ANORA

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INDERES CORPORATE CUSTOMER

EXTENSIVE REPORT

Cash flow supports, creating growth a challenge

We expect Anora's earnings to improve gradually in the coming years, but its return on capital and growth outlook are sluggish. We reiterate our Accumulate recommendation and raise our target price to EUR 3.5 (previously 3.3) supported by the value of the DCF model.

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 the largest player in the Nordic market for both wines and spirits. The company has both own brands and partner brands that it distributes. The company has strong expertise and a good market share in the alcohol monopoly chains in Finland, Sweden and Norway.

We find the 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 faster in the international markets with its top brands. However, current market forecasts expect practically zero growth in the Nordics, and with an already strong market position, we see it as difficult to win significant market share in monopoly markets, and there are no clear signs of accelerating international growth. 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 a challenging goal and do not expect Anora to achieve it organically. 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 10-11%. The company changed its CEO a month ago, when Kirsi Puntila, who previously headed the Spirits segment, took over as CEO of the entire Group, replacing Jacek Pastuszka, who had been in charge of the company for only 1.5 years. We believe the company will evaluate its strategy and targets this year following the change in management.

Earnings improvement expected but value creation is difficult

Anora's guidance for this year is an adjusted EBITDA of 70-75 MEUR. Anora expects market volumes to remain relatively unchanged, but assumes it will win market shares. We see Anora's assumptions as somewhat optimistic. At the beginning of the year, market volumes have continued to decline. We also note that Anora has had to lower its guidance in the last two years as market developments have surprised negatively, and we see a cut in guidance as a risk for this year as well. Our adjusted EBITDA estimate is at the bottom end of the guidance at 70 MEUR. We made no forecast revisions on an annual level in this report but lowered our Q1 estimates slightly. While we believe Anora can improve its profitability in the coming years we don't see it reaching a significantly higher earnings level than currently. This is partly due to the sluggish growth outlook for the alcohol market (and the risk of further market decline) and, in our view, the company's limited ability to significantly reduce its costs. We expect that Anora's returns on capital will remain at approximately the level of our required return in the coming years, so we do not expect the company to create value.

Cash flow and dividend provide a sufficient expected return

Anora's 2025 P/E ~11x is in line with our acceptable multiples. Anora's expected return at the current valuation is higher than our required return, supported by dividend and earnings growth. Dividend plays a significant role and it alone reaches close to our required return. However, a modest growth profile and return on capital weaken the risk/reward ratio. Our DCF model indicates a value of EUR 3.6 per share.

Recommendation
Accumulate
(was Accumulate)

Target price:
EUR 3.50
(was EUR 3.30)

Share price:
3.32

Business risk
●●○○○

Valuation risk
●●○○○

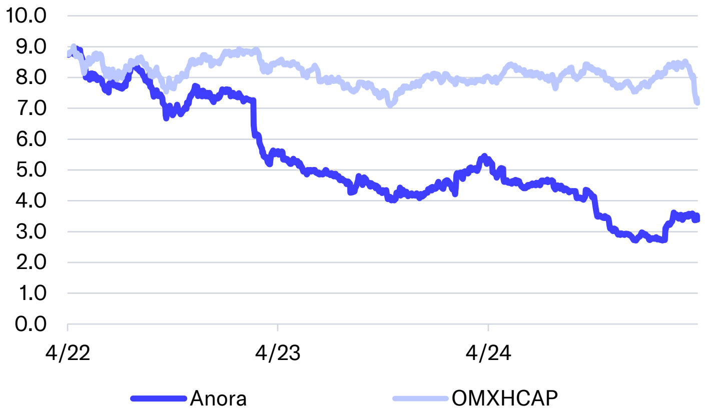
	2024	2025e	2026e	2027e
Revenue	692.0	688.0	701.8	708.6
growth-%	-5%	-1%	2%	1%
EBITDA (oik.)	69.0	70.0	74.6	75.7
EBITDA-% (oik.)	10.0 %	10.2 %	10.6 %	10.7 %
Net Income	10.5	20.2	26.3	28.4
EPS (adj.)	0.27	0.30	0.39	0.42
P/E (adj.)	10.4	11.1	8.5	7.9
P/B	0.5	0.6	0.5	0.5
Dividend yield-%	7.9 %	6.6 %	7.5 %	7.5 %
EV/EBIT (adj.)	7.1	7.6	6.5	6.1
EV/EBITDA	4.9	4.8	4.3	4.1
EV/S	0.4	0.5	0.5	0.4

Source: Inderes

Guidance (Unchanged)

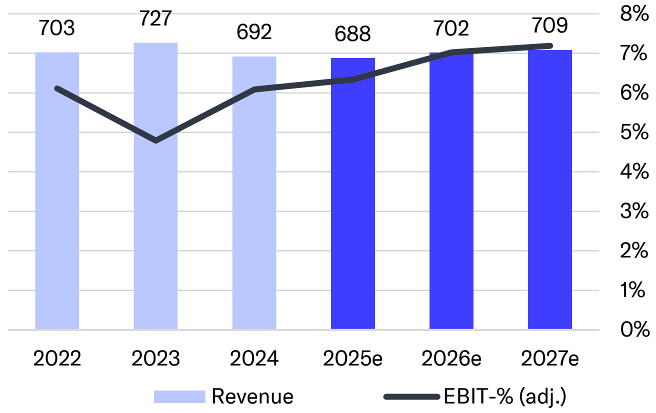
In 2025, Anora's comparable EBITDA is expected to be 70-75 MEUR (2024: 68.9 MEUR).

Share price



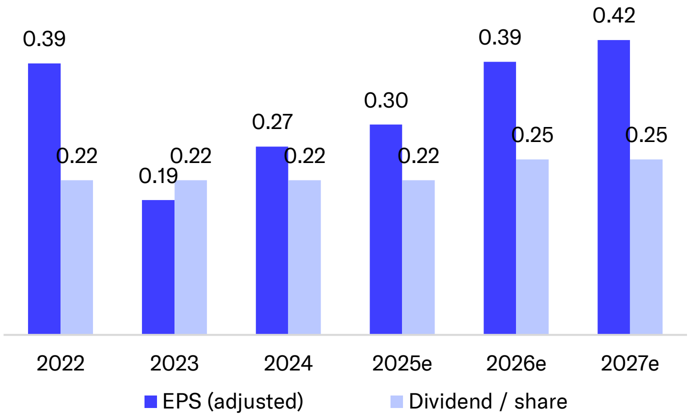
Source: Millistream Market Data AB

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 affect earnings
- Anora will continue to seek acquisitions, which involves risks related to the price and integration

Valuation	2025e	2026e	2027e
Share price	3.32	3.32	3.32
Number of shares, millions	67.6	67.6	67.6
Market cap	224	224	224
EV	333	320	309
P/E (adj.)	11.1	8.5	7.9
P/E	11.1	8.5	7.9
P/B	0.6	0.5	0.5
P/S	0.3	0.3	0.3
EV/Sales	0.5	0.5	0.4
EV/EBITDA	4.8	4.3	4.1
EV/EBIT (adj.)	7.6	6.5	6.1
Payout ratio (%)	73%	64%	60%
Dividend yield-%	6.6 %	7.5 %	7.5 %

Source: Inderes

Contents

Anora in brief

Anora is the leading producer/distributor of wines and spirits in the Nordic countries. Anora was born in the fall of 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

Years of establishment of Anora's predecessors in Finland / Norway

9/2021

Altia and Arcus merged into Anora

MEUR 692

Revenue 2024

69 MEUR (10.0%)

Comparable EBITDA 2024

#1

Market position in the Nordic wine & spirits market

1,211

Personnel at the end of 2024

1888s to the 1990s

Anora's predecessors belonged to state-owned alcohol companies that also handled retail sales until the 1990s when EEA (European Economic Area) rules demanded the dismantling of alcohol production, wholesale and foreign trade monopolies

Late 1990s to 2016

Alcohol production (Altia) and retail sales (Alko) were separated in Finland in 1999

Correspondingly in Norway, Arcus was established in 1996 and Vinmonopolet continued with retail sales

Both Arcus and Altia expanded internationally

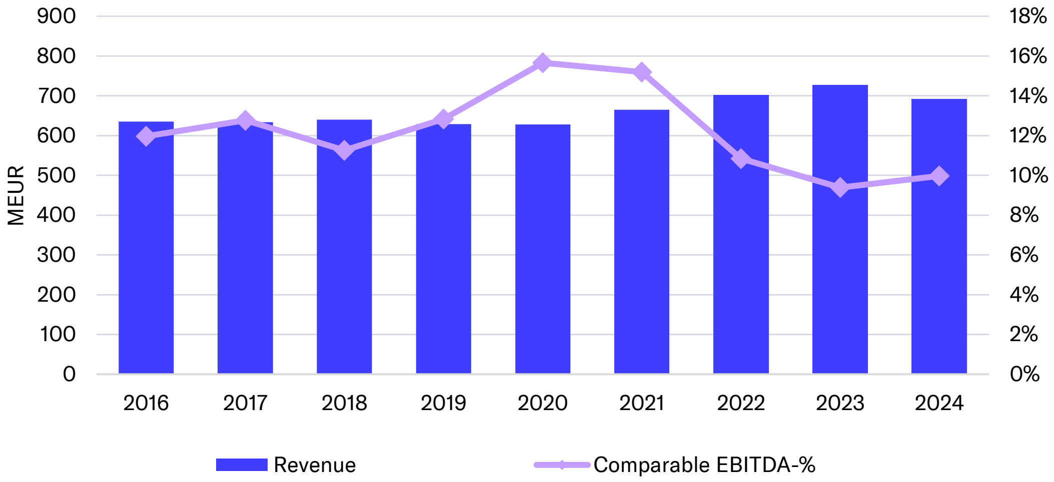
2016 -

Arcus was listed on the stock exchange at the end of 2016 and Altia in 2018

The merger of Arcus and Altia took place in September 2021 – the new company was named Anora

In June 2022, Anora acquired the Danish company Globus wine

Anora's revenue and profitability



Source: Anora

Company description and business model 1/8

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

Anora was formed in 2021 when the Finnish Altia and Norwegian Arcus merged. Both companies had previously operated as producers, importers and distributors of alcohol. Anora's predecessors had also expanded through acquisitions and Anora is now the largest player in the Nordic market for both wines and spirits. The company has both own brands and partner brands that it distributes. Anora's competitive advantage consists of the attractiveness of its own brands compared to competitors and its strong position in the Nordic countries, which makes it an attractive distribution partner. Anora acquired the Danish Globus Wine in June 2022. For earlier years, we mainly use pro forma figures that consider the merger of Altia and Arcus, but Globus only from the time it was acquired.

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

Geographically, Anora is the market leader in both wines and spirits in Norway. In Finland, the company has fallen to second place in wines in recent years, but it is the largest in spirits. In Sweden, the company is also number one in spirits but has already fallen to third place in wines. In Denmark, the company ranks second in spirits and first in wines. In addition to these markets, Anora has exports to nearly 30 countries but the overall market shares there are small.

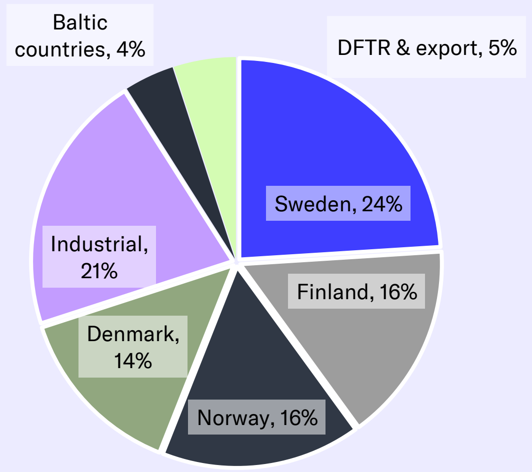
Since 2022, Anora has been organized into three segments: Wine, Spirits and Industrial. We will discuss these segments in detail later in this report.

