



Olvi Group's half-year report 1 January to 30 June 2022 (6 months)

Half-year report in brief

Olvi Group's sales volume and net sales developed strongly during the second quarter, in line with the favourable trend that prevailed in the first quarter. The Group's operating profit decreased during the review period, but the previous year's level was achieved in the second quarter despite significant and rapid cost increases. The impact of higher costs has been successfully reduced through price increases in all markets. The Group's solvency has remained strong, thus enabling future growth investments.

Near-term outlook unchanged

The operating profit from continuing operations is expected to remain at the previous year's good level. However, business operations involve significant uncertainties due to the availability of raw materials, packaging materials and energy and the increase in costs.

Olvi publishes its near-term outlook for continuing operations, which include the company's reporting segments in Finland and the Baltic Sea region. Its business operations in Belarus are presented as discontinued operations / assets held for sale in accordance with IFRS 5 and will therefore not be included in the near-term outlook.

The Group's key ratios (continuing operations)

	4-6/ 2022	4-6/ 2021	Change, % /pp	1-6/ 2022	1-6/ 2021	Change, % /pp	1-12/ 2021
Sales volume, Mltr	188.7	159.2	18.5	323.5	271.7	19.0	574.5
Net sales, MEUR	127.0	102.0	24.5	211.8	171.4	23.5	364.8
Gross profit, MEUR	48.6	44.7	8.7	79.9	72.9	9.6	151.7
% of net sales	38.3	43.8		37.7	42.5		41.6
Operating profit, MEUR	15.4	15.5	-0.4	20.0	21.9	-8.3	45.1
% of net sales	12.2	15.2		9.5	12.8		12.4
Profit for the period, MEUR	10.8	10.9	-0.3	14.7	16.4	-10.2	36.7
% of net sales	8.5	10.7		6.9	9.5		10.1
Earnings per share, EUR	0.52	0.52	-1.2	0.71	0.79	-10.7	1.77
Investments, MEUR	8.9	8.1	9.9	17.1	14.2	20.3	26.8
Equity per share, EUR				14.45	12.86	12.4	14.19
Equity ratio, %				53.7	54.6	-0.9	60.7
Gearing, %				-11.6	-22.9	-11.3	-16.6

Key ratios for the Group, including assets held for sale

	4-6/ 2022	4-6/ 2021	Change, % /pp	1-6/ 2022	1-6/ 2021	Change, % /pp	1-12/ 2021
Sales volume, Mltr	278.4	249.8	11.4	467.2	413.7	12.9	853.7
Net sales, MEUR	168.8	132.0	27.9	272.7	217.3	25.5	462.2
Operating profit, MEUR	26.7	20.6	29.4	33.1	28.7	15.4	59.4
% of net sales	15.8	15.6		12.1	13.2		12.9

Assets held for sale are discussed in more detail under item 12 of Table 5 in the table section of the half-year report bulletin.



Business development

Lasse Aho, Managing Director:

Business development during the second quarter

Demand for Olvi Group's products continued to be strong in the second quarter. The sales of non-alcoholic products in particular continued to grow rapidly in line with the strategy. Investments in new brands and new spring season products have been well received in the market. The sales volume increased by 18.5%, and growth was achieved in all geographical reporting segments as retail demand remained strong and sales to the hotel, restaurant and catering (HoReCa) sector and cross-border trade recovered following the lifting of sales channel and travel restrictions related to the coronavirus pandemic. Exports to Russia have ceased. Exports to other markets grew as planned. Net sales increased by 24.5%. Excluding the acquisitions made in 2021, the sales volume increased by 7.8% and the net sales by 17.7%. Because of the strong and sudden increase in costs, price increases have been implemented as far as possible in each market and sales channel. Net sales increased in all markets. Cost increases could not yet be fully transferred to prices.

Production costs in raw materials, packaging materials, energy and fuel began to increase significantly during the coronavirus pandemic and have continued to do so because of the war in Ukraine. There have been challenges in the availability of materials. Salaries have increased, especially in the Baltics. Profitability management has been challenging due to the rapidly changing operating environment and inflation. The operating profit was EUR 15.4 million and remained close to the previous year's level, decreasing by only 0.4%, as the impact of cost increases was partly offset by the price increases implemented.

Business development during the first half of the year

During the first half of the year, the sales volume increased by 19.0% and net sales grew by 23.5%. The market shares remained at a good level or continued to improve in many product categories. In addition, new business operations – such as Vestfyen in Denmark and Piebalgas and the Everest water brand in Latvia – generated growth for the Group as planned.

The operating profit was EUR 20.0 million, decreasing by 8.3% from the previous year. The company's performance improved significantly during the second quarter. Price increases have been implemented in response to cost increases. In addition, operational efficiency is being continuously improved through targeted investments and operational measures.

During the first half of the year, Olvi continued its strategic investments in growing its production and storage capacity and strengthened its future competitiveness by implementing strategic reform projects related to sustainability and digitalisation, for example. Olvi aims to achieve carbon-neutral operations in its Iisalmi plant during 2023. Business capabilities are being improved in terms of data-based management and digitalisation.

