ANNUAL REPORT 2023 OLVI PLC

OLVI – POSITIVE MOMENTS OF ENJOYMENT

The Olvi Group companies have a diverse and wide range of beverages for consumers' various moments of enjoyment. Alongside alcoholic products, we have a wide range of non-alcoholic products, including those belonging to alcohol product categories such as beers, ciders and long drinks. In 2023, our sales volume was a historic 975.8 million litres. Our net sales were EUR 630.6 million.

Our values are to be local, positive, agile and respectful. Sustainable development is an essential part of our revised 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 wants to support biodiversity, mitigate climate change and acknowledge aspects of social responsibility. From the perspective of sustainable operations, understanding and impacting these themes is increasingly important. In addition to the increasing and tightening legislation, the importance of sustainable development is also visible as emerging technologies and a growing need to share information. Olvi Group seeks to actively engage in this work by investing in sustainable operating models and the sustainable use of resources, as well as by striving for carbon neutrality both in its own operations and in its value chain.

This report includes Olvi Group's introduction, sustainability report, Board of Directors' report, financial statements, corporate governance statement and remuneration statement for 2023.

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

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OLVI GROUP

OLVI GROUP IN 2023

SALES VOLUME
975.8 million litres
+2.1%

EXPORTS
70 countries

NUMBER OF PERSONNEL
2,376
+1.8%

AIMING AT CARBON NEUTRALITY

NET SALES
630.6 million €
+8.0%

INVESTMENTS
24.9 million €

SEASONAL WORKERS
138

CARBON-NEUTRAL OWN PRODUCTION OLVI, IISALMI, FINLAND

ADJUSTED OPERATING RESULT
67.1 million €
+12.3%

GEARING
-8.5%

EQUITY RATIO
59.0%

PRODUCT LAUNCHES
461 products

CEO'S REVIEW:

THE NEW STRATEGY ERA BEGAN

In 2023, Olvi Group performed in an exemplary way in a challenging operating environment, and we managed to halt the declining profitability. At the same time, we prepared for the future by launching the Group's new strategy and strengthening our organisation.

Olvi Group's sales volume increased by 2.1% compared to the previous year, and our production reached almost 1 billion litres. Net sales increased 8% to nearly EUR 630.6 million. Adjusted operating result increased compared to the previous year by 12,3%.

For me, 2023 was my first full year as part of the Olvi Group, and I am starting my second year with many new and valuable experiences under my belt. I have been most impressed by our skilled and committed staff and our strong partnerships with customers, suppliers, and international partners. This is conveyed in a consistent manner in each of our countries of operation. I believe that this is the strength that is inherent for our organisation – we are boldly ourselves and support each other.

Long-term success is not the result of one person nor can it be achieved alone; sustainable growth and long-term success require a determined commitment to collaboration and common goals.

The Group's strategy was clarified to correspond with our growth targets. The basis of the new strategy is to provide moments of enjoyment for our local consumers in each of the countries in which we operate. We will continue our founders' goal to have a positive presence in people's everyday life and society. In 2023, we provided 7 million moments of enjoyment measured in 0.4 litre portions – each day.

Our goal is to be the most desirable multi-local beverage company - among consumers, customers, and employees. Our skilled and committed personnel, sustainable ways of working and management with data enable the implementation of our strategy. During the strategy period, we will grow profitably ahead of the market, reach EBIT levels of over 12% and provide more than 10 million moments of enjoyment – every day.

Sustainability also remains central to our new strategy. We will develop towards carbon neutrality in our operations by 2030, and throughout the value chain by 2040. We will focus on utilising renewable energy, reducing water consumption, and understanding and positively influencing human rights impacts and biodiversity.

In 2023, Olvi Group employed 2,376 people. Our employees are the key to our success and enable our business to continue. We have decided to invest in human resources and to develop working practices and management to support the development, enjoyment and wellbeing of our employees.

We will invest in the continuous development of our operations. We decided to direct the most significant investments in 2024–2025 to Olvi Iisalmi, where we will further develop the environmental footprint and efficiency of our operations.

We will continue developing our business operations with a positive attitude. Using data as a driver of growth will play a crucial role in several areas of our operations. We will make sure our processes, tools and culture are data-driven in decision-making. This allows us to better respond to the needs of both consumers and customers and to ensure our breweries' optimal utilisation rate.

In 2024, our goal is to maintain a strong share in our main categories and increase our share in selected categories.

We are starting 2024 with confident minds, and we will begin implementing our new strategy by working together in each group company.

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.

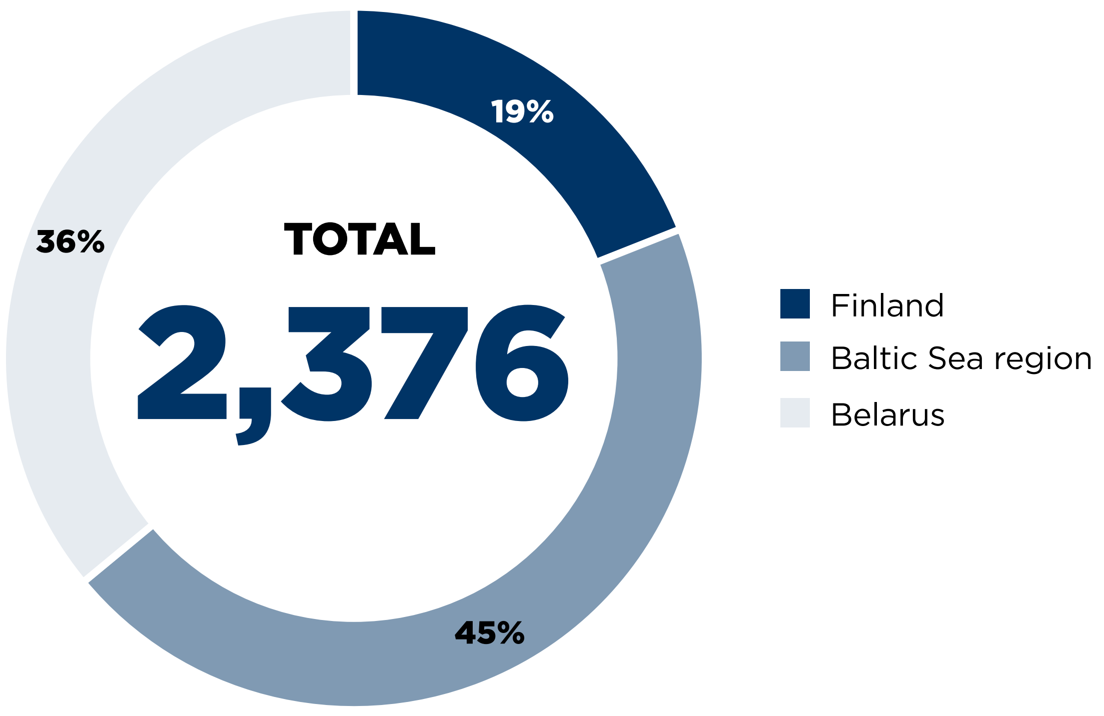
Olvi's story began in 1878, when master brewer William Gideon Åberg and his wife, Onni, established a brewery in Iisalmi, Finland. Their goal was to eliminate alcoholism by offering milder alcoholic beverages to Finns. Finland had 78 breweries at the time. Today, Olvi is the only one that continues to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

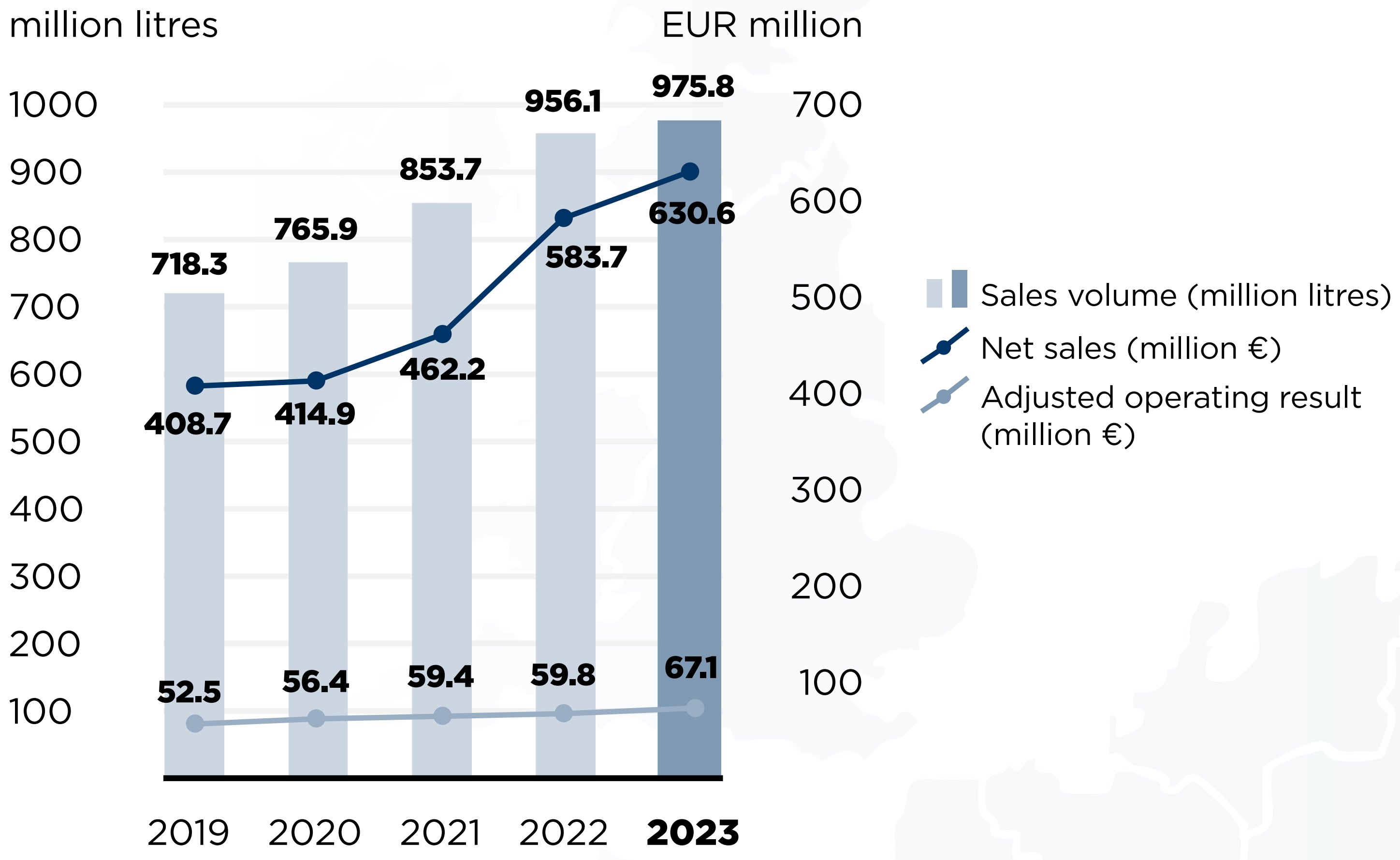
Olvi Group's largest product categories are beer, soft drinks and mineral waters. Olvi Group aims to increase its sales of non-alcoholic options in particular, while also maintaining its strong market position in mild alcoholic beverages. The Group exported products to 70 countries 2023.

Olvi Group's countries of operation are divided 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 RESULT 2019-2023



FINLAND

The Finland segment consists of the parent company Olvi plc, 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 2023, Olvi further increased its market share in mild alcoholic beverages. Olvi has three brands among the four strongest beer brands in Finland, where Sandels' lead as the leading beer brand in Finland grew. In addition, OLVI Hard Seltzer is the superior market leader in its category. In non-alcoholic products, the volumes of the OLVI Vichy and KevytOlo brands increased significantly. Olvi is also the market leader in milk-based recovery drinks with the Teho brand.

Olvi invested in the development of operations. In Iisalmi, warehouse and picking capacity was improved. In addition, a carbon recovery plant was deployed in summer 2023. The plant will enable the reuse of carbon dioxide released during fermentation and the achievement of cost savings. Olvi also introduced a new cap format in accordance with the SUP directive. Significant investments over the next three years will improve beer production capacity as well as warehouse and picking capacity.

The Finnish business operations include the beverage import and distribution company Servaali and the Helsinki Distilling Company, which manufactures artisanal distillates. In 2023, Servaali was able to develop its sales volume better than the market. The Helsinki Distilling Company turned 10 years old and, in addition to the existing one in Tahko, established another small distillery focusing on local raw materials in Koli.

OLVI

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

SERVAALI

- **Helsinki, Finland**
- **Established:** 1995
- **Olvi plc's ownership:** 100%

THE HELSINKI DISTILLING CO.

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

Product categories: Beer, cider, long drinks, water, soft drinks, energy drinks, sports drinks, wellness products, wines, whiskeys, gins, liqueurs and other mild and strong spirits

SALES VOLUME
268.2 million litres
+2.2%

NET SALES
229.3 million €
+10.9%

NUMBER OF PERSONNEL
449
+1.6%

ADJUSTED OPERATING RESULT
17.5 million €
-6.7%

OLVI
CARBON-NEUTRAL PRODUCTION

OLVI
CO_2 RECOVERY PLANT

SERVAALI
LIGHTWEIGHT PACKAGING SALES INCREASED BY 13%

HDCO
AN ORGANIC DISTILLERY FOCUSING ON LOCAL INGREDIENTS IN KOLI

BALTIC SEA REGION

The Baltic Sea region segment consists of breweries operating in Estonia, Latvia, Lithuania and Denmark. The largest product category is beer, but the next largest product categories are found in non-alcoholic products, such as waters and soft drinks. Juices are also a significant product segment, especially in Estonia, where Olvi has its own juice factory. The newest company in the Baltic Sea region, Vestfyen in Denmark, differs from the Baltic countries in terms of its product selection. Approximately 80% of its sales are non-alcoholic products, and soft drinks are the largest product category.

Investments in the Baltic Sea region have focused on increasing capacity and developing operations. In Denmark, production capacity has been improved with a new filling line investment. A new brew house was introduced in Lithuania, warehouse was improved in Latvia, and a new cap format was introduced in Estonia in accordance with the SUP directive. The use of renewable energy was increased by installing solar panels, among other things. In addition, preliminary plans were created to achieve carbon neutrality in own operations by 2030.

A.Le Coq

- **Tartu, Estonia**
- **Established:** 1807
- **Olvi plc's ownership:** 100%

Cēsu

- **Cēsis, Latvia**
- **Established:** 1590
- **Olvi plc's ownership:** 99.9%

Volfas Engelman

- **Kaunas, Lithuania**
- **Established:** 1853
- **Olvi plc's ownership:** 99.7%

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 products

A. LE COQ
MOST RESPONSIBLE COMPANY IN ESTONIA IN ESTONIAN ENTERPRISE AWARDS 2023

VOLFAS ENGELMAN
SELECTED AMONG THE MOST RELIABLE COMPANIES BY BUSINESS LEADER IN LITHUANIA 2015–2022

CĒSU ALUS
THE FIRST FOOD COMPANY TO REACH DIAMOND LEVEL IN THE SUSTAINABILITY INDEX ASSESSMENT

A. LE COQ
BEST NON-ALCOHOLIC BEVERAGE 2023 AURA JUICES

CĒSU ALUS
JOINED THE "DIVERSITY IS STRENGTH" MOVEMENT

BRYGGERIET VESTFYEN
WATER CONSUMPTION 2.24 LITRES PER LITRE OF PRODUCT -13% FROM 2022 AND LOWER OVERALL CONSUMPTION

SALES VOLUME
431.5 million litres
-4.1%

NET SALES
296.6 million €
+9.9%

NUMBER OF PERSONNEL
1066
+1.6%

ADJUSTED OPERATING RESULT
22.0 million €
+26.3%

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 had an impact on Lidskoe Pivo's operations. Sanctions imposed on Russia and Belarus affected, among other things, procurement channels and financial transactions. Even though Lidskoe Pivo's operative business has been partly separated from Olvi Group and it is operating as an independent unit, 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 2023, the brewery focused on adapting to changes in the operating environment due to the geopolitical situation and legislative changes in the country. The company was able to maintain good profitability, which is a prerequisite for independent operations. However, profitability was significantly weakened by the fines paid by the company to the Belarusian state.

In 2024, the brewery will continue its sustainability work in all sustainability areas. This is reflected, for example, in greener production through an investment in a wastewater treatment plant as required by law.

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

SALES VOLUME
321.2 million litres
+8.7%

NET SALES
135.3 million €
-2.5%

NUMBER OF PERSONNEL
861
+2.0%

ADJUSTED OPERATING RESULT
28.9 million €
+14.8%

LIDSKOE PIVO AWARDED AS BRAND OF THE YEAR 2023 BY AMFA

CONSUMPTION OF STEAM AND HEAT PER LITRE PRODUCED -9.2% FROM 2022 AND SLIGHTLY SMALLER TOTAL CONSUMPTION

PRODUCT CATEGORIES

IMAGES OF PRODUCTS LAUNCHED IN 2023

SALES VOLUME BY PRODUCT CATEGORY

Beer	Soft drinks	Water	Kvass	Long drinks	Cider	Juice	Other
53%	15%	11%	9%	5	2	2	3

BEER

519

million litres

SOFT DRINKS

143

million litres

WATER

108

million litres

KVASS

92

million litres

LONG DRINKS

44

million litres

ENERGY, SPORTS, WELLNESS AND OTHER DRINKS

28 million litres

CIDER

21

million litres

JUICE

21

million litres

STRATEGY

The purpose of our operations is to provide moments of enjoyment with pride. Our vision is to be the preferred multi-local beverage company.

Through our wide range of products, we want to be present in consumers' everyday life and moments of enjoyment all day, every day. We are proud of our company's unique cultural heritage, which is strongly reflected in what we do today. Through our committed ownership base, we will continue to take responsibility for local communities and our shared planet – just as we have done for more than a hundred years.

Being multi-local reflects the unique way we operate through local companies as part of local communities, the local cultural heritage and by responding to local consumer preferences. At the same time, we want to utilise the Group's synergies and common operating models in terms of the development of sustainability, competence and data capabilities. We want to continue to be the most desirable option for our customers, generate sustainable value for our owners and be the most interesting investment in our industry.

MISSION	**TO OFFER MOMENTS OF ENJOYMENT – WITH PRIDE**					
VISION	**THE PREFERRED MULTI-LOCATION BEVERAGE COMPANY**					
SOURCES OF GROWTH	**Ensuring strong competence and development**		**10 million moments of enjoyment, every day**	**Supporting the well-being of the planet**		**Profitable growth**
THE CORNERSTONES OF OUR STRATEGY	**PROFITABLE CORE BUSINESS** • Increasing the sales value of our strong core business • Efficient use of assets • The continuous improvement of operational efficiency	**EXTENSIVE RANGE OF PRODUCTS AND A MULTI-CHANNEL APPROACH** • Strengthening our market position in growing product categories and the HoReCa sales channel • Development of the multi-channel approach	**INTERNATIONAL BRANDS AND PARTNERSHIPS** • Growing exports in a targeted manner • Increasing the number of international brands in the product portfolio • Strengthening partnerships	**PEOPLE** • Investing in the well-being of our staff and their commitment • Development of critical skills	**SUSTAINABILITY** • Competitive advantages from sustainable ways of working and sustainable products • Supporting the green transition • Investments in sustainable energy and water solutions	**DATA** • Efficient utilisation of data in operational development and decision-making • Systems that support competitiveness
VALUES	**LOCAL** We value local presence and manufacture our products for local consumers while still relying on the Group's strong support.		**POSITIVE** A positive attitude is our way of operating and responding to challenges.	**RESPECT** We respect each other, our customers, partners and the environment.		**AGILE** We operate in an agile and customer-focused manner and develop our operations and product range dynamically on the basis of customer needs and data.

MEGATRENDS

Global changes shape our operating environment in the short and long terms. We recognise the challenges and opportunities arising from megatrends that affect Olvi Group. We are creating the future with today's choices that are in line with our strategy and responsible business practices.

	SUSTAINABLE DEVELOPMENT AND RESPONSIBLE OPERATING METHODS	DIGITALISATION	GLOBALISATION AND GLOBAL ECONOMY	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, acknowledging biodiversity and adapting to climate change; 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	• Data and information volumes are growing, creating a data economy and digital ecosystems while simultaneously increasing the sharing of data across the value chain • Automation, robotics and artificial intelligence develop our ways of working and increase efficiency • Digitalisation accelerates the technology transformation and modifies operating models • Technology and data become part of our daily lives, highlighting the need for continuous competence development • 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	• Rapid global changes are affecting local operating conditions • Geopolitical tension is increasing • Long supply chains are more vulnerable than before, and the amount of local acquisitions will increase • Trends and product ideas spread rapidly; markets are becoming integrated • Major international companies are becoming stronger, and local operators are challenging them • Pandemics, epidemics and mental health problems increase • Human rights aspects are highlighted as part of the promotion of sustainable development • The total world population is increasing even though, in certain regions, the population is decreasing. At the same time, immigration and the number of refugees increases and urbanisation continues • People's life expectancy is increasing, the proportion of the old-age population is growing, and the dependency rate is deteriorating • The development of wealth creation weakens and the economic inequality of the population increases	• Naturalness, healthiness, individuality, sustainability and product origin are emphasised in choices • With trends becoming global and spreading more rapidly, product lifespan is decreasing • Consumer groups are becoming polarised, consumption is becoming more personalised and value-based; quality and price awareness are also polarising consumers • The number of single-person households is increasing • Hybrid shopping is growing, which changes the relationship between physical and digital shopping, highlighting the ease and speed of shopping and increasing the opportunities for online shopping • 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 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 for our part and participate in ecological reconstruction • We invest in environmentally friendly production technologies and invest in acknowledging social responsibility and the transparency of our operations • 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 as well as proactive management by information in our own operations as well as throughout the value chain • 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 operating methods and product development • We ensure the predictability of prices and availability of materials • We develop risk management and scenario work while considering the perspectives of sustainable development to ensure operational continuity • We develop capabilities for managing a more diverse and heterogeneous workforce	• We increase consumer insight and develop marketing, sales and brands in a way that supports awareness, buying behaviour and buying recommendations • We invest in product innovations and new product segments and take into account trends in flavours, raw materials and packaging • We pay attention to people's overall well-being • We take into account the opportunities created by new consumer groups and packaging sizes • We develop multi-channel sales to support hybrid buying • We develop new product and service concepts and access to product information • We develop production and logistics process management to maintain efficiency as product volumes increase due to polarisation and individuality

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 information security, 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. It also reduces risks in operating activities. The risk analysis is based on several risk assessments, such as product and occupational safety, human rights, climate change and the environment. Olvi Group's risks are divided into strategic, business, financial and compliance risks.

THE MOST SIGNIFICANT BUSINESS RISKS

The geopolitical situation has affected Olvi Group's operating environment. The war in Ukraine increased business risks significantly. The coronavirus pandemic caused problems in the availability of raw 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 in 2023. The prices of raw materials, especially barley malt, sugar and carbon dioxide, have remained at a high level. Uncertainty in prices and availability continued in the market because of the war and weather events caused by climate change. The considerable fluctuations in energy prices continued. Logistics costs remained at a high level because of rising fuel prices. Olvi responded to the increase in costs by improving operational productivity and examining the adequacy of sales prices in order to maintain profitability.

Consumer prices rose rapidly, especially in Europe. The general cost inflation started to reduce consumers' purchasing power and affect consumer behaviour. This change was reflected in a consumption shift towards cheaper product alternatives. In addition, overall consumption may decrease and the premiumisation trend may stop. Olvi Group is responding to the change by developing its product portfolio in line with consumer demand and taking care of maintaining and strengthening market shares.

Considerable uncertainty is related to the Belarusian business operations in terms of the weakening of the exchange rate, the unpredictability of the operating environment and local legislation, trade sanctions and the functioning of financial transactions with Western countries.

Cyber security threats increased due to, among other things, the escalation of the global geopolitical situation. Targeted cyber-attacks are carried out especially against the information systems of the public sector and security-critical companies. Olvi Group has prepared for the increasing information security threats in many ways.

Our operations involve several risks related to sustainability. The identification and assessment of and preparation for these risks has become a significant part of risk management. Sustainability risks are mapped in connection with several different risk mappings, such as human rights and climate change assessments.

DEVELOPMENT PRIORITIES

In 2023, we focused particularly on the development of information security and sustainability risk management processes. In terms of sustainability, we carried out a human rights impact assessment pilot project. More information on the results of the assessment pilot can be found in the sustainability section. We have prepared for the increasing information security threats in a variety of ways. Staff are trained and informed on a regular basis. Olvi's information systems are protected through regular updates, backups, firewalls, anti-malware programmes, content filters and threat detection programmes. A 24/7/365 security service reacts to the deviations and alerts detected by these cybersecurity programmes and carries out any necessary measures.

In 2024, the sustainability assessments in all group companies will focus on human rights assessments in particular, and we will continue to carry out the biodiversity assessment launched in 2023. In addition, we will continue to develop the risk management process to meet the increased needs and future legal requirements. In terms of information security, we will add resources, update our recovery plan and network access rights management as well as renew the backup solution and firewalls. In addition, staff competence will be improved through continuous monitoring and training services.


SUSTAINABILITY

SUSTAINABILITY WIDELY

In 2023, the impacts of the war in Ukraine were still visible in the energy market, security, human rights and supply chain operations. Geopolitical tensions with their spill-over effects increased around the world, and the effects of climate change were increasingly observed as record-breaking heatwaves, floods and forest fires. The need for a holistically more sustainable business became even more pronounced, and the desire to implement the green transition in Europe increased.

In 2023, a major step was taken at the UN Climate Change Conference in Dubai as countries around the world agreed to move away from fossil-based energy systems. The goal is a net-zero situation by 2050, which means climate emissions and their removal are in balance. At the same time, the first situation assessment of the progress in implementing the Paris Agreement showed the need for increased efforts in all areas. Strong support was also given to science-based activities. This same message was conveyed by a report from the Intergovernmental Panel on Climate Change (IPCC). Reducing greenhouse gas emissions as well as setting science-based climate targets are an absolute requirement for companies' business operations and value chains. In addition, companies should identify how their operations impact biodiversity and make a plan to minimise the impacts.

Olvi Group set science-based climate targets, which were sent to the Science Based Targets initiative for approval in late 2023. The first step towards Olvi Group's carbon neutrality was achieved when Olvi plc's Iisalmi brewery achieved carbon neutrality in its own operations. Preliminary plans were also created for other companies to achieve the goal. We also participated in CDP's water reporting for the first time as a group and started drafting a plan to protect biodiversity. We started updating the human rights impact assessment process and increased cooperation with the value chain.

Expectations and requirements are increasing in all areas of ESG, while legislation accelerates actions and increases transparency. The Taxonomy Regulation, the EU Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards guide the actions. In addition to climate change and biodiversity, the legislation emphasises value chains, human rights, the circular economy, and consumers. The EU Corporate Sustainability Due Diligence Directive will be published in 2024.

We will continue the digitalisation of sustainability information and the development of reporting. The development of sustainability cooperation with various stakeholders in our value chain also plays a key role in terms of operations, products and information.

Our Board of Directors, management and employees play a key role in the implementation of sustainability. It is important for us to further increase these groups' awareness, understanding and competence regarding sustainability.

CONTENTS OF THE SUSTAINABILITY REPORT

SUSTAINABILITY AT OLVI

Sustainability is part of our values, strategy and everyday activities. 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 the entire value chain. To contribute to the advancement of 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 sustainablity in the procurement of raw materials and the carbon footprint of our products. We invest in our employees' safety and well-being at work, including in the value chain. We focus on developing a common culture of sustainability for the Group.

The financial and social impacts of our operations create value for our stakeholders. In addition to providing sustainable products, we work to ensure responsible communication toward consumers. Our values serve as a basis for ethical business operations. Our Code of Conduct is a collection of our policies and functions as a guiding principle for our operations and corporate culture.

DOUBLE MATERIALITY ASSESSMENT

In 2023, we carried out our first double materiality assessment in accordance with the four categories of the current ESRS standards in the EU Corporate Sustainability Reporting Directive – cross-cutting standards and topical standards, i.e. environmental, social and governance standards. They determine the information that the company is required to provide on material impacts, risks and opportunities and which is linked to environmental, social and governance-related sustainability issues. The ESRS standards also set out information requirements on relevant sustainability aspects in relation to corporate governance, strategy, management of impacts, risks and opportunities as well as metrics and targets.

In the double materiality analysis, the company's ESG impacts are assessed from the inside out by identifying how the company's operations affect society and the environment. The financial impacts of the themes, in turn, are assessed from the outside in by identifying how society or people affect the company's operations and what kind of financial impacts the changing operating environment and world may have on business.

As a result of the assessment, we identified the following as material reporting standards: climate change, water and marine resources, resource use and circular economy, business conduct, own workforce, workers in the value chain as well as consumers and end users. Pollution, biodiversity, and ecosystems as well as affected communities were excluded from reporting.

Based on the results, we categorised the reporting requirements into three categories: information and description of activities have been reported; information and description of activities exist but have not been reported before; and we must increase work on the theme and the collection of information and create capacity for reporting. Based on the results, we have invested in the promotion of human rights and biodiversity assessments as well as deepened our understanding and cooperation with various stakeholders in the value chain.

Materiality analysis for 2021 and 2022 were used as background information, the results of which can be found in the annual reports of the years in question.

Sustainability is divided into environmental, social and governance. Based on these aspects, Olvi Group's sustainability was divided into three focus areas through which we manage our sustainability efforts. In 2023, we updated our focus areas in line with our renewed strategy and emphasised stronger consideration of the value chain. These new themes are environment, people and products. In addition to these, an essential part of everything we do is an ethical business practice and cooperation with stakeholders.

	PEOPLE	PLANET	PRODUCTS
SHINE	CORPORATE CULTURE & LEADERSHIP IMPACT ON COMMUNITIES	SUSTAINABLE WATER USE	RAW & PACKAGING MATERIALS RESPONSIBLE CONSUMPTION CONSUMER INFORMATION
DEVELOP	COMPETENCE DEVELOPMENT HUMAN RIGHTS	BIODIVERSITY CLIMATE CHANGE CIRCULAR ECONOMY	
MAINTAIN	HEALTH AND SAFETY EQUALITY & DIVERSITY	EMISSION REDUCTION ENERGY SOLUTIONS	PRODUCT SAFETY SUSTAINABLE VALUE CREATION & RISK MANAGEMENT RESPONSIBLE MARKETING

IN CO-OPETATION — FOLLOWING ETHICAL PRACTICES

GOVERNANCE

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 2023, we added the reduction of water consumption and the growth of non-alcoholic product categories to the short- and long-term strategic goals 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 approve Olvi Group's strategic sustainability focus areas and targets, as well as sustainability indicators. The Board of Directors' Sustainability Committee assists the company's Board by contributing to the preparation and supervision of the Group's sustainability programme and external sustainability reporting. Olvi plc's CEO and Management Group approve longer-term responsibility priorities and targets and their indicators. In addition, they monitor the implementation of the sustainability programme and participate in the development of the programme.

Olvi plc's Sustainability Director and Sustainability Team as well as the persons responsible for the focus areas in the sustainability programme form a Sustainability Steering Group, which is responsible for the strategic definition of the sustainability action plan and its development. In addition, they are responsible for monitoring, reporting, and communicating the sustainability targets and measures. The monitoring of the indicators as well as the operational measures in accordance with the strategy are also the responsibility of the relevant Group and company-level teams. Sustainable development is reflected in our day-to-day work through each employee.

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.

The External Sustainability Advisory Team assesses the sustainability programme and its reporting, and provides insights for the development of the programme.

OUR COMMITMENT

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

WE ARE COMMITTED TO THE UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS (UNGPs)

We have joined 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 goals for sustainable development.

We are committed to participating in CDP's climate emission reporting to report on the climate emissions of our operations. In addition, we have submitted our climate targets for approval to the Science Based Targets initiative in late 2023.

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 also adhere to the UN Guiding Principles on Business and Human Rights and strive to promote them also in the value chain.

