



Atria's Healthy Growth

Growth investments and development projects
without compromising profitability.

Annual Report 2016

ATRIA

Good food – better mood.

Atria Group's key indicators

	2016	2015
Net sales, EUR million	1,351.8	1,340.2
EBIT, EUR million	31.8	28.9
EBIT, %	2.3	2.2
Adjusted EBIT, EUR million	31.4	36.1
Balance sheet total, EUR million	909.4	855.4
Return on equity (ROE), %	4.7	3.6
Equity ratio, %	46.5	47.4
Net gearing, %	50.5	48.3

Net sales

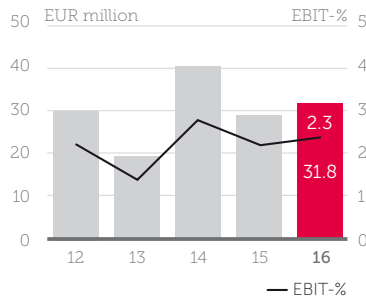
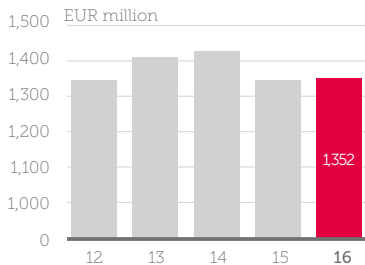
EUR **1,351.8** million

The Group's net sales were EUR 1,351.8 million. This was EUR 11.6 million more than in 2015. Net sales increased primarily due to the net sales of the poultry company Lagerbers, acquired in Sweden in the spring.

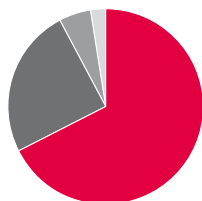
EBIT

EUR **31.8** million

The Group's EBIT was EUR 31.8 million, which was EUR 2.9 million more than in 2015. The adjusted EBIT was EUR 31.4 million, which was EUR 4.7 million less than in 2015. The adjusted EBIT was weighed down primarily by low sales prices as well as costs related to acquisitions and the start-up of Nurmo's pig cutting plant.

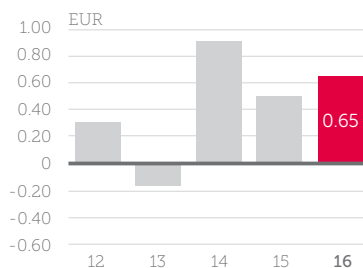


Net sales by business area

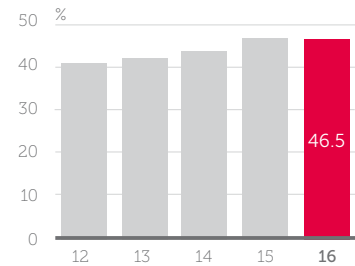


Atria Finland	932.3 MEUR
Atria Scandinavia	343.4 MEUR
Atria Russia	71.8 MEUR
Atria Baltic	34.4 MEUR

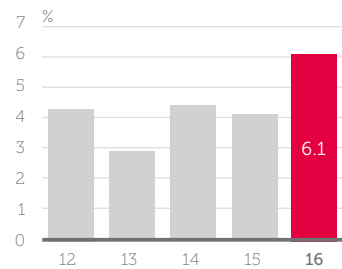
Earnings per share



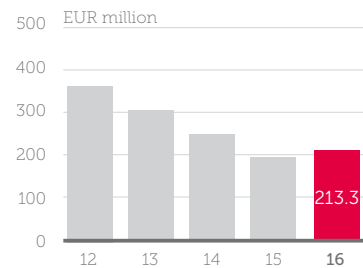
Equity ratio



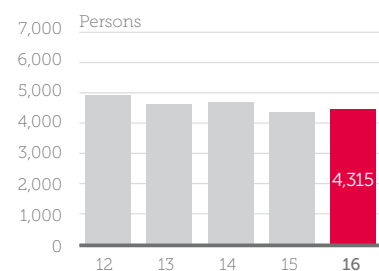
Gross investments, % of net sales



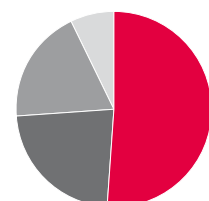
Net liabilities



Average number of personnel



Personnel (4,315) by business area



Atria Finland	2,214
Atria Scandinavia	980
Atria Russia	819
Atria Baltic	302

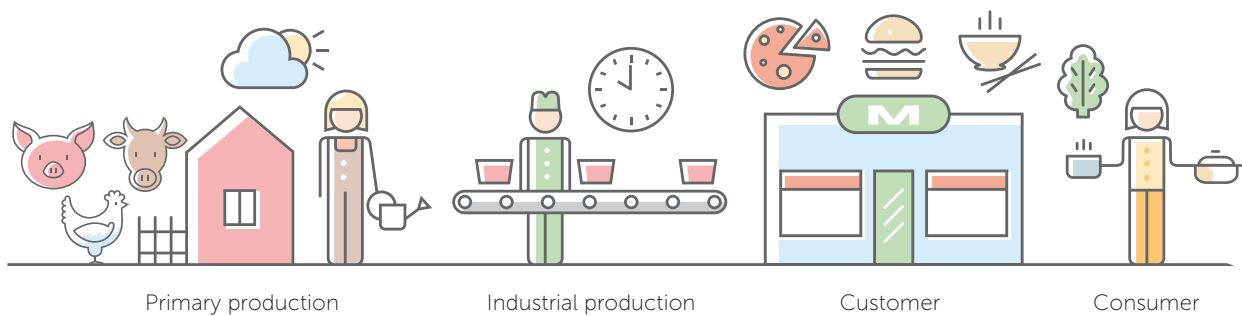
Atria – Finnish with international presence

Atria is one of the leading meat and food companies in the Nordic countries, Russia and Estonia. The company is more than 110 years old and is respected by its customers, personnel and owners. Our company's development and growth are based on excellent commercial expertise, efficient operations and an operating method 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 2016, our net sales exceeds EUR 1.35 billion and we employed approximately 4,315 meat and food experts in Finland, Sweden, Denmark, Russia and Estonia. Atria Plc's shares have been listed on Nasdaq Helsinki Ltd since 1994.

Good food chain

Atria's good food chain covers the journey of food from field to table. The chain consists of four main stages: primary production, industrial production, customer and consumer focus.



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“Good progress on our path towards Healthy Growth”

In 2016, we at Atria accomplished things that mean a great deal to the entire company. In our home market, acquisitions allowed us to enter new product segments at the same time as we strengthened our position in existing businesses. In export markets, we were able to take our first steps into the world's biggest, and for us an entirely new market area, China.

In terms of Atria's growth, all of these measures are significant and far-reaching. Naturally, we are also doing whatever we can to ensure that this growth is as profitable as possible. In 2016, Atria's profitability left something to hope for, not least because of the markets.

From the perspective of competition, the situation in the food markets was – and continues to be – tough. In the Nordic countries, and particularly in Finland, the competitive scene in the retail sector has led to a decline in the number of retail sector customers. This is why Atria needs to keep

its customer relationships in shape and in brisk form – the possibilities for expanding the present customer basis are scarce. Because of this, Atria invested heavily in the development of categories and brands, as well as marketing and sales, alongside productivity and efficiency.

China – a big opportunity

In Europe, the supply of meat has exceeded demand for several years now. The oversupply has been particularly marked in pork. To regain balance, the meat industry has been looking for markets outside Europe. Atria has also been seeking new export markets. In October 2016, this long-term work took a significant step forward when the Chinese authorities granted Atria's Nurmo plant a licence to export pork to China.

The export licence and the start of the export business

“Acquisitions are a major factor, but we must never forget that we need to grow also within our existing operations.”

► Watch the interview of CEO Juha Gröhn:
www.atria.fi/en/group/company/strategy

Atria's Healthy Growth strategy

- Organic, healthy growth
 - new product segments
 - new market areas
- Acquisitions as complementary measures

company has solid experience and competence in the chicken business, even if its volumes are modest from Atria's point of view. For this reason, we embarked on a notable investment programme, which will allow us to develop volumes as well as products and productivity.

In Finland, we acquired a majority stake in the beef company Kaivon Liha. This acquisition strengthens Atria's existing beef business, and allows us to expand our products into hamburger patties and kebab products in the fast food sector.

The most important investment in Finland was the complete renewal of Nurmo's pig cutting plant. Atria's investment raises the productivity of the Finnish cutting industry to a European level. At the same time, it enables the increasingly extensive monitoring of the meat's origin and the production of customer-specific products. Both of these aspects carry great commercial significance.

A solid platform for growth

In 2016, Atria made good progress on its path of healthy growth, and we are in a good position to continue the implementation of our strategy according to plan. Our financial standing is solid, allowing for expansion into both new product segments and new market areas. We have sufficient development power to renew and complement our products, even though consumers' purchasing habits seem to be changing at fairly short notice. We also have efficient plants which, together with the entire production chain, are in good shape. This is essential when we are talking about our ability to hold out against the price competition.

Most importantly, however, we at Atria have good people, both employees and supervisors. We have been developing the skills and working conditions of our employees for several years now with the Atria Way of Working initiatives and projects. In 2016, we launched the Atria Way of Leading supervisor programme, which we will use to develop increasingly high-quality management of business affairs and people over a period time spanning several years. Our aim is to create the kind of capabilities and technical readiness which Atria will need to ensure its success in the food industry's increasingly fast-changing scenery of supply and demand. This is a major and important effort for us.

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

Seinäjäki, March 2017

Juha Gröhn
CEO

to China represents a big opportunity for us. Our goal is to develop a long-range operating model to export not just pork, but other foodstuffs as well, to China's vast and growing markets. To achieve this goal, we are forging sustainable and solid cooperation with our Chinese partners.

Acquisitions create growth and new business

The overall demand for meat and meat-based food in Atria's home market remained stable. Although demand declined slightly in some categories, the change in terms of overall levels was negligible. The categories of poultry and convenience food saw the strongest growth. Both of the acquisitions we made in 2016 provide a good response to the growth of these categories, which is expected to endure.

To enter Sweden's growing market for chicken, we bought the respected Lagerbergs poultry company. This

Atria's Healthy Growth

Atria's strategic goal is to improve profitability, accelerate growth and increase the company's shareholder value.

To achieve its goals, the company is implementing its strategy, extending to 2020 and named Atria's Healthy Growth. With healthy growth, Atria refers to growth that does not compromise the company's profitability.

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.

To improve its profitability and competitiveness, Atria aims to increase its productivity. The company consistently increases the efficiency of both individual operations and the entire operating chain.

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. The strategy is supported by the company's mission, vision and way of working.

Atria's financial targets

Target	Achieved in 2016
EBIT 5%	2.3%
Equity ratio 40%	46.5%
Return on equity (ROE) 8%	4.7%
Dividend distribution of the profit for the period 50%	71.2%*

*Board of Directors' proposal

Strategy management

Atria manages the Healthy Growth Strategy through three main themes:

- Commercial excellence – maintains and accelerates growth
- Efficient operations – maintains and improves profitability
- The Atria Way of Working – ensures healthy growth over the long term

Strategy implementation

Atria's strategy implementation involves each of the four business areas (Atria Finland, Atria Scandinavia, Atria Russia and Atria Baltic) carrying out their own development projects in seven focus areas. Their successful implementation will allow the business areas and the entire Group to respond to the increasingly fast changes in the business environment and the company's financial objectives.

The seven focus areas of Atria's healthy growth are:

1. Market insight

Atria uses market and consumer data precisely and innovatively, and aims to be a pioneer in management by information in its industry.

2. Category and brand management

Atria will strengthen the management and development of its brands and categories. The company's strong brands are well positioned to become even stronger.

3. Commercial excellence

Atria develops and reinforces its sales, sales tools and customer cooperation with an open mind. Atria aims to be the preferred and most trusted partner in the industry.

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 different parties of the chain.

6. Resource optimization

Atria optimises its important resources, such as expertise and technology, raw materials and energy, work processes and times.

7. Atria Way of Leading

Atria develops its leadership and management, which aims for interaction, engagement and development. The company focuses on getting things done – on solutions, rather than problems.

Atria's Healthy Growth

3 themes

- Commercial excellence
- Efficiency
- Atria Way of Working



7 focus areas

- Market insight
- Category and brand management
- Commercial excellence
- Daily operational efficiency
- Supply chain efficiency
- Resource optimization
- Atria Way of Leading



Organic growth

- New product segments
- New market areas
- Acquisitions**
- As procurements that accelerate and complement growth



Atria's Mission

Good food – better mood.

Atria's Vision

We create inspiring food for every occasion with strong brands and passion.

Atria Way of Working

- We focus on consumers and customers.
- We are hungry for success.
- We deliver quality – we rely on our brand.
- We enjoy our work.

Operational environment

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

- purchasing power in Atria's home market is growing slowly, putting the emphasis on price
- demand for meat is on the rise in Asia and unchanged in Europe
- in Atria's home market, the consumption of white meat is growing, while the consumption of red meat is falling
- price competition in the industry and distribution channels is intensifying
- consumer behaviour is becoming increasingly fragmented and its prediction is becoming increasingly challenging

Megatrends, such as the global economy, the sufficiency of natural resources, climate change and digitalisation have a significant impact on Atria's operating environment.

Atria's strategy

Atria's strategy is discussed in

- » the Report by the Board of Directors -> p. 29
- » the company's website -> <https://www.atrifa/en/group/company/>

Atria's risks

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

- » Report of the Board of Directors -> p. 34
- » Notes to the Consolidated Financial Statements -> p. 74

The realisation of the themes and focal areas of the strategy in 2016 are presented on the following pages:

Atria's Healthy Growth strategy

Enablers	Main theme	Realisation in 2016
<p>1. Strong finances: A strong balance sheet and good financial position enable growth and development measures in line with the strategy.</p> <p>2. Systematic investments: Atria makes systematic investments which allow it to maintain and improve the productivity and competitiveness of production and the entire supply chain.</p> <p>3. Efficient operations: Atria enables the price competitiveness of its operations and products with the efficiency of the entire supply chain.</p> <p>4. Solid market and customer intelligence: Atria is a pioneer in the use of consumer and market data. This allows for the precisely timed development and market entry of commercially successful product segments and products.</p>	<p>Commercial excellence</p>	<ul style="list-style-type: none"> Atria secured a licence to export pork to China, a new market area -> p. 9 Atria acquired the Swedish Lagerbergs poultry firm, a new product segment -> p. 11 A new organization was established for exporting Atria's meat to Sweden -> p. 12 Investments in research and product development as well as marketing and sales were increased in all business areas.
	<p>Efficiency</p>	<ul style="list-style-type: none"> The approximately EUR 36 million investment in Nurmo's new pig cutting plant proceeded according to plan -> p. 10 Atria reinforced and enhanced its beef chain by acquiring a majority stake Well-Beef Ltd. -> p. 13 Atria increased the efficiency of its operations in Estonia by centralising its production in one plant and by selling a pig farm. Operations in Sweden were enhanced by centralising logistics operations to the plant in Malmö. The Group's shared Group Procurement/non-meat procurement organisation began its operations. Atria carried out restructuring and enhancement measures with a personnel impact of roughly 100 person-years in the business areas of Atria Finland and Atria Scandinavia.
	<p>Atria Way of Leading</p>	<ul style="list-style-type: none"> The Atria Way of Leading supervisor programme progressed to its preliminary phase. The Atria Way of Working operational programme advanced in the form of projects promoting productivity, occupational safety and competence. Around 30 projects related to responsibility were underway in Atria's Handprint programme. The renewal of Atria's IT environment progressed in all business areas.

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.





Atria received licence to export pork to China – the world’s biggest market

Chinese authorities granted Atria’s Nurmo production facilities in Finland a licence to export pork to China. This opening to what are by far the largest pork markets in the world offers substantial growth opportunities for Atria.

The export licence for pork granted by Chinese authorities enables Atria to expand its export operations into a new, strongly growing market area, which is also the biggest in the world. The export licence creates good opportunities for increasing export volumes and diversifying the product range to all products that can be produced from a pig carcass.

The export licence applies to Atria’s Nurmo production facility or, in practice, its new pig cutting plant and related operations. The plant is the first Finnish production facility to have been granted a licence to export pork to China. The export licence was preceded by a nearly ten-year process of negotiations on political, official and corporate levels. China’s food legislation is considered one of the strictest in the world.

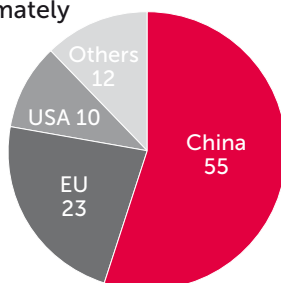
China is by far the largest market area for pork in the

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. In 2016, imports of pork and the by-products of slaughtering to China grew by about 35 per cent, and came to a total of approximately 3.5 million tonnes. The countries that increased their exports most in this respect were Spain, Germany and the United States. The growth in exports destined for the Chinese market was also significant in Denmark. China’s need to import pork has grown due to a reduction in the number of pigs in the country. High demand has kept the average prices of pork in China strong, although province-specific differences in prices are substantial.¹⁾

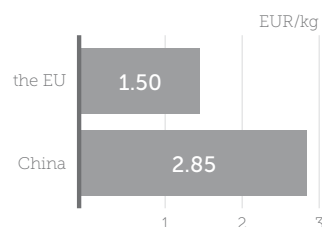
1) Source: Rabobank, 2016

Global pork production approximately 100 million tonnes a year

The countries with the biggest production: Spain, Denmark, the Netherlands, Germany, Hungary and the United Kingdom; Finland’s pork production in 2016 was 0.19 million tonnes



Average prices of pork pig*

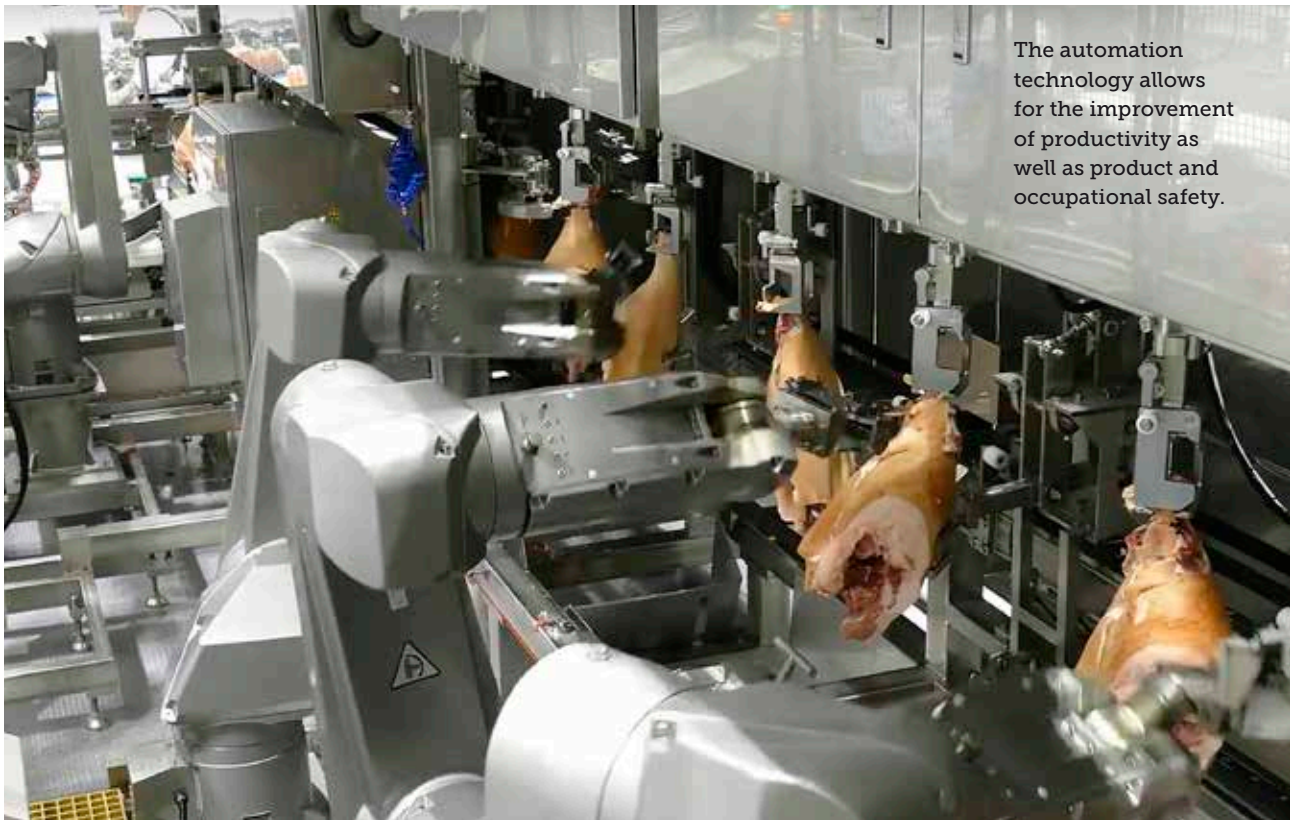


*Average prices in the summer of 2016.

Sources: South China Morning Post, Kantar TNS

First delivery agreement in January

In January 2017, Atria entered its first agreement to deliver a batch of meat to China. According to the agreement, Atria will deliver approximately 3 million kilos of frozen pork products to its customers in China. The delivery includes all parts of a pig carcass.



The automation technology allows for the improvement of productivity as well as product and occupational safety.

The first phase of commissioning the new pig cutting plant began

The first phase of the commissioning of Atria's new pig cutting plant in Finland was begun according to the schedule. The plant, which represents state-of-the-art technology even on the global scale, will improve the productivity of Atria's pork production significantly and enable, among other things, the increasingly precise traceability of meat batches.

The extension, the first phase of Atria's new pig cutting plant, entered its commissioning phase, and the entire project is set to be completed during 2017. The approximately EUR 36 million investment allows Atria to improve the productivity of the pig cutting plant and the competitiveness of its entire pork chain. The investment is expected to generate annual savings of up to EUR 8 million in the cutting plant's operations as of the beginning of 2018.

During the completed first phase, Atria rolled out the latest robot technology, thanks to which productivity can grow to a level that is among the best in the industry. The

technology also enables the farm-specific traceability of increasingly small batches of meat. This has essential commercial significance in both Finnish and international markets.

The investment in Atria's new pig cutting plant nearly doubles the production facilities at Nurmo's existing pig cutting plant. The dimensioning of the facilities and the process's technical solutions allows for the flexible integration of new technologies as capacity requirements change. The volume of pork processed by Atria grew in 2016, and stood at approximately 80 million kilos (read more p. 17)

EUR **36** million

Value of investment, most of which concerns technology and equipment

EUR **8** million

Estimated annual savings (in 2018), due to automation and production arrangements

4,500 square meters

of new production facilities added to the existing cutting plant of 2,700 square meters



Demand for domestic chicken meat, in particular, is growing in Sweden. The share of domestic meat is some 65%.

