

ANORA

Q2 22 Results presentation

CEO Pekka Tennilä
CFO Sigmund Toth

1 September 2022

Today's agenda and speakers

- **Business review**
- **Financial review**
- **Closing remarks**
- **Q&A**

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CEO Pekka Tennilä

CFO Sigmund Toth

Q2 Business review



Anora acquires Globus Wine to further strengthen its position as the leading Nordic wine and spirits group

Anora makes a strong entry to the Danish wine market

As a continuation to the merger last fall, the acquisition of Globus Wine strengthens Anora's position as the leading wine supplier in the Nordics

Globus Wine is a successful company founded in 2006 with consistent above-market growth during the last years

Globus Wine net sales in 2021 were DKK 549.6 million and adjusted EBITDA DKK 66.2 million

Globus Wine owns the top-selling wine brands in the Danish retail and offers filling services to international wineries and wine importers

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GLOBUS WINE
DELICACY REQUIRES MASTERY



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

Anora establishes a market-leading position in the Danish wine market

The acquisition further strengthens Anora's position as the leading Nordic wine and spirits group

The acquisition strengthens our wine business area and opens opportunities to grow our own wine brands across all our markets

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Nordic overall market position

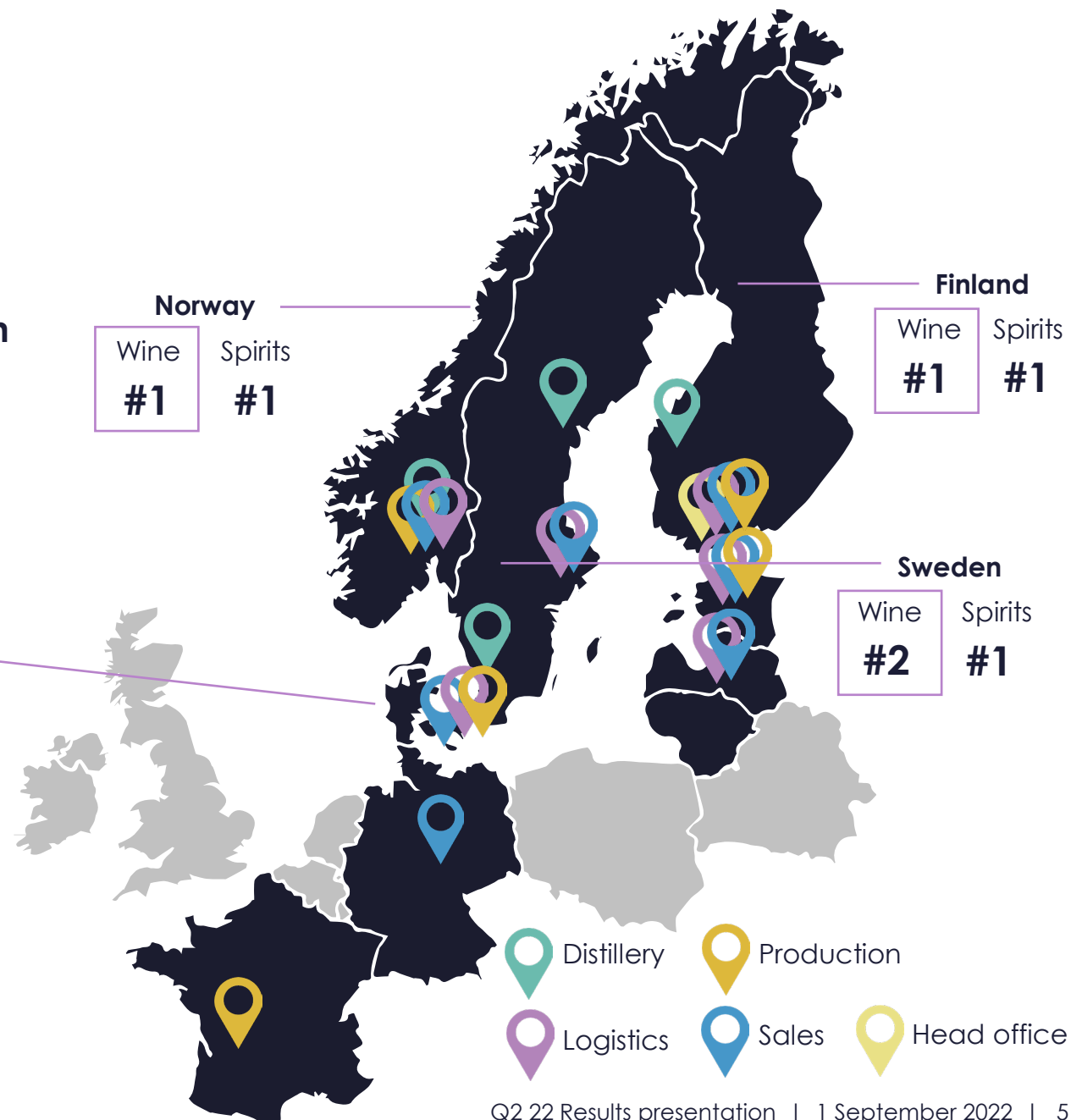
Wine	Spirits
#1	#1

Norway	
Wine	Spirits
#1	#1

Finland	
Wine	Spirits
#1	#1

Sweden	
Wine	Spirits
#2	#1

Denmark	
Wine	Spirits
#1	#2



Anora invests in ISH, the award-winning Danish scale-up company in non-alcoholic beverages

