ANNUAL REPORT 2022 OLVI PLC

OLVI – POSITIVE AND ENJOYABLE BEVERAGE EXPERIENCES RESPONSIBLY

The Olvi Group companies offer a wide range of beverages for an extensive consumer base. Alongside traditional brewery products, there is a selection of non-alcoholic products, even in alcoholic product categories such as beers, ciders and long drinks. In 2022, our sales volume was higher than ever: 956.1 million litres. Our net sales were EUR 583.7 million.

Our values are based on sustainability, local presence, positivity and customer focus. Sustainable development is an essential 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.

Olvi Group works to support the fight against climate change and the achievement of climate targets through sustainable business operations. Understanding and affecting the impacts of climate change are increasingly important for sustainable development. 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 seeks to actively engage in this work by observing sustainable development in its resource allocation and aiming at carbon neutrality in its own operations as well as throughout the value chain.

This report includes Olvi Group's introduction, sustainability report, Board of Directors' report, financial statements, corporate governance statement and remuneration statement for 2022. Olvi Group reports on its sustainability work in accordance with the Global Reporting Initiative (GRI) guidelines and accounting principles.

This pdf report has been published voluntarily and is not an xHTML document compliant with the ESEF (European Single Electronic Format) regulation.

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OLVI GROUP

OLVI GROUP IN 2022

SALES VOLUME
956.1 million litres
+12.0%

EXPORTS
65 countries

NUMBER OF PERSONNEL
2,335
+10.6%

AIMING AT CARBON NEUTRALITY

NET SALES
583.7 million €
+26.3%

INVESTMENTS
37.1 million €

ACCIDENT FREQUENCY RATE
-11%

GROUP'S FIRST ELECTRIC TRUCK INTO USE

ADJUSTED OPERATING PROFIT
59.8 million €
+0.6%

GEARING
-20.3%

EQUITY RATIO
57.5%

PRODUCT LAUNCHES
479 products

CEO'S REVIEW:

YEAR OF EXCEPTIONAL CHANGES

Despite the challenges encountered in 2022, Olvi Group continued its significant investments towards achieving its sustainability goals and strengthened its market positions.

In the course of the 145-year history of this company, we have faced many kinds of challenges. We have responded to those challenges, and it is with pleasure that I can state that we were able to develop our business even in an exceptional operating environment.

Our sales volume and net sales continued to grow. The growth can be attributed to the sustained strong demand in retail trade, increased market shares in both alcoholic and non-alcoholic beverages, as well as the contribution of the new Danish and Latvian companies for the full year 2022.

Olvi Group's sales volume grew 12% from the previous year and, for the first time, exceeded 900 million litres. Net sales increased 26.3% to nearly EUR 584 million. The adjusted operating profit remained at the previous year's level. We continued investing in the expansion and diversification of our production and warehousing capacity, energy solutions, and the modernisation and environmental friendliness of our production.

Our strength lies in solid finances, combined with local presence. We manufacture popular, high-quality beverages locally, know our customers, and are able to respond to consumer needs with agile solutions.

Sustainability has always been the foundation of our operations. Our efforts for the benefit of our employees, society, consumers, partners and the environment are guided by the way we work and our values. We take great pride in our operations – from nature to the glass.

A key goal in our sustainability work is to achieve carbon neutrality in our production plants and throughout the value chain. Our successful efforts to reduce climate emissions are reflected in Olvi Group's high rating (B) in the CDP reporting assessment.

Olvi Group is a significant local employer: the Group had 2,335 employees in 2022.

We will continue developing our operations with a positive attitude. As the only Finnish-owned multinational beverage company, we want to be a responsible and desirable partner for our owners, customers and other stakeholders.

It is great to be involved in developing the Olvi Group and to be part of its success story!

Patrik Lundell
CEO
Olvi Plc

OLVI GROUP

Olvi is an international group of beverage companies. Olvi Group consists of the parent company Olvi and its subsidiary operations in six countries.

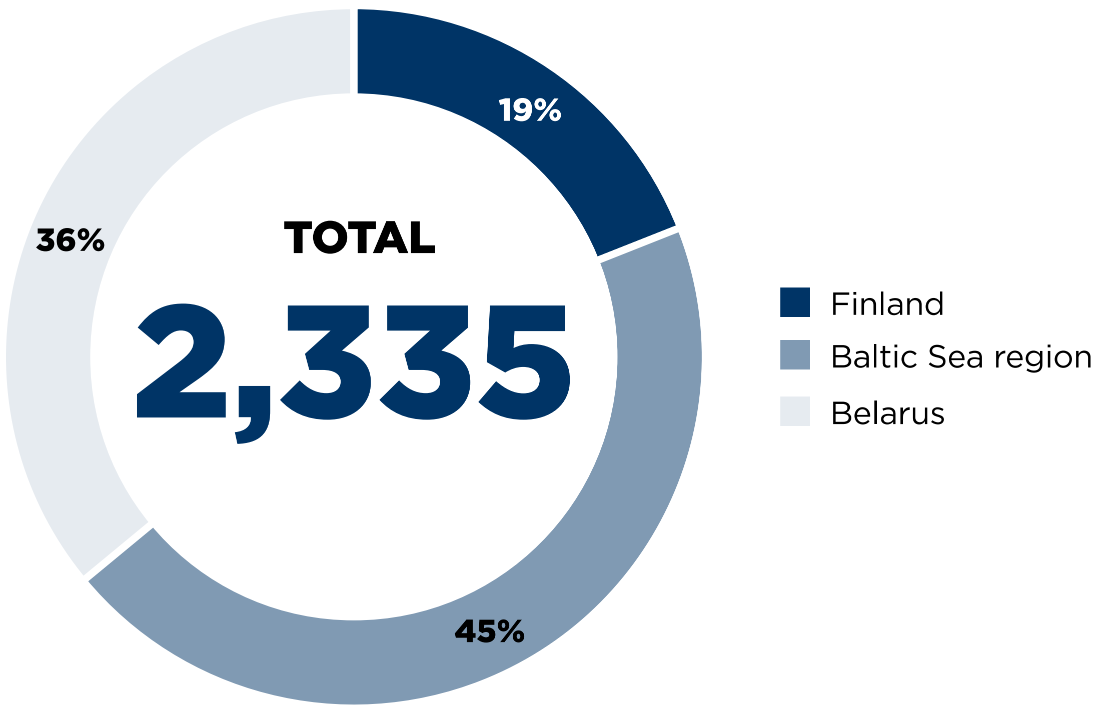
Olvi's story began in 1878, when master brewer William Gideon Åberg and his wife, Onni, established a brewery in Iisalmi, Finland. Their goal was to eliminate alcoholism by offering milder alcoholic beverages to Finns. Finland had 78 breweries at the time. Today, Olvi is the only one that continues to 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. Expanding its geographical coverage to Denmark, in 2021 Olvi acquired A/S Bryggeriet Vestfyen and increased its business in Latvia by acquiring the Piebalgas brewery.

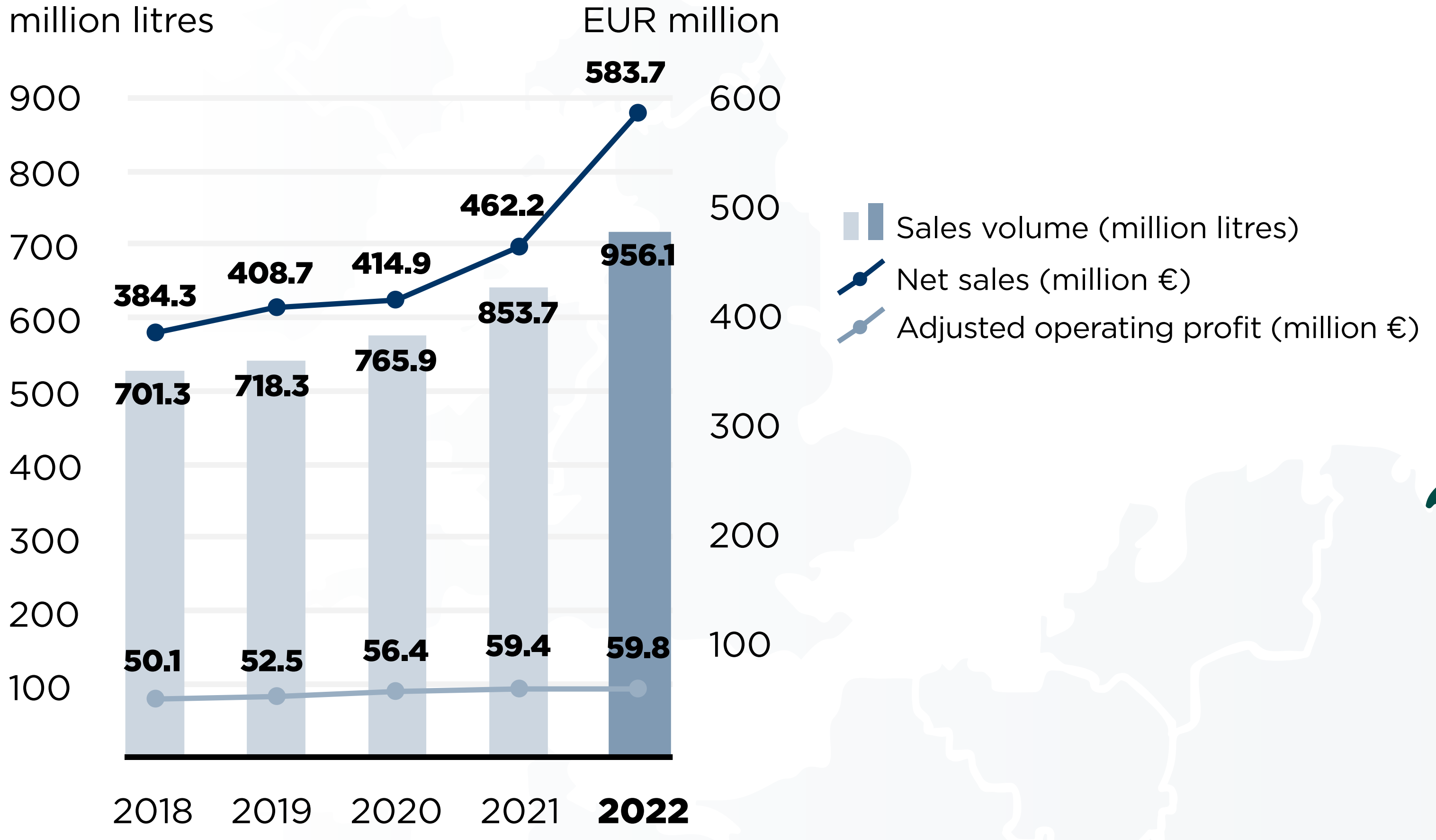
Olvi Group's largest product categories are beer, kvass and soft drinks. Olvi Group aims to increase its sales of non-alcoholic options in particular, while also maintaining its strong market position in mild alcoholic beverages. The Group exported products to 65 countries in 2022.

Olvi Group has divided its countries of operation into three segments: Finland, the Baltic Sea region, and Belarus. The Finnish operations include Olvi Plc, Servaali Oy, and the Helsinki Distilling company. The Baltic Sea region includes A. Le Coq, Cēsu Alus, Volfas Engelman, and Bryggeriet Vestfyen. The Belarus segment consists of Lidskoe Pivo.

EMPLOYEES PER SEGMENT



SALES VOLUME, NET SALES AND ADJUSTED OPERATING PROFIT 2018-2022



FINLAND

This segment consists of the parent company Olvi plc, which is located in Iisalmi, as well as the beverage import company Servaali Oy and the Helsinki Distilling company in Helsinki. Olvi is Finland's third-largest brewery and beverage manufacturer. Olvi's largest product category is beer in which it is the market leader.

In 2022, Olvi increased its market share in beers, ciders and long drinks in particular. A particularly successful product category is hard seltzers, in which Olvi is a clear market leader. Olvi launched several new products, especially in non-alcoholic categories, such as the sugar- and aspartame-free product family 2.0, and the Kevyt-Olo mineral waters.

The brewery invested in increasing warehousing capacity and diversification. In addition, the construction of a carbon capture plant began in summer 2022. The plant will be inaugurated in spring 2023. The plant will enable the reuse of carbon dioxide released during fermentation.

Servaali's operations were integrated into Olvi's sustainability programme. Servaali has focused on expanding its non-alcoholic product selection and mapping the value chain of its products. The Helsinki Distilling company's product development paid particular attention to using local ingredients. The distillery started making whiskey of oat grown at Helsinki University's research farm near the Helsinki city centre.

OLVI

- **Iisalmi, Finland**
- **Established:** 1878
- **Group's parent company**

SERVAALI

- **Helsinki, Finland**
- **Established:** 1995
- **Olvi Plc's ownership:** 80%

THE HELSINKI DISTILLING CO.

- **Helsinki, Finland**
- **Established:** 2014
- **Olvi Plc's ownership:** 100%

Product categories: Beer, cider, long drinks, other alcoholic beverages, water, soft drinks, energy drinks, sports drinks and wellness product categories, wines, whiskey, gin, liqueurs, and other spirits

SALES VOLUME
262.5 million litres
+1.7%

NET SALES
206.7 million €
+7.3%

NUMBER OF PERSONNEL
442
+6.3%

ADJUSTED OPERATING PROFIT
18.8 million €
-25.5%

OLVI
MORE PRODUCTS CONTAINING WASTE MATERIAL

OLVI
SOFT DRINKS HAVE BEEN MANUFACTURED FOR 130 YEARS

SERVAALI
SELECTION INCLUDES 67 NON-ALCOHOLIC PRODUCTS

HDCO
WHISKEY MADE FROM OAT GROWN IN THE NEARBY REGION

BALTIC SEA REGION

The Baltic Sea region segment consists of breweries operating in the Baltic countries and Denmark. The segment's sales volume increased by 29.6% and exceeded 450 million litres. A significant increase in volume was achieved thanks to acquisitions in Denmark and Latvia in 2021. The segment's net sales grew by 45.1%.

The biggest product category is still beer, but the companies have been focusing on expanding the selection of non-alcoholic products. Cēsu Alus expanded the sales of non-alcoholic products with the Everest water brand. In addition to soft drinks, the companies launched several non-alcoholic options in beers, ciders, radlers and fassbrause drinks during the year.

The companies have invested in new energy solutions and the modernisation and environmental friendliness of their production. The use of bioenergy and green electricity has increased. The Uniqa water factory installed solar panels into use, and the Baltic countries' first electric truck was taken into use in Estonia. In addition, the Danish and Estonian plants have paid attention to more efficient wastewater treatment. In Latvia, the company participated in the development and implementation of a deposit bottle return system.

In 2022, projects aiming at improving the environmental friendliness of production will continue, for example, regarding water consumption and energy solutions. In product categories, particular attention will be paid to expanding the selection of non-alcoholic and healthy options.

SALES VOLUME
450.2 million litres
+29.6%

NET SALES
269.8 million €
+45.1%

NUMBER OF PERSONNEL
1049
+21.6%

ADJUSTED OPERATING PROFIT
17.4 million €
-16.9%

A.LeCoq
- **Tartu, Estonia**
- **Established:** 1807
- **Olvi Plc's ownership:** 100%

CĒSU
- **Cesis, Latvia**
- **Established:** 1590
- **Olvi Plc's ownership:** 99.9%

VOLFAS ENGELMAN
- **Kaunas, Lithuania**
- **Established:** 1853
- **Olvi Plc's ownership:** 99.7%

A/S BRYGGERIET Vestfyen
- **Assens, Denmark**
- **Established:** 1885
- **Olvi Plc's ownership:** 100%

Product categories: Beer, kvass, water, juice, long drinks, soft drinks, cider, sports and energy drinks, other alcoholic beverages, juice concentrates, and wellness product categories.

A. LE COQ
BREWERY MUSEUM'S RENOVATION AND REOPENING

VOLFAS ENGELMAN
LITHUANIA'S BEST-LOVED BRAND IN SUPERCRUSH IMAGE SURVEY

CĒSU ALUS
6TH TIME AT PLATINIUM LEVEL IN THE LATVIAN SUSTAINABILITY INDEX ASSESSMENT

A. LE COQ
THE FIRST ELECTRIC TRUCK IN THE BALTIC COUNTRIES

VOLFAS ENGELMAN
IN LITHUANIA DEPOSIT-BASED BEVERAGE PACKAGE RETURN RATE 94%

BRYGGERIET VESTFYEN
PRODUCTS MANUFACTURED USING 96% BIOENERGY

BELARUS

Lidskoe Pivo is one of the oldest and largest breweries in Belarus. The largest product categories are beer, kvass, and soft drinks.

The war in Ukraine has affected the organisation's operations. The sanctions imposed on Russia influenced such matters as sourcing channels and financial transactions in the EU. Even though Lidskoe Pivo's operative business has been partly separated from the Olvi Group, the company is still operating in accordance with Olvi Group's general instructions and values and observing Western operating practices, which are to be observed by all Group companies in all countries of operation.

In 2022, the brewery focused on achieving the Group's sustainability goals despite the challenging business environment. The brewery succeeded in reducing its water and energy consumption and plastic use. In addition, the company launched several healthier beverages featuring natural ingredients and lower sugar contents. In 2022, the company also opened the Lida Brewery Museum showcasing the brewery's history and the entire Group's operations.

In 2023, the brewery will continue its sustainability work in all areas of ESG. This will mean, among other things, improvements in the environmental friendliness and efficiency of production and employee well-being.

SALES VOLUME
295.6 million litres
+4.3%

NET SALES
138.8 million €
+41.1%

NUMBER OF PERSONNEL
844
+1.4%

ADJUSTED OPERATING PROFIT
25.1 million €
+73.7%

ЛІДСКАЕ

- **Lida, Belarus**
- **Established:** 1876
- **Olvi Plc's ownership:** 96.4%

Product categories: Beer, kvass, soft drinks, water, wellness and energy drinks, cider, long drinks, juice, and wellness product categories

PEOPLE'S CHOICE - CONSUMER BRAND COMPETITION WINNER IN THE BEER MAKERS' CATEGORY

VIRGIN PLASTIC USE REDUCED BY OVER 1,000,000 KG

PRODUCT CATEGORIES

IMAGES OF PRODUCTS LAUNCHED IN 2022

SALES VOLUME BY PRODUCT CATEGORY

Beer	Kvass	Soft drink	Mineral water	Long drink	Cider	Juice	Other
55%	10%	14%	11%	4	2	2	2

BEER

522 million litres

KVASS

92 million litres

SOFT DRINKS

131 million litres

WATER

101 million litres

LONG DRINKS

40 million litres

CIDER

23 million litres

JUICE

23 million litres

ENERGY, SPORTS, WELLNESS AND OTHER DRINKS

24 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 beverages company offering a wide selection of products.

The purpose of our operations is to bring wellbeing and positivity to consumers' lives through enjoyable beverage experiences. When the implementation of our mission is combined with our strategic choices and values, the outcome is the materialisation of our vision. 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 increase the number of non-alcoholic and healthier products in our offering.

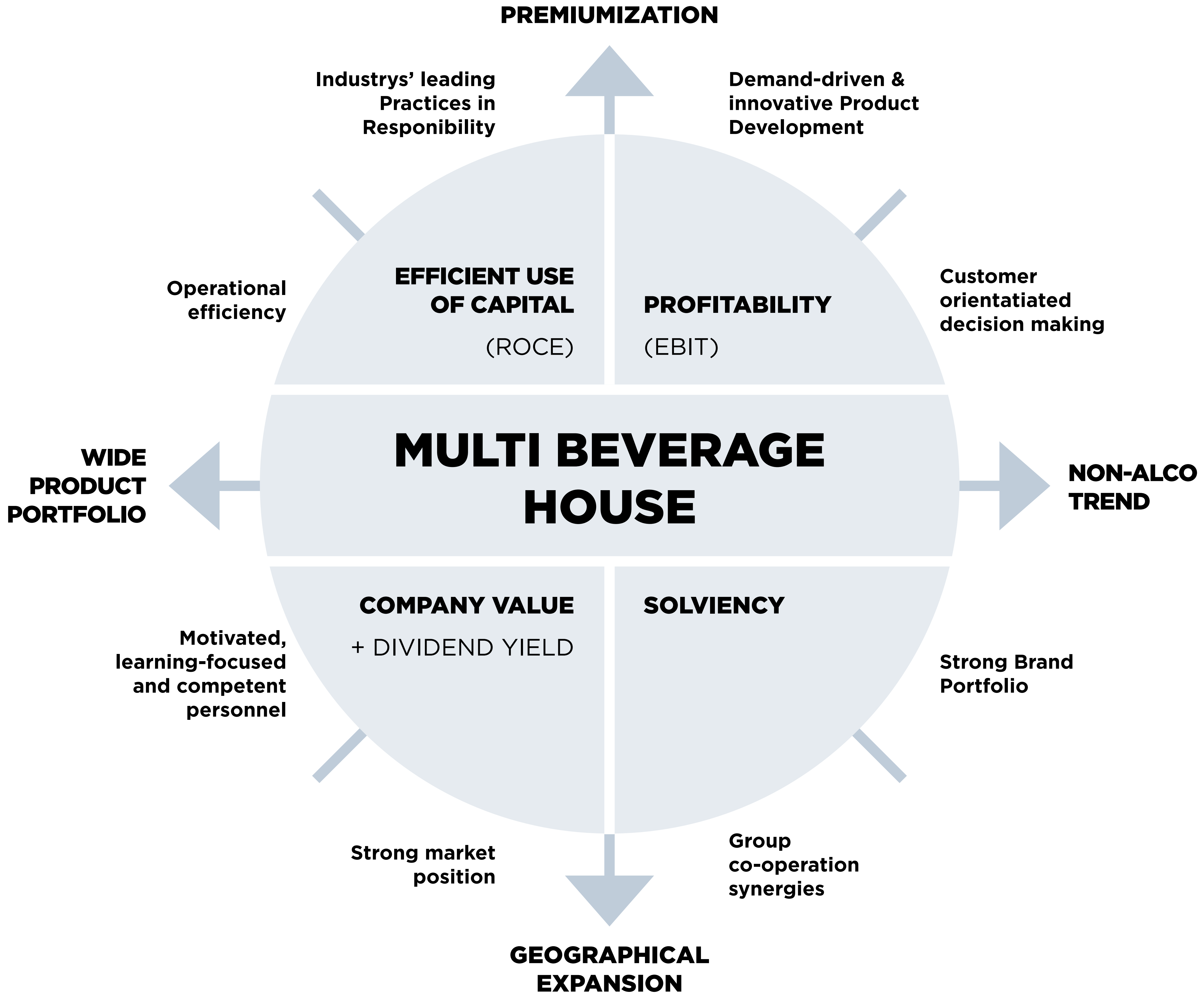
We optimise our production capacity and improve efficiency by focusing on dynamic production and sales planning, and operational efficiency. The Lean philosophy, cooperation between the Group companies, customer-focused decision-making and the opportunities offered by digitalisation play key roles in 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 in the long term. We pay attention to 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 GLOBAL ECONOMY	DEMOGRAPHIC STRUCTURE	CONSUMER BEHAVIOUR
IMPACTS	• There will be increasing expectations and a heavier focus placed on sustainability • Our stakeholders expect transparency, reliability and safety throughout the value chain; a sustainable business model is a prerequisite for future success • Consumers are particularly interested in the carbon footprint of products • Regulation and reporting obligations will increase, the significance of sustainability reviews will grow • The scarcity of natural resources will require resource efficiency and climate change adaptation; the circular economy will become a necessity • Impacts of the climate change will become increasingly evident; the climate will grow warmer, biodiversity loss will accelerate, and extreme weather conditions will become more common • The development of sustainable technologies is progressing	• The amount of information and data is growing, resulting in a data economy • Automation, robotics and artificial intelligence challenge our ways of working and increase efficiency • Digitalisation accelerates the technology transformation and challenges operating models • Technology and data blend into our everyday operations • Digitalisation and social media are reflected in consumer and customer behaviour: ease, transparency and speed are highlighted • The boundaries between the physical and virtual worlds are blurring and digital platforms are increasing throughout the value chain • The need for continuous competence development is emphasised	• Rapid global changes are affecting local operating conditions • Geopolitical tension is increasing • Long subcontracting chains are vulnerable • Trends and product ideas spread rapidly; markets are becoming integrated • Major international companies are becoming stronger, and local operators are challenging them • Pandemics and epidemics become more common	• Urbanisation continues • The number of single-person households is increasing • The population is growing globally; immigration and the number of refugees are increasing • In certain regions, population is decreasing • People's life expectancy is increasing, the proportion of the old-age population is growing and the dependency rate is deteriorating • Mental health issues are increasing • Prerequisites for increasing wealth are deteriorating, inequality will increase	• 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 is increasing, meaning that the relationship between physical and digital purchasing is changing, and the ease and speed of shopping are being highlighted • Purchasing decisions are increasingly based on peer reviews and recommendations • Consumers' purchasing power and behaviour are affected by the decrease of available funds caused by inflation
OUR RESPONSE	• We engage in impactful sustainability work and develop our operations and the entire value chain in line with sustainable development, in cooperation with our partners • We consider expectations in our products, operations and communications • We assess the environmental impacts of our operations and reduce our climate emissions • We ensure that the materials we use are recyclable and increase the utilisation of the circular economy • We invest in environmentally friendly production technology and the transparency of our operations • We review the impact of the climate change on our operations in light of risks and opportunities. We contribute to the alleviation of the environmental crisis and participate in ecological reconstruction. • We promote local vitality	• Digitalisation is part of our strategy aimed at ensuring our competitiveness and ability to change in the future • We invest in data management and utilisation, and proactive management by information • We use multiple channels and interaction for consumer communication and better customer experiences • We ensure our employees' competences and integrate digital solutions in our work	• 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 • We develop risk management and measures to ensure operational continuity, based on what we have learned during the coronavirus pandemic and the war in Ukraine	• 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 fair management • Increasing attention is drawn to comprehensive well-being	• We increase consumer insight and strengthen 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 • We improve the recognisability and desirability of our brands to increase purchasing recommendations

RISK MANAGEMENT

Risk management is part of Olvi Group's daily business planning and management, operational monitoring and internal control.

Risk management ensures strategy implementation and secures the prerequisites for achieving business goals and securing continuity. The purpose of risk management is to be proactive and create an operating model with which business risks can be controlled comprehensively and systematically in all Group companies and at all organisational levels.

Risk management supports the achievement of goals through the identification of undesired operative and financial surprises. On the other hand, risk management also identifies and utilises emerging business opportunities.

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. Risk analysis also reduces risks in operating activities. Olvi Group's risks are divided into strategic, business, financial and compliance risks.

The Board of Directors is responsible for the risk management of the Olvi Group, as well as the internal control of business operations. The audit committee assesses the sufficiency, appropriateness and efficiency of risk management, as well as the key risk areas. Executive management is responsible for defining and implementing the risk management principles in line with the Group structure.

WE CONTINUE OUR RISK MANAGEMENT PROCESS DEVELOPMENT

In 2022, we introduced a new Group-level risk management policy. We also conducted the first climate risk assessment and a Group-wide cyber security survey according to the new model. We will continue developing our risk management process in 2023. The goal is to develop a comprehensive analysis tool that identifies and reacts to changes in the operating environment, particularly with regard to sustainability, data and cyber security.

KEY BUSINESS RISKS IN 2022 AND OUTLOOK FOR 2023

The war in Ukraine has significantly increased business risks. There were challenges in the availability of packaging materials because of the coronavirus pandemic, and the war in Ukraine has worsened the situation, especially with regard to cans and glass bottles. 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.

The prices of raw materials have increased rapidly, especially for barley malt and sugar, as well as carbon dioxide, and their availability has decreased in the market. The price of energy has multiplied, and the prices of electricity and gas have fluctuated greatly, 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.

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

The challenges related to the availability of natural gas have been taken into account, especially in Olvi group's business operations in the Baltic countries. Production plants have been successfully adapted to any energy-related changes to ensure uninterrupted production. The Olvi parent company is making investments aimed at self-sufficiency in raw materials also in Finland by implementing carbon capture and storage equipment.

The war in Ukraine has significantly changed the business environment in Russia and Belarus. Due to the war, Olvi ceased exports to Russia from all of its countries of operation and initiated measures to withdraw from Belarus. However, the divestment process had to be interrupted in late 2022 because of tightened local legislation.

The end of exports to Russia the increase in production and logistics costs caused by the war 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 operations by ensuring sufficient procurement locally. The Olvi Group considers and observes all sanctions and local laws in its operations.

Olvi Group has prepared several scenarios concerning the development of the business environment and is prepared to respond to changing situations. We are prepared for production disruptions and have drawn up continuity plans related to the availability of labour, raw materials and energy, for example. Investments have been made to secure energy availability. The company has also made efforts to ensure the availability of raw materials and packaging materials.

SUSTAINABILITY

SUSTAINABILITY MEASURES THROUGHOUT THE VALUE CHAIN

Sustainability was an important topic in 2022. The broad impact of the war in Ukraine was apparent in the energy market, food safety, human rights, and the operation of the supply chain. The energy crisis resulting from the war has increased the will to implement the green transition in Europe. The effects of climate change are observable as record-breaking heatwaves and floods around the world, for example.

The 2022 report of the Intergovernmental Panel on Climate Change (IPCC) emphasised the need for pre-emptive measures – limiting global warming to 1,5 degrees Celsius requires rapid and effective emission reduction measures in all sectors. Biodiversity will gain increasing prominence alongside climate change in the future. The parties to the UN Biodiversity Conference in 2022 agreed to put an end to the loss of biodiversity by 2030. The pressure on businesses to deliver on their nature-related targets is growing.

In 2022, the Group participated in the CDP's climate emissions reporting for the first time covering the value chain. We set carbon-neutrality targets for our production and value chain and began to plan measures that would enable us to achieve carbon neutrality. In 2023, we will set Science Based Targets (SBT). As part of this process, we will develop Olvi Group's climate change transition plan and roadmap. We will also begin drafting an action plan for the protection of biodiversity.

Expectations and requirements regarding the development of sustainability are growing in all areas of ESG. Increasing sustainability legislation will accelerate measures and increase transparency. The EU's Taxonomy Regulation will be specified, and the EU's Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards are under preparation. In addition to climate change and biodiversity, the legislation emphasises value chain, human rights, the circular economy, and consumers, for instance.

We continue to prepare for the legislation by digitalising our sustainability information and developing our reporting. Developing sustainability cooperation with various stakeholders in our value chain plays a key role, and we aim to identify our most important partners and cooperation projects. We will also focus on identifying human rights impacts.

In addition to cooperation, the promotion of increasingly sustainable operations requires innovation and development. We continued this work in 2022 by, among other things, increasing products that contain surplus materials and by creating a set of criteria for sustainable products.

Our Board of Directors, management and employees play a key role in the implementation of sustainability. It is important for us to increase these groups' awareness, understanding and competence regarding sustainability. In 2023, we will continue to outline the Group's corporate culture and develop our culture of sustainability. The integration of sustainability into the operations of the newest Group companies is also progressing.

CONTENTS OF THE SUSTAINABILITY REPORT

SUSTAINABILITY AT OLVI

Sustainability is part of our values, strategy and 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 sustainable choices.

We promote 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 invest in our employees' safety and well-being at work. We focus on developing a common 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 sustainable and responsible communication toward consumers. Our values serve as a basis for ethical operating practices. Our Code of Conduct collects our principles together and functions as a guideline for our operations and corporate culture.

MATERIALITY ANALYSIS

It is important for us to hear the expectations and needs of our key stakeholders in terms of sustainability. We perform a materiality analysis according to an annual plan, taking into account possible changes in the operating environment. In the materiality analysis, our Group's most significant economic, social, and environmental impacts are reviewed, which also influence the assessments and decisions of stakeholders.

In 2022, the materiality analysis covered a background study, an online survey for stakeholders in Finland and the interviews of 16 employees in Group companies. The results of the materiality analysis were approved by the Management Team. Information on the broader materiality analysis from 2021 is available in the Annual Report 2021.

The 2022 results are similar to those in 2021, and the current focus areas and their focuses are still material. Some themes, such as ethical operating practices, gained more emphasis. Therefore we included the realisation of ethical operating practices in our main sustainability targets.

We also carried out other measures based on the results. We specified Consumer Communications to better reflect its focuses by changing its name to "Consumers and Products". The interviews focused on employees and based on them, we identified measures by which to develop the internal communication and cooperation of sustainability. All in all, the need for transparency and active dialogue with stakeholders was brought forth, as was the case in the 2021 materiality analysis. We will respond to this by investing in the improvement of stakeholder cooperation, for example.

Sustainability is divided into environmental responsibility, social responsibility, and good governance. Based on these aspects, Olvi Group's sustainability has been divided into four focus areas, through which sustainability efforts are managed. Our focus areas are Sustainable value chain, Best place to work, Creating value for stakeholders and Consumers and products. In addition to these, Ethical operating practices are an integral part of all our operations.

SUSTAINABLE VALUE CHAIN

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

BEST PLACE TO WORK

- Corporate culture
- Leadership, supervisory work and workplace skills
- Competence development
- Safety at work
- Occupational health and well-being at work
- Equal opportunities

CREATING VALUE FOR STAKEHOLDERS

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

CONSUMERS AND PRODUCTS

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

ETHICAL OPERATING PRACTICES

GOVERNANCE AND MANAGEMENT

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

We have determined Group-level key themes, indicators, and main targets for the focus areas. In 2022, we added ethical operating practices to the short- and long-term strategic targets of the focus areas (p. 18). 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 targets, as well as their indicators. The Board of Directors' Sustainability Committee assists the company's Board by participating in the preparation and the surveillance of the Group's sustainability programme and external sustainability reporting. Olvi plc's CEO and Management Team approve longer-term sustainability priorities, targets, and their indicators. They also monitor the implementation of sustainability programme and participate in developing it.

The boards of directors of Olvi plc's subsidiaries monitor the implementation of the sustainability programme in 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 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 targets. Sustainable development is reflected in our day-to-day work through each employee.

In 2022, we established a team composed of external experts, the External Sustainability Advisory Team. The team assesses the sustainability programme and its reporting and will provide insights in terms of the programme's development as of 2023.

OUR COMMITMENTS

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 COMMITTED TO PRINCIPLES OF GLOBAL COMPACT

We take part in the UN's Global Compact initiative and are committed to its ten principles in both our own operations and our value chain. These principles guide our work involving human rights, labour rights and environmental protection, and against 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.

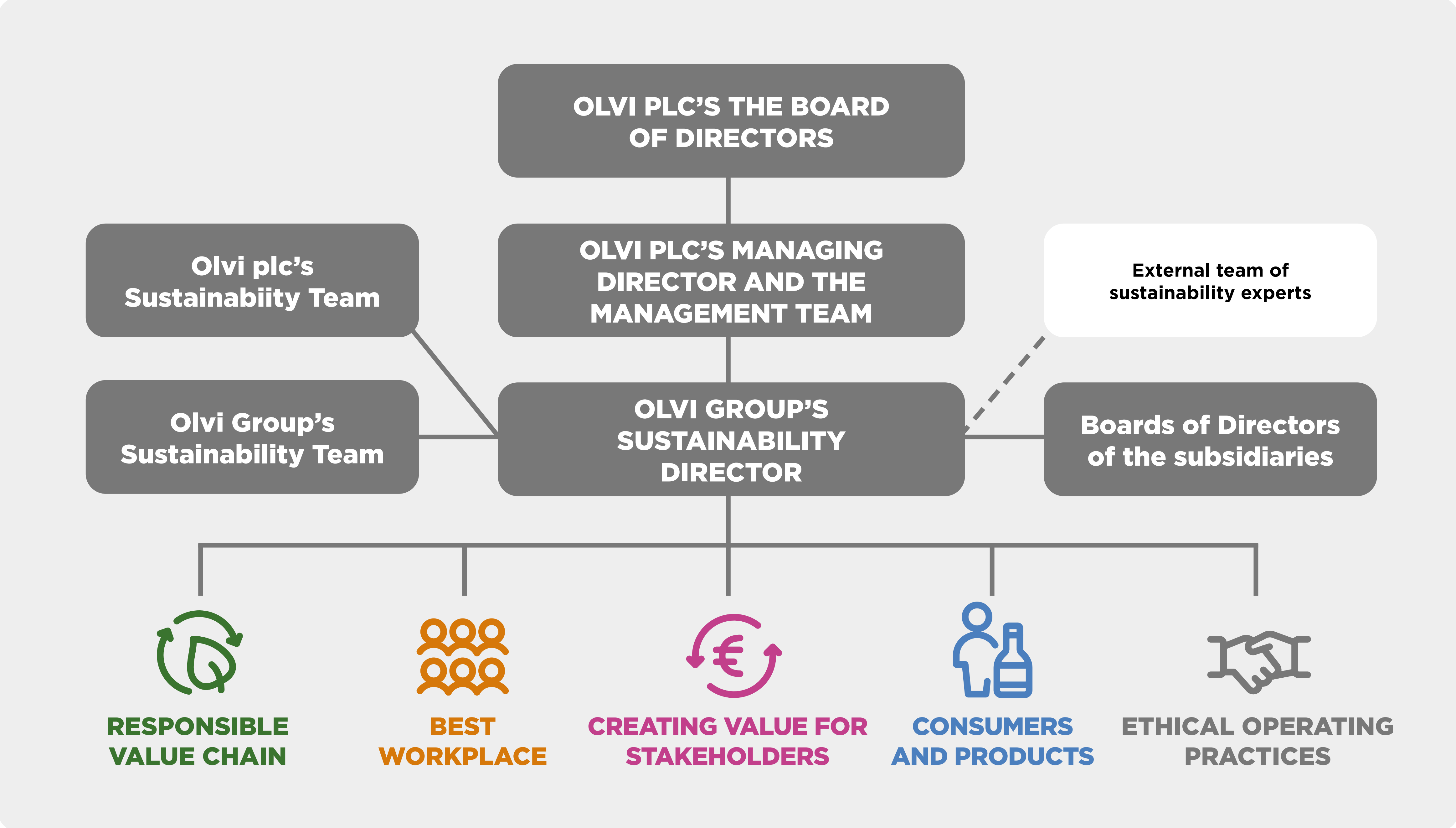
To measure the climate emissions of our operations, we are committed to participating in the CDP's climate emissions reporting. We are continuing our work to determine our Science Based Targets.

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.

WE SUPPORT UN GLOBAL COMPACT

CDP DRIVING SUSTAINABLE ECONOMIES

SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



MAIN SUSTAINABILITY TARGETS AND INDICATORS

FOCUS AREA	ESG	LONG-TERM TARGET	TARGET 2022	RESULT 2022	TARGET 2023	SDG
CARBON-NEUTRAL VALUE CHAIN	E	• **2030:** Carbon-neutral production plants (Scope 1 & 2) • **2030:** The entire value chain's CO_{2e} total emissions -40% vs. 2021 (Scope 1, 2, 3) • **2040:** Carbon-neutral value chain	• The entire value chain's CO_{2e} total emissions -5.5% vs. 2021 (Scope 1, 2, 3)	• Scope 1 and 2: –2% CO_{2e} emissions, Scope 3 data unconfirmed	• Carbon-neutral production (Scope 1 & 2) – Parent company Olvi • The entire value chain's CO_{2e} total emissions -5.5% vs. 2022 (Scope 1, 2, 3)	7, 13
RENEWABLE ENERGIES	E	• **2030:** 100% green electricity and 100% renewable energy	• Green electricity > than in 2021 (65%) (incl. Lidskoe Pivo) • Renewable energy > than in 2021 (39%)	• Green electricity 65% • Renewable energy 41%	• 100% green electricity (excl. Lidskoe Pivo) • Renewable energy > than in 2022 (41%)	7, 13
CULTURE OF ZERO ACCIDENTS	S	• **2030:** Zero accidents and accident-related absences	• Number of accidents -10% vs. 2021	• 25 accidents (-11%)	• Number of accidents -10% vs. 2022	8
COMMITTED PERSONNEL	S	• **2030:** Overall rating of PeoplePower personnel survey AAA	• Overall rating of PeoplePower personnel survey better than in the 2019 survey (AA+)	• Overall rating of personnel survey AA	• Achievement of the most important measures based on the results of the 2022 PeoplePower survey	3, 4, 8
IMPACTFUL STAKEHOLDER WORK	ES	• **2025:** Impactful stakeholder work with each stakeholder	• Identification and determination of impactful stakeholder work with each stakeholder	• General definition and indicators of impactful stakeholder work established	• The most important partner of each stakeholder identified and action plan prepared	17
SUSTAINABLE PRODUCT CONCEPTS	ES	• **2030:** Sustainable product concepts 100% of the product portfolio	• Identifying the main sustainability categories and the criteria for sustainable product concepts, and linking them to product categories and brands	• The main sustainability categories of sustainable product concepts and the criteria for them identified	• Linking sustainable product concepts to product categories and brands	12
PROMOTING A RESPONSIBLE DRINKING CULTURE	ES	• **2025:** Measures to promote a responsible drinking culture drinking in each product category	• Identifying product categories' and brands' key sustainability messages in the categories of alcoholic beverages	• The parent company Olvi conducted a study of consumer perceptions in terms of all product categories, based on which the measures to promote a responsible drinking culture were planned	• Identifying product categories' and brands' key sustainability messages in the categories of alcoholic beverages in other Group companies	3, 12
COMPLIANCE WITH CODE OF CONDUCT	G	• **2024:** 100% of employees confirm their commitment on compliance with the Code of Conduct annually and renews the training every two years • **2025:** 100% of all partners are committed to the Code of Conduct	• Added as a new main target in 2022	• -	• 100% of employees have completed the Code of Conduct training • 100% of suppliers of raw materials and packaging materials are committed to the Code of Conduct	4, 8

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.

