for confirmed losses, EUR 3.6 million relate to Russia. Russia's tax legislation changed as of 1 January 2017 in such a way that while confirmed losses no longer expire, only losses equal to 50 per cent of the amount of taxes paid can be deducted from the taxable income in 2017–2020. The legislative amendment has been confirmed until 2020.

19. INVENTORIES, EUR 1,000

	2017	2016
Materials and supplies	44,372	44,836
Unfinished products	2,836	2,591
Finished products	42,623	39,451
Other inventories	3,194	2,905
Total	93,025	89,783

During the accounting period, EUR 1.1 million (EUR 1.0 million), i.e. the amount used to lower the book value of the inventories to a value comparable with the net realisable value, was recognised as expenses.

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20. CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES, EUR 1,000

	2017	2016
Trade receivables	75,859	70,167
Trade receivables from producers	14,699	14,779
Loan receivables	3,542	5,165
Other receivables	10,820	10,109
Derivative instruments – in hedge accounting	413	146
Derivative financial instruments – not in hedge accounting	1,779	426
Accrued credits and deferred charges	6,572	8,021
Total	113,684	108,813

Fair values do not deviate significantly from balance sheet values.

In Atria Group, credit risk from trade receivables is considered small in proportion to the scope of the operations. The Group's trade receivables are dispersed over several market areas and numerous customers. Credit loss risk is managed with credit insurance, bank guarantees and other guarantees, as well as advance invoicing. Each business area has been assigned a separate credit policy that takes the special features of the market area into account. Credit risk is examined and monitored on a case-by-case basis for major customers and customer groups.

Material items in accrued credits and deferred charges consist of prepaid expenses of purchase invoices, lease receivables and tax amortisations.

Breakdown of trade receivables and items booked as credit losses		2017	Credit losses	Net 2017
Not due		78,479	0	78,479
Overdue	Less than 30 days	7,149	0	7,149
	30–60 days	1,280	6	1,286
	61–90 days	396	0	396
	More than 90 days	3,305	-57	3,248
Total		90,609	-51	90,558

Breakdown of trade receivables and items booked as credit losses		2016	Credit losses	Net 2016
Not due		69,152	-13	69,139
Overdue	Less than 30 days	10,831	-277	10,554
	30–60 days	1,323	-152	1,171
	61–90 days	442	-57	385
	More than 90 days	3,747	-50	3,697
Total		85,495	-549	84,946

Current receivables were divided between currencies as follows:	2017	2016
EUR	70,572	67,420
SEK	20,794	17,693
RUB	11,428	13,286
DKK	6,016	4,799
USD	3,105	2,672
NOK	687	1,202
Other	1,082	1,741
Total	113,684	108,813

21. CASH AND CASH EQUIVALENTS, EUR 1,000

	2017	2016
Cash in hand and at banks	3,137	4,591

22. SHAREHOLDERS' EQUITY, EUR 1,000

Shares and share capital

Shares are divided into A and KII series, which differ in terms of voting rights. A series shares have one vote per share and KII series shares have ten votes per share. Shares from series A are entitled to a dividend of EUR 0.17, after which KII-series shares are paid a dividend of up to EUR 0.17. If there is still more dividend available for distribution, A and KII series shares have the same entitlement to the dividend. All issued shares have been paid in full. The share has no nominal value or a maximum number.

Number of shares outstanding (1,000 pieces)	A series	KII series	Total
1 Jan 2016	18,952	9,204	28,156
No changes in the accounting period			
31 Dec 2016	18,952	9,204	28,156
No changes in the accounting period			
31 Dec 2017	18,952	9,204	28,156

Reserves included in shareholders' equity:

Share premium

The portion of share subscription payments recognised in share premium in compliance with the conditions of plans prior to the new Limited Liability Companies Act (624/2006) taking effect.

At the decision of the Annual General Meeting of 28 April 2016, the share premium was reduced by a transfer of all the assets therein, EUR 138,502,108.85, to the company's invested unrestricted equity fund. The share premium reductions were not subject to costs, and they did not affect the number of shares in the company, the rights conferred by the shares or the shareholders' relative ownership stakes.

Treasury shares

The treasury shares reserve contains the acquisition cost of own shares held by the Group. In 2008 and 2009, the Group's parent company, Atria Plc, acquired 145,102 series A shares on the stock exchange for an acquisition cost of EUR 1.3 million. In 2008, 35,260 of the acquired shares and, in 2010, 3,280 shares were transferred to key persons as a part of the Group's share incentive plan. At the end of the year, the parent company held a total of 111,312 (111,312) treasury shares.

Other funds	2017	2016
Hedging fund		
Effective portion of currency and commodity derivatives.	804	-173
Effective portion of interest rate derivatives	-1,326	-3,012
Deferred tax	102	638
Total	-420	-2,547

The Other funds item includes a hedge fund in which the effective portions of changes in the fair value of the derivative financial instruments used for hedging are recognised. Hedge accounting results for currency and commodity derivatives are transferred from equity to the income statement for adjustment of purchase expenses and, correspondingly, the hedging result for interest rate derivatives is transferred for adjustment of interest expenses.

Invested unrestricted equity fund

This reserve contains other equity investments and the share subscription price to the extent that it is not recognised in share capital according to a separate decision, as well as the value of shares earned before 2012 on the basis of the share incentive plan, calculated at the rate of the grant date.

At the decision of the Annual General Meeting of 28 April 2016, the share premium was reduced by a transfer of all the assets therein, EUR 138,502,108.85, to the company's invested unrestricted equity fund.

Translation differences

The following are recognised: the translation differences from the translation of the financial statements of foreign subsidiaries, as well as the translation of fair value adjustments of goodwill, assets and liabilities arising in conjunction with the acquisition of the said companies. Profits and losses arisen from hedges of net investments in foreign operations are also recognised as translation differences when the hedge accounting criteria are met.

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Parent company's distributable shareholders' equity	2017	2016
Invested unrestricted equity fund	248,730	248,730
Retained earnings	59,994	62,459
Treasury shares	-1,277	-1,277
Profit for the period	15,148	10,486
Total	322,594	320,397

Dividend per share paid for the period	2017	2016
Dividend/share, EUR	0.46	0.40
Dividend distributed by the parent company	12,952	11,263

The Board of Directors proposes to the Annual General Meeting to be held on 26 April 2018 that a dividend of EUR 0.50 per share be distributed, totalling EUR 14,078,208.00.

23. INTEREST-BEARING FINANCIAL LIABILITIES, EUR 1,000

	2017	2016
	Balance sheet values	
Non-current:		
Bonds		50,000
Loans from financial institutions	111,450	111,551
Pension fund loans	9,550	14,850
Other liabilities	1,000	1,000
Finance lease obligations	424	463
Total	122,424	177,864
Current:		
Bonds	50,000	
Loans from financial institutions	3,887	903
Commercial papers	31,000	33,000
Pension fund loans	5,300	5,300
Other liabilities	1,409	505
Finance lease obligations	254	275
Total	91,850	39,983
Total interest-bearing liabilities	214,274	217,847

The fair values of interest-bearing loans do not deviate significantly from balance sheet values.

	2017	2016
With fixed interest rates	16.0,%	64.1,%
With variable interest rates	84.0,%	35.9,%
Average interest rate	2.30%	2.60%

Non-current liabilities mature as follows:	2017	2016
2018		55,857
2019	4,120	3,642
2020	2,092	2,092
2021	2,092	42,092
2022	72,092	32,092
Later	42,027	42,087
Total	122,424	177,864

Part of the euro-denominated debt has been converted into foreign-currency-denominated debt with forward exchange agreements as follows:

	2017	2016
EUR	86,963	104,498
SEK	108,057	90,754
DKK	10,623	12,851
RUB	8,228	9,743
NOK	403	
Total	214,274	217,847

Finance lease obligations	2017	2016
Total amount of minimum lease payments:		
In less than a year	258	294
Between one and five years	466	525
Total	724	819
Present value of minimum lease payments:		
In less than a year	254	275
Between one and five years	424	463
Total	678	738
Future interest accumulation	46	81
Total	724	819

Reconciliation calculation of interest-bearing liabilities	2016	Withdrawals	Payments	Exchange differences	2017
Long-term bonds	50,000				50,000
Loans from financial institutions					
Long-term	111,551		-163	62	111,450
Short-term*)	903	3,082		-98	3,887
Short-term commercial papers*)	33,000		-2,000		31,000
Long-term pension fund loans	20,150		-5,300		14,850
Other liabilities					
Long-term	1,000				1,000
Short-term	505	964	-60		1,409
Finance lease obligations*)	738		-77	17	678
Total	217,847	4,046	-7,600	-19	214,274

*) Net change

24. OTHER NON-CURRENT LIABILITIES, EUR 1,000

	2017	2016
Other liabilities *)	6,142	6,877
Derivative instruments – in hedge accounting	1,431	3,550
Derivative financial instruments – not in hedge accounting	53	167
Accruals and deferred income	440	220
Total	8,066	10,814

*) Other liabilities include the current value, EUR 6.0 million, of the put option related to the acquisition of the minority share in the subsidiary acquired in 2016, Well-Beef Ltd.

Other non-current liabilities are in euros.

25. PENSION OBLIGATIONS, EUR 1,000

	2017	2016
The benefit-based pension liability in the balance sheet is determined as follows:		
Present value of funded obligations	6,320	7,167
Fair value of assets	0	0
Deficit(+) / Surplus(-)	6,320	7,167
Pension liability in the balance sheet	6,320	7,167

The benefit-based pension cost is determined as follows:		
Costs based on services in the period		68
Costs based on services in previous periods		-63
Benefits paid	-218	-228
Interest expenses	193	207
Pension costs in the profit and loss account	-25	-16
Items recognised in other items of total comprehensive income due to reassessment	66	59
Pension costs in total comprehensive income	66	59
Changes to liabilities in the balance sheet:		
Liability of the ITP2 pension arrangement at the beginning of the accounting period	7,167	7,425
Pension costs in the profit and loss account and total comprehensive income	41	43
Sale of a subsidiary	-676	
Exchange differences	-212	-301
At the end of the period	6,320	7,167
Actuarial assumptions used (%):		
Discount rate	2.50	2.80
Inflation rate	1.90	1.50

The Group's Swedish companies have defined-benefit pension arrangements (ITP2). Most of the ITP2 pension arrangements are provided by the occupational pension insurance company Alecta as multiple-employer arrangements, so the funds and liabilities within them cannot be allocated to an individual company. For this reason, the ITP2 pension arrangements managed by Alecta are treated as defined contribution plans in the financial statements. The remaining ITP2 pension arrangements are financed through the FPG/PRI system, and they are treated as defined benefit plans as of the 2011 accounting period.

26. CURRENT TRADE AND OTHER PAYABLES, EUR 1,000

	2017	2016
Trade payables	106,281	102,109
Advances received	2,388	1,871
Other liabilities	45,841	45,505
Derivative instruments – in hedge accounting	249	194
Derivative financial instruments – not in hedge accounting	162	2,829
Accruals and deferred income	47,209	47,056
Total	202,130	199,564

Material items in accrued liabilities consist of personnel expenses and the amortisation of debt interests.

Current liabilities consist of the following currencies:		
EUR	141,002	126,705
SEK	42,880	49,784
RUB	9,784	14,637
DKK	7,048	6,622
PLN	805	1,112
NOK	349	351
USD	218	329
Other	44	24
Total	202,130	199,564

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27. FINANCIAL RISK MANAGEMENT

The treasury policy approved by the Board of Directors defines the general principles of financial risk management. The Board has delegated the management of financial risks to the Treasury Committee, while the practical management of financial risks is centrally handled by the Group's Treasury unit. The goal of financial risk management is to reduce the effect that price fluctuations on the financial markets and other uncertainty factors have on earnings, the balance sheet and cash flow, as well as to ensure sufficient liquidity. Treasury, together with the business areas, aims to identify, assess and hedge against all risks in accordance with the treasury policy. The main risks related to financing are interest rate risk, currency risk, liquidity and refinancing risk and credit risk. Commodity risks and capital structure management are also discussed at the end of this section.

Interest rate risk

Interest rate risk is managed by dividing financing into instruments with floating and fixed interest rates and by hedging with interest rate derivatives. During the accounting period, the Group used interest rate swaps in interest rate risk management. The Group links interest rate risk management to the interest margin indicator that is forecast by dividing the 12-month rolling operating margin by the forecast net interest rate expenses. The lower the EBITDA is in relation to net financing costs, the larger the share of debt that must have a fixed interest rate. The Group's interest-bearing debt on the balance sheet date was EUR 214.3 million (EUR 217.8 million), of which EUR 34.4 million (EUR 139.6 million) or 16.0 per cent (64.1 per cent) had fixed interest rates. The ratio of debt with fixed and floating interest rates is at the level defined by the Group's treasury policy.

The interest rate risk is mainly directed at the Group's interest-bearing liabilities because the amount of money market investments and related interest rate risk is low. The Group's operational cash flow is to a large extent independent of fluctuations in interest rates. At the time of the financial statements, Atria Plc had three interest rate swaps subject to hedge accounting. The maturity of both of the interest rate swaps amounting to EUR 25 million is less than a year and for this reason they are no longer accounted for in the share of the loan portfolio with a fixed interest rate.

1. An interest rate swap amounting to EUR 30 million where Atria pays a fixed interest rate of 0.897 per cent and receives the 6-month Euribor rate. The company will use the interest rate swap to hedge a EUR 30 million loan with a floating interest rate that matures on 23 June 2022.
2. An interest rate swap amounting to EUR 25 million where Atria pays a fixed interest rate of 2.408% and receives the 6-month Euribor rate. The company will use the interest rate swap to hedge a loan with a floating interest rate.
3. An interest rate swap amounting to EUR 25 million where Atria pays a fixed interest rate of 2.355% and receives the 6-month Euribor rate. The company will use the interest rate swap to hedge a loan with a floating interest rate.

The sensitivity analysis of net interest rate expenses is based on a 1 per cent change in interest rates, which is considered reasonably realistic. It is calculated for year-end interest-bearing, variable-rate net liabilities that are expected to remain the same over the accounting period. The interest rate swaps are taken into account in the calculation. In simulations, the same change in interest rate is used for all currencies. On 31 December 2017, net variable-rate liabilities amounted to EUR 176.8 million (EUR 73.7 million). At the end of 2017, an increase of one percentage point in interest rates corresponded to a change of EUR +/-1.8 million in the Group's annual interest rate expenses (EUR +/-0.7 million). The effect on equity would be EUR 1.5 million (EUR 2.0 million) with an increase of one per cent and EUR -1.6 million (EUR -2.1 million) with a decrease of one per cent.

Currency risk

Atria Group operates in many currency zones and is exposed to currency-related risks. Currency risks arise from forecast transactions, assets and liabilities booked into the balance sheet and net investments in the operations of foreign subsidiaries. The subsidiaries hedge the currency risk related to commercial, operational items according to their currency risk policy for each business area. Each currency risk policy has been approved by the Treasury Committee.

In Finland and Sweden, hedge accounting is applied to the aforementioned currency hedges. Currency risk is monitored according to the 12-month rolling cash flow forecast, and hedges are carried out for periods of 1 to 6 months using forward exchange agreements. The cash flows hedged during this time are expected to occur and affect profit or loss. Transaction risks arise from, among other things, the euro-denominated meat raw material imports of Atria's companies in Sweden as well as from Atria Russia's USD-denominated meat raw material imports and euro-denominated purchases of goods other than meat. In Atria's Finnish operations, currency flows and risks are relatively low and are mainly related to USD and SEK-denominated exports.

The Group has net investments in the operations of foreign subsidiaries that are exposed to currency risks. The Treasury Committee decides on net investment hedges on a case-by-case basis. At the time of the financial statements, there were no derivative agreements in force for net investment hedging. The parent company grants financing to the subsidiaries in their home currencies and has hedged the currency-denominated loan receivables from the subsidiaries through currency loans and forward exchange agreements.

During the accounting period, translation differences recognised in the consolidated statement of comprehensive income amounted to EUR -6.1 million (EUR +6.6 million). At the end of the year, the value of net investments exposed to fluctuations of the rouble was EUR 47.6 million (EUR 50.1 million).

