ANORA

Annual Report 2021

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.

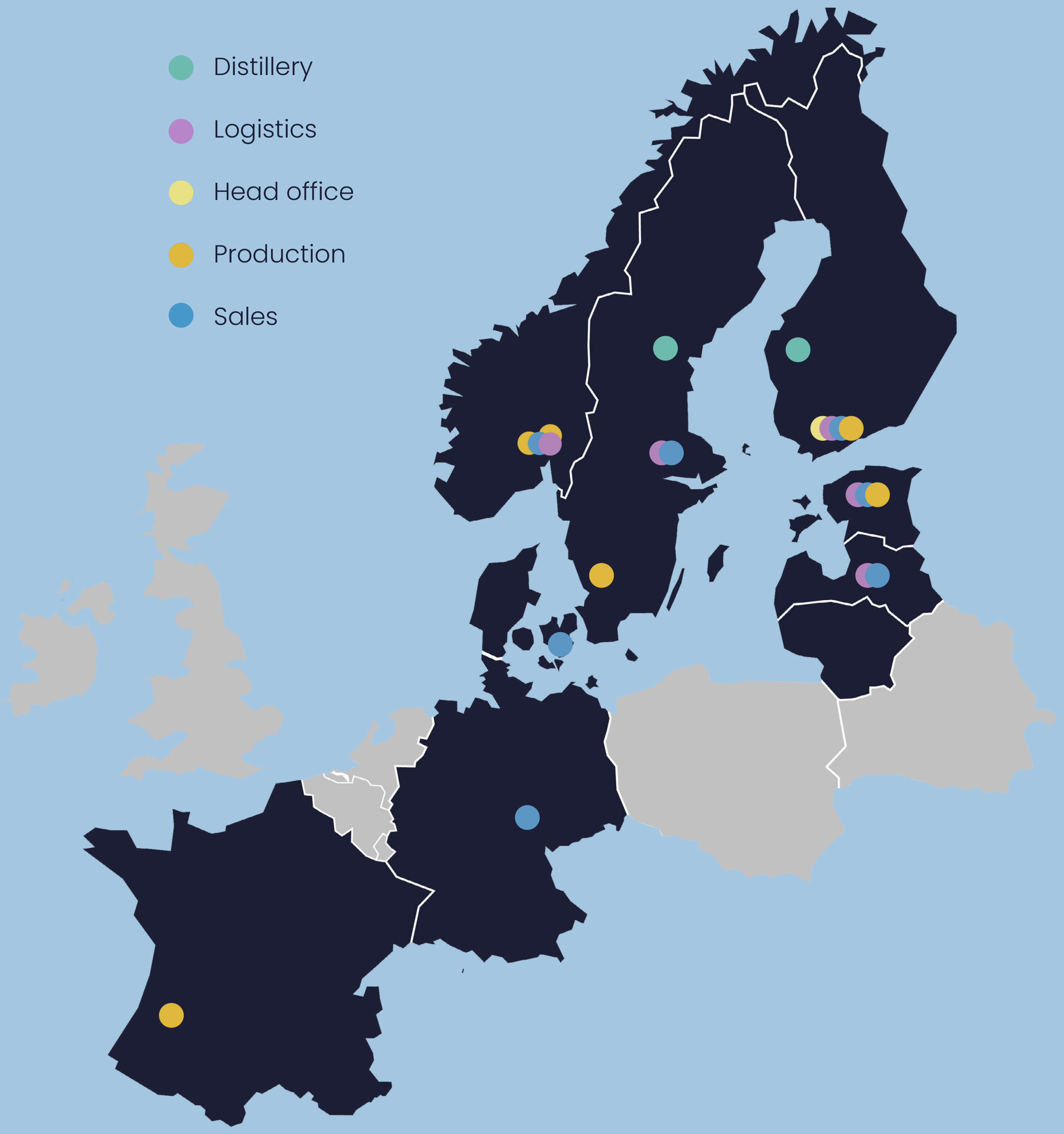
We strive to constantly reduce our environmental impact by developing our production plants and creating more eco-friendly packaging options. Equality and diversity are at the core of our organisational culture, and we want to ensure an inclusive and safe workplace. Through educative programs and by 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**



Our businesses

Wine

The Wine business area develops, markets, and sells partner wines and Anora's own wine brands to customers in the Nordic monopoly markets and on-trade. Our wine partners represent all wine regions, styles, and price segments, while our own wine brands are developed by our experts to best suit Nordic taste preferences.

Spirits

The Spirits business area develops, markets, and sells both Anora's own spirits brands and a wide range of global brands from our partners. The main sales channels are the state retail monopolies in Finland, Sweden and Norway as well as on-trade and local grocery trade.

International

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 all other export operations. We market and sell both own and partner brands and look for strong expansion and growth in the future.

Industrial

The Industrial business area comprises Anora's industrial business, supply chain operations and the logistics company Vectura. Anora strives for carbon neutral production and applies the principles of circular economy at its plants.

Contents

The merger of Altia and Arcus to form Anora Group Plc was completed on 1 September 2021. Arcus has been consolidated to Anora as of 1 September 2021.

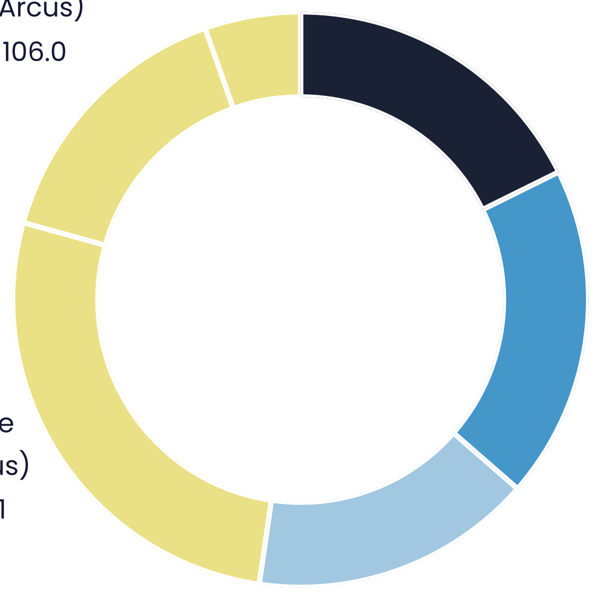
Anora's year 2021

Financial highlights

Net sales, EUR 665 million on a pro forma basis	Comparable EBITDA, EUR 101 million on a pro forma basis	Personnel at year-end 1 100	Dividend per share, EUR 0.45*	Dividend yield 4.1%*
Anora's shares were dual-listed on the Oslo Stock Exchange between 1 September and 30 December 2021.	Number of registered shareholders approximately 26 000	Share ticker: ANORA	ISIN code: FI4000292438	Market cap at year-end, EUR 734 million

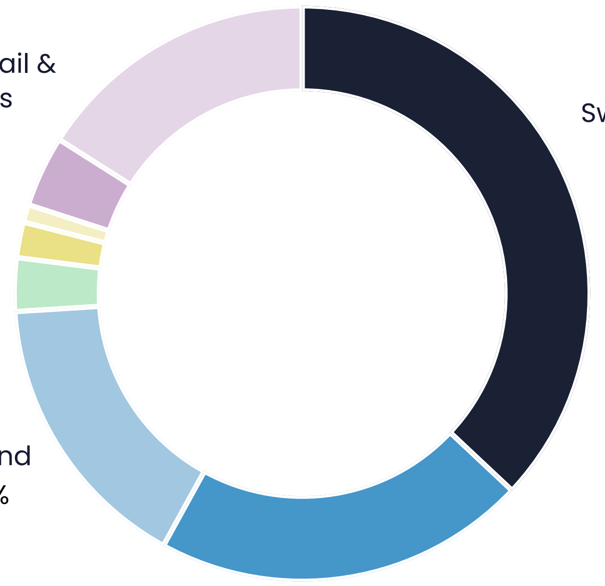
*Board's proposal

Net sales by segment EUR million*



*Figures for former Arcus are stand-alone net sales for the full-year 2021.

Net sales by country %*

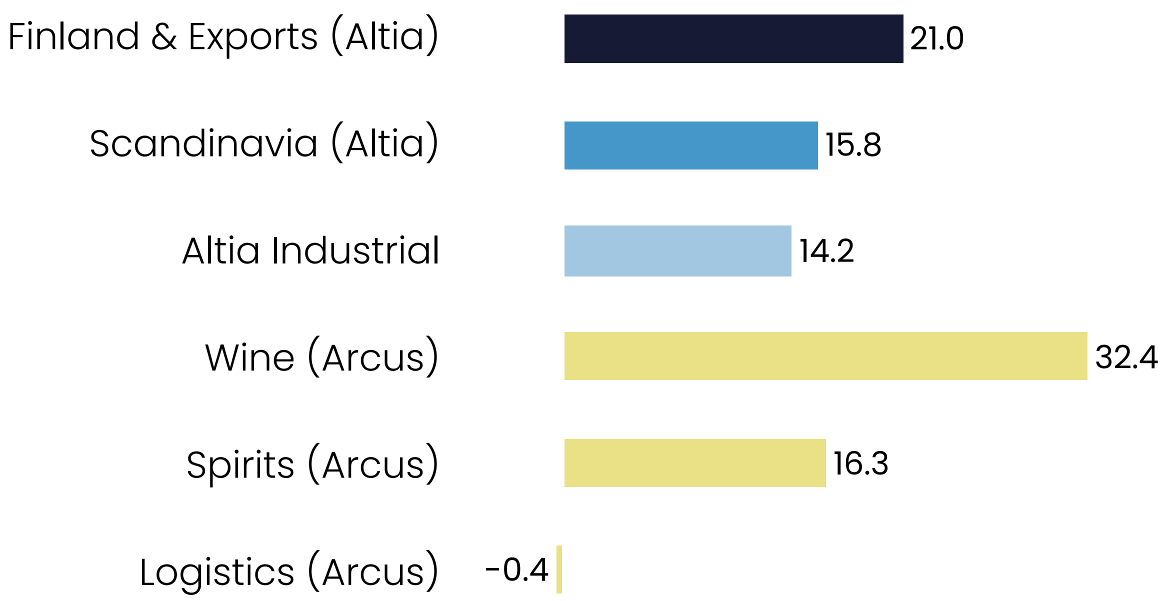


*Figures are based on aggregate net sales figures. Former Arcus figures are based on stand-alone net sales for the full-year 2021.

" We reported strong results for 2021. Pro forma net sales were EUR 665 million and comparable EBITDA was EUR 101 million. "

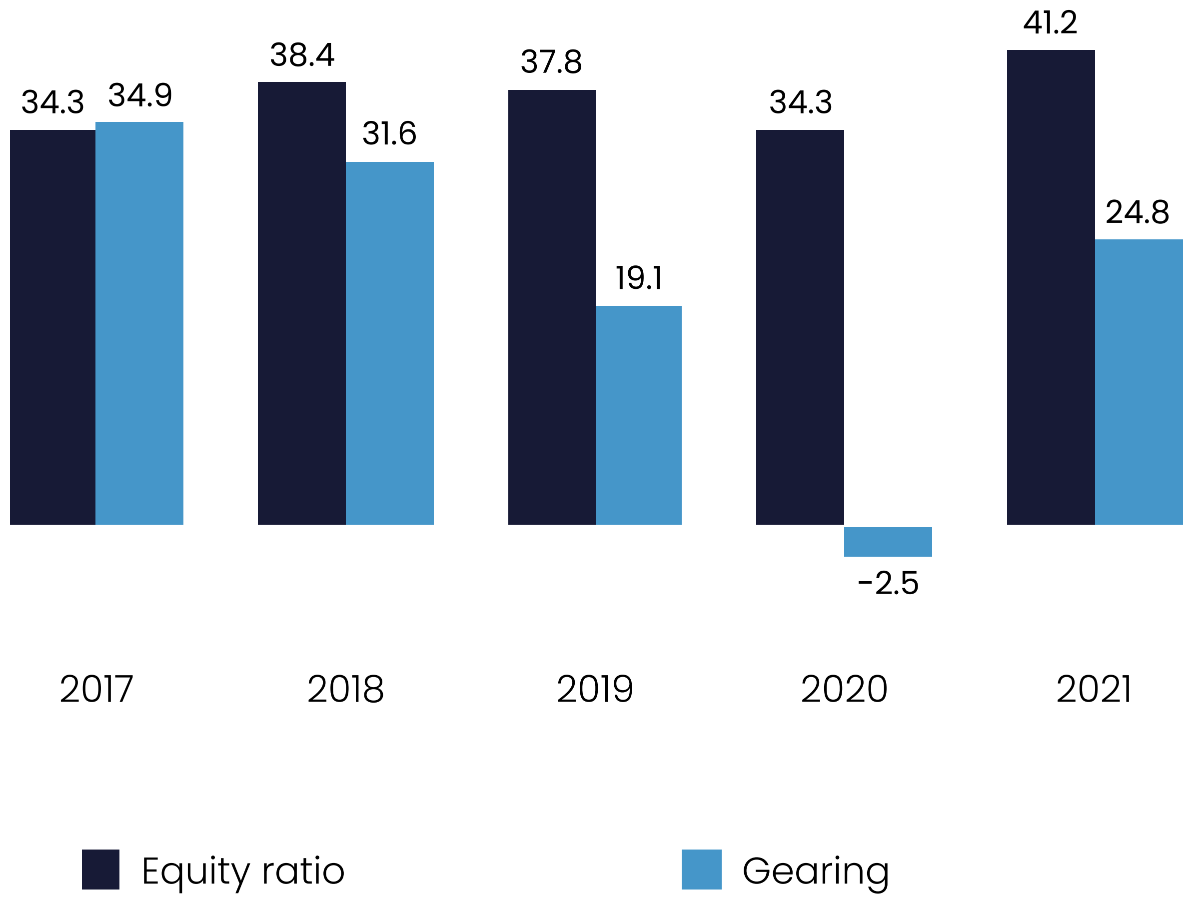
Sigmund Toth, CFO

Comparable EBITDA by segment EUR million*



*Figures for former Arcus are stand-alone comparable EBITDA for the full-year 2021.

Equity ratio and gearing %



Pro forma key figures

	2021	2020	2019
Net sales, EUR million	665.0	627.7	629.0
Comparable EBITDA, EUR million	101.0	98.3	80.7
% of net sales	15.2	15.7	12.8
EBITDA, EUR million	95.2	96.3	48.1*
Operating result, EUR million	64.0	64.4	14.5*
Result for the period, EUR million	43.1	47.6	0.5*
Earnings per share, basic, EUR	0.63	0.70	0.01*

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 2021. 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 2019.

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

Anora's year 2021

Sustainability highlights

Sustainability initiative

Vinfinity

lauched by Anora company Vingruppen i Norden to support sustainability projects in the value chain for our wine producers.

90%

lower CO_2 footprint in our new wine bottle made entirely from of recycled rPET plastic, compared to glass.

The amount of sugar used at our Rajamäki plant was reduced by

215 000 kg

compared to 2019.

55

number of non and low-alcohol products launched in 2021.

58%

reduction of CO_2 emissions at Koskenkorva distillery, compared to 2014.

Anora purchased 16% of the entire barley crop in Finland in 2021. Adopting regenerative farming practices aims to turn fields into

carbon sinks.

89%

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

99.5%

recycling and recovery rate at our production plants.

Business highlights

Anora expanded its portfolio of no- and low-alcohol products with novelties including O.P. Anderson Alkoholfri Snaps and Say Alcohol Free Seltzer Lime & Mint – both of which won medals in the Spirits Business' first Low & No Masters competition.

Read more about Anora's non-alcoholic product innovations on pages 18 and 74.

New liquid dealcoholisation equipment was taken into use at Rajamäki enabling Anora to produce non-alcoholic wines in-house. The first products to come out using the equipment were Anora's non-and low-alcoholic wine-based Blossa Glöggs.

The new bag-in-box (BiB) line at Anora's Rajamäki plant began operation enabling the production of the first fully recyclable BiB packages.

Anora also introduced wine bottles made from 100% recycled PET plastic as the first wine and spirits producer in the Nordics.

Read more about sustainable packaging on page 64.

Anora launched the world's first vodka made from regeneratively farmed barley, Koskenkorva Climate Action. The novelty – which is the result of close collaboration with the Baltic Sea Action Group and local farmers – won Anora the title of Sustainability Trailblazer in the first sustainability-focused event in the travel retail industry.

Read more about regenerative farming on page 56.

Anora continued strengthening its digital capabilities and developing its platforms in 2021 with excellent results.

In Sweden, visitors to consumer site folk o folk increased by 25%. Anora's ecommerce site Nordic Spirits in Germany was renewed during the spring resulting in a 25% growth in net sales. Consumer site Viinimaa played an important part in supporting sales to the monopoly channel and continued in its leading position as the biggest wine platform in Finland.

On 1 September, Altia and Arcus joined forces and became Anora – the leading wine and spirits brand house in the Nordics and an industry leader in sustainability.

Read more about the merger on page 9.

The Koskenkorva distillery was awarded the Year Award in the Starch Europe Safety Programme. The award is given to plants that registered no employee lost workday cases involving days away from work and no workplace fatalities for the calendar year.

Read more about Anora's safety work on page 81.

With its combined product portfolio Anora brought to the market an even more impressive assortment of Christmas novelties in the aquavit and glögg categories.

Read more about Anora's brands on pages 14.

Anora's brands won several awards during the year.

For example, Anora's aquavit brands collected three trophy awards, 8 gold medals and 6 double gold medals in the International Spirits Challenge, while our vodkas and liqueurs were awarded four masters medals and 12 gold medals in the Spirits Business' Vodka and Liqueur Masters competitions.

Read more about Anora's product innovation work on page 17.

Altia and Arcus merger

Becoming the leading wine and spirits brand house in the Nordics

The merger of Altia and Arcus was completed on 1 September 2021. The newly formed company, Anora, is the leading wine and spirits brand house in the Nordics and a global leader in sustainability in the beverage industry.

Key milestones

2020

- 29 September: **Merger plan announced**
- 12 November: **Shareholders of both Altia and Arcus approve the merger plan in their respective Extraordinary General Meetings**
- December: **Swedish and Norwegian competition authorities move investigations into phase II**

2021

- 8 January: **Finnish competition authority moves investigation into phase II**
- April-May: **Conditional approvals from Swedish, Norwegian and Finnish competition authorities received**
- 23 July: **Brand divestments agreed – all regulatory approvals for the merger received**
- 18 August: **Anora's Executive Management Team appointed**
- 1 September: **Merger completed: Anora is formed**
  Temporary secondary listing of Anora's share on the Oslo Stock Exchange
- 3 September: **Payment of extra dividend (EUR 0.40 per share) to former Altia shareholders**
- 15 October: **Anora's future operating model announced**
- 30 December: **Last day of trading on the Oslo Stock Exchange**

Deal rationale

- The leading wine and spirits brand house in the Nordics
- Superior pan-Nordic route-to-market
- Competitive platform to grow in and outside home markets
- Step-change in scale with efficiencies across the value chain
- Strong value creation from significant synergies - annual EBITDA net synergies of EUR 8-10 million

Deal structure

The combination was implemented as a statutory cross-border absorption merger whereby Arcus was merged into Altia and dissolved. As merger consideration, the shareholders of former Arcus received 0.4618 new shares in Altia for each share in Arcus owned by them. Arcus' shareholders received in aggregate shares representing approximately a 46.5% ownership in Anora. The former Altia shareholders received an extra dividend of EUR 0.40 per share

Regulatory process

In line with the competition authorities' requirements, Altia and Arcus agreed on brand divestments to Galatea AB. The divested brands were Altia's aquavit brands Skåne Akvavit, Hallands Fläder and Brøndums and cognac brand Grönstedts, and Arcus' aquavit brand Akevitt Spesial and spirits brands S.P.R.T. and Dworek.

CEO's review

2021 was a historical year for us with the start of Anora's journey as the leading wine and spirits brand house in the Nordics, and the global industry forerunner in sustainability. Throughout the year, COVID-19 restrictions continued to have a significant impact on our market environment. Supported by extraordinary high sales volumes in monopoly stores, we reported strong results for 2021. I am extremely proud of our employees for their great achievements, true dedication, and resilience during this exceptional year.

The key milestone of 2021 was the closing of our merger on 1 September. Now as Anora, we are uniquely positioned to serve our customers and consumers – within the Nordics and beyond – with our broad brand portfolio, strong route-to-market skills, and pioneering position in sustainability.

Since the closing of the merger, we have successfully re-structured our organisation and continued to serve our partners and customers well. The work to capture the net synergies of EUR 8–10 million has continued as planned with several initiatives to drive efficiencies and find new growth opportunities across our markets.

Strong results in 2021

In 2021, Anora's net sales on a pro forma basis grew by 6% to EUR 665 million and comparable EBITDA on a pro forma basis grew by 3% to EUR 101 million.

In former Altia's Finland & Exports segment, full-year net sales growth was driven by higher spirits sales in travel retail and exports, which offset the decline in wine sales.

Full-year net sales grew also in the former Scandinavia segment in all markets (Sweden, Norway and Denmark) thanks to higher spirits sales, the recovery of on-trade and revenue management. In the Industrial segment of former Altia, net sales were positively impacted by higher contract manufacturing volumes and pricing due to the increased cost of barley. To mitigate the impact of the record-high cost of barley, the Koskenkorva Distillery's running speed was lowered in the final quarter leading to the slightly lower barley consumption of 208.5 (214.1) million kilos in 2021 compared to 2020.

Full-year reported net sales for Arcus – which we have reported as its own segment – also increased, a good development against a tough comparison year.

Anora's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.45 per share be paid for the financial year 2021. The proposal follows former Altia's dividend policy to pay 60% or more of the result for the period as a dividend to shareholders.

Award-winning product innovations

One of Anora's aims is to expand our spirits brands to new markets. Highlights from 2021 include the launch of the award-winning Larsen Aqua Ignis in the US and Germany and the introduction of Koskenkorva Vodka and Valhalla in Switzerland.

With Anora's broad portfolio of local, regional and global brands we saw award wins in a wide variety of categories in 2021. Anora's aquavit brands collected an impressive three trophy awards, 8 gold medals and 6 double gold medals in the International Spirits Challenge, while our vodkas and liqueurs were awarded four masters medals and 12 gold medals in the Spirits Business' Vodka and Liqueur Masters competitions. As one highlight, Koskenkorva Climate Action – the world's first vodka made from regeneratively farmed barley – brought us the title of Sustainability Trailblazer in the first sustainability-focused event in the travel retail industry.

Anora has also taken an active role in transforming the no- and low-alcoholic category as part of our goal of supporting a more responsible drinking culture in the Nordics. In 2021, we launched several novelties in this category, including O.P. Anderson Distillery's alcohol-free snaps and the alcohol-free version of the SAY vodka seltzer family, both of which were awarded in the Spirits Business' Low and No Masters competition. Thanks to the investment in new equipment for wine dealcoholisation at our Rajamäki plant, we are now even better equipped to support the growth in no- and low-alcohol products.

Leading the way in sustainability

During another pandemic year, our focus on the health and well-being of our employees remained paramount. We strive to ensure a safe and inclusive workplace, and we aim for our goal of zero accidents at work by continuously monitoring and developing our ways of working and by actively promoting a safety culture at our plants. This work paid off in 2021: at the Gjelleråsen plant no injuries were reported and the Koskenkorva Distillery was granted The Year Award in Starch Europe's Safety Program.

Being a forerunner in sustainability means continuously finding ways to reduce our impact on the environment. At our Koskenkorva Distillery we have been able to lower our CO_2 emissions by 58% at the end of 2021 compared to our 2014 baseline. At all our plants we follow the principles of circular economy to maximise the yield of our raw material, reuse and minimise waste. Thanks to this work, we achieved a near 100% recycling and recovery rate at the Koskenkorva, Rajamäki and Gjelleråsen plants.

Eco-friendly packaging is another area where we have focused our sustainability efforts, and 2021 was an exciting year on this front as well. During the spring we launched a wine bottle made 100% from recycled material, or rPET, as well as a fully recyclable Bag-in-Box package. By the end of the year, over 30% of our packaging portfolio was PET packaging, which has a significantly lower carbon footprint compared to glass.

Next steps on Anora's journey

The work on Anora's strategy is already underway and will define our growth and equity story going forward. During the spring, we will also be forming a new sustainability strategy with ambitious goals to drive us even further in our vision to be a global forerunner in sustainability in our industry. Anora's new sustainability roadmap will be built on deep stakeholder understanding and the successful sustainability work of Altia and Arcus so far.

> **"The work on Anora's strategy is already underway. During the spring, we will also be forming a new sustainability strategy with ambitious goals."**

Outlook for 2022

All of us at Anora have been shocked and saddened about the devastating conflict in Ukraine. To offer our support to the Ukrainian people, we suspended all sales to Russia and donated EUR 50,000 to the Ukrainian Red Cross. Russia and Ukraine are important export markets for us, but the greater impact of the war on Anora's business will be caused by input cost increases and possible supply chain disruptions.

Looking ahead to 2022, we expect Anora's comparable EBITDA to be between EUR 75–85 million, which corresponds to the pre-pandemic level and considers the annual impact of EUR 4.6 million of the divestment of Anora brands due to the merger. We expect the volumes in the monopolies to be significantly lower than in 2020 and 2021, as easing COVID-19 restrictions lead to higher on-trade, border trade and duty-free sales, and input costs to remain high.

I am grateful for our shareholders, customers, partners and talented professionals for their hard work and support during this time of change, and I am eagerly looking forward to our collaboration in the year ahead.

Pekka Tennilä
CEO

Anora as a company

On the following pages we invite you to get to know our company and business. You will also find information about our innovation work and operating environment.

Our business areas:

After the merger in September 2021, we designed a new operating model for Anora that enables us to build on our strong platform in the Nordics, expand to international markets and drive productivity. As of 1 January 2022, we work according to the new operating model with four business areas:

- Wine
- Spirits
- International
- Industrial

Anora's new reporting segments

As of 1 January 2022, Anora's new reporting segments are: Wine, Spirits and Industrial. The Spirits reporting segment includes both business areas Spirits and International. We will report according to these segments for the first time in the Interim Report for January–March 2022.

Anora's reporting segments in 2021:

The merger of Altia and Arcus to form Anora Group Plc was completed on 1 September 2021. In the financial statements for 2021, Arcus has been consolidated to Anora as of 1 September 2021 and reported as the fourth segment of Anora.

In 2021, Anora's reporting segments were Finland & Exports, Scandinavia, Altia Industrial and Arcus.

Business area – Wine

Anora has a strong platform for growth in wines

Anora brings the best of the world of wines to the Nordics. Our market-leading wine offering is based on our thorough understanding of the Nordic consumer.

" Our key strength in developing our wine portfolio is our thorough understanding of the Nordic wine consumer."

Janne Halttunen, SVP Wine

This is what we do

The Wine business area develops, markets and sells partner wines and Anora's own wine brands to customers in the Nordic monopoly markets. The main sales channels are the state retail monopolies in Finland, Sweden and Norway as well as on-trade (horeca) and grocery trade.

Our wine partners represent all wine regions, styles and price segments, and the partners range from large international wine companies to smaller family-owned wine producers. Anora's wine companies in Sweden, Norway and Finland are experts on local consumer preferences and trends, and they have extensive experience to succeed in monopoly tenders and with on-trade customers alike. This offers a strong growth platform for our partners.

Anora's own wine brands are developed by our wine experts to best suit Nordic taste preferences. Our own wine team sources high quality wine worldwide and turns it into branded, consumer-friendly products. Bottling and packaging takes place at our facilities in Gjelleråsen (Norway) and Rajamäki (Finland).

Consumers make sustainable choices

The share of organic wine in Anora's portfolio has increased steadily, while consumers are increasingly looking for sustainably produced wines such as organic wines or Fair for Life and Fairtrade certified wines. We actively develop all packaging formats and materials to further improve the sustainability of our products. For instance, our bag-in-boxes are 100% recyclable and we have launched a rPET bottle made 100% of recycled plastic.

Leading digital platforms

We have market-leading digital platforms that provide extensive consumer reach through websites, social media channels and newsletters both to our partner brands and own brands. www.folkofolk.se, www.viinimaa.fi, www.vingruppen.se and www.vingruppen.fi.

BLOSSA GLÖGG | Falling FEATHER | RubyZin | CHILL OUT

Our wine companies in

Finland	Sweden	Norway
Vingruppen Finland, Social Wines, Wine World Sweden, Vinum, Vinunic, Wennerco, Anora Wine Brands	Vingruppen i Norden, Vinunic, Wine World Sweden, The Wine Agency, Valid Wines, Quaffable Wines, Philipson Söderberg, Bibendum, Anora Wine Brands	Vingruppen, Excellars, Vinordia, Symposium Wines, Heyday Wines, Strøm, Anora Wine Brands

Important megatrends

Authenticity | Convenience | Premiumisation

Reporting segment as of 1 January 2022: **Wine**

Business area – Spirits

Anora is the leading player in the Nordic spirits market

Anora is the industry forerunner in sustainable drinks in the Nordics. We offer a complete portfolio of global, regional and local spirits brands to our customers and consumers in the Nordic monopoly markets.

" Innovation of new spirits brands and bringing consumer-focused novelties to the market are key growth drivers."

Henrik Thomsen, SVP Spirits

This is what we do

The Spirits business area develops, markets and sells both Anora's own spirits brands and a wide range of global brands from our partners. The main sales channels are the state retail monopolies in Finland, Sweden and Norway as well as on-trade (horeca) and local grocery trade.

Our spirits portfolio has notable product category width and depth. We are present in all categories and price segments and, importantly, our partner brands complement our own brands allowing us to offer a complete portfolio to our customers.

Sustainable innovations

Innovation within our spirits brands is founded on sustainability. For instance, we increase the use of climate-smart packaging to lower the carbon footprint of our products and we actively promote a responsbile drinking culture. We have also taken an active role in transforming the no- and low alcohol category with an increasing number of novelties in the low ABV, ready-to-drinks, seltzers and alcohol-free segments.

Understanding the Nordic consumer

Anora has a leading position in the Nordic spirits market and a strong understanding of the features of these unique markets and consumer dynamics. We have unparalleled insight of the Nordic consumer, and a local sales force with superior category and product expertise within all customer segments.

Our own flagships brands are:

KOSKENKORVA VODKA | LARSEN COGNAC | LINIE AQUAVIT | SKAGERRAK NORDIC DRY GIN

A few examples of brands from our wide partner offering include:

JACK DANIEL'S | FERNET-BRANCA | Jose Cuervo | FIREBALL RED HOT WHISKY

Important megatrends

Sustainability | Health consciousness | Premiumisation

Reporting segment as of 1 January 2022: **Spirits**

Business area – International

Sustainability is an essential part of our brands and a key strength internationally

" We see great opportunities for our Nordic brands in the international markets."

Kirsi Puntila, SVP International

Anora seeks to strengthen its international footprint outside the monopoly markets. Anora already has a leading position in the Nordic and Baltic duty-free travel retail (DFTR).

This is what we do

The International business area consists of Anora's own operations in Estonia, Latvia, Denmark and Germany. Additionally, global duty free and travel retail as well as Anora's all other export operations are part of International. The business area is often referred to as open markets, as there are less restrictions in the different sales channels. We market and sell both own and partner brands and look for strong expansion and growth in future.

Nordic brands to new markets

Nordic brands are of great interest in many parts of the world at the moment. They represent Nordic values, pure nature and fresh ingredients, sustainability and authenticity, all themes that are valued high in consumers' minds.

Our key exports brands are Koskenkorva, Larsen, Linie and Valhalla. Geographically our export operations are focused on chosen Eastern and Central European markets, such as the UK, Switzerland, Spain and Slovakia. Additionally we invest in the US and China. Our market-leading position in the Nordics, our capabilities and resources, as well as our climate-smart packaging solutions make us a more significant player in the international arena.

Travel retail

Sustainability is an essential part of our brands and one of our key strengths internationally. Anora was named "Sustainability Trailblazer" in the first sustainability-focused event for the travel retail industry thanks to the Koskenkorva Climate Action initiative.

We offer our extensive portfolio of both own and partner brands to all major Nordic travel retail operators – airports, cruise/ferry companies and border trade operators. This channel also offers many possibilities for direct consumer interaction and engagement.

Digital

We see opportunities in digital channels internationally and have taken steps in international e-commerce with our own webshop in Germany: nordicspirits.com.

TR
SUSTAINABILITY
TRAILBLAZER
2021

Important megatrends

Premiumisation | Sustainability | Health consciousness | Digitalisation

Reporting segment as of 1 January 2022: **Spirits**

Business area – Industrial

Step-change in scale drives Anora's productivity

Anora strives for carbon neutral production and applies the principles of circular economy at its plants. Work safety is a key priority and we strive for zero absences due to injuries.

" We strive for carbon neutral production and continue to take important steps in achieving this goal. "

Hannu Tuominen, SVP Industrial

This is what we do

The Industrial business area includes Anora's industrial business, supply chain operations and the logistics company Vectura in Norway.

The Industrial business comprises operations at the Koskenkorva Distillery including industrial products and contract manufacturing services at the Rajamäki plant. Finnish barley is the key raw material for our industrial products including grain sprits, technical ethanols, barley starch and feed components. We also offer a broad range of contract manufacturing and logistics services for our wine and spirits partners as well as industrial partners.

Supply chain operations comprise Anora's production and logistics operations in Finland, Sweden, Norway, Denmark, Estonia, Latvia and France, as well as customer service and procurement.

Vectura AS is a leading logistics service provider in the Norwegian wine and spirits market. Vectura's modern logistics facility is located at Gjelleråsen, closely integrated with our production, and it handles approximately 12 500 different products for more than 100 importers of wine, spirits, beer and other beverages.

Sustainability

We continuously explore ways to minimise our carbon footprint. We have increased the use of renewable energy and improved energy self-sufficiency through steam production at the Koskenkorva Distillery. At Koskenkorva Distillery our CO_2 emissions have decreased by 58% from 2014 and the Gjelleråsen plant runs up to 89% on renewable energy, such as geothermal energy.

We also develop our circular economy to improve material efficiency and reduce the amount of waste at our bottling plants and logistics centers.

Productivity and efficiency

Our industrial operations and supply chain are based on an integrated business model that brings economies of scale and improves capacity utilisation. This results in improved productivity, reduced carbon footprint and more sustainable operations.

Digitalisation enables continuous and significant potential through improved customer service, integrated data and material flow, automated production processes and robotics process automation.

Important megatrends

Sustainability | Digitalisation | Automation | Work safety

Reporting segment as of 1 January 2022: **Industrial**

Innovation

Growth through Nordic innovations

We are passionate about creating sustainable innovations. We have an innovative culture and are eager to be in the forefront of the market.

Whether developing new flavours, new packagings or new experiences, our innovation work is based on a deep understanding of the Nordic consumer. We always aim at creating value for our business, customers, partners and consumers.

It is imperative for us that our customers and consumers consider our offering to be relevant and interesting. We develop our brands and products, whether our own or our partners', and we bring more than 100 novelties to the market every year.

Unique understanding of the Nordic consumer

All our innovation work is guided by strong consumer insight. We understand the Nordic consumers locally and regionally – we constantly follow what drives the Nordic consumer, how consumer behaviour is changing and which consumer trends are evolving. Insights and sales data are used to drive innovation and marketing, but they also serve as a basis for portfolio and sales channel development.

Leading the way in sustainable packaging

We have taken an active role in developing sustainable packaging for wines and spirits. A consideredable part of the carbon footprint of a beverage product is related to packaging, and we continue to find new solutions to further reduce this. Our in-house packaging capabilities at Gjelleråsen and Rajamäki play an important role on this journey.

”Nordic consumers are increasingly moving to lighter red and drier white wines with Austria, Germany and Italy as the typical regions. We also see growing interest in wines with less sugar and alcohol.”

Julie Nyheim MW, Managing Director Anora Wine Brands and Head of Innovation Anora Wine

”When seeking no-low alternatives, consumers value flavour and natural ingredients, and simply the idea of enjoying a sophisticated drink.”

Suvi Reinikkala, Brand Marketing Director

Wide offering of wines for the Nordic consumer

Our wine offering, whether it is wine from our partners or any of our own wine brands, is grounded on the preferences and taste profiles of the Nordic consumer. In the fast-changing market, we need to be quick in recognising trends and the first one out on the market.

Our wine companies work closely with an extensive and global network of wine producers representing all wine regions, styles and price segments. This makes it possible for us to respond to different wine trends in an agile way and offer interesting products to our customers in off- and on-trade and duty-free travel retail.

Innovation of our own wine brands is managed by our wine experts. Their work is based on thorough consumer research that helps them identify interesting new segments. We have strong in-house capabilities in liquid development, packaging design and in carrying out consumer testing prior to launch. Our own bottling plants allow us to quickly react and adapt to customer needs.

Some of our 2021 novelties

Taking an active role in the no-low category

Our innovation in spirits is driven by changes in consumer preferences and our understanding of consumer behaviour.

By continuously shaping our portfolio with new brands, line extensions and stretching to new categories, we can better adapt to consumer trends and find new sources for growth. The borderlines between categories are blurring: offering consumers what they seek – be it for example lower ABV, less sugar, natural ingredients and sustainable packaging – is becoming increasingly important than fitting a certain category.

Our long history of own spirits production translates into deep expertise in developing new spirits products. As the world's largest producer and marketer of aquavit, we are in a unique position to further develop the category.

The demand for no- and low alcohol spirits products has increased globally and is no longer limited to events like dry Januarys or sober Octobers; consumers are increasingly seeking alternatives to spirits with high ABV. We can see the same trend evolving in the Nordics and have taken an active role in shaping this category. We have introduced novelties with low ABV such as liqueurs, ready-to-drinks and seltzers and also launched alcohol-free spirits products.

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. During a normal[1] year, approximately 90% of the market volumes go through the retail monopolies.

In the monopoly markets, the grocery trade is a channel for low- and non-alcoholic 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.

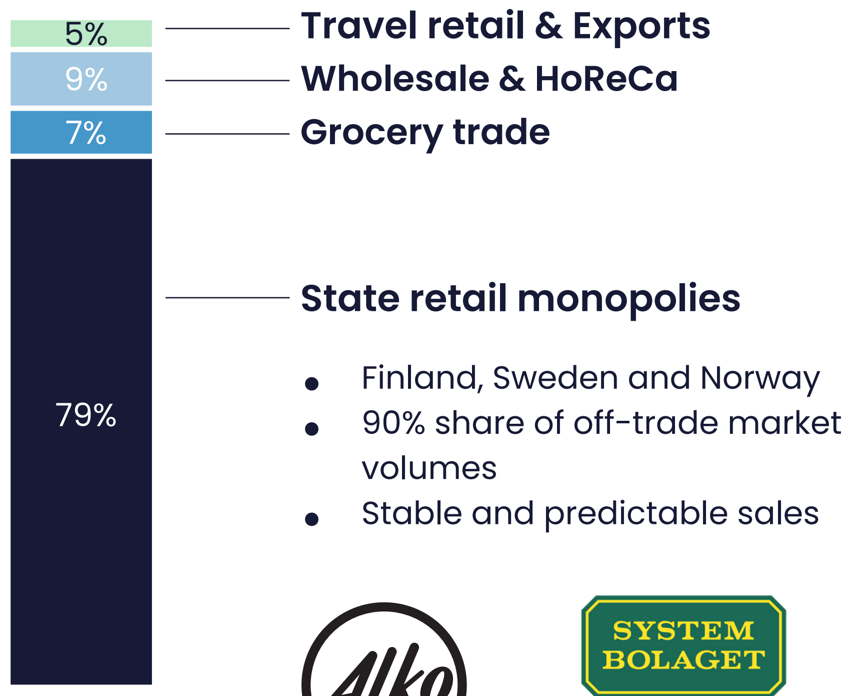
All consumer product sales outside Anora's home market are defined as exports. Anora exports alcoholic beverages to approximately 30 countries.

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

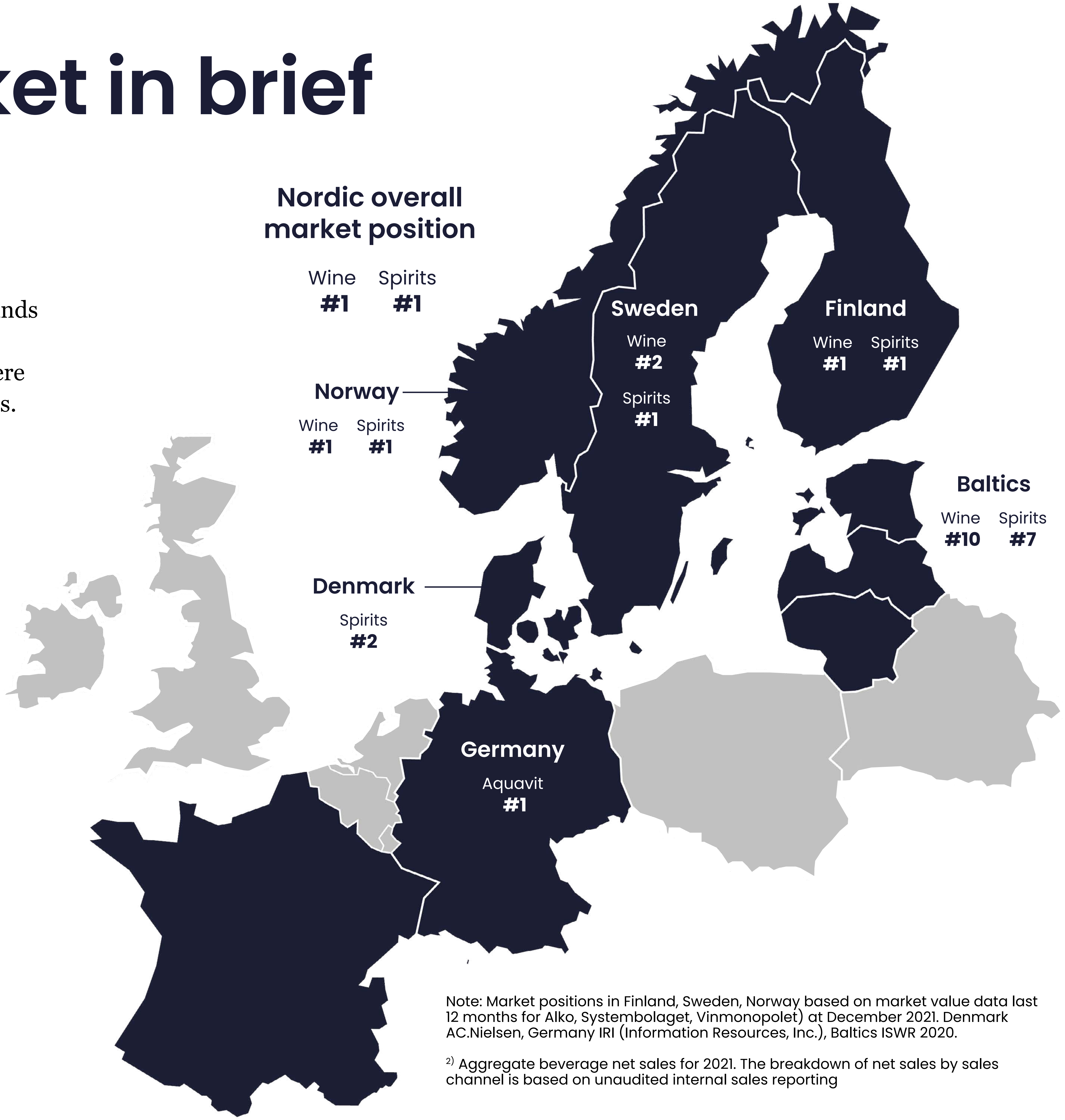
Competitive landscape

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.

