ANORA

Annual Report 2022

ANORA

This is Anora

Anora is a leading wine and spirits brand house in the Nordic region and a global industry forerunner in sustainability. Our market-leading portfolio consists of our own iconic Nordic brands and a wide range of prominent international partner wines and spirits. Our business operations also include world-class industrial operations in distillation, bottling and logistics services. Anora's shares are listed on Nasdaq Helsinki.

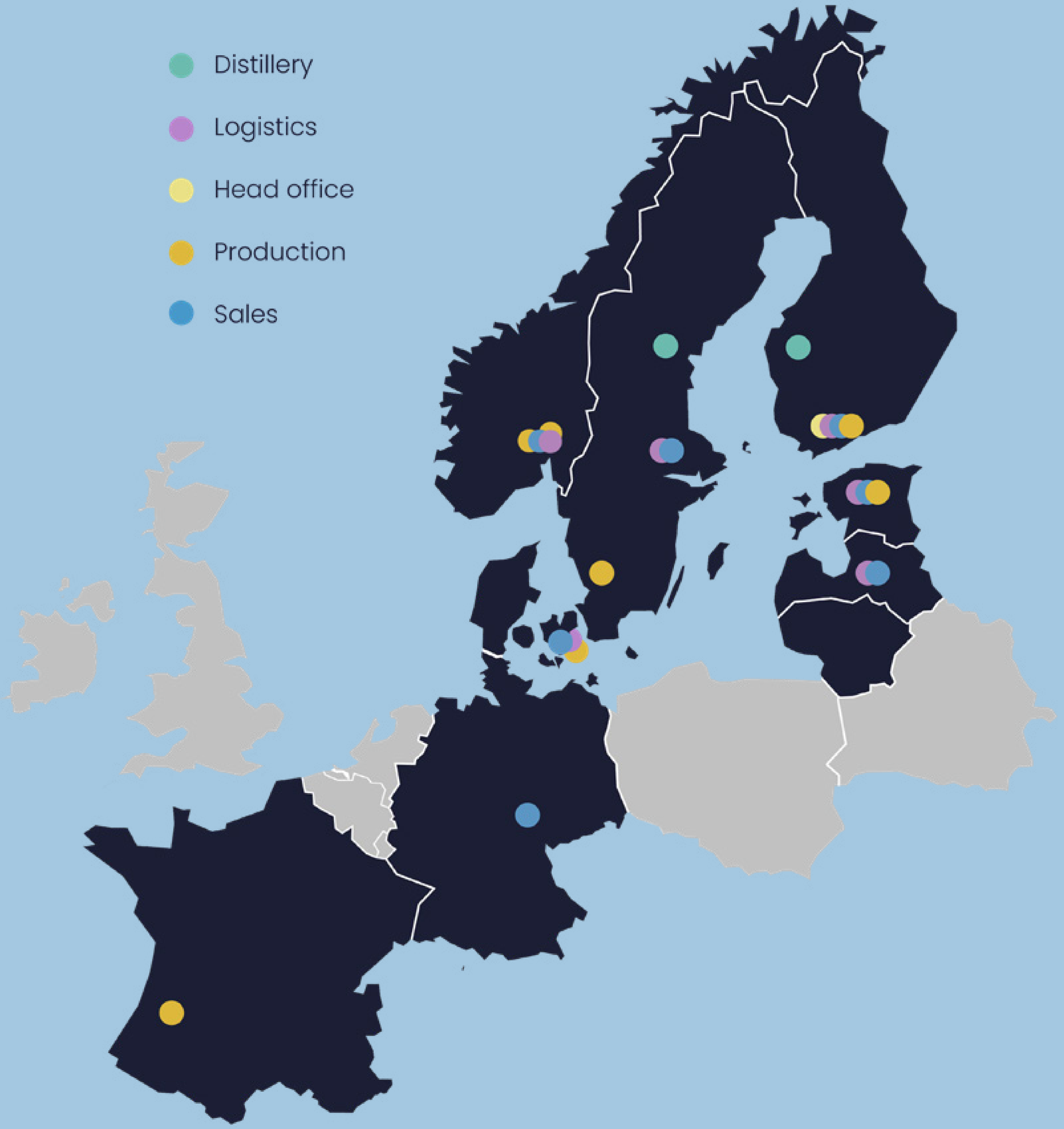
We strive to constantly reduce our environmental impact by developing our production plants and creating more climate-friendly packaging options. Equality and diversity are at the core of our organisational culture, and we want to ensure an inclusive and safe workplace. Through educative programs and by developing no- and low-alcohol products we promote a responsible drinking culture.

Wine
#1

Spirits
#1

Exports to over
30
countries

Nordic leader in
sustainable packaging



Contents

Anora's year 2022

Financial highlights

Net sales, EUR million **703**	Comparable EBITDA, EUR million **76**	Personnel at year-end **1,250**	Dividend per share*, EUR **0.22**	Dividend yield* **3.0%**
Anora acquired Globus Wine, the leading wine company in Denmark	Number of registered shareholders approximately **28,000**	Share ticker: **ANORA**	ISIN code: **FI4000292438**	Market cap at year-end, EUR million **497**

* Board's proposal

Anora's year 2022 in brief

2022 was Anora's first full year after the merger of Altia and Arcus. The post-merger integration work progressed as planned and on schedule. To further strengthen its market position in the Nordic region, Anora acquired Denmark's leading wine company Globus Wine in July.

For wine and spirits the markets returned to normal after Covid-19. Volumes in the monopolies declined, as restrictions were lifted in all markets, and consumption has shifted back to on-trade, travel retail and border trade.

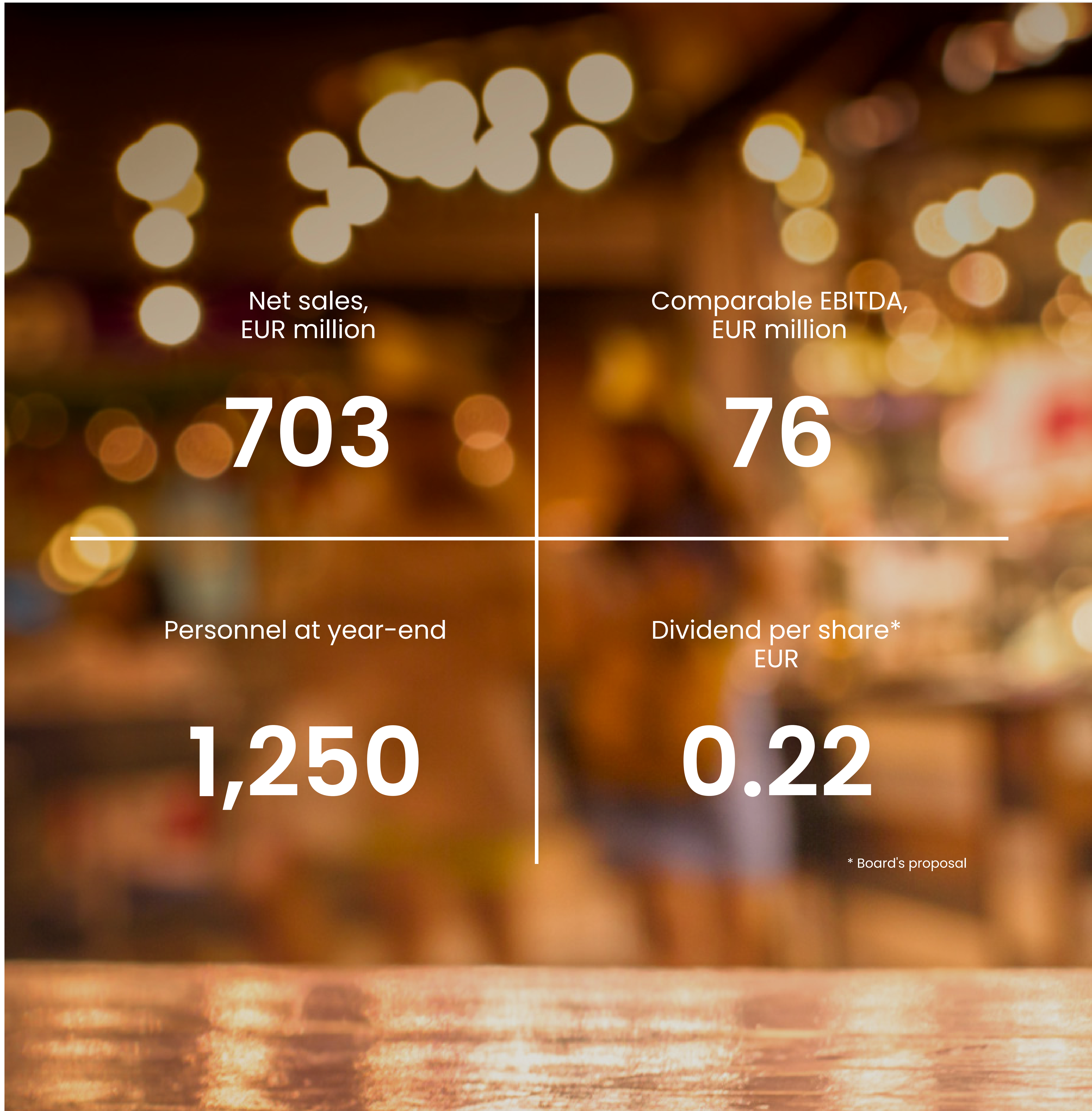
Anora reported a 5.7% growth in sales for 2022 compared to 2021 pro forma sales, with a strong contribution by Globus Wine. Net sales were EUR 703 million and comparable EBITDA was at EUR 76 million, or 10.8% of net sales.

In November, Anora launched ambitious long-term financial targets and a new growth strategy and sustainability roadmap. Our vision is to be the leading Nordic wine and spirits group delivering growth through sustainability.

Key figures

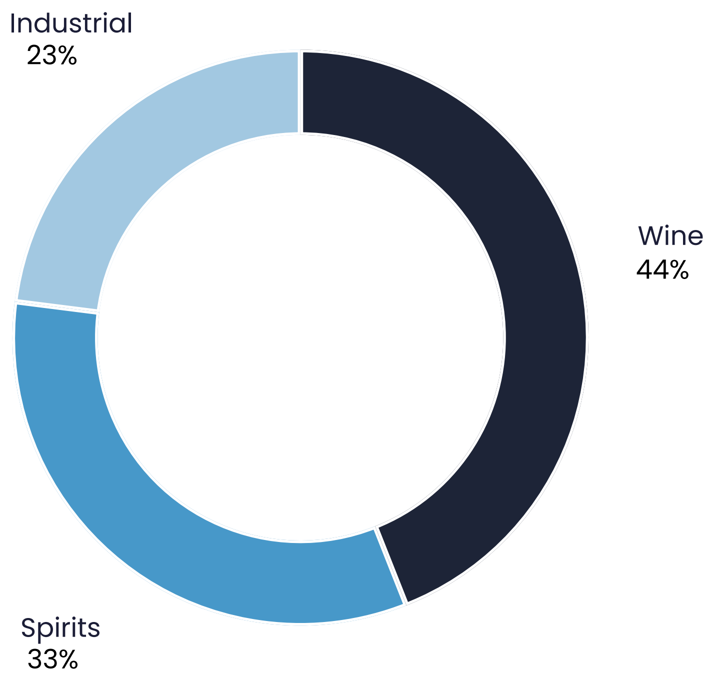
	2022	2021 PF	2020 PF
Net sales, EUR million	702.7	665.0	627.7
Comparable EBITDA, EUR million	76.1	101.0	98.3
% of net sales	10.8	15.2	15.7
EBITDA, EUR million	67.9	95.2	96.3
Operating result, EUR million	34.7	64.0	64.4
Result for the period, EUR million	18.1	43.1	47.6
Earnings per share, basic, EUR	0.26	0.63	0.70

PF (pro forma): To illustrate the effects of the Altia and Arcus merger, and to facilitate the comparability of Anora's financial information, Anora presents unaudited pro forma financial information in the Annual Report 2022. The pro forma information is presented for illustrative purposes only and addresses a hypothetical situation, as if the merger of Altia and Arcus had been completed on 1 January 2020.

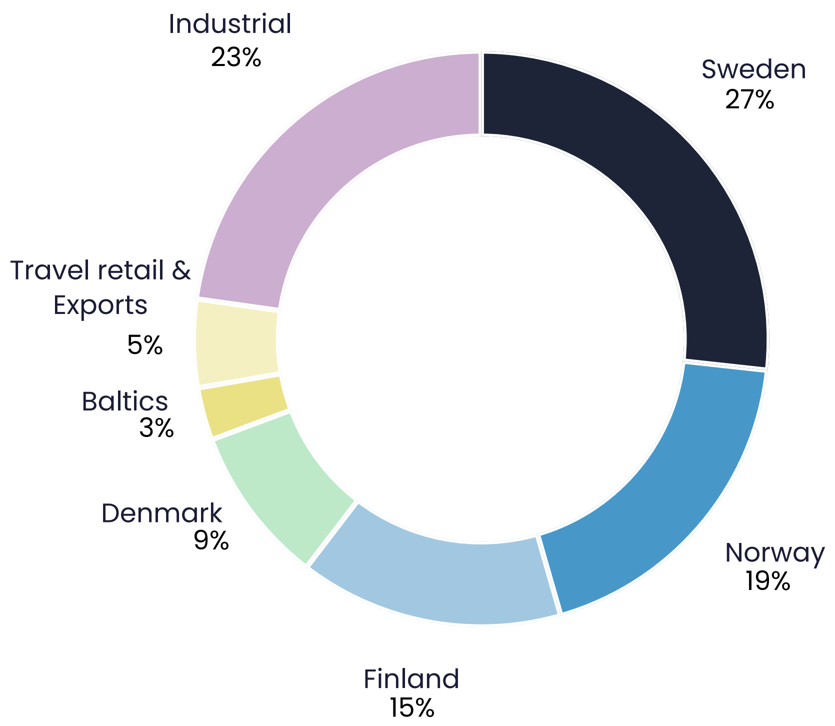


Anora's year 2022 in brief

Net sales by segment %

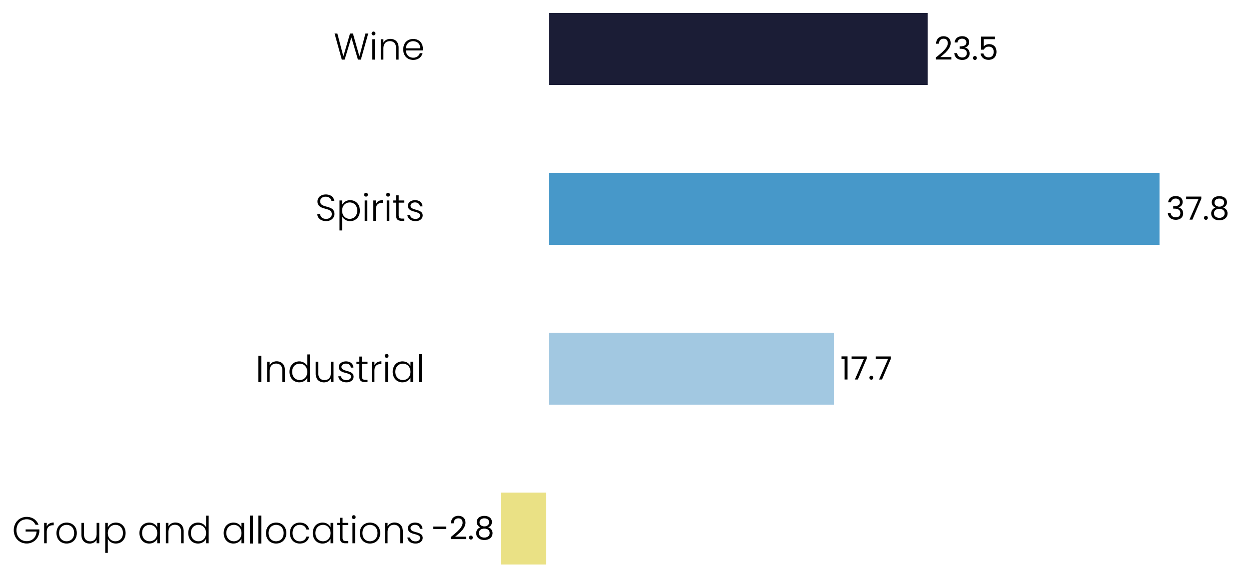


Net sales by country %*

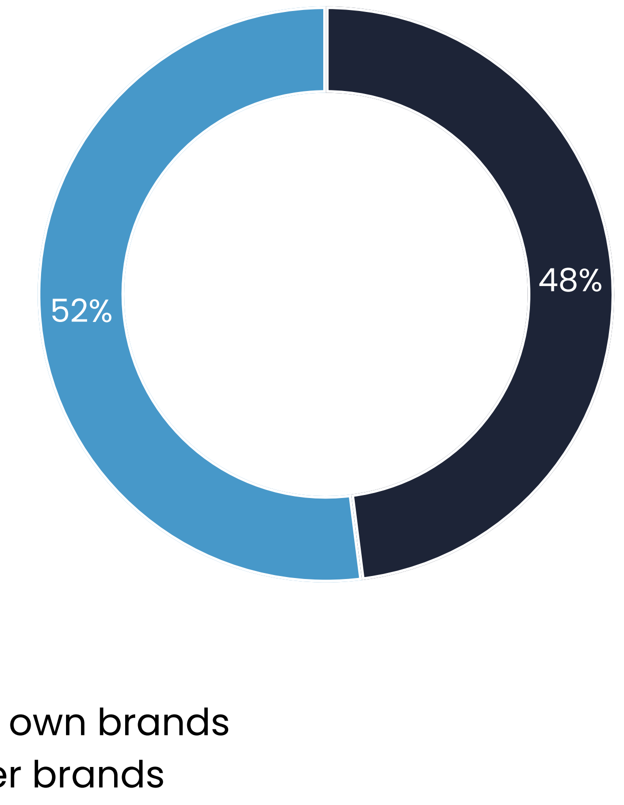


* Net sales split based on internal reporting

Comparable EBITDA margin by segment EUR million



Beverage net sales by brand category %*



* Net sales split based on internal reporting

Anora's year 2022

Sustainability highlights

We are committed to set science-based targets and aim for a

38%

reduction in scopes 1-3 by 2030.

We joined the **United Nations Global Compact,** the world's largest corporate sustainability initiative.

60%

of our own products' packaging is already climate-smart.

26

no- and low-alcohol products launched in 2022.

46%

reduction in CO_2 emissions at Koskenkorva Distillery, compared to 2014.

Anora purchased

56,000 kg

of regeneratively farmed barley in 2022. Regenerative farming methods aim to turn fields into carbon sinks.

89%

of the energy used at our modern production plant Gjelleråsen is renewable, e.g. geothermal energy.

99.8%

waste recycling and recovery rate at our production plants.

Business highlights

In February 2022, Anora suspended all sales to Russia. A donation of 50,000 euros was also made to the Ukrainian Red Cross to support the Ukrainian people.

Read more about Anora's year 2022 in the CEO's review on page 10.

As a part of the new operational model, Anora's wine business was reorganised under an entrepreneurial multi-company structure. Anora's dedicated, independent wine import companies were all regrouped under **Vingruppen** in Finland, Sweden and Norway, enabling us to provide the best possible service and maximise business opportunities to all wine partners in the Nordic monopoly markets.

Read more about Anora's Wine segment on page 15.

Anora was named **Aquavit Producer of the Year** in the prestigious International Spirits Challenge 2022, one of the most recognised competitions in the industry. Aquavit is a unique Nordic spirit, with an impressive history dating back to the 15th century and still holds a special place in many Nordic traditions and festivities.

Read more about Anora's Spirits segment on page 16.

Anora acquired Denmark's leading wine company **Globus Wine,** which made us the leader in the Danish wine market in addition to our leading position in the other three Nordic countries. Globus Wine has successfully built its business with top-selling own wine brands, and it has the largest capacity in Northern Europe to offer filling services to international wineries and wine importers. The acquisition supports the expansion of Anora's partner and own wine businesses across the Nordics.

Read more about Anora's Wine segment on page 15.

Business highlights

Anora invested in **ISH**, the Danish producer of award-winning non-alcoholic wines, spirits and cocktails. The investment supports Anora's ambition of fostering a responsible Nordic drinking culture by offering high-quality drinks for every occasion. In May, Anora's own no- and low-alcohol **SAY Seltzer brand** won the prestigious Dieline award for its outstanding design.

Read more about Anora's Sustainability Roadmap on page 54.

Anora published its **growth strategy** and **Sustainability Roadmap 2030** at the company's first Capital Markets Day held at Anora's Gjelleråsen plant in Norway on November 29, 2022. Anora's vision is to be the leading Nordic wine and spirits group delivering growth through sustainability.

Read more about Anora's strategy on page 13 and Sustainability Roadmap 2030 on page 54.

Anora's Koskenkorva Distillery received the **Year Award in Starch Europe's Safety Programme** for the second year in a row. The award is given to plants that registered no employee lost workday cases involving days away from work and no employee and no non-employee workplace fatalities for the calendar year. The Year Award is an important affirmation of Anora's continuous safety work.

Read more about Anora's safety goals on page 73.

In 2022, Anora focused on strengthening its presence on **Amazon**, increasing investments especially on its Nordic hero brands. These efforts lead to nearly quadrupled sales growth in the channel, compared to 2021. Anora's own web shop **Nordic Spirits** also achieved double-digit sales growth as well as an over 40% increase in traffic.

Read more about our Spirits segment on page 16.

CEO’s review

2022 was an exceptional year for us in Anora. It was not only the first full year of Anora after the merger of Altia and Arcus, but with the acquisition of Denmark’s leading wine company Globus Wine, we further strengthened our position as the leading wine and spirits brand house in the Nordic region.

Even at the beginning of the year, we saw all markets starting to return to normal as Covid-19 restrictions were lifted. Volumes in the monopoly market have declined, with market value in 2022 approximately at the 2019 level. Consumption has shifted back to on-trade, travel retail and border trade.

The war in Ukraine and the aftereffects of Covid-19 caused disruptions in the global supply chain and resulted in significant product cost increases and out-of-stock situations.

Net sales increased, profitability declined

In 2022, our sales on a pro forma basis increased by 5.7% amounting to EUR 703 million. Growth was driven by the acquisition of Globus Wine, and growth of the Industrial and Spirits segments also contributed positively to sales growth. The market decline in monopoly channels was expected and drove our sales down in Sweden, Norway, and Finland. Considering the declining market, however, we performed well and were able to grow market share in both wines and spirits in the Nordics. In Anora Industrial, net sales grew due to increased sales prices resulting from higher material prices.

” Our vision is to be the leading Nordic wine and spirits group delivering growth through sustainability. ”

Our comparable EBITDA was at EUR 76 million, or 10.8% of net sales. Comparable EBITDA was negatively impacted by market decline in monopoly sales, extremely high raw material costs and negative development in currencies. Currency exchange development had a negative effect on our cost of goods, especially in the Wine segment. In the last quarter of the year, we also had to make an exceptional EUR 3.2 million inventory correction in the stock value differences of Globus Wine.

We implemented price increases in all our businesses and markets during 2022, but they have only partially offset the high input costs.

Our post-merger integration work progressed as planned and on schedule and has delivered expected efficiencies.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.22 per share be paid for the financial year 2022.

New launches and award-winning products

In 2022, we restructured our wine business into Vingruppen and Anora Own Wine. Vingruppen focuses on partner wines, operating through multiple, entrepreneur-driven wine import companies in Norway, Sweden, and Finland. Anora Own Wine manages our own wine brands, like Blossa, Chill Out and Falling Feather, and develops new ones for Nordic consumers. Vingruppen's key focus areas are on-trade and monopoly collaboration, while Anora Own Wine focuses especially on all aspects of sustainability, in particular sustainable wine packaging and near-market wine bottling and filling.

Last year we relaunched our largest wine brand Chill Out and managed to turn its sales to growth in all markets. In Sweden, we began successfully introducing Globus Wine brands like Il Capolavoro and Outlaw Zin to the market with very promising results. We also won multiple monopoly wine tenders across our markets especially in the growing category of sustainable wines.

Vingruppen gained several new wine partners during 2022, including the Italian quality wine group Zonin 1821, the family company André Lurton in the Bordeaux region, and AdVini's Laroche.

The last quarter of the year with its glögg sales is a very important time for us, and it was great to see that Blossa Glögg had another record year. Sweden is by far the biggest glögg market in the Nordics and Blossa continued to gain share in 2022. We also successfully launched no- and low alcohol glöggs, such as Blossa Rosé and Attitude Karpalo-Kinuski glögi. In September, Anora acquired the remaining shares from the founders of Von Elk Company known for Glöet, the most popular sparkling glögg in the Nordics.

" We announced our ambitious long-term financial targets, growth strategy and ambitious sustainability roadmap in November. "

The holiday season is also very important for aquavits and we launch many new products in the category for Christmas every year. In Norway, our biggest aquavit market, we were very happy to gain market share with our strong offering during the last quarter.

In spirits, Koskenkorva continued its strong growth in sales during 2022, both in the monopolies and in international markets. We are scaling up the production of our hero product, Koskenkorva Vodka Climate Action, by encouraging more farmers to adopt regenerative farming practices. We are glad that interest in these new farming methods has been very positive.

Koskenkorva was also awarded several medals in the Spirits Business' prestigious Vodka and Liqueur Masters competitions. In July, Anora was named Aquavit Producer of the Year in the International Spirits Challenge. Furthermore, our own premium gin brand Skagerrak won a gold medal in the Global Gin Masters competition, and Carlow Irish Whiskey, a brand we launched in 2022, gained immediate success in the Global Whiskey Masters competition.

In August, we announced our investment in ISH, the award-winning Danish scale-up company developing award-winning non-alcoholic beverages. The investment is a great tool in our efforts to promote a more responsible drinking culture as part of our sustainability work.

Growth through sustainability

After a successful merger integration and the acquisition of Globus Wine, we announced our new long-term financial targets, growth strategy and ambitious sustainability roadmap in November.

Our vision is to be the leading Nordic wine and spirits group delivering growth through sustainability. We aim at above-market growth in our home markets and a substantial increase in the share of our international business. Beyond the Nordics, our growth will focus on our chosen hero brands and it will be supported by M&As.

In sustainability, we set new ambitious targets as part of our Sustainability Roadmap. We have joined the United Nations Global Compact, and we are committed to set science-based targets and to making our own production carbon neutral by 2030, without compensations. Another important sustainability topic is our target of zero accidents at work. In 2022, we reported no injuries at our Gjelleråsen plant and Koskenkorva Distillery was granted the Year Award in Starch Europe's safety program for a second consecutive year.

Outlook for 2023

In 2023, economic growth is expected to remain slow especially during the first half of the year. Historically, the Nordic wine and spirits market is less impacted by a difficult economic climate, and Anora is well positioned for consumer downtrading or by consumers moving their consumption from the on-trade channel to off-trade channels.

In the coming year, our main focus will be on improving our profitability. The main tools for this are cost savings, improving efficiency, and price increases. In addition, we will work on reducing working capital, primarily by optimising inventory levels.

I want to thank all our shareholders, customers, partners and our talented employees for their hard work and dedication in this challenging year.

Pekka Tennilä
CEO

Strategy

Our values

Our values are at the centre of our success. Everything we do starts from the values that we have created together. Our values are pragmatic enough to encourage our people to take action in the everyday, and give us freedom to act and inspire a change.

Courage to EXPLORE

We are **passionate** and ambitious to lead the industry. We have the **courage** to challenge the status quo, continuously improving for a better tomorrow.

ENERGY to inspire

We share a can-do attitude and **enjoy** going the extra mile. **Positivity** shines through in everything we do, making us inspiring and fun to **work with**.

EMPOWERING to win

Our dynamic, open and **inclusive** way of working represents a modern Nordic mindset. We take **ownership** of our decisions, giving all of us the freedom to succeed.

Strategy

Our strategy up to 2030: Delivering growth through sustainability

Anora's vision is to be the leading Nordic wine and spirits group delivering growth through sustainability. Our passion takes the best of the Nordics to the world and the best of the world to the Nordics.

We are Anora, let's drink better!

Sustainability is at the heart of our strategy, central to the production of all our grain-based spirits and an integral element in all our decision-making. Sustainability brings us competitive advantage and with our new and ambitious sustainability roadmap we will be among the frontrunners in our industry.

Our growth strategy is built around three strategic choices. In the monopoly markets of Sweden, Norway and Finland, we aim to grow faster than the market. We want to lead category growth across consumer occasions and channels and thereby strengthen our position as the leading wine and spirits house in the Nordics.

In Denmark and the Baltics we want to scale our position to cement our regional leadership. In Denmark, we have already in 2022 taken a major step with the acquisition of Globus Wine, Denmark's leading wine company.

We have high ambitions to grow internationally and to accelerate our business beyond the Nordics with our strong, sustainable hero brands. Our strategic choices are supported by a set of key enablers. To strengthen consumer engagement we will focus and scale investments in our hero brands, build our digital channels and develop occasion-led innovations.

Customer centricity is not only about deepening collaboration with the monopolies, but strengthening our position in the grocery trade and becoming the preferred supplier in on-trade. Global travel retail is a key enabler for international growth.

We will continue to use M&As to support our growth strategy.

To fund our growth, we will optimise our supply chain to find further efficiences and to build the most sustainable operations in our industry.

A more detailed presentation of Anora's strategy was presented at the Capital Markets Day in November 2022. Visit our website to learn more.

Our long-term sustainability targets and the roadmap are presented in the Sustainability Report as of page 54 onwards.

Our financial targets for 2030

3–5%

Annual net sales growth

Including M&A, majority being organic

16%

Comparable EBITDA margin

Through increased focus on margin accretive business and scale benefits on indirect costs

<2.5x

Net interest-bearing debt / comparable EBITDA

Debt levels may occasionally exceed in connection with M&As

50–70%

Dividend payout ratio

Anora aims to maintain a stable or increasing dividend (% of result for the period)

Introduction to our segments

Our segments

Anora Group has three reporting segments: Wine, Spirits and Industrial.

Wine

The Wine segment develops, markets and sells partner wines and Anora's own label wines to customers in the Nordic monopoly markets and in Denmark. Globus Wine is reported as part of Anora's Wine segment as of 1 July 2022.

Spirits

The Spirits segment develops, markets and sells both Anora's own spirits brands and partner brands to customers in the Nordic monopoly markets. The segment also consists of Anora's own operations in Estonia, Latvia, Denmark and Germany, as well as global duty free and travel retail, and exports.

Industrial

The Industrial segment comprises Anora's industrial business – industrial products and contract manufacturing, the logistics company Vectura and supply chain operations.

Net sales, total, MEUR	Gross margin, % of net sales	Comparable EBITDA, MEUR
316.6	29.5%	23.5

Our long-term growth priorities

We aim to be the leader in the growing sustainable wine category and win share across markets.

- Grow Vingruppen by focusing on monopoly tenders and on-trade
- Win in the growing market for own label wine in the Nordics
- Scale up our digital platforms to drive growth

Vingruppen – the largest importer of partner wines to the Nordics

Multiple independent wine import companies, long history in the Nordic monopoly markets.

Own label wines – a fast-growing category in the Nordics

Developing, sourcing, filling and marketing wines tailored to the Nordic consumer.

Market-leading digital platforms are our key channels to drive sales in Sweden and Finland

Segment – Wine

We are the market leader in the Nordics

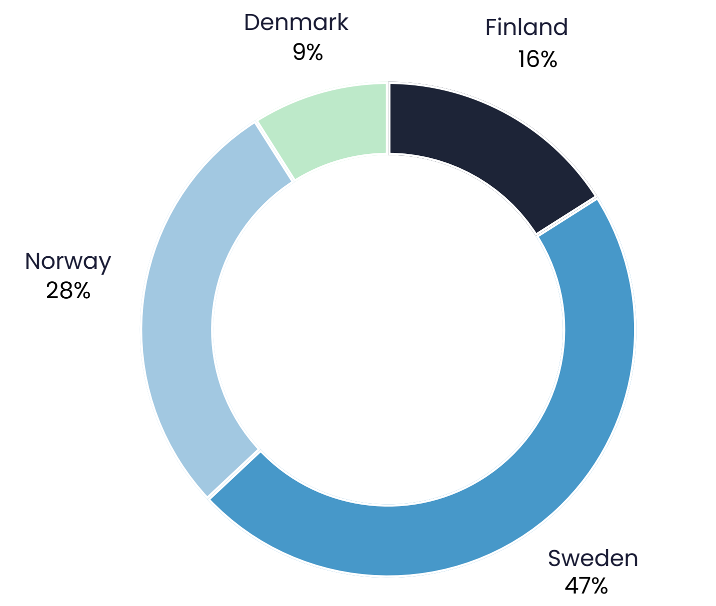
Anora has the largest wine business in the Nordics; it is the only company present in all Nordic markets with its own filling and packing operations, own label wine development and premium partner wine imports.

Anora's **partner wine business** is run by independent wine import companies, grouped under Vingruppen, enabling us to offer a wide wine portfolio to our customers. We aim to build new business by successfully participating in the monopolies' new product searches. We have a strong position in on-trade allowing us to extend the distribution of partner wines in this important channel.

Anora's **own label wine business** produces wines specifically for Nordic consumers. Our own label wines have already been successful in Norway and Finland, and the acquisition of Globus Wine in 2022 made Anora the leading wine company in Denmark with business built solely on own label wine. The biggest Nordic market for own label wines is Sweden, offering Anora significant opportunities for further growth, which we will focus on with our new strategy. We also aim to improve our position in Italian wine, as Italy is by far the leading country of origin for wine in the Nordics.

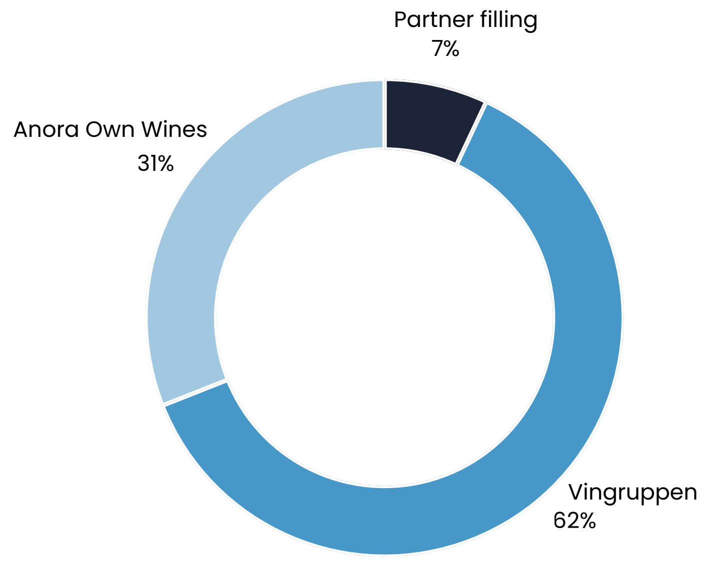
Our filling and packing capabilities fully meet the Nordic monopolies' high sustainability expectations. We offer these resources also to our partners looking to strengthen their offering in sustainable packaging.

Net sales by country %*



* Net sales split based on internal reporting. Excluding partner filling.

Net sales by brand type %*



* Net sales split based on internal reporting

Net sales, total, MEUR	Gross margin, % of net sales	Comparable EBITDA, MEUR
233.8	43.8%	37.8

Our long-term growth priorities

- Earn the right to expand partner business
- Scale our hero brands
- Optimise local warriors and tactical drivers
- Capture share in growing and adjacent categories (RTDs and NoLo)

International markets a significant contributor to growth

- Win in the Danish, Estonian and Latvian open markets
- Scale up hero brands beyond the Nordics
- Maximise global travel retail and digital growth enabling change

Monopoly markets

In Finland, Sweden, and Norway, Anora is the leading player with a strong portfolio of iconic own brands and well-known international partner brands.

International markets

In Denmark, the Baltics, and Germany we run our own operations while exporting our brands to some 30 countries through local distributors. Global travel retail provides opportunities for both building brand value for monopolies and expanding into new markets.

Our hero brands

KOSKENKORVA VODKA, XANTÉ, LINIE AQUAVIT, SKAGERRAK NORDIC DRY GIN

Partner brands perfectly complement our portfolio

BROWN-FORMAN, DISTELL, herno, ILLVA SARONNO, PROXIMO, SAZERAC, Underberg

Segment – Spirits

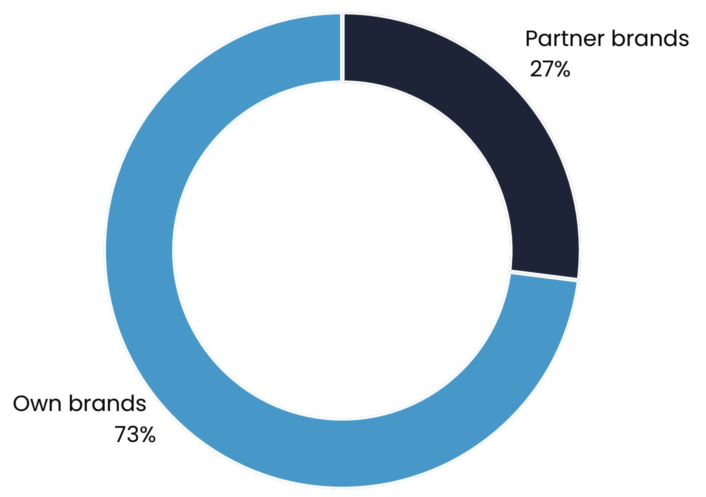
Nordic market leader and a strong challenger internationally

Anora is a market leader in the Nordic region with a unique portfolio of iconic local spirits brands combined with international market leading partner brands. Anora has ambitious targets for growing its business in the Nordics and expanding into new international markets.

Anora aims to build long-term profitable growth in the monopoly markets. We focus on offering the best route-to-market to our partners and growing the shared business in fast-growing categories such as rum, tequila, whiskey and gin. Within our own spirits portfolio of over 100 brands we will focus and increase our investments on hero brands that have considerable growth potential. We will optimise investments on our iconic, well-known, and cherished local brands, that form the basis of our business, to drive profitable growth. We will increase innovation work and leverage partnerships and M&As in the RTD and NoLo categories, where we see significant growth opportunities due to current consumer trends around health and convenience.

We aim to significantly increase the share of our international business both through organic growth and M&As. We will focus on cementing our leadership in Denmark and the Baltics, including expanding in Lithuania. For growth beyond the Nordics, we see attractive opportunities for Koskenkorva, thanks to the brand's strong sustainability focus and inspiring story that resonate well in the growing vodka market. This will require establishing a winning route-to-market through distributors, own operations or acquisitions.

Net sales by brand type %*



* Net sales split based on internal reporting

Net sales, total, MEUR	Gross margin, % of net sales	Comparable EBITDA, MEUR
285.5	43.2%	17.7

Our long-term priorities

- Globus Wine volumes provide additional efficiency potential and procurement benefits
- Additional efficiency potential across bottling and logistics sites
- Additional potential is estimated at EUR 5–10 million annually

Efficient supply chain enables growth

Logistics centres

Largest logistics centres in Finland, Sweden and Norway.
Logistics volume: 176 million litres

Bottling plants

World-class bottling plants in Norway, Denmark and Finland for spirits and wines.
Production volume: 136 million litres

Distilleries

Distilleries in Finland, Norway and Sweden.
Production volume: 30 million litres

Segment – Industrial

Funding the growth journey through efficiency

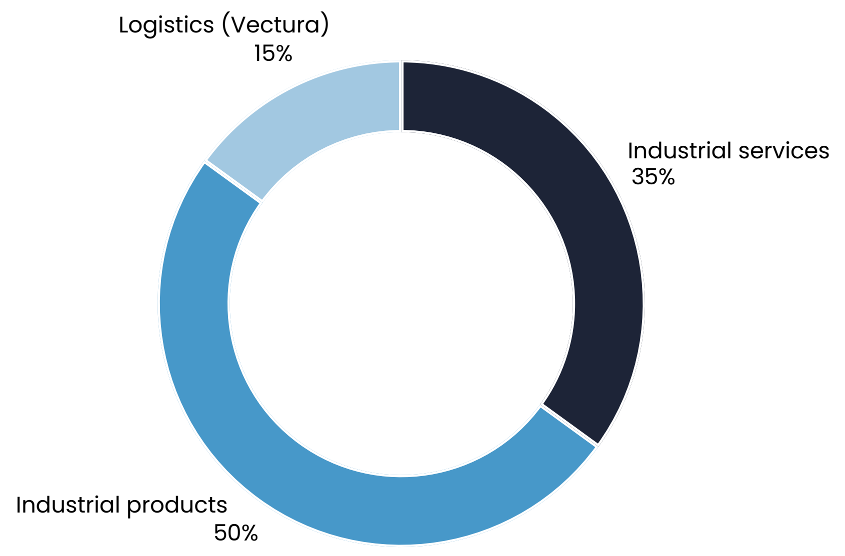
Anora is the biggest producer of wine and spirits in the Nordic region. Our unique and efficient supply chain supports our growth ambitions. We also provide logistics, production and packaging services as well as industrial products to our customers.

Anora's own **logistics centres** form the base for our superior route-to-market. During 2022, we integrated and insourced all logistics operations and now more than 20% of all deliveries to the Nordic monopolies flow through Anora. In Norway, logistics company Vectura provides **logistics services** also to external customers.

At our modern **bottling plants**, we continuously work on improving productivity and efficiency. We are the leader in climate-smart packaging such as PET plastic bottles and Bag-in-Boxes – all of which have a significantly lower carbon footprint compared to glass bottles. We provide production and packaging services also to external customers, improving capacity utilisation.

Anora's **distilleries** specialise in different spirits categories to meet the needs and requirements of each of these. The majority of the grain spirit used in Anora's beverage products is produced at the Koskenkorva Distillery, where the raw material, barley, is utilised fully with no waste. Side-streams of the production process are used to produce starch, feed components and technical ethanols, products sold to industrial customers. Unique distillation and maturation capabilities for aquavit blends are located in Norway and Sweden.

Net sales, external, by product group %*



* Net sales split based on internal reporting

Operating environment – Trends

Key trends shaping our business

Consumers are going green

14% environmentally and socially conscious consumers
87% of them willing to pay more for sustainability

Source: Bain Elements of Value Consumer survey

Balancing consumption habits

No- and low-alcohol (NoLo) category grew by **9%** in 2018–2021

Source: Euromonitor; IWSR; Lit Search

Demand for convenience

16% global volume growth for RTDs
Strong in the Nordics: RTD growth in Sweden **12%**

Source: Euromonitor; IWSR; Lit Search; Bain analysis

Premiumisation

Drinking better with premium products growing faster
74% of Europeans drink mainly at home, compared to 58% at the start of the Covid-19 pandemic

Source: Bain EMEA COVID-19 Consumer/Shopper Survey, powered by Dynata

Digital disruption

93% of consumers say online reviews impact their purchasing decisions

Source: Eventbrite research "Fueling the experience economy"

Our response

#1 in sustainable packaging

- Increasing use of regeneratively farmed barley
- Fair sourcing and fair-trade certificates

26 NoLo products launched in 2022

- Healthier, high-quality choices for every occasion
- Investment in ISH in 2022

5% market share in RTDs in Finland

- Regular release of new flavours under well-known brands and in innovative packaging

Growing number of novelties in the liqueur category

- Simple drinks and cocktails to create new experiences at home

Over 7 million visits to folk o folk and Viinimaa

- Connecting and educating consumers through different digital channels

Operating environment

The Nordic wine and spirits market in brief

Sales channels

In the off-trade markets in Finland, Sweden and Norway, most of the wines and spirits are sold through the state retail monopolies (Alko, Systembolaget and Vinmonopolet), which form Anora's largest sales channel. Approximately 90% of the market volumes go through the retail monopolies.*

In the monopoly markets, the grocery trade is a channel for no- and low-alcohol wines and glöggs, ready-to-drink products (RTDs), beers and ciders.

In Denmark and the Baltics, the off-trade market mainly consists of the grocery trade.

The on-trade ("HoReCa") channel plays an important role in new product launches and provides Anora with an opportunity to promote and increase customers' brand awareness as well as affect future consumer trends.

Travel retail, comprising airline, sea and border trade, has traditionally been an important channel in the Nordic and Baltic regions, due to price differences between countries caused by different alcohol tax levels and duty-free sales.

All consumer product sales outside Anora's home market are defined as exports. Anora exports alcoholic beverages to approximately 30 countries.

* Source: Euromonitor International Limited, Alcoholic Drinks Data 2021 edition, 2019 used as base yar for pre-Covid estimate.

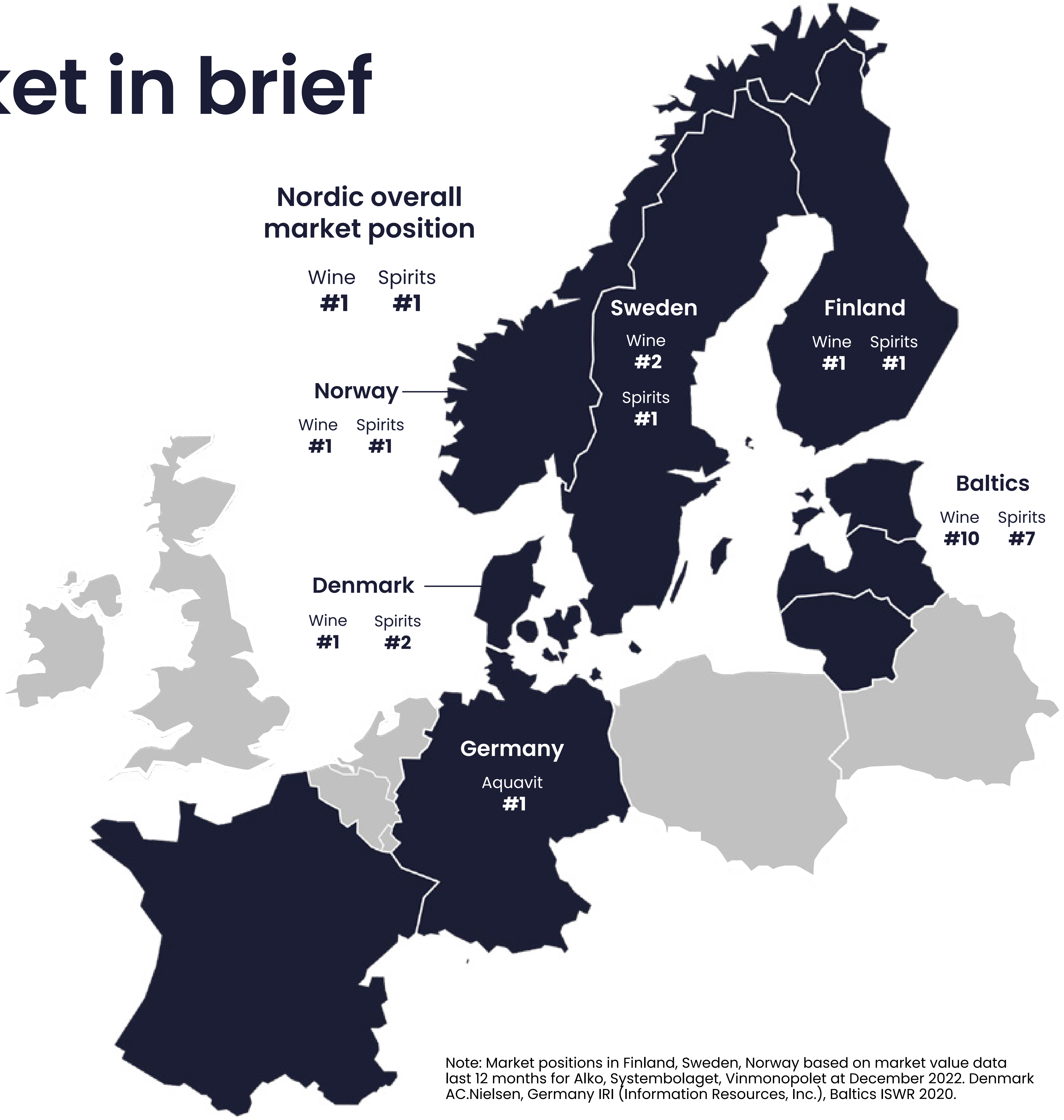
Competitive landscape

Anora competes with global, Nordic and local spirits brands and wine producers as well as importers. Compared to the spirits market, the wine market is fragmented, as there are several smaller producers, importers and distributors.

Market environment

The global Covid-19 pandemic with restrictions relating to travelling and social gatherings had a significant impact on Anora's sales channels. As a result of the travelling and on-trade restrictions, consumers continued to shift purchases of alcoholic beverages to the monopolies. The growth of the monopolies' volumes was significant in 2020 and 2021, and the share of monopoly sale remained on relatively high level still in the first half of 2022. The impact of the restrictions was strongest in Norway, while in Sweden there were less restrictions and therefore the impact was less significant.

By the year end, sales channel dimensions had mostly turned back to normal with on-trade, travel retail and border-trade channels regaining their volumes, while monopoly sales in Finland, Sweden and Norway have shown an expected



Note: Market positions in Finland, Sweden, Norway based on market value data last 12 months for Alko, Systembolaget, Vinmonopolet at December 2022. Denmark AC.Nielsen, Germany IRI (Information Resources, Inc.), Baltics ISWR 2020.

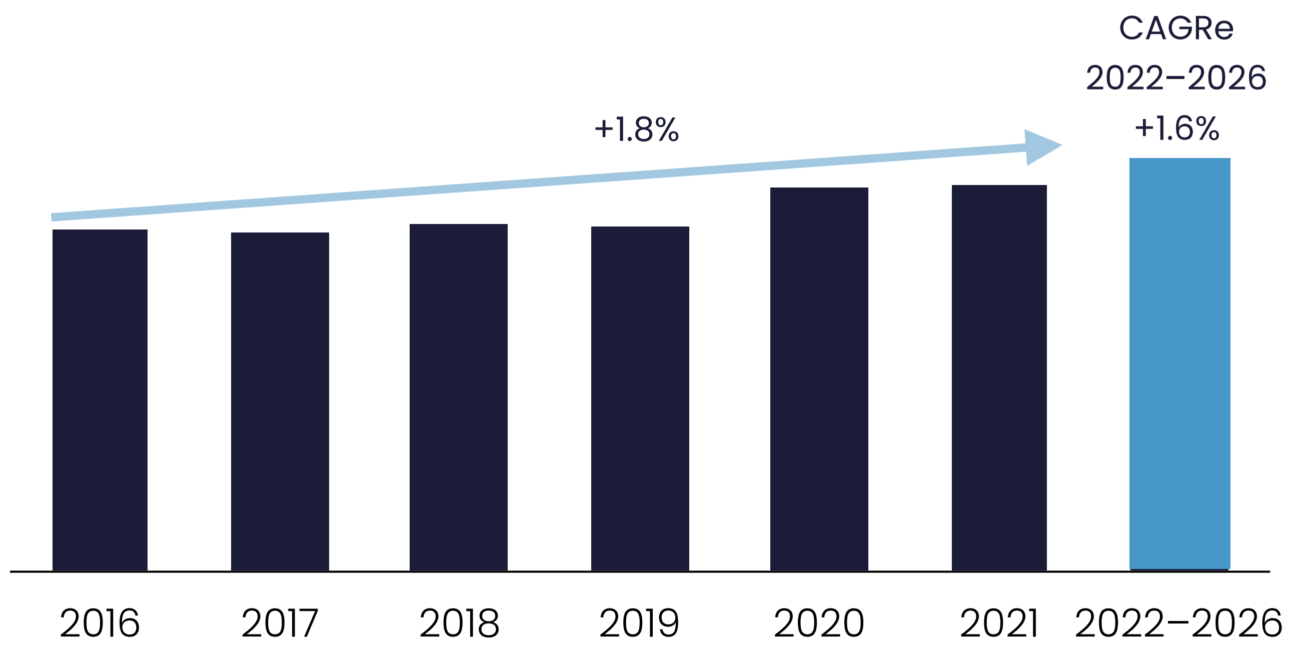
decline. In the monopolies the sales of spirits as well as wine have declined. There are also some signs that sales have started to slow down due to inflation and consumers seeking to save money.

In industrial, uncertainty was high both in industrial products and services. Markets for grain, raw materials, logistics, and energy tightened in the second half of the year, driving extraordinary price increases for most supplies. The demand for starch was steady, driven by good demand from paper and board manufacturing. Towards the end of the year signs of a softening market demand and customers reacting on high costs on energy, transport and materials was seen in some areas both in starch and technical ethanol. Due to the continued increased demand on global markets and increasing raw material and energy prices, purchased ethanol availability was very tight and prices continued in an increasing trend. Volumes in industrial services remained relatively stable despite the impacts from the Ukrainian war and challenging environment in general.

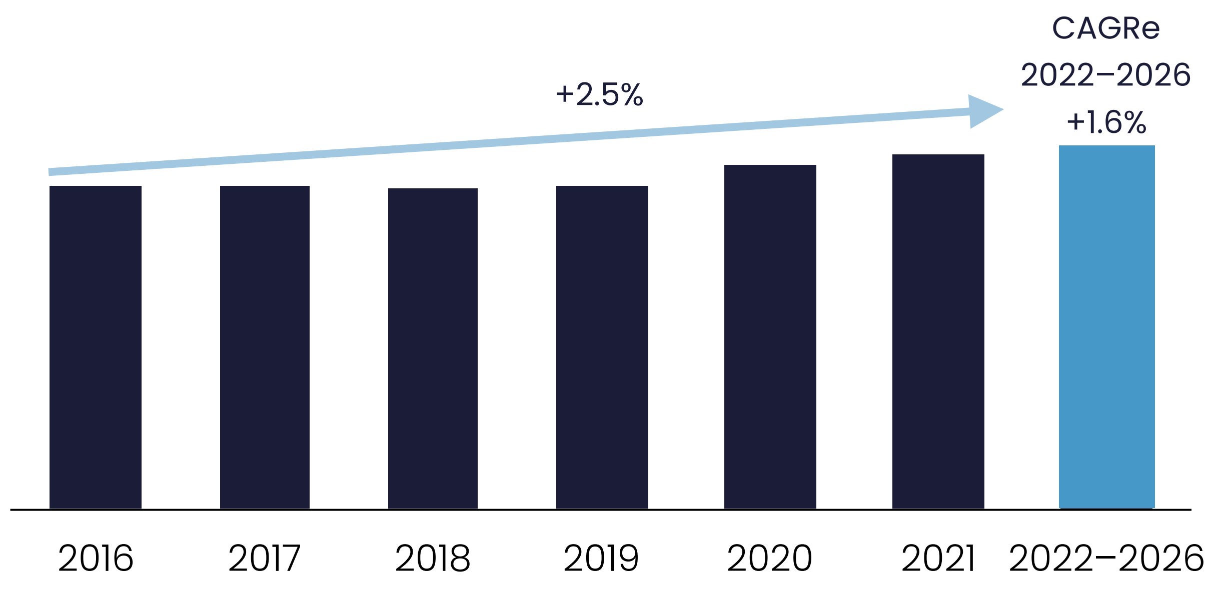
Market size and growth

The Nordic wine and spirits market is a fairly large with an estimated value of EUR 13.5 billion and volume of 670 million litres. Wine accounts for about 87% of the volume and spirits for 13%. The market is stable with an expected growth at 1–2% for both wine and spirits. Historically, the wine and spirits market has been fairly non-cyclical, with less impact on average consumption during economic downturns. However, fluctuations can be seen between channels and price points.

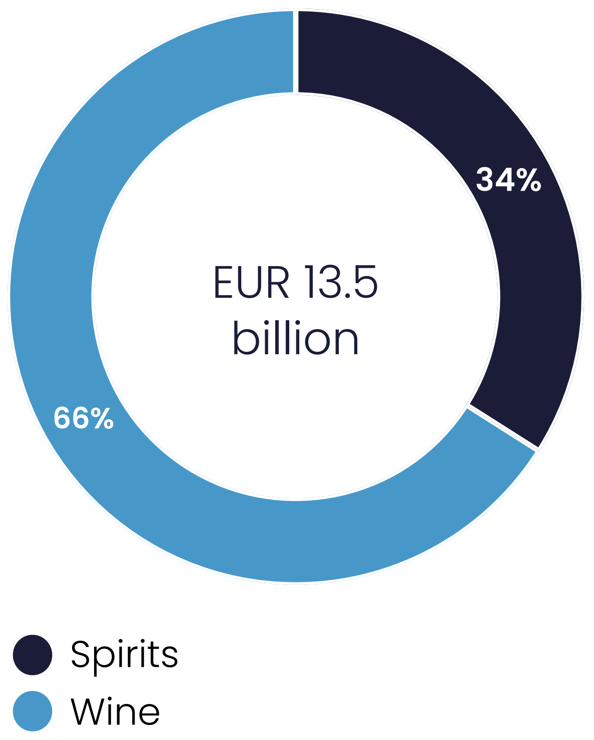
Spirits: Volume development and growth forecast



Wine: Volume development and growth forecast



Value of the Nordic wine and spirits market %



Source: Euromonitor International Ltd. Alcoholic Drinks Data 2022 edition, retail value RSP incl. sales tax, EUR million, fixed 2021 exchange rates, current terms. Total volume 000 litres. The Nordic market refers to the off- and on-trade markets in Finland, Sweden, Norway and Denmark. All growth rates are CAGR %

Industrial products

Anora produces grain spirit at its Koskenkorva Distillery. Barley starch and feed components are produced as by-products from the distillation process.

The Koskenkorva Distillery is the only producer of barley starch in the world.

A significant part of barley starch is sold to the paper and paperboard industry where it is used as a binding agent. Additionally, barley starch is used as a fermentation and freshness agent in beer production and in other food industry applications.

Feed components are delivered on a continuous basis to A-Rehu Oy's production facility, which is located in the Koskenkorva plant area.

The Koskenkorva Distillery also produces technical ethanol, which is further processed into technical ethanol products at Rajamäki. Technical ethanols are used in geothermal fluids and are sold to various industries – from the pharmaceutical and healthcare to the chemical and technochemical industries.

Anora as an investment

Value creation through profitable growth

Higher growth at improved margins, with strong cash flow generation and stable dividends.

Higher revenue growth

- Increased revenue growth through market share gains in home markets and international expansion
- M&A to strengthen our capabilities and expand our footprint

Improved margins

- Efficiency gains in production to finance investments and improve margins

Strong cash flow generation

- Well-invested, limited capex needs
- Low and stable working capital

Stable dividends

- Dividend policy reaffirms importance of strong and stable dividend

Information for shareholders

Anora's shares are listed on the Nasdaq Helsinki. All shares carry one vote and have equal voting rights.

Annual General Meeting

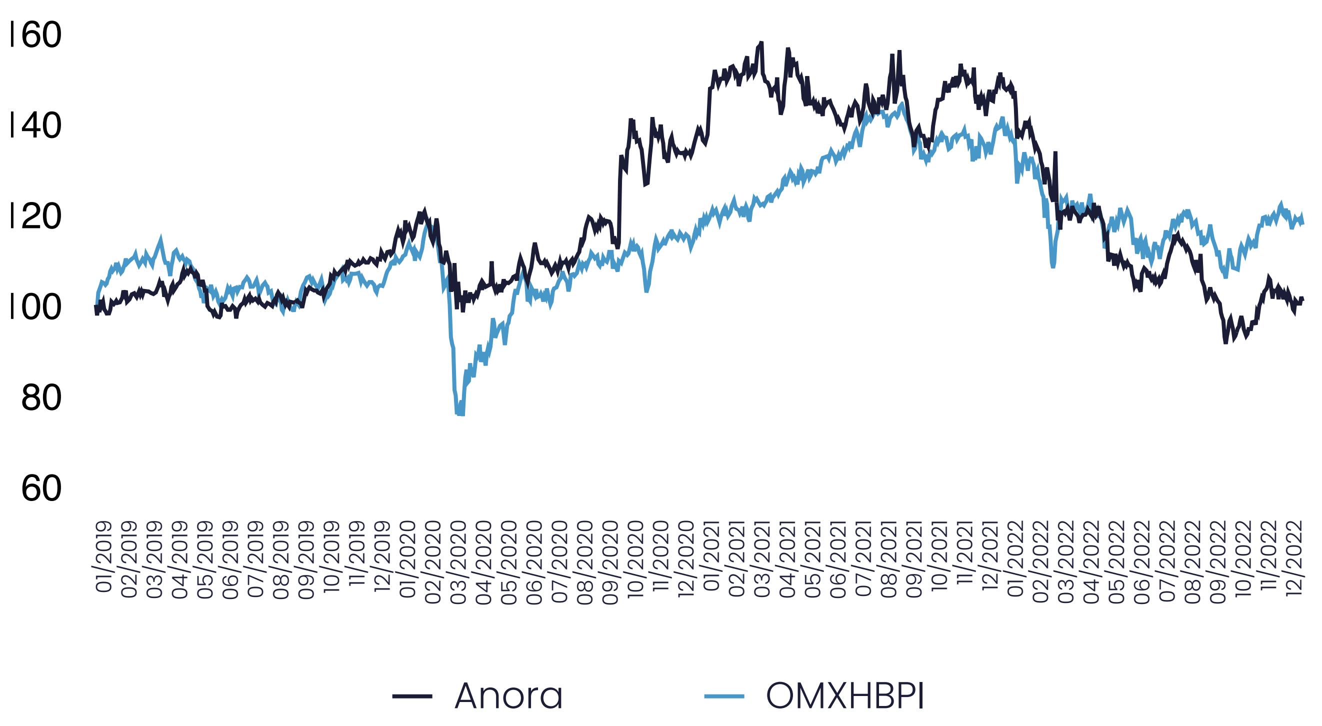
Anora's Annual General Meeting is planned to be held on 19 April 2023 at Scandic Marina Congress Center in Helsinki. More information can be found in the notice to the meeting which is available at www.anora.com/investors.

Dividend proposal

The Board of Directors proposes that a dividend of EUR 0.22 per share be distributed for the financial period ending 31 December 2022. The dividend shall be paid in two instalments, each EUR 0.11 per share.

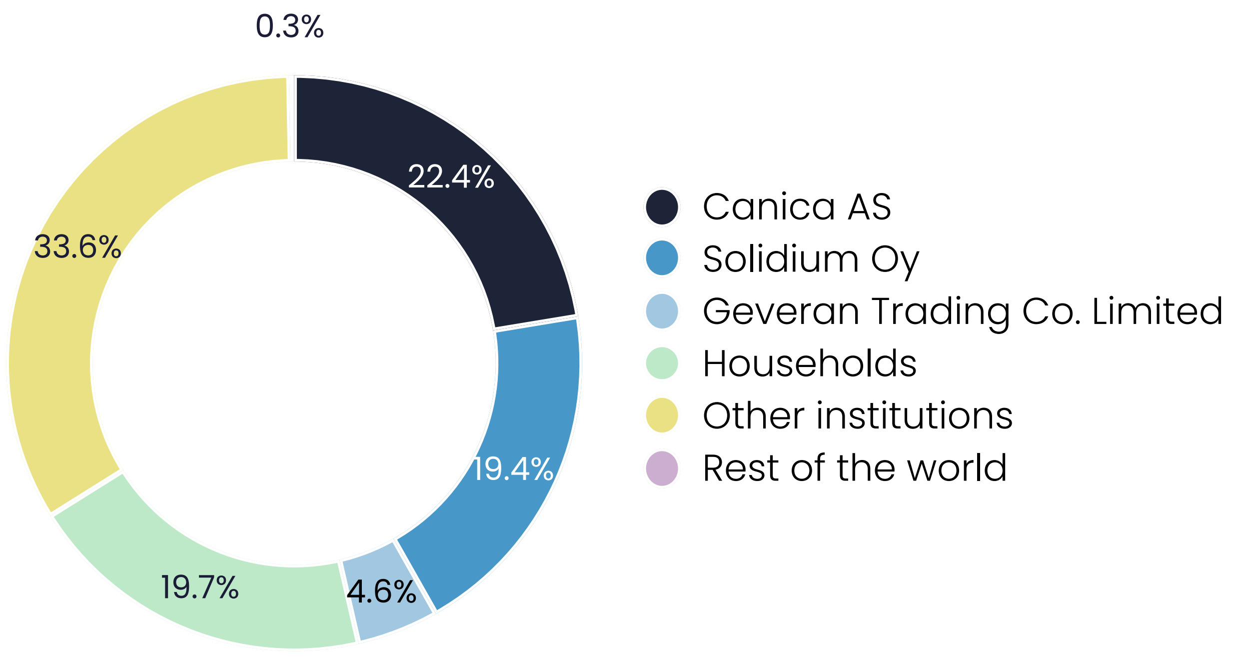
Share price development

Share quotations, index 100 = 2.1.2019



Source: Nasdaq Helsinki

Illustration of Anora's ownership structure 31 Dec 2022*



* The chart provides an illustration of Anora's ownership structure including the largest shareholders based on information provided to the company. In the Euroclear Finland data, the shareholdings of Canica AS and Geveran Trading Co. Limited are included in the nominee-registered shares.

