



Olvi Group's half-year report January–June 2023

Net sales grew as a result of strong demand and price increases – Profitability increased in the second quarter compared with the previous quarter

April–June 2023

- Net sales increased by 15.8% and were EUR 195.4 (168.8) million. Sales volume increased by 9.8%.
- The adjusted operating result and the operating result increased to EUR 28.8 (26.7) million.
- With costs remaining high, relative profitability was lower than in the previous year. However, profitability improved markedly from the first quarter.
- A strong balance sheet and a solid financial position, with no net debt, enable the further development of the company.

January–June 2023

- Net sales increased by 19.2% and were EUR 324.9 (272.7) million. Sales volume increased by 8.9%.
- The adjusted operating result was EUR 38.8 (33.1) million, and the operating result was EUR 26.6 (33.1) million. The operating result decreased because of a fine paid by the Belarusian subsidiary.

Near-term outlook

Olvi Group's adjusted operating result for the 2023 financial year is expected to increase year-on-year. The adjusted operating result in Belarus is expected to remain at the previous year's level.

Olvi cancelled its guidance on 20 February 2023 because the audit by the State Control Committee of the Republic of Belarus had not been completed and its result was uncertain. The audit has to a great extent been completed. The local business environment continues to involve risks arising from the prevailing geopolitical situation.

The Group's key figures

	4–6/ 2023	4–6/ 2022	Change, % / pp	1–6/ 2023	1–6/ 2022	Change, % / pp	1–12/ 2022
Sales volume, Mltr	305.7	278.4	9.8	509.0	467.2	8.9	956.1
Net sales, MEUR	195.4	168.8	15.8	324.9	272.7	19.2	583.7
Gross profit, MEUR	73.7	66.7	10.5	120.7	105.7	14.1	219.9
% of net sales	37.7	39.5		37.1	38.8		37.7
Adjusted operating result, MEUR	28.8	26.7	8.0	38.8	33.1	17.2	59.8
% of net sales	14.7	15.8		11.9	12.1		10.2
Items affecting the comparability of the operating result, MEUR	0.0	0.0		-12.2	0.0		-37.4
Operating result, MEUR	28.8	26.7	8.0	26.6	33.1	-19.6	22.4
% of net sales	14.7	15.8		8.2	12.1		3.8
Adjusted profit for the period, MEUR	22.9	19.4	18.2	27.5	24.9	10.3	44.9
% of net sales	11.7	11.5		8.5	9.1		7.7
Profit for the period, MEUR	22.9	19.4	18.2	15.3	24.9	-38.6	7.5
% of net sales	11.7	11.5		4.7	9.1		1.3
Earnings per share, EUR	1.10	0.92	19.4	0.74	1.18	-37.1	0.39
Investments, MEUR	6.9	9.1	-24.0	13.8	17.7	-21.7	37.1
Equity per share, EUR				12.91	14.45	-10.7	13.49
Equity ratio, %				49.1	53.7	-4.6	57.5
Gearing, %				-10.1	-16.8	-6.7	-20.3

Olvi presents the adjusted operating result and the adjusted profit for the period as alternative performance measures to improve comparability between reporting periods. In January–June 2023, the items affecting comparability not included in the adjusted operating result and the profit for the period totalled EUR 12.2 million and were related to the fine imposed on the Belarusian subsidiary.



Business development

CEO Patrik Lundell:

April–June 2023: The profitability of business operations improved from the first quarter

Olvi Group's sales volume increased by 9.8% in the second quarter, and its net sales grew by 15.8%. Good retail sales development continued. Net sales grew as a result of higher sales volumes and price increases. The growth in sales volumes was supported by investments made in Finland and the Baltic Sea region. In addition, the development of the product portfolio through new summer products and the company's own brands supported the increase in the average price.

The prices of raw materials and packaging materials remained at a high level in the first half of the year, and salary increases entered into force in several markets. The cost of sales increased by 19.3%, and the increase continued to be higher than increase of net sales. Logistics costs remained at the first quarter's high level.

Profitability improved sequentially in the second quarter. Relative to net sales, the gross profit and the operating result improved as a result of price increases, the beginning of the season and the launch of new products. The Group's euro-denominated gross profit improved by 10.5% year-on-year. The relative gross profit decreased year-on-year and was 37.7% of net sales (39.5%). The adjusted operating result increased by 8.0% and was EUR 28.8 million. The increase in costs has not yet been fully offset by price increases in all markets, which is why the implementation of profitability measures continues.