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 2023	RESULT 2023	TARGET 2024	SDG
CARBON-NEUTRAL VALUE CHAIN	E	• **2030:** Carbon-neutral production (Scope 1 & 2) • **2030:** The value chain's CO_2e total emissions -40% vs. 2021 (Scope 3) • **2040:** Carbon-neutral value chain	• Carbon-neutral production (Scope 1 & 2) – Olvi • The entire value chain's CO_2e total emissions -5.5% vs. 2022 (Scope 1,2,3)	• Olvi's own production carbon neutral, Scope 1 & 2 -2.4% • Year 2022 the entire value chain tot. +0.7%, int. -3.6% (2023 figures not yet in use)	• CO_2e total emissions < 2023 (Scope 1 & 2) • Creating a Road Map for productions other than Olvi and for the value chain • The entire value chain's CO_2e total emissions -5.5% vs. 2023 (Scope 1,2,3)	7, 13
RENEWABLE ENERGIES	E	• **2030:** 100% green electricity and 100% renewable energy	• Green electricity > than in 2022 (65%) (incl. Lidskoe Pivo) • Renewable energy > than in 2022 (41%)	• Green electricity 64% • Renewable energy 46%	• 100% green electricity (excl. Lidskoe Pivo) • Renewable energy > than in 2023	7, 13
WATER	E	• **2030:** Water consumption 2.5 litres per litre produced	• Water consumption < than in 2022 (2.8 litres per litre produced)	• Water consumption 2.8 litres per litre produced	• Water consumption < than in 2023	6
CULTURE OF ZERO ACCIDENTS	S	• **2030:** Zero accidents and accident-related absences	• Number of accidents -10% vs. 2022 (25)	• 36 accidents (+44%)	• Number of accidents -10% vs. 2023	8
COMMITTED PERSONNEL	S	• **2030:** Overall rating of People Power personnel survey AAA	• Achievement of the most important measures based on the results of the 2022 People Power survey	• Implementation of the most important development measures, in particular the development of cooperation, supervisory work and leadership	• Achievement of the most important measures based on the results of the 2024 People Power survey	3, 4, 8
IMPACTFUL STAKEHOLDER WORK	ES	• **2025:** Impactful stakeholder work with each stakeholder	• The most important partner of each stakeholder identified and action plan prepared	• The most important partners identified, action plans with some partners still incomplete	• The most important partner of each stakeholder identified and action plan prepared	17, 4
SUSTAINABLE PRODUCT CONCEPTS	ES	• **2030:** Sustainable product concepts 100% of the product portfolio	• Linking sustainable product concepts to product categories and brands	• Linking sustainable product concepts to product categories and brands incomplete	• Updating the criteria of a sustainable product to include the legal requirements for responsibility entering into force • Linking sustainable product concepts to product categories and brands	12
PROMOTING A RESPONSIBLE DRINKING CULTURE	ES	• **2025:** Measures to promote a responsible drinking culture in each product category	• Identifying product categories' and brands' key sustainability messages in the categories of alcoholic beverages	• Identification of sustainability messages by product group in each Group company (excl. Olvi, in which completed)	• Identification of sustainability messages by product group in each Group company (excl. Olvi, which is already complete)	3, 12
SHARE OF NON-ALCOHOLIC PRODUCT SALES	ES	• Non-alcoholic products (< 0.5%) grow faster than other product categories	• Added as a new main target in 2023		• Non-alcoholic products (< 0.5%) grow faster than other product categories	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 indirect suppliers are committed to the Code of Conduct	• 100% of employees have completed the Code of Conduct training • 100% of raw material and packaging material suppliers committed to the Code of Conduct	• Employee training postponed to early 2024 • 97.2% of raw material and packaging material suppliers committed to the Code of Conduct	• 100% of employees have completed the Code of Conduct training • 100% of direct suppliers are committed to the Code of Conduct	8, 4

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 connected to eight goals, in particular.

In 2022–2023, we participated in the UN Global Compact SDG Ambition Accelerator initiative. In it, we focused on specifying the focus areas of our sustainable development goals, taking into account the most significant positive and negative effects of our operations in our value chain. We also determined the sub-areas most relevant from our point of view.

SUSTAINABLE DEVELOPMENT GOALS

Ensuring a healthy life and well-being for all ages

3 GOOD HEALTH AND WELL-BEING

- We promote the responsible and reasonable use of our products and communicate and engage in activities to support responsible alcohol consumption
- We maintain a diverse range of products and increase the share of non-alcoholic and low-alcoholic products
- We invest in the development and production of healthy and natural products
- We use voluntary warning labels in our brewing products: Not for minors, not for pregnant women, not for drivers
- In the sustainable product criteria, we take into account the environmental footprint of the product, circular economy, social responsibility and the support for consumer health, for example, in terms of the content of the drink
- We use communication to ensure that consumers are aware of the responsibility of our products and share information about sustainable lifestyles

Ensuring access to water and its sustainable use as well as sanitation for all

6 CLEAN WATER AND SANITATION

- We use local groundwater and promote the sustainable use of clean water by working with actors in the region to safeguard the aquatic ecosystem
- We optimise the quantity and quality of wastewater and improve water efficiency through production planning and operational development

Promoting sustainable economic growth, full and productive employment and decent jobs for all

8 DECENT WORK AND ECONOMIC GROWTH

- Our Code of Conduct is a collection of our policy and functions as a guiding principle for our corporate culture
- We develop our operations and practices to improve occupational safety
- We secure the ability to work as well as occupational health and well-being throughout one's working career
- We respect diversity and treat everyone equally
- An essential part of our values and business in all markets is a responsible and fair way of doing business
- Our Code of Conduct helps us ensure that both our own operations and our value chain take into account labour rights, human rights, anti-corruption and the environment
- 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

Urgent action against climate change and its impacts

13 CLIMATE ACTION

- We identify the impact of our actions on climate change
- We take measures to reduce our carbon footprint and achieve the carbon neutrality goals of our own operations and value chain
- We have submitted our science-based emission reduction targets to the Science Based Target initiative
- We regularly assess key climate risks, such as extreme weather events, and identify ways to manage them
- We develop our operations based on results together with our value chain

Ensuring open, equal and quality education and lifelong learning opportunities for all

4 QUALITY EDUCATION

- We take care of and support the competence and development of our personnel through company- and Group-level training and operational development
- We develop the Group's common sustainability culture by strengthening sustainability awareness and skills
- We increase the sustainability awareness and expertise of our stakeholders through training and audits

Ensuring affordable, reliable, sustainable and modern energy for all

7 AFFORDABLE AND CLEAN ENERGY

- We increase the share of renewable energy in electricity and thermal energy
- We reduce energy consumption through measures improving resource efficiency

Ensuring the sustainability of consumption and production patterns

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- In line with the circular economy approach, we reuse and recycle materials and reduce the use of materials and increase the use of by-products where possible
- We minimise the use of packaging materials and increase the use of recycled packaging material
- We actively invest in the development of innovative circular economy concepts, such as the production of waste-based products

Strengthening the implementation of sustainable development and global partnerships

17 PARTNERSHIPS FOR THE GOALS

- We will increase and develop partnerships with various stakeholders to promote sustainable development in order to make a wider impact
- We interact with stakeholders, which reflects our values and sustainability goals and promotes the industry's sustainability practices

STAKEHOLDERS

Active dialogue and cooperation with stakeholders through various interaction channels is important for our operational development.

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, sustainability information	• The maintenance of continuous and interactive dialogue and the use of feedback • Cooperation for the development of operations and products • Digitalisation and data	• 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, products and sustainability information 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 & events • Cooperation projects • Audits and training
Consumers	• Safe products • Sustainable products and sustainable operations as well as open, transparent, and reliable information about products and their responsibility throughout the value chain • The provision of domestic products	• Expanding the range of products containing waste raw 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 tasks, including sustainability themes • Environmental topics, including water, resource efficiency and the circular economy	• Everyday interaction and putting feedback into use in the development of operations • Encouraging operational development • Training • Measures emerging from the annual personnel survey	• Everyday interaction and feedback • Meeting practices • Training • Events • Internal communication and training channels • Personnel surveys and questionnaires • Performance reviews
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 • Sustainability themes, in particular human rights, biodiversity and climate change • Stable payment of dividends and share price development	• Longer-term carbon-neutrality targets (science-based climate 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, the authorities and the 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 • Inclusion in industry development • Proactive role in managing ecological, social and economic change	• Participating in discussions with member associations and other industry organisations • Joining commitments aiming to promote sustainable operations, such as the UN Global Compact • Cooperation aiming to promote sustainability	• Continuous dialogue • Meetings & events • Cooperation projects • Memberships and partnerships
Local communities	• Impact of own operations • The provision of support and collaboration opportunities • The development of sustainable operations	• Direct and indirect employment • Developing local vitality in cooperation with other operators in each area • Cooperation with cities/towns and educational institutions	• Continuous dialogue • Meetings & events • Initiatives and cooperation projects


PEOPLE

PEOPLE

In line with our renewed strategy, we promote employees' well-being, safety at work and competence development. We pay attention to consistent management and equal treatment. This enables us to create optimal conditions for work and development. We also strive to ensure the implementation of human rights in our value chain.

We are committed to being a positive, fair and safe workplace. We want to take diversity, equality and inclusion into account in our operations. We are a significant local employer in each of our locations, and we want to be an attractive workplace for 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.

We strive to maintain and develop the working methods and leadership that support the well-being, learning and professional development of our staff, as well as knowledge sharing and cooperation.

In 2023, Olvi Group had a total of 2,376 employees in six countries and 14 units. The average service time is around 9 years across the Group companies. Olvi Group also employs summer workers and trainees, 138 in total in 2023.

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 well-being at work and the work ability of the staff as well as the experience of the meaningfulness of the work. We strive to enable work and career development.

We will continue to develop our HR processes, practices and leadership. This helps us guarantee equal opportunities for everyone as well as the possibility of professional development throughout the life cycle of the employment relationship. We also want to ensure equality, diversity and inclusion in all our activities.

AIMING TO BE AN ATTRACTIVE WORKPLACE

Competence development gives our personnel the possibility to acquire new skills and professional skills that enable us to develop our operations to meet the expectations of our customers and stakeholders.

The Group has consistent HR policy to 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. Olvi Group's business strategies and targets are implemented across the organisation by means of scorecards, performance reviews, team and department meetings and joint events.

IDENTIFYING HUMAN RIGHTS IMPACTS

We want to promote people's well-being and ensure the realisation of human rights both in our own operations and in the value chain. In 2023, we carried out a human rights impact assessment and human rights risk mapping at the Volfas Engelman brewery in Lithuania in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs). In the pilot, we identified the biggest impacts of our operations, such as the right to life and health through safety at work and the impact on good working conditions and equality through well-being at work. We also found various development opportunities to minimise risks, such as coaching work communities to support diversity. We did not identify serious human rights risks in our own operations.

In terms of the value chain, human rights risks can be influenced mainly through agreements and raising awareness. We identified some higher-risk activities in the value chain, such as transportation and restaurant operations, as well as risk groups related to material procurement. Protecting the health of consumers and the safety of the surrounding environment are also important themes. We will invest more in understanding and preventing these during 2024.

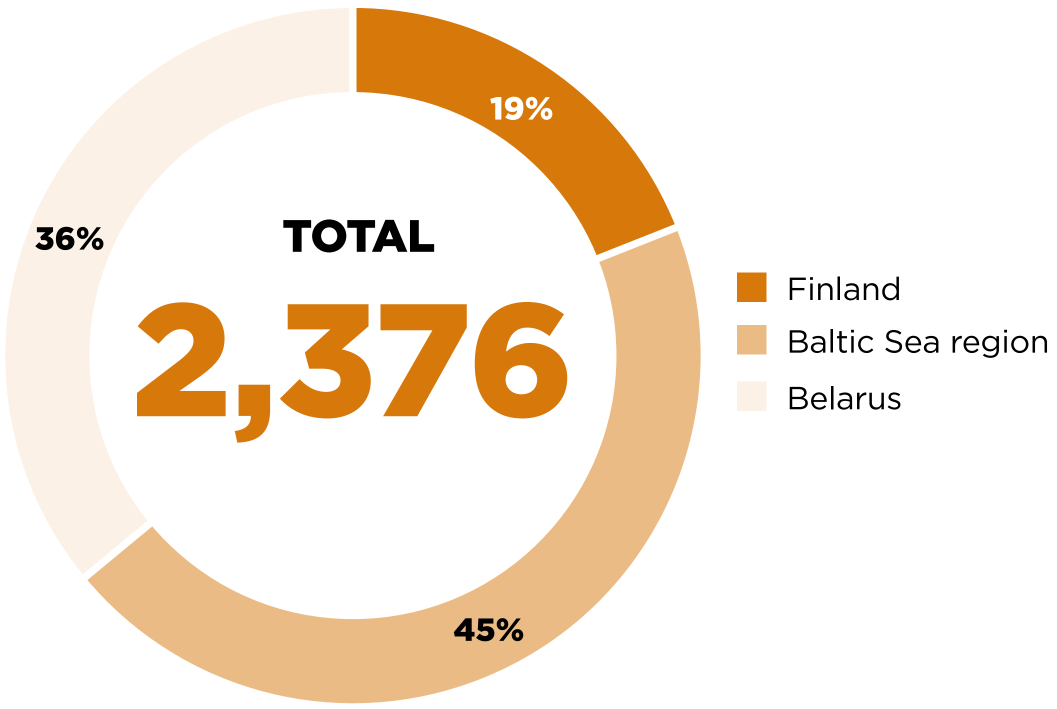
In 2024, we will implement the human rights impact assessment process throughout the Group and continue the assessment work in other Group companies. We will focus first on securing our own operations but, in the future, we will also invest more in cooperation in the value chain to prevent adverse effects and increase the positive effects in the value chain.

NUMBER OF PERSONNEL

2023 **2,376**

2022 **2,335**

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, agile, and goal-oriented 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. We have found that our corporate culture attracts potential new talent. We also believe that it helps us to engage our highly competent employees.

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. 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.

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 annual 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.

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

In 2023, we conducted a smaller Pulse survey, which we used to form a situational picture as a basis for strategy work and include the staff's voice in the strategy work. The total index of the Pulse survey increased from the previous year's personnel survey, although the figures are not directly comparable, and is well above the norm in the Baltic Sea region. The staff was particularly pleased with the company's development direction and is ready to recommend the company as an employer. In 2024, it is time for the PeoplePower personnel survey.

TARGET FOR 2030

overall rating in personnel survey:

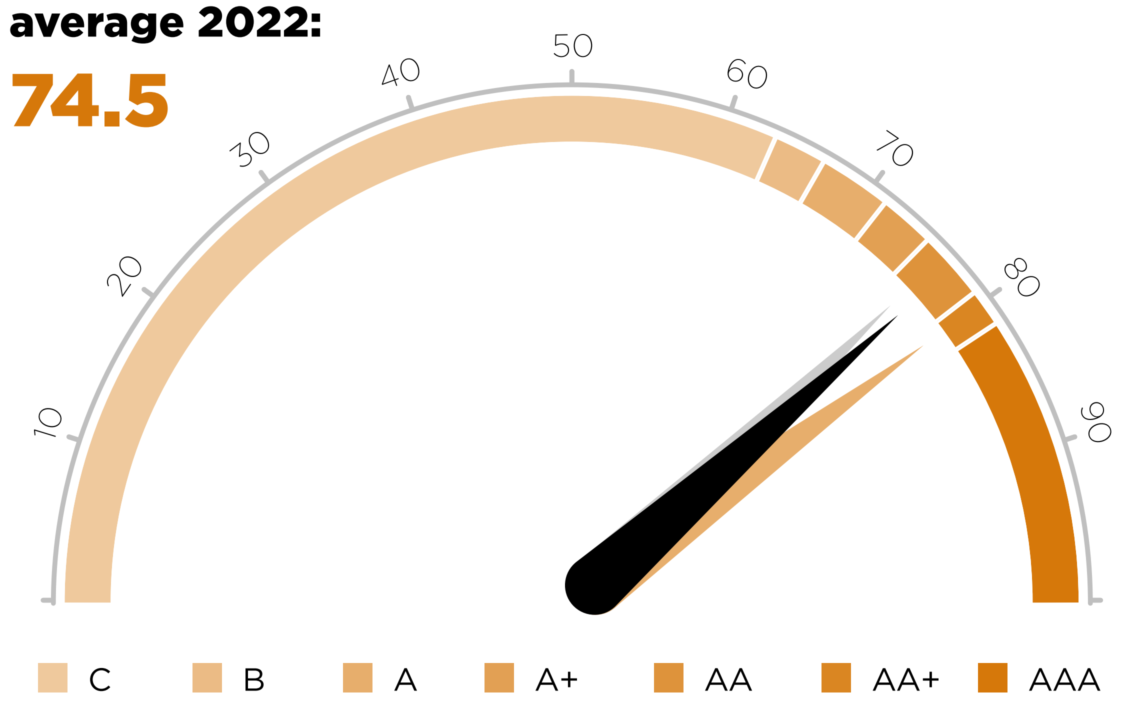
AAA

THE RESULTS OF THE PERSONNEL SURVEY

2022	2019	2016
AA	AA+	AA

Baltic Sea region average 2022:

74.5



MANAGEMENT, SUPERVISORY WORK AND WORKPLACE SKILLS

We invest in successful supervisory and work community skills as well as an excellent leadership culture. With these, we ensure a functioning work community and a good atmosphere and support employee 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 aligned with policies approved by the CEO of Olvi plc. Many of these were updated in 2023. More information about our management systems and policies is provided in the appendix (p. 51).

OPERATIONAL DEVELOPMENT

Our development of management, supervisory work and workplace practices is based on the feedback from performance appraisal discussions. Employees' voices are also heard through cooperation steering groups and other cooperation bodies

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. In 2023, the Olvi Academy focused extensively on increasing responsibility awareness in terms of both social responsibility and environmental responsibility. In 2024, we will continue the Olvi Academy with training themes that support the strategy.

We want to continue to be an attractive employer. That is why we are constantly working to develop a positive corporate image and increase visibility. We participate in various recruitment events at educational institutions and have increased our visibility on social media in all countries. Every year, we recruit a significant number of seasonal workers and have also strengthened our organisations with new job descriptions. We have therefore developed companies' recruitment practices and are collecting feedback on recruitment processes in the spirit of continuous improvement.

CASE

CONTINUOUS COMPETENCE DEVELOPMENT

We developed our know-how in many ways last year and will continue our work while also taking into account the needs of the revised strategy. People and know-how enable the implementation of the strategy.

Competence development is a continuous process the purpose of which is to stay up to date with the demands of working life by acquiring new skills and improving existing ones. Approximately 70% of competence is acquired on the job, in projects, as a substitute or inductor; 20% through learning from others; and 10% through training and coaching. Continuous learning also impacts well-being and the capacity to work.

”A sense of competence increases well-being at work and feelings of having meaningful work. It also reduces possibility for burnout”, says HR Manager Anne Mäntyaho from Olvi.

Leadership development was a shared focus last year, and each company approached the theme with a training package of their choice.

Lidskoe Pivo trained project management for supervisors, and production department managers were trained to work in a supervisory role. Leadership Academy, aimed at Cēsu Alus' supervisors and key experts, continued with the target of committing and guiding employees towards the achievement of common goals and results. Volfas Engelman's department managers, middle managers and experts focused on interdepartmental cooperation to ensure the implementation of the strategy. Olvi continued to coach supervisors, for example, in the early caring model.

We invested in the development of our operating models. At the Sales Academy, Cēsu Alus reviewed its sales process practices in order to be able to work together more effectively. In addition, they launched training modules that support diversity. Volfas Engelman implemented internal apprenticeship training to share skills, and Lidskoe Pivo trained all employees on the Kaize system.

As a Group, we focused on developing our digital tools skills and mapping opportunities. We updated our competence and operating model for the human rights impact assessment. In addition, we reviewed our sustainability work and plans in accordance with the new strategy.

We will continue to support continuous learning also in 2024. Competence development supports us in achieving our business goals, increases employee engagement and provides a competitive advantage in the market.

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 appraisal discussions.

We strive to have an appraisal discussion with as many employees as possible every year. In 2023, a total of 75% of our employees participated in performance appraisal discussions.

WE OFFER A WIDE RANGE OF ONLINE TRAINING

CONTINUOUS TRAINING

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

We regularly train personnel through both traditional training sessions and online training at the company- and Group-level. The learning environment enables consistent training across 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, for example, by creating department-specific study paths. In 2023, we organised extensive information security training for the Group's employees to improve protection against cyber threats.

We offer our employees various kinds of training, 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. The parent company Olvi began arranging internal Sustainability-themed Morning Coffee events, short gatherings in which people were informed about sustainability-related matters. We have also provided training on biodiversity and water use in all companies. In 2024, we will continue to increase our sustainability competence extensively for the entire Group's personnel, both in the form of in-person learning as well as webinars.

We monitor how much time each employee spends on training. In 2023, Group employees spent an average of 7.1 hours in training, whereas the corresponding figure for 2022 was 9 hours. We are further developing practices for reporting training completion in order to ensure up-to-date monitoring of training volumes per focus area.

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 for both our own staff and third parties working on our premises.

We focus on ensuring our employees' safety-related competence. Sufficient orientation, 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.

In 2023, we developed the Group's shared model for safety at work and updated the health and safety policy. Each company also implemented a common accident definition and accident investigation and prevention model. Active discussion and exchange of information between companies builds a common safety culture. To ensure the quality and consistency of operations, most companies have a certified occupational health and safety management system. We also use the ISO 45003 standard, which focuses on psychological health and safety at work.

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. The updated accident definition facilitates Group-level monitoring.

We measure the safety of the working environment based on the total number of accidents and absences caused by accidents. A total of 36 accidents occurred at Olvi Group in 2023, which was 11 accidents more than the previous year. There was one serious accident, while there were three of them in the previous year.

The Group's accident frequency rate was 8.7 in 2023 (6.1 in the previous year), representing an increase of 43%. Olvi Group's accident frequency level is still considerably lower than the average for the Finnish beverage manufacture industry, which was 25.9 in 2022, for example.

The increase in the number of accidents is at least partly explained by an active development of the safety culture, which means that even smaller accidents are reported. This way, the accident investigation model can be deployed and recurring accidents can be prevented.

TARGET

FOR 2024

occupational accidents

-10%

TARGET

FOR 2030

0 **accidents and accident related absences**

NUMBER OF ACCIDENTS

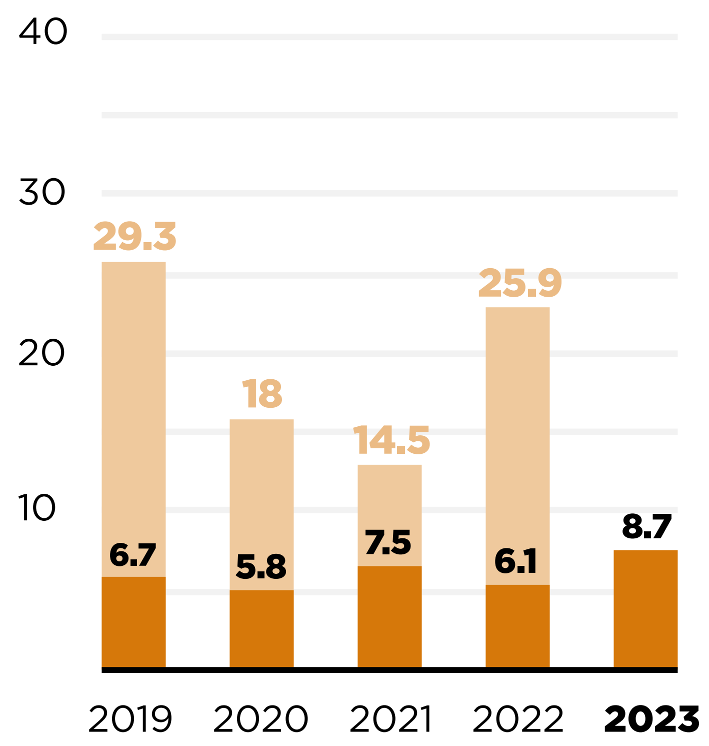
2023 **36**

2022 **25**

2021 **28**

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 work 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. Olvi Group employees are guaranteed a substance-free working environment.

We seek to identify any factors that affect working capacity as early as possible by encouraging a culture of open discussion, for example. The parent company revised the early intervention model in 2023. The training gave supervisors the ability to identify silent signals from the work community and individuals and to intervene in inconveniences on time. 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 2023, sickness absences represented 4.5% of all working hours across the Group (5.5% in 2022). The amount of sick leave has been reduced by the weakening of the coronavirus pandemic and investing in the well-being and coping of staff. The sickness absence rate is still at a good level when compared with the average for the Finnish food industry (5.7% in 2022).

WELL-BEING AT WORK AND LIFESTYLES

We take care of well-being at work to ensure our employees' physical, emotional and social well-being. The Olvi Group companies promote well-being at work through various measures, events, occasions and lectures. We want to ensure that employees have the opportunity to balance work and leisure and strive to create a flexible work culture.

Each Group company has its own programmes and days when they can develop well-being at work. In 2023, Volfas Engelman campaigned for positive speech under the theme The Power of Positive Words. The aim is to develop the company's discussion culture and atmosphere. Parent company Olvi's 'Well-being at Olvi' programme focused on updating the early caring model in 2023. In May, Cēsu Alus organised a Be healthy theme month, raising various health and well-being themes.

FLEXIBLE WORK INCREASES WELL-BEING

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 use employee bicycles, and we encourage every-day exercise on commutes. We also 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.

We work to create optimal working conditions and increase the flexibility of work in our Group companies. We strive to offer flexible working-hour schemes whenever possible. The parent company expanded the 12-hour shift model to the entire production organisation in 2023. Part-time work can also be agreed on, if the situation so allows. To promote well-being at work, we explore various work shift arrangements and models and hybrid work. Training has also been arranged for remote and hybrid work to support different forms of work.

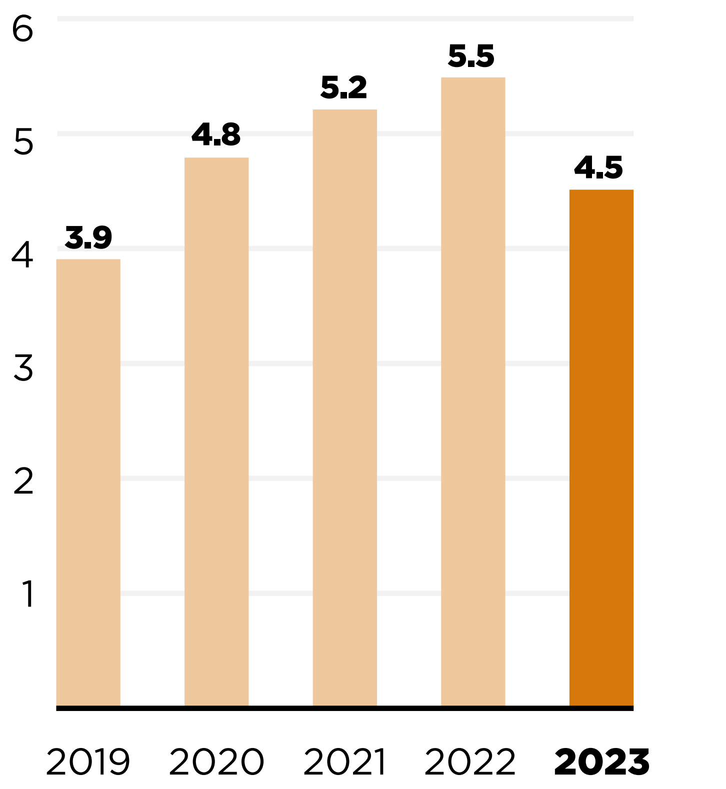
We guarantee our employees all statutory parental leaves. We take our employees' families into consideration in various ways. For example, in 2023, many Group companies arranged various family events and site visits. We enable long- or short-term leaves for such reasons as studies or job alternation.

SUSTAINABILITY ACTIONS

- *A. Le Coq* offered employees and their families the possibility to attend Ski Academy events
- *Cēsu Alus* arranged the Strava Challenge, which included bicycling, running and walking
- *Olvi plc* organised an Open doors event with 850 participants
- *Lidskoe Pivo* organised a LIDBEER Festival music event in Lida, Belarus

SICKNESS ABSENTEEISM FROM WORK

% of total hours worked



EQUAL OPPORTUNITIES

Our workplace community offers equal opportunities for all employees. Taking diversity into account is also important to us. We treat all our employees fairly and equally, regardless of their age, gender, religious beliefs, opinions, nationality or similar factors. We also strive to ensure equality and equal treatment in our value chain.

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. Employees also have the freedom of association.

In 2023, 61% of Olvi Group's employees were men, and 39% were women. The average age of the Group's employees was 41, and the largest age group was 30–49.

CONSIDERING DIVERSITY

Olvi Group has a Code of Conduct and HR policy in place to ensure equal opportunities. The Group companies also have their own programmes and tools for promoting equality and non-discrimination. We are working to develop our work communities' capacity to acknowledge diversity and, to support this, Cēsu Alus joined the Latvian Diversity is strength campaign in 2023.

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.

WE DEVELOP THE CAPACITY TO ACKNOWLEDGE DIVERSITY

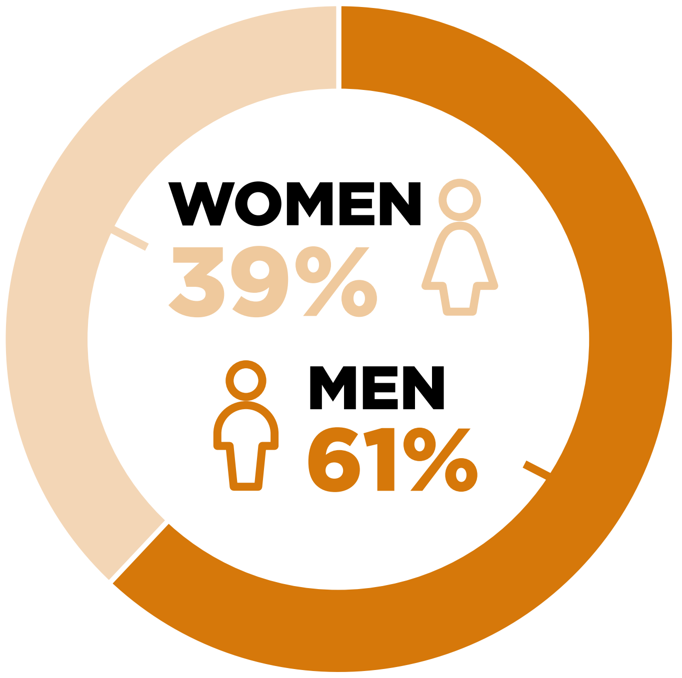
In 2023, 60% of the members of Olvi plc's Board of Directors were men and 40% were women as the size of the Board decreased. Of the members of country-specific boards and management teams, 58% were men and 42% were women. In comparison with 2022, the proportion of women in companies' Management Groups subsidiaries' Boards has increased due to new positions and recruitment.

OPERATIONS BASED ON EQUALITY

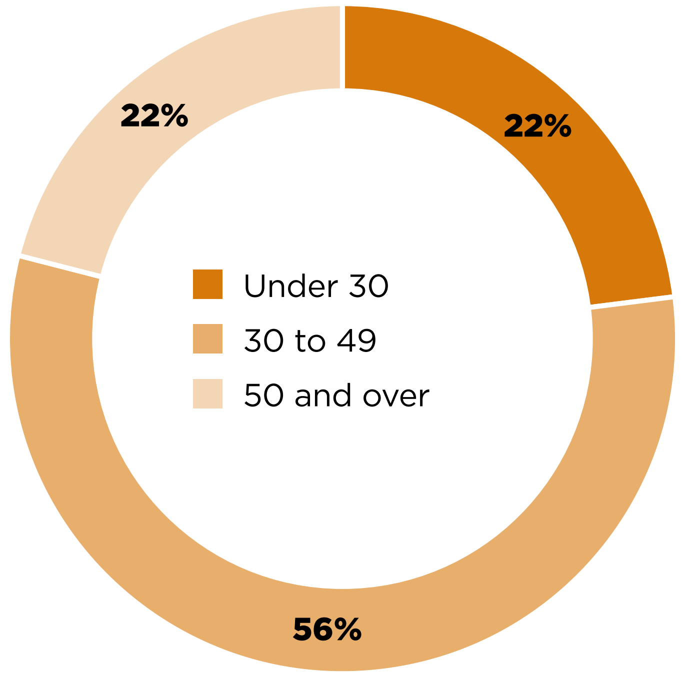
Fair and equal treatment is reflected in recruitment, salaries and career development opportunities, for example. Recruitment is always based on an identified need for resources and the competence and qualification requirements related to the job, and it supports the achievement of business objectives. 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. The companies regularly carry out wage comparisons to ensure equal pay.

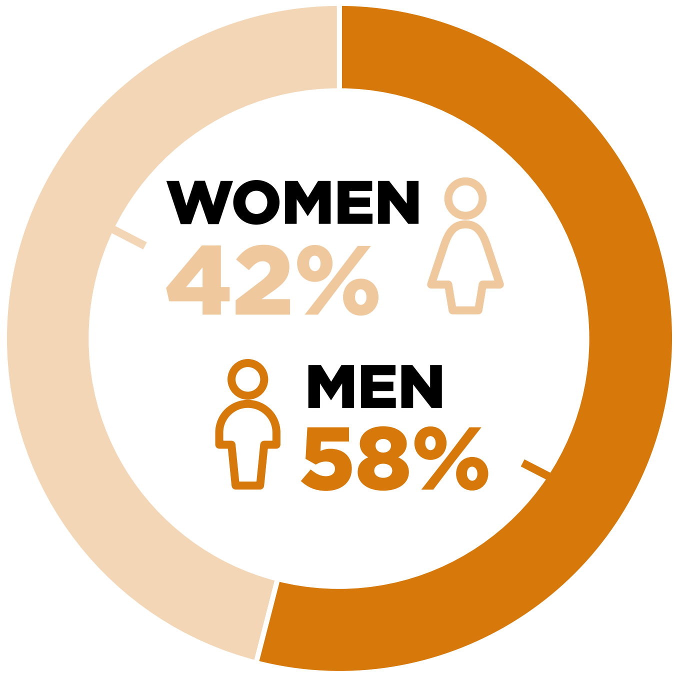
EMPLOYEES' GENDER DISTRIBUTION



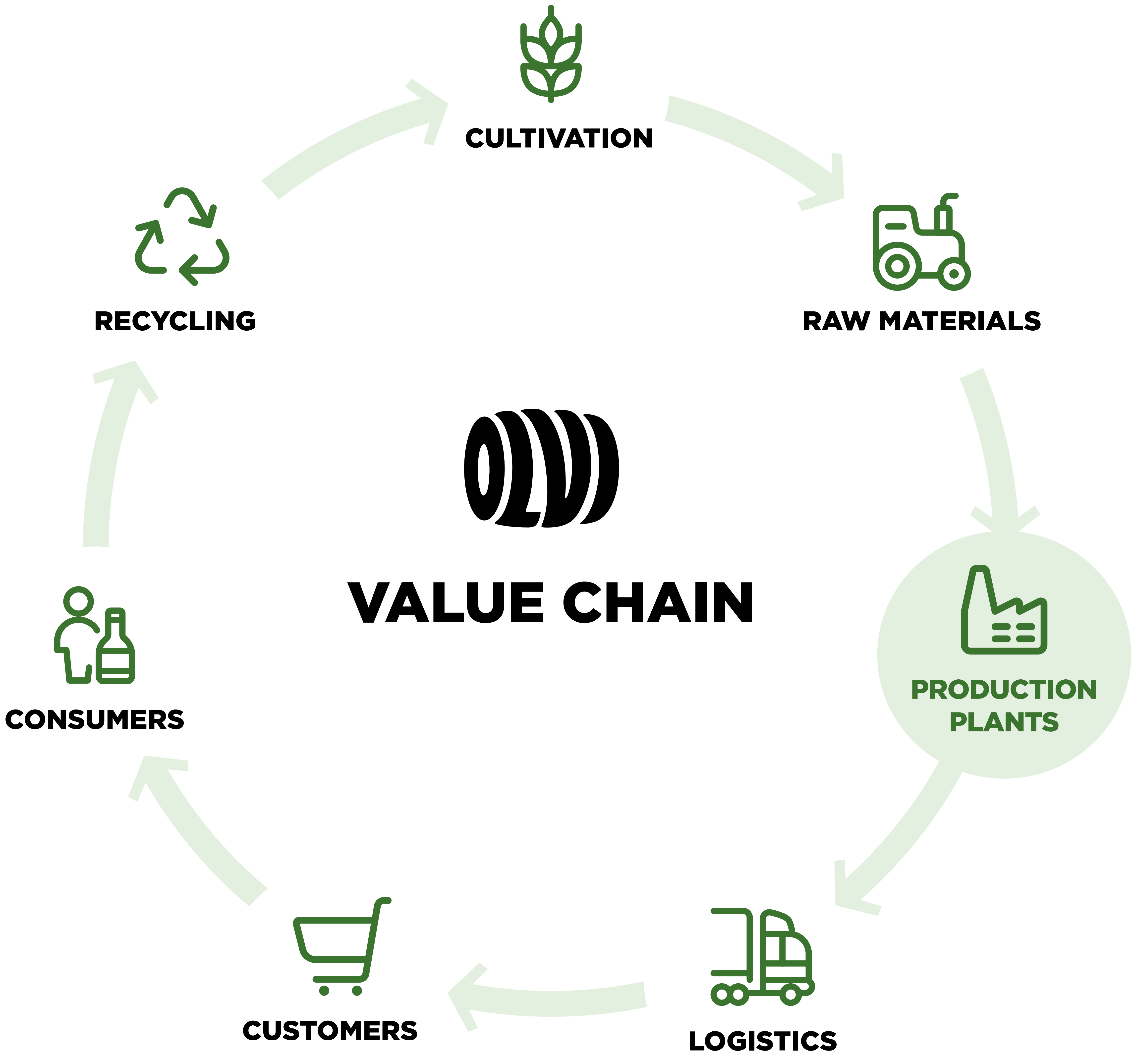
EMPLOYEES' AGE DISTRIBUTION



MANAGEMENT GENDER DISTRIBUTION



ENVIRONMENT



FOR OUR ENVIRONMENT

We work to continuously reduce our environmental footprint and to improve our resource efficiency. In addition to developing our own operations, we aim to steer our value chain towards a more positive impact.

