Anora

Extensive report

01/11/2024 20:00

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Inderes corporate customer

This report is a summary translation of the report “Uuden johdon fokus kannattavuuden nostossa” published on 1/11/2024 at 8:12 pm EET

New management focuses on raising profitability

Anora's performance has been weak for over a year, but we expect the result to improve clearly in 2024-25. Earnings growth will push the valuation to a moderate level already this year (P/E 11x), which means the expected return is good. We reiterate our Buy recommendation and EUR 5.5 target price.

Leading producer and distributor of wines and spirits in the Nordic countries

Anora was born in September 2021 from the Finnish Altia and Norwegian Arcus, who both were producers, importers and distributors of spirits and wines. In June 2022, Anora acquired the leading Danish wine company Globus Wine. Anora is currently the largest player in the Nordic market for both wines and spirits. The company has both its own brands and partner brands that it distributes. Through its long history, the company has strong expertise and a good market share, especially in the alcohol monopoly chains in Finland, Sweden and Norway.

We find the growth and profitability targets challenging

The market for alcoholic beverages in the Nordic countries has historically been very stable. Anora's goal is to grow faster than the market in the monopoly markets and accelerate growth in the international markets with its top brands. With the already strong market position, we find it difficult to gain significant market shares in the monopoly market and there are no clear signs of an acceleration in international growth at least for now. We, therefore, feel that the organic growth outlook for the company is modest. The company is aiming for 3-5% revenue growth, most of which is organic. We consider this goal challenging, and we do not expect Anora to achieve it without acquisitions. In terms of profitability, the company targets an adjusted EBITDA margin of around 16% in 2030. Even though the target is far away, the level is very high, as even in the exceptionally good COVID years, the company did not quite reach the target level. We believe the sustainable margin is around 11-12%.

2023 was weak and the CEO changed, we expect profitability to gradually improve in 2024-26

In 2023, Anora had to downgrade its guidance twice and now expects an EBITDA of 66-69 MEUR. This is a low level historically, mainly due to three factors: 1) the weakening of the SEK and NOK, 2) Globus wine's poor (or non-existent) result, and 3) loosing principals in wine distribution. All of these mainly affect the Wine segment. For the first point, price increases and increased FX hedging should remedy this situation significantly already in early 2024. Rectifying points 2 and 3 is slower and we believe will take place gradually in 2024-25. In addition to this, Anora is improving cost efficiency, which should support the result. We believe that the weak performance of the past year also led to changing the CEO that happened at the end of October, when Jacek Pastuszka took over at the helm of Anora.

Valuation is cheapish if the result recovers as expected

In our opinion, the 2023 earnings multiples (e.g. P/E over 25x) are high, but if we look at the P/B ratio at 0.6x and the 2024 multiples (P/E 11.5x), the stock looks relatively cheap. However, we believe that the return on capital will remain slightly below our required return in the longer term, so just below 1x P/B is a justified level for the company. The usefulness of EV ratios is weakened by large lease liabilities and off-balance sheet sales receivables that have been sold. Our DCF value (EUR~6.5 per share) is also well above the market price.

Recommendation

Buy
(previous Buy)

EUR 5.50
(previous EUR 5.50)

Share price:
4.45

Key figures

	2022	2023e	2024e	2025e
Revenue	702.7	723.3	725.7	743.6
growth-%	6%	3%	0%	2%
EBITDA (oik.)	76.1	67.7	81.7	86.7
EBITDA-% (oik.)	10.8 %	9.4 %	11.3 %	11.7 %
Net Income	17.9	15.2	26.1	31.2
EPS (adj.)	0.39	0.16	0.39	0.46
P/E (adj.)	19.0	28.0	11.5	9.6
P/B	1.0	0.6	0.6	0.6
Dividend yield-%	3.0 %	3.4 %	5.6 %	6.8 %
EV/EBIT (adj.)	18.1	12.4	7.5	6.3
EV/EBITDA	11.5	5.8	4.4	3.9
EV/S	1.1	0.6	0.5	0.5

Source: Inderes

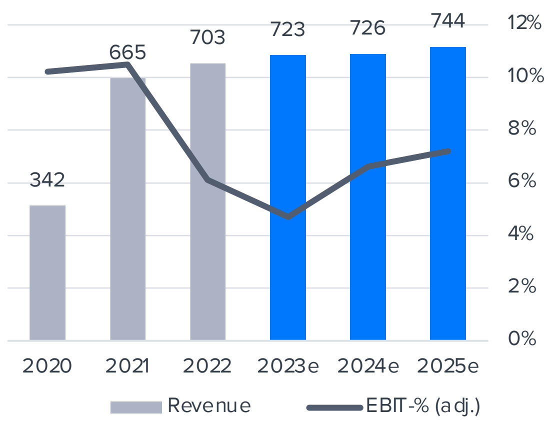
Guidance (Downgraded)

In 2023, Anora's comparable EBITDA is expected to be between EUR 66-69 million.

Share price

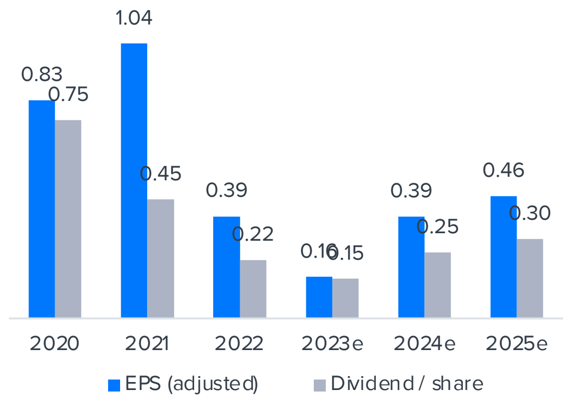
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Strong market position and extensive product portfolio
- Stable market and historically stable profitability
- Good potential for creating cash flow

Risk factors

- Globus Wine's performance remaining weak
- Price fluctuations of barley affects earnings
- Anora will continue to seek acquisitions which involves risks related to the price and integration

Valuation	2023e	2024e	2025e
Share price	4.44	4.44	4.44
Number of shares, millions	67.6	67.6	67.6
Market cap	300	300	300
EV	421	360	336
P/E (adj.)	28.0	11.5	9.6
P/E	19.8	11.5	9.6
P/B	0.6	0.6	0.6
P/S	0.4	0.4	0.4
EV/Sales	0.6	0.5	0.5
EV/EBITDA	5.8	4.4	3.9
EV/EBIT (adj.)	12.4	7.5	6.3
Payout ratio (%)	67%	65%	65%
Dividend yield-%	3.4 %	5.6 %	6.8 %

Source: Inderes

Contents

Anora in brief

Anora is the leading producer/distributor of wines and spirits in the Nordic countries. Anora was born in fall 2021 when the Finnish Altia and Norwegian Arcus merged. The company has an extensive brand portfolio and exports to dozens of countries in addition to domestic sales.

1888 / 1922
Year of establishment of Anora's predecessors in Finland / Norway

9/2021
Altia and Arcus merged into Anora

723 MEUR
Revenue 2023e

68 MEUR **(9.5% of revenue)**
Comparable EBITDA 2023e

#1
Market position in the Nordic wine market

#1
Market position in the Nordic spirits market

1,249
Personnel at the end of Q3'23

8
Own production plants

1919 to the 1990s

- The predecessors of Anora were part of the state-owned alcohol company in Finland and Norway that also handled retail sales until the 1990s
- At the end of the 1990s, the EEA (European Economic Area) rules required the alcohol production, wholesale and foreign trade monopolies to be dissolved

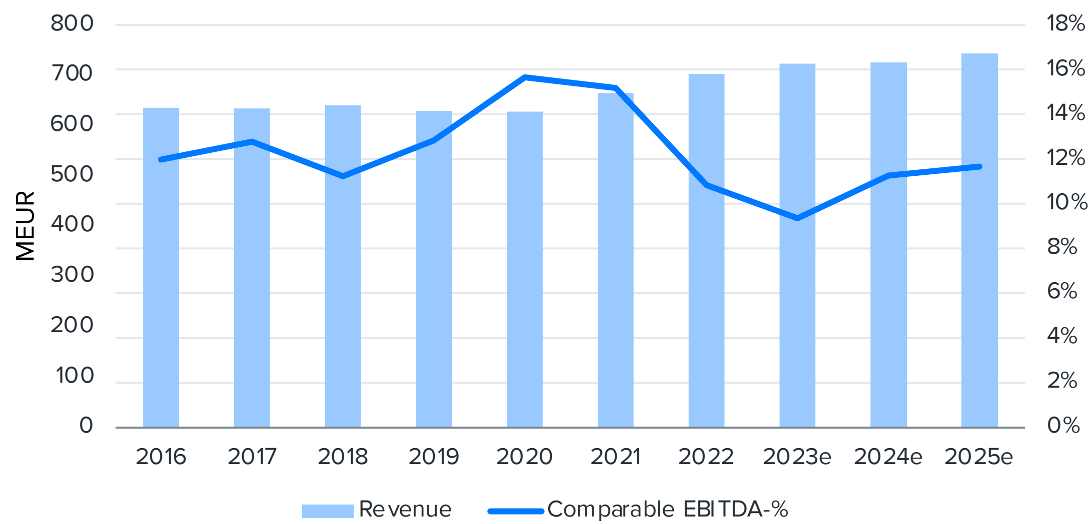
Late 1990s to 2016

- Alcohol production (Altia) and retail sales (Alko) are separated and the state-owned Altia is established in Finland in 1999
- Correspondingly in Norway, Arcus was established in 1996 and Vinmonopolet continued with retail sales
- Both have expanded internationally since then

2016-

- Arcus was gradually privatized in the early 2000s and listed on the stock exchange at the end of 2016
- Altia was listed on the stock exchange 2018
- Arcus and Altia announced the merger in September 2020 and the merger took place in September 2021 – the new company was named Anora
- In June 2022, Anora acquired the Danish company Globus wine

Anora pro forma revenue and proftiability



Company description and business model 1/9

Leading producer and distributor of wines and spirits in the Nordic countries

Anora was formed of the merged Finnish Altia and Norwegian Arcus, both of which were alcohol producers, importers and distributors. Anora's predecessors have also expanded through acquisitions in the past and Anora is now the largest player in the Nordic market for both wines and spirits. The company has both its own brands and partner brands that it distributes. We believe the potential competitive advantage consists of the attractiveness of own brands compared to competitors and Anora's strong position in the Nordic countries, which makes it an interesting distribution partner. Anora acquired the Danish Globus Wine in June 2022, so it is only partially included in last year's figures. For earlier years, we mainly use pro forma figures that consider the merger of Altia and Arcus, but not Globus.

Anora's market position in spirits in the Nordic countries is strong, the market share varies from 15% to over 50% depending on the product group. In wines, the market is more fragmented and Anora's market share is about 15%.

Geographically, Anora holds the number one position in both wines and spirits in its old domestic markets, Finland and Norway. In Denmark it is #2 in spirits and #1 in wines, while in Sweden it is #2 in wines and #1 spirits. In addition to these markets, Anora has exports to around 30 countries where it has modest overall market shares.

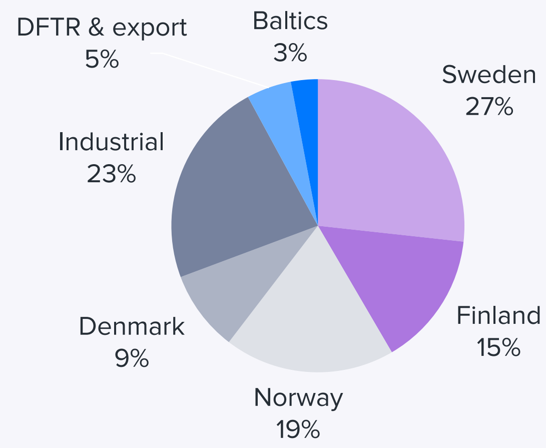
From 2022 onwards, Anora is organized into three segments: Wine, Spirits and Industrial. We will discuss these segments in detail later in this report.

Distribution mainly through monopoly chains

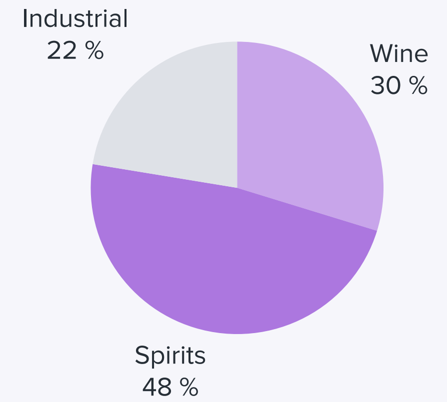
Anora's main sales channel is the state-owned alcohol monopoly stores. In Finland, Sweden and Norway, legislation restricts the sale of wines and spirits to monopoly chains, which include Alko in Finland, Systembolaget in Sweden and Vinmonopolet in Norway. These accounted for about 60% of the revenue of beverages (excluding Industrial segment) in 2022. Denmark has no monopoly chain, so its sales are mainly directed toward the retail sector, which also includes other sales. In addition, Anora sells beverages to restaurants and for passenger sales and export. Sales to monopoly chains are somewhat more profitable in terms of margin profile than other channels, which supported Anora's profitability in 2020-21 when the sales of monopoly chains increased due to COVID-19.

Price increases in monopoly chains are typically possible twice a year, in Norway three times. This slowness in pricing has generated significant headwinds for Anora in the past year, as cost inflation and the weakening of SEK and NOK increase costs. In the future, the company will hedge its currency risk more, which should smooth out margin development. For DFTR, prices are typically updated only once a year. In Industrial operations the pricing interval varies.

Sales by region 2022



Comparable EBITDA by segment 2022



Source: Anora

Company description and business model 2/9 - product groups

Product group	Description	Examples of own brands	Examples of partner brands	Share of revenue in 2022
Wines	▪ Development, marketing and sales of partners' and own wine brands in the Nordic countries ▪ Several dozen partner brands ▪ A wide range of red, white and sparkling wines and, e.g., glöggs			44%
Spirits	▪ Development, production, marketing and sales of partners' and own spirits brands in the Nordic countries ▪ A wide range in various spirits categories ▪ Also includes RTD beverages, i.e. ethanol-based low-alcoholic beverages			33%
Industrial products and contract manufacturing	▪ Industrial products such as grain spirits, technical ethanol, barley starch and feed components ▪ Contract manufacturing, especially Finlandia vodka manufacturing			19%
Logistics	▪ Logistics company Vectura in Norway that also transports non-Anora products to customers			3%
Other beverages	▪ For example, non-alcoholic products			1%

Company description and business model 3/9

Barley as the main raw material

In terms of Anora's own brands it produces spirits from the raw materials itself, while wines are sourced from wine-producing regions and are usually packaged in Anora's plants. Thus, the direct raw material risk is mainly directed at spirits production where the barley used in Finland is the most important single raw material. Anora typically uses some 200 million kilos of barley annually, i.e. about 10% of the Finnish barley harvest and about one-third of the barley sold in Finland. The barley is obtained either directly from farms or from grain dealers.

