

ANORA

Q3 22 Results presentation

CEO Pekka Tennilä
CFO Sigmund Toth

23 November 2022

Today's agenda and speakers

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

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CEO Pekka Tennilä

CFO Sigmund Toth

Q3 Business review



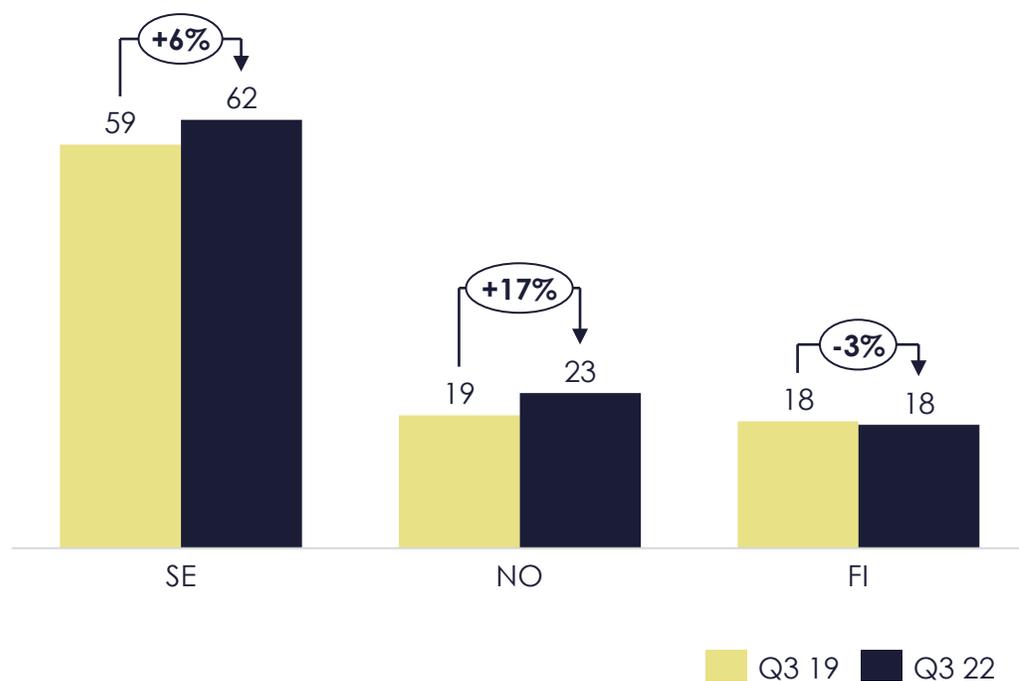
Net sales grew in Q3 – strong performance by Globus Wine

Net sales	Net sales excl. Globus Wine	Comparable EBITDA
181.9 (165.0 ¹) EUR million	159.4 EUR million	23.4 (30.1 ¹) EUR million
Strong performance by newly acquired Globus Wine in Denmark		Market share gains in spirits in the monopolies
Profitability declined due to lower volumes, higher opex and lower gross margin	Increasing input costs not fully compensated by price increases	



Market development

The decline in volumes was related to the normalising of the channel mix with consumption returning to the on-trade, travel retail and border trade as Covid-19 restrictions have been lifted.