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

Olvi Group's sustainability footprint consists of the impact its own operations and its value chain. In connection with the responsible management of the supply chain, we have identified the most essential areas for us both in terms of our own operations and in terms of 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 and sustainability of raw materials are key topics. Digitalisation enables more extensive and real-time sharing of information in the value chain, and we invest in management by information.

Protecting nature and its biodiversity is important to us. That is why we aim to increase the share of regenerative farming in our value chain and emphasise the importance of taking sustainability into account in all procurements. We make purchases 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, for example. We ensure the quality and safety of all purchased raw materials and packaging materials.

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, in particular. We pay special attention to efficient distribution and warehouse through solutions that are as environmentally friendly as possible. We work to ensure reliable deliveries and safe products for our customers.

PROTECTION OF BIODIVERSITY

Preserving biodiversity is vital for Olvi, as production depends on clean water and agricultural raw materials. We have identified the impact on climate change and clean water as the biggest impacts of our operations, which we strive to minimise. However, the greatest impact comes from the value chain, such as those related to cultivation. We aim to reduce these together with suppliers, for example, through regenerative farming and water use. We are also involved in Natural Resources Institute Finland's (Luke) Sustainable Crop Production initiative, which started in 2023. The aim is to diversify cultivation while taking into account crops, time and place. Developing the protection of biodiversity is one of our priorities for 2024. We are also committed to ensuring that, by 2025, the materials we acquire do not cause deforestation.

REDUCING OUR 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 regenerative cultivation and plant varieties, in particular. We also work to reduce the value chain's carbon footprint by using recycled materials, for example, and by 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 create better opportunities for the real-time monitoring and optimisation of our steam, heat and electricity use.

MONITORING OF EMISSIONS

We are constantly developing our climate emissions calculation in order to be able to support the emission reduction work and ensure that the calculation is up-to-date. In 2023, we particularly refined the emissions calculation of transportation and acquisitions. We provide more detailed reporting on the emissions through CDP climate reporting, in which we achieved the grade B in 2023, while the average for our industry was B-. The calculation methods and changes 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 goal is for all of our breweries to be carbon neutral by 2030. In addition, our goal is a carbon-neutral value chain, and we are also setting a target for reducing agricultural emissions. The preliminary target year set for the value chain is 2040.

At the end of 2023, we submitted our science-based targets (SBTs) for approval and will publish the revised targets after approval. In 2024, we will make a more precise plan to achieve the science-based climate targets. Achieving the targets requires us to invest in renewable energy solutions, reduce the emissions of purchased materials and develop logistics in cooperation with the value chain.

In 2022, total emissions amounted 422,529 t CO_2e. Of the total emissions, 3% resulted from company's own operations (Scope 1), while 4% resulted from purchased energy (Scope 2). The value chain's emissions (Scope 3) accounted for 93% of the total. In addition, own operations release 54,915 t CO_2e worth of biogenic, short-cycle carbon dioxide not accounted for in the reporting in accordance with the GHG protocol. The data on the 2023 total emissions are not yet available, since the value chain data will not be in use until April 2024. Total emissions in terms of own operations and purchased energy are 2.4% lower than in 2022.

VALUE-CHAIN EMISSIONS

Already 93% of Olvi Group's carbon dioxide emissions derive from the value chain (Scope 3). A significant portion, 81%, of the value chain's emissions in 2022 were emissions generated by purchased materials and services. The next most significant sources of emissions are outbound and inbound transport. The treatment of used consumer packages, such as cans and bottles, as well as the cooling of products in sales points also generates emissions.

Development done in cooperation with value-chain partners is the best way for us to reduce the emissions of purchased materials. Almost all of our main partners have set science-based climate targets. Increasing the use of recycled materials is an important part of emission reductions, as is increasing resource efficiency and material surveys.

We aim to reduce the greenhouse gas emissions from transportation and distribution by optimising distribution chains and routes, as well as the distribution frequency, and by loading trucks more efficiently. Nearly all our logistics takes place in the form of road transports. The Group already has an electric truck in use and, in 2023, we started a pilot on the use of biofuel in transport in Finland. We are constantly exploring new opportunities for lower-emission logistics and, in 2024, we will introduce another electric truck in Estonia and a biogas truck in Lithuania.

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 organise bicycling challenges and enable the purchase of company bicycles for employees in some Group companies to promote a combination of commuting and exercise.

TARGET

FOR 2030

CO_2e from the entire value chain

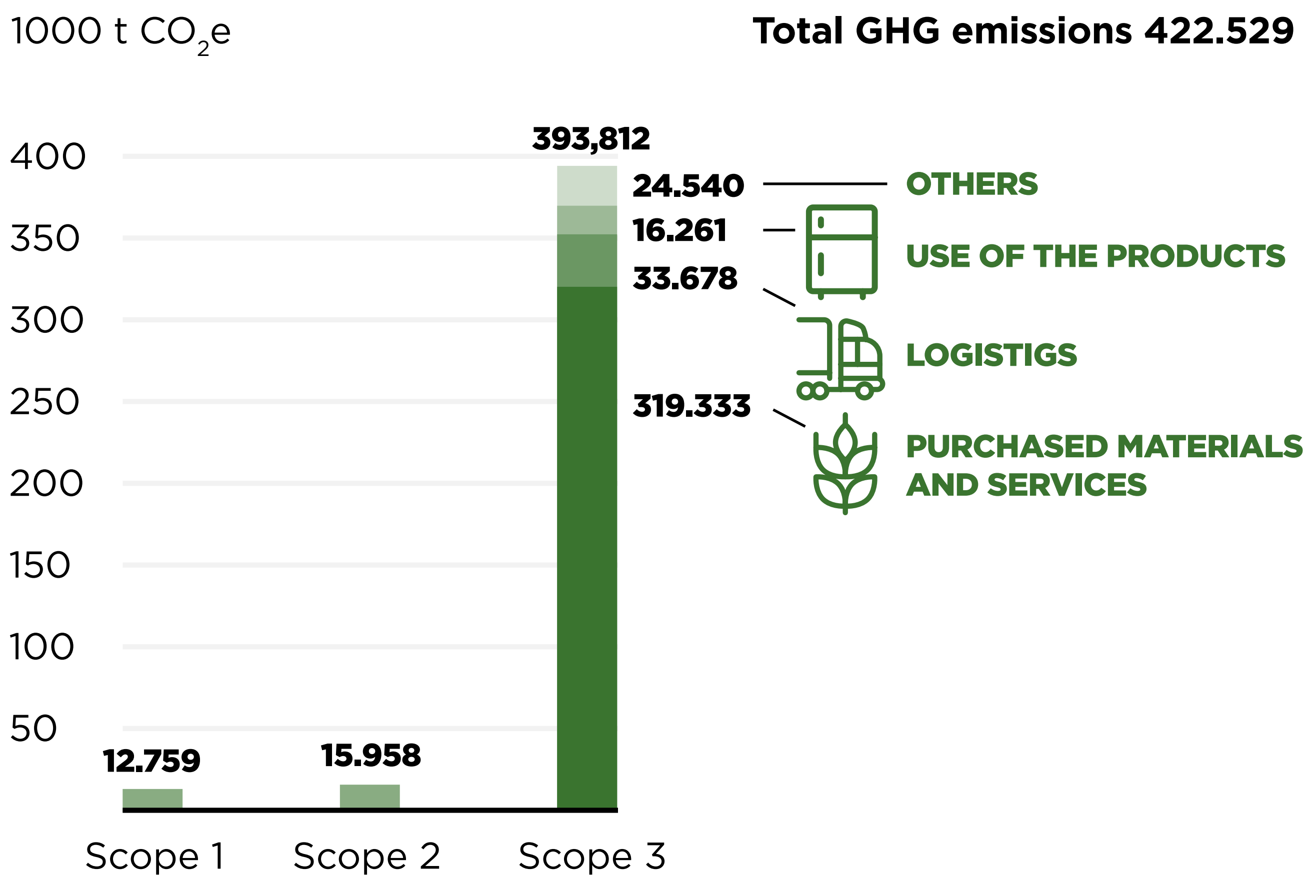
-40%

TARGET

FOR 2040

A CARBON-NEUTRAL VALUE CHAIN

TOTAL EMISSIONS 2022



EMISSIONS FROM OWN PRODUCTION

The direct greenhouse gas emissions (Scope 1 and Scope 2) of our own operations arise mainly from the production of heat, steam and electricity used in production plants. We have reduced market-based energy emissions by 52% since 2015, particularly through renewable energy solutions in electricity and the production of heat and steam. In 2023, emissions from own production decreased in our energy production, but increased slightly for transport fuels after the impact of the coronavirus pandemic disappeared. The emissions increased slightly in purchased energy, meaning that overall emissions in this respect were approximately 2.4% lower than the year before. Emissions in relation to litres produced have reduced by 4%.

We aim to continuously improve our resource efficiency and reduce our electricity consumption. However, the electrification of production may increase the need for electricity. In 2023, the Group companies' electricity consumption increased by 1.7% due to volume growth, but electricity consumption was 0.081 kWh per litre produced, which was at the same level as in 2022.

Our goal was to achieve 100% green electricity in 2023, but we did not quite achieve this. We aim to use 100% green energy by 2024 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 2023, green electricity accounted 64% of the electricity at all Group breweries, remaining on the same level as in 2022. We also aim to increase our production of green electricity with solar panels.

The total consumption of steam and heat energy in the Group decreased by 1.7% from 2022 and the consumption intensity decreased by 3.2%, amounting to 0.135 kWh per litre produced. The decrease is affected by the completed energy efficiency measures, the product portfolio and weather conditions. Our long-term target is to use fully (100%) renewable energy by 2030. We already use several renewable energy solutions, such as bio-power plants and biogas plants, and 46% of the energy is produced with renewable energy.

In 2023, parent company Olvi became the first Group company to achieve carbon neutrality. Carbon neutrality is based on bioenergy and green electricity, but a small share of the bioenergy plant's emissions has also been offset with certified projects. A. Le Coq switched to bio-based district heating in 2023, and Volfas Engelman is planning to switch to bio-based district heating. 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.

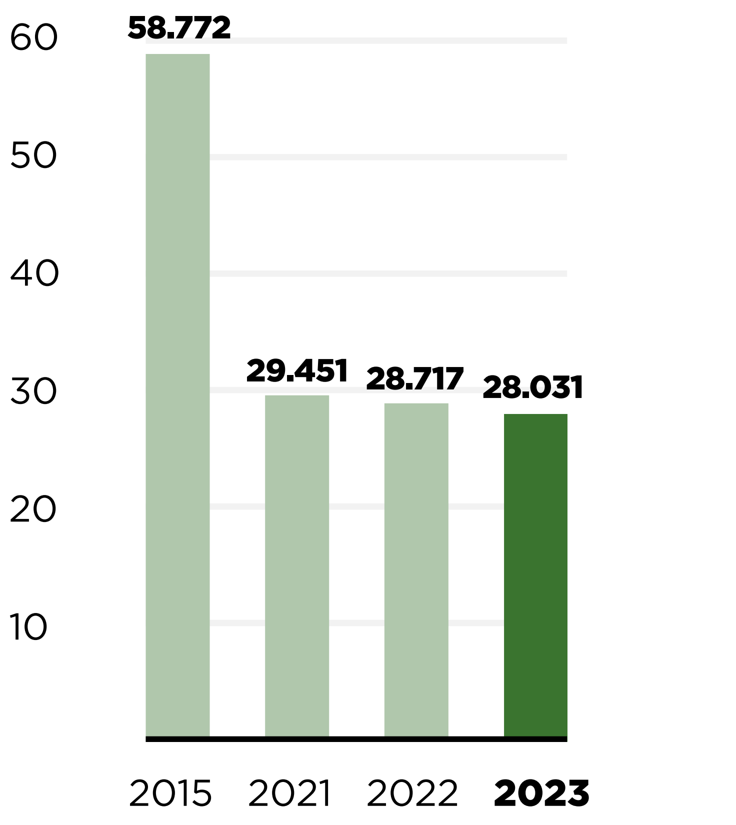
Olvi Group has conducted studies and measures for the more effective measuring of energy consumption and for optimising its use. We focus on reducing energy consumption by modernising equipment, for example. We also take energy efficiency into account in building and space solutions and employ a certified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

SUSTAINABILITY ACTIONS

- *Parent company Olvi* introduced a CO_2 recovery plant
- Biofuel pilot in Olvi's Finnish logistics
- *Cēsu Alus* and *The Helsinki Distilling Company* use biogas for heating
- Green electricity is in use at production facilities in Finland, Estonia, Latvia and Lithuania
- *A. Le Coq* switched to district heating made with mainly renewable fuels

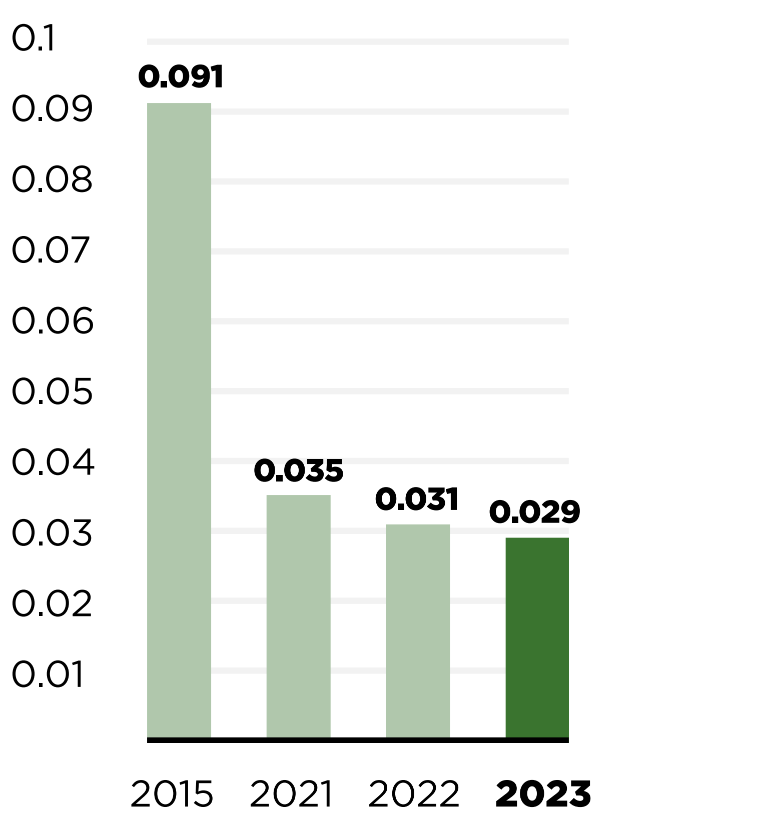
TOTAL EMISSIONS OF PRODUCTION

1000 t CO_2e (Scope 1 and 2)

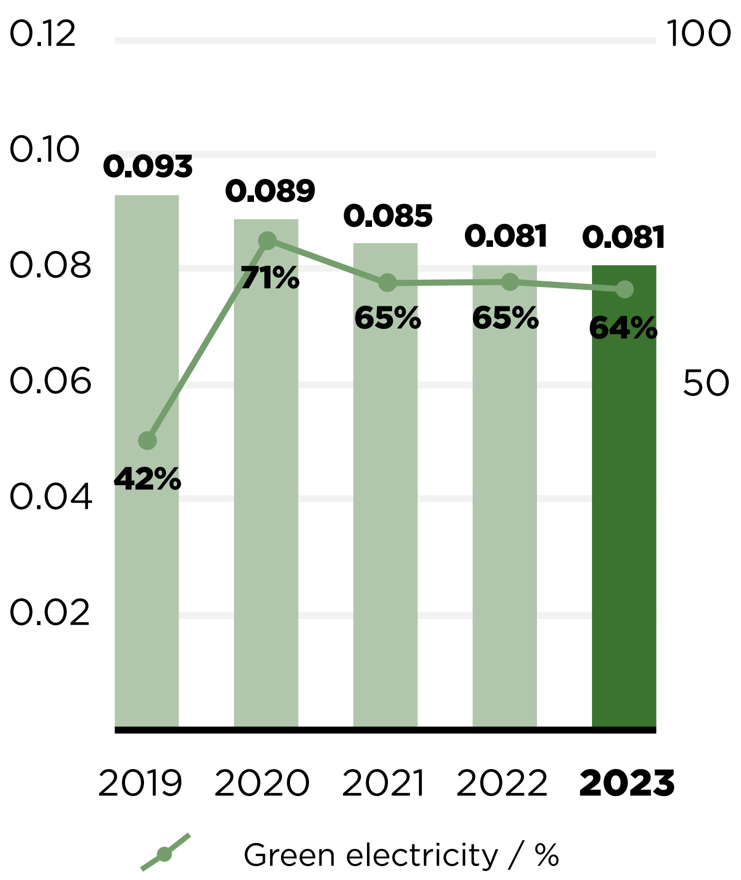


EMISSIONS IN PROPORTION TO PRODUCTION

emissions kg CO_2e / litre produced (Scope 1 and 2)

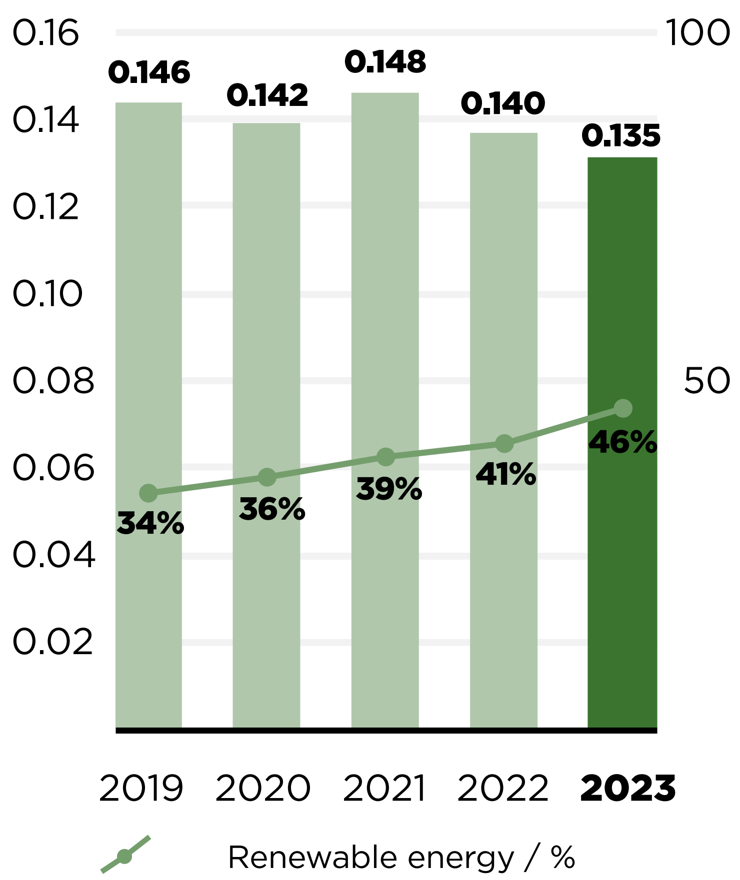


ELECTRICITY CONSUMPTION



The figures do not include Servaali

STEAM AND HEAT CONSUMPTION



The figures do not include Servaali

TARGET

FOR 2030
CARBON-NEUTRAL PRODUCTION

TARGET

FOR 2024
green electricity
100%*

* Target does not include Lidskoe Pivo

TARGET

FOR 2030
steam and heat from
100%
renewable energy

CASE OLVI'S OWN OPERATIONS ARE CARBON NEUTRAL

Climate change is mitigated by reducing greenhouse gas emissions. Olvi Group has carried out determined work to reduce greenhouse gas emissions, and the first significant goal in this work was achieved this year as the Iisalmi brewery became carbon neutral.

Olvi Group aims to achieve carbon neutrality in its own operations (Scope 1 and Scope 2) in 2030. The first big step in this work has now been achieved, as Olvi plc's Iisalmi brewery is carbon neutral in terms of its own operations as the first Olvi Group brewery. This means about 5,500 tonnes of CO_2e of avoided climate emissions each year. In addition, Olvi will offset out a small amount of unavoidable emissions.

"Emissions from our own operations have been minimised by using only renewable energy in the manufacturing of products: certified green electricity as well as heat and steam produced from local sawmill side streams and wood chips," says Sustainability Manager Sari Lähteinen from Olvi plc.

If necessary, Finnish bio-oil is used as reserve power for energy production. In addition, the factory has electric forklifts and various conveyor solutions that have replaced fossil fuel forklifts and pallet trucks. Olvi also uses LED lighting and utilises heat and energy recovery in production and warehouse.

> **"THE CARBON NEUTRALITY OF IISALMI BREWERY'S OPERATIONS IS JUST THE BEGINNING"**
>
> **SARI LÄHTEINEN**
>
> SUSTAINABILITY MANAGER,
> ENVIRONMENT & PRODUCTS
> OLVI PLC

As part of the target, Olvi will offset 320 tonnes of CO_2e of bioenergy plant emissions that cannot be eliminated. The offset is done by funding two climate projects abroad, as we cannot use, for example, Finnish afforestation projects due to double counting. Offset projects are closely monitored and secured to ensure that the climate and other environmental benefits are real. A Bolivian project produces biochar from wood waste and distributes it to local farmers for use in soil improvement. In a Thai project, biogas released from tapioca production wastewater is recovered and utilised as energy.

"The carbon neutrality of Iisalmi brewery's operations is only the beginning, and we will continue this work in the Group's other companies. We will also focus on reducing emissions in the value chain in cooperation with our partners," says Lähteinen.

As part of reducing emissions in the value chain, Olvi's Iisalmi brewery switched to utilising the carbon dioxide generated by the production of products. In summer 2023, we deployed a carbon recovery and purification equipment to collect and purify the carbon dioxide generated in the beer and wine fermentation process for production use. The recovered carbon dioxide replaces purchased carbon dioxide, which clearly reduces the need to transport material to the factory.

Thanks to the latest technology, the recovery equipment is environmentally friendly and does not, for example, increase water consumption. The increase in production volumes enabled the investment at this stage.

SUSTAINABLE WATER USE

The production of beverages is a water-intensive industry. The sustainable use of water, like other natural resources, is a key guiding principle for our operations and targets. Olvi Group seeks to reduce its water consumption per litre produced.

In 2023, 2.8 litres of water were used per litre of finished product, which is at the same level as in the previous year. We are constantly working to make water use more efficient, and we have made great progress in this every year. Therefore, in 2023, we set a new Group-wide target of less than 2.5 litres of water per litre of finished product by 2030. We are also monitoring total water consumption, which has increased by 1.5% since 2022.

Depending on the location, the water we use comes either from a local water supplier or from our own wells. The water is of high quality and is used sustainably, ensuring water sufficiency for other uses as well. We monitor the impact that our operations have on water sources on a regular basis in cooperation with local waterworks and authorities. According to WRI's Aqueduct Water Risk Atlas tool, our production facilities operate in areas where there are no high risks to water availability or quality. Water risks are assessed in accordance with risk management principles in connection with environmental and business risk assessments.

In the future, we will invest in water management throughout our supply chain, which is also reflected in our partners' Code of Conduct. Water-related aspects will be part of our work to protect biodiversity. In 2024, we will review in more detail the impact on nature and water associated with the production of our raw materials and packaging materials in particular, so that we can develop our value chain in a more sustainable direction.

With the emphasis on water protection, 2023 was the first time we participated in CDP's Water Security Questionnaire, on the basis of which we developed data collection and accuracy regarding incoming and outgoing water and the water recycling in the process. For example, we specified data regarding the quantity, quality and treatment of wastewater. We also ensured the comprehensiveness and timeliness of the assessment and management of harmful substances and other risk factors that may affect the water at our production facilities.

MORE EFFICIENT USE OF WATER AND A SMALLER ENVIRONMENTAL LOAD

To make our water use more efficient, we invest in the continuous development of production planning. We optimise our water consumption by paying attention to washing, detergents, planning and technical equipment solutions. By developing washing solutions, we can also affect the amount of wastewater and the chemical and nutrient load. We are also looking for ways to increase water recycling and reuse within the plant or process without compromising high hygiene standards.

Wastewater from our production process is pumped to our own or local wastewater treatment plants for purification. 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. Some of our sites also have a biogas plant, which reduces the nutrient load coming to the purification plant and also produces bioenergy to replace fossil fuel. In 2023, we launched new biogas production survey projects. In addition, we are studying, for example, the possibilities of heat recovery from wastewater. Our goal is to utilise all our wastewater through reuse, as energy or in other ways by 2030.

SUSTAINABILITY ACTIONS

- We participated in CDP's water reporting
- *Volfas Engelman* developed the monitoring of the rinsing process and created significant water savings
- *Cēsu Alus* significantly reduced water loss by optimising the pasteurisation process on the canning line
- *A. Le Coq* started to recycle the ion exchanger's rinse water that is used to soften the water as a source of calcium in the biogas plant

TARGET

FOR 2030

water consumption less than

2.5 litres per litre produced

TARGET

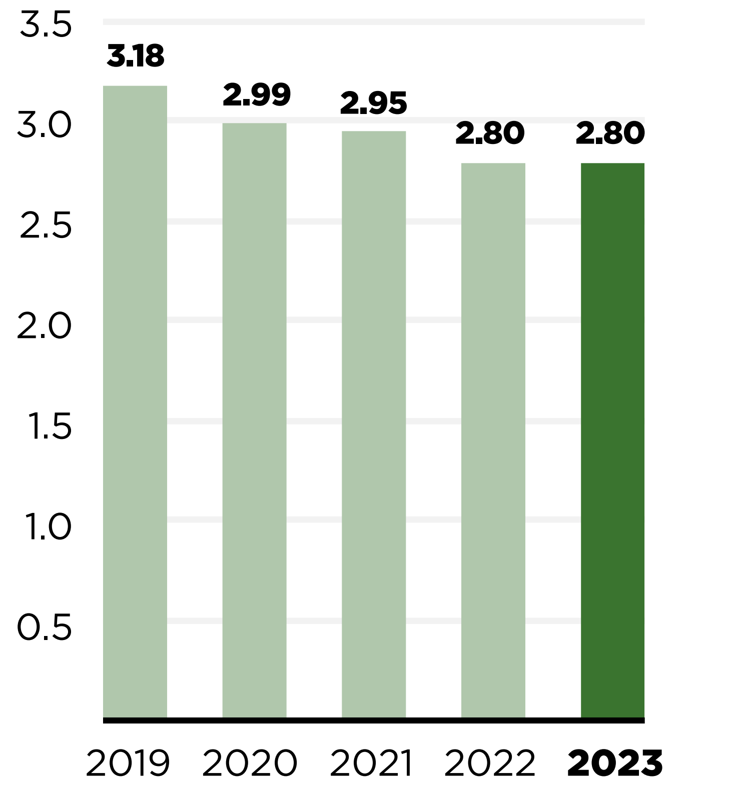
FOR 2030

100%

of wastewater is reused

WATER CONSUMPTION

litres/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 packaging materials and by-products and the recycling of end products.

PACKAGES RECYCLES

All our packaging is recyclable or refillable. 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.

PACKAGING MATERIAL MATTERS

We strive to protect the environment by optimising the use of the material in packaging. We reduce the volume of plastic by shifting to the use of lighter bottles and plastic films whenever possible. For example, we use a short-necked plastic bottle, which saves more than 500,000 kg of plastic per year at Group level. We are also gradually shifting to the use of recycled or bio-based shrink wrap. We are also exploring possibilities for replacing plastic with other materials in multipack products, for example, and reducing the amount of material in multipacks.

Our packaging material is often recycled material. Its share in glass bottles is 30-70%, depending on the bottle type, and in cans, 35-65%. PET bottles, made 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 30% of the raw materials of our PET bottles to consist of recycled plastic by 2025. We already replace more than 400,000 kg of virgin plastic every year with recycled plastic.

Recycled materials are also used in multipack products. The 24-can corrugated cardboard multipacks at the parent company Olvi and at 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. We will also continue testing the use of bio-based shrink wrap in some plastic multipacks. 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 2024, we will update the Group's packaging roadmap in connection with planning climate targets 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. Parent company Olvi's reusable 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.

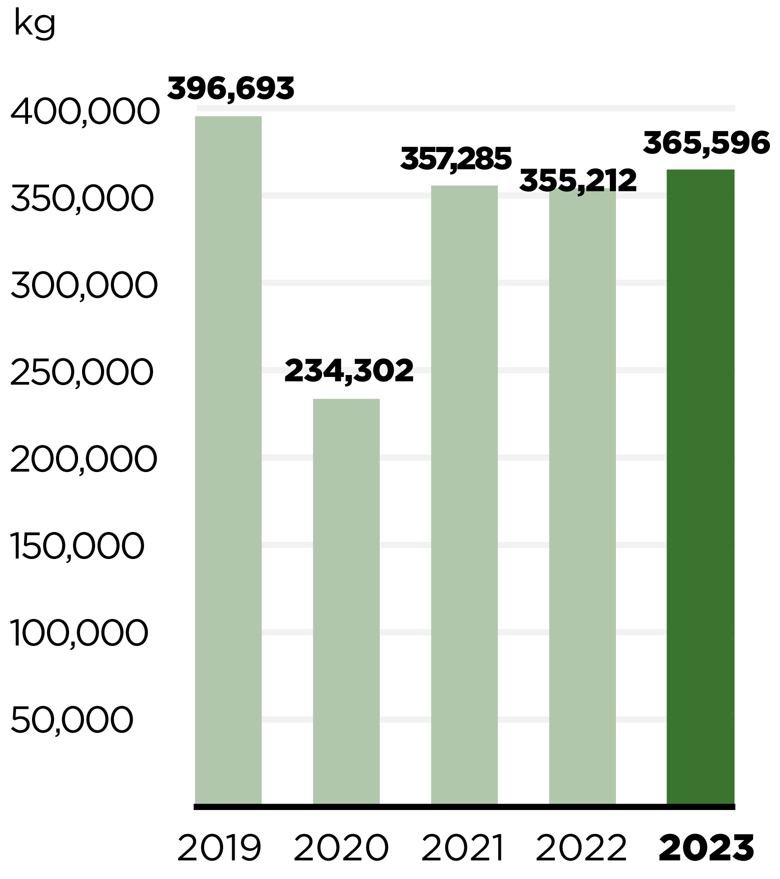
SORTING AND REUSE

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.

