ATRIA

Good food – better mood.

Annual Report 18

Atria produces sustainable value

Atria is one of the leading meat and food companies in the Nordic countries, Russia and Estonia. We are a company established in 1903 and valued by our 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, creates a better mood and sustainable value for all of our stakeholders. Our good food is responsibly and ethically produced, nutritious and safe. In 2018, our net sales were approximately EUR 1.44 billion and we employed approximately 4,460 meat and food experts in Finland, Sweden, Denmark, Estonia and Russia. Atria Plc's shares have been listed on the Nasdaq Helsinki since 1991.

Atria in 2018

Atria's reporting for 2018 consists of two mutually complementary reports, the Annual Report and the Corporate Responsibility Report. Both of the reports are published in Finnish and English.

Annual Report 2018

Corporate Responsibility Report 2018

The report describes the material themes, objectives and results of Atria's corporate responsibility in 2018. It provides a summary on how Atria influences its operating environment and, through its stakeholders, society as a whole. As the basis for its reporting, Atria uses the international Global Reporting Initiative (GRI) standard, in which corporate responsibility is viewed from the angles of economic, social and environmental responsibility. The report has not been verified.

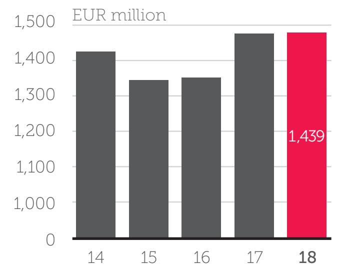
Go to the report: www.atria.fi/en/group/corporate-responsibility

ATRIA GROUP'S KEY FIGURES	2018	2017
Net sales, EUR million	1,438.5	1,436.2
EBIT, EUR million	28.2	40.9
EBIT, %	2.0	2.8
Adjusted EBIT, EUR million	28.2	39.6
Balance sheet total, EUR million	899.6	909.8
Return on equity (ROE), %	4.1	6.7
Equity ratio, %	47.7	47.5
Net gearing, %	52.1	49.0

Net sales (EUR million)

1,438.5

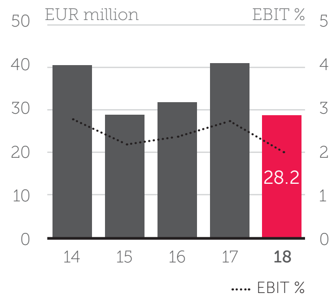
The group's net sales were EUR 1,438.5 million which was EUR 2.3 million more than in 2017.



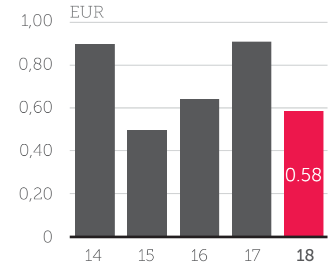
EBIT (EUR million)

28.2

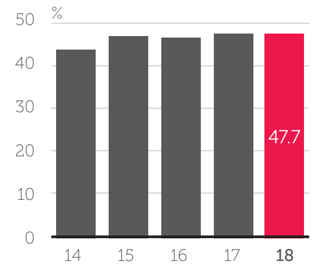
The group's EBIT was EUR 28.2 million, representing 2.0% of net sales.



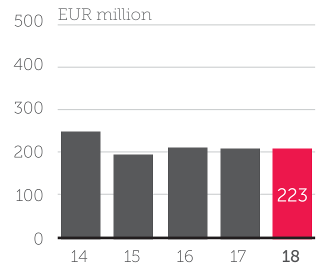
Earnings per share



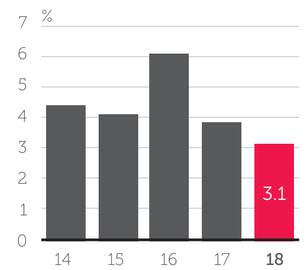
Equity ratio



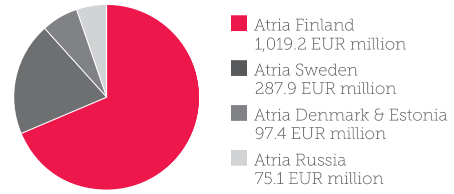
Net liabilities



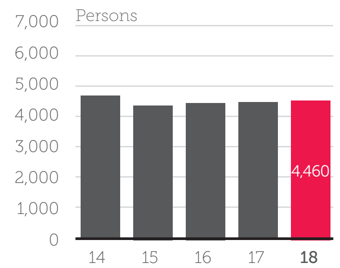
Gross investments, % of net sales



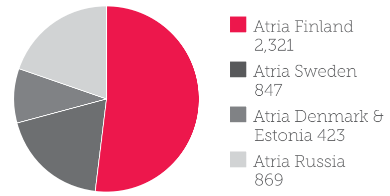
Net sales by business area (1,438.5 EUR million)



Average number of personnel



Personnel (4,460) by business area



Atria Plc › CEO's review

Atria Finland grew strongly – raw material costs weighed down the Group's result

From the perspective of national economies, 2018 was a year of strong growth. Employment situations improved, people's confidence in the future was on a good level, and economic activity grew.

Food comes from nature, if nature is willing to provide it. The growing season in 2018 was exceptionally dry over a wide stretch of Europe. Field crops were lower than normal, and the prices of all raw materials derived from fields increased. Higher grain prices increased, and continues to increase, the production costs of meat.

The debate on climate change has not had a significant impact on people's purchasing behaviour or consumption patterns. Rather than disregard the debate, we must acknowledge our own responsibility for nature. Most importantly, we must carry out practical measures that reduce the environmental impact of our operations. Atria is indeed in the middle of numerous projects aimed at, among other things, improving energy efficiency, reducing process losses, and optimising the use of packaging materials. It is interesting that solutions favourable to the environment often make economic sense, even over a short period of time. Weak energy efficiency, for instance, is an unnecessary cost.

People are eating an increasing amount of chicken and convenience foods. These product categories drive growth. Our lifestyle demands tasty food prepared or delivered rapidly. We want to minimise the time spent on cooking, particularly on weekdays. On weekends, the situation may be the reverse. It is part of Atria's strategy to be present at all meals by offering food solutions and ingredients for everyday life and celebrations alike.

In Finland, the market position strengthened

Atria's net sales in 2018 were at the same level as in the previous year. The growth of net sales reduced due to the values of the Swedish krona and Russian rouble, which were weaker against the euro. The development of net sales was extremely positive in Finland, where Atria exceeded the billion-euro mark for the first time.

In terms of operating profit, we failed to achieve the profit of the previous year. Profitability in Finland and the Denmark & Estonia business area was in line with targets, but results in Sweden and Russia lagged behind their targets.

In Finland, Atria's market position grew stronger and sales were brisk, especially in terms of Atria's own brands. Our customers and consumers still need brand products. The generally positive development in the economy has not come without a downside – the prices of many purchased services and materials have been on the rise. Inflation has not disappeared.

Atria Sweden's result weakened due to two factors. The price of Swedish meat raw materials exceeded the average European price level for the entire year and the profitability of the poultry business was weak. The modernised poultry plant functioned well from a technical point of view, even though the cost level of technical operation and maintenance was slightly elevated. Most importantly, we must optimise the use of every part of a bird and find the best possible use and price for each part of the carcass. The new plant and the already robust meat industry in Sweden provide us with a good opportunity for optimisation.

"It is interesting that solutions favourable to the environment often make economic sense, even over a short period of time."

"In Finland net sales exceeded the billion-euro mark for the first time."

The profitability in Denmark & Estonia was good

Denmark & Estonia was performing solidly at the moment, and the business area's profitability was good. Denmark rolled out a new ERP system as part of a renewal concerning the entire Group. The competition on the markets is exceptionally tough, but Atria retained its market leadership position in Denmark regardless. In Estonia, the first half of the year went well. During the second half, the higher price of grain and the resulting increase in the production costs of pork weakened profitability. Atria's market position in Estonia grew stronger.

The result in Russia did not achieve the targeted level. The first half of the year, up until summer, was in line with expectations, but the price increases in raw materials during the summer and autumn took the result to the red. The raw material costs were more than 30% higher than in 2017. The development of the purchasing power of a Russian consumer is weaker than that of consumers in Atria's other home markets. Wage increases did not cover the rise in the prices of commodities.

Healthy Growth works

All in all, we can be happy that our strategy of Healthy Growth has proven to be a functional playbook. Our net sales have grown steadily for several years now, and results have developed positively. We have implemented our strategy in an uncompromising manner and with a long-term perspective, and adjusted rapidly to sometimes challenging changes in the operating environment.

I would like to thank our customers, shareholders, Atria's employees and partners for the past year.

Seinäjoki March 2019

Juha Gröhn
CEO

"Profitability in Finland and Denmark & Estonia were in line with expectations, but the results in Sweden and Russia did not achieve the targets."

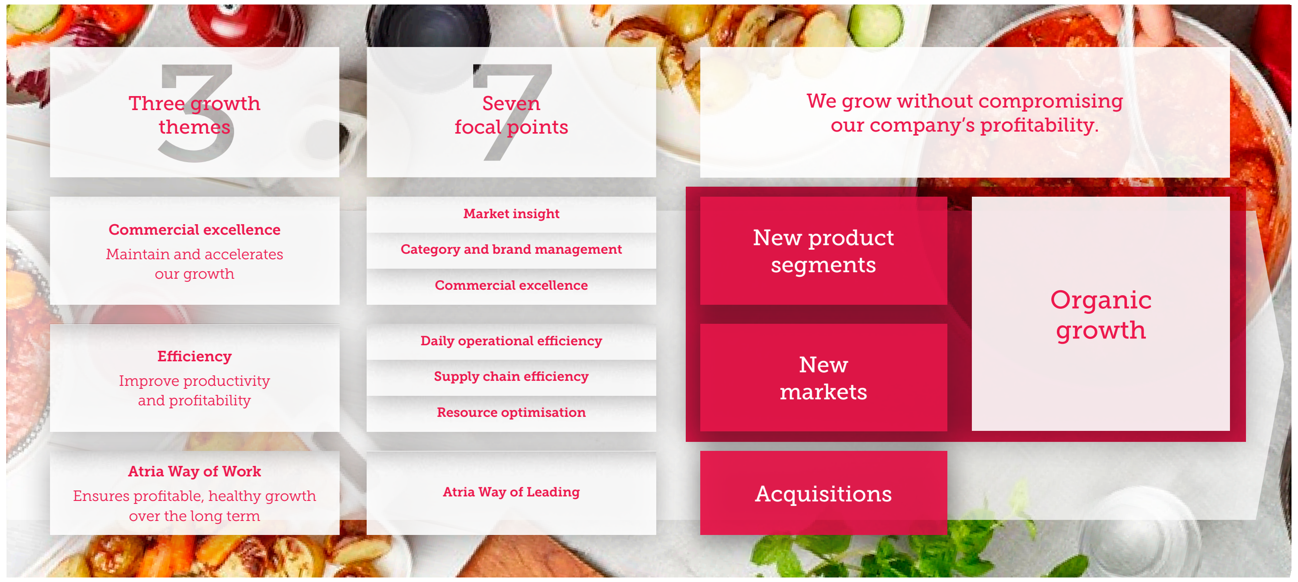
Atria's Healthy Growth

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

Atria aims to grow mainly organically, by developing and growing its existing businesses. The company aims drive growth by the development of new product segments and by expanding into new market areas.

Alongside organic growth, Atria is actively mapping opportunities for acquisitions and other arrangements that generate healthy growth. These can supplement existing business operations, but also open up entirely new product segments or market areas.

Atria manages its strategy of Healthy Growth through three main themes shared by all of its business areas. Each business area (segment) deploys the themes by implementing initiatives, projects and measures in line with seven focal points. The segments are Atria Finland, Atria Sweden, Atria Denmark & Estonia and Atria Russia.



To achieve its strategic goals, Atria is implementing a strategy called Atria's Healthy Growth. With healthy growth, Atria refers to growth that does not compromise the company's profitability.

FOCAL POINTS

1. Market insight
   Atria uses market and consumer data precisely and innovatively, and aims to be a pioneer in knowledge management in its industry.

2. Category and brand management
   Atria strengthens the management and development of its brands and categories. The company's strong brands are well-positioned to grow even stronger.

3. Commercial excellence
   Atria develops and strengthens its sales, sales tools and customer cooperation with an open mind. The company wants to be the most preferred and trusted partner in its business.

4. Daily operational efficiency
   Atria increases the efficiency of operations and productivity with regard to individual jobs, teams, departments, units, businesses and production plants.

5. Supply chain efficiency
   Atria will improve its operations, processes and steering throughout the supply chain, in close cooperation with the chain's different operators.

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

7. Atria Way of Leading
   Atria develops its management, which must be interactive, engaging and developing. Atria aims to get things done – to focus on solutions, rather than problems.

IMPLEMENTATION OF ATRIA'S HEALTHY GROWTH STRATEGY

Enablers	Main themes	Realisation of themes in 2018*
1. Strong finances: Atria's strong balance sheet and good financial position enable growth and development measures in line with the strategy. 2. Systematic investments: Atria executes systematic investments which allow it to maintain and improve the productivity and competitiveness of its operations, also in the long term. 3. Efficiency: Atria enables the productivity of its operations and the competitiveness of its products with the efficiency of its entire supply chain. 4. Sound market and customer intelligence: Atria is a pioneer in the use of consumer and market data. This allows for the development and precisely timed market entry of commercially successful product groups and products	Commercial excellence	• Atria's sales grew in the Finnish business area, where net sales rose to more than EUR 1 billion. • Profitability improved in the Atria Denmark & Estonia business area, where net sales exceeded the Group goal of five per cent. • Atria's market position in Finland grew stronger; as a manufacturer of poultry products, for example, Atria rose to the position of market leader. • An important step in export to China was taken when the retail trade sector opened up as a sales channel alongside the Food Service sector (page 10). • Atria expanded the range of its antibiotic-free product categories to pork products; the impact was favourable in both Finland and the export markets (page 10). • The number of sales outlets in the Sibylla concept grew, particularly in Russia (page 12).
	Efficiency	• Atria invested in the increase of its poultry production capacity at the Nurmo and Sahalahti plants (page 12). • A two-year poultry production investment programme in Sweden was completed on schedule (page 11). • Atria's feed company A-Rehu decided to increase the production of beef, pork and poultry feeds (page 10). • Several long-range cooperation projects with primary production were carried out in Finland and Sweden.
	Atria Way of Leading	• The focal points of the supervisor programme Atria Way of Leading common to all business areas included the development of leadership and supervisory skills as well as commercial skills. In Sweden, the focus was on the development of product category and brand management, as part of a new strategy. • A number of projects advancing occupational safety as well as materials and energy efficiency were carried out in the Atria Way of Work action programme.

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

ATRIA'S FINANCIAL TARGETS

Target	Realisation in 2018	Realisation in 2017	Realisation in 2016
EBIT 5%	2.0%	2.8%	2.3%
Equity ratio 40%	47.7%	47.5%	46.5%
Return on equity 8%	4.1%	6.7%	4,7%
Distribution of dividends 50%	68.8%*	54.4%	71,2%

*Board of Directors' proposal

ATRIA'S RISKS

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

» Report by the Board of Directors (page 34)
» Notes to the Consolidated Financial Statements (page 76)

ATRIA'S STRATEGY RESPONDS TO CHANGES AND EXPECTATIONS

Atria's Healthy Growth strategy responds to changes in the operating environment, and it accounts for both consumer expectations and megatrends with an impact on the entire operating environment.

Changes in the operating environment
- Purchasing power in Atria's home market is growing only modestly
- Price competition in the industry and distribution channels is tough
- In Atria's home market, the consumption of white meat is growing, while the consumption of red meat is in slight decline
- Globally, the consumption of meat is increasing
- The number of alternatives to meat, such as vegetable-based food product categories, is growing
- The significance of affordability and ease for the consumer is increasing
- The power of consumers is growing in all sales channels and the entire food chain
- Consumer behaviour is fragmenting, consumption is becoming more individualised
- The quality and healthiness of food is becoming increasingly important
- The origin of food and the responsibility and transparency of production and the entire food chain are becoming increasingly important.

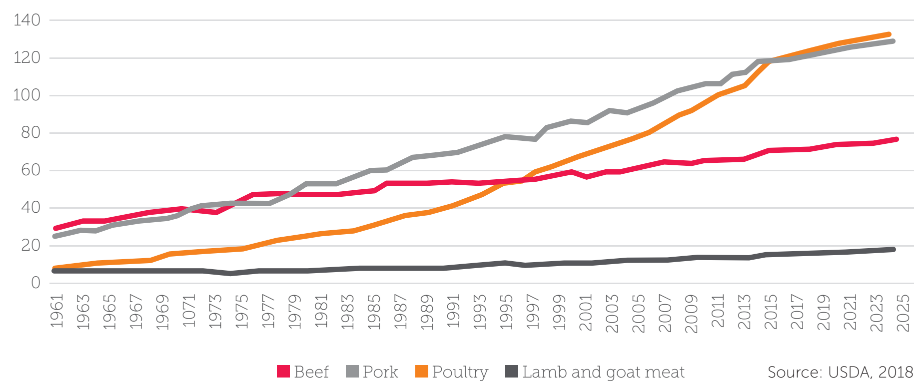
Atria's Healthy Growth
Atria's operating environment is developing strongly, although the speed and emphasis of the changes varies from one business area to the next. As a financially strong, profitable company in line with its strategic goals, Atria will be able to renew and respond to the continuous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

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

Megatrends with an impact on the operating environment and operations
- **Globalisation**, particularly the international economy and competition, has an impact on Atria's strategic focal points
- **Urbanisation**, as well as the ageing of the population and single-person households, has an impact on Atria's commercial focal points
- **Climate change**, its mitigation and the limited amount of natural resources have an impact on the strategies and actions of Atria's responsible operations
- **Population growth**, and the growth in the consumption of food in emerging economies, have an impact on Atria's strategic and commercial focal points
- **Digitalisation** and robotics have an impact on consumption, the organisation of work and working practices.

Meat consumption in the world (million tn)

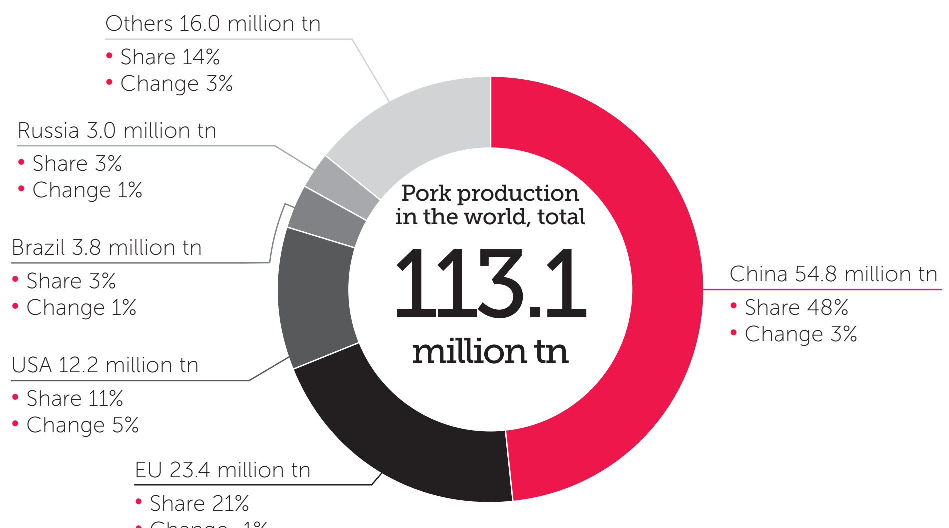
The consumption of pork and poultry has grown very strongly since the beginning of the 2000s, particularly in the emerging economies of Asia.



Source: USDA, 2018

Pork production in the world in 2018 (million tn)

The production of pork continued to grow in all of the big production countries, excluding the EU area.



Source: USDA, 2018

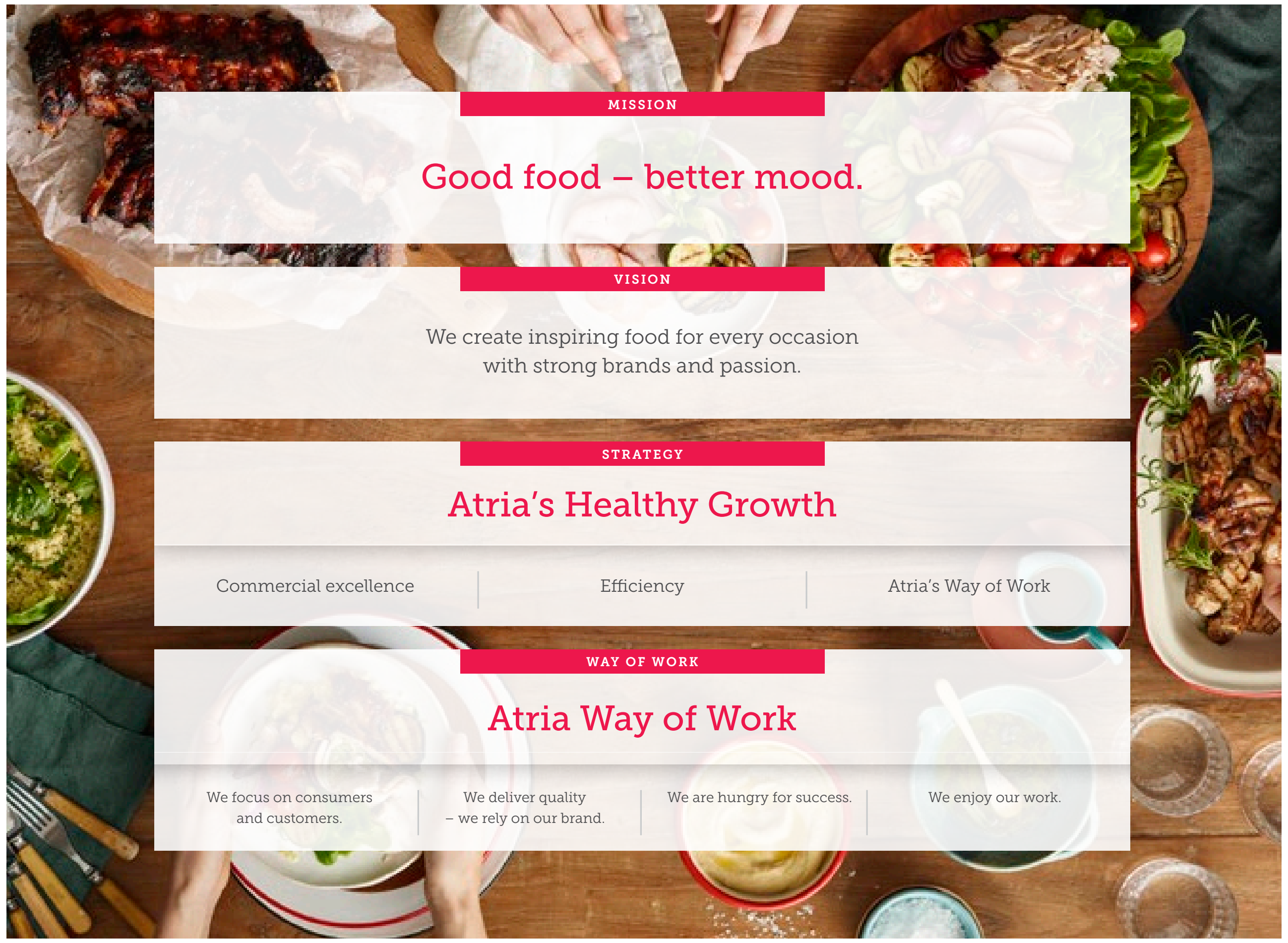
ATRIA'S STRATEGIC PATH

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

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

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

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



The Atria label on a Chinese package guarantees that the product is 100% Finnish meat. In China, the commerce sector and consumers link extremely positive perceptions of purity, nature and high quality to Nordic products.

Important opening on China's pork market

Atria's opportunities for exporting pork to China diversified significantly with the retail sector opening up as a new sales channel alongside restaurants. The retail products are sold under the Atria brand.

Atria's pork exports to China developed favourably. The negotiations concerning pork exports for the retail market alongside restaurants proceeded according to plan, and the first batches of frozen meat to China's retail customers were dispatched from Nurmo at the beginning of 2019. The batches were destined for the cities of Chongqing and Changsha in central China. This area is home to approximately 40 million consumers.

Atria is complementing the product selection of Chinese retail stores with tenderloin and sirloin, topside roast and knuckle, as well as ribs and neck. The vacuum-packed products are sold under the Atria brand. They are antibiotic-free and traceable to individual farms. The new sales channel has required Atria to come up with novel products concepts which meet the demands of both Chinese stores and consumers.

Pork is by far the most popular type of meat in China. The country consumes roughly half of the world's pork production, some 55 million tonnes a year. The demand for pork is expected to grow considerably in 2019, which is the Year of the Pig in China.

In 2017, Atria became the first Finnish company to secure a licence for exporting pork to China. South Korea is, alongside China, another important Asian export destination for Atria's pork. Other export destinations in the area include Taiwan, Hong Kong and Singapore. Atria Denmark also started exporting meat to China in the beginning of 2019.

A-Rehu increases its feed production

Atria's animal feed company A-Rehu decided to increase the production of its beef, pork and poultry feeds at the Koskenkorva plant in Ilmajoki by approximately 30 per cent.

By the beginning of 2020, the plant will have a new production line for poultry feed built, as well as storage silos for beef and pork feeds. The investment responds to the increased demand for poultry feeds and secures the delivery reliability of other feed types. The investment will be carried out by Suurusrehu Oy and Oy Feedmix Ab, the owners of the properties leased by A-Rehu.

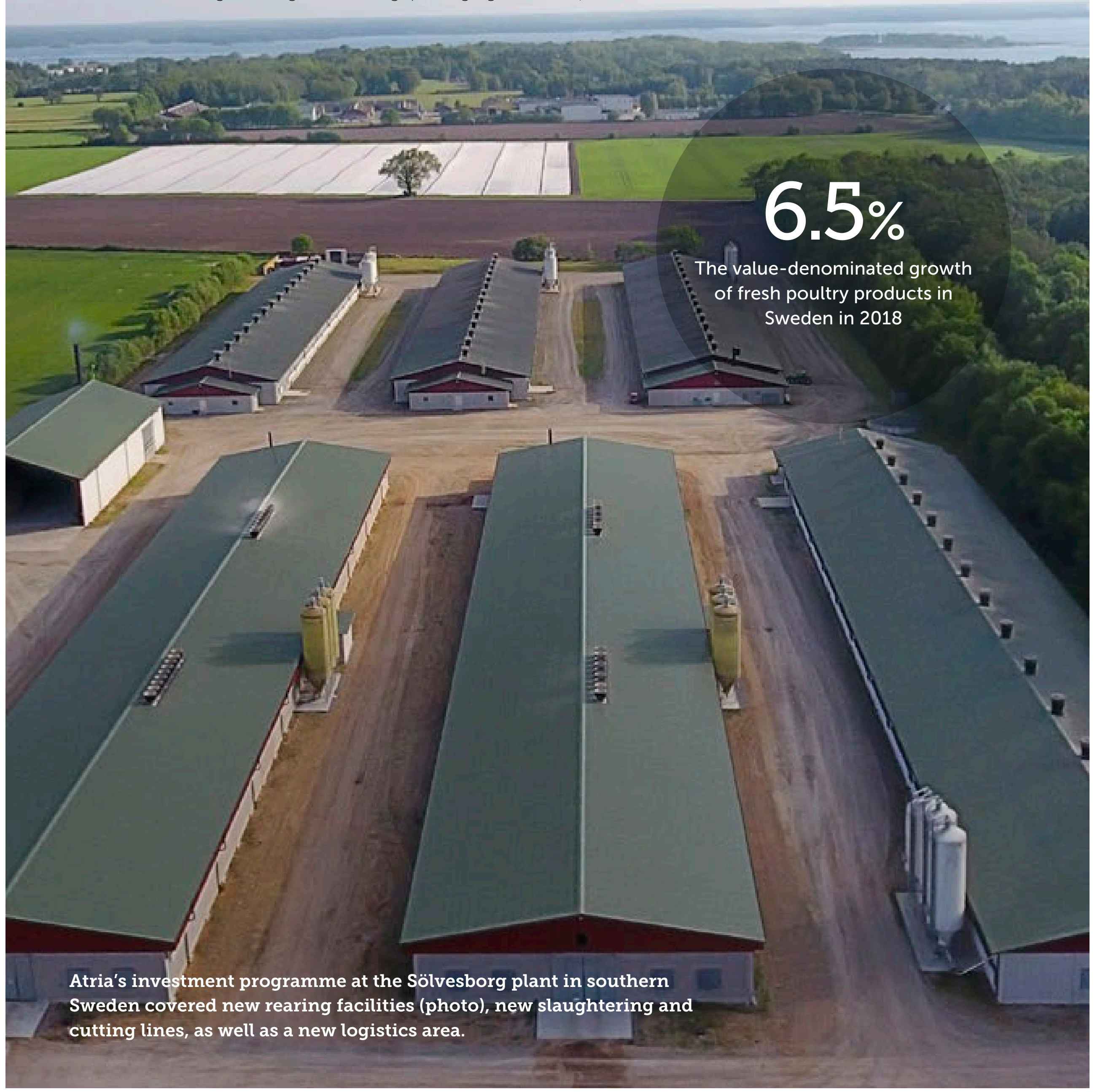
Atria Plc › Strategy › Realisation in 2018

Sweden's modernised poultry plant started up on schedule

Atria Sweden's large-scale machine and equipment investments in its poultry plant were completed on time, allowing Atria Sweden to increase its production according to plans.

Atria invested some EUR 20 million in the increase and modernisation of chicken production in Sölvesborg, southern Sweden. Among other things, the investment programme includes an automated slaughtering line, which has raised the processing capacity of the birds to internationally competitive level.

The investment programme, which commenced in 2017, modernised Atria's entire poultry production chain from rearing to slaughter, cutting, packaging and logistics. In addition to the company's own farms and rearing facilities, the chain includes a wide network of contract producers. Alongside the investment programme, Atria renewed the brand, product development and marketing strategy of Lagerbergs. Lagerbergs is the third largest brand on the Swedish market, after Kronfågel and Guldfågel. Atria's increased and diversified poultry selection has also strengthened its position as a private label operator.



6.5%
The value-denominated growth of fresh poultry products in Sweden in 2018

Atria's investment programme at the Sölvesborg plant in southern Sweden covered new rearing facilities (photo), new slaughtering and cutting lines, as well as a new logistics area.

+5% Growth in the production of poultry in Finland in 2018

+4% Growth in the demand for poultry in Finland in 2018

65 million kg Atria's processing volumes of poultry in 2018

Increased capacity in poultry production

Atria responded to the increased demand for poultry products by investing EUR 3.4 million in increasing the production capacity for poultry at the Nurmo and Sahalahti production plants.