Segment-specific business development

Business operations developed favourably in Finland in the second quarter as sales to the hotel, restaurant and catering (HoReCa) sector and cross-border trade recovered following the lifting of restrictions related to the coronavirus pandemic. Retail demand also remained strong. The sales volume increased by 3.3%, which is a good achievement, considering the impact of the warm early summer on the volume in the previous year, which is reflected in the figures for the comparison period. The sales volume increased by 2.1% during the first half of the year. Successes in 2022 include hard seltzers, in which Olvi is the market leader by a clear margin. Net sales grew by 9.7% as cost increases were partially transferred to customer prices during the spring. Net sales have increased by 8.6% since the beginning of the year. Operating profit increased by 9.6% during the second quarter but decreased by 3.0% during the first half of the year. The comparable operating profit improved, because costs related to remuneration were recognised in the previous year and there were no such costs in the reporting period. In operational terms, it has been challenging to reach the previous year's profitability level because of cost pressures and the timing of price increases.



In the Baltic Sea region reporting segment, the sales volume increased by 35.0% and net sales grew by 46.1% in the second quarter. Excluding the acquisitions made in 2021, the sales volume increased by 15.8% and the net sales by 31.5%. The sales volume and net sales improved in all countries of operation and especially in Latvia. The sales of Everest water and Piebalgas beers have increased business operations in Latvia as planned. Export sales opportunities in new markets were successfully seized. The sales volume increased by 39.6% and net sales grew by 47.6% during the first half of the year. Denmark, which was not included in the previous year's comparison figures, is significantly contributing to the growth of the segment. Investments support sales growth. A new brewhouse is being built in Lithuania, the storage capacity in Estonia and Latvia has been expanded significantly, and production is being modernised in Denmark. The purpose of these measures is to ensure a strong market position in the future. Energy and fuel costs have increased steeply. Combined with the increase in raw material and packaging material prices and availability problems, this has reduced profitability. The integration in Denmark is still in progress. The operating profit decreased by 6.5% in the second quarter and has decreased by 8.5% since the beginning of the year.

Seasonal nature of operations

The nature of the Group's business operations involves seasonal fluctuation. The net sales and operating profit of the geographical reporting segments are not accumulated steadily. Instead, they fluctuate in accordance with the special characteristics of the seasons of the year and product seasons.

Sales development

Olvi Group's sales volume grew by 19.0% in January–June, totalling 323.5 (271.7) million litres. The growth focused on the Baltic Sea region segment, which did not include Denmark in the comparison period.

Sales volume, Mltr	4-6/2022	4-6/2021	Change, %	1-6/2022	1-6/2021	Change, %
Finland	75.1	72.7	3.3	130.7	127.9	2.1
Baltic Sea region	128.4	95.0	35.0	218.3	156.4	39.6
Eliminations	-14.7	-8.5		-25.5	-12.6	
Continuing operations, total	188.7	159.2	18.5	323.5	271.7	19.0

The Group's net sales increased by 23.5% in January–June and were EUR 211.8 (171.4) million.

Net sales, MEUR	4-6/2022	4-6/2021	Change, %	1-6/2022	1-6/2021	Change, %
Finland	58.9	53.7	9.7	100.5	92.5	8.6
Baltic Sea region	76.1	52.1	46.1	124.7	84.5	47.6
Eliminations	-8.0	-3.8		-13.5	-5.6	
Continuing operations, total	127.0	102.0	24.5	211.8	171.4	23.5

Financial performance

The Group's operating profit in January–June was EUR 20.0 (21.9) million, or 9.5% (12.8%) of net sales. The operating profit was burdened by rapidly increasing production costs related to energy, raw materials, packaging materials and logistics in particular. It has not been possible to transfer the cost increases immediately to the prices of end products because of the pricing periods in the retail sector, among other reasons.

Operating profit, MEUR	4-6/2022	4-6/2021	Change, %	1-6/2022	1-6/2021	Change, %
Finland	8.8	8.0	9.6	11.4	11.7	-3.0
Baltic Sea region	7.3	7.8	-6.5	9.6	10.5	-8.5
Eliminations	-0.6	-0.3		-0.9	-0.4	
Continuing operations, total	15.4	15.5	-0.4	20.0	21.9	-8.3



The Group's profit after taxes in January–June was EUR 14.7 (16.4) million.

Earnings per share calculated from the profit attributable to the owners of the parent company were EUR 0.71 (0.79) in January–June.

Balance sheet, financing and investments

Olvi Group's balance sheet total at the end of June 2022 was EUR 563.4 (493.6) million. Equity per share at the end of June 2022 was EUR 14.45 (12.86). The equity ratio was 53.7% (54.6%), and gearing was -11.6% (-22.9%). The Group's liquidity indicator, the current ratio, remained almost at the same level as before, at 1.0 (1.1).

