

ANORA

Q3 21 Results presentation

CEO Pekka Tennilä

CFO Sigmund Toth

25 November 2021

Today's agenda and speakers

Anora overview

Q3 Business Review

- Market development
- Stand-alone review: Altia
- Stand-alone review: Arcus

Q3 Financial Review

Integration progress and update on synergies

Closing remarks and Q&A

ANORA



CEO Pekka Tennilä



CFO Sigmund Toth

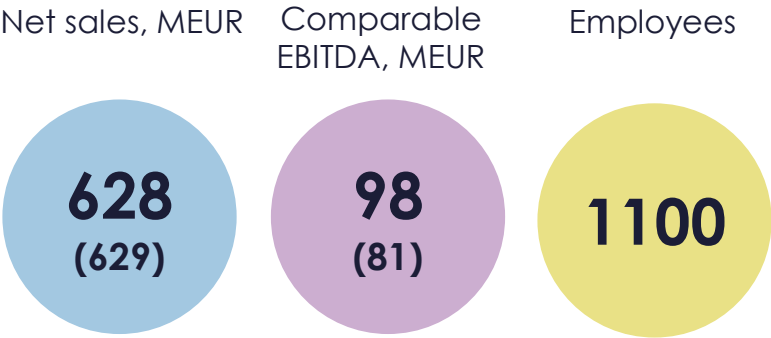
Anora overview

Highlights

- Merger completed on 1 September 2021
- New Board of Directors
- New Executive Management Team
- Operating model announced

The leading wine and spirits brand house in the Nordic region and an industry forerunner in sustainability

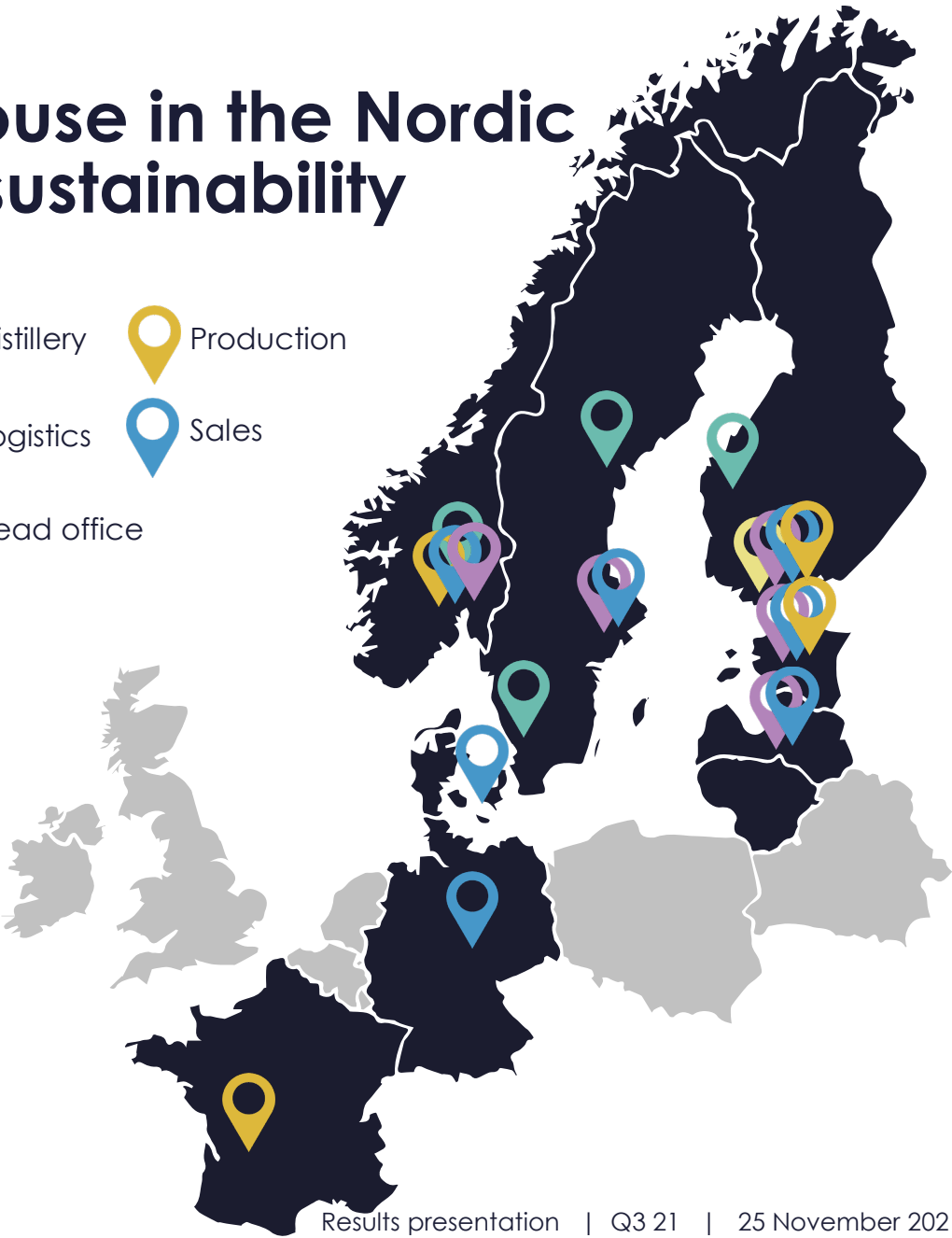
Key figures 2020, pro forma



The leading player in the Nordic region



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The leading wine and spirits brand house in the Nordics

Market-leading portfolio of own and partner brands

- Strong product category width and depth
- Attractive one-stop shop for on- and off-trade customers in wine and spirits across home markets

Strongest innovators in the Nordics

- Innovative culture, eager to be in front of the market
- Dedicated experts on wine and spirits in each country – continuously monitoring consumer's preferences
- Strong track record of successful innovations

Superior route-to-market and sales excellence

- Superior offering to partners through sales excellence and leading presence in the complex Nordic markets
- Strong local expertise and experience to provide knowledge and service