Distribution mainly through monopoly chains

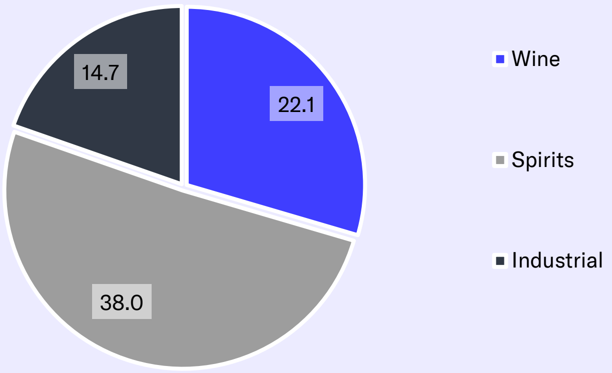
Anora's main sales channel is the state-owned alcohol monopoly stores, which accounted for 47% of sales in 2024. In Finland, Sweden and Norway, legislation restricts the sale of wines and spirits mainly to monopoly chains, which include Alko in Finland, Systembolaget in Sweden and Vinmonopolet in Norway. These accounted for about 60% of the revenue of beverages (excluding the Industrial segment) in 2024. There is no monopoly chain in Denmark, so sales are mainly directed to retail trade, in addition to which there are also sales to restaurants, travel retail and duty free (DFTR), and exports. Anora's market share is higher in the monopoly channels than in other channels, which supported Anora's sales and profitability in 2020-2021, when sales of monopoly chains increased due to the COVID pandemic.

Price increases in monopoly chains are typically possible twice a year, in Norway three times. This slowness in pricing caused significant headwinds from the end of 2022 to the end of 2023, as cost inflation and the weakening of SEK and NOK increased costs. At present, the company hedges its currency risk better, which should smooth out gross margin development. In DFTR, prices are typically updated only once a year. The pricing interval for Industrial operations varies.

Sales by region 2024



Comparable EBITDA by segment 2024



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 2024
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	Wongraven, Falling Feather, Il Capolavoro, Chill Out	Xavier, Champagne Bollinger, Penfolds, Codorníu	47%*
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	Koskenkorva, Linie Aquavit	Larsen Cognac, Underberg, Jose Cuervo	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			17%
Logistics	▪ Logistics company Vectura in Norway that also transports non-Anora products to customers			4%
Other beverages	▪ For example, non-alcoholic products	Blossa Glögg	S.Pellegrino, ISH	< 2%*

Source: Anora, Inderes' estimate All figures for 2024 revenue *Revenue for the Wines and Spirits segments, including products in the "other beverages" category. Share of other beverages is Inderes' estimate.

Company description and business model 3/8

Barley is the most important raw material

Anora produces its own spirits mainly from raw materials itself, while wines are sourced from wine-producing regions and are usually packaged or bottled in Anora's plants. Thus, the direct raw material risk is directed at spirits production where barley used in Finland is the most important single raw material. In 2023 and 2024, Anora used some 170 million kilos of barley annually, i.e. about 15% of the Finnish barley harvest and over 30% of the barley sold in Finland. The barley is obtained either directly from farmers or from grain dealers.

The price of barley is usually determined by the quantity and quality of the harvest collected in the fall but is also affected by the market price that reacts to global movements in the financial and commodity markets. At the end of 2021 and in 2022, the price of barley was exceptionally high due to poor harvests and availability problems caused by the war in Ukraine. Since then, the price has fallen clearly, although it is still at the top of the range of previous years. 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. Higher barley prices can be passed on to sales prices, but not necessarily in full, and there is also a delay. Other important raw materials in terms of costs are, e.g., bottles, boxes and packaging materials.

Production in six own plants

Anora has a total of six plants located in Finland, Norway, Denmark, and Estonia. The most important of these are two factories in Finland, Gjelleråsen in Norway and Koge in Denmark, which focuses on wines. Their efficiency is central to the company, and potential problems at these plants could clearly be reflected in the company's performance. In particular, the production of Norwegian and Finnish plants that produce local spirits brands is difficult to move elsewhere, as they must be made from local raw materials in those countries. The production plants are presented on the following page.

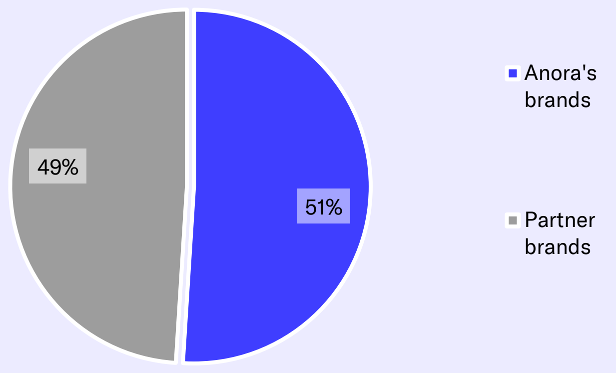
Investment needs are small

Anora's investment needs are limited because Anora's growth is slow or non-existent, about half of its beverage revenue comes from partner brands, and production in its wine brands is limited to bottling. However, the plants require a certain amount of maintenance and replacement investments, which we expect to be about 10 MEUR p.a. Anora is currently investing in a biomass boiler at the Koskenkorva plant, which will enable the plant to become carbon neutral in 2026.

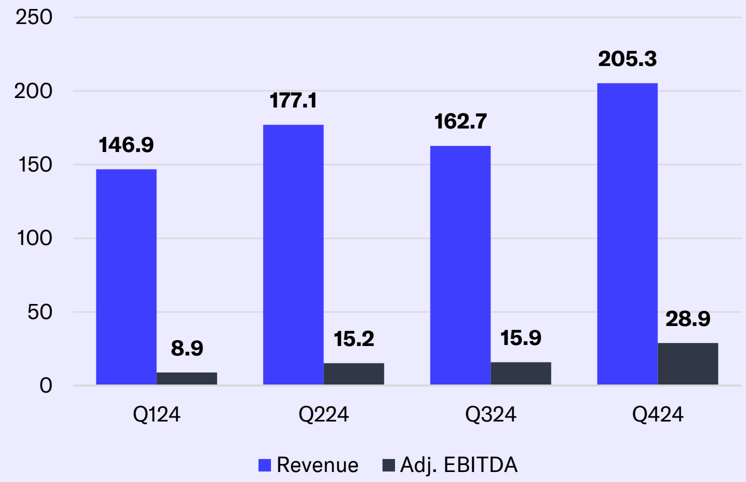
Earnings focus on the end of the year

Alcohol sales are typically higher during holidays, so Christmas and New Year are usually Anora's best sales period. In addition, the sales of glögg and aquavit focus 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 usually make Q2 a better earnings quarter.

Sales by brand category, whole Group 2024



Seasonality in 2024 (MEUR)



Source: Anora

Company description and business model 4/8 – Anora's production sites

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 especially on vodka-based drinks

Tabasalu, Estonia

- A small bottling plant serving the Baltic market and contract manufacturing customers

Gjelleråsen, Norway

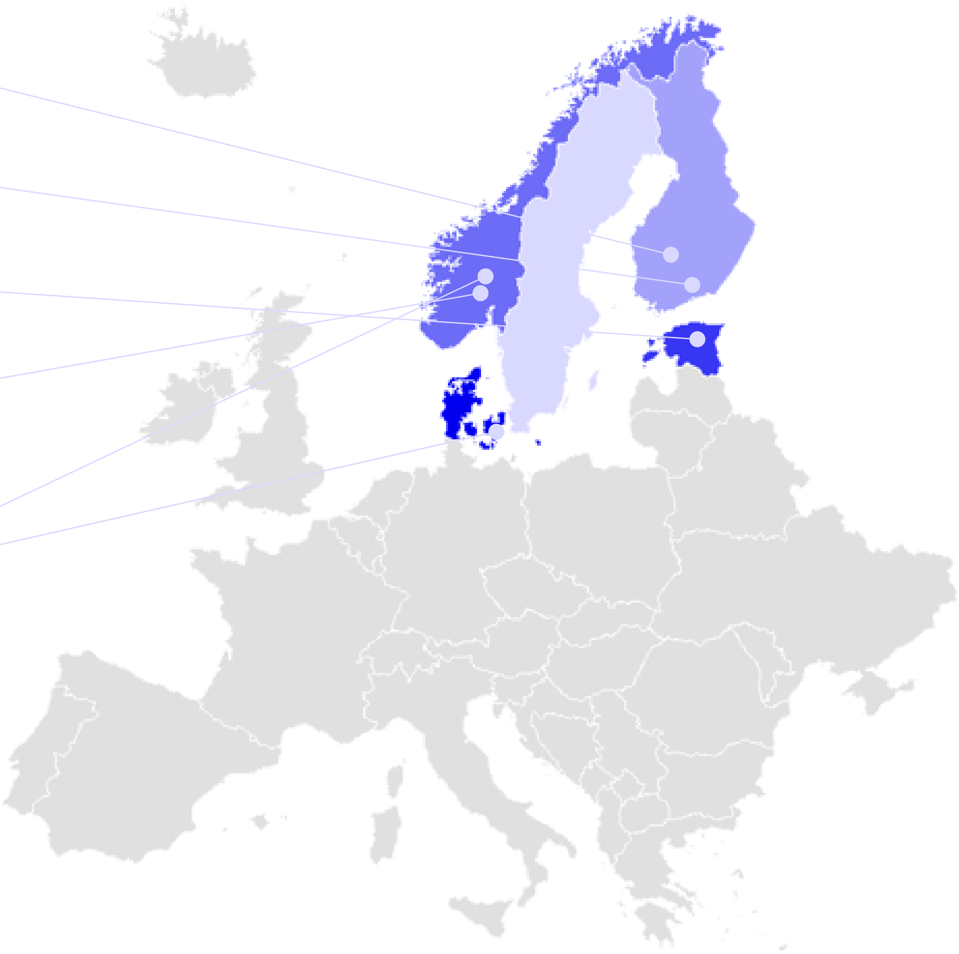
- Former Arcus' production and logistics center
- Bottling/packaging of wines and spirits
- Focuses especially on aquavit and bitters
- Logistics operations (Vectura)

Koge, Denmark

- Wine bottling and packaging, also for other markets
- Globus Wine's production plant

Atlungstad, Norway

- A small aquavit distillery



Source: Anora, Bing

Company description and business model 5/8 – Spirits segment

Spirits segment

The Spirits segment develops, markets and sells Anora's own spirits brands and partners' spirits. 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 Baltic countries, Danish and German markets, and for international DFTR and exports. The main sales channels for the entire segment are, however, the same as for Anora as a whole, i.e., state retail monopolies in Finland, Sweden and Norway. The main export brands are Koskenkorva, Linie, Skagerrak and Xante. Smaller sales channels like restaurants and DFTR, are important for building the brand and Anora is a strong player in these channels as well.

Nordic market leader

Anora has a wide portfolio of spirits brands, which enables it to be present in all categories and price categories. However, a large part of the volume comes from its largest product, Koskenkorva. Anora's market position in spirits is strong: market leader in Finland, Sweden and Norway, and second largest in Denmark. Thus, the company is also the largest player in the Nordic countries. In addition, it is the market leader in the German aquavit 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 that the average share in the product categories where Anora has products is 35-40%.

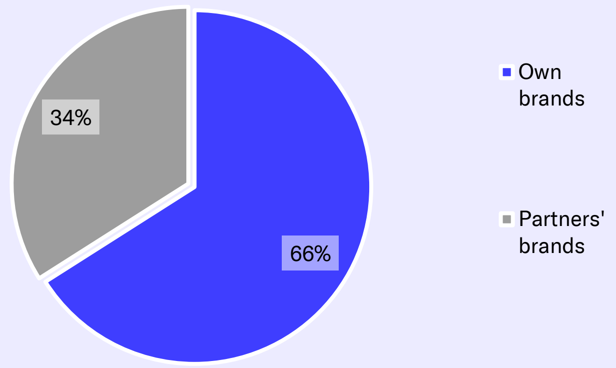
The Spirits segment has its own distillery in Koskenkora, Finland. Bottling and packaging are carried out at the company's large plants in Gjelleråsen and Rajamäki.

Anora's best segment in terms of margin profile

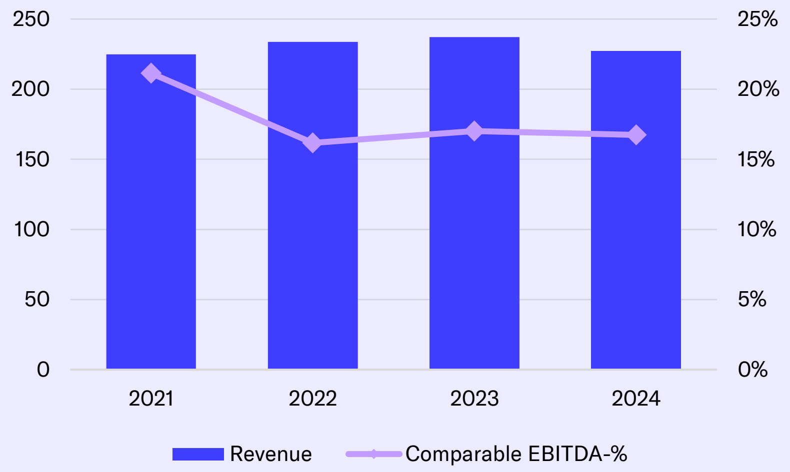
Around 65% of Spirits' revenue comes from own brands, which are largely self-produced. Thanks to its extensive own production, the margin profile of the Spirits segment is different and higher than that of the wines. The gross margin is typically 40-50% and the adjusted EBITDA margin is 15-20%. Sales of partner brands account for a significant portion of this segment as well, which depresses the margin. Any changes in partner agreements can affect 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 through strong "hero brands" and aiming for new markets. However, we believe no significant progress has been made in this regard in recent years due to the company's weak financial performance. Anora has made small progress in the German market, for example, and opened its own sales company in Lithuania. However, competition in international markets is fierce, and apart from Koskenkorva, Anora has hardly any strong, international brands. We believe that this clearly limits its growth opportunities.