During 2022–2023, we will be participating in the UN Global Compact's SDG Ambition Accelerator. In it, we focus on specifying the focus areas of our sustainable development goals, taking into account the most significant positive and negative effects of our operations in the value chain. We will also determine the most relevant sub-goals to us.

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 use local groundwater and engage in extensive cooperation with other operators in each area to safeguard the water ecosystem

8 DECENT WORK AND ECONOMIC GROWTH

- We maintain a fair, equal and safe workplace
- We are a significant local employer in each of our locations
- We support sustainable economic growth, and 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 impacts of our operations to climate change in more detail
- We develop our operations together with our value chain

4 QUALITY EDUCATION

- We encourage our employees to participate in training and competence development in line with the development of working life
- We want to increase our value chain's awareness of sustainable development

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

STAKEHOLDERS

Active dialogue and cooperation with stakeholders through various interaction channels is important to develop our operations.

STAKEHOLDER	KEY TOPICS	RESPONSE TO EXPECTATIONS	CHANNELS FOR INTERACTION
Customers	• Innovative and safe products, good customer service and reliable deliveries • The sustainability of products in all areas of sustainability – especially a sustainable value chain, such as emission reductions • Value chain's cooperation models and partnerships	• The maintenance of continuous and interactive dialogue and the use of feedback • Cooperation for the development of operations and products	• Customer meetings and events • Surveys • Cooperation projects
Suppliers and other partners	• A partner with a good reputation that provides services and solutions that support competitiveness • Operations and products in line with sustainable development • Sustainable primary production, biodiversity and human rights throughout the value chain	• Development of cooperation to promote sustainability • Monitoring of commitment to Code of Conduct • The development of audits from the perspective of sustainability	• General communication • Code of Conduct • Meetings and events • Cooperation projects • Audits and training
Consumers	• Sustainable products and sustainable operations as well as open, transparent, and reliable information about products and their sustainability throughout the value chain • Safe products • The provision of domestic products	• Expanding the range of products containing surplus materials and increasing the proportion of recycled materials in packaging • Listening to consumers' insights and taking them into account in the product portfolio • Active communication • Ensuring safe and high-quality products	• Customer service channels • Surveys and questionnaires • Websites and social media • Packaging
Employees	• Guaranteeing safety at work and maintaining and promoting well-being at work • Competence development in accordance with work tasks • Environmental topics, such as resource efficiency and the circular economy	• Everyday interaction and using feedback to develop operations • Encouraging operational development • Training • Measures emerging from the 2022 personnel survey	• Everyday interaction and feedback • Meeting practices • Training • Events • Internal communication and training channels • Personnel surveys and questionnaires • Performance appraisal discussions
Investors and shareholders	• Profitable growth, reputation, and risk management as well as progressive measures in sustainability matters (ESG) in company operations, product selection and value chain • Environmental themes and especially climate change • Stable dividend payment and share price development	• Longer-term carbon-neutrality targets, emission reduction measures and CDP reporting • Measures for the development of ESG-investor assessments • Creation of financial value	• Websites and social media • Annual General Meeting • Annual reports and interim reports (releases, videos) • Investor assessments • Other investor events and meetings
Society, authorities and media	• Society: The promotion of a responsible drinking culture and product selection, as well as the creation of financial value, good taxpaying capacity and the carrying of social responsibility • Authorities: Compliance with laws and regulations and the sustainable development of operations • Media: Transparent and reliable information as well as rapid communication, in accordance with the requirements for a listed company	• Tax payments and product selection development • Influencing through member associations and other industry organisations in different countries • Preparing for sustainability legislation and participation in research projects focused on sustainable development • Active communication with the media	• Continuous dialogue and meetings • Cooperation projects • Monitoring the development of society's and the authorities' expectations • Active role in member associations • Participation in discussions in the media and engaging in cooperation
Industry organisations, other organisations and associations	• Sustainable operations throughout the value chain, complying with commitments and risk management • Participation in the development of the industry • An active and innovative role in the management of ecological and economic change	• Participating in discussions with member associations and other industry organisations • Joining commitments aiming to promote sustainable operations, such UN Global Compact • Cooperation aiming to promote responsibility	• Continuous dialogue • Meetings and events • Cooperation projects • Memberships and partnerships
Local communities	• Impact of production operations • The provision of support and collaboration opportunities • The development of sustainable operations	• Developing local vitality in cooperation with other operators in each area • Cooperation with cities and educational institutions • Direct and indirect employment	• Continuous dialogue • Meetings and events • Initiatives and cooperation projects


SUSTAINABLE
VALUE CHAIN

SUSTAINABLE 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 work to develop these in cooperation with our partners.

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 nature and 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. This is why we purchase only from suppliers that meet our requirements. We seek to increase the role of the circular economy in raw materials and packaging materials by using recycled materials, among others. Ensuring the quality and safety of each raw material and packaging material is key.

Olvi Group invests a great deal in improving resource efficiency and reducing emissions. During product development, we investigate the safety and 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 material streams generated by our processes.

In logistics, we seek to minimise emissions through optimised routes and distribution, for example. 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.

THE CRITERIA FOR A PRODUCT'S SUSTAINABILITY

Promoting sustainable consumption in line with sustainable development is at the core of our operations. This is why our product development focuses on sustainable product concepts. Our goal is that by 2030, all our products meet the sustainability criteria we defined in 2022. These criteria particularly account for a product's environmental footprint, the circular economy and social responsibility, such as human rights.

Our products and packaging materials are recyclable, enabling the reuse of materials and the promotion of the circular economy. We also want to put waste materials into use in the production of our products.

REDUCING CARBON FOOTPRINT

Olvi Group continuously takes measures to reduce its carbon footprint. Adapting to and mitigating climate change is important both in terms of securing the future of our business operations and ensuring their profitability. Climate change has a direct impact on the Group's business operations, given that global warming reflects on agricultural production, among other things.

The Group's production is dependent on raw materials of agricultural origin, such as barley, sugar and hops. Their availability is ensured by developing operations in cooperation with suppliers and by participating in development projects and research collaboration aiming to develop cultivation and plant varieties, in particular. We also work to reduce the value chain's carbon footprint by, for example, using recycled materials, reducing waste and developing logistical solutions.

We increase various renewable energy and energy recovery solutions in the entire Group. 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.

MONITORING OF CLIMATE EMISSIONS

We continue to develop our climate emissions calculation to better identify emissions from various production phases and other operations. The value chain's result in the entire Group, based on the emissions data from 2021, was reported for the first time in 2022. With respect to the parent company Olvi, the data were reported for the first time in 2021. We provide more detailed reporting on the emissions through CDP climate reporting, in which we achieved the B grade in 2022, while the average for our industry was C. The calculation methods are described in the appendix (p. 51).

We want to contribute to the reduction of emissions in accordance with the Paris Agreement, with the objective of holding the increase in the average global temperature at 1.5°C. As part of this, our target is for all our breweries to be carbon neutral by 2030, by which time we intend to have moved to the use of 100% renewable energy and electricity in all Group companies. Our targets also include a carbon-neutral value chain, including the cultivation of our raw materials, for example. The preliminary target year set for this is 2040.

The goal of the carbon-neutral value chain will be specified in 2023, once Olvi Group has set its Science Based Targets (SBT). In conjunction with the setting of the climate targets, the company will also specify the transition plan and the measures that are required to achieve carbon neutrality. The achievement of the targets will mean investments in renewable energy solutions, increases in the use of recycled materials and the development of the cooperation with the value chain.

In 2021, total emissions amounted 308,897 t CO_{2e}. Of the total emissions, 4% resulted from company-owned operations (Scope 1), while 6% resulted from purchased energy (Scope 2). The value chain's emissions (Scope 3) accounted for 90% of the total. In addition, our operations release 37,253 t CO_{2e} worth of biogenic, short-cycle carbon dioxide not accounted for in the reporting according to guidelines. The data on the 2022 total emissions are not yet available, since the value chain data will not be in use until April 2023. Preliminary results indicate that the total emissions in terms of company-owned operations and purchased energy are 2% lower than in 2021.

VALUE-CHAIN EMISSIONS

Around 90% of Olvi Group's carbon dioxide emissions derive from the value chain (Scope 3). A significant portion, 76%, of the value chain's emissions in 2021 were emissions generated by purchased materials and services. The second-most significant sources of emission consist of departing and arriving transports as well as the cooling of products at sales outlets. The treatment of used consumer packages, such as cans and bottles, also generates emissions.

Development done in cooperation with value-chain partners is the best way for us to reduce the emissions of purchased materials. Increasing the use of recycled materials constitutes an important step in achieving emission reductions. Increasing resource efficiency also plays a key role. To be able to reduce the need for purchased carbon dioxide and the related transportations, we are building a carbon dioxide recovery plant for the parent company Olvi. The plant, which will begin operating in 2023, will enable us to recover and reuse the carbon dioxide generated during fermentation.

We aim to minimise the greenhouse gas emissions from transportation and distribution by optimising distribution chains and routes, as well as the distribution frequency, and by loading lorries more efficiently. Nearly all our logistics takes place in the form of road transports. In 2022, A. Le Coq became the first company in the Baltics to put an electric lorry into service, and we are currently collecting experiences of it with an eye on the possible expansion of electric transportation. We are also exploring opportunities for a transition to fossil-free fuels. To reduce transport emissions, we are cooperating with our logistics partner Posti in Finland, for example. Posti is the first transport company that has emission reduction targets approved by the Science Based Targets initiative (SBTi) for achieving carbon neutral transports.

Smaller things also carry significance. We are reducing the emissions resulting from our employees' commute and travel by remote working, carefully considering travel needs and by holding most meetings via remote connections. We also promote a combination of commuting and exercise by participating to bicycling challenges and enabling the purchase of company bicycles for employees in some Group companies.

TARGET

FOR 2030

CO_{2e} from the entire value chain

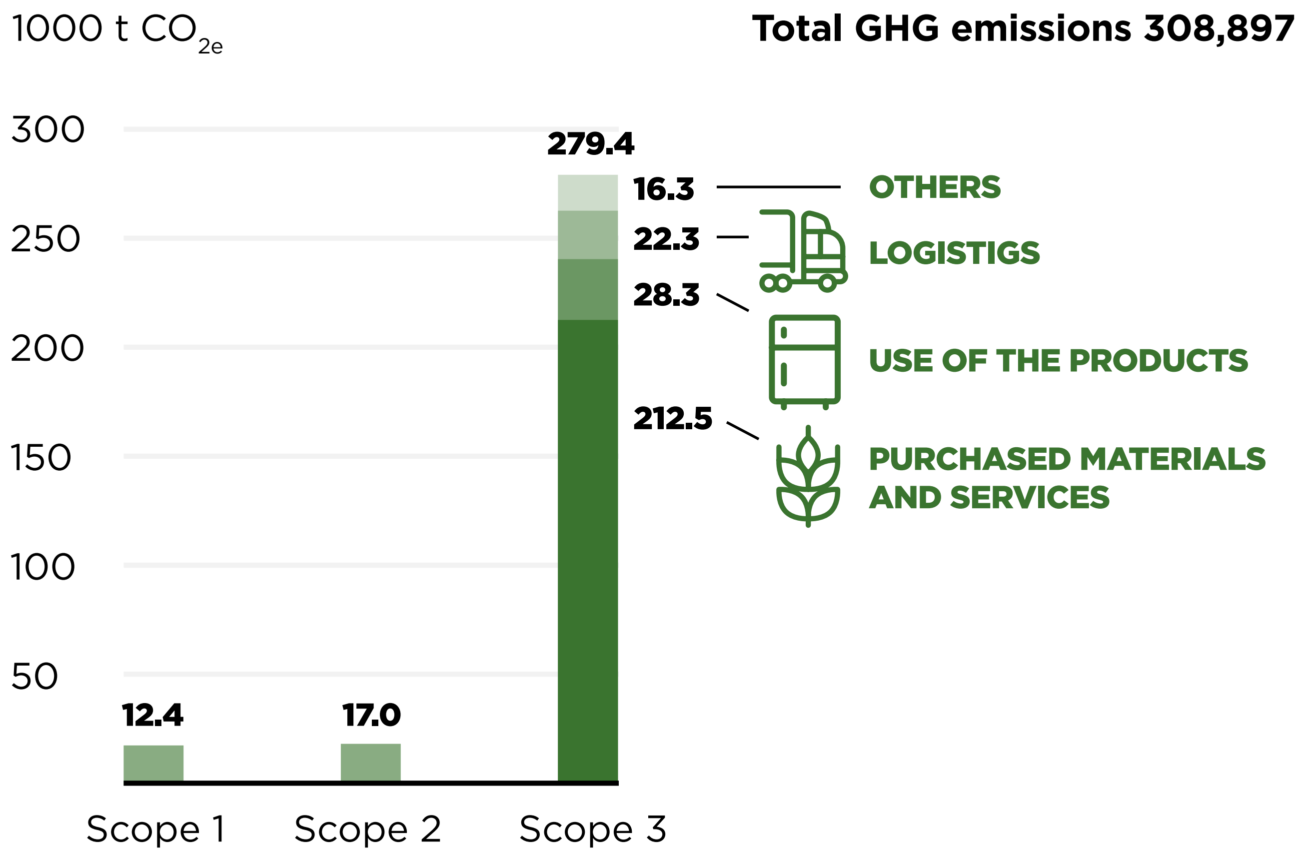
-40%

TARGET

FOR 2040

A CARBON-NEUTRAL VALUE CHAIN

TOTAL EMISSIONS



BREWERY'S GREENHOUSE GAS EMISSIONS

Direct greenhouse gas emissions from our own operations (Scope 1 and Scope 2) are generated mainly by production plants. The most significant emission sources of a production plant are the heat, steam and electricity used by it. We have reduced energy emissions by 49% since 2015, particularly through renewable energy solutions in electricity and the production of heat and steam. In 2022, emissions from own production increased slightly in own energy production, largely due to an increase in production volume. In purchased energy, the emissions nevertheless reduced, meaning that according to preliminary results, overall emissions in this respect were approximately 2% lower than the year before. Emissions in relation to litres produced have reduced by 6%.

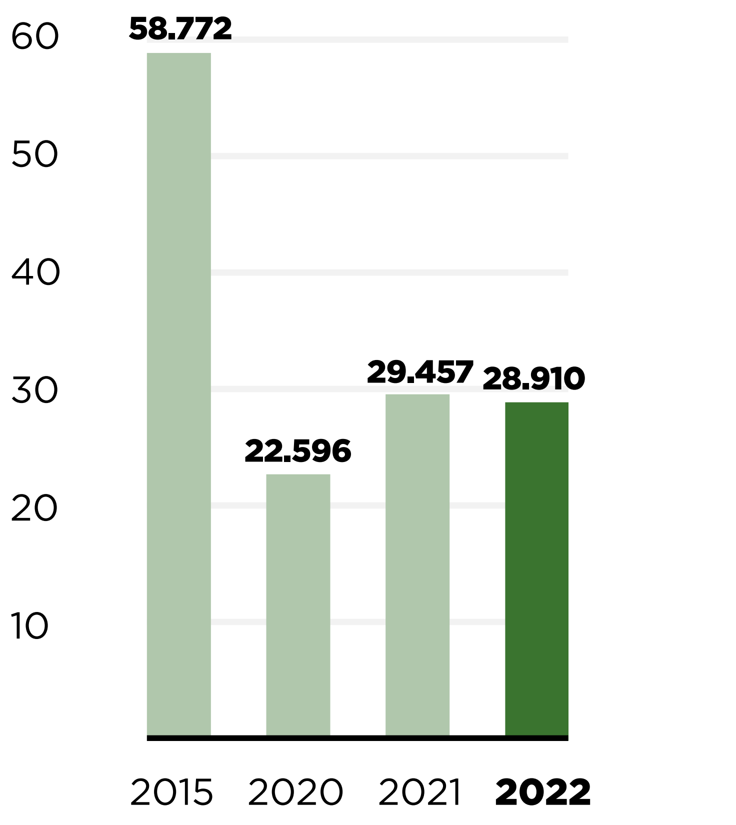
We aim to continuously improve resource efficiency and reduce electricity consumption. In 2022, the Group companies' electricity consumption decreased slightly as operational efficiency continued to improve and thanks to energy-efficient choices. Electricity consumption was 0.081 kWh per litre produced, representing a decrease of 4.7% from 2021.

TARGET

FOR 2030 CARBON-NEUTRAL BREWERIES

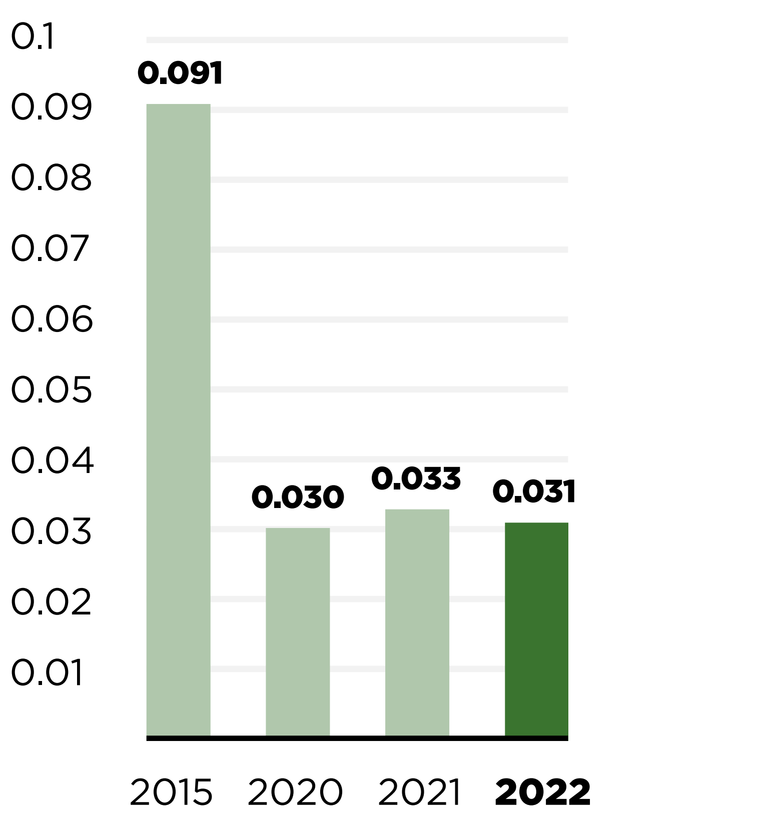
TOTAL EMISSIONS OF PRODUCTION

1000 t CO_{2e} (Scope 1 and 2)



EMISSIONS IN PROPORTION TO PRODUCTION

emissions kg CO_{2e} / litre produced (Scope 1 and 2)



Our target is to use 100% green energy by 2023 in all Group companies, excluding Lidskoe Pivo. In terms of Lidskoe Pivo, the transition to green energy will take longer due to the local electricity market. In 2022, green electricity accounted 65% of the electricity at all Group breweries, remaining on the same level as in 2021.

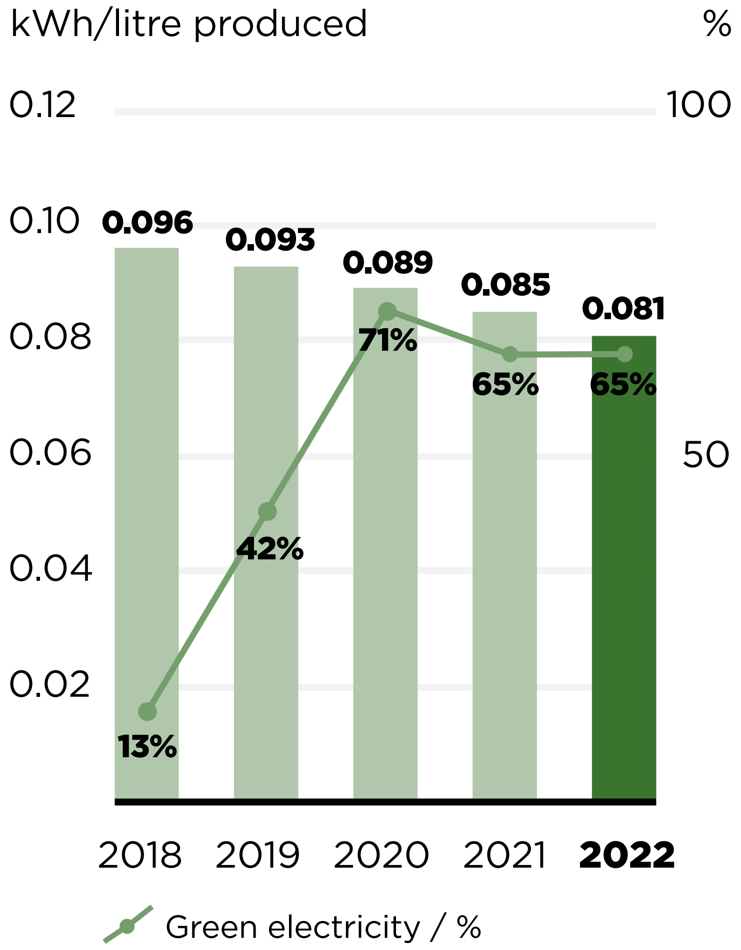
We have identified various opportunities to increase the use of renewable electricity, and one of the options is electricity production through solar panels. The Group's first solar power system and solar panel plant were introduced at A. Le Coq's in 2020. In 2021, Volfas Engelman commissioned a solar panel plant at the Uniqa water factory. We intend to increase the number of our solar panels in the coming years as well.

Steam and heat consumption, on the other hand, decreased by 6.6% from 2021, and was 0.140 kWh per litre produced. The decrease resulted from the product portfolio and weather conditions. Our long-term target is to use 100% renewable energy by 2030. We already use several renewable energy solutions, including bio power plants and a biogas plant.

In 2022, the parent company Olvi began running backup facility with bio-oil. A. Le Coq has been building a biogas recovery plant which will begin operating during 2023. A. Le Coq and Volfas Engelman are planning a transition to the use of bio-based district heating in the heating of properties. We are also continuously increasing the recovery of the heat generated in the production process, and its recycling back into the production process and facilities.

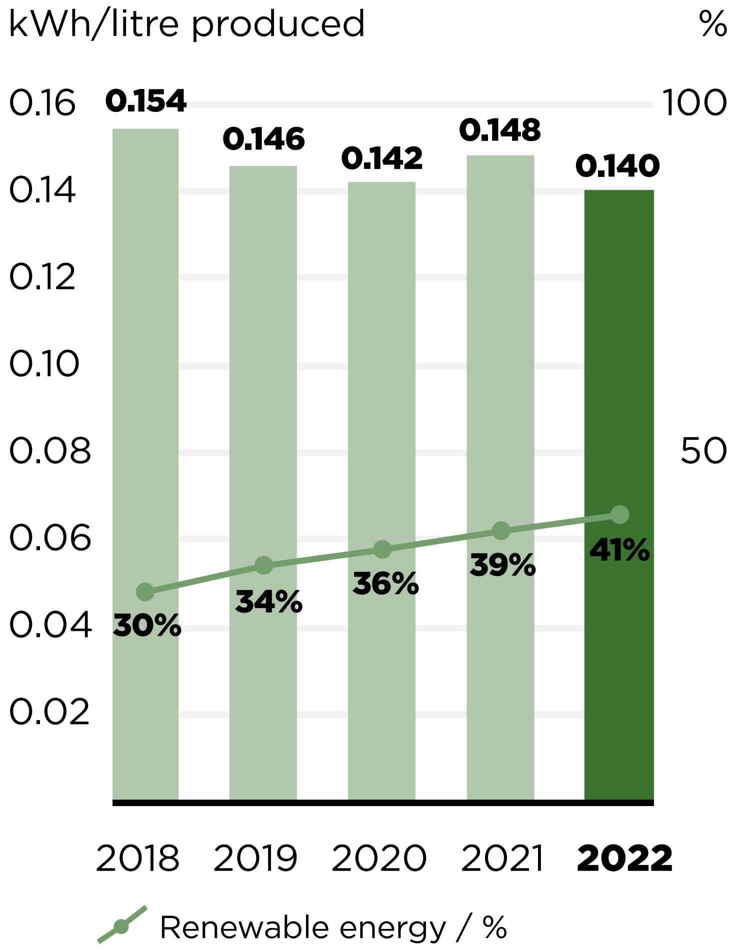
Olvi Group has conducted studies and measures for the more effective measuring of energy consumption and for optimising its use of various energy sources. We focus on reducing energy consumption by modernising equipment, for example. We also take energy efficiency into account in building and space solutions and employ a certified system (ISO 50001) for energy management in some of our companies.

ELECTRICITY CONSUMPTION



The figures do not include Servaali

STEAM AND HEAT CONSUMPTION



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SUSTAINABILITY ACTIONS

- *Cēsu Alus* and *The Helsinki Distilling Company* use biogas for heating
- The parent company *Olvi* and *Vestfyen* have bio power plants
- The excess yeast from *A. Le Coq's* beer production is used in the transport industry's biomethane production

TARGET

FOR 2023 green electricity 100%

TARGET

FOR 2030 steam and heat from 100% renewable energy

CASE: TOGETHER TOWARDS A MORE SUSTAINABLE ENERGY ECONOMY

"WE WANT TO BE AMONG THE FIRST IN DEVELOPING OUR OPERATIONS TOWARD A GREENER FUTURE."

PIA HORTLING
DIRECTOR OF PUBLIC RELATIONS AND PROCUREMENT
OLVI PLC

For Olvi Group, environmental responsibility means, to a large extent, the effective use of resources – that is the effective use and recycling of raw materials, other materials, and energy, as well as the optimisation of transportation.

Olvi Group has accounted for sustainable development for years now in terms of its plants' equipment and energy solutions. In recent years, Group companies have made substantial investments to achieve the target of carbon-neutral production.

"We want to be among the first in developing our operations toward a more energy efficient and greener future. We are now increasingly focused on active dialogue and development cooperation with our stakeholders. This allows us to promote the reduction of emissions within the value chain and product solutions that account for sustainable development in a holistic way," says Pia Hortling, Director of Public Relations and Procurement at the parent company Olvi.

In 2018, the parent company Olvi commissioned a company-owned heat plant that runs on biomass-based, renewable energy and produces the steam and heat required in production processes. The energy source is composed of wood chips sourced from nearby areas and the mix of bark and sawdust generated as a by-product of wood processing. The flue gas scrubber fitted in the stack of the heat plant cleans the released water vapour of sulphur and particulate emissions and recovers any waste heat.

At the Bryggeriet Vestfyen brewery in Denmark, the use of renewable energy has been the norm for several years now. The brewery relies on a biopower plant equivalent to the heat plant of the Iisalmi production facility. The A. Le Coq plant and the Cēsu Alus plant in Latvia have invested in biogas plants which recover biogas from wastewater.

The Group focuses on increasing the volume of biofuels. In 2022, all energy used in the manufacturing of products at the parent company Olvi was bioenergy. Olvi's Iisalmi plant has almost achieved its own target for 2023 – a carbon-neutral plant – in 2022.

Green electricity is in use at production facilities in Finland, Estonia, Latvia and Lithuania. LED lighting and intelligent lighting control, as well as the more efficient control of ventilation, have also been widely adopted. A majority of the gas-powered forklifts in Group companies have been replaced by zero-emission electric forklifts.

Group companies use the recovered heat energy for a variety of purposes, such as heating water and properties. For example, the parent company Olvi's domestic water has been heated with the heat energy recovered from the brewhouse process for several years. New opportunities to this are searched all the time. For example, Volfas Engelman started to use recovered heat for heating the warehouse in 2022.

A carbon dioxide recovery plant, which will begin operating in 2023, is currently under construction in Iisalmi's brewery. In the future, the carbon dioxide generated during the fermentation process can be reused in the aeration of beverages, for example.

The Group is studying opportunities for using renewable energy, such as solar panels. A. Le Coq's plant in Estonia and Volfas Engelman's Uniqa water plant in Lithuania have already deployed solar panels.

The Group invests in the reduction of its environmental footprint in transportations, both in terms of input materials and finished products. In the summer of 2022, A. Le Coq deployed the first electric lorry in the Baltic countries. This is a significant step toward the reduction of carbon dioxide emissions resulting from transportation.

SUSTAINABLE WATER USE

The production of beverages is a water-intensive industry. Olvi Group seeks to reduce its water consumption per litre produced.

In 2022, water consumption was 2.8 litres per litre of finished product, showing a decline of 5.1% compared to 2021. This is our third consecutive year below the target we set for 2023: less than 3.0 water per litre of finished product. The target was set in 2018, when the base level was 3.16 litres of water per litre of finished product. Given that we have already achieved our original target, we set a new target for 2030: less than 2.5 litres of water per litre of finished product. The base level year for this target is 2023.

Depending on the location, we use local groundwater or our own wells as water sources. A. Le Coq, for example, has its own wells. According to WRI's Aqueduct Water Risk Atlas tool, our breweries operate in areas with no major water risks. Our operating areas have enough of available, high-quality water.

The water we consume is abstracted primarily from water protection areas. Water is used sustainably and safely, and its adequacy for other uses is also ensured. We monitor the impact that our operations have on water sources on a regular basis in cooperation with local waterworks and authorities.

Olvi Group cooperates extensively with other industries for cleaner water and to protect the natural aquatic ecosystem. We account for cooperation with the relevant stakeholders in terms of both existing and new production plants so that we can monitor and alleviate our impact on water sources. We work in close cooperation with local waterworks, for example, to ensure the sustainable use of water. In the future, we will increasingly invest in reducing our water footprint and supporting biodiversity.

OPTIMISED WATER USE

We engage in diverse measures to achieve our targets in water reduction. 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 cooperation 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. Our objective is to be able to reuse all wastewater by 2030.

TARGET

FOR 2030

water consumption less than

2.5 litres per litre produced

TARGET

FOR 2030

100%

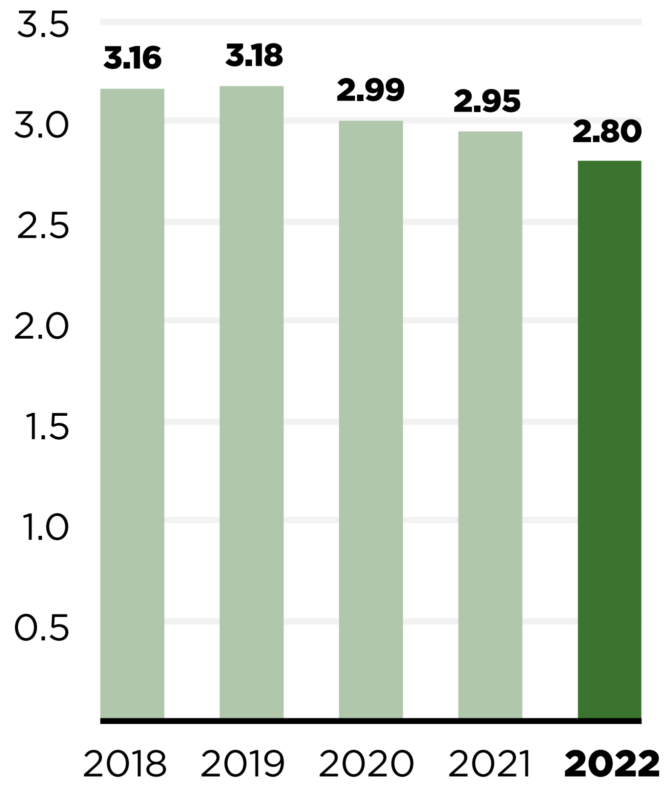
of wastewater is reused

SUSTAINABILITY ACTIONS

- *Vestfyen* invested in the development of wastewater piping together with the local water treatment plant
- At *A. Le Coq* and *Cēsu Alus*, wastewater is used to produce biogas, which replaces fossil fuels while reducing wastewater loads

WATER CONSUMPTION

litres per litre produced



The figures do not include Servaali

PROMOTING THE CIRCULAR ECONOMY

We want to operate in line with the principles of the circular economy, meaning that we reduce the use of materials, and reuse and recycle them. By doing this, we operate within nature's carrying capacity, keeping materials and products in circulation for as long as possible. Through reuse, completely new applications can be found for waste material. Materials recycling includes sorting and recycling materials from production, the reuse of by-products and the recycling of end products.

RECYCLED MATERIALS IN PACKAGING

We use recyclable packages and optimise the use of materials in packaging. We reduce the volume of plastic by shifting to the use of lighter bottles and plastic films whenever possible. In 2022, Group companies carried out several measures to this end. Our plastic bottles are short necked, thanks to which we used 500,000 kg less plastic on Group level in 2022. We are also gradually shifting to the use of recycled or bio-based shrink wrap. In addition, we are exploring possibilities for replacing plastic with other materials in multipack products, for example.

The packaging of many of our products is made from recycled materials. Its share in glass bottles is 25–65%, depending on the bottle type, and in cans, 30–50%. PET bottles, made entirely out of recycled plastic, are used in selected products, including the parent company Olvi's KevytOlo mineral waters and A. Le Coq's Aura mineral waters. Our goal is for at least 25% of the raw materials of our PET bottles to consist of recycled plastic by 2025. In 2022, we replaced more than 400,000 kg of virgin plastic with recycled plastic bottles.

Recycled materials are also used in multipack products. The 24-can corrugated cardboard multipacks at the parent company Olvi, A. Le Coq and Cēsu Alus are already made entirely out of recycled fibres. The proportion of recycled materials in other Groups companies and cardboard packaging varies. In addition, A. Le Coq tested the use of bio-based shrink wrap in some of its plastic multipacks in 2022. We will expand the use of recycled materials in the coming years.

We participate in a variety of research projects which promote the use of sustainable packaging solutions. The PlastLIFE project of the Natural Resources Institute Finland (Luke) investigates the potential of bio-based packaging materials as alternatives to fossil plastics in food packaging. In 2023, we will prepare the Group's packaging roadmap in line with the principles of the circular economy (reduce, reuse, recycle).

Our products are packed in transport packages, such as plastic crates and trays. Some of the recycled containers are washed and refilled, while some are reused as materials. The parent company Olvi's recyclable plastic trays save nearly a million kilos of cardboard a year in the transportation of canned products. The Group's raw materials and chemicals are also transported to breweries in recyclable packaging,

SORTING AND REUSE

We aim to recycle all material fractions and side streams generated in our production process and to improve the sorting of the fractions. The Group companies collect and sort various materials, such as paperboard, glass, plastic and hazardous substances.

We monitor the volumes of the material fractions generated. In 2022, the volume of mixed waste generated in the Group declined the lowest level ever. Its volume relative to litres produced also continued to decline. We continue to develop and improve sorting in all Group companies.

Reusing side streams is important to us. Our by-products include spent grain and spent 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.

The ash generated in the biopower plant is used as a forest fertiliser. In addition, we are working to increase the reuse of our wastewater in biogas production, among others.

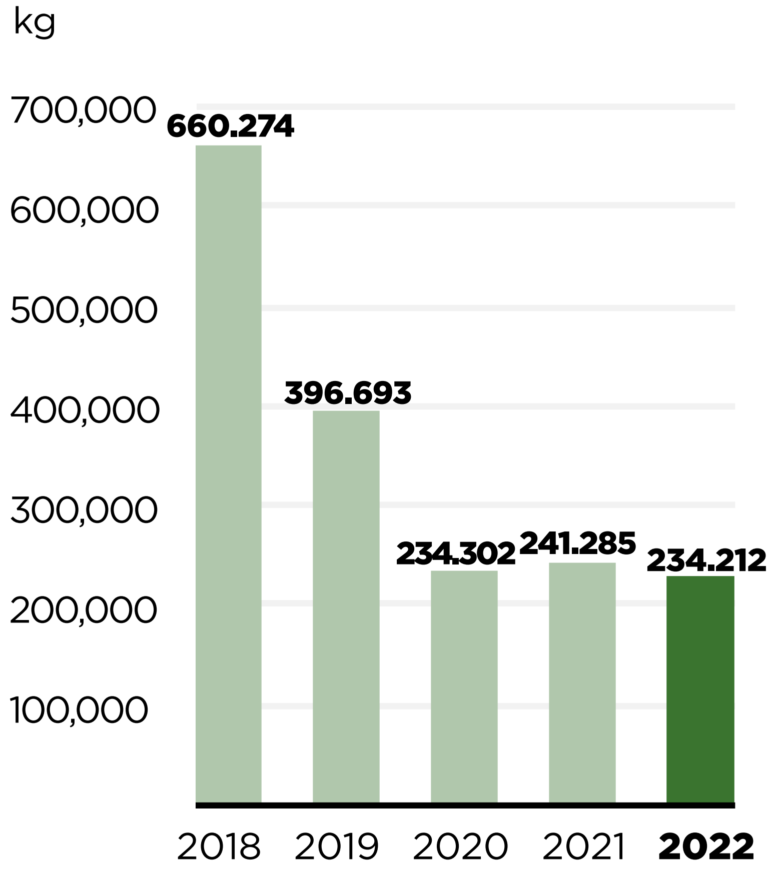
We actively cooperate with local organisations to develop recycling systems for beverage packaging. The parent company Olvi is one of the owners of Palpa, a company founded for beverage container recycling in 2003. Palpa manages the beverage container deposit system in Finland.

Equivalent systems are in operation in Estonia, Latvia, Lithuania and Denmark. Judging from the high recycling rates, these systems are highly effective. In Latvia, the system was adopted in 2022, due to which the recycling rate is still fairly low. Cēsu Alus played an important role in the system's development, as did other breweries in their respective countries. The development of a similar system in Belarus is being studied.

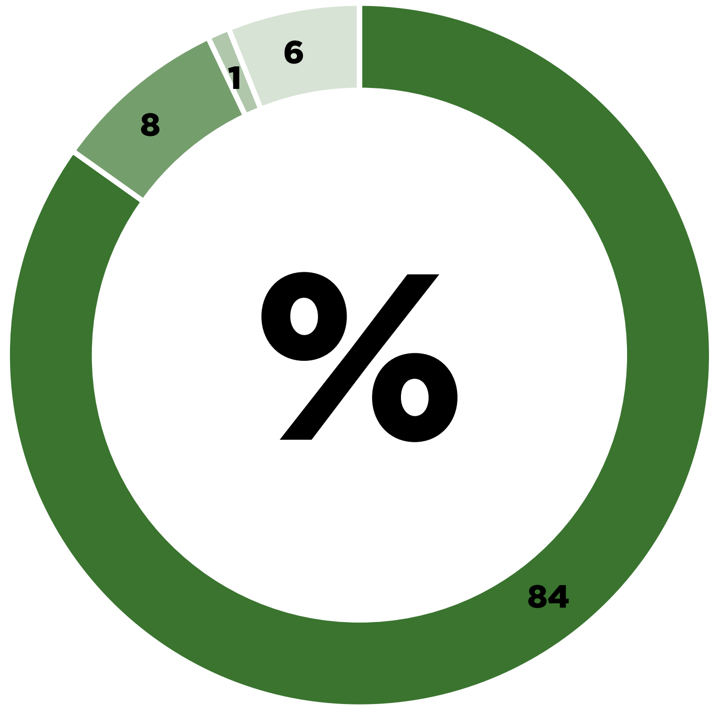
RECYCLING SYSTEM AND RATES FOR DISPOSABLE PACKAGING

	Finland	Estonia	Latvia	Lithuania	Denmark
Plastic bottle	**90%**	**88%**	**64%**	**94%**	**96%**
Glass bottle	**98%**	**90%**	**57%**	**69%**	**94%**
Can	**97%**	**83%**	**61%**	**97%**	**91%**

MIXED WASTE



MATERIALS AND WASTE BY TYPE



- 84% – Recycling and reuse (plastic, paperboard, glass, metal, paper, biowaste)
- 8% – Other reuse (waste-to-energy and timber)
- 1% – Disposal (e.g. chemicals, sludge)
- 6% – Mixed waste

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

RESPONSIBLE PROCUREMENT

Reducing climate emissions from the supply chain and its materials is one of the most important common development efforts. We also pay attention to human rights and working conditions within the supply chain. 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.