- Anora has made an investment of EUR 5 million in ISH
- ISH is a Danish scale-up company in non-alcoholic beverages founded in 2018 by Morten Sørensen
- ISH is a global leader in non-alcoholic (NA) markets with a broad portfolio of award-winning non-alcoholic spirits, wines and ready-to-drink beverages
- Anora is a minority shareholder in the company with 26% of the shares, which due to convertible loans and warrant programme can be diluted to 20% over the next couple of years
- The investment will enable ISH to further accelerate its international growth
- Anora will be distributing ISH's alcohol-free products in Norway, Sweden, and Finland
- Non-alcoholic beverages are currently the fastest growing segment in the beverage industry. While still a small category, the volume of non-alcoholic spirits is estimated to grow at a 15.5%* compound annual growth rate between 2021–2025.

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* Source: Euromonitor



ISH
COPENHAGEN
2018
THE MINDFUL DRINKING CO.

Strong net sales growth in spirits in Q2

Net sales
165.7 (160.1*)
EUR million

Comparable EBITDA
18.9 (23.6*)
EUR million

Market share gains in spirits on a declining market

Strong growth in travel retail and on-trade

Profitability decrease due to lower sales in Wine segment

Price increases not fully mitigating higher input costs



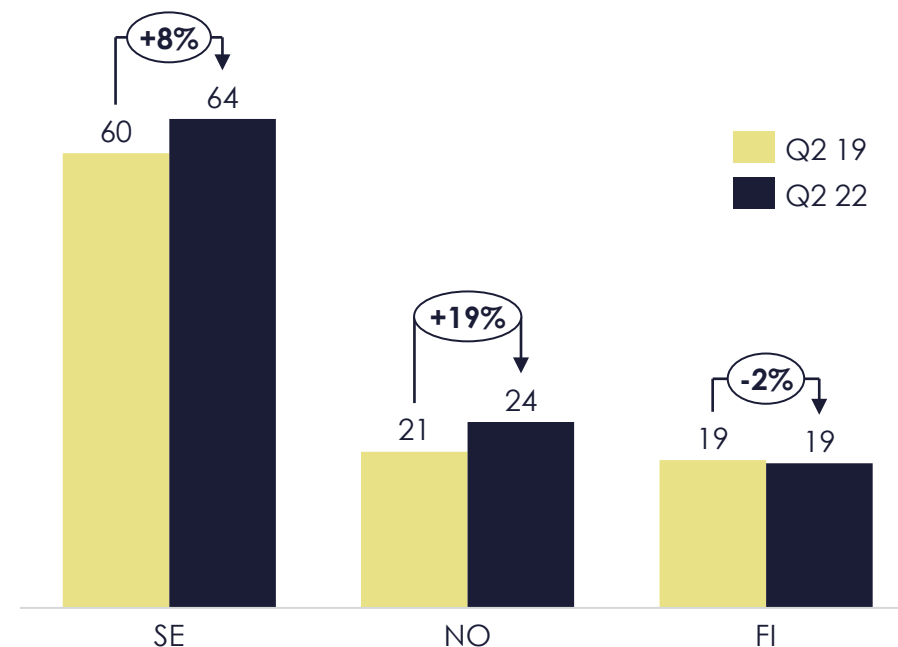
Market development

Volume decline related to normalisation of channel mix. Timing of Easter sales in Q2 vs Q1 LY.

DEVELOPMENT OF WINE AND SPIRITS SALES VOLUMES IN THE NORDIC MONOPOLIES

	Q2 22	Q2 21	2021
Nordics, total sales volumes*	-9.5	-4.0	-0.2
Spirits	-7.2	-0.3	+3.0
Wine	-9.9	-4.6	-0.8
Finland, total sales volumes	-11.3	-8.6	-4.3
Spirits	-6.3	-6.7	-2.8
Wine	-12.9	-9.2	-4.9
Sweden, total sales volumes	-1.5	-2.7	+0.1
Spirits	-3.1	+3.9	+6.1
Wine	-1.3	-3.4	-0.6
Norway, total sales volumes	-26.4	-3.4	+2.2
Spirits	-15.2	+2.3	+6.7
Wine	-28.1	-4.2	+1.5

The normalisation of the market and channel mix is visible in the monopoly volumes. The return to pre-pandemic levels has been the fastest in the Finnish monopoly, while the Covid-boost was the strongest in Norway.