The price of barley is typically determined by the quantity and quality of the harvest collected in the fall, but it has a market price that also reacts to global movements in the financial and commodity markets. At the end of 2021 and in 2022 barley prices were exceptionally high due to the poor harvest and availability problems caused by the war in Ukraine, and the price remains above the previous period, albeit clearly declining from the peak. There are no hedging instruments for the price of barley, so in practice Anora has to buy barley at the prevailing market price. Anora normally has about a month's stock of barley and purchase prices are agreed for a couple of months ahead of time. The higher price of barley can be passed on to selling prices, but not fully and with a delay. Other important raw materials are, e.g., bottles, boxes and packaging materials.

Production in eight own plants

Anora has a total of eight own plants located in Finland, Sweden, Norway, Denmark, and Estonia.

The production plants are presented on the following page.

A historically consistent performer

The demand for alcohol is quite stable and this has also led to very steady economic development for Anora's predecessors before the COVID years. The earnings level is moderate, with an EBITDA margin of 10-15%. This is depressed by lower-margin distribution (partner brands) and the Industrial segment.

Since Anora's growth is small and about half of its beverages' revenue comes from principal brands and production in its own wine brands is only bottling, its investment needs are limited. However, the plants require a certain amount of maintenance and replacement investments, which we expect to be about 10 MEUR p.a.

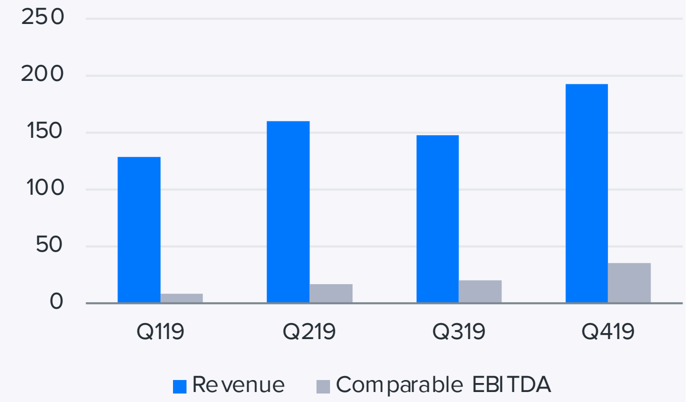
Earnings focus on the end of the year

Alcohol sales are typically higher during holidays, which means that the Christmas and New Year's season at the end of the year is typically the best quarter for Anora. In addition, the sales of glögg and akvavit focuses on holidays. Thus, Q4 is normally by far the strongest in terms of both revenue and earnings. Normal seasonality is that Q1 is the weakest and the performance keeps improving every quarter toward the end of the year. The timing of Easter in the spring has some effect on the relative emphasis of Q1 and Q2, but the first of May, midsummer and the beginning of the summer season will usually result in Q2 being the stronger quarter.

Sales by brand category, 2022

Source: Anora

Seasonality in 2019 (MEUR)



Source: Anora, Inderes

Company description and business model 4/9 – main production facilities

Koskenkorva, Finland
- A distillery and integrated plant producing grain spirits and by-products such as technical ethanol, starch and animal feed components

Rajamäki, Finland
- Most of the bottling/packaging of former Altia's own products
- Focus in future especially on vodka-based drinks

Tabasalu, Estonia
- A small packaging plant serving the Baltic market and contract manufacturing customers

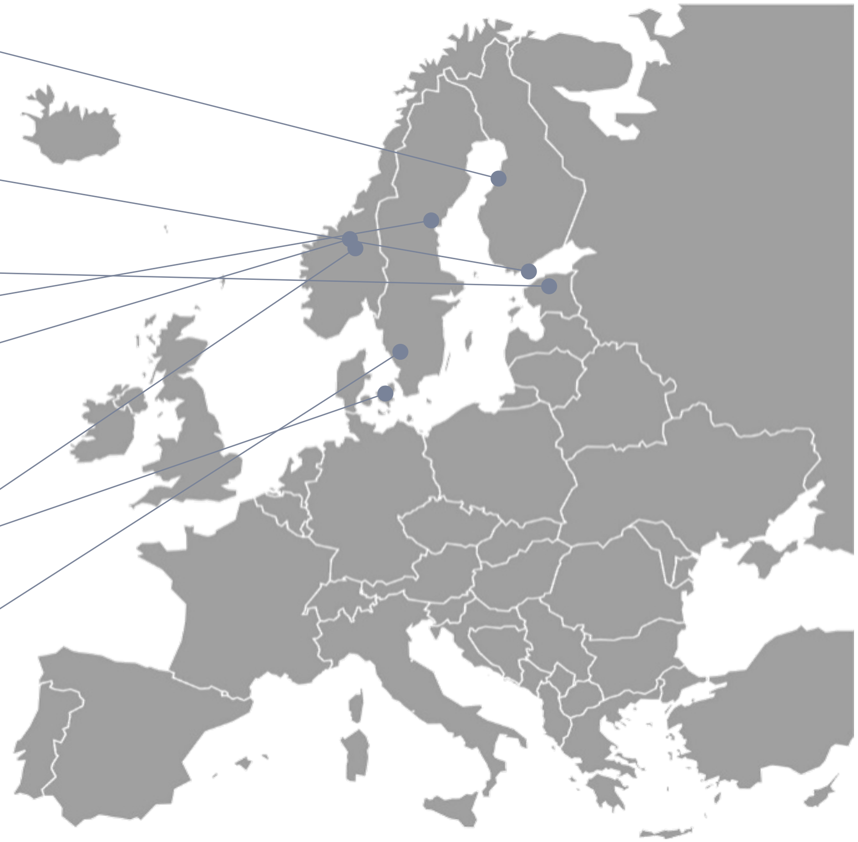
Sundsvall, Sweden
- An akvavit distillery

Gjelleråsen, Norway
- Former Arcus' large production & logistics center
- Bottling/packaging of wines and spirits
- Will focus especially on akvavit and bitters in the future
- Logistics operations (Vectura)

Koge, Denmark
- Bottling and packaging of wines
- Globus Wine’s production plant

Atlungstad, Norway
- A small akvavit distillery

Snälleröd, Sweden
- A small akvavit distillery



Company description and business model 5/9

Wine segment (13% of 2023e comparable EBITDA)

The Wine segment develops, markets and sells partner wines and Anora's wine brands in the Nordic monopoly market and in Denmark. The main sales channels are the same as for Anora as a whole, i.e. state's retail monopolies in Finland, Sweden and Norway, and HoReCa sales and the grocery trade (mainly in Denmark).

In wines, Anora has a large number of partners in different wine regions and varieties, as well as different price categories. This helps the company ensure an extensive product portfolio where each client can find what they want. Anora is the leading wine seller in the Nordic countries and is #1 in Finland and Norway and #2 in Sweden. With the acquisition of Globus Wine, Anora is also #1 in Denmark, and thus even more clearly the Nordic leader.

Business model is based on several smaller importers

In the wine business, the operating model is slightly different and based on the use of several small import companies. In all markets, Anora has several importers, some of which are also partly owned by the employees, which supports an entrepreneurial approach. While the main brands of one importer can bring a significant share of its income stream, Anora's extensive cooperation and brand portfolio balances the risk. The importers help wine producers to enter the market without their own sales organization and associated costs. The benefit of several small importers is that they operate more personally with the wine producers and very independently, allowing for a fast and flexible approach. On the other hand, through a number of independent companies, Anora also receives more candidates for the monopoly chains' tender offers than it would on its own. For entrepreneurs, Anora offers efficient joint support functions, which also benefits the importers' performance.

Low added value visible as low margins

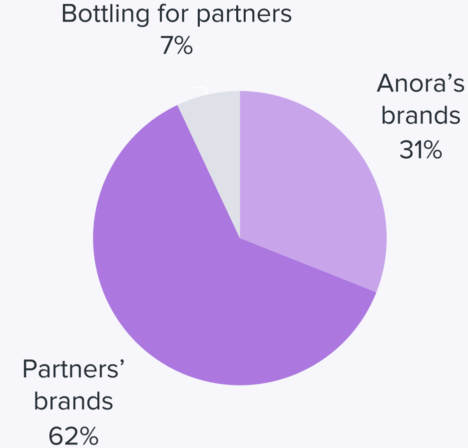
Wine bottling and packaging takes place in Gjelleråsen (Norway), Rajamäki (Finland) and Koge (Denmark). As part of improving production efficiency, wine production will be concentrated in Denmark. Partner brands and bottling account for about 70% of the Wine segment's revenue and the remaining 30% comes from own brands. The Wine segment aims to grow its own brands, which also supports profitability.

The margins in the wine business are low, which we believe is due to the high share of distribution and bottling with low margins (around 70%). The profitability of own brands is better, although we also note that Anora buys wine in large batches and the added value is mainly branding, unlike in the Spirits segment, where it produces beverages from raw materials.

We predict that the EBITDA percentage for the Wine segment will remain at around 3% for 2023, i.e. very weak. This is depressed by Globus Wine's weak profitability, negative impact of exchange rates and partners' significant losses. In 2016-19, the Wine segment of the former Arcus generated an EBITDA margin of close to 12%, which we see an unattainable for Anora in the next few years.

Key own brands in the Wine segment

Sales by brand category, 2022



Source: Anora

Company description and business model 6/9

Spirits segment (59% of 2023e comparable EBITDA)

The Spirits segment develops, markets and sells both Anora's own spirits brands and partner brands. Sales channels are both the Nordic monopoly markets and the normal retail market in Denmark. The Spirits segment also includes the International business area, which is responsible for Anora's own operations in the Estonian, Latvian, Danish and German markets, and for international DFTR and exports. However, the main sales channels for the segment as a whole are the same as for Anora as a whole, i.e. state's retail monopolies in Finland, Sweden and Norway, that accounted for around 2/3 of the segment's revenue in 2022 and the remaining 1/3 was international sales. The main export brands are Koskenkorva, Larsen, Linie and Valhalla.

Smaller sales channels, i.e. restaurants and DFTR, are important for building the brand and Anora (also) sees itself as strong in these channels.

Sovereign Nordic market leader

Anora has a wide portfolio of spirits brands, which enables it to be present in all categories and price categories. Anora's market position in spirits is strong, it is #1 in Finland, Sweden and Norway and #2 in Denmark. Naturally, this also makes the company the largest in the Nordic countries. In addition, the company is #1 in the German akvavit segment (which is a small category). The market for spirits is quite concentrated. Anora's market shares in monopoly sales vary from around 15% to over 50% depending on the product category and we estimate it to be 35-40% on average in the product categories in which Anora has products.

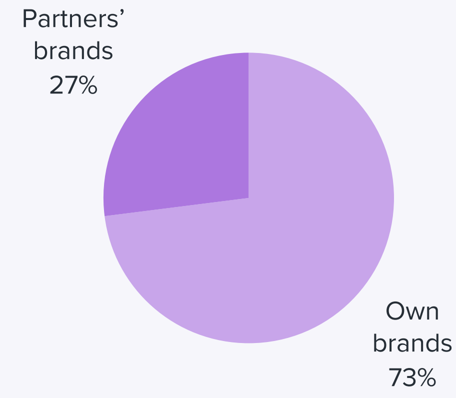
The Spirits segment has its own distilleries, e.g. in Koskenkorva in Finland and in Sundvall in Sweden. Bottling and packaging are carried out at the company's large plants in Gjelleråsen and Rajamäki. As part of the program to improve production efficiency, the production of various spirits will be concentrated between Gjelleråsen in Norway and Rajamäki in Finland.

Best margin profile in Anora

Unlike in the Wine segment, over 70% of Spirits' revenue are own brands, which are largely self-produced. Thanks to its extensive own production, the margin profile of the Spirits segment is different and higher than that of the wines. The gross margin is typically 40-50% and the adjusted EBITDA margin is 15-20%. The sales of partner brands are a significant part of this segment as well and any partner contracts ending may have a negative impact on the segment's result.

With its extensive portfolio, the Spirits segment aims to benefit from a stronger product offering (compared to Arcus and Altia separately) by cross selling on the Nordic markets. Growth is also sought in export markets, led by strong "hero brands" and seeking new markets. We believe no significant openings have yet been achieved in this respect.

Sales by brand category, 2022



Source: Inderes

Price of barely in Finland EUR / 1,000kg

Source: Natural Resources Institute Finland (Luke)

Company description and business model 7/9 – Spirits by category

Product group	Unflavored vodka	Akvavit	Cognac	Gin	Bitters	Liqueurs	Whiskey	Rum	Tequila	Other	Total
Anora's own and partners' brands	KOSKENKORVA	LINIE AQUAVIT, O.P. ANDERSON	LARSEN COGNAC, BRAASTAD	SKAGERRAK NORDIC DRY GIN, hernö GIN	GAMMEL DANSK, ENKELT, FERNET-BRANCA, Underberg	XANTÉ, AMARULA, ILLVA SARONNO	FIREBALL, JACK DANIEL'S	PLANTATION RUM	Jose Cuervo, TEQUILA ROSE	JALOVIINA	
Market size, million liters	20	3.0	4.6	4.5	1.4	8.1	13.5	2.6	0.3	5.7	63.7
Anora's market share	54 %	69 %	30 %	17 %	31 %	30 %	22 %	17 %	24 %	39 %	37 %
Anora's volume, million liters	10.8	2.1	1.4	0.8	0.4	2.4	3.0	0.4	0.1	2.2	23.6

Source: Anora, figures from 2021

Company description and business model 8/9

Industrial segment (28% of 2023e comparable EBITDA)

The Industrial segment comprises Anora's industrial business, i.e. old Altia's Industrial segment, supply chain operations and logistics company Vectura in Norway.

Industrial operations and contract manufacturing in Finland

The industrial business includes the activities of the Koskenkorva distillery, including industrial products (grain spirits, technical ethanol, barley starch and feed components) and contract manufacturing at the Rajamäki plant. The main raw material in industrial products is barley. Over 40% of Industrial's revenue goes to internal use (to produce spirits for the Spirits segment), but it also has a large volume of external sales. The logic of these products is to utilize all the side streams from the process as vendible products , where we feel Anora is successful.

Anora also has contract manufacturing and logistics services for its partners. In terms of contract manufacturing, a significant contract is the production of Finlandia Vodka for Coca-Cola HBC. This is the result of selling the Finlandia Vodka brand from Altia to Brown Forman (that sold the brand forward in 2023) in the past, in connection with which Altia entered into a long manufacturing contract. The contract is currently valid until the end of 2035. According to Anora, this contract is a significant part of the Industrial segment's external revenue (we estimate 20-30%) and supports capacity utilization of the Rajamäki plant well.