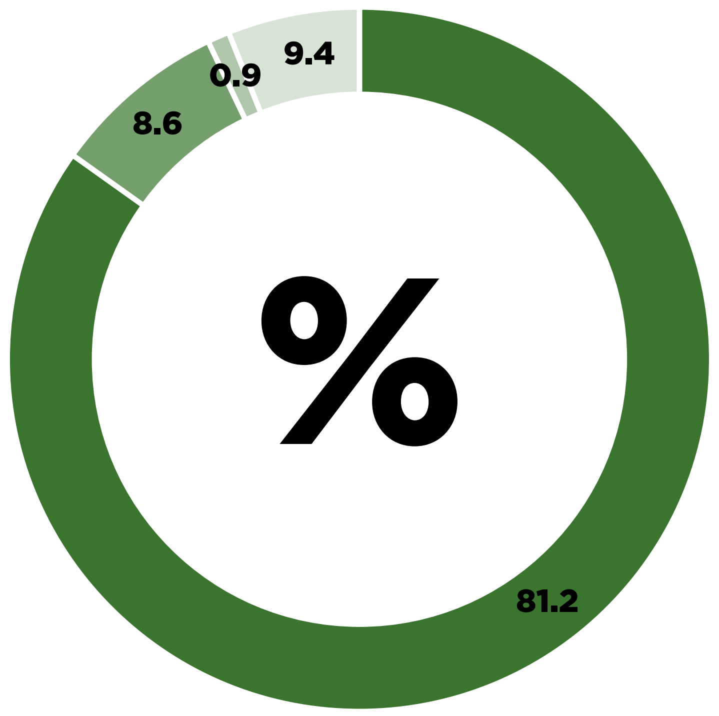
We monitor the volumes of the material fractions generated. As a result of the long-term reduction of mixed waste, the amount of recycled and reused material has increased annually, reaching 81% by 2023. In addition, 9% of materials were used for energy. We are constantly striving to improve the efficiency of sorting and find new uses for sorted materials in all companies, but not quite everything can be utilised.

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, for example.

MIXED WASTE



MATERIALS AND WASTE BY TYPE



- 81.2% - Recycling and reuse (plastic, paperboard, glass, metal, paper, biowaste)
- 8.6% - Other reuse (waste-to-energy and timber)
- 0.9% - Disposal (e.g. chemicals, sludge)
- 9.4% - 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.

RECYCLING SYSTEM AND RATES FOR DISPOSABLE PACKAGING

	Finland	Estonia	Latvia	Lithuania	Denmark
Plastic bottle	90 %	85 %	85 %	90 %	95 %
Glass bottle	98 %	85 %	81 %	88 %	92 %
Can	99 %	50 %	80 %	90 %	92 %

SUSTAINABLE PROCUREMENT

For Olvi, sustainable procurement means taking into account the environment, people and the surrounding society. Reducing the environmental impact and climate emissions from the supply chain and its materials is one of the most important common development efforts. We also strive to ensure the realisation of human rights and good working conditions in 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 sustainable product criteria will also affect suppliers. The quality of materials from suppliers is always ensured. We use local suppliers as far as possible.

At the end of 2023, Olvi Group had 359 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 (70%) and packaging materials (90%) 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. Attention is also paid to the use of water on crops.

In 2024, we will continue to work with our partners to reduce climate emissions from the value chain and protect biodiversity. We also strive to better ensure the implementation of human rights through a human rights assessment initiative.

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. We prefer long-term agreements, which guarantees a solid base for stable and close cooperation in the development of responsibility, 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, which was updated in 2023.

By the end of 2023, the updated Code of Conduct had been signed by 52%, and the old one by 97.2% of our contract partners for raw materials and packaging materials. Our goal for 2024 is for 100% of our raw material and packaging material suppliers to have committed to the Code of Conduct. We also want 100% of all our suppliers to commit to the Code of Conduct by 2025.

We monitor compliance with these commitments by regular audits. In 2024, we will introduce a self-assessment tool and focus on auditing our main suppliers as well as the suppliers who fall under a greater risk category according to agreed criteria. At the same time, we are transferring data management to a new supplier management system, which will prepare us for the electronic data transfer and digital management of suppliers' sustainability information.

Among other things, the audits account for matters and aspects related to product safety, the environment, human rights and working conditions in accordance with Group-level audit instructions and forms. The audits serve to ensure the suppliers' own operations and the monitoring of their value chains. On the basis of the audit results, we will determine possible corrective measures, the implementation of which will be monitored.

THE CODE OF CONDUCT

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

TARGET

FOR 2025
All partners
HAVE SIGNED
the Code of Conduct

PRODUCTS

PRODUCTS

We are committed to promoting responsible consumer communications and a culture of responsible, moderate drinking in all of our operations. We take sustainability comprehensively into account in developing our products and 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 such a case, the responsibility of the product concept, as well as the production method and location, play a significant role.

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, bearing in mind that there are also people who abstain from alcohol. In line with our strategy, we are constantly increasing the number of non-alcoholic products in our selection. We also acknowledge that sugar products are harmful to health when used in excess, so we support moderate consumption in all product categories.

We also cooperate closely with national and international operators and organisations to promote the moderate consumption of alcohol. Since 2020, 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. A. Le Coq is an annual supporter of the Selge Grupijuhi campaign against drink-driving. Olvi Group aims to organise activities to support responsible alcohol consumption in each of its countries of operation annually. In 2023, these included campaigns against driving under the influence and training materials for schools to prevent alcohol addiction.

MEASURES TO PROMOTE A CULTURE OF RESPONSIBLE DRINKING

We tell consumers about the responsibility and sustainability of our products through various measures. The aim is for communication to cover all product groups by 2025 in order to promote a responsible drinking culture. The 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.

MEASURES TO PROMOTE A RESPONSIBLE DRINKING CULTURE

Parent company Olvi has charted consumers' views to identify key sustainability messages in all of its product groups and brands. Products and their communications will be developed based on the report. We also collaborate with customers and other stakeholders.

In 2024, other Group companies will draw up similar reports in various product groups. Based on the results, we will draw up a Group-wide plan for how we promote a responsible drinking culture through various measures and activities by product group.

TARGET

FOR 2025

Measures for promoting a RESPONSIBLE DRINKING CULTURE in product groups

SUSTAINABLE PRODUCT CONCEPTS

Sustainability is an important part of our product development. This is why our product development focuses on sustainable product concepts. Our goal is that by 2030, all our products meet the sustainability criteria that we will update in 2024 to consider any legislative changes.

Our definition of a sustainable product includes a wide range of criteria for the product, its materials and material suppliers. The criteria also 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, the content composition and consumer information.

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). We have continued to expand our selection of non-alcoholic products with the goal of increasing 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 2023, we launched non-alcoholic products in, for example, beer mix products, such as radlers and fassbrause drinks. We also added specialty non-alcoholic beers, such as Volfas Engelman's Non Alco Pilsner and Vestfyen's alcohol-free Ugly Duck Juicebox 0%.

HEALTHIER BEVERAGES

Consumers are increasingly expecting healthy and natural ingredients. 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 objective is that a sugar-free option would be available in every product category. Several Group companies have also set targets and worked determinedly to reduce sugar in both non-alcoholic and alcoholic products.

In 2023, the amount of sugar was decreased in several different product groups, and we aimed to find natural alternative ingredients. Parent company Olvi's new products included, for example, the vegan oat recovery drink TEHO mint chocolate. A. Le Coq launched Aura SuperSmuuti pear-mango-spinach – a smoothie with no added sugar and with added fibre and vitamins.

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 wasted fruit as ingredients. The food waste created in prepping and juicing the fruit is used to make a fruity extract. Such new products for 2023 included KevytOlo Apple and Lime + surplus fruits mineral water and sugar-free KevytOlo Natural Energy Strawberry-Banana + surplus fruit energy drink sweetened with Stevia.

We are investing 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 will continue to increase the share of recycled materials and strive to communicate this more clearly to consumers.

To promote responsible consumption, we are adding smaller sizes. In this way, we support moderate consumption of both non-alcoholic and alcoholic products. For example, in 2023 almost all Group companies had at least one alcohol product with a packaging size of 0.33 litres or smaller. We aim to have small packages in each Group company's product portfolio also in the future in different product categories.

CASE REWARDS FOR RESPONSIBLE PRODUCT DEVELOPMENT

Responsible product development is one of the cornerstones of A. Le Coq's sustainable business.

As a beverage company, we work every day to ensure that our product development is responsible and supports consumers' lifestyle. As the largest beverage producer in Estonia, we are guided by the principle of steadily increasing the share of non-alcoholic products in our product selection both in the alcohol categories and in the entire product portfolio.

We constantly pay attention to reducing the amount of added sugar in our products. Our goal is to reduce the proportion of added sugar in our product portfolio by 15% from the 2015 level by 2025. We are committed to continuously develop products with healthy added value and various properties, such as vitamins, minerals or proteins. The development of each new product is based on the principle of making the product healthier: less alcohol, smaller quantities and fewer additives. We do not use azo dyes in our products.

A. Le Coq's product development has also received recognition. The Estonian Food Industry Association selected Estonia's best food products of 2023 and awarded four gold medals to the best products. **Aura's organic unfiltered apple juice** was awarded the title of the best non-alcoholic beverage in Estonia in 2023. Our apple juice is a certified organic product.

In 2023, the international market research company NielsenIQ named A. Le Coq's nostalgic **Barbariss soft drink** the most successful new product in Estonia based on the sales of all new products in Estonia in 2022 and consumer preferences. Barbariss is a real dream drink full of dear memories that reminds consumers of the unique taste of the Barbariss glass candy from their childhood.

In 2023, NielsenIQ awarded A. Le Coq's **non-alcoholic Mulin Rhubarb sparkling wine (0.0%)** as the best product of 2022 in the category of Estonian wines and sparkling wines.

Mulin Rhubarb is a light non-alcoholic sparkling wine made from rhubarb wine. It is the perfect festive drink to complement a non-alcoholic lifestyle. The rhubarb-flavoured sparkling wine is the most popular fruit wine among Estonians.

"THE DEVELOPMENT OF EVERY NEW PRODUCT IS BASED ON THE PRINCIPLE OF MAKING THE PRODUCT HEALTHIER"

KATRIN LEMBER, HR & ESG DIRECTOR, AS A. LE COQ

PRODUCT SAFETY

The safety of our products is the most important promise to consumers, because the consumer must always be able to trust our products. By product safety, we mean the safety of the product content and packaging as well as the safety throughout the product's life cycle. Product safety also includes product traceability.

Olvi Group's product development and quality control functions ensure product safety. Our products are manufactured in accordance with 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 in various production phases.

STRICTLY CONTROLLED PRODUCTION

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. We measure product safety, for example, through the evolvement of consumer feedback.

Most of the Group's breweries have certified product safety systems (p. 51) that help us develop product safety beyond the legislative requirements. Our objective is that all breweries will have implemented product safety systems by the end of 2025.

RESPONSIBLE CONSUMER INFORMATION

Clear product information on the product label and on the companies' websites help consumers make choices that suit them. Based on the content information, the consumer is able to choose a product suitable for their situation as well as to identify things such as possible allergens. Most of our products include a list of ingredients and the energy content but, for example, wines often have only the mandatory information. With the help of product labelling, every product can also be traced all the way from the ingredients to the shop shelves.

Voluntary warning signs can be found on almost all of the Group's alcohol packaging. The objective 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. Energy drink packaging also contain recommended use limits. We are focusing on providing more information about the sustainability footprint of our products and their responsible disposal after use.

We have harmonised 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. We further develop our operations based on feedback from consumers and customers. In 2023, we harmonised the follow-up of consumer feedback for complaints 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. For example, advertising is not targeted at children. In addition to advertising, marketing ethics also apply to sponsorship activities. Our goal is that all Group marketing complies with a responsible operating method.

TARGET

No marketing cases contrary to THE PRINCIPLES OF RESPONSIBILITY

TOGETHER WITH STAKEHOLDERS

TOGETHER WITH 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, which includes financial development, the tax footprint, local presence, and employment. We also create value through our social responsibility actions, for instance, by participating actively in the promotion of our locations' vitality and sustainability.

The assessment and prevention of sustainability risks are 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 responsible business operations.

SHARED VALUE CREATION AND COOPERATION

Cooperation with the entire value chain can have a broad impact in promoting sustainable development. 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.

The goal 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 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 and knowledge is an important part of the cooperation. In 2023, we organised sustainability-related information events for suppliers on climate emissions and human rights, for example.

In 2022, we developed indicators to measure the impact of our stakeholder work, and in 2023, we initiated the review of the current state of our stakeholder work, which will continue in 2024. 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. 47). 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 goal-compliant resources for growth, development and value creation.

We have a strong balance sheet, we operate profitably, and our payment of dividends is stable. In 2023, the Group paid EUR 25.3 million in dividends.

TAX FOOTPRINT

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. Profitable operations and good financial results ensure that we can also implement our social responsibility in the best possible way. We report the various forms of taxation at the Group level by segment.

In 2023, we developed the quality of our tax footprint reporting and ensured that our tax processes and procedures are up to date. To guide this, we drafted a new taxation policy, which we also want to use to increase transparency at the Group level.

In 2023, Olvi Group paid EUR 674.5 million in taxes and employer contributions. Excise duty represents the largest share of all taxes. It accounted for 69.1%. Excise duty is paid on the sale of alcohol and soft drinks, as well as packaging. In 2023, the Group paid EUR 466.1 million in excise duties, including EUR 340.4 million in Finland. Finland has the highest beverage excise tax in Europe.

Value added tax represented 23.3% of the Group's taxes. In 2023, we paid EUR 157.5 million in value added tax. The remaining 7.6% consists of income tax, real estate tax, employer contributions and other taxes. These totalled EUR 50.9 million in 2023.

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. Our strategy, updated in 2023, further highlighted the importance of locality, and we want to give local influence and its development a more central role in our operations. In 2024, 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. 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 the history and manufacturing of beer. The Olvi Brewery Museum in Iisalmi was completely renovated in 2023.

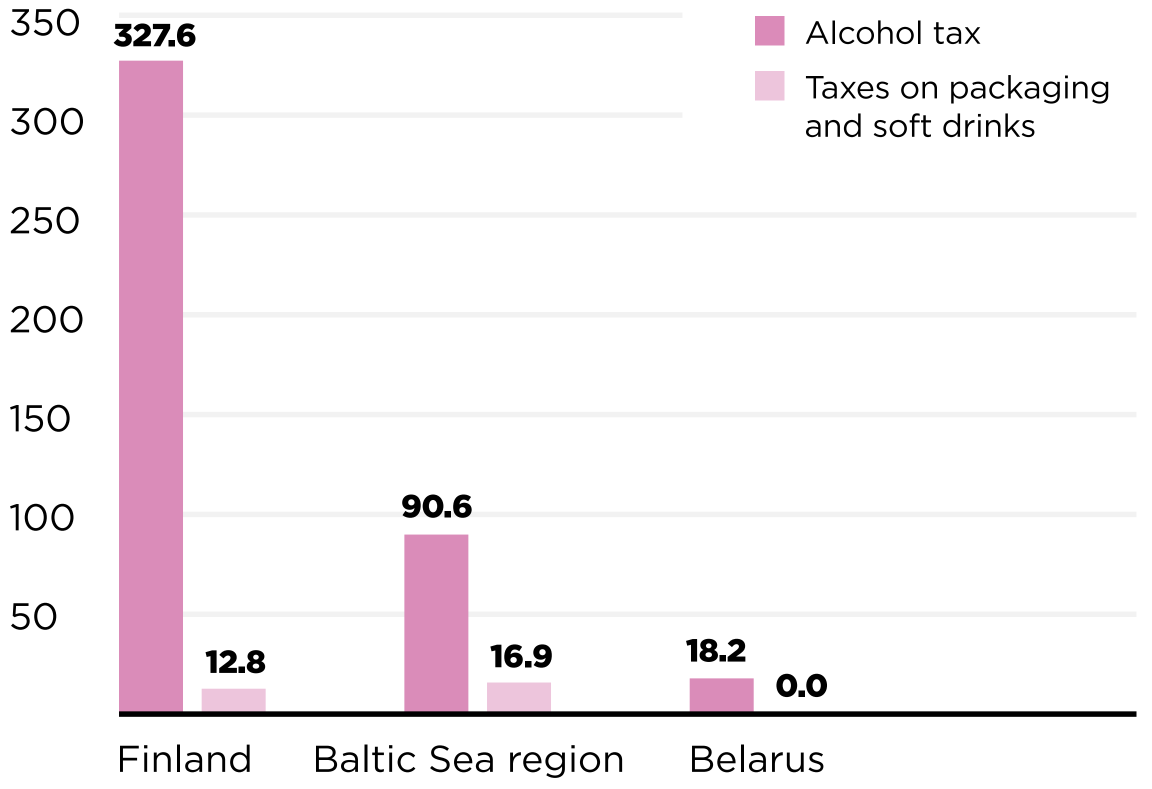
We employ a considerable number of people directly or indirectly. In 2023, Olvi Group had 2,376 employees. In addition, we offered work for 138 people during high seasons. Every year, we also offer a number of students an opportunity for training or writing their thesis.

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

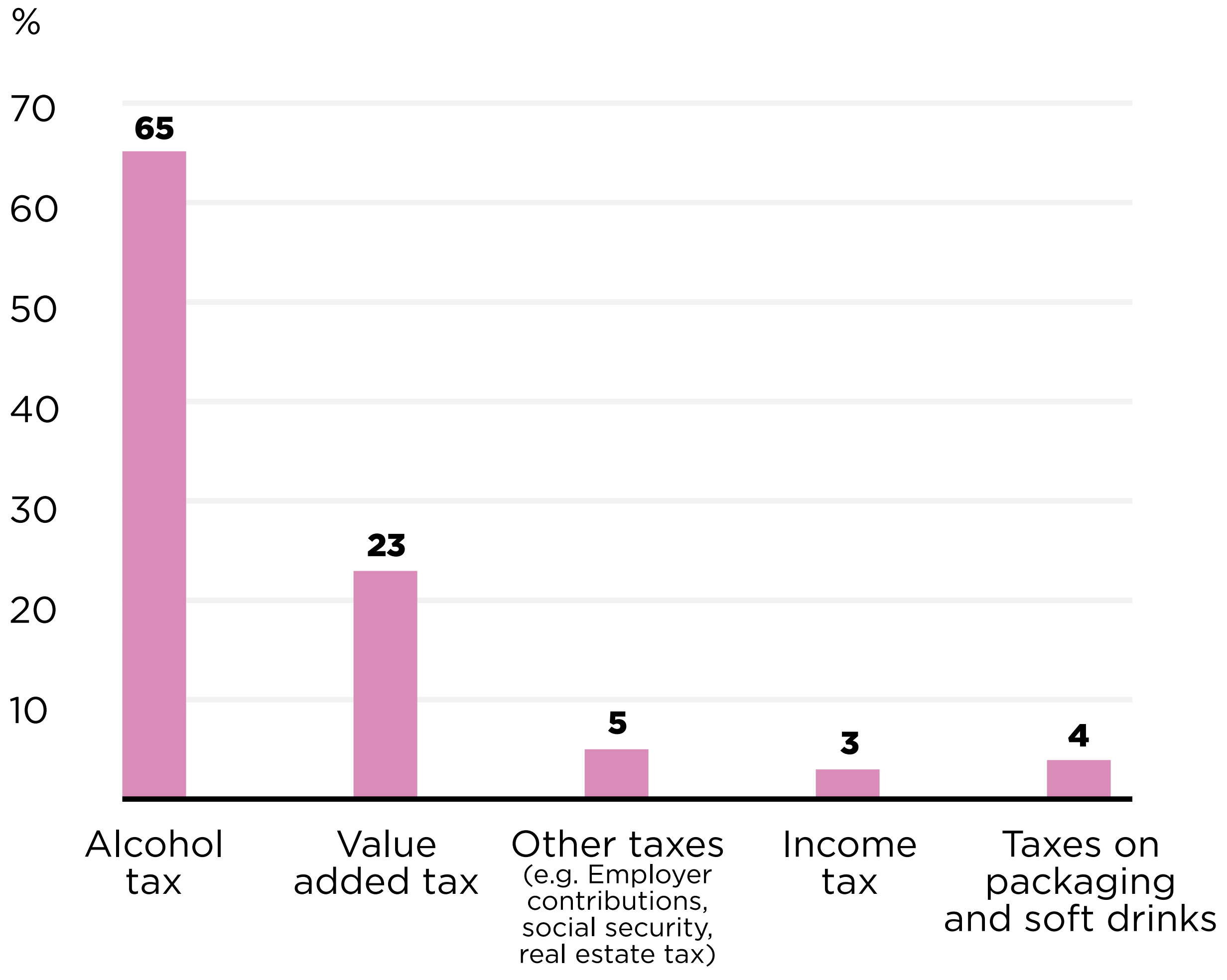
BREWERY MUSEUMS

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

EXCISE TAXES BY SEGMENT



TAX FOOTPRINT IN 2023



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 2023, Olvi Group spent EUR 1.3 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. For example, in 2023 we supported local young entrepreneurs, food aid for the needy, and recreational activities for the disabled through money and product donations. In addition, we supported Ukrainians by making product donations.

OLVI FOUNDATION

- Olvi's largest shareholder
- Established in 1955
- Founded by Industrial Counsellor E.W. Åberg and Hedwig Åberg
- The Olvi Foundation supports activities that benefit children and the elderly, postgraduate studies, local heritage work, and supports and promotes the development of natural resources and the food economy, including fishing industry and agriculture
- In 2023, the foundation awarded grants more than 2.8 million euros and supported the renovation of the brewery museum with 0.5 million euros

CASE

THE OLVI FOUNDATION STRENGTHENS NATURAL CARBON SINKS

Forests are our most important natural resource and an essential part of the Finnish landscape. A well-managed forest is a significant carbon sink and helps us fight climate change. The more our forests grow, the more they absorb carbon dioxide from the atmosphere. Forests also offer mental invigoration in the form of nature trails, wilderness areas and national parks, as well as everything forests provide, such as game, mushrooms, and berries.

The Olvi Foundation has joined Green Carbon Finland Oy's HiiliPlus+ carbon sink project, which aims to increase the amount of carbon stored in trees and soil. The project increases forest growth and subsequently, natural carbon sequestration through forest management measures and fertilisers. The operating model developed in collaboration with the scientific community and Finnish forest owners creates measurable natural carbon sinks that remove carbon dioxide from the atmosphere. The additional growth generated by these measures will be converted into climate units. Each cube of wood added to normal growth binds about one tonne of carbon dioxide. The Green Carbon method has been granted the international ISO 14064 certificate. The standard and the related audit, carried out by an independent third party, verify the completed measures.

"The foundation's forests are served by projects that promote the biodiversity and growth of forest nature. Our forest assets are professionally managed by the Finnish forest management association Metsänhoitoyhdistys Savotta ry, which recommended the carbon sink project for our suitable forest and land areas," says the foundation's Executive Director Mervi Toivainen. "It is important that the forest owner can participate in climate work with their forest assets as part of the carbon sink project. For us, forest ownership means actively engaging in forestry while respecting nature and preserving its diversity."

The foundation owns nearly 500 hectares of land and forest areas in the vicinity of Koivujärvi lake in Kiuruvesi, Finland. The function of the forests is primarily recreational use. Olvi has built a cabin for its employees for leisure and nature recreation activities on the foundation's land. Employees can pick mushrooms and berries and hunt in the forest. A nature trail has also been cleared into the forest through forest patterns of different shapes. In future, the forest will also be a verified carbon sink.

> "THE GREEN CARBON HIILIPLUS+ CARBON SINK PROJECT INCREASES THE AMOUNT OF CARBON SEQUESTERED IN THE FOREST"
>
> **MERVI TOIVAINEN**
> OLVI FOUNDATION EXECUTIVE DIRECTOR

VALUE CREATION AT OLVI GROUP IN 2023

RESOURCES

PERSONNEL
- At Olvi Group: 2,376

NATURAL RESOURCES
- Raw materials and packaging materials: 4,918 pcs
- Water: 2,676 million litres
- 46% renewable energy and 64% green electricity

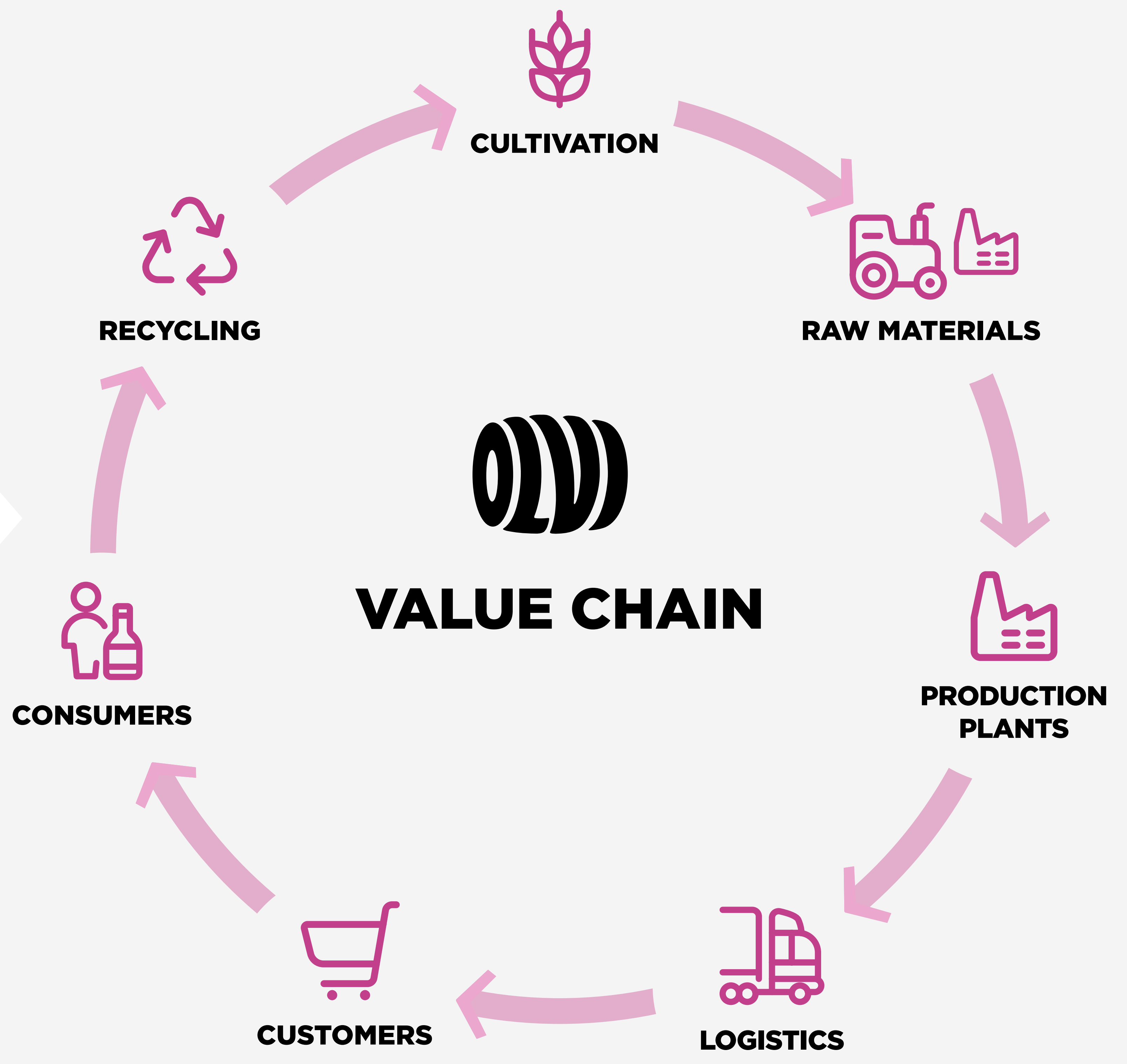
INTANGIBLE RESOURCES
- Brands and trademarks: 284
- Product development and innovation processes: EUR 5.6 million
- Staff has 9 years of work experience on average

FINANCIAL RESOURCES
- Strong balance sheet: equity ratio 59.0%
- Good profitability: adjusted operating result 10.6%
- Stable payer of dividends: 64.9% of the Group's net profit
- Investments: EUR 24.9 million

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

PARTNERS
- Customers: 10,960
- Suppliers and logistics partners
- Other stakeholders and partners

OLVI-GROUP



OUTPUT

FOR EMPLOYEES
- Direct and indirect employment
- An inspiring and healthy working environment for Olvi Group employees; overall rating of the personnel survey AA (year 2022)
- Aiming for an accident-free working environment; number of accidents 36

FOR CUSTOMERS AND CONSUMERS
- A wide product selection that responds to consumer trends in alcoholic and non-alcoholic product categories; 4601 product lines
- Innovative, healthy, and local products; 461 new products
- Fresh, positive and enjoyable everyday and festive beverage experiences; 7 million (measured in portions of 0.4 litres)

FOR THE ENVIRONMENT
- Recycling and reusing materials and side streams, and minimising waste, also deposit refund systems
- Water consumption per litre of finished product 2.8
- Climate emissions -2.4% (Scope 1 and 2) vs 2022

DISTRIBUTION OF FINANCIAL VALUE
- Employees' salaries and fees: EUR 66.7 million
- Shareholders: EUR 25.3 million in dividends
- Financiers: EUR 0.4 million
- Partners: EUR 824.3 million
- Business development investments + adjusted operating result = EUR 92.0 million
- Taxes: EUR 674.5 million
  - Excise duties: EUR 466.1 million
  - Value added tax: EUR 157.5 million
  - Other taxes: EUR 50.9 million
- Donations and partnerships: EUR 1.3 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 mapped in connection with various risk assessments.

In 2023, we focused specifically on developing the Group's human rights risk assessment based on the UN Guiding Principles for Business and Human Rights. We will continue our work in 2024 by implementing the assessment process and extending the mapping to all companies.

We updated our assessment of the risks and opportunities posed by climate change using the Task Force on Climate-Related Financial Disclosures (TCFD) reporting framework. In addition, we conducted a basic biodiversity mapping, which we will continue and deepen in 2024 with the aid of the Task Force on Nature-Related Financial Disclosures (TNFD) reporting framework. As part of this, we also updated our water risk mapping. Our purpose is also to renew and harmonise the entire risk assessment in the near future.

CLIMATE-RELATED RISKS

	IMPACTS	OUR MANAGEMENT METHODS
SIIRTYMÄRISKIT		
Policy and Legal	• Legislation on climate change mitigation and adaptation is increasing, affecting used packaging, materials, and material recycling, for example. These can incur additional costs and various 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 low and prices high • The availability of renewable packaging materials may be low 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 availability and price development and take them into account in investments • We follow the development of packaging materials and their availability and price development and take them into account in operations
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 cooperate with our value chain to develop agriculture in a more environmentally friendly and sustainable direction. • We invest in effective relationships with our suppliers. • We prepare proactively, including storage. • 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

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. Responsible ways of working are necessary for maintaining trust between Olvi Group and its stakeholders.

We want to cherish our reputation as a Group known for its honesty and reliability. To ensure the continuity of 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 responsible operations. The Group's policies support compliance with the Code of Conduct.

We updated our policies while taking the requirements of the EU Corporate Sustainability Reporting Directive into account, which will enter into force in 2025. The Group's general Code of Conduct training planned for 2023 was therefore also postponed until early 2024. Our objective is that all our employees have completed this training.

The Code of Conduct provides the basis for the Code of Conduct for Partners. We require our suppliers and partners to comply with our Code of Conduct for Partners. We also updated this guidance in 2023 and organised partner information sessions on the matter. We have set quantitative targets to commit all our partners to the Code of Conduct (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 legislation. 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 are committed to promoting them. We will continue to develop our human rights impact assessment process in 2024. 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, 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.

Our goal is to prevent 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 the HR and anti-fraud policies in addition to the Code of Conduct. We organise training related to the content of the Code of Conduct. The theme of the annual training in 2023 was human rights and biodiversity.

TARGET

IN 2024

100%

of employees have completed the Code of Conduct e-learning course

TARGET

IN 2025

All partners HAVE SIGNED the Code of CONDUCT

CHANNEL FOR REPORTING ETHICAL NON-COMPLIANCE

Olvi Group has a Whistleblowing channel for all stakeholders. It allows anyone such as an employee or supplier to let the company know confidentially and anonymously if they detect activities that are not in accordance with our ethical guidelines and values.

To ensure anonymity, the whistleblowing channel is managed by our external partner, WhistleB Whistleblowing Centre. In 2023, seven 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.

ANNEX 1: MANAGEMENT SYSTEMS AND POLICIES

We assess the effectiveness of our management systems and their ability to support business operations through external and internal audits, management review and feedback from management.

In 2023, we updated most of the policies and published some of them on the website. Our employees are committed to complying with the policies. We provide employees with refreshers and training on the policies on a regular basis.

OLVI GROUP'S POLICIES

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

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 / ISO 22000 (spring water)	
A. Le Coq	✓			FSSC 22000 (juices)	✓
Cēsu Alus		✓	✓	BRC	✓
Volfas Engelman		✓	✓	FSSC 22000	
Lidskoe Pivo	✓	✓	✓	FSSC 22000	
Bryggeriet Vestfyen				IFS 7	
Uniqa				IFS 7	

ANNEX 2: CALCULATION OF CLIMATE EMISSIONS

The calculation is carried out using the Greenhouse Gas (GHG) protocol. In addition, we use the Beverage Industry GHG Emissions Sector Guidance (v.4.2), as well as the GLEC Framework 3.0 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.