We choose responsible suppliers of raw materials and other materials. The quality of raw materials from suppliers is always ensured. We use local suppliers as much as possible.

At the end of 2022, Olvi Group had 313 suppliers of raw materials and packaging materials. We use 100% domestic malt barley in Finland, Lithuania, Denmark and Belarus, and malt barley from the neighbouring markets in other countries. The majority of all our raw materials (72%) and packaging materials (84%) come from Finland and the Baltic countries, Denmark and from Belarus, for Lidskoe Pivo.

We work in close cooperation with our value chain from agriculture to logistics. The development of sustainability is strongly visible in the activities of these operators. For example, one of the key activities of our biggest malt supplier, Viking Malt, is the promotion of regenerative farming in cooperation with farmers. Regenerative farming accounts for, among other things, biodiversity and the rebuilding of the soil's health.

In 2023, we will initiate a study on the current state of our Group's biodiversity and the related plans. The value chain will play a central role in this.

CODE OF CONDUCT FOR SUPPLIERS AND PARTNERS

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. We prefer long-term agreements, which guarantees a solid base for stable and close cooperation in the development of sustainability, for example.

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

By the end of 2022, the Code of Conduct had been signed by 97.2% of our contract partners for raw materials and packaging materials. Our goal for 2023 is for 100% of our suppliers of raw materials and packaging materials to have committed to the Code of Conduct. We also want 100% of all our partners to commit to the Code of Conduct by 2025.

We monitor compliance with these commitments by regular audits. We focus on auditing our main suppliers and suppliers falling under a greater risk category according to agreed grounds. The audits are conducted in line with Group-level auditing instructions and forms. We develop our auditing processes and practices continuously.

The audits account for matters and aspects related to product safety, the environment, human rights and working conditions, among other things. The audits serve to ensure the suppliers' own operations and the monitoring of their value chains. Based on the audits, possible corrective measures will be determined and the implementation of these is followed.

THE CODE OF CONDUCT

Includes suppliers of raw materials and packaging materials

The figures do not include Servaali and Vestfyen is included only partly

TARGET

FOR 2023

All suppliers of raw materials and packaging materials HAVE SIGNED the Code of Conduct

TARGET

FOR 2025

All partners HAVE SIGNED the Code of Conduct


BEST PLACE TO WORK

BEST PLACE TO WORK

We promote employee well-being, safety at work, and competence development. We pay attention to consistent management and equal treatment. This enables us to create best 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 of production units. We aim 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.

In 2022, Olvi Group had a total of 2,335 employees in six countries and 14 units. The average service time is around 10 years across the Group companies. Olvi Group also employs summer workers and trainees, 138 in total in 2022.

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. We support our employees and reinforce their commitment to high work performance. We maintain our employees' well-being at work and working capacity and uphold a sense of doing meaningful work. We strive to enable task-specific and career development.

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.

KEY FOCUS AREAS OF HR POLICY STEER OUR ACTIVITIES

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

2022
2,335

2021
2,111

EMPLOYEES PER SEGMENT

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.

Management, supervisory work development and common ways of working are important aspects of our corporate culture. The Group's success is supported by 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 want to be an attractive employer that enables employee commitment.

WORKPLACE COMMUNITY DEVELOPMENT THROUGH AN EMPLOYEE SURVEY

Our inspired, developing and committed employees play a key role in creating an excellent working atmosphere. We strive to develop our corporate culture with the aim of achieving the AAA overall rating in the PeoplePower employee survey in 2030. The survey helps us to develop the workplace community and monitor employee well-being.

The PeoplePower employee survey focuses on the employee experience, organisational functionality and elements of corporate culture. The employee experience particularly emphasises inspiration and dedication, which consists of commitment, management and performance.

Olvi Group implements the employee survey every two years. In the 2022 PeoplePower survey, Olvi Group's rating was AA (79.3). The response rate was 84.3%. The parent company Olvi earned the 'Finland's Most Inspiring Workplace' diploma for its survey results.

Our personnel survey results were at the same level as in 2019, when we achieved the AA+ rating. The change in rating is a result of the increased reference level in the survey. The personnel survey results improved in all Group companies. Improvement was reported in several areas, such as equal treatment, interesting work and employees' independent decision-making. In 2023, we will focus on implementing the most important measures based on the survey results. Particular measures that came up include the development of supervisory work and collaboration.

STRENGTHENING THE GROUP'S CORPORATE CULTURE

Understanding, fostering and developing corporate culture is very important for the company's success. We will continue to define the Group's corporate culture in 2023 and, consequently, create an operating model to further develop and monitor it.

We have many practices and operating models in place that support our corporate culture. We encourage our employees to participate in operational development and present development ideas.

We build a community spirit and enhance the working atmosphere by finding new ways of operating in the digital and hybrid environment, without forgetting about the companies' traditions and operating models built over the years. We acknowledge and celebrate success together.

TARGET FOR 2030

rating in personnel survey **AAA**

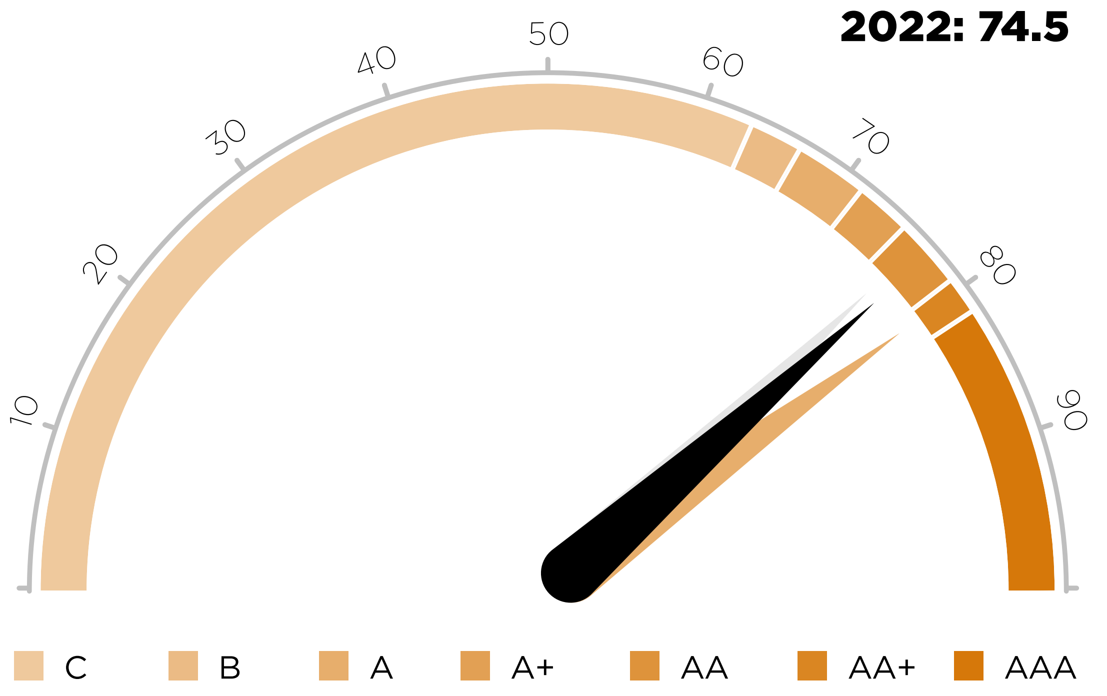
WE ACKNOWLEDGE AND CELEBRATE SUCCESS TOGETHER

THE RESULTS OF THE PERSONNEL SURVEY

2022 **AA**

2019 **AA+**

2016 **AA**



MANAGEMENT, SUPERVISORY WORK AND WORKPLACE SKILLS

We invest in successful supervisory and workplace skills and an excellent management culture. With these, we ensure a functional workplace community, a good work atmosphere and the support for employees' performance and development.

Our management is supported by certified management systems and the Lean principles that support operating models based on continuous development. 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 (p. 51).

THE GROUP'S COMMON OPERATING MODELS

Our development of management, supervisory work and workplace skills is based on the feedback from performance appraisal discussions.

We also monitor development of results in the personnel survey. Based on the survey results, we determine common and department-specific development goals and measures in cooperation with employees to develop activities in their own workplace communities. Continuity and team spirit are strengthened by monitoring and communicating the development measures and by the participation of all employees.

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.

Established in 2012, the Olvi Academy aims to further develop the Group's operations and expertise and build a common operating culture. Olvi Academy's themes for 2022 were strategy implementation through personal strengths and success, beer-making, and future scenarios.

CASE: DEVELOPING WORK SATISFACTION AND COMMITMENT TO WORK

A. Le Coq began using the Gallup Q12 Index that is used in 195 countries, covering 27 million employees. The Index is aimed at assessing employees' well-being and commitment.

"It is important for us that our employees feel well and don't experience any work-related stress, and that work arrangements help to guarantee that no one has a burnout. Our target was to increase employee satisfaction and well-being particularly in units that had room for improvement in these areas," says Katrin Lember, Director of Administration, A. Le Coq.

The pilot project was implemented in 2021. By the end of 2022, the Index was used in all production units.

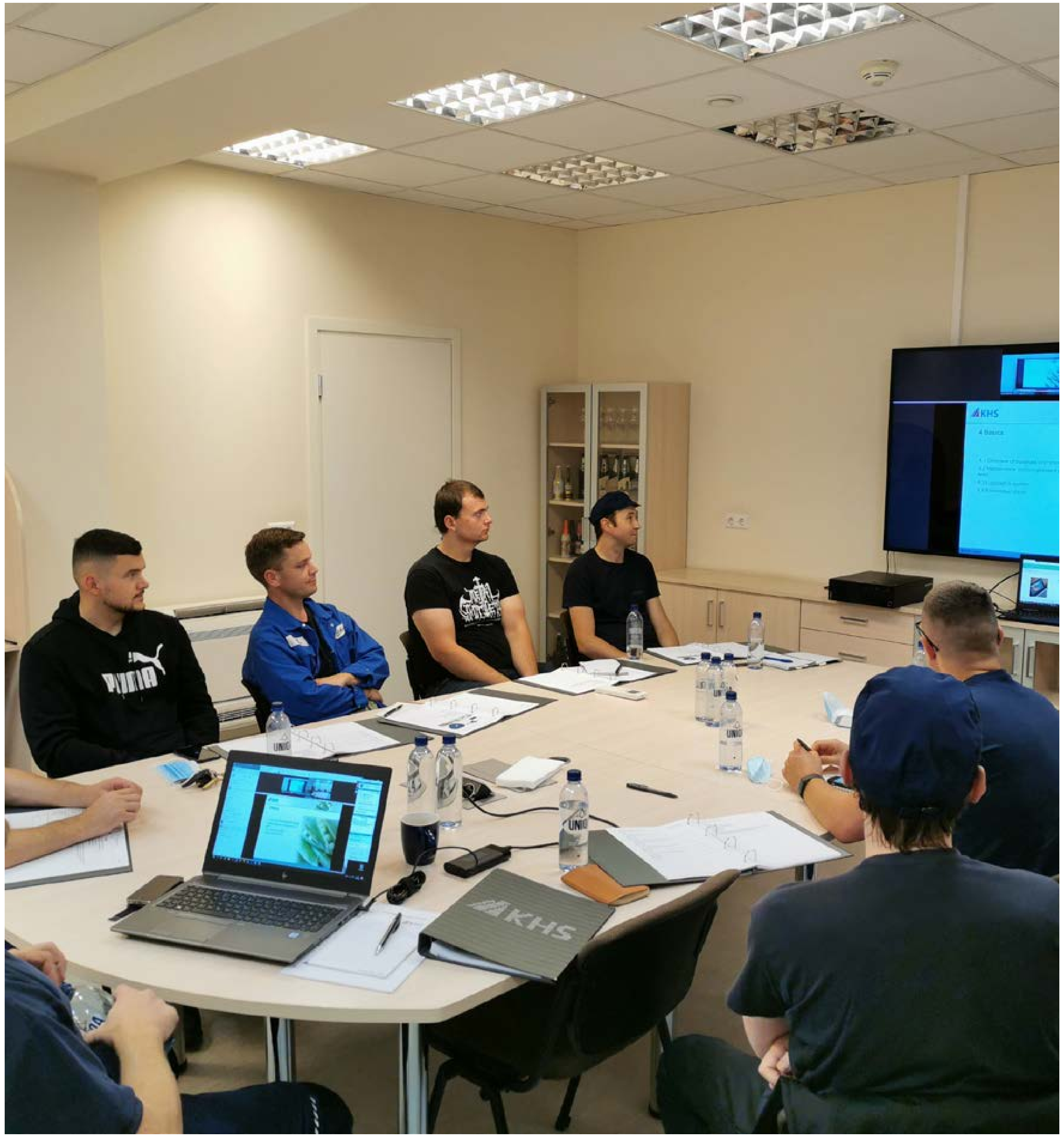
The Gallup Q12 survey is based on a questionnaire, which is completed by employees anonymously. After the questionnaire completion period, personal discussions were arranged for respondents to address the themes featured in the survey. These confidential one-to-one discussions lasted sometimes up to three hours. The personal approach received positive feedback.

Once the supervisor had held discussions with all of their subordinate employees, a summary of the discussions was prepared and presented at the department meeting. Of the issues that came up at the department meeting, 2–3 of the most important ones were selected for immediate addressing. The supervisor and employees concluded a bilateral agreement, under which they agreed to rectify or change these issues.

"The Q12 discussions have become one of our management tools. We believe that this tool will help us to improve our working environment so that all employees are happier and more satisfied. The results were already reflected in our company's PeoplePower survey," Lamber says.

"THE Q12 TOOL HELPS TO IMPROVE THE WORKING ENVIRONMENT AND EMPLOYEE SATISFACTION"

KATRIN LEMBER
DIRECTOR OF ADMINISTRATION
A. LE COQ



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.

We monitor our employees' skills and development needs through annual performance appraisal discussions. Through these discussions, we ensure that our employees have the competence required for their jobs, as well as clear goals and responsibilities. We continuously develop the contents of the performance appraisal discussions.

We strive to have a performance appraisal discussion with as many employees as possible every year. In 2022, a total of 74% of our employees participated in performance appraisal discussions.

AN ONLINE LEARNING ENVIRONMENT FOR TRAINING

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

Since 2021, we have been using a new online learning environment that enables uniform training provision throughout the Group. Online training is available on sustainability, occupational safety and data protection, for example. We update the training contents and add new trainings on a regular basis. In 2023, we will create an online course on Code of Conduct of the Group.

WE WILL CONTINUE INCREASING AWARENESS OF SUSTAINABILITY

In addition to online training, we offer our employees various trainings, depending on their position and tasks. One common theme in our training offering has been building a sustainability-oriented culture and increasing awareness of sustainability.

Cēsu Alus has established a Green Dream Team, through which all interested employees can implement sustainability measures. In 2022, the parent company Olvi began arranging internal Sustainability's Morning Coffee sessions, short gatherings in which people were informed about sustainability-related matters. In 2023, similar sessions will be introduced into use in other Group companies, as well.

We monitor how much time each employee spends training. In 2022, Group employees spent an average of 9 hours in training, whereas the corresponding figure for 2021 was 7 hours. We are developing practices for reporting training completion in order to ensure up-to-date monitoring of training volumes per focus area. We will be setting a more specific target for training in 2023.

We are also focusing on using digitalisation in personal competence development and job improvement. Training is increasingly provided remotely to make participation easier and increase the selection of available courses. 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.

SAFETY AT WORK

Every one of our employees is entitled to a safe working environment. We aim to ensure smooth work without accidents.

We focus on ensuring our employees' safety-related competence. Sufficient induction, regular safety training and up-to-date guidelines lay the foundation for a safe working environment. We invest in both job-specific and general safety training and guidelines. Each employee at Olvi Group's plants has the appropriate protective equipment and clothing.

To increase our employees' awareness of safety-related matters, we communicate these topics regularly through our different channels. We also arrange various activities related to the theme. In 2022, Cēsu Alus had a theme month dedicated to safety and health at work and joined the Mission Zero movement in Latvia, striving for a zero work accident. The parent company Olvi celebrates the annual National Accident Day in Finland and is also a member of the Vision Zero Forum.

Olvi Group has a common occupational safety policy in place. To ensure the quality and consistency of our operations, our goal has been to have a certified health and safety system in all of the Group's breweries. We are seeking to implement the systems during 2023.

AIMING FOR ZERO ACCIDENTS

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

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

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 25 accidents occurred at Olvi Group in 2022, which was three accidents less (-11%) than in the previous year.

The Group's accident frequency rate was 6.1 in 2022 (7.5 in 2019), representing a decrease of 18.3%. Olvi Group's accident frequency level is considerably lower than the average for the Finnish beverage manufacture industry, which was 14.5 in 2021, for example.

The reduction of occupational accidents can be attributed to the active communication of safety culture-related matters. Systems development has aided the identification of accidents and lowered the threshold for reporting them.

To further develop safety management and the reporting of accidents, we want to prepare common guidelines for safety culture development and for identifying occupational accidents in the Group. We did not manage to do this yet during 2022, but we were planning the key measures, and the Group's safety team leader was appointed in early 2023.

NUMBER OF ACCIDENTS

2022 **25**

2021 28

2020 20

TARGET FOR 2023

occupational accidents

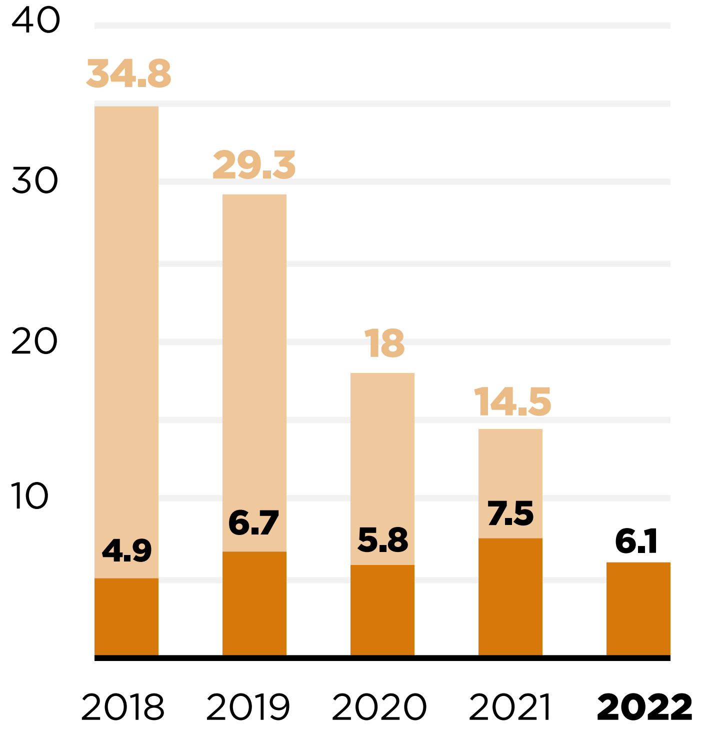
-10%

TARGET FOR 2030

0 **accidents and accident related absences**

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 are implementing various measures to enhance ergonomics at work.

We strive to provide a substance-free work environment for all employees of the Olvi Group. At the moment, Vestfyen employees are allowed to have one beer during the working day. We are aiming to make Vestfyen a substance-free work environment in the near future, as well.

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 2022, sickness absences represented 5.5% of all working hours across the Group (5.2% in 2021). The increase in sickness absences is still attributed to the coronavirus pandemic. Employees have a lower threshold to stay at home when they are feeling ill, and a lot of respiratory infections have been going around. However, the sickness absence rate is still at a good level when compared with the average for the Finnish food industry (6.1% in 2020), for example.

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. In 2022, our featured topics included active physical exercise and stress release, among others.

We also have various programmes and events aimed at enhancing well-being at work in all Group companies. For example, the parent company Olvi's 'Well-being at Olvi' project focuses on various themes every year. Cēsu Alus arranges an annual special activity day for its employees aged 50 or older.

> WE PROMOTE WELL-BEING WITH VARIOUS PROGRAMMES AND EVENTS

We work to create optimal working conditions and increase the flexibility of work in the Group companies. We strive to offer flexible working-hour schemes whenever possible. Depending on the situation, part-time work can also be agreed on. To promote well-being at work, we explore various work shift arrangements and models and hybrid work.

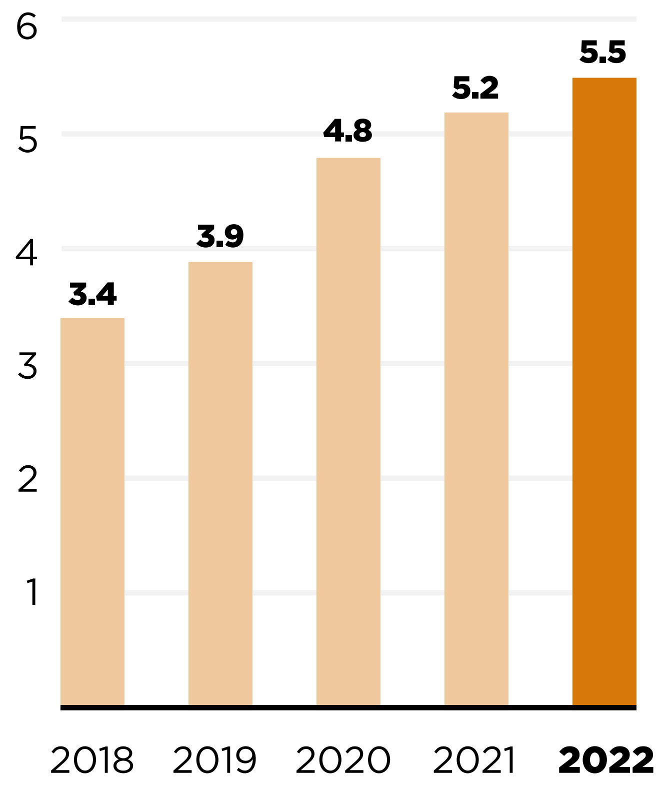
We guarantee our employees all statutory parental leaves. We take our employees' families into consideration in various ways. In 2022, many Group companies arranged various family events and site visits, for example. We enable long- or short-term leaves for such reasons as studies or job alternation, among others.

We also support exercise and recreation in our employees' free time. Our employees have put together active teams in various sports, such as floorball and basketball. Some Group companies offer company bicycles. We encourage our employees to participate in various sporting events.

We have many kinds of hobby clubs for our employees. For example, the parent company Olvi has an Olvi Club for recreation for its employees, and Volfas Engelman has a women's sports club. The parent company Olvi, A. Le Coq and Cēsu Alus also have clubs for their retired employees.

NUMBER OF SICK DAYS

% of total hours worked



SUSTAINABILITY ACTIONS

- The parent company *Olvi* participated in the bicycling competition Kilometrikisa – over 9,100 kilometres cycled, over 1,600 kg CO_2 saved
- *Vestfyen* participated in the DHL Stafet running event
- *Cēsu Alus* arranged the Strava Challenge, which included bicycling, running and walking
- *A. Le Coq's* employees participated in the Tartu Marathon sports events

EQUAL OPPORTUNITIES

We maintain a working community that 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 other similar factors.

Equal treatment is a prerequisite for all employee activities. We have zero tolerance for discrimination and harassment. We do not condone bullying – that is, behaviour that may give rise to feelings of fear, humiliation or hostility. We address any violations and inappropriate behaviour immediately. In this way, we ensure a good working environment for everyone.

In 2022, 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.

CONSIDERING DIVERSITY

Olvi Group has a Code of Conduct and HR policy to ensure equal opportunities. The Group companies also have their own programmes and tools for promoting equality and non-discrimination.

In 2023, we will provide additional Group-level instructions on preventing discrimination. In addition, we will analyse our current diversity status and any needs for measures.

> COMPANIES HAVE OWN TOOLS TO PROMOTE EQUALITY

We measure equality through employee surveys. According to the results of the 2022 employee survey, most of the Group's employees feel that they are treated fairly and equally regardless of their position, gender, age or other such factors (3.3/4).

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.

In 2022, 50% of the members of Olvi plc's Board of Directors were men and 50% were women. Of the members of company-specific boards and management teams of daughter companies, 59% were men and 41% were women. In comparison with 2021, the proportion of men in company-specific boards and management teams of daughter companies has increased due to new positions and recruitment.

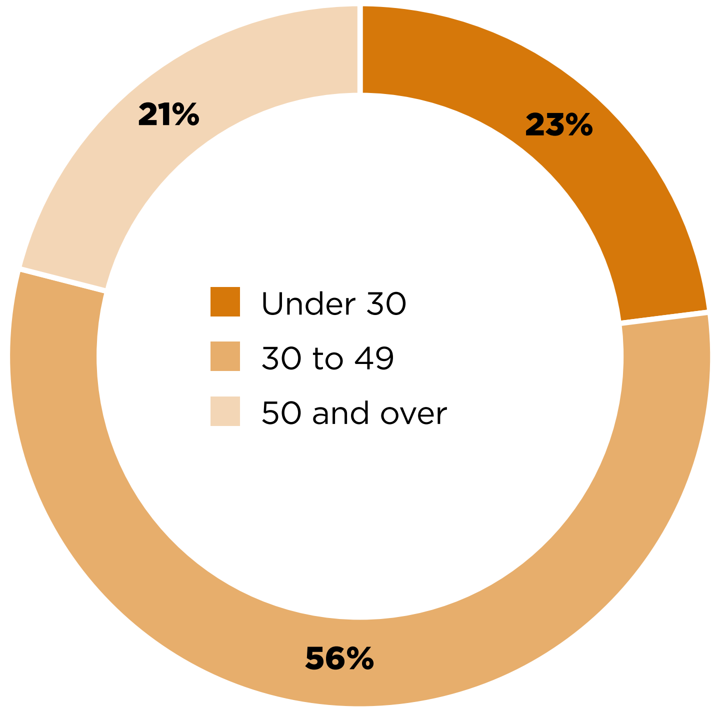
OPERATIONS BASED ON EQUALITY

Fair and equal treatment is reflected in recruitment, salaries and career development opportunities, among others. 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. We are currently not applying any targets as to base our recruitment on any specific property of the candidate, such as gender; instead, we focus on competences and capabilities.

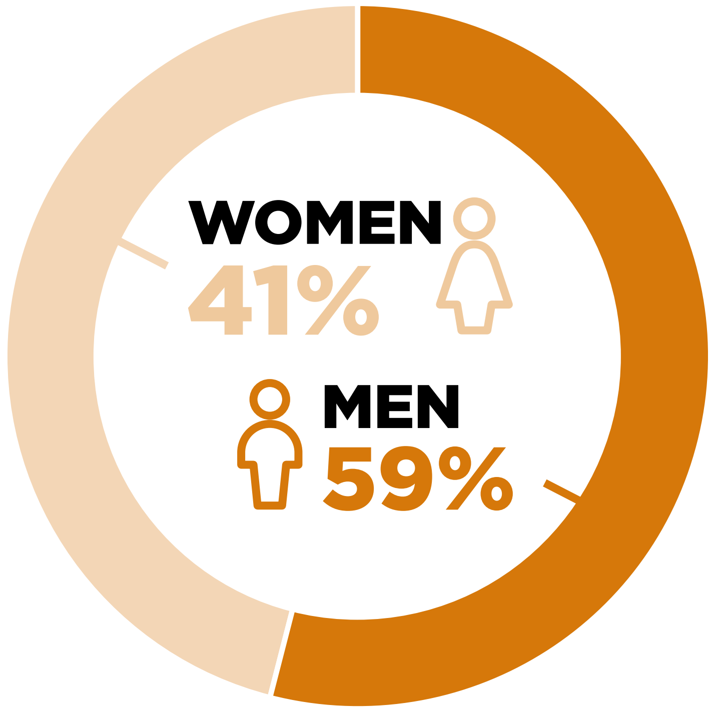
Salaries, employee benefits and incentives are always based on current laws and agreements and on local practices in each country. In addition, salaries are determined based on how demanding the job is and on competence, performance and results.

EMPLOYEES' GENDER DISTRIBUTION

EMPLOYEES' AGE DISTRIBUTION



MANAGEMENT GENDER DISTRIBUTION




CREATING VALUE
FOR STAKEHOLDERS

CREATING VALUE FOR STAKEHOLDERS

We want to engage in impactful cooperation and create value together with our stakeholders. The financial and social impacts of our operations are reflected in our operating environment through, for example, local presence and employment.

Value is created for Olvi and its stakeholders as a result of Olvi Group's operations and value chain. Developing our cooperation partnerships with our stakeholders is one of our key sustainability goals. We have identified eight key stakeholder groups (p. 20).

To create value, we need resources that enable our value chain to produce outputs. Olvi Group's value creation model describes our value chain's value creation that includes, for example, financial development, tax footprint, local presence, and employment. We also create value through our social responsibility actions, such as by participating actively in the promotion of our locations' vitality and sustainability.

The assessment and prevention of sustainability risks is important in order to guarantee stable and sustainable business operations and to promote sustainable development. This way, we can also respond to our stakeholders' expectations on the development of even more sustainable business operations.

SHARED VALUE CREATION AND COOPERATION

Achieving a wider impact to promote sustainable development requires cooperation throughout the value chain. We have developed our operations and products in cooperation with several partners for many years. In 2022, we started to further define our stakeholder cooperation in order to impact our own sustainability and that of our value chain even better.

Out target is to engage in impactful stakeholder work with each stakeholder group by 2025. With our stakeholders, we want to engage in interactive cooperation that reflects our values, sustainability's main goals, and sustainability ambitions. Together with our partners, we can further and build the leading sustainability practices of the industry where new perspectives and innovativeness play a key role. Mutually increasing sustainability awareness is an important part of the cooperation. In 2022, we developed indicators to measure the impact of our stakeholder work, and we initiated the review of the current state of our stakeholder work, which will continue in 2023. Once the review is completed, we will focus on identifying the most important partners from each of our stakeholder groups and creating an action plan for cooperation development.

TARGET

FOR 2025

Impactful stakeholder work with each stakeholder group

VALUE CREATION

Financial development, tax footprint, local presence, and employment are part of our value creation model (p. 41). Value is created for Olvi 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 DEVELOPMENT

We are a growing and evolving Group committed to long-term development. 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. In 2022, the Group paid EUR 25.2 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 level by segment.

In 2023, we will develop the quality and openness of our tax footprint reporting and ensure that our tax processes and procedures are up to date. We want to increase the transparency of our tax footprint at the Group level.

In 2022, Olvi Group paid EUR 634.6 million in taxes and employer contributions. Excise duties represented 70.3% 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 2022, the Group paid EUR 446.2 million in excise duties, including EUR 324.4 million in Finland.

Value added tax represented 22.4% of the Group's taxes. In 2022, we paid EUR 141.9 million in value added tax. The remaining 7.3% consists of income tax, real estate tax, employer contributions, and other taxes. These totalled EUR 46.5 million in 2022.

LOCAL PRESENCE AND EMPLOYMENT

We want to cooperate closely with our local communities and contribute to local vitality. Local presence is one of our values, which is why this is extremely important.

We want to give local influencing and its development a more central role in our operations. In 2023, we aim to further define local presence and its focus at both the company and the Group level.

We operate in small districts where the image of a responsible employer and the financial significance of our business operations are highlighted even further. We take part in promoting the vitality and sustainability of our locations. We engage in a dialogue and cooperate with local operators, cities, and educational institutes.

Our local presence can be seen and is realised in many different ways in our operations. When possible, we choose local partners, such as suppliers, and we support our local communities by using local materials in our products. In connection with production facilities, many group companies have brewery museums where the public can get to know local history and manufacturing of beer.

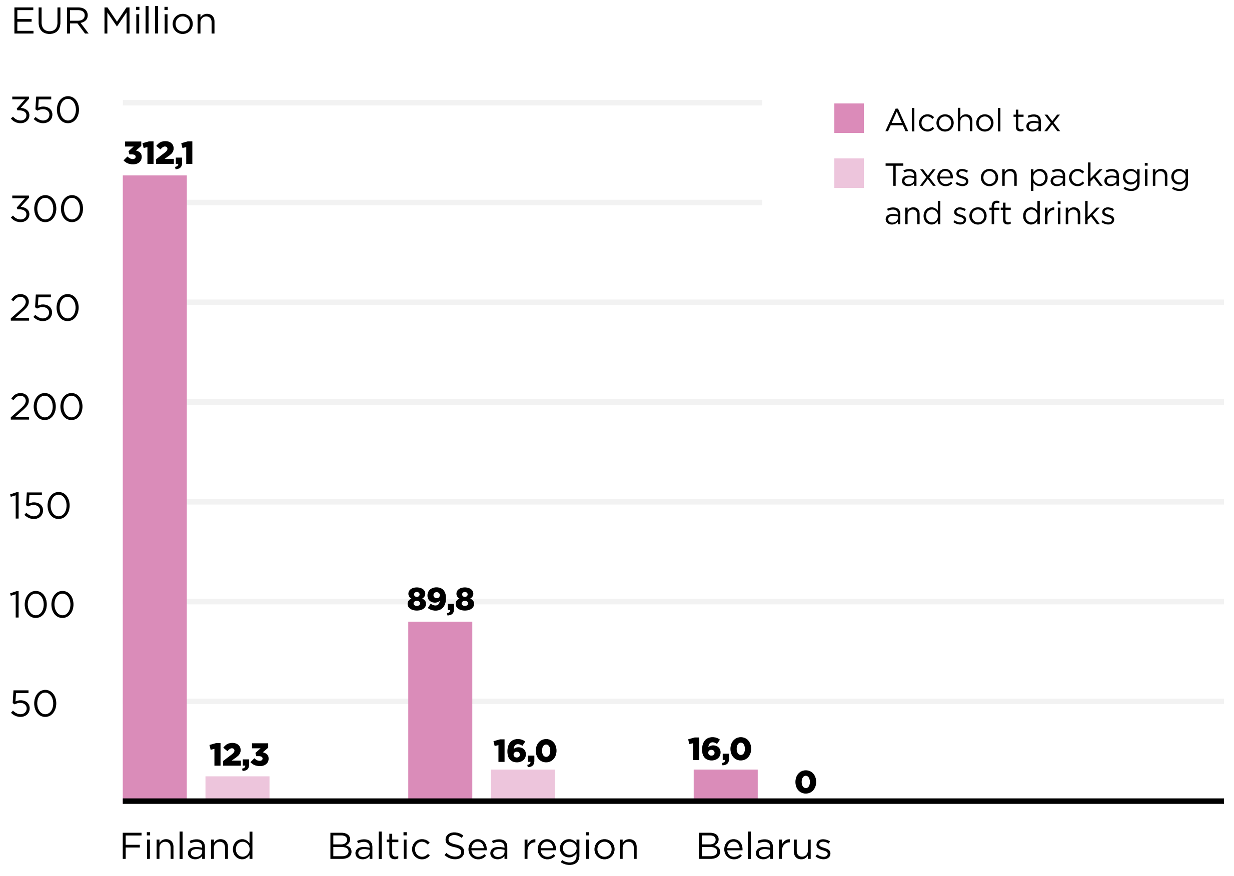
We employ a considerable number of people directly or indirectly. In 2022, Olvi Group had 2,335 employees. In addition, we offered work for 138 people during high seasons. Every year, we also offer a number of students an opportunity for training or writing their thesis.

We employ people indirectly in agriculture, packaging, and logistics, for example. We are planning on a report on the amounts and impacts of indirect employment at the Group level.

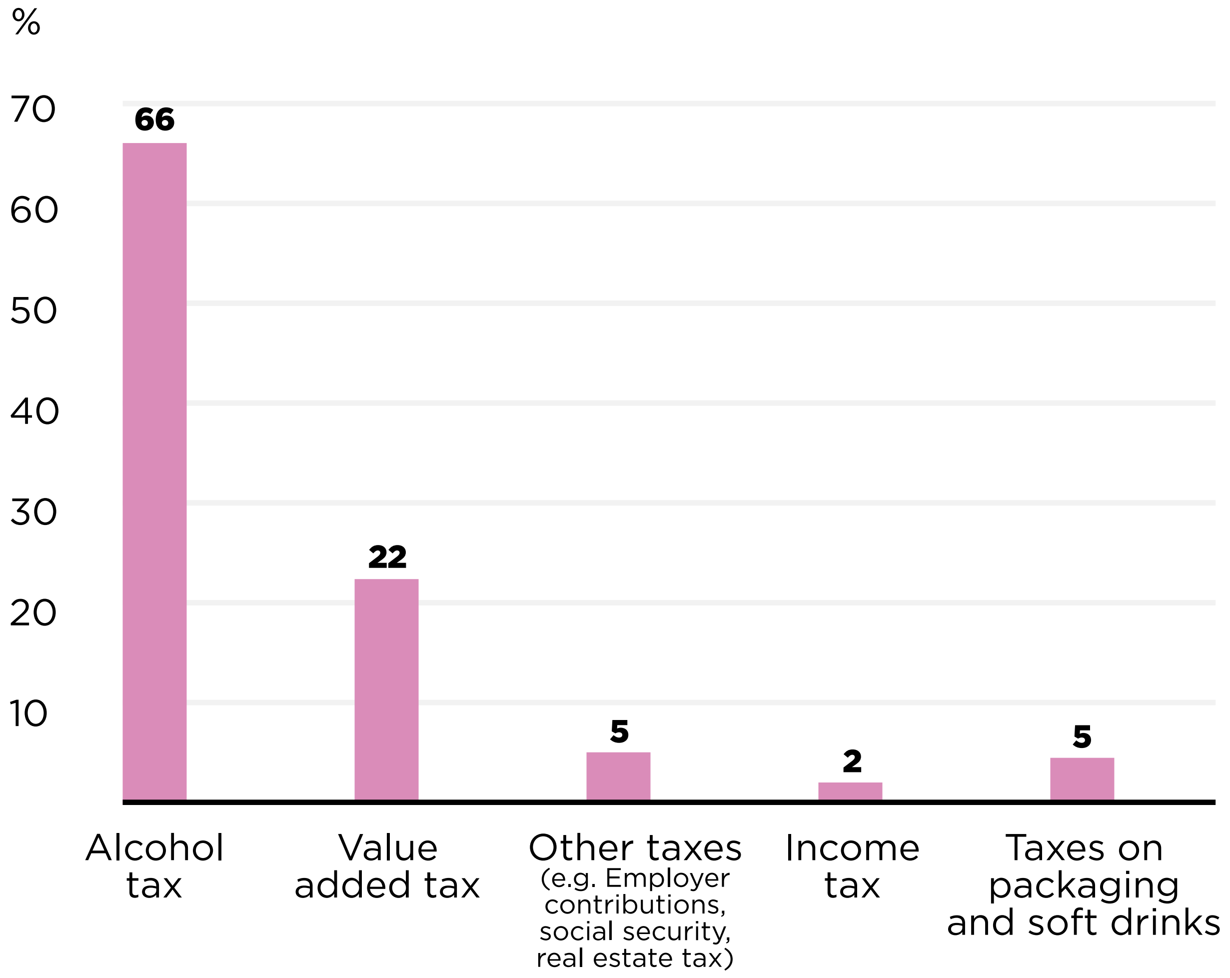
BREWERY MUSEUMS

- *Olvi:* Established in 1998
- *A. Le Coq:* Established in 2003, renewed in 2022
- *Volfas Engelman (Studija):* Established in 2017
- *Lidskoe Pivo (Lida):* Established in 2022
- *Cēsu Alus:* Coming in 2023

EXCISE TAXES BY SEGMENT



TAX FOOTPRINT IN 2022



SOCIAL RESPONSIBILITY

Olvi Group creates value for its stakeholders by operating responsibly in society. All Group companies have operating principles for sponsorship and charity. In 2022, Olvi Group spent EUR 1.4 million for these purposes.

The Group companies support sporting and cultural events, as well as work carried out for the benefit of children, young people, and the elderly, particularly in their local communities. In 2022, we focused especially on supporting the Ukrainians because of the war in Ukraine. We supported the Ukrainians by donating to funds and giving out products, among others.