Sales by brand category, Spirits segment 2024



Spirits segment's performance



Source: Anora

Company description and business model 6/8 – Wine segment

Wine segment

The Wine segment develops, markets and sells partner wines and Anora's wine brands in the Nordic monopoly markets and Denmark. The main sales channels are the same as for Anora as a whole, i.e. state retail monopolies in Finland, Sweden and Norway, and HoReCa sales and the grocery trade (mainly in Denmark). In addition, as of June last year, sales of beverages with a maximum alcohol content of 8% were allowed in retail stores in Finland.

In wines, Anora has numerous partners in different wine regions and varieties, as well as different price categories. This is how the company ensures a broad product portfolio. Anora is the leading wine seller in the Nordics: it is the market leader in Norway and Denmark, second largest in Finland, and #3 in Sweden. Measured by revenue, however, Sweden is the largest, accounting for 35% of the segment, Denmark 24%, Norway 23% and Finland 17% of last year's revenue.

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, supporting 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 balance 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 a more personal relationship with the wine producers and more independent operations. On the other hand, through a number of independent companies, Anora 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.

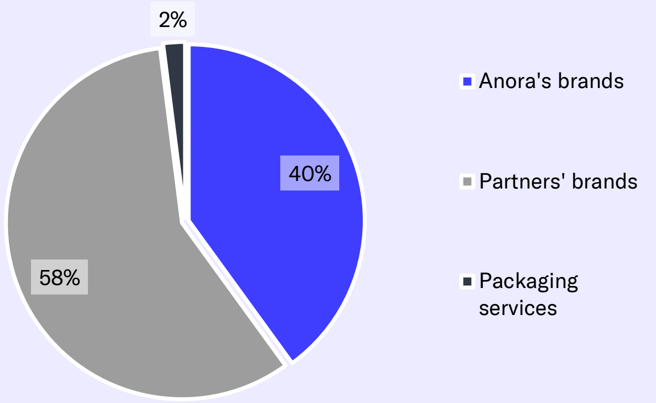
Low added value visible as low margins

Wine bottling and packaging takes place in Gjelleråsen (Norway), Rajamäki (Finland) and Koge (Denmark), where bottling of products sold in Norway has also been increasingly transferred in recent years. Partner brands and bottling account for about 60% of the Wine segment's revenue and the remaining 40% comes from own brands. The share of own brands has increased somewhat in recent years, mainly through the contraction of the partners and bottling business.

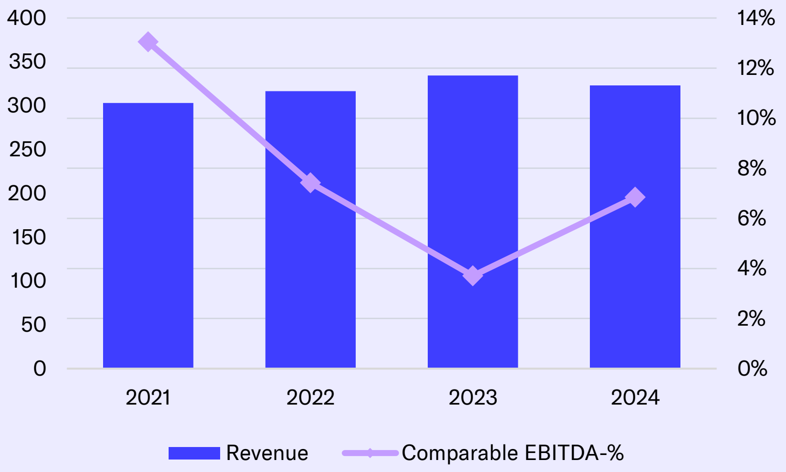
The wine business has low margins, which is partly due to the significant share of low-margin distribution. The profitability of own brands is better, although we also note that Anora buys wine in large batches and the added value is mainly branding and selecting the right products for each market, unlike in the Spirits segment, where it produces beverages from raw materials.

The EBITDA margin of the Wine segment was close to 7% in 2024, which is a low level, although it improved clearly from 2023. Profitability is depressed, e.g., by the low profitability of the Danish operations (Globus Wine) and a market share that has fallen especially in Sweden due to previous partner losses. In 2016-2019, the Wine segment of the former Arcus generated an EBITDA margin of close to 12%, which we see as unattainable for Anora in the next few years.

Sales by category, Wine segment 2024



Wine segment's performance



Source: Anora

Company description and business model 7/8 – Industrial segment

Industrial segment

The Industrial segment includes Anora's industrial business in Finland, as well as 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. Around 40% of Industrial's revenue is internal sales (for spirits production for the Spirits segment), but the segment also has significant external sales. The logic of the operations is to utilize all the side streams from the process as vendible products, where we feel Anora is successful.

Anora also offers contract manufacturing and logistics services for its partners. The biggest contract manufacturing agreement is the production of Finlandia Vodka for Coca-Cola HBC. This agreement stems from the sales of the Finlandia Vodka brand from Altia to Brown-Forman (which sold the brand forward in 2023). In connection with the sale, Altia signed a long manufacturing contract valid until the end of 2035. According to Anora, the contract is a significant part of the Industrial segment's external revenue (we estimate ~20%) and supports capacity utilization of the Rajamäki plant.

Logistics company Vectura in Norway

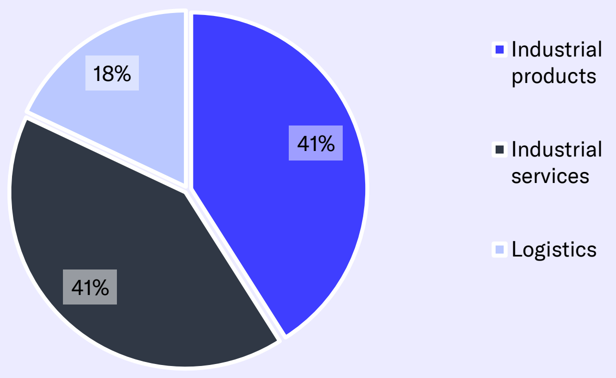
In logistics services, the Industrial segment includes Arcus' former logistics segment, i.e., the logistics service provider called Vectura. Vectura's logistics center is located in Gjelleråsen and works in close cooperation with Anora's production. Around one-third of Vectura's operations is distribution 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

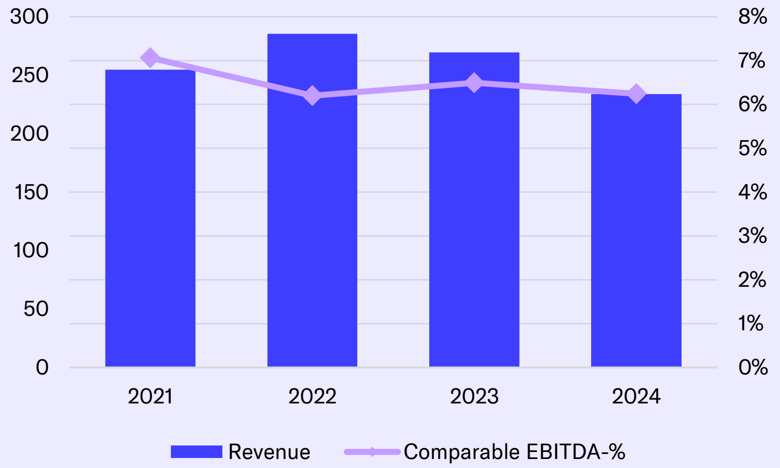
Altia Industrial's comparable EBITDA margin was about 8% in 2017-2019, while Arcus' logistics operations had a historically tight EBITDA level, at best only 4-5% in 2017-2019. Combined, Anora's Industrial segment has reached an EBITDA margin of 6-7% in 2021-2024. We believe that this is a sustainable and normal level also in the future. With this EBITDA margin, the segment still generates a clearly positive EBIT for the company. As previously mentioned, a significant part of the segment's sales comes from side stream utilization. A positive result after direct costs from these operations partly supports Anora's core business, i.e., spirits production.

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

Sales by category, Industrial segment 2024



Industrial segment's performance



Source: Anora

Company description and business model 8/8

Two main owners

Anora has two major shareholders, who were the main owners of the 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 giving up ownership entirely is not out of the question either. In addition, Geveran, which is under the influence of John Fredriksen, a Norwegian shipping mogul, owns close to 5% of Anora. The weak earnings and share price performance of recent years have hardly increased the major shareholders' desire to sell, at least at the current price.

The CEO changed again recently

Anora changed its CEO at the beginning of March, when Jacek Pastuszka, who had led the company for only a year and a half, stepped aside as previously announced. Kirsi Puntila, who previously headed the Spirits segment and has been with the company since 2014, was appointed CEO from within the company. We think Puntila is a good and logical name for Anora's management. She knows the company well and can quickly continue the corrective and improvement measures that the company needs.

The new CEO owns over 6,600 shares. The company has a recommendation that the CEO should own at least one year's gross salary in the company's shares, which is still far from the case. Members of the Executive Management Team are expected to keep at least half of the received share rewards until the target is reached. So, we believe there is no obligation or incentive to acquire shares otherwise.

Jacek Pastuszka, who left the position as CEO, had no holding in Anora during his short term as CEO. The Group's CFO is Norwegian Stein Eriksen, who joined the company last summer. He has no shareholding in the company. In addition to Puntila and Eriksen, the Group's Executive Management Team consists of four persons with relatively small holdings of 0-10,000 shares.

Anora's long-term incentive plan consists of several different programs. The indicators of the plan are revenue growth (35%), EPS (35%), relative development of the share's total return (20%), and Sustainalytics' ESG risk assessment (10%). We find the indicators reasonable, although the weight of revenue growth is quite high (35%), as we do not necessarily feel revenue growth alone brings value to the company and its owners. However, earnings growth in the current situation is also likely to require revenue growth from the company.

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 consider it positive that the management has a wealth of international experience and several nationalities. Holm Johansen owns 80,000 Anora shares, while the other members of the Board of Directors have significantly smaller holdings.

Largest shareholders on 2/28/2025	Share
Canica	22.4%
Solidium	19.4%
Geveran Trading	4.6%
Varma	3.0%
Ilmarinen	1.9%
WestStar	1.8%
Elo	1.1%
Heikki Savolainen	0.5%
OP Life Assurance Company Ltd	0.5%
Veritas	0.4%

Source: Anora

Management holdings	Shares
Kirsi Puntila	6,666
Stein Eriksen	0
Janne Halttunen	9,300
Johanna Sunden	0
Hannu Vähämurto	200
Thomas Heinonen	4,375
Mikkel Pilemand	6,000

Source: Anora

Investment profile 1/2

1. Strong market position and extensive brand portfolio in the Nordic countries
2. Historically a rather stable market, but no growth in sight
3. In our view, returns on capital do not exceed their cost
4. Room for further internal efficiency improvements
5. Historically a good dividend payer

Potential

- **Synergies and efficiency measures:** The full impact of the efficiency programs will not be seen until 2025-26 – some of the benefits of mergers have not materialized yet either
- **Geographical expansion:** Anora's broad Nordic brand portfolio enables the company to increase sales in export markets (in spirits).
- **Complementing acquisitions:** The company is interested in further growth through acquisitions, where the next logical, larger step would in our view be Central Europe. This could create cross-selling synergy. However, the current balance sheet limits acquisitions in our opinion.

Risks

- **Decrease in alcohol consumption:** Consumption is on a downward trend, especially in Finland, and Anora’s market may shrink in the future
- **Exposure to barley price variation**
- **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:** Prices paid in possible future acquisitions and integration of operations

Investment profile 2/2

Limited competitive advantages

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

In own brands, the potential competitive advantage lies in the brand's strength. This is challenging to measure, but market shares give an indication of the brand's strength. From this viewpoint, Anora's well-known spirits brands like Koskenkorva in non-flavored vodkas and Linie & OP Anderson in aquavit 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 monopoly markets and knowing the loval consumer can generate some advantage against international competitors but we do not see this as a clear competitive advantage either.