Key facts about Anora share

		2022	Nasdaq Helsinki
Market:	Nasdaq Helsinki Ltd.	Highest price:	EUR 11.04
Sector:	Food & Beverage/Consumer goods	Lowest price:	EUR 6.62
Trading code:	ANORA	Closing price:	EUR 7.36
ISIN code:	FI4000292438	Market cap:	EUR 497.2 million
Listing date:	23 March 2018	Number of shares:	67 553 624

Important dates related to the AGM and dividend payment 2023

5 April	Record date of the AGM
24 March - 12 April	Advance voting
12 April	Registration period ends
19 April	Annual General Meeting
21 April	Proposed record date for the first instalment of dividend
28 April	Proposed date for the first instalment of dividend payment
18 October	Proposed record date for the second instalment of dividend
25 October	Proposed date for the second instalment of dividend payment

Financial information in 2023

28 February	Financial Statements Bulletin 2022
week 12	Annual Report 2022
11 May	Interim Report for January–March 2023
25 August	Half-Year Report for January–June 2023
9 November	Interim Report for January–September 2023

Anora applies a silent period of 30 days before the publication of financial reports.

Please visit our website for updated information: www.anora.com/investors

ESG key figures

Our ESG key figures can be found in the table below. Read more in the Sustainability and Governance sections on pages 54 and 102, respectively.

	2022	2021	2020	2019	2018
Environment (E)					
Use of grain (million kg)	184.3	208.5	214.1	211.5	206.0
Reduction in Koskenkorva CO_2 emissions compared to 2014 base year	46%	58%	58%	58%	54%
Self-sufficiency in steam production at Koskenkorva due to own bio power plant	44%	67%	65%	62%	60%
Waste recycling & recovery rate	99.8%	99.5%	99.5%	99.5%	99.7%
Water use (1,000 m^3)	694.5	575.9	631.3	502.6	660.3
Social (S)					
Produced or imported beverages (million litres)*	138.6	Former Altia: 86.8 Former Arcus: 50.6	85.4	97.0	95.1
Average alcoholic strength of Anora's own production (% vol.)	30.2	Former Altia: 31.5% Former Arcus: 24.3%"	29.7	31.3	31.3
Number of launches of low or non-alcoholic drinks (own brands, both wine and spirits)	26	16	10	24	13
Sickness absence %	5.3	Former Altia: 4.0 Former Arcus: 4.8"	4.0	3.7	3.4
Number of accidents in relation to hours worked (lost time injury frequency without commuting)	7	Former Altia: 5 Former Arcus: 10.5"	7	91	121
Gender balance, total headcount	37%	38%	43%	42%	42%
Governance (G)					
Gender balance, Board of Directors **	50%	50%	43%	43%	43%
Gender balance, Executive Management Team	29%	29%	33%	29%	29%
Board meeting attendance rate (average %)	96%	96%	99%	94%	94%
Board independence ***					
Independent of the company	8/8	7/8	7/7	7/7	7/7
Independent of shareholders	6/8	7/8	6/7	6/7	6/7

Board independence = number of independent (as defined by Finnish Corporate Governance Code) shareholders
Gender balance = The percentage of female directors/executives/employees relative to male colleagues in the same groups

* Globus Wine litres included from 1.7.2022
** Board members elected by the shareholders. In addition, two members of the Board have been elected by the employees of Anora, both of whom are males.
*** Board members elected by the shareholders. In addition, two members of the Board have been elected by the employees of Anora, both of whom are non-independent of the company but independent of shareholders.

Report by the Board of Directors

Report by the Board of Directors 2022

Anora is a leading wine and spirits brand house in the Nordic region and a global industry forerunner in sustainability. Anora Group also includes Anora Industrial and logistics company Vectura. Anora's shares are listed on Nasdaq Helsinki.

2022 was Anora's first full year after the merger of Altia and Arcus. To further strengthen its market position in the Nordic region, Anora acquired Denmark's leading wine company Globus Wine in July.

For wine and spirits the markets returned to normal after Covid-19. Volumes in the monopolies declined, as restrictions were lifted in all markets. Consumption has shifted back to on-trade, travel retail and border trade.

Anora reports growth of 5.7% in sales for 2022 compared to the 2021 pro forma sales, with a strong contribution by Globus Wine. The profitability was burdened by record high input costs, including barley price, a lower gross margin, and the change in sale channels mix.

In November, an ambitious long-term financial targets and growth strategy with a sustainability roadmap were launched.

Anora's business model

Anora's business model is based on offering a complete portfolio of its own brands and a wide range of prominent international partner wines and spirits to its customers in off-trade and on-trade, and in travel retail and exports. Anora also provides services to its partners utilising the company's production, packaging and logistics capacity.

Anora's industrial products – grain spirits, barley starch, technical ethanols and feed components – are produced as by-products from the distillation process and are provided to B2B customers in various industries. The logistics company Vectura AS provides logistics services in the Norwegian wine and spirits market.

Anora's integrated operating model creates significant economies of scale in sourcing, production and distribution, and allows the company to take advantage of its shared operations – such as consumer research, innovation, product development and overall knowhow – and use its centralised support functions efficiently.

KEY RATIOS

	2022	2021	2020
Net sales, EUR million	702.7	478.2	342.4
Comparable EBITDA, EUR million	76.1	71.7	52.4
% of net sales	10.8	15.0	15.3
EBITDA, EUR million	67.9	62.9	40.3
Comparable operating result, EUR million	42.9	51.2	35.0
% of net sales	6.1	10.7	10.2
Operating result, EUR million	34.7	42.4	22.9
Result for the period, EUR million	18.1	31.2	17.8
Earnings per share, EUR	0.26	0.67	0.49
Net cash flow from operating activities, EUR million	-0.4	50.8	56.1
Net debt / comparable EBITDA	4.0	1.8	-0.1
Personnel at end of period	1 251	1 055	637

Altia and Arcus merged on 1 September 2021. The consolidated financial statements for 2021 include Arcus's income statement from 1 September 2021 onwards and statement of financial position as of 30 September 2021.

Market environment

Sales channel dimensions have mostly turned back to normal after Covid-19, with on-trade, travel retail and border-trade channels regaining their volumes, while monopoly sales have shown an expected decline. In the monopoly channels the sales of spirits as well as wine declined. There are also some signs that overall sales have started to slow down due to inflation and increased costs of living.

In Anora Industrial, uncertainty was high both in industrial products and services. Markets for grain, raw materials, logistics, and energy tightened in the second half of the year, driving extraordinary price increases for most supplies. The demand for starch was steady, driven by good demand from paper and board manufacturing. Towards the end of the year signs of a softening market demand and customers reacting on high costs on energy, transport and materials was seen in some areas both in starch and technical ethanol. Due to the continued increased demand on global markets and increasing raw material and energy prices, purchased ethanol availability was very tight and prices continued in an increasing trend. Volumes in industrial services remained relatively stable despite the impacts from the Ukrainian war and challenging environment in general.

In the supply chain, there was still some uncertainty caused by Covid-19 related to the health and safety of employees at Anora's production and logistics sites. In addition, Covid-19 and the war in Ukraine caused uncertainty in the availability of raw materials such as bulk wine, partner goods, and dry goods.

Key events

Acquisition of Globus Wine

In June, Anora announced the acquisition of Globus Wine A/S. Globus Wine is the leading wine company in Denmark and has successfully built a wine business with top-selling own wine brands. It has the largest capacity in Northern Europe to offer filling services to international wineries and wine importers. As a continuation to the merger in 2021, the acquisition strengthens Anora's position as the leading wine supplier in the Nordics.

Globus Wine's net sales in 2021 were DKK 549.6 million and adjusted EBITDA was DKK 66.2 million. The purchase price was DKK 596.4 million (EUR 80 million) which equalled an enterprise value of DKK 669.6 million (EUR 90 million). The purchase price was paid in cash and financed with debt. The agreement to acquire 100% of Globus Wine A/S was signed on 22 June 2022 and the transaction was closed on 1 July 2022. Globus Wine has been consolidated to Anora Group as of 1 July 2022.

Acquisition of 100% share of Von Elk Company

Anora acquired the remaining shares from the founders of Von Elk Company known for Glöet, the most popular sparkling glögg in the Nordics. As of 1 September 2022, Anora owns 100% of the shares in the Finnish Von Elk Company (previously 20%).

Investment in ISH

Anora has made an investment of EUR 5 million in ISH, the Danish scale-up company in non-alcoholic beverages, making Anora a minority shareholder in the company. The investment will enable ISH to further accelerate its international growth. Anora will be distributing ISH's alcohol-free products in Norway, Sweden, and Finland. The agreement between Anora and ISH was completed on 20 July 2022.

Suspending sales to Russia

When Russia started the war against Ukraine in February, Anora reacted quickly and suspended all exports to Russia, and in its Baltic operations purchases of raw materials from Russia and Belarus were also suspended. The discontinuation of exports to Russia did not have a material impact on Group net sales, but due to the war, global supply chain disruptions and constraints in the supply of grain further increased.

Anora made a donation of 50,000 euros to the Ukrainian Red Cross to support the Ukrainian people.

Post-merger integration

The merger integration work has progressed according to plan and is on schedule. The run-rate of annualised net synergies at the end of September was EUR 5.2 million, including the annual impact of EUR 4.6 million from the divestment of brands. The total annual EBITDA net synergy target was EUR 8–10 million, 80% of which was expected to be realised within two years. In 2021–2022 post-closing integration costs are estimated to be EUR 7–9 million. The remaining synergies will be realized as an integrated part of the new efficiency program announced at the CMD in November and will not be reported on separately.

Integration initiatives have included among others following:

- Reorganisation of the wine business under an entrepreneurial driven multi-company structure. Fully dedicated wine import companies under Vingruppen were established in Finland, Sweden and Norway.
- Portfolio strategy work for the combined spirits portfolio including own and partner brands.
- Implementation of a joint on-trade excellence programme between Wine, Spirits and International.
- Combination of former Arcus and former Altia spirits businesses in Denmark under one business unit. The distribution of former Altia's spirit brands by Conaxess Trade Beverages was ended by the end of 2022.
- Insourcing of third-party logistics operations in Finland, Sweden and Norway completed successfully by the end of Q3 2022.

Successful innovations

Innovations are a key growth driver for Anora. The examples below present the success that Anora's brands have reaped during 2022:

- Several novelties were launched under the Koskenkorva brand to further build the brand's success. Koskenkorva was also awarded several medals at the Vodka and Liqueur masters competitions.
- Anora was awarded the Aquavit Producer of the Year title at the International Spirits Challenge.
- Anora's own premium gin brand – Skagerrak – won full distribution in the monopoly in Norway and a gold medal at the Global Gin Masters competition.
- Anora launched the Carlow Irish whiskey brand in 2022 with two product launches that were immediately successful at the Global Whiskey Masters competition.
- Anora's own wine brand Chill Out was relaunched in all monopoly markets with a new design and revitalised offering. The new Chill Out has been very well received with a positive sales start.

New wine partners

Anora's wine portfolio includes a wide range of premium wine from around the world. The partner portfolio develops all the time with new launches or partners to meet consumer trends and demand. In 2022, Anora actively participated in monopoly tenders and also began collaboration with Zonin 1821, André Lurton and AdVini.

Events in Industrial

In October, the Koskenkorva Distillery was granted The Year Award in the Starch Europe's Safety Programme, which is given to plants with a full calendar year without lost time incidents (LTI). The Koskenkorva Distillery received this award for the second consecutive year, which is a great statement to the continuous efforts taken at the plant to improve work safety.

The new heat recovery system at the Koskenkorva Distillery was taken into test use in Q4 22. The new system will increase heat circulation within the distillery and reduces steam power generation by 10%.

Anora signed a wind power supply agreement with Fortum regarding the Kalax wind farm in Närpiö. The deal will allow up to half of the electricity used by Anora at the Koskenkorva Distillery to be replaced by local wind power. The agreed-upon collaboration will continue through 2023–2025.

The investment in the heat recovery system and the wind power initiative support Anora's target to reduce CO_2 emissions at the Koskenkorva Distillery. In 2022, the Koskenkorva Distillery's own bioenergy plant achieved self-sufficiency rate of 44% (67%). The low rate was caused by restrained availability of husks following record low grain crop year limiting plants production. The distillery's CO_2 emissions were slightly above previous year, but still following the strong trend of reduction in CO_2 emissions since 2014.

To mitigate the impact of the record-high cost of barley, the Koskenkorva Distillery's running speed was lowered during the year. In total, 184.3 (208.5) million kilos of grain were used at the plant. In 2022, the average barley market price was 347.8€/tn (210.3€/tn), an increase of 65%. Historically, over a 5-year period, the average barley market price has been about 218€/tn.

Strategy and financial targets

In November, Anora's Board of Directors decided on Anora's financial targets and adopted the Company's growth strategy and sustainability roadmap for 2022–2030. The strategy was presented at the Capital Markets Day on 29 November 2022.

Anora's vision is to be the leading Nordic wine and spirits group delivering growth through sustainability.

Financial targets

Anora's long-term financial targets are:

- Annual net sales growth of 3–5% including M&As, majority being organic growth.
- Comparable EBITDA at 16% through increased focus on margin accretive business and scale benefits on indirect costs.
- The leverage ratio of net interest-bearing debt / comparable EBITDA to be below 2.5. Debt levels may occasionally be exceeded in connection with M&As.
- Anora aims to maintain a stable or increasing dividend with a dividend payout ratio of 50–70% of the result for the period.

Strategic pillars

Anora's growth strategy is founded on core strategic pillars and has sustainability at its centre:

- Lead category growth across consumer occasions and channels to cement the position as the wine and spirits powerhouse in Sweden, Norway and Finland
- Scale our position in Denmark and the Baltics, and beyond the Nordics, build the world's leading sustainable brands from Nordic heroes to international challengers

Long-term sustainability targets

Anora's long-term sustainability targets are:

- Setting science-based targets: 38% reduction in total emissions by 2030 and net-zero by 2050
- A carbon-neutral Koskenkorva Distillery by 2026 and all production by 2030 without carbon compensations
- Increasing the amount of own grain spirit products made from regeneratively farmed barley to 30%
- By 2030 all our packages are lightweight, 100% recyclable and of materials from certified sources or from recycled origins.

Identified efficiency potential

Anora is committed to investing more in its brands to deliver organic and inorganic growth. To preserve and sustain margins, Anora will continue to optimise its supply chain and has identified a significant efficiency potential of EUR 5–10 million.

Research and development activities

The Group's direct research and development expenditure amounted to EUR 2.2 (3.5) million and was related to the product development of alcoholic beverages. The R&D expenditures represents 0.3% of net sales in 2022 (0.7% in 2021).

Financial review

Net sales, profitability and result for the period

In 2022, Anora Group's net sales were EUR 702.7 million, 5.7% higher than the 2021 pro forma net sales. Net sales excluding Globus Wine was EUR 658.5 million.

In 2022, Anora Group's comparable EBITDA was EUR 76.1 (71.7) million, or 10.8% (15.0%) of net sales. EBITDA excluding Globus Wine was EUR 74.7 million. Pro forma comparable EBITDA for 2021 was EUR 101.1 million, or 15.2% of net sales. A lower gross margin as well as investments in brand marketing are the main drivers for the decline in EBITDA. In addition, comparable EBITDA was negatively affected by an exceptional EUR 3.2 million correction of Globus Wine inventory values due to an accounting error. The main tools for improving the profitability in 2023 are cost savings, improving efficiency, and the price increases.

Result for the period amounted to EUR 18.1 (31.2) million, and earnings per share were EUR 0.26 (0.67).

The below tables illustrate net sales and comparable EBITDA by reporting segments. For the segments, the figure in brackets in the text refer to the pro forma figures for the comparison year, unless otherwise stated.

NET SALES BY SEGMENT, TOTAL*

EUR million	2022	2021 PF	Change %
Wine	316.6	302.9	4.5
Spirits	233.8	224.8	4.0
Industrial	285.5	254.8	12.0
Anora Group net sales, external	702.7	665.0	5.7

COMPARABLE EBITDA BY SEGMENT

EUR million	2022	2021 PF	Change %
Wine	23.5	39.5	-40.5
Spirits	37.8	47.4	-20.4
Industrial	17.7	18.0	-1.7
Group allocations	-2.8	-4.0	
Anora Group	76.1	101.1	-24.6

PF = pro forma
* Total net sales by segment includes external and internal sales

Wine segment

The Wine segment develops, markets and sells partner wines and Anora's own wine brands to customers in the Nordic monopoly markets and in Denmark. Globus Wine is reported as part of Anora's Wine segment as of 1 July 2022.

In 2022, total net sales for Wine were EUR 316.6 (302.9) million with a positive contribution from Globus Wine, which was able to strengthen its position as a market leader in Denmark. In the monopoly markets, net sales declined due to low net sales in the monopolies, partner portfolio changes and out-of-stock.

The comparable EBITDA was EUR 23.5 (39.5) million, or 7.4% (13.1%) of net sales. The comparable EBITDA was negatively impacted by the lower net sales and gross margin in the monopolies, and the implemented price increases have only partly offset the high input costs. In addition, the comparable EBITDA was negatively affected by an exceptional EUR 3.2 million correction of Globus Wine inventory values due to an accounting error, without impact on inventory volumes.

Spirits segment

The Spirits segment consists of the business areas Spirits and International. The Spirits business area develops, markets and sells both Anora's own spirits brands and partner brands to customers in the Nordic monopoly markets. The International business area consists of Anora's own operations in Estonia, Latvia, Denmark and Germany, as well as global duty free and travel retail, and exports.

In 2022 the total net sales for Spirits increased by 4.0% to EUR to 233.8 (224.8) million. The growth was driven by International sales and was mainly related to the re-opening of duty free and border travel retail after Covid-19 restrictions, as well as by the strong performance in the Baltics.

The comparable EBITDA was EUR 37.8 (47.4) million, or 16.2% (21.1%) of net sales. The decline in comparable EBITDA was due to higher input costs and operating expenses, which were only partly offset by price increases. In addition, the changes in the sales channel mix impacted the EBITDA negatively. The monopoly market value in 2022 declined close to the 2019 level. The increase in operating expences was mainly caused by higher advertising and promotion costs relating to the re-opening of the markets and to promoting Anora´s presence in new international markets. A decrease in personnel costs, partly due to synergy savings, smoothed the impact of the increase of other expenses.

Industrial segment

The Industrial segment comprises Anora's industrial business – industrial products and contract manufacturing, the logistics company Vectura in Norway and supply chain operations.

In 2022, the total net sales for Industrial segment increased by 12.0% to EUR 285.5 (254.8) million. External net sales increased by 16.0% and amounted to EUR 160.0 (137.9) million. The growth was mainly driven by higher sales prices following the increase in raw material prices.

The comparable EBITDA was EUR 17.7 (18.0) million, or 5.9% (7.1%) of net sales. Price increases and proceeds from the sale of CO_2 emission rights mitigated the pressure from the significantly higher raw material prices and manufacturing costs.

Cash flow and balance sheet

In January–December, net cash flow from operations totalled EUR -0.4 (50.8) million. Cash flow from operations was negatively impacted by the lower EBITDA and an increase in working capital, primarily due to a higher inventory level. Inventory levels were higher than a year ago due to generally higher levels of safety stocks to mitigate the consequences of post-Covid global supply chain disruptions, higher stocking of barley and ethanol, as well as higher input costs resulting in higher inventory costs per unit. The receivables sold amounted to EUR 59.4 (81.4) million at the end of the reporting period.

Gross capital expenditure totalled EUR 10.7 (5.4) million excluding business acquisitions. During the period, the capital expenditure was allocated mainly to replacement investments and to improve work safety and energy efficiency.

At the end of the year, the Group's net debt amounted to EUR 300.9 (126.0) million. The increase in net debt was due primarily to the acquisition of Globus Wine which was financed with debt. Cash and cash equivalents amounted to EUR 91.4 (168.9) million, while the interest-bearing debt including lease liabilities amounted to EUR 392.3 (295.0) million. The increase in interest-bearing debt was related to funding of the Globus Wine acquisition (EUR 85 million) and increase in IFRS 16 lease liabilities from Globus Wine. The gearing ratio at the end of the reporting period was 62.5% (24.8%), while the equity ratio was 37.0% (41.2%). The reported net debt to comparable EBITDA was 4.0 (1.8) times. Anora Group's liquidity position was strong throughout the period.

In December 2022 Anora refinanced its loan portfolio and all existing loans were repaid early. The company entered into an EUR 410 million term and revolving facilities agreement. It consists of EUR 260 million term loan and EUR 150 million revolving credit facilities. The facilities mature on December 2025 unless those are extended by optional one plus one year. Anora drew down EUR 210 million from the term loan facility.

At the end of the period, the total in the consolidated balance sheet was EUR 1 301.3 (1 233.3) million.

Personnel

On 31 December 2022, Anora Group had 1,251 (1,055) employees and on average 1,159 (799) employees.

PERSONNEL BY COUNTRY AT THE END OF THE PERIOD

	2022	2021
Finland	414	393
Norway	370	365
Sweden	165	159
Denmark	174	21
Estonia	68	58
Latvia	33	32
France	22	24
Germany	5	3
Total	**1 251**	**1 055**

Anora's values were launched in the autumn 2022. The focus is on leadership through the values, and onboarding Anora employees into the values dialogue. Leadership competences were selected to support recruitment and the use of values in selection process.

Anora wants to be the forerunner in the industry in the Nordics as an inclusive workplace that represents the diversity, equality, and progressiveness of Nordic culture. The DEI policy and the policy on non-harassment were updated in 2022.

The Anora Tasting employee survey provides valuable information on employees' engagement, leadership, team performance and well-being. The survey was conducted in November, followed by review of the results, trainings and action planning that is consistently followed throughout the organization. Anora is committed to increasing well-being of its employees. Therefore, a low threshold, easy to access psychological wellbeing service was launched in spring 2022. The Auntie service was available for all employees in all Anora countries. It supports in change, leadership, stress, team, remote work, and other acute situations. More than fifty participants during the first year received individual support.

Development of remuneration practices is seen as an integral part of both supporting culture evolvement and strategy implementation. Anora develops and aligns its rewarding practices to improve efficiency and equality, optimize cost, and support employer brand building.

EMPLOYEE BENEFIT EXPENSES

EUR million	2022	2021
Wages and salaries	74.0	52.6
Pension expenses		
Defined contribution plans	9.1	7.4
Defined benefit plans	0.0	0.0
Share-based payments	0.6	1.6
Other social expenses	10.1	7.9
Total	**93.8**	**69.6**

In Anora, the total wages and salaries of personnel consists of fixed and variable pay, allowances, short and long-term incentives, and fringe benefits. The Group has recognised the total amount of incentives EUR 0.8 million (2021: EUR 4.3 million) in the form of cash bonuses. Employee benefit expenses include personnel related restructuring costs of EUR 0.1 million (2021: EUR 0.5 million).

Share-based incentive scheme

The Board of Directors of Anora decided on a new plan period within the share-based long-term incentive scheme for the Company's management and selected key employees. The scheme comprises a Performance Share Plan (also "PSP") for the top management and other key employees and a Restricted Share Plan (also "RSP") as a complementary structure for individually selected key employees in specific situations.

Performance Share Plan (PSP) 2023–2025

The PSP 2023–2025, commences as of the beginning of 2023 and the potential share rewards thereunder will be paid during H1 2026. The payment of the rewards is conditional on the achievement of the performance targets set by the Board of Directors for the plan.

The performance measures based on which the potential share reward under PSP 2023–2025 will be paid are revenue growth, earnings per share (EPS), the relative total shareholder return of the Company's share and a measure based on the Sustainalytics ESG rating. Approximately 54 individuals are eligible for participation in PSP 2023–2025 including the members of Anora Group's Executive Management Team.

If the performance targets set for PSP 2023–2025 are fully achieved, the aggregate maximum number of shares to be paid based on this plan is approximately 667,000 shares. The estimated aggregate gross value of this plan is approximately EUR 4.9 million, based on the value of Anora Group's share when the Plan was established.

Restricted Share Plan (RSP) 2023–2025
The RSP 2023–2025 commences as of the beginning of 2023 and the potential share rewards thereunder will be paid during H1 2026 at the latest. The aggregate maximum number of shares to be paid based on RSP 2023–2025 is approximately 67,000 shares. The estimated aggregate gross value of this Plan is approximately EUR 0.5 million, based on the value of Anora Group's share when the Plan was established.

Other terms
The value of the reward payable to participants based on the plans is limited by a share price development-based cutter. Anora Group applies a share ownership recommendation to the members of the company's Executive Management Team. According to this recommendation, each member of Anora Group's Executive Management Team is expected to retain in their ownership at least half of the shares received under the share-based incentive plans of the company until the value of their share ownership in the company corresponds to at least their annual gross base salary.

Anora Group originally announced the establishment of the long-term incentive scheme by a stock exchange release issued on 9 June 2022. The stock exchange release on the incentive scheme decided by Board of Directors was issued on 21 December 2022.

Non-financial information

Anora's vision is to be the leading Nordic wine and spirits group, delivering growth through sustainability. Sustainability is integral to Anora's business strategy and in 2022, Anora committed to a new and ambitious sustainability roadmap to 2030 covering its entire value chain and new areas of its operations. The roadmap is founded on the decade-long focus on sustainability before the merger and an extensive materiality assessment, conducted in 2022. Anora's sustainability work is built on the main themes of Planet, People and Product.

This disclosure of non-financial information describes, in accordance with the Finnish Accounting Act, Anora's approach to the management of environmental, social, employee and human rights matters, as well as topics related to anti-corruption and -bribery and product quality, safety and sustainability. For more information about Anora's sustainability ambition and work, see Anora's Sustainability Report.

Environmental matters

One of the main themes in Anora's 2030 sustainability roadmap is Planet. Under this theme, Anora advances its work related to regenerative farming, environmentally responsible sourcing, reducing the emissions from its own operations and value chain, circularity, cautious use of water resources, climate-smart packaging, as well as biodiversity.

a) Policies and ways of working
Anora manages its approach to environmental matters through its Quality, Safety and Environment Policy and through its renewed sustainability roadmap for 2030 where these topics are widely represented. At Anora's production plants, particularly in Finland, environmental impacts are managed through the ISO 14001 Environmental Management System (EMS). The standards, policies, and principles relevant to Anora's environmental work include:

- Code of Conduct
- Quality, Safety and Environment policy
- ISO 14001:2015 Environmental Management System, covering Anora's operations in Finland

b) Environmental risks and their management
Environmental risks are assessed regularly as part of Anora Group's risk management process and as part of Anora's ISO 14001 EMS. During the year, in addition to the evaluation in the Group's risk management process, Anora also conducted a separate climate change–related risk and opportunity assessment. More detailed reporting on this can be found in the Disclosure on climate-related risks and opportunities (TCFD) section.

In addition to climate-related risks, other principal environmental risks include natural disasters, possible leaks into the soil or waterways (including groundwater areas), overruns of the waste-water quality limits in Anora's environmental permits, and the costs related to maintaining compliance with increasingly strict environmental regulations, as well as the fines and sanctions resulting from any non-compliance with the said regulations.

The risks are managed through various measures, including the management of Anora's operations through the ISO 14001 EMS, regular monitoring of wastewater quality, ownership of land in groundwater areas and the monitoring of legislative developments.

c) Outcome and KPIs

KPI	2022	2021*	2020*
Total fossil emissions and reduction compared to previous year (scope 1 and 2)	27,144 tCO_2e +5.5%	25,737*** tCO_2e -3.2%	26,582 tCO_2e
Regenerative farming: amount of purchased regeneratively farmed barley: Target to increase the share of regeneratively farmed barley to 30% of own grain spirit products by 2030.	56,000 kg	50,000 kg	50,000 kg
Wastewater volume (1,000 m³): Target to reduce wastewater volume with 20% by 2030, compared to 2021	238**	293	285
Waste recycling and recovery rate (%)	Koskenkorva, Rajamäki, Gjelleråsen and Globus Wine 100%	Koskenkorva, Cognac, Rajamäki and Tabasalu: 99.5% Gjelleråsen: Approx 100%	Koskenkorva, Cognac, Rajamäki and Tabasalu: 99.5% Gjelleråsen: Approx 100%
Landfill waste (t): zero by 2030	11.57	28.18	28.59

All figures displayed are for annual periods of January-December.
* Figures include former Altia and former Arcus data consolidated
** Excluding Globus Wine
*** Total emissions for 2021 have been reviewed and recalculated with a more extensive criteria than previously reported

During 2022, Anora completed an accounting of the emissions in its entire value chain, scopes 1, 2 and 3, and initiated the process of setting Science Based Targets for its emissions reductions. Anora is looking to set an approximate 38% emissions reduction target in total (Scope 1, 2, 3) emissions by 2030 and to being net-zero by 2050. The exact targets are set after the Science Based Targets initiative releases the calculation methods for the forest, land, and agriculture (FLAG) sector. Related to the target of reducing emissions, one of Anora's core ambitions is to have all its own production carbon neutral by 2030 and the Koskenkorva Distillery already by 2026 – both without carbon compensations.

Social, employee and human rights matters

The second main theme in Anora's 2030 sustainability roadmap is People. Anora aspires to be an inclusive and safe workplace that represents the diversity, equity and progressiveness of Nordic culture. Anora aims for zero accidents and a strong safety culture. Continuous work is undertaken to ensure that Anora's value chain is fair and transparent, to source sustainably and protect human rights.

a) Policies and ways of working

Anora is committed to respecting and promoting human rights and international labour standards in accordance with the United Nation's (UN) Universal Declaration of Human Rights and the key conventions of the International Labour Organization (ILO) and expects the same from its suppliers, partners, and subcontractors.

Anora wants to ensure safe and healthy working conditions for all its employees and people whose workplace or work conditions can be affected by the company. Anora's work on the area of Diversity, Inclusion and Equity (DEI) is also an important focus area and in 2022, Anora updated its DEI policy.

Anora's human rights work in its supply chain is governed by the amfori BSCI's Code of Conduct1 which Anora has adopted throughout its operations. The values and principles of the amfori Code of Conduct have a strong focus on working conditions and human rights. Anora is a direct member of the amfori BSCI to develop responsible sourcing.

The standards, policies and principles relevant to social, employee and human rights matters include:

- Code of Conduct
- Quality, Safety and Environment Policy
- Diversity, Inclusion and Equity Policy
- Non-Harassment Policy
- Anora Policy of Alcohol Consumption for employees
- amfori BSCI Code of Conduct
- Supplier Code of Conduct
- ISO 45001:2018 Occupational Health and Safety Management System; covering Anora's operations in Finland

b) Employee and human rights risks and their management

The risks are assessed as part of Anora Group's risk management. The principal employee risks relate to Anora's ability to recruit, develop, motivate, and retain the right know-how and succeed in daily leadership, the maintenance of good collaboration practices with employees and their unions, as well as the occurrence of accidents. To manage the risks, Anora develops its employer value proposition, recruitment, and retention, conducts the employee satisfaction survey on an annual basis, and maintains frequent collaboration with unions.

Anora's most relevant human rights risks are related to Anora's business relationships and primarily concern labour and human rights in the wine, spirits, and raw material supply chains. Anora's customers have expectations of social compliance within supply chains, and any human or labour right violation by Anora's suppliers, sub-suppliers or partners could lead to customers ending purchases of a given product. Anora manages these risks through the amfori BSCIs Code of Conduct adopted throughout its operations. To ensure that all its principles are met, amfori BSCI uses audits as a compliance method.

Anora's due diligence process is currently composed of performing risk mapping of Anora's supply chain and risk evaluations of suppliers, using a questionnaire to gather information about suppliers' and partners' sustainability work, contractual obligations, as well as participation in and utilisation of the tools offered by amfori BSCI, including third party audits. Anora has a whistleblowing channel open to all stakeholders, maintained by an independent third party.

In Sweden, Anora's subsidiary Vingruppen employs a sustainable supply chain guidebook on human rights and environmental performance which builds on the amfori BSCI's Code of Conduct and follows Systembolaget's framework for sustainable sourcing. Vingruppen also uses Systembolaget's self-assessment questionnaire for wine producers and growers, managed through the sustainability platform Worldfavor, to help create traceability throughout the supply chain to address risks and irregularities identified in connection with working conditions, human rights, and environmental work.

c) Outcome and KPIs

In 2022, Anora concentrated on building the organisation and company culture after the merger in 2021. For example, a significant highlight of the year was the unveiling of Anora's new company values: courage to explore, energy to inspire and empowering to win. The year was nevertheless challenging from the People perspective due to the post-merger state of the company. Anora worked to increase efforts to support wellbeing at work by offering several healthcare services. In 2022, Anora conducted its first post-merger Employee Engagement Survey with a response rate of 88%. The survey, for example, found that 79% of Anora's employees are happy with their direct manager.

With regards to occupational health and safety, Anora's goal is to increase the number of safety observations and to reduce the number of absences caused by accidents. During the reporting year, Anora focused on improving processes and unifying safety measurements across the organisation, as well as training employees on safety topics. However, the development was not as positive as hoped and, for example, Anora's Lost Time Incident Frequency (LTIF) rate was 7 in 2022 compared to 5 for former Altia and 10.5 for former Arcus in the previous year. There were no fatal work-related accidents during the year.

Anti-corruption and -bribery matters

Anora has zero tolerance towards bribery and corruption. The company is committed to operating fairly and to not offering improper benefits to any party. Anora also expects its representatives, consultants, agents, subcontractors, and other business partners to unconditionally refrain from corruptive behaviour when performing services for Anora or on its behalf. Anora does not support, either directly or indirectly, political parties or organisations. Nor does the company participate in financing election campaigns of individual candidates.

a) Policies and ways of working

Anora's Code of Conduct describes the company's commitment to ethical business conduct. Every employee is familiarised with the company's Code of Conduct, including the anti-bribery and corruption activities. Anora has a whistleblowing channel maintained by an independent third party, open to all employees and external stakeholders. All concerns raised, whether through the channel or through other means, are investigated in accordance with an established process to ensure accuracy, anonymity, and fairness.

KPI	2022	2021	2020
Share of purchases from risk countries as identified in amfori BSCI risk country classification	2%****	2%	2%
Increase in the number of safety observations: three observations per person by 2025	2.9****	2.6*	2.3*
Lost Time Incident Frequency (LTIF): 0 by 2030.	7	5** 10.5***	7**

* In former Altia Industrial
** In former Altia
*** In former Arcus
**** Does not include Globus Wine

The standards, policies, and principles relevant to anti-corruption and -bribery matters include:

- Code of Conduct
- Anti-Bribery and Corruption Policy
- Whistleblowing channel

b) Anti-corruption and -bribery risks and their management

The risks are assessed as part of Anora Group's risk management process. The principal risks associated with anti-corruption and bribery matters include, in addition to possible fines and penalties, a reputational risk caused by any act of corruption or bribery, especially related to Anora's key persons and business partners. Given that alcohol is a highly regulated business, obtaining and maintaining the necessary licenses and permits are associated with a risk of corruption or bribery, especially in countries high on the corruption index. Potential non-compliance to the regulation for the marketing of alcoholic beverages also poses risks to Anora's operations. These risks are managed through contractual obligations, third party due diligence inspections concerning suppliers and distributors where necessary, as well as internal training on Anora's Anti-Bribery and Corruption Policy.

c) Outcome and KPIs

Anora's Code of Conduct e-learning training was also transferred to a new platform and updated during the reporting period. Anora received no reports of misconduct through its whistleblowing channel in 2022.

KPI	2022	2021	2020
Communication and training on anti-corruption policies*	Internal communications on anti-corruption policies done.	New employees have completed an on-line course. Internal communications have been done.	New employees have completed an on-line course. Internal communications have been done.
Number of cases of misconduct reported through the whistleblowing channel**	0	0	0

* Information for former Altia. At former Arcus, anti-corruption issues were included in the onboarding process for new employees.
** Figures for former Altia. The method for reporting grievances differed for former Arcus and the data for 2021 are thus non-conforming. No grievances related to anti-corruption or bribery incidents were reported via former Arcus' internal whistleblowing process in 2021.

Product quality, safety and sustainability

The third main theme in Anora's 2030 sustainability roadmap is Product. Anora's work focuses on advancing climate-smart packaging and increasing the share of sustainable and non- and low-alcoholic products in Anora's portfolio. Product quality and safety, as well as a responsible drinking culture and responsible marketing are also Anora's top priorities.

a) Policies and ways of working

Sustainability is incorporated in the strategies of Anora's own brands and product development. Anora actively develops climate-smart packaging, such as Bag-in-Boxes, pouches, tetras, cans, and PET and rPET bottles, as alternative to glass bottles. Related to product quality and safety, the key processes have been defined and the relevant instructions are maintained as part of Anora's management system. Quality indicators, such as customer claims and the proportion of deviations in production, are monitored monthly.

The standards, policies and principles relevant to product quality, safety and sustainability, as well as the marketing and consumption of Anora's products include:

- Code of Conduct
- Quality, Safety and Environment Policy
- Marketing, Guidelines for responsible marketing
- ISO 9001:2015 Quality Management System; covering Anora's operations in Finland, the Tabasalu plant in Estonia, and the Gjelleråsen plant in Norway
- FSSC2200 v.5.1 Food Safety Management standard; covering Anora's Rajamäki plant in Finland
- ISO /IEC 17025 Testing and calibration laboratories; covering the laboratory at Gjelleråsen
- Fairtrade certification for Anora Finland and Anora SwedenFair for Life certification for Anora Finland, Wennerco and Anora Sweden
- The Koskenkorva Distillery, the Rajamäki alcoholic beverage plant, trading products at Tabasalu Beverage plant (deliveries and storage) and the distillery in Sundsvall and production plant Gjelleråsen are certified for organic production

b) Product quality, safety and sustainability related risks and their management

The principal risks related to the quality and safety of Anora's products relate to the failure in ensuring the quality and safety of the raw materials and finished goods through the supply chain. These can include a failure to comply with hygiene requirements, a lack of consistency in the quality of products, any contamination of products, as well as defects in raw materials or packaging. Such incidents can lead to product recalls or make the company subject to legal claims. As the alcohol business is highly regulated, stricter regulations regarding the marketing and advertising of alcoholic beverages or their taxation, for example, could have an impact on the company's operations.

To manage risks of this type, Anora maintains quality and food safety in accordance with international standards and legal requirements. Anora employs modern methods to ensure the safety of production processes and to eliminate various microbiological, chemical, and physical hazards. Quality is monitored continuously during production by means of line inspections and testing, as well as the analysis of end products. Instructions and processes are maintained in view of possible recalls and situations are practised regularly by way of phantom testing. Applicable legislation and any developments therein are reviewed regularly.

c) Outcome and KPIs

KPI	2022	2021	2020
Recyclable materials and materials from certified sources or recycled origin used in Anora's packaging: 100% by 2030	Glass bottles 34%* Plastic bottles 21%* Bag-in-Boxes 29%*	Glass bottles 36%* Plastic bottles 16%* Bag-in-Boxes 29%*	Glass bottles 39%* Plastic bottles 8%* Bag-in-Boxes 23%*
Share of net sales from no- and low-alcohol products: 5% by 2030	4%**	No data	No data

* Figures include recycled materials used in packaging, former Altia and former Arcus consolidated
** Scope: own products.

Disclosure on climate-related risks and opportunities (TCFD)

Climate change–related risks and opportunities are considered as part of Anora Group's risk management process, but in 2022, the topic was given more focus and analysed following the recommendations and guidance of the Task Force on Climate-related Financial Disclosures (TCFD). During the year, Anora identified climate-related risks and opportunities in a workshop and will continue to develop its processes regarding the integration of climate risk management, as well as TCFD-aligned scenario analyses and reporting. This is Anora's first disclosure on the topic and follows TCFD's four thematic areas: governance, strategy, risk management, and metrics and targets.

Governance

Anora's Board of Directors approves Anora's sustainability strategy, the 2030 Sustainability Roadmap, and significant sustainability investments. The Board oversees the appropriate sustainability governance within the Group, such as the ESG risk assessment, including climate-related issues. The Board is informed about and discusses sustainability and climate-related issues regularly.

The Audit Committee assists the Board in overseeing the appropriate sustainability governance within the Group, including the management of sustainability work and risks. The Audit Committee and the Board consider sustainability and climate-related issues also when setting performance objectives. Anora's long-term incentive plan includes objectives related to Anora's ESG-ratings and the Koskenkorva Distillery's CO_2 emissions reductions. The Board also reviews the key sustainability results and ESG-ratings quarterly in business reviews.

Anora has assigned sustainability and climate-related responsibilities to management-level positions. The Executive Management Team and Senior Vice Presidents (SVP) are responsible for the implementation of the sustainability roadmap; discuss targets and ensure commitment in units; approve actions and targets within the roadmap and prepare sustainability investments. The Executive Management Team also monitors climate-related issues through the risk management process.

Business area leadership teams and SVPs are responsible for implementing roadmap targets, planning for investments and bringing the roadmap to the operational plans of their own business areas.

The sustainability working group is a team formed during the sustainability roadmap creation process in 2022 and it includes 10 teams from different business areas. The group discusses areas of improvement, synergies and better collaboration and is responsible for the sub-area targets and actions.

Anora's Sustainability Director has operational oversight of the 2030 Sustainability Roadmap implementation, leads and coordinates reporting and communicating on sustainability topics and according to relevant regulation. The Sustainability Director is part of the extended Executive Management Team and reports to the CEO. The Sustainability Director introduces and presents climate-related issues to the Executive Management Team, the Audit Committee and the Board.

Strategy

Anora has identified climate-related risks in two major categories, transition risks and physical risks as per the TCFD guidance. According to the TCFD guidance, transition risks are risks related to the transition towards carbon-neutral economy. Physical risks arise from the physical impacts of climate change and can be divided into acute or chronic risks.

In its risk assessment, Anora's focus is on the climate-related risks and opportunities that are specifically material for Anora's operations and which Anora can actively mitigate (see the tables on the right for risks and opportunities).

CLIMATE-RELATED RISKS

Risk type	**Sustainability certifications** Legislation and retailer / monopoly requirements on product sustainability are increasing with a risk of quick shifts in procurement demands. Anora needs to ensure that its production, partners and suppliers in wine and farming are managing climate issues, in line with the climate standards or certifications relevant to the markets Anora operates in.	**Changing weather conditions** Sudden changes and unpredictable weather (frost, hailstorms, drought, forest fires etc.) are already causing risks for the harvest of Anora's raw materials every year, especially for the wine crops. Anora has operations in different geographical locations where weather conditions also differ.	**Rising average temperatures** In the long term, continuously rising average temperature and, for example, the consequent droughts during peak growth season can affect both the quality and yield of barley and potato in the Nordics.
Category	Transition risk – market & reputation	Physical risk – acute	Physical risk – chronic
Time horizon	Short / medium / long	Short / medium	Short / medium / long
Impact level	Moderate	Moderate	Moderate
Response examples	Encouraging partners and suppliers to manage climate-related risks, validating performance, and adopting harmonised climate / environmental certification relevant to Anora´s markets.	Preparing for changes affecting the material supply and working proactively to predict changes in global wine and grain supply chains. Securing new origins and grape varieties to ultimately ensure great wines and spirits in the long run.	Optimizing barley varieties for better weather robustness.

CLIMATE-RELATED OPPORTUNITIES

Opportunity type	**Near market filling** A global shift to a low-carbon economy may impact competitiveness and prices as the demand for fossil-free energy sources increases. Near market filling enables both optimising logistics emissions and using locally preferred sustainable packaging options. Logistics / transportations depends on fossil-fuels but offers many fossil-free alternatives.	**Ethanol production in Koskenkorva** Transitioning towards CO_2-free production in Koskenkorva is an opportunity as it allows more control and access to a full sustainable value chain, including the distillation operations and local grain sourcing in ethanol production.	**Regenerative farming** A big part of Anora's production and emissions come from the raw material purchases of barley and wine. Regenerative farming provides opportunities in mitigating emissions, conserving biodiversity, and securing a better supply.
Category	Transition – resource efficiency / market	Transition – resource efficiency	Transition – products & services
Time horizon	Short / medium	Medium	Medium / long
Impact level	Moderate	Moderate	Moderate
Response examples	Not shipping wine in glass bottles from the country of origin, but shipping bulk liquids to be filled close to the end markets and using tailored sustainable packaging options to meet customer requirements. Using low-emission transport forms for the bulk-wine, such as biodiesel trains.	Investing in energy saving and circulation technologies, using fossil-free energy sources for electricity and steam, securing traceability of the grain, and innovating new sustainable distillates, e.g., from regenerative barley.	Providing training and offering contract incentives for farmers. Co-operating with the BSAG (Baltic Sea Action Group) and local farming consultants and authorities.

In addition to the risks described in the tables, Anora has also identified other climate-related risks that can influence Anora's business. Anora has identified transition risks, such as a failure to leverage opportunities related to the green transition, a failure to anticipate regulatory changes regarding packaging, energy or sustainability reporting, unsuccessful investments related to the decarbonisation of operations, increased cost of raw materials due to their decreased supply and lower quality, and reputational damage due to unsustainable or unethical practices in the supply chain.

Other identified physical risks include risks related to the insecurity and volatility of the supply of green energy, pandemic, contamination, new species or viruses affecting the supply chain and harvest of raw materials, and changes in the taste profiles of wine. One of the identified global physical risks related to climate change is the risk related to the water management and water availability especially in the industries and communities in Anora's wine supply chain. Water related risks in our own operations are discussed in general risk management process and climate change does not have acute material risk to the water availability and quality in Nordic countries.

Other identified opportunities are related to more climate-friendly logistics options in e.g., biofuel and electric trucks, solar panels, extensions of growing areas, Koskenkorva Vodka Climate Action, climate-smart packaging, and competitive advantage from sustainability.

Anora's vision is to be the forerunner in sustainability which is why climate-related actions are one of the key areas in its strategy. Anora is, for example, pursuing opportunities through acquisitions, such as that of Globus Wine in the area of near-market filling. Anora also sees that changes in consumer preferences can have a strategic meaning and financial impacts to Anora. For example, regenerative farming to produce more sustainable products is one key focus areas in Anora's strategy.

Risk management

Climate-related risk assessment is one part of Anora's overall risk management process. Anora started to evaluate climate-related risks and opportunities more thoroughly in 2022 by conducting an interactive TCFD workshop to introduce the topic to key personnel and identify climate-related risks and opportunities. Anora additionally considers climate-related issues in its carbon neutrality investment plan for the Koskenkorva Distillery. The climate-related risk assessment will be better integrated into Anora's overall risk management. The climate-related risks will be assessed regularly, ownership will be updated, prioritizations will be made, and mitigation actions discussed.

As part of the climate risk and opportunity assessment during 2022, the identified climate-related risks were assessed with various criteria such as the specificity to Anora, time horizon and impact level. Anora defines time horizons for climate-risks as follows: short time horizon 1–2 years, medium time horizon 3–5 years and long-term time horizon over 5 years. The time horizons are aligned with Anora's overall risk management. To note, many of the identified climate-related risks are potentially arising in several time horizons. The size and scope of the risks will be assessed also in overall risk management process.

Anora classifies climate-related risks in accordance with TCFD's recommendations, and divides climate-related risks into two main categories: transition – and physical risks. Anora's existing risk classification process is based on ERM and ISO31000, and the climate-related risk classifications and terminology are further guided by the TCFD recommendations. The terminology related to the impact and time horizon is aligned with the overall terminology used in Anora's risk management process. With climate-related risks, the impact is described verbally, not yet on e.g., monetary terms.

Anora is working to develop its risk identification and assessment processes further and to integrate climate-related risks into general risk management system. Currently, the climate-related risks are to some extent treated as a part of the overall risk management process. The separately conducted climate risk assessment in 2022 also serves in developing Anora's processes further.

Metrics and targets

Anora's climate-related metrics and targets are based on Anora's sustainability roadmap for 2030. Anora measures for example its water, energy, and waste management, as well as its greenhouse gas emissions. Anora has calculated its scope 1–3 emissions for the first time with 2021 data, forming a baseline for the future calculations and is committed to setting science-based targets in 2023. Anora has already incorporated sustainability in its remuneration policy, measured by the Koskenkorva emissions reductions. In Anora's new long-term incentive plan, a measure based on the Sustainalytics ESG-rating is included.

Anora's key forward-looking climate-related targets are that its own production will be carbon neutral by 2030 and the Koskenkorva Distillery already by 2026, without compensations.

Disclosure according to the EU Taxonomy Regulation

In order to reach EU's ambitious climate and environmental targets, the European Parliament and Council introduced a framework, the EU Taxonomy, which became the Taxonomy Regulation (EU) 2020/852 in 2020. The Taxonomy aims to provide a clear definition for environmentally sustainable economic activities and thus, direct capital into the green transition. The extensive piece of legislation is evolving and will eventually include detailed criteria for six environmental objectives related to, for example, climate change and the circular economy. In its current form, the Taxonomy specifies economic activities and their more detailed technical screening criteria for two climate-related objectives: climate change mitigation and adaptation.

According to the regulation, non-financial undertakings are required to disclose information about the Taxonomy-eligibility and alignment of their activities, including the eligible and aligned share of their turnover, CapEx and OpEx for the reporting year 2022 as well as an assessment of compliance with minimum social safeguards on the level of the Group. For the reporting year 2022, Anora undertook an assessment of the Taxonomy-eligibility and alignment of its entire business, and the results are presented as part of this disclosure.

Accounting principles

Anora's consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union and all required key performance indicators under the Taxonomy Regulation are calculated using the financial information presented in the group consolidated financial statements 2022. The taxonomy-eligible parts (numerators) of the key performance indicators are based on group interpretations of definitions in the Disclosures Delegated Act. Anora chose to voluntarily report its taxonomy-eligibility against the remaining four environmental targets based on reports containing the proposed activities and screening criteria to give a fuller picture of Anora's taxonomy-eligibility profile to investors. The voluntary elements of this report are clearly marked in the text and tables below.

Assessment of compliance with the Taxonomy Regulation (EU) 2020/852

Anora is a leading Nordic player in the production, import, sale and distribution of wine and spirits. Anora's business operations also include industrial operations in distillation, bottling and logistics services as well as the production of technical ethanol products, neutral potable ethanol, feed components and barley starch. As part of its Taxonomy-assessment, Anora evaluated all its business segments and activities against the activity descriptions and technical criteria of relevant economic activities listed in the EU Taxonomy Climate Delegated Act and voluntarily against the Platform on Sustainable Finance's report with recommendations on technical screening criteria for the four remaining environmental objectives of the EU taxonomy, as well as voluntarily against the report with supplementary advice on methodology and technical screening criteria for the climate and environmental objectives of the EU Taxonomy. Anora continues to monitor the developments in the Taxonomy Regulation, its interpretations and best practice applications, and will assess potential adjustments in the Group's financial monitoring practices.

Based on this assessment, the following taxonomy-eligible activities were identified:

- 4.24 Production of heat/cool from bioenergy
  - Approximately 40% of the sold heat in Koskenkorva is generated using agricultural biomass (mainly barley and oats husks) as its input. Currently there is lacking information of the agricultural biodiversity conditions of the biomass origins as required by the technical criteria of the taxonomy. The lack of information leads to non-alignment with the taxonomy.
- 6.6. Freight transport services by road
  - Anora has evaluated the percentage share of its outbound logistics services carried out with a vehicle fleet that meets the EURO VI emissions standard (Approximately 78% of total utilised fleet) on a cost estimate-basis. The vehicles do not yet fulfil the criteria for 'zero-emission heavy-duty vehicles' or 'low-emission heavy-duty vehicles' as required by the criteria for taxonomy-alignment.
- 7.3. Installation, maintenance and repair of energy efficiency equipment
  - Many individual installations of HVAC equipment, energy efficient lighting systems and additions to insulation to existing envelope components of buildings are recognized as taxonomy-eligible expenditure. Information regarding the individual components in accordance with Regulation (EU) 2017/1369, a formal climate risk assessments and assessment of use of chemicals in the installed equipment as required in the Climate Delegated Act is currently missing thus leading to non-alignment with the taxonomy.
- 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
  - Expenditure targeted to electric car power supply construction at Tabasalu plant is considered Taxonomy-eligible. As a formal climate risk assessment for the equipment is missing, the expenditure is not yet considered Taxonomy-aligned.
- (VOLUNTARY ELIGIBILITY REPORTING) Manufacture of chemicals
  - Includes the ethanol produced at the Koskenkorva plant that is sold to customers, approximately 30% of total output.
- (VOLUNTARY ELIGIBILITY REPORTING) Manufacture of food products and beverages
  - Includes Anora's spirits production, non-alcoholic beverages, mulled and mixed wine production and the entire starch production.

Companies are required to describe how double counting has been avoided when shares of the economic figures were allocated to the activities assessed to be Taxonomy-eligible. The activities listed above correspond well with income and cost centres recognised in the accounting of the different business segments and thus the figures can be accurately allocated based on the assumptions above.

Compliance with Minimum Safeguards

The Taxonomy Regulation refers to Minimum safeguards as the procedures implemented by an undertaking to ensure the alignment with a) the OECD Guidelines for Multinational Enterprises, b) the UN Guiding Principles on Business and Human Rights c) the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and d) the International Bill of Human Rights.

The Platform on Sustainable Finance, which is the working group responsible for preparing the technical details and criteria under the Taxonomy Regulation, published in October 2022 the Final Report on Minimum Safeguards, which stipulates the suggested current compliance criteria. In practice, the undertaking needs to demonstrate that its own operations, the operations of significant business partners and its supply chain are covered by adequate procedures to avoid adverse impacts and mitigate risks connected to a) human rights and working conditions (as stipulated by the UN General Principles and OECD, b) corruption and bribery, c) ensuring fair competition and d) taxation matters.

Anora had no court convictions or serious infringements regarding the topics above during 2022. Anora's existing governance practices and policies are designed to avoid adverse impacts stemming from materialisation of different kinds of risks, including social matters (see more in the section on Social, employee and human rights matters). Anora is, for example, a member of the amfori BSCI which conducts supply chain oversight in a number of countries regarding social adverse impacts. However, Anora has not yet conducted a formal due diligence procedure which would follow all the six steps of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises which would cover its own operations, relevant business relationships and supply chain. As an element of a broader process to unify the due diligence processes within the different subsidiaries of the Group, Anora is conducting an analysis of which elements of the required due diligence procedures need to be introduced to comply with the Minimum Safeguards requirements in the future. Moreover, Anora follows closely the development of requirements under other relevant EU legislation in the field, namely the Corporate Sustainability Due Diligence Directive and the Corporate Sustainability Reporting Directive, which are expected to stipulate more robustly the future EU requirements for sustainability due diligence procedures.

TAXONOMY-ELIGIBLE AND -ALIGNED TURNOVER

				Substantial contribution criteria						DNSH criteria							Taxonomy-aligned share of turnover		
Economic activities	Codes(s)	Absolute turnover	Share of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	2022	2021	Category
		MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T
TAXONOMY-ELIGIBLE ACTIVIES																			
Taxonomy-aligned activities																			
Turnover of Taxonomy-aligned activities	**N/A**	**0**	**0.0%**														**0%**	**N/A**	
Taxonomy-non aligned activities																			
Production of heat/cool from bionenergy	4.24	0.6	0.1%																
Freight transport services by road	6.6	8.4	1.2%																
Manufacture of chemicals	V*	12.5	1.8%																
Manufacture of food products and beverages	V*	286.2	40.7%																
Turnover of Taxonomy-non-aligned activities		**307.8**	**43.8%**																
Total Taxonomy-eligible activities**		**307.8**	**43.8%**														**0%**	**N/A**	
TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities**		**394.9**	**56.2%**																
Total Taxonomy-eligible and non-eligible turnover		**702.7**	**100.0%**																

* V=Voluntary eligibility reporting
** If excluding voluntary eligibility reporting, Anora's share of Taxonomy-eligible turnover regarding the objectives of climate change mitigation and adaptation is 1,29%

TAXONOMY-ELIGIBLE AND -ALIGNED CAPITAL EXPENDITURE

				Substantial contribution criteria						DNSH criteria							Taxonomy-aligned share of CapEx		
Economic activities	Codes(s)	Absolute CapEx	Share of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	2022	2021	Category
		MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T
TAXONOMY-ELIGIBLE ACTIVITIES																			
Taxonomy-aligned activities																			
CapEx of Taxonomy-aligned activities	**N/A**	**0**	**0.0%**														**0%**	**N/A**	
Taxonomy-non-aligned activities																			
Installation, maintenance and repair of energy efficiency equipment	7.3	0.4	0.6%																
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	0.0	0.0%																
Manufacture of chemicals	V*	0.0	0.0%																
Manufacture of food products and beverages	V*	2.3	3.0%																
CapEx of Taxonomy-non-aligned activities		**2.7**	**3.6%**																
Total Taxonomy-eligible activities**		**2.7**	**3.6%**														**0%**	**N/A**	
TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities**		**71.8**	**96.4%**																
Total Taxonomy-eligible and non-eligible CapEx		**74.5**	**100.0%**																

* V=Voluntary eligibility reporting
** If excluding voluntary eligibility reporting, Anora's share of Taxonomy-eligible CapEx regarding the objectives of climate change mitigation and adaptation is 0,56%

TAXONOMY-ELIGIBLE AND -ALIGNED OPERATING EXPENDITURE

				Substantial contribution criteria						DNSH criteria							Taxonomy-aligned share of OpEx		
Economic activities	Codes(s)	Absolute OpEx	Share of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	2022	2021	Category
		MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T
TAXONOMY-ELIGIBLE ACTIVITIES																			
Taxonomy-aligned activities																			
OpEx of Taxonomy-aligned activities	**N/A**	**0**	**0.0%**														**0%**	**N/A**	
Taxonomy-non-aligned activities																			
Manufacture of food products and beverages	V*	7.8	46.8%																
OpEx of Taxonomy-non-aligned activities		**7.8**	**46.8%**																
Total Taxonomy-eligible activities**		**7.8**	**46.8%**														**0%**	**N/A**	
TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities**		**8.9**	**53.2%**																
Total Taxonomy-eligible and non-eligible OpEx		**16.8**	**100.0%**																

* V=Voluntary eligibility reporting
** If excluding voluntary eligibility reporting, Anora's share of Taxonomy-eligible OpEx regarding the objectives of climate change mitigation and adaptation is 0,0%

Contextual information about Turnover KPI

Anora has calculated turnover, as defined in the Disclosures Delegated Act, based on the same accounting that applies for revenue under the IFRS covering amounts derived from the sale of products and services as agreed in customer contracts. Anora's Taxonomy-eligible turnover (the numerator of the turnover KPI) was determined by estimating the share of turnover from activities assessed to be Taxonomy-eligible as described above. The majority of taxonomy-eligible turnover stems from voluntarily reported taxonomy-eligible activities, mostly corresponding to Anora's beverage production (including non-alcoholic). Excluding the voluntarily reporting, taxonomy-eligible turnover is significantly lower, reflecting the fact that most of Anora's business do not match the economic activities with substantial contribution potential to climate change targets under the Taxonomy regulation. For more information on Anora's principles for defining net sales, see section Financial Statements note 1.1.

Contextual information about CapEx KPI

Anora has included in its CapEx, as defined in the Disclosures Delegated Act, additions to tangible and intangible assets before depreciation, impairment, amortisation and excluding fair value changes during the financial year. For more information on Anora's principles for defining capital expenditure (the denominator of the turnover KPI), see section Financial Statements note 2.1 and 2.2. The Taxonomy-eligibility of investments was determined by assessing if the investment was targeted towards a taxonomy-eligible activity or based on the purchase of output from other companies' Taxonomy-eligible activities, as described above.

Taxonomy-eligible CapEx investments correspond with additions to tangible assets in form energy efficiency equipment of buildings and installation of charging stations for electric vehicles. The voluntarily reported eligible CapEx investments are mostly additions to Anora's tangible production plant assets.

Contextual information about OpEx KPI

Certain non-capitalised expenditure as defined in the Disclosures Delegated Act, has been identified as part of the voluntary eligibility reporting as repair, renovation, servicing and maintenance of plants and machinery used for the production of beverages (including non-alcoholic). No equivalent operating expenditure corresponding to eligible activities under the Climate Delegated Act were recognized.

Governance

Anora complies with the Finnish Corporate Governance Code. The detailed information about Anora's Corporate Governance Principles, as approved by Anora's Board of Directors, is available on Anora's website: anora.com/en/investors/governance. Separate Corporate Governance and Remuneration Statements for 2022 will be published during week 12.

Annual General Meeting 2022

Anora Group Plc's Annual General Meeting (AGM) was held in Helsinki on 11 May 2022. The shareholders and their proxy representatives could only participate in the meeting and exercise their shareholder's rights by voting in advance as well as by submitting counterproposals and asking questions in advance, without attendance in person at the meeting venue. The AGM adopted the financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 2021. The AGM also adopted the Remuneration Report of the governing bodies.

Auditor

The AGM re-elected PricewaterhouseCoopers Oy as the company's auditor for a term that ends at the close of the next AGM. PricewaterhouseCoopers Oy, with Authorized Public Accountant Ylva Eriksson continuing as the auditor in charge.

Dividend distribution

The AGM approved the proposal by the Board of Directors to pay a dividend of EUR 0.45 per share for the financial year 2021. The dividend was paid on 20 May 2022.

Board of Directors

In accordance with the proposal by the Shareholders' Nomination Board, the AGM elected eight members to the Board of Directors for a term expiring at end of the next Annual General Meeting. In addition to the Board members elected by the AGM, Anora's employees have, in accordance with the agreement on employee participation between Anora and the special negotiating body of the employees, elected two members and their deputies to the Board of Directors for a term expiring at the end of the 2024 Annual General Meeting.

As at the end of 2022, the members of the Board of Directors were Kirsten Ægidius, Ingeborg Flønes, Michael Holm Johansen, (Chairperson), Christer Kjos, Annareetta Lumme-Timonen, Jyrki Mäki-Kala, Torsten Steenholt, Sanna Suvanto-Harsaae (Vice Chairperson), Arne Larsen (Elected Employee Member), and Jussi Mikkola (Elected Employee member).

Board Committees as at the end of 2022

In the Board's organisational meeting after the AGM, the following members were appointed to the Board's committees:

- Audit Committee (permanent): Jyrki Mäki-Kala (Chairperson), Christer Kjos, Annareetta Lumme-Timonen and Sanna Suvanto-Harsaae
- Human Resources Committee (permanent): Michael Holm Johansen (Chairperson), Kirsten Ægidius, Ingeborg Flønes and Torsten Steenholt
- Integration Committee (temporary): Michael Holm Johansen (Chairperson) and Sanna Suvanto-Harsaae.

Board remuneration

The remuneration of the Board members elected by the AGM consists of annual fees as follows:

- EUR 60,000, Chairperson
- EUR 45,000, Vice Chairperson
- EUR 30,000, member.

In addition to these fees, the following annual fees are paid to Board members elected by the AGM who are appointed by the Board as members of the Board's permanent and temporary Committees:

Audit Committee:

- EUR 10,000, Chairperson
- EUR 5,000, member

Human Resources Committee:

- EUR 8,000, Chairperson
- EUR 4,000, member

Integration Committee (temporary):

- EUR 10,000, Chairperson
- EUR 5,000, member.

In addition to these fees, the Board members elected by the AGM receive a meeting fee for the Board of Directors and Board Committee meetings of EUR 600 per meeting and EUR 1,200 per meeting for members travelling to a meeting outside her/his country of residence. Travel expenses are reimbursed in accordance with the company's travel policy.

The AGM decided that the Board members elected by the AGM may choose to receive his/her annual fees in cash or shares in the company, or a combination thereof. The Shareholders' Nomination Board has recommended that the Board members elected by the Annual General Meeting accumulate a shareholding in Anora that exceeds his/her one-time annual remuneration.

Authorisation of the Board of Directors to resolve on the repurchase of the company's own shares

The AGM authorised the Board of Directors to resolve on the repurchase of up to 6,755,362 shares in the company in aggregate, which corresponds to approximately 10.0 percent of all the company's shares. The shares may be repurchased for the purpose of improving the company's capital structure, to finance or carry out corporate acquisitions or other arrangements, for incentive arrangements and remuneration schemes or to be retained by the company as treasury shares, transferred, cancelled or for other purposes resolved by the Board of Directors. The authorisation is valid until the close of the next Annual General Meeting, however, no longer than until 30 June 2023. For further information on this authorisation, please visit our website.