If, at the end of the accounting period, the euro had been 10 per cent weaker/stronger than the Swedish krona (all other factors being equal), profit before taxes would have been EUR 0.5 million higher/lower due to the Swedish subsidiaries' unhedged euro-denominated net position of accounts receivable and accounts payable (EUR 0.2 million). The effect on equity would have been EUR 0.6 million (EUR 0.3 million). Sensitivity analyses also take into account the effects of currency derivatives, which offset the effects of change in exchange rates.

Liquidity and refinancing risk

Atria Plc's Treasury raises the majority of the Group's interest-bearing capital. Liquidity and refinancing risks are managed through a balanced loan maturity structure and by having sufficient committed credit facilities with sufficiently long maturities, by using many financial institutions and instruments to raise finance and by keeping a sufficient amount of cash funds. Atria uses commercial papers for short-term financing and liquidity management. There were EUR 105.0 million (EUR 105.0 million) in unutilised committed credit facilities at the end of the year, and EUR 169.0 million (EUR 167.0 million) of the EUR 200 million commercial paper programme had not been used at the end of the accounting period. The average maturity of the Group's loans and committed credit limits was 3 years 4 months (3 years 9 months).

The main covenant used in loan agreements is a minimum equity ratio covenant of 30 per cent. The Group's equity ratio has been approximately 40 per cent for many years, and the Group will continue to ensure an equity ratio higher than the level required by the covenant. According to the terms of loan agreements, the implementation of covenants is reported to financiers either quarterly or semi-annually.

According to the view of Group management, there was no significant liquidity accumulation in financial assets or financial sources.

The table below shows the maturity analysis for financial liabilities and derivative financial instruments (undiscounted figures). The capital payments and revenue of derivative liabilities and assets are related to forward exchange agreements, and interest payments to interest rate swaps.

Maturity analysis for financial obligations

		Maturity, 31 Dec 2017			
EUR 1,000		< 1 years	1–5 years	> 5 years	Total
Bonds	Instalments	50,000			50,000
	Interest payments	2,182			2,182
Loans	Instalments	41,596	121,065	935	163,596
	Interest payments	2,009	7,416	114	9,539
Finance lease obligations	Instalments	254	424		678
Derivative liabilities and assets *)	Capital payments	162,602			162,602
	Capital income	-165,608			-165,608
	Interest payments	1,015	1,243		2,258
Other payables	Instalments	7,386	6,142		13,528
Trade payables	Payments	106,281			106,281
Accruals and deferred income	Payments	45,049	440		45,489
Total	Total payments	418,374	136,730	1,049	556,153
	Total income	-165,608	0	0	-165,608
	Net payments	252,766	136,730	1,049	390,545

		Maturity, 31 Dec 2016			
1 000 EUR		< 1 years	1–5 years	> 5 years	Total
Bonds	Instalments		50,000		50,000
	Interest payments	2,177	2,182		4,358
Loans	Instalments	39,708	85,314	42,087	167,109
	Interest payments	2,236	8,594	488	11,317
Finance lease obligations	Instalments	277	464		741
Derivative liabilities and assets *)	Capital payments	140,972			140,972
	Capital income	-143,628			-143,628
	Interest payments	1,656	2,174		3,830
Other payables	Instalments	9,198	6,877		16,075
Trade payables	Payments	102,109			102,109
Accruals and deferred income	Payments	47,056	220		47,276
Total	Total payments	345,388	155,824	42,575	543,787
	Total income	-143,628	0	0	-143,628
	Net payments	201,760	155,824	42,575	400,159

*) There is an agreement on the offsetting right with all derivative counterparties. The figures for derivative liabilities and assets presented in the table are gross amounts. If the figures were offset, derivative liabilities would amount to EUR 1.0 million (EUR -5.7 million).

Credit risk

Credit risk is managed at Group level in accordance with the Group's risk management policy approved by the Board of Directors. The credit risk related to financing (counterparty risk) is managed by selecting only well-established highly rated counterparties with good credit ratings. The Group's liquid assets are only invested with counterparties that meet the above-mentioned criteria. This is also the procedure when entering into financing and derivative agreements. The credit risk related to derivatives is also reduced by the fact that all payments made in relation to interest rate derivatives are net payments. Atria has only made derivatives with banks that are among Atria's main lenders.

The credit risk of the Group's operative business is related to our customers, of which the main ones are large retail chains. Part of the Group's trade receivables are related to feed and animal trading in primary production. The credit risk related to this is higher, but also more dispersed. The Group's trade receivables are also dispersed over several market areas and many customers.

Credit loss risk is managed with securities, such as credit insurances and bank guarantees as well as with advance invoicing. Each business area has been assigned a separate credit policy that takes the special features of the market area into account. Credit risk is examined and monitored on a case-by-case basis for major customers and customer groups. The breakdown of trade receivables is illustrated in Note 20.

Commodity risk

The Group is exposed to commodity risks, the most significant of which are meat raw material and electricity. Fluctuations in the price of meat raw material affect profitability in the short term, but efforts are made to pass on the price increases to sales prices as soon as possible.

Fluctuations in the price of electricity are hedged with forward electricity agreements according to the Group's electricity procurement policy. The hedging levels in the policy are shown in the table below.

Period	Hedging level minimum	Hedging level maximum
1–12 months	70%	100%
13–24 months	40%	80%
25–36 months	0%	50%
37–48 months	0%	40%
49–60 months	0%	30%

Hedge accounting in accordance with IFRS is applied to electricity hedges. The valuation differences, EUR +0.8 million (EUR +1.9 million), of the effective portion of electricity derivatives which meet the criteria for hedge accounting were recognised in the equity hedge fund, and the valuation differences, EUR -0.2 million (EUR +0.5 million), of ineffective derivatives were recognised in the income statement.

If the market price for electricity derivatives changed by +/-10 per cent from the level of 31 December 2017, the effect on equity would be EUR +/-1.1 million (EUR +/-1.1 million), on the assumption that all hedges are 100 per cent effective.

Capital structure management

In capital structure management, the Group aims to ensure normal operating conditions under all circumstances and to maintain an optimal capital structure in terms of capital costs.

The Group monitors the development of its capital structure primarily through the equity ratio, for which the Group has set a target level of 40 per cent. Based on this equity ratio, the company estimates that the availability and total cost of new capital are optimal.

Equity ratio is affected by balance sheet total and equity. The company is able to affect the balance sheet total and, thereby, the capital structure through the management of working capital, the amount of investments and the sale of business operations or assets. Correspondingly, the company can affect the amount of its own equity through dividend distribution and share issues.

In the assessment of investments and divestments, the Group uses the Group's weighted average cost of capital (WACC) as reference. This way, the Group tries to ensure that its assets generate at least an amount corresponding to the average cost of its capital.

Equity ratio (target 40%)

Realised	31 Dec 2017	31 Dec 2016
	47.5%	46.5%

Values of financial assets and liabilities by category:

EUR 1,000 2017 Balance sheet item	Financial assets and liabilities recognised at fair value through profit or loss	Derivative financial instruments under hedge accounting	Loans and receivables	Available-for-sale financial assets	Financial liabilities	Balance sheet value in total
Non-current assets						
Trade receivables			3,178			3,178
Other financial assets				1,196		1,196
Loan receivables			4,932			4,932
Other receivables *)			301			301
Derivative financial instruments	7	738				745
Current assets						
Trade receivables			90,558			90,558
Loan receivables			3,542			3,542
Other receivables *)			3,994			3,994
Accrued credits and deferred charges *)			6,572			6,572
Derivative financial instruments	1,779	413				2,192
Cash and cash equivalents			3,137			3,137
Total financial assets	1,786	1,151	116,214	1,196	0	120,347
Non-current liabilities						
Loans					122,000	122,000
Finance lease obligations					424	424
Derivative financial instruments	53	1,431				1,484
Accruals and deferred income **)					440	440
Current liabilities						
Loans					91,596	91,596
Finance lease obligations					254	254
Trade payables					106,281	106,281
Other liabilities **)					7,386	7,386
Accruals and deferred income **)					47,209	47,209
Derivative financial instruments	162	249				411
Total financial liabilities	215	1,680	0	0	375,590	377,485

*) Do not include VAT or income tax assets.

**) Do not include VAT or income tax liabilities.

Values of financial assets and liabilities by category:

EUR 1,000 2016 Balance sheet item	Financial assets and liabilities recognised at fair value through profit or loss	Derivative financial instruments under hedge accounting	Loans and receivables	Available-for-sale financial assets	Financial liabilities	Balance sheet value in total
Non-current assets						
Trade receivables			2,651			2,651
Other financial assets				1,103		1,103
Loan receivables			7,112			7,112
Other receivables *)			905			905
Derivative financial instruments	11	422				433
Current assets						
Trade receivables			84,946			84,946
Loan receivables			5,165			5,165
Other receivables *)			2,908			2,908
Accrued credits and deferred charges *)			7,380			7,380
Derivative financial instruments	426	146				572
Cash and cash equivalents			4,591			4,591
Total financial assets	437	568	115,658	1,103	0	117,766
Non-current liabilities						
Loans					177,400	177,400
Finance lease obligations					464	464
Derivative financial instruments	167	3,550				3,717
Current liabilities						
Loans					39,706	39,706
Finance lease obligations					277	277
Trade payables					102,109	102,109
Other liabilities **)					9,198	9,198
Accruals and deferred income **)					47,056	47,056
Derivative financial instruments	2,829	194				3,023
Total financial liabilities	2,996	3,744	0	0	376,210	382,950

*) Do not include VAT or income tax assets.

**) Do not include VAT or income tax liabilities

Fair value hierarchy:

EUR 1,000

Balance sheet item	31 Dec 2017	Level 1	Level 2	Level 3
Non-current assets				
Available-for-sale financial assets				
– Unlisted shares	1,196			1,196
Derivative financial instruments	745		745	
Current assets				
Derivative financial instruments	2,192		2,192	
Total	4,133	0	2,937	1,196
Non-current liabilities				
Bonds	50,000		50,000	
Derivative financial instruments	1,484		1,484	
Current liabilities				
Derivative financial instruments	411		411	
Total	51,895	0	51,895	0

Balance sheet item	31 Dec 2016	Level 1	Level 2	Level 3
Non-current assets				
Available-for-sale financial assets				
– Unlisted shares	1,103			1,103
Derivative financial instruments	433		433	
Current assets				
Derivative financial instruments	572		572	
Total	2,108	0	1,005	1,103
Non-current liabilities				
Bonds	50,000		50,000	
Derivative financial instruments	3,717		3,717	
Current liabilities				
Derivative financial instruments	3,023		3,023	
Total	56,740	0	56,740	0

Level 1: Prices listed on active markets for identical assets and liabilities
The fair value of financial instruments traded in active markets is based on market prices listed on the closing date. Markets are regarded as active if listed prices are readily and regularly available from the stock exchange, broker, industry group, price information service or supervisory authority, and these prices represent actual and regularly occurring market events between independent parties. The current purchase price is used as the listed market price for financial assets.

Level 2: Fair values can be determined either directly (i.e. as prices) or indirectly (i.e. derived from prices).
A fair value is established through valuation techniques for financial instruments that are not traded in active markets (such as OTC derivatives). These valuation techniques make maximum use of observable market information, when available, and rely as little as possible on company-specific assessments. If all significant input required for determining the fair value of the instrument is observable, the instrument is on level 2.

Level 3: Fair values are not based on verifiable market prices.
If one or more significant piece of input information is not based on observable market information, the instrument is classified as level 3. Assessments by external parties are used to measure financial instruments and, if such assessments are not available, the company's own calculations/assessments are used.

Changes in financial instruments belonging to level 3

Unlisted shares	2017	2016
Opening balance 1 Jan	1,103	1,103
Increases	100	
Decreases	-7	
Closing balance 31 Dec	1,196	1,103

Derivative financial instruments:

Fair values of derivative instruments, EUR 1,000	Derivative assets 31 Dec 2017	Derivative liabilities 31 Dec 2017	Net fair value 31 Dec 2017	Net fair value 31 Dec 2016
Forward exchange agreements				
Cash flow hedges under IAS 39 hedge accounting	113	6	107	-88
Other hedges	1,724	13	1,711	-2,527
Interest rate swaps, due in more than one year				
Cash flow hedges under IAS 39 hedge accounting		1,326	-1,326	-3,012
Electricity derivatives				
Cash flow hedges under IAS 39 hedge accounting	1,087	348	739	-76
Other hedges	13	202	-189	-32
Total	2,937	1,895	1,042	-5,735

Nominal values of derivative financial instruments, EUR 1,000	31 Dec 2017	31 Dec 2016
Forward exchange agreements		
Cash flow hedges under IAS 39 hedge accounting	4,396	8,134
Other hedges	123,308	112,721
Interest rate swaps		
Cash flow hedges under IAS 39 hedge accounting	80,000	80,000
Electricity derivatives		
Cash flow hedges under IAS 39 hedge accounting	9,986	10,741
Other hedges	256	387
Total	217,947	211,984

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28. OTHER LEASES, EUR 1,000

	2017	2016
Group as lessee:		
Minimum lease payments based on non-cancellable leases		
Within one year	12,806	13,351
Within more than one year and a maximum of five years	7,435	13,066
After more than five years	5,666	8,140
Total	25,907	34,557
Rents recognised as cost	15,029	11,337

The terms and conditions of the leases vary. The Group companies rent properties, machinery and equipment.

29. CONTINGENT LIABILITIES, EUR 1,000

	2017	2016
Debts with mortgages or other collateral given as security		
Loans from financial institutions	1,594	1,694
Pension fund loans	4,416	5,273
Total	6,010	6,967
Mortgages and other securities given as comprehensive security		
Real estate mortgages	2,664	2,796
Corporate mortgages	1,117	3,920
Total	3,781	6,716
Contingent liabilities not included in the balance sheet		
Guarantees	248	335

30. RELATED PARTY TRANSACTIONS, EUR 1,000

Atria Group's related parties include the members of the Board of Directors and the Supervisory Board, the CEO, the Deputy CEO and other members of the management team, their immediate families and the companies in which they have a controlling interest. Other related parties include the Group's joint ventures and associated companies, as well as the shareholding Itikka Co-operative, Lihakunta and Pohjanmaan Liha Co-operative and the subsidiaries of these companies.

Group companies, Group joint ventures and associates are presented in more detail in Note 33.

All business transactions that are entered into with related parties and are not eliminated in the consolidated financial statements are recognised as related party transactions.

Transactions with related parties and related-party assets and liabilities	Joint ventures and associates	Other related parties	Total
1 Jan – 31 Dec 2017			
Sale of goods	3,085	7,344	10,429
Sale of services	16	79	95
Rental income	4,415	123	4,538
Purchase of goods	16,038	11,403	27,441
Purchase of services	48,986	109	49,095
Rental costs	5,553	5,068	10,621

Transactions with related parties and related-party assets and liabilities	Joint ventures and associates	Other related parties	Total
31 Dec 2017			
Trade receivables	395	215	610
Other receivables	145	145	290
Trade payables	5,680	964	6,644

Transactions with related parties and related-party assets and liabilities	Joint ventures and associates	Other related parties	Total
1 Jan –31 Dec 2016			
Sale of goods	3,821	7,024	10,845
Sale of services	17	27	44
Rental income	99	123	222
Purchase of goods	14,700	10,887	25,587
Purchase of services	49,094	86	49,180
Rental costs	21	4,880	4,901
31 Dec 2016			
Trade receivables	783	382	1,165
Other receivables	4	519	523
Trade payables	5,269	42	5,311

The sale of goods and services to related parties is based on the Group's valid price lists. The largest expense item under purchase of services is formed by the logistics services purchased from Tuoretie Oy.

Employee benefits and fees of the Group's key managerial personnel (on an accrual basis)	2017	2016
Short-term employee benefits	3,310	2,800
Post-employment benefits (group pension benefits)	250	252
Total	3,560	3,052

The key personnel in the Group's management are the members of the Board of Directors and the Supervisory Board, the CEO, the Deputy CEO and the other members of the Group's Management Team.

For the CEO and Deputy CEO, the retirement age is 63 years.