The Group's strategy work progressed significantly in the second quarter, and an action plan is being prepared to further clarify the focus of operations and long-term growth targets and determine operating models to achieve the targets. The work has progressed well and will continue in order to concretise strategic projects in the third quarter. The updated strategy and its targets are planned to be published in the fourth quarter.

January–June 2023

The sales volume increased by 8.9% and net sales grew by 19.2% in the first half of the year. The market shares remained at a good level or continued to improve in many product categories. Compared with the end of 2022, the cost level of cost of sales increased in the first quarter and remained high in the second quarter. The cost of sales was EUR 204.2 million in January–June. This was 22.3% more than in the previous year. Other costs increased by 11.9%. As a result of the general inflation rate in Europe, Olvi Group's costs increased throughout the first half of the year.

The adjusted operating result was EUR 38.8 million, increasing by 17.2% from the previous year. The company's performance improved during the first half of the year as price increases were implemented to compensate for higher costs. Operational efficiency has also been improved through investments and operational measures.

Segment-specific business development: April–June 2023

Price increases improved profitability in Finland compared with the first quarter

The sales volume of Finnish operations increased by 6.7%, and their net sales grew by 15.3%. Retail sales growth continued to be strong. Sales also increased in the hotel and restaurant channel (HoReCa). Retail prices were increased from March onwards, but the costs remained high. Salary increases and general inflation are among the factors increasing costs in 2023. The Finnish operations' operating result was EUR 8.0 million, with a decrease of 7.7% year-on-year. However, the decrease in the operating result was markedly lower than in the first quarter. Price increases will continue to be implemented as planned within the limits of contractual terms and conditions and price periods to restore profitability over the long term.



The operating result in the Baltic Sea region improved significantly year-on-year

The sales volume in the Baltic Sea region increased by 5.7%. Sales volumes increased in all countries of operation and sales channels except cross-border trade. Net sales increased by 24.2%. Price increases and the launch of new products for the summer season contributed to the growth of net sales.

The operating result increased by 34.8% to EUR 9.8 million. Price increases have largely been sufficient to cover significant cost increases, meaning that profitability has improved. The operations in Denmark in particular still have potential for improving profitability, and the local management focuses on this potential.

Business operations grew in Belarus despite the challenging operating environment

The sales volume increased by 17.9%, and net sales grew by 5.3%. The increase in the sales volume was supported by the favourable development of market shares in several product categories. Compared with the previous year, net sales in the local currency increased by 21.8%, meaning that the weaker exchange rate had a significant impact on euro-denominated net sales.

The operating result was EUR 11.4 million, with an increase of 1.6%. In the local currency, the operating result grew by 5.6%. The Belarusian segment does not include depreciation during 2023 because of an impairment of non-current assets in the 2022 financial statements. Furthermore, the operating result for the comparison period does not include depreciation, which was not recognised when the segment was classified as assets held for sale.

Investments

Olvi's balance sheet is strong, and the company has no net debt. This gives Olvi good opportunities to develop its business operations, invest in Finland and the Baltic Sea region, and seek growth and develop in new markets. The company maintains its plants' good competitiveness by investing in new technologies to ensure production efficiency and environmental friendliness.

Olvi Group's extension and replacement investments were EUR 13.8 (17.7) million in January–June. Investments decreased because of the scheduling of some projects. Of the investments, EUR 6.7 million were related to Finland and EUR 6.5 million to subsidiaries in the Baltic Sea region. Only replacement investments necessary for the continuity of production have been made in Belarus through the subsidiary's income financing, totalling EUR 0.6 million.

Olvi is investing in environmental friendliness and the cost-effectiveness and capacity of production. The installation of the carbon dioxide capture and purification equipment at the Iisalmi plant was completed in June. Its implementation will take place in the third quarter. The equipment will reduce emissions from the transport of purchased carbon dioxide, use carbon dioxide generated in production, secure the availability of the critical raw material and generate cost savings. Olvi is investing in production and storage capacity required for business growth. For example, collection and storage capacity was improved in Finland for the season.