DEVELOPMENT OF WINE AND SPIRITS SALES VOLUMES IN THE NORDICS

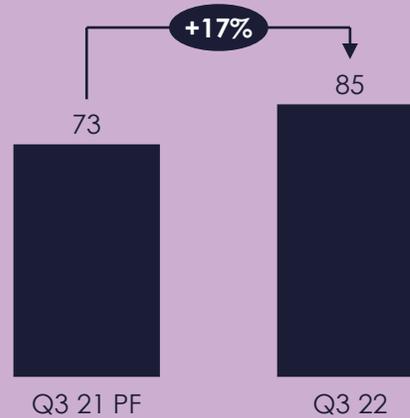
	Q3 22	Q3 21	Q1-Q3 22	Q1-Q3 21	2021
Nordics, total volumes*	-6.9	-3.1	-9.5	2.0	-0.2
Spirits	-7.5	0.9	-7.8	5.9	+3.0
Wine	-6.8	-3.7	-9.8	1.5	-0.8
Finland, total volumes	-8.1	-4.8	-10.4	-2.4	-4.3
Spirits	-5.2	-2.9	-6.4	-1.6	-2.8
Wine	-9.3	-5.5	-11.9	-2.7	-4.9
Sweden, total volumes	-1.9	-1.9	-3.7	1.6	+0.1
Spirits	-3.4	1.3	-4.8	7.7	+6.1
Wine	-1.8	-2.3	-3.6	0.9	-0.6
Norway, total volumes	-20.3	-1.8	-20.2	8.7	+2.2
Spirits	-19.7	4.5	-16.0	12.8	+6.7
Wine	-20.4	-2.8	-20.8	8.0	+1.5
Denmark, total volumes	-3.7	-6.0	-10.7	0.3	-2.1
Spirits	-4.1	2.2	-6.4	7.3	4.7
Wine	-3.7	-7.2	-11.3	-0.6	-3.1

Wine

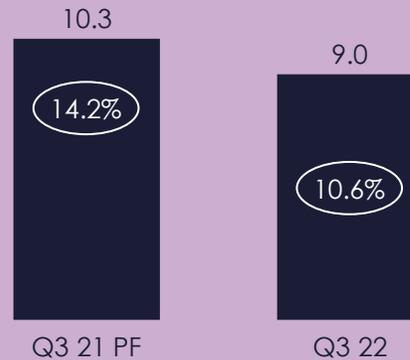
Q3 Highlights

- **Net sales** increased by 17.2% to EUR 85.1 (72.6) million
- Growth was driven by the acquisition of Globus Wine which was consolidated to Anora for the full Q3
- Strong quarter for Globus Wine
- Market shares declined in Sweden and Finland, in Norway decline was less than in H1 22
- **Profitability** impacted by lower sales and high input costs, positive contribution by Globus Wine

NET SALES (TOTAL), MEUR



COMP. EBITDA, MEUR AND MARGIN %



Product launches in Q3

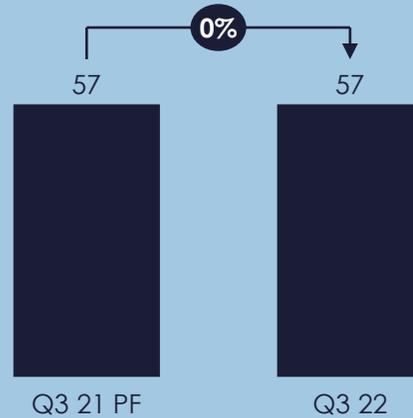


Spirits

Q3 Highlights

- **Net sales** were at last year's level at EUR 57.2 (57.2) million
- Supported by the solid growth in International.
- Market share gains in the monopolies
- **Profitability** declined due to reduced gross profit due to higher input costs and higher operating expenses. The implemented price increases have not fully compensated the high input costs

NET SALES (TOTAL), MEUR



COMP. EBITDA, MEUR AND MARGIN %



Product launches in Q3

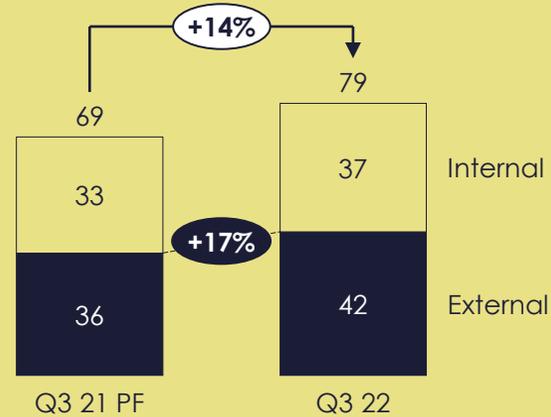


Industrial

Q3 Highlights

- **External net sales** grew by 17.3% to EUR 41.6 (35.5) million
- Growth was driven by higher sales prices in contract manufacturing and industrial products following the increase in the cost of barley
- **Profitability** declined due to the higher cost of barley and higher operating expenses