Logistics company Vectura in Norway

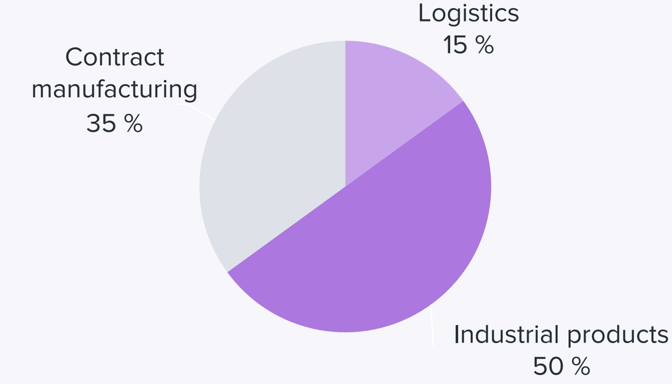
As regards logistics services, the Industrial segment includes Arcus' former logistics segment, i.e. the logistics service provider called Vectura. Vectura's logistics center is located in Gjelleråsen and works in close cooperation with Anora's production. Around one-third of Vectura's operations is distribution of Anora's own and partner's products and the rest other customers' products. The products are supplied to typical distribution channels, mainly to the Norwegian alcohol monopoly chain, Vinmonopolet, as well as restaurants, hotels and bars.

Nature of operations keeps the margin low

Altia Industrial's comparable EBITDA margin was around 8% in 2017-19, while Arcus' logistics operations have historically only achieved a slight EBITDA result, with a margin of only 4-5% at its best in 2017-19. Combined, Anora's Industrial segment has generated an EBITDA margin of 6-7% in 2021-23. We believe that this is a sustainable/normal level also in the future. With this EBITDA margin, the company still generates a clearly positive EBIT in the segment. As mentioned above, in practice half of the segment's sales is utiliziation of side streams, where even a small positive result supports Anora's core business, in this case the production of spirits.

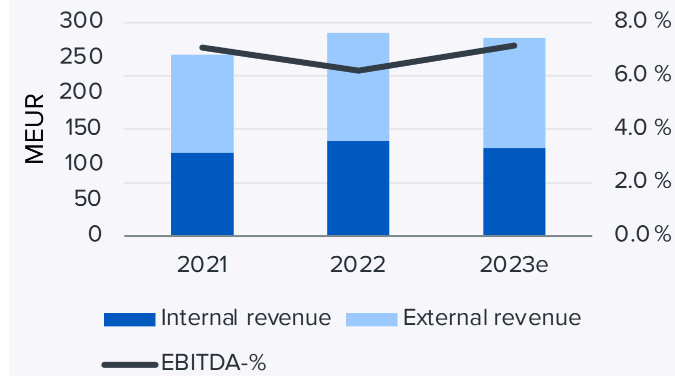
The Industrial segment does not have actual independent growth or profitability targets, but it focuses on as efficient operations as possible.

Industrial segment's revenue distribution, 2022



Source: Anora

Industrial -segment's development



Source: Anora, Inderes

Company description and business model 9/9

Two main owners

Anora has two big owners, i.e. the main owners of former Altia and Arcus: The State of Finland's investment company Solidium (19%) and the Norwegian investment company Canica (22%). Although both are long-term owners, we consider it possible that either of these would be prepared to reduce their holding to at least 10%, and there is no obstacle to totally abandon ownership either. In addition, Geveran, who is under the influence of John Fredriksen, a Norwegian shipping mogul, owns 5% of Anora.

However, we believe that it is likely that the main owners will want to see the impact of the synergy effects of the merger, at least for the most part, before surrendering their ownership on a larger scale. The weak earnings and share price performance of the past year has hardly increased the sales enthusiasm of major shareholders, at least at the current price.

Recent CEO change brought international experience to the management

Anora changed the CEO at the end of October when Pekka Tennilä, who has been Altia/Anora's CEO since 2014, left the company and was immediately replaced by Jacek Pastuszka who started at Anora. Pastuszka has had a long career at the Carlsberg brewery and other brand companies before that. We believe that his background is suitable for Anora and the company's poor performance and Tennilä's relatively long reign, we consider the change of CEO to be a well justified and sensible move. Pastuszka does not yet hold shares in Anora, but Anora has a recommendation for the CEO to own at least a year's gross salary in shares. Members of the Executive Management Team are expected to keep at least half of the received share rewards until the target is reached.

The Group's CFO is Norwegian Sigmund Toth, who is leaving the company by August. Prior to the merger, he was the CFO of Arcus and has worked at Arcus since 2015. Toth owns 14,000 shares in Anora. In addition to Toth and Pastuszka, the Group's Executive Management Team consists of five persons with relatively small holdings of 0-10,000 shares.

In 2022, the CEO's short-term incentive program focused mainly on the development of the company's EBITDA and revenue, as well as business and accident frequency development.

Anora's long-term incentive scheme was established in summer 2022 and contains several different programs. The indicators of the scheme are revenue growth, EPS, relative development of the share's total return and Sustainanalytics' ESG assessment. We find the indicators reasonable, although the weight of revenue growth is reasonably high (35%), as we do not feel sales growth alone bringing value to the company and its owners.

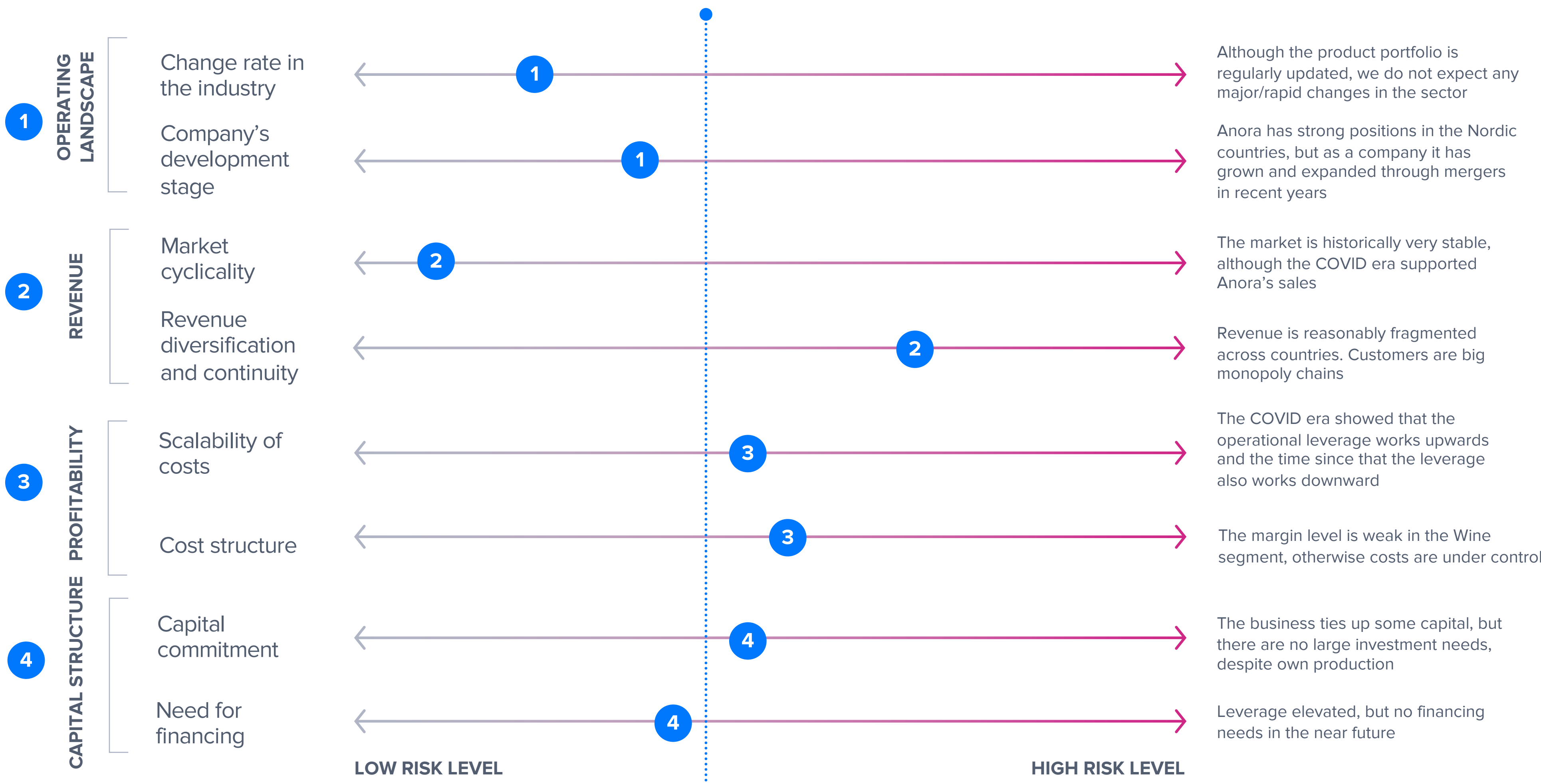
The Board of Directors is led by Michael Holm Johansen, former chairman of Arcus's Board of Directors, whose working background is at Coca-Cola. We note as a positive that the management has a wealth of international experience and several nationalities. Holm Johansen owns 80,000 shares in Anora, with the other members of the Board of Directors having significantly smaller holdings.

Biggest owners on 12/31/2023	Share
Canica	22.4 %
Solidium	19.4 %
Geveran Trading	4.6 %
Varma	3.0 %
Ilmarinen	1.9 %
WestStar	1.8 %
Elo	1.0 %
Veritas	0.7 %
Heikki Savolainen	0.5 %
OP Life Assurance Company Ltd	0.4 %

Source: Anora

Risk profile of the business model

Assessment of Anora's overall business risk



Source: Inderes

Investment profile 1/2

1. **Strong market position, stable profitability and extensive product portfolio**
2. **Historically a rather stable market**
3. **We believe return on capital will remain at the level of their costs**
4. **Profitability of the Wine segment is weak but should gradually recover in the coming years**
5. **Possibility of continued expansion in the European market with acquisitions**
6. **Historically a good dividend payer**

Potential

- **Synergies and efficiency improvement** arising from the merger between Altia and Arcus and the acquisition of Globus Wine are already mainly reflected in Anora's figures, but their full impact, and especially the full impact of the ongoing efficiency programs, will not be seen until 2025-26
- **Geographical expansion** With Anora's extensive Nordic brand portfolio, the company has a better opportunity to increase sales in the export markets (in spirits)
- **Complementing acquisitions** The company is interested in further growth through acquisitions, where the next logical step would be Central Europe. This could again generate new cross-selling synergy. However, the current balance sheet limits acquisitions.

Risks

- **Profitability remaining low in the Wine segment.** This is particularly true of Globus Wine's current weak performance and the Swedish market, where Anora has lost volume
- **Exposure to barley price variation:** Barley is the company's main raw material and its price increase has had a negative impact on earnings this year.
- **An error in product safety or other deterioration in a brand/brand reliability may result in a drop in demand:** However, this risk is mitigated by Anora's geographical dispersion and several different brands
- **Acquisition risks:** Price paid in possible future acquisitions and integration of operations generate their own operational risk

Source: Inderes

Investment profile 2/2

Next, we will discuss Anora's competitive advantages, strengths/opportunities and weaknesses/risks.

Limited competitive advantages

In terms of competitive advantages, we feel that Anora's business should be divided into its own brands and partner brands.

For own brands, the potential competitive advantage is in the brand's strength. This is difficult to measure, but market shares give some perception of the strength of the brand. From this angle, Anora's well-known spirit brands Koskenkorva in non-flavored vodkas and Linie & OP Anderson in akvavit seem to enjoy some competitive advantage as their market shares in the Nordic countries are over 50%. However, we do not see a company-wide competitive advantage in own brands, even though we believe that certain brands and markets have them. Anora's history and know-how of acting in a monopoly market can generate some advantage against international competitors but we do not see this as a clear competitive advantage either.

In partner brands, this long knowledge of the monopoly market, combined with a strong position in all Nordic markets, gives Anora a type of competitive advantage. However, for example, the Swedish Viva Wine Group operates in the same monopoly market and has been able to increase its market share steadily, which indicates that Anora does not have a clear competitive advantage at least against them. However, partners can easily get skilled distribution across the Nordic countries through Anora.

Industrial segment's operations are mainly handling of side streams and logistics, where we do not see any competitive advantages as such. However, side stream management is important for Anora and making even a small profit here is naturally positive for the Group as a whole.

Other strengths and opportunities

Anora's strong position in the Nordic countries and its extensive brand portfolio also give it a good position in the export markets to seek growth and export Nordic products to Europe through a possible acquisition. Anora also has its own online store in Germany. However, the role of the export market in Anora as a whole is limited, so we do not expect growth there to quickly change the growth profile of Anora.

Anora also sees itself as a forerunner in sustainability. For example, the company aims to reduce its carbon dioxide emissions and move to more climate-friendly packaging. We do not believe that, at least in the eyes of the consumer, the sustainability profile of Anora has an impact on purchasing decisions, so it is of little importance on the demand side. Monopoly chains, on the other hand, have clear responsibility aspirations and Anora's actions support the entry/retention of products in the monopoly chains.

In terms of performance, we see potential for improvement in 2024-25, as we believe that pricing and increased hedging will compensate for the weakening of SEK and NOK and merger synergies and other efficiency gains will be increasingly visible.

Weaknesses and risks

We feel Anora's clear weakness is a stunted target market, which has partly led to the company's subdued historical growth. However, Anora sees small market growth in the coming years as well, but the alcohol consumption trend especially in Finland has made a downturn, which may, if continued, be reflected as a market decline. Anora has a small range of non-alcoholic products and it invested in the Danish company ISH in 2023 that sells non-alcoholic beverages. However, the scale of this business is so small for the time being that it is not, in our view, able to compensate for a possible reduction in alcohol consumption.

Another clear weakness is the current poor performance of the Wine segment, which has been affected by 1) exchange rate changes 2) Globus Wine's weaker-than-expected profitability, and 3) loss of partnership agreements. We expect the company to fix point 1 by next spring, but fixing points 2 and 3 is likely to take longer.

According to our estimates, Anora's return on capital will be approximately at the level of its return requirement which is a weakness for Anora as an investment as it considerably limits its longer-term expected return. Improving this would require a clear improvement in profitability or a better capital revenue. We will discuss these later.

We see the reduction in partner agreements as a risk, which we believe could mainly be caused by continued consolidation of international alcohol producers. This could lead to an increase in the number of companies handling Nordic distribution themselves.