Anora beverage sales channels[2]



Alko | SYSTEMBOLAGET | A/S VINMONOPOLET



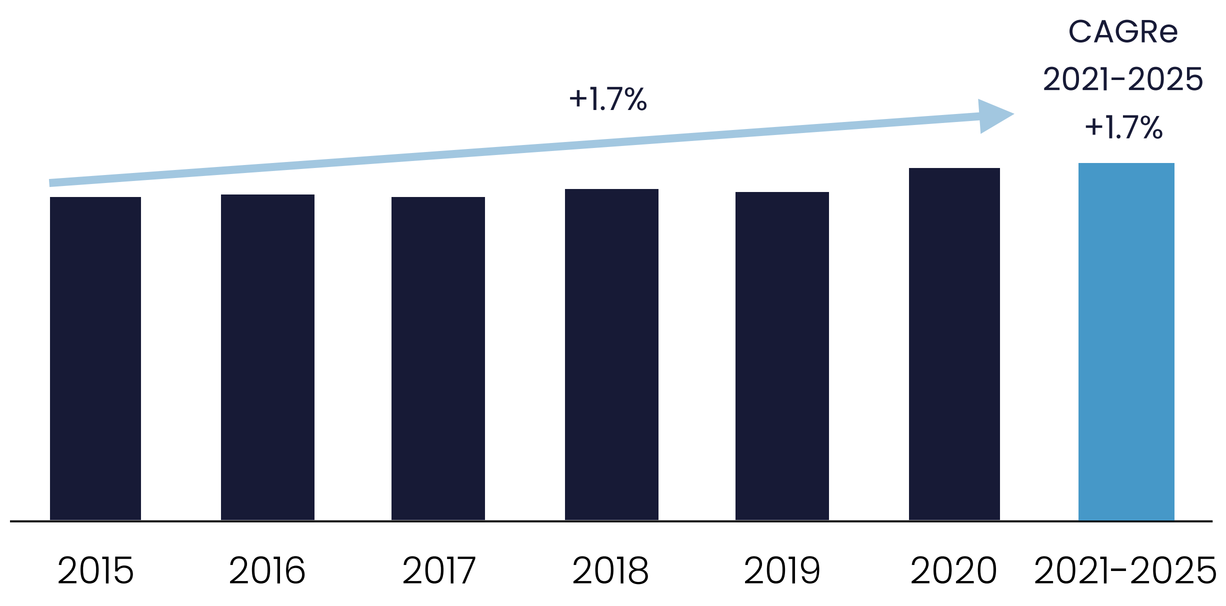
Note: Market positions in Finland, Sweden, Norway based on market value data last 12 months for Alko, Systembolaget, Vinmonopolet) at December 2021. Denmark AC.Nielsen, Germany IRI (Information Resources, Inc.), Baltics ISWR 2020.

[2] Aggregate beverage net sales for 2021. The breakdown of net sales by sales channel is based on unaudited internal sales reporting

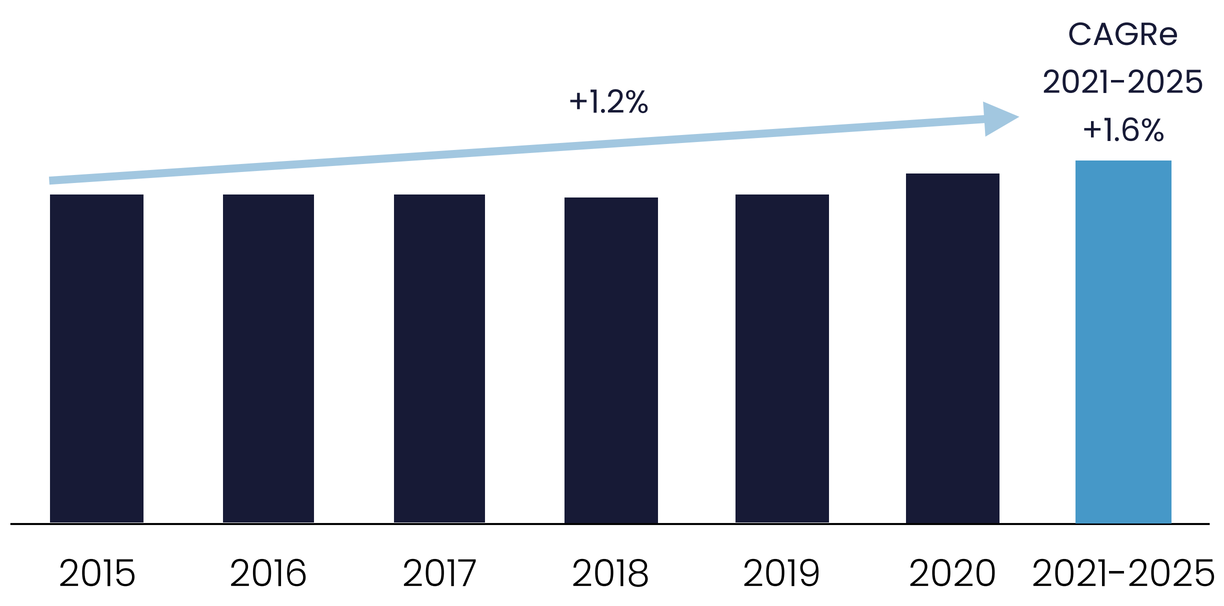
Market size and growth

The value of the Nordic wine and spirits markets is about EUR 12 billion and the volume is about 640 million litres. Wine accounts for about 87% of the volume and spirits for 13%.

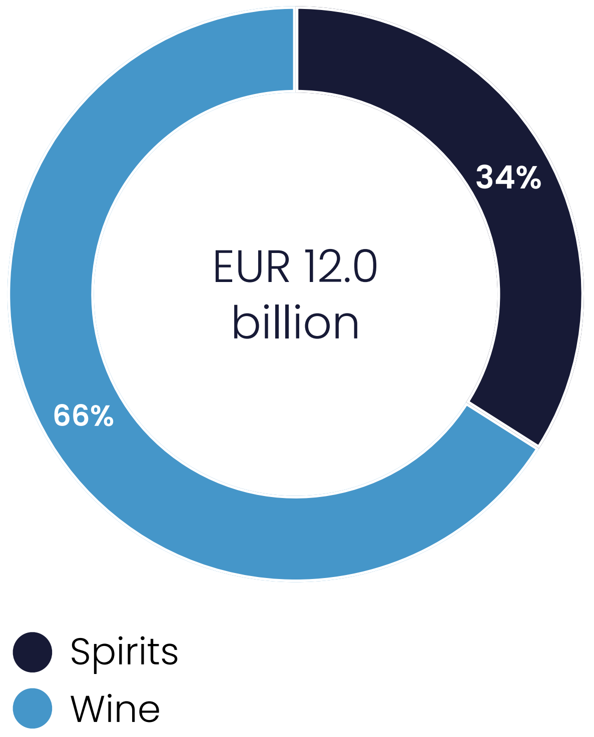
Wine: Volume development and growth forecast



Spirits: Volume development and growth forecast



Value of the Nordic wine and spirits market



Source: Euromonitor International Ltd. Alcoholic Drinks Data 2021 edition, retail value RSP incl. sales tax, EUR million, fixed 2020 exchange rates, current terms. The figures for 2020 are based on provisional estimates. 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 %.

Impacts of COVID-19

The global pandemic caused by COVID-19 continued throughout 2021. In the Nordics, restrictions were mainly related to travelling, social gatherings and the on-trade business. The restrictions and recommendations had a significant impact on Anora's sales channels and caused high uncertainty and poor visibility. COVID-19 certificates or passports were introduced in several countries as an alternative to strict restrictions and to help reopen society.

During the year, new variants of the virus causing COVID-19 were detected, due to which the level of restrictions varied across countries throughout the year. For example, societies started to open up in Q3 21, however, as the Omicron variant started to spread, new stricter restrictions were introduced towards the end of the year.

As a result of the restrictions on travelling and on-trade, consumers continued to shift purchases of alcoholic beverages to the monopolies. The growth of the monopolies' volumes in 2021 was not as significant as it was in 2020, when the COVID-19 pandemic started, however, market volumes have remained above 2019 levels.

In former Altia's Industrial segment, 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 of the supplies. The demand for starch was steady driven by good demand from paper and board manufacturing. The demand for technical ethanol continued at a good level driven by steady demand from the markets, whereas demand for hygiene and e.g. hand sanitizer products decreased from previous year's record high levels. Due to the continued increased demand on global markets and increasing raw material and energy prices, purchased ethanol availability was very tight and the prices continued an increasing trend throughout the year. Volumes in industrial services were showing first signs of recovery from negative impact of COVID-19.

In the supply chain, the uncertainty caused by COVID-19 was mainly related to the health and safety of employees at Anora's production and logistics sites, the availability of raw materials such as bulk wine, partner goods and dry goods.

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

Key investment highlights

Market leader in the profitable and stable Nordic wine and spirits industry

- We offer a complete portfolio of global, regional and local spirits brands to our customers and we bring the best of the world's wine to the Nordics. We have strong innovation capabilities both in wines and spirits and our innovation is guided by strong consumer insight.
- We represent a wide range of international spirits brands and our wine partners represent all wine regions, styles and price segments. To our partners, we provide insight on the Nordic consumer, a superior route-to-market and a salesforce locally present in all customer segments.
- Anora has the leading digital platforms in the Nordic wine and spirits industry, which provide extensive consumer reach to our own and partner brands.

Global industry forerunner in sustainability

- We strive for carbon neutral production and continuously explore ways to minimise our carbon footprint. We have increased the use of renewable energy and improved energy self-sufficiency through steam production at the Koskenkorva Distillery. At the Koskenkorva Distillery our CO_2 emissions have decreased by 58% from 2014 and the Gjelleråsen plant runs up to 89% on renewable energy, such as geothermal energy.
- We also continously develop our circular economy to improve material efficiency and reduce the amount of waste at our bottling plants and logistics centers.
- We have taken an active role in developing sustainable packaging for wines and spirits. A consideredable part of the carbon footprint of a beverage product is related to packaging, and we continue to find new solutions to further reduce this. Our innovative PET and rPET bottles and bag-in-boxes have a 60–90% lower carbon footprint compared to glass.

Step-change in scale drives productivity

We have a strong production and logistics footprint across the Nordic region. Our industrial operations and supply chain are based on an integrated business model that brings economies of scale and improves capacity utilisation. This results in improved productivity, reduced carbon footprint and more sustainable operations.

Capacity to grow in and outside the Nordics

We have a strong growth ambition. We operate in a highly stable and profitable industry, and we have low capex needs. This results in high cash generation and low leverage. Our strong financial position and increased debt capacity puts us in a good position to pursue growth in and outside the Nordics. M&As will play an important role in Anora's growth strategy.

Information for shareholders

Anora's shares are listed on Nasdaq Helsinki. All shares carry one vote and have equal voting rights. Following the Altia and Arcus merger, Anora shares were dual-listed on the Oslo Stock Exchange on 1 September 2021. The temporary secondary listing ended, as planned, with the last trading day on 30 December 2021. Instructions for share conversions can be found at: www.anora.com

Annual General Meeting

Anora's Annual General Meeting is planned to be held on 11 May 2022 at Anora's head office, Kaapeliaukio 1, 00180 Helsinki, Finland.

The shareholders of the company can 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 is not possible to attend the meeting in person.

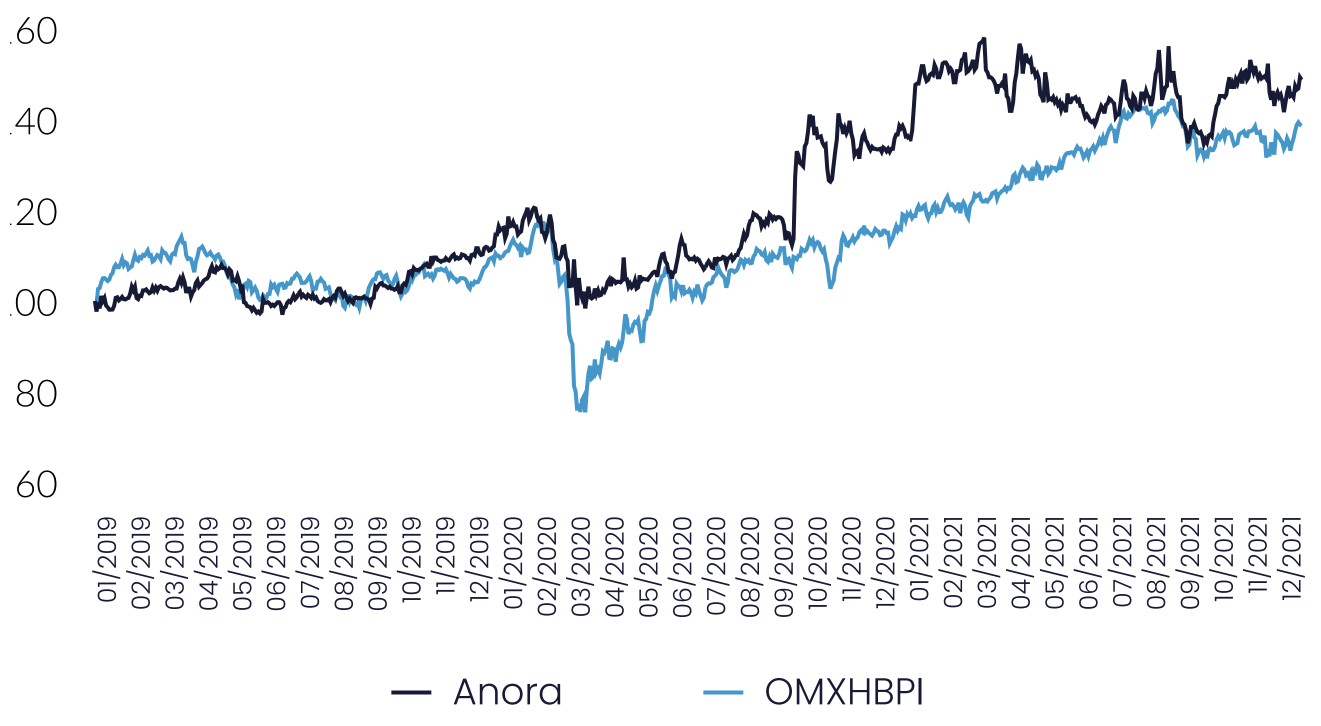
More information can be found in the notice to the meeting which is available at www.anora.com/investors

Dividend proposal

The Board of Directors proposes that a dividend of EUR 0.45 per share be distributed for the financial period ending 31 December 2021.

Share price development

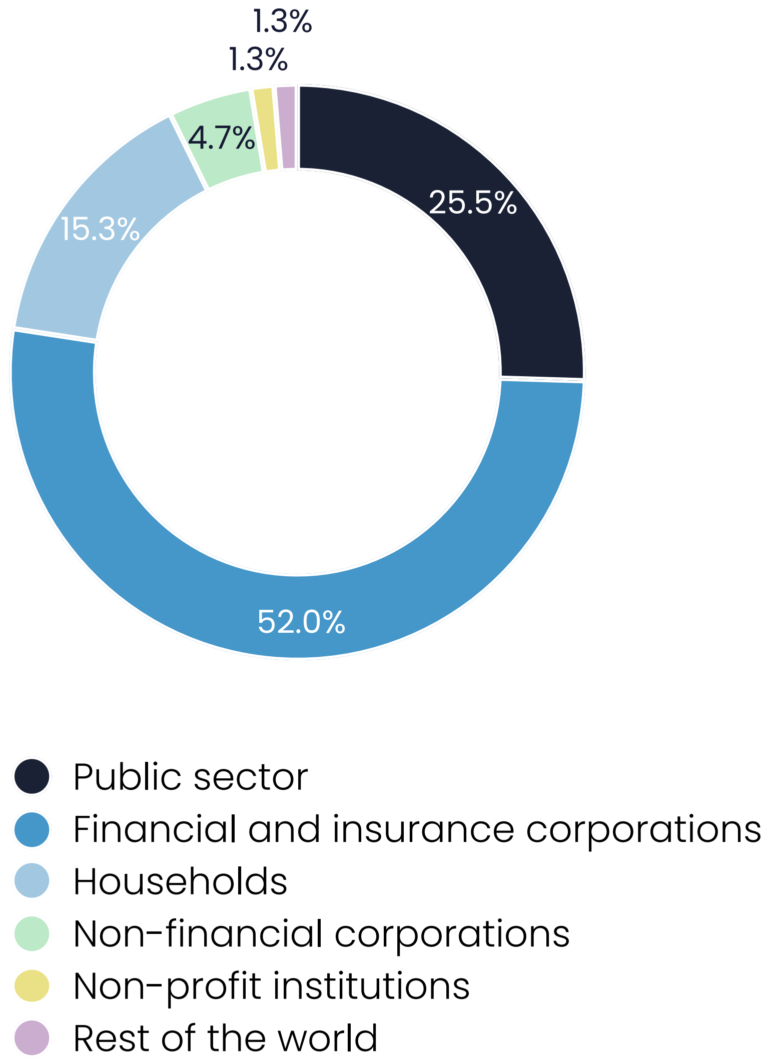
Share quotations, index 100 = 2.1.2019



Source: Nasdaq Helsinki

Ownership structure 31 Dec 2021

Shareholders by sector, % of shares



Share of nominee-registered shares was 50.9%

Source: Euroclear Finland

Key facts about Anora share

		2021	Nasdaq Helsinki
Market:	Nasdaq Helsinki Ltd.	High:	EUR 12.00
Sector:	Food & Beverage/Consumer goods	Low:	EUR 9.62
Trading code:	ANORA	Closing:	EUR 10.86
ISIN code:	FI4000292438	Market cap:	EUR 734 million
Listing date:	23 March 2018	Number of shares:	67 553 624

Important dates related to the AGM and dividend payment 2022

29 April	Record date of the AGM
25 April–5 May	Advance voting period
11 May	Annual General Meeting
12 May	Proposed ex-dividend date
13 May	Proposed record date for dividend payment
20 May	Proposed dividend payment date

Financial information in 2022

10 March	Financial Statements Bulletin 2021
week 16	Annual Report 2021
19 May	Interim Report for January–March 2022
1 September	Half-Year Report for January–June 2022
24 November	Interim Report for January–September 2022

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 48 and 93, respectively.

	2021	2020	2019	2018	2017
Environment					
Use of grain (million kg)	208.5	214.1	211.5	211.7	206.0
Reduction in Koskenkorva CO_2 emissions compared to 2014 base year	58%	58%	58%	54%	56%
Self-sufficiency in steam production at Koskenkorva due to own bio power plant	67%	65%	62%	60%	65%
Waste recycling & reutilisation rate	99.5%	99.5%	99.5%	99.7%	99.5%
Water use (1 000 m^3)	575.9	631.3	502.6	660.3	663.4
Social					
Produced or imported beverages (million litres)	Former Altia: 86.8 Former Arcus: 50.6	85.4	97.0	95.1	93.8
Average alcoholic strength of Anora's own production (% vol.)	Former Altia: 31.5% Former Arcus: 24.3%	29.7	31.3	31.3	31.7
Number of launches of low or non-alcoholic drinks	55	10	24	13	-
Sickness absence %	Former Altia: 4.0 Former Arcus: 4.8	4.0	3.7	3.4	3.3
Number of accidents in relation to hours worked (lost time injury frequency without commuting)	Former Altia: 5 Former Arcus: 10.5	7	9[1]	12[1]	11
Gender diversity, total headcount	37%	43%	42%	42%	42%
Governance					
Gender diversity, Board of Directors *	50%	43%	43%	43%	43%
Gender diversity, Executive Management Team	29%	33%	29%	29%	29%
Board meeting attendance rate (average %)	96%	99%	93.5%	94.1%	92.4%
Board independence **					
Independent of the company	7/8	7/7	7/7	7/7	7/7
Independent of shareholders	7/8	6/7	6/7	6/7	6/7

[1] Lost time injury frequency figures reported from 2018 without commuting
Gender diversity = The percentage of female directors/executives/employees relative to male colleagues in the same groups
Board independence = number of independent (as defined by CG statement) shareholders

*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 2021

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.

2021 was a historical year with the start of Anora's journey as the leading wine and spirits brand house in the Nordics, and the global industry forerunner in sustainability. During 2021, the COVID-19 restrictions in on-trade and travelling continued to impact Anora's market environment in a significant way. Supported by extraordinary high sales volumes in monopoly stores, Anora reports strong results for 2021. In the fourth quarter, Anora was faced with a historically sharp increase in input costs, with specifically the cost of barley reaching a record-high level.

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

	2021	2020	2019
Net sales, EUR million	478.2	342.4	359.6
Comparable EBITDA, EUR million	71.7	52.4	44.8
% of net sales	15.0	15.3	12.4
EBITDA, EUR million	62.9	40.3	43.1
Comparable operating result, EUR million	51.2	35.0	26.8
% of net sales	10.7	10.2	7.5
Operating result, EUR million	42.4	22.9	25.1
Result for the period, EUR million	31.2	17.8	18.4
Earnings per share, EUR	0.67	0.49	0.51
Net cash flow from operating activities, EUR million	50.8	56.1	52.6
Net debt / comparable EBITDA	1.8	-0.1	0.6
Personnel at end of period	1 055	637	632

1. Altia and Arcus merged on 1 September 2021. In the consolidated financial statements, the merger has been accounted for as a business combination using the acquisition method with Altia determined as the acquirer of Arcus. The consolidated financial statements include Arcus's income statement from 1 September 2021 onwards and statement of financial position as of 31 December 2021. Arcus is reported as the fourth segment of Anora. Anora will report according to its new reporting segments as of Q1 2022.

Market environment

The global pandemic caused by COVID-19 continued throughout 2021. In the Nordics, restrictions were mainly relating to travelling, social gatherings and the on-trade business. These restrictions and recommendations had a significant impact on Anora's channel mix and caused poor visibility and uncertainty.

Consumers continued to shift purchases of alcoholic beverages to the monopolies in Finland, Sweden and Norway. The growth of the monopolies' volumes in 2021 was not as significant as in 2020, when the COVID-19 pandemic started. Nevertheless, monopoly volumes have remained well above the 2019 levels.

As vaccination coverage increased, COVID-19 certificates were introduced in several countries as an alternative to the strict restrictions and to help open society. For example, in the on-trade channel a good recovery was seen during the second half of the year. However, as new variants of the COVID-19 virus were detected new restrictions – especially in the on-trade channel – were introduced in December. In travel retail, the recovery was more stable but slower.

In Altia 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. The demand for technical ethanol continued at a good level, driven by steady demand from the markets, whereas demand for hygiene and, e.g., hand sanitizer products decreased from the previous year's record high levels. 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 throughout the year. However, volumes in industrial services showed first signs of recovery from the negative impact of COVID-19.

In the supply chain, uncertainty caused by COVID-19 was mainly related to the health and safety of employees at Anora's production and logistics sites, the availability of raw materials such as bulk wine, partner goods, and dry goods.

Key events

Closing of Altia and Arcus merger

In 2021, the strategically most important event was the completion of the Altia and Arcus merger on 1 September 2021.

The diligent process with the competition authorities in Finland, Sweden, and Norway took a longer timer than initially expected when the merger was announced. In line with the competition authorities' requirements, Altia and Arcus agreed on brand divestments to Galatea AB. Upon this agreement, Altia and Arcus announced on 23 July 2021 that all regulatory approvals had been received. The divested brands were Altia's aquavit brands Skåne Akvavit, Hallands Fläder and Brøndums, cognac brand Grönstedts, Arcus' aquavit brand Akevitt Spesial, and spirits brands S.P.R.T. and Dworek.

The combination was implemented as a statutory cross-border absorption merger whereby Arcus was merged into Altia and dissolved. As merger consideration, the shareholders of Arcus received 0.4618 new shares in Altia for each share owned by them and in aggregate, Arcus' shareholders received shares representing approximately 46.5% ownership in Anora.

Post-merger integration

With the merger, Anora is targeting annual EBITDA net synergies of EUR 8-10 million of which 80% are expected to be realised within two years. The integration has progressed according to plan and is on schedule and the run-rate of already realised cost synergies was EUR 5.1 million. The divestment of brands was completed on 1 October 2021, with an estimated annual impact on EBITDA of EUR 4.6 million. The divestment did not affect the annual EBITDA net synergy target. Post-closing integration costs are estimated to be EUR 7-9 million in 2021-2022.

Anora's operating model was announced in October 2021, and the work to structure operations continued until the end of December when all negotiations were concluded. Other on-going integration actions include for example, projects to insource third party logistics operation in Norway, Finland and Sweden, and the reorganisation of Anora's wine business according to an entrepreneurial-driven, multi-company structure.

Successful innovations

Successful innovations in wine and spirits are a key growth driver. In 2021, novelties of Anora's spirits brands like Koskenkorva, Linie, O.P. Anderson, Larsen and Xanté, reaped success in international competitions. During the year, Anora has taken an active role in shaping the no-low spirits category by launching novelties with low ABV, such as liqueurs, ready-to-drinks and seltzers, and also alcohol-free spirits products.

Anora actively took part in monopolies' wine tenders with both partner wines and own wine brands. During the year, new own wine brands were launched such as Yoko and Luigi di Grasso. The Chill Out wine brand went through a thorough rebranding to better respond to consumer trends.

New partners

Anora's brand portfolio includes a wide range of prominent international partner wines and spirits. Partner portfolios are developing all the time and have adapted to meet consumer trends and demand. In 2021, new partners in wine were for example, Aveleda and Xavier Vignon in Sweden whereas Quintessential Brands strengthened Anora's portfolio of premium gins.

Leading digital platforms

During 2021, the role of Anora's digital platforms such as Viinimaa, folkofolk and, nordicspirits.com, was further emphasised as consumers strongly continued to shift towards digital channels.

Viinimaa is the biggest wine platform in Finland and folkofolk the biggest wine and spirits platform in Sweden. Anora will continue to build on these platforms and further strengthen them as important marketing and sales channels driving consumer traffic to the monopolies' stores and e-commerce. Websites and social media channels are also used for campaigns and digital events.

Sustainable packaging

Recycling compatibility and the reduction of CO2 emissions remains at the core of Anora's packaging portfolio development.

In Q1, the new bag-in-box production line was ramped up at the Rajamäki plant. Anora is now able to produce 100% recyclable bag-in-boxes.

By the end of 2021, 99.7% of the former Altia's PET bottle portfolio was rPET bottles made from at least 25% of recycled plastic.

At the Gjelleråsen plant, bottle capsules have been changed to one plastic capsule type for all main bottle formats. This has brought increased efficiency in production, and as of November 2021, all the main bottles on the PET line were applicable for the Nordic deposit systems.

Events in Altia Industrial

At the Rajamäki plant, the new equipment for liquid dealcoholisation was ramped up to support expansion in the growing no-low category. The first products produced were the non-alcoholic wine-based Blossa Glöggs.

In July, Altia signed an agreement to sell its shareholding in Chemigate Oy to Berner Oy, allowing the company to focus on more strategic and value-adding products at the Koskenkorva Distillery.

In October, the Koskenkorva Distillery was granted The Year Award in the Starch Europe's Safety Program, which is given to plants with a full calendar year without lost time incidents (LTI).

To mitigate the impact of the record-high cost of barley, the Koskenkorva Distillery's running speed was lowered at the end of the year. In total, 208.5 (214.1) million kilos of grain were used at the plant.

Aiming for carbon neutral production

In Q3, a new heat recovery system was installed at the Koskenkorva Distillery. The new system aims to increase heat circulation within the distillery and the target is to reduce steam power generation by 10% and achieve a slightly higher reduction in CO_2 emissions at the Koskenkorva Distillery. The new heat pump system is expected to be taken into use during Q2 22.

In 2021, the Koskenkorva Distillery's own bioenergy plant achieved a record-high self-sufficiency rate of 67% (65%). The Distillery's CO_2 emissions have been reduced by 58% compared to the 2014 base year.

Recognition for sustainability work

Anora was named "Sustainability Trailblazer" in the first sustainability-focused event for the travel retail industry thanks to the Koskenkorva Climate Action initiative.

Anora was awarded a Gold Medal in the EcoVadis Corporate Social Responsibility rating with 71/100 points, which is higher than 97% of all the companies rated.

Strategy and financial targets

Since the completion of the Altia and Arcus merger, Anora's strategic focus has been on business continuity and merger integration. The work to define Anora's growth strategy and financial targets has been initiated and it is expected to be finalised during Q2 2022.

Research and development activities

The Group's direct research and development expenditure amounted to EUR 3.5 (1.6) million and was related to the product development of alcoholic beverages.

Financial review

Net sales, profitability and result for the period

In 2021, Anora Group's net sales increased by 39.7% and were EUR 478.2 (342.4) million. Growth in constant currencies was 38.3%. Arcus was consolidated to Anora as of 1 September 2021, having a positive impact of EUR 115.8 million on net sales. In addition, former Altia segments contributed to net sales growth. In the Finland & Exports segment, growth was mainly driven by the higher spirits sales in travel retail and exports. In the Scandinavia segment, net sales grew in all markets (Sweden, Norway and Denmark) driven by higher spirits sales. In Altia Industrial, growth was mainly driven by the higher contract manufacturing volumes and pricing due to the increased cost of barley.

Comparable EBITDA, i.e. EBITDA excluding items affecting comparability (IAC), was EUR 71.7 (52.4) million, which was 15.0% (15.3%) of net sales. Arcus has been consolidated to Anora as of 1 September 2021, having a positive impact of EUR 19.8 million on comparable EBITDA. Items affecting comparability totalled EUR -8.8 (-12.1) million and were mainly costs related to the Altia and Arcus merger. Reported EBITDA was EUR 62.9 (40.3) million.

Other operating income amounted to EUR 10.5 (6.2) million, mainly including proceeds from the divestment of brands (trademarks and related inventory) of EUR 3.7 (0.0) million; proceeds from sales of fixed assets of EUR 0.0 (0.0) million; income from the sales of mainly steam, energy and water of EUR 3.4 (3.3) million; and rental income of EUR 1.7 (1.4) million.

Expenses for materials and services totalled EUR 266.1 (192.5) million. Employee benefit expenses totalled EUR 69.6 (49.1) million, including EUR 54.2 (38.5) million in wages and salaries. Other operating expenses amounted to EUR 90.2 (66.6) million.

Net financial expenses amounted to EUR 5.5 (3.3) million. The share of profit in associates and joint ventures and income from interests in joint operations totalled EUR 1.7 (1.2) million.

Income tax expense was EUR 7.4 (3.5) million, corresponding to an effective tax rate of 19.1% (16.5%).

The result for the period amounted to EUR 31.2 (17.8) million, and earnings per share were EUR 0.67 (0.49).

The below tables illustrate net sales and comparable EBITDA by reporting segments.

Cash flow and balance sheet

In 2021, net cash flow from operations totalled EUR 50.8 (56.1) million. The decline in net cash flow from operations was driven by the development in net working capital. The net working capital development was negative due to the gradual recovery of travel retail, exports, and on-trade channels increasing receivables, and the calendar effect in VAT and excise tax payables. The receivables sold, mainly former Altia's monopoly receivables, amounted to EUR 81.4 (91.9) million at the end of the reporting period.

At the end of the reporting period, the Group's net debt amounted to EUR 126.0 (-3.9) million. The increase in net debt was 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. Cash and cash equivalents amounted to EUR 168.9 (130.7) million, while the interest-bearing debt amounted to EUR 126.0 (-3.9) million. The gearing ratio at the end of the reporting period was 24.8% (-2.5%), while the equity ratio was 41.2% (34.3%). The reported net debt to comparable EBITDA was 1.8 (-0.1) times. Anora Group's liquidity position was strong throughout the period.

The Group has a revolving credit facility of EUR 60.0 (60.0) million, of which EUR 0.0 (0.0) million was in use at the end of the reporting period. The Group has two overdraft facilities, NOK 800 million and EUR 10 million. The nominal value of commercial papers issued amounted to EUR 20.0 (40.0) million at the end of the reporting period.

The total in the consolidated balance sheet was EUR 1 233.3 (455.6) million at the end of the period.

In 2021, gross capital expenditure totalled EUR 5.4 (7.0) million. At the Rajamäki plant, two major investments were ramped up: equipment for liquid dealcoholisation capability and a new bag-in-box-line. Capital expenditure was also allocated to replacement investments and to improve energy efficiency and work safety.

NET SALES BY SEGMENT

EUR million	2021	2020	Change %
Finland & Exports	122.5	117.2	4.5
Scandinavia	129.8	123.9	4.7
Altia Industrial	110.0	101.2	8.7
Arcus	115.8		
Total	**478.2**	**342.4**	**39.7**

COMPARABLE EBITDA BY SEGMENT

EUR million	2021	2020	Change %
Finland & Exports	21.0	19.8	6.1
Scandinavia	15.8	14.2	10.7
Altia Industrial	14.2	17.9	-20.6
Arcus	19.8		
Other	0.9	0.5	67.6
Total	**71.7**	**52.4**	**36.8**
% of net sales	15.0	15.3	

Personnel

On 31 December 2021, Anora Group had 1 055 (637) employees, of whom 393 (378) were in Finland, 159 (115) in Sweden, 21 (4) in Denmark, 365 (23) in Norway, 32 (34) in Latvia, 58 (58) in Estonia, 24 (25) in France and 3 in Germany. The increase in personnel is due to the Altia and Arcus merger. The average number of personnel in 2021, including the average number of personnel for Arcus during September-December 2021, was 799 (682) employees.

After the merger in September, Anora initiated collaborative dialogues on organizational changes with employees and union representatives in Finland, Sweden, and Norway. The company offered versatile career opportunities to employees, and there were only minor reductions in the number or personnel. The new organisation started on 1 January 2022. Employee representation in the Board of Directors was established in 2021, and two employees from the combined company were elected to the Board.

The annual Altia Tasting survey provides valuable information on employees' engagement, leadership, team performance and well-being. In 2021, all the indices improved. Anora wants to ensure an inclusive and safe workplace for all employees. The Nordic values of equality and diversity are at the core of Anora's organisational culture based on a culture survey and workshops held in both Altia and Arcus. Shaping the company culture will continue in 2022. The safety of employees during the continued pandemic was ensured with regular information and updated guidelines, and no major disruptions happened in production and logistics.

EMPLOYEE BENEFIT EXPENSES

EUR million	2021	2020
Wages and salaries	52.6	38.1
Pension expenses		
Defined contribution plans	7.4	5.9
Defined benefit plans	0.0	-
Share-based payments	1.6	0.3
Other social expenses	7.9	4.7
Total	**69.6**	**49.1**

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 of EUR 4.3 million (2020: EUR 5.7 million) in the form of cash bonuses. Employee benefit expenses include personnel related restructuring costs of EUR 0.5 million (2020: EUR 0.3 million).

Share-based incentive scheme

The Board of Directors of Altia decided on 17 August 2021 to adjust the structure of the Altia Performance share plan 2019-2021 and 2020-2022 from a share and cash-based settlement to a cash-based settlement due to the Altia and Arcus merger. The participants will receive a cash settlement compensation based on a prorated target setting for a relative total shareholder return of Altia's share and earnings per share. The earning period of the plan 2020-2022 had been modified to 2 years and two months instead of 3 years. The payments will be made in January 2022 and April 2022. If the individual's employment with Anora Group terminates before the payment date of the reward, the individual is, as a main rule, not entitled to any reward based on the plan. The former Altia's CEO, members of the Executive Management Team and selected key employees were part of the share-based, long-term incentive scheme.

Non-financial information

Sustainability is a key success factor for businesses, particularly when operating in the EU with increasing legislation regarding corporate sustainability. The core sustainability topics that united Altia and Arcus prior to the merger, including efforts to mitigate climate change, moves to a more circular economy, climate-smart packaging and promoting a responsible drinking culture, continue to drive the newly formed Anora going forward.

Both Altia and Arcus had experience of reporting on sustainability in line with corporate responsibility reporting for the respective state-owned companies. Altia also reported in accordance with the Global Reporting Initiative's (GRI) framework, an effort that Anora is continuing.

The review and integration of policies and data gathering of the former two companies has been initiated and will continue in 2022. Further, in 2022, Anora will also take an in-depth look at the sustainability plans and undertake a materiality assessment in order to form a new sustainability roadmap, in line with rising stakeholder expectations, to ensure that the company is, indeed, a global industry forerunner in sustainability.

This non-financial information describes, in accordance with the Finnish Accounting Act, Anora's approach to the management of environmental, social and employee matters, as well as matters related to respect for human rights and anti-corruption and bribery in its operations, and mainly covers the former Altia.

Environmental matters

Environmental goals and targets for the new company Anora will be set, monitored, and reported on going forward. In this year's report, the former Altia's and Arcus's most significant environmental impacts are in focus. The same applies to the other non-financial reporting topics in this section.

a) Policies and ways of working

Anora's work on environmental matters focuses on minimising the environmental impacts of the company's own operations, improving material and resource efficiency, and in developing products and packaging to achieve a lower environmental impact. With Vectura, Anora's logistics service provider in the Norwegian market, there is a renewed focus on the minimisation of emissions.

In previous assessments, energy consumption, water consumption, wastewater and its quality, as well as waste generation, were identified as the most significant environmental impacts in former Altia's own operations.

The current standards, policies, and principles relevant to Anora's environmental work include:

- Code of Conduct
- Quality, Safety and Environmental policy
- ISO 14001:2015 Environmental Management System; the certification covers former Altia's operations in Finland

b) Environmental risks and their management

Environmental risks are assessed regularly as part of the assessment of Anora's environmental impacts and Anora Group's risk management.

The principal environmental risks identified include climate change, 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 maintenance of an environmental management system in accordance with the ISO 14001:2015 standard (in Finland), regular monitoring of wastewater quality, ownership of land in groundwater areas and monitoring of legislative developments.

c) Outcome and KPIs

KPI	2021	2020*	2019*
Energy efficiency (MWh/m³ of product or tonne of product)	Koskenkorva: 0.81 Rajamäki and Tabasalu: 0.32 Gjelleråsen: 0.27	Koskenkorva: 0.71 Rajamäki and Tabasalu: 0.28	Koskenkorva: 0.79 Rajamäki and Tabasalu: 0.27
Water efficiency (m³/m³ of product or tonne of product)[1]	Koskenkorva: 2.05 Rajamäki and Tabasalu: 2.39 Gjelleråsen: 1.9	Koskenkorva: 2.33 Rajamäki and Tabasalu: 2.01	Koskenkorva: 1.88 Rajamäki and Tabasalu: 1.65
Quality of wastewater (kg COD/m³ of product or tonne of product)[2]	Koskenkorva: 4.24 Rajamäki and Tabasalu: 2.14 Gjelleråsen: 16.7 (2020)	Koskenkorva: 4.09 Rajamäki and Tabasalu: 2.09	Koskenkorva: 4.24 Rajamäki and Tabasalu: 2.29
Rate of recycling and recovery	Koskenkorva, Cognac, Rajamäki and Tabasalu: 99.5% Gjelleråsen: Approx 100%	Koskenkorva, Cognac, Rajamäki and Tabasalu: 99.5%	Koskenkorva, Cognac, Rajamäki and Tabasalu: 99.7 %
Monetary value of environmental fines and number of non-monetary sanctions	0	0	0

[1] The KPI for water efficiency does not include Industrial Product's Rajamäki plant because the KPI is not material for the operations.
[2] The KPI for the quality of wastewater is not monitored at the Tabasalu plant.
* Figures for 2020 and 2019 include former Altia only.
All figures displayed are for annual periods of January-December.

One of the group's core environmental goals is carbon neutral own production by 2025. Core goal for climate-friendly packaging is that by 2025, all of the company's packaging solutions will be 100% recyclable. Anora's sustainability efforts focus on carbon reductions, the circular economy and waste management, energy and emissions, and water stewardship. These goals are according to former Altia's sustainability roadmap and new environmental goals for Anora will be set in 2022.

Social and employee matters

Anora's social and employee impacts relate to product quality and safety, occupational health and safety, diversity and inclusion and human rights in the supply chain. In 2022, new social targets for Anora will be set, monitored, and reported on going forward.

Product quality and safety matters

a) Policies and ways of working

Product quality and safety are top priorities and Anora markets products responsibly, in compliance with applicable marketing laws and provides consumer information, as required.

The key processes related to product quality and safety have been defined and the relevant instructions are maintained in Anora's management system. Key performance indicators regarding quality targets are monitored monthly. At former Altia plants, current KPIs concern quality costs, customer claims and the proportions of deviating batches.

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

- Code of Conduct
- ISO 9001:2015 Quality Management System; the certification covers Altia's operations in Finland, the Tabasalu plant in Estonia, and the Gjelleråsen plant in Norway
- FSSC2200 v.5.1 Food Safety Management standard; the certification covers Altia's Rajamäki plant
- Quality, Safety and Environmental Policy
- Marketing Guidelines
- FairTrade certification for Rajamäki and Altia Plc.
- The Koskenkorva distillery, the Rajamäki alcoholic beverage plant, Tabasalu Beverage plant (deliveries and storage) and the distillery in Sundsvall are certified for organic production
- The laboratory at Gjelleråsen is accredited and certified according to ISO 17025

b) Product quality and safety related risks and their management

The principal quality and safety risks that have been identified 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. Quality is monitored continuously during production by means of line inspections and testing, as well as the analysis of end products. Instructions and process 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	2021	2020*	2019*
Amount of income taxes paid and excise taxes collected[1]	EUR 598.4 million excise taxes and EUR 7.4 million income taxes	EUR 469.1 million	EUR 435 million

[1] The full tax footprint is presented in the Sustainability section of Anora's Annual Report.
[2] 2021 figures include former Altia's annual figures and former Arcus's data from the period September-December 2021
* Figures from 2020 and 2019 include ex-Altia only.

Anora's tax footprint is significant when compared to company net sales, due to excise duties.

Employee matters

a) Policies and ways of working

Anora is committed to building a culture with a motivating and supportive working environment based on safety, openness, equality, and trust.

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. The goal is to reduce sickness absences, the number of accidents and the number of absences caused by accidents. During 2021, the ongoing COVID-19 pandemic continued to have an impact on Occupational Health and Safety, and Anora worked with occupational healthcare professionals to help take the best possible care of the health of Anora's employees. At the beginning of 2020, the occupational health and safety management system of the Finnish units was awarded the ISO 45001:2018 Occupational Health and Safety standard certification. This more stringent certification system replaced the previous OHSAS 18001 standard.

To prepare for the official formation of Anora in autumn 2021, a number of personnel-related initiatives were implemented. In September 2020, a first notice of the upcoming merger was published. In addition, in late 2020, a "Leading change" transition assistance course began with around 100 managers throughout the two companies that were then separate, and further implemented throughout 2021. Activities were implemented to help build a joint culture, exchange information, and provide opportunities for employee feedback.

Due to the merger, the business model and organisation were redesigned, and employee cooperation negotiations were held. The number of permanent layoffs affecting personnel following the formation of Anora was low and employees were supported by offering outplacement or training services.

The standards, policies and principles relevant to employee and worker matters include:

- Code of Conduct
- ISO 45001:2018 Occupational Health and Safety Management System; covers Altia's operations in Finland
- Quality, Safety and Environmental Principles
- Anora anti-harassment policy (2021)
- Employee Alcohol policy
- amfori BSCI Code of Conduct

Anora is elaborating a diversity policy, to be published during 2022.

b) Employee risks and their management

The risks are assessed as part of Anora'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.

c) Outcome and KPIs

KPI	2021	2020	2019
Sickness absence former Altia, %	4	4	3.7
Sickness absence former Arcus[1], %	4.8	6.2	5.7
Accident absence rate without commuting former Altia, LTIF	5	7	9[2]
Accident absence rate without commuting former Arcus[1], LTIF[3]	10.5	12.1	7.1
Accident absence former Altia, %	0.06	0.05	0.07
Number of accidents former Altia, LTI	6	8	11[2]
Number of accidents former Arcusl, LTI[3]	8	9	5

[1] Figures for former Arcus companies in Norway, including Vectura.
[2] 2019 LTIF and number of accidents for former Altia is reported without commuting.
[3] Due to differences in calculation methods, the figures of former Altia and former Arcus are not directly comparable.

One of the key focus areas in personnel development in 2021 continued to be work safety, particularly among Anora employees at the plants. The company's core goal is that by 2030, Anora will have zero absences due to injuries.

The results of the indicators for occupational health and safety are presented in the table above. There were no fatal work-related accidents during the year.

Respect for 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's most relevant human rights impacts are related to the sourcing of wines, spirits, and raw materials. As a member of amfori BSCI and amfori BSCI's Sustainable Wine Programme to develop responsible sourcing, Anora is committed to furthering the principles of the amfori BSCI Code of Conduct in its supply chains.

Anora's due diligence process is currently composed of mapping the supply chains of Anora's products and their components, using a questionnaire to gather information about suppliers' and partners' responsibility 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.

The standards, policies and principles relevant to Anora's work with human rights matters include:

- Code of Conduct
- amfori BSCI Code of Conduct
- Code of Conduct for Suppliers and Subcontractors
- Anora anti-harassment policy (2021)

b) Human rights risks and their management

The principal 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 is a member of amfori BSCI and has adopted amfori BSCIs Code of Conduct throughout its operations. To ensure that all of these principles are met, amfori BSCI uses audits as a compliance method. In Sweden, Anora also uses 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. Systembolaget's framework for sustainable sourcing, as well as Anora's own policy for sustainable sourcing, is followed.

c) Outcome and KPIs

No amfori BSCI audits were conducted in 2021, due to the pandemic. A new audit plan will be made in 2022.

KPI	2021	2020	2019
Share of purchases from risk countries as identified in amfori BSCI risk country classification[1]	2%	2%	2%
Number of grievances related to human rights reported through the whistleblowing channel[2]	0	0	0

[1] Figures for former Altia. Due to differences in reporting, the data for former Arcus non-conforming to Altia's reporting method.
[2] 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 human rights were reported via former Arcus' internal whistleblowing process in 2021.

Anti-corruption and -bribery matters

a) Policies and ways of working

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.

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.