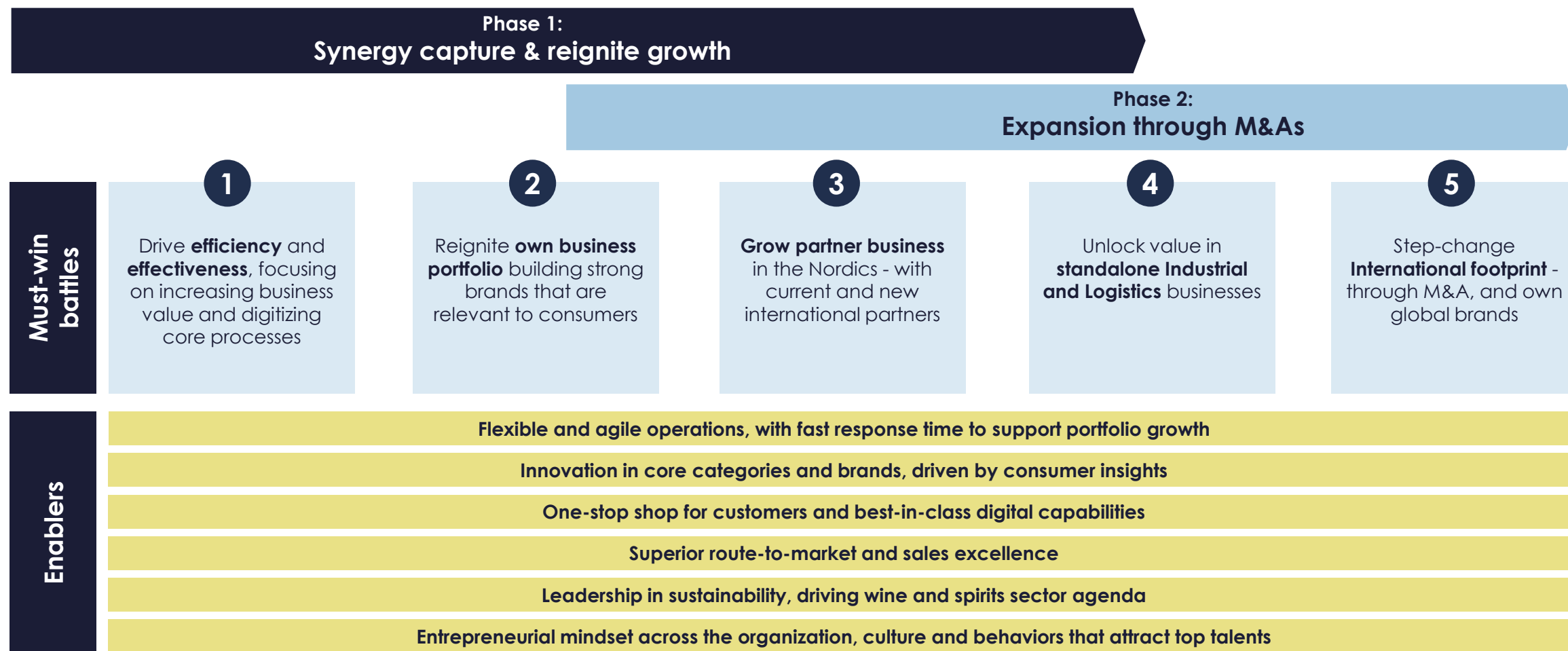
Leading digital platforms in the Nordic wine and spirits industry

- Wide consumer reach through digital platforms and social media channels
- Increasing focus on digital marketing and innovative brand activations
- Strict marketing limitations in Finland, Sweden and Norway – we still know how to grow

Growth opportunities in travel retail and exports

- Nordic brands with export potential and increased resources to push for growth in fast-growing exports markets
- Raised attractiveness for distribution partners
- Stronger growth opportunities in travel retail

Must-win battles and enablers to deliver on ambition



Q3 Business review

Highlights

- Market development
- Stand-alone review: Altia
- Stand-alone review: Arcus

Market development

DEVELOPMENT OF WINE AND SPIRITS SALES VOLUMES IN THE NORDIC MONOPOLIES

	Q3 21	Q3 20	Q1-Q3 21	Q1-Q3 20	2020
Nordics, total sales volumes*	-2.8	18.2	2.4	16.5	17.1
Spirits	0.7	20.0	5.8	17.2	18.5
Wine	-3.3	17.9	1.9	16.4	16.9
Finland, total sales volumes	-4.8	10.9	-2.4	13.3	13.7
Spirits	-2.9	8.0	-1.6	9.4	10.4
Wine	-5.5	12.0	-2.7	14.8	15.0
Sweden, total sales volumes	-2.5	10.5	1.3	10.2	10.0
Spirits	1.6	20.6	8.5	18.5	18.8
Wine	-3.0	9.5	0.6	9.4	9.2
Norway, total sales volumes	-1.9	48.7	8.6	38.2	40.4
Spirits	4.5	41.3	12.8	29.5	32.1
Wine	-2.8	50.0	8.0	39.6	41.8

- Gradual recovery of travel retail and on-trade as Covid-19 restrictions have been lifted
- Markets turning to normal and volumes shifting from monopolies to travel retail and on-trade
- Monopoly volumes still above pre-pandemic levels

Q3 21 reported and pro forma Group figures

Arcus consolidated as of 1 September 2021

	Reported Group figures (MEUR)		Pro forma figures (MEUR)	
	Net sales	Comparable EBITDA	Net sales	Comparable EBITDA
Q3	114.0 (86.6)	20.2 (14.6)	165.0 (160.0)	30.1 (27.8)
Q1-Q3 21	272.5 (235.9)	40.2 (33.4)	459.4 (431.2)	70.4 (62.0)