OLVI-SÄÄTIÖ

- Olvi's largest shareholder
- Established in 1955
- Founded by Industrial Counsellor E.W. Åberg and Hedvig Åberg
- The foundation 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 2022, the foundation provided over EUR 3 million in grants

CASE: THE COOL KIDS PROJECT HELPS TO TREAT ANXIETY DISORDER

Olvi Foundation has participated in "State of Mind" campaign organised by the Association of Friends of the University Children's Hospitals. The campaign is funding the spreading of evidence-based treatments to support the mental health of children and young people. One of these is the Cool Kids treatment method developed to treat anxiety disorders, and with the campaign's support, experts are trained in the method in different parts of Finland. Olvi Foundation has supported the campaign and the project with EUR 160,000 in 2021–2022.

"Children and young people in Finland have many different kinds of mental health issues, and their overall impact on society is significant. Anxiety can lead to other serious problems, which is why preventative work is important," says Mervi Toivainen, Executive Assistant at the Olvi Foundation.

Anxiety disorders are among the most common health issues of children and young people. Anxiety disorders include, for example, panic disorder and fear of social situations. In Finland, effective treatment methods do not reach children and young people experiencing symptoms soon enough, which means that they are directed to special health care at a fairly late stage.

In the project, the Cool Kids treatment method is spread on a national level, spanning it from special health care to the basic level, such as child guidance and family counselling centres, and pupil welfare. Helsinki University Hospital's child and adolescent psychiatry has utilised the treatment method for several years with good results. The method is among the most used therapies for treating anxiety disorder globally. According to studies, up to 60 per cent of children and young people who have undergone the treatment do longer meet the diagnostic criteria for anxiety disorder after the episode of care.

"When we get tools for children's mental health work for the basic level, more and more children can receive help at an early stage. The Cool Kids method is well-suited for treating mild and moderate anxiety disorders," says Leena Repokari, Head of Child Psychiatry and Head Physician at Helsinki University Hospital.

Helsinki University Hospital's specialists in child psychiatry train experts in the method for both hospitals and basic health care. The Association of Friends of the University Children's Hospitals is part of the project's early stages in implementing the treatment. By the end of 2022, a total of 309 Cool Kids method employees had been trained all round Finland.

"THE PROJECT PROVIDES TOOLS FOR CHILDREN'S MENTAL HEALTH WORK FOR THE BASIC LEVEL"

LEENA REPOKARI
HEAD OF CHILD PSYCHIATRY AND HEAD PHYSICIAN AT HELSINKI UNIVERSITY HOSPITAL

VALUE CREATION AT OLVI GROUP IN 2022

RESOURCES

PERSONNEL

- At Olvi Group: 2,335

NATURAL RESOURCES

- Raw materials and packaging materials: 5,233 pcs
- Water: 2,636 million litres
- 41% renewable energy and 65% green electricity

INTANGIBLE RESOURCES

- Brands and trademarks: 289
- Product development and innovation processes: EUR 5.4 million
- Staff has 10 years of work experience on average

FINANCIAL RESOURCES

- Strong balance sheet: equity ratio 57.5%
- Good profitability: adjusted operating profit 10.2%
- Stable payer of dividends: 54.7% of the Group's adjusted net profit
- Investments: EUR 37.1 million

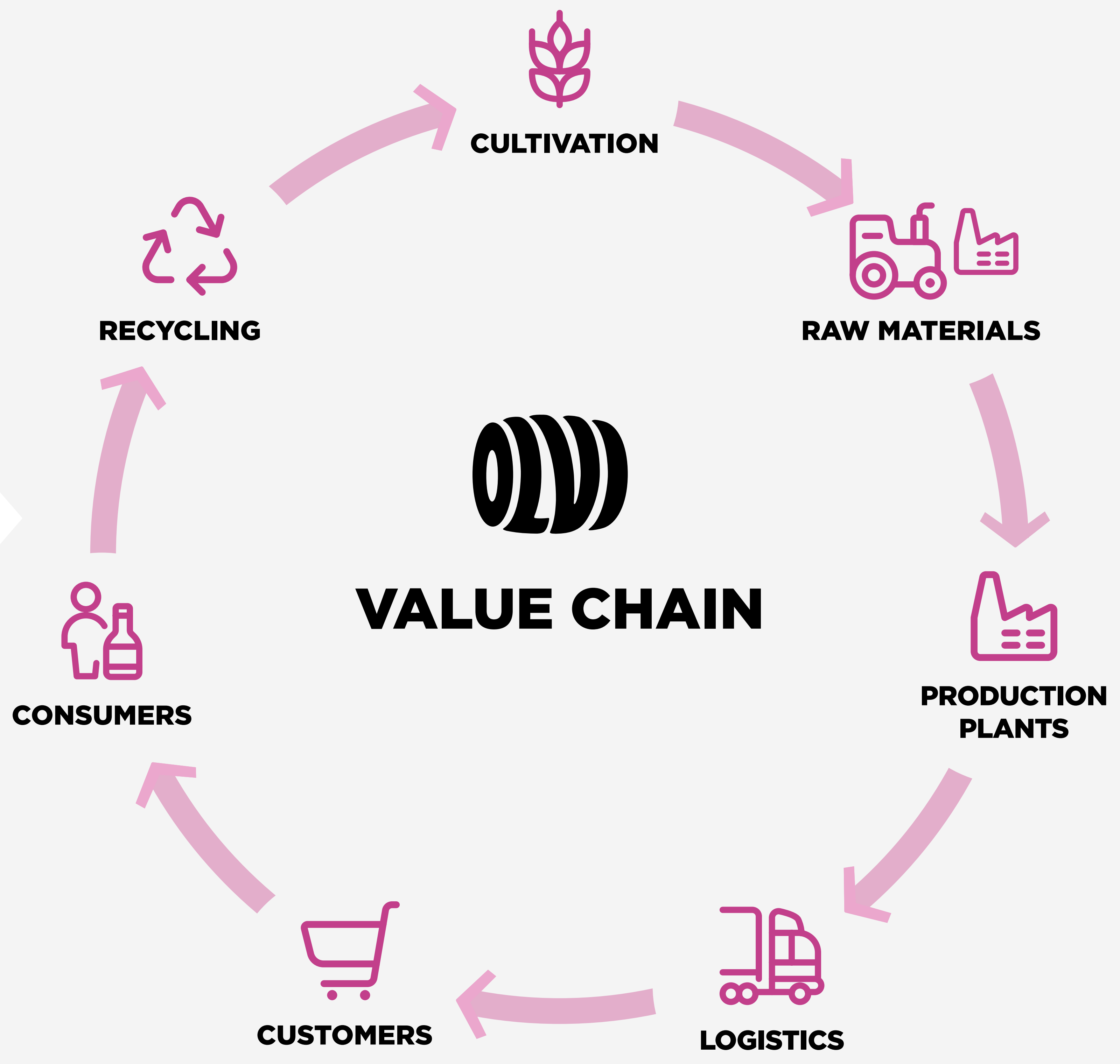
OWN PRODUCTION

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

PARTNERS

- Customers: 11,596
- 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; overall rating of the personnel survey AA
- Target to have an accident-free work environment; 25 work accidents

FOR CUSTOMERS AND CONSUMERS

- A wide product selection that responds to consumer trends in alcoholic and non-alcoholic product categories: 5,776 product units
- Innovative, healthy, and local products: 479 new products
- Refreshing and positive experiences for daily life and special occasions

FOR THE ENVIRONMENT

- Recycling and reusing materials and side streams, and minimising waste, also deposit recycling systems
- Water consumption -5.1% from 2021
- Climate emissions -2% (Scope 1 ja 2) from 2021

DISTRIBUTION OF FINANCIAL VALUE

- Employees' salaries and fees: EUR 63.2 million
- Shareholders: EUR 25.2 million in dividends
- Financiers: EUR 0.4 million
- Partners: EUR 734.5 million
- Business development investments + adjusted operating profit: EUR 96.8 million
- Taxes: EUR 634.6 million
  - Excise duties: EUR 446.2 million
  - Value added tax: EUR 141.9 million
  - Other taxes: EUR 46.5 million
- Donations and partnerships: EUR 1.4 million

SUSTAINABILITY RISK MANAGEMENT

Several sustainability-related risks are related to our business operations. We have identified these as part of strategic, business, financial, and compliance risks. Sustainability risks are assessed in connection with risk assessments.

In 2022, we developed the assessment of climate risks, which in previous years has been conducted as part of the CDP reporting. We built the assessment of climate risks as part of our environment risks tool, after which we conducted a risk assessment in the Group. In the assessment, the TCFD reporting framework (Task Force on Climate-Related Financial Disclosures) was used. In addition to climate risks, we identified opportunities of the climate change - its possible positive impacts. These included the increase of resource efficiency, development of the circular economy, and investing in sustainable products.

We are developing the assessment of climate risks further to meet the statutory demands, among other things. In 2023, we will focus in particular on the development of the Group's assessment of human rights risks. We take part in UN Global Compact's Business & Human Rights programme.

CLIMATE-RELATED RISKS

	IMPACTS	OUR MANAGEMENT METHODS
TRANSITION RISKS		
Policy and Legal	• The legislation to mitigate and adapt to climate change is increasing, affecting, among others, used packaging, materials, and material recycling. These can accrue, for example, additional costs and different kinds of taxes • The EU's demands for the green transition may increase or change the costs of different forms of energy and impact transport costs • In the future, neglecting the supervision of partners' performance and access to information may even lead to fines	• We follow the development of legislation and take it into account, for example, in investments and resourcing • We cut our emissions and set science-based emissions reduction targets • We prepare for increased reporting with system development • We ensure active cooperation with stakeholders (e.g. suppliers, industry advocacy organisations)
Technology	• Equipment may become prematurely outdated because of technological development • Investments and costs to deploy new technologies	• We utilise new technology, for example to increase the energy efficiency of our operations • We take part in research and development projects • We track the development of technology and its possible effects on, for example, the processing of materials • We prepare for investing in new equipment in the future
Market	• The change in consumer preferences may be seen as favouring products that are considered sustainable, which may lead to changes in product demand • The availability of renewable energy may be weak and prices high	• We develop sustainable products • We communicate and actively interact with consumers • We follow the different alternative renewable forms of energy and their price development and take them into account in investment
Reputation	• There may be negative impacts on reputation if stakeholders' expectations on sustainable products and sustainable business operations are not met	• We ensure active cooperation with stakeholders (e.g. suppliers, industry advocacy organisations) • We invest in topical, clear, and transparent communications
PHYSICAL RISKS		
Acute	• Extreme weather phenomena becoming more common may affect the crops, quality, and price of cultivated plants, such as barley • Floods, heavy rainfall, and heat may pose problems for the availability, quality, and price of raw materials and packaging materials • Floods and storms may cause logistic issues • Storms may affect electricity availability for production facilities, or energy production	• We aim to choose agriculture-based raw materials that are less sensitive to weather conditions • We invest in functional relationships with our suppliers and we cooperate to develop agriculture into a more environmentally friendly and sustainable direction • We prepare with anticipation, such as storing up materials • Our production facilities are not located in areas where extreme weather phenomena, such as hurricanes, heavy rainfall, or floods are common
Chronic	• In the long term, droughts and heat caused by increased average temperature may decrease the farming conditions of certain products in current farming areas. Long-term changes in rainfall and temperature may pose problems for the availability, quality, and price of raw materials and packaging materials • Droughts may lead to weakened availability of groundwater, whereas heavy rainfall or changes in stormwater runoff may decrease the quality of groundwater	• We cooperate with our value chain to develop agriculture into a more environmentally friendly and sustainable direction • We invest in functional relationships with our suppliers • We follow and assess the availability and quality of water

CONSUMERS AND PRODUCTS

CONSUMERS AND PRODUCTS

We are committed to promoting sustainable and responsible consumer communications and a culture of responsible, moderate drinking in all of our operations. We take sustainability comprehensively into account in developing our product selection.

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 flavour, 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 products, in which case, for example, the sustainability of the product concept, the production method and location or producer, matter.

MODERATE CONSUMPTION HABITS

Excessive alcohol consumption can be seen as a health issue and cause disruptive behaviour. To support responsible alcohol consumption, we guide consumers to enjoy alcohol and other products in moderation. We acknowledge that there are also people who abstain from alcohol. In line with our strategy, we are constantly increasing the number of non-alcoholic products.

Olvi Group aims to organise activities to support responsible alcohol consumption in each of its countries of operation annually. In 2022, these included campaigns against driving under the influence and training materials for schools to prevent alcohol addiction.

> ACTIVITIES TO SUPPORT RESPONSIBLE CONSUMPTION OF ALCOHOL

We also cooperate closely with national and international operators and organisations to promote the moderate consumption of alcohol. Since 2020, the parent company Olvi has taken part in the Pakka operating model together with other operators and companies in the Iisalmi region to prevent substance abuse among young people.

MEASURES TO PROMOTE A CULTURE OF RESPONSIBLE DRINKING

Our target is that in 2025, we will communicate the responsibility and sustainability of our products to consumers with different actions throughout all product groups to promote a responsible drinking culture. These actions may vary between product groups. The actions may focus on, for example, the promotion of moderate alcohol consumption, developing healthier contents, and including the circular economy into the products' materials and production.

In 2022, the parent company Olvi charted consumers' views to identify key sustainability messages in all of its product groups and brands. Products and their communications are developed based on the study.

In 2023, other Group companies will draw up similar studies of alcoholic beverage product groups. Once the studies have been completed of all products groups in the Group companies, we will create a Group level plan on how to promote a responsible drinking culture with different actions and activities by product group.

TARGET

FOR 2025

Measures to promote A CULTURE OF RESPONSIBLE DRINKING in product groups

SUSTAINABLE PRODUCT CONCEPTS

Sustainability is an important part of our product development. In many of the Group's products, impacts on, for example, the environment and health are taken into account.

In 2022, we defined the criteria for sustainable product concepts, which contain quantitative goals. In 2023, we will combine these with the product groups and brands, after which we will draw up action plans. Our target is that all our products will meet the sustainability criteria by 2030.

Our sustainable product definition includes different criteria, covering the ESG themes of sustainability. The criteria takes into account a comprehensive approach to environmental responsibility, such as climate emissions and biodiversity. In addition, the criteria covers the circular economy in raw materials and packaging. For social responsibility, the criteria focus on ensuring working conditions and human rights as well as supporting consumers' health, such as non-alcoholic options, and the content composition.

TARGET

FOR 2030
SUSTAINABILITY
part of all products

NON-ALCOHOLIC OPTIONS

Demand for non-alcoholic products increases as people want to continue to enjoy the moments of consumption by replacing traditional alcoholic beverages with non-alcoholic options (Euromonitor, 2022). Taking into consideration the demand of consumers, we aim to increase the number of non-alcoholic products annually. Our objective is that every alcoholic product category or brand has a non-alcoholic option.

The market has developed significantly, and there are plenty of options in other non-alcoholic products than non-alcoholic beers. In 2022, we increased the number of non-alcoholic products in, for example, ciders, long drinks, cocktails, and different beer mixes, such as radlers and fassbrauses. We increased the number of non-alcoholic special beers, such as the Non-alco Hoppiness Juicy Ale from Volfas Engelman.

HEALTHIER BEVERAGES

The use of healthy and natural ingredients is one of the expectations of consumers that is highlighted. We therefore focus on natural and local raw materials in our product contents.

Many consumers are also actively reducing their sugar intake. To take consumer trends into account, we are paying attention to the sugar content of soft drinks and alcoholic beverages, and we annually launch sugar-free or low-sugar products and alternative product categories. Our target is that a sugar-free option would be available in every product category.

In 2022, the amount of sugar was decreased in several different product groups, and we aimed to find natural alternative ingredients. The parent company Olvi's new products included, for example, the sugar-free and calorie-free KevytOlo Natural Energy Drink that is sweetened with stevia. A. Le Coq introduced to the market AURA Infusion water with less sugar and calories. The parent group Olvi does not use aspartame in its products.

In total, the Group launched clearly over 100 products related to the megatrend of healthiness. This represents roughly a fifth of all new products.

RECYCLED INGREDIENTS AND MATERIALS

We promote the use of sustainable ingredients and packaging materials in our products. In cooperation with our innovative partners, we have also used excess materials as ingredients for our products since 2021.

In 2022, the parent company Olvi started to cooperate with, for example, Jungle Juice Bar in KevytOlo products that utilise surplus fruits as ingredients. The surplus created in prepping and juicing the fruit is used to make a fruity extract. One of these new products in 2022 was KevytOlo Strawberry and Passion + surplus fruits mineral water.

We invest in the sustainability of product packaging. Many cans and glass and plastic bottles contain recycled material, as do our corrugated cardboard packaging and shrink wrap. We continue our work to increase the proportion of recycled materials and are seeking to communicate this more clearly to consumers.

To promote responsible consumption, we are also including smaller sizes in our product categories. For example, in 2022 almost all Group companies had at least one alcohol product with a packaging size of 0.33 litres or smaller. Our target is that all of the Group companies will have at least one such product in their product portfolio in the future.

CASE: BOTTLE DEPOSIT SYSTEM SUCCESSFULLY IMPLEMENTED IN LATVIA

In 2022, Latvia started using a beverage packaging deposit system. The deposit system is administered by SIA Depozīta Iepakojuma Operators (DIO) that brings together large Latvian beverage producers and retailers as well as those operating in the Baltic region. Cēsu Alus gave a significant input in supporting and consulting DIO and retailers in the deposit system's implementation process.

"The deposit bottle system is a significant step towards a cleaner Latvia for us and, in particular, future generations. The system encourages beverage producers, retailers, and consumers to promote the reuse and recycling of beverage packaging and to make more climate-friendly choices," says Agita Kärklina, Communication Manager at Cēsu Alus.

In 2022, the year of implementing the deposit beverage packaging system, the return rate of reusable beverage packaging was 70%. The share of recyclable packaging entering the market was divided as follows:

- 47% plastic or PET bottles
- 27% cans
- 19% refill (AU) glass bottles
- 7% single-use glass bottles

With the implementation of the deposit system, the Cēsu Premium Original beer bottles have been pioneers and the most returned packaging via the deposit system.

A modern and easy-to-use sorting and recycling system for beverage packaging makes it easier for the public to adopt daily habits that take the environment into account better. It also helps keep the living environment purer and cleaner.

As of February, more than 2,900 tonnes of PET packaging, 3,300 tonnes of glass, and 850 tonnes of aluminium have been recycled via the deposit system. In addition, 39 million bottles have been returned to beverage producers for reuse.

"THE DEPOSIT SYSTEM FOR BEVERAGE PACKAGING HELPS CONSUMERS MAKE BETTER CHOICES FOR THE ENVIRONMENT."

AGITA KÄRKLINA
COMMUNICATION MANAGER
CĒSU ALUS

PRODUCT SAFETY

Product safety plays a key role. By product safety, we mean the safety of the product content, as well as the safety throughout the product's 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.

> PRODUCTS ARE MANUFACTURED FOLLOWING HIGH STANDARDS

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.

Most of the Group's breweries have certified product safety systems (p. 51). Our target is that all breweries will have implemented product safety systems by the end of 2025.

RESPONSIBLE CONSUMER INFORMATION

Product labels and the Group companies' websites provide consumers with clear product information. Ingredient lists and energy content are provided for most of our products. Also, allergens are provided for all products. In 2022, we harmonised the ingredient list and energy content information at the Group level. With the help of product labelling, every product can also be traced all the way from the ingredients to the shop shelves.

Almost all of the Group's packaging containing alcoholic beverages included warning labels at the end of 2022. New Group companies have not yet added the labels to all products. The target is to have the warning labels in use in all companies in the coming years. The warning labels indicate that you must not drink alcohol if you are underage, pregnant, or driving a car. We focus on providing more information in packaging about the sustainability footprint of our products and their responsible disposal after use.

In 2022, we continued to harmonise the information that we provide on our websites in different countries about responsible consumption, packaging, and nutritional content, 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 to feedback. We further develop our operations based on feedback from consumers and customers. We will harmonise the follow-up of consumer feedback for complains within the Group.

TARGET

All of our alcoholic product packaging has warning labels

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.

We define more specific guidelines for responsible marketing and advertising in the Group's marketing policy related to, for example, alcoholic beverages. In addition to advertising, marketing ethics also apply to sponsorship activities.

Our target is that the Olvi Group has no marketing that violates the responsible operating method. In 2022, one of our companies received a warning related to content on a social media channel. We took the warning into account in our operational development and we will make sure that nothing like this happens in the future.

TARGET

No marketing cases contrary to THE PRINCIPLES OF RESPONSIBILITY


ETHICAL OPERATING
PRACTICES

ETHICAL OPERATING PRACTICES

Honest and fair ways of working are an integral part of our values and business operations in all our market areas. Sustainable 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 responsible 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.

The Group's Code of Conduct describes the foundation of our sustainable operations. The Group policies support complying with the Code of Conduct.

In 2023, we will execute overall training on the Group's Code of Conduct. Our objective for next year is that 100% of our employees have completed training.

The Code of Conduct provides the base for the Code of Conduct for Partners. We require our suppliers and partners to comply with our Code of Conduct for Partners. We have set quantitative targets for partners to commit to this (p. 18).

CODE OF CONDUCT FOR 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 all international human rights and we are committed to advance these. In 2023, we will develop our human rights assessment. We have zero tolerance for forced labour and child labour in our supply chain.

The Group's management, employees, and partners must comply with anti-bribery and anti-corruption laws in all our locations. 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 aim for zero incidents of human rights violations, corruption and bribery. 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, in addition to Code of Conduct. We provide training on the content of Code of Conduct. In 2022, the theme of our annual training was competition legislation.

CHANNEL FOR REPORTING ETHICAL NON-COMPLIANCE

Olvi Group has a Whistleblowing channel for all stakeholders. Through that anyone, such as an employee or a supplier, can anonymously and confidentially inform the company of any suspicious activities related to its operations that do not compliance with our Code of Conduct or values.

To ensure anonymity, the Whistleblowing channel is managed by our external partner, WhistleB Whistleblowing Centre. In 2022, eight reports were submitted via the Whistleblowing channel. The reports are processed carefully and in confidence, coordinated by the persons responsible in Olvi Group and using the information and expertise of others to investigate the issues, if necessary.

If individuals are involved with the suspicion, they will not receive the filed report during the investigation. The identity of the individual who has filed the report will not be examined in the investigation. If it is known, it will not be revealed during the process. From completed investigation, the person who has filed the report will always receive a notification and necessary actions are done.

TARGET

FOR 2023

100%

of employees completed the Code of Conduct training

TARGET

FOR 2025

All partners HAVE SIGNED the Code of Conduct

ANNEX 1: MANAGEMENT SYSTEMS AND POLICIES

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.

In 2022, we created our sustainability policy, which will enter into force in 2023. All policies have been translated into the local languages of our companies. Our employees are committed to complying with the policies. We organise review sessions and training courses about the policies for our employees at regular intervals.

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	
Uniqa				IFS 7	
Lidskoe Pivo	✓	✓	✓	FSSC 22000	
Bryggeriet Vestfyen				IFS 6.1	

OLVI GROUP'S POLICIES

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

ANNEX 2: CALCULATION OF CLIMATE EMISSIONS

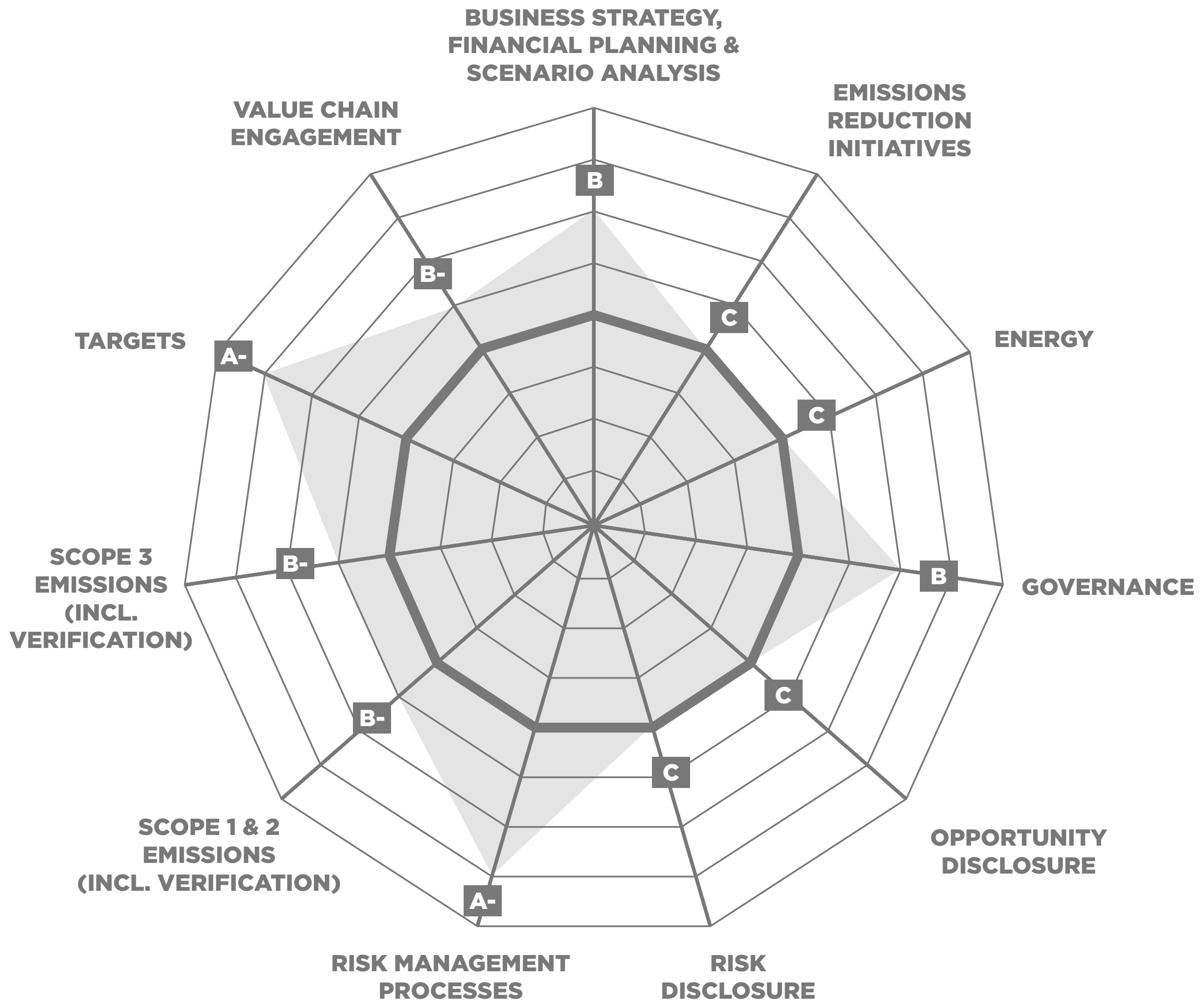
The calculation is carried out using the Greenhouse Gas (GHG) protocol. In addition, the Beverage Industry GHG Emissions Sector Guidance (v.4.1) is utilised, as well as the GLEC Framework 2021 for transport. The calculations have been made with both primary and secondary data from international databases. Emission information of purchased materials has been primarily collected from suppliers and completed with general factors, if necessary. The calculations will become more detailed every year as the data available will become more detailed.

The calculation has been limited in line with the control principle, which means that emissions from partially owned operations that are in the control of the company have been taken into account in full. The calculation includes emissions from own operations (Scope 1: fuels and self-produced energy), emissions from purchased energy (Scope 2: purchased electricity, steam, and heat), and emissions from the value chain (Scope 3) for significant parts. The calculation of the value chain includes the following categories: emissions from purchased goods and services, capital goods, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, use of sold products (chilling in customer premises), end-of-life treatment of sold products. Other categories are not appropriate for the operations or their emissions remain at an insignificant level.

Emissions from terminals and external office buildings, such as used electricity and heating, have been left outside the calculation as their total makes up less than 1% of the Scope 1 and 2 emissions. For now, it has not been possible to include purchased and forwarded products that make up less than 4% of the total product volume, due to their small effect and inaccurate data. In addition, carbon dioxide emissions are generated in the brewery's fermentation process and in the heating utilising biomass. As biogenic emissions, they are reported as additional information outside the actual reporting, as per guidelines.

Olvi reports its climate work and its results as a Group to its customers and investors via independent CDP reporting. In 2022, the result of the climate reporting was B as in the previous year; the scale being (A)-(D-).

CDP SCORE REPORT



BOARD OF DIRECTORS' REPORT

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BOARD OF DIRECTORS' REPORT

FINANCIAL DEVELOPMENT

In 2022, Olvi Group's sales volume and net sales reached a new record level for the seventh consecutive year. The adjusted operating profit was on the previous year's level, while the operating profit decreased to EUR 22.4 million due to items affecting comparability. Because of a significant change in the business environment, an impairment of EUR 35.0 million has been recognised on the balance sheet value of the Belarusian business segment, with no cash flow impact. Solvency and cash flow remained at a good level.

	2022	2021	Change, %,
Sales volume, Mltr	956.1	853.7	12.0
Net sales, MEUR	583.7	462.2	26.3
Gross profit, MEUR	219.9	192.9	14.0
% of net sales	37.7	41.7	
Adjusted EBIT, MEUR	59.8	59.4	0.6
% of net sales	10.2	12.9	
Items affecting the comparability of the operating profit, MEUR	-37.4	0.0	
Operating profit, MEUR	22.4	59.4	-62.4
% of net sales	3.8	12.9	
Adjusted profit for the period, MEUR	44.9	48.4	-7.1
% of net sales	7.7	10.5	
Profit for the period	7.5	48.4	-84.4
% of net sales	1.3	10.5	
Earnings per share, EUR	0.39	2.31	-83.3
Investments, MEUR	37.1	32.0	15.8
Equity per share, EUR	13.49	14.19	-4.9
Equity ratio, %	57.5	60.7	-3.2
Gearing, %	-20.3	-18.7	1.6

Olvi presents adjusted EBIT and adjusted profit for the period as alternative performance measures to improve comparability between reporting periods. In January-December 2022, items affecting comparability mainly consisted of the impairment of the Belarusian company and a tax liability provision in Lithuania. More information is provided in Note 11 Impairment and impairment testing of goodwill and in Note 20. Provisions, collateral and contingent liabilities.

BUSINESS DEVELOPMENT

The sales volume increased by 12.0% and exceeded 900 million litres for the first time, at 956.1 million litres. The sales volume grew in all companies year-on-year. The new companies in Denmark and Latvia contributed to growth throughout 2022. The increase in the retail sales volume was supported by strong and improved market shares in both alcoholic and non-alcoholic beverages. Following the lifting of the restrictions caused by the coronavirus pandemic, sales increased in the HoReCa sector and cross-border trade. Exports decreased year-on-year because of the end of trade with Russia in March. Russia accounted for around 90% of all exports at the beginning of 2022.

Net sales increased by 26.3% and were EUR 583.7 million, driven by higher sales volumes and price increases. The impacts of cost inflation were transferred to sales prices throughout the year. Cost inflation started during the coronavirus pandemic and increased significantly as a result of the war in Ukraine. Cost of sales increased by EUR 94.5 million, or 35.1%, year-on-year, which is significantly higher than the increase in net sales. Logistics, sales and marketing expenses grew by EUR 21.4 million, or 21.5%. The adjusted operating profit increased by 0.6% and was EUR 59.8 million. The operating profit after items affecting comparability was EUR 22.4 million in 2022, decreasing by 62.4% from the previous year.

During the year, Olvi invested in increasing its production and storage capacity to enable business growth. Olvi is increasingly focusing on environmental friendliness, improved working conditions and safety. In 2022, investments were made in, for example, heat and carbon capture, energy efficiency, wastewater treatment and workload management. The company is aiming to achieve carbon-neutral operations in its Iisalmi plant during 2023 and in its other plants in the coming years. Investments in extensions and replacements in 2022 were EUR 37.1 million.

Performance by business segment

The sales volume of Finnish operations increased by 1.7% during the year. Market shares grew and were high in beers, ciders and long drinks in particular. The market share in water has remained at a good level, and the sales of energy drinks continue to grow. Successful product launches in 2022 included hard seltzers, in which Olvi is the market leader by a clear margin. Growth was also achieved in sales to the HoReCa sector and cross-border trade. Net sales increased by 7.3% during the year. Price increases were implemented in retail in the fourth quarter, and they covered part of the impacts of the higher costs. Retail price periods are only open twice a year. The binding prices for the autumn were provided in early spring, when the long-term impact of cost inflation was not yet fully known. In 2022, the adjusted operating profit of Finnish operations decreased by 25.5% year-on-year and was EUR 18.8 million. Cost inflation is expected to continue to affect profitability in 2023. However, price increases will continue to be implemented within the limits of contractual terms and conditions and price periods to restore profitability over the long term.

In the Baltic Sea region reporting segment, the sales volume increased by 29.6% during the year. In the Baltic countries, sales developed favourably in retail, cross-border trade and the HoReCa sector. Exports grew through new markets, which replaced exports to Russia. Net sales increased by 45.1% during the year. During the year, price increases were implemented flexibly in the Baltic countries, which is reflected in the development of net sales. The acquisitions completed in Denmark and Latvia in 2021 added to the growth of the Baltic Sea region segment. These companies are not fully included in the comparison figures for the previous year. Excluding the acquisitions made in 2021, the sales volume increased by 7.5% and net sales by 23.1% in 2022. The increase in energy and fuel costs has been very strong. Combined with the increase in raw material and packaging material prices and availability problems, this has reduced relative profitability. In addition, salaries increased significantly in the Baltic countries during the year. In 2022, its adjusted operating profit decreased by 16.9% and was EUR 17.4 million. However, there are differences in profitability within the segment. The companies in the Baltic countries have been able to maintain profitability. The product portfolio in Denmark focuses on private-label products, meaning that price increases are implemented with a delay in accordance with the contract periods, and cost inflation has affected profitability. Measures to improve profitability are in progress.

The Russian attack on Ukraine had a significant impact on the business environment in Belarus during 2022. On 5 March 2022, Olvi plc's Board of Directors decided to end exports to Russia and Belarus, discontinue investments in Belarus, and start preparations to withdraw from the Belarusian market. The Belarusian business segment was classified as discontinued operations/assets held for sale. However, stricter laws regulating the divestment of foreign companies in Belarus were enacted during the year. On 22 November 2022, Olvi announced that the divestment of its Belarusian subsidiary within the following 12 months was no longer likely. In connection with this, Olvi cancelled its guidance for 2022. Consequently, the Belarusian business segment is reported as part of Olvi Group for the full year 2022. Because of the significant uncertainties related to the operating environment, an impairment of EUR 35.0 million was recognised for the Belarusian business segment based on impairment testing. In terms of business operations, the Belarusian segment's sales volume increased by 20.7% in the fourth quarter and by 4.3% during the year. With market shares increasing, the sales volume grew in retail in particular, offsetting the impact of the end of exports to Russia. Sales also increased in the HoReCa sector during the year. Net sales increased by 56.6% in the fourth quarter and by 41.1% during the year, driven by price increases and higher sales volumes. Costs have also increased in the Belarusian segment in terms of manufacturing and freight, but significant availability problems have been avoided. The operating profit decreased by 10.3% in the fourth quarter. During the fourth quarter, the operating profit was burdened by depreciation, which was not recognised during the time that the segment was classified as discontinued operations/assets held for sale. Depreciation had an impact of EUR 3.3 million. The full-year operating profit increased by 73.7% and was EUR 25.1 million. The comparable full-year operating profit in euros improved as a result of higher net sales, cost savings and the stronger exchange rate. The development of the Belarusian business operations in 2023 involves significant risks arising from the war in Ukraine. Furthermore, it is difficult to predict the development of the exchange rate. Profitability is expected to decrease because of statutory restrictions on price increases, for example.

OLVI GROUP'S SALES, NET SALES AND EARNINGS IN 2022

Sales development

Olvi Group's sales volume grew by 12.0% in 2022, totalling 956.1 (853.7) million litres. Growth was achieved in all reporting segments.

Sales volume, million litres	**2022**	**2021**	**Change, %**
Finland	262.5	258.1	1.7
Baltic Sea region	450.2	347.3	29.6
Belarus	295.6	283.3	4.3
Eliminations	-52.2	-35.0	
Total	**956.1**	**853.7**	**12.0**

The Group's net sales increased by 26.3% in 2022 and were EUR 583.7 (462.2) million. There are significant differences in net sales growth between the reporting segments because of the price increases implemented. Retail price increases are more limited in Finland than in other markets.

Net sales, EUR million	**2022**	**2021**	**Change, %**
Finland	206.7	192.7	7.3
Baltic Sea region	269.8	186.0	45.1
Belarus	138.8	98.4	41.1
Eliminations	-31.6	-14.9	
Total	**583.7**	**462.2**	**26.3**

Financial performance

The Group's operating profit in January–December was EUR 22.4 (59.4) million, or 3.8% (12.9%) of net sales. On a non-recurring basis, the operating profit in the fourth quarter was burdened by impairment (EUR 35.0 million) in the Belarusian business segment, a tax liability provision (EUR 2.4 million) concerning the Lithuanian company and the recognition of all the expenses arising from the termination of the Managing Director's contract in 2022. The grounds for the impairment are reported in more detail in the financial statements. The adjusted operating profit increased by 0.6% in January–December and was EUR 59.8 million. In the fourth quarter, the adjusted operating profit was EUR 1.7 million. The decrease in the adjusted profit margin was driven by a significant increase in cost of sales and logistics, sales and marketing expenses compared with the previous year.

Adjusted EBIT, EUR million	**2022**	**2021**	**Change, %**
Finland	18.8	25.2	-25.5
Baltic Sea region	17.4	20.9	-16.9
Belarus	25.1	14.5	73.7
Eliminations	-1.5	-1.2	
Total	**59.8**	**59.4**	**0.6**

Operating profit EUR million	**2022**	**2021**	**Change, %**
Finland	18.4	25.2	-26.8
Baltic Sea region	15.3	20.9	-26.9
Belarus	25.1	14.5	73.7
Eliminations	-36.5	-1.2	
Total	**22.4**	**59.4**	**-62.4**

The Group's profit after taxes in 2022 was EUR 7.5 (48.4) million. The profit for the financial year was burdened by EUR 3.5 million in cumulative translation differences related to the repayment of the Belarusian company's net investment loan and recognised in financial expenses.

Earnings per share calculated from the profit attributable to the owners of the parent company were EUR 0.39 (2.31) in January–December.

FINANCING AND INVESTMENTS

Olvi Group's balance sheet total at the end of December 2022 was EUR 489.7 (490.2) million. Equity per share at the end of 2022 was EUR 13.49 (14.19). The equity ratio was 57.5% (60.7%), and gearing was -20.3% (-18.7%). The Group's liquidity indicator, the current ratio, remained at the same level as before, at 1.3 (1.3).

Interest-bearing liabilities amounted to EUR 4.1 (3.2) million at the end of December. Of the interest-bearing liabilities, short-term liabilities accounted for EUR 2.2 (1.3) million.

Cash flow remained good. Cash and cash equivalents totalled EUR 61.2 million, increasing by EUR 2.5 million from the end of the previous year.

Olvi Group's extension and replacement investments in 2022 EUR were 37.1 (32.0) million, of which EUR 15.3 million was related to Finland, EUR 21.1 million to the Baltic Sea region and EUR 0.7 million to Belarus. The investments related to Belarus were made in January–February. Olvi Group has invested in increasing and diversifying its production and storage capacity in response to business growth. The Group has also invested in energy solutions and in modernising its production facilities and making them more environmentally friendly. Investments have also been made in visitor centres in connection with breweries in the Baltic countries.

CHANGES IN THE GROUP STRUCTURE IN 2022

At the end of the financial year, Olvi's holdings were as follows:

	2022	2021	Change, %
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	-
The Helsinki Distilling Company, Finland	100.00	100.00	-
A/S Bryggeriet Vestfyen, Denmark	100.00	96.41	3.59

Olvi plc also owns 50% of Arctic Silence Oy. In addition, Olvi plc's subsidiaries have holdings in companies. The Helsinki Distilling Company owns 100% of Helsingin tislaamoravintola Oy. A. Le Coq has a 49.0% holding in AS Karme and a 20.0% holding in Verska Mineraalvee OÜ in Estonia. A/S Cēsu Alus owns 100% of the share capital of SIA Piebalgs Alus. AB Volfas Engelman has a 100% holding in UAB Uniqa and UAB Alaus Pinta. OAO Lidskoe Pivo owns 100% of Trade House Lidskoe Pivo. A/S Bryggeriet Vestfyen owns 95.81% of A/S Dansk Coladrik.