Interest-bearing liabilities amounted to EUR 8.9 (3.6) million at the end of June. The increase is due to Vestfyen's short-term interest-bearing loans in Denmark. Of the interest-bearing liabilities, short-term liabilities accounted for EUR 7.0 (1.3) million.

Olvi Group's expansion and replacement investments totalled EUR 17.1 (14.2) million in January–June. Of the investments, EUR 6.2 million were made in Finnish companies and EUR 10.9 million in subsidiaries in the Baltic Sea region. Olvi Group has continued its investments in continuing operations as planned and has invested in increasing and diversifying its production and storage capacity and in modernising its production facilities and making them more environmentally friendly. In addition, investments have been made to ensure continuity in terms of energy solutions in the Baltic countries in particular.

Personnel

The average number of personnel in Olvi Group's continuing operations was 1,468 (1,210) in January–June. The Group's average number of personnel increased by 21.3%, mainly because of the acquisition of Piebalgas and Vestfyen in 2021.

Olvi Group's average number of personnel by segment:

	4-6/2022	4-6/2021	Change, %	1-6/2022	1-6/2021	Change, %
Finland	476	437	8.9	441	404	9.2
Baltic Sea region	1,067	848	25.8	1,027	806	27.4
Total	1,543	1,285	20.1	1,468	1,210	21.3

Board of Directors and management

No changes took place in Olvi plc's Board of Directors and management during the review period.

By means of a separate stock exchange release issued on 20 June 2022, Olvi plc announced that it had appointed a new Managing Director due to the retirement of its current Managing Director. Patrik Lundell will take over as Olvi's Managing Director on 1 January 2023. Lasse Aho will continue as Managing Director until 31 December 2022. Patrik Lundell, MBA, will join Olvi from Starbucks, where he served as the Director of the Channel Business Development unit for operations in Europe, Africa and the Middle East. He has previously worked for several international companies, holding various positions at Unilever, PepsiCo and Scottish & Newcastle, for example.

The Managing Director of the Estonian subsidiary will change on 1 September 2022. Tarmo Noop, who has led the company very successfully as its Managing Director for 25 years, will be followed by Jaanus Vihand. He has more than 20 years of experience in managerial positions in the food industry and the retail sector. In 2019, he was selected as the best Managing Director in Estonia.



Other events during the review period

Changes in the Group structure

No significant changes took place in Olvi's subsidiary holdings during January–June 2022.

Business risks and their management

Impacts of the war in Ukraine

The war in Ukraine has significantly increased business risks. There have been challenges in the availability of packaging materials because of the coronavirus pandemic, and the war in Ukraine has worsened the situation, especially in terms of cans and glass bottles. So far, there have been no significant losses of sales. The prices of packaging materials have continued to increase because of higher production and logistics costs. The prices of packaging materials begun to increase during the coronavirus pandemic. In addition, the prices of raw materials have increased rapidly, especially for barley and sugar, and availability has decreased in the market. The price of energy has multiplied for electricity and gas during the first half of the year, particularly in the Baltic Sea region segment, which affects production costs. The price of oil has increased fuel prices, which are directly reflected in logistics costs. The company will respond to the increase in costs by continuing price increases until the end of the year. Olvi has been actively seeking alternative suppliers and is working to improve the efficiency of its production operations.

Consumer prices have risen rapidly during 2022, especially in Europe as a result of the war in Ukraine. General cost inflation is reducing consumers' purchasing power and thereby affecting consumer behaviour. The focus of consumption is shifting towards more affordable product options. In addition, overall consumption may decrease. This may have an impact on business growth opportunities over the long term.

The possible end of Russian energy imports to Europe has been taken into account in Olvi's operations, especially in the Baltic region. Alternative energy solutions have been sought, and production plants have been successfully adapted to any energy-related changes to ensure uninterrupted production.

The war in Ukraine has significantly changed the business environment in Russia and Belarus. In accordance with the stock exchange release issued by Olvi's Board of Directors on 5 March 2022, Olvi has stopped exports to Russia from all its countries of operation and has started careful planning to divest its business operations in Belarus. The end of exports to Russia, the increase in production and logistics costs caused by the war and the divestment of business operations in Belarus are having a significant impact on the Group's business operations. The business operations of its company in Belarus are affected by the sanctions imposed by the EU and by the end of exports to Russia. However, successful efforts have been made to continue the Belarusian company's operational and maintenance activities by ensuring sufficient procurement locally. The situation concerning the divestment of business operations in Belarus is discussed in more detail under item 12 of Table 5 in the table section of the half-year report bulletin.

Coronavirus pandemic

There are uncertainties in forecasting the development of business operations, because it has been 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 production and transport chains in terms of availability and cost pressures. These have continued because of the strict measures related to the coronavirus pandemic in China, among other reasons. During the first half of 2022, there were still significant sales channel restrictions related to the coronavirus pandemic in Olvi's countries of operation, but these restrictions were lifted at the beginning of the second quarter. The recovery of consumer demand has begun, especially in the hotel, restaurant and catering (HoReCa) sector and cross-border trade.



