ANNUAL REPORT 2021 OLVI PLC

OLVI – POSITIVE AND ENJOYABLE BEVERAGE EXPERIENCES RESPONSIBLY

The Olvi Group companies offer a wide range of beverage options for an extensive consumer base. Alongside traditional brewery products, there is a broad selection of non-alcoholic products, even in alcoholic product categories such as beers, ciders, and long drinks. In 2021, our sales volume was higher than ever: 854 million litres. Our net sales were EUR 462 million.

Our values are based on responsibility, local presence, positivity, and customer focus. Sustainable development is part of our strategy and is reflected in our day-to-day operations. We promote responsible and sustainable business operations throughout our value chain, from the procurement of raw materials to the environmental footprints of our products and well-being at work.

Understanding and affecting the impacts of climate change are increasingly important for sustainable development. Olvi Group works to support the fight against climate change and the achievement of climate targets through sustainable business operations. Efforts to reduce greenhouse gas emissions are reflected in new and stricter laws, and through technological development. This enables companies to make their operations more environmentally friendly. Olvi Group has an active approach to this work through its carbon neutrality targets and its efforts to reduce emissions throughout the value chain, for example.

This report includes Olvi Group's sustainability report, Board of Directors' report, financial statements, corporate governance statement and remuneration report for 2021.

The Global Reporting Initiative (GRI) guidelines and accounting principles have been utilized in the reporting of Olvi Group's sustainability work.

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OLVI GROUP

OLVI GROUP IN 2021

SALES VOLUME
853.7 million litres
+11.5%

EXPORTS
62 countries

NUMBER OF PERSONNEL
2111
+10.5%

THE BREWERIES USE **68% GREEN** ELECTRICITY AND **37% RENEWABLE** ENERGY

NET SALES
462.2 million €
+11.4%

OPERATING PROFIT
59.4 million €
+5.3%

WATER CONSUMPTION
-1.3%

ELECTRICITY CONSUMPTION
-4.5%

TOTAL SHAREHOLDER RETURN
7.92%

EQUITY RATIO
60.7%

INVESTMENTS
32.0 million €

PRODUCT LAUNCHES
502 products

AIMING FOR CARBON-NEUTRAL PRODUCTION

CEO'S REVIEW:

GROWTH CONTINUED IN CHALLENGING CIRCUMSTANCES

Olvi Group continued to grow in 2021, which was its sixth consecutive year of positive development in terms of sales volume, net sales and operating profit.

Olvi Group's strong business growth continued in 2021. The most significant drivers of growth were the continued strong demand in retail and the increased sales for non-alcoholic products, as well as export sales. Growth was supported by effective and targeted brand marketing and innovative new products.

Olvi Group focused on production efficiency, performance reliability and occupational safety. The company's performance was successfully secured through production planning, sales development in cooperation with customers, and cost-saving measures.

Investments were made to increase production and storage capacity and diversify the product selection, as well as to improve operational efficiency and environmental performance. We also invested in future growth by acquiring a brewery in Denmark, a microbrewery in Latvia and a spring water bottling plant in Lehtimäki, Finland. The Group's total investments were EUR 32 million, remaining at the previous year's level.

Olvi Group's sales volume increased by 88 million litres during the year, representing an increase of 11.5%. Its net sales improved by 11.4% year-on-year, to EUR 462 million. The company's operating profit grew to EUR 59.4 million and was 12.9% of net sales.

The coronavirus pandemic affected consumer behaviour throughout the year. The measures taken by the authorities significantly limited the number of guests at events and restaurants, which was reflected in HoReCa sales in particular. Restaurant sales did not recover to their pre-pandemic level at any point in the year. Because of travel restrictions, consumption remained at a high level in the domestic market, and demand focused on retail. The negative impacts of the coronavirus pandemic were reflected in cost increases and material availability challenges towards the end of the year.

Interest in sustainable development and responsible operating practices is increasing continuously. Domestic and locally manufactured products, safe working conditions and measures to mitigate climate change were particularly significant.

We have continued our work to achieve our sustainability goals in all our focus areas. We carried out a comprehensive materiality analysis for our stakeholders, and the results showed that our focus areas continue to be material. The goal to achieve carbon neutrality in all our production plants is at the core of our sustainability work. We are working towards the goal through operational development, the use of green electricity and renewable energy and our zero accidents approach. We are also actively providing consumers with more information about our products and their reasonable and responsible use. Our efforts to reduce climate emissions are reflected in Olvi Group's high rating (B) in our first CDP reporting assessment.

Olvi Group had 2,111 employees in 2021. We increased well-being and safety at work by continuing extensive remote work in all functions where it was possible.

We are pleased that we were able to develop our business operations successfully and safely, despite the exceptional challenges posed by the operating environment.

Lasse Aho
CEO
Olvi plc

OLVI GROUP

Olvi is an international group of brewery and beverage companies.
Olvi Group consists of Olvi plc and its seven subsidiaries in six countries.

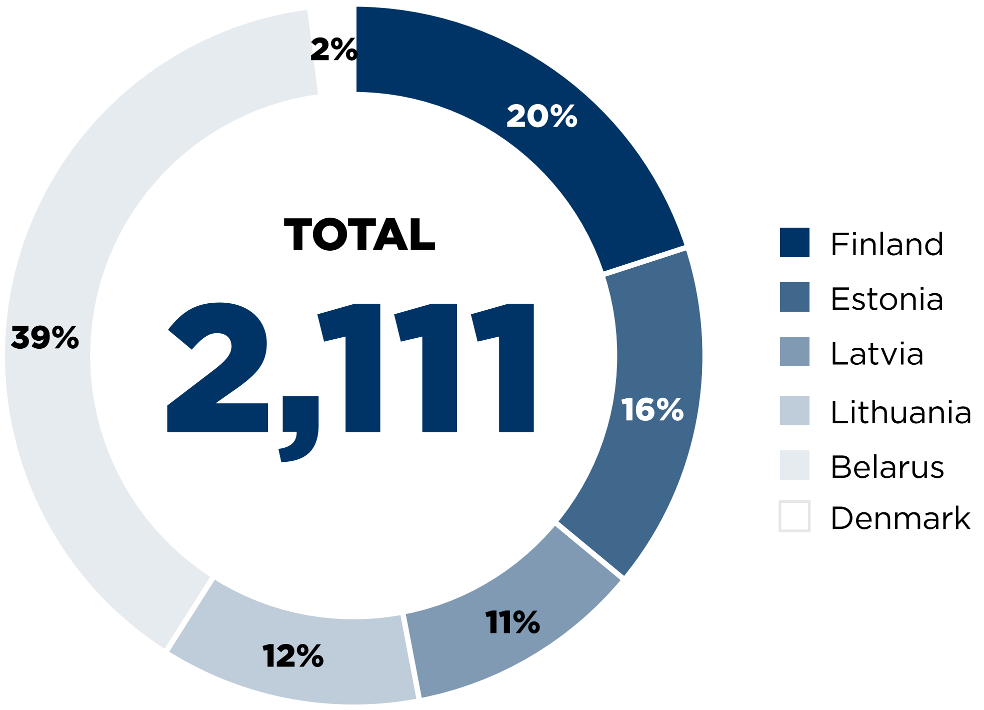
Olvi's story began in 1878, when master brewer William Gideon Åberg and his wife, Onni, established a brewery in Iisalmi, Finland. Their goal was to eliminate alcoholism by offering milder alcoholic beverages to Finns. Finland had 78 breweries at the time. Today, Olvi is the only one that continues to operate as an independent Finnish brewery.

Olvi began its international expansion in 1996 by acquiring a minority stake in Tarto Õlletehas, a brewery in Estonia. This company is now known as A. Le Coq. Olvi continued its international expansion in 1999 by acquiring a majority stake in Cēsu Alus in Latvia and Ragutis in Lithuania. Today, Ragutis is known as Volfas Engelman.

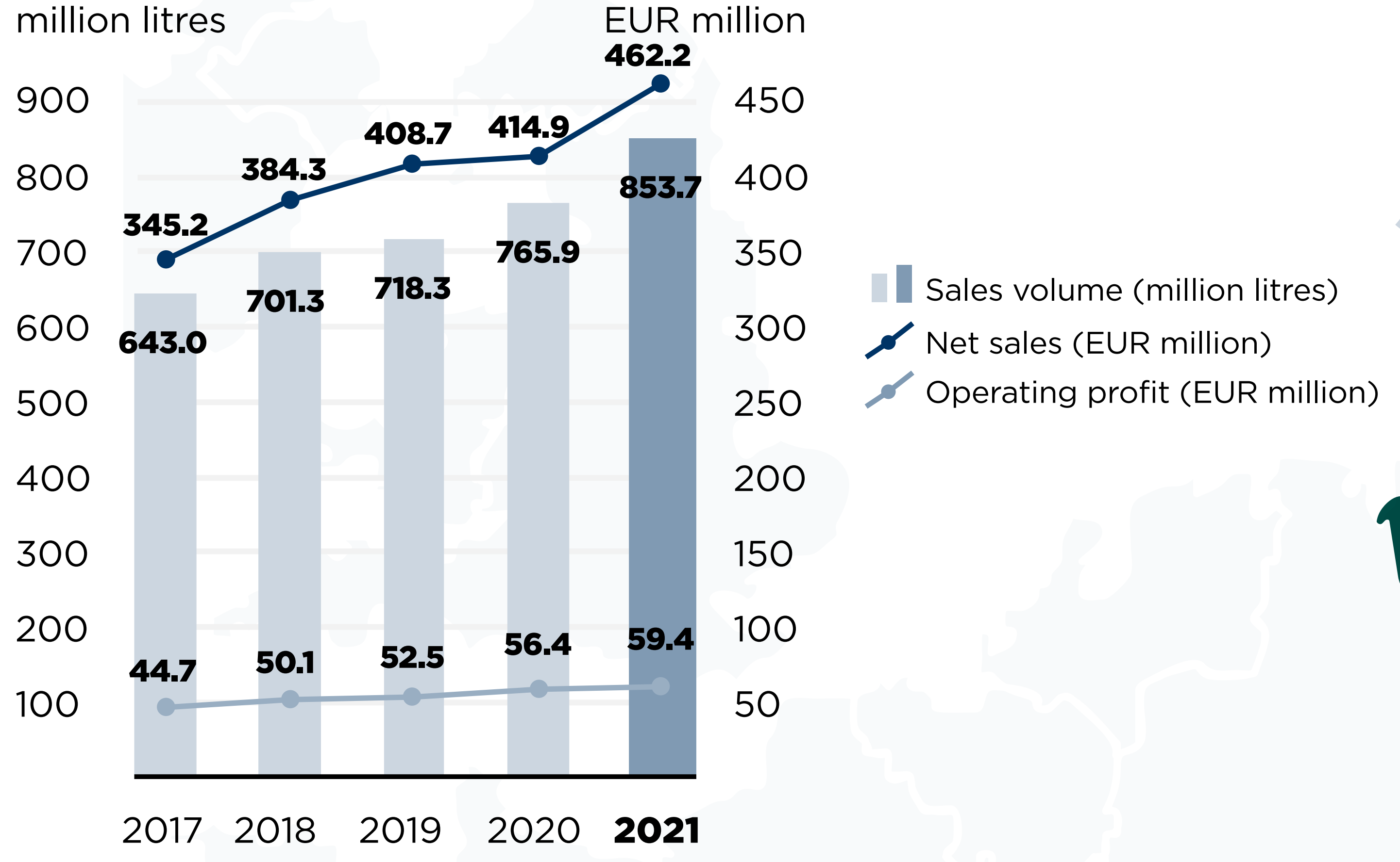
Olvi continued to grow in 2008 by acquiring a majority stake in the Lidskoe Pivo brewery in Belarus. In 2018, Olvi acquired a majority stake in Servaali, an importer of alcoholic beverages, and The Helsinki Distilling Company in Finland. In 2021, Olvi expanded to Denmark through the acquisition of A/S Bryggeriet Vestfyen. In addition, the parent company acquired a spring water bottling plant in Lehtimäki, Finland, and Cēsu Alus acquired the Piebalgas Alus microbrewery in Latvia.

Olvi Group's largest product categories are beer, kvass and soft drinks. In the future, the Group aims to increase its sales of non-alcoholic options in particular, such as water and wellness drinks, while also maintaining its strong market position in mild alcoholic beverages. In 2021, the Group exported products to 62 countries, with strong growth despite the challenges caused by the coronavirus pandemic.

EMPLOYEES BY COUNTRY



SALES VOLUMES AND NET SALES 2017–2021



OLVI PLC

Olvi plc, the parent company of Olvi Group, is Finland's third-largest brewery and beverage manufacturer. Olvi's largest product category is beer, in which it is also the market leader. Olvi plc's overall market share continued to grow in 2021 as a result of the strong retail demand driven by the coronavirus pandemic. Its product category development focused on its own brands and premium products in particular. The company also successfully launched new products, with a focus on non-alcoholic product categories.

Olvi's investments in 2021 focused on increasing and enhancing production capacity in its can and glass bottle lines, as well as on system development. In addition, Olvi acquired a spring water bottling plant in Lehtimäki, Finland. Olvi continued to focus strongly on all aspects of sustainability.

In 2022, Olvi plc is focusing on further expanding and diversifying its selection of non-alcoholic products. The company also continues to invest in production and logistics capacity increases for improved operational efficiency in its beer production, can lines and storage in particular. The ongoing development projects in line with Olvi Group's digitalisation strategy, as well as its development work to achieve carbon neutrality for its Iisalmi brewery by 2023, will enable the company to respond better to future challenges and opportunities.

- **Founded:** 1878
- **Product categories:** Beer, cider, long drinks, other alcoholic drinks, water, soft drinks, energy drinks, sports drinks and wellness product categories.

SALES VOLUME
258.1 million litres
+5.6%

NET SALES
192.7 million €
+6.8%

NUMBER OF PERSONNEL
416
+6.9%

OPERATING PROFIT
25.2 million €
+9.4%

Also includes Servaali and The Helsinki Distilling Company

OLVI RYE MILD NEIPA THE WINNER in the non-alcoholic and low-alcohol beer category in the Best Finnish Beer competition in 2021

PARTICIPATED IN CDP REPORTING, INCLUDING ITS VALUE CHAIN

FACTUM FINLAND'S MOST SUSTAINABLE BREWERY according to the FACTUM survey for decision-makers in the grocery trade

SERVAALI

Servaali is one of Finland's largest private importers of beverages. Its largest product categories are wine and beer, but its selection also includes a wide range of non-alcoholic options. The company aims to increase its market share in Finland and expand into new international markets in the near future.

In 2021, Servaali's operations were integrated into Olvi plc in terms of governance and sales to the hotel, restaurant and catering (HoReCa) sector. In 2022, Servaali is seeking to further develop its operations in cooperation with Olvi to ensure greater customer benefits and a more diverse range of products. The sustainability programme is being integrated into Servaali's operations.

The selection includes already 64 ORGANIC PRODUCTS

SERVAALI

- **Founded:** 1995
- **Product categories:** Wine, beer, spirits, cider and other products
- **Olvi plc's holding:** 80%

THE HELSINKI DISTILLING COMPANY

Before the establishment of The Helsinki Distilling Company, there had been no distilleries in Helsinki for 100 years. Its main product categories are whiskey and gin. Its products have won multiple international awards. Helsinki Dry Gin in particular has won several gold medals in Finland and abroad.

In 2021, the distillery launched Helsinki Nolla, Finland's first non-alcoholic distillate, and began to produce organic whiskey in Tahko. It also opened a whiskey cellar, where customers can learn about the production, maturation and flavours of whiskey. Its circular economy projects will continue in 2022, including the delivery of waste distillate for bioethanol production and the use of mash from whiskey production in biogas production.

Products manufactured using 100% BIOENERGY

THE HELSINKI DISTILLING CO.

- **Founded:** 2014
- **Product categories:** Whiskey, gin, liqueurs and other spirits
- **Olvi plc's holding:** 100%

A. LE COQ

A. Le Coq is Estonia's largest brewery and beverage manufacturer. Its largest product categories are beer, water, juice and long drinks.

In 2021, with the coronavirus pandemic affecting domestic operations, the brewery focused on exports, reaching its record level. Good export sales also helped the company to offset its reduced HoReCa and onboard sales. The measures taken at the brewery to prevent the spread of the coronavirus pandemic secured production operations and protected employees from infections.

In 2021, A. Le Coq also became a proponent of environmental matters in the Estonian food industry. The company participated in the Environmentally Friendly Company competition organised by the Ministry of the Environment and was selected as one of the six finalists. In addition, A. Le Coq published five promises to future generations for efforts to make the world a better and cleaner place to live. The company continues to invest in and take responsibility for reducing its environmental footprint.

To further develop and improve the working environment, the company introduced the Q12 management model, with the aim of making its production plant one of the best places to work in Estonia. The company also continued the most extensive environmental project in its history. The project is related to water treatment and a biopower plant that will start operation in 2022.

- **Founded:** 1807
- **Product categories:** Beer, water, juice, long drinks, soft drinks, cider, kvass, sports and energy drinks, other alcoholic beverages, juice concentrates and wellness product categories.
- **Olvi plc's holding:** 100%

SALES VOLUME
117.6 million litres
+7.5%

NET SALES
77.1 million €
+8.9%

NUMBER OF PERSONNEL
344
+6.2%

OPERATING PROFIT
13.6 million €
+2.3%

Products manufactured using **100% GREEN ELECTRICITY AND 10% BIOENERGY**

Aura water bottles made from **100% RECYCLED PLASTIC**

SURPLUS YEAST from beer production used for **BIOMETHANE PRODUCTION** for the transport sector

Products manufactured using **100% GREEN ELECTRICITY AND 14% BIOENERGY**

GREEN EXCELLENCE AWARD for environmental services in Latvia

CĒSU PREMIUM beer was a **WINNER** in the Latvian **WORLD BEER AWARDS** in 2021

CĒSU ALUS

Cēsu Alus is Latvia's oldest and largest brewery. Its largest product category is beer.

The coronavirus pandemic continued in 2021 and resulted in significant business restrictions, particularly in the hotel, restaurant and catering (HoReCa) sector. This was reflected in the company's result. With the coronavirus crisis, the company prioritised its employees' safety and well-being and the continuity of its production process.

Cēsu Alus expanded its business operations by acquiring the Piebalgas Alus brewery. Piebalgas Alus is a strong brand in the traditional beer market segment. The brewery also acquired the Everest brand to strengthen its market position in the water segment. In recognition of its long-term sustainability work, Cēsu Alus achieved the highest rating (Platinum) in the Latvian Sustainability Index for the fifth consecutive time. Cēsu Alus has also played a key role in preparing the beverage container deposit system in Latvia. The system will be introduced in February 2022.

In 2022, Cēsu Alus is focusing on premium products and on diversifying its beer selection and developing the non-alcoholic beverage market. The brewery is seeking to further improve the customer experience by opening an experience and visitor centre near its brewery in Cēsis.

CĒSU

- **Founded:** 1590
- **Product categories:** Beer, soft drinks, long drinks, cider, water, kvass, energy and sports drinks, juice, other alcoholic beverages and wellness product categories
- **Olvi plc's holding:** 99.9%

SALES VOLUME
77.2 million litres
+8.8%

NET SALES
40.0 million €
+6.9%

NUMBER OF PERSONNEL
236
+22.3%

OPERATING PROFIT
3.0 million €
-16.3%

VOLFAS ENGELMAN

Volfas Engelman is Lithuania's second-largest beverage industry operator in its product categories. Its largest product categories include beer and kvass.

Volfas Engelman strengthened its market share in all its main product categories during 2021. The company maintained its 25% domestic market share in beers in addtion to its sales volumes increased in all product categories despite the restrictions caused by the coronavirus pandemic. Exports grew, focusing on Russia, South Korea and European countries in particular.

In 2021, Volfas Engelman invested in improving productivity, safety and environmental friendliness by acquiring fermentation capacity and ecological forklifts and by reducing carbon dioxide emissions from transport. Its new multipack equipment improved production efficiency, occupational safety and ergonomics.

In 2022, Volfas Engelman is focusing on the development of non-alcoholic beers and other non-alcoholic products, as well as on product premiumisation. The company is focusing on sustainable development, and is improving production efficiency by investing in increasing beer capacity and in solar energy at the Uniqa water factory.

- **Founded:** 1853
- **Product categories:** Beer, kvass, cider, long drinks, energy drinks, water, soft drinks, other alcoholic beverages, juice and wellness product categories.
- **Olvi plc's holding:** 99.7%

SALES VOLUME
132.0 million litres
+7.8%

NET SALES
60.9 million €
+9.7%

NUMBER OF PERSONNEL
244
+1.7%

OPERATING PROFIT
5.0 million €
+21.0%

THE BEER MAIL product range is the WINNER of an international PRODUCT DESIGN COMPETITION

LITHUANIA'S BEST-LOVED BRAND in an image survey carried out by Supercrush

UNIQA mineral water won a GOLD MEDAL in the Choose a Lithuanian Product competition

According to a customer satisfaction survey by Nielsen, the **MOST POPULAR CORPORATE COOPERATION PARTNER**

OPENING A MUSEUM TO PROMOTE BEER CULTURE IN BELARUS

CRAZY CRUSH KVASS WON A GOLDEN EFFIE AWARD

LIDSKOE PIVO

Lidskoe Pivo is one of the oldest and largest breweries in Belarus. The company celebrated its 145th anniversary in 2021.

With a total sales volume of 283 million litres, the brewery was the leading producer of beverages in Belarus for the fourth consecutive year. The company's business operations developed favourably and its profitability remained at a good level in 2021.

Lidskoe Pivo strengthened its market position in the premium segment of the beer category. In 2021, sales development focused on exports, which grew at a good rate. The most significant countries of export were Russia, Poland and Lithuania.

In 2021, Lidskoe Pivo focused on product innovation and premiumisation, in addition to investing in new market categories. A total of 11 new products, such as Chiilz and natural malt-based lemonades, were launched during the year. The largest product categories are beer, kvass and soft drinks.

In 2022, Lidskoe Pivo is seeking to continue the development of its own brands and to invest in non-alcoholic product segments in particular. In line with sustainable development, the company is investing in the modernisation of wastewater treatment.

- **Founded:** 1876
- **Product categories:** Beer, kvass, soft drinks, water, wellness and energy drinks, cider, long drinks, juice and wellness product categories
- **Olvi plc's holding:** 96.4%

SALES VOLUME
283.3 million litres
+15.3%

NET SALES
98.4 million €
+18.0%

NUMBER OF PERSONNEL
832
+8.8%

OPERATING PROFIT
14.5 million €
+6.5%

BRYGGERIET VESTFYEN

Established in 1885, Bryggeriet Vestfyen continues to operate in its original location in Assens on the island of Fyne in Denmark. It is the fourth largest brewery and the second largest special beer brewery in Denmark. In addition to the Assens brewery, the company includes Indslev Bryggeri, a microbrewery located around 25 kilometres from the main brewery.

Sustainable development has been one of Vestfyen's priorities for a long time. In 2015, the brewery introduced a biomass power plant fuelled by woodchips. It continues to be the only brewery in Denmark which uses only biofuel as a source of energy for production. Its long-term sustainability work is reflected in its selection as a case company, along with six other Danish companies, for the Sustainable Development Goals Camp organised by the University of Southern Denmark (SDU).

In 2021, the brewery focused on investments in line with sustainable development, such as replacing conventional forklifts with electric ones, which has increased production efficiency and improved safety at work. Its integration into Olvi Group began at the end of the year.

In 2022, the company is focusing on continuing its integration into Olvi Group, particularly in terms of systems and operating models. The company is also focusing on developing its profitability, sales, product portfolio and brands. In terms of investments, its priorities include system development and management by data, as well as increasing production capacity.

A/S BRYGGERIET Vestfyen

- **Founded:** 1885
- **Product categories:** Beer, cider, long drinks and other alcoholic drinks, and juices and soft drinks
- **Olvi plc's holding:** 96.41%

PRODUCTS MANUFACTURED USING 96% BIOENERGY

ELECTRIC FORKLIFTS INTRODUCED IN 2021

One of the CASE COMPANIES in the SUSTAINABLE DEVELOPMENT GOALS CAMP organised by the University of Southern Denmark

PRODUCT CATEGORIES

IMAGES OF PRODUCTS LAUNCHED IN 2021

SALES VOLUME BY PRODUCT CATEGORY

BEER

478 million litres

KVASS

98 million litres

SOFT DRINKS

98 million litres

WATER

78 million litres

LONG DRINKS

35 million litres

CIDER

23 million litres

JUICE

23 million litres

ENERGY, SPORTS, WELLNESS AND OTHER DRINKS

21 million litres

STRATEGY

Olvi Group's mission is to create positive and enjoyable beverage experiences for its customers. Our vision is to be a preferred brewery offering a wide selection of beverages

Our mission is the purpose of our operations: we want to bring well-being and positivity to consumers' lives through enjoyable beverage experiences. Our vision materialises when the implementation of our mission is combined with our strategic choices and values. We work to be the preferred beverage manufacturer with the widest selection for consumers and our customers and other stakeholders.

STRATEGIC CHOICES

Our strategic choices determine our work towards our vision. Olvi Group's ways of working and managing business operations are reflected in our choices and their implementation, as well as our values. The Group-level strategy guides the operations of all Group companies, but we also accept local flexibility in strategy implementation, because operating environments and competitive situations vary. Local presence is one of our values, and must also be reflected in our business operations.

Our strategy is to grow profitably and strengthen our market position. We focus on new products that support profitability, and on increasing the sales of selected products. We invest in innovative product development in both alcoholic and non-alcoholic products.

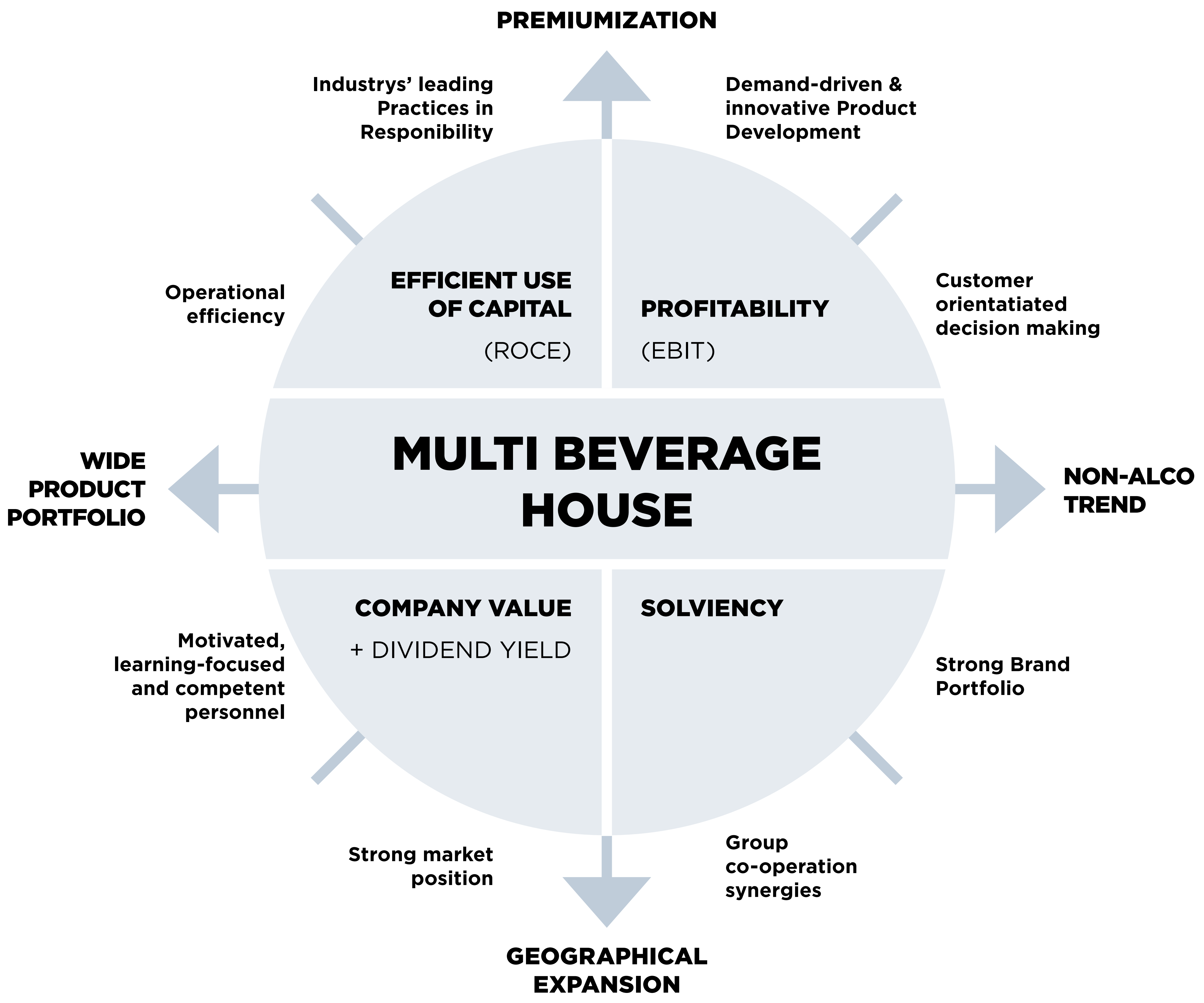
We optimise our production capacity and improve efficiency by focusing on dynamic production and sales planning, and operational efficiency. The Lean philosophy, cooperation between the Group companies, customer-focused decision-making and the opportunities offered by digitalisation play key roles in this respect. Highly competent and motivated employees with the ability for renewal are important for us. We invest in smooth and productive work, well-being at work, training and expertise.

Our strategic targets include leading the way in sustainability in our industry. We focus on further developing the Group's common sustainability programme, action plan and targets.

OUR VALUES GUIDE OUR OPERATIONS

- **Sustainability** – We appreciate sustainability and expect sustainability from all Olvi Group's employees and partners.
- **Local presence** – We appreciate local operations and manufacture products for local consumers.
- **Positivity** – A positive attitude is our way of working and responding to challenges. Positivity enables us to convert our targets into results and success in an agile manner.
- **Customer focus** – Our existence is founded on customers' needs. Identifying and meeting customers' needs lie at the core of our operations.

Ethicality and sustainability are an integral part of our operations in line with our values.



THE IMPACT OF MEGATRENDS ON OLVI GROUP'S BUSINESS OPERATIONS

Global changes shape our operating environment over the long term. In our operations, we consider the challenges and opportunities arising from megatrends that affect Olvi Group. Through our strategy and sustainable operating method, we create the future with the choices we make today.

	SUSTAINABLE DEVELOPMENT AND RESPONSIBLE OPERATING METHODS	DIGITALISATION	GLOBALISATION AND CHANGES IN THE GLOBAL ECONOMY	CHANGES IN POPULATION STRUCTURE	CHANGES IN CONSUMER BEHAVIOUR
IMPACTS	• Stakeholders expect transparency, reliability and safety throughout the value chain; a sustainable business model is a precondition for long-term success • Consumers are interested in environmental footprint of the products • Regulations and reporting obligations are increasing; the importance of third-party sustainability assessments is growing • The scarcity of natural resources calls for resource efficiency and adaptation to climate change; the importance of the circular economy is growing • The development of sustainable technologies is progressing	• Automation, robotics and artificial intelligence increase efficiency • Digitalisation is speeding up the pace of technological change, as well as challenging operating models • Digitalisation is reflected in consumer and customer behaviour: ease, transparency and speed are highlighted • The amount of information and data is growing; meaning of ownership, control and utilisation are highlighted • The division between products and services is becoming blurred; digital platforms are increasing throughout the value chain • Social media drives consumption	• Rapid global changes in exchange rates, political and economic situations, raw material prices and availability are affecting local operating conditions • Import restrictions and customs duties are increasing as a result of protectionism • Global subcontracting chains are vulnerable • Global trends and product ideas spread rapidly; markets are becoming integrated • Population mobility between countries is increasing • Major international companies are becoming stronger, and local operators are challenging them	• Urbanisation continues • The number of single-person households is increasing • The population is growing globally; immigration and the number of refugees are increasing in some regions • The population is decreasing in certain market areas • People's life expectancy is increasing, and the proportion of the old-age population is growing	• Choices are increasingly made based on naturalness, healthiness, individuality and product origin • Consumer groups are becoming polarised, and consumption is becoming more personalised and value-based; quality and price awareness are also polarising consumers • Hybrid shopping increases and the relationship between physical and digital purchasing changes, highlighting the ease and speed of shopping • Purchasing decisions are increasingly based on peer reviews and recommendations
OUR RESPONSE	• We engage in impactful sustainability work by developing operations and the entire value chain in line with sustainable development, in cooperation with our partners • We consider expectations in our products, operations and communication • We assess the environmental impacts of our operations and reduce our emissions • We ensure that the materials we use are recyclable and in line with the principles of the circular economy • We invest in environmentally friendly production technology and the transparency of our operations • We contribute to the vitality of local communities	• Digitalisation is part of our strategy, ensuring future competitiveness and capacity for change • We invest in data management and proactive management by information • We use different channels and interaction for consumer communication and better customer experiences • We improve the recognisability and desirability of our brands to increase purchasing recommendations • To response to changes in the supply chain by developing new distribution paths and and response times	• We focus on selected markets and differentiate ourselves through a local approach while also strengthening our ability to act as an efficient and credible international operator • We monitor global trends and changes and respond to them through agile product development • We ensure the predictability of prices and availability of materials through long-term procurement agreements, among other means • We develop risk management and measures to ensure operational continuity, based on what we have learned during the coronavirus pandemic	• We consider new opportunities created by new consumer groups and packaging sizes • We develop new product and service concepts • The decreasing population and increasing diversity are challenging employers, highlighting the importance of labour availability and management	• We increase consumer insight and develop marketing, sales and our brand identity to support purchasing behaviour • We invest in innovative products and new product segments and consider trends in taste, raw materials and packaging • With trends becoming global and spreading more rapidly, product lifespan is decreasing • Product volumes are increasing through polarisation and individuality • The importance of product and logistics process management is growing

RISK MANAGEMENT

Risk management is part of day-to-day management and operations at Olvi Group. Our goal is to ensure the implementation of our strategy and secure our financial development and the continuity of our business operations.

The purpose of risk management is to increase risk awareness and develop a proactive approach to risk management in the organisation. This increases opportunities and reduces threats in terms of achieving business benefits. It also ensures an adequate risk management operating model across the organisation and enables risk management as an integrated part of business operations, planning and decision-making.

Risks are assessed by analysing their probability and possible impacts. The impacts can be financial, or they can be related to our reputation, employees, the local community and the environment. Based on risk analysis, we prepare an annually updated risk management development plan for continuous and proactive operational development.

Olvi Group's risks are divided into strategic, business, financial and compliance risks. Olvi plc's Board of Directors approves the Group's general risk management principles, and the executive management is responsible for their implementation and the alignment of operations with goals in accordance with the Group structure.

RISK MANAGEMENT AIMS FOR PROACTIVE OPERATIONAL DEVELOPMENT

In 2021, we developed our overall risk management by introducing a risk management policy, as well as risk management guidelines that further specify the policy. These enable the Group to determine the purpose and content of risk management, as well as the related governance model and roles. Risk management also guides the practical process in accordance with the annual calendar. In 2022, we are continuing the implementation of the renewed risk management process, focusing on identifying sustainability risks and developing their management.

KEY BUSINESS RISKS IN 2021 AND OUTLOOK FOR 2022

The coronavirus pandemic has increased business risks, because it is difficult to predict the spill over effects of the coronavirus pandemic. These effects are related to sales channel restrictions imposed to prevent the spread of the coronavirus pandemic and to travel restrictions, for example, as well as to changes in overall demand. In addition, there have been major challenges in global supply chains in terms of availability and cost pressures. Significant sales channel restrictions have continued in early 2022.

With the prolonged coronavirus pandemic, there have been challenges in the availability of raw materials and packaging materials in particular, as well as pressure to increase prices. Problems are caused especially by the availability of cans, because global demand has grown more rapidly than supply, which has caused procurement costs to increase. For the time being, however, the situation has not led to significant losses in sales. Cost pressures are related to the prices of all raw materials and packaging materials and to other production costs, such as the cost of energy. The poor barley harvest has caused the price of malt to increase. We are seeking to minimise the profitability impacts of costs through product development, cost savings and price increases. It is challenging to fully respond to rapidly rising production costs in the short term.

Olvi Group has drawn up several scenarios and is prepared to respond to changing situations through various measures, taking account of the coronavirus pandemic situation, among other factors. We are prepared for production disruptions and have drawn up continuity plans related to the availability of labour and raw materials, for example. Uncertainty is also increased by the possibility of exchange rate changes in Belarus because of its political and economic situation.

Other short-term risks and uncertainties are related to the development of the general economic situation, changes in the competitive situation and the possible impacts of these on the Group companies' operations.

SUSTAINABILITY

NEED FOR SUSTAINABILITY INFORMATION

In sustainable development, companies' operations are strongly guided by the European Union's Green Deal programme with its measures and regulations. Its major themes include separating economic growth from resource use and social responsibility for people and regions, as well as reducing greenhouse gas emissions. To reduce emissions, the EU aims for carbon neutrality by 2050, while Finland seeks to achieve this goal by 2035. The intermediate goal is for the EU to reduce emissions by 55% by 2030, compared with 1990.

Cooperation, development and innovation are required across value chains to find cleantech solutions and achieve these goals. It is already evident that primary production, manufacturing, the use of energy and resources, transport, consumption patterns and lifestyles will be under great pressure to change. The role of biodiversity and the circular economy is also growing. These changes will be accelerated by legislative measures, which will increase reporting obligations, for example. The goal is to increase transparency and the sharing of information in terms of sustainability throughout the value chain. New obligations are imposed by the Corporate Sustainability Reporting Directive, the Sustainability Directive Standards for climate reporting and the Taxonomy Regulation.

Responsibility and sustainable development concern the company's operations on an extensive scale. The importance of domestic products and safe working conditions has been highlighted during the coronavirus pandemic, but the circular economy and climate change are increasingly being reflected in changes in stakeholder expectations and the operating environment.

SUSTAINABILITY REPORTING IS INCREASING

In 2021, the Group participated in the CDP's climate emissions reporting for the first time. The reporting covered our own operations. We carried out an extensive sustainability materiality analysis, which confirmed the relevance of our programme priorities. We updated our longer-term ambition and created a plan that we are now going to implement. Our new circular economy efforts included the development of our first waste-based product: a non-alcoholic long drink flavoured with a distillate made from excess oranges and their peels. We also started work to introduce a new reporting system for sustainability information.

In 2022, we are continuing to focus on identifying opportunities offered by the circular economy for our operations and products. We will carry out Group-level climate emissions reporting for the CDP, continue to determine and implement carbon-neutrality measures for our production as part of a more extensive plan, and identify measures to reduce climate emissions in the value chain. We will also continue our work to set science-based climate targets and protect biodiversity. In addition, we will implement an operating model for analysing our corporate culture.

CONTENTS OF THE SUSTAINABILITY REPORT

CORPORATE RESPONSIBILITY AT OLVI

Sustainability is an integral part of our strategy and is reflected in our day-to-day operations. We work to improve sustainability in the beverage industry as a whole. We help our partners, customers and consumers to make responsible choices.

We promote responsible and sustainable business in our own operations and throughout the value chain. To promote sustainable development, we focus on increasing the positive impacts and reducing the negative impacts. Effective cooperation with an extensive network of partners plays a key role in this respect.

To mitigate climate change, we reduce emissions throughout the value chain and progress towards carbon neutrality. We take account of sustainability in the procurement of raw materials and the carbon footprint of our products.

> WE DEVELOP SUSTAINABILITY THROUGHOUT THE VALUE CHAIN IN COOPERATION WITH OUR PARTNERS

We invest in the work safety and well-being at work. We focus on developing a culture of sustainability in the Group.

The financial and social impacts of our operations create value for our stakeholders. In addition to providing sustainable products, we work to ensure responsible consumer communication.

MAIN SUSTAINABILITY THEMES

It is also important for us to hear the expectations and needs of our key stakeholders in terms of sustainability. In 2021, we carried out an extensive materiality analysis based on Olvi Group's sustainability programme, which was created in 2017. The results of the analysis showed that our focus areas continue to be material.

Olvi Group's sustainability programme has four focuses:

- **Responsible value chain**
- **The best workplace**
- **Creating value for stakeholders**
- **Consumer communication**

In addition to these, ethical business practices are an integral part of all our operations.

SUSTAINABILITY THEMES

RESPONSIBLE VALUE CHAIN

- Carbon footprint
- Energy consumption and renewable energy use
- Water consumption
- Circular economy
- Responsible procurement

BEST PLACE TO WORK

- Corporate culture
- Leadership, supervisory work and workplace skills
- Highly competent employees
- Safety at work
- Occupational health and well-being at work
- Equal opportunities

CREATING VALUE FOR STAKEHOLDERS

- Shared value creation
- Economic development and share value
- Local presence and employment
- Tax footprint
- Sustainability risk management
- Social responsibility

CONSUMER COMMUNICATION

- Responsible consumption
- Responsible product concepts
- Product safety
- Responsible consumer information
- Responsible marketing

GOVERNANCE

The management of sustainable development begins with our strategy and is based on our values, ethical business practices and Group-level policies and guidelines.

We have determined Group-level key themes, indicators and main targets for the focus areas. As part of our materiality analysis in 2021, we further clarified our short-term and long-term strategic goals for our key priorities. In addition, the Group companies have company-specific focuses and indicators. We have prepared long-term action plans to achieve the targets for each focus area.

We implement action programmes and measures to promote sustainability in all Group units. Olvi plc's Board of Directors approves Olvi Group's strategic priorities and goals, as well as their indicators. The Board monitors performance based on the indicators quarterly. Olvi plc's CEO and Management Team approve longer-term sustainability priorities and goals and their indicators.

The boards of directors of Olvi plc's subsidiaries monitor the implementation of the sustainability programme in the Group companies and contribute to its practical application in cooperation with the managing directors. Olvi Group's Sustainability Team is responsible for coordinating the sustainability programme for the Group companies. The Sustainability Team consists of Olvi plc's sustainability team and representatives of the subsidiaries.

Olvi plc's Sustainability Director, Olvi plc's Sustainability Team and the persons in charge of the focus areas of the sustainability programme are responsible for determining, developing and promoting the sustainability action plan. In addition, they are responsible for monitoring, reporting and communicating the sustainability targets and measures.

The relevant teams are also responsible for monitoring the indicators and implementing measures to achieve the goals. Sustainable development is reflected in our day-to-day work through each employee.

During 2022, we will establish a team consisting of external experts (External Sustainability Advisory Team) to assess the sustainability programme and its reporting and provide insight for programme development.

OUR COMMITMENT

Our sustainability work is based on international commitments and agreements that bring countries and operators together to promote sustainable and fair development and combat climate change.

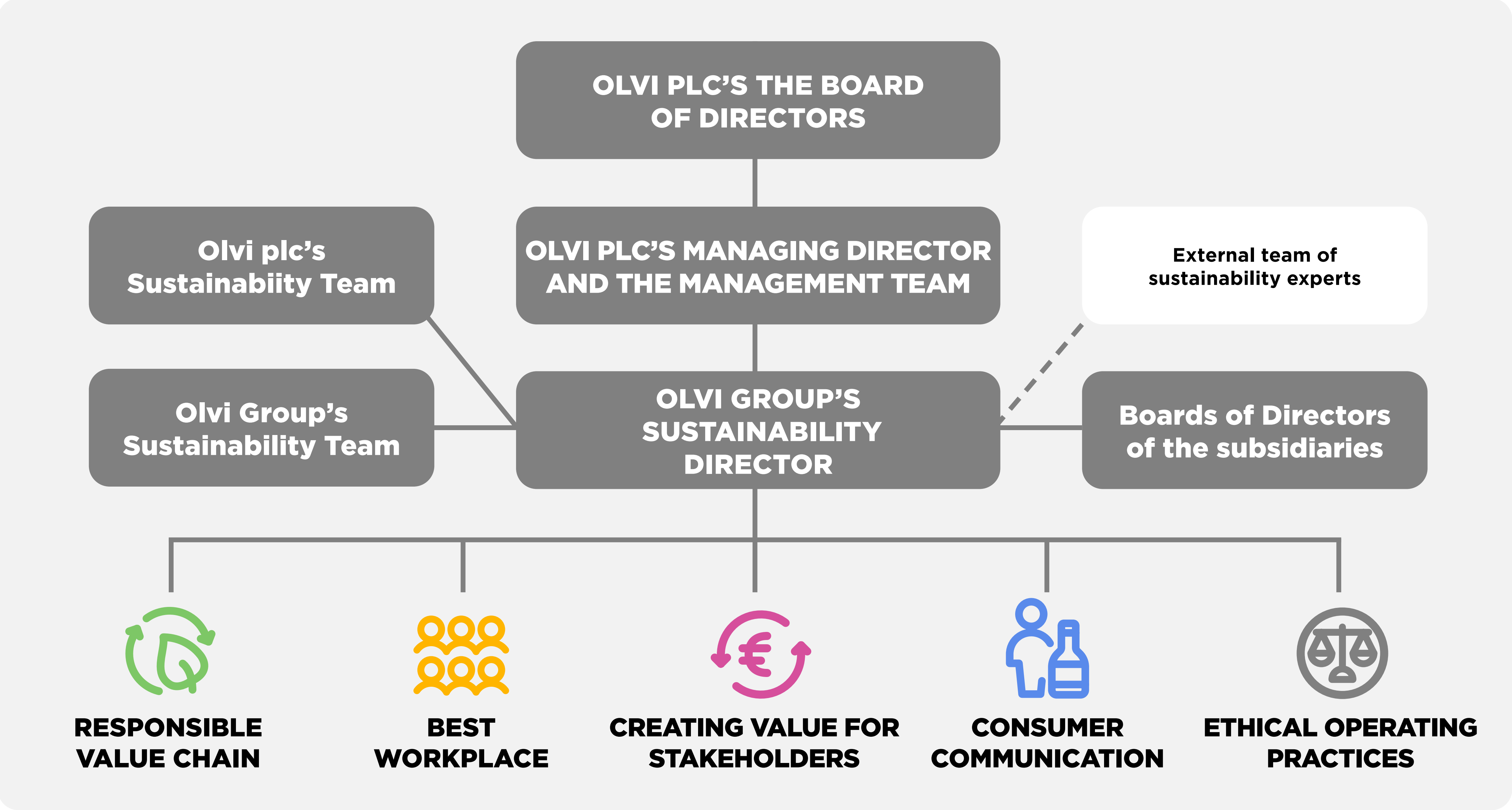
We are a member of the UN Global Compact initiative, and are committed to its principles. These principles guide our work to ensure human rights, labour rights and environmental protection, and to prevent corruption.