The investments increased the capacity for chicken cutting at both production plants, Nurmo and Sahalahti. The new production lines will be taken into use during the spring of 2020. The new technical solutions will improve Atria's export opportunities, in addition to the situation in the Finnish market.

The steady growth in the demand for poultry products and poultry-based convenience foods in Finland continued. The growth was strongest in the product categories for boneless chicken. Atria's investment in the new production lines allows it to increase its production precisely in these product categories.

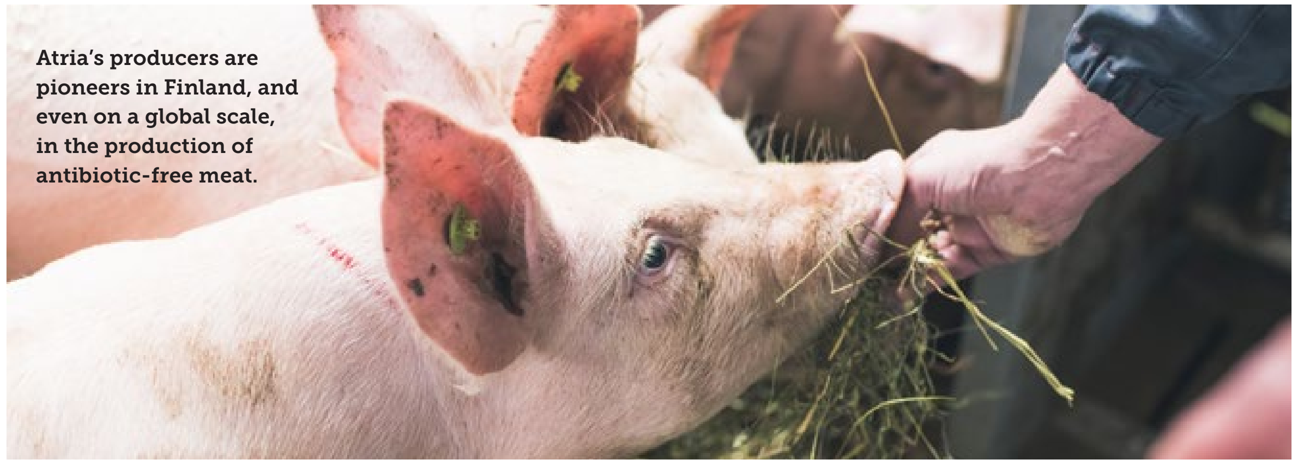
Sibylla's growth continued

The number of sales outlets in the Sibylla concept experienced the strongest growth in Russia and its neighbouring markets. In addition to international growth, the concept was also developed in the home markets.

As in the past few years, the growth of the Sibylla concept was the strongest in Russia and its neighbouring markets. The number of sales outlets grew by six per cent, totalling 3,300. This represents about half of the roughly 6,000 sales outlets for the Sibylla concept located in 10 countries. A majority of the sales outlets are located at service stations.

The most important countries in terms of the concept's international expansion are the UK and South Korea. In these two markets, Sibylla products are also introduced to the selections of grocery stores. In the concept's home markets, particularly in Sweden and Finland, the development of the Sibylla brand and its productisation is focused on the concept's renewal and new distribution channels.

Atria launched two new Sibylla products for retail customers in South Korea.



Atria's producers are pioneers in Finland, and even on a global scale, in the production of antibiotic-free meat.

Atria's antibiotic-free pork products entered the market

Atria significantly expanded the range of its antibiotic-free products by introducing antibiotic-free pork products to the market. The antibiotic-free Atria Family Farm chicken products were launched the previous year. With its antibiotic-free production, Atria is responding to the growing demand for transparent and responsible meat production in both the Finnish and export markets.

Atria introduced its first pork products with the antibiotic-free label to the Finnish market early on in the year, when the selection was composed of tenderloin and sirloin, as well as cold cuts. During the summer, the product range was supplemented with barbecue products and, late in the year, with Christmas hams. Some of the antibiotic-free pork meat production was exported to China, among other places.

Atria's antibiotic-free pork production has required close cooperation covering the entire pork chain. This has enabled the individual traceability of the meat batches, from the pork farm all the way up to the consumer packages. In 2018, Atria's antibiotic-free pork chain included around 70 Family Farms, meaning that approximately 40 per cent of Atria's entire pork production was verifiably free of antibiotics. The chicken products sold under the Atria brand are entirely antibiotic-free.

The excessive, even routine use of antibiotics accelerates the birth of antibiotic-resistant bacteria in both animals and humans. According to the World Health Organization, the rise of antibiotic resistance has become one of the most serious global threats to health.

Atria's solar power park was completed

Finland's largest and, simultaneously, its first solar power project of an industrial scale, called Atria Sun, was completed on time in the autumn of 2018. The approximately 22,000 panels of the solar power plant produce some 5,600 megawatt hours of renewable energy for the Nurmo plant on an annual level.

Atria Sun is a joint project of Atria and Solarigo Systems that began in 2017 and is valued at approximately EUR 7 million. The solar power park is notable even on the Nordic scale, given that there was only one solar power facility with more capacity, located in Denmark, when the project began. Atria Sun is a concrete indication of Atria's investments in renewable, carbon-neutral forms of energy and in new technologies and methods.

The Atria Sun project

- The investment totals EUR 6.8 million; a joint project of Atria and Solarigo Systems.
- One of the national spearhead energy initiatives; the government assistance granted to the project by the Ministry of Economic Affairs and Employment totalled EUR 2.7 million.
- The project covers 22,000 individual solar panels, the majority of which are located in a former open compost field.
- The annual production amounts to 5,600 MWh, which is equal to approximately five per cent of the plant's annual electricity need.
- All of the solar power is used for the plant's own consumption, also during weekends.
- Represents a significant advantage during the summer months, when the plant's cooling requirement is at its highest.
- In 2018, Atria's solar power park produced about 10 per cent of all the solar power produced in Finland.

Atria Finland

Atria Finland is responsible for Atria Group's operations in Finland, and develops, manufactures, markets and sells fresh meat and other foodstuffs and provides services related to them. Atria is the market leader in the slaughterhouse industry and in many of the product groups it represents in Finland. It also has substantial export operations. In 2018, Atria Finland's net sales were roughly EUR 1,019 million and it employed around 2,300 people. All of the meat used in the products of the Atria brand is Finnish.

Net sales
70%
of the Group's net sales

Number of personnel
52%
of the Group's personnel

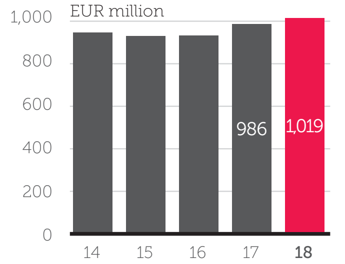
Customers
- Retail trade
- Food Service customers
- Export customers
- Sibylla concept customers
- Food industry

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

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

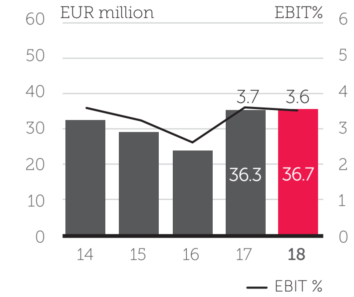
Net sales (EUR million)
1,019.2
(EUR 986.4 million in 2017)

Atria Finland's net sales increased by EUR 32.8 million compared to the corresponding period in the previous year and were EUR 1,019.2 million. Net sales grew due to increased sales to both retail and Food Service customers. The sales of products sold under Atria's own brands grew particularly strongly.



EBIT (EUR million)
36.7
(EUR 36.3 million in 2017)

EBIT was at same level as during the corresponding period in the previous year, EUR 36.7 million. This was 3.6% of net sales. Atria retained its profitability level in a tough price competition. The poor crop season in the summer had an impact on the profitability of the fourth quarter.



ATRIA FINLAND'S HEALTHY GROWTH

Strategy enablers

1. **Large scale**
   Enables supply for growing and more diverse demand.
2. **Strong competitive position**
   Atria is the market leader or number two in its main categories, and the market leader in the slaughterhouse industry.
3. **Strong and valued brands**
   Atria is the most well-known brand of meat product categories. This facilitates the market launching of new categories and the creation of new markets.
4. **High productivity**
   The efficiency of industrial processes and consistent investments in the improvement of productivity ensure price competitiveness.
5. **Responsible and reliable supply chain**
   Atria's responsible operations make a positive contribution in the entire Finnish meat and food chain. Good cooperation, particularly with producers, secures deliveries, quality and growth.

Strategic focal points	Realisation of focal points in 2018
Market insight	• The role of market research, intelligence and analysis grew stronger as part of product development, marketing and sales.
Category and brand management	• The most significant marketing investments were made in the product categories of poultry and convenience food as well as in the launch of the new, meatless Vegyu product range. (page 28) • The origin and purity of the meat gained prominence as the competitive advantage of the Atria brand. We introduced antibiotic-free pork products and some beef products to the market, to complement the range of antibiotic-free chicken products. (page 13)
Commercial excellence	• Sales grew in all sales channels. • Market share increased: Atria's manufacturing share in the retail trade sector was 25% and in Food Service customers, 21%. • Atria was the market leader in the retail sector in the product categories of consumer-packed meat, poultry products and cold cuts.
Daily operational efficiency	• The Nurmo and Sahalahti plants invested in increasing their poultry capacity. (page 12) • The meat volumes processed by Atria grew to a total of approximately 175 million kilos. The poultry processing volumes grew significantly. (page 17) • The Group's subsidiary A-Rehu Oy increased the production of cattle feeds. (page 10)
Supply chain efficiency	• Atria's order–supply chain and the entire "from field to table" value chain was developed in close cooperation with various operators, particularly primary production.
Resource optimisation	• Atria Sun, Finland's largest industrial-scale solar power park, was completed in Nurmo. (page 13) • The measures aiming to improve materials efficiency progressed according to plan, and the company was able to reduce the loss of the meat raw material, for instance, at various stages of meat processing.
Atria Way of Leading	• The supervisor programme Atria Way of Leading and the action programme Atria Way of Work focused on the development of competencies, materials efficiency and occupational safety, among other things.

"We were able to increase profitable sales and strengthen our position in a market of tough price competition. This is an indication of an efficient order and supply chain, naturally, but also very much of the quality of Atria's operations and its ability to understand customers and consumers."

Mika Ala-Fossi
Executive Vice President, Atria Finland

THE POSITION OF ATRIA'S MAIN CATEGORIES IN THE MARKET [1]

Category	Change in overall markets [1]		Manufacturing share [2]	Atria's brands [3]
	Value (€)	Volume (%)	Value (€)	Position
Consumer-packed meat	-1.5% ↓	-6.1% ↓	30% ↑	#1 ↔
Poultry	1.3% ↑	1.3% ↑	51% ↑	#1 ↑
Cooking	2.7% ↑	-1.1% ↓	24% ↑	#2 ↔
Cold cuts	2.6% ↑	0.4% ↑	21% ↑	#1 ↔
Convenience food	9.0% ↑	5.8% ↑	14% ↓	#2 ↔
Total	3.5% ↑	0.6%		

TOTAL MARKETS OF ATRIA'S MAIN PRODUCT CATEGORIES [1]

Value (EUR million)
2,240
Change
3.5%

Volume (million kg)
369
Change
0.6%

Finland's meat and meat product markets (EUR million)
2,870

The total value of the meat and meat products market in the distribution channels of the retail trade and the Food Service sectors.

MARKET DEVELOPMENT OF THE ATRIA BRAND PRODUCT CATEGORIES [5]

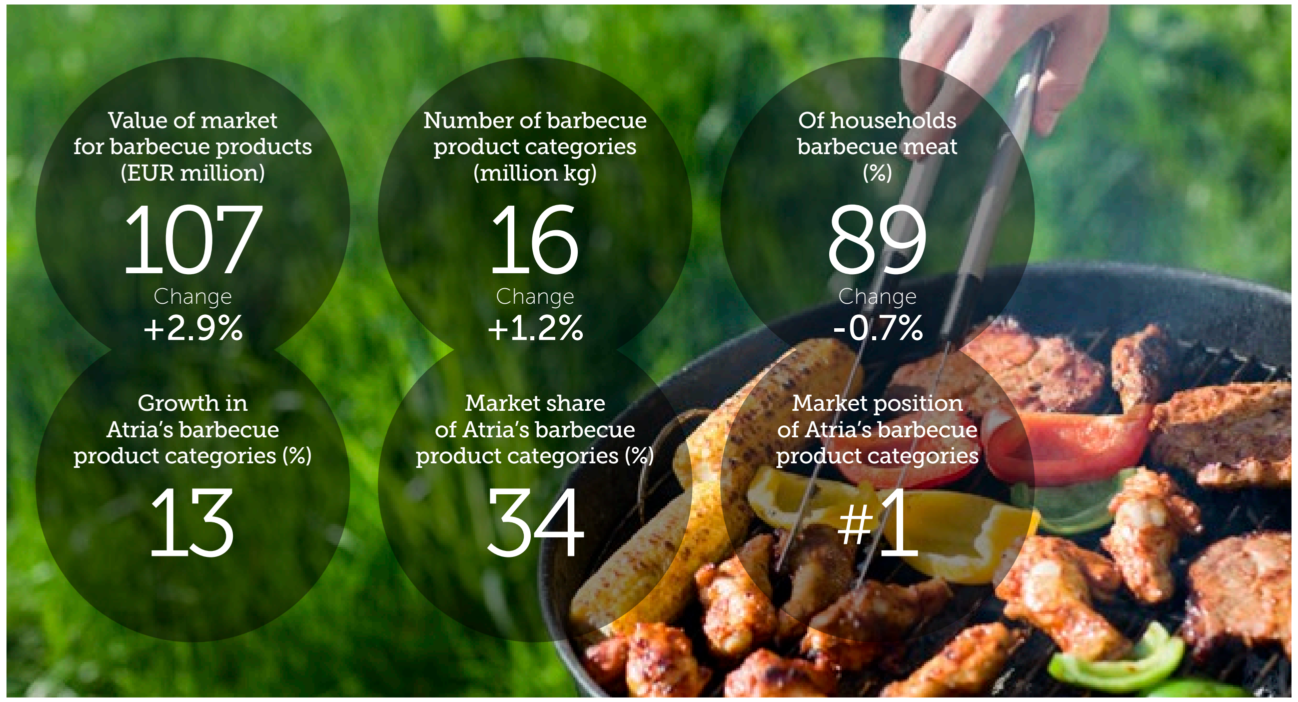
Market development (Change, %)
+3.5

Development of the Atria brand (Change, %)
+12

Atria's market position
#1

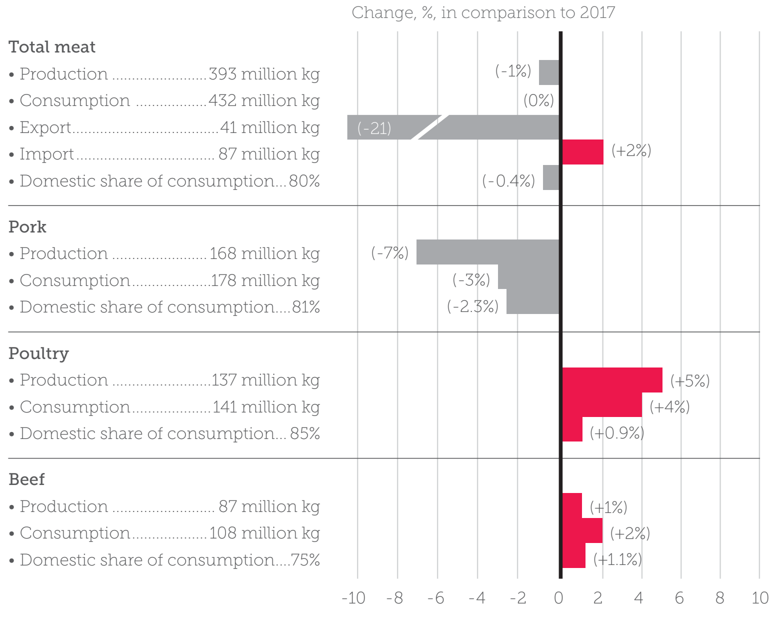
Atria is the market leader in most of its product categories in Finland. Atria is strong both in the market for its own brand and for private labels.

MARKET FOR BARBECUE SEASON



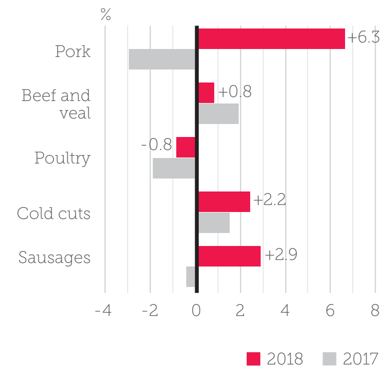
1) Retail sector, consumer-packed products; 2) Percentage of change in comparison to 2017; 3) Atria as a supplier; 4) The market position of product categories sold under the Atria brand; 5) The value development of product categories sold under the Atria brand in the retail sector 1–12/2018 Page source: Atria Market Insight YTD Dec 2018

Meat production and consumption in 2018

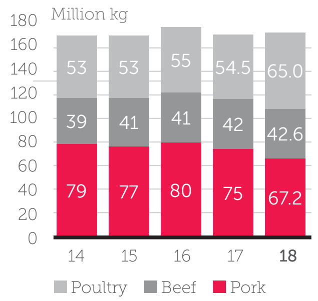


Source: Kantar TNS Agri Oy 2018

Average consumer prices of meat products, change, %



Volume of meat processed by Atria (million kg)
174.8



Atria's delivery reliability (%)
99.81

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

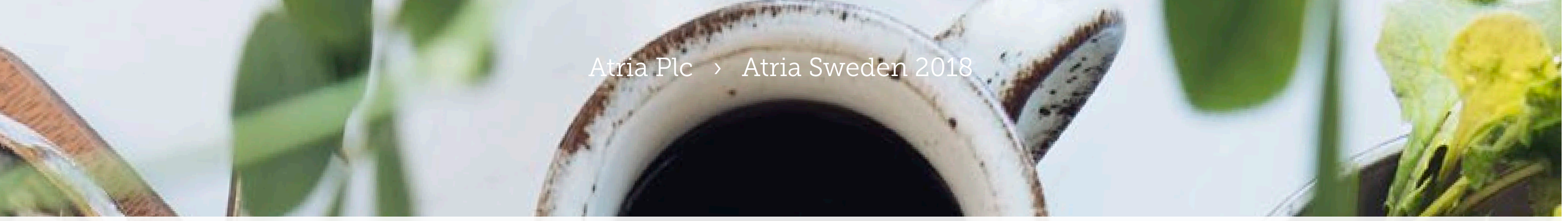
Atria's market position
#1

Atria is the market leader in Finland's slaughtering industry.

THREE TRENDS

The following consumer trends in the food industry are among those affecting Atria Finland's operations and selection.

Trend	Atria's answers
1. The responsibility of food production	• The Atria Family Farm concept, which emphasises the responsible way of producing meat and the meat's traceability all the way up to individual farms. All of the concept's chicken and pork products are antibiotic-free. (page 13) • Environmentally efficient product and packaging innovations, the most important of them being a package that contains 50% less plastic than traditional packages. • Atria's investments in carbon-free, renewable energy. (page 13)
2. The easiness and convenience of cooking	• Strong development activities in the entire category of convenience foods. • New products in the product categories of pizza, salads, single-person meals, pancakes and cooked meat products. (page 28) • New products in the Hornet product range and for the barbecue season for relaxed meals
3. Well-being and individuality	• Expanding the range of white meat products: the chicken selection of Atria Family Farms was complemented with 16 new products. • The new, meatless Vegyu brand for a variety of segments. (page 28)



Atria Sweden

Atria Sweden produces and markets meat products, fresh chicken products, cold cuts and different kinds of meals mainly for the Swedish food market. It has several valued, widely known brands, many of which are market leaders in their respective product categories. Atria is also a strong private label supplier. In 2018, the company's net sales were around EUR 288 million and it had around 850 employees. The meat raw material used in Atria Sweden's product categories is mainly of domestic origin.

Net sales
19%
of the Group's net sales

Number of personnel
19%
of the Group's personnel

Customers
- Retail trade
- Foodservice customers
- Sibylla concept customers
- Export customers

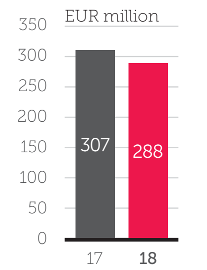
Brands
Atria Sweden has several valued brands, with the best-known being Sibylla, which is Atria Group's most international brand.

Core categories
- Cold cuts
- Sausages
- Poultry products
- Ready-made meals
- Vegetable and delicatessen products

Sibylla
Lithells
Ridderheims
Lönneberga
LAGERBERGS KYCKLING
TZAY

Net sales (EUR million)
287.9
(EUR 307.2 million in 2017)

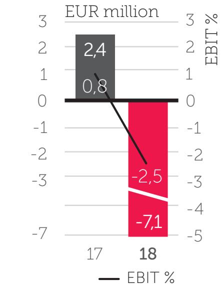
Atria Sweden's net sales decreased by EUR 19.3 million year-on-year, to EUR 287.9 million. In the local currency, net sales were at the same level as in the comparison period. The divestment of the Nordic Fast Food business operations in late 2017 and the weak exchange rate of the Swedish krona in relation to the euro had a negative effect on net sales.



EBIT (EUR million)
-7.1
(EUR 2.4 million in 2017)

The EBIT decreased year-on-year and was EUR -7.1 million. The result for the comparison period included a sales gain of EUR 1.4 million. The EBIT was burdened by the higher prices of raw materials and an unfavourable sales mix in the poultry business.

Atria Sweden has been reported as a separate segment since 1 January 2018. The figures for 2017 are comparison figures.

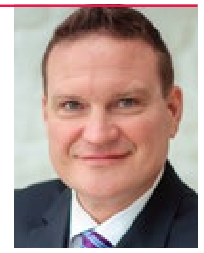


ATRIA SWEDEN'S HEALTHY GROWTH

Strategy enablers	Strategic focal points	Implementation of focal points in 2018
1. Strenghten competitive position Increased focus on category management and building strong and valued brands in retail business 2. Strenghten competitive position Drive Foodservice and Concept growth 3. Efficiency Improve daily operational efficiency and resourse optimization 4. Way of Work Create a winning team and work safely, responsibly and sustainably	Market insight	• Active market analysis and implementation of own market insight tool within the whole organization. • Increased focus to consumer-driven market analysis
	Category and brand management	• Implement new category strategies and action plans in four key categories: Poultry, cold cuts, sausages and convenience food • Development of completely new Brand Portfolio Strategy on the retail market. • Drive growth in Food Service through strong customer focus and new categories • International growth by establishing Sibylla concept in new countries
	Commercial excellence	• Improve the chicken business profitability - gear for growth • Focus resources in building stronger, modern brands • Improve the organization's overall efficiency and competitiveness.
	Daily operational efficiency	• Improve operational efficiency throughout the organization by improving daily operational working processes.
	Supply chain efficiency	• Utilize full effect of 20 MEUR modernizing investments in Sölvesborg. • Initiated a full value chain efficiency improvement project within the whole organization, covering all parts.
	Resource optimisation	• We are always working to reduce our environmental and climate impact throughout the value chain. • Reduced climate impact in production by 80% since 2014.
	The Atria Way of Leading	• Build a positive corporate culture through Atria Way of Work • Establish our future leadership through Atria Way of Leading • Work safely, responsibly and sustainably

"We renewed our strategy in autumn 2018, with the key growth focus being on diversifying our Food Service offering. In terms of growth and profitability, we are focusing on developing the poultry business in particular, after having completed the investment programme related to this business according to plan."

Jarmo Lindholm
Executive Vice President, Atria Sweden



THE POSITION OF ATRIA'S MAIN CATEGORIES IN THE SWEDISH RETAIL MARKET

Category	Change in overall markets [1]		Atria's share of manufacturing	Market position[2]
	Value (€)	Volume (%)	Value (€)	
Cold cuts	0.4% ⬆	-1.3% ⬇	15.3% ⬇	#2 ⬌
Sausages	0.6% ⬆	-0.5% ⬇	16.7% ⬆	#2 ⬌
Poultry products	6.5% ⬆	2.1% ⬆	11.9% ⬆	#3 ⬌

1) Percentage of change in comparison with 2017
2) The position of Atria's main brand categories in the market

Source: Atria/Nielsen

TOTAL MARKETS OF ATRIA'S MAIN PRODUCT CATEGORIES

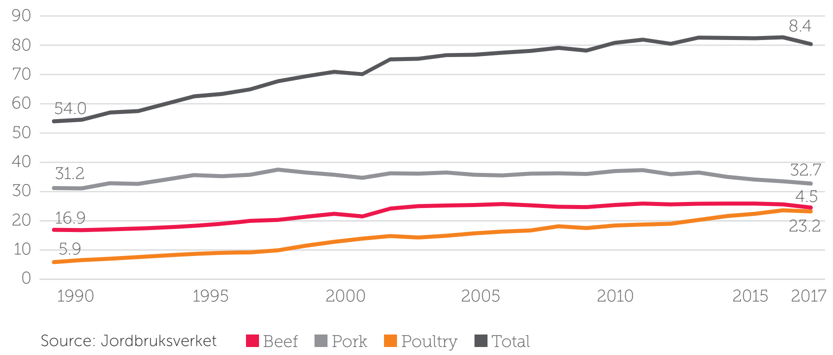
Total value

EUR 983 million
in Sweden's retail trade

The market for cold cuts	The market for sausages	The market for fresh poultry products
EUR 433 million	EUR 363 million	EUR 187 million

MEAT CONSUMPTION IN SWEDEN (kg/person)

The total meat consumption in Sweden has remained unchanged for several years, at around 80 kilos per person. The consumption of poultry has increased by 2–4% per year, whereas the consumption of beef and pork has decreased. Around 40% of the poultry consumed in Sweden is imported, as domestic production has been unable to meet the increased demand.



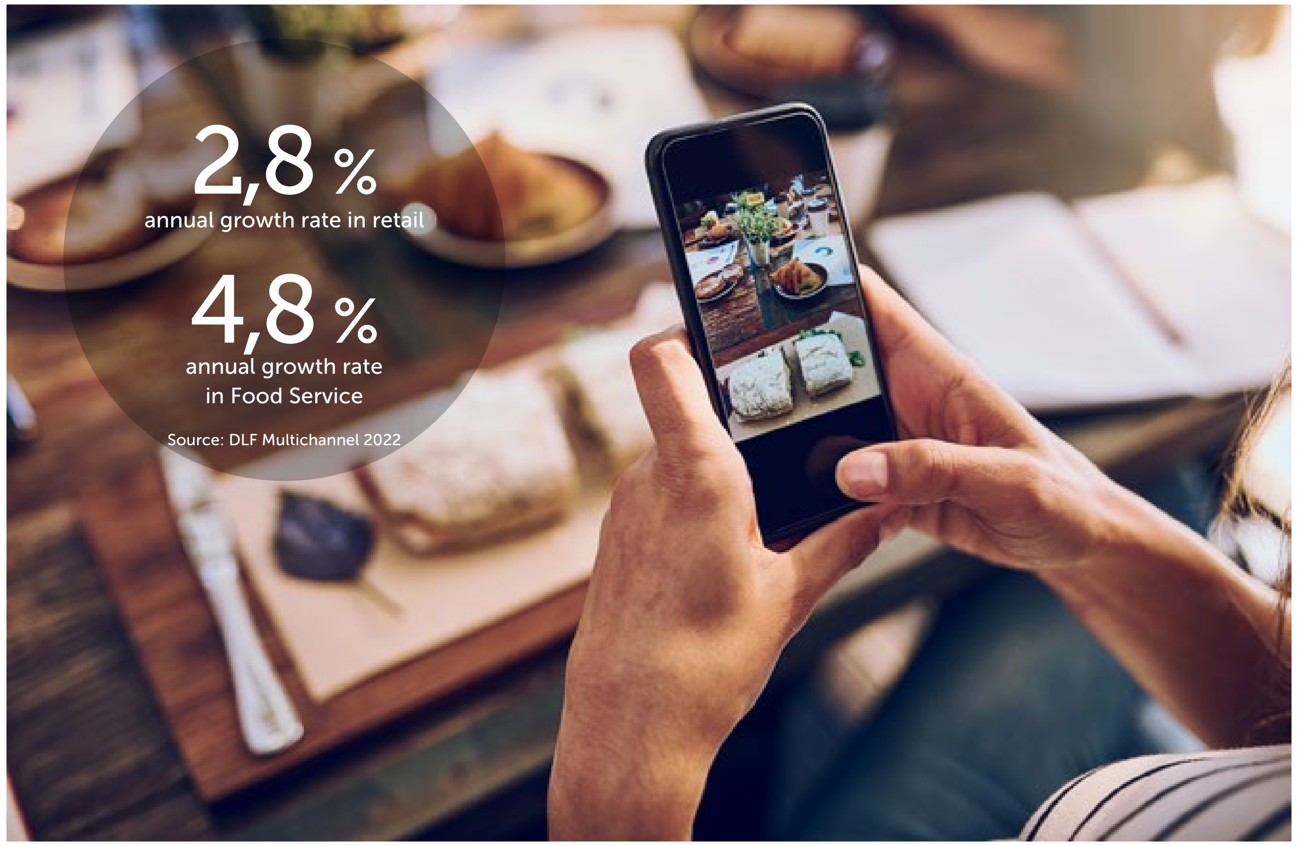
93 % of Swedes want to eat meat.

40 % of Swedes are flexitarians.*

* Flexitarianism means increasing the amount of vegetables in diets.

GROWTH OF THE SWEDISH FOOD MARKET

The Swedish food market is expected to grow by 3.4% per year on average over the long term. The strongest growth is expected in the Food Service sector. Eating out is a significant trend in Sweden and Atria's other markets.



FOUR TRENDS

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

Trend	Atria's answers
1. Easy and affordable	• Product development focusing on offering the consumer some help on the way in their busy life's • Ramping up for facing the channel blurring and the new customer and consumer demands that comes with it • Focusing on developing and scaling up our Foodservice and concept business ,strategy and offer to meet the strong out of home trend/ development
2. Smart and connected	• Stepping up presence and quality for on-line/ digital channels • Developing and scaling up our Foodservice and concept business and strategy to meat the on the go/ snacking trend
3. Health and wellness	• Capitalize on white meat trend: Strengthening the Poultry category strategy and operations to drive healthy growth. • Increasing focus on the vegetarian trend on the Swedish market
4. Sustainability and ethics	• We want to actively contribute to human health and well-being – always a balanced assortment of good and varied food. • Our business is always driven by profitable growth, good ethics and value-creating partnerships – 100% controlled suppliers. • We are industry leaders in animal welfare and all our animals should be healthy and treated with care. – 20 million euros investment in the full value chain. • We are always working to reduce our environmental and climate impact throughout the value chain. Reduced climate impact from production by 80% since 2014.