Preparedness

Olvi Group has drawn up several scenarios and is prepared to respond to changing situations through various measures. Preparations have been made for production disruptions and continuity plans have been drawn up for, among other things, the availability of personnel, raw materials and energy. Investments are in progress to ensure the availability of energy, in case of possible sanctions. The company has also made efforts to ensure the availability of raw materials and packaging materials.

A more detailed description of the normal risks related to business operations is provided in the Board of Directors' report and the notes to the financial statements and on the company website (Investors > Olvi as an investment > Risks and risk management).

Events after the review period

There are no significant events to report after the review period.

OLVI PLC

Board of Directors

More information:

Lasse Aho, Managing Director, Olvi plc, tel. +358 290 00 1050 or +358 400 203 600

Tiina-Liisa Liukkonen, CFO, Olvi plc, tel. +358 290 00 1050 or +358 41 505 4779

TABLES:

- Consolidated statement of comprehensive income, Table 1
- Consolidated balance sheet, Table 2
- Consolidated statement of changes in equity, Table 3
- Consolidated cash flow statement, Table 4
- Notes to the half-year report bulletin, Table 5

DISTRIBUTION:

NASDAQ OMX Helsinki Ltd

Key media outlets

www.olvi.fi



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Gross sales	294,385	260,773	498,359	446,320	924,637
Excise taxes and other adjustments	-167,365	-158,732	-286,606	-274,909	-559,871
Net sales	127,020	102,041	211,753	171,411	364,766
Cost of sales	-78,414	-57,343	-131,870	-98,529	-213,079
Gross profit	48,606	44,698	79,883	72,882	151,687
Logistics, sales and marketing expenses	-25,305	-21,357	-44,318	-37,259	-77,723
Administrative expenses	-7,960	-7,827	-15,849	-13,998	-29,954
Other operating income and expenses	98	-5	331	238	1,070
Operating profit	15,438	15,508	20,046	21,863	45,080
Financial income	85	16	106	24	46
Financial expenses	-177	49	-235	20	-302
Share of the profit of associated companies and joint ventures	0	0	0	0	44
Profit before tax	15,347	15,572	19,917	21,907	44,868
Income taxes	-4,498	-4,685	-5,223	-5,542	-8,198
Profit for the period, continuing operations	10,849	10,887	14,695	16,365	36,670
Profit for the period, assets held for sale	8,561	4,090	10,201	5,484	11,691
PROFIT FOR THE PERIOD	19,410	14,977	24,895	21,849	48,361
Other items of comprehensive income that may be later reclassified to profit or loss:					
Translation differences related to foreign subsidiaries	13,858	1,192	5,809	2,600	5,366
Income taxes related to items	-188	-19	-66	-44	-85
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	33,080	16,150	30,638	24,405	53,642
Distribution of the profit for the period:					
- Owners of the parent company	19,013	14,808	24,497	21,644	47,862
- Non-controlling interest	397	169	398	205	499
Distribution of comprehensive income for the period:					
- Owners of the parent company	32,250	15,944	30,060	24,120	52,977
- Non-controlling interest	830	206	578	285	665
Earnings per share calculated from profit attributable to owners of the parent company, EUR					
- Undiluted, continuing operations	0.52	0.52	0.71	0.79	1.77
- Diluted, continuing operations	0.52	0.52	0.71	0.79	1.77
- Undiluted, assets held for sale	0.40	0.19	0.48	0.25	0.54
- Diluted, assets held for sale	0.40	0.19	0.48	0.25	0.54



CONSOLIDATED BALANCE SHEET			
EUR 1,000	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS			
Non-current assets			
Tangible assets	196,888	173,352	190,627
Goodwill	22,204	22,204	22,204
Other intangible assets	11,845	9,807	12,355
Shares in associated companies	980	974	1,018
Other investments	888	880	888
Loans receivable and other long-term receivables	2,069	2,026	1,393
Deferred tax assets	1,415	632	1,452
Total non-current assets	236,290	209,876	229,937
Current assets			
Inventories	56,104	40,417	47,164
Accounts receivable and other receivables	125,349	101,478	86,270
Income tax receivables	22	215	0
Cash and cash equivalents	44,079	65,142	50,640
Total current assets	225,553	207,252	184,075
Non-current assets held for sale	101,540	76,429	76,231
TOTAL ASSETS	563,383	493,557	490,242
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent company			
Share capital	20,759	20,759	20,759
Other reserves	1,387	1,387	1,387
Treasury shares	-1,075	-400	-438
Translation differences	-48,165	-56,366	-53,727
Retained earnings	326,092	300,914	326,016
	298,998	266,294	293,997
Non-controlling interest	3,798	3,079	3,627
Total equity	302,796	269,373	297,624
Non-current liabilities			
Financial liabilities	1,984	2,321	1,913
Other liabilities	3,999	4,588	3,985
Deferred tax liabilities	13,760	11,031	13,943
Current liabilities			
Financial liabilities	6,961	1,275	1,269
Accounts payable and other payables	209,507	183,194	158,164
Income tax liability	3,243	3,268	872
Liabilities related to non-current assets held for sale	21,132	18,508	12,471
Total liabilities	260,586	224,184	192,617
TOTAL EQUITY AND LIABILITIES	563,383	493,557	490,242