Group pension benefits have been arranged for the members of Atria Group's Management Team who are within the scope of Finnish social security. The retirement age under the group pension insurance is 63 years for the members of the Management Team. The pension plan is contribution-defined, and the annual payment is based on the monthly salary (monetary salary and fringe benefits) of the insured.

Incentive schemes for management:

Long-term incentive plan
Atria's long-term incentive plan was implemented per earning period, which consisted of three one-year periods.
Payments from the earning period implemented in 2015–2017 were based on the Group's earnings per share (EPS) excluding extraordinary items. Bonuses earned during the period will be paid in instalments in the coming years. Cash rewards payable under the plan for the entire 2015–2017 earning period are capped at EUR 4.5 million. The plan ended on 31 December 2017, and it covered a maximum of 45 people. The bonuses accrued for the entire earning period of 2015–2017 totalled EUR 2.1 million.

Short-term incentive plan
The maximum amount of bonus for the short-term incentive plan of Atria Plc is 25 per cent to 50 per cent of the annual salary, depending on the effect on the result and the level of competence required to perform the duties. The criteria in the bonus system comprise Group-level and business area-specific operating profit and net sales targets. In addition to the CEO and other members of the Management Team, Atria Plc's bonus scheme covers approximately 40 people.

Salaries, benefits and pension contributions for the members of the Supervisory Board and the Board of Directors, the CEO and the Deputy CEO	Salaries and benefits	Contributions to the supplementary pension scheme	Total
Members of the Supervisory Board:			
Kaikkonen Jukka, Chairperson since 27 April 2017	16		16
Hyry Hannu, Chairperson until 27 April 2017	9		9
Anttikoski Juho, Deputy Chairperson	13		13
Other members of the Supervisory Board	55		55
Total	92	0	92
Members of the Board of Directors:			
Paavola Seppo, Chairperson	69		69
Rantsi Jyrki, Deputy Chairperson	54		54
Ginman-Tjeder Nella	27		27
Kaarto Esa	68		68
Korhonen Pasi	34		34
Moisio Jukka	26		26
Paxal Kjell-Göran	41		41
Sivula Harri	28		28
Total	347	0	347
CEO:			
Gröhn Juha	585	130	716
Deputy CEO:			
Kyntäjä Heikki, CFO	252	29	281

31. ACQUIRED OPERATIONS, EUR 1,000

2016:

Lagerberg i Norjeby AB:
Atria Plc acquired the entire share capital of Lagerberg i Norjeby AB (Lagerbergs), a Swedish poultry company. The deal was approved by the Swedish Competition Authority and Consumer Agency on 1 April 2016. The agreement between Atria and Lagerbergs was confirmed at the end of April, and the business operations were transferred to Atria as of the start of May. The transaction price of EUR 18.7 million was paid in cash.

The transaction allowed Atria to expand its business into the Swedish poultry market. The company is the third largest supplier on the Swedish chicken market. The Lagerbergs brand transferred to Atria in connection with the transaction.

In Sweden, demand for chicken has increased steadily in recent years. In 2015, the retail market for poultry increased by seven per cent.

Lagerbergs has a production plant and its own chicken-rearing facilities in Blekinge, Southern Sweden. In addition to the chickens produced at its own rearing facilities, Lagerbergs acquires chickens from the contract producers located near the production plant. The company employs 120 people. Atria's annual net sales are expected to grow by about EUR 30 million.

Lagerberg i Norjeby AB	Fair values employed in the acquisition
Property, plant and equipment	6,372
Intangible assets	
Business contracts	4,753
Brand	5,720
Non-current financial assets	879
Inventories	1,799
Current receivables	3,999
Cash in hand and at bank	2,808
Total assets	26,329

Lagerberg i Norjeby AB	Fair values employed in the acquisition
Non-current liabilities	2,970
Deferred tax liabilities	2,673
Current liabilities	5,836
Total liabilities	11,480
Net assets	14,849
Goodwill	3,895
Purchase price	18,744
Effect of the acquisition on cash flow	15,937

This calculation is final.

Well-Beef Ltd.
Atria acquired 70 per cent of the share capital of Well-Beef Ltd. (Kaivon Liha). The transaction price was EUR 15.3 million. The agreement concerning the transaction between Atria and Well-Beef Ltd. was confirmed on 3 October 2016. Well-Beef Ltd's production plant is located in Turku, and it employs approximately 50 people.

The acquisition allows Atria to increase the added value and profitability of the beef chain. Well-Beef Ltd. has strong know-how in the manufacturing of high-quality hamburger patties and kebab products, as well as a significant market position in the growing fast food segment in Finland. Well-Beef Ltd's customers consist mainly of fast food chains and other food service sector customers. The company's brand is Well Beef. The integration of the business operations will result in significant synergy benefits from the procurement of meat to the distribution of products.

Atria's annual net sales are expected to grow by about EUR 40 million.

Well-Beef Ltd.	Fair values employed in the acquisition
Property, plant and equipment	1,062
Intangible assets	
Customer relationships	4,631
Brand	3,606
Other long-term expenditure	35
Inventories	1,362
Current receivables	3,169
Total assets	13,865
Deferred tax liabilities	1,674
Current liabilities	2,525
Total liabilities	4,200
Net assets	9,665
Goodwill	12,168
Non-controlling interest in the fair value (Note 24)	6,550
Purchase price payable in cash	15,283
Acquisition's effect on cash flow 31 Dec 2016	14,281

This calculation is final.

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32. SOLD OPERATIONS

2017:

Nordic Fastfood AB:
Atria divested its 51 per cent holding in the subsidiary Nordic Fastfood Ab on 1 December 2017.
The transaction price was EUR 4.0 million. Atria Scandinavia recorded a profit of EUR 1.4 million on the sale, recognised under other operating income.

2016:

Linnamäe pig farm
On 29 April 2016, Atria sold the pig farm located in northern Estonia. The sale of the pig farm gave rise to a sales loss of approximately EUR 1 million, recognised in other operating expenses.

KB Joddlaren
In Sweden, Atria sold the real estate company KB Joddlaren on 1 June 2016. The company owns a logistics property in Gothenburg. The transaction price was EUR 3.8 million, and Atria Scandinavia recorded a profit of EUR 1.4 million on the sale, recognised under other operating income.

33. GROUP COMPANIES, GROUP JOINT VENTURES AND ASSOCIATES

The most significant subsidiaries of Atria Group are Atria Finland Ltd, Atria Sverige AB, Atria Danmark A/S, OOO Pit-Product and Atria Eesti AS, all of which are manufacturers of foodstuffs, as well as A-Farmers Ltd, which is responsible for animal procurement and trading, and A-Rehu Oy, which manufactures animal feed.

Group companies by business area	Domicile	Holding, %	Share of votes, %
Atria Finland:			
Ab Botnia-Food Oy *)	Finland	100.0	100.0
A-Farmers Ltd	Finland	97.9	99.0
A-Liha Jyväskylä Oy	Finland	100.0	100.0
A-Lihatukkurin Oy *)	Finland	100.0	100.0
A-Logistics Ltd	Finland	100.0	100.0
A-Pekoni Nurmo Oy	Finland	100.0	100.0
A-Pihvi Kauhajoki Oy	Finland	100.0	100.0
A-Pihvi Kuopio Oy	Finland	100.0	100.0
A-Rehu Oy	Finland	51.0	51.0
A-Sikateurastamo Oy	Finland	100.0	100.0
Atria Finland Ltd	Finland	100.0	100.0
Atria-Chick Oy	Finland	100.0	100.0
Atria-Lihavalmiste Oy	Finland	100.0	100.0
Atria-Meetvursti Oy	Finland	100.0	100.0
Atria Plc	Finland		
Atria-Tekniikka Oy	Finland	100.0	100.0
Atria-Tuoreliha Oy	Finland	100.0	100.0
Atria-Valmisruoka Oy	Finland	100.0	100.0
Best-In Oy	Finland	100.0	100.0
Kauhajoen Teurastamokiinteistöt Oy	Finland	100.0	100.0
Kiinteistö Oy Tievapolku 3	Finland	100.0	100.0
Liha ja Säilyke Oy	Finland	100.0	100.0
Mestari Forsman Oy *)	Finland	100.0	100.0
Nurmon Bioenergia Oy	Finland	100.0	100.0
Rokes Oy	Finland	100.0	100.0
Sahalahden Broiler Oy	Finland	100.0	100.0
Suomen Kalkkuna Oy	Finland	100.0	100.0
Well-Beef Ltd.	Finland	70.0	70.0
Atria Scandinavia:			
Atria Concept SP Z.o.o	Poland	100.0	100.0
Atria Danmark A/S	Denmark	100.0	100.0
Atria Denmark Holding A/S	Denmark	100.0	100.0
Atria Scandinavia AB	Sweden	100.0	100.0
Atria Sverige AB	Sweden	100.0	100.0
Ridderheims AS	Norway	100.0	100.0
Atria Russia:			
Atria-Invest Oy	Finland	100.0	100.0
OOO Pit-Product	Russia	100.0	100.0
Atria Baltic:			
Atria Eesti AS	Estonia	100.0	100.0
Atria Farmid OÜ	Estonia	100.0	100.0
OÜ Atria *)	Estonia	100.0	100.0

*) Dormant company

The consolidated financial statements include all subsidiaries.
Owners with non-controlling interests accounted for an insignificant share of Atria Group's profit for the period and retained earnings.

Group joint ventures and associates	Domicile	Holding, %	Share of votes, %
Group joint ventures:			
Honkajoki Oy *)	Finland	50.0	50.0
Länsi-Kalkkuna Oy	Finland	50.0	50.0
Group associates:			
Domretor Oy	Finland	24.9	24.9
Findest Protein Oy	Finland	33.1	33.1
Finnpig Oy	Finland	50.0	50.0
Foodwest Oy	Finland	33.5	33.5
Kiinteistö Oy Itikanmäen Teollisuustalo	Finland	13.2	13.2
Transbox Oy	Finland	25.7	25.7
Tuoretie Oy	Finland	33.3	33.3

*) Reported as a significant joint venture (Note 15).

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INCOME STATEMENT, EUR 1,000

	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
NET SALES	2.1	38,512	37,632
Other operating income	2.2	4,263	3,425
Personnel expenses	2.3	-3,465	-2,601
Depreciation and impairment	2.4		
Planned depreciation		-21,217	-21,432
Other operating expenses	2.5	-6,346	-5,779
EBIT		11,748	11,245
Financial income and expenses	2.6	-3,394	-2,982
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES		8,354	8,262
Appropriations	2.7	10,571	5,816
Income taxes	2.8	-3,776	-3,592
PROFIT/LOSS FOR THE ACCOUNTING PERIOD		15,148	10,486

BALANCE SHEET, EUR 1,000

Assets	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
FIXED ASSETS			
Intangible assets	3.1		
Intangible rights		23	27
Other long-term expenditure		6,153	5,671
Total intangible assets		6,176	5,698
Tangible assets	3.1	223,022	225,166
Investments	3.2		
Interests in Group companies		317,556	318,056
Interests in associates		3,331	3,881
Other shares and interests		1,065	1,072
Total investments		321,952	323,010
TOTAL FIXED ASSETS		551,151	553,873
CURRENT ASSETS			
Non-current receivables	3.3	151,424	156,398
Current receivables	3.3	130,214	122,929
Cash in hand and at bank		134	3,522
TOTAL CURRENT ASSETS		281,772	282,849
Total assets		832,923	836,723

Liabilities	Note	31 Dec 2017	31 Dec 2016
EQUITY	3.4		
Share capital		48,055	48,055
Share premium		0	0
Treasury shares		-1,277	-1,277
Invested unrestricted equity fund		248,730	248,730
Retained earnings		59,993	62,459
Profit/loss for the accounting period		15,148	10,486
TOTAL EQUITY		370,649	368,453
ACCRUED APPROPRIATIONS	3.5		
Depreciation difference		80,341	82,862
LIABILITIES			
Non-current liabilities	3.6	119,697	174,901
Current liabilities	3.7	262,236	210,507
TOTAL LIABILITIES		381,933	385,407
Total liabilities		832,923	836,723

CASH FLOW STATEMENT, EUR 1,000

	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Payments received from sales	38,352	37,353
Other business revenue	4,263	3,425
Payments on operating expenses	-9,313	-8,351
Cash flow from operating activities before financial items and taxes	33,303	32,427
Dividends received	304	78
Interest received and other financial income	7,788	10,837
Interest paid and financial expenses	-14,558	-13,206
Tax paid	-4,796	-1,323
Cash flow from operating activities	22,040	28,813
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-19,551	-27,279
Other investments	1,057	-5,601
Change in Group receivables	-565	14,917
Change in loan receivables	2,495	0
Cash flow from investments	-16,564	-17,962
CASH FLOW FROM FINANCING ACTIVITIES		
Loan payments	-1,005	21,628
Change in Group liabilities	5,093	-20,675
Dividends paid	-12,952	-11,263
Cash flow from financing activities	-8,864	-10,310
CASH FLOW FROM OPERATING ACTIVITIES	22,040	28,813
CASH FLOW FROM INVESTMENTS	-16,564	-17,962
CASH FLOW FROM FINANCING ACTIVITIES	-8,864	-10,310
TOTAL	-3,389	540
Change in cash and cash equivalents		
Cash and cash equivalents 1 Jan	-3,522	-2,982
Cash and cash equivalents 31 Dec	134	3,522
Change	-3,389	540

1. PRINCIPLES APPLIED IN PREPARING THE FINANCIAL STATEMENTS

General principles applied in preparing the financial statements

Atria Plc's financial statements have been drawn up in accordance with Finland's Accounting Act and the other rules and regulations pertaining to the compilation of financial statements (FAS).

Information related to the Group

Atria Plc is the parent company of Atria Group, and its domicile is in Kuopio, Finland. Copies of Atria Plc's consolidated financial statements are available at the company's head office at Itikanmäenkatu 3, Seinäjoki; postal address: P.O. Box 900, 60060 ATRIA, Finland.

Valuation principles

In the balance sheet, tangible and intangible assets are entered at their direct acquisition cost less planned depreciation and value adjustments. Depreciation is implemented on a straight-line basis over the service life of the assets. Contributions received for the acquisition of tangible assets are entered as a decrease in acquisition costs. These contributions are not significant.

Depreciation periods		
Buildings	Seinäjoki	40 years
	other locations	25 years
Machinery and equipment	Seinäjoki	10 years
	other locations	7 years
Software		5 years
Other long-term items		10 years

In the balance sheet, financial instruments are measured at acquisition cost less value adjustments.

Items expressed in foreign currencies

Items expressed in foreign currencies have been converted into euro at the exchange rate quoted by the European Central Bank. The exchange differences of the realised currency-denominated loans are presented under financial items.

Financial assets and liabilities

Financial instruments are measured primarily in accordance with Chapter 5, section 2 of the Accounting Act. Receivables at nominal value, although at a maximum probable value. Securities and others of the kind falling under the scope of financial assets at acquisition cost or, if their probable normal value on the closing date is less than that, at this value. Liabilities at nominal value or, if the debt is tied to an index or some other basis for comparison, to the value higher than the nominal value pursuant to the changed basis for comparison.

Derivative financial instruments

Interest rate risk is managed by dividing financing into instruments with floating and fixed interest rates and by hedging with interest rate derivatives. During the accounting period, the company used interest rate swaps in interest rate risk management. Interest rate swaps are accounted for as hedging. Atria Plc's subsidiaries operate in several currency areas, due to which the company is exposed to risks related to different currencies.
Currency risks arise from forecast transactions, as well as assets and liabilities booked into the balance sheet. To hedge from currency fluctuations, the company makes forward exchange agreements not subject to hedge accounting, but the derivatives are accounted for as hedging. The company recognises interest rate swaps at fair value in accordance with the alternative method permitted by Chapter 5, section 2a of the Accounting Act, and the profit and loss from them is recognised under financial income and expenses in the income statement.

2. NOTES TO THE INCOME STATEMENT, EUR 1,000

	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
2.1. NET SALES	38,512	37,632

The company's rental income is presented as net sales because it corresponds with the present nature of the company's operations.