RESEARCH AND DEVELOPMENT

Research and development activities include the design and development of processes, operating methods, products, raw materials and packaging materials and the further development of existing products and packaging. Research and development expenditure is mainly recognised as costs. They consist of salaries, general administrative expenses and development project costs. The main purpose of product development at Olvi Group is to create new products for profitable and growing beverage segments.

R&D expenditure EUR million	2022	2021	2020
R&D expenditure	5.4	4.9	0.7
% of net sales	0.9	1.1	0.2

The Group redefined its research and development activities in 2021. R&D activities previously only covered product development. The change has not been made retrospectively, meaning that the figures for previous periods are not comparable.

During 2022, several new products were launched in Finland and by subsidiaries. The new products are presented on each company's website.

SUSTAINABILITY

SUSTAINABILITY MANAGEMENT AND REPORTING

Sustainability is one of Olvi Group's values and a key part of its strategic and operational decision-making and day-to-day operations. Sustainable development and responsible operating methods are an essential part of business competence, and their significance is crucial in terms of operational development and growth.

Olvi Group has determined a sustainability management model. Olvi plc's Board of Directors annually reviews the Group's sustainability targets in relation to its strategy and regularly monitors performance based on the indicators. In 2022, the Remuneration Committee became the Sustainability and Personnel Committee. Indicators and targets are also monitored by the Group companies' management, boards of directors and persons in charge of the focus areas.

Reporting is guided by the EU Non-financial Reporting Directive and Taxonomy Regulation. In addition, in the coming years, new reporting obligations will be introduced based on the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), which the Group is currently preparing for. In addition to the information provided in this Board of Directors' report, sustainable development and sustainability at Olvi Group is discussed in the sustainability section of the annual report.

Olvi Group's sustainability figures take into account most of the Group companies. Major production companies are taken into account in full, and smaller production companies (The Helsinki Distilling Company, Uniqa and Piebalgas) have also been taken into account, with the exception of Scope 3 calculations. Other smaller companies and non-production companies are only included in the personnel and financial figures.

FOCUS AREAS OF SUSTAINABILITY

Sustainability is divided into environmental sustainability, social sustainability and good governance. Based on these aspects, Olvi Group's sustainability has been divided into four focus areas, through which sustainability efforts are managed:

- Sustainable value chain
- Best place to work
- Creating value for stakeholders
- Consumers and products

In addition to the four focus areas, the cornerstones of operations include an ethical operating practices, which is a basic prerequisite for a sustainable company and lays the foundation for all operations and development. The focus areas and goals of sustainability work are also affected by megatrends and stakeholders' expectations, as well as by our commitments. The Group further specifies sustainability work through an annual materiality analysis. The materiality analysis carried out in 2022 showed that the current focus areas continue to be relevant. For example, the main goals of sustainability were further specified based on the analysis.

THE ENVIRONMENT

The beverages industry consumes considerable amounts of raw materials and natural resources, such as grains, water and packaging materials. For this reason, supply chain management has a significant impact on the environment, the climate and society.

Environmental sustainability is one of the most important themes in the value chain, even for the Group's stakeholders. Environmental sustainability means the sustainable management of environmental matters and, to a great extent, resource efficiency such as efficient energy use, appropriate and safe materials, recycling and the circular economy, as well as optimised transport, throughout the value chain.

Olvi Group continuously takes measures to reduce its environmental footprint. The Group's common environmental policy determines the purposes and goals of environmental responsibility. These are reflected in short- and long-term targets and indicators, which are monitored regularly.

Olvi Group also seeks to invest in reducing climate emissions and to switch to renewable electricity and energy. Adapting to and mitigating climate change is important in terms of both securing the future of our business operations and ensuring their profitability. Climate change has a direct impact on the Group's business operations, given that global warming is reflected in agricultural production, among other things. The Group's production is dependent on raw materials of agricultural origin, such as barley, sugar and hops. Their availability is ensured by developing operations in cooperation with suppliers and by participating in development projects and research collaboration aiming to develop cultivation and plant varieties.

The Group's climate emissions are monitored annually in terms of its own operations (Scope 1), purchased energy (Scope 2) and the value chain (Scope 3). These are disclosed to customers and investors through CDP's climate emission reporting. More detailed information about the calculation methods is available in the appendices to the sustainability section of the annual report. Value chain information concerning the whole Group was reported for the first time in 2022. The majority of emissions, 90%, arises from the value chain, while the proportion of the Group's own production is only 4%, and the proportion of purchased energy is around 6% of the total emissions. Based on the preliminary results for 2022, the total emissions from the Group's own operations and purchased energy have decreased by 2%, and emissions in relation to litres produced have decreased by 6% year-on-year.

The Group aims to achieve carbon neutrality in its production plants by 2030. The goal is to switch to 100% renewable energy and electricity in all Group companies by that time. In addition, the goal is to reduce emissions throughout the value chain by 40% by 2030. The preliminary target for achieving a carbon-neutral value chain was set at 2040. The achievement of the targets will mean investments in renewable energy solutions, increases in the use of recycled materials and the development of the cooperation with the value chain. The goal of achieving a carbon-neutral value chain will be further specified in 2023, once Olvi Group has set its science-based emissions reduction targets. These targets strengthen the commitment to reduce climate emissions in accordance with the Paris Agreement and limit global warming to 1.5°C. In conjunction setting the climate targets, the company will also specify the transition plan and the measures that are needed to achieve carbon neutrality.

Nearly all the Group companies have a certified ISO 45001 environmental management system, and A. Le Coq and Cēsu Alus also have an ISO 50001 energy management system. Olvi plc has joined the Finnish food industry's energy efficiency agreement. The consumption of commodities such as water, steam and electricity is monitored in real time.

The key indicators and their outcomes are as follows:

	2022	2021
Electricity, kWh per litre produced	0.081	0.085
Steam and heat, kWh per litre produced	0.140	0.148
Water consumption, litres per litre produced	2.80	2.95
Scope 1 & 2 emissions, CO_{2e} kg per litre produced	0.031*	0.033

* Preliminary information

PERSONNEL

Enthusiastic, evolving and dedicated personnel are key to Olvi Group's business success. Investment in safety and well-being at work and equal treatment are important. The Group's personnel management is based on its strategy, values and responsible operating principles.

A well-functioning corporate culture is at the core of Olvi Group's operations. In 2022, Olvi Group continued its work to shape its corporate culture. In the PeoplePower personnel survey carried out in 2022, the Group's overall rating remained at a good level (AA).

The Group works to provide a safe working environment. Continuous efforts are being made to develop ways of working and detect, prevent and eliminate hazards. A total of 25 accidents occurred in 2022, meaning that the number of accidents decreased by three year-on-year. The Group continues the work to develop the Group's corporate culture. The aim is smooth work and zero accidents at Olvi Group in 2030. These efforts are guided by a common occupational safety policy.

The workplace community offers equal opportunities for all employees. All employees are treated fairly and equally, regardless of their age, gender, religious beliefs, opinions, nationality or similar factors.

The Group's gender distribution has remained stable. Of the Group's employees, 62% were men and 38% were women in 2022. Of the members of the Group companies' Management Teams and subsidiaries' boards of directors, 59% were men and 41% were women. Olvi Group has a common Code of Conduct in place to ensure equal opportunities. Equality is measured through personnel survey.

The key indicators and their outcomes are as follows:

	2022	2021
Accidents per year	25	28
Accident frequency rate*	6.1	7.5
Gender distribution: men/women	62/38	62/38

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

In conjunction with the annual planning process, a personnel plan is prepared based on the company's goals and action plan. Recruitment supports the achievement of business goals. Recruitment is always based on an identified need for resources and the competence and qualification requirements related to the job. Olvi Group's annual targets are implemented across the organisation by means of the annual planning process, scorecards, performance appraisal discussions and day-to-day supervisory work and management.

Olvi Group's average number of personnel in January–December was 2,335 (2,111), which is 10.6% higher than in 2021. The increase of 224 people is mainly due to the acquisitions completed during the 2021 financial year.

SALARIES AND FEES

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/or results in line with local good practices.

Salaries and fees during the financial year:

EUR 1000	2022	2021
Salaries and fees	63,231	51,673

In accordance with its governance principles, the company publishes an annual remuneration report prepared in accordance with the EU's shareholder rights legislation and the recommendations concerning remuneration in the 2020 Governance Code.

The company's Board of Directors has reviewed and approved the 2022 Corporate Governance Statement and the 2022 Remuneration Report. The reports are available on the company's website at www.olvigroup.fi. The reports are published as appendices to the annual report. The reports will not be updated during the financial year, but up-to-date information about the topics covered by the reports can be presented on the company's website as necessary.

ETHICAL OPERATING PRACTICES, HUMAN RIGHTS, AND ANTI-CORRUPTION AND ANTI-BRIBERY

Ethical and sustainable ways of working are a fundamental part of the Group's values, business operations and success in all its market areas. Olvi Group works to foster its reputation as a Group known for its honesty and reliability.

The Group's ethical operating practices are presented in a concise form in its Code of Conduct. The Code of Conduct also includes principles concerning respect for human rights and the fight against corruption and bribery.

The Group aims for zero incidents of human rights violations, corruption and bribery. In 2022, the implementation of ethical operating practices was recognised as one of the main goals of sustainability in the Group and within the value chain.

The Code of Conduct describes the foundation of sustainable operations as follows:

- Compliance with laws and regulations that govern the company's operations
- Fulfilment of human rights and equal opportunities
- Occupational safety and health and a cleaner environment
- Zero tolerance for bribery and corruption
- Promotion of healthy and effective competition and compliance with current competition laws
- Protection of the company's tangible and intangible assets
- Honest and respectful stakeholder communication
- Timely and reliable information for investors
- Olvi Group and its subsidiaries do not participate in political activities
- Any observations of unethical conduct are addressed or reported through the Whistleblowing channel

Respect for human rights is related to equal treatment, a safe working environment, management diversity and responsible procurement. Employees are guided to respect human rights and prevent corruption and bribery through training, the personnel policy and the anti-fraud policy. In 2023, the goal is for 100% to complete the Code of Conduct training.

Responsible procurement means, among others, that suppliers are committed to compliance with Olvi Group's Code of Conduct for Partners. The Group monitors the number of suppliers committed to the Code of Conduct. In terms of raw materials and packaging suppliers, 97.2% of contractual partners had signed the Code of Conduct by the end of 2022. In 2023, the goal is for 100% of the company's suppliers of raw materials and packaging to make a commitment to comply with the Code of Conduct. Audits are one of the most important tools for monitoring commitment.

Since 2018, the Group has had a Whistleblowing channel concerning respect for ethical operating practices, respect for human rights and the fight against corruption and bribery. In 2022, eight reports were submitted through the channel.

The members of Olvi's Board of Directors must represent a diverse range of skills and have a broad professional background so that their work, international experience, age and gender support and supplement one another for the best interests of the company and to increase shareholder value. The members of the Board of Directors must have the competence required for the position and an opportunity to allocate sufficient time to carrying out their tasks. In addition, it is ensured that diversity is also reflected in the Group companies' Management Teams and Boards of Directors. In 2022, 50% of the members of Olvi plc's Board of Directors were men, and 50% were women.

EU TAXONOMY

In its taxonomy assessment, Olvi reviewed all of its business operations against the taxonomy reporting requirements of Regulation (EU) 2020/852 concerning reporting year 2022. Olvi evaluated its operations against the economic activities listed in the delegated act concerning the two environmental objectives of the EU taxonomy: climate change mitigation and climate change adaptation. The relevant economic activities were identified by using the European NACE classification system.

Olvi is a group of beverage companies. Its business operations include the production, import and sale of beverages. In addition, its operations include the manufacture of raw materials (mash and yeast) for feed as a by-product. The criteria for climate change mitigation and climate change adaptation do not include economic activities or indicators directly applicable to food production or the beverage industry. For this reason, Olvi's main business (C11 Manufacture of beverages) and its net sales are not taxonomy-eligible, which is why Olvi will not report taxonomy-eligible or taxonomy-aligned turnover for the reporting year 2022. More information about Olvi's principles for defining net sales is available in Note 1 to the financial statements.

In terms of taxonomy-eligible capital expenditure and operating expenditure, Olvi has identified individual expenses related to investments in or the maintenance of renewable energy technologies and energy efficiency equipment. However, these figures are not significant. Consequently, Olvi has applied the precautionary principle and will not report taxonomy-eligible or taxonomy-aligned capital expenditure or operating expenditure for the reporting year 2022. Furthermore, Olvi did not have a CapEx plan aiming at taxonomy-alignment as defined in Taxonomy Regulation (EU) 2020/852 during the reporting year, but the company will assess its application to its business operations. More information about Olvi's principles defining capital expenditure is provided in Notes 10 and 12 to the financial statements, and more information about its principles defining operating expenses is available in Notes 2–5.

Olvi is therefore waiting for the completion of the EU's criteria for food production and the beverage industry, which are believed to be better included in the criteria of the EU's four other environmental objectives: the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. Olvi will also monitor the developments of the Taxonomy Regulation, its interpretations and industry's best practices, and will assess the necessary changes to the company's financial monitoring and reporting.

GOVERNANCE

GOVERNANCE PRINCIPLES

Olvi plc adheres to responsible and open governance of a high standard. Good corporate governance is based on laws and the regulations issued on the basis of laws, as well as self-regulation and practices. Open corporate governance supports the company's value creation and attractiveness as an investment.

Olvi plc complies with the Corporate Governance Recommendation issued by NASDAQ OMX Helsinki Ltd, the Finland Chamber of Commerce and the Confederation of Finnish Industries as it stands at the time in question, and explains any deviations from the recommendation. The company's operations and reporting comply with the Securities Market Association's Corporate Governance Code, which entered into force on 1 January 2020.

BUSINESS STRATEGY

Olvi Group has a common mission and vision. The Group-level strategy guides the operations of all Group companies. The Group also approves local flexibility in strategy implementation, as operating environments and competitive situations vary. Its business operations are based on its common values.

The main objectives of the strategy are profitable growth, a stronger market position and the exploitation of new growth opportunities. The Group focuses on new products that support profitability, and on increasing the sales of selected products and sales channels. The company invests in innovative product development in both alcoholic and non-alcoholic products. Its use of production capacity is optimised, and efficiency is improved by focusing on dynamic production and sales planning. The Lean philosophy and the opportunities offered by digitalisation, as well as evolving, motivated and highly competent employees in particular, play key roles in this respect. For this reason, the Group also invests in smooth and productive work, well-being at work, training and expertise. The Group's strategic goals also include leading the way in sustainability in its industry, which is why the focus is on developing the Group's common sustainability programme, action plan and targets.

Olvi's strengths in the market environment include:

- A stable ownership base
- An evolving and agile operating model
- Efficient and optimised production capacity and operational reliability
- Focus on and commitment to selected markets
- Strong local brands and market shares
- A diverse range of products and innovative product development
- Knowledge of the local market

Combined with a strong financial position, the strengths mentioned above enable profitable growth and development long into the future.

THE BOARD OF DIRECTORS AND THE AUDITOR

The company's Board of Directors consists of the following members: Pentti Hakkarainen, Chair, M.Sc. (Econ.), LL.M.; Nora Hortling, Vice Chair, M.Sc. (Econ.); Lasse Heinonen, M.Sc. (Econ.); Elisa Markula, M.Sc. (Econ.); Juho Nummela, D.Sc. (Tech.), M.Sc. (Eng.); 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

In 2022, Olvi plc's Management Team consisted of the following members: Lasse Aho, Managing Director (Chair); Ilkka Auvola, Sales Director; Olli Heikkilä, Marketing Director; Pia Hortling, Public Relationship and Purchasing Director; Tiina-Liisa Liukkonen, Chief Financial Officer; Lauri Multanen, Production Director; and Marjatta Rissanen, Customer Service and Administration Director.

The managing directors of the subsidiaries are as follows:

- AS A. Le Coq, Tartu, Estonia – Tarmo Noop until 31 August 2022, Jaanus Vihand from 1 September 2022

- 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 until 27 October 2022, Majken Filsø Sørensen (acting) from 28 October 2022
- Servaali Oy, Helsinki, Finland – Teemu Lehto (Chair of the Board)
- The Helsinki Distilling Company, Helsinki, Finland – Mikko Mykkänen.

The managing directors of the subsidiaries reported to Lasse Aho, Managing Director of Olvi plc. The Boards of Directors of the subsidiaries in the Baltic countries, Belarus and Denmark consist of Lasse Aho (Chair), Pia Hortling, Tlina-Liisa Liukkonen and Lauri Multanen. In addition, the members of the Danish subsidiary include two employee representatives. The Boards of Directors of the Finnish subsidiaries consist of the parent company's management and minority shareholders. The Management Teams of the subsidiaries consist of the Managing Director of each company and around four heads of areas of responsibility.

RISKS AND RISK MANAGEMENT

Risk management is part of Olvi Group's daily business planning and management, operational monitoring and internal control. Risk management ensures strategy implementation and secures the prerequisites for achieving business goals and securing continuity. The purpose of risk management is to be proactive and create an operating model with which business risks can be controlled comprehensively and systematically in all Group companies and at all organisational levels.

Risk management supports the achievement of goals through the identification of undesired operative and financial surprises. On the other hand, risk management also identifies and utilises emerging business opportunities.

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, an annually updated risk management development plan for continuous and proactive operational development is prepared. Risk analysis also reduces risks in operating activities. Olvi Group's risks are divided into strategic, business, financial and compliance risks.

Strategic risks are uncertainties related to the business environment and Olvi Group's ability to operate in the business environment and prepare for any changes. Such risks may be related to the general economic situation, sustainability requirements, the competitive position, legislation or technological development, and may affect financial or operational targets. It is important to ensure that the strategy is in line with the Group's risk appetite and risk tolerance.

Operational risks are circumstances or events that may prevent or hinder the achievement of goals or cause damage to people, property, business operations, data or Olvi's other operations.

Financial risks are related to Olvi Group's financial position. These may include the availability or price of financing, changes in exchange rates, and investments.

Compliance risks arise when a company fails to comply with the rules, laws or internal policies applicable to its operations. These may result in legal or administrative consequences, financial losses or reputational damage. Olvi Group's industry-specific requirements are related to food safety and environmental requirements, for example.

The Board of Directors is responsible for the risk management of the Olvi Group, as well as the internal control of business operations. The audit committee assesses the sufficiency, appropriateness and efficiency of risk management, as well as the key risk areas. Executive management is responsible for defining and implementing the risk management principles in line with the Group structure.

Strategic risks are uncertainties related to the business environment and Olvi Group's ability to operate in the business environment and prepare for any changes. Such risks may be related to the general economic situation, sustainability requirements, the competitive position, legislation or technological development, and may affect financial or operational targets. It is important to ensure that the strategy is in line with the Group's risk appetite and risk tolerance.

Operational risks are circumstances or events that may prevent or hinder the achievement of goals or cause damage to people, property, business operations, data or Olvi's other operations.

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Compliance risks arise when a company fails to comply with the rules, laws or internal policies applicable to its operations. These may result in legal or administrative consequences, financial losses or reputational damage. Olvi Group's industry-specific requirements are related to food safety and environmental requirements, for example.

The assessment of climate risks and opportunities was further developed in 2022 based on the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). More information about the assessment and its results is provided in the sustainability section of the annual report. The TCFD recommendations are used more extensively as part of CDP reporting, and other reporting is also being developed to comply with them. In addition, a Group-wide cybersecurity assessment was carried out.

NEAR-TERM RISKS AND UNCERTAINTIES IN BUSINESS OPERATIONS

The war in Ukraine has significantly increased business risks. There were challenges in the availability of packaging materials because of the coronavirus pandemic, and the war in Ukraine has worsened the situation, especially with regard to 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 began to increase during the coronavirus pandemic. In addition, the prices of raw materials have increased rapidly, especially for barley malt and sugar, as well as carbon dioxide, and availability has decreased in the market. The price of energy has multiplied, and the prices of electricity and gas have fluctuated greatly, 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. Olvi will respond to the increase in costs by continuing price increases as far as possible. The company is 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, and total consumption may decrease. This may have an impact on business growth opportunities over the long term.

The challenges related to the availability of natural gas have been taken into account, especially in Olvi's business operations in the Baltic countries. Production plants have been successfully adapted to any energy-related changes to ensure uninterrupted production. Olvi is also making investments aimed at self-sufficiency in raw materials in Finland by implementing carbon capture and storage equipment.

The war in Ukraine has significantly changed the business environment in Russia and Belarus. As announced in a press release on 5 March 2022, Olvi ceased exports to Russia from all of its countries of operation and initiated measures to withdraw from Belarus. As announced in a press release on 21 November 2022, the withdrawal was discontinued because of stricter legislation concerning the divestment of companies. The end of exports to Russia and the increase in production and logistics costs caused by the war 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 operations by ensuring sufficient procurement locally. Olvi considers and observes all sanctions and local laws in its operations.

Olvi Group has prepared several scenarios related to the development of the business environment and is prepared to respond to changing situations. The Group is prepared for production disruptions and have drawn up continuity plans related to the availability of labour, raw materials and energy, for example. Investments have been made to secure energy supply, and the availability of raw materials and packaging materials has also been ensured.

Other significant short-term risks and uncertainties are related to the development of the general economic situation, changes in the competitive situation, information security, climate change, the war in Ukraine, the business environment in Belarus and the possible impacts of these on the Group companies' operations.

OLVI'S SHARES AND THE STOCK MARKET

Olvi's share capital at the end of December 2022 was EUR 20.8 million. The shares in the company totalled 20,722,232, of which 16,989,976 (82.0%) were listed Series A shares, and 3,732,256 (18.0%) were Series K shares.

Each Series A share entitles its holder to one (1) vote, and each Series K share entitles its holder to twenty (20) votes. Series A shares and Series K shares provide their holders with equal rights to dividends. A total of 2,351,044 (1,812,283) Series A shares in Olvi were traded on Nasdaq OMX Helsinki Ltd during 2022. This represents 13.8% (10.7%) of the total number of Series A shares in Olvi. The value of the trading was EUR 82.9 (89.4) million.

SHARES AND SHARE CAPITAL 31 DECEMBER 2022

	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 price of a Series A share in Olvi at Nasdaq OMX Helsinki Ltd was EUR 33.15 (51.20) at the end of 2022. The highest price of a Series A share in January–December was EUR 52.00 (55.70), and the lowest was EUR 29.40 (43.10). The average price in 2022 was EUR 35.31 (49.35).

At the end of December 2022, the market capitalisation of the Series A shares was EUR 562.2 (869.4) million, and the market capitalisation of all shares was EUR 686.0 (1,060.5) million.

The total number of shareholders in Olvi at the end of December 2022 was 21,398 (17,459). The proportion of foreign holdings and foreign and domestic nominee-registered holdings was 20.3% (21.8%) of the total number of book-entry shares and 4.6% (4.9%) of the total number of votes.

SHARE DISTRIBUTION 31 DECEMBER 2022

Number of book-entry shares	Number of shareholders	% of shareholders	Number of book-entry shares	% of book-entry shares	Number of votes	% of votes
1–1,000	20,188	94.34	2,548,672	12.30	2,558,400	2.79
1,001–10,000	1,101	5.15	2,835,332	13.68	2,973,044	3.24
10,001–500,000	103	0.48	5,926,656	28.60	14,611,632	15.95
500,001–999,999,999,999	6	0.03	9,411,572	45.42	71,492,020	78.02
Total	**21,398**	**100.00**	**20,722,232**	**100.00**	**91,635,096**	**100.00**

FOREIGN AND NOMINEE-REGISTERED HOLDINGS 31 DECEMBER 2022

	Number of shareholders	% of shareholders	Number of book-entry shares	% of book-entry shares	Number of votes	% of votes
Foreign, total	75	0.35	65,449	0.32	65,449	0.07
Nominee-registered (foreign), total	6	0.03	446,485	2.15	446,485	0.49
Nominee-registered (Finnish), total	4	0.02	3,692,898	17.82	3,692,898	4.03
Total	**85**	**0.40**	**4,204,832**	**20.29**	**4,204,832**	**4.59**

LARGEST SHAREHOLDERS 31 DECEMBER 2022

	Series K	Series A	Total	%	Number of votes	%
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		2,003,905	2,003,905	9.67	2,003,905	2.19
6 Skandinaviska Enskilda Banken Ab (publ), Helsinki branch, nominee-registered		1,638,827	1,638,827	7.91	1,638,827	1.79
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
11 Ville Petteri Rinne	23,388	10,250	33,638	0.16	478,010	0.52
12 Valtteri Markunpoika Rinne	23,388	9,952	33,340	0.16	477,712	0.52
13 AC Invest Oy		462,000	462,000	2.23	462,000	0.50
14 OP Finland Fund		428,667	428,667	2.07	428,667	0.47
15 Citibank Europe plc, nominee-registered		335,794	335,794	1.62	335,794	0.37
16 Elo Mutual Pension Insurance Company		286,000	286,000	1.38	286,000	0.31
17 Evli Finnish Small Cap equity fund		253,835	253,835	1.22	253,835	0.28
18 Hannu Markus Laakkonen		216,072	216,072	1.04	216,072	0.24
19 Veritas Pension Insurance		205,000	205,000	0.99	205,000	0.22
20 Ari Lahti		180,000	180,000	0.87	180,000	0.20
Other	9,648	8,349,738	8,359,386	40.33	8,542,698	9.31
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.

SECTOR DISTRIBUTION 31 DECEMBER 2022

	Number of shareholders	% of shareholders	Number of book-entry shares	% of book-entry shares	Number of book-entry shares	Nominee-registered % of book-entry shares	Number of votes	% of votes
Companies	638	2.98	4,594,143	22.17			49,508,319	54.03
Financial and pension insurance	27	0.13	1,245,681	6.01	3,692,898	17.82	4,938,579	5.39
Public entities	12	0.06	2,068,254	9.98			2,068,254	2.26
Non-profit organisations	104	0.49	466,015	2.25			466,015	0.51
Households	20,536	95.96	8,143,307	39.30			34,141,995	37.26
Foreign	81	0.38	65,449	0.32	446,485	2.15	511,934	0.56
Total	**21,398**	**100.00**	**16,582,849**	**80.02**	**4,139,383**	**19.98**	**91,635,096**	**100.00**

SHAREHOLDING

Registered share capital, EUR 1,000 20,759.

A dividend of EUR 1.20 per share for 2021 was paid on shares in Olvi plc (EUR 1.10 per share in 2020), totalling EUR 24.9 (22.8) million. The dividend was 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, was paid on 2 September 2022.

Votes per Series A share 1
Votes per Series K share 20

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.

Insiders

In 2000, Olvi plc adopted insider guidelines issued for listed companies by the Helsinki Stock Exchange, The Finland Chamber of Commerce and the Confederation of Finnish Industry and Employers. On 3 July 2016, Finland implemented Regulation (EU) No 596/2014 (Market Abuse Regulation, MAR), which Olvi plc applies to its insider management in accordance with the European Securities and Markets Authority's (ESMA) interpretation.

On 31 December 2022, Olvi plc had 21,398 (17,459) shareholders in the book-entry system, of whom 10 (11) were nominee-registered.

On 31 December 2022, the members of Olvi plc's Board of Directors and the Managing Director held a total of 78,010 Series A shares, representing 0.38% of all shares and 0.09% of the number of votes. The company's management holds no options.

AUTHORISATIONS OF THE BOARD OF DIRECTORS

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, representing 2.4% of all shares in the company and 0.5% of the total number of votes provided by the shares. The authorisation 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.

The authorisation to issue shares was proposed to be valid until the end of the 2023 Annual General Meeting, but not more than 18 months from the Annual General Meeting's decision concerning the authorisation to issue shares.

SHARE-BASED INCENTIVES

At its meeting on 1 February 2021, Olvi plc's Board of Directors decided on the terms and conditions of three new share-based incentive schemes for the Group's key personnel: a Performance Share Plan for 2021–2025, a Matching Share Plan for 2021–2022 and a Restricted Share Plan for 2021–2025. The 2021–2025 Performance Share Plan consists of four performance periods, covering the 2021–2022, 2021–2023, 2022–2024 and 2023–2025 financial years. The Board of Directors determines the performance criteria and the targets for each performance criterion at the beginning of the performance period. Any rewards based on the plan will be paid after the end of each performance period.

By means of a stock exchange release on 27 May 2022, Olvi plc's Board of Directors announced the terms and conditions and target group of the 2022–2024 performance period of the Performance Share Plan, as well as a Matching Share Plan for key personnel for

2022–2023. The aim of long-term 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 2022–2024 Performance Share Plan 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 CO_2 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 800 Olvi plc Series A shares. The target group of the plan consists of four people.

The purpose of long-term incentive schemes is to support the achievement of the company's targets, retain key employees in the company and provide them with incentive schemes that are based on earning and accumulating shares in the company. The rewards are paid partly in Series A shares in Olvi plc and partly in cash. The purpose of the cash portion is to cover taxes and tax-like payments arising for the participants from the reward. As a rule, if a participant's employment or management contract ends before the time of payment of the reward, no reward will be paid. The plan enables the members of the target group to earn Series A shares in Olvi plc based on performance. The Board of Directors determines the performance criteria and the targets for each performance criterion at the beginning of the performance period. Any rewards based on the plan will be paid after the end of each performance period.

The Board of Directors has set a maximum for the total amount of gross rewards to be paid to a participant during a calendar year. This maximum applies to all gross rewards to be paid based on long-term incentive schemes. Members of Olvi's Management Team must own at least half of the shares they have earned as a net reward under the new incentive schemes, until the total value of their shareholding in the company equals 50% of their annual salary in the previous year. This number of Series A shares in Olvi plc must be held for as long as the membership of the Management Team continues.

The costs related to these schemes totalled EUR 1,057.8 thousand in the review period. Olvi Group has no other share or option arrangements in place.

TREASURY SHARES

At the beginning of January 2022, Olvi plc held 9,404 treasury shares. 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 would repurchase a maximum of 20,000 Series A shares. The acquisition of shares began on 30 May 2022 and ended on 14 June 2022. The shares were acquired for financing or implementing possible acquisitions or other arrangements, for implementing the company's incentive schemes or for other purposes determined by the Board of Directors.

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 1,079.4 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.

FLAGGING NOTIFICATIONS

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

THE BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION OF PROFIT

The parent company, Olvi plc, had EUR 131.0 (114.7) million in distributable funds on 31 December 2022, of which the profit for the period was EUR 41.7 (39.5) million.

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

1) A dividend of EUR 1.20 (1.20) will be paid for 2022 on each Series K and Series A share, totalling EUR 24.8 (24.9) million. This dividend is 311.4% (51.9%) of Olvi Group's earnings per share. The dividend will be paid in two instalments. The first instalment (EUR 0.60 per share) will be paid on 20 April 2023 to shareholders registered in the list of shareholders maintained by Euroclear Finland on the record date 31 March 2023. The second instalment (EUR 0.60 per share) will be paid on 5 September 2023 to shareholders registered in the list of shareholders maintained by Euroclear Finland on the record date 29 August 2023. No dividend will be paid on treasury shares.

2) EUR 106.1 million will be retained in the parent company's non-restricted equity.

NEAR-TERM OUTLOOK AND EVENTS AFTER THE FINANCIAL YEAR

In the financial statement bulletin 10 February 2023, Olvi published near-tearm outlook, according to which the adjusted operating profit for 2023 is expected to decrease from the previous year. Olvi's near-term outlook was "Olvi Group's adjusted operating profit for the 2023 financial year is expected to decrease year-on-year. Belarusian business operations involve uncertainty arising from the war in Ukraine and particularly from the impacts of exchange rates, which is why the segment's operating profit is expected to decrease. Sales volume and net sales are expected to develop favourably. The operating profit involves significant uncertainties. The increase in costs is expected to continue in 2023. The increase in costs will be transferred to the prices of end products gradually, but it is challenging to predict the timing of price increases, and the decline in consumer demand must be taken into account in terms of the amount of the increases."

After this, the State Control Committee of the Republic of Belarus have issued a fine of 35.8 million Belarusian ruble (12.0 million euro) to Olvi's subsidiary Lidskoe Pivo based on its inspection. Lidskoe Pivo have filed their objection with the local court. The proceedings are anticipated to take months. Due to the uncertain situation, Olvi withdraw the previously published near-term outlook on 20 February 2023 and did not publish new near-term outlook.

Patrik Lundell started his work as Olvi plc's new CEO on 1 January 2023, following the retirement of the Managing Director Lasse Aho.

FINANCIAL REPORTS IN 2023

Olvi Group's annual report and notice of the Annual General Meeting will be published on 28 February 2023. The annual report includes the Board of Directors' report, the consolidated financial statements, the parent company's financial statements and the auditor's report for the financial year 1 January to 31 December 2022. The annual report also includes the sustainability report, the Corporate Governance Statement and the remuneration report for the 2022 financial year.

The notice of Olvi plc's Annual General Meeting to be held on 29 March 2023 in Iisalmi will be published on 28 February 2023. The financial statements, Board of Directors' report and notice of Olvi plc's Annual General Meeting will become available on Olvi plc's website on the same day.

The following interim reports will be published in 2023:

- January–March on 20 April 2023
- January–June on 11 August 2023
- January–September on 17 October 2023

OLVI PLC
Board of Directors

CONSOLIDATED FINANCIAL RATIOS 2020—2022

BUSINESS VOLUME AND PROFITABILITY

EUR 1000	2022	2021	2020
Net sales	583,703	462,226	414,884
Change, %	26.3	11.4	1.5
Operating profit	22,364	59,439	56,435
% of net sales	3.8	12.9	13.6
Financial income and expenses	-3,989	-327	-2,624
Profit before tax	18,374	59,112	53,811
% of net sales	3.1	12.8	13.0
Net profit for the period	7,526	48,361	40,916
% of net sales	1.3	10.5	9.9
Balance sheet total	489,674	490,242	420,351
Cash flow ratio, %	12.4	16.3	15.9
Return on investment, % (ROI)	8.2	20.9	21.0
Return on equity, % (ROE)	2.6	17.1	15.4
Equity to total assets, %	57.5	60.7	63.8
Current ratio	1.3	1.3	1.3
Gearing, %	-20.3	-18.7	-15.5
Capital expenditure on fixed assets	37,071	32,016	32,035
% of net sales	6.4	6.9	7.7
Net capital expenditure on fixed assets	35,834	30,390	30,345
% of net sales	6.1	6.6	7.3
Average number of personnel:			
Personnel in Finland	442	416	389
Personnel in Estonia, Latvia, Lithuania, Denmark and Belarus	1,893	1,695	1,522
Total employees	2,335	2,111	1,911

PER-SHARE RATIOS

	2022	2021	2020
Earnings per share (EPS), euro, undiluted	0.39	2.31	1.96
Earnings per share (EPS), euro, diluted	0.39	2.31	1.96
Equity per share, EUR	13.49	14.19	12.81
* Pay-out ratio, %	311.4	51.9	56.2
Price/Earnings ratio (P/E)	86.0	22.2	24.8

* The amount of dividend used for calculating the 2022 ratios is the Board of Directors' proposal to the Annual General Meeting.

PARENT COMPANY'S FINANCIAL RATIOS 2020—2022

BUSINESS VOLUME AND PROFITABILITY

EUR 1000	2022	2021	2020
Net sales	180,650	169,174	156,809
Change, %	6.8	7.9	8.3
Operating profit	18,137	23,489	22,780
% of net sales	10.0	13.9	14.5
Financial income and expenses	28,565	22,464	16,979
Profit before appropriations and taxes	46,702	45,953	39,759
% of net sales	25.9	27.2	25.4
Net profit for the period	41,735	39,464	30,823
% of net sales	23.1	23.3	19.7
Balance sheet total	336,496	319,575	284,352
Cash flow ratio, %	29.4	30.7	29.0
Return on investment, % (ROI)	23.3	24.5	22.9
Return on equity, % (ROE)	24.2	26.3	25.3
Equity to total assets, %	54.8	52.4	52.5
Current ratio	0.7	0.8	0.8
Gearing, %	-8.7	-7.7	4.3
Capital expenditure on fixed assets	15,238	11,893	13,579
% of net sales	8.4	7,0	8,7
Net capital expenditure on fixed assets	15,153	11,307	13,445
% of net sales	8.4	6.7	8.6
Average number of personnel	392	373	358

*) The amount of dividend used for calculating the 2022 ratios is the Board of Directors' proposal to the Annual General Meeting.

**) The treasury shares held by Olvi plc's have been deducted.

PER-SHARE RATIOS

	2022	2021	2020
Earnings per share (EPS), EUR	2.06	2.01	1.74
Equity per share, EUR	8.91	8.09	7.21
* Nominal dividend per share, EUR	1.20	1.20	1.10
* Effective dividend yield, EUR	3.62	2.34	2.27
* Pay-out ratio, %	58.3	59.7	63.1
Price/Earnings ratio (P/E)	16.1	25.5	27.8
Price of Series A share			
At year end, EUR	33.15	51.20	48.50
high, EUR	52.00	55.70	50.00
low, EUR	29.40	43.10	30.25
average price, EUR	35.31	49.35	41.03
Trading volume of A shares	2,351,044	1,812,283	1,474,892
% of all A shares outstanding	13.8	10.7	8.7
Market capitalisation of A shares 31 Dec, MEUR	562,2	869,4	822,1
Market capitalisation of K shares 31 Dec, MEUR	123,7	191,1	181,0
Total market capitalisation, MEUR	686,0	1 060,5	1 003,2
Number of shares			
average number during the financial year, adjusted for share issues**	20,700,783	20,706,610	20,708,331
total number at year end, adjusted for dilution from warrants**	20,692,828	20,712,828	20,683,672

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 – non-interest-bearing liabilities (average))

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

Equity to total assets, % = 100 * (Shareholders' equity + non-controlling interests + voluntary provisions and depreciation difference, less 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, less deferred tax liability)

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

Equity per share = (Shareholders' equity + voluntary provisions and depreciation difference, less deferred tax liability and non-controlling interests) / (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 * 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 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.

In order to improve the comparability between reporting periods, the Group also presents Adjusted EBIT and Adjusted profit for the period as Alternative Performance Measures. The Adjusted EBIT is calculated by deducting from the Operating profit significant items affecting comparability (in financial year 2022, the impairment of the Belarusian company, a tax liability provision in Lithuania and the expenses arising from the termination of the Managing Director's contract). Corresponding items have been deducted from the Profit for the period when calculating the Adjusted profit for the period.