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000	Share capital	Other reserves	Reserve for treasury shares	Fair value reserve	Translation differences	Earnings	Attributable to non-controlling interest	Total
Equity 1 Jan 2022	20,759	1,092	-438	295	-53,728	326,016	3,627	297,624
Comprehensive income:								
Profit for the period						24,497	398	24,895
Other items of comprehensive income:								
Translation differences					5,629		180	5,809
Income taxes related to items					-66			-66
Total comprehensive income for the period					5,563	24,497	578	30,638
Business transactions with shareholders:								
Dividend payment						-24,855	-175	-25,030
Acquisition of treasury shares			-637					-637
Share-based incentives, value of work performance						518		518
Adjustment for previous periods						-84		-84
Business transactions with shareholders, total			-637			-24,421	-175	-25,233
Changes in holdings in subsidiaries:								
Acquisition of non-controlling interest						-232		-232
Change in non-controlling interest						232	-232	0
Changes in holdings in subsidiaries, total						0	-232	-232
Equity 30 Jun 2022	20,759	1,092	-1,075	295	-48,165	326,092	3,798	302,796

EUR 1,000	Share capital	Other reserves	Reserve for treasury shares	Fair value reserve	Translation differences	Earnings	Attributable to non-controlling interest	Total
Total equity 1 Jan 2022	20,759	1,092	-1,802	295	-58,842	303,465	3,165	268,132
Comprehensive income:								
Profit for the period						21,644	205	21,849
Other items of comprehensive income:								
Translation differences					2,520		80	2,600
Income taxes related to items					-44			-44
Total comprehensive income for the period					2,476	21,644	285	24,405
Business transactions with shareholders:								
Dividend payment						-22,771	-346	-23,117
Share-based incentives, value of work performance						296		296
Acquisition of treasury shares			-874					-874
Issue of treasury shares to personnel			1,687			-1,614		73
Sale of treasury shares to personnel			589					589
Adjustment for previous periods						-105	-26	-131
Business transactions with shareholders, total			1,402			-24,194	-372	-23,164
Changes in holdings in subsidiaries:								
Change in non-controlling interest						-1	1	0
Changes in holdings in subsidiaries, total						-1	1	0
Equity 30 Jun 2021	20,759	1,092	-400	295	-56,366	300,914	3,079	269,373



CONSOLIDATED CASH FLOW STATEMENT			
EUR 1,000			
	1-6/2022	1-6/2021	1-12/2021
Profit for the period, continuing operations	14,695	16,365	36,670
Profit for the period, assets held for sale	10,201	5,484	11,691
Adjustments:			
Depreciation and impairment	12,533	13,058	27,006
Other adjustments	8,568	7,047	10,251
Change in net working capital:			
Change in accounts receivable and other receivables	-47,052	-32,277	-5,878
Change in inventories	-13,310	-6,825	-8,684
Change in accounts payable and other liabilities	44,246	55,330	28,561
Interest paid	-544	-186	-594
Interest received	140	108	268
Dividends received	5	2	3
Taxes paid	-3,446	-1,997	-9,687
Cash flow from operating activities (A)	26,036	56,109	89,607
Investments in tangible and intangible assets	-17,835	-16,816	-31,213
Proceeds from the sale of tangible and intangible assets	377	881	1,068
Acquisition of shares from non-controlling interest	-378	0	0
Acquisition of shares in subsidiaries, associated companies and joint ventures	0	-2,094	-11,121
Expenditure on other investments	0	-30	-30
Dividends received	38	21	21
Cash flow from investing activities (B)	-17,798	-18,038	-41,275
Loan withdrawals	6,864	0	884
Repayment of loans	-1,125	-1,295	-12,371
Acquisition of treasury shares	-637	-874	-874
Sale of treasury shares to personnel	0	589	551
Dividends paid	-12,587	-11,734	-23,240
Cash flow from financing activities (C)	-7,485	-13,314	-35,050
Increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	753	24,757	13,282
Cash and cash equivalents 1 Jan	58,741	45,096	45,096
Impact of exchange rate changes	197	164	363
Cash and cash equivalents 30 Jun / 31 Dec	59,691*	70,017	58,741

* The cash flow statement includes both continuing operations and assets held for sale.



NOTES TO THE HALF-YEAR REPORT

The half-year report has been prepared in accordance with IAS 34, applying the same accounting principles that were applied to the 2021 financial statements (31 December 2021), with the exception of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), which has been applied as a new standard. In accordance with IFRS 5, the Belarusian operations have been classified as non-current assets held for sale. More detailed information about the impacts of the classification is provided in Note 12.

Olvi has changed its segment reporting in accordance with IFRS 8 (Operating Segments) from 1 January 2022 onwards. The comparison information has been changed accordingly.