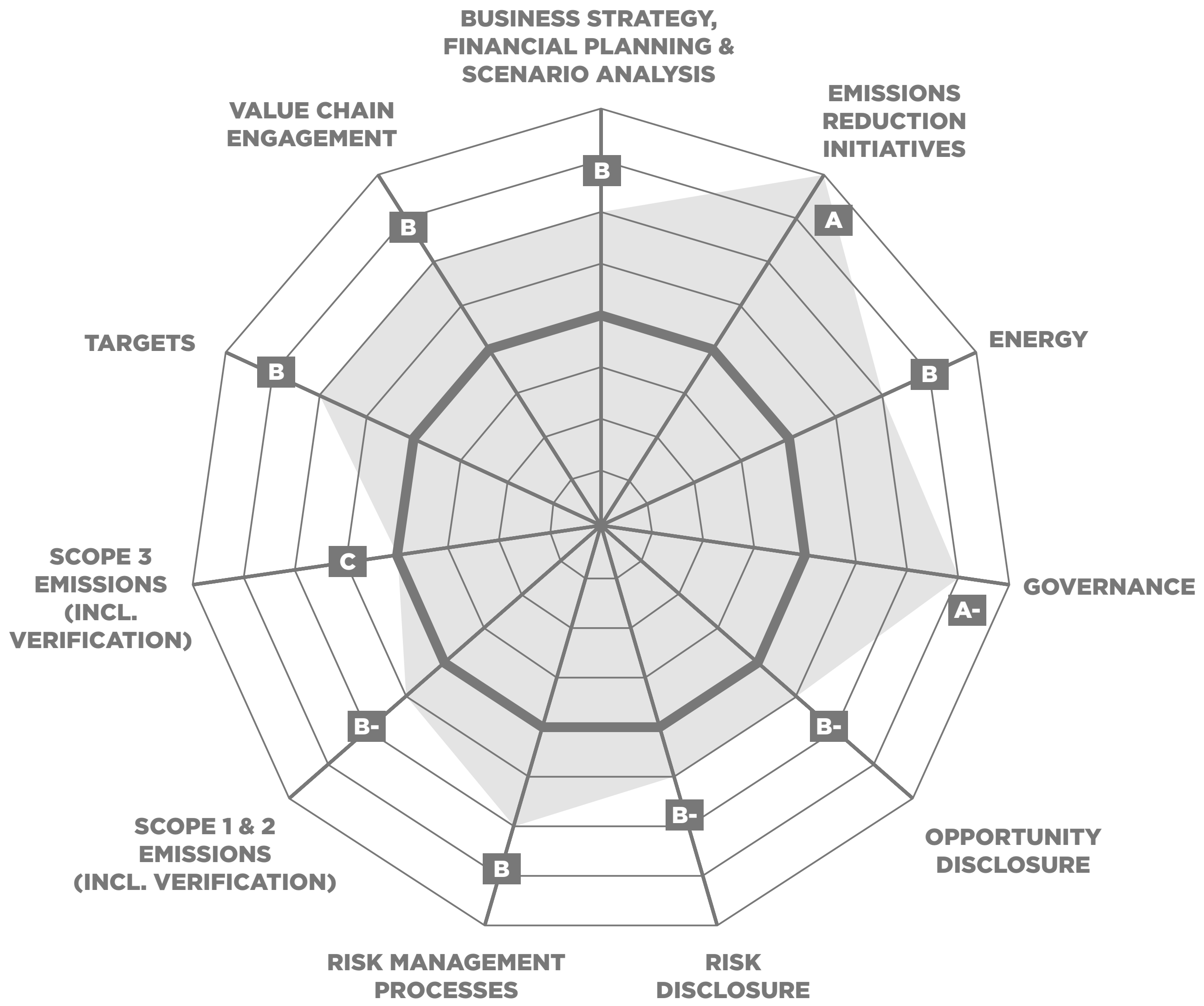
The calculation is limited in line with the control principle, which means that emissions from partly owned operations that are in the control of the company are fully taken into account. The calculation includes emissions from own operations (Scope 1: fuels and self-produced energy), emissions from 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, the use of sold products (cooling in customer premises), and end-of-life treatment of sold products. Other categories are not appropriate for the operations or their emissions remain at an insignificant level.

In 2023, we developed calculations to meet the SBTi requirements. We added emissions from purchased and forwarded products, marketing and external office buildings, such as used electricity and heating, to the calculation. In addition, we have defined and reclassified the logistics emissions calculation. We have also added a well-to-tank part for all transport-related emissions, so the figures are not comparable with those reported in the previous annual report. The figures have also been updated retroactively for 2021, which will be the base year for the science-based targets.

In addition, carbon dioxide emissions are generated in the brewery's fermentation process, heating utilising biomass and the production of steam. As biogenic emissions, they are reported as additional information outside the actual reporting, as per guidelines. Other, smaller biogenic emissions have also been added to the report. In future, we will also report the share of agricultural emissions separately.

Olvi reports its climate work and its results as a Group to its customers and investors via independent CDP reporting. In 2023, the result of climate reporting was B (on a scale of (A)-(D-)), in line with the previous year.

CDP SCORE REPORT



BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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BOARD OF DIRECTORS' REPORT

FINANCIAL DEVELOPMENT

Net sales and profitability improved year-on-year as a result of strong sales volume growth in the first half of the year, implemented price increases and an extensive, constantly evolving product range that meets local needs.

	2023	2022	Change, % /pp
Sales volume, Mltr	975.8	956.1	2.1
Net sales, MEUR	630.6	583.7	8.0
Gross profit, MEUR	235.6	219.9	7.2
% of net sales	37.4	37.7	
Adjusted operating result, MEUR	67.1	59.8	12.3
% of net sales	10.6	10.2	
Items affecting the comparability of the operating result, MEUR	-12.2	-37.4	
Operating result, MEUR	54.9	22.4	145.6
% of net sales	8.7	3.8	
Adjusted profit for the period, MEUR	50.7	44.9	12.7
% of net sales	8.0	7.7	
Profit for the period	38.5	7.5	411.2
% of net sales	6.1	1.3	
Earnings per share, EUR	1.85	0.39	379.7
Investments, MEUR	24.9	37.1	-32.7
Equity per share, EUR	13.95	13.49	3.4
Equity ratio, %	59.0	57.5	1.5
Gearing, %	-8.5	-20.3	-11.8

Olvi presents the adjusted operating result (EBIT) and the adjusted profit for the period as alternative performance measures to improve comparability between reporting periods.

BUSINESS DEVELOPMENT WITHIN THE GROUP AND THE PARENT COMPANY

The full-year sales volume grew by 2.1%, and net sales by 8.0%. The sales volume grew at a good pace during the first half of the year, but the unfavourable weather in the summer season and the rapid rise in consumer prices were reflected in the development of the entire beverage market during the second half of the year. Market shares have remained strong in mild alcoholic beverages and developed favourably in non-alcoholic products. During the year, the growth in the net sales was supported by price increases implemented to offset the impact of cost increases and by the development of sales volume during the first half of the year.

The adjusted operating result increased by 12.3% year-on-year and was EUR 67.1 million. The performance improved as a result of price increases, particularly in the second and fourth quarters. During 2023, the cost of sales increased by 8.6%, and logistics, sales and marketing expenses grew by 4.6%. Administrative expenses were lower than in the previous year. Production costs remained at a high level in 2023, and no significant decrease in costs is expected in the near future. Measures to improve profitability will therefore continue in line with the strategy.

The net sales of the parent company increased by 11.3%, while its operating profit fell by 3.5%. Net sales increased as a result of price increases and growth in the sales volume. Profitability did not improve because in the early part of the year especially, sales prices could not be fully adjusted to the rapidly rising production costs.

Performance by business segment
The net sales of Finnish business operations increased by 10.9%, while the sales volume grew by 2.2%. Market shares remained at the previous level. The sales volume decreased in retail and cross-border trade, while hotel, restaurant and catering (HoReCa) sales remained at the previous year's level. In terms of product categories, the sales of water and other non-alcoholic products increased, while the sales of beer decreased. The operating result of the Finnish operations was EUR 17.5 million, with an increase of 5.1% year-on-year. The operating result fell slightly despite the improvement of profitability through price increases, among other measures. However, profitability is not at the same level as it was before the cost crisis, so measures to improve profitability will continue during 2024.

Because of a decrease in exports and intra-Group sales, the sales volume in the Baltic Sea region decreased by 4.1%, while net sales grew by 9.9%. However, HoReCa sales increased. In product categories, the best sales development was recorded for water. The operating result increased by 43.4% to EUR 22.0 million. Profitability improved significantly as a result of price increases implemented during the year in response to increases in costs, and as a result of a decrease in energy costs. It should be noted that in the comparison period, the operating result was burdened by an exceptionally rapid and significant increase in production costs. Business costs continue to be at a high level, and many cost items are expected to increase during 2024. Cost increases will be offset by improved production efficiency and targeted price increases.

Net sales in the Belarusian segment decreased by 2.5%, while the sales volume grew by 8.7%. Total demand in the market continued to grow in all product categories. The weaker exchange rate had a significant impact on euro-denominated net sales, as net sales in the local currency increased by 16.8%. The reported operating result fell by 33.6% and was EUR 16.7 million. In the local currency, the operating result decreased by 38.4%.

OLVI GROUP'S SALES, NET SALES AND EARNINGS IN 2023

Sales development
Olvi Group's sales volume grew by 2.1% in January–December, totalling 975.8 (956.1) million litres. Most of the growth was achieved during the first half of the year, and sales volumes decreased in all reporting segments in the fourth quarter.

Sales volume, million litres	2023	2022	Change, %
Finland	268.2	262.5	2.2
Baltic Sea region	431.5	450.2	-4.1
Belarus	321.2	295.6	8.7
Eliminations	-45.1	-52.2	
Total	**975.8**	**956.1**	**2.1**

The Group's net sales in January–December increased by 8.0% and were EUR 630.6 (583.7) million. In addition to the higher sales volume, the increase in net sales was affected by increases in sales prices.

Net sales, EUR million	2023	2022	Change, %
Finland	229.3	206.7	10.9
Baltic Sea region	296.6	269.8	9.9
Belarus	135.3	138.8	-2.5
Eliminations	-30.6	-31.6	
Total	**630.6**	**583.7**	**8.0**

Financial performance

The Group's adjusted operating result increased by 12.3% in January–December and was EUR 67.1 million. The operating result in January–December was EUR 54.9 million, up 145.6% from the previous year. A fine of EUR 12.2 million paid in Belarus decreased the operating result for January–December. The operating result for the previous year included an impairment of EUR 35.0 million in the Belarusian business segment, which affected comparability. The Belarusian segment does not include depreciation during 2023 because of an impairment of non-current assets in the 2022 financial statements.

Adjusted operating result, EUR million	2023	2022	Change, %
Finland	17.5	18.8	-6.7
Baltic Sea region	22.0	17.4	26.3
Belarus	28.9	25.1	14.8
Eliminations	-1.3	-1.5	
Total	**67.1**	**59.8**	**12.3**

Operating result EUR million	2023	2022	Change, %
Finland	17.5	18.4	-5.1
Baltic Sea region	22.0	15.3	43.4
Belarus	16.7	25.1	-33.6
Eliminations	-1.3	-36.5	
Total	**54.9**	**22.4**	**145.6**

The Group's profit after taxes in 2023 was EUR 38.5 (7.5) million. Earnings per share calculated from the profit attributable to the owners of the parent company were EUR 1.85 (0.39) in 2023 and EUR 0.31 (-1.81) in the fourth quarter.

FINANCING AND INVESTMENTS

Olvi Group's balance sheet total was EUR 490.0 (489.7) million. Equity per share was EUR 13.95 (13.49). The equity ratio was 59.0% (57.5%), and gearing was -8.5% (-20.3%). The Group's liquidity indicator, the current ratio, remained at the same good level as before, at 1.3 (1.3). Interest-bearing liabilities amounted to EUR 7.0 (4.1) million at the end of December. Of the interest-bearing liabilities, short-term liabilities accounted for EUR 2.9 (2.2) 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 and cash equivalents totalled EUR 31.5 million at the end of the December, with a decrease of EUR 29.7 million year-on-year. Cash and cash equivalents were decreased by a fine of EUR 12.2 million paid by Lidskoe Pivo. Cash flow from operations was EUR 28.0 (67.2) million. Working capital was weakened 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, as well as higher stock levels. Cash flow from investing activities was EUR -27.7 (-36.9) million, and cash flow from financing activities was EUR -27.5 (-26.2) million.

Olvi Group's expansion and replacement investments were EUR 24.9 (37.1) million in January–December. Investments decreased because of changes in the schedules of investment projects. Of the investments, EUR 10.0 million were related to Finland and EUR 12.9 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 2.0 million.

During 2023, Olvi focused on environmental friendliness and the cost-effectiveness and capacity of operations in its investments. For example, the new carbon dioxide recovery and purification equipment at the Iisalmi plant and the new brew house in Lithuania were introduced during the year. Production capacity was improved in Denmark with a new filling line investment. In addition, investments were made in the production and warehouse capacity required for business growth and in improving operational efficiency.

Olvi announced significant investments in the parent company in December. These investments will increase and renew brew house and warehouse capacity. The investments will be carried out over the next three years and are estimated to cost around EUR 45 million.

CHANGES IN THE GROUP STRUCTURE IN 2023

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 during 2023.

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

	2023	2022	Change, pp
AS A. Le Coq, Estonia	100.00	100.00	-
A/S Cēsu Alus, Latvia	99.88	99.88	-
AB Volfas Engelman, Lithuania	99.67	99.67	-
OAO Lidskoe Pivo, Belarus	96.36	96.36	-
Servaali Oy, Finland	100.00	80.00	20.00
The Helsinki Distilling Company, Finland	100.00	100.00	-
A/S Bryggeriet Vestfyen, Denmark	100.00	100.00	-

Olvi plc also owns 50.0% of Arctic Silence Oy. In addition, Olvi plc's subsidiaries have holdings in companies. The Helsinki Distilling Company owns 100.0% of Helsingin tislaamoravintola Oy. AS 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 Piebalgas 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 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	2023	2022	2021
R&D expenditure	5.6	5.4	4.9
% of net sales	0.9	0.9	1.1

During 2023, 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 an essential part of Olvi Group's strategy, operative decision making and everyday 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 and its People and Sustainability Committee annually review the Group's sustainability targets in relation to its strategy and regularly monitor performance based on the indicators. 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. From the beginning of 2024, reporting obligations will be determined by the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), for which the Group is currently preparing. In addition to the information provided in this Board of Directors' report, sustainability and responsibility 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. Production companies and Servaali are fully taken into account in the figures. Other non-production companies are only included in the personnel and financial figures.

FOCUS AREAS OF SUSTAINABILITY

Sustainability is divided into environmental, social and governance. Based on these aspects and Olvi Group's renewed strategy, sustainability was divided into three focus areas, through which sustainability efforts are managed:

- Environment
- People
- Products

In addition, essential part is also an ethical business practice and cooperation with stakeholders. The focus areas and goals of sustainability work are also affected by megatrends and stakeholders' expectations, as well as by our commitments. Sustainability work is further specified through an annual materiality analysis.

In 2023, the Group's first double materiality assessment was carried out in accordance with the four categories of the current ESRS standards in the EU Corporate Sustainability Reporting Directive – cross-cutting standards and topical standards, i.e. environmental, social and governance standards. As a result of the assessment, the following were identified as material reporting standards: climate change; water and marine resources; resource use and the circular economy; business conduct; own workforce; workers in the value chain; and consumers and end users. Pollution, biodiversity and ecosystems as well as affected communities were excluded from reporting. Based on the results, the focus was on the promotion of human rights and biodiversity assessments and the understanding and cooperation with various stakeholders in the value chain was deepened. In addition, in data collection and digital data management tools were invested in.

THE ENVIRONMENT

The beverage industry consumes considerable amounts of raw materials and natural resources, such as grains, water and packaging materials. Operational and supply chain management therefore has a significant impact on the environment, 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, including efficient use of water, materials and energy, the use of appropriate and safe materials, recycling and the circular economy, and optimised transport, throughout the value chain. With the aid of the biodiversity assessment, measures can be targeted appropriately.

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

Olvi Group invests in the reduction of climate emissions. As part of this reduction, there is a will to switch to renewable electricity and energy. Adapting to and mitigating climate change is important for both securing the future of Olvi Group's 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 water supply and agricultural production, among other things. The Group's production depends on water and 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 regenerative cultivation and plant varieties, in particular.

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. The majority of emissions in 2022, 93%, arose from the value chain, while the proportion of the Group's own production is only 3%, and the proportion of purchased energy was around 4% of the total emissions. In 2023, the total emissions from the Group's own operations and purchased energy have decreased by 2.4%, and emissions in relation to litres produced have decreased by 4%, year-on-year. The data on value chain emissions are not yet available.

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 then. As the first Group company, the parent company's Iisalmi production plant achieved carbon neutrality in 2023. 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 climate targets will be revised in 2024, as Olvi Group's Science Based Targets were submitted for approval at the end of 2023. The aim is to achieve an average temperature increase of no more than 1.5°C in accordance with the Paris Agreement. In conjunction with the approval of the climate targets, the company will also specify the transition plan and the measures 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.

Nearly all the Group's production companies have a certified ISO 14001 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:

	2023	2022
Electricity, kWh per litre produced	0.081	0.081
Steam and heat, kWh per litre produced	0.135	0.140
Water consumption, litres per litre produced	2.80	2.80
Scope 1 & 2 emissions, kg CO_2e per litre produced	0.029	0.031
Scope 1 & 2 emissions, 1,000 t CO_2e	28.031	28.717

PERSONNEL AND SOCIAL SUSTAINABILITY

In line with the renewed strategy, Olvi Group promotes the employees' well-being at work, occupational safety and competence development. We also strive to ensure the implementation of human rights in the value chain. The assessment of human rights impacts and risks is developed in both own operations and the value chain. No serious human rights risks were identified in own operations, but the work to improve sustainability will continue in both own operations and the value chain.

A well-functioning corporate culture is at the core of Olvi Group's operations. The Group's personnel management is based on strategy, values and responsible operating principles. Management, the development of supervisory work, and common ways of working are important aspects of corporate culture, and they have been strengthened by training in 2023.

The Group works to provide a safe working environment. In 2023, the Group drew up common occupational safety principles and procedures for investigating and handling accidents. Continuous efforts are being made to develop ways of working and detect, prevent and eliminate hazards. In 2023, 36 accidents were recorded. This was 44% more than in the previous year. The increase in the number of accidents is at least partly explained by an active development of the safety culture, which means that even smaller accidents are reported. The aim is smooth work and zero accidents at Olvi Group in 2030. These efforts are guided by common health and 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 other similar factors.

The Group's gender distribution has remained stable. Of the Group's employees, 61% were men and 39% were women in 2023. Of the members of the Group companies' management teams and subsidiaries' boards of directors, 58% were men and 42% were women. Olvi Group has a common Code of Conduct in place to ensure equal opportunities. Equality is measured through personnel surveys.

The key indicators and their outcomes are as follows:

	2023	2022
Accidents per year	36	25
Accident frequency rate*	8.7	6.1
Gender distribution: men/women	61/39	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, team and department meetings, performance appraisal discussions, and day-to-day supervisory work and management.

Olvi Group's average number of personnel in January–December was 2,376 (2,335), which is 1.8% higher than in 2022. This resulted from the growth of operations and resource increases.

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 1,000	2023	2022
Salaries and fees	66,745	63,231

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 2023 Corporate Governance Statement and the 2023 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, 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 cherish 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's goal is to prevent human rights violations, corruption and bribery. The implementation of ethical operating practices is one of the goals of sustainability in the Group and within the value chain.

The Code of Conduct presents the following as the foundation of sustainable operations:

- 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 plc and its subsidiaries do not participate in political activities.
- Any observations of unethical conduct are addressed or reported through the whistleblowing channel

Olvi Group respects all international human rights and promotes them in both its own operations and the value chain. Respect for human rights is related to equal treatment, a safe working environment, diversity and responsible procurement. Employees are guided to respect human rights and have zero tolerance of corruption and bribery through training, the HR and anti-fraud policies. In 2024, the goal is for 100% of employees to complete the Code of Conduct training.

Responsible procurement means, for example, 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. The new Code of Conduct updated in 2023 has been signed by 52%, and the old one by 97.2%, of contract partners for raw materials and packaging materials. The goal for 2024 is for 100% of raw material and packaging material suppliers to have committed to the Code of Conduct. In addition, the aim is that 100% of all the business partners commit to the Code of Conduct by 2025. Audits are an important tool 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 2023, seven reports were made 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 2023, 60% of the members of Olvi plc's Board of Directors were men, and 40% were women.

EU TAXONOMY

The EU Taxonomy is a classification system for sustainable finance that defines criteria for environmentally sustainable economic activities that make substantial contribution to at least one of the six environmental objectives of the EU Taxonomy.

Olvi plc has evaluated the taxonomy eligibility and alignment of its economic activities and compliance with the taxonomy reporting required by the EU Taxonomy Regulation. Activities were evaluated against economic activities listed in the legislation in force at the time of reporting (so-called Climate Delegated Regulation (EU) 2021/2139, Nuclear and Gas Delegated Regulation (EU) 2022/1214, and Environmental Delegated Regulation (EU) 2023/2486). At the end of 2023, NACE classification or indicators for Olvi plc's industry, i.e. the food and beverage industry, had not yet been included in the EU Taxonomy.

Olvi plc is a group of beverage companies, whose sales consists almost entirely of the production, import and sale of beverages, so Olvi plc's main business (C11 Manufacture of beverages) is not taxonomy-eligible. Thus, Olvi plc does not report taxonomy-eligible or taxonomy-aligned turnover for the reporting year 2023. Since Olvi plc has no taxonomy-eligible turnover, it has no material taxonomy-eligible or taxonomy-aligned operating expenditure or capital expenditure. Further information about Olvi plc's accounting principles for turnover can be found in Note 1 to the financial statements, about the accounting principles for capital expenditure in Notes 10 and 12, and about the accounting principles for operating expenditure in Notes 2–5.

Olvi plc will continue to develop taxonomy evaluation and reporting in 2024, monitoring the development of the Taxonomy Regulation, as well as its interpretation and industry's best practices. In terms of legislation, Olvi plc is still waiting for criteria for food production and the beverage industry being prepared in the EU, especially for the transition to a circular economy and the protection and restoration of biodiversity and ecosystems.

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

Financial year 1.1.-31.12.2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code	Turnover	Proportion of Turnover 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover 2022	Category enabling activity	Category transitional activity
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0%**														0.0%		
Of which Enabling		0.0	0.0%														0.0%	-	
Of which Transitional		0.0	0.0%														0.0%		-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
-		-	-	-	-	-	-	-	-								-		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.0	0.0%														0.0%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		0.0	0.0%														0.0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		630.6	100%																
TOTAL		**630.6**	**100%**																

Further information about the content of the table (Environmental Delegated Act, Annex 5): http://data.europa.eu/eli/reg_del/2023/2486/oj

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2023

Financial year 1.1.-31.12.2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code	CapEx	Proportion of CapEx 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx 2022	Category enabling activity	Category transitional activity
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0%**														0.0%		
Of which Enabling		0.0	0.0%														0.0%	-	
Of which Transitional		0.0	0.0%														0.0%		-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
-		-	-	-	-	-	-	-	-								-		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.0	0.0%														0.0%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		0.0	0.0%														0.0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		28.5	100%																
TOTAL		**28.5**	**100%**																

Further information about the content of the table (Environmental Delegated Act, Annex 5): http://data.europa.eu/eli/reg_del/2023/2486/oj

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2023

Financial year 1.1.-31.12.2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code	OpEx	Proportion of OpEx 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx 2022	Category enabling activity	Category transitional activity
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0%**														0.0%		
Of which Enabling		0.0	0.0%														0.0%	-	
Of which Transitional		0.0	0.0%														0.0%		-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
-		-	-	-	-	-	-	-	-								-		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.0	0.0%														0.0%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		0.0	0.0%														0.0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		17.6	100%																
TOTAL		**17.6**	**100%**																

Further information about the content of the table (Environmental Delegated Act, Annex 5): http://data.europa.eu/eli/reg_del/2023/2486/oj

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 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.

The implementation of the corporate governance principles is described in a separate corporate governance statement, which is attached to the annual report.

BUSINESS STRATEGY

Olvi Group has a common mission and vision. The purpose of our operations is to provide moments of enjoyment with pride. The vision is to be the preferred multi-location beverage company.

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. Business is based on the Group's shared values of local, positive, respect and agile.

Olvi Group pursues profitable growth and sustainable growth of shareholder value through a strong multi-local market position and a continuously evolving product portfolio that meets local needs. Growth is mainly sought organically, but targeted acquisitions in Europe are also possible to accelerate growth.

- The sales value of strong core business operations is increased by focusing on identifying and responding to local customer needs through price and product range optimisation. In addition, the use of production capacity is optimised, operations are made more efficient, and investments are made to increase production capacity.
- Market position is strengthened in growing beverage categories such as non-alcoholic beverages and wines. In addition, the position in the sales to the HoReCa channel is strengthened by developing the offering to meet customer needs and by investing in customer relationships.
- Product exports are increased in a targeted manner. Product imports are increased to support changes in consumption habits and the growth of the HoReCa channel. Group-level brands are developed, and branded partnerships are established.

Growth is supported through Group synergies and consistent operating models in terms of the development of sustainability, competence and data capabilities. Investments are made in employees' well-being, expertise is developed, and the flow of information between Group companies is improved. Sustainability is to be turned into a competitive advantage, effective sustainability actions are taken, and sustainable products are developed. Investments are made in own carbon-neutral operations, the use of circular economy based materials is increased, and investments are made in the sustainable use of water. Processes, tools and culture are developed to support information-driven decision making. Data is utilised to improve internal efficiency, as well as in the customer interface. Competitiveness is strengthened by investing in systems that support business operations.

Olvi's strengths in the market environment include:

- Strong multi-local position, tradition and presence in the domestic market
- A wide range of products to meet local needs, agilely developed based on changing consumer needs and market data
- Efficient, agile and data-driven production
- Strong distribution network
- Strong retail competence, strengthening position in the HoReCa channel
- Strong partnerships and customer relationships
- Strengths and capabilities of an international group to develop operations
- A responsible way of operation as part of the company's heritage
- Innovative, skilled and committed personnel
- Committed owners: ability to operate in peace and investment capacity
- Experienced and knowledgeable management committed to increasing shareholder value

The above strengths, combined with a strong financial position, enable Olvi Group's competitive advantage. These include a brand portfolio, pricing power, customer loyalty and fairly stable demand for end products, high local market shares, proven capacity for renewal to meet changing consumer needs, extensive and efficient local distribution, and production efficiency. These will also enable future profitable growth and development.

THE BOARD OF DIRECTORS AND THE AUDITOR

Since the Annual General Meeting, Nora Hortling has served as Chair and Lasse Heinonen as Vice Chair of the Board. Juho Nummela, Päivi Paltola and Christian Ståhlberg have served as members of the Board.

Ernst & Young Oy, Authorised Public Accountants, serves as the company's auditor, with Elina Laitinen, APA, as the principal auditor.

MANAGEMENT

Olvi plc's Management Team consisted of the following members: Patrik Lundell, CEO (Chair); Ilkka Auvola, Sales Director; Olli Heikkilä, Marketing Director; Pia Hortling, Public Relations and Purchasing Director; Tiina-Liisa Liukkonen, CFO; Tomi Vuorinen, Production Director (Lauri Multanen until 28 February 2023); and Marjatta Rissanen, Customer Service and Administration Director.

The managing directors of the subsidiaries are as follows:

- AS A. Le Coq, Tartu, Estonia – Jaanus Vihand
- 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 – Jette Andersen (from 1 March 2023)
- Servaali Oy, Helsinki, Finland – Anna Ekström (Business Director)
- The Helsinki Distilling Company, Helsinki, Finland – Mikko Mykkänen.

The managing directors of the subsidiaries report to Patrik Lundell, CEO of Olvi plc. The boards of directors of the subsidiaries in the Baltic countries, Belarus and Denmark consist of Patrik Lundell (Chair), Pia Hortling, Tiina-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 consisted 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.

BUSINESS RISKS AND THEIR 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 information security, reputation, employees, the local community and the environment. The impact of the environment, including climate change and biodiversity, on business is also taken into account in the risk assessment. Based on risk analysis, an annually updated risk management development plan is prepared with the aim of 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.

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 the environment, 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.

NEAR-TERM RISKS AND UNCERTAINTIES IN BUSINESS OPERATIONS

The geopolitical situation has affected Olvi's operating environment. 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 in 2023. The prices of raw materials, especially barley malt, sugar and carbon dioxide, are at a historically high level. Uncertainty in prices and availability has continued in the market because of the war and weather events caused by climate change. The considerable fluctuations in energy prices continue. Logistics costs remain at a high level because of rising fuel prices. Olvi responds to the increase in costs by improving operational productivity and assessing the adequacy of sales prices to maintain profitability.

Armed attacks in the Red Sea have affected freight routes from Asia to Europe. Because of longer freight routes and the unrest in the Red Sea, freight prices and the sufficiency of containers and cargo ships, as well as longer delivery times, can raise the prices of materials and freight and cause availability challenges in the coming months.

Consumer prices have risen rapidly, especially in Europe. General cost inflation continues to reduce consumers' purchasing power and affect consumer behaviour. This change can already be seen as a shift in consumption towards cheaper product options. In addition, overall consumption can decrease, and the premiumisation trend may stop. Olvi Group is responding to the change by developing its product portfolio in line with consumer demand and by maintaining and strengthening market shares.

Considerable uncertainty is related to the Belarusian business operations in terms of the weakening of the exchange rate, the unpredictability of the operating environment and local legislation, trade sanctions and the functioning of financial transactions with Western countries. 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 resulted in a significant fine, which considerably reduced local cash assets in the second quarter. Olvi's Belarusian subsidiary operates by means of its own cash flow financing and its cash and cash equivalents stood at EUR 7.1 million at the end of the review period. Despite the amendments made to the legislation preventing the sale of foreign-owned companies in Belarus, the prohibition of selling shares in Olvi's subsidiary remains in force, and Olvi does not currently have permission to sell shares.

As political strikes continue in Finland, Olvi may suffer significant economic losses. These financial risks are related to the functionality of production and the supply chain in particular, as well as to customers' ability to operate.

Cybersecurity threats have increased because of the escalation of the global geopolitical situation, among other reasons. Olvi Group has prepared for the increasing information security threats in many ways. Personnel are provided with training, information about threats is provided regularly, and cybersecurity guidelines are reviewed during induction training. Olvi's information systems are protected through regular updates, backups, firewalls, anti-malware software, content filters and threat detection programs. The observations made by these cybersecurity programs are managed by means of a 24/7/365 SOC information security service. In terms of information security, we will focus on aspects such as updating the recovery plan, renewing the backup solution and firewalls, and improving end-user training in 2024.

Operations involve several risks related to sustainability. The identification and assessment of, and preparation for, these risks have become a significant part of risk management. We have identified these as part of strategic, business, financial and compliance risks. Sustainability risks are identified in connection with several different risk assessments such as human rights and environmental assessments.

OLVI'S SHARES AND THE STOCK MARKET

Olvi's share capital at the end of December 2023 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 1,608,889 (2,351,044) Series A shares in Olvi was traded on Nasdaq Helsinki Ltd during 2023. This represents 9.5% (13.8%) of the total number of Series A shares in Olvi. The value of the trading was EUR 48.1 (82.9) million.

SHARES AND SHARE CAPITAL 31 DECEMBER 2023

	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 Helsinki Ltd was EUR 28.05 (33.15) at the end of 2023. The highest price of a Series A share in January–December was EUR 34.95 (52.00), and the lowest was EUR 26.80 (29.40). The average price in 2023 was EUR 29.88 (35.31).

At the end of December 2023, the market capitalisation of the Series A shares was EUR 475.8 (562.2) million, and the market capitalisation of all shares was EUR 580.5 (686.0) million.

The total number of shareholders in Olvi at the end of December 2023 was 23,025 (21,398). The proportion of foreign holdings and foreign and domestic nominee-registered holdings was 18.9% (20.3%) of the total number of book-entry shares and 4.3% (4.6%) of the total number of votes.

SHARE DISTRIBUTION 31 DECEMBER 2023

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	21,797	94.67	2,740,046	13.22	2,744,302	2.99
1,001–10,000	1,118	4.86	2,814,461	13.58	2,952,173	3.22
10,001–500,000	104	0.45	6,057,346	29.23	14,747,794	16.10
500,001–999,999,999,999	6	0.02	9,110,379	43.97	71,190,827	77.69
Total	**23,025**	**100.00**	**20,722,232**	**100.00**	**91,635,096**	**100.00**

FOREIGN AND NOMINEE-REGISTERED HOLDINGS 31 DECEMBER 2023

	Number of shareholders	% of shareholders	Number of book-entry shares	% of book-entry shares	Number of votes	% of votes
Foreign, total	74	0.32	69,173	0.33	69,173	0.08
Nominee-registered (foreign), total	6	0.03	451,230	2.18	451,230	0.49
Nominee-registered (Finnish), total	4	0.02	3,402,339	16.42	3,402,339	3.71
Total	**84**	**0.37**	**3,922,742**	**18.93**	**3,922,742**	**4.28**

LARGEST SHAREHOLDERS 31 DECEMBER 2023

	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	212,888	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		2,003,674	2,003,674	9.67	2,003,674	2.19
6 Skandinaviska Enskilda Banken Ab (publ), Helsinki branch, nominee-registered		1,337,865	1,337,865	6.46	1,337,865	1,46
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
11 Ville Petteri Rinne	23,388	10,250	33,638	0.16	478,010	0.52
12 Valtteri Markunpoika Rinne	23,388	9,227	32,615	0.16	476,987	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 Evli Finnish Small Cap Fund		372,819	372,819	1.80	372,819	0,41
16 Citibank Europe plc, nominee-registered		364,532	364,532	1.76	364,532	0,40
17 Elo Mutual Pension Insurance Company		321,000	321,000	1.55	321,000	0.35
18 Hannu Markus Laakkonen		216,072	216,072	1.04	216,072	0.24
19 Investment Fund Aktia Capital		213,400	213,400	1.03	213,400	0.23
20 Veritas Pension Insurance Company Ltd.		204,628	204,628	0.99	204,628	0.22
Other	9,360	8,435,256	8,444,616	40.73	8,622,456	9.40
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 2023

	Number of shareholders	% of shareholders	Number of book-entry shares	% of book-entry shares	Nominee registered Number of book-entry shares	% of book-entry shares	Number of votes	% of votes
Companies	680	2.95	4,566,785	22.04			49,480,961	54.00
Financial and insurance institutions	26	0.11	1,403,596	6.77	3,402,339	16.42	4,805,935	5.24
Public entities	11	0.05	2,105,595	10.16			2,105,595	2.30
Non-profit organisations	114	0.50	394,313	1.90			394,313	0.43
Households	22,114	96.04	8,329,201	40.20			34,327,889	37.46
Foreign	80	0.35	69,173	0.33	451,230	2.18	520,403	0.57
Total	**23,025**	**100.00**	**16,868,663**	**81.40**	**3,853,569**	**18.60**	**91,635,096**	**100.00**

SHAREHOLDING

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

A dividend of EUR 1.20 per share for 2022 was paid on shares in Olvi plc (EUR 1.20 per share in 2021), totalling EUR 24.8 (24.9) million. The dividend was paid in two instalments. The first instalment, EUR 0.60 per share, was paid on 20 April 2023. The second instalment, EUR 0.60 per share, was paid on 5 September 2023.