Atria entered Sweden's growing poultry markets with an acquisition

Atria carried out a growth investment which allows it to expand its operations to Sweden's growing poultry markets. Atria bought the Lagerbergs poultry company for approximately EUR 19 million, and decided on a roughly EUR 14 million investment programme to develop the firm's entire production chain.

In the spring, Atria acquired the poultry company Lagerberg i Norjeby AB (Lagerbergs). At the time of the transaction, the firm was the third largest operator in Sweden's chicken market, with net sales of approximately EUR 30 million. The transaction supported Atria's growth strategy in Sweden, where demand for chicken products has grown substantially for a number of years already, especially at the expense of beef products. The average annual growth is about five per cent. The growth in Swedish chicken products sold under the brand Svensk Fågel is slightly higher.

Lagerberg i Norjeby AB

- net sales roughly EUR 30 million
- annual production approximately 10 million chicken
- more than 100 chicken products
- a market share of about 10 per cent
- number of staff 120
- six own farms, own chicken-rearing facilities, extensive network of contract producers
- FSSC 22000 and ISO 22000 certificates
- the company was established in 1965 at Listerlandet in southern Sweden

Some of the company data is from 2015.

Lagerbergs has a production plant and its own chicken-rearing facility in Blekinge, southern Sweden. The firm also sources chicken from local contract producers.

Atria aims to increase its chicken business considerably with both the Lagerbergs brand and the company's other brands. To develop production capacity and the entire operating chain, Atria initiated an approximately EUR 14 million investment programme extending to 2018. The investment is supported by a long-term contract on the delivery of chicks.



The Atria Meat unit enhances the sales of Finnish meat in Sweden

The new Atria Meat organization, which began its operations at the beginning of the year 2016, aims to increase the awareness of Finnish meat in Sweden and to establish its position as one of the import options. While Swedish consumers value domestic meat the most, the self-sufficiency in its production has declined to approximately 50% in terms of beef and 70% in terms of pork.

The Atria Meat unit imports both beef and pork to selected Swedish distribution channels. The unit markets the products under the Atria brand, the special strengths of which include quality and safety as well as the products' traceability and the well-being of the production animals – all aspects highly valued by Swedish consumers.



Big savings through the reduction of waste

Atria enhanced its measures aiming to reduce waste in all of its business areas. Minimising waste has a significant impact on the improvement of productivity and competitiveness. In Finnish operations alone, reducing waste by about one per cent generates annual cost savings to the amount of roughly EUR 8 million. The ecological effects are also considerable.

Minimising meat production and, from a broader perspective, food waste as a whole is a crucially important and topical challenge for the entire food chain: from primary production to the industrial sector, trade and households.





WOL – a major investment in leadership development

Atria initiated a long-term leadership development programme in all of its business areas. The Atria Way of Leading (or 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.

Atria's own, renewable energy for the Nurmo plant

Atria decided to build Finland's first industrial-scale solar power park on the site of its Nurmo plant. The renewable, emission-free and local solar power allows for reducing the climate impact of the Nurmo plant and improving the plant's energy efficiency and self-sufficiency. Solar power will be able to account for about five per cent of the plant's annual consumption of electricity. Atria is implementing this approximately EUR 7 million project in cooperation with the energy firm Solarigo Systems.

- » Atria's environmental responsibility is discussed in the Report by the Board of Directors -> s. 84
- » Read more about Atria's Handprint responsibility programme -> s. 30



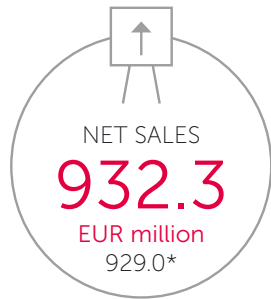
The Well Beef acquisition strengthens the supply of beef

In the autumn, Atria acquired 70 per cent of Well Beef Ltd. (Kaivon Liha) for EUR 15.3 million. The company specialises in the wholesale of high-quality beef to the industrial sector and the Food Service sector. Consumer categories include frozen, uncooked hamburger patties, meatballs and kebab skewers.

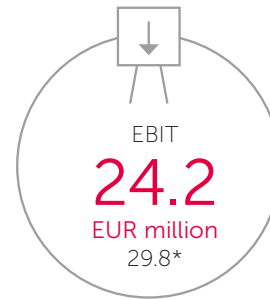
The volume of beef processed by Well Beef is roughly 11 million kilos, and its annual net sales are approximately 40 million. The acquisition complements Atria's beef supply and creates new opportunities both at home and abroad.

Atria Finland

Atria Finland is responsible for the Group's operations in Finland, the single most important business area. Atria Finland develops, manufactures and markets fresh meat and other foodstuffs and provides services related to them. It is the market leader in Finland's slaughterhouse industry and several meat categories and has significant export operations. The number of personnel is about 2,200. Atria brand's products are made from 100% Finnish meat.

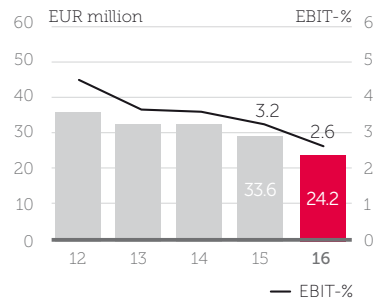
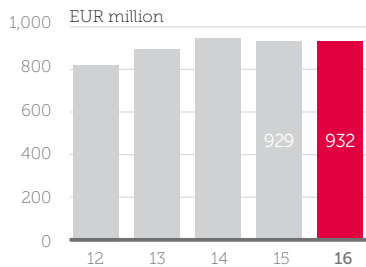


Growth and profitability



Atria Finland's net sales grew by EUR 3.3 million in comparison to the corresponding period in the previous and were EUR 932.3 million. Sales volumes grew during the first half of the year, but fell in the second half of the year as Atria decided not to participate in the fiercest price competition. The total sales of Atria's categories in consumer goods retailing grew by approximately two per cent, spurred by the poultry and convenience food categories.

The EBIT reduced by EUR 5.6 million in comparison to the corresponding period in the previous year and was EUR 24.2 million. The weaker result was primarily attributable to the decline in sales prices brought about by the price competition in the consumer goods retail trade. The ramp-up and commissioning costs of the new pig cutting plant at Nurmo also decreased the profit level.



Customers

- Consumer goods retailers
- Food Service customers
- Food industry
- Export customers
- Concept customers (Sibylla)

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	Strategic focal points	Implementation of focus areas in 2016
<p>1. Large scale Enables supply to strong, growing and more diverse demand</p> <p>2. Strong competitive position The market leader or number two in its main categories, market leader in the slaughterhouse industry</p> <p>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</p> <p>4. Efficiency Big investments in product development, production and procurement processes improve price competitiveness</p> <p>5. A reliable and transparent meat chain Good cooperation with primary production secures deliveries and growth</p>	<p>Market insight</p>	<ul style="list-style-type: none"> • Further resources for market research and analyses were allocated.
	<p>Category and brand management</p>	<ul style="list-style-type: none"> • Strengthened the most important competitive edge of the Atria brand – the responsible production method of Finnish meat and its traceability to individual farms. Atria's Family Farm concept grew significantly. • The biggest investments targeted the poultry, convenience food and consumer packed meat categories.
	<p>Commercial excellence</p>	<ul style="list-style-type: none"> • Atria's manufacturing share in the consumer goods retail sector was strong, 25 per cent. • The most positive development was seen in the cold cuts category, in which Atria's sales grew more than markets in average. • Atria's supplier share in the Food Service was 28 per cent. • The most positive development was seen in the convenience food category, in which Atria's sales increased by some 5 per cent.
	<p>Daily operational efficiency</p>	<ul style="list-style-type: none"> • The first part of the new pig cutting plant project at Nurmo was completed, and the highly automated production started. -> 10. • Investments and development projects aiming to improve productivity were carried out at all production plants.
	<p>Supply chain efficiency</p>	<ul style="list-style-type: none"> • Atria enhanced its beef chain by acquiring a 70 per cent majority stake in the beef company Well Beef Ltd. -> 13. • The feed production of Altia was transferred to Atria; the measure improves the competitiveness of our A-Rehu subsidiary's Koskenkorva plant. • Several IT and technology projects aiming to improve productivity.
	<p>Resource optimisation</p>	<ul style="list-style-type: none"> • Atria achieved a nine per cent increased efficiency target for energy consumption set for 2008–2016. • Atria's initiative concerning Finland's first industrial-scale solar electricity park progressed favourably. -> 13. • The "Wastage is unnecessary!" project progressed to the implementation phase. -> 12.
	<p>Atria Way of Leading</p>	<ul style="list-style-type: none"> • Preliminary measures were carried out in the Atria Way of Leading supervisor programme. • The key projects of the Atria Way of Working involved occupational safety, productivity and training. • Atria kicked off its third Trainee programme, focused on the management and development of marketing, sales and categories.



"Industrial efficiency and commercial excellence are at the heart of Atria Finland strategy, which we are developing strongly."

Mika Ala-Fossi
Executive Vice President, Atria Finland

▶ Watch the video:
www.atria.fi/en/group/company/strategy

The consumer market *

EUR **2.6** billion

The total value of the meat and meat products market in the distribution channels of the consumer retail goods and the Food Service sector³⁾

+1.6%

Development of consumers' purchasing power in Finland¹⁾

-3.4%

The consumer prices of meat and meat products fell by an average of three (-3) per cent. In the previous year, the prices fell by two (-2) per cent.²⁾

The position of Atria's main categories in the market ³⁾

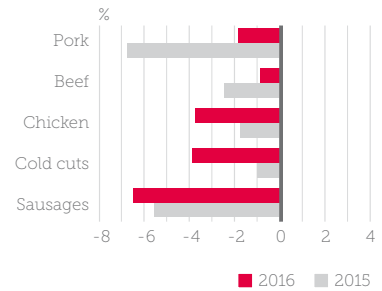
+1.9%

The value of the main categories represented by Atria grew by approximately two per cent in the consumer retail market. The quantitative increase was slightly less than three per cent.

25%

Atria's manufacturing share in the retail trade was around 25 per cent. The share fell by approximately 0.5 percentage points compared to the previous year, as Atria chose not to take part in the fiercest price competition.

Average consumer prices of meat products, % ²⁾



Category	Change in overall markets		Manufacturing share of Atria's main categories
	Value	Volume	
Consumer-packed meat	-0.9 %	1.2 %	27%
Poultry	4.1 %	6.4 %	45%
Sausages	-1.2 %	0.7 %	23%
Cold cuts	-2.8 %	1.3 %	20%
Convenience food	8.4 %	4.3 %	17%
Total	1.9 %	2.7 %	25%

1) Source: Ministry of Finance, 2017
 2) Source: TNS Gallup Elintarviketieto, 2017
 3) Source: Atria Insight, 2017

* Change % compared to the year 2015.



Atria increased the supply of its farm-labelled products significantly. The origin and traceability of food, together with the sustainability and transparency of the food chain, are important to customers and consumers.

The meat market in Finland *

MEAT PRODUCTION

+2%
to 403 million. kg

Growth by meat type:

Pork
-1%

to 190 million kilos

Beef
0%

to 86 million kilos

Poultry
+7%

to 125 million kilos

MEAT CONSUMPTION

+2.6%
to 435 million kilos
Finnish meat accounted for 78% of the increased consumption.
Share of domestic consumption: 82.3%

Growth by meat type:

Pork
+1%

to 194 million kilos

Beef
+1%

to 105 million kilos

Poultry
+9%

to 129 million kilos

Self-sufficiency in meat

94%

of bone-in meat.
Boneless meat accounts for 80% of bone-in meat.

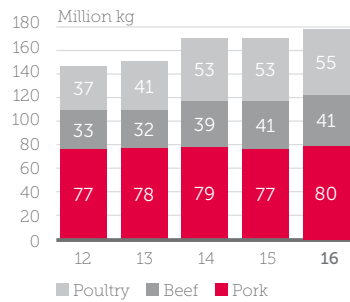
Meat import

+4%

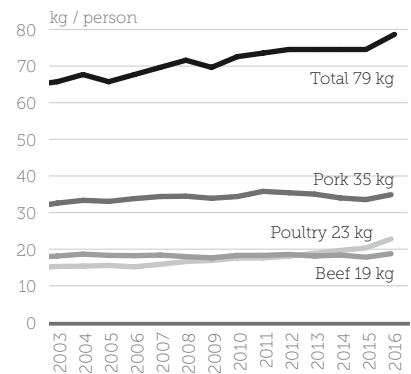
The import of beef grew by 4%, pork by 5% and chicken grew by 15%, respectively.

Volume of meat processed by Atria

176 million kg



Meat consumption / person



Source: Kantar TNS, 2016

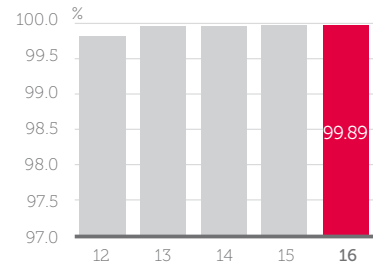
#1

Atria is the market leader in Finland's slaughtering industry. The largest companies in the sector in Finland are Atria Finland Ltd and HKScan Finland Oy.

Atria's delivery reliability

99.89%

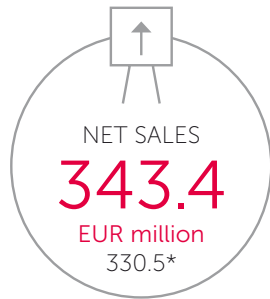
Atria's investments in supply chain management have increased the predictability of operations, alongside delivery reliability. Guaranteed availability and deliveries that precisely match orders provide Atria with a significant competitive edge.



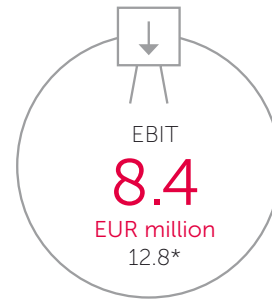
* Change % compared to the year 2015.

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 company boasts valued, widely known brands, many of which are market leaders in their respective categories. The number of personnel is about 980. The majority of the meat raw material used by the company is Swedish.

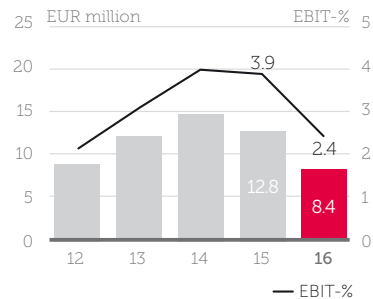
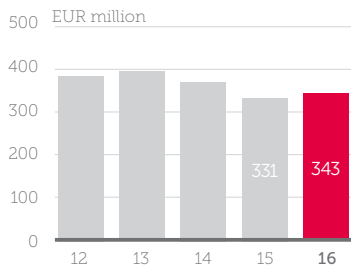


Growth and profitability



Atria Scandinavia's net sales grew by EUR 12.9 million in comparison to the corresponding period in the previous year and were EUR 343.4 million. Net sales increased primarily due to the additional sales of the Lagerbergs poultry company, acquired in the spring, on Sweden's strongly growing chicken markets. Atria Scandinavia's total manufacturing share in main categories remained stable with some variances between category and markets.

EBIT reduced by EUR 4.4 million in comparison to the corresponding period in the previous and was EUR 8.4 million. The adjusted EBIT was EUR 7.0 million. The result was weakened by higher raw material costs, an unfavourable sales structure and the take-over costs of the Lagerbergs business.



Customers

- Consumer goods retailers
- Food Service customers
- Fast food concept customers (Sibylla)
- Export customers

Core categories

- Meat products, including sausages
- Cold cuts
- Convenience food
- Poultry products
- Vegetable and delicatessen products, such as snacks and marinated fresh 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 focus areas in 2016
<p>1. Large scale Enables supply to large, growing and more diverse demand</p> <p>2. Strong competitive position Market number two in its main categories in Sweden, market number one in Denmark</p> <p>3. Strong and valued brands Known food brands facilitate the market introduction of new categories and the creation of new markets</p> <p>4. Efficiency Big investments in product development, production and procurement processes improve price competitiveness</p>	Market insight	<ul style="list-style-type: none"> The resources of market research and analyses were strengthened.
	Category and brand management	<ul style="list-style-type: none"> The most significant category-specific investments targeted poultry products and in Denmark organic cold cuts.
	Commercial excellence	<ul style="list-style-type: none"> Atria's manufacturing share in the category of sausages in Sweden increased and was 18.1 per cent. Atria's manufacturing share in the category of cold cuts in Sweden declined and was 17.0 per cent. Atria's supplier share in Denmark's cold cuts market increased and was 18.8 per cent.
	Daily operational efficiency	<ul style="list-style-type: none"> Atria invested EUR 14 million in increasing the efficiency of Lagerbergs' chicken production and the competitiveness of the entire supply chain -> p. 11. The production capacity of the Snack meat products was increased to nearly 40 per cent.
	Supply chain efficiency	<ul style="list-style-type: none"> The logistics centre in Gothenburg was sold and logistics operations were concentrated to the Malmö plant.
	Resource optimisation	<ul style="list-style-type: none"> A pilot plant for production and product innovations was established. Operations in Sweden and Denmark were streamlined with personnel arrangements.
	Atria Way of Leading	<ul style="list-style-type: none"> Measures were carried out in the Atria Way of Leading supervisor programme. The key projects of the Atria Way of Working involved occupational safety, productivity and training.



"The acquisition of Lagerbergs represents a big opportunity for us in Sweden. The consumption of chicken is growing very strongly right now. The marketing of Finnish meat has also gotten off to a good start in Sweden."

Tomas Back
Executive Vice President, Atria Scandinavia

▶ Watch the video:
www.atria.fi/en/group/company/strategy

The consumer market in Sweden and Denmark *

EUR **1.3** billion

The markets for sausages and cold cuts in Sweden and the market for cold cuts in Denmark in total

+3.8%

The development of consumers' purchasing power in Sweden

+2.6%

Price development (value) of sausages categories in Sweden

-0.8%

Price development of cold cuts categories in Sweden

+0.7%

Price development of cold cuts categories in Denmark

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

Sausages

+0.5 %-points

Atria's supplier share grew in terms of volume

Market share for sausages

22.0%

in terms of volume

Cold cuts

0.0 %-points

Atria's supplier share was unchanged in terms of volume

Market share for cold cuts

21.9%

in terms of volume

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

Cold cuts

+0.2 %-points

Atria's supplier share grew in terms of volume

Market share for cold cuts

17.5%

in terms of volume

Chilled chicken

+0.4 %-points

Atria's supplier share grew in terms of volume

Market share for chilled chicken

10.0%

in terms of volume

* Change % compared to the year 2015.

3 trends

- Demand for white meat and vegetable-based food options will grow
- Demand for domestic meat will be strong in both Sweden and Denmark
- Heightened debate on the health effects of meat, particularly in Sweden, and on the ethical aspects and climate impact of meat production

Sibylla grew by more than 10 per cent

The number of the Sibylla concept's sales outlets grew by more than 10 per cent, to more than 5,500 sales outlets in ten countries. The growth was strongest in Russia, which had a total of approximately 2,800 sales outlets at the end of 2016. New market areas in the piloting phase included South Korea, the United Kingdom and Spain.



Sources: Atria 2017

Meat and food markets *

0–2%

The annual development of the sales volume of meat and meat products in Sweden's consumer goods retail sector

Sweden's degree of self-sufficiency with regard to meat

61%

- pork 72%
- beef 50%
- poultry 65%

#2

Atria is the second largest supplier of sausages and cold cuts in Sweden

#1

Atria is the largest supplier of cold cuts in Denmark

Sweden's poultry market¹⁾

220,000 tonnes

Consumption of poultry in Sweden; more than 95 per cent of poultry is chicken

146,000 tonnes

Poultry production in Sweden

74,000 tonnes

Poultry imports

+4.8%

Annual growth in consumption

+5.9%

Annual growth in production in Sweden

+2.1%

Growth of imports to Sweden

66.4%

Sweden's degree of self-sufficiency with regard to poultry

2 x consumption

The consumption of poultry has more than doubled in Sweden over the past 20 years.

3 largest

poultry operators in Sweden are Kronfågel, Guldfågel and Lagerberg i Norrby AB.

* Change % compared to the year 2015.



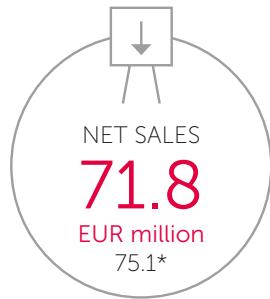
Trusted brand

The industrial association Svensk Fågel represents the entire chain of Sweden's poultry production, with a coverage of 98 per cent. The association plays a central role in the Swedish poultry market in its capacity as both an industrial association and an advocate for domestic meat. Consumers' trust in products carrying the Svensk Fågel brand is strong.

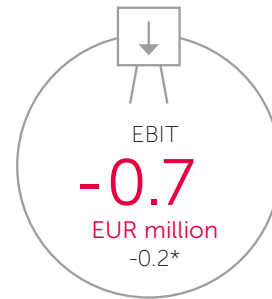
» www.svenskfagel.se

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, Gorelovo. 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 800. Atria procures its meat raw material from the international meat markets in addition to Russia.

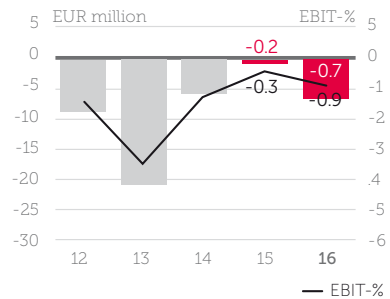
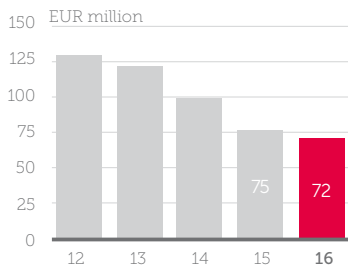


Growth and profitability



Atria Russia's net sales decreased by EUR 3.3 million in comparison to the corresponding period in the previous year and were EUR 71.8 million. Rouble-denominated net sales grew by four per cent. Growth was spurred by the expansion of the Sibylla concept. Reduced demand and continuing low price levels reduced sales to consumer goods retailers and Food Service customers.

The EBIT fell by EUR 0.5 million and was EUR -0.7 million. The adjusted EBIT grew by EUR 1.4 million and was EUR -0.7 million. Profitability improved due to the increased sales of Sibylla products and the sales of consumer retail goods, which picked up towards the end of the year.