We are also committed to promoting the UN Sustainable Development Goals through our sustainability programme. We have combined our targets with the UN's Sustainable Development Goals.

> WE ACHIEVED A "B" RATING IN THE CDP'S CLIMATE EMISSIONS REPORTING ASSESSMENT

To measure the emissions of our operations, we are committed to participating in the CDP's climate emissions reporting. In 2021, Olvi Group achieved a "B" rating in its first CDP reporting assessment on a scale from "A" to "D-". We have also started work to determine our science-based climate targets (SBT).

We comply with the International Labour Organization's (ILO) fundamental conventions. The ILO monitors its member states' compliance with its conventions and provides support. In addition, we are committed to the guidelines issued by national brewing and soft drink industry associations on responsible marketing and sustainable development.



SUSTAINABLE DEVELOPMENT GOALS

UN SUSTAINABLE DEVELOPMENT GOALS FOR 2016–2030

The programme aims to eradicate poverty and promote sustainable development with equal consideration of the environment, the economy and people. Olvi's sustainability work is related to eight goals in particular. We have added "Partnerships for the Goals" as a new target.

3 GOOD HEALTH AND WELL-BEING

- We promote the responsible and reasonable use of our products
- We maintain a diverse range of products
- We invest in the development and manufacture of healthy and natural products, and in smaller product packaging

6 CLEAN WATER AND SANITATION

- We promote the sustainable use of clean water
- We seek to minimise wastewater and improve its quality
- We recycle material fractions for reuse

8 DECENT WORK AND ECONOMIC GROWTH

- We maintain a fair, equal and safe workplace
- We pay our taxes and other payments in accordance with the local legislation in each of our countries of operation

13 CLIMATE ACTION

- We develop our emissions reporting to identify the emissions generated by our operations
- We focus on identifying the climate impacts of our operations in more detail
- We develop our operations based on results

4 QUALITY EDUCATION

- We encourage training for working life and competence development in line with the development of working life

7 AFFORDABLE AND CLEAN ENERGY

- We improve our resource efficiency and reduce our consumption of electricity and energy
- We increase the share of renewable energy

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- We reduce our environmental footprint and improve our resource efficiency
- We maximise materials recycling and the reuse of by-products
- We minimise the use of packaging materials. Our operations are guided by the principles of the circular economy

17 PARTNERSHIPS FOR THE GOALS

- We develop and increase partnerships with our various stakeholders to create a more extensive impact in promoting sustainable development

MATERIALITY ANALYSIS

The purpose of our materiality analysis in 2021 was to identify the Group's most significant economic, social and environmental impacts that also affect the assessments and decisions made by our stakeholders.

The materiality analysis began with a broad background study. Based on the study, we prepared a list of potential topics. We also took account of the Group's operations, such as its current sustainability programme and strategy.

Through online surveys, we identified Olvi Group's key sustainability topics from the stakeholder perspective in August. We received responses from a wide range of stakeholders, including consumers, employees and shareholders. We also interviewed key representatives of our stakeholders, such as corporate customers, subcontractors, investors and organisations.

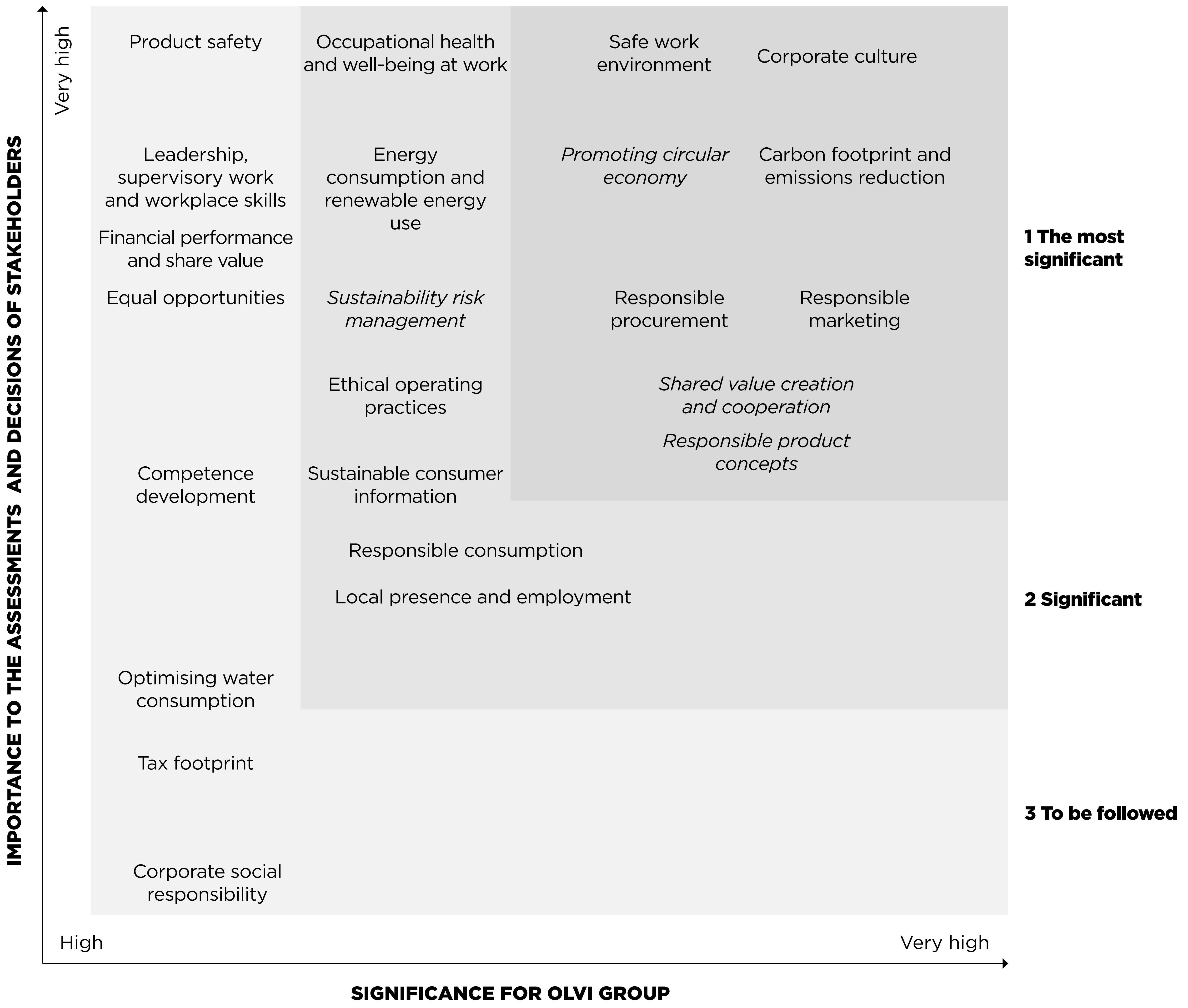
We discussed the importance of the topics for stakeholders in internal workshops. In addition, we discussed the significance of the topics for Olvi Group's operations while also considering their economic, social and environmental impacts. The Management Team approved the results of the materiality analysis in September.

RESULTS

The results of the analysis showed that our focus areas continue to be relevant to Olvi Group's sustainability programme. Based on the results, we added one focus area and further clarified some focus areas.

"Shared value creation and cooperation" is a new focus area that describes how we promote sustainable development in cooperation with our partners and create broader value for society together. Through partnerships, we can also create new solutions for raw materials and packaging materials used in products, for example.

"Materials recycling" was changed to "the promoting circular economy", which describes the reduction, reuse and recycling of materials more comprehensively. In the future, general risk management will be discussed in the annual report, and the sustainability programme will focus more on sustainability risk management. "Non-alcoholic and healthier products" was changed to "responsible product concepts" to describe the related topics more broadly.



PROCESS PHASES OF MATERIALITY ANALYSIS

1. Identifying potential topics

- Background material: industry sustainability reports, sustainability trends and legislation, etc.

2. Identifying and prioritising stakeholder expectations

- Online surveys of all Olvi Group companies, almost 1,000 responses
- 25 interviews, mainly in Finland

3. Validation

- Internal workshops for experts and managers
- The Management Team's approval of the results

STAKEHOLDERS

Active dialogue with stakeholders through various channels is important for our operational development. Stakeholders expect us to have a broad-based approach and take practical measures in terms of sustainability. Sustainable development throughout the value chain and the circular economy are highlighted. In addition to their key expectations, many stakeholders are interested in similar themes related to sustainability and responsibility.

CONSUMERS

Our consumers want responsible products and operations from us, as well as open, transparent and reliable information about products and their sustainability throughout the value chain. We communicate with our consumers via customer service channels, packaging, surveys, websites and social media.

CUSTOMERS

Our customers' expectations focus on safe and innovative products, good customer service and reliable deliveries. The sustainability of products is highlighted with regard to all aspects of sustainability. A sustainable value chain (e.g. emission reductions) is particularly important to them. Customers also consider cooperation models and partnerships in the value chain to be material. We interact with customers at customer meetings and events, for example. We also develop our operations and products based on their feedback and in cooperation with them.

EMPLOYEES

Our employees expect us to ensure safety at work and maintain and promote well-being at work in particular. Environmental aspects, such as resource efficiency and the circular economy, are also important to them. We monitor employees' expectations through daily interaction, feedback, internal communication, employee surveys and professional development appraisals.

PARTNERS AND SUPPLIERS

Our partners and suppliers want a reputable partner, as well as services and solutions that support their competitiveness. Sustainable operations and products are areas of common interest and activities. Sustainable primary production, biodiversity and human rights throughout the value chain are also highlighted. We interact with our partners and suppliers through general interaction, meetings, events and audits.

INVESTORS AND SHAREHOLDERS

Our investors and shareholders expect profitable growth and effective risk and reputation management from us, and they also expect us to lead the way in sustainability in terms of our own operations and product selection. Climate targets are a particularly topical theme. The Annual General Meeting, annual and interim reports, investor events and our website play important roles in our interaction.

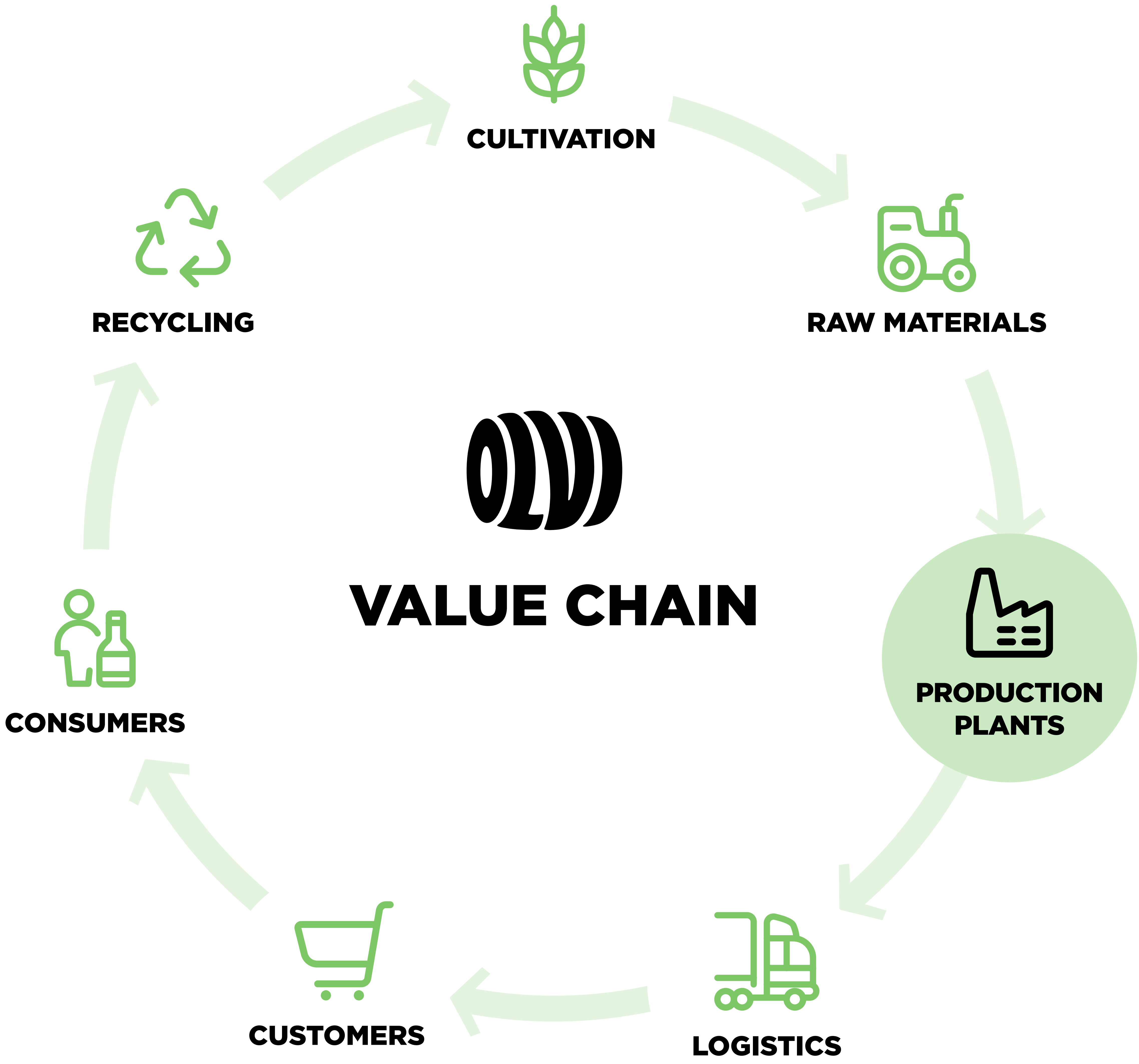
SOCIETY, THE AUTHORITIES AND THE MEDIA

Society expects us to promote a responsible drinking culture, as well as being a good taxpayer and having a responsible product selection. The authorities' expectations focus on compliance with laws and regulations. The media want us to provide transparent and reliable information and communicate rapidly. We comply with the requirements concerning listed companies. We monitor the development of society's and the authorities' expectations. We participate in discussions in the media and cooperate with the media.

ORGANISATIONS, ASSOCIATIONS AND PARTNERS

The expectations of organisations, associations and partners focus on sustainable operations throughout the value chain, and on commitments and risk management. Our contribution to the development of our industry is also important for them. Interaction takes place through continuous discussions, feedback, meetings, events and cooperation projects.

RESPONSIBLE VALUE CHAIN



RESPONSIBLE VALUE CHAIN

We work to continuously reduce our environmental footprint and to improve our resource efficiency. The transparency and traceability of purchases always come first when we make procurement decisions.

The beverage industry uses considerable amounts of raw materials and natural resources. Supply chain management and procurement methods have a significant impact on the environment, the climate and society.

Olvi Group's sustainability footprint is determined throughout the supply chain, covering both its own operations and the entire value chain. Responsible supply chain management involves many areas, and we have identified our most material aspects in terms of our own operations and the value chain. We also work to develop these in cooperation with our partners.

WE PROMOTE SUSTAINABILITY THROUGHOUT THE VALUE CHAIN

As far as possible, we choose local operators and raw materials. The traceability of raw materials and supply chain management are key. Digitalisation enables more extensive and real-time sharing of information throughout the value chain, and we invest in management by information.

Protecting biodiversity is important to us. This is one of the reasons why the raw materials we use must be grown, and the materials we use must be produced, in line with the principles of sustainable development. We seek to increase the role of the circular economy in raw materials and packaging materials. We only purchase from suppliers that meet our requirements. Ensuring the quality and safety of each raw material and packaging material is key.

Olvi Group has implemented numerous measures to improve resource efficiency and reduce emissions. During product development, we examine the environmental impacts of the product and its raw materials and packaging materials. In line with the principles of the circular economy, we seek to increase the use of waste materials and develop the reuse of the side streams and waste streams generated by our processes.

In logistics, we seek to minimise emissions through optimised routes and distribution in particular. We pay special attention to efficient distribution and storage through solutions that are as environmentally friendly as possible. We work to ensure reliable deliveries and safe products for our customers.

FOCUS ON RESPONSIBLE PRODUCT CONCEPTS

We approach consumers through responsible marketing and clear product information. Promoting responsible consumption is at the core of our operations. Our product development focuses on responsible product concepts. Our products and packaging materials are recyclable, enabling the reuse of materials and the promotion of the circular economy. Waste materials that can be used in the manufacture of our products are a new priority.

REDUCING OUR CARBON FOOTPRINT

Olvi Group continuously takes measures to reduce its carbon footprint. The Lean philosophy and operating models are reflected in improved energy efficiency in our manufacturing process. New digital solutions enable the real-time monitoring and optimisation of our steam, heat and electricity use. We also seek to increase various renewable energy solutions throughout the Group.

EMISSIONS FROM OUR OPERATIONS

The direct carbon dioxide emissions of our production are mainly generated by production plants. The most significant sources of emissions from our production plants are heating, steam and electricity, as well as carbon dioxide emissions generated during the fermentation process and production phase at our breweries. We can reduce these emissions through renewable energy solutions in electricity and the production of heat and steam. Planned carbon dioxide recovery and reuse reduce emissions in terms of both released and purchased carbon dioxide. These two topics are among our most significant development efforts in the Group companies.

RENEWABLE ENERGY
REDUCES EMISSIONS

We aim to minimise our greenhouse gas emissions from transportation and distribution by optimising our distribution chain and routes. We focus on shortening our total transport routes and loading lorries more efficiently. We also closely monitor opportunities to use fossil-free fuels for heavy transport.

We also pay attention to emissions from commuting and seek to minimise travel, which is why we seek primarily to hold remote meetings. Remote work and the number of remote meetings have increased markedly over the past two years because of the coronavirus pandemic. Our goal is that we will not return to our previous operating model after the pandemic. Instead, we will seek to reduce flights and business travel days by 50% compared with 2019, excluding sales and store work.

We are further developing our emission reporting to better identify emissions from various production phases and other operations. In 2021, we focused on examining the climate impacts of our operations in more detail, and the Group participated in the CDP's climate emission reporting assessment for the first time. This time only Olvi also reported emissions from its value chain (Scope 3). We will publish the results of 2021 emissions on our website later in the spring.

Most of Olvi's emissions come from the value chain and the packaging and raw materials used. We therefore seek to focus on reducing emissions in cooperation with our value chain partners. In 2022, our reporting will cover the entire Group, also in terms of the value chain.

TARGET

FOR 2030

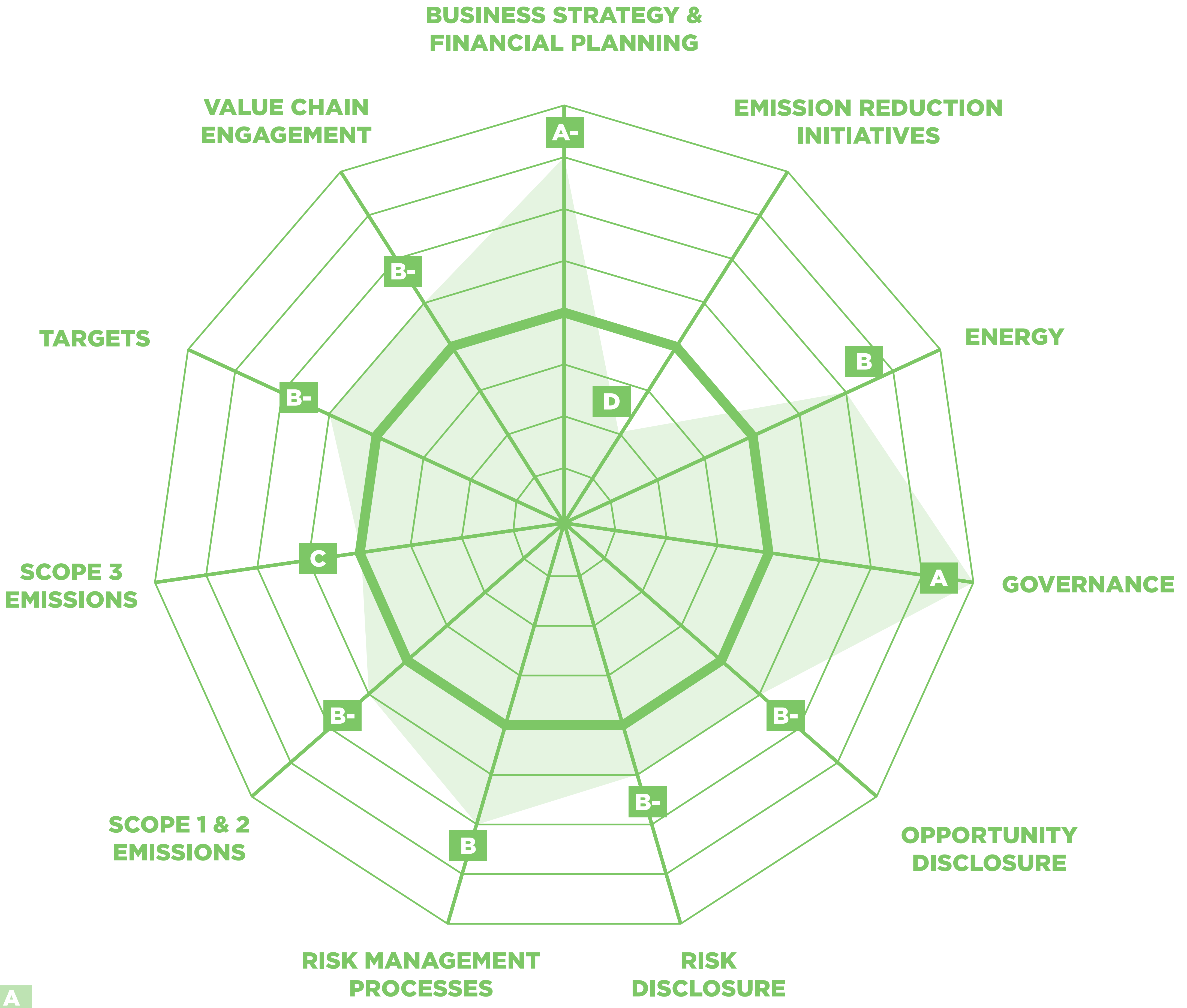
Carbon dioxide emissions from the entire value chain:

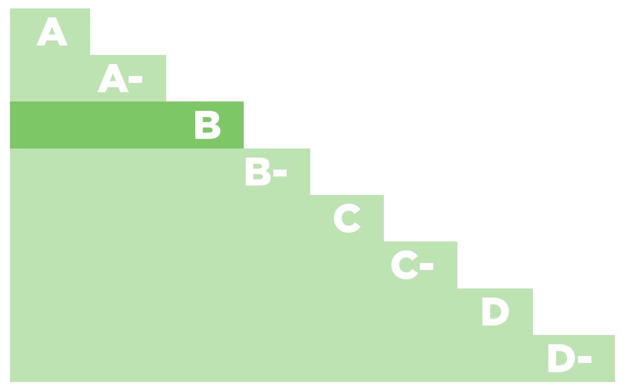
-40%

TARGET

TOWARDS CARBON-NEUTRAL PRODUCTIONS

OLVI GROUP CDP SCORE REPORT – CLIMATE CHANGE 2021
CATEGORY SCORES





Leadership (A/A-): Implementing current best practices
Management (B/B-): Taking coordinated action on climate issues
Awareness (C/C-): Knowledge of impacts on, and of, climate issues
Disclosure (D/D-): Transparent about climate issues

EFFICIENT USE OF RESOURCES

We aim to continuously improve our resource efficiency and reduce our electricity consumption. In 2021, the Group companies' electricity consumption decreased slightly as a result of operational efficiency and energy-efficient choices. Electricity consumption was 0.085 kWh per litre produced, representing a decrease of 4.5% from 2020. Steam and heat consumption increased by 4.4% from 2020, and was 0.148 kWh per litre produced. The increase was largely due to the product portfolio and weather conditions. We seek to reduce our steam and heat consumption to and below the 2020 level.

Olvi Group has conducted studies to measure energy consumption more effectively and optimise its use of various energy sources. We focus on reducing energy consumption by modernising equipment, for example.

The Group companies have transferred a lot to LED lighting and intelligent lighting control. Nearly all the Group's production plants have LED lighting, which has reduced energy consumption in recent years.

We are continuing to develop a monitoring system to analyse and report the Group's consumption of various forms of energy and commodities. The system will enable us to monitor consumption at each process phase in each unit.

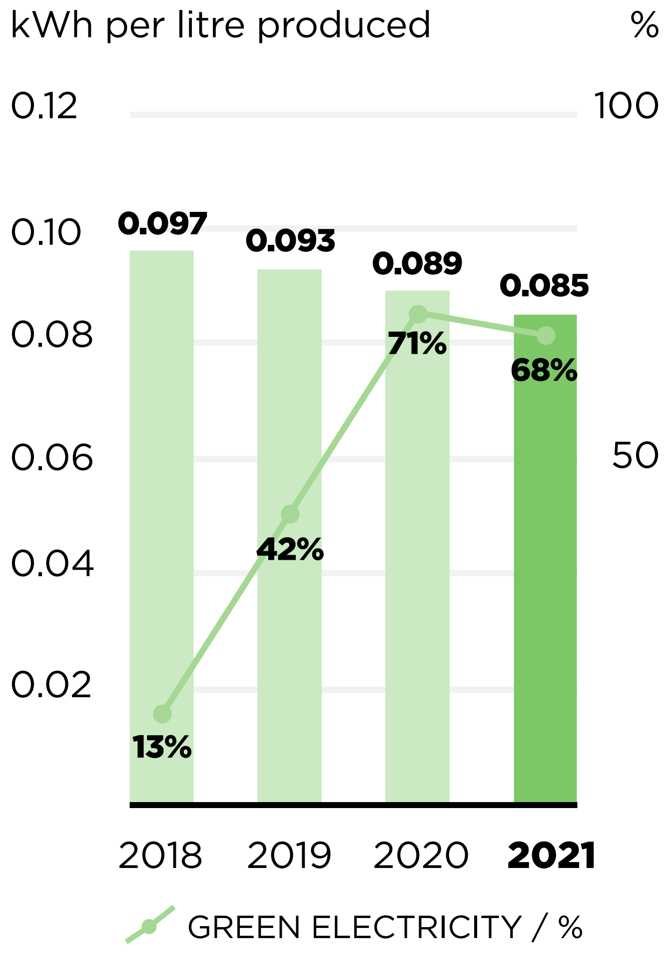
Our goal is to increase the share of renewable electricity and energy consumption in the Group companies. We are also seeking to increase the recovery and recycling of the heat generated in the production process. Olvi Group's long-term goal is to use 100% renewable energy in its steam and heat production.

AIMING FOR THE USE OF RENEWABLE ENERGY AND ELECTRICITY

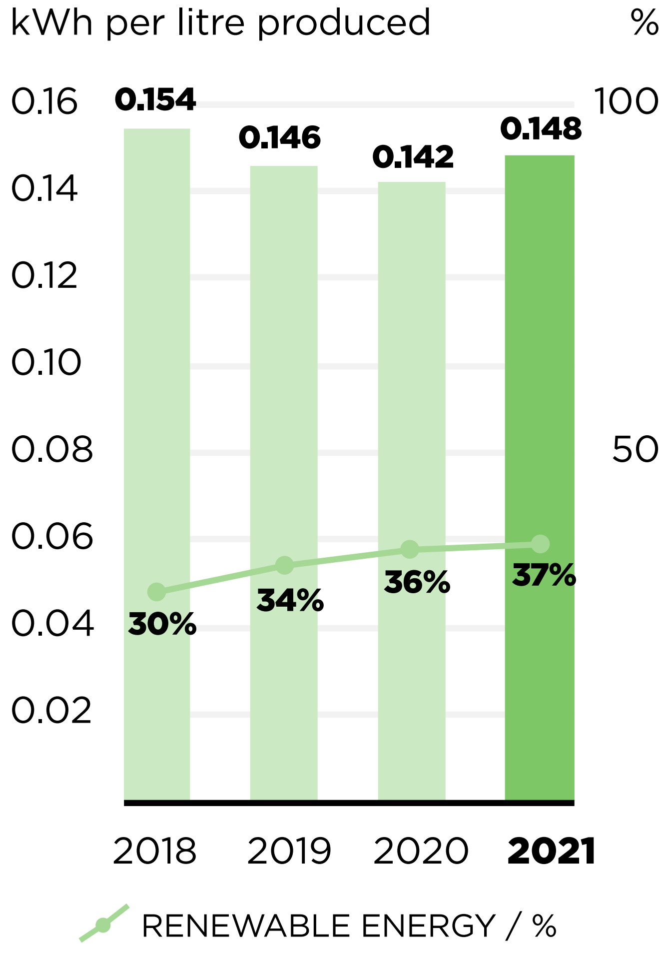
Olvi Group aims to use 100% green electricity by 2023. Of the electricity used by the Group's breweries, 68% was green in 2021. The proportion has decreased from the previous year, following the inclusion of Vestfyen.

We have identified various opportunities to increase the use of renewable electricity, and one of the most promising options is electricity production through solar panels. The Group's first solar power system and solar panel plant were introduced in 2020, and the next one is already being planned.

ELECTRICITY CONSUMPTION



STEAM AND HEAT CONSUMPTION



SUSTAINABILITY ACTIONS

- *Cēsu Alus* and *The Helsinki Distilling Company* use biogas for heating
- *Olvi plc* has a bio-heating plant and uses 100% green electricity, of which 66% has EKOEnergy certification by the Finnish Association for Nature Conservation
- *A. Le Coq* has the Group's first solar panel plant
- *A. Le Coq* uses surplus yeast from beer production for biomethane production for the transport sector

TARGET

FOR 2023:
green electricity
100%

TARGET

FOR 2030:
steam and heat
100%
from renewable energy

OPTIMISING OUR WATER USAGE

The production of beverages is a water-intensive industry. Olvi Group seeks to reduce its water consumption per litre produced. In 2021, our water consumption decreased by 1.3% from 2020. This is our second consecutive year below the target we set for 2023: less than 3.0 water per litre of finished product.

Depending on the location, we use local groundwater or our own wells as water sources. The high-quality groundwater comes from a protected area. We use water sustainably.

Olvi Group cooperates extensively with other industries for cleaner water and to protect the natural aquatic ecosystem. In the future, we will increasingly invest in reducing our water footprint and supporting biodiversity, in addition to reducing our carbon footprint.

SUSTAINABILITY ACTIONS

- *Lidskoe Pivo* will invest in a wastewater treatment plant in 2022
- *A. Le Coq* and *Cēsu Alus* produce biogas from wastewater

PLANNING AND CHOICES TO REDUCE CONSUMPTION

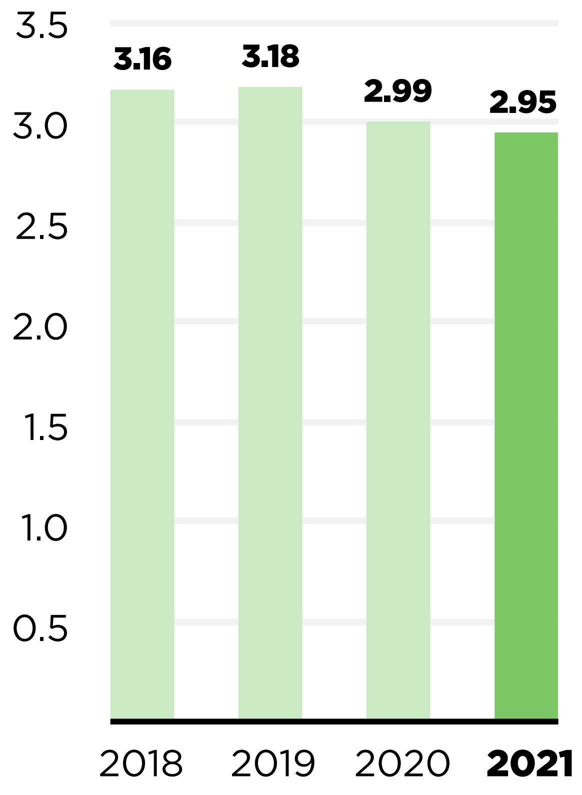
We seek to reduce our water use through production planning. We optimise our water consumption by paying attention to washing, detergents, planning and technical equipment solutions. We will increase water recycling in the future.

Wastewater from the production process is directed to our own treatment plant or municipal wastewater treatment plants for purification and reuse. In co-operation with municipal wastewater plants, we have improved the efficiency of pre-treatment to improve water quality. This prevents nitrogen and phosphorus, as well as other substances that burden the environment, from entering the wastewater. We also reuse wastewater in the production of biogas.

We have developed the management of chemicals used as detergents in the production process by reducing waste and optimising the amount of detergents.

WATER CONSUMPTION

litres per litre produced



TARGET

FOR 2023:

water consumption less than

3.0 litres per litre produced

PROMOTING THE CIRCULAR ECONOMY

We seek to operate in line with the principles of the circular economy wherever possible. The basic idea is to operate within the limits of the carrying capacity of the environment, keeping materials and products in circulation for as long as possible without losing their value. At the same time, production and consumption generate as little waste as possible.

Key themes of the circular economy include reusing waste material and recycling material fraction streams. Through reuse, completely new applications can be found for waste material. Materials recycling includes sorting and recycling materials from production, reusing packaging materials, reusing by-products and recycling end products. It is also important to use materials as resource-efficiently as possible.

> THE CIRCULAR ECONOMY BRINGS NEW BUSINESS OPPORTUNITIES

RECYCLED MATERIALS IN PACKAGING

The packaging of many of our products is made from recycled materials. The portion of recycled materials can be almost 100% in corrugated cardboard packaging and up to 50% in cans. In the production of glass bottles, the portion of recycled material ranges between 25% and 65%, depending on the bottle type. PET bottles containing 100% recycled plastic are used for selected products. The use of recycled plastic is increasing, and the goal is to use at least 25% in 2025. Of the raw material for plastic bottles manufactured in the EU, 30% must be recycled plastic by 2030.

Recyclability is also important in other packaging. Across the Group, raw materials and chemicals are transported to breweries in recyclable packaging, and we use recyclable packaging for all our beverage products. Some of the recyclable containers are washed and refilled, while some are reused as materials.

Ensuring that the material we use is recyclable and ecological is an essential part of our product development. In the future, we will increase the use of reused materials and will continue to optimise our use of materials. In packaging materials, we aim to reduce our use of plastic in particular, as well as finding alternative and recyclable materials.

SORTING AND REUSE

We seek to maximise the reuse of material fractions and side streams generated during the production process and further develop sorting and recycling. The Group companies sort various materials, such as paperboard, glass, plastic and hazardous substances.

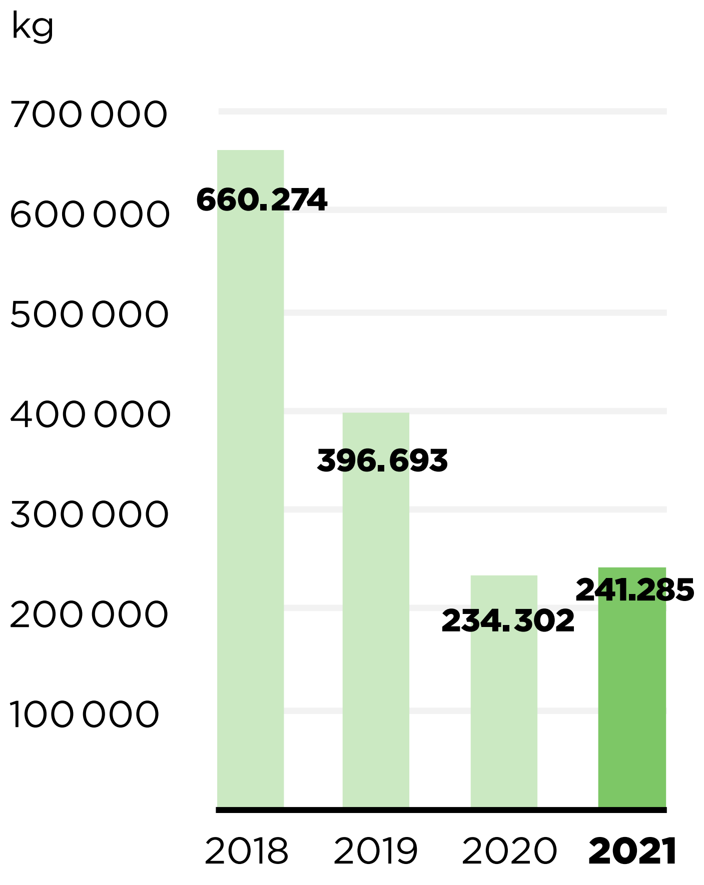
We monitor the volumes of the material fractions generated. In 2021, the amount of mixed waste continued to increase because of new companies. However, the relative volume per litre produced continued to decline.

Reusing side streams is important to us. By-products include mash and surplus yeast, which we deliver for use as farm animal feed or for biogas production, for example. We are also exploring other opportunities for their reuse. In addition, we are working to increase the reuse of our wastewater in biogas production, for example.

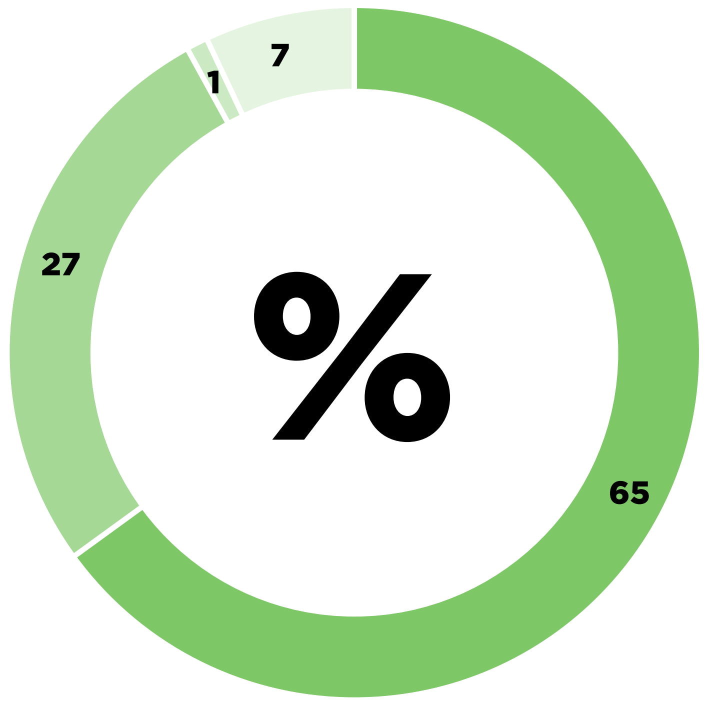
RECYCLING SYSTEM FOR BEVERAGE PACKAGING

We actively cooperate to develop local recycling systems for beverage packaging. Olvi plc is one of the owners of Palpa, a company founded for beverage container recycling in 2003. Palpa manages the beverage container deposit system in Finland. Estonia, Lithuania and Denmark have similar systems in place, and such systems are being built in Latvia and Belarus. Judging from the high recycling rates, these systems are highly effective.

MIXED WASTE

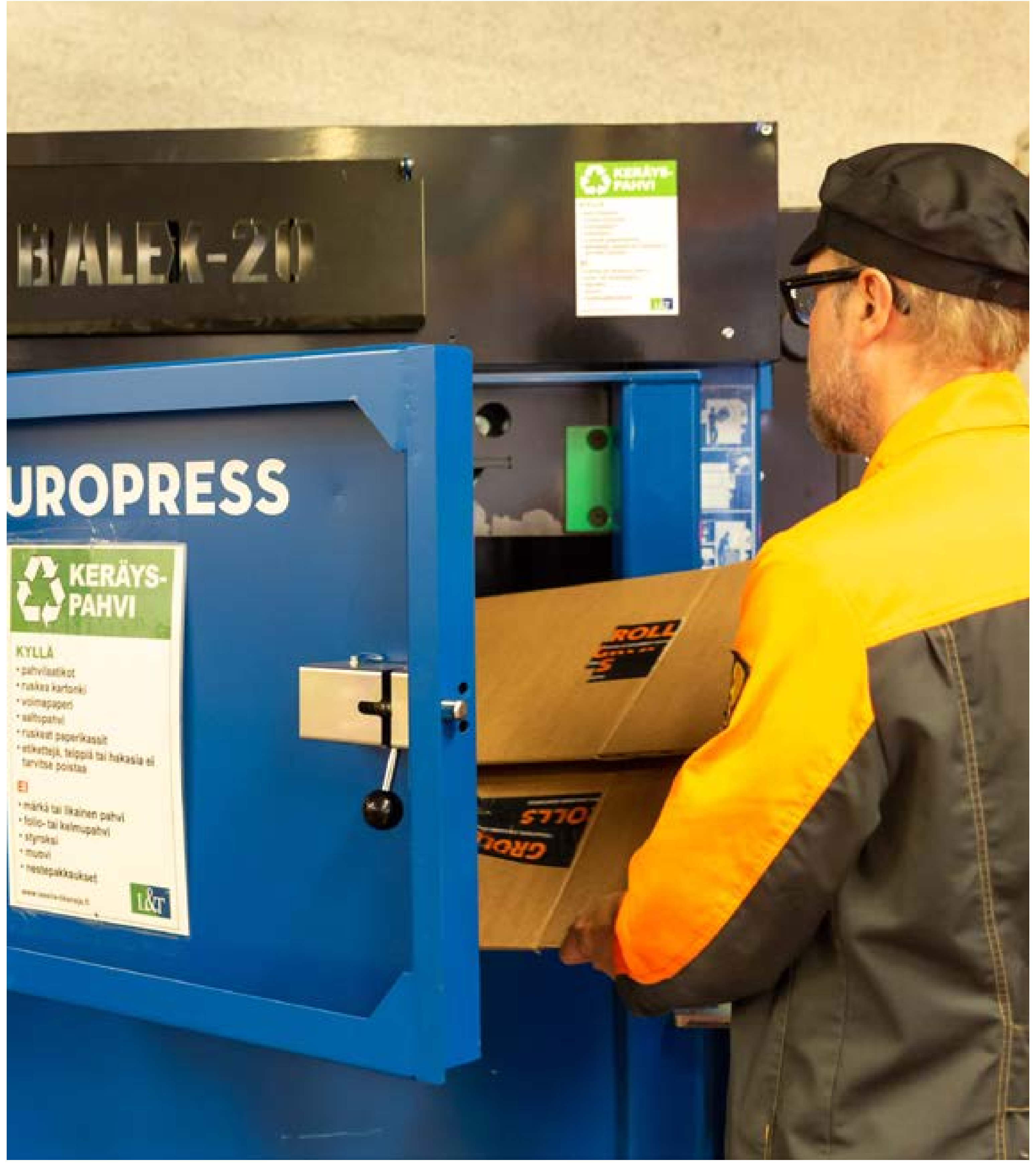


MATERIALS AND WASTE BY TYPE



- 65% – Recycling and reuse (plastic, paperboard, glass, metal, paper, biowaste)
- 27% – Other reuse (waste-to-energy and timber)
- < 1% – Disposal (e.g. chemicals, sludge)
- 7% – Mixed waste

In addition, the amount of mash and yeast we deliver to be used as farm animal feed is around 20 times higher than the amount of other materials to be recycled.



RECYCLING SYSTEM AND RATES FOR DISPOSABLE WRAP

	Finland	Estonia	Lithuania	Denmark
Plastic bottle	92%	85%	94%	96%
Glass bottle	87%	85%	81%	94%
Can	94%	50%	94%	91%

CASE: CLIMATE CHANGE ACCELERATOR PROGRAMME

In 2021, we participated in the first Nordic Climate Ambition Accelerator programme organised by the UN Global Compact initiative. The purpose of the programme was to help companies set science-based targets (SBT) for reducing greenhouse gas emissions and to provide support for emission reductions to limit global warming to 1.5°C in accordance with the Paris Agreement.

The programme focused on emission calculations and inventory, the SBT framework, the business benefits of reducing emissions and strategies to reduce emissions. The EU taxonomy and the related changes were also discussed, as well as frameworks for sustainability reporting.

Based on the information gained through the programme, we will set science-based emission reduction targets for Olvi Group within the next two years. Specific targets and transparent climate efforts increase consumers' and investors' trust, reduce uncertainty related to regulations and improve the company's longer-term profitability.

The benefit of setting targets is even higher when the targets have been tailored to the company. We will therefore examine the entire Group's carbon footprint in terms of our own operations (Scope 1 and 2) and the value chain (Scope 3) for 2021. Based on this information, we will set ambitious but achievable targets and prepare an action plan to guide our operations towards a more carbon-neutral future.