NET SALES, MEUR



COMP. EBITDA, MEUR AND MARGIN %



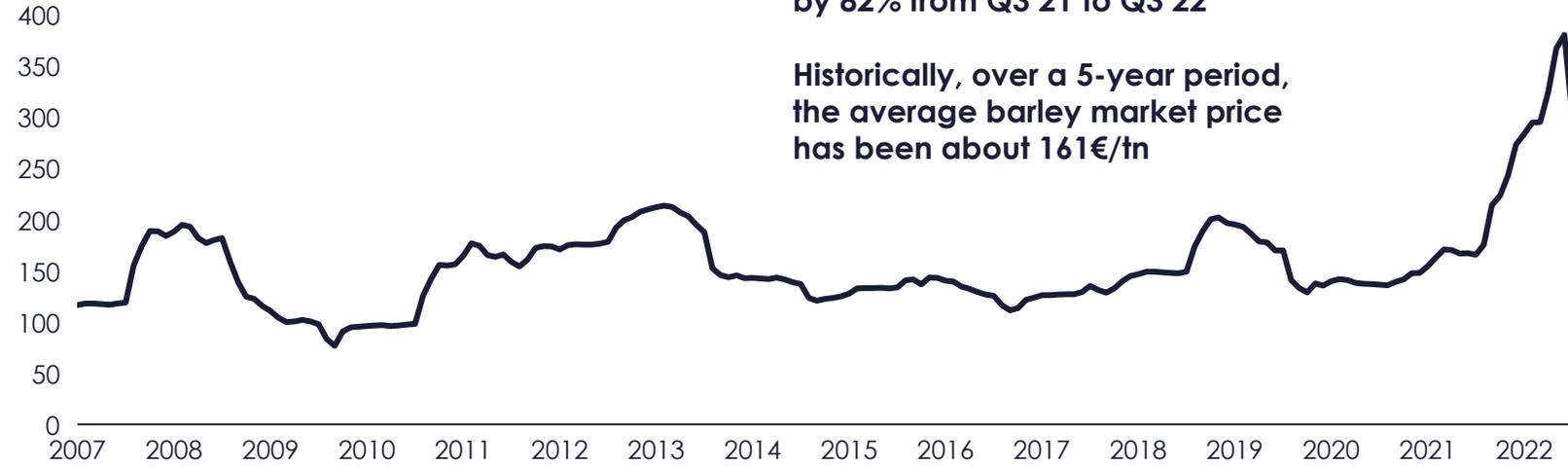
Financial review



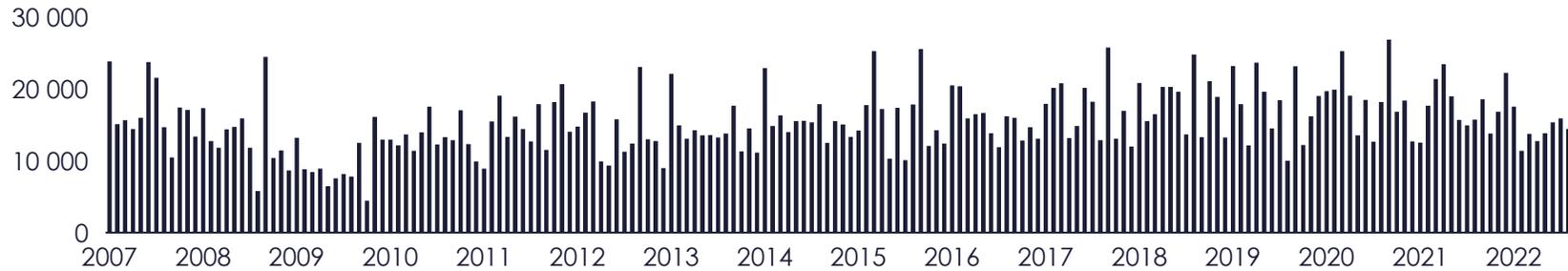
Barley sourcing

Q3 22:
45.8 (52.6)
million kilos
of grain

BARLEY PRICE DEVELOPMENT (EUR/TN)*



ANORA'S MONTHLY SOURCING VOLUMES (TN)