Customers

- Consumer goods retailers
- Food Service customers
- Sibylla concept customers

Core categories

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

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	Strategic focal points	Implementation of focal points in 2016
<p>1. Sufficient scale Enables supply for growing and more diverse demand</p> <p>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</p> <p>3. Strong and valued brands Known food brands facilitate the market introduction of new categories and the creation of new markets</p> <p>4. Efficiency Concentrating the majority of production in a plant with cutting-edge technology and investments in the entire operating chain improve price competitiveness</p>	<p>Market insight</p>	<ul style="list-style-type: none"> Reinforced the role of market research and leveraged the Market Insight group synergy.
	<p>Category and brand management</p>	<ul style="list-style-type: none"> The most significant investments involved the launch of the Atria brand and consumer goods retailing in St. Petersburg and Moscow. -> p 26. Investments in the growth of the Casademont brand.
	<p>Commercial excellence</p>	<ul style="list-style-type: none"> The Sibylla concept grew considerably, to a total of 2,800 outlets within Atria Russia's business area. -> p 20. The market share of Atria's meat categories in St. Petersburg remained strong.
	<p>Daily operational efficiency</p>	<ul style="list-style-type: none"> The capacity utilisation rate of Sinyavino, the main plant in St. Petersburg, was improved through Casademont brand contract manufacturing. The main plant in Gorelovo, St Petersburg productivity was improved in accordance with the development plan.
	<p>Resource optimisation</p>	<ul style="list-style-type: none"> Investments focused particularly on the availability and price of the meat raw material as well as on projects related to the recipes of various categories. Strengthening of the Sibylla organisation.
	<p>Atria Way of Leading</p>	<ul style="list-style-type: none"> Preliminary measures were carried out in the Atria Way of Leading supervisor programme.



"We have the clear goal of increasing growth in the Sibylla business. In addition, one of our main objectives in 2017 is to ensure the successful launch of the Atria brand in the Russian market."

Jarmo Lindholm
Executive Vice President, Atria Russia business area

▶ Watch the video:
www.atria.fi/en/group/company/strategy

0.7–1.0 billion EUR

Value of the meat and meat product market in the area of St. Petersburg. The value is approximately threefold in the Moscow area.

-5%

Development in the sales of consumer goods retailers in 2016

+20%

The number of Sibylla sales outlets in Russia grew to a total of about 2,800

approx. **17%**

Market share for Atria's meat products in St. Petersburg's consumer goods retail outlets

+5%

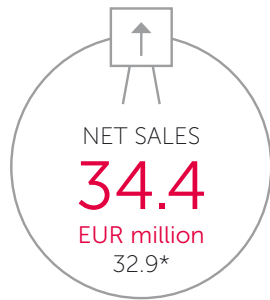
Increase in consumer prices (inflation) in 2016 (+13% in 2015)

#1

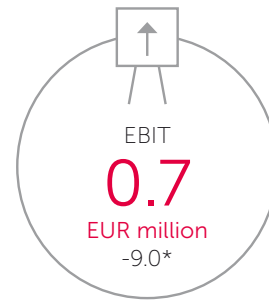
Atria is the biggest foreign operator in Russia's meat processing industry, and the technology at its Gorelovo plant is the most efficient in the industry.

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 300. The company has its own primary production; Atria is Estonia's second largest pork producer.

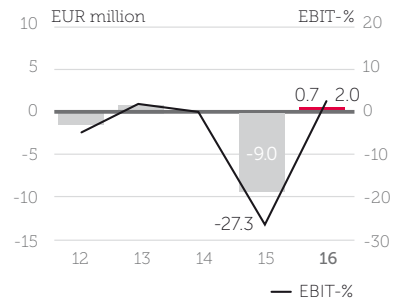
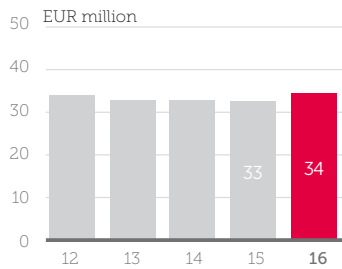


Growth and profitability



Atria Baltic's net sales grew by EUR 1.5 million in comparison to the corresponding period in the previous year and were EUR 34.4 million. The increase in sales was boosted particularly by new minced meat products and fresh meat products.

The EBIT increased to EUR 0.7 million and adjusted EBIT to EUR 1.7 million. Profitability was improved by higher pork prices towards the end of the year and by the company's sustained measures to improve cost-effectiveness.



Customers

- Consumer goods retailers
- Food Service customers
- Export and industrial customers

Core categories

- Meat products, particularly sausages
- Cold cuts
- Fresh and consumer packed meat
- Primary production: The annual production of the company's own piggeries is approximately 5 million kilos

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	Strategian painopisteet	Implementation of focal points in 2016
<p>1. Sufficient scale Enables the supply to growing and more diverse demand</p> <p>2. Strong competitive position Number two in selected market segments in Estonia; a strong operator in primary production</p> <p>3. Strong and valued brands Known food brands facilitate the market introduction of new categories and the creation of new markets</p> <p>4. Efficiency The concentration of meat product production in one plant boosts productivity, while investments in the entire operating chain improve price competitiveness</p>	Market insight	<ul style="list-style-type: none"> Reinforced the role of market research and leveraged the Market Insight group synergy.
	Category and brand management	<ul style="list-style-type: none"> The most significant investments were made in the Maks&Moorits brand. -> p 26.
	Commercial excellence	<ul style="list-style-type: none"> The market share (volume) grew by nearly two percentage points Atria's sales to the consumer goods retail sector are nearly 10 per cent. The biggest categories were marinated meats and grill sausages; Atria is the market leader in grill products. Sales of processed meat products, such as meatballs, increased.
	Daily operational efficiency	<ul style="list-style-type: none"> Industrial production was centralised to Valga plant. The productivity of the Valga plant was improved with technical and production-related restructuring.
	Resource optimisation	<ul style="list-style-type: none"> Atria sold the Linnamäe pig farm located in northern Estonia; primary production will now be concentrated to four farms.
	Atria Way of Leading	<ul style="list-style-type: none"> Preliminary measures were carried out in the Atria Way of Leading supervisor programme.



"The centralisation of operations and brand investments will improve the chances for healthy growth in Estonia."

Olle Horm
Executive Vice President, Atria Baltic

▶ Watch the video:
www.atria.com/en/group/company/strategy

approx. **0.4**

EUR billion

Value of the markets for meat and meat products in the Estonian consumer goods retail trade. The market's value remained stable in 2016. The consumption of meat grew in volume, with the biggest growth visible in pork.

approx. **14%**

Atria's supplier share in meat and processed meat products. The market share grew in 2016.

#2

Atria Baltic is the second largest company in Estonia behind Rakvere, which is owned by HKScan. The majority of Estonia's meat processing companies are small, locally operating companies.

5

biggest consumer goods retailer chains are: Coop Eesti, Maxima Eesti, Selver, Rimi Food Eesti and Prisma

The importance of market and consumer data intensified

The significance of comprehensive and up-to-date market and consumer data gained prominence in the planning of product development, marketing and sales. Besides fierce price competition, the significance of data and its analysis have become more prominent due to consumers' purchasing habits, which are changing at increasingly frequent intervals.

Number of new products

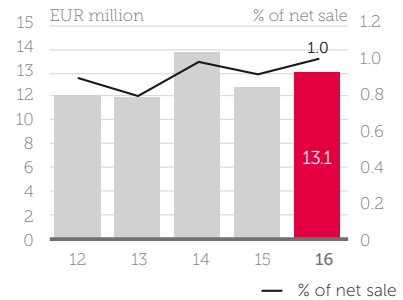
402

Atria introduced 402 new products onto the market. Atria Scandinavia introduced the largest number of new products.

Research and development

EUR 13.1 million

Atria's research and development investments grew slightly, totalling EUR 13.1 million.



*) This figure includes new packages and new product support innovations.

New products

Business area	2016		2015	
	Qty	% of net sales	Qty	% of net sales
Atria Finland	92	6	85	6
Atria Scandinavia	220	4	92	2.4
Atria Russia	53	7	49	8.9
Atria Baltic	37	7	55	8

» Atria's research and development activities are discussed in the Report by the Board of Directors. -> p. 33

Examples of new products in 2016



Atria Finland

The Atria Bravuuri Pulled Pork and Beef products found success as food preparation solutions that make daily life easier.



Atria Scandinavia

In Sweden, the most important investment targets included the Tzay brand vegetarian dishes.



Atria Russia

In Russia, Atria made a significant opening in the convenience food segment by launching minced meat products and convenience food under the Atria brand.



Atria Baltic

The revamped Maksi&Moorits brand grew in Estonia's market. New minced meat products generated the growth.

Atria creates value throughout 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

- 4 315 food-industry experts

Intangible capital

- Brands, patents, concepts
- Expertise, research and development activities: EUR 13 million

Investments

- Investments: EUR 83 million

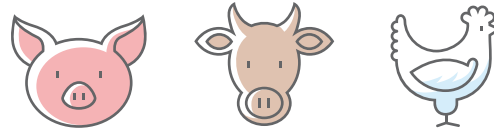
Financing

- Total equity and liabilities: EUR 909 million.

Natural resources

- Energy consumption of approximately 418 MWh, of which approximately 30% is from renewable sources
- Energy efficiency in terms of energy consumption per ton of production: Finland: 0.5 MWh, Scandinavia: 1.5 MWh, Russia: 2.6 MWh, Baltic: 1.9 MWh
- Water consumption of approximately 2.83 million m³, of which ground water accounted for around 62% and surface water was around 38%

Business model



PRIMARY PRODUCTION

PRODUCTION PROCESSES:
We operate efficiently.

COMMERCIAL PROCESSES:
We will succeed commercially.

VALUE AND MANAGEMENT PROCESSES:
We share a common Atria Way of Work and an Atria Way of Leading.

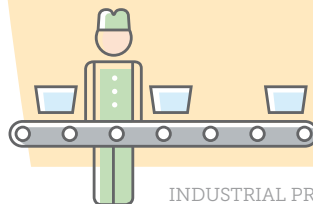


We focus on customers.

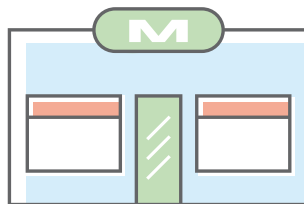
We deliver quality and we believe in our brand.

We are hungry for success.

We enjoy our work.



INDUSTRIAL PRODUCTION



CUSTOMER



CONSUMER

Atria's good food produces sustainable value for all of our stakeholders. Our good food is responsibly and ethically produced, nutritious and safe.

Atria's value and impacts

Good food – better mood.
We create inspiring food for every occasion.

For producers and partners

- Purchases from producers, subcontractors and other partners
- Total purchases and other expenses: EUR 1,092 million

For customers

- Foods for customers in the consumer goods retail trade, Food Service, industry and export sectors
- Net sales and other income: EUR 1,356 million

For personnel

- Total salaries and remuneration: EUR 182 million

For society

- Total taxes and social security expenses EUR 57 million

For shareholders and financiers

- Dividends: EUR 13 million
- Financial income and expenses: EUR 6 million

For communities

Direct and indirect support for public and private organisations and associations

For other industries

Approximately 98% of by-products are exploited, with particular focuses on the animal feed and energy industries. Approximately 0.1% of all material flows end up in landfill or are treated as hazardous waste.

Environmental impact

Approximately 80% of wastewater is pretreated 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 responsible operations from the field to the table are discussed in
 - the Report by the Board of Directors -> p. 30 and -> p 38.
 - the separate Corporate Responsibility Report (link) and on the extensive web pages concerning corporate responsibility -> <https://www.atria.fi/en/group/corporate-responsibility/>

Financial statements and annual report

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Annual General Meeting on 27 April 2017

Atria Plc invites its shareholders to the Annual General Meeting to be held on Thursday, 27 April 2017 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 17 March 2017. The AGM documents are available on the company website at www.atria.com.

In 2017, Atria Plc publishes financial results as follows:

Financial Statement Release 2016.....	14 February 2017
Annual Report 2016	In week 13/2017
Interim Report Q1 (3 months).....	27 April 2017
Interim Report Q2 (6 months).....	20 July 2017
Interim Report Q3 (9 months).....	26 October 2017

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

Atria implementing the Healthy Growth strategy as planned – acquisitions, investments and new market areas

In 2016, Atria implemented its Healthy Growth strategy systematically. The company was active in developing new products, strengthening its brands and searching for new market areas. Atria carried out two significant acquisitions: the poultry company Lagerberg i Norjeby AB in Sweden and the beef processing firm Well Beef Ltd in Finland. The Lagerbergs acquisition allowed Atria to enter Sweden's poultry market, while the Well Beef acquisition brought new products to Atria's range of beef products. The combined net sales of the acquired companies amount to approximately EUR 70 million a year. Atria's solid financial position enabled the implementation of its growth strategy.

The price competition was particularly fierce in 2016, weighing down Atria's performance in comparison to 2015. In market situations such as these, cost management and the development of productivity play significant roles. The cost level and operations of Atria's established activities are in shape. Measures related to the acquisitions and the commissioning of Nurmo's pig cutting plant increased costs temporarily, but these will turn into growth and results.

The company was also purposeful in its search for new market areas. At the end of 2016, Atria received official confirmation for a licence to export pork to China. This represents a significant step for the expansion of Atria's business into new market areas.

Healthy Growth – Atria Group's strategy

Atria's Healthy Growth strategy will enable it to grow in a healthy and profitable way. Atria is reinventing itself and addressing continuous changes in the business environment.

The aim is to secure healthy growth via three strategic themes. The strategic themes are the same for all of the business areas:

- Commercial excellence
- Efficiency
- Atria Way of Work

Commercial excellence means that Atria will use market and consumer data in increasingly insightful and diverse ways. Additionally, Atria will strengthen the management and development of brands and categories. Commercial excellence also requires open-minded development of sales and customer cooperation.

Efficiency consists of the operational efficiency of production and the supply chain and the appropriate allocation of resources.

The Atria Way of Work stems from a common management style: Atria's management is about interaction, engagement, development and achievement.



Atria's strategy is taken forward through the seven focus areas. The basis of healthy growth is organic growth in every business area. Acquisitions and expansion into new product segments and new geographic areas allow for Atria's healthy growth in line with the strategy. The basis for the development of new product segments and innovation will be comprehensive market and consumer data.

Atria's financial targets:

- EBIT 5%
- Equity ratio..... 40%
- Return on equity..... 8%
- Dividend distribution of the profit for the period50%

Atria's Handprint programme covers the entire chain, from field to table

Atria's corporate responsibility programme has been named Handprint, and it covers the journey of food from the field to the table. Atria bears its responsibility for monitoring and improving the welfare of animals and for the safety, nutritional value and healthiness of its products. The company considers environmental responsibility throughout a product's life cycle. Atria is a major employer and brings prosperity to the areas in which it operates. The company develops the professional skills of the personnel and looks after their well-being. Atria is also responsible for ensuring the company's competitiveness, now and in the future. In its business, Atria aims to be open, interactive and transparent.

The Atria Handprint programme was implemented in all Atria Finland's focus areas: product safety, nutrition, personnel, animal welfare, the environment, finance and communication. Atria decided to build Finland's largest solar power park in cooperation with Nurmon Aurinko Oy alongside the Nurmo production plant. The project involves the implementation of Finland's first industrial-scale solar power park, which will produce fully renewable, emission-free solar power for the food industry. The planning phase of the project begun immediately. Finland's largest solar power park will be built in phases over the next two years, and the first solar panel fields will be taken into use as early as in the summer of 2017. In January 2017, the Ministry of Economic Affairs and Employment granted a EUR 2.7 million investment in aid for Atria Finland's solar power park project. The cost estimate for the entire project is EUR 6.8 million. Nurmon Aurinko Oy, the company established for the purposes of the project, will implement the investment and be responsible for the maintenance of the park's equipment.

Atria Finland is party to the national Energy Efficiency Agreement. The first phase of the scheme was implemented in 2008–2016, during which time Atria achieved the set 9 per cent target for increased energy efficiency. In practical terms, this translates into annual savings in energy costs amounting to approximately EUR 1.5 million.

Atria Scandinavia's Handprint programme has 12 set targets, meant to be achieved by 2020 through various development projects. In 2016, roughly 25 different development projects were carried out to this end. They focused on ensuring occupational safety as well as reducing the amount of food waste and greenhouse gas emissions.

In Atria Russia, the Handprint programme's focus areas have included the development of leadership and the personnel's professional skills. Additionally, projects have been initiated to improve product safety and quality.

The responsibility measures of Atria Baltic focused on efforts aiming to prevent the spread of African swine fever. Atria has taken several precautionary measures to prevent the disease from spreading to its production facilities, and is thereby managing the existing risk.

During the accounting period, the Atria Handprint programme was implemented through a number of projects, including the following:

- Atria Way of Leading – improvement of Atria Group's management culture
- Projects involving the improvement of occupational safety
- The development of vegetarian alternatives and their introduction into product ranges
- The expansion of farm-specific traceability to various products and categories
- The adoption of an energy management system
- Measures related to the reduction of food waste

A separate corporate responsibility report was published as part of Atria's Handprint programme during the accounting period.

Financial review

Atria Group's full-year net sales amounted to EUR 1,351.8 million (EUR 1,340.2 million). EBIT was EUR 31.8 million (EUR 28.9 million). EBIT for 2016 includes a EUR 1 million sales loss resulting from the sale of Atria Baltic's pig farm, and the EUR 1.4 million sales profit resulting from the sale of Atria Scandinavia's real estate company. EBIT for the comparison period includes Atria Baltic's goodwill impairment loss of EUR 9.1 million, and the EUR 1.9 million sales profit recognised for the sale of Atria Russia's pig farm. Adjusted EBIT was EUR 31.4 million (EUR 36.1 million). The development of the adjusted EBIT was weighed down by low sales volumes and prices, as well as by the start-up costs of the pig cutting plant and costs related to acquisitions.

Atria Finland's investment in the new pig cutting plant progressed according to plan. When completed, the pig cutting plant will be one of the most modern cutting plants in Europe. Thanks to the new technology in the pig cutting plant, the farm-specific traceability of meat will extend to increasingly small batches of meat. The cutting plant's productivity and competitiveness will be first rate. The first phase of commissioning the plant began during 2016, and the entire project will be completed during 2017. The value of the investment is approximately EUR 36 million, and it is expected to generate annual cost savings in the amount of some EUR 8 million in the plant's operations. These savings will be realised in full as of the beginning of 2018. Employee negotiations concerning the project have been completed. Workforce reductions equal to 80 person-years were carried out in the cutting plant.

Altia Plc's feed business transferred to Atria on 1 April 2016. The transfer did not entail substantial asset or debt items. Atria will be solely responsible for processing the raw material fractions that are produced as a result of Altia's starch and ethanol processes and for their conversion into protein and fibre feeds for pigs and cattle.

In April, the Swedish Competition Authority unconditionally approved Atria's acquisition of the entire share capital of Lagerberg i Norrby AB (Lagerbergs), a Swedish poultry company. 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 was EUR 18.7 million, and it was paid in cash. Atria's annual net sales are expected to grow by about EUR 30 million. The transaction allowed Atria to expand its business into the Swedish poultry market.

In June, Atria's Board of Directors confirmed a EUR 14 million long-term investment programme for the development of the company's poultry business in Sweden. The investments involve the entire production chain, from the rearing of chicken and industrial production to marketing the products. The investments will take place in 2016–2018.

Atria centralised its logistics operations in Sweden in the Malmö plant, moving them from Gothenburg. The logistics centre in Gothenburg was sold for a profit of EUR 1.4 million.

Atria sold the Linnamäe pig farm located in northern Estonia. The sale of the Linnamäe pig farm gave rise to a sales loss of approximately EUR 1 million. The pig farm transferred to new ownership on 29 April 2016.

Atria centralised industrial operations in Estonia in the Valga plant. The production of meat products was transferred from the Vastse-Kuuste factory to Valga and the real estate was sold. The sale had no impact on the company's results. The restructuring measures concerning production were concluded by the end of the second quarter. The measures are expected to generate annual savings of approximately EUR 0.5 million.

The transaction between Atria and Well Beef Ltd was confirmed at the beginning of October. Atria bought 70 per cent of Well Beef's share capital. The transaction price was EUR 15.3 million. Well Beef's business focuses on the processing and wholesale of beef. The company's customers consist mainly of fast food chains and other food service sector customers. Well Beef has a strong market position in Finland as a producer of high-quality hamburger patties and kebab products. The company's annual net sales amount to around EUR 40 million. Well Beef's production plant is located in Turku, and it employs approximately 50 people.

In October, Atria Finland received official confirmation of being granted a licence to export pork to China. The start of exports to China represents a significant step in the development and expansion of Atria's business operations. The export operations are set to begin at the beginning of May. The impact that the exports to China will have on Atria's net sales will become clear once the commercial operations begin.

During the review period, the Group's free cash flow (cash flow from operations – cash flow from investments) was EUR -2.5 million (EUR +65.9 million). Cash flow from investments includes divested businesses in the amount of EUR 5.2 million (EUR 33.7 million) and acquired businesses in the amount of EUR -30.2 million (EUR -5.5 million). Cash flow from operations weakened in comparison to the previous year due to earnings and working capital items. The Group's investments during the period totalled EUR 82.9 million (EUR 56.9 million).

Atria Finland's full-year net sales were EUR 932.3 million (EUR 929.0 million). Increased sales volumes at the beginning of the year enabled net sales to grow. The growth slowed down towards the end of the year due to fierce price competition and a decline in sales prices. EBIT was EUR 24.2 million (EUR 29.8 million). Low sales prices and the costs of the transition phase related to the commissioning of the pig cutting plant weighed down EBIT.

Atria Scandinavia's full-year net sales amounted to EUR 343.4 million (EUR 330.5 million). EBIT was EUR 8.4 million (EUR 12.8 million). EBIT includes a EUR 1.4 million sales profit recognised from the sale of a real estate company. Adjusted EBIT was EUR 7.0 million (EUR 12.8 million). The increase in net sales was mainly the result of the poultry business acquired in April 2016. EBIT was weighed down by higher raw material costs, the effects of the sales structure and the takeover costs related to the poultry business.

Atria Russia's full-year net sales were EUR 71.8 million (EUR 75.1 million). In the local currency, net sales grew by 4.2 per cent. EBIT was EUR -0.7 million (EUR -0.2 million). Adjusted EBIT was EUR -0.7 million (EUR -2.1 million). The adjusted EBIT was improved by the increased sales of Sibylla products and increased sales to the retailing sector, particularly during the second half of the year. The sales of the Sibylla concept continued to grow in 2016. The number of sales outlets now stands at more than 2,800.

Atria Baltic's full-year net sales were EUR 34.4 million (EUR 32.9 million). EBIT was EUR 0.7 million (EUR -9.0 million). Adjusted EBIT was EUR 1.7 million (EUR 0.1 million). The profit for the period includes a EUR 1 million sales loss recognised from the sale of a pig farm. EBIT for the comparative period includes a EUR 9.1 million goodwill impairment loss. Sales to the retail sector grew during the first half of the year. The launch of new kinds of minced meat products in January increased sales and improved market share in the retail sector. EBIT improved thanks to the productivity of operations and cost-effectiveness.