2.2. OTHER OPERATING INCOME

Service charges from Group companies	4,101	3,050
Other	163	376
Total	4,263	3,425

2.3. PERSONNEL EXPENSES

Average number of personnel		
Office personnel in Finland	16	12
Personnel expenses		
Salaries:		
CEO, Executive Vice President and Deputy CEO and members of the Board	1,130	1,122
Members of the Supervisory Board	72	71
Other salaries	1,558	809
Total	2,760	2,002
Pension costs	624	521
Other staff-related expenses	81	78
Total	705	599
Personnel expenses total	3,465	2,601

Pension commitments of members of the Board of Directors and the CEO: The company's statutory pensions are defined contribution plans and have been arranged through an insurance company (see Note 30 to the consolidated financial statements).

2.4. DEPRECIATION AND IMPAIRMENT

Depreciations of tangible and intangible assets	21,217	21,432

Depreciation specification per balance sheet item is included under section 3.1.

2.5. OTHER OPERATING EXPENSES	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016
Other operating expenses	6,346	5,779

Including administration, marketing, energy, cleaning, operational and other costs as well as fees paid to auditors.

Fees paid to auditors / Auditing fees PricewaterhouseCoopers Oy	179	178
Tax consulting	0	0
Other fees	0	0
Total	179	178

2.6. FINANCIAL INCOME AND EXPENSES

Return on long-term investments		
From other companies	304	78
Total	304	78
Other interest and financial income		
From Group companies	3,179	3,201
From other companies	6,108	7,480
Total	9,287	10,681
Interest expenses and other financial expenses		
To Group companies	266	379
Impairment on the Group's investments	0	0
To other companies	12,718	13,362
Total	12,984	13,741
Total financial income and expenses	-3,394	-2,982
Interest expenses and other financial expenses include exchange rate gains/losses (net)	-6	198

2.7. APPROPRIATIONS

Difference between planned depreciation and depreciation implemented in taxation	2,521	536
Group contributions	8,050	5,280
Total	10,571	5,816

2.8. INCOME TAXES

Income taxes on operations	3,776	3,592

3. NOTES TO THE BALANCE SHEET, EUR 1,000

	31 Dec 2017	31 Dec 2016
3.1. INTANGIBLE AND TANGIBLE ASSETS		
Intangible assets:		
Intangible rights		
Acquisition cost 1 Jan	1,483	1,483
Increases	0	0
Decreases	0	0
Acquisition cost 31 Dec	1,483	1,483
Cumulative depreciation 1 Jan	-1,455	-1,450
Depreciation on decreases	0	0
Depreciation for the accounting period	-4	-6
Cumulative depreciation 31 Dec	-1,460	-1,455
Book value 31 Dec	23	27
Other long-term expenditure		
Acquisition cost 1 Jan	26,817	25,484
Increases	2,550	1,333
Decreases	0	0
Acquisition cost 31 Dec	29,367	26,817
Cumulative depreciation 1 Jan	-21,146	-19,234
Depreciation on decreases	0	0
Depreciation for the accounting period	-2,068	-1,912
Cumulative depreciation 31 Dec	-23,214	-21,146
Book value 31 Dec	6,153	5,671
Total intangible assets	6,176	5,698
Tangible assets:		
Land and water		
Acquisition cost 1 Jan	1,197	1,207
Increases	0	0
Decreases	0	-10
Acquisition cost 31 Dec	1,197	1,197
Buildings and structures		
Acquisition cost 1 Jan	299,335	298,635
Increases	19,956	700
Decreases	0	0
Acquisition cost 31 Dec	319,291	299,335
Cumulative depreciation 1 Jan	-162,990	-156,429
Depreciation on decreases	0	0
Depreciation for the accounting period	-6,534	-6,560
Cumulative depreciation 31 Dec	-169,524	-162,990
Book value 31 Dec	149,767	136,345
Machinery and equipment		
Acquisition cost 1 Jan	327,946	323,175
Increases	30,003	4,943
Decreases	-4	-172
Acquisition cost 31 Dec	357,945	327,946

	31 Dec 2017	31 Dec 2016
Cumulative depreciation 1 Jan	-282,666	-269,888
Depreciation on decreases	0	0
Depreciation for the accounting period	-12,436	-12,778
Cumulative depreciation 31 Dec	-295,101	-282,666
Book value 31 Dec	62,844	45,280
Other tangible assets		
Acquisition cost 1 Jan	2,822	2,808
Increases	91	13
Decreases	0	0
Acquisition cost 31 Dec	2,913	2,822
Cumulative depreciation 1 Jan	-1,754	-1,577
Depreciation on decreases	0	0
Depreciation for the accounting period	-175	-177
Cumulative depreciation 31 Dec	-1,929	-1,754
Book value 31 Dec	984	1,068
Advance payments and acquisitions in progress		
Acquisition cost 1 Jan	41,276	20,804
Changes +/-	-33,046	20,472
Acquisition cost 31 Dec	8,231	41,276
Tangible assets total	223,022	225,166
Non-depreciated acquisition cost of machinery and equipment	62,844	45,280

The share of items other than production machinery and equipment is not significant in amount.
The acquisition costs of completely depreciated and scrapped items are presented as decreases.

3.2. INVESTMENTS

	Parent company holding, % 2017	Parent company holding, % 2016
Group companies:		
Ab Botnia-Food Oy, Seinäjoki	100	100
Atria Eesti AS, Valga, Estonia	100	100
Atria Scandinavia AB, Sköllersta, Sweden	100	100
Atria Finland Ltd, Kuopio	100	100
Atria-Invest Oy, Seinäjoki	100	100
A-Farmers Ltd, Seinäjoki	97,9	97,9
Best-In Oy, Kuopio	100	100
Kauhajoen Teurastamokiinteistöt Oy, Kauhajoki	100	100
Kiinteistö Oy Tievapolku 3, Helsinki	100	100
Liha ja Säilyke Oy, Forssa	63,2	63,2
Mestari Forsman Oy, Seinäjoki	100	100
OÜ Atria, Tallinn, Estonia	100	100
Rokes Oy, Forssa	100	100
Suomen Kalkkuna Oy, Seinäjoki	100	100

	31 Dec 2017	31 Dec 2016
Joint ventures and associates:		
Foodwest Oy, Seinäjoki	33,5	33,5
Honkajoki Oy, Honkajoki	50,0	50,0
Kiinteistö Oy Itikanmäen Teollisuustalo, Seinäjoki	13,2	13,2
Finnish Meat Research Institute, Hämeenlinna		50,0
Länsi-Kalkkuna Oy, Säkylä	50,0	50,0
Transbox Oy, Helsinki	18,6	18,6
Tuoretie Oy, Seinäjoki	33,3	33,3

3.3. RECEIVABLES

	31 Dec 2017	31 Dec 2016
Non-current receivables:		
Loan receivables	155	2,650
Receivables from Group companies:		
Loan receivables	151,269	153,748
Total non-current receivables	151,424	156,398
Current receivables:		
Trade receivables	10	0
Other receivables	-4	-4
Accrued credits and deferred charges	1,782	443
Receivables from Group companies:		
Trade receivables	1,823	1,674
Other receivables	117,711	114,667
Accrued credits and deferred charges	8,892	6,150
Total current receivables	130,214	122,929
Material items included in the accrued credits and deferred charges:		
– Group contributions	8,050	5,280
– amortised interest	843	979
– valuation of forward contracts	1,634	0
– other	147	334
Total	10,674	6,592

3.4. EQUITY

	31 Dec 2017	31 Dec 2016
Share capital 1 Jan	48,055	48,055
Share capital 31 Dec	48,055	48,055
Share premium 1 Jan	0	138,502
Transfer to invested unrestricted equity fund	0	-138,502
Share premium 31 Dec	0	0
Total restricted equity	48,055	48,055
Own shares 1 Jan	-1,277	-1,277
Own shares 31 Dec	-1,277	-1,277
Invested unrestricted equity fund 1 Jan	248,730	110,228
Transfer from share premium	0	138,502
Invested unrestricted equity fund 31 Dec	248,730	248,730
Retained earnings 1 Jan	72,945	73,722
Dividend distribution	-12,952	-11,263
Retained earnings 31 Dec	59,993	62,459
Profit/loss for the accounting period	15,148	10,486
Retained earnings 31 Dec	75,142	72,945
Total unrestricted equity	322,594	320,397
Total equity	370,649	368,453

At the end of the financial period on 31 December 2017, the company held a total of 111,312 treasury shares, accounting for 0.394 per cent of the shares in the company and 0.1 per cent of the voting rights. The number of treasury shares did not change during the period.

Calculation of distributable funds:	31 Dec 2017	31 Dec 2016
Invested unrestricted equity fund	248,730	248,730
Retained earnings	59,993	62,459
Profit/loss for the accounting period	15,148	10,486
Treasury shares	-1,277	-1,277
Total	322,594	320,397

The breakdown of the share capital is as follows:

	2017		2016	
	Number of	EUR	Number of	EUR
Series A (1 vote/ share)	19,063,747	32,408	19,063,747	32,408
Series KII (10 votes/share)	9,203,981	15,647	9,203,981	15,647
Total	28,267,728	48,055	28,267,728	48,055

3.5. ACCRUED APPROPRIATIONS

	31 Dec 2017	31 Dec 2016
Depreciation difference	80,341	82,862

3.6. NON-CURRENT LIABILITIES

	31 Dec 2017	31 Dec 2016
Bonds	0	50,000
Loans from financial institutions	110,000	110,000
Pension fund loans	8,000	10,513
Accrual	147	51
Total	118,147	170,563
Liabilities to Group companies:		
Other non-current liabilities	1,550	4,338
Total non-current liabilities	119,697	174,901
Loans maturing later than in five years:		
Loans from financial institutions	40,000	70,000
Pension fund loans	0	2,000
Total	40,000	72,000

The bond amounting to EUR 50 million issued by Atria Plc in 2013 matures in 2018 (interest rate 4.4%)

3.7. CURRENT LIABILITIES

	31 Dec 2017	31 Dec 2016
Loans from financial institutions	84,505	32,998
Pension fund loans	2,513	2,513
Trade payables	2,951	3,217
Other payables	933	941
Accrual	4,518	6,484
Liabilities to Group companies:		
Other non-current liabilities	2,788	2,788
Trade payables	527	643
Other payables	163,470	160,870
Accrual	32	53
Total current liabilities	262,236	210,507
Material items included in accruals and deferred income:		
– accruals of salaries and social security payments	832	634
– interest accruals	2,171	2,208
– valuation of forward contracts	0	1,537
– amortised taxes	971	1,990
– other	577	169
Total	4,550	6,537

4. OTHER NOTES, EUR 1,000

4.1. SECURITIES GIVEN, CONTINGENT LIABILITIES AND OTHER LIABILITIES

Contingent liabilities and other liabilities not included in the balance sheet

	31 Dec 2017	31 Dec 2016
Guarantees		
On behalf of Group companies	54,878	56,435
On behalf of others	0	0
Total	54,878	56,435
Other leases		
Minimum rents paid based on other leases		
Within one year	650	693
Within more than one year and a maximum of five years	1,191	1,668
After more than five years	2,662	2,808
Total	4,502	5,168

4.2. VAT LIABILITIES

The company has made the property investments referred to in the Value Added Tax Act. The remaining verification liability of these investments assessed for each verification period is:

Year of completion of the investment	Remaining amount of verification liability	
2008	0	144
2009	138	275
2010	72	107
2011	532	709
2012	363	453
2013	434	521
2014	556	649
2015	1,466	1,676
2016	1,517	1,707
2017	1,007	
Total	6,083	6,241

The company is obliged to verify reductions in VAT on property investments if the taxable use of the properties decreases during the verification period

4.3. INTEREST RATE SWAPS

To be hedged:
A loan of EUR 30 million, 17 June 2015–23 June 2022, interest 6-month Euribor
Hedging derivative:
Interest rate swap with a nominal value of EUR 30 million, 23 June 2016–23 June 2022; the company receives a 6-month Euribor rate and pays a fixed interest; the fair value of the agreement on the closing date is EUR -904,000. The cash flow from the interest rate swap is recognised in the income statement with the same periods as the interest flows from the hedged loan from the closing date until 23 June 2022.

To be hedged:
A loan of EUR 50 million with floating interest rate, until 30 April 2018, interest 6-month Euribor
Hedging derivatives:
Interest rate swap with a nominal value of EUR 25 million, 31 October 2011–30 April 2018; the company receives a 6-month Euribor rate and pays a fixed interest; the fair value of the agreement on the closing date is EUR -213,000. Interest rate swap with a nominal value of EUR 25 million, 31 October 2011–30 April 2018; the company receives a 6-month Euribor rate and pays a fixed interest; the fair value of the agreement on the closing date is EUR -209,000. The cash flow from the interest rate swaps is recognised in the income statement with the same periods as the interest flows from the hedged loan with a floating interest rate from the closing date until 30 April 2018.

4.4. DERIVATIVE FINANCIAL INSTRUMENTS

Fair values of derivative instruments:	Derivative assets 31 Dec 2017	Derivative liabilities 31 Dec 2017	Net fair value 31 Dec 2017	Net fair value 31 Dec 2016
Forward exchange agreements (maturity less than a year)	1,634		1,634	-1,537
Total	1,634		1,634	-1,537

Nominal values of derivative financial instruments:	31 Dec 2017	31 Dec 2016
Forward exchange agreements	115,391	102,810
Total	115,391	102,810

The grounds employed to determine the fair value of derivative financial instruments are consistent with the Group's principles. Detailed information concerning derivatives (including risk management and hierarchy levels) are presented in Note 27 to the consolidated financial statements.

Fair value hierarchy:

Balance sheet item	31 Dec 2017	Level 1	Level 2	Level 3
Current assets				
Derivative financial instruments	1,634		1,634	

Balance sheet item	31 Dec 2016	Level 1	Level 2	Level 3
Current liabilities				
Derivative financial instruments	1,537		1,537	

Level 1 Input for identical assets and liabilities, prices quoted on functional markets
Level 2 Quoted prices belonging to levels other than level 1, observable for assets and liabilities either directly or indirectly.
Level 3 Assets and liabilities subject to input not based on verifiable market prices.

Signatures to the financial statements and annual report

Seinäjoki, 15 March 2018

Seppo Paavola
Chairperson

Nella Ginman-Tjeder

Esa Kaarto

Pasi Korhonen

Jukka Moisio

Kjell-Göran Paxal

Jyrki Rantsi

Harri Sivula

Juha Gröhn
CEO

Note to the financial statements
A report on the audit performed has been issued today.

Seinäjoki, 15 March 2018
PricewaterhouseCoopers Oy
Firm of authorised public accountants

Samuli Perälä
Authorised public accountant

(Translation of the Finnish Original)

To the Annual General Meeting of Atria Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion
In our opinion
- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Board of Directors.

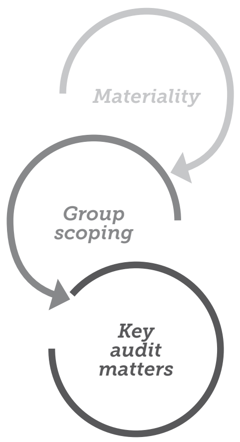
What we have audited
We have audited the financial statements of Atria Plc (business identity code 0841066-1) for the year ended 31 December 2017.
The financial statements comprise:
- the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

BASIS FOR OPINION
We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.
We have not provided non-audit services to the parent company or to the group companies. In addition, we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

OUR AUDIT APPROACH



Overview
- Overall group materiality: 2,600,000 euros.

- Audit scope: The audit scope included the parent company of the Group and subsidiaries in Finland, Sweden, Russia, Estonia and Denmark.

The following items have been recognised as key audit matters:
- Revenue recognition
- Valuation of goodwill and trademarks
- Valuation of inventory
- Valuation of subsidiary shares and loan receivables (applies only to the parent company)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	2,600,000 euros (previous year 2,500,000 euros)
How we determined it	Overall group materiality is 2,600,000 euros. Materiality has been determined taking into consideration net sales, gross profit and profit before taxes.
Rationale for the materiality benchmark applied	We chose profit before taxes as the main benchmark because, in our view, it is the benchmark most commonly used by users of the financial statements to measure the performance of the group. It is also a generally accepted benchmark. We have also chosen net sales and gross margin as benchmarks as we consider these to be relevant for the users of the financial statements when assessing the performance of the group.