In partner brands, a long experience in the monopoly markets, combined with a strong position in all Nordic markets, gives Anora some competitive advantage in our opinion. On the other hand, the Swedish Viva Wine Group, for example, operates in the same monopoly markets and has increased its market share steadily, which indicates that Anora does not have a competitive advantage at least against them, but rather the opposite. However, partners can easily get skilled distribution across the Nordic countries through Anora.

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

Other strengths and opportunities

Anora's strong position in the Nordic countries and extensive brand portfolio provide a good foundation for seeking growth in export markets and exporting Nordic products to Europe, e.g, through a possible acquisition. However, we believe that the limited international recognition of the brands and, consequently, the marketing investments required for growth, limit growth potential. 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 consumers, Anora's sustainability profile has a significant impact on purchasing decisions, so its importance on the demand side is minor. Monopoly chains, on the other hand, have clear responsibility aspirations and Anora’s actions support the entry and retention of products in the monopoly chains.

Weaknesses and risks

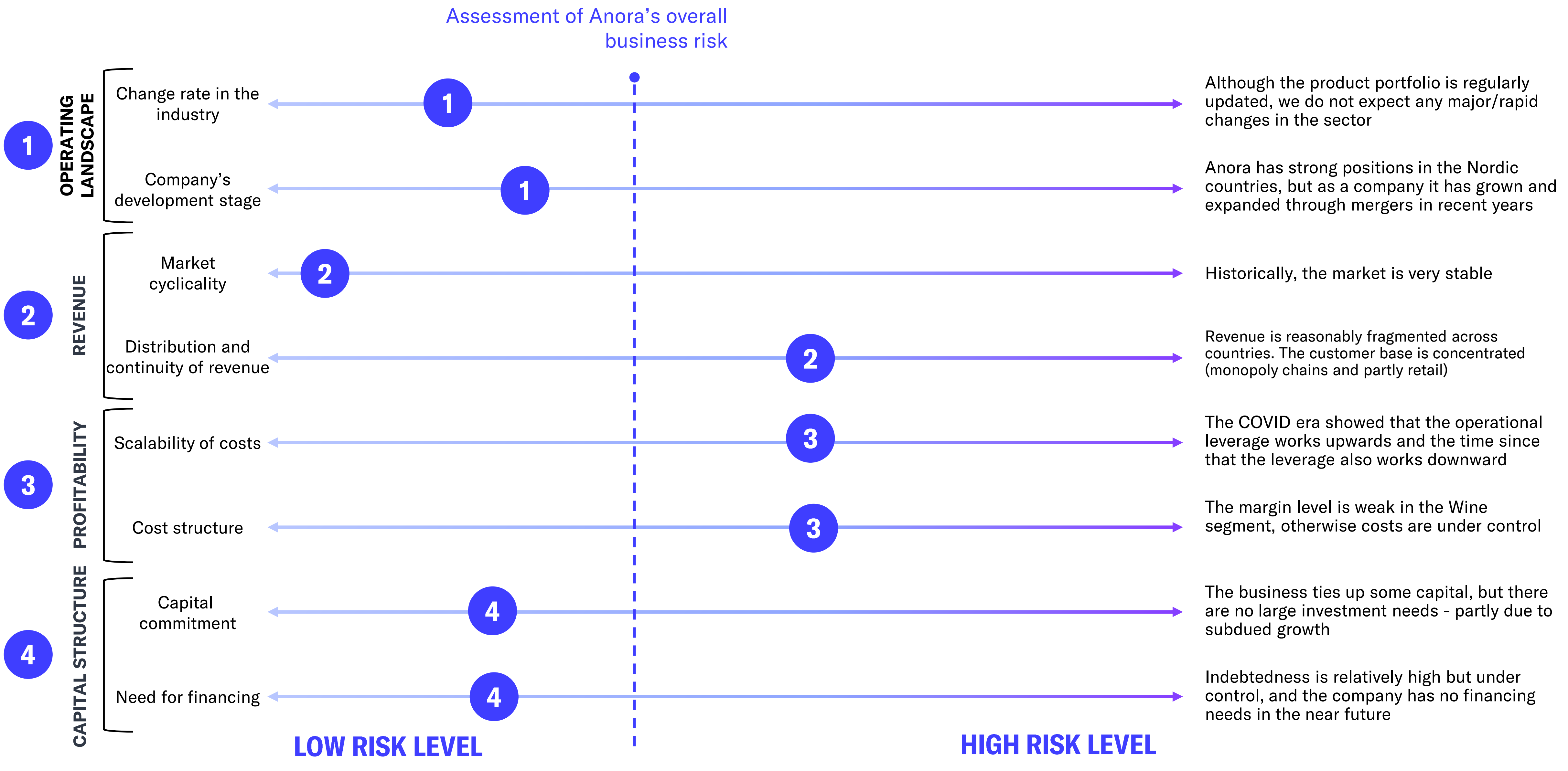
We feel Anora’s clear weakness is a stunted target market, which has partly led to the company's subdued historical growth. Anora refers to Euromonitor's market estimates, which largely predict stable volume development for the coming years. The alcohol consumption trend is downwards, especially in Finland, which, if continued, may be reflected as a market decline. Anora has a small range of non-alcoholic products and in 2023 made an investment in the Danish company ISH, which 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 wider reduction in alcohol consumption.

Another clear weakness is the current poor performance of the Wine segment (although clearly improved from the bottom level of 2023), which has been affected by 1) Globus Wine's weaker-than-expected margin, 2) lower volumes due to partner agreement losses, and 3) excessively high fixed costs relative to current revenue. In our view, improving the Wine segment is important for the profitability of the entire Group.

We estimate that Anora’s return on capital will be approximately at the level of the required return in the medium term (being below it in the next few years), 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 turnover. 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. A clear risk is also changes in Finnish legislation, i.e. the deregulation of wine sales. This could negatively affect both wine volumes and margins, as well as spirits sales in Finland.

Risk profile of the business model



Industry and markets 1/3

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

Market development is expected to be steady

The Euromonitor quoted by Anora estimates the value of the entire Nordic market (Finland, Sweden, Norway, and Denmark) for wine and spirits to be approximately 13.9 BNEUR in 2024. Around 2/3 of this or 9 BNEUR is wine and 1/3, or 5 BNEUR spirits. These sums are, however, 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 are from 2021, when the market size was close to 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 was then reported to be about 85 million liters, whereas Anora's volume in monopoly channels alone was about 24 million liters. This illustrates Anora's strong position in the market. It is worth noting that the 2021 figures were exceptionally strong in the monopoly chains due to the COVID era, and current volumes are lower.

The Euromonitor predicts that the volume of the wine market will grow by 0.4% p.a. in 2024-2028. For spirits, the forecast is -0.3%. In practice, one could say that estimates expect volumes to remain at the current level. This is a slightly weaker outlook than the estimate presented at Anora's CMD at the end of 2022, where growth was expected to be around 1.5% per year. It is also worth noting that the market has declined since then, which means that the base number is smaller. The market for alcoholic beverages is very defensive and stable, i.e. there are no significant annual fluctuations. However, the COVID years 2020-2021 were an exception, especially if one examines the sale of monopoly chains that is important to Anora. During COVID, consumption shifted from restaurants and DFTR to monopoly chains. Likewise, the restoration after COVID weighed on the markets, especially in 2022-2023, and to some extent still in 2024, particularly in Norway.

Sweden is the largest market

Country-specific market information can be found via monopoly chains from Finland, Sweden and Norway. When comparing the countries, Sweden stands out as a very large wine market. In 2024, the sales volume of wines in Sweden was 210 million liters per year, while Finland and Norway were at about 50 and 75 million liters per year. There is no exact public information available on the size of the Danish market. Anora has reported that the market was 139 million liters in 2021, from which we assume it has decreased somewhat. In Sweden, Viva Wine Group is the clear market leader. Anora's market share is relatively weaker in Sweden and it has fallen to number three on the market.

In spirits, the Swedish market was about 24 million liters last year, Finland almost 20 million liters and Norway 12 million liters. In other words, Finland consumes significantly more spirits per person than the other Nordic countries. 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.

Finland liberalized wine sales last year

In Finland, the sales of alcoholic beverages with a maximum alcohol content of 8% are allowed in retail stores from June 2024 onwards. As a result, wine sales moved from the monopoly chain Alko to retail stores. The volume effect for some six months was about 3 million liters - on an annual level, this would mean 6 million liters or more than 10% of Alko's wine sales before the change. At the same time, Alko's decreased visitor numbers have also reduced the consumption of spirits. The focus of alcohol purchases thus shifted slightly more towards retail stores.

In terms of volume, this may support larger players such as Anora, as retailers do not want a large number of suppliers, and we believe wines have taken market share from other alcoholic products in stores. On the other hand, wines sold through retail trade typically have lower margins for alcohol companies. As a whole, we see the implemented deregulation of wine sales as slightly negative for Anora. Finland is also considering a total liberalization of wine sales. This would likely have more significant effects on the market, as we believe that, e.g., retailers would open their direct procurement channels and/or introduce own wine brands if the category grew. In addition, Alko's position would be threatened, and spirit sales would likely decline further to lower customer numbers. We believe all of this would be negative for Anora. It should be noted, however, that the total Finnish beverage sales account for only 16% of Anora's revenue, which limits the impact at Group level.

Industry and markets 2/3

The competitive field is quite extensive

We feel Anora's competitive landscape in the Nordics can be divided into three groups: 1) global alcohol producers, who handle product distribution themselves 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 there are more competitors in wines. However, the wine market is also becoming consolidated to some extent, and the five largest players are already responsible for about half of the wine volumes (Finland, Sweden and Norway). The risk to Anora's market position is 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 wines 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's margins were under pressure in 2022-2023, like Anora, but for the last 12-18 months, they have been on an upward trend (see figure). In recent years, Viva has, however, consistently been able to achieve better profitability than Anora's Wine segment.

Alcohol sales and advertising are restricted

The sale of alcoholic beverages is limited in all of Anora's markets with age limits. The age limits vary depending on the strength of the beverage and the sales channel. In retail trade, the age limits vary between 16 and 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.

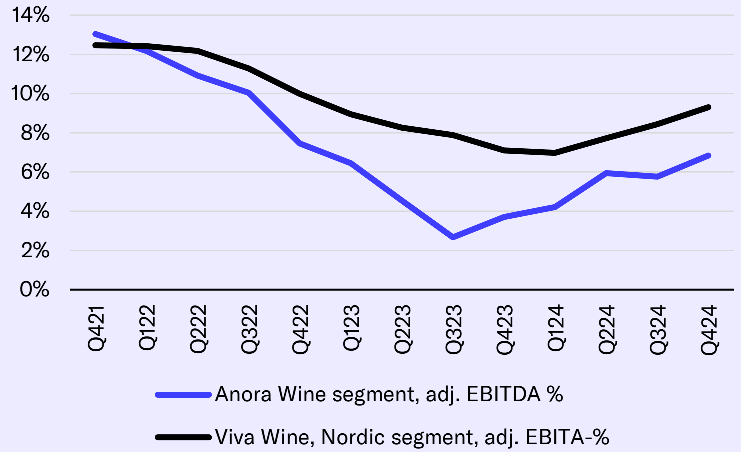
In Sweden, alcohol advertising was completely banned in 2003, but has since been liberalized. Advertising of beverages over 15% by volume is still completely prohibited, as is directing advertising at those under the age of 25.

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 shelves of monopoly stores is crucial. This also highlights the role of the monopoly chains in the distribution of market shares.

Viva Wine and Anora Wine segment, 12 months rolling margins



Source: Viva Wine, Anora

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 markets 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. In these countries, monopolies are the only retail outlet for wines and spirits, with the exception of wines up to 8% allowed in Finland. Denmark is a different market because there alcohol sales is less regulated. Anora also has small amounts of ready-to-drink products for retail sale.

The offering of monopoly chains is typically divided into permanent products, seasonal and temporary products, as well as order selection. The order selection can also be a way for a product to become part of the permanent selection if it 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 more typical for Anora's wines than through the actual selection process.

The 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 and importers like Anora submit their proposals to the monopoly chain. The selection process is slightly different in different countries, and it is either based on the taste of the wine or it can also consider, e.g., the appearance of the packaging. All product samples also undergo a thorough quality check.

However, the choice of selection based on the monopoly chains' requirements somewhat 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, e.g., pricing does not aim at controlling consumption. We believe that this also supports Anora's margins to some extent.