Sustainability

In recognition of the long-term development of sustainability in operations, Olvi's Latvian subsidiary, Cēsu Alus, was the first food industry company to receive the highest rating (Diamond) in the annual assessment of Latvian companies by the Institute for Corporate Sustainability and Responsibility (InSCR).

Environmental sustainability

The climate emissions calculation for 2022 has been completed. Compared with the previous year, Olvi Group's absolute total emissions have increased by 0.7%, where the total emissions from the company's own operations and purchased energy (Scope 1 and 2) have decreased by 2.5%, and total emissions from the value chain (Scope 3) have increased by 1%. This is because of higher material purchases ja transport volumes as a result of higher production volumes, in addition to the availability of more accurate information about the value chain. The emission intensity (emissions in relation to litres produced) has decreased considerably, by 3.6%. Thanks



to operational development, the emission intensity has been reduced through lower emissions from packaging materials and transport. The Greenhouse Gas inventory (GHG inventory) has been reviewed and updated with a third party and is based on the GHG Protocol Corporate Standard and the Land Sector and Removals Guidance. In addition, annual climate emission reporting under the CDP (Customer Data Platform) project and Global Compact reporting are in progress.

To further develop operations, Olvi, the parent company, is implementing carbon dioxide capture and purification equipment to reduce the need for purchased carbon dioxide and emissions from its transport. Olvi is also piloting the use of biofuels in the transport of products.

Social sustainability

In social sustainability, Olvi Group is focusing on its occupational safety culture. The Group has prepared common occupational safety principles, and their implementation in the Group companies has started. In addition, Olvi Group has created an operating model to identify human rights impacts throughout the value chain. The first assessment has been carried out with regard to Olvi's own operations and value chain, and the assessments will continue in other Group companies in the autumn.

Good governance

To promote good governance, Olvi Group works to ensure its partners' commitment to compliance with its Code of Conduct for Partners. The Group has updated its Code of Conduct and other guiding principles, and guidelines for partners are currently in the signing phase.

Seasonal nature of operations

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

Sales development

Olvi Group's sales volume grew by 8.9% in January–June, totalling 509.0 (467.2) million litres.

Sales volume, Mltr	4–6/ 2023	4–6/ 2022	Change, %	1–6/ 2023	1–6/ 2022	Change, %
Finland	80.1	75.1	6.7	138.9	130.7	6.3
Baltic Sea region	135.7	128.4	5.7	224.0	218.3	2.6
Belarus	105.9	89.8	17.9	171.8	144.0	19.3
Eliminations	-16.0	-14.9		-25.7	-25.8	
Total	305.7	278.4	9.8	509.0	467.2	8.9

The Group's net sales in January–June increased by 19.2% and were EUR 324.9 (272.7) million.

Net sales, MEUR	4–6/ 2023	4–6/ 2022	Change, %	1–6/ 2023	1–6/ 2022	Change, %
Finland	68.0	58.9	15.3	116.3	100.5	15.7
Baltic Sea region	94.4	76.1	24.2	153.1	124.7	22.7
Belarus	44.1	41.9	5.3	72.9	61.1	19.3
Eliminations	-11.1	-8.1		-17.3	-13.6	
Total	195.4	168.8	15.8	324.9	272.7	19.2

Financial performance

The Group's operating result in April–June was EUR 28.8 (26.7) million, or 14.7% (15.8%) of net sales. The second-quarter operating result does not include items affecting comparability. The adjusted operating result increased by 17.2% in January–June and was EUR 38.8 million. The operating result in January–June was EUR



26.6 million, down 19.6% from the previous year. The EUR 12.2 million fine paid in Belarus was recognised as an item affecting comparability in the first half of the year.

Adjusted operating result, MEUR	4-6/ 2023	4-6/ 2022	Change, %	1-6/ 2023	1-6/ 2022	Change, %
Finland	8.0	8.6	-7.7	9.7	11.3	-14.3
Baltic Sea region	9.8	7.3	34.8	12.3	9.6	28.0
Belarus	11.4	11.3	1.6	17.5	13.1	34.1
Eliminations	-0.4	-0.5		-0.7	-0.9	
Total	28.8	26.7	8.0	38.8	33.1	17.2

Operating result, MEUR	4-6/ 2023	4-6/ 2022	Change, %	1-6/ 2023	1-6/ 2022	Change, %
Finland	8.0	8.6	-7.7	9.7	11.3	-14.3
Baltic Sea region	9.8	7.3	34.8	12.3	9.6	28.0
Belarus	11.4	11.3	1.6	5.4	13.1	-59.0
Eliminations	-0.4	-0.5		-0.7	-0.9	
Total	28.8	26.7	8.0	26.6	33.1	-19.6

The Group's profit after taxes in January–June was EUR 15.3 (24.9) million.