Authorisation of the Board of Directors to resolve on the issuance of shares for the purposes of financing or carrying out corporate acquisitions or other arrangements

The AGM also authorised the Board of Directors to resolve on the issuance of shares in one or several tranches, against or without consideration. The Board of Directors may resolve to issue either new shares or issue treasury shares held by the company. The issuance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The number of shares to be issued based on this authorisation shall not exceed 6,755,362 shares in aggregate, which corresponds to approximately 10.0 percent of all of the company's shares at the time of the proposal. The authorisation may be used to improve the company's capital structure, to finance or carry out corporate acquisitions or other arrangements or for other purposes resolved by the Board of Directors. The authorisation is valid until the close of the next Annual General Meeting, however, no longer than until 30 June 2023. For further information on this authorisation, please visit our website.

Authorisation of the Board of Directors to resolve on the issuance of shares for remuneration purposes

The AGM authorised the Board of Directors to resolve on the issuance of shares in one or several tranches, against or without consideration to be used for incentive arrangements and remuneration schemes purposes. The Board of Directors may resolve to issue either new shares or issue treasury shares held by the company. The issuance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The number of shares to be issued based on this authorisation shall not exceed 1,351,072 shares in aggregate, which corresponds to approximately 2.0 percent of all of the company's shares. The authorisation is valid until the close of the next Annual General Meeting, however, no longer than until 30 June 2023. For further information on this authorisation, please visit our website.

Shareholders' Nomination Board as at the end of 2022

The members of the Shareholders Nomination Board represent Anora's three largest shareholders. The shareholders have appointed the following members:

- Stein Erik Hagen, Canica AS, Chairman of the Shareholders' Nomination Board
- Petter Söderström, Solidium Oy
- Anne Lise E. Gryte, Geveran Trading Co. Limited

In addition, Michael Holm Johansen and Sanna Suvanto-Harsaae, Chairman and Vice Chairman of Anora's Board of Directors, respectively, act as expert members in the Nomination Board.

Chief Executive Officer and Group Management

Members of Anora's Executive Management Team as at 31 December 2022 were:

- Pekka Tennilä, CEO
- Sigmund Toth, CFO
- Janne Halttunen, SVP, Wine
- Henrik Bodekaer Thomsen, SVP, Spirits
- Kirsi Puntila, SVP, International
- Hannu Tuominen, SVP, Anora Industrial
- Kirsi Lehtola, SVP, Chief HR Officer (CHRO).

Shares and shareholders

Anora's shares are listed on the Nasdaq Helsinki. All shares carry one vote and have equal voting rights. The trading code of the shares is "ANORA", and the ISIN code is FI4000292438.

SHARE INFORMATION

	2022	2021	2020
Number of shares issued	67 553 624	67 553 624	36 140 485
Share capital, EUR	61 500 000	61 500 000	60 480 378
Earnings per share, EUR	0.26	0.67	0.49
Dividend per share, EUR	0.22*	0.45	0.75**
Share performance, Nasdaq Helsinki			
Closing price on the last day of trading, EUR	7.36	10.86	9.98
Highest price, EUR	11.04	12.00	10.40
Lowest price, EUR	6.62	9.62	7.01
Volume	13 082 762	13 204 788	10 559 865
Market capitalisation, EUR million	497.2	733.6	360.7

* Proposal by the Board of Directors
** Dividend for 2020 includes a dividend for the financial year 2020 of EUR 0.35 per share and an extra dividend of EUR 0.40 per share.

Flagging notifications

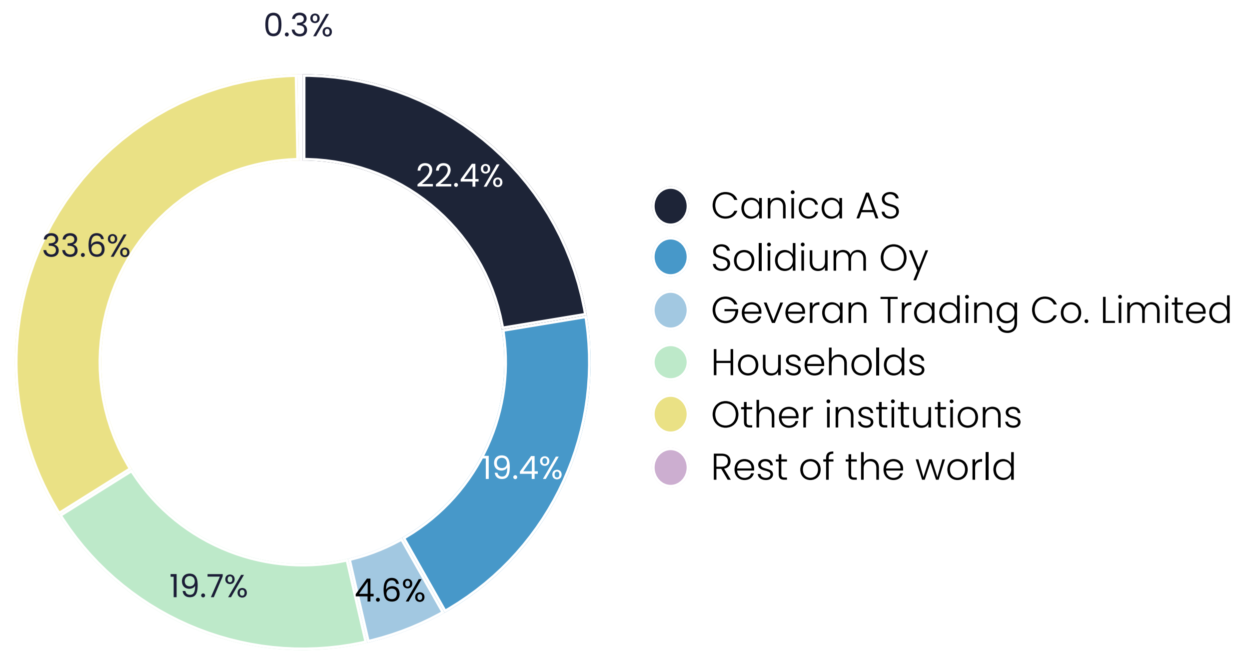
No flagging notifications during 2022.

Shareholder structure

At the end of the period, Anora had 28,074 registered shareholders in Euroclear Finland. The share of nominee-registered shares was 45.6% (45.7%).

The chart provides an illustration of Anora's ownership structure including the largest shareholders based on information provided to the company. In the Euroclear Finland data, the shareholdings of Canica AS and Geveran Trading Co. Limited are included in the nominee-registered shares.

Illustration of Anora's ownership structure 31 Dec 2022*



* The chart provides an illustration of Anora's ownership structure including the largest shareholders based on information provided to the company. In the Euroclear Finland data, the shareholdings of Canica AS and Geveran Trading Co. Limited are included in the nominee-registered shares.

OWNERSHIP STRUCTURE BY SECTOR 31 DEC 2022

Sector	Number of shares	% of shares
Public sector	17 522 717	25.9
Financial and insurance corporations	15 580 650	23.1
Households	13 290 300	19.7
Non-financial corporations	3 845 364	5.7
Non-profit institutions	770 782	1.1
Rest of the world	16 543 811	24.5
Total	**67 553 624**	**100.0**
Nominee-registered shares	30 789 361	45.6

DISTRIBUTION BY SIZE OF HOLDING 31 DEC 2022

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1–100	10 047	35.8	570 452	0.8
101–500	11 936	42.5	3 114 973	4.6
501–1 000	3 335	11.9	2 546 422	3.8
1 001–5 000	2 376	8.5	4 857 461	7.2
5 001–10 000	220	0.8	1 584 328	2.3
10 001–50 000	119	0.4	2 358 365	3.5
50 001–100 000	16	0.1	1 161 312	1.7
100 001–500 000	17	0.1	3 592 272	5.3
500 001–	8	0.0	47 768 039	70.7
Total	**28 074**	**100.0**	**67 553 624**	**100.0**

LARGEST SHAREHOLDERS REGISTERED IN EUROCLEAR FINLAND 31 DEC 2022

	Shareholder	Number of shares	% of shares
1	Solidium Oy	13 097 481	19.4
2	Varma Mutual Pension Insurance Company	2 031 240	3.0
3	Ilmarinen Mutual Pension Insurance Company	1 290 000	1.9
4	WestStar Oy	1 199 705	1.8
5	Elo Mutual Pension Insurance Company	686 000	1.0
6	Veritas Pension Insurance Company Ltd.	368 279	0.5
7	Savolainen Heikki Antero	261 819	0.4
8	Tapiola Trendi Investment fund	215 772	0.3
9	Itikka osuuskunta	178 745	0.3
10	Mandatum Life Insurance Company Limited	177 738	0.3
	Total	**19 506 779**	**28.9**

Source for shareholder data: Euroclear Finland

Management's ownership

On 31 December 2022, the members of the Board of Directors, the CEO and the members of the Executive Management Team, including their controlled corporations, owned a total of 189,450 shares corresponding to 0.28% of the total number of shares.

Authorisations, option and share-based incentive programmes

During 2022, Anora had no share option programmes. The Board of Directors is authorised to resolve on the repurchase of the company's own shares and on the issuance of shares for the purposes of financing or carrying out corporate acquisitions or other arrangements, or for remuneration purposes. The authorisations are described in detail under the Governance chapter. Information about the share-based incentive programme is given under the Personnel chapter.

Risks and risk management

Risk management

The Anora Group Risk Management Policy is based on the Altia legacy risk management policy. The focus of 2022 has been the harmonization of the risk management policies of Altia and Arcus into a common risk management policy of Anora. Hence, currently risks are managed according to the Altia and Arcus legacy risk management policies. Risk management is aimed at supporting the implementation of the Group's strategy, the identification of risks and methods for reducing the probability and impacts of risks, as well as ensuring business continuity. Risks may arise from internal or external events. The Group's risk management policy has been approved by the Board of Directors.

The risk management policy describes the goals, principles and responsibilities of Anora's risk management and the related reporting principles. In line with this, the Executive Management Team supports and coordinates risk management as part of the Group's planning and control processes and reports key risks to the company's policy. The management principles of the Group's most significant financial risks are described in more detail in the Notes to the Consolidated Financial Statements, under section 4.1. Financial risk management. The risk management function is also responsible for insurance programmes that cover the entire Group.

The risk management process is based on the ISO 31000 standard and also includes ERM components, as applicable. The Corporate Governance Statement includes information on the risk management process.

Most significant risks and uncertainties

For reporting and risk assessment purposes, risks are categorised into four classes: strategic and business risks, operational and process-related risks, damage risks and financial risks. The Board of Directors and the Audit Committee assesses these central risks and the measures aiming to reduce the likelihood of their materialisation regularly.

Strategic and business risks relate to decision-making, resource allocation, management systems and the capacity to respond to changes in the operating environment (Strategy period: long-term, 3–5 years). Strategic risk assesment comprises also the regulatory framework and ethically sustainable business practices that apply to the company's operations and industry. Corporate Responsibility risks related to business operations are described in the Non-Financial Statement published in connection with the Report by the Board of Directors.

Operational risks concern the implementation of strategy and day- to-day business operations. Such risks include deviations in processes, systems and conduct (Budget period: short-term, 1–2 years).

Hazard risks are errors, malfunctions and accidents occurring within Anora or its operating environment, resulting in damage or loss.

Financial risks pertain to changes in market prices, the short- and long-term adequacy of financial assets and the ability of counterparties to meet their financial obligations.

The following table contains a summary of key uncertainties with an either positive or negative effect on Anora's operations:

Risk management

Strategic risks

- Business environment
- Technology
- Regulation
- Climate change
- Reputation
- M&A

Operational risks

- Organisation, management and personnel
- IT and security
- Production and processes
- Business disruption
- Quality
- Contractual and liability risks
- Compliance

Hazard risks

- Health and safety
- Property
- Environment
- Fires, accidents and natural catastrophes

Financial risks

- Liquidity
- Profitability
- Interest rate, currency and credit risks
- Taxation risks
- Accounting and reporting
- Capital structure

Risk	Description	Risk management
Raw material price risk	The availability of domestic barley and its market price has a significant impact on the profitability of Anora's business.	Anora ensures the availability and price of barley with contract farming in co-operation with farmers and grain companies.
Risks related to customers and consumer demand	The customers in Anora's market areas include Nordic retail monopolies, wholesalers who sell alcohol, restaurants, retail stores, travel retail, international wine and spirits companies and importers operating in the export markets. The wide customer base provides Anora with diverse opportunities for the long-term development of customer cooperation. Changes in consumer behaviour may, in the long term, shift the emphasis in the demand for Anora's products between different product categories.	A strong market position, efficient industrial processes, good quality and well-known brands improve Anora's chances to manage the risk. Changes in consumption patterns and the need to adjust operations are prepared for by investing in consumer-driven product development.
Product safety risks	As a wine and spirits company, one major risk is ensuring the quality and safety of the raw materials and finished goods through the supply chain.	Anora employs modern methods to ensure the safety of production processes and to eliminate various microbiological, chemical, and physical hazards. In ensuring product safety, Anora complies with the operating methods required by food safety management and quality certificates.
Damage risks	Anora has production facilities in Finland, Denmark, Norway, Estonia, and France. A fire or other unforeseen event may interrupt the operations of a production facility.	All Anora's production facilities have insurance policies for material damage and the interruption of operations in the Group's insurance programme. Key production facilities are subject to a risk survey every 1–2 years. Continuity plans serve to limit possible damage due to interruptions in operations.
Financial risks	The key risks related to finance in Anora's operations are currency transaction and translation risks, interest rate risks and refinancing and liquidity risks.	Financial risk management aims to mitigate any impact that price fluctuations and other uncertainties in the financial markets have on operating results, the balance sheet, and cash flow and to ensure sufficient liquidity. The management principles of the Group's most significant financial risks are described in more detail in the Notes to the Consolidated Financial Statements, under section 4.1. Financial risk management.
Compliance	Key compliance risks in Anora's operations relate to the breach of laws and regulations and decisions by authorities concerning reporting, permits and licenses, marketing of alcoholic beverages, competition law and processing of personal data.	Anora aims to manage compliance risks and ensure ethically sustainable business practices with guidance and regular training. Compliance risk management aims to avoid sanctions, consequences and official investigations and decisions that may damage the company's profitability, business continuity and reputation.

Price risk associated with commodities

Barley

In 2022, Anora consumed approximately 184.3 (208.5) million kilos of grain to produce ethanol and starch. The availability of high-quality domestic barley was ensured until the end of 2022 through contract farming and cooperation with farmers and grain stores. The market price of barley significantly fluctuates year by year as a result of several factors that affect Finnish barley supply and demand. The price of barley is therefore considered to be a significant risk for Anora during the financial year. The price risk has not been hedged against with derivative instruments.

Electricity

A strong increase in the market price of electricity is a significant risk for Anora. In Finland, the risk is managed by following Anora's principles for electricity procurement and by a third-party specialist. These principles determine the hedging limits within which the electricity price risk is hedged against. The hedges are executed with the OTC-derivatives of Nasdaq OMX Oslo ASA.

At the end of 2022, the hedging ratio for deliveries for the next 12 months was 78.0% (80.9%), in line with the set targets. In 2022, the average hedging ratio was 76.2% (76.6%).

Cash flow hedge accounting in accordance with IFRS 9 is applied to the hedges against electricity price risk, and hedge effectiveness is tested quarterly. All hedging was as effective in 2022 as in 2021.

Anora purchases its electricity straight from the Nord Pool Spot markets as a delivery tied to the spot price of the Finnish price area. As part of its electricity purchases, Anora also purchasess physical electricity through bilateral fixed-price contracts.

Sensitivity to market risks

The table below describes the sensitivity of the Group's profit and equity (before taxes) to changes in electricity prices, foreign exchange rates and interest rates. When Anora applies hedge accounting, the sensitivity is directed at equity. When hedge accounting is not applied, the sensitivity is recognised as a potential impact on profit or loss.

The sensitivity to foreign exchange rate changes is calculated from the net currency position resulting from financial instruments.

The total group floating rate liability position consists of floating rate liabilities EUR 210.0 (133.2) million and floating leg of interest rate swap EUR 20.0 (20.0) million which nets the interest rate risk.

An increase of one percentage point in interest rates would have an effect of EUR -1.6 (-2.4) million on the income statement. The effect of the increase in market interest rates on the Group's profit is determined by net interest expenses.

Short-term risks and uncertainties

The most significant uncertainties in the company's operations relate to the overall economic development and its impacts on consumption, to the competitive environment, and to the effects of alcohol taxation and legislation on consumer behaviour. Unexpected and unforeseen disruptions in the supply chain, production and deliveries, and exposures to IT security events form the major short-term risks related to operations, as well as sudden and significant changes in prices of raw materials, especially related to barley. In addition, the short-term risks relate to the integration of acquired businesses, as well as related finance processes. Risks can be caused by internal or external events.

Anora Group's risk management policy is based on Altia's ERM risk management policy. Due to the merger of Altia and Arcus on September 1, 2021, Anora has worked on the risk management policies of Altia and Arcus during 2022 to form one common risk management policy of Anora. The aim of risk management is to support the implementation of the group's strategy, the identification of risks and methods to reduce the probability and effects of risks, and to ensure business continuity.

Comment on the uncertainties and impacts due to the war in Ukraine: The most significant uncertainties due to the war in Ukraine relate to an escalation of the already existing global supply chain disruptions, to the supply of grain, and to further price increases across all input costs. The war in Ukraine may cause volatility in contract manufacturing volumes. Foreign exchange rates may be affected significantly by the volatile situation on the global capital markets.

The impact of the suspension of exports to Russia, as announced on 28 February 2022, is not material on Group level. Anora's Baltic operations have suspended purchases of raw materials from Russia and Belarussia.

SENSITIVITY OF FINANCIAL INSTRUMENTS TO MARKET RISKS (BEFORE TAXES) IN ACCORDANCE WITH IFRS 7

EUR million	2022 Income statement	2022 Equity	2021 Income statement	2021 Equity
+/-10% electricity	-	+/-0.8	-	+/-0.5
+/-10% change in EUR/NOK exchange rate	-/+0.1	+/-0.3	-/+0.1	+/-0.3
+/-10% change in EUR/SEK exchange rate	+/-6.4	+/-1.9	-/+7.6	+/-1.4
+/-10% change in EUR/USD exchange rate	-/+0.2	-/+0.6	-/+0.0	-/+0.1
+/-10% change in EUR/AUD exchange rate	-/+0.0	-/+0.1	-/+0.0	-/+0.1
+/-1%-points change in interest rates	-1.6	-0.0	-2.4	-0.0

Dividend proposal

According to the financial statements on 31 December 2022, the parent company's distributable funds amount to EUR 126,593,446.11 including profit for the period of EUR 38,929,378.22. There have been no significant changes to the parent company's financial position after the end of the financial year.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.22 per share be paid for the financial year 2022. The dividend is proposed to be paid in two installments. Anora aims to maintain a stable or increasing dividend with a dividend payout ratio of 50–70% of the result for the period, as defined in the long term financial targets.

Annual General Meeting 2023

Anora Group Plc's Annual General Meeting 2023 is planned to be held on 19 April 2023. The notice to and instructions for the AGM are published by stock exchange release and on Anora's website.

Outlook for 2023

Market outlook

In 2023, the volumes in the monopolies are expected to be significantly lower than during the Covid-19 restrictions. Input costs are expected to remain at a high level.

Guidance

Anora's comparable EBITDA in 2023 is expected to be between EUR 80–90 million.

Events after the period

Anora announced on 27 January 2023 changes in Anora's Executive Management Team: Henrik Bodekær Thomsen, SVP Spirits and member of Anora's Executive Management Team decided to leave his position to assume other duties within Anora. Kirsi Puntila, SVP International and member of Anora's Executive Management Team was appointed SVP Spirits, and took on, in addition to her current responsibilities, the responsibility of Anora's spirits business in the monopoly markets as of 27 January 2023.

On 31 January 2023, the proposals by Anora's Shareholders' Nomination Board to Anora's Annual General Meeting 2022 on the number of members, composition and remuneration of the Board of Directors were announced.

Helsinki, 22 March 2023
Anora Group Plc
Board of Directors

Key ratios of the Group

		2022	2021	2020	2019	2018
Income statement						
Net sales	EUR million	702.7	478.2	342.4	359.6	357.3
Comparable EBITDA	EUR million	76.1	71.7	52.4	44.8	40.0
(% of net sales)	%	10.8	15.0	15.3	12.4	11.2
EBITDA	EUR million	67.9	62.9	40.3	43.1	34.0
Comparable operating result (EBIT)	EUR million	42.9	51.2	35.0	26.8	25.6
(% of net sales)	%	6.1	10.7	10.2	7.5	7.2
Operating result	EUR million	34.7	42.4	22.9	25.1	19.7
Result before taxes	EUR million	23.4	38.6	21.3	24.6	18.6
Result for the period	EUR million	18.1	31.2	17.8	18.4	15.1
Items affecting comparability	EUR million	-8.2	-8.8	-12.1	-1.7	-6.0
Balance sheet						
Cash and cash equivalents	EUR million	91.4	168.9	130.7	64.2	42.0
Total equity	EUR million	481.4	507.9	156.3	151.2	150.1
Non-controlling interest	EUR million	0.9	0.9	-	-	-
Borrowings	EUR million	247.5	162.6	116.1	82.6	89.4
Invested capital	EUR million	728.9	670.5	272.4	233.8	239.5
Profitability						
Return on equity (ROE)	%	3.6	9.3	11.6	12.2	10.5
Return on invested capital (ROI)	%	4.2	7.4	7.7	8.5	7.0

		2022	2021	2020	2019	2018
Financing and financial position						
Net debt	EUR million	300.9	126.0	-3.9	28.9	47.4
Gearing	%	62.5	24.8	-2.5	19.1	31.6
Equity ratio	%	37.0	41.2	34.3	37.8	38.4
Net cash flow from operating activities	EUR million	-0.4	50.8	56.1	52.6	6.5
Net debt/comparable EBITDA		4.0	1.8	-0.1	0.6	1.2
Share-based key ratios						
Earnings / share (Basic and diluted)	EUR	0.26	0.67	0.49	0.51	0.42
Equity / share	EUR	7.13	7.52	4.33	4.18	4.15
Dividend per share	EUR	0.22*	0.45	0.75	0.42	0.38
Dividend/earnings	%	83.1*	67.6	152.2	82.6	91.2
Effective dividend yield	%	3.0*	4.1	7.5	5.1	5.4
Price/Earnings		27.8	16.3	20.3	16.1	17.0
Closing share price on the last day of trading	EUR	7.36	10.86	9.98	8.18	7.07
Highest	EUR	11.04	12.00	10.40	8.22	9.50
Lowest	EUR	6.62	9.62	7.01	7.08	7.015
Market value of shares at the end of period	EUR million	497.2	733.6	360.7	295.6	255.5
Number of shares outstanding at the end of period		67 553 624	67 553 624	36 140 485	36 140 485	36 140 485
Personnel						
Personnel end of period		1 251	1 055	637	632	678
Average number of personnel		1 159	799	650	682	718

* Board's dividend proposal for the financial year 2022 EUR 0.22 per share.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (APM) TO IFRS FIGURES AND ITEMS AFFECTING COMPARABILITY (IAC)

EUR million	2022	2021
Items affecting comparability		
Net gains or losses from business and assets disposals	0.8	3.7
Cost for closure of business operations and restructurings	-0.1	-0.5
Costs related to the closed voluntary pension scheme	0.3	-
Costs related to the merger of Altia and Arcus	-4.6	-11.2
Inventory fair valuation	-2.0	-0.8
Other major corporate projects	-2.6	0.0
Total items affecting comparability	**-8.2**	**-8.8**
Comparable EBITDA		
Operating result	34.7	42.4
Less:		
Depreciation, amortisation and impairment	33.2	20.5
Total items affecting comparability	8.2	8.8
Comparable EBITDA	**76.1**	**71.7**
% of net sales	10.8	15.0
Comparable EBIT		
Operating result	34.7	42.4
Less:		
Total items affecting comparability	8.2	8.8
Comparable EBIT	**42.9**	**51.2**
% of net sales	6.1	10.7

THE DEFINITIONS AND REASONS FOR THE USE OF FINANCIAL KEY INDICATORS

Key figure	Definition	Reason for the use
Operating margin, %	Operating result / Net sales	Operating result shows result generated by the operating activities.
EBITDA	Operating result before depreciation and amortization	EBITDA is the indicator to measure the performance of the Group.
EBITDA margin, %	EBITDA / Net sales	
Comparable operating result	Operating result excluding items affecting comparability	Comparable EBITDA, comparable EBITDA margin, comparable operating result and comparable operating margin are presented in addition to EBITDA and operating result to reflect the underlying business performance and to enhance comparability from period to period. Anora believes that these comparable performance measures provide meaningful supplemental information by excluding items outside normal business, which reduce comparability between the periods.
Comparable operating margin, %	Comparable operating result / Net sales	
Comparable EBITDA	EBITDA excluding items affecting comparability	
Comparable EBITDA margin, %	Comparable EBITDA / Net sales	
Items affecting comparability	Material items outside normal business, such as net gains or losses from business and assets disposals, impairment losses, cost for closure of business operations and restructurings, major corporate projects including direct transaction costs related to business acquisitions and the merger, merger related integration costs, expenses arising from the fair valuation of inventories in connection with merger, voluntary pension plan change, and costs related to other corporate development.	Comparable EBITDA is an internal measure to assess performance of Anora and key performance measure at segment level together with net sales. Comparable EBITDA is commonly used as a base for valuation purposes outside the Company and therefore important measure to report regularly.
Invested capital	Total equity + Borrowings	Base for ROI measure.
Return on equity (ROE), %	Result for the period / Total equity (average of reporting period and comparison period)	This measure can be used to evaluate how efficiently Anora has been able to generate results in relation to the equity of the Company.
Return on invested capital (ROI), %	(Result for the period + Interest expenses) / (Total equity + Non-current and current borrowings) (average of reporting period and comparison period)	This measure is used to evaluate how efficiently Anora has been able to generate net results in relation to the total investments made to the Company.

Key figure	Definition	Reason for the use
Borrowings	Non-current borrowings + Current borrowings	Net debt is an indicator to measure the total external debt financing of the Group.
Net debt	Borrowings + Non-current and current lease liabilities - Cash and cash equivalents	
Gearing, %	Net debt / Total equity	Gearing ratio helps to show financial risk level and it is a useful measure for management to monitor the level of Group's indebtedness. Important measure for the loan portfolio.
Equity ratio, %	Total equity / (Total assets -Advances received)	Equity/assets ratio helps to show financial risk level and it is a useful measure for management to monitor the level of Group's capital used in the operations.
Net debt / Comparable EBITDA	Net debt / Comparable EBITDA	
Earnings / share	Result for the period attributable to shareholders of the parent company/Share-issue adjusted number of shares during the period	
Equity/share	Equity attributable to shareholders of the parent company /Share-issue adjusted number of shares at the end of period	
Dividend/share	Dividend distribution for period/ Number of shares (basic) at the end of period	
Dividend / earnings %	Dividend/share / Earnings/ share	
Effective dividend yield %	Dividend/share / Price of share at the end of the accounting period	
Price / earnings	Price of share at the end of accounting period / Earnings/share	
Market value of outstanding shares	The number of shares at the end of accounting period x the price of the share at the end of accounting period.	

Sustainability

Introduction

Anora's vision is to be the leading Nordic wine and spirits group delivering growth through sustainability. To help us achieve this goal, in November 2022, we committed to a new and ambitious sustainability roadmap to 2030.

Sustainability is at the heart of our strategy and the base of our production set-up. Due to our recent merger, we needed a new sustainability roadmap to cover the entire company and the new areas of our operations. Our ambition is that by 2030 Anora will set the industry standard for sustainability.

To help us set ambitious targets in our roadmap, we listened carefully to our stakeholders. We also conducted desktop studies and benchmarking and considered forthcoming regulations and changes in our operational environment in different markets.

The key topics that our stakeholders believed we should focus on were strongly climate-related, such as emissions decrease targets including Scope 3. Our stakeholders also believed we need to enhance our socially and environmentally responsible value chain and focus on protecting biodiversity as part of our operations.

Anora's sustainability roadmap has three main focus areas – Planet, People and Product – and it has been designed to cover all aspects of sustainability while further developing our strengths, such as our effort on circular economy. The roadmap builds on our previous work and the decade-long investments Anora has made in sustainability.

We have, for example, reduced emissions at our award-winning, circular economy based Koskenkorva Distillery by half compared to our 2014 baseline, and our Gjelleråsen facility is 90% powered by geothermal and green energy.

Over 40 Anora employees from 10 internal operational sub-streams delivered their expert insights in the development of the roadmap and as a result, very detailed action plans were created, which our business units could rapidly implement.

As part of our ambitious roadmap, one of the most significant actions in 2022 was Anora's official commitment to set science-based targets. We also aim to be carbon-neutral, without compensations, throughout our operations by 2030 and at Koskenkorva Distillery already by 2026.

We will increase our effort to support regenerative farming to help reduce emissions generated in the farming of barley, the raw material of all our grain-based products. This has a significant impact, as we buy over 200 million kilos of barley annually.

We will continue to promote fair, safe and inclusive work in our global value chain and our own operations, as well as focus on human rights as a specific subject. Throughout our own production, we have been building a strong safety culture for many years and this will be refined and strengthened on the road towards 2030.

Our new roadmap also highlights our ambition to lead the shift to climate-smart packaging. Our target is that by 2030 all our packaging will be lightweight, 100% recyclable and made of materials from certified sources or from recycled origin.

" Our ambition is that by 2030 Anora will set the industry standard for sustainability."

Petra Gräsbeck, Director, Communications and Sustainability

During 2022, we continued our efforts to integrate sustainability data following the late-2021 merger. In July 2022, we acquired Globus Wine, a company with an advanced operational sustainability set-up with near-market filling and packaging, resulting in lower CO2 emissions in their logistics operations.

We continued taking important steps forward in all the key areas of sustainability throughout 2022. However, the most significant achievement – which I feel also reflects our management's commitment to sustainability the most – was the launch of a new company strategy and vision with sustainability at their very core.

Welcome to our 2022 Sustainability Report.

Materiality & SDGs

Materiality analysis

A new materiality analysis was conducted in the first half of 2022 as a base to Anora's 2030 Sustainability Roadmap, published in November 2022.

As part of the materiality analysis, we conducted 20 indepth interviews with our external stakeholders, with a focus on our customers and the financial community, as well as an open survey with over 200 answers from employees and external stakeholders including authorities, banks, analysts, investors, consumers, customer companies, industry associations, media, NGOs, owners, political decision-makers and suppliers.

The analysis revealed that Planet-related topics (highlighted in green in the infographic), are still seen as the most critical focus areas for our sustainability work. According to our stakeholders, the most important topics include greenhouse gas (GHG) emissions reduction, climate-smart packaging, water use, regenerative agriculture and biodiversity.

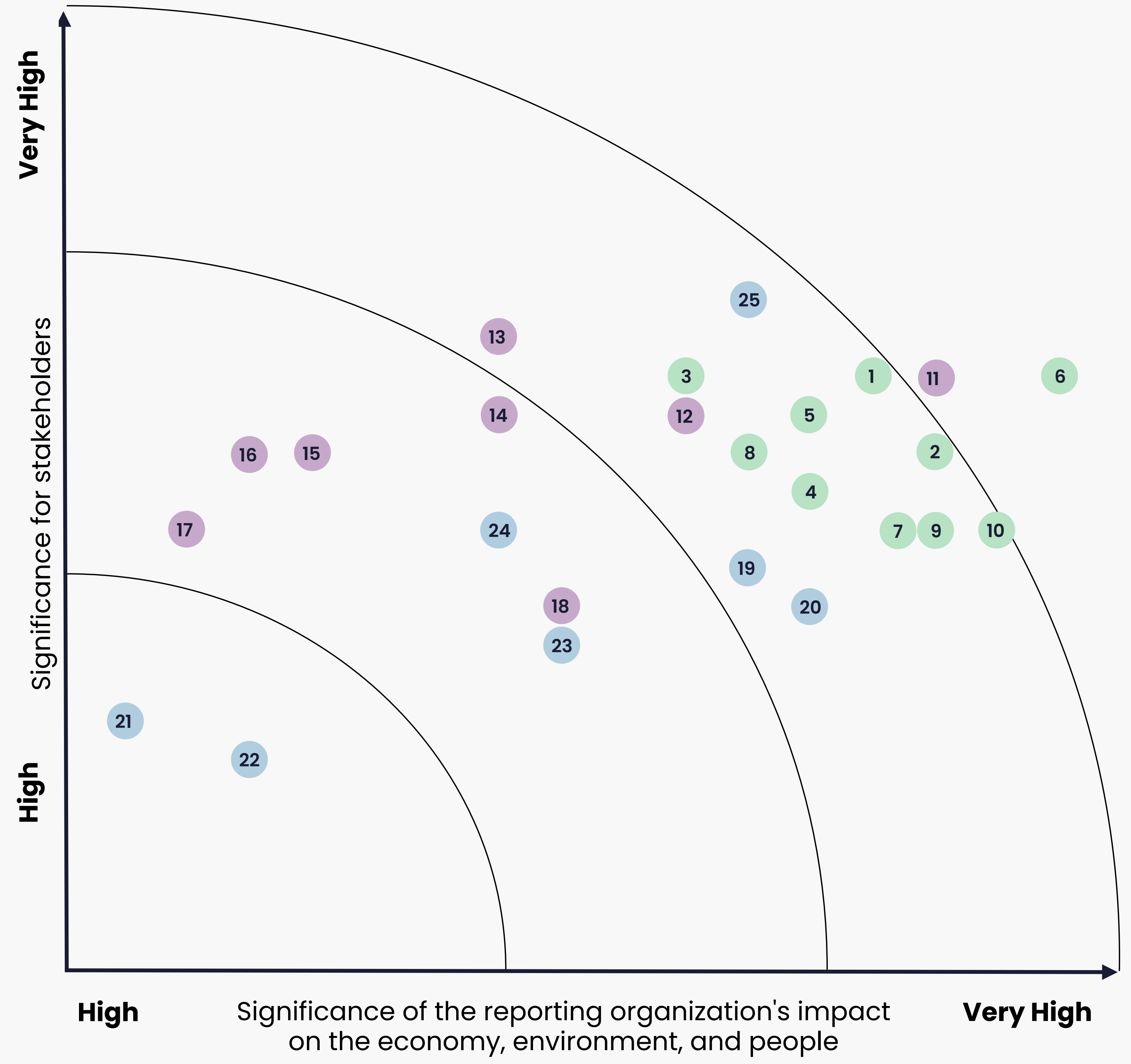
The most strongly highlighted element expressed by our stakeholders was the need to enhance our environmentally (Planet) and socially (People, highlighted in purple) responsible sourcing.

In our Product section (highlighted in yellow), high product quality and food safety were also noted as priority areas.

The material elements are similar to those in previous materiality analyses (conducted in 2015 and 2018). In the new analysis, emphasis on climate-related topics was even stronger and biodiversity appeared as a new area. Quality has always been an important topic in Anora's materiality analyses.

Based on the materiality analysis, Anora is viewed as having a strong and proactive approach to sustainability, as well as the ability to act as a Nordic frontrunner of the industry in thought leadership and sustainability themes.

Materiality Matrix



Planet

1. **GHG emission reduction in own production**
2. **GHG emission reduction in supply chains**
3. Waste reduction
4. New circular production models
5. **Climate smart packaging**
6. **Environmentally responsible sourcing**
7. **Products' water footprint**
8. Environmentally-sound wastewater handling
9. **Regenerative agriculture**
10. **Biodiversity conservation**

People

11. **Socially responsible sourcing**
12. Transparency and responsibility in supply chains
13. Safe workplace
14. Inclusivity, diversity and equality
15. Employee development
16. Leadership and people management development
17. Responsible drinking culture promotion
18. Consumer education on sustainable and healthy choices

Product

19. Environmental product certificates
20. Ethical product certificates
21. Healthy ingredients
22. No- and low-alcoholic products
23. Organic products
24. Responsible marketing
25. **High product quality and food safety**

Sustainable development goals

In addition to conducting a materiality analysis in 2022, we divided the matrix into material topics to show how they strongly link to and align with the United Nations Sustainable Development Goals (UN SDGs). The SDGs were chosen based on the SDG selection of former Altia and Arcus, from which we chose the most relevant ones.

Linking Anora's material topis to chosen UN Sustainable Development Goals

3 GOOD HEALTH AND WELL-BEING

Material topics

14. Inclusivity diversity, equality
17. Responsible drinking culture promotion
18. Consumer education on responsible and sustainable choices
21. Healthy ingredients
22. No- and low-alcoholic products
24. Responsible marketing
25. High product quality and food safety

SDG 3; 'Good health and well-being'. This significant material topic links to our work around promoting a responsible drinking culture, including responsible marketing, increasing non and low-alcoholic (NoLo) products that support the responsible drinking trend and sober curiosity movement, as well as mitigating the adverse effects that our products have. In addition, high product quality and food safety are also viewed as important topics.

6 CLEAN WATER AND SANITATION

Material topics

7. Product's water footprint
8. Environmentally sound wastewater handling

SDG 6: 'Clean water and sanitation'. Our production plants operate in areas that do not suffer from water scarcity. However, we are a significant importer of wine and some of the wine cultivation countries suffer of water scarcity, so this is an important material topic for us. We are safeguarding a significant groundwater area in Finland, Rajamäki with groundwater springs we use in our products. We are also working to reduce our own water consumption by implementing advanced wastewater management processes.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Material topics

3. Waste reduction
5. Climate-smart packaging
11. Socially responsible sourcing
12. Transparency and responsibility in supply chains
13. Safe workplace
15. Employee development
16. Leadership and people management
20. Ethical product certificates
23. Organic products

SDG 12; 'Responsible consumption and production'. Our focus area here relates to our climate-smart packaging, our circular economy-based production, particularly at our Koskenkorva Distillery, as well as all the certificates for our products, including Fair Trade and Fair for Life.

13 CLIMATE ACTION

Material topics

1. GHG emissions from own production
2. GHG emissions in supply chains
4. New circular production models
6. Environmentally responsible sourcing
19. Environmental product certificates

SDG 13; 'Climate action'. Our focus here is on our emissions reduction efforts in our own production at our Koskenkorva Distillery, as well as in our value chain, and the fact that we have committed to set science-based targets, and to publish our first targets in 2023.

15 LIFE ON LAND

Material topics

9. Regenerative agriculture
10. Biodiversity conservation

SDG 15; 'Life on land'. Our material topics related to this SDG are particularly focused on our actions to enhance regenerative farming and biodiversity conservation.

Sustainability roadmap

CARBON NEUTRAL
production without compensations

CIRCULAR ECONOMY
based production

REGENERATIVE
farming

PEOPLE
PLANET
PRODUCT

ANORA
REGENERATE THE FUTURE

FAIR, SAFE AND INCLUSIVE
work & value chain

RESPONSIBLE DRINKING CULTURE
& no-low products

CLIMATE-SMART
packaging

Sustainability governance

Anora's Board of Directors oversees the appropriate governance of sustainability and ESG (Environmental, Social and Governance) criteria within the Anora Group, as well as sustainability management and ESG-related risks. The Board's responsibility is to approve Anora's sustainability strategy as well as significant sustainability investments.

Anora's Audit Committee regularly discusses sustainability and climate-related matters, for example, as well as climate-related risks and opportunities as part of Anora's TCFD (Task Force on Climate-Related Financial Disclosures) report.

The Audit Committee also assists the Board in overseeing the appropriate governance of sustainability and ESG criteria within Anora, as well as sustainability management and ESG-related risks.

Anora's Executive Management Team (EMT) is responsible for the implementation and monitoring of the 2030 Sustainability Roadmap. In terms of Anora-wide decision-making forums in place, the Business Area Leadership Teams are responsible for implementing roadmap targets, as well as taking responsibility for investment planning and cascading the roadmap to Anora's operational plans.

Anora's Sustainability Director has the responsibility to provide an overview of the roadmap's implementation, and leads, reports and communicates on ESG topics.

Sustainability work is coordinated in Sustainability Working Group, consisting of the leaders of 10 business specific sub-streams of the Roadmap.

" Business area leadership teams are responsible for implementing roadmap targets and bringing the roadmap to operational plans."

Commitments supporting our sustainability

Amongst a number of smaller updates and revisions to existing processes in 2022, two significant highlights in our sustainability commitments occurred during the year. In November 2022, we joined the UN Global Compact (UNGC), the world's largest voluntary corporate sustainability initiative. Joining the UNGC will allow us to further align our present and future strategies and operations with recognised universal principles on environment, labour and human rights actions, amongst others, and to further ramp up our sustainability work as laid out in our 2030 Sustainability Roadmap.

The second notable highlight was our commitment to join the SBTi (Science Based Targets initiative). The SBTi is a globally recognised organisation that encourages businesses to transition towards a zero-carbon economy by defining and promoting best practice in science- based target setting. Joining the SBTi will help us set the optimal ambition levels for emissions reduction targets across all scopes. We will publish our first future-leaning science-based targets in 2023.

Anora is a member of amfori BSCI and has adopted the amfori BSCI Code of Conduct throughout its operations. Amfori is an initiative aiming to improve working conditions in the supply chain.

In addition, Anora continues to work with the Baltic Sea Action Group (BSAG) in matters related to regenerative farming practices. Our Swedish operations are also Fairtrade and Fair for Life certified, and our Rajamäki premises has organic certifications in place.

Stakeholder engagement

Anora's stakeholders include investors, owners, analysts, Finnish barley farmers, customers, suppliers, partners, private investors and authorities. As part of our materiality assessment in spring 2022, we conducted detailed interviews and open surveys across the entire range of our external stakeholders. Anora was seen as a major player with the potential to act as a forerunner in sustainability in the industry and create a positive impact. Stakeholder expectations were related to GHG emissions reductions throughout the supply chain, "walking the sustainability talk", communicating about achievements and being transparent about actions not yet achieved.

We organised our first Capital Markets Day on 29 November 2022. Investors, analysts, banks and media outlets participated in the physical event, held at our production plant in Gjelleråsen, Norway. The event was also streamed publicly and almost 300 stakeholders followed the live event online.

We were also in detailed discussion with the farmer community throughout the year. As part of this close collaboration, we organised a training event on regenerative farming at Seinäjoki, Finland, with fruitful discussion with local farmers and concrete actions achieved that helped push our regenerative farming agenda forwards. This event was organised in collaboration with ProAgria and the Baltic Sea Action Group.

In 2022, we participated in a number of industry workgroups with the Nordic alcohol monopolies, and we remain in close discussion regarding sustainability topics with the Nordic monopolies' sustainability teams.

We aim to serve the national and international media outlets in a quick, open and transparent way. Anora is mostly followed by the Finnish media, Norwegian financial media and the trade media in Denmark, as well as by the international drinks industry trade media. We aim to provide information through press releases, briefings and interview opportunities.

We aim to serve all our stakeholders' need for information through social media, with LinkedIn is our main channel. On LinkedIn, we give regular and varied information on company topics, such as sustainability; values, company culture and career opportunities; responsible drinking culture; and financial information. We also provide briefings in the form of videos, for example on financial publications.

With other authorities we are in close discussion in all our markets regarding, for example, product or alcohol marketing regulations.

Furthermore, we participate in industry collaborations and discussions through the Swedish industry association SVL (The Spirit and Wine Suppliers Association), VBF (The Association of Norwegian Wine and Spirits Suppliers), ETL (The Finnish Food and Drink Industries' Federation) and SAJK (The Association of Finnish Alcoholic Beverage Suppliers).

ESG ratings & rankings

Anora participated in five ESG rankings in 2022: EcoVadis, S&P Global, Sustainalytics, CDP Supply Chain and MSCI.

Anora was awarded the Gold Medal in EcoVadis' Corporate Social Responsibility Rating in October 2022 with a score of 68/100 points, putting Anora in the top 5% of companies assessed. Anora received the Gold Medal also in the 2020 and 2021 assessments.

The EcoVadis report highlighted Anora's advanced management system on environmental issues as a strength, and we received the highest points in our assessment in environmental topics, 80/100. In terms of areas of improvement, EcoVadis' report noted the need for more formalised and further developed policies in sustainable procurement, data on third party risks and compliance, as well as more clarity on the implementation of coverage of sustainability measures and actions across Anora.

The S&P Global Corporate Sustainability Assessment (CSA) ranking for 2022 was published in 17 February 2023. Anora scored 39 points reflecting an improvement of 10 points compared to our previous year score 29. The average score in our peer group (consisting of 95 beverage companies) was 28 points and Anora performed in the Top Quartile in the beverages industry (percentile 76).

Our Sustainalytics rating was 30.2, a score that put us in the high-risk grouping. Our target is to be in the low-risk (<20) category. Our Sustainalytics ESG-ranking is also going to be utilised in our new Performance Share Plan (PSP) 2023- 2025. Click the link to read more

Anora's firm target is to raise its ESG rankings in the future.

Anora's value chain

Supply chain

Wine
We import wines from our partners and for Anora's own label, sourcing from all wine regions, styles and price segments, from large international wine companies to smaller family-owned producers.

Wine sourced from over 35 countries

Barley
Finnish barley is one of our key raw materials used in grain sprits, technical ethanol, barley starch and feed components. Promoting regenerative barley farming is one of our sustainability priorities.

Over 200 million kg of Finnish barley consumed yearly

Dry goods
We source materials e.g., for our glass, plastic and Bag-In-Box packaging solutions, as well as ingredients, such as spices, for our beverages.

By 2030, 100% of our packages are made from certified or recycled materials

Anora's own operations

Segments - Wine, Spirits and Anora Industrial

Consumer research, innovation, product development
We continuously develop our current offering and new innovations with a focus on customer-centricity, occasions, and sustainability.
We also innovate new circular applications for our industrial side-streams.

More than 100 novelties launched yearly

Distilling, maturation and blending
We have unique distillation and maturation capabilities for different spirits categories in Finland, Sweden, and Norway. Our distillery in Koskenkorva, Finland, is a prime example of state-of-the art quality, sustainability, and innovation.

Distillation production of over 30 million litres

Carbon neutral Koskenkorva Distillery by 2026

Bottling and packaging
Through our world class bottling plants for spirits and wines we offer competitive services to our customers. We are the leader in climate-smart packaging in the Nordics.

Over 130 million litres bottled in 2022

Up to 72% product emissions reductions through near-market filling

Logistics and warehousing
We offer efficient logistics and warehousing services to our customers through our main logistics centres in Finland, Sweden and Norway. We carry out over 20% of all the deliveries to the Nordic monopolies.

Over 175 million litres transported in 2022

Customers and consumers

Customers
We sell and market our products responsibly to our customers through the alcohol monopolies, in the grocery trade, hospitality industry, travel retail and by exporting to over 30 countries.
Our industrial products, technical ethanol and starch, are sold to various industries - from the pharmaceutical and healthcare to the chemical and techno-chemical industries.

Biggest producer of wine and spirits in the Nordic region

Market leader in geothermal heating fluids.

Consumers
Our award-winning and sustainable brands cater to the Nordic consumer preferences. We support a modern lifestyle choice through our no- and low-alcohol (NoLo) products and the promotion of a responsible drinking culture.

Over 7 million annual visits in Anora's digital platforms folk o folk and Viinimaa.

26 launches in the NoLo product category in 2022

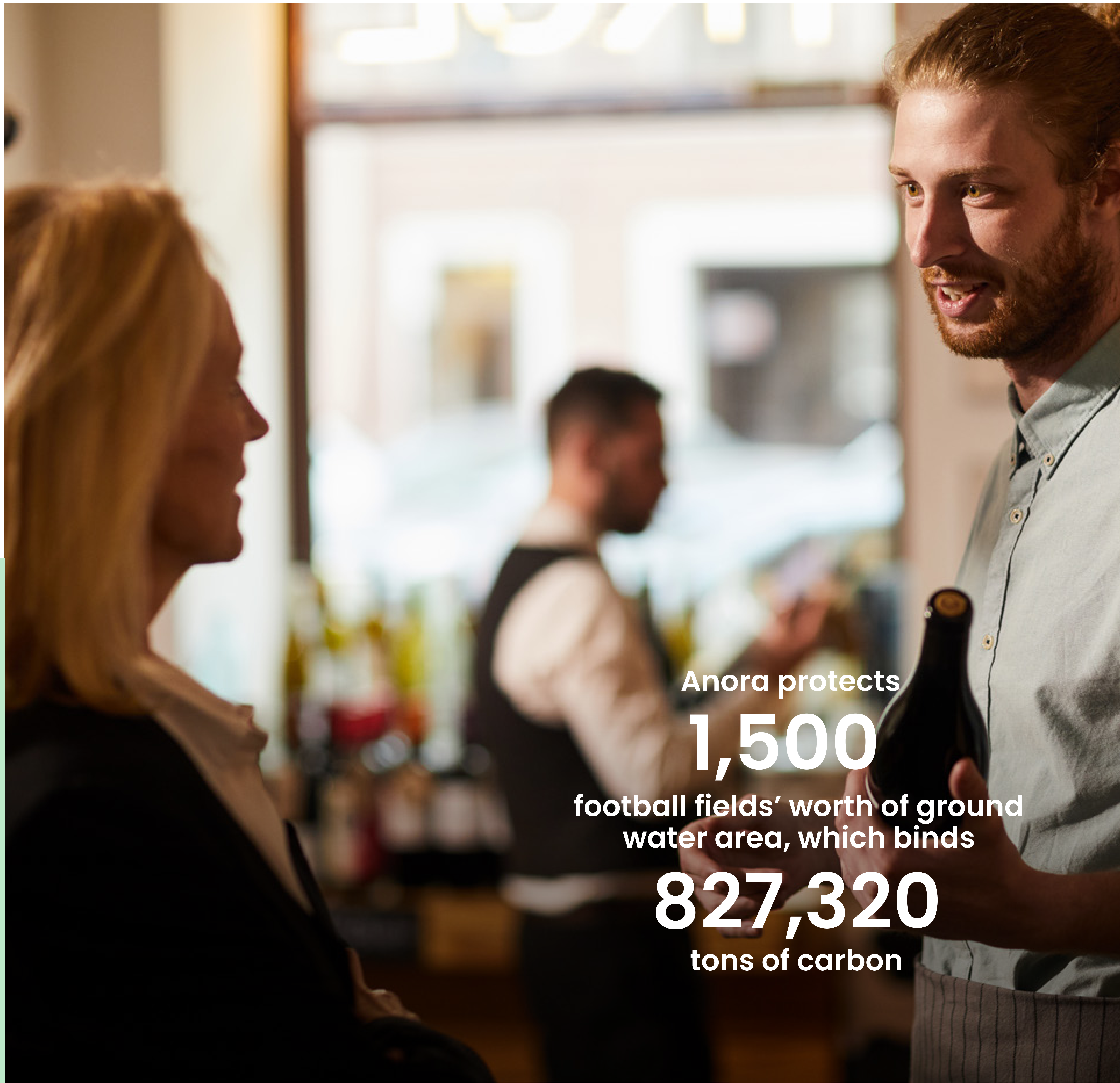
Planet

Our 2030 Sustainability Roadmap is called "Regenerate the Future" and it is divided into three themes, one of which is "Planet". This refers to focus areas covering climate-related topics, including regenerative farming, reducing our CO_2 emissions, promoting circularity and protecting biodiversity. Our three primary long-term Planet targets:

- We will enhance circular economy by reducing wastewater by 20%, increasing the recycling rate of waste to 90% and reducing landfill waste to zero by 2030.
- We will achieve carbon-neutral operations at our Koskenkorva Distillery during 2026 and throughout all our own operations by 2030 – without carbon compensations.
- We will support regenerative farming and increase the share of regeneratively cultivated barley in the raw material of our own grain spirit-based products to 30% by 2030.

In addition, we are committed to set science-based targets. Our goal is to achieve an approximate 38% reduction in total (Scope 1, 2, 3) emissions by 2030 and to be net-zero by 2050. As part of our new roadmap, we have also aligned our operations with five specific UN Sustainable Development Goals (SDGs) more clearly. In our Planet topics, we have aligned more closely to SDG 6; Clean water and sanitation, SGG 12; Responsible consumption and production, SDG13; Climate action, and SDG 15; Life on land.

Please see page 56 for more information on our SDGs in the section Materiality



Planet

Environmental impacts and how Anora manages them

Overview of 2022

Highlights of the year 2022 with a Planet focus included publishing the comprehensive 2030 Sustainability Roadmap, which lays a strong foundation for our actions moving forward. As part of the roadmap, a significant highlight was the decision to continue investing in regenerative farming in terms of education and raw material sourcing. In 2022, we also committed to setting science-based targets by joining the SBTi (Science Based Targets initiative) and this will help us to set emissions reduction targets for Scopes 1–3 that are in line with the Paris Agreement target of limiting global warming to 1.5˚C.

In late 2022, Anora acquired the leading Danish wine company, Globus Wine. Globus Wine is specialised in near-market filling where wine is transported in bulk from the country of origin and packed near the end consumption. This leads to a considerable saving in the product's CO_2 footprint due to more efficient transport.

Three topics in particularly were front and centre in our Planet actions in 2022. Firstly, our energy savings and CO_2 emission reduction actions were seen as a critical part of our operations. The second area was related to circular economy and recycling actions implemented throughout our plants. The third topic was related to water and actions limiting wastewater throughout our operations.

The year, from the Planet perspective, was also challenging due to a number of other headwinds, some of them external to Anora, but still impacting the business. Amidst rising inflation globally, and the ongoing disruption due to the pandemic, a further challenge was due to Russia's war in Ukraine, which strongly impacted logistics and supply chain procurement and the increasing scarcity of certain raw materials, as well as increasing energy costs. Other challenges were internal, and included issues related to the technical implementation of the heat pump system at the Koskenkorva Distillery, for example.

One specific challenge during 2022 was related to the reduced barley harvest during 2021. Due to the consequent high price of barley and its lower availability, we ran the Koskenkorva Distillery with a slightly lower capacity than during a normal year. This led to a notable 10% increase in our emissions at the distillery, as we did not have as much renewable material to burn in our biopower plant, which uses the residue husks of the barley and oat from the feed mill.

Our award-winning Koskenkorva Distillery is based entirely on the circular economy, utilising all side streams and combusting barley husks in our own biopower plant – helping us to be almost 50% self-sufficient with steam production.

Emissions

The Anora Group completed an accounting of the emissions in its entire value chain – scopes 1, 2 and 3 – for the first time in 2022.

The analysis revealed that the majority of emissions come from the value chain (Scope 3) and around 7% comes from Anora's own operations (Scope 1 and 2). Out of all the emissions in Anora's value chain, the largest sources are purchased goods and services: barley, wines, and packaging. See more on our calculation on page 68.

With our analysis of Scope 3 emissions, we have started the work on identifying how to operate better and cooperate with our partners on both upstream and downstream emissions to find the ways to reduce the emissions and reach our roadmap targets by 2030. To achieve these ambitious targets, we are looking into setting a 38% emissions reduction target in total (Scope 1, 2, 3) emissions by 2030 and to being net-zero by 2050 as part of our 2022 commitment to join the SBTi. We are aiming to have our emissions reductions targets officially approved by the SBTi during 2023.

Our aim is to be the industry leader in sustainability.

As part of this mission, we have invested in our key sustainability platform – our award-winning Koskenkorva Distillery – for over a decade. Our distillery is a frontrunner in the circular economy, utilising all side streams and with a recycling and recovery rate of 100%.

Decarbonising our operations at Koskenkorva Distillery is one of our main priorities on the road to carbon neutrality, as it accounted for over 85% of the emissions from our own operations (Scope 1 and 2) in 2022. Shifting to renewable energy is an opportunity for us and in late 2022, Anora and Fortum signed a wind power supply agreement regarding the Kalax wind farm in Närpiö. The deal will allow up to half of the electricity used by Anora at the Koskenkorva Distillery to be replaced by local wind power.

> "Replacing Koskenkorva Distillery's fossil fuel-fired steam boiler with a fossil-emissions-free biomass-boiler takes us one step closer to reaching zero emissions in our own operations."

In 2022, we recorded a 10% higher CO_2 emissions level at Koskenkorva compared to 2021. This was due to the historically hard year for grain availability in Europe and Finland which reduced our energy self-sufficiency at the plant. Our fossil CO_2 emissions from steam production rose from around 19,000 tons in 2021 to 21,000 tons in 2022, as reduced self-sufficiency increased the need to use fossil fuels to power the distillery.

While 2023 has the potential to cause further headwinds in this respect, the Koskenkorva Distillery is aiming to reduce steam production emissions by implementing new technologies for recycling the steam and process heat at its operations in the next few years. By replacing the distillery's remaining fossil fuel-fired steam boiler with a state-of-the-art fossil-emissions-free biomass-boiler, we will be one step closer to reaching zero emissions in our own operations at the distillery by 2026.

In addition, in 2022, we took further steps to reduce our CO_2 emissions with the implementation of a new process water heat pump at the Koskenkorva Distillery. The new system was tested during the second half of the year; however, the final commissioning and commercial use was postponed to 2023. Once operational, the target of the heat pump is to reduce 10% of the primary steam production required at the distillery and to reduce the amount of fuel consumption in the future.

During the year, the Koskenkorva Distillery entered into an important collaboration with A-Rehu, a non-Anora livestock and poultry feed plant operating within the Koskenkorva plant area. A-Rehu made a major investment decision on building a new feed dryer, which will reduce the steam production by 20% in the total plant area.

This investment decision is important for Koskenkorva's emissions reduction targets, as the feed dryer will create a secondary steam channel, which Anora can then use in the distilling process. The new feed dryer is planned to be fully operational in 2024.

Gjelleråsen, our modern production plant in Norway, operates on the principles of gravity in liquid production handling. Energy sourcing at the facility is derived from 70% geothermal and 30% renewable GO (Guarantee of Origin) green electricity, making the facility a 100% renewable-energy-run plant in terms of its heating and cooling. Overall, around 90% of the plants entire operations runs on renewable energy, while 10% is derived from LPG (liquefied petroleum gas). As part of the process to achieve further emissions savings, during 2022 a detailed analysis was conducted on how to make Gjelleråsen 100% fossil free. This analysis was expanded to all Anora's plants during 2022. One area where concrete actions can be achieved is in the planned elimination of all LPG into more renewable sources including biogas, biodiesel or green electricity.

During 2022, we executed smaller, but still important energy saving projects in many of our plants, such as continuing the replacement of traditional lightbulbs with significantly more energy efficient LED lights throughout our Koskenkorva, Rajamäki and Brunna plant operations. In addition, Anora's subsidiary Vingruppen i Norden's office derived 100% of its energy consumption from renewable sources in 2022.

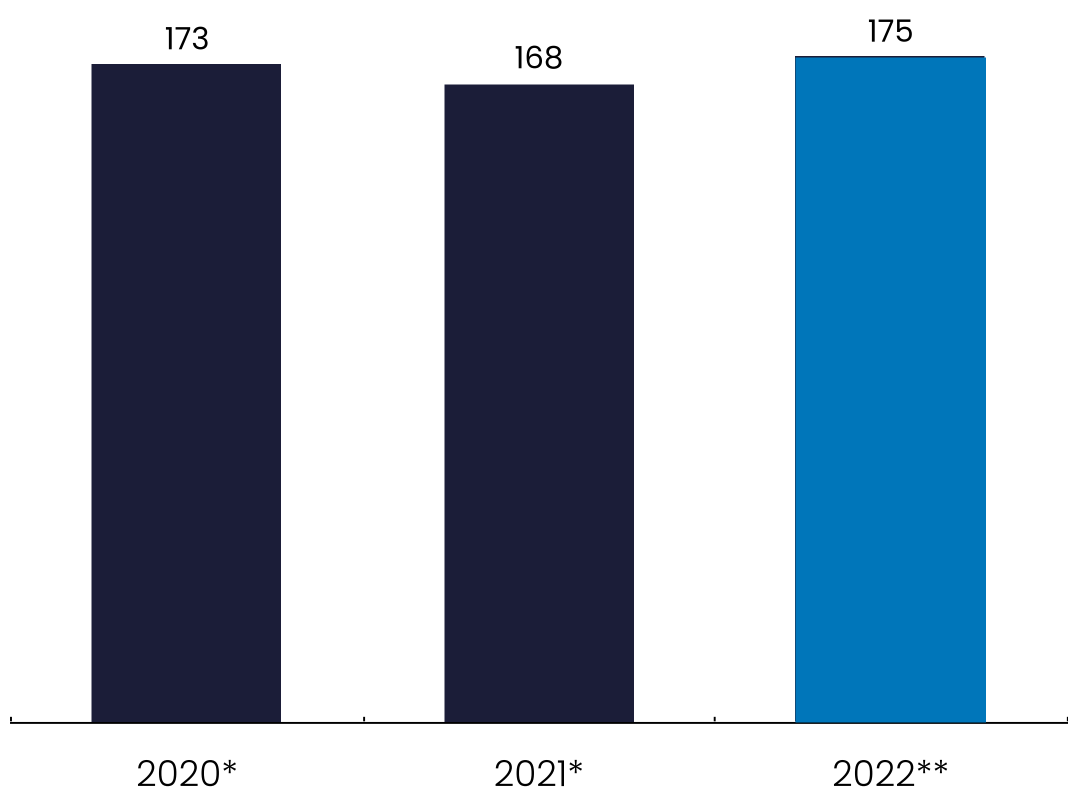
In 2022, the total fossil emissions from Anora's own operations (scope 1 and 2) increased by 5.5% compared to 2021 fossil emissions. This was mainly due to the reduced self-sufficiency rate at Koskenkorva described earlier. The total energy consumption in our operations amounted to 175 GWh. The energy consumption in our plants decreased but the total reported amount increased due to addition of Globus Wine and extending the scope of reporting, e.g., adding the energy from fuels used in company owned cars and trucks. Out of Anora's total energy consumption, 42.9% comes from renewable sources.

As a one part of our work in 2022 regarding Scope 3, efforts were made to streamline our purchasing and utilise one post-merger model for the whole company. Following the implementation of the unified purchasing model, Scope 3 inbound and outbound logistics emissions related to the purchasing of goods from our supplier's side can then be analysed from a transportation perspective, and significant Scope 3 emissions savings will be created on the road to 2030.

In order to reduce our Scope 3 emissions deriving from wine farming and to meet the Nordic monopolies' increasing demands on sustainability, we aim to collaborate closely with partners that focus on sustainability and that are working towards receiving sustainability certifications. By selecting environmentally and sustainably validated wine we also support the sustainability targets of the Nordic alcohol monopolies. For example, around 63% of Swedish monopoly tenders asked for environmentally and sustainably sourced wine in 2022.

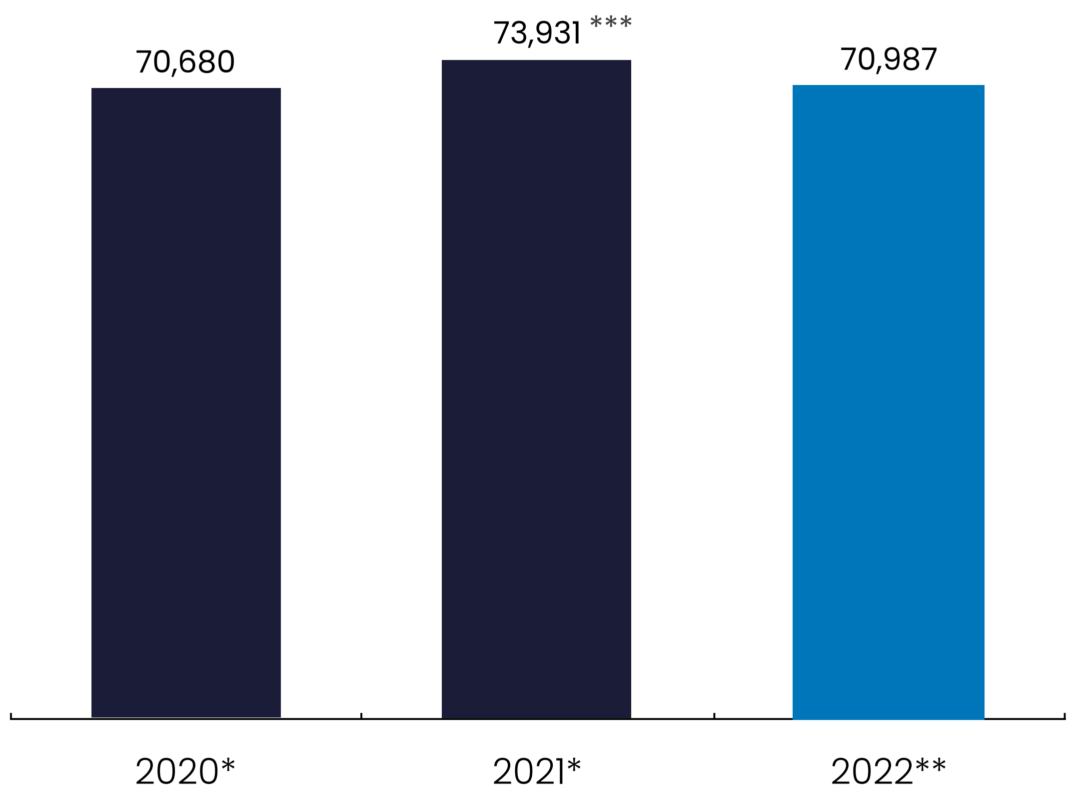
In 2022, Vingruppen i Norden initiated a project and sent SAQs (self-assessment questionnaires) about environmental, and climate impact and management to its wine partners. In addition, an action plan to discuss the impact and corrective actions at producer meetings and site visits was initiated. Wine suppliers with a sustainable approach and with specific targets to reduce their footprint have an advantage in the supplier selection process.