Industrial segment's market

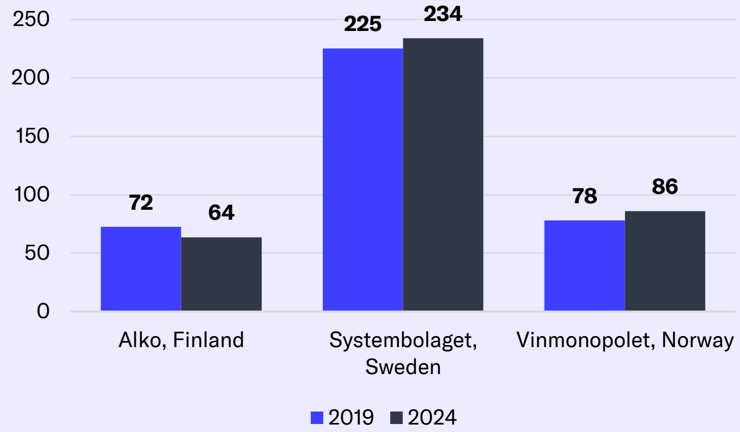
The Industrial segment's market is quite different. As noted earlier, Industrial's mission is mainly to utilize production side streams. Anora is largely a price taker in these products in the market, although its position is strong in some products.

Technical ethanols are used in geothermal insulation and for various industrial needs, e.g,. in the pharmaceutical industry, healthcare and techno chemical industry. 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 whose main customers are the paper and paperboard industry. Anora also sells products directly to the brewery and food industry. In 2018, the company estimated that its market share in the Finnish starch market was around 25%. However, the price of starch is determined by world market prices. The main competitors are international Cargill and Roquette.

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

Total monopoly chain volumes, wines and spirits (million liters)



Source: Alko, Systembolaget, Vinmonopolet

Strategy and financial targets 1/3

Strategy and targets extend until 2030

Anora announced its strategy after the merger of Arcus and Altia (and the Globus Wine acquisition) 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% in 2022)
- "Hero brands" to account for 30% of revenue (about 15% in 2022)
- Leading position in ESG

Since the targets were set, Anora's monopoly market growth estimate has fallen to zero, making the targeted growth more difficult. 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. However, after the publication of the targets, the company's performance in wines, especially in Sweden, has been weaker than the market 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. We believe turning the Swedish market share upwards would create an opportunity to grow faster than the market in the coming years.

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). A small step was taken there by opening its own sales company in Lithuania. More significant international growth relies more on opening new markets, where the company's recent track record is almost non-existent. The company has not provided any information on the development of the targets since their launch. We believe that international growth will play a smaller role going forward than planned in 2022.

Growth strategy overshadowed by weak earnings

Anora's growth strategy and related financial targets (which we will discuss on the next page) are, in our view, quite ambitious. In the year following the strategy launch (right from the beginning of Q4'22), the company's margin declined more strongly than expected, especially due to the weakness of the Danish operations (Globus Wine), cost inflation and FX effects. Therefore, in recent years, the company has had to focus more on correcting profitability and short-term problems than on investing in longer-term growth. With the recent CEO change and the change in market outlook, we expect the company to update its strategy and targets, probably later this year.

Anora's sustainability objectives

SBTi approved science-based targets:

Total emissions reduction (scope 1, 2 and 3 to some extent) of 42% by 2030 and of 90% by 2050.

30% reduction by 2030 and 72% reduction by 2050 in absolute FLAG greenhouse gas emissions related to land use

The company's objectives:

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)

- 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
- In 2023, organic revenue turned to decline and decreased by 5% in 2024.
- With the slightly weakened market outlook, we see even achieving the lower end of the target organically as challenging and expect growth of 1-2% for 2025-27.
- Therefore, we believe that achieving the target will require acquisitions, although we do not believe any will be forthcoming in the near future.
- We expect the company to slightly lower its growth target and emphasize organic growth.

Adjusted EBITDA margin of 16%

- Altia's and Arcus' combined EBITDA-% in 2016-19 was good 12%. In the COVID years, 2020-21, it was 15-16%
- After COVID, the margin level has remained around 10%, reaching exactly 10.0% last year
- We find the target extremely challenging and forecast a margin of 11% for the next few years
- Even if Anora got closer to its target level, we believe that it will not happen until the latter part of the decade
- In our view, achieving the target would require clear volume growth, as we believe the potential for margin improvement through operational efficiency is limited.
- Both beverage segments (Wine and Spirits) should significantly improve their profitability if the company achieves its target. We expect the Industrial segment's margin to remain broadly at its current level
- We believe the company will lower its target level and/or introduce shorter-term targets alongside this long-term target.

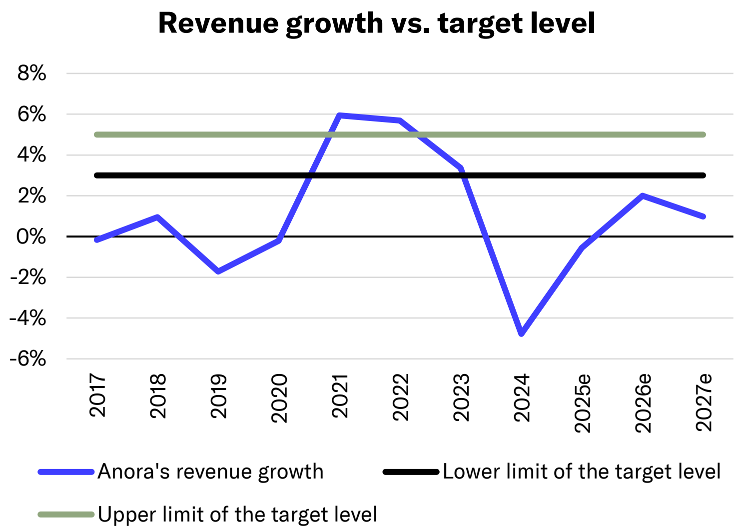
Net debt/adjusted EBITDA below 2.5x

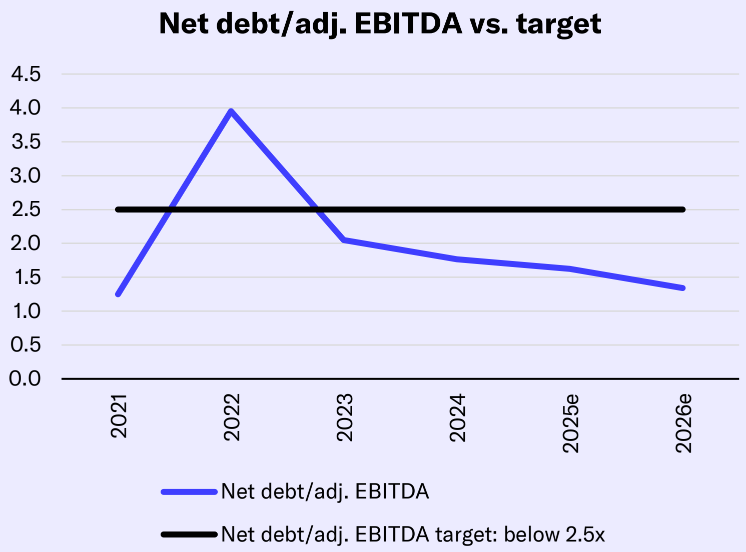
- In the summer of 2022, Anora acquired Globus Wine with debt, which, together with the subsequent weakening of the earnings level, increased its leverage.
- Despite the sale of the cognac business and increased sales of trade receivables, net debt/adj. EBITDA at the end of Q3'24 was clearly above the target level at 3.3x
- The company's balance sheet situation is always seasonally clearly at its strongest at the end of the year, and at the end of 2024, net debt/adjusted EBITDA was 1.8x.
- However, the company has fundamentally good cash flow and, supported by slightly improving earnings, we believe that the balance sheet position will strengthen in the future.
- Strengthening the balance sheet remains a short-term priority for the company
- We believe that the company may slightly reduce the selling of trade receivables (which would increase its leverage) and/or aim for an even stronger balance sheet going forward.

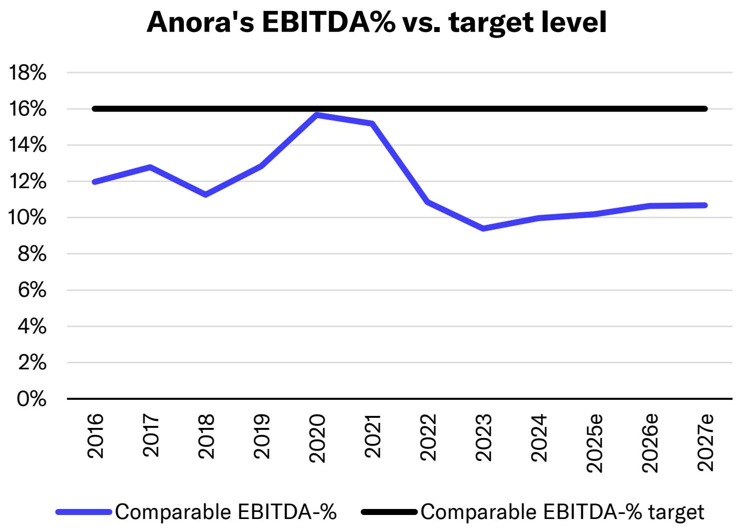
Dividend: Aim to distribute 50-70% of profit as dividends

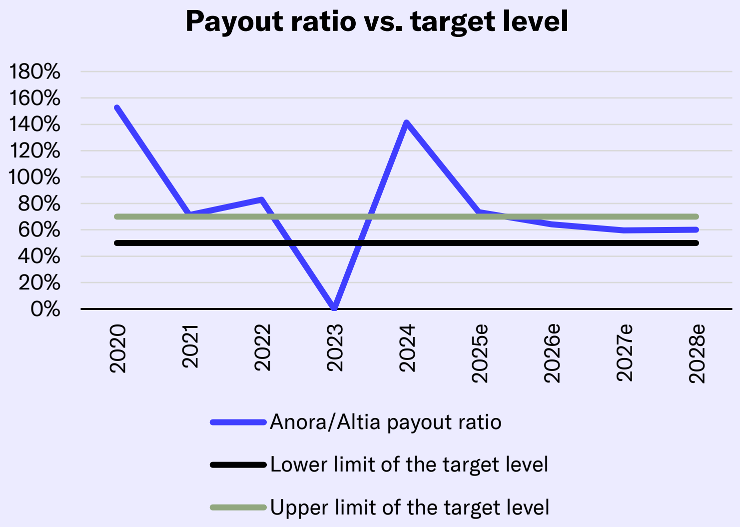
- Due to weak earnings, Anora's dividend distribution has exceeded its policy in recent years. In the coming years, we believe that the payout ratio will be at the top of the target range at 60-75%

Strategy and financial targets 3/3









Source: Anora, Inderes *until 2021, the figures are combined pro forma figures for Arcus and Altia, Globus Wine is included from its acquisition in July 2022

Past development

Altia and Arcus have grown through acquisitions

Altia and Arcus both grew through acquisitions before their 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. In 2024, and based on our estimates, also in the next few years, revenue will be roughly at the same level of 700 MEUR. Overall, organic growth has been small over the years.

Profitability deteriorated clearly in 2022-23 and remained weak last year

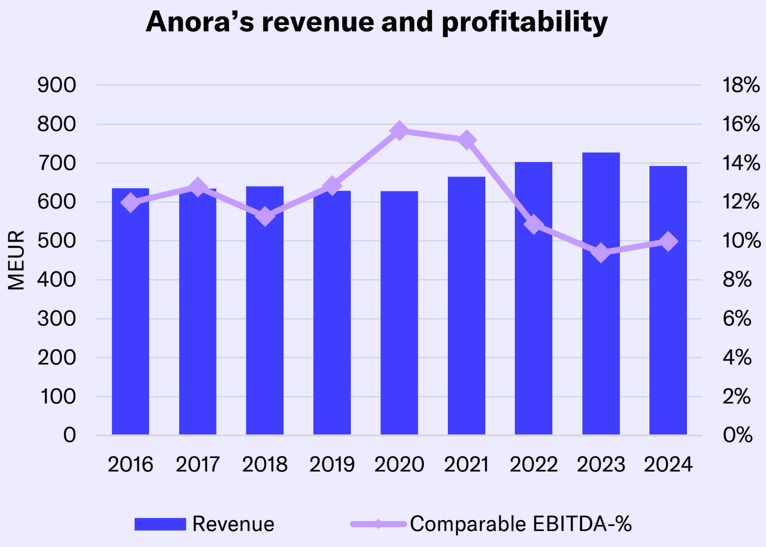
Anora's profitability in its own spirits production is, in our opinion, quite good (although not published separately), but the margin is depressed by the lower-margin distribution of partner brands and industrial and logistics operations that together form the majority of the company's revenue. On the other hand, the businesses are integrated to some extent, and eliminating one sub-area may not be practically possible or sensible.