Atria Denmark & Estonia

Atria Denmark & Estonia produces and markets cold cuts, meat, and meat products for the Danish and Estonian food markets. The company also has export operations. It boasts valued, widely known brands, many of which are market leaders or hold the second position in their respective categories. Atria has two production plants in Denmark and one in Estonia. In 2018, the net sales of Atria Denmark & Estonia were some EUR 97 million and it had approximately 420 employees. The meat raw material used in Atria's product categories in Denmark and Estonia is mainly of domestic origin. In Estonia, Atria has its own primary production and it is the country's second largest pork producer.

Net sales

6.5%

of the Group's net sales

Number of personnel

9.5%

of the Group's personnel

Customers

- Retail trade
- Food Service customers
- Export customers

Core categories

- Meat products, particularly sausages
- Cold cuts and spreads
- Convenience food
- Fresh and consumer packed meat

Brands

Atria's main brands in Denmark are 3-Stjernet and Aalbaek. In Estonia, the main brand is Maks&Moorits, which is complemented by the regional VK and Wõro brands.

"Atria is the market leader in cold cuts in Denmark and we are also committed to keeping it this way with the help of new consumer and Food Service product categories. In addition to organic growth, we are also looking for growth – not only neighboring countries, but also in China, where we got an export licence."

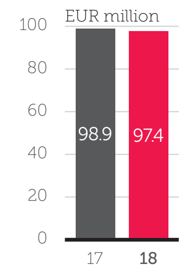
Tomas Back
Atria Estonia & Denmark business area, Executive Vice President, Atria Denmark, CFO of Atria Plc

Net sales (EUR million)

97.4

(EUR 98.9 million in 2017)

At EUR 97.4 million, the net sales of Atria Denmark & Estonia was almost on the level of the comparison period. In Denmark, growth was weighed on by the tough price competition, whereas in Estonia, sales to the retail sector grew by roughly five per cent when measured in value.



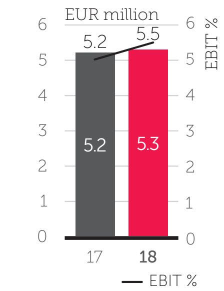
EBIT (EUR million)

5.3

(EUR 5.2 million in 2017)

EBIT increased slightly compared to the corresponding period and was EUR 5.3 million. This represented 5.5 per cent of net sales. The good result was supported by solid cost management and a successful sales mix.

Atria Denmark & Estonia has been reported as its own segment since 1 January 2018.
The figures for 2017 are comparison figures.



ATRIA DENMARK & ESTONIA'S HEALTHY GROWTH

Strategy enablers	Strategic focal points	Implementation of focal points in 2018
1. **Sufficient scale** Enables supply for growing and more diverse demand. 2. **Strong competitive position** Number one or two in selected market segments; in Estonia, also a strong operator in primary production. 3. **Strong and valued brands** Known food brands facilitate the market introduction of new categories and the creation of new markets. 4. **Efficiency** Centralised industrial production as well as investments in technology and the efficiency of the entire operating chain improve productivity and price competitiveness.	Market insight	• We strengthened the role of market research in support of product category leadership as well as marketing and sales.
	Category and brand management	• The most important investment of the 3-Stjernet brand concerned the product category of snack salamis, in which the category became the market leader with its 33-per cent market share. The brand also introduced a new type of chicken and chickpea-based spread to the market. • A traditional salami made from organic meat was the Aalbaek Specialiteter brand's main investment. • The Maks&Moorits brand's most important investments were in the product categories of convenience foods and particularly snacks. The most visible launches included stuffed meatballs as well as the meat-based Supersnäkk snack products. (page 29)
	Commercial excellence	• Atria's market leadership in Denmark's cold cuts market grew slightly stronger; its market share in the retail sector was 19 per cent. • Atria's position grew slightly stronger in Estonia as well, and its product categories had a nearly 15-per cent market share in the retail sector.
	Daily operational efficiency	• In Denmark, productivity was improved by increasing the yield of the meat raw material and reducing waste, among other things. • The production in Estonia adopted new plant-based alginate technology for the production of fresh sausages.
	Resource optimisation	• In Denmark, Atria invested in a new enterprise resource management system, which enables process optimisation and the more efficient use of resources. • The production of the plant in Estonia was developed with a new water treatment system.
	Atria Way of Leading	• The Atria's Way of Leading supervisor programme focused on the development of industrial and commercial skills as well as occupational safety.

"In Estonia, we were able to continue our growth-driven development, and our sales to the retail sector increased more than on the markets in average. Innovative product categories played a significant role in this. Profitability also developed favourably, particularly due to sound cost management."

Olle Horm
Atria Estonia & Denmark business area, Executive Vice President, Atria Estonia

THE POSITION OF ATRIA'S MAIN CATEGORIES ON THE RETAIL MARKETS OF DENMARK AND ESTONIA

	Denmark		Estonia	
Category	Cold cuts		Meat, meat products and convenience foods	
	Manufacturer share	Market position	Manufacturer share	Market position
	19 %	#1	14 %	#2

THE MARKETS FOR ATRIA'S MAIN PRODUCT CATEGORIES IN DENMARK AND ESTONIA

Value

EUR 565 million

The value of the market for cold cuts in Denmark and the value of the market for meat and meat products in Estonia's retail sector in total

Value

0.6 %

Change in the value of Atria's main product categories in Denmark and Estonia on average

-0.5 % Change in Denmark

2.5 % Change in Estonia

Volume

-1.9 %

Change in market volumes

-2.5 % Change in Denmark

-1.0 % Change in Estonia

Atria Denmark secu-red an export licence to China

Early in the year, Atria Denmark's Horsens production plant was granted a product-specific export and import licence to China. The licence concerns heat-treated meat products, such as certain salami products.

Atria aims to create a strong export market for Atria Denmark products on both the retail sector and the Food Service sector of China.

In addition to China, Atria is pursuing export growth for its Danish products in the neighbouring markets of the UK as well as Sweden and Norway.

Atria Plc › Atria Denmark & Estonia › Markets 2018

BIGGEST RETAIL SECTOR OPERATORS

In both Denmark and Estonia's retail sectors, four of the largest operators are responsible for more than 80 per cent of the retail sale of food.

Four largest operators:

Denmark

1. Salling Group
2. Coop
3. Reitan
4. Dagrofa

- Discount retail chains control more than 40 per cent of the markets in Denmark – their share of the retail trade is the largest in the Nordic countries.

Estonia

1. Coop
2. Maxima
3. Selver
4. Rimi

- Despite the strong concentration of the retail sector, direct and marketplace sales play a significant role in the food trade.

THREE TRENDS

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

Trend	Atria's answers
1. The responsibility of food production	• The use of domestic meat raw material to the greatest extent possible • Transparent and responsible production and entire food chain
2. Easiness	• Cold cuts as products that ease the rush of everyday life • A wide range of snack-type salami products for in-between meals • On-the-go type snacks and snacking products • Easy and practical packaging solutions
3. Well-being and individuality	• A wide range of the premium Aalbæk Specialiteter organic products • A new type of chicken and chickpea-based spread

Atria Russia

Atria Russia markets its meat products and convenience foods mainly in the St. Petersburg and Moscow regions. The industrial operations are concentrated in two production plants in St. Petersburg. In addition to its own brands, Atria's position in the market is strengthened by the Sibylla concept and contract manufacturing. In 2018, Atria Russia's net sales were roughly EUR 75.1 million and it employed around 870 people. Atria procures its meat raw material from the international meat markets in addition to Russia.

Net sales
5.2%
of the Group's net sales

Number of personnel
19.5%
of the Group's personnel

Customers
- Retail trade
- Sibylla concept customers
- Food Service customers

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

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

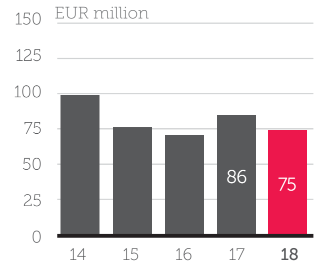
THREE TRENDS

The following trends in the food industry are among those affecting Atria's operations and product range in Russia.

Trend	Atria's answers
1. Efficiency and easiness of selections	• The development of fast food and highly processed product categories in both the Sibylla concept and Food Service customer accounts • Product categories in convenience food, such as pizza
2. Feeling and health	• Premium product categories, the Casademont and Atria brands • Differentiation with a high level of the valued Finnish quality.
3. Affordability	• The Pit-Product and CampoMos product categories with competitive prices

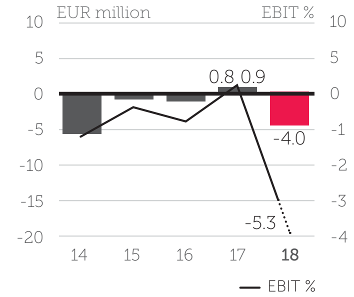
Net sales (MEUR)
75.1
(EUR 85.7 million in 2017)

Atria Russia's net sales decreased by EUR 10.6 million compared to the corresponding period in the previous year and were EUR 75.1 million. The decline in net sales was attributable to the Russian rouble's weakening against the euro and reduced sales to the retail sector. The rouble-denominated net sales declined by roughly 1.5%.



EBIT (MEUR)
-4.0
(EUR 0.8 million in 2017)

EBIT was EUR -4.0 million. The result declined due to strong increases in the prices of meat raw materials, particularly towards the end of the year. The company was not able to pass the increased costs on to the sales prices.



ATRIA RUSSIA'S HEALTHY GROWTH

Strategy enablers

1. **Sufficient scale**
   Enables supply for growing and more diverse demand. Atria is the industry's most significant foreign operator in Russia.
2. **Strong competitive position**
   Market leader or number two in selected segments in St. Petersburg; strong operator in the fast food segment throughout its operating area.
3. **Strong and valued brands**
   Well-known food brands support the market position and facilitate the launching of new products to the market and the opening of new markets.
4. **Efficiency**
   Centralizing the majority of production in a plant with a cutting-edge technology in St. Petersburg and investments in the entire operating chain improve price competitiveness

Strategic focal points	Realisation of focal points in 2018
Market insight	• The company strengthened the role of market research in the management of product categories and took advantage of Group-level Atria Insight competence.
Category and brand management	• The most significant investments were made in the Sibylla and Casademont brands and in the Food Service product categories.
Commercial excellence	• The Sibylla concept grew by 6%, to a total of approximately 3,500 sales outlets. (p. 12) • Food Service sales grew by 24%.
Daily operational efficiency	• An investment which enables the delivery of new kinds of air-dried products to the retail sector was completed at Sinyavino's cured sausage plant. • Measures to increase the capacity utilisation rate of Gorelovo, the main plant in St. Petersburg. • Increase to the production capacity of Casademont product categories.
Resource optimisation	• The sales and marketing organisations were adjusted to the customer need. • The product ranges of the retail sector were optimised. • Measures related to the price and availability of the meat raw material.
Atria Way of Leading	• The Atria's Way of Leading: supervisor programme focused on the development of leadership and supervisor skills.

MARKET FOR ATRIA'S MAIN PRODUCT CATEGORIES

EUR 0.8–1.0 billion
Value of the meat and meat product market in the area of St. Petersburg.

-3.2%
The value-denominated development of retail sales in 2018 (0.2% in 2017)

15%
Market share for Atria's product categories in St. Petersburg's retail trade sector.

15–20%
The price increase of meat raw materials in Atria's various product categories.

"Our development measures, from the perspective of both growth and profitability, focus on Food Service customers and the Sibylla concept. We are also pursuing profitable growth in premium product categories with the Casademont brand. In terms of customers in the retail sector and our new selection, we are pursuing better profitability above all."

Ilari Hyyrynen
Executive Vice President, Atria Russia

Towards an increasingly accurate perception of consumer behaviour

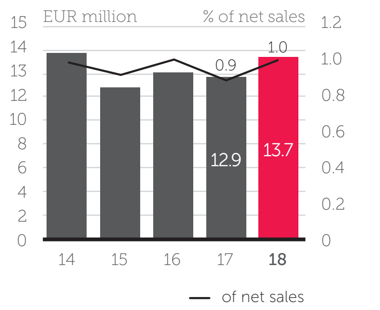
Good consumer perception and understanding are at the core of Atria's product category and brand management, as well as its product development, marketing and sales. Extensive research data and precise analysis related to consumer behaviour constitute essential competitive factors for Atria in the markets, characterised by fragmented consumer behaviour and tough price competition over customers, and concerning the entire industry.

To increase the accuracy of its consumer perception, Atria made considerable additional investments in its needs-based NeedScope system. The system is utilised by a number of international consumer goods and food industry companies. Users alongside Atria Finland came to include productisation and marketing specialists from Atria Sweden and Atria Russia.

Research and development

EUR 13.7 million

Atria's research and development investments grew, and totalled one per cent of net sales.



Number of new products

381

The total number of new products was at the level of the previous year. This number also includes new packages and new product support innovations.

New products	2018	
Business area	Qty	% of net sales
Atria Finland	131	5
Atria Sweden	130	5
Atria Denmark & Estonia	89	8
Atria Russia	31	5

» Atria's research and development activities are discussed in the Report by the Board of Directors (page 33).

Atria introduced a new meatless product range for flexitarians to the market

A considerable number of Nordic consumers want to increase the proportion of vegetables in their diet, although not giving up on meat while doing so. Atria launched a new product range called Vegue for these consumers with a flexible attitude towards vegetarian and meat-based diets, or flexitarians. During its launching phase, the entirely new brand and product range included almost 20 different products for the retail and Food Service markets. Initially, the new product range was launched in Finland alone. The range was created in cooperation between the experts of Atria Finland and Atria Sweden.

The significance of vegetable-based food categories is growing, and this is also visible in the strategies of many international food industry companies. The trend is also gathering strength in Finland, although more moderately than in other Nordic countries. According to a study*),

- 30 per cent of Finns are looking for alternatives to meat eating
- 67 per cent eat a vegetarian meal every now and then, but do not try to reduce the consumption of meat
- 3 per cent of Finns are strictly vegetarian
- 93 per cent of Finns eat meat.

*)TNS Kantar; Väestön suhtautuminen lihaan ja fleksaamiseen, 2017

The antibiotic-free chicken products of Atria's Family Farms were also a success during the barbecue season. Atria was the market leader in poultry product categories in Finland with its 51 per cent supplier share.

Atria has two well-known brands in Denmark – the number one brand in the cold cuts market, 3-Stjernet, and Aalbaeck, specialised in high-quality organic meat products. Atria Denmark's new products strengthened its position in exports alongside its home markets. The most important new product category in Estonia was the snacking range of the Maks & Moorits brand. The new products are responding to the growing trend for easy and fast meals in Estonia.

Atria introduced several new poultry products to the Swedish market under different brands, including Lönneberga. The packages of the new products are partly made from biomaterials. Atria Sweden's new brand strategy identifies Lönneberga as the company brand with the most potential.

Atria Russia's key means by which to differentiate from competitors consist of its premium product categories, such as the hams, cold cuts, and sausages of the Casademont brand. Atria developed, manufactured, and launched 11 new cured sausage products for the Spanish brand.

Contents

Annual General Meeting on 26 April 2019
Atria Plc invites its shareholders to the Annual General Meeting to be held on Friday, 26 April 2019 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 20 March 2019. The AGM documents are available on the company website at www.atria.com.

In 2019, Atria Plc will publish financial results as follows:

Financial Statement Release 2018	13 February 2019
Annual Report 2018	In week 13/2019
Interim Report Q1 (3 months)	26 April 2019
Half Year Financial Report (6 months)	18 July 2019
Interim Report Q3 (9 months)	23 October 2019

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

Atria Finland grew strongly – raw material costs weighed down the result

In line with the Healthy Growth strategy implemented by Atria, the growth in the company's net sales was based on organic growth. The Group's net sales grew by 2% at comparable exchange rates. The net sales of Atria Finland grew compared to the previous year, and rose to more than a billion euros. Atria Finland significantly increased its sales to the important retail and Food Service customers. The net sales of the other business areas in euros were lower than in the previous year. Atria did not make any corporate acquisitions in 2018.

The Group's EBIT lagged behind the previous year's EBIT. Earnings development in Finland and in the business area Denmark & Estonia was positive. An increase in the prices of raw materials in Sweden and Russia and challenges in Sweden's poultry business impaired the company's ability to make a profit. The poor crop season last summer increased production costs at pork and beef farms. As a result, the prices of meat and other agricultural products began to rise towards the end of the year.

Market demand for the product groups represented by Atria developed positively. Growth was particularly strong in Finland. In the other business areas, the growth was more modest.

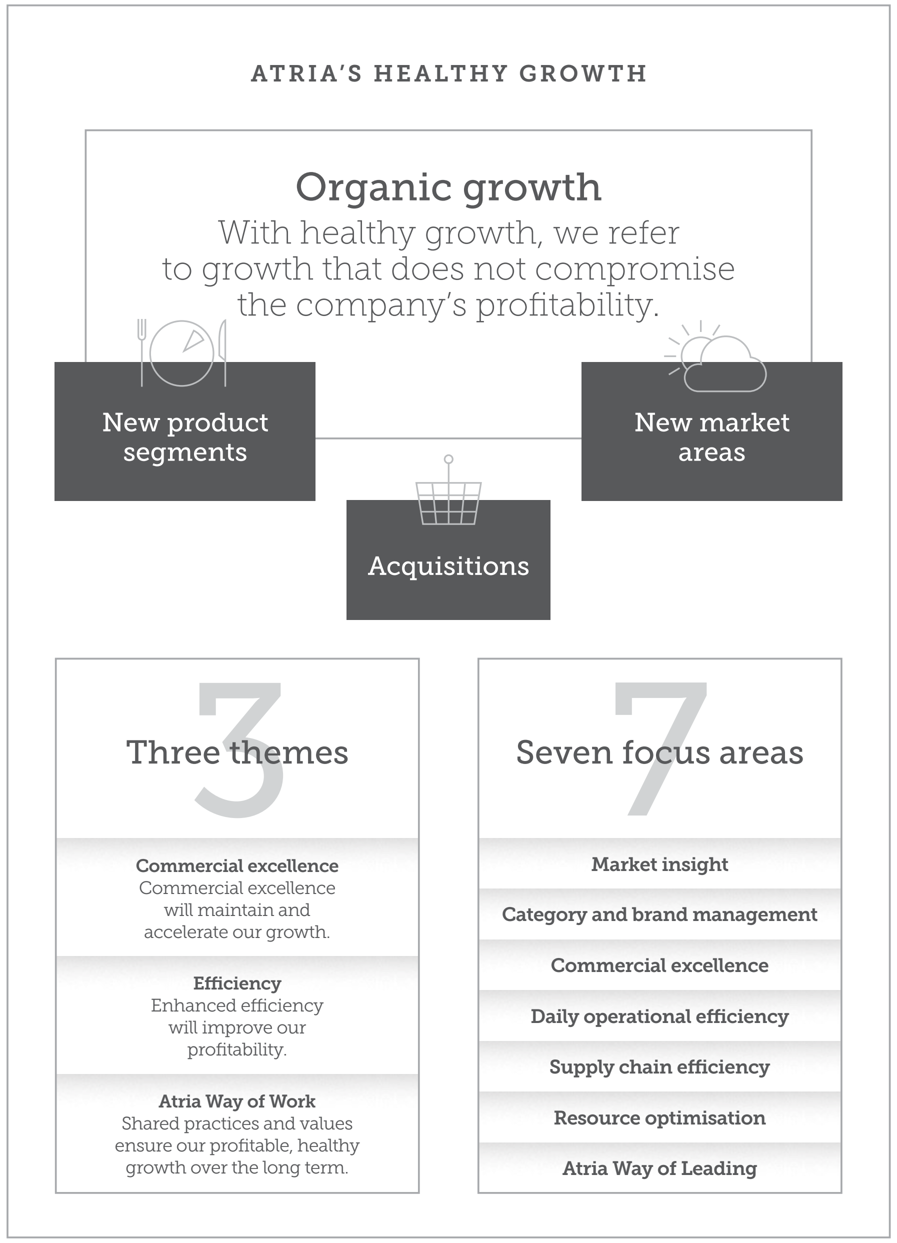
The company's balance sheet and financial position were good during the period under review.

Healthy Growth – Atria Group's strategy
Atria's Healthy Growth strategy aims for profitable growth. The company pursues primarily organic growth, by developing and expanding its current operations. Growth is driven by the development of new product segments and by expanding into new market areas.

Corporate acquisitions and other possible corporate arrangements are explored as measures complementing organic growth. Atria's Healthy Growth strategy allows it to respond to continuous changes in the operating environment and increase the company's shareholder value in the long term.

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

Atria's financial targets:
- EBIT 5%
- Equity ratio 40%
- Return on equity 8%
- Dividend distribution of the profit for the period 50%



Financial statements 2018 › Report by The Board of Directors 1 January–31 December 2018

Financial review

Atria Group's full-year net sales amounted to EUR 1,438.5 million (EUR 1,436.2 million). The Group's net sales at comparable exchange rates grew by 2%. EBIT was EUR 28.2 million (EUR 40.9 million). The net sales of Atria Finland grew by EUR 32.8 million compared to the previous year, and rose to more than EUR 1 billion. In Finland, sales to retail and Food Service customers grew steadily throughout the year. The weaker Swedish krona and Russian rouble weighed down the Group's net sales in January–December.

The net sales of Atria Finland and Atria Denmark & Estonia improved from the previous year. In Finland, the good result for the first half of the year and successful sales during the barbecue season strengthened EBIT. In Sweden, the result was burdened by the poor profitability of the poultry business and higher raw material costs. In Russia, substantially higher raw material costs weighed down the result.

Key performance indicators

EUR million	2018	2017	2016
Net sales	1,438.5	1,436.2	1,351.8
EBIT	28.2	40.9	31.8
EBIT, %	2.0	2.8	2.3
Items affecting the comparability of EBIT	-	1.4	0.4
Earnings per share, EUR	0.58	0.92	0.65
Dividend/share, EUR*	0.40	0.50	0.46
Dividend/profit, % *	68.8	54.4	71.2
Return on equity, %	4.1	6.7	4.7
Equity ratio, %	47.7	47.5	46.5
Net gearing, %	52.1	49.0	50.5

* The Board of Directors' proposal
The financial indicators are presented in full on page 45 of the Annual Report.

In August, Atria successfully launched the new Vegyu brand, which is a completely meat-free product range. The products in this extensive range include convenience foods, cold cuts and cooking products. Vegyu is aimed at consumers looking for alternatives to meat-based products or for variation in their food solutions.

In September, Atria Finland decided to invest a total of EUR 3.4 million in the poultry production plants at Nurmo and Sahalahti. Both plants are looking to increase their chicken cutting capacity.

In November, Atria decided to increase the production of beef, pork and poultry feed at the Koskenkorva plant in Ilmajoki. This investment involves the construction of a new production line for poultry feed and storage silos for beef and pork feeds. The investment will be carried out by Suurusrehu Oy and Oy Feedmix Ab, the owners of the properties leased by A-Rehu Oy. The investment will increase the production capacity of the Koskenkorva feed plant by some 30% in all types of feed – beef, pork and poultry. It will also improve the delivery reliability of chicken feed. The investments will be carried out during 2019, and be in production use as of the beginning of 2020.

In Sweden, the investments included in the poultry unit's two-year development programme were completed during the second half of the year. During the second half of the year, Atria actively engaged in measures aiming to improve commercial operations and the cost-effectiveness of the supply chain in the poultry unit.

The investment project which commenced at the Sinyavino cured sausage plant in Russia at the beginning of the year is complete. It enables the production of new types of cured sausages and whole-meat products for retail customers. The project's cost estimate was approximately EUR 0.8 million.

During the review period, the Group's free cash flow (cash flow from operations – cash flow from investments) was EUR 2.0 million (EUR 19.2 million). Cash flow from operations was EUR 47.2 million (EUR 64.5 million), and cash flow from investments was EUR -45.2 million (EUR -45.3 million). Cash flow from operations was weakened due to an increase in working capital items. Inventories include EUR 12.9 million more working capital than at the end of 2017.

Atria Finland's full-year net sales were EUR 1,019.2 million (EUR 986.4 million). Net sales grew by EUR 32.8 million. The growth in net sales was due to clearly better sales to retail and Food Service customers than in the year before. EBIT was EUR 36.7 million (EUR 36.3 million). The good result from the first half of the year and the successful barbecue season strengthened EBIT. Costs, which increased during the final quarter, weighed down the EBIT for the whole year.

Atria Sweden's full-year net sales amounted to EUR 287.9 million (EUR 307.2 million). EBIT was EUR -7.1 million (EUR 2.4 million). The decline in net sales was due to the weak exchange rate of the Swedish krona and the disposal of the Nordic Fast Food business in December 2017. In the local currency, net sales were at the same level as in the previous year. The full-year result was weighed down by higher raw material costs, the poor profitability of the poultry business, and the personnel arrangements implemented in the first half of the year.

Atria Denmark & Estonia's full-year net sales amounted to EUR 97.4 million (EUR 98.9 million). EBIT was EUR 5.3 million (EUR 5.2 million). In Estonia, the market for meat products grew by roughly 2% during 2018. Atria's sales to retail customers increased throughout the year at a faster rate than the markets grew. Tough price competition weighed down net sales in Denmark. The business area's EBIT strengthened slightly due to solid cost control and a favourable sales structure.

Atria Russia's full-year net sales were EUR 75.1 million (EUR 85.7 million). EBIT was EUR -4.0 million (EUR 0.8 million). Net sales declined due to the rouble's weaker exchange rate and lower sales to retail customers. In the local currency, the net sales fell by around 1.5%. The prices of meat raw materials rose throughout the year.

Financing and liquidity

The interest rates of the euro and the Swedish krona – the most important currencies for Atria – continued to be on a very low level. The short-term interest rates of both currencies were negative and even the long-term interest rates were on a historically low level. Sweden's short-term Stibor rates nevertheless began to rise modestly in October 2018. Sveriges Riksbank, the central bank of Sweden, increased its key interest rate in December 2018. The European Central Bank has announced that key interest rates will not be raised in 2019. This means that the period of an extremely easy monetary policy, which has lasted for several years, is set to continue. The decelerating economic growth is also likely to limit the rise in interest rates during the next few years. The liquidity of the financial markets and the availability of financing remained good during the review period; nor were there any material changes to the terms of corporate financing.

In March, Atria Plc refinanced a EUR 50 million bond with a new EUR 25 million long-term loan and EUR 25 million in commercial papers. In May, the company reduced its EUR 50 million committed credit facility by EUR 20 million as unnecessary, the new amount being EUR 30 million at the end of the review period and committed credit facilities totalling EUR 85 million. The Group's liquidity remained good, and to secure it, the company held the aforementioned undrawn committed credit facilities totalling EUR 85 million and a EUR 200 million commercial paper programme, used for short-term financing. The Group's net interest rate expenses were at a low level, EUR 6.2 million (EUR 7.3 million).

At the end of the accounting period, fixed-interest debts accounted for 18.0% (16.0%) of the Group's entire debt portfolio.

Research and development

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

Atria Finland exploits market intelligence and consumer research actively in its day-to-day processes to support product development, sales and marketing. The core of market intelligence consists of a product category tree describing the structure of product categories, segments and sub-segments. This key tool was updated to better correspond to the current world of products and consumers. The fact that the new product category tree contains 379 different sub-segments and segments, as well as product categories made up of them, describes the diversity of the market monitoring well. Atria also completed a sizeable update to the basic system of consumer insight. The insight of Atria Finland's consumer behaviour is based on the needs-driven NeedScope system, which is widely used by companies manufacturing consumer goods and foodstuffs around the world. Atria's operations in Russia and Sweden have also deployed NeedScope, thanks to which the professional terms related to productisation and marketing between the countries will become harmonised.

Atria Finland launched an entirely new brand for the autumn in 2018 – Vegyu. The launch of a new brand and product segment requires an in-depth understanding of consumers. The Vegyu brand was launched in the retail and Food Service market during the 2018 autumn period. Vegyu products were created for a number of different segments – 13 products for the retail market and 5 products for the Food Service market.

In 2018, Atria Finland launched a total of 131 new products. Of these products, 93 were introduced to the retail market and 38 to the Food Service market. In addition to the aforementioned launch of the Vegyu brand, Atria introduced the Atria Artesaani product line, with its excellent fresh sausages, in the summer season, and also revamped the look of the Wilhelm brand for the summer of 2018. The Hanger Steaks and Angus burger steaks made from Finnish beef are excellent examples of products launched in the Food Service market. New products accounted for more than 5% of total sales in 2018.

Atria Sweden's product development focused on the development of poultry products and convenience foods as well as on the development of environmentally friendly products and packages. Atria introduced a total of 130 new products to the Swedish market. The development of its own poultry products and operations was one of the key goals of Atria Sweden in 2018. Atria introduced new poultry products in several product categories: sausages, cold cuts as well as cooked and fresh products. Healthiness and responsibility were the themes of a number of the new products. Atria introduced an ecological packaging innovation, partly based on biomaterials, to the Lönneberga range of cold cuts. Atria launched two new vegetable pâtés under the Pastejköket brand, and a climate-friendly sausage made from chicken and carrots to Food Service customers. Together with Swedish food industry companies, Atria joined the ReduSalt initiative, aiming to reduce the amount of salt in industrially produced foods. New products accounted for 5% of total sales.

The business area Atria Denmark & Estonia brought a total of 89 new products to the market, 35 in Denmark and 54 new products in Estonia.

In Denmark, Atria is the market leader in the product category of cold cuts with its 19% share of the market. The most successful new products in 2018 were the snack salami 3-Stjernet Stjernehaps Snack, the spread 3-Stjernet Vel'smurt and the Aalbaek salami. The 3-Stjernet Stjernehaps Snack salami was given a new, bigger family-size package containing ten salamis. This increased the product's sale by 12% during the year. The product rose to the position of market leader in the product category of salamis with its 33% market share. In January, Atria launched a new 3-Stjernet Vel'smurt spread in Denmark. The main ingredients of the spread are chicken and chickpeas. Vel'smurt received an excellent welcome in the market and sold very well. A traditional salami made from organic meat was launched under the Aalbaek Specialiteter brand. In Denmark, new products accounted for 6.3% of total sales.