Earnings per share calculated from the profit attributable to the owners of the parent company were EUR 0.74 (1.18) in January–June.

Financial position and the balance sheet

Olvi Group's balance sheet total at the end of June 2023 was EUR 545.6 (563.4) million. The balance sheet total is reduced by an impairment of EUR 35 million in the Belarusian business segment in connection with the 2022 financial statements. Equity per share was EUR 12.91 (14.45). The equity ratio was 49.1% (53.7%), and gearing was -10.1% (-16.8%). The Group's liquidity indicator, the current ratio, remained at the same good level as before, at 1.1 (1.2). Interest-bearing liabilities amounted to EUR 5.5 (9.0) million at the end of June. Of the interest-bearing liabilities, short-term liabilities accounted for EUR 3.4 (7.0) million.

Olvi Group's balance sheet and financial position are strong. The company has no net debt. The company's ability to invest has remained good.

Cash assets stood at EUR 32.5 million at the end of June, with a decrease of EUR 27.2 million year-on-year. Cash flow from operations was EUR -0.1 (26.0) million. Working capital was reduced by the parent company's decision to replace the factoring of accounts receivable with other forms of short-term financing at the beginning of 2023. The EUR 12.2 million fine imposed on Lidskoe Pivo was paid in the second quarter from local funds. The fine had a significant negative impact on the company's and thereby also the Group's cash assets. Cash flow from investing activities was EUR -13.9 (-17.8) million, and cash flow from financing activities was EUR -12.7 (-7.5) million.

Personnel

In January–June, Olvi Group had an average of 2,374 (2,317) employees, with an increase of 2.5%.

Olvi Group's average number of personnel by segment:

	4-6/ 2023	4-6/ 2022	Change, %	1-6/ 2023	1-6/ 2022	Change, %
Finland	483	476	1.5	448	441	1.6
Baltic Sea region	1,098	1,067	2.9	1,069	1,027	4.1
Belarus	865	850	1.8	857	849	0.9
Total	2,446	2,393	2.2	2,374	2,317	2.5



Board of Directors and management

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

Other events during the review period

Changes in the Group structure

On 22 June 2023, Olvi plc redeemed the remaining 20.0% of Servaali Oy's share capital. The redemption liability was recognised on the Group's balance sheet in connection with the acquisition in 2018. No other changes took place in Olvi's subsidiary holdings in January–June 2023.

Business risks and their management

Impacts of the war in Ukraine

The war in Ukraine has significantly increased business risks. The coronavirus pandemic caused problems in the availability of raw materials and packaging materials, and the war in Ukraine has further complicated the procurement of materials. The increase in the prices of packaging materials, which started during the coronavirus pandemic, has continued after the pandemic. The prices of raw materials, especially barley malt, sugar and carbon dioxide, are at high levels, and their market availability has been more uncertain than usual. The prices of electricity and gas have fluctuated more greatly than before, particularly in the Baltic Sea region segment, which continues to be reflected in production costs. The price of oil has affected 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 will also improve the efficiency of its production operations.

Consumer prices have risen rapidly, especially in Europe, as a result of the war in Ukraine. General cost inflation may reduce consumers' purchasing power and affect consumer behaviour. Changes in consumer behaviour are already being reflected in a shift in consumption to more affordable product options, and overall consumption may decrease. This may have an impact on the preconditions for business growth and profitability over the long term.