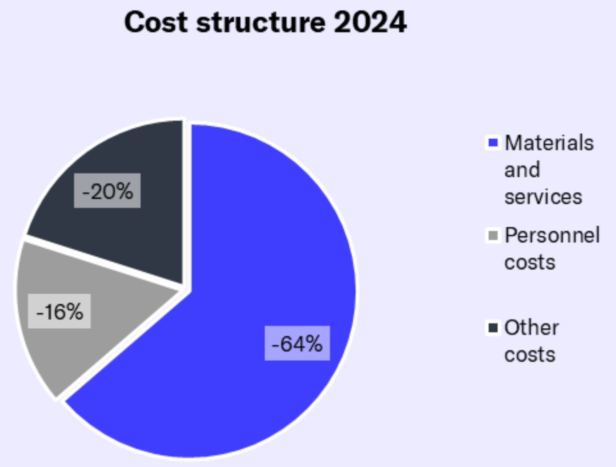
However, former Altia raised its profitability from the 10% adjusted EBITDA margin in 2015 to 12.7% in 2019. Boosted by COVID, the margin rose above 15% in 2021, but we do not consider this a sustainable level. For the former Arcus, the margin varied between 11-14% before COVID and rose to 17% in 2020-21. The combined EBITDA margin was 12.8% in 2019, which we believe is a relevant baseline. 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 FX impact, and the weakness of Globus, the margin fell below 11% in 2022. In 2023, it declined further to below 10% and recovered only slightly in 2024. After the transaction, Globus Wine's margin proved to be clearly weaker than expected, which weighed on the entire Group's margin. The company is applying for insurance compensation related to the acquisition. In addition, the weakened volume level and the inability to cut fixed costs have hit profitability.

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 before the merger between Altia and Arcus.

In terms of the balance sheet, Anora's net debt/comparable EBITDA was 1.8x at the end of 2024, i.e. below the company's target of "below 2.5x". However, the balance sheet is always at its strongest at the end of the year, and we believe the target should be valid at the end of each quarter. From this perspective, we believe there is still work to be done to strengthen the balance sheet. However, we expect good cash flow to decrease indebtedness toward the target level. In the near future, however, the company's ability for acquisitions and paying dividends will be limited by an indebted balance sheet.





Source: Anora

Financial position

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 45% 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, under 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 60 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. The working capital is at a relatively high level, with inventories at about 20% and receivables at about 15% relative to sales. The amount of receivables is significantly reduced by Anora's sales program for trade receivables, which it expanded in 2023 to improve its balance sheet. On the debt side, accounts payables are higher than trade receivables and inventories. This is largely due to the payment period for alcohol excise duty, with actual accounts payable being less than sales receivables. Excluding the sold receivables, the company's working capital is therefore negative.

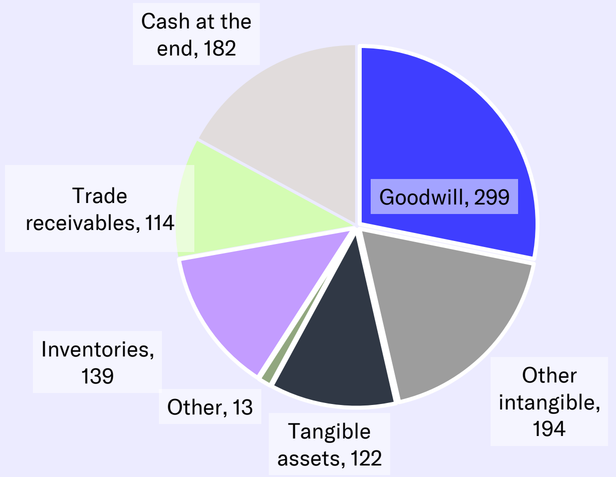
The above-mentioned accounts payable represent a large share of Anora's balance sheet liabilities, around 30%. Equity covers 37%, which is also the company's equity ratio, while interest-bearing debt is moderate relative to the balance sheet at nearly 20%. Indeed, indebtedness is highish mainly compared to the modest earnings level, as explained above. In our view, the balance sheet as a whole is quite balanced and, as mentioned, large accounts payable support Anora's balance sheet situation.

Improving balance sheet efficiency seems difficult

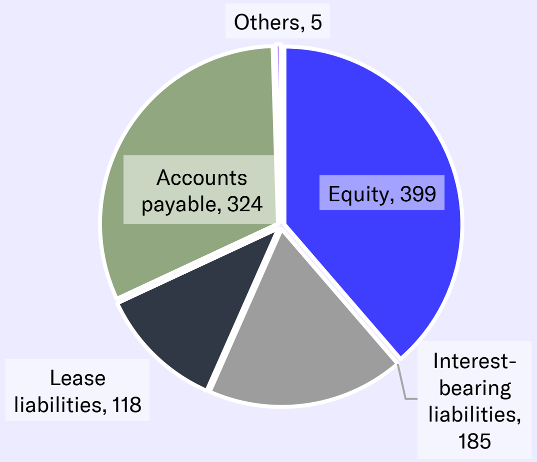
The company's return on capital has been weak in recent years, as can be seen, e.g., in the figure on page 26. To improve the return on capital, Anora should improve profitability and/or capital turnover. Improving capital turnover, in turn, requires higher revenue with the same balance sheet or reducing the balance sheet. We have previously described Anora's modest growth potential, which means that a significant improvement in capital turnover 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 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 turnover.

Balance sheet assets 2024 (MEUR)



Balance sheet liabilities 2024 (MEUR)



Source: Anora

Estimates (1/3)

Estimates start with the segments

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 do not estimate any potential future M&A transactions.

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 key factors for the performance of the next few years are improving efficiency in own operations, turning revenue upwards, and Globus Wine's earnings development.

The company guides for slightly improving earnings in 2025

For this year, Anora expects an adjusted EBITDA of 70-75 MEUR, while in 2022-2023 it has been 68-69 MEUR. Anora expects market volumes to remain relatively unchanged, but measured by value, the market is expected to grow slightly. In addition, Anora assumes it will perform slightly better than the market, i.e., gain market shares.

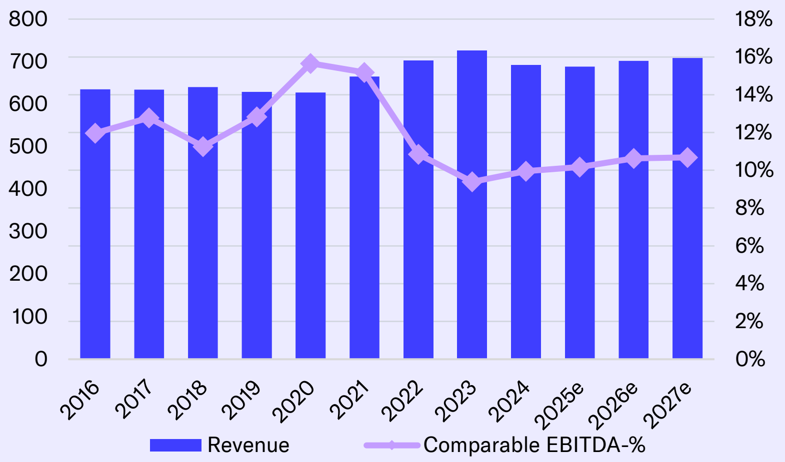
We expect stable revenue and a slight earnings improvement this year

Anora does not provide revenue guidance, but judging by market comments, we believe the company expects growth. We see Anora's assumptions as somewhat optimistic. We believe that the negative development of the markets may continue, especially during H1. The January-February figures for Finland and Norway showed that the downward trend continued, so market development at the beginning of the year has been slightly weaker than Anora's expectations. On the other hand, it is worth remembering that the beginning of the year is in any case a small part of Anora's full-year earnings. Anora expects its own marketing activities to have a positive volume impact already in H1, which partly explains the assumption of gaining market share. Anora also stated that it can cut costs if needed if the planned volume development does not materialize, but we still see the optimistic assumptions creating a small risk also for the earnings guidance. We also note that in the last two years, Anora has had to lower its earnings guidance during the year. Our adjusted EBITDA estimate for this year is at the lower end of the company's guidance range, i.e. 70 MEUR, and the revenue estimate is practically at last year's level.

At the segment level, we believe that the Wine and Industrial segments can improve their earnings slightly, while in the Spirits segment, we believe that the decline in the Finnish market will lead to a slight decrease in revenue, and as the company invests in growth, earnings will decrease slightly. However, the changes are minor overall, both at the segment and Group level, compared to last year. In addition to market development, possible future tariffs between the USA and the EU pose a risk to margin development. For example, Falling Feather, one of Anora's largest own wine brands, is produced in the USA, and Anora's partners also have some products imported from the USA. However, based on the current outlook, the tariffs will not create a significant problem for the company.

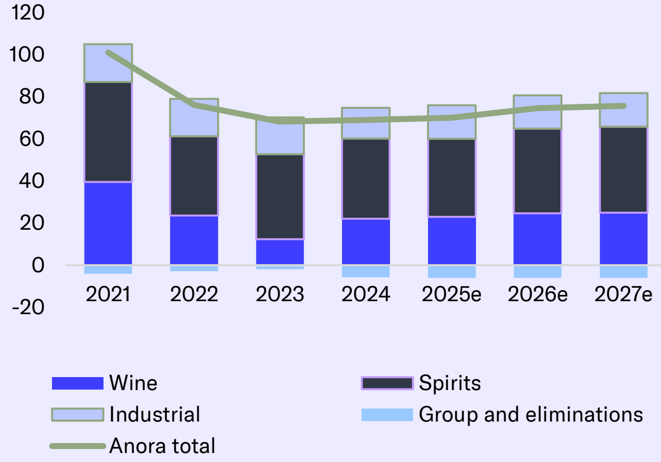
Further down the income statement, we forecast a slight decrease in financial expenses and an improvement in adjusted earnings per share from EUR 0.27 to EUR 0.30. We believe the dividend will be EUR 0.22 in 2025 as well. This would also exceed the company's targeted 50-70% payout ratio, and in our view, the balance sheet needs strengthening, as we commented above.

Anora's revenue and profitability*



Source: Anora, Inderes *Years 2016-21 combined figures of Arcus and Altia

Comparable EBITDA by segment, MEUR



Source: Anora, Inderes

Estimates (2/3)

Small growth in 2026

In 2026, we expect Anora to grow in all segments by 2%, supported by recovering consumer demand and the economic situation. We also believe that Anora's market share will develop steadily or improve slightly as it tries to regain lost shares. This will happen especially by bringing wine products to the market that it currently has less of.

We believe that growth will also be reflected in improved earnings, mainly in the beverage segments, i.e. Spirits and Wine. In addition to growth, streamlining operations in Denmark's Globus Wine should support earnings/margin improvement in the Wine segment. The company should also have the potential to improve operations more broadly, as we understand that not all the benefits of previous mergers have yet been realized/utilized. However, we believe some of the efficiency benefits will be offset by cost inflation as the company's growth slows. So we are not forecasting a significant level adjustment in earnings, as our 2026 estimate for adj. EBITDA is 75 MEUR and the margin is 10.6%.

As financial expenses continue their gradual decline in our estimates, the adjusted EPS will increase sharply to EUR 0.39. We also believe that this will allow the dividend to be raised to EUR 0.25, which would mean a payout ratio of over 60%, in line with Anora's dividend policy.

Slight improvement in 2027-2028

In 2027-2028, we expect Anora's growth will be at a modest level of 1%, with the Wine segment driving slight growth. The growth is mainly due to rising prices in line with the market, and we do not expect any significant volume growth or changes in market share. We expect the margin level to rise slightly to 11% and the result to be 76-78 MEUR. The company would achieve growth in earnings per share of about 7% p.a. This would also allow for a moderate increase in dividends.