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's risk management. 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. 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

KPI	2021	2020	2019
Communication and training on anti-corruption policies[1]	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.	Online course on Altia's Anti-Bribery and -Corruption Policy organised for the entire personnel. Internal communication on ethical business conduct.
Number of anti-corruption and bribery incidents reported through the whistleblowing channel[2]	0	0	0

[1] Information for former Altia. At former Arcus, anti-corruption issues were included in the onboarding process for new employees.
[2] 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.

Former Altia's whistleblowing channel has been in use since 2017. One report was submitted through the whistleblowing channel in 2021. The case related to more general human resource practices, not a singular incident, and was dealt with according to the company's policy.

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, in 2019. 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 (EU) 2020/852, non-financial undertakings are required to disclose information about the Taxonomy-eligibility of their activities, including the eligible share of their turnover, CapEx and OpEx for the reporting year 2021. For the reporting year 2021, Anora undertook an assessment of the Taxonomy-eligibility of its entire business, and the results are presented as part of this disclosure.

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 against relevant economic activities listed in the EU Taxonomy Climate Delegated Act. The relevant economic activities were identified by using the European NACE classification system.

According to Anora's assessment, its main business as a wine and spirits company is not Taxonomy-eligible. In its current state, the focus of the Taxonomy is on economic activities with the greatest potential or need for emissions reductions. There are still many industries and activities, such as food and beverage and retail, that are currently not in the scope of the Taxonomy. The non-Taxonomy-eligibility of these industries should be taken as an indication of their more climate neutral nature compared to the other industries currently identified in the Taxonomy.

Anora's industrial products business that consists of the production of, for example, technical ethanol and barley starch is not Taxonomy-eligible either. Whereas the Taxonomy sets evaluation criteria for the manufacturing of organic basic chemicals such as styrene, it does not include products that Anora considers to be their more sustainable alternatives. Anora's ecological and non-toxic alternatives that replace, for example, oil-based or synthetic chemicals cover more than 20% of the former Altia Industrial's net sales. Even though these alternative products have clear environmental benefits, they cannot be classified as Taxonomy-eligible under the current climate-related criteria.

The Taxonomy-eligibility of Anora's logistics services can be assessed according to the economic activity 6.6 Freight transport services by road. Regarding Taxonomy-eligible turnover, Anora has evaluated the outbound logistics services carried out with its own vehicle fleet that meets the EURO VI emissions standard (84% of total fleet).

1.1.1 In terms of Taxonomy-eligible capital expenditure, Anora identified investments in its manufacturing facilities related to, for example, replacements of fluorescent lighting systems with LED lights and an oil-based heating system with an air-to-water heat pump. These investments were deemed Taxonomy-eligible on the basis of purchased output from other companies' Taxonomy-eligible activities, notably the activities 7.3 Installation, maintenance and repair of energy efficiency equipment, and 7.6 Installation, maintenance and repair of renewable energy technologies. During the reporting year, Anora also made other investments that significantly improve the energy efficiency of its production processes. However, since these investments are connected to a manufacturing activity that is not considered Taxonomy-eligible itself, Anora has applied the precautionary principle and excluded them from its Taxonomy reporting.

Anora does not report on Taxonomy-eligible operating expenditure for the reporting year 2021, as the company's financial monitoring system currently does not recognise the operating expenses on the level that the Taxonomy requires. 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.

KEY PERFORMANCE INDICATORS ON TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

Economic Key Performance Indicator	Total, EUR million	Taxonomy eligible, %	Taxonomy non-eligible, %
Turnover	**478.2**	**0.8%**	**99.2%**
6.6. Freight services by road		0.8%	99.2%
Capital expenditure	**252.8**	**0.1%**	**99.9%**
7.3. Installation, maintenance, and repair of energy efficiency equipment		0.11%	99.89%
7.6. Installation, maintenance, and repair of renewable energy technologies		0.01%	99.99%
Operating expenditure		**N/A**	**N/A**

Accounting principles and contextual information on the economic key performance indicators

Anora's Taxonomy-eligible turnover (the numerator of the turnover KPI) was determined by estimating the share of turnover from Taxonomy-eligible outbound transportation from the total turnover from the customer contracts of Anora's logistics services. As Anora's logistics services also cover a variety of other non-Taxonomy-eligible activities, such as administration and warehousing, the proportion of turnover from transportation activities alone was determined by using a proxy based on the operating costs of the transportation activities. For more information on Anora's principles for defining net sales (the denominator of the turnover KPI), see section Financial Statements note 1.1.

The Taxonomy-eligible capital expenditure (the numerator of the CapEx KPI) is related to the repair and maintenance of assets with the aim of improving the energy efficiency of Anora's properties. The Taxonomy-eligibility of investments was determined based on the purchase of output from other companies' Taxonomy-eligible activities, as described above. During the reporting year 2021, Anora did not have a CapEx plan aiming at Taxonomy-alignment as defined in the Regulation (EU) 2020/852 but the company will assess its applicability to its operations. 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.

Governance

Anora complies with the Finnish Corporate Governance Code and detailed information about Anora's Corporate Governance Principles, as approved by Anora's Board of Directors, is available on Anora's website: https://anora.com/en/investors/governance. Separate Corporate Governance and Remuneration Statements for 2021 will be published during week 16.

Annual General Meeting 2021

Altia's Annual General Meeting (AGM) held in Helsinki on 19 March 2021 adopted the financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 2020.

The AGM also adopted the Remuneration Report for the governing bodies.

The AGM re-elected PricewaterhouseCoopers Oy as the company's auditor.

Dividend distribution

The AGM approved the proposal by the Board of Directors to pay a dividend of EUR 0.35 per share for the financial year 2020. The dividend was paid on 30 March 2021.

Further, based on the proposal by the Board of Directors, the AGM decided to renew the Board of Directors' authorisation to resolve on an extra dividend of EUR 0.40 per share in conneeion with the completion of the merger of Altia and Arcus. The authorisation, which would have expired at the AGM had it not been renewed, was granted by the Extraordinary General Meeting held on 12 November 2020. The Board decided on the payment of the extra dividend on 25 August 2021, which was paid on 3 September 2021.

Board of Directors

Until the closing of the Altia and Arcus merger on 1 September 2021, the members of Altia's Board of Directors, elected by the AGM were: Jukka Leinonen, Tiina Lencioni, Jyrki Mäki-Kala (Vice Chairman), Jukka Ohtola, Anette Rosengren, Torsten Steenholt and Sanna Suvanto-Harsaae (Chairman) as members of the Board of Directors.

In accordance with the resolution of Altia's Extraordinary General Meeting held on 12 November 2020, the members of Anora's Board of Directors are as of the closing of the merger of Altia and Arcus on 1 September 2021: previous Altia board members Sanna Suvanto-Harsaae, Jyrki Mäki-Kala and Torsten Steenholt, previous Arcus board members Michael Holm Johansen, Kirsten Ægidius, Ingeborg Flønes and Nils Selte, and as a new board member Sinikka Mustakari.

Michael Holm Johansen, previously Chairman of Arcus' Board of Directors, serves as Chairman and Sanna Suvanto-Harsaae, previously Chairman of Altia's Board of Directors serves as Vice Chairman.

The term of Anora's Board of Directors commenced on 1 September 2021 and expires at the end of Anora's Annual General Meeting 2022.

In addition to the Board members elected by a Shareholder's Meeting, Anora's employees elect two members and two deputies to the Board of Directors, in accordance with the agreement on employee participation between Anora and the special negotiating body of the employees. In September 2021, the employees elected Arne Larsen (Deputy Bjørn Oulie) and Jussi Mikkola (Deputy Laura Koivisto) to the Board and their term of office lasts until the end of the Annual General Meeting 2024.

Board Committees as at 31 December 2021

In its organisational meeting after the completion of the merger, Anora's Board appointed the following members to the Board's committees:

- Audit Committee: Jyrki Mäki-Kala (chairman), Ingeborg Flønes, Nils Selte and Sanna Suvanto-Harsaae
- Human Resources Committee: Michael Holm Johansen (chairman), Kirsten Ægidius, Sinikka Mustakari, and Torsten Steenholt

In addition, the Board established a temporary Strategy Committee to assist the Board and management in the preparation of the new strategy for the Anora Group post-closing of the merger. The members of the Strategy Committee are Michael Holm Johansen and Sanna Suvanto-Harsaae.

Board remuneration

The Board remuneration consists of a monthly term of office fee as follows:

- EUR 4 000 per month, Chairman
- EUR 2 500 per month, Vice Chairman
- EUR 2 000 per month, member

In addition to the monthly fee, the members of the Board of Directors receive a meeting fee for the Board of Directors and Board Committee meetings of EUR 600 per meeting for Board members residing in Finland and EUR 1 200 per meeting for Board members residing abroad. Travel expenses are reimbursed in accordance with the company's travel policy.

Shareholders' Nomination Board as at 31 December 2021

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.

Group structure

The statutory cross-border absorption merger of Arcus ASA into Altia Plc was registered with the Finnish Trade Register on the effective date of the merger, 1 September 2021. As a result of the registration of the completion of the Merger, Altia Plc's name was changed to Anora Group Plc and Arcus ASA was dissolved.

Chief Executive Office and Group Management

From 1 January 2021 until 31 August 2021 Altia's Executive Management Team (EMT) consisted of Pekka Tennilä (CEO), Janne Halttunen (SVP, Scandinavia), Kari Kilpinen (SVP, Finland & Exports), Kirsi Lehtola (SVP, HR), Kirsi Puntila (SVP, Marketing), and Hannu Tuominen (SVP, Altia Industrial). Juhana Jokinen acted as the interim CFO and was a member of the extended EMT until 31 August 2021.

Members of Anora's Executive Management Team as at 31 December 2021 are:

- 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.

Following the Altia and Arcus merger, Anora shares were temporarily dual-listed on the Oslo Stock Exchange during 1 September-31 December 2021. The last trading day was 30 December 2021. Those shares that are still registered in VPS are not tradable until the shareholder converts the shares to Euroclear Finland. Shareholders have been informed about the conversion possibility and information has been available on Anora's website.

Share information

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.

Flagging notifications

- On 1 September, the State of Finland notified of their ownership falling below the threshold of 30, 25, and 20% with a holding of 19.39%.
- On 2 September, Stein-Erik Hagen notified that the ownership of his controlled corporation Canica AS had exceeded the threshold of 20% with a holding of 22.41%.
- On 10 September, Lazard Asset Management LLC notified of their ownership falling below the threshold of 5% with a holding of 2.73% of which 0.59% are shares with voting rights attached.
- On 25 November, the State of Finland and Solidium Oy notified that the State of Finland had transferred all its 13 097 481 shares in Anora to Solidium Oy.

Shareholder structure

At the end of the period, Anora had 25 297 registered shareholders in Euroclear Finland and 724 registered shareholders in VPS.

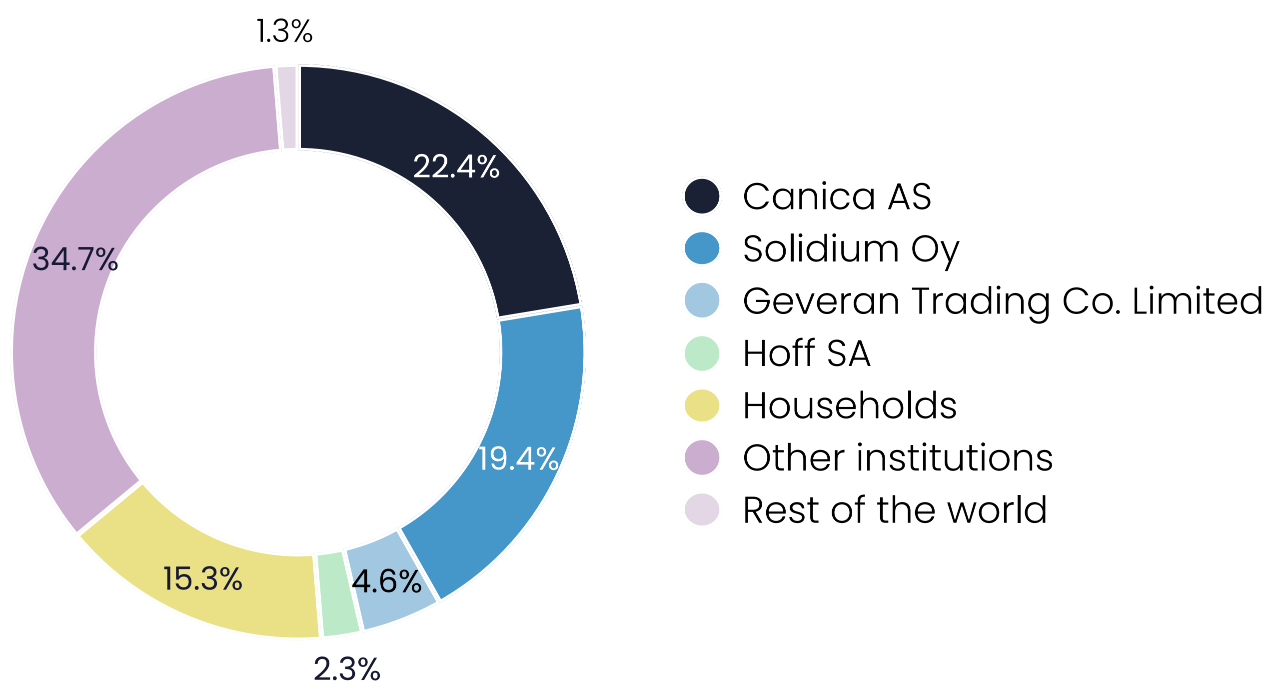
Illustration of Anora's ownership structure

The chart below 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, Geveran Trading Co. Limited, and HOFF SA are included in the nominee-registered shares.

	2021	2020	2019
Number of shares issued	67 553 624	36 140 485	36 140 485
Share capital, EUR	61 500 000	60 480 378.36	60 480 378.36
Earnings per share, EUR	0.67	0.49	0.51
Dividend per share, EUR	0.45*	0.75**	0.42
Shares perfrmance, Nasdaq Helsinki			
Closing price on the last day od trading, EUR	10.86	9.98	8.18
Highest price, EUR	12.00	10.40	8.22
Lowest price, EUR	9.62	7.01	7.08
Volume	13 204 788	10 559 862	5 856 465
Market capitalisation, EUR milion	733.6	360.7	295.6

*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.

Ownership structure 31 Dec 2021



Management's ownership

On 31 December 2021, 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 202 165 shares corresponding to 0.18% of the total number of shares.

Authorisations, option and share-based incentive programmes

During 2021, Anora had no share option programmes or authorisations for share repurchases or share issues. The Board of Directors of Altia decided on 17 August 2021 to adjust the structure of the Altia Performance share plan 2019-2021 and 2020-2022 from a shares and cash based settlement to a cash based settlement due to the Altia and Arcus merger.

OWNERSHIP STRUCTURE BY SECTOR 31 DEC 2021

Sector	Number of shares	% of shares
Public sector	17 194 538	25.5
Financial and insurance		
corporations	35 114 882	52.0
Households	10 327 589	15.3
Non-financial corporations	3 163 858	4.7
Non-profit institutions	875 587	1.3
Rest of the world	877 170	1.3
Total	**67 553 624**	**100.0**
Nominee-registered shares	**34 382 098**	**50.9**

DISTRIBUTION BY SIZE OF HOLDING 31 DEC 2021

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1-100	9 659	38.2	563 333	0.8
101-500	10 900	43.1	2 838 529	4.2
501-1 000	2 749	10.9	2 086 561	3.1
1 001-5 000	1 701	6.7	3 461 435	5.1
5 001-10 000	160	0.6	1 165 377	1.7
10 001-50 000	90	0.4	1 693 370	2.5
50 001-100 000	16	0.1	1 194 552	1.8
100 001-500 000	15	0.1	3 284 130	4.9
500 001-&above	7	0.0	51 266 337	75.9
Total	**25 297**	**100.0**	**67 553 624**	**100.0**

LARGEST SHAREHOLDERS REGISTERED IN EUROCLEAR FINLAND 31 DEC 2021

	Shareholder	Number of shares	% of shares
1	Solidium Oy	13 097 481	19.4
2	Ilmarinen Mutual Pension Insurance Company	1 613 300	2.4
3	Varma Mutual Pension Insurance Company	1 300 000	1.9
4	WestStar Oy	1 099 705	1.6
5	Elo Mutual Pension Insurance Company	680 000	1.0
6	Veritas Pension Insurance Company Ltd.	456 653	0.7
7	Danske Invest Finnish Equity Fund	306 443	0.5
8	Säästöpankki Pienyhtiöt	255 370	0.4
9	Savolainen Heikki Antero	247 113	0.4
10	Tapiola Trendi Investment fund	215 772	0.3
	Total	**19 271 837**	**28.5**

Source for shareholder data: Euroclear Finland

Risks and risk management

Risk management

The Anora Group Risk Management Policy is based on the Altia legacy risk management policy. However, due to the merger that took place on 1 September 2021, Anora is in the process of integrating Altia and Arcus risk management policies into one common Anora risk management policy. 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 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 finance department is also responsible for insurance programmes that cover the entire Group.

Altia's 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 table on the next page 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 of barley with contract farming and the price of barley 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, 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 any possible loss of profits.
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 2021, Anora consumed approximately 208.5 (214.1) million kilos of Finnish grain to produce ethanol and starch. The availability of high-quality domestic barley was ensured until the end of 2021 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 Finnish barley supply and demand. The price of barley is therefore considered to be a significant risk for Altia 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 Altia'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 2021, the hedging ratio for deliveries for the next 12 months was 80.9% (74.7%), in line with the set targets. In 2021, the average hedging ratio was 76.6% (72.1%).

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 2021 as that was in 2020.

Altia purchases its electricity straight from the Nord Pool Spot markets as a delivery tied to the spot price of the Finnish price area.

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 equivalent to EUR 133.2 (65.0) million and floating leg of interest rate swap EUR 20.0 (20.0) million which is netting the interest rate risk.

An increase of one percentage point in interest rates would have an effect of EUR -2.4 (-0.5) 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.

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

	2021		2020	
EUR million	Income statement	Equity	Income statement	Equity
+/-10% electricity	-	+/-0.5	-	+/-0.4
+/-10% change in EUR/NOK exchange rate	-/+0.1	+/-0.3	-/+0.2	+/-0.3
+/-10% change in EUR/SEK exchange rate	-/+7.6	+/-1.4	-/+0.2	+/-2.1
+/-10% change in EUR/USD exchange rate	-/+0.0	-/+0.1	+/-0.0	-/+0.4
+/-10% change in EUR/AUD exchange rate	-/+0.0	-/+0.1	-/+0.0	-/+0.2
+/-1%-points change in interest rates	-2.4	-0.0	-0.5	+0.2

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 supply chain, production and deliveries form the major short-term risks related to operations, as well as sudden and significant changes in prices of raw materials, especially those related to barley.

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 exchanges 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.

The Anora Group Risk Management Policy is based on the Altia legacy risk management policy. However, due to the Altia and Arcus merger that took place on 1 September 2021, Anora is in the process of integrating Altia and Arcus risk management policies into one common Anora risk management policy. 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.

Dividend proposal

According to the financial statements on 31 December 2021, the parent company's distributable funds amount to EUR 118 063 196.87 including profit for the period of EUR 6 564 235.73.

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 0.45 per share be paid for the financial year 2021. In its proposal the Board has considered former Altia's dividend policy to pay 60% or more of the result for the period as a dividend to the shareholders. Anora's financial targets including a dividend policy will be set in connection with the on-going strategy process.

Annual General Meeting 2022

Anora Group Plc's Annual General Meeting 2022 is planned to be held on 11 May 2022 in Helsinki. The notice to and instructions for the AGM are published on Anora's website.

Outlook for 2022

Market outlook

In 2022, the volumes in the monopolies are expected to be significantly lower than in 2020 and 2021 as the lifting of COVID-19 restrictions result in higher on-trade, border trade and duty-free sales. Input costs are expected to remain at a high level.

Guidance

Anora's comparable EBITDA in 2022 is expected to be between EUR 75-85 million. This corresponds to the pre-pandemic level and takes into account the annual impact of EUR 4.6 million of the divestment of Anora brands due to the merger.

Events after the period

On 17 January 2022, 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, 9 March 2022

Anora Group Plc
Board of Directors

Key ratios of the Group

		2021	2020	2019	2018	2017
Income statement						
Net sales	EUR million	478.2	342.4	359.6	357.3	359.0
Comparable EBITDA	EUR million	71.7	52.4	44.8	40.0	42.4
(% of net sales)	%	15.0	15.3	12.4	11.2	11.8
EBITDA	EUR million	62.9	40.3	43.1	34.0	40.3
Comparable operating result (EBIT)	EUR million	51.2	35.0	26.8	25.6	28.2
(% of net sales)	%	10.7	10.2	7.5	7.2	7.8
Operating result	EUR million	42.4	22.9	25.1	19.7	26.1
Result before taxes	EUR million	38.6	21.3	24.6	18.6	25.0
Result for the period	EUR million	31.2	17.8	18.4	15.1	18.3
Items affecting comparability	EUR million	-8.8	-12.1	-1.7	-6.0	-2.1
Balance sheet						
Cash and cash equivalents	EUR million	168.9	130.7	64.2	42.0	52.4
Total equity	EUR million	507.9	156.3	151.2	150.1	136.8
Borrowings	EUR million	162.6	116.1	82.6	89.4	100.1
Invested capital	EUR million	670.5	272.4	233.8	239.5	236.9
Profitability						
Return on equity (ROE)	%	9.3	11.6	12.2	10.5	11.1
Return on invested capital (ROI)	%	7.4	7.7	8.5	7.0	8.0

		2021	2020	2019	2018	2017
Financing and financial position						
Net debt	EUR million	126.0	-3.9	28.9	47.4	47.7
Gearing	%	24.8	-2.5	19.1	31.6	34.9
Equity ratio	%	41.2	34.3	37.8	38.4	34.3
Net cash flow from operating activities	EUR million	50.8	56.1	52.6	6.5	37.6
Net debt/comparable EBITDA		1.8	-0.1	0.6	1.2	1.1
Share-based key ratios						
Earnings / share (Basic and diluted)	EUR	0.67	0.49	0.51	0.42	0.51
Equity / share	EUR	7.52	4.33	4.18	4.15	3.80
Dividend per share	EUR	0.45*	0.75	0.42	0.38	-
Dividend/earnings	%	67.6*	152.2	82.6	91.2	-
Effective dividend yield	%	4.1*	7.5	5.1	5.4	-
Price/Earnings		16.3	20.3	16.1	17.0	-
Closing share price on the last day of trading	EUR	10.86	9.98	8.18	7.07	-
Highest	EUR	12.00	10.40	8.22	9.50	-
Lowest	EUR	9.62	7.01	7.08	7.015	-
Market value of shares at the end of period	EUR million	733.6	360.7	295.6	255.5	-
Number of shares outstanding at the end of period		67 553 624	36 140 485	36 140 485	36 140 485	35 960 000
Personnel						
Average number of personnel		799	650	682	718	762

* Board's dividend proposal for the financial year 2021 EUR 0.45 per share.

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

EUR million	2021	2020
Items affecting comparability		
Net gains or losses from business and assets disposals	3.7	-
Cost for closure of business operations and restructurings	-0.5	-0.3
Costs related to the closed voluntary pension scheme	-	-0.5
Costs related to the merger of Altia and Arcus	-11.2	-11.4
Inventory fair valuation	-0.8	-
Other major corporate projects	0.0	-
Total items affecting comparability	**-8.8**	**-12.1**
Comparable EBITDA		
Operating result	42.4	22.9
Less:		
Depreciation, amortisation and impairment	20.5	17.4
Total items affecting comparability	8.8	12.1
Comparable EBITDA	**71.7**	**52.4**
% of net sales	15.0	15.3
Comparable EBIT		
Operating result	42.4	22.9
Less:		
Total items affecting comparability	8.8	12.1
Comparable EBIT	**51.2**	**35.0**
% of net sales	10.7	10.2

Anora presents alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated balance sheet and consolidated statement of cash flows prepared in accordance with IFRS. In Anora's view, alternative performance measures provide significant additional information on Anora's results of operations, financial position and cash flows to management, investors, analysts and other stakeholders.

Alternative performance measures should not be viewed in isolation or as a substitute to the IFRS financial measures. All companies do not calculate alternative performance measures in a uniform way, and therefore Anora's alternative performance measures may not be comparable with similarly named measures presented by other companies.

The alternative performance measures are unaudited.

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 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.
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.	
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

Sustainability

Introduction

"In 2022, we will publish a new roadmap that is built on our awarded sustainability work."

Petra Gräsbeck, Director, Communications and Sustainability

At Anora, sustainability is both a strategic priority and a key success factor. We are proud to work with industry-leading products that aim to be the best choice for the environment and the climate and are promoted and consumed responsibly.

We believe that life and our products are to be enjoyed, but not to the detriment of our planetary boundaries. That is why we want to be sustainability leaders on an international level, as well as deliver strong thought leadership throughout our industry. It is the reason why we strive to constantly reduce our use of natural resources and our impact on the environment by developing our production plants so they will achieve carbon neutrality in the near future. It is also what drives us to innovate and create more climate-smart packaging options that will reduce their impact on natural resources, as well as fulfil the increasingly demanding aesthetic, practical and environmental requirements of our valued consumers.

Our determination to achieve leading sustainability benchmarks is also why we are intensely focused on delivering bio- and circular economy solutions and are committed to significantly scaling up our promotion of regenerative barley farming in collaboration with the Baltic Sea Action Group (BSAG) and local farmers. At Anora, we purchase a third of the barley crop sold yearly in Finland. Adopting regenerative farming practices improves the growing conditions of the soil, as well as sequesters carbon into the soil, with the aim of gradually making the field area into a carbon sink. To that end, we strongly believe that regenerative farming could be part of the solution to decreasing countrywide emissions. In addition, we also have a responsibility towards helping mitigate the emissions of our supply chain, as well as enhancing the working conditions in the supply chain of wine suppliers.

To help us achieve these goals, throughout all our operational countries, equality and diversity have been placed at the core of our organisational culture. We want to ensure an inclusive and safe workplace where personal development and wellbeing can flourish. And through educative programs and by developing non and low-alcohol products, we remain determined to actively promote a more responsible drinking culture, both throughout the Nordics and more internationally.

Reporting on our goals

Our sustainability work undertaken throughout 2021 in former Altia's operations followed our Sustainability Roadmap 2030, which we launched in 2019. The roadmap highlighted our long-term sustainability targets and was based on the United Nations Sustainable Development Goals (UN SDGs). For 2021, we divided the roadmap into four focal areas of sustainability: Our Distillery, Our Society, Our Drink and Our People. To cover the whole of Anora's sustainability work, the same focus areas are this year reported under the themes: striving for carbon neutral production, supporting a more responsible drinking culture, leading in climate-smart packaging and promoting an inclusive and safe workplace. Our reporting is done according to GRI standards (Core option). Our decision-making and emphasis on these focal areas of sustainability was also guided by our most recent materiality analysis, conducted in 2019.

Following the official formation of Anora in September 2021, a new materiality assessment will be conducted during the spring of 2022 to help ascertain our new sustainability strategy for the Group. From this revised and enhanced sustainability strategy, our SDGs will be re-evaluated, and new, ambitious targets will be published in autumn 2022.

Sustainability management at Anora

Following the merger in 2021, sustainability management at Anora will be redefined in 2022 and a new Sustainability Working Group will be formed. Much like the former Altia's Sustainability Working Group, the new group will ensure the direction set at Board level is implemented in the focus areas and monitor progress of the sustainability targets. The Working Group will be coordinated by Sustainability Director who will ensure communication with the Executive Management Team on sustainability matters.

Welcome to our first Anora annual sustainability report.

Sustainability

Working in partnership with our stakeholders to improve sustainability

Sustainability is built together in eco-systems of partnerships and stakeholders. That is why our stakeholders' views play a crucial role in the development and prioritisation of our sustainability efforts. We aim to maintain an active dialogue with our different stakeholder groups through different channels. The focus areas of our sustainability strategy are guided by a materiality analysis, which we update regularly.

Anora takes a very proactive approach to sustainability throughout its entire operations. In addition, the views of our stakeholders are among our key drivers in developing and prioritising our operations to enhance our corporate responsibility. Our most recent materiality analysis as well as our reputation survey also indicates that sustainability is one of our key success factors in the eyes of our most important stakeholder groups.

Consumers expect companies to be increasingly active in responsibility matters. Furthermore, sustainability is a crucial factor for our customers, as well as a basis for the investment decisions of private investors, a large and important owner group for Anora.

Banks, investors, owners and the financial community in general have become increasingly aware and active with regards to sustainability matters over recent years. Discussions have focused on issues including new regulations, EU taxonomy and green funding, amongst many other examples. In addition, customers and investors have been increasingly raising science-based targets as an ambitious and reliable framework to reduce emissions. To that end, we are currently in the process of analysing our operations and determining whether to join the Science Based Targets initiative (SBTi), a group of influential and trusted advisers on climate change to both companies and investors, during 2022. A decision will be taken on this matter prior to the publishing of our new sustainability targets in Q3, 2022.

It is clear that our customers want to decrease the CO_2 emissions of their supply chain. Following the official formation of Anora in September 2021, we have now become a stronger wine company and consequently, the supply chain of wine has become a significantly bigger focus for us. In the supply chain of wine, important stakeholders are our partners, and many of whom do impressive work in sustainability, including amfori BSCI. amfori is an initiative aiming to improve the working conditions in the supply chain. Anora is a member of amfori, and has committed to following the amfori BSCI Code of Conduct. In the supply chain of barley, we have close relations and good dialogue with the farming community through e.g., farmers extranet and newsletters.

CASE

Anora and the Baltic Sea Action Group: collaboration to advance climate-friendly farming

The Baltic Sea Action Group (BSAG) has been Anora's close partner since 2015. BSAG is an independent non-profit foundation based in Finland, which works to restore the ecological balance of the Baltic Sea. Anora and BSAG cooperate to advance environmentally friendly farming practices.

In 2018, as part of our Baltic Sea Commitment, we joined BSAG's Carbon Action pilot project together with selected contract farmers. The farmers participated in the pilot programme by reserving parts of their fields for research on the effects farming practices have on soil. Anora handled the cost of the soil sample analyses and communicated about the pilot to farmers and other stakeholders.

In 2020, we renewed our Baltic Sea commitment. This included introducing new tools for promoting regenerative agriculture, which is a holistic cultivation method that aims to convert fields from emission sources into carbon sinks, mitigating climate change and protecting biodiversity. By improving soil health these methods increase carbon sequestration in agricultural soils while also enabling better crops and mitigating land erosion.

As a part of the renewed commitment, we provide training in regenerative farming practices to all our contract farmers. The aim is that all contract farmers complete the training by 2025.We also support BSAG's work with annual donations.

"Co-operation with Anora is important to us. It clearly shows how every stakeholder in the food system can make a difference. For us it's important that food producers work together with primary producers and understand that in the long run, both will benefit," says Michaela Ramm-Schmidt, Senior Advisor, BSAG.

CASE

Newly minted Vinfinity fund set to support a sustainable value chain in the wine industry

Founded in 2021, the Vinfinity fund was established to support the partners and clients of Vingruppen i Norden, a part of Anora Group, in creating a sustainable supply chain in the wine industry. Despite its recent launch, several projects have already been vetted and approved for funding, marking a new direction for Vingruppen and Anora's sustainability efforts.

In the wine industry, a large share of carbon emissions is derived from the packaging and transportation of wine products. The Vinfinity fund works by assessing the total emissions each company expends per year from these activities and allocates the price per tonne based on this amount. This sum is then transferred to the fund, where it is accessible to any entity under the Vingruppen umbrella through application for the financing of a sustainability-based project.

"The key impact of Vinfinity is a more sustainable supply chain. We want our wine partners to recognise that we are serious about our commitment to sustainability, and we are willing to invest in activities that support this goal for the environment as well as to strengthen communities. This fund is one way in which we give back something valuable to help create a better wine industry," states Catarina Weckman, Sustainability Manager, Vingruppen i Norden.

Although Vinfinity only started in 2021, the fund received several applications based on the sustainability criteria. In the end, a total of three projects were approved to receive financing for 2022. The concepts included investments for solar panels and new vegetation to boost plant and animal biodiversity, a Fairtrade certification and a social programme for children through music, and acquiring a sustainable wine certification.

Anora's ecosystem of partnerships and external references

*To come in 2022

Financial materiality frameworks

Impact materiality frameworks

ESG ratings and reporting platforms

Methodology frameworks for emission calculation

Partnering for sustainable drinking

Partnering for responsible value chain

Sustainability commitments

Management system certifications

ISO 9001 Quality Management System

ISO 14001 Environmental Management System

ISO 45001:2018 Occuational Health and Safety Management

FFFC 22000 Food Safety Management

Sustainability certifications

Nordic recycling system

Among Anora's key stakeholders are the state retail monopolies Vinmonopolet (Norway), Systembolaget (Sweden) and Alko (Finland), which all have a strong emphasis on sustainability. For example, we are part of Systembolaget's Dryckesbranschens Klimatinitiativ, a Swedish climate initiative where 57 suppliers at the end of 2021 reported via a common tool for measuring, following up and targeting their climate impact. Key stakeholders in the Nordic markets also include the grocery trade, which is a channel for low and non-alcoholic wines and glöggs as well as ready-to-drink products (RTDs).

Anora is a member of industry associations, such as The Association of Norwegian Wine and Spirits Suppliers VBF in Norway, The Spirit and Wine Suppliers Association SVL in Sweden, Finnish Food and Drinks Industries' Federation ETL in Finland and The Association of Finnish Alcoholic Beverage Suppliers, SAJK, in Finland. These entities, for example, drive the educational program 'Talk about alcohol'. SVL and SAJK are members of spiritsEUROPE and bring valuable insights regarding other regulations in Europe and best practices of the industry worldwide in building a responsible drinking culture, for example. Further highlights in 2021 from a stakeholder perspective include Anora's subsidiary Vingruppen i Norden becoming a founding member of the Sustainable Wine Roundtable (SWR). Vingruppen's sustainability fund Vinfinity was also launched during the year, and the first sustainability projects in our supply chain were identified and will be sponsored during 2022.

From organisations driving different sustainability topics, Anora's key stakeholders are the Baltic Sea Action Group (BSAG), and as part of its Baltic Sea Commitment Anora will continue to provide training in regenerative farming practices to all of its contract farmers. In addition, Anora also works with Fairtrade, and Solvatten, a social enterprise based in Sweden and a fundraising foundation that provides people living in developing countries with safe and hot water in a portable, environmentally friendly way. Vingruppen works with Stellagalen, a platform and forum for gender equality in gastronomy.

Other key stakeholders include our producers, industrial customers, raw material providers,the on-trade (HoReCa) channel and Anora's own employees throughout all countries of operation. Being a stock-listed company and working in a regulated industry, our stakeholders cover also political decision-makers, authorities, media and NGOs. We aim to communicate in an open, transparent and timely manner. To that end, we have opened new social media channels for the merged company, namely Twitter, Facebook and LinkedIn.

Identifying the material areas for our stakeholders will be done by survey and interviews with key stakeholders and will be further revised and enhanced during H1 2022.

CASE

Anora steps up its sustainability ambition with a new coalition in the wine industry

As one of the founding members of the Sustainable Wine Roundtable (SWR), Vingruppen, part of Anora Group, joins more than 40 key actors in the production and marketing of wine globally with the goal of inspiring action towards a sustainable wine industry. As a first of its kind, this alliance combines leading wine brands, small producers, retailers, environmental institutions and other dynamic players – with the aim of reshaping the wine sector into a sustainability leader.

"One of the main goals of the Sustainable Wine Roundtable is to create a global standard for sustainable wine. Currently, there is an abundance of certification criteria, which makes it difficult to provide benchmarks. Comparisons for best practices are rarely clear-cut and become challenging for industry insiders as well as consumers to know which option is best. However, with partner support, we can map out best sustainability practises and chart a plan on how to implement them," states Catarina Weckman, Sustainability Manager at Vingruppen i Norden.

Guided by various local standards for wine, the SWR aims to develop a global reference standard to solidify the consensus of the wine community, based on the tenets of sustainability including how it is defined, implemented and measured. This, in turn, provides direction for vineyards and wineries to take concrete steps towards sustainability, and helps retailers and consumers distinguish assorted eco-labels and claims.

Through partnership with a broad range of experienced entities, the SWR can develop practices and tools for important sustainability issues, increase awareness, connect industry players and become an advocate for the wine industry, worldwide.

Focus areas

Sustainability

Striving for carbon neutral production

68.8%

Self-sufficiency rate in steam production at the Koskenkorva distillery through our own bioenergy power plant.

89%

of the entire operations at Gjelleråsen run on geothermal and renewable green electricity.

58%

Reduction in our CO_2 emissions at our Koskenkorva distillery compared to the 2014 baseline.

99.5%

Recycling and recovery rate at our production plants.

50 000kg

Regeneratively grown barley used to make a batch of grain spirit at our Koskenkorva distillery.

Key targets

- Our production plants in Finland will be **CARBON NEUTRAL** by 2025
- New, ambitious **SUSTAINABILITY TARGETS** will be set in 2022

Introduction

Anora is striving to achieve carbon neutral own production. To help us reach this goal, our efforts are aimed at delivering reductions in carbon emissions across four primary focus areas: carbon farming, circular economy and waste, energy and emissions, and water. The work carried out in 2021 was focused on further enhancing our operations to reach our ambitious sustainable development goals set out in our 2030 Sustainability Roadmap (former Altia goals). Following the official formation of Anora in September 2021, new, ambitious sustainability targets will be published during autumn 2022.

Our primary raw material, grain spirit, is produced through an industry-leading circular economy set-up and at our award-winning Koskenkorva distillery, our own bioenergy power plant enabled us to lower our CO_2 emissions by 58% at the end of 2021 compared to our 2014 baseline. Furthermore, at Koskenkorva, we are also focused on advancing the utilisation of regeneratively farmed barley to help further reduce the environmental impact of our products.

Our modern production plant at Gjelleråsen in Norway, operates on the principles of gravity in liquid production handling, and 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 requirements for climate control. Overall, 89% of the plants entire operations runs on renewable energy, while 11% is derived from LPG (liquefied petroleum gas). LPG emits 35% less CO_2 than coal and 12% less CO_2 than oil and is considered a sustainable bridge fuel towards the decarbonisation of the energy mix. Our goal is to continue to reduce our reliance on LPG on our journey towards 100% carbon neutrality across the entire facility's operations.

Regenerative farming and forest areas as carbon sinks

At Anora, our target is to promote regenerative crop production, particularly within barley production in Finland, in cooperation with the Baltic Sea Action Group (BSAG) and local farmers. The reduction of CO_2 emissions from primary production is one of Anora's ambitious climate goals.

We now understand that it is not simply enough to leave fossil fuels in the ground and decarbonise our economies. To prevent no more than 1.5C of heating, we also need to draw down some of the carbon that is already present in the atmosphere. To achieve this, the most effective means are nature-based solutions, using the restoration of living systems such as fields and farmland, forests, peat bogs and the seafloor to extract carbon dioxide from the air and lock it up, mostly in trees or waterlogged soil.

In late 2021, Anora's Koskenkorva distillery produced a batch of grain spirit made from regeneratively grown barley. The 50,000 kg batch was the second of its kind; the world's first vodka, Koskenkorva Climate Action, made from regeneratively grown barley harvested in 2020, was launched in the spring of 2021. It was very well received, both in the industry and on the market.

Anora owns forests near its alcoholic beverage plant in Rajamäki. The size of the area is equivalent to 1,500 football fields. Anora's forest ownership is strongly linked to its desire to protect groundwater areas. Its products use unprocessed groundwater, so it is essential that its forest and bog areas remain pure. In 2021, Anora calculated the capacity of the forests it owns for sequestering carbon and made a new forest management plan through which it aims to conserve and potentially increase the amount of carbon sequestered in the trees and soil of the area. Anora's forest area consists mostly of groundwater areas, as well as some protected areas and nature reserves. The area includes a considerable number of forests over a hundred years of age; the oldest trees are 140 years old, and the area contains mire reserves and ancient shores. The area stores 827,320 tons of carbon, 80% of which is sequestered in soil and 20% in trees. According to the forest management plan, the stored carbon will remain sequestered and kept at the same level or even marginally increased by 2031.

Both regenerative farming practices and our new forest management plan help to capture CO_2 and to maintain and increase biodiversity.

CASE

The world's first vodka made from regeneratively farmed barley advances Anora's vision of carbon neutral production

Regenerative farming comprises smart farming practices that gradually aim to turn farmlands into CO_2 sinks. Essentially, regenerative farming alleviates climate change by removing CO_2 from the atmosphere and storing it in the soil. With the seminal 2021 launch of the world's first regeneratively farmed barley vodka, Koskenkorva Climate Action, we took yet another step in reducing the environmental impact of our products.

The promise of regenerative farming is tremendous. By one estimate, regenerative farming could remove 322 billion tonnes of CO_2 from the atmosphere[1] —almost nine times the total annual CO_2 emissions from all human activities (38 billion tonnes[2]).

Launched in January 2021, Koskenkorva Vodka Climate Action is the fruition of the joint effort of Anora, farmer Jari Eerola and the Baltic Sea Action Group, a foundation working to restore the Baltic Sea's ecological balance.

To distil Koskenkorva Vodka Climate Action, we used 50 tonnes of regeneratively farmed barley grown on a fifteen hectares plot at the Setälä-Eerola estate in Hämeenlinna. Jari Eerola plans to convert all of his 155 hectares to regenerative farming—and he urges others to do the same because it is good for business and the climate.

The launch of Koskenkorva Vodka Climate Action, and the work that went into making it a reality, represents a milestone for Anora. But this is only the beginning. We will continue to advance regenerative farming by training our contracted farmers. In addition, it is possible to study regenerative farming independently via an e-learning course developed by the Baltic Sea Action Group and Reaktor.

[1] "Soil carbon debt of 12,000 years of human land use". Proceedings of the National Academy of Sciences.
[2] "CO_2 and Greenhouse Gas Emissions." Our World in Data.

Goals (Former Altia goals)	Status in 2021	Comments regarding 2021 situation, including Arcus
By 2025, our own operations will be carbon neutral (2018 Altia baseline of fossil CO_2 emissions 26 852.44 tons, 2019 Arcus baseline is 650 tons).	●	**Former Altia:** Projects in reaching carbon neutrality progressed according to plan in 2021. At Koskenkorva, the installation of a heat recovery unit started in Q3. At former Altia, the level of fossil CO_2 emissions decreases to 23 882.70 tons. **Former Arcus:** Gjelleråsen production plant uses 89% renewable energy, mostly geothermal energy.
By 2023, 100% of our electricity will come from renewable sources (2018 Altia baseline).	●	**Former Altia:** Anora Finland electricity purchase model and respective agreements were renewed to enable carbon neutral electricity from 2023 onwards. **Former Arcus:** All electricity comes from renewable sources. Former Arcus buys guarantee of origin certificates according to EECS standard.
By 2025, we will decrease our use of energy by 10% (Energy Saving Agreement, Altia baseline 2014 energy usage).	●	**Former Altia:** At the Rajamäki plant, energy saving measure suggestions were based on the energy audit in 2021. **Former Arcus:** Factory lights were replaced with LED lights.
By 2025, our wastewater will decrease by 20% (2018 Altia baseline of wastewater is 291 880 m³/2019 Arcus baseline of wastewater is 38 610 m³)	●	**Former Altia:** At the Koskenkorva plant, a two-part water circulation project is ongoing. Extensive research and testing has been done concerning the reusage of distillation water and secondary condensate water utilisation in production processes. Anora's waste water has decreased by 7% at Koskenkorva since 2018. At the Rajamäki plant, an internal water workshop was held in order to identify measures to decrease water consumption and the amount of wastewater generated. Implementation of the measures will begin in 2022. **Former Arcus:** Due to increased volumes and efficiency, water consumption per liter per produced finished goods has been reduced in the past two years.
We will increase circular thinking in all of our operations.	●	**Former Altia:** The Koskenkorva plant continued its circular economy work with a focus on heat energy and water circulation. At the Rajamäki plant, the recycling of waste became more efficient with the new waste management partner. The total amount of waste decreased at Rajamäki. Furthermore, monitoring the environmental and recycling measures was made more efficient and employees received more information regarding the circular economy. **Former Arcus:** In 2021, the waste recycling and recovery rate at Gjelleråsen was 100%.
We will preserve the pure natural groundwater of our Rajamäki site.	●	**Former Altia:** Protecting groundwater is part of ensuring clean domestic water for production. The quality survey of Finnish water was renewed in 2021 with a risk assessment conducted in collaboration with local health officials. Risks related to groundwater were assessed in the survey. Furthermore, a new forest management plan for the natural groundwater area was established to preserve and increase carbon balance and strengthen biodiversity.
By 2025, we will promote carbon farming practices amongst our contract farmers by providing our direct contract farmers with relevant training	●	**Former Altia:** Regenerative cultivation E-learning education for farmers initiated in 2021 by BSAG (Baltic Sea Action Group) and Reactor Education. Additionally, education for Anora's contract farmers is planned for April-June 2022.