Total energy consumption (Scope 1 and 2) GWh



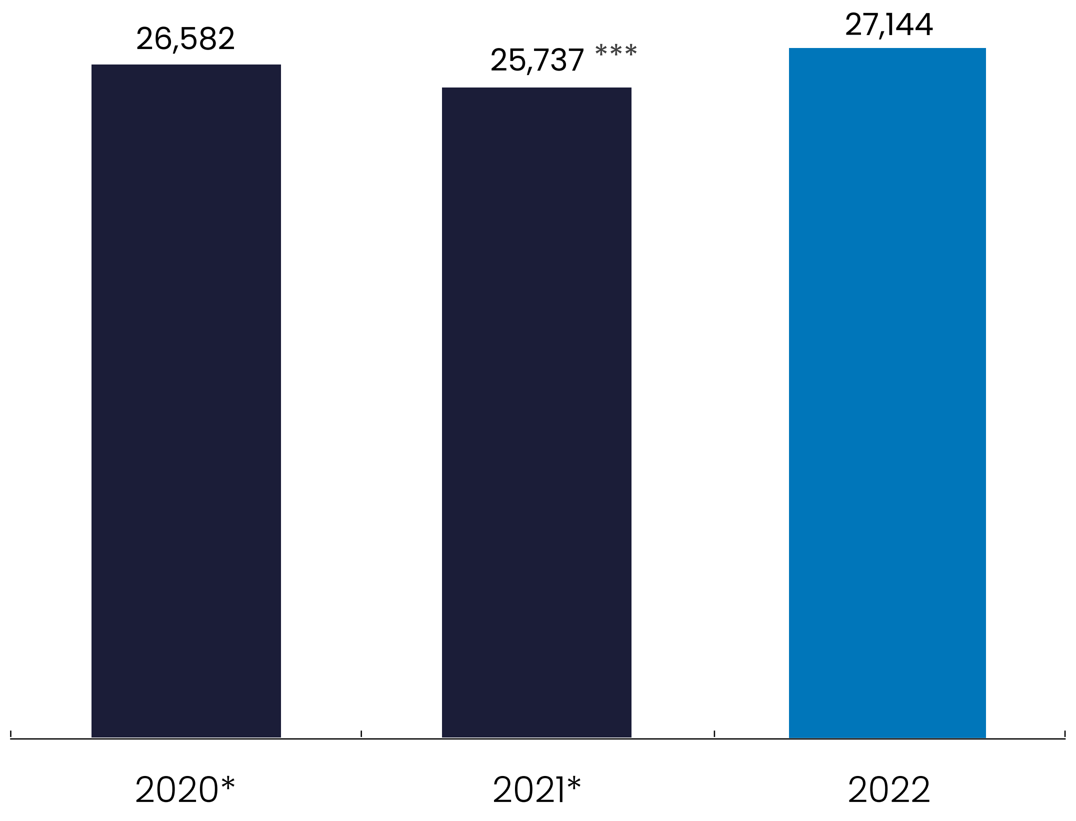
* Ex-Altia and ex-Arcus figures from 2021 and 2020 have been consolidated. Ex-Arcus: Offices and production included. For ex-Arcus offices approximate figures based on 2020 figures.
** Anora total includes Globus Wine whole year data and Anora company vehicles' fuels that have not been included in 2020 and 2021 numbers.

Total carbon dioxide emissions (Scope 1 and 2) t CO_2 equiv. emissions



* Ex-Altia and ex-Arcus figures from 2021 and 2020 have been consolidated. Ex-Arcus: Including the CO_2 in the grid mix in 2020 and 2021.
** Anora total 2022 includes Globus Wine whole year data and Anora company vehicles' fuels that have not been included in 2020 and 2021 numbers. Emissions calculated with market-based approach.
*** Figure for 2021 has been amended from 2021 report through more detailed calculation.
See page 68.

Total carbon dioxide emissions, (Scope 1 and 2, fossil) t CO_2 equiv. emissions



* Ex-Altia and ex-Arcus figures from 2021 and 2020 have been consolidated.
** Anora total includes Globus Wine whole year data and Anora company vehicles' fuels that have not been included in 2020 and 2021 numbers. Emissions calculated with market-based approach.
*** Figure has been amended from 2021 report trough more detailed calculation.
See page 68.

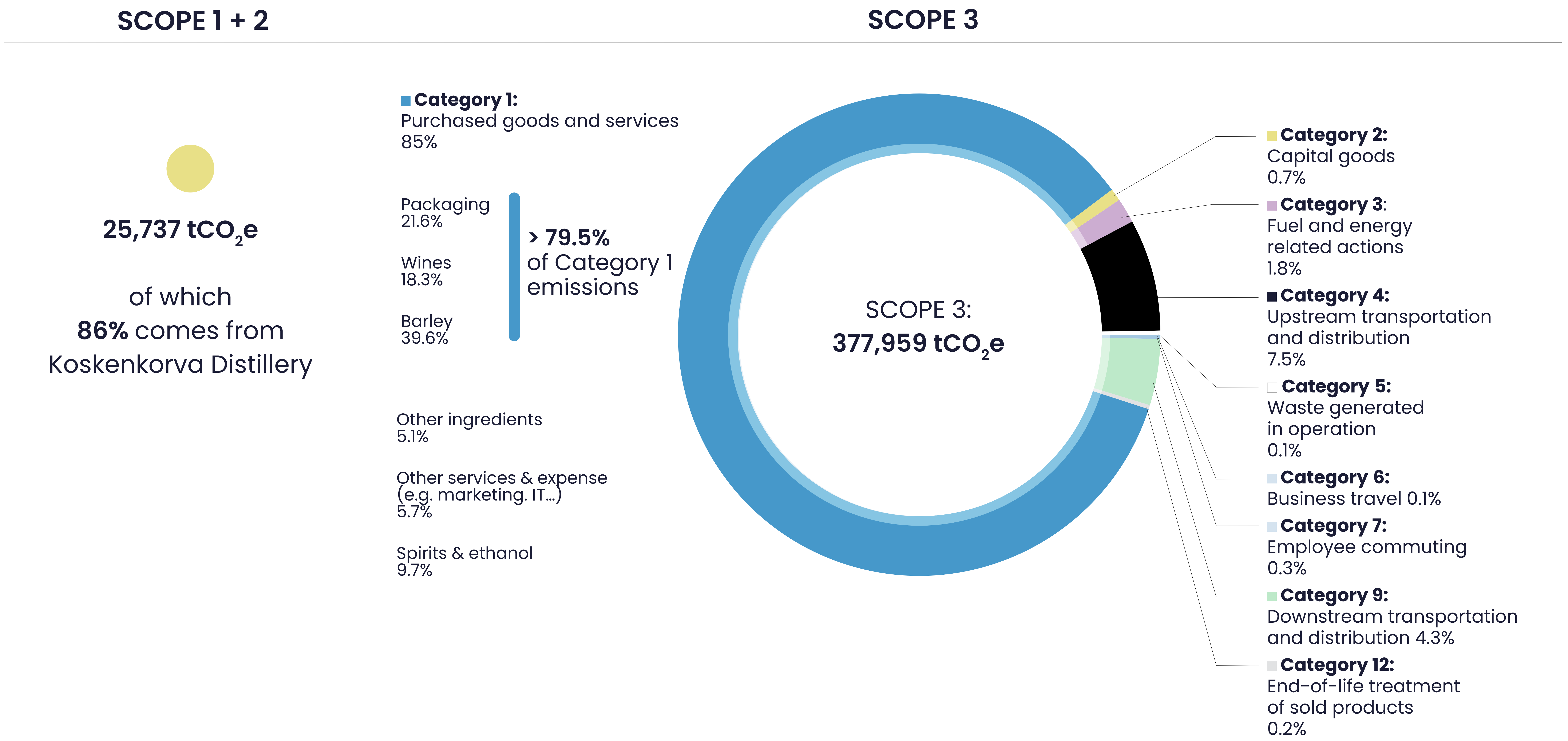
During spring 2022, Anora counted for the first time the company's whole emissions in Scopes 1–3 in 2021. This extensive work was made to assess, where we need to concentrate our emission reduction actions first, and also to act as a base to commit in setting science-based targets. We reviewed also Scopes 1–2 and recalculated them with a more extensive criteria than previously, which resulted to a slightly higher figures than our calculation methods have previously shown. Globus Wine was acquired after the Anora-wide Scope 1-3 calculation was completed, and thus their emissions will need to be included in the calculations accordingly.

Only 7% of our emissions derives from Scopes 1–2. In Scopes 1-2, almost 90% derives from our Koskenkorva Distillery. Even if we have decreased emissions already by half compared to 2014, distilling is energy intensive. That's why we have in our roadmap build an action plan to push our fossil emission down to zero at Koskenkorva Distillery during year 2026 and at all production by 2030.

Most of our impact comes though from our value chain and there specifically in purchased goods and services, most emitting areas being barley, wine and packaging. We have done an extensive plan to work also with the other areas, such as logistics, digital and so forth, but based on these results we see clearly the hotspots being the three mentioned areas. There we have chosen as tools to decrease the emissions by regenerative farming of barley and wine and developing further climate-smart packaging.

Anora's first comprehensive value chain emission calculation

This 2021 data will be used as base for setting science-based targets.



Water

Anora's ambition is to achieve a 20% reduction in the amount of wastewater generated by 2030. Reaching this target will require a reduction of wastewater originating in the manufacturing process of alcoholic beverages and the further enhancement of water circulation. Anora's production plants do not operate in water scarcity areas.

In 2022, wastewater generated in Anora's three major plants (Koskenkorva, Rajamäki and Gjelleråsen) was reduced total by 18.8% compared to 2021, partially due to lower production in Koskenkorva and specified calculation method between Anora and A-Rehu, and also liquid waste reduction in Rajamäki as a part of circular economy project. In Koskenkorva plant, wastewaster reduction focused on testing recycling of process water and further small investments were made to enable higher recycling of process water.

At Gjelleråsen, a number of projects were initiated during 2022 where we have started to further analyse the water, wastewater emissions and identify the sources of the wastewater, as part of efforts to reduce wastewater through our operations. This action follows the work undertaken at our Rajamäki plant during 2021. During the second quarter of 2022, new equipment was purchased, and a testing phase was begun to measure the wastewater created throughout our operations at Gjelleråsen. With equipment designed to measure the COD (Chemical Oxygen Demand) of the wastewater, the test phase continued throughout the year. The aim is that by spring 2023, we will be able to implement new ways to measure the quality of the wastewater, and in so doing, be able to initiate further water reutilisation processes.

During 2022, our Rajamäki plant started to implement, for example, new washing cycles as well as the installation of new zip lines (a cable suspended above an incline) at the plant. Zip lines are designed to help with automatic washing cycles and Rajamäki has begun changing certain liquid lines because they were not emptying correctly. At Gjelleråsen, all zip lines are freely gravity emptying, and Rajamäki also began the process during the year to implement gravity emptying processes to reduce the liquid waste.

Rajamäki advanced in terms of the analytical, clear measuring of wastewater, allowing it to make specific changes to reduce the liquid waste. In 2022, Rajamäki was executing the first steps of changing the ways of handling water leakages, for example, to reduce the amount of liquid wasted.

In Finland, Anora owns the forest covering the groundwater area, where the water for our products is taken, without filtration, from the self-renewing, pure groundwater springs. Protecting the more than 800-hectare area owned by Anora around the Rajamäki plant plays an important role in ensuring the high quality of our products. The groundwater fulfils all the quality requirements without any chemical or mechanical processing. The area has water well above our needs and includes just the right amount of various minerals. The water has been used at the Rajamäki plant since 1888, when the plant was established. Our products can also be clearly identified as authentic due to the water quality within them.

Circular economy and waste

At Anora, our circular economy work means utilising as much of the raw materials required for our operations from recirculated sources as possible, maximising the yield of any raw material used, optimising the reuse of materials and circulation by sorting and minimising waste throughout our entire ecosystem. At Anora, we see our role as frontrunners in terms of circular economy and waste. Our target is to increase the total recycling rate in Anora's own operations to 90% and to reduce landfill waste to zero by 2030. Our recycling and recovery rate in 2022 was 99.8% (99.5%) but the new target of pure recycling rate is more ambitious.

We have defined the recycling rate as the proportion of the total amount of waste that is diverted into recycled material, while recycling and recovery rate also includes the share of the total amount of waste collected and distributed to be diverted into energy recovery, for example, incinerated in a waste incineration plant to produce e.g., district heating. In 2022, our total recycling rate was 92.4%, and 11.57 (28.18) tons of landfill waste were still generated.

Our award-winning Koskenkorva Distillery is based entirely on circular economy, using all the side streams and combusting barley husks in our own biopower plant, helping us to be almost 50% self-sufficient with steam production.

The recycling and recovery rate of the distillery in 2022 was 100%. An excellent example of circularity in practice, we want to share best-practices and support the shift to circular economy by collaborating with industry partners at the Koskenkorva Distillery area.

In Norway, to produce the potato-spirit based spirit, odd shaped potatoes and potato starch from other potato based production are utilised. This ensures that all potatoes grown in Norway can come to use. We also use residual wine, for example, in the production of certain wine-based products.

In Rajamäki, we collect residual alcohol and recover it to be used in technical ethanol products. We also gather the husks of berries and fruits used in our products and transport them to an external third-part company to be used in the production of biogas.

During 2022, and at the Rajamäki plant in particular, several projects were initiated to reduce both liquid and dry material waste. In addition, as part of this circular economy project at Rajamäki, further actions also led to an increase in the circulation rate of the materials, and the efforts will continue. In addition, Rajamäki initiated a project to replace a large proportion of the middle sheets of the bottle pallets, which have traditionally been cardboard sheets, with returnable plastic sheets during 2023, resulting in a significant reduction in the carton waste at Rajamäki.

At Gjelleråsen, we are currently working on a project to optimise the utilisation of pallets throughout our transportation operation. This has allowed us to double our load on the trucks and therefore reduce our emissions by around 50% in terms of getting the products from France to Norway. We also undertook an analysis of the performance on one of our lines and expect to be able to implement a 15% improvement in the utilisation of the pallets. These performance enhancements will also be applied on our other lines.

Regenerative farming

Anora buys over 200 million kilograms of Finnish barley every year, which is why promoting regenerative farming is central to our future operations and strongly highlighted in our new 2030 roadmap. Regenerative farming is a systematic approach to adopting sustainable farming practices that impact productivity, biodiversity and the climate positively. By aiming at transforming farmlands into carbon sinks by increasing CO_2 sequestration, regenerative farming methods can offer a solution to climate-change mitigation that also benefits farmers: they help farmers cut greenhouse gas emissions and protect their soils, while delivering the increased yields and improving crop quality.

Our aim is to further raise awareness of regenerative farming, provide education and training to farmers and engage with our contract farmers to increase regenerative farming yearly. Anora will be significantly strengthening its focus on regenerative farming from 2023 onwards and is targeting to increase the share of regeneratively cultivated barley as the raw material of its own grain spirit-based products to 30% by 2030.

As part of this process, we are continuing our collaboration with the Baltic Sea Action Group (BSAG). We are also working with ProAgria, a government-funded farming consultation in Finland, to provide comprehensive support, education and training to farmers on regenerative farming. In November 2022, we started a systematic program on training and auditing regenerative barley farming and enlisted new and motivated farmers to join. In 2021, we had one farm supply us with 50 tons of regeneratively farmed barley and in 2022, this increased to two farms. In late 2022, we made agreements with farmers to supply us with regeneratively farmed barley in the autumn of 2023. In 2023, we will have more than 10 farmers providing us approximately 2,500 tons of regeneratively farmed barley. Of note, Anora's acclaimed Koskenkorva Vodka Climate Action is the first vodka in the world made entirely from regeneratively farmed barley.

Food production is a high-impact sector in terms of emissions, and we believe that both investments and advances in regenerative farming will make a significant difference in emissions from barley farming.

> "Koskenkorva Vodka Climate Action is the first vodka in the world made from regeneratively farmed barley."

"Regenerative farming binds carbon to soil and supports biodiversity."

Biodiversity

In our roadmap, we plan to undertake a comprehensive biodiversity assessment and create a plan to further enhance our operations in this area. Biodiversity is critical for all life on earth, and it strongly supports climate change mitigation. A loss of biodiversity also represents a considerable risk to raw material production. Anora's three focus areas in biodiversity are:

- **Barley:** regenerative farming methods help support biodiversity
- **Wine:** regenerative farming methods help support biodiversity in wine growing areas
- **Forests:** Anora owns an area of groudwater area of 899 hectares in size, acting as a carbon sink of 827,320 tons of CO_2. Our new forest management plan will also help to enhance biodiversity throughout these forests for generations to come.

Management systems

Anora has comprehensive management systems in place. These include:

- ISO 14001:2015 Environmental Management System standard certification covers Anora's operations in Finland.
- ISO 9001:2015 Quality Management System: the certification's operations in Finland, the Gjelleråsen plant in Norway and the Tabasalu plant in Estonia.
- FSSC22000 v.5.1 Food Safety Management System: the certification covers Anora's Rajamäki Beverage plant operations in Finland.

People

Anora aspires to be an inclusive and safe workplace and a clear representation of the diversity, equity and progressiveness of modern Nordic culture. On the road to 2030, our target is zero accidents resulting to absence and to further enhance our strong safety culture. Continual work is undertaken to ensure our value chain is fair and transparent and that we source sustainably and protect human rights. Our three primary long-term People targets:

- We will support and promote a fair and transparent value chain with sustainability certificates and audits covering 100% of risk countries and a have our Supplier Code of Conduct signed by 100% of suppliers by 2023.
- We will further ensure diversity, equity and inclusion (DEI) at work in our own operations and extend the work to partners by 2030.
- We will increase the number of safety observations and reduce accidents resulting in absence to zero by 2030.

Additionally, as part of our new Sustainability Roadmap 2030, we have more clearly aligned our operations with five specific UN Sustainable Development Goals (SDGs). In our People topics, we have aligned more closely to SDG 3; Good health and well-being, SGG 12; Responsible consumption and production, and SDG13; Climate action.

Please see page 56 for more information on our SDGs in the section Materiality

People

Impacts on people and how Anora manages them

Overview of 2022

In 2022, 37% (38%) of our employees were women and 40% (40%) of the Board of Directors were women. Anora has further work to do regarding gender balance for the executive management team. Currently, 28.6% (29%) of the management team are female.

Anora has in place a Policy on Non-Harassment, and a zero-tolerance policy towards discrimination and all forms of unlawful harassment. This means that no form of discriminatory or harassing conduct towards any employee, client, contractor, or other person in our workplace across all cooperating countries will be tolerated. Anora is committed to enforcing its policy at all levels. Ethical and safe behaviour requirements apply to all employees, and equally, respectful behaviour is both desired and expected from Anora's partners, vendors and other third-party collaborators. In 2021, Anora's policy on non-harassment was updated and is valid for all our operational countries. The purpose of the Anora Non-Harassment Policy document is to define the rules and guidelines related to situations and conduct taken at the workplace.

The current Code of Conduct is available both internally and on the external website. An update to the Code of Conduct is currently being implemented, and there will also be other new ethical guidelines published that are currently under construction, including topics concerning diversity at Anora, for example. We also have various ethics-related e-trainings and have recently moved them to a new platform to further develop these trainings and their effectiveness.

For Anora, 2022 was a challenging year from the People perspective, not least in terms of navigating post-merger double systems and all new systems and IT issues. Auntie and other healthcare service providers were involved to help mitigate the issues related to the extraordinary workload and stress caused by the merger and integration projects, as well as other challenges in mental health and well-being at work.

Perhaps a reflection of the challenging year in general – both due to external to Anora headwinds, like inflation, energy prices and raw material procurement issues, as well as internal Anora pressures – we recorded a lost time incident frequency (LTIF) increase in 2022 compared to our previous reporting period.

There were no personnel co-operation negotiations in 2022, but we did experience a fairly significant personnel turnover during the year. Part of this was due to the post-merger state of the company and the desire for some personnel to look at other career opportunities outside of Anora's operations. Much of this is a typical occurrence in merger situations like Anora has recently been through.

No incidents were reported through our whistleblowing channel in 2022.

Our new Values

A significant highlight of the year from the People perspective was the unveiling of our new company values. Our shared values are very important, and work to create them started already prior to the 2021 merger. Anora's values were formed based on focus group workshops, surveys, discussions and other communication platforms, with input from 640 people in the company. An external company then undertook an extensive analysis of what people responded to at Anora. This analysis provided the detailed background material which helped us finally identify three main values with which all personnel could strongly identify.

Our values have been aligned with our 2030 Sustainability Roadmap, and we believe they form the best possible framework to put us on the fast track to achieving our sustainability goals.

Published in autumn 2022, our Values are:

- Courage to **EXPLORE** – We are passionate and ambitious to lead the industry. We have the courage to challenge the status quo, continuously improving for a better tomorrow.

- **ENERGY** to inspire – We share a can-do attitude and enjoy going the extra mile. Positivity shines through in everything we do, making us inspiring and fun to work with.

- **EMPOWERING** to win – Our dynamic, open and inclusive way of working represents a modern Nordic mindset. We take ownership of our decisions, giving all of us the freedom to succeed.

Anora's leadership culture has also been defined according to our values, and Anora's employees began applying the values in their daily work already during the latter half of 2022. The values have also been integrated into Anora's onboarding process and leadership competences were selected to support recruitment and use of values in our selection process. This work will continue in 2023.

Health, safety and well-being

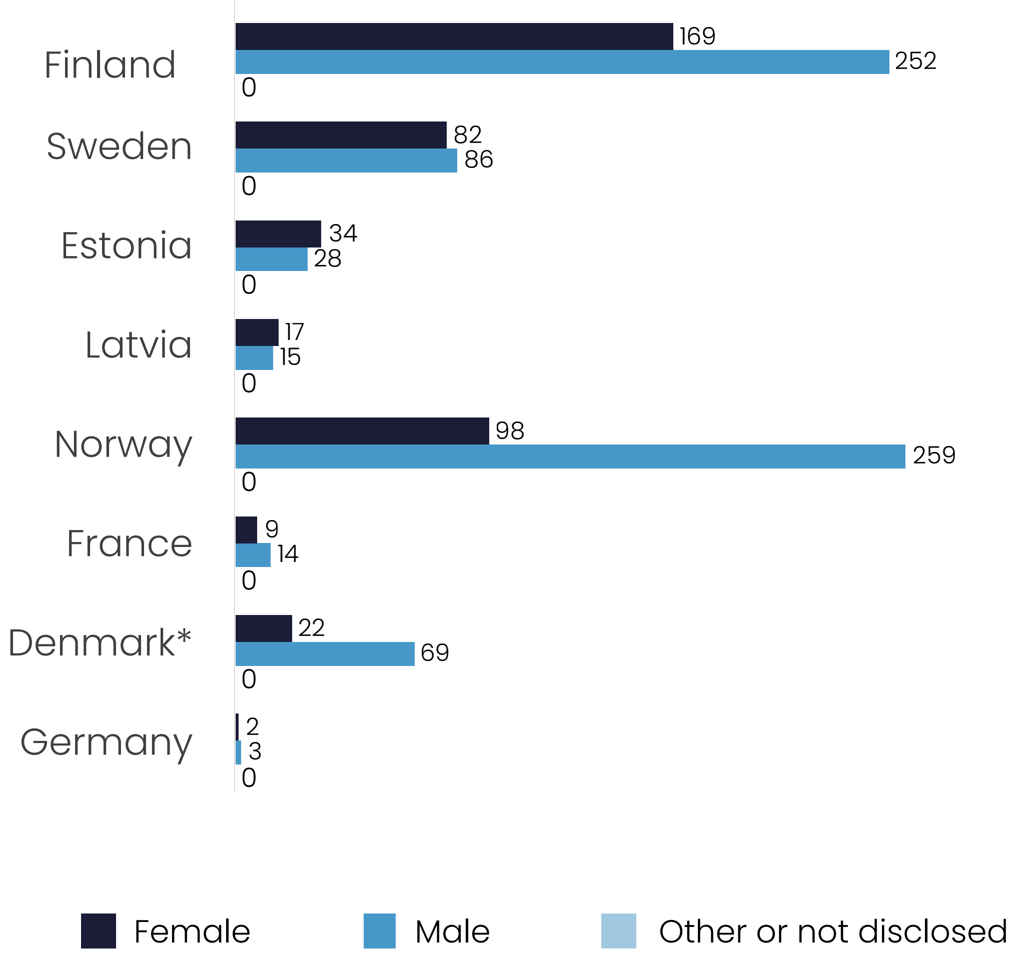
Occupational health and safety (OHS) is a vital part of Anora's corporate responsibility and sustainability strategy. Anora aims to reduce the number of accidents and absences caused by illness and other events. To that end, we take our OHS and well-being responsibilities very seriously.

Anora's HSEQ (health, safety, environment and quality) policy covers all sites. Anora has the ISO 45001 certificate in effect across all its operations in Finland (Rajamäki, Koskenkorva, Ruoholahti: Anora HQ). In addition, Anora's employees are covered by health services, according to local legislation. The quality of the service is reviewed by HR and employees can easily reach the health services.

During 2022, the primary focus in our safety culture was our Norwegian operations in Gjelleråsen, as well as our logistics company Vectura that operates at the site.

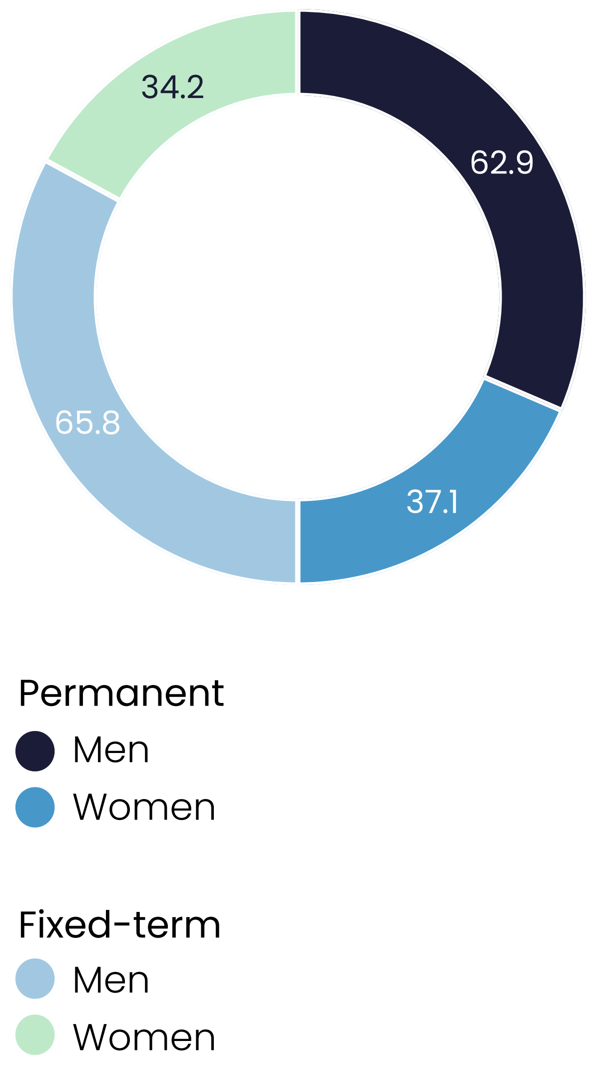
Additionally, Anora's Deviation tools for making safety observations were taken into use. During the year, employee training on safety issues, internal safety audits and housekeeping enhancements were implemented. In our other operating countries, we continued implementing ongoing safety processes, which included Anora's minimum safety requirements, for example. Anora has set minimum safety

Average number of personnel by country

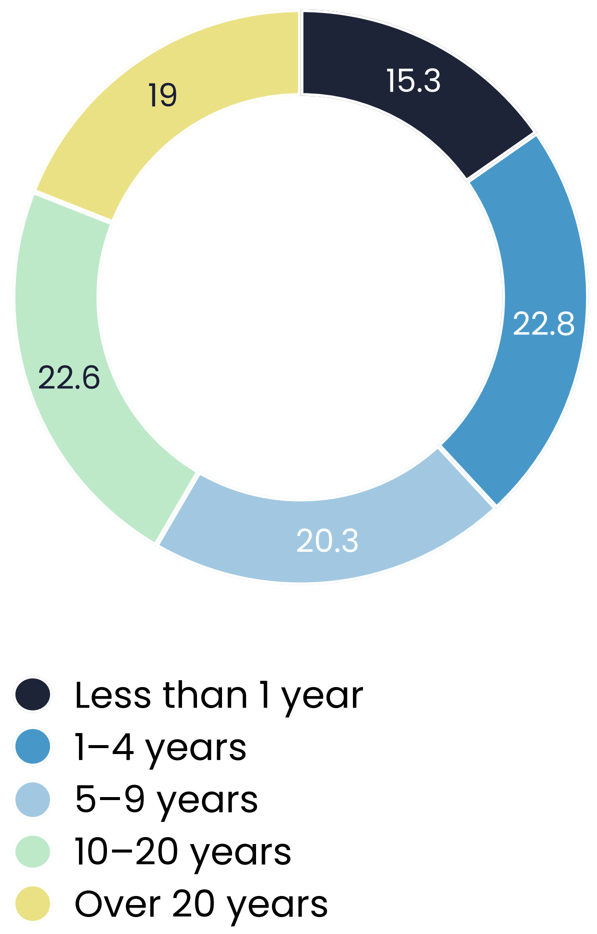


*Globus Wine included from 07/2022 in Denmark figures.
Average age of personnel: 45.6 years (excluding Globus Wine)

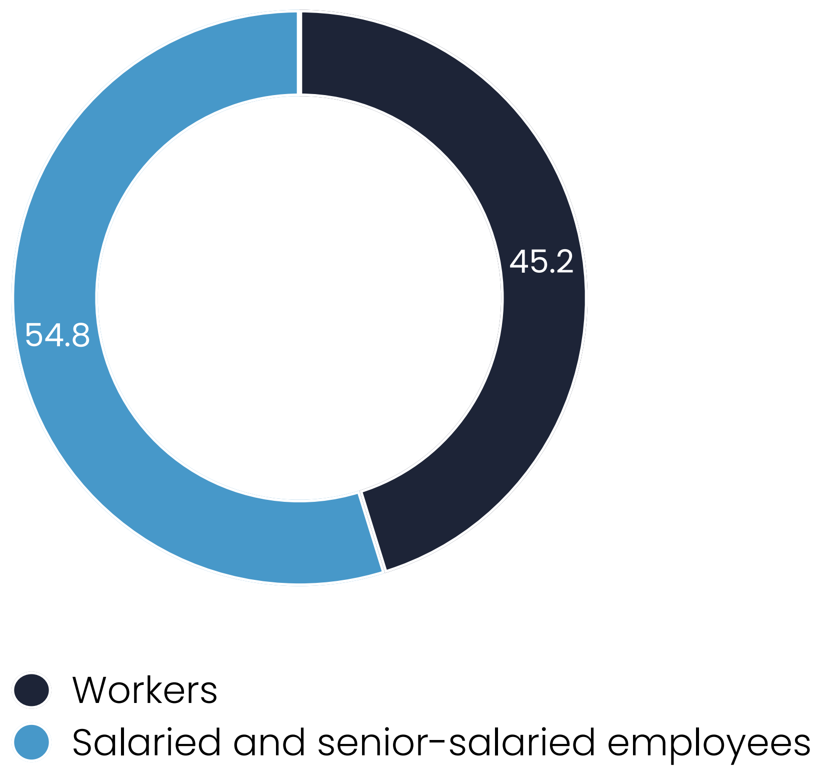
Type of employment 2022 %



Duration of employment %

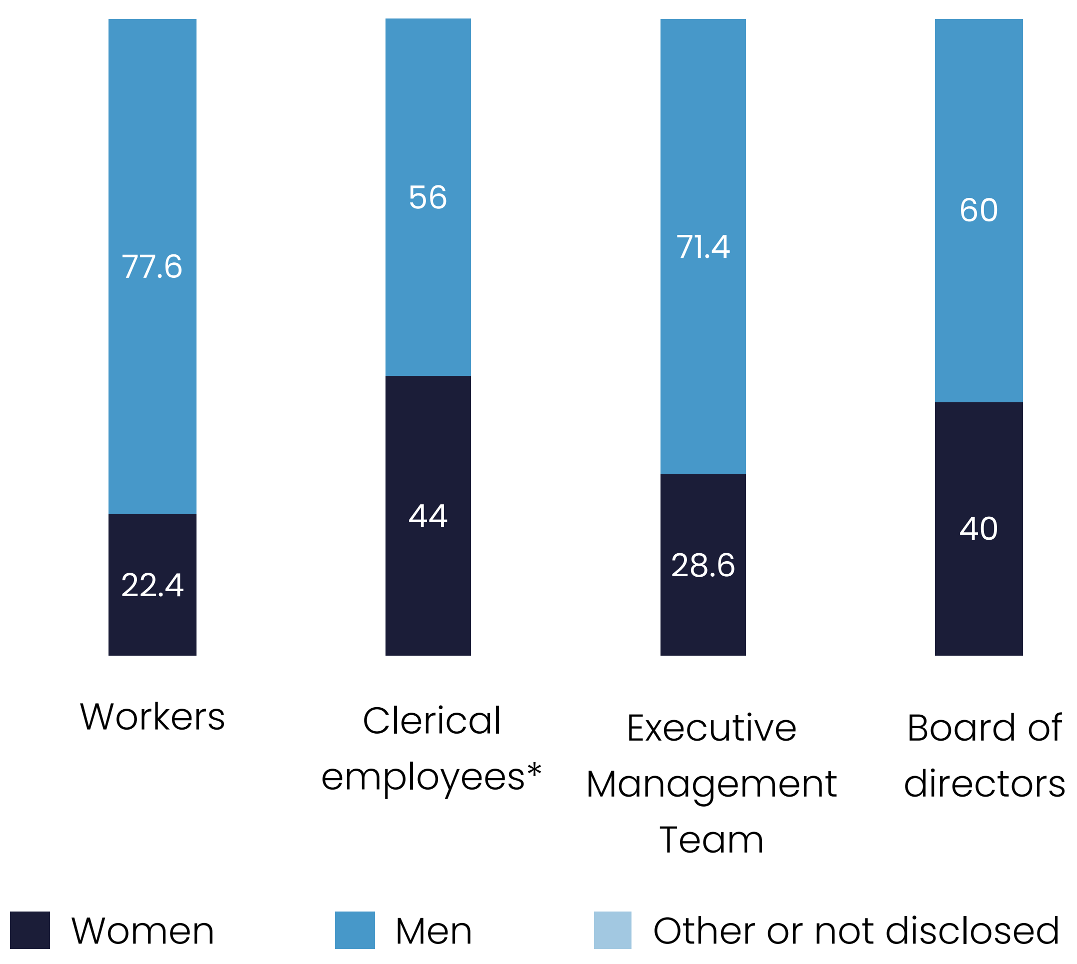


Personnel by group 2022 %



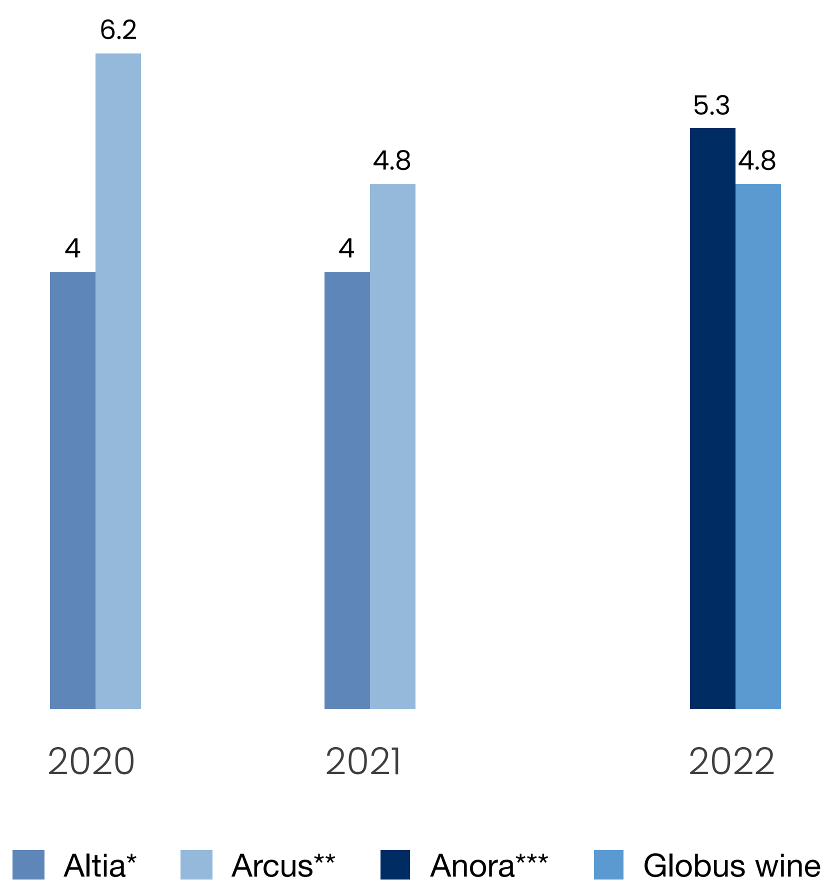
Situation at the end of the year 2022

Gender distribution %



*Does not include EMT members
Situation at the end of the year

Sickness absences %

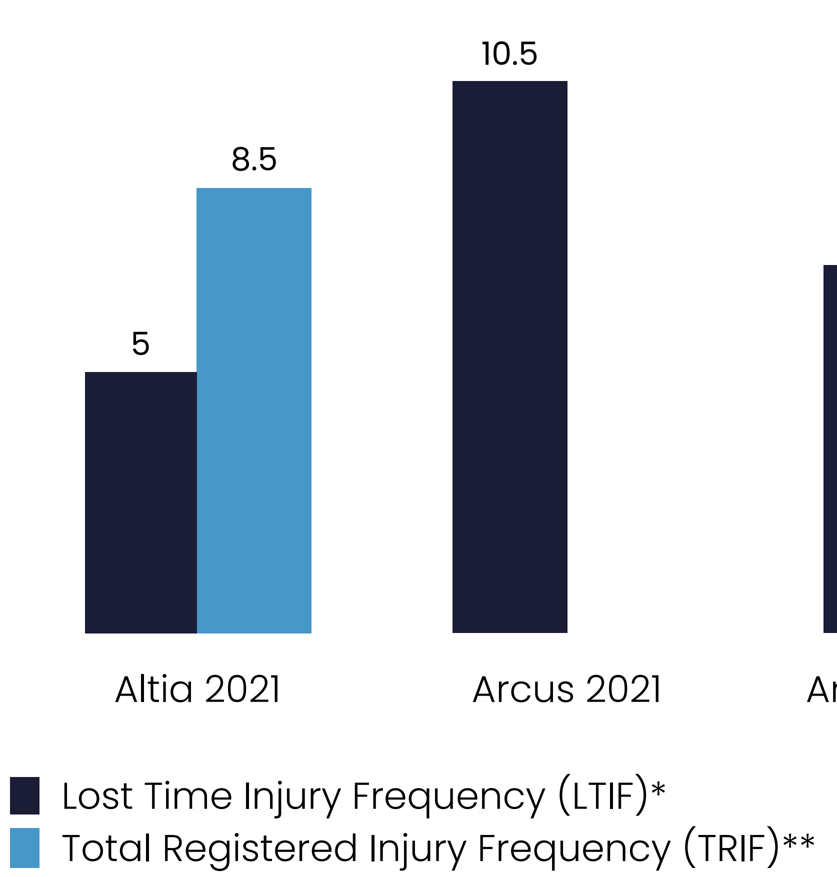


*Altia figures include the whole former Altia Group.
**Arcus figures include the former Arcus ASA in Norway.

The number of sickness related absence hours per working hours x 100%.

*** Anora figures include the data from whole former Altia Group and the former Arcus companies Norway. Globus Wine reported separately due to different calculation methods.

Accident absence rate %

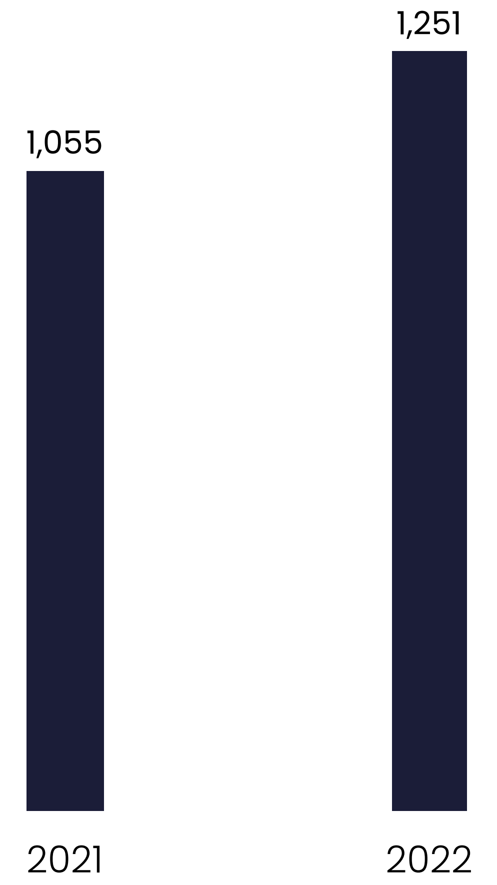


* Lost Time Injury Frequency, meaning the ratio of number of accidents resulting in at least one day absence to million working hours. Excluding commuting.
** Total Registered Injury Frequece reported from 2018 onwards. Excludinng commuting.

Due to differences in calculation methods, the figures of former Altia and former Arcus are not directly comparable.

*** Anora figures include former Altia and Arcus numbers. Globus Wine not included.

Development of the number of personnel



Situation at the end of the year

requirements for critical operations. These requirements apply to both Anora's employees as well as external parties working in the production and logistics areas at Anora's plants. There are four minimum safety requirement categories: personal protective equipment in use, external craftsmen, chemical handling, and working at heights.

Anora has the following Safety KPI's in use: LTI (lost time incident), TRI (total recordable injuries), LTIF (lost time incident frequency), TRIF (total recordable injuries frequency), Sickness absence (%), Accident Absence (%) and Number of Safety Observations. Anora calculates the safety-related metrics based on 1,000,000 hours worked. We follow partner-based accidents only in internal metrics. Our main goal in OHS year-on-year targets has been to reduce accidents at work, and our goal is that by 2030 we will have zero absences (LTIF) due to accidents at work (LTIF = 0).

Our LTIF at 7 (Altia 5 and Arcus 10.5) increased in 2022 compared to former Altia data in our 2021 reporting period. There is no clear reason for this result, although we recorded a higher accident determination in Norway, and our analysis suggests that the ongoing disruptive impact of COVID-19 had a negative influence on employee awareness regarding safety issues.

The main types of work-related accidents during 2022 involved accidents with forklift trucks, followed by accidents with machines, stumbling or falling. Total accidents in 2022 throughout Anora's operations were 20. Most accidents occur at plants and are relatively minor. There were no fatal work-related accidents in 2022 (0) across Anora's entire operations.

In 2022, we did not see the positive development from a safety perspective that we had hoped. Though we did set new and ambitious health and safety targets, enhanced the sharing of best practices, implemented common health and safety key performance indicators (KPIs) in all units, continued to make risk assessments in all departments and harmonised safety visualisations, more comprehensive safety training and communication on this critical focus area needs to be implemented during 2023 and beyond.
To achieve our 2030 target and to develop an ever more solid safety culture, we need to increase the number of safety observations we collect from our employees. The baseline for 2018 was 1.3 observations per person, but in 2022 we collected 2,021 observations which equates to approximately 2.9 (2.6) observations per person. The goal for 2025 is to record 3 observations per person across all operations.

Notably in 2022, our Koskenkorva Distillery received the Year award from Starch Europe for the second consecutive year, and has together with our Rajamäki Industrial Products unit, achieved over 1,000 days without a lost time incident.

Diversity, equity and inclusion

Diversity, equity and inclusion (DEI) is embedded in our values, which include Empowering to win: our dynamic, open and inclusive way of working represents a modern Nordic mindset. Our vision is to be the forerunner in our industry in the Nordics as an inclusive workplace that represents the diversity, equity and progressiveness of Nordic culture.

The work related to auditing the processes was initiated in 2022. Our enhanced DEI work is also a 2030 Sustainability Roadmap focus area.

Our post-merger state meant that we had many processes duplicated in our operations including data management systems. For us to set a target, we first needed to understand where to start from, so in 2022 we began looking at what systems we had in place, how inclusive they were and what languages were used. Auditing the processes was continued throughout 2022 and was implemented through the use of revised recruitment tools and key policy updates. As part of this process, Anora's DEI policy was updated.

"We aim to increase the number of safety observations to build our safety culture"

In addition, our recruitment systems, our new annual engagement survey 'Anora Tasting', and HR master Data systems were audited and then revised to make sure that the different language versions are available and inclusive. This work was also designed to make a statement that we are a company that looks to recruit people with a Nordic mindset, as well as a company with a focus on diversity. In 2022, this was also the first time that we have publicly expressed this view, as well as added this to our new values.

On 27 January 2023, we completed our comprehensive post-merger auditing processes work, and everyone was incorporated into the same system. Now that we have all our people in one unified system, in 2023 we will be able to effectively see in terms of nationalities, genders, equal pay and many other variables, and assess the optimal path forward with regards to our diversity and inclusion work.

We are constantly looking for ways to recruit the best people with the right capabilities into our operations. Our modern, Nordic way of working attracts people who share our values and ambition and have the courage to take us even further. We provide fair opportunities for current and future employees and endorse diversity throughout all levels of the organisation. We honour our Nordic heritage while making it into something new, together. Our employees, the #anorafolks are our best ambassadors.

Anora's subsidiary, Vingruppen i Norden, aims to be the most sustainable and attractive workplace in its industry. The company is a group of strong individuals with strong leaders and its team is committed, knowledgeable, In our new ‘Anora Tasting’ employee engagement survey, we asked our employees whether they perceived Anora to be a sustainable company:

entrepreneurial, and passionate about wine. Their work is based on building meaningful and respectful relationships across different countries and cultures, and this cannot be achieved without a strong commitment to DEI. Gender equality is part of our success, and we have an equal division between genders in our management team. In 2022, special emphasis was put on gender equality and female leadership. Vingruppen i Norden sponsored the Stella Gala in 2022 (and has done so every year since 2018) that highlights female leadership within the wine, spirits and restaurant business.

Globus Wine is one of the first companies in Denmark to implement an Employee Manual taking a starting point from UN SDGs and addressing well-being, health and the working conditions of the employees. The Employee Manual – which all Globus employees receive training on – includes policies with a DEI focus.

At Globus Wine, people are hired based on their competencies and provided with fair opportunities. All employees in different shifts are invited to social events. Globus has employees with nine different native languages, and they were all offered Danish language courses with a private teacher. All employees are welcomed and included in the working community, and the ambition is to ensure that they are both qualified and succeed in their work tasks.

Human rights in the supply chain

Through Anora's membership in amfori BSCI, other sustainability platforms and direct project implementation, we aim to enhance the working conditions in our supply chains.

All workers in our supply chain should have the right to a safe working environment with fair pay, freedom to bargain collectively, legal working hours and no discrimination nor bonded or forced labour. As a member of amfori we have adopted amfori BSCIs Code of Conduct throughout our operations. The values and principles of the amfori CoC have a strong focus on working conditions and human rights. To ensure that all these principles are met, amfori uses audits as a compliance method. We use the amfori BSCI framework to enhance social and environmental responsibility throughout our supply chain. Our employees and all producers are informed and aware of the Code.

With regards to Anora's own brand bulk wine, the team is always looking to encourage and support our current suppliers in their work with human rights and sustainability.

All suppliers receive copies of Anora's terms and conditions together with the BSCI CoC and terms of implementation. Our suppliers are aware that these documents are critical for our partnership, and they duly sign and return all documentation. The team endeavours to visit as many of our suppliers as possible each year, where they, amongst other things, carry out an ocular audit. The team is currently working on a questionnaire for suppliers from risk countries defined by amfori BSCI.

" Our own employees, the #anorafolks, are our best ambassadors."

Anora utilises a Supplier Self-Audit Questionnaires, and the main suppliers received and responded to the questionnaire in 2021. The pandemic as well as other global challenges limited the number of physical audits in 2021 and 2022. However, some audits were performed.

Anora's daughter company Vingruppen i Norden has embedded human rights and business ethics into their policy documents and management systems. Furthermore, they work systematically and strategically with risk assessments and have detailed action plans to handle, mitigate and prevent negative impacts from occurring. They track implementations and results. The biggest gap concerns auditing and site visits, and in the last two years this has primarily been due to ongoing coronavirus-related restrictions.

At Vingruppen i Norden, no audits were conducted during 2022. All the wine producers in the fixed assortment recorded a good result in Systembolaget´s risk analysis 2021, which provided the base for audits during 2022. A new risk analysis will be implemented during 2023. During 2023, the wine partners in the company's fixed assortment will be evaluated in Systembolaget's coming risk analysis.

This risk analysis work is important in terms of meeting current legislative requirements and ensuring worker's rights, but it is also about building trust and knowledge skillsets throughout our supply chain, allowing us to strengthen our products sustainability performance faster – an important commercial factor for retailers' and end-consumers.

"We manage the working conditions in our value chain through amfori BSCI membership."

Vinfinity sustainability fund

Vinfinity is a sustainability fund founded in 2021 by Vingruppen i Norden. The fund exists to support wine partners and clients in creating a sustainable value chain for wine.

Vinfinity is part of Vingruppen i Norden's long-term sustainability strategy 'From grape to glass and beyond'. The fund will invest annually in several sustainability projects that contribute to achieving the global goals and Vingruppen i Norden's sustainability goals. The investments include projects for sustainable infrastructure and cultivation projects that contribute to a circular, resource-efficient, and fossil-free value chain.

The fund's resources are directly linked to climate impact, calculated in tonnes in CO2e. Vinfinity has put a price on CO2e, and this carbon pricing is now the basis of the funds financing. Each year money will be set and added to the fund, and new projects in which to invest are identified.

Implemented during 2022, Vinfinity initiated a procedure for wine producers to certify their company and production with a strong country sustainability certification (i.e., France). The fund also initiated solar panels at a wine producer in Portugal. In addition, an investment was made in a project at one of our South African producers, a risk country for wine, by paying the full salary of a musical therapist. The therapist works with the children of the workers of the wine fields. This wine producer in South Africa is FairTrade certified. Music therapy is good for children dealing with a number of mental health challenges and physical disorders.

Employee satisfaction, engagement and competence development

Employee satisfaction, engagement and competence development is an integral part of our strategy, and we invest in the personal development of every employee. We support a structured approach to development and development discussions are recorded and followed up on. Performance dialogues include setting objectives, a personal development plan and continued support to help enhance well-being at work. Throughout our multi-country operations, we monitor the achievement of objectives on a regular basis and according to an annual schedule. Incentives also form part of employees' total compensation. We use incentives to implement our strategy and reward personal performance. Anora's salaried, senior employees and management participate in an annual performance bonus program. The performance process for salaried and senior salaried employees (around 67% of the total headcount) includes setting and follow-up of objectives, a development plan and continued support to help enhance well-being at work.

In 2022, we concentrated on building the organisation and company culture. Anora Group's company strategy was launched in November.

The HR priority areas initiated during the reporting period and designed to be implemented for 2022–2025 are to:

- Enforce value-based behaviour by connecting values to people processes
- Engage, retain and develop people with the right capabilities to make the difference for growth
- Introduce Anora performance philosophy to drive rewarding towards the wanted culture and results
- Build HR operations with a unified system base, selected Group processes and strong local HR presence

In 2022, we undertook an annual employee engagement survey, followed by a review of the results, as well as trainings and action planning that is consistently followed throughout the organisation all the way to Board level. In early 2022, we conducted a Pulse Survey and in December, we received answers from our new Employee Engagement Survey, the first survey of this kind in our newly merged company. The survey was entitled 'Anora Tasting' and it was opened to everyone in the company to participate. The response rate was 88% (with 967 employees participating) which was considerably above the Nordic benchmark of 81%.

One notable highlight of the survey when we asked our employees whether they perceived Anora to be a sustainable company: we received an average score of 4.1 /5 where 78% responded with a 'definitely' rating, which strongly indicates that our employees viewed sustainability as an important focus area and Anora as a sustainable company.

A further question in the survey was related to our new values, officially launched four weeks prior to the roll-out of the Anora Tasting survey. The results positively noted that 73% of employees already indicated they knew the new values of the company and 71% indicated that they could already identify with the new values.

A third highlight was related to our employees' views of their direct managers. These results related to leadership produced a 79% response where employees indicated they were very happy with their direct manager. The global benchmark is 80/100. This response from Anora's employees is viewed as a 2022 highlight in the People focus area and it indicates that our managers were able to support their teams, were clear on their expectations, they provided feedback and they followed up on situations in their teams.

Safety was also measured in the engagement survey, where the Organisational and Social Well-being Index (OSI) is used as the measurement to assess the feelings of workplace safety, workload sustainability and the support received from one's manager. One notable negative result indicated in the survey was related to workload and recovery time. Our overall result was 71/100 compared to the benchmark of 74/100. The results related to stress-level recovery time and support for heavy workload were not positively perceived and further work will be undertaken in 2023 to improve these two results.

In addition, the results expressed by employees in the survey towards Anora's senior managers were less positive compared to how satisfied employees were with their direct managers. This was due to the perceived reduced visibility of the top management, and they received a score of 61/100 in the survey compared to the benchmark of 67/100. The results also indicated that the lower we went in the organisation, the clearer it was that the internal communication from the top management was not seen. One of the direct actions we took immediately after we received the first results of the survey was to arrange a 'roadshow' for the senior management and this took place in January 2023 with visibility and communication enhancing visits to all of Anora's sites.

The comparison benchmarks are provided by the company Brilliant, and they annually undertake a Nordic-level survey involving approximately 250 companies and around 600,000 respondents. Anora Tasting will henceforth be an annual survey and the 2022 results will provide a strong baseline to move forward in 2023 and beyond.

Also in 2022, Anora's HR established the Managers Monthly, which has been well appreciated. At the monthly event, various sector-specific topics are both discussed and analysed, and different experts are involved every month. Also, we sent a monthly Cheers! newsletter to all employees highlighting and reminding them of key company news and HR processes.

Globus Wine, acquired by Anora in late 2022, has a vision to be "One of a kind". Through their strategies, values, and mindset, they strive to have an attractive culture, which makes them an attractive workplace. During 2022, they implemented an annual engagement survey for all employees, enhancing their ability to make tactical decisions and priorities based on the information and insights gained. To support their strategy, they also conducted employee development interviews, which were used to set individual goals and make plans for developing competencies.

> "One month after the launch of new values 73% said to know them and 71% could identify with the values"

In addition, Globus Wine has an annual plan for Management Group development. They work on how to implement the company-wide visions and strategies into daily tasks both on the department and employee levels, while receiving enhanced leadership training in turn.

HR plans and facilitates the development plans at all levels prioritising working atmosphere/environment and employer branding development.

Ethical business practices, anti-corruption, whistleblowing channel

Anora requires that wine producers comply with environmental, quality and safety standards. To guarantee this, Anora is committed to complying with a number of quality, environmental and safety standards and certificates and with comprehensive responsibility principles. These include the ethical principles of the amfori - Trade with Purpose BSCI initiative for responsible sourcing as well as certificates, such as Fairtrade International and Fair for Life.

A training session on human rights in the value chain was held for all Anora employees during the winter of 2022. Additionally, a training session was held in spring 2022 for Italian wine partners on building capacity to mitigate the risk of forced labour and labour exploitation in the Italian wine industry. Our Code of Conduct e-learning training was also transferred to a new platform and updated during the reporting period.

Vingruppen i Norden follows Systembolaget's framework on sustainable sourcing as well as our own CSR policy which includes guidelines on business ethics and how to achieve and maintain a sustainable supply chain. A separate whistleblowing function is available through their website. No reports were received during 2022. Additionally, a training session for employees in Sweden on HREDD (Human Rights and Environmental Due Diligence) was issued by Systembolaget in autumn 2022.

Globus Wine has also initiated an internal whistleblowing channel, which is required by law. Employees are trained in the whistleblowing policy, and they can use the function at any time. No reports of wrongdoing were received through the whistleblowing channel during 2022.

Anora received no reports of misconduct through its whistleblowing channel in 2022.

"As a direct member of the initiative, we have adopted amfori BSCI Code of Conduct throughout our operations"

A responsible player in society

Anora acts as a responsible company in society. In 2022, we paid EUR 1,014.8 million (605.8) in excise and income taxes, of which EUR 260.5 million (249.8 million) went to Finland. We paid employees a total of EUR 93.8 million (69.6) in salaries and other indirect employer costs, and purchased raw materials, goods and services for EUR 414.3 million euros (266.1). We bought Finnish barley from approximately 1,400 farmers for a total of EUR 56.1 million (42.4 million). We received a total of EUR 702.7 million (478.2) in revenue, made investments of EUR 10.7 million (5.4) to develop our business and paid a total dividend of EUR 30.4 million (27.1) to our owners.

Our tax strategy

We are a responsible taxpayer in all our operating countries (Finland, Norway, Sweden, Denmark, Estonia, Latvia, Germany and France). In addition, we aim to promote the Group's strategic development and support business operations, as well as ensure their proper implementation also from the tax perspective. The management of tax-related matters is centralised at Group level, where tax-related decisions are made. In ambiguous situations, the Group consults tax advisors and verbal or written guidance may be sought from the tax authorities to clarify tax practices.

It is important to us to comply with all applicable local and international laws and regulations in paying, collecting, remitting, and reporting taxes. Our principle is to pay taxes in the country in which the income is earned. Anora Group does not operate in tax havens, and we do not practice tax planning aimed at artificially decreasing the taxable profit of the Group or an individual operating country. As regards transfer pricing, we comply with local laws and the OECD transfer pricing guidelines. The arm's-length principle is applied to intra-group transactions relating to products, services, intellectual property rights and financing. We pay and remit several different taxes, with the excise tax being the most important. Excise taxes are not included in the company's reported net sales. In addition to income tax, the taxes paid by us include employer contributions and real estate taxes. In addition to the excise tax, the most important taxes remitted by us include value-added tax, withholding taxes deducted from wages and salaries, and taxes at source.

A summary of taxes and contributions, in accordance with the guidelines, is published as part of the Annual Report. The summary is based on information collected from the Group's accounting systems and includes the material taxes and contributions grouped by tax type. Pursuant to the guidelines, we apply the materiality principle in our tax reporting. Accordingly, country-specific information on taxes is presented for Finland, Norway and Sweden. They constitute the company's main markets, with approximately 90% of our net sales coming from these three countries.

Our other operating countries (Denmark, Estonia, Latvia, Germany and France) do not meet the materiality threshold of 10% of consolidated net sales for countries to be reported separately and are therefore presented collectively.

Product

Anora is committed to supporting and promoting a sustainable drinking culture. Our ongoing target is to offer more no- and low-alcohol (NoLo) products and further support the shift to responsible drinking culture. As part of our new 2030 Sustainability Roadmap, we are also targeting a more rapid transition to climate-smart packaging and increasing the share of our sustainable and NoLo products across our entire portfolio. Our three primary long-term Product targets:

- We will make all our packages lightweight, 100% recyclable and made of materials from certified sources or from recycled origin by 2030. The CO_2 footprint of Anora packaging is currently well below the industry average.
- We will further increase the number of sustainable choices and grow our net sales from non and low-alcoholic products to 5% by 2030.
- We will continue to collaborate with educative programs to support a modern, responsible drinking culture in the primary countries where our products are consumed.

Additionally, as part of the new roadmap, we have more clearly aligned our operations with five specific UN Sustainable Development Goals (SDGs). In Product topics, we have aligned more closely to SDG 3; Good health and well-being, SGG 12; Responsible consumption and production, and SDG13; Climate action.

Please see page 56 for more information on our SDGs in the section Materiality

Sustainability - Product

Impacts of Anora's products and how we manage them

At Anora, we always assess the ideas in our product development funnel in terms of the added sustainability value they bring. We also consider the packaging options and choose the climate-smart options wherever reasonable and viable. In addition, we also aim to implement the most efficient production methods possible, while limiting waste side streams across our entire operations.

Currently, the Nordic monopolies do not have standardised requirements for defining at what level a product is classed as sustainable or not, and the requirements are evolving on a year-to-year basis, which is natural as both the sustainability focus is changing each year and the raw materials and packaging industry are manufacturing increasingly sustainable products that we use in our drinks portfolio.

Different sales channels and markets also have different requirements, and consumers themselves are also constantly re-evaluating their opinion on what they personally perceive to be sustainable or not.

Overview of 2022

Sustainability has been incorporated into the strategy of our own brands. We have new products under development and our existing products will be changed according to our evolving brand strategy, alignment with our new 2030 roadmap, as well as the shifting trends in the market and consumer needs. As part of this process, we also strongly support the shift to climate-smart packaging in collaboration and discussions with the Nordic state Monopolies.

Anora is the market leader in the sustainable packaging of wines and spirits in the Nordics. 60% of our own product portfolio is already packed in climate-smart packaging with a 60–90% lower CO_2 footprint compared to glass. Packaging has a critical role in our operations, and it remains a primary benchmark of how seriously we take our sustainability ambitions. In 2020, in Finland, we introduced our first 100% rPET (post-consumer recycled PET) wine bottles. By the end of 2022, 87% of our PET portfolio was made of 25% rPET material.

Notable highlights at Anora in 2022 from the Product perspective included the unveiling of our new PET bottle model range which will help us, through the utilisation of economies of scale, to very rapidly move towards our 2030 targets for climate-smart packaging. The range offers us a selection of standardised, beautifully designed PET bottles to be used in different product types. During the year Anora's SAY Seltzer brand won the prestigious Dieline award, and we also won four awards at the 2022 Design & Packaging Masters.

However, 2022 proved to be an extremely difficult year for Anora from the supply chain perspective. We had difficulties due to a shortage of glass bottles in 2022, for example, and therefore had to move volumes from glass to PET bottles so we would not run out of stock of some products. The upside to this is the considerably lower carbon footprint (~60%) of PET packaging compared to glass.

Our customers were agile, supportive and largely accepted the changes in bottle formats. Likewise, the Nordic monopolies were also strongly supportive of the move from glass to PET bottles.

This rapid change in packaging formats also demonstrated our own agility to respond to our customers and consumers. All in all, 2022 arguably helped to accelerate consumers' acceptance of PET bottles over glass in some instances and for some brands, and this insight will allow us to make the shift towards climate-smart packaging as part of our 2030 sustainability roadmap more rapidly.

We created a solid foundation in our previous pre-merger sustainability roadmap and development cycles in packaging during the last several years. The year 2022 reinforced our belief that we are on the right path and the most optimal way to measure how effective we are with our packaging is through its CO_2 footprint. In the future, we expect to improve our data collection towards more accurate measurement of the climate impact of our packaging solutions.

Responsible drinking culture

At Anora, we are clearsighted in the knowledge that our alcoholic products also have negative effects on those consuming them, which is why we place strong emphasis on promoting a responsible drinking culture. Alcoholic products are meant to be enjoyed responsibly, in moderation and in accordance with local age limits. Throughout our portfolio, we have a variety of excellent non-alcoholic options for every occasion, and we are constantly increasing the amount of inspiring non and low-alcoholic options in our assortment. We want to support a modern, responsible Nordic drinking culture and embrace the sober-curiosity movement that supports healthy-lifestyle choices.

Due to the negative impact of alcoholic products, our sector is tightly regulated throughout all our markets regarding sales, marketing, and excise duties. We also have our own policy for responsible marketing that is stricter that the current legislation. In 2022, in Finland, Valvira (National Supervisory Authority for Welfare and Health) ordered Anora to remove certain images and descriptions of our strategic key spirit products from our corporate website Anora.com. Anora has appealed the order.