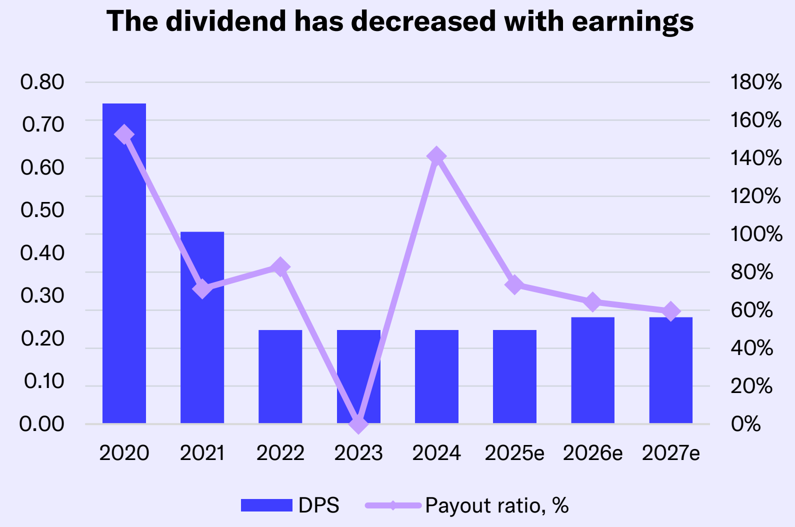
Relatively stable cash flow goes mainly to dividends

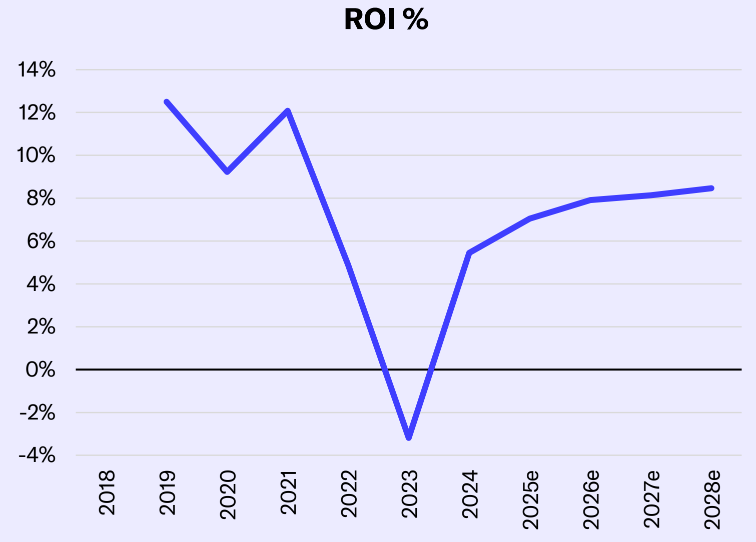
Anora released significant cash from working capital by selling trade receivables in 2023. It still strives to reduce inventory levels, which may support cash flow. In the longer term, as revenue changes are small, we believe that Anora's working capital will remain relatively stable.

We believe typical operating cash flow to be around 50 MEUR from 2026 onwards of which Anora spends about 25 MEUR on replacement investments and lease repayments (divided approximately 50/50 between these). Thus, free cash flow amounts to some 25 MEUR. This means a free cash flow yield of approximately 10% with the current share price. Of this, around 15-18 MEUR will be used for the dividend distribution we estimate in the coming years, so there will still be some money left for debt repayment or possible growth investments in the medium term.

Return on capital close to the required return

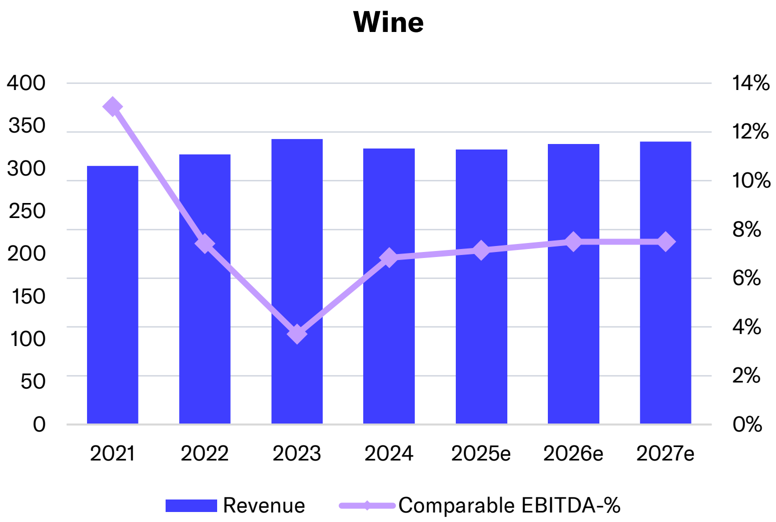
The ROCE of Anora and its predecessors Altia and Arcus, has typically been at a moderate level of 5-10%. We expect Anora's return on capital to be 7-8% in the coming years. This corresponds roughly to the level of the company's required return, i.e. we do not expect the company to create much financial added value. This also affects the longer-term expected return, which we will discuss in the valuation section. However, the return on equity will remain weaker in the coming years, ranging between 5% and 7%.

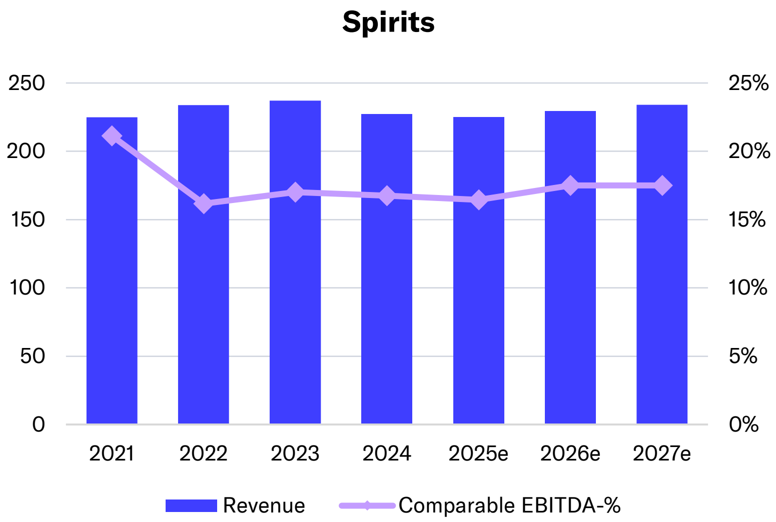


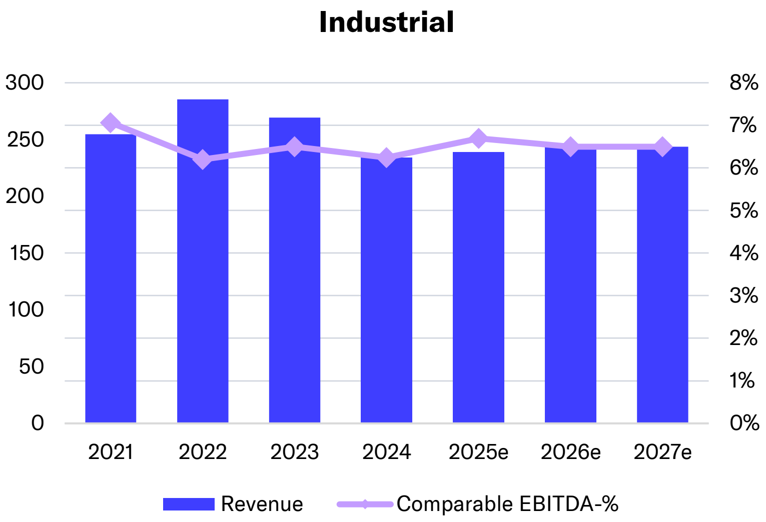


Source: Inderes

Forecasts (3/3) - division estimates







Source: Anora, Inderes' estimates

Valuation 1/3

Relatively stable income 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

Anora's expected return for the next few years is based on both dividend yield and earnings growth, as the margin level gradually improves from a weak outset. The share's valuation level for 2024 is not yet 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 neutral.

We believe the total expected return of the stock consists of dividend yield, earnings growth driven by improved profitability, which is offset by an expected decrease in multiples. Based on different valuation methods, we estimate the fair value range for Anora is EUR 2.7-4.1.

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 530 MEUR, which means that the value of the share capital is about 250 MEUR, or EUR 3.6 per share. Here we treat sold receivables (164 MEUR) 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 discussed above, we expect only 1% revenue growth for the company from 2028 onwards. We assume the EBIT margin to be close to 7-7.5%. This means that EBIT will be 50-55 MEUR in 2027-34. Investments remain close to depreciation levels for the year. We assume profitability in the terminal period to be 7.0% (previously 6.5%).

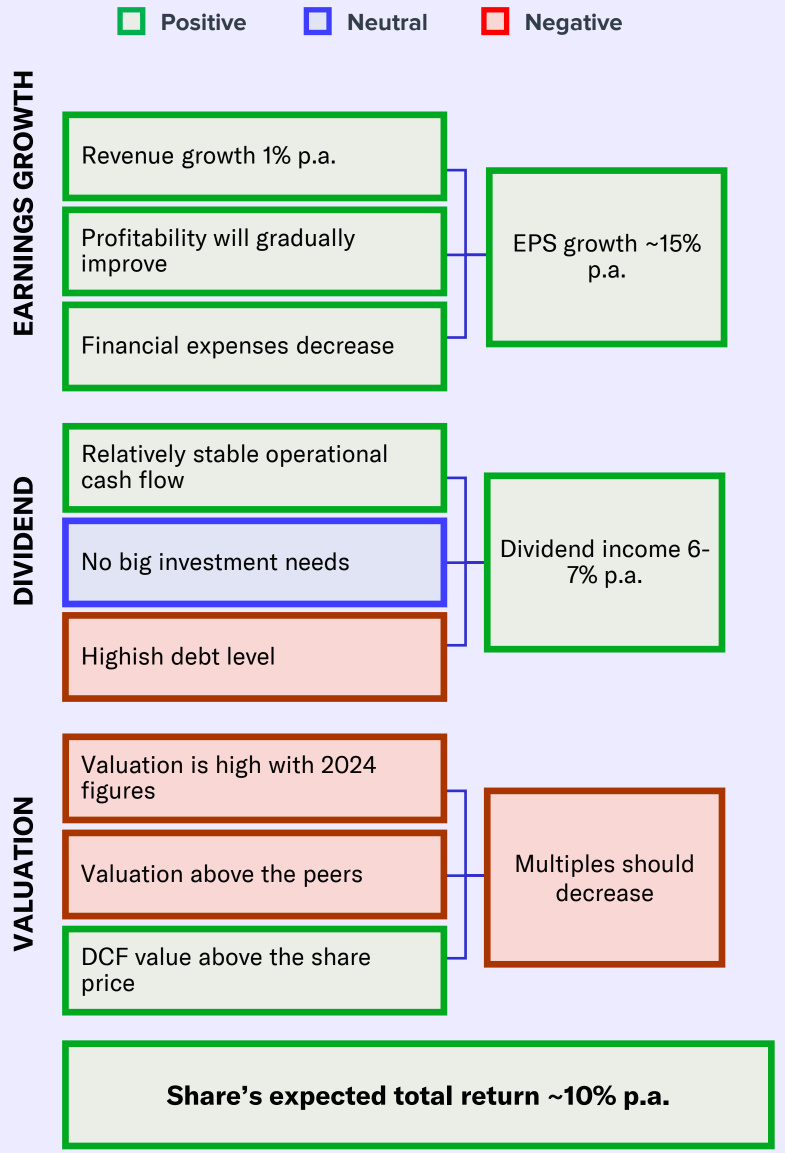
Because the company's demand is even and defensive and profitability is stable, we use a relatively low 8.0% WACC. About half of the cash flows will already be generated in the next 10 years and half in the terminal period.

Earnings-based valuation is close to neutral

In its current form, Anora has a short history, but we find Altia's historic valuation levels relevant also to Anora, as the return on capital and growth profile are very similar. However, the historical ratios of former Arcus have been somewhat higher. Similarly, Anora's P/E ratio for 2025 is 11x and the historical average is 12x. The EV/EBIT valuation is approximately 8x with 2025 earnings.

As regards the EV-based valuation, we note that Anora has over 150 MEUR sold receivables off-balance-sheet which can be considered debt-like liabilities. If we added sold receivables to debt, the EV/EBIT for this year would be close to 12x, the historical average. Considering the company's modest growth profile and return on capital, the valuation multiples are rather high, but close to neutral. We consider a P/E of 10-12x to be an acceptable valuation multiple for Anora.

Total shareholder return drivers 2024-2027e



Valuation 2/3

Balance sheet-based valuation looks cheap, partly for a reason

Based on our forecasts, Anora's total return on capital will be around 7-8% in 2025-26 and the return on equity will be 5-6%. The rate of return is thus at the same level or below our required return (8.4% for equity, 8.0% for total capital). Thus, the balance sheet-based valuation of the share, or P/B, should be below 1.0x. This is also 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 2025-26 are around 0.6x. This 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 nearly EUR 6.