Goals are ex-Altia goals, but aligned with former Arcus sustainability work.
New goals will be set in 2022.

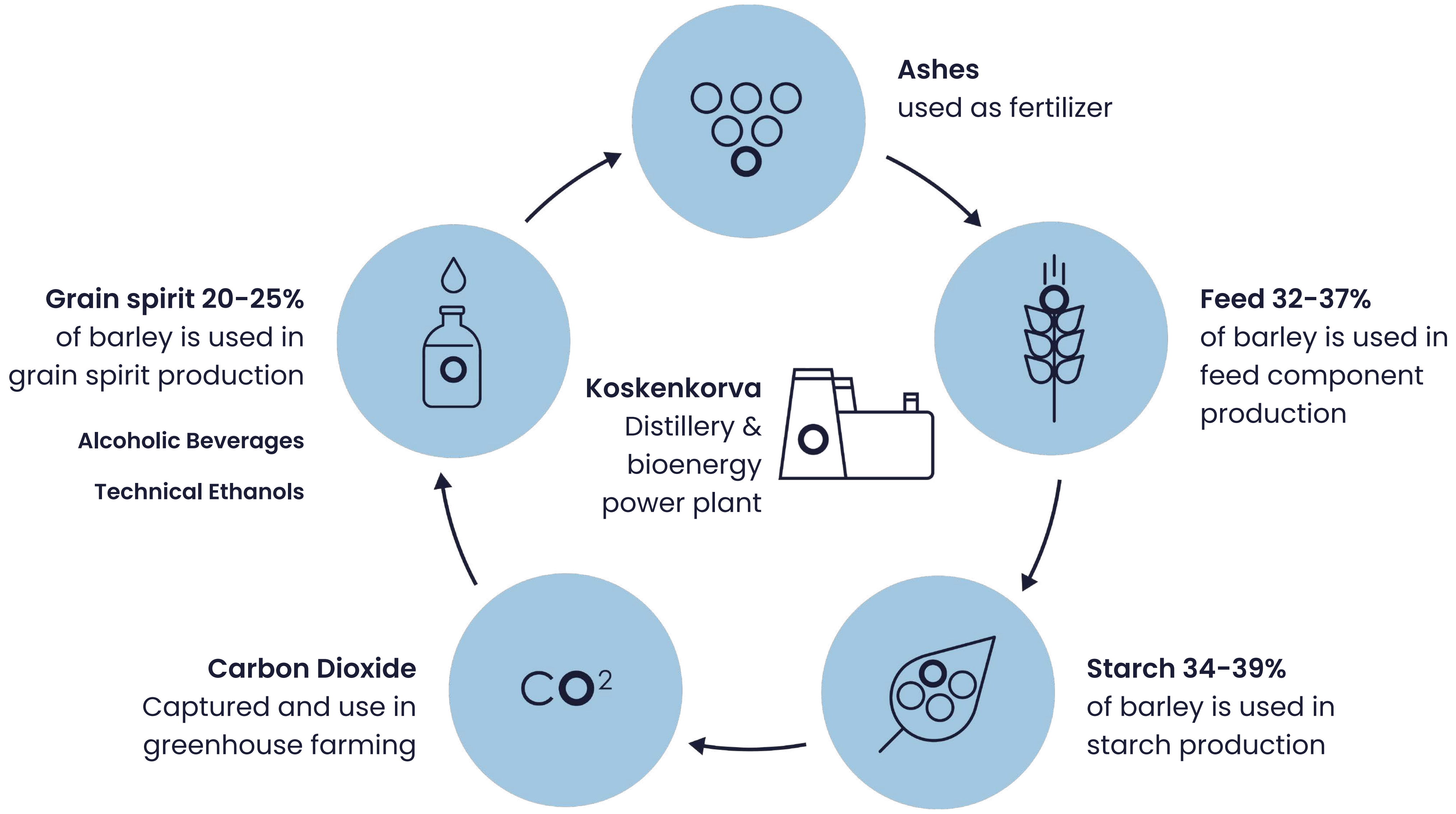
● On track ● Delayed ● Off target

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 materials throughout our entire ecosystem.

At our Rajamäki bottling plant, a core goal and target during 2021 was to reduce the total waste created at the plant and a circular economy and material efficiency survey was completed during the year. Actions were taken to reduce the amounts of both dry and wet goods waste. Waste alcohol, for example, is collected and distilled into ethanol that can be used in technical end uses, like heat transfer fluids used in geothermal heat systems. In addition, Rajamäki enhancing its circular economy model and this led to the increased collection and recycling of plastic materials, as well as increased recycled material usage, for example in rPET, a common type of plastic resin used in the production of our recycled plastic bottles. The importance of the circular economy was highlighted as one of the top priorities in our operations at Rajamäki during 2021 and employee awareness of circular economy thinking, and concrete actions undertaken, increased significantly.

At Anora, we currently measure 11 waste fractions and we are committed to further enhancing this part of our operations. For example, many different types of biowaste are produced and they can be reused and become a raw material for another industry or company. Koskenkorva is designed for collecting numerous biowaste materials and our goal is to further improve the collecting of biowaste across all our factories.



Recycling and other reuse at Anora's production plants

Recycling and other reuse at Altia's production plants, %			
Unit	2021	2020	2019
Koskenkorva	99.8%	99.6%	99.9%
Rajamäki	96.9%	99.2%	98.6%
Tabasalu	87.7%	85.1%	81.3%
Cognac	100%	100%	-
Gjelleråsen	100%	100%	100%
Anora production facilities total	99.5%	99.5%	99.5%

At our Koskenkorva plant, the key impacts in terms of circular economy actions are measured in the total yield of the raw-material and waste levels. Circular economy actions are achieved in a number of ways through network and partnership models. One notable example is where all components applicable for feed are forwarded to a specialised feed company, A-Rehu, to further process them into feed for livestock. Carbon dioxide emissions from the fermentation process are then forwarded to our partner, Linde Gas, where they further refine it and turn it into purified CO_2 to be sold as welding gas or gas for greenhouse horticulture, for example. Likewise, the ash generated from our bioenergy power plant is forwarded to a partner who enables it to be used as a fertilizer in farms close to the plant.

At Rajamäki, water is a part of our material efficiency audit, and we look through the flows of material, including liquids, dry material and packaging material, and analyse where we produce waste. Primarily, we are looking for ways to eliminate or minimise waste, and secondly, for ways to reuse or recycle the waste produced. The waste recycling and reutilisation rate for the production sites in Rajamäki, Koskenkorva and Tabasalu sites in Finland was a combined 99.5% (99.5%).

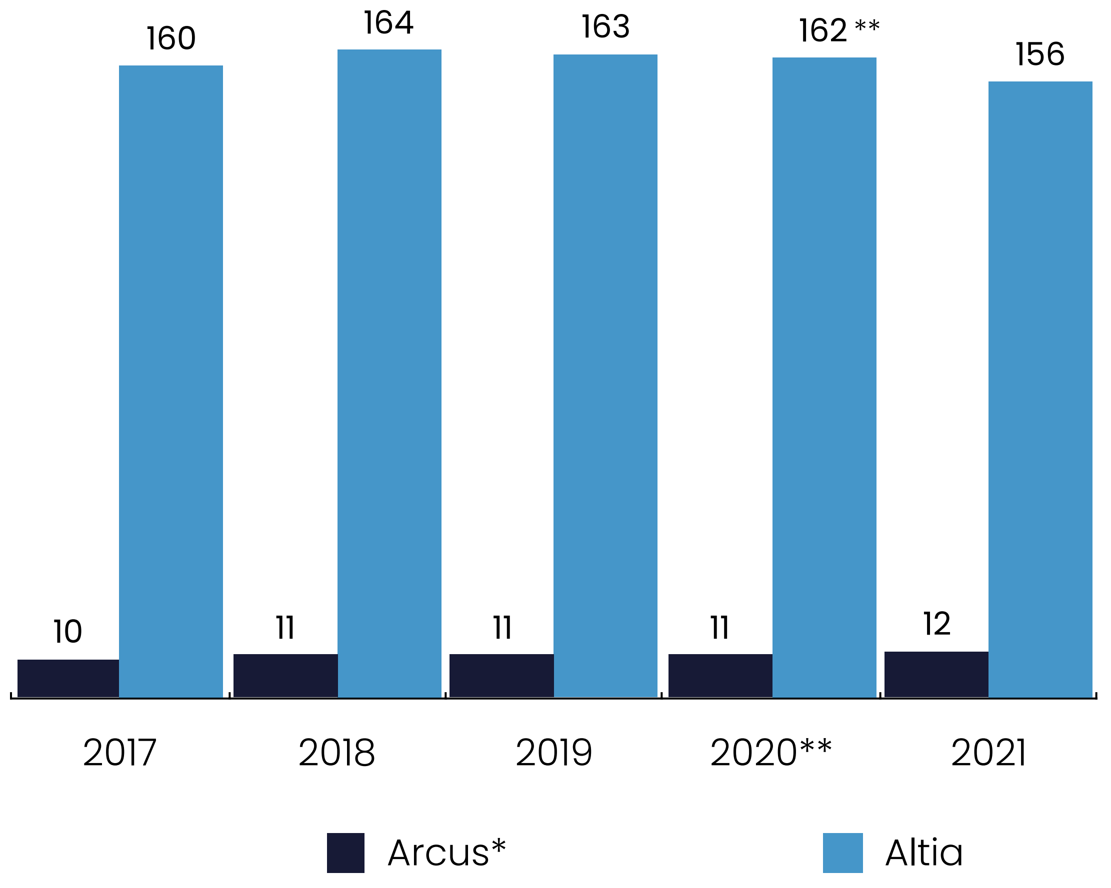
At the Gjelleråsen facility, the site was focused on delivering circular economy actions during the year. In the autumn of 2020, the site invested in new equipment and during 2021 took the first steps and changed all the bottle closures from aluminium to plastic so they can also go through the Nordic plastic recycling deposit system. This simplifies sorting at source, so that the entire bottle can be recycled, and currently the recycling rate of plastic is in excess of 97% in Norway. In 2021, the waste recycling and reutilisation rates at the Gjelleråsen facility was almost 100%

Environmental performance of Anora's production plants

	2021	2021	2021	2020	2020	2020	2019	2019	2019
Environmental Targets	**Koskenkorva**	**Rajamäki & Tabasalu**	**Gjelleråsen**	**Koskenkorva**	**Rajamäki & Tabasalu**	**Gjelleråsen**	**Koskenkorva**	**Rajamäki ja Tabasalu**	**Gjelleråsen**
Reducing energy consumption (MWh per m^3 or tonne of product)*	0.81	0.32	0.27	0.71	0.28	0.24	0.79	0.27	0.29
Reducing water consumption (m^3 per m^3 or tonne of product)[1]	2.05	2.39	1.9	2.33	2.01	1.86	1.88	1.65	2.13
Improving wastewater quality (kg COD per m^3 or tonne of product)[2]	4.24	2.14	-	4.09	2.09	17.19	4.24	2.29	15.22
Reducing the volume of waste material (kg per m^3 of product)[3]	-	23.25	20.94	-	26.66	16.51	-	25.86	22.81

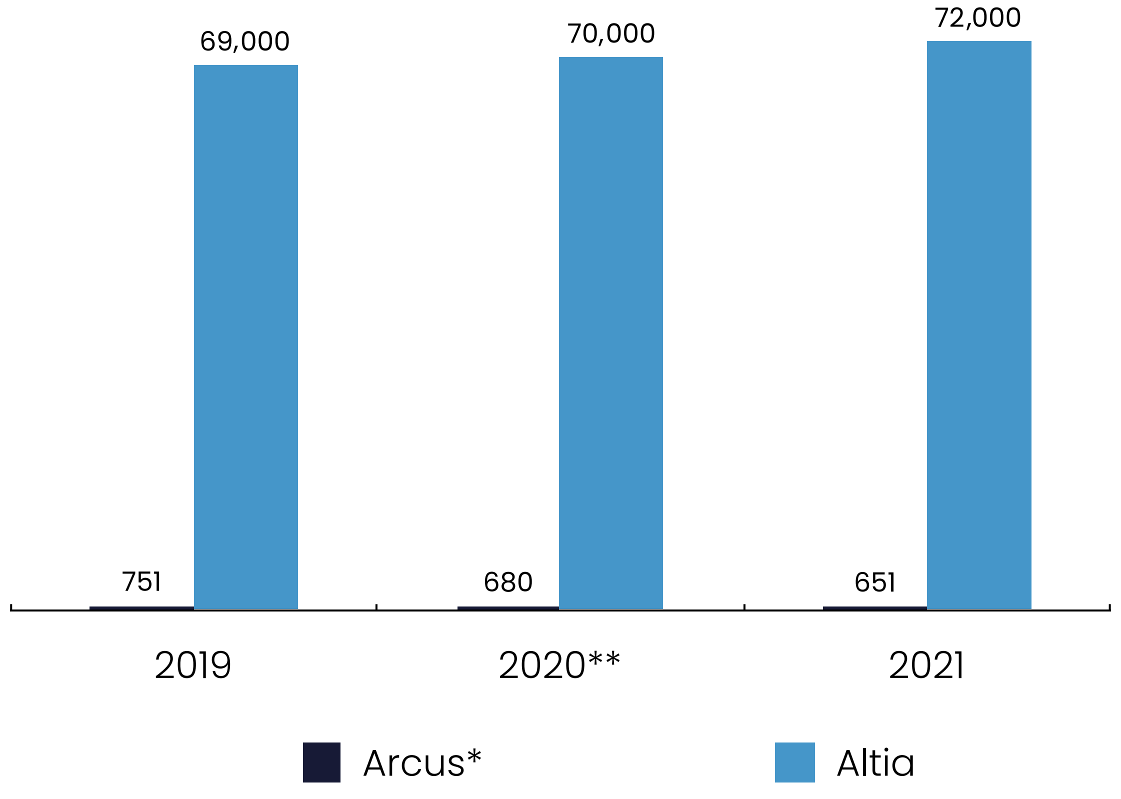
*Gjelleråsen: MWh/Produced goods
[1] The water consumption indicator for the Rajamäki plant of the Industrial Products unit has not been monitored, as the indicator is not material to the operations
[2] The wastewater quality indicator is not monitored at the Tabasalu plant.
[3] The waste volume indicator is not monitored at the Rajamäki and Koskenkorva plants of the Industrial Products unit, as it is not material to the units in question.
Waste alcohol indicator is not included in the key ratios of Rajamäki and Tabasalu plants since the beginning of 2020. Due to comparability, the key ratio 2019 has been recalculated.

Total energy consumption GWh



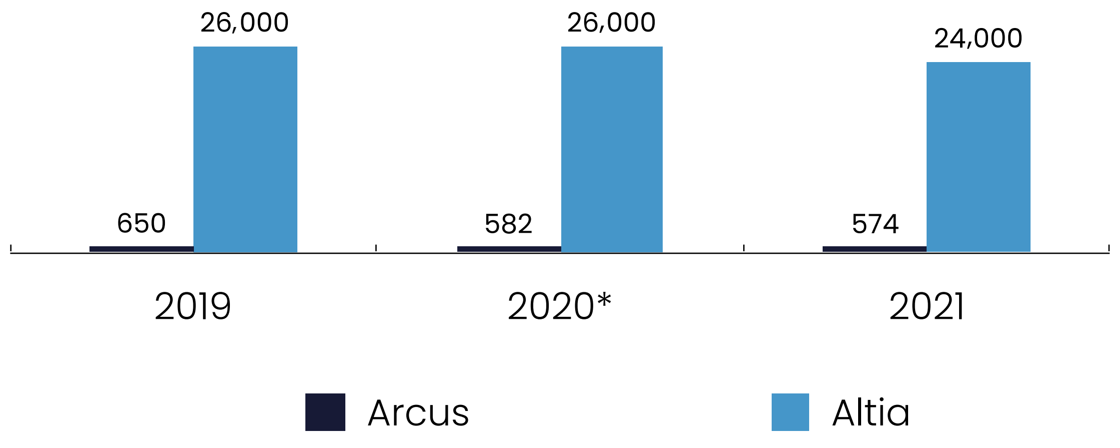
*Offices and production included. For Arcus offices approximate figures based on 2020 figures.
**Larsen cognac site in France include in 2020 figures

Total carbon dioxide emissions t CO_2 equiv. emissions



*Including the CO_2 in the grid mix.
**Larsen cognac production unit in France is included in the 2020 figures.

Total carbon dioxide emissions, non-renewable t CO_2 equiv. emissions



*Larsen cognac production unit in France is included in the 2020 figures.

Energy and emissions

Anora is strongly motivated to develop its production plants so they can achieve the goal of being CO_2 fossil free by 2025. This carbon neutral target includes both the electricity and heat energy used in direct plant activities. Anora does not currently plan to use any compensation methods like carbon offsetting, for example, to reach the benchmark. To achieve this 2025 target requires Anora to implement concrete actions that will both reduce the total energy use as well as increase energy circulation to ensure that the production of energy comes from fossil CO_2 free sources.

To help reach the goal, Anora's electricity purchase agreement in Finland has been modified. Anora has committed to the Finnish energy efficiency agreement for the period of 2017–2025, with the target of reducing energy consumption by 10% by the year 2025, compared to the base year 2014. Our sustainability goal for our Koskenkorva distillery is that by 2023, all the electricity Anora buys in Finland comes from renewable energy sources. In addition, the Koskenkorva Energy Roadmap 2025 is currently being implemented to further enhance energy circulation and enable fossil free CO_2 energy production. Anora works with several partners to enable its short and longer-term targets to be met.

The bioenergy power plant at Koskenkorva, which uses barley husks as its primary fuel, enabled the distillery in 2021 to reduce its carbon dioxide emissions and achieve a 68.8% (65.4%) self-sufficiency rate in fuels for steam production during the reporting period, record high energy

Use of materials and raw materials

	2021 Altia	2021 Arcus	2020 Altia	2020 Arcus	2019 Altia	2019 Arcus
Liquids *						
Liquid raw material, beverages (m^3)	54,386	20,798	18,891	20,895	68,313	54,117
Liquid raw material, beverages excluding water (m^3)	N/A	14,901	13,369	1,136	N/A	N/A
Liquid raw material, technical products (m^3)	25,039	N/A	N/A	N/A	22,900	28,299
Materials						
Grain (t)	208,538	N/A	N/A	N/A	211,509	214,306
Packaging materials (t)	30,754	6,194	6,436	6,779	38,203	27,559
Raw materials for products (t)	3,996	245	246	259	4,113	4,072
Trading products**						
Liquids (m^3)	22,668	9,038	8,949	10,013	25,316	2,4214
Liquids (m^3) - Vectura	N/A	3,701	5,596	4,538	N/A	N/A
Packaging materials (t) (gross weight - net weight)	7,237	3,409	3,160	3,503	8,174	7,450
Packaging materials (t) - Vectura (gross weight -net weight)	N/A	2,030	2,971	2,523	N/A	N/A

* Approximation based on filled volume of finished products.
** Traded products: Arcus and Vingruppen only, exluding Vectura's products, and the importers customer to Vectura. Vectura owned products on seperate lines.

self-sufficiency at the plant. The bioenergy power plant has been operating at full capacity since January 2015.

One notable achievement of 2021 began in the third quarter when the Koskenkorva plant began the installation of a new heat recovery unit, with the target to have the heat recovery unit fully operational by Q2 2022. The installation of the heat recovery unit will enable up to a 10% reduction in steam energy production at the plant.

At the Rajamäki bottling plant, an energy efficiency survey was completed during the year. Consequently, actions were taken to reduce the amount of energy required at the plant, as well as reduce the overall emissions.

One of the most modern production plants in Europe, Gjelleråsen's scope 1 and 2 CO_2 carbon footprint is derived from the facility's usage of company cars and LPG fuel, for example. Scope 1 emissions are defined as direct greenhouse gas (GHG) emissions that are owned or controlled by Anora. Scope 2 emissions are defined as indirect GHG emissions from electricity, steam, heat or cooling purchased from utility providers.

The facility also works closely with third party contractors, as well as with Vectura, Anora's in-house logistics company, to help reduce external or indirect scope 3 GHG emissions. Scope 3 emissions are defined as all indirect emissions (not included in scope 2) that are the result of activities from assets or utilities not owned or controlled by Anora but on which Anora indirectly impacts in its value chain. Scope 3 emissions, also known as value chain emissions, include both upstream and downstream emissions and make up the majority of a company's total carbon footprint. During 2021, Anora established a GHG

"Anora is strongly motivated to develop its production plants so they can achieve the goal of being CO_2 fossil free by 2025. This carbon neutral target includes both the electricity and heat energy used in direct plant activities."

emissions baseline for its operations in Norway, including for Vectura and Vingruppen. The results of the detailed analysis of total 2020 CO_2 emissions from the Norwegian operations are now being utilised as a baseline benchmark for setting emissions reductions targets for 2022 and beyond.

During 2021, efforts were also made to reduce transportation emissions and involved an ongoing project whereby two popular products were moved over to the Finnish production site to be consumed for the Finnish market. In this way, we have been able to avoid the earlier transportation required to move the products from Gjelleråsen to Finland and we can now distribute them directly from Finland. Further concrete actions will be initiated in the near future regarding volume optimisation, especially in terms of our bag-in-box products which are heavy and more expensive in terms of transportation costs across the Nordics.

During 2021, Gjelleråsen upgraded to LED lights on a large scale, and this was reflected in the amount of energy used. The site is also undergoing the process for a BREEAM certification in 2022. BREEAM is the world's leading sustainability assessment method for buildings and BREEAM rated buildings are recognised and certified as more sustainable environments with a higher performing lifecycle.

In addition, Vectura, a 3PL logistics service provider for wine and spirits, and 100% subsidiary of Anora, is working closely with Vinmonopolet, Norway's monopoly state retailer, in a project to reduce carbon emissions by 20% by the end of 2023.

Water

Anora's firm ambition is to achieve a 20% reduction in the amount of wastewater generated in its Finnish operations by 2025. Reaching this target will require a reduction of wastewater origination throughout alcoholic beverages-making production methods, and by the further enhancing of water circulation.

Organic loading of wastewater increased at the Rajamäki and Koskenkorva plants during the reporting period. At the Tabasalu plant, organic loading of wastewater is not monitored. At Koskenkorva, wastewater calculations also include A-Rehu's amount. A-Rehu is a non-Anora livestock and poultry feed plant operating within the Koskenkorva plant area. During 2021, water consumption relative to production decreased at the Koskenkorva and Gjelleråsen plants but increased at the Rajamäki and Tabasalu plants.

At the Koskenkorva plant, the key target is to enhance the circularity of the process waters, with the aim of reducing the water directed to the wastewater system. To that end, the biggest opportunities to help reduce the amount of wastewater generated relate to the control of the water circulation to ensure system purity, hygiene and quality. These elements can be managed by further enhancing source and use points, as well as by the addition of purification systems, for example.

One notable achievement at the Koskenkorva plant during 2021 was the initiation of a pilot scheme to identify the key sources for water circulation in the process water system. In addition, as part of the ongoing pilot at our Rajamäki facility, a liquid waste project in bottling operations was implemented in 2021 and will continue during 2022. The goal is to decrease the amount of wastewater. Furthermore, internal workshops were held in order to find ways to reduce the amount and use of fresh water. Concrete actions taken during the year included the installation of flow meters to the main waterlines.

"One notable achievement at the Koskenkorva plant during 2021 was the initiation of a pilot scheme to identify the key sources for water circulation in the process water system."

Anora's production plants do not operate in water scarcity areas.

Environmental figures

	Altia 2021	Arcus 2021	%-change from 2020 (ex-Altia)	%-change from 2020 (ex-Arcus)	Altia 2020	Arcus 2020	Altia 2019	Arcus 2019
Grain consumption (million kg)	208.54	-	-2.58%	-	214.06	-	211.51	-
Fuel consumption/direct energy consumption								
Natural gas (GWh), direct1, non-renewable	1.4	0.00	8.53%	-	1.29	0	0.98	0
Fuel(diesel) (t)	0.00	14.5	-	7.29%	-	13.5	-	11.901
Indirect energy consumption								
Steam (GWh), indirect[2], non-renewable	29.65	1.27	-14.58%	-2.00%	34.71	1.30	37.43	1.47
Steam (GWh), indirect[2], renewable	75.57	0.00	-1.10%	-	76.41	0.00	75.56	
Electricity (GWh), indirect[2], non-renewable	43.02	0.00	-5.86%	-	45.70	0.00	43.25	0.00
Electricity (GWh), indirect[2], renewable	3.88	5.01	53.97%	-2.38%	2.52	5.14	3.87	5.34
District heating (GWh), indirect[2], non-renewable	0.06	0.00	20.00%	-	0.05	0.00	0.09	0.00
District heating (GWh), indirect[2], renewable	2.15	5.17	23.56%	35.87%	1.74	3.81	1.69	4.07
Greenhouse gases, direct and indirect								
CO_2 equivalent emissions / non-renewable (t), direct[1]	280	39	7.88%	6.18%	259.54	36.29	193.52	31.99
CO_2 equivalent emissions / non-renewable (t), indirect[2]	23,603	535	-6.88%	-1.97%	25,346.27	545.78	26,206.57	617.15
CO_2 equivalent emissions / renewable (t), direct[1]	14,428	-	-6.11%	-	15,367.28	-	13,829.96	-
CO_2 equivalent emissions / renewable (t), indirect[2]	33,353	77	13.76%	-21.43%	29,318.57	98	29,103.88	101.9
Significant emissions into the air								
VOC emissions (t)	6.84	-	7.04%	-	6.39	-	8.30	-
Particle emissions into the air (t)	4.69	-	3.53%	-	4.53	-	3.60	-
Water and wastewater								
Water consumption (1,000 m^3)	533.6	42.3	-15.48%	5.36%	631.33	40.2	502.56	41.1
Wastewater volume (1,000 m^3)	257.7	35.3	3.93%	-4.76%	248*	37.1	243.46*	38.6
Waste (t)								
Hazardous waste	51.95	0	-12.23%	-	59.19	0	38.56	0
Landfill waste	28.18	0	-1.43%	-	28.59	0	11,56	0
Recycled waste (t)								
Utilised for energy	12,623.38	395.97	-9.59%	22.41%	13,962.15	323.48	13,759,80	354.71
Other utilisation	3,261.22	950.66	-25.93%	22.97%	4,403.05	773.11	4238,27	808.29

*Waste water volume from previous (2019 & 2020) years has been recalculated to cover only waste water tha ex-Altia's has produced in the Koskenkorva plant.

[1] Direct energy use refers to energy used in the company's own production operations or energy production, such as burning non-renewable fuels.

[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.

[3] Larsen Cognac production unit in France is included in the 2020 figures.

About the calculation methods in the tables (Ex-Altia)

With regard to ex-Altia's office locations, except for Oslo and Copenhagen, only electricity consumption and the corresponding emissions, as well as water consumption, are reported.

With regard to ex-Altia's logistics centres, electricity consumption and district heating and the corresponding emissions, as well as water consumption and wastewater volume, are reported.

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.

The indicators for emissions cover ex-Altia's operations and emissions arising from the production of purchased energy. The indicators for waste only include Altia's own operations.

Sustainability

Leading in climate-smart packaging

#1

in the Nordics in the use of PET packaging with an over 60% LOWER CO_2 footprint compared to glass

#1

in the Nordics in the use of Bag-in-Boxes with an over 80% LOWER CO_2 footprint compared to glass

Our rPET wine bottles have up to a

90%

LOWER CO_2 footprint compared to glass

99.7%

of former Altia's PET portfolio is made of 25% rPET

Key targets for former Altia – new, ambitious targets for Anora will be communicated in Q3 2022

- All our packaging solutions are 100% RECYCLABLE by 2025
- All PET bottles are made of 100% RECYCLED and/or plant-based materials by 2030
- New, ambitious climate-smart packaging targets will be set it 2022

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Introduction

Anora is the market leader in the sustainable packaging of wines and spirits in the Nordics. Packaging has a critical role to play in our operations and it remains a marker of how seriously we take our sustainability ambitions. Our firm goal is to utilise 100% recyclable packaging solutions by 2025. In 2020, in Finland, we introduced our first 100% rPET wine bottles. By the end of 2021, 99.7% of former Altia's PET portfolio was made of 25% rPET material.

In 2021, we also further enhanced our long-term packaging programme that aims to reduce the CO_2 burden of Anora's entire product portfolio. As part of that goal, our ambition is to further increase the general acceptance and relevance of PET and rPET bottles as a glass substitute, both throughout the industry and with consumers across the Nordic region, and to gain market leadership in sustainable packaging, in particular. Our innovative PET bottles and recyclable Bag-in-Boxes have a 60–80% lower carbon footprint compared to glass bottles. Our rPET wine bottles, where the recycled plastic makes up a much higher percentage of the bottle, can offer up to a 90% lower carbon footprint compared to glass bottles.

Definitions

PET is short for Polyethylene Terephthalate, a strong, lightweight, recyclable and often transparent plastic. Due to its unique properties, PET is one of the most commonly used plastics and is made from a combination of oil and petrochemicals. PET is part of the thermoplastics' family, which means it can be heated, formed and cooled into many different shapes and sizes. It is particularly suitable as a plastic bottle used for wines, spirits and other alcoholic or non-alcoholic beverages. To further reduce the use of fossil-derived raw materials, bio-based PET alternatives are currently being developed and will be ready for mass production and utilisation by Anora in the mid to longer-term timeframe.

The 'r' in rPET stands for 'recycled'. Virgin PET plastic can be recycled into rPET whilst maintaining its critical features and characteristics. During the recycling process, the plastic is collected, cleaned and remade into products without utilising more fossil-derived raw materials. Through reuse, rPET can be considered a more sustainable alternative to virgin PET bottles and an even more sustainable alternative to glass bottles. At its highest quality, a new clear bottle can be made from post-consumer use PET bottles, as well as other PET forms.

Targeting 100% recyclability

At Anora, we have made the strategic decision to use more PET plastic in our packaging portfolio, as it is recyclable and has a lower CO_2 footprint compared to glass. At the end of 2021, our PET share for all packaging of our own brands across Anora was 32%. By 2030, our ambition in our former Altia's operations, is to reach a 70% benchmark.

Goals (Former Altia goals)	Status in 2021	Comments regarding 2021 situation, including Arcus
By 2025, all our packaging is 100% recyclable	● (On track)	**Former Altia:** Fully recyclable bag-in box (BIB) was launched in 2021. Also, the amount of plastic in the BIBs was reduced and the usage of recycled material was increased by more than 10%. **Former Arcus:** 100% of glass and PET bottles for total spirits volume are recyclable. For spirit PET-bottles, all metal capsules were converted into polyethylene in 2021 to reach full recyclability. The Gjelleråsen site invested in new equipment in 2020 and in 2021 all bottle closures were changed from aluminium to plastic to fit the Nordic plastic recycling deposit systems.
By 2030, we have reduced the CO_2 footprint of our packaging by 35% (Altia baseline 2018)	● (On track)	**Former Altia:** In 2021, the recycled rPET usage in spirit bottles was doubled and a 100% rPET wine bottle launched. 42% of former Altias own brands (in litres) were packed to PET bottles in 2021. From PET-portfolio 99.7% are rPET bottles consisting of at least 25% recycled material. **Former Arcus:** 15% of Arcus' portfolio is PET bottles and there has been a good development of shifting from glass to PET and BIBs. The CO_2 footprint of PET bottles and BiBs is significantly lower than glass.
We will actively communicate to improve both our bottle and flexible packages return rates in all our home markets	● (Delayed)	**Former Altia:** We have communicated about the recycling instructions of BiBs in the packaging itself and through consumer communications. **Former Arcus:** The Gjelleråsen facility received the Green Dot award for its circular economy actions and the utilisation of PET bottles. The awared recycling design project focused on depositable wine bottles and smaller plastic bottles and was a collaboration between Arcus Norway, Infinitum and Vinmonopolet.

Goals are ex-Altia goals, but aligned with former Arcus sustainability work. New goals will be set in 2022.

● On track ● Delayed ● Off target

Recycled materials used in Anora's packaging

Primary packaging	Arcus 2021	Altia 2021	Arcus 2020	Altia 2020
Glass bottles				
Packaging materials (t)	4859	9746	5040	9684
% recycled material	47	32	49	34
Plastic bottles				
Packaging materials (t)	288	1000	247	1002
% recycled material	0	20	0	10
Bag-in-boxes				
Packaging materials (t)	551	321	545	350
% recycled material	20	45	12	40

* The above figures are for former Altia's and Arcus' own production and own brands and exclude labels and closures.

To reach this ambitious target, we have had to deliver pioneering work to make plastic an approved packaging material. As a bottle for spirits, PET and rPET bottles are already widely accepted for use and the benefits for the environment compared to the production of glass bottles are well recognised. However, there remains work to be done for other drinks such as wines, although plastic wine bottles in the Nordic region have become increasingly more accepted by consumers in recent years.

In addition to light and recyclable PET bottles, Bag-in-Boxes (BIB) are also a good alternative, as their CO_2 footprint per litre is only 70g CO_2e/l, while traditional glass bottles have a higher CO_2 footprint of 675 g CO_2e/l. Of note, about 50% of the wines sold in Systembolaget (the Swedish state retail monopoly) are sold in BIBs, for example, and in addition, a production line for fully recycling compatible BIBs has been implemented at our Rajamäki bottling plant.

In the Nordics, approximately 90% of PET bottles are recycled. Materials in the BIB packages are sorted and in Finland the wine bag can be returned, for example, to Alko's stores. We aim to reach full recyclability in our packages by 2025. In 2021, we took further steps towards the use of recyclable materials in our packages: currently, around 70–75% of our packages are recyclable. All the materials used in our BIB packages, for example, have to be recyclable, so we have transitioned to using more components that are compatible with recycling in all the different parts: the cardboard, the bag, the tap and the handle. The effects of these packaging renewals were made increasingly visible during 2021, and greater advances in this area are expected during 2022.

In addition, the Gjelleråsen facility invested in new equipment in autumn 2020 and in early 2021 began the process of changing all PET bottle closures that contained aluminium to a 100% plastic closure type for all main bottle formats so they can also go through the Nordic plastic recycling deposit system. This simplifies sorting at source, so that the entire plastic bottle as well as the closure can be recycled. The recycling rate of all plastic bottles at the end of 2020 was 92% in Norway (and Norway is the world #1 in plastic bottle recycling), 85.9% in Sweden and 90% in Finland.

Furthermore, during the year, efforts continued to get all the major bottle formats on the PET line at Gjelleråsen accepted into the deposit system. In November 2021, the last bottle was approved and all the main bottles on the PET line are now ready for the Nordic-wide recycling deposit system. Of note, the facility received the Green Dot awars/Infinitum award for its circular economy actions and the utilisation of PET bottles. Each year, Green Dot Norway awards Plastløftet prizes to three companies who have contributed to their plastic packaging being more innovative and sustainable. The award to Anora Norway for recycling design was in collaboration with Infinitum and Vinmonopolet and focused on depositable wine bottles and smaller plastic bottles. Introducing a deposit on the bottles from Vinmonopolet ensured that the bottles can go into the recycling channels for PET and be recycled at a high-quality level. In practice, this meant both changing the closures from aluminium to PET and changing the system so that the bottle deposit recycling facilities could also accept more asymmetrical bottle shapes.

Enhancing the sustainability of our Bag-in-Box (BIB) products was also the focus of attention at Gjelleråsen during the year. Concrete actions taken include the utilising of thinner bags to save weight and raw materials throughout our product range. In addition, throughout our Norwegian operations, we took steps to further reduce the use of carbon black in our product packaging. The carbon used to create a black colour in plastics acts as a contaminant when recycling the material and prevents the materials reuse as a similar quality product. Removing carbon black enables material recycling and provides a base for improved material quality.

Exceeding EU targets

At Anora, our target is to increase the ratio of rPET (post-consumer recycled PET) in our PET bottles to 100% by 2030, compared to the EU requirement of 30% by 2030. The percentage of rPET in our spirit packaging rose to 25% during 2021 in former Altia's operations and our ambition is to increase this rPET ratio step by step. 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 the process to dispense with all aluminium closures is currently being implemented in Finland.

In addition, we are continually striving to systematically lighten the weight of bottles and packaging whenever possible and reasonable. There are cases where the weight of a bottle can be reduced by 10-30%, and sometimes even up

"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 the process to dispense with all aluminium closures is currently being implemented in Finland."

CASE

Moving towards a more sustainable future with Anora's fully recyclable Bag-in-Box packaging

Boxed wines leave only a fraction of the carbon footprint (70 CO_2e/l) compared to traditional glass bottled wines (675 CO_2e/l)[1]. As a result, Bag-in-Box (BiB) packaging is the top choice for environmentally conscious consumers. Nevertheless, there was still room for improvement in the recyclability of boxed wines until 2021, when Anora introduced a fully recyclable BiB packaging.

This brand-new packaging is Anora's most sustainable to date, illustrating that even seemingly small changes in an innovative design add up to a significant impact.

"For instance, by making most plastic parts from black carbon-free sources and colourless plastic we reduced our colour consumption by almost 75%, making our packaging more recyclable as clear plastics are easier to recycle than coloured. Additionally, our wine bags' plastic material consumption is reduced by around 10% because of our successful material and technology development," says Juha Ylisiurua from Anora Group.

Since the improved BiB packaging contains no metal, aluminium, or nylon, both the tap and bag can easily be disposed of as plastic waste. To recycle the bag, simply remove the tap and rinse the bag with cool water before placing it in the plastic recycling bin.

Thanks to our material development, we have increased the use of recycled packaging material by more than 10%. Today, our Bag-in-Boxes contain 45% recycled material, and our goal is to increase the recycled material content to 50% by 2025.

We also designed the updated bag-in-box to utilise more Forest Stewardship Council (FSC) approved raw materials. The green FSC label signals our commitment to sustainable forestry and use of responsibly sourced raw materials.

The new fully recyclable BiB packaging—as well as our recently developed rPET wine bottles, made from recycled plastic material—brings us closer to our goal of making our entire packaging recyclable by 2025.

[1] According to research by Alko, Finland's alcoholic beverage retailing monopoly.

CASE

Wine bottles made entirely of recycled rPET plastic – first in the Nordics

Anora's efforts in sustainable packaging design and innovations are pioneering. In recent years, we have steadily increased the rPET (recycled PET plastic) content in our PET plastic bottles. In the spring of 2021, continuing this trend, we introduced wine bottles made entirely from recycled PET plastic as the first wine and spirits producer in the Nordics. The carbon footprint of our Chill Out rPET bottle is almost 90% lower than that of a similar glass bottle. Nowadays, Anora's wine rPET bottle portfolio contains two bottle formats, 75cl and 100cl, to better meet consumers' needs.

The new rPET wine bottle design helps make wine packaging more sustainable while also making shipping wine more cost-effective. The new rPET wine bottle weights 90% less than a traditional glass bottle. While the carbon footprint of a regular PET wine bottle is already 60% lower than that of a wine bottle made of glass, replacing the PET material with recycled material further reduces its carbon footprint. According to our life-cycle assessments, the new rPET wine bottle's overall carbon footprint is almost 40% smaller than that of a bottle made from virgin PET plastic.

Anora's rPET wine bottles also feature plastic closures. This improves the recyclability of the whole package and helps to reduce the overall carbon footprint level. Overall, the recyclability and material reusability of rPET wine bottles are the same level as those of wine PET bottles made of virgin materials.

"Our recyclable rPET wine bottles with plastic closures are the first products at this scale made from recycled rPET material derived from deposit bottles returned by customers. Fully replacing the PET plastic was one of our biggest accomplishments in wine packaging technology in 2021. This required a great amount of technical cooperation with both the material and our bottle supplier," says Anora's Packaging Development Manager Juha Ylisiurua.

> "We also highlighted our ambition to reach carbon neutrality by launching our industry acclaimed Koskenkorva Vodka Climate Action in spring 2021, made with our first batch of regeneratively grown barley harvested in autumn 2020."

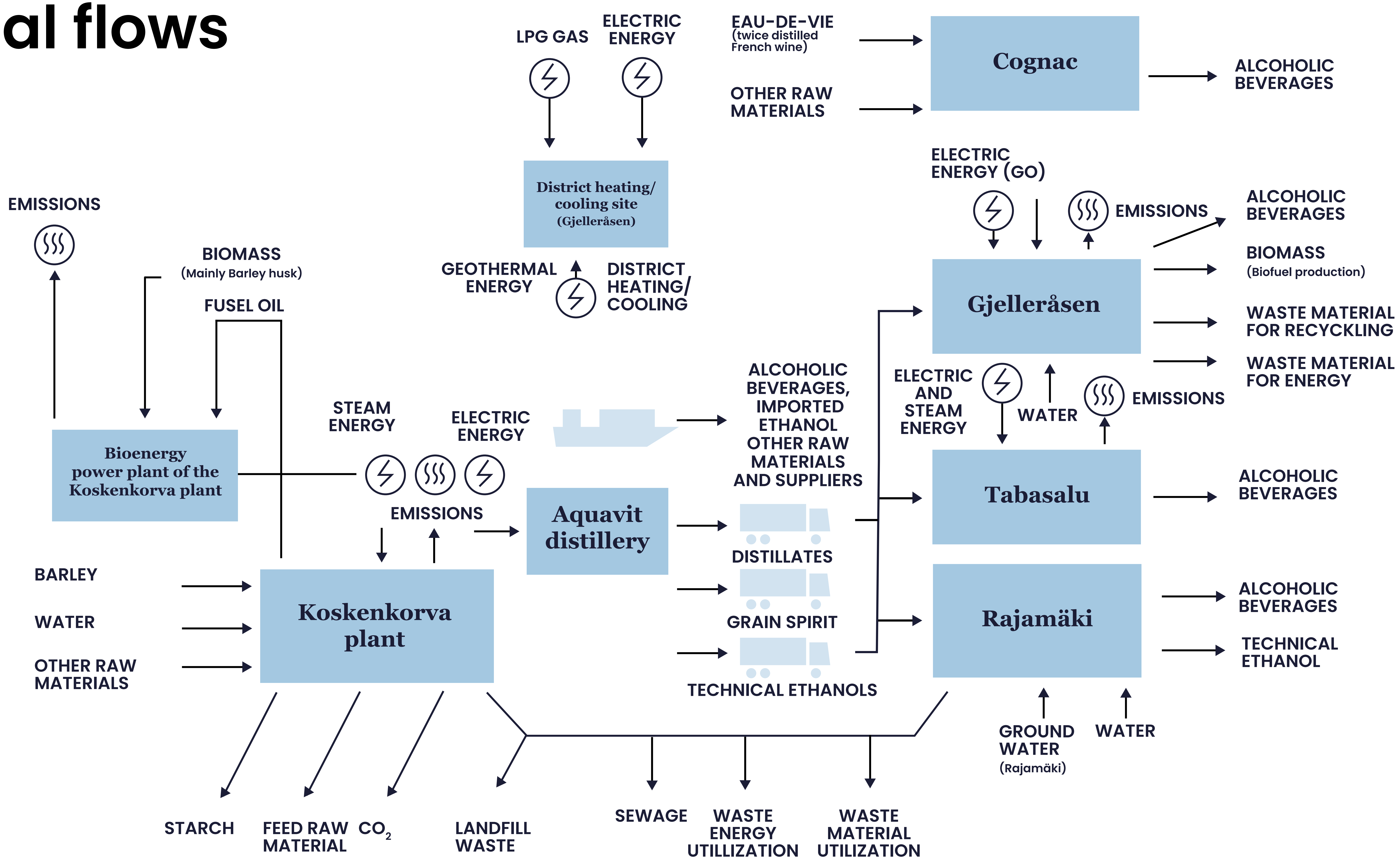
to 50%, if there is a design change which leads to a different bottle type. While our primary goal remains the lowering of CO_2 through a reduction in the use of materials, reducing the weight of bottles and packaging also helps lighten the logistical load and makes work easier for retailers. Reminding consumers to recycle and how to recycle is also important. Our goal is to increase the recycling rate of bottles and Bag-in-Boxes even further throughout our markets through different communications campaigns.

Delivering greater sustainability to our consumers

For consumers, our sustainability work becomes visible through the sustainability of our brands. We have defined sustainability goals for each of our key brands for Anora's portfolio and in 2022 we will define sustainability goals for all all Anora key brands. Our ambition is that by 2030, Koskenkorva will be the most sustainable vodka in the world; O.P Anderson Aquavit the world's first waste-free aquavit; Blossa will be the sustainable winter drinks forerunner; and Chill-Out will be the most recyclable lifestyle wine brand.