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 2023, Olvi plc had 23,025 (21,398) shareholders in the book-entry system, of whom 10 (10) were nominee-registered.

On 31 December 2023, the members of Olvi plc's Board of Directors and the CEO held a total of 45,535 Series A shares, representing 0.22% of all shares and 0.05 of the number of votes. The company's management holds no options.

AUTHORISATIONS OF THE BOARD OF DIRECTORS

On 29 March 2023, 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 2024 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

In 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 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 2021–2025 Performance Share Plan consists of four performance periods, covering the 2021–2022, 2021–2023, 2022–2024 and 2023–2025 financial years. In the 2021–2022 and 2021–2023 performance periods, the rewards were based on the Group's cumulative operating profit in euros and the increase in the sales volume of non-alcoholic products. The net rewards to be paid for the 2021–2022 performance period could have amounted to a maximum of around 6,100 Olvi plc Series A shares, and for the 2021–2023 performance period, a maximum of around 10,000 Olvi plc Series A shares.

The 2021–2022 Matching Share Plan consisted of one matching period covering the 2021–2022 financial years. In the plan, the target group is offered an opportunity to acquire additional shares by investing personally in Olvi plc's Series A shares. The net rewards to be paid for the matching period could have amounted to a maximum of around 14,300 Olvi plc Series A shares.

In 2022, the Board of Directors of Olvi plc decided on a Matching Share Plan for 2022–2023. In the plan, the target group is offered an opportunity to acquire additional shares by investing personally in Olvi plc's Series A shares. The matching period for the plan is 1 June 2022 to 31 May 2024. The net amount of shares to be paid for the matching period will amount to a maximum of 2,000 Olvi plc Series A shares.

Expired share-based incentive plans

The 2021–2022 Performance Share Plan for key personnel ended at Olvi Group in the first quarter of 2023 (performance period 15 February 2021 to 14 February 2023). The target group of the share plan consisted of 12 people, including the members of the Management Team. In accordance with the terms and conditions of the plan, the rewards were paid in Series A shares in Olvi plc and partly in cash. A total of 5,900 Series A shares were transferred as rewards.

The 2021–2022 Matching Share Plan for key personnel ended at Olvi Group in the second quarter of 2023 (performance period 15 April 2021 to 14 April 2023). In accordance with the terms and conditions of the plan, the rewards were paid in both Series A shares in Olvi plc 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.

Following the end of Olvi plc's previous CEO's employment obligation on 31 December 2022, a net amount of 3,317 Series A shares in Olvi plc fell due to be paid to the CEO for the 2021–2023 and 2022–2024 performance periods of the Performance Share Plan in accordance with the rules of the incentive plans and by the decision of the Board of Directors. In accordance with the terms and conditions of the plan, the rewards were paid in Series A shares in Olvi plc and partly in cash. The amount of the share reward was based on the time passed since the beginning of the performance period and the estimated level of achievement of the earning criteria of the performance-based plan.

Decision on the terms and conditions of the 2023–2025 performance period of the share-based incentive plan

By means of a stock exchange release on 2 March 2023, Olvi plc's Board of Directors announced the terms and conditions and target group of the 2023–2025 performance period of the Performance Share Plan. During the 2023–2025 performance period, the rewards are based on the Group's Baltic Sea and Finland segments' cumulative operating result 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 10,600 Olvi plc Series A shares. During the 2023-2025 performance period, 16 people, including the CEO and the other Olvi Management Team members, belong to the target group.

Decisions on new share-based incentive plans

At its meeting on 16 October 2023, the Board of Directors of Olvi plc decided on a new share-based incentive plan for the company's CEO. The aim of the incentive plan is to support the achievement of the company's targets and commit the CEO to the company by strengthening value-based management and offering an incentive plan based on earning and accumulating shares in the company. The CEO's Performance Based Matching Share Plan consists of one matching period, from 1 December 2023 to 31 January 2025. In the plan, the CEO is offered an opportunity to receive matching shares for their personal investment in Olvi plc Series A shares, at the rate of one share per each share acquired through personal investment. The rewards based on the plan will be paid after the end of the matching period.

In the Performance Based Matching Share Plan, the CEO has an opportunity to earn 0.5 shares based on commitment and continuous shareholding and 0.5 shares based on achieving the earning criteria set by Olvi's Board. The Board of Directors has set the total shareholder return (TSR) on the Olvi plc Series A share as the earning criterion for the 2023–2025 matching period. The net amount of rewards to be paid for the matching period will amount to a maximum of 1,000 Olvi plc Series A shares. The rewards will be paid partly in Series A shares in Olvi plc and partly in cash.

At its meeting on 19 December 2023, Olvi plc's Board of Directors decided to establish two new long-term share-based incentive plans for the Group's key people: a performance share plan and a restricted share plan. The purpose of the plans is to align the interests of shareholders and key personnel to increase the value of the company in the long term, to commit key people to the company and to offer them competitive incentive plans based on earning and accumulating shares in the company.

The 2024–2028 Performance Share Plan consists of three performance periods, covering the 2024–2026, 2025-2027 and 2026–2028 financial years. The Board of Directors decides annually on the start and details of the performance period. The plan enables the members of the target group to earn Series A shares in Olvi plc based on performance. In the earning criteria of the long-term incentive plan, Olvi plc emphasises the company's ESG targets such as achieving carbon neutrality and increasing the share of sales of non-alcoholic products. The earning criteria for the first performance period (2024–2026) are the cumulative operating results of the Baltic Sea segment and the Finland segment, the sales of non-alcoholic products and carbon neutrality in the company's own production operations.

The target group of the plan includes around 37 key people in the 2024–2026 performance period, including the members of the Group Management Team and the CEO of the company. The rewards to be paid under the plan are estimated to correspond to the value of a maximum of 43,150 Olvi plc Series A shares, plus a cash portion of equal value, which covers taxes and statutory social insurance contributions incurred by key personnel as a result of the rewards. Any rewards based on the plan will be paid after the end of each performance period, no later than within five months of the end of the period. As a rule, if a key person's employment or service contract ends before the time of payment of the reward, no reward will be paid. The amount of rewards to be paid under the plan will be reduced if the maximum value set by the Board of Directors for the rewards to be paid for the 2024–2026 performance period is reached.

A member of the Group Management Team, including the CEO, is obligated to hold 50% of the shares they earn until the value of their shareholding in the company equals 50% of their annual base salary in the calendar year preceding the payment of the reward. This number of Series A shares in Olvi plc must be held for as long as their membership of the Group Management Team continues.

The 2024–2028 Restricted Share Plan is intended to be used in situations deemed necessary by the Board of Directors to commit key people to the company and attract new employees, for example. The rewards are based on a continuous employment relationship. As a rule, if a key person's employment or service contract ends before the time of payment of the reward, no reward will be paid. Rewards under the plan will be paid by the end of May 2025, 2026, 2027, 2028, 2029, 2030, 2031 and 2032, but at least twelve (12) months after the reward has vested. The rewards to be paid under the plan are estimated to correspond to the value of a maximum of 6,000 Olvi plc Series A shares, plus a cash portion of equal value, which covers taxes and statutory social insurance contributions incurred by key personnel as a result of the rewards.

The costs related to these incentive plans totalled EUR 619,100 in the financial year. The total number of shares in the programmes is 22,397, and the weighted average of the fair value per share is EUR 30.90. The fair value measurement takes future dividend distribution into account. Olvi Group has no other share or option arrangements in place.

TREASURY SHARES

At the beginning of January 2023, Olvi plc held 29,404 treasury shares. At its meeting on 28 February 2023, the Board of Directors of Olvi plc decided to initiate the acquisition of treasury shares based on the authorisation issued by the Annual General Meeting on 30 March 2022. On this basis, the Board has repurchased a maximum of 20,000 Series A shares. The acquisition of shares began on 2 March 2023 and ended on 14 March 2023. The shares shall be acquired for the purpose of financing or executing any upcoming corporate acquisitions or other arrangements, implementing the company's incentive plans, or for other purposes as decided by the Board of Directors.

In accordance with the share plan, Olvi plc transferred a total of 20,712 of its own shares to the members of the target groups of the performance share plan and the matching share plan that ended during the financial year. The total acquisition price was EUR 803.0 thousand.

At the end of the financial period, Olvi plc held a total of 28,692 of its own Series A shares as treasury shares. The total acquisition price of treasury shares was EUR 880.8 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.

FLAGGING NOTIFICATIONS

Olvi plc did not receive any flagging notifications under chapter 9, section 5 of the Securities Markets Act in 2023.

THE BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION OF PROFIT

The parent company, Olvi plc, had EUR 146.7 (131.0) million in distributable funds on 31 December 2023, of which the profit for the period was EUR 41.1 (41.7) 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) shall be paid for 2023 on each Series K and Series A share, totalling EUR 24.8 (24.8) million. This dividend is 64.9% (311.4%) of Olvi Group's earnings per share and 49.2% (54.7%) of its adjusted earnings per share. The dividend shall be paid in two instalments. The first instalment (EUR 0.60 per share) shall be paid on 18 April 2024 to shareholders registered in the list of shareholders maintained by Euroclear Finland on the record date 28 March 2024. The second instalment (EUR 0.60 per share) shall be paid on 3 September 2024 to shareholders registered in the list of shareholders maintained by Euroclear Finland on the record date 27 August 2024. No dividend shall be paid on treasury shares.

2) EUR 121.9 million will be retained in the parent company's non-restricted equity.

NEAR-TERM OUTLOOK AND EVENTS AFTER THE FINANCIAL YEAR

In the financial statements bulletin of 9 February 2024, Olvi issued performance guidance, according to which the adjusted operating result for 2024 is expected to be EUR 71–80 million.

Beginning in 2024, the management team structure will be streamlined by separating the responsibilities of the company's domestic management team from those of the Group management team. In line with this, a Group Management Team was established and appointed on 1 January 2024 to strengthen the implementation of the Group-level strategy. Local companies will continue to be responsible for local customer relationships, commercial operations, product development and the consumer interface.

The following people with the following areas of responsibility have been appointed to the Group Management Team:

Patrik Lundell, Group Chief Executive Officer
Tiina-Liisa Liukkonen, Group Chief Finance and Information Officer
Marjatta Rissanen, Group Chief Human Resources and Communications Officer
Pia Hortling, Group Chief Sustainability and Sourcing Officer
Peep Akkel, Group Business Development Director
Esa Hyttinen, Group General Counsel (from 29 February 2024)

FINANCIAL REPORTS IN 2024

Olvi Group's annual report and notice of the Annual General Meeting will be published on 29 February 2024. 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 2023. The annual report also includes the sustainability report, the Corporate Governance Statement and the remuneration report for the financial year 2023.

The notice of Olvi plc's Annual General Meeting to be held on 26 March 2024 in Iisalmi will be published on 29 February 2024. 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 2024:

- January–March on 18 April 2024
- January–June on 13 August 2024
- January–September on 16 October 2024

OLVI PLC
Board of Directors

CONSOLIDATED FINANCIAL RATIOS 2021–2023

BUSINESS VOLUME AND PROFITABILITY

EUR 1,000	2023	2022	2021
Net sales	630,605	583,703	462,226
Change, %	8.0	26.3	11.4
Operating result	54,918	22,364	59,439
% of net sales	8.7	3.8	12.9
Financial income and expenses	-646	-3,989	-327
Profit before tax	54,918	18,374	59,112
% of net sales	8.7	3.1	12.8
Profit for the period	38,473	7,526	48,361
% of net sales	6.1	1.3	10.5
Balance sheet total	490,000	489,674	490,242
Cash flow ratio, %	9.3	12.4	16.3
Return on investment, % (ROI)	19.2	8.2	20.9
Return on equity, % (ROE)	13.5	2.6	17.1
Equity ratio, %	59.0	57.5	60.7
Current ratio	1.3	1.3	1.3
Gearing, %	-8.5	-20.3	-18.7
Capital expenditure on fixed assets	24,947	37,071	32,016
% of net sales	4.0	6.4	6.9
Net capital expenditure on fixed assets	23,845	35,834	30,390
% of net sales	3.8	6.1	6.6
Research and development costs	5,572	5,405	4,932
% of net sales	0.9	0.9	1.1
Salaries and fees	66,745	63,231	51,673
Average number of personnel:			
Personnel in Finland	449	442	416
Personnel in Estonia, Latvia, Lithuania, Denmark and Belarus	1,927	1,893	1,695
Total employees	2,376	2,335	2,111

PER-SHARE RATIOS

	2023	2022	2021
Earnings per share (EPS), euro, undiluted	1,85	0,39	2,31
Earnings per share (EPS), euro, diluted	1,85	0,39	2,31
Equity per share, EUR	13,95	13,49	14,19
* Pay-out ratio, %	64,9	311,4	51,9
Price/Earnings ratio (P/E)	15,2	86,0	22,2

*) The amount of dividend used for calculating the 2023 ratios is the Board of Directors’ proposal to the Annual General Meeting.

PARENT COMPANY'S FINANCIAL RATIOS 2021–2023

BUSINESS VOLUME AND PROFITABILITY

EUR 1,000	2023	2022	2021
Net sales	200,975	180,650	169,174
Change, %	11.3	6.8	7.9
Operating profit	17,492	18,137	23,489
% of net sales	8.7	10.0	13.9
Financial income and expenses	28,771	28,565	22,464
Profit before appropriations and taxes	46,263	46,702	45,953
% of net sales	23.0	25.9	27.2
Profit for the period	41,065	41,735	39,464
% of net sales	20.4	23.1	23.3
Balance sheet total	339,509	336,496	319,575
Cash flow ratio, %	26.4	29.4	30.7
Return on investment, % (ROI)	22.4	23.3	24.5
Return on equity, % (ROE)	21.9	24.2	26.3
Equity ratio, %	59.2	54.8	52.4
Current ratio	0.8	0.7	0.8
Gearing, %	1.7	-8.7	-7.7
Capital expenditure on fixed assets	10,072	15,238	11,893
% of net sales	5.0	8.4	7.0
Net capital expenditure on fixed assets	9,920	15,153	11,307
% of net sales	4.9	8.4	6.7
Research and development costs	1,884	1,523	1,581
% of net sales	0.9	0.8	0.9
Salaries and fees	20,840	19,722	20,518
Average number of personnel	396	392	373

PER-SHARE RATIOS

	2023	2022	2021
Earnings per share (EPS), EUR	2.04	2.06	2.01
Equity per share, EUR	9.72	8.91	8.09
* Nominal dividend per share, EUR	1.20	1.20	1.20
* Effective dividend yield, EUR	4.28	3.62	2.34
* Pay-out ratio, %	58.8	58.3	59.7
Price/Earnings ratio (P/E)	13.7	16.1	25.5
Price of Series A share			
At year end, EUR	28.05	33.15	51.20
highest, EUR	34.95	52.00	55.70
lowest, EUR	26.80	29.40	43.10
average price, EUR	29.88	35.31	49.35
Trading volume of A shares	1,608,889	2,351,044	1,812,283
% of all A shares outstanding	9.5	13.8	10.7
Market capitalisation of A shares 31 Dec, MEUR	475.8	562.2	869.4
Market capitalisation of K shares 31 Dec, MEUR	104.7	123.7	191.1
Total market capitalisation, MEUR	580.5	686.0	1,060.5
Number of shares			
average number during the financial year, adjusted for share issues**	20,690,905	20,700,783	20,706,610
total number at year end, adjusted for share issues**	20,693,540	20,692,828	20,712,828

*) The amount of dividend used for calculating the 2023 ratios is the Board of Directors' proposal to the Annual General Meeting.
**) The treasury shares held by Olvi plc's have been deducted.

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 figures 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) 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 the operating result (the fine imposed on the Belarusian company in the financial year 2023 and the impairment of the Belarusian company, the tax compensation provision for Lithuania and the expiration costs of the CEO's service contract in 2022). 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.

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	2023	2022
Gross sales		1,326,568	1,253,782
Excise taxes and other adjustments		-695,963	-670,079
NET SALES	1	**630,605**	**583,703**
Cost of sales		-394,977	-363,816
GROSS PROFIT		**235,628**	**219,887**
Logistics, sales and marketing expenses	2	-126,605	-120,997
Administrative expenses	2	-41,472	-42,415
Other operating income and expenses	3	-12,633	-34,111
OPERATING RESULT		**54,918**	**22,364**
Financial income	7	990	1,593
Financial expenses	7	-1,682	-5,628
Share of the profit of associated companies and joint ventures	21	45	45
PROFIT BEFORE TAX		**54,271**	**18,374**
Income taxes	8	-15,798	-10,848
PROFIT FOR THE PERIOD		**38,473**	**7,526**

EUR 1,000	Note	2023	2022
Other items of comprehensive income that may be later reclassified to profit or loss:			
Translation differences related to foreign subsidiaries		-5,003	1,638
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**33,470**	**9,164**
Distribution of the profit for the period:			
- Owners of the parent company		38,251	7,977
- Non-controlling interest		222	-451
Distribution of comprehensive income for the period:			
- Owners of the parent company		33,430	9,674
- Non-controlling interest		40	-510
Earnings per share calculated from profit attributable to owners of the parent company:			
Undiluted earnings per share (EUR)		1.85	0.39
Diluted earnings per share (EUR)		1.85	0.39

CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	2023	2022
ASSETS			
Non-current assets			
Intangible assets	10	10,518	10,972
Goodwill	10&11	22,204	22,204
Tangible assets	12	213,182	208,165
Holdings in associated companies and joint ventures	21	1,032	1,025
Other investments	13	1,042	1,046
Loans receivable and other			
long-term receivables	13	5,544	1,377
Deferred tax assets	8	4,370	2,569
Total non-current assets		**257,892**	**247,358**
Current assets			
Inventories	14	74,190	70,891
Accounts receivable and other receivables	13	125,815	109,712
Income tax receivables		645	506
Cash and cash equivalents	15	31,458	61,207
Total current assets		**232,108**	**242,316**
TOTAL ASSETS		**490,000**	**489,674**

EUR 1,000	Note	2023	2022
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	-881	-1,079
Translation differences		-56,768	-52,030
Retained earnings		324,120	310,194
Total equity attributable to owners of the parent company		**288,617**	**279,231**
Non-controlling interest		721	2,514
Total equity		**289,338**	**281,745**
Non-current liabilities			
Financial liabilities	17	4,098	1,983
Other liabilities	19	782	3,667
Deferred tax liabilities	8	14,100	13,466
Current liabilities			
Financial liabilities	17	2,908	2,164
Accounts payable and other payables	19	178,751	186,362
Income tax liability		23	287
Total liabilities		**200,662**	**207,929**
TOTAL EQUITY AND LIABILITIES		**490,000**	**489,674**

CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	Note	2023	2022
Cash flow from operating activities			
Profit for the period		38,473	7,526
Adjustments:			
Depreciation and impairment		24,779	64,532
Other adjustments		11,778	14,509
Change in net working capital:			
Increase (-) / decrease (+) in accounts receivable and other receivables	13	-20,279	-9,578
Increase (-) / decrease (+) in inventories	14	-6,377	-12,349
Increase (-) / decrease (+) in accounts payable and other payables	19	-4,789	16,536
Interest paid	7	-408	-449
Interest received	7	531	292
Dividends received	7	10	5
Taxes paid	8	-15,764	-13,861
Cash flow from operating activities (A)		**27,954**	**67,163**
Cash flow from investing activities			
Investments in tangible assets	12	-23,687	-36,115
Investments in intangible assets	10	-1,863	-1,277
Capital gains on disposal of tangible assets	12	591	976
Acquisition of shares from non-controlling interest	19	-2,737	-378
Expenditure on other investments	13	0	-163
Dividends received	21	41	38
Cash flow from investing activities (B)		**-27,655**	**-36,919**

EUR 1,000	Note	2023	2022
Cash flow from financing activities			
Loan withdrawals	17	4,577	11,351
Repayment of loans	17	-6,165	-11,674
Acquisition of treasury shares	16	-604	-641
Dividends paid	16	-25,339	-25,268
Cash flow from financing activities (C)		**-27,531**	**-26,232**
Increase (+) / decrease (-) in cash and cash equivalents (A+B+C)		**-27,232**	**4,012**
Cash and cash equivalents 1 Jan	**15**	**61,207**	**58,741**
Impact of exchange rate changes		-2,517	-1,546
Cash and cash equivalents 31 Dec	**15**	**31,458**	**61,207**

OTHER ADJUSTMENTS TO CASH FLOW FROM OPERATING ACTIVITIES:

EUR 1,000	2023	2022
Other adjustments to cash flow from operating activities before change in working capital:		
Capital gains on disposals of fixed assets	477	227
Share of the profit of associated companies and joint ventures	-45	-45
Unrealised exchange rate gains and losses	0	-24
Financial income and expenses	48	4,134
Income taxes	15,798	10,848
Other adjustments	-4,501	-631
Total	**11,778**	**14,509**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000	A	B	C	D	E	F	G	H
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						38,251	222	38,473
Other items of comprehensive income								
Translation differences					-4,821		-182	-5,003
Total comprehensive income for the period					**-4,821**	**38,251**	**40**	**33,470**
Business transactions with shareholders								
Dividend payment						-24,817	-557	-25,374
Share-based incentives, value of work performance						619		619
Acquisition of treasury shares				-604				-604
Issue of treasury shares to personnel				802		-1,374		-572
Adjustment for previous periods					**83**	**-7**	**-22**	**54**
Business transactions with shareholders, total				**198**	**83**	**-25,579**	**-579**	**-25,877**
Changes in holdings in subsidiaries								
Change in non-controlling interest						1,254	-1,254	0
Changes in holdings in subsidiaries, total						**1,254**	**-1,254**	**0**
Equity 31 Dec 2023	**20,759**	**1,092**	**295**	**-881**	**-56,768**	**324,120**	**721**	**289,338**

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 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
Share-based incentives, value of work performance						1,076		1,076
Acquisition of treasury shares				-641				-641
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.

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 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 2023 on 29 February 2024. 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 plc'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 plc'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/en.

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 2023, 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 result. 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 RESULT

IAS 1 *Presentation of Financial Statements* does not define the concept of operating result. The Group has defined it as follows: operating result 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 result. Exchange rate differences are included in the operating result 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 geopolitical situation.

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 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 issues in the estimates are the predicted future cash flows, processing of leases valid until further notice, and any changes in the potential for selling the Belarusian operation.

APPLICATION OF NEW OR AMENDED IFRS STANDARDS AND INTERPRETATIONS

In 2023, the Group adopted 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 IAS 12 Income Taxes. The amendments do not have any significant impact on the consolidated financial statements. In addition, the new IFRS 17 Insurance Contracts standard entered into force on 1 January 2023. The new standard does not have impact on consolidated financial statements.

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, IAS 7 Statement of Cash Flows and IFRS 16 Leases. The amendments are not expected to have any significant impact on the consolidated financial statements.

1. INCOME FROM OPERATIONS AND SEGMENT INFORMATION

Principles for recognition of sales

Net sales consist of consideration received for the sales of products and services measured at fair value, 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 CEO 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. 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 result (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. The assets allocated to segments have been changed since the previous year. Starting from 2023, cash and cash equivalents are also allocated to the segments. The comparison information for 2022 has been changed accordingly. 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 in the 2023 and 2022 financial periods. Furthermore, the segments' net sales have been grouped in accordance with their customers' geographical locations in the 2023 and 2022 financial years.

2023 EUR/L 1,000	Finland	Baltic Sea region	Belarus	Eliminations	Group
Sales volume	268,166	431,546	321,231	-45,193	975,750
INCOME					
External net sales	228,200	267,375	135,030	0	630,605
Beverage sales	225,991	267,375	135,030	0	628,396
Equipment services	2,209	0	0	0	2,209
Internal net sales	1,056	29,266	297	-30,619	0
Total net sales	**229,256**	**296,641**	**135,327**	**-30,619**	**630,605**
EARNINGS					
Segment’s operating result	17,511	21,991	16,680	-1,264	54,918
Financial income					990
Financial expenses					-1,682
Share of profit or loss of associated companies		45			45
Income taxes	-4,238	-3,374	-9,366	1,180	-15,798
Profit for the period					**38,473**
OTHER INFORMATION					
Segment's assets	319,448	235,340	65,411	-136,247	483,952
Investments in associated companies and joint ventures	50	982			1,032
Unallocated assets					5,016
Group’s total assets					**490,000**
Segment’s liabilities	118,282	52,440	13,858	-6,792	177,788
Unallocated liabilities					22,874
Group’s total liabilities					**200,662**
Segment’s investments	10,072	12,874	2,001		24,947
Depreciation and impairment	11,176	12,518	97	988	24,779

The assets allocated to segments have been changed since the previous year. Starting from 2023, cash and cash equivalents are also allocated to the segments. The assets of the Finland segment include shares in subsidiaries. The Belarusian assets do not include the impairment, which is recognised in eliminations.

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 result	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
Profit for the period					**7,526**
OTHER INFORMATION					
Segment's assets	314,489	231,803	84,417	-144,112	486,597
Investments in associated companies and joint ventures	50	975			1,025
Unallocated assets					2,052
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 result 2022 includes EUR 35.0 million in impairment related to the assets of the Belarusian segment. The assets allocated to segments have been changed since the previous year. Starting from 2023, cash and cash equivalents are also allocated to the segments. The comparison information for 2022 has been changed accordingly.

NET SALES BY CUSTOMER LOCATION IN 2023

2023	Finland	Baltic Sea region	Belarus	Other countries	Eliminations	Group
External net sales	225,820	237,692	134,145	32,948	0	630,605
Internal net sales	3,558	26,805	256	0	-30,619	0
Total net sales	**229,378**	**264,497**	**134,401**	**32,948**	**-30,619**	**630,605**

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**

2. LOGISTICS, SALES, MARKETING AND ADMINISTRATIVE EXPENSES

EUR 1,000	2023	2022
Logistics, sales and marketing expenses		
Sales freight	40,172	38,906
Other logistics expenses	31,323	29,912
Sales and marketing expenses	55,110	52,179
Administrative expenses	41,472	42,415
Total logistics, sales, marketing and administrative expenses	**168,077**	**163,412**

3. OTHER OPERATING INCOME AND EXPENSES

EUR 1,000	2023	2022
Sales gains on property, plant and equipment	127	290
Rental income	203	86
Other	659	1,068
Total other operating income	**989**	**1,444**

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

EUR 1,000	2023	2022
Sales losses on and scrapping of property, plant and equipment	690	517
Impairment	0	35,099
Other operating expenses	12,932	-61
Total other operating expenses	**13,622**	**35,555**

Other operating expenses for 2023 include a fine of EUR 12.2 million imposed on the Belarusian subsidiary and for 2022 an impairment of EUR 35.0 million of the Belarusian subsidiary.

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 Payments* 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 2023 and 2022 financial periods are presented in the following table:

EUR 1,000	2023	2022
Salaries	66,745	63,231
Pension costs – defined contribution	4,620	4,397
Benefits exercised and payable in stock	293	564
Benefits payable in cash	267	493
Other personnel expenses	7,247	6,903
Total	**79,172**	**75,588**
Group personnel on average during the period		
Finland	449	442
Baltic Sea region	1,066	1,049
Belarus	861	844
Total	**2,376**	**2,335**

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

Share-based payments

In 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 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 2021–2025 Performance Share Plan consists of four performance periods, covering the 2021–2022, 2021–2023, 2022–2024 and 2023–2025 financial years. In the 2021–2022 and 2021–2023 performance periods, the rewards were based on the Group's cumulative operating result in euros and the increase in the sales volume of non-alcoholic products. The net rewards to be paid for the 2021–2022 performance period could have amounted to a maximum of around 6,100 Olvi plc Series A shares, and for the 2021–2023 performance period, a maximum of around 10,000 Olvi plc Series A shares.

The 2021–2022 Matching Share Plan consisted of one matching period covering the 2021–2022 financial years. In the plan, the target group was offered an opportunity to acquire additional shares by investing personally in Olvi plc's Series A shares. The net rewards to be paid for the matching period could have amounted to a maximum of around 14,300 Olvi plc Series A shares.

In 2022, the Board of Directors of Olvi plc decided on a Matching Share Plan for 2022–2023. Under the plan, the target group is offered an opportunity to acquire additional shares by investing personally in Olvi plc's Series A shares. The matching period for the plan is from 1 June 2022 to 31 May 2024. The net amount of shares to be paid for the matching period will amount to a maximum of 2,000 Olvi plc Series A shares.

Expired share-based incentive plans

The 2021–2022 Performance Share Plan for key personnel ended at Olvi Group in the first quarter (performance period 15 February 2021 to 14 February 2023). The target group of the share plan consisted of 12 people, including the members of the Management Team. In accordance with the terms and conditions of the plan, the rewards were paid in Series A shares in Olvi plc and partly in cash. A total of 5,900 Series A shares were transferred as 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). In accordance with the terms and conditions of the plan, the rewards were paid in both Series A shares in Olvi plc 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.

Following the end of Olvi plc's previous CEO's employment obligation on 31 December 2022, a net amount of 3,317 Series A shares in Olvi plc fell due to be paid to the CEO for the 2021–2023 and 2022–2024 performance periods of the Performance Share Plan in accordance with the rules of the incentive plans and by the decision of the Board of Directors. In accordance with the terms and conditions of the plan, the rewards were paid in Series A shares in Olvi plc and partly in cash. The amount of the share reward was based on the time passed since the beginning of the performance period and the estimated level of achievement of the earning criteria of the performance-based plan.

Decision on the terms and conditions of the 2023–2025 performance period of the share-based incentive plan

By means of a stock exchange release on 2 March 2023, Olvi plc's Board of Directors announced the terms and conditions and target group of the 2023–2025 performance period of the Performance Share Plan. During the 2023–2025 performance period, the rewards are based on the Group's Baltic Sea and Finland segments' cumulative operating result 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 10,600 Olvi plc Series A shares. During the 2023–2025 performance period, 16 people, including the CEO and the other Olvi Management Team members, belong to the target group for the performance period.

Decisions on new share-based incentive plans

At its meeting on 16 October 2023, the Board of Directors of Olvi plc decided on a new share-based incentive plan for the company's CEO. The aim of the incentive plan is to support the achievement of the company's targets and commit the CEO to the company by strengthening value-based management and offering an incentive plan based on earning and accumulating shares in the company. The CEO's Performance Based Matching Share Plan consists of one matching period, from 1 December 2023 to 31 January 2025. In the plan, the CEO is offered an opportunity to receive matching shares for their personal investment in Olvi plc Series A shares, at the rate of one share per each share acquired through personal investment. The rewards based on the plan will be paid after the end of the matching period.

In the Performance Based Matching Share Plan, the CEO has an opportunity to earn 0.5 shares based on commitment and continuous shareholding and 0.5 shares based on achieving the earning criteria set by Olvi's Board. The Board of Directors has set the total shareholder return (TSR) on the Olvi plc Series A share as the earning criterion for the 2023–2025 matching period. The net amount of rewards to be paid for the matching period will amount to a maximum of 1,000 Olvi plc Series A shares. The rewards will be paid partly in Series A shares in Olvi plc and partly in cash.

At its meeting on 19 December 2023, Olvi plc's Board of Directors decided to establish two new long-term share-based incentive plans for the Group's key people: a performance share plan and a restricted share plan. The purpose of the plans is to align the interests of shareholders and key personnel to increase the value of the company in the long term, to commit key people to the company and to offer them competitive incentive plans based on earning and accumulating shares in the company.

The 2024–2028 Performance Share Plan consists of three performance periods, covering the 2024–2026, 2025-2027 and 2026–2028 financial years. The Board of Directors decides annually on the start and details of the performance period. The plan enables the members of the target group to earn Series A shares in Olvi plc based on performance. In the earning criteria of the long-term incentive plan, Olvi plc emphasises the company's ESG targets such as achieving carbon neutrality and increasing the share of sales of non-alcoholic products. The earning criteria for the first performance period (2024–2026) are the cumulative operating results of the Baltic Sea segment and the Finland segment, the sales of non-alcoholic products and carbon neutrality in the company's own production operations.

The target group of the plan includes around 37 key people in the 2024–2026 performance period, including the members of the Group Management Team and the CEO of the company. The rewards to be paid under the plan are estimated to correspond to the value of a maximum of 43,150 Olvi plc Series A shares, plus a cash portion of equal value, which covers taxes and statutory social insurance contributions incurred by key personnel as a result of the rewards. Any rewards based on the plan will be paid after the end of each performance period, no later than within five months of the end of the period. As a rule, if a key person's employment or service contract ends before the time of payment of the reward, no reward will be paid. The amount of rewards to be paid under the plan will be reduced if the maximum value set by the Board of Directors for the rewards to be paid for the 2024–2026 performance period is reached.

A member of the Group Management Team, including the CEO, is obligated to hold 50% of the shares they earn until the value of their shareholding in the company equals 50% of their annual base salary in the calendar year preceding the payment of the reward. This number of Series A shares in Olvi plc must be held for as long as their membership of the Group Management Team continues.

The 2024–2028 Restricted Share Plan is intended to be used in situations deemed necessary by the Board of Directors to commit key people to the company and attract new employees, for example. The rewards are based on a continuous employment relationship. As a rule, if a key person's employment or service contract ends before the time of payment of the reward, no reward will be paid. Rewards under the plan will be paid by the end of May 2025, 2026, 2027, 2028, 2029, 2030, 2031 and 2032, but at least twelve (12) months after the reward has vested. The rewards to be paid under the plan are estimated to correspond to the value of a maximum of 6,000 Olvi plc Series A shares, plus a cash portion of equal value, which covers taxes and statutory social insurance contributions incurred by key personnel as a result of the rewards.