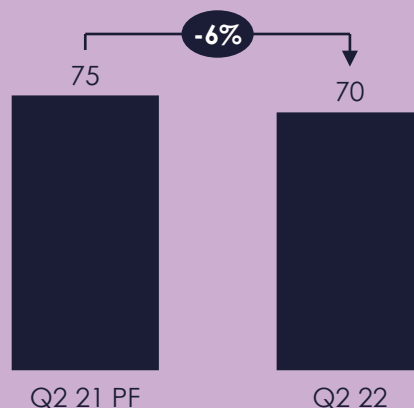
Wine

Q2 Highlights

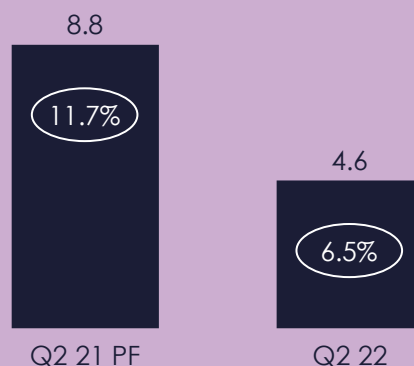
- **Net sales** declined by 6.1% to EUR 70.4 (75.0) million
- Decline due to lower monopoly sales, partner portfolio changes and out-of-stock situation
- Strong on-trade in all markets
- Market shares stable in Norway, declined in Sweden and Finland
- **Profitability** impacted by lower sales and high input costs
- Gross margin below last year's level
- **Important focus area** to turnaround development in wine

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NET SALES (TOTAL), MEUR



COMP. EBITDA, MEUR AND MARGIN %



PF stands for pro forma. Margin calculated as % of net sales (total).



Product launches in Q2

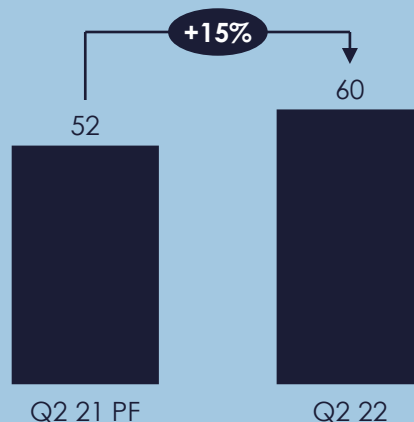


Spirits

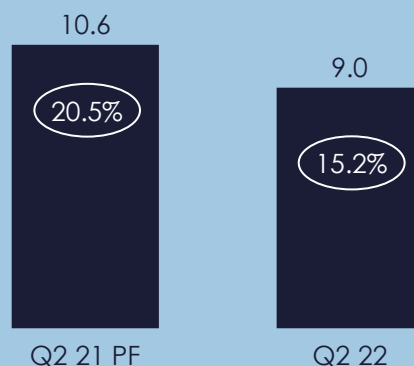
Q2 Highlights

- **Net sales** grew by 15.0% to EUR 59.5 (51.7) million
- Net sales growth driven by International and strong on-trade in monopoly markets
- Good market share development in the monopolies
- **Profitability** decrease related to higher input costs and increased marketing and activation investments in on-trade and International as these channels re-opened after Covid-19

NET SALES (TOTAL), MEUR



COMP. EBITDA, MEUR AND MARGIN %



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PF stands for pro forma. Margin calculated as % of net sales (total).



Product launches in Q2

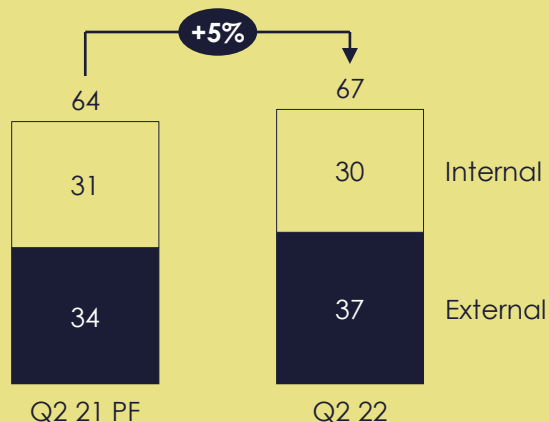


Industrial

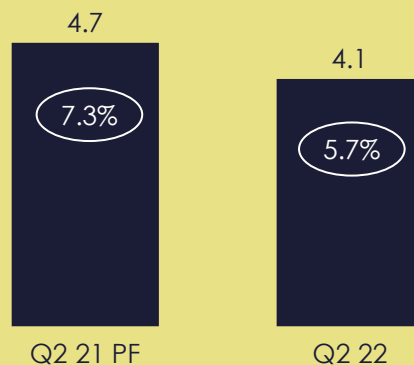
Q2 Highlights

- **Net sales** grew by 4.8% to EUR 67.5 (64.4) million of which EUR 37.4 (33.6) million was external sales
- Growth was driven by higher sales prices in both contract manufacturing and industrial products following the increase in the cost of barley
- **Profitability** – Koskenkorva capacity reduction, price increases, inventory revaluation and proceeds from the sale of CO2 emission rights have partly mitigated the negative impact of the significantly higher raw material costs