How we tailored our group audit scope
We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Atria group had four reportable segments during the financial year: Atria Finland, Atria Scandinavia, Atria Russia and Atria Baltic. Our audit procedures addressed all four reportable segments. Our audit scope included the parent company and subsidiaries in Finland, Sweden, Russia, Estonia and Denmark.

We have pre-defined the types of audit procedures aimed at the financial information of each part of the group. In cases where a group component auditor has performed the audit work, we have instructed their work with group audit instructions which have included e.g. our risk assessment, materiality, audit approach and centralized audit procedures.

KEY AUDIT MATTERS
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

KEY AUDIT MATTER in the audit of the group	How our audit addressed the key audit matter
Revenue recognition *Refer to the Accounting policies for the consolidated financial statements and Note 2 Net sales* Net sales are determined on the basis of the fair value of considerations received or to be received for the sale of products and services, raw materials and supplies. Net sales are adjusted by indirect taxes and discounts based on normal contractual principles applied in the industry. Revenue from the sale of goods is recognised when the risks and rewards of owning the goods have been transferred to the buyer. Revenue from services is recognised when the service has been completed. Revenue recognition is considered a key audit matter in the audit of the group due to the financial significance of net sales in the financial statements.	Our audit procedures included for example the following procedures: • Evaluation of internal control activities over revenue recognition and testing of key controls. • Checking significant new sales contracts and terms of agreement to verify correct IFRS accounting treatment. • Testing sales cut-off of individual sales transactions by comparing to delivery documents and by checking significant credit notes issued after year-end. • Testing of discounts and rebate accruals on a sample basis. • Analysis of revenue transactions and journal entries posted to revenue using computer-aided audit and data analysis techniques. In addition to these procedures, we have tested a sample of revenue transactions recorded during the financial year.
Valuation of goodwill and trademarks *Refer to Accounting policies for the consolidated financial statements and Note 14 Goodwill and other intangible assets* The group tests annually goodwill and the intangible assets with indefinite useful lives for possible impairment. Goodwill in the Atria Group consolidated balance sheet totalled to 167 million euros and trademarks with indefinite useful lives to 58 million euros at 31 December 2017. Goodwill and trademarks with indefinite useful lives have been allocated to the four cash-generating units Atria Finland, Atria Scandinavia, Atria Russia and Atria Baltic. Impairment testing for goodwill and other intangible assets are subject to significant management judgement. The fair value of intangible assets is determined based on estimates of future cash flows. Key assumptions in these estimates include e.g. growth in net sales, profitability levels, and discount rates. The valuation of goodwill and trademarks is considered a key audit matter in the audit of the group due to its financial significance as well as due to the high degree of management judgement involved in the impairment testing.	Our audit procedures included for example the following procedures: • We discussed the accounting policies and significant management's estimates and assumptions. • Where possible, we compared the key variables of discount rate and long-term growth rate of net sales to information generally available at the market. • We reconciled the estimates of future cash flows to the strategy information approved by the board of directors. • We tested the appropriateness of the key assumptions applied to the cash flow estimates and consistency of accounting policies in relation to previous accounting periods. • We assessed the historical accuracy of management's estimates including growth of net sales and profit margin by comparing these to actual results for the period. • We tested mathematical accuracy of the calculations. • We performed sensitivity analyses for the key variables e.g. to test information provided in note 14 regarding sensitivity of the calculations.

KEY AUDIT MATTER in the audit of the group	How our audit addressed the key audit matter
Valuation of inventories *Refer to Accounting policies for the consolidated financial statements and note 19 Inventories* Inventories are measured at the lower of cost or probable net realisable value. The cost for finished and unfinished products consists of raw materials, direct labour costs, other direct costs and the appropriate share of manufacturing-related variable overheads and fixed overheads at a normal level of operations. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Valuation of inventories is considered a key audit matter in the audit of the group due to its financial significance and as it includes judgement as described in the accounting principles.	Our audit procedures included for example the following procedures: • Evaluation of the purchasing process and testing of key internal controls over inventory. • Testing of appropriateness of the accounting principles relating to valuation of inventories. • Testing the book value of inventories e.g. by using computer-aided audit and data analysis techniques. We tested price variances, valuation principles and higher than expected price changes of inventory items on a sample basis. In addition, we have tested journal entries posted to inventory and cost of sales. • Assessment of the appropriateness of key assumptions and variables used in the valuation of inventory, such as market price, and testing of mathematic accuracy of the calculations. • Participation in stock taking of inventories and obtaining confirmation on inventories in the custody of third parties.

Key audit matter in the audit of the parent company	How our audit addressed the key audit matter
Valuation of subsidiary shares and loan receivables *Refer to Notes to the parent company financial statements 3.2 Investments and 3.3 Receivables* Value of shares in subsidiaries in the Atria Plc financial statements at 31 December 2017 totalled 318 million euros and loan receivables from group companies 151 million euros. Valuation of shares in subsidiaries and loan receivables in accordance with the Accounting Act is subject to management judgement. These valuations include significant management judgement in relation to for example subsidiaries projected future cash flows. Valuation of subsidiary shares and loan receivables is considered a key audit matter in the audit of the parent company due to its financial significance as well as due to the high degree of management judgement involved in the valuation.	Our audit procedures included for example the following procedures: • We assessed the book value of Atria Plc's shares in subsidiaries based on the subsidiary's equity and the management estimates of the projected future cash flows. • We discussed with the management the most significant assumptions used in the valuation of shares in subsidiaries. • We evaluated reliability of estimates from previous years by comparing those to the actual results for the period.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the audit of the consolidated financial statements or the parent company financial statements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Other Reporting Requirements

APPOINTMENT

PricewaterhouseCoopers Oy or auditors employed by it were first appointed as auditors by the annual general meeting on 10 May 1999. Our appointment represents a total period of uninterrupted engagement of 19 years.

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Seinäjoki 15 March 2018
PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant (KHT)

Contents

1. Corporate Governance Statement

Atria Plc ("Atria" or "the company") is a Finnish public company, and the responsibilities and obligations of its governing bodies are determined by Finnish law. The parent company, Atria Plc, and its subsidiaries constitute the international Atria Group. The company is domiciled in Kuopio.

Responsibility for the administration and operations of Atria Group lies with the governing bodies of the parent, Atria Plc. These are the General Meeting, the Supervisory Board, the Board of Directors and the CEO.

Atria's decision-making and corporate governance comply with the Finnish Limited Liability Companies Act, the regulations applicable to publicly listed companies, Atria Plc's Articles of Association, the charters for Atria's Board of Directors and its committee, and the rules and guidelines of Nasdaq Helsinki Ltd. Atria follows the Finnish Corporate Governance Code which took effect on 1 January 2016 ("Corporate Governance Code"). The full Corporate Governance Code is available on the website of the Securities Market Association at www.cgfinland.fi. In accordance with the comply or explain principle, the company departs from the recommendations of the Code as follows (the departures are explained under the relevant points):

- The company has a Supervisory Board.
- As an exception to recommendation 6 of the Corporate Governance Code, the term of office of each Board member is three years in accordance with Atria's Articles of Association.
- As an exception to recommendation 10 of the Corporate Governance Code, only three of eight members of the Board of Directors are independent of the company.
- As an exception to recommendations 17 and 18a of the Corporate Governance Code, one of the three members on the Nomination and Remuneration Committee is independent of the company.

Atria Plc has prepared this Corporate Governance Statement in accordance with the Corporate Governance Code. The Corporate Governance Statement is presented as a report separate from the Report by the Board of Directors.

1.1 Articles of Association

The Articles of Association and the pre-emptive purchase clause can be found in their entirety on the company's website at www.atria.com, under Investors, Corporate Governance.

1.2 Shareholder agreement

There is a shareholder agreement between Lihakunta and Itikka Co-operative, two of Atria's shareholders, where they have agreed to ensure that they are both represented on the Supervisory Board in proportion to their holdings of Series KII shares in the company. The parties will also ensure that the Chairman of the Supervisory Board and the Deputy Chairman of the Board of Directors are nominated by one party and the Chairman of the Board of Directors and the Deputy Chairman of the Supervisory Board by the other party.

Regarding the distribution of Board positions, it has been agreed that each of the parties may nominate three ordinary members and their deputy members to the Board of Directors. The agreement also includes stipulations on the mutual proportion of shareholding and on the procedures followed when either party acquires more series KII shares directly or indirectly. According to the agreement, the acquisition of series A shares is not considered in the evaluation of the mutual proportion of shareholding.

Furthermore, Lihakunta, Itikka Co-operative and Pohjanmaan Liha Co-operative, which hold shares in Atria, have shareholder agreement where they have agreed to ensure that Pohjanmaan Liha Co-operative has one representative on the Supervisory Board. The agreement also includes stipulations on Pohjanmaan Liha Co-operative's shareholding.

The company is not aware of any other shareholder agreements.

Despite the above, the Annual General Meeting, as stated in section 3 below, decides on the number of members of the company's Supervisory Board and of the Board of Directors and their election.

2. Corporate Governance Statement

The Corporate Governance Statement can be found in its entirety on the company's website at www.atria.com, under Investors, Corporate Governance.

3. General Meeting

The General Meeting is Atria Plc's highest decision-making body. At the General Meeting, shareholders decide, among other things, on the approval of the financial statements and the use of the profit shown on the balance sheet; the discharge of the members of the Board of Directors and of the Supervisory Board, as well as the CEO, from liability; the number of members of the Supervisory Board and of the Board of Directors, and their election and remuneration; and the election of one or more auditors and the auditor's remuneration.

The Annual General Meeting is held annually by the end of June on a date designated by the Board of Directors, and the agenda includes matters that are to be handled by the Annual General Meeting in accordance with the Limited Liability Companies Act and the Articles of Association and any other proposals mentioned in the notice of the meeting. Extraordinary General Meetings may be convened as needed.

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. Where applicable, the shareholder must submit a request to have the matter dealt with by the General Meeting by the date set by the company, which is published on the company's website at www.atria.com. The request, together with the accompanying justification or proposed resolution, must be sent in writing to Atria Plc, Group Legal Affairs, P.O. Box 900, FI-60060 ATRIA.

General Meetings are convened by the Board of Directors. General Meeting is held in the company's domicile, Kuopio, or in Helsinki. The notice to convene the General Meeting is communicated by publishing the notice on the Company's website and by a company announcement at the earliest three (3) months and at the latest three (3) weeks before the General Meeting, but nevertheless no later than nine (9) days prior to the record date for the General Meeting. In addition, the Board of Directors may decide to publish the notice, or a notification concerning the delivery of the notice, in one or more Finnish national newspapers determined by the Board of Directors, or in any other manner it may decide.

A shareholder registered in the shareholder register maintained by Euroclear Finland Ltd on the record date of the General Meeting has the right to participate in the General Meeting. To have the right to participate in General Meeting, shareholders must register with the company by the day mentioned in the notice of the meeting, which can be no earlier than ten (10) days before the meeting.

According to recommendation 3 of the Corporate Governance Code the CEO, members of the Board of Directors and members of Supervisory Board shall be present at the General Meeting. The auditor shall be present at the Annual General Meeting. Candidates for Board or Supervisory Board shall be present at the General Meeting deciding on their election.

The company's Annual General Meeting for 2017 was held in Helsinki on 27 April 2017. The meeting was attended, either in person or by a representative, by a total of 220 holders of A shares, representing a total of 9,677,779 shares and votes, and three (3) holders of KII shares, representing a total of 9,203,981 shares and 92,039,810 votes. The minutes of the meeting as well as other documents related to the meeting are available on Atria's website at www.atria.com, under Investors, Annual General Meeting.

4. Shareholders' Nomination Board

Atria Plc has a Shareholders' Nomination Board pursuant to recommendation 18b of the Corporate Governance Code. Atria Plc's Annual General Meeting held on 3 May 2012 established a Nomination Board and confirmed its written charter. The charter was amended by a decision made at the Annual General Meeting on 6 May 2014 and again on 27 April 2017. In accordance with its charter, the Nomination Board preparer proposals concerning the remuneration of the Board of Directors and Supervisory Board and the election of the members of the Board of Directors for the next Annual General Meeting.

Shareholders or their representatives who own series KII shares as well as the largest holder of series A shares who does not own series KII shares, or a representative thereof, shall be elected to the Nomination Board. The right to nominate a representative to the Nomination Board is determined on the basis of the shareholder register maintained by Euroclear Finland Ltd in accordance with the situation on the first banking day of the September preceding the Annual General Meeting. The Chairman of the Board of Directors will also be appointed on the Nomination Board as an expert member.

If a shareholder 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 in accordance with the shareholder register, who would not otherwise have the right to nominate a member. Some shareholders are obligated to notify the company of certain changes in shareholding (flagging obligation) 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.

The Nomination Board is convened by the Chairman of the Board of Directors, and the Nomination Board elects a Chairman from amongst its members. The Nomination Board shall present its proposal to the Board of Directors by the first day of February preceding the Annual General Meeting.

On 12 September 2017, the owners of Atria's KII shares and the largest owner of series A shares nominated the following members on the Nomination Board: Jukka Kaikkonen (Lihakunta), Henrik Holm (Pohjanmaan Liha Co-operative), Esa Kaarto (Itikka Co-operative) and Timo Sallinen (Varma Mutual Pension Insurance Company). Jukka Kaikkonen was elected as the Chairman of the Nomination Board and Seppo Paavola, the Chairman of Atria's Board of Directors, acts as the Nomination Board's expert member.

The Nomination Board which prepared the proposal for the Annual General Meeting of 2018 convened two times. The Nomination Board submitted its proposals for the Annual General Meeting to be held on 26 April 2018 to the Board of Directors on 19 January 2018. The proposals were published in the form of a stock exchange release on 19 January 2018.

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Name	Year of birth	Education	Main occupation	Attendance in meetings	Shareholding on 31 December 2017
Jukka Kaikkonen	1963	Agrologist	Farmer	2/2	500
Henrik Holm	1966		Farmer	2/2	430
Esa Kaarto	1959	M.Sc (Agr.)	Farmer	2/2	1,100
Timo Sallinen	1970	M.Sc. (Econ.)	Head of Listed Securities	2/2	0

5. Supervisory Board

In accordance with Atria Plc's Articles of Association, the company has a Supervisory Board elected by the Annual General Meeting. The Supervisory Board consists of a minimum of 18 and a maximum of 21 members, who are elected for a term of three years at a time. Persons aged sixty-five (65) or older cannot be elected to the Supervisory Board. The Supervisory Board elects a Chairman and a Deputy Chairman from amongst its members for a term of one year at a time. The Supervisory Board meets four times a year on average.

The duties of the Supervisory Board are specified in the Limited Liability Companies Act and Atria Plc's Articles of Association. The duties of the Supervisory Board are:

- Supervising the company's administration which is under responsibility of the Board of Directors and the CEO;
- Providing instructions to the Board of Directors on matters that are of far-reaching consequence or important in principle; and
- Submitting its statement on the financial statements and the auditors' report to the Annual General Meeting.

The company has a Supervisory Board because shareholders of the company representing more than 50% of the votes granted by the company's shares have expressed their satisfaction with the current model of the Supervisory Board based on the Articles of Association, because it brings a far-reaching perspective on the company's operations and decision-making.