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

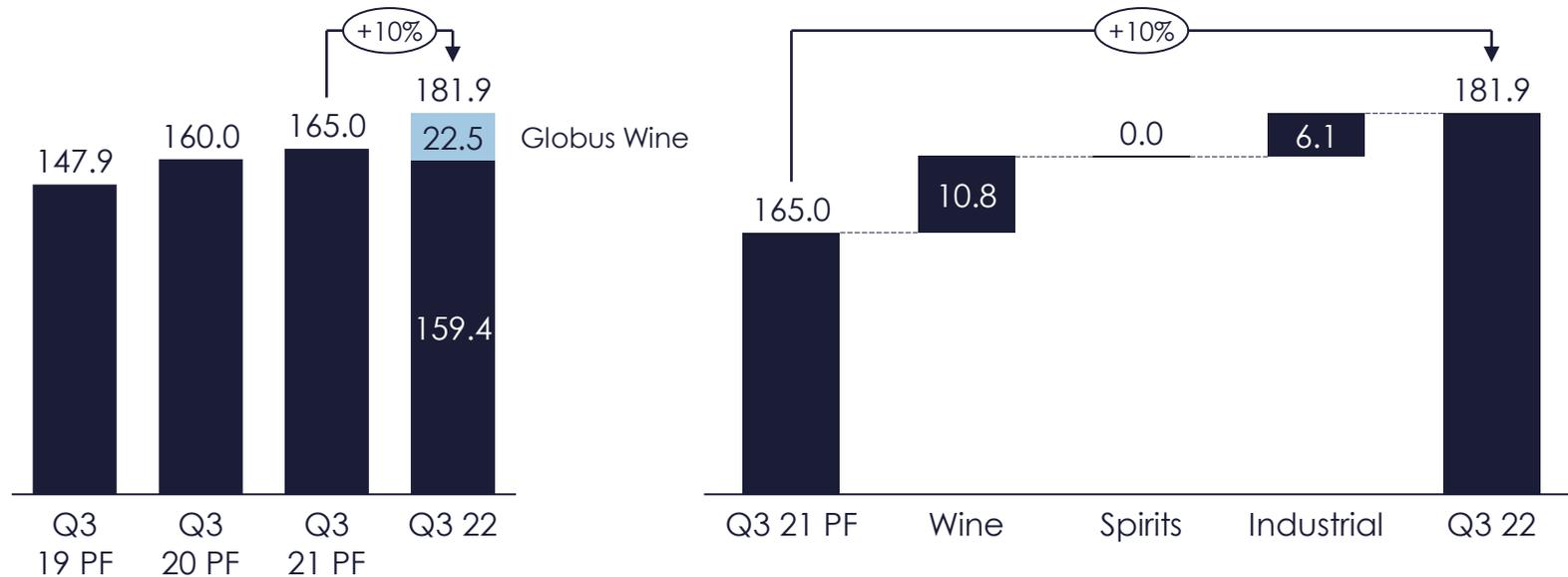


*Average feed barley market price excl. premiums for 2007-June 2022 (source: Luke)