NET SALES, MEUR



COMP. EBITDA, MEUR AND MARGIN %



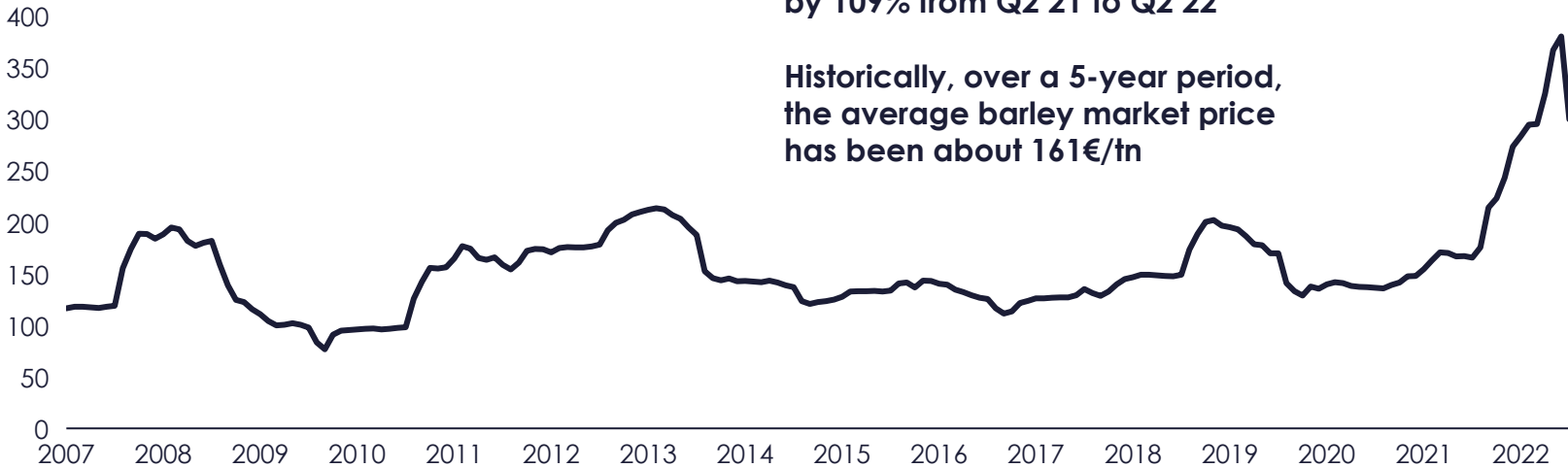
PF stands for pro forma. Margin calculated as % of net sales (total).

Financial review

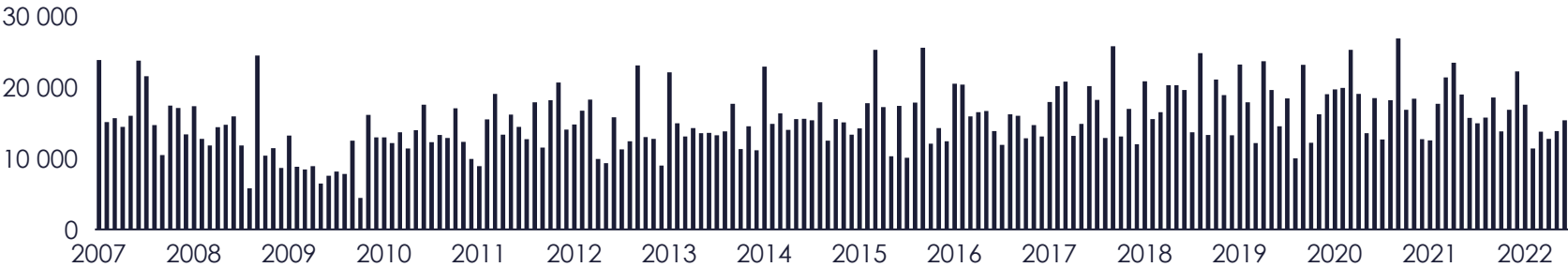


Barley sourcing

BARLEY PRICE DEVELOPMENT (EUR/TN)*



ANORA'S MONTHLY SOURCING VOLUMES (TN)