The costs related to these plans totalled EUR 619.1 thousand in the financial period. The total number of shares in the programmes is 22,397, and the weighted average of the fair value per share is EUR 30.90. 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 5.6 million in R&D costs recognised as expenses in 2023 (EUR 5.4 million in 2022), or 0.9% (0.9%) of net sales.

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

6. AUDIT COSTS

EUR 1,000	2023	2022
Auditing firm elected by the General Meeting		
Fees for statutory audit	263	296
Other services	21	9
Total	**284**	**305**
Other entities		
Fees for statutory audit	51	9
Associated auditing services	3	3
Other services	1	0
Total	**55**	**12**

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	2023	2022
Dividend income from investments held as fixed assets	10	5
Interest income from bank deposits	413	181
Exchange rate differences	397	606
Other interest and financial income	170	801
Total	**990**	**1,593**

EUR 1,000	2023	2022
Interest expenses on leases	173	172
Interest expenses on financial liabilities measured at amortised cost	408	427
Exchange rate differences	791	4,956
Other financial expenses	310	73
Total	**1,682**	**5,628**

Recognition policies for financial expenses are presented in Note 17 Financial liabilities. More detailed information on exchange rate differences is provided in Note 18 *Management of financial risks*.

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	2023	2022
Tax based on taxable income for the period	13,042	12,149
Taxes from previous financial periods	3,859	221
Deferred taxes	-1,103	-1,523
Total	**15,798**	**10,848**

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	2023	2022
Profit before tax	54,271	18,374
Taxes calculated at the home country's rate	10,854	3,675
Effect of different tax rates for foreign subsidiaries	-1,298	-1,259
Tax-free income	-118	-286
Tax effect of non-deductible items	3,839	8,614
Taxable income not included in the income statement	-4	21
Deductible expenses outside the income statement	-2,981	-391
Loss for the period for which no DTA is recognised	1,210	0
Taxes from previous financial period	3,859	221
Other taxes and adjustments	437	254
Taxes in the income statement	**15,798**	**10,848**

Taxes from previous financial period include the additional tax imposed on the Belarusian subsidiary. The tax effect of non-deductible items 2022 includes EUR 35.0 million in impairment. The tax effect of the non-deductible items in 2023 includes a fine of EUR 12.2 million imposed on the Belarusian subsidiary.

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 assets 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 12,081 thousand of unused tax-deductible losses, of which EUR 2,203 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 tax year 2023 to the probable amount of taxable income in the future. The amount of unrecognised deferred tax assets is EUR 544.6 thousand.

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 2023 financial period:

EUR 1,000	31.12.2022	Recognised through profit and loss	Exchange rate differences	31.12.2023
Tangible and intangible assets	306	1,413	-7	1,712
Share-based incentives	290	-196	0	94
Confirmed losses	1,943	126	0	2,069
Other items	31	464	0	495
Deferred tax assets total	**2,569**	**1,808**	**-7**	**4,370**

The following table presents changes in deferred tax liabilities during the 2023 financial period:

EUR 1,000	31.12.2022	Recognised through profit and loss	Exchange rate differences	31.12.2023
Tangible and intangible assets	10,005	-7	-70	9,928
Profit distribution	2,783	178	0	2,961
Other items	678	533	0	1,211
Deferred tax liabilities total	**13,466**	**704**	**-70**	**14,100**

A deferred tax liability of EUR 2,961 thousand for the planned profit distribution of AS A. Le Coq and A/S Cēsu Alus for the period has been recognised in the 2023 financial statements. No deferred tax liability has been recognised for the undistributed profits (EUR 73,086 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 12,924 thousand.

The following table presents changes in deferred tax assets and 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	197	114	-5	306
Share-based incentives	125	165	0	290
Confirmed losses	946	997	0	1,943
Other items	219	-188	0	31
Deferred tax assets total	**1,487**	**1,087**	**-5**	**2,569**

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
Deferred tax liabilities total	**13,943**	**-469**	**-8**	**13,466**

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 28,692 of its own Series A shares on 31 December 2023.

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

	2023	2022
Profit attributable to parent company shareholders (EUR 1,000)	38,251	7,977
Weighted average number of shares during the financial period (1,000)	20,722	20,722
Effect of treasury shares (1,000)	-31	-21
Weighted average number of shares for the calculation of EPS (1,000)	20,691	20,701
Undiluted/diluted earnings per share (EUR per share)	1.85	0.39

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 2022 and 2023, Olvi Group has not had options or any other plans 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 countries reported to the executive management. Goodwill is recognised at original cost, less impairment.

Research and development costs
Research costs are recognised as expenses in the income statement. Olvi Group had EUR 40 thousand in capitalised development costs on 31 December 2023 (75 thousand on 31 December 2022).

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
Customer relationships	5–6	years
Trademarks	10	years
Software	5	years
Others	5	years

EUR 1,000	Goodwill	Intangible assets	Total
Acquisition cost 1 Jan 2023	**31,254**	**44,419**	**75,673**
Additions	0	1,863	1,863
Transfers between items	0	212	212
Exchange rate differences	-28	-142	-170
Acquisition cost 31 Dec 2023	**31,226**	**46,352**	**77,578**
Accumulated depreciation and impairment 1 Jan 2023	**9,050**	**33,446**	**42,496**
Depreciation	0	2,494	2,494
Accumulated depreciation on deductions and transfers	0	-6	-6
Exchange rate differences	-28	-100	-128
Accumulated depreciation and impairment 31 Dec 2023	**9,022**	**35,834**	**44,856**
Book value 1 Jan 2023	**22,204**	**10,972**	**33,176**
Book value 31 Dec 2023	**22,204**	**10,518**	**32,722**

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 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**

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 intangible assets with an unlimited useful life. This is done at the level of cash-generating units. Goodwill and key variables are presented below by segment. The information on the Baltic Sea region segment combines the information for the cash-generating units in Estonia, Latvia, Lithuania and Denmark. 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 result, as well as the WACC (Belarus cost of equity) and growth percentage applied. Estimated sales and production volumes are based on existing fixed assets.

2023	Finland	Baltic Sea region	Belarus
Goodwill	11,075	11,128	0
Growth percentage	2%	2%	n/a
WACC/Cost of equity	7.33	7.00-7.74	27.09

2022			
Goodwill	11,075	11,128	0
Growth percentage	2%	2%	n/a
WACC	9.15	8.78-9.43	21.93

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 cash-generating unit in Lithuania, which is included in 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 five years. Cash flow estimates due later than five 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. Testing showed no indications of impairment of goodwill or the intangible asset with an unlimited useful life.

Belarus
Changes in the business environment caused by the war in Ukraine started 2022 have been taken into account in the Belarusian segment. Sanctions have been imposed on Belarus, and Belarus has imposed countersanctions 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 the cost of equity, i.e., 27.09%. 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.

For the 2022 financial statements (31 December 2022), the management assessed the book value of the Belarusian business segment in a changed operating environment. Based on the assessment, an impairment of EUR 35.0 million was recognised in the financial statements (31 December 2022). Based on the management's assessment and testing, the balance sheet valuation of the Belarusian business segment on 31 December 2023 is materially at the right level, and there is no need to change the impairment recognised. The fair value (hierarchy level 3) of the Belarusian business segment at 31 December 2023 was EUR 32.7 million. The fair value involves significant uncertainty. The estimate has been carried out carefully using the management's judgement and 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.

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. The assets at the time of testing the balance sheet items amounted to EUR 81.2 million and EUR 176.3 million for the Finland and Baltic Sea segments respectively. The recoverable amount was EUR 379.5 million for the Finland segment and EUR 536.4 million for the Baltic Sea segment. 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 cost of equity, euro-denominated dividends for two years and the market-based residual value. Based on the sensitivity analysis, it can be stated that any change in the assumptions will result in a change in the fair values of the balance sheet items, which were essentially equal to their book value on the balance sheet date. 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 2023 and 1 January to 31 December 2022.

Outgoing cash flow from leases

EUR 1,000	2023	2022
Repayment of lease liabilities	-1,143	-1,183
Interest expenses on leases	-173	-111
Expenses related to short-term and low-value leases	-5,668	-5,018
Total	**-6,984**	**-6,312**

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 3.6 million in 2022). The amount of rental income received is not significant in terms of the Group's overall business.

Changes in tangible assets in the 2023 and 2022 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 2023	**2,297**	**150,984**	**1,348**	**360,804**	**8,106**	**40,458**	**72**	**16,899**	**580,969**
Additions	0	1,275	1,951	4,713	760	4,021	848	13,074	26,642
Deductions	0	-8	0	-679	45	-1,173	-67	-18	-1,898
Transfer between items	0	10,192	0	30,885	-4,769	-115	3,827	-24,044	15,976
Exchange rate differences	0	-3,052	-105	-8,858	-1	-608	0	-123	-12,748
Acquisition cost 31 Dec 2023	**2,297**	**159,391**	**3,194**	**386,865**	**4,141**	**42,583**	**4,680**	**5,789**	**608,942**
Accumulated depreciation and impairment 1 Jan 2023	**0**	**82,653**	**736**	**263,609**	**5,622**	**20,111**	**72**	**0**	**372,804**
Depreciation and impairment	0	3,954	124	14,864	510	2,668	617	-29	22,709
Accumulated depreciation on deductions and transfers	0	5,824	0	10,193	-3,837	-2,452	2,860	179	12,767
Exchange rate differences	0	-953	-80	-10,969	0	-489	0	-29	-12,520
Accumulated depreciation and impairment 31 Dec 2023	**0**	**91,478**	**780**	**277,698**	**2,296**	**19,838**	**3,549**	**120**	**395,760**
Book value 1 Jan 2023	**2,297**	**68,331**	**611**	**97,195**	**2,485**	**20,347**	**0**	**16,899**	**208,165**
Book value 31 Dec 2023	**2,297**	**67,913**	**2,414**	**109,167**	**1,845**	**22,744**	**1,131**	**5,668**	**213,182**

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 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**

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
31.12.2023				
Other investments			1,042	3
Loans receivable and other long-term receivables	5,544			
Accounts receivable and other receivables	125,815			

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			

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	2023	2022
Book value 1 Jan	**1,046**	**889**
Additions	0	162
Deductions	-4	-5
Book value 31 Dec	**1,042**	**1,046**

13.2. LOANS RECEIVABLE AND OTHER LONG-TERM RECEIVABLES

Loans receivable and other long-term receivables include the Group's loans receivable and other long-term receivables. Other long-term receivables consist mainly of security deposits and granted sales bonuses to customers. The book value of other long-term receivables is essentially equal to their fair value.

EUR 1,000	2023	2022
Loans receivable	1,282	417
Other long-term receivables	4,262	960
Total	**5,544**	**1,377**

13.3. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

EUR 1,000	2023	2022
Accounts receivable	113,835	95,743
Prepayments and accrued income	11,980	13,667
Other receivables	0	302
Total	**125,815**	**109,712**

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 813 thousand (EUR 1,401 thousand in 2022). During the financial period, the Group recognised EUR 1.271 thousand in credit losses on accounts receivable (EUR 740 thousand in 2022) 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 2023 and 2022:

EUR 1,000	2023		
	Gross accounts receivable	Provision	Net accounts receivable
Not due	103,734	146	103,588
Overdue			
Less than 30 days	9,180	81	9,099
31–60 days	261	17	243
61–90 days	326	150	176
91–120 days	133	10	124
More than 120 days	1,014	409	605
Total	**114,648**	**813**	**113,835**

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**

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

EUR/other 1,000		2023		2022
	other	EUR	other	EUR
EUR	98,213	98,213	77,617	77,617
BYN	50,467	14,271	48,708	16,706
SEK	0	0	6	1
DKK	16,130	2,164	20,975	2,821

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	2023	2022
Materials and supplies	29,012	33,303
Unfinished products	5,930	6,022
Finished products/goods	32,544	30,923
Other inventories	6,704	643
Total	**74,190**	**70,891**

Non-marketability deductions on inventories were recognised for EUR 3,621 thousand in 2023 (EUR 3,125 thousand in 2022).

15. CASH AND CASH EQUIVALENTS

Accounting policies

Cash and cash equivalents comprise cash, bank deposits withdrawable on demand and other highly liquid short-term investments. Items classified as cash and cash equivalents 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	2023	2022
Cash and cash equivalents	31,458	61,207
Total	**31,458**	**61,207**

Of the cash and cash equivalents, EUR 7.1 million is allocated to the Belarusian segment (EUR 17.5 million in 2022). The use of Belarusian cash and cash equivalents 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
31.12.2022	3,732,256	16,960,572	20,759	1,092	295	-1,079	21,067
Acquisition of treasury shares		-20,000				-604	-604
Issue of treasury shares to employees		20,712				802	802
31.12.2023	3,732,256	16,961,284	20,759	1,092	295	-881	21,265

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 2022). The minimum number of Series K shares is 1.5 million. The minimum number of Series K and Series A shares is 7.5 million in total. 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 2022), 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
At the beginning of January 2023, Olvi plc held 29,404 treasury shares. At its meeting on 28 February 2023, the Board of Directors of Olvi plc decided to initiate the acquisition of treasury shares based on the authorisation issued by the Annual General Meeting on 30 March 2022. On this basis, the Board has repurchased a maximum of 20,000 Series A shares. The acquisition of shares began on 2 March 2023 and ended on 14 March 2023. The shares shall be acquired for the purpose of financing or executing any upcoming corporate acquisitions or other arrangements, implementing the company's incentive plans, or for other purposes as decided by the Board of Directors.

On 29 March 2023, 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.

In accordance with the share plan, Olvi plc transferred a total of 20,712 of its own shares to the members of the target groups of the performance share plan and the matching share plan that ended during the financial year. The total acquisition price was EUR 803.0 thousand.

At the end of the financial period, Olvi plc held a total of 28,692 of its own Series A shares as treasury shares. The total acquisition price of treasury shares was EUR 880.8 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 2023, totalling EUR 24.8 million. The dividend for 2022 was paid at EUR 1.20 per share, totalling EUR 24.8 million. The dividend was paid on 20 April 2023 and 5 September 2023.

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 2023, 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	**2023**	**2022**
Non-current interest-bearing liabilities		
Loans from financial institutions	105	123
Lease liabilities	3,993	1,844
Other liabilities	0	16
Total	**4,098**	**1,983**
Current interest-bearing liabilities		
Loans from financial institutions	1,547	1,024
Lease liabilities	1,361	1,140
Total	**2,908**	**2,164**

Maturities of financial liabilities

2023 **EUR 1,000**	**Less than 1 year**	**1–5 years**	**More than 5 years**
Loans from financial institutions	1,547	105	0
Lease liabilities	1,361	3,234	759
Other liabilities	0	0	0
Total	**2,908**	**3,339**	**759**

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**

Reconciliation of financial liabilities

EUR 1,000	1.1.2023	Cash flow Withdrawals/ repayments	Increase in lease liabilities	31.12.2023
Loans from financial institutions	1,147	505		1,652
Lease liabilities	2,984	-1,316	3,686	5,354
Other liabilities	16	-16		0
Total	**4,147**	**-827**	**3,686**	**7,006**

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**

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 2023.

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 result, 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 at 31 December 2023 was EUR 21.5 million, corresponding to the equity of the subsidiary adjusted for the amount of the impairment (EUR 66.5 million in 2022, excluding the impairment of EUR 35.0 million). An exchange rate change of +/- 10% would impact consolidated profit for the period by EUR +0.4/-0.3 million and consolidated shareholders' equity by around EUR +2.0/-2.4 million. The impact of the impairment, adjusted for exchange rate changes, at 31 December 2023, was EUR 29.4 million.

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 397 thousand in exchange rate gains (EUR 606 thousand in 2022) and EUR 791 thousand in exchange rate losses (EUR 4,956 thousand in 2022).

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 2023.

The Group's interest-bearing liabilities on 31 December 2023 consisted mainly of lease liabilities and a minor amount of loans from financial institutions. Liabilities to financial institutions amounted to EUR 1.6 million on 31 December 2023, while lease liabilities amounted to EUR 5.4 million (lease liabilities EUR 3.0 million in 2022). 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.

In relation to net sales, credit losses remain low, although they have increased slightly from the previous year. 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 in the Finland segment account for 23.1% (22.8% in 2022) of the Group's total sales. The amount of final credit losses recognised in 2023 was EUR 1.271 thousand (EUR 740 thousand in 2022). On the balance sheet date, accounts receivable included a credit loss provision of EUR 813 thousand (EUR 1,401 thousand in 2022). There is no material credit risk related to other non-current receivables.

The maturity distribution of accounts receivable and the credit loss provision is presented in Note 13.3 Accounts receivable and other 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 an account overdraft facility totalling EUR 32.7 million, of which 1.329,4 EUR million was in use on 31 December 2023. The Group also has EUR 5.0 million of unbinding credit limits, of which EUR 1,027.5 thousand was in use and binding credit limits totalling EUR 20.0 million, which was completely unused on 31 December 2023. 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 31,458 thousand in cash and cash equivalents on 31 December 2023 (EUR 61,207 thousand in 2022). Of the cash and cash equivalents, EUR 7.1 million is allocated to the Belarusian segment (EUR 17.5 million in 2022). The use of cash and cash equivalents 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 2023 (1.3 in 2022).

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 2023 was 59.0% (57.5%), and its gearing was -8.5% (-20.3%).

19. ACCOUNTS PAYABLE AND OTHER PAYABLES

EUR 1,000	2023	2022
Non-current		
Advances received	219	210
Accrued expenses	563	490
Other liabilities	0	2,967
Total	**782**	**3,667**
Current		
Accounts payable	68,252	63,043
Accrued expenses	31,989	39,305
Other liabilities	78,510	84,014
Total	**178,751**	**186,362**

During the financial period, other non-current liability of EUR 2.7 million related to Servaali's acquisition in 2018 was paid.

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 payables include, for example, accruals related to indirect taxes. Accounts payable and other payables 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	2023		2022	
	other	EUR	other	EUR
EUR	59,319	59,319	54,214	54,214
USD	97	88	174	163
BYN	21,855	6,180	18,860	6,469
GBP	14	16	23	26
RUB	46,512	472	47,655	601
CHF	71	77	5	5
DKK	15,655	2,100	11,598	1,560
SEK	4	0	45	4

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

The financial statements for 2023 do not include conditional debt.

Off-balance sheet liabilities

EUR 1,000	2023	2022
Minimum rents payable on the basis of other non-cancellable leases:		
Within one year	1,300	1,337
Within more than one but less than five years	1,254	1,283
Total	**2,554**	**2,620**

EUR 1,000	2023	2022
Pledged assets and contingent liabilities		
For own commitments	3,268	2,608
Other liabilities	567	67

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	100.00	100.00
Servaali Sweden AB, Stockholm, Sweden	100.00	100.00
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	2023	2022
Associated companies		
AS Karme, Karksi vald, Estonia		
Assets	117	143
Liabilities	18	24
Net sales	82	106
Profit/loss for the period	64	87
Verska Mineraalvee OÜ, Värska vald, Estonia		
Assets	1,192	1,167
Liabilities	359	401
Net sales	1,274	1,283
Profit/loss for the period	67	10
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.

Holdings in associated companies and joint ventures

Holdings in entities consolidated using the equity method	2023	2022
Acquisition cost 1 January	1,025	1,018
Share of profit of entities consolidated using the equity method	45	45
Dividends received	-38	-38
Acquisition cost 31 December	1,032	1,025
Book value 1 Jan	1,025	1,018
Book value 31 Dec	1,032	1,025

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 CEO 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 2023 and 2022 financial years are as follows:

EUR 1,000	2023	2022
Sales	435	507
Purchases	1,260	1,205
Receivables	35	135
Liabilities	112	119

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 2023 and 2022 financial years are as follows:

EUR 1,000	2023	2022
CEO		
Salaries and other short-term employee benefits	358	594
Total	**358**	**594**
Other members of the Management Team		
Salaries and other short-term employee benefits	1,039	1,064
Share-based payments	**239**	**0**
Total	**1,278**	**1,064**

Compensation paid to members of the Board of Directors for Board duties in the 2023 and 2022 financial years:

EUR 1,000	2023	2022
Hakkarainen Pentti	16	73
Hortling Nora	77	39
Heinonen Lasse	46	33
Markula Elisa	7	33
Nummela Juho	39	33
Paltola Päivi	40	34
Ståhlberg Christian	33	0
Total	**258**	**245**

No loans have been granted to the management.

23. EVENTS AFTER THE REPORTING PERIOD

Beginning in 2024, the management team structure will be streamlined by separating the company's domestic management team responsibilities from the Group management team responsibilities. In line with this, a Group Management Team was established and appointed on 1 January 2024 to strengthen the implementation of the Group-level strategy. Local companies will continue to be responsible for local customer relationships, commercial operations, product development and consumer insight. The following people with the following areas of responsibility have been appointed to the Group Management Team:

Patrik Lundell, Group Chief Executive Officer
Tiina-Liisa Liukkonen, Group Chief Finance and Information Officer
Marjatta Rissanen, Group Chief Human Resources and Communications Officer
Pia Hortling, Group Chief Sustainability and Sourcing Officer
Peep Akkel, Group Business Development Director
Esa Hyttinen, Group General Counsel (from 29 February 2024).

PARENT COMPANY'S FINANCIAL STATEMENTS (FAS)

PARENT COMPANY'S INCOME STATEMENT

EUR	Note	2023	2022
Gross sales		543,430,021.40	511,429,357.74
Excise taxes and other adjustments		-342,454,588.37	-330,779,108.53
NET SALES	1	**200,975,433.03**	**180,650,249.21**
Increase (+) / decrease (-) in inventories of finished and unfinished products		1,669,652.12	-106,100.43
Other operating income	2	6,142,772.33	4,900,479.23
Materials and services	3	110,296,146.16	91,654,513.09
Personnel expenses	4	25,789,070.85	23,988,058.72
Depreciation and impairment	8	10,870,334.92	10,473,587.98
Other operating expenses	9	44,340,196.34	41,191,605.99
OPERATING PROFIT		**17,492,109.21**	**18,136,862.23**
Financial income and expenses	10	28,770,961.72	28,564,705.65
PROFIT BEFORE APPROPRIATIONS AND TAXES		**46,263,070.93**	**46,701,567.88**
Appropriations	11	-1,171,671.27	-865,428.52
Income taxes	12	-4,026,752.12	-4,101,092.30
PROFIT FOR THE PERIOD		**41,064,647.54**	**41,735,047.06**

PARENT COMPANY'S BALANCE SHEET

EUR	Note	2023	2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	13	3,315,385.65	3,085,533.86
Tangible assets	13	92,332,901.01	93,585,768.41
Holdings in Group companies	14	100,914,559.42	95,052,814.33
Other investments	14	651,049.54	651,049.54
TOTAL NON-CURRENT ASSETS		**197,213,895.62**	**192,375,166.14**
CURRENT ASSETS			
Inventories	16	12,163,823.58	11,022,390.72
Non-current receivables	17	50,748,833.71	49,881,103.37
Current receivables	17	64,226,620.54	44,621,775.26
Cash and cash equivalents		15,155,790.12	38,595,823.70
TOTAL CURRENT ASSETS		**142,295,067.95**	**144,121,093.05**
TOTAL ASSETS		**339,508,963.57**	**336,496,259.19**

EUR	Note	2023	2022
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		105,664,494.96	89,242,761.78
Net profit for the period		41,064,647.54	41,735,047.06
TOTAL EQUITY	18	**168,471,908.21**	**152,720,574.55**
ACCUMULATED APPROPRIATIONS	19	**40,782,870.98**	**39,611,199.71**
LIABILITIES			
Non-current liabilities		15,617,496.22	18,339,186.88
Current liabilities		114,636,688.16	125,825,298.05
TOTAL LIABILITIES	20	**130,254,184.38**	**144,164,484.93**
TOTAL EQUITY AND LIABILITIES		**339,508,963.57**	**336,496,259.19**

PARENT COMPANY'S CASH FLOW STATEMENT

EUR	Note	2023	2022
Cash flow from operating activities			
Profit for the period		41,064,647.54	41,735,047.06
Adjustments:			
Depreciation according to plan and impairment	8	10,870,334.92	10,473,587.98
Financial income and expenses	10	-29,154,978.56	-28,564,705.65
Other adjustments		2,169,938.00	5,016,369.20
Cash flow before change in working capital		24,949,941.90	28,660,298.59
Change in net working capital:			
Increase (-) / decrease (+) in current non-interest-bearing accounts receivable and other receivables *)		-18,226,122.01	-2,942,799.81
Increase (-) / decrease (+) in inventories		-1,141,330.51	-917,391.10
Increase (-) / decrease (+) in current non-interest-bearing liabilities		-6,928,538.30	8,509,242.04
Interest paid		-1,066,993.21	-188,023.94
Interest received		1,767,918.98	665,006.48
Dividends received		22,297,366.03	24,614,483.57
Taxes paid		-4,312,039.50	-4,321,460.45
Cash flow from operating activities (A)		**17,340,203.38**	**54,079,355.38**
Cash flow from investing activities			
Investments in tangible and intangible assets		-10,079,636.02	-15,822,733.60
Proceeds from the sale of tangible and intangible assets		47,430.87	9,064.34
Expenditure on other investments		-2,736,691.00	-541,083.13
Cash flow from investing activities (B)		**-12,768,896.15**	**-16,354,752.39**

EUR	Note	2023	2022
Cash flow from financing activities			
Repayment of loans		-4,000,000.00	-7,000,000.00
Dividends paid		-24,825,306.09	-24,845,454.95
Acquisition (-) / sale (+) of treasury shares		-470,348.36	-641,435.16
Increase (-) / decrease (+) in long-term loan receivables		1,284,314.00	-8,955,664.16
Cash flow from financing activities (C)		**-28,011,340.45**	**-41,442,554.27**
Increase (+) / decrease (-) in cash and cash equivalents (A+B+C)		**-23,440,033.22**	**-3,717,951.28**
Cash and cash equivalents 1 Jan		**38,595,823.70**	**42,313,774.98**
Cash and cash equivalents 31 Dec		**15,155,790.12**	**38,595,823.70**
Change in cash and cash equivalents		**-23,440,033.22**	**-3,717,951.28**

*) 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.

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	2023	2022
Finland	197,671,997.61	176,158,987.89
Russia	0.00	15,484.50
Estonia	2,648,990.46	2,794,192.29
Other exports	654,444.96	1,681,584.53
Total	**200,975,433.03**	**180,650,249.21**

2. Other operating income	2023	2022
Capital gains on disposals of fixed assets	7,694.79	3,269.92
Other	6,135,077.54	4,897,209.31
Total	**6,142,772.33**	**4,900,479.23**

3. Materials and services	2023	2022
Materials and supplies (goods)		
Purchases during the financial year	110,824,467.77	92,678,085.94
Change in stocks	-528,321.61	-1,023,572.85
Total	**110,296,146.16**	**91,654,513.09**

4. Personnel expenses	2023	2022
Wages, salaries and emoluments	21,316,846.63	19,722,302.56
Pension expenses	3,553,693.27	3,404,186.40
Other personnel expenses	918,530.95	861,569.76
Total	**25,789,070.85**	**23,988,058.72**

5. Management's salaries and emoluments	2023	2022
CEO	357,962.00	594,381.02
Chair of the Board	92,500.00	73,050.00
Other Board members	165,400.00	171,500.00
Total	**615,862.00**	**838,931.02**

6. Average number of personnel during the financial year	2023	2022
Clerical employees	208	206
Workers	189	186
Total	**397**	**392**

7. Audit costs	2023	2022
Auditing firm elected by the General Meeting		
Fees for statutory audit	120,388.00	116,845.00
Other services	13,804.86	6,034.07
Total	**134,192.86**	**122,879.07**

8. Depreciation and impairment	2023	2022
Depreciation and impairment on tangible and intangible assets	10,870,334.92	10,473,587.98
Total	**10,870,334.92**	**10,473,587.98**

9. Other operating expenses	2023	2022
Sales freight	16,531,991.75	16,232,941.37
Costs of marketing and sales	6,331,812.02	6,039,210.61
Other operating expenses	21,476,392.57	18,919,454.01
Total	**44,340,196.34**	**41,191,605.99**

10. Financial income and expenses	2023	2022
Dividend income from Group companies	26,569,776.01	27,522,150.60
Total income from long-term investments	8,839.50	3,249.15
Other interest and financial income		
From Group companies	3,307,561.20	1,329,236.50
From others	367,390.12	164,431.57
Total	3,674,951.32	1,493,668.07
Total dividend income and other interest and financial income	**30,253,566.83**	**29,019,067.82**
Interest expenses and other financial expenses		
To Group companies	801,530.46	223,792.78
To others	681,074.65	230,569.39
Total Interest expenses and other financial expenses	**1,482,605.11**	**454,362.17**
Total financial income and expenses	**28,770,961.72**	**28,564,705.65**

11. Appropriations	2023	2022
Difference between depreciation according to plan and depreciation applied in taxation	1,171,671.27	865,428.52
Total	**1,171,671.27**	**865,428.52**

12. Income taxes	2023	2022
Income tax on business operations	3,587,286.77	3,783,112.40
Taxes from previous financial periods	5,555.18	37,107.85
Other direct taxes	437,077.80	275,581.44
Change in deferred tax	-3,167.63	5,290.61
Total	**4,026,752.12**	**4,101,092.30**

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 2023	**28,051,672.41**	**158,663.83**	**28,210,336.24**
Additions	1,310,589.18	156,840.00	1,467,429.18
Transfers between items	159,383.83	-159,383.83	0.00
Acquisition cost 31 Dec 2023	**29,521,645.42**	**156,120.00**	**29,677,765.42**
Accumulated depreciation and impairment 1 Jan 2023	**25,124,802.38**	**0.00**	**25,124,802.38**
Depreciation	1,237,577.39	0.00	1,237,577.39
Accumulated depreciation and impairment 31 Dec 2023	**26,362,379.77**	**0.00**	**26,362,379.77**
Book value 1 Jan 2023	**2,926,870.03**	**158,663.83**	**3,085,533.86**
Book value 31 Dec 2023	**3,159,265.65**	**156,120.00**	**3,315,385.65**

Tangible assets	Land and water areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and procurement in progress	Total
Acquisition cost 1 Jan 2023	**1,245,802.85**	**54,841,646.01**	**162,244,295.71**	**11,245,674.70**	**7,316,266.76**	**236,893,686.03**
Additions	0.00	1,023,798.47	3,132,071.18	1,132,357.64	3,243,160.92	8,531,388.21
Deductions	0.00	-7,731.97	-61,597.60	-176,990.62	0.00	-246,320.19
Transfers between items	0.00	1,503,350.17	8,679,130.70	0.00	-10,182,480.87	0.00
Acquisition cost 31 Dec 2023	**1,245,802.85**	**57,361,062.68**	**173,993,899.99**	**12,201,041.72**	**376,946.81**	**245,178,754.05**
Accumulated depreciation and impairment 1 Jan 2023	**0.00**	**28,305,485.42**	**111,972,027.86**	**3,030,404.34**	**0.00**	**143,307,917.62**
Depreciation	0.00	1,476,806.06	7,563,149.95	592,792.52	0.00	9,632,748.53
Accumulated depreciation on deductions	0.00	-7,731.97	-21,861.52	-65,219.62	0.00	-94,813.11
Accumulated depreciation and impairment 31 Dec 2023	**0.00**	**29,774,559.51**	**119,513,316.29**	**3,557,977.24**	**0.00**	**152,845,853.04**
Book value 1 Jan 2023	**1,245,802.85**	**26,536,160.59**	**50,272,267.85**	**8,215,270.36**	**7,316,266.76**	**93,585,768.41**
Book value 31 Dec 2023	**1,245,802.85**	**27,586,503.17**	**54,480,583.70**	**8,643,064.48**	**376,946.81**	**92,332,901.01**

	31.12.2023	31.12.2022
Balance sheet value of machinery and equipment related to production operations	49,780,439.65	45,531,462.38

14. Investments	Holdings in Group companies	Other holdings	Total investments
Acquisition cost 1 Jan 2023	**95,052,814.33**	**666,720.95**	**95,719,535.28**
Additions	5,861,745.09	0.00	5,861,745.09
Acquisition cost 31 Dec 2023	**100,914,559.42**	**666,720.95**	**101,581,280.37**
Accumulated depreciation and impairment 1 Jan 2023	**0.00**	**15,671.41**	**15,671.41**
Accumulated depreciation and impairment 31 Dec 2023	**0.00**	**15,671.41**	**15,671.41**
Book value 1 Jan 2023	**95,052,814.33**	**651,049.54**	**95,703,863.87**
Book value 31 Dec 2023	**100,914,559.42**	**651,049.54**	**101,565,608.96**

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	100.00	100.00
Servaali Sweden AB, Stockholm, Sweden	100.00	100.00
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	2023	2022
Materials and supplies	3,952,894.88	4,415,858.05
Unfinished products	1,494,869.71	1,754,799.35
Finished products/goods	6,716,058.99	4,851,733.32
Total	**12,163,823.58**	**11,022,390.72**

17. Receivables

17. Receivables	2023	2022
Non-current receivables		
Loans receivable from Group companies	47,139,982.38	49,705,425.27
Loans receivable non-Group companies	300,000.00	0.00
Deposits pledged as collateral	100,659.68	100,659.68
Deferred tax assets	6,485.54	14,093.91
Prepayments and accrued income	3,201,706.11	60,924.51
Total non-current receivables	**50,748,833.71**	**49,881,103.37**

Loans receivable from Group companies are unsecured and renewable annually. The interest rate is determined at market terms based on the credit rating of the external service provider.