The Group companies have already set or are setting their own targets for carbon-neutral breweries. The parent company aims for carbon neutrality in its brewery by 2023, and we are already close to this goal, thanks to our long-term work. However, based on the information concerning the parent company, we already know that the most significant emission impacts arise from our value chain.

We can affect these emissions in cooperation with our customers, suppliers and other partners. We will therefore develop effective cooperation over the next few years to achieve the emission reductions required for limiting global warming.

"THE MOST SIGNIFICANT EMISSION IMPACTS ARISE FROM OUR VALUE CHAIN."

SARI LÄHTEINEN
QUALITY MANAGER
OLVI PLC

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

RESPONSIBLE PROCUREMENT

In addition to increasing sustainability, we are improving the transparency and traceability of procurement. It is important to us that the raw materials and packaging materials we use, as well as the products made from the raw materials, meet the demands and expectations of our customers and consumers, in addition to our own requirements and expectations.

We choose responsible suppliers of raw materials and other materials. To promote sustainability in our industry, we seek to cooperate closely with them.

Reducing climate emissions from the supply chain and its materials is one of the most important common development efforts. However, it is also important to pay attention to human rights and working conditions in the supply chain in accordance with the due diligence obligation that is under preparation. The role of primary production and sustainable farming conditions, sourcing areas, the sustainability criteria for materials and the impacts of climate change and biodiversity on raw materials are also becoming increasingly important.

REDUCING CLIMATE EMISSIONS IN COOPERATION WITH SUPPLIERS

Olvi Group's shared procurement principles and operating models are defined in our procurement policy. Suppliers are selected based on predetermined quality criteria. Group-level agreements enable efficient time management and better investments in the development of products and materials in cooperation with selected suppliers. This approach also improves the optimisation of resources.

At the end of 2021, Olvi Group had 344 suppliers of raw materials and packaging materials. Olvi Group regularly audits its suppliers and the quality of raw materials from suppliers is always ensured.

We use local suppliers as far as possible. We use 100% domestic malt barley in Finland, Lithuania and Belarus, and malt barley from the neighbouring markets in other countries. Most of our raw materials and packaging materials come from Finland and the Baltic countries, and from Belarus for Lidskoe Pivo.

CODE OF CONDUCT FOR SUPPLIERS AND PARTNERS

Our partners commit to compliance with our ethical operating methods. Our Code of Conduct for Suppliers and Partners is based on the Group's Code of Conduct.

By the end of 2021, the Code of Conduct had been signed by 95.9% of our contract partners for raw materials and packaging materials. Our goal is to include the Code of Conduct in all of the Group's cooperation and procurement agreements during 2022.

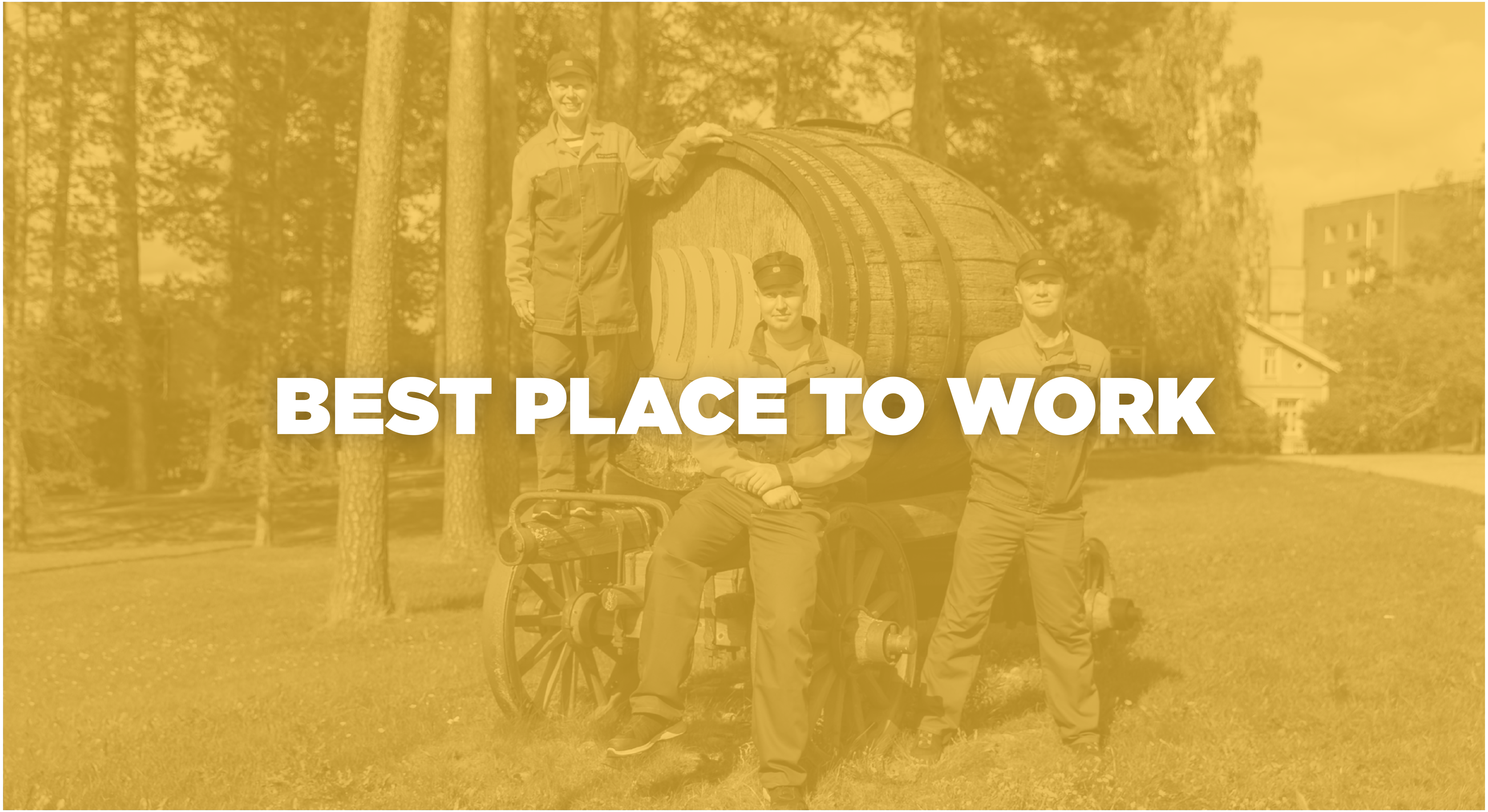
THE CODE OF CONDUCT SIGNED

The figures do not include Servaali and Vestfyen.

GOAL

FOR 2022

All suppliers have signed the Code of Conduct


BEST PLACE TO WORK

BEST PLACE TO WORK

We aim to be the best workplace for our employees. We promote employee comfort and pay attention to health, safety and well-being at work and equal treatment. This enables us to create optimal conditions for work and development.

We are committed to being a positive, fair and safe workplace. We are a significant local employer in each of our locations. We work to be an attractive workplace, for both our existing and prospective employees.

We take care of our employees' well-being, which is based on productive work that runs smoothly, clear goals and responsibilities and appropriate competence. Our long-term work in these areas has also helped us during the coronavirus pandemic, which has created urgency and exceptional circumstances in the working and operating environment.

OLVI OPERATES IN SIX COUNTRIES

In 2021, Olvi Group had a total of 2,111 employees in six countries, eight companies and 14 units. The average service time is around 10 years across the Group companies. Olvi Group also employs summer workers and trainees, 149 in total in 2021.

PERSONNEL MANAGEMENT

Olvi Group's personnel management is based on shared values and operating principles. Through personnel management, we ensure that our employees and their knowledge and skills enable the implementation of our business strategy. Management also plays an important role in well-being and comfort at work.

Olvi Group's business strategies and targets are implemented across the organisation by means of scorecards, performance appraisal discussions, team and department meetings and day-to-day supervisory work. Of its employees, 83% participated in performance based and development reviews.

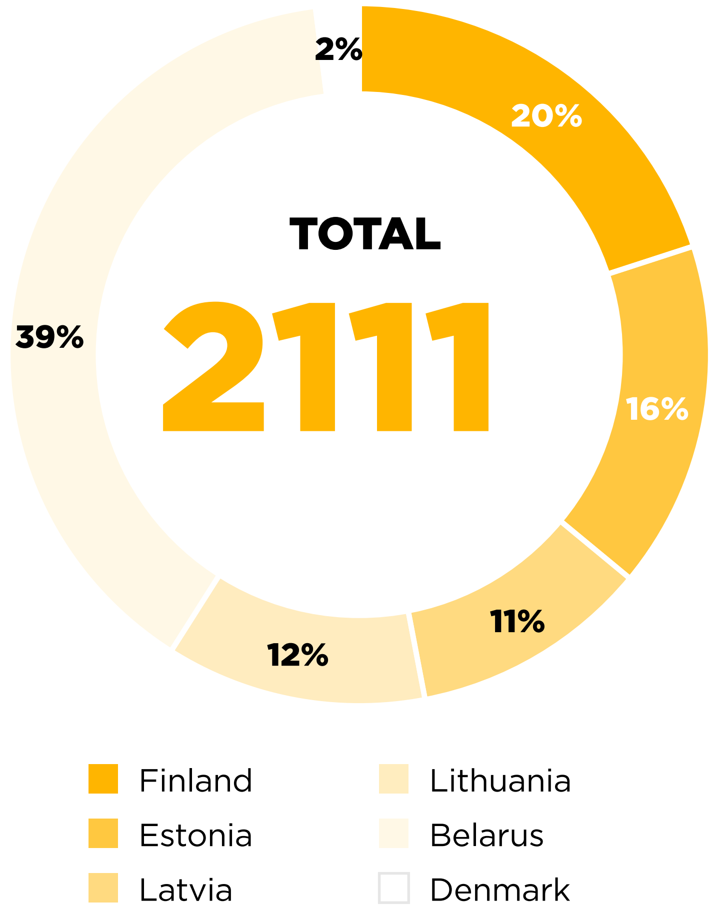
We have a joint personnel policy, with focuses that guide and harmonise our operating models. We aim to ensure our ability to work together and use the Group's resources, expertise and experience. These enable continuous renewal and development.

NUMBER OF PERSONNEL

2021
2111

2020
1911

EMPLOYEES BY COUNTRY



CORPORATE CULTURE

Corporate culture includes shared values and attitudes, as well as ways of thinking and working, and is shaped over time with people. It also strongly reflects the spirit of the workplace community, which guides operations and ways of working. Understanding and fostering corporate culture is very important in terms of the company's success.

CORPORATE CULTURE IS SHAPED OVER TIME AND WITH PEOPLE

Management and supervisory work, competence development and common ways of working are important aspects of Olvi Group's corporate culture. The Group's success is supported by inspired and motivated employees, which is why we seek to maintain a positive, innovative and agile corporate culture. A positive attitude is our way of working and responding to challenges. Innovation keeps us abreast of the times – or even ahead of the times. Agility is related to local presence, organisation and self-direction. Effective teamwork and independent decision-making play a key role.

Our goal is to maintain an interesting employer brand that promotes the development of employees' professional skills. We work to be an attractive employer and enable workers to commit to Olvi Group.

STRENGTHENING THE GROUP'S CORPORATE CULTURE

We have many practices and operating models in place that support our corporate culture. We operate in line with our values, determine and communicate our strategy, and invest in the development of employees, operations and operating models. We encourage our employees to participate in operational development, which is supported by our continuous development approach based on the Lean principles. Employees are also encouraged to make suggestions for operational development.

In addition, our corporate culture is supported by the traditions and operating models that the Group companies have adopted over the years, and that we use to strengthen the team spirit and further improve the work atmosphere and well-being at work. We want to ensure that everyone is seen and heard, which is why we celebrate our successes and achievements together. We also reward employees for good work.

In 2022, we are continuing our work to determine our corporate culture and identify aspects that are important for its development and fostering. In addition, we are working to study the impacts of the new ways of working and operating models arising from the pandemic situation.

CASE: FAMILIARIZING WITH THE VALUES AND STRATEGY

For many employees, Lidskoe Pivo is more than just a workplace. The company has always sought to create a working environment based on its employees' needs and collaboration.

Slightly more than a year ago, it was discovered that the communication of the company's strategy and values to its employees had not been sufficiently effective. During 2021, the company implemented an ambitious project to describe the company's strategy and set goals accordingly for all employees for the next five years. One of the key goals was to discuss and share the company's values with all employees.

New operating models to engage and motivate employees were adopted to ensure good results. A new tool "virtual village meetings" was introduced to communicate the company's strategic targets to its employees. The new digital platform enabled more than 100 supervisors from Lidskoe Pivo's different departments to convene virtually. Through the platform, the management team discussed the company's strategy and values and answered questions in connection with a live broadcast.

A NEW DIGITAL PLATFORM AS AN INTERNAL COMMUNICATION TOOL

Lidskoe Pivo also has a digital training platform, Academy, which has become increasingly popular among the employees during the pandemic. The platform has been used to implement the "Thank You, Colleague" motivation programme, during which efforts to implement the company's values were identified and rewarded. Another communication campaign to promote values was launched in the spring. The posters related to the campaign are visible in the daily working environment at Lidskoe Pivo.

The experience is that such efforts not only develop corporate culture, but also build a stronger team spirit and inspire teams. Campaigns that create a team spirit help employees to support and encourage one another. Employees also feel that they are part of something good and necessary, and they can be proud of their company.

"THE VALUES AND STRATEGY ARE KNOWN VERY WELL THROUGHOUT THE ORGANISATION."

AUDRIUS MIKSYS
CEO
LIDSKOE PIVO

MANAGEMENT, SUPERVISORY WORK AND WORKPLACE SKILLS

We are continuously developing management, supervisory work and workplace skills to ensure a functional workplace community and a good work atmosphere. Through effective supervisory and workplace skills and an excellent management culture, we can support our employees' performance and development.

Our certified management systems and Lean operating models support our management. These enable us to develop our problem-solving skills and ways of working, streamline and enhance work processes, reduce waste and maintain order. Our operations are guided by policies approved by the CEO of Olvi plc. More information about our management systems and policies is provided in the appendix on page 54.

> POLICIES GUIDE OUR OPERATIONS

The coronavirus pandemic accelerated the implementation of digital tools and new operating models. This also concerns management, supervisory work and meeting practices.

Our development of management, supervisory work and workplace practices is based on the feedback from performance based and development reviews We also monitor trends in the results of the employee survey.

EMPLOYEE SURVEYS AS AN IMPORTANT TOOL

Our Group focuses on promoting an open work atmosphere that supports development. Employee surveys are one of our tools for workplace development and for monitoring well-being at work.

Based on the employee survey results, we determine common and department-specific development goals and measures for workplace communities in cooperation with employees. Continuity and team spirit are strengthened by monitoring and communicating the development measures and by the participation of all employees.

In the latest employee survey in 2019, Olvi Group's PeoplePower rating improved to AA+. The rating indicates how well the company has succeeded in its operational development in cooperation with its employees. It also indicates the employees' level of commitment. Our overall result in all Group companies in the survey was markedly better than the national average in each country. The response rate was 89.4%. All our results were good compared with the average in each country. In the 2022 survey, our goal is to examine the level of integration of equality, ethical guidelines and sustainability priorities into day-to-day work.

THE GROUP'S COMMON OPERATING MODELS

Olvi Group has had Group-wide development teams in place for a long time. The teams are responsible for strategy support and operational development by identifying best practices, seeking synergy benefits and promoting innovation. Through our teams, we also promote operational development projects throughout the Group. Each team has experts in key functions from all Group companies as members.

> THE GROUP'S DEVELOPMENT TEAMS SEARCH FOR GROUP SYNERGIES

In 2012, we established the Olvi Academy to further develop the Group's operations and expertise and build a common operating culture. Olvi Academy's themes for 2021 were strategy implementation and future scenarios. We will continue with these themes in 2022.

COMPETENCE DEVELOPMENT

We work to support our employees as effectively as possible and commit them to high performance. We take care of our employees' expertise and development. We support these through company-level and Group-level training and operational development.

Training and development are based on our business targets and job requirements. Through these measures, we can also ensure that our employees' competence enables the implementation of our business strategy.

Training has been provided through online courses and webinars because of the exceptional circumstances caused by the coronavirus pandemic. Remote learning makes it easy to participate in training. We offer a wide range of training through remote learning, which has improved the availability of international courses from around the world.

EMPLOYEES' COMPETENCE ENABLES STRATEGY IMPLEMENTATION

We monitor our employees' skills and development needs through annual performance based and development reviews. Through these reviews, we ensure that our employees have sufficient competence for their jobs, as well as clear goals and responsibilities. Of our employees, 83% participated in performance based and development reviews in 2021.

AN ONLINE LEARNING ENVIRONMENT FOR TRAINING

We introduced a common online learning environment in 2021. The learning environment enables consistent training across the Group. Online training is available on responsibility, sustainability, occupational safety and data protection, for example.

A NEW ONLINE LEARNING ENVIRONMENT

We provide new employees with induction training by means of traditional personal induction, on-the-job guidance and remote training on general matters. We pay special attention to induction, as well as training for induction instructors. We also collect feedback on induction for operational development purposes.

We monitor how much time each employee spends training. In 2021, the Group's employees spent an average of 7 hours on training, which was slightly more than in the previous year. Because of the coronavirus pandemic, training has mainly been provided online, and our employees have participated actively in training.

In 2022, we will continue to develop the monitoring of training by improving our training record practices to ensure appropriate monitoring. We are also focusing on using digitalisation in personal competence development and job improvement. In addition, we are continuing our work to share good practices between the Group companies, because we want to improve our operations together and learn from one another.

DIGITALISATION CREATES OPPORTUNITIES FOR PERSONAL COMPETENCE DEVELOPMENT AND JOB IMPROVEMENT

SAFE WORK ENVIRONMENT

Every one of our employees is entitled to a safe working environment. We aim to ensure smooth work without accidents. We focus on increasing employees' awareness of and expertise in safety at work.

Early intervention is important to minimise damage and prevent accidents, injuries and occupational diseases. We are continuously working to detect and eliminate risk factors.

APPROPRIATE PROTECTIVE EQUIPMENT AND WORK CLOTHING

Sufficient induction, regular safety training and up-to-date guidelines lay the foundation for a safe work environment. We invest in both job-specific and general safety training and guidelines.

Olvi Group has a common occupational safety policy in place. To ensure operational quality and consistency, our goal was to have occupational health and safety certification in place in all Group companies by the end of 2021. Unfortunately, the coronavirus pandemic has slowed this work. We are now seeking to implement the systems by the end of 2022 at the latest.

AIMING FOR ZERO ACCIDENTS

Every employee at Olvi Group plays a significant role in ensuring a safe work environment. We encourage our employees to actively report safety observations. This is one of the most effective tools for identifying and eliminating hazards.

Olvi Group's companies monitor, report and investigate near misses and accidents. Matters related to safety are reported to the management on a monthly basis.

We measure the safety of the working environment based on the total number of accidents and absences caused by accidents. A total of 28 accidents occurred at Olvi Group in 2021, which was 8 accidents more than in 2021. The increase in the number of accidents is explained by the inclusion of the Vestfyen brewery in the 2021 figures and the fact that more attention was paid to safety culture and reporting incidents. Three of the accidents were serious. The Group's accident frequency rate was 7.5 in 2021 (5.8 in 2020). Despite the increase, the rate continues to be at a good level. The accident frequency level is considerably lower than the average for the Finnish food industry, which was 18.0 in 2020, for example.

The increase in the number of accidents is largely due to the fact that attention has been paid to the issue, and that internal communication has been increased. Systems development has aided the identification of accidents and lowered the threshold for reporting them. We can also identify many successful development measures. To further develop safety management and the reporting of accidents, we will prepare common guidelines for safety culture development and for identifying occupational accidents during 2022. Unfortunately, this work has been delayed because of the coronavirus pandemic.

NUMBER OF ACCIDENTS

2021 **28**

2020 20

2019 22

TARGET

FOR 2023:

occupational accidents

-10%

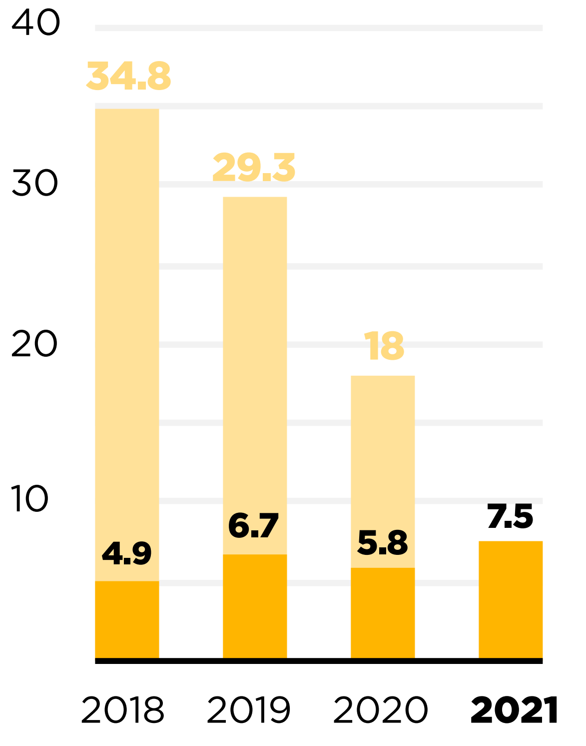
TARGET

BY 2030

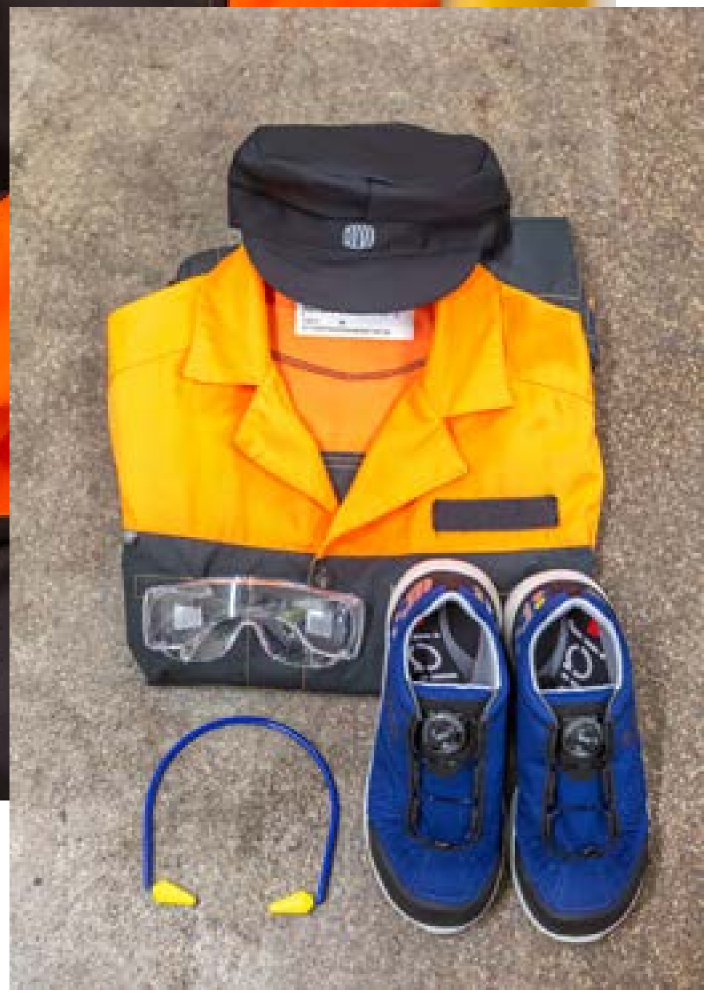
0 **accidents and accident related absenses**

ACCIDENT FREQUENCY RATE

accidents per million hours worked



Food industry average in Finland, beverage production



OCCUPATIONAL HEALTH AND WELL-BEING AT WORK

One of our main goals is to ensure employees' working capacity, health and well-being throughout their careers. We are continuously developing our ways of working and our working environment to promote smooth and productive work and eliminate health risks and hazards.

We plan all work and the machines and equipment needed to carry out the work, as well as the working environment and working conditions, in a manner that eliminates any adverse effects on physical and mental health and any risks to employees. We have a substance-free working environment for all Olvi Group's employees.

We seek to identify any factors that affect working capacity as early as possible by encouraging a culture of open discussion, for example. In terms of sickness absences, we ensure effective treatment, measures and rehabilitation through occupational healthcare.

We measure occupational health and working capacity by monitoring sickness absences. Our goal is to reduce sickness absences year-on-year. In 2021, sickness absences represented 5.2% of all working hours across the Group (4.8% in 2020). The number of sickness absences increased as a result of the impacts of the pandemic, because the possibility of a coronavirus infection needed to be eliminated in all cases with symptoms related to respiratory tract infections. However, the sickness absence rate is still at a good level compared with the average for the Finnish food industry (6.1%), for example.

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WELL-BEING AT WORK AND LIFESTYLES

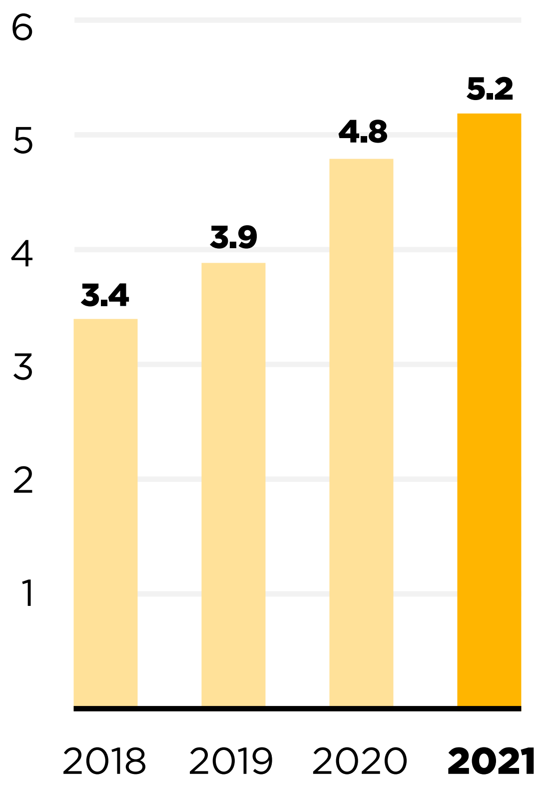
We take care of our employees' well-being at work to ensure their physical, emotional and social welfare. The Olvi Group companies promote well-being at work through various measures, events, occasions and lectures. The number of remote lectures has increased during the pandemic. Lectures have been given on healthy nutrition, active exercise and de-stressing, for example.

We work to create optimal working conditions and increase the flexibility of work. To promote well-being at work, we explore various work shift arrangements and models in the Group companies.

We also support exercise and recreation in our employees' free time. For example, we have introduced company bicycles in some of the Group's companies. The Group companies encourage their employees to participate in various sporting events.

WE SUPPORT LEISURE TIME SPORTS AND OTHER ACTIVITIES

NUMBER OF SICK DAYS



EQUAL OPPORTUNITIES

Our workplace community offers equal opportunities for all employees. Taking diversity into account is also important to us. We treat all our employees fairly and equally, regardless of their age, gender, religious beliefs, opinions, nationality or similar factors. Equal treatment is a prerequisite for all work. By addressing inappropriate behaviour, we ensure a good working environment for everyone.

In 2021, 62% of Olvi Group's employees were men, and 38% were women. The average age of the Group's employees was 40, and the largest age group was 30–49.

EQUALITY AND DIVERSITY

Olvi Group has a common Code of Conduct to ensure equal opportunities. We measure equality through employee surveys. According to the results of the most recent employee survey, most of the Group's employees feel they are treated fairly, regardless of their gender and age.

We ensure that diversity is also reflected in our companies' boards of directors and management groups. We pay attention to ensuring that their members' work histories, international experience, age and gender are complementary, for the good of the Group's business operations. The members must also have broad-based expertise and diverse professional backgrounds.

DIVERSITY IS INCREASINGLY IMPORTANT

In 2021, 50% of the members of Olvi plc's Board of Directors were men and 50% were women. Of the members of country-specific boards and management teams, 56% were men and 44% were women.

OPERATIONS BASED ON EQUALITY

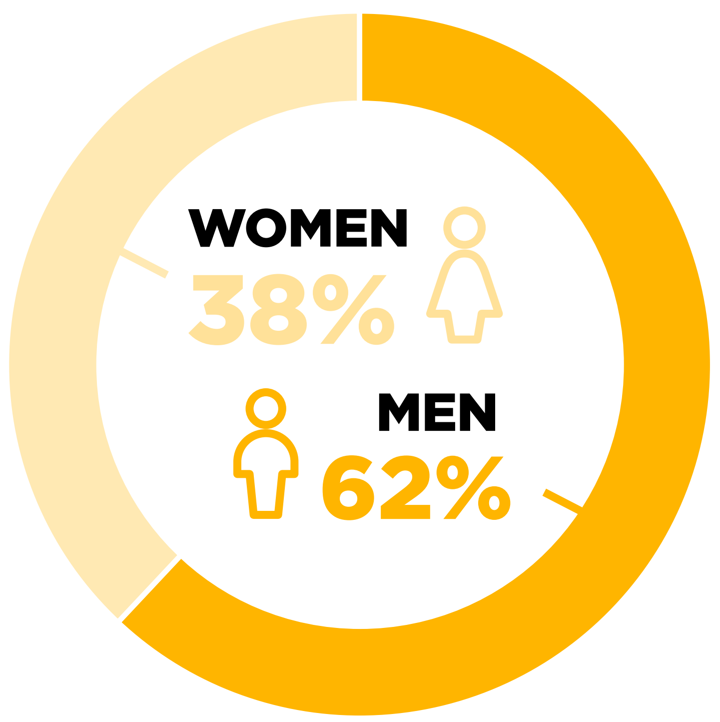
Fair and equal treatment is reflected in recruitment, salaries and career development opportunities, for example. Recruitment is always based on an identified need for resources and the competence and qualification requirements related to the job. Recruitment supports the achievement of our business goals.

Salaries, employee benefits and incentives are always based on current laws and agreements and on local practices in each country. In addition, salaries are determined based on how demanding the job is and on competence, performance and results.

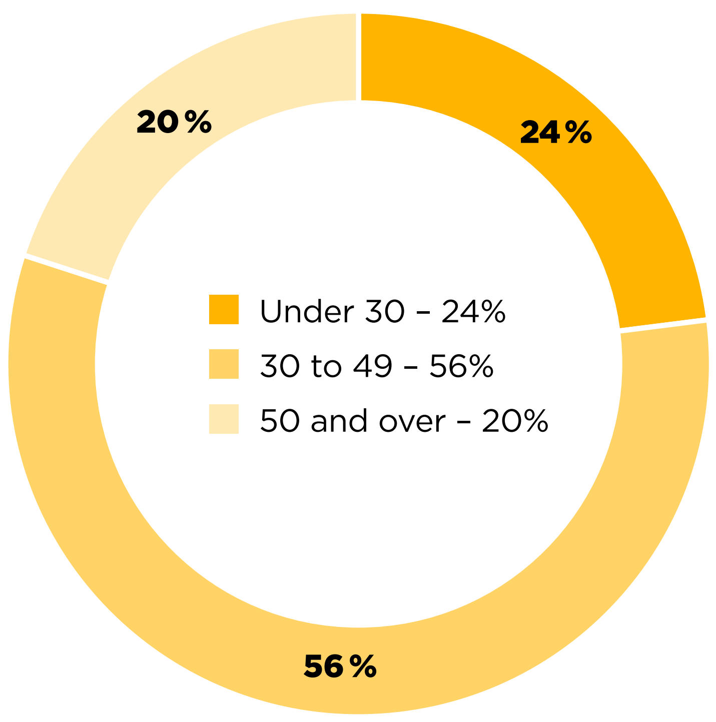
WE MEASURE EQUALITY THROUGH EMPLOYEE SURVEYS

The Group companies have their own programmes and tools for promoting equality and non-discrimination. We do not condone bullying – that is, behaviour that may give rise to feelings of fear, humiliation or hostility. We address any issues immediately.

EMPLOYEES' GENDER DISTRIBUTION



EMPLOYEES' AGE DISTRIBUTION



MANAGEMENT GENDER DISTRIBUTION


CREATING VALUE FOR
STAKEHOLDERS

CREATING VALUE FOR STAKEHOLDERS

We create value in cooperation with our stakeholders. The financial and social impacts of our operations are reflected in our operating environment, particularly through employment, tax payments, social responsibility and local presence.

Olvi Group's companies produce and sell a wide range of beverages to a broad customer base in both non-alcoholic and alcoholic product categories. To manufacture products, we need high-quality raw materials and other materials, which our highly competent and innovative people convert into products wanted and appreciated by customers and consumers.

We cannot do this without appropriate production equipment, and the materials and natural resources required for its operation. Production must be efficient, safe and of a high quality. It is also very important that we have the best and the right partners. Through their operations, our partners ensure that we can produce the planned volumes of products in a cost-effective, timely and high-quality manner. We also want to ensure that we can deliver products to all our customers in a timely manner.

All of this must be achieved responsibly and sustainably throughout the value chain.

SHARED VALUE CREATION AND COOPERATION

It is natural to start promoting sustainable development from the company's own operations. However, to make a real impact, development work must be carried out throughout the value chain. We have already developed our operations and products in cooperation with many of our partners. In 2022, we will determine targets for each stakeholder group. The goal is to engage in impactful stakeholder work with each stakeholder group by 2025. This is the best way to affect sustainability in our own operations and throughout the value chain, such as reducing emissions.

VALUE CREATION

Olvi Group's value-creation model and tax footprint describe value creation in our value chain. We are a growing and evolving Group committed to long-term development. Our strengths include our respected brands and strong market position. Sustainable development, innovative product development and efficient processes also help us to create value throughout the value chain.

Value is created for Group and its stakeholders as a result of Olvi Group's operations and value chain. To create value, we need resources that enable our value chain to produce outputs.

Financial performance is important for us. It ensures resources for growth, development and value creation. We have a strong balance sheet and good profitability, and our payment of dividends is stable. Our long-term target is to pay a dividend equalling 40–60% of earnings per share on average. In 2021, the Group paid EUR 24.7 million in dividends.

TAX FOOTPRINT

Profitable operations and good financial results ensure that we can also implement our social responsibility in the best possible way. In terms of social responsibility, our most significant inputs include taxes and tax-like payments. We pay our taxes and other payments in accordance with the local legislation in each of our countries of operation. We report the various forms of taxation at the Group and country levels.

In 2021, Olvi Group paid EUR 566.8 million in taxes and employer contributions. Excise duties represented 69% of all our taxes. The Group's excise duties include taxes on alcoholic beverages, soft drinks and packaging. Within the Group, its companies in Finland paid the highest amount of excise duties. In 2021, the Group paid EUR 391.2 million in excise duties, including EUR 296.0 million in Finland.

Value added tax represented 24% of the Group's taxes. In 2021, we paid EUR 135.2 million in value added tax. The remaining 7% consists of income tax, real estate tax, employer contributions and other taxes. These totalled EUR 40.4 million in 2021.

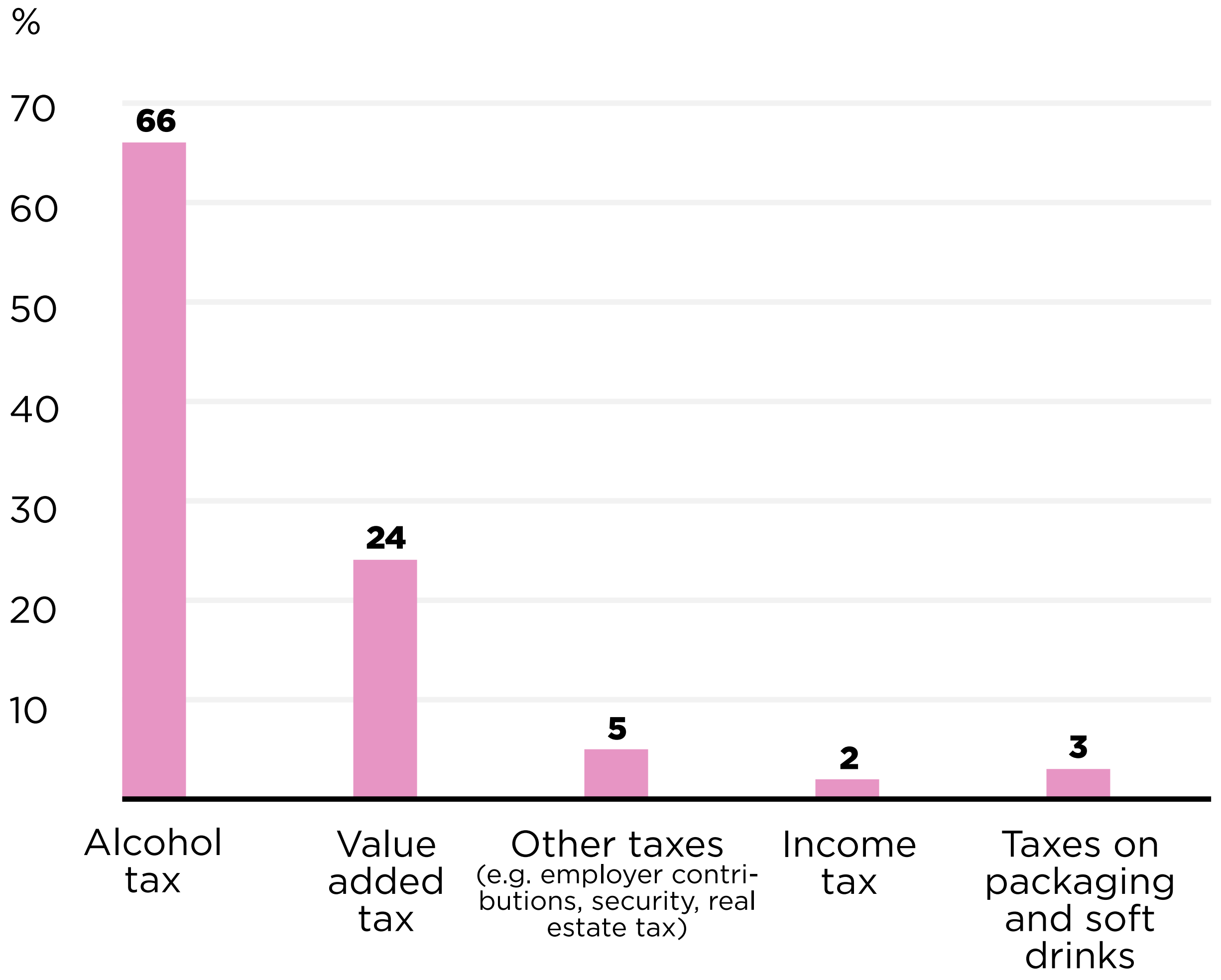
LOCAL PRESENCE AND EMPLOYMENT

It is important for us to cooperate closely with our local communities and contribute to local vitality. We choose local suppliers and subcontractors as our partners as far as possible. We support our local communities by using local materials in our products.

We employ a considerable number of people directly or indirectly. In 2021, Olvi Group had 2,111 employees. In addition, we offered work for 149 people during high seasons. Every year, we also offer a number of students an opportunity for training or writing their thesis. We employ people indirectly in agriculture, packaging and logistics, for example.

WE CONTRIBUTE TO LOCAL COMMUNITIES

TAX FOOTPRINT IN 2021



VALUE CREATION AT OLVI GROUP

RESOURCES

PERSONNEL
- At Olvi Group: 2,111

NATURAL RESOURCES
- Raw and packaging materials: 4,879 pcs
- Water: 2,509 million litres
- 37% renewable energy and 68% green electricity

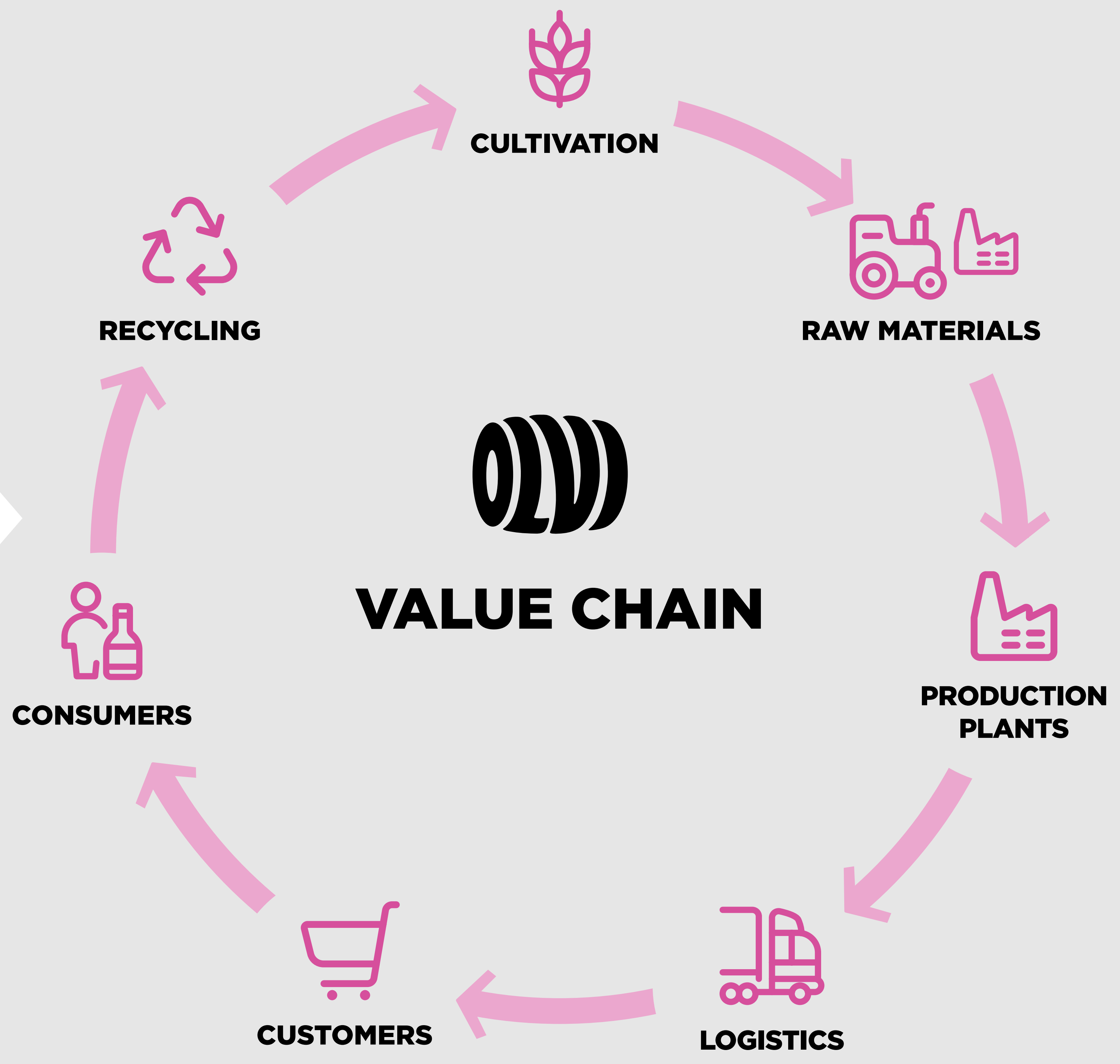
INTANGIBLE RESOURCES
- Brands and trademarks: 243
- Product development and innovation processes: EUR 4.9 million
- Staff has 10 years of work experience on average

FINANCIAL RESOURCES
- Strong balance sheet: equity ratio 60.7%
- Good profitability: operating profit 12.9%
- Stable payer of dividends: 51.9% of the Group's net profit
- Investments: EUR 32.0 million

OWN PRODUCTION
- 6 breweries and 2 microbreweries
- 1 juice factory
- 2 mineral water plants
- 1 distillery

PARTNERS
- Customers: 10,933
- Suppliers and logistics partners
- Other stakeholders and partners

OLVI-GROUP



OUTPUT

FOR EMPLOYEES
- Direct and indirect employment
- An inspiring and healthy work environment for Olvi Group's employees: AA+
- An accident-free work environment at Olvi Group by 2030, accident frequency rate 7.5

FOR CUSTOMERS AND CONSUMERS
- A wide product selection that responds to consumer trends in alcoholic and non-alcoholic product categories; 5,506 sales unit
- Innovative, healthy and local products; 502 new products
- Refreshing and positive experiences for daily life and special occasions

FOR THE ENVIRONMENT
- Recycling and reuse of materials and side streams, minimisation of waste, deposit refund systems
- Optimisation of water consumption; consumption -1.3% from 2020
- Minimising emissions

DISTRIBUTION OF FINANCIAL VALUE
- Employees' salaries and fees: EUR 51.7 million
- Shareholders: EUR 24.7 million in dividends
- Financiers: EUR 0.6 million
- Partners: EUR 597.5 million
- Business development investments + operating profit = EUR 91.5 million
- Taxes: EUR 566.8 million
  - Excise duties: EUR 391.2 million
  - Value added tax: EUR 135.2 million
  - Other taxes: EUR 40.4 million
- Donations and partnerships: EUR 1.4 million

SUSTAINABILITY RISK MANAGEMENT

We have identified risks related to sustainability as part of strategic, business, financial and compliance risks. We are also seeking to create a separate operating model for identifying risks and opportunities related to sustainability in 2022 by applying the TCFD framework (Task Force on Climate-Related Financial Disclosures), for example.