Industry and market overview 1/3

The market relevant for Anora is mainly the Nordic wine and spirits market, which is dominated by the monopoly chains in Finland, Sweden and Norway. In addition, Industrial segment's industrial products have their own, separate, market.

Steady market development

Anora estimates the value of the entire Nordic market (Finland, Sweden, Norway and Denmark) for wine and spirits to be approximately 13.5 BNEUR in 2022. EUR. About 2/3, or 9 BNEUR is wine and 1/3, or 4.5 BNEUR is spirits. These sums are, however, at retail prices, so they cannot directly be compared with Anora's figures, e.g., when calculating market shares. In terms of volume, the latest figures for the market size are from 2021, when it was close on 670 million liters, of which 87% are wines and 13% spirits. So the price per liter for spirits is considerably higher than that of wines. The total market for spirits is thus about 85 million liters, whereas Anora's volume in monopoly channels alone is about 24 million liters. This illustrates Anora's strong position in the market.

The Euromonitor used by Anora predicts that the volume of the wine market will grow by 1.6% p.a. in 2022-26. The forecast is the same 1.6% for spirits. So the figures in terms of market growth are very small but nonetheless positive. The market for alcoholic beverages is also very defensive and stable, i.e. there are no significant annual fluctuations. However, the COVID years 2020-21 form an exception, especially if one considers the sale of monopoly chains that is important to Anora. During COVID, consumption shifted from restaurants and DFTR to monopoly chains.

Sweden the largest wine market, in spirits Finland is close

Country-specific market information can be found via monopoly chains from Finland, Sweden and Norway. When comparing these countries, Sweden stands out as a very large wine market. In 2022, the sales volume of wines in Sweden was 215 million liters per year, while Finland and Norway were at about 50 and 80 million liters per year. We estimate that Denmark falls between these with a volume of good 100 million liters. In Sweden, Viva Wine Group is the clear market leader. Anora's market share is relatively weaker in Sweden and it is number two on the market.

Under the current government, Finland has discussed the possibility of deregulating wine sales to retail stores. This would significantly change the market and, we believe, would, e.g., direct consumption toward cheaper wines, but also concentrate the number of players on the producer/distributor side. These would have opposite impacts on Anora's business, but as a whole we believe deregulating wine sales would be negative for Anora. It should be noted, however, that the total Finnish beverage sales account for only 15% of Anora's sales, which offsets the impact at Group level.

In terms of spirits, Sweden and Finland are roughly the same size markets, while Norway is smaller. Differences in the markets can be partly by explained by different tax policies. In Finland and Norway, the taxation of spirits and wines is relatively close to one another, while in Sweden spirits are taxed in relative terms more severely than wines. Compared to other European countries, taxation in the monopoly markets is by far the highest and Denmark's taxation is also above average.

Types of companies in the Nordic market	Number of companies	Annual revenue	Companies, e.g.	Description
Global giants	**2**	**Over 10 BN EUR**	**Diageo, Pernod Ricard**	• International giants with own portfolio of over 200 brands • Own distribution in the Nordic countries, stronger in spirits, but also wines
Regional companies	**~5**	**100-1,000 MEUR**	**Anora, Viva Wine Group, Royal Unibrew, Hans Just**	• Regional players in the Nordic countries • Others mainly distribution, Anora and Viva also have own production
Local companies	**A large group**	**Under 100 MEUR**		• Local distributors, more in the wine market than in spirits

Industry and market overview 2/3

The competitive field is extensive

In the table on the previous page, we outline the competitive field for Anora in the Nordic countries. It consists of 1) global alcohol producers, who are responsible for distributing their products in the Nordic countries, 2) regional companies such as Viva Wine Group or Royal Unibrew better known as a brewery group, and 3) small local distributors. The market is more consolidated in spirits, while wines have a large number of competitors. However, the wine market is also becoming consolidated and already the five largest players are responsible for about half of the wine volume (Finland, Sweden & Norway). The list is not complete and aims only to describe the leading players in the Nordic market.

With regard to Anora's market position, we see a risk that the market of international alcohol producers consolidates further, allowing a larger proportion of the volume to come directly from producers to retail.

In terms of margins, comparison with competitors at Group level is to some extent useless, as there are no other companies like Anora that operate both in wine and spirits and both as producers and distributors. The margins of large producers are manifold (at EBIT level) compared to Anora, while pure distributors have very low margin levels. Viva Wine Group, on the other hand, is relatively comparable to Anora's Wine segment. Viva has suffered from currency changes over the past year, similar to Anora but managed to achieve better profitability than Anora's Wine segment.

Alcohol sales and advertising are restricted

The sale of alcohol is limited in all of Anora's markets with age limits. The age limits vary depending on the strength of the drinks and the channel of sale. In retail trade, the age limits vary between 16-20 years, while restaurants typically allow purchase of all alcoholic beverages at the age of 18. In monopoly markets, advertising of alcohol is also restricted in different ways.

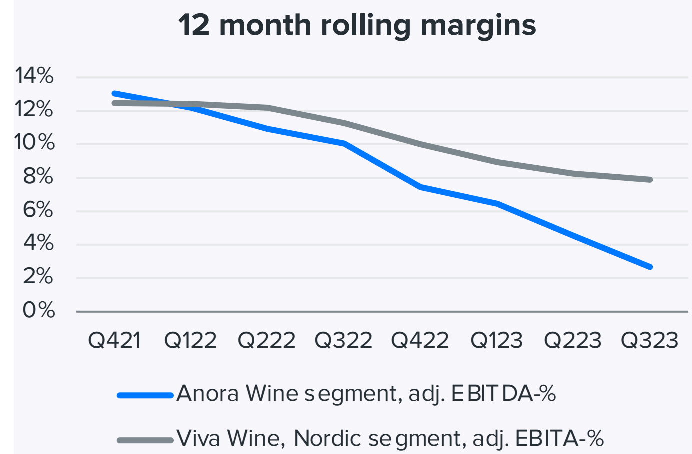
In Finland , the law prohibits advertising of all strong alcoholic beverages (over 22% by volume). Advertising of weaker alcoholic beverages than this is generally permitted. Alcohol advertising directed at young people is also prohibited.

In Sweden, alcohol advertising was completely banned in 2003, but has since been liberalized. Advertising of beverages over 15% by volume is still completely prohibited, as is directing advertising at those under the age of 25.

In Norway, all advertising of alcoholic beverages of over 2.5% by volume is explicitly prohibited.

In Denmark, alcohol advertising is more liberal. However, there too, it involves both regulatory and voluntary regulation and supervision. Advertising aimed at children under the age of 18 is prohibited.

Advertising of Anora's products is therefore possible in Denmark for all products, in Finland and Sweden for wines and in Norway only for non-alcoholic products. The presence or absence of advertising naturally affects the company and its competitors' ability to support product sales. To the extent that advertising is not possible, access to the shelf of (monopoly) stores is in itself crucial. This also highlights the role of the monopoly chains in the distribution of market shares.



Source: Anora, Viva Wine Group, Inderes

Monopoly chain	Monopoly rights
Alko (Finland)	All beverages over 5.5% by volume
Systembolaget (Sweden)	All beverages over 2.25% by volume, except for up to 3.5% beer which can also be sold in grocery stores
Vinmonopolet (Norway)	All beverages over 4.75% by volume

Source: Inderes

Industry and market overview 3/3

Distribution mainly through monopoly chains

As mentioned earlier, Anora's main sales channels are the alcohol monopoly chains in Finland, Sweden and Norway. These monopolies are the only retail outlet in these countries for wines and spirits. Denmark is a different market because there alcohol sales is less regulated.

The offering of monopoly chains is typically divided into permanent products, seasonal/temporary products and order selection. The order selection can also be a way to become part of the permanent selection if the product reaches a certain level of sales. Thus, products can also be included in the selection without a process initiated by the monopoly chain. Going forward into the permanent selection through the order selection is therefore more typical for Anora's wines than through the selection process.

The actual selection process is similar in all monopoly chains. In these processes, monopoly chains typically publish a description of what kind of product (category, age, country, taste, and price) they want. Then producers/importers like Anora submit their proposals to the monopoly chain. The selection process is slightly different in different countries, either based on the taste of the wine or it can also consider, e.g., packaging/appearance. All product samples also undergo a rigorous quality inspection.

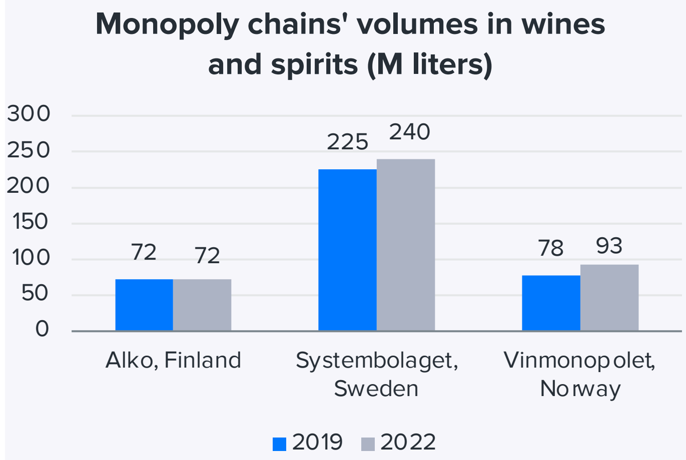
However, in our view, the choice of selection based on the monopoly chains' requirements to some extent limits Anora's ability to find and launch products on the market that interest consumers (compared to a completely free market). On the other hand, once a product is included in the selection, it remains there if certain sales volumes are exceeded, which brings stability to market positions. Monopoly chains also offer a wide range of beverages of varying quality and prices, and for example, pricing does not aim at controlling consumption. We believe that this supports Anora's margins to some extent as well.

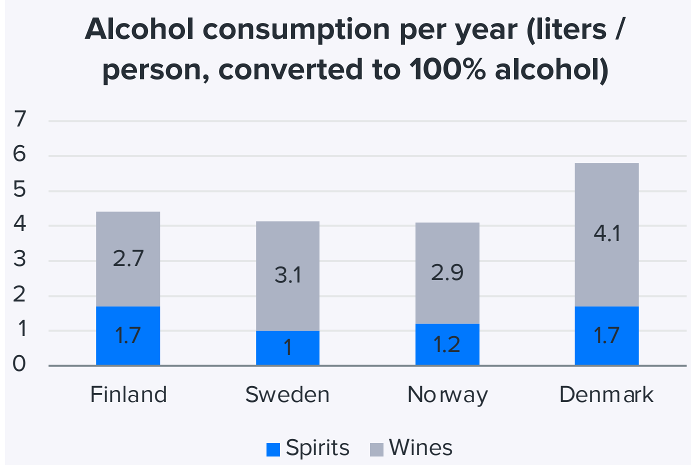
Industrial's market

The market is quite different for the Industrial segment. The main end uses of technical ethanol are techno chemicals, liquids for geothermal heat pumps and the pharmaceutical and packaging industries. The growing demand for geothermal heat pumps supports the market for technical ethanol. Anora is the market leader in the market of liquids for geothermal heat pumps in Finland under its own Naturet brand. The main competitors in this market are Aspo owned Telko and international chemical giants Ineos and Cargill.

In the case of starch, Anora cooperates closely with Finnish Chemigate and also sells directly to the brewery and food industry. In 2018, the company estimated that its market share on the Finnish starch market was around 25%. However, the price of starch is determined by the world market. The main competitors are international Cargill and Roquette.

As regards feed components, Anora has a cooperation agreement with Atria-owned A-Rehu that purchases all feed components by Anora.





Source: Nordic Alcohol market report 2020 & 2021 / monopoly chains, In

Strategy and financial targets 1/3

Anora's growth strategy extends until 2030

Anora announced its strategy for the first time since the merger of Arcus and Altia (and the acquisition of Globus Wine) in November 2022. Anora's growth strategy is based on three pillars:

- In the monopoly market (Sweden, Norway, Finland), the company aims to grow 1.5 times faster than the market, which, according to the company, means around 3% growth.
- In Denmark and the Baltic countries, the company aims to expand its operations to establish itself as a regional leader
- Internationally, the company seeks growth through "hero brands"

There are also numerical targets linked to the objectives, which are:

- Increase the share of non-monopoly market sales in the Spirits segment's revenue to 20% (around 11% last year)
- "Hero brands" to account for 30% of revenue (about 15% last year)
- Leading position in ESG

We believe it is challenging for Anora to reach faster growth than the market in the monopoly market due to its already strong market position. Anora aims to support growth by strengthening its position in all sales channels, so in addition to monopoly chains, e.g., in the retail sector, where it currently has a smallish position. Growth is also sought through investing in "hero brands" in the monopoly market. At least recently, its performance has been weaker than the market, especially in wines, due to the decline in partner sales. On the other hand, market development has also continued on a downward trend from COVID era figures, due to normalization and weak economic conditions.

In non-monopoly market sales, Anora still has a long way to go. Anora is a small player in the Baltic countries, and although the company sees potential there, especially in spirits, its impact for Anora is limited (revenue increase ~15 MEUR). More significant international growth relies more on opening new markets, where the company's recent track record is almost non-existent.

The growth strategy was overshadowed by negative factors in 2023

Anora's growth strategy and related financial targets (which we will discus on the next page) are, in our view, quite ambitious. In the year following the strategy announcement, the company's profitability declined more strongly than expected, especially due to Globus Wine and currency effect. Therefore, we believe that the company has had and will have to focus more on correcting profitability and short-term problems than on investing in longer-term growth.

However, the company has progressed in its growth targets, for example in terms of own wines. In terms of spirits, strategy implementation has also progressed, although no significant development has been made, e.g., in international expansion.