We are currently taking steps towards these goals by analysing product-specific carbon footprints and finding the best areas to make an impact. The impact of lowering the carbon footprint of Koskenkorva Vodka was made further visible in 2021. We also highlighted our ambition to reach carbon neutrality by launching our industry acclaimed Koskenkorva Climate Action Vodka in spring 2021, made with our first batch of regeneratively grown barley harvested in autumn 2020.

Material flows



Sustainability

Supporting a responsible drinking culture

16%

of the drinks in former Altia's portfolio are LOW or NON-ALCOHOLIC

9.5%

of products in former Altia's portfolio are ORGANIC

Vinfinity

Vingruppen's sustainable action fund, launched in 2021 to support our wine partners and clients in creating a sustainable value chain for wine

Key targets

- 10% of our products will be **ORGANIC** by 2030
- 10% of our products will be **LOW** or **NON-ALCOHOLIC** drinks by 2030
- We support a **RESPONSIBLE DRINKING CULTURE** through education as well as low and non-alcoholic beverages
- New, ambitious **RESPONSIBLE DRINKING TARGETS** will be set in 2022

3 GOOD HEALTH AND WELL-BEING

Introduction

We want to be a responsible actor in society. We buy raw materials and services, employ people, generate income, and pay our taxes responsibly. By bringing more sustainable products to the market and advocating for their responsible use, we also further promote this goal. In 2021, we increased the number of organic and low and non-alcohol products available throughout our portfolio and reduced the amount of sugar at our Rajamäki plant by 4.6% compared to our 2019 baseline.

Our society

The beverage industry in the Nordics emphasises bringing new products to the market, and we launch around 100 new products per year. Therefore, we act as a significant driver not only to the industry, but also to consumers, and our strategic decision to make our product portfolio more sustainable has real impact. Sustainability is an integral part of our product development, and we are also determined too, to adapt ourselves to changing consumer needs. To that end, when we begin developing a new product, we ask ourselves: could this product be low-alcohol, or non-alcoholic, have a lower-sugar content, or be organically produced? Is it possible to further eliminate waste and can we use existing raw materials? Could we enhance the shelf-life of the product, further reducing waste? Could our products utilise more sustainable PET or rPET (plastic and recycled plastic) packaging? And can we also reach our new and ambitious goal of making rPET bottles more accepted by consumers as a sustainable and high-quality product and 'the new luxury' for premium wines and spirits, rather than glass with its higher carbon footprint?

On the topic of responsible drinking, the rise of non-alcoholic drinking experiences and the increasing 'sober-curious' movement has been one of the biggest trends in beverages across recent years. Moving beyond what has become commonly known as Dry January (a period when many people refrain from drinking alcohol following the festive season when higher alcohol consumption is the norm), many people and particularly the younger generations, are now clearly consuming less alcohol each year and throughout each month of the year, rather than just through January. The trend is likely to continue in the long term. One reason is that healthier lifestyles and wellbeing are increasingly considered important in all age groups. Anora has been carefully monitoring the societal shifts in alcohol consumption, and as a result, is now striving to be the forerunner in the Nordics through new organic, vegan, lower-sugar, low and alcohol-free wines and spirits.

In addition, we remain committed to supporting a responsible drinking culture throughout the Nordics through education, as well as by offering many low and non-alcoholic beverages. To that end, we have a number of supporting programmes currently active including the Let's talk about alcohol school programme across Finland, Sweden and Denmark, and the Drink responsibly programme with Ung Dialog directed at student events in Norway. In Finland, we support an NGO (non-government organisation) called 'Raiteen tuki' who provides alcohol education in schools

Low and non-alcoholic products

In former Altia's sustainability roadmap, launched in 2019, we set the goal of increasing the portion of low-alcohol and non-alcoholic drinks (alternatively named 'no-low' drinks) in our product portfolio to 10% by 2030. We exceeded this target and the share in former Altia's portfolio in 2021 was 16%. For non-alcoholic products in 2021, we increased our capabilities, as well as our product development, quality and product safety of no-low 'spirits' and also launched three new O.P Anderson products. The feedback and interest from consumers, the industry and the media regarding our non-alcoholic spirits has been both interesting and insightful. In 2021, we lauched 55 low- and non alcohol beverages, for example ready-to-drinks (RTD) and low-alcohol glögg's like Attitude Cola 8%.

Goals (Former Altia goals)	Status in 2021	Comments regarding 2021 situation, including Arcus
We will provide products and information for more responsible enjoyment	●	We have launched several non- and low-alcohol products during 2021 and supported consumer choice of no-low products through e.g. a blog series, social media content and media work.
By 2030 10% of our product portfolio will be low alcohol or non-alcoholic drinks (2018 Altia baseline is 6.6%)	●	**Former Altia:** We exceeded the target as the share of low and non-alc products from our product portfolio is 16%. **Former Arcus:** Ex-Arcus Spirits own brands: 6.4% low-alc.
By 2030 we have decreased the sugar content of our products by 10% (2018 Altia baseline is 2.0 million kilos of sugar used)	●	**Former Altia:** Sugar usage in Rajamäki plant (per produced volumes) in 2021 was 4.6%, 215 000 kg lower than 2019. **Former Arcus:** Sugar usage at Gjelleråsen (wine and spirits) kg usage/ produced liter was 0.124% lower in 2021 compared to 2020.
By 2030, 10% of our product portfolio will be organic (2018 Altia baseline was 6.6 %)	●	**Former Altia**: Share of organic products at ex-Altia: 9.5% (SKU) **Former Arcus:** Share of spirits produced at ex-Arcus is 0.2% (volume) Vingruppen: Organic portfolio for Vingruppen i Norden 2021 (only Sweden), sold volume is 13,4% (volume)
We will decrease the annual average alcoholic content of our own production (2018 Altia's baseline is 31.3%)	●	**Former Altia:** In 2021, the annual average alcoholic content of packed finished drinks was 31.5% including Rajamäki, Larsen and Tabasalu production. **Former Arcus:** In 2021 average alcohol content of own production at Gjelleråsen was 24.3%.
By 2030, 100% of our products will have the energy intake and ingredients & responsible drinking guidance available (2018 Altia baseline is 0 energy or ingredient information available for spirits)	●	**Former Altia:** Energy information has been added to the back label of 132 products from ex-Altia. Energy information will continue to be added to all spirit novelties and the spirit back labels with design updates.
We will participate in initiatives promoting responsible drinking, such as Prata om Alkohol in Sweden	●	**Former Altia:** We have continued to support the Let's talk about alcohol school education program in Sweden and other countries, and continue to support Raiteen tuki ry, an organisation that leads education campaigns at school to prevent underage drinking. **Former Arcus:** We continued to support the organisation Ung Dialogue, an organisation promoting responsible drinking with their 'Think before you drink' campaign.

Goals are ex-Altia goals, but aligned with former Arcus sustainability work. New goals will be set in 2022.

● On track ● Delayed ● Off target

Glöggs are an important part of Christmas traditions and are consumed at Christmas lunches, parties, and gatherings both at home and outside. In 2021, the market-leading glögg brand Blossa had a strong offering of both traditional flavours and exciting novelties such as non-alcoholic Blossa Hantverksglögg and Blossa Sparkling & Spices Classic Red. The non-alcoholic wine-based Blossa Glöggs were the first products to be produced following the investment of liquid de-alcoholisation equipment that was taken into use at the Rajamäki plant earlier in 2021, allowing us to do our own in-house de-alcoholisation of wine and glöggs.

CASE

No alcohol? No problem!

The rise of non-alcoholic drinking experiences is one of the biggest trends in the global beverage industry. Although the sector is not yet commercially as significant in the Nordics, it is gaining prominence in the rest of the world – a verifiable trend that should not be ignored. On the contrary: it is a new market sector that we are aiming to capitalise on.

One of Anora's key ambitions is supporting a modern, responsible drinking culture, which ultimately means giving consumers more freedom of choice in their lifestyle beverages. Choosing a non-alcoholic beverage for any reason should never be the cause of feeling excluded from events and celebrations. On the contrary, our new launches have broadened the range of choices for everyone, building a more inclusive drinking culture.

Our recent launches include O.P. Anderson Alkoholfri Snaps Mixpack, which is created with the same natural and organic ingredients as the O.P. Anderson aquavits, honouring a century-long craftmanship and expertise in distillation. The mixpack contains three non-alcoholic variants of O.P. Anderson's most popular snaps: Original, Klar and Petronella.

The sensory experience of alcoholic beverages is not easily replicated without alcohol, but through research and development we have the ability to replace ethanol with other raw materials such as chili, peppermint, and even certain acids, which can be used to fill in the sensory gap. Thanks to advancements in the sciences of maturation, maceration, blending and seasoning, combined with our knowledge of producing spice distillates and extracts, we are in an opportune position to develop alcohol-free alternatives to our main spirit brands.

Lower-sugar products

Our goal is to reduce our sugar use by 10% by 2030. The target is monitored by calculating the amount of used sugar per one litre of produced drink. During 2021, we implemented a recipe change to more than 10 of our products to lower their sugar content. As a result, the use of sugar at our Rajamäki plant (g/produced litre) was 4.6% lower in 2021 compared to 2019, a reduction of 215 000 kg.

Organic and vegan products

The demand for organic products is also growing within the beverage segment. Our goal is to have 10% organic products in our portfolio by 2030. At the end of 2021, 9.5% of our portfolio in Finland was organic. During 2021, we also added the vegan symbol, together with other design changes, to vegan novelties including Xante Latte & Pear vegan cream liqueur. Our Koskenkorva Vodka Climate Action (vegan vodka made from regeneratively farmed barley) and our Herb & Citrus liqueur (an organic and vegan product in a light PET bottle) were two further launch highlights.

Certificates indicate the responsibility of the entire value chain

It is important to us to promote wellbeing and ethical processes throughout our operations. The Fairtrade, Fair for Life and Organic certificates state the standards to which we are committed throughout our value chain. Everyone in the supply chain of our organic and ethically certified products is committed to complying with the certification standards. Work in our supply chain, from wineries and farms to the packaging of products, is regularly monitored by these organisations. We prefer long-term partnerships. The Anora Code of Conduct for our partners and subcontractors sets out minimum requirements for ethical conduct. In addition, we regularly monitor the use of responsibly produced raw materials by our partners through our social responsibility questionnaire.

Vinfinity sustainability fund

Vinfinity is a sustainability fund founded in 2021 by Vingruppen i Norden, a subsidiary of Anora. The fund exists to support our wine partners and clients in creating a sustainable value chain for wine. Vinfinity is part of Vingruppen's long-term sustainability strategy 'From grape to glass and beyond'. The fund will annually invest 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 the climate impact, calculated in tonnes in CO_2e. Vinfinity has put a price on CO_2e and this carbon pricing is now the basis of the funds financing. Each year money will be set and added to the fund and we will identify new projects in which to invest.

Anora's tax footprint

	Data for the financial year 2021				
	TOTAL	Finland	Sweden	Norway	Other countries
Taxes paid for the financial year, EUR million					
Income taxes	7.4	2.0	0.3	2.7	2.4
Real estate taxes	1.1	0.2	0.0	0.8	0.0
Employer contributions	15.6	8.4	1.5	5.1	0.6
Taxes collected for the financial year, EUR million					
Value added taxes, sales	368.3	139.1	117.0	95.2	17.1
Value added taxes, purchases	140.0	44.7	42.9	45.0	7.4
Excise taxes	598.4	247.8	169.6	157.2	23.8
Payroll taxes	17.9	8.4	4.3	3.2	2.0
Any other taxes (incl. Withholding taxes)	1.6	0.0	0.2	1.4	0.0
Net sales by country, EUR million	403.2	214.3	98.9	142.5	46.4
Profit/loss before taxes by country, EUR million (local)	41.1	10.7	7.6	17.8	5.0
Personnel by country *	1 055	393	365	159	138

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.

The merger of Altia and Arcus was completed on 1 September 2021. Arcus has been consolidated to Anora as of 1 September 2021.

*Situation on December 31,2021

A responsible player in society

We act as a responsible company in society. In 2021, we paid EUR 605.8 million (469.0) in excise and income taxes to society, of which EUR 249.8 million (249.4 million) went to Finland. We paid employees a total of EUR 69.6 million (49.1) in salaries and other indirect employer costs, and purchased raw materials, goods and services for EUR 266.1 million euros (192.5). We bought Finnish barley from approximately 1 400 farmers for a total of EUR 42.4 million (34.0 million). We received a total of EUR 478.2 million (342.4) in revenue, made investments of EUR 47.8 million (7.0) to develop our business and paid a total dividend of EUR 27.1 million (15.2) 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 as defined by the OECD[1], 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.

[1] According to the OECD, a tax haven is a country or jurisdiction that imposes nominal taxes or no taxes at all, is not willing to participate in international exchange of information, does not require companies registered in them to actually engage in business operations in their area, and is lacking in transparency.

CASE

"Think Before You Drink" campaign continues to promote responsible drinking among young graduates

Initiated in spring 2017, Think Before You Drink is a social awareness campaign aimed at reducing excessive drinking among recent high school graduates in Norway's capital Oslo, by encouraging water consumption during festivities. As part of Anora's sustainability initiatives, the goal of the campaign is to promote social good without commercial interests. Since its launch, the campaign has expanded to events in other Norwegian cities.

The main aspect of the Think Before You Drink campaign focuses on distributing water and hydration points during Russefeiring or Russ, a month-long celebration for young adults who are about to complete their secondary education in Norway. By making water available, our intention is to offer a non-alcoholic option, reduce overindulgence and provide partygoers with a better experience.

The goal is to establish a culture where partygoers not only fill their own water bottles but also encourage others to hydrate and consume non-alcoholic drinks. If the graduates adopt this habit, it will change the way they drink socially, and influence the younger generations to follow.

Making water available in places where it is normally inaccessible has contributed to the success of the campaign. The introduction of water tanks on party buses, a common fixture during Russ, is one such example. Feedback has showed that the water tanks serve as a positive reminder to hydrate often, with higher water consumption rates. While the COVID-19 pandemic has minimised traditional celebrations, a robust social media campaign was targeted at this group to emphasise the importance of respecting the pandemic regulations.

Sustainability

Promoting a safe and inclusive workplace

5 **former Altia's lost time incidence frequency (LTIF) absence rate due to injuries in 2021. This significant decrease from our 2018 baseline of 15 reflects our CONTINUOUS HEALTH & SAFETY EFFORTS.**		**Koskenkorva Distillery was granted THE YEAR AWARD in Starch Europe's Safety Program.**	**At the Gjelleråsen plant NO INJURIES were reported.**
<5% **Sickness absence rate in former Altia's and Arcus' operations.**	**Our operations are based on the Nordic values of EQUALITY and INCLUSION**	**2%** **share of purchases from amfori BSCI risk countries.**	**BALANCED GENDER distribution in employees and Board of Directors.**

Key targets

- By 2030, Anora has **ZERO ABSENCES** due to injuries
- New, ambitious **HEALTH & SAFETY** and **EMPLOYEE TARGETS** will be set in 2022

Introduction

At Anora, the Nordic values of equality and diversity are firmly at the core of our organisational culture. We want to ensure a safe and inclusive workplace, and an environment where health and safety standards, wellbeing and personal development are front and centre in our operations moving forward. Through our membership in amfori BSCI, other sustainability platforms and direct project implementation, Anora aims to enhance the working conditions in our wine supply chains.

Promoting a safe and inclusive workplace

Without our valued employees, there would be no Anora. That is why we want to further boost wellbeing throughout our company, increase occupational health and safety standards across our entire operations and provide equal opportunities for professional development. We are also striving to promote a positive work-life balance, reduce work-related accidents and secure good working conditions throughout our supply chain. In addition, we remain very proud of our gender balance. In 2021, 39% (43%) of our employees and 40% (43%) of the Board of Directors were women. The participation of employees in company decision-making has increased in focus. Anora still has work to do to regarding gender balance for the executive management team. Currently, 29% of the management team are female.

We aim to ensure our employees are fairly treated through common and country-specific plans, indicators and monitoring. We have instructed our employees in the event of potential harassment, and we have a whistleblowing channel in place to report potential abuse.

Anora has a zero-tolerance policy towards discrimination and all forms of unlawful harassment. This zero-tolerance policy 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.

Anora has in place a Policy on Non-Harassment and a Policy on Anora Employee Alcohol Consumption, as well as various internal communications on other ethical matters.

Goals (Former Altia goals)	Status in 2021	Comments regarding 2021 situation, including Arcus
By 2030, Anora has zero absences due to injuries (LTIF = 0, 2018 baseline was 12)		**Former Altia:** We are progressing well towards the goal. LTIF was 5 in 2021. **Former Arcus:** LTIF was decreased and was 10.5 in 2021.
We will increase the number of safety observations annually by three observations per person (2018 baseline for Altia is 1.2 observation per person)		**Former Altia:** There were 2.6 observations per person in former Altia Industrial in 2021.
By 2030, Anora is among the top 25% companies in working life quality		**Former Altia:** Working life quality was not measured in 2021 due to the merger. The construction of the new company culture continues in 2022. A survey on remote working was conducted in 2021. The results indicated that remote work brought several benefits such as time-savings, freedom and flexibility.
By 2022, 100% of Anora's direct sourcing partners from risk countries are audited by amfori (2018 Altia's baseline is 87%)		2% of purchases are from risk countries. Audits have not been carried out due to COVID-19. The new audit plan will be done in 2022.

Goals are ex-Altia goals, but aligned with former Arcus sustainability work. New goals will be set in 2022.

On track Delayed Off target

" Without our valued employees, there would be no Anora. We are striving to promote a positive work-life balance."

Kirsi Lehtola, Chief HR Officer

The current Code of Conduct is available both internally and on the external website. An update to the Code of Conduct is currently being conducted, and there will also be other new ethical guidelines published that are currently under construction, including topics concerning diversity at Anora, for example. Anora also has various ethics-related e-trainings and has recently moved to a new platform to further develop these trainings and their effectiveness. In 2021, Anora's policy on anti-harassment was updated and is valid for all our operational countries. The purpose of the Anora Harassment Policy document is to define the rules and guidelines related to situations and conduct taken at the workplace.

One incident was reported through our whistleblowing channel in 2021. The case was more of a general note on certain general HR-related practices, not a singular incident. HR communicated to the whistleblower the company's stand on the issue and advised the whistleblower to address any concrete concerns with their manager.

Anora also wants to help build a more responsible drinking culture both internally and externally. We have defined a common policy that includes a joint commitment to responsible alcohol consumption, a list of situations in the workplace where tasting alcohol is part of certain work tasks (such as quality control) and have provided information on support in situations where there is reason to suspect alcohol abuse.

Occupational health and safety

Occupational health and safety 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 occupational health and safety (OHS) responsibilities very seriously. During 2021, the ongoing COVID-19 pandemic continued to have an impact on OHS and we worked closely with occupational healthcare professionals to help take the best possible care of the health of our employees throughout the year and through evolving circumstances. Our office employees moved to working remotely at varying times of year, and particularly the beginning and end months of the year, and our production facilities practiced safe distancing, enhanced hygiene awareness, and the use of masks. Our travel guidance prohibited all non-business-critical visits to both factories and headquarters during certain periods of the year and negotiations, teamwork sessions, and training were largely conducted remotely, although the negative impact of the pandemic-related disruption was not as pronounced as during 2020.

Remote work continued to pose challenges to our employees from a work management, workload and ergonomics perspective. Our employees were instructed to take low-threshold COVID-19 tests through occupational healthcare and to stay away from work if symptoms appeared. Yet despite the pandemic continuing in 2021, throughout former Altia's operations our sickness absence rate at 4% (4%) was at the same level as the previous year. According to a survey conducted among our employees, remote working was also felt to provide certain benefits: time savings, freedom and flexibility, although the benefits were not perceived to be as positive as those of the previous year.

Our main goal in OHS year-on-year has been to reduce accidents at work, and our goal is that by 2030 we will have zero absences (lost time incidence frequency or LTIF) due to accidents at work (LTIF = 0). Regarding former Altia's operations, our starting level in 2018 was LTIF = 15. At the Zero Accident Forum coordinated by the Finnish Institute of Occupational Health, based on 2020 data, we achieved level II, or "Towards the Top of the World", with an accident frequency of 9.4. When we started out in 2017, we were not yet able to reach any of the level's defined by the Forum. In 2021, we were aiming to improve our results toward our 2025 goal of level I (LTIF <5). For former Altia's operations, the LTIF at year end 2021 was 5 (9.4), a significant improvement compared to 2020. Total accidents in 2021 were 7 (10) across former Altia's operations, a considerable improvement as well compared to the previous reporting period. Most accidents in general occur at plants and are relatively minor, e.g., falling and tripping.

In former Arcus' operations, which include the logistics company Vectura, there were unfortunately 14 accidents in 2021. This was due to the increased volume of work and overtime, largely due to the impact of the COVID-19 pandemic, and limited working space. To rectify this, Anora will focus on improving safety at Vectura in particular in 2022. There were no fatal work-related accidents in 2021 (0) across Anora's entire operations.

The data tells us that we are moving in the right direction overall, and the more we talk about occupational safety issues, the more they will be on everyone's mind. We made improvements to our safety culture in 2021 and during 2022, Anora will set new and ambitious health and safety targets, enhance the sharing of best practices across our operations, implement common health and safety key performance indicators (KPIs) in all units, continue to make

CASE

Koskenkorva plant awarded for its efforts to promote occupational safety

Occupational safety is one of the most important areas of our sustainability work. Over the past years, we have invested strongly in enhancing the safety of our employees and improving our safety culture both within Anora as well as with our partners. In 2021, our efforts were recognised also internationally as the Starch Europe Safety Programme awarded our Koskenkorva plant in Finland with the Year Award for the 2020-2021 period.

The Starch Europe Safety Programme is supported by European starch producers, whose goal is to continuously improve safety practices and build safer working environments. It has rewarded the best performing EU starch factories for their efforts in reducing workplace accidents since 2014. During the assessed one-year period, we had zero employee lost workday cases involving days away from work at the Koskenkorva plant. Additionally, there were zero employee or non-employee workplace fatalities.

“We are proud of this recognition, and we will continue to further develop our safety measures at all of Anora’s sites. Going forward, our focus is on harmonising the working cultures, practices and targets of all our plants,“ says Jussi Nikula, Anora’s Health, Occupational Safety, Environment & Quality Manager.

risk assessments in all departments and harmonise safety visualisations at all sites. In addition, we believe that to achieve our goal and 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 2021 we collected approximately 2.6 (2.3) at Altia Industrial. The goal for 2025 is to record 3 observations per person across our entire operations.

Enhancing safety for our employees and subcontractors

Most of our accidents at work occur at our factories, so this is where we have focused our occupational safety improvements for both our own employees and external subcontractors. In former Altia’s operations in 2021, we enhanced the good work undertaken in 2020 and introduced minimum safety requirements, translated into all our languages, regarding, for example, the use of personal protective equipment, the handling of dangerous chemicals and working at heights. We have also invested in improving the safety image of our factories. We placed posters and safety signs on the doors of the production and logistics facilities, which indicate the safety equipment and supplies required in those facilities. We made orientation materials on safety and sustainability issues in Finnish and English for the use of our subcontractors. At our factories in Finland and Estonia, subcontractors must familiarise themselves with the material and test their knowledge before arriving at the factory.

In 2021, we continued running the Human Factor program workshops and training at the Rajamäki and Koskenkorva facilities. Following the successful pilot training for around 15 in-house trainers at the Rajamäki plant at the beginning of 2020, the program continued at the beginning of 2021, after which the in-house trainers were able to take things forward in small groups. The Human Factors workshop program started in 2019 and will continue throughout 2022. Human Factors is a program that studies the things that influence personal behaviour. If people, for example, are tired, stressed or have a large workload, these factors have a large influence on the root cause behind why people behave in certain ways. To that end, if we can understand peoples’ actions and decision-making, we can provide better training which will lead to better health and safety results and bring us closer to our ambition of achieving zero accidents by 2030. In 2021, about half of our Rajamäki employees were trained, but the remainder of the training was unfortunately postponed due to the ongoing disruptions caused by the pandemic. The training will continue from February 2022 onwards and the aim is that all employees across all operational countries will have taken the Human Factors training by the end of 2022.

Employee participation

Ahead of the official formation of Anora in autumn 2021, several employee-related initiatives were implemented in order to share information and better prepare employees for the upcoming changes. In September 2020, a first notice of the upcoming merger was published. In addition, in late 2020, a ‘Leading change’ transition assistance course began with around 100 managers throughout the two then separate companies, and this was further implemented throughout 2021. Issues related to leadership and especially company culture were areas where activities including a culture kick-off, survey, interviews and focus groups were initiated in early 2021. Also, prior to the merger, various information gathering exercises were undertaken, including surveys that focused on what employees saw as important to the merged companies going forward, as well as workshops where employee-related issues were discussed. The results of the surveys and workshops proved to be one of the highlights of the year from an employee perspective and helped Anora gain further clarity on common values and goals, and to deliver the framework and guiding principles to help build a strong culture.

The leadership of both companies prior to the merger were involved throughout the entire process, enabling managers to further understand what the merger would mean for both themselves and their teams. By reviewing the more technical implications of the merger, insights were gained into what the change would mean in practice for employees in different countries, units and departments. For employees, this led to an increased awareness of present and future events and their own individual roles in the company moving forward. Throughout the process, collective experiences were shared, regular townhall meetings held and an anonymous questionnaire set up, so employees could give feedback and ask questions. It is also notable that following the merger, employees have become more involved in people processes at Anora.

Employee changes

On 1 September 2021, Anora Group Plc became an official entity. At the end of December, the Group employed around 1 055 people. Of these employees, 393 (378) were in Finland, 159 (115) in Sweden, 21 (4) in Denmark, 365 (23) in Norway, 32 (34) in Latvia, 58 (58) in Estonia, 24 (25) in France and 3 (0) in Germany. The number of employees changed significantly in Q4 2021 due to the formation of Anora. After the merger in September, Anora initiated collaborative dialogues on organisational changes with employees and union representatives in Finland, Sweden, and Norway. The company offered versatile career opportunities to employees, and there were only minor reductions in the number of employees. Anora supported the affected employees by offering outplacement or training services. The new organisation started on 1 January 2022.

Most employees at Anora are covered by collective bargaining agreements, except in Latvia and Lithuania where collective bargaining agreements do not exist.

With regards to employee representation on the Board of Directors, in both Norway and Finland, the countries with the most Anora employees, employees voted which of their colleagues should represent them on the Board, as required by EU legislation. The two employee representatives have the same responsibility as other Board members, and it transpired that both chosen employee representatives are from a factory in each country.

We encourage employee development

Our people's development is an integral part of Anora's 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 wellbeing at work. Throughout Anora's Finland 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 potential annual bonus is based on both the Group's and its business units' targets, as well as on personal targets. Bonuses are paid as an annual bonus or sales bonus. Workers participate in a production bonus system. The production bonuses are based on the targets of each production unit. New Group-wide incentive schemes will be planned and implemented for 2022. Anora's CEO, the members of the Executive Management Team and selected key employees are part of a long-term incentive scheme.

> "The two employee representatives have the same responsibility as other Board members, and it transpired that both chosen employee representatives are from a factory in each country."

Inclusion and diversity

At Anora, we are focused on developing an organisational culture and local country conditions that ensure a diverse and inclusive workplace environment. To that end, we respect the privacy of our employees and promote equal opportunities and objectivity in employment and career development.

All Anora employees are treated as individuals regardless of gender, age, ethnic origin or nationality, and we welcome the talent of people with various skills and backgrounds to our team. Promoting diversity, gender equality and inclusion in the workplace is considered critical to our business success and helps contribute to varied points of view, thus enhancing decision-making and operational optimisation.

Our diversity and inclusion policies at Anora are based on EU-related legislation, we undertake extensive payroll benchmarking and payroll comparisons. Our recruitment practices are aware of the gender divisions. Following our merger in September 2021, our efforts in 2022 will be focused on continuously monitoring gender, age, employee background, seniority, and salary equality to enable the facilitation of fair treatment and equal opportunities at all career levels throughout all our countries of operation. Simultaneously, our ambition is to continuously develop new inclusion and gender initiatives and measures that will help further enhance a culture of diversity and equal opportunity at Anora.

Human rights in the supply chain

At Anora, all workers in our supply chain 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. Anora is a member of amfori BSCI and we have adopted amfori BSCIs Code of Conduct throughout our operations. The values and principles of the amfori BSCI Code of Conduct have a strong focus on working conditions and human rights. To ensure that all these principles are met, amfori BSCI 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[1].

We want to increase traceability and transparency of our products and raw materials in the supply chain and enhance the development of working conditions throughout the wine supply chain. In 2021, approximately 2% of our purchases from former Altia's operations were made from high-risk countries listed by BSCI. In addition to supporting working conditions through our membership in amfori and other platforms for sustainable sourcing, Anora has various projects that support and invest in local communities in our wine supply chain. Our goal is that by the end of 2022, our direct procurement partners in all high-risk countries will have amfori audits, with a starting level of 87% of risk country producers amfori audited in 2018. In 2021, we were not able to arrange audits in risk countries due to the COVID-19 pandemic and many audit cycles were therefore disrupted. In 2022, we are setting a new auditing plan for the merged company and hope to conduct audits again to get closer to our goal of having 100% of risk country suppliers audited by 2023. Throughout 2021, our wine company Vingruppen also worked in close collaboration with its partners to achieve a more sustainable value chain.

In Sweden, we use the sustainability platform Worldfavor to create traceability throughout our supply chain. Traceability gives us the opportunity to respect, prevent and address any risks and irregularities that we may identify in connection with working conditions, human rights, and environmental work. We follow Systembolaget's framework for sustainable sourcing as well as our own policy for sustainable sourcing, with both frameworks committed to human rights. All our producers and growers are subject to Systembolaget's' risk analysis. Results from the analysis allows us to see patterns in possible shortcomings at producer and grower levels. Through our systematic work with traceability and follow-ups we can conduct continuous improvements in our supply chain, identify problems, follow up on incidents and make targeted follow-up efforts such as reviews or audits.

With regards to vulnerable groups, certain countries and groups of people are more at risk for human rights issues than others. We use the sustainability platform

[1] The code is based, amongst other things, on international agreements on working conditions and human rights i.e., the UN Universal Declaration of Human Rights, as well as ILO (International Labour Organisation) Conventions on Fundamental Principles and Rights at Work.

CASE

Supply chain report on Italian wines reveals Anora partners in good standing

A human rights impact assessment (HRIA) of the Italian wine supply chain of Systembolaget, Sweden's state-owned alcohol monopoly, was conducted in tandem with Oxfam. The report assessed the labour implications of wine production in Italy. Anora's own partners were found to be in good standing, even though the study found significant challenges in general.

Covering four prominent wine regions in Italy, including Tuscany, Piemonte, Puglia and Sicily, the assessment set out to evaluate the actual and potential human rights impacts at the production stage, to identify their root causes, and to provide recommendations for prevention and remediation. The findings of the report show that a significant number of workers are acutely vulnerable to exploitation. The report further suggests that the export prices for Italian bulk wine are insufficient to cover the cost of hired labour, resulting in a high demand for cheap labour that is not easily achieved.

"One of our biggest wine partners participated in the report," notes Catarina Weckman, Sustainability Manager, Vingruppen i Norden, a subsidiary of Anora. "They reached out to Oxfam voluntarily to gain an unbiased assessment of their operations. The outcome was encouraging, as they received a positive analysis. Of the wine producers that were surveyed, none of our partners were linked to labour misconduct. Nonetheless, this is a proof that the wine industry needs to continue improving its supply chain."

Recognising that good partnerships are key to a successful business, Anora maintains close contact with its wine producers and closely follows the amfori BSCI Code of Conduct. In addition, in Sweden, partners and affiliate companies are regulated through Worldfavor, a sustainability management and reporting platform, to better achieve a fully sustainable supply chain.

to assess our supply chain. Furthermore, in terms of key human rights issues and due diligence and what Anora has done to protect human rights and remediate any violations, this varies depending on which country the wine is produced in. The risk analysis and the platform help us identify and protect human rights. We also follow our own guidelines for sustainable sourcing. We are member of amfori BSCI and have implemented and follow the amfori BSCI Code of Conduct. Our very close contact with producers also contributes to a sustainable workplace throughout our supply chain.

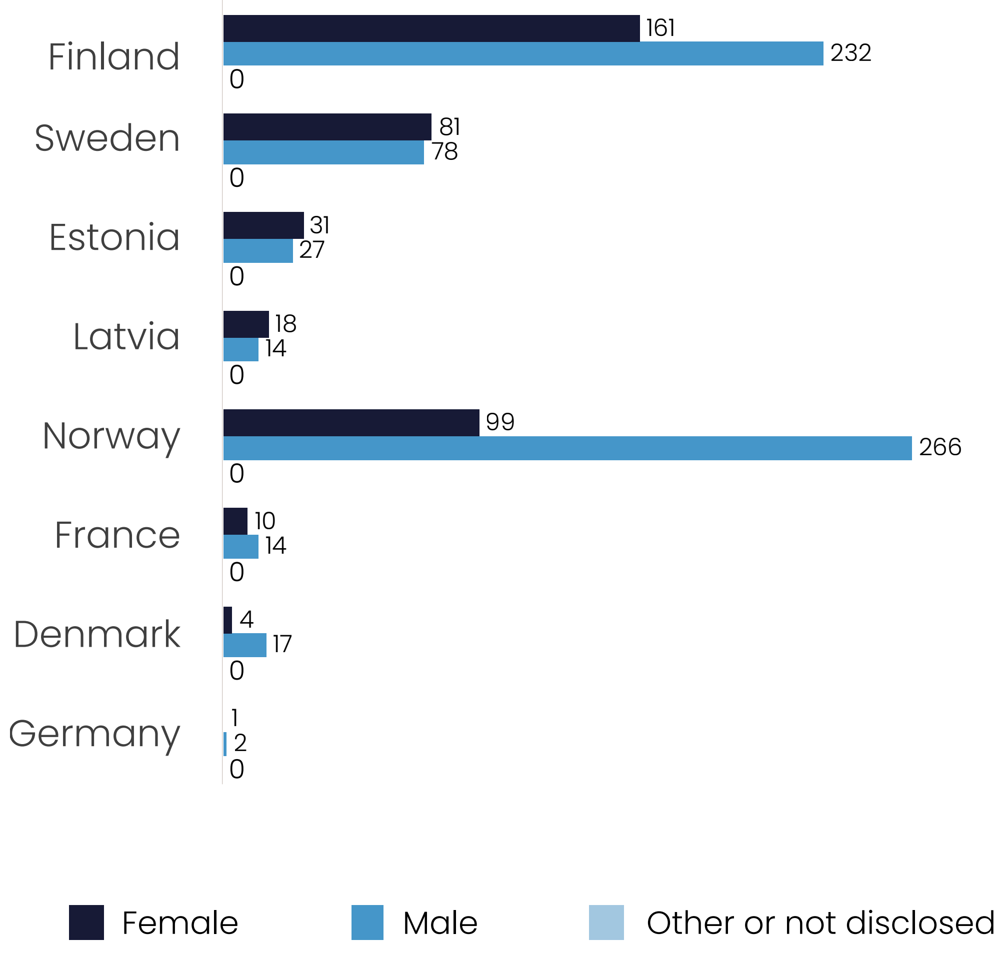
Regarding potential risks and challenges, it is clear that even though a considerable amount of work has been done to ensure that the Code is followed and that good working conditions are applied throughout the supply chain, there is always the risk that working conditions in a few local areas will be discovered to be sub-optimal. By continuing our sustainability work throughout our supply chain we stand the best chance to discover, prevent and address eventualities that violate human rights.

Certificates

Anora strictly adheres to multiple certification systems throughout its entire operations, including quality, environmental, occupational, and health and safety certificates.

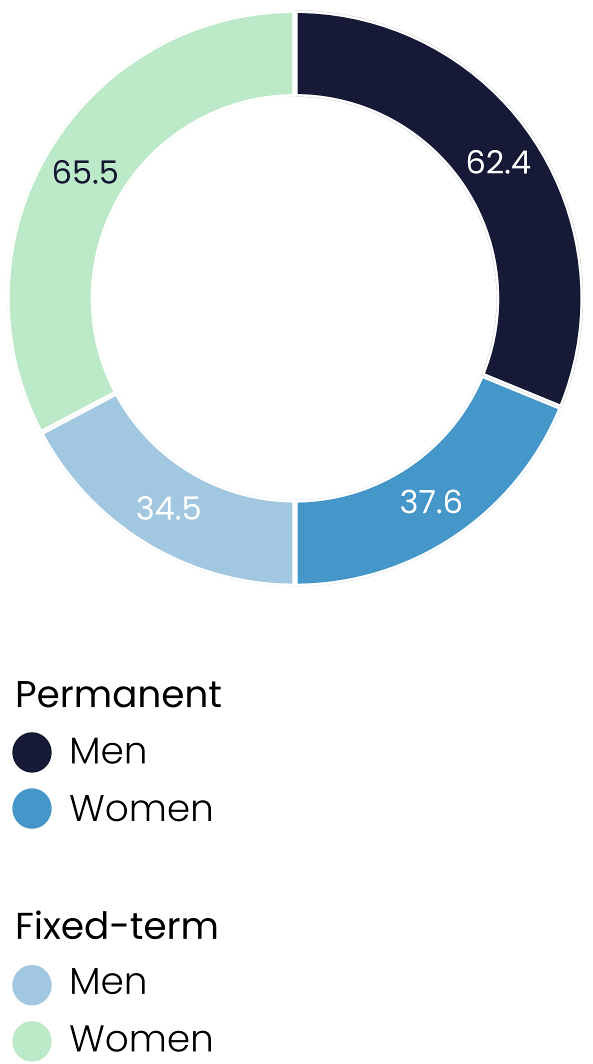
- **ISO 14001:2015 Environmental Management System standard;** the certification covers Anora's operations in Finland
- **ISO 9001:2015 Quality Management System:** the certification covers Anora's operations in Finland, the Gjelleråsen plant in Norway and the Tabasalu plant in Estonia
- **FSSC22000 v.5.1. Food Safety Management System:** the certification covers Anora's Rajamäki Beverage plant and was recently upgraded to more demanding v.5.1 certificate
- **ISO 45001:2018 Occupational Health and Safety Management System:** the certification covers Anora's operations in Finland.

Average number of personnel by country

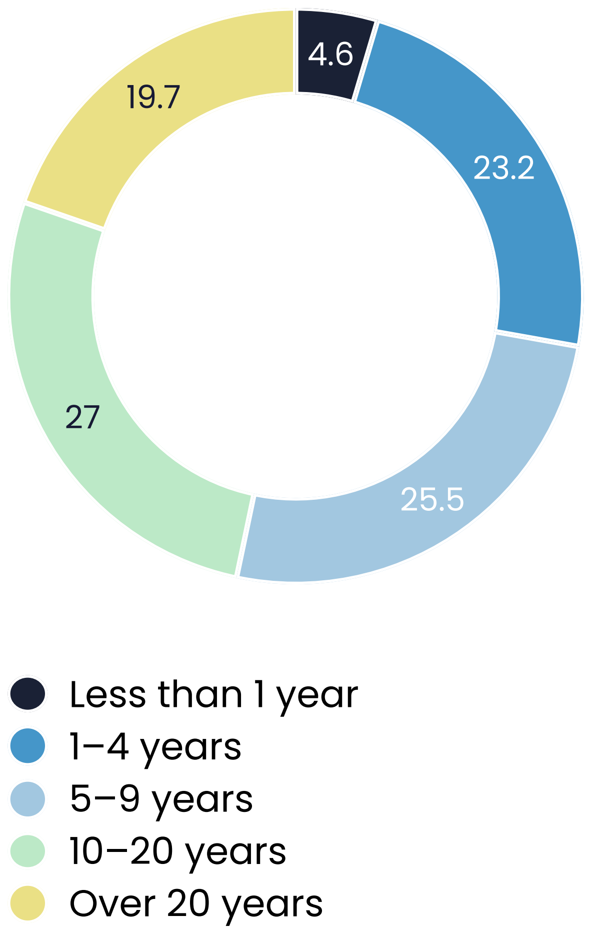


Average age of personnel: 41.3. years (Ex-Altia 2021)

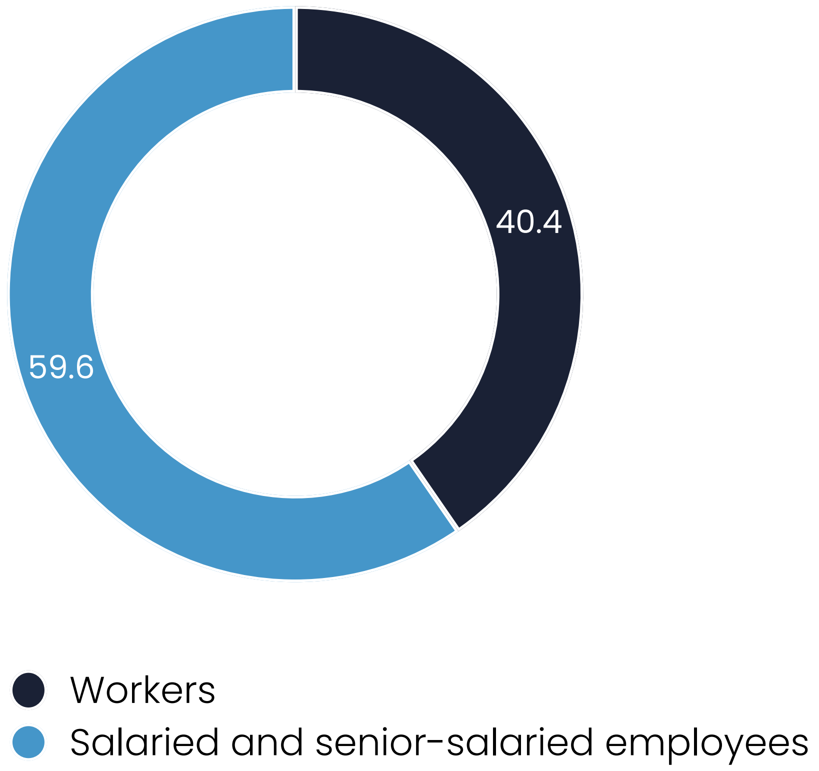
Type of employment 2021 %



Duration of employment %

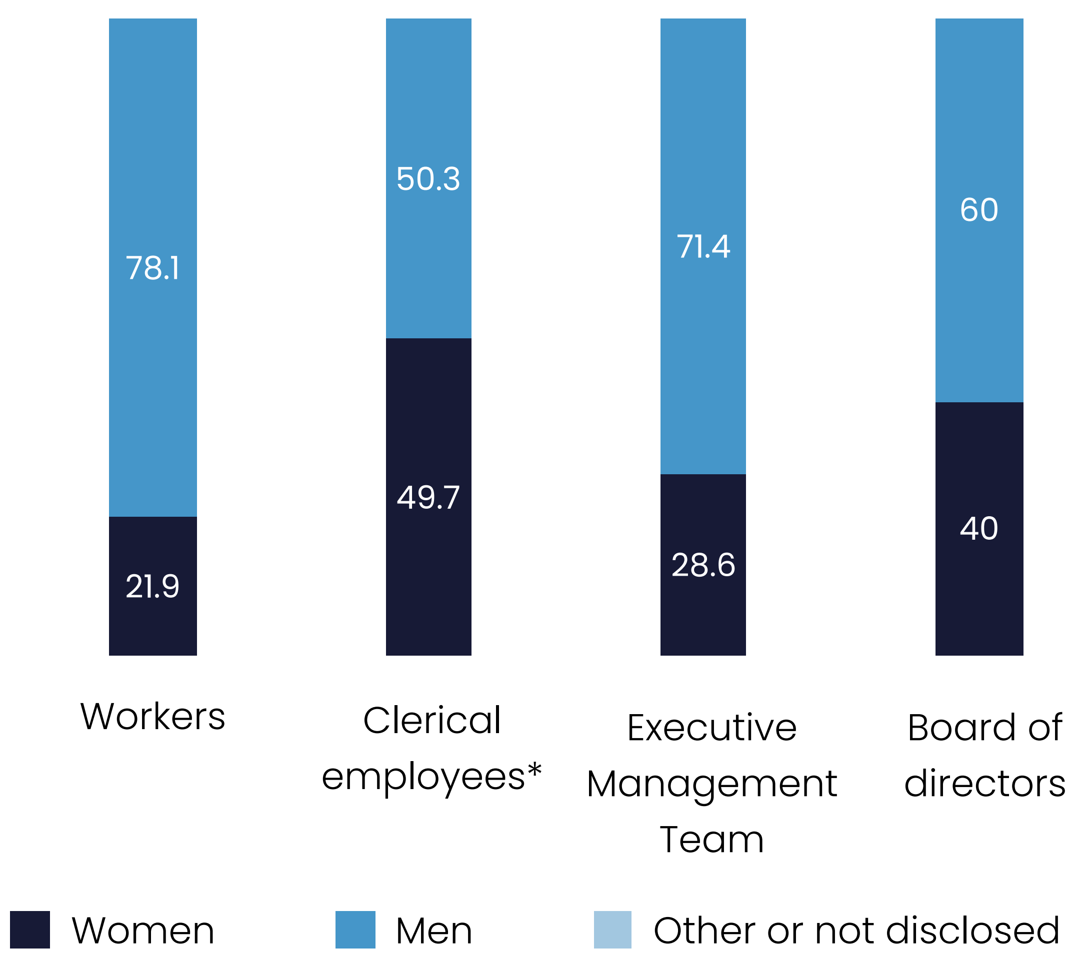


Personnel by group 2021 %



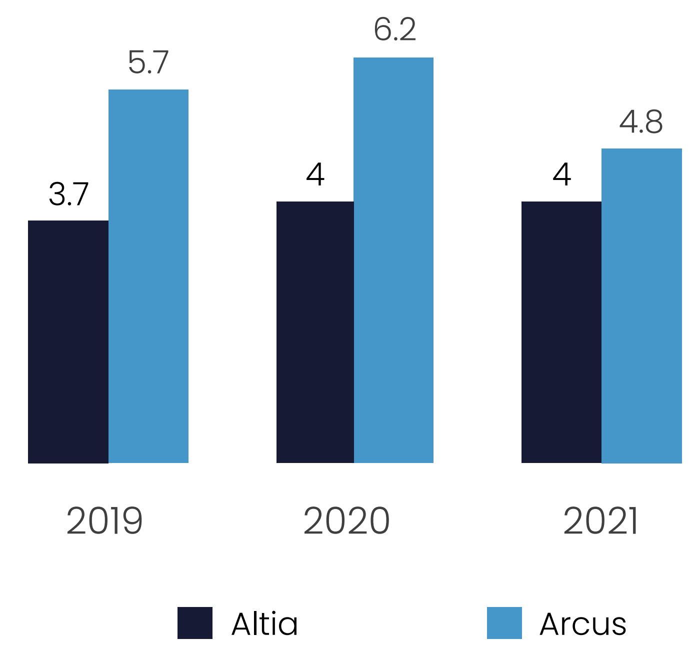
Situation at the end of the year

Gender distribution %



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

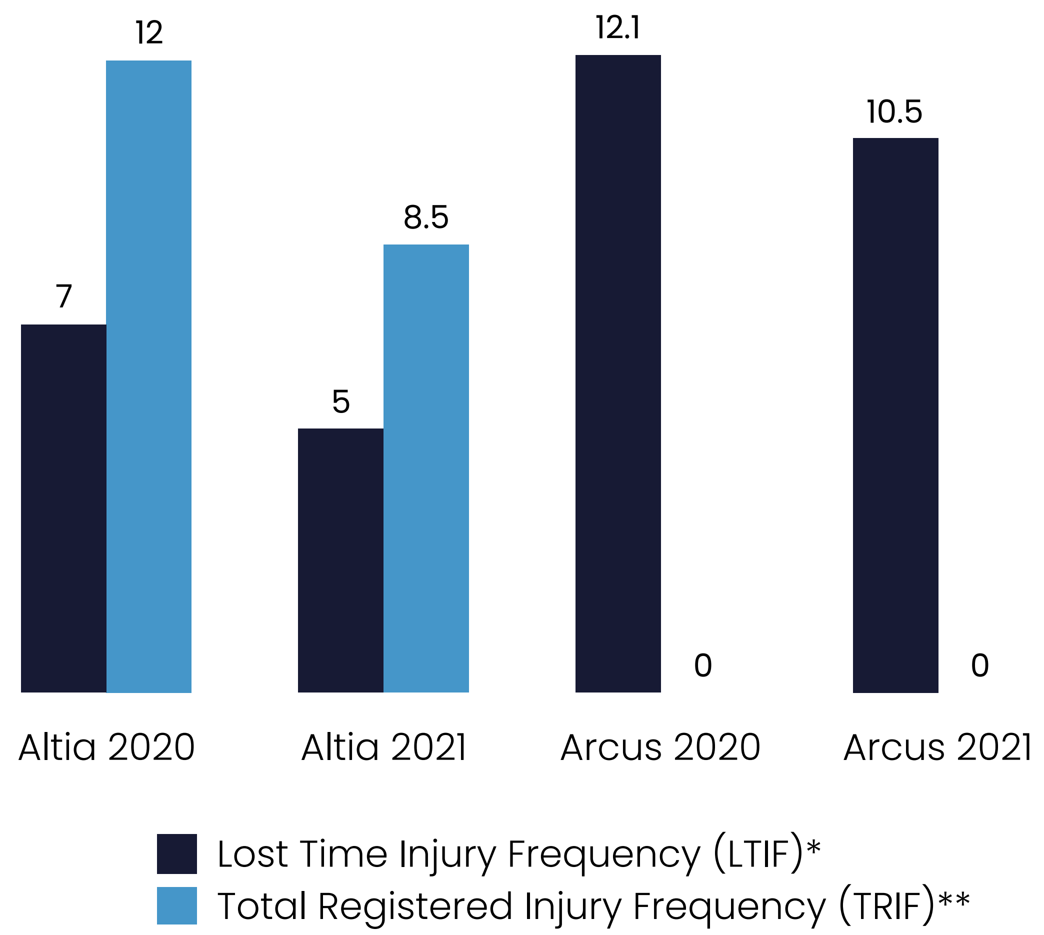
Sickness absences %



*Arcus figures include the former Arcus ASA in Norway. Data for all former Arcus countries is not reported.
**Altia figures include the whole former Altia Group.