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	2022	2021
Gross sales		1,253,782	1,069,260
Excise taxes and other adjustments		-670,079	-607,034
NET SALES	1	**583,703**	**462,226**
Cost of sales		-363,816	-269,344
GROSS PROFIT		**219,887**	**192,882**
Logistics, sales and marketing expenses	2	-120,997	-99,594
Administrative expenses	2	-42,415	-34,990
Other operating income and expenses	3	-34,111	1,141
OPERATING PROFIT		**22,364**	**59,439**
Financial income	7	1,593	284
Financial expenses	7	-5,628	-655
Share of the profit of associated companies and joint ventures	22	45	44
PROFIT BEFORE TAXES		**18,374**	**59,112**
Income taxes	8	-10,848	-10,751
PROFIT FOR THE PERIOD		**7,526**	**48,361**

EUR 1,000	Note	2022	2021
Other items of comprehensive income that may be later reclassified to profit or loss:			
Translation differences related to foreign subsidiaries		1,638	5,366
Income taxes related to items		0	-85
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**9,164**	**53,642**
Distribution of the profit for the period:			
- Owners of the parent company		7,977	47,862
- Non-controlling interest		-451	499
Distribution of comprehensive income for the period:			
- Owners of the parent company		9,674	52,977
- Non-controlling interest		-510	665
Earnings per share calculated from profit attributable to owners of the parent company:			
Undiluted earnings per share (EUR)		0,39	2,31
Diluted earnings per share (EUR)		0,39	2,31

CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	2022	2021
ASSETS			
Non-current assets			
Tangible assets	12	208,165	229,356
Goodwill	11	22,204	25,966
Other intangible assets	10	10,972	12,696
Holdings in associated companies and joint ventures	22	1,025	1,018
Other investments	13	1,046	888
Loans receivable and other			
long-term receivables	13	1,377	1,731
Deferred tax assets	8	2,569	1,487
Total non-current assets		**247,358**	**273,142**
Current assets			
Inventories	14	70,891	58,609
Accounts receivable and other receivables	13	109,712	99,246
Income tax receivables		506	504
Cash and cash equivalents	15	61,207	58,741
Total current assets		**242,316**	**217,100**
TOTAL ASSETS		**489,674**	**490,242**

EUR 1,000	Note	2022	2021
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent company			
Share capital	16	20,759	20,759
Other reserves	16	1,092	1,092
Fair value reserve	16	295	295
Treasury shares	16	-1,079	-438
Translation differences		-52,030	-53,727
Retained earnings		310,194	326,016
Total equity attributable to owners of the parent company		**279,231**	**293,997**
Non-controlling interest		2,514	3,627
Total equity		**281,745**	**297,624**
Non-current liabilities			
Financial liabilities	17	1,983	1,913
Other liabilities	19	3,667	3,985
Deferred tax liabilities	8	13,466	13,943
Current liabilities			
Financial liabilities	17	2,164	1,272
Accounts payable and other payables	19	186,362	170,633
Income tax liability		287	872
Total liabilities		**207,929**	**192,618**
TOTAL EQUITY AND LIABILITIES		**489,674**	**490,242**

CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	Note	2022	2021
Cash flow from operating activities			
Profit for the period		7,526	48,361
Adjustments:			
Depreciation and impairment		64,532	27,006
Other adjustments		14,509	10,251
Change in net working capital:			
Increase (-) / decrease (+) in accounts receivable and other receivables	13	-9,578	-5,878
Increase (-) / decrease (+) in inventories	14	-12,349	-8,684
Increase (-) / decrease (+) in accounts payable and other payables	19	16,536	28,561
Interest paid	7	-449	-594
Interest received	7	292	268
Dividends received	7	5	3
Taxes paid	8	-13,861	-9,687
Cash flow from operating activities (A)		**67,163**	**89,607**
Cash flow from investing activities			
Investments in tangible assets	12	-36,115	-28,831
Investments in intangible assets	10	-1,277	-2,382
Capital gains on disposal of tangible assets	12	976	1,068
Acquisition of shares from non-controlling interest	21	-378	0
Acquisition of shares in subsidiaries, associated companies and joint ventures	21	0	-11,121
Expenditure on other investments	13	-163	-30
Dividends received	21	38	21
Cash flow from investing activities (B)		**-36,919**	**-41,275**

EUR 1,000	Note	2022	2021
Cash flow from financing activities			
Loan withdrawals	17	11,351	884
Repayment of loans	17	-11,674	-12,371
Acquisition of treasury shares	16	-641	-874
Sale of treasury shares to personnel	16	0	551
Dividends paid	16	-25,268	-23,240
Cash flow from financing activities (C)		**-26,232**	**-35,050**
Increase (+) / decrease (-) in cash and cash equivalents (A+B+C)		**4,012**	**13,282**
Cash and cash equivalents 1 Jan	15	**58,741**	**45,096**
Impact of exchange rate changes		-1,546	363
Cash and cash equivalents 31 Dec	15	**61,207**	**58,741**

OTHER ADJUSTMENTS TO CASH FLOW FROM OPERATING ACTIVITIES:

EUR 1,000	2022	2021
Other adjustments to cash flow from operating activities before change in working capital:		
Capital gains on disposals of fixed assets	227	255
Share of the profit of associated companies and joint ventures	-45	-44
Unrealised exchange rate gains and losses	-24	21
Financial income and expenses	4,134	351
Income taxes	10,848	10,751
Other adjustments	-631	-1,082
Total	**14,509**	**10,251**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000	A	B	C	D	E	F	G	H
Equity 1 Jan 2022	**20,759**	**1,092**	**295**	**-438**	**-53,727**	**326,016**	**3,627**	**297,624**
Comprehensive income								
Profit for the period						7,977	-451	7,526
Other items of comprehensive income								
Translation differences					1,697		-59	1,638
Total comprehensive income for the period					**1,697**	**7,977**	**-510**	**9,164**
Business transactions with shareholders								
Dividend payment						-24,855	-371	-25,226
Acquisition of treasury shares				-641				-641
Share-based incentives, value of work performance						1,076		1,076
Adjustment for previous periods						-20		-20
Business transactions with shareholders, total				**-641**		**-23,799**	**-371**	**-24,811**
Changes in holdings in subsidiaries								
Acquisition of shares from non-controlling interest						-232		-232
Change in non-controlling interest						232	-232	0
Changes in holdings in subsidiaries, total						**0**	**-232**	**-232**
Equity 31 Dec 2022	**20,759**	**1,092**	**295**	**-1,079**	**-52,030**	**310,194**	**2,514**	**281,745**

A = Share capital
B = Other reserves
C = Fair value reserve
D = Reserve for treasury shares
E = Translation differences
F = Retained earnings
G = Attributable to non-controlling interest
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
Equity 1 Jan 2021	**20,759**	**1,092**	**295**	**-1,802**	**-58,842**	**303,465**	**3,165**	**268,132**
Comprehensive income								
Profit for the period						47,862	499	48,361
Other items of comprehensive income								
Translation differences					5,200		166	5,366
Income taxes related to items					-85			-85
Total comprehensive income for the period					**5,115**	**47,862**	**665**	**53,642**
Business transactions with shareholders								
Dividend payment						-22,771	-459	-23,230
Acquisition of treasury shares				-874				-874
Share-based incentives, value of work performance						802		802
Issue of treasury shares to personnel				1,687		-1,614		73
Sale of treasury shares to personnel				551				551
Adjustment for previous periods						-1,728	-27	-1,755
Business transactions with shareholders, total				**1,364**		**-25,311**	**-486**	**-24,433**
Changes in holdings in subsidiaries								
Acquisition of shares from non-controlling interest						283		283
Change in non-controlling interest						-283	283	0
Changes in holdings in subsidiaries, total						**0**	**283**	**283**
Equity 31 Dec 2021	**20,759**	**1,092**	**295**	**-438**	**-53,727**	**326,016**	**3,627**	**297,624**

A = Share capital
B = Other reserves
C = Fair value reserve
D = Reserve for treasury shares
E = Translation differences
F = Retained earnings
G = Attributable to non-controlling interest
H = Total

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED ACCOUNTING POLICIES

BASIC INFORMATION ABOUT THE GROUP

Olvi plc ("company") and its subsidiaries (jointly "the Group") manufacture beers, ciders, long drinks, mineral water, 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, Denmark and Belarus.

The Group's parent company is Olvi plc (Business ID 0170318–9). The parent company's 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, Finland.

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.

Olvi plc's Board of Directors has approved the disclosure of the financial statements bulletin for 2022 on 28 February 2023. According to the Finnish Limited Liability 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.

Olvi Oyj's official consolidated financial statements have been published in accordance with the European Single Electronic Format (ESEF) reporting requirements in xHTML format including iXBRL tags. Olvi Oyj's ESEF Financial Statements have not been assured by auditors. In addition, a PDF version of the consolidated financial statements is available on the company's website www.olvigroup.fi.

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the adopted International Financial Reporting Standards (IFRS), following the IAS and IFRS standards that were in force on 31 December 2022, as well as IAS and IFRS standards and SIC and IFRIC interpretations. In the Finnish Accounting Act and the regulations enacted by virtue of the Act, International Financial Reporting Standards refers to the standards and interpretations thereof approved for use in the European Union in accordance with the procedure specified in Regulation (EC) No 1606/2002. The notes to the financial statements also comply with the Finnish accounting and corporate laws that supplement the IFRS.

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, and 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 presentation, individual figures and totals have been rounded to full thousands, which may cause rounding differences when addition is performed.

CONSOLIDATION PRINCIPLES

Subsidiaries

The consolidated financial statements include the parent company Olvi plc and all its subsidiaries. Subsidiaries are entities in which the Group has control. The Group controls an entity when the Group is exposed to or entitled to variable returns from its involvement with the entity and can affect those returns through its power over the entity. Acquired subsidiaries are consolidated from the date control commences, and divested subsidiaries are consolidated until the date control ceases.

Intra-Group shareholdings have been eliminated using the acquisition cost 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.

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 arise from 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 leads to a negative share being allocated to non-controlling interests. The share of equity attributable 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 has significant influence but not control. Significant influence generally arises when the Group holds more than 20 per cent of the voting power of the entity or the Group otherwise has significant influence but not control.

Associates are consolidated using the equity method. The share of profit in associates 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 investment, the investment is recognised on 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 have joint control. Olvi's joint arrangement is a joint venture that is consolidated using the equity method.

TRANSLATION OF FOREIGN CURRENCY ITEMS

Foreign subsidiaries
The items included in the financial statements of the Olvi Group companies are valued in the currency of each unit's primary operating environment ("the functional currency"). These consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group's parent company.

The income and expense items in the income statements of Group companies whose functional and financial statements currency is not the euro have been translated into the Group's reporting currency using the average exchange rate for the period. Balance sheet items have been translated into the reporting currency at the exchange rate valid on the balance sheet date. The different exchange rates applicable to the conversion of profit or loss in the income statement and on the balance sheet result in a translation difference recognised in shareholders' equity on the balance sheet, and any change in this difference is recognised in items of other comprehensive income. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries, as well as translation differences arising from equity items accumulated after the acquisition, are recognised in items of other comprehensive income. 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.

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

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

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

ACCOUNTING POLICIES REQUIRING THE MANAGEMENT'S JUDGEMENT AND KEY UNCERTAINTIES RELATED TO ESTIMATES

The preparation of the financial statements in accordance with the IFRS 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.

Uncertainties related to estimates
Estimates made in connection with the preparation of the 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 estimates are based on previous experiences and assumptions concerning the future that are deemed most probable on the balance sheet date with regard to aspects such as the expected development of the Group's financial operating environment in terms of sales and the level of costs. The estimates take into account the business impact of the war in Ukraine and the coronavirus pandemic.

The Group, regularly and jointly with the management of subsidiaries, monitors 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 financial period during which the estimates and assumptions are adjusted and in all subsequent financial periods.

The most important sectors in which the management has applied consideration and that require the use of estimates and assumptions are impairment testing (Note 11), the classification of Belarus in continuing/discontinued operations, the determination of lease periods (Note 12), estimates related to acquisitions (Note 20) and deferred tax assets and liabilities (Note 8). Other accounting policies are presented in connection with the relevant notes to the financial statements. The key factors in the estimates include predicted future cash flows and the processing of leases valid until further notice.

APPLICATION OF NEW OR AMENDED IFRS STANDARDS AND INTERPRETATIONS

In 2022, the Group adopted the following amended standards published by the IASB that must be applied to financial periods beginning on or after 1 January 2022: IFRS 3 *Business Combinations*, IAS 16 *Property, Plant and Equipment*, and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The amendments do not have any significant impact on the consolidated financial statements.

In 2023 or later, the Group will adopt the following amended standards published by the IASB that must be applied to financial periods beginning on or after 1 January 2023: IAS 1 *Presentation of Financial Statements, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*, and IFRS 17 *Insurance Contracts*. In addition, the amendments to the following standards must be applied to financial periods beginning on or after 1 January 2024: IAS 1 *Presentation of Financial Statements** and IFRS 16 *Leases.** The amendments are not expected to have any significant impact on the consolidated financial statements.

* These amendments to the standards had not been adopted by the EU by 31 December 2022.

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, less indirect taxes, discounts and translation differences for sales in foreign currencies.

The sales of beverages and beverage products are recognised at the moment when 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 have taken place when 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 leases out beverage-serving equipment to its HoReCa customers and coolers to its retailers. Rental income is recognised in equal instalments over the lease 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, less annual discounts estimated at the time of sale in accordance with the terms and conditions of the 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

The Group's operating segments are defined on the basis of the management model and internal reporting applied to strategic decisions by the Group's executive management, which is identified as the chief executive 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 areas of operation, which are Finland, Baltic Sea region and Belarus. Olvi Group changed its segment structure on 1 January 2022 by forming a new reporting segment, Baltic Sea region, which includes its business operations in Denmark, along with Estonia, Latvia and Lithuania, which were previously reported as separate segments. The comparison information for 2021 has been adjusted accordingly.

The products and services of the reporting segments are produced in a specific economic environment, where the risks and profitability differ from those in the economic environments of the other segments. Net sales in the reporting segments mostly arise from the manufacture and wholesale of various beverages. The net sales also include a minor amount of services to licensed restaurants in the form of beverage-serving equipment. The Group's management assesses the operating segments' performance based on the operating profit (EBIT). Interest income and expenses are not allocated to the segments, because the Group's financing is managed by the parent company, Olvi plc, in a centralised manner. 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 the segment 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 financial period.

The following tables present the segments' sales volumes, net sales, earnings, assets and liabilities grouped in accordance with the location of the segments' assets in the 2022 and 2021 financial periods. Furthermore, the segments' net sales have been grouped in accordance with their customers' geographical locations in the 2022 and 2021 financial years.

2022 EUR/L 1,000	Finland	Baltic Sea region	Belarus	Eliminations	Group
Sales volume	262,510	450,211	295,576	-52,233	956,064
INCOME					
External net sales	205,297	240,393	138,013	0	583,703
Beverage sales	203,498	240,393	138,013	0	581,904
Equipment services	1,799	0	0	0	1,799
Internal net sales	1,414	29,405	771	-31,590	0
Total net sales	**206,711**	**269,798**	**138,784**	**-31,590**	**583,703**
EARNINGS					
Segment’s operating profit	18,443	15,330	25,137	-36,546	22,364
Financial income					1,593
Financial expenses					-5,628
Share of profit or loss of associated companies		45			45
Income taxes	-4,359	-2,576	-5,094	1,181	-10,848
Net profit for the period					**7,526**
OTHER INFORMATION					
Segment's assets	273,602	228,995	66,905	-144,112	425,390
Investments in associated companies and joint ventures	50	975			1,025
Unallocated assets					63,259
Group’s total assets					**489,674**
Segment’s liabilities	130,809	51,264	14,212	-6,415	189,870
Unallocated liabilities					18,059
Group’s total liabilities					**207,929**
Segment’s investments	15,308	21,046	717		37,071
Depreciation and impairment	10,794	11,433	6,086	36,219	64,532

The elimination of the operating profit includes EUR 35.0 million in impairment related to the assets of the Belarusian segment. The unallocated assets include EUR 17.5 million in the Belarusian segment’s cash and cash equivalents.

2021 EUR/L 1,000	Finland	Baltic Sea region	Belarus	Eliminations	Group
Sales volume	258,075	347,303	283,291	-34,992	853,677
INCOME					
External net sales	191,573	173,192	97,461	0	462,226
Beverage sales	190,333	173,192	97,461	0	460,986
Equipment services	1,240	0	0	0	1,240
Internal net sales	1,091	12,781	914	-14,786	0
Total net sales	**192,664**	**185,973**	**98,375**	**-14,786**	**462,226**
EARNINGS					
Segment's operating profit	25,182	20,962	14,471	-1,176	59,439
Financial income					284
Financial expenses					-655
Share of profit or loss of associated companies		44			44
Income taxes	-5,307	-2,613	-2,614	-217	-10,751
Net profit for the period					**48,361**
OTHER INFORMATION					
Segment's assets	263,177	209,583	67,877	-111,128	429,509
Investments in associated companies and joint ventures	50	968			1,018
Unallocated assets					59,715
Group's total assets					**490,242**
Segment's liabilities	121,839	43,939	12,468	-3,764	174,482
Unallocated liabilities					18,136
Group's total liabilities					**192,618**
Segment's investments	12,069	14,752	5,195		32,016
Depreciation and impairment	10,679	10,305	4,896	1,126	27,006

NET SALES BY CUSTOMER LOCATION IN 2022

2022	Finland	Baltic Sea region	Belarus	Other countries	Eliminations	Group
External net sales	201,479	214,170	135,001	33,053	0	583,703
Internal net sales	3,345	27,444	353	448	-31,590	0
Total net sales	**204,824**	**241,614**	**135,354**	**33,501**	**-31,590**	**583,703**

NET SALES BY CUSTOMER LOCATION IN 2021

2021	Finland	Baltic Sea region	Belarus	Other countries	Eliminations	Group
External net sales	188,850	149,502	78,330	45,544	0	462,226
Internal net sales	2,488	11,269	365	664	-14,786	0
Total net sales	**191,338**	**160,771**	**78,695**	**46,208**	**-14,786**	**462,226**

2. LOGISTICS, SALES, MARKETING AND ADMINISTRATIVE EXPENSES

EUR 1,000	2022	2021
Logistics, sales and marketing expenses		
Sales freight	38,906	29,457
Other logistics expenses	29,912	23,661
Sales and marketing expenses	52,179	46,476
Administrative expenses	42,415	34,990
Total logistics, sales, marketing and administrative expenses	**163,412**	**134,584**

3. OTHER OPERATING INCOME AND EXPENSES

EUR 1,000	2022	2021
Sales gains on property, plant and equipment	290	503
Rental income	86	132
Other	1,068	1,341
Total other operating income	**1,444**	**1,976**

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

EUR 1,000	2022	2021
Sales losses on and scrapping of property, plant and equipment	517	758
Impairment	35,099	26
Other operating expenses	-61	50
Total other operating expenses	**35,555**	**834**

More information about impairment is provided in Note 11.

4. COST 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 and cash 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. The earnings effect of the arrangement is presented in the income statement under employee benefit expenses.

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 the 2022 and 2021 financial periods are presented in the following table:

EUR 1,000	2022	2021
Salaries	63,231	51,673
Pension costs – defined contribution	4,397	3,619
Benefits exercised and payable in stock	564	429
Benefits payable in cash	493	188
Other personnel expenses	6,903	5,434
Total	**75,588**	**61,343**
Group personnel on average during the period		
Finland	442	416
Baltic Sea region	1,049	863
Belarus	844	832
Total	**2,335**	**2,111**

Information about employee benefits and loans to management is presented in Note 22 Related party transactions.

Share-based payments

At its meeting on 1 February 2021, Olvi plc's Board of Directors decided on the terms and conditions of three new share-based incentive plans for the Group's key personnel: a Performance Share Plan for 2021–2025, a Matching Share Plan for 2021–2022 and a Restricted Share Plan for 2021–2025. The 2021–2025 Performance Share Plan consists of four performance periods, covering the 2021–2022, 2021–2023, 2022–2024 and 2023–2025 financial years. The Board of Directors determines the performance criteria and the targets for each performance criterion at the beginning of the performance period. Any rewards based on the plan will be paid after the end of each performance period.

By means of a stock exchange release on 27 May 2022, Olvi plc's Board of Directors announced the terms and conditions and target group of the 2022–2024 performance period of the Performance Share Plan, as well as a Matching Share Plan for key personnel for 2022–2023. The aim of long-term incentive plans is to support the achievement of Olvi's targets, retain key employees in the company and provide them with incentive plans that are based on earning and accumulating shares.

The 2022–2024 Performance Share Plan 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 800 Olvi plc Series A shares. The target group of the plan consists of four people.

The purpose of long-term incentive plans is to support the achievement of the company's targets, retain key employees in the company and provide them with incentive plans that are based on earning and accumulating shares in the company. The rewards are paid partly in Series A shares in Olvi plc and partly in cash. The purpose of the cash portion is to cover taxes and tax-like payments arising for the participants from the reward. As a rule, if a participant's employment or management contract ends before the time of payment of the reward, no reward will be paid. The plan enables the members of the target group to earn Series A shares in Olvi plc based on performance. The Board of Directors determines the performance criteria and the targets for each performance criterion at the beginning of the performance period. Any rewards based on the plan will be paid after the end of each performance period.

The Board of Directors has set a maximum for the total amount of gross rewards to be paid to a participant during a calendar year. This maximum applies to all gross rewards to be paid based on long-term incentive plans. Members of Olvi's Management Team must own at least half of the shares they have earned as a net reward under the new incentive plans, until the total value of their shareholding in the company equals 50% of their annual salary in the previous year. This number of Series A shares in Olvi plc must be held for as long as their membership of the Management Team continues.

The costs related to these plans totalled EUR 1,057.8 thousand in the financial period. The total number of shares in the programmes is 34,717, and the weighted average of the fair value per share is EUR 41.04. The fair value measurement takes future dividend distribution into account. Olvi Group has no other share or option arrangements in place.

5. RESEARCH AND DEVELOPMENT COSTS

The income statement includes EUR 5.4 million in R&D costs recognised as expenses in 2022 (EUR 4.9 million in 2021), or 0.9% (1.1%) of net sales.

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

6. AUDIT COSTS

EUR 1,000	2022	2021
Auditing firm elected by the General Meeting		
Fees for statutory audit	262	187
Associated auditing services	0	1
Tax services	0	5
Other services	43	17
Total	**305**	**209**
Other entities		
Fees for statutory audit	9	32
Associated auditing services	3	1
Total	**12**	**33**

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 the original effective interest.

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

EUR 1,000	2022	2021
Dividend income from investments held as fixed assets	5	3
Interest income from bank deposits	181	224
Exchange rate differences	606	11
Other interest and financial income	801	46
Total	**1,593**	**284**

EUR 1,000	2022	2021
Interest expenses on leases	172	108
Interest expenses on financial liabilities measured at original amortised cost	427	394
Exchange rate differences	4,956	63
Other financial expenses	73	90
Total	**5,628**	**655**

Information about other financial income is provided in Note 19 Accounts payable and other payables. Recognition policies for financial expenses are presented in Note 17 Financial liabilities. More information about exchange rate differences is provided under *Currency risk*.

8. INCOME TAXES

Accounting policies

The tax expense in the consolidated income statement comprises 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 for any taxes associated with previous periods. The Group will offset tax receivables and liabilities based on the taxable income for the period only if the Group has a legally enforceable right to offset the recognised items against each other and the Group will either provide payment on a net basis or simultaneously realise an asset and repay a debt.

Taxes in the income statement

EUR 1,000	2022	2021
Tax based on taxable income for the period	12,149	10,226
Taxes from previous financial periods	221	-31
Deferred taxes	-1,523	556
Total	**10,848**	**10,751**

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	2022	2021
Profit before tax	18,374	59,113
Taxes calculated at the home country's rate	3,675	11,823
Effect of different tax rates for foreign subsidiaries	-1,259	-855
Tax-free income	-286	-194
Retained losses for which a deferred tax receivable has been recognised	0	-235
Tax effect of non-deductible items	8,614	767
Taxable income not included in the income statement	21	0
Deductible expenses outside the income statement	-391	-854
Taxes from previous financial period	221	-31
Other taxes and adjustments	254	331
Taxes in the income statement	**10,848**	**10,751**

The tax effect of non-deductible items includes EUR 35.0 million in impairment. Its tax treatment involves uncertainty. More information about the impairment is provided in Note 11.

DEFERRED TAX ASSETS AND LIABILITIES

Accounting policies

Deferred taxes are calculated on temporary differences between book value and tax base. However, a deferred tax liability will not be booked on the original recognition of goodwill, or if it 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 is not likely to 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 asset is realised or the deferred tax liability is paid.

The amount of deferred tax receivables and the probability of their utilisation are assessed at every closing of the accounts. Deferred tax assets arising from 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 EUR 8,951 thousand of unused tax-deductible losses, of which EUR 1,332 thousand will expire between 2027 and 2032. In other respects, the losses do not have an expiry date. Deferred tax on tax-deductible losses has been recognised until the 2022 tax year to the probable amount of taxable income in the future.

Deferred tax assets and liabilities are presented on the balance sheet as separate items under non-current assets or liabilities The Group will offset deferred tax assets 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 assets and liabilities are associated with income taxes collected by the same tax authority either from the same taxpayer or another taxpayer who is either planning to offset the tax assets 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 assets is expected to be utilised.

The following table presents changes in deferred tax assets during the 2022 financial period:

EUR 1,000	31.12.2021	Recognised through profit and loss	Exchange rate differences	31.12.2022
Tangible and intangible assets	197	114	-5	306
Share-based incentives	125	165	0	290
Confirmed losses	946	997	0	1,943
Other items	219	-188	0	31
Total	**1,487**	**1,087**	**-5**	**2,569**

The following table presents changes in deferred tax liabilities during the 2022 financial period:

EUR 1,000	31.12.2021	Recognised through profit and loss	Exchange rate differences	31.12.2022
Tangible and intangible assets	10,769	-756	-8	10,005
Profit distribution	3,105	-322	0	2,783
Other items	69	609	0	678
Total	**13,943**	**-469**	**-8**	**13,466**

A deferred tax liability of EUR 2,784 thousand for the planned profit distribution of AS A. Le Coq and A/S Cēsu Alus for the period has been recognised in the 2022 financial statements. No deferred tax liability has been recognised for the undistributed profits (EUR 73,715 thousand) of AS A. Le Coq and A/S Cēsu Alus, as the parent company is able to control when the temporary difference will be reversed, and the temporary difference is not likely to be reversed in the foreseeable future. If a deferred tax liability was recognised for the undistributed profits, its effect would be EUR 13,022 thousand.

The following table presents changes in deferred tax assets and liabilities during the 2021 financial period:

EUR 1,000	31.12.2020	Recognised through profit and loss	Acquisition of subsidiaries	Exchange rate differences	31.12.2021
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**

EUR 1,000	31.12.2020	Recognised through profit and loss	Acquisition of subsidiaries	Exchange rate differences	31.12.2021
Property, plant and equipment	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**

9. EARNINGS PER SHARE

Undiluted earnings per share are calculated by dividing the profit for the financial period attributable to the parent company's shareholders by the weighted average of shares outstanding during the financial 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 29,404 of its own Series A shares on 31 December 2022.

More information about treasury shares is provided in Note 16 Notes concerning shareholders' equity.

	2022	2021
Profit attributable to parent company shareholders (EUR 1,000)	7,977	47,862
Weighted average number of shares during the financial period (1,000)	20,722	20,722
Effect of treasury shares (1,000)	-21	-15
Weighted average number of shares for the calculation of EPS (1,000)	20,701	20,707
Undiluted/diluted earnings per share (EUR per share)	0.39	2.31

In the calculation of earnings per share adjusted for dilution, the weighted average number of shares includes the dilution 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 takes into account the number of treasury shares acquired using funds received from the exchange of options.

During 2021 and 2022, Olvi Group has not had options or any other schemes having a dilution 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 in which the total of the consideration given, the share of non-controlling interests in the acquired entity and any previous holding exceeds the fair value of the net assets acquired.

No regular amortisation is recognised 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 monitoring the business and the associated goodwill. In the Group, the cash-generating units correspond to the operating segments reported to the executive management. Goodwill is recognised at original cost, less impairment.

Research and development costs
Research and development costs are recognised as expenses in the income statement. Following the acquisitions completed during the financial period 1 January to 31 December 2018, Olvi Group had EUR 75 thousand in capitalised development costs on 31 December 2022 (101 thousand on 31 December 2021).

Other intangible assets
An intangible asset item is recognised on 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 on 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 recognised on intangible assets with an unlimited useful life, but they are tested annually for impairment.

The amortisation periods for intangible assets are as follows:

Development costs	6	years
Trademarks	10	years
Software	5	years
Others	5	years

EUR 1,000	Goodwill	Intangible assets	Total
Acquisition cost 1 Jan 2022	**31,274**	**43,426**	**74,700**
Additions	0	1,272	1,272
Deductions	0	-360	-360
Transfers between items	0	87	87
Exchange rate differences	-20	-6	-26
Acquisition cost 31 Dec 2022	**31,254**	**44,419**	**75,673**
Accumulated depreciation and impairment 1 Jan 2022	**5,308**	**30,730**	**36,038**
Depreciation	0	2,648	2,648
Accumulated depreciation on deductions and transfers	0	6	6
Exchange rate differences	23	-16	7
Impairment	3,719	78	3,798
Accumulated depreciation and impairment 31 Dec 2022	**9,050**	**33,446**	**42,496**
Book value 1 Jan 2022	**25,966**	**12,696**	**38,662**
Book value 31 Dec 2022	**22,204**	**10,972**	**33,176**

More information about impairment is provided in Note 11.

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

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**

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 whenever there are indications that the value of an asset may have been impaired. The impairment test estimates the amount recoverable from an asset. The recoverable amount equals the fair value of an asset, less the costs arising from its transfer, or the value in use, if 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 tangible assets whose valuation, in the management's estimation, involves the highest level of uncertainty. 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 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 key variables used for the calculation of value in use are budgeted sales volume and 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.

2022	Finland	Baltic Sea region	Belarus
Goodwill	11,075	11,128	0
Growth percentage	2 %	2 %	N/A
WACC	9.15	8.78–9.43	21.93

2021	Finland	Baltic Sea region	Belarus
Goodwill	11,075	11,129	3,763
Growth percentage	2 %	2 %	2 %
WACC	8.82	8.89–9.42	19.23

In addition to goodwill, an intangible asset with an unlimited useful life, with a book value of EUR 1,017 thousand, has been allocated to the Baltic Sea Region segment.

Finland and the Baltic Sea region
The estimated future cash flows used for impairment testing are based on financial plans approved by the Group's 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. In the assessment of future cash flows, the management has also compared previous financial plans with the actual development.

Belarus
Changes in the business environment caused by the war in Ukraine during 2022 have been taken into account in the Belarusian segment. Sanctions have been imposed on Belarus, and Belarus has imposed counter-sanctions on EU countries in particular. Various laws affecting business operations and ownership have been enacted that restrict the rights of Western owners, for example. In addition, the predictability of the development of exchange rates in Belarus has decreased, and financial transactions have become more difficult.

The above uncertainties related to the operating environment must be taken into account in the assessment of recoverable amounts in accordance with the IFRS. Impairment testing has been carried out in the Belarusian business segment by using the fair value less costs of disposal, taking into account the euro-denominated dividends to be paid to the parent company over the next two years based on the estimated net profit and the financial position. Market-based estimates of the company's value have been used as the residual value. The financial benefit for the parent company calculated based on dividends over a two-year period is linked to the uncertainty involved in the predictability of the operating environment. The discount rate used is 21.93%. The specific risk associated with the asset has been assessed, and it has been taken into account in the euro-denominated cash flow estimates in terms of dividends and the residual value.

Based on the above significant uncertainties related to the operating environment, the management estimates that the fair value (Level 3) of the assets and liabilities of the Belarusian business segment is EUR 35.8 million on the balance sheet date, and the ensuing impairment is EUR 35.0 million. The fair value involves significant uncertainty. The impairment is included in other income and expenses in the income statement. Of the impairment, EUR 3.7 million is allocated to goodwill, EUR 19.2 million to machinery and equipment, and EUR 12.1 million to buildings and structures. The impairment is allocated in full to the Belarusian segment. The estimate has been carried out carefully using the management's judgement and with the best possible knowledge, taking the difficult operating conditions into account. The fair value of the assets and liabilities does not represent the company's financial value in a normal, more stable business environment or its business performance in the local currency. The entry has no impact on the company's cash flow.

Sensitivity analysis

Finland and the Baltic Sea region
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. Olvi plc's Board of Directors is actively monitoring the development of the economic situation in the subsidiary countries and any impact this may have.

Belarus
The sensitivity analysis estimates the level of change in a single variable that would cause the fair value of assets and liabilities to change significantly. The variables involving significant uncertainty are WACC, euro-denominated dividends for two years and the market-based re-

sidual value. Based on the sensitivity analysis, it can be stated that any change in the assumptions will result in a change in the fair value. Olvi plc's Board of Directors is actively monitoring the development of the economic situation in Belarus and any impact this may have.

12. TANGIBLE ASSETS

Accounting policies

Recognition of tangible assets
Tangible assets are recognised on the balance sheet at original cost, less accumulated depreciation and impairment.

The 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 employee benefit expenses and 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, the partial replacement of an asset or the 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 – that is, repair and maintenance costs – are recognised through profit or loss once they are realised.

Depreciation is recognised on assets by using the straight-line method over their estimated useful life. Depreciation is not recognised on land areas. The estimated useful lives are as follows:

Buildings and structures	10–40	years
Plant machinery and equipment	15–20	years
Recyclable packaging	5–20	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. A sales gain or loss is determined as the difference between the sales price and the 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 asset.

Subsidies received as compensation for realised costs are recognised in 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 on the balance sheet at the fair value of the leased item at 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 financial expenses and reduction of debt over the lease period so that the interest rate on the debt remaining in each financial 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 mainly consist 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 will 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 or loss in equal instalments.

The table below presents the impact of IFRS 16 Leases on Olvi Group's cash flow statement from 1 January to 31 December 2022 and 1 January to 31 December 2021.

Outgoing cash flow from leases

EUR 1,000	2022	2021
Repayment of lease liabilities	-1,183	-2,876
Interest expenses on leases	-111	-103
Expenses related to short-term and low-value leases	-5,018	-3,766
Total	**-6,312**	**-6,745**

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 on the balance sheet. The receivable is recognised at present value. The financial income from 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 leases are included in tangible assets on the balance sheet. They are depreciated over their useful life in the same manner as similar tangible assets in the company's own use. Lease income is recognised on the balance sheet as equal instalments over the lease period.

The Group does not currently have any finance lease agreements as a lessor, but all beverage distribution and cooling equipment leases are operating leases. The risk associated with assets leased out is managed through asset insurance policies. The leases are valid until further notice and can be terminated. The book value of assets leased out is EUR 3.6 million (EUR 3.5 million in 2021). The amount of rental income received is not significant in terms of the Group's overall business.

Changes in tangible assets in the 2022 and 2021 financial years

EUR 1,000	Land and water areas	Buildings	Buildings, right-of-use asset	Machinery and equipment	Machinery and equipment, right-of-use asset	Other tangible assets	Other tangible assets, right-of-use asset	Advance payments and procurement in progress	Total
Acquisition cost 1 Jan 2022	**2,297**	**141,933**	**1,136**	**333,392**	**9,797**	**34,187**	**72**	**12,616**	**535,429**
Additions	0	470	462	6,264	1,188	4,489	0	24,513	37,386
Deductions	0	0	-176	-2,052	17	-710	0	0	-2,919
Transfer between items	0,	8,597	0	23,576	-2,894	2,527	0	-19,898	11,909
Exchange rate differences	0	-16	-75	-376	-1	-36	0	-331	-835
Acquisition cost 31 Dec 2022	**2,297**	**150,984**	**1,348**	**360,804**	**8,106**	**40,458**	**72**	**16,899**	**580,969**
Accumulated depreciation and impairment 1 Jan 2022	**0**	**67,118**	**461**	**215,983**	**5,179**	**17,261**	**72**	**0**	**306,073**
Depreciation and impairment	0	16,319	512	37,748	1,136	2,491	0	0	58,206
Accumulated depreciation on deductions and transfers	0	-700	-176	10,409	-692	398	0	0	9,240
Exchange rate differences	0	-84	-61	-531	0	-39	0	0	-715
Accumulated depreciation and impairment 31 Dec 2022	**0**	**82,653**	**736**	**263,609**	**5,622**	**20,111**	**72**	**0**	**372,804**
Book value 1 Jan 2022	**2,297**	**74,815**	**674**	**117,409**	**4,618**	**16,927**	**0**	**12,616**	**229,356**
Book value 31 Dec 2022	**2,297**	**68,331**	**611**	**97,195**	**2,485**	**20,347**	**0**	**16,899**	**208,165**

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

EUR 1,000	Land and water areas	Buildings	Buildings, right-of-use asset	Machinery and equipment	Machinery and equipment, right-of-use asset	Other tangible assets	Other tangible assets, right-of-use asset	Advance payments and procurement in progress	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
Transfer 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**

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 long-term 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
31.12.2022				
Other investments			1,046	3
Loans receivable and other long-term receivables	1,377			
Accounts receivable and other receivables	109,712			

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 long-term receivables	1,731			
Accounts receivable and other receivables	99,246			

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 the 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 expenses (impairment of accounts receivable).

13.1. OTHER INVESTMENTS

The Group's other investments consist mostly of unquoted equity holdings contributing to a Group company's operations, as well as shares in a limited liability housing company. 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 per cent, based on an external expert's estimate.

EUR 1,000	2022	2021
Book value 1 Jan	**904**	**866**
Corporate acquisitions	0	8
Additions	162	29
Deductions	-5	0
Book value 31 Dec	**1,061**	**903**
Accumulated depreciation and impairment 1 Jan	**-15**	**-15**
Accumulated depreciation and impairment 31 Dec	**-15**	**-15**
Book value 1 Jan	**889**	**852**
Book value 31 Dec	**1,046**	**888**

13.2. LOANS RECEIVABLE AND OTHER LONG-TERM RECEIVABLES

Loans receivable and other non-current receivables include 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	2022	2021
Loans receivable	417	454
Other non-current receivables	960	1,277
Total	**1,377**	**1,731**

13.3. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

EUR 1,000	2022	2021
Accounts receivable	95,743	85,497
Prepayments and accrued income	13,667	13,190
Other receivables	302	560
Total	**109,712**	**99,246**

The Group applies a simplified provision matrix to the recognition of the credit risk on accounts receivable. A credit loss provision is recognised in 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, the management assesses information concerning consumer behaviour and the financial situation in different countries proactively and using 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 EUR 1,401 thousand (EUR 1,564 thousand in 2021). During the financial period, the Group recognised EUR 740 thousand in credit losses on accounts receivable (EUR 259 thousand in 2021) in the income statement.

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, taking into account the general payment patterns in each country.

Essential items included in prepayments and accrued income are associated with the accrual 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 2022 and 2021:

EUR 1,000	2022		
	Gross accounts receivable	Provision	Net accounts receivable
Not due	89,682	123	89,558
Overdue			
Less than 30 days	4,606	38	4,569
31–60 days	716	50	666
61–90 days	272	20	251
91–120 days	336	29	307
More than 120 days	1,533	1,140	392
Total	**97,145**	**1,401**	**95,743**

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
31–60 days	345	58	287
61–90 days	56	13	43
91–120 days	37	13	25
More than 120 days	1,128	1,215	-87
Total	**87,061**	**1,564**	**85,497**

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

EUR/other 1,000	2022		2021	
	other	EUR	other	EUR
EUR	77,617	77,617	72,799	72,799
BYN	48,708	16,706	34,041	11,809
RUB	0	0	26,936	316
SEK	6	1	6	1
DKK	20,975	2,821	15,886	2,136

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 and a proportion of the variable and fixed costs of manufacturing. The net realisable value refers to the estimated sales price available through normal business operations, less the estimated costs of finishing the product and costs of sale.

EUR 1,000	2022	2021
Materials and supplies	33,303	29,214
Unfinished products	6,022	3,921
Finished products/goods	30,923	24,877
Other inventories	643	598
Total	**70,891**	**58,609**

Non-marketability deductions on inventories were recognised for EUR 3,125 thousand in 2022 (EUR 1,704 thousand in 2021).

15. LIQUID ASSETS

Accounting policies

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

EUR 1,000	2022	2021
Cash and bank accounts	61,207	58,741
Total	**61,207**	**58,741**

Of the liquid assets, EUR 17.5 million is allocated to the Belarusian segment. The use of Belarusian liquid assets outside the country involves uncertainty.

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 the deduction of all of the entity's debt.

Outstanding Series K and Series A shares are presented as share capital. Any transaction costs immediately arising from the issue 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 into 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 presents changes in the number of shares outstanding and the corresponding changes in shareholders' equity:

EUR 1,000	Number of Series K shares	Number of Series A shares	Share capital, EUR	Other reserves, EUR	Fair value reserve, EUR	Treasury shares, EUR	Total, EUR
31.12.2021	3,732,256	16,980,572	20,759	1,092	295	-437	21,709
Acquisition of treasury shares		-20,000				-642	-642
31.12.2022	3,732,256	16,960,572	20,759	1,092	295	-1,079	21,067

The maximum number of shares is 6.0 million Series K shares and 24.0 million Series A shares (6.0 million Series K shares and 24.0 million Series A shares in 2021). The minimum number of Series K shares is 1.5 million. Each Series A share entitles its holder to one vote, and each Series K share entitles its holder to 20 votes. Series A shares and Series K shares provide their holders with equal rights to dividends. The Group's maximum share capital is EUR 60.0 million (EUR 60.0 million in 2021), and its minimum share capital is EUR 15.0 (15.0) million. 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 nominal 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 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 the beginning of January 2022, Olvi plc held 9,404 treasury shares. 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 would repurchase a maximum of 20,000 Series A shares. The acquisition of shares began on 30 May 2022 and ended on 14 June 2022. The shares were acquired for financing or implementing possible acquisitions or other arrangements, for implementing the company's incentive schemes or for other purposes determined by the Board of Directors.

At the end of the financial 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 1,079.4 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 0.17% of the votes provided by all Series A shares in the company.

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 EUR 1.20 per share for both Series K and Series A shares for 2022, totalling EUR 24.8 million. The dividend for 2021 was paid at EUR 1.20 per share, totalling EUR 24.9 million. The dividend was paid on 20 April 2022 and 2 September 2022.