The figures in the half-year report are presented in thousands (1,000) of euros. For presentation, individual figures and totals have been rounded up to the next full thousand, which causes differences in totals. Exchange rates obtained from the Central Bank of Belarus have been used as the exchange rate for the Belarusian rouble. The key ratios have been calculated by using accurate euro-denominated figures. The information published in the half-year report has not been audited.

1. SEGMENT INFORMATION

SEGMENTS' NET SALES AND PROFIT 1-6/2022

EUR 1,000	Finland	Baltic Sea region	Eliminations	Group total
INCOME				
External sales	99,840	111,913	0	211,753
Beverage sales	99,031	111,913	0	210,944
Equipment services	809			809
Internal sales	664	12,824	-13,488	0
Total net sales	100,504	124,737	-13,488	211,753
Total profit for the period	29,170	6,164	-20,639	14,695

SEGMENTS' NET SALES AND PROFIT 1-6/2021

EUR 1,000	Finland	Baltic Sea region	Eliminations	Group total
INCOME				
External sales	92,070	79,341	0	171,411
Beverage sales	91,613	79,341	0	170,954
Equipment services	457			457
Internal sales	443	5,166	-5,609	0
Total net sales	92,513	84,507	-5,609	171,411
Total profit for the period	28,230	7,468	-19,333	16,365

2. RELATED PARTY TRANSACTIONS

Management's employee benefits

Board members' and the Managing Director's salaries and other short-term employee benefits

EUR 1,000	1-6/2022	1-6/2021	1-12/2021
Managing Director	407	758	939
Chair of the Board	36	36	73
Other Board members	86	86	172
Total	529	880	1,184



3. SHARES AND SHARE CAPITAL

	30 Jun 2022	%
Series A shares, number of shares	16,989,976	82.0
Series K shares, number of shares	3,732,256	18.0
Total	20,722,232	100.0
Total number of votes, Series A shares	16,989,976	18.5
Total number of votes, Series K shares	74,645,120	81.5
Total number of votes	91,635,096	100.0
Votes per Series A share	1	
Votes per Series K share	20	

The registered share capital totalled EUR 20,759 thousand on 30 June 2022.

A dividend of EUR 1.20 per share for 2021 (EUR 1.10 per share for 2020), totalling EUR 24.9 (22.8) million, will be paid on shares in Olvi plc. The dividend will be paid in two instalments. The first instalment, EUR 0.60 per share, was paid on 20 April 2022. The second instalment, EUR 0.60 per share, will be paid on 2 September 2022. Series K shares and Series A shares provide their holders with equal rights to dividends. The Articles of Association include a redemption clause concerning Series K shares.

4. TREASURY SHARES

On 30 March 2022, Olvi plc's Annual General Meeting (AGM) decided to authorise the Board of Directors to decide, within one year of the AGM, on the acquisition of Series A shares in the company with distributable funds. The authorisation covers up to 500,000 Series A shares and revokes previous unused authorisations to acquire treasury shares.

The AGM also decided to authorise the Board of Directors to decide on the issue of up to 1,000,000 new Series A shares and the transfer of up to 500,000 Series A shares held by the company. This authorisation revokes previous unused authorisations to transfer treasury shares held by the company.

At its meeting on 23 May 2022, the Board of Directors of Olvi plc decided to initiate a scheme to acquire treasury shares based on the authorisation issued by the Annual General Meeting on 30 March 2022. On this basis, the Board will repurchase a maximum of 20,000 Series A shares. The acquisition of shares began on 30 May 2022 and ended on 14 June 2022.

At the end of the review period, Olvi plc held a total of 29,404 of its own Series A shares as treasury shares. The total acquisition price of treasury shares was EUR 1,075.4 thousand. The treasury shares do not provide the company with voting rights. The Series A shares held by Olvi plc represent 0.14% of all shares in the company and 0.03% of all votes provided by the shares in the company. The treasury shares account for 0.17% of all Series A shares in the company and the votes provided by all Series A shares in the company.

5. SHARE-BASED REWARDS

By means of a stock exchange release issued on 27 May 2022, Olvi plc's Board of Directors announced two new share-based incentive schemes for the Group's key employees. The aim of incentive plans is to support the achievement of Olvi's targets, retain key employees in the company and provide them with incentive schemes that are based on earning and accumulating shares.

The Performance Share Plan 2022–2024 consists of one performance period. During the 2022–2024 performance period, the rewards are based on the Group's cumulative EBIT in euros, the Group's cumulative sales volume of non-alcoholic products and the reduction of CO₂ emissions in the Group's entire value chain compared with the 2021 level. The net amount of rewards to be paid based on the performance period will amount to a maximum of 10,670 Olvi plc Series A shares. During the 2022–2024 performance period, 16 people, including the Managing Director and the other Olvi Management Team members, belong to the target group for the performance period.