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

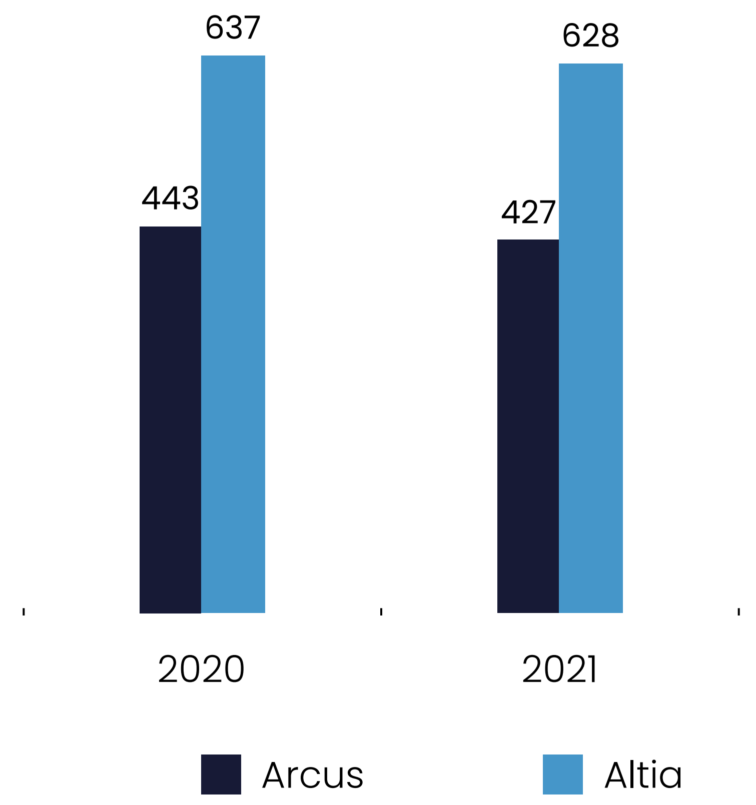
Accident absence rate %



*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.

Development of the number of personnel



Situation at the end of the year

Average age of personnel: XX years
Situation at the end of the year

Reporting framework

Description of reporting

Anora publishes its sustainability data for 2021 as part of the 2021 Annual Report, in the section on sustainability. This report is the recently formed company's first report. Former Altia has been reporting its sustainability data since 2008 and former Arcus since 2013. 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 2021 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 2021. Altia and Arcus were merged to form Anora on the 1 September 2022. We report full-year data for both companies. For the sake of clarity, data is mostly reported separately for the two former companies and this has been clearly marked in the report. Scopes and calculation principles for both former companies vary to some extent so comparison between the former two entities is not possible. Anora plans to review and align its data reporting during 2022.

Anora reports on its sustainability in accordance with the Core option of 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, 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. Former Altia 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 former Altia's own production. Scope 2 emissions are indirect emissions derived from energy bought from external sources and used in the company's operations. Former Arcus follows the same principle in reporting.

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

- **Steam:** local suppliers
- **Electricity:** Finland's Energy Authority
- **District heating:** local district heating suppliers
- **Natural gas:** 55.04 CO_2t/TJ
- **Liquid Petroleum Gas used for steam:** Conversion from LPG from the Directory of Environment of Norway

In addition to GHG emissions, Anora/former Altia 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 former Altia's and former Anora'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 content	Location	Comments
102: General disclosures (2016)			
Organizational profile			
102-1	Name of the organization	Cover page, p. 1	
102-2	Activities, brands, products, and services	This is Anora p. 2, Anora as a company, pp. 13-20	
102-3	Location of headquarters	GRI index	Kaapeliaukio 1, FI-00180 Helsinki, Finland
102-4	Location of operations	This is Anora p. 2	
102-5	Ownership and legal form	Corporate Governance Statement 2021, p. 94, Shares and shareholders, pp. 40-41	
102-6	Markets served	This is Anora p. 2, Operating environment pp. 19-20	
102-7	Scale of the organization	Financial highlights and key figures pp. 4-5, Report by the Board of Directors, p. 25, Financial Review, pp. 28-29, Safe and inclusive workplace, p. 86, Financial statements, pp. 114-117.	
102-8	Information on employees and other workers	Safe and inclusive workplace pp. 85-86, Report by the Board of Directors, p. 29	Figures are not disaggregated by gender or region. The number of temporary and part-time employees is not substantial, and part of the employees with temporary contracts are local summer interns at Rajamäki.
102-9	Supply chain	Operating environment, pp. 19-20, Report by the Board of Directors, pp. 25-27, Material flows, p. 70, Safe and inclusive workplace, pp. 83-84.	
102-10	Significant changes to the organization and its supply chain	Altia and Arcus merger, p. 9, CEO's review, pp. 10-11, Operating environment, pp. 19-20, Report by the Board of Directors 2021, pp. 26-27.	
102-11	Precautionary Principle or approach	Report by the Board of Directors, pp. 31-35, Risks and risk management, p. 42	
102-12	External initiatives	Sustainability pp. 50-52	
102-13	Membership of associations	Sustainability pp. 50-52	Altia companies in Finland, Sweden, Estonia and Latvia are members in local alcohol industry associations. Altia is also a member of BNIC, the cognac producer's association.
Strategy			
102-14	Statement from senior decision-maker	CEO's review pp. 10-11	
102-15	Key impacts, risks, and opportunities	Anora as a company, pp. 12-18, Operating environment, pp. 19-21, Risks and risk management pp. 42-44, Safe and inclusive workplace, pp. 83-84	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	CEO's review, pp. 10-11, Report by the Board of Directors, pp. 29, 33, Safe and inclusive workplace, pp. 77-83	
102-17	Mechanisms for advice and concerns about ethics	Report by the Board of Directors, pp. 34-35, Safe and inclusive workplace, p. 79	

Code	GRI content	Location	Comments
Governance			
102-18	Governance structure	Report by the Board of Directors, pp. 38-39, Corporate Governance Statement 2021, pp. 94-97	
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability, p. 49	
102-22	Composition of the highest governance body and its committees	Report by the Board of Directors, pp. 38-39, Corporate Governance Statement 2021, pp. 99-100	
102-23	Chair of the highest governance body	Corporate Governance Statement 2021, pp. 99-100	
102-24	Nominating and selecting the highest governance body	Corporate Governance Statement 2021, p. 94	
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Statement 2021, pp. 95-97	
102-32	Highest governance body's role in sustainability reporting	GRI index	The report is approved by the Board.
102-35	Remuneration policies	Report by the Board of Directors, pp. 101-102, Remuneration Report 2021, pp. 103-106, Financial Statements p. 167	
102-40	List of stakeholder groups	Sustainability pp. 50, 52	
102-41	Collective bargaining agreements	Safe and inclusive workplace p. 82	
102-42	Identifying and selecting stakeholders	Sustainability pp. 50, 52	
102-43	Approach to stakeholder engagement	Sustainability pp. 50, 52	
102-44	Key topics and concerns raised	Sustainability pp. 50, 52	Identifying the material areas for our stakeholders will be further revised and enhanced during H1 2022.
Reporting practice			
102-45	Entities included in the consolidated financial statements	Consolidation, pp. 156-160	
102-46	Defining report content and topic Boundaries	Sustainability, pp. 49-50, Reporting framework p. 87	
102-47	List of material topics	Sustainability, pp. 49-50	Following the official formation of Anora in September 2021, a new materiality assessment will be conducted during the spring of 2022 to help ascertain our new sustainability strategy for the Group.
102-48	Restatements of information	GRI index	No restatements in 2021.
102-49	Changes in reporting	Sustainability, p. 49, Reporting framework, p. 87	
102-50	Reporting period	Reporting framework p. 87	
102-51	Date of most recent report	GRI index	25-Feb-21
102-52	Reporting cycle	Reporting framework p. 87	
102-53	Contact point for questions regarding the report	Contact information, back cover	
102-54	Claims of reporting in accordance with the GRI Standards	Reporting framework p. 87	This report has been prepared in accordance with GRI Standards: Core option.
102-55	GRI content index	GRI index, pp. 88-92	
102-56	External assurance	Reporting framework p. 87	The report has not been externally assured.

Code	GRI content	Location	Comments
103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	Sustainability, p. 49, Carbon Neutral Production, p. 55, Climate-smart packaging, p. 65, Responsible Drinking and Tax Strategy, p. 72, Safe and inclusive workplace, p. 78	
103-2	The management approach and its components	Report by the Board of Directors, pp. 30-35, Carbon Neutral Production, pp. 54-62, Climate-smart packaging, pp. 64-69, Responsible Drinking and Tax Strategy, pp. 71-76, Safe and inclusive workplace, pp. 77-84	
103-3	Evaluation of the management approach	Report by the Board of Directors, pp. 30-35, Sustainability pp. 49-50, 52	
200: Economic Standards			
201: Economic performance (2016)			
201-1	Direct economic value generated and distributed	Anora's year 2021, pp. 4-5, Report by the Board of Directors, pp. 25, 28-29, Responsible Drinking and Tax Strategy, p. 76, Financial Statements, pp. 114-117, 123-125	
205: Anti-corruption (2016)			
205-2	Communication and training about anti-corruption policies and procedures	Report by the Board of Directors, p. 35, Safe and inclusive workplace, pp. 83-84	All Anora business partners sign the Anora Supplier Code of Conduct and the amfori BSCI Code of Conduct as part of their agreement. Both include anti-corruption clauses.
205-3	Confirmed incidents of corruption and actions taken	Report by the Board of Directors, p. 35	No incidents in 2021.
207: Tax (2019)			
207-1	Approach to tax	Responsible Drinking and Tax Strategy pp. 75-76	
207-2	Tax governance, control, and risk management	Responsible Drinking and Tax Strategy pp. 75-76	
207-3	Stakeholder engagement and management of concerns related to tax	Responsible Drinking and Tax Strategy pp. 75-76	
207-4	Country-by-country reporting	Responsible Drinking and Tax Strategy pp. 75-76	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.
300: Environmental Standards			
GRI 301: Materials (2016)			
301-1	Materials used by weight or volume	ESG key figures, p. 23, Carbon Neutral Production, pp. 60, 63, Climate-smart packaging, p. 66	Not divided into non-renewable and renewable material.
301-2	Recycled input materials used	Climate-smart packaging, pp. 66-69	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	Carbon Neutral Production pp. 63	
302-4	Reduction of energy consumption	Report by the Board of Directors, p. 31, Carbon Neutral Production pp. 59, 60-63	

Code	GRI content	Location	Comments
GRI 303: Water and effluents (2018)			
303-1	Interactions with water as a shared resource	Carbon Neutral Production pp. 62	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, Carbon Neutral Production pp. 59, 62-63	
303-5	Water consumption	ESG key figures, p. 23, Carbon Neutral Production pp. 59, 62-63	
GRI 305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	Carbon Neutral Production pp. 60-63	
305-2	Energy indirect (Scope 2) GHG emissions	Carbon Neutral Production pp. 60-63	
305-4	GHG emissions intensity	Carbon Neutral Production pp. 59	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Carbon Neutral Production p. 63	In addition to GHG emissions, Anora reports its VOC emissions and particle emissions. Anora operations generate no other air emissions.
GRI 306: Waste (2020)			
306-1	Waste generation and significant waste-related impacts	Carbon Neutral Production p. 58	
306-2	Management of significant waste-related impacts	Carbon Neutral Production p. 58	
306-3	Waste generated	Carbon Neutral Production p. 63	Waste disposal disaggregated where applicable.
306-5	Waste directed to disposal	Carbon Neutral Production p. 63	Anora reports the total amounts of hazardous, recycled, incinerated and landfill waste.
GRI 307: Environmental compliance (2016)			
307-1	Non-compliance with environmental laws and regulations	GRI index	During the reporting period, no consequences were imposed on Anora for violations of permit limits or environmental laws and regulations.
GRI 308: Supplier environmental assessment (2016)			
308-2	Negative environmental impacts in the supply chain and actions taken	Safe and inclusive workplace, pp. 83-83	Anora uses the amfori BSCI framework to enhance social and environmental responsibility throughout our supply chain.
400: Social Standards			
GRI 403: Occupational health and safety (2018)			
403-1	Occupational health and safety management system	Report by the Board of Directors, p. 33, Safe and inclusive workplace pp. 80-81	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. 33, 42, Safe and inclusive workplace pp. 79-81	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	Safe and inclusive workplace p. 80	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.

Code	GRI content	Location	Comments
403-4	Worker participation, consultation, and communication on occupational health and safety	Safe and inclusive workplace pp. 81-82	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	Safe and inclusive workplace pp. 79-81	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. 33, Safe and inclusive workplace pp. 79-81	
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, Safe and inclusive workplace pp. 79-81	
403-9	Work-related injuries	ESG key figures, p. 23, Report by the Board of Directors, pp. 33, Safe and inclusive workplace p. 77, 79-81, 86	The most common work-related injuries include slipping, wounds and contusions. Anora injury reporting covers all employees, workers and those working on Anora premises who are not Anora employees.
GRI 404: Training and education (2016)			
404-1	Average hours of training per year per employee	GRI index	Systematic gathering of information for the whole group has been in place since 2017. Based on employees' own reports, average training amounted to XX hours per employee in 2021.
404-2	Programs for upgrading employee skills and transition assistance programs	Report by the Board of Directors, p. 33, Safe and inclusive workplace pp. 81-82	
404-3	Percentage of employees receiving regular performance and career development reviews	GRI index	All permanent employees receive regular performance and career development reviews.
GRI 405: Diversity and equal opportunity (2016)			
405-1	Diversity of governance bodies and employees	ESG key figures, p. 23, Safe and inclusive workplace pp. 77, 79, 82-83, 86, Corporate Governance Statement, p. 100	Figures not disaggregared by age group.
GRI 414: Supplier social assessment (2016)			
414-2	Negative social impacts in the supply chain and actions taken	Report by the Board of Directors, p. 34, Safe and inclusive workplace pp. 77, 83-84	Anora uses the amfori BSCI framework to enhance social and environmental responsibility throughout our supply chain and frequently monitors the responsibility policies and practices of its supply chain by sending out a CSR questionnaire to its own suppliers.
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, p. 32	No incidents in 2021.
GRI 417: Marketing and labelling (2016)			
417-3	Incidents of non-compliance concerning marketing communications	GRI index	No incidents in 2021.

Governance

Corporate governance statement 2021

This Corporate Governance Statement of Anora Group Plc is issued for the financial year 2021.

The merger of Altia Plc and Arcus ASA was completed on 1 September 2021. In the statutory cross-border absorption merger Arcus ASA was merged into Altia Plc and was dissolved, and Altia Plc changed its name to Anora Group Plc.

Anora Group Plc is listed on the Official List of Nasdaq Helsinki. Anora Group's head office is located in Helsinki, Finland.

The duties and responsibilities of Anora Group Plc's ("Anora" or the "company") governing bodies are determined by Finnish law as well as Anora's Articles of Association approved by the General Meeting of Shareholders and 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.

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 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 have 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. 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's 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 the 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.

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 do not release information on their term, composition, number of meetings or the members' attendance rates, unless separately decided by the Board.

Accordingly, the Board of Directors established before the completion of the merger of Altia and Arcus a temporary Merger Integration Planning Committee. The purpose and duty of the Committee was to assist the Board and management in the planning of a successful integration in the merger of Altia and Arcus. The sole permanent member of the Committee was the Chairman of the Board, who called on other members of the Board to participate in the work of the Committee, as well as representatives of the management as experts in their respective field of expertise and responsibility. The work of the Committee has ended with the completion of the merger and the full Board of Directors now oversee the integration work and synergy follow-up.

Moreover, the Board of Directors have after the completion of the merger established a temporary Strategy Committee. The purpose and duty of the Strategy Committee is to assist the Board and management in the preparation of a new strategy for the Anora Group after the closing of the merger. The Stratgey Committee consists of the Chairman and Vice-Chairman of 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, and monitor the effectiveness of internal controls, internal audit and risk management systems. 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's 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 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 the 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 matters and Group business plans.

Control

Internal Audit

The appointment of BDO as the Internal Auditor of Anora Group ended in 2021. The Board of Directors have appointed Deloitte Oy as the company's internal auditor as of 2022. Due to the numerous due diligence processes and reviews carried out in connection with the merger, no internal audits were carried out in 2021.

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.

External Audit

According to the Articles of Association, the 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.

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.

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 Chapter 8, section 1a 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 the 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 Group Treasury 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 2021

Annual General Meeting

Anora's (at the time Altia Plc) Annual General Meeting (the "AGM") was held in Helsinki on 19 March 2021. Due to the Covid-19 pandemic, the AGM was arranged using extraordinary meeting procedures pursuant to temporary legislation. 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 2020. The members of the Board of Directors and the CEO were discharged from liability for the financial year 2020. 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 0.35 per share for the financial year 2020. The dividend was paid on 23 March 2020. The AGM further decided to renew the Board of Directors' authorisation granted by Altia Plc's Extraordinary General Meeting held on 12 November 2020 to resolve on the payment of an extra dividend, in one or several instalments, in the maximum total amount of EUR 0.40 per share (representing approximately EUR 14.5 million) to the shareholders of Altia Plc prior to the registration of the execution of the merger between Altia Plc and Arcus ASA. The extra dividend of EUR 0.40 was paid on 3 September 2021 in connection with the execution of the merger.

The decisions taken by the Annual General Meeting 2021 are available at www.anora.com

Completion of the Merger of Altia Plc and Arcus ASA

On 1 September 2021, the merger of Altia Plc and Arcus ASA, which was approved by the Extraordinary General Meetings of both companies on 12 November 2020, was executed after all conditions for completion having been fulfilled and obtained, including regualtory approvals and competition clearances by the Finnish, Norwegian and Swedish competition authorities. In the statutory cross-border absorption merger Arcus ASA was merged into Altia Plc and was dissolved, and Altia Plc changed its name to Anora Group Plc. Altia Plc's company name was changed to Anora Group Plc.

The Board of Directors

The Annual General Meeting held on 19 March 2021 elected the following seven members to the Board of Directors:

- Ms Sanna Suvanto-Harsaae, chairman, b. 1966, B.Sc. (Business Administration)
- Mr Jyrk Mäki-Kala, vice chairman b. 1961, M.Sc. (Econ.), CFO
- Mr Jukka Leinonen, b. 1962, M.Sc. (Electrical Engineering), CEO
- Ms Tiina Lencioni, b. 1971, Master of Laws (LL.M.) 2.Staatsexamen/Assessor iuris. (Germany), General Counsel
- Mr Jukka Ohtola, b.1967, M.Sc. (Econ.), CEFA, Ministerial Adviser
- Ms Anette Rosengren, b. 1966, B.Sc. (Marketing & Marketing Management), Managing Director
- Mr Torsten Steenholt, b. 1969, M.Sc. (Pharmacy), M.Sc. (Chemical Research), Master Brewer, EVP

The term for the above members of the Board of Directors elected by the AGM 2021 ended on the closing date of the merger of Altia Plc and Arcus ASA, on 1 September 2021.

As of 1 September 2021, the shareholder elected eight members of Board of Directors of Anora are:

- 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)
- Ms Sinikka Mustakari, b. 1979, M. Sc. Econ
- Mr Jyrk Mäki-Kala, b. 1961, M.Sc. (Econ.), CFO
- Mr Nils Selte, b. 1965, M.Sc. (Econ.)
- Mr Torsten Steenholt, b. 1969, M.Sc. (Pharmacy), M.Sc. (Chemical Research), Master Brewer, EVP

In addition to the above Board members elected at the Extraordinary General Meeting held on 12 November 2020 for a term commencing on the closing date of the merger on 1 September 2021 and expiring at the end of the Annual General Meeting of 2022, 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 the Anora Group. Furthermore, all members of the Board of Directors, with the exception of Nils Selte, are independent of the company's significant shareholders. Nils Selte is the CEO of Canica AS.

The Board of Directors of Anora convened thirteen times in 2021, with an average attendance rate of 96%.

Audit Committee

The members of the Audit Committee of the Board of Directors were until 1 September 2021:

- Mr Jyrki Mäki-Kala, chairman
- Ms Tiina Lencioni,
- Mr Torsten Steenholt, and
- Ms Sanna Suvanto-Harsaae.

As of 1 September, the memebers of the Audit Committee are:

- Mr Jyrki Mäki-Kala, chairman,
- Ms Ingeborg Flønes,
- Mr Nils Selte, and
- Ms Sanna Suvanto-Harsaae.

In 2021, the Audit Committee convened ten times, with an average attendance rate of 95%.

Human Resources Committee

The members of the Human Resources Committee of the Board of Directors were until 1 September 2021:

- Ms Sanna Suvanto-Harsaae, chairman
- Mr Jukka Leinonen, and
- Mr Jukka Ohtola

As of 1 September 2021, the memebers of the Human Resoutces Committee are

- Mr Michael Holm Johansen, chairman
- Ms Kirsten Ægidius
- Ms Sinikka Mustakari, and
- Mr Torsten Steenholt

In 2021, the Human Resources Committee convened four times and the average attendance rate of the Committee's members was 100%.

Diversity of the Board of Directors

In 2021, the Board of Directors of Anora consisted of ten memebers, 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 2021, the gender distribution in the Board of Directors continued to be balanced with four women and six men. Four out of eight members elected by the shareholders are female. In terms of age, the members of the Board of Directors are between 38 and 65 years of age. The members of the Board of Directors have served on the Board of Directors since 2013, 2017, 2020 and 2021.

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 2021 AND ATTENDANCE RATES:

		Board	Audit Committee	Human Resources Committee
Michael Holm Johansen	(as of 1 September 2021)	4/4		1/1
Sanna Suvanto-Harsaae		13/13	10/10	3/3
Kirsten Ægidius	(as of 1 September 2021)	4/4		1/1
Ingeborg Flønes	(as of 1 September 2021)	4/4	4/4	
Jukka Leinonen	(until 1 September 2021)	9/9		3/3
Sinikka Mustakari	(as of 1 September 2021)	4/4		1/1
Tiina Lencioni	(until 1 September 2021)	7/9	5/6	
Jukka Ohtola	(until 1 September 2021)	9/9		3/3
Anette Rosengren	(until 1 September 2021)	9/9		
Jyrki Mäki-Kala		13/13	10/10	
Nils Selte	(as of 1 September 2021)	3/4	3/4	
Torsten Steenholt		12/13	6/6	1/1
Arne Larsen	(as of 3 September 2021)	4/4		
Jussi Mikkola	(as of 22 September 2021)	3/3		

Executive Management Team

Until 1 September 2021, the Executive Management Team of the Company comprised the following members:

- Mr Pekka Tennilä, CEO, b. 1969, M. Sc. (Business Management)
- Mr Janne Halttunen, SVP Scandinavia, b. 1970, M. Sc. (Business Administration)
- Mr Kari Kilpinen, SVP Finland & Exports, b. 1963, MBA, Bachelor of Hospitality Management
- Ms Kirsi Lehtola, SVP Human Resources, b. 1963, Master of Laws
- Ms Kirsi Puntila, SVP Marketing, b. 1970, M.Sc. (Economics)
- Mr Hannu Tuominen, SVP Altia Industrial, b. 1958, M.Sc. (Eng.) Juhana Jokinen acted as interim CFO.

Juhana Jokinen acted as interim CFO.

As of 1 September 2021, the members of the Executive Managemen Team of Anora are:

- 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 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 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 2020 was adopted by the Annual General Meeting 2021.

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") as of the copletion of the merger. The Board of Directors of Anora submitted on 25 November 2021 an application for the delisting of Anora's shares on the Oslo Stock Exchange. Upon Anora's application, the Oslo Stock Exchange decided on 1 December 2021 that the shares in Anora were to be delisted from the Oslo Stock Exchange as of 3 January 2022. The last day of trading on the Oslo Stock Exchange was 30 December 2021. At the end of 2021, 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 2021, are presented in the following table.

MANAGEMENTS' SHAREHOLDINGS

		# of shares on 31 Dec 2021
Pekka Tennilä	CEO	32 604
Sigmund Toth	CFO	14 057
Janne Halttunen	SVP, Wines	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		**0.21%**
Anora total # of shares		67 553 624

BOARD OF DIRECTORS' SHAREHOLDINGS

		# of shares on 31 Dec 2021
Michael Holm Johansen	Chairman	80 000
Sanna Suvanto-Harsaae	Vice Chairman	3 908
Kirsten Ægidius	Member	2 440
Ingeborg Flønes	Member	1 900
Sinikka Mustakari	Member	-
Jyrki Mäki-Kala	Member	1 232
Nils Selte*)	Member	30 000
Torsten Steenholt	Member	5 000
Arne Larsen	Member	-
Jussi Mikkola	Member	100
Total		**124 580**
% of total shares		**0.18%**
*) through controlled corporation Nian AS		
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 8 December 2021, 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 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 2021 totaled EUR 0.3 million. In addition, EUR 0.2 million was paid for non-audit services provided to Anora Group companies mainly related to services in connection with the merger of Altia and Arcus.

Remuneration report 2021

Dear Shareholder

The year 2021 was an exceptional year not only due to the continuation of COVID-19 pandemic and its impact on Anora's business environment, but also due to the succesful closing of the merger between Altia and Arcus on 1 September 2021. This created Anora as a leading Nordic wine and spirits brand house. Due to the process of the competition authorities, the closing of the merger was eventually delayed to the second half of the year. Anora's employees and management have done outstanding work and shown great leadership, commitment and resilience to ensure excellent performance while the integration has proceeded according to plan.

A significant part of our employees participate in Anora's short-term incentive plan. In the annual short-term incentive plan the potential reward is based on both the Group's and its business units' financial results as well as individual performance targets. For those who do not participate in the Anora's short-term incentive scheme, we offer sales bonus schemes or production bonus schemes, where the targets are also linked to financial and sales performance. Safety and well-being of our personnel is in the core of our corporate responsibility, and we aim to reach zero accidents by 2030. This is the reason why safety performance indicators are included in the CEO's and top management's as well as in industrial operations' performance targets. The financial development of the company has been good, and we are pleased that this is also visible in the employees' rewards.

Going forward, the strong pay-for-performance principles of Anora will continue for all levels of the organisation. Our performance targets for the short-term are linked to Anora's financial results, delivering the synergies of the merger and strategy execution.

In 2021, the Board of Directors decided to reward the CEO and certain key leaders with a one-time Retention Incentive. The programme covered the closing and post-closing phase of the combination of Altia and Arcus. The objective of the programme was to retain and motivate key leaders over the closing and post-closing period and secure management continuity. The CEO and key employees have performed well during the transition period to enabling a good start for Anora's new organisation.

Altia's CEO Pekka Tennilä continues to lead Anora. The Board of Directors regularly reviews market benchmark data for executive remuneration to determine the right compensation level and structure for the CEO. The CEO's remuneration package is aligned with our pay-for-performance principle. In 2021 55% of CEO's remuneration was based on variable pay in short-term incentive programs. CEO's high variable pay is based on strong leadership and exceptional execution in the merger project.

Michael Holm Johansen
Chairman of the Human Resources Committee

1. Introduction

This Remuneration Report follows the guidelines of the Corporate Governance Code 2020. The remuneration paid or due to the Board members and the Chief Executive Officer ("CEO") for the year 2021 is in line with the Remuneration Policy of the Governing Bodies of Anora Group Plc ("Anora" or the "Company") adopted at the Annual General Meeting ("AGM") 2020. The materialized remuneration of the Board members and the CEO in 2021 reflects the targets of the remuneration principles which Anora has set with its Remuneration Policy.

Remuneration paid or due to the Board members and the CEO for year 2021 promotes the long-term financial performance and success of Anora as described below.

The purpose of the total compensation of the Board members, consisting of term of office fees and meeting fees, is to sufficiently compensate for the time commitment required for the Board Members' contribution to the Board's work and for the associated responsibility. The remuneration should be competitive enough to attract and retain high-caliber individuals qualified to serve as Board members. This enables the Board to set Anora's strategy and long-term targets and to monitor their implementation. By contributing to the achievement of Anora's strategic targets, the principles for Board remuneration contribute to Anora's long-term financial performance and success.

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 of Anora 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. The strategy and development phase of the Company are considered when determining the CEO's remuneration.

Our comparable EBITDA in 2021 improved from the previous years and was EUR 71.7 million, which equals a comparable EBITDA margin of 15.0%. Arcus has been consolidated to Anora as of 1 September 2021, having a positive impact of EUR 19.8 million on comparable EBITDA. CEO's total remuneration development correlates with improved company performance as illustrated below. The achievement of STI performance measures in 2021, due to be paid in 2022 is illustrated in section 3.

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.

DEVELOPMENT OF TOTAL REMUNERATION AND FINANCIAL DEVELOPMENT OVER THE PAST THREE YEARS

EUR	2021	2020	2019
Comparable EBITDA (EURm)[1]	71.7	52.4	44.8
Board of Directors	368 000	358 725	279 450
CEO	872 031	573 679	337 737
Employees' average remuneration[2]	64 791	57 796	49 688

[1] Based on Anora Group information of 2021, including former Arcus data from September-December 2021.
[2] Employees' average remuneration is total employee remuneration divided by the average number of personnel during the year.

2. Fees of the Board of Directors

Anora's Annual General Meeting 2021 decided based on the proposal by the Shareholders' Nomination Board that the remuneration to the members of the Board of Directors during the next term consists of a monthly term of office fee as follows:

- EUR 4 000 per month, chairman
- EUR 2 500 per month, vice Chairman
- EUR 2 000 per month, member

In addition to the monthly fee, the Board members receive a meeting fee for the Board of Directors and Board Committee meetings of EUR 600 per meeting for Board members residing in Finland and EUR 1 200 per meeting for Board members residing abroad. Travel expenses are reimbursed in accordance with the company's travel policy.

The above decision regarding the remuneration of the members of the Board of Directors concerned the term of office of the Board of Directors of Anora that ended on the closing date of the merger of Altia Plc and Arcus ASA on 1 September 2021.

The Extraordinary General Meeting of Anora on 12 November 2020 decided based on the proposal by the Shareholders' Nomination Board that the remuneration paid to the members of the Board of Directors from the closing date of the merger of Arcus ASA into Altia Plc, i.e., from 1 September 2021 onwards consisted of monthly fees as follows: EUR 4 000 per month for the Chairman, EUR 2 500 per month for the Vice Chairman and EUR 2 000 per month for the members. In addition to the monthly fee, the Board members receive meeting fees as described above.

The Board Members elected by the General Meeting of Shareholders are as a main rule not employed by the Company or any company belonging to its group. Thus, these Board Members are not eligible for any employment related salaries or pension schemes.

In order to safeguard the Board Members' independence in the performance of their duties, the non-executive Board Members do not participate in the same incentive schemes as the executive management and other personnel of the Company. Similarly, subject to as in each case decided by the AGM, there shall be no variable remuneration paid to the Board Members or any performance-based compensation. Meeting fees are regarded as variable remuneration. The fees paid to the Board members are presented in the table below.

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 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.

REMUNERATION AND MEETING FEES OF THE BOARD OF DIRECTORS PAID IN 2021

	2021			
	Term of office fees	Board meeting fees[1]	Committee meeting fees[1]	Total
Board Members of the combined company from 1 September 2021 onwards				
Michael Holm, Chairman	16 000	4 800	1 200	**22 000**
Sanna Suvanto-Harsaae, Vice Chairman	42 000	15 600	43 200	**100 800**
Jyrki Mäki-Kala, Member	28 000	7 800	5 400	**41 200**
Torsten Steenholt, Member	24 000	14 400	7 200	**45 600**
Kristen Ægidus, Member	8 000	4 800	1 200	**14 000**
Ingeborg Flønes, Member	8 000	4 800	4 800	**17 600**
Nils Selte, Member	8 000	3 600	3 600	**15 200**
Sinikka Mustakari, Member	8 000	2 400	600	**11 000**
Arne Larsen, Member		3 000		**3 000**
Jussi Mikkola, Member		1 800		**1 800**
Board Members before the closing date of the merger of Altia Plc and Arcus ASA on 1 September 2021				
Tiina Lencioni, Member	16 000	4 200	2 400	**22 600**
Jukka Ohtola, Member	16 000	5 400	1 800	**23 200**
Anette Rosengren, Member	16 000	10 800	-	**26 800**
Jukka Leinonen, Member	16 000	5 400	1 800	**23 200**

[1] Meeting fees have been entered in the table on the year when they have been paid.

There is no remuneration due to be paid to the Board members based on the year 2021.

3. Remuneration of the CEO

The remuneration of the CEO consists of fixed base salary, benefits and an annually determined short-term incentive plan. In addition, the CEO participated in the long-term incentive arrangement of the Company consisting of individual performance share plans.

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 August 2021 and the performance 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). The reward earned based on Performance Share Plan 2019-2021 was paid in cash in January 2022 and reward earned based on Performance Share Plan 2020-2022 will be paid in cash in April 2022.

REMUNERATION OF THE CEO PAID IN 2021

EUR	2021
Fixed base salary and benefits	376 747
Fringe benefits	18 248
Short-term incentives[1]	145 037
Retention Incentive Program[2]	331 999
Long-term incentives	–
Total remuneration	**872 031**
Share of fixed pay of total remuneration	**45%**
Share of variable pay of total remuneration	**55%**

[1] Paid short-term incentive is based on performance during the previous year.
[2] Reward based on Retention Incentive Program that covers the closing- and post-closing phase of the combination of Altia Plc and Arcus ASA.

The Board of Directors has established a Retention Incentive Programme that covers the closing- and post-closing phase of the combination of Altia and Arcus. The CEO participated in this incentive program and his earning opportunity was 70% of gross annual fixed salary. The objective of the programme was to retain and motivate important key personnel and experts over closing and post-closing time of the merger and thereby secure management continuity. The incentive consists of one-time incentive cash payment which was paid after the expiry of a three-month period after the official closing of the transaction (due date), provided that the participant had not resigned or provided notice of termination of employment or service contract prior to the due date.

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, and his pension is in accordance with the Employees' Pensions Act. 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.

Variable Remuneration of the CEO not yet paid but due based on the year 2021

The CEO's maximum earning opportunity in the short-term incentive plan for 2021 is 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 of gross annual fixed salary, in total amounting to EUR 221 856.

In the Performance Share Plan 2019-2021 ("PSP 2019-2021"), which was prematurely terminated in August 2021 due to the merger of Altia Plc and Arcus ASA, the performance measures were relative total shareholder return (60% weight) and earnings per share ("EPS") (40% weight) and 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"), which was prematurely terminated in August 2021 due to the merger of Altia Plc and Arcus ASA, performance measures were relative total shareholder return (40% weight) and earnings per share ("EPS") (60% weight) and 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 will be paid in cash on 14 April 2022.

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 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:
- Reckitt, General Manager (2004–2008)
- Synoptik Marketing and Business Development Director (2001–2004)
- Procter & Gamble, European Marketing Manager (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

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 of Arcus ASA until 2021
- Member of the Human Resources Committee

Shareholding: 2 440 Anora shares

* Change in 2022

Main work experience:
- Chief Commercial Officer, Harboes Bryggeri AS (2018-2019)
- Senior Vice President, Hilding Anders International AB (2016-2017)
- Regional Vice President EMEA North & Managing Director Weber Stephen Nordic, Weber Stephen Nordic (2014-2015)

Key positions of trust:
- Director, Arcus ASA

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:
- Member of the Board, Fjordland AS

Sinikka Mustakari

Member of the Board of Directors
b. 1979, M. Sc. Econ

Independent of the company and the shareholders

- Member of the Board of Directors since 2021
- Member of the Human Resources Committee

Shareholding: -

Main work experience:
- Government Ownership Steering Department, Ministerial Adviser, Financial Affairs, 2019–
- Government Ownership Steering Department, Senior Financial Specialist, 2012–2019
- Government Ownership Steering Department, Financial Specialist, 2007–2012

Key positions of trust:
- Member of the Board of Directors, Arctia Oy
- Member of the Board of Directors, Nordic Morning Group Oyj

Jyrki Mäki-Kala

Member of the Board of Directors
b.1961, M.Sc. (Econ.)

CFO, Neste Oyj

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:
- Kemira Oyj, CFO (2008–2013)
- Kemira Pulp and Paper, Director, VP and President positions (2005–2007)
- Nokia Chemicals/Finnish Chemicals Oy, various Director and VP positions (1988–2005)

Key positions of trust:
- Ilmarinen Mutual Pension Insurance, Member of the Supervisory Board

* Change in 2022

Nils Selte

Member of the Board of Directors
b. 1965, M.Sc. (Econ.)

CEO, Canica

Independent of the company, not 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: 30 000 Anora shares*

Main work experience:
- CFO, Canica (2006–2014)
- CEO, Canica (2001–2006)
- SVP Finance/Group Treasurer, ICA Ahold AB (1999–2001)

Key positions of trust:
- Member of the board, Orkla ASA
- Chairman of the Board of Komplett ASA
- Chairman of the Board and Member of the Board in several Canica group companies

* Ownership through controlled corporation Nian AS

Torsten Steenholt

Member of the Board of Directors
b. 1969, M.Sc. (Pharmacy), M.Sc. (Chemical Research), Master Brewer

Chr. Hansen, EVP, Global Operations

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:
- Chr. Hansen, SVP Global Product Supply (2012–2017)
- Carlsberg Group, Vice Presiden Supply Chain (2009–2012)
- Unicer, Chief Operations Officer (COO) (2007–2009)
- Carlsberg UK Ltd, Brewery Director (2003–2007)

Key positions of trust:
- CO-RO A/S, Member of the Board
- Gram Equipment A/S, Member of the Board of Directors
- Chr. Hansen A/S, Vice Chairman of the Board of Directors

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:
- Vinmonopolet AS and Arcus AS, operator in botteling plant 1986-1993
- Vinmonopolet AS and Arcus AS, Cooper trainee and skilled Cooper 1993–
- Elected Leader of International commeette, LO Oslo 2018–2020
- Vinmonopolet AS, worker at bottling plant 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, A-Pullo Oy (2003–2012)
- Team Leader, Altia & Anora (2012–)

Key positions of trust:
- Safety Representative, Anora
- Chief Shop Steward, Anora
- Secretary at local union branch

Deputy
Laura Koivisto

Executive Management Team

At year-end unless otherwise stated

Pekka Tennilä

CEO
b. 1969, M. Sc. in International Marketing

Shareholding: 32 604 Anora shares

Main work experience:
CEO of Altia since 2014, member of Altia's Executive Management Team since 2014, joined Altia in 2014.

Before joining Altia, he served as the Chief Executive Officer, Baltics at Carlsberg Group, and has held other managerial positions at Carlsberg Group, Kellogg Company and Leaf Confectionary.

Key positions of trust:
- Member of the Board of Raisio Plc
- Member of the Board of Finnish Food and Drink Industries' Federation (ETL)

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.

Kirsi Lehtola

Chief HR Officer (CHRO)
b. 1963, Master of Laws

Shareholding: 5 100 Anora shares

Main work experience:
SVP, HR at Altia since 2016, member of Altia's Executive Management Team since 2016, joined Altia 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:
- Member at Labour Advisory Committee at Forest Industry Federation 2008–2013

Janne Halttunen

SVP, Wine
b. 1970, M. Sc. Business Administration

Shareholding: 9 300 Anora shares

Main work experience:
SVP, Scandinavia at Altia since 2017, member of Altia's Executive Management Team since 2015, joined Altia in 2009.