Because of the geopolitical situation, uncertainty is related to the Belarusian business segment and the stability and predictability of the operating environment. Beginning in December 2022, Olvi's subsidiary Lidskoe Pivo was inspected in a special audit carried out by the State Control Committee of the Republic of Belarus. The audit has to a great extent been completed by the time of publication of the half-year report, and any consequences arising from the remaining aspects are limited. The audit resulted in a significant fine that undermines business conditions. The fine was announced on 29 March 2023. The fine was appealed to a higher court by Olvi, but the decision remained unchanged. In addition, the company's shares are subject to a sales ban, as a result of which Olvi has stopped the process to sell Lidskoe Pivo. Olvi has stated to the local authorities that it complies with local and international laws and has stressed the importance of local operational capability and the maintenance of owners' rights in the current operating environment. Other uncertainties in the Belarus business segment are related to the development of exchange rates, changes in the operating environment, trade sanctions and the functioning of financial transactions with Western countries. Olvi's Belarusian subsidiary operates by means of its own cash flow financing. Lidskoe Pivo paid the fine from local funds, which significantly reduced the company's cash assets, but the company has been able to continue its operating activities.

Preparedness

Olvi Group has prepared several scenarios related to 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 procurement of raw materials and packaging materials.



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

Events after the review period

Olvi returned its guidance by means of a stock exchange release published on 8 August 2023. There are no other significant events to report after the review period.

OLVI PLC
Board of Directors

Webcast

Olvi plc and its CEO will hold a press conference, which can be followed at <https://olvi.videosync.fi/q2-2023> from 10.00 am onwards on the date of publication of this half-year report. The press conference will be held in Finnish.

A recording of the webcast will become available on the company's website at <https://www.olvigroup.fi/en/releases-and-publications/financial-releases/>

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000

	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Gross sales	401,925	354,120	680,778	587,875	1,253,782
Excise taxes and other adjustments	-206,497	-185,364	-355,887	-315,211	-670,079
Net sales	195,428	168,756	324,891	272,664	583,703
Cost of sales	-121,689	-102,028	-204,204	-166,925	-363,816
Gross profit	73,739	66,728	120,687	105,739	219,887
Logistics, sales and marketing expenses	-35,379	-31,660	-62,320	-55,712	-120,997
Administrative expenses	-9,272	-8,567	-19,454	-17,371	-42,415
Other operating income and expenses	-294	161	-12,337	417	-34,111
Operating result	28,794	26,662	26,576	33,073	22,364
Financial income	380	-202	422	243	1,593
Financial expenses	-470	-882	-807	-1,185	-5,628
Share of the profit of associated companies and joint ventures	0	0	0	0	45
Profit before tax	28,704	25,578	26,191	32,131	18,374
Income taxes	-5,756	-6,168	-10,910	-7,236	-10,848
PROFIT FOR THE PERIOD	22,948	19,410	15,281	24,895	7,526
Other items of comprehensive income that may be later reclassified to profit or loss:					
Translation differences related to foreign subsidiaries	435	13,858	-3,392	5,809	1,638
Income taxes related to items	0	-188	0	-66	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	23,383	33,080	11,889	30,638	9,164
Distribution of the profit for the period:					
- Owners of the parent company	22,687	19,013	15,388	24,497	7,977
- Non-controlling interest	261	397	-107	398	-451
Distribution of comprehensive income for the period:					
- Owners of the parent company	23,248	32,250	12,269	30,060	9,674
- Non-controlling interest	135	830	-380	578	-510
Earnings per share calculated from profit attributable to owners of the parent company, EUR					
- Undiluted	1.10	0.92	0.74	1.18	0.39
- Diluted	1.10	0.92	0.74	1.18	0.39



BALANCE SHEET			
EUR 1,000	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS			
Non-current assets			
Tangible assets	209,796	238,431	208,165
Goodwill	22,204	26,276	22,204
Other intangible assets	11,012	12,221	10,972
Holdings in associated companies and joint ventures	987	980	1,025
Other investments	1,043	888	1,046
Loans receivable and other long-term receivables	3,061	2,359	1,377
Deferred tax assets	2,445	1,667	2,569
Total non-current assets	250,548	282,822	247,358
Current assets			
Inventories	84,277	73,333	70,891
Accounts receivable and other receivables	178,205	147,515	109,712
Income tax receivables	132	22	506
Cash and cash equivalents	32,482	59,691	61,207
Total current assets	295,096	280,561	242,316
TOTAL ASSETS	545,644	563,383	489,674
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent company			
Share capital	20,759	20,759	20,759
Other reserves	1,092	1,092	1,092
Fair value reserve	295	295	295
Treasury shares	-884	-1,075	-1,079
Translation differences	-55,066	-48,164	-52,030
Retained earnings	300,955	326,092	310,194
	267,151	298,998	279,231
Non-controlling interest	566	3,798	2,514
Total equity	267,717	302,796	281,745
Non-current liabilities			
Financial liabilities	2,044	2,001	1,983
Other liabilities	826	3,999	3,667
Deferred tax liabilities	13,141	13,765	13,466
Current liabilities			
Financial liabilities	3,413	6,967	2,164
Accounts payable and other payables	252,067	228,689	186,362
Income tax liability	6,436	5,166	287
Total liabilities	277,927	260,587	207,929
TOTAL EQUITY AND LIABILITIES	545,644	563,383	489,674