In Estonia, product development focused on making busy everyday life easier, which is why Atria introduced 11 new snack products to the market. Atria was the first operator in Estonia to introduce a new vegetable-based alginate technology to the production of fresh sausages. The casing of the sausages is formed with the help of a vegetable-based alginate. Thanks to the innovation, the sales of fresh sausages grew by 19%. New products accounted for 10% of total sales.

In 2018, Atria Russia introduced 31 new products to the market. Atria Russia's product development in 2018 was themed around the development of new delicatessen products. A smoke bacon and eight new Casademont cured sausages, for example, were launched for the retail sector. A number of new products were launched for the Food Service market. Special products were developed for the catering of the World Cup football competition, and Atria also launched a new kind of frankfurter in IKEA's restaurants. The proportion of new products in terms of the value of total sales was 5.2%, and in terms of volume, 5.8%.

Percentage of net sales spent on research and development in Atria Group in 2016–2018:

EUR million	2018	2017	2016
Research and development costs	13.7	12.9	13.1
% of net sales	1.0	0.9	1.0

Business risks during the review period and short-term risks

Risks related to the price, availability, quality and safety of raw materials and products are conventional in the chain of food production, from primary production to consumers. They have an impact on the profitability of Atria's business. The poor crops in the summer raised production costs on beef and pork farms during the autumn. This resulted in a pressure to increase the prices of raw materials. The African swine fever is an animal health-related risk in Estonia. The swine fever may also spread to Finland. Atria employs various precautionary measures in its production plants to prevent the disease from spreading.

The general economic condition, geopolitical tensions, material changes to exchange rates, the development of the meat and consumer product markets as well as the effects of the competition environment cause uncertainty in demand development. This is reflected in the implementation of Atria's strategy as well as in the maintenance and improvement of the business areas' financial results. During the review period, changes in the value of the Russian rouble and the Swedish krona were visible in the Group's euro-denominated net sales, result and equity.

The availability of skilled and motivated personnel is a risk in terms of the implementation of strategy and the achievement of goals. Atria invests in the personnel's well-being and provides the personnel with diverse training opportunities. During the review period, the company continued the Atria Way of Leading programme and kicked off the occupational safety programme Safely Home from Atria.

Atria has also continued the prevention of various potentially damaging risks and the elimination of their financial impact by drawing up and updating continuity plans and by adjusting insurance programmes.

Risks and risk management

Risks and risk management at Atria are based, as applicable, on the ISO 31000 and ISO 31010 standards. The objective of risk management is to support the realisation of Atria's strategy and the achievement of goals as well as the organisation's development in the business environment defined in Atria's strategy. Risk management also aims to prevent unfavourable events and safeguard business continuity.

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

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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.

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.

The following table contains a brief summary of the most significant risks related to Atria's operations. These risks together or separately may have a favourable or adverse effect on Atria's business, result, financial standing, competitiveness or reputation.

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

1. Risks related to the price, quality, safety and availability of raw materials

Risk description	Risk management
The profitability of Atria's business is affected by changes in the global market prices of meat raw materials and the production costs of beef and pork farms.	Atria manages the risk with the centralised steering of meat procurement and by operating in a sufficiently broad procurement market.
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 for ensuring the safety of production processes and for eliminating 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. The pigs on Atria Family Farms have been raised without antibiotics. The name of the Family Farm is shown on the product packages and indicates the pork's origin right up to the individual farm.
The health and well-being of animals are key elements of Atria's quality, responsibility and profitability. An animal disease discovered at a critical point in Atria's production chain could interrupt production in the unit concerned and disrupt operations throughout the chain. A serious new animal disease, such as African swine fever or avian influenza, may lead to import and export restrictions on meat products.	Atria's multi-stage internal monitoring aims to detect potential hazards related to animal health and welfare at the earliest possible phase.
Environmental risks, such as extreme weather phenomena, carry significance for both the availability and price of raw materials in the food production chain.	Atria aims to prepare for such risks with continuity plans and the steering of meat procurement. Atria monitors its carbon footprint and invests in the efficient use of raw materials as well as in the reduction of loss and waste.
Weather phenomena may also impact the price of energy, as can any potential emission restrictions and taxes.	Atria has increased the efficiency of its energy use and exploits various forms of energy in its production, including solar power and biogases. Atria manages the fluctuations in electricity prices with derivatives.

2. Risks associated with the geographic operating area and markets

Risk description	Risk management
The food industry's retail trade in all of Atria's most important market areas is centralised, which gives Atria the opportunity to develop long-standing and wide-ranging customer cooperation. On the other hand, this may increase dependence on individual customers.	In its risk management, Atria makes use of its strong market position, efficient industrial processes, high level of quality and well-known brands.
Over the long term, changes in consumer behaviour may change the pattern of demand for Atria's products across different product categories.	The company is making preparations for changes in consumption habits and the need to adapt its operations by investing in consumer-oriented product development.
The operations and product ranges of competitors as well as the private labels of grocery stores have a bearing on Atria's profitability.	Atria develops its product selection in a customer-driven way, follows market changes actively and invests in informative consumer marketing.
Atria's geographic operating area exposes it to risks related to the national economy, legislation and official regulations of various countries. Global geopolitical risks may also have an effect on Atria's operations.	Atria manages these risks by monitoring amendments to legislation, training its personnel, relying on the services of experts and by accounting for legislative amendments in contracts.

3. Personnel risks

Risk description	Risk management
The availability of skilled and motivated personnel is a risk in terms of the implementation of Atria's strategy and the achievement of the company's goals.	Atria invests in the development and training of its personnel with a diverse selection of training opportunities. Development needs are also mapped with the help of personnel surveys.
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.	Atria aims to prevent the risk of occupational accidents and diseases and the related costs by substantial investments in occupational safety and guidance as well as the continuous development of working methods and tools.

4. Risks related to information management

Risk description	Risk management
Long-term malfunctions in Atria's production or distribution systems may result in reduced delivery reliability, loss of sales and lower customer satisfaction.	The company aims to minimise such malfunctions with continuous monitoring, taking advantage of contracted suppliers and ensuring the correct operating methods for rapid recovery.
A failure to protect personal data or other important data may result in damage to the company's reputation and a liability for damages.	Atria pays special attention to information security by means of technical protection, audits, personnel training and guidelines.

5. Damage risks

Risk description	Risk management
Unforeseeable damage risks at Atria's production plants in Finland, Sweden, Denmark, Estonia or Russia may suspend the operations of a production plant.	All of Atria's production plants are insured against any physical damage and the suspension of operations within the Group's insurance policies. 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.

6. Financial risks

Risk description	Risk management
The key risks related to financing in Atria's operations are currency transaction and translation risks, an interest rate risk, and a liquidity and refinancing risk.	The goal of financial risk management is to reduce the effect that price fluctuations on the financial markets and other uncertainty factors have on earnings, the balance sheet, and cash flow, as well as to ensure sufficient liquidity. Note 27 on page 76 to the financial statements contains more detailed information on Atria's management of financial risks.

Administration and operational organisation

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

Member	Term ends in
• Juho Anttikoski	2019
• Mika Asunmaa	2019
• Reijo Flink	2020
• Lassi-Antti Haarala	2021
• Jussi Hantula	2021
• Hannu Hyry	2019
• Veli Hyttinen	2020
• Pasi Ingalsuo	2020
• Jussi Joki-Erkkilä	2021
• Marja-Liisa Juuse	2021

Member	Term ends in
• Jukka Kaikkonen	2019
• Juha Kiviniemi	2020
• Ari Lajunen	2021
• Juha Nikkola	2019
• Mika Niku	2021
• Pekka Ojala	2020
• Heikki Panula	2019
• Risto Sairanen	2020
• Ola Sandberg	2021
• Timo Tuhkasaari	2020
Total 20 members	

In its organising meeting following the AGM, Atria Plc's Supervisory Board re-elected Jukka Kaikkonen as the chair and Juho Anttikoski as deputy chair of the Supervisory Board.

The AGM decided that the Board of Directors would consist of eight (8) members. Outgoing members Kjell-Göran Paxal and Harri Sivula were re-elected to the Board of Directors, and Ahti Ritola was elected to the Board as a new member, for the next three-year term. In addition, Nella Ginman-Tjeder, Pasi Korhonen, Jukka Moisio, Seppo Paavola and Jyrki Rantsi continue their terms as members of the Board of Directors.

Atria Plc Board of Directors in full is composed of the following members:

Member	Term end in
• Nella Ginman-Tjeder	2019
• Pasi Korhonen	2019
• Jukka Moisio	2020
• Seppo Paavola	2020
• Kjell-Göran Paxal	2021
• Jyrki Rantsi	2019
• Ahti Ritola	2021
• Harri Sivula	2021

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

- Juha Gröhn, CEO
- Tomas Back, CFO and Deptuty CEO of Atria Plc, Executive Vice President, Atria Denmark
- Mika Ala-Fossi, Executive Vice President, Atria Finland
- Jarmo Lindholm, Executive Vice President, Atria Sweden
- Ilari Hyyrynen, Executive Vice President, Atria Russia
- Olle Horm, Executive Vice President, Atria Estonia
- Lars Ohlin, Executive Vice President, Human Resources
- Pasi Luostarinen, Executive Vice President, Marketing & Market Insight

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

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

Atria Plc's Management Team was subject to changes effective as of 1 January 2018. Tomas Back was appointed CFO and Deputy CEO of Atria Plc when CFO Heikki Kyntäjä retired. Back was also appointed EVP of Atria Denmark. Jarmo Lindholm transferred from the position of EVP of the Atria Russia business area to EVP of the Atria Sweden business area. Ilari Hyyrynen was appointed EVP of the business area Atria Russia on 9 July 2018.

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

Composition of the Nomination Committee

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

- Jukka Kaikkonen, Farmer, representative of Lihakunta
- Kjell-Göran Paxal, Farmer, representative of Pohjanmaan Liha
- Juho Anttikoski, Farmer, representative of Itikka Co-operative
- Timo Sallinen, Head of Equity Investments (listed investments), representative of Varma Mutual Pension Insurance
- Seppo Paavola, Agrologist, Expert Member, Chair of Atria Plc's Board of Directors

The Nomination Committee elected Juho Anttikoski as its Chair.

Personnel on average (FTE)

	2018	2017	2016
Atria Finland	2,321	2,314	2,214
Atria Sweden	847	846	827
Atria Denmark & Estonia	423	429	455
Atria Russia	869	860	819
Group total	4,460	4,449	4,315
Salaries and benefits for the period, Group total (EUR million)	191.5	189.6	181.6

Incentive schemes for management and key personnel

Long-term share-based incentive scheme
Atria Plc's Board of Directors decided on the long-term incentive scheme of key personnel for the period 2018–2020. The share-based incentive scheme aims to encourage Atria's management to acquire company shares and to enhance the company's long-term increase in value by their decisions and activities.

The scheme, based on a shares and a cash bonus, is divided into three one-year periods. The first earning period began on 1 January 2018 and ended on 31 December 2018. The possible bonus in the scheme is based on the company's earnings per share (70%) and organic growth (30%). The bonuses for the 2018 earning period are paid in three equal parts in 2019, 2020 and 2021, partly as company shares and partly in cash. The cash proportion aims to cover any taxes and tax-like payments incurred by the person due to the bonus. If the person's employment relationship or service contract ends prior to the payment of the bonus, the bonus is not usually paid. The share-based incentive scheme covers a maximum of 40 persons. The estimated total of the bonuses to be paid for the 2018 earning period is approximately EUR 0.2 million. The maximum amount of bonuses to be paid for the 2019 result is equal in value to 45,000 Series A shares, valued at market price when the shares are transferred to the recipients. The bonus will include a cash portion which will cover any taxes or similar costs incurred by the recipients.

The concluded long-term incentive scheme
Payments for the earning period implemented in 2015–2017 were based on the Group's earnings per share (EPS) excluding extraordinary items. The cash bonuses payable under the scheme for the entire 2015–2017 earning period were capped at EUR 4.5 million. The scheme concluded on 31 December 2017, and it covered a maximum of 45 people. The scheme covered the CEO, the Group's Management Team and the management teams of the business areas. The bonuses accrued for the entire earning period of 2015–2017 totalled EUR 2.1 million.

Short-term incentive scheme
The maximum bonus payable under Atria Plc's short-term incentive scheme is 25% to 50% of an individual's annual salary, depending on the performance impact and requirement level of each individual's role. The criteria in the bonus scheme are the performance requirements and net sales at Group level and in the person's area of responsibility. In addition to the CEO and other members of the Group's Management Team, Atria Plc's bonus schemes cover approximately 40 people.

Outlook for 2019
The consolidated EBIT in 2018 was EUR 28.2 million. EBIT is expected to be better in 2019 than in 2018. Net sales at comparable exchange rates in 2019 are expected to grow compared to 2018.

Flagging notifications
Atria Plc did not receive any flagging notifications in 2018.

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 shares
- Series KII shares (10 votes per share) 9,203,981 shares

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

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

At the end of the accounting period on 31 December 2018, the company held a total of 111,312 treasury shares, accounting for 0.394% of the shares and 0.1% of the voting rights. The number of treasury shares did not change during the period.

Information on shareholding distribution, shareholders and management holdings can be found under the heading "Shares and shareholders", on pages 43–44.

Valid authorisations to purchase or issue shares, grant special rights and make donations
The Annual General Meeting authorised the Board of Directors to decide, on one or several occasions, on the acquisition of a maximum of 2,800,000 of the company's own Series A shares with funds belonging to the Company's unrestricted equity, subject to the provisions of the Limited Liability Companies Act regarding the maximum number of treasury shares to be held by a company. The Company's own series A shares may be acquired for use as consideration in any acquisitions or other arrangements relating to the Company's business, to finance investments, as part of the Company's incentive 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 must 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 must 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 supersedes the authorisation granted by the AGM on 27 April 2017 to the Board of Directors to decide on the acquisition of the company's own shares, and it will remain valid until the closing of the next AGM or until 30 June 2019, whichever is first.

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

The Board is also authorised to decide on all terms and conditions of the share issue and of the granting of special rights as referred to in Chapter 10, section 1 of the Limited Liability Companies Act. The authorisation thus also includes the right to issue shares in a proportion other than that currently held by the shareholders under the conditions provided by law, the right to issue shares against or without payment and the right to decide on a share issue to the company itself without payment – subject to the provisions of the Limited Liability Companies Act regarding the maximum number of treasury shares to be held by a company.

The authorisation supersedes the share issue authorisation granted by the AGM on 27 April 2017 to the Board of Directors, and it is valid until the closing of the next AGM or until 30 June 2019, 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.

Distributable funds and the Board of Directors' proposal for profit distribution
The parent company's shareholders' equity on 31 December 2018 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 28,468,854.59, of which the loss for the period totals EUR -32,594,759.96. The parent company's loss for the period includes the EUR 54,000,000.00 impairment recognised in subsidiary shares (Atria-Invest Oy).

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

• a dividend of EUR 0.40 per share be paid, totalling EUR	11,262,566.40
• to be retained as equity, EUR	264,658,452.22
	275,921,019.62

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Statement on non-financial information

Securing a sustainable food chain

Corporate responsibility is an integral part of Atria's business and corporate culture. Responsibility is integrated into all levels of Atria's operations: its mission, goals, values, operating strategies, management and day-to-day work. With its responsible operations, the company aims to secure its current and future operating conditions. In accordance with the principles of sustainable development, the company takes into account the economic, social and environmental aspects of its operations in all of its business areas.

Atria's good food chain consists of primary production, industrial production, customers and consumers. Stakeholders are strongly present in the food chain, all the way from raw material procurement to the use of finished products. Listening to stakeholders and taking their wishes into account is one of the cornerstones of Atria's responsibility work. Atria's responsibility is constructed through dialogue, supported by openness and transparency.

Atria wants to secure a sustainable food chain. The food chain is the sum of aspects accounting for the formation and distribution of the value of different production phases, the environmental impact, and the social impact related to the food chain and the products themselves. The aspects of responsibility material to Atria, in which the company develops and implements responsible business operations, are safe and healthy food, sustainable primary production, healthy people, a shared environment and value-generating business operations.

Corporate responsibility is managed at Group and local levels. The shared Code of Conduct and policies are determined at the Group level. The Group also ensures compliance with the Code and the policies and determines the development projects and target state applicable to all business areas. The realisation and continuous improvement of responsibility are part of day-to-day operational management across Atria's business areas. The steering groups of the business areas analyse the operating environment and key stakeholders' expectations with regard to responsibility, and also integrate the implementation of the necessary development measures into their business plans.

Atria's Corporate Responsibility Report contains a thorough description of the company's responsibility work. The Corporate Responsibility Report is available on Atria's website at https://www.atria.fi/en/group/corporate-responsibility/corporate-responsibility-reporting/. Atria bases its reporting on the international Global Reporting Initiative (GRI) standard. Atria has selected the essential measurements and indicators relevant to its operations and stakeholders from the GRI standard.

The Atria Code of Conduct supports responsible business operations

Compliance with healthy and responsible business practices is the foundation for all of Atria's operations. Atria's Code of Conduct is a set of ethical principles governing business operations, stakeholder relations and environmental responsibility, approved by Atria Plc's Board of Directors. The Code of Conduct is supported by internal policies and guidelines, which define and steer operating methods. Every Atria employee is expected to be familiar with the Code as well as the policies and guidelines. Atria's Code of Conduct and the policies that support it are based on the laws and collective agreements of the countries in which Atria operates as well as on international conventions and recommendations regulating responsible operations in terms of human rights and anti-corruption, for example.

In accordance with its Code of Conduct, Atria has zero tolerance for any kind of corruption or bribery. Atria's employees must not give or receive benefits, gifts or hospitality that could inappropriately influence business decisions. Atria's employees have been familiarised with the Code of Conduct and the policies that support it in the context of an induction programme that supports the job descriptions.

Respect for human rights constitutes an integral part of the Atria Code of Conduct and the HR policy. Atria respects and supports internationally recognised human rights principles and requires all of its employees as well as its suppliers and subcontractors to comply with them.

Atria has committed to the following international conventions and recommendations in its Code of Conduct and the policies that support it:

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

Atria expects its business partners to comply with responsibility principles equivalent to the Atria Code of Conduct within their operations. Furthermore, procurement contracts obligate partners to meet Atria's requirements for product quality, procedures and the delivery chain.

Atria assesses the compliance of its contractual partners' operations prior to undertaking the partnership and on a regular basis during the partnership. In addition to the experience accumulated during the business relationship, the assessment accounts for risk factors related to financial, environmental and social responsibility. Atria has the right to audit the operations of its contractual partners if necessary. The audits pay attention to, among other things, food safety, as well as environmental and social responsibility, such as the realisation of human rights and anti-corruption and bribery measures.

Atria has established a whistleblowing channel through which Atria's employees can report a suspected breach of the Code of Conduct or illegal activities. All reports are handled confidentially and Atria will take the measures required by the reports. The indicator monitored in this respect is the number of reports submitted to the whistleblowing channel or to authorities.

Safe, healthy and nutritious food

As a food producer, Atria understands its responsibility towards consumers and public health. This is visible as investments in the safety, healthiness and nutritiousness of Atria's products. If realised, a product safety risk could have fatal consequences for both people's health and Atria's business. This is why Atria's approach to product safety is extremely serious. Atria's product safety and quality policy creates a basis for commitments, goal setting and continuous improvement. The product safety management systems of Atria's production plants are FSSC 22000 certified.

Food's purity and nutritional quality as well as the ethis of the food chain are important values for consumers. Participation in applied research activities in the fields of product and packaging technologies as well as nutrition enables Atria to create innovative products and concepts, also for future needs. The results of Atria's product development and research activities are presented earlier, on page 28.

In 2018, assessments falling under the scope of official supervision did not detect any serious shortcomings in operating methods which could compromise food safety and result in fines or coercive measures by the authorities. In 2018, Atria had to carry out one recall in Finland and one in Denmark. No product recalls were necessary in Sweden, Estonia and Russia. Page 8 of Atria's Corporate Responsibility Report contains a more detailed account of the operating principles and results related to safe and healthy food.

Sustainable primary production

The legitimacy of meat eating and the environmental aspects related to it are constantly at the core of public debate. Atria feels a responsibility to serve as a pioneer in how meat can continue to be an ethically sustainable choice on a consumer's plate. In the development of sustainable primary production, Atria invests in, among other things, the welfare of the animals, the management of animal diseases and the development of feeding solutions in cooperation with meat producers, industry experts and research institutions.

For Atria, the good treatment of production animals and animal welfare are key principles guiding the company's activities. No fines or coercive measures were imposed on Atria for violations of the legislation concerning animal transport, handling or slaughter during the reporting period. Tuoretie Oy is responsible for Atria's animal transport operations. Animal transports were not subject to any penalties during the financial year.

Page 12 of Atria's Corporate Responsibility Report contains a more detailed account of the operating principles and results related to sustainable primary production.

Healthy people

The quality of the company's operations and products depends on its employees' knowledge and skills. Only satisfied, healthy employees can create a work atmosphere and an employer image that make it possible to recruit highly skilled and motivated personnel.

Atria's HR policy defines the material aspects of social responsibility related to employment relationships, what Atria is committed to and what is expected of the personnel during their employment. These include a fair employment relationship, the personnel's well-being, occupational safety, competence development, equality, non-discrimination, freedom of association as well as the prevention of child labour and forced labour.

In 2018, Atria Group continued to implement the Safely Home from Atria occupational safety programme. The personnel's well-being improved in 2018, in light of sickness absences and the accident frequency rates. Page 17 of Atria's Corporate Responsibility Report contains a more detailed account of the realisation of personnel responsibility.

Shared environment
In accordance with its environmental policy, Atria engages in systematic work to minimise its environmental impact. The most important thing is to manage the operations' immediate environmental impact and ensure that operations comply with statutory requirements. The objectives in the management of Atria's environmental affairs have been adjusted to changes in the operating environment. The priorities are the enhancement of energy efficiency and water consumption, the prevention of waste and loss, as well as the promotion of environmental efficiency and the mitigation of climate change at all phases of the production chain.

Energy
Sustainable, efficient energy use reduces carbon dioxide emissions, which cause climate change. Atria Group's total energy consumption in 2018 was 541,407 MWh. Consumption increased by 3.5%, and consumption per kilo produced increased by 3.4%. The increase in energy consumption was due to the increased cooling needs attributable to a hot summer. Atria Group's carbon dioxide emissions have decreased by 3.6% from the 2017 level. Carbon dioxide emissions reduced thanks to the increased use of renewable energy sources, such as solar power.

Water
The quality, adequacy and pumping capacity of water are critically important to Atria's operations. Plant-specific environmental permits determine the threshold values for wastewater quality. All wastewater is directed to a local wastewater treatment facility. Atria Group's total water consumption in 2018 was 3,205,207 m3. Consumption increased by 6.7%, and consumption per kilo produced increased by 6.6% compared to 2017. Water consumption increased due to increased condensing needs attributable to a hot summer.

Materials
Food production lies at the core of a circular economy. Side streams that do not end up as products are directed, precisely and with as high a value as possible, back to the food chain, to be used in applications of the feed industry, as nutrients, material recycling or energy. Of all incoming materials, only around one per mille end up as landfill or hazardous waste for which there is no use.

Compliance
The operations of Atria's production plants are subject to an environmental permit. All of Atria's production plants employ an operations system which includes the requirements of the ISO 14001 environmental system and the ISO 50001 energy management system standards. No leaks were reported, no warnings were issued by the authorities and no compulsory measures were imposed in the reporting period.

The indicators of environmental responsibility are reported in more detail in the Corporate Responsibility Report. The key projects advancing the environmental efficiency of the production chain are presented in the reviews of the business areas within the Annual Report and in the Corporate Responsibility Report.

Value generating business operations
By investing in the development of corporate responsibility matters relevant to Atria, the company secures its future operating conditions and creates both financial and social value to society. Direct financial value arises from the jobs provided by Atria and indirect value from the supply chain and paid taxes. Social value is created by developing the industry according to the principles of sustainable development and by producing food for the needs of customers and consumers with the help of trustworthy brands and a trustworthy corporate image. Atria participates actively in social and community affairs through trade associations.

BREAKDOWN OF SHARE OWNERSHIP

Shareholders by number of shares owned, 31 Dec 2018

Number of shares	Shareholders		Shares	
	Number	%	1,000 shares	%
1–100	6,037	43.64	298	1.06
101–1,000	6,542	47.29	2,364	8.36
1,001–10,000	1,171	8.46	2,912	10.30
10,001–100,000	71	0.51	1,694	5.99
100,001–500,000	7	0.05	865	3.06
500,001–1,000,000	4	0.03	2,679	9.48
1,000,001–	3	0.02	17,457	61.76
Total	13,835	100.00	28,268	100.00

Shareholders by type, 31 Dec 2018

Shareholder type	Shareholders		Shares	
	Number	%	1,000 shares	%
Companies	427	3.09	18,153	64.22
Financial and insurance institutions	39	0.28	1,486	5.26
Public corporations	6	0.04	659	2.33
Non-profit organisations	89	0.64	336	1.19
Households	13,242	95.71	5,749	20.34
Foreign owners	32	0.23	8	0.03
Total	13,835	100.00	26,391	93.36
Nominee-registered, total	11		1,877	6.64

INFORMATION ON SHAREHOLDERS

Major shareholders on 31 Dec 2018

	KII	A	Total	%
Itikka Co-operative	4,914,281	3,537,652	8,451,933	29.90
Lihakunta	4,020,200	3,848,073	7,868,273	27.83
Mandatum Life		761,749	761,749	2.69
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
Elo Mutual Pension Insurance Company		126,289	126,289	0.45
The estate of Sofia Margareta von Julin		112,000	112,000	0.40
Atria Plc		111,312	111,312	0.39
OP Life Assurance Company Ltd		108,717	108,717	0.38

Major shareholders by voting rights, 31 Dec 2018

	KII	A	Total	%
Itikka Co-operative	49,142,810	3,537,652	52,680,462	47.42
Lihakunta	40,202,000	3,848,073	44,050,073	39.65
Pohjanmaan Liha Co-operative	2,695,000	480,038	3,175,038	2.86
Mandatum Life		761,749	761,749	0.69
Varma Mutual Pension Insurance Company		524,640	524,640	0.47
Oy Etra Invest Ab		200,000	200,000	0.18
Elo Mutual Pension Insurance Company		126,289	126,289	0.11
The estate of Sofia Margareta von Julin		112,000	112,000	0.10
Atria Plc		111,312	111,312	0.10
OP Life Assurance Company Ltd		108,717	108,717	0.10

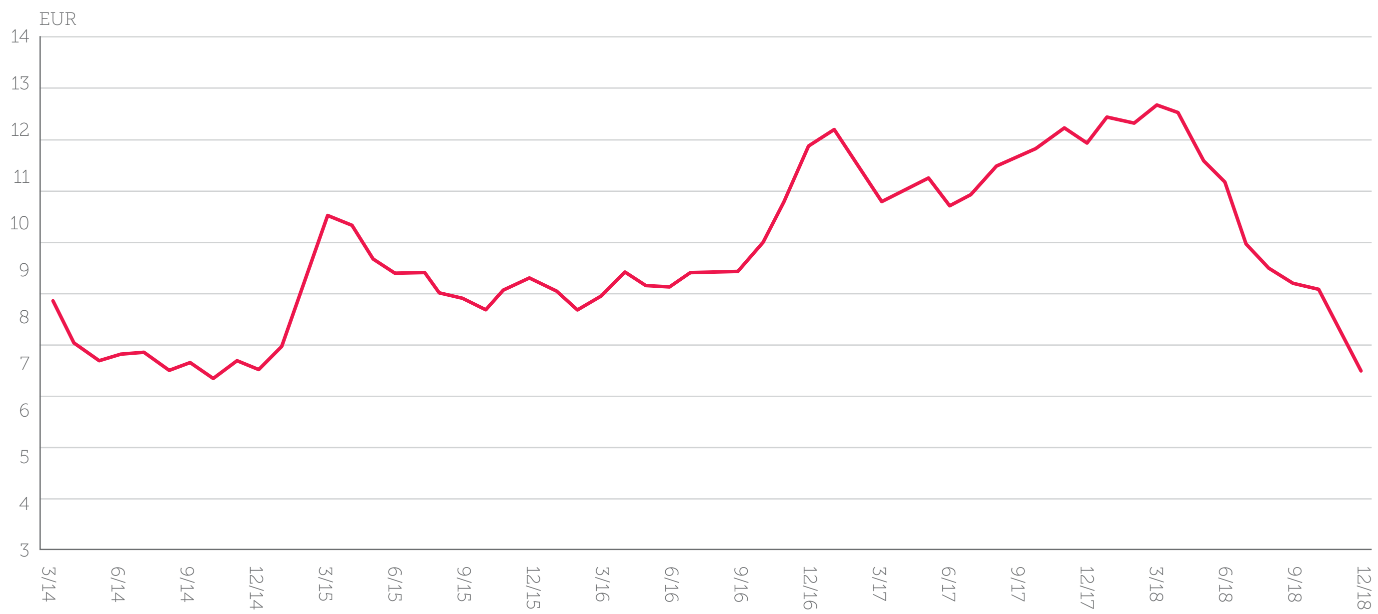
MANAGEMENT'S SHAREHOLDING

On 31 December 2018, the members of the Board of Directors and the Supervisory Board, the CEO and Deputy CEO as well as the members of the Group's Management Team held a total of 79,571 A series shares or 0.28% of the shares and 0.07% of the voting rights conferred by shares.

MONTHLY TRADING VOLUME OF SERIES A SHARES IN 2018

Month	Trading, EUR	Trading, qty	Monthly low	Monthly high
January	2,885,946	231,671	12.10	12.66
February	4,380,807	354,218	11.48	13.28
March	2,967,945	231,503	12.02	13.48
April	5,456,459	430,586	11.82	13.36
May	3,997,408	344,524	11.22	12.06
June	4,191,464	377,527	10.40	11.78
July	5,745,388	586,212	9.34	10.66
August	4,027,445	437,186	8.83	9.60
September	3,279,229	368,780	8.48	9.37
October	2,835,951	322,522	8.30	9.32
November	7,455,862	947,813	7.32	8.97
December	7,362,777	1,063,127	6.42	7.59
Total	54,586,681	5,695,669		

CHANGES IN THE SERIES A SHARE PRICE 2014–2018 (AVERAGE PRICE)



KEY FIGURES

EUR million	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
Net sales	1,438.5	1,436.2	1,351.8	1,340.2	1,426.1
EBIT	28.2	40.9	31.8	28.9	40.6
% of net sales	2.0	2.8	2.3	2.2	2.8
Financial income and expenses	-6.2	-7.3	-6.3	-9.2	-12.7
% of net sales	-0.4	-0.5	-0.5	-0.7	-0.9
Profit before taxes	22.3	35.5	26.1	20.1	34.0
% of net sales	1.6	2.5	1.9	1.5	2.4
Return on equity (ROE), %	4.1	6.7	4.7	3.6	6.6
Return on investment (ROI), %	5.0	7.3	5.9	5.6	8.3
Equity ratio, %	47.7	47.5	46.5	47.4	44.0
Interest-bearing liabilities	227.2	214.3	217.8	199.6	254.1
Gearing, %	53.1	49.8	51.6	49.3	62.6
Net gearing, %	52.1	49.0	50.5	48.3	61.8
Gross investments	44.5	53.9	82.9	56.9	62.7
% of net sales	3.1	3.8	6.1	4.2	4.4
Average number of personnel	4,460	4,449	4,315	4,271	4,715
Research and development costs	13.7	12.9	13.1	12.4	13.9
% of net sales*	1.0	0.9	1.0	0.9	1.0
Order stock**	-	-	-	-	-

* Booked in total as expenditure for the financial year.