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 part thereof has ceased to exist – in other words, once the obligation specified in the contract has been fulfilled or annulled or has expired. Financial liabilities are divided into non-current and current liabilities on the basis of their 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.

On 31 December 2022, the Group's financial liabilities consisted 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	2022	2021
Non-current interest-bearing liabilities		
Loans from financial institutions	123	129
Lease liabilities	1,844	1,769
Other liabilities	16	16
Total	**1,983**	**1,913**
Current interest-bearing liabilities		
Loans from financial institutions	1,024	175
Lease liabilities	1,140	1,097
Total	**2,164**	**1,272**

Maturities of financial liabilities

2022 EUR 1,000	Less than 1 year	1–5 years	More than 5 years
Loans from financial institutions	1,024	109	14
Lease liabilities	1,140	1,615	229
Other liabilities	0	16	0
Total	**2,164**	**1,740**	**243**

2021 EUR 1,000	Less than 1 year	1–5 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**

Reconciliation of financial liabilities

EUR 1,000	1.1.2022	Cash flow Withdrawals/repayments	Increase in lease liabilities	31.12.2022
Loans from financial institutions	304	843		1,147
Lease liabilities	2,865	-1,183	1,302	2,984
Other liabilities	16			16
Total	**3,185**	**-340**	**1,302**	**4,147**

EUR 1,000	1.1.2021	Cash flow Withdrawals/repayments	Increase in lease liabilities	31.12.2021
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**

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 the cost of sales and in financial items in the income statement for the financial period during which they arise. Olvi Group had no derivative contracts valid on the balance sheet date 31 December 2022.

18. MANAGEMENT OF FINANCIAL RISKS

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

The purpose of financial 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 the 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 the 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 – and 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 its operations in Belarus. Operations in Belarus involve foreign exchange risks arising from the cash flows of purchases and sales in a 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. If realised, this risk will result in a decrease 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 2022 was EUR 66.5 million (EUR 62.7 million in 2021). An exchange rate change of +/- 10 per cent would impact consolidated profit for the period by EUR +2.1/-1.7 million and consolidated shareholders' equity by around EUR +7.4/-6.0 million. The impairment of EUR 35.0 million concerning Belarus has not been taken into account in the calculation.

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 its 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 EUR 606 thousand in exchange rate gains (EUR 11 thousand in 2021) and EUR 4,956 thousand in exchange rate losses (EUR 137 thousand in 2021). The receivable from Belarus, EUR 5,000 thousand, which has previously been classified as a net investment in a foreign entity. Of the exchange rate loss for the financial period, EUR 4,203 thousand arises from the reversal of the net investment.

Olvi Group regularly assesses the exchange rate risks related to its operations and financing. Exchange rates can be hedged if this is considered reasonable. Accounts receivable and payable in foreign currencies are presented in Note 13.3 Accounts receivable and other receivables and Note 19 Accounts payable and other payables.

I 2. Interest rate risk

The Group's credit risk arises from interest-bearing financial liabilities and the related 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 the interest rate risk. The Group aims to optimise financial costs through operational measures and to manage the interest rate risk using available means. The Group had no interest rate swaps valid on the balance sheet date 31 December 2022.

The Group's interest-bearing liabilities on 31 December 2022 consisted mainly of lease liabilities and a minor amount of loans from financial institutions. Liabilities to financial institutions amounted to EUR 1.1 million on 31 December 2022, while lease liabilities amounted to EUR 3.0 million (lease liabilities EUR 2.9 million in 2021). At the current level of loans, changes in the interest rate level do not have any essential impact on the 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 the efficient collection of receivables. The amount of customer-specific accounts receivable is monitored regularly, and the customer's creditworthiness is reassessed 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, taking into account the general payment patterns in each country.

The Group applies a simplified provision matrix to the recognition of the credit risk on accounts receivable. A credit loss provision is recognised in 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, the management assesses information concerning consumer behaviour and the financial situation in different countries proactively and using various parameters.

No increases can be seen in overdue receivables or credit losses, although the coronavirus pandemic has imposed challenges on customers in the restaurant business in particular. 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 22.8 per cent (27.2 in 2021) of the Group's total sales. The amount of final credit losses recognised in 2022 was EUR 740 thousand (EUR 259 thousand in 2021). On the balance sheet date, accounts receivable included a credit loss provision of EUR 1,401 thousand (EUR 1,564 thousand in 2021). 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 and credit limits.

On the balance sheet date, the Group had EUR 30.4 million in account overdraft facilities, of which EUR 3,090.8 was in use on 31 December 2022. 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 with a fundamentally low risk.

The parent company, Olvi plc, has access to a EUR 50 million commercial paper programme to secure short-term liquidity needs quickly and cost-efficiently. On the balance sheet date, Olvi plc did not have any short-term loans withdrawn under the commercial paper programme. To secure short-term liquidity, working capital is monitored regularly, and the aim is to reduce the amount of money tied up in working capital. Key factors include monitoring the turnover rate of receivables and inventory turnover and ensuring the effectiveness of credit control.

The Group had EUR 61,207 thousand in liquid assets on 31 December 2022 (EUR 58,741 thousand in 2021). Of the liquid assets, EUR 17.5 million is allocated to the Belarusian segment. The use of liquid assets outside the country involves uncertainty. The Group's liquidity on the balance sheet date was at a good level. The current ratio was 1.3 on 31 December 2022 (1.3 in 2021).

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

IV Capital risk management

Olvi Group's long-term goal is to generate the highest possible added value on invested capital, taking into account the expectations imposed on the Group by various stakeholders 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 ensure that the Group's financial needs can be fulfilled cost-efficiently, even in also critical financial market conditions. Another goal is to maintain an optimal capital structure in order to manage and reduce the cost of capital.

To maintain or change its capital structure, the Group may change the amount of dividends paid to shareholders, return 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 ratio and the gearing ratio. Olvi Group's equity ratio on 31 December 2022 was 57.5% (60.7%), and its gearing was -20.3% (-18.7%).

19. ACCOUNTS PAYABLE AND OTHER PAYABLES

EUR 1,000	**2022**	**2021**
Non-current		
Advances received	184	184
Accrued expenses	490	16
Other liabilities	3,089	3,784
Total	**3,763**	**3,985**
Current		
Accounts payable	63,043	60,018
Accrued expenses	39,305	27,818
Other liabilities	84,014	82,797
Total	**186,362**	**170,633**

Other non-current liabilities mostly consist of additional sales price liabilities associated with the acquisition of Servaali in the 2018 financial year, totalling EUR 2.7 million (EUR 3.4 million in 2021) on the balance sheet and consisting mainly of long-term debt. The incremental borrowing rate used is 1.0%. The amount of debt recognised is based on Olvi Group's management's estimates of the company's outlook and business development. Estimated future cash flows have been discounted 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, for example, accruals related to indirect taxes. Accounts payable and other liabilities fall due within 12 months, and their fair values correspond to their book values.

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

EUR/other 1,000	**2022**		**2021**	
	other	EUR	other	EUR
EUR	54,214	54,214	51,629	51,629
USD	174	163	1,004	887
BYN	18,860	6,469	16,212	5,624
GBP	23	26	68	81
RUB	47,655	601	47,161	552
CHF	5	5	0	0
DKK	11,598	1,560	9,048	1,217
SEK	45	4	288	28

20. PROVISIONS, COLLATERAL AND CONTINGENT LIABILITIES

Accounting policies

A provision is recognised on the balance sheet when the Group has a legal or factual obligation based on a previous event and 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.

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

Conditional debt

Olvi Group has a conditional debt under IAS 37 concerning recycling fees in the Lithuanian unit. Recycling fees have been recognised as a provision and an expense in the income statement for 2022 in line with recent legal practice. This is related to a disputed claim sent to almost 1,800 companies, demanding duplicate payment of environmental fees for 2013–2015. The time of implementation of the cost could not be estimated on the balance sheet date.

The State Control Committee of the Republic of Belarus have audited Olvi's subsidiary Lidskoe Pivo. Based on the audit, the State Control Committee have issued a fine for the value of 35,8 million Belarusian ruble (12,0 million euro) to Lidskoe Pivo. Lidskoe Pivo have filed their objection with the local court. The proceedings are anticipated to take months. The amount or timing of the possible obligation cannot be reliably estimated on the balance sheet date.

Off-balance sheet liabilities

EUR 1,000	2022	2021
Minimum rents payable on the basis of other non-cancellable leases:		
Within one year	1,337	1,012
Within more than one but less than five years	1,283	550
Total	**2,620**	**1,562**

EUR 1,000	2022	2021
Pledged assets and contingent liabilities		
For own commitments	2,608	10,007
Other liabilities	**67**	**60**

21. SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

	The Group's holding, %	Share of votes, %
Olvi plc, parent company, 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
UAB Alaus Pinta, 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 / The 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	100.00	100.00
A/S Dansk Coladrik, Denmark	95.81	95.81

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

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

EUR 1,000	2022	2021
Associated companies		
AS Karme, Karksi vald, Estonia		
Assets	143	129
Liabilities	24	28
Net sales	106	94
Profit/loss for the period	87	81
Verska Mineraalvee OÜ, Värska vald, Estonia		
Assets	1,167	1,093
Liabilities	401	295
Net sales	1,283	1,131
Profit/loss for the period	10	23
Joint ventures		
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 associated companies and joint ventures

Holdings in entities consolidated using the equity method	2022	2021
Acquisition cost 1 January	**1,018**	**994**
Share of profit of entities consolidated using the equity method	45	44
Dividends received	-38	-21
Acquisition cost 31 December	**1,025**	**1,018**
Book value 1 Jan	**1,018**	**994**
Book value 31 Dec	**1,025**	**1,018**

22. 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 Team, along with 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 the 2021 and 2022 financial years are as follows:

EUR 1,000	2022	2021
Sales	507	389
Purchases	1,205	1,028
Receivables	135	147
Liabilities	119	92

Transactions with associated companies constitute part of normal business and have been carried out on market terms. More information about associated companies is provided in Note 21 Subsidiaries, associated companies and joint ventures.

Management's employee benefits

Employee benefits to management in the 2021 and 2022 financial years are as follows:

EUR 1,000	2022	2021
Managing Director		
Salaries and other short-term employee benefits	594	567
Share-based payments	0	689
Total	**594**	**1,256**
Other members of the Management Team		
Salaries and other short-term employee benefits	1,064	1,019
Share-based payments	0	842
Total	**1,064**	**1,861**

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

EUR 1,000	2022	2021
Pentti Hakkarainen	73	73
Nora Hortling	39	39
Lasse Heinonen	33	33
Elisa Markula	33	34
Juho Nummela	33	22
Päivi Paltola	34	34
Heikki Sirviö	0	11
Total	**245**	**245**

No loans have been granted to the management.

23. EVENTS AFTER THE REPORTING PERIOD

The State Control Committee of the Republic of Belarus have audited Olvi's subsidiary Lidskoe Pivo. Based on the audit, the State Control Committee have issued a fine for the value of 35,8 million Belarusian ruble (12,0 million euro) to Lidskoe Pivo. Lidskoe Pivo have filed their objection with the local court. The proceedings are anticipated to take months. The amount or timing of the possible obligation cannot be reliably estimated on the balance sheet date.

Patrik Lundell started his work as Olvi plc's new CEO on 1 January 2023, following the retirement of the Managing Director Lasse Aho.

PARENT COMPANY'S FINANCIAL STATEMENTS (FAS)

PARENT COMPANY'S INCOME STATEMENT

EUR	Note	2022	2021
Gross sales		511,429,357.74	493,093,905.73
Excise taxes and other adjustments		-330,779,108.53	-323,919,782.97
NET SALES	**1**	**180,650,249.21**	**169,174,122.76**
Increase (+) / decrease (-) in inventories of finished and unfinished products		-106,100.43	2,061,173.78
Other operating income	2	4,900,479.23	3,572,466.04
Materials and services	3	91,654,513.09	83,015,830.04
Personnel expenses	4	23,988,058.72	24,272,215.88
Depreciation and impairment	8	10,473,587.98	10,235,997.68
Other operating expenses	9	41,191,605.99	33,794,278.79
OPERATING PROFIT		**18,136,862.23**	**23,489,440.19**
Financial income and expenses	10	28,564,705.65	22,463,530.02
PROFIT BEFORE APPROPRIATIONS AND TAXES		**46,701,567.88**	**45,952,970.21**
Appropriations	11	-865,428.52	-2,182,382.23
Income taxes	12	-4,101,092.30	-4,306,143.51
PROFIT FOR THE PERIOD		**41,735,047.06**	**39,464,444.47**

PARENT COMPANY'S BALANCE SHEET

EUR	Note	2022	2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	13	3,085,533.86	3,040,204.15
Tangible assets	13	93,585,768.41	89,114,686.94
Holdings in Group companies	14	95,052,814.33	95,351,583.95
Other investments	14	651,049.54	488,013.67
TOTAL NON-CURRENT ASSETS		**192,375,166.14**	**187,994,488.71**
CURRENT ASSETS			
Inventories	16	11,022,390.72	10,104,999.62
Non-current receivables	17	49,881,103.37	37,632,347.48
Current receivables	17	44,621,775.26	41,529,453.87
Cash and cash equivalents		38,595,823.70	42,313,774.98
TOTAL CURRENT ASSETS		**144,121,093.05**	**131,580,575.95**
TOTAL ASSETS		**336,496,259.19**	**319,575,064.66**

EUR	Note	2022	2021
EQUITY AND LIABILITIES			
EQUITY			
Share capital		20,758,808.00	20,758,808.00
Share premium account		856,975.83	856,975.83
Legal reserve		126,981.88	126,981.88
Retained earnings		89,242,761.78	75,275,144.58
Net profit for the period		41,735,047.06	39,464,444.47
TOTAL EQUITY	18	**152,720,574.55**	**136,482,354.76**
ACCUMULATED APPROPRIATIONS	19	**39,611,199.71**	**38,745,771.19**
LIABILITIES			
Non-current liabilities		18,339,186.88	25,810,378.98
Current liabilities		125,825,298.05	118,536,559.73
TOTAL LIABILITIES	20	**144,164,484.93**	**144,346,938.71**
TOTAL EQUITY AND LIABILITIES		**336,496,259.19**	**319,575,064.66**

PARENT COMPANY'S CASH FLOW STATEMENT

EUR	Note	2022	2021
Cash flow from operating activities			
Profit for the period		41,735,047.06	39,464,444.47
Adjustments:			
Depreciation according to plan and impairment	8	10,473,587.98	10,235,997.68
Financial income and expenses	10	-28,564,705.65	-22,463,530.02
Other adjustments		5,016,369.20	6,572,726.27
Cash flow before change in working capital		28,660,298.59	33,809,638.40
Change in net working capital:			
Increase (-) / decrease (+) in current interest-free accounts receivable and other receivables		-2,942,799.81	-1,322,861.09
Increase (-) / decrease (+) in inventories		-917,391.10	-2,250,328.14
Increase (-) / decrease (+) in current interest-free liabilities		8,509,242.04	21,854,186.43
Interest paid		-188,023.94	-103,047.16
Interest received		665,006.48	719,648.95
Dividends received		24,614,483.57	22,002,859.93
Taxes paid		-4,321,460.45	-3,106,176.30
Cash flow from operating activities (A)		**54,079,355.38**	**71,603,921.02**
Cash flow from investing activities			
Investments in tangible and intangible assets		-15,822,733.60	-11,169,479.14
Proceeds from the sale of tangible and intangible assets		9,064.34	119,747.29
Expenditure on other investments		-541,083.13	-9,369,087.70
Cash flow from investing activities (B)		**-16,354,752.39**	**-20,418,819.55**

EUR	Note	2022	2021
Cash flow from financing activities			
Repayment of loans		-7,000,000.00	-7,000,000.00
Dividends paid		-24,845,454.95	-22,779,986.93
Acquisition (-) / sale (+) of treasury shares		-641,435.16	189,465.23
Increase (-) / decrease (+) in long-term loan receivables		-8,955,664.16	-9,203,009.58
Cash flow from financing activities (C)		**-41,442,554.27**	**-38,793,531.28**
Increase (+) / decrease (-) in cash and cash equivalents (A+B+C)		**-3,717,951.28**	**12,391,570.19**
Cash and cash equivalents 1 Jan		**42,313,774.98**	**29,922,204.79**
Cash and cash equivalents 31 Dec		**38,595,823.70**	**42,313,774.98**
Change in cash and cash equivalents		**-3,717,951.28**	**12,391,570.19**

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Olvi plc's financial year runs from 1 January to 31 December. The financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS). The financial statements are presented in euros.

Non-current assets
Intangible and tangible assets have been recognised on the balance sheet at their direct acquisition cost, less accumulated depreciation according to plan and any impairment. 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 and structures	10–30	years
Plant machinery and equipment	15–20	years
Recyclable packaging	5–20	years
Other tangible assets	5	years

Inventories
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 and a proportion of the variable and fixed costs of manufacturing. The net realisable value refers to the estimated sales price available through normal business operations, less the estimated costs of finishing the product and costs of sale.

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

Net sales
Net sales consist of consideration received for the sales of products and services measured at fair value, less indirect taxes, discounts and translation differences for sales in foreign currencies. The sales of beverages and beverage products are recognised at the moment when Olvi has delivered the products to the location agreed with the customer and when control over the products has been transferred to the customer.

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

Pension 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 income statement.

Share-based incentive plan
Olvi plc has share-based incentive plans, under which rewards are paid to the participants partly in Series A shares in Olvi and partly in cash. The impact of the shares in the share-based incentive plan are recognised as a reduction in retained earnings on the date of expiry of the incentive plan. More information about the principles of the incentive plans is provided in Note 4 of consolidated financial statements "Cost of employee benefits, personnel and share-based payments".

Leases
Costs related to leases are recognised in other operating expenses in the income statement. Remaining lease liabilities are presented as off-balance sheet liabilities in the financial statements. When the company acts as a lessor, lease income is recognised in net sales.

Income taxes
The tax expense in the income statement includes income taxes based on the taxable income for the period, adjustments to previous periods' taxes and changes in deferred taxes.

Deferred tax assets or liabilities
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 valid on the balance sheet date. The balance sheet includes deferred tax liabilities in their entirety and deferred tax assets up to the estimated probable amount.

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 the income statements under materials and services as well as financial items.

Foreign currency items
Transactions denominated in a foreign currency have been recognised during the financial year 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.

Accumulated appropriations
Accumulated appropriations consist of change in depreciation difference. The difference in depreciation according to plan and accounting depreciation, is shown as an appropriation in the income statement, and the accumulated difference in depreciation according to plan and accounting depreciation, is shown in the balance sheet as accumulated appropriations.

1. Net sales by market area	2022	2021
Finland	176,158,987.89	165,881,798.62
Russia	15,484.50	251,411.85
Estonia	2,794,192.29	1,729,413.05
Other exports	1,681,584.53	1,311,499.24
Total	**180,650,249.21**	**169,174,122.76**

2. Other operating income	2022	2021
Capital gains on disposals of fixed assets	3,269.92	22,525.25
Other	4,897,209.31	3,549,940.79
Total	**4,900,479.23**	**3,572,466.04**

3. Materials and services	2022	2021
Materials and supplies (goods)		
Purchases during the financial year	92,678,085.94	83,204,984.40
Change in stocks	-1,023,572.85	-189,154.36
Total	**91,654,513.09**	**83,015,830.04**

4. Personnel expenses	2022	2021
Wages, salaries and emoluments	19,722,302.56	20,517,809.55
Pension expenses	3,404,186.40	3,075,537.03
Other personnel expenses	861,569.76	678,869.30
Total	**23,988,058.72**	**24,272,215.88**

5. Management's salaries and emoluments	2022	2021
Managing Director	594,381.02	939,300.72
Chair of the Board	73,050.00	72,750.00
Other Board members	171,500.00	172,150.00
Total	**838,931.02**	**1,184,200.72**

6. Average number of personnel during the financial year	2022	2021
Clerical employees	206	194
Workers	186	179
Total	**392**	**373**

7. Audit costs	2022	2021
Auditing firm elected by the General Meeting		
Fees for statutory audit	82,240.00	79,846.00
Other services	40,639.07	16,116.66
Total	**122,879.07**	**95,962.66**

8. Depreciation and impairment

8. Depreciation and impairment	2022	2021
Depreciation and impairment on tangible and intangible assets	10,473,587.98	10,235,997.68
Total	**10,473,587.98**	**10,235,997.68**

9. Other operating expenses

9. Other operating expenses	2022	2021
Sales freight	16,232,941.37	13,617,569.98
Costs of marketing and sales	6,039,210.61	5,794,097.30
Other operating expenses	18,919,454.01	14,382,611.51
Total	**41,191,605.99**	**33,794,278.79**

10. Financial income and expenses

10. Financial income and expenses	2022	2021
Dividend income from Group companies	27,522,150.60	22,171,164.92
Total income from long-term investments	3,249.15	2,563.50
Other interest and financial income		
From Group companies	1,329,236.50	614,680.68
From others	164,431.57	28,523.67
Total	1,493,668.07	643,204.35
Total dividend income and other interest and financial income	**29,019,067.82**	**22,816,932.77**
Interest expenses and other financial expenses		
To Group companies	223,792.78	250,355.59
To others	230,569.39	103,047.16
Total Interest expenses and other financial expenses	**454,362.17**	**353,402.75**
Total financial income and expenses	**28,564,705.65**	**22,463,530.02**

11. Appropriations

11. Appropriations	2022	2021
Difference between depreciation according to plan and depreciation applied in taxation	865,428.52	2,182,382.23
Total	**865,428.52**	**2,182,382.23**

12. Income taxes

12. Income taxes	2022	2021
Income tax on business operations	3,783,112.40	4,156,787.23
Taxes from previous financial periods	37,107.85	-31,115.08
Other direct taxes	275,581.44	182,867.82
Change in deferred tax	5,290.61	-2,396.46
Total	**4,101,092.30**	**4,306,143.51**

NOTES TO THE PARENT COMPANY'S BALANCE SHEET

13. Non-current assets

Intangible assets	**Intangible assets**	**Prepayments on intangible assets**	**Total**
Acquisition cost 1 Jan 2022	**27,022,711.29**	**0.00**	**27,022,711.29**
Additions	1,028,961.12	158,663.83	1,187,624.95
Acquisition cost 31 Dec 2022	**28,051,672.41**	**158,663.83**	**28,210,336.24**
Accumulated depreciation and impairment 1 Jan 2022	**23,982,507.14**	**0.00**	**23,982,507.14**
Depreciation	1,142,295.24	0.00	1,142,295.24
Accumulated depreciation and impairment 31 Dec 2022	**25,124,802.38**	**0.00**	**25,124,802.38**
Book value 1 Jan 2022	**3,040,204.15**	**0.00**	**3,040,204.15**
Book value 31 Dec 2022	**2,926,870.03**	**158,663.83**	**3,085,533.86**

Tangible assets	**Land and water areas**	**Buildings**	**Machinery and equipment**	**Other tangible assets**	**Advance payments and procurement in progress**	**Total**
Acquisition cost 1 Jan 2022	**1,245,802.85**	**51,837,786.15**	**156,841,381.98**	**10,935,375.29**	**2,337,432.15**	**223,197,778.42**
Additions	0.00	425,940.60	3,180,462.82	427,280.84	9,854,055.72	13,887,739.98
Deductions	0.00	0.00	-74,850.94	-116,981.43	0.00	-191,832.37
Transfers between items	0.00	2,577,919.26	2,297,301.85	0.00	-4,875,221.11	0.00
Acquisition cost 31 Dec 2022	**1,245,802.85**	**54,841,646.01**	**162,244,295.71**	**11,245,674.70**	**7,316,266.76**	**236,893,686.03**
Accumulated depreciation and impairment 1 Jan 2022	**0.00**	**26,962,322.60**	**104,609,699.91**	**2,511,068.97**	**0.00**	**134,083,091.48**
Depreciation	0.00	1,343,162.82	7,431,384.47	556,745.45	0.00	9,331,292.74
Accumulated depreciation on deductions	0.00	0.00	-69,056.52	-37,410.08	0.00	-106,466.60
Accumulated depreciation and impairment 31 Dec 2022	**0.00**	**28,305,485.42**	**111,972,027.86**	**3,030,404.34**	**0.00**	**143,307,917.62**
Book value 1 Jan 2022	**1,245,802.85**	**24,875,463.55**	**52,231,682.07**	**8,424,306.32**	**2,337,432.15**	**89,114,686.94**
Book value 31 Dec 2022	**1,245,802.85**	**26,536,160.59**	**50,272,267.85**	**8,215,270.36**	**7,316,266.76**	**93,585,768.41**

	31.12.2022	**31.12.2021**
Balance sheet value of machinery and equipment related to production operations.	45,531,462.38	47,472,971.56

14. Investments	Holdings in Group companies	Other holdings	Total investments
Acquisition cost 1 Jan 2022	**95,351,583.95**	**503,685.08**	**95,855,269.03**
Additions	378,047.26	163,035.87	541,083.13
Deductions	-676,816.88	0.00	-676,816.88
Acquisition cost 31 Dec 2022	**95,052,814.33**	**666,720.95**	**95,719,535.28**
Accumulated depreciation and impairment 1 Jan 2022	**0.00**	**15,671.41**	**15,671.41**
Accumulated depreciation and impairment 31 Dec 2022	**0.00**	**15,671.41**	**15,671.41**
Book value 1 Jan 2022	**95,351,583.95**	**488,013.67**	**95,839,597.62**
Book value 31 Dec 2022	**95,052,814.33**	**651,049.54**	**95,703,863.87**

15. Group companies	The Group's holding, %	The 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
UAB Alaus Pinta, 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 / The 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	100.00	100.00
A/S Dansk Coladrik, Denmark	95.81	95.81

16. Inventories	2022	2021
Materials and supplies	4,415,858.05	3,464,793.47
Unfinished products	1,754,799.35	1,305,738.99
Finished products/goods	4,851,733.32	5,334,467.16
Total	**11,022,390.72**	**10,104,999.62**

17. Receivables

	2022	2021
Non-current receivables		
Loans receivable from Group companies	49,705,425.27	37,289,873.66
Deposits pledged as collateral	100,659.68	303,089.30
Deferred tax assets	14,093.91	19,384.52
Prepayments and accrued income	60,924.51	20,000.00
Total non-current receivables	**49,881,103.37**	**37,632,347.48**

Loans receivables from Group companies are unsecured and renewed annually. Interest rates are determined on market terms according to credit rating provided by external service provider.

	2022	2021
Current receivables		
Receivables from Group companies		
Accounts receivable	1,142,092.09	378,907.51
Dividend and other receivables	308,972.41	345,808.98
Total receivables from Group companies	1,451,064.50	724,716.49
Receivables from non-Group companies		
Accounts receivable	40,126,554.41	37,655,010.05
Other receivables	3,826.41	-1,063.16
Prepayments and accrued income	3,040,329.94	3,150,790.49
Total receivables from non-Group companies	43,170,710.76	40,804,737.38
Total current receivables	**44,621,775.26**	**41,529,453.87**
Total receivables	**94,502,878.63**	**79,161,801.35**
Prepayments and accrued income		
Accrual on recycling fee of beverages packages	496,590.24	909,093.60
Excise tax receivables	468,483.36	574,080.52
Sales bonus accrual	448,565.35	384,232.61
Other prepayments and accrued income	1,626,690.99	1,283,383.76
Total prepayments and accrued income	**3,040,329.94**	**3,150,790.49**

	2022	2021
Deferred tax assets		
Deferred tax assets 1 Jan	19,384.52	16,988.06
Change in deferred tax	-5,290.61	2,396.46
Deferred tax assets 31 Dec	**14,093.91**	**19,384.52**

18. Equity

	2022	2021
Share capital 1 Jan	20,758,808.00	20,758,808.00
Share capital 31 Dec	20,758,808.00	20,758,808.00
Share premium account 1 Jan	856,975.83	856,975.83
Share premium account 31 Dec	856,975.83	856,975.83
Legal reserve 1 Jan and 31 Dec	126,981.88	126,981.88
Retained earnings 1 Jan	114,739,589.05	98,197,403.07
Payment of dividends	-24,855,392.11	-22,771,466.30
Acquisition of treasury shares	-641,435.16	-874,090.12
Sale of treasury shares to personnel	0.00	1,063,555.35
Adjustment for previous periods	0.00	-340,257.42
Retained earnings 31 Dec	89,242,761.78	75,275,144.58
Net profit for the period	41,735,047.06	39,464,444.47
Total equity	**152,720,574.55**	**136,482,354.76**

Distributable unrestricted equity	2022	2021
Retained earnings	89,242,761.78	75,275,144.58
Net profit for the period	41,735,047.06	39,464,444.47
Total	**130,977,808.84**	**114,739,589.05**

At the end of the financial year, the number of treasury shares held by Olvi plc was 29,404 (9,404), with a total acquisition price of EUR 1,079,388.19 (EUR 437,953.03).

OLVI PLC'S SHARE CAPITAL IS DIVIDED INTO SHARE SERIES AS FOLLOWS:

	2022			2021		
	Number	EUR	Votes	Number	EUR	Votes
Series K (20 votes per 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 per 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 Dec	**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 totalled EUR 20,758,808.00 on 31 December 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, was paid on shares in Olvi plc. The dividend was 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, was 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.

19. Accumulated appropriations

Accumulated appropriations consist of accumulated depreciation difference.

20. Liabilities	2022	2021
Non-current liabilities		
Other liabilities	2,766,234.88	3,461,219.76
Total	2,766,234.88	3,461,219.76
Liabilities to Group companies		
Other liabilities	15,572,952.00	22,349,159.22
Total	15,572,952.00	22,349,159.22
Total non-current liabilities	**18,339,186.88**	**25,810,378.98**
Current liabilities		
Accounts payable	26,458,499.19	30,045,961.09
Accrued expenses	23,038,465.11	16,901,444.72
Other liabilities	68,856,507.27	64,305,378.76
Total	118,353,471.57	111,252,784.57
Liabilities to Group companies		
Other liabilities	7,000,000.00	7,000,000.00
Accounts payable	471,826.48	283,775.16
Total	7,471,826.48	7,283,775.16
Total current liabilities	**125,825,298.05**	**118,536,559.73**
Total liabilities	**144,164,484.93**	**144,346,938.71**

20. Liabilities	2022	2021
Accrued expenses		
Provisions for personnel costs	5,471,433.65	5,806,264.56
Income tax liability	112,044.82	613,285.02
Accrued expenses on recyclable beverage packages	6,980,935.65	6,454,094.19
Annual discount liabilities	1,568,740.19	1,666,952.12
Other accrued expenses	8,905,310.80	2,360,848.83
Total accrued expenses	23,038,465.11	16,901,444.72
Interest-free liabilities 31 Dec	121,561,988.81	114,968,235.37
Liabilities falling due later than five years from now:		
Loans from financial institutions and other loans	29,544.22	29,544.22

Other accrued expenses mainly consist of purchase invoices not yet received.

21. Pledges, contingent liabilities and other commitments	2022	2021
Pledges and contingent liabilities		
For own commitments		
Mortgages on land and buildings	1,336,170.00	1,336,170.00
Other off-balance sheet liabilities		
Rental liabilities on business premises and land areas	1,484,405.95	427,328.50
Other liabilities	617,000.00	609,500.00
Total pledges, contingent liabilities and other commitments	**3,437,575.95**	**2,372,998.50**

The company is obligated to adjust the value-added tax deductions booked on real estate investments if the taxable use of the premises decreases during the review period. The maximum liability is EUR 3,676,531.60, and the final year of review is 2030.

On the balance sheet date, the company had an account overdraft facility totalling EUR 20 million euro, which was completely unused on 31 December 2022. The company also has EUR 5 million in unbinding credit facilities, of which EUR 2,090,758.99 was in use on 31 December 2022.

22. Leasing liabilities	2022	2021
Due within one year	229,768.14	213,647.75
Due later	315,115.48	346,902.52
Total	**544,883.62**	**560,550.27**

23. Derivative contracts

Olvi plc has no derivative contracts valid on the balance sheet date 31 December 2022.

THE BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION OF PROFIT

The parent company, Olvi plc, had EUR 131.0 (114.7) million in distributable funds on 31 December 2022, of which the profit for the period was EUR 41.7 (39.5) million.

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

- A dividend of EUR 1.20 (1.20) shall be paid for 2022 on each Series K and Series A share, totalling EUR 24.8 (24.9) million. This dividend is 311.4% (51.9%) of Olvi Group's earnings per share.

The dividend shall be paid in two instalments. The first instalment (EUR 0.60 per share) shall be paid on 20 April 2023 to shareholders registered in the list of shareholders maintained by Euroclear Finland on the record date 31 March 2023. The second instalment (EUR 0.60 per share) shall be paid on 5 September 2023 to shareholders registered in the list of shareholders maintained by Euroclear Finland on the record date 29 August 2023.

No dividend shall be paid on treasury shares.

- EUR 106.1 million will be retained in the parent company's non-restricted equity.

Iisalmi 28 February 2023

Pentti Hakkarainen
Chair of the Board

Nora Hortling
Vice Chair of the Board

Lasse Heinonen
Board member

Elisa Markula
Board member

Juho Nummela
Board member

Päivi Paltola
Board member

Patrik Lundell
CEO

AUDITOR'S NOTE

A report on the audit carried out has been issued today.

Iisalmi 28 February 2023

Ernst & Young Oy
Authorised Public Accountants

Elina Laitinen
APA

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 December 31st, 2022. 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 (2c) 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 revenues.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Goodwill and the Belarus business segment *We refer to the notes 10 and 11* At the balance sheet date 31 December 2022, the amount of goodwill amounted to 22,2 million euros, which represents 4,5% of total assets and 7,9% of equity (2021: 26,0 million euros, 5,3% of total assets and 8,7% of equity). A total impairment amounting to 35 million euros was recognized in the Belarus segment in the financial statements. 3,7 million euros of the impairment relates to goodwill, 12,1 million euros to buildings and structures and 19,2 million to machinery and equipment. 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 estimated future cash flows of the cash generating units, other than the Belarus segment, 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. The Belarus segment is valued at fair value less cost to sell. 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).	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. • In particular, we evaluated the impairment-testing calculations prepared by management for the Belarus businesses and the assumptions contained therein due to significant uncertainties related to the operating environment in Belarus. • 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 four 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 2023

Ernst & Young Oy
Authorized Public Accountant Firm

Elina Laitinen
Authorized Public Accountant

MEMBERS OF OLVI PLC'S BOARD OF DIRECTORS AS OF THE ANNUAL GENERAL MEETING ON 30 MARCH 2022

Pentti Hakkarainen (b. 1958), Chair of Olvi plc's Board of Directors since 2017
MSc (Econ), LLM, trained on the bench

Key employment history:

- 2017–2022 European Central Bank, member of the Supervisory Board of the Single Supervisory Mechanism
- 2008–2017 Deputy Governor, Bank of Finland
- 2002–2007 Member of the Board, Bank of Finland
- 1998–2001 CEO, Postipankki Ltd*
- 1995–1997 Executive Director and Member of the Board, OKO Bank plc*
- 1985–1995 Finance Director, Outokumpu Corporation*

* Held several positions with the company

Positions of trust

- Since 2022 ECB Administrative Board of Review, Vice Chair, Chair since 2023
- Since 2022 Nordic Investment Bank, Vice Chair, Control Committee
- 2017–2021 Finnvera, Chair of the Board
- 2008–2017 ECB Governing Council, Alternate
- 2008–2017 Financial Supervisory Authority of Finland, Chair 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 Finnish Bankers' Association, Vice Chair
- 1991–1999 IS-Yhtymä Oy, Board member

Nora Hortling (b. 1986), member of Olvi plc's Board of Directors since 2015, Vice Chair since 2016
MSc (Econ), Bachelor of Hotel, Restaurant and Tourism Management

Key employment history:

- Since Oct 2019 Kesko Corporation/Kespro, Director of Purchasing and Sales, Fresh
- 2018–2019 Kesko Corporation/Kespro, Director of Purchasing and Sales (fruit and vegetables)
- 2016–2017 Kesko Corporation/Kespro, Purchasing Manager (fruit and vegetables, dairy)
- 2014–2015 Kesko Corporation/Kespro, Product Manager
- 2011–2013 Olvi plc, Marketing
- 2005–2010 Several supervisory positions in the restaurant sector

Lasse Heinonen (b. 1968), member of Olvi plc's Board of Directors since 2018
MSc (Econ)

Key employment history:

- Since 2018 Ahlström Capital, President and CEO
- 2011–2018 Tieto Oyj, CFO
- 2015–2016 Tieto Oyj, Executive Vice President, Telecom, Media & Energy
- 2004–2011 Finnair Oyj, several leadership roles, e.g. EVP, Cargo & Aviation Services, Deputy CEO and CFO
- 1992–2004 Novartis Pharma and Sandoz, managerial positions in finance and logistics at Novartis Pharma and Sandoz in Finland, Turkey and Switzerland

Key memberships in other organisations:

- Since 2020 Varma, Member of the Supervisory Board
- Since 2018 Ahlstrom-Munksjö plc, member of the Board
- Since 2018 Enics AG, Chair of the Board

Elisa Markula (b. 1966), member of Olvi plc's Board of Directors since 2015
MSc (Econ), International Marketing, Turku School of Economics and Business Administration

Key employment history:

- Since Aug 2022 VR Group, CEO
- 2021–2022 Oriola Corporation, President and CEO
- 2018–2021 Tikkurila Oyj, CEO
- 2009–2018 Paulig Group, Head of 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 SCA 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

Key memberships in other organisations:

- 2021 Finland Chamber of Commerce, Board member, Vice Chair since 2022

Päivi Paltola (b. 1971), member of Olvi plc's Board of Directors since 2018
MSc (Econ)

Key employment history:

- Since 2021 Ruohonjuuri Oy, Managing Director
- Since 2019 Circulove Oy, Founder, Chair of the Board
- 2017–2019 Marimekko plc, Chief Marketing Officer
- 2010–2017 Fiskars Group, Fiskars Living, Vice President (Iittala, Royal Copenhagen, Arabia, Rörstrand & online and own stores)
- 2004–2010 Lumene Group, Brand Director/Marketing Manager (Lumene and Cutrin)
- 1997–2004 Orion-Yhtymä Oyj NOIRO, Product Manager, skin care (Lumene, Nanoel, Favora)

Key memberships in other organisations:

- 2019–2021 Association for Finnish Work, member of the Executive Committee
- 2016–2018 Design Museum Foundation, Board member
- 2011–2015 Art&Design City, Board member

Juho Nummela (b. 1977), member of Olvi plc's Board of Directors since 2021
DSc (Tech), MSc (Eng)

Key employment history:

- Since 2008 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 project

Key memberships in other organisations:

- Since 2020 Olvi Foundation, Board member
- 2018–2021 Ilmarinen Mutual Pension Insurance Company, Board member
- 2014–2020 Technology Industries Finland, Board member
- Since 2008 Ponsse Plc's subsidiaries, Vice Chair of the Board
- Since 2019 Epec Oy, Chair of the Board, Vice Chair 2011–2018
- Since 2008 Einari Vidgren Foundation, Vice Chair 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 governance model. Its statutory bodies include the **General Meeting, the Board of Directors and the Managing Director**. The company does not have a Supervisory Board.

Olvi plc's corporate governance model is efficient and flexible. It is based on the principle of majority rule, which supports a strong ownership role and is balanced out by the principle of equal treatment, qualified majority requirements and the rights granted to minority shareholders, as well as a clear division of responsibilities between the company's governing bodies.

The mutual relations, responsibilities, authorisations, obligations and operating methods of the managers of each area of responsibility and the company's employees have been constructed under the law to guide and steer business operations and governance in a manner that increases the company's shareholder value.

Olvi plc (hereinafter the "Company") adheres to responsible and open governance of a high standard. Good corporate governance is based on laws and the regulations issued on the basis of laws, as well as self-regulation and practices. Open corporate governance supports the Company's value creation and attractiveness as an investment.