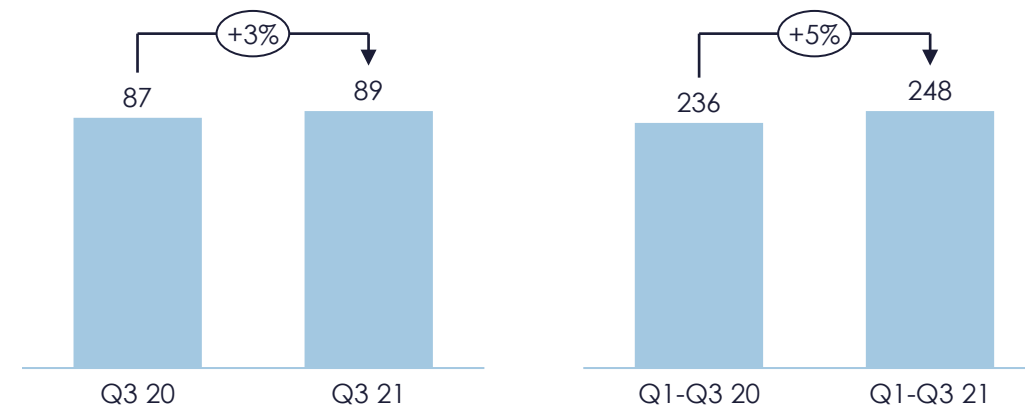
Former Altia

Highlights

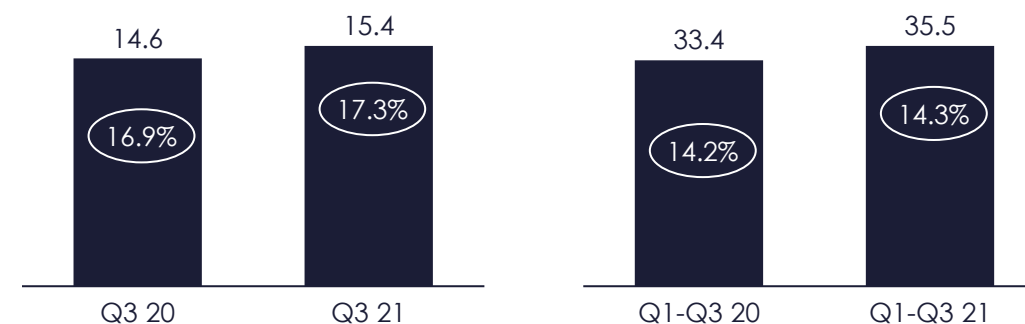
- Q3 **net sales** growth 2.7% to EUR 89.0 (86.6) million, in constant currencies 1.8%
- YTD net sales growth 4.9% to 247.5 (235.9) million, in constant currencies 3.4%

- In Q3, **comparable EBITDA** was EUR 15.4 (14.6) million, 17.3% (16.9%) of net sales
- YTD comparable EBITDA amounted to EUR 35.5 (33.4) million, 14.3% (14.2%)

Net sales, MEUR



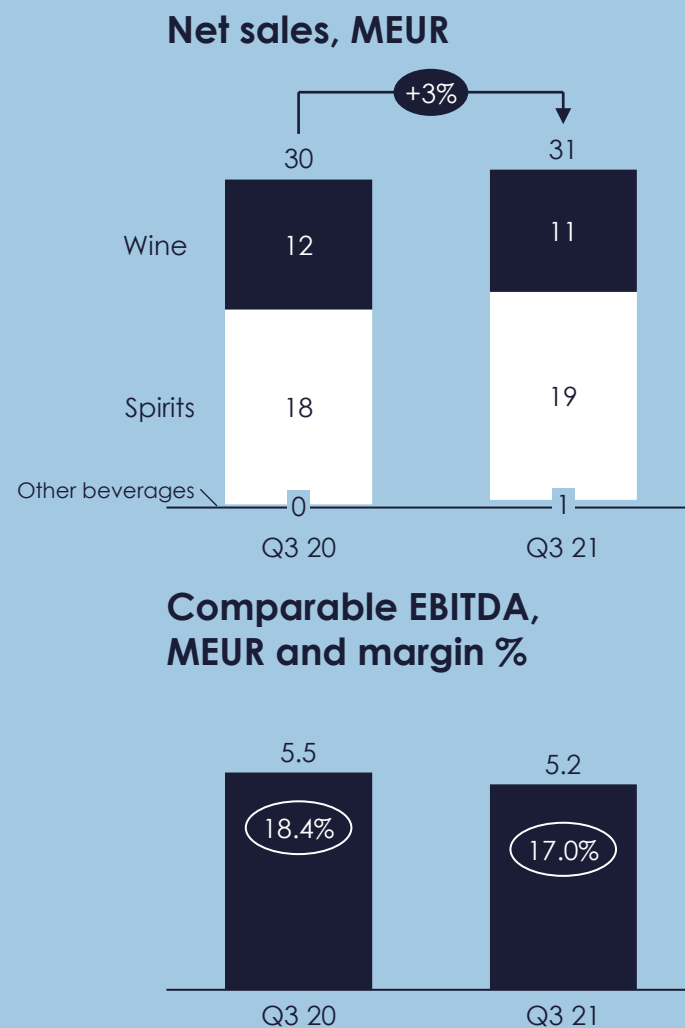
Comparable EBITDA, MEUR and margin %



Altia: Finland & Exports

Highlights

- **Net sales** grew by 2.7% to EUR 30.7 (29.9) million
- Key growth driver higher spirits sales in travel retail and exports following the lifting of Covid-19 restrictions
- Wine sales declined due to lower sales volumes of own wine brands, especially in bag-in-boxes
- Despite the positive product mix, **profitability** declined due to higher marketing expenses