Anora's responsibility objectives

Science-based objectives:
Overall emissions reduction of 38% by 2030 and net zero emissions by 2050

Koskenkorva distillery carbon neutral by 2026 and the entire production by 2030 without carbon compensation

Share of own grain spirits produced from renewable grains raised to 30%

All Anora's packaging will be light, 100% recyclable and manufactured from certified sources or recycled materials by 2030

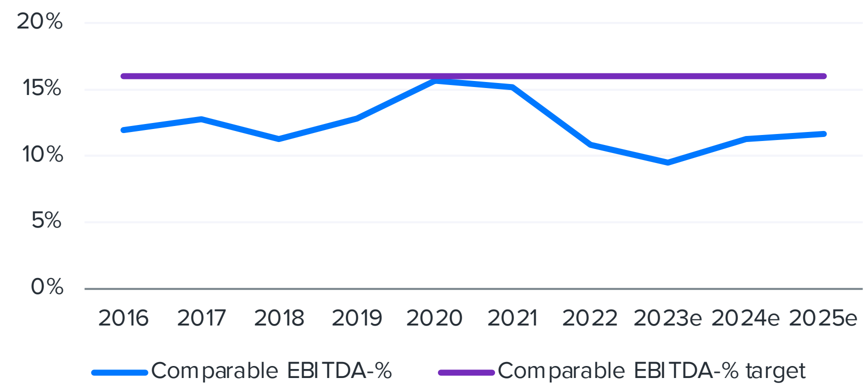
Strategy and financial targets 2/3

Financial targets for 2030 (issued in November 2022)

Annual revenue growth 3-5% (incl. acquisitions, but mainly organic)	**Adjusted EBITDA margin of 16%**	**Net debt/adjusted EBITDA below 2.5x**
• The combined revenue of Anora and Altia was practically stagnate in 2016-2020 • In 2021-22, strong demand in the COVID era and the acquisition of Globus Wine accelerated growth to 6% per year • We consider achieving the bottom end of the target challenging organically and expect growth of 0-3% in 2024-26 • Therefore, we believe that achieving this goal will require acquisitions	• Altia's and Arcus' combined EBITDA-% in 2016-19 was good 12%. In the COVID years 2020-21, it was 15-16%, but is likely to fall below 10% in 2023 • We find the target extremely challenging and forecast a margin of 11-12% • Even if Anora got closer to its target level, we believe that it will not happen until the latter part of the decade	• In summer 2022, Anora acquired Globus Wine with debt, which, together with the downward earnings trend has raised the leverage • Despite the sale of the cognac business and increased sales of trade receivables, net debt/adj. EBITDA at the end of Q3'23 was clearly above the target level of 3.5x • However, the company has a good cash flow in principle, and we expect it to achieve the target level supported by the improved earnings in 2024

Revenue growth vs. target level

EBITDA-% vs. target level



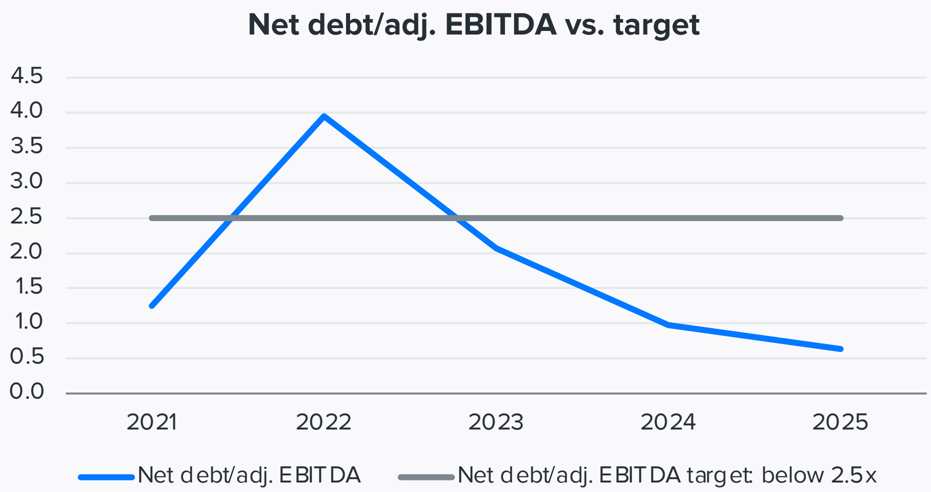
Source: Anora, Inderes

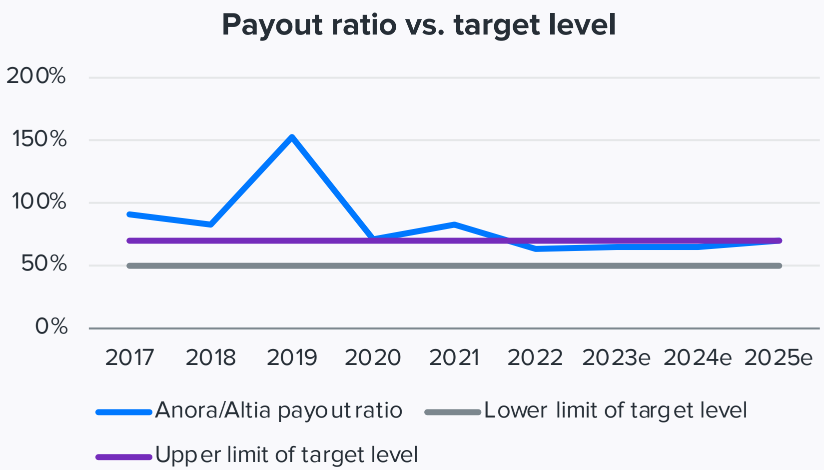
Strategy and financial targets 3/3

Dividends falling with poor performance

In addition to the targets mentioned on the previous pages, Anora aims to distribute 50-70% of the result as a dividend. Altia has historically had a higher payout ratio than this, but considering the weakish balance sheet and acquisition targets, we find the current target sensible.

Anora had to cut its dividend for last year due to clearly poor earnings, even though the payout ratio was over 80%. We also believe that this year's dividend will continue to fall as a result of the weakened result. We expect the payout ratio to be 65-70% in the next few years, i.e. at the top of the target, which means that dividends will rise with the result starting from 2024.





Historical development and economic situation 1/2

Altia and Arcus have grown through acquisitions

Altia and Arcus have both grown through acquisitions before the merger. In case of former Altia, there was a break in acquisitions after 2013 and in 2016-2020 revenue remained at the same level. Arcus managed to maintain the growth trend (about 5% CAGR in 2016-20), partly organically, partly with small acquisitions.

Starting from 2019, Anora also publishes pro forma figures for the new company. However, this does not include Globus Wine. In 2019, the combined pro forma revenue of Altia and Arcus were about 630 MEUR and remained almost at the same level in 2020. If we add Globus Wines' 2020 sales (about 70 MEUR) to this, the sales of the current structure were about 700 MEUR. For 2023, we forecast revenue to be approximately 720 MEUR. Overall, organic growth has been small over the years.

Profitability deteriorated clearly in 2022-23

Anora's profitability in its own spirits production is, in our opinion, quite good (although not published separately), but the margin is depressed by the lower-margin distribution of partner brands and industrial and logistics operations that together form the majority of the company's revenue.

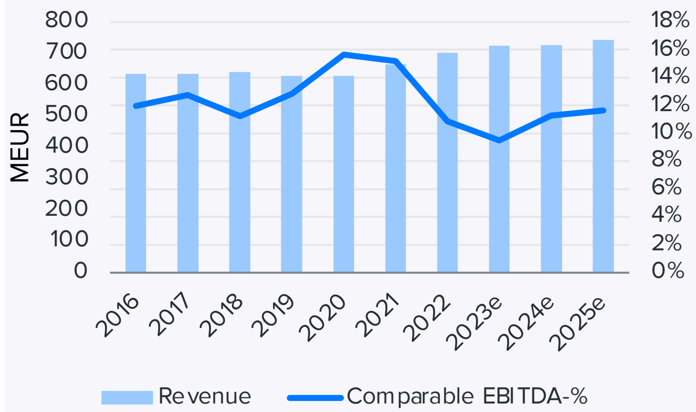
However, former Altia was able to raise its profitability from the 10% adjusted EBITDA margin in 2015 to 12.7% in 2019. Boosted by COVID, the margin rose above 15% in 2021, but we do not consider this a sustainable level. For the former Arcus, the margin varied between 11-14% before COVID and rose to 17% in 2020-21. Combined, the margin was 12.8% in 2019, which we expect to be the right starting point for estimating future years. In 2020-21, supported by the COVID demand peak, the pro forma EBITDA margin was 15-16%, while due to a decline in volume, cost inflation, negative impact of currencies and the weakness of Globus, the margin fell below 11% in 2022 and we expect a level of under 10% in 2023. After the transaction, Globus Wine's margin proved to be clearly weaker than expected, which depressed on Anora's profitability somewhat. The company is applying for insurance compensation related to the Globus acquisition.

Steady cash flow enables debt leverage

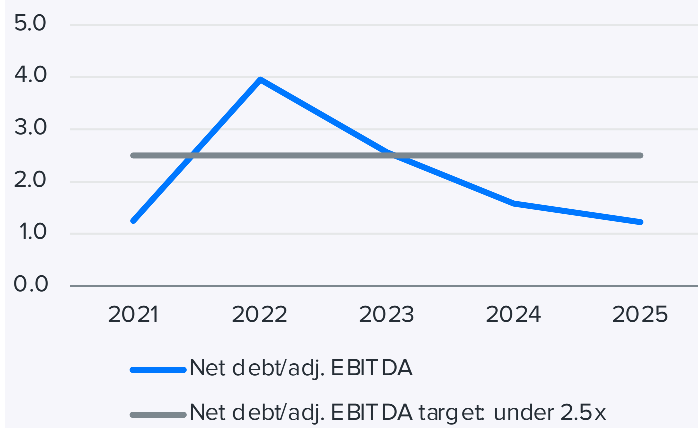
Due to the stable nature of the business, the ability to generate cash flow is also fairly stable. As growth is very moderate, growth investments are not needed in practice, so investments are replacement and improvement investments. In terms of cash flow and the balance sheet, pro forma figures are not widely available, so in this respect we do not examine historical figures.

In terms of the balance sheet, Anora's net debt/comparable EBITDA at the end of Q3'23 was 3.5x, i.e. above the company's target of "below 2.5x". The balance sheet is always at its strongest at the end of the year. However, we estimate that good cash flow will reduce debt fairly quickly and it will be at the target level next year. In the near future, however, the company's ability for acquisitions and paying dividends will be limited by an indebted balance sheet.

Anora pro forma revenue and profitability



Net debt/adj. EBITDA vs. target



Source: Anora, Inderes

Historical development and economic situation 2/2

Acquisitions have increased intangible assets

Since the company has grown significantly through acquisitions, its balance sheet contains a significant amounts of intangible assets. Goodwill and other intangible assets amount to over 500 MEUR, or good 40% of the balance sheet. The Wine segment whose profitability is weak at the moment is subject to goodwill of some 100 MEUR, where we see a write-down risk if the profitability level was to remain weak more permanently. If this was written down in full, it would be around 20% of equity and the equity ratio would still be around 30%. Thus, we do believe even a bigger write-down causing any major problems for the balance sheet. For a brand company, we feel intangible assets as such are justified.

The balance sheet contains relatively little tangible assets, about 15%. The majority of this is also right-of-use assets, i.e. leases recognized in the balance sheet, and actual tangible assets only amount to 70 MEUR. As we have pointed out, considering the company's modest organic growth profile, it has no substantial investment needs, so we do not expect tangible assets to grow.

The remainder is working capital and cash. Working capital is relatively high, with inventories above 20% and receivables at around 20% relative to sales, although the amount of receivables is significantly reduced by the sales program for trade receivables applied by Anora. On the liabilities side accounts payable are at the same level as the two combined, so in terms of net working capital, Anora's situation is close to zero or negative and therefore good. So, based on this it seems that Anora's partners/raw material suppliers finance the supply chain.

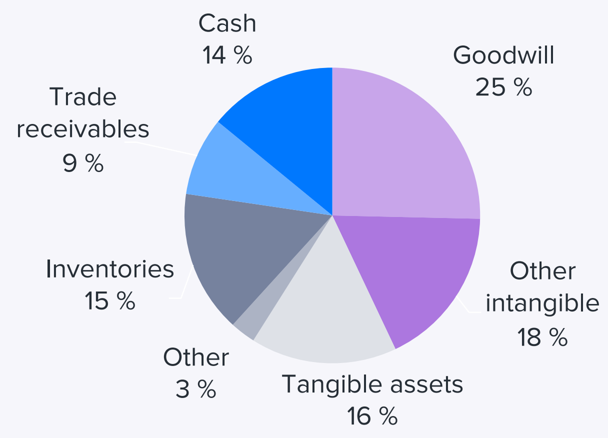
The above-mentioned accounts payable represent a large share of Anora's liabilities, around 25 %. The share capital covers approximately 40%, which is also the company's equity ratio, while interest-bearing debt is moderate relative to the balance sheet at good 20%. In this respect, we believe that the balance sheet is quite balanced and, as said, the large accounts payable support Anora's balance sheet situation.

Improving balance sheet efficiency seems difficult

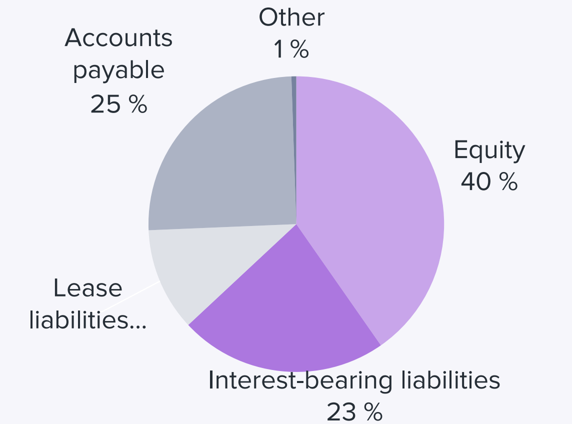
To improve the return on capital, Anora should improve profitability and/or capital revenue. Capital revenue in turn requires higher revenue with the same balance sheet or a smaller balance sheet. We have previously described Anora's modest growth potential, which means that a significant improvement in capital revenue is hardly likely.

Considering that the balance sheet contains a large amount of intangible assets and tangible assets, which are unlikely to substantially change, the only efficiency target is working capital. As indicated, inventory levels could be improved, but net working capital is already at a relatively good level considering accounts payable. Even if Anora was successful in reducing inventories, we believe the risk is that Anora's partners/suppliers would not want to support Anora's negative working capital and thus would tighten their own sales conditions. All in all, we, therefore, see only limited possibilities for improving balance sheet efficiency and thus capital revenue.

Balance sheet assets, Q3'23



Balance sheet liabilities, Q3'23



Source: Anora, Inderes

Estimates 1/4

We estimate the Group's earnings through segments' EBITDA

We model Anora based on the development of revenue and EBITDA in its three segments. Anora does not report segments at EBIT level, so we deduce it by subtracting the Group's depreciation from the EBITDA of the segments. We include already announced acquisitions in the estimates, but we do not predict possible future acquisitions.

As we pointed out previously, Anora's business is quite defensive and stable and its development is not significantly affected by the economic cycle. We believe, the most key factors for the performance of the next few years are materialization of synergies, compensating negative exchange rate impacts, and Globus Wine's performance.