STATEMENT OF CHANGES IN EQUITY

EUR 1,000	Share capital	Other reserves	Fair value reserve	Reserve for treasury shares	Translation differences	Earnings	Attributable to non-controlling interest	Total
Equity 1 Jan 2023	20,759	1,092	295	-1,079	-52,030	310,194	2,514	281,745
Comprehensive income:								
Profit for the period						15,388	-107	15,281
Other items of comprehensive income:								
Translation differences					-3,119		-273	-3,392
Total comprehensive income for the period					-3,119	15,388	-380	11,889
Business transactions with shareholders:								
Dividend payment						-24,818	-382	-25,200
Share-based incentives, value of work performance						337		337
Acquisition of treasury shares				-604				-604
Issue of treasury shares to personnel				799		-1,361		-562
Adjustment for previous periods					83	52	-23	112
Business transactions with shareholders, total				195	83	-25,790	-405	-25,917
Changes in holdings in subsidiaries:								
Change in non-controlling interest						1,163	-1,163	0
Changes in holdings in subsidiaries, total						1,163	-1,163	0
Equity 30 Jun 2023	20,759	1,092	295	-884	-55,066	300,955	566	267,717
EUR 1,000	Share capital	Other reserves	Fair value reserve	Reserve for treasury shares	Translation differences	Earnings	Attributable to non-controlling interest	Total
Equity 1 Jan 2022	20,759	1,092	295	-438	-53,728	326,016	3,627	297,624
Comprehensive income:								
Profit for the period						24,497	398	24,895
Other items of comprehensive income:								
Translation differences					5,629		180	5,809
Income taxes related to items					-66			-66
Total comprehensive income for the period					5,563	24,497	578	30,638
Business transactions with shareholders:								
Dividend payment						-24,855	-175	-25,030
Acquisition of treasury shares				-637				-637
Share-based incentives, value of work performance						518		518
Adjustment for previous periods						-84		-84
Business transactions with shareholders, total				-637		-24,421	-175	-25,233
Changes in holdings in subsidiaries:								
Acquisition of 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 30 Jun 2022	20,759	1,092	295	-1,075	-48,165	326,092	3,798	302,796



CASH FLOW STATEMENT

EUR 1,000

	1-6/2023	1-6/2022	1-12/2022
Profit for the period	15,281	24,896	7,526
Adjustments:			
Depreciation and impairment	12,160	12,533	64,532
Other adjustments	12,147	8,568	14,509
Change in net working capital:			
Change in accounts receivable and other receivables	-71,820	-47,052	-9,578
Change in inventories	-15,245	-13,310	-12,349
Change in accounts payable and other liabilities	51,762	44,246	16,536
Interest paid	-189	-544	-449
Interest received	188	140	292
Dividends received	3	5	5
Taxes paid	-4,361	-3,446	-13,861
Cash flow from operating activities (A)	-74	26,036	67,163
Investments in tangible and intangible assets	-14,262	-17,835	-37,392
Proceeds from the sale of tangible and intangible assets	311	377	976
Acquisition of shares from non-controlling interest	0	-378	-378
Expenditure on other investments	0	0	-163
Dividends received	41	38	38
Cash flow from investing activities (B)	-13,910	-17,798	-36,919
Loan withdrawals	2,822	6,864	11,351
Repayment of loans	-2,351	-1,125	-11,674
Acquisition of treasury shares	-604	-637	-641
Dividends paid	-12,581	-12,587	-25,268
Cash flow from financing activities (C)	-12,714	-7,485	-26,232
Increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	-26,698	753	4,012
Cash and cash equivalents 1 Jan	61,207	58,741	58,741
Impact of exchange rate changes	-2,027	197	-1,546
Cash and cash equivalents 30 Jun / 31 Dec	32,482	59,691	61,207



NOTES TO THE HALF-YEAR REPORT

The half-year report has been prepared in accordance with IAS 34 *Interim Financial Reporting*, applying the same accounting principles that were applied to the 2022 financial statements (31 December 2022).