Group's keyfigures, EUR million

EUR million	2016	2015	2014
Net sales	1,351.8	1,340.2	1,426.1
EBIT	31.8	28.9	40.6
EBIT, %	2.3	2.2	2.8
Adjusted EBIT	0.4	-7.2	1.0
Earnings per share, EUR	0.65	0.49	0.93
Balance sheet total	909.4	855.4	923.5
Return on equity, %	4.7	3.6	6.6
Equity ratio, %	46.5	47.4	44.0
Net gearing, %	50.5	48.3	61.8

Financing and liquidity

Monetary policy in the euro area continued to be very light, due to which interest rates continued to decline during the past year. At the end of the year, all Euribor rates and one- to four-year fixed rates were negative. The liquidity of financial markets continued to be good, and there were no material changes in the terms of corporate financing.

In April, Atria Plc repaid bank term loans totalling EUR 50 million, which would have matured in April 2018, and replaced these with a seven-year bullet loan worth EUR 40 million. In June, the company refinanced a committed revolving credit facility of EUR 25 million due to mature in June 2018 by taking out a new EUR 30 million committed revolving credit facility with a maturity of five years. In November, the company took out a EUR 40 million five year term loan.

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 103.8 million of unused committed revolving credit facilities during the year.

At the end of the accounting period, on 31 December 2016, fixed interest debts accounted for 64.1% (56.6%) of the Group's liabilities.

Research and development

Atria's main product categories are meat products, such as sausages and cold cuts, fresh and consumer packed meat, as well as convenience foods and poultry products. Atria Group aims to serve its stakeholders by making effective and innovative use of R&D in its operations. Product development considers the safety, healthiness and flavour of products, as well as the market need for them. Our product development work includes further development of existing products and the development and implementation of completely new products. Atria also participates in applied research in the fields of product and packaging technology and food science.

In 2016, Atria introduced 92 products for the retail and food service markets. Our R&D operations in Finland focused on expanding the Atria Family Farm product line and developing food preparation solutions that make daily life easier for consumers. These include the Atria Bravuuri products; the Atria Bravuuri Pulled Pork and Beef products were finalists in the Finnish Food of the Year contest. In addition, their packaging won the Finnish Fair Foundation's PacTec award in autumn 2016.

Summer hits included mayonnaise-free salads (Atria Crisp Vinaigrette Coleslaw and Atria Fresh Potato Salad with Garlic and Herbs) and the Atria Corn-Fed Pork Fillet. The slowly baked cooked meats familiar to the Food Service market were introduced to the consumer market over the year, and the Rosvopaisti Pork Roast launched in the autumn was very well received. The new minced meat package introduced to the market at the beginning of 2017, with all of its phases, has given an opportunity for an entirely new kind of product and package development. The new package has been planned in cooperation with consumers and the retail sector over the past couple of years, and these new packages will be available on store shelves as of the beginning of February 2017. New products accounted for approximately 6 per cent of total sales.

Atria Scandinavia brought all product categories and private labels to the Danish and Swedish markets, accounting for 220 new products. The product development of Atria Scandinavia focused on chicken products. In Sweden, Food Service product development focused particularly on the development of vegetarian dishes and organic products, such as the Tzay Organic Soybean Burger, minced organic soybean and sausages that contain carrot. In Denmark, product development focused on packaging development and the product development of cold cuts, such as Aalbaek's Tapas Salami packages and cold cuts made from organic meat. In addition, Atria Scandinavia invested in the launches of premium products: delicatessen products that can be grilled, the Lithells Signature products without additives and Finnish traceable meat raw material from Atria's family farms. In Sweden and Denmark, new products accounted for some 4 per cent of total sales.

In 2016, Atria Russia introduced 53 new products to the market. One of the most important product launches consisted of the Atria brand's new products in the convenience food segment: ready minced meat products and convenience meals. The products of the Atria brand are high-quality products based on Finnish recipes, made at Atria's plant in St. Petersburg. Another significant launch was that of the Casademont brand's new premium cold cuts. New pizzas were launched under the CampoMos brand. The sale of new products accounted for nearly 7 per cent of total sales.

Atria Baltic introduced 37 new products to its product categories. The goal in 2016 was to complement the product range with traditional products with a high meat content. The development of easy products that are quick to make for the purposes of weekday meals was another goal. The additive-free Maks&Moorits minced meat products entered the markets at the beginning of the year, and their sales were good throughout the year. New products accounted for about 7 per cent of total sales.

Proportion of net sales spent on research and development in Atria Group in 2014–2016:

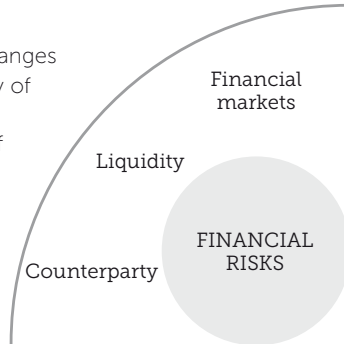
EUR million	2016	2015	2014
Research and development	13.1	12.4	13.9
% of net sales	1.0	0.9	1.0

Risk management at Atria

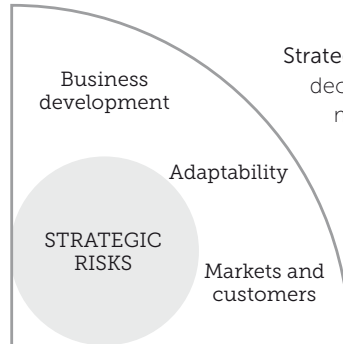
Atria’s risk management process is based on the ISO 31000 reference framework, where applicable. The risk management policy and process are described in more detail in the separate Corporate Governance Statement.

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 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. Atria is subject to many different risks. For the identification and monitoring of risks, they 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.

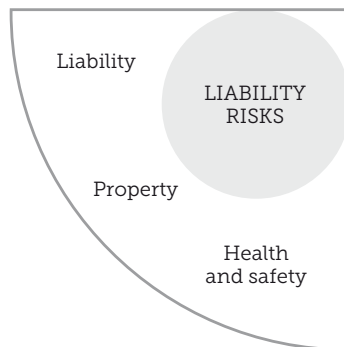


Strategic risks are related to business decisions, resource allocation, management systems and adaptation to changes in the business environment.



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.



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



Budgeting period:
Short-term, 1–2 years

The following table contains a brief summary of the biggest risks related to Atria's operations. These risks together or separately may have a favourable or adverse effect on Atria's business.

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.	This risk is managed by means of centralised control of meat purchasing and price variation clauses for raw material.
Risks related to customers and consumer demand	Retail trade in the food industry is highly centralized 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.	Atria's strong market position, efficient industrial processes, good quality and well-known brands improve its possibilities to manage risks. 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 is a key element 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.	The company 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 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 main risks related to financing Atria's operations are currency transaction and translation risks as well as refinancing and liquidity risks.	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 financial risk management is discussed in more detail in the notes to the financial statements in the note 27.

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

Potential risks 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. Atria's risks are also susceptible to the general economic situation, market development and competitors' activities.

Incidents related to the quality and safety of raw materials and products in any part of the chain, from primary production to consumption, constitute a potential risk to Atria's operations.

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.

Fluctuations in the value of the rouble are reflected in the rouble-denominated net sales and result of Atria Russia. As a risk management measure, Atria Russia is using increasing amounts of local raw materials.

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	2017
• Lassi-Antti Haarala	2018
• Jussi Hantula	2018
• Henrik Holm	2018
• Hannu Hyry	2019
• Veli Hyttinen	2017
• Pasi Ingalsuo	2017
• Jussi Joki-Erkkilä	2018
• Marja-Liisa Juuse	2018
• Jukka Kaikkonen	2019
• Juha Kiviniemi	2017
• Ari Lajunen	2018
• Mika Niku	2018
• Pekka Ojala	2017
• Heikki Panula	2019
• Ahti Ritola	2019
• Risto Sairanen	2017
• Timo Tuhkasaari	2017

A total of 20 members

In its constitutive meeting following the AGM, Atria Plc's Supervisory Board re-elected Hannu Hyry as its Chairman and re-elected Juho Anttikoski as Deputy Chairman.

The AGM decided that the Board of Directors would consist of eight members. Jyrki Rantsi, whose term was due to expire, was re-elected as a Board member for the next three-year term. Pasi Korhonen and Nella Ginman-Tjeder joined the Board as new members for the next three-year term.

It was furthermore stated that Seppo Paavola, Esa Kaarto, Jukka Moisio, Kjell-Göran Paxal and Harri Sivula shall continue as members. In its constitutive meeting following the AGM, Atria Plc's Board of Directors re-elected Seppo Paavola as its Chairman and Jyrki Rantsi as Deputy Chairman.

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

Member	Term ends
• Nella Ginman-Tjeder	2019
• Esa Kaarto	2018
• Pasi Korhonen	2019
• Jukka Moisio	2017
• Seppo Paavola	2017
• Kjell-Göran Paxal	2018
• Jyrki Rantsi	2019
• Harri Sivula	2018

Atria Plc's Management Team consists 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 group report to CEO Juha Gröhn.

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

Composition of the Nomination Committee

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

- Jyrki Rantsi, Farmer, representative of Lihakunta
- Henrik Holm, Farmer, representative of Pohjanmaan Liha
- Juho Anttikoski, Farmer, representative of Itikka Co-operative
- Timo Sallinen, Head of Listed Securities, representative of Varma Mutual Pension Insurance Company
- Seppo Paavola, Agrologist, expert member, Chairman of Atria Plc's Board of Directors

The Nomination Board elected Juho Anttikoski as Chairman from among its members.

Average personnel (FTE)

	2016	2015	2014
Atria Finland	2,214	2,214	2,376
Atria Scandinavia	980	930	1,014
Atria Russia	819	812	1,004
Atria Baltic	302	315	321
Group total	4,315	4,271	4,715
Salaries and benefits for the period, Group total (EUR million)	181.6	176.1	189.7

Incentive schemes for management

Long-term incentive plan

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

Possible payments from the 2015–2017 earning period will be based on the Group's earnings per share (EPS) without non-recurring items. Bonuses earned during the period will be paid in instalments in forthcoming years. Cash rewards payable under the plan for the entire 2015–2017 earning period are capped at EUR 4.5 million. The plan will expire on 31 December 2017, and it covers a maximum of 45 people.

Short-term incentive plan

The maximum amount of merit pay for the short-term incentive plan of Atria Plc is 25% to 50% 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 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 Management Team, Atria Plc's merit pay scheme covers approximately 40 people.

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. However, they have the right to retire at 60. The pension plan is a defined contribution plan, and the pension is based on the annual earnings (monetary salary and fringe benefits) of the insured as specified by the Board of Directors.

Environmental responsibility

ATRIA GROUP'S ENVIRONMENTAL RESPONSIBILITY

Reducing the direct environmental impact of practical operations



PREVENTION OF WASTE GENERATION

- The by-products of food production are carefully utilised.
- A total of 98% of byproducts uselessly for Atria's core business are directed for reuse.
- The market price of raw materials and local infrastructure play a key role in the eventual destination of by-products.
- The prevention of waste generated during a product's life cycle is greatly influenced by the choice of packaging.
- The environmental impact of food packaging is significantly smaller than the emissions caused by the production and consumption of the food itself.



CONTROL OF WATER CONSUMPTION

- The food industry uses large amounts of water, partly because of production hygiene requirements.
- In addition to frequent washing of premises, clean water is also needed as a processing aid, for example, in product cooling.
- The measures directed at reducing water consumption include the provision of guidelines for employees, together with plant and process-specific measures.



MINIMISING THE LOAD FROM WASTEWATER

- The volume of wastewater generated corresponds to the volume of water consumed.
- At the largest production sites, effluents are pre-treated before being discharged into the municipal sewage network.
- Environmental permits determine the target values for wastewater channelled to the local treatment facility. Compliance with the target values is carefully monitored.



ENERGY-EFFICIENT OPERATIONS

- Energy is needed to heat and cool premises, for production-related heating and cooling processes and to maintain material flows and the cold chain.
- The focus in energy efficiency activities is on the development of energy-intensive processes.

Identifying indirect environmental impacts at various stages of the operating chain

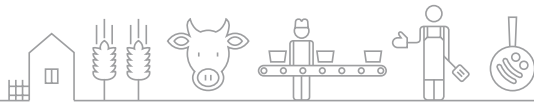
ENVIRONMENTAL IMPACT OF TRANSPORT

- Target-oriented monitoring of fuel consumption and the capacity of vehicles.

ENVIRONMENTAL IMPACT OF PRIMARY PRODUCTION

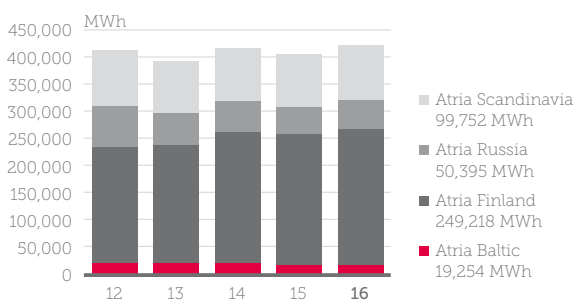
- Providing environmental efficiency guidelines for primary producers.

Taking environmental responsibility into consideration at all operational levels.

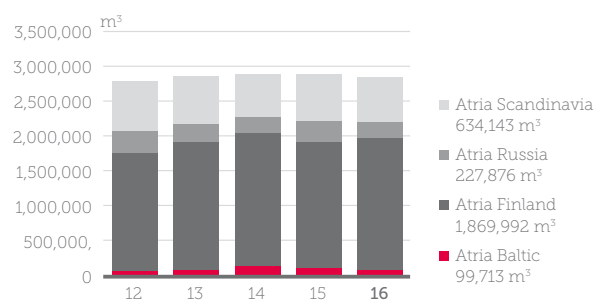


Environmental management at Atria is based on environmental legislation and the fulfilment of stakeholder expectations. Environmental management at Atria Finland and, to some extent, at Atria Scandinavia is based on an environmental management system certified in compliance with the ISO 14001 standard. In other business areas, the company strives to achieve a corresponding level of environmental management.

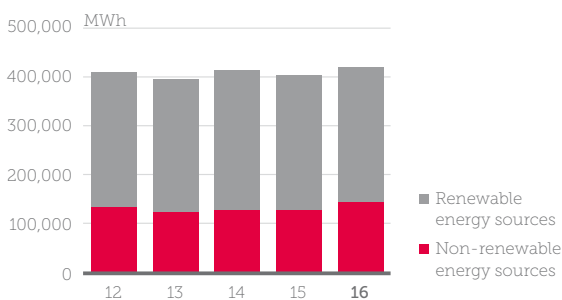
Direct energy consumption by business area



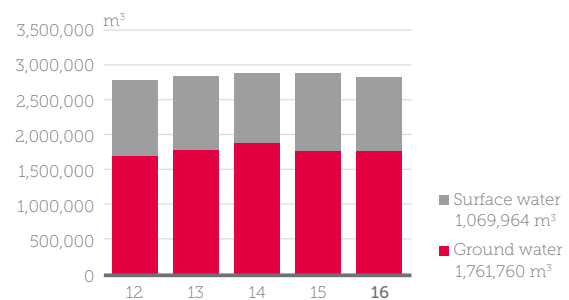
Total water withdrawal by business area



Energy consumption by sources



Total water withdrawal by source



Key results in environmental responsibility

Targets 2015–2017	Results 2016
The management of direct environmental impact: increasing the efficiency of consumption and minimising emissions.	No serious warnings or warnings that would have resulted in sanctions were issued by authorities for the neglect of environmental obligations.
Identification of environmental impacts throughout the production chain and promotion of eco-efficiency.	

The indicators that are continuously monitored by Atria Group as part of its environmental responsibility include energy consumption, water consumption, BOD7 loads in wastewater, the materials used in food production and the by-products produced. In 2016, environmental responsibility developed in accordance with the objectives defined for the businesses.

The key objective in the environmental strategy period is to support business operations through a controlled use of natural resources. The objectives have been adapted to fit changes in the business environment, of which the most significant continue to be the further advancement of energy efficiency and the prevention of waste generation.

Outlook for 2017

The consolidated EBIT in 2016 was EUR 31.8 million. EBIT is expected to be better in 2017 than in 2016. Net sales are expected to grow in 2017.

Flagging notifications

Atria Plc did not receive any flagging notifications in 2016.

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 preference for a dividend of EUR 0.17, after which KII-series shares are paid a dividend of up to EUR 0.17. If dividend funds 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 shareholding distribution, shareholders and management holdings can be found under the heading "Shares and shareholders".

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

The AGM 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 itself, subject to the provisions of the Limited Liability Companies Act on the maximum number of treasury shares. The Company's own series A shares may be acquired for use as consideration in any acquisitions or other arrangements relating to the Company's business, to finance investments, as part of the Company's incentive 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 2015 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 2017, whichever is first.

The AGM authorised the Board of Directors to decide, on one or several occasions, on an issue of a maximum of 7,000,000 new series A shares or on the disposal of any series A shares held by the company through a share issue and/or by granting option rights or other special rights entitling people to shares as referred to in Chapter 10, section 1 of the Limited Liability Companies Act. The authorisation may be exercised to finance or execute any acquisitions or other arrangements or investments related to the company's business, to implement the company's incentive programme or for other purposes 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 of the shareholders' current shareholdings in the company under the conditions provided by law, the right to issue shares against payment or without charge, and the right to decide on a share issue without payment to the Company itself, subject to the provisions of the Limited Liability Companies Act on the maximum number of treasury shares.

The authorisation supersedes the share issue authorisation granted by the AGM on 28 April 2015 to the Board of Directors and is valid until the closing of the next AGM or until 30 June 2017, 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.

Share premium reductions

The AGM decided that the share premium belonging to restricted equity as stated on the parent company's balance sheet on 31 December 2015 will be reduced by transferring all of the funds – a total of EUR 138,502,108.85 – into the company's invested unrestricted equity fund. The share premium reductions will not be subject to costs, and they will not affect the number of shares in the company, the rights conferred by the shares or the shareholders' relative ownership stakes. Deductions to the share premium require a public announcement and registration with the Finnish Patent and Registration Office. The Board of Directors will decide upon all practical measures related to decreasing the share premium.

The share premium was reduced on 31 August 2016 with a transfer of the funds therein, EUR 138,502,108.85, to the company's invested unrestricted equity fund.

Board of Directors' proposal for profit distribution

The parent company's shareholders' equity on 31 December 2016 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 72,945,303.92, of which profit for the period totals EUR 10,486,041.80.

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

• A dividend of EUR 0.46/share be paid, totalling EUR	12,951,951.36
• <u>To be retained as equity: EUR</u>	<u>307,445,517.59</u>
	320,397,468.95

Events after the reporting period

Denmark's competition and consumer authority (Konkurrence- og Forbrugerstyrelsen) concluded its investigation related to Atria Scandinavia's subsidiary Atria Danmark A/S. The start of the investigation was announced in a press release on 23 June 2016. The authorities found no grounds for continuing the investigation.

In January, Atria Finland made an agreement on exporting the first batch of meat to China. Atria will provide its Chinese customers with frozen pork products to the amount of approximately three million kilos during 2017. The delivery includes all parts of a pig carcass. The first delivery will be dispatched to the customer at the beginning of May.

Atria and Nurmon Aurinko Oy will build Finland's largest solar power park in conjunction with the Nurmo production plant. The project involves the implementation of Finland's first industrial-scale solar power park, which will produce fully renewable, emission-free solar power for the food industry. The planning phase of the project will begin immediately. Finland's largest solar power park will be built in phases over the next two years, and the first solar panel fields will be taken into use as early as in the summer of 2017. The Ministry of Economic Affairs and Employment granted EUR 2.7 million in investment aid to Atria Finland's solar power park project. The cost estimate for the entire project is EUR 6.8 million. Nurmon Aurinko Oy, the company established for the purposes of the project, will implement the investment and be responsible for the maintenance of the park's equipment.

BREAKDOWN OF SHARE OWNERSHIP

Shareholders by number of shares owned, 31 Dec 2016

Number of shares	Shareholders		Shares	
	Number	%	1,000 shares	%
1–100	5,475	42.81	277	0.98
101–1,000	6,147	48.07	2,239	7.92
1,001–10,000	1,094	8.55	2,676	9.47
10,001–100,000	58	0.45	1,504	5.32
100,001–500,000	8	0.06	1,098	3.88
500,001–1,000,000	3	0.02	2,142	7.58
1,000,001 or more	4	0.03	18,332	64.85
Total	12,789	100.00	28,268	100.00

Shareholders by type, 31 Dec 2016

Shareholder type	Shareholders		Shares	
	Number	%	1,000 shares	%
Companies	442	3.46	18,343	64.89
Financial and insurance institutions	26	0.20	1,535	5.43
Public corporations	7	0.06	749	2.65
Non-profit organisations	89	0.70	380	1.34
Households	12,201	95.40	5,230	18.50
Foreign owners	24	0.19	107	0.38
Total	12,789	100.00	26,344	93.19
Nominee-registered, total	9		1,924	6.80

INFORMATION ON SHAREHOLDERS

Major shareholders, 31 Dec 2016

	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		1,017,858	1,017,858	3.60
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		176,272	176,272	0.62
Sijoitusrahasto Taaleritehdas Arvo Markka Osake		130,000	130,000	0.46
Elo Mutual Pension Insurance Company		126,289	126,289	0.45
Norvestia Oyj		125,672	125,672	0.44

Major shareholders by voting rights, 31 Dec 2016

	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		1,017,858	1,017,858	0.92
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		176,272	176,272	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		125,672	125,672	0.11

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 76,165 Series A shares on 31 December 2016, representing 0.27% of the shares and 0.07% of the voting rights conferred by them.