OPERATING MODEL FOR IDENTIFYING SUSTAINABILITY RISK AND OPPORTUNITIES UNDER CONSTRUCTION

Our operations involve several risks and opportunities related to responsibility and sustainable development. Climate change and its impacts currently constitute one of our most significant sustainability risks. Extreme weather conditions are reflected in agricultural production, and Olvi Group depends on agricultural production for raw materials. The impacts of global warming may manifest themselves as better crops, or as crop losses and changes in quality. In 2021, the malting barley harvest was exceptionally poor in terms of quality and quantity, especially in Finland, which is why the availability of Finnish malting barley will be very low in 2022, while the malt price levels remain high.

SOCIAL RESPONSIBILITY

Olvi Group creates value for its stakeholders by operating responsibly in society. All Group companies have operating principles for sponsorship and charity. The Group companies support sporting and cultural events, as well as work carried out for the benefit of children, young people and the elderly. In 2021, we sponsored and donated 1.4 million euros.

OLVI-SÄÄTIÖ

- Olvi's largest shareholder
- Established in 1955
- Founded by Industrial Counsellor E.W. Åberg and Hedvig Åberg
- Supports activities that benefit children and the elderly. It also supports young people's studies and opportunities for further education. In addition, the foundation supports local heritage work, and promotes the development of the food industry and the efficient use of natural resources
- In 2021, the foundation provided a total of EUR 2.7 million in grants

CASE: NEW TREES TO COMPENSATE FOR LABEL PAPER

Cēsu Alus compensates for the annual amount of paper for Cēsu Premium beer labels by planting 1,000 trees in the Lādezers forests in Latvia. The beer and beverage production process consumes natural resources, and the company is continuously seeking to develop ways to minimise the environmental impacts of its operations.

"We are working to turn this into an annual tradition. This is a promise of a better future for future generations," says Eva Sietiņsone, CEO of Cēsu Alus.

"We are very pleased to see that Latvian companies are increasingly assessing the environmental impacts of their operations. Our initiative is a good example of this. We are a responsible forest owner, and we are ensuring that these planted spruces will grow into a healthy forest," says Andris Krastins, Director of JSC PATA Strenči.

Cēsu Alus uses beverage packaging made from recyclable materials. The company is also contributing to the development of a national deposit return system in Latvia. The system will be introduced in 2022 to reduce waste and ensure the efficient collection and recycling of beverage packaging. Currently, more than 50% of the glass bottles in circulation are returned for reuse.

Cēsu Alus is committed to achieving carbon neutrality in its production process by 2025. In addition to this, the company is reducing the amount of paper used in its offices by 20% through digitalisation. The company's social responsibility work focuses on cleaning forests and planting young forests, among other aspects.

"WE ARE WORKING TO CREATE A BETTER WORLD FOR FUTURE GENERATIONS"

EVA SIETIŅSONE
CEO
CĒSU ALUS

CONSUMER COMMUNICATION

CONSUMER COMMUNICATION

We are committed to promoting a culture of responsible and moderate drinking in all the countries we operate in. Open and responsible consumer communication is a prerequisite for our operations, in addition to product safety.

RESPONSIBLE CONSUMPTION

Great-tasting products that have been produced sustainably and better meet consumers' various expectations are crucial for our success.

Consumer expectations can be related to the product content in terms of its composition or raw materials, for example, or to the product packaging and its environmental footprint. Lifestyles can also steer consumption habits towards specific types of product. In such a case, the responsibility of the product concept, as well as the production method and location, play a significant role.

REASONABLE CONSUMPTION HABITS

We guide consumers to enjoy alcohol and other products in moderation, bearing in mind that there are also people who want to abstain from alcohol. Olvi Group organises activities to support responsible drinking in each of its countries of operation annually. We also cooperate closely with national and international operators and organisations to promote the moderate consumption of alcohol.

MEASURES TO PROMOTE A CULTURE OF RESPONSIBLE DRINKING

By 2025, we are seeking to have measures and activities in place in all product categories to promote a sustainable drinking culture by providing consumers with information about our products. These measures may vary between product categories. They include measures to promote the moderate consumption of alcohol, develop healthier content and integrate the circular economy into product manufacturing, to name just a few examples. In 2022, we will start the work to achieve this goal by identifying responsibility themes related to the parent company's product categories and brands.

SUSTAINABLE PRODUCT CONCEPTS

We are seeking to develop our product portfolio sustainably on a wide front. During 2022, we will identify the sustainability criteria that we want to meet in each product category. These criteria include all the ESG themes related to sustainability, taking account of climate emissions, the circular economy and biodiversity in particular.

Our goal is that all our products meet all the sustainability criteria by 2030, in accordance with the criteria set for each product category. The criteria will address the number of alcoholic and non-alcoholic products in the product selection, the composition of the content, the raw materials and packaging materials used, the circular economy and sustainability in the supply chain, for example. To implement these measures, we need innovation in cooperation with our partners.

TARGET

BY 2030

sustainability part of all products

18 21

NON-ALCOHOLIC OPTIONS

Demand for non-alcoholic products increases when people want to continue to enjoy the moments of consumption by replacing traditional alcoholic beverages with non-alcoholic options (GlobalData, 2020). We are expanding Olvi Group's selection of non-alcoholic products in response to consumer demand and to promote a responsible drinking culture.

Growth has continued in beers, long drinks and ciders. In 2021, each brewery in Olvi Group expanded its non-alcoholic beer selection and product segment. For example, a non-alcoholic version of A. Le Coq Porter was launched in special beers.

Non-alcoholic cocktails under the Le Coq Virgin brand were launched in Finland and the Baltic countries, alongside premium soft drinks. OLVI Premium soft drinks, Sour Raspberry and Brewed Lime, are soft drinks made to the adult taste that can also be enjoyed in situations where alcohol is normally consumed.

HEALTHIER BEVERAGES

Consumers are increasingly expecting beverage manufacturers to use healthy and natural ingredients. We therefore focus on natural and local raw materials.

Many consumers are also actively reducing their sugar intake (Global Data). In response to consumer trends, we have reduced the sugar content of soft drinks and alcoholic beverages, as well as launching sugar-free products.

Many new, healthier products were introduced during 2021. In Finland, Olvi launched OLVI 2.0 soft drinks, which contain no sugar or aspartame. These sugar-free products performed very well in many taste tests. A. Le Coq introduced smoothies, and Cēsu Alus introduced highly popular mineral waters that contain birch sap.

SUSTAINABILITY ACTIONS

- *Olvi plc* is involved in the Pakka operating model to prevent substance abuse among young people through a community-based approach
- *A. Le Coq* and *Cēsu Alus* participated in campaigns against driving under the influence around Midsummer
- Through its “Be Independent” events, *Cēsu Alus* provides pupils at schools with information about lifestyles that support well-being

In total, the Group launched 63 products related to the megatrend of healthiness. This represents about 13% of all new products. 55 products of all new products related to naturalness.

SUSTAINABLE MATERIALS

We are seeking to increase the use of sustainably grown and produced raw materials and packaging materials in our products. In cooperation with innovative partners, we have also been able to use excess materials as raw materials for our products. The first such product was developed during 2021. The non-alcoholic OLVI Iisalmi Appelsiini long drink is flavoured with a distillate made from surplus oranges and their peels.

We have invested in a diverse range of sustainable product packaging for a long time. Our cans and glass and plastic bottles contain recycled material, as do our corrugated cardboard packaging and shrink wrap. We are continuing our work to optimise the use of materials and increase the proportion of recycled materials in this packaging, and are seeking to communicate this more clearly to consumers. To promote responsible consumption, we are also including smaller sizes in our product categories.

TARGET

Increase the number of the Group companies' NON-ALCOHOLIC PRODUCTS annually

0%

CASE: LESS PLASTIC IN PACKAGING AND HEALTHIER PRODUCTS

A. Le Coq focuses on reducing its carbon footprint, limiting the use of non-renewable resources and increasing the recycling of materials. The company is seeking opportunities to reduce the use of primary plastic.

"We have introduced water bottles made from 100% recycled plastic, in addition to replacing the shrink wrap in multipacks with biodegradable paperboard. The plastic saved each year through these measures would be enough to cover the distance from Tartu to Paris," says Tarmo Noop, CEO of A. Le Coq.

The company is also paying attention to product content. Its product development focuses on healthier products: less sugar and additives, and more natural raw materials and vitamins that promote health.

A. Le Coq is entering a new era by focusing increasingly on environmental aspects and the company's environmental footprint. Through the measures started last year, the company is seeking to leave a better living environment for future generations.

"Environmental issues are no longer just international concerns. Everyone must take responsibility for a cleaner and better future," says Noop.

In addition to packaging solutions, A. Le Coq is taking many other measures to protect the environment.

"The most significant investments are related to the construction of a solar park and a biogas and wastewater treatment plant, which will considerably reduce our carbon footprint. In addition, our production plants use 100% green electricity."

During 2021 and 2022, the company is investing more than EUR 5 million in developing more environmentally friendly operations.

[More information about A. Le Coq's environmental programme is available.]

"EVERYONE MUST TAKE RESPONSIBILITY FOR A CLEANER FUTURE."

TARMO NOOP
CEO
A. LE COQ

PRODUCT SAFETY

Product safety plays a key role. By product safety, we mean the safety of the product content, as well as the safety of the product throughout its life cycle. The product must not be harmful to consumers' health in any way.

Olvi Group's product development and quality control functions ensure product safety. Our products are manufactured in accordance with high standards, and they must meet the relevant legal requirements, statutory obligations and quality standards. The quality of raw materials, packaging and products is ensured through sensory, chemical and microbiological analysis.

Ensuring product safety and complying with factory hygiene rules concern every employee in the production chain. We manage product safety risks by following the HACCP (Hazard Analysis and Critical Control Points) monitoring system, and through self-monitoring. In addition, most of the Group's breweries have certified product safety systems.

EVERYTHING BEGINS WITH SAFE PRODUCTS

TARGET

FOR 2022

All of our alcoholic product packaging has warning signs

RESPONSIBLE CONSUMER INFORMATION

Product labels and the Group companies' websites provide consumers with clear product information. Ingredient lists and energy content are provided for many of our alcoholic products. With the help of product labelling, every product can also be traced all the way from the ingredients to the shop shelves.

Our goal is for all of the Group's alcoholic product packaging to have warning labels by the end of the year 2022. The warning labels indicate that you must not drink alcohol if you are underage, pregnant or driving a car. In 2021, nearly all of our alcoholic product packaging had warning signs. In addition, we are seeking to provide more information about the sustainability footprint of our products and their responsible disposal after use.

In 2021, we continued to harmonise the information that we provide on our websites in different countries about responsible consumption, declaration and nutritional information, as well as the composition and recycling of packaging materials.

We closely monitor feedback from consumers on our products via various channels and respond quickly. We further develop our operations based on feedback from consumers and customers.

RESPONSIBLE MARKETING

Marketing plays a key role in ensuring sustainability. We are committed to responsible product advertising and marketing based on guidelines such as the following:

- The International Chamber of Commerce's Framework for Responsible Food and Beverage Marketing Communications
- The guidelines of FoodDrinkEurope
- The guidelines of the Brewers of Europe
- The guidelines of the Union of European Soft Drinks Associations (UNESDA)
- The guidelines of the European Cider and Fruit Wine Association (AICV)
- The guidelines of local brewing and soft drink industry associations

In addition to regulations and guidelines, we follow a self-regulatory system that exceeds statutory requirements in some respects. This enables us to respond to the expectations of the operating environment and lead the way in developing sustainability practices in our industry. In addition to marketing, marketing ethics also apply to sponsorship activities.

In 2021, there were no cases of non-compliance with responsible marketing practices at Olvi Group.

TARGET

No marketing cases contrary to THE PRINCIPLES OF RESPONSIBILITY

ETHICAL OPERATING PRACTICES

ETHICAL OPERATING PRACTICES

Ethical ways of working are an integral part of our values and business operations in all our market areas. Responsible ways of working are necessary for maintaining trust between Olvi Group and its stakeholders.

We want to cherish our reputation as a Group known for its honesty and reliability. To ensure the continuity of ethical business practices, it is essential that we have up-to-date ethical guidelines and operating models. Such guidelines determine the basic principles of internal and external ethical business practices.

CODE OF CONDUCT FOR OPERATIONS

Our Code of Conduct describes the foundation of our responsible operations. We comply with the laws and regulations concerning our operations. We promote healthy and effective competition and comply with current competition regulations. Protecting Olvi Group's tangible and intangible assets is also important.

In our operations, we consider occupational health and safety, as well as working towards a cleaner environment. We also work to ensure that we communicate honestly and respectfully with our stakeholders and provide our investors with timely and reliable information. The Group companies do not participate in politics, and we avoid conflicts of interest between our jobs and private lives.

We focus on the equal treatment of our employees. At Olvi Group, everyone is treated equally and respectfully.

We respect international human rights and pay attention to their implementation. We have zero tolerance for forced labour and child labour in our supply chain. We require our suppliers and partners to comply with our Code of Conduct for them.

The Group's management, employees and partners must comply with anti-bribery and anti-corruption laws in all our locations.

> WE WANT TO CHERISH OUR REPUTATION AS A GROUP KNOWN FOR ITS HONESTY AND RELIABILITY

We do not pay or offer to pay illegal or inappropriate payments or bribes, nor do we accept them to secure deals or maintain business operations or for any other reason. The management and employees must not abuse their power to achieve financial or other benefits for themselves.

We provide our employees with guidance on respecting human rights and preventing corruption and bribery. These aspects are discussed in our personnel policy and our anti-fraud policy. We also provide training on these topics. We have zero tolerance for human rights violations, corruption and bribery.

CHANNEL FOR REPORTING ETHICAL NON-COMPLIANCE

Olvi Group has had a whistleblowing channel in place since 2018. The whistleblowing channel enables our employees and stakeholders to file a confidential report if they detect non-compliance with our Code of Conduct or values. In 2021, we did not receive any reports through the whistleblowing channel.

MANAGEMENT SYSTEMS AND POLICIES

Olvi Group's operations are guided by certified management systems. In addition, our operations are guided by policies approved by the CEO of Olvi plc.

Our management systems are reflected in the management of people and the management, monitoring and development of business matters. We assess the effectiveness of our management systems, as well as their ability to support business operations, through external and internal audits and feedback from the management. Olvi Group's companies have increased their use of certified management systems annually.

OLVI GROUP'S CERTIFIED MANAGEMENT SYSTEMS

Company	**Quality** ISO 9001	**The environment** ISO 14001	**Occupational safety** ISO 45001	**Food safety** ISO 22000 / FSSC 22000 / IFS / BRC	**Energy** ISO 50001
Olvi Oyj	✓	✓	✓	IFS 7	
A. Le Coq	✓				✓
Cēsu Alus	✓	✓	✓	BRC	✓
Volfas Engelman	✓	✓	✓	FSSC 22000	
Lidskoe Pivo	✓	✓	✓	FSSC 22000	
Uniqa				IFS 7	
Bryggeriet Vestfyen				IFS 6.1	

OLVI GROUP'S POLICIES

Code of Conduct	Information security policy
Anti-fraud policy	Data protection policy
HR policy	Environmental policy
Occupational safety policy	Product policy
Cost approval policy	Marketing policy
Procurement policy	Tax policy
Communication policy	

BOARD OF DIRECTORS' REPORT

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BOARD OF DIRECTORS' REPORT

FINANCIAL DEVELOPMENT

Olvi Group's sales volume, net sales and operating profit for 2021 made all-time highs for the sixth year in a row. The Group's financial standing remained on a good level. The table below presents Olvi Group's consolidated key ratios in 2020 and 2021.

	2021	2020	Change %, pp
Sales volume, Mltr	853.7	765.9	11.5
Net sales, MEUR	462.2	414.9	11.4
Gross profit, MEUR	192.9	178.0	8.3
% of net sales	41.7	42.9	
Operating profit, MEUR	59.4	56.4	5.3
% of net sales	12.9	13.6	
Net profit for the period	48.4	40.9	18.2
% of net sales	10.5	9.9	
Earnings per share, EUR	2.31	1.96	18.0
Investments, MEUR	32.0	32.0	-0.1
Equity per share, EUR	14.19	12.81	10.8
Equity to total assets, %	60.7	63.8	-3.1
Gearing, %	-18.7	-15.5	3.2

BUSINESS DEVELOPMENT

Olvi Group's full-year business development was good. Sales volume increased by 87.8 million litres or 11.5 percent on the previous year, net sales by 11.4 percent and operating profit by 5.3 percent, up to 59.4 million euro. Good business development was made possible by a strong market position in retail trade, developing brands, successful new product launches and an increase in non-alcoholic product sales. All operating countries were able to improve their sales volume and net sales. A strong increase in demand in the high season occasionally exceeded delivery capacity. Decisions were made on additional investments to improve delivery reliability.

The corona pandemic developed in waves, which impacted consumer behaviour along the year. The actions of authorities caused substantial restrictions in the operations of different sales channels. This was reflected particularly in HoReCa sales due to the lack of events and restrictions on the opening hours of restaurants. Furthermore, the volume of cross-border and harbour sales is still clearly lower than before the corona pandemic. Due to travel restrictions, consumption in the domestic market remained high, and demand for our products was focused on retail trade. Olvi's production operated well in the challenging circumstances, and there was no widespread exposure of staff to the corona virus. There were occasional difficulties with the availability of raw materials and packaging supplies towards the end of the year, and production costs increased substantially. General costs increased strongly due to reasons such as wage inflation and fluctuations in energy prices. There may be problems with the availability of raw materials and packaging supplies also in 2022, and costs are estimated to remain high. However, the outlook is that the impacts would be limited and manageable.

Strategically important Group-wide development projects, such as production efficiency, digitalisation projects and the sustainability management model have been pushed forward during the year in order to ensure competitive ability in the future. Investments support future sales growth, improve production efficiency and promote the achievement of responsibility targets with regard to carbon neutrality and energy efficiency, for example. Investments in 2021 amounted to 32.0 million euro, acquisitions excluded.

Performance by business segment

Sales volume in Finland increased by 5.6 percent, net sales by 6.8 and operating profit by 9.4 percent during the year. Market shares in beers and mineral waters in particular continued to increase. The strongest growth was seen in the sales of non-alcoholic products. Profitability was hampered by one-off additional purchase costs of packaging materials, but also some long-term price increases on raw materials became effective towards the end of the year.

In Estonia, sales volume increased by 7.5 percent, net sales by 8.9 and operating profit by 2.3 percent in 2021. Sales volume was increased by good demand in the domestic market, strong market share in retail trade, as well as increased exports. Due to the corona pandemic restrictions, HoReCa sales as well as cross-border and harbour sales remained low.

In Latvia, sales volume increased by 8.8 percent and net sales by 6.9 percent during the financial year. Operating profit declined by 16.3 percent. The contributing factors included sales channel restrictions due to the corona pandemic, the costs of acquisition and integration of the Piebalgas microbrewery, as well as substantial increases in energy prices towards the end of the year. Sales developed well but were focused on retail trade as there were substantial corona lockdowns throughout the year, particularly in the HoReCa sector. Export sales increased by 40 percent but cross-border sales to Estonia remained low. Price competition was still intense in retail trade, and legislative changes with regard to mixed drinks in particular have hampered profitability. Sales of Piebalgas products have started well and the company's integration into the Latvian operations has proceeded according to plan. Synergy benefits will be seen during 2022 as the integration of operations is completed and one-off costs related to this will no longer be incurred.

Business development in Lithuania has been good throughout the year. Sales volume increased by 7.8 per cent, net sales by 9.7 and operating profit by 21.0 percent. Retail sales remained on a high level and replaced HoReCa sales, which have suffered due to the corona pandemic. Profitability improved through a more versatile product portfolio, brand development and production efficiency.

In Belarus, Olvi's business development was strong, and the challenging circumstances in the country have not impacted operations. Sales volume increased by 15.3 percent, net sales by 18.0 and operating profit by 6.5 percent during the year. Sales increased in all sales channels, also in HoReCa. During 2021, the company put effort into renewing its product portfolio and brands. Sales in all main product categories improved, with the main focus on non-alcoholic products in accordance with the strategy. Measured in the local currency, net sales increased by 27.7 percent and operating profit by 15.9 percent on the previous year.

Olvi Group's business expanded in 2021 through the acquisition of the Vestfyen brewery in Denmark. Vestfyen has been consolidated with the Group since September, so the company does not yet have any major impact on the Group's earnings. Integration has proceeded according to plan. The objective is to gradually build up and grow the company in accordance with the focal points of Olvi's strategy.

OLVI GROUP'S SALES VOLUME, NET SALES AND EARNINGS IN 2021

Sales development

Olvi Group's sales volume increased by 11.5 percent to 853.7 (765.9) million litres in 2021. Growth was seen in all of the operating countries.

Sales volume, million litres	2021	2020	Change %
Finland	258.1	244.4	5.6
Estonia	117.6	109.4	7.5
Latvia	77.2	70.9	8.8
Lithuania	132.0	122.4	7.8
Belarus	283.3	245.7	15.3
Eliminations and other segments	-14.5	-27.0	
Total	**853.7**	**765.9**	**11.5**

The Group's full-year net sales increased by 11.4 percent and amounted to 462.2 (414.9) million euro.

Net sales, million euro	2021	2020	Change %
Finland	192.7	180.3	6.8
Estonia	77.1	70.8	8.9
Latvia	40.0	37.4	6.9
Lithuania	60.9	55.5	9.7
Belarus	98.4	83.3	18.0
Eliminations and other segments	-6.8	-12.5	
Total	**462.2**	**414.9**	**11.4**

Earnings development

The Group's operating profit in January-December stood at 59.4 (56.4) million euro, or 12.9 (13.6) percent of net sales. Full-year operating profit has increased by 5.3 percent on the previous year. Operating profit improvement is attributable to increased net sales, but hampered by increased costs of procurement, manufacture, logistics, sales and marketing compared to the previous year.

Operating profit, million euro	2021	2020	Change %
Finland	25.2	23.0	9.4
Estonia	13.6	13.3	2.3
Latvia	3.0	3.6	-16.3
Lithuania	5.0	4.2	21.0
Belarus	14.5	13.6	6.5
Eliminations and other segments	-1.9	-1.3	
Total	**59.4**	**56.4**	**5.3**

The Group's 2021 profit after taxes amounted to 48.4 (40.9) million euro. Profit for the period is affected by decreased financing costs related to foreign exchange translation differences.

Earnings per share calculated from the profit belonging to parent company shareholders in January-December was 2.31 (1.96) euro.

FINANCING AND INVESTMENTS

Olvi Group's balance sheet total at the end of December 2021 was 490.2 (420.4) million euro. Equity per share at the end of 2021 stood at 14.19 (12.81) euro. The equity ratio was 60.7 (63.8) percent and the gearing ratio was -18.7 (-15.5) percent. The current ratio, which represents the Group's liquidity, remained on the previous level at 1.3 (1.3).

Interest-bearing liabilities amounted to 3.2 (3.6) million euro at the end of December. Current liabilities made up 1.3 (1.3) million euro of all interest-bearing liabilities.

Olvi Group's capital expenditure on extensions and replacements in 2021 amounted to 32.0 (32.0) million euro. Finland accounted for 12.1 million euro of the amount, the Baltic states for 14.4 million and Belarus for 5.2 million. Olvi Group has invested in increasing and diversifying its production and warehousing capacity, the modernisation of production, as well as environmentally friendly operations.

CHANGES IN CORPORATE STRUCTURE IN 2021

In the financial year 2021, Olvi acquired a majority holding in A/S Bryggeriet Vestfyen. The entire stock of Helsingin tislaamo Oy (Helsinki Distilling Company Ltd) was transferred to Olvi's ownership in the fourth quarter.

At the end of the accounting period, Olvi's shares of holding were:

	2021	2020	Change %, pp
AS A. Le Coq, Estonia	100.00	100.00	-
A/S Cēsu Alus, Latvia	99,88	99,88	-
AB Volfas Engelman, Lithuania	99.67	99.67	-
OAO Lidskoe Pivo, Belarus	96.36	96.36	-
Servaali Oy, Finland	80.00	80.00	-
Helsinki Distilling Company Ltd, Finland	100.00	78.00	22.00
A/S Bryggeriet Vestfyen, Denmark	96.41		96.41

Olvi plc also holds 50 percent of Arctic Silence Oy. In addition to these, Olvi plc's subsidiaries have holdings in other companies. A. Le Coq has a 49.0 percent holding in AS Karme and 20.0 percent holding in Verska Mineraalvee OÜ in Estonia. A/S Cēsu Alus has a 100 percent holding in SIA Piebalgas Alus. AB Volfas Engelman has a 100 percent holding in UAB Uniqa. OAO Lidskoe Pivo has a 100 percent holding in Trade House Lidskoe Pivo. A/S Bryggeriet Vestfyen has a 95.8 percent holding in A/S Dansk Coladrik.

RESEARCH AND DEVELOPMENT

Research and development includes the planning and development of processes, methods, products, raw materials and packaging supplies, as well as further development of existing products and packages. Research and development costs have mostly been recognised as expenses. They comprise salaries, administrative overheads and development project expenses. The main objective of Olvi Group's product development is to create new products for profitable and growing beverage segments.

R&D costs million euro	2021	2020	2019
R&D costs	4.9	0.7	0.6
% of net sales	1.1	0.2	0.2

The Group re-defined the concept of research and development in 2021. Previously it comprised product development only. The change has not been applied retroactively, so figures from previous periods are not comparable.

Several new products were launched during 2021 both in Finland and by the subsidiaries. The new products are presented on each company's Web site.

CORPORATE RESPONSIBILITY

MANAGEMENT AND REPORTING OF CORPORATE RESPONSIBILITY

Responsibility is one of Olvi Group's values and a crucial part of strategic and operational decision-making and day-to-day operations. Sustainable development and responsible operations are a crucial part of our business competence, and this is a decisive factor with regard to business development and growth.

Olvi Group has defined a corporate responsibility management model. The Board of Directors of Olvi plc reviews sustainability targets annually in relation to the Group's strategy and objectives and regularly monitors the development of indicators. The indicators and targets are also monitored by the management and Boards of Directors of Group companies and persons responsible for focus areas.

Reporting is guided by the EU Non-Financial Reporting Directive. In upcoming years, new reporting obligations will be imposed by the Corporate Sustainability Reporting Directive (CSRD), the emissions reporting standard and taxonomy regulation, preparations for which are currently underway. In addition to the information presented in this Board of Directors' report, Olvi Group's sustainable development and responsibility is described in the corporate responsibility section of the Annual Report.

Servaali Oy and Helsinki Distilling Company Ltd are integrated into the corporate responsibility scheme. Servaali is included in the personnel and financial figures, and Helsinki Distilling Company Ltd is also included in the environmental responsibility figures. The integration of A/S Bryggeriet Vestfyen into the corporate responsibility scheme has been started, and the company is included in the fourth-quarter figures for 2021.

FOCUS AREAS OF RESPONSIBILITY

Corporate responsibility is divided into economic, social and environmental responsibility. This is the background for dividing Olvi Group's corporate responsibility into four focus areas through which responsibility work is managed:

- A responsible value chain
- The best workplace
- Generating value for stakeholders
- Consumer communications

The focal points and targets of the Group's responsibility work are also affected by megatrends as well as expectations set by stakeholders and commitments in which we are involved. The Group conducted an extensive materiality analysis in 2021 and the results indicated that the current focal points are still material. On the basis of the analysis, the Group refined the most crucial targets and the indicators monitored. Olvi plc also joined the UN Global Compact initiative.

In addition to four focus areas, one of the cornerstones of operations is ethical business practice, which is a fundamental prerequisite for a responsible company and a starting point for all actions and development.

ENVIRONMENT

The beverage industry uses a substantial amount of raw materials and natural resources, such as grain, energy, water and packaging materials. Supply chain management therefore has a substantial effect on the environment, climate and society.

Responsibility for the environment is one of the most important themes in the supply chain – also for the Group's stakeholders. It means responsible management of environmental matters, as well as a high degree of resource efficiency, such as efficient use of materials and energy, correct and safe choices of ma-terials, recycling and circular economy, as well as optimisation of transports throughout the value chain.

Olvi Group engages in continuous action to reduce the environmental footprint. A Group-wide environmental policy defines the objectives and targets for environmental responsibility. These are realised as short and long-term targets and indicators, which are regularly monitored. Olvi Group also endeavours to reduce climate emissions and to switch over to renewable electricity and energy. In 2021, the entire Group participated in CDP emissions reporting. The Group also started to define carbon neutrality targets for production plants. The objective is a 40 percent emissions reduction along Olvi Group's entire value chain by 2030, and a complete migration to renewable energy and electricity in all Group companies.

Almost all of the companies have a certified ISO 45001 environmental management system, in addition to which A. Le Coq and Cēsu Alus have an ISO 50001 energy management system. Olvi is committed to the energy efficiency agreement for the food industry. The consumption of supplies such as water, steam and electrical power is monitored in real time.

The key indicators and their realised values are:

	2021	2020
Electricity, kWh / litre produced	0.085	0.089
Steam and heat, kWh / litre produced	0.148	0.142
Water consumption, litres / litre produced	2.95	2.99

PERSONNEL

Olvi Group's human resources policy provides guidelines on general HR management practices. The Group's HR management is based on a strategy, values and responsible operating principles.

A functional corporate culture is at the core of Olvi Group's operations. Olvi Group continues work to analyse its corporate culture during 2022.

The Group wants to offer a safe work environment. Continuous work is done to develop work practices and to identify, prevent and eliminate dangers. The work is currently reflected in an increased accident frequency as accident reporting has improved across the companies. The frequency is also slightly increased by the new Group companies in which measures to promote a safety culture have just started. The objective is a smooth work flow and an Olvi Group without accidents in 2030. A shared occupational safety policy guides the work.

The work community provides equal opportunities to all employees. All employees are treated equally regardless of their age, gender, religion, opinions, nationality or other such characteristics.

The Group's gender distribution has remained very stable. In 2021, the Group employed 62 percent men and 38 percent women. The management teams and members of the Boards of Directors consisted of 55 percent men and 45 percent women. To guarantee equal opportunities, Olvi Group applies common ethical guidelines (Code of Conduct). The realisation of equality is measured through a personnel survey.

The key indicators and their realised values are:

	2021	2020
Accidents/year	28	20
Accident frequency *)	7.5	5.8
Gender distribution men / women	62/38	62/38

*) Accident frequency = (number of occupational accidents / hours worked) x 1,000,000.

In connection with annual planning, a personnel plan is prepared based on the company's objectives and operating plan. Recruitment supports the achievement of business targets. Recruitment is always based on carefully considered resource needs as well as the qualifications and competence requirements required for the task. Olvi Group's annual targets are put into practice in the organisation through the annual planning process, result cards, team and department meetings, appraisal discussions, as well as day-to-day management and leadership.

Olvi Group's average number of personnel in January-December was 2,111 (1,911), which was 10.5 percent more than in 2020. The increase of 200 people is mostly due to acquisitions during the year.

SALARIES AND BONUSES

Compensation, employee benefits and incentives are always based on currently valid legislation and agreements in compliance with country-specific practices. In addition to these, factors affecting compensation include the level of demand of the job, as well as the employee's competence, performance and/or results achieved, in line with fair local practice.

Wages, salaries and emoluments in the accounting period:

EUR 1,000	2021	2020
Salaries and bonuses	51,673	46,000

According to its corporate governance policy, the company shall annually issue a separate Remuneration Report. It has been prepared in accordance with EU legislation pertaining to the rights of shareholders as well as the recommendations concerning remuneration in the Finnish Corporate Governance Code 2020.

The company's Board of Directors has considered and approved the Corporate Governance Statement 2021 and the Remuneration Report 2021. The reports have been made available on the company's Web site www.olvi.fi. The reports will be published as attachments to the Annual Report. The reports are not updated during the accounting period, but up-to-date information on the subject areas included in them can be presented on the company's Web site as necessary.

ETHICAL OPERATING PRACTICES, RESPECT FOR HUMAN RIGHTS AND FIGHTING CORRUPTION AND BRIBERY

An ethical and sustainable way of operation is a substantial part of the Group's values, business and success in all market areas. A reputation as a honest and trustworthy Group is something to be cherished.

Ethical operating practices are crystallised in the Group's ethical guidelines (Code of Conduct). The Code also includes principles concerning respect for human rights and fighting corruption and bribery.

The Group's target is zero tolerance against human rights violations, corruption, and bribery.

The Code of Conduct lists the following as the foundations for our responsible operations:

- compliance with the applicable laws and regulations
- realisation of human rights and equal opportunities
- occupational health and safety and a cleaner environment
- zero tolerance towards bribery and corruption
- promoting healthy and effective competition and complying with competition regulations in force
- protecting the tangible and intangible assets of the company
- honest and respectful communications to stakeholders
- timely and reliable information to investors
- Olvi plc and its subsidiaries will not engage in political activity
- observations of unethical actions are brought up for discussion or reported through a whistleblowing channel

Respect for human rights is associated with equal treatment of personnel, a safe working environment and diversity of management, as well as responsible procurement. Personnel is guided towards respect for human rights and zero tolerance on corruption and bribery through training as well as the general HR policy and a policy for preventing misconduct.

Responsible procurement means, among other things, that suppliers shall commit to Olvi Group's Code of Conduct for Suppliers and Partners. The Group monitors the number of suppliers committed to the operating principles. With regard to raw materials and packaging supplies, 95.9 percent of our contracting partners had signed the Code of Conduct in 2021.

Since 2018, the Group has had a whistleblowing channel addressing ethical operating principles, respect for human rights and the fight against corruption and bribery. We have not received any notices through the channel in 2021.

The members of Olvi plc's Board of Directors shall represent diversified knowledge and skills, including industry knowledge, and possess a variety of professional backgrounds in a way that allows work and international experience, different ages and genders to support and supplement each other for the good of the company's business and to increase shareholder value. In addition to the competence required by the position, anyone to be elected a Board member shall have the possibility to devote a sufficient amount of time to attending to the duties. It shall also be ensured that the principle of diversity is realised in the management groups and Boards of Directors of the companies. In 2021, the Board of Directors of Olvi plc consisted of 50 percent men and 50 percent women. The Boards of Directors of subsidiaries and the management teams of Group companies consisted of 56 percent men and 44 percent women.

EU TAXONOMY REPORTING

The European Union has issued a regulation concerning taxonomy, which means a classification system for promoting sustainable investments. The purpose of taxonomy is to help different parties to identify which economic activities are sustainable. The objectives of taxonomy are associated with the sustainable development principles of the European Union and the achievement of specified environmental and climate targets. The taxonomy has six objectives: 1) climate change mitigation, 2) climate change adaptation, 3) sustainable use and protection of water and marine resources, 4) transition to a circular economy, 5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems.

The taxonomy assesses each function of an enterprise separately, and as a result, a certain percentage of a company's business may comply with the taxonomy. In the future, an investment project or activity is compliant with the taxonomy if they substantially promote at least one of the six specified objectives without doing significant harm to any of the other objectives. Entities with a reporting obligation must disclose the impacts of their operations in relation to these objectives.

The year 2021 is the first year with a reporting obligation for Olvi Group. However, the European Union has not yet included the industry sector suitable for Olvi (C11) in the taxonomy classification system so that the taxonomy could be applied. Olvi Group does not have any economic activities that would fit into the classification system.

CORPORATE GOVERNANCE

PERSONNEL

Olvi plc adheres to responsible and open corporate governance of a high standard. Good corporate governance is based on a combination of laws and decrees issued on the basis of them, as well as self-regulation and other best practices. Open corporate governance supports the value creation of the Company and its attractiveness as an investment object.

Olvi plc complies with the Corporate Governance Recommendation for Listed Companies issued by NASDAQ OMX Helsinki Ltd, Finland Chamber of Commerce and the Confederation of Finnish Industries as valid from time to time, explaining any departures. Operations and reporting are in compliance with the Corporate Governance Code of the Securities Market Association valid as of 1 January 2020.

BUSINESS STRATEGY

Olvi Group has a shared mission statement and vision. The Group-level strategy guides the operations of all companies. The Group also approves local flexibility in implementing the strategy because the operating environments and competitive situations of the companies are different. Business is based on the Group's shared values.

Main objectives of the strategy are profitable growth, strengthening the market position and leveraging on the potential of growth in new markets. The Group focuses on novel products that support profitability and increasing the sales of select products. Group companies put effort into innovative product development in alcoholic as well as non-alcoholic products. The Group optimises the use of production capacity and develops efficiency by focusing on dynamic production and sales planning. The Lean philosophy, utilisation of the opportunities brought by digitalisation and, in particular, modern, motivated and skilled employees play a crucial role in this. For this reason, the Group also puts effort into smooth and productive work, well-being, training and expertise. One of the Group's strategic objectives is to be among the leading corporate responsibility players in the industry, and because of this, we focus on developing the Group's shared responsibility programme, operating plan and targets.

Olvi's strengths in the market environment include:

- stable ownership base
- agile decision-making in line with the management model
- efficient and optimised production capacity and operational reliability
- focus and commitment in the markets chosen
- strong local brands and market shares
- a versatile product portfolio and innovative product development
- a product portfolio built for local markets, local manufacture and local raw materials to the extent possible.

These strengths combined with a sound financial position facilitate profitable growth and development also in the future.

BOARD OF DIRECTORS AND AUDITOR

The company's Board of Directors consists of Chairman Pentti Hakkarainen, M.Sc. (Econ), LL.M., Vice Chairperson Nora Hortling, M.Sc. (Econ), as well as other members Lasse Heinonen, M.Sc. (Econ), Elisa Markula, M.Sc. (Econ), Juho Nummela, Dr.Tech, M.Sc. (Engineering) and Päivi Paltola, M.Sc (Econ).

The company's auditor is the authorised public accounting firm Ernst & Young Oy, with Elina Laitinen, Authorised Public Accountant, as auditor in charge.

MANAGEMENT

The Management Group of Olvi plc consists of Lasse Aho, Managing Director (Chairman), Ilkka Auvola, Sales Director, Olli Heikkilä, Marketing Director, Pia Hortling, Public Relations and Purchasing Director, Tiina-Liisa Liukkonen, Chief Financial Officer, Lauri Multanen, Production Director, as well as Marjatta Rissanen, Customer Service and Administrative Director

The Managing Directors of the subsidiaries are:

- AS A. Le Coq, Tartu, Estonia - Tarmo Noop
- A/S Cēsu Alus, Cēsis, Latvia - Eva Sietiņsone
- AB Volfas Engelman, Kaunas, Lithuania - Marius Horbačauskas
- OAO Lidskoe Pivo, Lida, Belarus - Audrius Mikšys
- A/S Bryggeriet Vestfyen, Assens, Denmark – Rasmus Damsted Hansen
- Servaali Oy, Helsinki, Finland - Teemu Lehto (Chairman of the Board)
- The Helsinki Distilling Company Ltd, Helsinki, Finland – Mikko Mykkänen.

The Managing Directors of the subsidiaries report to Lasse Aho, the Managing Director of Olvi plc. The Boards of Directors of the subsidiaries in the Baltic states, Belarus and Denmark consist of Lasse Aho (Chairman), Pia Hortling, Tiina-Liisa Liukkonen and Lauri Multanen. The Board of Directors of the Danish subsidiary also has two personnel representatives. The Boards of Directors of the subsidiaries in Finland consist of executive managers from the parent company and minority shareholders. The Management Group of each subsidiary consists of the corresponding Managing Director and approximately four sector directors.

RISK MANAGEMENT

Risk management is a part of Olvi Group's everyday management and operations. Our objective is to ensure the realisation of the strategy, as well as secure financial development and the continuity of business.

Olvi Group has a risk management policy and risk management guidelines defining the policy in more detail. These are used Group-wide to define the purpose, contents, governance model and roles of risk management and provide guidelines for the practical process in accordance with an annual schedule.

The objective of risk management is to develop the organisation's risk awareness and a proactive way of managing risks, increase opportunities and decrease threats to the achievement of business advantages, ensure a sufficient risk management operating model throughout the organisation and manage risks as an integrated part of business operations, planning and decision-making.

Risks are assessed by analysing the probability of their realisation and the potential effects. The effects may be financial but may also impact reputation, personnel, the local community and the environment. On the basis of risk analysis, an annually updated risk management development plan for the purpose of continuous proactive development of operations is prepared, leading to reduced risks for operational activities.

Olvi Group's risks are divided into strategic, operational, financial and compliance risks. The general principles of the Group's risk management are approved by the Board of Directors of Olvi plc, and their practical implementation and operational compliance with the targets are the responsibility of operational management in accordance with Group structure.

Strategic risks are uncertainties related to the operating environment and Olvi's ability to function in it and prepare for potential changes. Such risks can be related to the general economic situation, corporate responsibility requirements, competitive position, legislation or technological development, and affect financial or operational objectives. It is important to ensure that the strategy is in line with the Group's willingness to take risks and risk tolerance.

Operational risks are circumstances or events that may hamper or slow down the achievement of targets or may cause damage to people, property, business operations, information or other Olvi Group functions.

Financial risks are related to Olvi Group's financial position. These may be the availability or price of financing, exchange rate fluctuations and investments.

Compliance risks arise from non-compliance with regulations and laws applicable to the company's operations or internal operating principles. These may cause legal or administrative consequences, financial losses or reputational disadvantages. Industry-specific requirements affecting Olvi are associated with food safety and environmental requirements, among others

BUSINESS RISKS AND UNCERTAINTIES IN THE NEAR TERM

The corona pandemic has increased business risks as it is difficult to predict the various reflection effects of the corona pandemic. The impacts are associated with sales channel restrictions imposed in order to contain the spreading of the corona pandemic and restrictions on the movement of people, for example, but also changes in overall demand. There have also been great challenges in availability and pressures towards increased costs in global production and logistics chains. Substantial sales channel restrictions related to the corona pandemic have remained in effect during early 2022.

As the corona pandemic has continued, there have been challenges particularly in the availability of raw materials and packaging supplies, as well as upward pressure in their prices. The availability of cans is a particular problem as global demand has increased faster than supply, and this has increased the costs of procurement. However, the situation has not caused substantial sales volume losses so far. Cost pressures concern the prices of all raw materials and packaging supplies, as well as other production costs such as energy. The poor barley harvest has also increased the price of malt. Mitigation measures against the profitability impact of costs include product development, cost savings and price increases. It is challenging to fully respond to rapidly increased production costs in the short term.

Olvi Group has drafted several scenarios and made preparations for responding to changing situations through a variety of measures, also paying attention to the corona pandemic situation. Preparations have been made for production disruptions and contingency plans drafted concerning the availability of personnel and raw materials, among other things. Uncertainty is also increased by the fluctuation of the Belarusian currency exchange rate due to the political and economic situation in the country.

Other short-term risks and uncertainties are related to development of the general economic circumstances, changes in the competitive situation, as well as the impacts these may have on the company's operations.

OLVI SHARES AND THE SHARE MARKET

Olvi's share capital at the end of December 2021 stood at 20.8 million euro. The total number of shares was 20,722,232, of these 16,989,976 or 82.0 percent being publicly traded Series A shares and 3,732,256 or 18.0 percent Series K shares.

Each Series A share carries one (1) vote and each Series K share carries twenty (20) votes. Series A and Series K shares have equal rights to dividends. The total trading volume of Olvi A shares on Nasdaq OMX Helsinki Ltd (Helsinki Stock Exchange) in 2021 was 1,812,283 (1,474,892) shares, which represented 10.7 (8.7) percent of all Series A shares. The value of trading was 89.4 (60.5) million euro.

SHARES AND SHARE CAPITAL 31 DECEMBER 2021

	Shares	%	Votes	%
Series K shares, registered	3,732,256	18.0	74,645,120	81.5
Series A shares, registered	16,989,976	82.0	16,989,976	18.5
Total	**20,722,232**	**100.0**	**91,635,096**	**100.0**

The Olvi A share was quoted on Nasdaq OMX Helsinki Ltd at 51.20 (48.50) euro at the end of 2021. In January-December, the highest quote for the Series A share was 55.70 (50.00) euro and the lowest quote was 43.10 (30.25) euro. The average share price in 2021 was 49.35 (41.03) euro.

At the end of December 2021, the market capitalisation of Series A shares was 869.4 (822.1) million euro and the market capitalisation of all shares was 1,060.5 (1,003.2) million euro.

The number of shareholders at the end of December 2021 was 17,459 (14,102). Foreign holdings plus foreign and Finnish nominee-registered holdings represented 21.8 (23.6) percent of the total number of book entries and 4.9 (5.3) percent of total votes.