In Norway, we continued to support Ung Dialog with responsible drinking campaigns aimed at students. In Finland, we continued to support Raiteen tuki, an educational program for schools aiming at preventing underage alcohol use. We also continued to support the Talk about Alcohol campaign, which is used by 75% of primary schools in Sweden and is available also in our other home markets, for example Finland and the Baltics.

Through the year, we also increased the transparency of our product information (nutritional data and ingredients) and the information is now available on anoraproducts.com

In July, Anora made an investment of EUR 5 million in ISH, the award-winning Danish scale-up company in non-alcoholic beverages, making Anora a 16% minority shareholder in the company. Anora is distributing ISH's alcohol-free products in Norway, Sweden, and Finland. At the heart of ISH's product development is the belief that choosing a non-alcoholic option should not be a compromise, but an experience in itself. By focusing on superior taste and quality ingredients, ISH's in-house product development team strives to provide individuals with a wider range of options to fit different needs and preferences. This ground-breaking work has already made ISH one of the most awarded non-alcoholic brands globally and this currently the fastest growing segment in the beverage industry. ISH is also a founding member of ANBA, the Adult Non-alcoholic Beverage Association.

While still a small category compared to the global market for alcohol, the volume of non-alcoholic spirits is estimated to grow at a 15.5% compound annual growth rate between 2021–2025. This shift towards beverages with lower alcohol content is driven by the growing interest in health and well-being, with 40% of consumers globally reporting a desire to decrease alcohol consumption for health reasons. Now more than ever, people are eager to try new non and low-alcoholic options that would still provide a taste experience on par with traditional alcoholic drinks and work in the same social contexts.

For Anora, non-alcoholic beverages offer not only an interesting growth opportunity for us but also remain a key tool of our sustainability work. Like ISH, we believe that building a more responsible and inclusive drinking culture means creating a broader range of high-quality alternatives so that everyone can enjoy a drink and join the celebration.

Recyclability

When developing packaging solutions, it is vital to consider the recycling infrastructure in different markets and the consumer behaviour related to recycling. While our three primary markets, Finland, Sweden and Norway, have recycling systems in place, and the consumers are used to the system,

this does not apply to every market where our products are consumed. We have to take into consideration local return and recycling systems in our export markets.

In addition, an important part of climate-smart packaging is the return and recycle rates, which we aim to increase, even though they are already on a very high level of over 80–90% in the Nordics. Reminding consumers to recycle and how to recycle is important. Our goal is to increase the recycling rate of bottles and Bag-in-Boxes even further throughout our markets through different communications campaigns.

One highlight in 2022 was the upgrade to full recyclability in our Bag-in-Boxes produced at our Gjelleråsen and Rajamäki facilities. Additionally, in Finland, currently all the material composition is fully recyclable. As a result, when we provide packaging for our partners, we can also utilise these materials, making us a fairly unique supplier. Some brands moved from the previous format of packaging to this fully recyclable format in 2022.

Exceeding EU targets

There are strong external drivers for reducing the emissions of packaging, such as EU legislation and in particular, the Single Use Plastic Directive (SUP). Anora will comply with the SUP Directive to prevent and reduce the environmental impact of certain plastic products and to promote a transition to a circular economy. The SUP directive also contains very strong targets on the collecting of plastic and other materials too. As part of the directive, we will introduce tethered closures in our products by 2024. This means caps, that remain attached to the bottle even when opened. Anora is ahead of the schedule for the EU SUP directive ruling in introducing rPET in PET bottles: we have already introduced 25% of rPET, which according to SUP will be mandatory in 2025. Our target is to increase the ratio of rPET to 100% by 2030, compared to the EU requirement of 30% by 2030. Our first brands packed in 25% rPET bottles include Koskenkorva, Explorer, Lord Calvert and Latitude.

In 2021, we completed the shift away from using aluminium closures in our PET bottles in our Norwegian operations, making them fully recycling compatible, and in 2022, the process to dispense with all aluminium closures was implemented in Finland. In addition, two notable actions taken during 2022 were related to the 'lightweighting' of a number of glass bottles and moving wine volumes to a lighter weight format.

Anora currently remains at a higher level than that demanded by EU legislation, particularly when it comes to PET, and the amount of recycled material contained in PET. We are the leaders in the Nordics in terms of the utilisation of the highest content of recycled materials in our PET bottles. In addition, due to new EU legislation, producer responsibility for packaging materials related to recycling was in also in focus during the year. To that end, we consider ourselves as pioneers in this sector and think about this issue in terms of not from 'cradle to grave', but rather from 'cradle to cradle' in that when we use the material it needs to be returned back into the circular economy loop and then be reprocessed and reused.

" We are the leaders in the Nordics in utilising recycled materials in our PET bottles."

Anora is the market leader in the sustainable packaging of wines and spirits in the Nordics. 60% of our own product portfolio is already packed in climate-smart packaging with a 60–90% lower CO_2 footprint compared to glass.

Climate-smart packaging

At Anora, we are continuously working to reduce unnecessary packaging materials and introduce recycled materials in secondary packaging. We are the leaders in climate-smart packaging in the spirits and wines sector in the Nordics. "Climate-smart" for us refers to the alternative packaging types to glass, such as Bag-in-Boxes, pouches, tetras, cans, PET bottles and rPET bottles produced with recycled plastic. These packaging types have a CO_2 footprint 60–90% lower than that of glass. Regarding the packaging of our own products, 60% are already climate-smart, while 40% are glass bottles. We are also in the continuous process of decreasing the amount of glass across many bottle designs, actions that reduce both weight and their carbon footprint.

Driving our climate-smart packaging ambitions is the fact that the packaging, and all the material combinations that make up the packaging, are fully recyclable and lightweight. This includes, for example, the fact that in 2022 all our PET packaging no longer used mixed materials as part of its composition, and that plastic bottles no longer featured metal-based closures, so they were able to go through recycling facilities throughout the Nordic countries without the need to remove the bottle closures.

PET is at the core of our packaging strategy, and a decision was taken in 2022 to create a portfolio that was both more premium and more versatile, so that it would not be something specific for any brand or even any categories. This became our new Alpha bottle platform. As part of the process, we also took into consideration the sustainability

> " One of the most impactful ways of reducing the carbon footprint of our products is near-market filling"

aspect in terms of the bottle thickness, the current rules and regulations in force as part of Nordic and EU legislation, as well as the regulations for the recycling operators. Key strategic thinking behind the development of this bottle platform is that it represented a very effective way of reducing the CO_2 footprint of packaging in the move from glass to PET or other formats. This is especially the case for our spirits portfolio which can utilise PET bottles very effectively.

In 2022, with the publication of our 2030 Sustainability Roadmap, we continued to enhance our long-term packaging programme that aims to reduce the emissions of our entire product portfolio. While our primary goal remains the lowering of CO_2 emissions through a reduction in the use of materials, reducing the weight of bottles and packaging also helps lighten the logistical load and makes work easier for retailers.

One of the most effective ways of decreasing the CO2 footprint of our imported products is through near-market filling. There, the liquid, most commonly wine, is transported in bulk and packed near the end-market at Globus Wine in Denmark or Rajamäki in Finland. In addition, during 2022, spirits products were continuously moved in bulk from Rajamäki to Gjelleråsen and vice versa to minimise the transport CO_2 emissions prior to consumption in the designated markets. Carbon emission reductions are significant when near-market filling is utilised in our operations.

The monopolies currently have different packaging weight limits to each other, and we are in dialogue with the three Nordic monopolies to help facilitate greater understand in this area so that we can harmonise the view that we all

" We strive to emphasise the benefits of PET bottles also in travel retail and on-trade channels"

need one way to define what is 'heavy' and 'light' so we are able to move forward with more clarified sustainability requirements. We will also continue to remain in dialogue with our main customers and also bring our views forward, for example, in the travel retail channel, where glass bottles remain the most commonly utilised material, but where we wish to further emphasise the benefits of PET in this channel. This same thinking and agenda setting also applies for the on-trade channel.

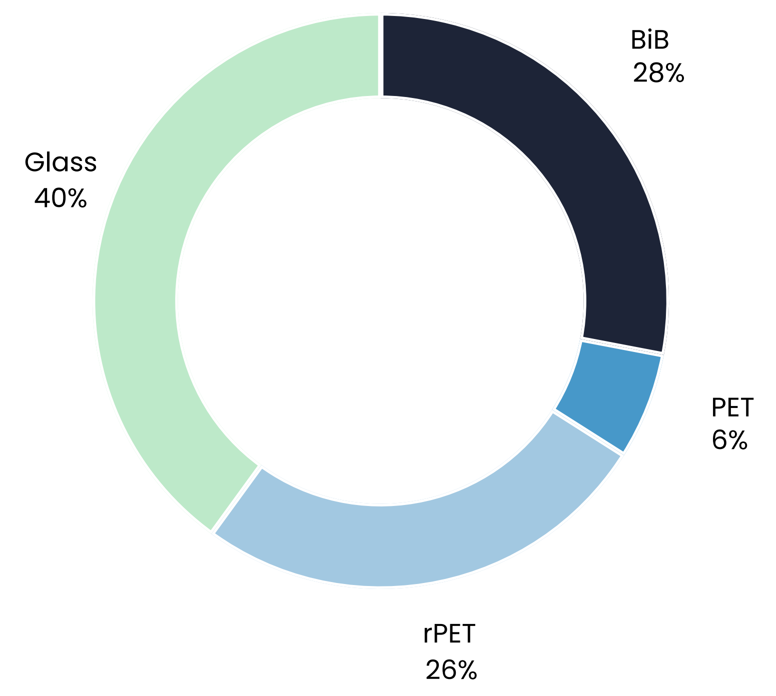
Glass will always have its place in our portfolio. In the near future, the monopolies, in dialogue with each other, as well as ourselves and our competitors, will be setting a limit or definition of what is considered to be a lightweighted bottle. For example, in wines, a 75cl bottle weighing 430g is currently considered a lightweight bottle. The spirts sector is also moving in this same direction. This is a way to guide suppliers to move towards more sustainable and environmentally friendly packaging formats.

As part of this shift towards greater sustainability throughout the beverages industry, the glass manufacturing industry is also aware of the general developments taking place and are looking into ways of making packaging more sustainable. Currently, there are initiatives between these glass suppliers and spiritsEUROPE, an industry organisation for alcoholic beverage producers, and there is dialogue between these organisations.

Sustainability targets are moving, and when monopolies are setting clearly defined and specific gram weights and beginning to class what is lightweight and what is not, then the larger beverages industry will take into account these new definitions. This in turn will allow further dialogue so that all sides are able to commonly agree on future targets setting. In addition, advances in future technology will enable us to further enhance our 'lightweighting' and this will lead to significant emissions savings on the road to 2030 and beyond.

Initiated during this reporting period and planned to be implemented in 2023, we will be aiming to deliver more communication to consumers and to help them to further understand issues like what is, or is not, a sustainable solution, as well as what is classed as sustainable packaging and what is not. While these requirements are developing, compromises are also needed, and at Anora we are also mindful that we must achieve our own ambitious targets, particularly related to climate-smart packaging.

Anora's own products packaging types %



Based on 11/2022 data

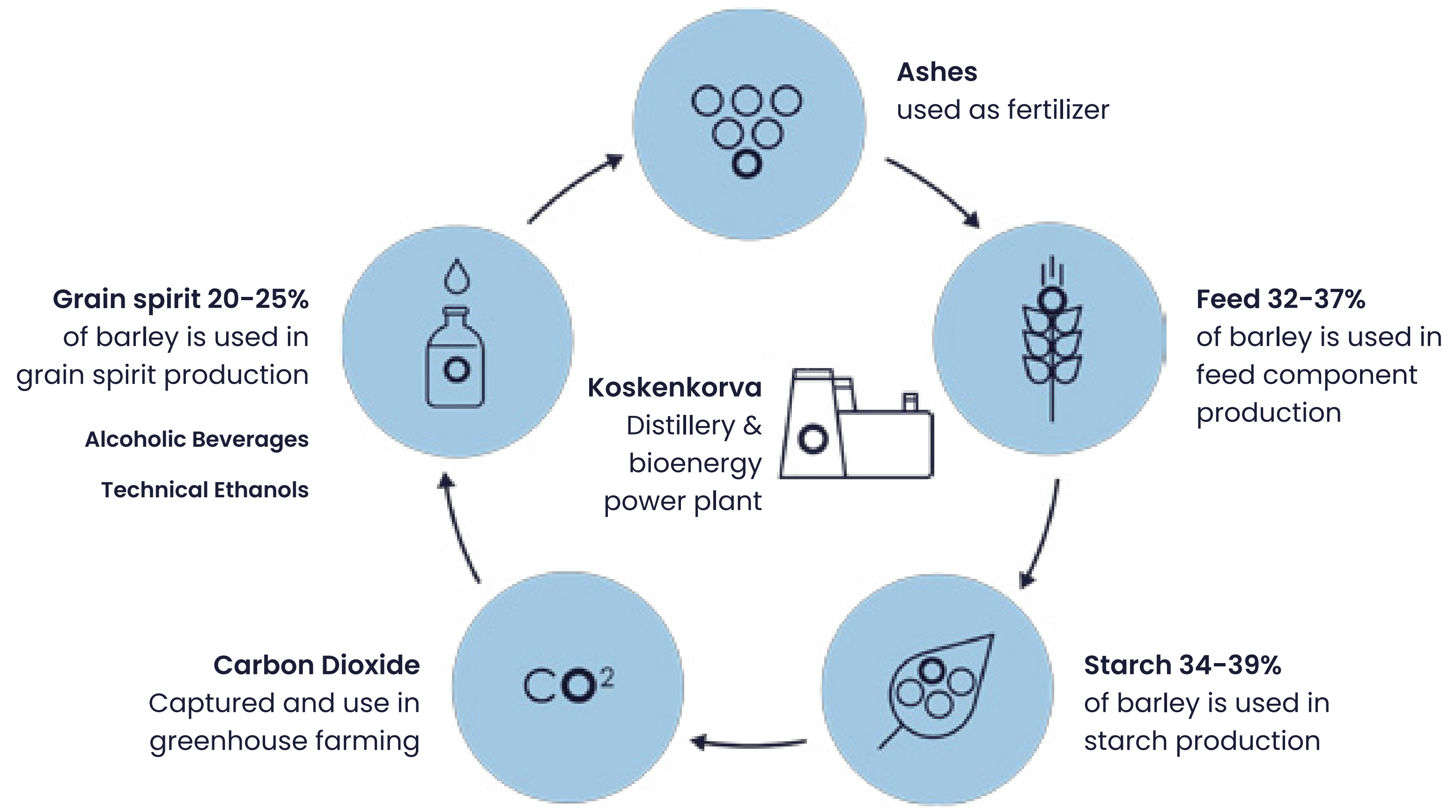
Appendix

Sustainability data
Reporting principles
GRI index

Planet

Waste recycling and recovery rate at Anora's production plants

Unit	2022	2021	2020
Koskenkorva	100%	99.8%	99.6%
Rajamäki	100%	96.9%	99.2%
Tabasalu	88.5%	87.7%	85.1%
Cognac	96.7%	100.0%	100.0%
Gjelleråsen	100%	100.0%	100.0%
Globus Wine	100%	100.0%	100.0%
Anora production facilities total	99.8%	99.5%	99.5%



Environmental performance of Anora's production plants

	2022	2022	2022	2022	2021	2021	2021	2020	2020	2020
Environmental Targets	Koskenkorva	Rajamäki	Gjelleråsen	Globus Wine	Koskenkorva	Rajamäki	Gjelleråsen	Koskenkorva	Rajamäki	Gjelleråsen
Reducing energy consuption (Actual MWh per m³ or tonne of product)*	0.91	0.32	0.28	0.03	0.81	0.31	0.27	0.71	0.27	0.24
Reducing water consumption (Actual m per m³ or tonne of product)	2.99	2.03	2.03	0.46	2.05	2.47	1.90	2.33	2.05	1.86
Improving wastewater quality (Actual kg COD per m³ ot tonne of product)	4.45	2.48	-	-	4.24	2.14	13.90	4.09	2.09	17.19
Reducing the volume of waste material (Actual kg per m³ of product)**	-	24.83	19.00	9.67	-	23.46	20.94	-	26.68	16.51

* Gjelleråsen: MWh/Produced goods
** The waste volume indicator is not monitored at the Koskenkorva plant as it is not material to the unit.

Use of materials and raw materials

	2022	2021	2021	2020	2020
	Anora	Altia	Arcus	Altia	Arcus
Liquids *					
Liquid raw material, beverages (m³)	81,105	54,386	20,798	54,117	20,895
Liquid raw material, beverages excluding water (m³)	13,044	N/A	14,901	N/A	16,136
Liquid raw material, technical products (m³)	17,941	25,039	N/A	28,299	N/A
Materials					
Grain (t)	184,280	208,538	N/A	214,306	N/A
Packaging materials (t)	49,169	30,754	6,194	27,559	6,779
Raw materials for products (t)**	4,990	3,996	245	4,072	259
Trading products					
Liquids (m³)	43,526	22,668	9,038	24,124	10,013
Liquids (m³), Vectura	770	N/A	3,701	N/A	4,538
Packaging materials (t) (gross weight - net weight)**	15,178	7,237	3,409	7,450	3,503
Packaging materials (t), Vectura (gross weight - net weight)	276	N/A	2,030	N/A	2,523

* Approximation based on filled volume of finished products
** Globus Wine excluded.

Environmental figures

	Anora 2022	Altia 2021	Arcus 2021	Altia 2020	Arcus 2020
Grain consumption (million kg)	184.28	208.54	-	214.34	-
Fuel consumption/direct energy consumption (Scope 1)[1]					
Natural gas (GWh), direct, non-renewable	1.16	1.4	0.00	1.29	0.00
Fuel (diesel and petrol) (GWh), direct, non-renewable*	4.91	-	0.14	-	0.13
Indirect energy consumption (Scope 2)[2]					
Steam (GWh), indirect, non-renewable	52.35	29.65	1.27	34.71	1.30
Steam (GWh), indirect, renewable	56.81	75.57	0.00	76.41	0.00
Electricity (GWh), indirect, non-renewable	40.95	43.02	0.00	45.70	0.00
Electricity (GWh), indirect, renewable	11.22	3.88	5.01	2.52	5.14
District heating and cooling (GWh), indirect, non-renewable	0.70	0.06	0.00	0.05	0.00
District heating and cooling (GWh), indirect, renewable	7.16	2.15	5.17	1.74	3.81
Greenhouse gases, direct and indirect, market-based					
CO_2 equivalent emissions / fossil, Scope 1 (tCO_2e)	1,475	280	39	260	36
CO_2 equivalent emissions / fossil, Scope 2 (tCO_2e)	25,670	23,603	535	25,346	546
CO_2 equivalent emissions / biogenic, Scope 1 (tCO_2e)	13,168	14,428	-	15,367	-
CO_2 equivalent emissions / biogenic, Scope 2 (tCO_2e)	30,675	33,353	77	29,319	98
Significant emissions into the air					
VOC emissions (t)	6.75	6.84	-	6.39	-
Particle emissions into the air (t)	1.81	4.69	-	4.53	-
Water and wastewater					
Water consumption (1,000 m^3)**	694.5	533.6	42.3	631.3	40.2
Wastewater volume (1,000 m^3)***	238.5	257.7	35.3	248.0	3.1
Waste					
Hazardous waste (t)	7.03	51.95	0	59.19	0
Landfill waste (t)	11.57	28.18	0	28.59	0
Recycled waste					
Utilised for energy (t)	723.12	12,623.38	395.97	13,962.15	323.48
Other utilisation (t)	8,953.32	3,261.22	950.66	4,403.05	773.11

[1] Direct energy use refers to energy used in the company's own production operations or energy production, such as burning non-renewable fuels and using diesel and petrol for company vehicles

[2] Indirect energy use refers to purchased energy that has been produced outside the reporting company but is used to produce energy for the company's immediate needs.

As to the Koskenkorva plant, the figures for water consumption, amount of wastewater and energy consumption include all the operations in the plant area, with the exception of A-Rehu.

* Calculation method has been extended, and 2022 number includes fuel used in production sites and fuel used for company cars and Vectura trucks. Fuels for these vehicles are not included in historical data on this table and correspondingly, emissions from these fuels are not included in historical data of greenhouse gases for 2021 and 2020.

** Calculation methods have been revised and specified to enable better monitoring in Koskenkorva.

*** Globus Wine data not included in wastewater volume.

People

Anora's tax footprint

	Data for the financial year 2022				
	TOTAL	Finland	Sweden	Norway	Other countries
Taxes paid for the financial year, EUR million					
Income taxes	10.7	1.0	7.1	0.6	2.0
Real estate taxes	0.6	0.2	0.1	0.2	0.0
Employer contributions	19.2	8.8	5.8	4.1	0.5
Taxes collected for the financial year, EUR million					
Value added taxes, sales	599.3	142.5	130.5	270.5	50.0
Value added taxes, purchases	258.1	58.0	45.5	115.3	39.3
Excise taxes	1,004.1	259.5	180.9	503.4	60.3
Payroll taxes	26.3	7.9	4.9	9.1	4.4
Any other taxes (incl. Withholding taxes)	1.3	0.0	1.3	0.0	0.0
Net sales by country, EUR million (local)	764.7	251.8	200.8	204.4	107.6
Profit/loss before taxes by country, EUR million (local)	51.8	25.3	11.4	12.5	2.5
Personnel by country *	1,251	414	165	370	302

The table contains the most significant taxes and tax-like fees, which the company is liable to pay or collect in accordance with the local legislation. Other countries' (Denmark, Estonia, Latvia, Germany and France) figures are presented collectively because individually they do not meet the materiality threshold of 10 percent of consolidated net sales.

Globus Wine has been consolidated to Anora as of 1 July 2022.

* Situation on December 31, 2022

Product

Recycled materials used in Anora's packaging

	2022	2021	2021	2020	2020
Primary packaging	Anora	Altia	Arcus	Altia	Arcus
Glass bottles					
Packaging materials (t)	15,029	9,746	4,902	9,684	5,040
% recycled material	34	30	47	34	49
Plastic bottles					
Packaging materials (t)	1,136	1,000	283	1,002	247
% recycled material	21	20	1	10	0
Bag-in-boxes					
Packaging materials (t)	822	321	551	350	545
% recycled material	29	45	20	40	12

The above figures are for Anora's own production and own brands and exclude labels and closures. Globus Wine numbers are not included in the table.

Reporting framework

Description of reporting

Anora publishes its sustainability data for 2022 as part of the 2022 Annual Report, in the section on sustainability. Anora has been reporting its sustainability data since 2008. The report is published on the company's website once every calendar year in English and in Finnish.

Anora also publishes a non-financial statement which provides an overview of the company's approach to environmental, social, employee and human rights issues, as well as anti-corruption and bribery matters, in accordance with the EU Directive regarding the disclosure of non-financial and diversity information. The non-financial statement is published as part of the Report by the Board of Directors. The company also reports on its taxonomy-eligibility in line with the recent Taxonomy Regulation (EU) 2020/852.

Scope of sustainability reporting

The sustainability section of the 2022 Annual Report contains general and material information about the economic, social and environmental impact of Anora's operations between 1 January 2020 and 31 December 2022. Altia and Arcus were merged to form Anora on the 1 September 2021. For the sake of clarity, historic data from 2020 and 2021 is mostly reported separately for the two former companies and this has been clearly marked in the report, as the comparison between two former entities is not possible due to scope and calculation differences. Anora acquired Globus Wine on 1 July 2022 and its full-year data is included in Anora figures, with some exceptions due to different calculation methods, that are marked clearly. Anora reports on its sustainability with reference to the Global Reporting Initiative (GRI) Standards.

Environmental data

Regarding environmental sustainability, the reported targets and indicators focus on the impact of Anora's own operations at Gjelleråsen, Koskenkorva, Rajamäki, Globus Wine, Tabasalu and Cognac plants, as these plants generate most of Anora's environmental impact, with the three first mentioned being the most significant. Logistics company Vectura is located in the Gjelleråsen premises and the electricity use is included in Gjelleråsen figures.

Anora reports Scope 1 and Scope 2 greenhouse gas (GHG) emissions. Anora has calculated Scope 3 GHG emissions for the first time during 2022 for 2021. Anora calculates the annual CO_2 emission reduction compared with the previous reporting year as well as with the base year, 2014. The base year has been chosen in accordance with the construction and start-up of the Koskenkorva bioenergy power plant. Scope 1 emissions are direct emissions generated by Anora's own production. Scope 2 emissions are indirect emissions derived from energy bought from external sources and used in the company's operations.

Anora generates no other direct greenhouse gas emissions except for carbon dioxide (CO_2) emissions. CO_2 emissions from purchased energy have been calculated according to market-based approach, by multiplying the energy consumption by the emission factor corresponding with its production (kg CO_2/GWh). The following sources for emission factors have been used in the calculations:

- **Steam:** local suppliers
- **Electricity:** country-specific European Residual Mix
- **District heating:** local district heating suppliers
- **Natural gas & fuels:** DEFRA (Department for Environment, Food & Rural Affairs)
- **Liquid Petroleum Gas used for steam:** Conversion from LPG from the Directory of Environment of Norway

In addition to GHG emissions, Anora reports volatile organic compound (VOC) emissions and particle emissions into the air. Anora's own operations generate no other emissions into the air.

Social data

Employee data sources are composed of both Anora's and Globus Wine's global HR, local payroll and reporting systems and do not include assumptions. Accident rates are reported without commuting from 2018.

The calculation methods applied, and any differences and restatements compared with the sustainability reporting of previous years, are described as part of specific charts and tables where relevant.

Assurance

No external assurance has been applied to the Sustainability Report.

GRI index

Code	GRI Standards disclosure	Location	Comments
GRI 2: General disclosures (2021)			
Organizational profile			
2-1	Organizational details	Business Overview, p. 2; Report by the Board of Directors, p. 25	
2-2	Entities included in the organization's sustainability reporting	Reporting framework, p. 96; Financial statements, pp. 167–169	The scope of Anora's sustainability reporting corresponds to the scope of Anora's financial reporting.
2-3	Reporting period, frequency and contact point	Reporting framework, p. 96; GRI index	Report published on 23 March, 2023.
2-4	Restatements of information	GRI index	No restatements in 2022
2-5	External assurance	GRI index	The report has not been externally assured.
Activities and workers			
2-6	Activities, value chain and other business relationships	Business overview, p. 2; Business overview, pp. 13–20; Value chain, p. 62	
2-7	Employees	People, pp. 76–77	Reported partly. Data on employment types per gender and by region not yet available due to Anora's recent merger. Anora continues to improve its data collection processes in order to obtain data in the future.
2-8	Workers who are not employees		Data not available due to Anora's recent merger. Anora continues to improve its data collection processes in order to obtain data in the future.
Governance			
2-9	Governance structure and composition	Governance, pp. 104–106; pp. 108–109; pp. 117–119	
2-10	External initiatives	Governance, pp. 103–104	
2-11	Chair of the highest governance body	Governance, pp. 108–109	The Chairman of the Board of Directors is not a senior executive in the organisation.
2-12	Role of the highest governance body in overseeing the management of impacts	Report of the Board of Directors, pp. 35–36; Sustainability governance, p. 59; Governance, p. 104	
2-13	Delegation of responsibility for managing impacts	Report of the Board of Directors, pp. 35–36; Sustainability governance, p. 59; Governance, p. 106	
2-14	Role of the highest governance body in sustainability reporting		Anora's Board of Directors reviews and approves the Annual Report and the information presented in it, including the sustainability information and the material topics.
2-15	Conflicts of interest	Governance, pp. 105–107	
2-16	Communication of critical concerns	Report by the Board of Directors, p. 33–34; Governance, p. 105	
2-17	Collective knowledge of the highest governance body	Governance, p. 103	

Code	GRI Standards disclosure	Location	Comments
2-18	Evaluation of the performance of the highest governance body	Governance, p. 104	
2-19	Remuneration policies	Governance, p. 110; pp. 115–118; website: Remuneration	
2-20	Process to determine remuneration	Governance, p. 103; pp. 115–116; website: Remuneration	
2-21	Annual total compensation ratio	Governance, p. 112; pp. 115-116	Reported partly. Anora discloses the annual total compensation of the CEO and employees' average remuneration from which the ratio can be calculated.
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Business overview, pp. 10-11	
2-23	Policy commitments	Report by the Board of Directors, pp. 32–34; People, pp. 83–84;	
2-24	Embedding policy commitments	Report by the Board of Directors, pp. 32–34; People, pp. 74–84;	
2-25	Processes to remediate negative impacts	Report by the Board of Directors, pp. 33–34; People, pp. 83–84;	
2-26	Mechanisms for seeking advice and raising concerns	Report by the Board of Directors, pp. 33–34; People, pp. 83–84;	
2-27	Compliance with laws and regulations	GRI index	During the reporting period, no consequences were imposed on Anora for violations of laws and regulations.
2-28	Membership associations	Sustainability governance, p. 61	
Stakeholder engagement			
2-29	Approach to stakeholder engagement	Sustainability governance, p. 61	
2-30	Collective bargaining agreements	GRI index	Most employees at Anora are covered by collective bargaining agreements, except in Latvia and Estonia where collective bargaining agreements do not exist. Local laws and employment contracts determine the terms of working conditions in Latvia and Estonia.
GRI 3: Material Topics (2021)			
3-1	Process to determine material topics	Introduction, p. 55; Materiality & SDGs, p. 56	
3-2	List of material topics	Materiality & SDGs, p. 56	
3-3	Management of material topics	Planet, pp. 63–72; People, pp. 73–84; Product, pp. 85–91	
200: Economic Standards			

Code	GRI Standards disclosure	Location	Comments
201: Economic performance (2016)			
201-1	Direct economic value generated and distributed	People, p. 84; Appendix, p. 95	
205: Anti-corruption (2016)			
205-2	Communication and training about anti-corruption policies and procedures	Report by the Board of Directors, pp. 33–34; People, p. 83–84	
205-3	Confirmed incidents of corruption and actions taken	Report by the Board of Directors, pp. 33–34; People, p. 83–84	No confirmed incidents during 2022.
207: Tax (2019)			
207-1	Approach to tax	People, p. 84	
207-2	Tax governance, control, and risk management	Report by the Board of Directors, p. 47; People, p. 84	
207-4	Country-by-country reporting	Appendix, p. 95	Country-specific information on taxes is presented for Finland, Sweden and Norway. They constitute the company's main markets, with approximately 90% of our net sales coming from these three countries. Our other operating countries (Denmark, Estonia, Latvia, Germany and France) do not meet the materiality threshold of 10% of consolidated net sales for countries to be reported separately and are therefore presented collectively.
GRI 301: Materials (2016)			
301-1	Materials used by weight or volume		Anora has identified this indicator as material and reports the total volume of materials used, but cannot currently report the division into non-renewable and renewable materials.
301-2	Recycled input materials used	Planet, pp. 88–90; Appendix, p. 95	Recycled input material data is calculated for Anora's own production and own brands' packaging (excluding labels and closures).
GRI 302: Energy (2016)			
302-1	Energy consumption within the organization	Appendix, p. 94	
302-4	Reduction of energy consumption	Planet, pp. 66–67; Appendix, p. 93	
GRI 303: Water and effluents (2018)			
303-1	Interactions with water as a shared resource	Report by the Board of Directors, p. 31, 37; Materiality & SDGs, p. 57; Planet, p. 69	Anora's production plants do not operate in water scarcity areas. Anora complies with the water intake amounts set by the authorities and regularly measures and follows up groundwater surface levels.
303-2	Management of water discharge-related impacts	Report by the Board of Directors, p. 31; Planet, p. 69	
303-5	Water consumption	Appendix, p. 93–94	
GRI 305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	Report by the Board of Directors, p. 32; Planet, p. 67–68; Appendix, p. 94; Reporting framework, p. 96	
305-2	Energy indirect (Scope 2) GHG emissions	Report by the Board of Directors, p. 32; Planet, p. 67–68; Appendix, p. 94, Reporting framework, p. 96	

Code	GRI Standards disclosure	Location	Comments
305-4	GHG emissions intensity		Anora has identified this indicator as material and aims to report the GHG emissions intensity for the reporting year 2023.
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Appendix, p. 94	Anora reports its VOC emissions and particle emissions. Our operations generate no other air emissions
GRI 306: Waste (2020)			
306-1	Waste generation and significant waste-related impacts	Planet, p. 70, Appendix, p. 92	Reported partially.
306-2	Management of significant waste-related impacts	Planet, p. 70, Appendix, p. 92	
306-3	Waste generated	Appendix, p. 94	Waste disposal disaggregated where applicable.
306-5	Waste directed to disposal	Appendix, p. 94	Anora reports the total amounts of hazardous, recycled, incinerated and landfill waste.
GRI 308: Supplier environmental assessment (2016)			
308-2	Negative environmental impacts in the supply chain and actions taken	Report by the Board of Directors, p. 32; Planet, p. 67; People, p. 81	Anora has identified this indicator as material and reports its approach to promoting sustainability in the supply chain, but cannot currently report the exact number or share of assessed suppliers. Anora is unifying the processes for environmental assesments and collaboration with suppliers.
400: Social Standards			
GRI 403: Occupational health and safety (2018)			
403-1	Occupational health and safety management system	Report by the Board of Directors, pp. 32–33; People, pp. 75–78	ISO 45001:2018 Occupational Health and Safety Management System certification covers Anora's operations in Finland. The management system covers all on-site employees and workers.
403-2	Hazard identification, risk assessment, and incident investigation	Report by the Board of Directors, pp. 32–33; People, pp. 75–78	Anora has a process, procedures and frequent training for employees and workers to identify work-related hazards and assess risks in order to minimise them.
403-3	Occupational health services	Report by the Board of Directors, pp. 32–33; People, pp. 75–78	All Anora employees are covered by health services, according to local legislation. The quality of the service is reviewed by HR and employees can easily reach the health services through the service providers vast geographical scope.
403-4	Worker participation, consultation, and communication on occupational health and safety	Report by the Board of Directors, pp. 32–33; People, pp. 75–78	Workers frequently participate in consultation and communication concerning occupational health and safety through health and safety committees, surveys, observation and near-miss reporting systems, as well as frequent occupational health and safety meetings. The health and safety committee meets at Anora-level biannually, and at plant-level quarterly. The plant manager participates in meeting to ensure decisions are implemented.
403-5	Worker training on occupational health and safety	Report by the Board of Directors, pp. 32–33; People, pp. 75–78	Anora injury reporting covers all employees, workers and those working on Anora premises who are not Anora employees.
403-6	Promotion of worker health	Report by the Board of Directors, pp. 32–33; People, pp. 75–78	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Report by the Board of Directors, pp. 32–33; People, pp. 75–78	
403-9	Work-related injuries	Report by the Board of Directors, pp. 32–33; People, pp. 75–78	The main types of work-related accidents involved accidents with forklift trucks, followed by accidents with machines, stumbling or falling.. Anora injury reporting covers all employees, workers and those working on Anora premises who are not Anora employees.

Code	GRI Standards disclosure	Location	Comments
GRI 404: Training and education (2016)			
404-1	Average hours of training per year per employee	GRI index	Data on average hours of training is not yet available concerning the entire Group due to recent mergers and acquisitions. Anora continues to improve its data collection processes in order to obtain data in the future.
404-2	Programs for upgrading employee skills and transition assistance programs	People, pp. 82–83	
404-3	Percentage of employees receiving regular performance and career development reviews	GRI index	Anora instructs to have development discussions with all employees. Due to recent mergers and aquisitions, consolidated data is not available yet.
GRI 405: Diversity and equal opportunity (2016)			
405-1	Diversity of governance bodies and employees	Business overview, p. 23; People, pp. 76–78; Govenrnance, p. 103	Figures not disaggregared by age group.
GRI 414: Supplier social assessment (2016)			
414-2	Negative social impacts in the supply chain and actions taken	People, p. 80	Anora has identified this indicator as material and reports its approach to promoting sustainability in the supply chain, but cannot currently report the exact number or share of assessed suppliers. Anora uses the amfori BSCI framework to enhance social responsibility throughout our supply chain and also support several social certificates, such as Faitrade and Fair for Life.
GRI 416: Customer health and safety (2016)			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Report by the Board of Directors, pp. 34–35	No incidents in 2022.
GRI 417: Marketing and labelling (2016)			
417-3	Incidents of non-compliance concerning marketing communications	GRI index	The Finnish National Supervisory Authority for Welfare and Health, Valvira, ordered Anora to remove certain brand images from the corporate website Anora.com. Anora has appealed the order.

Governance

Corporate Governance Statement 2022

This Corporate Governance Statement of Anora Group Plc* is issued for the financial year 2022.

Anora Group Plc ("Anora" or the "company") is listed on Nasdaq Helsinki. Anora Group's head office is located in Helsinki, Finland.

The duties and responsibilities of Anora's governing bodies are determined by Finnish law as well as Anora's Articles of Association approved by the General Meeting of Shareholders and the Anora Group's Governance Principles approved by Anora's Board of Directors.

This Corporate Governance Statement has been prepared in accordance with the Finnish Corporate Governance Code 2020 published by the Securities Market Association (the "Governance Code"). This Statement is not part of the Board of Directors' Report. Anora complies with all Recommendations of the Governance Code.

The information required by the Finnish Corporate Governance Code is also available on the company's website www.anora.com. An unofficial English translation of the Finnish Corporate Governance Code 2020 is available at www.cgfinland.fi/en.

* The merger of Altia Plc and Arcus ASA was sstatutory cross-border absorption merger Arcus ASA was merged into Altia Plc and was dissolved, and Altia Plc changed its name to Anora Group Plc.

Governing Bodies

The management of the company is the responsibility of the General Meeting of Shareholders, the Board of Directors and the CEO. The management and administration of the company are also based on the decisions of the General Meeting of Shareholders and the company.

General Meeting of Shareholders

The General Meeting of Shareholders is the ultimate decision-making authority of the company. At the General Meeting of Shareholders, shareholders exercise their powers in accordance with the Companies Act and the Articles of Association. The General Meeting of Shareholders decides on matters that under the Companies Act and the Articles of Association are within its purview. A General Meeting of Shareholders is convened by the Board of Directors annually within six months from the end of the previous financial year. An Extraordinary Meeting of Shareholders may be convened in the manner provided for in the Companies Act. Matters on which the Annual General Meeting decides include the adoption of the financial statements, distribution of profits, discharge from liability, and election of the chairman, vice chairman and other members of the Board of Directors and the auditor, as well as their remuneration. The General Meeting of Shareholders adopts the company's remuneration policy and remuneration report in accordance with the provisions of the Companies Act. Decisions to amend the Articles of Association are also taken by a General Meeting of Shareholders.

Shareholders' Nomination Board

The Shareholders' Nomination Board prepares annually proposals concerning the composition, election and remuneration of the members of the Board of Directors. Pursuant to the charter of the Nomination Board approved by the General Meeting of Shareholders, the Nomination Board consists of three physical persons nominated by the three largest shareholders. The Chairman and Vice Chairman of the Board of Directors act as experts in the Nomination Board, but they are not members of the Nomination Board and do not have voting rights. The term of the members of the Nomination Board ends on the appointment of the following Nomination Board. The members of the Nomination Board are not entitled to remuneration from the company based on their membership unless otherwise decided by the General Meeting of Shareholders.

The main duty of the Nomination Board is to ensure that the Board and its members represent a sufficient level of expertise, knowledge and competence for the needs of the company and have the possibility to devote sufficient amount of time to attend their duties as members of the Board. The Nomination Board shall pay attention to achieving a good and balanced gender distribution and diversity balance on the Board considering the competence of the Board as a whole. The Nomination Board considers the independence of new Board member candidates in its proposal to the General Meeting of Shareholders.

The Nomination Board has the power and authority to prepare and to present a proposal to the General Meeting of Shareholders concerning the number of members and composition of the Board of Directors, the remuneration of the members of the Board of Directors and the Board committees as well as seek prospective successor candidates for the members of the Board of Directors.

The Nomination Board shall submit its proposals to the General Meeting of Shareholders at the latest on 31 January each year. The Proposals of the Nomination Board will be disclosed by a release by the company and included in the notice to the General Meeting of Shareholders.

The Board of Directors

The Board of Directors is responsible for the administration of the company and the appropriate organisation of its operations. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances. The Board of Directors also ensures that good corporate governance is complied with throughout the Anora Group. The Board of Directors has approved the Corporate Governance Principles of the Anora Group.

According to the Articles of Association, the Board of Directors shall comprise a minimum of three and a maximum of eight members elected by the General Meeting of Shareholders. The General Meeting of Shareholders elects the Chairman, the Vice Chairman and the other members of the Board of Directors for a term expiring at the end of the next Annual General Meeting following their election. The biographical details of the members of the Board of Directors are presented on the company's website at www.anora.com.

In addition to the Board members elected by the General Meeting of Shareholders, Anora's employees have, in accordance with the agreement on employee participation between Anora and the special negotiating body of the employees, elected two members and their deputies to the Board of Directors. The Board of Directors has adopted the charter of the Board of Directors, which sets fort the procedures and working principles of the Board of Directors, as well as the most important tasks and issues considered and approved by the Board of Directors. Accordingly, the Board of Directors approves the company's strategy, financial targets, budgets, major investments and risk management principles as well the Anora Group's sustainability strategy (roadmap) and significant sustainability investments. The Board of Directors monitors and evaluates transactions between the company and its related parties, and how agreements and other legal acts between the company and its related party meet the requirements of ordinary course of business and customary terms. The Board of Directors appoints and dismisses the company's CEO. The Board of Directors considers and decides on all significant matters concerning the operations of Anora Group and the business areas. The Board of Directors has also approved the charters of the Audit Committee and Human Resources Committee.

The Board of Directors convenes in accordance with a schedule agreed in advance and also as required. The Board of Directors also receives in its meetings current information on the operations, finances and risks of the Group. Board meetings are attended by the CEO, the CFO and the General Counsel (who acts as secretary to the Board). Members of the Executive Management Team and other representatives of the company attend Board meetings at the invitation of the Board of Directors. Minutes are kept of all meetings. The Board of Directors assesses its activities and working practices regularly.

Diversity of the Board of Directors

In Anora, the election and composition of the Board of Directors is also guided by the principle of diversity to ensure that the company has a skilled, competent, experienced and effective Board of Directors. Diversity is an essential quality of a well-functioning Board of Directors. The Board must at all times be able to react to the requirements of the company's business and strategic objectives, and support and challenge management in a proactive and constructive manner. A diverse composition of the Board of Directors supports and caters to the current and future needs in the successful development and growth of the company. A diverse composition of the Board of Directors includes complementary education, competence and experience of its members in different professional fields and management of business in different development phases as well as the personal qualities of each board member, all of which add to the diversity of the Board of Directors. Diversity is also supported by relevant experience in fields and markets that are strategically significant for the company, now and in the future, by strong and relevant acumen in international environments and businesses, and by a diverse age, term of office and gender distribution. The Board of Directors decides on the diversity principles.

Board Committees

The Board of Directors of Anora has two permanent Committees, the Audit Committee and the Human Resources Committee. The Committees do not have independent decision-making powers in relation to matters falling within the competence of the Board of Directors. The Committees are preparatory bodies that assist the Board of Directors by preparing and submitting proposals to the Board of Directors on matters within their purview. Minutes are kept of Committee meetings. The Board of Directors has approved the charters of the Committees. In its constitutive meeting, the Board of Directors appoints annually, from among its members, the members and the chairman of the Audit Committee and the Human Resources Committee.

In addition to the Audit Committee and Human Resources Committee, the Board of Directors may appoint ad hoc committees for preparing specific matters. Such committees do not have Board-approved charters and the Board of Directors does not release information on their term, composition, number of meetings or the members' attendance rates, unless separately decided by the Board.

Audit Committee

The task of the Audit Committee is to assist the Board of Directors by reviewing and preparing topics relating to the control of the company's operations and financial reporting and submitting resolution proposals to the Board of Directors on such topics. The Audit Committee's duties include monitoring the financial affairs and financial reporting of the company, monitoring the process for the reporting of the financial statements, reviewing the interim reports and financial statements and presenting them to the Board of Directors for approval, monitoring the audit proper of the financial statements and consolidated financial statements, monitor the effectiveness of internal controls, internal audit and risk management systems as well as assisting the Board in overseeing the appropriate governance of sustainability and EGS within the Group and sustainability management and ESG related risks. The Audit Committee also assists the Board in fulfilling its oversight responsibilities with regard to monitoring and assessing how agreements and other legal acts between the company and its related party meet the requirements of ordinary course of business and customary terms. In addition, the duties of the Audit Committee include preparatory work on the decision on electing the auditor, the evaluation of the independence of the auditor, particularly the provision of non-audit services to the company and carrying out other tasks assigned to it by the Board of Directors. The Audit Committee reviews cases of fraud and severe misconduct reported by management, the auditor and internal auditor as well as other stakeholders. The Audit Committee consist of at least three members.

Human Resources Committee

The Human Resources Committee assists the Board of Directors by preparing the company's remuneration policy and remuneration report, reviewing and preparing management and personnel remuneration and issues related to management appointments and making proposals on such matters to the Board of Directors. The Committee's responsibilities include reviewing, evaluating and making proposals on the remuneration structure and incentive schemes of management and the personnel of Anora Group; monitoring the effectiveness of these schemes to ensure that they promote achievement of the company's short term and long term goals and are based on personal performance; reviewing and preparing other matters relating to the remuneration of management and personnel, and submitting proposals on these to the Board of Directors; and considering and preparing appointments of top management to be decided by the Board of Directors. In addition, based on the proposal of the CEO, the Human Resources Committee proposes to the Board of Directors the appointment of members of the Executive Management Team and their remuneration, and the Committee evaluates the performance of the CEO and the members of the Executive Management Team and proposes to the Board of Directors their annual remuneration and other incentives. The Human Resources Committee has at least three members.

Chief Executive Officer

The Board of Directors of Anora appoints and dismisses the Chief Executive Officer (CEO) and decides on the terms of the CEO's employment. The terms and conditions of the CEO's employment are specified in a written service contract. The CEO of the company is responsible for managing, supervising and controlling the business operations of the company. The CEO is responsible for the day-to-day executive management of the company in accordance with the instructions and orders given by the Board of Directors. In addition, the CEO also ensures that the accounts of the company comply with Finnish law and that its financial affairs have been arranged in a reliable manner. The CEO shall provide the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors. The CEO prepares issues for decision by the Board of Directors, develops the company in line with the targets agreed upon with the Board of Directors and ensures proper implementation of the decisions of the Board of Directors. The CEO is also responsible for ensuring that the company is managed in compliance with applicable laws and regulations. The CEO is not a member of the Board of Directors but attends the meetings of the Board of Directors and has the right to speak at the meeting, unless the Board of Directors decides otherwise with regard to a particular subject matter.

Executive Management Team

The Executive Management Team is chaired by the CEO of Anora Group Plc and comprises other senior management appointed by the Board of Directors. The Executive Management Team meets regularly to address matters concerning the entire Group. The Executive Management Team is not a decision-making body of the company. It assists the CEO in the implementation of Group strategy and in operational management. The Executive Management Team is responsible for managing the company's core business operations as a whole, which requires planning of various development processes, Group principles and Group practices, as well as monitoring the development of financial mattrs and Group business plans.

Sustainability Governance

The Board of Directors approves Anora's sustainability strategy and significant sustainability investments and oversees the appropriate governance of sustainability and ESG and ESG-related risks. The Audit Committee assists the Board in overseeing the appropriate governance of sustainability and EGS within the Group, and sustainability management and ESG-related risks. The Executive Management Team is responsible for the implementation of the sustainability strategy, approving sustainability actions and targets within the sustainability strategy and preparing sustainability investment proposals to the Board of Directors. The Sustainability Director of the Group coordinates the implementation of the sustainability strategy and leads the reporting and communication of ESG topics.

Control

Internal Audit

The Board of Directors has appointed Deloitte Oy as the company's internal auditor as of 2022. During 2022, the internal auditor has audited inter alia the cyber security of Anora Group.

The internal auditor reports to the chairman of the Audit Committee. Internal audit monitors and evaluates the operation of processes as well as the appropriateness and effectiveness of the internal controls and the financial reporting of the company in an independent manner.

The audit areas and audit plan of the internal audit are decided annually by the Audit Committee. Internal audit is implemented in accordance with a charter of the internal audit approved by the Board of Directors.

Internal auditing is an independent and objective assuranc activity designed to support the organisation in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes, as well as to assist members of the management, the Audit Committee and ultimately the Board in the effective discharge of their responsibilities.

External Audit

According to the Articles of Association, Anora Group Plc has one auditor. The auditor must be a firm of authorised public accountants. The auditor is elected annually by the Annual General Meeting for a term that expires at the end of the next Annual General Meeting following the election. The task of the auditor is to audit the consolidated financial statements, the financial statements of the parent company, the accounting of the Group and the parent company and the administration of the parent company. The company's auditor submits the auditors' report to the shareholders in connection with the annual financial statements, as required by law, and submits regular reports on its findings to the Audit Committee of the Board of Directors. PricewaterhouseCoopers Oy, a firm of authorised public accountants, is Anora Group Plc's auditor, with Ylva Eriksson, authorised public accountant, as the principal auditor.

Related Party Transactions

The Board has defined the principles for monitoring and evaluating related party transactions. The company evaluates and monitors transactions concluded between the company and its related parties and ensures that any conflicts of interest are taken into account appropriately in the decision-making process of the company. The company keeps a list of related parties, including entities with a significant influence in or control of the company interests in the company.

Approval of related party transactions in the ordinary course of business and on customary commercial terms is subject to the company's normal approval policies and processes. Approval of a related party transaction that is not in the ordinary course of business or not on customary terms is subject to Board approval.

The company's finance and legal functions monitor related party transactions as a part of the company's normal reporting and control procedures and reports related party transactions to the Audit Committee. The Audit Committee regularly evaluates the reported related party transactions and the appropriateness of the company's process and policies on related party transactions. Information on transactions concluded between the company and its related parties is disclosed, as required, annually in the notes to the company's consolidated financial statements. Material related party transactions are disclosed in accordance with the requirements of the Securities Markets Act.

Conflicts of Interest

In addition to the company's principles for monitoring and evaluating related party transactions, the company's process and efforts to identify and prevent conflicts of interest are supported by the Board members' continuous evaluation of potential conflicts of interest situations pursuant to the Companies Act as well as the disclosure of the results of evaluation by the Board of Directors of its members' independence in accordance with the requirements and recommendation of the Corporate Governance Code and disclosure of material related party transactions in accordance with the requirements of the Securities Markets Act.

Internal control procedures and main features of risk management systems

Internal Control

Internal control ensures that the company's business objectives can be achieved. Through efficient control, deviations from objectives can be prevented or detected as early as possible, so that corrective measures can be taken. The purpose of internal control is to ensure the profitability, efficiency, continuity and freedom from disruptions of operations and that the Group's financial and operating reporting both externally and internally is reliable and compliant, and that internal principles, policies and guidelines are followed.

Further, the internal control ensures compliance with laws and agreements. Internal control measures cover all Group levels and functions. Information systems are of vital importance for effective internal control. The planning of the control measures begins with the definition of business objectives and the identification and assessment of the risks that threaten the objectives. Control measures are targeted based on risks, and control measures are selected as appropriate so as to keep the risks under control.

The Board of Directors and the CEO are responsible for organising internal control. The financial performance of the Group is monitored monthly in the Executive Management Team and in the management teams of the business areas. Each business area must ensure effective control of its own operations. The business areas and the Group Finance organisation are responsible for the financial reporting processes. The Audit Committee assesses the financial reporting processes and internal controls. In addition, the financial situation of the Group is also monitored in the meetings of the Audit Committee and the Board of Directors.

Risk Management

The objective of risk management in Anora Group is to support the implementation of the strategy, the identification of risks and methods for reducing the probability and impacts of risks, as well as ensuring business continuity. Risks may arise from internal or external events. The Board has approved the Group Risk Management Policy, which describes the objectives, principles and responsibilities of risk management in the Group and also the principles of reporting. Accordingly, the company's risk management function supports and co-ordinates risk management as part of the Group's planning and steering processes. It also regularly reports the key risks to the management and the Audit Committee. The Board regularly discusses the Group's most significant risks and uncertainties and reports them to the market annually in the Board of Directors' Report. The business areas are responsible for risks related to their operations and their identification, prevention and key mitigation means. The finance function supports the business areas to identify business-related financial risks and their management.

The company's Internal Audit evaluates the efficiency of the company's risk management system.

After the merger, the company is integrating and further developing risk management policies, practices and processes.

Insider Administration

In its insider administration, the company follows the Guidelines for Insiders issued by Nasdaq Helsinki complemented by the company's own Insider Policy adopted by the Board of Directors. The company maintains its own insider registers. The company does not have permanent insiders. Persons in managerial positions are prohibited to conduct transactions (on their own account or for the account of a third party), directly or indirectly, in the financial instruments of the company during a closed period of 30 calendar days before the announcement of each of the quarterly financial reports or the year-end report (financial statements release). The company applies the closed period after the end of each calendar quarter until the day after the announcement of the interim report or financial statements release, as the case may be (the ”Closed Window”). The Closed Window shall, however, always include at least 30 calendar days immediately preceding the announcement of the interim report or financial statements release, as the case may be, and the day of publication of such report. The prohibition is in force regardless of whether such a person holds any inside information at that time. A project-specific insider register is also maintained when required by law or regulations. Project-specific insiders are prohibited from trading in the company's securities until the termination of the project. Persons in managerial positions (and their closely associated persons) are obligated to report transactions in the company's financial instruments in line with applicable EU and domestic laws and regulations. The members of the Board, the CEO and the CFO are designated as persons with an obligation to disclose their transactions.

Corporate Governance in 2022

Annual General Meeting

Anora's Annual General Meeting (the “AGM”) was held in Helsinki on 11 May 2022. The shareholders and their proxy representatives could only participate in the meeting and exercise their shareholder's rights by voting in advance as well as by submitting counterproposals and asking questions in advance. It was not possible to participate in the meeting in person at the meeting venue.

The AGM adopted the financial statements for the financial year 2021. The members of the Board of Directors and the CEO were discharged from liability for the financial year 2021. The Annual General meeting elected the members of the Board of Directors and decided on their remuneration. The AGM also elected the auditor of the company and adopted the remuneration report for the governing bodies of the company.

The AGM approved the proposal by the Board of Directors to pay a dividend of EUR 0.45 per share for the financial year 2021. The dividend was paid on 20 May 2022. The AGM authorised the Board of Directors to resolve on the repurchase of the company's own shares as well as on the issuance of shares for the purposes of financing or carrying out corporate acquisitions or other arrangements as well as for remuneration purposes.

The decisions taken by the Annual General Meeting 2022 are available at anora.com.

The Board of Directors

The AGM elected the following eight members to the Board of Directors:

- Mr Michael Holm Johansen, Chairman, b. 1959, MS in Management, B.Sc. (Business Administration)
- Ms Sanna Suvanto-Harsaae, Vice Chairman, b. 1966, B.Sc. (Business Administration)
- Ms Kirsten Ægidius, b. 1963, M.Sc. (International Economics, Strategy)
- Ms Ingeborg Flønes, b. 1968, M.Sc. (Econ.), MBA (Management Control)
- Mr Christer Kjos, b. 1984, B.S. (Finance)
- Ms Annareetta Lumme-Timonen, b.1967, M.Sc. (Eng.), D.Sc (Tech.)
- Mr Jyrk Mäki-Kala, b. 1961, M.Sc. (Econ.), CFO
- Mr Torsten Steenholt, b. 1969, M.Sc. (Pharmacy), M.Sc. (Chemical Research), Master Brewer, EVP

In addition to the above-mentioned Board members elected by the AGM, Anora's employees have, in accordance with the agreement on employee participation between Anora and the special negotiating body of the employees, elected two members and their deputies to the Board of Directors:

- Mr Arne Larsen, b. 1969, Skilled Cooper (deputy Mr Bjørn Oulie); and
- Mr Jussi Mikkola, b. 1983, Team Leader, (deputy Ms Laura Koivisto)

In accordance with the agreement on employee participation, the term of the employee-elected Board members lasts until the end of the Annual General Meeting 2024.

The Board of Directors have assessed that all members of the Board of Directors are independent of the company with the exceptions of Ingeborg Flønes, Arne Larsen and Jussi Mikkola. Ingeborg Flønes is the CEO of Hoff SA and Arne Larsen and Jussi Mikkola are employed by Anora Group. Furthermore, all members of the Board of Directors, with the exception of Christer Kjos and Annareetta Lumme-Timonen are independent of the company's significant shareholders. Christer Kjos is the CEO of Canica Holding AG and Annareetta Lumme-Timonen is an Investment Director at Solidium Oy.

The Board of Directors of Anora convened thirteen times in 2022, with an average attendance rate of 96%.

Audit Committee

The members of the Audit Committee of the Board of Directors are

- Mr Jyrki Mäki-Kala, Chairman,
- Mr Christer Kjos,
- Ms Annareetta Lumme-Timonen, and
- Ms Sanna Suvanto-Harsaae.

In 2022, the Audit Committee convened nine times, with an average attendance rate of 89%.

Human Resources Committee

The members of the Human Resources Committee of the Board of Directors are

- Mr Michael Holm Johansen, Chairman
- Ms Kirsten Ægidius
- Ms Ingeborg Flønes, and
- Mr Torsten Steenholt

In 2022, the Human Resources Committee convened six times and the average attendance rate of the Committee's members was 100%.

In addition to the Audit Committee and the Human Resources Committee, which are permanent committees, the Board of Directors has established a temporary Strategy and Integration Committee. The purpose the Committee is to assist the Board and management in the successful integration in the merger of Altia and Arcus and in the preparation of a new strategy for Anora Group. The members of the Committee are the Chairman and Vice Chairman of the Board. The Committee convened seven times during 2022 and the average attendance rate of the Committee's members was 100%.

Diversity of the Board of Directors

In 2022, the Board of Directors of Anora consisted of ten members, of whom eight were elected by the shareholders and two by the employees of Anora. Members of the Board of Directors have international work experience in executive and board positions in listed and unlisted companies, especially in the beverage industry. The experience and competence of the two members elected by the employees of Anora in 2021 complement the diversity of the Board of Directors, in particular through their work experience and knowledge of Anora's industrial operations. In 2022, the gender distribution in the Board of Directors continued to be balanced with four women and six men. Four out of the eight members elected by the shareholders are female. In terms of age, the members of the Board of Directors are between 38 and 66 years of age. The members of the Board of Directors have served on the Board of Directors since 2013, 2017, 2020, 2021 and 2022.

Chief Executive Officer

Mr Pekka Tennilä (b. 1969), M. Sc. (Business Management) serves as the CEO of Anora Group Plc.

NUMBER OF BOARD AND COMMITTEE MEETINGS IN 2022 AND ATTENDANCE RATES

		Board	Audit Committee	Human Resources Committee	Strategy and Integration Committee
Michael Holm Johansen		13/13		6/6	7/7
Sanna Suvanto-Harsaae		12/13	7/9		7/7
Kirsten Ægidius		12/13		6/6	
Ingeborg Flønes		13/13	4/4	3/3	
Christer Kjos	(as of 11 May 2022)	8/8	4/5		
Annareetta Lumme-Timonen	(as of 11 May 2022)	8/8	5/5		
Sinikka Mustakari	(until 11 May 2022)	5/5		3/3	
Jyrki Mäki-Kala		13/13	9/9		
Nils Selte	(until 11 May 2022)	4/5	3/4		
Torsten Steenholt		12/13		6/6	
Arne Larsen		12/13			
Jussi Mikkola		13/13			

Executive Management Team

The members of the Executive Management Team of Anora were at year-end:

- Mr Pekka Tennilä, CEO, b. 1969, M. Sc. (Business Management)
- Mr Janne Halttunen, SVP Wine, b. 1970, M. Sc. (Business Administration)
- Ms Kirsi Lehtola, CHRO, b. 1963, Master of Laws
- Ms Kirsi Puntila, SVP Anora International, b. 1970, M.Sc. (Economics)
- Mr Henrik Bodekær Thomsen, SVP Spirits, b. 1971, HD Degree – Diploma in Business Administration (Marketing Management), CBS
- Mr Sigmund Toth, CFO, b. 1976, Master, Business Administration (Diplôme ESSEC)
- Mr Hannu Tuominen, SVP Anora Industrial, b. 1958, M.Sc. (Eng.)

Remuneration

The Annual General Meeting 2020 adopted the Remuneration Policy for the governing bodies of Anora Group. The remuneration policy sets the principles for the remuneration of the Board of Directors and the CEO of Anora. The Remuneration Report on the materialised remuneration of the Board of Directors and the CEO for 2021 was adopted by the Annual General Meeting 2022.

Shares and share-based rights

Anora Group Plc is listed in the Official List of Nasdaq Helsinki. In accordance with merger plan for the merger of Altia Plc and Arcus ASA, the shares of Anora Group Plc were temporarily secondary listed on the Oslo Børs (the "Oslo Stock Exchange"). The shares in Anora were delisted from the Oslo Stock Exchange as of 3 January 2022. At the end of 2022, the number of issued shares of Anora Group Plc was 67,553,624.

The shareholdings of the members of the Board of Directors, the CEO, and the members of the Executive Management Team, and the corporations over which they exercise control, as the end of 2022, are presented in the following table.

MANAGEMENTS' SHAREHOLDINGS

		# of shares on 31 Dec 2022
Pekka Tennilä	CEO	32,604
Sigmund Toth	CFO	14,057
Janne Halttunen	SVP, Wine	9,300
Kirsi Lehtola	SVP, HR	5,100
Kirsi Puntila	SVP, International	6,666
Henrik Bodekær Thomsen	SVP, Spirits	258
Hannu Tuominen	SVP, Industrial	9,600
Total		**77,585**
% of total shares		**0.11%**
Anora total # of shares		67,553,624

BOARD OF DIRECTORS' SHAREHOLDINGS

		# of shares on 31 Dec 2022
Michael Holm Johansen	Chairman	80,000
Sanna Suvanto-Harsaae	Vice Chairman	3,908
Kirsten Ægidius	Member	2,440
Ingeborg Flønes	Member	1,900
Christer Kjos	Member	0
Annereetta Lumme-Timonen	Member	0
Jyrki Mäki-Kala	Member	3,517
Torsten Steenholt	Member	20,000
Arne Larsen	Member	-
Jussi Mikkola	Member	100
Total		**111,865**
% of total shares		**0.17%**
Anora total # of shares		67,553,624

None of the members of the Board of Directors, the CEO, or the members of the Executive Management Team nor corporations over which any of them exercise control have any share-based rights in Anora or its group companies.

Shareholders' Nomination Board

On 13 September 2022, the company announced that its three largest shareholders have nominated the following representatives to the Shareholders' Nomination Board:

- Stein Erik Hagen, Canica AS
- Petter Söderström, Solidium Oy
- Anne Lise E. Gryte, Geveran Trading Co. Limited

The Nomination Board elected Mr Stein Erik Hagen as its Chairman. The Chairman and Vice Chairman of Anora's Board of Directors, Michael Holm Johansen and Sanna Suvanto-Harsaae act as experts in the Nomination Board.

External Audit

As elected by the AGM, PricewaterhouseCoopers Oy, a firm of authorised public accountants, is Anora Group Plc's auditor, with Ylva Eriksson, authorised public accountant, as the principal auditor. The fees for the audit proper paid to PwC in 2022 totalled EUR 0.7 million. In addition, EUR 0.1 million was paid for non-audit services provided to Anora Group companies.

Remuneration Report 2022

Dear Shareholder

As the Chairperson of the Human Resources Committee, I am pleased to present Anora's remuneration report for the year 2022. This report outlines the remuneration of Anora's governing bodies and provides insights into Anora's overall key remuneration principles and future focus areas.

We entered the year 2022 with positive expectations after the eventful year of 2021 – which saw through the merger of Altia and Arcus forming Anora – with the vision to be the leading Nordic wine and spirits group delivering growth through sustainability. It was not only the first full financial year of Anora, but also contained the acquisition of Denmark's leading wine company Globus Wine, further strengthening Anora's position and shaping the way forward.

The first steps of the shared journey were overshadowed with the tragic events taking place in Ukraine, calling for both rapid reactions and resilience to changing conditions from the newly formed organisation. Followed by external headwinds including, for example, rapidly rising inflation, material shortages, and exchange rate changes, the result for 2022 was not at a level originally planned and for which we had aimed. As a result, the annual bonus payouts were also forfeited throughout the organisation.

In November, the Board of Directors decided on Anora's ambitious strategic targets and adopted a new growth strategy and sustainability roadmap for 2022–2030. Despite the challenging start, the organisation has proven to be agile and hungry for growth, which is promising for a bright future.