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

1. SEGMENT INFORMATION

SEGMENTS' NET SALES AND PROFIT FOR THE PERIOD 1-6/2023

EUR 1,000	Finland	Baltic Sea region	Belarus	Eliminations	Group
INCOME					
External sales	115,719	136,421	72,751		324,891
Beverage sales	114,715	136,421	72,751		323,887
Equipment services	1,004	0	0		1,004
Internal sales	537	16,632	132	-17,302	0
Total net sales	116,257	153,053	72,883	-17,302	324,891
Total profit for the period	27,196	8,835	-3,219	-17,531	15,281

SEGMENTS' NET SALES AND PROFIT FOR THE PERIOD 1-6/2022

EUR 1,000	Finland	Baltic Sea region	Belarus	Eliminations	Group
INCOME					
External sales	99,840	111,913	60,911		272,664
Beverage sales	99,031	111,913	60,911		271,855
Equipment services	809	0	0		809
Internal sales	664	12,824	198	-13,686	0
Total net sales	100,504	124,737	61,109	-13,686	272,664
Total profit for the period	29,170	6,164	10,575	-21,014	24,895

2. RELATED PARTY TRANSACTIONS

Management's employee benefits

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

EUR 1,000	1-6/2023	1-6/2022	1-12/2022
CEO	178	407	594
Chair of the Board	35	36	73
Other Board members	73	86	172
Total	286	529	839



3. SHARES AND SHARE CAPITAL

	30 Jun 2023	%
Series A shares, number of shares	16,989,976	82.0
Series K shares, number of shares	3,732,256	18.0
Total	20,722,232	100.0
Total number of votes, Series A shares	16,989,976	18.5
Total number of votes, Series K shares	74,645,120	81.5
Total number of votes	91,635,096	100.0
Votes per Series A share	1	
Votes per Series K share	20	

The registered share capital totalled EUR 20,759 thousand on 30 June 2023.

A dividend of EUR 1.20 per share for 2022 (EUR 1.20 per share for 2021), totalling EUR 24.8 (24.9) million, will be paid on shares in Olvi plc. The dividend will be paid in two instalments. The first instalment, EUR 0.60 per share, was paid on 20/04/2023. The second instalment, EUR 0.60 per share, will be paid on 05/09/2023. Series K shares and Series A shares provide their holders with equal rights to dividends. The Articles of Association include a redemption clause concerning Series K shares.

4. SHARE-BASED REWARDS

The 2021–2022 Matching Share Plan for key personnel ended at Olvi Group in the second quarter (performance period 15 April 2021 to 14 April 2023). The incentive plan was part of the remuneration approved for the Group's key personnel for 2021–2025. In the plan, the target group was offered an opportunity to acquire additional shares as rewards by investing personally in Olvi plc's Series A shares. In accordance with the terms and conditions of the plan, the rewards were paid in both Series A shares in Olvi and in cash. A total of 11,395 Series A shares were transferred as rewards. The target group of the incentive plan consisted of 49 people, including the members of Olvi's Management Team.

The costs related to incentive plans totalled EUR 336.6 thousand in the review period. Olvi Group has no other share or option arrangements in place.

5. TREASURY SHARES

In accordance with the share plan, Olvi plc transferred its own shares to the members of the matching share plan's target group. A total of 11,395 shares were transferred, with a total acquisition price of EUR 370.9 thousand. The Series A shares transferred accounted for 0.05% of all shares.

At the end of the review period, Olvi plc held a total of 28,792 of its own Series A shares as treasury shares. The total acquisition price of treasury shares was EUR 884.0 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.