SHAREHOLDERS BY SIZE OF HOLDING ON 31 DECEMBER 2021

Number of book entries	Number of shareholders	% of shareholders	Number of book entries	% of book entries	Votes	% votes
1 to 1000	16,286	93.28	2,238,510	10.80	2,248,238	2.45
1,001 to 10,000	1,061	6.08	2,749,055	13.27	2,886,767	3.15
10,001 to 500,000	106	0.61	5,654,331	27.29	14,339,307	15.65
500,001 to 999,999,999,999	6	0.03	10,080,336	48.65	72,160,784	78.75
Total	**17,459**	**100.00**	**20,722,232**	**100.00**	**91,635,096**	**100.00**

FOREIGN AND NOMINEE-REGISTERED HOLDINGS ON 31 DECEMBER 2021

	Number of shareholders	% of shareholders	Number of book entries	% of book entries	Votes	% votes
Foreign total	72	0.41	64,395	0.31	64,395	0.07
Nominee-registered (foreign) total	6	0.03	2,371,165	11.44	2,371,165	2.59
Nominee-registered (Finnish) total	5	0.03	2,078,462	10.03	2,078,462	2.27
Total	**83**	**0.48**	**4,514,022**	**21.78**	**4,514,022**	**4.93**

LARGEST SHAREHOLDERS ON 31 DECEMBER 2021

	Series K	Series A	Total	%	Votes	%
1. Olvi Foundation	2,363,904	890,613	3,254,517	15.71	48,168,693	52.57
2. The Estate of Hortling Heikki *)	903,488	103,280	1,006,768	4.86	18,173,040	19.83
3. Hortling Timo Einari	212,600	49,152	261,752	1.26	4,301,152	4.69
4. Hortling-Rinne Marit	149,064	14,234	163,298	0.79	2,995,514	3.27
5. Citibank Europe plc, nominee register		2,255,212	2,255,212	10.88	2,255,212	2.46
6. Skandinaviska Enskilda Banken AB (publ), Helsinki branch, nominee register		2,040,071	2,040,071	9.84	2,040,071	2.23
7. Varma Mutual Pension Insurance Company		828,075	828,075	4.00	828,075	0.90
8. Ilmarinen Mutual Pension Insurance Company		699,213	699,213	3.37	699,213	0.76
9. Hortling Pia Johanna	23,388	25,366	48,754	0.24	493,126	0.54
10. Hortling Jens Einari	23,388	16,216	39,604	0.19	483,976	0.53
11. Rinne Ville Petteri	23,388	10,097	33,485	0.16	477,857	0.52
12. Rinne Valtteri Markunpoika	23,388	9,650	33,038	0.16	477,410	0.52
13. AC Invest Oy		462,000	462,000	2.23	462,000	0.50
14. OP Finland mutual fund		428,667	428,667	2.07	428,667	0.47
15. Evli Finnish Small Cap mutual fund		332,000	332,000	1.60	332,000	0.36
16. Veritas Pension Insurance Company		224,125	224,125	1.08	224,125	0.24
17. Laakkonen Hannu		216,072	216,072	1.04	216,072	0.24
18. Elo Mutual Pension Insurance Company		190,672	190,672	0.92	190,672	0.21
19. Lahti Ari		180,000	180,000	0.87	180,000	0.20
20. Aktia Capital mutual fund		164,000	164,000	0.79	164,000	0.18
Others	9,648	7,851,261	7,860,909	37.94	8,044,221	8.78
Total	**3,732,256**	**16,989,976**	**20,722,232**	**100.00**	**91,635,096**	**100.00**

*) The figures include the shareholder's own holdings and shares held by parties in his control.

SHAREHOLDERS BY CATEGORY ON 31 DECEMBER 2021

	Number of shareholders	% of shareholders	Number of book entries	% of book entries	Nominee registered number of book entries	% of book entries	Votes	% votes
Businesses	506	2.90	4,561,767	22.01			49,475,943	53.99
Financial institutions and	30	0.17	1,361,976	6.57	2,078,462	10.03	3,440,438	3.75
insurance companies	11	0.06	2,008,249	9.70			2,008,249	2.19
Public sector organisations	103	0.59	500,521	2.42			500,521	0.55
Non-profit organisations	16,731	95.83	7,775,697	37.52			33,774,385	36.86
Households	78	0.45	64,395	0.31	2,371,165	11.44	2,435,560	2.66
In collective account	**17,459**	**100.00**	**16,272 605**	**78.53**	**4,449 627**	**21.47**	**91,635 096**	**100.00**

SHAREHOLDING

Registered share capital, EUR 1,000 20,759

Olvi plc's shares received a dividend of 1.10 euro per share for 2020 (1.00 euro per share for 2019), totalling 22.8 (20.7) million euro. The dividends were paid in two instalments. The first instalment of 0,55 euro per share was paid on 20 April 2021. The second instalment of 0,55 euro per share was paid on 3 September 2021.

Votes per Series A share 1
Votes per Series K share 20
The Series K and Series A shares entitle to equal dividend. The Articles of Association include a redemption clause concerning Series K shares.

Insiders

The Insider Guidelines for listed companies, which were prepared by the Helsinki Stock Exchange, the Finland Chamber of Commerce and the Confederation of Finnish Industries, were adopted by Olvi plc already in 2000. As of 3 July 2016, the Market Abuse Regulation (EU) No 596/2014 (MAR) became applicable in Finland, and Olvi plc's practices of dealing with insider issues are in compliance with the MAR in accordance with the interpretation of the European Securities and Markets Authority (ESMA).

Olvi plc had 17,459 (14,102) shareholders registered in the book-entry system on 31 December 2021, 11 (11) of them nominee-registered.

The members of the Board of Directors and the Managing Director of Olvi plc held a total of 78,010 Series A shares on 31 December 2021, which represent 0.38 percent of the total number of shares and 0.09 percent of the votes. The company's management does not hold any warrants or options.

BOARD OF DIRECTORS' AUTHORISATIONS

On 31 March 2021, the General Meeting of Shareholders of Olvi plc decided to revoke any unused authorisations to acquire treasury shares and authorise the Board of Directors of Olvi plc to decide on the acquisition of the company's own shares using distributable funds. The authorisation is valid for one year starting from the General Meeting and covers a maximum of 500,000 Series A shares, which corresponds to 2.4 percent of the entire stock and 0.5 percent of the aggregate number of votes.

The Annual General Meeting also decided to revoke all existing unused authorisations for the transfer of own shares and authorise the Board of Directors to decide on the issue of a maximum of 1,000,000 new Series A shares and the transfer of a maximum of 500,000 Series A shares held as treasury shares.

It was proposed that the issue authorisation shall be valid until the closing of the Annual General Meeting 2022, however no longer than 18 months from the General Meeting's decision of issue authorisation.

SHARE-BASED INCENTIVES

Olvi Group's share-based incentive plan for key personnel, the performance period of which was from 1 February 2019 to 31 January 2021, has expired. The target group of the plan included approximately 60 people, and in accordance with the terms and conditions of the plan, rewards were paid in Olvi plc Series A shares and partially in cash. A total of 36,200 Series A shares were handed over as share-based rewards.

At its meeting of 1 February 2021, the Board of Directors of Olvi plc decided on the terms and conditions of three new share-based incentive plans for the Group's key personnel: a performance-based share plan for 2021–2025, a matching share plan for 2021–2022 and a restricted share plan for 2021–2025. Among these incentive plans, the performance-based share plan for the performance periods 2021–2022 and 2021–2023 started on 15 February 2021. The target groups include approximately 18 people, including the Managing Director of the Group, the Managing Directors of the subsidiaries outside Finland, the members of Olvi plc's Management Group and the Sales Directors of subsidiaries outside Finland. The rewards are based on the Group's accumulated operating profit in euros and the increase of non-alcoholic sales volume. Net rewards payable for the performance period 2021–2022 amount to an approximate maximum of 6,100 Olvi plc Series A shares, and for the performance period 2021–2023, approximately 10,000 Olvi plc Series A shares.

Olvi plc initiated a new matching share plan for key personnel, the performance period of which is from 15 April 2021 to 14 April 2023. The plan is directed to approximately 55 people. In accordance with the share-based incentive plan, Olvi plc has sold a total of 12,495 treasury shares to the target group members by the end of December for an aggregate price of 598.9 thousand euro.

The objective of long-term rewards is to support the achievement of the company's targets, make key personnel committed to the company and offer incentive plans based on earning the company's shares. The rewards are payable partially in Olvi plc's Series A shares and partially in cash. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the employees involved. As a rule, no reward will be paid if employment or service ends before the reward payment. Under the scheme, the target group is able to earn Olvi plc Series A shares based on performance. The Board of Directors shall decide on the earning criteria and the targets for each of these at the beginning of the performance period. Any rewards from the scheme shall be paid after the end of each performance period.

The Board of Directors has set an upper limit for the gross total rewards payable to each person in a calendar year. The limit applies to all gross rewards payable under long-term incentive schemes. Any member of Olvi's Management Group has to hold at least one-half of the shares received as net rewards from the new incentive plans until the value of the member's holding in the company equals at least one-half of their annual salary for the previous year. These Olvi plc Series A shares have to be held for as long as the person is a member of the Management Group.

In the period under review, costs associated with the plans were recognised for a total of 631.3 thousand euro. Olvi Group does not have any other share-based plans or option plans

TREASURY SHARES

At the beginning of January 2021, Olvi plc held 38,560 of its own shares as treasury shares. During January–December 2021, the following changes have occurred in treasury shares.

Olvi plc continued its share repurchase plan in January. The plan started on 5 November 2020 and ended on 15 January 2021. The shares shall be acquired for the purpose of financing or executing any upcoming corporate acquisitions or other arrangements, implementing the company's incentive schemes or for other purposes decided upon by the Board of Directors.

On 19 February 2021, the Board of Directors of Olvi plc decided to initiate a scheme of acquiring treasury shares based on the authorisation issued by the Annual General Meeting on 8 April 2020. On this basis, the Board will repurchase a maximum of 10,000 Series A shares. The repurchase of treasury shares is based on the new share-based incentive plan for the Group's key personnel announced on 2 February 2021. The acquisition of shares started on 25 February 2021 and ended on 1 March 2021.

In accordance with the share-based incentive plan, Olvi plc has transferred a total of 11,495 treasury shares to the target group members of the matching share plan for an aggregate price of 551.5 thousand euro.

On the date of closing the accounts, 31 December 2021, the total number of Series A shares held by the company as treasury shares was 9,404 and the total acquisition price was 438,0 thousand euro. Series A shares held by Olvi plc as treasury shares represent 0.05 percent of all shares and 0.01 percent of the aggregate number of votes. The treasury shares represent 0.06 percent of all Series A shares and associated votes. Treasury shares held by the company are ineligible for voting.

FLAGGING NOTICES

During 2021, Olvi has not received any flagging notices in accordance with Chapter 2, Section 10 of the Securities Markets Act.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The parent company Olvi plc had 114.7 (98.2) million euro of distributable funds on 31 December 2021, of which profit for the period accounted for 39.5 (30.8) million euro.

Olvi plc's Board of Directors proposes to the Annual General Meeting that distributable funds be used as follows:

1) A dividend of 1.20 (1.10) euro shall be paid for 2021 on each Series K and Series A share, totalling 24.9 (22.8) million euro. The dividend represents 51.9 (56.2) percent of Olvi Group's earnings per share. The dividend will be paid in two instalments. The first instalment of 0.60 euro per share will be paid on 20 April 2022 to shareholders registered in the register of shareholders held by Euroclear Finland Ltd on the record date 1 April 2022. The second instalment of 0.60 euro per share will be paid on 2 September 2022 to shareholders registered in the register of shareholders held by Euroclear Finland Ltd on the record date 26 August 2022. No dividend shall be paid on treasury shares.

2) 89.9 million euro shall be retained in the parent company's non-restricted equity.

NEAR-TERM OUTLOOK AND EVENTS AFTER THE REVIEW PERIOD

Olvi's operating profit for fiscal year 2022 is expected to remain on the previous year's good level. There are uncertainties in business operations due to the Ukrainian war, the continuing corona pandemic, the availability of raw materials and packaging supplies, as well as cost increases. Increased costs will be brought into the prices of end products gradually, which means that said uncertainties are going to impact profitability particularly in the beginning of the year.

The effects of the Ukrainian war on Olvi's business

The effects of the Ukrainian war on Olvi's operating environment will be extensive and significant, currently unknown. The main effects will be on exports to Russia, hence in particular concerning the business of Belarusian subsidiary. Belarus accounted for around a quarter of Olvi Group's business operations last year, 33 percent of its volume per litre, 21 percent of its net sales and 24 percent of its operating profit.

At the moment the effects of the crisis are difficult to assess more accurately. We are constantly monitoring developments and refining the impact as we see how the situation is evolving and how long the crisis will last. Olvi conducts responsible business and we accept sanctions and adapt to the resulting changes in the business environment.

FINANCIAL REPORTS IN 2022

Olvi Group's Annual Report will be published on 28 February 2022. The Annual Report will include the Board of Directors' report, the Group's and the parent company's financial statements, as well as the auditors' report regarding the accounting period 1 January to 31 December 2021. At the same time, the company will issue its Corporate Governance Statement and Remuneration Report for fiscal year 2021.

The notice to convene Olvi plc's Annual General Meeting, which will be held on 30 March 2022 in Iisalmi, will be published on 28 February 2022. The financial statements, Board of Directors' report and notice to convene the AGM will be available on Olvi plc's Web site on the same day. The AGM will be implemented as an administrative meeting by virtue of an emergency law. The shareholders may participate in the meeting by voting in advance in connection with registration for the meeting.

The following interim reports will be released in 2022:

- Interim report from January to March on 21 April 2022
- Half-year report from January to June on 11 August 2022, and
- Interim report from January to September on 19 October 2022.

OLVI PLC
Board of Directors

CONSOLIDATED FINANCIAL RATIOS 2019 TO 2021

BUSINESS VOLUME AND PROFITABILITY

EUR 1,000	2021	2020	2019
Net sales	462,226	414,884	408,706
Change, %	11.4	1.5	6.4
Operating profit	59,439	56,435	52,514
% of net sales	12.9	13.6	12.8
Financial income and expenses	-327	-2,624	997
Profit before tax	59,112	53,811	53,523
% of net sales	12.8	13.0	13.1
Net profit for the period	48,361	40,916	42,230
% of net sales	10.5	9.9	10.3
Balance sheet total	490,242	420,351	397,397
Cash flow ratio, %	16.3	15.9	16.2
Return on investment, % (ROI)	20.9	21.0	21.2
Return on equity, % (ROE)	17.1	15.4	16.9
Equity to total assets, %	60.7	63.8	66.4
Current ratio	1.3	1.3	1.3
Gearing, %	-18.7	-15.5	-11.6
Capital expenditure on fixed assets	32,016	32,035	30,968
% of net sales	6.9	7.7	7.6
Net capital expenditure on fixed assets	30,390	30,345	28,988
% of net sales	6.6	7.3	7.1
Average number of personnel:			
Personnel in Finland	416	389	386
Personnel in Estonia, Latvia, Lithuania and Belarus	1,695	1,522	1,491
Total employees	2,111	1,911	1,877

PER-SHARE RATIOS

	2021	2020	2019
Earnings per share (EPS), euro, undiluted	2.31	1.96	2.02
Earnings per share (EPS), euro, diluted	2.31	1.96	2.02
Equity per share, euro	14.19	12.81	12.58
*) Pay-out ratio, %	51.9	56.2	49.6
Price/Earnings ratio (P/E)	22.2	24.8	20.4

*) The amount of dividend used for calculating the 2021 ratios is the Board of Directors' proposal to the Annual General Meeting.

PARENT COMPANY'S FINANCIAL RATIOS 2019 TO 2021

BUSINESS VOLUME AND PROFITABILITY

EUR 1,000	2021	2020	2019
Net sales	169,174	156,809	144,838
Change, %	7.9	8.3	2.9
Operating profit	23,489	22,780	18,896
% of net sales	13.9	14.5	13.0
Financial income and expenses	22,464	16,979	25,118
Profit before appropriations and taxes	45,953	39,759	44,015
% of net sales	27.2	25.4	30.4
Net profit for the period	39,464	30,823	37,743
% of net sales	23.3	19.7	26.1
Balance sheet total	319,575	284,352	265,586
Cash flow ratio, %	30.7	29.0	33.4
Return on investment, % (ROI)	24.5	22.9	26.4
Return on equity, % (ROE)	26.3	25.3	32.0
Equity to total assets, %	52.4	52.5	51.3
Current ratio	0.8	0.8	0.6
Gearing, %	-7.7	4.3	12.8
Capital expenditure on fixed assets	11,893	13,579	14,081
% of net sales	7.0	8.7	9.7
Net capital expenditure on fixed assets	11,307	13,445	13,903
% of net sales	6.7	8.6	9.6
Average number of personnel	373	358	352

*) The amount of dividend used for calculating the 2021 ratios is the Board of Directors' proposal to the Annual General Meeting.

**) Treasury shares held by Olvi plc deducted.

PER-SHARE RATIOS

	2021	2020	2019
Earnings per share (EPS), euro	2.01	1.74	1.94
Equity per share, euro	8.09	7.21	6.57
*) Nominal dividend per share, euro	1.20	1.10	1.00
*) Effective dividend yield, %	2.34	2.27	2.43
*) Pay-out ratio, %	59.7	63.1	51.6
Price/Earnings ratio (P/E)	25.5	27.8	21.2
Price of Series A share			
at year-end, euro	51.20	48.50	41.20
high, euro	55.70	50.00	42.60
low, euro	43.10	30.25	31.20
average price, euro	49.35	41.03	36.01
Trading volume of A shares	1,812,283	1,474,892	1,575,876
% of all A shares outstanding	10.7	8.7	9.3
Market capitalisation of A shares 31 Dec, MEUR	869.4	822.1	699.5
Market capitalisation of K shares 31 Dec, MEUR	191.1	181.0	153.8
Total market capitalisation, MEUR	1,060.5	1,003.2	853.3
Number of shares			
year's average number, adjusted for share issues **)	20,706,610	20,708,331	20,708,204
number at year-end adjusted for dilution from warrants **)	20,712,828	20,683,672	20,710,683

CALCULATION OF FINANCIAL RATIOS

Cash flow ratio % = 100 * (Operating profit + depreciation + financial income and expenses + extraordinary income and expenses - taxes) / Net sales

Return on investment % (ROI) = 100 * (Profit before taxes + interest and other financial expenses) / Balance sheet total - interest-free liabilities (average)

Return on equity % (ROE) = 100 * (Profit before taxes – taxes) / (Shareholders' equity + non-controlling interests + voluntary provisions and depreciation difference deducted by deferred tax liability (average during the year))

Equity to total assets, % = 100 * (Shareholders' equity + non-controlling interests + voluntary provisions and depreciation difference deducted by deferred tax liability) / (Balance sheet total - advance payments received)

Current ratio = (Financial assets + inventories) / Current liabilities

Gearing, %= 100 * (Interest-bearing liabilities + advance payments received - cash and other liquid assets) / (Shareholders' equity + voluntary provisions and depreciation difference deducted by deferred tax liability)

Earnings per share (EPS) = (Profit before taxes – taxes +/- non-controlling interests) / (Average number of shares during the period adjusted for share issues)

Equity per share = (Shareholders' equity + voluntary provisions and depreciation difference deducted by deferred tax liability and non-controlling interest) / (Number of shares on 31 December adjusted for share issues)

Effective dividend yield, % 100 * (Dividend per share adjusted for share issues) / (Last trading price of the year, adjusted for share issues)

Price/Earnings ratio (P/E) = (Last trading price of the year, adjusted for share issues) / Earnings per share

Pay-out ratio, % = 100 * Dividend per share / Earnings per share

Market capitalisation at year-end = Number of shares at year-end, adjusted for share issues * Price of Series A share at year-end

The Group presents figures directly derived from the consolidated income statement: net sales, operating profit and profit for the period, the corresponding percentages in proportion to net sales, as well as the earn-ings per share ratio. (Earnings per share = Profit belonging to parent company shareholders / Average num-ber of shares during the period, adjusted for share issues.)

In addition to the consolidated financial statements prepared in accordance with IFRS, Olvi Group presents Alternative Performance Measures that describe the financial development of its business and provide a commensurate overall view of the company's profitability, financial position and liquidity.

The Group has applied the ESMA (European Securities and Markets Authority) new guidelines on Alternative Performance Measures that entered into force on 3 July 2016 and defined APMs as described below.

As an APM supporting net sales, the Group presents sales volumes in millions of litres. Sales volume is an important indicator of the extent of operations generally used in the industry.

Investments consist of increases in fixed assets, excluding increases under IFRS 16.

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	2021	2020
Gross sales		1,069,260	1,005,101
Excise taxes and other adjustments		-607,034	-590,217
NET SALES	**1**	**462,226**	**414,884**
Cost of sales		-269,344	-236,849
GROSS PROFIT		**192,882**	**178,035**
Logistics, sales and marketing expenses	2	-99,594	-87,300
Administrative expenses	2	-34,990	-34,650
Other operating income and expenses	3	1,141	350
OPERATING PROFIT		**59,439**	**56,435**
Financial income	7	284	277
Financial expenses	7	-655	-2,903
Share of profit in associates and joint ventures	22	44	2
PROFIT BEFORE TAXES		**59,112**	**53,811**
Income taxes	8	-10,751	-12,895
NET PROFIT FOR THE PERIOD		**48,361**	**40,916**

EUR 1,000	Note	2021	2020
Other comprehensive income items that may be subsequently reclassified to profit and loss:			
Translation differences related to foreign subsidiaries		5,366	-15,588
Income taxes related to these items		-85	263
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**53,642**	**25,591**
Distribution of profit:			
- parent company shareholders		47,862	40,559
- non-controlling interests		499	357
Distribution of comprehensive income:			
- parent company shareholders		52,977	25,704
- non-controlling interests		665	-113
Earnings per share calculated from the profit belonging to parent company shareholders:			
Undiluted earnings per share (EUR)		2.31	1.96
Diluted earnings per share (EUR)		2.31	1.96

CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	2021	2020
ASSETS			
Non-current assets			
Tangible assets	12	229,356	204,156
Goodwill	11	25,966	25,172
Other intangible assets	10	12,696	9,925
Investments in associates and joint ventures	22	1,018	994
Other investments	13	888	851
Loan receivables and other non-current receivables	13	1,731	1,786
Deferred tax receivables	8	1,487	1,086
Total non-current assets		**273,142**	**243,970**
Current assets			
Inventories	14	58,609	42,278
Accounts receivable and other receivables	13	99,246	88,234
Income tax receivable		504	772
Liquid assets	15	58,741	45,096
Total current assets		**217,100**	**176,381**
TOTAL ASSETS		**490,242**	**420,351**

EUR 1,000	Note	2021	2020
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity held by parent company shareholders			
Share capital	16	20,759	20,759
Other reserves	16	1,387	1,387
Treasury shares	16	-438	-1,802
Translation differences		-53,727	-58,842
Retained earnings		326,016	303,465
Total shareholders' equity held by parent company shareholders		**293,997**	**264,967**
Share belonging to non-controlling interests		3,627	3,165
Total shareholders' equity		**297,624**	**268,132**
Non-current liabilities			
Financial liabilities	17	1,913	2,303
Other liabilities	19	3,985	4,473
Deferred tax liabilities	8	13,943	11,107
Current liabilities			
Financial liabilities	17	1,272	1,333
Accounts payable and other liabilities	19	170,633	132,522
Income tax liability		872	481
Total liabilities		**192,618**	**152,219**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**490,242**	**420,351**

CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	Note	2021	2020
Cash flow from operations			
Net profit for the period		48,361	40,916
Adjustments:			
Depreciation and impairment	5	27,006	24,972
Other adjustments		10,251	16,327
Change in net working capital:			
Increase (-) / decrease (+) in current interest-free accounts receivable and other receivables	13	-5,878	-22,809
Increase (-) / decrease (+) in inventories	14	-8,684	-1,274
Increase (+) / decrease (-) in current interest-free liabilities	19	28,561	17,339
Interest paid	7	-594	-588
Interest received	7	268	260
Dividends received	7	3	4
Taxes paid	8	-9,687	-9,351
Cash flow from operations (A)		**89,607**	**65,796**
Cash flow from investments			
Investments in tangible assets	12	-28,831	-30,199
Investments in intangible assets	10	-2,382	-1,334
Capital gains on disposal of tangible assets	12	1,068	1,697
Acquisition of shares from non-controlling interests	21	0	-6
Acquired shares in subsidiaries, associates and joint ventures	21	-11,121	0
Expenditure on other investments		-30	-15
Dividends received	7	21	24
Cash flow from investments (B)		**-41,275**	**-29,833**

EUR 1,000	Note	2021	2020
Cash flow from financing			
Withdrawals of loans	17	884	15,497
Repayments of loans	17	-12,371	-16,917
Acquisition of treasury shares	16	-874	-1,299
Sales of treasury shares to employees	16	551	0
Dividends paid	16	-23,240	-20,754
Increase (-)/decrease (+) in current interest-bearing business receivables	13	0	26
Cash flow from financing (C)		**-35,050**	**-23,447**
Increase (+)/decrease (-) in liquid assets (A+B+C)		**13,282**	**12,516**
Liquid assets 1 January	**15**	**45,096**	**33,832**
Effect of exchange rate changes		363	-1,252
Liquid assets 31 December	**15**	**58,741**	**45,096**

ADJUSTMENTS TO CASH FLOW FROM OPERATIONS:

EUR 1,000	2021	2020
Other adjustments to cash flow from operations before change in working capital:		
Capital gains on disposals of fixed assets	255	28
Share of profit in associates	-44	-2
Unrealised foreign exchange gains and losses	21	-15
Financial income and expenses	351	2,641
Income taxes	10,751	12,895
Other adjustments	-1,082	780
Total	**10,251**	**16,327**

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

EUR 1,000	A	B	C	D	E	F	G	H
Shareholders' equity 1 Jan 2021	**20,759**	**1,092**	**-1,802**	**295**	**-58,842**	**303,465**	**3,165**	**268,132**
Comprehensive income								
Net profit for the period						47,862	499	48,361
Other comprehensive income items								
Translation differences					5,200		166	5,366
Income taxes related to these items					-85			-85
Total comprehensive income for the period					**5,115**	**47,862**	**665**	**53,642**
Transactions with shareholders								
Payment of dividends						-22,771	-459	-23,230
Acquisition of treasury shares			-874					-874
Share-based incentives, value of work performed						802		802
Issue of treasury shares to employees			1,687			-1,614		73
Sales of treasury shares to employees			551					551
Adjustment to previous periods						-1,728	-27	-1,755
Total transactions with shareholders			**1,364**			**-25,311**	**-486**	**-24,433**
Changes in holdings in subsidiaries								
Acquisition of shares from non-controlling interests						283		283
Change in share belonging to non-controlling interests						-283	283	0
Total changes in holdings in subsidiaries						**0**	**283**	**283**
Shareholders' equity 31 Dec 2021	**20,759**	**1,092**	**-438**	**295**	**-53,727**	**326,016**	**3,627**	**297,624**

Adjustment to previous periods, please see the note 16, Notes concerning shareholders' equity.

A = Share capital
B = Other reserves
C = Treasury shares reserve
D = Fair value reserve
E = Translation differences
F = Retained earnings
G = Share belonging to non-controlling interests
H = Total

Other reserves include the share premium account, legal reserve and other reserves.

EUR 1,000	A	B	C	D	E	F	G	H
Shareholders' equity 1 Jan 2020	**20,759**	**1,092**	**-503**	**295**	**-43,987**	**282,895**	**3,318**	**263,869**
Comprehensive income								
Net profit for the period						40,559	357	40,916
Other comprehensive income items								
Translation differences					-15,118		-470	-15,588
Income taxes related to these items					263			263
Total comprehensive income for the period					**-14,855**	**40,559**	**-113**	**25,591**
Transactions with shareholders								
Payment of dividends						-20,710	-38	-20,748
Acquisition of treasury shares			-1,299					-1,299
Share-based incentives, value of work performed						587		587
Adjustment to previous periods						138		138
Total transactions with shareholders			**-1,299**			**-19,985**	**-38**	**-21,322**
Changes in holdings in subsidiaries								
Acquisition of shares from non-controlling interests						-6		-6
Change in share belonging to non-controlling interests						2	-2	0
Total changes in holdings in subsidiaries						**-4**	**-2**	**-6**
Shareholders' equity 31 Dec 2020	**20,759**	**1,092**	**-1,802**	**295**	**-58,842**	**303,465**	**3,165**	**268,132**

A = Share capital
B = Other reserves
C = Treasury shares reserve
D = Fair value reserve
E = Translation differences
F = Retained earnings
G = Share belonging to non-controlling interests
H = Total

Other reserves include the share premium account, legal reserve and other reserves.

CONSOLIDATED ACCOUNTING POLICIES

BASIC INFORMATION ON THE GROUP

Olvi plc ("the company") and its subsidiaries (jointly "the Group") manufacture beers, ciders, long drinks, mineral waters, juices, soft drinks, energy drinks, sports beverages, kvass, whisky and other non-alcoholic and alcoholic beverages. The companies belonging to Olvi Group are located in Finland, Estonia, Latvia, Lithuania, Belarus and Denmark.

The Group's parent company is Olvi plc (Business ID 0170318–9), and its Series A shares are quoted on the Nasdaq OMX Helsinki Ltd Main List. The parent company is headquartered in Iisalmi and its registered address is P.O. Box 16, 74101 Iisalmi.

A copy of the consolidated financial statements is available on the Internet at www.olvigroup.fi or from the headquarters of the Group's parent company at Olvitie I-IV, 74100 Iisalmi.

The accounting period of Group companies is generally the calendar year. An exception to this is A/S Bryggeriet Vestfyen, which became a Group company through an acquisition and whose accounting period ended on 31 December 2021 but was 15 months long.

Olvi plc's Board of Directors has approved the disclosure of the financial statements bulletin for 2021 on 8 February 2022. According to the Finnish Companies Act, shareholders have the option to approve or reject the financial statements at a General Meeting of Shareholders to be held after disclosure. The General Meeting of Shareholders may also decide on amending the financial statements.

ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in compliance with the approved International Financial Reporting Standards (IFRS), observing the IAS and IFRS standards as well as SIC and IFRIC interpretations valid on 31 December 2021. In the Finnish Accounting Act and regulations enacted by virtue of the Act, International Financial Reporting Standards refer to the standards and interpretations thereof approved for use in the European Union in accordance with the procedure specified in the EU regulation (EC) No 1606/2002. The notes to the financial statements are also in compliance with Finnish legistlation concerning accounting and corporate law that supplements the IFRS regulations.

The consolidated financial statements have been prepared on the basis of original cost with the exception of financial assets and liabilities recognised at fair value through other comprehensive income or through profit or loss, derivative contracts, as well as share-based transactions settled in cash, which have been recognised at fair value. The financial statement information is presented in thousands of euros (EUR 1,000). For the sake of presentation, individual figures and totals have been rounded to full thousands, which may cause rounding differences in additions.

Since the beginning of fiscal year 2021, the Group has based the presentation of the income statement on the function of expenses. The figures for the comparison period have been changed correspondingly. In the new income statement format Olvi Group presents gross sales and gross profit. Gross sales is the amount of sales and other revenue without any deductions related to excise taxes, discounts or other adjustments. Gross profit is the residual after deducting excise taxes, discounts, other adjustments and cost of sales from gross sales.

CONSOLIDATION PRINCIPLES

Subsidiaries

Subsidiaries are entities in which the Group excercises control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Intra-Group shareholdings have been eliminated using the purchase method. The consideration given and the acquired entity's identifiable assets and assumed liabilities have been measured at fair value at the time of acquisition.

Acquired subsidiaries are included in the consolidated financial statements as of the date the Group has acquired a position of control, and divested subsidiaries are included until the date the Group's control is discontinued. All intra-Group business transactions, receivables, liabilities, unrealised gains and internal profit distribution are eliminated during the preparation of the consolidated financial statements. Unrealised losses are not eliminated if they are caused by impairment.

The distribution of profit or loss for the financial period and the distribution of comprehensive income between the parent company's shareholders and non-controlling interests is presented in connection with the statement of comprehensive income. Comprehensive income is allocated between parent company shareholders and non-controlling interests even if this would lead to a negative share allocated to non-controlling interests. The share of equity belonging to non-controlling interests is presented as a separate balance sheet item under shareholders' equity. Changes in the parent company's holding in a subsidiary that do not lead to loss of control are treated as equity transactions.

Associates and joint ventures

Associates are entities in which the Group excercises significant power. Significant power arises generally when the Group holds more than 20 percent of the voting rights in an entity or the Group otherwise has significant power but no position of control.

Associates are consolidated using the equity method. A share of profit in associates corresponding to the Group's share of holding has been calculated in accordance with the Group's holding and presented as a separate item in the income statement after financial income and expenses. If the Group's share of an associate's losses exceeds the book value of the investments, the investment is recognised in the balance sheet at zero value, and losses exceeding the book value are not taken into account unless the Group is otherwise committed to the fulfilment of the associate's obligations.

A joint arrangement is an arrangement where two or more parties share joint control. Olvi's joint arrangement is a joint venture that is consolidated using the equity method.

CONVERSION OF ITEMS IN FOREIGN CURRENCY

The figures indicating the earnings and financial position of Group entities are determined in the currency of each unit's primary operating environment ("functional currency"). The consolidated financial statements are presented in euro, which is the functional and presentation currency of the Group's parent company.

Transactions denominated in foreign currency have been converted into the functional currency at the exchange rate valid on the transaction date. Monetary items in foreign currency have been converted into the functional currency at the exchange rates valid on the closing date of the reporting period.

Gains and losses originating from business transactions in foreign currency and the conversion of monetary items are recognised through profit and loss. Foreign exchange gains and losses from operations are included in the corresponding items above operating profit. Foreign exchange gains and losses on loans denominated in foreign currency are included in financial income and expenses, with the exception of exchange rate differences on foreign currency items that constitute a part of the net investment made in a foreign unit. These exchange rate differences are recognised in other comprehensive income items, and accumulated exchange rate differences are included in the translation difference presented in shareholders' equity.

The income statements of non-Finnish consolidated companies that use a functional currency other than the Group's presentation currency have been converted into euro at the average exchange rates for the accounting period, and balance sheet items have been converted at the exchange rates on the balance sheet date. The different exchange rates applicable to the conversion of profit or loss on the income statement and balance sheet result in a translation difference recognised in shareholders' equity on the balance sheet, and any change in this difference is recognised in other comprehensive income items. Translation differences arising from the elimination of the acquisition cost of foreign Group companies, as well as translation differences arising from equity items accumulated after the acquisition, are recognised in other comprehensive income items. When a subsidiary is divested in full or in part, accumulated translation differences are recognised in the income statement as part of the sales gain or loss.

Goodwill arising from the acquisition of foreign entities and the fair value adjustments made to the book values of the assets and liabilities of such foreign entities upon acquisition are treated as assets and liabilities belonging to the foreign entities. They are converted into euro at the exchange rates valid on the closing date of the reporting period.

OPERATING PROFIT

IAS 1 *Presentation of Financial Statements* does not define the concept of operating profit. The Group has defined it as follows: operating profit is the net amount created by adding other operating income to net sales and subtracting cost of sales, fixed operating expenses including depreciation and amortisation, as well as other operating expenses.

All income statement items other than the above are presented below operating profit. Exchange rate differences are included in operating profit if they arise from items associated with business operations. Otherwise they are recognised in financial items. The principles for calculation of other ratios are presented under *Calculation of Financial Ratios*.

ACCOUNTING POLICIES REQUIRING CONSIDERATION BY MANAGEMENT AND CRUCIAL FACTORS OF UNCERTAINTY ASSOCIATED WITH ESTIMATES

Preparation of financial statements in accordance with IFRS standards requires the Group's management to make certain estimates and considerations. Furthermore, the application of accounting policies requires choice and consideration. This applies particularly to cases in which valid IFRS standards provide for alternative methods of recognition, measurement or presentation.

Factors of uncertainty associated with estimates

Estimates made in connection with the preparation of financial statements are based on the management's best understanding on the balance sheet date, and the outcome may differ from the estimates and assumptions. The background of the estimates includes previous experience and assumptions concerning the future that are deemed most probable on the balance sheet date with regard to issues such as the expected development of the Group's financial operating environment concerning sales and the level of costs. The estimates take into account the business impact of the corona pandemic.

The Group, regularly and jointly with the management of subsidiaries, assesses the realisation of estimates and assumptions, as well as changes in the underlying factors, by applying several sources of information, both internal and external. Any changes in the estimates and assumptions are recognised in the accounting period during which the estimates and assumptions are adjusted and in all subsequent accounting periods.

The most important sectors in which management has applied consideration and that require the use of estimates and assumptions are goodwill testing (more information in Note 11, Impairment and goodwill testing), leases (more information in Note 12, Tangible assets), estimates related to corporate acquisitions (more information in Note 20, Provisions, collateral and contingent liabilities), as well as deferred tax receivables and liabilities (more information in Note 8, Income taxes, deferred tax receivables and liabilities). Other accounting policies are presented together with the notes related to each sector. The most important factors in the estimates include predicted future cash flows and the processing of leases valid until further notice.

NEW AND UPCOMING IFRS STANDARDS APPLICABLE TO ACCOUNTING PERIODS BEGINNING ON OR AFTER 1 JANUARY 2021

The consolidated financial statements have been prepared in accordance with the same accounting policies used in 2020, with the exception of the following new standards, interpretations and revisions to existing standards that the Group has applied since 1 January 2021.

Standard	Crucial requirements	Effective date *)
Annual improvements to IFRS	Amendments applied to the following standards: IFRS 4, IFRS 7, IFRS 9, IFRS 16, IAS 39. The amendments did not have any effect on the consolidated financial statements 2021.	1 January 2021
IFRIC Agenda Decision 2 – Configuration or Customisation Costs in a Cloud Computing Arrangement	The Agenda Decision relates to IAS 38 Intangible Assets. The decision regulates the accounting for configuration and customisation costs concerning software purchased as a cloud computing service. The decision did not have any effect on the consolidated financial statements 2021 or any previous financial statements.	Retrospective application

IFRS STANDARDS, INTERPRETATIONS AND AMENDMENTS COMING INTO FORCE LATER

Standard	Crucial requirements	Effective date *)
Annual improvements to IFRS	The amendments apply to IFRS 9, IAS 16 and IAS 37. The amendments are not estimated to have any substantial effect on the Group's reporting and financial statements.	1 January 2022
Annual improvements to IFRS	The amendments apply to IAS 1, IAS 8 and IAS 12. The amendments are not estimated to have any substantial effect on the Group's reporting and financial statements.	1 January 2023
IFRS 17 Insurance Contracts	The standard will not have any effect on the Group's future financial statements.	1 January 2023

*) Applicable to reporting periods starting on or after the specified date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. INCOME FROM OPERATIONS AND SEGMENT INFORMATION

Principles for recognition of sales

Net sales consist of consideration received for the sales of products and services measured at fair value, deducted by indirect taxes, discounts and translation differences for sales in foreign currency.

Sales of beverage products are recognised at the moment the Group has delivered the products to the location agreed with the customer and when control over the products has been transferred to the customer. Delivery is considered to be realised only once the risk of non-marketability and damage has been transferred to the customer and Olvi has no outstanding obligations towards the customer. Beverage deliveries do not include any return terms and conditions. The Group rents out beverage-serving equipment to its HoReCa customers and coolers to its retailers. Rental income is recognised in equal instalments over the rental period. The accounting policies for leases are described in Note 12, Tangible assets.

The transaction price is determined on the basis of the contract with the customer and deducted by annual discounts estimated at the time of sale in accordance with the terms and conditions of contract, as well as any returns of defective products. Olvi Group applies the relief allowed under IFRS 15 and therefore does not disclose its order book.

Description of segments

Olvi Group has five reporting segments corresponding to the Group's business units. Operating segments are defined on the basis of the management model and internal reporting utilised for strategic decisions by the Group's top management, which is identified as the chief operating decision maker. The Group's top management consists of the parent company's Managing Director and Board of Directors. Olvi Group's operating segments consist of the Group's geographical operating areas, which are Finland, Estonia, Latvia, Lithuania and Belarus. The business operations of Bryggeriet Vestfyen are not reported as a separate segment in 2021 because the company does not exceed the quantitative thresholds.

The products and services of the reporting segments are produced in a specific economic environment with risks and profitability deviating from the risks and profitability of the economic environment of other segments. The Group has not combined operating segments together to create reporting segments.

Net sales in the reported operating segments are mostly generated from the manufacture and wholesale of various beverages. The net sales also include a minor amount of services to licensed restaurants in relation to beverage-serving equipment. The Group's management assesses the operating segments' performance through operating profit (EBIT). Interest income and expenses are not allocated to segments because responsibility for the Group's financing tasks is centralised in the parent company Olvi plc. Pricing between segments is based on fair market terms.

A segment's assets and liabilities refer to business items that the segment uses in its business operations or that can be allocated to segments on reasonable grounds. Unallocated items include financial items, as well as items common to the entire Group. Investments include increases in tangible and intangible assets that are used during more than one accounting period.

The following tables present the segment sales volumes, net sales, earnings, assets and liabilities grouped by the location of segment assets in fiscal years 2021 and 2020. Furthermore, segment net sales are grouped by the geographical locations of customers in fiscal years 2021 and 2020.

2021 EUR/L 1,000	Finland	Estonia	Latvia	Lithuania	Belarus	Eliminations and other segments	Group
Sales volume	258,075	117,578	77,172	132,045	283,291	-14,484	853,677
INCOME							
External net sales	191,573	71,802	35,436	57,940	97,461	8,014	462,226
Beverage sales	190,333	71,802	35,436	57,940	97,461	8,014	460,986
Equipment services	1,240	0	0	0	0	0	1,240
Internal net sales	1,091	5,311	4,526	2,928	914	-14,770	0
Total net sales	192,664	77,112	39,962	60,868	98,375	-6,756	462,226
EARNINGS							
Operating profit for the segment	25,182	13,612	3,014	5,047	14,471	-1,887	59,439
Financial income							284
Financial expenses							-655
Share of profit in associates	0	44	0	0	0	0	44
Income taxes	-5,307	-2,605	-12	-475	-2,614	262	-10,751
Net profit for the period							48,361
OTHER INFORMATION							
Segment assets	263,177	77,964	41,983	60,579	67,877	-82,070	429,509
Investments in associates and joint ventures	50	944					994
Unallocated assets							60,731
Total consolidated assets							490,242
Segment liabilities	121,839	13,915	8,661	15,204	12,468	2,393	174,482
Unallocated liabilities							18,136
Total consolidated liabilities							192,618
Segment investments	12,069	6,165	4,483	3,785	5,195	319	32,016
Depreciation and impairment	10,679	3,772	2,831	3,175	4,896	1,653	27,006

2020 EUR/L 1,000	Finland	Estonia	Latvia	Lithuania	Belarus	Eliminations	Group
Sales volume	244,391	109,359	70,904	122,446	245,709	-26,956	765,854
INCOME							
External net sales	178,992	65,029	35,039	52,701	83,123	0	414,884
Beverage sales	177,738	65,029	35,039	52,701	83,123	0	413,630
Equipment services	1,254	0	0	0	0	0	1,254
Internal net sales	1,321	5,805	2,338	2,799	217	-12,480	0
Total net sales	180,313	70,834	37,377	55,500	83,340	-12,480	414,884
EARNINGS							
Operating profit for the segment	23,024	13,304	3,603	4,171	13,593	-1,259	56,435
Financial income							277
Financial expenses							-2,903
Share of profit in associates	0	2	0	0	0	0	2
Income taxes	-4,702	-3,041	118	-490	-2,107	-2,674	-12,896
Net profit for the period							40,916
OTHER INFORMATION							
Segment assets	248,652	73,869	32,315	57,366	57,429	-96,237	373,395
Investments in associates and joint ventures	50	944					994
Unallocated assets							46,955
Total consolidated assets							420,351
Segment liabilities	99,554	12,065	5,471	12,338	10,508	-3,084	136,852
Unallocated liabilities							15,367
Total consolidated liabilities							152,219
Segment investments	13,959	4,745	2,479	2,841	8,011	0	32,035
Depreciation and impairment	9,704	3,801	2,621	3,066	4,781	999	24,972

SEGMENT NET SALES BY TARGET COUNTRY 2021

2021	**Finland**	**Estonia**	**Latvia**	**Lithuania**	**Belarus**	**Other countries**	**Eliminations and other segments**	**Group**
External net sales	188,850	63,602	34,185	43,703	78,330	53,555	0	462,226
Internal net sales	2,488	2,866	3,123	5,264	365	664	-14,770	0
Total net sales	**191,338**	**66,468**	**37,308**	**48,968**	**78,695**	**54,219**	**-14,770**	**462,226**

SEGMENT NET SALES BY TARGET COUNTRY 2020

2020	**Finland**	**Estonia**	**Latvia**	**Lithuania**	**Belarus**	**Other countries**	**Eliminations**	**Group**
External net sales	176,588	58,306	35,750	42,019	67,388	34,833	0	414,884
Internal net sales	2,419	2,240	1,820	4,284	1,715	0	-12,478	0
Total net sales	**179,007**	**60,546**	**37,570**	**46,303**	**69,103**	**34,833**	**-12,478**	**414,884**

2. LOGISTICS, SALES, MARKETING AND ADMINISTRATIVE EXPENSES

EUR 1,000	2021	2020
Logistics, sales and marketing expenses		
Sales freights	29,457	26,015
Other logistics expenses	23,661	19,540
Sales and marketing expenses	46,476	41,745
Administrative expenses	34,990	34,650
Total logistics, sales, marketing and administrative expenses	**134,584**	**121,950**

3. OTHER OPERATING INCOME AND EXPENSES

EUR 1,000	2021	2020
Sales gains on property, plant and equipment	503	272
Rental income	132	146
Others	1,341	505
Total other operating income	**1,976**	**923**

Other operating income consists of items such as gains on market money as well as sales of by-products from manufacturing.

EUR 1,000	2021	2020
Sales losses and scrapping of property, plant and equipment	758	300
Other operating expenses	76	273
Total other operating expenses	**834**	**574**

4. COSTS OF EMPLOYEE BENEFITS, PERSONNEL AND SHARE-BASED PAYMENTS

Accounting policies

Pension obligations
The Group's pension schemes are defined contribution plans. In defined contribution plans, the Group makes fixed payments to a third party. The Group has no legal or factual obligation to make any additional contributions if the entity receiving the payments fails to pay the pension benefits in question. Contributions paid to defined contribution pension plans are recognised in the income statement during the period to which the charge applies.