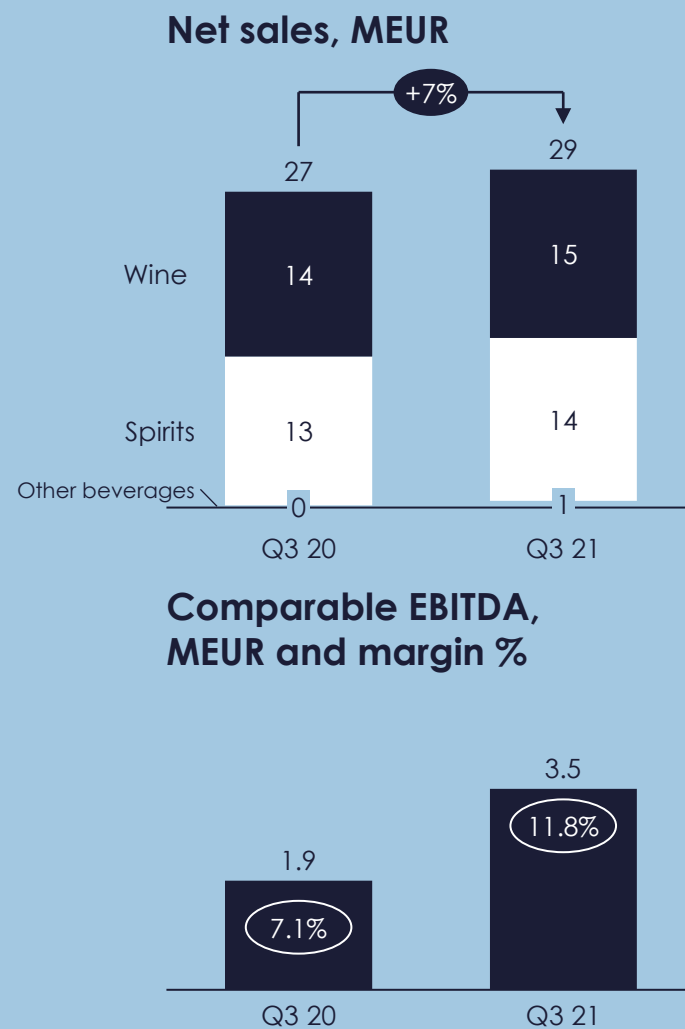
Product launches in Q3



Altia: Scandinavia

Highlights

- **Reported net sales** grew by 7.0% to EUR 29.3 (27.4) million
- Fx tailwind: sales growth in constant currencies 4.0%
- Growth in all markets – Sweden, Norway and Denmark
- Key growth driver higher spirits sales to the monopolies and recovery of on-trade
- **Profitability** improvement driven by positive portfolio mix, revenue management and fx tailwind



Product launches in Q3

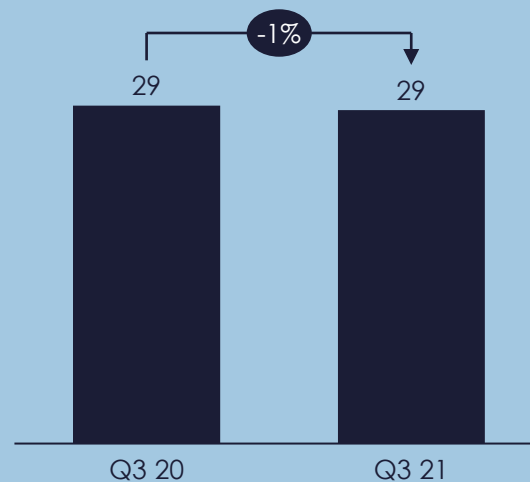


Altia Industrial

Highlights

- **Net sales** declined by 1.4% to EUR 29.0 (29.4) million
- Good recovery of contract manufacturing volumes
- Stable development in starch and feed
- Technical ethanol volumes lower
- Higher cost of barley and purchased ethanol partly offset by good volume development in contract manufacturing

Net sales, MEUR



Comparable EBITDA, MEUR and margin %



Production and key projects

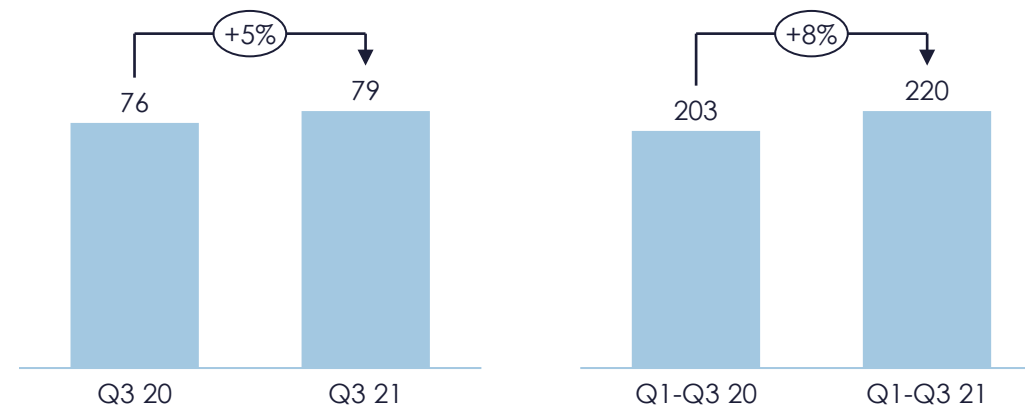
- Koskenkorva Distillery has run at full capacity in Q3
- Barley consumption in Q3 52.6 (53.1) million kilos, YTD 158.7 (160.5) million kilos
- Important steps towards carbon neutral production at Koskenkorva Distillery with installations of a new heat recovery system starting in Q3

Former Arcus

Highlights

- Q3 reported **net sales** growth 4.9% to EUR 79.4 (75.7) million
- Fx tailwind: sales growth in constant currencies 0.2%
- YTD reported net sales growth 8.5% to EUR 220.4 (203.2) million, in constant currencies 3.5%
- In Q3, **comparable EBITDA** was EUR 16.1 (14.1) million, 20.2% (18.6%) of net sales
- YTD comparable EBITDA amounted to EUR 35.6 (31.3) million, 16.2% (15.4%)