** Anora quote for barley (12 November 2022, www.anoraindustrial.com)

Net sales growth driven by Globus Wine and Industrial

NET SALES (EXTERNAL), MEUR

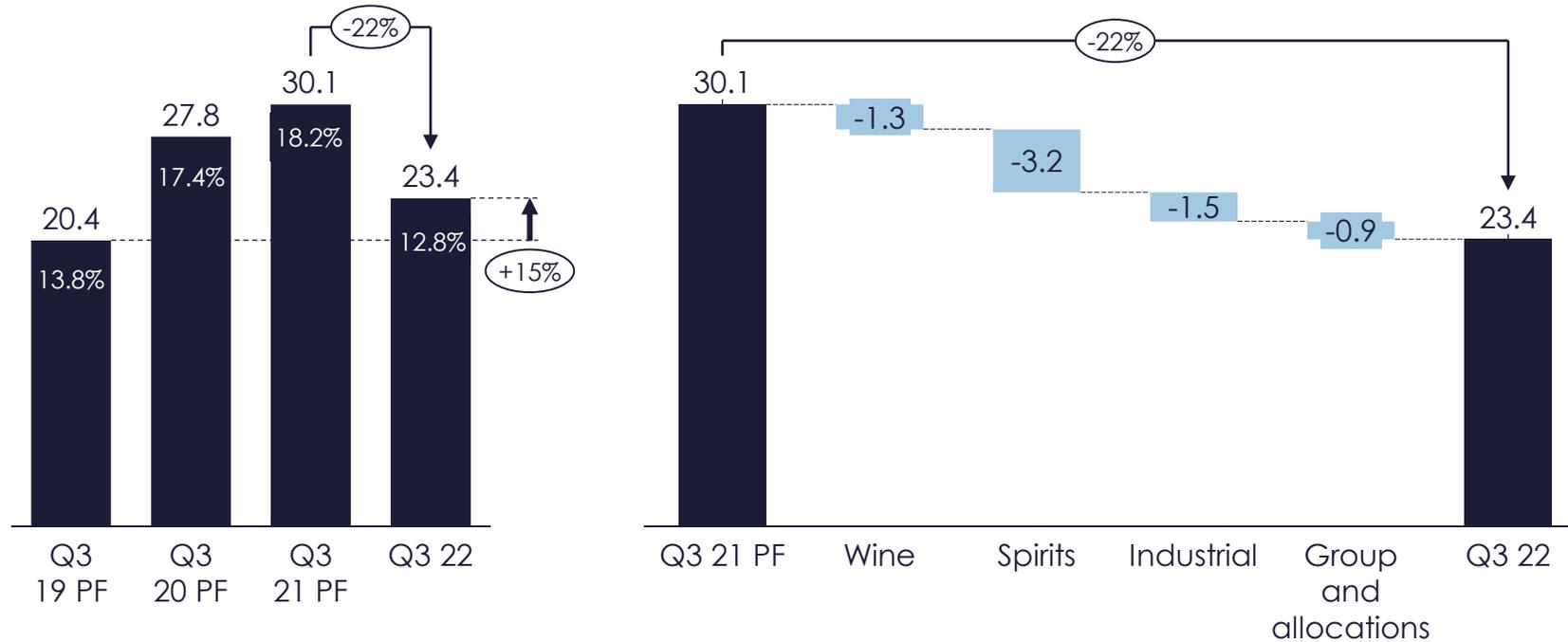


- Net sales growth driven by the acquisition of Globus Wine
- Excluding Globus Wine, net sales were EUR 159.4 (165.0) million
- Monopoly volumes – especially in Norway – continued a heavy decline as volumes were returning to the pre-pandemic levels
- Wine net sales growth driven by Globus Wine with strong performance in Denmark, while net sales in the monopoly countries declined
- Spirits net sales at previous year’s level supported by International
- Higher sales prices supported Industrial net sales development

Decline in profitability due to normalisation after Covid-19, higher opex and lower gross margin

Positive contribution by Globus Wine

COMPARABLE EBITDA, MEUR



- The decline in profitability was related to the normalisation after Covid-19, higher operating expenses and lower relative gross margin due to the high input costs including barley price
- Due to the time lag between the increase in input costs and implemented price increases, the gross margin declined

Balance sheet key figures

	Q1-Q3 22	Q1-Q3 21	2021
Net debt / comparable EBITDA (rolling 12m)	3.6 ¹	2.9	1.8
Borrowings, EUR million	256.7	173.0	162.6
Net debt, EUR million	315.7	172.7	126.0
Equity ratio, %	39.0	42.5	41.2
Gearing, %	65.8	35.5	24.8
Capital expenditure, EUR million	6.5	3.0	5.4
Total assets, EUR million	1 230.8	1 163.7	1 233.3
Net cash flow from operations, EUR million	-36.4	-6.7	50.8
	Q3 22	Q3 21	2021
Net cash flow from operations, EUR million	7.3	-5.1	50.8