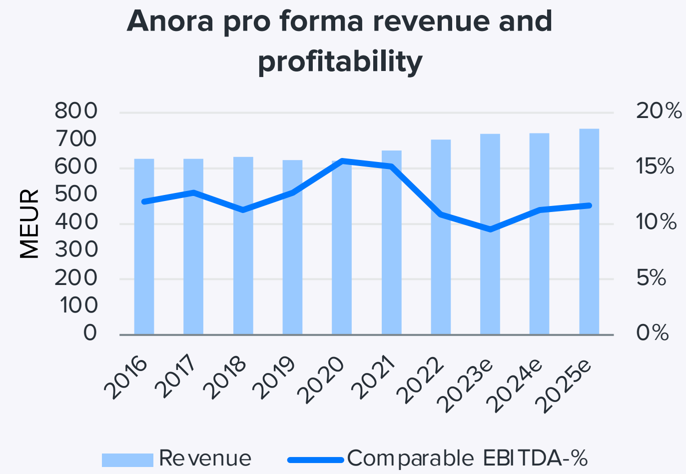
2023 result will be weak

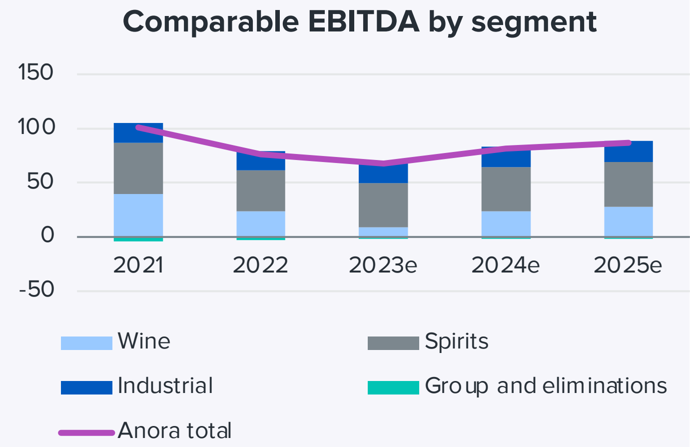
Anora has no revenue guidance. Its revenue increased by 7% in the first nine months from the comparison period, mainly due to the consolidation of Globus Wine (from beginning of Q3'22). Revenue was negatively affected by the normalization of demand (decline in monopoly sales but increase in DFTR) after COVID, the loss of a partners in the Wine segment and the weaker SEK and NOK. Revenue was, in turn, supported by price increases. For the full year, we expect 3% revenue growth.

Before Christmas, Anora lowered its guidance for the second time in 2023 and now expects adjusted EBITDA to be 66-69 MEUR. For nine months, only 41 MEUR has been accumulated and we expect 68 MEUR for the full year. The guidance requires a small improvement in the Q4 result year-on-year, which should be possible after a rather weak comparison period, including, e.g., a 3 MEUR inventory write-down in Globus Wine. The 2023 result will also be below the 2022 level of 76 MEUR, which we found weakish.

At segment level, we estimate that the drop in earnings is only generated in the Wine segment, where the result is depressed by the factors mentioned earlier, i.e. the decrease in partner sales, the FX impact and Globus' weak result. In the Spirits and Industrial segments, earnings grow slightly in our forecasts from last year.

In 2023, the adjusted EPS is expected to fall to only EUR 0.16, less than half of the EUR 0.39 seen in 2022. We expect Anora to cut its dividend to EUR 0.15 for 2023 (2022: EUR 0.22), even after halving the dividend last year.





Source: Anora, Inderes

Estimates 2/4

Earnings should recover clearly in 2024

In 2024, we forecast revenue to remain virtually unchanged, with the sales of the cognac business having a slightly negative impact on revenue. We expect adjusted EBITDA to rise clearly and reach over 80 MEUR This comes entirely from the expected recovery of the Wine segment as pricing is updated to reflect weaker exchange rates and, on the other hand, Anora launches more extensive currency hedging so currency changes should no longer hit profitability as much as in 2023. We also believe that new partnership agreements and Globus Wine will support the earnings improvement.

We expect net financial costs to fall from 2023 levels to some 15 MEUR for 2024, which supports the improvement of EPS to EUR 0.39, which is exactly the same level as in 2022. We expect this to support a dividend increase with the improving result with the payout ratio stabilizing at 60-70%.

In 2025-26 we expect normal earnings levels

In 2025-26, we expect revenue to grow by 2-3% with small market growth and growth in international business. We believe that profitability will reach somewhat of a normal level in 2025 once the ongoing efficiency measures and merger synergies are fully implemented. This means 11.5-12% for the adjusted EBITDA margin, which is close to the level of good 12% reported by the company pro forma 2016-19. We expect that Globus Wine acquired after this will generate a weaker margin also in 2025 and possibly still in 2026, which will slightly dilute the Group's margin.

The earnings and margin improvement compared to 2024 mainly comes from the Wine segment, although we see growth supporting a small earnings improvement in other segments as well. EPS will rise to EUR 0.46 in 2025.

Simplified earnings estimate for Anora

Due to the very stable business and historical performance (before COVID), Anora's earnings can, in our opinion, be simply modeled like this:

2019 pro forma EBITDA 81 MEUR

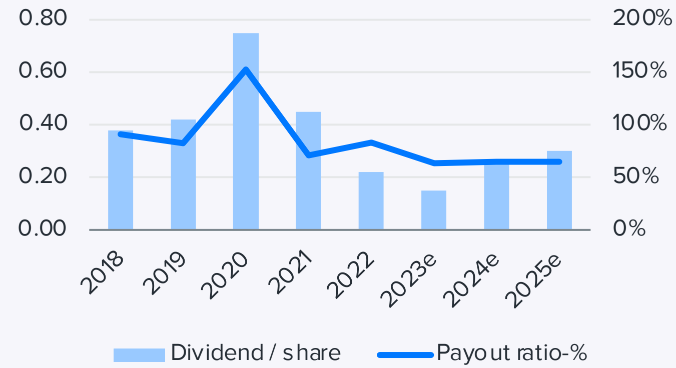
+ income gain from integration synergies (we assume 5 MEUR from 8-10 MEUR synergies)

+ Globus Wine's EBITDA 0-5 MEUR

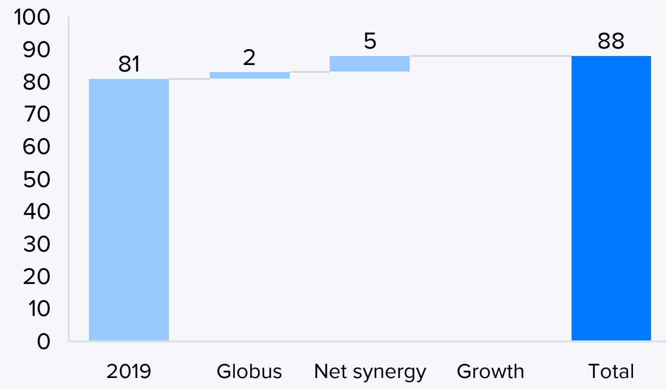
= 85-90 MEUR.

The calculation can be applied to 2024-25, when merger synergies are mainly visible and we expect current negative impacts from exchange rates to be offset by price increases. On the other hand, we estimate that bringing Globus' earnings to the target level will last take the end of 2025, so the positive impact from this is smallish in this calculation.

Dividend has decreased with earnings



Earnings components 2019 - 2025



Estimates 3/4

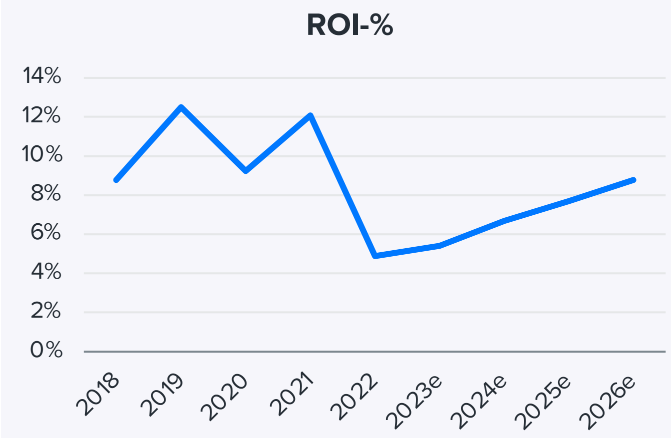
Steady cash flow is typically used mainly for dividends

Anora has released significant cash from working capital through the sale of trade receivables in 2023. It still strives to reduce inventories, which will continue in 2024. In the longer term as revenue changes are small, we believe that Anora's working capital will remain roughly at the same level.

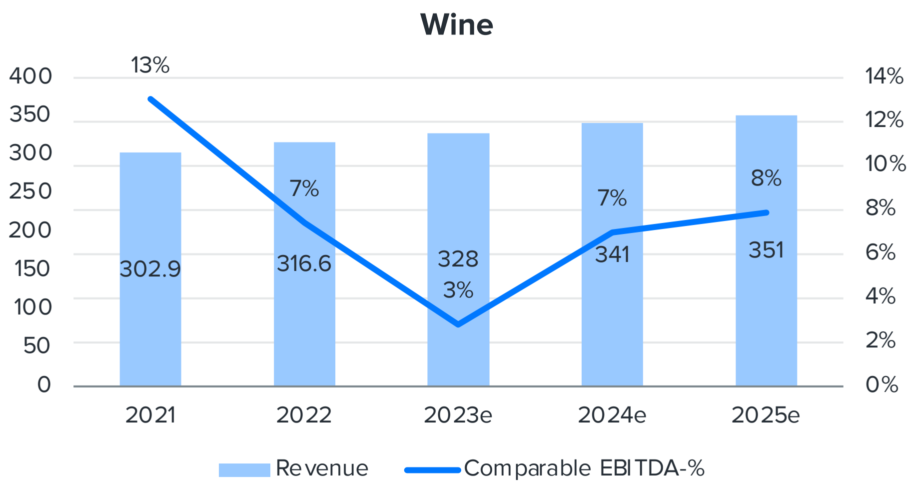
We believe typical operating cash flow to be 60-65 MEUR from 2024 onwards of which Anora spends about 25-30 MEUR on replacement investments (including lease repayments). Thus, free cash flow amounts to 30-40 MEUR. This means a free cash flow yield of 10-15% with the current share price. Of this, we estimate that 10-20 MEUR will be spent on dividend distribution in 2024-25, so there is still some money left to repay debt. After that, we expect dividends to rise to approximately 25 MEUR.

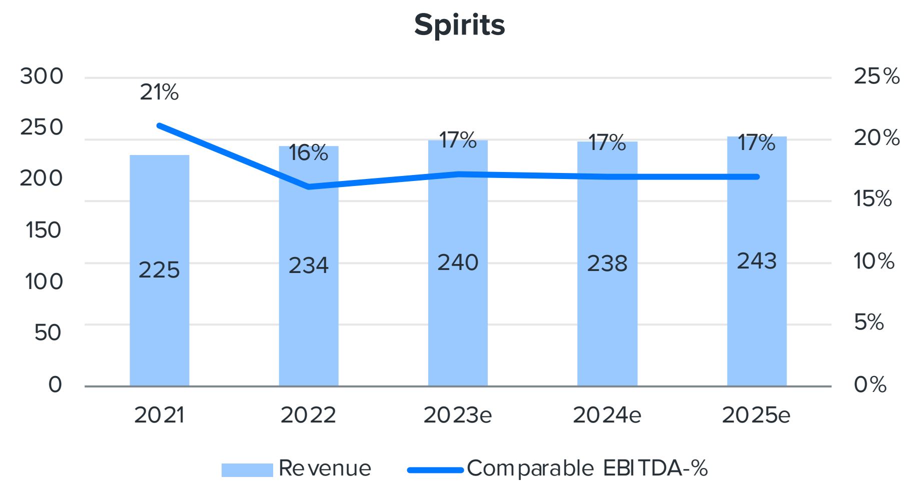
Return on capital close to the required return

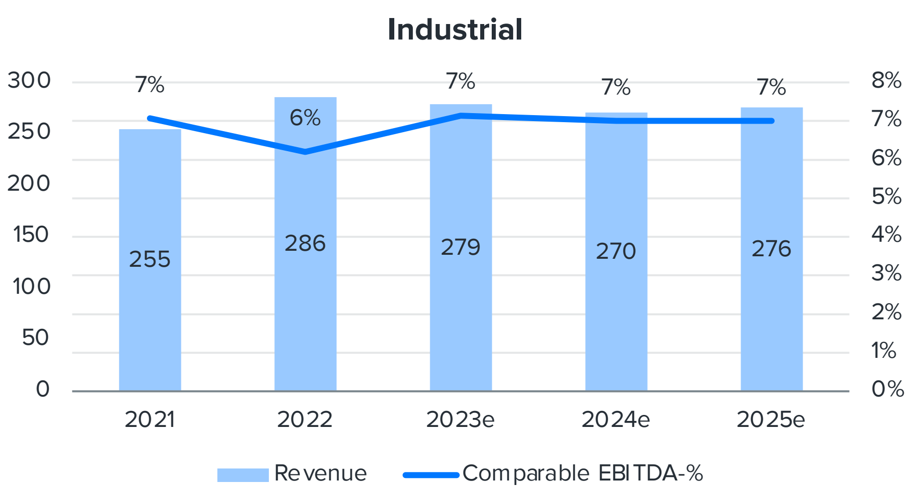
The ROCE of Anora and its predecessors Altia and Arcus, has typically been at a moderate level of 5-10%. We believe the ROCE in Anora will increase to 7-8% from 2024 onwards. This corresponds roughly to the level of the company's required return, i.e. we do not expect the company to create much financial added value. This also affects the longer-term expected return, which we will discuss in the valuation section.



Forecasts 4/4 - Division estimates







Source: Nightingale

Valuation and recommendation 1/3

Stable performance and cash flow make valuation easier

Anora's steady performance and cash flow development makes it relatively easy to use a number of conventional valuation methods. This enables the use of both the DCF model and earnings-based valuation, and also makes dividend yield predictable. For the expected return, we look at the earnings growth in coming years, the dividend level and possible changes in valuation multiples.

Valuation summary - Buy, target price EUR 5.5

Anora's expected return for the next few years consist of both a dividend yield and moderate earnings growth, as merger synergies materialize and the current headwind from raw material prices and currencies alleviates and/or is compensated for with price increases. We do not find the share's valuation level for 2023 attractive measured with earnings multiples considering the modest organic growth potential. However, looking at other valuation methods and the earnings multiples for the coming years, the overall valuation picture seems favorable.

We see the total expected return for the stock as consisting of dividend yield, earnings growth driven by improved profitability and a rise in multiples (vs. 2022 actual level, but with multiples declining from 2023 level).