Net sales, MEUR



Comparable EBITDA, MEUR and margin %

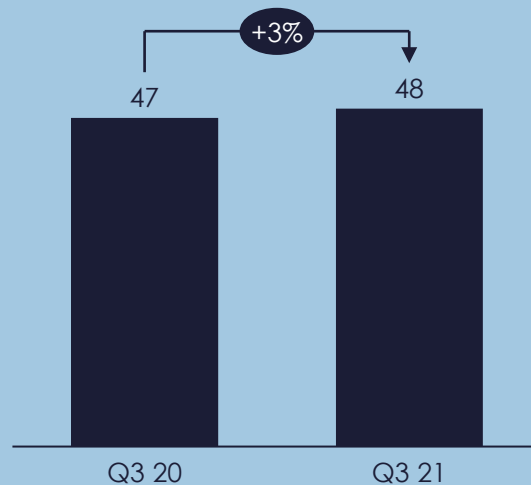


Arcus: Wine

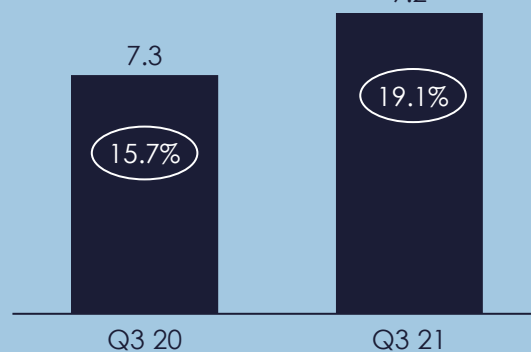
Highlights

- **Reported net sales** grew by 3.0% to EUR 48.0 (46.7) million
- Fx tailwind: net sales decline in constant currencies -1.7%
- Volumes in the monopolies declined as markets normalised after Covid-19
- Net sales at last year's level in large Swedish and Norwegian markets
- **Profitability** improvement driven by better gross margin and strong performance of own brands

Net sales, MEUR



Comparable EBITDA, MEUR and margin %



Product launches in Q3



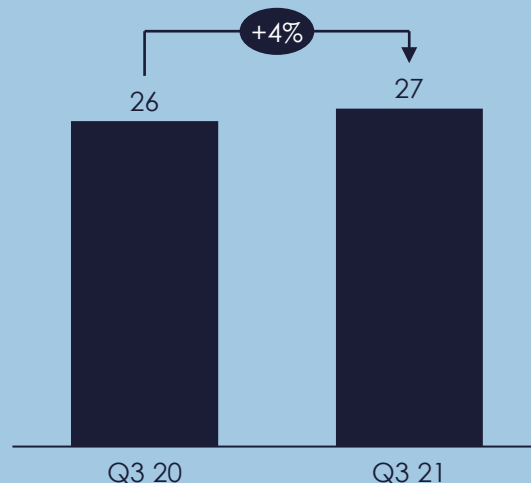
Arcus: Spirits

Highlights

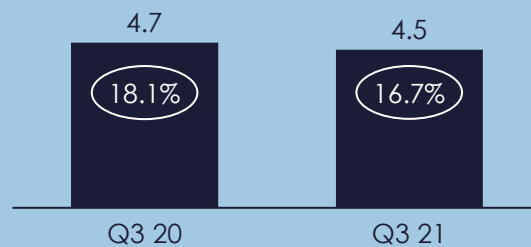
- **Reported net sales** grew by 4.0% to EUR 26.8 (25.8) million
- Fx tailwind: net sales growth in constant currencies 0.8%
- Calculated on external spirits sales, net sales growth in constant currencies 5.2%*
- Tender wins supporting stable net sales in Norway and Sweden
- Improved shipments to Germany and recovery of travel retail contributing positively
- **Profitability** declined due to unfavourable mix and partner portfolio changes in Sweden and Finland

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Net sales, MEUR



Comparable EBITDA, MEUR and margin %



Product launches in Q3



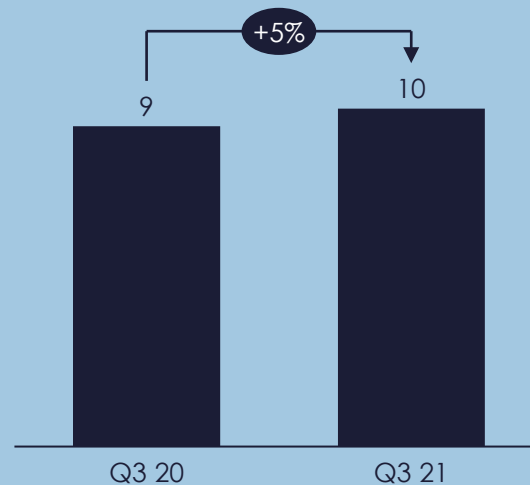
*) External net sales excludes internal sales between segments i.e. wine bottling
Note: Figures on pages 14-17 are based on the stand-alone performance of Arcus. This information is provided temporarily only, and figures include the full period.

Arcus: Logistics

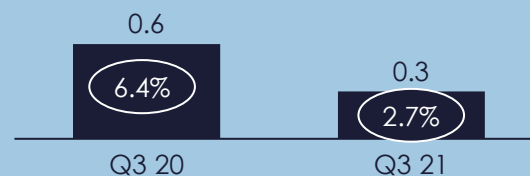
Highlights

- Distributed **volume** 16.5 million litres, down 5.2% due to markets normalising
- **Reported net sales** grew by 5.1% to EUR 9.6 (9.1) million
- Fx tailwind: net sales decline in constant currencies -0.7%
- Positive contribution from price adjustments and channel mix
- Decline in **comparable EBITDA** related to need for increased staffing and external warehousing

Net sales, MEUR



Comparable EBITDA, MEUR and margin %



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Note: Figures on pages 14-17 are based on the stand-alone performance of Arcus. This information is provided temporarily only, and figures include the full period.