Remuneration is one of the priority areas on the agenda of Anora's human resources, taking the company on the growth track and building a shared culture on the foundation of two strong heritages. The chosen path is based on a holistic total remuneration approach comprising of various remuneration elements to suit different types of needs and occasions on both the short and long term. Continuous development and improvement of the remuneration elements offered is needed to ensure effectiveness and efficiency. At Anora, remuneration is treated as a leadership tool that enables the fortification of messages chosen to be highlighted and the sharing of joy from success. Development of remuneration practices is seen as an integral part of both supporting culture devolvement and strategy implementation.

High inflation and rising costs of living combined with low unemployment rates and the rapid movement of the workforce after the slowdown caused by the Covid-19 pandemic require us to stay alert and continuously on the pulse of the employment markets, in order to ensure that we both attract and retain the talents Anora needs to execute its strategy aiming for growth and internationalisation both within and beyond its current markets. The challenge concerns all levels of employment from the operative floors to top executives. Simultaneously, balancing costs is needed to retain competitiveness. Rewarding plays a key role in maintaining this balance and is in the focus of the Board of Directors and its Human Resources Committee also beyond regular duties and responsibilities.

Michael Holm Johansen
Chairperson of the Human Resources Committee

1. Introduction

This report has been prepared by the Human Resources Committee of Anora's Board of Directors, based on the Remuneration Policy for the governing bodies, adopted at the Annual General Meeting 2020. The report follows the guidelines of the Corporate Governance Code 2020. The materialized remuneration of the Board of Directors and the CEO in 2022 reflects the targets of the remuneration principles which Anora has set with its Remuneration Policy.

The purpose of the total remuneration of the Board members, consisting of annual remuneration and meeting fees, is to sufficiently compensate for the commitment required for the Board Members' contribution to the Board's work and for the associated responsibilities. The remuneration aims to be competitive to attract and retain high-caliber individuals qualified to serve as Board members, to support long-term success of Anora.

The CEO's remuneration is based on Anora's remuneration principles, as set forth in Anora's Remuneration Policy. The objectives of the remuneration for the CEO are to align the interests of the CEO with those of the Company's shareholders and to promote shareholder value creation in the long-term. Other key objectives of the CEO's remuneration are to reward for excellent individual performance, for achievements in implementing Anora's strategy and for achieving Anora's financial targets as well as retention, thus promoting Anora's long-term financial performance and success.

Anora's remuneration has a guiding principle of Pay for Performance, overarching all remuneration of employed personnel and management. Short- and long-term incentive programs all return a reward based on achievement of pre-defined results measuring success with executing the chosen strategy. Performance based variable compensation does not apply to the Board of Directors.

The key purpose of remuneration practices and their development is to support reaching and reward for success against those financial targets and their annual milestones. Simultaneously, focus on rewarding is given to supporting actualization of the ambitious sustainability agenda. Both success with financial performance, progress with sustainability agenda, as well as implementation of strategy are rewarded with both short-term and long-term incentives.

On 9 June 2022, the Board of Directors decided on establishment of a share-based long-term incentive program for the company's management and selected key employees. The program consists of annually commencing individual share plans, the first of which was simultaneously established for years 2022–2024. In addition, a transition phase incentive plan for years 2022–2023 was established on the same date. Both plans are performance share plans and return a share reward based on four performance measures being 1) revenue growth (35% weight), 2) earnings per share (35% weight), 3) relative total shareholder return (20% weight), and 4) environmental, social and governance (ESG) measure (10% weight) being, more specifically, the CO_2 reduction of the Finnish operations at the end of the plan periods, compared to the average of 2019–2021.

On 21 December 2022, the Board of Directors further decided on establishment of the next share plan for years 2023–2025 within the share-based long-term incentive program for the company's management and selected key employees. Like the two earlier share plans within the incentive program, the plan is a performance share plan returning a share reward based on four performance measures being 1) revenue growth (35% weight), 2) earnings per share (35% weight), 3) relative total shareholder return (20% weight), and 4) environmental, social and governance (ESG) measure (10% weight). For this plan, the ESG measure is the ESG risk rating by Sustainalytics achieved by the end of 2025.

Comparison of the development of the fees of the Board of Directors and the remuneration of the CEO versus the development of the average remuneration of the employees and to the Company's comparable EBITDA is illustrated and compared in the table below. The adjustments to the remuneration of the Board of Directors from 2021 to 2022 consider the merger of Altia and Arcus to Anora. Increase in CEO total remuneration compared to earlier years results from the merger and early termination of long-term incentive plans for earlier years, which were paid out prematurely in cash during 2022.

REMUNERATION DEVELOPMENT 2018–2022

EUR	2022	2021	2020	2019	2018***
Comparable EBITDA, EUR million	76.13	71.7*	52.4	44.8	40.0
Board of Directors, total fees paid	565,433	368,000	358,725	279,450	264,500
CEO, total remuneration paid in 2022	1,140,815	872,031	573,679	337,737	628,950
Employees' average remuneration**	62,866	64,791	57,796	49,688	51,867

* Based on Anora Group information of 2021, including former Arcus data from September-December 2021.
** Employees' average remuneration is total employee remuneration divided by the average number of personnel during the year.
*** Based on Altia Plc information before the merger of Altia and Arcus

2. Remuneration of the Board of Directors

Remuneration of the Board of Directors consists of annual remuneration and meeting fees.

Anora's Annual General Meeting 2022 decided, based on the proposal by the Shareholders' Nomination Board, that the following annual remuneration is to be paid the members of the Board of Directors:

- Chairperson of the Board of Directors: EUR 60,000
- Vice Chairperson of the Board of Directors: EUR 45,000
- Members of the Board of Directors: EUR 30,000

In addition to the abovementioned annual remuneration, it was decided that the following annual remuneration is to be paid to the members of the Board of Directors appointed as the members of the Board's permanent and temporary Committees:

- Audit Committee:
  - Chairperson: EUR 10,000
  - Member: EUR 5,000
- Human Resources Committee:
  - Chairperson: EUR 8,000
  - Member: EUR 4,000
- Integration Committee (temporary):
  - Chairperson: EUR 10,000
  - Member: EUR 5,000

Further in the Annual General Meeting 2022, based on the proposal by the Shareholders' Nomination Board, it was decided that the Board members elected by the Annual General Meeting may, at the member's discretion, choose to receive the annual remuneration in form of cash, shares, or their combination.

In addition to the annual remuneration, a meeting fee of EUR 600 per meeting was decided to be paid for each Board and Committee meeting for meetings held in the member's country of residence, and EUR 1,200 per meeting for meetings held outside the member's country of residence. For remotely held meetings, the company has paid a meeting fee of EUR 600.

Associated travel expenses were reimbursed in accordance with Anora's travel policy. No other financial benefits were paid in relation to the Board membership.

The annual remuneration for the Board of Directors changed from that of 2021, having been defined as monthly remuneration of EUR 4,000 for Chairperson (annual EUR 48,000), EUR 2,500 for Vice Chairperson (annual EUR 30,000) and EUR 2,000 for Member (annual EUR 24,000). During 2021, no additional monthly remuneration was paid for chairpersonship or membership in the Board's Committees. The adjustments to the remuneration of the Board of Directors from 2021 to 2022 consider the merger of Altia and Arcus to Anora. The meeting fees remained unchanged from 2021.

The Board members elected by the General Meeting of Shareholders were not in an employment relationship or service contract with the company and they were not given the opportunity to participate in Anora's short-term or long-term incentive programs or given any pension benefits by the company. The Board members are not entitled to any termination payment or alike at the end of their term as Board member.

In addition to the Board members elected by the General Meeting of Shareholders, Anora's employees have, in accordance with the Agreement of Employee Participation between Anora and the special negotiating body of the employees, elected two members and their deputies to the Board of Directors. The Board members elected by Anora's employees receive a meeting fee, as determined by the Board of Directors in accordance with said agreement on employee participation. The meeting fees for the employee representative members of the Board are equal to those payable to Board members elected by the Annual General Meeting.

The total remuneration actually paid to the members of the Board of Directors during 2022 followed the decisions of 1) the Extraordinary General Meeting 2020 on the remuneration of the Board members as of the closing of the merger of Altia and Arcus on 1 September 2021 until the Annual General Meeting 2022, and 2) the Annual General Meeting 2022. The remuneration totaled EUR 565,433. Breakdown of the total remuneration by Board members is presented in the table below.

REMUNERATION OF THE BOARD OF DIRECTORS PAID IN 2022

Member of the Board of Directors	Annual Remuneration, Board	Meeting Fees, Board*	Annual Remuneration, Committee	Meeting Fees, Committee*	Total
Michael Holm Johansen Chairperson of the Board Chairperson of the HR Committee Chairperson of the Integration Committee	53,335	13,800	10,000	6,600	**83,773**
Sanna Suvanto-Harsaae Vice Chairperson of the Board Member of the Audit Committee Member of the Integration Committee	57,500	12,000	10,000	6,000	**85,500**
Jyrki Mäki-Kala Member of the Board Chairperson of the Audit Committee	40,000	9,600	10,000	5,400	**65,000**
Torsten Steenholt Member of the Board Member of the HR Committee	40,000	12,000	4,000	6,000	**62,000**
Kristen Ægidus Member of the Board Member of the HR Committee	40,000	12,000	4,000	6,000	**62,000**
Ingeborg Flønes Member of the Board Member of the Audit Committee until 11.5.2022 Member of the HR Committee since 11.5.2022	40,000	13,200	4,000	5,400	**64,400**
Christer Kjos Member of the Board since 11.5.2022 Member of the Audit Committee since 11.5.2022	30,000	7,800	5,000	3,000	**45,800**
Annareetta Lumme-Timonen Member of the Board since 11.5.2022 Member of the Audit Committee since 11.5.2022	30,000	6,000	5,000	3,000	**44,600**
Nils Selte Member of the Board until 11.5.2022 Member of the Audit Committee until 11.5.2022	10,000	4,800	–	3,600	**18,400**
Sinikka Mustakari Member of the Board until 11.5.2022 Member of the HR Committee until 11.5.2022	10,000	3,000	–	1,800	**14,800**
Arne Larsen Member of the Board, Employee Representative	–	9,600	–	–	**9,600**
Jussi Mikkola Member of the Board, Employee Representative	–	9,600	–	–	**9,600**
TOTAL	**350,833**	**114,000**	**52,000**	**48,600**	**565,433**

* Meeting fees are reported for the year when they have been paid.

3. Remuneration of the CEO

Pekka Tennilä held the position of Anora Group CEO for the full year 2022. The remuneration payable to the CEO is governed by the Remuneration Policy of the Governing Bodies adopted at the Annual General Meeting 2020. The remuneration paid or due for the year 2022 was in line with the aforementioned Policy.

The key objective of the remuneration of the CEO is to align the interests of the CEO with those of Anora's shareholders, and to promote shareholder value creation in the long term. Other key objectives of the CEO's remuneration are rewarding for excellent individual performance, achievements in implementing Anora strategy, and achievement of Anora's financial targets, as well as retention.

The total remuneration of the CEO consists of both fixed and variable remuneration elements. The fixed remuneration for 2022 consisted of fixed monthly salary and benefits. The variable remuneration elements for 2022 consisted of short-term cash incentives and long-term share-based incentives.

Total remuneration paid during 2022

In 2022, the CEO's monthly fixed compensation was EUR 40,000. The fixed compensation included taxable fringe benefits of company car and mobile phone.

The CEO's maximum earning opportunity in the short-term incentive plan for 2021 payable in 2022 was 60% of the gross annual fixed salary. In the short-term incentive plan for 2021, the CEO's performance was measured based on Group EBITDA (70% weight), Group Net Sales (20% weight) and Group lost-time injury frequency (LTIF) (10% weight). The achievement of performance measures for the short-term incentive plan 2021 was 58.6% of the CEO's gross annual fixed salary, in total amounting to 221,856 euros.

Due to the merger of Altia Plc and Arcus ASA, the long-term Performance Share Plans 2019–2021 and 2020–2022 were terminated by the Board of Directors of Altia Plc in connection with the merger and the performance was measured prematurely. Shares earned based on Performance Share Plan 2019–2021 and 2020–2022 were converted to cash based on August 2021 volume weighted average share price (EUR 10.72).

In the Performance Share Plan 2019–2021 ("PSP 2019–2021"), the performance measures were relative total shareholder return (60% weight) and earnings per share ("EPS") (40% weight). The CEO's maximum earning opportunity was 45,000 shares. PSP 2019–2021 resulted in 60% pay-out in the amount of EUR 289,440, which was paid in cash on 14 January 2022.

In the Performance Share Plan 2020–2022 ("PSP 2020–2022"), the performance measures were relative total shareholder return (40% weight) and earnings per share ("EPS") (60% weight). The CEO's maximum earning opportunity was 45,000 shares. PSP 2020–2022 resulted in 40% pay-out in the amount of EUR 144,720, which was be paid in cash on 14 April 2022.

Variable Remuneration accrued based on the year 2022, payable in 2023

The CEO's maximum earning opportunity in the short-term incentive plan for 2022 was 60% of the gross annual fixed salary. In the short-term incentive plan for 2022, the CEO's performance was measured based on Anora Group EBITDA (30% weight), Anora Group Net Sales (40% weight), Business Development (20% weight), and Anora Group lost-time injury frequency (LTIF) (10% weight).

Due to a threshold payout condition relating to the company profitability not being met, short-term incentive payments will not be made for financial year 2022.

SUMMARY OF TOTAL REMUNERATION PAID AND ACCRUED IN 2022

Total remuneration element	Paid in 2022	%	Accrued 2022, payable 2023
Fixed compensation	484,800	42%	-
Short-term incentives*	221,856	19%	0
Long-term incentives	434,160	38%	-
Total remuneration	**1,140,816**	**100%**	

* Paid short-term incentive is based on performance during 2021

Participation in the long-term incentive plans

As explained before, long-term incentive plans of 2019–2021 and 2020–2022 were terminated prematurely, and paid out fully in cash, due to the merger of Altia and Arcus. These cash payouts were made during 2022, as outlined before and in the table below.

During year 2022, three new long-term incentive plans, namely Bridge Performance Share Plan 2022–2023 and Performance Share Plans 2022–2024 and 2023–2025, were established by the Board of Directors. From these Plans, the CEO has been allocated a maximum of 40,000 shares, 61,000 shares, and 85,000 shares respectively.

For the Plans with a vesting period of three years, the maximum value of the long-term incentive based on the share value at grant is 85% of the CEO's annual fixed compensation. The maximum reward opportunity is capped at the level of the share price becoming threefold to that at grant.

For 2022–2023 and 2022–2024 Plans, the reward is based on the following performance measures: 1) revenue growth (35% weight), 2) earnings per share (35% weight), 3) relative total shareholder return (20% weight), and 4) environmental, social and governance (ESG) measure (10% weight) being the CO_2 reduction of the Finnish operations at the end of the plan periods, compared to the average of 2019–2021.

For the 2023–2025 Plan, the reward is based on the following performance measures: 1) revenue growth (35% weight), 2) earnings per share (35% weight), 3) relative total shareholder return (20% weight), and 4) environmental, social and governance (ESG) measure (10% weight) being the ESG risk rating by Sustainalytics achieved by the end of 2025.

Other relevant information related to CEO's remuneration

Anora applies a shareholding recommendation for the CEO. The CEO should accumulate and once achieved, hold a shareholding in Anora corresponding to his annual gross base salary. The shareholding is expected to be accumulated out of rewards received under the share-based incentive schemes of Anora.

The retirement age of the CEO is 63 years. The CEO does not have a supplementary pension insurance paid by the Company. The CEO has a six months' period of notice. If the service contract is terminated by Anora, the CEO is entitled to a severance payment corresponding to six months' salary, in addition to the salary for the notice period.

SUMMARY OF GRANTED, EARNED, AND PAID SHARE-BASED INCENTIVES TO THE CEO

LTI Plan	2019–2021	2020–2022	2022–2023	2022–2024	2023–2025
Maximum number of shares granted (gross)	45,000 (Altia Plc shares)	45,000 (Altia Plc shares)	40,000	61,000	85,000
Grant date	7 February 2019	13 February 2020	9 June 2022	9 June 2022	21 December 2022
Share price at grant	EUR 7.20	EUR 8.50	EUR 10.31	EUR 10.31	EUR 7.37
Number of shares earned (gross) / cash equivalent paid*	27,000 shares / EUR 289,440	18,000 shares / EUR 144,720			
Delivery date	14 January 2022*	14 April 2022*			
Share price at delivery	EUR 10.72	EUR 10.72			

* 2019–2021 and 2020–2022 Performance Share Plans were terminated prematurely. Shares earned were converted to cash based on August 2021 volume weighted average share price and paid out in January and April 2022 respectively.

Board of Directors

At year-end unless otherwise stated

Michael Holm Johansen

Chairman of the Board of Directors
b. 1956, MS in Management,
B.Sc. (Business Administration)

Independent of the company and the shareholders

- Chairman of the Board of Directors since 2021
- Previously Chairman of the Board of Directors of Arcus ASA until 2021
- Chairman of the Human Resources Committee

Shareholding: 80,000 Anora shares

Main work experience:
- President, Central and Southern Europe, The Coca-Cola Company (2006–2011)
- President, South East Europe, The Coca-Cola Company (2003–2006)

Sanna Suvanto-Harsaae

Vice Chairman of the Board of Directors
b. 1966, B.Sc. (Business Administration)

Independent of the company and the shareholders

- Vice Chairman of the Board of Directors since 2021
- Chairman of the Board 2015–2021
- Member of the Board since 2013
- Member of the Audit Committee

Shareholding: 3,908 Anora shares

Main work experience:
- General Manager, Reckitt (2004–2008)
- Marketing and Business Development Director, Synoptik (2001–2004)
- European Marketing Manager, Procter & Gamble (1990–2001)

Key positions of trust:
- Posti Group Corporation, Chairman of the Board
- BoConcept AB, Chairman of the Board
- Babysam AS, Chairman of the Board
- TCM AS, Chairman of the Board
- Nordic Pet Care Group AS, Chairman of the Board
- Orthex Oy, Chairman of the Board
- Harvia Oy, Vice Chairman of the Board
- Broman Group Oy, Member of the Board
- Elopak AS, Member of the board
- N'Age AS, Chairman of the Board

Kirsten Ægidius

Member of the Board of Directors
b. 1963, M.Sc. (International Economics, Strategy)

CEO, Interflora Denmark

Independent of the company and the shareholders

- Member of the Board of Directors since 2021
- Previously Member of the Board of Directors Arcus ASA until 2021
- Member of the Human Resources Committee

Shareholding: 2,440 Anora shares

Main work experience:
- CCO, Harboes Bryggeri AS (2018–2019)
- SVP, Hilding Anders International AB (2016–2017)
- Vice President EMEA & CEO Weber Stephen Nordic (2014–2015)

Key positions of trust:
- New Nordic Healthbrands AB, Member of the Board

Ingeborg Flønes

Member of the Board of Directors
b. 1968, M.Sc. (Econ.),
MBA (Management Control)

CEO, Hoff SA

Not independent of the company, independent of the shareholders

- Member of the Board of Directors since 2021
- Previously Member of the Board of Directors of Arcus ASA until 2021
- Member of the Audit Committee

Shareholding: 1,900 Anora shares

Main work experience:
- Director Consumer Services, The Norwegian Consumer Council (2010–2017)
- Category and marketing director, Nortura SA (2007–2010)

Key positions of trust:
- Fjordland AS, Member of the Board
- Cernova AS, Member of the Board
- The Grocery Suppliers of Norway, Member of the Board

Jyrki Mäki-Kala

Member of the Board of Directors
b.1961, M.Sc. (Econ.)

Independent of the company and the shareholders

- Member of the Board of Directors since 2020
- Chairman of the Audit Committee

Shareholding: 3,517 Anora shares

Main work experience:
- CFO, Neste Oyj (2013–2022)
- CFO, Kemira Oyj (2008–2013)
- Director, VP and President positions, Kemira Pulp and Paper (2005–2007)
- Various Director and VP positions, Nokia Chemicals/ Finnish Chemicals Oy (1988–2005)

Key positions of trust:
- Orthex Oyj, Member of the Board
- Ilmarinen Mutual Pension Insurance, Member of the Supervisory Board (until March 2022)

Christer Kjos

Member of the Board of Directors
b. 1984, B.S. (Finance)

CEO, Canica Holding AG
Independent of the company, not independent of major shareholders

- Member of the Board of Directors since 2022
- Member of the Audit Committee

Shareholding: -

Main work experience:
- Co-founder, member of Executive Committee, B1 Capital AG (2013–2015)
- Head of Pan European Sales for Zürich, Credit Agricole Cheuvreux AG (2011–2012)
- Head of Equity Sales Switzerland, Merrill Lynch Capital Markets AG (2010–2011)
- Associate, Bank of America / Merrill Lynch (2008–2010)

Key positions of trust:
- Curida Holding AS, Member of the Board
- Chairman of the Nomination Committee, Nordic Corporate Bank AS
- Member of the Board in various private Canica Real Estate Companies

Annareetta Lumme-Timonen

Annareetta Lumme-Timonen
Member of the Board of Directors
b. 1967, M.Sc. (Eng.), D.Sc. (Tech.)

Investment Director, Solidium Oy

Independent of the company, not independent of major shareholders

- Member of the Board of Directors since 2022
- Member of the Audit Committee

Shareholding: -

Main work experience:
- Investment Manager, 3i Nordic plc (2000–2007)
- Investment Manager, SFK Finance Oy (1997–2000)
- Visiting Scholar, Wharton Business School (1995 & 1997)
- Development Manager, Kera Oy (1995–1996)
- Industry Analyst, Sitra, the Finnish Innovation Fund (1991–1994)

Torsten Steenholt

Member of the Board of Directors
b. 1969, M.Sc. (Pharmacy), M.Sc. (Chemical Research), Master Brewer

EVP, Global Operations, Chr. Hansen A/S

Independent of the company and the shareholders

- Member of the Board of Directors since 2017
- Member of the Human Resources Committee

Shareholding: 5,000 Anora shares

Main work experience:
- SVP Global Product Supply, Chr. Hansen (2012–2017)
- Vice President Supply Chain, Carlsberg Group (2009–2012)
- COO, Unicer (2007–2009)
- Brewery Director, Carlsberg UK Ltd (2003–2007)

Key positions of trust:
- CO-RO A/S, Member of the Board
- Gram Equipment A/S, Member of the Board
- Chr. Hansen A/S, Vice Chairman of the Board

Arne Larsen

Member of the Board of Directors
b. 1969, Skilled Cooper, based in Norway

Not independent of the company, independent of the shareholders

- Elected Shop Steward in Arcus Norway AS for NNN (Norwegian Food and Allied Workers Union)
- Elected Employee Member of Anora's Board of Directors since 2021

Shareholding: -

Main work experience:
- Cooper trainee and skilled Cooper, Vinmonopolet AS and Arcus AS (1993–)
- Elected Leader of International commeette, LO Oslo (2018–2020)
- Operator in bottling plant, Vinmonopolet AS and Arcus AS (1986–1993)
- Worker at bottling plant, Vinmonopolet AS (1986–1993)

Key positions of trust:
- Elected Member of the National delegates meeting of NNN
- Elected Leader of trade union branch
- Elected Leader of local trade union branch

Deputy:
Bjørn Oulie

Jussi Mikkola

Member of the Board of Directors
b. 1983, Team Leader, based in Finland

Not independent of the company, independent of the shareholders

- Elected Employee Member of Anora's Board of Directors since 2021

Shareholding: 100 Anora shares

Main work experience:
- Team Leader, Anora (2012–)
- Team Leader, A-Pullo Oy (2003–2012)

Key positions of trust:
- Safety Representative, Anora
- Chief Shop Steward, Anora

Deputy:
Laura Koivisto

Executive Management Team

At year-end unless otherwise stated

Pekka Tennilä

CEO
b. 1969, M. Sc. in Business Management

Shareholding: 32,604 Anora shares

Main work experience:
CEO of Anora since 2014, member of Anora's Executive Management Team since 2014, joined Anora in 2014.

Before joining Anora, he served as the Chief Executive Officer, Baltics at Carlsberg Group, and has also held other managerial positions at Carlsberg Group.

Key positions of trust:
- Raisio Plc, Member of the Board
- Finnish Food and Drink Industries' Federation (ETL), Member of the Board

Sigmund Toth

CFO
b. 1976, Master, Business Administration (Diplôme ESSEC)

Shareholding: 14,057 Anora shares

Main work experience:
CFO and interim CEO of Arcus, joined Arcus in 2015.

Previously he worked as a consultant at McKinsey & Company and held several positions within Finance & Accounting at Procter & Gamble.

Janne Halttunen

SVP, Wine
b. 1970, M. Sc. Business Administration

Shareholding: 9,300 Anora shares

Main work experience:
SVP, Scandinavia at former Altia since 2017, member of Anora's Executive Management Team since 2015, joined Anora in 2009.

He joined Anora in 2009 as the Managing Director of Oy Wennerco Ab. Previously, he served as the Company's Senior Vice President, Partner Business and Export; as the Director, Business Development; Managing Director, Partner Brands, as well as a member of the Board of Directors of Craft & Cask Ltd. In addition, he has held several managerial positions at British American Tobacco.

Henrik Bodekær Thomsen

SVP, Spirits
b. 1971, HD Degree – Diploma in Business Administration (Marketing Management), CBS

Shareholding: 258 Anora shares

Main work experience:
Interim Managing Director, Arcus Spirits and International Sales Director for Arcus, joined Arcus in 2018.

Previous background spanning over 20 years with Carlsberg Group holding several international roles including CEO Carlsberg Canada & USA, Sales Manager Middle East and Director of Global Travel Retail.

Kirsi Puntila

SVP, International
b. 1970, M.Sc. in Economics

Shareholding: 6,666 Anora shares

Main work experience:
SVP, Marketing at Anora since 2016, member of Anora's Executive Management Team since 2016, joined Anora in 2014.

Previously, she served as the Spirits Category Director of Altia and the Marketing Director, Altia Brands, based in Stockholm. She has also served as the Global Marketing Manager (Absolut Flavors and Kahlua) of The Absolut Company (Pernod Ricard S.A).

Key positions of trust:
- Neova Oy, Member of the Board

Kirsi Lehtola

Chief HR Officer (CHRO)
b. 1963, Master of Laws

Shareholding: 5,100 Anora shares

Main work experience:
SVP, HR at Anora since 2016, member of Anora's Executive Management Team since 2016, joined Anora in 2016.

Served in HR leadership positions since 2007. Before Altia, served as HR Director at OP Financial Group, Head of Group HR Services at Stora Enso Oyj, SVP HR Publication Paper and Country Finland at Stora Enso Oyj.

Key positions of trust:
- Forest Industry Federation, Member of Labour Advisory Committee (2008–2013)

Hannu Tuominen

SVP, Industrial
b. 1958, M.Sc. (Eng.)

Shareholding: 9,600 Anora shares

Main work experience:
SVP, Anora Industrial (previously Industrial Services and Supply Chain) since 2009, member of Anora's Executive Management Team since 2008, joined Anora in 2008.

He served as an Interim CEO of Altia in 2014. Previously he served Vaisala Corporation as Production Director and Division Director in 1992–2007. In addition, he has held several managerial positions at Fiskars Oyj.

Key positions of trust:
- Roal Oy, Member of the Board

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CONSOLIDATED INCOME STATEMENT

EUR million	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
NET SALES	1.1.	702.7	478.2
Other operating income	1.3.	10.9	10.5
Materials and services	1.4.	-414.3	-266.1
Employee benefit expenses	1.5.	-93.8	-69.6
Other operating expenses	1.6.	-137.6	-90.2
Depreciation, amortisation and impairment	1.7.	-33.2	-20.5
OPERATING RESULT		**34.7**	**42.4**
Finance income	3.1.	5.6	1.2
Finance expenses	3.1.	-17.5	-6.7
Share of profit in associates and joint ventures and income from interests in joint operations		0.6	1.7
RESULT BEFORE TAXES		**23.4**	**38.6**
Income tax expense	6.1.	-5.3	-7.4
RESULT FOR THE PERIOD		**18.1**	**31.2**
Result for the period attributable to:			
Owners of the parent		17.9	31.0
Non-controlling interests		0.2	0.1
Earnings per share for the result attributable to owners of the parent, EUR			
Basic	3.4.	0.26	0.67
Diluted		0.26	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Result for the period		18.1	31.2
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		0.1	-0.2
Related income tax	6.1.	0.0	0.0
Total		**0.1**	**-0.1**
Items that may be reclassified to profit or loss			
Cash flow hedges		3.1	3.2
Financial assets at fair value through other comprehensive income		0.0	2.5
Translation differences	3.4.	-16.9	5.6
Income tax related to these items	6.1.	-0.7	-0.7
Total		**-14.5**	**10.7**
Other comprehensive income for the period, net of tax		-14.4	10.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**3.7**	**41.8**
Total comprehensive income attributable to:			
Owners of the parent		3.5	41.6
Non-controlling interests		0.2	0.1

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

EUR million	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Goodwill	2.1.	310.5	277.8
Other intangible assets	2.1.	226.1	196.7
Property, plant and equipment	2.2.	76.7	71.3
Right-of-use assets	2.3.	136.8	125.7
Investments in associates, joint ventures and interests in joint operations	5.4.	20.7	16.3
Financial assets at fair value through other comprehensive income	3.2.1.	0.7	0.7
Other receivables	3.2.1.	0.0	0.1
Deferred tax assets	6.1.	0.6	1.8
Total non-current assets		**772.1**	**690.3**
Current assets			
Inventories	2.4.	186.2	139.7
Contract assets	2.5.	0.2	0.2
Trade and other receivables	2.6.	247.5	232.8
Current tax assets		3.9	1.3
Cash and cash equivalents	3.2.1.	91.4	168.9
Total current assets		**529.2**	**543.0**
TOTAL ASSETS		**1,301.3**	**1,233.3**

EUR million	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent	3.4.		
Share capital		61.5	61.5
Invested unrestricted equity fund		336.8	336.8
Fair value reserve		0.0	0.0
Legal reserve		0.5	0.4
Hedge reserve		4.2	1.7
Translation differences		-33.0	-15.0
Retained earnings		110.7	121.6
Equity attributable to owners of the parent		**480.5**	**507.0**
Non-controlling interests		**0.9**	**0.9**
Total equity		**481.4**	**507.9**
Non-current liabilities			
Deferred tax liabilities	6.1.	57.3	48.4
Borrowings	3.2.2.	216.0	136.1
Non-current liabilities at fair value through profit or loss		0.6	1.3
Lease liabilities	3.2.2.	132.4	120.8
Other liabilities		0.0	0.0
Employee benefit obligations	2.7.	2.7	3.0
Total non-current liabilities		**409.1**	**309.6**
Current liabilities			
Borrowings	3.2.2.	31.5	26.5
Lease liabilities	3.2.2.	12.4	11.6
Trade and other payables	2.8.	364.1	374.4
Contract liabilities	2.5.	0.5	0.4
Current tax liabilities		2.3	2.8
Total current liabilities		**410.9**	**415.7**
Total liabilities		**819.9**	**725.4**
TOTAL EQUITY AND LIABILITIES		**1,301.3**	**1,233.3**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
CASH FLOW FROM OPERATING ACTIVITIES			
Result before taxes		23.4	38.6
Adjustments			
Depreciation, amortisation and impairment	1.7.	33.2	20.5
Share of profit in associates and joint ventures and income from investments in joint operations	5.4.	-0.6	-1.7
Net gain on sale of non-current assets	1.3.	-0.9	-3.8
Finance income and costs	3.1.	11.9	5.5
Other adjustments		-0.1	0.1
Adjustments total		43.5	20.6
Change in working capital			
Change in inventories, increase (-) / decrease (+)		-29.2	9.6
Change in contract assets, trade and other receivables, increase (-) / decrease (+)		0.0	-64.8
Change in contract liabilities, trade and other payables, increase (+) / decrease (-)		-15.6	55.9
Change in working capital		-44.8	0.7
Interest paid	3.1.	-11.8	-3.7
Interest received	3.1.	2.7	0.3
Other finance income and expenses paid	3.1.	-2.6	-1.6
Income taxes paid	6.1.	-10.7	-4.1
Financial items and taxes		-22.4	-9.1
NET CASH FLOW FROM OPERATING ACTIVITIES		**-0.4**	**50.8**

EUR million	Note	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment and intangible assets	2.1., 2.2.	-10.7	-5.4
Proceeds from sale of property, plant and equipment and intangible assets	1.3.	1.2	0.2
Acquisitions of subsidiaries and business operations		-85.9	-
Proceeds from financial assets at fair value through other comprehensive income		-	3.4
Proceeds received from assets held for sale		-	16.6
Interest received from investments in joint operations	5.4.	0.9	0.9
Dividends received	3.1.	0.1	0.2
NET CASH FLOW FROM INVESTING ACTIVITIES		**-94.3**	**15.9**
CASH FLOW FROM FINANCING ACTIVITIES			
Changes in commercial paper program		10.0	-20.0
Proceeds from borrowings	3.2.2.	293.5	-
Repayment of borrowings	3.2.2.	-234.9	-6.6
Repayment of lease liabilities	3.2.2.	-12.0	-6.2
Dividends paid and other distributions of profits	3.4.	-30.4	-27.1
NET CASH FLOW FROM FINANCING ACTIVITIES		**26.2**	**-59.9**
CHANGE IN CASH AND CASH EQUIVALENTS		**-68.5**	**6.8**
Cash and cash equivalents at the beginning of the period		168.9	130.7
Cash and cash equivalents received in merger		-	33.2
Translation differences on cash and cash equivalents		-9.0	-1.7
Change in cash and cash equivalents		-68.5	6.8
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3.2.3.	**91.4**	**168.9**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Note	Share capital	Invested unrestricted equity fund	Fair value reserve	Legal reserve	Hedge reserve	Translation differences	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
Equity at 1 January 2021		**60.5**	**1.2**	**0.6**	**0.1**	**-0.9**	**-20.5**	**115.3**	**156.3**	**-**	**156.3**
Total comprehensive income											
Result for the period		-	-	-	-	-	-	31.0	31.0	0.1	31.2
Other comprehensive income (net of tax)											
Cash flow hedges		-	-	-	-	2.6	-	-	2.6	-	2.6
Financial assets at fair value through other comprehensive income	3.2.1.	-	-	-0.6	-	-	-	3.2	2.5	-	2.5
Translation differences	3.4.	-	-	-	-	-	5.5	0.1	5.6	0.0	5.6
Remeasurements of post-employment benefit obligations	2.7.	-	-	-	-	-	-	-0.1	-0.1	-	-0.1
Total comprehensive income for the period		**-**	**-**	**-0.6**	**-**	**2.6**	**5.5**	**34.2**	**41.6**	**0.1**	**41.8**
Merger											
Merger consideration		1.0	336.4	-	-	-	-	-	337.4	0.8	338.1
Transaction costs on share issue		-	-0.8	-	-	-	-	-	-0.8	-	-0.8
Total merger		**1.0**	**335.5**	**-**	**-**	**-**	**-**	**-**	**336.6**	**0.8**	**337.3**
Transactions with owners											
Dividend distribution		-	-	-	-	-	-	-27.1	-27.1	-	-27.1
Share based payment		-	-	-	-	-	-	-0.4	-0.4	-	-0.4
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**-**	**-27.5**	**-27.5**	**-**	**-27.5**
Transfer to reserve		**-**	**-**	**-**	**0.3**	**-**	**-**	**-0.3**	**0.0**	**-**	**0.0**
EQUITY AT 31 DECEMBER 2021		**61.5**	**336.8**	**0.0**	**0.4**	**1.7**	**-15.0**	**121.6**	**507.0**	**0.9**	**507.9**
Equity at 1 January 2022		**61.5**	**336.8**	**0.0**	**0.4**	**1.7**	**-15.0**	**121.6**	**507.0**	**0.9**	**507.9**
Total comprehensive income											
Result for the period		-	-	-	-	-	-	17.9	17.9	0.2	18.1
Other comprehensive income (net of tax)					-						
Cash flow hedges		-	-	-	-	2.4	-	-	2.4	-	2.4
Translation differences	3.4.	-	-	-	-	-	-18.0	1.1	-17.0	0.0	-16.9
Remeasurements of post-employment benefit obligations	2.7.	-	-	-	-	-	-	0.1	0.1	-	0.1
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**2.4**	**-18.0**	**19.0**	**3.5**	**0.2**	**3.7**
Transactions with owners											
Dividend distribution		-	-	-	-	-	-	-30.5	-30.5	-0.2	-30.7
Share based payment		-	-	-	-	-	-	0.6	0.6	-	0.6
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**-**	**-29.9**	**-29.9**	**-0.2**	**-30.2**
Transfer to reserve		**-**	**-**	**-**	**0.1**	**-**	**-**	**-0.1**	**0.0**	**-**	**0.0**
EQUITY AT 31 DECEMBER 2022		**61.5**	**336.8**	**0.0**	**0.5**	**4.2**	**-33.0**	**110.7**	**480.5**	**0.9**	**481.4**

The notes are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

GENERAL INFORMATION

Information on Anora

Anora Group Plc (the "Company") together with its' subsidiaries (the "Group", "Anora Group" or "Anora") is a leading wine and spirits brand house in the Nordic region. Anora has a broad portfolio of iconic brands, including Koskenkorva, Linie, Larsen, Skagerrak, Chill Out, Ruby Zin, Wongraven, O.P. Anderson and Falling Feather. Key brands are exported to over 30 markets globally.

Together with partners Anora brings the world of drinks to the Nordics. Anora's strong partner portfolio includes noted wines, such as Masi, Laroche, Penfolds, Louis Roederer and Fumees Blanches, as well as well-known spirits brands, like Jack Daniels, Fireball, Fernet Branca, Jose Cuervo, and Underberg.

Anora's business operations also include world-class industrial operations in distillation, bottling and logistics services as well as the production of technical ethanol products, neutral potable ethanol, feed components and barley starch.

Anora's' customers include alcohol retail monopolies, alcoholic beverage wholesale outlets, restaurants, grocery stores, travel trade, importers in the export markets and industrial customers.

Anora Group Plc, the parent company of Anora Group, is domiciled in Helsinki, Finland. Anora Group Plc is a Finnish publicly listed company. Anora's shares are listed in Nasdaq Helsinki Ltd. The registered address of the Company is Kaapeliaukio 1, FI-00180 Helsinki, Finland. Copies of the consolidated financial statements are available online at www.anora.com or at the Group's headquarters at Kaapeliaukio 1, FI-00180 Helsinki, Finland.

Anora Group Plc's Board of Directors has approved these financial statements for publication in its meeting on 22 March 2023. According to the Finnish Limited Liability Companies Act, shareholders have the right to approve or reject the financial statements in the Annual General Meeting held after the publication of the financial statements. The Annual General Meeting also has the right to make a decision to amend the financial statements.

Basis of preparation

The consolidated financial statements for the year ended 31 December 2022 are prepared in accordance with International Financial Reporting Standards (IFRS) complying with the SIC and IFRIC interpretations in force and approved by EU on 31 December 2022. Notes to the consolidated financial statements also comply with the requirements of the Finnish Accounting Act and Limited Liability Companies Act.

The consolidated financial statements for the year ended 31 December 2022 has been prepared on a historical cost basis, except equity investments and derivatives. The consolidated financial statements are presented in millions of euros. The figures are rounded to the nearest million, and therefore the sum of individual figures may deviate from the total presented. If the figure is EUR 0, it is shown as a hyphen.

Altia and Arcus merged on 1 September 2021. The consolidated financial statements include Arcus's income statement from 1st of September 2021 onwards. Therefore the historical financial information of Anora does not give a comparable base for financial information of the present combined company.

New and amended standards applied in the financial year ended New IFRS standards, amendments to standards and IFRIC interpretations which have entered into force on 1 January 2022 have not had any material impact on the Group. Adoption of new and amended standards and interpretations applicable in upcoming financial years New IFRS standards, amendments to standards and IFRIC interpretations effective on or after January 1, 2023, are not expected to have any material impact on the Group.

Refer to the table below to see which notes and accounting principles are related.

Nr.	Note	Accounting principle
1.	Operating result	Revenue recognition, operating result
1.2.	Segment information	Operating segments
2.9.	Provisions	Provisions
2.7.	Employee benefit obligations	Employee benefits
2.2.	Property, plant and equipment	Property, plant and equipment
2.3.	Right-of-use assets	Leases
2.4.	Inventories	Inventories
1.6.	Other operating expenses	Leases
2.2.	Property, plant and equipment	
2.1.	Goodwill and other intangible assets	Goodwill
2.1.	Goodwill and other intangible assets	Intangible assets
3.2.1.	Financial assets	Financial assets
3.2.3.	Financial assets and liabilities- classification and fair value	
3.2.2.	Financial liabilities	Financial liabilities
3.2.3.	Financial assets and liabilities- classification and fair value	
3.3.	Derivative instruments and hedge accounting	Derivative contracts and hedge accounting
5.3.	Subsidiaries	Consolidation principles of subsidiaries
5.3.	Subsidiaries	Non-controlling interest and transactions with non-controlling interest
5.4.	Associated companies and joint arrangements	Associates and joint ventures
6.1.	Income tax expense	Income and deferred taxes

Accounting policies requiring management judgement and key sources of estimation uncertainty

The preparation of financial statements requires the use of accounting estimates, which by definition, seldom equal the actual results. In addition, management makes judgements in applying Anora's accounting policies.

Estimates made in the preparation of the financial statements, and related assumptions, are based on the management's best knowledge at the reporting date. Consequently, the realised results can differ from the estimates. Any changes in estimates and assumptions are recognised when estimates and assumptions are corrected.

The Group's most significant area in which the management has exercised judgement is related to the revenue recognition especially on estimates regarding volume- based discounts, marketing support and product returns which are based on actual sales and agreements (Note 1.1) and impairment provision of trade receivables, and useful lives of intangible assets and parameters used in impairment testing (Note 2.1.), parameters used in lease accounting and pension obligations. Other critical future assumptions and anticipated uncertainties at the reporting date, which pose a significant risk of resulting in material changes in the carrying amounts of assets and liabilities within the next financial year, are related to deferred taxes (Note 6.1.) and uncertain tax positions. The valuation of assets acquired and liabilities assumed in business combinations requires management judgement to determine the appropriate valuation techniques and inputs for fair value measurements, such as discount rate. The management believes that the used estimates and assumptions are sufficiently reasonable for determining fair values.

1. Operating result

Net sales	Comparable EBITDA
702.7 EUR million	76.1 EUR million

1.1. REVENUES FROM OPERATIONS

Revenue recognition

The revenue is recognized at an amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. The transaction price may include variable considerations such as volume discounts, bonuses, marketing support, product returns etc. The variable considerations are estimated using the most likely value method if not yet realized in the end of reporting period. The revenue is further adjusted with indirect sales taxes, excise taxes, deposit and recycling fees.

The wine and spirits businesses generally only sell physical products in the form of wine and spirits products. In contract services the contracts essentially include a single performance obligation, being a series of distinct services such as contract manufacturing, customer services and logistics. The revenue recognition occurs at a point in time, when the control of the goods is transferred to the customer according to the delivery terms. Revenue from the sale of services is recognised at the time of delivery of services.

The revenue from warehousing services at logistics businesss is recognised over time. When logistics business act as an agent, it recognises its revenue at time of delivery of the goods.

Primarily accounts receivable fall due 0-60 days after invoicing date. Transaction prices do not include any significant financing components.

The most significant revenue flows are generated by the sale of own products and partner brands to Scandinavian wine and spirit monopolies, Horeca customers, wholesalers and travel retail customers. In addition, revenues are generated by contract manufacturing, sale of logistic services and the sale of industrial products, such as starch, feed and technical ethanol. Adjustments to sales and obligations to repurchase certain products are taken into account in the revenue recognition phase.

In partner supplier agreements, which entitle Group to distribute partners' products, Anora acts as a principal towards the end customer having control over the product, discretion in establishing prices and owning the inventory. Accordingly, revenue recognised is the gross amount to which Anora is entitled to in these product sales.

The revenue from warehousing services at logistics business is recognised over time. The Logistics business when it acts an agent, recognises its revenue at time of the delivery of the goods.

The amount of excise tax deducted from sales revenue is significant. The amounts of sales including tax and excise taxes are presented below:

EUR million	2022	2021
Sales revenues deducted with revenue adjustments	1,706.9	1,076.6
Excise tax	-1,004.1	-598.4
Net sales	**702.7**	**478.2**
Tax share of sales revenues, %	58,8%	55.6%

1.2. SEGMENT INFORMATION

Description of segments and principal activities

The reportable segments of Anora in these consolidated financial statements consist of Wine, Spirits, and Industrial.

The new operating model took effect on 1 January 2022. The Board of Directors of Anora has been determined as the group's chief operative decision maker being responsible for allocating resources, deciding on strategy and assessing performance of the operating segments.

The reportable segments are based on Anora's operating structure and internal reporting to the CODM used to assess the performance of the segments.

For internal reporting purposes, reporting on the segment profit is based on internal measures of gross profit and comparable EBITDA derived as follows:

- Net sales and direct segment expenses including costs of goods sold reported within the Gross Profit and Comparable EBITDA segment profit measures are measured and reported under the same accounting principles as in the consolidated accounts.
- Expenses allocated to the segments related to shared function costs or business support services expenses comprise costs such as centralized marketing costs, IT infrastructure related costs, shared support services, headquarter costs including finance and treasury, communication, legal and human resource related costs as well as certain warehousing and service fees. For internal reporting purposes these cost allocations are based on budgeted amounts and variances from budgeted amounts are presented under column "Group and allocations" and can result in either incurred overruns or savings compared to budgeted amounts. These variances are not allocated to the segments for internal reporting purposes.

- The group and allocations column represents, in addition to the budget variances, certain unallocated headquarter costs. In 2022 EUR 8,8 million of group and allocations are related to unallocated headquarter costs.

The reportable segments comprise the following:

Wine
The Wine segment develops, markets and sells partner wines and Anora's own wine brands to customers in the Nordic monopoly markets.

Spirits
The Spirits segment consists of the business areas Spirits and International. The Spirits business area develops, markets and sells both Anora's own spirits brands and partner brands to customers in the Nordic monopoly markets. The International business area consists of Anora's own operations in Estonia, Latvia, Denmark and Germany, as well as global duty free and travel retail, and exports

Industrial
The Industrial segment comprises Anora's industrial business – industrial products and contract manufacturing, the logistics company Vectura and supply chain operations.

Segment net sales and results
The following tables set out the segment net sales and Comparable EBITDA as well as the reconciliation of the Comparable EBITDA to the group's operating result:

	1 Jan - 31 Dec 2022					
EUR million	Wine	Spirits	Industrial	Group and allocations	Eliminations	Group
Net sales external	309,7	233,0	160,0	0,0	0,0	702,7
Net sales internal	6,9	0,8	125,5	0,0	-133,2	0,0
Total Net Sales	**316,6**	**233,8**	**285,5**	**0,0**	**-133,2**	**702,7**
Other operating income external	0,7	0,0	10,0	0,2	0,0	10,9
Other operating income internal	2,1	0,4	6,2	37,2	-45,9	0,0
Total Other operating income	**2,8**	**0,4**	**16,2**	**37,4**	**-45,9**	**10,9**
Materials and services	-225,9	-131,8	-178,2	-0,3	121,9	-414,3
Gross profit	93,5	102,4	123,5	37,1	-57,1	299,3
Other operating expenses	-70,5	-66,6	-105,6	-45,9	57,1	-231,4
EBITDA	**23,0**	**35,8**	**17,9**	**-8,8**	**0,0**	**67,9**
Items affecting comparability	0,6	2,0	-0,2	5,9	0,0	8,2
Comparable EBITDA	**23,5**	**37,8**	**17,7**	**-2,8**	**0,0**	**76,1**
EBITDA						**67,9**
Depreciations						-33,2
Operating profit						**34,7**

	1 Jan - 31 Dec 2021								
EUR million	Wine	Spirits	Industrial	Group and allocations	Eliminations	Group	Arcus	Merger	Group reported
Net sales external	302,5	224,6	138,0	0,2	0,00	665,0	-195.2	8.4	478.2
Net sales internal	0,4	0,3	116,8	0,0	-117,5	0,0	0.0	0.0	0.0
Total Net Sales	**302,9**	**224,8**	**254,8**	**0,0**	**-117,5**	**665,0**	**-195.2**	**8.4**	**478.2**
Other operating income external	0,0	4,6	6,7	-0,5	0,00	10,7	-0.2	0.0	10.5
Other operating income internal	0,6	-0,2	3,7	38,7	-42,8	0	0.0	0.0	0.0
Total Other operating income	**0,6**	**4,4**	**10,4**	**38,2**	**-42,8**	**10,7**	**-0.2**	**0.0**	**10.5**
Materials and services	-205,7	-120,5	-148,2	0,0	107,3	-367,0	105.8	-4.9	-266.1
Gross profit	97,8	108,8	117,0	38,2	-53,0	308,7	-89.6	3.5	222.5
Other operating expenses	-59,1	-60,8	-99,2	-47,4	53,0	-213,5	60.8	-7.1	-159.8
EBITDA	**38,7**	**48,0**	**17,7**	**-9,2**	**0,0**	**95,2**	**-28.8**	**-3.6**	**62.9**
Items affecting comparability	0,8	-0,5	0,3	5,2	0,0	5,8	-4.8	7.8	8.8
Comparable EBITDA	**39,5**	**47,5**	**18,0**	**-4,0**	**0,0**	**101,0**	**-33.6**	**4.2**	**71.7**
EBITDA	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**95,2**	**-28.8**	**-3.6**	**62.9**
Depreciations						-31,2	9.0	1.7	-20.5
Operating profit						**64,0**	**-19.8**	**-1.9**	**42.4**

[1] Items affecting comparability comprise of material items outside normal business, such as net gains or losses from business and assets disposals, impairment losses, cost for closure of business operations and restructurings, major corporate projects including direct transaction costs related to business acquisitions and the merger, merger related integration costs, expenses arising from the fair valuation of inventories in connection with merger, voluntary pension plan change, and costs related to other corporate development. Gains on sale of property, plant and equipment and intangible assets are presented in Note 1.3 and employee costs related to restructuring in Note 1.5.

Other entity-wide disclosures

Net sales by geography

Net sales broken down by the segment and country for the years ended 31 December 2022 and pro forma 31.12.2021 were as follows:

EUR thousand	2022	2021 Pro forma
Wine		
Finland	47.1	52.7
Sweden	134.7	152.3
Norway	83.7	97.5
Denmark	44.2	0.0
Wine. total	**309.7**	**302.5**
Spirits		
Finland	56.3	55.8
Sweden	51.3	55.9
Norway	48.5	62.1
Denmark	19.5	20.3
Other countries	57.4	30.4
Spirits. total	**233.0**	**224.6**
Industrial		
Finland	134.3	110.3
Norway	25.7	27.6
Industrial Total	160.0	137.9
Eliminations and allocations	0.0	
Group Total	**702.7**	**665.0**

Significant customer relationships

The Group has significant customer relationships with Alko in Finland. with Vinmonopolet in Norway and Systembolaget in Sweden. The total net sales from Alko were approximately EUR 88.5 million (2021: EUR 84.3 million). The total net sales from Vinmonopolet were EUR 90.9 million (2021: EUR 65.8 million).

The total net sales from Systembolaget were around EUR 151.5 million (2021: EUR 115.1 million). In Industrial segment. net sales of EUR 45.7 million (2021: EUR 36.4 million) were derived from a single external customer. No other single external customer represented more than 10 per cent or more of Anora's total net sales for the years ended 31 December 2022 or 2021.

Non-current assets by geography

The total of non-current assets other than financial instruments and deferred tax assets broken down by the location of the assets as at 31 December 2022 and 2021 were as follows:

EUR thousand	2022	2021
Finland	103.4	105.1
Sweden	49.0	52.8
Norway	384.7	408.3
Estonia	2.0	2.1
Latvia	0.4	0.4
Denmark	199.1	94.5
Other countries	7.9	8.3
NON-CURRENT ASSETS BY GEOGRAPHY. TOTAL	**746.5**	**671.4**

1.3. OTHER OPERATING INCOME

Other operating income mainly includes gains on the disposal of non-current assets, income from sale of energy, water, steam and carbon dioxide, gains on sale of emission allowances, rental income and related non-core business service income and contract termination fees.

EUR million	2022	2021
"Gains on sale of property, plant and equipment and intangible assets"	0.9	3.7
Gains on sale of emission allowances	1.2	-
Rental income	1.4	1.8
Income from sale of energy, water, steam and carbon dioxide	4.2	3.4
Insurance compensations	1.1	-
Other income	2.2	1.6
TOTAL	**10.9**	**10.5**

1.4. MATERIALS AND SERVICES

EUR million	2022	2021
Raw materials, consumables and goods		
Purchases during the period	457.6	250.7
Change in inventories	-50.1	15.7
Scrapping and obsolescence and revaluation	4.0	-2.1
External services	2.9	1.8
TOTAL	**414.3**	**266.1**

Materials and services consist of cost of material, such as barley, wine, different spirit, liquids, ground water as well as other ingredients needed for a variety of different drinks, packaging materials, production costs, changes in inventories, scrapping and obsolescence costs and external services such as logistics and warehousing.

1.5. EMPLOYEE BENEFIT EXPENSES

EUR million	2022	2021
Wages and salaries	74.0	52.6
Pension expenses		
Defined contribution plans	9.1	7.4
Defined benefit plans	0.0	0.0
Share -based payments	0.6	1.6
Other social expenses	10.1	7.9
TOTAL	**93.8**	**69.6**

In Anora, the total wages and salaries of personnel consists of fixed and variable pay, allowances, short and long-term incentives and fringe benefits.

The Group has recognised the total amount of incentives EUR 0,8 millon (2021: EUR 4,3 million) in the form of cash bonuses. Employee benefit expenses include personnel related restructuring costs of EUR 0,1 million (2021: EUR 0,5 million).

Average number of personnel during the period	2022	2021
Workers	538	315
Clerical employees	621	484
TOTAL	**1,159**	**799**

More information on the Group's pension plans is presented in Note 2.7.

Information of management remuneration is presented in Note 6.3. related party transactions.

1.6. OTHER OPERATING EXPENSES

EUR million	2022	2021
Losses on sales and disposals of property, plant and equipment and intangible assets	0.2	0.0
Short term, low value and variable lease payments	4.7	1.6
Marketing expenses	29.9	18.4
Travel and representation expenses	5.2	2.0
Outsourcing services	35.5	17.1
Repair and maintenance expenses	14.8	8.6
Cars and transport services	0.5	3.1
Energy expenses	9.8	8.3
IT expenses	12.0	8.9
Variable sales expenses	16.0	13.1
Other expenses	9.1	9.0
TOTAL	**137.6**	**90.2**

Auditor's fees included in other operating expenses	2022	2021
Audit fees	1,2	0.5
Tax consultation	0,0	-
Other fees	0.3	0.2
TOTAL	**1,4**	**0.6**

The table above presents fees to Group auditor PricewaterhouseCoopers as well as other auditors of Group subsidiaries during the year.
Upon the application of PricewaterhouseCoopers, The oversight office of Finnish Patent and Registration Office has granted PricewaterhouseCoopers an exemption from the maximum amount of non-audit fees referred to in chapter 5, section 4 of the Finnish Auditing Act.

1.7. DEPRECIATION, AMORTISATION AND IMPAIRMENT

Depreciation and amortisation by asset categories is as follows:

EUR million	2022	2021
Amortisation on intangible assets		
Trademarks	8.1	3.7
Software and other intangible assets	2.4	2.1
Total amortisation on intangible assets	**10.6**	**5.9**
Depreciation on property, plant and equipment		
Buildings	2.6	2.8
Machinery and equipment	6.9	5.3
Other tangible assets	0.0	0.0
Total depreciation on property, plant and equipment	**9.5**	**8.1**
Depreciation on right-of-use assets		
Buildings	9.9	4.8
Machinery	3.3	1.7
Total depreciation on right-of-use assets	**13.2**	**6.5**
TOTAL DEPRECIATION AND AMORTISATION	**33.2**	**20.5**

Group's depreciation and amortisation methods and periods are described in Note 2.1. Goodwill and other intangible assets, Note 2.2. Property, plant and equipment and Note 2.3. Leases.

1.8. RESEARCH AND DEVELOPMENT EXPENDITURES

Operating result includes research and development expenditures amounting to EUR 2.2 million (2021: EUR 3.5 million). The R&D expenditures represents 0.3% of net sales in 2022 (2021: 0.7%).

2. Operative assets and liabilities

2.1. GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets comprise of goodwill, marketing related intangible assets (trademarks and company brands), customer related intangible assets, software, other intangible assets and prepayments for intangible assets. Intangible assets are capitalised at cost price or fair value with deduction for accumulated depreciation and accumulated write downs in the event of non-transitory impairment.

Goodwill

Goodwill arising on the business acquisition is recognised as a residual value in the excess of the aggregate of the consideration transferred, the amount of non-controlling interests and any previously held equity interest in the acquiree, over the fair value of the net assets acquired. Goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment.

For the purpose of impairment testing, goodwill is allocated to the groups of cash generating units (CGU) that are expected to benefit from the business combinations in which the goodwill was generated.

Marketing related intangible assets (Trademarks and company brands)

Marketing related intangible assets are either arising from business acquisitions or purchased separately. Marketing related intangible assets that have been acquired in connection with business acquisitions are capitalized at fair value at the time of the business acquisition, while separately purchased marketing related intangible assets are capitalized at cost price.

Critical estimates and management judgements – Useful lives of trademarks

On initial recognition of marketing related intangible assets, an assessment is made on whether the asset is expected to have definite useful lives or not. In this assessment, the Group gives particular weight to Group's expected use of the asset, the customary life cycles for the assets of this type, the stability of the sector and the business, and the probability that the Group will succeed in maintaining the asset's financial lifetime, given the Group's ability to maintain value. The Group also devotes resources to legal control of these assets in large and important markets.

Marketing related intangible assets with definite useful lives are amortized by the straight-line method over the expected useful life. The capitalised value of marketing related intangible assets with indefinite lifetime is tested for impairment at least once a year, or more often if there are indications that the value of the asset has decreased.

The estimated useful lives of marketing related intangible assets are as follows:

Trademarks with indefinite useful life:	not amortized
Trademarks with definite useful life:	0–50 years
Company Brands with definite useful life:	5 years

Customer related intangible assets (Customer relations)

Customer related intangible assets are arising from business acquisitions and are capitalized at fair value at the time of the business acquisition.

Customer related intangible assets are amortized by the straight-line method over the expected useful life.

The estimated useful lives of customer related intangible assets are as follows:

Customer relations Wine:	7–15 years

Other intangible assets

Other intangible assets include software and other intangible assets in addition to prepayments for intangible assets. These other intangible assets are recognised in the balance sheet at the original cost and depreciated over their estimated useful lives. The costs related to the other intangible assets are capitalised if it can be demonstrated that the asset will generate the future economic benefits, the entity controls the asset can be measured reliably. All other expenditure is recognised as an expense when incurred.

The estimated useful lives of intangible assets are as follows:

IT-development and software:	3–10 years

Expenditure on research activities is recognised in profit or loss in the period in which it is incurred. The Group has no projects related to the development activities of new products or processes qualifying for the identifiability and other criteria regarding capitalisation under IFRS.

Accounting for emission allowances is described in Note 6.2.

GOODWILL AND OTHER INTANGIBLE ASSETS

EUR thousand	Goodwill	Trademarks	Software and other intangible assets	Pre- payments	Other intangible assets total
Acquisition cost at 1 January 2022	327.3	300.0	40.6	0.8	341.4
Acquisition of subsidiaries	41.4	43.9	0.7	-	44.6
Additions	-	0.1	0.3	1.7	2.1
Disposals	-	-0.4	-0.0	-	-0.4
Effect of movement in exchange rates	-15.4	-12.8	-0.5	-	-13.3
Transfers between items	-	-	0.4	-0.4	0.0
Acquisition cost at 31 December 2022	353.3	330.9	41.5	2.1	374.4
Accumulated amortisation and impairment losses at 1 January 2022	-49.5	-109.5	-35.2	-	-144.7
Acquisition of subsidiaries	-	-	-	-	0.0
Amortisation	-	-8.1	-2.4	-	-10.6
Accumulated amortisation on disposals and transfers	-	0.4	0.0	-	0.4
Effect of movement in exchange rates	6.7	5.9	0.7	-	6.5
Accumulated amortisation and impairment losses at 31 December 2022	-42.8	-111.3	-37.0	-	-148.3
Carrying amount at 1 January 2022	277.8	190.6	5.4	0.8	196.7
CARRYING AMOUNT AT 31 DECEMBER 2022	**310.5**	**219.5**	**4.6**	**2.1**	**226.1**
Acquisition cost at 1 January 2021	123.0	124.7	25.0	1.4	151.1
Acquisition of subsidiaries	195.4	187.5	13.6	-	201.1
Additions	-	0.1	0.1	0.9	1.0
Disposals	-	-15.4	-	-	-15.4
Effect of movement in exchange rates	8.9	3.2	0.3	-	3.5
Transfers between items	-	-	1.5	-1.5	0.0
Acquisition cost at 31 December 2021	327.3	300.0	40.6	0.8	341.4
Accumulated amortisation and impairment losses at 1 January 2021	-41.6	-109.7	-20.7	-	-130.4
Acquisition of subsidiaries	-2.2	-8.1	-12.1	-	-20.1
Amortisation	-	-3.7	-2.1	-	-5.9
Accumulated amortisation on disposals and transfers	-	11.7	0.0	-	11.7
Effect of movement in exchange rates	-5.8	0.4	-0.3	-	0.1
Accumulated amortisation and impairment losses at 31 December 2021	-49.5	-109.5	-35.2	-	-144.7
Carrying amount at 1 January 2021	81.4	15.0	4.3	1.4	20.7
CARRYING AMOUNT AT 31 DECEMBER 2021	**277.8**	**190.6**	**5.4**	**0.8**	**196.7**

The most significant trademarks include for example, Gammel Opland, Aalborg, Gammel Dansk, Bradstad, Lysholm Linie, Løiten, Hot'n Sweet, Renault, Larsen, Xanté, Blossa, Chill Out, Explorer, 1-Enkelt and Arsenitch. Software and other intangible assets are mainly computer software.

Impairment testing

Book value of assets are assessed to determine whether there is any impairment at least at the end of each financial year. If any evidence of impairment emerges (a triggering event), the assets' recoverable amount is estimated. The recoverable amount is determined on the basis of value in use. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is immediately recognised in profit or loss and the estimated useful life of the asset in question is reassessed when an impairment loss is recognised. The recoverable amounts of goodwill and intangible assets not yet available for use are estimated annually.

The impairment loss is reversed if there has been such a positive change in the estimates used to determine the recoverable amount of the asset or cash-generating unit that recoverable amount of the asset will increase the book value of asset. Impairment losses are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised. An impairment loss on goodwill is never reversed.

Critical estimates and management judgements – Impairment testing:

The preparation of calculations for the impairment testing of goodwill requires estimates regarding the future. The management's estimates and related critical uncertainties are related to the components of the recoverable amount calculation, including the discount rate, the terminal growth rate and development of the net sales and operating result, including estimated cost levels of main raw materials and energy. The discount rates reflect current assessments of the time value of money and relevant market risk premiums reflecting risks and uncertainties for which the future cash flow estimates have not been adjusted.

The cash generating unit for impairment testing of marketing related intangible assets is the trademark itself. To determine the recoverable amount for these assets, future cash flows are calculated based "relief from royalty" method before tax.

Impairment testing of goodwill

Allocation of goodwill

Goodwill is allocated to groups of cash-generating units (CGU) that represent the level on which the management monitors the goodwill.

Following the Altia-Arcus merger, the Group implemented a new reporting structure and is now organized into three segments which are Wine, Spirits, and Industrial. These three segments form the cash generating units (CGU) and represent the lowest level at which goodwill is monitored for internal management purposes.

The Group goodwill has been allocated to the CGUs of the new reporting structure in 2022 using the relative fair values of notional goodwill which reflect share of fair values of the cash generating units.

At the end of 2022, goodwill of the Group has been allocated as follows:

EUR million	2022	%	2021	%
Wine	106.3	34.2%		
Spirits	204.2	65.8%		
Finland& Exports			46.6	16.8%
Scandinavia			34.1	12.3%
Arcus			197.0	70.9%
TOTAL	**310.5**	**100%**	**277.8**	**100%**

Impairment testing

The key assumptions in goodwill impairment testing are operating result and discount rate.

The goodwill allocated to the Group's cash-generating units is tested for impairment annually or when there is reason to assume that the carrying amount has exceeded the recoverable amount, with the carrying amount compared to the recoverable amount in the testing. The annual impairment tests have been carried out on 31 October 2022 and 31 October 2021.