Following the Annual General Meeting held in 2017, the 20 members of Atria Plc's Supervisory Board are as follows:

Name	Born	Member as of	Education	Main occupation	Attendance in meetings	Shareholding on 31 December 2017
Hannu Hyry (Chairman until 27 April 2017)	1956	2013		Farmer	4/4	144
Jukka Kaikkonen (Chairman from 27 April 2017)	1963	2013	Agrologist	Farmer	4/4	500
Juho Anttikoski (Deputy Chairman)	1970	2009		Farmer	4/4	4,000
Mika Asunmaa	1970	2005		Farmer	4/4	6,000
Reijo Flink	1967	2014	Agrologist	CEO	4/4	4,660
Lassi-Antti Haarala	1966	2006	Agrologist	Farmer	4/4	6,000
Jussi Hantula	1955	2012	Agrologist	Farmer	4/4	791
Henrik Holm	1966	2002		Farmer	3/4	430
Veli Hyttinen	1973	2010	Agrologist	Farmer	4/4	1,500
Pasi Ingalsuo	1966	2004	Agrologist	Farmer	4/4	4,000
Jussi Joki-Erkkilä	1977	2016		Agricultural entrepreneur	3/4	0
Marja-Liisa Juuse	1963	2015		Farmer	4/4	250
Juha Kiviniemi	1972	2010	M.Sc. (Agr.)	Farmer	4/4	300 184 company authority
Ari Lajunen	1975	2013	M.Sc. (Agr.)	Farmer	4/4	0
Mika Niku	1970	2009		Farmer	4/4	300
Pekka Ojala	1964	2013	Agrologist	Farmer	4/4	100
Heikki Panula	1955	2005	M.Sc. (Agr.)	Farmer	4/4	500
Ahti Ritola	1964	2013	BBA	Farmer	4/4	0 400 company authority
Risto Sairanen	1960	2013		Farmer	4/4	0
Timo Tuhkasaari	1965	2002		Farmer	4/4	600

All members of Atria Plc's Supervisory Board are members of the administrative bodies of the company's principal owners – Lihakunta, Itikka Co-operative and Pohjanmaan Liha Co-operative. All members of the Supervisory Board are dependent of the company and of significant shareholders.

In 2017, Atria Plc's Supervisory Board met four (4) times, and the average attendance of the members was 98%.

6. Board of Directors

In accordance with the Articles of Association, Atria's Board of Directors has a minimum of five (5) and a maximum of nine (9) members. The term of office of a member of Atria's Board of Directors departs from the term of one year specified in recommendation 6 of the Corporate Governance Code. As per the Articles of Association, the term of a member of the Board of Directors is three (3) years. Shareholders representing more than 50% of the votes have stated that the term of three (3) years is appropriate for the long-term development of the company and have not seen the need to shorten the term from that specified in the Articles of Association. As an exception to recommendation 10 of the Corporate Governance Code, three of the eight members on the Board of Directors are independent of the company. It is the company's view that an understanding of Atria's business requires in-depth knowledge of and commitment to the meat industry from the majority of the Board's members.

6.1 Duties of the Board of Directors

Atria's Board of Directors takes care of the company's administration and its appropriate organisation. The Board of Directors is responsible for the appropriate organisation of the supervision of the company's accounting and asset management.The Board of Directors has confirmed a written charter concerning the duties of the Board, the matters to be dealt with, meeting practices and the decision-making procedure. According to this charter, the Board of Directors supervises and monitors company´s operations and management and discusses and decides on significant matters related to the company's strategy, investments, organisation and financing. The charter lays down the following key duties for the Board of Directors:

- Approving the strategic goals and guidelines for the Group and its business areas
- Approving the budgets and business plans for the Group and its business areas
- Deciding on the investment plan for each calendar year and approving major investments that exceed one million euros
- Approving major M&A and restructuring operations
- Approving the Group's operating principles for important elements of management and supervision
- Discussing and adopting interim reports and financial statements
- Monitoring and evaluating the company's financial reporting system
- Preparing the items to be dealt with at Annual General Meetings and ensuring that decisions are implemented
- Approving the audit plan for internal auditing, as well as monitoring and assessing the effectiveness of internal control and auditing as well as the risk management systems
- Appointing the CEO and deciding on his or her remuneration and other benefits
- Approving, at the CEO's proposal, the hiring of his or her direct subordinates and the principal terms of their employment contracts
- Approving the organisational structure and the key principles of incentive schemes
- Monitoring and evaluating the CEO's performance
- Monitoring and evaluating the independence of the auditor and particularly the provision of services other than auditing services provided by the auditor
- Monitoring auditing of financial statements and consolidated financial statements
- Deciding on other matters that are important in view of the size of the Group and that are not part of day-to-day operations, such as considerable expansion or contraction of business or other material changes to operations, the taking of long-term loans and the sale and pledging of fixed assets
- Deciding on other matters which, under the Limited Liability Companies Act, fall within the remit of the Board of Directors
- Performing the Audit Committee's duties referred to in recommendation 16 of the Corporate Governance Code.

The Board of Directors assesses its operations and working methods regularly by conducting a self-evaluation once a year.

6.2 Meeting practices and information flow

The Board of Directors meets at regular intervals about 10 times during the term in accordance with a separate meeting schedule confirmed in advance by the Board, and when necessary. In 2017, the Board of Directors met 13 times. The average attendance of the members of the Board of Directors was 98%.

During the meetings of the Board of Directors, the CEO gives a review of the financial situation of the Group by business area. The review also covers forecasts, investments, organisational changes and other issues that are important for the Group.

The company provides the Board of Directors with sufficient information on the company's operations to enable the Board to properly perform its duties. The agenda of a meeting is delivered to the members of the Board of Directors at least one week before the meeting. The meeting material is prepared by the CEO and the secretary of the Board of Directors according to the instructions provided by the Chairman. The meeting material is delivered to the members at least three days before the meeting.

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6.3 Composition of the Board of Directors

Name	Seppo Paavola, Chairman	Jyrki Rantsi, Deputy Chairman
Year of birth	1962	1968
Education	Agrologist (secondary school graduate)	Agrologist
Main occupation	Farmer	Farmer, pork producer
Relevant work experience	• Rural Centre of Central Ostrobothnia, Farm advisor, 1991–1996 • Agricultural entrepreneur 1996–present	Agricultural entrepreneur
Member of the Board since	2012	2013
Concurrent key positions of trust	• Itikka Co-operative, Supervisory Board, member 2000–present, Deputy Chairman 2008–2011 and Chairman 2012–present • Perhonjokilaakso Co-operative Bank (former Kaustinen Co-operative Bank), Board of Directors, Chairman 2002–present • Pellervo Confederation of Finnish Co-operatives, Board of Directors, Member 2012–present • Co-operative Advisory Board, Member 2012–2017	• Lihakunta, Board of Directors, Deputy Chairman 2013–2015 and Chairman 2015–present • Finnpig Oy, Board of Directors, Member 2013–present • A-Farmers Ltd, Board of Directors, Deputy Chairman 2015–present
Past key positions of trust	Atria Plc, Supervisory Board, Member 2006–2009 and Deputy Chairman 2009–2012	
Independence	Dependent of the company and significant shareholders	Dependent of the company and significant shareholders
Shareholding on 31 December 2017	4,000	700
Share-based rights in the company	None	None
Attendance in meetings	13/13	13/13

 

Name	Nella Ginman-Tjeder	Esa Kaarto
Year of birth	1959	1959
Education	M.Sc. (Econ.)	M.Sc. (Agr.)
Main occupation	Eira Hospital, Managing Director	Farmer
Relevant work experience	• Eira Hospital, Managing Director 2015– • Ifolor Oy, Managing Director 2007–2014 • American Express, Country Manager 2004–2007	Farmer
Member of the Board since	2016	2009
Concurrent key positions of trust	• Viking Malt, Board of Directors, Member 2014–present • Stiftelsen Arcada, Board of Directors, Member 2010–present • Indmeas Ab, Board of Directors, Member 2009–present	• Itikka Co-operative, Board of Directors, Member 2002–2017 and Chairman 2009–2017 • A-Farmers Ltd, Board of Directors, Member 2004–present, Deputy Chairman 2009–2015 and Chairman 2015–present • A-Rehu Oy, Board of Directors, Deputy Chairman 2009–2015 and Chairman 2015–present • Suurusrehu Oy, Board of Directors, Chairman 2009–present
Past key positions of trust	Tulikivi Corporation, Board of Directors, Member 2013–2015	• Oy Feedmix Ab, Board of Directors, Member 2009–2015 • Kiinteistö Oy Rehukanava, Board of Directors, Member 2009–2015
Independence	Independent of the company and significant shareholders	Dependent of the company and significant shareholders
Shareholding on 31 December 2017	0	1,100
Share-based rights in the company	None	None
Attendance in meetings	12/13	13/13

 

Name	Pasi Korhonen	Jukka Moisio
Year of birth	1975	1961
Education		M.Sc. (Econ.), MBA
Main occupation	Farmer	Huhtamäki Oyj, CEO
Relevant work experience	Farmer	• Huhtamäki Oyj, CEO 2009–present • Ahlström Oyj (various duties) 1991–2008
Member of the Board since	2016	2014
Concurrent key positions of trust	• Lihakunta, Board of Directors, Member 2013–present and Deputy Chairman 2016–present • Kainuun maa- ja metsäsäätiö, Board of Directors, Member 2013–present • Sotkamo Municipal Council, Counsillor 2005–present	Finnish Fair Co-operative, Supervisory Board, Member
Past key positions of trust		
Independence	Dependent of the company and significant shareholders	Independent of the company and significant shareholders
Shareholding on 31 December 2017	0	0
Share-based rights in the company	None	None
Attendance in meetings	13/13	13/13

Name	Kjell-Göran Paxal	Harri Sivula
Year of birth	1967	1962
Education	Agrologist	M.Sc. (Admin.)
Main occupation	Farmer, piglet and pork producer	Acting Managing Director of Tokmanni Group Corporation
Relevant work experience	• Oy Foremix Ab, Feed salesman 1990–1997 • Pohjanmaan Liha Co-operative, Primary Production Manager 1990–1997	• GS1 Finland Oy, Managing Director 2015–2017 • Restel Ltd, CEO 2010–2014 • Onninen Oy, CEO 2006–2010 • Kesko Corporation/Kesko Food, various duties, 1987–2006
Member of the Board since	2012	2009
Concurrent key positions of trust	• Pohjanmaan Liha Co-operative, Board of Directors, Deputy Member 1999–2001, Deputy Chairman 2002–2009 and Chairman 2010–present • A-Farmers Ltd, Board of Directors, Deputy Member 2001–2002 and Member 2003–present • Oy Foremix Ab, Board of Directors, Member 2004–2009 and Chairman 2010–present • A-Rehu Oy, Board of Directors, Member 2010–present • Ab WestFarm Oy, Board of Directors, Chairman 2010–present	• Tokmanni Oyj, Board of Directors, Chairman 2011–present • Leipurin Oy, Board of Directors, Member 2014–present • Makua Foods Oy, Board of Directors, Member 2015–present • GS1 Finland Oy, Board of Directors, Member 2016–present • Dieta Oy, Board of Directors, Member 2016–present • TylöHelo Oy, Board of Directors, Member 2017–present • Kamux Oyj, Board of Directors, Member 2017–
Past key positions of trust	Central Union of Swedish-Speaking Agricultural Producers in Finland, Board of Directors, Deputy Member 1999–2001	• Olvi Oyj, Board of Directors, Member 2007–2011 • Norpe Oy, Board of Directors, Member 2010–2013 • Leipurin Oyj, Board of Directors, Member 2010–2013 • Nets, Supervisory Board, Member 2011–2013
Independence	Dependent of the company and significant shareholders	Independent of the company and significant shareholders
Shareholding on 31 December 2017	2,166	10,000
Share-based rights in the company	None	ei
Attendance in meetings	13/13	12/13

The members of the Board of Directors are obliged to provide the Board with information sufficient to assess their skills and independence and to notify the Board of any changes to the information.

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6.4 Principles concerning the diversity of the Board of Directors
For Atria, diversity represents a part of the company's responsible business. When planning the composition of Atria's Board of Directors, diversity is considered from a variety of aspects, also accounting for the extent of the company's business operations and its development needs.

The aim in the selection of a diverse Board of Directors is for the Board to support the development of Atria's current and future business. The selection also aims to ensure that the Board has core competence from a variety of fields within the value chain of Atria's business operations, a wide range of experience of entrepreneurship and business activities, as well as know-how and understanding of international business required by the company's strategy. Rather than every member of the Board being qualified in all of the aforementioned areas, the aim is that every Board member possess some skills in one or more of the aforementioned areas. The diversity of the Board of Directors is furthermore supported by the members' other complementary skills, their training and experience from different occupational fields and industries, as well as by a consideration of the Board members' age and gender distribution. A constructively questioning and challenging Board of Directors brings added value to the management's activities and diversifies the Board's work. In addition to the aforementioned areas, the selection considers the candidates' ability to spend a sufficient amount of time on their Board duties.

Atria aims to promote the selection of Board members who are as qualified as possible, with merits from various segments of the value chain regarding the Board's composition and that candidates of both genders have equal opportunities to be selected for the Board. It is Atria's goal that both genders are represented on the Board of Directors and if there are two equally qualified candidates, a representative of the minority sex is prioritized.

To achieve the objectives set in the principles on diversity, the Board of Directors has actively conveyed these objective to Atria's shareholders. During the 2017 financial period, one of the Board members was a woman while the rest were men. The share of the minority sex in the Board has been 12.5 percent. The company's minimum objective with regard to both genders being represented has therefore been fulfilled. The company's objective with regard to multi-professional core competencies covering the various segments of the value chain has also been fulfilled, given the members' in-depth knowledge of the meat industry, as well as of commercial and industrial activities.

7. Board Committees

The Board of Directors may decide to establish committees to handle duties designated by the Board. The Board confirms the committees' charters.

The Board of Directors has one board committee: the Nomination and Remuneration Committee. The Board of Directors appoints the members of the Committee from amongst its members according to the Committee's charter. The Committee has no autonomous decision-making power. The Board of Directors makes decisions on the basis of the Committee's preparations and proposals. The Committee reports regularly to the Board of Directors, which supervises the operations of the Committee.

The Nomination and Remuneration Committee has three (3) members. The Nomination and Remuneration Committee consists of the Chairman, Deputy Chairman and one member of the Board of Directors elected by the Board itself. As an exception to recommendations 17 and 18a of the Corporate Governance Code, one (1) of the three members of the Nomination and Remuneration Committee is independent of the company. The Nomination and Remuneration Committee consists of the members of Board of Directors which mostly are dependant of company and significant shareholders. Chairman and deputy chairman of the board of directors are nominated in accordance with the shareholders' agreement made between Lihakunta and Itikka Co-operatives. In accordance with recommendations 17 and 18a of the Corporate Governance Code, the company's CEO or other members of the Board of Directors who are a part of the company's management cannot serve as members of the Nomination and Remuneration Committee.

The aim of the Nomination and Remuneration Committee is to prepare the CEO's and Deputy CEO's as well as the management's terms of employment, ensure the objectivity of decision-making, enhance the achievement of the company's goals through bonus schemes, increase the company's value and ensure that bonus schemes are transparent and systematic. The aim of the Nomination and Remuneration Committee is also to ensure that the merit pay systems are linked to the company's strategy and the results obtained.

According to its charter, the duties of the Nomination and Remuneration Committee are as follows:
- Making preparations for the nomination of the CEO and Deputy CEO
- Making preparations to search for successors to the CEO and Deputy CEO
- Preparing the terms of the service contracts of the CEO and Deputy CEO and bringing them before the Board of Directors
- Preparing the remuneration, fees and other employment benefits of the directors who report to the CEO and bringing them before the Board of Directors
- Preparing the forms and criteria of the bonus and incentive schemes of top management and bringing them before the Board of Directors
- Preparing the content and group assignments of the pension programmes of the company's management and bringing them before the Board of Directors

- Submitting its statement on the bonus arrangements for the entire personnel before their approval and assessing their functionality and the achievement of the systems' goals
- If required, discussing possible interpretation problems related to the application of the approved bonus schemes and recommending a solution
- If required, reviewing information to be published in the financial statements and, where applicable, in other bonus-related documents
- Performing other duties separately assigned to it by the Board of Directors.

The Chairman of the Nomination and Remuneration Committee convenes the Committee as needed. At the meetings, the matters belonging to the duties of the Committee are reviewed. The Nomination and Remuneration Committee may invite other people to join its meetings if deemed necessary and may use external experts to assist the Committee in fulfilling its duties.

The Chairman of the Nomination and Remuneration Committee is Seppo Paavola and the other members are Jyrki Rantsi and Harri Sivula. Seppo Paavola and Jyrki Rantsi are dependent of the company and of significant shareholders. Harri Sivula is independent of the company and of significant shareholders. In 2017, the Nomination and Remuneration Committee met six (6) times, and the average attendance of the members was 100% as follows: Seppo Paavola 6/6; Jyrki Rantsi 6/6; and Harri Sivula 6/6.