He joined Altia 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 Altia since 2016, member of Altia's Executive Management Team since 2016, joined Altia 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:
- Board member of Neova Oy

Hannu Tuominen

SVP, Industrial
b. 1958, M.Sc. (Eng.)

Shareholding: 9 600 Anora shares

Main work experience:
SVP, Altia Industrial (previously Industrial Services and Supply Chain) since 2009, member of Altia's Executive Management Team since 2008, joined Altia in 2008.

He served as an Interim CEO of Altia from November 2013 to May 2014. Previously he served as Production Director at Vaisala Corporation and Division Director in 1992–2007. In addition, he has held several managerial positions at Fiskars Oyj.

Key positions of trust:
- Board member of Roal Oy
- Board member of Vectura AS

Financial Statements

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CONSOLIDATED INCOME STATEMENT

EUR million	Note	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
NET SALES	1.1.	478.2	342.4
Other operating income	1.3.	10.5	6.2
Materials and services	1.4.	-266.1	-192.5
Employee benefit expenses	1.5.	-69.6	-49.1
Other operating expenses	1.6.	-90.2	-66.6
Depreciation, amortisation and impairment	1.7.	-20.5	-17.4
OPERATING RESULT		**42.4**	**22.9**
Finance income	3.1.	1.2	0.2
Finance expenses	3.1.	-6.7	-3.1
Share of profit in associates and joint ventures and income from interests in joint operations		1.7	1.2
RESULT BEFORE TAXES		**38.6**	**21.3**
Income tax expense	6.1.	-7.4	-3.5
RESULT FOR THE PERIOD		**31.2**	**17.8**
Result for the period attributable to:			
Owners of the parent		31.0	17.8
Non-controlling interests		0.1	-
Earnings per share for the result attributable to owners of the parent, EUR			
Basic and diluted	3.4.	0.67	0.49

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Result for the period		31.2	17.8
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		-0.2	0.2
Related income tax	6.1.	0.0	-0.0
Total		**-0.1**	**0.2**
Items that may be reclassified to profit or loss			
Cash flow hedges		3.2	0.2
Financial assets at fair value through other comprehensive income		2.5	-
Translation differences	3.4.	5.6	1.8
Income tax related to these items	6.1.	-0.7	-0.0
Total		**10.7**	**2.0**
Other comprehensive income for the period, net of tax		10.6	2.2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**41.8**	**20.0**
Total comprehensive income attributable to:			
Owners of the parent		41.6	20.0
Non-controlling interests		0.1	-

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

EUR million	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Goodwill	2.1.	277.8	81.4
Other intangible assets	2.1.	196.7	20.7
Property, plant and equipment	2.2.	71.3	58.9
Right-of-use assets	2.3.	125.7	10.2
Investments in associates, joint ventures and interests in joint operations	5.4.	16.3	9.1
Financial assets at fair value through other comprehensive income	3.2.1.	0.7	1.4
Other receivables	3.2.1.	0.1	-
Deferred tax assets	6.1.	1.8	1.4
Total non-current assets		**690.3**	**183.2**
Current assets			
Inventories	2.4.	139.7	92.3
Contract assets	2.5.	0.2	0.2
Trade and other receivables	2.6.	232.8	46.8
Current tax assets		1.3	2.4
Cash and cash equivalents	3.2.1.	168.9	130.7
Total current assets		**543.0**	**272.3**
TOTAL ASSETS		**1 233.3**	**455.6**

EUR million	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent	3.4.		
Share capital		61.5	60.5
Invested unrestricted equity fund		336.8	1.2
Fair value reserve		0.0	0.6
Legal reserve		0.4	0.1
Hedge reserve		1.7	-0.9
Translation differences		-15.0	-20.5
Retained earnings		121.6	115.3
Equity attributable to owners of the parent		**507.0**	**156.3**
Non-controlling interests		**0.9**	**-**
Total equity		**507.9**	**156.3**
Non-current liabilities			
Deferred tax liabilities	6.1.	48.4	16.8
Borrowings	3.2.2.	136.1	69.6
Non-current liabilities at fair value through profit or loss		1.3	-
Lease liabilities	3.2.2.	120.8	7.0
Other liabilities		0.0	-
Employee benefit obligations	2.7.	3.0	1.1
Total non-current liabilities		**309.6**	**94.5**
Current liabilities			
Borrowings	3.2.2.	26.5	46.5
Lease liabilities	3.2.2.	11.6	3.7
Trade and other payables	2.8.	374.4	152.6
Contract liabilities	2.5.	0.4	0.5
Current tax liabilities		2.8	1.5
Total current liabilities		**415.7**	**204.8**
Total liabilities		**725.4**	**299.2**
TOTAL EQUITY AND LIABILITIES		**1 233.3**	**455.6**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	1 Jan-31 Dec 2021	1 Jan-31 Dec 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Result before taxes		38.6	21.3
Adjustments			
Depreciation, amortisation and impairment	1.7.	20.5	17.4
Share of profit in associates and joint ventures and income from investments in joint operations	5.4.	-1.7	-1.2
Net gain on sale of non-current assets	1.3.	-3.8	-0.0
Finance income and costs	3.1.	5.5	2.9
Other adjustments		0.1	0.4
Adjustments total		20.6	19.4
Change in working capital			
Change in inventories, increase (-) / decrease (+)		9.6	0.2
Change in contract assets, trade and other receivables, increase (-) / decrease (+)		-64.8	7.7
Change in contract liabilities, trade and other payables, increase (+) / decrease (-)		55.9	16.8
Change in working capital		0.7	24.7
Interest paid	3.1.	-3.7	-1.6
Interest received	3.1.	0.3	0.1
Other finance income and expenses paid	3.1.	-1.6	-1.4
Income taxes paid	6.1.	-4.1	-6.4
Financial items and taxes		-9.1	-9.3
NET CASH FLOW FROM OPERATING ACTIVITIES		**50.8**	**56.1**

EUR million	Note	1 Jan-31 Dec 2021	1 Jan-31 Dec 2020
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment and intangible assets	2.1., 2.2.	-5.4	-7.0
Proceeds from sale of property, plant and equipment and intangible assets	1.3.	0.2	0.3
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.	0.2	0.2
NET CASH FLOW FROM INVESTING ACTIVITIES		**15.9**	**-5.6**
CASH FLOW FROM FINANCING ACTIVITIES			
Changes in commercial paper program		-20.0	40.0
Repayment of borrowings	3.2.2.	-6.6	-6.5
Repayment of lease liabilities	3.2.2.	-6.2	-3.7
Dividends paid and other distributions of profits	3.4.	-27.1	-15.2
NET CASH FLOW FROM FINANCING ACTIVITIES		**-59.9**	**14.6**
CHANGE IN CASH AND CASH EQUIVALENTS		**6.8**	**65.1**
Cash and cash equivalents at the beginning of the period		130.7	64.2
Cash and cash equivalents received in merger		33.2	-
Translation differences on cash and cash equivalents		-1.7	1.4
Change in cash and cash equivalents		6.8	65.1
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3.2.3.	**168.9**	**130.7**

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 2020		**60.5**	**1.2**	**0.6**	**0.1**	**-1.0**	**-22.1**	**111.9**	**151.2**	**–**	**151.2**
Total comprehensive income											
Result for the period		–	–	–	–	–	–	17.8	17.8	–	17.8
Other comprehensive income (net of tax)											
Cash flow hedges		–	–	–	–	0.2	–	–	0.2	–	0.2
Translation differences	3.4.	–	–	–	–	–	1.6	0.3	1.8	–	1.8
Remeasurements of post-employment benefit obligations	2.7.	–	–	–	–	–	–	0.2	0.2	–	0.2
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**0.2**	**1.6**	**18.3**	**20.0**	**–**	**20.0**
Transactions with owners											
Dividend distribution		–	–	–	–	–	–	-15.2	-15.2	–	-15.2
Share based payment		–	–	–	–	–	–	0.3	0.3	–	0.3
Total transactions with owners		**–**	**–**	**–**	**–**	**–**	**–**	**-14.9**	**-14.9**	**–**	**-14.9**
EQUITY AT 31 DECEMBER 2020		**60.5**	**1.2**	**0.6**	**0.1**	**-0.9**	**-20.5**	**115.3**	**156.3**	**–**	**156.3**
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**

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 9 March 2022. 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 2021 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 2021. Notes to the consolidated financial statements also comply with the requirements of the Finnish Accounting Act and Limited Liability Companies Act.

New and amended standards applied in 2021 and future periods are described in Note 6.5.

The consolidated financial statements for the year ended 31 December 2021 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 thousand, 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. In the consolidated financial statements, the merger has been accounted for as a business combination using the acquisition method with Altia determined as the acquirer of Arcus. The consolidated financial statements include Arcus's income statement from 1st of September onwards. Therefore the historical financial information of Altia does not give a comparable base for financial information of the present combined company. More information of the merger is disclosed in note 5.2. Changes in Group structure.

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 (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.

Impacts of COVID-19

COVID-19 may impact Anora's financial position in many ways and increase the uncertainty related to the values of its assets. Due to this Anora has assessed the impact of the pandemic on its financial position and has considered the values of assets and liabilities that include critical accounting estimates and require management judgement. The identified and expected effects have been taken into consideration in the reported figures and in the forecasts requiring management judgement.

Alnora has carried out annual impairment tests for goodwill and for trademarks on 31 October 2021. The impact of the COVID-19 has been taken into account in forecasted profitability together with other assumptions used for impairment testing or for evaluating the amortization periods of the intangible assets. On the basis of the impairment calculations, there has been no need for impairment of goodwill for any CGU or for trademarks. (See note 2.1.)

The value of inventory is monitored on a regular basis also for slow moving items. COVID-19 has not had a material impact on the value of inventory. (See note 2.4.)

The credit risk of trade receivables and the amount of expected credit losses has been analysed at the end of December 2021. Overdue receivables have been assessed on a customer level and expected default rates have been taken into consideration in the valuation. Based on the review no material adverse impacts on the value of trade receivables have been identified. (See note 2.6.)

Financial risks

Anora Group reviewed its financial risks more thoroughly in 2021 due to COVID-19.

The management has analysed the credit risks of trade receivables and the loss allowance for trade receivables. According to management the loss allowances are sufficient based on the following. The significant portion of the sales of Finland and Exports, Scandinavia and Arcus are for monopoly channels. Trade receivables to Finnish and Swedish monopolies are sold and are derecognized from the balance sheet as the contractual rights and all the related substantial risks have been transferred outside the Group. The payment behavior of Industrial segment's customers has not changed due to COVID-19. Historically the amount of overdue trade receivables has been low and the amount of overdue receivables has not materially increased due to COVID-19. The overdue receivables have been assessed on customer level. After the reporting period, there have been no indications that loss allowances at the reporting period were not sufficient.

The management has analyzed that the liquidity risk has not increased significantly based on the following reasons. The reported net debt at 31.12.2021 was EUR 126.0 million and cash and cash equivalents EUR 168.9 million. Group's liquidity position has been strong throughout the year due to positive development of operational cash flow. Group also has a EUR 60 million unused revolving credit facility, EUR 10 million and NOK 800 million overdraft facilities. Group has fulfilled its covenants determined in the Group's loan terms.

1. Operating result

Net sales	Arcus has been consolidated to Anora as of 1 September 2021	Comparable EBITDA
478.2 EUR million		**71.7** 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 and exchange rate differences relating to sales.

Typical contracts with customers include a sale of goods to a customer with only one performance obligation. 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 sales of logistic services also comprise several service elements and the revenue is recognised at given point in time when fulfilment of the related delivery obligations has taken place, which correspond to the date of fulfilment of the delivery obligations.

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 amount of excise tax deducted from sales revenue is significant. The amounts of sales including tax and excise taxes are presented below:

EUR million	2021	2020
Sales revenues deducted with revenue adjustments	1 076.6	805.0
Excise tax	−598.4	-462.6
Net sales	**478.2**	**342.4**
Tax share of sales revenues, %	55.6%	57.5%

1.2. SEGMENT INFORMATION

Description of segments and principal activities

The reportable segments of Anora in these consolidated financial statements consist of: Finland & Exports, Scandinavia, Altia Industrial and Arcus. As the merger was completed 1 of September 2021 and the new operating model of Anora has not yet been implemented, Arcus is reported as one segment.

Finland & Exports and Scandinavia segments comprise importing, sale and marketing of wine, spirits and other beverage product categories. Within the Finland & Exports segment the Company operates in Finland, the Baltics and travel retail channels and conducts exports. Scandinavia segment represents the Company's operations in Sweden, Norway and Denmark. Altia Industrial segment comprises the Company's production of ethanol, starch and feed as well as contract services. The Arcus segment comprises former Arcus Wine, Spirits and Logistics (Vectura) business areas. Spirits and Wine handle product development, imports, sales and marketing respectively. All production of spirits, and bottling of wine and spirits, are part of the Spirits business area. Vectura handles distribution in Norway and offers distribution services to producers, agents and importers of wine, spirits, beer, and other beverages. Arcus has been consolidated to Anora as of 1 September 2021.

The Board of Directors of Anora has been determined as the Company's current chief operative decision maker, and the reportable segments are based on the former Altia'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 an internal measure of a comparable EBITDA derived as follows:

- Net sales and direct segment expenses reported within the Comparable EBITDA segment profit measure are measured on an accrual basis 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 "Unallocated and adjustments" and can result in either incurred overruns or savings compared to budgeted amounts. All of these variances are not allocated to the segments for internal reporting purposes.
- The unallocated and adjustments column represents in addition to the budget variances, certain unallocated headquarter costs.

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 2021						
EUR million	Finland & Exports	Scandinavia	Altia Industrial	Arcus	Unallocated and adjustments	Group
Net sales, total	123.0	130.5	147.5	115.9		516.8
Net sales, Internal	-0.4	-0.7	-37.4	-0.0		-38.6
Net sales, external	**122.5**	**129.8**	**110.0**	**115.8**		**478.2**
Comparable EBITDA	21.0	15.8	14.2	19.8	0.9	71.7
Items affecting comparability[1]						-8.8
EBITDA						**62.9**
Depreciation, amortisation and impairment						-20.5
OPERATING RESULT						**42.4**

1 Jan - 31 Dec 2020					
EUR million	Finland & Exports	Scandinavia	Altia Industrial	Unallocated and adjustments	Group
Net sales, total	117.7	124.4	143.1		385.3
Net sales, Internal	-0.5	-0.5	-41.9		-42.9
Net sales, external	**117.2**	**123.9**	**101.2**		**342.4**
Comparable EBITDA	19.8	14.2	17.9	0.5	52.4
Items affecting comparability[1]					-12.1
EBITDA					**40.3**
Depreciation, amortisation and impairment					-17.4
OPERATING RESULT					**22.9**

[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 location of Anora entity for the years ended 31 December 2021 and 2020 were as follows:

EUR million	2021	2020
Finland	214.5	193.5
Sweden	138.7	97.7
Norway	85.3	25.5
Estonia	10.3	9.1
Latvia	10.7	10.8
Denmark	8.3	0.3
Other countries	10.3	5.5
NET SALES, TOTAL	**478.2**	**342.4**

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 84.3 million (2020: EUR 81.3 million) of which EUR 77.3 million in Finland & Exports segment and EUR 7.0 million in Arcus. The total net sales from Vinmonopolet were EUR 65.8 million (2020: EUR 23.4 million) of which EUR 26.7 million in Scandinavia segment and EUR 39.1 million in Arcus. The total net sales from Systembolaget were around EUR 115.1million (2020: EUR 86.2 million) of which EUR 85.9 million in Scandinavia and EUR 29.2 million in Arcus. In Anora's Industrial segment, net sales of EUR 36.4 million (2020: EUR 27.9 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 2021 or 2020.

Net sales by product category

Net sales broken down by product category for the years ended 31 December 2021 and 2020 were as follows:

EUR million	2021	2020
Spirits		
Spirits - Altia	129.0	119.1
Spirits - Arcus	39.3	-
Wine		
Wine - Altia	119.5	119.5
Wine - Arcus	64.0	-
Other beverages	3.8	2.5
Industrial products and services	110.0	101.2
Logistics (Arcus)	12.6	
NET SALES BY PRODUCT CATEGORY, TOTAL	**478.2**	**342.4**

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 2021 and 2020 were as follows:

EUR million	2021	2020
Finland	105.1	107.7
Sweden	52.8	47.0
Norway	408.3	0.2
Estonia	2.1	2.3
Latvia	0.4	0.2
Denmark	94.5	5.2
Other countries	8.3	8.8
NON-CURRENT ASSETS BY GEOGRAPHY, TOTAL	**671.4**	**171.3**

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	2021	2020
Gains on sale of property, plant and equipment and intangible assets	3.7	0.0
Rental income	1.8	1.4
Income from sale of energy, water, steam and carbon dioxide	3.4	3.3
Other income	1.6	1.5
TOTAL	**10.5**	**6.2**

Assets classified for assets held for sale during the reporting period were sold to Galatea Ab and the proceeds from the sale were EUR 3.7 million.

1.4. MATERIALS AND SERVICES

EUR million	2021	2020
Raw materials, consumables and goods		
Purchases during the period	250.7	190.5
Change in inventories	15.7	-0.2
Scrapping and obsolescence and revaluation	-2.1	0.6
External services	1.8	1.6
TOTAL	**266.1**	**192.5**

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	2021	2020
Wages and salaries	52.6	38.1
Pension expenses		
Defined contribution plans	7.4	5.9
Defined benefit plans	0.0	-
Share -based payments	1.6	0.3
Other social expenses	7.9	4.7
TOTAL	**69.6**	**49.1**

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 4.3 million (2020: EUR 5.7 million) in the form of cash bonuses. Employee benefit expenses include personnel related restructuring costs of EUR 0.5 million (2020: EUR 0.3 million).

Average number of personnel during the period	2021	2020
Workers	315	256
Clerical employees	484	394
TOTAL	**799**	**650**

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	2021	2020
Losses on sales and disposals of property, plant and equipment and intangible assets	0.0	0.1
Short term, low value and variable lease payments	1.6	1.4
Marketing expenses	18.4	9.3
Travel and representation expenses	2.0	0.9
Outsourcing services	17.1	16.0
Repair and maintenance expenses	8.6	7.0
Cars and transport services	3.2	0.0
Energy expenses	8.3	7.4
IT expenses	8.9	6.3
Variable sales expenses	13.1	11.4
Other expenses	9.0	6.7
TOTAL	**90.2**	**66.6**

Auditor's fees included in other operating expenses	2021	2020
Audit fees	0.5	0.3
Tax consultation	-	-
Other fees	0.2	0.3
TOTAL	**0.6**	**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. Non-audit fees to PricewaterhouseCoopers Oy in 2020 amounted to EUR 0.8 million of which EUR 0.5 million related to the issuance and listing of the Altia-Arcus merger consideration and are recognised directly to equity in 2021.

1.7. DEPRECIATION, AMORTISATION AND IMPAIRMENT

Depreciation and amortisation by asset categories is as follows:

EUR million	2021	2020
Amortisation on intangible assets		
Trademarks	3.7	3.7
Software and other intangible assets	2.1	2.2
Total amortisation on intangible assets	**5.9**	**5.9**
Depreciation on property, plant and equipment		
Buildings	2.8	3.2
Machinery and equipment	5.3	4.8
Other tangible assets	0.0	0.0
Total depreciation on property, plant and equipment	**8.1**	**8.0**
Depreciation on right-of-use assets		
Buildings	4.8	2.5
Machinery	1.7	1.0
Total depreciation on right-of-use assets	**6.5**	**3.5**
TOTAL DEPRECIATION AND AMORTISATION	**20.5**	**17.4**

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 3.5 million (2020: EUR 1.6 million). The R&D expenditures represents 0.7% of net sales in 2021 (2020: 0.5%).

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 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. Emission allowances are presented as off-balance sheet items.

GOODWILL AND OTHER INTANGIBLE ASSETS

EUR million	Goodwill	Trademarks	Software and other intangible assets	Pre- payments	Other intangible assets total
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**
Acquisition cost at 1 January 2020	128.3	122.8	23.4	2.0	148.1
Additions	-	0.0	0.0	1.1	1.2
Disposals	-	-0.0	-	-	-0.0
Effect of movement in exchange rates	-5.3	1.8	-0.0	-	1.8
Transfers between items	-	-	1.7	-1.7	0.0
Acquisition cost at 31 December 2020	123.0	124.7	25.0	1.4	151.1
Accumulated amortisation and impairment losses at 1 January 2020	-48.2	-104.5	-18.5	-	-123.0
Amortisation	-	-3.7	-2.2	-	-5.9
Accumulated amortisation on disposals and transfers	-	0.0	-	-	0.0
Effect of movement in exchange rates	6.6	-1.6	-0.0	-	-1.6
Accumulated amortisation and impairment losses at 31 December 2020	-41.6	-109.7	-20.7	-	-130.4
Carrying amount at 1 January 2020	80.1	18.3	4.9	2.0	25.2
CARRYING AMOUNT AT 31 DECEMBER 2020	**81.4**	**15.0**	**4.3**	**1.4**	**20.7**

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. Preliminary goodwill recognized in the merger of Altia and Arcus was in total EUR 193.2 million – As the merger was completed 1 of September and the new operating model of Anora has not yet been implemented, preliminary allocation of the goodwill to the CGUs has not been done as of 31 December 2021. The goodwill from the merger has been tested for impairment using Arcus as cash generating unit. The valuation made on the acquisition date still supports the value of the goodwill and there have been no indications of impairment.

Anora reports its business operations under the following segments: Finland & Exports, Scandinavia, Industrial and Arcus. Finland & Exports and Scandinavia segments comprise importing, sale and marketing of wine, spirits and other beverage product categories in former Altia companies. Within the Finland & Exports segment the Company operates in Finland, the Baltics and travel retail channels and conducts exports. Scandinavia segment represents the former Altia's operations in Sweden, Norway and Denmark. Industrial segment comprises the production of ethanol, starch and feed as well as contract services.
The Arcus segment comprises former Arcus Wine, Spirits and Logistics (Vectura) business areas. Spirits and Wine handle product development, imports, sales and marketing respectively. All production of spirits, and bottling of wine and spirits, are part of the Spirits business area. Vectura handles distribution in Norway and offers distribution services to producers, agents and importers of wine, spirits, beer, and other beverages. These segments comprise both Anora's operating and reportable segments. Goodwill is monitored by management at the level of the operating segments.

A segment-level allocation of the goodwill at 31 December 2021 and 2020 is presented below:

EUR million	2021	%	2020	%
Finland& Exports	46.6	16.8%	46.4	57.0%
Scandinavia	34.1	12.3%	35.0	43.0%
Arcus	197.0	70.9%		
TOTAL	**277.8**	**100%**	**81.4**	**100%**

Impairment testing

The Group has aligned the former Altia and Arcus policies and estimates regarding the 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 2021 and 31 October 2020.

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 COVID-19 pandemic has been taken into consideration in CGU specific financial plans for the year 2022 and its impacts on operating result.

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 %	2021	2020
Finland & Exports	8.5%	6.4%
Scandinavia	8.8%	6.0%
Arcus	8.8%	

The estimated average operating margins used in the calculations are presented in the enclosed table:

Projected average pre-tax operating result %	2021	2020
Finland & Exports	11.9%	14.9%
Scandinavia	9.5%	9.1%
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 2021, all of the Group's trademarks with indefinite useful lives were related to Arcus. Most of the trademarks within Arcus 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.

Covid-19 pandemic has not had significant effect on utilization of fixed assets therefore there were no need to change the estimated useful lives and no impairment losses were detected.

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 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**
Acquisition cost at 1 January 2020	3.0	111.3	131.3	0.8	1.6	247.9
Additions	-	0.2	0.7	0.0	5.2	6.1
Disposals	-0.0	-0.5	-0.9	-	-	-1.4
Effect of movement in exchange rates	-	0.0	0.2	0.0	-	0.2
Transfers between items	-	1.6	2.6	-	-4.2	0.0
Acquisition cost at 31 December 2020	3.0	112.6	133.9	0.8	2.6	252.9
Accumulated depreciation and impairment losses at 1 January 2020	0.0	-85.8	-101.1	-0.2	-	-187.0
Depreciation	-	-3.2	-4.8	-0.0	-	-8.0
Accumulated depreciation on disposals and transfers	-	0.3	0.8	-	-	1.2
Effect of movement in exchange rates	-	-0.0	-0.1	-	-	-0.1
Accumulated depreciation and impairment losses at 31 December 2020	0.0	-88.7	-105.1	-0.2	-	-194.0
Carrying amount at 1 January 2020	3.0	25.6	30.2	0.6	1.6	60.9
CARRYING AMOUNT AT 31 DECEMBER 2020	**3.0**	**23.9**	**28.7**	**0.6**	**2.6**	**58.9**

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 standard removes the previous distinction between operating and finance leases. In accordance with the standard, an asset item (right of use of the leased asset) and a financial liability concerning lease payments have been recognised for most of Anora's leases.

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. 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. Anora treats leases with less than 12 months remaining of the lease period at the time of transition as current underlying asset items that are not recognised on the balance sheet. The selection is made based on the class of the underlying asset. Exemptions apply to all underlying asset items other than vehicles and offices, which are recognised on the balance sheet even if their remaining lease period is less than 12 months at the time of transition. Lease liabilities are not recognised for low-value assets. 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 EUR 11.5 million 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 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**

EUR million	Buildings	Machinery and equipment	Total
Acquisition cost at 1 January 2020	10.9	3.1	14.1
Additions	2.1	1.2	3.3
Disposals	–	-0.2	-0.2
Effect of movement in exchange rates	0.3	0.0	0.3
Acquisition cost at 31 December 2020	13.3	4.1	17.5
Accumulated depreciation at 1 January 2020	-2.6	-1.1	-3.7
Depreciation	-2.5	-1.0	-3.5
Accumulated depreciation on disposals	–	0.1	0.1
Effect of movement in exchange rates	-0.1	-0.0	-0.2
Accumulated depreciation at 31 December 2020	-5.2	-2.0	-7.2
Carrying amount at 1 January 2020	8.4	2.0	10.4
CARRYING AMOUNT AT 31 DECEMBER 2020	**8.1**	**2.1**	**10.2**

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, except semi-finished products produced in Estonia, which are measured at standard prices. 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	2021	2020
Materials and supplies	47.6	43.9
Work in progress	19.6	9.8
Finished goods	47.3	16.4
Goods	25.1	22.0
Advance payments	0.1	0.2
TOTAL	**139.7**	**92.3**

Anora recognised write-downs of inventories amounting to EUR 2 million in 2021 (2020: EUR 1.6 million).

2.5. CONTRACT ASSETS AND LIABILITIES (CURRENT)

Contract assets represent the amount which Altia 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	2021	2020
Contract assets	0.2	0.2
TOTAL	**0.2**	**0.2**
Contract liabilities	0.4	0.5
TOTAL	**0.4**	**0.5**

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.

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	2021	2020
Trade receivables	218.2	40.5
Accrued income	8.9	2.7
Receivables on derivative instruments	2.8	0.7
Other receivables	2.9	2.9
TOTAL	**232.8**	**46.8**

At the end of the reporting period 2021 the sold trade receivables amounted to EUR 81.4 million (2020: EUR 91.9 million). Trade receivables from associated companies and joint arrangements are presented in Note 6.3.

AGEING ANALYSIS OF TRADE RECEIVABLES

EUR million	2021	2020
Trade receivables not past due	201.1	38.0
Trade receivables past due 1-90 days	16.8	2.6
Trade receivables past due over 90 days	1.2	0.3
Impairment losses	-0.9	-0.3
TOTAL	**218.2**	**40.5**

The realized impairment losses recognized on trade receivables during the year 2021 amounted to EUR 0.2 million (2020: EUR 0.1 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 any 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 0.4 million 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 31.12.2021, this pension is linked to 91 employees and the total obligation has been recognized at EUR 1.2 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 2021 the defined benefit plan obligation amounted to EUR 1 million (2020: EUR 1.1 million).

2.8. TRADE AND OTHER PAYABLES

EUR million	2021	2020
Current		
Trade payables	96.1	29.6
Accruals for wages and salaries and social security contributions	15.8	6.0
Interest liabilities	0.3	0.3
Other accrued expenses	41.9	23.2
Derivative liabilities	0.6	1.9
Excise tax	136.5	54.7
VAT liability	69.9	29.4
Other liabilities	13.5	7.6
TOTAL	**374.4**	**152.6**

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 2021 or 31 December 2020.

3. Financial items and capital structure

Earnings per share	Dividend per share
0.67 EUR	0.45 EUR

3.1. FINANCE INCOME AND EXPENSES

FINANCE INCOME

EUR million	2021	2020
Interest income		
Loans, receivables and cash and cash equivalents	0.3	0.1
Total interest income	**0.3**	**0.1**
Foreign exchange gains		
Foreign exchange gains on FX-derivatives	0.0	-
Foreign exchange gains on I/C loans and cash pool accounts	0.6	-
Total foreign exchange gains	**0.7**	**-**
Dividend income		
Fair value through other comprehensive income	0.2	0.2
Total dividend income	**0.2**	**0.2**
Other financial income		
Other financial income	0.0	-
Total other financial income	**0.0**	**-**
TOTAL FINANCE INCOME	**1.2**	**0.2**

FINANCE EXPENSES

EUR million	2021	2020
Interest expenses		
Financial liabilities at amortised cost	1.9	1.1
Derivatives under hedge accounting (Interest rate risk)	0.4	0.4
Interest expenses on lease liabilities	1.6	0.1
Other interest expenses, pension liability	0.0	0.0
Total interest expenses	**3.9**	**1.7**
Foreign exchange losses		
Foreign exchange losses on FX-derivatives	-0.0	0.0
Foreign exchange losses on I/C loans and cash pool accounts	1.2	0.1
Total foreign exchange losses	**1.1**	**0.1**
Other finance expenses		
Other financial expenses	1.6	1.4
Total other finance expenses	**1.6**	**1.4**
TOTAL FINANCE EXPENSES	**6.7**	**3.1**

Foreign exchange differences arising from trade receivables and trade payables amounting to EUR 0.3 million (2020: EUR 0.4 million) and from currency derivatives amounting to EUR 0.2 million (2020: EUR -0.7 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 and investments in associates and joint ventures and interests in joint operations 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. 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

These assets are non-derivative financial assets which are either designated in this category or not classified in any other category of financial assets. These are included in non-current assets, unless they are intended to be held less than 12 months from the end of the reporting period, in which case they are included in current assets.

Financial assets measured at fair value through other comprehensive income consist of unquoted shares. Unquoted shares are measured at fair value based on market approach valuation techniques using information from market transactions involving comparable assets.

Fair value through other comprehensive income

Fair value through other comprehensive income assets consisted of unquoted shares, amounting to EUR 0.7 million (2020: EUR 1.4 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 considered to equal their fair values because of the stable level of market interest rates. The fair values of lease and finance lease liabilities are based on discounted future cash flows. The discount rate is internal rate of return of the lease or interest rate for additional credit.

LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

EUR million	2021	2020
Book value at the beginning of the period	-	-
Acquisition of subsidiaries	1.1	-
Changes in value during period	0.2	-
Interest during period	0.0	-
Translation differences	0.0	-
Book value at the end of the period	**1.3**	**-**
Non-current liability	1.3	-
Current liability	-	-
Total liabilities through profit and loss	**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	2021	2020
Non-current		
Loans from financial institutions	127.8	59.9
Loans from pension institutions	8.3	9.8
Lease liabilities	120.8	7.0
TOTAL	**256.9**	**76.6**
Current		
Loans from financial institutions	5.0	5.0
Loans from pension institutions	1.5	1.5
Commercial papers	20.0	40.0
Lease liabilities	11.6	3.7
TOTAL	**38.1**	**50.1**

Interest-bearing non-current loans from financial and pension institutions are measured at amortised cost using the effective interest method.

Group had, as at 31 December 2021, non-current and current loans from financial and pension institutions nominated in EUR 69,8 million in total and in SEK 750,0 million in total. As at 31 December 2020 EUR nominated loan amount was 76,3 million.

The weighted average effective interest rate (p.a.) of the Group's loans from financial and pension institutions as at 31 December 2021 was 1.5% (2020: 1.5%).

The weighted average interest rate (p.a.) of the Group's lease liabilities as at 31 December 2021 was 3.9% (2020: 1.1%).

On December 2021 Anora Group Plc signed Amendment and Restatement agreement to extend the maturities of existing loans as follows:

The maturity of EUR 55 million term loan facility is extended from January 2023 to January 2024 and is repaid in full on its termination date as originally agreed. The maturity of EUR 60 million revolving credit facility is extended from January 2023 to January 2024.

Simultaneously Arcus Holding AS and VinGruppen Sweden Holding AB have entered into agreement to extend the maturities of external facilities, NOK 800 million, NOK 50 million and SEK 750 million from October 2022 to January 2024.

The related fees equivalent to EUR 194k are amortised until extended loan maturity and are included in other financial costs.

THE NET DEBT

Movements in Net debt the year ended 31 December 2021 and 2020 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 2021	130.7	69.6	46.5	7.0	3.7	-3.9
Cash flows	6.8	-0.1	-26.5	-	-6.2	-39.6
Translation differences	-1.7	-0.5	-	2.9	0.2	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**
Net debt as at 1 January 2020	64.2	76.1	6.5	7.1	3.4	28.9
Cash flows	65.1	-	33.5	-	-3.7	-35.3
Translation differences	1.4	-	-	-	-	-1.4
Other non-cash movement	-	-6.4	6.5	-0.1	3.9	3.9
NET DEBT AS AT 31 DECEMBER 2020	**130.7**	**69.6**	**46.5**	**7.0**	**3.7**	**-3.9**

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:

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		-	-	16.3	-	16.3	16.3	
Unquoted shares	3.2.1.	-	-	-	0.7	0.7	0.7	3
Other non-current receivables		-	-	0.1	-	0.1	0.1	
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**	**405.3**	**0.7**	**408.8**	**408.8**	
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**	

2020 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		-	-	9.1	-	9.1	9.1	
Unquoted shares	3.2.1.	-	-	-	1.4	1.4	1.4	3
Current financial assets								
Trade and other receivables	2.6.	-	-	41.9	-	41.9	41.9	
Derivative instruments/Forward exchange contracts	2.6.	0.0	0.0	-	-	0.0	0.0	2
Derivative instruments/Commodity derivatives	2.6.	0.6	-	-	-	0.6	0.6	2
Cash and cash equivalents	4.1.	-	-	130.7	-	130.7	130.7	
TOTAL		**0.7**	**0.0**	**181.6**	**1.4**	**183.8**	**183.8**	
	-							
Financial liabilities								
Non-current financial liabilities								
Borrowings	3.2.2.	-	-	69.6	-	69.6	69.6	2
Lease liabilities	3.2.2.	-	-	7.0	-	7.0	7.0	2
Current financial liabilities								
Borrowings	3.2.2.	-	-	46.5	-	46.5	46.5	2
Lease liabilities	3.2.2.	-	-	3.7	-	3.7	3.7	2
Trade and other payables	2.8.	-	-	29.6	-	29.6	29.6	
Derivative instruments/Interest rate derivatives	2.8.	1.0	-	-	-	1.0	1.0	2
Derivative instruments/Forward exchange contracts	2.8.	0.8	0.2	-	-	1.0	1.0	2
TOTAL		**1.8**	**0.2**	**156.4**	**-**	**158.3**	**158.3**	

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 congruence with the hedged item. 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	2021	2020
Derivative instruments designated for cash flow hedging		
Interest rate derivatives	20.0	20.0
Forward exchange contracts	20.2	29.4
Commodity derivatives, electricity	2.8	3.3
	0.1TWh	0.1TWh
Derivative instruments, non-hedge accounting		
Forward exchange contracts	6.5	5.0

EFFECTS OF HEDGE ACCOUNTING ON THE FINANCIAL POSITION AND PERFORMANCE

EUR million	EURAUD		EURUSD		EURNOK		EURSEK	
Foreign currency forwards	2021	2020	2021	2020	2021	2020	2021	2020
Carrying amount (asset)	0.0	0.0	24.7	-	0.0	-	0.2	-
Carrying amount (liability)	-	-	-	-0.0	-0.0	-0.1	-	-0.6
Notional amount	1.4	1.7	0.7	2.2	2.7	2.5	13.5	20.7
Maturity date	Feb-Dec 2022	Feb-Dec 2021	Feb-Aug 2022	Feb-Dec 2021	Feb-Dec 2022	Feb-Dec 2021	Feb-Oct 2022	Feb-Dec 2021
Hedge ratio	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	0.0	0.0	0.1	-0.0	0.1	-0.0	0.8	-0.3
Change in value of hedged item used to determine hedge effectiveness	-0.0	-0.0	-0.1	0.0	-0.1	0.0	-0.8	0.3

EUR million Interest rate swap	2021	2020
Carrying amount (liability)	0.5	1.0
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	-0.4	-0.3
Change in value of hedged item used to determine hedge effectiveness	0.4	0.3
Weighted average hedged rate for the year	2.12%	2.07%

EUR million Commodities - Electricity	2021	2020
Carrying amount (asset)	2.3	0.6
Notional amount	2.8	3.3
TWh	0.1	0.1
Maturity date	2022-2024	2021-2024
Hedge ratio	1:1	1:1
Change in discounted value of outstanding hedging instruments since 1 January	1.7	0.3
Change in value of hedged item used to determine hedge effectiveness	-1.7	-0.3
Weighted average hedged price EUR/MWh	28.04	28.85

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	2021	2020
Derivative assets:		
Fair value, gross	2.8	0.7
Fair value, under netting agreements	-0.0	-0.0
Fair value, net	2.8	0.6
Derivative liabilities:		
Fair value, gross	0.6	1.9
Fair value, under netting agreements	-0.0	-0.0
Fair value, net	0.5	1.9

3.4. EQUITY

Share capital

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. 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.

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	2021	2020
Number of outstanding shares in the beginning of the financial year	36 140 485	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**	**36 140 485**

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 has been deducted from the invested unrestricted equity reserve. (See note 5.2.)

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 2020	**-0.3**	**-1.0**	**0.2**	**-1.0**
Change in fair value of hedging instrument recognised in OCI	0.2	0.4	0.1	0.7
Reclassified from OCI to profit or loss - included in purchases/sales adjustments	-0.7	-	-	-0.7
Reclassified from OCI to financial income / expenses	-	-0.4	-	-0.4
Reclassified from OCI to electricity purhases	-	-	0.3	0.3
Deferred tax	0.2	0.2	-0.1	0.2
Closing balance 31 December 2020	**-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**

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 15.0 million at 31 December 2021 (31.12.2020: negative EUR 20.5 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	2021	2020
Result attributable to the shareholders of the parent company, EUR million	31.0	17.8
Weighted average number of shares outstanding	46 611 531	36 140 485
Basic and diluted earnings per share (EUR)	0.67	0.49

Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.45 per share be paid for the financial year 2021.

ANORA GROUP PLC DISTRIBUTABLE FUNDS

EUR million	31 Dec 2021	31 Dec 2020
Invested unrestricted equity fund	52.2	1.2
Retained earnings	86.4	95.7
Distribution of dividends	-27.1	-15.2
Profit for the period	6.6	5.9
TOTAL DISTRIBUTABLE FUNDS	**118.1**	**87.6**

4. Financial and capital risk

Gearing
24.8%

4.1. FINANCIAL RISK MANAGEMENT

Financial risk management principles

The Anora Group Risk Management Policy is based on the Altia legacy risk management policy. However, due to the merger that took place on 1 September 2021, Anora is in the process of integrating Altia and Arcus risk management policies into one common Anora risk management policy. Hence, currently risks are managed according to the Altia and Arcus legacy risk management policies.

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. During the transformation period due to the merger of Altia and Arcus, Group has two approaches on how to limit the effect of exchange rate fluctuations.

Arcus segment, as a general rule, currency is purchased in the spot market but also to some extent in the forward market, in order to continuously offset net cash positions.

Changes in purchase costs from suppliers in functional currencies due to currency changes are continuously offset by changes in sales price to customers and through renegotiation of purchase prices from suppliers. The risk horizon i.e, the time it takes to compensate the negative exchange rate fluctuation is to great extent controlled by price-adjustment opportunities in the state wine monopolies in the Nordic region. In Finland this takes place every two months, in Norway every four months and in Sweden every six months.

Former Altia aim to hedge the Altia companies' profit against the effects of changes in foreign exchange rates. In former Altia, the objective is to hedge 60-80% of highly probable commercial cash flows. The average hedging ratio has remained at the target level. Hedging transactions are executed with forward exchange contracts or options for the following 12 months at the most, predominantly following the pricing periods of customers. In former Altia companies may apply cash flow hedge accounting to foreign exchange derivatives. Intra-group loan arrangements are hedged by 100% and hedge accounting is not applied to these arrangements.

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	2021	2020
EUR-SEK	62.5	-18.3
EUR-NOK	-2.4	-0.6
EUR-USD	2.1	3.8
EUR-AUD	1.7	1.8

The Group's net currency position at 31 December including also the hedged commercial cash flows EUR million	2021	2020
EUR-SEK	125.9	2.4
EUR-NOK	55.6	1.9
EUR-USD	-11.9	-0.2
EUR-AUD	-1.4	0.1

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. At 31 December 2021 the total nominal amount of loans was amounting to EUR 142.9 million (2020: 76.3) and was divided as follows:

- The EUR 5.0 million loan matures in January 2022 with annual EUR 5 million instalments. The interest rate on the loan is based on three –month market rate. Currently these interest payments are not hedged.
- The EUR 55.0 million portion of the loan matures in January 2024. The interest rate on the loan is based on three-month market rate. 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 9.8 million pension loan matures in January 2028. The interest rate is fixed for the whole loan period.
- The SEK 750 million loan matures in January 2024. The interest rate on the loan is based on three-month market rate. The interest rate on the loan is not hedged.

The maximum amount under Anora's domestic commercial paper program is EUR 100 million. The amount of issued commercial papers at 31 December 2021 was EUR 20.0 (2020: 40.0) 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 81.4 million at 31 December 2021 (2020: 91.9 million).

3. Price risk associated with commodities

Barley

In 2021 Anora consumed approximately 299 (214) million kilos of Finnish grain to produce ethanol and starch. The availability of high-quality domestic barley was ensured until end of 2021 through contract cultivation and cooperation with farmers and grain handling companies. The market price of barley fluctuates significantly 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

Strong increase in the market price of electricity is a significant risk for Anora. In Finland, the risk is managed by following former Altia's principles for electricity procurement. These principles determine the hedging limits, within which the electricity price risk is hedged. The hedges are done with OTC-derivatives of Nasdaq OMX Oslo ASA. The hedging service for electricity procurement has been outsourced.

Cash flow hedge accounting in accordance with IFRS 9 is applied to the hedges against electricity price risk, and hedge effectiveness is tested quarterly. The hedged risk is the euro dominated sourcing of electricity in Finland. To hedge the risk system priced, Finnish price area and price area derivative is used. With system priced derivatives is hedged Nordic electricity price and with price area derivative is hedged the price difference between Finnish price area and system price.

At the end of 2021, the hedging ratio for deliveries for the next 12 months was 80.9% (2020: 74.7%), in line with the set targets. In 2021 the average hedging ratio was 76.6% (72.1.%). All hedging was effective in 2021 as it was in 2020.

In Finland Anora purchases its electricity straight from the Nord Pool Spot markets as a delivery tied to the spot price of the Finnish price area.

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	2021		2020	
EUR million	Income statement	Equity	Income statement	Equity
+/-10% electricity	-	+/-0.5	-	+/-0.4
+/-10% change in EUR/NOK exchange rate	-/+0.1	+/-0.3	-/+0.2	+/-0.3
+/-10% change in EUR/SEK exchange rate	-/+7.6	+/-1.4	-/+0.2	+/-2.1
+/-10% change in EUR/USD exchange rate	-/+0.0	-/+0.1	+/-0.0	-/+0.4
+/-10% change in EUR/AUD exchange rate	-/+0.0	-/+0.1	-/+0.0	-/+0.2
+1%-points parallel shift in interest rates	-2.4	-0.0	-0.5	+0.2

+10% increase in EUR/SEK exchange rate would have an EUR -7.6 million effect in income statement. Other risks with same principle.