MONTHLY TRADING VOLUME OF SERIES A SHARES IN 2016

Month	Trading, EUR	Trading, qty	Monthly low	Monthly high
January	1,626,047	187,070	8.15	9.00
February	1,718,437	210,128	7.61	8.86
March	2,426,960	286,723	8.10	8.80
April	2,138,565	237,128	8.68	9.23
May	1,698,178	194,069	8.50	9.10
June	3,078,031	354,610	8.23	9.09
July	1,422,021	157,983	8.81	9.08
August	1,970,210	218,768	8.75	9.10
September	1,933,471	212,358	8.93	9.21
October	4,070,226	419,618	9.10	10.20
November	4,824,215	457,708	9.86	11.27
December	4,416,987	376,531	11.22	12.22
Total	31,323,345	3,312,694		

CHANGES IN THE SERIES A SHARE PRICE 2012-2016 (AVERAGE PRICE)



FINANCIAL INDICATORS

EUR million	31 Dec 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012
Net sales	1,351.8	1,340.2	1,426.1	1,411.0	1,343.6
EBIT	31.8	28.9	40.6	19.7	30.2
% of net sales	2.3	2.2	2.8	1.4	2.2
Financial income and expenses	-6.3	-9.2	-12.7	-15.2	-14.7
% of net sales	-0.5	-0.7	-0.9	-1.1	-1.1
Profit before taxes	26.1	20.1	34.0	6.9	18.9
% of net sales	1.9	1.5	2.4	0.5	1.4
Return on equity (ROE), %	4.7	3.6	6.6	-1.0	2.4
Return on investment (ROI), %	5.9	5.6	8.3	3.7	4.7
Equity ratio, %	46.5	47.4	44.0	42.2	41.5
Interest-bearing liabilities	217.8	199.6	254.1	334.7	370.5
Gearing, %	51.6	49.3	62.6	81.3	85.9
Net gearing, %	50.5	48.3	61.8	74.3	84.3
Gross investments in property, plant and equipment	82.9	56.9	62.7	41.1	56.2
% of net sales	6.1	4.2	4.4	2.9	4.2
Average number of personnel	4,315	4,271	4,715	4,669	4,898
Research and development costs	13.1	12.4	13.9	11.8	12.0
% of net sales *	1.0	0.9	1.0	0.8	0.9
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 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012
Earnings per share (EPS), EUR	0.65	0.49	0.93	-0.15	0.35
Equity/share, EUR	14.49	14.16	14.22	14.45	15.15
Dividend/share, EUR*	0.46	0.40	0.40	0.22	0.22
Dividend/profit, %*	71.2	81.9	43.0	-142.8	63.1
Effective dividend yield*	4.0	4.4	6.0	2.8	3.5
Price/earnings (P/E)	17.8	18.5	7.1	-50.2	17.9
Market capitalisation	324.8	255.8	187.1	218.5	177.0
Market capitalisation, series A	219.0	172.5	126.2	147.4	119.3
Share turnover/1,000 shares, series A	3,313	5,443	3,035	3,223	3,460
Share turnover %, series A	17.4	28.6	15.9	16.9	18.1
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 2016 to be submitted to the Annual General Meeting convening on 27 April 2017

Share price development, series A (EUR)

Lowest of the period	7.61	6.62	6.43	6.01	4.76
Highest of the period	12.22	10.50	8.89	8.39	7.08
At the end of the period	11.49	9.05	6.62	7.73	6.26
Average rate during the period	9.49	9.03	7.46	7.21	5.89

FINANCIAL INDICATORS

Calculation of indicators:

Return on equity (%)	=	$\frac{\text{Profit/loss for the accounting period}}{\text{Equity (average)}} \times 100$
Return on investment (%)	=	$\frac{\text{Profit/loss before tax + interest and other financial expenses}}{\text{Equity + interest-bearing financial liabilities (average)}} \times 100$
Equity ratio (%)	=	$\frac{\text{Equity}}{\text{Balance sheet total – advance payments received}} \times 100$
Gearing (%)	=	$\frac{\text{Interest-bearing financial liabilities}}{\text{Equity}} \times 100$
Net gearing (%)	=	$\frac{\text{Interest-bearing financial liabilities – cash and cash equivalents}}{\text{Equity}} \times 100$
Earnings per share (basic)	=	$\frac{\text{Profit for the period attributable to the owners of the parent company}}{\text{Weighted average of outstanding shares}}$
Equity/share	=	$\frac{\text{Equity attributable to the owners of the parent company}}{\text{Undiluted number of shares on 31 Dec}}$
Dividend per share	=	$\frac{\text{Dividend distribution during the accounting period}}{\text{Undiluted number of shares on 31 Dec}}$
Dividend/profit (%)	=	$\frac{\text{Dividend/share}}{\text{Earnings per share (EPS)}} \times 100$
Effective dividend yield (%)	=	$\frac{\text{Dividend/share}}{\text{Closing price at the end of the accounting period}} \times 100$
Price/earnings (P/E)	=	$\frac{\text{Closing price at the end of the accounting period}}{\text{Earnings per share}}$
Average price	=	$\frac{\text{Overall share turnover (EUR)}}{\text{Undiluted average number of shares traded during the accounting period}}$
Market capitalisation	=	Number of shares at the end of the accounting period * closing price on 31 Dec
Share turnover (%)	=	$\frac{\text{Number of shares traded during the accounting period}}{\text{Undiluted average number of shares}} \times 100$

CONSOLIDATED INCOME STATEMENT

EUR 1,000	Note	1 Jan – 31 Dec 2016	1 Jan – 31 Dec 2015
Net sales	1, 2, 30	1,351,752	1,340,185
Costs of goods sold	7, 8, 30	-1,187,387	-1,176,862
Gross profit		164,365	163,323
Sales and marketing expenses	3, 7, 8	-89,389	-87,598
Administrative expenses	4, 7, 8, 30	-43,024	-41,540
Other operating income	5, 30	4,565	5,509
Other operating expenses	6, 8	-4,755	-10,749
EBIT	1	31,762	28,945
Financial income	9, 27	20,246	12,700
Financial expenses	9, 27	-26,563	-21,933
Net financial items		-6,317	-9,233
Income from investments accounted for using the equity method	15	679	425
Profit/loss before taxes		26,124	20,137
Income taxes	10, 18	-6,571	-5,499
Profit/loss for the accounting period		19,553	14,638
Profit attributable to:			
Owners of the parent		18,189	13,794
Non-controlling interests		1,364	844
Total		19,553	14,638
Basic earnings per share, EUR	11	0.65	0.49
Earnings per share adjusted by the dilution effect, earnings per share, EUR	11	0.65	0.49

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	1 Jan – 31 Dec 2016	1 Jan – 31 Dec 2015
Profit/loss for the accounting period		19,553	14,638
Other items of comprehensive income after tax:			
Items not reclassified to profit or loss			
Actuarial gains/losses from benefit-based pension obligations	10, 25	-46	391
Items reclassified to profit or loss when specific conditions are met			
Available for sale financial assets	9, 10, 16, 27		-161
Cash flow hedges	9, 10, 27	1,838	179
Translation differences	9, 10, 27	6,586	-4,581
Total comprehensive income for the year		27,931	10,466
Comprehensive income distribution for the financial period:			
Owners of the parent		26,664	9,570
Non-controlling interests		1,267	896
Total		27,931	10,466

The notes on pages 49 to 87 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS EUR 1,000	Note	31 Dec 2016	31 Dec 2015
Non-current assets			
Property, plant and equipment	1, 12, 31, 32	403,974	394,720
Biological assets	13	625	702
Goodwill	14, 31	169,932	157,908
Other intangible assets	14, 31	93,566	79,244
Investments in joint ventures and associates	15, 30	13,610	13,063
Other financial assets	16, 27	1,103	1,103
Trade receivables, loans and other receivables	17, 27	11,101	11,229
Deferred tax assets	10, 18	7,437	7,038
Total		701,348	665,007
Current assets			
Inventories	19, 31	89,783	80,796
Biological assets	13	3,171	3,076
Trade and other receivables	20, 27, 30, 31	108,813	101,467
Current tax assets		1,735	880
Cash and cash equivalents	21, 27, 31	4,591	4,140
Total		208,093	190,359
Total assets	1	909,441	855,366
EQUITY AND LIABILITIES, 1 000 EUR			
Equity attributable to the shareholders of the parent company			
Share capital		48,055	48,055
Share premium			138,502
Treasury shares		-1,277	-1,277
Other funds		-2,547	-4,387
Invested unrestricted equity fund		249,073	110,571
Translation differences		-44,736	-51,415
Retained earnings		161,162	160,158
Total	10, 11, 18, 22, 27	409,730	400,207
Non-controlling owners' share		12,427	4,608
Total equity		422,157	404,815
Non-current liabilities			
Interest-bearing financial liabilities	23, 27	177,864	155,626
Deferred tax liabilities	10, 18, 31	49,167	45,305
Other liabilities	24, 27	10,814	5,874
Pension obligations	25	7,167	7,425
Total		245,012	214,230
Current liabilities			
Interest-bearing financial liabilities	23, 27	39,983	44,004
Trade and other payables	26, 27, 30, 31	199,564	192,077
Current tax liabilities		2,725	240
Total		242,272	236,321
Total liabilities	1	487,284	450,551
Total equity and liabilities		909,441	855,366

The notes on pages 49 to 87 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000	Note	Equity attributable to the owners of the parent company								Share of non-controlling interests	Total equity
		Share capital	Share premium	Treasury shares	Other funds	Invested unrestricted equity fund	Translation differences	Retained earnings	Total		
Equity on 1 Jan 2015		48,055	138,502	-1,277	-4,406	110,571	-46,782	157,237	401,900	3,712	405,612
Total comprehensive income for the year											
Profit/loss for the accounting period								13,794	13,794	844	14,638
Other items of comprehensive income											
Available for sale financial assets	16				-161				-161		-161
Cash flow hedges	27				179				179		179
Actuarial gains from pension benefits	25							391	391		391
Translation differences	9, 10				1		-4,634		-4,633	52	-4,581
Transactions with owners											
Dividend distribution	22							-11,263	-11,263		-11,263
Equity on 31 Dec 2015		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
Share of non-controlling interests related to acquisition of subsidiary											
	24, 31							-5,877	-5,877	6,550	673
Total comprehensive income for the year											
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

The notes on pages 49 to 87 are an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	Note	1 Jan – 31 Dec 2016	1 Jan – 31 Dec 2015
Cash flow from operating activities			
Payments received from sales		1,357,028	1,344,310
Payments received from other operating income		2,950	2,021
Payments on operating expenses		-1,285,557	-1,249,955
Interest paid and payments on other operating expenses	9	-13,892	-20,083
Dividends received	9		24
Interest payments received and other financial income	9	11,561	12,699
Direct taxes paid	10	-7,242	-794
Cash flow from operating activities		64,848	88,222
Cash flow from investments			
Investments in tangible and intangible assets		-42,641	-50,226
Acquired businesses, net of cash acquired on the date of acquisition	31	-30,217	-5,482
Sold operations, net of cash acquired on the date of sale	33	5,241	33,699
Change in long-term loan receivables		1,413	238
Change in other investments		-1,250	-1,088
Dividends received		135	576
Cash flow from investments		-67,319	-22,283
Cash flow from financing activities			
Draw down of long-term loans		113,257	30,158
Repayment of long-term loans		-88,289	-40,805
Decrease in short-term loans		-9,581	-44,282
Dividends paid	22	-11,263	-11,263
Cash flow from financing activities		4,124	-66,192
Change in cash and cash equivalents		1,653	-253
Cash and cash equivalents at the beginning of the financial year		4,140	3,384
Effect of exchange rate changes		-1,202	1,009
Cash and cash equivalents at end of the financial period	21	4,591	4,140

The contents of the cash flow statement items have been changed in early 2016. Comparative information has been changed to conform to current year position.

The notes on pages 49 to 87 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, FI-60060 ATRIA.

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. The Group's operations are 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 13 February 2017. According to the Finnish Limited Liability Companies Act, the shareholders are entitled to approve or reject the financial statements in the Annual General Meeting 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 2016 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 stipulated 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 2016

- New and amended standards effective as of 1 January 2016 have not had a material impact on Atria's consolidated financial statements.

b) New standards and interpretations that have been issued, but take effect after the financial period beginning on 1 January 2016.

- IFRS 9, Financial Instruments, takes effect on 1 January 2018. The new standard replaces the classification, impairment and hedge accounting standards pursuant to the current IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 replaces several classification and impairment models of the IAS 39 with a single model, according to which there are three measurement groups: amortised cost, fair value and measurement at fair value through other items of comprehensive income, applicable to certain debt instruments.

Classification of debt assets will be driven by the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Fair value movements on financial assets are primarily taken from the statement of profit or loss. Financial assets will also be subject to a new impairment model based on expected credit loss, whereby financial assets move through three stages as their credit quality changes.

For financial liabilities with fair-value options, the proportion of the change in fair value due to the company's own credit risk is recognised under other comprehensive income rather than in the income statement.

The new hedge accounting rules will align hedge accounting more closely with common risk management practices. In general terms, hedge accounting will become easier to apply. The new standard also includes expanded requirements governing notes to financial statements, and there will be some changes to the presentation of figures.

According to the current estimate, Atria will not have to make changes to the classification and impairment of financial instruments, debts and investments. Nor is hedge accounting expected to expand from its current position. The assessment concerning the effects of the expanded disclosure requirements of IFRS 9 is still ongoing.

- 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. In the spring of 2016, Atria's Board of Directors launched a survey to assess the impacts of IFRS 15 in Atria Group during 2016 and 2017.

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 survey was conducted with the help of a questionnaire. Companies located in different countries have answered the questions in writing per sales channel and/or customer group. In addition, the answers have been analysed in cooperation with said companies in meetings, with the aim of ensuring that all possible change requirements are understood.

In December 2016, Atria's Board of Directors was presented with a preliminary report of the new standard's impact on the Group. The final report will be complete by April 2017.

According to the preliminary results, no significant changes are expected with regard to the income statement, balance sheet or cash flow. In some countries, customer contracts will be supplemented and specified. The Group-level guidelines regarding discounts will also be specified. No requirements for change have been observed in processes or systems. The assessment concerning the effects of the renewed IFRS are still ongoing. Atria will disclose further details on the progress of the adoption of IFRS 15 in the interim reports of 2017.

- 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 practically all 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 currently recognised under operating expenses will be replaced by interest and depreciation, which will affect key figures such as EBITDA.

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. According to a preliminary analysis, the adoption of the new standard will not have a significant impact on earnings, but the Group's EBITDA will improve due to recognition at various levels. The Group's assets and liabilities recognised in the balance sheet will grow, but the growth will not be significant.

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 practice in force contains alternative recognition, measurement or presentation procedures. The management has exercised discretion in the 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. The net assets, accepted and contingent liabilities acquired in business combinations are valued at fair value at the time of the acquisition. The non-controlling interest in the acquired business is recognised on an acquisition basis either at fair value or based on their relative share of the amounts of identifiable net assets of the acquired business.

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 change of ownerships with 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% and 50% and in which the Group has significant influence but 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

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 relationships3–8 years
- Trademarks5–20 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. Available-for-sale financial assets are measured at fair value on the balance sheet date and their fair value changes are recognised in equity. The change in fair value is presented in 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.

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.

Long-term incentive plan:

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

Possible payments from the earning period to be implemented in 2015–2017 will be based on the Group's earnings per share (EPS) excluding non-recurring items. Bonuses earned during the period will be paid in instalments in forthcoming years. Cash rewards payable under the plan for the entire 2015–2017 earning period are capped at EUR 4.5 million. The plan will expire 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 balance sheet. 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.

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 company's ordinary business activities, such as capital gains and losses from the sale of operations, impairment, the costs of discontinuing significant operations and costs arising from the restructuring of operations.

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% and 15% 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	Un-allocated	Eliminations	Group
Accounting period 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
Non-recurring 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

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Operating segments	Atria Finland	Atria Scandinavia	Atria Russia	Atria Baltic	Unallocated	Eliminations	Group
Accounting period ended on 31 Dec 2015							
Net sales							
External	912,432	319,781	75,137	32,835			1,340,185
Internal	16,592	10,681		110		-27,383	0
Total net sales	929,024	330,462	75,137	32,945	0	-27,383	1,340,185
EBIT	29,773	12,751	-212	-9,001	-4,366		28,945
Financial income and expenses							-9,233
Income from joint ventures and associates							425
Income taxes							-5,499
Profit for the period							14,638
Assets	452,133	342,235	59,522	31,121		-29,645	855,366
Liabilities	221,926	211,212	41,962	5,096		-29,645	450,551
Investments	32,969	19,250	2,873	1,837			56,929
Depreciation and impairment	29,159	10,947	4,208	11,406			55,720
Non-recurring items affecting comparability:							
Pig farm sale			1,896				1,896
Goodwill impairment				-9,061			-9,061
Adjusted EBIT	29,773	12,751	-2,108	60	-4,366	0	36,110

2. NET SALES, EUR 1,000	2016	2015
Sale of goods	1,341,708	1,331,618
Services, rents and other sales	10,044	8,567
Total	1,351,752	1,340,185

3. RESEARCH AND DEVELOPMENT COSTS, EUR 1,000	2016	2015
Research and development costs recognised as expenditure	13,136	12,376

4. REMUNERATIONS PAID TO AUDITORS, EUR 1,000	2016	2015
PricewaterhouseCoopers Oy, firm of Authorised Public Accountants		
Auditing fees	351	355
Reports and statements	14	32
Tax consulting		4
Other fees		28
Total	365	419

5. OTHER OPERATING INCOME, EUR 1,000	2016	2015
Proceeds from the sales of fixed assets *)	1,537	3,488
Grants received	913	266
Other	2,115	1,755
Total	4,565	5,509

*) 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.

*) Atria sold its subsidiary OOO Campoferma in Russia during the 2015 financial period. The company owned a farm property near Moscow. The transaction gave rise to costs of EUR 0.6 million. Additionally, translation differences of EUR 2.5 million accrued by the company were transferred to other operational income for recognition through profit and loss.

6. OTHER OPERATING EXPENSES, EUR 1,000	2016	2015
Sales loss from fixed assets *)	1,029	9
Depreciation and impairment of intangible assets **)	2,729	10,841
Other	997	-101
Total	4,755	10,749

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

**) During the 2015 financial period, Atria recognised a goodwill impairment loss of EUR 9.1 million related to Atria Baltic. The challenging market environment in Estonia weakened profit expectations for Atria Baltic's business.

7. PERSONNEL EXPENSES, EUR 1,000

	2016	2015
Expenses from employee benefits:		
Salaries	181,556	176,149
Pension costs – defined-contribution plans	28,797	27,786
Pension costs – defined-benefit plans	-16	50
Other staff-related expenses	22,459	21,136
Total	232,796	225,121

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

Expenses from employee benefits by function:		
Costs of goods sold	180,149	174,442
Sales and marketing expenses	30,136	29,678
Administrative expenses	22,511	21,001
Total	232,796	225,121

Group personnel on average by business area (FTE):		
Finland	2,214	2,214
Scandinavia	980	930
Russia	819	812
Baltic countries	302	315
Total	4,315	4,271

8. DEPRECIATION AND IMPAIRMENT, EUR 1,000

	2016	2015
Depreciation and impairment by function		
Costs of goods sold	38,922	40,137
Sales and marketing expenses	2,420	1,950
Administrative expenses	2,823	2,792
Other operating expenses	2,729	10,841
Total	46,894	55,720

9. FINANCIAL INCOME AND EXPENSES, EUR 1,000

	2016	2015
Financial income:		
Interest income from loan receivables	2,373	2,197
Exchange rate gains from financial liabilities and loan receivables measured at amortised cost	4,086	2,455
Dividends received from available for sale financial assets		24
Other financial income		2
Changes in the value of financial assets recognised at fair value through profit or loss		
- Derivative financial instruments - not in hedge accounting *)	7,292	8,022
Total	13,751	12,700

Financial expenses:		
Interest expenses from financial liabilities measured at amortised cost	-7,805	-10,322
Exchange rate losses from financial liabilities and loan receivables measured at amortised cost	-6,005	-891
Other financial expenses	-1,090	-1,284
Changes in the value of financial assets recognised at fair value through profit or loss		
- Derivative financial instruments – not in hedge accounting **)	-5,168	-9,436
Total	-20,068	-21,933

Total financial income and expenses -6,317 -9,233

Items related to financial instruments and recognised in other items of total comprehensive income before taxes:		
Cash flow hedges	2,304	217
Available for sale financial assets		-201
Translation differences	6,586	-5,169
Total	8,890	-5,153

*) Derivative income related to rouble-denominated currency hedges was EUR 0.7 million (EUR 6.0 million).

***) Derivative expenses related to rouble-denominated currency hedges were EUR 2.8 million (EUR 5.5 million).

10. INCOME TAXES, EUR 1,000

	2016	2015
Taxes in the income statement:		
Tax based on the taxable profit for the period	5,778	5,985
Retained taxes	789	-29
Deferred tax	4	-457
Total	6,571	5,499
Balancing of taxes in income statement and profit before taxes:		
Profit before taxes	26,124	20,137
Taxes calculated with the parent company's 20.0% tax rate	5,225	4,027
Effect of foreign subsidiaries' deviating tax rates	-304	2,018
Retained taxes	789	-23
Effect of income from joint ventures/associates	-136	-85
Effect of tax-free income	-207	-6,234
Effect of costs that are non-deductible in taxation	136	5,925
Unrecognised deferred tax assets	1,141	44
Changes in tax rate	2	-169
Other changes	-75	-4
Total	6,571	5,499

Taxes recognised in other items of total comprehensive income	Before tax	Tax effects	After tax
2016:			
Cash flow hedges	2,302	-464	1,838
Actuarial gains from pension obligations	-59	13	-46
Translation differences	6,586		6,586
Total	8,829	-451	8,378
2015:			
Cash flow hedges	217	-38	179
Available for sale financial assets	-201	40	-161
Actuarial gains from pension obligations	501	-110	391
Translation differences	-5,169	588	-4,581
Total	-4,652	480	-4,172

11. EARNINGS PER SHARE, EUR 1,000

	2016	2015
Basic earnings per share are calculated by dividing the profit for the period of the parent company's shareholders by the weighted average number of outstanding shares.		
Profit (+)/loss (-) for the accounting period attributable to the owners of the parent company	18,189	13,794
Weighted average of shares for the period (1,000 pcs)	28,156	28,156
Basic earnings per share	0.65	0.49

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 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
	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Acquisitions in progress	Total
Acquisition cost, 1 Jan 2015	9,986	449,926	564,322	6,705	9,415	1,040,354
Increases	80	4,529	26,287	2,183	34,844	67,923
Decreases	-137	-193	-3,907	-3	-18,442	-22,682
Exchange differences	-277	-2,173	886	-401	-495	-2,460
Acquisition cost, 31 Dec 2015	9,652	452,089	587,588	8,484	25,322	1,083,135
Accumulated depreciation and impairment 1 Jan 2015		-206,690	-440,120	-2,794	-11	-649,615
Decreases		156	4,024	3		4,183
Depreciation		-11,604	-30,560	-934		-43,098
Exchange differences		157	-277	235		115
Accumulated depreciation and impairment 31 Dec 2015		-217,981	-466,933	-3,490	-11	-688,415
Book value, 1 Jan 2015	9,986	243,236	124,202	3,911	9,404	390,739
Book value, 31 Dec 2015	9,652	234,108	120,655	4,994	25,311	394,720

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 1.5 million) and accumulated depreciation was EUR 0.5 million (EUR 0.4 million). The book value of assets was EUR 0.7 million (EUR 1.1 million).

The tangible assets used as loan collateral amount to EUR 9.8 million (EUR 10.4 million).