As noted in section 4 above, Atria Plc's Annual General Meeting has established a separate Nomination Board to prepare proposals concerning the election and remuneration of the members of the Board of Directors as well as the remuneration of the members of the Supervisory Board for the next Annual General Meeting.

8. CEO

The company has a CEO who is in charge of managing the company's day-to-day operations in accordance with the instructions and orders issued by the Board of Directors and informing the Board of Directors of the development of the company's operations and financial performance. The CEO also is also responsible for ensuring the legality of the company's accounting and the reliability of asset management. The CEO is appointed by the Board of Directors, which decides on the terms of his or her service contract.

Since March 2011, Atria Plc's CEO has been Juha Gröhn, M.Sc. (Food Sc.).

9. Management Team

Atria Group has a Management Team chaired by the CEO. The Management Team assists the CEO in planning the operations and in operational management. The duties of the Management Team include, among others, preparing strategic plans and putting them into practice, handling significant projects and organisational changes as well as reviewing and implementing the Group's risk management measures in their respective areas of responsibility.

In 2017, the Management Team met eleven (11) times.

Atria Board of Directors nominated Tomas Back as CFO and Deputy CEO as Heikki Kyntäjä retired as of 1 January 2018. At the same time Jarmo Lindholm was nominated as Executive Vice President of the Atria Sweden business area and CFO Andrey Shkredov was nominated as acting Executive Vice President of Atria Russia.

Atria Board of Directors decided to alter Atria Group's business areas and reporting segments as of the beginning of 2018. Atria Group's reporting segments are as follows: Atria Finland, Atria Sweden, Atria Russia and Atria Denmark & Estonia.

10. Remuneration

Atria Plc has prepared a Remuneration Statement – which constitutes a part of this Corporate Governance Statement – in accordance with the Corporate Governance Code. The statement is available on the company's website at www.atria.com under Investors, Corporate Governance.

Atria Group's Management Team on 31 December 2017:



Name	Juha Gröhn, CEO	Heikki Kyntäjä, CFO, Deputy CEO	Mika Ala-Fossi, Executive Vice President, Atria Finland
Joined Atria in	1990	2009	2000
Year of birth	1963	1952	1971
Education	M.Sc. (Food Sc.)	B.Sc. (Econ)	Meat industry technician
Relevant work experience	• Atria Plc, CEO since 2011 • Atria Scandinavia, Executive Vice President & Atria Plc, Deputy CEO 2010–2011 • Atria Finland Ltd, Executive Vice President & Atria Plc, Deputy CEO 2016–2010 • Atria Ltd, Director, Meat Industry; Vice Managing Director 2004–2006 • Atria Ltd, Director, Steering; Vice Managing Director 2003–2004 • Atria Ltd, Director, Steering; Vice Managing Director 1999–2003 • Atria Ltd, Director, Meat Products and Convenience Food Industries1993–1998 • Itikka-Lihapolar, R&D Manager 1991–1993 • Lihapolar, Foreman 1990–1991	• Atria Plc, CFO 2011–2017 & Deputy CEO 2014–2017 • Atria Finland Ltd, Finance Director 2009–2011 • ABB Oy, Lowvoltage instruments, VP Supply Management 2008–2009 • ABB Oy, Lowvoltage instruments, VP Finance & Control 2001–2008 • ABB Transmit Oy, VP Finance & Control 1995–2000 • ABB Strömberg Sähkönjakelu Oy, VP Finance & Control 1991–1995 • ABB Motors Oy, Business Controller 1988–1990 • Stromberg Inc., Cleveland, OH, USA, Business Controller 1986–1988 • Hackman, Taloustavarat Oy, Financial Manager 1978–1986 • General Motors Finland, Auditor, finance department 1976–1978	• Atria Finland, Executive Vice President since 2011 • Atria Finland, Director, Convenience Food and Meat Product Business 2007–2011 • Atria Finland, Director, Poultry Business 2006–2007 • Atria Ltd, Production Manager 2003–2006 • Atria Ltd, Unit Manager 2000–2003 • Liha-Saarioinen Oy, Foreman 1997–2000
Concurrent key positions of trust	• Finnish Food and Drink Industries' Federation (ETL), Board of Directors, Member since 2012– • East Office of Finnish Industries Ltd, Board of Directors, Member	ELO Mutual Pension Insurance Company, Supervisory Board, Member since 2016	• Länsi Kalkkuna Oy, Board of Directors, Chairman since 2015 & Member since 2007 • Honkajoki Oy, Board of Directors, Chairman since 2015– & Member since 2011 • Lihatiedotus ry, Board of Directors, Vice Chairman since 2015– & Member since 2011
Past key positions of trust	Finnish Food and Drink Industries' Federation (ETL), Board of Directors, Chairman 2013–2015		
Shareholding on 31 December 2017	20,500	1,000	940



Name	Tomas Back, Executive Vice President, Atria Scandinavia	Jarmo Lindholm, Executive Vice President, Atria Russia	Olle Horm, Executive Vice President, Atria Baltic
Joined Atria in	2007	2002	2012
Year of birth	1964	1973	1967
Education	M.Sc. (Econ.)	M.Sc. (Econ.)	Engineer
Relevant work experience	• Atria Scandinavia, Executive Vice President 2011–2017 • Atria Baltic, Executive Vice President 2010–2011 • Atria Plc, CFO 2007–2010 • Huhtamäki Americas / Rigid Europe, CFO 2003–2007 • Huhtamäki Oyj, Financial Manager/ CFO 1996–2002 • Huhtamäki Finance Oy, Financial Manager, Lausanne 1990–1995	• Atria Russia, Executive Vice President 2011–2017 • Atria Plc, Group Vice President, Product Leadership 2010–2011 • Atria Finland Ltd, Group Vice President, Product Group Management and Product Development, Commercial Director 2005–2010 • Atria Ltd, Marketing Manager 2002–2005 • AC Nielsen, Account Manager, Marketing Manager 2000–2002 • Unilever Finland, Customer Service Manager & e-Business 1998–2000	• Atria Baltic, Executive Vice President since 2012 • Maag Meat Industry, Managing Director 2009–2012 • Skanska EMV AS, Director 2008–2009 • Rakvere Lihakombinaat AS, Director 2000–2008 • EMV AS, Head of transportation and equipment department 1998–1999 • EK AS, Management and development duties 1992–1998
Concurrent key positions of trust	• Swedish Meat Industry Association, Board of Directors, Deputy Chairman and Member since 2012 • Swedish Food Federation, Board of Directors, Member since 2012 • Svensk Fågel Service Ab, Board of Directors, Member since 2017	East Office of Finnish Industries Oy, Board of Directors, Member since 2012	• Estonian Food Industry Federation, Board of Directors, Member • Estonian Pig Breaders Association, Board of Directors, Member
Past key positions of trust			
Shareholding on 31 December 2017	1,880	1,020	


Name	Pasi Luostarinen, Executive Vice President Marketing & Market Insight	Lars Ohlin, Executive Vice President Human Resources
Joined Atria in	2000	2007
Year of birth	1966	1958
Education	M.Sc. (Econ.)	BA (International Business Administration)
Relevant work experience	• Atria Plc, Executive Vice President Marketing & Marketing Insight since 2016 • Atria Finland Ltd, Senior Vice President Marketing & Product Development 2011–2016 • Atria Plc and Atria Finland Ltd, Group Vice President Brand Management & Cold Cuts / Senior Vice President Meatproducts 2007–2011 • Atria Plc, Group Vice President Marketing & Product Development 2006–2007 • Atria Plc, Atria Finland Ltd and Atria Swerige AB, Marketing Director 2000–2006 • Valio Oy, Marketing Director 1997–2000 • British American Tobacco Nordic, Trade Development Manager 1996–1997 • Fazer Makeiset Oy, Key Account Manager/ Category Manager 1993–1996 • Mallasjuoma Oy, Product Manager 1991–1993	• Atria Plc, Executive Vice President Human Resources since 2016 • Atria Scandinavia AB, Senior Vice President Human Resources 2014–2016 • Ridderheims & Falbygdens (Atria Deli), General Manager 2010–2014 • Atria Scandinavia AB, Business Development Director 2007–2010 • AB Sardus, Business Development Director 2000–2007 • AB Bra Böcker, Business Area Director, Nationalencyklopedin 1997–2000 • AB Forte, Vice Managing Director 1995–1997 • Master Foods Finland and Baltics, Market Development Director 1992–1995 • Master Foods Sweden and Finland, Human Resource Director 1988–1992 • Master Foods Sweden, Product manager 1987–1988 • AB Findus, Product manager 1984–1987
Concurrent key positions of trust		
Past key positions of trust		
Shareholding on 31 December 2017	1,880	510

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11. Internal control, risk management and internal audit

11.1 Internal control
The company's Board of Directors and CEO are responsible for the company's adequate internal control. The Board of Directors determines the operating principles of internal control. Internal control is a process incorporated into everything that Atria does, aiming to ensure the achievement of the company's strategic and financial objectives. The purpose of internal control is to ensure that Atria's operations are efficient and in line with the company's strategy, that all financial and operational reports are reliable, that the Group's operations comply with the applicable laws and regulations, and that the company's internal principles and codes of conduct are complied with.

Atria has Group-level instructions and rules valid in all of the Group's business areas and business units. The company seeks to ensure compliance with the instructions and rules by way of training and information bulletins as well as with the help of various control activities. The business areas and/or business units may furthermore have their own specific instructions and/or training related internal control.

Atria has strategic and annual financial goals which steer the operations of the entire Group. These goals have been communicated to all business areas, and they have been agreed on and approved as part of the strategy process or the annual goal-setting process. The achievement of the financial goals is monitored on a monthly and quarterly basis in each business area and at Group level. Atria's internal control ensures that the instructions given by the management are followed and that financial reporting is carried out reliably and appropriately. The procedures involved include the documentation of financial processes, various instructions related to financial administration and briefing related to control measures. The control measures consist of both preventive and investigative measures. Typical controls include approval, insurance, verification, reconciliation, operational inspections, the protection of assets, segregation of duties and the administration of access rights.

11.2 Risk management at Atria
The objective of risk management is to support the realisation of Atria's strategy and the achievement of targets, to prevent unfavourable events from occurring and to safeguard business continuity. Atria's risk management operations are guided by the Risk Management Policy, approved by the Board of Directors, which specifies risk management goals, principles, responsibilities and powers, together with the principles of risk assessment and reporting.

Risk management at Atria is systematic and dynamic, and supports the continuous development of the organisation. It is based on a uniform model for risk identification, assessment and reporting in all business areas and Group administration, and forms an integral part of the annual planning process. In risk assessment, a risk management plan is drawn up for managing the risks identified.

Atria defines risk as the effect of uncertainty on the company's objectives. Risks can cause positive or negative deviations from the objectives. Risks may be caused by events within Atria, or by external conditions or events. For reporting purposes, Atria's risks are divided into four categories: strategic risks, operational risks, liability risks and financial risks.

Organisation and responsibilities of risk management
The Board of Directors approves the Risk Management Policy and any changes to it, and supervises the implementation of the principles specified in the policy. The Group's CEO is responsible for the appropriate organisation of risk management at Atria, and the CFO sees to the development of the risk management and risk reporting framework.

The members of the Group's Management Team are responsible for identifying and assessing strategic risks and for implementing risk management in their respective areas of responsibility. The management teams of the business areas are responsible for identifying and assessing risks and for implementing risk management in their respective business areas. The directors of the business areas ensure that the management teams fulfil their risk management and risk reporting responsibilities.

The Group's Treasury Committee is responsible for identifying and assessing financial risks and for implementing risk management throughout the Group. When preparing an annual plan for internal audit, key observations from the risk assessments made as part of the Group's planning process are taken into account. Every Atria employee is responsible for identifying and assessing risks associated with their work and any other risks that they encounter, and for drawing attention to and preventing such risks.

Major risks and uncertainties which the Board of Directors is aware of are discussed in more detail in the Report by the Board of Directors under "Risk management at Atria".

11.3 Internal audit
Atria's Group Control function handles internal audits in collaboration with an external service provider. An audit plan is drawn up annually for internal audit and approved by the Board of Directors. The priority areas of the audit plan are affected by risk management, issues identified as part of the Group's internal reporting, goals related to improving the quality and efficiency of the operations, and current issues in the company's business environment. Where necessary, internal audit also conducts separate studies commissioned by the Board of Directors or the Group's management.

Internal audit ensures and evaluates the functioning of the company's internal control system, the relevance and efficiency of the activities, and compliance with guidelines. It also aims to promote the quality of the operations and process, ensure the achievement of Atria's targets, support the development of risk management practices, and highlight best practices and opportunities in various functions.

Internal audit assesses the following areas:
- Accuracy and adequacy of financial information
- Compliance with operating principles, codes of practice and regulations
- Protection of property against losses
- Cost-effectiveness and efficiency in the use of resources
- Implementation of changes
- Opportunities provided by various practices and the utilisation of best practices

The results of internal auditing are documented and discussed with the audited area of operation and Group management. A summary of the audit results is presented to the Board of Directors at least once a year. Regular discussions are held with the auditor to ensure that the audit activities cover a sufficiently wide range of operations and to avoid overlapping activities.

12. Auditing

In accordance with the Articles of Association, the company has at least one (1) and no more than four (4) regular auditors; the number of deputy auditors may not exceed this. The auditors and deputy auditors must be public accountants or firms of independent public accountants authorised by the Finnish Chambers of Commerce. The term of service of the auditors ends at the conclusion of the Annual General Meeting following their election.

The auditor provides Atria's shareholders with an Auditor's Report document in accordance with the law, in conjunction with the company's financial statements, and reports regularly to the Board of Directors and management. The auditor participates in a Board meeting at least once a year, on which occasion a discussion of the audit plan and the results of auditing is arranged.

In 2017, Atria Plc's Annual General Meeting elected PricewaterhouseCoopers Ltd., a firm of authorised public accountants, as the company's auditor for a term ending at the closing of the next Annual General Meeting. According to the firm, the auditor in charge is Authorised Public Accountant Samuli Perälä. The remuneration is paid to the auditor according to an invoice accepted by the company.

Auditor's remuneration for the 2017 accounting period
In 2017, the Group paid EUR 352,000 to PricewaterhouseCoopers Ltd. as the auditor's remuneration. The company did not pay anything for services not related to auditing.

13. Insider policy

Atria complies with Nasdaq Helsinki Ltd.'s Guidelines for Insiders. Atria's Board of Directors has furthermore confirmed Atria's insider policy, which complement other insider guidelines and include instructions concerning insiders and insider administration. The company's insider policy has been distributed to all Managers as defined by the company, as well as to the people involved in the preparation of periodic disclosure or who have regular access to unpublished financial information. The guidelines are furthermore available on the company's intranet.

The Market Abuse Regulation (EU No 596/2014) has been applied since 3 July 2016. Atria has not established a permanent insider list and insider information is controlled by project-specific insider registers, which are established according to need. All project-specific insiders are informed of their insider status in writing and provided with the appropriate insider instructions.

Atria has determined that the members of the Board of Directors, members of the Supervisory Board, the CEO and the Deputy CEO satisfy the definition of Managers with a notification obligation. The company maintains a list of the Managers and their closely associated persons.

The company maintains a list of the Managers and Atria's project-specific insiders subject to a notification obligation in cooperation with Euroclear Finland Oy. The company's legal department and CFO monitor compliance with the insider guidelines. Managers´ and people´s, involved in the preparation of periodic disclosure or who have regular access to unpublished financial information, right to trade in the company's financial instruments has been restricted in such a way that the aforementioned people may not trade in the company's shares 30 days prior to the publication of an interim report and a release of the financial statements and further should the period between the end of a review period and the publication of the report/release exceed 30 days.

14. Related-party transactions

The company has defined its related parties and maintains a list of such related parties. Atria monitors and assesses related-party transactions to ensure that any possible conflicts of interest are accounted for in the appropriate manner in the decision-making of the company.

15. Communications

The aim of Atria's investor reporting is to ensure that the market is, at all times, in possession of information correct and sufficient to determine the value of Atria's shares. An additional aim is to provide the financial markets with comprehensive information to enable active participants in the capital markets to form a justified image of Atria as an investment.