The cash flow estimates used are based on CGU-specific financial plans for the following year approved by the Group's management. The forecast period applied for the calculations covers five years, beyond which the cash flow projections are extrapolated using a constant market-specific growth rate estimate. The forecasted cash flows for a longer term than this have been estimated by using an annual growth rate estimate of 2.0% which is based on an assumption of inflation growth.

The market-specific WACC estimates are based on external market-specific references. Management makes judgements regarding the development of assumptions other than WACC based on internal and external views of the industry's history and future.

The weighted average costs of capital used as discount rates for the cash flow estimates are presented in the enclosed table:

Used pre-tax discount rate %	2022	2021
Wine	8.0%	
Spirits	8.4%	
Finland & Exports		8.5%
Scandinavia		8.8%
Arcus		8.8%

The estimated average operating margins used in the calculations are presented in the enclosed table:

Projected average pre-tax operating result %	2022	2021
Wine	9.5%	
Spirits	13.2%	
Finland & Exports		11.9%
Scandinavia		9.5%
Arcus		13.4 %

Based on the analyses prepared by the company, no reasonably possible change in any of the key assumptions would cause any of the tested unit's recoverable amount to decrease to be equal to its carrying amount.

Equivalent impairment tests are made for trademarks. The recoverable amount for trademarks is calculated on the basis of relief from royalty method before taxes whereby the brand's annual royalty rate is considered to be the expected long term profit that the individual trademarks are expected to have. The forecast period applied for the calculations covers five years. The terminal value is based on an assumption of inflation growth of 2 percent. Cash flow estimates used are discounted using a discount rate.

A significant proportion of the Group's trademarks are assessed not to have definite useful lives. These are not amortised on an ongoing basis but are solely subject to annual impairment testing. On initial recognition of trademarks, it is assessed whether the trademark is expected to have definite useful lives or not. In this assessment, the Group gives particular weight to Group's expected use of the trademark, the customary life cycles for trademarks of this type, the stability of the sector and the business, and the profitability that the Group will succeed in maintaining the trademark's financial life time given the Group's ability to maintain value. The Group also devotes resources to legal control of trademarks in large and important markets.

At the end of 2022, all of the Group's trademarks with indefinite useful lives were related to Spirits segment. Most of the trademarks within Spirits business are trademarks that have existed for several decades and some have existed for several hundred years. If impairment tests show declining curves over time, the trademark may be written down to estimated value in use and a new assessment of the trademark's estimated useful live is performed. If it is estimated after a new assessment that the useful life is no longer indefinite, the trademark is redefined to have a definite useful life, whereby a linear depreciation term is determined for the remaining book value.

2.2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

Property, plant and equipment mainly consist of manufacturing and warehouse buildings, land, and machinery and equipment used in alcoholic beverage industry. Property, plant and equipment are measured at historical cost less accumulated depreciation and possible impairment losses. If parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items. The subsequent costs related to the items of property, plant and equipment are capitalised only if the future economic benefits exceed the originally assessed standard of performance. All other expenditure, for example ordinary maintenance and repair costs, is recognised as an expense as incurred. Depreciation is recognised on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land is not depreciated.

Government grants, for example grants received from the State, are recognised in profit or loss in the same period in which the related expenses are recognised. Grants that compensate the Group for the acquisition of property, plant and equipment are deducted from the carrying amount adjusted with the grant received.

Investment properties are properties held by the Group in order to earn rental income or for capital appreciation. Investment properties are measured at cost less accumulated depreciation and impairment losses. Fair values of investment properties are determined based on a valuation carried out by an external property valuator.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10–40 years
Machinery and equipment	3–20 years
Other tangible assets	3–10 years

The estimated useful lives and residual values are reviewed at each financial year-end, and if they differ substantially from the previous estimates, the depreciation periods are adjusted accordingly. Impairment loss is recognised in profit or loss to the extent the assets carrying value exceeds its recoverable amount.

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

PROPERTY, PLANT AND EQUIPMENT

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments and assets under construction	Total
Acquisition cost at 1 January 2022	3.0	113.4	176.7	0.8	5.3	299.3
Acquisition of subsidiaries	–	–	7.6	–	0.0	7.7
Additions	0.0	0.1	1.6	–	6.8	8.6
Disposals	-0.0	-0.1	-0.8	–	-0.0	-0.9
Effect of movement in exchange rates	–	-0.0	-2.6	-0.0	-0.2	-2.9
Transfers between items	0.0	1.0	2.1	–	-3.2	0.0
Acquisition cost at 31 December 2022	3.0	114.4	184.7	0.8	8.8	311.7
Accumulated depreciation and impairment losses at 1 January 2022	0.0	-91.4	-136.4	-0.2	–	-228.0
Depreciation	–	-2.6	-6.9	-0.0	–	-9.5
Accumulated depreciation on disposals and transfers	–	0.0	0.6	–	–	0.6
Effect of movement in exchange rates	–	0.0	1.8	–	–	1.8
Accumulated depreciation and impairment losses at 31 December 2022	0.0	-93.9	-140.9	-0.2	–	-235.0
Carrying amount at 1 January 2022	3.0	22.0	40.3	0.6	5.3	71.3
CARRYING AMOUNT AT 31 DECEMBER 2022	**3.0**	**20.5**	**43.8**	**0.6**	**8.8**	**76.7**
Acquisition cost at 1 January 2021	3.0	112.6	133.9	0.8	2.6	252.9
Acquisition of subsidiaries	–	–	37.1	–	3.9	41.0
Additions	–	0.1	1.1	–	3.4	4.6
Disposals	–	–	-0.2	–	–	-0.2
Effect of movement in exchange rates	–	0.0	1.0	-0.0	0.1	1.1
Transfers between items	0.0	0.8	3.9	–	-4.7	0.0
Acquisition cost at 31 December 2021	3.0	113.4	176.7	0.8	5.3	299.3
Accumulated depreciation and impairment losses at 1 January 2021	0.0	-88.7	-105.1	-0.2	–	-194.0
Acquisition of subsidiaries	–	–	-25.4	–	–	-25.4
Depreciation	–	-2.8	-5.3	-0.0	–	-8.1
Accumulated depreciation on disposals and transfers	–	-0.0	0.1	–	–	0.1
Effect of movement in exchange rates	–	0.0	-0.6	–	–	-0.6
Accumulated depreciation and impairment losses at 31 December 2021	0.0	-91.4	-136.4	-0.2	–	-228.0
Carrying amount at 1 January 2021	3.0	23.9	28.7	0.6	2.6	58.9
CARRYING AMOUNT AT 31 DECEMBER 2021	**3.0**	**22.0**	**40.3**	**0.6**	**5.3**	**71.3**

2.3. LEASES

Leases

Lease is a contract, or a part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. A contract contains a lease if there is an identified asset and the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Anora mainly acts as the lessee. The Group's leases are related to normal business operations, such as leases on production, distribution and administration buildings, machine & equipment for production, vehicles, forklifts and office technology.

The lease liability is measured by discounting the expected lease payments to the current value. Lease payments include fixed lease payments, expected payments related to residual value guarantees and the possible exercise price of the purchase option if the use of the option is reasonably certain. The lease period is the non-cancellable period of the lease. Any extension options are added to the lease period if it is reasonably certain that the Group will exercise such options.

Lease payments are discounted at the internal rate of return of the lease if that rate can be readily determined. If an internal rate of return cannot be readily determined, the interest rate for additional credit is used as the discount rate. The criteria used to determine the discount rate includes the class of the underlying asset, geographical location, currency, the maturity of the risk-free interest rate and the lessee's credit risk premium.

The lease liability is remeasured and adjusted against the right of used asset if the cash flow in accordance with the original terms and conditions of lease changes; for example, if the lease period changes or if the lease payments change based on a variable index or interest rate. The lease liability is divided into current and non-current liability and is presented on a separate line on the balance sheet.

Right-of-use assets are measured at acquisition cost based on the amount of the initial measurement of the lease liability less payments made at or before commencement date and lease incentives received, adding initial direct costs and adjusting by estimated dismantling or site restoration costs. Right-of-use assets are depreciated over the lease period or their useful lives, depending on which is shorter. Right -of use assets related to land, buildings and other real estate are depreciated in 1–32 years and right-of -use assets related to machinery and equipment are depreciated in 1–15 years.

Right-of-use assets related to tangible assets are presented on a separate line on the balance sheet.

The IFRS 16 standard includes exemptions concerning leases of less than 12 months and low-value assets. Lease liabilities are not recognised for leases of less than 12 months and low-value assets and . Anora considers assets with an acquisition cost of less than EUR 5,000 to be low-value. Lease expenses related to leases included in the exemptions are recognised in equal instalments over the lease period.

Lease agreements include the agreement concluded with Gjelleråsen Elendom AS on the lease of production, distribution, and administration buildings at Gjelleråsen for a term of 25 years as from 1 January 2012. The annual rent under this agreement is about 9.4 million euros as from 2020.

On the relocation to Gjelleråsen in 2012, agreements were entered by former Arcus into for the lease of new machines and equipment for the production and distribution activities at Gjelleråsen. The contract partner for these agreements is Nordea Finans and agreements are subject to variable interest rates. Even though in principle, the lease agreements were entered into with a 15-year repayment and interest profile (annuity), the actual terms of the agreements are for a shorter period of time, with the option of renewal. In 2020, former Arcus and Nordea signed an addendum to the agreement with Nordea whereby the renewal options are exercised so that at the end of the year the formally agreed repayment term is also in line with the plan as it has appeared from the commencement of the agreement. The agreement runs until 2027.

Other lease agreements include lease agreements for office premises, other machinery and equipment, company cars, trucks, lorries in the logistics business and lease of various office machines.

RIGHT-OF-USE ASSETS

EUR million	Buildings	Machinery and equipment	Total
Acquisition cost at 1 January 2022	136.5	37.0	173.4
Acquisitions of subsidiaries	18.1	0.6	18.7
Additions	10.8	0.8	11.5
Disposals	-0.5	-0.7	-1.2
Effect of movement in exchange rates	-6.7	-1.7	-8.4
Acquisition cost at 31 December 2022	158.1	35.9	194.0
Accumulated depreciation at 1 January 2022	-27.6	-20.2	-47.8
Depreciation	-9.9	-3.3	-13.2
Accumulated depreciation on disposals	0.5	0.4	0.9
Effect of movement in exchange rates	1.8	1.0	2.8
Accumulated depreciation at 31 December 2022	-35.2	-22.1	-57.2
Carrying amount at 1 January 2022	108.9	16.8	125.7
CARRYING AMOUNT AT 31 DECEMBER 2022	**122.9**	**13.9**	**136.8**

EUR million	Buildings	Machinery and equipment	Total
Acquisition cost at 1 January 2021	13.3	4.1	17.5
Acquisitions of subsidiaries	116.7	30.9	147.6
Additions	3.6	1.5	5.1
Disposals	-	-0.4	-0.4
Effect of movement in exchange rates	2.9	0.8	3.7
Acquisition cost at 31 December 2021	136.5	37.0	173.4
Accumulated depreciation at 1 January 2021	-5.2	-2.0	-7.2
Acquisitions of subsidiaries	-17.2	-16.3	-33.5
Depreciation	-4.8	-1.7	-6.5
Accumulated depreciation on disposals	-	0.3	0.3
Effect of movement in exchange rates	-0.4	-0.4	-0.8
Accumulated depreciation at 31 December 2021	-27.6	-20.2	-47.8
Carrying amount at 1 January 2021	8.1	2.1	10.2
CARRYING AMOUNT AT 31 DECEMBER 2021	**108.9**	**16.8**	**125.7**

2.4. INVENTORIES

Inventories

Inventories are measured at the lower of cost and net realisable value. Self-manufactured products are measured at standard prices, except cognac products, which are measured at weighted average cost. Fixed production costs are allocated to the cost of own production.

Raw materials, supplies and trading goods are measured at weighted average cost. Semi-finished products are measured at weighted average cost Repacked trading goods are measured at standard cost in repacking plant.

The cost of finished products and work in progress includes raw materials, direct labour costs, other direct costs as well as an allocable proportion of variable procurement and production costs and fixed overheads in case of finished products, determined based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

EUR million	2022	2021
Materials and supplies	82.2	47.6
Work in progress	20.1	19.6
Finished goods	52.4	47.3
Goods	31.0	25.1
Advance payments	0.6	0.1
TOTAL	**186.2**	**139.7**

Anora recognised write-downs of inventories amounting to EUR 6.3 million in 2022 (2021: EUR 2.0 million).

2.5. CONTRACT ASSETS AND LIABILITIES (CURRENT)

Contract assets represent the amount which Anora has right to receive goods expected to be returned to inventory with respect to return clauses in the contracts. Contract assets are measured at the former carrying amount of the inventory less any expected costs to recover the goods and less any impairment losses.

Contract liabilities represent the amount received or receivable that is expected to be returned as a refund liability.

EUR million	2022	2021
Contract assets	0.2	0.2
TOTAL	**0.2**	**0.2**
Contract liabilities	0.5	0.4
TOTAL	**0.5**	**0.4**

2.6. TRADE AND OTHER RECEIVABLES (CURRENT)

Trade and other receivables

Trade receivables are carried at original invoiced amount less any impairment losses. An impairment loss is recognized immediately in profit and loss. Impairment provisions are recognized based on lifetime expected credit losses from trade receivables in accordance with IFRS 9. The expected credit loss model is forward looking and expected default rates are based on historical realized credit losses. The lifetime expected credit loss provision is calculated using aging of the accounts receivable and regional portfolios. Trade receivables are written off when there is no reasonable expectation of recovery for example the failure of a debtor to engage in a repayment plan with the group.

Sold trade receivables are derecognised from the balance sheet as soon as the receivable is sold and the price has been received. At the time of sale, the Group derecognises the trade receivable as the contractual rights to these cash flows expire and all the related substantial risks and rewards have been transferred outside the Group. The costs related to the sold receivables are recognised in Other finance expenses.

TRADE AND OTHER RECEIVABLES

EUR million	2022	2021
Trade receivables	227.3	218.2
Accrued income	10.2	8.9
Receivables on derivative instruments	5.8	2.8
Other receivables	4.1	2.9
TOTAL	**247.5**	**232.8**

At the end of the reporting period 2022 the sold trade receivables amounted to EUR 59.4 million (2021: EUR 81.4 million). Trade receivables from associated companies and joint arrangements are presented in Note 6.3.

AGEING ANALYSIS OF TRADE RECEIVABLES

EUR million	2022	2021
Trade receivables not past due	213.8	201.1
Trade receivables past due 1-90 days	12.4	16.8
Trade receivables past due over 90 days	1.8	1.2
Impairment losses	-0.8	-0.9
TOTAL	**227.3**	**218.2**

The realized impairment losses recognized on trade receivables during the year 2022 amounted to EUR 0.3 million (2021: EUR 0.2 million).

A significant share of the Group's revenue is associated with the state monopolies in the Nordic region, where there is not considered to be material credit risk. The group's credit risk is otherwise spread over a large number of small customers within the HORECA market, industrial customers as well as a small number of distributors outside the home markets. On this basis, the Group applies a simplified approach to calculation of expected credit losses. The loss allowance for trade receivables is based on the ageing of the accounts receivables, regional portfolio and experienced historic credit losses. Forward looking macro-economic information has been included in analysis.

2.7. EMPLOYEE BENEFIT OBLIGATIONS

Group's pension arrangements

The Group operates various pension plans in accordance with local conditions and practices in different countries. In the Finnish, Norwegian, Swedish, Danish and German companies, statutory pension obligations are arranged through pension insurance companies, when the plans are defined contribution plans and they are managed in accordance with local legislation and established practice.

Up to 31 December 2008, Arcus ASA and its subsidiaries in Norway had a group defined benefit plan for their employees. These plans were terminated and plans were switched to defined contribution plans. On the transition 2009, all those who were ill or disabled remained in the defined benefit plans. There is a pension obligation of EUR 71 thousand related to five individuals and this pension obligation is secured with assets.

Gift pension and unfunded pension arrangements

On the transition 2009 to the defined contribution plan in Arcus ASA and its subsidiaries, there were individuals who would be disadvantaged in the event of early retirement at 65–67 years of age. To compensate for this, it was agreed to that a gift pension would be paid to all employees who were affected. As at 31.12.2022, this pension is linked to 86 employees and the total obligation has been recognized at EUR 1.1 million.

The Group has defined benefit pension plans for supplementary pension in Altia Norway and France.

In defined benefit pension plans, the amount of the pension benefit at retirement is calculated based on salary, years of service and life expectancy. The Norwegian and French pension plans cover only few employees, thus the related pension liabilities are not material for the Group. At the end of the reporting period 2022 the defined benefit plan obligation amounted to EUR 0.8 million (2021: EUR 1.0 million).

2.8. TRADE AND OTHER PAYABLES

EUR million	2022	2021
Current		
Trade payables	103.5	96.1
Accruals for wages and salaries and social security contributions	0.7	15.8
Interest liabilities	0.2	0.3
Procurement expenses	16.0	18.6
Other accrued expenses	41.9	23.2
Excise tax	126.0	136.5
VAT liability	62.1	69.9
Other liabilities	13.7	14.0
TOTAL	**364.1**	**374.4**

2.9. PROVISIONS

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. The amount recognised as provision is the management's best estimate of the costs required to settle the existing obligation at the end of the reporting period. If part of the obligation may potentially be compensated by a third party, the compensation is recognised as a separate asset when it is virtually certain that the compensation will be received.

A provision for restructuring is recognised when a detailed restructuring plan has been prepared, and the implementation of the plan has either been commenced or the plan has been announced to those who are affected.

The Group had no provisions at 31 December 2022 or 31 December 2021.

3. Financial items and capital structure

Earnings per share	Dividend per share
0.26 EUR	0.22 EUR

3.1. FINANCE INCOME AND EXPENSES

FINANCE INCOME

EUR million	2022	2021
Interest income		
Loans, receivables and cash and cash equivalents	2.7	0.3
Total interest income	**2.7**	**0.3**
Foreign exchange gains		
Foreign exchange gains on FX-derivatives	0.0	0.0
Foreign exchange gains on I/C loans and cash pool accounts	2.3	0.6
Total foreign exchange gains	**2.3**	**0.7**
Dividend income		
Fair value through other comprehensive income	0.0	0.2
Total dividend income	**0.0**	**0.2**
Other financial income		
Other financial income	0.7	0.0
Total other financial income	**0.7**	**0.0**
TOTAL FINANCE INCOME	**5.6**	**1.2**

FINANCE EXPENSES

EUR million	2022	2021
Interest expenses		
Financial liabilities at amortised cost	6.4	1.9
Derivatives under hedge accounting (Interest rate risk)	0.3	0.4
Interest expenses on lease liabilities	5.0	1.6
Other interest expenses, pension liability	0.0	0.0
Total interest expenses	**11.7**	**3.9**
Foreign exchange losses		
Foreign exchange losses on FX-derivatives	0.5	-0.0
Foreign exchange losses on I/C loans and cash pool accounts	3.3	1.2
Total foreign exchange losses	**3.9**	**1.1**
Other finance expenses		
Other financial expenses	1.9	1.6
Total other finance expenses	**1.9**	**1.6**
TOTAL FINANCE EXPENSES	**17.5**	**6.7**

Foreign exchange differences arising from trade receivables and trade payables amounting to EUR -0.7 million (2021: EUR -0.3 million) and from currency derivatives amounting to EUR 1.4 million (2021: EUR 0.2 million) are included in operating result.

3.2. FINANCIAL ASSETS AND LIABILITIES

3.2.1 FINANCIAL ASSETS

According to IFRS 9 the classification is business model driven and there are three classes: fair value through profit and loss, amortised cost and fair value through other comprehensive income. Classification is made upon initial recognition based on the purpose of use of the asset. The basis of classification is reassessed at each reporting date.

All purchases and sales of financial instruments are recognised on the trade date, which is the date when the Group commits to purchase or sell a financial instrument. Financial assets are recognised in the balance sheet at original cost which equals their fair value at the acquisition date. If the asset in question is not measured at fair value through profit or loss, transaction costs are included in the original cost of the financial asset.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or the Group transfers all the substantial risks and rewards related to the financial asset outside the Group. Financial assets are included in non-current items of the balance sheet when their maturity is over 12 months.

Impairment of financial assets

The impairment model requires the recognition of impairment provision based on expected credit losses. The impairment provision is recognised based on lifetime expected credit losses from trade receivables and contract assets. More information on the impairment provision on trade receivables can be found in Note 2.6. Trade and other receivables (current).

The impairment model does not apply to financial assets measured at fair value since those are measured at fair value which already takes into account expected credit losses.

Financial assets recognised at fair value through profit or loss

This category includes financial assets held for trading purposes or otherwise designated as financial assets recognised at fair value through profit or loss by Anora Group. Sold receivables are classified in this category. Derivative instruments held for hedging purposes, but not qualifying for the criteria of hedge accounting, are classified in this category. Items in this category are initially recognised at fair value and subsequently measured at the fair value of each reporting date, which is the market bid price at the end of the reporting period determined based on public price quotations in active markets. Realised and unrealised gains and losses arising from changes in fair values are recognised in profit or loss in financial items in the period in which they are incurred if they relate to hedging of financial items.

Amortised cost

Loans and receivables arise when money, goods or services are delivered to a debtor, and they are included in current or non-current financial assets in accordance with their maturity. The assets in this category are held according to a business model of which objective is to collect contractual cash flows. In Anora, non-current receivables include loan receivables and other receivables with the maturity of over one year. Current receivables include trade receivables as well as cash and cash equivalents presented under current financial assets. Receivables are measured at amortised cost when the related payments are fixed or determinable and the instruments are not quoted in financial markets. The exchange rate differences of intra-group foreign currency denominated loan receivables are presented within financial items as foreign exchange differences related to loans. The exchange rate differences of foreign currency denominated trade receivables are presented in income statement as adjustments to sales.

Fair value through other comprehensive income

The assets measured at fair value through other comprehensive income consist of unquoted shares, that are not held for trading purposes and at initial recognition, the group has made a final choice that they belong to this category. The changes in fair values are presented in other comprehensive income.

Fair value through other comprehensive income

Fair value through other comprehensive income assets consisted of unquoted shares, amounting to EUR 0.7 million (2021: EUR 0.7 million).

3.2.2 FINANCIAL LIABILITIES

Financial liabilities are classified as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. Financial liabilities are initially measured at fair value and recognised net of transaction costs, with the exception of items measured at fair value through profit or loss.

A financial liability (or a part of it) is not derecognised until the obligation specified in the contract is discharged or cancelled or expires. A financial liability is classified as current, unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivatives held for hedging purposes but not qualifying for hedge accounting and put options for the purchase of non-controlling interests. Derivatives held for hedging purposes but not qualifying for hedge accounting are measured at fair value, which is determined based on price quotations in active markets at the reporting date. Realised and unrealised gains or losses arising from the changes in fair values are recognised through profit or loss in the financial items as incurred. The liabilities related to options for the purchase of non-controlling interests are estimated on the basis of pricing mechanisms applied in the shareholder agreements.

Financial liabilities at amortised cost

This category includes the Group's external loans from financial institutions, loans from pension institutions, commercial paper loans as well as trade payables. These financial liabilities are measured at amortised cost using the effective interest method. When loans are paid off or refinanced, the related unamortised costs are recognised in finance expenses. Group overdrafts in use are included in current borrowings. In addition, Anora has a revolving credit facility and the related fee is amortised on a straight-line basis in other finance expenses during the term of the facility.

The exchange rate differences arising from foreign currency denominated loans from financial institutions are disclosed under financial items. The exchange rate differences of intra-group foreign currency denominated loans are presented within financial items in the foreign exchange differences of the category financial liabilities at amortised cost.

The fair values of loans from financial institutions and commercial paper loans are determined based on future cash flows discounted with market interest rate at the reporting date adjusted with Anoras credit risk premium. At the reporting date, the carrying amounts of the loans are not materially different from their book values.

LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

EUR million	2022	2021
Book value at the beginning of the period	1.3	-
Acquisition of subsidiaries	0.0	1.1
Changes in value during period	-0.6	0.2
Interest during period	0.0	0.0
Translation differences	-0.1	0.0
Book value at the end of the period	**0.6**	**1.3**
Non-current liability	0.6	1.3
Current liability	-	-
Total liabilities through profit and loss	**0.6**	**1.3**

Options for the purchase of non-controlling interests

Within the Group's wines business, the general managers of several subsidiaries have non-controlling interests. Most of the general managers have put options linked to their interests and these options can be exercised on a future date. The Group does not have control of these shares at the end of period, nor does it have control of the possible exercising of the put options. The value of put options is therefore recognized as liabilities at fair value at the end of the year.

The liabilities related to options for the purchase of non-controlling interests are estimated on the basis of pricing mechanisms applied in the shareholder agreements discounted for the close of the financial year. The most important parameters in the pricing mechanisms were the development in the share values, measured as EBIT (operating profit) up to the estimated due date, multiplied by a fixed market based multiple. As the basis for EBIT, the underlying companies' budgets and long-term plans up until the expected due date are used. The discount rate is NIBOR or STIBOR with duration matched to the expected due date.

BORROWINGS AND LEASE LIABILITIES

EUR million	2022	2021
Non-current		
Loans from financial institutions	209.3	127.8
Loans from pension institutions	6.8	8.3
Lease liabilities	132.4	120.8
TOTAL	**348.4**	**256.9**
Current		
Loans from financial institutions	0.0	5.0
Loans from pension institutions	1.5	1.5
Commercial papers	30.0	20.0
Lease liabilities	12.4	11.6
TOTAL	**43.9**	**38.1**

Interest-bearing non-current loans from financial and pension institutions are measured at amortised cost using the effective interest method.

All of the Group's non-current and current loans from financial and pension institutions were nominated in euro's as at 31 December 2022. (2021 in EUR 69.8 million and in SEK 750.0 million)

The weighted average effective interest rate (p.a.) of the Group's loans from financial and pension institutions as at 31 December 2022 was 3.5% (2021: 1.5%).

The weighted average interest rate (p.a.) of the Group's lease liabilities as at 31 December 2022 was 3,9% (2021: 3.9%).

In December 2022 Anora refinanced its loan portfolio and all existing loans from financial institutions were early repaid. Group's external bank loans were combined under parent company and terms were unified. Company entered into an EUR 410 million term and revolving facilities agreement. It consists of EUR 260 million term loan and EUR 150 million revolving credit facilities. The facilities mature on December 2025 unless those are extended by optional one plus one year. Anora drew down a EUR 210 million from term loan facility.

THE NET DEBT

Movements in Net debt the year ended 31 December 2022 and 2021 are presented in the following table:

EUR million	Cash and cash equivalents	Loans from financial and pension institutions (non-current)	Loans from financial and pension institutions (current)	Lease liabilities (non-current)	Lease liabilities (current)	Total
Net debt as at 1 January 2022	168.9	136.1	26.5	120.8	11.6	126.0
Cash flows	-68.5	63.6	5.0	0.0	-12.0	125.1
Translation differences	-9.0	0.0	0.0	0.0	0.0	9.0
Acquisitions of subsidiaries	0.0	18.0	0.0	17.3	1.4	36.6
Other non-cash movement	0.0	-1.6	0.0	-5.7	11.4	4.2
NET DEBT AS AT 31 DECEMBER 2022	**91.4**	**216.0**	**31.5**	**132.4**	**12.4**	**300.9**
Net debt as at 1 January 2021	130.7	69.6	46.5	7.0	3.7	-3.9
Cash flows	6.8	-0.0	-26.5	-	-6.2	-39.6
Translation differences	-1.7	-0.5	-	2.9	158.5	4.3
Acquisitions of subsidiaries	33.2	73.3	-	112.3	7.4	159.9
Other non-cash movement	-	-6.4	6.5	-1.4	6.6	5.3
NET DEBT AS AT 31 DECEMBER 2021	**168.9**	**136.1**	**26.5**	**120.8**	**11.6**	**126.0**

Derivative instruments

Derivatives are included in financial assets and liabilities at fair value through profit or loss when they do not meet the criteria of hedge accounting pursuant to IFRS 9. These derivatives are recognised at fair value on the trade date and they are subsequently measured at fair value at the reporting date. Derivative instruments and hedge accounting are described in Note 3.3.

The fair values of derivatives equal the amount that the Group would have to pay, or it would receive from the termination of the derivative contract at the reporting date. The fair values of forward exchange contracts are determined by using the market prices at the reporting date. The fair values of interest rate derivatives are determined by discounting the related future cash flows. The valuation of commodity derivatives is determined based on the fair values received from the financial markets.

3.2.3 CLASSIFICATION AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

FAIR VALUES AND THE CARRYING AMOUNTS IN THE CONSOLIDATED BALANCE SHEET FOR EACH FINANCIAL INSTRUMENT BY CLASSES:

2022 EUR million	Note	Derivatives, hedge accounting	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Carrying amounts of items in the balance sheet	Fair value	Level
Financial assets								
Non-current financial assets								
Investments in associates and receivables								
from interests in joint operations		-	-	7.6	-	7.6	7.6	
Unquoted shares	3.2.1.	-	-	-	0.7	0.7	0.7	3
Other non-current receivables		-	-	0.0	-	0.0	0.0	
Current financial assets								
Trade and other receivables	2.6.	-	-	229.7	-	229.7	229.7	
Derivative instruments/Interest rate derivatives	2.6.	0.0	-	-	-	0.0	0.0	2
Derivative instruments/Forward exchange contracts	2.6.	0.8	0.1	-	-	0.9	0.9	2
Derivative instruments/Commodity derivatives	2.6.	5.4	-	-	-	5.4	5.4	2
Cash and cash equivalents	4.1.	-	-	91.4	-	91.4	91.4	
TOTAL		**6.2**	**0.1**	**328.7**	**0.7**	**335.7**	**335.7**	
Financial liabilities								
Non-current financial liabilities								
Borrowings	3.2.2.	-	-	216.0	-	216.0	216.0	2
Lease liabilities	3.2.2.	-	-	132.4	-	132.4	132.4	2
Non-current liabilities at fair value through profit or loss		-	0.6	-	-	0.6	0.6	3
Other non-current liabilities		-	-	0.0	-	0.0	0.0	
Current financial liabilities								
Borrowings	3.2.2.	-	-	31.5	-	31.5	31.5	2
Lease liabilities	3.2.2.	-	-	12.4	-	12.4	12.4	2
Trade and other payables	2.8.	-	-	104.5	-	104.5	104.5	
Derivative instruments/Interest rate derivatives	2.8.	-	-	-	-	0.0	0.0	2
Derivative instruments/Forward exchange contracts	2.8.	0.1	0.1	-	-	0.2	0.2	2
TOTAL		**0.1**	**0.7**	**496.9**	**-**	**497.7**	**497.7**	

2021 EUR million	Note	Derivatives, hedge accounting	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Carrying amounts of items in the balance sheet	Fair value	Level
Financial assets								
Non-current financial assets								
Investments in associates and receivables								
from interests in joint operations		-	-	7.6	-	7.6	7.6	
Unquoted shares	3.2.1.	-	-	-	0.7	0.7	0.7	3
Other non-current receivables		-	-	0,1	-	0.0	0.0	
Current financial assets								
Trade and other receivables	2.6.	-	-	220.1	-	220.1	220.1	
Derivative instruments/Forward exchange contracts	2.6.	0.4	0.1	-	-	0.5	0.5	2
Derivative instruments/Commodity derivatives	2.6.	2.3	-	-	-	2.3	2.3	2
Cash and cash equivalents	4.1.	-	-	168.9	-	168.9	168.9	
TOTAL		**2.7**	**0.1**	**396.6**	**0.7**	**400.1**	**400.1**	
Financial liabilities								
Non-current financial liabilities								
Borrowings	3.2.2.	-	-	136.1	-	136.1	136.1	2
Lease liabilities	3.2.2.	-	-	120.8	-	120.8	120.8	2
Non-current liabilities at fair value through profit or loss			1.3			1.3	1.3	3
Other non-current liabilities				0.0		0.0	0.0	
Current financial liabilities								
Borrowings	3.2.2.	-	-	26.5	-	26.5	26.5	2
Lease liabilities	3.2.2.	-	-	11.6	-	11.6	11.6	2
Trade and other payables	2.8.	-	-	97.2	-	97.2	97.2	
Derivative instruments/Interest rate derivatives	2.8.	0.5	-	-	-	0.5	0.5	2
Derivative instruments/Forward exchange contracts	2.8.	0.0	0.0	-	-	0.0	0.0	2
TOTAL		**0.5**	**1.3**	**392.2**	**-**	**394.1**	**394.1**	

At the reporting date due to short maturity fair value of trade receivables and other short-term receivables and liabilities equal to their value in the balance sheet.

The table above presents the classification of financial instruments. The levels 1-3 of fair value hierarchy reflect the significance of inputs used in determining the fair values. In level one, fair values are based on public quotations of identical financial instruments. In level two, the inputs used in determining the fair values are based on quoted market rates and prices observable for the asset or liability in question directly (I e. price) or indirectly on discounted future cash flows. Fair values of other financial assets and liabilities in level two reflect their carrying value. In level three, the fair values of assets and liabilities are based on inputs that are not based on observable market data for all significant variables, and instead are, to a significant extent, based on management estimates and their use in generally accepted valuation techniques. The reported fair value level is based on the lowest level of input information that is significant in determining the fair value.

3.3. DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

When the Group applies IFRS 9 hedge accounting to foreign currency, interest rate and electricity derivatives, the effective portion of the fair value change is recognised in other comprehensive income and presented within equity in the hedge reserve.

When hedge accounting is applied

In Anora, cash flow hedging is applied to part of the interest rate, foreign currency and electricity derivatives based on case-by-case assessment. In cash flow hedging, the Group is hedging against changes in cash flows related to a specific asset or liability recognised in the balance sheet or to a highly probable future business transaction. Hedge accounting is a method of accounting with the purpose to allocate one or several hedging instruments so that their fair value changes offset in full or partly the changes in fair value or cash flow arising from the hedged risk in profit or loss during the period, for which the hedge is designated. In the beginning of the hedging arrangement, Anora documents the relationship between each hedging instrument and hedged item, as well as the objectives of risk management and the strategy in engaging in hedging. IFRS 9 requires that the effectiveness of hedging instruments is tested prospectively. Effectiveness means the ability of a hedging instrument to offset the changes in the fair value of the hedged item or changes in the cash flows of the hedged transaction attributable to the hedged risk. Under IFRS 9 the hedging relationship is regarded to be highly effective when there is an economic relationship between the hedged item and the hedging instrument. Hedging ratio is defined as a relationship between the quantity of the hedging instrument and the quantity of the hedged item. Hedge accounting is discontinued when the criteria for hedge accounting is no longer met.

The gains and losses arising from fair value changes of derivative contracts, to which hedge accounting is applied, are presented in hedge reserve. Forward points are included to hedging relationship. The effective portion of the unrealised changes in the fair value of derivatives designated and qualifying as cash flow hedges are recognised in other comprehensive income and presented in the hedge reserve in equity. The ineffective portion is immediately recognized in finance income or expenses in profit or loss. The cumulative gain or loss in equity on derivative instruments related to commercial items is recognised in profit or loss as an adjustment to purchases or sales simultaneously with the hedged item in the period in which the hedged item affects profit or loss. Realised gain or loss on electricity derivatives is included in operating result in electricity procurement expenses. When a hedging instrument designated as a cash flow hedge no longer meets the criteria of hedge accounting, the gain or loss accumulated in equity is recognised through finance income or expenses.

When hedge accounting is not applied

The accounting for gains and losses arising from fair value measurement is dependent on the purpose of use of the derivative. In Anora, the changes in the fair values of derivative instruments are immediately recognised in profit or loss in finance income or expense if the derivative in question is related to hedging of commercial cash flows (purchases and sales) and hedge accounting is not applied. The fair value changes of other derivative instruments are immediately recognised in profit or loss in finance income or expense items if hedge accounting is not applied. Derivatives, to which hedge accounting is not applied, are acquired to minimise the profit and/or cash flow effects related to business operations or financing.

NOMINAL VALUES OF DERIVATIVE INSTRUMENTS

EUR million	2022	2021
Derivative instruments designated for cash flow hedging		
Interest rate derivatives	20.0	20.0
Forward exchange contracts	24.0	20.2
Commodity derivatives, electricity	2.4	2.8
	0.1TWh	0.1TWh
Derivative instruments, non-hedge accounting		
Forward exchange contracts	5.5	6.5

EFFECTS OF HEDGE ACCOUNTING ON THE FINANCIAL POSITION AND PERFORMANCE

EUR million	EURAUD		EURUSD		EURNOK		EURSEK		USDDKK	
Foreign currency forwards	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Carrying amount (asset)	-	0.0	-	0.0	0.0	0.0	0.3	0.2	0.5	-
Carrying amount (liability)	0.0	-	0.1	-	0.0	0.0	-	-	-	-
Notional amount	1.1	1.4	1.0	0.7	3.3	2.7	12.9	13.5	5.0	-
Maturity date	Feb-Dec 2023	Feb-Dec 2022	Feb-Dec 2023	Feb-Aug 2022	Feb-Dec 2023	Feb-Dec 2022	Feb-Dec 2023	Feb-Oct 2022	Feb-Dec 2023	-
Hedge ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1	-
Change in discounted value of outstanding hedging instruments since 1 January	-0.1	0.0	-0.1	0.1	-0.1	0.1	0.0	0.8	0.5	-
Change in value of hedged item used to determine hedge effectiveness	0.1	-0.0	0.1	-0.1	0.1	-0.1	0.0	-0.8	-0.5	-

EUR million **Interest rate swap**	2022	2021
Carrying amount (asset)	0.0	-
Carrying amount (liability)	-	0.5
Notional amount	20.0	20.0
Maturity date	04/2023	04/2023
Hedge ratio	1:1	1:1
Change in discounted value of outstanding hedging instruments since 1 January	0.6	0.5
Change in value of hedged item used to determine hedge effectiveness	-0.6	-0.5
Weighted average hedged rate for the year	2.78 %	2.12 %

EUR million **Commodities - Electricity**	2022	2021
Carrying amount (asset)	5.4	2.3
Notional amount	2.4	2.8
TWh	0.1	0.1
Maturity date	2023-2025	2022-2024
Hedge ratio	1:1	1:1
Change in discounted value of outstanding hedging instruments since 1 January	3.1	1.7
Change in value of hedged item used to determine hedge effectiveness	-3.1	-1.7
Weighted average hedged price EUR/MWh	32.29	28.04

Positive and negative fair values of unrealised derivatives and their net amount are presented below. Interest and currency derivatives are under netting agreements. The master netting agreements in respect of derivatives do not meet the criteria for offsetting in the balance sheet owing to legally enforceable right not existing currently.

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

EUR million	2022	2021
Derivative assets:		
Fair value, gross	6.4	2.8
Fair value, under netting agreements	-0.1	-0.0
Fair value, net	6.3	2.8
Derivative liabilities:		
Fair value, gross	0.2	0.6
Fair value, under netting agreements	-0.1	-0.0
Fair value, net	0.0	0.5

3.4. EQUITY

Share capital

At the end of the reporting period, Anora Group Plc's share capital amounted to EUR 61,500,000 and the number of issued shares was 67,553,624.

At 2021 as merger consideration, the shareholders of Arcus received 0.4618 new shares in Altia for each share registered as held in Arcus upon completion of the merger. Arcus' shareholders received in aggregate shares representing approximately a 46.5% ownership in Anora. The aggregate number of the new shares issued in Altia in connection with the merger was 31,413,139 shares. The share capital of Altia was increased by EUR 1,019,621.64 in connection with the registration of the execution of the merger. The merger consideration shares were registered at the Finnish Trade Register on 1 September 2021.

All shares issued have been paid in full. The shares have no nominal value. Each share has one vote at the Annual General meeting and equal rights to dividend and other distribution of assets. The company does not hold its own shares.

NUMBER OF SHARES

EUR million	2022	2021
Number of outstanding shares in the beginning of the financial year	67,553,624	36,140,485
Shares issued as merger consideration		31,413,139
Total number of outstanding shares at the end of the financial year	**67,553,624**	**67,553,624**

Invested unrestricted equity fund

The invested unrestricted equity reserve includes the subscription price of shares to the extent that it has not been recorded in share capital according to specific resolution.

The increase in the invested unrestricted equity reserve in 2021 was due to the merger of Altia and Arcus. 31,413,139 new shares were issued with a closing price of EUR 10.74 of Altia share on 31 August 2021 on Nasdaq Helsinki, of which EUR 336.4 million recorded in Invested unrestricted equity reserve. Costs of EUR 0.8 million related to the share issue have been deducted from the invested unrestricted equity reserve.

Fair value reserve

The fair value reserve represents the change in the fair value of financial assets measured at fair value through other comprehensive income.

CASH FLOW HEDGE RESERVE

EUR million	Currency forwards	Interest rate swaps	Commodities	Total hedge reserves
Opening balance 1 January 2021	-0.6	-0.8	0.5	-0.9
Change in fair value of hedging instrument recognised in OCI	0.8	0.7	0.2	1.6
"Reclassified from OCI to profit or loss - included in purchases/sales adjustments"	0.2	-	-	0.2
Reclassified from OCI to financial income / expenses	-	-0.4	-	-0.4
Reclassified from OCI to electricity purhases	-	-	1.6	1.6
Deferred tax	-0.1	0.1	-0.5	-0.4
Closing balance 31 December 2021	**0.3**	**-0.4**	**1.8**	**1.7**
Change in fair value of hedging instrument recognised in OCI	-1.9	0.8	8.4	7.3
"Reclassified from OCI to profit or loss - included in purchases/sales adjustments"	1.4	-	-	1.4
Reclassified from OCI to financial income / expenses	-	-0.4	-	-0.4
Reclassified from OCI to electricity purhases	-	-	4.8	4.8
Deferred tax	0.1	0.0	-1.1	-1.0
Closing balance 31 December 2022	**-0.2**	**0.0**	**4.4**	**4.2**

Legal reserve

Legal reserve represents statutory part of the foreign subsidiary's result.

Hedge reserve

The hedge reserve includes the fair value changes of derivative instruments used for cash flow hedging for effective hedges.

Translation differences

Translation differences comprise all foreign exchange differences arising from the translation of the foreign subsidiaries' financial statements. The Group's accumulated translation differences amounted to negative EUR 33 million at 31 December 2022 (31.12.2021: negative EUR 15.0 million).

Earnings per share

Basic earnings per share is calculated by dividing the result for the period attributable to owners of the parent company by the weighted average number of shares outstanding during the reporting period.

Diluted earnings per share has been calculated on the same basis as basic earnings per share except that it reflects the impact of any potential commitments the Group has to issue shares in the future. Anora has not issued any dilutive instruments during the periods presented.

EARNINGS PER SHARE

EUR million	2022	2021
Result attributable to the shareholders of the parent company, EUR million	17.9	31.0
Weighted average number of shares outstanding basic	67.929.466	46.611.531
Weighted average number of shares outstanding diluted	67.929.466	
Earnings per share (EUR) basic	0.26	0.67
Earnings per share (EUR) diluted	0.26	

Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.22 per share be paid for the financial year 2022.

ANORA GROUP PLC DISTRIBUTABLE FUNDS

EUR million	31 Dec 2022	31 Dec 2021
Invested unrestricted equity fund	52.2	52.2
Retained earnings	65.9	86.4
Distribution of dividends	-30.4	-27.1
Profit for the period	38.9	6.6
TOTAL DISTRIBUTABLE FUNDS	**126.6**	**118.1**

4. Financial and capital risk

Gearing
62.5%

4.1. FINANCIAL RISK MANAGEMENT

Financial risk management principles

The Anora Group Risk Management Policy is based on the Altia legacy risk management policy. The focus of 2022 has been the harmonization of the current risk management policies of Altia and Arcus into a common risk management policy of Anora. Hence, currently risks are managed according to the Altia and Anora legacy risk management policies. Risk management is aimed at supporting the implementation of the Group's strategy, the identification of risks and methods for reducing the probability and impacts of risks, as well as ensuring business continuity. Risks may arise from internal or external events. The Group's risk management policy has been approved by Anora Plc's Board of Directors.

The aim of Anora's financial risk management is to ensure the Group's financial stability and availability of sufficient financing options in different market situations. In addition, the aim is to support the business operations to identify business-related financial risks and their management, and to limit and for some extent to hedge against without speculating material financial risk that the core business creates.

The Group is exposed to various market risks. Changes in these risks affect the company's assets, liabilities and anticipated transactions. The risks are caused by changes in interest rates, currencies and commodity market prices. Selected derivative instruments can be used to manage the risks resulting from these market risks. Anora mainly hedges against risks that impact the Group's cash flow, and, if deemed appropriate, also certain foreign currency denominated items in the balance sheet. Derivatives are solely used to hedging against the above-mentioned risks. The principles of IFRS 9 hedge accounting are applied to certain interest rate, foreign exchange as well as electricity derivatives. Financial risk management is executed as part of the Group's risk management, according to the Risk Management Principles approved by the Board of Directors. Anora's principles aiming towards financial, credit and operational continuity form the basis for financial risk management.

Risk management process

Special process features related to financing are described below in connection with the descriptions of market, liquidity and credit risks. The financial risk exposure is regularly reported to the Audit Committee and Anora's Board of Directors. The most significant principle decisions concerning risk management are made by the company's Board of Directors.

Financial risk management organisation

Financial matters are reported regularly to the Group management. On a case-by-case basis, the Board of Directors processes all substantial financial matters, such as the Group's internal and external loan arrangements.

Tasks and responsibilities regarding Anora's financial operations and financial risk management are described in the financial risk management principles. The Group Treasury is responsible for securing financing, identifying risks and, if required, executing hedging transactions with external counterparties. The business units and subsidiaries are responsible for managing the risks associated with their own operations and forecasting cash flows.

Risk concentrations

Anora carefully analyses the financial risks and risk concentrations related to its operations. Risk concentrations identified as a result of this assessment are described in connection with the descriptions of market and credit risks.

Market risk

Anora defines market risk as a risk where the fair values of financial instruments or future cash flows fluctuate as a result of changes in market prices. The most significant market risks for the Group are currency risk, interest rate risk and price risks for barley and electricity.

1. Currency risk

Anora is exposed to currency risks as it has operations in several different countries. The objective of the Group's currency risk management is to limit the effect of exchange rate fluctuations on the Group's cash flow in EUR. The most significant currencies are NOK, SEK, USD, AUD and DKK.

Transaction risk

Transaction risk is caused by foreign currency denominated items in the balance sheet and future cash flows related to sales, purchases and return of capital.

Foreign exchange exposures are monitored at the Business level. Some fixed sales and purchase contracts, including both future cash flows are hedged. The estimated future commercial exposures are evaluated by the Businesses, and the level of hedging is decided by the Board of Management. Hedge accounting in accordance with IFRS 9 is applied to most of the hedges. Hedging transactions are executed with forward exchange contracts or options for the following 12 months at the most, predominantly following the pricing periods of state monopolies in the Nordic region. In Finland this takes place every two months, in Norway every four months and in Sweden every six months.

The two tables below present the Group's net currency position, first on the basis of financial instruments recorded on the balance sheet and secondly including on a net basis also the estimated future foreign currency net cash flows. The currency position resulting from the financial instruments in accordance with IFRS 7 consists of trade receivables, trade payables, cash and cash equivalents, the Group's internal and external loans and derivative instruments.

The net currency risk has been taken into account in the table if the transaction currency is other than the company's functional currency.

TABLE 1: THE GROUP'S NET CURRENCY POSITION AT 31 DECEMBER

The net currency position resulting from the financial instruments in accordance with IFRS 7 EUR million	2022	2021
EUR-SEK	62,0	62.5
EUR-NOK	-0,8	-2.4
EUR-USD	8,3	2.1
EUR-AUD	1,1	1.7

The Group's net currency position at 31 December including also the hedged commercial cash flows EUR million	2022	2021
EUR-SEK	124,2	52,8
EUR-NOK	58,2	55.6
EUR-USD	-18,0	-11.9
EUR-AUD	-1,7	-1.4

Translation risk

Translation risk is mainly caused by the parent company's foreign currency denominated net investments in foreign subsidiaries, which cause a translation difference in equity in the Group's balance sheet upon consolidation. The Group Treasury regularly analyses the translation risk and reports any material issues to the management. The most significant net investments are denominated in the Swedish and Norwegian kroner. The translation risk has not been hedged.

2. Interest rate risk

The objective of interest rate risk management is to minimise the impact of fluctuations arising from interest rate changes on the Group's profit. In December, Anora refinanced its existing loan portfolio and all loans from financial institutions were early repaid. At 31 December 2022 the total nominal amount of loans was amounting to EUR 218.25 million (2021: 142.9) and was divided as follows:

- The EUR 210.0 million bullet loan matures in December 2025 Anora has hedged these interest payments to fixed interest rate by using an interest rate derivative amounting to EUR 20 million until 2023.
- The EUR 8.25 million pension loan matures in January 2028. The interest rate is fixed for the whole loan period.

The maximum amount under Anora's domestic commercial paper program is EUR 100 million. The amount of issued commercial papers at 31 December 2022 was EUR 30.0 (2021: 20.0) million.

Anora's maximum limit for sale of trade receivables amounts to EUR 145 million and is approved by Board of Directors. The sold trade receivables are derecognised at the time of trade with no obligation to repurchase. The related costs are recognised in other financial expenses. The trade receivables are current receivables and the related interest rate risk is not hedged. The amount of the sold trade receivables was EUR 59.4 million at 31 December 2022 (2021: 81.4 million).

3. Price risk associated with commodities

Barley

In 2022, Anora consumed approximately 184.3 (208.5) million kilos of grain to produce ethanol and starch. The availability of high-quality domestic barley was ensured until the end of 2022 through contract cultivation and cooperation with farmers and grain handling companies. The market price of barley significantly fluctuates year by year as a result of several factors that affect the Finnish barley supply and demand. The price of barley is therefore considered to be a significant risk for Anora during the financial year. The price risk has not been hedged against with derivative instruments.

Electricity

A strong increase in the market price of electricity is a significant risk for Anora. In Finland, the risk is managed by following Anora's principles for electricity procurement and by a third-party specialist. These principles determine the hedging limits within which the electricity price risk is hedged against. The hedges are executed with the OTC-derivatives of Nasdaq OMX Oslo ASA.

At the end of 2022, the hedging ratio for deliveries for the next 12 months was 78.0% (80.9%), in line with the set targets. In 2022, the average hedging ratio was 76.2% (76.6%).

Cash flow hedge accounting in accordance with IFRS 9 is applied to the hedges against electricity price risk, and hedge effectiveness is tested quarterly. All hedging was effective in 2022 as it was in 2021.

Anora purchases its electricity straight from the Nord Pool Spot markets as a delivery tied to the spot price of the Finnish price area. As part of electricity purchases, Anora also purchases physical electricity through bilateral fixed-price contracts.

4. Sensitivity to market risks

The following table describes the sensitivity of the Group's profit and equity (before taxes) to changes in electricity prices, interest and foreign exchange rates. When Anora applies hedge accounting, the sensitivity is directed at equity. When hedge accounting is not applied, the sensitivity is recognised as a potential impact on profit or loss.

The sensitivity to foreign exchange rate changes is calculated from the net currency position resulting from financial instruments.

TABLE 2: SENSITIVITY ANALYSES

Sensitivity of financial instruments to market risks (before taxes) in accordance with IFRS 7	2022		2021	
EUR million	Income statement	Equity	Income statement	Equity
+/-10% electricity	-	+/-0.8	-	+/-0.5
+/-10% change in EUR/NOK exchange rate	-/+0.1	+/-0.3	-/+0.1	+/-0.3
+/-10% change in EUR/SEK exchange rate	+/-6.4	+/-1.9	-/+7.6	+/-1.4
+/-10% change in EUR/USD exchange rate	-/+0.2	-/+0.6	-/+0.0	-/+0.1
+/-10% change in EUR/AUD exchange rate	-/+0.0	-/+0.1	-/+0.0	-/+0.1
+1%-points parallel shift in interest rates	-1.6	-0.0	-2.4	-0.0

+10 % increase in EUR/SEK exchange rate would have an EUR 6.4 million effect in income statement. Other risks with same principle.

At the end of 2022 the total group floating rate liability position consists of floating rate liabilities EUR 210.0 million (2021: EUR 133.2 million) and floating leg of interest rate swap EUR 20.0 million (2021: EUR 20.0 million) which is netting the interest rate risk.

Liquidity risk

The Group's activities are subject to seasonal fluctuations and alcohol sales increase in periods with national celebrations and public holidays, especially at Easter and Christmas. The fourth quarter is normally the best quarter for the Group which is also reflected in cash flows.

In order to manage the liquidity risk, Anora continuously maintains sufficient liquidity reserves, which at the end of 2022 comprised Group's both EUR 10 million and NOK 100 million overdraft facilities and a EUR 150 million revolving credit facility. At the end of December 2022, no revolving credit facility was in use (2021: EUR 0.0 million). The facilities mature in December 2025. More detailed information on the Group's external loans is provided in the interest rate risk section.

TABLE 3: LIQUIDITY RESERVES

Cash and cash equivalents and unused committed credit limits EUR million	2022	2021
Cash and cash equivalents	91.4	168.9
Overdraft facilities	19.5	90.7
Revolving credit line	150.0	60.0
TOTAL	**260.9**	**319.6**

TABLE 4: MATURITIES OF FINANCIAL LIABILITIES

Contractual payments on financial liabilities 2022		Cash flows 2023			Cash flows 2024			Cash flows 2025–		
EUR million	Total contractual cash flows	Fixed rate	Variable rate	Re-payment	Fixed rate	Variable rate	Re-payment	Fixed rate	Variable rate	Re-payment
Non-derivative:										
Loans from financial institutions [1]	-233.8	0.0	-7.9	0.0	0.0	-8.0	0.0	0.0	-7.9	-210.0
Loans from pension institutions [2]	-8.5	-0.1	0.0	-1.5	-0.1	0.0	-1.5	-0.1	0.0	-5.3
Lease liabilities	-187.4	0.0	-5.3	-12.4	0.0	-4.9	-14.2	0.0	-32.4	-118.3
Trade payables	103.5	0.0	0.0	103.5	0.0	0.0	0.0	0.0	0.0	0.0
Derivative:										
Currency derivatives, hedge accounting										
Inflow	24.0	0.0	0.0	24.0	0.0	0.0	0.0	0.0	0.0	0.0
Outflow	-23.5	0.0	0.0	-23.5	0.0	0.0	0.0	0.0	0.0	0.0
Currency derivatives, non-hedge accounting										
Inflow	5.7	0.0	0.0	5.7	0.0	0.0	0.0	0.0	0.0	0.0
Outflow	-5.6	0.0	0.0	-5.6	0.0	0.0	0.0	0.0	0.0	0.0
Interest rate derivatives, hedge accounting	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodity derivatives, hedge accounting	-2.4	0.0	0.0	-1.2	0.0	0.0	-0.7	0.0	0.0	-0.5
TOTAL	**-535,2**	**-0,1**	**-13,2**	**-118,1**	**-0,1**	**-12,9**	**-16,4**	**-0,1**	**-40,3**	**-334,1**

[1] Loans from financial institutions mature 2025
[2] Loans from pension institutions mature 2028

TABLE 4: MATURITIES OF FINANCIAL LIABILITIES

Contractual payments on financial liabilities 2021		Cash flows 2022			Cash flows 2023			Cash flows 2024–		
EUR million	Total contractual cash flows	Fixed rate	Variable rate	Re-payment	Fixed rate	Variable rate	Re-payment	Fixed rate	Variable rate	Re-payment
Non-derivative:										
Loans from financial institutions [1]	-136.4	0.0	-1.5	-5.0	0.0	-1.5	0.0	0.0	-0.2	-128.1
Loans from pension institutions [2]	-11.0	-0.1	0.0	-1.5	-0.9	0.0	-1.5	-0.2	0.0	-6.8
Lease liabilities	-175.3	0.0	-4.6	-11.6	0.0	-4.3	-10.8	0.0	-34.0	-110.0
Trade payables	-96.1	0.0	0.0	-96.1	0.0	0.0	0.0	0.0	0.0	0.0
Derivative:										
Currency derivatives, hedge accounting										
Inflow	20.3	0.0	0.0	20.3	0.0	0.0	0.0	0.0	0.0	0.0
Outflow	-19.9	0.0	0.0	-19.9	0.0	0.0	0.0	0.0	0.0	0.0
Currency derivatives, non-hedge accounting										
Inflow	6.5	0	0	6.5	0	0	0	0	0	0
Outflow	-6.4	0	0	-6.4	0	0	0	0	0	0
Interest rate derivatives, hedge accounting	-0.5	-0.4	0	0	-0.1	0	0	0.0	0	0
Commodity derivatives, hedge accounting	-2.3	0	0	-1.8	0	0	-0.4	0	0	-0.1
TOTAL	**-421.2**	**-0.5**	**-6.1**	**-115.6**	**-1.0**	**-5.9**	**-12.6**	**-0.2**	**-34.2**	**-245.0**

[1] Loans from financial institutions mature 2025
[2] Loans from pension institutions mature 2028

Credit risk

The objective of Anora's credit risk management is to minimise the losses if one of the Group's counterparties fails to meet its obligations. The principles of credit risk management are described in the Group's credit policy.

Credit risks are caused by a counterparty not fulfilling its contractual payment obligations or the counterparty's credit rating changing in a manner that affects the market value of the financial instruments it has issued.

The aim is to minimise credit risks by active credit management and by taking into account customers' credit rating when determining the payment term of invoices. A significant share of the Group's revenue is associated with the state monopolies in the Nordic region where there is not considered to be any credit risk. The Group's credit risk is otherwise spread over industrial customers, a large number of small customers within the HORECA market as well as a small number of distributors outside the home markets.

4.2. CAPITAL RISK MANAGEMENT

The target of Anora's capital management is to secure an effective capital structure that supports the profitable growth of the operations. The Board of Directors monitors the Group's capital structure regularly.

Anora monitors its capital based on total Net Debt to Comparable EBITDA. The ratio is calculated by dividing net debt by with the last 12 month's comparable EBITDA of the Group. Net debt /comparable EBITDA ratio at the end of 2022 is not comparable with prior period. Comparable EBITDA includes Globus result only from 1st of July 2022 onwards and net debt in 2022 increased by the additional funding for the transaction.

During the business cycle, Group's Net debt to comparable EBITDA is likely to fluctuate, and the objective is to retain a sufficiently strong capital structure to secure the Group's financing needs. In December 2022 Anora refinanced its loan portfolio and all existing loans from financial institutions were early repaid. Group's external bank loans were combined under parent company and terms were unified. Net debt/ comparable EBITDA is a covenant used in Group's funding arrangements. Before refinancing, the covenants in place were gearing and net interest bearing debt as a ratio of adjusted EBITDA. During the financial period, the covenants were not in breach. At 31 December 2022 and 31 December 2021 the Net debt comparable/ EBITDA was as follows:

TABLE 5: GEARING

Net Debit / Comparable EBITDA as of 31 December, EUR million	2022	2021
Comparable EBITDA	76.1	71.7
Borrowings	247.5	162.6
Lease liabilities	144.8	132.4
Cash and cash equivalents	91.4	168.9
Net debt	300.9	126.0
Net Debt /Comparable EBITDA AT 31 DECEMBER	**4.0**	**1.8**

5. Consolidation

5.1. GENERAL CONSOLIDATION PRINCIPLES

Consolidation

Consolidation, consolidation method and classification of ownership interests depends on whether the Group has power to control or jointly control the entity or have significant influence or other interests in the entity. When the Group has power to control the entity, it is consolidated as a subsidiary according to principles described in Note 5.3. Subsidiaries. When the Group has joint control or significant influence over an entity but does not have power to control, entity is accounted for by using the principles set in Note 5.4. Associated companies, joint ventures and interests in joint operations. If the Group does not have power to control nor significant influence in the entity, its ownership interests are classified as Financial assets at fair value through other comprehensive income and accounted for according to principles described in Note 3.2.1.

Non-controlling interests

Non-controlling interests' share of profit after tax is shown on a separate line after Group's result for the period. Non-controlling interests's share of equity is shown on a separate line as part of the Group's total equity.

In some subsidiaries with non-controlling interests, there are sales options related to the non-controlling interests, where the Group does not have control of the non-controlling interests before the options are exercised, nor does it have control of whether the options are exercised, or when this exercise may take place. The value of such options is recognised as obligations at fair value in the balance sheet and reduces the non-controlling share of equity. This means that only income statement and balance sheet items related to non-controlling interests where the minority does not have sales options related to the interests are presented in the consolidated income statement and balance sheet.

Foreign currency items

The consolidated financial statements are presented in euro, which is the functional and presentation currency of the parent company. Transactions in foreign currencies are translated to euro at average foreign exchange rates published by the European Central Bank on banking days. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to euro at the average exchange rates prevailing at that date. Foreign currency differences arising on translation are recognised in profit or loss. Foreign exchange gains and losses related to purchases and sales are recognised in the respective items and included in operating result. Foreign currency gains and losses arising from loans denominated in foreign currencies are recognised in finance income and expenses.

Income and expenses for the statements of comprehensive income of foreign subsidiaries that operate outside the eurozone are translated using the average rates of the European Central Bank's exchange rates at the end of the month. The statements of financial position of foreign subsidiaries are translated using the average exchange rates ruling at the reporting date. Foreign currency differences arising on the translation of profit or loss for the period with different exchange rates in the statement of comprehensive income and in the balance sheet are recognised in other comprehensive income and included in translation differences in equity. Changes in translation differences are recognised in other comprehensive income.

In the consolidated financial statements, exchange rate differences arising from the translation of foreign currency denominated loans to foreign subsidiaries, which form a part of net investments in foreign companies, are recognised in other comprehensive income and included in translation differences within equity.

Translation differences arising from elimination of the cost of foreign subsidiaries and from translation of the foreign subsidiaries' post-acquisition profits and losses are recognised in other comprehensive income and presented as a separate item within equity. Goodwill and the fair value adjustments to the carrying amounts of assets and liabilities of foreign units are accounted for as assets and liabilities of the respective foreign units, which are translated to euro at the exchange rates prevailing at the reporting date. If these foreign units are entirely or partly disposed of, related exchange rate differences are recognised in profit or loss as part of the gain or loss on disposal.

5.2. CHANGES IN GROUP STRUCTURE

Globus Wine acquisition

On July 1, 2022 Anora has completed the acquisition of 100% of shares of Globus Wine A/S, the leading wine company in Denmark. As a continuation to the merger last fall, the acquisition of Globus Wine strengthens Anora's position as the leading wine supplier in the Nordics. With the acquisition, Anora will become the market leader in the Danish wine market in addition to its leading position in the other three Nordic countries. Furthermore, the acquisition will support the expansion of Anora's partner and own wine businesses across the Nordics. The purchase price was DKK 596.4 million (EUR 80 million) which equals an enterprise value of DKK 669.6 million (EUR 90 million). The purchase price was paid in cash and financed with debt. The acquired business is reported as part of Anora's Wine segment as of July 1, 2022.

The accounting of the acquisition is still provisional pending the finalization of the valuation of the assets acquired and liabilities assumed. The identified intangible assets relate to customer relationships. Goodwill is attributable to market share, synergies, workforce and future growth potential. The fair value and the gross value of the acquired receivables do not materially differ.

The transaction costs EUR 1.0 million are included in the Group income statement in other operating expenses.

The assets and liabilities assumed related to Globus acquisition have changed from the previously reported to reflect new information obtained about facts and circumstances that existed at the date of acquisition. The value of inventory has decreased due to an accounting error by EUR 3.6 million from EUR24.6 million to EUR 20.9 million and therefore value of goodwill of acquisition has increased by EUR 3.6 million from EUR 37.0 million to EUR 40.6 million.

RECOGNISED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

EUR million	
Intangible assets	44.3
Property, plant and equipment	7.7
Right of use assets	18.7
Inventory	24.6
Trade and other receivables	15.6
Cash and cash equivalents	0.1
Total Assets	**110.8**
Interest bearing liabilities	36.6
Deferred tax liabilities	10.8
Trade and other payables	20.2
Total liabilities	**67.7**
Net assets total	43.2
Goodwill	**37.0**
Total consideration	**80.2**

ANALYSIS OF CASH FLOWS OF ACQUISITION

EUR million	
Purchase consideration, cash payment	-80
Cash and Cash equivalents, in acquired companies	0.1
Transaction costs of the acquisitions	-1,0
Net cash flow from acquisitions	**-81.1**

Net sales of the acquired business included in the Group income statement since acquisition date were EUR 44.2 million and operating profit for the period was EUR -0.9 million. If the business combination had taken place at the beginning of the year, the Group net sales would have been approximately 767.2 million and operating profit approximately EUR 39.3 million after additional amortization from the fair value adjustments to intangible assets.