At the end of 2021 the total group floating rate liability position consists of floating rate liabilities equivalent to EUR 133.2 million (2020: EUR 65.0 million) and floating leg of interest rate swap EUR 20.0 million (2020: 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 2021 comprised Group's both EUR 10 million and NOK 800 million overdraft facilities and a EUR 60 million revolving credit facility. At the end of December 2021, no revolving credit facility was in use (2020: EUR 0.0 million). The facilities mature in January 2024. 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	2021	2020
Cash and cash equivalents	168.9	130.7
Overdraft facilities	90.7	10.0
Revolving credit line	60.0	60.0
TOTAL	**319.6**	**200.7**

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	0.0	6.5	0.0	0.0	0.0	0.0	0.0	0.0
Outflow	-6.4	0.0	0.0	-6.4	0.0	0.0	0.0	0.0	0.0	0.0
Interest rate derivatives, hedge accounting	-0.5	-0.4	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
Commodity derivatives, hedge accounting	-2.3	0.0	0.0	-1.8	0.0	0.0	-0.4	0.0	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 2022 and 2024
[2] Loans from pension institutions mature 2028

TABLE 4: MATURITIES OF FINANCIAL LIABILITIES

Contractual payments on financial liabilities 2020		Cash flows 2021			Cash flows 2022			Cash flows 2023		
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]	-66.3	-	-0.6	-5.0	-	-0.6	-5.0	-	-0.1	-55.0
Loans from pension institutions [2]	-11.8	-0.1	-	-1.5	-0.1	-	-1.5	-0.3	-	-8.3
Lease liabilities	-10.7	-	-	-3.4	-	-	-3.1	-	-	-4.1
Trade payables	-29.6	-	-	-29.6	-	-	-	-	-	-
Derivative:										
Currency derivatives, hedge accounting										
Inflow	28.9	-	-	28.9	-	-	-	-	-	-
Outflow	-29.7	-	-	-29.7	-	-	-	-	-	-
Currency derivatives, non-hedge accounting										
Inflow	5.0	-	-	5.0	-	-	-	-	-	-
Outflow	-5.2	-	-	-5.2	-	-	-	-	-	-
Interest rate derivatives, hedge accounting	-1.0	-0.4	-	-	-0.4	-	-	-0.1	-	-
Commodity derivatives, hedge accounting	-0.6	-	-	-0.3	-	-	-0.2	-	-	-0.1
TOTAL	**-120.9**	**-0.6**	**-0.6**	**-40.8**	**-0.5**	**-0.6**	**-9.9**	**-0.4**	**-0.1**	**-67.5**

[1] Loans from financial institutions mature 2022 and 2024
[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 gearing (the ratio of interest-bearing net liabilities to equity). Interest-bearing net liabilities consist of the borrowings and lease liabilities less cash and cash equivalents. The current level of gearing is distinctly lower than the limit determined in the Group's loan terms.

The Arcus Holding AS and VinGruppen Sweden Holding AB loans contains loan covenant concerning net interest bearing debt as a ratio of adjusted EBITDA. The Group also continuously monitors this loan covenant. As at 31.12.2021 the Group was well within the required ratio. (See note 3.2.2. Net Debt.)

During the business cycle, the company's net gearing is likely to fluctuate, and the objective is to retain a sufficiently strong capital structure to secure the Group's financing needs. At 31 December 2021 and 31 December 2020 the gearing ratio was as follows:

TABLE 5: GEARING

Gearing as of 31 December, EUR million	2021	2020
Borrowings	162.6	116.1
Lease liabilities	132.4	10.7
Cash and cash equivalents	168.9	130.7
Net debt	126.0	-3.9
Total equity	507.9	156.3
GEARING AT 31 DECEMBER	**24.8%**	**-2.5%**

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

It was announced on 29 September 2020 that Altia and Arcus will be combined through as a tax neutral statutory cross-border absorption merger of Arcus into Altia. On 23 July 2021, Altia and Arcus received all regulatory approvals for the Merger, and the Boards of Directors of Altia and Arcus resolved on 25 August 2021 to complete the Merger in accordance with the merger plan and combination agreement entered into on 29 September 2020. The merger was registered with the Finnish Trade Register on 1 September 2021, and the name of the combined company was changed to Anora Group Plc.

The merger forms a leading wine and spirits brand house in the Nordic region and a global industry forerunner in sustainability. Anora has a broad portfolio of iconic brands, including Koskenkorva, Linie, Larsen, Skagerrak, Chill Out, Ruby Zin, Wongraven, O.P. Anderson, and Falling Feather. Anora's key brands are exported to over 30 markets globally. Together with the 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 targets EBITDA net synergies of around EUR 8–10 million annually, which are to be achieved through cost synergies in sourcing, manufacturing, logistics, and SG&A, as well as through revenue synergies from home markets and beyond. Most of the synergies are expected to be achieved within approximately two years from the completion of the merger. The combination is also expected to create long-term positive effects that will continue to materialise even after this period.

Merger consideration

The shareholders of Arcus received as a merger consideration 0.4618 merger consideration shares for each share owned in Arcus. The total number of issued shares as merger consideration was 31 413 139 new shares which increased the total number of Anora shares to 67 553 624 shares. The shares were admitted to trading on Nasdaq Helsinki Ltd and on the Oslo Bors as of 1 of September 2021. The secondary listing on the Oslo Bors was for a four-month transitional period.

Merger consideration	
Merger consideration in shares *	337.4
Total consideration	**337.4**

* Based on 31 413 139 shares issued and closing price of EUR 10.74 of Altia share on 31st of August 2021 on Nasdaq Helsinki.

RECOGNISED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

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 assets	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**

The table on previous page summarises the recognised fair values of assets and liabilities assumed. The accounting of the merger is still provisional pending the finalisation of the valuation of the assets acquired and liabilities assumed. The identified intangible assets relate to brand portfolios, customer relationships and company brands. Fair values for the intangible assets have been determined using appropriate valuation methods including the relief from royalty method for brand portfolios and company brands and multi-period excess earnings method for the customer relationships. The amortisation periods for these intangible assets vary between 5 to 50 years. Some spirit trademarks have indefinite lifetime. Goodwill is attributable to market share, synergies, workforce and future growth potential. The transaction costs of EUR 9.8 million in total 2021 and 2020 incurred by Anora Group in connection with the merger primarily consist of financial, legal and advisory costs and are included in other operating expenses in the income statement and in cash flow from operating activities. The costs for the issuance of the merger consideration shares amounted to EUR 0.8 million (net of taxes) and have been deducted from invested unrestricted equity fund in 2021. The value of non-controlling interest is assumed to reflect its fair value. Since the date of acquisition, the acquired entity has contributed EUR 115.8 million to the revenue and EUR 13.3 million to the operating profit of the Group. If the business combination had taken place at the beginning of the year, the Group revenue would have been approximately EUR 665.0 million and operating profit approximately EUR 64.0 million after additional amortization from the fair value adjustments to intangible assets.

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 59 subsidiaries at the end of the reporting period (12 subsidiaries at 31 December 2020).

	Parent company's share of ownership (%)	Group's share of ownership (%)	Country of incorporation
Altia Eesti AS	100.00	100.00	Estonia
Altia Denmark A/S	100.00	100.00	Denmark
SIA Altia Latvia	100.00	100.00	Latvia
Altia Norway AS	100.00	100.00	Norway
Altia 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 AS	100.00	100.00	Norway
Brews4U Finland Oy	-	91.00	Finland
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
Hedoni Wines AS	-	100.00	Norway
Heritage Wines Sweden AB	-	99.50	Sweden
Heyday Wines AS	-	90.10	Norway
Interbev AS	100.00	100.00	Norway
Larsen SAS	100.00	100.00	France

	Parent company's share of ownership (%)	Group's share of ownership (%)	Country of incorporation
Loiten Branderis Destillation ANS	-	100.00	Norway
Lysholmske Brenneri og Destillasjonsfabrikker ANS	-	100.00	Norway
New Frontier Wines AB	-	79.60	Sweden
Oplandske Spritfabrik ANS	-	100.00	Norway
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
Symposium Wines AS	-	100.00	Norway
Ström AS	100.00	100.00	Norway
Swedish Wine Mafia AB	-	99.50	Sweden
Valid Wines Sweden AB	-	96.53	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	-	96.50	Sweden
Vinuniq AS	-	100.00	Norway
Vinunic Oy	-	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 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.

Joint ventures are consolidated by using the equity method. Anora has an investments in joint ventures Von Elk Company and Vinify AS.

ASSOCIATED COMPANIES AND JOINT ARRANGEMENTS

	2021 Share of ownership %	2020 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	20.00
Tiffon SA	34.75	-
Vinify AS	50.00	-
Beverage Link AS	45.00	-

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.

Von Elk Company is a Finnish family enterprise which engages in alcoholic beverage business.

Tiffon SA is a cognac producer and the Group buys Cognac from Tiffon SA.

Vinify runs an app which gives consumers wine tips and wine importers a useful tool in conjunction with wine fairs Vinify is a cooperation venture between the logistics company Vectura and Hagnar Media.

Beverage Link As is a jointly-owned logistics company between Vectura AS, Skandinavisk Logistik AS, log AS and Cuveco AS.

INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million	2021	2020
At the beginning of the period	1.5	1.2
Acquisition of subsidiaries	6.5	-
Share of result for the period	0.7	0.3
Translation differences	-0.1	-
At the end of the reporting period	8.7	1.5

FINANCIAL SUMMARY OF ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million	2021	2020
Assets	46.6	8.7
Liabilities	20.4	3.3
Net assets	26.2	5.4
Net sales	29.9	16.4
Result for the period	2.0	1.3

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	2021	2020
Current income tax expense	8.0	4.4
Adjustments to taxes for prior periods	-0.5	-0.0
Deferred taxes:		
Origination and reversal of temporary differences	-0.1	-0.8
Impact of changes in tax rates	-	-0.1
TOTAL	**7.4**	**3.5**

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	2021	2020
Result before taxes	38.6	21.3
Income tax using the parent company's tax rate	7.7	4.3
Effect of tax rates of subsidiaries in foreign jurisdictions	0.2	-0.0
Tax-exempt income	-0.3	-0.2
Non-deductible expenses	0.2	0.1
Utilisation of previously unrecognised tax losses	-0.0	-
Adjustments to taxes for prior periods	-0.5	-0.0
Share of profit in associated companies, net of tax	-0.2	-0.1
Effect of changes in tax rates	-	-0.1
Tax arising on dividends	0.8	-
Tax on undistributed earnings	-0.7	0.1
Other items	0.2	-0.6
TAX EXPENSE IN PROFIT OR LOSS	**7.4**	**3.5**

INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

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**

2020 EUR million	Before tax	Tax	Net of tax
Cash flow hedges	0.2	-0.0	0.2
Translation differences	1.8	-	1.8
Remeasurements of post-employment benefit obligations	0.2	-0.0	0.2
TOTAL	**2.3**	**-0.1**	**2.2**

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	Exchange rate differences	Merger	31 Dec 2021
Deferred tax assets:						
Tax losses	0.6	-1.8	-	0.2	6.8	5.8
Fixed assets	1.3	-0.2	-	0.0	0.3	1.4
Pension benefits	0.2	-0.0	0.0	0.0	0.4	0.7
Recognised in hedge reserve	0.2	-	-0.2	-0.0	-	0.0
Other temporary differences	0.3	-0.4	-	0.0	0.7	0.6
Total deferred tax assets	**2.7**	**-2.5**	**-0.2**	**0.2**	**8.2**	**8.5**
Offset against deferred tax liabilities	-1.3				-5.8	-6.6
Net deferred tax assets	**1.4**				**2.4**	**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	-	0.7	37.4	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	-	0.0	1.2	1.1
Total deferred tax liabilities	**18.0**	**-2.6**	**0.4**	**0.6**	**38.6**	**55.1**
Offset against deferred tax assets	-1.3				-5.8	-6.6
Net deferred tax liabilities	**16.8**				**32.7**	**48.4**

DEFERRED TAX ASSETS AND LIABILITIES

Change in deferred tax assets and liabilities during 2020: EUR million	1 Jan 2020	Recognised in profit or loss	Recognised in other comprehensive income	Exchange rate differences	31 Dec 2020
Deferred tax assets:					
Tax losses	0.0	0.6	-	0.0	0.6
Fixed assets	1.7	-0.3	-	-0.0	1.3
Pension benefits	0.3	-0.0	-0.0	-0.0	0.2
Internal margin of inventories	0.1	-0.0	-	0.0	0.1
Recognised in hedge reserve	0.3	-	-0.0	0.0	0.2
Other temporary differences	0.2	0.0	-	-0.0	0.2
Total deferred tax assets	**2.5**	**0.3**	**-0.1**	**-0.0**	**2.7**
Offset against deferred tax liabilities	-1.6				-1.3
Net deferred tax assets	**0.9**				**1.4**
Deferred tax liabilities:					
Fixed assets	5.2	-0.6	-	0.0	4.6
Fair value allocation on acquisitions	1.7	-0.3	-	0.1	1.4
Deductable goodwill depreciation	9.6	0.0	-	0.2	9.9
Undistributed profits of foreign subsidiaries	1.8	0.1	-	-	1.9
Other temporary differences	0.0	0.2	-	-	0.2
Total deferred tax liabilities	**18.3**	**-0.6**	**-**	**0.3**	**18.0**
Offset against deferred tax assets	-1.6				-1.3
Net deferred tax liabilities	**16.7**				**16.8**

At 31 December 2021, the Group had EUR 1.6 million (2020: EUR 1.0 million) of tax loss carry forwards for which no deferred tax was recognised. EUR 0.9 million of these temporary differences expire in one year and EUR 0.7 million 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. Based on the previous assessment accrued tax claim in the financial statements 2019-2020 was EUR 1.1 million.

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	2021	2020
Collaterals and commitments		
Collaterals given on behalf of Group companies		
Mortgages	18.5	18.5
Guarantees	9.1	3.8
TOTAL COLLATERALS	**27.6**	**22.3**
Commitments		
Short-term and low value lease obligations		
Less than one year	0.1	0.1
Between one and five years	0.1	0.1
Total short-term and low value lease obligations	0.2	0.2
Other commitments	19.1	19.1
TOTAL COMMITMENTS	**19.3**	**19.4**

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.

Assets not recognized in the balance sheet, 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. Following from this, the Group does not recognise in the balance sheet the granted emission allowances, nor the obligation to deliver allowances corresponding to the realised emissions. 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 2021 and 2020, as well as their fair values:

Emission allowances, kilotons	2021	2020
Emission allowances received	22.6	26.4
Excess emission allowances from the previous period	10.9	4.0
Realised emissions	-19.9	-19.6
EMISSION ALLOWANCES AT 31 DECEMBER	**13.5**	**10.9**
Fair value of emission allowances at 31 December, EUR million	1.1	0.3

The emission allowances received during year 2021 and the realised emissions are estimates, which will be adjusted during the spring 2022. 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	2021	2020
Sales of goods and services		
Associates, joint ventures and joint operations	0.9	1.0
Other companies considered related parties	78.9	83.1
TOTAL	**79.8**	**84.0**
Purchases of goods and services		
Associates, joint ventures and joint operations	6.5	1.7
Other companies considered related parties	3.8	1.7
TOTAL	**10.2**	**3.4**
Outstanding balances from sales and purchases of goods and services		
Receivables		
Associates, joint ventures and joint operations	0.1	-
Other companies considered related parties	1.1	0.9
Payables		
Associates, joint ventures and joint operations	1.7	0.5
Other companies considered related parties	0.5	0.2

MANAGEMENT REMUNERATION

EUR million	2021	2020
CEO		
Salaries and other short-term employee benefits	0.4	0.3
Performance bonus and the bonuses from long-term incentive plan	0.5	0.3
Pension benefits	0.1	0.1
TOTAL	**1.0**	**0.7**
Members of the Executive Management Team (CEO not included)		
Salaries and other short-term employee benefits	2.2	1.5
Bonuses from long term incentive plan	0.0	0.1
Pension benefits	0.3	0.3
TOTAL	**2.6**	**1.9**
Members and deputy members of the Board of Directors	0.4	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 former Altia had a share-based incentive plan which was to be settled in shares and in cash. The granted shares were measured at fair value at a grant date and were recognized as personnel expenses over the vesting period with corresponding increase in equity. Non-market conditions were 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 were revised and the impact is recognized in income statement. Also share-based payments to be paid in cash were classified as paid by equity and recognized in equity measured at fair value at grant date. Due to the change of share and cash-based settlement to cash-based settlement, the compensation was accrued as a cost in income statement and as liability at the balance sheet.

At the end of 2021, Anora's share based incentive plans included former Altia performance share plan 2019-2021 and 2020-2022.

The Board of Directors of Altia decided on 17 August 2021 to adjust the structure of the Altia Performance share plan 2019-2021 and 2020-2022 from a share and cash- based settlement to a cash -based settlement due to the Altia and Arcus merger. The participants will receive a cash settlement compensation based on a prorated target setting for a relative total shareholder return of Altia's share and earnings per share. The earning period of the plan 2020-2022 had been modified to two years and two months instead of three years. The payments will be made in January 2022 and April 2022. If the individual's employment with Anora Group terminates before the payment date of the reward, the individual is, as a main rule, not entitled to any reward based on the plan. Due to the change from shares and cash- based settlement to a cash -based settlement, the amounts recognised in previous periods in equity were recognised as liability. The total liability of these plans at the balance sheet as at 31.12.2021 was EUR 2 million.

The following tables summarize the terms and assumptions used in accounting for share-based incentives during the period 1.1.2021-31.12.2021:

Plan	Long-term incentive Plan 2019-2024	Long-term incentive Plan 2019-2024
Type	**share**	**share**
Instrument	**Performance period 2020-2022**	**Performance period 2019-2021**
Grant date	21/02/2020	28/02/2019
Beginning of earning period	01/01/2020	01/01/2019
End of the earning period	31/03/2022	31/12/2021
Vesting date	30/04/2022	31/03/2022
Vesting conditions	Relative TSR and EPS	Relative TSR and EPS
Maximum contractual life, years	2.30	3.25
Remaining contractual life, years	0.30	1.25
Number of persons at the end of reporting year	21	17
Payment method	Cash	Cash
Changes during period	**Performance period 2020-2022**	**Performance period 2019-2021**
Outstanding in the beginning of the period	233 500 €	201 500
Granted during the period	-	-
Forfeited during the period	163 450	83 000
Outstanding at the end of the period	**70 050**	**118 500**

EFFECT OF SHARE-BASED INCENTIVES ON THE RESULT:

EUR million	2021	2020
Expenses for the financial year, share based payments paid in equity	0.0	0.1
Expenses for the financial year, share based payments paid in cash	1.6	0.2
Total	**1.6**	**0.3**

6.5. ADOPTION OF NEW OR AMENDED IFRS STANDARDS AND INTERPRETATIONS

Anora has adopted following new accounting standards issued by the International Accounting Standards Board effective on 1 January 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2: The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. Given the pervasive nature of IBOR-based contracts, the amendments could affect companies in all industries. The amendments do not have a significant impact on the consolidated financial statements.

Amendment to IFRS 16 Leases Covid-19-Related Rent Concessions: The amendment introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of the COVID-19 pandemic. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications when the criteria presented in the amendment are met. The amendment does not have a significant impact on the consolidated financial statements.

In 2022 or later, the Group will adopt the following new or amended standards issued by the International Accounting Standards Board:

IFRS 17 Insurance Contracts (Originally 1 January 2021 but extended to 1 January 2023) IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. The overall objective is to provide a consistent accounting model for insurance contracts. The amendments are not expected to have a significant impact on the consolidated financial statements.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1:

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the ‘settlement’ of a liability. The amendments are not expected to have a significant impact on the consolidated financial statements.

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16: The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is ‘testing whether the asset is functioning properly’ when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity’s ordinary activities. The amendments are not expected to have a significant impact on the consolidated financial statements.

Reference to the Conceptual Framework – Amendments to IFRS 3: Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRIC 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. These updates do not change the accounting requirements for business combinations. The amendments are not expected to have a significant impact on the consolidated financial statements.

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37: The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The amendments are not expected to have a significant impact on the consolidated financial statements.

Annual Improvements to IFRS Standards 2018–2020: The following improvements were finalised in May 2020:

IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis. The amendments are not expected to have a significant impact on the consolidated financial statements.

6.6. EVENTS AFTER THE REPORTING PERIOD

On 17 January 2022, 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.

Comment on the uncertainties and impacts due to the war in Ukraine:
The most significant uncertainies due to the war in Ukraine relate to the development of the global grain market with possible disruptions in the supply of barley and wheat, and to further price increases across all input costs. The war in Ukraine may cause volatility in contract manufacturing volumes. Foreign exchanges 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. The company respects the sanctions and has reviewed its supplier base. Anora's Baltic operations have suspended purchases of raw materials from Russian and Belarusian suppliers, and the process to replace these suppliers is on-going.

Parent company financial statements

ANORA GROUP PLC INCOME STATEMENT (FAS)

EUR million	Note	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
NET SALES	1.	210.4	197.4
Increase (+) / decrease (–) in inventories of finished goods and work in progress		-2.4	3.2
Other operating income	2.	16.8	13.9
Materials and services			
Raw materials, consumables and goods			
Purchases during the period		-124.4	-114.5
Change in inventories		4.4	0.1
External services		-0.1	-0.1
Total materials and services		**-120.2**	**-114.4**
Personnel expenses	3.		
Wages and salaries		-27.8	-25.7
Indirect employee expenses			
Pension expenses		-4.8	-4.7
Other indirect employee expenses		-0.9	-0.9
Total personnel expenses		**-33.5**	**-31.3**
Depreciation, amortisation and impairment losses			
Depreciation and amortisation according to plan		-10.1	-11.9
Total depreciation, amortisation and impairment losses		**-10.1**	**-11.9**
Other operating expenses	4.	-50.0	-50.4
OPERATING RESULT		**11.0**	**6.4**

EUR million	Note	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Finance income and expenses	5.		
Income from Group companies		3.2	-
Income from participating interests		0.9	0.9
Income from other investments held as non-current assets			
From others		3.3	0.2
Other interest and finance income			
From Group companies		0.1	0.2
From others than Group companies		0.1	0.1
Impairment losses on investments in non-current assets		-7.7	-
Interest and other finance expenses			
To Group companies		-0.0	-0.1
To others than Group companies		-2.5	-2.7
Total finance income and expenses		**-2.6**	**-1.4**
RESULT BEFORE APPROPRIATIONS AND TAXES		**8.4**	**5.0**
Appropriations	6.		
Depreciation difference increase (–) /decrease (+)		-0.2	2.1
Income tax expense	7.		
Current period taxes		-1.6	-1.3
Deferred taxes		-0.0	-0.0
Other direct taxes		0.0	0.0
Total income taxes		**-1.7**	**-1.3**
RESULT FOR THE PERIOD		**6.6**	**5.9**

ANORA GROUP PLC BALANCE SHEET (FAS)

EUR million	Note	31 Dec 2021	31 Dec 2020
ASSETS			
NON-CURRENT ASSETS	8.		
Intangible assets			
Intangible rights		4.7	6.8
Goodwill		0.2	0.3
Other capitalised long-term expenditure		5.2	5.7
Prepayments		0.8	1.4
Intangible assets total		**10.8**	**14.1**
Tangible assets			
Land and water areas		2.5	2.4
Buildings and structures		18.4	19.9
Machinery and equipment		24.7	24.6
Other tangible assets		0.5	0.5
Prepayments and assets under construction		0.9	2.6
Tangible assets total		**47.0**	**50.1**
Investments			
Holdings in Group companies		244.1	196.5
Participating interests		8.2	8.2
Other shares and investments		0.6	0.8
Investments total		**253.0**	**205.6**
TOTAL NON-CURRENT ASSETS		**310.8**	**269.8**

EUR million	Note	31 Dec 2021	31 Dec 2020
CURRENT ASSETS			
Inventories	9.		
Materials and supplies		22.4	18.1
Work in progress		8.5	9.6
Finished goods		12.5	13.8
Advance payments		0.0	0.0
Inventories total		**43.4**	**41.5**
Non-current receivables	10.		
Receivables from Group companies		3.4	5.9
Deferred tax assets		0.3	0.5
Non-current receivables total		**3.7**	**6.3**
Current receivables	11.		
Trade receivables		25.3	19.4
Receivables from Group companies		8.7	9.7
Receivables from participating interest undertakings		0.1	0.1
Accrued income and prepaid expenses		5.3	3.2
Current receivables total		**39.5**	**32.4**
Cash at hand and in banks		127.4	129.2
TOTAL CURRENT ASSETS		**214.0**	**209.4**
TOTAL ASSETS		**524.8**	**479.2**

ANORA GROUP PLC BALANCE SHEET (FAS)

EUR million	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity	13.		
Share capital		61.5	60.5
Invested unrestricted equity fund		52.2	1.2
Hedge reserve		1.5	-0.6
Retained earnings		59.3	80.5
Profit for the period		6.6	5.9
TOTAL EQUITY		**181.1**	**147.5**
Appropriations	14.		
Depreciation difference		**18.5**	**18.3**
Liabilities			
Non-current	15.		
Loans from financial institutions		55.0	60.0
Loans from pension institutions		8.3	9.8
Deferred tax liabilities		0.4	-
Other liabilities		4.9	4.9
Non-current liabilities total		**68.6**	**74.7**
Current			
Loans from financial institutions		25.0	45.0
Loans from pension institutions		1.5	1.5
Trade payables		19.3	13.2
Liabilities to Group companies	16.	125.4	110.6
Other liabilities		62.7	44.1
Accrued expenses and deferred income	17.	22.7	24.2
Current liabilities total		**256.6**	**238.7**
TOTAL LIABILITIES		**325.2**	**313.3**
TOTAL EQUITY AND LIABILITIES		**524.8**	**479.2**

ANORA GROUP PLC STATEMENT OF CASH FLOWS (FAS)

EUR million	Note	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Result before taxes		8.2	7.2
Adjustments			
Depreciation, amortisation and impairment		17.8	11.9
Gain/loss from disposal of property, plant and equipment and intangible assets		-5.2	-
Finance income and costs		-1.9	1.4
Change in depreciation difference		0.2	-2.1
Other adjustments		0.0	0.2
		10.9	11.4
Change in working capital			
Change in inventories, increase (-) / decrease (+)		-4.4	-2.5
Change in trade and other receivables, increase (-) / decrease (+)		-5.5	6.8
Change in trade and other payables, increase (+) / decrease (-)		23.2	12.6
Change in working capital		13.3	16.9
Interest paid		-1.6	-1.5
Interest received		0.1	0.3
Other finance income and expenses paid		-1.0	-1.2
Income taxes paid		-0.4	-3.0
Financial items and taxes		-2.8	-5.4
NET CASH FLOW FROM OPERATING ACTIVITIES		**29.5**	**30.0**

EUR million	Note	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment and intangible assets		-3.8	-6.1
Proceeds from sale of property, plant and equipment and intangible assets	2.	4.5	-
Investments in subsidiaries		-3.3	-
Proceeds from other investments		3.4	-
Repayment of loan receivables		2.5	9.0
Dividends received	5.	4.3	1.1
NET CASH FLOW FROM INVESTING ACTIVITIES		**7.6**	**3.9**
CASH FLOW FROM FINANCING ACTIVITIES			
Changes in commercial paper program		-20.0	40.0
Proceeds from current borrowings	16.	15.7	17.9
Repayment of current borrowings	16.	-1.0	-2.0
Repayment of non-current borrowings	15.	-6.5	-6.5
Dividends paid and other distributions of profits	13.	-27.1	-15.2
NET CASH FLOW FROM FINANCING ACTIVITIES		**-38.9**	**34.2**
CHANGE IN CASH AND CASH EQUIVALENTS		**-1.8**	**68.1**
Cash and cash equivalents at the beginning of the period		129.2	61.0
Change in cash and cash equivalents		-1.8	68.1
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**127.4**	**129.2**

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.

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	2021	2020
Net sales by business areas		
Alcohol beverages	107.9	104.7
Industrial services	102.6	92.7
TOTAL	**210.4**	**197.4**
Net sales by geographic areas		
Finland	162.7	151.5
Europe	46.2	44.4
Rest of the world	1.5	1.4
TOTAL	**210.4**	**197.4**

2. OTHER OPERATING INCOME

EUR million	2021	2020
Rental income	1.2	1.1
Income from energy sales	3.4	3.3
Proceeds from disposal of non-current assets	2.1	-
Service income	8.7	8.4
Other income	1.4	1.2
TOTAL	**16.8**	**13.9**

Proceeds from disposal of noncurrent assets include EUR 2.1 million sales proceeds from the sale of trademark to Galatea Ab.

3. NOTES RELATED TO PERSONNEL

EUR million	2021	2020
Wages and salaries	27.8	25.7
Pension expenses	4.8	4.7
Other social expenses	0.9	0.9
TOTAL	**33.5**	**31.3**

EUR million	2021	2020
Fringe benefits (taxable value)	0.6	0.6

The average number of personnel during the reporting period	2021	2020
Workers	193	194
Clerical employees	207	201
TOTAL	**400**	**395**

Management remuneration, EUR million	2021	2020
CEO	0.4	0.3
Board members	0.4	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	2021	2020
Rental expenses	1.5	1.7
Marketing expenses	4.8	3.7
Energy expenses	7.6	7.2
Travel and representation expenses	0.4	0.3
Repair and maintenance expenses	6.4	6.3
IT expenses	7.9	6.0
Outsourcing services	9.9	13.7
Variable sales expenses	5.6	5.3
Other expenses	6.0	6.2
TOTAL	**50.0**	**50.4**
Auditor's fees		
Audit fees	0.2	0.1
Other fees	0.1	0.8
TOTAL	**0.3**	**1.0**

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	2021	2020
Dividend income		
From Group companies	3.2	-
From participating interest undertakings	0.9	0.9
From others	0.2	0.2
Total dividend income	**4.3**	**1.1**
Interest income		
From Group companies	0.1	0.2
From others	0.0	0.1
Total interest income	**0.1**	**0.3**
Other finance income		
From others	3.2	-
Total other finance income	**3.2**	**-**
TOTAL FINANCE INCOME	**7.6**	**1.4**
Interest expenses		
To Group companies	0.0	0.1
To others	1.5	1.5
Total interest expenses	**1.5**	**1.5**
Other finance expenses		
To others		
Impairment losses on investments in non-current assets	7.7	-
Other finance expenses	1.1	1.2
Total other finance expenses	**8.8**	**1.2**
TOTAL FINANCE EXPENSE	**10.3**	**2.8**
TOTAL FINANCE INCOME AND EXPENSES	**-2.6**	**-1.4**
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

Other finance income include the sale of shares of Chemigate Oy Ab EUR 3.2 million.

Other finance expenses include the impairment losses on subsidiary shares of Altia Denmark A/S.

6. APPROPRIATIONS

EUR million	2021	2020
Difference between depreciations according to plan and depreciations made in taxation:		
Intangible rights	0.3	1.1
Other intangible assets	-0.2	-0.0
Buildings and structures	0.4	0.8
Machinery and equipment	-0.7	0.3
Other tangible assets	0.0	-0.0
TOTAL	**-0.2**	**2.1**

7. INCOME TAX EXPENSE

EUR million	2021	2020
Income taxes from current period	-1.6	-1.3
Income taxes from previous periods	0.0	0.0
Change in deferred tax assets	**-0.0**	**-0.0**
TOTAL	**-1.7**	**-1.3**

8. SPECIFICATION OF NON-CURRENT ASSETS

EUR million	2021	2020
Intangible assets		
Intangible rights		
Acquisition cost at 1 January	34.6	34.3
Additions	0.1	0.1
Additions, Group internal structural changes	-	0.0
Disposals	-1.5	-
Transfers between items	-	0.2
Acquisition cost at 31 December	**33.1**	**34.6**
Accumulated amortisation at 1 January	-27.8	-24.3
Accumulated amortisation, Group internal structural changes	-	-0.0
Accumulated amortisation on disposals and transfers	1.5	-
Amortisation for the period	-2.1	-3.5
Accumulated amortisation at 31 December	-28.5	-27.8
CARRYING AMOUNT AT 31 DECEMBER	**4.7**	**6.8**
Goodwill		
Acquisition cost at 1 January	18.7	17.6
Additions, Group internal structural changes	-	1.1
Acquisition cost at 31 December	**18.7**	**18.7**
Accumulated amortisation at 1 January	-18.4	-17.6
Accumulated amortisation, Group internal structural changes	-	-0.7
Amortisation for the period	-0.1	-0.1
Accumulated amortisation at 31 December	-18.5	-18.4
CARRYING AMOUNT AT 31 DECEMBER	**0.2**	**0.3**
Other intangible assets		
Acquisition cost at 1 January	25.8	24.3
Additions	0.5	0.1
Transfers between items	1.0	1.3
Acquisition cost at 31 December	**27.3**	**25.8**
Accumulated amortisation at 1 January	-20.1	-18.2
Amortisation for the period	-2.0	-1.9
Accumulated amortisation at 31 December	-22.1	-20.1
CARRYING AMOUNT AT 31 DECEMBER	**5.2**	**5.7**
Prepayments in intangible assets		
Acquisition cost at 1 January	1.4	2.0
Additions	0.3	0.9
Transfers between items	-1.0	-1.4
CARRYING AMOUNT AT 31 DECEMBER	**0.8**	**1.4**

EUR million	2021	2020
Tangible assets		
Land and water areas		
Acquisition cost at 1 January	2.4	2.4
Additions	0.0	-
CARRYING AMOUNT AT 31 DECEMBER	**2.5**	**2.4**
Buildings and structures		
Acquisition cost at 1 January	99.0	97.8
Additions	0.4	1.4
Transfers between items	0.3	0.1
Disposals	-	-0.3
Acquisition cost at 31 December	**99.7**	**99.0**
Accumulated depreciation at 1 January	-79.1	-76.8
Accumulated depreciation on disposals and transfers	-	0.2
Depreciation for the period	-2.1	-2.6
Accumulated depreciation at 31 December	-81.3	-79.1
CARRYING AMOUNT AT 31 DECEMBER	**18.4**	**19.9**
Machinery and equipment		
Acquisition cost at 1 January	120.5	118.3
Additions	1.6	1.3
Disposals	-0.1	-0.2
Transfers between items	2.3	1.1
Acquisition cost at 31 December	**124.3**	**120.5**
Accumulated depreciation at 1 January	-95.9	-92.2
Accumulated depreciation on disposals and transfers	0.1	0.2
Depreciation for the period	-3.7	-3.9
Accumulated depreciation at 31 December	-99.6	-95.9
CARRYING AMOUNT AT 31 DECEMBER	**24.7**	**24.6**
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	2.6	1.5
Additions	0.9	2.4
Transfers between items	-2.6	-1.3
CARRYING AMOUNT AT 31 DECEMBER	**0.9**	**2.6**
CARRYING AMOUNT OF MACHINERY AND EQUIPMENT USED IN PRODUCTION AT 31 DECEMBER	**24.4**	**24.1**

EUR million	2021	2020
Investments		
Holdings in Group companies		
Acquisition cost at 1 January	347.7	358.3
Additions	55.3	-
Disposals	-	-10.7
Acquisition cost at 31 December	**402.9**	**347.7**
Accumulated impairment at 1 January	-151.1	-151.5
Impairment	-7.7	-
Accumulated impairment on disposals	-	0.4
Accumulated impairment at 31 December	-158.8	-151.1
CARRYING AMOUNT AT 31 DECEMBER	**244.1**	**196.5**
Participating interests		
Acquisition cost at 1 January	8.2	8.2
CARRYING AMOUNT AT 31 DECEMBER	**8.2**	**8.2**
Other shares and investments		
Acquisition cost at 1 January	0.8	0.8
Disposals	-0.2	-
CARRYING AMOUNT AT 31 DECEMBER	**0.6**	**0.8**

9. INVENTORY

There is no significant difference between the repurchase price and cost of inventories.

10. NON-CURRENT RECEIVABLES

EUR million	2021	2020
Receivables from Group companies		
Loan receivables	3.4	5.9
Deferred tax assets		
Recognised in hedge reserve	-	0.2
Fixed assets deferred depreciations	0.3	0.3
Deferred tax assets total	0.3	0.5
TOTAL NON-CURRENT RECEIVABLES	**3.7**	**6.3**

11. CURRENT RECEIVABLES

EUR million	2021	2020
Receivables from Group companies		
Trade receivables	4.7	4.5
Other receivables	2.6	3.1
Derivatives	0.0	0.5
Accrued income and prepaid expenses	1.5	1.6
Total	**8.7**	**9.7**
Receivables from participating interest undertakings		
Trade receivables	0.1	0.1
Total	**0.1**	**0.1**
Receivables from others		
Trade receivables**	25.3	19.4
Accrued income and prepaid expenses	5.3	3.2
Total	**30.6**	**22.6**
TOTAL CURRENT RECEIVABLES	**39.5**	**32.4**
Accrued income and prepaid expenses		
Significant items in accrued income and prepaid expenses:		
Derivatives	2.8	0.7
Taxes	0.8	0.8
Others	1.8	1.7
Total	**5.3**	**3.2**

** Does not include the sold trade receivables

12. DISCLOSURES ON FAIR VALUES (DERIVATIVES)

	2021			2020		
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 (level 2)	-0.5	-	-0.5	-1.0	-	-1.0
Foreign exchange derivatives (level 2)	0.2	0.0	0.1	-0.5	-0.0	-0.4
Commodity derivatives (level 2)	2.3	-	2.3	0.6	-	0.6
TOTAL	**1.9**	**0.0**	**1.9**	**-0.8**	**0.0**	**-0.8**

13. EQUITY

EUR million	2021	2020
Restricted equity		
Share capital at 1 January	60.5	60.5
Changes in share capital	1.0	-
Share capital at 31 December	**61.5**	**60.5**
Hedge reserve at 1 January	-0.6	-0.9
Additions and disposals	2.2	0.3
Hedge reserve at 31 December	**1.5**	**-0.6**
Total restricted equity	**63.0**	**59.9**
Unrestricted equity		
Invested unrestricted equity fund at 1 January	1.2	1.2
Changes in Invested unrestricted equity fund	51.0	-
Retained earnings at 1 January	86.4	95.7
Distribution of dividends	-27.1	-15.2
Profit for the period	6.6	5.9
Total unrestricted equity	**118.1**	**87.6**
TOTAL EQUITY	**181.1**	**147.5**
Distributable unrestricted equity		
Calculation of distributable equity		
Invested unrestricted equity fund	52.2	1.2
Retained earnings	86.4	95.7
Distribution of dividends	-27.1	-15.2
Profit for the period	6.6	5.9
TOTAL DISTRIBUTABLE UNRESTRICTED EQUITY	**118.1**	**87.6**
Company's share capital:		
Number of shares outstanding at the end of the period	67 553 624	36 140 485

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. 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.

14. APPROPRIATIONS

EUR million	2021	2020
Depreciation difference		
Intangible rights	1.2	1.4
Other intangible assets	0.4	0.2
Buildings and structures	1.5	1.9
Machinery and equipment	15.5	14.8
Other tangible assets	-0.0	-0.0
TOTAL	**18.5**	**18.3**

15. LIABILITIES

EUR million	2021	2020
Non-current		
Loans from financial institutions	55.0	60.0
Loans from pension institutions	8.3	9.8
Deferred tax liabilities	0.4	-
Other liabilities	4.9	4.9
TOTAL	**68.6**	**74.7**

16. LIABILITIES TO GROUP COMPANIES

EUR million	2021	2020
Trade payables	1.5	0.6
Liabilities to Group companies	-	1.0
Cash Pool liabilities	122.8	107.2
Derivative instruments	0.3	0.0
Other accrued expenses	0.8	1.8
TOTAL	**125.4**	**110.6**

17. ACCRUED EXPENSES AND DEFERRED INCOME

EUR million	2021	2020
Significant items under accrued expenses:		
Holiday pay and other wages and salaries	10.4	9.1
Contract discount	0.5	0.5
Procurement expenses and other accrued expenses	11.3	12.7
Derivative instruments	0.6	1.9
TOTAL	**22.7**	**24.2**

18. COLLATERALS AND COMMITMENTS

EUR million	2021	2020
Collaterals given on behalf of the Group companies		
Mortgages	18.5	18.5
Guarantees	3.5	3.8
TOTAL COLLATERALS	**22.0**	**22.3**
Commitments and other contingencies		
Operating and finance lease obligations		
Not later than one year	0.6	0.6
Later than one year	0.5	0.7
Total	**1.1**	**1.3**
Lease obligations		
Not later than one year	0.7	0.6
Later than one year	1.5	2.1
Total	**2.1**	**2.7**
Other obligations		
Not later than one year	5.5	3.2
Total	**5.5**	**3.2**
TOTAL COMMITMENTS	**8.7**	**7.2**

VAT liability for real estate investments

The company is liable to review VAT deductions made for real estate investments completed in 2013–2021 if the use subject to VAT decreases during the review period. The maximum liability is EUR 1.2 million and the last year to review is 2030.

DERIVATIVE CONTRACTS

EUR million	2021	2020
Electricity derivatives		
Fair value	2.3	0.6
Nominal value	2.8	3.3
Amount (TWh)	0.1	0.1
Parent company's external forward exchange contracts		
Fair value	0.4	-0.9
Nominal value	25.8	34.4
Parent company's internal forward exchange contracts		
Fair value	-0.3	0.5
Nominal value	12.9	14.8
Interest rate derivatives		
Fair value	-0.5	-1.0
Nominal value	20.0	20.0

Emission allowances (kilotons)	2021	2020
Emission allowances received	22.6	26.4
Excess emission allowances from the previous year	10.9	4.0
Realised emissions	-19.9	-19.6
EMISSION ALLOWANCES AT 31 DECEMBER	**13.5**	**10.9**
Fair value of the remaining emission allowances, EUR million	1.1	0.3

The received emission allowances and the realised emission of the year 2021 are estimates which will be adjusted during spring 2022. Altia 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 Altia Plc Note 3.

Board of Directors' proposal for the distribution of profits

According to the balance sheet at 31 December 2021, the parent company's distributable funds amount to EUR 118 063 196.87 including profit for the period of EUR 6 564 235.73.

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 0.45 per share be paid for the financial year 2021. In its proposal the Board has considered former Altia's dividend policy to pay 60% or more of the result for the period as a dividend to the shareholders. Anora's financial targets including a dividend policy will be set in connection with the on-going strategy process.

Signatures to the Board of Directors' Report and to the financial statements

Helsinki, 9 March 2022

Michael Holm Johansen
Chairman

Sanna Suvanto-Harsaae | Kirsten Ægidius | Ingeborg Flønes

Sinikka Mustakari | Jyrki Mäki-Kala | Nils Selte

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, 9 March 2022

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 2021. 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: € 3.3 million

- The group audit included the parent company and all significant subsidiaries covering the vast majority of net sales, assets and liabilities.

- Revenue recognition
- Valuation of inventories
- Arcus ASA provisional acquisition accounting

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	€ 3.3 million
How we determined it	0.7% 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 0.7% 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 group, 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 performed group audit procedures on all significant account balances covering the vast majority of the group's net sales, assets and liabilities. In addition, we performed analytical procedures at group level of the remaining balances.

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 a complex 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 tested a sample of sales invoices recorded in December 2021 and January 2022 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 139.7 million as of 31 December 2021. Inventories are measured at the lower of cost and net realisable 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 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
Arcus ASA provisional acquisition accounting Refer to notes 5.1 and 5.2 in the consolidated financial statements Arcus ASA merged into Altia Oyj on 1 September 2021. The merger accounting is provisional in the financial statements in accordance with the International Financial Reporting Standard, IFRS 3 Business combinations. The Acquisition Cost for the group was EUR 337.4 million and the whole purchase price was paid with Altia Oyj's shares. The acquisition is material for the group and the application of accounting method includes a substantial degree of management judgment. The judgments and estimates applied includes identification of all assets and liabilities, including valuation of these identified assets and liabilities. Estimated future cash flows have been used to value some of the assets. A key area was determining fair values for identifiable intangible assets, consisting of customer relationships and brands. Management has used external advisors, when assessing the provisional fair values for identified assets and liabilities. Fair values for tangible fixed assets, current assets and current liabilities were also assessed for the purchase price allocation. According to the provisional allocation of the purchase price the total amount of goodwill resulting from the merger amounts to EUR 193.2 million. Given the factors described above, we have considered Arcus ASA provisional acquisition accounting to be a key audit matter. This matter is a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2) relating to the consolidated financial statements.	Our audit procedures included e.g. the following: • We gained an understanding of the management approach regarding provisional accounting of the merger in accordance with IFRS 3. • We assessed methods used by management in relation to areas including substantial amount of management estimates and judgments. • We read contracts and minutes of the meeting of Board of Directors to identify the relevant contractual terms, which has an impact on how the transaction is accounted for. • We recalculated the amount of total consideration and goodwill resulting from the merger. • We engaged our fair value experts, for evaluating whether the valuation methods applied by the management and methods used by the Company's external advisors are adequate and in compliance with the requirements of IFRS-standards. • We evaluated the adequacy of the key market parameters used in assessing the fair values, such as discount rates, by comparing them to the rates applied in the industry. • We evaluated the appropriateness of of the input data used in fair value calculations. • We evaluated the economical lives used for asset groups based on our industry knowledge and understanding. • We assessed the appropriateness of disclosures included to the consolidated 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 6 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. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

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

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

In our opinion

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

If, based on the work we have performed on the 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 9 March 2022
PricewaterhouseCoopers Oy
Authorised Public Accountants

Ylva Eriksson
Authorised Public Accountant (KHT)

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