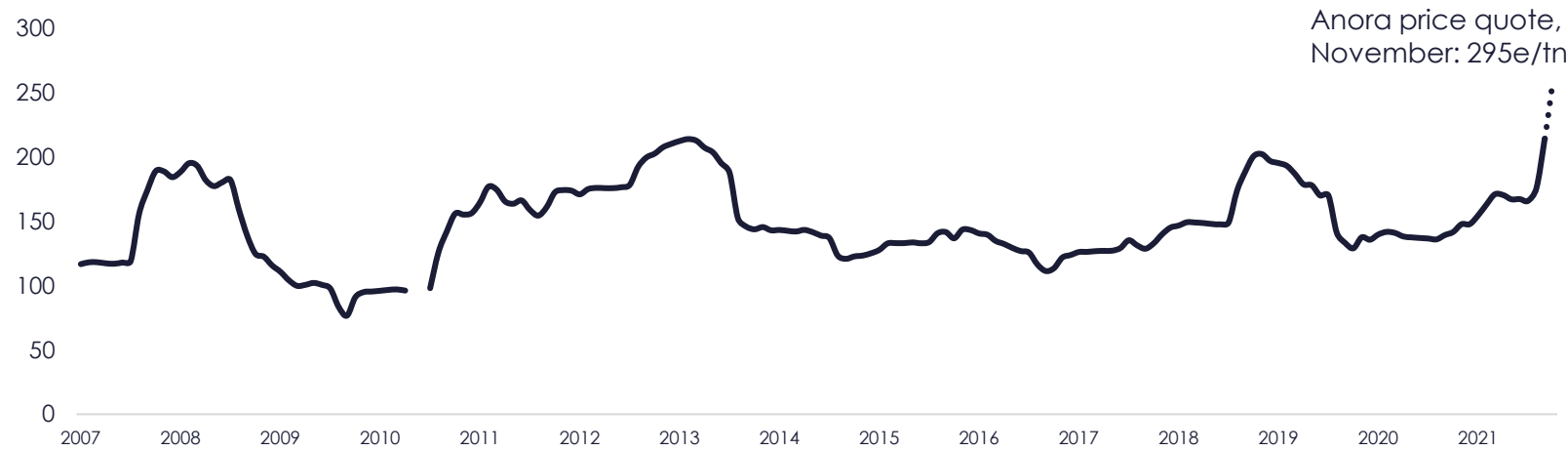
Q3 Financial review

Highlights

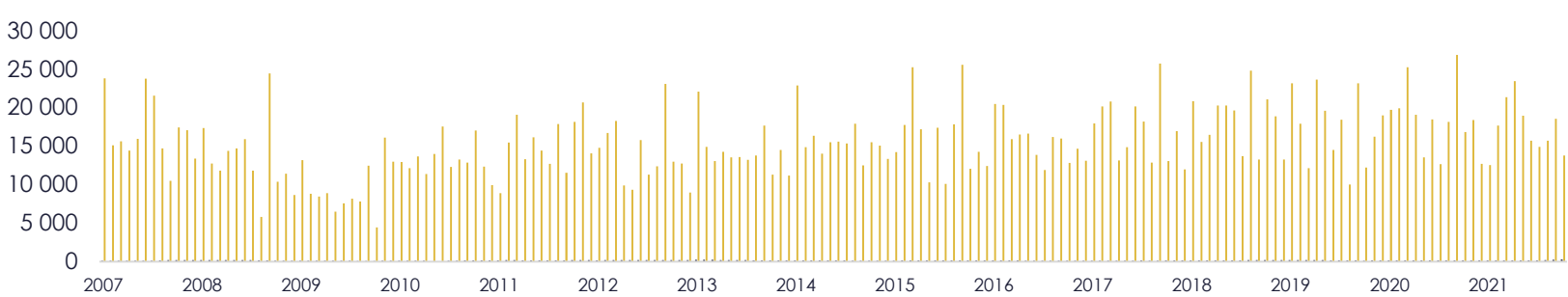
- Barley
- Group key figures
- Pro forma
- Purchase price allocation

Barley sourcing

Barley price development (EUR/tn) *



Anora's monthly sourcing volumes (tn)



*Average feed barley market price excl. premiums for 2007-Sep 2021 (source: Luke)



YTD Anora has used 158.7 (160.5) million kilos of Finnish grain

- Key principles for barley sourcing:**
- Purchased at spot prices; no hedging tools available for barley
 - Average monthly sourcing volume 17000-18000 tn
 - About 1 month inventory; volumes and purchase prices are fixed a couple of months ahead
 - New harvest in August-September

Key figures

	Q3 21	Q3 20	Q1-Q3 21	Q1-Q3 20	2020
Net sales, EUR million	114.0	86.6	272.5	235.9	342.4
Comparable EBITDA, EUR million	20.2	14.6	40.2	33.4	52.4
% of net sales	17.7	16.9	14.8	14.2	15.3
EBITDA, EUR million	16.9	8.8	31.6	26.8	40.3
Operating result, EUR million	11.9	4.5	18.9	13.7	22.9
Result for the period, EUR million	8.7	3.1	14.0	10.5	17.8
Earnings per share, basic, EUR	0.19	0.08	0.35	0.29	0.49

- Arcus has been consolidated to Anora as of 1 September 2021
- Key figures based on Anora income statement include Arcus numbers for the month of September only
- Positive impact on net sales of EUR 25.1 million
- Positive impact on comparable EBITDA of EUR 4.8 million
- Items affecting comparability (IAC) totalled EUR -3.3 million in Q3; EUR -8.7 million YTD

Balance sheet key figures

	Q1-Q3 21	Q1-Q3 20	2020
Reported net debt / comparable EBITDA	2.9	0.7	-0.1
Borrowings, EUR million	173.0	106.1	116.1
Net debt, EUR million	172.7	37.4	-3.9
Equity ratio, %	42.5	37.1	34.3
Gearing, %	35.5	24.5	-2.5
Capital expenditure, EUR million	-3.0	-4.6	-7.0
Total assets, EUR million	1 163.7	410.6	455.6
Net cash flow from operations, EUR million	-6.7	5.9	50.2

- Arcus has been consolidated to Anora as of 1 September 2021
- Key figures based on cash flow statement include Arcus cash flow numbers for the month of September only
- Key figures based on balance sheet include Arcus balance sheet as at 30 September 2021. Balance sheet at Q3 reflects actual balance sheet
- Increase in net debt due to the Altia and Arcus merger as the balance sheet of former Arcus included significant lease liabilities due to IFRS 16 standard relating mainly to Gjelleråsen plant and bank debt.
- Net debt / comparable EBITDA, if calculated using pro forma figures, would have been 1.6 for Q1-Q3 21.

Pro forma key figures

	Q3 21	Q3 20	Q1-Q3 21	Q1-Q3 20	2020	2019
Net sales, EUR million	165.0	160.0	459.4	431.2	627.7	629.0
Comparable EBITDA, EUR million	30.1	27.8	70.4	62.0	98.3	80.7
% of net sales	18.2	17.4	15.3	14.4	15.7	12.8
EBITDA, EUR million	28.2	27.8	63.0	60.7	96.3	48.1*
Operating result, EUR million	20.5	19.9	39.6	36.7	64.4	14.5*
Result for the period, EUR million	14.4	13.9	25.1	27.4	47.6	0.5*
Earnings per share, basic, EUR	0.21	0.20	0.37	0.40	0.70	0.01*

*The merger adjustments in 2019 include one-time impacts from merger related management remuneration and transaction costs of EUR 26.3 million.