Value of the DCF model slightly exceeds the current share price

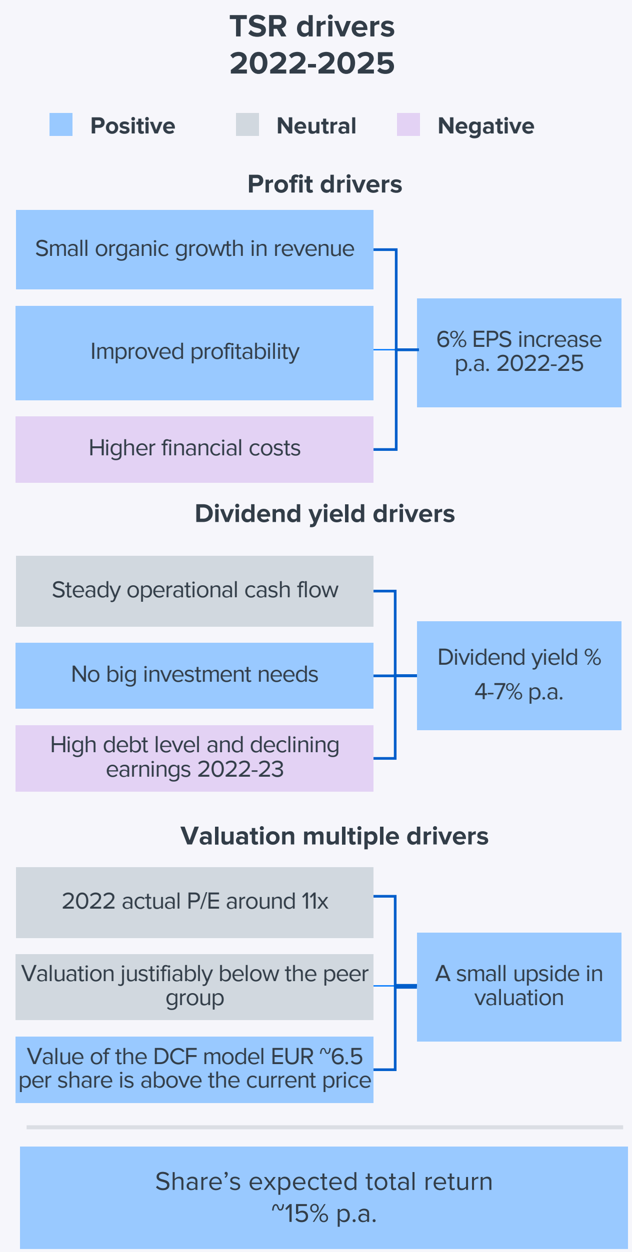
Due to the stable industry, steady growth and relatively easily predictable business, the DCF model is, in our opinion, a relevant valuation method for Anora. Our DCF model gives Anora a debt-free value of about EUR 850 million, which means that the value of the share capital is about EUR 450 million, or EUR 6.7 per share. Here we treat sold receivables as debt. However, the DCF model assumes better profitability than currently in the longer term, whose materialization naturally entails uncertainty.

After our more detailed estimate years (2022-24, discussed above), we expect only 1% revenue growth for the company from 2025 onwards. We assume the EBIT margin to be close to 7%. This means that EBIT will be 50-55 MEUR in 2025-30. Until 2030, investments will remain below the depreciation level.

Because the company's demand is even and defensive and profitability is stable, we use a relatively low 7.6 % WACC. A significant share of cash flows, around 60%, will be generated in the next 10 years.

Earnings-based valuation is slightly expensive

Anora's EV/EBIT valuation is approximately 13x with 2023 earnings. In its current form, Anora has only been operational for one year, but we find Altia's historic valuation levels relevant also to Anora, as the return on capital and growth profile are very similar. Examined like this, Altia's/Anora's average historical EV/EBIT is about 12x. Similarly, the P/E ratio for 2023 is 25x and the historical average is 12x. However, the historical ratios of former Arcus have been somewhat higher, P/E 14-18x and EV/EBIT 12-18x. In any case, earnings-based multiples for 2023 are high.



Source: Inderes

Valuation and recommendation 2/3

As regards the EV-based valuation, we note that Anora has a relatively high lease liability in its balance sheet, over EUR 100 million, relative to its value, which is not actual financial liability. On the other hand, it has off-balance-sheet sold receivables of some EUR 100 million which can be considered as debt-like assets. We have not adjusted these one way or another, but do not see the EV-based multiples as the best for Anora.

Balance sheet-based valuation looks cheap

We forecast Anora's return on capital (both on equity and total invested capital) to be around 7% in 2025-2026, but lower before that. In practice, the rate of return is slightly below our required return (8.0% for equity, 7.6% for total capital). Thus, the P/B ratio should be slightly below 1.0x. The same is true for the EV/IC ratio (i.e. enterprise value/invested capital). At the current share price, both the P/B and EV/IC ratios for 2023-2025 around 0.6x. This level is justified at current earnings levels, but we believe that medium-term return on capital levels justify figures closer to 1x. The book value per share is just over EUR 7.

Expected return good 10% in the longer term

We believe Anora has the possibility of substantially increasing its volumes within the existing production facilities. Thus, growth in the foreseeable future will not require significant factory investments and the company can use its free cash flow mainly for dividends and possible acquisitions.

Organic growth, however, ties up working capital which limits the return on capital generated by growth. The impact of growth on earnings and return on capital naturally depends on what type of products the company can grow with. However, with our current estimates, growth is rather neutral from the point of view of return on capital and hence value creation. Therefore, the company's level of return on capital is mainly determined by its profitability level.

Although the return on capital in our forecasts at best reaches the level of the required return also looking further into the future, Anora's expected return at current valuation is reasonably good also in the longer term. If Anora would distribute its entire free cash flow as dividends (some 35 MEUR) the dividend yield would be approximately 12%. In our opinion, this describes Anora's long-term annual return potential well. The return is above our required return of some 8%.

Valuation compared to the peer group

In our opinion, Anora has no direct peers, either in the Nordic countries nor internationally. We use large international alcohol producers as the peer group, among which we have chosen: Brown-Forman (USA), David Campari Milano (Italy), Diageo (UK), Pernod Ricard (France), Remy Cointreau (France) and Constellation Brands (USA). These are large international alcohol producers whose market cap is measured in billions or tens of billions. Of these, we have previously mentioned Diageo and Pernod Ricard that compete directly with Anora on the Nordic markets. As this group mainly produces alcoholic beverages themselves, their margin and return on capital are clearly higher than Anora's (Anora also has a lot of partner brand distribution).

Valuation	2023e	2024e	2025e
Share price	4.44	4.44	4.44
Number of shares, millions	67.6	67.6	67.6
Market cap	300	300	300
EV	421	360	336
P/E (adj.)	28.0	11.5	9.6
P/E	19.8	11.5	9.6
P/B	0.6	0.6	0.6
P/S	0.4	0.4	0.4
EV/Sales	0.6	0.5	0.5
EV/EBITDA	5.8	4.4	3.9
EV/EBIT (adj.)	12.4	7.5	6.3
Payout ratio (%)	67%	65%	65%
Dividend yield-%	3.4 %	5.6 %	6.8 %

Source: Inderes

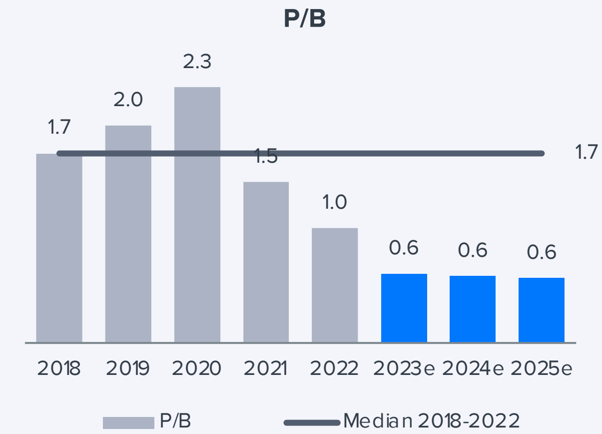
Valuation and recommendation 3/3

The more international business of the peers also enables a better growth profile. Thus, the valuation of these companies must be much higher than Anora's. We have also included the Nordic Olvi and Royal Unibrew, which are mainly breweries, in the peer group. These businesses are not, therefore, directly comparable to Anora either.

Anora's multiples are well below the average/median of the peer group with both earnings-based and balance sheet multiples, as should be. This is due to Anora's lower profitability, return on capital and growth. So we do not feel peer group comparison provides essential support to Anora's valuation.

Acquisition potential

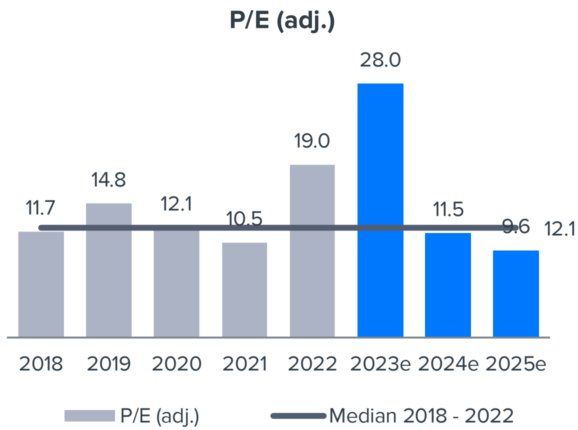
As mentioned earlier, part of Anora's strategy is acquisitions and its predecessors, Arcus and Altia, have expanded mainly through acquisitions in the Nordic countries. We do not believe in significant value creation opportunities through acquisitions, as the next natural step would be on the Central European market where cost synergies with Anora are likely to be small. The lower than expected profitability of Globus Wine, acquired in the summer of 2022, and accounting uncertainties are unlikely to encourage Anora to actively pursue new acquisitions. However, the potential insurance compensation related to the Globus transaction should also be considered in the valuation. The company's recent CEO stated that acquisitions are generally only considered when the company's own operations (profitability and balance sheet) are in order.

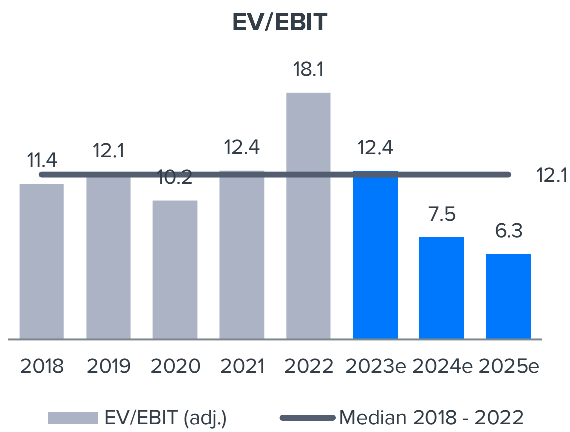


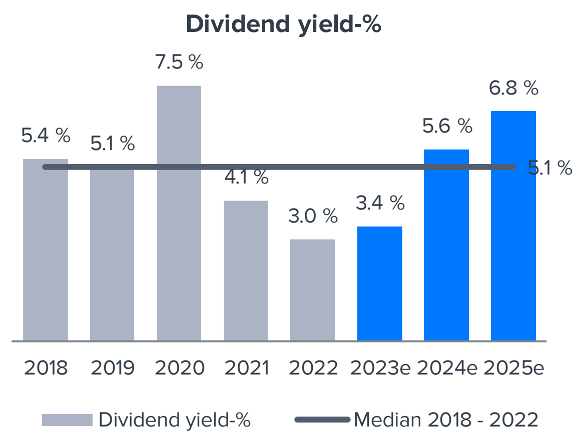
Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	7.10	8.20	9.98	10.9	7.36	**4.44**	**4.44**	**4.44**	**4.44**
Number of shares, millions	36.1	36.1	36.1	46.6	67.6	**67.6**	**67.6**	**67.6**	**67.6**
Market cap	257	296	361	736	498	**300**	**300**	**300**	**300**
EV	304	325	357	864	778	**421**	**360**	**336**	**309**
P/E (adj.)	11.7	14.8	12.1	10.5	19.0	**28.0**	**11.5**	**9.6**	**7.5**
P/E	17.0	16.1	20.3	11.9	27.7	**19.8**	**11.5**	**9.6**	**7.5**
P/B	1.7	2.0	2.3	1.5	1.0	**0.6**	**0.6**	**0.6**	**0.6**
P/S	0.7	0.8	1.1	1.1	0.7	**0.4**	**0.4**	**0.4**	**0.4**
EV/Sales	0.9	0.9	1.0	1.3	1.1	**0.6**	**0.5**	**0.5**	**0.4**
EV/EBITDA	8.9	7.6	8.9	9.1	11.5	**5.8**	**4.4**	**3.9**	**3.4**
EV/EBIT (adj.)	11.4	12.1	10.2	12.4	18.1	**12.4**	**7.5**	**6.3**	**5.2**
Payout ratio (%)	91.3 %	82.6 %	152.7 %	71.2 %	82.9 %	**66.8 %**	**64.8 %**	**64.9 %**	**70.0 %**
Dividend yield-%	5.4 %	5.1 %	7.5 %	4.1 %	3.0 %	**3.4 %**	**5.6 %**	**6.8 %**	**9.3 %**

Source: Inderes







Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**
Brown-Forman	24498	26985	21.8	21.0	20.5	19.6	6.8	6.6	27.5	26.1	1.6	1.6	7.6
Davide Campari Milano	10777	12359	17.9	15.9	15.3	13.5	3.9	3.6	22.9	20.0	0.8	0.9	3.1
Diageo	72389	91712	15.8	14.8	14.0	13.2	4.8	4.5	18.4	17.0	2.9	3.0	7.0
Pernod-Ricard	38038	49282	14.9	13.9	13.1	12.3	4.0	3.8	16.9	15.5	3.1	3.3	2.3
Remy-Cointreau	4883	5344	16.6	14.8	14.7	13.2	4.4	4.1	23.5	20.8	2.2	2.4	2.6
Constellation Brands	42463	53360	18.4	16.5	16.0	14.5	5.9	5.6	21.4	19.0	1.4	1.5	4.7
Olvi	613	592	8.9	8.2	6.5	6.1	0.9	0.9	11.8	10.8	4.5	4.7	2.0
Royal Unibrew	3006	3872	14.9	13.4	11.1	10.2	2.0	1.9	16.5	14.2	3.4	3.9	3.6
Anora (Inderes)	**300**	**421**	**12.4**	**7.5**	**5.8**	**4.4**	**0.6**	**0.5**	**28.0**	**11.5**	**3.4**	**5.6**	**0.6**
Average			**16.2**	**14.8**	**13.9**	**12.8**	**4.1**	**3.9**	**19.9**	**17.9**	**2.5**	**2.7**	**4.1**
Median			**16.2**	**14.8**	**14.4**	**13.2**	**4.2**	**4.0**	**19.9**	**18.0**	**2.5**	**2.7**	**3.3**
Diff-% to median			***-24%***	***-49%***	***-59%***	***-67%***	***-86%***	***-87%***	***40%***	***-36%***	***34%***	***107%***	***-81%***