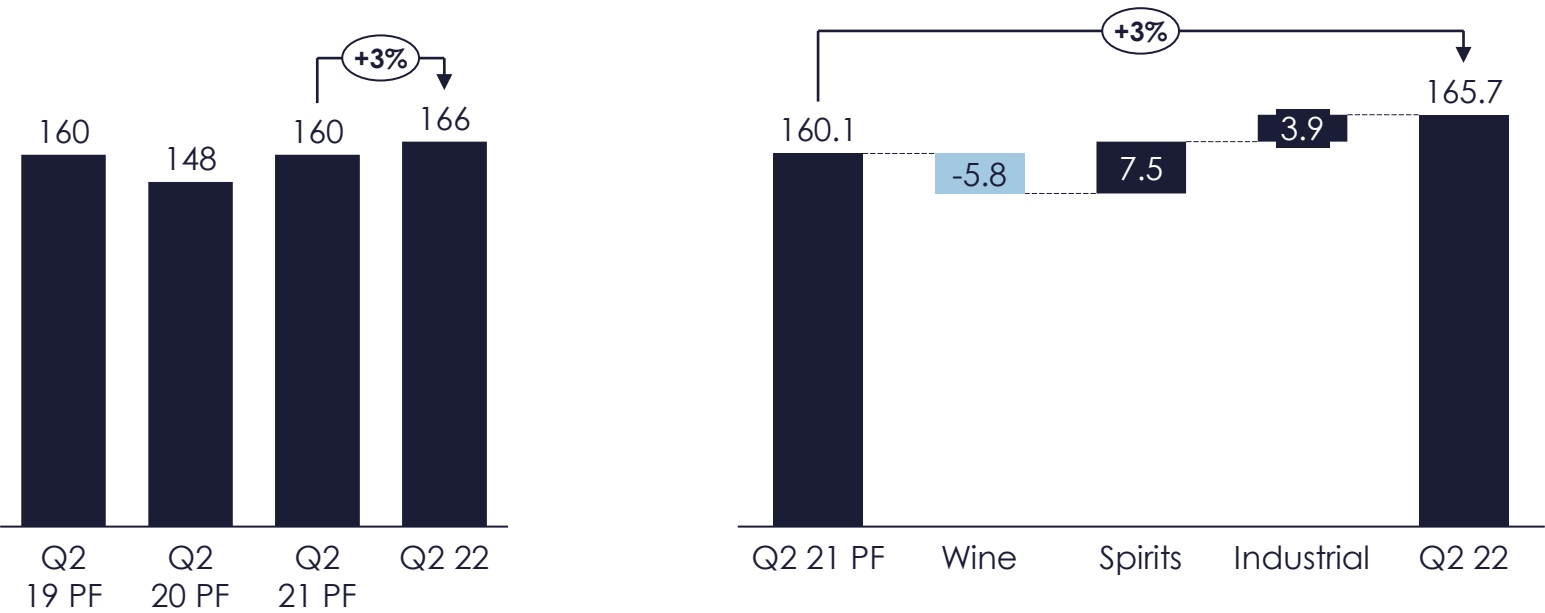
In Q2 22, Anora used 44.3 (53.2) million kilos of Finnish grain

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

*Average feed barley market price excl. premiums for 2007-June 2022 (source: Luke)
** Anora quote for barley (26 August 2022, www.anoraindustrial.com)

Strong growth in spirits in Q2

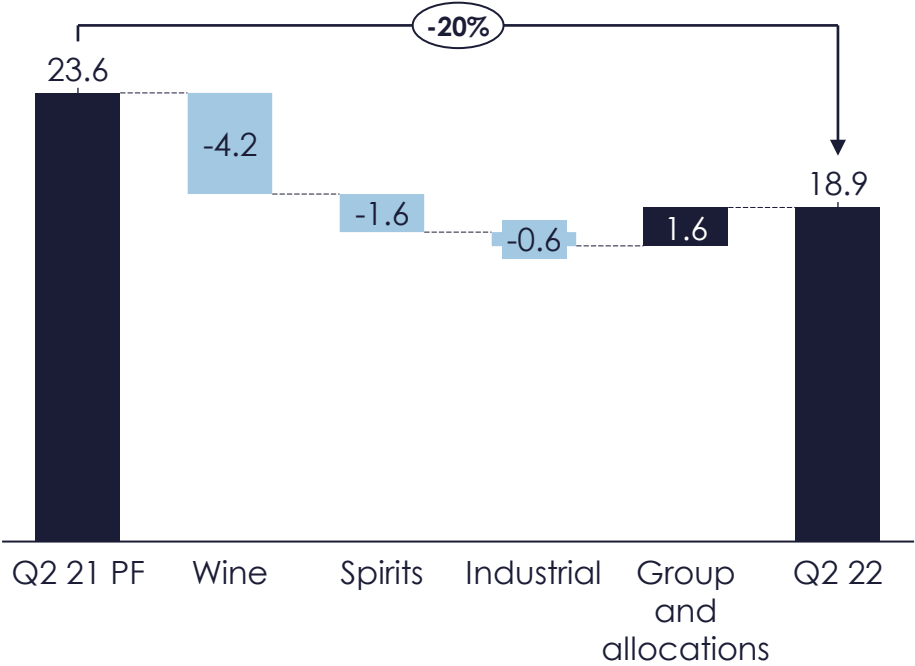
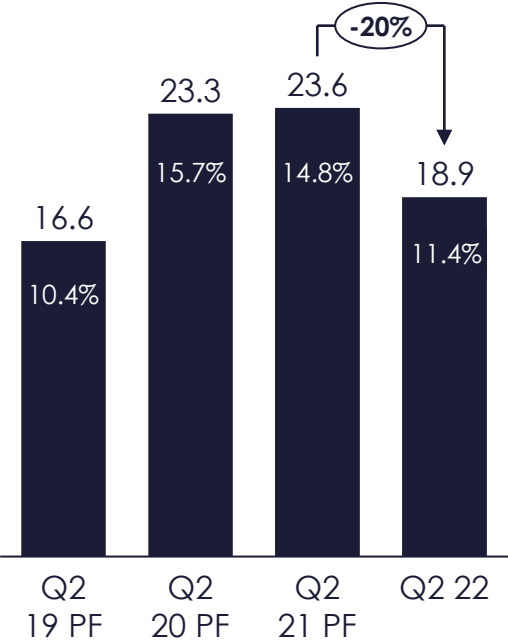
NET SALES (EXTERNAL), MEUR