The Matching Share Plan for new key employees consists of one matching period, covering the 2022–2023 financial years. In the plan, the target group is offered an opportunity to receive matching shares for their personal investment in Olvi plc Series A shares. The rewards based on the plan will be paid after the end of the matching period. The net amount of rewards to be paid for the matching period will amount to a maximum of 2,000 Olvi plc Series A shares. Around 10 people belong to the target group of the plan.

6. NUMBER OF SHARES*	1-6/2022	1-6/2021	1-12/2021
- Average	20,708,869	20,700,288	20,706,610
- At the end of the period	20,692,828	20,712,828	20,712,828

* The treasury shares held by the company have been deducted.

7. TRADING IN SERIES A SHARES ON THE NASDAQ HELSINKI

	1-6/2022	1-6/2021	1-12/2021
Trading in Series A shares in Olvi, number of shares	1,438,181	1,146,330	1,812,283
Total value of trading, EUR 1,000	52,513	54,729	89,417
Proportion of the trading out of the total number of Series A shares, %	8.5	6.7	10.7
Average share price, EUR	36.58	47.77	49.35
Closing price, EUR	32.35	50.70	51.20
Highest price, EUR	52.00	55.50	55.70
Lowest price, EUR	29.40	43.10	43.10

8. FOREIGN AND NOMINEE-REGISTERED HOLDINGS 30 JUNE 2022

	Book-entry shares		Number of votes		Shareholders	
	number	%	number	%	number	%
Finnish, total	16,344,735	78.88	87,257,599	95.22	20,433	99.57
Foreign, total	65,155	0.31	65,155	0.07	77	0.38
Nominee-registered (foreign), total	495,616	2.39	495,616	0.54	6	0.03
Nominee-registered (Finnish), total	3,816,726	18.42	3,816,726	4.17	5	0.02
Total	20,722,232	100.00	91,635,096	100.00	20,521	100.00

9. LARGEST SHAREHOLDERS 30 JUNE 2022

	Series K	Series A	Total	%	Number of votes	
					number	%
1. Olvi Foundation	2,363,904	890,613	3,254,517	15.71	48,168,693	52.57
2. The estate of Heikki Hortling*	903,488	103,280	1,006,768	4.86	18,173,040	19.83
3. Timo Einari Hortling	212,600	49,152	261,752	1.26	4,301,152	4.69
4. Marit Hortling-Rinne	149,064	14,234	163,298	0.79	2,995,514	3.27
5. Nordea Bank Abp, nominee-registered		2,003,344	2,003,344	9.67	2,003,344	2.19
6. Skandinaviska Enskilda Banken Ab (publ), Helsinki branch, nominee-registered		1,773,223	1,773,223	8.56	1,773,223	1.94
7. Varma Mutual Pension Insurance Company		828,075	828,075	4.00	828,075	0.90
8. Ilmarinen Mutual Pension Insurance Company		683,000	683,000	3.30	683,000	0.75
9. Pia Johanna Hortling	23,388	25,366	48,754	0.24	493,126	0.54
10. Jens Einari Hortling	23,388	16,216	39,604	0.19	483,976	0.53
Others	56,424	10,603,473	10,659,897	51.42	11,731,953	12.79
Total	3,732,256	16,989,976	20,722,232	100.00	91,635,096	100.00

* The shareholding includes shares held by the shareholder and the entities controlled by them.



Olvi did not receive any flagging notifications under chapter 2, section 10 of the Securities Markets Act in January–June 2022.

10. PROPERTY, PLANT AND EQUIPMENT

EUR 1,000	1-6/2022	1-6/2021	1-12/2021
Opening balance	190,627	168,833	168,833
Additions	16,615	15,298	43,203
Deductions and transfers	-90	-1,324	-1,951
Depreciation and amortisation	-10,260	-9,455	-19,458
Exchange rate differences	-4	0	0
Total	196,888	173,352	190,627

11. CONTINGENT LIABILITIES

EUR 1000	30 Jun 2022	30 Jun 2021	31 Dec 2021
Pledged assets and contingent liabilities			
On the company's own behalf	10,004	1,938	10,007
Lease and rental liabilities:			
Maturing in less than a year	1,294	805	1,012
Maturing within 1–5 years	1,399	637	550
Total lease and rental liabilities	2,693	1,442	1,562
Other liabilities	60	60	60

12. NON-CURRENT ASSETS HELD FOR SALE

Classification and accounting principles

Olvi strongly condemns the Russian attack on Ukraine. At its meeting on 5 March 2022, Olvi plc's Board of Directors decided to divest the company's business operations in Belarus and start preparations to sell Lidskoe Pivo, a subsidiary in which Olvi plc has a holding of 96.36%. Since the interim report for January–March 2022 (31 March 2022), Lidskoe Pivo has been classified as discontinued operations / assets held for sale in accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations). The divestment of Lidskoe Pivo is expected to be highly probable within the next 12 months.