Share-based payments
The Group applies IFRS 2 Share-based Payment to all share-based business transactions. Arrangements settled in equity instruments are measured at fair value on the date of granting and recognised as expenses in the income statement in equal instalments over the vesting period. Arrangements settled in cash are measured at fair value at each closing of the accounts, and changes in the fair value of the liability are recognised in the income statement. The earnings effect of the arrangement is presented in the income statement under the costs of employee benefits.

The cost determined at the time of granting the share-based bonuses is based on the Group management's estimate of the number of shares that are expected to become vested at the end of the vesting period. The Group updates the expectation of the final number of shares on each balance sheet date. The changes in the estimates are recognised in the income statement.

Employee benefits in fiscal years 2020 and 2021 are presented in the following table:

EUR 1,000	2021	2020
Salaries	51,673	46,000
Pension costs - defined contribution	3,619	2,875
Benefits exercised and payable in stock	429	587
Benefits payable in cash	188	973
Other personnel expenses	5,434	3,962
Total	**61,343**	**54,397**
Group personnel on average during the period		
Finland	416	389
Estonia	344	324
Latvia	236	193
Lithuania	244	240
Belarus	832	765
Denmark	39	0
Total	**2,111**	**1,911**

Information on employee benefits and loans to management is presented in Note 23, Related party transactions.

Share-based payments

Olvi Group's share-based incentive plan for key personnel, the performance period of which was from 1 February 2019 to 31 January 2021, has expired. The target group of the plan included approximately 60 people, and in accordance with the terms and conditions of the plan, rewards were paid in Olvi plc Series A shares and partially in cash. A total of 36,200 Series A shares were handed over as share-based rewards.

At its meeting of 1 February 2021, the Board of Directors of Olvi plc decided on the terms and conditions of three new share-based incentive plans for the Group's key personnel: a performance-based share plan for 2021–2025, a matching share plan for 2021–2022 and a restricted share plan for 2021–2025. Among these incentive plans, the performance-based share plan for the performance periods 2021–2022 and 2021–2023 started on 15 February 2021. The target groups include approximately 18 people, including the Managing Director of the Group, the Managing Directors of the subsidiaries outside Finland, the members of Olvi plc's Management Group and the Sales Directors of subsidiaries outside Finland. The rewards are based on the Group's accumulated operating profit in euros and the increase of non-alcoholic sales volume. Net rewards payable for the performance period 2021–2022 amount to an approximate maximum of 6,100 Olvi plc Series A shares, and for the performance period 2021–2023, approximately 10,000 Olvi plc Series A shares.

Olvi plc initiated a new matching share plan for key personnel, the performance period of which is from 15 April 2021 to 14 April 2023. The plan is directed to approximately 55 people. In accordance with the share-based incentive plan, Olvi plc has sold a total of 12,495 treasury shares to the target group members by the end of December for an aggregate price of 598.9 thousand euro.

The objective of long-term rewards is to support the achievement of the company's targets, make key personnel committed to the company and offer incentive plans based on earning the company's shares. The rewards are payable partially in Olvi plc's Series A shares and partially in cash. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the employees involved. As a rule, no reward will be paid if employment or service ends before the reward payment. Under the scheme, the target group is able to earn Olvi plc Series A shares based on performance. The Board of Directors shall decide on the earning criteria and the targets for each of these at the beginning of the performance period. Any rewards from the scheme shall be paid after the end of each performance period.

The Board of Directors has set an upper limit for the gross total rewards payable to each person in a calendar year. The limit applies to all gross rewards payable under long-term incentive schemes. Any member of Olvi's Management Group has to hold at least one-half of the shares received as net rewards from the new incentive plans until the value of the member's holding in the company equals at least one-half of their annual salary for the previous year. These Olvi plc Series A shares have to be held for as long as the person is a member of the Management Group.

In the period under review, costs associated with the plans were recognised for a total of 631.3 thousand euro. Olvi Group does not have any other share-based plans or option plans.

5. RESEARCH AND DEVELOPMENT COSTS

The income statement includes 4.9 million euro of R&D costs recognised as expenses in 2021 (0.7 million euro in 2020), which is 1.1 (0.2) percent of net sales. The Group re-defined the concept of research and development in 2021. Previously it comprised product development only. The change has not been applied retroactively, so the previous year figure is not comparable.

The recognition policies for research and development costs are presented in Note 10, Intangible assets.

6. AUDIT COSTS

EUR 1,000	2021	2020
Auditing firm elected by the General Meeting		
Fees for statutory audit	187	171
Associated auditing services	1	6
Tax services	5	4
Other services	17	8
Total	**209**	**189**
Other entities		
Fees for statutory audit	32	7
Associated auditing services	1	0
Tax services	0	0
Other services	0	74
Total	**33**	**81**

7. FINANCIAL INCOME AND EXPENSES

Accounting policies

Interest
Interest income is recognised on the basis of elapsed time using the effective interest method. Interest income from impaired loan receivables is recognised in accordance with original effective interest.

Dividends
Dividend income is recognised when the right to dividend becomes vested.

EUR 1,000	2021	2020
Dividend income from investments held as fixed assets	3	4
Interest income from bank deposits	224	220
Exchange rate differences	11	8
Other interest and financial income	46	45
Total	**284**	**277**

EUR 1,000	2021	2020
Interest expenses on leases	108	114
Interest expenses on financial liabilities measured at original amortised cost	394	196
Net gains (-) / losses (+) from interest derivatives	0	-37
Exchange rate differences	63	2,066
Other financial expenses	90	564
Total	**655**	**2,903**

The recognition policies for financial expenses are presented in Note 17, Financial liabilities. Information on other financial expenses is presented in Note 20, Provisions, collateral and contingent liabilities.

8. INCOME TAXES

Accounting policies

The tax expenses in the consolidated income statement comprise tax based on the taxable income for the period and change in deferred tax. The tax based on the taxable income for the period is calculated on the basis of taxable income in accordance with the tax rate valid in each country. The tax is adjusted by any taxes associated with previous periods. The Group will offset tax receivables and liabilities based on the taxable income for a period if and only if the Group has a legally enforceable right to offset the recognised items against each other, and that the Group will either provide performance on a net basis or simultaneously realise an asset and repay a debt.

EUR 1,000	2021	2020
Tax based on taxable income for the period	10,226	10,138
Taxes from previous accounting periods	-31	-31
Deferred taxes	556	2,788
Total	**10,751**	**12,895**

Reconciliation between the tax expenses in the income statement and taxes calculated in accordance with the Finnish tax rate 20.0% (20.0%).

EUR 1,000	2021	2020
Earnings before tax	59,113	53,811
Taxes calculated at the home country's rate	11,823	10,762
Effect of different tax rates for foreign subsidiaries	-855	-885
Tax-free income	-194	-141
Retained losses for which a deferred tax receivable has been recognised	-235	0
Tax effect of non-deductible items	767	779
Tax on profit distribution	0	2,605
Deductible expenses outside the income statement	-854	-193
Taxes from previous accounting period	-31	-31
Other taxes and adjustments	331	0
Taxes in income statement	**10,751**	**12,895**

DEFERRED TAX RECEIVABLES AND LIABILITIES

Accounting policies

Deferred taxes are calculated on temporary differences between book value and tax base. However, a deferred tax liability shall not be booked on the original recognition of goodwill, or if this arises from the original recognition of an asset or liability item when the case does not concern a business combination and the transaction does not affect the accounted earnings or taxable income at the time of its realisation.

Deferred taxes are recognised for investments in subsidiaries, associates and joint ventures unless the Group is able to determine the time when a temporary difference will be reversed, and when the temporary difference will probably not be reversed in the foreseeable future.

Within the Group, the most substantial temporary differences arise from depreciation on tangible assets, arrangements settled in equity instruments, planned profit distribution and the share-based incentive plan.

Deferred taxes are calculated at tax rates enacted or practically approved by the balance sheet date, which are expected to be applicable when the deferred tax receivable is realised or the deferred tax liability is paid.

The amount of deferred tax receivables and the probability of utilisation are assessed at every closing of the accounts. Deferred tax receivables on confirmed losses are recognised up to the probable amount of taxable income in the future against which the temporary difference can be utilised. The Group companies have a total of 4,452 thousand euro of unused tax-deductible losses which will expire between 2026 and 2030. Deferred tax on tax-deductible losses has been recognised until tax year 2021 to the probable amount of taxable income in the future.

Deferred tax receivables and liabilities are presented in the balance sheet as separate items under non-current assets or liabilities. The Group will offset deferred tax receivables and liabilities only in the case that the Group has a legally enforceable right to offset the tax receivables and liabilities based on taxable income for the period, and the deferred tax receivables and liabilities are associated with income taxes collected by the same tax authority either from the same taxpayer or another taxpayer who are either planning to offset the tax receivables and liabilities based on taxable income for the period, or to realise the receivable and pay the liabilities simultaneously in each future period during which a substantial amount of deferred tax liabilities is expected to be paid or a substantial amount of deferred tax receivables is expected to be utilised.

The following table presents changes in deferred tax receivables during fiscal year 2021:

EUR 1,000	31 Dec 2020	Recognised through profit and loss	Acquisitions of subsidiaries	Exchange rate differences	31 Dec 2021
Derivatives at fair value	1	-1	0	0	0
Internal margins	221	-32	0	8	197
Share-based incentives	407	-282	0	0	125
Confirmed losses	222	173	551	0	946
Other items	235	-16	0	0	219
Total	**1,086**	**-158**	**551**	**8**	**1,487**

No substantial factors of uncertainty are associated with deferred tax receivables.

The following table presents changes in deferred tax liabilities during fiscal year 2021:

EUR 1,000	31 Dec 2020	Recognised through profit and loss	Acquisitions of subsidiaries	Exchange rate differences	31 Dec 2021
Fixed assets	8,418	-87	2,434	3	10,769
Profit distribution	2,605	500	0	0	3,105
Other items	84	-15	0	0	69
Total	**11,107**	**398**	**2,434**	**3**	**13,943**

A deferred tax liability of 3,105 thousand euro for the planned profit distribution of AS A. Le Coq and A/S Cēsu Alus has been recognised in the 2021 financial statements. No deferred tax liability has been recognised on the undistributed earnings of AS A. Le Coq and A/S Cēsu Alus, 78,018 thousand euro in 2021, as the parent company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. If deferred tax was recognised on undistributed earnings, its effect would be 13,734 thousand euro.

The following tables present changes in deferred tax receivables and liabilities during fiscal year 2020:

EUR 1,000	31 Dec 2019	Recognised through profit and loss	Recognised in equity	Exchange rate differences	31 Dec 2020
Derivatives at fair value	22	-21	0	0	1
Internal margins	105	-11	138	-11	221
Share-based incentives	177	230	0	0	407
Confirmed losses	162	60	0	0	222
Other items	9	226	0	0	235
Total	**475**	**484**	**138**	**-11**	**1,086**

EUR 1,000	31 Dec 2019	Recognised through profit and loss	Recognised in equity	Exchange rate differences	31 Dec 2020
Fixed assets	7,772	670	0	-24	8,418
Profit distribution	0	2,605	0	0	2,605
Other items	87	-3	0	0	84
Total	**7,859**	**3,272**	**0**	**-24**	**11,107**

9. EARNINGS PER SHARE

Undiluted earnings per share are calculated by dividing the profit for the accounting period belonging to the parent company's shareholders by the weighted average of shares outstanding during the accounting period. When calculating the weighted average, the number of treasury shares in the company's possession is deducted from the number of shares. Olvi plc held a total of 9,404 of its own Series A shares on 31 December 2021.

Detailed information on treasury shares can be found in Note 16, Notes concerning shareholders' equity.

	2021	2020
Profit belonging to parent company shareholders (EUR 1,000)	47,862	40,559
Weighted average number of shares during the period (1,000)	20,722	20,722
Effect of treasury shares (1,000)	-15	-14
Weighted average number of shares for the calculation of EPS (1,000)	20,707	20,708
Undiluted/diluted earnings per share (euro per share)	2.31	1.96

In the calculation of earnings per share adjusted for dilution, the weighted average number of shares includes the diluting effect of the conversion of all potential options outstanding during the period. When calculating the weighted average number of shares adjusted for dilution, the number of treasury shares in the company's possession is deducted from the number of shares. The calculation of the dilution effect includes consideration for the number of treasury shares acquired using funds received from the exchange of options.

During 2020 and 2021, Olvi Group has not had options or any other schemes having a diluting effect, which means that undiluted earnings per share and earnings per share adjusted for dilution have been equal during these years.

10. INTANGIBLE ASSETS

Accounting policies

Goodwill

Goodwill arising from business combinations is recognised at the amount to which the total of consideration given, the share of non-controlling interests in the acquired entity and any previous holding exceed the fair value of net assets acquired.

No regular amortisation is booked on goodwill but it is tested for impairment annually or, if necessary, more frequently. For this purpose, goodwill is allocated to cash generating units that correspond to the management's way of supervising the business and associated goodwill. In the Group, cash generating units correspond to operating segments reported to top management. Goodwill is recognised at original cost deducted by impairment.

Research and development costs

Research and development costs are recognised as expenses in the income statement. Development costs arising from the design of new or more advanced products are capitalised as intangible assets in the balance sheet starting from the time the product is technically feasible, it can be utilised commercially, and future economic benefit is expected from the product. As a result of corporate acquisitions in the accounting period from 1 January to 31 December 2018, Olvi Group has a total of 101 thousand euro of capitalised development costs on 31 December 2021 (172 thousand euro on 31 December 2020).

Development costs previously recognised as expenses will not be subsequently capitalised. Amortisation is booked on an item starting from the time it is ready for use. An item that is not yet ready for use is tested annually for impairment.

Other intangible assets

An intangible asset item is recognised in the balance sheet only if its acquisition cost can be reliably determined and it is probable that the expected economic benefit from the item will be to the Group's advantage. Intangible assets with a limited useful life are booked in the balance sheet at original cost and recognised as expenses in the income statement by straight-line amortisation over their known or estimated useful life. No amortisation is booked on intangible assets with an unlimited useful life but they are tested annually for impairment.

The amortisation periods for intangible assets are the following:

Development costs	6	years
Trademarks	10	years
Computer software	5	years
Others	5	years

EUR 1,000	Goodwill	Intangible assets	Total
Acquisition cost 1 Jan 2021	**30,661**	**38,297**	**68,958**
Corporate acquisitions	455	2,944	3,399
Additions	0	2,298	2,298
Deductions	0	-123	-123
Transfers between items	0	-59	-59
Exchange rate differences	159	69	228
Acquisition cost 31 Dec 2021	**31,274**	**43,426**	**74,700**
Accumulated depreciation and impairment 1 Jan 2021	**5,488**	**28,371**	**33,860**
Depreciation	0	2,409	2,409
Accumulated depreciation on deductions and transfers	0	-101	-101
Exchange rate differences	-180	51	-129
Accumulated depreciation and impairment 31 Dec 2021	**5,308**	**30,730**	**36,038**
Book value 1 Jan 2021	**25,172**	**9,925**	**35,097**
Book value 31 Dec 2021	**25,966**	**12,696**	**38,662**

Intangible assets consist mainly of customer relationships, trademarks, computer software and leases on land areas.

EUR 1,000	Goodwill	Intangible assets	Total
Acquisition cost 1 Jan 2020	**31,217**	**37,138**	**68,355**
Additions	0	1,509	1,509
Deductions	0	-346	-346
Transfers between items	0	196	196
Exchange rate differences	-556	-200	-756
Acquisition cost 31 Dec 2020	**30,661**	**38,297**	**68,958**
Accumulated depreciation and impairment 1 Jan 2020	**4,857**	**26,540**	**31,397**
Depreciation	0	2,325	2,325
Exchange rate differences	632	-147	485
Accumulated depreciation and impairment 31 Dec 2020	**5,489**	**28,372**	**33,861**
Book value 1 Jan 2020	**26,360**	**10,598**	**36,958**
Book value 31 Dec 2020	**25,172**	**9,925**	**35,097**

11. IMPAIRMENT AND IMPAIRMENT TESTING OF GOODWILL

Accounting policies

Impairment

The balance sheet values of non-current tangible and intangible assets are assessed for impairment on the balance sheet date and every time there is evidence that the value of an asset may have been impaired. The impairment test estimates the amount recoverable from an asset. Recoverable amount equals to the fair value of an asset deducted by costs arising from its transfer, or value in use if this is higher.

An impairment loss is recognised in the income statement when the book value of an asset exceeds its recoverable amount. If an impairment loss is attributable to a cash generating unit, it is first allocated to reduce the goodwill attributable to the cash generating unit and then to reduce other asset items within the unit on a pro rata basis. An impairment loss will be reversed if there is a change in the circumstances and the amount recoverable from an asset has changed since the recognition of the impairment loss. However, any impairment loss reversal may not exceed the amount that would be the book value of the asset if the impairment loss was not recognised. Impairment losses recognised on goodwill are not to be reversed in any circumstances.

Impairment testing

The Group carries out annual impairment testing of goodwill and other intangible assets with an unlimited useful life. This is done at the level of cash generating units. Recoverable amounts from cash generating units are determined through calculations based on value in use. The preparation of these calculations requires the use of estimates. The crucial variables used for the calculation of value in use are budgeted sales volume, budgeted net sales and operating profit, as well as the WACC and growth percentage applied. Estimated sales and production volumes are based on existing fixed assets.

Goodwill has been allocated to cash generating units as follows: Estonia 8,146 thousand euro, Latvia 742 thousand euro, Lithuania 2,241 thousand euro, Belarus 3,763 thousand euro and Finland 11,075 thousand euro. Since the beginning of 2020, the Finland unit includes three previously separate cash generating units. An intangible asset with indefinite useful live has been allocated to Lithuania cash generating unit amounting to 1 017 thousand euro.

The estimated future cash flows used for impairment testing are based on financial plans approved by Group management. The cash flow estimates are based on financial plans for the next four years. Cash flow estimates due later than four years are extrapolated using estimated growth rates that do not exceed the estimated long-term growth rates of the cash generating units. The growth rate applied to all segments was 2% (2%). In the assessment of future cash flows, management has also compared previous financial plans with actual development.

The discount rate is weighted average cost of capital (WACC) before taxes: in Estonia 8.89 (8.93), in Latvia 9.06 (9.07), in Lithuania 9.42 (9.55), in Belarus 20.71 (19.23) and in Finland 8.82 (8.82) percent. According to impairment testing, there is currently no need for recognition of impairment.

The Group applies a sensitivity analysis to all impairment tests. The sensitivity analysis estimates the maximum change in a single variable that would still allow the recoverable amount to equal the balance sheet value of the asset. The sensitivity percentages are on a good level and the safety margins are sufficient. The Board of Directors of Olvi plc is actively monitoring the development of the economic situation in the subsidiary countries and any effects this may have.

12. TANGIBLE ASSETS

Accounting policies

Recognition of tangible assets

Tangible assets are recognised in the balance sheet at original cost deducted by accumulated depreciation and impairment losses.

Acquisition cost includes costs directly arising from the acquisition of a tangible asset. The acquisition cost of an asset of our own manufacture includes material costs, direct costs of employee benefits as well as other direct costs arising from making a tangible asset ready for its intended purpose. Any borrowing costs directly arising from the acquisition, construction or manufacture of a tangible asset fulfilling the preconditions are capitalised as part of the acquisition cost of the asset.

Any subsequent costs arising from additions to an asset, a partial replacement of an asset or maintenance of an asset are included in the book value of a tangible asset only if it is probable that future economic benefit associated with the asset will be to the Group's advantage and that the acquisition cost of the asset can be reliably determined. Service costs, in other words repair and maintenance costs, are recognised in profit or loss once they are realised.

Assets are depreciated by the straight-line method over their estimated useful life. Depreciation is not booked on land areas. Estimated useful lives are the following:

Buildings	20 to 40	years
Plant machinery and equipment	15 to 20	years
Recyclable packaging	5 to 20	years
Other tangible assets	5	years

The residual value and useful life of assets are reviewed upon each closing of the accounts and adjusted if necessary to reflect any changes in the expected economic benefit.

Depreciation on a tangible asset will be discontinued when the asset is classified as available for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Sales gains and losses arising from the decommissioning and transfer of tangible assets are included in other operating income or other operating expenses. Sales gain or loss is determined as the difference between sales price and residual acquisition cost.

Government grants

Public subsidies such as government grants associated with the acquisition of tangible assets are recognised as deductions in the book values of tangible assets when it is reasonably certain that the subsidies will be received and that the Group fulfils the preconditions for receiving such subsidies. The subsidies will be recognised as income through reduced depreciation over the useful life of the item.

Subsidies received as compensation for realised costs are recognised on the income statement at the same time as the associated costs are recognised as expenses. Such subsidies are presented in other operating income.

IFRS 16 LEASES

The Group as a lessee

Asset items acquired on lease agreements, excluding short-term and low-value leases, are recognised in the balance sheet at the fair value of the leased item in the beginning of the lease period or at a lower present value of minimum rents. Asset items acquired on lease agreements are depreciated over the useful life of the item or the lease period, whichever is shorter. Leasing rents payable are divided into financing cost and reduction of debt over the lease period so that the interest rate on the debt remaining in each accounting period is equal. As the discount rate, the Group primarily uses the internal rate of return in the lease or, if this cannot be determined, the incremental borrowing rate. Lease liabilities are included in interest-bearing financial liabilities on the balance sheet. The Group's lease agreements consist mostly of vehicles, leased production equipment and rental premises.

The lease term is the period of time during which the lease cannot be cancelled. Any options to extend or terminate a lease shall be accounted for if it is reasonably certain that the options will or will not be exercised. Leases valid until further notice in which the period of notice is no longer than 12 months are classified as short-term leases. Lease expenses under short-term leases are recognised through profit and loss in equal instalments.

The table below presents the effect of IFRS 16 Leases on Olvi Group's cash flow statement from 1 January to 31 December 2021 and 1 January to 31 December 2020.

Outgoing cash flow from leases

EUR 1,000	**2021**	**2020**
Repayments of lease liabilities	-2,876	-1,363
Interest expenses on leases	-103	-114
Expenses on short-term and low-value leases	-3,766	-3,134
Total on cash flow statement	**-6,745**	**-4,611**

The Group as a lessor

Items leased out by the Group in which a significant part of the risks and benefits characteristic of ownership have been transferred to the lessee are treated as finance lease agreements and recognised as receivables in the balance sheet. The receivable is recognised at present value. The financial income on a finance lease agreement is recognised as income during the lease period so that the remaining net investment will produce the same percentage of yield over the lease period. Assets leased out on agreements other than finance lease are included in tangible assets on the balance sheet. They are depreciated over their useful life just as similar tangible assets in own use. Lease income is recognised in the balance sheet as equal instalments over the lease period.

At the moment, the Group does not have any finance lease agreements as a lessor but all beverage distribution and cooling equipment leases are operating leases. Risk associated with assets leased out is managed through asset insurance policies. The leases are valid until further notice and as such can be terminated. The book value of assets leased out is 3.5 million euro (3.5 million in 2020). The amount of rental income received is not significant to the Group's overall business.

Changes in tangible assets in fiscal years 2020 and 2021

The following tables present changes in the Group's tangible assets in fiscal years 2020 and 2021.

EUR 1,000	Land and water areas	Buildings	Buildings, leasing	Machinery and equipment	Machinery and equipment, leasing	Other tangible assets	Other tangible assets, leasing	Advance payments and unfinished purchases	Total
Acquisition cost 1 Jan 2021	**1,884**	**130,313**	**1,125**	**309,829**	**7,317**	**32,938**	**72**	**4,851**	**488,329**
Corporate acquisitions	9	8,334	0	6,901	2,674	55	0	75	18,048
Additions	404	1,738	0	4,674	534	3,309	0	19,601	30,260
Deductions	0	-689	0	-3,614	-390	-2,161	0	-60	-6,915
Transfers between items	0	779	0	11,359	-337	-251	0	-12,007	-458
Exchange rate differences	0	1,457	11	4,244	0	297	0	156	6,165
Acquisition cost 31 Dec 2021	**2,297**	**141,933**	**1,136**	**333,392**	**9,796**	**34,187**	**72**	**12,616**	**535,429**
Accumulated depreciation and impairment 1 Jan 2021	**0**	**63,292**	**303**	**200,048**	**4,684**	**15,775**	**72**	**0**	**284,174**
Depreciation and impairment	0	3,869	151	16,985	1,218	2,363	0	0	24,586
Accumulated depreciation on deductions and transfers	0	-423	0	-3,127	-723	-1,099	0	0	-5,372
Exchange rate differences	0	379	7	2,078	0	222	0	0	2,686
Accumulated depreciation and impairment 31 Dec 2021	**0**	**67,118**	**461**	**215,983**	**5,179**	**17,261**	**72**	**0**	**306,073**
Book value 1 Jan 2021	**1,884**	**67,021**	**822**	**109,781**	**2,632**	**17,163**	**0**	**4,851**	**204,155**
Book value 31 Dec 2021	**2,297**	**74,815**	**674**	**117,409**	**4,618**	**16,927**	**0**	**12,616**	**229,356**

Other tangible assets consist mainly of packaging, vehicles, equipment included in equipment service, as well as office furniture.

EUR 1,000	Land and water areas	Buildings	Buildings, leasing	Machinery and equipment	Machinery and equipment, leasing	Other tangible assets	Other tangible assets, leasing	Advance payments and unfinished purchases	Total
Acquisition cost 1 Jan 2020	**1,884**	**129,024**	**282**	**299,447**	**7,844**	**30,274**	**72**	**12,351**	**481,176**
Additions	0	91	381	3,502	1,031	3,263	0	23,567	31,834
Deductions	0	-22	-6	-1,147	-705	-2,592	0	-60	-4,533
Transfers between items	0	6,320	502	20,583	-853	3,026	0	-30,144	-567
Exchange rate differences	0	-5,098	-33	-12,555	0	-1,033	0	-863	-19,582
Acquisition cost 31 Dec 2020	**1,884**	**130,313**	**1,125**	**309,829**	**7,317**	**32,938**	**72**	**4,851**	**488,329**
Accumulated depreciation and impairment 1 Jan 2020	**0**	**60,812**	**130**	**193,183**	**4,496**	**13,783**	**72**	**0**	**272,475**
Depreciation and impairment	0	3,654	153	15,316	1,249	2,164	0	0	22,536
Accumulated depreciation on deductions and transfers	0	-23	34	-2,280	-1,060	525	0	0	-2,804
Exchange rate differences	0	-1,149	-15	-6,172	0	-697	0	0	-8,033
Accumulated depreciation and impairment 31 Dec 2020	**0**	**63,292**	**303**	**200,048**	**4,684**	**15,775**	**72**	**0**	**284,174**
Book value 1 Jan 2020	**1,884**	**68,212**	**152**	**106,264**	**3,347**	**16,491**	**0**	**12,351**	**208,701**
Book value 31 Dec 2020	**1,884**	**67,021**	**822**	**109,781**	**2,632**	**17,163**	**0**	**4,851**	**204,155**

13. FINANCIAL ASSETS

Accounting policies

Classification of financial assets
The Group's financial assets are classified into the following groups: financial assets recognised at amortised cost (loans receivable and other non-current receivables), financial assets recognised at fair value through profit or loss (derivatives) and financial assets recognised at fair value through other comprehensive income (other investments). The classification is based on the purpose of acquiring the financial assets and carried out upon original acquisition. With regard to equity investments, the irrevocable option of recognising them at fair value through other comprehensive income has been exercised at the time of acquisition. Transaction costs are included in the original book value of financial assets. On the balance sheet, they are included in current or non-current assets according to their nature: in the latter group if the time to maturity is more than 12 months.

Financial assets are derecognised once the rights to the investment's cash flows have ceased or have been transferred to another party, and the Group has transferred any substantial risks and benefits of ownership.

EUR 1,000	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Level
31/12/2021				
Other investments			888	3
Loans receivable and other non-current receivables	1,731			
Accounts receivable and other current receivables	99,246			

EUR 1,000	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Level
31/12/2020				
Other investments			851	3
Loans receivable and other non-current receivables	1,786			
Accounts receivable and other current receivables	88,234			

Impairment of financial assets
On each balance sheet date, the Group estimates whether there is objective evidence that the value of a financial asset item or financial asset group may have been impaired. If there is evidence of potential impairment, the amount of loss is determined as the difference between the book value of the asset and its fair value or the present value of estimated future cash flows discounted at the original effective interest rate. Impairment is recognised through profit or loss in financial items or other operating income (impairment of accounts receivable).

13.1. OTHER INVESTMENTS

The Group's other investments consist mostly of unquoted equity holdings contributing to the Group company's operations, as well as shares in a housing corporation. Measurement at hierarchy level 3 has been determined on the basis of valuation by an external expert. Shares have been measured at fair value through other comprehensive income as these holdings do not belong to Olvi's core business. The error margin of valuation is +/- 2 percent.

EUR 1,000	2021	2020
Book value 1 January	**866**	**911**
Corporate acquisitions	8	0
Additions	29	15
Transfers between items	0	-60
Book value 31 December	**903**	**866**
Accumulated depreciation and impairment 1 Jan	**-15**	**-75**
Accumulated depreciation on deductions and transfers	0	60
Accumulated depreciation and impairment 31 Dec	**-15**	**-15**
Book value 1 January	**852**	**836**
Book value 31 December	**888**	**851**

13.2. LOANS RECEIVABLE AND OTHER NON-CURRENT RECEIVABLES

The group of loans receivable and other non-current receivables includes the Group's loans receivable and other non-current receivables. Other non-current receivables consist mainly of security deposits and advances extended to customers. The book value of other non-current receivables is essentially equal to their fair value.

EUR 1,000	2021	2020
Loans receivable	454	433
Other non-current receivables	1,277	1,353
Total	**1,731**	**1,786**

13.3. ACCOUNTS RECEIVABLE AND OTHER INTEREST-FREE RECEIVABLES

EUR 1,000	2021	2020
Accounts receivable	85,497	79,167
Prepayments and accrued income	13,190	8,876
Other receivables	560	191
Total	**99,246**	**88,234**

The Group applies a simplified provision matrix to the recognition of credit risk on accounts receivable. A credit loss provision is booked to the amount of expected credit losses over the entire life of an asset when a financial asset is initially recognised on the balance sheet. Receivables are grouped and the provision is assessed by country. At the time of closing the accounts, management shall assess information on consumer behaviour and the financial situation in different countries proactively and utilising various parameters. There are no significant credit risk concentrations associated with receivables.

On the balance sheet date, accounts receivable included a credit loss provision of 1,564 thousand euro (865 thousand euro in 2020). During the accounting period, the Group has recognised 259 thousand euro of credit losses on accounts receivable (126 thousand euro in 2020).

On each balance sheet date, the Group estimates whether there is objective evidence that the value of a financial asset item or financial asset group may have been impaired. Factors suggesting impairment of accounts receivable include the debtor's substantial financial difficulties, a threat of bankruptcy or a payment delay exceeding 60 days, however taking into account the general payment patterns in each country.

Essential items included in prepayments and accrued income are associated with the accruals of rents and the costs of marketing and sales, insurance and administration.

The following table presents the maturity distribution of accounts receivable and the credit loss provision in 2020 and 2021:

EUR 1,000	2021		
	Gross accounts receivable	Provision	Net accounts receivable
Not due	80,251	27	80,225
Overdue			
Less than 30 days	5,243	239	5,005
31 to 60 days	345	58	287
61 to 90 days	56	13	43
91 to 120 days	37	13	25
More than 120 days	1,128	1,215	-87
Total	**87,061**	**1,564**	**85,497**

EUR 1,000	2020		
	Gross accounts receivable	Provision	Net accounts receivable
Not due	74,143	74	74,069
Overdue			
Less than 30 days	4,413	82	4,331
31 to 60 days	467	23	444
61 to 90 days	84	14	70
91 to 120 days	19	12	7
More than 120 days	906	660	246
Total	**80,032**	**865**	**79,167**

The following table presents the distribution of accounts receivable by currency:

EUR/other 1,000	2021		2020	
	other	EUR	other	EUR
EUR	72,799	72,799	70,170	70,170
BYN	34,041	11,809	30,638	9,671
RUB	26,936	316	17,438	191
SEK	6	1	0	0
DKK	15,886	2,136	0	0

14. INVENTORIES

Accounting policies

Inventories are recognised at acquisition cost or a lower probable net realisable value. The acquisition cost of raw materials and supplies is determined by the weighted average method. The acquisition cost of finished and unfinished products is based on actual costs and manufacturing volumes and comprises raw materials, direct expenses due to work performed, other direct expenses, as well as a proportion of the variable and fixed overheads of manufacturing. Net realisable value refers to estimated sales price available through normal business operations, deducted by estimated costs of finishing the product and costs of sale.

EUR 1,000	2021	2020
Materials and supplies	29,214	20,535
Unfinished products	3,921	3,100
Finished products/goods	24,877	17,003
Other inventories	598	1,640
Total	**58,609**	**42,278**

Non-marketability deductions on inventories have been booked for 1,704 thousand euro in 2021 (1,359 thousand euro in 2020).

15. LIQUID ASSETS

Accounting policies

Liquid assets comprise cash, bank deposits withdrawable on demand, as well as other short-term very liquid investments. Items classified as liquid assets have a maturity of no more than three months calculated from the date of acquisition. Any amount withdrawn from account overdraft facilities is presented in other current liabilities.

EUR 1,000	2021	2020
Cash and bank accounts	58,741	45,096
Total	**58,741**	**45,096**

16. NOTES CONCERNING SHAREHOLDERS' EQUITY

Accounting policies

The Group classifies the financial instruments it has issued either as shareholders' equity or liabilities (financial liabilities). An equity instrument is any contract that presents a right to a share of an entity's assets after deduction of all of the entity's debts.

Outstanding Series K and Series A shares are presented as share capital. Any transaction costs immediately arising from the issuance of new shares or options, after being adjusted for tax effects, are presented in shareholders' equity as a deduction of payments received.

If the Group acquires the company's own shares, the consideration paid and the immediate costs of acquisition are deducted from shareholders' equity until the shares are annulled or re-released to circulation. The value date for acquisition of treasury shares is the actual trading date.

If the shares are re-released, the consideration received less immediate transaction costs is included in shareholders' equity.

Number of shares

The following table specifies changes in the numbers of shares outstanding and corresponding changes in shareholders' equity:

EUR 1,000	Number of K shares	Number of A shares	Share capital EUR	Other reserves EUR	Treasury shares EUR	Total EUR
31/12/2020	3,732,256	16,951,416	20,759	1,387	-1,802	20,344
Acquisition of treasury shares		-18,539			-874	-874
Sales of treasury shares to employees		11,495			551	551
Issue of treasury shares to employees		36,200			1,688	1,688
31/12/2021	3,732,256	16,980,572	20,759	1,387	-437	21,709

The maximum number of shares is 6.0 million K shares and 24.0 million A shares (6.0 million K shares and 24.0 million A shares in 2020). The minimum number of K shares is 1.5 million. The Group's maximum share capital is 60.0 million euro (60.0 million euro in 2020) and the minimum share capital is 15.0 (15.0) million euro. All issued shares have been paid in full.

Other reserves include the share premium account, legal reserve and other reserves..

Descriptions of equity reserves

Share premium account
The share premium account comprises any subscription price in excess of the par value of shares upon share issues. The share no longer has a par value.

Legal reserve
The legal reserve originates from reserve transfers made due to an obligation formerly included in the Articles of Association.

Fair value reserve
The fair value reserve includes changes in the fair value of other investments.

Translation differences
The Translation differences reserve includes translation differences arising from the conversion of the financial statements of foreign subsidiaries.

Treasury shares
On 31 March 2021, the General Meeting of Shareholders of Olvi plc decided to revoke any unused authorisations to acquire treasury shares and authorise the Board of Directors of Olvi plc to decide on the acquisition of the company's own shares using distributable funds. The authorisation is valid for one year starting from the General Meeting and covers a maximum of 500,000 Series A shares. The Annual General Meeting also decided to revoke all existing unused authorisations for the transfer of own shares and authorise the Board of Directors to decide on the issue of a maximum of 1,000,000 new Series A shares and the transfer of a maximum of 500,000 Series A shares held as treasury shares.

At the beginning of January 2021, Olvi plc held 38,560 of its own shares as treasury shares. Olvi plc continued its share repurchase plan in January. The plan started on 5 November 2020 and ended on 15 January 2021. The shares shall be acquired for the purpose of financing or executing any upcoming corporate acquisitions or other arrangements, implementing the company's incentive schemes or for other purposes decided upon by the Board of Directors.

On 19 February 2021, the Board of Directors of Olvi plc decided to initiate a scheme of acquiring treasury shares based on the authorisation issued by the Annual General Meeting on 8 April 2020. On this basis, the Board will repurchase a maximum of 10,000 Series A shares. The repurchase of treasury shares is based on the new share-based incentive plan for the Group's key personnel announced on 2 February 2021. The acquisition of shares started on 25 February 2021 and ended on 1 March 2021.

In accordance with the share-based incentive plan, Olvi plc has transferred a total of 11,495 treasury shares to the target group members of the matching share plan for an aggregate price of 551.5 thousand euro.

At the end of the review period, Olvi plc holds a total of 9,404 of its own Series A shares. The total purchase price of treasury shares was 438.0 thousand euro. Treasury shares held by the company itself are ineligible for voting. Series A shares held by Olvi plc as treasury shares represent 0.05 percent of all shares and 0.01 percent of the aggregate number of votes. The treasury shares represent 0.06 percent of all Series A shares and associated votes.

Payment of dividends

The dividend proposed by the Board of Directors to the General Meeting of Shareholders has not been recognised in these financial statements. Dividends will only be recognised on the basis of the General Meeting's decision.

After the balance sheet date, the Board of Directors has proposed a dividend of 1.20 euro per share for both Series K and Series A shares for 2021, totalling 24.9 million euro. Dividend for 2020 was paid at 1.10 euro per share, totalling 22.8 million euro. The dividend was paid on 20 April 2021 and 3 September 2021.

Adjustment to previous periods

Retained earnings has been adjusted for errors that occurred before the comparison year. The errors mainly concern Estonian and Lithuanian segments. The errors relate to misinterpretation of customs tariffs and incorrect valuation of tare.

17. FINANCIAL LIABILITIES

Accounting policies

Financial liabilities are initially recognised at fair value including transaction costs. They are subsequently measured at original amortised cost using the effective interest method. A financial liability is derecognised once the liability or a part thereof has ceased to exist – in other words, once the obligation specified in the contract has been fulfilled or annulled or it has ceased to be valid. Financial liabilities are divided into non-current and current liabilities on the basis of the period of realisation. Financial liabilities are classified as current unless the Group has an unconditional right to postpone repayment for at least 12 months after the end of the reporting period.

The Group's financial liabilities on 31 December 2021 consist mostly of lease liabilities and a minor amount of other financial liabilities. The fair values of financial liabilities correspond to their book values.

EUR 1,000	2021	2020
Non-current interest-bearing liabilities		
Loans from financial institutions	129	228
Lease liabilities	1,769	2,059
Other liabilities	16	16
Total	**1,913**	**2,303**
Current interest-bearing liabilities		
Loans from financial institutions	175	219
Lease liabilities	1,097	1,114
Total	**1,272**	**1,333**

Maturities of financial liabilities

2021 EUR 1,000	Less than 1 year	1 to 5 years	More than 5 years
Loans from financial institutions	175	115	14
Lease liabilities	1,097	1,463	305
Other liabilities	0	16	0
Total	**1,272**	**1,594**	**319**

2020 EUR 1,000	Less than 1 year	1 to 5 years	More than 5 years
Loans from financial institutions	219	228	0
Lease liabilities	1,114	1,712	347
Other liabilities	0	16	0
Total	**1,333**	**1,956**	**347**

Reconciliation of financial liabilities

EUR 1,000	1 Jan 2021	Cash Flow Withdrawals/repayments	Increase in lease liabilities	31 Dec 2021
Loans from financial institutions	447	-143		304
Lease liabilities	3,173	-2,877	2,569	2,865
Other liabilities	16			16
Total	**3,636**	**-3,020**	**2,569**	**3,185**

EUR 1,000	1 Jan 2020	Cash Flow Withdrawals/repayments	Increase in lease liabilities	31 Dec 2020
Loans from financial institutions	498	-51		447
Lease liabilities	3,150	-1,362	1,385	3,173
Other liabilities	16			16
Total	**3,664**	**-1,413**	**1,385**	**3,636**

Derivative contracts and hedge accounting

Olvi Group's derivative contracts are treated as assets held for trading because the Group does not apply hedge accounting in accordance with the IFRS regulations. Derivatives held for trading are interest rate and raw material contracts recognised at fair value through profit or loss. The fair value of these contracts is recognised in other current assets or liabilities. Both realised and unrealised gains and losses arising from changes in fair value are recognised in cost of sales as well as financial items within the income statement for the accounting period during which they arise. Olvi Group has no derivative contracts valid on the balance sheet date 31 December 2021.

18. MANAGEMENT OF FINANCING RISKS

The Group is exposed to financing risks in its normal course of business: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The objective of financing risk management is to minimise the adverse effects of changes in the financial markets on the Group's financial performance, shareholders' equity and liquidity. The general principles of the Group's risk management are approved by the Board of Directors of the parent company, and the parent company's management together with the management of subsidiaries is responsible for their practical implementation. Responsibility for Olvi Group's financing tasks is centralised in the parent company Olvi plc. The objectives of centralisation include optimisation of cash flows and financing costs, as well as efficient risk management.

I Market risk

I 1. Foreign exchange risk

Olvi Group operates internationally, and its business involves risks arising from exchange rate fluctuations. Foreign exchange risks arise from commercial transactions, in other words cash flows from purchases and sales, as well as investments in foreign subsidiaries, internal loan receivables and the conversion of the subsidiary's financial statements into euro.

The Group's most significant foreign exchange risk arises from the operations in Belarus. Operations in Belarus involve foreign exchange risks arising from the cash flows of purchases and sales in foreign currency, as well as the investment in the Belarusian subsidiary, internal financing and the conversion of the subsidiary's income statement and balance sheet items into euro. The Belarusian currency has fluctuated substantially in recent years and will continue to carry a risk of devaluation in the future, and if realised, this would result in a decline in Olvi Group's operating profit, net profit and shareholders' equity denominated in euro.

With regard to the net investment in the Belarusian subsidiary, the Group is exposed to balance sheet conversion risk. The translation position (BYN) on 31 December 2021 was 62.7 million euro (49.2 million in 2020). An exchange rate change of +/- 10 percent would impact consolidated profit for the period by +1.4/-1.1 million euro and consolidated shareholders' equity by approximately +7.0/-5.7 million euro. Intra-Group receivables and liabilities that constitute a part of the net investment made in a foreign operation have been taken into account in the sensitivity analysis.

The Group's other foreign exchange risks can be considered minor. The functional currency of the Group's most recent acquisition, A/S Bryggeriet Vestfyen, is the Danish krone, while the functional and reporting currency of other foreign subsidiaries is the euro. The Group has a minor amount of purchases and sales in other currencies. Due to the nature of the business, the time between order and delivery is short, which results in minor operations-related foreign exchange risk. Foreign exchange risk is also reduced by the fact that most of the Group's product sales and purchases of raw materials are denominated in euro. Consolidated financial income and expenses include 11 thousand euro of exchange rate gains (8 thousand euro in 2020) and 137 thousand euro of exchange rate losses (2,066 thousand euro in 2020).

Olvi Group regularly assesses the exchange rate risks related to operations and financing. Exchange rates can be hedged if this is considered reasonable. Foreign currency accounts receivable and payable are presented in Notes 13.3, Accounts receivable and other interest-free receivables and 19, Accounts payable and other interest-free liabilities.

I 2. Interest rate risk

The Group's interest rate risk arises from interest-bearing financial liabilities and associated interest expenses. Most of the Group's income and operational cash flows are independent of market interest rate fluctuations.

The Group may use interest rate swaps to reduce interest rate risk. The Group aims to optimise financing costs through operational measures and to manage interest rate risk using available means. The Group has no interest rate swaps valid on the balance sheet date 31 December 2021.

The Group's interest-bearing liabilities on 31 December 2021 consist mostly of lease liabilities and a minor amount of loans from financial institutions. Liabilities to financial institutions amounted to 0.3 million euro on 31 December 2021, while lease liabilities amounted to 2.9 million euro (lease liabilities 3.1 million euro in 2020). At the current level of loans, changes in the interest rate level do not have any essential effect on consolidated net profit before tax.

The maturity distribution of financial liabilities is presented in Note 17, Financial liabilities.

II Credit risk

The Group's credit risk arises from wholesale and HoReCa (hotel, restaurant, catering) customers with outstanding accounts receivable.

The creditworthiness of the Group's customers is reviewed regularly and always when entering into agreements with new customers. The Group only extends credit to businesses with flawless credit ratings. Furthermore, the Group aims to control credit risks through efficient collection of receivables. The amount of customer-specific accounts receivable is monitored regularly, and the customer's creditworthiness is re-assessed if necessary.

On each balance sheet date, the Group estimates whether there is objective evidence that the value of a financial asset item or financial asset group may have been impaired. Factors suggesting impairment of accounts receivable include the debtor's substantial financial difficulties, a threat of bankruptcy or a payment delay exceeding 60 days, however taking into account the general payment patterns in each country.

The Group applies a simplified provision matrix for the recognition of credit risk on accounts payable. A credit loss provision is booked to the amount of expected credit losses over the entire life of an asset when a financial asset is initially recognised on the balance sheet. Receivables are grouped and the provision is assessed by country. At the time of closing the accounts, management shall assess information on consumer behaviour and the financial situation in different countries proactively and utilising various parameters.