Source: Refinitiv / Inderes

Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
Revenue	**665**	**133**	**166**	**182**	**222**	**703**	**160**	**183**	**173**	**208**	**723**	**726**	**744**	**758**
Wine	303	53.2	70.4	85.1	108	317	73.3	81.6	78.0	95.0	328	341	351	358
Spirits	225	44.9	59.5	57.1	72.3	234	48.9	58.4	57.2	75.0	240	238	243	248
Industrial	255	60.8	67.5	78.5	78.7	286	67.5	70.3	71.0	70.0	279	270	276	281
Group and eliminations	-117.5	-25.5	-31.6	-38.8	-37.2	-133.2	-30.2	-27.6	-33.2	-32.0	-123	-124	-127	-129
EBITDA	**95.2**	**11.9**	**15.4**	**21.7**	**18.9**	**67.9**	**6.9**	**10.0**	**28.9**	**26.5**	**72.2**	**81.7**	**86.7**	**90.6**
Depreciation	-31.2	-7.8	-7.8	-9.0	-8.6	-33.2	-8.6	-8.3	-8.4	-8.4	-33.7	-33.6	-33.1	-31.8
EBIT (excl. NRI)	**69.8**	**5.2**	**11.2**	**14.3**	**12.3**	**42.9**	**-0.7**	**4.9**	**11.8**	**18.1**	**34.1**	**48.1**	**53.7**	**58.8**
EBIT	**64.0**	**4.1**	**7.6**	**12.8**	**10.3**	**34.7**	**-1.7**	**1.7**	**20.5**	**18.1**	**38.5**	**48.1**	**53.7**	**58.8**
Wine (EBITDA)	39.5	3.1	4.6	9.0	6.9	23.5	1.2	-1.3	2.3	7.0	9.2	23.9	27.8	30.5
Spirits (EBITDA)	47.5	8.1	9.0	9.2	11.5	37.8	5.8	7.6	11.8	15.0	40.2	40.5	41.3	42.1
Industrial (EBITDA)	18.1	3.3	4.1	5.5	4.8	17.7	2.5	5.9	6.0	5.5	19.9	18.9	19.3	19.7
Group and eliminations	-4.0	-1.4	1.2	-0.4	-2.2	-2.8	-1.6	0.8	0.2	-1.0	-1.6	-1.6	-1.6	-1.7
Share of profits in assoc. compan.	1.6	0.9	0.0	-0.4	0.1	0.6	1.1	0.0	-0.2	0.3	1.2	1.0	1.0	1.5
Net financial items	-11.1	-2.4	-2.3	-2.9	-4.4	-11.9	-5.3	-6.3	-5.8	-4.5	-21.9	-16.0	-15.0	-10.0
PTP	**54.5**	**2.6**	**5.4**	**9.5**	**5.9**	**23.4**	**-5.9**	**-4.7**	**14.5**	**13.9**	**17.8**	**33.1**	**39.7**	**50.3**
Taxes	-11.4	-0.6	-1.0	-1.5	-2.2	-5.3	0.3	0.6	-0.4	-2.8	-2.3	-6.7	-8.1	-10.3
Minority interest	-0.4	-0.1	0.0	0.0	-0.1	-0.2	0.0	0.0	0.0	-0.1	-0.1	-0.3	-0.3	-0.3
Net earnings	**42.7**	**1.9**	**4.4**	**8.0**	**3.6**	**17.9**	**-5.6**	**-4.1**	**14.1**	**11.0**	**15.4**	**26.1**	**31.2**	**39.8**
EPS (adj.)	**1.04**	**0.04**	**0.12**	**0.14**	**0.08**	**0.39**	**-0.07**	**-0.01**	**0.08**	**0.16**	**0.16**	**0.39**	**0.46**	**0.59**
EPS (rep.)	**0.92**	**0.03**	**0.06**	**0.12**	**0.05**	**0.27**	**-0.08**	**-0.06**	**0.21**	**0.16**	**0.23**	**0.39**	**0.46**	**0.59**

Key figures	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	94.2 %	-0.5 %	3.5 %	10.1 %	7.8 %	5.7 %	19.5 %	10.3 %	-4.9 %	-6.1 %	2.9 %	0.3 %	2.5 %	2.0 %
Adjusted EBIT growth-%	99.3 %	-41.1 %	-28.9 %	-36.0 %	-46.5 %	-38.5 %	-112.5 %	-56.8 %	-17.7 %	47.6 %	-20.7 %	41.4 %	11.5 %	9.6 %
EBITDA-%	14.3 %	8.9 %	9.3 %	11.9 %	8.5 %	9.7 %	4.3 %	5.4 %	16.7 %	12.7 %	10.0 %	11.3 %	11.7 %	11.9 %
Adjusted EBIT-%	10.5 %	3.9 %	6.8 %	7.8 %	5.5 %	6.1 %	-0.4 %	2.7 %	6.8 %	8.7 %	4.7 %	6.6 %	7.2 %	7.8 %
Net earnings-%	6.4 %	1.4 %	2.6 %	4.4 %	1.6 %	2.6 %	-3.5 %	-2.2 %	8.1 %	5.3 %	2.1 %	3.6 %	4.2 %	5.2 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	**692**	**772**	**753**	**745**	**738**
Goodwill	278	311	311	311	311
Intangible assets	197	226	226	226	226
Tangible assets	197	214	192	184	177
Associated companies	16.3	20.7	20.7	20.7	20.7
Other investments	0.7	0.7	1.0	1.0	1.0
Other non-current assets	0.1	0.0	0.0	0.0	0.0
Deferred tax assets	3.1	0.6	3.0	3.0	3.0
Current assets	**542**	**529**	**459**	**499**	**429**
Inventories	140	186	166	145	149
Other current assets	0.2	4.1	4.1	4.1	4.1
Receivables	233	248	108	109	112
Cash and equivalents	169	91.4	180	241	165
Balance sheet total	**1233**	**1301**	**1212**	**1244**	**1167**

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	**508**	**482**	**482**	**498**	**513**
Share capital	61.5	61.5	61.5	61.5	61.5
Retained earnings	122	111	111	127	141
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	324	309	309	309	309
Minorities	0.9	0.9	1.1	1.3	1.5
Non-current liabilities	**310**	**409**	**360**	**360**	**260**
Deferred tax liabilities	48.4	57.3	57.3	57.3	57.3
Provisions	3.0	2.7	2.7	2.7	2.7
Interest bearing debt	257	348	300	300	200
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	1.7	0.6	0.0	0.0	0.0
Current liabilities	**415**	**411**	**370**	**386**	**395**
Interest bearing debt	38.1	43.9	20.0	20.0	20.0
Payables	374	364	347	363	372
Other current liabilities	2.8	2.8	2.8	2.8	2.8
Balance sheet total	**1233**	**1301**	**1212**	**1244**	**1167**

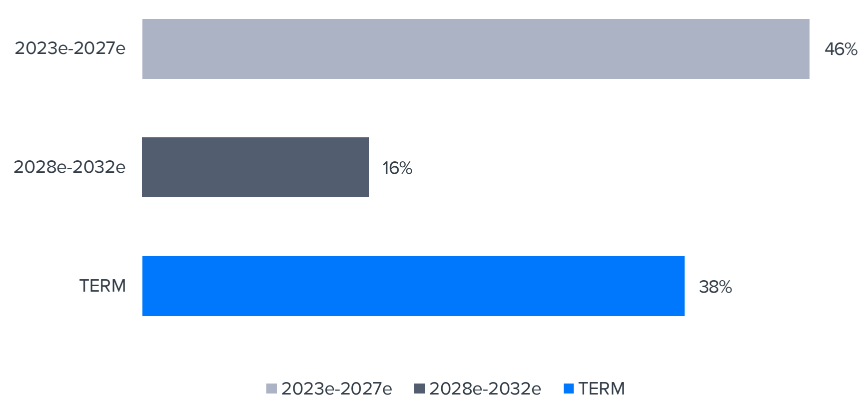
DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	5.7 %	2.9 %	0.3 %	2.5 %	2.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
EBIT-%	4.9 %	5.3 %	6.6 %	7.2 %	7.8 %	6.8 %	6.8 %	6.8 %	6.8 %	6.8 %	6.8 %	6.8 %
EBIT (operating profit)	**34.7**	**38.5**	**48.1**	**53.7**	**58.8**	**52.1**	**52.6**	**53.1**	**53.7**	**54.2**	**54.7**	
+ Depreciation	33.2	33.6	33.6	33.1	31.8	30.9	30.2	29.7	29.4	29.1	28.7	
- Paid taxes	6.1	-4.7	-6.7	-8.1	-10.3	-9.2	-9.3	-9.4	-9.5	-9.7	-8.7	
- Tax, financial expenses	-4.1	-3.7	-4.4	-4.2	-3.2	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	
+ Tax, financial income	1.3	0.7	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	0.0	
- Change in working capital	-75.4	142	36.5	2.7	2.2	1.1	1.1	1.2	1.2	1.2	1.2	
Operating cash flow	**-4.1**	**206**	**108**	**78.2**	**80.5**	**73.1**	**72.9**	**72.9**	**73.0**	**73.1**	**73.1**	
+ Change in other long-term liabilities	-1.4	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-111.7	-12.3	-25.5	-26.0	-26.5	-27.1	-27.6	-28.2	-27.7	-27.8	-32.6	
Free operating cash flow	**-117.2**	**193**	**82.6**	**52.2**	**54.0**	**46.1**	**45.3**	**44.7**	**45.3**	**45.3**	**40.6**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-117.2	193	82.6	52.2	54.0	46.1	45.3	44.7	45.3	45.3	40.6	618
Discounted FCFF		**194**	**77.0**	**45.1**	**43.4**	**34.4**	**31.4**	**28.8**	**27.1**	**25.2**	**21.0**	**320**
Sum of FCFF present value		847	653	576	531	488	453	422	393	366	341	320
Enterprise value DCF		**847**										
- Interest bearing debt		-489										
+ Cash and cash equivalents		91.4										
-Minorities		-0.7										
-Dividend/capital return		-14.9										
Equity value DCF		**454**										
Equity value DCF per share		**6.7**										

WACC	
Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E)	10.0 %
Cost of debt	5.5 %
Equity Beta	1.00
Market risk premium	4.75%
Liquidity premium	0.75%
Risk free interest rate	2.5 %
Cost of equity	**8.0 %**
Weighted average cost of capital (WACC)	**7.6 %**

Source: Inderes

Cash flow distribution



Summary

Income statement	2020	2021	2022	2023e	2024e
Revenue	342.4	665.0	702.7	**723.3**	**725.7**
EBITDA	40.3	95.2	67.9	**72.1**	**81.7**
EBIT	22.9	64.0	34.7	**38.5**	**48.1**
PTP	21.3	54.5	23.4	**17.7**	**33.1**
Net Income	17.8	42.7	17.9	**15.2**	**26.1**
Extraordinary items	-12.1	-5.8	-8.2	**4.5**	**0.0**

Per share data	2020	2021	2022	2023e	2024e
EPS (reported)	0.49	0.92	0.27	**0.22**	**0.39**
EPS (adj.)	0.83	1.04	0.39	**0.16**	**0.39**
OCF / share	1.77	2.21	-0.06	**3.05**	**1.60**
FCF / share	1.43	-9.11	-1.73	**2.86**	**1.22**
Book value / share	4.32	10.88	7.11	**7.12**	**7.35**
Dividend / share	0.75	0.45	0.22	**0.15**	**0.25**

Balance sheet	2020	2021	2022	2023e	2024e
Balance sheet total	455.5	1233.3	1301.3	**1212.1**	**1243.9**
Equity capital	156.3	507.9	481.6	**482.1**	**498.3**
Goodwill	81.4	277.8	310.5	**310.5**	**310.5**
Net debt	-3.8	126.1	300.9	**140.1**	**79.3**

Growth and profitability	2020	2021	2022	2023e	2024e
Revenue growth-%	-5%	94%	6%	**3%**	**0%**
EBITDA growth-%	-6%	136%	-29%	**6%**	**13%**
EBIT (adj.) growth-%	31%	99%	-38%	**-21%**	**41%**
EPS (adj.) growth-%	49%	26%	-63%	**-59%**	**143%**
EBITDA-%	11.8 %	14.3 %	9.7 %	**10.0 %**	**11.3 %**
EBIT (adj.)-%	10.2 %	10.5 %	6.1 %	**4.7 %**	**6.6 %**
EBIT-%	6.7 %	9.6 %	4.9 %	**5.3 %**	**6.6 %**
ROE-%	11.5 %	12.9 %	3.6 %	**3.2 %**	**5.3 %**
ROI-%	9.2 %	12.1 %	4.9 %	**5.3 %**	**6.7 %**
Equity ratio	34.3 %	41.2 %	37.0 %	**39.8 %**	**40.1 %**
Gearing	-2.4 %	24.8 %	62.5 %	**29.1 %**	**15.9 %**

Cash flow	2020	2021	2022	2023e	2024e
EBITDA	40.3	95.2	67.9	**72.1**	**81.7**
Change in working capital	24.2	-10.8	-75.4	**141.9**	**36.5**
Operating cash flow	64.0	102.9	-4.1	**206.3**	**108.1**
CAPEX	-12.0	-530.9	-111.7	**-12.3**	**-25.5**
Free cash flow	51.7	-424.4	-117.2	**193.4**	**82.6**

Valuation multiples	2020	2021	2022	2023e	2024e
EV/S	1.0	1.3	1.1	**0.6**	**0.5**
EV/EBITDA (adj.)	8.9	9.1	11.5	**5.8**	**4.4**
EV/EBIT (adj.)	10.2	12.4	18.1	**12.4**	**7.5**
P/E (adj.)	12.1	10.5	19.0	**28.0**	**11.5**
P/B	2.3	1.5	1.0	**0.6**	**0.6**
Dividend-%	7.5 %	4.1 %	3.0 %	**3.4 %**	**5.6 %**

Source: Inderes

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Sell The 12-month risk-adjusted expected shareholder return of the share is very weak

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Date	Recommendation	Target	Share price
9/27/2022	Reduce	7.50 €	7.05 €
11/24/2022	Reduce	7.50 €	7.40 €
3/1/2023	Reduce	6.80 €	6.45 €
3/29/2023	Accumulate	6.20 €	5.19 €
5/12/2023	Accumulate	6.20 €	5.26 €
7/26/2023	Accumulate	5.50 €	4.80 €
8/16/2023	Accumulate	4.70 €	4.30 €
8/28/2023	Accumulate	5.00 €	4.46 €
9/7/2023	Buy	5.50 €	4.74 €
11/10/2023	Buy	5.50 €	4.44 €
1/12/2024	Buy	5.50 €	4.44 €

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