- Normalisation of channel mix with market volumes in the monopolies returning to pre-pandemic levels.
- Strong spirits sales in travel retail and on-trade.
- Price increases supported industrial sales development.

Comparable EBITDA decreased during Q2

COMPARABLE EBITDA, MEUR



- The decline in the Wine segment was due to lower sales and lower margins. The sales decrease was driven by significantly lower overall market volumes, as Covid-effects dissipated, and by a decline in Anora’s market share.
- Margins declined mainly due to higher input costs, which have not yet been fully mitigated through implemented price increases.

Balance sheet key figures

	H1 22	H1 21	2021
Net debt / comparable EBITDA (rolling 12m)	2.4	0.2	1.8
Borrowings, EUR million	251.5	100.4	162.6
Net debt, EUR million	201.3	11.9	126.0
Equity ratio, %	39.4	35.0	41.2
Gearing, %	42.2	7.8	24.8
Capital expenditure, EUR million	-5.5	-1.9	-5.4
Total assets, EUR million	1 211.4	435.3	1 233.3
Net cash flow from operations, EUR million	-43.7	-1.6	50.8
	Q2 21	Q2 21	2021
Net cash flow from operations, EUR million	-5.1	-1.3	50.8

- The increase in **net debt** was due to the Altia and Arcus merger as the balance sheet of the former Arcus included significant lease liabilities due to IFRS 16 standard relating mainly to Gjelleråsen plant and bank debt.
- The increase in **cash and cash equivalents**, and **interest-bearing debt** was related to the consolidation of Arcus and to the funding of the Globus Wine acquisition (EUR 85 million). The **gearing ratio** at the end of the reporting period was 42.2% (7.8%), while the **equity ratio** was 39.4% (35.0%).
- The **reported net debt to comparable EBITDA** was 2.4 (0.2) times, or if calculated using pro forma figures 2.2.
- **Cash flow from operations** was impacted by the change in working capital due to a high inventory level. Inventories were impacted by stocking of barley and ethanol.

Outlook 2022

Guidance remains unchanged

- **Comparable EBITDA expected to be between EUR 75-85 million**
- Corresponds to the **pre-pandemic level**
- Takes into account the **annual impact of EUR 4.6 million** of the divestment of Anora brands due to the merger
- **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**





Closing remarks

Integration work and synergy capture progressing as planned

Integration plan and synergies after closing of merger

- At Q2 22 annualised **net EBITDA synergies were EUR 3.0 million** (Q1: EUR 1.9 million), including EUR 4.6 million annual impact of merger-related divestments of brands
- Total run rate target of EUR 8-10 million EBITDA net synergies remain
- 80% realized within 2 years
- Post-closing integration costs estimated to be EUR 7-9 million in 2021-2022

Current update and progress

- **Wine:** Entrepreneurial driven multi company structure for the wine business. Fully dedicated wine import companies under Vingruppen have been established in Finland, Sweden and Norway carrying now former Altia partner portfolios.
- In **Spirits**, the work on the Anora spirits portfolio continued as planned and joint on-trade excellence programme between Wine, Spirits and International has been initiated.
- **Industrial:** Following logistics transfers already completed in Norway and Finland, Anora wines and spirits in Sweden were successfully insourced to inhouse logistics center in Brunna. Remaining volume from Vingruppen is expected to be completed in Q3 2022. Associated IT and systems integration is proceeding as planned.