The divestment in Belarus will cause the Group's business operations to reduce significantly. In 2021, Belarus represented 33.2% of the Group's sales volume, 21.1% of its net sales and 24.3% of its operating profit. In addition, the planning and implementation of the divestment will cause non-recurring costs. Following the Board's decision, Olvi stopped investments in Lidskoe Pivo, ended its significant Russian exports and started identifying potential buyers and negotiating the divestment of the business. The process has progressed as planned and is being actively promoted. Local and international legislation and the employees will be taken into account during the process.

The classification in accordance with IFRS 5 has required management discretion. Permission from the local authorities and the competition regulator is required for the divestment. These are two separate processes. The Belarusian authorities have a pre-emptive right in company acquisitions. In June, the Belarusian Government announced additional restrictions on the sale of companies under Western ownership for shareholders from countries that have imposed sanctions. Despite the new restrictions, the company's management believes, based on the information currently available and the negotiations carried out with the local authorities, that it is possible to implement the divestment in accordance with the 12-month period previously determined.



Income statement, assets held for sale

EUR 1,000	1-6/2022	1-6/2021	1-12/2021
Net sales	60,911	45,862	97,464
Expenses	-47,884	-39,065	-83,105
Operating profit	13,027	6,797	14,359
Financial items	-814	-15	-115
Profit before tax	12,213	6,782	14,244
Income taxes	-2,012	-1,298	-2,553
Profit for the period, assets held for sale	10,201	5,484	11,691

Olvi's sales volume in Belarus decreased by 1.0% in the second quarter, but its net sales grew by 39.5%. Since the beginning of the year, the sales volume has increased by 1.0% and net sales have grown by 32.8%. The sales volume is affected by the end of Russian exports in particular. On the other hand, domestic demand has remained at a good level, and Lidskoe Pivo's market share has increased. Significant price increases were implemented during the spring, which caused net sales to grow. Price increases were made in response to the uncertain situation in the operating environment. Production costs have increased significantly, and the impact of sanctions is reflected in the availability of materials in particular. The operating profit increased by 120.3% during the second quarter and has increased by 92.0% since the beginning of the year. Increased net sales, the adjustment measures and the significantly stronger exchange rate have a positive impact on the comparable operating profit in euros. In addition, depreciation is not recognised for assets held for sale in accordance with the IFRS. The impact of this depreciation on the result would have been EUR 1.8 million. The adjustment measures have not affected the number of personnel.

Balance sheet, assets held for sale

EUR 1,000	30 Jun 2022	30 Jun 2021	31 Dec 2021
Consolidated goodwill	4,072	3,597	3,762
Intangible assets	376	208	341
Tangible assets	41,543	37,630	38,729
Loans receivable and other long-term receivables	289	307	338
Deferred tax assets	252	3	36
Inventories	17,229	10,174	11,445
Current receivables	22,167	19,635	13,479
Cash in hand and at bank	15,612	4,875	8,101
Non-current assets held for sale	101,540	76,429	76,231

EUR 1,000	30 Jun 2022	30 Jun 2021	31 Dec 2021
Non-current financial liabilities	17	0	0
Deferred tax liabilities	5	71	0
Current financial liabilities	6	19	3
Accounts payable and other payables	19,181	17,309	12,468
Income tax liability	1,923	1,109	0
Liabilities related to non-current assets held for sale	21,132	18,508	12,471



Other information concerning assets held for sale

1,000 euros/litres	1-6/2022	1-6/2021	1-12/2021
Sales volume	143,737	141,977	279,197
Average number of personnel	849	816	832
Earnings per share, EUR, undiluted	0.48	0.25	0.54
Earnings per share, EUR, diluted	0.48	0.25	0.54
Cash flow from operating activities	7,955	4,380	12,847
Cash flow from investing activities	-637	-2,697	-5,043
Cash flow from financing activities	-6	-2,474	-5,569

13. CALCULATION PRINCIPLES FOR KEY RATIOS

In its summary of key ratios (page 1), the Group presents key ratios directly derived from the consolidated income statement (net sales, operating profit, profit for the period and their proportions of net sales, as well as earnings per share). (Earnings per share = Profit for the period attributable to owners of the parent company / Average number of shares during the period, adjusted for share issues).

In addition to its IFRS-based consolidated financial statements, Olvi plc presents Alternative Performance Measures that describe the financial performance of its business operations and provide a comparable overview of the company's profitability, solvency and liquidity.

The Group has applied the European Securities and Markets Authority's (ESMA) new guidelines (effective since 3 July 2016) on Alternative Performance Measures and has determined such measures as follows:

The Group presents sales volume data in millions of litres as an Alternative Performance Measure that supports net sales. Sales volume is an important and widely used indicator in the industry that describes the scope of operations.

Earnings per share = Equity attributable to owners of the parent company / Number of shares at the end of the period, adjusted for share issues.

Equity ratio, % = $100 * (\text{Equity attributable to owners of the parent company} + \text{non-controlling interest}) / (\text{Balance sheet total})$.

Gearing, % = $100 * (\text{Interest-bearing debt} - \text{Cash in hand and at bank}) / (\text{Equity attributable to owners of the parent company} + \text{Non-controlling interest})$.