

ANORA

Remuneration Report 2022



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Dear Shareholder

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

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

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

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

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

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

Michael Holm Johansen
Chairperson of the Human Resources Committee



1. Introduction

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

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

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

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

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

On 9 June 2022, the Board of Directors decided on establishment of a share-based long-term incentive program for the company’s management and selected key employees. The program consists of annually commencing individual share plans, the first of which was simultaneously established for years 2022–2024. In addition, a transition phase incentive plan for years 2022–2023 was established on the same date. Both plans are performance share plans and return a share reward based on four performance measures being 1) revenue growth (35% weight), 2) earnings per share (35% weight), 3) relative total shareholder return (20% weight), and 4) environmental, social and governance (ESG) measure (10% weight) being, more specifically, the CO₂ reduction of the Finnish operations at the end of the plan periods, compared to the average of 2019–2021.

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

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

REMUNERATION DEVELOPMENT 2018–2022

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

* Based on Anora Group information of 2021, including former Arcus data from September–December 2021.

** Employees’ average remuneration is total employee remuneration divided by the average number of personnel during the year.

*** Based on Altia Plc information before the merger of Altia and Arcus

2. Remuneration of the Board of Directors

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

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

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

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

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

Further in the Annual General Meeting 2022, based on the proposal by the Shareholders' Nomination Board, it was decided that the Board members elected by the Annual General Meeting may, at the member's discretion, choose to

receive the annual remuneration in form of cash, shares, or their combination.

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

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

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

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

In addition to the Board members elected by the General Meeting of Shareholders, Anora's employees have, in accordance with the Agreement of Employee Participation

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

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

REMUNERATION OF THE BOARD OF DIRECTORS PAID IN 2022

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

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

3. Remuneration of the CEO

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

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

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

Total remuneration paid during 2022

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

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

the short-term incentive plan 2021 was 58.6% of the CEO’s gross annual fixed salary, in total amounting to 221,856 euros.

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

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

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

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

The CEO’s maximum earning opportunity in the short-term incentive plan for 2022 was 60% of the gross annual fixed salary. In the short-term incentive plan for 2022, the CEO’s performance was measured based on Anora Group EBITDA (30% weight), Anora Group Net Sales (40% weight),

Business Development (20% weight), and Anora Group lost-time injury frequency (LTIF) (10% weight).

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

SUMMARY OF TOTAL REMUNERATION PAID AND ACCRUED IN 2022

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

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

Participation in the long-term incentive plans

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

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

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

For 2022–2023 and 2022–2024 Plans, the reward is based on the following performance measures: 1) revenue growth (35% weight), 2) earnings per share (35% weight), 3) relative total shareholder return (20% weight), and 4) environmental, social and governance (ESG) measure (10% weight) being the CO₂ reduction of the Finnish operations at the end of the plan periods, compared to the average of 2019–2021.

For the 2023–2025 Plan, the reward is based on the following performance measures: 1) revenue growth (35% weight), 2) earnings per share (35% weight), 3) relative total shareholder return (20% weight), and 4) environmental, social and governance (ESG) measure (10% weight) being the ESG risk rating by Sustainalytics achieved by the end of 2025.

Other relevant information related to CEO’s remuneration

Anora applies a shareholding recommendation for the CEO. The CEO should accumulate and once achieved, hold a shareholding in Anora corresponding to his annual gross base salary. The shareholding is expected to be accumulated out of rewards received under the share-based incentive schemes of Anora.

The retirement age of the CEO is 63 years. The CEO does not have a supplementary pension insurance paid by the Company. The CEO has a six months’ period of notice. If the service contract is terminated by Anora, the CEO is entitled to a severance payment corresponding to six months’ salary, in addition to the salary for the notice period.

SUMMARY OF GRANTED, EARNED, AND PAID SHARE-BASED INCENTIVES TO THE CEO

LTI Plan	2019–2021	2020–2022	2022–2023	2022–2024	2023–2025
Maximum number of shares granted (gross)	45,000 (Altia Plc shares)	45,000 (Altia Plc shares)	40,000	61,000	85,000
Grant date	7 February 2019	13 February 2020	9 June 2022	9 June 2022	21 December 2022
Share price at grant	EUR 7.20	EUR 8.50	EUR 10.31	EUR 10.31	EUR 7.37
Number of shares earned (gross) / cash equivalent paid*	27,000 shares / EUR 289,440	18,000 shares / EUR 144,720			
Delivery date	14 January 2022*	14 April 2022*			
Share price at delivery	EUR 10.72	EUR 10.72			

* 2019–2021 and 2020–2022 Performance Share Plans were terminated prematurely. Shares earned were converted to cash based on August 2021 volume weighted average share price and paid out in January and April 2022 respectively.

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