Sustainability events in Q2

Striving for carbon neutral production

- The Koskenkorva Distillery heat pump project progressed as planned; expected to be commissioned in Q3 22.
- Reduces steam power generation by 10%.
- Energy savings projects progressed in all plants and, as an example, led-lightning was installed in the Brunna logistics centre in Sweden.

Supporting a responsible drinking culture

- During the quarter, Anora continued to launch low and non-alcoholic novelties, such as Pirske RTD in Finland.
- Anora continued to support the educative programmes Drink Responsibly in Norway, Talk about Alcohol in Sweden and Raiteen tuki in Finland.

Leading in climate-smart packaging

- During Q2, Rajamäki bottling plant started packaging wine in pouches, which is a light-weight packaging format.

Promoting an inclusive and safe workplace

- During H1, Anora's total sickness absence was 5.6% and LTIF (lost time injury frequency) 7.8 (both KPIs are for own employees from former Altia and former Arcus' Norwegian operations. In addition, LTIF excludes commuting).

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

S&P Global



A man and a woman are sitting at an outdoor table, smiling and holding glasses of wine. The man is in the foreground, wearing glasses and a denim jacket. The woman is behind him, also smiling. They are surrounded by lush greenery, string lights, and colorful bunting flags, creating a warm and festive atmosphere.

Q&A

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Summary

Q2 22:
Strong growth in
spirits

Important focus
area to turnaround
development in the
wine business –
Globus Wine
acquisition

Strategy update at
Capital Markets
Day on 29 Nov

Thank you!

Our next scheduled events:

23 Nov
29 Nov

Q3 Interim Report
Capital Markets Day



More information: www.anora.com/investors
Investor Relations: tua.stenius-ornhjelm@anora.com

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Appendix

Strong value creation for shareholders from significant synergies

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

Potential run-rate EBITDA net synergies

EUR ~8-10m

About 80% realised within 2 years

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Q2 income statement

EUR million	Q2 22	Q2 21	H1 22	H1 21	2021
Net sales	165.7	86.8	299.2	158.5	478.2
Other operating income	2.8	1.4	5.2	3.0	10.5
Materials and services	-95.3	-48.4	-170.8	-88.8	-266.1
Employee benefit expenses	-23.0	-12.7	-46.4	-25.6	-69.6
Other operating expenses	-34.9	-17.0	-59.9	-32.4	-90.2
Depreciation, amortisation and impairment	-7.8	-3.8	-15.6	-7.7	-20.5
Operating result	7.5	6.3	11.7	7.0	42.4
Finance income	1.5	0.0	2.4	0.2	1.2
Finance expenses	-3.7	-0.6	-7.0	-1.6	-6.7
Share of profit in associates and joint ventures and income from interest in joint operations	0.0	0.0	0.9	1.0	1.7
Result before taxes	5.4	5.8	8.0	6.6	38.6
Income tax expense	-1.0	-1.2	-1.6	-1.3	-7.4
Result for the period	4.4	4.7	6.5	5.3	31.2
Earnings per shares, basic and diluted	0.06	0.13	0.09	0.15	0.67

Q2 balance sheet

EUR million	30 June 2022	30 June 2021	31 Dec 2021
ASSETS			
Non-current assets			
Goodwill	270.9	81.2	277.8
Other intangible assets	188.2	15.2	196.7
Property, plant and equipment	70.4	56.8	71.3
Right-of-use assets	115.3	9.2	125.7
Investments in associates and joint ventures and interests in joint operations	16.3	9.2	16.3
Financial assets at fair value through other comprehensive income	0.7	4.1	0.7
Other receivables	-	-	0.1
Deferred tax assets	0.9	1.2	1.8
Total non-current assets	662.7	176.8	690.3
Current assets			
Inventories	169.0	94.7	139.7
Contract assets	0.1	0.1	0.2
Trade and other receivables	202.5	51.7	232.8
Current tax assets	4.2	4.0	1.3
Cash and cash equivalents	172.8	98.0	168.9
Total current assets	548.7	248.6	543.0
Assets held for sale	-	10.0	-
Total assets	1 211.4	435.3	1 233.3

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EUR million	30 June 2022	30 June 2021	31 Dec 2021
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	61.5	60.5	61.5
Invested unrestricted equity fund	336.8	1.2	336.8
Fair value reserve	0.0	3.2	0.0
Legal reserve	0.5	0.4	0.4
Hedge reserve	7.1	-0.0	1.7
Translation differences	-27.9	-20.6	-15.0
Retained earnings	98.2	107.8	121.6
Equity attributable to owners of the parent	476.1	152.5	507.0
Non-controlling interests	0.7	-	0.9
Total equity	476.8	152.5	507.9
Non-current liabilities			
Deferred tax liabilities	47.8	16.5	48.4
Borrowings	217.0	63.9	136.1
Non-current liabilities at fair value through profit or loss	0.9	-	1.3
Lease liabilities	111.5	6.0	120.8
Other liabilities	0.0	-	0.0
Employee benefit obligations	2.9	1.1	3.0
Total non-current liabilities	380.2	87.6	309.6
Current liabilities			
Borrowings	34.5	36.5	26.5
Lease liabilities	11.1	3.5	11.6
Trade and other payables	307.9	153.3	374.4
Contract liabilities	0.3	0.3	0.4
Current tax liabilities	0.7	1.6	2.8
Total current liabilities	354.4	195.2	415.7
Total liabilities	734.6	282.8	725.4
Total equity and liabilities	1 211.4	435.3	1 233.3