Note: Pro forma information is not necessarily indicative of what Anora's historical financial performance actually would have been had the merger been completed as of the date indicated and does not purport to project the operating results of Anora as of any future date.

- Presents an illustrative and hypothetical situation as if merger completed on 1 Jan 2019
- Assets acquired and liabilities assumed recognised at provisional fair values
- Altia's accounting principles applied
 - Arcus reclassified and translated to EUR
- Key merger adjustments:
 - Net sales and expenses adjusted by remedies
 - Merger-related costs have been recorded
 - Inventory step-up recorded as expense in 2019
- **Read more** in Pro forma stock exchange release published on 18 Nov 2021

Arcus acquisition balance sheet

EUR million	
Intangible assets	181.0
Property, plant and equipment	15.5
Right of use assets	114.2
Investments in associates and joint ventures and interests in joint operations	6.5
Financial assets at fair value through OCI	0.0
Deferred tax asset	2.4
Other non-current receivables	0.0
Inventory	61.7
Trade and other receivables	115.8
Cash and cash equivalents	33.2
Assets held for sale	3.0
Borrowings	-73.3
Other non-current liabilities	0.0
Lease liabilities	-119.7
Deferred tax liabilities	-32.9
Employee benefit obligations	-1.7
Liabilities at fair value through profit or loss	-1.1
Trade and other payables	-159.6
Total net assets acquired	144.9
Non-controlling interest	-0.8
Goodwill	193.2
Total consideration	337.4

- Fair value of merger consideration shares of EUR 337.4 million (31 413 139 new shares * share price of EUR 10.74 on 31 Aug 2021) has been allocated to acquired Arcus net assets
- **Intangible assets of EUR 181.0 million** include fair value of brand portfolios, customer relationships, company brands and other intangible assets
- **Inventory of EUR 61.7 million** includes a fair value adjustment of approximately EUR 2.4 million which will turn over within a year
- **Goodwill of EUR 193.2 million** is attributable to market share, synergies, workforce and future growth potential.
- The amortisation periods for intangible assets vary between 5 to 50 years. Some spirit trademarks have indefinite lifetime.
- The annual amortisation from fair value adjustments will be approximately EUR 4 million in addition to Arcus historical amortisation level.

Integration

Integration work and synergy capture progressing as planned

Integration plan and synergies after merger (Sep 1, 2021)





- Integration programme structured and initiatives assigned across 10 integration workstreams.
- Run rate EUR 8-10 million EBITDA net synergies maintained by workstreams
- 80% realized within 2 years
- Post-closing integration costs estimated to be EUR 7-9 million in 2021-2022

Current update and progress at Q3/2021

- Anora executive management team and EMT direct reports have been appointed
- New Anora operating model implementation started , focusing synergy capture and reigniting growth
- EUR 2.7 million annual run rate in cost synergies to be realized by end of the year 2021
- Remedies required to close the transaction executed 1.10.2021 with annual run rate EUR 4.6 million EBITDA impact



Anora Group's operating model

Wine	Spirits	International	Anora Industrial
<p>Offers a strong growth platform for Anora's partners through the entrepreneurial set-up, category-specific sales support, and market-leading digital tools.</p>	<p>The industry forerunner in sustainable drinks. Comprises leading global and local spirits brands offering a complete portfolio for our customers' needs.</p>	<p>Includes Anora's operations in Denmark and the Baltics as well as travel retail and exports, focuses on taking Anora brands to new markets.</p>	<p>Comprises industrial operations, including production based on circular economy and the logistics company Vectura, and aims for carbon neutrality.</p>
<p>Janne Halttunen SVP, Wine</p> 	<p>Henrik Bodekær Thomsen SVP, Spirits</p> 	<p>Kirsi Puntila SVP, International</p> 	<p>Hannu Tuominen SVP, Industrial</p> 

Closing remarks and Q&A



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Forerunner in sustainability: Q3 achievements

Striving for carbon neutral production

- The Koskenkorva Distillery has reached **record high energy self-sufficiency** at 68.8% (65.4%)

Supporting a responsible drinking culture

- In Q3, new launches included among others **seven 0% or low-alcoholic variants of Blossa Glögg**

Leading in eco-friendly packaging

- By end of the quarter, **90% of the former Altia's PET bottle portfolio were rPET** bottles made with 25% of recycled plastic
- At Gjelleråsen bottle capsules have been changed to **one plastic capsule type for all main bottle formats**

Promoting an inclusive and safe workplace

- Koskenkorva Distillery was **granted The Year Award in Starch Europe's Safety Program**

Anora's new sustainability targets will be set during 2022.

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Strong combined offering for the Christmas season

New designs and blends for seasonal favourites



Short-term outlook

- Anora has updated its short-term outlook but is not providing guidance for 2021.
- Societies are returning to normal, which is expected to impact Anora's channel mix with on-trade and travel retail growing share of sales.
- In the Industrial segment, barley market prices are expected to remain at high levels due to the historically poor crop in Finland, and a global imbalance between the demand for and supply of grain. There is also significant cost pressure in other raw materials.
- Anora continues to carefully monitor the development of Covid-19 and to implement necessary precautions for the health and safety of its employees.



