ANORA

Remuneration Report 2021

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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.

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