13. BIOLOGICAL ASSETS, EUR 1,000

	2016	2015
Biological assets:		
Productive	625	702
Consumable	3,171	3,076
At the end of the period	3,796	3,778
Amounts of biological assets at the end of the period:		
Boars, sows, gilts / qty	3,757	4,484
Pigs for fattening / qty	24,577	30,903
Chicken eggs and chicks / 1,000 qty	2,868	2,609
Production of agricultural products during the period:		
Pork / 1,000 kg	5,442	5,979
Chicks / 1,000 qty	29,479	28,168

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 aging 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	Trade- marks	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
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
Impairment					0
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
Intangible assets	Goodwill	Trade- marks	Customer relationships	Other intangible assets	Total
Acquisition cost, 1 Jan 2015	182,104	65,931	10,056	26,682	284,773
Increases	1,170	3,725		2,810	7,705
Decreases	-12,061			-59	-12,120
Exchange differences	2,253	565		-47	2,771
Acquisition cost, 31 Dec 2015	173,466	70,221	10,056	29,386	283,129

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Intangible assets	Goodwill	Trade- marks	Customer relationships	Other intangible assets	Total
Accumulated depreciation and impairment, 1 Jan 2015	-18,503	-4,932	-1,758	-20,142	-45,335
Depreciation on decreases	12,061				12,061
Depreciation		-392	-1,271	-1,897	-3,560
Impairment	-9,061				-9,061
Exchange differences	-55	-72		45	-82
Accumulated depreciation, 31 Dec 2015	-15,558	-5,396	-3,029	-21,994	-45,977
Book value, 1 Jan 2015	163,601	60,999	8,298	6,540	239,438
Book value, 31 Dec 2015	157,908	64,825	7,027	7,392	237,152

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

	Goodwill		Trademarks	
	2016	2015	2016	2015
Atria Finland	28,438	16,271	2,500	2,500
Atria Scandinavia	141,494	141,637	50,192	51,598
Atria Russia			3,331	2,655
Atria Baltic			2,857	2,857
Total	169,932	157,908	58,880	59,610

Impairment testing

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%

Key assumptions for 2015	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%	4.7%	18.4%	7.1%

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%.

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 79% of the assumed level. In Scandinavia, the EBIT percentage should be approximately 83% and, in the Baltic countries, 10% 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 9.1 percentage points in Finland, 5.8 percentage points in Scandinavia and 0.4 percentage points in the Baltics. 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 3.6 percentage points would lead to the recognition of impairment.

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

	2016	2015
Effect on the Group's earnings:		
Associates	171	25
Joint ventures	508	400
Total	679	425

Book values in the consolidated statement of financial position:		
Associates	3,528	3,412
Joint ventures	10,082	9,651
Total	13,610	13,063

Material investment in a joint venture

Honkajoki Oy is a recycling facility for animal-based raw materials located in Honkajoki, Finland. The company has a subsidiary named Findest Protein Oy. Atria Plc owns 50% of the company and exercises 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.

Summary of Honkajoki Group's results:		
Net sales	30,158	28,689
EBIT	1,674	1,033
Profit before taxes	1,679	997
Profit/loss for the accounting period	1,335	720

Summary of Honkajoki Group's balance sheet:		
Assets		
Non-current assets	21,206	18,162
Current assets	13,023	13,012
Total assets	34,229	31,174
Liabilities		
Non-current liabilities	8,653	8,151
Current liabilities	6,651	5,433
Total liabilities	15,304	13,584
Net assets	18,925	17,590

Balancing of the summary of financial information for Honkajoki Group:		
Profit/loss for the accounting period	1,335	720
Share of non-controlling interest	19	42
Income from joint venture (50%)	677	381
Net assets, 1 Jan	17,590	17,724
Profit/loss for the accounting period	1,335	720
Other changes		298
Dividend distribution		-1,152
Net assets at the end of the accounting period	18,925	17,590
Share of non-controlling interest	320	339
Share of joint venture (50%)	9,303	8,626

Non-material investments in joint ventures		
Book value in the consolidated statement of financial position	779	1,026
Effect on earnings in the consolidated income statement	-169	-130

Non-material investments in associates		
Book value in the consolidated statement of financial position	3,528	3,412
Effect on earnings in the consolidated income statement	171	25

The joint ventures and associates are listed in Note 34.

16. OTHER FINANCIAL ASSETS, EUR 1,000

	2016	2015
Other financial assets include available for sale financial assets:		
Available for sale financial assets, 1 Jan	1,103	1,312
Increases		30
Decreases		-239
Available for sale financial assets, 31 Dec	1,103	1,103
Available for sale financial assets include the following euro-denominated items:		
Unlisted securities	1,103	1,103
Total	1,103	1,103

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

	2016	2015
	Balance sheet values	Balance sheet values
Trade receivables from producers	2,651	2,716
Loan receivables	7,112	7,567
Other receivables	905	946
Derivative financial instruments - in hedge accounting	422	
Derivative financial instruments - not in hedge accounting	11	
Total	11,101	11,229

Fair values do not deviate significantly from balance sheet values.

Non-current receivables were divided into currencies as follows:

EUR	10,226	10,348
SEK	864	871
Other	11	10
Total	11,101	11,229

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

	2016	2015
Deferred tax assets:		
Tax asset to be realised in more than 12 months	7,158	6,339
Tax asset to be realised within 12 months	279	699
Total	7,437	7,038
Deferred tax liabilities:		
Tax liability to be realised in more than 12 months	49,111	45,286
Tax liability to be realised within 12 months	56	19
Total	49,167	45,305
Deferred tax assets by balance sheet item:		
Intangible and tangible assets	755	762
Inventories	64	
Trade and other receivables	843	827
Interest-bearing and non-interest-bearing liabilities	1,843	2,315
Recognised losses	3,932	3,134
Total	7,437	7,038
Deferred tax liabilities by balance sheet item:		
Intangible and tangible assets	49,009	45,126
Inventories	27	70
Interest-bearing and non-interest-bearing liabilities	131	109
Total	49,167	45,305
Change in deferred taxes:		
Recognised in the income statement	-4	457
Recognised in other items of total comprehensive income	-451	480
Changes from acquired/sold businesses	-4,091	-838
Exchange differences	1,083	-626
Total	-3,463	-527

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 1.1 million.

Deferred tax assets recognised from confirmed losses age as follows:

2020	804
2021	533
2024	1,321
2025	1,274
Total	3,932

19. INVENTORIES, EUR 1,000

	2016	2015
Materials and supplies	44,836	40,227
Unfinished products	2,591	1,786
Finished products	39,451	36,277
Other inventories	2,905	2,506
Total	89,783	80,796

During the accounting period, EUR 1.0 million (EUR 0.5 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.

20. CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES, EUR 1,000	2016	2015
Trade receivables	70,167	64,713
Trade receivables from producers	14,779	16,393
Loan receivables	5,165	3,378
Other receivables	10,109	8,668
Derivative financial instruments – in hedge accounting	146	16
Derivative financial instruments – not in hedge accounting	426	976
Accrued credits and deferred charges	8,021	7,323
Total	108,813	101,467

Fair values do not deviate significantly from balance sheet values.

In the 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	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

Breakdown of trade receivables and items booked as credit losses	2015	Credit losses	Net 2015
Not due	57,321		57,321
Overdue			
Less than 30 days	16,020		16,020
30–60 days	2,994	-105	2,889
61–90 days	389	-1	388
More than 90 days	5,289	-801	4,488
Total	82,013	-907	81,106

Current receivables were divided between currencies as follows:	2016	2015
EUR	67,420	63,501
SEK	17,693	11,479
RUB	13,286	10,112
DKK	4,799	10,494
USD	2,672	2,339
NOK	1,202	1,808
Other	1,741	1,734
Total	108,813	101,467

21. CASH AND CASH EQUIVALENTS, EUR 1,000

	2016	2015
Cash in hand and at banks	4,591	4,140

22. SHAREHOLDERS' EQUITY, EUR 1,000

	2016	2015
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)	A series	KII series	Total
1 Jan 15	18,952	9,204	28,156
No changes in the accounting period			
31 Dec 15	18,952	9,204	28,156
No changes in the accounting period			
31 Dec 16	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

	2016	2015
Hedging fund		
Effective portion of currency and commodity derivatives	-173	-2,101
Effective portion of interest rate derivatives	-3,012	-3,388
Deferred tax	638	1,102
Total	-2,547	-4,387

Other funds account includes the hedging fund, which records changes in effective portions of the fair value of derivative financial instruments used for hedging. Hedge accounting result for currency and commodity derivatives is transferred from equity to the income statement as an adjustment of purchase expenses and, respectively, the hedging result for interest rate derivatives is transferred for an 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	2016	2015
Invested unrestricted equity fund	248,730	110,228
Retained earnings	62,459	58,785
Treasury shares	-1,277	-1,277
Profit for the period	10,486	14,937
Total	320,397	182,672

Dividend per share paid for the period	2016	2015
Dividend/share, EUR	0.40	0.40
Dividend distributed by the parent company	11,263	11,263

The Board of Directors proposes to the Annual General Meeting to be held on 27 April 2017 that the company pay a dividend of EUR 0.46 per share, totalling EUR 12,951,951.36.

23. INTEREST-BEARING FINANCIAL LIABILITIES, EUR 1,000	2016	2015
	Balance sheet values	Balance sheet values
Non-current:		
Bonds	50,000	50,000
Loans from financial institutions	112,549	84,805
Pension fund loans	14,850	20,150
Other liabilities	2	
Finance lease obligations	463	671
Total	177,864	155,626
Current:		
Loans from financial institutions	145	2,593
Commercial papers	33,000	34,000
Pension fund loans	5,300	5,300
Other liabilities	1,263	1,677
Finance lease obligations	275	434
Total	39,983	44,004
Total interest-bearing liabilities	217,847	199,630

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

With fixed interest rates	64,1 %	56,6 %
With variable interest rates	35,9 %	43,4 %
Average interest rate	2,60%	2,66%

Non-current liabilities mature as follows:

2017		7,359
2018	55,857	105,443
2019	3,642	3,693
2020	2,092	2,143
2021	42,092	
2022	32,092	
Later	42,087	36,988
Total	177,864	155,626

Interest-bearing liabilities are divided into currencies as follows:

EUR	104,498	94,387
SEK	90,754	80,284
DKK	12,851	15,137
RUB	9,743	9,822
Total	217,847	199,630

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Finance lease obligations	2016	2015
Total amount of minimum lease payments:		
In less than a year	294	434
Between one and five years	525	763
After more than five years		
Total	819	1,197
Present value of minimum lease payments:		
In less than a year	275	434
Between one and five years	463	671
After more than five years		
Total	738	1,105
Future interest accumulation	81	92
Total	819	1,197

24. OTHER NON-CURRENT LIABILITIES, EUR 1,000	2016	2015
Other liabilities *)	6,877	4
Derivative financial instruments – in hedge accounting	3,550	4,915
Derivative financial instruments – not in hedge accounting	167	685
Accruals and deferred income	220	270
Total	10,814	5,874

*) Other liabilities include the remaining EUR 1.0 million part of the purchase price for the acquired subsidiary Well Beef Ltd and the current value, EUR 5.9 million, of the call option related to the acquisition of a minority share.

Other non-current liabilities are in euros.

25. PENSION OBLIGATIONS, EUR 1,000	2016	2015
The benefit-based pension liability in the balance sheet is determined as follows:		
Present value of funded obligations	7,167	7,425
Fair value of assets	0	0
Deficit(+) / Surplus(-)	7,167	7,425
Pension liability in the balance sheet	7,167	7,425
The benefit-based pension cost is determined as follows:		
Costs based on services in the period	68	71
Costs based on services in previous periods	-63	
Benefits paid	-228	-220
Interest expenses	207	199
Pension costs in the profit and loss account	-16	50
Actuarial gains (+) / losses (-)	59	-501
Pension costs in total comprehensive income	59	-501

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	2016	2015
Changes to liabilities in the balance sheet:		
Liability of the ITP2 pension arrangement at the beginning of the accounting period	7,425	7,689
Pension costs in the profit and loss account and total comprehensive income	43	-451
Exchange differences	-301	187
At the end of the period	7,167	7,425
Actuarial assumptions used (%):		
Discount rate	2.80	2.90
Inflation rate	1.50	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

	2016	2015
Trade payables	102,109	94,190
Advances received	1,871	1,486
Other liabilities	45,505	44,455
Derivative financial instruments – in hedge accounting	194	557
Derivative financial instruments – not in hedge accounting	2,829	2,783
Accruals and deferred income	47,056	48,606
Total	199,564	192,077

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

Current liabilities consist of the following currencies:

	2016	2015
EUR	126,705	129,744
SEK	49,784	46,566
RUB	14,637	5,674
DKK	6,622	8,269
USD	329	448
Other	1,487	1,376
Total	199,564	192,077

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 cover indicator which is the forecast 12-month rolling EBITDA divided by the forecast net interest 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 217.8 million (EUR 199.6 million), of which EUR 139.6 million (EUR 112.9 million) or 64.1% (56.6%) 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.

1. An interest rate swap amounting to EUR 30 million where Atria pays a fixed interest rate of 0.897% 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% 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 2016, net variable-rate liabilities amounted to EUR 73.7 million (EUR 82.5 million). At the end of 2016, an increase of one percentage point in interest rates corresponded to a change of EUR +/-0.7 million in the Group's annual interest rate expenses (EUR +/-0.8 million). The effect on equity would be EUR 2.0 million (EUR 2.8 million) with a +1% change and EUR -2.1 million (EUR -2.9 million) with a -1% change.

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 +6.6 million (EUR -4.6 million). At the end of the year, the value of net investments exposed to fluctuations of the rouble was EUR 50.1 million (EUR 40.0 million).

If, at the end of the accounting period, the euro had been 10% weaker/stronger than the Swedish krona (all other factors being equal), profit before taxes would have been EUR 0.2 million higher/lower due to the Swedish subsidiaries' unhedged euro-denominated net position of accounts receivable and accounts payable (EUR 0.5 million). The effect on equity would have been EUR 0.3 million (EUR 0.6 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 125.0 million) in unutilised committed credit facilities at the end of the year, and EUR 167.0 million (EUR 166.0 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 9 months (3 years 1 months).

The main covenant used in loan agreements is a minimum equity ratio covenant of 30%. The Group's equity ratio has been approx. 40% 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 Group management's view, 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 2016			
EUR 1,000		< 1 years	1–5 years	> 5 years	Total
Loans	Instalments	39,708	135,314	42,087	217,109
	Interest payments	4,412	10,775	488	15,676
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

		Maturity, 31 Dec 2015			
EUR 1,000		< 1 years	1–5 years	> 5 years	Total
Loans	Instalments	43,570	120,114	34,841	198,525
	Interest payments	3,935	8,720	482	13,137
Finance lease obligations	Instalments	434	671		1,105
Derivative liabilities and assets *)	Capital payments	138,802			138,802
	Capital income	-139,011			-139,011
	Interest payments	1,351	3,171	136	4,658
	Interest income	-10	-72	-7	-88
Other payables	Instalments	7,400			7,400
Trade payables	Payments	94,190			94,190
Accruals and deferred income	Payments	48,606			48,606
Total	Total payments	338,287	132,676	35,459	506,423
	Total income	-139,021	-72	-7	-139,099
	Net payments	199,267	132,605	35,452	367,324

*) 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 5.7 million (EUR 4.4 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 edging 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 +1.9 million (EUR -0.7 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 +0.5 million (EUR -1.0 million), of ineffective derivatives were recognised in the income statement. The change in the value of electricity derivatives not included in hedge accounting and recognised in the income statement was EUR +1.8 million.

If the market price for electricity derivatives changed by +/-10% from the level of 31 December 2016, the effect on equity would be EUR +/-1.1 million (EUR +/-0.7 million), on the assumption that all hedges are 100% 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%. 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 2016	31 Dec 2015
	46.5%	47.4%

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Values of financial assets and liabilities by category:

EUR 1,000	Financial assets and liabilities recognised at fair value through profit or loss	Derivative financial instruments under hedge accounting	Loans and other receivables	Available for sale financial assets	Financial liabilities	Balance sheet value in total
2016 Balance sheet item						
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

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Values of financial assets and liabilities by category:

EUR 1,000	Financial assets and liabilities recognised at fair value through profit or loss	Derivative financial instruments under hedge accounting	Loans and other receivables	Available for sale financial assets	Financial liabilities	Balance sheet value in total
2015 Balance sheet item						
Non-current assets						
Trade receivables			2,716			2,716
Other financial assets				1,103		1,103
Loan receivables			7,567			7,567
Other receivables *)			946			946
Current assets						
Trade receivables			81,106			81,106
Loan receivables			3,378			3,378
Other receivables *)			4,275			4,275
Accrued credits and deferred charges *)			7,323			7,323
Derivative financial instruments	976	16				992
Cash and cash equivalents			4,140			4,140
Total financial assets	976	16	111,451	1,103	0	113,546
Non-current liabilities						
Loans					154,955	154,955
Finance lease obligations					671	671
Derivative financial instruments	685	4,915				5,600
Current liabilities						
Loans					43,570	43,570
Finance lease obligations					434	434
Trade payables					94,190	94,190
Other liabilities **)					7,400	7,400
Accruals and deferred income **)					48,606	48,606
Derivative financial instruments	2,783	557				3,340
Total financial liabilities	3,468	5,472	0	0	349,826	358,766

*) Do not include VAT or income tax assets.

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

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Fair value hierarchy:

EUR 1,000				
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
31 Dec 2015				
Balance sheet item	31 Dec 2015	Level 1	Level 2	Level 3
Non-current assets				
Available for sale financial assets				
– Unlisted shares	1,103			1,103
Current assets				
Derivative financial instruments	992		992	
Total	2,095	0	992	1,103
Non-current liabilities				
Bonds	50,000		50,000	
Derivative financial instruments	5,600		5,600	
Current liabilities				
Derivative financial instruments	3,340		3,340	
Total	58,940	0	58,940	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.

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Changes in financial instruments belonging to level 3:

Unlisted shares	2016	2015
Opening balance 1 Jan	1,103	1,070
Purchases		33
Closing balance 31 Dec	1,103	1,103

Derivative financial instruments:

Fair values of derivative instruments, EUR 1,000	Derivative assets 31 Dec 2016	Derivative liabilities 31 Dec 2016	Net fair value 31 Dec 2016	Net fair value 31 Dec 2015
Forward exchange agreements				
Cash flow hedges under IAS 39 hedge accounting	9	97	-88	-100
Other hedges		2,527	-2,527	-60
Interest rate swaps, due in more than one year				
Cash flow hedges under IAS 39 hedge accounting		3,012	-3,012	-3,388
Electricity derivatives				
Cash flow hedges under IAS 39 hedge accounting	559	635	-76	-2,024
Other hedges	437	469	-32	-2,376
Total	1,005	6,740	-5,735	-7,948

Nominal values of derivative financial instruments, EUR 1,000	31 Dec 16	31 Dec 15
Forward exchange agreements		
Cash flow hedges under IAS 39 hedge accounting	8,134	9,720
Other hedges	112,721	101,086
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	10,741	11,852
Other hedges	387	429
Total	211,984	203,087

28. OTHER LEASES, EUR 1,000

2016 2015

Group as lessee:		
Minimum lease payments based on non-cancellable leases		
Within one year	13,351	10,620
Within more than one year and a maximum of five years	13,066	15,920
After more than five years	8,140	10,562
Total	34,557	37,102
Rents recognised as cost	11,337	9,101

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

29. CONTINGENT LIABILITIES, EUR 1,000

2016 2015

Debts with mortgages or other collateral given as security:		
Loans from financial institutions	1,694	2,690
Pension fund loans	5,273	5,517
Total	6,967	8,207
Mortgages and other securities given as comprehensive security		
Real estate mortgages	2,796	3,836
Corporate mortgages	3,920	1,197
Total	6,716	5,033
Contingent liabilities not included in the balance sheet		
Guarantees	335	377

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 co-operatives 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 34.

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 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

Financial Statements 2016 | Notes to the Consolidated Financial Statements

Transactions with related parties and related party assets and liabilities	Joint ventures and associates	Other related parties	Total
31 Dec 2016			
Trade receivables	783	382	1,165
Other receivables	4	519	523
Trade payables	5,269	42	5,311

Transactions with related parties and related party assets and liabilities	Joint ventures and associates	Other related parties	Total
1 Jan – 31 Dec 2015			
Sale of goods	3,549	6,089	9,638
Sale of services	32	35	67
Rental income	97	123	220
Purchase of goods	14,695	9,794	24,489
Purchase of services	52,968	91	53,059
Rental costs	19	4,386	4,405

31 Dec 2015			
Trade receivables	335	377	712
Other receivables	1	1,662	1,663
Trade payables	5,171	9	5,180
Other payables		88	88

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. Debts to related parties are loans that can be called in immediately or as agreed; their interest rate is tied to the 3-month or 6-month Euribor rate.

Employee benefits and fees of the Group's key managerial personnel (on an accrual basis)	2016	2015
Short-term employee benefits	2,800	3,050
Post-employment benefits (group pension benefits)	252	265
Total	3,052	3,315

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

Short-term incentive plan

The maximum amount of merit pay for the short-term incentive plan of Atria Plc is 25% to 50% 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 merit pay scheme are EBIT and net sales at Group level and in the business area. In addition to the CEO and other members of the Management Team, Atria Plc's merit pay scheme covers approximately 40 people.

Salaries, benefits and pension contributions for the members of the Supervisory Board, Board of Directors, CEO and Deputy CEO	Salaries and remuneration	Supplementary pension contributions	Total
Members of the Supervisory Board:			
Hannu Hyry, Chairman	23		23
Juho Anttikoski, Deputy Chairman	14		14
Other members of the Supervisory Board	56		56
Total	93	0	93
Members of the Board of Directors:			
Seppo Paavola, Chairman	70		70
Jyrki Rantsi, Deputy Chairman	53		53
Nella Ginmann-Tjeder, member as of 27 April 2016	15		15
Esa Kaarto	66		66
Timo Komulainen, member until 27 April 2016	12		12
Pasi Korhonen, member as of 27 April 2016	20		20
Jukka Moisio	23		23
Kjell-Göran Paxal	39		39
Maisa Romanainen, member until 27 April 2016	8		8
Harri Sivula	28		28
Total	333	0	333
CEO:			
Juha Gröhn	578	130	708
Deputy CEO:			
Heikki Kyntäjä, CFO	266	29	294

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 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 used 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 used 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

The calculation is preliminary, since the transaction price and the fair values of the assets and liabilities may be specified at a later date.

Well Beef Ltd:

Atria acquired 70 per cent of the share capital of Well Beef Ltd. The transaction price was EUR 15.3 million. The agreement concerning the transaction between Atria and Well Beef was confirmed on 3 October 2016. Well Beef'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 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'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 used 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 on 31 Dec 2016	14,281

The calculation is preliminary, since the transaction price and the fair values of the assets and liabilities may be specified at a later date.

2015:

In May 2015, Atria acquired the operations of Aalbaek Specialiteter A/S, a Danish manufacturer of organic cold cuts, for EUR 5.5 million. Aalbaek's annual net sales amount to around EUR 10 million. Aalbaek is the top organic cold cuts brand in Denmark.

The demand for organic meat products in Denmark has been increasing steadily for several years. The transaction will strengthen Atria's market-leading position in cold cuts in the country. Aalbaek's brands and business, including all agreements, were transferred to Atria as part of the deal, along with a shop and production facilities in Farre. In conjunction with the transaction, 10 Aalbaek employees transferred to Atria. The operations were consolidated into Atria from 11 May 2015.