** Not a significant indicator as orders are generally delivered on the day following the placement of the order.

SHARE-ISSUE ADJUSTED INDICATORS PER-SHARE

EUR million	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
Earnings per share (EPS), EUR	0.58	0.92	0.65	0.49	0.93
Equity/share, EUR	14.69	14.81	14.49	14.16	14.22
Dividend/share, EUR*	0.40	0.50	0.46	0.40	0.40
Dividend/profit, %*	68.8	54.4	71.2	81.9	43.0
Effective dividend yield*	6.1	4.1	4.0	4.4	6.0
Price/earnings (P/E)	11.3	13.2	17.8	18.5	7.1
Market capitalisation	186.0	342.3	324.8	255.8	187.1
Market capitalisation, series A	125.4	230.9	219.0	172.5	126.2
Share turnover/1,000 shares, series A	5,696	3,381	3,313	5,443	3,035
Share turnover %, series A	29.9	17.7	17.4	28.6	15.9
Total number of shares, million	28.3	28.3	28.3	28.3	28.3
Number of shares, series A	19.1	19.1	19.1	19.1	19.1
Number of shares, series KII	9.2	9.2	9.2	9.2	9.2
Share-issue adjusted number of shares on average	28.3	28.3	28.3	28.3	28.3
Share-issue adjusted number of shares on 31 Dec	28.3	28.3	28.3	28.3	28.3

*) Board of Directors' proposal for 2018 to be submitted to the Annual General Meeting convening on 26 April 2019.

Share price development, series A (EUR)					
Lowest of the period	6.42	10.11	7.61	6.62	6.43
Highest of the period	13.48	12.96	12.22	10.50	8.89
At the end of the period	6.58	12.11	11.49	9.05	6.62
Average rate during the period	9.58	11.47	9.49	9.03	7.46

FINANCIAL INDICATORS

Alongside the IFRS figures, Atria publishes certain other widely used alternative financial indicators which can be derived from the income statement and balance sheet.

Principles for calculating financial indicators:

Adjusted EBIT: In addition to reporting EBIT, the company publishes an adjusted EBIT indicator to describe the actual financial development of the business and to improve comparability between different periods. The adjusted EBIT is determined by adjusting the EBIT recognised in the income statement for items that affect comparability. These may include events that are not part of ordinary business activities, such as the restructuring of operations, capital gains and losses attributable to the sale of operations, impairment, and the costs of discontinuing significant operations.

Gross investments: Investments in tangible and intangible assets, including acquired businesses

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

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

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

Equity ratio (%) $= \dfrac{\text{Shareholders' equity}}{\text{Balance sheet total - advance payments received}} * 100$

Gearing (%) $= \dfrac{\text{Interest-bearing financial liabilities}}{\text{Shareholders' equity}} * 100$

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

Net gearing (%) $= \dfrac{\text{Interest-bearing financial liabilities - cash and cash equivalents}}{\text{Shareholders' equity}} * 100$

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

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

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

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

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

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

Average price $= \dfrac{\text{Overall share turnover in euro}}{\text{Undiluted average number of shares traded during the accounting period}}$

Market capitalisation = Number of shares at the end of the accounting period * closing price on 31 Dec

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

CONSOLIDATED INCOME STATEMENT

EUR 1,000	Note	1 Jan – 31 Dec 2018	1 Jan –31 Dec 2017
Net sales	1, 2, 30	1,438,505	1,436,188
Costs of goods sold	7, 8, 30	-1,285,650	-1,262,875
Gross profit		**152,855**	**173,313**
Sales and marketing expenses	3, 7, 8	-81,866	-92,392
Administrative expenses	4, 7, 8, 30	-41,357	-42,668
Impairment losses from financial assets and contractual assets	19	-963	-51
Other operating income	5, 31	3,867	5,694
Other operating expenses	6, 8	-4,351	-2,992
EBIT	1	**28,185**	**40,904**
Financial income	9, 27	15,648	11,917
Financial expenses	9, 27	-21,861	-19,211
Net financial items		**-6,213**	**-7,294**
Income from investments accounted for using the equity method	15	369	1,904
Profit/loss before taxes		**22,341**	**35,514**
Income taxes	10, 17	-4,540	-7,146
Profit for the period		**17,801**	**28,368**
Profit attributable to:			
Owners of the parent		16,362	25,859
Non-controlling interests		1,439	2,509
Total		**17,801**	**28,368**
Basic earnings per share, EUR	11	0.58	0.92
Earnings per share adjusted by the dilution effect, EUR	11	0.58	0.92

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	1 Jan – 31 Dec 2018	1 Jan –31 Dec 2017
Profit for the period		**17,801**	**28,368**
Other items of comprehensive income after tax:			
Items not reclassified to profit or loss			
Actuarial gains/losses from benefit-based pension obligations	10, 25	-231	-51
Items reclassified to profit or loss when specific conditions are met			
Cash flow hedges	9, 10, 27	4,162	2,126
Translation differences	9, 10, 27	-9,631	-6,139
Total comprehensive income for the period		**12,101**	**24,304**
Comprehensive income distribution for the period:			
Owners of the parent		10,662	21,873
Non-controlling interests		1,439	2,431
Total		**12,101**	**24,304**

The notes on pages 51 to 87 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS, 1 000 EUR	Note	31 Dec 2018	31 Dec 2017
Non-current assets			
Property, plant and equipment	1, 12	400,544	408,665
Biological assets	13	631	637
Goodwill	1, 14	162,590	166,800
Other intangible assets	1, 14	86,747	89,094
Investments in joint ventures and associates	15, 30	14,471	14,715
Other financial assets	16, 27	1,198	1,196
Trade receivables, loans and other receivables	19, 27	9,777	9,156
Deferred tax assets	10, 17	5,115	6,023
Total		681,073	696,286
Current assets			
Inventories	18	105,914	93,025
Biological assets	13	3,356	3,130
Trade and other receivables	19, 27, 30	103,963	113,684
Current tax assets		1,293	538
Cash and cash equivalents	21, 27	3,982	3,137
Total		218,508	213,514
Total assets	1	899,581	909,800

EQUITY AND LIABILITIES, 1 000 EUR	Note	31 Dec 2018	31 Dec 2017
Equity attributable to the shareholders of the parent company			
Share capital		48,055	48,055
Treasury shares		-1,277	-1,277
Other funds		3,740	-420
Invested unrestricted equity fund		249,211	249,073
Translation differences		-60,424	-50,795
Retained earnings		176,016	173,937
Total	10, 11, 17, 21, 22, 27	415,321	418,573
Non-controlling owners' share		12,864	12,105
Equity total		428,185	430,678
Non-current liabilities			
Interest-bearing financial liabilities	23, 27	152,754	122,424
Deferred tax liabilities	10, 17	42,736	47,231
Pension obligations	25	6,313	6,320
Other liabilities	24, 27	7,360	8,066
Total		209,163	184,041
Current liabilities			
Interest-bearing financial liabilities	23, 27	74,453	91,850
Trade and other payables	26, 27, 30	186,240	202,130
Current tax liabilities		1,540	1,101
Total		262,233	295,081
Total liabilities	1	471,396	479,122
Total equity and liabilities		899,581	909,800

The notes on pages 51 to 87 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to the owners of the parent company							Share of non-controlling interests	Total equity, total
EUR 1,000	Note	Share capital	Treasury shares	Other funds	Invested unrestricted equity fund	Translation differences	Retained earnings	Total		
Equity on 1 Jan 2017		48,055	-1,277	-2,547	249,073	-44,736	161,162	409,730	12,427	422,157
Total comprehensive income for the period										
Profit for the period							25,859	25,859	2,509	28,368
Other items of the total comprehensive income										
Cash flow hedges	27			2,126				2,126		2,126
Actuarial losses from pension benefits	25						-51	-51		-51
Translation differences	9, 10			1		-6,059		-6,058	-81	-6,139
Transactions with owners										
Minority share of divested subsidiary	31							0	-2,585	-2,585
Share of non-controlling interests related to acquisition of subsidiary	24						-81	-81		-81
Distribution of dividends	21						-12,952	-12,952	-165	-13,117
Equity on 31 Dec 2017		48,055	-1,277	-420	249,073	-50,795	173,937	418,573	12,105	430,678
Total comprehensive income for the period										
Profit for the period							16,362	16,362	1,439	17,801
Other items of the total comprehensive income										
Cash flow hedges	27			4,162				4,162		4,162
Actuarial losses from pension benefits	25						-231	-231		-231
Translation differences	9, 10			-2		-9,629		-9,631		-9,631
Transactions with owners										
Share of non-controlling interests related to acquisition of subsidiary	24						26	26		26
Share incentives	22				138			138		138
Distribution of dividend	21						-14,078	-14,078	-680	-14,758
Equity on 31 Dec 2018		48,055	-1,277	3,740	249,211	-60,424	176,016	415,321	12,864	428,185

The notes on pages 51 to 87 are an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	Note	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Cash flow from operating activities			
Payments received from sales		1,446,178	1,429,104
Payments received from other operating income		3,616	2,817
Payments on operating expenses		-1,395,944	-1,349,580
Interest paid and payments on other operating expenses	9	-16,271	-16,443
Interest payments received and other financial income	9	16,750	8,322
Direct taxes paid	10	-7,170	-9,713
Cash flow from operating activities		47,159	64,507
Cash flow from investments			
Investments in tangible and intangible assets		-44,463	-53,144
Sold operations, net of cash acquired on the date of sale	31		4,030
Change in long-term loan receivables		-871	2,309
Change in other investments		-566	671
Dividends received		720	797
Cash flow from investments		-45,180	-45,337
Cash flow from financing activities			
Draw down of long-term loans	23	35,000	
Repayment of long-term loans	23	-56,286	-5,463
Increase (+)/decrease (-) in short-term loans	23	33,867	1,986
Dividends paid	21	-14,757	-13,117
Cash flow from financing activities	10, 17	-2,176	-16,594
Change in cash and cash equivalents		-197	2,576
Cash and cash equivalents at the beginning of the financial period		3,137	4,591
Effect of exchange rate changes		1,042	-4,030
Cash and cash equivalents at end of the financial period	20	3,982	3,137

The notes on pages 51 to 87 are an integral part of the consolidated financial statements.

Basic corporate information

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

Atria Plc and its subsidiaries manufacture and market food products, especially meat products, poultry products, meals and food concepts. Atria's market area covers Finland, Sweden, Denmark, European Russia and the Baltic countries. Atria's subsidiaries are also located in this area. Atria Group's operational structure and financial reporting was changed as of the beginning of 2018. Atria Group's reportable segments are Atria Finland, Atria Sweden, Atria Denmark & Estonia and Atria Russia. In 2017, the Group's operations were divided into four business areas which were Atria Finland, Atria Scandinavia, Atria Russia and Atria Baltic.

The financial statements were approved for publication by the Board of Directors on 12 February 2019. According to the Finnish Limited Liability Companies Act, the shareholders are entitled to approve or reject the financial statements in the Annual General Meeting (AGM) to be held after the publication of the financial statements. 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 2018 have been followed, as well as SIC and IFRIC interpretations. The IFRS refer to standards and interpretations thereof approved for application in the EU in compliance with the proceedings provided in Regulation (EC) 1606/2002, as referred to in the Finnish Accounting Act and subsequent regulations. The notes to the consolidated financial statements also comply with Finnish accounting and corporate legislation.

The consolidated financial statements have been prepared on an acquisition cost basis with the exception of biological assets, financial assets recognised at fair value in other comprehensive income, 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 2018

- **IFRS 9, Financial Instruments, defines the classification and measurement of financial assets and liabilities, the determination of their impairment and the application principles of hedge accounting.**

  The new standard did not bring significant changes to Atria's opening balance sheet in 2018. A majority of the Group's financial assets are trade receivables, loan receivables and other receivables. They are classified either at amortised cost or at fair value in other comprehensive income depending on the business model under which the financial assets are held.

  According to the business model, receivables classified at amortised cost are kept until the due date and the cash flows based on the contract accrue from the payment of capital and interest. According to the business model, items classified at fair value through other comprehensive income are kept in accordance with the business model either for accrual or disposal of contractual cash flows. The Group makes decisions on whether or not to dispose of these receivables. These financial assets are measured at fair value through other comprehensive income. Interest income as well as realised sales gains or losses and impairment losses are recognised through profit or loss.

  Equity investments are classified at fair value as financial assets to be recognised in other comprehensive income. The gains and losses realised from the sale of these financial assets will no longer be reclassified as profit or loss at the moment of sale. Changes in fair value will be reclassified from the fair value reserve to retained earnings within equity in comprehensive income.

  According to the new impairment model, expected credit losses from receivables will be recognised as impairment. A simplified approach is applied to the impairment provisions of trade receivables. The calculation model for expected credit losses depends on whether the credit risk has increased considerably. The new impairment model has not resulted in significant changes.

  The treatment of financial liabilities has not changed. The standard's impact in Atria Group relates primarily to hedge accounting. The new rules applicable to hedge accounting brought hedge accounting closer to the Group's risk management practices. In hedge accounting applicable to electricity, the system-priced risk and regional price difference risk are now treated separately.

The table below shows financial assets reclassified according to the situation on 1 January 2018:

Reclassification of financial assets and liabilities	Valuation group IAS 39	Valuation group IFRS 9	Book value IAS 39	Book value IFRS 9	Change
Non-current assets					
Trade receivables	Loans and receivables	At amortised cost	3,178	3,178	
Other financial assets	Available-for-sale financial assets	At fair value through comprehensive income	1,196	1,196	
Loan receivables	Loans and receivables	At amortised cost	4,932	4,932	
Other receivables	Loans and receivables	At amortised cost	301	301	
Derivative financial instruments	Derivatives under hedge accounting	Derivatives in hedge accounting	738	745	7
Derivative financial instruments	Financial assets recognised at fair value through profit and loss	At fair value through profit and loss	7	0	-7
Current assets					
Trade receivables	Loans and receivables	At amortised cost	90,558	86,377	-4,181
		At fair value through comprehensive income		4,181	4,181
Loan receivables	Loans and receivables	At amortised cost	3,542	3,542	
Other receivables	Loans and receivables	At amortised cost	3,994	3,994	
Accrued credits and deferred charges	Loans and receivables	At amortised cost	6,572	6,572	
Derivative financial instruments	Derivatives under hedge accounting	Derivatives in hedge accounting	413	419	6
Derivative financial instruments	Financial assets recognised at fair value through profit and loss	At fair value through profit and loss	1,779	1,773	-6
Cash and cash equivalents	Loans and receivables	At amortised cost	3,137	3,137	
Non-current liabilities					
Loans	At amortised cost	At amortised cost	122,000	122,000	
Finance lease liabilities	At amortised cost	At amortised cost	424	424	
Accrued liabilities	At amortised cost	At amortised cost	440	440	
Derivative financial instruments	Derivatives under hedge accounting	Derivatives in hedge accounting	1,431	1,480	49
Derivative financial instruments	Financial liabilities recognised at fair value through profit and loss	At fair value through profit and loss	53	4	-49
Current liabilities					
Loans	At amortised cost	At amortised cost	91,596	91,596	
Finance lease liabilities	At amortised cost	At amortised cost	254	254	
Trade payables	At amortised cost	At amortised cost	106,281	106,281	
Other liabilities	At amortised cost	At amortised cost	7,386	7,386	
Accrued liabilities	At amortised cost	At amortised cost	47,209	47,209	
Derivative financial instruments	Derivatives under hedge accounting	Derivatives in hedge accounting	249	392	143
Derivative financial instruments	Financial liabilities recognised at fair value through profit and loss	At fair value through profit and loss	162	19	-143

- **IFRS 15, Revenue from Contracts with Customers**, 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 adoption of the standard has not had an effect on the Group's income statement, balance sheet or cash flow. Nor has IFRS 15 had any impact on the company's systems and processes. The accounting policies related to the entry of income have been updated and the notes required by the standard have been added insofar as they have been applicable.

- **IFRS 2, Share-Based Payments,** clarifies the valuation principles of share-based payments settled in cash and the treatment of changes due to which the remuneration arrangement changes from an arrangement settled in cash to one paid in equity. The Group has accounted for the amendment to the standard in the treatment of the share-based incentive scheme which commenced in 2018.

b) New standards and interpretations that have been issued, but take effect after the financial period beginning on 1 January 2018.

- **IFRS 16 Leases, takes effect on 1 January 2019.**
  IFRS 16 has an impact on the accounting of lessees, because nearly all lease agreements are recognised in the balance sheet. The standard abandons the current division into operating and finance leases. As a result, an asset (a right to use the leased asset) and a financial liability applicable to the lease payment obligation will, in the future, be recognised with regard to applicable leases. An exemption may be applied to short-term and low value 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 have an impact on key figures such as EBITDA.

  Cash flow from operating activities will be higher than before, because the share of the lease liability's capital is classified as cash flow from financing activities. Only the portion of the interest is still presented under cash flow from operating activities. The new guidelines pertaining to the definition of a lease agreement may result in some differences in relation to the current practice. Under IFRS 16, a lease is a contract, or part of a contract, if it conveys the right to use an identified asset for a period of time in exchange for consideration.

  The standard will be adopted in the financial period beginning on 1 January 2019. Atria will take advantage of the recognition exemption permitted by the standard, and will not apply the standard to short-term leases or leases with a low-value asset. The intention is to use a simplified procedure to carry out the transition and the comparative figures of the year preceding adoption will not to be adjusted. According to the current IAS 17 standard, the value of operating leases that cannot be cancelled was EUR 20 million on 31 December 2018. Due to the definition of the lease period and the different treatment of leases' extension and termination options, the amount of lease agreements recognised in the balance sheet is approximately EUR 40 million.

- **IFRIC 23, Uncertainty over Income Tax Treatments, takes effect on 1 January 2019**
  The interpretation clarifies the recognition and measurement of deferred tax receivables and liabilities and deferred tax receivables and liabilities based on the period's taxable income when there is uncertainty over income tax treatments. The Group is looking into the interpretation's impact.

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

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

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

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

Measurement of the fair value of assets acquired in business combinations:
The assets and liabilities acquired in business combinations are valued using the fair value at the time of acquisition. Situations in which there exist functioning markets that provide fair values for assets and liabilities are rare. This is why the measurement of fair value requires the management's discretion and assumptions. In the case of tangible assets, comparisons are made, when necessary, to 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.

Deferred taxes:
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 receivables in connection with the financial statements. To this end, the Group assesses how likely subsidiaries are to have recoverable taxable income against which the unused tax losses or unused tax credits can be utilised.

Accounting policies for the consolidated financial statements

SUBSIDIARIES

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

The acquisition method of accounting is used to account for acquisitions of separate entities or businesses by the Group. Consideration transferred and the identifiable acquired assets and assumed liabilities of the acquired business are measured at fair value at acquisition date. Consideration transferred includes the fair value of an asset or liability arising from a contingent consideration arrangement. The costs of acquisition are charged to the income statement in the period in which they are incurred and the related services are received. The net assets and accepted and contingent liabilities acquired in business combinations are valued at fair value at the time of the acquisition. The 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 which is does not control.

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

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

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

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

FOREIGN CURRENCY TRANSLATION

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

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign currency receivables and liabilities are translated using the exchange rate prevailing at the end of the reporting period. Exchange differences arising from translation are recognised in the income statement and presented within operating profit. Exchange gains and losses from forward exchange agreements protecting financial transactions and foreign currency-denominated loans are included in financial income and expenses, excluding those exchange rate changes of derivative financial instruments that are qualifying cash flow hedges. These exchange rate differences 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 recognized at acquicition cost 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 followsi:
- Buildings..25–50 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 on the basis of subsidiaries' operations and location. These are Atria Finland, Atria Sweden, Atria Denmark, Atria Estonia and Atria Russia. 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 and supplier relationships ..... 3–8 years
- Trademarks ....5–20 years
- Other intangible assets *)........................5–10 years

*) Includes software and subscription fees

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

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

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

INVENTORIES

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

BIOLOGICAL ASSETS

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

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

FINANCIAL ASSETS

Classification

The Group's financial assets are classified, in accordance with IFRS 9, Financial Instruments, in the following categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. The classification is based on business models used for the management of the financial assets and the contractual cash flows of the financial assets. The classification pursuant to IAS 39 in 2017 was as follows: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification was based on the purpose of use.

The purchases and sales of financial assets are recognised on the trade date. 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.

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Financial assets recognised at amortised cost:

Trade receivables, loan receivables and other receivables recognised at amortised cost are recognised less expected impairment loss. Trade receivables recognised at fair value in other comprehensive income are recognised at fair value. Changes in fair value are recognised in other comprehensive income, excluding impairment losses, which are recognised through profit or loss. Non-current trade receivables and interest-bearing loan receivables are primarily payment time given to secure the supply of meat raw material and loans to primary production customers. These items are subject to the general impairment model. If there is no significant increase in credit risk, the estimated amount of credit losses is based on the expected credit losses of 12 months and in other cases on credit losses expected for the entire lifetime. Atria's trade receivables from consumer product customers are short-term and do not include significant financial components. These trade receivables are subject to a simplified method in which the estimated amount of credit losses is based on the expected credit losses over the receivables' lifetime.

Some trade receivables in the Group are sold to finance companies. The sold trade receivables are derecognised from the balance sheet when the finance company has settled the payment for the receivables and when all material risks and benefits related to the ownership have transferred to the buyer. Trade receivables that may be sold are classified as financial assets recognised at fair value in other comprehensive income.

Equity investments recognised at fair value through other comprehensive income:

The "other financial assets" account includes equity investments in other companies (both listed and unlisted shares). The shares are not held for trading. In connection to the original recognition, the Group has made an irreversible selection of their inclusion in this group. Listed shares are recognised at fair value, which is based on their stock market price. Unlisted shares are recognised though valuation methods or at acquisition price, provided that it essentially corresponds with the fair value. When the shares are disposed of, the balance included in other comprehensive income is reclassified in retained earnings and will not be recognised through profit or loss. According to the previous classification (IAS 39), the shares belonged to the available-for-sale financial assets category. The valuation has not changed.

Financial assets recognised at fair value through profit or loss:

Derivatives to which hedge accounting is not applied are recognised at fair value through profit or loss. Initially, derivatives are recognised in the balance sheet at acquisition price, which is equal to their fair value, and later at the fair value of the end date of the review period. Both unrealised and realised profit or loss attributable to changes in fair value are recognised through profit or loss during the period in which they occur.

Cash and cash equivalents are composed of cash, bank deposits withdrawable on demand and other cash. Credit accounts related to group accounts are included in non-current financial liabilities.

FINANCIAL LIABILITIES

The Group's financial liabilities are classified either in financial liabilities recognised at amortised cost or in financial liabilities recognised at fair value through profit or loss. Financial liabilities are classified as current unless the Group has an absolute right to postpone the payment of the debt to a date at least 12 months from the end date of the review period. Financial liabilities (or parts thereof) are derecognised from the balance sheet only when the debt no longer exists, i.e. when the obligation specified in the contract has been fulfilled or revoked, or when its validity has expired.

Financial liabilities recognised at amortised cost:

Loans taken out by the Group are included in financial liabilities recognised at amortised cost. Initially, they are recognised at fair value, applying the effective interest rate method. Following the initial recognition, loans are recognised at amortised cost. The interest on loans is amortised over the loan's maturity period through profit or loss, with the effective interest rate method.

Financial liabilities recognised at fair value through profit or loss:

Financial liabilities recognised at fair value through profit or loss include derivatives which do not meet the criteria for hedge accounting. Both unrealised and realised profit or loss attributable to changes in the fair value of derivatives are recognised through profit or loss during the period in which they occur.

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. Derivatives to which hedge accounting is applied are defined as hedges of interest rate, currency or electricity price risks associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

When a derivative is subject to hedge accounting, the Group documents the relationship between each hedging instrument and the hedged asset, as well as the risk management objective and the strategy applied to it, at the beginning of the hedging arrangement. Through this process, the hedging instrument is connected with the assets and liabilities or the forecast transactions related to it. Risk management objectives and strategies for undertaking various hedge transactions are also documented. 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

ASSETS CLASSIFIED AS 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.

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
Atria sells foodstuffs, animal feed, traded animals and services. Sales revenue is recognised based on customer contracts. The contracts specify the contractual obligations and the prices applicable to them. Atria does not have consolidated contractual obligations or obligations to be met over time, advance payments or warranty obligations.

Atria recognises both the revenue and the receivable when control over the goods or service is transferred to the customer. Delivery usually takes place in Finland within 24 hours, and control as well as risks are transferred in connection with delivery. In export deals, the company estimates, specific to the delivery, the moment pursuant to the terms of delivery and the delivery time at which control transfers to the customer. Sales prices are not adjusted to account for the time value of money, because the period between the handover of the products and the payment made by the customer is less than a year. Atria always amortises discounts and any refunds following the sale during the goods' delivery month, accounting for the customer's full-year volume.

In terms of the entry of sales revenue, Atria has identified two customer groups: consumer goods and primary production customers. Atria presents sales divided into these two revenue streams as part of the segment information in Note 1 and the division of receivables in Note 19. Atria considers these two customer groups the most material in terms of understanding the nature of sales revenue and cash flow arising from customer contracts. Most contracts with customers concern the sale of consumer products. Consumer goods customers are primarily central wholesale businesses. In addition, Atria sells traded animals and animal feed to primary production customers.

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.

Share-based payments:
The Group has an incentive programme for the management where the payments are made in part as company shares, and in part as money. The remuneration awarded under the programme are measured at fair value at the time of awarding and recognised in the income statement as an expense arising from employee benefits spread over the earnings and engagement period. The amount of money paid in the arrangement is remeasured using the review period's closing share price and recognised in the income statement as an expense from employee benefits spread over from the day of awarding until the money is transferred to the recipient. The final amount of the expense depends on how well the conditions of the incentive programme are met.

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

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

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

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

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

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

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. The Group has four geographical segments, which differ essentially from one another in terms of the functioning of the markets. They are Atria Finland, Atria Sweden, Atria Denmark & Estonia and Atria Russia In addition, Group costs are now reported separately in unallocated items. Group costs consist of personnel and administration costs as well as other costs that are not allocated to the business areas. A segment's assets and liabilities are items that can be directly attributed or reasonably allocated to the segment. Transactions between the segments take place at market prices.

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

Operating segments	Atria Finland	Atria Sweden	Atria Denmark & Estonia	Atria Russia	Un-allocated	Elimin-ations	Group
Accounting period ended on 31 Dec 2018							
Net sales							
Revenue from consumer goods	770,815	267,278	90,633	75,121			1,203,847
Revenue from primary production	232,065		2,593				234,658
Revenue from Group companies	16,320	20,634	4,179			-41,133	0
Total net sales	1,019,200	287,912	97,405	75,121	0	-41,133	1,438,505
EBIT	36,704	-7,111	5,313	-4,009	-2,712		28,185
Financial income and expenses							-6,213
Income from joint ventures and associates							369
Income taxes							-4,540
Profit for the period							17,801
Assets	482,425	257,459	110,146	65,969		-16,418	899,581
Liabilities	229,212	188,386	29,933	40,283		-16,418	471,396
Investments	20,586	15,707	4,439	4,090			44,819
Depreciation and write-offs	26,916	10,072	4,211	4,204			45,403
Items affecting comparability*:	-	-	-	-	-	-	-
Adjusted EBIT	36,707	-7,111	5,313	-4,009	-2,712	0	28,185

*) The categorisations into items affecting comparability are unaudited.

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Operating segments	Atria Finland	Atria Sweden	Atria Denmark & Estonia	Atria Russia	Un-allocated	Elimin-ations	Group
Accounting period ended on 31 Dec 2017							
Net sales							
Revenue from consumer goods	749,963	286,839	90,984	85,713			1,213,499
Revenue from primary production	219,412		3,277				222,689
Revenue from Group companies	17,034	20,392	4,611			-42,037	0
Total net sales	986,409	307,231	98,872	85,713	0	-42,037	1,436,188
EBIT	36,305	2,365	5,167	812	-3,745		40,904
Financial income and expenses							-7,294
Income from joint ventures and associates							1,904
Income taxes							-7,146
Profit for the period							28,368
Assets	480,887	264,936	106,642	66,037		-8,702	909,800
Liabilities	234,521	186,839	30,357	36,107		-8,702	479,122
Investments	23,368	22,845	4,809	2,916			53,938
Depreciation and write-offs	26,534	10,450	4,377	4,693			46,054
Items affecting comparability: *)							
Sale of a subsidiary		1,350					1,350
Adjusted EBIT	36,305	1,015	5,167	812	-3,745	0	39,554

*) The categorisations into items affecting comparability are unaudited.

2. NET SALES, EUR 1,000

	2018	2017
Sale of goods	1,430,690	1,423,646
Services, rents and other sales	7,815	12,542
Total	1,438,505	1,436,188

In terms of the entry of sales revenue, Atria has identified two customer groups: consumer goods and primary production customers. Atria presents sales divided into these two revenue streams as part of the segment information in Note 1 and the division of receivables in Note 19.

3. RESEARCH AND DEVELOPMENT EXPENSES, EUR 1,000

	2018	2017
Research and development costs recognised as expenditure	13,692	12,889
% of net sales	1.0	0.9

4. REMUNERATIONS PAID TO AUDITORS, EUR 1,000

	2018	2017
Firm of authorised public accountants:		
Auditing fees	343	352
Reports and statements	3	13
Other services	6	
Total	352	365

5. OTHER OPERATING INCOME, EUR 1,000

	2018	2017
Proceeds from sales of fixed assets *)	251	1 515
Grants received	604	1,259
Other	3,012	2,920
Total	3,867	5,694

*) Atria divested its 51% holding in the subsidiary Nordic Fastfood AB on 1 December 2017. The transaction price was EUR 4.0 million. A sales profit of EUR 1.4 million was recognised for the sale.