Anora's Board of Directors

Michael Holm Johansen

Chairman



Shareholdings: 80 000

Chairman of the Human Resources Committee

Sanna Suvanto-Harsaee

Vice Chairman



Shareholdings: 3 908

Member of the Audit Committee

Kirsten Ægidius

Member



Shareholdings: 2 440

Member of the Human Resources Committee

Ingeborg Flønes

Member



Shareholdings: 1 900

Member of the Human Resources Committee

Christer Kjos

Member



Shareholdings: -

Member of the Audit Committee

Annareetta Lumme-Timonen

Member



Shareholdings: -

Member of the Audit Committee

Jyrki Mäki-Kala

Member



Shareholdings: 3 517

Chairman of the Audit Committee

Torsten Steenholt

Member



Shareholdings: 5 000

Member of the Human Resources Committee

Arne Larsen

Member



Shareholdings: -

Employee-elected Board member

Jussi Mikkola

Member



Shareholdings: 100

Employee-elected Board member

Anora's Executive Management Team

Pekka Tennilä

CEO



Previously served as Chief Executive Officer, Baltics at Carlsberg Group and in other managerial positions at Carlsberg Group; joined Altia in 2014

Sigmund Toth

CFO



Previously worked at McKinsey & Company and held several positions in Finance & Accounting at Procter & Gamble; joined Arcus in 2015

Janne Halttunen

SVP, Wine



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

Henrik Bodekær Thomsen

SVP, Spirits



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

Kirsi Puntila

SVP, International



Long career with global brands at Pernod-Ricard; joined Altia in 2014 and has led core spirit brands and innovation across all markets

Kirsi Lehtola

CHRO



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

Hannu Tuominen

SVP, Industrial



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

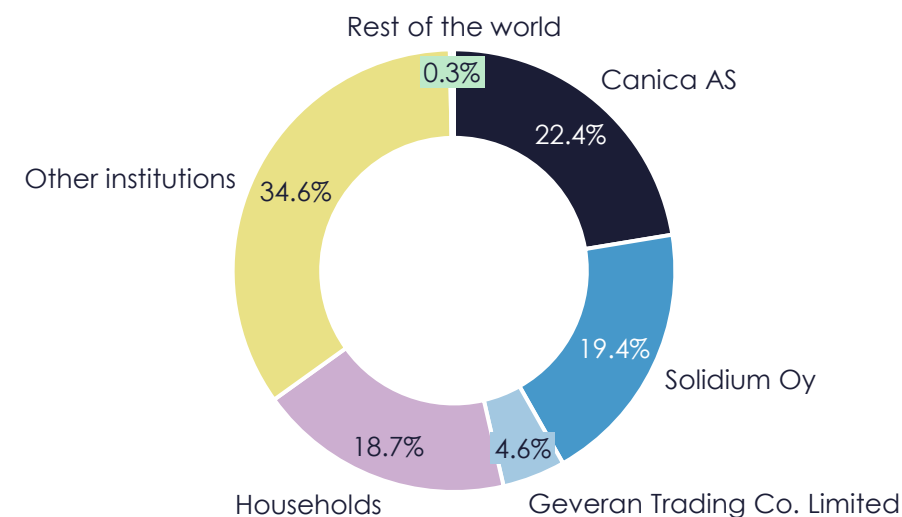
Anora's top 10 shareholders

Shareholder (30 June 2022)	Shares	% of shares
Solidium Oy	13 097 481	19.4
Varma Mutual Pension Insurance Company	2 131 240	3.2
Ilmarinen Mutual Pension Insurance Company	1 313 708	1.9
WestStar Oy	1 199 705	1.8
Elo Mutual Pension Insurance Company	680 000	1.0
Veritas Pension Insurance Company Ltd.	405 690	0.6
Savolainen Heikki Antero	216 077	0.3
Tapiola Trendi Investment fund	215 772	0.3
Mandatum Life Insurance Company Limited	175 484	0.3
Säästöpankki Pienyhtiöt	154 208	0.2
Total	19 589 365	29.0
<i>Nominee registered total</i>	<i>31 706 160</i>	<i>46.9</i>

Source: Euroclear Finland

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ILLUSTRATION OF ANORA'S OWNERSHIP STRUCTURE



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

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

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