Q&A

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Summary

**Strong start for
Anora with solid
business
performance in Q3**

**With less Covid-19
restrictions, markets
normalised
gradually – strong
development in
spirits**

**Integration
progressing
according to plan
and on schedule –
synergy target
maintained**

Thank you

Next event:
10 March 2021
Financial Statements Bulletin



More information: www.anora.com
Investor Relations: tua.stenius-ornhjeml@anora.com

Appendix

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Strong value creation for shareholders from significant synergies

Synergy sources	
Cost	Sourcing and manufacturing
	Logistics and warehousing
	SG&A
	Other OPEX
Revenues	Expansion in core Nordic markets
	Acceleration in non-core and new markets

Potential run-rate EBITDA net synergies

EUR ~8-10m

About 80% realised within 2 years

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Q3 income statement

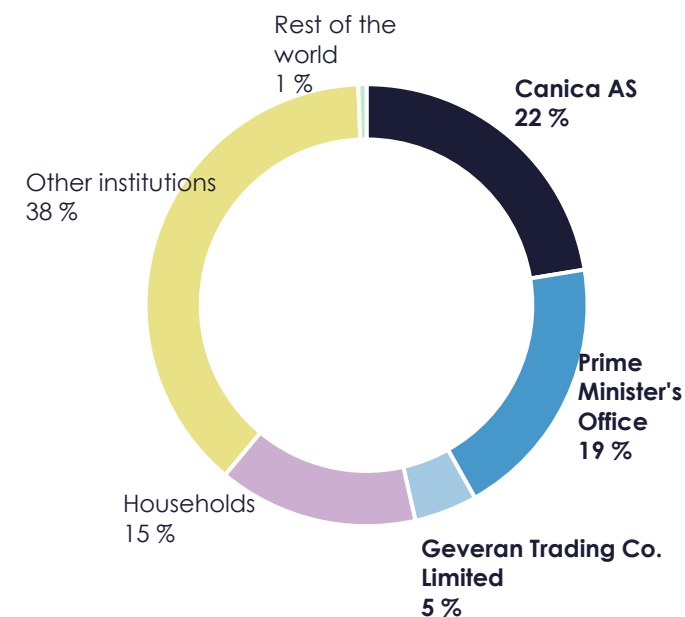
EUR million	Q3 21	Q3 20	Q1-Q3 21	Q1-Q3 20	2020
Net sales	114.0	86.6	272.5	235.9	342.4
Other operating income	1.6	1.5	4.7	4.4	6.2
Materials and services	-63.1	-48.7	-151.9	-132.7	-192.5
Employee benefit expenses	-16.0	-12.8	-41.6	-35.7	-49.1
Other operating expenses	-19.7	-17.9	-52.2	-45.1	-66.6
Depreciation, amortisation and impairment	-5.0	-4.3	-12.7	-13.1	-17.4
Operating result	11.9	4.5	18.9	13.7	22.9
Finance income	0.1	0.0	0.3	0.3	0.2
Finance expenses	-1.4	-0.8	-3.0	-2.0	-3.1
Share of profit in associates and joint ventures and income from interest in joint operations	0.3	0.1	1.3	1.2	1.2
Result before taxes	10.8	3.8	17.5	13.1	21.3
Income tax expense	-2.1	-0.7	-3.4	-2.6	-3.5
Result for the period	8.7	3.1	14.0	10.5	17.8
Earnings per shares, basic and diluted	0.19	0.08	0.35	0.29	0.49

Pro forma income statement

EUR million	Q3 21	Q3 20	Q1-Q3 21	Q1-Q3 20	2020
Net sales	165.0	160.0	459.4	431.2	627.7
Other operating income	1.6	1.6	4.8	4.6	6.5
Materials and services	-91.1	-89.4	-253.4	-242.8	-350.9
Employee benefit expenses	-20.3	-21.6	-68.0	-65.0	-89.9
Other operating expenses	-27.1	-22.8	-79.8	-67.3	-97.0
Depreciation, amortisation and impairment	-7.7	-8.0	-23.4	-24.0	-32.0
Operating result	20.5	19.9	39.6	36.7	64.4
Finance income	1.8	0.5	3.5	10.0	10.9
Finance expenses	-4.4	-3.2	-11.6	-13.4	-17.5
Share of profit in associates and joint ventures and income from interest in joint operations	0.3	0.2	1.2	1.0	1.5
Result before taxes	18.3	17.3	32.6	34.3	59.2
Income tax expense	-3.9	-3.4	-7.5	-7.0	-11.7
Result for the period	14.4	13.9	25.1	27.4	47.6
Earnings per share, basic ¹	0.21	0.20	0.37	0.40	0.70

Anora's top 10 shareholders

Shareholder	Shares	Ownership in percent
Canica AS	15 137 926	22.41
Prime Minister's Office	13 097 481	19.39
Geveran Trading	3 117 150	4.61
Ilmarinen Mutual Pension Insurance Company	1 613 300	2.39
HOFF SA	1 522 554	2.25
Varma Mutual Pension Insurance Company	1 300 000	1.92
WestStar Oy	1 099 705	1.63
The Northern Trust Comp, London Br	831 240	1.23
Elo Mutual Pension Insurance Company	680 000	1.01
Veritas Pension Insurance Company Ltd.	460 000	0.68
Top 10 shareholders	38 859 356	57.52



Anora Group Plc is listed at Nasdaq Helsinki, with a temporary dual-listing at Oslo Børs

Board of Directors reflects diversity and relevant experience



Michael Holm Johansen
Chairman



Sanna Suvanto-Harsaae
Vice Chairman



Kirsten Ægidius



Ingeborg Flønes



Sinikka Mustakari



Jyrki Mäki-Kala



Nils Selte



Torsten Steenholt

Executive Management Team at Anora Group

Pekka Tennilä

CEO



Previously served as Chief Executive Officer, Baltics at Carlsberg Group and in other managerial positions at Carlsberg Group

Sigmund Toth

CFO



Previously worked at McKinsey & Company and held several positions in Finance & Accounting at Procter & Gamble

Janne Halttunen

SVP, Wine



International career in the beverage and tobacco business; joined Altia in 2009, leading Altia's wine business in several roles

Henrik Bodekær Thomsen

SVP, Spirits



Long career in the international beverage business with Carlsberg; joined Arcus in 2018

Kirsi Puntila

SVP, International



Previously worked with global brands at Pernod-Ricard; joined Altia in 2014 and has lead core spirit brands and innovation across all markets

Kirsi Lehtola

CHRO



Strong HR expertise from global paper and pulp business; joined Altia in 2016

Hannu Tuominen

SVP, Industrial



Previously served as Production Director and Division Director at Vaisala Corporation and in managerial positions at Fiskars Oyj; has led Altia's supply chain since 2008

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