6. OTHER OPERATING EXPENSES, EUR 1,000

	2018	2017
Depreciation and impairment of intangible assets	3,646	3,651
Other	705	-659
Total	4,351	2,992

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7. PERSONNEL EXPENSES, EUR 1,000

	2018	2017
Expenses from employee benefits:		
Salaries	191,530	189,587
Pension costs – defined-contribution plans	27,402	28,244
Pension costs – defined-benefit plans	387	-25
Other staff-related expenses	22,611	23,795
Total	241,930	241,601
Information on employee benefits for managerial employees is presented in note 30.		
Expenses from employee benefits by function:		
Costs of goods sold	191,150	188,048
Sales and marketing expenses	29,505	30,782
Administrative expenses	21,275	22,771
Total	241,930	241,601
Group personnel on average by business area (FTE):		
Finland	2,321	2,314
Sweden	847	846
Denmark and Estonia	423	429
Russia	869	860
Total	4,460	4,449

8. DEPRECIATION AND WRITE-OFFS, EUR 1,000

	2018	2017
Depreciation and write-offs by function:		
Costs of goods sold	35,712	35,849
Sales and marketing expenses	2,955	3,302
Administrative expenses	3,090	3,009
Other operating expenses	3,646	3,894
Total	45,403	46,054

9. FINANCIAL INCOME AND EXPENSES, EUR 1,000

	2018	2017
Financial income:		
Interest income from financial assets measured at amortised cost	1,773	2,025
Exchange rate gains from financial liabilities and loan receivables measured at amortised cost	5,309	3,055
Changes in the value of financial assets recognised at fair value through profit or loss		
- Derivative instruments - not in hedge accounting	8,566	6,837
Total	15,648	11,917
Financial expenses:		
Interest expenses from financial liabilities measured at amortised cost	-4,542	-6,355
Exchange rate losses from financial liabilities and loan receivables measured at amortised cost	-10,298	-7,288
Changes in the value of interest rate swaps for cash flow hedges - transfer from other comprehensive income items	-1,023	-1,675
Other financial expenses	-928	-1,168
Impairment from loan receivables measured at amortised cost (Note 19)	-1,481	0
Changes in the value of financial assets recognised at fair value through profit or loss		
– Derivative instruments – not in hedge accounting	-3,589	-2,725
Total	-21,861	-19,211
Total financial income and expenses	-6,213	-7,294
Items related to financial instruments and recognised in other items of total comprehensive income before taxes:		
Cash flow hedges	5,198	2,663
Translation differences	-9,631	-6,139
Total	-4,433	-3,476

10. INCOME TAXES, EUR 1,000

	2018	2017
Taxes in the income statement:		
Tax based on the taxable profit for the period	8,719	7,748
Retained taxes	-6	17
Deferred tax	-4,173	-619
Total	4,540	7,146
Balancing of taxes in income statement and profit before taxes:		
Profit before taxes	22,341	35,514
Taxes calculated with the parent company's 20.0 per cent tax rate	4,468	7,103
Effect of foreign subsidiaries' deviating tax rates	-590	-499
Retained taxes	-182	-195
Effect of income from joint ventures/associates	-74	-381
Effect of tax-free income	-11	-129
Effect of costs that are non-deductible in taxation	526	581
Unrecognised deferred tax assets	1,302	578
Changes in tax rate	-976	
Other changes	77	88
Total	4,540	7,146

Taxes recognised in other items of total comprehensive income	Before tax	Tax effects	After tax
2018:			
Cash flow hedges	5,199	-1,037	4,162
Actuarial losses from pension obligations	-294	63	-231
Translation differences	-9,631		-9,631
Total	-4,726	-974	-5,700
2017:			
Cash flow hedges	2,662	-536	2,126
Actuarial losses from pension obligations	-66	15	-51
Translation differences	-6,139		-6,139
Total	-3,543	-521	-4,064

11. EARNINGS PER SHARE, EUR 1,000

	2018	2017
Profit (+)/loss (-) for the accounting period attributable to the owners of the parent company	16 362	25 859
Weighted average of shares for the period (1,000 pcs)	28 156	28 156
Basic earnings per share	0,58	0,92
Earnings per share adjusted by the dilution effect	0,58	0,92

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

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 2018	9,372	476,311	653,654	11,778	16,662	1,167,777
Increases		6,995	33,681	2,393	20,206	63,275
Decreases			-1,109	-1,039	-25,342	-27,490
Exchange differences	-570	-6,050	-10,389		432	-16,577
Acquisition cost, 31 Dec 2018	8,802	477,256	675,837	13,132	11,958	1,186,985
Accumulated depreciation and impairment, 1 Jan 2018	0	-234,219	-517,986	-6,881	-26	-759,112
Decreases		11	1,521			1,532
Depreciation		-11,462	-25,599	-1,983		-39,044
Impairment		-63	-258	-12		-333
Exchange differences		2,134	7,679	703		10,516
Accumulated depreciation and impairment, 31 Dec 2018	0	-243,599	-534,643	-8,173	-26	-786,441
Book value, 1 Jan 2018	9,372	242,092	135,668	4,897	16,636	408,665
Book value, 31 Dec 2018	8,802	233,657	141,194	4,959	11,932	400,544

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

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 1.5 million (EUR 1.2 million) and accumulated depreciation was EUR 0.5 million (EUR 0.5 million). The book value of assets was EUR 1.1 million (EUR 0.7 million).

The tangible assets used as loan collateral amount to EUR 9.7 million (EUR 10.2 million).

13. BIOLOGICAL ASSETS, EUR 1,000

	2018	2017
Biological assets:		
Productive	631	637
Consumable	3,356	3,130
At the end of the period	3,987	3,767
Amounts of biological assets at the end of the period:		
Boars, sows, gilts / qty	2,909	3,790
Pigs for fattening / qty	28,318	26,793
Chicken eggs and chicks / 1,000 qty	2,781	2,803
Production of agricultural products during the period:		
Pork / 1,000 kg	5,183	5,081
Chicks / 1,000 qty	43,760	36,517

The fair value of productive biological assets is based on the original acquisition price less a cost corresponding to the reduction of value in use due to the ageing of 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 2018	182,171	76,590	19,110	33,830	311,701
Increases				6,267	6,267
Decreases				-238	-238
Exchange differences	-4,337	-2,384	-177	-184	-7,082
Acquisition cost, 31 Dec 2018	177,834	74,206	18,933	39,675	310,648
Accumulated depreciation and impairment, 1 Jan 2018	-15,371	-6,777	-7,223	-26,436	-55,807
Depreciation on decreases				212	212
Depreciation		-1,014	-2,310	-2,702	-6,026
Exchange differences	127	135	37	11	310
Accumulated depreciation, 31 Dec 2018	-15,244	-7,656	-9,496	-28,915	-61,311
Book value, 1 Jan 2018	166,800	69,813	11,887	7,394	255,894
Book value, 31 Dec 2018	162,590	66,550	9,437	10,760	249,337

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

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

	Goodwill		Trademarks	
	2018	2017	2018	2017
Atria Finland	28,438	28,438	2,500	2,500
Atria Sweden	98,429	102,531	34,325	35,759
Atria Denmark	35,723	35,831	13,285	13,325
Atria Estonia			2,857	2,857
Atria Russia			2,687	3,087
Total	162,590	166,800	55,654	57,528

Impairment testing:

Key assumptions for 2018	Atria Finland	Atria Sweden	Atria Denmark	Atria Estonia	Atria Russia brand
Long-term net sales growth rate	1.0%	1.0%	1.0%	1.0%	2.5%
Discount rate defined before taxes	4.6%	4.4%	4.2%	4.1%	12.9% *)

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

*) After tax

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 by using the growth rates presented above.

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

Growth rate assumptions are moderate in all market areas. Russia's higher growth projection is due to its higher inflation rate 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 result in impairment losses in the future.

As regards EBIT margins, impairment losses must be recognised in Finland if the long-term level remains below 96 per cent of the assumed level. In Sweden, the EBIT percentage should be 42 per cent and, in the Denmark, 49 per cent, and in Estonia 89 per cent below the assumption before the need for impairment arises.

Discount rates would result in impairment losses (all cash flow forecasts being equal) if they increased by 8.6 percentage points in Finland, 2.0 percentage points in Sweden, 2.1 percentage points in Denmark and 5.5 percentage points in Estonia. Clearly higher discount rates would mean that the market situation has changed, and this change would be likely to affect Atria's cash flows as well. Therefore, the above-mentioned increases in discount rates do not directly mean that there would be a need for impairment.

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

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

	2018	2017
Effect on the Group's earnings:		
Associates	249	484
Joint ventures	120	1 420
Total	369	1,904
Book values in the consolidated statement of financial position		
Associates	4,080	3,916
Joint ventures	10,391	10,799
Total	14,471	14,715

Material investment in a joint venture

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

	2018	2017
Summary of Honkajoki Group's results:		
Net sales	39,178	32,339
EBIT	487	3,318
Profit before taxes	260	3,046
Income for the financial period	253	2,494
Summary of Honkajoki Group's balance sheet:		
Assets		
Non-current assets	28,408	27,925
Current assets	8,150	9,721
Total assets	36,558	37,646
Liabilities		
Non-current liabilities	9,025	9,372
Current liabilities	7,263	7,502
Total liabilities	16,288	16,874
Net assets	20,270	20,772
Balancing of the summary of financial information for Honkajoki Group:		
Income for the financial period	254	2,494
share of non-controlling interest	20	-26
Income from joint venture (50%)	137	1,234
Net assets, 1 Jan	20,772	18,925
Income for the financial period	254	2,494
Other changes		-107
Distribution of dividend	-756	-540
Net assets at the end of the accounting period	20,270	20,772
share of non-controlling interest	219	239
Share of joint venture (50%)	10,026	10,267

Non-material investments in joint ventures:

	2018	2017
Book value in the consolidated statement of financial position	365	532
Effect on earnings in the consolidated income statement	-17	186

Non-material investments in associates

	2018	2017
Book value in the consolidated statement of financial position	4,080	3,916
Effect on earnings in the consolidated income statement	249	484

The joint ventures and associates are listed in Note 33.

16. OTHER FINANCIAL ASSETS, EUR 1,000

Other financial assets are recognised at fair value in other comprehensive income (2017: Available-for-sale financial assets)
Other financial assets include unlisted shares.

	2018	2017
Other financial assets 1 Jan	1,196	1,103
Increases	6	100
Decreases	-4	-7
Other financial assets 31 Dec	1,198	1,196

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

	2018	2017
Deferred tax assets:		
Tax asset to be realised in more than 12 months	4,877	5,760
Tax asset to be realised within 12 months	238	263
Total	5,115	6,023
Deferred tax liabilities:		
Tax liability to be realised in more than 12 months	42,520	47,197
Tax liability to be realised within 12 months	216	34
Total	42,736	47,231
Deferred tax assets by balance sheet item:		
Intangible and tangible assets	175	273
Inventories	62	91
Trade and other receivables	725	396
Interest-bearing and non-interest-bearing liabilities	897	1,189
Recognised losses	3,256	4,074
Total	5,115	6,023
Deferred tax liabilities by balance sheet item:		
Intangible and tangible assets	42,349	47,024
Inventories	20	20
Trade and other receivables	7	6
Interest-bearing and non-interest-bearing liabilities	360	181
Total	42,736	47,231
Change in deferred taxes:		
Recognised in the income statement	4,173	619
Recognised in other items of total comprehensive income	-991	-521
Changes from acquired/sold businesses		60
Exchange differences	405	364
Total	3,587	522

Deferred tax assets for unused tax losses are recognised to the amount for which it is likely that tax benefits will be obtained on the basis of taxable profit. Deferred tax assets unrecognised for the period were EUR 1.2 million (0.5 million).

Of the deferred tax assets recognised for confirmed losses, EUR 3.2 million relate to Russia. Russia's tax legislation has changed as of 1 January 2017 with confirmed losses no longer expiring, but in 2017–2020, losses can be reduced by up to 50 percent of taxable profit. The legislative change has been confirmed until 2020.

The gradual decrease of the corporation tax rate in Sweden has been taken into account in deferred taxes.

18. INVENTORIES, EUR 1,000

	2018	2017
Materials and supplies	42,880	44,372
Unfinished products	4,272	2,836
Finished products	55,208	42,623
Other inventories	3,554	3,194
Total	105,914	93,025

During the accounting period, EUR 1.4 million (EUR 1.1 million), i.e. the amount used to lower the book value of the inventories to a value comparable with the net realisable value.

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

	2018	2017
Non-current:	Balance sheet value	Balance sheet value
Trade receivables from primary production customers	2,725	3,178
Loan receivables from primary production customers	4,322	4,932
Other receivables	390	301
Derivative instruments – in hedge accounting	2,293	738
Derivative financial instruments – not in hedge accounting	47	7
Total	9,777	9,156
Current:		
Trade receivables from consumer goods customers	57,183	63,975
Trade receivables from primary production customers	23,281	26,583
Loan receivables from primary production customers	4,066	3,025
Other loan receivables	485	517
Other receivables	8,699	10,820
Derivative instruments – in hedge accounting	3,434	413
Derivative financial instruments – not in hedge accounting	787	1,779
Accrued credits and deferred charges	6,028	6,572
Total	103,963	113,684
Current and non-current total	113,740	122,840

Fair values do not deviate significantly from balance sheet values. The maximum credit risk for loans and other receivables is equivalent to their book value.

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

Financial assets and liabilities by class are presented in Note 27.

Current and non-current receivables are divided between currencies as follows:	2018	2017
EUR	76,160	79,439
SEK	15,126	21,073
RUB	11,158	11,428
DKK	6,395	6,016
USD	2,972	3,105
NOK	538	687
Other	1,391	1,092
Total	113,740	122,840

Receivables from consumer goods customers:

Breakdown of trade receivables by age and expected credit losses (IFRS 9)	2018	Provision for credit losses	Net 2018	Expected credit losses, %
Not due	50,749	-2	50,747	0,0,%
Overdue				
Less than 30 days	5,040	0	5,040	0.0.%
30–60 days	731	0	731	0.0.%
61–90 days	116	0	116	0.0.%
More than 90 days	894	-345	549	38.6.%
Total	57,530	-347	57,183	0.6.%
Provision for credit risk from trade receivables 1 Jan	152			
Provision increase	347			
Realised credit losses	-42			
Cancelled provisions	-21			
Total 31 Dec	436			

Receivables from primary production customers:

Breakdown of trade receivables by age and expected credit losses (IFRS 9)	2018	Provision for credit losses	Net 2018	Expected credit losses, %
Not due	21,210	-65	21,145	0.3 %
Overdue				
Less than 30 days	1,954	0	1,954	0.0 %
30–60 days	332	0	332	0.0 %
61–90 days	117	0	117	0.0 %
More than 90 days	3,009	-551	2,458	18.3 %
Total	26,622	-616	26,006	2.3 %
Provision for credit risk from trade receivables 1 Jan	1,790			
Provision increase	616			
Realised credit losses	-34			
Cancelled provisions				
Total 31 Dec	2,372			

Loan receivables:
At the end of the year, the fair value of the interest rate swaps was EUR 8.2 million (EUR 7.8 million). In 2018, the credit risk associated with loan receivables increased and an impairment of EUR 1.5 million (EUR 0 million) was entered for loan receivables.

Advances received:
At the end of the accounting period, advances from primary production customers amounted to EUR 1.5 million (EUR 2.4 million) (Note 26).

Year 2017 according to IAS 39: Breakdown of trade receivables by age and items booked as credit losses	2017	Credit losses	Net 2018
Not due	81,657	0	81,657
Overdue			
Less than 30 days	7,149	0	7,149
30–60 days	1,280	6	1,286
61–90 days	396	0	396
More than 90 days	3,305	-57	3,248
Total	93,787	-51	93,736

20. CASH AND CASH EQUIVALENTS, EUR 1,000

	2018	2017
Cash in hand and at banks	3,982	3,137

21. SHAREHOLDERS' EQUITY, EUR 1,000

Shares and share capital

Shares are divided into A and KII series, which differ in terms of voting rights. Holders of series A shares have one vote per share and holders of series KII shares have ten votes per share. Holders of series A shares are entitled to a dividend of EUR 0.17, after which holders of series KII 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. All issued shares have been paid in full. The shares have no nominal value or maximum number.

Number of shares outstanding (1,000)	A series	KII series	Total
1 Jan 2017	18,952	9,204	28,156
No changes in the accounting period			
31 Dec 2017	18,952	9,204	28,156
No changes in the accounting period			
31 Dec 2018	18,952	9,204	28,156

Reserves included in shareholders' equity:

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	2018	2017
Hedging fund		
Effective portion of currency and commodity derivatives.	5,641	804
Effective portion of interest rate derivatives	-966	-1,326
Deferred tax	-935	102
Total	3,740	-420

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

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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 share price on the grant date.

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.

Parent company's distributable shareholders' equity	2018	2017
Invested unrestricted equity fund	248,730	248,730
Retained earnings	61,064	59,994
Treasury shares	-1,277	-1,277
Profit for the period	-32,595	15,148
Total	275,920	322,594

Dividend per share paid for the period	2018	2017
Dividend/share, EUR	0.50	0.46
Dividend distributed by the parent company	14,078	12,952

The Board of Directors proposes to the Annual General Meeting to be held on 26 April 2019 that a dividend of EUR 0.40 per share be distributed, totalling EUR 11,262,566.40.

22. SHARE-BASED PAYMENTS, EUR 1,000

Atria Plc's Board of Directors decided on the long-term incentive scheme of key personnel for the period 2018–2020. The share-based incentive scheme aims to encourage Atria's management to acquire company shares and to enhance the company's long-term increase in value by their decisions and activities.

The scheme, based on a shares and a cash bonus, is divided into three one-year periods. The first earning period began on 1 January 2018 and ended on 31 December 2018. The possible bonus in the scheme is based on the company's earnings per share (70%) and organic growth (30%). The bonuses for the 2018 earning period are paid in three equal parts in 2019, 2020 and 2021, partly as company shares and partly in cash. The cash proportion aims to cover any taxes and tax-like payments incurred by the person due to the bonus. If the person's employment relationship or service contract ends prior to the payment of the bonus, the bonus is not usually paid. The share-based incentive scheme covers a maximum of 40 persons. The estimated total of the bonuses to be paid for the 2018 earning period is approximately EUR 0.2 million. The maximum amount of bonuses to be paid for the 2019 result is equal in value to 45,000 Series A shares, valued at market price "when the shares are transferred to the recipients. The bonus will include a cash portion which will cover any taxes or" similar costs incurred by the recipients.

Earnings period:	2018
Grant date	15 March 2018
Earnings period begins	1 Jan 2018
Earnings period ends	31 Dec 2018
Maximum number of shares granted as remuneration	39,000
Earnings criteria:	
- EPS	70.0 %
- Organic growth	30.0 %
Achievement of earnings criteria, %	19.8 %
Share incentives earned	7,716
Share price listed on grant date, EUR	12.93
Share price listed on balance sheet date, EUR	6.58

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

	2018	2017
	Balance sheet value	Balance sheet value
Non-current:		
Loans from financial institutions	136,392	111,450
Pension fund loans	6,000	9,550
Other liabilities	9,700	1,000
Finance lease liabilities	662	424
Total	152,754	122,424
Current:		
Bonds		50,000
Loans from financial institutions	5,082	3,887
Commercial papers	65,000	31,000
Pension fund loans	3,550	5,300
Other liabilities	431	1,409
Finance lease liabilities	390	254
Total	74,453	91,850
Total interest-bearing liabilities	227,207	214,274

The fair values of interest-bearing loans do not deviate significantly from balance sheet values. Financial liabilities by class are presented in Note 27.

With fixed interest rates	18.0%	16.0%
With variable interest rates	82.0%	84.0%
Average interest rate	1.33%	2.30%

Non-current liabilities mature as follows:		
2019		4,120
2020	11,546	2,092
2021	2,092	2,092
2022	32,092	72,092
2023	106,092	
Later	932	42,027
Total	152,754	122,424

Interest-bearing liabilities by currency:		
EUR	90,759	86,963
SEK	116,110	108,057
DKK	9,304	10,623
RUB	10,835	8,228
NOK	199	403
Total	227,207	214,274

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

Finance lease obligations	2018	2017
Total amount of minimum lease payments:		
In less than a year	398	258
Between one and five years	738	466
Total	1,136	724
Present value of minimum lease payments:		
In less than a year	390	254
Between one and five years	662	424
Total	1,052	678
Future interest accumulation	84	46
Total	1 136	724

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Reconciliation calculation of interest-bearing liabilities	2017	Withdrawals	Payments	Exchange differences	2018
Bonds	50,000		-50,000		0
Loans from financial institutions	112,136	25,000	-686	-2	136,448
Pension fund loans	14,850		-5,300		9,550
Bank account limits *)	3,200	1,826			5,026
Commercial papers *)	31,000	34,000			65,000
Other liabilities	2,409	10,000	-2,278		10,131
Finance lease liabilities*)	678	391		-17	1,052
Total	214,274	71,217	-58,264	-19	227,207

*) Net change

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

	2018	2017
Other liabilities *)	6,143	6,142
Derivative instruments – in hedge accounting	987	1,431
Derivative financial instruments – not in hedge accounting	0	53
Accrued liabilities	230	440
Total	7,360	8,066

*) Other liabilities include the current value, EUR 5.9 million, of the call option related to the minority share acquisition of the subsidiary acquired in 2016, Well-Beef Ltd.

Other non-current liabilities are in euros. Financial liabilities by class are presented in Note 27.

25. PENSION OBLIGATIONS, EUR 1,000

	2018	2017
The benefit-based pension liability in the balance sheet is determined as follows:		
Present value of funded obligations	6,313	6,320
Fair value of assets	0	0
Deficit (+) / Surplus (-)	6,313	6,320
Pension obligation in the balance sheet	6,313	6,320
The benefit-based pension cost is determined as follows:		
Benefits paid	-198	-218
Interest expenses	150	193
Pension costs in the profit and loss account	-48	-25
Items recognised in other items of total comprehensive income due to reassessment	294	66
Pension costs in total comprehensive income	294	66
Changes to liabilities in the balance sheet:		
Liability of the ITP2 pension arrangement at the beginning of the accounting period	6,320	7,167
Pension costs in the profit and loss account and total comprehensive income	246	41
Sale of a subsidiary		-676
Exchange differences	-252	-212
At the end of the period	6,313	6,320
Actuarial assumptions used (%):		
Discount rate	2.35	2.50
Inflation rate	2.00	1.90

The Group's Swedish companies have defined-benefit pension arrangements (ITP2). Most of the ITP2 pension arrangements are managed 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

	2018	2017
Trade payables	89,615	106,281
Advances received (Note 19)	1,561	2,388
Other liabilities	44,175	45,841
Derivative instruments – in hedge accounting	24	249
Derivative financial instruments – not in hedge accounting	1,496	162
Accrued liabilities	49,369	47,209
Total	186,240	202,130

Material items in accrued liabilities consist of personnel expenses and the amortisation of debt interests. Financial liabilities by class are presented in Note 27.

Current liabilities consist of the following currencies:		
EUR	128,394	141,002
SEK	44,288	42,880
RUB	4,886	9,784
DKK	7,097	7,048
PLN	1,009	805
NOK	331	349
USD	223	218
Other	12	44
Total	186,240	202,130

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 operating margin is in relation to net financing costs, the larger is the share of debt that must have a fixed interest rate. The Group's interest-bearing debt on the balance sheet date was EUR 227.2 million (EUR 214.3 million), of which EUR 40.8 million (EUR 34.4 million) or 18.0 per cent (16.0 per cent) had fixed interest rates. The ratio of debt with fixed and variable interest rates is at the level defined by the Group's financing 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 one interest rate swap subject to hedge accounting.

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

The sensitivity analysis of net interest rate expenses is based on a 1 per cent change in interest rates, which is considered to be 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 swap is taken into account in the calculation. In simulations, the same change in interest rate is used for all currencies. On 31/12/2018, variable-rate net liabilities amounted to EUR 182.4 million (EUR 176.8 million). At the end of 2018, an increase of one percentage point in interest rates corresponded to a change of EUR +/-1.8 million in the Group's annual interest rate expenses (EUR +/-1.8 million). The effect on equity would be EUR 0.9 million (EUR 1.5 million) with an increase of one per cent and EUR -1.0 million (EUR -1.6 million) with a decrease of one per cent.

Currency risk

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

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

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

During the accounting period, translation differences recognised in the consolidated statement of comprehensive income amounted to EUR -9.6 million (EUR -6.1 million). At the end of the year, the value of net investments exposed to fluctuations of the rouble was EUR 43.2 million (EUR 47.6 million).

If, at the end of the accounting period, the euro had been 10 per cent weaker/stronger than the Swedish krona (all other factors being equal), profit before taxes would have been EUR 0.5 million higher/lower due to the Swedish subsidiaries' unhedged euro-denominated net position of accounts receivable and accounts payable (EUR 0.5 million). The effect on equity would have been EUR 0.8 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 distribution and by having sufficient committed credit limits with sufficiently long periods of validity at hand, 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 was EUR 85.0 million (EUR 105.0 million) in unutilised binding credit limits at the end of the year, and EUR 135.0 million of the EUR 200 million commercial paper programme had not been used at the end of the accounting period (EUR 169.0 million). The average maturity of the Group's loans and committed credit limits was 3 years 2 months (3 years 4 months).

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

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

The table below shows the maturity analysis for financial liabilities and derivative financial instruments (undiscounted figures). The capital levies 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 2018			
EUR 1,000		< 1 year	1–5 years	> 5 years	Total
Loans	Instalments	74,062	151,250	842	226,155
	Interest payments	2,286	7,050	92	9,428
Finance lease obligations	Instalments	390	662		1,052
Derivative liabilities and assets *)	Capital payments	172,438			172,438
	Capital income	-185,517			-185,517
	Interest payments	353	886		1,240
Other payables	Instalments	5,654	6,144		11,798
Trade payables	Payments	89,614			89,614
Accrued liabilities	Payments	48,990	230		49,220
Total	Total payments	393,788	166,223	933	560,944
	Total income	-185,517	0	0	-185,517
	Net payments	208,271	166,223	933	375,427

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

*) 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 4.1 million (EUR 1.0 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. To secure the supply of domestically produced meat raw material in Finland, Atria has granted financing for meat producers. The interest-bearing loan receivables are related primarily to these loans.

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. More detailed information on trade receivables is provided in Note 19.

Commodity risk

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

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

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

Hedge accounting in accordance with IFRS is applied to electricity hedges. The valuation differences, EUR +5.0 million (EUR +0.8 million), of the effective portion of electricity derivatives which meet the criteria for hedge accounting were recognised in the equity hedge fund.

If the market price for electricity derivatives changed by +/-10 per cent from the level of 31 Dec 2018, the effect on equity would be EUR +/-1.1 million (EUR +/-1.1 million), on the assumption that all hedges are 100 per cent effective.

Capital structure management

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

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

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

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

Equity ratio (target 40%)

Realised	31 Dec 2018	31 Dec 2017
	47.7%	47.5%

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Values of financial assets and liabilities by category::

EUR 1,000

Classification according to IFRS 9 2018 Balance sheet item	Recognised at amortised cost	Recognised at fair value through profit or loss	Recognised at fair value through comprehensive income	Derivatives in hedge accounting	Balance sheet value total
Non-current assets					
Trade receivables	2,725				2,725
Other financial assets			1,198		1,198
Loan receivables	4,322				4,322
Other receivables *)	390				390
Derivative financial instruments		47		2,293	2,340
Current assets					
Trade receivables	77,935		2,529		80,464
Loan receivables	4,551				4,551
Other receivables *)	2,533				2,533
Accrued credits and deferred charges *)	6,027				6,027
Derivative financial instruments		787		3,434	4,221
Cash and cash equivalents	3,982				3,982
Total financial assets	102,465	834	3,727	5,727	112,753
Non-current liabilities					
Loans	152,092				152,092
Finance lease liabilities	662				662
Derivative financial instruments				987	987
Accruals and deferred income **)	230				230
Current liabilities					
Loans	73,632				73,632
Finance lease liabilities	390				390
Accounts payable	89,614				89,614
Other liabilities **)	4,362				4,362
Accruals and deferred income **)	49,369				49,369
Derivative financial instruments		1,496		24	1,520
Total financial liabilities	370,351	1,496	0	1,011	372,858

*) Do not include VAT or income tax assets.

**) Do not include VAT or income tax liabilities

Values of financial assets and liabilities by category:

EUR 1,000 Classification according to IAS 39 2017 Balance sheet item	Financial assets and liabilities recognised at fair value through profit or loss	Derivative contracts under hedge accounting	Loans and other receivables	Available for sale financial assets	Financial liabilities	Balance sheet value total
Non-current assets						
Trade receivables			3,178			3,178
Other financial assets				1,196		1,196
Loan receivables			4,932			4,932
Other receivables *)			301			301
Derivative financial instruments	7	738				745
Current assets						
Trade receivables			90,558			90,558
Loan receivables			3,542			3,542
Other receivables *)			3,994			3,994
Accrued credits and deferred charges *)			6,572			6,572
Derivative financial instruments	1,779	413				2,192
Cash and cash equivalents			3,137			3,137
Total financial assets	1,786	1,151	116,214	1,196	0	120,347
Non-current liabilities						
Loans					122,000	122,000
Finance lease liabilities					424	424
Derivative financial instruments	53	1,431				1,484
Accruals and deferred income **)					440	440
Current liabilities						
Loans					91,596	91,596
Finance lease liabilities					254	254
Trade payables					106,281	106,281
Other liabilities **)					7,386	7,386
Accruals and deferred income **)					47,209	47,209
Derivative financial instruments	162	249				411
Total financial liabilities	215	1,680	0	0	375,590	377,485

*) Do not include VAT or income tax assets.

**) Do not include VAT or income tax liabilities

Fair value hierarchy:

EUR 1,000

Balance sheet item	31 Dec 2018	Level 1	Level 2	Level 3
Non-current assets				
Financial assets recognised at fair value in other comprehensive income				
– Unlisted shares	1,198			1,198
Derivative financial instruments	2,340		2,340	
Current assets				
Derivative financial instruments	4,221		4,221	
Total	7,759	0	6,561	1,198
Non-current liabilities				
Derivative financial instruments	987		987	
Current liabilities				
Derivative financial instruments	1,520		1,520	
Total	2,507	0	2,507	0

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

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 classed on level 3. Assessments by external parties are used for the measurement of financial instruments and, if such assessments are not available, the company's own calculations/assessments are used.