- The **increase in net debt** was due to the **acquisition of Globus Wine** which was financed with debt.
- **Cash and cash equivalents** amounted to EUR 76.8 (129.7) million, while **the interest-bearing debt** including lease liabilities amounted to EUR 392.5 (302.3) million. The increase in interest-bearing debt was related to funding of the **Globus Wine acquisition** (EUR 85 million) and **increase in IFRS 16 lease liabilities from Globus Wine**.
- The **gearing ratio** was 65.8% (35.5%) and **equity ratio** was 39.0% (42.5%).
- The **reported net debt to comparable EBITDA** was 3.6 (2.9) times. If **including Globus Wine** rolling 12-month figures, net debt/comparable EBITDA (rolling 12 months) would have been **approx. 3.4** for Q1-Q3/22.
- **Cash flow from operations** was impacted by the change in working capital due to a high inventory level. Inventory values were higher than year ago due to stocking of barley and ethanol, as well as higher input costs resulting in higher standard costs.

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 Q3 22 annualised **net EBITDA synergies were EUR 5.2 million** (H1: EUR 3.0 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

- In **Denmark**, the former Arcus and former Altia spirits businesses were combined under one business unit – Anora Denmark. The distribution of former Altia's spirit brands by Conaxess Trade Beverages ends by the end of 2022.
- The **logistics** transfers in Sweden, Norway and Finland have been completed, and all operations are now insourced.
- **IT and systems** integration is proceeding as planned, finance integration taking longer than expected



Sustainability events in Q3

Striving for carbon neutral production

- Energy savings projects progressed in all plants.

For example, in 2021 Gjelleråsen changed all factory lights to LED lights and that project continued in Q3 with installing led-lightning in the Brunna logistics center in Sweden.

Supporting a responsible drinking culture

- Anora invested in ISH, the award-winning Danish company working with non-alcoholic wines, distillates and cocktails.



Leading in climate-smart packaging

- Anora's continuous efforts in the reduction of CO₂ emissions of packages have focused on lighter weight packages, in particular rPET.
- Trials to include 50% of post-consumer recycled PET in its rPET spirit bottles were successfully completed.
- In the wine portfolio Anora has an rPET bottle that is made of 100% rPET.

Promoting an inclusive and safe workplace

- The Koskenkorva Distillery received the Year award from Starch Europe for the second consecutive year and has together with Rajamäki Industrial Products unit reached over 1 000 days without LTI.
- During Q1-Q3, Anora's total sickness absence was 5.3% and LTIF (lost time injury frequency) 7.2

Anora's new sustainability targets and roadmap to be published at the Capital Markets Day on 29 November 2022.





Q&A

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Summary

**Strong performance
by Globus Wine in
Denmark – driving
net sales growth**

**Profitability declined
in Q3, but we were
at pre-pandemic
level (excl. Globus
Wine)**

Capital Markets Day
Tuesday
29 November

Thank you!

Welcome to our

Capital Markets Day

**Tuesday 29 November
10:00–13:00 CET**

More information and registration:

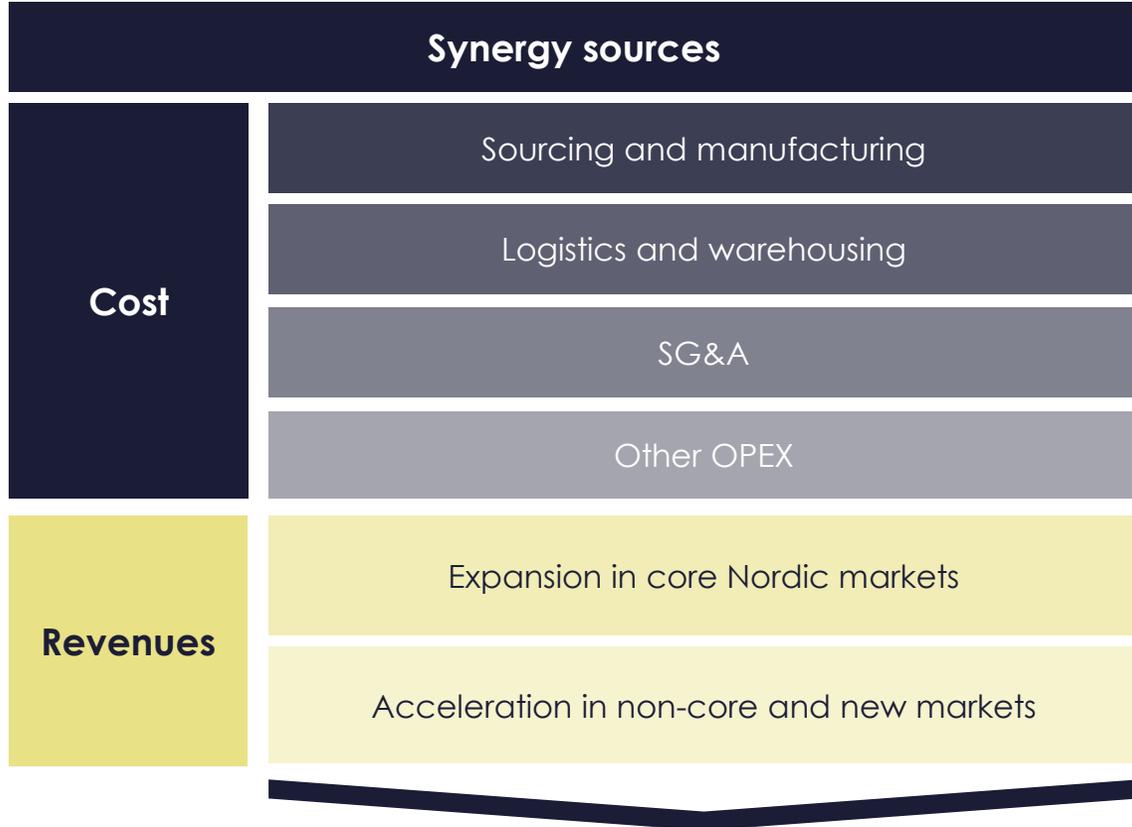
www.anora.com/en/investors/cmd

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Appendix

Strong value creation for shareholders from significant synergies



Potential run-rate EBITDA net synergies

EUR ~8-10m

About 80% realised within 2 years

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Q3 income statement

EUR million	Q3 22	Q3 21	Q1-Q3 22	Q1-Q3 21	2021
Net sales	181.9	114.0	481.1	272.5	478.2
Other operating income	3.5	1.6	8.6	4.7	10.5
Materials and services	-108.7	-63.1	-279.5	-151.9	-266.1
Employee benefit expenses	-22.9	-16.0	-69.3	-41.6	-69.6
Other operating expenses	-31.9	-19.7	-91.9	-52.2	-90.2
Depreciation, amortisation and impairment	-9.0	-5.0	-24.6	-12.7	-20.5
Operating result	12.8	11.9	24.5	18.9	42.4
Finance income	1.1	0.1	3.5	0.3	1.2
Finance expenses	-4.1	-1.4	-11.0	-3.0	-6.7
Share of profit in associates and joint ventures and income from interest in joint operations	-0.4	0.3	0.5	1.3	1.7
Result before taxes	9.5	10.8	17.5	17.5	38.6
Income tax expense	-1.6	-2.1	-3.1	-3.4	-7.4
Result for the period	7.9	8.7	14.4	14.0	31.2
Earnings per shares, basic and diluted	0.12	0.19	0.21	0.35	0.67

Q3 balance sheet

EUR million	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS			
Non-current assets			
Goodwill	304.8	275.7	277.8
Other intangible assets	227.5	196.4	196.7
Property, plant and equipment	77.2	71.4	71.3
Right-of-use assets	128.2	123.1	125.7
Investments in associates and joint ventures and interests in joint operations	20.9	16.0	16.3
Financial assets at fair value through other comprehensive income	0.7	0.7	0.7
Other receivables	0.0	0.0	0.1
Deferred tax assets	0.6	3.4	1.8
Total non-current assets	760.0	686.7	690.3
Current assets			
Inventories	204.4	155.4	139.7
Contract assets	0.1	0.1	0.2
Trade and other receivables	184.1	174.8	232.8
Current tax assets	5.4	4.2	1.3
Cash and cash equivalents	76.8	129.7	168.9
Total current assets	470.8	464.1	543.0
Assets held for sale	-	12.9	-
Total assets	1 230.8	1 163.7	1 233.3