Current receivables		
Receivables from Group companies		
Accounts receivable	2,251,567.13	1,142,092.09
Dividend and other receivables	1,535,695.73	308,972.41
Total receivables from Group companies	3,787,262.86	1,451,064.50
Receivables from non-Group companies		
Accounts receivable	56,936,449.92	40,126,554.41
Other receivables	14,728.88	3,826.41
Prepayments and accrued income	3,488,178.88	3,040,329.94
Total receivables from non-Group companies	60,439,357.68	43,170,710.76
Total current receivables	**64,226,620.54**	**44,621,775.26**
Total receivables	**114,975,454.25**	**94,502,878.63**
Prepayments and accrued income		
Income tax receivable	170,074.93	0.00
Accrual on recycling fee of beverages packages	0.00	496,590.24
Excise tax receivables	988,174.49	468,483.36
Sales bonus accrual	266,007.32	448,565.35
Other prepayments and accrued income	2,063,922.14	1,626,690.99
Total prepayments and accrued income	**3,488,178.88**	**3,040,329.94**

	2023	2022
Deferred tax assets		
Deferred tax assets 1 Jan	14,093.91	19,384.52
Change in deferred tax	-7,608.37	-5,290.61
Deferred tax assets 31 Dec	**6,485.54**	**14,093.91**

18. Equity

18. Equity	2023	2022
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	130,977,808.84	114,739,589.05
Payment of dividends	-24,818,454.00	-24,855,392.11
Acquisition of treasury shares	-604,398.36	-641,435.16
Issue of treasury shares to personnel	109,538.48	0.00
Retained earnings 31 Dec	105,664,494.96	89,242,761.78
Net profit for the period	41,064,647.54	41,735,047.06
Total equity	**168,471,908.21**	**152,720,574.55**

Distributable unrestricted equity	2023	2022
Retained earnings	105,664,494.96	89,242,761.78
Net profit for the period	41,064,647.54	41,735,047.06
Total	**146,729,142.50**	**130,977,808.84**

At the end of the financial year, the number of treasury shares held by Olvi plc was 28,692 (29,404), with a total acquisition price of EUR 880,762.53 (EUR 1,079,388.19).

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

	2023			2022		
	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 2023.

A dividend of EUR 1.20 per share for 2022 (EUR 1.10 per share for 2021), totalling EUR 24.8 (24.9) 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 2023. The second instalment, EUR 0.60 per share, was paid on 5 September 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.

19. Accumulated appropriations

Accumulated appropriations consist of accumulated depreciation difference.

20. Liabilities	2023	2022
Non-current liabilities		
Other liabilities	44,544.22	2,766,234.88
Total	44,544.22	2,766,234.88
Liabilities to Group companies		
Other liabilities	15,572,952.00	15,572,952.00
Total	15,572,952.00	15,572,952.00
Total non-current liabilities	**15,617,496.22**	**18,339,186.88**
Current liabilities		
Accounts payable	33,328,523.59	26,458,499.19
Accrued expenses	15,733,098.44	23,038,465.11
Other liabilities	62,308,137.16	68,856,507.27
Total	111,369,759.19	118,353,471.57
Liabilities to Group companies		
Other liabilities	3,000,000.00	7,000,000.00
Accounts payable	266,928.97	471,826.48
Total	3,266,928.97	7,471,826.48
Total current liabilities	**114,636,688.16**	**125,825,298.05**
Total liabilities	**130,254,184.38**	**144,164,484.93**

20. Liabilities	2023	2022
Accrued expenses		
Provisions for personnel costs	5,973,768.03	5,471,433.65
Income tax liability	0.00	112,044.82
Accrued expenses on recyclable beverage packages	7,056,857.88	6,980,935.65
Annual discount liabilities	1,457,640.56	1,568,740.19
Other accrued expenses	1,244,831.97	8,905,310.80
Total accrued expenses	15,733,098.44	23,038,465.11
Non-interest-bearing liabilities 31 Dec	111,651,688.13	121,561,988.81
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

21. Pledges, contingent liabilities and other commitments	2023	2022
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	1,520,154.86	1,484,405.95
Other liabilities	1,117,000.00	617,000.00
Total pledges, contingent liabilities and other commitments	3,973,324.86	3,437,575.95

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 2,915,367.41, and the final year of review is 2030.

On the balance sheet date, the company had an account overdraft facility totalling EUR 30.0 million, which was completely unused on 31 December 2023. The company also has EUR 5.0 million in unbinding credit limits, of which EUR 1,027,481.83 was in use and binding credit limits totalling EUR 20.0. million, which was completely unused on 31 December 2023.

Olvi plc has access to a EUR 50.0 million commercial paper programme. On the balance sheet date, Olvi plc did not have any short-term loans withdrawn under the commercial paper programme.

22. Leasing liabilities

22. Leasing liabilities	2023	2022
Due within one year	225,093.62	229,768.14
Due later	193,848.89	315,115.48
Total	418,942.51	544,883.62

23. Derivative contracts

Olvi plc has no derivative contracts valid on the balance sheet date 31 December 2023.

THE BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION OF PROFIT

The parent company, Olvi plc, had EUR 146.7 (131.0) million in distributable funds on 31 December 2023, of which the profit for the period was EUR 41.1 (41.7) 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 2023 on each Series K and Series A share, totalling EUR 24.8 (24.8) million. This dividend is 64.9% (311.4%) of Olvi Group's earnings per share and 49.2% (54.7%) of its adjusted earnings per share.

The dividend shall be paid in two instalments. The first instalment (EUR 0.60 per share) shall be paid on 18 April 2024 to shareholders registered in the list of shareholders maintained by Euroclear Finland on the record date 28 March 2024. The second instalment (EUR 0.60 per share) shall be paid on 3 September 2024 to shareholders registered in the list of shareholders maintained by Euroclear Finland on the record date 27 August 2024.

No dividend shall be paid on treasury shares.

- EUR 121.9 million will be retained in the parent company's non-restricted equity.

Iisalmi 29 February 2024

Nora Hortling
Chair of the Board

Lasse Heinonen
Vice Chair of the Board

Juho Nummela
Board member

Päivi Paltola
Board member

Christian Ståhlberg
Board member

Patrik Lundell
CEO

AUDITOR'S NOTE

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

Iisalmi 29 February 2024

Ernst & Young Oy
Authorised Public Accountants

Elina Laitinen
APA

AUDITOR'S REPORT

(Translation of the Finnish original)

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, 2023. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, 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 IFRS Accounting Standards 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 2023, the amount of goodwill amounted to 22,2 million euros, which represents 4,5% of total assets and 7,7% of equity (2022: 22,2 million euros, 4,5% of total assets and 7,9% of equity). A total impairment amounting to 35 million euros was recognized in the Belarus business segment in the financial statements. There is no goodwill in Belarus business segment and no impairment have been recorded in the 2023 financial statements. Valuation of goodwill and the Belarus business segment 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; • the business environment in Belarus contains a significant risk; • goodwill and the Belarus business segment are 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 and the Belarus business segment 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 five 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, 29th February 2024

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 29 MARCH 2023

Nora Hortling (b. 1986), Chair of Olvi plc's Board of Directors since 2023,
Vice Chair of the Board 2016–2023, member of Olvi plc's Board of Directors since 2015
Master of Science (Economics), Bachelor of Hotel, Restaurant and Tourism Management

Work experience in brief:

- 10/2019–01/2023 Kesko Corporation/Kespro, Director of Purchasing and Sales, Fresh
- 2018–2019 Kesko Corporation/Kespro, Director of Purchasing and Sales (fruits and vegetables)
- 2016–2017 Kesko Corporation/Kespro, Purchasing Manager (fruits and vegetables, dairy)
- 2014–2015 Kesko Corporation/Kespro, Product Manager
- 2011–2013 Olvi plc, Marketing
- 2005–2010 Several supervisory positions in restaurant industry

Important positions in other organisations:

- 2023– Hailia Nordic Oy, Member of the Board

Lasse Heinonen (b. 1968), Member of Olvi plc's Board of Directors since 2018, Vice Chair since 2023
Master of Science (Economics)

Work experience in brief:

- 2018—12/2023 A. Ahlström Oy (former Ahlström Capital Oy), President and CEO
- 2011—2018 Tieto Oyj, CFO
- 2015—2016 Tieto Oyj, Executive Vice President Telecom, Media & Energy
- 2004—2011 Finnair Oyj, various leadership roles e.g. EVP Cargo & Aviation Services, Debuty CEO and CFO
- 1992—2004 Novartis Pharma and Sandoz, Managerial positions in finance and logistics in Novartis Pharma and Sandoz in Finland, Turkey and Switzerland

Important positions in other organisations:

- 2022–2024 Ahlstrom Oy (2018–2022 Ahlstrom-Munksjö Oyj), Member of the Board
- 2022– Munksjö AB, Member of the Board
- 2022– GPV Group A/S, Member of the Board
- 2020– Varma, Member of the Supervisory Board
- 2018–2021 Terveystalo Oyj, Member of the Board

Juho Nummela (b. 1977), Member of Olvi plc's Board of Directors since 2021
Doctor of Science (Technology), Master of Science (Engineering)

Work experience in brief:

- 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 Worker

Important positions in other organisations:

- 2020– Olvi Foundation, Member of the Board
- 2018—2021 Ilmarinen Mutual Pension Insurance Company, Member of the Board
- 2014—2020 Technology Industries Finland, Member of the Board
- 2008– Ponsse plc's Subsidiaries, Vice Chair of the Board
- 2019– Epec Oy, Chair of the Board, 2011–2018 Vice Chair of the Board
- 2008– Einari Vidgren Foundation, Vice Chair of the Board
- 2006—2008 VTT Excellence Advisory Board

Christian Ståhlberg (b. 1974), Member of Olvi plc's Board of Directors since 2023
Master of Laws

Work experience in brief:

- 2017– Neste Corporation, General Counsel, Executive Vice President, Legal
- 2015–2017 Rettig Group Ltd, General Counsel
- 2011–2014 Pohjola Bank plc, Director, Legal
- 2007–2011 Neste Oil Corporation, Senior Legal Counsel
- 1998–2007 Roschier Helsinki, Attorney, Senior Associate
- 2006 Alston & Bird LLP, New York, USA, Visiting Attorney

Important positions in other organisations:

- 2020– Finland Chamber of Commerce, Member of the Legal Committee
- 2018–2021 Nynas AB, Sweden, Member of the Board
- 2001–2019 Hanken School of Economics, Helsinki, Lecturer

Päivi Paltola (b. 1971), Member of Olvi plc's Board of Directors since 2018
Master of Science (Economics)

Work experience in brief:

- 2021– Ruohonjuuri Oy, Managing Director
- 2019–2023 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 retail)
- 2004–2010 Lumene Group, Brand Director/Marketing Manager (Lumene and Cutrin)
- 1997–2004 Orion-Yhtymä Oyj NOIRO, Product Manager skin care (Lumene, Nanoel, Favora)

Important positions in other organisations:

- 2024– Finnish Commerce Federation, Member of the Board
- 2023 Finnish Commerce Federation, Member of the Sustainability Committee
- 2019–2021 Association for Finnish Work, Member of the Executive Committee
- 2016–2018 Design Museum Foundation, Member of the Board

CORPORATE GOVERNANCE STATEMENT

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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 **CEO**. 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.

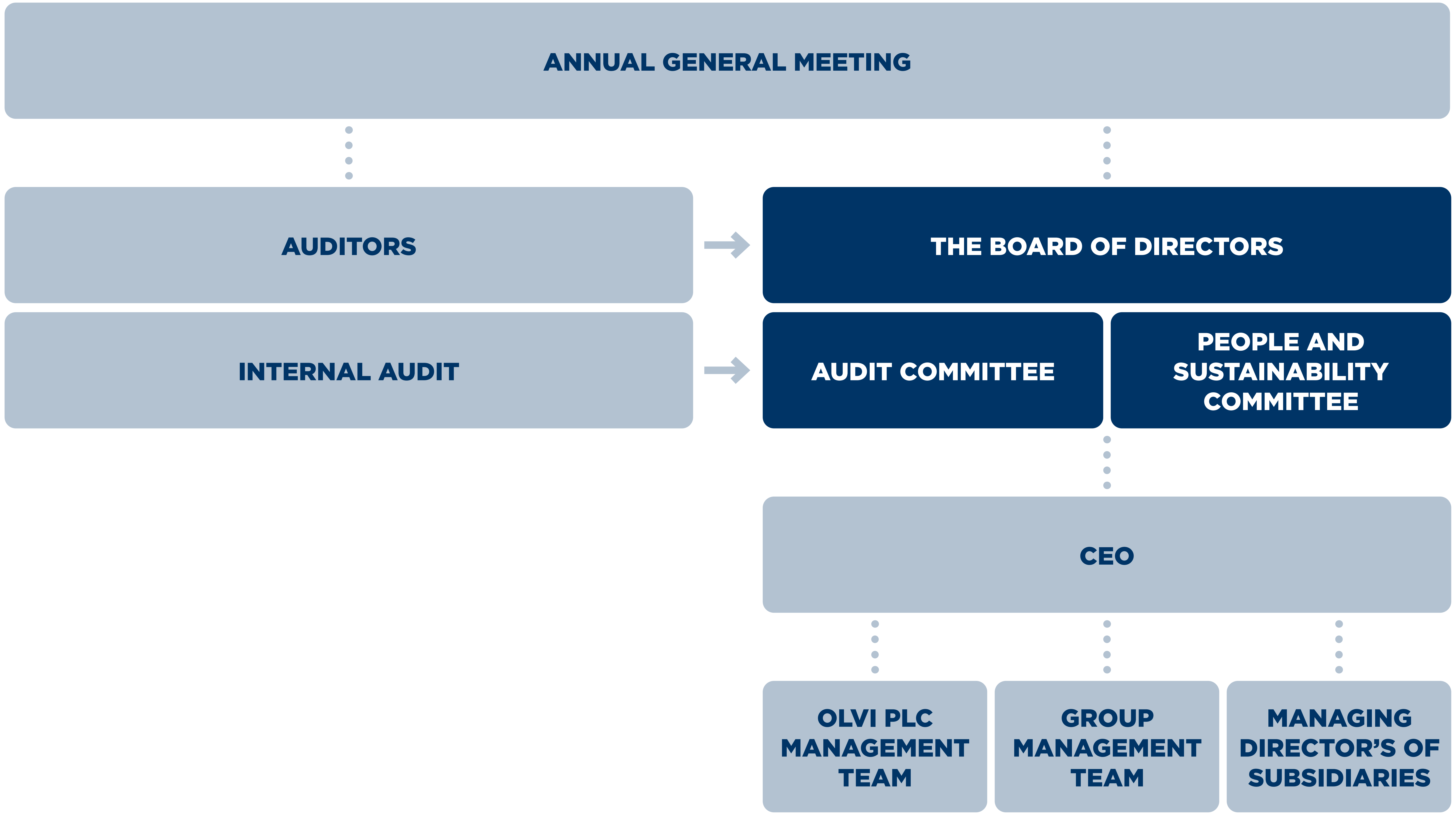
Respect is one of the Company's values. We respect each other, our customers, partners and the environment. Sustainability is thus a natural part of the Company's daily operations and a key part of strategic and operational decision making. The Company seeks to meet stakeholder expectations by developing 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 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 http://www.olvigroup.fi/en.

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 Chief Executive Officer,
- 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 2023:

The Annual General Meeting was held in Iisalmi on 29 March 2023. There were 131 shareholders present, representing a total of 79,541,737 votes. A total of 3,722,608 Series K shares (20 votes per share) and 5,089 577 Series A shares (1 vote per share) were represented.

All the decisions of the Annual General Meeting are available in a stock exchange release issued on 29 March 2023. The documents of the Annual General Meeting are available on the Company's website: Annual General Meeting 2023.

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:

- 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,
- notice of the Annual General Meeting,
- the documents to be presented to the General Meeting,
- proposals for resolutions to the General Meeting,
- 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 CEO, 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 30 March 2022 until the 2023 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 had elected Pentti Hakkarainen as Chair from among its members and Nora Hortling as Vice Chair.

The Annual General Meeting on 29 March 2023 re-elected Lasse Heinonen, Nora Hortling, Juho Nummela and Päivi Paltola as members of the Board of Directors. Christian Ståhlberg was elected as a new member. The Board of Directors held its inaugural meeting on 29 March 2023 and elected Nora Hortling as Chair and Lasse Heinonen 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 2023

All members of the Board of Directors are independent of the Company. Of the members of the Board of Directors, Lasse Heinonen, Päivi Paltola and Christian Ståhlberg 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 CEO is primarily responsible for the preparation and presentation of matters to be discussed by the Board of Directors. The CEO 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 to the members of the Board of Directors by regularly reporting on the measures to implement the Group's strategy, the Group's business operations, operating environment, markets, financial position and significant investments, 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 CEO.

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 from 27 February 2022 when the sustainability matters were added 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: Nora Hortling (Chair), Päivi Paltola and Christian Ståhlberg. 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 in 2023 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 evaluates the development and monitoring of the Company's people and sustainability strategy. Its key duties include the development of the remuneration and incentive plans, the preparation of the remuneration and other benefits of the CEO and other members of management, the preparation of the appointment of the CEO and the members of the Management Team, and the development of the incentive and remuneration plans 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 the Nomination Committee and the Shareholders' Nomination Board upon presentation of the largest shareholders.

IV CHIEF EXECUTIVE OFFICER AND THE OTHER EXECUTIVES

Patrik Lundell, Master of Science in Economics, has served as the Company's CEO since 1 January 2023. The CEO's duties, education and employment history are described on the Company's website: CEO.

During 2023, the Company's management team appointed Tomi Vuorinen as the new Production Director to replace Lauri Multanen. 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.

Beginning in 2024, the management team structure will be streamlined by separating the Company's domestic management team responsibilities from the Group management team responsibilities. In line with this, a Group Management Team was established and appointed on 1 January 2024 to strengthen the implementation of the Group-level strategy. Local companies will continue to be responsible for local customer relationships, commercial operations, product development and the consumer interface. The Company's domestic Management Team is the one mentioned in the above paragraph. The following people with the following areas of responsibility have been appointed to the Group Management Team:

- Patrik Lundell, Group Chief Executive Officer
- Tiina-Liisa Liukkonen, Group Chief Finance and Information Officer
- Marjatta Rissanen, Group Chief Human Resources and Communications Officer
- Pia Hortling, Group Chief Sustainability and Sourcing Officer
- Peep Akkel, Group Business Development Director
- Esa Hyttinen, Group General Counsel (from 29 February 2024)

RECOMMENDATION 20
Terms of the CEO's service contract

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

The financial benefits under the CEO's service contract are described in the Company's Remuneration Report.

RECOMMENDATION 21
Restriction concerning the CEO

Olvi plc's CEO is not a member of the Board of Directors. The CEO acts as the presenting official at Board meetings.

The roles and responsibilities of the Chair of the Board and the CEO 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 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. The Group's financial management is responsible for coordinating and developing internal control. 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 CEO 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 2023.

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 CEO, 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.

Whistleblowing
Olvi plc has a channel through which 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 participates in the meetings of the Audit Committee where applicable. The auditor always attends the Annual General Meeting and at least one meeting of Olvi plc's Board of Directors during the year.

In 2023, 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 and Danish 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 16 April 2019.

In 2023, Olvi Group's auditors were paid fees for audit tasks as follows:

- Ernst & Young Oy, EUR 263,500.00 (296,600.00); other advisory and consulting services, EUR 20,500.00 (8,700.00).

REMUNERATION REPORT

OLVI PLC'S REMUNERATION REPORT 2023

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 CEO during the financial year from 1 January to 31 December 2023. At its meeting on 16 October 2023, the Board of Directors of Olvi plc decided on a share-based incentive plan for the new CEO, who started in office on 1 January 2023, with a performance period of less than two years. The Company temporarily deviated from the approved remuneration policy to ensure its long-term interests. Such situations in which a temporary deviation is possible include a change of CEO. The deviation will be reported at the upcoming Annual General Meeting and in this remuneration report.

During the 2023 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 CEO, as well as information about the implementation of remuneration arrangements in 2023. The salaries and performance rewards presented in the report have been earned and paid during 2023 or have been earned during 2023 and will be paid in 2024.

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 CEO's remuneration is also based on these practices.

The People and Sustainability Committee prepares the remuneration plans for decision by the Board. The People and Sustainability 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 CEO's remuneration is to encourage and reward the implementation of the Company's business strategy and growth and development projects and the achievement of its operational, financial and ESG targets.

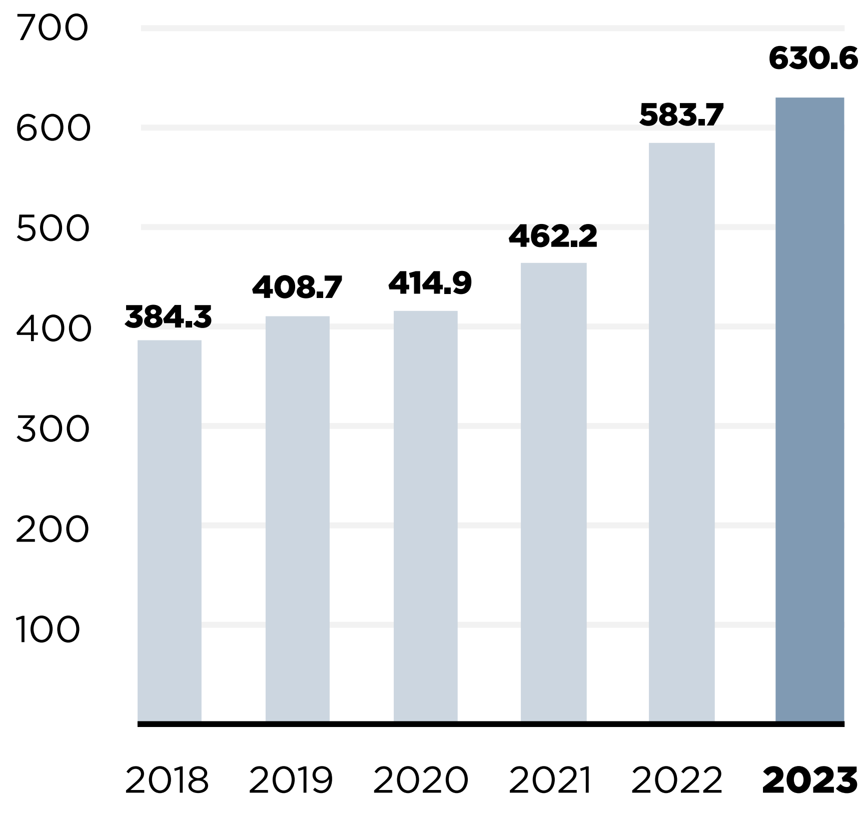
A significant portion of the CEO's remuneration is based on variable salary elements (short-term and long-term incentives). The goal is for variable remuneration to account for more than half the total earnings if variable remuneration is achieved in accordance with the maximum earnings. The following table shows the development of the Board of Directors' and the CEO'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	2018	2019	2020	2021	2022	2023
The Board of Directors' annual fees	186,000	186,000	186,000	186,000	186,000	219,750
The Board of Directors' total remuneration	235,150	242,300	246,150	244,900	244,550	257,900
The CEO's remuneration	822,550	766,093	549,703	1,256,100	594,381	597,138
Employee's average salary development *)	21,423	24,172	24,084	24,478	27,080	28,092

*) Personnel expenses in accordance with the financial statements divided by the average number of employees

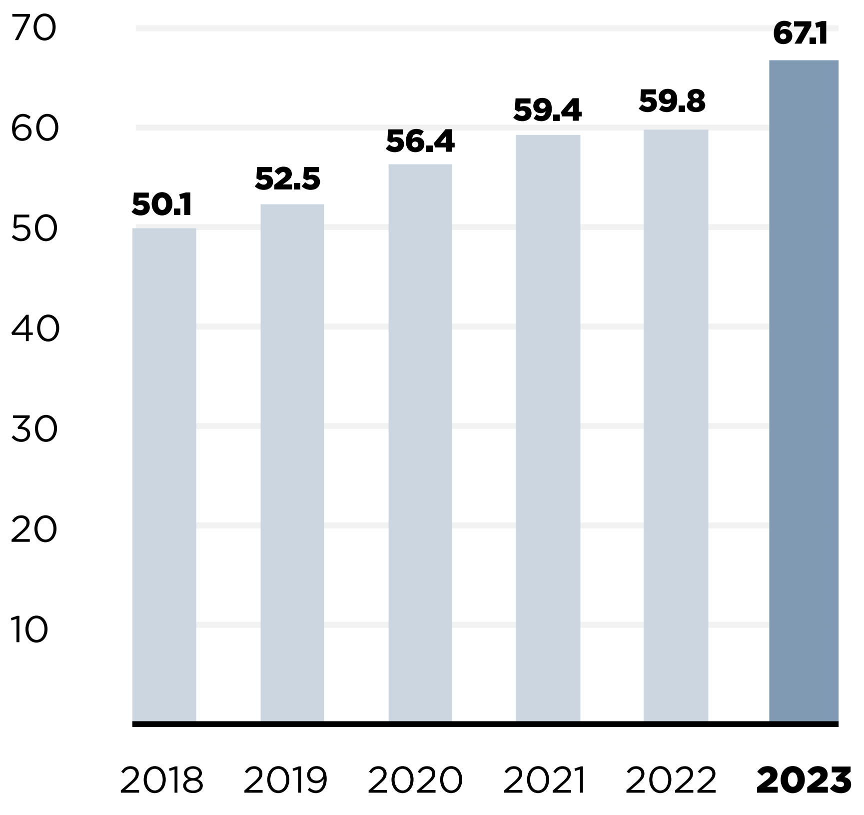
NET SALES, OLVI GROUP

Million euro



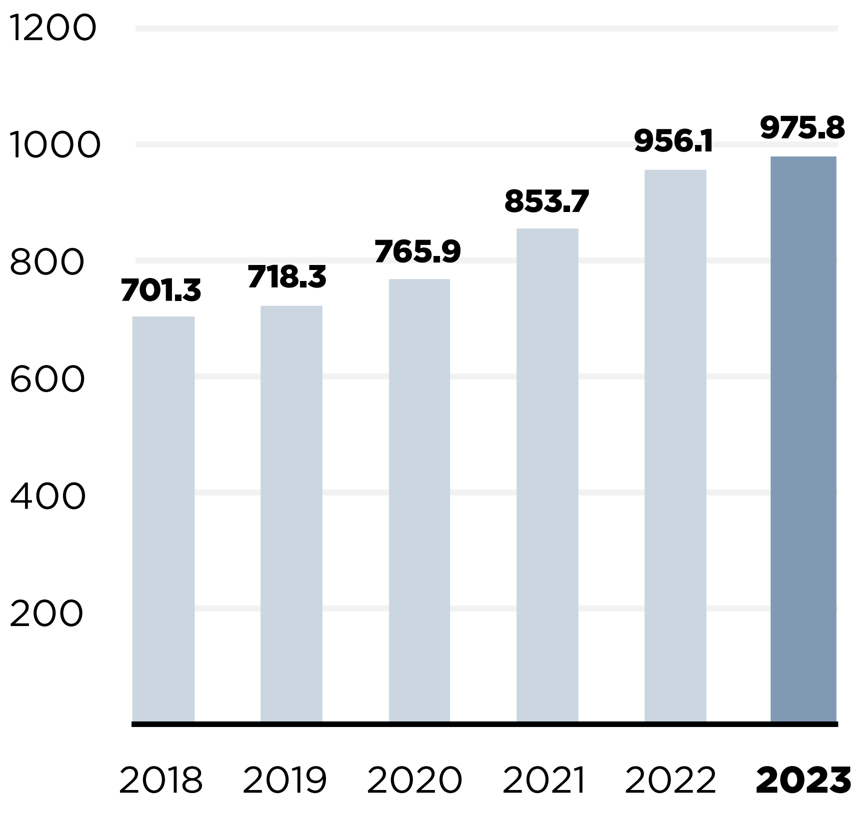
ADJUSTED EBIT, OLVI GROUP

Million euro



SALES VOLUME, OLVI GROUP

Million litres



2. REMUNERATION OF THE BOARD OF DIRECTORS FROM 1 JANUARY TO 31 DECEMBER 2023

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 2023 Annual General Meeting confirmed the following fees for the members of the Board until the end of the 2024 Annual General Meeting:

Monthly fee:	
Chair of the Board	EUR 6,500
Vice Chair of the Board	EUR 3,750
Member of the Board	EUR 3,000

Meeting fee:	
Chair of the Board	EUR 950
Member of the Board	EUR 650

In accordance with the decision of the 2023 Annual General Meeting, fees have been paid to the members of Olvi plc's Board of Directors between 1 January and 31 December 2023 as follows:

Board member	Annual fee, EUR	Meeting fees, EUR	Committee fees, EUR	Total fees
Hakkarainen Pentti (Chair until 3/2023)	15,000	950		15,950
Hortling Nora (Chair as of 4/2023)	66,000	7,300	3,250	76,550
Heinonen Lasse (Vice Chair as of 4/2023)	39,750	5,200	1,300	46,250
Markula Elisa (Member until 3/2023)	6,000	650		6,650
Nummela Juho (Member)	33,000	4,550	1,300	38,850
Paltola Päivi (Member)	33,000	5,200	1,950	40,150
Ståhlberg Christian (Member as of 4/2023)	27,000	4,550	1,950	33,500
Total	219,750	28,400	9,750	257,900

3. REMUNERATION OF THE CEO FROM 1 JANUARY TO 31 DECEMBER 2023

The Board of Directors determines the CEO's remuneration based on the governing bodies' remuneration policy presented to the Annual General Meeting.

The CEO's remuneration consists of a fixed-rate monthly salary, fringe benefits (mobile phone) and short- and long-term incentives. The CEO is not paid any separate fees for their work in the Group's Management Team or other internal management bodies.

The total salaries and fees earned by the CEO during the financial year 2023 (1 January to 31 December) were EUR 597,138. The total includes the annual basic salary, ordinary fringe benefits (mobile phone) and short-term incentives. The CEO's variable salary elements accounted for 40% of his total remuneration in the financial year 2023. The current CEO's term of office as CEO began on 1 January 2023.

The CEO's remuneration	Payments made in 2023	Due in 2024
Basic salary	EUR 357,722	
Fringe benefits	EUR 240	
Short-term incentives plans		
Performance period 2023		EUR 239,176
Total	EUR 357,962	EUR 239,176
Salaries and fees total	EUR 597,138	

PENSION

The pension of the Company's CEO is determined in accordance with the applicable legislation. The CEO 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 CEO's retirement age is determined in accordance with the Employees Pensions Act in force.

SHORT-TERM INCENTIVES (STI)

The purpose of short-term remuneration is to encourage and reward the implementation of the short-term business strategy and the achievement of operational and financial targets. The Company's performance reward system communicates its level of ambition and targets.

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 maximum amount of remuneration to be paid under the 2023 short-term incentive plan is 70% of the basic annual earnings, and the reward is based on the achievement of the financial targets and strategic priorities set by the Board of Directors for the performance period in question, as well as the objectives related to personnel management and ESG priority areas. The actual reward under the short-term incentive plan for 2023 is 67.5%, and the reward falling due for 2023 totals EUR 239,176.

LONG-TERM INCENTIVES (LTI)

The purpose of long-term remuneration is to implement the Company's strategy and achieve its targets, 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 remuneration of the CEO takes place within the framework of the remuneration policy presented to the Annual General Meeting. However, this is done so that the Company has the right to temporarily deviate from the remuneration policy to ensure its long-term interests. Situations of change in which such a deviation is possible include a change of CEO. The deviation will be reported at the upcoming Annual General Meeting in the annual remuneration report.

The current CEO's service contract began on 1 January 2023. No long-term incentives to the CEO were due for payment during 2023.

The CEO is covered by the share-based long-term incentive plan approved for 2023–2025 for the Olvi Group's key people. The 2023–2025 incentive plan is part of the Group's performance-based incentive plan for key personnel approved by the Board of Directors for 2021–2025.

The 2023–2025 Performance Share Plan consists of one performance period. During the 2023–2025 performance period, the rewards are based on the Group's Baltic Sea and Finland segments' cumulative operating result in euros, the cumulative sales volume of non-alcoholic products, and the reduction of CO_2 emissions in the entire value chain compared with the 2021 level. The rewards will be paid all at once after the end of the performance period. If the targets are achieved in full, the CEO has the opportunity to receive a reward of 3,600 shares for the performance period 2023–2025, as well as a cash portion to cover taxes and tax-like payments arising from the share reward. The rewards depend on the CEO's service contract at the time of payment.

At its meeting on 16 October 2023, the Board of Directors of Olvi plc decided on a new share-based incentive plan for the CEO, who started in office on 1 January 2023. The CEO's Performance Based Matching Share Plan consists of one performance period, from 1 December 2023 to 31 January 2025, with a total duration of 14 months.

The aim of the incentive plan is to support the achievement of the Company's targets and commit the CEO to the Company by strengthening value-based management and offering an incentive plan based on earning and accumulating shares in the Company.

In the plan, the CEO is offered an opportunity to receive matching shares for their personal investment in Olvi plc Series A shares, at the rate of one share per each share acquired through personal investment. The rewards based on the plan will be paid after the end of the matching period.

In the Performance Based Matching Share Plan, the CEO can earn 0.5 shares as a reward based on commitment and continuous shareholding and 0.5 shares based on achieving the earning criteria set by Olvi's Board.

The Board of Directors has set the total shareholder return (TSR) on the Olvi plc Series A share as the earning criterion for the 2023–2025 matching period. If the targets are achieved in full, the net amount of rewards to be paid for the matching period will amount to a maximum of 1,000 Olvi plc Series A shares and a cash portion to cover taxes and tax-like payments arising for the participants from the reward. In general, no reward is paid if the CEO's contract terminates before the reward payment.

The Board of Directors has set a maximum for the total amount of gross rewards to be paid to the CEO during a calendar year. This maximum applies to all gross rewards to be paid based on long-term incentive plans.

The CEO must own at least half the shares they have earned as a net reward under the new incentive plan 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 service contract continues.