Changes in financial instruments belonging to level 3

Unlisted shares	2018	2017
Opening balance 1 Jan	1,196	1,103
Increases	6	100
Decreases	-4	-7
Closing balance 31 Dec	1,198	1,196

Derivative financial instruments:

Fair values of derivative instruments EUR 1,000	Derivative assets 31 Dec 2018	Derivative liabilities 31 Dec 2018	Net fair value 31 Dec 2018	Net fair value 31 Dec 2017
Forward exchange agreements				
Cash flow hedges under hedge accounting		21	-21	107
Other hedges	686	1,496	-810	1,711
Interest rate swaps, due in more than one year				
Cash flow hedges under hedge accounting		966	-966	-1,326
Electricity derivatives				
Cash flow hedges under hedge accounting	5,727	24	5,703	739
Other hedges	148		148	-189
Total	6,561	2,507	4,054	1,042

Nominal values of derivative financial instruments, EUR 1,000	31 Dec 2018	31 Dec 2017
Forward exchange agreements		
Cash flow hedges under hedge accounting	3,514	4,396
Other hedges	134,034	123,308
Interest rate swaps		
Cash flow hedges under hedge accounting	30,000	80,000
Electricity derivatives		
Cash flow hedges under hedge accounting	13,559	9,986
Other hedges	250	256
Total	181,358	217,947

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28. OTHER LEASES, EUR 1,000

	2018	2017
Group as lessee:		
Minimum lease payments based on non-cancellable leases		
Within one year	12,960	12,806
Within more than one year and a maximum of five years	4,498	7,435
After more than five years	2,948	5,666
Total	20,406	25,907
Rents recognised as cost	15,374	15,029

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

29. CONTINGENT LIABILITIES, EUR 1,000

	2018	2017
Debts with mortgages or other collateral given as security		
Loans from financial institutions	1,490	1,594
Pension fund loans	4,277	4,416
Total	5,767	6,010
Mortgages and other securities given as comprehensive security		
Real estate mortgages	2,517	2,664
Corporate mortgages	1,073	1,117
Total	3,590	3,781
Contingent liabilities not included in the balance sheet		
Guarantees	86	248

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 33.

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

Transactions with related parties and related party assets and liabilities	Joint ventures and associates	Other related parties	Total
1 Jan–31 Dec 2018			
Sale of goods	5,762	8,180	13,942
Sale of services	15	152	167
Rental income	4,508	112	4,620
Purchase of goods	16,800	11,562	28,362
Purchase of services	53,055	111	53,166
Rental costs	5,900	5,238	11,138

Transactions with related parties and related party assets and liabilities	Joint ventures and associates	Other related parties	Total
31 Dec 2018			
Trade receivables	576	552	1,128
Other receivables	186		186
Interest-bearing liabilities		9,770	9,770
Trade payables	4,629	227	4,856

Transactions with related parties and related party assets and liabilities	Joint ventures and associates	Other related parties	Total
1 Jan–31 Dec 2017			
Sale of goods	3,085	7,344	10,429
Sale of services	16	79	95
Rental income	4,415	123	4,538
Purchase of goods	16,038	11,403	27,441
Purchase of services	48,986	109	49,095
Rental costs	5,553	5,068	10,621
31 Dec 2017			
Trade receivables	395	215	610
Other receivables	145	145	290
Trade payables	5,680	964	6,644

The sale of goods and services to related parties is based on the Group's valid price lists. The majority of services purchased were the logistics services of Tuoretie Oy.

Employee benefits and fees of the Group's key managerial personnel (on an accrual basis)	2018	2017
Short-term employee benefits	2,643	3,310
Post-employment benefits (group pension benefits)	283	250
Total	2,926	3,560

The Group's key managerial personnel consists of the members of the Board of Directors and the Supervisory Board, the CEO, the Deputy CEO and 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 a defined-contribution plan, and the annual contribution is based on the insured's monthly salary (monetary salary and fringe benefits).

Incentive schemes for management:

Long-term incentive plan
Atria Plc's Board of Directors decided on the long-term incentive scheme of key personnel for the period 2018–2020. The share-based incentive scheme aims to encourage Atria's management to acquire company shares and to enhance the company's long-term increase in value by their decisions and activities.

The scheme, based on a shares and a cash bonus, is divided into three one-year periods. The first earning period began on 1 January 2018 and ended on 31 December 2018. The possible bonus in the scheme is based on the company's earnings per share (70%) and organic growth (30%). The bonuses for the 2018 earning period are paid in three equal parts in 2019, 2020 and 2021, partly as company shares and partly in cash. The cash proportion aims to cover any taxes and tax-like payments incurred by the person due to the bonus. If the person's employment relationship or service contract ends prior to the payment of the bonus, the bonus is not usually paid. The share-based incentive scheme covers a maximum of 40 persons. The estimated total of the bonuses to be paid for the 2018 earning period is approximately EUR 0.2 million. The maximum amount of bonuses to be paid for the 2019 result is equal in value to 45,000 Series A shares, valued at market price when the shares are transferred to the recipients. The bonus will include a cash portion which will cover any taxes or similar costs incurred by the recipients.

The concluded long-term incentive scheme
Payments from the 2015–2017 earning period were based on the Group's earnings per share (EPS), excluding extraordinary items. The cash bonuses payable under the scheme for the entire 2015–2017 earning period were capped at EUR 4.5 million. The scheme concluded on 31 December 2017, and it covered a maximum of 45 people. The scheme covered the CEO, the Group's Management Team and the management teams of the business areas. The bonuses accrued for the entire earning period of 2015–2017 totalled EUR 2.1 million.

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

Salaries, benefits and pension contributions for the members of the Supervisory Board, Board of Directors, CEO and Deputy CEO	Salaries and benefits	Supplementary pension contributions	Total
Members of the Supervisory Board:			
Kaikkonen Jukka, Chair	23		23
Anttikoski Juho, Deputy Chair	13		13
Other members of the Supervisory Board	67		67
Total	103	0	103
Members of the Board of Directors:			
Paavola Seppo, Chair	70		70
Rantsi Jyrki, Deputy Chair	60		60
Ginman-Tjeder Nella	29		29
Kaarto Esa, until 26 April 2018	17		17
Korhonen Pasi	35		35
Moisio Jukka	28		28
Paxal Kjell-Göran	43		43
Ritola Ahti, since 26 April 2018	36		36
Sivula Harri	29		29
Total	347	0	347
Managing Director:			
Gröhn Juha	611	133	744
Deputy CEO:			
Back Tomas, CFO	301	38	339

31. SOLD OPERATIONS, EUR 1,000

2017:

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

32. EVENTS AFTER THE PERIOD UNDER REVIEW

Atria Finland is planning to improve the efficiency of its production operations and adjust the operations at its Nurmo meat-cutting plant. The purpose of the planned measures is to improve the profitability and competitiveness of the operations. Atria Finland began cooperation negotiations regarding these plans that concern the entire personnel of the meat-cutting plant in Nurmo. The negotiations with the personnel concerning the restructuring began on 15 January 2019. Atria expects operational restructuring to result in annual savings of about EUR 1.5 million. The cost savings will be fully realised as of the beginning of 2020. This would mean a reduction of approximately 65 man-years of work input. Any reduction of work will be implemented through internal arrangements and transfers.

At the beginning of 2019, Atria Russia renews its strategy. The key objective of the new strategy is to restore the business operations in Russia to a healthy state, which means that both sales and sales margins need to grow and results need to become positive. As part of the strategy project, Atria is also exploring the opportunities to sell the operations of Atria Russia either partly or in full. At the same time, restructuring and strategic development of Sibylla fastfood operation, which Atria owns, will be explored.

33. GROUP COMPANIES, GROUP JOINT VENTURES AND ASSOCIATES

Atria Group's most important subsidiaries are food manufacturers Atria Finland Ltd, Atria Sverige AB, Atria Danmark A/S, OOO Pit-Product and Atria Eesti AS; animal procurement and trading company A-Tuottajat Oy; and feed manufacturer A-Rehu Oy.

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
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 Sweden:			
Atria Concept SP Z.o.o	Poland	100.0	100.0
Atria Korea LLC	Republic of Korea	100.0	100.0
Atria Sweden AB	Sweden	100.0	100.0
Atria Sverige AB	Sweden	100.0	100.0
Atria Norge AS	Norway	100.0	100.0
Atria Concept UK Ltd	UK	100.0	100.0
Atria Denmark and Estonia:			
Atria Danmark A/S	Denmark	100.0	100.0
Atria Denmark Holding A/S	Denmark	100.0	100.0
Atria Eesti AS	Estonia	100.0	100.0
Atria Farmid OÜ	Estonia	100.0	100.0
OÜ Atria *)	Estonia	100.0	100.0
Atria Russia:			
Atria-Invest Oy	Finland	100.0	100.0
OOO Pit-Product	Russia	100.0	100.0

*) Dormant company

The consolidated financial statements include all subsidiaries. The share of non-controlling interest in Atria Group's profit for the period and retained earnings is not material.

Financial statements 2018 › Notes to the consolidated financial statements, IFRS

Group joint ventures and associates	Domicile	Ownership interest (%)	Share of votes (%)
Group joint ventures:			
Honkajoki Oy *)	Finland	50.0	50.0
Länsi-Kalkkuna Oy	Finland	50.0	50.0
Group associates:			
Domretor Oy	Finland	24.9	24.9
Findest Protein Oy	Finland	33.1	33.1
Finnpig Oy	Finland	50.0	50.0
Foodwest Oy	Finland	20.4	33.5
Kiinteistö Oy Itikanmäen Teollisuustalo	Finland	13.2	13.2
Transbox Oy	Finland	25.7	25.7
Tuoretie Oy	Finland	33.3	33.3

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

Financial statements 2018 › Parent company financial statements, FAS

INCOME STATEMENT, EUR 1,000

	Note	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
NET SALES	2.1	36,784	38,512
Other operating income	2.2	4,885	4,263
Personnel expenses	2.3	-3,462	-3,465
Depreciation and impairment	2.4		
Depreciation according to plan		-20,403	-21,217
Other operating expenses	2.5	-6,693	-6,346
EBIT		11,111	11,748
Financial income and expenses	2.6	-55,610	-3,394
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES		-44,499	8,354
Appropriations	2.7	17,080	10,571
Income taxes	2.8	-5,175	-3,776
PROFIT/LOSS FOR THE PERIOD		-32,595	15,148

BALANCE SHEET, EUR 1,000

Assets	Note	31 Dec 2018	31 Dec 2017
FIXED ASSETS			
Intangible assets	3.1		
Intangible rights		19	23
Other long-term expenditure		8,324	6,153
Total intangible assets		8,343	6,176
Tangible assets	3.1	217,484	223,022
Investments	3.2		
Interests in Group companies		272,967	317,556
Interests in associates		3,436	3,331
Other shares and interests		1,061	1,065
Total investments		277,464	321,952
TOTAL FIXED ASSETS		503,292	551,151
CURRENT ASSETS			
Non-current receivables	3.3	148,367	151,424
Current receivables	3.3	166,354	130,214
Cash in hand and at bank		3,143	134
TOTAL CURRENT ASSETS		317,864	281,772
Total assets		821,156	832,923

Liabilities	Note	31 Dec 2018	31 Dec 2017
EQUITY	3.4		
Share capital		48,055	48,055
Treasury shares		-1,277	-1,277
Invested unrestricted equity fund		248,730	248,730
Retained earnings		61,064	59,993
Profit/loss for the period		-32,595	15,148
TOTAL EQUITY		323,976	370,649
ACCRUED APPROPRIATIONS	3.5		
Depreciation difference		80,382	80,341
LIABILITIES			
Non-current liabilities	3.6	150,762	119,697
Current liabilities	3.7	266,036	262,236
TOTAL LIABILITIES		416,798	381,933
Total liabilities		821,156	832,923

CASH FLOW STATEMENT, EUR 1,000

	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
CASH FLOW FROM OPERATING ACTIVITIES		
Payments received from sales	37,446	38,352
Other business revenue	4,885	4,263
Payments on operating expenses	-11,319	-9,313
Cash flow from operating activities before financial items and taxes	31,013	33,303
Dividends received	622	304
Interest received and other financial income	16,373	7,788
Interest paid and financial expenses	-16,516	-14,558
Tax paid	-4,702	-4,796
Cash flow from operating activities	26,790	22,040
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-17,033	-19,551
Other investments	-9,512	1,057
Change in Group receivables	-26,289	-565
Change in loan receivables	0	2,495
Cash flow from investments	-52,833	-16,564
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of long-term loans	35,000	0
Repayment of long-term loans	-50,300	0
Changes in short-term loans	28,124	-1,005
Change in Group liabilities	22,257	-187
Received or given Group contributions	8,050	5,280
Dividends paid	-14,078	-12,952
Cash flow from financing activities	29,053	-8,864
CASH FLOW FROM OPERATING ACTIVITIES	26,790	22,040
CASH FLOW FROM INVESTMENTS	-52,833	-16,564
CASH FLOW FROM FINANCING ACTIVITIES	29,053	-8,864
TOTAL	3,010	-3,389
Change in cash and cash equivalents		
Cash and cash equivalents 1 Jan	-134	-3,522
Cash and cash equivalents 31 Dec	3,143	134
Change	3,010	-3,389

1. ACCOUNTING POLICIES

General principles applied in preparing the financial statements

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

Information concerning the Group

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

Valuation principles

On the balance sheet, tangible and intangible assets are entered at their direct acquisition cost less depreciation according to plan 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 recognised as a decrease in acquisition costs. These contributions are not significant.

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

Items presented in foreign currencies

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

Financial assets and liabilities

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

Derivative financial instruments

Of financial instruments, derivatives are measured at fair value in accordance with the alternative practice presented in chapter 5, section 2a of the Accounting Act. The parent company does not apply hedge accounting, even though derivatives are accounted for as hedging. The company enters into derivative contracts mainly to hedge against fluctuations in interest rates and currency exchange rates. The derivatives used are forward exchange agreements and interest rate swaps. The company recognises derivatives at fair value on the balance sheet when the derivative contract enters into force (other financial assets and liabilities). Interest rate swaps have been recognised in accordance with this principle since the 2018 financial year. Derivatives are measured at fair value on the balance sheet date, and gains and losses arising from the valuation difference are recognised in financial income and expenses in the income statement.

2. NOTES TO THE INCOME STATEMENT EUR 1,000

	1 Jan –31 Dec 2018	1 Jan –31 Dec 2017
2.1 NET SALES	36,784	38,512

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

2.2 OTHER OPERATING INCOME

Service charges from Group companies	4,854	4,101
Other	32	163
Total	4,885	4,263

2.3 PERSONNEL EXPENSES

Average number of personnel		
Office personnel in Finland	17	16
Personnel expenses		
Salaries:		
CEO, Executive Vice President and Deputy CEO and members of the Board	1,355	1,184
Members of the Supervisory Board	75	92
Other salaries	1,265	1,483
Total	2,696	2,760
Pension costs	671	624
Other staff-related expenses	95	81
Total	766	705
Total personnel expenses	3,462	3,465

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

2.4 DEPRECIATION AND IMPAIRMENT

Depreciations of tangible and intangible assets	20,403	21,217

Depreciation specification per balance sheet item is presented in section 3.1.

2.5 OTHER OPERATING EXPENSES	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Other operating expenses	6,693	6,346

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

Fees paid to auditors / PricewaterhouseCoopers Oy Auditing fees	179	179
Other fees	6	0
Total	185	179

2.6 FINANCIAL INCOME AND EXPENSES

Return on long-term investments		
From other companies	622	304
Total	622	304
Other interest and financial income		
From Group companies	3,143	3,179
From other companies	11,640	6,108
Total	14,783	9,287
Interest expenses and other financial expenses		
To Group companies	152	266
Impairment of investments in fixed assets*	54,000	0
To other companies	16,864	12,718
Total	71,016	12,984
Total financial income and expenses	-55,610	-3,394
Interest expenses and other financial expenses include exchange rate gains/losses (net)	-7	-6

*) Pursuant to Chapter 5, section 13 of the Accounting Act, the company has reduced the value of the shares of Atria-Invest Oy, which invests in Russian subsidiaries, on Atria Plc's balance sheet. The reduction in value is attributable to the development of the Russian business's ability to make profit, which was weaker than expected. The reduction in value has no effect on the financial statements of Atria Group. The value of the Russian business was written down in Atria's consolidated financial statements for 2013.

2.7 APPROPRIATIONS

Difference between depreciation according to plan and depreciation implemented in taxation	-40	2,521
Group contributions received	17,120	8,050
Total	17,080	10,571

2.8 INCOME TAXES

Income taxes on operations	5 175	3 776

3. NOTES TO THE BALANCE SHEET EUR 1,000

	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
3.1 INTANGIBLE AND TANGIBLE ASSETS		
Intangible assets:		
Intangible rights		
Acquisition cost 1 Jan	1,483	1,483
Increases	0	0
Decreases	0	0
Acquisition cost 31 Dec	1,483	1,483
Cumulative depreciation 1 Jan	-1,460	-1,455
Depreciation on decreases	0	0
Depreciation for the period	-4	-4
Cumulative depreciation 31 Dec	-1,464	-1,460
Book value 31 Dec	19	23
Other long-term expenditure		
Acquisition cost 1 Jan	29,367	26,817
Increases	4,455	2,550
Decreases	0	0
Acquisition cost 31 Dec	33,822	29,367
Cumulative depreciation 1 Jan	-23,214	-21,146
Depreciation on decreases	0	0
Depreciation for the period	-2,284	-2,068
Cumulative depreciation 31 Dec	-25,498	-23,214
Book value 31 Dec	8,324	6,153
Total intangible assets	8,343	6,176
Tangible assets:		
Land and water		
Acquisition cost 1 Jan	1,197	1,197
Increases	0	0
Decreases	0	0
Acquisition cost 31 Dec	1,197	1,197
Buildings and structures		
Acquisition cost 1 Jan	319,291	299,335
Increases	1,852	19,956
Decreases	0	0
Acquisition cost 31 Dec	321,144	319,291
Cumulative depreciation 1 Jan	-169,524	-162,990
Depreciation on decreases	0	0
Depreciation for the period	-6,629	-6,534
Cumulative depreciation 31 Dec	-176,153	-169,524
Book value 31 Dec	144,991	149,767
Machinery and equipment		
Acquisition cost 1 Jan	357,945	327,946
Increases	13,611	30,003
Decreases	-29	-4
Acquisition cost 31 Dec	371,528	357,945

	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Cumulative depreciation 1 Jan	-295,101	-282,666
Depreciation on decreases	0	0
Depreciation for the period	-11,306	-12,436
Cumulative depreciation 31 Dec	-306,407	-295,101
Book value 31 Dec	65,121	62,844
Other tangible assets		
Acquisition cost 1 Jan	2,913	2,822
Increases	841	91
Decreases	0	0
Acquisition cost 31 Dec	3,754	2,913
Cumulative depreciation 1 Jan	-1,929	-1,754
Depreciation on decreases	0	0
Depreciation for the period	-180	-175
Cumulative depreciation 31 Dec	-2,110	-1,929
Book value 31 Dec	1,645	984
Advance payments and acquisitions in progress		
Acquisition cost 1 Jan	8,231	41,276
Changes +/-	-3,699	-33,046
Acquisition cost 31 Dec	4,531	8,231
Total tangible assets	217,484	223,022
Non-depreciated acquisition cost of machinery and equipment	65,121	62,844

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, % 2018	Parent company holding, % 2017
Group companies:		
Ab Botnia-Food Oy, Seinäjoki	100	100
Atria Concept UK Ltd	100	
Atria Eesti AS, Valga, Estonia	100	100
Atria Korea LLC	100	
Atria Sweden 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

	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Joint ventures and associates:		
Foodwest Oy, Seinäjoki	20.4	33.5
Honkajoki Oy, Honkajoki	50.0	50.0
Kiinteistö Oy Itikanmäen Teollisuustalo, Seinäjoki	13.2	13.2
Finnish Meat Research Institute, Hämeenlinna	0.0	50.0
Länsi-Kalkkuna Oy, Säkylä	50.0	50.0
Transbox Oy, Helsinki	18.6	18.6
Tuoretie Oy, Seinäjoki	33.3	33.3

3.3 RECEIVABLES

Non-current receivables:		
Loan receivables	155	155
Receivables from Group companies:		
Loan receivables	148,212	151,269
Total non-current receivables	148,367	151,424
Current receivables:		
Trade receivables	3	10
Other receivables	19	-4
Accrued credits and deferred charges	154	1,782
Receivables from Group companies:		
Trade receivables	1,168	1,823
Other receivables	147,056	117,711
Accrued credits and deferred charges	17,953	8,892
Total current receivables	166,354	130,214
Material items included in accrued credits and deferred charges:		
- Group contributions	17,120	8,050
- amortised interest	834	843
- valuation of forward contracts	31	1,634
- other	123	147
Total	18,107	10,674

3.4 EQUITY

	31 Dec 2018	31 Dec 2017
Share capital 1 Jan	48,055	48,055
Share capital 31 Dec	48,055	48,055
Total restricted equity	48,055	48,055
Treasury shares 1 Jan	-1,277	-1,277
Treasury shares 31 Dec	-1,277	-1,277
Invested unrestricted equity fund 1 Jan	248,730	248,730
Invested unrestricted equity fund 31 Dec	248,730	248,730
Retained earnings 1 Jan	75,142	72,945
Distribution of dividends	-14,078	-12,952
Retained earnings 31 Dec	61,064	59,993
Profit/loss for the period	-32,595	15,148
Retained earnings 31 Dec	28,469	75,142
Total unrestricted equity	275,921	322,594
Total equity	323,976	370,649

At the end of the accounting period on 31 December 2018, the company held a total of 111,312 treasury shares, accounting for 0.394% of the shares and 0.1% of the voting rights. The number of treasury shares did not change during the period.

Calculation of distributable funds:	31 Dec 2018	31 Dec 2017
Invested unrestricted equity fund	248,730	248,730
Retained earnings	61,064	59,993
Profit/loss for the period	-32,595	15,148
Treasury shares	-1,277	-1,277
Total	275,921	322,594

The breakdown of the share capital is as follows:

	2018		2017	
	Number of	EUR	Number of	EUR
Series A (1 vote per share)	19,063,747	32,408	19,063,747	32,408
Series KII (10 votes per 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 2018	31 Dec 2017
Depreciation difference	80,382	80,341

3.6 NON-CURRENT LIABILITIES

	31 Dec 2018	31 Dec 2017
Loans from financial institutions	135,000	110,000
Pension fund loans	6,000	8,000
Accruals and deferred income	62	147
Total	141,062	118,147
Liabilities to Group companies:		
Other non-current liabilities	0	1,550
Total non-current liabilities	141,062	119,697
Loans maturing later than in five years:		
Loans from financial institutions	0	40,000
Pension fund loans	0	0
Total	0	40,000

3.7 CURRENT LIABILITIES

	31 Dec 2018	31 Dec 2017
Loans from financial institutions	65,142	84,505
Pension fund loans	2,000	2,513
Trade payables	2,285	2,951
Other payables	1,130	933
Accruals and deferred income	4,866	4,518
Liabilities to Group companies:		
Other non-current liabilities	1,550	2,788
Trade payables	537	527
Other payables	188,515	163,470
Accruals and deferred income	11	32
Total current liabilities	266,036	262,236
Material items included in accruals and deferred income:		
- accruals of salaries and social security payments	716	832
- interest accruals	382	2,171
- valuation of forward contracts	2,288	0
- amortised taxes	1,444	971
- other	47	577
Total	4,877	4,550

4. OTHER NOTES, EUR 1,000

4.1 SECURITIES GIVEN, CONTINGENT LIABILITIES AND OTHER LIABILITIES

	31 Dec 2018	31 Dec 2017
Contingent liabilities and other liabilities not included in the balance sheet		
Guarantees		
On behalf of Group companies	44,618	54,878
Total	44,618	54,878
Other leases		
Minimum rents paid based on other leases		
Within one year	661	650
Within more than one year and a maximum of five years	831	1,191
After more than five years	2,531	2,662
Total	4,023	4,502

4.2 VAT LIABILITIES

The company has made property investments referred to in the Value Added Tax Act. The remaining verification liability of these investments was assessed for each verification period on 31 December 2018. The company is obligated 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	0	138
2009	36	72
2010	355	532
2011	272	363
2012	347	434
2013	463	556
2014	1,257	1,466
2015	1,327	1,517
2016	895	1,007
2017	486	
Total	5,438	6,083

4.3 INTEREST RATE SWAPS

To be hedged:
A loan of EUR 30 million, 17 June 2015 – 23 June 2022, interest 6-month Euribor

Hedging derivative:
Interest rate swap with a nominal value of EUR 30 million, 23 June 2016 – 23 June 2022; the company receives a 6-month Euribor rate and pays a fixed interest; the fair value of the agreement on the closing date is EUR -966,000.

The cash flow from the interest rate swap is recognised in the income statement with the same periods as the interest flows from the hedged loan from the closing date until 23 June 2022.

4.4 DERIVATIVE FINANCIAL INSTRUMENTS

Fair values of derivative instruments:	Derivative assets 31 Dec 2018	Derivative liabilities 31 Dec 2018	Net fair value 31 Dec 2018	Net fair value 31 Dec 2017
Forward exchange agreements (maturity less than a year)	31	-1,323	-1,292	1,634
Interest rate swaps		-966	-966	
Total	31	-2,288	-2,258	1,634

Nominal values of derivative financial instruments:	31 Dec 2018	31 Dec 2017
Forward exchange agreements	123,720	115,391
Interest rate swaps	30 000	
Total	123,750	115,391

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

Fair value hierarchy:

Balance sheet item	31 Dec 2018	Level 1	Level 2	Level 3
Current assets				
Derivative financial instruments	31		31	
Current liabilities				
Derivative financial instruments	-1 323		-1 323	
Interest rate swaps	-966		-966	

Balance sheet item	31 Dec 2017	Level 1	Level 2	Level 3
Current liabilities				
Derivative financial instruments	-1 634		-1 634	

Level 1: Input for identical assets and liabilities, prices quoted on functional markets

Level 2: Quoted prices belonging to levels other than level 1, observable for assets and liabilities either directly or indirectly.

Level 3: Assets and liabilities subject to input not based on verifiable market prices.

On the balance sheet date, 31 December 2018, the company had EUR 1.1 million (1.1 million on 31 December 2017) in other financial assets, in addition to derivatives, consisting of unlisted shares. These belong to level 3.

Signatures to the financial statements and annual report

Seinäjoki, 19 March 2019

Seppo Paavola
Chair

Nella Ginman-Tjeder

Pasi Korhonen

Jukka Moisio

Kjell-Göran Paxal

Jyrki Rantsi

Ahti Ritola

Harri Sivula

Juha Gröhn
CEO

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

Seinäjoki, 19 March 2019
PricewaterhouseCoopers Oy
Firm of authorised public accountants

Samuli Perälä
Authorised public accountant

(Translation of the Finnish Original)

To the Annual General Meeting of Atria Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion

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

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

What we have audited

We have audited the financial statements of Atria Plc (business identity code 0841066-1) for the year ended 31 December 2018. The financial statements comprise:

- the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

BASIS FOR OPINION

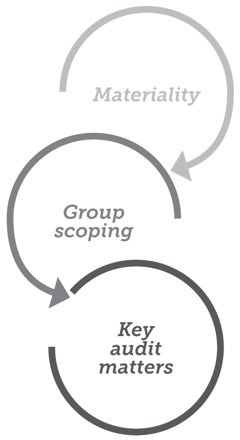
We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 4 to the Financial Statements.



OUR AUDIT APPROACH

Overview

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

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

The following items have been recognised as key audit matters:

- Revenue recognition
- Valuation of goodwill and trademarks
- Valuation of inventory
- Valuation of subsidiary shares and loan receivables (applies only to the parent company)

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

Materiality

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

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

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

How we tailored our group audit scope

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

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

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

KEY AUDIT MATTERS

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

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

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Revenue recognition *Refer to the Accounting policies for the consolidated financial statements and Notes 1 and 2* Atria has identified two client segments: consumer product clients and primary production clients. Sales revenue is recognised based on customer contracts. The contracts specify the contractual obligations and the prices applicable to them. Revenue recognition is considered a key audit matter in the audit of the group due to the financial significance of net sales in the financial statements.	Our audit procedures included for example the following procedures: • We evaluated the internal control activities and controls over revenue recognition and assessed the appropriateness of the accounting policies related to revenue recognition by comparing those to the applicable accounting standards. • We tested the cut-off of individual sales transactions by comparing to delivery documents and by checking significant credit notes issued after year-end. • We tested discounts and rebate accruals on a sample basis. • We tested a sample of other revenue transactions based on the results of data analysis procedures.
Valuation of goodwill and trademarks *Refer to Accounting policies for the consolidated financial statements and Note 14* The group tests annually goodwill and the intangible assets with indefinite useful lives for possible impairment. Goodwill in the Atria Group consolidated balance sheet totalled to 163million euros and trademarks with indefinite useful lives to 56 million euros at 31 December 2018. Impairment testing for goodwill and other intangible assets are subject to significant management judgement. The fair value of intangible assets is determined based on estimates of future cash flows. Key assumptions in these estimates include e.g. growth in net sales, profitability levels, and discount rates. The valuation of goodwill and trademarks is considered a key audit matter in the audit of the group due to its financial significance as well as due to the high degree of management judgement involved in the impairment testing.	Our audit procedures included for example the following procedures:: • We discussed the accounting policies and significant management's estimates and assumptions. • Where possible, we compared the key variables of discount rate and long-term growth rate of net sales to information generally available at the market. • We reconciled the estimates of future cash flows to the strategy information approved by the board of directors. • We tested the appropriateness of the key assumptions applied to the cash flow estimates and consistency of accounting policies in relation to previous accounting periods. • We assessed the historical accuracy of management's estimates including growth of net sales and profit margin by comparing these to actual results for the period. • We tested mathematical accuracy of the calculations. • We performed sensitivity analyses for the key variables e.g. to test information provided in note 14 regarding sensitivity of the calculations.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of inventories *Refer to Accounting policies for the consolidated financial statements and Note 18* Inventories are measured at the lower of cost or probable net realisable value. The cost for finished and unfinished products consists of raw materials, direct labour costs, other direct costs and the appropriate share of manufacturing-related variable overheads and fixed overheads at a normal level of operations. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Valuation of inventories is considered a key audit matter in the audit of the group due to its financial significance and as it includes judgement as described in the accounting principles.	Our audit procedures included for example the following procedures: • We evaluated the internal key controls of inventories and the purchasing process. • We tested the appropriateness of the accounting principles relating to valuation of inventories. • We tested price variances of single inventory items on a sample basis. • We tested the appropriateness of key assumptions used in the valuation of inventory and the mathematic accuracy of the calculations.