No increases can be seen in overdue receivables or credit losses even though the corona pandemic has imposed challenges particularly on customers in the restaurant business. The Group does not have any significant concentrations of credit risk on receivables because its accounts receivable are distributed across a variety of customers and geographical regions. The two largest customers account for 27.2 percent (28.2 in 2020) of the Group's total sales. The amount of final credit losses recognised in 2021 was 259 thousand euro (126 thousand euro in 2020). On the balance sheet date, accounts receivable included a credit loss provision of 1,564 thousand euro (865 thousand euro in 2020). The credit risk on other non-current receivables is estimated to be low.

The maturity distribution of accounts receivable and the credit loss provision is presented in Note 13.3, Accounts receivable and other interest-free receivables.

III Liquidity risk

Olvi Group's parent company and subsidiaries prepare monthly rolling cash flow estimates that the Group uses for assessing the amount of financing required for business operations in order to maintain sufficient liquid assets to fund everyday operations and investments, as well as to repay any loans falling due.

The Group aims to secure the availability and flexibility of funding by centralising the management of the Group's liquid assets with the parent company. The Group uses several different banks and different forms of financing. The Group aims to secure the availability and flexibility of funding with an account overdraft facility, receivables factoring and credit limits.

On the date of closing the accounts, the Group had an account overdraft facility totalling 20 million euro, which was completely unused on 31 December 2021. The Group also has 5 million euro of unbinding credit limits, of which 925.4 thousand euro was in use on 31 December 2021. Some of the facilities are valid until further notice, while some are renewed annually. Investments related to cash management are made in liquid money market instruments having a fundamentally low risk.

The parent company Olvi plc has access to a 50 million euro commercial paper programme in order to secure short-term liquidity needs quickly and cost-efficiently. At the time of closing the accounts, Olvi plc did not have any short-term loans withdrawn under the commercial paper programme. In order to secure short-term liquidity, operating capital is monitored regularly, and the aim is to reduce the amount of money tied in operating capital. Key factors include monitoring the turnover rate of receivables and improving the efficiency of credit control.

The Group had 58,741 thousand euro of liquid assets on 31 December 2021 (45,096 thousand euro in 2020). The Group's liquidity on the balance sheet date was good. The current ratio on 31 December 2021 was 1.3 (1.3 in 2020).

Note 17, Financial liabilities, presents the maturity distribution of financial liabilities.

IV Capital risk management

Olvi Group's long-term objective is to generate the highest possible added value on invested capital, however taking into account the expectations imposed on the Group by various parties and the company's development in the long term. The main principle of capital management is to maintain Olvi Group's strong financial position and to ensure that the Group's financing needs can be fulfilled cost-efficiently also under critical financial market conditions. Another objective is to maintain an optimal capital structure in order to manage and reduce the cost of capital.

In order to maintain or change its capital structure, the Group may change the amount of dividends paid to shareholders, repay capital to shareholders, issue new shares, acquire treasury shares and annul them, or sell its assets to reduce debt.

The capital structure is monitored through the equity to total assets ratio and the gearing ratio. Olvi Group's equity to total assets ratio in 2021 stood at 60.7 (63.8) percent and the gearing ratio was -18.7 (-15.5) percent.

19. ACCOUNTS PAYABLE AND OTHER INTEREST-FREE LIABILITIES

EUR 1,000	2021	2020
Non-current		
Advances received	184	141
Accrued expenses	16	0
Other liabilities	3,784	4,332
Total	**3,985**	**4,473**
Current		
Accounts payable	60,018	54,138
Accrued expenses	27,818	23,680
Other liabilities	82,797	54,704
Total	**170,633**	**132,522**

Other non-current liabilities mostly consist of additional sales price liabilities associated with corporate acquisitions. The additional sales price liabilities have been measured by discounting estimated future cash flows of the acquisitions to the present.

Essential items included in accrued expenses are associated with subsequent remuneration and salary obligations, as well as the obligation to redeem recyclable packaging from customers. Other liabilities include, among other things, accruals related to indirect taxes. Accounts payable and other liabilities fall due within 12 months, and their fair values correspond to the book values.

The following table presents the distribution of accounts payable by currency:

EUR/other 1,000	2021		2020	
	other	EUR	other	EUR
EUR	51,629	51,629	49,148	49,148
USD	1,004	887	590	481
BYN	16,212	5,624	12,831	4,050
GBP	68	81	21	24
RUB	47,161	552	36,151	395
CHF	0	0	44	40
DKK	9,048	1,217	0	0
SEK	288	28	0	0

20. PROVISIONS, COLLATERAL AND CONTINGENT LIABILITIES

Accounting policies

A provision is recognised in the balance sheet when the Group has a legal or factual obligation based on a previous event, it is probable that the fulfilment of the obligation requires payment or causes a financial loss, and the amount of the obligation can be reliably estimated. If there is a possibility to receive compensation for part of the obligation from a third party, the compensation is recognised as a separate asset item but this is only done once the possibility of receiving compensation is practically certain. Provisions are measured at the present value of the costs required to cover the obligation.

A provision is recognised for onerous contracts if the costs necessary for fulfilling the obligations exceed the benefits available from the contract. A provision for environmental obligations is recognised when the Group has an obligation based on environmental legislation and the Group's environmental responsibility policy that is associated with the decommissioning of a production facility, remedy of environmental damage or transfer of equipment to another location. On the balance sheet date, the Group does not have any provisions recognised under IAS 37.

A conditional debt is a potential obligation arising from earlier events, the existence of which will only become certain once an uncertain event outside the Group's scope of control is realised. Existing obligations that will probably not require fulfilment of a payment obligation or whose amount cannot be reliably determined are also considered conditional debts. Conditional debts are presented in the notes.

Conditional debts and other debts

Olvi Group has a conditional debt under IAS 37 concerning recycling fees in the Lithuanian unit. This refers to a disputed claim sent to almost 1,800 companies demanding duplicate payment of environmental fees for 2013– 2015. The Group estimates that the potential amount of the obligation is in the order of 1 to 2 million euro but regards its realisation improbable within the next few years.

Conditional additional sales price and redemption liabilities associated with the acquisitions in fiscal year 2018 have been recognised under non-current and current liabilities on Olvi Group's balance sheet. The total amount of the additional sales price and redemption liabilities on the balance sheet is 3.4 million euro (4.6 million euro in 2020), all of which belongs to non-current liabilities. Servaali Oy accounts for 3.3 million euro of the liabilities (3.7 million euro in 2020), and Helsinki Distilling Company Ltd for 0.1 million euro (0.9 million euro in 2020). The applicable incremental borrowing rate is 1.0 percent. The additional sales price for Servaali Oy and the redemption liability for Helsinki Distilling Company Ltd have become realised during the accounting period.

The amounts of liabilities and conditional consideration recognised are based on estimates by Olvi Group's management regarding the future outlook and business development of the companies. Estimated future cash flows have been discounted to the present.

Off-balance sheet liabilities

EUR 1,000	**2021**	**2020**
Minimum rents payable on the basis of other non-cancellable leases:		
Due within one year	1,012	788
Within more than one but less than five years	550	398
Total	**1,562**	**1,186**

EUR 1,000	**2021**	**2020**
Pledges and contingent liabilities		
For own commitments	10,007	1,938
Other liabilities	60	60

21. BUSINESS COMBINATIONS

SIA Piebalgas Alus

Olvi's Latvian subsidiary A/S Cēsu Alus is a leading player in the Latvian beverage market. Cēsu Alus acquired the entire stock of Piebalgas Alus, a widely known and appreciated microbrewery in the Vidzeme province of Latvia. The acquisition brings more strength to our product portfolio in premium craft beers and kvass in the retail and HoReCa markets. The goodwill arising from the acquisition is based on synergy benefits and the expertise of the acquired company's employees. The Piebalgas brewery was established in 1989. It is devoted to traditional manufacturing methods and high-quality raw materials.

The acquisition was executed through a share purchase, and the debt-free sales price for a 100 percent holding was approximately 2.1 million euro, paid on 31 May 2021. Piebalgas Alus has been consolidated in Olvi Group since the beginning of June 2021 as a 100 percent acquisition. In Olvi Group's segment reporting, the business operations of Piebalgas Alus are included in the Latvian figures. The company's effect on the consolidated figures is minor. Expenses related to the acquisition recognised in the 2021 income statement amount to 25 thousand euro.

The following tables present a summary of the acquisition price and the fair value of the assets acquired and liabilities assumed at the time of acquisition. The balance sheet has been prepared in its essential parts in accordance with IFRS and Olvi Group's accounting policies.

Acquisition price **EUR 1,000**	
Paid in cash	2,126
Total acquisition price (100%)	2,126
Amounts recognised for assets acquired and liabilities assumed (100%)	
EUR 1,000	
Tangible assets	1,540
Intangible assets	
Trademarks	584
Other intangible assets	1
Inventories	771
Accounts receivable and other receivables	609
Liquid assets	32
Non-current liabilities	631
Current liabilities	1,236
Identifiable net assets total	1,671
Goodwill	455

A/S Bryggeriet Vestfyen

On 12 May 2021, Olvi announced the acquisition of 96.41% in Bryggeriet Vestfyen, a Danish brewery. The Bryggeriet Vestfyen company consists of a brewery producing beer and soft drinks in Assens as well as the Indslev microbrewery located in Norre Aaby. The acquisition opens a new market for Olvi Group. Bryggeriet Vestfyen was established in 1885.

The acquisition was executed through a share purchase, and the debt-free sales price for a 96.41 percent stake was approximately 9.2 million euro, paid on 12 May 2021. Olvi has an option to redeem the remaining 3.59 percent within the next few years. Bryggeriet Vestfyen has been consolidated in Olvi Group since the beginning of September 2021. The business operations of Bryggeriet Vestfyen are not reported as a separate segment in 2021 because the company does not exceed the quantitative thresholds. Expenses related to the acquisition recognised in the 2021 income statement amount to 120 thousand euro.

The following tables present a summary of the acquisition price and the fair value of the assets acquired and liabilities assumed at the time of acquisition. The balance sheet has been prepared in its essential parts in accordance with IFRS and Olvi Group's accounting policies.

Acquisition price EUR 1,000	
Paid in cash (96.41%)	9,220
Share belonging to non-controlling interests (3.59%)	269
Total acquisition price (100%)	9,489

Amounts recognised for assets acquired and liabilities assumed (100%) EUR 1,000	
Tangible assets	16,519
Intangible assets	
Customer relationships	484
Trademarks	1,789
Other intangible assets	87
Other investments	5
Deferred tax receivables	551
Inventories	5,813
Accounts receivable and other receivables	2,785
Liquid assets	193
Non-current liabilities	5,536
Deferred tax liabilities	2,434
Current liabilities	10,767
Identifiable net assets total	9,489

The impact of the acquisitions on net sales for Olvi Group was 9,0 million euro. If the acquired companies had belonged to the Group from the beginning of the year, the effect would have been 26,8 million euro.

22. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Group's holding (%)	**Share of voting rights (%)**
Parent company Olvi plc, Iisalmi, Finland		
AS A. Le Coq, Tartu, Estonia	100.00	100.00
AS Karme, Karksi vald, Estonia	49.00	49.00
Verska Mineraalvee OÜ, Värska vald, Estonia	20.00	20.00
A/S Cēsu Alus, Cēsis, Latvia	99.88	99.88
SIA Piebalgas Alus, Latvia	99.88	99.88
AB Volfas Engelman, Kaunas, Lithuania	99.67	99.67
UAB Uniqa, Lithuania	99.67	99.67
OAO Lidskoe Pivo, Lida, Belarus	96.36	96.36
Trade House Lidskoe Pivo, Belarus	96.36	96.36
Servaali Oy, Helsinki, Finland	80.00	80.00
Servaali Sweden AB, Stockholm, Sweden	80.00	80.00
Helsingin tislaamo Oy / Helsinki Distilling Company Ltd, Helsinki, Finland	100.00	100.00
Helsingin tislaamoravintola Oy, Helsinki, Finland	100.00	100.00
Arctic Silence Oy, Finland	50.00	50.00
A/S Bryggeriet Vestfyen, Assens, Denmark	96.41	96.41
A/S Dansk Coladrik, Denmark	95.80	95.80

The share in Arctic Silence Oy is treated as a joint venture as the operators have joint control over the company.

Information on the Group's associated companies and joint ventures, their aggregate assets, liabilities, net sales and profit/loss:

EUR 1,000	**2021**	**2020**
AS Karme, Karksi vald, Estonia		
Assets	129	84
Liabilities	28	13
Net sales	94	71
Profit/loss for the period	81	50
Verska Mineraalvee OÜ, Värska vald, Estonia		
Assets	1,093	1,172
Liabilities	295	393
Net sales	1,131	1,123
Profit/loss for the period	23	12
Arctic Silence Oy, Finland		
Assets	100	100
Liabilities	0	0
Net sales	0	0
Profit/loss for the period	0	0

Olvi Group engages in sales and manufacturing co-operation with the associated companies and joint ventures.

Investments in associates and joint ventures

Shares in entities consolidated using the equity method	2021	2020
Acquisition cost 1 January	**994**	**1,016**
Share of profit from entities consolidated using the equity method	44	2
Dividends received	-21	-24
Acquisition cost 31 December	**1,018**	**994**
Book value 1 January	**994**	**1,016**
Book value 31 December	**1,018**	**994**

23. RELATED PARTY TRANSACTIONS

The Group's related parties include its subsidiaries, associates and joint ventures, as well as key management persons including the Board of Directors, the Managing Director and members of the Management Group, including their immediate family and business interests.

Related party transactions and related party receivables and liabilities

Transactions with associated companies, as well as receivables from and liabilities to related parties in fiscal years 2020 and 2021 are as follows:

EUR 1,000	2021	2020
Sales	389	368
Purchases	1,028	922
Receivables	147	156
Liabilities	92	94

Transactions with associated companies constitute part of normal business and have been carried out at market terms. Associated companies are presented in more detail in Note 22, Subsidiaries, associates and joint ventures.

Employee benefits to management

Employee benefits to management in fiscal years 2020 and 2021 are as follows:

EUR 1,000	2021	2020
Managing Director		
Salaries and other short-term employee benefits	567	550
Share-based payments	689	0
Total	**1,256**	**550**
Other management group		
Salaries and other short-term employee benefits	1,019	970
Share-based payments	842	0
Total	**1,861**	**970**

Compensation paid to members of the Board of Directors for Board duties in fiscal years 2020 and 2021:

EUR 1,000	2021	2020
Hakkarainen Pentti	73	74
Hortling Nora	39	40
Heinonen Lasse	33	33
Markula Elisa	34	32
Nummela Juho	22	0
Paltola Päivi	34	34
Sirviö Heikki	11	33
Total	**245**	**246**

No loans have been granted to management.

24. EVENTS AFTER THE CLOSING DATE OF THE REPORTING PERIOD

There are no substantial events after the closing date of the reporting period.

OLVI PLC

PARENT COMPANY'S INCOME STATEMENT (FAS)

EUR 1,000	Note	2021	2020
NET SALES	1	**169,174**	**156,809**
Increase (+)/decrease(-) in inventories of finished and unfinished products		2,061	-578
Other operating income	2	3,572	2,582
Materials and services	3	83,016	75,036
Personnel expenses	4	24,272	21,328
Depreciation and impairment	8	10,236	9,304
Other operating expenses	9	33,794	30,365
OPERATING PROFIT		**23,489**	**22,780**
Financial income and expenses	10	22,464	16,979
PROFIT BEFORE APPROPRIATIONS AND TAXES		**45,953**	**39,759**
Appropriations	11	-2,182	-5,286
Income taxes	12	-4,306	-3,650
NET PROFIT FOR THE PERIOD		**39,464**	**30,823**

PARENT COMPANY'S BALANCE SHEET (FAS)

EUR 1,000	Note	2021	2020
ASSETS			
FIXED ASSETS			
Intangible assets	13	3,040	2,883
Tangible assets	13	89,115	88,133
Shares in Group companies	14	95,352	86,012
Other investments	14	488	458
TOTAL FIXED ASSETS		**187,994**	**177,486**
CURRENT ASSETS			
Inventories	16	10,105	7,855
Non-current receivables	17	37,632	28,105
Current receivables	17	41,529	40,984
Cash in hand and at bank		42,314	29,922
TOTAL CURRENT ASSETS		**131,581**	**106,866**
TOTAL ASSETS		**319,575**	**284,352**

EUR 1,000	Note	2021	2020
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		20,759	20,759
Share premium account		857	857
Legal reserve		127	127
Retained earnings		75,275	67,374
Net profit for the period		39,464	30,823
TOTAL SHAREHOLDERS' EQUITY	**18**	**136,482**	**119,940**
ACCUMULATED APPROPRIATIONS	**19**	**38,746**	**36,563**
LIABILITIES			
Non-current liabilities		25,810	33,460
Current liabilities		118,537	94,389
TOTAL LIABILITIES	**20**	**144,347**	**127,849**
TOTAL EQUITY AND LIABILITIES		**319,575**	**284,352**

PARENT COMPANY'S CASH FLOW STATEMENT (FAS)

EUR 1,000	Note	2021	2020
Cash flow from operations			
Net profit for the period		39,464	30,823
Adjustments:			
Depreciation according to plan and impairment	8	10,236	9,304
Financial income and expenses	10	-22,464	-16,942
Other adjustments		6,573	8,929
Cash flow before change in working capital		33,810	32,114
Change in net working capital:			
Increase (-) / decrease (+) in current interest-free accounts receivable and other receivables		-1,323	-23,250
Increase (-) / decrease (+) in inventories		-2,250	201
Increase (+) / decrease (-) in current interest-free liabilities		21,854	11,290
Interest paid		-103	-191
Interest received		720	1,166
Dividends received		22,003	17,313
Taxes paid		-3,106	-3,661
Cash flow from operations (A)		**71,604**	**34,981**
Cash flow from investments			
Investments in tangible and intangible assets		-11,169	-13,861
Capital gains on disposal of tangible and intangible assets		120	86
Expenditure on other investments		-9,369	0
Cash flow from investments (B)		**-20,419**	**-13,775**

1000 EUR	Note	2021	2020
Cash flow from financing			
Withdrawals of loans		0	15,440
Repayments of loans		-7,000	-22,440
Dividends paid		-22,780	-20,710
Acquisition (-)/sale (+) of treasury shares		189	-1,300
Increase (-)/decrease (+) in non-current loan receivables		-9,203	12,315
Cash flow from financing (C)		**-38,794**	**-16,694**
Increase (+)/decrease (-) in liquid assets (A+B+C)		**12,392**	**4,511**
Liquid assets 1 January		**29,922**	**25,411**
Liquid assets 31 December		**42,314**	**29,922**
Change in liquid assets		**12,392**	**4,511**

PARENT COMPANY'S ACCOUNTING POLICIES

Olvi plc's accounting period extends from 1 January to 31 December. The financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS).

Fixed assets
Intangible and tangible assets have been recognised on the balance sheet at their direct acquisition cost deducted by accumulated depreciation according to plan. Depreciation according to plan has been calculated on a straight-line basis over the expected economic life of the asset item concerned.

Depreciation periods according to plan:

Development costs	6	years
Trademarks	10	years
Other intangible fixed assets	5	years
Buildings	30	years
Underground shelter	30	years
Plant machinery and equipment	15	years
Tanks and containers	20	years
Recyclable packaging	5–20	years
Wastewater basin, tarpaulin hall	10	years
Other fixed assets	5	years

Inventories
Inventories have been valued in accordance with the FIFO principle at acquisition cost or, if lower, at probable net realisable value. The acquisition cost of raw materials and supplies is determined by the weighted average method. The value of finished and unfinished products includes variable costs and the appropriate proportion of the overheads of acquisition and manufacturing.

Research and development costs
Research and development costs are recognised as expenses in the income statement.

Personnel expenses
Pension cover for personnel has been arranged through a statutory TyEL (EPA) insurance policy with an external pension insurance company. Pension insurance contributions have been allocated to match the salaries booked on an accrual basis in the annual accounts. In fiscal year 2019 the costs of the share-based incentive plan have no longer been recognised as the company's expenses for the accounting period but from now on, the effect of the share-based incentive plan will be recognised as a reduction in retained earnings on the date of expiry of the incentive plan.

Derivative contracts
The parent company's potential derivative contracts consist of interest rate swaps and commodity derivatives measured at fair value. Changes in fair value are recognised in profit and loss under materials and services as well as financial items.

Deferred taxes
A deferred tax liability or asset has been calculated on temporary differences between taxation and the financial statements using the tax rate for upcoming years confirmed by the balance sheet date. The balance sheet includes deferred tax liabilities in their entirety and deferred tax assets up to the estimated probable amount.

Foreign currency items
Transactions denominated in foreign currency have been recognised during the accounting period at the exchange rate on the transaction date, and any foreign currency receivables and liabilities outstanding on the balance sheet date have been recognised at the mean exchange rate on the balance sheet date.

Treasury shares
Acquired treasury shares are recognised as a reduction in retained earnings. The value date for acquisition of treasury shares is the actual trading date.

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

EUR 1,000

1. Net sales by market area	**2021**	**2020**
Finland	165,882	153,992
Belarus	251	87
Estonia	1,729	1,185
Other exports	1,311	1,545
Total	**169,174**	**156,809**

2. Other operating income	**2021**	**2020**
Capital gains on disposals of fixed assets	23	14
Others	3,550	2,567
Total	**3,572**	**2,582**

3. Materials and services	**2021**	**2020**
Materials and supplies (goods):		
Purchases during the year	83,205	75,396
Change in stocks	-189	-360
Total	**83,016**	**75,036**

4. Personnel expenses	**2021**	**2020**
Wages, salaries and emoluments	20,518	18,193
Pension expenses	3,076	2,588
Other personnel expenses	679	547
Total	**24,272**	**21,328**

5. Management salaries and emoluments	**2021**	**2020**
Managing Director	939	550
Chairman of the Board	73	74
Other members of the Board	172	172
Total	**1,184**	**796**

6. Personnel on average during the period	**2021**	**2020**
Clerical employees	194	191
Workers	179	167
Total	**373**	**358**

7. Audit costs	**2021**	**2020**
Auditing firm elected by the General Meeting		
Fees for statutory audit	80	87
Associated auditing services	0	5
Tax services	0	1
Other services	16	8
Total	**96**	**101**
Other entities		
Fees for statutory audit	0	0
Associated auditing services	0	0
Tax services	0	0
Other services	0	74
Total	**0**	**74**

8. Depreciation and impairment	2021	2020
Depreciation and impairment on tangible and intangible assets	10,236	9,304
Total	**10,236**	**9,304**

9. Other operating expenses	2021	2020
Sales freights	13,618	12,029
Costs of marketing and sales	5,794	5,276
Other operating expenses	14,383	13,060
Total	**33,794**	**30,365**

10. Financial income and expenses	2021	2020
Dividend income from Group companies	22,171	16,947
Total income from long-term investments	3	4
Other interest and financial income		
From Group companies	615	896
From others	29	31
Total	643	927
Total dividend income and other interest and financial income	**22,817**	**17,878**
Interest expenses and other financial expenses		
To Group companies	250	299
To others	103	599
Total interest expenses and other financial expenses	**353**	**899**
Total financial income and expenses	**22,464**	**16,979**

11. Appropriations	2021	2020
Difference between depreciation according to plan and depreciation applied in taxation	2,182	5,286
Total	**2,182**	**5,286**

12. Income taxes	2021	2020
Income tax on business operations	4,157	3,597
Taxes from previous accounting periods	-31	-31
Other direct taxes	183	72
Change in deferred tax	-2	11
Total	**4,306**	**3,650**

13. Fixed assets

Intangible assets	Intangible assets	Total
Acquisition cost 1 Jan 2021	**25,754**	**25,754**
Additions	1,268	1,268
Acquisition cost 31 Dec 2021	**27,023**	**27,023**
Accumulated depreciation and impairment 1 Jan 2021	**22,871**	**22,871**
Depreciation	1,111	1,111
Accumulated depreciation and impairment 31 Dec 2021	**23,983**	**23,983**
Book value 1 Jan 2021	**2,883**	**2,883**
Book value 31 Dec 2021	**3,040**	**3,040**

Tangible assets	Land and water areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and unfinished purchases	Total
Acquisition cost 1 Jan 2021	**1,086**	**50,430**	**150,963**	**10,691**	**123**	**213,294**
Additions	160	1,651	3,860	579	4,443	10,693
Deductions	0	-243	-151	-335	-60	-789
Transfers between items	0	0	2,169	0	-2,169	0
Acquisition cost 31 Dec 2021	**1,246**	**51,838**	**156,841**	**10,935**	**2,337**	**223,198**
Accumulated depreciation and impairment 1 Jan 2021	**0**	**25,633**	**97,467**	**2,062**	**0**	**125,161**
Depreciation	0	1,330	7,256	539	0	9,125
Accumulated depreciation on deductions	0	0	-113	-89	0	-203
Accumulated depreciation and impairment 31 Dec 2021	**0**	**26,962**	**104,610**	**2,511**	**0**	**134,083**
Book value 1 Jan 2021	**1,086**	**24,798**	**53,496**	**8,630**	**123**	**88,133**
Book value 31 Dec 2021	**1,246**	**24,875**	**52,232**	**8,424**	**2,337**	**89,115**

	31 Dec 2021	31 Dec 2020
Book value of production machinery and equipment	47,473	48,527

14. Investments	Shares in Group companies	Other shares	Total investments
Acquisition cost 1 Jan 2021	**86,012**	**474**	**86,486**
Additions	9,339	30	9,369
Acquisition cost 31 Dec 2021	**95,352**	**504**	**95,855**
Accumulated depreciation and impairment 1 Jan 2021	**0**	**16**	**16**
Accumulated depreciation and impairment 31 Dec 2021	**0**	**16**	**16**
Book value 1 Jan 2021	**86,012**	**458**	**86,471**
Book value 31 Dec 2021	**95,352**	**488**	**95,840**

15. Group companies	Group's holding (%)	Parent company's holding (%)
AS A. Le Coq, Tartu, Estonia	100.00	100.00
AS Karme, Karksi vald, Estonia	49.00	0.00
Verska Mineraalvee OÜ, Värska vald, Estonia	20.00	0.00
A/S Cēsu Alus, Cēsis, Latvia	99.88	99.88
SIA Piebalgas Alus, Latvia	99.88	99.88
AB Volfas Engelman, Kaunas, Lithuania	99.67	99.67
UAB Uniqa, Lithuania	99.67	99.67
OAO Lidskoe Pivo, Lida, Belarus	96.36	96.36
Trade House Lidskoe Pivo, Belarus	96.36	96.36
Servaali Oy, Helsinki, Finland	80.00	80.00
Servaali Sweden AB, Stockholm, Sweden	80.00	80.00
Helsingin tislaamo Oy / Helsinki Distilling Company Ltd, Helsinki, Finland	100.00	100.00
Helsingin tislaamoravintola Oy, Helsinki, Finland	100.00	100.00
Arctic Silence Oy, Helsinki, Finland	50.00	50.00
A/S Bryggeriet Vestfyen, Assens, Denmark	96.41	96.41
A/S Dansk Coladrik, Denmark	95.80	95.80

16. Inventories	2021	2020
Materials and supplies	3,465	3,292
Unfinished products	1,306	924
Finished products / goods	5,334	3,639
Total	**10,105**	**7,855**

17. Receivables	2021	2020
Non-current receivables		
Loans receivable from Group companies	37,290	27,956
Deposits pledged as collateral	303	112
Deferred tax receivables	19	17
Prepayments and accrued income	20	20
Total non-current receivables	**37,632**	**28,105**
Current receivables		
Receivables from Group companies		
Accounts receivable	379	153
Dividends and other receivables	346	481
Total receivables from Group companies	725	634
Receivables from non-Group companies		
Accounts receivable	37,655	37,868
Other receivables	-1	7
Prepayments and accrued income	3,151	2,475
Total receivables from non-Group companies	40,805	40,350
Total current receivables	**41,529**	**40,984**
Total receivables	**79,162**	**69,089**
Prepayments and accrued income		
Income tax receivable	0	406
Recycling fee accrual	909	0
Excise tax receivables	574	377
Sales bonus accrual	384	562
Other prepayments and accrued income	1,283	1,130
Total prepayments and accrued income	**3,151**	**2,475**
Deferred tax receivables		
Deferred tax receivables 1 January	17	28
Change in deferred tax	2	-11
Deferred tax receivables 31 December	**19**	**17**

18. Shareholders' equity	2021	2020
Share capital 1 January	20,759	20,759
Share capital 31 December	20,759	20,759
Share premium account 1 January	857	857
Share premium account 31 December	857	857
Legal reserve 1 January and 31 December	127	127
Retained earnings 1 January	98,197	89,384
Payment of dividends	-22,771	-20,711
Acquisition of treasury shares	-874	-1,300
Sales of treasury shares to employees	1,064	0
Adjustment to previous periods	-340	0
Retained earnings 31 December	75,275	67,374
Net profit for the period	39,464	30,823
Total shareholders' equity	**136,482**	**119,940**

Distributable unrestricted equity	2021	2020
Retained earnings	75,275	67,374
Net profit for the period	39,464	30,823
Total	**114,740**	**98,197**

OLVI PLC'S SHARE CAPITAL IS DIVIDED INTO SHARE SERIES AS FOLLOWS:

	2021			2020		
	Pcs	EUR	Votes	Pcs	EUR	Votes
Series K (20 votes/share), registered	3,732,256	3,732,256	74,645,120	3,732,256	3,732,256	74,645,120
Series K total	3,732,256	3,732,256	74,645,120	3,732,256	3,732,256	74,645,120
Series A (1 vote/share), registered	16,989,976	17,026,552	16,989,976	16,989,976	17,026,552	16,989,976
Series A total	16,989,976	17,026,552	16,989,976	16,989,976	17,026,552	16,989,976
Total 31 December	20,722,232	20,758,808	91,635,096	20,722,232	20,758,808	91,635,096

Votes per Series A share	1
Votes per Series K share	20

The registered share capital on 31 December 2021 totalled 20,759 thousand euro.

Olvi plc's shares received a dividend of 1.10 euro per share for 2020 (1.00 euro per share for 2019), totalling 22.8 (20.7) million euro. The dividends were paid in two instalments. The first instalment of 0,55 euro per share was paid on 20 April 2021. The second instalment of 0,55 euro per share was paid on 3 September 2021. The Series K and Series A shares entitle to equal dividend. The Articles of Association include a redemption clause concerning Series K shares.

Treasury shares

On 31 March 2021, the General Meeting of Shareholders of Olvi plc decided to revoke any unused authorisations to acquire treasury shares and authorise the Board of Directors of Olvi plc to decide on the acquisition of the company's own shares using distributable funds. The authorisation is valid for one year starting from the General Meeting and covers a maximum of 500,000 Series A shares. The Annual General Meeting also decided to revoke all existing unused authorisations for the transfer of own shares and authorise the Board of Directors to decide on the issue of a maximum of 1,000,000 new Series A shares and the transfer of a maximum of 500,000 Series A shares held as treasury shares.

At the beginning of January 2021, Olvi plc held 38,560 of its own shares as treasury shares. Olvi plc continued its share repurchase plan in January. The plan started on 5 November 2020 and ended on 15 January 2021. The shares shall be acquired for the purpose of financing or executing any upcoming corporate acquisitions or other arrangements, implementing the company's incentive schemes or for other purposes decided upon by the Board of Directors.

On 19 February 2021, the Board of Directors of Olvi plc decided to initiate a scheme of acquiring treasury shares based on the authorisation issued by the Annual General Meeting on 8 April 2020. On this basis, the Board will repurchase a maximum of 10,000 Series A shares. The repurchase of treasury shares is based on the new share-based incentive plan for the Group's key personnel announced on 2 February 2021. The acquisition of shares started on 25 February 2021 and ended on 1 March 2021.

In accordance with the share-based incentive plan, Olvi plc has transferred a total of 11,495 treasury shares to the target group members of the matching share plan for an aggregate price of 551.5 thousand euro.

At the end of the review period, Olvi plc holds a total of 9,404 of its own Series A shares. The total purchase price of treasury shares was 438.0 thousand euro. Treasury shares held by the company itself are ineligible for voting. Series A shares held by Olvi plc as treasury shares represent 0.05 percent of all shares and 0.01 percent of the aggregate number of votes. The treasury shares represent 0.06 percent of all Series A shares and associated votes.

19. Accumulated appropriations

Accumulated appropriations consist of accumulated depreciation difference.

20. Liabilities	2021	2020
Non-current liabilities		
Other liabilities	3,461	4,361
Total	3,461	4,361
Liabilities to Group companies		
Other liabilities	22,349	29,099
Total	22,349	29,099
Total non-current liabilities	**25,810**	**33,460**
Current liabilities		
Accounts payable	30,046	32,149
Accrued expenses	16,901	13,682
Other liabilities	64,305	41,318
Total	111,253	87,148
Liabilities to Group companies		
Other liabilities	7,000	7,000
Accounts payable	284	240
Total	7,284	7,240
Total current liabilities	**118,537**	**94,389**
Total liabilities	**144,347**	**127,849**

20. Liabilities	2021	2020
Accrued expenses		
Provisions for personnel costs	5,806	5,162
Income tax liability	613	0
Accrued expenses on recyclable beverage packages	6,454	5,729
Annual discount liabilities	1,667	2,076
Other accrued expenses	2,361	715
Total accrued expenses	16,901	13,682
Interest-free liabilities 31 December	114,968	91,720
Liabilities falling due later than five years from now:		
Loans from financial institutions and other loans	30	30

21. Share-based payments

Olvi plc has share-based incentive plans for key employees. The objective of long-term rewards is to support the achievement of the company's targets, make key personnel committed to the company and offer incentive plans based on earning the company's shares.

Olvi plc' s share-based incentive plan for key personnel, the performance period of which was from 1 February 2019 to 31 January 2021, expired during the accounting period. The prerequisite for receiving reward was that a key employee purchased the company's Series A shares up to the maximum number determined by the Board of Directors. Furthermore, entitlement to a reward was tied to the continuance of employment upon reward payment. Rewards were paid partly in the company's Series A shares and partly in cash in February 2021. The cash proportion was intended to cover taxes and tax-related costs arising from the rewards to the key employees. The target group of the plan included approximately 60 people, and in accordance with the terms and conditions of the plan, rewards were paid in Olvi plc Series A shares and partially in cash. A total of 36,200 Series A shares were handed over as share-based rewards. Costs associated with the plan were recognised for a total of 1,092.3 thousand euro.

Olvi plc's performance-based share plan for the performance periods 2021–2022 and 2021–2023 started on 15 February 2021, and a matching share plan for the performance period from 15 April 2021 to 14 April 2023 started on 15 April 2021.

Until fiscal year 2018, Olvi recognised the costs of share-based incentive plans as expenses for the accounting period. Since fiscal year 2019, the costs of share-based incentive plans are recognised through profit for the period at the expiration of the plan.

22. Pledges, contingent liabilities and other commitments	2021	2020
Pledges and contingent liabilities		
For own commitments		
Mortgages on land and buildings	1,336	1,336
Other off-balance sheet liabilities		
Rental liabilities on business premises and land areas	427	415
Other liabilities	610	610
Total pledges, contingent liabilities and other commitments	**2,373**	**2,360**

The company is obliged to adjust the value-added tax deductions booked on real estate investments if taxable use of the premises diminishes during the review period. The maximum liability is 3,702.0 thousand euro and the final year of review is 2028.

On the date of closing the accounts, the company had an account overdraft facility totalling 20 million euro, which was completely unused on 31 December 2021. The company also has 5 million euro of unbinding credit limits, of which 925.4 thousand euro was in use on 31 December 2021.

23. Leasing liabilities	2021	2020
Due within one year	214	144
Due later	347	115
Total	**561**	**259**

24. Derivative contracts

Olvi plc has no derivative contracts valid on the balance sheet date 31 December 2021.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The parent company Olvi plc had 114.7 (98.2) million euro of distributable funds on 31 December 2021, of which profit for the period accounted for 39.5 (30.8) million euro.

Olvi plc's Board of Directors proposes to the Annual General Meeting that distributable funds be used as follows:

- A dividend of 1.20 (1.10) euro shall be paid for 2021 on each Series K and Series A share, totalling 24.9 (22.8) million euro. The dividend represents 51.9 (56.2) percent of Olvi Group's earnings per share.

The dividend will be paid in two instalments. The first instalment of 0.60 euro per share will be paid on 20 April 2022 to shareholders registered in the register of shareholders held by Euroclear Finland Ltd on the record date 1 April 2022. The second instalment of 0.60 euro per share will be paid on 2 September 2022 to shareholders registered in the register of shareholders held by Euroclear Finland Ltd on the record date 26 August 2022.

No dividend shall be paid on treasury shares.

- 89.9 million euro shall be retained in the parent company's non-restricted equity.

Signed in Iisalmi, this 28th day of February 2022

Pentti Hakkarainen
Chairman of the Board

Nora Hortling
Vice Chairman of the Board

Lasse Heinonen
Member of the Board

Elisa Markkula
Member of the Board

Juho Nummela
Member of the Board

Päivi Paltola
Member of the Board

Lasse Aho
Managing Director

AUDITOR'S NOTE

A report of the audit has been submitted today.

Signed in Iisalmi, this 28th day of February 2022

Ernst & Young Oy
Authorised Public Accounting Firm

Elina Laitinen
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Olvi Oyj

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Olvi Oyj (business identity code 0170318-9) for the year ended on December 31st, 2021. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its 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 financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

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 Financial Statements* section of our report.

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.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 6 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition *We refer to the note of the financial statements 1 section "Principles for recognition of income"* Revenue of beverage products is recognised when the Group has delivered the products to the customer and when control over the products has been transferred to the customer, and there are no outstanding obligations that could affect the customer's acceptance of the products. Delivery is considered to be realised only once the products have been delivered to the location agreed with the customer, and the risk of non-marketability and damage has been transferred to the customer. Beverage sales often involve annual discounts. Sales are recognised at the price specified in the sales contract less annual discounts per the terms and conditions of contracts, as well as any returns of defective products estimated at the time of sale. Revenue recognition is a key audit matter and a risk of material misstatement referred to in EU regulation No 537/2014, point (c) of Article 10 (2) due to the risk associated with timing of revenue recognition and incorrect amount and timing of annual discounts recognition.	Our audit procedures to address the risk of material misstatement in respect of correct timing of revenue recognition included among others, the following: • We assessed the appropriateness of group's accounting policies over revenue recognition and compared the group's accounting policies over revenue recognition with applicable accounting standards; • We examined the nature of the revenues, the amount and timing of recognition and the terms of the sales contracts; • We tested the amount and timing of the revenue and discounts recognised. Our testing included among others obtaining third party confirmations, comparing sales and yearly discounts to sales contracts and comparing timing of sales recognition to freight documentation; • We performed analytical procedures on revenue and discounts recognised; • We assessed the adequacy and appropriateness of the group's disclosures in respect of revenue.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Goodwill *We refer to the notes 10 and 11* At the balance sheet date 31 December 2021, the amount of goodwill was 26,0 million euros, which represents 5,3 % of total assets and 8,7 % of equity (2020: 25,2 million euros, 6,0 % of total assets and 9,4 % of equity). Valuation of goodwill is a key audit matter because: • the annual impairment testing process is complex and includes estimates; • impairment testing is based on assumption concerning the markets and economy and • goodwill is material to the financial statements. The valuation of goodwill contains a significant risk of material misstatement referred to in EU regulation No 537/2014, point (c) of Article 10 (2). The estimated future cash flows of the cash generating units are calculated based on value-in-use calculations, the results of which may change significantly when the assumptions used are changed. Value-in-use is affected by multiple assumptions, such as the growth of revenues, gross margin and the interest rate used as the discount rate. Changes in these assumptions may lead to impairment in the value of goodwill.	In order to cover the significant risk associated with goodwill, our audit procedures included, among others, the following: • We assessed, with the assistance of our valuation experts, the appropriateness of the assumptions and methods used in the impairment testing. Our procedures were focused especially to the following assumptions: forecasted growth of revenue, operating margin and the weighted average cost of capital used to discount cash flows. • We tested the mathematical accuracy of the calculations. • We assessed the appropriateness of the sensitivity analysis and the possibility that a somewhat possible change in a key assumption could cause the carrying amount to exceed its recoverable amount. • We assessed the adequacy and appropriateness of the information concerning impairment testing presented in notes 10 and 11.

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 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 cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 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

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 16 April 2019 and our appointment represents a total period of uninterrupted engagement of three 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.

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 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 and 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, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Iisalmi, 28th February 2022

Ernst & Young Oy
Authorized Public Accountant Firm

Elina Laitinen
Authorized Public Accountant

MEMBERS OF OLVI PLC'S BOARD OF DIRECTORS SINCE THE ANNUAL GENERAL MEETING OF 31 MARCH 2021

Pentti Hakkarainen (b. 1958), Chairman of Olvi plc's Board of Directors since 2017
Master of Science in Economics, Master of Laws
European Central Bank, Supervisory Board (Banking Supervision), full-time member

Work experience in brief:

- 2008–2017 Bank of Finland, Deputy Governor
- 2002–2007 Bank of Finland, Member of the Board
- 1998–2001 Postipankki Ltd., CEO, a.o.t.*
- 1995–1997 OKOBANK plc, CEO, Member of the Board, a.o.t.*
- 1985–1995 Outokumpu Corporation, Director of Finance, a.o.t.*

Positions of trust, a.o.t.* = among other tasks

- 2017–2021 Finnvera plc, Chairman of the Board
- 2008–2017 ECB, Governing Council, Alternate
- 2008–2017 Financial Supervision Authority of Finland, Chairman of the Board
- 2015–2017 ECB, Budget Committee, Chair
- 2012–2015 ECB, Committee on Controlling, Chair
- 2008–2017 IMF, Board of Governors, Alternate
- 2005–2017 EU Economic and Financial Committee, Member
- 2004–2006 IMF, Audit Committee, Chair and Member
- 2000–2001 Bankers' Association in Finland, Vice Chair
- 1991–1999 IS-Yhtymä Oy, Member of the Board

Nora Hortling (b. 1986), Member of Olvi plc's Board of Directors since 2015
and Vice Chairperson since 2016
M.Sc. (Econ), Bachelor of Hotel, Restaurant and Tourism Management
Kespro Oy, Purchasing and Sales Director Fresh

Work experience in brief:

- 10/2019 onwards Kespro Oy, Purchasing and Sales Ditor Fresh
- 2018–2019 Kespro Oy, Purchasing and Sales Director (fruits and vegetables)
- 2016–2017 Kespro Oy, Purchasing Manager (fruits, vegetables and dairy products)
- 2014–2015 Kespro Oy, Product Manager
- 2011–2013 Olvi plc, Marketing
- 2005–2010 Several managerial positions in the restaurant business

Lasse Heinonen (b. 1968), Member of Olvi plc's Board of Directors since 2018
Master of Science in Economics
Ahlström Capital, President and CEO

Work experience in brief:

- 2018 onwards Ahlström Capital, President and CEO
- 2011–2018 Tieto Corporation, CFO
- 2015–2016 Tieto Corporation, Head of Telecom, Media & Energy
- 2004–2011 Finnair Plc, executive roles such as EVP Cargo & Aviation Services, Deputy CEO and CFO
- 1992–2004 Novartis Pharma and Sandoz, leadership roles in finance and logistics in Finland, Turkey and Switzerland

Important positions in other organisations:

- 2020 onwards Varma Pension Insurance, Member of the Supervisory Board
- 2018 onwards Ahlstrom-Munksjö Oyj, Member of the Board
- 2018 onwards Enics AG, Chairman of the Board

Elisa Markula (b. 1966), Member of Olvi plc's Board of Directors since 2015
Turku School of Economics and Business, Administration,
MSc Economics (International Marketing)
Oriola Corporation, President and CEO

Work experience in brief:

- 8/2021 onwards — Oriola Corporation, President and CEO
- 2018–2021 — Tikkurila Oyj, President and CEO
- 2009–2018 — Paulig Group, Head of Coffee Division / Oy Gustav Paulig Ab, Managing Director
- 2006–2009 — Oy Suomen LEGO Ab, Senior Vice President
- 2003–2006 — Oy Snellman Ab, Sales Director
- 2000–2003 — Oy SC Hygiene Products Ab, Key Account Manager and Trade Marketing Manager
- 1998–2000 — Oy SCA Hygiene Products Ab, Product Manager, Feminine Consumer Products
- 1993–1998 — Oy Fazer Chocolates Ab, Area Marketing Manager

Important positions in other organisations:

- 2021 — Finland Chamber of Commerce, Member of the Board, Vice Chairperson as of 2022

Päivi Paltola (b. 1971), Member of Olvi plc's Board of Directors since 2018
Master of Science in Economics
Ruohonjuuri Oy, Managing Director

Work experience in brief:

- 2021 onwards — Ruohonjuuri Oy, Managing Director
- 2019 onwards — Circulove Oy, Founder, Chairman of the Board
- 2017–2019 — Marimekko Corporation, Marketing Director
- 2010–2017 — Fiskars Group, Fiskars Living, Senior Vice President (Iittala, Royal Copenhagen, Arabia, Rörstrand & online sales and own retail)
- 2004–2010 — Lumene Group, Brand Director/Marketing Manager (Lumene and Cutrin)
- 1997–2004 — Orion-Yhtymä Oyj NOIRO, Product Group Head/Product Manager Skin Care (Lumene, Nanoel, Favora)

Important positions in other organisations:

- 2019–2021 — Association for Finnish Work, Member of the Executive Committee
- 2016–2018 — Design Museum Foundation, Member of the Board
- 2011–2015 — Art&Design City, Member of the Board

Juho Nummela (b. 1977), Member of Olvi plc's Board of Directors since 2021
Doctor of Technology
Ponsse Plc, President and CEO

Work experience in brief:

- 2008 onwards — Ponsse Plc, President and CEO
- 2006–2008 — Ponsse Plc, Factory Director
- 2005–2006 — Ponsse Plc, Quality and IT Director
- 2003–2005 — Tampere University of Technology, Researcher
- 2002–2003 — Ponsse Plc, Master's Thesis Worker

Important positions in other organisations:

- 2020 alkaen — Olvi Foundation, Member of the Board
- 2018–2021 — Ilmarinen, Member of the Board
- 2014–2020 — Technology Industries Finland, Member of the Board
- 2008 onwards — Subsidiaries of Ponsse Plc, Vice Chairman of the Board
- 2019 onwards — Epec Oy, Chairman of the Board, 2011–2018 Vice Chairman
- 2008 onwards — Einari Vidgren Foundation, Vice Chairman of the Board
- 2006–2008 — VTT Excellence Advisory Board

CORPORATE GOVERNANCE STATEMENT

TABLE OF CONTENTS

INTRODUCTION

OLVI PLC'S GOVERNANCE MODEL

Olvi plc has a one-tier management structure. The statutory bodies consist of the **General Meeting, Board of Director**s and **Managing Director**. The company does not have a Supervisory Board.