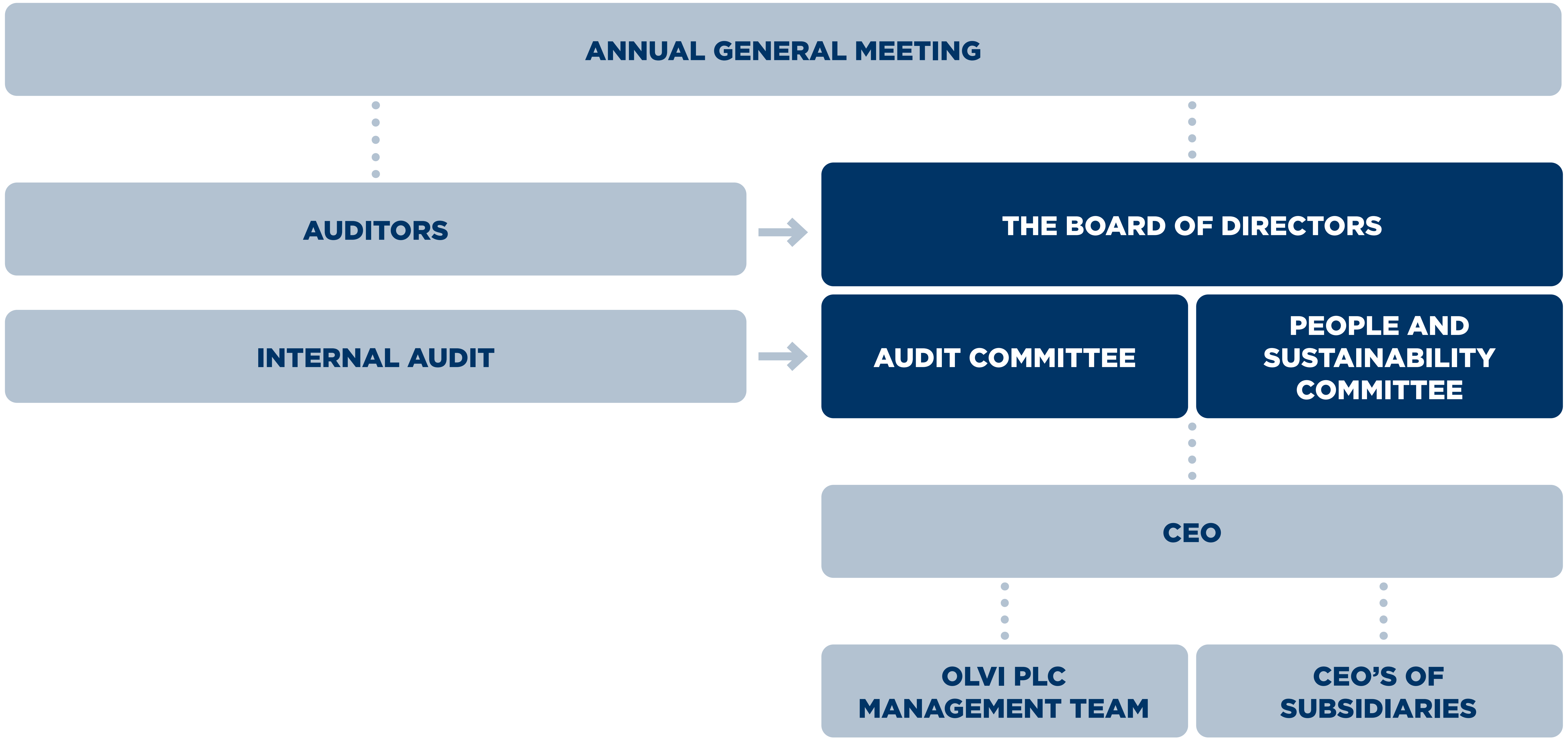
Responsibility is one of the Company's values and a key part of its strategic and operational decision-making. Therefore, responsibility is also a natural part of the Company's day-to-day operations. The Company seeks to meet stakeholder expectations by developing the beverage industry in an increasingly sustainable direction by making responsible choices and helping its partners and consumers do the same.

The Company complies with the Corporate Governance Recommendation issued by NASDAQ OMX Helsinki Ltd, the Finland Chamber of Commerce and the Confederation of Finnish Industries as it stands at the time in question, and explains any deviations from the recommendation. The Company has complied with the recommendation since it entered into force in 2003.

In its operations and reporting, the Company complies with the Securities Market Association's Corporate Governance Code, which entered into force on 1 January 2020.

The Company's Board of Directors has processed this statement, and it has been prepared as a statement separate from the Board of Directors' report. The statement will not be updated during the financial year, but up-to-date information about the topics covered by the statement is available on the Company's website at www.olvigroup.fi.

The Corporate Governance Code is available on the Finnish Securities Market Association's website: Finnish Corporate Governance Code.



I GENERAL MEETING

RECOMMENDATION 1
Notice of the Annual General Meeting and proposals for resolutions

The 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.

In accordance with 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 convertible bonds and option bonds or options,
- to adopt the income statement and balance sheet,
- to decide on the distribution of profits,
- to decide on the discharge from liability of the members of the Board of Directors 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 for the reimbursement of travel expenses for the Board members and the auditors.

The Annual General Meeting is held annually on a date determined by the Board of Directors before the end of June. The Annual General Meeting may be held in Iisalmi, Helsinki, Espoo or Vantaa, as decided by the Board of Directors.

The notice of the Annual General Meeting is published by means of a stock exchange release and if the Board of Directors so decides, in one widely circulated newspaper determined by the Board of Directors and on the Company's website no earlier than three (3) months and no later than three (3) weeks before the Annual General Meeting, but in any case no later than eight (8) days before the record date of the Annual General Meeting in accordance with chapter 4, section 2, subsection 2 of the Limited Liability Companies Act.

In order to attend the Annual General Meeting, a shareholder must register with the Company no later than on the date specified in the notice of the meeting, which may be no earlier than ten (10) days before the meeting. Furthermore, the provisions of the Limited Liability Companies Act concerning the right to attend a general meeting of a company belonging to the book-entry system must be taken into account.

The Board decides on the method of delivery of other notifications to the shareholders on case by case basis.

The notice of a General Meeting includes:

- a proposal for the agenda of the General Meeting,
- the main content of the Board of Directors' proposals for decisions, and if the matter to be discussed involves other documents, a notice of the time and place where they are available for review,
- a statement that the shareholder is entitled to obtain copies of these documents on request,
- the member candidates who have been announced to the Board,
- a proposal for the composition of the Board of Directors,
- information about any specific procedure for the appointment of the members of the Board in accordance with chapter 6, section 9 of the Limited Liability Companies Act,
- a proposal for the remuneration of the members of the Board,
- a proposal for the election of auditors.

Any proposals submitted by shareholders concerning the composition and remuneration of the Board of Directors and the election of auditors are included in the notice of the General Meeting, provided that

- the shareholders who submitted the proposal represent at least 10 per cent of the voting rights conferred by the shares,
- the candidates have given consent to their election,
- the proposal has been submitted to the Company so that it can be included in the notice of the General Meeting.

Olvi plc's Annual General Meeting in 2022:

The Annual General Meeting was held in Iisalmi on 30 March 2022. There were 106 shareholders present, representing a total of 75,630,183 votes. A total of 3,503,380 Series K shares (20 votes per share) and 5,562,583 Series A shares (1 vote per share) were represented.

Because of the coronavirus pandemic, the Annual General Meeting was carried out under special arrangements in accordance with the temporary act (375/2021) that entered into force on 8 May 2021. The Company's shareholders were able to participate in the meeting and exercise their shareholder rights by voting in advance. The auditor did not attend the meeting this time. The Board of Directors' report, the auditor's report and the financial statements were mailed to those who so requested. All the decisions of the Annual General Meeting are available in a stock exchange release issued on 30 March 2022. The documents of the Annual General Meeting are available on the Company's website: Annual General Meeting 2022.

RECOMMENDATION 2
Shareholders' proposals for matters to be addressed at the General Meeting

In accordance with the Limited Liability Companies Act, a shareholder has the right to have a matter falling within the competence of the General Meeting addressed by the General Meeting. The Company publishes its financial reporting schedule for the upcoming year before the end of the financial year and provides a date by which any shareholder requests to have a matter addressed by the Company's Annual General Meeting must be submitted to Olvi plc's Board of Directors. Under the Limited Liability Companies Act, such a date may not be earlier than four weeks before the delivery of the notice of the meeting.

The shareholder is responsible for ensuring that the matter required to be addressed is in compliance with the Limited Liability Companies Act and sufficiently detailed in order to be included in the notice of the General Meeting and addressed at the General Meeting. The shareholder who required the matter to be addressed is also responsible for ensuring that the General Meeting is provided with a proposal that enables a decision to be made on the matter.

After the publication of the notice of the General Meeting, any similar proposals submitted by shareholders representing at least 10 per cent of the shares must be published separately.

Before the Annual General Meeting, Olvi publishes the following in the Annual General Meeting section of its website:

- notice of the Annual General Meeting,
- the documents to be presented to the General Meeting,
- proposals for resolutions to the General Meeting,
- the date by which a shareholder must notify the Company's Board of Directors of the matter they have requested to be addressed at the Annual General Meeting, and
- the postal and/or email address to which the request for a matter to be included on the agenda of the General Meeting must be submitted,
- personal details of the candidates for the Board of Directors,
- 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 attend Olvi plc's General Meetings. When a new member is elected to the Board of Directors, the Company pays particular attention to the requirement that the candidate must attend the General Meeting deciding on the election. This makes it possible to introduce the candidate to the shareholders.

The presence of the auditor at the Annual General Meeting allows the shareholders to ask the auditor for more detailed information about matters that may affect the assessment of the financial statements or other matters to be discussed at the meeting.

If one or more persons fail to attend the meeting in accordance with the recommendation, the Company notifies the General Meeting of their absence.

RECOMMENDATION 4
Archive of General Meeting documents

Within two weeks of the meeting, Olvi plc will publish on its website the minutes of the General Meeting, including the voting results and the appendices to the minutes that constitute part of a decision made at the General Meeting. The documents must be kept available for at least five (5) years after the General Meeting. Shareholders have the opportunity to review the materials of previous years' General Meetings.

The minutes of the Annual General Meetings are stored at the Company's head office throughout the duration of the Company's existence.

II BOARD OF DIRECTORS

RECOMMENDATIONS 5 AND 6
Election and term of office of the Board of Directors

In accordance with Olvi plc's Articles of Association, the Annual General Meeting elects the Board of Directors. The election is made annually and is valid until the following 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 made at the Annual General Meeting. The company receives a proposal for the composition of the Board of Directors from major shareholders. On its website, the Company announces the date by which a shareholder must notify the Company's Board of Directors of the proposals they have requested to be addressed by the Annual General Meeting.

RECOMMENDATION 8
Composition of the Board of Directors

The Board of Directors consists of four (4) to six (6) members elected by the General Meeting. Their term of office lasts until the close of the General Meeting following their election.

From the Annual General Meeting on 31 March 2021 until the 2022 Annual General Meeting, the Board consisted of six (6) members: Pentti Hakkarainen, Lasse Heinonen, Nora Hortling, Elisa Markula, Juho Nummela and Päivi Paltola. The Board of Directors elected Pentti Hakkarainen as Chair from among its members.

The Annual General Meeting on 30 March 2022 re-elected Pentti Hakkarainen, Lasse Heinonen, Nora Hortling, Elisa Markula, Juho Nummela and Päivi Paltola as members of the Board of Directors. The Board of Directors held its inaugural meeting on 30 March 2022 and elected Pentti Hakkarainen to continue as Chair and Nora Hortling as Vice Chair.

Tiina-Liisa Liukkonen, CFO, has served as secretary to the Board of Directors.

RECOMMENDATION 9
Diversity of the Board of Directors

When preparing the composition of the Board of Directors, the requirements set by the Company's operations and the Company's current stage of development are taken into account. The diversity of the Board members' expertise, experience and views promotes an openness to innovative ideas and enables the Board to support and challenge the Company's executive management.

The members of Olvi's Board of Directors must represent a diverse range of skills and have a broad professional background so that their work, international experience, age and gender support and supplement one another for the best interests of the company and to increase shareholder value.

The members of the Board of Directors must have the competence required for the position and an opportunity to allocate sufficient time to carrying out their tasks.

A legal person, a minor or anyone under guardianship, with restricted legal competency, bankrupt or banned from doing business cannot be elected as a Board member.

The Board members' employment histories and key memberships in other companies are presented on the Company's website.

RECOMMENDATION 10
Independence of the members of the Board of Directors

The Board of Directors assesses the independence of its members annually and reports which members of the Board it determines to be independent of the Company and its significant shareholders. The majority of the members of the Board must be independent of the Company, and at least two members of the Board who are independent of the Company must also be independent of the Company's significant shareholders.

Independence of Board members in 2022

All members of the Board of Directors are independent of the Company. Pentti Hakkarainen, Lasse Heinonen, Elisa Markula and Päivi Paltola are independent of significant shareholders. Nora Hortling and Juho Nummela, who represent Olvi plc's largest shareholders, are not considered to be independent of significant shareholders.

RECOMMENDATION 11
Rules of procedure of the Board of Directors

The Board of Directors has confirmed rules of procedure that define, among other aspects, the Board's duties, decision-making procedure and meeting practices. The rules of procedure of Olvi plc's Board of Directors have been published on the Company's website.

RECOMMENDATION 12
Access to information by the Board of Directors and induction of Board members

Olvi plc's Managing Director is primarily responsible for the preparation and presentation of matters to be discussed by the Board of Directors. The Managing Director is also responsible for ensuring that the Board of Directors is provided with sufficient information to assess the Company's and its subsidiaries' operations and financial situation, as well as other matters to be discussed.

The Company ensures the provision of information by regularly reporting on the Group's business operations, operating environment, markets, financial position and significant procurement or other agreements.

The Company introduces new Board members individually to the Company's operations. The need for introduction is assessed individually for each member, and the Board members' wishes are heard.

RECOMMENDATION 13
Evaluation of the Board of Directors' performance

The Board of Directors evaluates its operations and working methods annually through self-assessment. The results of the evaluation indicate the achievement of the targets set for the Board's operations, as well as any development needs concerning the Board's work.

The members of the Board of Directors analyse the Board's role from the perspective of the Group's management and the fulfilment of the supervisory role, among other aspects. This assessment provides the Company with information about the success and further development of reporting by the executive management and the presenter's role of the Managing Director.

The members of the Board also assess the Chair's work, as well as their own performance and the added value they create for the company. The Company-wide self-assessment of personal performance also concerns the Board of Directors.

If necessary and/or if the Board of Directors 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 People and Sustainability Committee. The committees were established in 2018. The Remuneration Committee became the People and Sustainability Committee with the addition of sustainability matters to its preparatory duties.

The committees have rules of procedure that determine their key duties, operating principles and meeting practices, among other aspects. The committees' rules of procedure are available on the Company's website: Audit Committee and People and Sustainability Committee.

The committees assist the Board of Directors by preparing matters for the Board. The committees report to the Board of Directors regularly in connection with Board meetings.

RECOMMENDATION 15
Election of committee members

The committees assist the Board of Directors and prepare matters for the Board. The committees have three members, one of whom serves at the Chair of the committee. From among its members, the Board of Directors has elected the members and chairs of the committees as follows:

Audit Committee: Lasse Heinonen (Chair), Nora Hortling and Juho Nummela. Tiina-Liisa Liukkonen, CFO, has served as secretary to the committee.

People and Sustainability Committee: Pentti Hakkarainen (Chair), Elisa Markula and Päivi Paltola. Marjatta Rissanen, Customer Service and Administration Director, has served as secretary to the committee.

The committees may invite representatives of the Company and, if necessary, external experts to attend their meetings.

Committee meetings are reported on the Company's website.

RECOMMENDATION 16
Audit Committee

The Audit Committee monitors and supervises the Company's financial reporting and reporting process, monitors the statutory audit, assesses the work of the auditors and monitors internal control and risk management. Its duties are described on the Company's website: Procedure of the Audit Committee.

All members of the Audit Committee are independent of the Company, and Lasse Heinonen is independent of the Company's significant shareholders.

The Audit Committee's scope of duties is extensive, and its members have diverse and complementary expertise, qualifications and business management experience. Its members' employment histories are available on the Company's website: Members of the Board of Directors of Olvi plc.

RECOMMENDATION 17
People and Sustainability Committee

Instead of having a Remuneration Committee, the Company has a People and Sustainability Committee. The committee monitors and assesses the competitiveness of the Company's remuneration and incentive systems and their development. Its key duties include the preparation of the remuneration and other benefits of the Managing Director and other members of the management, the preparation of the appointment of the Managing Director and the members of the Management Team, and the development of the incentive and remuneration schemes for senior management and key personnel. The committee prepares the Group's sustainability programme and external sustainability reporting. Its duties are described on the Company's website: Procedure of the People and Sustainability Committee.

All members of the People and Sustainability 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 or a Shareholders' Nomination Board to prepare the election of the Board of Directors. The Board attends to the duties determined for a Nomination Committee and a Shareholders' Nomination Board.

IV MANAGING DIRECTOR AND THE OTHER EXECUTIVES

Lasse Aho (b. 1958), Master of Social Sciences, served as the Company's Managing Director from 2004 to 31 December 2022. The Managing Directors' duties, education and employment history are described on the Company's website: The Management Team. Patrik Lundell, Master of Science in Economics, has served as the CEO since 1 January 2023.

No changes took place in the Management Team during 2022. The composition of the Management Team and its members' responsibilities are described on the Company's website: The Management Team. Information about the management's holdings is available on the Company's website: Managers' Holdings of Shares.

RECOMMENDATION 20
Terms of the Managing Director's service contract

The terms of the Managing Director's service contract are defined in a written contract approved by the Board of Directors. The Managing Director's service contract also specifies their financial benefits, severance package and any other compensation.

The financial benefits under the Managing Director's service contract are described in the Company's 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 Chair 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 concerning remuneration and the Board's remuneration and shareholdings

Decision-making concerning remuneration and the Board's remuneration and shareholdings are described in a separate Remuneration Report, which is published annually.

VI OTHER MANAGEMENT

RECOMMENDATION 24
Internal control

Internal control is an integral part of the Company's corporate governance and management systems that ensure risk prevention and high-quality operations. Internal control refers to all operating methods, systems and methods by which the Company's management seeks to ensure efficient, cost-effective and reliable operations and can implement its strategy. Internal control ensures that the management's decision-making is based on accurate, sufficient and reliable information, that operations comply with the corporate governance principles and operating principles, and that operations are based on laws, official guidelines and the decisions of the Company's governing bodies. Internal control is based on the continuous assessment of operations and responses to any deviations.

Rather than being a separate function, internal control is part of day-to-day management and an integral part of the Company's operations. It covers all functions and organisational levels of the Olvi Group. The Company's Board of Directors is responsible for the organisation of adequate and effective internal control within the Olvi Group. Internal audit assesses the effectiveness of internal control as part of the assessment and assurance of the steering and control system.

The Olvi Group has adopted the Principles of Internal Control, a guideline that defines the objectives, management model, responsibilities and obligations of internal control and steers the management of internal control. As part of internal control, the Board of Directors' report includes reporting on sustainability in accordance with the EU's Non-Financial Reporting Directive..

RECOMMENDATION 25
Risk management

Overview of risk management

Risk management is part of day-to-day management and operations at the Olvi Group. The objective of risk management is to ensure the implementation of the strategy and to secure the Company's financial development and business continuity. The purpose of risk management is to be proactive and create conditions under which business risks can be controlled comprehensively and systematically in all Group companies and at all organisational levels.

The Board of Directors is responsible for the risk management of the Company and its Group, as well as the internal control of business operations. The Board of Directors discusses and confirms the Company's strategy, and the risks related to business operations and the operating environment are identified annually in connection with this process.

The Group's risk management and anticipation of market changes form an important part of the management's day-to-day 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 seize 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 materialisation 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 are centralised with the Group's information management. The Olvi Group's IT management is audited as part of the audit process by the auditors' information security experts.

The most significant identified risk areas are also taken into account in the action plans for internal control. This ensures that risk areas are monitored systematically, and that the response to any situation requiring a remedy is rapid.

Risk management related to financial reporting includes, for example, reports on achieved results and other key figures and the preparation of forecasts. Olvi Group's financial development and risks are monitored on a monthly basis by the Board of Directors and Management Groups. In addition, the Group's Board of Directors reviews risks regularly in connection with discussing annual and interim reports.

The Olvi Group has confirmed a risk management policy and risk management guidelines that further specify the policy. These are used to define the purpose, content, governance model and roles of risk management in the Group and to provide guidance on the practical process in accordance with the annual calendar.

RECOMMENDATION 26
Internal audit

Internal audit acts objectively and independently to support the Board of Directors, the Managing Director and other administration in order to assess the level of internal control and ensure its development. Internal audit provides an independent and objective assessment and advisory service for risk management and control processes within the organisation.

Internal audit is carried out on the basis of an annual plan approved by the Board of Directors. Internal audit was carried out as an outsourced service in 2022.

RECOMMENDATION 27
Related party transactions

Related parties
Olvi plc's related parties include its management: the members of the Company's Board of Directors, the Managing Director, the members of the Management Team and the Group's Development Director, as well as their spouses or common-law partners and other members of their households. Furthermore, related parties are considered to include entities in which the above persons, independently or jointly with their related parties, exercise control or significant influence.

Register of related parties
Olvi plc's financial management maintains an up-to-date register of related parties, which defines the related parties and their closely associated persons and entities. The information relevant to Olvi plc is collected for the register annually from the persons included in the Company's related parties. The register is not public, and the information included in the register is not disclosed to third parties, with the exception of any authorities entitled to access the information and the auditor. Privacy statement concerning the transactions of the management and related parties.

Monitoring and assessment of related party transactions
Olvi plc's financial management is responsible for monitoring and supervising related party transactions on behalf of the Board of Directors. The financial management monitors and, if necessary, reports on material contracts or transactions carried out on non-standard commercial terms with related parties. Related party transactions are reported in the consolidated financial statements and, with regard to the remuneration of key personnel, in interim reports.

Related party transactions
Olvi plc's is obligated to disclose the transactions of the Company's management and their related parties that are relevant to its business operations. The Company publishes disclosures of transactions involving its management and their related parties on the Company's website: Releases and Publications.

OTHER MATTERS RELATED TO GOVERNANCE

INSIDER MANAGEMENT

Olvi plc complies with the insider guidelines of Nasdaq Helsinki Ltd as they stand at the time in question. Furthermore, Olvi plc's Board of Directors has confirmed insider guidelines for the Company, which supplement the guidelines issued by Nasdaq Helsinki Ltd (Guidelines for Insiders). The Company's insider guidelines further specify the Company's and its insiders' operating methods and serve as a practical tool in the management of insider matters. Each insider is always responsible for ensuring that their actions comply with the law, the Financial Supervisory Authority's standard and the insider guidelines.

Regulation (EU) No 596/2014 (Market Abuse Regulation, MAR) entered into force on 3 July 2016. As a result of the MAR regulation, the Company no longer has public insiders. The permanent company-specific insider register maintained by the Company of those receiving inside information based on their duties or position and the Company's project- and event-specific insider lists 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 the public presentation of their shareholding information on the Company's website: Managers' Holdings of Shares.

Silent period
Olvi plc observes a silent window of 30 days. Trading in the Company's financial instruments is not allowed during the period preceding the publication of the Company's interim reports and financial statements bulletins. The period begins 30 days before the publication of interim reports and financial statements bulletins and ends on the day following the publication. However, if an event occurring during the silent period requires the disclosure of information, Olvi plc will disclose the information without undue delay in accordance with the applicable regulations and may comment on the event in question.

Project-specific insiders are not allowed to trade in the Company's shares or comparable securities for as long as they remain project-specific insiders.

Whistle Blowing
Olvi plc has a whistle-blowing channel through which the Olvi Group's employees may anonymously report, within the listed company, any suspected violations of the regulations and orders concerning the financial markets. Feedback is collected by the Group's administration.

Monitoring
Compliance with the guidelines is monitored regularly in accordance with the instructions issued by Olvi plc's Board of Directors.

AUDIT

The Company's auditor, which must be an auditing firm approved by the Central Chamber of Commerce, is elected annually at the General Meeting. The auditor's term of office ends at the close of the first General Meeting following the election.

The auditor is responsible for ensuring that the financial statements have been prepared in accordance with the applicable regulations, and that they provide true and fair information about the Company's result and financial position, as well as other information necessary for the Company's stakeholders. The requirements of internal control are also taken into account in the auditor's audit plans.

The auditor annually submits 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 always attends the Annual General Meeting and at least one meeting of Olvi plc's Board of Directors during the year.

In 2022, Ernst & Young Oy, Authorised Public Accountants, served as the auditor elected by the Annual General Meeting. The auditor was responsible for the audit of Olvi plc, which is the parent company of the Group, and the Baltic subsidiaries. In addition, Ernst & Young has audited the consolidated data of the subsidiary located in Belarus. Elina Laitinen, APA, has served as the principal auditor since 8 April 2020.

In 2022, Olvi Group's auditors were paid fees for audit tasks as follows:

- Ernst & Young Oy, EUR 262,000.00 (186,700.00); other advisory and consulting services, EUR 43,300.00 (22,400.00).

REMUNERATION REPORT

OLVI PLC'S REMUNERATION REPORT 2022

1. INTRODUCTION

The company complies with the Securities Market Association's Corporate Governance Code, which entered into force on 1 January 2020. This remuneration report has been prepared in accordance with the EU's shareholder rights legislation and the recommendations concerning remuneration in the 2020 Governance Code.

Olvi plc's remuneration policy for 2020–2023 was presented to the Annual General Meeting on 8 April 2020. The Annual General Meeting approved the remuneration policy through an advisory resolution. The remuneration policy for 2020–2023 has been applied to the remuneration of the company's governing bodies, Board of Directors and Managing Director during the 2022 financial year (1 January to 31 December 2022). During the 2022 financial year, no events involved the recovery of remuneration that had already been paid.

This remuneration report presents the principles guiding the remuneration of the members of the Board of Directors and the Managing Director, as well as information about the implementation of remuneration arrangements in 2022. The salaries and performance rewards presented in the report have been earned and paid during 2022 or have been earned during 2022 and will be paid in 2023.

The objective of remuneration is to promote operations and the achievement of targets in line with Olvi plc's purpose, strategy and values by maintaining and developing competitive, fair, motivating and rewarding systems and compensation. Olvi plc has created remuneration practices that encourage its people to promote the company's success and the creation of shareholder value over the long term. The Managing Director's remuneration is also based on these practices.

The Remuneration Committee supports the Board in decision-making related to remuneration. The Remuneration Committee monitors and assesses the competitiveness and development of the company's remuneration systems. Remuneration systems must not encourage ill-advised risk-taking or carelessness.

The purpose of the Managing Director's remuneration is to encourage and reward the implementation of the company's business strategy and growth projects and the achievement of its operational and financial targets. A significant portion of the Managing Director's remuneration is based on variable salary elements (short-term and long-term incentives). The goal is for variable remuneration to account for more than half the total earnings if variable remuneration is achieved in accordance with the maximum earnings. Remuneration based on results or performance is an indication of success beyond the target level.

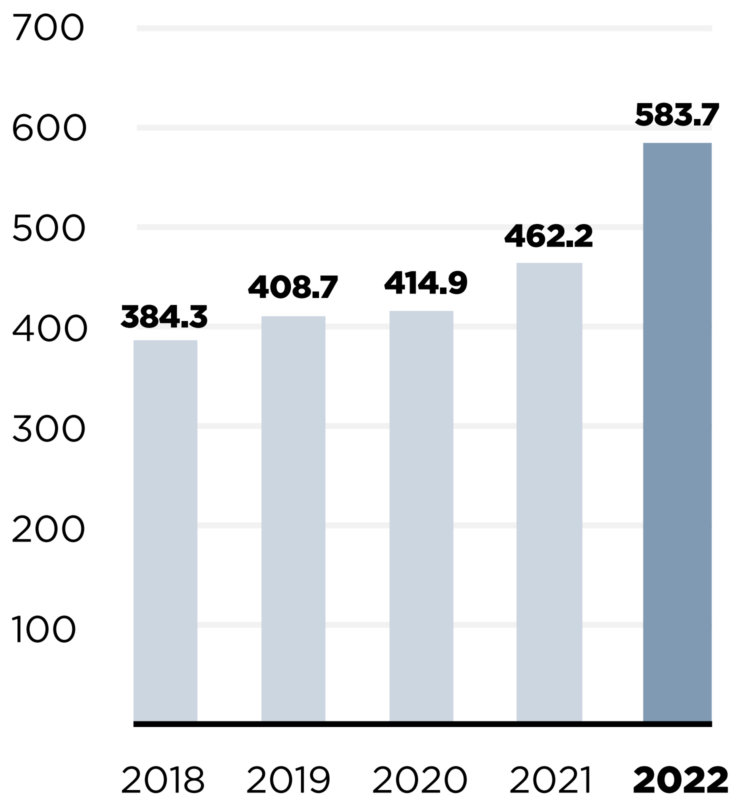
The following table shows the development of the Board of Directors' and the Managing Director's remuneration compared with the average salary development of the Group's employees and the Group's financial performance over the last five financial years.

Development of remuneration, EUR	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
The Board of Directors' annual fees	178,000	186,000	186,000	186,000	186,000	186,000
The Board of Directors' total remuneration	217,400	235,150	242,300	246,150	244,900	244,550
The Managing Director's remuneration	688,757	822,550	766,093	549,703	1,256,100	594,381
Employees' average salary development*	20,506	21,423	24,172	24,084	24,478	27,080

*) Personnel expenses in accordance with the financial statements divided by the average number of employees

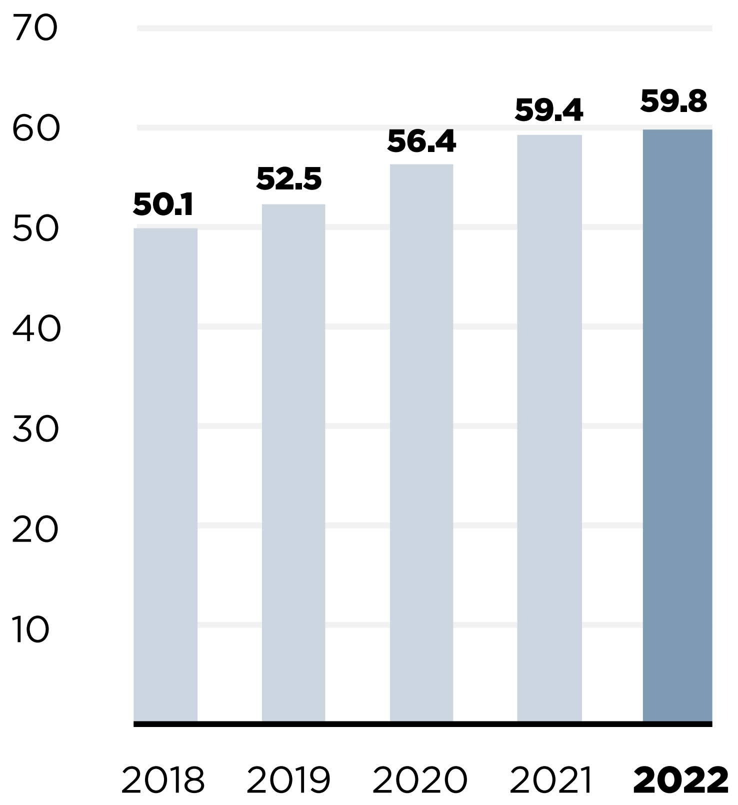
NET SALES, OLVI GROUP

Million euro



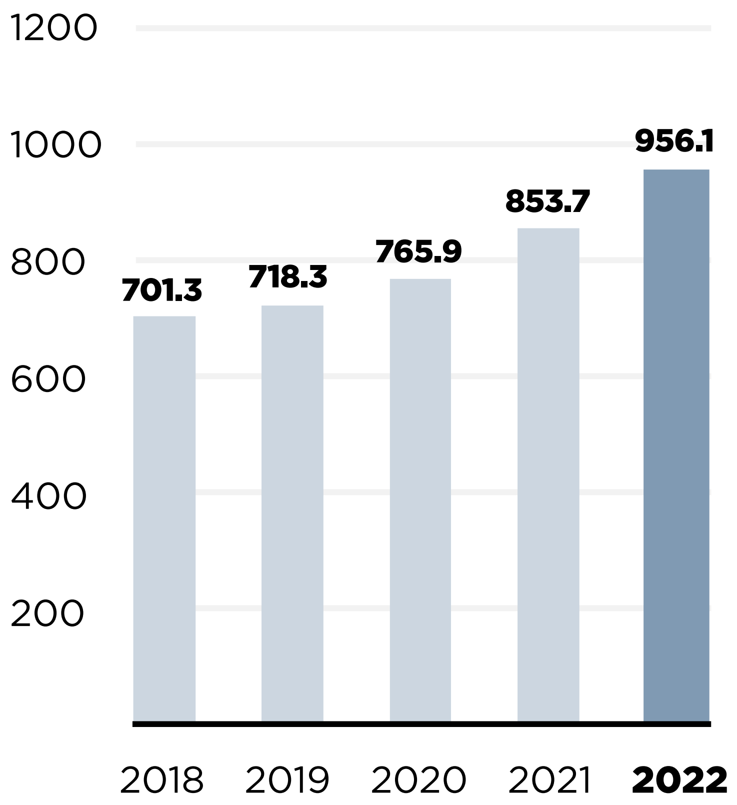
ADJUSTED EBIT, OLVI GROUP

Million euro



SALES VOLUME, OLVI GROUP

Million euro



2. REMUNERATION OF THE BOARD OF DIRECTORS FROM 1 JANUARY TO 31 DECEMBER 2022

The Board members are paid a fixed-rate monthly fee and a meeting fee. The fee varies in accordance with the role. In addition, the members of the Board's committees are paid a meeting fee for committee meetings.

The 2022 Annual General Meeting confirmed the following fees for the members of the Board until the end of the 2023 Annual General Meeting:

Monthly fee:

• Chair of the Board	EUR 5,000
• Vice Chair of the Board	EUR 2,500
• Member of the Board	EUR 2,000

Meeting fee:

• Chair of the Board	EUR 950
• Member of the Board	EUR 650

The Board members' travel expenses are reimbursed in accordance with the company's travel policy.

In accordance with the decision of the 2022 Annual General Meeting, fees have been paid to the members of Olvi plc's Board of Directors between 1 January and 31 December 2022 as follows:

Board member	Annual fee, EUR	Meeting fees, EUR	Committee fees, EUR	Total fees
Pentti Hakkarainen (Chair)	60,000	10,450	2,600	73,050
Nora Hortling (Vice Chair)	30,000	7,150	1,950	39,100
Lasse Heinonen (member)	24,000	7,150	1,950	33,100
Elisa Markula (member)	24,000	6,500	2,600	33,100
Juho Nummela (member)	24,000	6,500	1,950	32,450
Päivi Paltola (member)	24,000	7,150	2,600	33,750
Total	186,000	44,900	13,650	244,550

The Board members have not received any other benefits, and have not been covered by the company's share-based or other incentive schemes.

3. REMUNERATION OF THE MANAGING DIRECTOR FROM 1 JANUARY TO 31 DECEMBER 2022

The Board of Directors determines the Managing Director's remuneration based on the governing bodies' remuneration policy presented to the Annual General Meeting.

The Managing Director's remuneration consists of a fixed-rate monthly salary, fringe benefits (mobile phone) and short- and long-term incentives. The Managing Director is not paid any separate fees for their work in the Group's Management Team or other internal management bodies.

The salaries and rewards earned by the Managing Director during the 2022 financial year (1 January to 31 December 2022) totalled EUR 594,381 (1,256,100 in 2021). The total includes their annual basic salary, ordinary fringe benefits (mobile phone) and short-term incentives. The Managing Director's variable salary elements accounted for 37% of their total remuneration in the 2022 financial year. The Managing Director's employment obligation as the Managing Director ended on 31 December 2022, and his employment relationship will end with their retirement on 31 August 2023.

The Managing Director's remuneration	Payments made in 2022	Due in 2023
Basic salary	EUR 374,519	
Fringe benefits	EUR 240	
Compensation for the termination of the employment relationship for 1 January to 31 August 2023		EUR 266,800
Fringe benefits for 1 January to 31 August 2023		EUR 160
Short-term incentive schemes		
Performance period 2021	EUR 219,622	
Performance period 2022		EUR 155,852 (45%)
Long-term incentive scheme		
Performance share plan		
Performance period 2021–2022		2,800 shares (net)
Performance period 2021–2023		2,417 shares (net)
Performance period 2022–2024		900 shares (net)
Matching share plan		
Performance period 2021–2022		875 shares (net)
Total	EUR 594,381	422,812 EUR 6,992 shares (net)

PENSION

The pension of the company's Managing Director is determined in accordance with the applicable legislation. The Managing Director belongs to the Finnish TyEL pension system, in which the amount of the employment pension is affected by the duration of employment and earnings. The salary on which the pension is based includes the basic salary, performance salaries and any other taxable increments, but not income realised from shares. The Managing Director's retirement age is 65 years.

SHORT-TERM INCENTIVES (STI)

The purpose of short-term remuneration is to encourage and reward the implementation of the company's short-term business strategy and the achievement of its operational and financial targets. The company's performance reward system communicates its level of ambition and targets. Remuneration based on results and performance is an indication of success beyond the target level.

The grounds for incentives are determined annually by the Board of Directors. In the short-term incentive plan, the maximum monitoring period is one financial year, and the achievement of the targets is assessed in connection with the completion of the financial statements.

The reward paid to the Managing Director under the short-term incentive plan in 2022 was based on the 2021 short-term incentive plan and the achievement of the targets set by the Board of Directors for the operating profit and the strategy for the performance period in question. In 2021, the maximum reward was 70% of the basic annual earnings, and the actual reward was 64.5% of the basic annual earnings. The total reward was EUR 219,622.

The maximum reward to be paid based on the 2022 short-term incentive plan is 70% of the basic annual earnings, and the reward is based on the targets set by the Board of Directors for the operating profit and the strategy for the performance period in question. The actual reward under the short-term incentive plan for 2022 is 45%, and the reward falling due for 2022 totals EUR 155,852.

LONG-TERM INCENTIVES (LTI)

The purpose of long-term remuneration is to increase shareholder value, improve competitiveness, support profitable growth and relative profitability, and engage the company's operational management and key people.

The minimum performance period in share-based incentive plans is two years. Performance is assessed against the criteria at the end of the performance period, and any rewards to be paid depend on the level of success in achieving the set targets.

The Managing Director is covered by the share-based long-term incentive plans launched in 2021 and approved for 2021–2024 for the Olvi Group's key people. The purpose of long-term incentive plans is to support the achievement of the company's targets, retain key employees in the company and provide them with incentive plans that are based on earning and accumulating shares in the company.

The 2021–2022 Matching Share Plan consists of one matching period covering the 2021–2022 financial years. Under the plan, the Managing Director can acquire additional shares by investing personally in shares in the company. They can earn one share for each share they have acquired. The rewards based on the plan will be paid after the end of the matching period. The Managing Director's maximum reward is 875 shares and a cash portion to cover taxes and tax-like payments arising from the share reward. The reward depends on the Managing Director's employment relationship at the time of payment.

The 2021–2024 Performance Share Plan has three performance periods, covering the 2021–2022, 2021–2023 and 2022–2024 financial years. The rewards to be paid for the 2021–2022 and 2021–2023 performance periods are based on the cumulative operating profit in euros and the increase in the sales volume of non-alcoholic products. The rewards to be paid for the 2022–2024 performance period are based on the cumulative operating profit in euros, the increase in the sales volume of non-alcoholic products and the reduction of CO_2 emissions throughout the value chain. Rewards from the plan are be paid all at once after the end of earning period. If the targets are achieved in full, the Managing Director can earn 2,800 shares for the 2021–2022 performance period, 3,700 shares for the 2021–2023 performance period and 3,600 shares for the 2022–2024 performance period, as well as a cash portion to cover taxes and tax-like payments arising from the share reward. The rewards depend on the Managing Director's employment relationship at the time of payment. The Managing Director must own at least half of the shares they have earned as a net reward under the new incentive plans launched in 2021, until the total value of their shareholding in the company equals half their annual salary in the previous year. This number of shares in the company must be held for as long as their employment relationship continues.

Long-term incentives depend on the Managing Director's employment relationship at the time of payment. In accordance with the rules of the incentive plans, exceptions to this rule include retirement, mutual agreement and corporate restructuring. For these reasons, a person leaving the company is entitled to a reward determined by the Board of Directors, taking into account how much of the performance period has passed and the estimated actual achievement of the performance criteria of the Performance Share Plan. The incentives are due for payment according to the schedule of the original agreement.

Under the rules of the incentive plan and by decision of the Board of Directors, the following share rewards will be paid to the Managing Director in 2023: Matching Share Plan 875 shares; Performance Share Plan 2,800 shares (2021–2022 performance period); 2,417 shares (2021–2023) (two thirds of the performance period, estimated achievement of the performance criteria 98%) and 900 shares (2022–2024) (one third of the performance period, estimated achievement of the performance criteria 75%).