In connection with the acquisition, the brand was recognised as a separate intangible asset with a balance sheet value of EUR 3.7 million on the reporting date.

Business of Aalbaek Specialiteter A/S	Fair values used in the acquisition
Property, plant and equipment	1,058
Intangible assets	4,894
Inventories	632
Total assets	6,584
Deferred tax liabilities	875
Current liabilities	227
Total liabilities	1,102
Net assets	5,482
Purchase price	5,482
Effect of the acquisition on cash flow	5,482
This calculation is final.	

32. SOLD OPERATIONS

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.

2015:

The Falbygdens cheese business

The Swedish Competition Authority approved the sale of Atria's Falbygdens cheese business to Arla Foods AB on 11 March 2015. The transferred operations were consolidated into Arla Foods AB from 1 April 2015. The sale included the transfer of the following to Arla: the Falbygdens cheese business and its employees, the production plant in Falköping and the Falbygdens brand. The number of the employees to be transferred was around 100. The assets of the divested cheese business totalled EUR 33.6 million and liabilities EUR 5.3 million. The sale price was EUR 29.3 million when the change in net working capital as per the sales agreement was taken into account. The deal will have no impact on the company's performance.

OOO Campoferma

Atria sold its subsidiary OOO Campoferma in Russia on 24 June 2015. The company owned a farm property near Moscow. The transaction price was EUR 4.5 million, and the company's net assets totalled EUR 5.0 million. Costs of EUR 0.6 million were recognised for the sale. Additionally, translation differences of EUR 2.5 million accrued by the company have been transferred from equity to other operational income.

33. EVENTS AFTER THE REPORTING PERIOD

Denmark's competition and consumer authority (Konkurrence- og Forbrugerstyrelsen) concluded its investigation related to Atria Scandinavia's subsidiary Atria Danmark A/S. The start of the investigation was announced in a press release on 23 June 2016. The authorities found no grounds for continuing the investigation.

In January, Atria Finland made an agreement on exporting the first batch of meat to China. Atria will provide its Chinese customers with frozen pork products to the amount of approximately three million kilos during 2017. The delivery includes all parts of a pig carcass. The first delivery will be dispatched to the customer at the beginning of May.

34. 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	Ownership interest (%)	Share of votes (%)
Atria Finland:			
Ab Botnia -Food Oy *)	Finland	100.0	100.0
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 Plc	Finland		
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-Tekniikka Oy	Finland	100.0	100.0
Atria-Tuoreliha Oy	Finland	100.0	100.0
Atria-Valmisruoka Oy	Finland	100.0	100.0
A-Farmers Ltd	Finland	97.9	99.0
Best-In Oy	Finland	100.0	100.0
F-Logistiikka Oy *)	Finland	100.0	100.0
Kauhajoen Teurastamokiinteistöt Oy	Finland	100.0	100.0
Well Beef Ltd	Finland	70.0	70.0
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
Rokes Oy	Finland	100.0	100.0
Sahalahden Broiler Oy	Finland	100.0	100.0
Suomen Kalkkuna Oy	Finland	100.0	100.0
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
Nordic Fastfood AB	Sweden	51.0	51.0
Nordic Fastfood Etablerings AB *)	Sweden	51.0	51.0
Lagerberg i Norjeby 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 Farnid 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.

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Group joint ventures and associates	Domicile	Ownership interest (%)	Share of votes (%)
Group joint ventures:			
Honkajoki Oy *)	Suomi	50.0	50.0
Finnish Meat Research Institute, LTK Co-operative	Suomi	50.0	50.0
Länsi-Kalkkuna Oy	Suomi	50.0	50.0
Group associates:			
Domretor Oy	Suomi	24.9	24.9
Findest Protein Oy	Suomi	33.1	33.1
Finnpig Oy	Suomi	50.0	50.0
Foodwest Oy	Suomi	33.5	33.5
Kiinteistö Oy Itikanmäen Teollisuustalo	Suomi	13.2	13.2
Transbox Oy	Suomi	25.7	25.7
Tuoretie Oy	Suomi	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 2016	1 Jan– 31 Dec 2015
NET SALES	2.1	37,632	37,833
Other operating income	2.2	3,425	3,192
Personnel expenses	2.3	-2,601	-2,972
Depreciation and impairment	2.4		
Planned depreciation		-21,432	-22,126
Other operating expenses	2.5	-5,779	-5,360
EBIT		11,245	10,567
Financial income and expenses	2.6	-2,982	-3,821
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES		8,262	6,746
Appropriations	2.7	5,816	8,227
Income taxes	2.8	-3,592	-36
PROFIT/LOSS FOR THE ACCOUNTING PERIOD		10,486	14,937

BALANCE SHEET, EUR 1,000

Assets	Note	31 Dec 2016	31 Dec 2015
FIXED ASSETS			
Intangible assets	3.1		
Intangible rights		27	33
Other long-term expenditure		5,671	6,249
Total intangible assets		5,698	6,282
Tangible assets	3.1	225,166	218,735
Investments	3.2		
Interests in Group companies		318,056	312,476
Interests in associates		3,881	3,861
Other shares and interests		1,072	1,072
Total investments		323,010	317,409
TOTAL FIXED ASSETS		553,873	542,426
CURRENT ASSETS			
Non-current receivables	3.3	156,398	177,540
Current receivables	3.3	122,929	119,827
Cash in hand and at bank		3,522	2,982
TOTAL CURRENT ASSETS		282,849	300,349
Total assets		836,723	842,775
Liabilities			
EQUITY			
Share capital		48,055	48,055
Share premium		0	138,502
Treasury shares		-1,277	-1,277
Invested unrestricted equity fund		248,730	110,228
Retained earnings		62,459	58,785
Profit/loss for the accounting period		10,486	14,937
TOTAL EQUITY		368,453	369,229
ACCRUED APPROPRIATIONS	3.5		
Depreciation difference		82,862	83,398
LIABILITIES			
Non-current liabilities	3.6	174,901	151,489
Current liabilities	3.7	210,507	238,659
TOTAL LIABILITIES		385,407	390,148
Total liabilities		836,723	842,775

CASH FLOW STATEMENT, EUR 1,000

	1 Jan– 31 Dec 2016	1 Jan– 31 Dec 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Payments received from sales	37,353	37,774
Other business revenue	3,425	3,192
Payments on operating expenses	-8,351	-7,454
Cash flow from operating activities before financial items and taxes	32,427	33,512
Dividends received	78	600
Interest received and other financial income	10,837	8,339
Interest paid and financial expenses	-13,206	-10,343
Tax paid	-1,323	174
Cash flow from operating activities	28,813	32,282
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-27,279	-29,597
Other investments	-5,601	-4,473
Change in Group receivables	14,917	54,552
Change in loan receivables	0	-150
Cash flow from investments	-17,962	20,332
CASH FLOW FROM FINANCING ACTIVITIES		
Loan payments	21,628	-51,111
Change in Group liabilities	-20,675	10,749
Dividends paid	-11,263	-11,263
Cash flow from financing activities	-10,310	-51,624
CASH FLOW FROM OPERATING ACTIVITIES	28,813	32,282
CASH FLOW FROM INVESTMENTS	-17,962	20,332
CASH FLOW FROM FINANCING ACTIVITIES	-10,310	-51,624
TOTAL	540	991
Change in cash and cash equivalents		
Cash and cash equivalents 1 Jan	-2,982	-1,992
Cash and cash equivalents 31 Dec	3,522	2,982
Change	540	991

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	Nurmo	40 years
	other locations	25 years
Machinery and equipment	Nurmo	10 years
	other locations	7 years
Computer 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.

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.

Hedge accounting in accordance with IFRS is applied to interest rate swaps. The hedging ratio regarding interest rate swaps is documented and effective. The principles of risk management, the principles for recognising derivatives and detailed information concerning derivatives – including notional amounts, fair values, maturity and valuation principles – are presented in Note 27 to the consolidated financial statements. At the end of the year, the fair value of the interest rate swaps was EUR -3.0 million (EUR -3.4 million).

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. The company hedges cash flows with forward exchange agreements. Changes in the fair value of forward exchange agreements are immediately recognised in the income statement. The fair value of forward exchange agreements is calculated by applying the forward rate on the balance sheet date. Currency-denominated loan receivables are hedged in full.

At the end of the year, the fair value of the forward exchange agreements used by the company was EUR -1.5 million (EUR -1.0 million). 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 of the fair value hierarchy (see Note 27 to the consolidated financial statements).

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

	1 Jan– 31 Dec 2016	1 Jan– 31 Dec 2015
2.1. NET SALES	37,632	37,833

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	3,050	2,828
Other	376	364
Total	3,425	3,192

2.3. PERSONNEL EXPENSES

Average number of personnel		
Office personnel in Finland	12	11

Personnel expenses

Salaries:		
CEO, Executive Vice President and Deputy CEO and members of the Board	1,189	1,329
Members of the Supervisory Board	71	79
Other salaries	742	842
Total	2,002	2,249

Pension costs	521	625
Other personnel-related expenses	78	98
Total	599	722

Personnel expenses total	2,601	2,972
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Pension commitments of members of the Board and the CEO: The company's statutory pensions are defined contribution plans and have been arranged through an insurance company (See the note 30 in the Notes to the Consolidated Financial Statement).

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2.4. DEPRECIATION AND IMPAIRMENT

Depreciations of tangible and intangible assets	21,432	22,126
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Depreciation specification per balance sheet item included in section 3.1.

2.5. OTHER OPERATING EXPENSES

	1 Jan– 31 Dec 2016	1 Jan– 31 Dec 2015
Other operating expenses	5,779	5,360

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

Fees paid to auditors / Auditing fees PricewaterhouseCoopers Oy	178	177
Tax consulting	0	4
Other fees	0	24
Total	178	204

2.6. FINANCIAL INCOME AND EXPENSES

Return on long-term investments		
From other companies	78	600
Total	78	600

Other interest and financial income		
From Group companies	3,201	3,877
From other companies	7,480	2,725
Total	10,681	6,602

Interest expenses and other financial expenses		
To Group companies	379	487
Impairment on the Group's investments	0	443
To other companies	13,362	10,093
Total	13,741	11,024

Total financial income and expenses	-2,982	-3,821
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Interest expenses and other financial expenses include exchange rate gains/losses (net)	198	4
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2.7. APPROPRIATIONS

Difference between planned depreciation and depreciation implemented in taxation	536	-243
Group contributions	5,280	8,470
Total	5,816	8,227

2.8. INCOME TAXES

Income taxes on operations	3,592	36
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3. NOTES TO THE BALANCE SHEET, EUR 1,000

	31 Dec 2016	31 Dec 2015
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3.1. INTANGIBLE AND TANGIBLE ASSETS

Intangible assets:

Intangible rights		
Acquisition cost 1 Jan	1,483	1,455
Increases	0	28
Decreases	0	0
Acquisition cost 31 Dec	1,483	1,483
Cumulative depreciation 1 Jan	-1,450	-1,444
Depreciation on decreases	0	0
Depreciation for the accounting period	-6	-6
Cumulative depreciation 31 Dec	-1,455	-1,450
Book value 31 Dec	27	33

Other long-term expenditure

Acquisition cost 1 Jan	25,484	22,914
Increases	1,333	2,570
Decreases	0	0
Acquisition cost 31 Dec	26,817	25,484
Cumulative depreciation 1 Jan	-19,234	-17,569
Depreciation on decreases	0	0
Depreciation for the accounting period	-1,912	-1,666
Cumulative depreciation 31 Dec	-21,146	-19,234
Book value 31 Dec	5,671	6,249

Total intangible assets	5,698	6,282
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Tangible assets:

Land and water		
Acquisition cost 1 Jan	1,207	1,233
Increases	0	0
Decreases	-10	-27
Acquisition cost 31 Dec	1,197	1,207

Buildings and structures

Acquisition cost 1 Jan	298,635	297,430
Increases	700	1,205
Decreases	0	0
Acquisition cost 31 Dec	299,335	298,635
Cumulative depreciation 1 Jan	-156,429	-149,876
Depreciation on decreases	0	0
Depreciation for the accounting period	-6,560	-6,554
Cumulative depreciation 31 Dec	-162,990	-156,429
Book value 31 Dec	136,345	142,206

Machinery and equipment

Acquisition cost 1 Jan	323,175	315,116
Increases	4,943	8,086
Decreases	-172	-28
Acquisition cost 31 Dec	327,946	323,175

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	31 Dec 2016	31 Dec 2015
Cumulative depreciation 1 Jan	-269,888	-256,136
Depreciation on decreases	0	0
Depreciation for the accounting period	-12,778	-13,752
Cumulative depreciation 31 Dec	-282,666	-269,888
Book value 31 Dec	45,280	53,287
Other tangible assets		
Acquisition cost 1 Jan	2,808	2,337
Increases	13	471
Decreases	0	0
Acquisition cost 31 Dec	2,822	2,808
Cumulative depreciation 1 Jan	-1,577	-1,429
Depreciation on decreases	0	0
Depreciation for the accounting period	-177	-149
Cumulative depreciation 31 Dec	-1,754	-1,577
Book value 31 Dec	1,068	1,231
Advance payments and acquisitions in progress		
Acquisition cost 1 Jan	20,804	3,514
Changes +/-	20,472	17,291
Acquisition cost 31 Dec	41,276	20,804
Tangible assets total	225,166	218,735

Non-depreciated acquisition cost of machinery and equipment 45,280 53,287
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, % 2016	Parent company holding, % 2015
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
UAB Vilniaus Mesa, Vilnius, Lithuania *		

* The company was wound up and closed down on 29 December 2015

	31 Dec 2016	31 Dec 2015
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	50.0
Länsi-Kalkkuna Oy, Säkyliä	50.0	50.0
Transbox Oy, Helsinki	18.6	18.6
Tuoretie Oy, Seinäjoki	33.3	33.3

3.3. RECEIVABLES

Non-current receivables:

Loan receivables	2,650	2,650
Receivables from Group companies:		
Loan receivables	153,748	174,890
Total non-current receivables	156,398	177,540

Current receivables:

Trade receivables	0	35
Other receivables	-4	98
Accrued credits and deferred charges	443	466

Receivables from Group companies:

Trade receivables	1,674	1,360
Other receivables	114,667	108,442
Accrued credits and deferred charges	6,150	9,426
Total current receivables	122,929	119,827

Material items included in the accrued credits and deferred charges:

- Group contributions	5,280	8,470
- amortised interest	979	1,033
- amortised taxes	0	278
- other	334	110
Total	6,592	9,892

3.4. EQUITY

Share capital 1 Jan	48 055	48 055
Share capital 31 Dec	48 055	48 055
Share premium 1 Jan	138,502	138,502
Transfer to invested unrestricted equity fund	-138,502	0
Share premium 31 Dec	0	138,502
Total restricted equity	48,055	186,557

Financial Statements 2016 | Notes To The Financial Statements

	31 Dec 2016	31 Dec 2015
Own shares 1 Jan	-1,277	-1,277
Own shares 31 Dec	-1,277	-1,277
Invested unrestricted equity fund 1 Jan	110,228	110,228
Transfer from share premium	138,502	0
Invested unrestricted equity fund 31 Dec	248,730	110,228
Retained earnings 1 Jan	73,722	70,047
Dividend distribution	-11,263	-11,263
Retained earnings 31 Dec	62,459	58,785
Profit/loss for the accounting period	10,486	14,937
Retained earnings 31 Dec	72,945	73,722
Total unrestricted equity	320,397	182,672
Total equity	368,453	369,229

At the end of the financial period on 31 December 2016, the company held a total of 111,312 treasury shares, accounting for 0.394% of the shares in the company and 0.1% of the voting rights. The number of treasury shares did not change during the period.

Calculation of distributable funds:	31 Dec 2016	31 Dec 2015
Invested unrestricted equity fund	248.730	110.228
Retained earnings	62.459	58.785
Profit/loss for the accounting period	10.486	14.937
Treasury shares	-1.277	-1.277
Total	320.397	182.672

The breakdown of the share capital is as follows:

	2016		2015	
	Number	EUR	Number	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 2016	31 Dec 2015
Depreciation difference	82,862	83,398

3.6. NON-CURRENT LIABILITIES

Bonds	50,000	50,000
Loans from financial institutions	110,000	81,250
Pension fund loans	10,513	13,025
Accruals and deferred income	51	89
Total	170,563	144,364

Liabilities to Group companies:

Other non-current liabilities	4,338	7,125
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Total non-current liabilities	174,901	151,489
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Loans maturing later than in five years:

Loans from financial institutions	70,000	30,000
Pension fund loans	2,000	4,000
Total	72,000	34,000

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

3.7. CURRENT LIABILITIES

Loans from financial institutions	32,998	37,608
Pension fund loans	2,513	2,513
Trade payables	3,217	3,259
Other payables	941	679
Accruals and deferred income	6,484	3,982

Liabilities to Group companies:

Other non-current liabilities	2,788	2,788
Trade payables	643	529
Other payables	160,870	187,228
Accruals and deferred income	53	74

Total current liabilities	210,507	238,659
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Material items included in accruals and deferred income:

- accruals of salaries and social security payments	634	784
- interest accruals	2,208	2,176
- valuation of forward contracts	1,537	1,034
- amortised taxes	1,990	0
- other	169	62
Total	6,537	4,056

4. OTHER NOTES, EUR 1,000

	31 Dec 2016	31 Dec 2015
4.1. SECURITIES GIVEN, CONTINGENT LIABILITIES AND OTHER LIABILITIES		
Contingent liabilities and other liabilities not included in the balance sheet		
Guarantees		
On behalf of Group companies	56,435	51,865
On behalf of others	0	0
Total	56,435	51,865
Other leases		
Minimum rents paid based on other leases		
Within one year	693	664
Within more than one year and a maximum of five years	1,668	972
After more than five years	2,808	3,296
Total	5,168	4,933

4.2. VAT LIABILITIES

The company has made property investments as referred to in the Value Added Tax Act. The remaining verification liability of these investments was assessed for each verification period on 31 December 2016.

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

Year of completion of the investment	Remaining amount of verification liability	
2008	144	289
2009	275	413
2010	107	143
2011	709	886
2012	453	544
2013	521	607
2014	649	741
2015	1,676	1,885
2016	1,707	0
Total	6,241	5,509

	31 Dec 2016	31 Dec 2015
4.3. DERIVATIVE INSTRUMENTS		
Fair values of derivative instruments	Derivative assets (+) / liabilities (-)	
Forward exchange agreements:		
Other hedges	-1,537	-1,034
Interest rate swaps, due in more than one year:		
Cash flow hedges under hedge accounting *)	-3,012	-3,388
Total	-4,549	-4,423

*) Hedge accounting in accordance with IFRS is applied to interest rate swaps. The hedging ratio regarding interest rate swaps is documented and effective. The principles of risk management, the principles for recognising derivatives and detailed information concerning derivatives – including notional amounts, fair values, maturity and valuation principles – are presented in Note 27 to the consolidated financial statements.

Signatures to the financial statements and annual report

Seinäjoki, 16 March 2017

Seppo Paavola
Chairman

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, 16 March 2017

PricewaterhouseCoopers Oy

Firm of authorised public accountants

Samuli Perälä

Authorised public accountant

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 performance and financial position 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.

What we have audited

We have audited the financial statements of Atria Plc (business identity code 0841066-1) for the year ended 31 December, 2016. 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; and
- the parent company's balance sheet, income statement, statement of cash flows and notes.

BASIS FOR OPINION

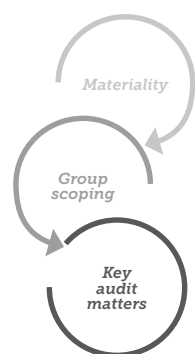
We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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.

OUR AUDIT APPROACH



Overview

- Overall group materiality: € 2,500,000. Materiality has been determined taking into consideration net SALEVS, gross profit and profit before taxes adjusted by items affecting comparability of financial periods and not resulting from ordinary business activities.
- Audit scope: The audit scope incorporated the Group parent entity 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
- Acquisitions
- 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	€ 2,500,000
How we determined it	Overall group materiality is € 2,500,000. Materiality has been determined taking into consideration net sales, gross profit and profit before taxes adjusted by items affecting comparability of financial periods and not resulting from ordinary business activities.
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 Atria group, the accounting processes and controls, and the industry in which the group operates.