The corporate governance model is efficient and flexible. It is based on the principle of majority rule, which promotes a strong ownership role and is balanced out by the principle of equal treatment, qualified majority requirements, and the rights given to minority shareholders, as well as a clear division between the responsibilities of the company's governing bodies.

The mutual relations, responsibilities, authorities, duties and operating methods of the sector managers and the personnel employed by the company have been constructed within the framework set by law to guide and direct the business and administration in a way that increases shareholder value.

Olvi plc (hereafter the Company) adheres to responsible and open corporate governance of a high standard. Good corporate governance is based on a combination of laws and decrees issued on the basis of them, as well as self-regulation and other best practices. Open corporate governance supports the value creation of the Company and its attractiveness as an investment object.

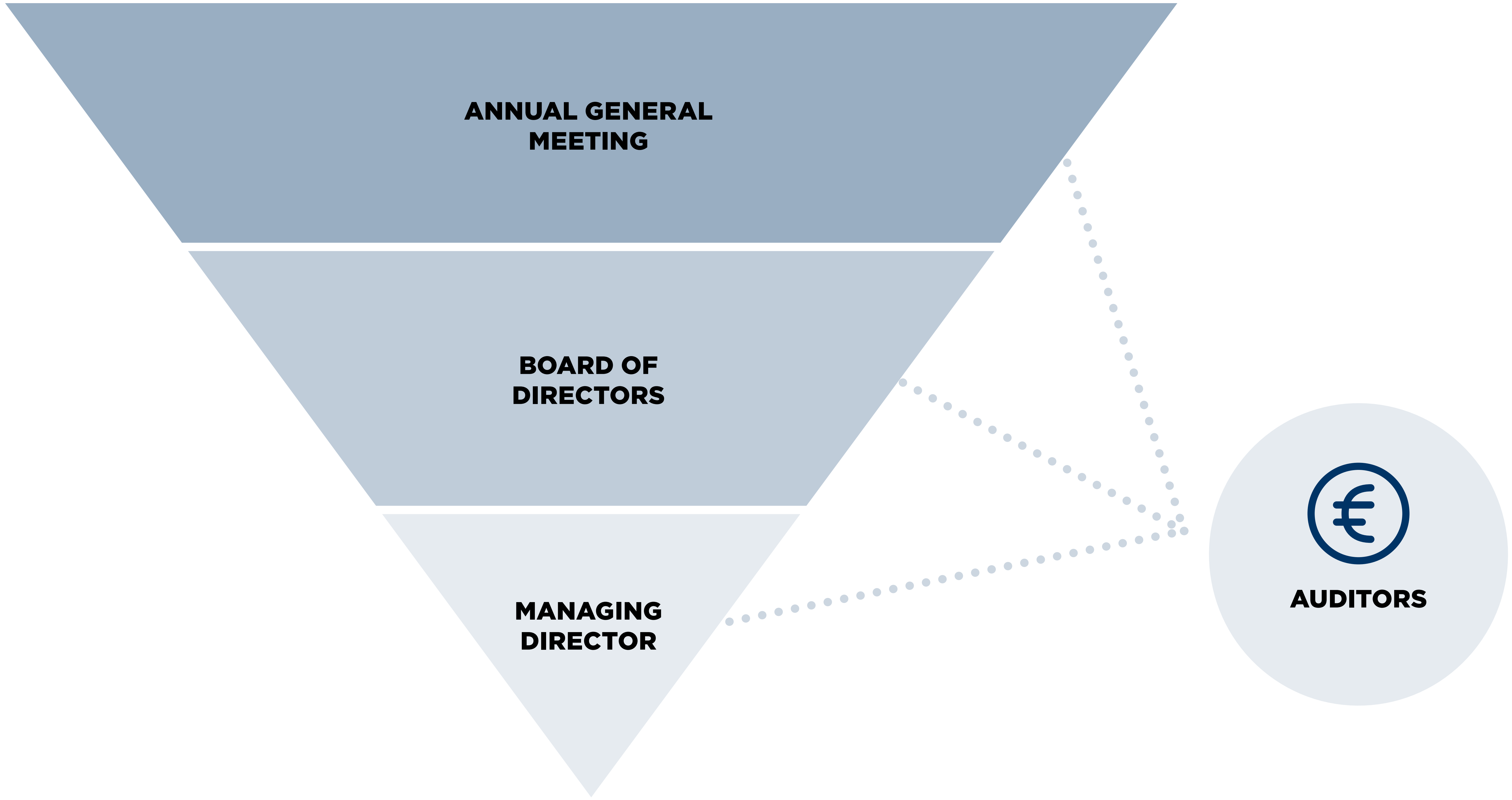
Responsibility is one of the Company's values and a crucial part of strategic and operational decision-making. Therefore, responsibility is also a natural part of the Company's everyday operations. The Company wants to meet the expectations of its stakeholders by developing the beverage industry towards even more responsibility, making responsible choices and helping its partners and consumers do the same.

The Company complies with the Corporate Governance Recommendation for Listed Companies issued by NASDAQ OMX Helsinki Ltd, Finland Chamber of Commerce and the Confederation of Finnish Industries as valid from time to time, explaining any departures. The Company has complied with the recommendation since it entered into force in 2003.

In its operations and reporting, the Company complies with the Corporate Governance Code of the Securities Market Association valid as of 1 January 2020.

The company's Board of Directors has considered this statement, and it was prepared as a statement separate from the Board of Directors' report. The statement will not be updated during the accounting period, but up-to-date information on the subject areas included in it is presented on the Company's Web site at http://www.olvigroup.fi/en/.

The Corporate Governance Code is publicly available on the Web site of the Securities Market Association > Finnish Corporate Governance Code



I GENERAL MEETING

RECOMMENDATION 1
Notice of the General Meeting and Proposals for Resolutions

Highest decision-making power in Olvi plc is exercised by the General Meeting of Shareholders. Shareholders exercise their decision-making power at the General Meeting, where they have the right to speak, ask questions, and vote.

According to the Limited Liability Companies Act and Olvi plc's Articles of Association, the duties of the General Meeting include:

- to decide on amendments to the Articles of Association and share capital as well as on convertible debt securities and option loans or options,
- to confirm the income statement and balance sheet,
- to decide on profit distribution,
- to decide upon the granting of discharge from liability to the Board members and the Managing Director,
- to decide on the number of Board members and auditors,
- to elect the Board members and the auditors,
- to decide on the fees and the grounds of compensation of travel costs of the Board members and the auditors.

The Annual General Meeting shall be held annually on the date determined by the Board before the end of June. The AGM can be held in Iisalmi, Helsinki, Espoo or Vantaa, as decided by the Board.

The notice to convene the Annual General Meeting shall be published as a stock exchange release and, should the Board of Directors so decide, published in one widely circulated newspaper of the Board of Directors' choice and on the company's Web site no earlier than three (3) months and no later than three (3) weeks before the General Meeting, in any case no later than eight (8) days before the record date for the General Meeting referred to in Chapter 4, Section 2(2) of the Limited Liability Companies Act.

In order to attend the General Meeting, shareholders must register themselves with the company no later than on the date specified in the notice to convene the meeting, which may be no earlier than ten (10) days before the meeting. Furthermore, the provisions of the Limited Liability Companies Act pertaining to the right to attend a General Meeting of a company belonging to the book-entry system shall be observed.

The Board decides upon the method of delivery of other notifications to the shareholders individually in each case.

The notice of General Meeting shall include:

- a proposal for the agenda,
- the essential contents of the Board of Director's proposals for resolution and, if the matter at hand involves other documents, a notice of the time and place where they are available for inspection,
- a mention of the fact that a shareholder has a right to obtain copies of these documents on request,
- the member candidates who have been notified to the Board,
- proposal concerning the composition of the Board of Directors,
- the specific procedure, if any, according to which the directors are to be appointed pursuant to Chapter 6, Section 9 of the Limited Liability Companies Act,
- proposal concerning the remuneration of the members of the Board,
- proposal concerning the election of auditors.

Any proposals submitted by shareholders concerning the composition and remuneration of the Board of Directors and the election of auditors shall be included in the notice of the General Meeting provided that the shareholders who submitted the proposal:

- represent no less than 10 percent of the votes conferred by the company's shares;
- the candidates have consented to the appointment; and
- the proposal was submitted to the company in such a manner that it can be included in the meeting notice.

Olvi plc's Annual General Meeting 2021

The Annual General Meeting was held on 31 March 2021 in Iisalmi. There were 113 shareholders represented at the AGM, with a total of 78,734,866 votes. This consisted of 3,699,220 Series K shares (20 votes per share) and 4,750,466 Series A shares (1 vote per share).

Due to the corona pandemic, the AGM was arranged under extraordinary procedure by virtue of a temporary law (677/2020) that entered into force on 3 October 2020. The shareholders of the company were able to participate in the meeting and exercise their shareholder rights by voting in advance. This time, the members of the Board of Directors and the auditor did not attend. The Chief Financial Officer was in attendance and presented the auditors' report by authorisation from the auditor in charge. All decisions made at the General Meeting can be found in the stock exchange release of 31 March 2021. The documents of the General Meeting are available on the AGM 2021 page.

RECOMMENDATION 2
Shareholders' Proposals for Issues to Be Addressed at the General Meeting

A shareholder has the right to have a matter falling within the competence of the General Meeting under the Limited Liability Companies Act dealt with by the General Meeting. The company will publish its financial reporting schedule for the upcoming year before the closing of the accounting period. The schedule will include the date on which any shareholder's demands to have a matter dealt with by the Annual General Meeting shall be submitted to Olvi plc's Board of Directors at the latest. Under the Limited Liability Companies Act, the date may not be earlier than four weeks prior to the issuance of the notice of the General Meeting.

It is the duty of a shareholder to ensure that any matters demanded to be addressed at the General Meeting are in compliance with the Limited Liability Companies Act and that they are sufficiently detailed in order for them to be included in the notice of the General Meeting and be addressed at the General Meeting. The shareholder who made the demand also has the duty to ensure that a proposal for a resolution on the basis of which the matter can be resolved, is submitted to the General Meeting.

Any similar proposals submitted by shareholders representing no less than 10 percent of the company's shares after the publication of the notice of the General Meeting, must be published separately.

Before the General Meeting, Olvi plc will publish the following in the Corporate Governance/AGM section of its Web site:

- notice to convene the Annual General Meeting,
- documents to be presented to the meeting,
- proposals for resolution for the meeting,
- the date by which a shareholder shall notify the company's Board of Directors of a demand to have a matter dealt with by the Annual General Meeting, and
- a postal and/or email address to which demands to have a matter included on the agenda of the AGM shall be submitted,
- biographical details of the candidates for the Board,
- instructions for shareholders, and
- a link to online registration.

RECOMMENDATION 3
Attendance at the General Meeting

The Managing Director, the members of the company's Board of Directors and the auditor will attend Olvi plc's General Meetings. When a new member is to be elected to the Board of Directors, the Company pays particular attention to the requirement that the candidate shall attend the General Meeting deciding on the election. This makes it possible to introduce him or her to the shareholders.

The presence of the auditor at the Annual General meetings allows the shareholders to ask the auditor for more detailed information on matters that may have an impact on the evaluation of the financial statements or other issues on the agenda of the meeting.

If one or more persons fail to attend the General Meeting pursuant to the recommendation, the company shall notify the General Meeting of the absence.

RECOMMENDATION 4
Archive of the General Meeting Documents

Within two weeks of the meeting, Olvi plc will publish on its Web site the minutes of the General Meeting including the voting results, as well as those attachments to the minutes that constitute part of a decision made at the meeting. The documents will be kept available for viewing for a minimum of five (5) years after the General Meeting. Shareholders have the opportunity to study the General Meeting materials from previous years.

The minutes of Annual General Meetings shall be archived at the Company's head office as long as the Company exists.

II BOARD OF DIRECTORS

RECOMMENDATIONS 5 AND 6
Election and Term of Office of the Board of Directors

According to the Articles of Association of Olvi plc, the Annual General Meeting shall elect the Board of Directors. Election takes place annually for a period extending to the next Annual General Meeting of the Company.

RECOMMENDATION 7
Preparation of the Proposal for the Composition of the Board of Directors

The election of the Board of Directors is one of the most important decisions taken in the General Meeting. The Company shall receive a proposal for the composition of the Board of Directors from major shareholders. On its Web site, the Company has announced the date by which a shareholder shall notify the Company's Board of Directors of any proposals to be dealt with by the Annual General Meeting.

RECOMMENDATION 8
Composition of the Board of Directors

The Board of Directors includes at least four (4) and at most six (6) members elected by the General Meeting of Shareholders. Their term of office lasts until the closing of the General Meeting following their election.

From the Annual General Meeting of 8 April 2020 until the Annual General Meeting of 2021, the Board of Directors comprised six (6) members: Pentti Hakkarainen, Lasse Heinonen, Nora Hortling, Elisa Markula, Päivi Paltola and Heikki Sirviö. The Board of Directors had elected from amongst themselves Pentti Hakkarainen as Chairman.

The Annual General Meeting of 31 March 2021 elected Pentti Hakkarainen, Lasse Heinonen, Nora Hortling, Elisa Markula, Juho Nummela and Päivi Paltola to the Board of Directors. The Board of Directors organised on 31 March 2021 and elected from amongst themselves Pentti Hakkarainen as Chairman and Nora Hortling as Vice Chair.

Tiina-Liisa Liukkonen, Chief Financial Officer of Olvi plc, has served as the secretary of the Board.

RECOMMENDATION 9
Diversity of the Board of Directors

When preparing the composition of the Board of Directors, the requirements imposed by the company's operations and the company's current stage of development shall be taken into account. Diversity of the knowhow, experience and opinions of the members of the Board promotes the ability to have an open-minded approach to innovative ideas and also the ability to support and challenge the company's executive management.

The members of Olvi plc's Board of Directors shall represent diversified knowledge and skills, including industry knowledge, and possess a variety of professional backgrounds in a way that allows work and international experience, different ages and genders to support and supplement each other for the good of the company's business and to increase shareholder value.

In addition to the competence required by the position, anyone to be elected a Board member shall have the possibility to devote a sufficient amount of time to attending to the duties.

A legal person, a minor, anyone under guardianship or with restricted legal competency, bankrupt or banned from doing business cannot be elected a Board member.

The Board members' work experience and key memberships in other companies are presented on the Company's Web site.

RECOMMENDATION 10
Independence of Directors

The Board of Directors annually assesses the independence of its members and reports which Board members it determines to be independent of the company and its significant shareholders. The majority of the members of the Board shall be independent of the Company, and at least two members who are independent of the Company shall also be independent of the significant shareholders of the Company.

Independence of Board members in 2021

All members of the Board of Directors are independent of the Company. Among the Board members, Pentti Hakkarainen, Lasse Heinonen, Elisa Markula and Päivi Paltola are independent of significant shareholders. Among the Board members, Nora Hortling and Juho Nummela are considered not independent of significant shareholders as they represent some of the largest shareholders in Olvi plc.

RECOMMENDATION 11
Charter of the Board of Directors

The Board of Directors has confirmed rules of procedure that determine, among other things, the duties of the Board, the decision-making procedure and meeting practices. The rules of procedure of Olvi plc's Board of Directors have been published on the company's Web site.

RECOMMENDATION 12
Right of Board of Directors to Receive Information and Introduction of Board Members

Primary responsibility for the preparation and presentation of matters to be discussed by the Board lies with the Managing Director of Olvi plc. The Managing Director is also responsible for ensuring that the Board of Directors receives sufficient information for assessing the operations and financial position of the Company and its subsidiaries, as well as any other matters to be discussed.

The company will ensure that its members receive information by regularly reporting on the Group's business, operating environment, markets and financial position, as well as any substantial procurement or other contracts.

The Company will individually introduce any new Board members to the Company's operations. The need for introduction is assessed individually for each member, and personal wishes are listened to.

RECOMMENDATION 13
Performance Evaluation of the Board of Directors

The Board of Directors carries out annual self-evaluation of its operations and working methods. In addition to the realisation of targets set for the Board of Directors' operations, the results of the evaluation reveal objects of development in Board work.

The members of the Board shall analyse the Board's role from viewpoints such as Group management and the fulfilment of the supervisory role. Through the evaluation, the company gets feedback on the success and further development of reporting by executive management and the presenter's role of the Managing Director.

The members shall also evaluate the work of the Chairman of the Board, as well as their own performance and the added value they have brought to the Company. The evaluation of one's own work and the achievement of targets is used across the entire Company and is also realised in the Board of Directors.

If necessary, and/or if the Board so decides, an external evaluator can also be used.

III COMMITTEES

RECOMMENDATION 14
Establishment of a Committee

The Company has an Audit Committee and a Remuneration Committee that were established in 2018.

The committees have their own annually updated rules of procedure that determine, among other things, the duties of the committees, the principles of operation and meeting practices. The committees' rules of procedure are available on the Company's Web site at Audit Committee and Remuneration Committee.

The committees assist the Board of Directors by making preparations for tasks pertaining to the Board. The committees shall report their work to the Board of Directors regularly at Board meetings.

RECOMMENDATION 15
Appointment of Members to Committees

The committees are acting as support for the Board of Directors and prepare matters for the Board. The committees consist of three members, one of which is the Chairman of the committee. The Board of Directors has elected the members and Chairmen of the committees among its members as follows:

Audit Committee Lasse Heinonen (Chair), Nora Hortling and Juho Nummela. Tiina-Liisa Liukkonen, Chief Financial Officer, has served as the secretary of the committee.

Remuneration Committee: Pentti Hakkarainen (Chair), Elisa Markula and Päivi Paltola. Marjatta Rissanen, Customer Services and Administrative Director, has served as the secretary of the committee.

The committees may invite representatives of the Company, and as necessary, outside experts, to their meetings.

The meetings of the committees are reported on the Company's Web site at Attendance at committee meetings 2021.

RECOMMENDATION 16
Audit Committee

The Audit Committee shall monitor and supervise the Company's financial reporting and the reporting process, monitor the statutory audit, evaluate the work of the auditors and monitor internal control and risk management. The duties of the committee are described on the Company's Web site at Audit committee.

All members of the Audit Committee are independent of the Company, and Lasse Heinonen is independent of significant shareholders.

The scope of duties of the Audit Committee is extensive, and the versatile expertise, competence and business management experience of the members complement each other. The work experience of the committee members is described on the Company's Web site at Board members.

RECOMMENDATION 17
Remuneration Committee

The Remuneration Committee shall monitor and evaluate the competitiveness of the Company's remuneration and incentive schemes and their development. Its crucial duties include the development of the remuneration schemes and benefits to the Managing Director and the other executives, preparation of matters pertaining to the appointment of the Managing Director and other directors belonging to the Management Group, as well as the development of incentive and remuneration schemes for executive management and key personnel. The duties of the committee are described on the Company's Web site at Remuneration committee.

All members of the Remuneration Committee are independent of the Company.

RECOMMENDATIONS 18 and 19
Nomination Committee and Shareholders' Nomination Board

The company's Board of Directors has not established a Nomination Committee nor a Shareholders' Nomination Board for preparing the appointment of the Board of Directors. The Board of Directors shall attend to the duties defined for these committees.

IV MANAGING DIRECTOR AND THE OTHER EXECUTIVES

Lasse Aho (b. 1958), Master of Social Sciences, has been the company's Managing Director since 2004. The duties, education and work experience of the Managing Director are described in the Managing Director section of the Company's Web site.

RECOMMENDATION 20
Terms of the Managing Director's Service Contract

The terms of the Managing Director's service contract are defined in the written director's contract approved by the Board of Directors. The contract also specifies the financial benefits of the service, including the Managing Director's severance package and any other compensation.

The financial benefits according to the director's contract are described in the Company's published Remuneration Report.

RECOMMENDATION 21
Restriction Concerning the Managing Director

Olvi plc's Managing Director is not a member of the Board of Directors. The Managing Director acts as the presenting official at Board meetings.

The roles and responsibilities of the Chairman of the Board and the Managing Director are clearly divided in the rules of procedure of the Board of Directors.

V REMUNERATION

RECOMMENDATIONS 22 and 23
Decision-Making Relating to Remuneration and Remuneration and Shareholdings of the Board of Directors

Decision-making relating to remuneration, as well as remuneration and shareholdings of the Board of Directors, are described in the separate, annually published Remuneration Report.

VI OTHER GOVERNANCE

RECOMMENDATION 24
Internal Control

Internal control is a material part of the Company's administration and management systems, ensuring the prevention of risks and a high standard of operations. Internal control refers to all procedures, systems and methods used by corporate management to ensure efficient, economic and reliable operations and to implement their strategy. Internal control ensures that decision-making by management is based on correct, sufficient and reliable information, that operations are in compliance with the corporate governance policy and operating principles and that they are based on laws, guidelines of the authorities and decisions of the Company's governing bodies. Internal control is based on continuous evaluation of operations and responding to any deviations.

Internal control is not a separate functional entity but a part of everyday management and an integral part of the Company's operations. It covers all functions and organisational levels of Olvi Group. The Board of Directors of the Company is responsible for arranging sufficient and functional internal control within Olvi Group. Internal audit shall assess the functionality of internal control as a part of the evaluation and verification of the steering and control system.

Olvi Group has confirmed a guideline of Principles of Internal Control, defining the objectives, governance model, responsibilities and obligations of internal control and guiding its implementation. As a part of internal control, the Annual Report includes a sustainability report drawn up in compliance with the EU non-financial reporting directive.

RECOMMENDATION 25
Risk Management

Overview of risk management

Risk management is a part of Olvi Group's everyday management and operations. The objective of risk management is to ensure the realisation of the Company's strategy and secure its financial development and the continuity of business. The task of risk management is to operate proactively and create operating conditions in which business risks are managed comprehensively and systematically in all of the Group companies and all levels of the organisation.

The Board of Directors is responsible for the risk management of the company and its Group and the internal control of business operations. The Board of Directors deals with and authorises the company's strategy, in connection with which the risks related to business operations and other operating environment are also annually surveyed.

The Group's risk management and anticipation of market changes form an important part of the management's everyday operations to secure the continuity of business operations.

Main characteristics of the risk management process and its connection with internal control

Risk management contributes to the achievement of set targets, making efforts to avoid unwanted operational and financial surprises. Furthermore, risk management aims to identify and utilise any business opportunities that may arise.

The Group's operational risks include risks related to production plants and production, personnel risks and data security risks. The Group aims to minimise production risks through clearly documented processes, automation, quality management systems and clear procedures for decision-making and supervision. Insurance policies have been taken out to prepare for property damage and business interruptions. Insurance coverage is reviewed regularly. The realisation of personnel risks is prevented by a backup person system, job rotation and maintaining a good working atmosphere. The management and supervision of data security risks is centralised with the Group's information management. Olvi Group's information management is reviewed in connection with the financial audit by the data security experts of the auditors.

The most significant identified risk areas are also taken into account in the action plans of internal control. This ensures that risk areas are monitored systematically and that the response to any situation requiring a remedy is quick.

Risk management related to financial reporting includes, for example, reports on realised results and other key figures and the preparation of forecasts. Olvi Group's financial development and risks are monitored on a monthly basis in the Board of Directors and Management Groups. In addition, the Group's Board of Directors deals with risks regularly in connection with the discussion of annual and interim reports.

Olvi Group has confirmed a risk management policy and risk management guidelines defining the policy in more detail. There are used Group-wide to define the purpose, contents, governance model and roles of risk management and provide guidelines for the practical process in accordance with an annual schedule.

RECOMMENDATION 26
Internal Audit

Internal audit operates objectively and independently, supporting the Board of Directors, the Managing Director and other administration in order to evaluate the standard of internal control and to prepare its development. Internal audit provides independent and objective evaluation and advisory services for risk management and control processes within the organisation.

Internal audit is carried out in accordance with an annual plan confirmed by the Board of Directors. Internal audit was implemented as an outsourced service in 2021.

RECOMMENDATION 27
Related Party Transactions

Related parties
Olvi plc's related parties include the top management of Olvi plc: the members of the Board of Directors, the Managing Director, the members of the Management Group and the Group's Development Director, as well as the spouses or common-law partners of the above and all other people belonging to their households. Furthermore, related parties are considered to include entities in which the above persons, solely or jointly with their related parties, exercise control or have influential power.

Register of related parties
The financial management of Olvi plc maintains an up-to-date register of related parties, identifying the persons belonging to related parties, their respective related parties and entities considered as related parties. Information essential to Olvi plc is collected for the register annually from the persons belonging to the Company's related parties. The register is not public, and the information contained in it will not be disclosed to third parties except for authorities entitled to such disclosure and the auditor.

Description of data protection concerning transactions by management and related parties

Monitoring and assessment of related party transactions
The monitoring and evaluation of related party transactions is the responsibility of Olvi plc's financial management under mandate from the Board of Directors. Financial management shall monitor and report as necessary of any contracts or transactions with related parties having unusual commercial terms. Related party transactions shall be reported in the consolidated financial statements, and also in the interim reports with regard to incentives fot key personnel.

Related party transactions
Olvi plc is obliged to disclose any transactions significant to business operations conducted by management and their related parties. The Company publishes disclosures of transactions conducted by management and related parties on the Company's Web site at Financial releases.

OTHER ADMINISTRATIVE MATTERS

Insider administration

Olvi plc complies with the insider guidelines of Nasdaq Helsinki Ltd valid at each time. Furthermore, the Board of Directors of Olvi plc has confirmed the company's own insider guidelines that supplement those issued by Nasdaq Helsinki Ltd (Guidelines for Insiders of Listed Companies). The guidelines clarify and supplement the practices of the company and the insiders and serve as a practical tool for handling insider issues. Each insider is always personally responsible for ensuring that his or her actions comply with the regulations given in law, the Financial Supervision Authority's standard and the insider guidelines.

The Market Abuse Regulation ((EU) No 596/2014, "MAR") entered into force on 3 July 2016. As a consequence of the MAR, the Company no longer has public insiders. The Company maintains a permanent company-specific insider register of persons who receive inside information due to their tasks or position, as well as insider lists specific to projects and events, but these are not public.

Managers' holdings ((EU) No 596/2014, "MAR")
Olvi plc's managerial employees subject to a notification obligation have provided their written consent for public presentation of their shareholdings on the company's Web site Managers' holdings of shares.

Silent period
Olvi plc observes a closed window of 30 days. Trading in the company's financial instruments is not allowed in the period preceding the publication of the company's interim reports and financial statement bulletin. The period begins 30 days before publication and ends on the day following the publication. Should an event occur during the silent period that requires the disclosure of information, Olvi plc shall make a disclosure without undue delay in accordance with the applicable regulations, and may comment the event in question.

Project-specific insiders are not allowed to trade in the Company's shares or comparable securities during the period in which they belong to project-specific insiders.

Whistle Blowing
Olvi plc has a feedback channel through which Olvi Group employees may anonymously report any suspected violations of financial market legislation and regulations within the listed company (whistle blowing). The feedback is collected by Group administration.

Supervision
Compliance with the guidelines is regularly supervised in accordance with instructions issued by the Board of Directors of Olvi plc.

Audit

The company's auditor, which shall be an auditing firm approved by the Central Chamber of Commerce, is elected annually at the General Meeting. The term of office of the auditor terminates at the close of the first General Meeting following the election.

It is the duty of the auditor to ensure that the financial statements have been prepared in accordance with the valid legislation and that they provide a true and fair view of the company's result and financial position and other necessary information for the Company's stakeholders. The requirements of internal control are also taken into account in the auditors' audit plans.

The auditor annually issues its report to the company's Annual General Meeting. In addition, the auditor reports on the main points of the annual audit plan and provides a written auditor's report concerning the entire Group to the Board of Directors in connection with the financial statements. The auditor shall always attend the Annual General Meeting, and also at least one meeting of Olvi plc's Board of Directors during the year.

In 2021, the auditor elected by the Annual General Meeting was Ernst & Young Oy, Certified Public Accountants, which was responsible for the audit of the Group's parent company Olvi plc and the subsidiaries located in the Baltic states. Furthermore, Ernst & Young has audited the consolidation data for the subsidiary located in Belarus. The auditor in charge from 8 April 2020 has been Elina Laitinen, Certified Public Accountant.

In 2021, the auditors of Olvi Group were paid fees for audit tasks as follows:

- Ernst & Young Oy 186,700.00 (170,800.00), other advisory and consulting services 22,400.00 (17,900.00) euro.

REMUNERATION REPORT

OLVI PLC'S REMUNERATION REPORT 2021

1. INTRODUCTION

The company complies with the Finnish Corporate Governance Code issued by the Securities Market Association that entered into force on 1 January 2020. This Remuneration Report has been prepared in accordance with EU legislation pertaining to the rights of shareholders, as well as the recommendations concerning remuneration in the Finnish Corporate Governance Code 2020.

Olvi plc's Remuneration Policy 2020–2023 has been presented to the 2020 Annual General Meeting on 8 April 2020. The General Meeting approved the Remuneration Policy as an advisory resolution. The Remuneration Policy 2020–2023 has been applied to the remuneration of the company's governing bodies, the Board of Directors and the Managing Director in the accounting period from 1 January to 31 December 2021. There have been no situations during the accounting period 2021 that would have called for clawback of any remuneration.

This Remuneration Report presents the principles guiding remuneration of the members of the Board of Directors and the Managing Director, and information on the realisation of remuneration schemes in 2021. The salaries and bonuses presented in the report have been earned and paid during 2021, or they were earned in 2021 and will be paid in 2022.

The objective of remuneration is to promote the achievement of operations and targets in accordance with Olvi plc's purpose, strategy and values through maintaining and developing competitive, fair and motivating systems and compensations that reward good performance. Olvi plc has created remuneration procedures that encourage the promotion of the company's success and shareholder value in the long term. The definition and adjustment of remuneration to the Managing Director is also based on these starting points.

The Remuneration Committee shall support the Board of Directors in decision-making related to remuneration. The Remuneration Committee shall monitor and evaluate the competitiveness of the company's remuneration schemes and their development. Bonus schemes must not encourage imprudent risk-taking or negligence.

The objective of remuneration of the Managing Director is to encourage and reward the realisation of business strategy, the achievement of operational and financial targets and the implementation of growth projects. Variable pay components, known as long-term and short-term incentives, constitute a substantial part of remuneration of the Managing Director. The goal is that the proportional share of variable remuneration is more than one-half of total earnings if variable remuneration is realised in accordance with maximum performance. Bonuses based on earnings or performance are a sign of achievements that outperform the target level.

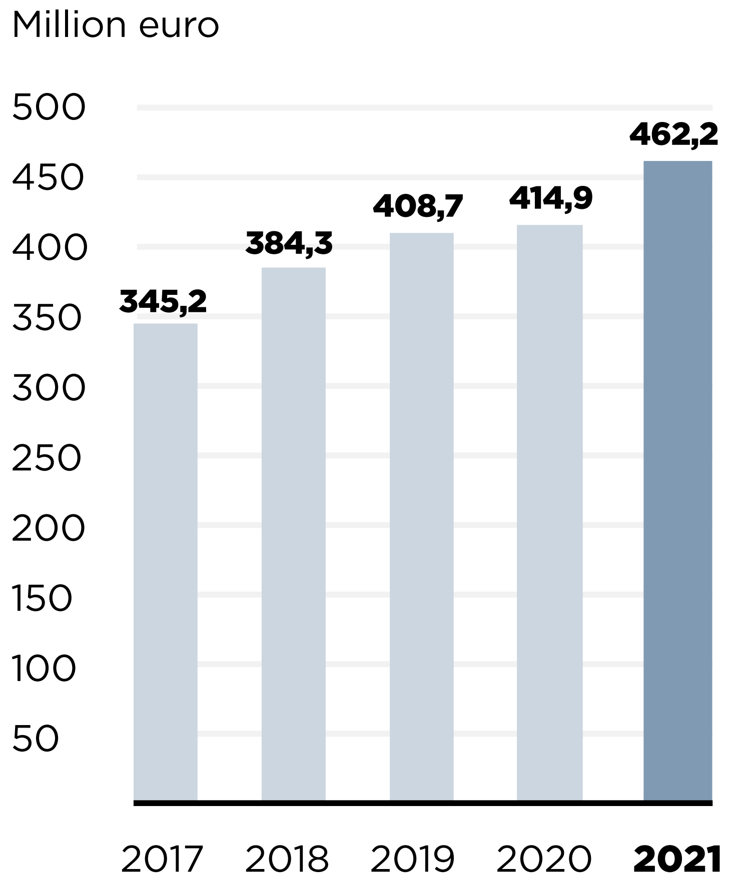
The following table presents the development of remuneration of the Board of Directors and the Managing Director compared to the average salary development of the Group's employees and the Group's financial development for the last five accounting periods.

The company's net sales, operating profit and sales volume have grown steadily over the last five accounting periods. In 2021, sales volume and market share developed favourably as the corona pandemic caused sales to be focused on retail trade.

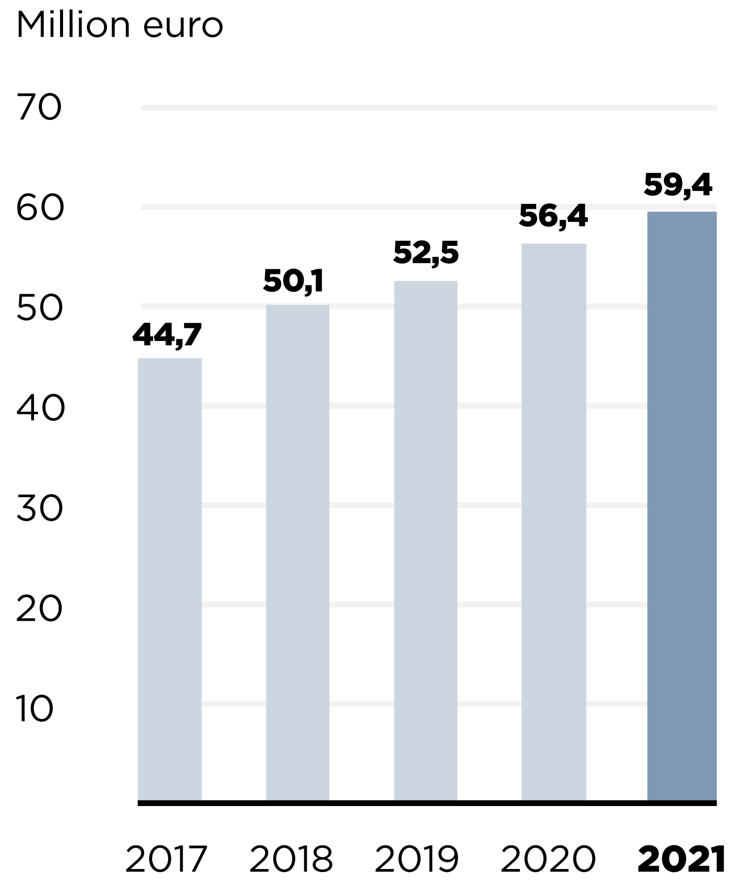
Development of remuneration €	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Annual pay to the Board of Directors	160,435	178,000	186,000	186,000	186,000	186,000
Total remuneration to the Board of Directors	197,885	217,400	235,150	242,300	246,150	244,900
Remuneration to the Managing Director	392,561	688,757	822,550	766,093	549,703	1,256 100
Salary development of the average employee *)	18,715	20,506	21,423	24,172	24,084	24,478

*) Personnel expenses in the financial statements divided by average number of employees

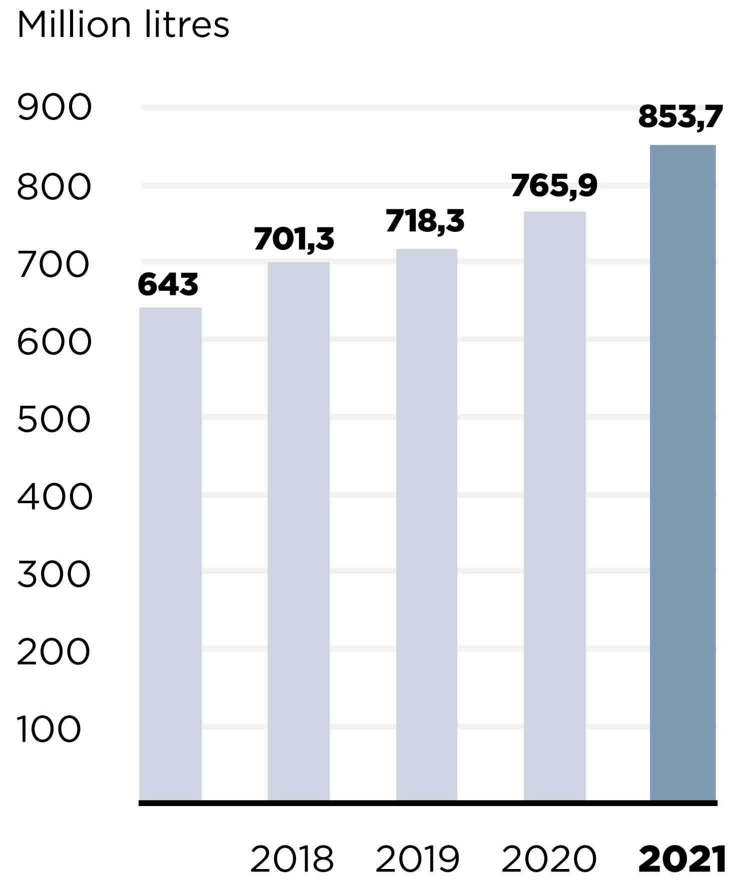
NET SALES, OLVI GROUP



OPERATING PROFIT, OLVI GROUP



SALES VOLUME, OLVI GROUP



2. REMUNERATION TO THE BOARD OF DIRECTORS FROM 1 JANUARY TO 31 DECEMBER 2021

Members of the Board of Directors receive a fixed monthly pay and an attendance allowance. The amount of pay varies across different roles. Furthermore, the members of Board Committees shall receive an attendance allowance for committee work.

Remuneration for Board work confirmed by the Annual General Meeting 2021 until the close of the Annual General Meeting 2022:

Monthly pay:

• Chairman of the Board	5,000 euro
• Vice Chairman of the Board	2,500 euro
• Member of the Board	2,000 euro

Attendance allowance per meeting:

• Chairman of the Board	950 euro
• Member of the Board	650 euro

Travel expenses for the members of the Board shall be reimbursed in accordance with the company's travel regulations.

According to a decision made by the Annual General Meeting 2021, the members of the Board of Directors of Olvi plc have been remunerated as follows from 1 January to 31 December 2021:

Member of the Board	Annual pay €	Attendance allowances €	Committee meeting allowances €	Total remuneration
Hakkarainen Pentti (Chairman)	60,000	9,500	3,250	72,750
Hortling Nora (Vice Chair)	30,000	6,500	2,600	39,100
Heinonen Lasse (Member)	24,000	6,500	2,600	33,100
Markula Elisa (Member)	24,000	6,500	3,250	33,750
Nummela Juho (Member since 31 March 2021)	16,000	3,900	1,950	21,850
Paltola Päivi (Member)	24,000	6,500	3,250	33,750
Sirviö Heikki (Member until 31 March 2021)	8,000	1,950	650	10,600
Total	**186,000**	**41,350**	**17,550**	**244,900**

The members of the Board have not received any other benefits and have not belonged to the company's share-based or other incentive schemes.

3. REMUNERATION TO THE MANAGING DIRECTOR FROM 1 JANUARY TO 31 DECEMBER 2021

Decisions concerning the remuneration of the Managing Director are made by the Board of Directors within the limits of the Remuneration Policy for Governing Bodies presented to the General Meeting.

Remuneration to the Managing Director consists of a fixed monthly salary, fringe benefits (mobile phone benefit) as well as short-term and long-term incentives. The Managing Director shall not receive separate remuneration for his work in the management group or other internal management organs within the Group.

All salaries and emoluments earned by the Managing Director in the accounting period from 1 January to 31 December 2021 totalled 1,256,100 (549,703) euro. The amount includes annual basic salary, conventional fringe benefits (phone benefit), as well as short-term and long-term incentives. Variable pay components made up 70 percent of the Managing Director's total remuneration for the accounting period 2021.

Remuneration to the Managing Director	Payments in 2021	Due for payment from 2021
Basic salary	€ 366,416	- €
Fringe benefits	€ 240	- €
Short-term incentives		- €
Performance period 2020	€ 200,748 €	- €
Performance period 2021		€ 219,622
Long-term incentive scheme		
Performance period 1 Feb 2019–31 Jan 2021	€688,696 / 7,200 shares*	- €
Total	**€ 1,256 100**	**€ 219,622**

* Redemption price €44.00

PENSION

Pension for the company's Managing Director is determined on the basis of valid legislation. The Managing Director belongs to the Finnish TyEL pension scheme in which the amount of employment pension is affected by the length of service and earnings. Income used for the determination of pension includes the beneficiary's basic salary, performance pay and any other taxable extra pay but not any income realised from shares. The Managing Director's retirement age is 65 years.

SHORT-TERM INCENTIVES (STI)

The goal of short-term incentives is to encourage and reward the realisation of short-term business strategy and the achievement of operational and financial targets. The company's performance bonus scheme communicates the company's targets, will and desire. Bonuses based on earnings and performance are a sign of achievements that outperform the target level.

The Board of Directors shall annually decide upon the basis for definition of the incentives. The monitoring period of a short-term incentive scheme is at most one accounting period and the achievement of targets is assessed when the financial statements are completed.

The short-term incentive reward paid to the Managing Director in 2021 was based on the short-term incentive scheme of 2020 and the achievement of operating profit and strategic targets set by the Board of Directors for the performance period in question. In 2020, the maximum amount of reward payable was 70 percent of basic annual income, and the realised amount was 60 percent of basic annual income. The reward totalled 200,748 euro.

The maximum amount of reward payable under the short-term incentive scheme of 2021 is 70 percent of basic annual income and it is based on the achievement of operating profit and strategic targets set by the Board of Directors for the performance period in question. The realised reward from the short-term incentive scheme for 2021 is 64,5 percent and the reward payable for 2021 comes up to a total of 219,622 euro.

LONG-TERM INCENTIVES (LTI)

The objectives for long-term incentives include increasing shareholder value, improving competitive ability, supporting profitable growth and relative profitability, and making operational management and key employees committed to the company.

Share-based incentive schemes shall have a performance period of at least two years. At the end of the performance period, the realisation of the performance criteria is assessed, and any rewards payable shall depend on success related to these targets.

The Managing Director's long-term incentives for the accounting period 2021 are based on the share-based incentive scheme established for the Group's key personnel in 2019, the performance period of which was 1 February 2019 to 31 January 2021. Participation in the scheme required the Managing Director to acquire the company's shares up to a maximum number set by the Board of Directors. He was entitled to receive one share as a reward per each share acquired. Entitlement to a reward was tied to the continuance of the Managing Director's service upon reward payment. The reward from the scheme was paid partly in the company's shares and partly in cash in February 2021. The cash proportion was used to cover taxes and tax-related costs arising from the reward to the Managing Director. The realised reward under the terms and conditions of the long-term incentive scheme totalled 688,696 euro.

The Managing Director belongs to share-based long-term incentive schemes for Olvi Group's key personnel that were initiated in 2021 to cover the years 2021 to 2023. The objective of long-term rewards is to support the achievement of the Company's targets, make key personnel committed to the company and offer incentive plans based on earning the company's shares.

The matching share plan for 2021–2022 has one commitment period, the accounting periods 2021–2022. The scheme allows the Managing Director to receive additional shares through making a personal investment in the company's shares. Any rewards from the scheme shall be paid after the end of each commitment period. The maximum amount of the Managing Director's reward is 875 shares plus a cash proportion to cover for taxes and tax-related costs arising from the share-based reward. Entitlement to the reward is tied to the continuance of the Managing Director's service upon reward payment.

The performance-based share plan for 2021–2023 has two performance periods, the accounting periods 2021–2022 and the accounting periods 2021–2023. For the performance periods 2021–2022 and 2021–2023, rewards are based on the Group's accumulated operating profit in euros and the increase of non-alcoholic sales volume. The rewards will be paid in one instalment after the end of the performance period. If the targets are achieved in full, the Managing Director will be entitled to a reward of 2,800 shares for the performance period 2021–2022 and 3,700 shares for the performance period 2021–2023, plus a cash proportion to cover for taxes and tax-related costs arising from the share-based reward.

The Managing Director has to hold at least one-half of the shares received as net rewards from the new incentive plans started in 2021 until the value of his holding in the company equals at least one-half of his annual salary for the previous year. These company shares have to be held for as long as his service contract continues.