EUR million	30 Sep 2022	30 Sep 2021	31 Dec 2021
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	61.5	61.5	61.5
Invested unrestricted equity fund	336.8	336.8	336.8
Fair value reserve	0.0	0.0	0.0
Legal reserve	0.5	0.4	0.4
Hedge reserve	8.6	1.1	1.7
Translation differences	-34.8	-18.4	-15.0
Retained earnings	106.6	104.6	121.6
Equity attributable to owners of the parent	479.1	486.0	507.0
Non-controlling interests	0.7	0.8	0.9
Total equity	479.8	486.7	507.9
Non-current liabilities			
Deferred tax liabilities	58.0	49.7	48.4
Borrowings	130.3	136.6	136.1
Non-current liabilities at fair value through profit or loss	0.7	1.1	1.3
Lease liabilities	124.3	118.1	120.8
Other liabilities	0.0	0.0	0.0
Employee benefit obligations	2.8	2.8	3.0
Total non-current liabilities	316.1	308.4	309.6
Current liabilities			
Borrowings	126.4	36.5	26.5
Lease liabilities	11.6	11.2	11.6
Trade and other payables	293.7	317.9	374.4
Contract liabilities	0.3	0.3	0.4
Current tax liabilities	2.8	2.8	2.8
Total current liabilities	434.8	368.6	415.7
Total liabilities	750.9	676.9	725.4
Total equity and liabilities	1 230.8	1 163.7	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



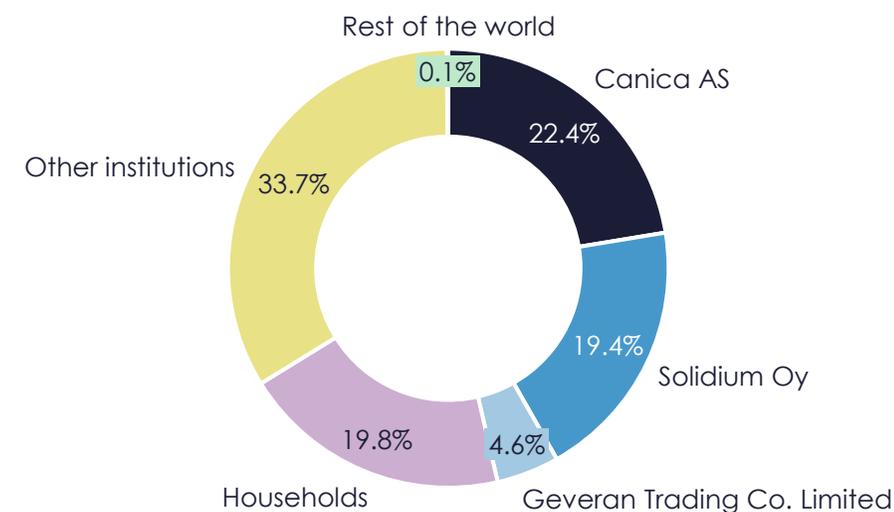
Previously served as Production Director and Division Director at Vaisala Corporation and in several managerial positions at Fiskars Oyj; has led Altia's supply chain since 2008

Anora's top 10 shareholders

Shareholder (30 Sep 2022)	Shares	% of shares
Solidium Oy	13 097 481	19.4
Varma Mutual Pension Insurance Company	2 031 240	3.0
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.	357 366	0.5
Savolainen Heikki Antero	257 519	0.4
Tapiola Trendi Investment fund	215 772	0.3
Itikka osuuskunta	178 745	0.3
Mandatum Life Insurance Company Limited	176 738	0.3
Total	19 508 274	28.9
<i>Nominee registered total</i>	<i>31 003 206</i>	<i>45.9</i>

Source: Euroclear Finland

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-ornhjem@anora.com

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