Silent Period
Atria has established a silent period for its investor relations communications; this period covers 30 calendar days prior to the publication of interim reports and annual reports. If there is more than 30 days between the end of the reporting period and the review / release publication, this period is silent. During this period, Atria issues no statements on its financial standing.

Investor information
Atria publishes financial information in real time on its website at www.atria.com. The site contains annual reports, interim reports, and press and stock exchange releases. Information on the company's largest shareholders is updated regularly on the website.
The disclosure policy approved by Atria's Board of Directors describes the key principles and procedures followed by Atria as a listed company in its communications with the media, capital markets and other stakeholders. Atria's disclosure policy is available in its entirety on the company's website at www.atria.com, under Investors, Disclosure Policy.

Remuneration statement

1. Remuneration statement

This remuneration statement of Atria Plc ("Atria" or "the company") is a consistent description of the remuneration of the company's Board of Directors and management pursuant to the Corporate Governance Code.

2. Remuneration of the members of the Supervisory Board

The Annual General Meeting decides on the remuneration of the members of the Supervisory Board annually, on the basis of the proposal prepared to the Annual General Meeting by the Shareholders' Nomination Board. The remuneration paid to the Supervisory Board in 2017 was as follows:

- Meeting compensation: EUR 250/meeting
- Compensation for loss of working time: EUR 250 for meeting and assignment dates
- Fee of the Chairman of the Supervisory Board: EUR 1,500/month
- Fee of the Deputy Chairman of the Supervisory Board: EUR 750/month
- Travel allowance according to the Company's travel policy.

The members of the Supervisory Board have no share incentive plans or share-based bonus schemes, nor are they entitled to any other financial benefits besides the remunerations decided on by the Annual General Meeting.

In 2017, the monthly and meeting fees paid to the members of the Supervisory Board for participating in the work of the Supervisory Board (including fees for work performed in other companies within the same Group) were as follows:

Name	Work of the Supervisory Board	Benefits from Group companies	Total (EUR)
Hannu Hyry, Chairman until 26 April 2017	8,500		8,500
Jukka Kaikkonen, Chairman from 26 April 2017	15,500		15,500
Juho Anttikoski, Deputy Chairman	12,750		12,750
Asunmaa Mika	2,000		2,000
Flink Reijo	1,250		1,250
Haarala Lassi Antti	2,250		2,250
Hantula Jussi	2,000		2,000
Holm Henrik	3,000		3,000
Hyttinen Veli	2,250	10,800	13,050
Ingalsuo Pasi	2,000	4,500	6,500
Joki-Erkkilä Jussi	1,500		1,500
Juuse Marja-Liisa	2,000		2,000
Kiviniemi Juha	2,000		2,000
Lajunen Ari	2,250		2,250
Niku Mika	2,000	4,500	6,500
Ojala Pekka	2,750		2,750
Panula Heikki	2,000		2,000
Ritola Ahti	2,000		2,000
Sairanen Risto	2,250		2,250
Tuhkasaari Timo	2,000		2,000
TOTAL	72,250	19,800	92,050

3. Remuneration of the members of the Board of Directors

The Annual General Meeting decides on the remuneration of the members of the Board of Directors annually, on the basis of the proposal prepared to the Annual General Meeting by the Shareholders' Nomination Board. Remuneration is handled in the form of monetary compensation. The members of the Board of Directors have no share incentive plans or share-based bonus schemes, nor are they entitled to any other financial benefits besides the remunerations decided on by the Annual General Meeting.

The remuneration paid to the Board of Directors in 2017 was as follows:
Until 26 April 2018:

- Meeting compensation: EUR 300/meeting
- Compensation for loss of working time: EUR 300 for meeting and assignment dates
- Fee of the Chairman of the Board of Directors: EUR 4,400/month
- Fee of the Deputy Chairman of the Board of Directors: EUR 2,200/month
- Fee of members of the Board of Directors: EUR 1,700/month
- Travel allowance according to the Company`s travel policy.

The Annual General Meeting of 2017 decided, in accordance with the proposal of the Nomination Committee, to increase the remuneration and compensation of the members of the Board of Directors and the increased remuneration paid as of 27 April 2017 as follows:

- Meeting compensation: EUR 300/meeting
- Compensation for loss of working time: EUR 300 for meeting and assignment dates
- Fee of the Chairman of the Board of Directors: EUR 4,700/month
- Fee of the Deputy Chairman of the Board of Directors: EUR 2,500/month
- Fee of members of the Board of Directors: EUR 2,000/month
- Travel allowance according to the Company`s travel policy.

In 2017 monthly fees and meeting fees paid to the members of the Board of Directors for participating in the procedures of the Board of Directors (including being a member of the Board of another company that is part of the same Group) were the following:

Name	Position	Board of Directors and committee work	Benefits from Group companies	Total (EUR)
Seppo Paavola	Chairman	69,300		69,300
Jyrki Rantsi	Deputy Chairman	42,300	11,700	54,000
Nella Ginman-Tjeder	Member	26,700		26,700
Esa Kaarto	Member	33,300	34,500	67,800
Pasi Korhonen	Member	33,600		33,600
Jukka Moisio	Member	25,800		25,800
Kjell-Göran Paxal	Member	33,000	8,100	41,100
Harri Sivula	Member	28,200		28,200
TOTAL		292,200	54,300	346,500

4. Bonus scheme for the CEO and other management

The remuneration of Atria Plc's management aims to promote the company's long-term financial success and competitiveness and the favourable development of shareholder value. The bonus scheme for the management consists of a fixed monthly salary, merit pay and pension benefits. The company has a share incentive plan since 1 January 2018.

The Board of Directors' Nomination and Remuneration Committee prepares the following for a decision to be made by the Board of Directors: (i) the terms of the service contracts of the CEO and Deputy CEO; (ii) the remuneration, fees and other employment benefits of the directors who report to the CEO; (iii) the forms and criteria of the bonus and incentive schemes of top management; and (iv) the content and group assignments of the pension programmes of the company's management.

Atria Plc's Board of Directors decides on the remuneration, other financial benefits and criteria applied in the merit pay system for the Group's CEO and Management Team, as well as the merit pay principles used for other management members.

The directors of each business area and the Group's CEO decide on the remuneration of the members of the management teams of the various business areas according to the one-over-one principle. The performance bonus systems for the management teams of the business areas are approved by the Group's CEO.

The base salary for CEO is EUR 501,206/year containing fringe benefits. According to the terms of short-term incentive plan decided by the Board of Directors the CEO can earn yearly not more than 50 % of the yearly salary as merit pays. According to the terms of long-term incentive plan decided by the Board of Directors the CEO can earn yearly not more than 33 % of the yearly salary as merit pays.

The retirement age for the CEO is 63 years. The CEO nevertheless has the right to retire at the age of 60. The pension arrangement is payment-based and the amount of pension is based on the CEO's annual earnings at Atria Group as specified by the Board of Directors. The earnings include monetary salary and fringe benefits without cash payments of incentive schemes.

According to the CEO's contract, the period of notice is six months for both parties. If the company terminates the contract, the CEO is entitled to the salary for the period of notice and severance pay, which together correspond to 18 months' salary. There are no terms and conditions for any other compensation based on the termination of employment.

5. Incentive plans for management and key personnel

5.1.1 Long-term incentive plan

Atria's long-term incentive plan was implemented until 31 December 2017 in earning periods, which consisted of three one-year periods. Possible payments from the earning period implemented in 2015–2017 was based on the Group's earnings per share (EPS) excluding extraordinary items. Bonuses earned during the period will be paid in instalments in the coming years. Cash rewards earned under the plan for the entire 2015–2017 earning period are capped at EUR 4.5 million. The plan ended on 31 December 2017, and it covered a maximum of 45 people. The plan covers the CEO and the rest of the Group's Management Team. The bonuses accrued for the entire earning period of 2015–2017 totalled EUR 2.1 million.

5.1.2 Short-term incentive plan

The maximum bonus payable of Atria Plc's short-term incentive plan is 25% to 50% of annual salary, depending on the performance impact and requirement level of each individual's role. The criteria in the merit pay scheme 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 Group's Management Team, Atria Plc's merit pay schemes cover approximately 40 people.

5.1.3 Pension benefits

Managerial group pension benefits confirmed by Atria's Board of Directors have been arranged for the members of Atria Group's Management Team who are covered by Finnish social security. The retirement age of the group pension insurance is 63 years for the members of the Management Team. The retirement age determined in the insurance agreement can be changed if the earnings-related pension legislation is changed. Members of the Management Team nevertheless have the right to retire at the age of 60. The pension plan is payment-based, and the pension is based on the annual earnings (monetary salary and fringe benefits) of the insured as specified by the Board of Directors.

The financial benefits paid to the CEO and the Management Team in 2017 were as follows:

	Salaries	Fringe benefits	Merit pay	Supplementary pension contributions	Total (EUR)
CEO Juha Gröhn	501,206	20,683	63,500	130,472	715,861
Deputy CEO: Heikki Kyntäjä	217,943	13,261	21,156	28,900	281,260
Other members of the Management Team	1,453,535	86,017	280,832	90,412	1,910,796
TOTAL	2,172,683	119,962	365,488	249,784	2,907,917

5.1.4 Share incentive plan

Atria Plc's Board of Directors decided on the long-term incentive scheme of key personnel for the period 2018–2020. The new scheme, based on a shares and a cash bonus, is divided into three one-year periods, with the first earning period beginning on 1 January 2018 and ending on 31 December 2018. The possible bonus in the scheme is based on the company's earnings per share (70 per cent) and organic growth (30 per cent).

The remuneration for 2018 will be paid in three equal installments in 2019, 2020, 2021 partly as A shares and partly in cash. The money order is intended to cover taxes and tax-related fees for the person in charge of the roof. If a person's employment or service terminates before the payment of the premium, the premium will generally not be paid.

The target group of the share-based incentive scheme comprises a maximum of 40 people. The total amount of commissions payable on earnings period 2018 is EUR 2 million. The purpose of the new bonus scheme is to encourage Atria's management to acquire the company's shares and to increase the company's long-term appreciation through its decisions and operations.

5.1.5 The Board of Directors' valid authorisations concerning remuneration

Atria Plc's Annual General Meeting held on 27 April 2017 authorised the Board of Directors to decide on (i) the acquisition of a maximum of 2,800,000 of the company's own series A shares; and (ii) an issue of a maximum of 5,500,000 new series A shares and/or on the disposal of any series A shares held by the company through a share issue 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, in both cases under terms and conditions which enable the use of the acquired and/or issued shares as part of the company's incentive plan.

Investor reporting

The aim of Atria's investor reporting is to ensure that the market has at all times correct and sufficient information available to determine the value of Atria's share. In addition the aim is to provide the financial markets with versatile information, based on which those active in the capital markets can form a justified image of Atria as an investment object.

Atria has established a silent period for its investor relations communications; this period covers 30 calendar days prior to the publication of interim reports and annual reports and, if there are more than 30 days between the end of the review period and the publication of the report/release, the period in question. Atria will not issue any statements on its financial standing during this period.

Investor information
Atria publishes financial information in real time on its web pages at www.atria.com. Here you can find annual reports, interim reports and press and company announcements. The company's largest shareholders and insiders as well as their holdings are updated regularly to the web pages.

Stock exchange releases
Atria Plc published a total of 22 company announcements in 2016. The releases can be found on the Atria Group website www.atria.com.

Disclosure policy
The disclosure policy approved by the Atria Board of Directors describes the key principles followed by Atria as a listed company in its communications with the capital markets and other stakeholders. The disclosure policy is available in full on the company's website.

Atria Plc's IR contact person:
Hanne Kortesoja
Communication and IR manager
Tel: + 358 400 638 839
e-mail: hanne.kortesoja@atria.com

Atria's performance has been monitored by at least the following analysts:

CARNEGIE INVESTMENT BANK AB
Iiris Theman
Tel. +358 9 6187 1241
e-mail: firstname.lastname@carnegie.fi

EVLI PANKKI OYJ
Joonas Häyhä
Tel. +358 9 4766 9662
e-mail: firstname.lastname @evli.com

POHJOLA PANKKI OYJ
Niclas Catani
Tel. +358 10 252 8780
e-mail: firstname.lastname@pohjola.fi

INDERES OY
Sauli Vilen
Tel. +358 44 0258 908
e-mail: firstname.lastname@inderes.com

ATRIA PLC
Head Office:
Itikanmäenkatu 3, Seinäjoki
Finland
Box 900, FI-60060 ATRIA
Tel. +358 20 472 8111
www.atria.com

ATRIA FINLAND LTD
Head office:
Atriantie 1, Seinäjoki, Finland
Box 900, FI-60060 ATRIA
Tel. +358 20 472 8111
firstname.lastname@
atria.com
www.atria.com

Invoicing address:
Box 1000
FI-60061 ATRIA

Financial administration:
Itikanmäenkatu 3, Seinäjoki
Finland
Box 900, FI-60060 ATRIA

Customer service centre:
Itikanmäenkatu 3,
Seinäjoki, Finland
Box 900, FI-60060 ATRIA

Commercial functions:
Läkkisepäntie 23
FI-00620 Helsinki, Finland

Other offices and plants:
Rahikkatie 95
FI-61850 Kauhajoki, Finland

Ankkuritie 2, Kuopio
Box 147, FI-70101 Kuopio

Pusurinkatu 48
FI-30100 Forssa

Suluntie 1
FI-40340 Jyväskylä

Isoniementie 79
FI-36420 Sahalahti

ATRIA SCANDINAVIA AB
Offices: Sweden
Concept, Private Label & Export
Löfströms Allé 5
SE-172 66 Sundbyberg
Box 1023
SE-172 21 Sundbyberg
Sweden
Tel. +46 10 482 39 10
kontakt@atria.com
firstname.lastname@
atria.com
www.atria.se

Södra Långebergsgatan 12
SE-421 32 Västra Frölunda,
Sweden
Tel. +46 10 482 36 00

Drottninggatan 14
SE-252 21 Helsingborg,
Sweden
Tel. +46 10 482 35 10

Offices/plants:
Sockenvägen 40
SE-697 80 Sköllersta,
Sweden
Tel. +46 10 482 30 00

Skogholmsgatan 12
SE-213 76 Malmö
Box 446
SE-201 24 Malmö, Sweden
Tel. +46 10 482 35 00

Hjälmarydsvägen 2
SE-573 38 Tranås
Box 1018
SE-573 28 Tranås, Sweden
Tel. +46 10 482 37 00

Maskingatan 1
SE-511 62 Skene, Sweden
Tel. +46 10 482 38 00

Johannelundsgatan 44
SE-506 40 Borås
Box 940
SE-501 10 Borås, Sweden
Tel. +46 10 482 38 10

Östanåkravägen 2
SE-342 62 Moheda,
Sweden
Tel. +46 10 482 37 10

Service, Concept:
Fordonsgatan 3
692 71 Kumla
Tel. +46 19 57 18 78

RIDDERHEIMS A/S
Office:
Per Kroghs vei 4C
1065 Oslo, Norge
Tel: + 47 22 42 24 43

ATRIA CONCEPT SPÓŁKA Z O.O.
Ul.Krowoderskich
Zuchów 14
31-272 Kraków
Poland
Tel: +48 12 661 20 33

ATRIA DENMARK
Office and plants:
Aage Jensen Bakken 1
DK-8700 Horsens
Tel. +45 76 28 25 00

Anlaegsvej 3
DK-7323 Give
Tel. +45 76 28 25 00

Langmarksvej 1
DK-8700 Horsens,
Denmark
Tel. +45 76 28 25 00

ATRIA RUSSIA
OOO Pit -Product
Obukhovskoy Oborony
pr. 70
RUS-192029
Saint-Petersburg, Russia
Tel. +7 812 33 66 888
+7 812 412 88 22
office@pitproduct.ru
firstname.lastname@
atria.com
www.atriarussia.ru

ATRIA BALTIC
Atria Eesti AS
Metsa str. 19
EE-68206 Valga, Estonia
Tel. +372 767 9900
info.estonia@atria.com,
firstname.lastname@
atria.com
www.atria.ee

Other locations:
Pärnu mnt 158
EE-11317 Tallinn, Estonia

ATRIA

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