Key audit matter in the audit of the parent company	How our audit addressed the key audit matter
Valuation of subsidiary shares and loan receivables *Refer to Notes to the parent company financial statements 3.2 and 3.3* Value of shares in subsidiaries in the Atria Plc financial statements at 31 December 2018 totalled 278 million euros and loan receivables from group companies 148 million euros. Valuation of shares in subsidiaries and loan receivables in accordance with the Accounting Act is subject to management judgement. These valuations include significant management judgement in relation to for example subsidiaries projected future cash flows. Valuation of subsidiary shares and loan receivables is considered a key audit matter in the audit of the parent company due to its financial significance as well as due to the high degree of management judgement involved in the valuation.	Our audit procedures included for example the following procedures: • We assessed the book value of Atria Plc's shares in subsidiaries based on the subsidiary's equity and the management estimates of the projected future cash flows. • We discussed with the management the most significant assumptions used in the valuation of shares in subsidiaries and assessed the assumptions of the valuation calculations. • We evaluated the reliability of estimates from previous years by comparing those to the actual results for the period.

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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Other Reporting Requirements

APPOINTMENT

PricewaterhouseCoopers Oy or auditors employed by it were first appointed as auditors by the annual general meeting on 10 May 1999.

OTHER INFORMATION

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

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

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

In our opinion

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

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

Seinäjoki 19 March 2019
PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant (KHT)

Contents

1. Corporate Governance Statement

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

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

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

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

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

1.1 Articles of Association

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

1.2 Shareholder agreement

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

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

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

The company is not aware of any other shareholder agreements.

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

2. Corporate Governance Statement

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

3. General Meeting

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

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

Under the Limited Liability Companies Act, a shareholder has the right to have a matter falling within the competence of the General Meeting dealt with by the General Meeting if the shareholder so demands in writing from the Board of Directors well in advance of the meeting, so that the matter can be mentioned in the notice. Where applicable, the shareholder must submit a request to have the matter dealt with by the General Meeting by the date set by the company, which is published on the company's website at www.atria.com. The request, together with the accompanying justification or proposed resolution, must be sent in writing to Atria Plc, Group Legal Affairs, P.O. Box 900, FI-60060 ATRIA.

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

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

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

The company's Annual General Meeting for 2018 was held in Helsinki on 26 April 2018. The meeting was attended, either in person or by a representative, by a total of 319 holders of A shares, representing a total of 9,640 799 shares and votes, and three (3) holders of KII shares, representing a total of 9,203,981 shares and 92,039,810 votes. The minutes of the meeting as well as other documents related to the meeting are available on Atria's website at www.atria.com, under Investors, Annual General Meeting.

4. Shareholders' Nomination Board

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

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

If a shareholder does not wish to exercise his or her right to nominate a member, the right will be transferred to the next largest series A shareholder in accordance with the shareholder register, who would not otherwise have the right to nominate a member. Some shareholders are obligated to notify the company of certain changes in shareholding (flagging obligation) when necessary under the Finnish Securities Markets Act. Such shareholders may present a written request to the company's Board of Directors by the end of August for the holdings of corporations or foundations controlled by the shareholder, or the shareholder's holdings in several funds or registers, to be combined when calculating voting rights.

The Nomination Board is convened by the Chair of the Board of Directors, and the Nomination Board elects a Chair 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 28 September 2018, the owners of Atria's KII shares and the largest owner of series A shares nominated the following members on the Nomination Board: Jukka Kaikkonen (Lihakunta), Kjell-Göran Paxal (Pohjanmaan Liha Co-operative), Juho Anttikoski (Itikka Co-operative) and Timo Sallinen (Varma Mutual Pension Insurance Company). Juho Anttikoski was elected as the Chair of the Nomination Board and Seppo Paavola, the Chair 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 2019 convened two times. The Nomination Board submitted its proposals for the Annual General Meeting to be held on 26 April 2019 to the Board of Directors on 17 January 2019. The proposals were published in the form of a stock exchange release on 17 January 2019.

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Name	Year of birth	Education	Main occupation	Attendance in meetings	Shareholding on 31 December 2018
Juho Anttikoski	1970		Farmer	2/2	4,000
Jukka Kaikkonen	1963	Agrologist	Farmer	2/2	500
Kjell-Göran Paxal	1967	Agrologist	Farmer	2/2	2,566
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. The Supervisory Board elects a Chair and a Deputy Chair from amongst its members for a term of one year at a time. The Supervisory Board meets four times a year on average.

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

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

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

The 20 members of Atria Plc's Supervisory Board are as follows (31 December 2018):

Name	Born	Member as of	Education	Main occupation	Attendance in meetings	Shareholding on 31 December 2018
Jukka Kaikkonen (Chair)	1963	2013	Agrologist	Farmer	4/4	500
Juho Anttikoski (Deputy Chair)	1970	2009		Farmer	4/4	4,000
Mika Asunmaa	1970	2005		Farmer	4/4	11,000
Reijo Flink	1967	2014	Agrologist	CEO	4/4	4,660
Lassi-Antti Haarala	1966	2006	Agrologist	Farmer	4/4	6,000
Jussi Hantula	1955	2012	Agrologist	Farmer	4/4	791
Hannu Hyry	1956	2013		Farmer	4/4	144
Veli Hyttinen	1973	2010	Agrologist	Farmer	3/4	1,500
Pasi Ingalsuo	1966	2004	Agrologist	Farmer	4/4	4,000
Jussi Joki-Erkkilä	1977	2016		Agricultural entrepreneur	3/4	0
Marja-Liisa Juuse	1963	2015		Farmer	4/4	250
Juha Kiviniemi	1972	2010	M.Sc. (Agr.)	Farmer	4/4	300 184 company authority
Ari Lajunen	1975	2013	M.Sc. (Agr.)	Farmer	4/4	0
Juha Nikkola (from 26 April 2018)	1976	2018	M.Sc. (Agr.)	Farmer	3/3	100
Mika Niku	1970	2009		Farmer	3/4	300
Pekka Ojala	1964	2013	Agrologist	Farmer	3/4	100
Heikki Panula	1955	2005	M.Sc. (Agr.)	Farmer	4/4	500
Risto Sairanen	1960	2013		Farmer	4/4	0
Ola Sandberg (from 26 April 2018)	1981	2018	Agrologist	Farmer	3/3	
Timo Tuhkasaari	1965	2002		Farmer	4/4	600

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

In 2018, Atria Plc's Supervisory Board met four (4) times, and the average attendance of the members was 95%.

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 and dismissing 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 2018, the Board of Directors met 13 times. The average attendance of the members of the Board of Directors was 98%.

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

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

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6.3 Composition of the Board of Directors on 31 December 2018:

Name	Seppo Paavola, Chair	Jyrki Rantsi, Deputy Chair
Year of birth	1962	1968
Education	Agrologist (secondary school graduate)	Agrologist
Main occupation	Farmer	Farmer, pork producer
Relevant work experience	• 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	• Supervisory Board of Itikka Co-operative, member 2000–present, Deputy Chair 2008–2011 and Chair 2012–present • Chair of the Board of Directors of Perhonjokilaakso Co-operative Bank (former Kaustinen Co-operative Bank) 2002–present • Member of the Board of Directors of Pellervo Confederation of Finnish Co-operatives 2012–present	• Board of Directors of Lihakunta, Chair 2015–present • Member of the Board of Directors of Finnpig Oy 2013–present • Chair of the Board of Directors of A-Farmers Ltd 2018–
Past key positions of trust	• Supervisory Board of Atria Plc, member 2006–2009 and Deputy Chair 2009–2012 • Member of the Co-operative Advisory Committee of Pellervo Confederation 2012–2017	• Board of Directors of Lihakunta, Deputy Chair 2013–2015 • Deputy Chair of the Board of Directors of A-Farmers Ltd 2015–2017
Independence	Dependent of the company and significant shareholders	Dependent of the company and significant shareholders
Shareholding on 31 December 2018	4,400	700
Share-based rights in the company	None	None
Attendance in meetings	13/13	12/13


Name	Nella Ginman-Tjeder	Pasi Korhonen
Year of birth	1959	1975
Education	M.Sc. (Econ.)	
Main occupation	Eira Hospital, Managing Director	Farmer
Relevant work experience	• Ifolor Oy, Managing Director 2007–2014 • American Express, Country Manager 2004–2007	Farmer
Member of the Board since	2016	2016
Concurrent key positions of trust	• 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	• Board of Directors of Lihakunta, member 2013–present and Deputy Chair 2016–present • Board of Directors of Kainuun maa- ja metsäsäätiö, member 2013–present
Past key positions of trust	Member of the Board of Directors of Tulikivi Corporation 2013–2015	Sotkamo Municipal Council, Councillor 2005–2017
Independence	Independent of the company and significant shareholders	Dependent of the company and significant shareholders
Shareholding on 31 December 2018	0	0
Share-based rights in the company	None	None
Attendance in meetings	13/13	13/13

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Name	Jukka Moisio	Kjell-Göran Paxal
Year of birth	1961	1967
Education	M.Sc. (Econ.), MBA	Agrologist
Main occupation	CEO of Huhtamäki Oyj	Farmer, piglet and pork producer
Relevant work experience	• CEO of Huhtamäki Oyj 2009–present • Ahlström Oyj 1991–2008 (various duties)	• Feed salesman, Oy Foremix Ab 1990–1997 • Primary Production Manager, Pohjanmaan Liha Co-operative 1990–1997
Member of the Board since	2014	2012
Concurrent key positions of trust	Member of the Supervisory Board of Finnish Fair Co-operative	• Board of Directors of Pohjanmaan Liha Co-operative, deputy member 1999–2001, Deputy Chair 2002-2009 and Chair 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 Chair 2010–present • Member of the Board of Directors of A-Rehu Oy 2010–present • Chair of the Board of Directors of Ab WestFarm Oy 2010–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
Independence	Independent of the company and significant shareholders	Dependent of the company and significant shareholders
Shareholding on 31 December 2018	0	2,566
Share-based rights in the company	None	None
Attendance in meetings	12/13	13/13

Name	Ritola Ahti	Harri Sivula
Year of birth	1964	1962
Education	B.Ba. (Business Administration)	M.Sc. (Admin.)
Main occupation	Farmer and beef producer	Professional board member
Relevant work experience	Entrepreneur in agriculture, real estate and commerce since 1985	• Tokmanni Group Corporation, Acting Managing Director 2017–2018 • Managing Director of GS1 2015–2017 • CEO, Restel Ltd 2010–2014 • CEO of Onninen Oy, 2006–2010 • Deputy CEO of Kesko Corporation/Division Manager Kesko Food, 1987–2006
Member of the Board since	2018	2009
Concurrent key positions of trust	Itikka Cooperative: member of the Board of Directors since 2013 and Chair of the Board of Directors since 2018	• Member 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 Kamux Oyj 2016–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	• Itikka Cooperative: member of the Representative Council 2001–2012, member of the Supervisory Board since 2012–2013, • Member of the Supervisory Board of Atria Plc since 2013–2018, • Member of the Representative Council of the South Ostrobothnia Cooperative Bank 2004–2017	• Member of the Board of Directors of TyöHelo Oy 2017–2018 • 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 2018	400	10,000
Share-based rights in the company	None	None
Attendance in meetings	9/9	13/13

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

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

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

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

To achieve the objectives set in the principles on diversity, the Board of Directors has actively conveyed these objectives to Atria's shareholders. During the 2018 financial period, one of the Board members was a woman while the rest were men. The share of the minority sex in the Board has been 12.5 percent. The company's minimum objective with regard to both genders being represented has therefore been fulfilled. The company's objective with regard to multi-professional core competencies covering the various segments of the value chain has also been fulfilled, given the members' in-depth knowledge of the meat industry, as well as of commercial and industrial activities.

7. Board Committees

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

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

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

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

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

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

The Chair 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 Chair of the Nomination and Remuneration Committee is Seppo Paavola and the other members are Jyrki Rantsi, Harri Sivula until 25th of April 2018 and Nella Ginman-Tjeder starting 26th of April 2018. Seppo Paavola and Jyrki Rantsi are dependent of the company and of significant shareholders. Harri Sivula and Nella Ginman-Tjeder are independent of the company and of significant shareholders. In 2018, the Nomination and Remuneration Committee met four (4) times, and the average attendance of the members was 100% as follows: Seppo Paavola 4/4; Jyrki Rantsi 4/4; Harri Sivula 1/1; and Nella Ginman-Tjeder 3/3.

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 2018, the Management Team met eight (8) times.

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.

11. Internal control, risk management and internal audit

11.1 Internal control

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

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

Atria Group's Management Team on 31 December 2018:

Name	Juha Gröhn, CEO	Tomas Back, CFO and Deputy CEO of Atria Plc, Executive Vice President, Atria Denmark	Mika Ala-Fossi, Executive Vice President, Atria Finland
Year of birth	1963	1964	1971
Education	M.Sc. (Food Sc.)	M.Sc. (Econ.)	Meat industry technician
Joined Atria in	1990	2007	2000
Relevant work experience	• Atria Plc, CEO since 2011– • Managing Director of Atria Scandinavia Ab; Vice President of Atria Plc 2010–2011 • Managing Director of Atria Finland Ltd; Vice Managing Director of Atria Plc • Director for Meat Industry and Vice Managing Director, Atria Ltd 2004–2006 • Director for Steering and Vice Managing Director, Atria Ltd 2003–2004 • Director for Slaughterhouse Industry and Vice Managing Director, Atria Ltd 1999–2003 • Director, Meat Products and Convenience Food Industries, Atria Ltd 1993–1998 • R&D Manager Itikka-Lihapolar 1991–1993 • ForemanLihapolar 1990–1991	• CFO and Deputy CEO of Atria Plc, Executive Vice President, Atria Denmark 2018– • Executive Vice President, Atria Scandinavia 2011–2017 • 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	• 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
Concurrent key positions of trust	• Member of the Board of Directors in Finnish Food and Drink Industries' Federation (ETL) since 2012– • Member of the Board of Directors in East Office of Finnish Industries Ltd • Member of the Board of Directors in Laihian Mallas since 2018–		• Chair of the Board of Directors since 2015 and member since 2007 of Länsi-Kalkkuna Oy • Chair of the Board of Directors since 2015 and member since 2011 of Honkajoki Oy • Member of the board of Directors of Lihatiedotus ry since 2011–
Past key positions of trust	Chair of the Board of Directors in Finnish Food and Drink Industries' Federation (ETL), 2013–2015	• Member and Deputy Chair of the Board of Directors of the Swedish Meat Industry Association, 2012–2018 • Member of the Board of Directors of the Swedish Food Federation, 2012–2018 • Member of the Board of Directors of the Svensk Fågel Service Ab, 2017–2018	
Shareholding on 31 December 2018	20,500	1,880	940



Name	Jarmo Lindholm, Executive Vice President, Atria Sweden	Olle Horm, Executive Vice President, Atria Estonia	Ilari Hyyrynen, Executive Vice President, Atria Russia
Year of birth	1973	1967	1965
Education	M.Sc. (Econ.)	Engineer	MBA
Joined Atria in	2002	2012	2018
Relevant work experience	• Executive Vice President, Atria Sweden 2018– • Executive Vice President, Atria Russia 2011–2017 • 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	• Executive Vice President, Atria Estonia 2018– • Executive Vice President, Atria Baltic 2012–2017 • Chair of the Board, Maag Meat Industry 2009–2012 • Chair of the Board, Skanska EMV AS 2008–2009 • Chair 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	• Executive Vice President, Atria Russia 2018– • Country director, Russia, Tikkurila Plc 2014–2018 • Managing Director, Tikkurila Polska S.A. 2012–2014 • Director, BU North, Tikkurila Plc 2010–2012 • Tikkurila Ltd/ Plc, several positions 2003–2010 • Dynea Overlays Ltd, Sales Manager 2002–2003 • Akzo Nobel Coatings Ltd, Sales Manager 1998–2002 • Kausalan Tapetti ja Väri Ltd, Salesman 1988–1998
Concurrent key positions of trust	• Member of the Board of Directors of the Swedish Food Federation since 2018-	• Member of the Board of Directors of the Estonian Food Industry Federation • Member of the Board of Directors of the Estonian Pig Breaders Association	• Member of the Board of Directors of the East Office of Finnish Industries Oy since 2018
Past key positions of trust	• Member of the Board of Directors of the East Office of Finnish Industries Oy 2012–2018.		
Shareholding on 31 December 2018	1,020	-	-


Name	Pasi Luostarinen, Executive Vice President Marketing & Market Insight	Lars Ohlin, Executive Vice President Human Resources
Year of birth	1966	1958
Education	M.Sc. (Econ.)	BA (International Business Administration)
Joined Atria in	2000	2007
Relevant work experience	• Executive Vice President Marketing & Marketing Insight, Atria Plc 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	• 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
Concurrent key positions of trust		
Past key positions of trust		
Shareholding on 31 December 2018	1,880	510

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 and, where applicable, ISO 31000 and ISO 31010 standards. Risk Management Policy specifies risk management goals, principles, responsibilities and powers, together with the principles of risk assessment and reporting.

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

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

Organisation and responsibilities of risk management

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

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

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

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

11.3 Internal audit

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

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

Internal audit assesses the following areas:

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

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

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12. Auditing

In accordance with the Articles of Association, the company has one (1) auditor, which is a public accountant firm authorised by Finnish Patent and Registration Office. The term of service of the auditor ends at the conclusion of the first 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 2018, 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 2018 accounting period

In 2018, the Group paid EUR 343,000 to PricewaterhouseCoopers Ltd. as the auditor's remuneration. The company paid in 2018 EUR 6,000 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.

The Market Abuse Regulation (EU No 596/2014) has been applied since 3 July 2016. Atria has not established a permanent insider list and insider information is controlled by project-specific insider registers, which are established according to need. All project-specific insiders are informed of their insider status in writing and provided with the appropriate insider instructions.

Atria has determined that the members of the Board of Directors, members of the Supervisory Board, the CEO, the CFO and the Deputy CEO satisfy the definition of Managers with a notification obligation. The company maintains a list of the Managers and their closely associated persons.

The company maintains a list of the Managers and Atria's project-specific insiders subject to a notification obligation in cooperation with Euroclear Finland Oy. The company's legal department and CFO monitor compliance with the insider guidelines. Managers` and people`s, involved in the preparation of periodic disclosure or who have regular access to unpublished financial information, right to trade in the company's financial instruments has been restricted in such a way that the aforementioned people may not trade in the company's shares 30 days prior to the publication of an interim report and a release of the financial statements and further should the period between the end of a review period and the publication of the report/release exceed 30 days.

14. Related-party transactions

The company has defined its related parties and maintains a list of such related parties. Atria monitors and assesses related-party transactions to ensure that any possible conflicts of interest are accounted for in the appropriate manner in the decision-making of the company.

15. Communications

The aim of Atria's investor reporting is to ensure that the market is, at all times, in possession of information correct and sufficient to determine the value of Atria's shares. An additional aim is to provide the financial markets with comprehensive information to enable active participants in the capital markets to form a justified image of Atria as an investment.

Silent Period

Atria has established a silent period for its investor relations communications; this period covers 30 calendar days prior to the publication of interim reports and annual reports. If there is more than 30 days between the end of the reporting period and the review/release publication, this period is silent. During this period, Atria issues no statements on its financial standing.

Investor information

Atria publishes financial information in real time on its website at www.atria.com. The site contains annual reports, interim reports, and press and stock exchange releases. Information on the company's largest shareholders is updated regularly on the website. The disclosure policy approved by Atria's Board of Directors describes the key principles and procedures followed by Atria as a listed company in its communications with the media, capital markets and other stakeholders. Atria's disclosure policy is available in its entirety on the company's website at www.atriagroup.com, under Investors, Disclosure Policy.

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Remuneration statement

1. Remuneration statement

This remuneration statement of Atria Plc ("Atria" or "the company") is a consistent description of the remuneration of the company's Board of Directors and management pursuant to the Corporate Governance Code.

2. Remuneration of the members of the Supervisory Board

The Annual General Meeting decides on the remuneration of the members of the Supervisory Board annually, on the basis of the proposal prepared to the Annual General Meeting by the Shareholders' Nomination Board. The remuneration paid to the Supervisory Board in 2018 was as follows:

- Meeting compensation: EUR 250/meeting
- Compensation for loss of working time: EUR 250 for meeting and assignment dates
- Fee of the Chair of the Supervisory Board: EUR 1,500/month
- Fee of the Deputy Chair 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 2018, 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)
Jukka Kaikkonen, Chair	22,750		22,750
Juho Anttikoski, Deputy Chair	13,000		13,000
Mika Asunmaa	2,250	3,000	5,250
Reijo Flink	1,000		1,000
Lassi Antti Haarala	2,500		2,500
Jussi Hantula	2,250		2,250
Henrik Holm until April 25th 2018	500		500
Hannu Hyry	2,250		2,250
Veli Hyttinen	2,000	11,000	13,000
Pasi Ingalsuo	2,250	9,400	11,650
Jussi Joki-Erkkilä	1,750		1,750
Marja-Liisa Juuse	2,250		2,250
Juha Kiviniemi	2,250		2,250
Ari Lajunen	2,500		2,500
Juha Nikkola starting 26th of April 2018	1,750		1,750
Mika Niku	2,000	4,200	6,200
Pekka Ojala	3,000		3,000
Heikki Panula	2,250		2,250
Ahti Ritola until 25th of April 2018	0		0
Risto Sairanen	2,500		2,500
Ola Sandberg starting 26th of April 2018	1,750		1,750
Timo Tuhkasaari	2,250		2,250
TOTAL	75,000	27,600	102,600

3. Remuneration of the members of the Board of Directors

The Annual General Meeting decides on the remuneration of the members of the Board of Directors annually, on the basis of the proposal prepared to the Annual General Meeting by the Shareholders' Nomination Board. Remuneration is handled in the form of monetary compensation. The members of the Board of Directors have no share incentive plans or share-based bonus schemes, nor are they entitled to any other financial benefits besides the remunerations decided on by the Annual General Meeting.

The remuneration paid to the Board of Directors in 2018 was as follows:

- Meeting compensation: EUR 300/meeting
- Compensation for loss of working time: EUR 300 for meeting and assignment dates
- Fee of the Chair of the Board of Directors: EUR 4,700/month
- Fee of the Deputy Chair of the Board of Directors: EUR 2,500/month
- Fee of members of the Board of Directors: EUR 2,000/month
- Travel allowance according to the Company´s travel policy.

In 2018 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	Chair	69,900		69,900
Jyrki Rantsi	Deputy Chair	42,300	17,700	60,000
Nella Ginman-Tjeder	Member	29,400		29,400
Esa Kaarto	Member until 25th of April 2018	8,100	9,000	17,100
Pasi Korhonen	Member	35,100		35,100
Jukka Moisio	Member	27,900		27,900
Kjell-Göran Paxal	Member	34,800	7,800	42,600
Ahti Ritola	Member starting 26th of April 2018	23,100	13,100	36,200
Harri Sivula	Member	29,100		29,100
TOTAL		299,700	47,600	347,300

4. Bonus scheme for the CEO and other management

The remuneration of Atria Plc's management aims to promote the company's long-term financial success and competitiveness and the favourable development of shareholder value. The bonus scheme for the management consists of a fixed monthly salary, merit pay and pension benefits. The company has a share incentive plan since 1 January 2018.

The Board of Directors' Nomination and Remuneration Committee prepares the following for a decision to be made by the Board of Directors: (i) the terms of the service contracts of the CEO and Deputy CEO; (ii) the remuneration, fees and other employment benefits of the directors who report to the CEO; (iii) the forms and criteria of the bonus and incentive schemes of top management; and (iv) the content and group assignments of the pension programmes of the company's management.

Atria Plc's Board of Directors decides on the remuneration, other financial benefits and criteria applied in the merit pay system for the Group's CEO and Management Team, as well as the merit pay principles used for other management members.

The directors of each business area and the Group's CEO decide on the remuneration of the members of the management teams of the various business areas according to the one-over-one principle. The performance bonus systems for the management teams of the business areas are approved by the Group's CEO.

The base salary for CEO is EUR 532,379/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 35% 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 maximum approximately 50% of the yearly salary as merit pays.

The retirement age for the CEO is 63 years. The CEO nevertheless has the right to retire at the age of 60. The pension arrangement is payment-based and the amount of pension is based on the CEO's annual earnings at Atria Group as specified by the Board of Directors. The earnings include monetary salary and fringe benefits without cash payments of incentive schemes.

According to the CEO's contract, the period of notice is six months for both parties. If the company terminates the contract, the CEO is entitled to the salary for the period of notice and severance pay, which together correspond to 18 months' salary. There are no terms and conditions for any other compensation based on the termination of employment.

5. Incentive plans for management and key personnel

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

The programme based on share and cash incentives is divided into three year-long earning periods, the first earning period having started 1 January 2018 and expired 31 December 2018. The bonuses payable under the programme are based on the company's earnings per share (70%) and organic growth (30%). The bonuses for 2018 will be paid in three equal instalments in 2019, 2020 and 2021, partly in the form of shares in the company and partly in cash. The cash sum is intended to cover the taxes and tax-like fees arising from the bonus. If a person's employment relationship ends before the payment of the bonus, the bonus will not usually be paid. The target group for the share incentive programme can contain a maximum of 40 people. The estimated total of the bonuses to be paid for the 2018 earning period is approximately EUR 0.2 million. The maximum amount of bonuses to be paid for the 2019 result is equal in value to 45,000 Series A shares, valued at market price when the shares are transferred to the recipients. The bonus will include a cash portion which will cover any taxes or similar costs incurred by the recipients.

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

5.1.3 Short-term incentive plan
The maximum amount of merit pay under the short-term incentive plan is 25 to 50% of the annual salary, depending on the effect on the results and the level of competence required for the role. The criteria in the merit pay 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 schemes cover approximately 40 people.

5.1.4 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 2018 were as follows:

	Salaries	Fringe benefits	Merit pay	Supplementary pension contributions	Total (EUR)
CEO Juha Gröhn	511,782	20,597	78,828	133,095	744,301
Deputy CEO: Tomas Back	291,278	9,650		37,616	338,543
Heikki Kyntäjä	86,531	3,319	53,588	0	143,438
Other members of the Management Team	1,238,536	71,793	175,415	112,046	1,597,790
TOTAL	2,128,127	105,359	307,831	282,756	2,824,073

5.1.5 The Board of Directors' valid authorisations concerning remuneration
Atria Plc's Annual General Meeting held on 26 April 2018 authorised the Board of Directors to decide on (i) the acquisition of a maximum of 2,800,000 of the company's own series A shares; and (ii) an issue of a maximum of 5,500,000 new series A shares and/or on the disposal of any series A shares held by the company through a share issue or by granting option rights or other special rights entitling people to shares as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act, in both cases under terms and conditions which enable the use of the acquired and/or issued shares as part of the company's incentive plan.

Investor reporting

The aim of Atria's investor reporting is to ensure that the market has at all times correct and sufficient information available to determine the value of Atria's share. In addition the aim is to provide the financial markets with versatile information, based on which those active in the capital markets can form a justified image of Atria as an investment object.

Atria has established a silent period for its investor relations communications; this period covers 30 calendar days prior to the publication of interim reports and annual reports and, if there are more than 30 days between the end of the review period and the publication of the report/release, the period in question. Atria will not issue any statements on its financial standing during this period.

Investor information
Atria publishes financial information in real time on its web pages at www.atria.com. Here you can find annual reports, interim reports and press and company announcements. The company's largest shareholders and insiders as well as their holdings are updated regularly to the web pages.

Stock exchange releases
Atria Plc published a total of 24 company announcements in 2018. The releases can be found on the Atria Group website www.atria.com.

Disclosure policy
The disclosure policy approved by the Atria Board of Directors describes the key principles followed by Atria as a listed company in its communications with the capital markets and other stakeholders. The disclosure policy is available in full on the company's website.

Atria Plc's IR contact person:
Hanne Kortesoja
Communication and IR manager
Tel: + 358 400 638 839
e-mail: hanne.kortesoja@atria.com

Atria's performance has been monitored by at least the following analysts:

POHJOLA PANKKI OYJ
Niclas Catani
Tel. +358 10 252 8780
e-mail: firstname.lastname@pohjola.fi

NORDEA
Harri Paakkola
Tel. +358 9 4766 9662
e-mail: firstname.lastname@nordea.com

ATRIA PLC
Head Office:
Itikanmäenkatu 3, Seinäjoki
Finland
Box 900, FI-60060 ATRIA
Tel. +358 20 472 8111
www.atria.com

ATRIA FINLAND
Head office:
Atriantie 1, Seinäjoki, Finland
Box 900, FI-60060 ATRIA
Tel. +358 20 472 8111
firstname.lastname@
atria.com
www.atria.com

Invoicing address:
Box 1000
FI-60061 ATRIA

Financial administration:
Itikanmäenkatu 3, Seinäjoki
Finland
Box 900, FI-60060 ATRIA

Sales 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 SWEDEN
Head office
Löfströms allé 5
SE-172 66 Sundbyberg
Sweden
Tel. +46 10 482 3910

Office Deli & Export
Nellickevägen 20 B
SE-412 63 Göteborg
Sweden
Tel. +46 10 482 36 00

Office Foodservice
Florettgatan 18
SE-254 67 Helsingborg
Sweden
Tel. +46 10 482 35 10

Offices/plants:
Sockenvägen 40
SE-697 80 Sköllersta
Sweden
Tel. +46 10 482 30 00

Skogholmsgatan 12
SE-213 76 Malmö
Sweden
Tel. +46 10 482 35 00

Furumovägen 110
SE-294 76 Sölvesborg
Sweden
Tel: +46 01 482 30 00

Hjälmarydsvägen 2
SE-573 38 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
Sweden
Tel. +46 10 482 38 10

Östanåkravägen 2
SE-342 62 Moheda
Sweden
Tel. +46 10 482 37 10

Fordonsgatan 3
SE-692 71 Kumla
Sweden
Tel. +46 19 57 18 78

Ridderheims A/S
Office
Per Kroghsvei 4C
1065 Oslo
Norge
Tel. + 47 22 42 24 43

Atria Concept
Spółka z o.o
Ul.Czestochowska 24
32-085, Modlnica
Poland
Tel. +48 12 661 20 33

ATRIA DENMARK
Langmarksvej 1, Horsens
DK-8700
Denmark
Tel. +45 76 28 25 00

Aage Jensen Bakken 1,
Horsens
DK-8700
Denmark
Tel. +45 76 28 25 00

Anlaegsvej 3,
DK-7323 Give
Denmark
Tel. +45 76 28 25 00

ATRIA ESTONIA
Atria Eesti AS
Metsa str. 19
EE-68206 Valga, Estonia
Tel. +372 767 9900
info.estonia@atria.com,
firstname.lastname@
atria.com
www.atria.ee

Other locations:
Pärnu mnt 158
EE-11317 Tallinn, Estonia

ATRIA 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

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