Von Elk acquisition

Anora and Von Elk Company began their cooperation in 2019 through an agreement that made Anora the exclusive representative of Von Elk's brands in the Nordic and Baltic countries, as well as in travel retail. As part of the cooperation, Anora invested in the Von Elk Company and became a minority shareholder (20%) in the company.

Anora has acquired the remaining the shares from the founders of Von Elk Company, known for Glöet, the most popular sparkling glögg in the Nordics. As of 1 September 2022, Anora owns 100% of the shares in the Von Elk Company.

RECOGNISED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

EUR million	
Intangible assets	0.3
Property, plant and equipment	0.0
Trade and other receivables	0.0
Cash and cash equivalents	0.2
Total assets	**0.5**
Deferred tax liabilities	0.1
Trade and other payables	0.0
Total liabilities	**0.1**
Net assets total	**0.5**
Goodwill	**0.8**
Remeasurement	**0.3**
Consideration	**1.0**

ANALYSIS OF CASH FLOWS OF ACQUISITION

EUR million	
Purchase consideration, cash payment	-1.0
Cash and Cash equivalents, in acquired companies	0.0
Transaction costs of the acquisitions	0.0
Net cash flow from acquisitions	**-0.8**

5.3. SUBSIDIARIES

Subsidiaries consolidation principles

Consolidated financial statements of Anora include the parent company, Anora Group Plc, and all subsidiaries. Subsidiaries are all those in which the parent company exercises control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of acquired subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All business combinations are accounted for by using the acquisition method. The consideration transferred and the identifiable assets acquired and liabilities assumed in the acquired company are measured at fair value at the acquisition date. The amount exceeding the aggregate of the consideration transferred, the amount of non-controlling interests and any previously held equity interest in the acquiree, over the fair value of the net assets acquired is recorded as goodwill.

All acquisition-related costs, with the exception of costs to issue debt or equity securities, are expensed. The consideration transferred does not include any transactions accounted for separately from the acquisition. Any contingent consideration is recognised at fair value at the acquisition date and it is classified as either liability or equity. Contingent consideration classified as a liability is measured at fair value at each reporting date and any resulting gain or loss is recognised in profit or loss.

Intra-group transactions, receivables, liabilities and unrealised gains, as well as the distribution of profits within the Group are eliminated in preparing the consolidated financial statements. Unrealised losses are not eliminated if the loss in question results from impairment.

Non-controlling interests' share of profit after tax is shown on a separate line after the Group's profit for the year. Non-controlling interests' share of equity is shown on a separate line as part of the Group's equity. In some subsidiaries with non-controlling interests, there are sales options related to the non-controlling interests, where the Group does not have control of the non-controlling interests before the options are exercised, nor does it have control of whether the options are exercised, or when this exercise may take place. The value of such options is recognised as obligations at fair value in the balance sheet and reduces the non-controlling share of equity. This means that only income statement and balance sheet items related to non-controlling interests where the minority does not have sales options related to the interests are presented in the consolidated income statement and balance sheet.

Anora Group Plc had 72 subsidiaries at the end of the reporting period (59 subsidiaries at 31 December 2021).

	Parent company's share of ownership (%)	Group's share of ownership (%)	Country of incorporation
Altia Denmark A/S	100.00	100.00	Denmark
Altia Norway AS	100.00	100.00	Norway
Anora Eesti AS	100.00	100.00	Estonia
Anora Latvia SIA	100.00	100.00	Latvia
Anora Prime Brands AS	-	100.00	Norway
Anora Sweden AB	100.00	100.00	Sweden
Arcus Brand Lab AS	-	100.00	Norway
Arcus Co Brands AS	-	100.00	Norway
Arcus Denmark A/S	-	100.00	Denmark
Arcus Deutschland GmbH	-	100.00	Germany
Arcus Finland Oy	-	100.00	Finland
Arcus-Gruppen AS	-	100.00	Norway
Arcus Holding AS	100.00	100.00	Norway
Arcus Norway AS	-	100.00	Norway
Arcus Sweden AB	-	100.00	Sweden
Arcus Wine Brands AS	-	100.00	Norway
Arcus WineBrands Sweden AB	-	100.00	Sweden
Atlungstad Håndverksdistilleri AS	-	100.00	Norway
Best Buys International AS	100.00	100.00	Norway
BevCo AS	-	100.00	Norway
Bibendum AB	-	100.00	Sweden
Bibendum AS	100.00	100.00	Norway
Brews4U Finland Oy	-	91.00	Finland
Champagne Sigurd Wongraven AS	-	100.00	Norway
Classic Wines AS	-	100.00	Norway
Creative Wines AS	-	100.00	Norway
Det Danske Spiritus Kompagni A/S	-	100.00	Denmark
Excellars AS	-	100.00	Norway
Globus Wine A/S	-	100.00	Denmark
Globus Wine GmbH	-	100.00	Germany
Globus Wine Germany GmbH	-	100.00	Germany
Globus Wine Poland Sp.Z.o.o	-	100.00	Poland
Hedoni Wines AS	-	100.00	Norway
Heritage Wines Sweden AB	-	93.33	Sweden
Heyday Wines AS	-	90.10	Norway
Interbev AS	100.00	100.00	Norway

	Parent company's share of ownership (%)	Group's share of ownership (%)	Country of incorporation
Larsen SAS	100.00	100.00	France
Loiten Branderis Destillation ANS	-	100.00	Norway
Lysholmske Brenneri og Destillasjonsfabrikker ANS	-	100.00	Norway
Merlot HoldCo ApS	100.00	100.00	Denmark
Merlot BidCo ApS	-	100.00	Denmark
New Frontier Wines AB	-	79.60	Sweden
Oplandske Spritfabrik ANS	-	100.00	Norway
Philipson & Söderberg AB	-	100.00	Sweden
Premium Wines AS	100.00	100.00	Norway
Quaffable Wines Sweden AB	-	79.60	Sweden
Siemers & Cos Destillasjon ANS	-	100.00	Norway
Social Wines Oy	-	100.00	Finland
South Swedish Craft Spirits AB	-	100.00	Sweden
Sublime Wines AS	-	100.00	Norway
Summit Wines AS	-	100.00	Norway
Symposium Wines AS	-	100.00	Norway
Ström AS	100.00	100.00	Norway
Swedish Wine Mafia AB	-	99.50	Sweden
Valid Wines Sweden AB	-	94.54	Sweden
Vectura AS	-	100.00	Norway
Vingaraget AB	-	100.00	Sweden
Vingruppen AS	-	100.00	Norway
Vingruppen Oy	-	100.00	Finland
Vingruppen Holding Sweden AB	-	100.00	Sweden
Vingruppen i Norden AB	-	100.00	Sweden
Vinordia AS	-	100.00	Norway
Vinum Import Oy	-	98.10	Finland
Vinunic AB	-	94.54	Sweden
Vinuniq AS	-	100.00	Norway
Vinunic Oy	-	100.00	Finland
Von Elk Company Oy	100.00	100.00	Finland
Oy Wennerco Ab	100.00	100.00	Finland
The WineAgency Sweden AB	-	99.50	Sweden
Wineworld Finland Oy	-	90.00	Finland
Wineworld Sweden AB	-	99.50	Sweden
Wongraven Wines AS	-	90.01	Norway

5.4. ASSOCIATED COMPANIES AND JOINT ARRANGEMENTS

Associated companies

Associated companies are all entities over which the Group accompanies a shareholding of over 20% of voting rights or otherwise has significant influence, but not control. Anora has investments in an associated companies Palpa Lasi Oy, Tiffon SA, ISH and Beverage Link AS.

Associated companies are consolidated by using the equity method. Under the equity method, the investment is initially recognised at cost and subsequently adjusted with the change in the net assets of the investee after the acquisition date, consistent with the ownership interest of the Group. After the acquisition the Group's share in the associated company's profit and loss for the period is separately disclosed after operating result. If the Group's share in the associated company's loss exceeds the carrying amount of the investment, the investment is recognised at zero value in the consolidated balance sheet and the loss exceeding the carrying amount is not consolidated, unless the Group has committed to fulfil the company's obligations. An investment in an associated company includes goodwill arisen on acquisition. The Group's share in changes in the associated company's other comprehensive income is recognised in consolidated other comprehensive income.

Results from the transactions between the Group and its associates are recognised only to the extent of unrelated investor's interests in the associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. In case of such indications, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its' carrying value. The impairment is recognised in share of results in associated companies.

Financial statements of associated companies have been changed where necessary to correspond with the accounting policies adopted by the Group. If financial statements for the period are not available, the share of the profit is included in the consolidated financial statements based on the preliminary financial statements or latest available information.

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have contractually agreed joint control which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

Anora has an interest through a receivable in Roal Oy based on the contractual relationship with the other party to the joint operation. The interest in Roal Oy is accounted for as a joint operation.

ASSOCIATED COMPANIES AND JOINT ARRANGEMENTS

	2022 Share of ownership %	2021 Share of ownership %
Roal Oy, Finland	50.00	50.00
Palpa Lasi Oy, Finland	25.53	25.53
Von Elk Company Oy, Finland	-	20.00
Tiffon SA	34.75	34.75
Vinify AS	-	50.00
Beverage Link AS	45.00	45.00
ISH, Denmark	26.00	-

Roal Oy engages enzyme business. The joint operation's other owner is ABF Overseas Ltd.

Anora has joint control over Roal but the option right held by the other shareholder represents in substance a receivable with a fixed rate of return and Altia does not have a right to 50% of the net assets until the option lapses. Accordingly, the interest is classified as a joint operation with Anora accounting for its share of assets as a receivable with the annual minimum dividend accounted for as interest income. The receivable amounted to EUR 7.6 million as at 31 December 2021 and 31 December 2020.

Palpa Lasi Oy engages in the recycling and re-use of glass beverage packages.

Tiffon SA is a cognac producer and the Group buys Cognac from Tiffon SA.

Beverage Link As is a jointly-owned logistics company between Vectura AS, Skandinavisk Logistik AS, log AS and Cuveco AS.

ISH is Danish scale-up company in non-alcoholic spirits, wines and ready-to-drink beverages. ISH currently exports to over 15 countries with a special focus on Scandinavia, Western Europe and North America.

INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million	2022	2021
At the beginning of the period	8.7	1.5
Acquisition of subsidiaries	-	6.5
Additions	5.0	-
Share of result for the period	-0.3	0.7
Transfer to subsidiary shares	-0.3	-
Dividend	-0.1	-
Translation differences	0.1	-0.1
At the end of the reporting period	13.1	8.7

FINANCIAL SUMMARY OF ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million	2022	2021
Assets	45.4	46.6
Liabilities	18.7	20.4
Net assets	26.7	26.2
Net sales	26.2	29.9
Result for the period	-1.9	2.0

Related party transactions with associated companies and joint arrangements are presented in Note 6.3.

6. Other notes

6.1. INCOME TAX EXPENSE

Income tax expense

The Group's income tax expense recognised through profit or loss comprises current tax based on taxable income for the period, any adjustments to tax payable in respect of previous periods and deferred taxes. Current income tax based on taxable income is calculated according to the local tax regulations of each Group company.

Tax effects related to transactions or other events recognised in profit or loss are recognised in profit or loss. If the taxes relate to items of other comprehensive income or transactions or other events recognised directly in equity, income tax expense is recognised within the respective items. The Group's share of profit or loss in associated companies and joint ventures is reported as calculated from the net profit and thus including the income tax effect.

Deferred tax assets and liabilities are principally recognised for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The most significant temporary differences arise from property, plant and equipment and intangible assets, carry forward of unused tax losses and fair value allocations on business combinations. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax liabilities are recognised in full. Deferred taxes are calculated using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax is recognised for foreign subsidiaries undistributed earnings only when related tax effects are probable.

Deferred tax assets and liabilities are set off when they are levied by same taxing authority and Anora has legally enforceable right to set off the balances.

Critical estimates and management judgements – Deferred tax assets

Judgment is required in assessing whether deferred tax assets are recognised on the balance sheet. Deferred tax assets are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These future cash flow estimates depend on estimates of future sales volumes, price levels of main raw materials, capital expenditure and other components affecting profitability of the operations. These estimates and assumptions are subject to risk and uncertainty hence it is possible that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised on the balance sheet and the amount of any other tax losses and temporary differences not yet recognised. Anora's ability to generate taxable profit is also subject to general economic, financial, competitive, legislative and regulatory factors that are beyond its control. If Anora generates lower future taxable profits than what management has assumed in determining the amounts of the recognised deferred tax assets, the assets would become impaired, either partly or in full. Accordingly, amounts recognised in balance sheet could potentially be reversed through profit and loss. Changes in circumstances may also result in recognition of deferred tax assets for tax losses not yet recognised as an asset.

Uncertain tax positions

The tax positions are evaluated in periodically by the management to identify the situations in which tax regulation is subject to interpretation. Based on the evaluation uncertain tax positions are recognized when it is more likely than not that certain tax position will be challenged by tax authorities. The impact of the uncertainty is measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty.

INCOME TAX EXPENSE

EUR million	2022	2021
Current income tax expense	5.4	8.0
Adjustments to taxes for prior periods	-0.3	-0.5
Deferred taxes:		
Origination and reversal of temporary differences	0.2	-0.1
TOTAL	**5.3**	**7.4**

The reconciliation of the tax expense recognised in profit and loss and the tax expense calculated using Anora Group's domestic corporate tax rate (20.0%):

EUR million	2022	2021
Result before taxes	23.4	38.6
Income tax using the parent company's tax rate	4.7	7.7
Effect of tax rates of subsidiaries in foreign jurisdictions	0.0	0.2
Tax-exempt income	-0.3	-0.3
Non-deductible expenses	0.7	0.2
Utilisation of previously unrecognised tax losses	-	0.0
Adjustments to taxes for prior periods	-0.3	-0.5
Share of profit in associated companies, net of tax	0.1	-0.2
Tax arising on dividends	-	0.8
Tax on undistributed earnings	0.1	-0.7
Other items	0.3	0.2
TAX EXPENSE IN PROFIT OR LOSS	**5.3**	**7.4**

INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

2022 EUR million	Before tax	Tax	Net of tax
Cash flow hedges	3.1	-0.7	2.4
Translation differences	-16.9	-	-16.9
Remeasurements of post-employment benefit obligations	0.1	-0.0	0.1
TOTAL	**-13.7**	**-0.7**	**-14.4**

2021 EUR million	Before tax	Tax	Net of tax
Cash flow hedges	3.2	-0.7	2.6
Fair value through other comprehensive income	2.5	-	2.5
Translation differences	5.6	-	5.6
Remeasurements of post-employment benefit obligations	-0.2	0.0	-0.1
TOTAL	**11.2**	**-0.6**	**10.6**

DEFERRED TAX ASSETS AND LIABILITIES

Change in deferred tax assets and liabilities during 2022: EUR million	1 Jan 2022	Recognised in profit or loss	Recognised in other comprehensive income	Acquired /disposed businesses	Exchange rate differences	31 Dec 2022
Deferred tax assets:						
Tax losses	5.8	-2.0	-	0.2	-0.2	3.7
Fixed assets	1.4	0.1	-	-	-0.0	1.5
Pension benefits	0.7	-0.0	-0.0	-	-0.0	0.6
Other temporary differences	0.6	-0.0	-	0.0	-0.0	0.5
Total deferred tax assets	**8.5**	**-2.0**	**-0.0**	**0.2**	**-0.3**	**6.3**
Offset against deferred tax liabilities	-6.6			-0.2		-5.7
Net deferred tax assets	**1.8**			**0.0**		**0.6**
Deferred tax liabilities:						
Fixed assets	3.9	-0.3	-	0.9	0.0	4.4
Recognised in hedge reserve	0.4	-	0.7	-	-0.0	1.1
Fair value allocation on acquisitions	38.7	-2.0	-	9.8	-1.4	45.2
Deductable goodwill depreciation	9.8	0.0	-	-	-0.5	9.3
Undistributed profits of foreign subsidiaries	1.2	0.1	-	-	-	1.3
Other temporary differences	1.1	0.3	-	0.4	-0.2	1.7
Total deferred tax liabilities	**55.1**	**-1.8**	**0.7**	**11.1**	**-2.0**	**63.0**
Offset against deferred tax assets	-6.6			-0.2		-5.7
Net deferred tax liabilities	**48.4**			**10.9**		**57.3**

DEFERRED TAX ASSETS AND LIABILITIES

Change in deferred tax assets and liabilities during 2021: EUR million	1 Jan 2021	Recognised in profit or loss	Recognised in other comprehensive income	Merger	Exchange rate differences	31 Dec 2021
Deferred tax assets:						
Tax losses	0.6	-1.8	-	6.8	0.2	5.8
Fixed assets	1.3	-0.2	-	0.3	0.0	1.4
Pension benefits	0.2	-0.0	0.0	0.4	0.0	0.7
Recognised in hedge reserve	0.2	-	-0.2	-	0.0	0.0
Other temporary differences	0.3	-0.4	-	0.7	0.0	0.6
Total deferred tax assets	**2.7**	**-2.5**	**-0.2**	**8.2**	**0.2**	**8.5**
Offset against deferred tax liabilities	-1.3			-5.8	0.0	-6.6
Net deferred tax assets	**1.4**			**2.4**	**0.0**	**1.8**
Deferred tax liabilities:						
Fixed assets	4.6	-0.8	-	-	0.0	3.9
Recognised in hedge reserve	0.0	-	0.4	-	-	0.4
Fair value allocation on acquisitions	1.4	-0.8	-	37.4	0.7	38.7
Deductable goodwill depreciation	9.9	0.0	-	-	-0.1	9.8
Undistributed profits of foreign subsidiaries	1.9	-0.7	-	-	-	1.2
Other temporary differences	0.2	-0.3	-	1.2	0.0	1.1
Total deferred tax liabilities	**18.0**	**-2.6**	**0.4**	**38.6**	**0.6**	**55.1**
Offset against deferred tax assets	-1.3			-5,8		-6.6
Net deferred tax liabilities	**16.8**			**32,7**		**48.4**

At 31 December 2022, the Group had EUR 0.8 million (2021: EUR 1.6 million) of tax loss carry forwards for which no deferred tax was recognised. EUR 0.8 million of these temporary differences has no expiry. Anora management estimates these losses arise in subsidiaries which have neither indication of future taxable income nor other convincing evidence that tax losses can be utilised and deferred tax asset be recognised in balance sheet.

Anora Group Plc's fully owned French subsidiary Larsen SAS has been undergoing a regular audit by the local tax authorities. The French tax authorities and Larsen SAS has entered into a settlement agreement in 2021 and the settlement claim amounts to EUR 0.6 million relating to the mark-up used in the transfer pricing for products sold to other Group companies.

Anora Group will proceed through the Mutual Agreement Procedure (MAP) with the aim to eliminate a potential double taxation related to the increased mark-up in France which is to be deducted in the tax jurisdictions where the Anora Group companies buying the products have been operating. Anora has recorded a EUR 0.2 million tax receivable in respect of the potential MAP application.

6.2. COLLATERALS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

EUR million	2022	2021
Collaterals and commitments		
Collaterals given on behalf of Group companies		
Mortgages	18.5	18.5
Guarantees	9.3	9.1
TOTAL COLLATERALS	**27.8**	**27.6**
Commitments		
Short-term and low value lease obligations		
Less than one year	0.2	0.1
Between one and five years	0.3	0.1
Total short-term and low value lease obligations	0.5	0.2
Other commitments	18.1	19.1
TOTAL COMMITMENTS	**18.6**	**19.3**

Collaterals given on behalf of Group companies all relate to commitments to authorities.

Short-term and low value obligations consist mainly of laptops.

Other commitments include mainly purchase obligations of wine and cognac.

Emission allowances

The Group participates in the European Union emission trading scheme, where it has been granted a certain number of carbon dioxide emission allowances for a certain period of time, free of charge. Anora Group Plc discloses its carbon dioxide emission allowances granted free of charge on net basis. The Group does not recognise income or expenses arising from emission allowances through profit or loss when the emission allowances granted are sufficient to cover the obligation to deliver allowances corresponding to the amount of emissions made. If the realised emissions exceed the granted emission allowances, the obligation arising from the excess emissions is recognised at fair value as a liability in the balance sheet at the reporting date. If the realised emissions fall below the granted emission allowances, the difference is not recognised in the balance sheet but it is disclosed in the notes to the financial statements, measured at fair value.

Anora's actual emissions are below the emission allowances granted. The following table presents changes in allowances for financial years 2022 and 2021, as well as their fair values:

Emission allowances, kilotons	2022	2021
Emission allowances received	22.6	22.6
Excess emission allowances from the previous period	13.5	10.9
Sold emission allowances	-13.0	
Realised emissions	-21.1	-19.9
EMISSION ALLOWANCES AT 31 DECEMBER	**2.0**	**13.5**
Fair value of emission allowances at 31 December, EUR million	0.2	1.1

Anora continues to operate within the emission trading system for the trading period 2021–2030.

6.3. RELATED PARTY TRANSACTIONS

The Company's related parties include the subsidiaries, associated companies, joint ventures and joint operations. The subsidiaries are presented in Note 5.3 and associated companies, joint ventures and joint operations in Note 5.4. Related party transactions include such operations that are not eliminated in the Group´s consolidated financial statements.

Related party also include the Board of Directors, the CEO, the members of the Executive Management Team and their family members as well as entities controlled or jointly controlled by these persons. Also, entities that are controlled or jointly controlled by, or are associates of the State, are related parties of Anora. Anora has applied the exemption to report only material transactions with the government related entities. Transactions with related parties are entered into on market terms. Anora has related party transactions on a continuous basis with its major customer Alko. Transactions with Alko have been presented below under Other companies considered related parties.

THE FOLLOWING TRANSACTIONS HAVE TAKEN PLACE WITH RELATED PARTIES

EUR million	2022	2021
Sales of goods and services		
Associates, joint ventures and joint operations	0.6	0.9
Other companies considered related parties	73.2	78.9
TOTAL	**73.8**	**79.8**
Purchases of goods and services		
Associates, joint ventures and joint operations	6.4	6.5
Other companies considered related parties	4.0	3.8
TOTAL	**10.5**	**10.2**
Outstanding balances from sales and purchases of goods and services		
Receivables		
Associates, joint ventures and joint operations	0.2	0.1
Other companies considered related parties	5.2	1.1
Payables		
Associates, joint ventures and joint operations	1.1	1.7
Other companies considered related parties	0.5	0.5

MANAGEMENT'S SHAREHOLDINGS

		# of shares on 31 Dec 2022
Pekka Tennilä	CEO	32,604
Sigmund Toth	CFO	14,057
Janne Halttunen	SVP, Wines	9,300
Kirsi Lehtola	CHRO	5,100
Kirsi Puntila	SVP, international	6,666
Henrik Bodekær Thomsen	SVP, Spirits	258
Hannu Tuominen	SVP, Anora Industrial	9,600
TOTAL		**77,585**
% of total shares		0.11%

BOARD OF DIRECTOR'S SHAREHOLDINGS

		# of shares on 31 Dec 2022
Michael Holm Johansen	Chairman	80,000
Sanna Suvanto-Harsaae	Vice Chairman	3,908
Kirsten Ægidius	Member	2,440
Ingeborg Flønes	Member	1,900
Christer Kjos	Member	
Annareetta Lumme-Timonen	Member	
Jyrki Mäki-Kala	Member	1,232
Torsten Steenholt	Member	20,000
Arne Larsen	Member	
Jussi Mikkola	Member	100
TOTAL		**109,580**
% of total shares		0.16%
Anora total # of shares		67,553,624

MANAGEMENT REMUNERATION

EUR million	2022	2021
CEO		
Salaries and other short-term employee benefits	0.5	0.4
Performance bonus and the bonuses from long-term incentive plan	0,7	0.5
Pension benefits	0,1	0.1
TOTAL	**1,3**	**1.0**
Members of the Executive Management Team (CEO not included)		
Salaries and other short-term employee benefits	1,8	2.2
Bonuses from long term incentive plan	0,6	0.0
Pension benefits	0,3	0.3
TOTAL	**2,7**	**2.6**
Members and deputy members of the Board of Directors	**0,6**	**0.4**

No monetary loans have been granted to the CEO or the members of the Board of Directors, nor any collaterals or commitments granted on their behalf.

The retirement age of the CEO of the parent company is 63 years.

6.4. SHARE-BASED PAYMENTS

The Group has share based incentive plans which are settled in shares and in cash. The granted shares are measured at fair value at the grant date and are recognized as personnel expenses over the vesting period with corresponding increase in equity. Non-market conditions are not included in fair value of share- based instruments but in the number of instruments that are expected to vest. At each reporting period closing date, the estimates about number of instruments are revised and the impact is recognized in income statement. also share based payments to be paid in cash are classified as paid equity and recognized in equity measured at fair value at grant date.

The Board of Directors of Anora Group Plc has decided on the establishment of a new share-based long-term incentive scheme for the company's management and selected key employees. The incentive scheme comprises a Performance Share Plan (also PSP) as well as a share-based bridge plan to cover the transition period into the integrated business operations of Anora Group (the Bridge Plan) for the top management and other key employees. The long-term incentive scheme, in addition, comprises a Restricted Share Plan (also RSP) as a complementary long-term share-based retention plan for individually selected key employees in specific situations.

The objectives of the share-based long-term incentive scheme are to align the interests of Anora Group' management and key employees with those of the company's shareholders and, thus, to promote shareholder value creation in the long term, to commit management and key employees to achieving Anora Group's strategic targets and the retention of Anora Group's key resources.

Performance Share Plan

The Performance Share Plan consists of annually commencing individual performance share plans, each with a three-year performance period, followed by the payment of the potential share rewards. The potential share rewards are paid in listed shares of Anora Group. The commencement of each new plan is subject to a separate decision of Anora Group's Board of Directors.

The first plan, PSP 2022 – 2024, commences effective as of the beginning of 2022 and the share rewards payable thereunder will be paid during H1 2025. The payment of the rewards is conditional on the achievement of the performance targets which the Board of Directors has set for the plan.

The performance measures based on which the potential share reward under PSP 2022 - 2024 will be paid are revenue growth, earnings per share (EPS), the relative total shareholder return of the Company's share and a measure linked to the reduction of CO_2 emissions.

Eligible for participation in PSP 2022–2024 are approximately 65 individuals, including the members of Anora Group's Executive Management Team.

If all the performance targets set for the first plan, PSP 2022 – 2024, are fully achieved, the aggregate maximum number of shares to be paid based on this plan is approximately 520,000 shares (referring to gross earning before the withholding of the applicable payroll tax).

The estimated aggregate gross value of this first plan, based on the current value of Anora Group's share, is approximately EUR 4.1 million. The materialized value of the plan may deviate from this estimate as a result of share price development and the degree to which the performance targets set for the plan are achieved.

Bridge Plan for the years 2022–2023

The Bridge Plan is established to cover specific incentive and retention needs during the transaction related transition period during which the joint businesses of Altia Plc and Arcus ASA are integrated in connection with the formation of Anora Group.

The Bridge Plan is a one-off plan commencing effective as of the beginning of 2022 and its performance period covers the years 2022-2023. The potential share rewards payable based on the Bridge Plan will be paid in listed shares of Anora Group during H1 2024. The payment of the share rewards is conditional on the achievement of the performance targets which the Board of Directors has set for the plan.

The performance measures set for the Bridge Plan are the same as those applied to PSP 2022–2024 except for the difference resulting from a shorter performance period.

Eligible for participation in the Bridge Plan are approximately 40 individuals, including the members of Anora Group's Executive Management Team.

If all the performance targets set for the Bridge Plan are fully achieved, the aggregate maximum number of shares to be paid based on this plan is approximately 265,000 shares (referring to gross earning before the withholding of the applicable payroll tax).

Plan	Bridge Performance Share Plan 2022	Performance Share Plan 2022	Long-term incentive Plan 2019-2024	Long-term incentive Plan 2019-2024
Type	**share**	**share**	**share**	**share**
Instrument	**Bridge Performance Share Plan 2022**	**Performance Share Plan 2022**	**Performance period 2020-2022**	**Performance period 2019-2021**
Grant date	17.6.2022	17.6.2022	17.6.2022	28.2.2019
Beginning of earning period	1.1.2022	1.1.2022	1.1.2022	1.1.2019
End of the earning period	31.3.2023	31.3.2024	31.3.2022	31.12.2021
Vesting date	45,382	45,747	30.4.2022	31.1.2021
Vesting conditions	Revenue, EPS, Relative TSR & ESG	Revenue, EPS, Relative TSR & ESG	Relative TSR and EPS	Relative TSR and EPS
Maximum contractual life, years	2.25	3.25	2.30	3.10
Remaining contractual life, years	1	2	0.30	0.10
Number of persons at the end of reporting year	38	38	38	16
Payment method	Equity & Cash	Equity & Cash	Cash	Cash
Changes during period	**Bridge Performance Share Plan 2022**	**Performance Share Plan 2022**	**Performance period 2020-2022**	**Performance period 2019-2021**
Outstanding in the beginning of the period			70,050	118,500
Changes during period				
Granted during the period	261,400	395,000		
Forfeited during the period	9,600	14,600		
Awarded			70,050	118,500
Outstanding at the end of the period	251,800	380,400		
Valuation parameters for instruments granted during period				
Share price at grant, €	7.70			
Share price at reporting period end, €	7.36			
Expected dividends, €	1.24			
Risk free rate, %	1.11 %			
Volatility,%	22.8 %			
Valuation model	Monte Carlo			
Fair Value 31.12., €	2,013,308			

EFFECT OF SHARE -BASED INCENTIVES ON THE RESULT:

EUR thousand	2022	2021
Expenses for the financial year, share based payments paid in equity	0.6	
Expenses for the financial year, share based payments paid in cash		1.6
Total	0.6	1.6

Restricted Share Plan

The Restricted Share Plan consists of annually commencing individual restricted share plans. Each plan comprises a restriction period with an overall length of three years, extending to H1 the fourth year of the individual plan. During the plan period the company may grant fixed share rewards to individually selected key employees. The granted share rewards are paid to the selected participants in one or several tranches latest by the end of the restriction period. The share rewards are paid in listed shares of Anora Group. The commencement of each new plan is subject to a separate decision of Anora Group's Board of Directors.

The first plan, RSP 2022-2024, commences effective as of the beginning of 2022

The aggregate maximum number of shares payable as a reward based on RSP 2022-2024 is 52,000 shares (referring to gross earning before the withholding of the applicable payroll tax).

The estimated aggregate gross value of this first plan, based on the current value of the Company's share, is approximately EUR 0.4 million. The materialized value of the plan may deviate from this estimate as a result of share price development and the amount of share grants made within the plan. No share rewards regarding the RSP plan have granted 2022.

Other terms

The value of the reward payable to participants based on the plans is limited by a share price development-based cutter.

If the individual's employment with Anora Group terminates before the payment of the reward, the individual is, as a main rule, not entitled to any reward based on the respective plan.

Parent company financial statements

ANORA GROUP PLC INCOME STATEMENT (FAS)

EUR million	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
NET SALES	1.	246.1	210.4
Increase (+) / decrease (–) in inventories of finished goods and work in progress		4.6	-2.4
Other operating income	2.	20.2	16.8
Materials and services			
Raw materials, consumables and goods			
Purchases during the period		-175.3	-124.4
Change in inventories		13.0	4.4
External services		-0.2	-0.1
Total materials and services		**-162.5**	**-120.2**
Personnel expenses	3.		
Wages and salaries		-23.8	-27.8
Indirect employee expenses			
Pension expenses		-3.8	-4.8
Other indirect employee expenses		-0.8	-0.9
Total personnel expenses		**-28.4**	**-33.5**
Depreciation, amortisation and impairment losses			
Depreciation and amortisation according to plan		-9.8	-10.1
Total depreciation, amortisation and impairment losses		**-9.8**	**-10.1**
Other operating expenses	4.	-59.1	-50.0
OPERATING RESULT		**11.1**	**11.0**

EUR million	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Finance income and expenses	5.		
Income from Group companies		32.0	3.2
Income from participating interests		0.9	0.9
Income from other investments held as non-current assets			
From others		-	3.3
Other interest and finance income			
From Group companies		0.2	0.1
From others than Group companies		0.7	0.1
Impairment losses on investments in non-current assets		-1.1	-7.7
Interest and other finance expenses			
To Group companies		-0.6	-0.0
To others than Group companies		-4.0	-2.5
Total finance income and expenses		**28.2**	**-2.6**
RESULT BEFORE APPROPRIATIONS AND TAXES		**39.3**	**8.4**
Appropriations	6.		
Depreciation difference increase (–) /decrease (+)		1.4	-0.2
Income tax expense	7.		
Current period taxes		-1.8	-1.6
Deferred taxes		-0.0	-0.0
Other direct taxes		0.0	0.0
Total income taxes		**-1.8**	**-1.7**
RESULT FOR THE PERIOD		**38.9**	**6.6**

ANORA GROUP PLC BALANCE SHEET (FAS)

EUR million	Note	31 Dec 2022	31 Dec 2021
ASSETS			
NON-CURRENT ASSETS	8.		
Intangible assets			
Intangible rights		3.1	4.7
Goodwill		-	0.2
Other capitalised long-term expenditure		3.4	5.2
Prepayments		2.1	0.8
Intangible assets total		**8.5**	**10.8**
Tangible assets			
Land and water areas		2.5	2.5
Buildings and structures		17.3	18.4
Machinery and equipment		22.1	24.7
Other tangible assets		0.5	0.5
Prepayments and assets under construction		4.0	0.9
Tangible assets total		**46.4**	**47.0**
Investments			
Holdings in Group companies		325.2	244.1
Participating interests		13.0	8.2
Other shares and investments		0.6	0.6
Investments total		**338.9**	**253.0**
TOTAL NON-CURRENT ASSETS		**393.8**	**310.8**

EUR million	Note	31 Dec 2022	31 Dec 2021
CURRENT ASSETS			
Inventories	9.		
Materials and supplies		35.4	22.4
Work in progress		8.6	8.5
Finished goods		17.0	12.5
Advance payments		-	0.0
Inventories total		**61.0**	**43.4**
Non-current receivables	10.		
Receivables from Group companies		14.8	3.4
Deferred tax assets		0.3	0.3
Non-current receivables total		**15.1**	**3.7**
Current receivables	11.		
Trade receivables		36.4	25.3
Receivables from Group companies		93.6	8.7
Receivables from participating interest undertakings		0.1	0.1
Accrued income and prepaid expenses		9.4	5.3
Current receivables total		**139.5**	**39.5**
Cash at hand and in banks		44.3	127.4
TOTAL CURRENT ASSETS		**259.9**	**214.0**
TOTAL ASSETS		**653.7**	**524.8**

ANORA GROUP PLC BALANCE SHEET (FAS)

EUR million	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Equity	13.		
Share capital		61.5	61.5
Invested unrestricted equity fund		52.2	52.2
Hedge reserve		4.4	1.5
Retained earnings		35.5	59.3
Profit for the period		38.9	6.6
TOTAL EQUITY		**192.5**	**181.1**
Appropriations	14.		
Depreciation difference		17.1	18.5
Liabilities			
Non-current	15.		
Loans from financial institutions		210.0	55.0
Loans from pension institutions		6.8	8.3
Deferred tax liabilities		1.1	0.4
Other liabilities		4.9	4.9
Non-current liabilities total		**222.8**	**68.6**
Current			
Loans from financial institutions		30.0	25.0
Loans from pension institutions		1.5	1.5
Trade payables		17.4	19.3
Liabilities to Group companies	16.	90.2	125.4
Other liabilities		62.2	62.7
Accrued expenses and deferred income	17.	20.0	22.7
Current liabilities total		**221.3**	**256.6**
TOTAL LIABILITIES		**444.1**	**325.2**
TOTAL EQUITY AND LIABILITIES		**653.7**	**524.8**

ANORA GROUP PLC STATEMENT OF CASH FLOWS (FAS)

EUR million	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
CASH FLOW FROM OPERATING ACTIVITIES			
Result before taxes		40.7	8.2
Adjustments			
Depreciation, amortisation and impairment		9.8	10.1
Share of profit in associates and joint ventures and income from investments in joint operations		-0.8	-5.2
Net gain on sale of non-current assets		-28.2	5.8
Finance income and costs		-1.4	0.2
Other adjustments		0.2	0.0
Adjustments total		-20.5	10.9
Change in working capital			
Change in inventories, increase (-) / decrease (+)		-17.6	-4.4
Change in trade and other receivables, increase (-) / decrease (+)		-23.2	-5.5
Change in trade and other payables, increase (+) / decrease (-)		-5.3	23.2
Change in working capital		-46.2	13.3
Interest paid		-3.2	-1.6
Interest received		0.8	0.1
Other finance income and expenses paid		-1.4	-1.0
Income taxes paid		-0.5	-0.4
Financial items and taxes		-4.3	-2.8
NET CASH FLOW FROM OPERATING ACTIVITIES		**-30.3**	**-29.5**

EUR million	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment and intangible assets		-7.1	-3.8
Proceeds from sale of property, plant and equipment and intangible assets	2.	0.9	4.5
Investments in subsidiaries		-81.9	-3.3
Investments in participating interests		-5.0	-
Proceeds from other investments		-	3.4
Repayment of loan receivables		-	2.5
Loans granted to subsidiaries		-82.5	-
Proceeds from financial assets at fair value through other comprehensive income		-	-
Proceeds received from assets held for sale		-	-
Interest received from investments in joint operations		-	-
Dividends received	5.	33.0	4.3
NET CASH FLOW FROM INVESTING ACTIVITIES		**-142.7**	**7.6**
CASH FLOW FROM FINANCING ACTIVITIES			
Changes in commercial paper program		10.0	-20.0
Proceeds from borrowings	16.	-38.2	15.7
Repayment of borrowings	16.	-	-1.0
Proceeds from non-current borrowings		293.5	-
Repayment from non-current borrowings		-145.0	-6.5
Repayment of lease liabilities	15.		
Dividends paid and other distributions of profits	13.	-30.4	-27.1
NET CASH FLOW FROM FINANCING ACTIVITIES		**89.9**	**-38.9**
CHANGE IN CASH AND CASH EQUIVALENTS		**-83.1**	**-1.8**
Cash and cash equivalents at the beginning of the period		127.4	129.2
Cash and cash equivalents received in merger			
Translation differences on cash and cash equivalents			
Change in cash and cash equivalents		-83.1	-1.8
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**44.3**	**127.4**

The notes are an integral part of the consolidated financial statements.

NOTES TO ANORA GROUP PLC FINANCIAL STATEMENTS

Accounting policies for financial statements

The financial statements of the parent company are prepared in accordance with the Finnish accounting legislation.

Arcus ASA merged into Altia Oyj 1st of September 2021. The name of the combined entity is Anora Group Plc. In the financial statements, the merger has been accounted for using the acquisition method using the book values.

Non-current assets and depreciations

Non-current assets are recognised in the balance sheet at acquisition cost less depreciations. The depreciation periods for non-current assets are:

Trademarks	10–15 years
IT- development and software	3–5 years
Buildings and structures	10–40 years
Machinery and equipment	10 years
Other tangible assets	3–10 years

Holdings in Group companies and other shares and investments included in non-current assets are measured at acquisition cost or fair value, if lower. Holdings in other companies is disclosed in Group notes 5.3.

Inventories

Inventories are measured at the lower of cost and net realisable value. Self-manufactured products are measured at standard prices, except cognac products, which are measured at weighted average cost. Fixed production costs are allocated to the cost of own production. Raw materials, supplies and trading goods are measured at weighted average cost. Repacked trading goods are measured at standard cost in repacking plant.

The cost of finished products and work in progress includes raw materials, direct labour costs, other direct costs as well as an allocable proportion of variable procurement and production costs and fixed overheads in case of finished products, determined based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Pension plans

The pension plans of the parent company are arranged through pension insurance companies. Pension expenses are accrued to correspond to the performance-based salaries in the financial statements.

Cash Pool

The Group has applied the so called cash pool arrangement, which enables efficient management of the parent company's and subsidiaries' cash and cash equivalents.

Leases

All lease payments are recognised as rental expenses.

Financial Derivatives

Fair value measurement compliant with Chapter 5, section 2a of the Accounting Act is applied to the accounting treatment of financial derivatives.

Derivatives are included in financial assets and liabilities at fair value through profit or loss when they do not meet the criteria of hedge accounting. These derivatives are recognised at fair value on the trade date and they are subsequently measured at fair value at the reporting date. The fair values of derivatives equal the amount that Anora Group Plc would have to pay or it would receive from the termination of the derivative contract at the reporting date. The fair values of forward exchange contracts are determined by using the market prices at the reporting date. The fair values of interest rate derivatives are determined by discounting the related future cash flows. The valuation of commodity derivatives is determined based on the fair values received from the financial markets.

All derivatives for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy level 1–3. The levels of fair value hierarchy reflect the significance of inputs used in determining the fair values. In level one, fair values are based on public quotations of identical financial instruments. In level two, the inputs used in determining the fair values are based on quoted market rates and prices observable for the asset or liability in question directly (ie. price) or indirectly on discounted future cash flows. Fair values of other financial assets and liabilities in level two reflect their carrying value. In level three, the fair values of assets and liabilities are based on inputs that are not based on observable market data for all significant variables, and instead are, to a significant extent, based on management estimates and their use in generally accepted valuation techniques.

The fair values of the financial instruments are determined by using the market prices on the closing date of the reporting period.

Hedge accounting

The parent company applies hedge accounting when the change in fair value is recognised in the hedge reserve under equity. In Anora Group Oyj, cash flow hedging is applied to part of the interest rate, foreign currency and electricity derivatives based on case-by-case assessment. In cash flow hedging, Anora Group Oyj is hedging against changes in cash flows related to a specific asset or liability recognised in the balance sheet or to a highly probable future business transaction. In the beginning of the hedging arrangement, company documents the relationship between each hedging instrument and hedged item, as well as the objectives of risk management and the strategy in engaging in hedging. Effectiveness means the ability of a hedging instrument to offset the changes in the fair value of the hedged item or changes in the cash flows of the hedged transaction attributable to the hedged risk. The hedging relationship is regarded to be highly effective when there is an economic relationship between the hedged item and the value of the hedging instrument and the value of the hedged item moves to the opposite direction due to same risk. Hedge accounting is discontinued when the criteria for hedge accounting is no longer met.

The gains and losses arising from fair value changes of derivative contracts, to which hedge accounting is applied, are presented in congruence with the hedged item. The effective portion of the unrealised changes in the fair value of derivatives designated and qualifying as cash flow hedges are recognised in the hedge reserve in equity. The ineffective portion is immediately recognised in profit or loss in finance income or expense.

The cumulative gain or loss in equity on derivative instruments related to commercial items is recognised in profit or loss as an adjustment to purchases or sales simultaneously with the hedged item in the period in which the hedged item affects profit or loss. Realised gain or loss on electricity derivatives is included in operating result in electricity procurement expenses. When a hedging instrument designated as a cash flow hedge expires, is sold or no longer meets the criteria of hedge accounting, the gain or loss accumulated in equity is recognised through profit or loss either as an adjustment to purchases or sales when hedging is effective or as finance income or expense when hedge accounting criteria is not met.

Research and development expenditure

Research and development expenditure is recognised as an annual expense as incurred.

Financial securities

Financial securities are recognised at acquisition cost or lower.

Receivables

Receivables are measured at acquisition cost or probable value, if lower.

Sale of trade receivables

The sold receivables are derecognised when the receivable has been sold and the sales price for it has been received. The related costs are recognised in other financial expenses.

Non-current financial liabilities

Non-current financial liabilities are recognised at acquisition cost.

Income taxes

Income taxes in the income statement include taxes calculated for the financial year based on Finnish tax legislation, adjustments to taxes in previous financial years and the change in deferred taxes.

Foreign currency denominated items

Foreign currency denominated receivables and liabilities are translated to Finnish currency at the rates of the closing date of the reporting period.

1. NET SALES

EUR million	2022	2021
Net sales by business areas		
Alcohol beverages	119.2	107.9
Industrial services	127.0	102.6
TOTAL	**246.1**	**210.4**
Net sales by geographic areas		
Finland	186.2	162.7
Europe	57.8	46.2
Rest of the world	2.1	1.5
TOTAL	**246.1**	**210.4**

2. OTHER OPERATING INCOME

EUR million	2022	2021
Rental income	1.2	1.2
Income from energy sales	4.2	3.4
Proceeds from disposal of non-current assets	0.8	2.1
Service income	10.5	8.7
Other income	3.5	1.4
TOTAL	**20.2**	**16.8**

3. NOTES RELATED TO PERSONNEL

EUR million	2022	2021
Wages and salaries	23.8	27.8
Pension expenses	3.8	4.8
Other social expenses	0.8	0.9
TOTAL	**28.4**	**33.5**

EUR million	2022	2021
Fringe benefits (taxable value)	0.6	0.6

The average number of personnel during the reporting period	2022	2021
Workers	195	193
Clerical employees	211	207
TOTAL	**406**	**400**

Management remuneration, EUR million	2022	2021
CEO	0.5	0.4
Board members	0.6	0.4

Pension commitments of the Board and CEO

The retirement age of the CEO of the company is 63 years.

4. OTHER OPERATING EXPENSES

EUR million	2022	2021
Rental expenses	1.6	1.5
Marketing expenses	7.3	4.8
Energy expenses	9.1	7.6
Travel and representation expenses	1.2	0.4
Repair and maintenance expenses	7.1	6.4
IT expenses	8.1	7.9
Outsourcing services	11.6	9.9
Variable sales expenses	5.9	5.6
Other expenses	7.2	6.0
TOTAL	**59.1**	**50.0**
Auditor's fees		
Audit fees	0.3	0.2
Other fees	0.1	0.1
TOTAL	**0.4**	**0.3**

Environmental expenses

The Company's environmental expenses did not have a significant impact on the result for the period and on the financial position.

5. FINANCE INCOME AND EXPENSES

EUR million	2022	2021
Dividend income		
From Group companies	32.0	3.2
From participating interest undertakings	0.9	0.9
From others	-	0.2
Total dividend income	**33.0**	**4.3**
Interest income		
From Group companies	0.2	0.1
From others	0.6	0.0
Total interest income	**0.8**	**0.1**
Other finance income		
From others	0.2	3.2
Total other finance income	**0.2**	**3.2**
TOTAL FINANCE INCOME	**33.9**	**7.6**
Interest expenses		
To Group companies	0.6	0.0
To others	2.5	1.5
Total interest expenses	**3.1**	**1.5**
Other finance expenses		
To others		
Impairment losses on investments in non-current assets	1.1	7.7
Other finance expenses	1.5	1.1
Total other finance expenses	**2.6**	**8.8**
TOTAL FINANCE EXPENSE	**5.7**	**10.3**
TOTAL FINANCE INCOME AND EXPENSES	**28.2**	**-2.6**
The following items are included in finance items of the income statement from fair value hedges:		
Other finance income		
Fair value changes of derivatives	-0.0	0.0

6. APPROPRIATIONS

EUR million	2022	2021
Difference between depreciations according to plan and depreciations made in taxation:		
Intangible rights	0.3	0.3
Other intangible assets	0.0	-0.2
Buildings and structures	0.5	0.4
Machinery and equipment	0.5	-0.7
Other tangible assets	0.0	0.0
TOTAL	**1.4**	**-0.2**

7. INCOME TAX EXPENSE

EUR million	2022	2021
Income taxes from current period	-1.8	-1.6
Income taxes from previous periods	0.0	0.0
Change in deferred tax assets	-0.0	-0.0
TOTAL	**-1.8**	**-1.7**

8. SPECIFICATION OF NON-CURRENT ASSETS

EUR million	2022	2021
Intangible assets		
Intangible rights		
Acquisition cost at 1 January	33.1	34.6
Additions	0.1	0.1
Disposals	0.0	-1.5
Acquisition cost at 31 December	**33.2**	**33.1**
Accumulated amortisation at 1 January	-28.5	-27.8
Accumulated amortisation on disposals and transfers	0.0	1.5
Amortisation for the period	-1.7	-2.1
Accumulated amortisation at 31 December	-30.1	-28.5
CARRYING AMOUNT AT 31 DECEMBER	**3.1**	**4.7**
Goodwill		
Acquisition cost at 1 January	18.7	18.7
Acquisition cost at 31 December	**18.7**	**18.7**
Accumulated amortisation at 1 January	-18.5	-18.4
Amortisation for the period	-0.2	-0.1
Accumulated amortisation at 31 December	-18.7	-18.5
CARRYING AMOUNT AT 31 DECEMBER	**-**	**0.2**
Other intangible assets		
Acquisition cost at 1 January	27.3	25.8
Additions	0.2	0.5
Transfers between items	0.3	1.0
Acquisition cost at 31 December	**27.7**	**27.3**
Accumulated amortisation at 1 January	-22.1	-20.1
Amortisation for the period	-2.3	-2.0
Accumulated amortisation at 31 December	-24.4	-22.1
CARRYING AMOUNT AT 31 DECEMBER	**3.4**	**5.2**
Prepayments in intangible assets		
Acquisition cost at 1 January	0.8	1.4
Additions	1.6	0.3
Transfers between items	-0.3	-1.0
CARRYING AMOUNT AT 31 DECEMBER	**2.1**	**0.8**

EUR million	2022	2021
Tangible assets		
Land and water areas		
Acquisition cost at 1 January	2.5	2.4
Additions	0.0	0.0
Disposals	0.0	-
CARRYING AMOUNT AT 31 DECEMBER	**2.5**	**2.5**
Buildings and structures		
Acquisition cost at 1 January	99.7	99.0
Additions	0.7	0.4
Transfers between items	0.3	0.3
Disposals	-	-
Acquisition cost at 31 December	**100.6**	**99.7**
Accumulated depreciation at 1 January	-81.3	-79.1
Accumulated depreciation on disposals and transfers	0.0	-
Depreciation for the period	-2.1	-2.1
Accumulated depreciation at 31 December	-83.3	-81.3
CARRYING AMOUNT AT 31 DECEMBER	**17.3**	**18.4**
Machinery and equipment		
Acquisition cost at 1 January	124.3	120.5
Additions	1.0	1.6
Transfers between items	0.2	2.3
Disposals	-0.3	-0.1
Acquisition cost at 31 December	**125.1**	**124.3**
Accumulated depreciation at 1 January	-99.6	-95.9
Accumulated depreciation on disposals and transfers	0.1	0.1
Depreciation for the period	-3.6	-3.7
Accumulated depreciation at 31 December	-103.0	-99.6
CARRYING AMOUNT AT 31 DECEMBER	**22.1**	**24.7**
Other tangible assets		
Acquisition cost at 1 January	0.5	0.5
Acquisition cost at 31 December	0.5	0.5
CARRYING AMOUNT AT 31 DECEMBER	**0.5**	**0.5**
Prepayments and assets under construction		
Acquisition cost at 1 January	0.9	2.6
Additions	3.6	0.9
Transfers between items	-0.5	-2.6
CARRYING AMOUNT AT 31 DECEMBER	**4.0**	**0.9**
CARRYING AMOUNT OF MACHINERY AND EQUIPMENT USED IN PRODUCTION AT 31 DECEMBER	**21.8**	**24.4**

EUR million	2022	2021
Investments		
Holdings in Group companies		
Acquisition cost at 1 January	402.9	347.7
Additions	81.9	55.3
Transfer from participating interests	0	-
Acquisition cost at 31 December	**485.1**	**402.9**
Accumulated impairment at 1 January	-158.8	-151.1
Impairment	-1.1	-7.7
Accumulated impairment at 31 December	-159.9	-158.8
CARRYING AMOUNT AT 31 DECEMBER	**325.2**	**244.1**
Participating interests		
Acquisition cost at 1 January	8.2	8.2
Additions	5.0	-
Transfer to holdings in group companies	0	-
CARRYING AMOUNT AT 31 DECEMBER	**13.0**	**8.2**
Other shares and investments		
Acquisition cost at 1 January	0.6	0.8
Disposals	-	-0.2
CARRYING AMOUNT AT 31 DECEMBER	**0.6**	**0.6**

9. INVENTORY

There is no significant difference between the repurchase price and cost of inventories.

10. NON-CURRENT RECEIVABLES

EUR million	2022	2021
Receivables from Group companies		
Loan receivables	14.8	3.4
Deferred tax assets		
Fixed assets deferred depreciations	0.3	0.3
Deferred tax assets total	0.3	0.3
TOTAL NON-CURRENT RECEIVABLES	**15.1**	**3.7**

11. CURRENT RECEIVABLES

EUR million	2022	2021
Receivables from Group companies		
Trade receivables	9.7	4.7
Loan receivables	71.1	-
Cash Pool receivables	3.3	-
Other receivables	4.5	2.6
Derivatives	0.0	0.0
Accrued income and prepaid expenses	5.0	1.5
Total	**93.6**	**8.7**
Receivables from participating interest undertakings		
Trade receivables	0.1	0.1
Total	**0.1**	**0.1**
Receivables from others		
Trade receivables**	36.4	25.3
Accrued income and prepaid expenses	9.4	5.3
Total	**45.8**	**30.6**
TOTAL CURRENT RECEIVABLES	**139.5**	**39.5**
Accrued income and prepaid expenses		
Significant items in accrued income and prepaid expenses:		
Derivatives	5.8	2.8
Taxes	-	0.8
Others	3.6	1.8
Total	**9.4**	**5.3**

** Does not include the sold trade receivables

12. DISCLOSURES ON FAIR VALUES (DERIVATIVES)

	2022			2021		
EUR million	Fair value 31 Dec	Changes in the fair value recognised in the income statement	Changes in the fair value recognised in fair value reserve	Fair value 31 Dec	Changes in the fair value recognised in the income statement	Changes in the fair value recognised in fair value reserve
Derivative instruments						
Interest rate derivatives	0.0	-	0.0	-0.5	-	-0.5
Foreign exchange derivatives	0.0	0.0	0.0	0.2	0.0	0.1
Commodity derivatives	5.4	-	5.4	2.3	-	2.3
TOTAL	**5.5**	**0.0**	**5.5**	**1.9**	**0.0**	**1.9**

13. EQUITY

EUR million	2022	2021
Restricted equity		
Share capital at 1 January	61.5	60.5
Changes in share capital	-	1.0
Share capital at 31 December	**61.5**	**61.5**
Hedge reserve at 1 January	1.5	-0.6
Additions and disposals	2.9	2.2
Hedge reserve at 31 December	**4.4**	**1.5**
Total restricted equity	**65.9**	**63.0**
Unrestricted equity		
Invested unrestricted equity fund at 1 January	52.2	1.2
Changes in Invested unrestricted equity fund	-	51.0
Retained earnings at 1 January	65.9	86.4
Distribution of dividends	-30.4	-27.1
Profit for the period	38.9	6.6
Total unrestricted equity	**126.6**	**118.1**
TOTAL EQUITY	**192.5**	**181.1**
Distributable unrestricted equity		
Calculation of distributable equity		
Invested unrestricted equity fund	52.2	52.2
Retained earnings	65.9	86.4
Distribution of dividends	-30.4	-27.1
Profit for the period	38.9	6.6
TOTAL DISTRIBUTABLE UNRESTRICTED EQUITY	**126.6**	**118.1**
Company's share capital:		
Number of shares outstanding at the end of the period	67,553,624	67,553,624

14. APPROPRIATIONS

EUR million	2022	2021
Depreciation difference		
Intangible rights	0.9	1.2
Other intangible assets	0.3	0.4
Buildings and structures	1.0	1.5
Machinery and equipment	14.9	15.5
Other tangible assets	-0.0	-0.0
TOTAL	**17.1**	**18.5**

15. LIABILITIES

EUR million	2022	2021
Non-current		
Loans from financial institutions	210.0	55.0
Loans from pension institutions	6.8	8.3
Deferred tax liabilities	1.1	0.4
Other liabilities	4.9	4.9
TOTAL	**222.8**	**68.6**

16. LIABILITIES TO GROUP COMPANIES

EUR million	2022	2021
Trade payables	0.9	1.5
Cash Pool liabilities	88.0	122.8
Derivative instruments	0.2	0.3
Other accrued expenses	1.0	0.8
TOTAL	**90.2**	**125.4**

17. ACCRUED EXPENSES AND DEFERRED INCOME

EUR million	2022	2021
Significant items under accrued expenses:		
Holiday pay and other wages and salaries	5.1	10.4
Contract discount	0.5	0.5
Procurement expenses and other accrued expenses	13.8	11.3
Taxes	0.5	-
Derivative instruments	0.1	0.6
TOTAL	**20.0**	**22.7**

18. COLLATERALS AND COMMITMENTS

EUR million	2022	2021
Collaterals given on behalf of the Group companies		
Mortgages	18.5	18.5
Guarantees	4.1	3.5
TOTAL COLLATERALS	**22.6**	**22.0**
Commitments and other contingencies		
Operating and finance lease obligations		
Not later than one year	0.6	0.6
Later than one year	0.8	0.5
Total	**1.4**	**1.1**
Lease obligations		
Not later than one year	0.7	0.7
Later than one year	0.9	1.5
Total	**1.6**	**2.1**
Other obligations		
Not later than one year	2.6	5.5
Total	**2.6**	**5.5**
TOTAL COMMITMENTS	**5.6**	**8.7**

VAT liability for real estate investments

The company is liable to review VAT deductions made for real estate investments completed in 2014–2022 if the use subject to VAT decreases during the review period. The maximum liability is EUR 1.0 million and the last year to review is 2031.

DERIVATIVE CONTRACTS

EUR million	2022	2021
Electricity derivatives		
Fair value	5.4	2.3
Nominal value	2.4	2.8
Amount (TWh)	0.1	0.1
Parent company's external forward exchange contracts		
Fair value	0.2	0.4
Nominal value	22,1	25.8
Parent company's internal forward exchange contracts		
Fair value	-0.2	-0.3
Nominal value	7.8	12.9
Interest rate derivatives		
Fair value	0.0	-0.5
Nominal value	20.0	20.0

Emission allowances (kilotons)	2022	2021
Emission allowances received	22.6	22.6
Excess emission allowances from the previous year	13.5	10.9
Sold emission allowances	0.0	-
Realised emissions	-21.1	-19.9
EMISSION ALLOWANCES AT 31 DECEMBER	**2.0**	**13.5**
Fair value of the remaining emission allowances, EUR million	0.2	1.1

The received emission allowances and the realised emission of the year 2022 are estimates which will be adjusted during spring 2023. Anora continues to operate within the emission trading system for the trading period 2021-2030.

19. RELATED PARTY TRANSACTIONS

Related party transactions are carried out at market value. More information about related party transactions is presented in Group Note 6.3. Management remuneration is presented in Note 3.

Board of Directors' proposal for the distribution of profits

According to the balance sheet at 31 December 2022, the parent company's distributable funds amount to EUR 126 593 446.11 including profit for the period of EUR 38 929 378.22.
There have been no significant changes to the parent company's financial position after the end of the financial year.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.22 per share be paid for the financial year 2022.

Signatures to the Board of Directors' Report and to the financial statements

Helsinki, 22 March 2023

Michael Holm Johansen
Chairman

Sanna Suvanto-Harsaae

Kirsten Ægidius

Ingeborg Flønes

Christer Kjos

Annareetta Lumme-Timonen

Jyrki Mäki-Kala

Torsten Steenholt

Arne Larsen

Jussi Mikkola

Pekka Tennilä
CEO

The Auditors' Note

An auditor´s report concerning the performed audit has been given to date.

Helsinki, 22 March 2023

PricewaterhouseCoopers Oy
Authorised Public Accountants

Ylva Eriksson
Authorised Public Accountant

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Anora Group Oyj

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 Audit Committee.

What we have audited

We have audited the financial statements of Anora Group Oyj (business identity code 1505555-7) for the year ended 31 December 2022. 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 1.6 to the Financial Statements.

Our Audit Approach

Overview

- Overall group materiality: € 4,4 million

- The group audit included the parent company and all significant subsidiaries covering the majority of net sales, assets and liabilities.

- Revenue recognition
- Valuation of inventories
- Goodwill - allocation to new segments and valuation

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	€ 4,4 million (previous year 3,3 million)
How we determined it	0,6 % of net sales
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because it provides a consistent year-on-year basis for determining materiality. In addition, it is a benchmark against which the performance of the group is commonly measured by users. We used 0,6 % of net sales, which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the Anora Group, the industry in which it operates, the accounting processes and controls, and the size, complexity and risks of individual subsidiaries. Anora Group has operations in the Nordic countries, Baltics and France. We determined the type of work that needed to be performed at group companies. Audits were performed in group companies which were considered significant either because of their individual significance or due to their specific nature, covering the majority of revenue, assets and liabilities of the group. For the remaining reporting units, we performed other procedures to confirm there were no significant risks of material misstatement in the group financial statements.

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 note 1.1 in the consolidated financial statements Anora's revenue flows are generated by the sale of own products and partner brands, contract manufacturing, sale of logistic services and sale of industrial products. The transaction price may include variable considerations such as volume discounts, bonuses, marketing support and product returns. Due to a variety of contractual terms, the calculation of the period's variable components is an accounting area that include management judgement. We have accordingly considered the risk that revenue is not recorded in the correct period to be a key audit matter.	Our audit procedures included e.g. the following: • We gained an understanding of the nature of the revenue flows and different contractual terms used. • We compared the accounting treatment of a sample of sales transactions and variable consideration to the terms of underlying contracts. • We assessed the Group's accounting policies over revenue recognition. • We tested a sample of sales transactions against incoming cash. • We examined a sample of credit notes issued against relevant background material. • We tested a sample of sales invoices recorded in December 2022 and January 2023 to evaluate that revenue had been recognised in the right period. • For selected revenue and accounts receivable balances we obtained customer confirmations.
Valuation of inventory Refer to note 2.4 in the consolidated financial statements Inventory forms a significant part of the Group's assets, amounting to EUR 186 million as of 31 December 2022. Inventories are measured at the lower of cost and net realizable value. Self-manufactured products are measured at standard prices or weighted average cost. Fixed production costs are allocated to the cost of own production. Management exercises judgement and applies assumptions when estimating the need for an obsolescence provision. This includes identification of slow moving and seasonal products, changes in product portfolio and consideration of sales forecasts. Given the factors described above, we have considered valuation of inventory to be a key audit matter.	Our audit procedures included e.g. the following: • We gained an understanding of the controls established in relation to inventory valuation. • We tested the key reconciliations between general ledger and inventory ledger. • We assessed the adequacy of the obsolescence provision and checked adherence to the Group's accounting policy. • We tested, on a sample basis, the accuracy of cost for self-manufactured products by comparing the actual production costs to market and other price data. • We tested a sample of inventory items to confirm whether they are held at the lower of cost and net realisable value, through comparison to vendor invoices and sales prices. • For a sample of warehouses, we attended the physical stock-take counting or reconciled third party confirmations with the accounting records.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Goodwill – allocation to new segments and valuation Refer to note 2.1 in the consolidated financial statements The Group reports goodwill totalling to EUR 311 million as of 31 December 2022, arising from business acquisitions, the most recent one being the acquisition of Globus Wine A/S in July 2022. In the beginning of 2022, the group implemented a new reporting structure consisting of three reportable segments: Wine, Spirits and Industrial. The amount of goodwill as of 1 January 2022 was re-allocated to the new operating segments using the relative fair values of notional goodwill. Management tests goodwill for potential impairment annually and whenever there is an indication that the carrying value may be impaired when comparing the recoverable amount against the carrying value of the goodwill. Impairment tests are performed at operating segment level. The recoverable amounts are determined using the value in use method. Valuation of goodwill is a key audit matter due to its financial significance as well as due to the high level of management judgement involved in relation to the number of underlying assumptions used to determine the value-in-use, including the revenue growth, EBITDA, capital expenditures, working capital, and discount rate applied on net cash-flows.	Our audit of goodwill valuation focused on critical estimates and management's judgement. We have assessed the appropriateness of these through the following procedures: • We obtained an understanding and evaluated the methodology applied in re-allocating the goodwill to the new operating segments. • We obtained an understating and evaluated the methodology applied in the value in use calculation by comparing it to the requirements of IAS 36, "Impairment of Assets", and we tested the mathematical accuracy of the calculations. • We evaluated the process where the future cash flow forecasts were drawn up, including sales and profitability forecasts and discount rates. • We involved our valuation experts to test the reasonableness of the discount rates. • We considered the appropriateness of assumptions used in the sensitivity analysis performed by management. • We considered the adequacy of the related disclosures provided in the Group financial statements.
We have no key audit matters to report with respect to our audit of 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 skepticism throughout the audit. We also:

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

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

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

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

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 29 March 2016. Our appointment represents a total period of uninterrupted engagement of 7 years.

Other Information

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

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

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

In our opinion

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

Helsinki 22 March 2023
PricewaterhouseCoopers Oy
Authorised Public Accountants

Ylva Eriksson
Authorised Public Accountant (KHT)

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