6. NUMBER OF SHARES

	1-6/2023	1-6/2022	1-12/2022
- Average	20,688,243	20,708,869	20,700,783
- At the end of the period	20,693,440	20,692,828	20,692,828



7. TRADING IN SERIES A SHARES ON THE NASDAQ HELSINKI

	1-6/2023	1-6/2022	1-12/2022
Trading in Series A shares in Olvi, number of shares	804,864	1,438,181	2,351,044
Total value of trading, EUR 1,000	24,171	52,513	82,916
Proportion of the trading out of the total number of Series A shares, %	4.7	8.5	13.8
Average share price, EUR	30.03	36.58	35.31
Closing price, EUR	29.00	32.35	33.15
Highest price, EUR	34.95	52.00	52.00
Lowest price, EUR	26.80	29.40	29.40

8. FOREIGN AND NOMINEE-REGISTERED HOLDINGS 30 Jun 2023

	Book-entry shares		Number of votes		Shareholders	
	number	%	number	%	number	%
Finnish, total	16,706,025	80.62	87,618,889	95.62	22,650	99.60
Foreign, total	67,314	0.32	67,314	0.07	79	0.35
Nominee-registered (foreign), total	441,492	2.13	441,492	0.48	6	0.03
Nominee-registered (Finnish), total	3,507,401	16.93	3,507,401	3.83	4	0.02
Total	20,722,232	100.00	91,635,096	100.00	22,739	100.00

9. LARGEST SHAREHOLDERS 30 Jun 2023

	Series K		Series A		Total	%	Number of votes	
	number	%	number	%			number	%
1 Olvi Foundation	2,363,904		890,613		3,254,517	15.71	48,168,693	52.57
2 The estate of Heikki Hortling*	903,488		103,280		1,006,768	4.86	18,173,040	19.83
3 Timo Einari Hortling	212,888		49,152		262,040	1.26	4,306,912	4.70
4 Marit Hortling-Rinne	149,064		14,234		163,298	0.79	2,995,514	3.27
5 Nordea Bank Abp, nominee-registered			2,003,548		2,003,548	9.67	2,003,548	2.19
6 Skandinaviska Enskilda Banken Ab (publ), Helsinki branch, nominee-registered			1,446,265		1,446,265	6.98	1,446,265	1.58
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		26,016		49,404	0.24	493,776	0.54
10 Jens Einari Hortling	23,388		16,216		39,604	0.19	483,976	0.53
Other	56,136		10,929,577		10,985,713	53.00	12,052,297	13.14
Total	3,732,256		16,989,976		20,722,232	100.00	91,635,096	100.00

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

Olvi did not receive any flagging notifications under chapter 2, section 10 of the Securities Markets Act in January–June 2023.

10. PROPERTY, PLANT AND EQUIPMENT

EUR 1,000	1-6/2023	1-6/2022	1-12/2022
Opening balance	208,165	229,356	229,356
Additions	13,207	17,189	37,286
Deductions and transfers	-463	-92	-152
Depreciation and impairment	-10,915	-10,955	-58,206
Exchange rate differences	-198	2,932	-119
Total	209,796	238,430	208,165



11. CONTINGENT LIABILITIES

EUR 1000	30 Jun 2023	30 Jun 2022	31 Dec 2022
Pledged assets and contingent liabilities			
On the company's own behalf	4,356	10,004	2,608
Lease and rental liabilities:			
Maturing in less than a year	1,315	1,294	1,337
Maturing within 1–5 years	1,395	1,399	1,283
Total lease and rental liabilities	2,710	2,693	2,620
Other liabilities	67	60	67

12. VALUATION OF THE BELARUSIAN BUSINESS SEGMENT

For the 2022 financial statements (31 December 2022), the management assessed the book value of the Belarusian business segment in a changed operating environment. An impairment of EUR 35.0 million was recognised based on the assessment. Based on the management's assessment and testing, the balance sheet valuation of the Belarusian business segment on 30 June 2023 is materially at the right level, and there is no need to change the impairment recognised.

13. CALCULATION PRINCIPLES FOR KEY FIGURES

In its summary of key ratios (page 1), the Group presents key ratios directly derived from the consolidated income statement (net sales, operating result, 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. To improve comparability between reporting periods, the Group also presents the adjusted operating result and the adjusted profit for the period as Alternative Performance Measures. The adjusted operating result is calculated by deducting significant items affecting comparability from net sales. The 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.

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

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

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