Atria group is divided into four operating segments: Atria Finland, Atria Scandinavia, Atria Russia and Atria Baltics. Our audit encompassed 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
<p>Revenue recognition</p> <p><i>Refer to the Accounting policies for the consolidated financial statements, notes 2 Net sales and 30 Related party transactions to the consolidated financial statements</i></p> <p>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, 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 recognized when the service has been completed.</p> <p>The risk for revenue being recognised in an incorrect period presents a significant risk for the audit due to the financial significance and nature of net sales in the financial statements.</p>	<p>Our audit procedures included for example the following procedures:</p> <ul style="list-style-type: none"> • Evaluation of internal control activities over revenue recognition and testing of key controls. • Checking significant 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 rebate and incentive 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.
<p>Valuation of goodwill and trademarks</p> <p><i>Refer to Accounting policies for the consolidated financial statements and Note 14 Goodwill and other intangible assets and 31 Acquired operations</i></p> <p>The Group conducts annual impairment tests on goodwill and intangible assets with indefinite useful lives. It also assesses any indication of impairment. Goodwill in the Atria Group consolidated balance sheet totalled to € 170 million and trademarks with indefinite useful lives to € 59 million at 31 December, 2016. 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.</p> <p>Impairment testing for goodwill and other intangible assets is subject to significant management judgement. The recoverable amount of these assets is determined based on estimates of the present value of future cash flows. Key assumptions in these estimates include growth rate of net sales, long term EBIT margin, inflation and discount rate.</p>	<p>Our audit procedures included for example the following procedures:</p> <ul style="list-style-type: none"> • 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 the 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 EBIT 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
<p>Acquisitions</p> <p><i>Refer to Accounting policies for the consolidated financial statements and note 3 Acquired operations</i></p> <p>Identifiable acquired assets, liabilities assumed and contingent liabilities from business combinations are valued at their fair values at the time of acquisition. Identification of assets and liabilities acquired in connection with business combinations and their valuation includes significant management judgement.</p> <p>In the case of tangible assets, the group performs comparisons with the market price of corresponding assets, and estimates the impact of age, wear and other similar factors to the value of these assets. The fair value of intangible assets is determined based on estimates of the future cash flows. Valuation of trademarks and customer relationships is affected e.g. by the estimated profit-expectancy and EBIT margin, sales growth rate, discount rate and the period during which estimated future cash flows are realised. Valuation of business contracts is affected e.g. by contract period, estimated delivery volumes and discount rate.</p> <p>Atria acquired the entire share capital of Lagerberg i Norjeby AB, a Swedish poultry company, on 1 April, 2016 for € 18,7 million. The Lagerberg trademark was valued at € 5,7 million and the business contracts of the operations at € 4,8 million. The acquisition generated a goodwill of € 3,4 million.</p> <p>Atria acquired 70 percent of the share capital of Well Beef Ltd on 3 October, 2016 for € 15,3 million. The customer relationships were valued at € 4,6 million and the trademark at € 3,6 million. The acquisition generated a goodwill of € 12,2 million.</p>	<p>Our audit procedures included for example the following procedures:</p> <ul style="list-style-type: none"> • We read the acquisition agreements and discussed with management regarding the target of the acquisition, transaction consideration, forecasts, business targets, and accounting principles. • We audited the acquisition calculations and the accounting and valuation principles related to the acquired identifiable assets and liabilities assumed. • We evaluated the valuation calculations used for appropriateness and mathematical accuracy. • We audited the key assumptions and variables used in the cash flow estimates for appropriateness in comparison to earlier corresponding forecasts and to the information generally available at the market. • For tangible assets, we e.g. performed comparisons with the valuation statement obtained from an authorized real estate evaluator. • We reconciled the transaction consideration paid in cash to a bank statement and audited all significant accounting entries related to the acquisition.
<p>Valuation of inventories</p> <p><i>Refer to Accounting policies for the consolidated financial statements and note 19 Inventories</i></p> <p>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.</p> <p>Inventory is a material item in the balance sheet of Atria and the valuation of inventories includes judgement as described in the accounting principles. As at 31 December, 2016 the inventories of the Group amounted to € 90 million, out of which € 39 million were finished products and € 45 million were materials and supplies.</p>	<p>Our audit procedures included for example the following procedures:</p> <ul style="list-style-type: none"> • Evaluation of the procurement process and testing of key internal control activities over inventory. • Testing of appropriateness of the accounting principles relating to valuation of inventories. • Audit of the book value of inventories e.g. by using computer-aided audit techniques and data analyses. We tested on sample basis the price variances of inventory items, valuation principles and changes in values. 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
<p>Valuation of subsidiary shares and loan receivables</p> <p><i>Refer to Notes to the parent company financial statements 3.2 Investments, 3.3 Receivables and notes to the consolidated financial statements 34 Group companies, Group joint ventures and associates</i></p> <p>Value of shares in subsidiaries in the financial statements of Atria Plc at 31 December, 2016 totalled to € 318 million and loan receivables from group companies to € 154 million. Valuation of shares in subsidiaries and loan receivables in accordance with the Finnish Accounting Standards is subject to significant management judgement.</p>	<p>Our audit procedures included for example the following procedures:</p> <ul style="list-style-type: none"> • We assessed the book value of Atria Plc's shares in subsidiaries based on the equity of these companies and management estimates of their ability to generate profits in the future. • We discussed with the management the most significant assumptions used in the valuation of shares in subsidiaries. • We evaluated the estimates from previous years by comparing those to the actual results for the period.

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 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 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 on 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 good auditing practice, we exercise professional judgment and maintain professional skepticism 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.

Other Reporting Requirements

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our auditor's report thereon. We obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

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 identified above 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 on the information included in the report of the Board of Directors, 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 16 March, 2017
PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant

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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. It is 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.
- 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. The Nomination and Remuneration Committee is composed of members of the Board of Directors and the majority of the Board members are not 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.atriagroup.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 Meetings 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 the Supervisory Board shall be present at the General Meeting. The auditor shall be present at the Annual General Meeting. Candidates for Board of Supervisory Board shall be present at the General Meeting deciding on their election.

The company's Annual General Meeting for 2016 was held in Helsinki on 28 April 2016. The meeting was attended, either in person or by a representative, by a total of 254 holders of A shares, representing a total of 9,899,611 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. Shareholder's 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. In accordance with its charter, the Nomination Board prepares 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 in accordance with their ownership in early November preceding the Annual General Meeting. 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 November 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 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 October 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 23 November 2016, the owners of Atria's KII shares and the largest owner of series A shares nominated the following members on the Nomination Board: Jyrki Rantsi (Lihakunta), Henrik Holm (Pohjanmaan Liha Co-operative), Juho Anttikoski (Itikka Co-operative) and Timo Sallinen (Varma Mutual Pension Insurance Company). 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 2017 convened two times. The Nomination Board submitted its proposals for the Annual General Meeting to be held on 27 April 2017 to the Board of Directors on 13 January 2017. The proposals were published in the form of a stock exchange release on 13 January 2017.

Name	Year of birth	Education	Main occupation	Attendance in meetings	Shareholding on 31 December 2016
Juho Anttikoski	1970		Farmer	2/2	4,000
Henrik Holm	1966		Farmer	2/2	430
Jyrki Rantsi	1968	Agrologist	Agricultural entrepreneur	2/2	700
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.

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 2016, 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 2016
Hannu Hyry (Chairman)	1956	2013		Farmer	4/4	144
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	681 110 company authority
Henrik Holm	1966	2002		Farmer	2/4	430
Veli Hyttinen	1973	2010	Agrologist	Farmer	4/4	1,500
Pasi Ingalsuo	1966	2004	Agrologist	Farmer	4/4	4,150
Jussi Joki-Erkilä	1977	2016		Agricultural entrepreneur	3/4	0
Marja-Liisa Juuse	1963	2015		Farmer	3/4	250
Jukka Kaikkonen	1963	2013	Agrologist	Farmer	4/4	500
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	200
Heikki Panula	1955	2005	M.Sc. (Agr.)	Farmer	4/4	500
Ahti Ritola	1964	2013	BBA	Farmer	3/4	0 400 company authority
Risto Sairanen	1960	2013		Farmer	4/4	60
Timo Tuhkasaari	1965	2002		Farmer	3/4	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 2016, Atria Plc's Supervisory Board met four (4) times, and the average attendance of the members was 93%.

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 2016, the Board of Directors met 15 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.

6.3 Composition of the Board of Directors


Name	Paavola Seppo, Chairman	Rantsi Jyrki, Vice President
Year of birth	1962	1968
Education	Agrologist (secondary school graduate)	Agrologist
Main occupation	Farmer	Farmer, piglet and pork producer
Relevant work experience	<ul style="list-style-type: none"> • Farm advisor, Rural Centre of Central Ostrobothnia 1991–1996 • Agricultural entrepreneur 1996–present 	Agricultural entrepreneur
Member of the Board since	2012	2013
Concurrent key positions of trust	<ul style="list-style-type: none"> • Supervisory Board of Itikka Co-operative, member 2000–present, Deputy Chairman 2008–2011 and Chairman 2012–present • Chairman of the Board of Directors of Kaustinen Co-operative Bank 2002–present • Member of the Board of Directors of Pellervo Confederation of Finnish Co-operatives 2012–present • Member of the Co-operative Advisory Committee 2012–present 	<ul style="list-style-type: none"> • Board of Directors of Lihakunta, Deputy Chairman 2013–2015 and Chairman 2015–present • Member of the Board of Directors of Finnpig Oy 2013–present • Deputy Chairman of the Board of Directors of A-Farmers Ltd 2015–present
Past key positions of trust	Supervisory Board of Atria Plc, 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 2016	4,000	700
Share-based rights in the company	None	None
Attendance in meetings	15/15	15/15



Name	Ginman-Tjeder Nella	Kaarto Esa
Year of birth	1959	1959
Education	M.Sc. (Econ.)	M.Sc. (Agr.)
Main occupation	Eira Hospital, Managing Director	Farmer
Relevant work experience	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Member of the Board of Directors of Viking Malt Oy 2014–present • Member of the Board of Directors of Stiftelsen Arcada 2010–present • Member of the Board of Directors of Oy Indmeas Ab 2008–present 	<ul style="list-style-type: none"> • Board of Directors of Itikka Co-operative, member 2002–present and Chairman 2009–present • Board of Directors of A-Farmers Ltd, member 2004–present, Deputy Chairman 2009– and Chairman 2015–present • Board of Directors of A-Rehu Oy, Deputy Chairman 2009-2015 and Chairman 2015–present • Chairman of the Board of Directors of Suurusrehu Oy 2009–present
Past key positions of trust	Member of the Board of Directors of Tulikivi Corporation 2013-2015	<ul style="list-style-type: none"> • Member of the Board of Directors of Oy Feedmix Ab 2009–2015 • Member of the Board of Directors of Kiinteistö Oy Rehukanava 2009–2015
Independence	Independent of the company and significant shareholders	Dependent of the company and significant shareholders
Shareholding on 31 December 2016	0	1,100
Share-based rights in the company	None	None
Attendance in meetings	9/10	15/15



Name	Korhonen Pasi	Moisio Jukka
Year of birth	1975	1961
Education		M.Sc. (Econ.), MBA
Main occupation	Farmer	CEO of Huhtamäki Oyj
Relevant work experience	Farmer	<ul style="list-style-type: none"> • CEO of Huhtamäki Oyj 2009–present • Ahlström Oyj 1991–2008 (various duties)
Member of the Board since	2016	2014
Concurrent key positions of trust	<ul style="list-style-type: none"> • Board of Directors of Lihakunta, member 2013–present and Deputy Chairman 2016–present • Board of Directors of Kainuun maa- ja metsäsäätiö, member 2013–present • Sotkamo Municipal Council, Councillor 2005–present 	<ul style="list-style-type: none"> • Member of the Supervisory Board of Finnish Fair Co-operative
Independence	Dependent of the company and significant shareholders	Independent of the company and significant shareholders
Shareholding on 31 December 2016	0	0
Share-based rights in the company	None	None
Attendance in meetings	10/10	14/15



Name	Paxal Kjell-Göran	Sivula Harri
Year of birth	1967	1962
Education	Agrologist	M.Sc. (Admin.)
Main occupation	Farmer, piglet and pork producer	Managing Director of GS1 Finland Oy
Relevant work experience	<ul style="list-style-type: none"> • Feed salesman, Oy Foremix Ab 1990–1997 • Primary Production Manager, Pohjanmaan Liha Co-operative 1990–1997 	<ul style="list-style-type: none"> • CEO, Restel Ltd 2010–2014 • Onninen Oy, 2006-2010, CEO of Onninen Oy • Kesko Corporation/Kesko Food, 1999–2006, Executive Vice President • Kesko Corporation, 1987–1999 <ul style="list-style-type: none"> • Sales Manager, Purchasing Manager • Division Manager, Sales Director • Director of Marketkesko • Director of Lähikesko • Director, Retail Division
Member of the Board since	2012	2009
Concurrent key positions of trust	<ul style="list-style-type: none"> • Board of Directors of Pohjanmaan Liha Co-operative, deputy member 1999–2001, Deputy Chairman 2002–2009 and Chairman 2010–present • Board of Directors of A-Farmers Ltd, deputy member 2001–2002 and member 2003–present • Board of Directors of Oy Foremix Ab, member 2004–2009 and Chairman 2010–present • Member of the Board of Directors of A-Rehu Oy 2010–present • Chairman of the Board of Directors of Ab WestFarm Oy 2010–present 	<ul style="list-style-type: none"> • Chairman of the Board of Directors of Tokmanni Oy 2011–present • Member of the Board of Directors of Leipurin Oy 2014–present • Member of the Board of Directors of Makua Foods Oy 2015–present • Member of the Board of Directors of GS1 Finland Oy 2016–present • Member of the Board of Directors of Dieta Oy 2016–present
Past key positions of trust	Deputy member of the Board of Directors of the Central Union of Swedish-Speaking Agricultural Producers in Finland 1999–2001	<ul style="list-style-type: none"> • Member of the Board of Directors of Olvi Oyj 2007–2011 • Member of the Board of Directors of Norpe Oy 2010–2013 • Member of the Board of Directors of Leipurin Oyj 2010–2013 • Member of the Supervisory Board of Nets 2011–2013
Independence	Dependent of the company and significant shareholders	Independent of the company and significant shareholders
Shareholding on 31 December 2016	2,166	10,000
Share-based rights in the company	None	None
Attendance in meetings	15/15	15/15

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.

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.

To achieve the objectives set in the principles on diversity, the Board of Directors actively conveys these objective to Atria's shareholders. During the 2016 financial period, one of the Board members was a woman while the rest were men. The company's 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 dependent of the company and significant shareholders. 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 2016, 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 2016, the Management Team met eleven (11) times.

Atria Group's Management Team consists of the following members:

Name	Born	Joined Atria in	Education	Position	Shareholding on 31 December 2016
Juha Gröhn	1963	1990	M.Sc. (Food Sc.)	CEO	20,000
Heikki Kyntäjä	1952	2009	B.Sc. (Econ.)	CFO, Deputy CEO	1,000
Mika Ala-Fossi	1971	2000	Meat industry technician	Executive Vice President Atria Finland	940
Tomas Back	1964	2007	M.Sc. (Econ.)	Executive Vice President Atria Scandinavia	1,880
Olle Horn	1967	2012	Engineer	Executive Vice President Atria Baltic	0
Jarmo Lindholm	1973	2002	M.Sc. (Econ.)	Executive Vice President Atria Russia	1,020
Pasi Luostarinen	1966	2000	M.Sc. (Econ.)	Executive Vice President, Marketing & Market Insight	1,880
Lars Ohlin	1958	2007	BA	Executive Vice President, Human Resources	510

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.



Name	Juha Gröhn, CEO	Heikki Kyntäjä, CFO, Executive Vice President and Deputy CEO	Mika Ala-Fossi, Executive Vice President, Atria Finland
Joined Atria in	1990	2009	2000
Year of birth	1963	1952	1971
Education	MSc (Food Sc.)	BSc (Econ.)	Meat industry technician
Relevant work experience	<ul style="list-style-type: none"> • CEO, Atria Plc 2011– • Executive Vice President, Atria Scandinavia, Deputy CEO, Atria Plc 2010–2011 • Executive Vice President, Atria Finland Ltd, Deputy CEO, Atria Plc 2006–2010 • Director, Meat Industry, Vice Managing Director, Atria Ltd 2004–2006 • Director, Steering, Vice Managing Director, Atria Ltd 2003–2004 • Director, Meat Product and Convenience Food Industries, Atria Ltd 1999–2003 • Director, Slaughterhouse Industry, Atria Ltd 1993–1998 • R&D Manager, Itikka-Lihapolar 1991–1993 • Foreman, Lihapolar 1990–1991 	<ul style="list-style-type: none"> • CFO, Atria Plc 2011– • Finance Director, Atria Finland Ltd 2009–2011 • VP Supply Management, ABB Oy, Lowvoltage instruments 2008–2009 • VP Finance & Control, ABB Oy, Lowvoltage instruments 2001–2008 • VP Finance & Control, ABB Transmit Oy 1995–2000 • VP Finance & Control, ABB Strömberg Sähköjakelu Oy 1991–1995 • Business Controller, ABB Motors Oy 1988–1990 • Business Controller, Stromberg Inc., Cleveland, OH, USA 1986–1988 • Financial Manager, Hackman Taloustavarat Oy 1978–1986 • Auditor, finance department, General Motors Finland 1976–1978 	<ul style="list-style-type: none"> • Executive Vice President, Atria Finland, 2011– • Director, Convenience Food and Meat Product Business 2007–2011 • Director, Poultry Business, Atria Finland 2006–2007 • Production Manager, Atria Ltd 2003–2006 • Unit Manager, Atria Ltd 2000–2003 • Foreman, Liha-Saarioinen Oy 1997–2000



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	MSc (Econ.)	MSc (Econ.)	Engineer
Relevant work experience	<ul style="list-style-type: none"> • Executive Vice President, Atria Scandinavia 2011– • Executive Vice President, Atria Baltic 2010–2011 • CFO, Atria Plc 2007–2011 • CFO, Huhtamäki Americas / Rigid Europe 2003–2007 • Financial Manager/CFO, Huhtamäki Oyj 1996–2002 • Financial Manager, Huhtamäki Finance Oy, Lausanne 1990–1995 	<ul style="list-style-type: none"> • Executive Vice President, Atria Russia 2011– • Group Vice President, Product Leadership, Atria Plc 2010–2011 • Group Vice President, Product Group Management and Product Development, Commercial Director, Atria Finland Ltd 2005–2010 • Marketing Manager, Atria Ltd 2002–2005 • Account Manager, Marketing Manager, AC Nielsen 2000–2002 • Customer Service Manager & e-Business, Unilever Finland 1998–2000 	<ul style="list-style-type: none"> • Executive Vice President, Atria Baltic 2012– • Chairman of the Board, Maag Meat Industry 2009–2012 • Chairman of the Board, Skanska EMV AS 2008–2009 • Chairman of the Board, Rakvere Lihakombinaat AS 2000–2008 • Head of transportation and equipment department, EMV AS 1998–1999 • Management and development duties, EK AS 1992–1998



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	MSc (Econ.)	BA (International Business Administration)
Relevant work experience	<ul style="list-style-type: none"> • Executive Vice President Marketing & Marketing Insight, Atria Plc, 1 Dec 2016– • Senior Vice President Marketing & Product Development, Atria Finland 2011–2016 • Group Vice President Strategy / Senior Vice President Marketing & Product Development, Atria Plc and Atria Finland 2009–2011 • Group Vice President Brand Management & Cold Cuts / Senior Vice President Meatproducts, Atria Plc and Atria Finland 2007–2011 • Group Vice President Marketing & Product Development, Atria Plc 2006–2007 • Marketing Director, Atria Plc, Atria Finland and Atria Sweden 2000–2006 • Marketing Director, Valio 1997–2000 • Trade Development Manager, British American Tobacco Nordic 1996–1997 • Key Account Manager/ Category Manager, Fazer Makeiset Oy 1993–1996 • Product Manager, Oy Mallasjuoma 1991–1993 	<ul style="list-style-type: none"> • Executive Vice President Human Resources, Atria Plc, 2016– • Senior Vice President Human Resources, Atria Scandinavia 2014–2016 • General Manager, Ridderheims & Falbygdens (Atria Deli) 2010–2014 • Business Development Director, Atria Scandinavia 2007–2010 • Business Development Director, Sardus 2000–2007 • Business Area Director, Nationalencyklopedin 1997–2000 • Vice Managing Director, Forte 1995–1997 • Market Development Director, Master Foods Finland and Baltics 1992–1995 • Human Resource Director, Master Foods Sweden and Finland 1988–1992 • Product manager, Master Foods Sweden 1987–1988 • Product manager, Findus/Nestlé 1984–1987

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, and Atria's entire organisation implements the set operating principles. 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 annual 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 2016, 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 2016 accounting period

In 2016, the Group paid EUR 351,000 to PricewaterhouseCoopers Ltd. as the auditor's remuneration. The whole Group paid a total of EUR 14,000 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.

Following the entry into force of the Market Abuse Regulation (EU No 596/2014) on 3 July 2016, Atria no longer maintains a public insider register. Nor does Atria maintain a permanent, company-specific insider list; rather, Atria maintains solely project-specific insider registers established and maintained 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 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 involved in the preparation of the 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. 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.atriagroup.com, under Investors, Disclosure Policy.

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.

1. 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 2016 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 2016, 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	22,750		22,750
Juho Anttikoski, Deputy Chairman	14,250		14,250
Asunmaa Mika	2,000		2,000
Flink Reijo	1,500		1,500
Haarala Lassi Antti	2,000		2,000
Hantula Jussi	2,000		2,000
Holm Henrik	2,500	1,800	4,300
Hyttinen Veli	2,250	10,800	13,050
Ingalsuo Pasi	2,000	4,800	6,800
Joki-Erkkilä Jussi (28.4.2016 alkaen)	1,000		1,000
Juuse Marja-Liisa	1,500		1,500
Kaikkonen Jukka	2,000		2,000
Kiviniemi Juha	2,000		2,000
Korhonen Pasi (28.4.2016 asti)	500		500
Lajunen Ari	2,250		2,250
Niku Mika	2,000	4,200	6,200
Ojala Pekka	2,750		2,750
Panula Heikki	2,000		2,000
Ritola Ahti	1,500		1,500
Sairanen Risto	1,250		1,250
Tuhkasaari Timo	1,000		1,000
TOTAL	71,000	21,600	92,600

2. 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 2016 was 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 4,400/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.

In 2016 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	69,600		69,600
Jyrki Rantsi	Deputy Chairman	40,850	11,700	52,550
Nella Ginman-Tjeder	Member (as of 28 April 2016)	15,100		15,100
Esa Kaarto	Member	31,200	34,500	65,700
Timo Komulainen	Member (until 28 April 2016)	12,200		12,200
Pasi Korhonen	Member (as of 28 April 2016)	20,250		20,250
Jukka Moisio	Member	22,500		22,500
Kjell-Göran Paxal	Member	30,900	7,800	38,700
Maisa Romanainen	Member (until 28 April 2016)	8,300		8,300
Harri Sivula	Member	27,600		27,600
TOTAL		278,500	54,000	332,500

In accordance with the proposal of the Nomination Committee, the Annual General Meeting held in 2016 decided to keep the fees and compensation of the members of the Board of Directors unchanged.

3. 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 no share incentive plan or option scheme in place.

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 498,000/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.

3.1 Incentive plans for management and key personnel

3.1.1 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 to be implemented in 2015–2017 will be 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 will end on 31 December 2017, and it covers a maximum of 45 people. The plan covers the CEO and the rest of the Group's Management Team.

3.1.2 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.

3.1.3 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 2016 were as follows:

	Salaries	Fringe benefits	Merit pay	Supplementary pension contributions	Total (EUR)
CEO Juha Gröhn	499,609	20,186	58,238	129,949	707,982
Deputy CEO: Heikki Kyntäjä	215,449	14,829	35,424	28,785	294,487
Other members of the Management Team	1,286,232	67,407	268,641	93,499	1,715,779
TOTAL	2,001,290	102,422	362,303	252,233	2,718,248

3.1.4 Share incentive plan

The company has no share incentive plan or option scheme in place.

3.1.5 The Board of Directors' valid authorisations concerning remuneration

Atria Plc's Annual General Meeting held on 28 April 2016 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 7,000,000 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 determined a silent period in its investor relation communication that is 30 days prior to the publication of interim and annual reports. During this period Atria gives no statements on its financial status.

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 during 2015 has been monitored by at least the following analysts:

CARNEGIE INVESTMENT BANK AB
Iiris Theman
Tel. +358 09 6187 1241
e-mail: firstname.lastname@carnegie.fi

NORDEA MARKETS
Rauli Juva
Tel. +358 9 165 59944
e-mail: firstname.lastname@nordea.com

EVLI PANKKI OYJ
Joonas Häyhä
Tel. +358 9 4766 9662
e-mail: firstname.lastname@evli.com

DANSKE MARKETS EQUITIES
Kalle Karppinen
Tel. +358 10 236 4794
e-mail: firstname.lastname@danskebank.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
info.finland@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

Office: Sweden

Södra Långebergsgatan 12
SE-421 32 Västra Frölunda,
Sweden
Tel. +46 10 482 36 00

Office: Sweden

Drottninggatan 14
SE-252 21 Helsingborg,
Sweden
Tel. +46 10 482 35 10

Offices/plants:

Sockenvägen 40
SE-697 80 Sköllesta,
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

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