Potential for relatively strong cash flow and dividend – if expectations for margin improvement materialize

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. In the near term, cash flow will likely continue to be directed towards reducing debt.

The impact of growth on earnings and return on capital depends on what type of products the company can grow with. However, with our current estimates, growth is relatively 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. In recent years (after the strong period caused by COVID), the company's profitability has been constantly disappointing and at a low level. However, we expect profitability to improve slightly from the level of recent years.

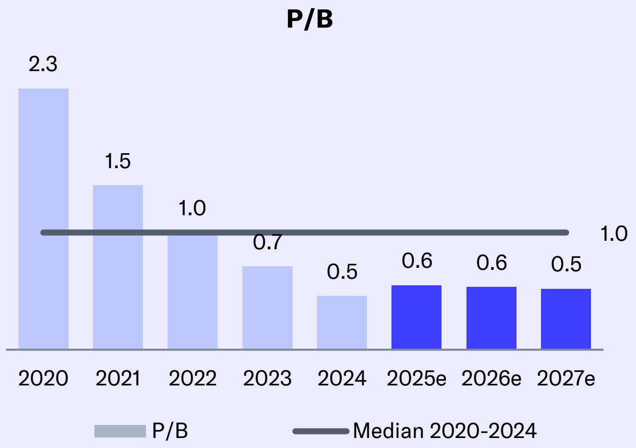
Although the return on capital in our forecasts at best reaches the level of the required return also looking further into the future, Anora's expected return at current valuation is reasonably good also in the longer term. If Anora would distribute its entire free cash flow as dividends (from 2026 onwards some 25-30 MEUR) the dividend yield would be over 10%. We see this as a good reflection of Anora's long-term annual return potential, if profitability improves in the coming years as we expect. The return is above our required return of some 8%. However, we see a risk that profitability will remain at a lower level than we predict in the future, which would naturally depress the expected return. If the result is potentially lower than our expectations, the indebted balance sheet would also bring additional risk to the shareholder. In the next few years, cash flow is likely to be directed toward debt repayment rather than to shareholders.

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, where we've 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, Diageo and Pernod Ricard compete directly with Anora in 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	2025e	2026e	2027e
Share price	3.32	3.32	3.32
Number of shares, millions	67.6	67.6	67.6
Market cap	224	224	224
EV	333	320	309
P/E (adj.)	11.1	8.5	7.9
P/E	11.1	8.5	7.9
P/B	0.6	0.5	0.5
P/S	0.3	0.3	0.3
EV/Sales	0.5	0.5	0.4
EV/EBITDA	4.8	4.3	4.1
EV/EBIT (adj.)	7.6	6.5	6.1
Payout ratio (%)	73%	64%	60%
Dividend yield-%	6.6 %	7.5 %	7.5 %

Source: Inderes



Valuation 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 .

Of the peer group, Viva Wine Group is Anora's main competitor in wines, although Viva mainly operates in Sweden, Norway and Finland, while Anora also operates in Denmark. Viva's current EV/EBITDA multiple is about 10x, which is clearly higher than Anora's. However, Viva has regularly gained market share in the Nordics, and it also has a small e-commerce business in Europe. We would, therefore, not use Viva's multiples directly for Anora's Wine segment, but it does provide an interesting benchmark. On the other hand, Anora's spirits operations (Spirits segment) are better comparable (though not directly) to international alcohol producers. 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, lower-than-expected we do not feel peer group comparison provides essential support to Anora’s valuation.

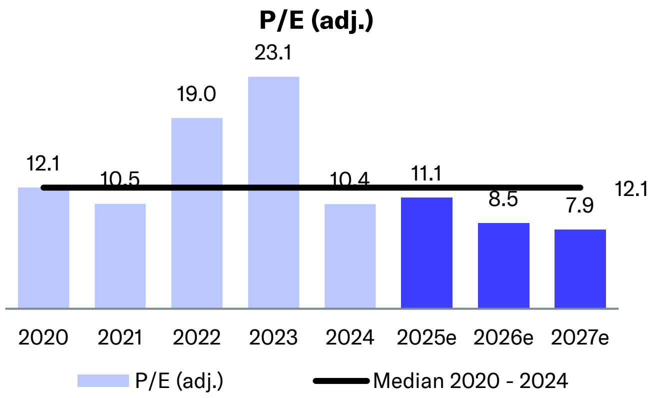
Acquisition potential

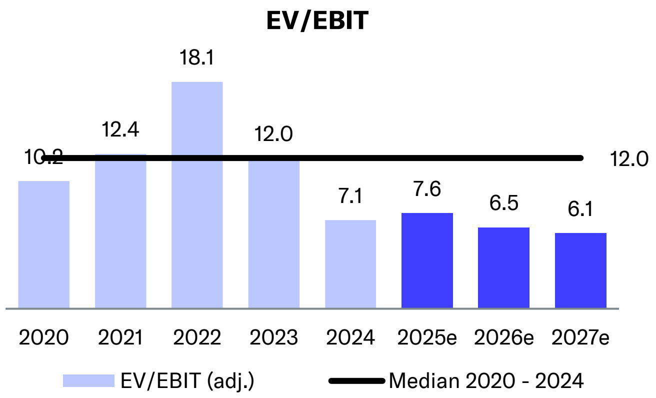
As mentioned earlier, part of Anora’s strategy is acquisitions and its predecessors, Arcus and Altia, have expanded mainly through acquisitions in the Nordic countries. We do not believe in significant value creation opportunities through acquisitions, as the next natural step would be on the Central European market where cost synergies with Anora are likely to be small. The low profitability of Globus Wine, acquired in the summer of 2022, and accounting uncertainties are unlikely to encourage Anora to actively pursue new acquisitions. The company does have the possibility of receiving insurance compensation related to the Globus transaction, but we feel the deal would still be a failure, at least so far. The company's leveraged balance sheet also still limits acquisition opportunities, and we believe the company will focus on improving its own operations in the coming years instead of acquisitions.

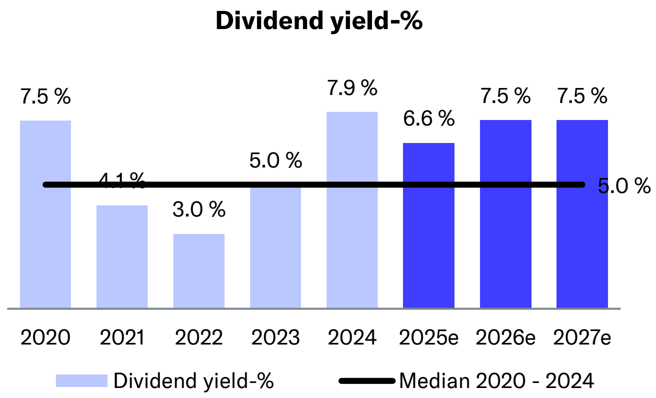
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	9.98	10.9	7.36	4.44	2.80	**3.32**	**3.32**	**3.32**	**3.32**
Number of shares, millions	36.1	46.6	67.6	67.6	67.6	**67.6**	**67.6**	**67.6**	**67.6**
Market cap	361	736	498	300	189	**224**	**224**	**224**	**224**
EV	357	864	778	419	298	**333**	**320**	**309**	**296**
P/E (adj.)	12.1	10.5	19.0	23.1	10.4	**11.1**	**8.5**	**7.9**	**7.4**
P/E	20.3	11.9	27.7	neg.	18.0	**11.1**	**8.5**	**7.9**	**7.4**
P/B	2.3	1.5	1.0	0.7	0.5	**0.6**	**0.5**	**0.5**	**0.5**
P/S	1.1	1.1	0.7	0.4	0.3	**0.3**	**0.3**	**0.3**	**0.3**
EV/Sales	1.0	1.3	1.1	0.6	0.4	**0.5**	**0.5**	**0.4**	**0.4**
EV/EBITDA	8.9	9.1	11.5	6.2	4.9	**4.8**	**4.3**	**4.1**	**3.8**
EV/EBIT (adj.)	10.2	12.4	18.1	12.0	7.1	**7.6**	**6.5**	**6.1**	**5.5**
Payout ratio (%)	152.7 %	71.2 %	82.9 %	neg.	141.2 %	**73.5 %**	**64.3 %**	**59.5 %**	**60.0 %**
Dividend yield-%	7.5 %	4.1 %	3.0 %	5.0 %	7.9 %	**6.6 %**	**7.5 %**	**7.5 %**	**8.1 %**

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**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**
Brown-Forman	13605	15661	15.0	14.0	13.8	13.0	4.2	4.1	17.3	16.9	2.8	3.0	3.8
Davide Campari Milano	6696	8885	14.1	12.9	11.6	10.7	2.8	2.6	18.0	16.0	1.3	1.4	1.3
Diageo	53151	74058	14.1	13.5	12.5	11.9	4.0	3.9	16.2	15.3	4.0	4.0	5.0
Pernod-Ricard	22553	35600	12.3	12.1	10.7	10.5	3.2	3.2	12.5	12.4	5.2	5.1	1.4
Remy-Cointreau	2264	2893	13.2	12.7	11.0	10.6	2.9	2.8	17.7	17.2	3.7	3.8	1.2
Constellation Brands	28313	38858	12.3	11.9	10.9	10.5	4.2	4.1	12.7	12.2	2.4	2.5	3.9
Olvi	686	647	7.5	7.0	5.6	5.4	0.9	0.9	10.0	9.4	4.1	4.3	1.9
Royal Unibrew	3685	4448	15.2	14.0	11.5	10.7	2.1	2.0	18.2	16.5	2.9	3.2	4.0
Anora (Inderes)	**224**	**333**	**7.6**	**6.5**	**4.8**	**4.3**	**0.5**	**0.5**	**11.1**	**8.5**	**6.6**	**7.5**	**0.6**
Average			**12.9**	**12.1**	**10.8**	**10.2**	**2.8**	**2.7**	**15.4**	**14.3**	**3.4**	**3.5**	**2.7**
Median			**13.2**	**12.7**	**11.0**	**10.6**	**2.9**	**2.8**	**16.2**	**15.3**	**3.7**	**3.8**	**2.0**
Diff-% to median			***-42%***	***-49%***	***-57%***	***-60%***	***-83%***	***-84%***	***-31%***	***-44%***	***80%***	***99%***	***-73%***

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	**727**	**147**	**177**	**163**	**205**	**692**	**144**	**174**	**164**	**206**	**688**	**702**	**709**	**716**
Wine	334	67	82	74	100	323	65	81	75	101	322	328	332	335
Spirits	237	47	59	53	69	227	45	57	53	70	225	230	234	239
Industrial	270	55	61	60	58	234	58	61	60	60	239	244	244	244
Group and eliminations	-114.3	-22	-25	-24	-22	-92.0	-24	-25	-24	-25	-98	-100	-101	-102
EBITDA	**67.5**	**7.7**	**14.9**	**15.4**	**23.3**	**61.3**	**10.0**	**16.0**	**15.5**	**28.5**	**70.0**	**74.6**	**75.7**	**77.8**
Depreciation	-98.8	-6.9	-6.5	-6.8	-6.6	-26.8	-6.6	-6.6	-6.6	-6.6	-26.4	-25.4	-24.7	-24.3
EBIT (excl. NRI)	**34.8**	**1.9**	**8.7**	**9.2**	**22.3**	**42.1**	**3.4**	**9.4**	**8.9**	**21.9**	**43.6**	**49.3**	**51.0**	**53.5**
EBIT	**-31.3**	**0.8**	**8.4**	**8.6**	**16.7**	**34.5**	**3.4**	**9.4**	**8.9**	**21.9**	**43.6**	**49.3**	**51.0**	**53.5**
Wine (EBITDA)	12.4	2.6	4.4	1.5	13.6	22.1	2.0	5.0	4.0	12.0	23.0	24.6	24.9	25.1
Spirits (EBITDA)	40.3	6.8	8.9	9.2	13.1	38.0	5.5	8.5	9.0	14.0	37.0	40.2	41.0	41.8
Industrial (EBITDA)	17.5	0.8	3.4	5.4	5.1	14.7	4.0	4.0	4.0	4.0	16.0	15.8	15.8	15.8
Group and eliminations	-1.9	-1.4	-1.4	-0.3	-2.8	-5.9	-1.5	-1.5	-1.5	-1.5	-6.0	-6.0	-6.0	-5.0
Share of profits in assoc. compan.	0.2	0.7	-0.3	-0.2	0.0	0.3	0.6	-0.1	-0.1	0.0	0.4	0.4	0.4	0.4
Net financial items	-22.8	-4.5	-5.7	-4.8	-5.1	-20.0	-4.5	-4.5	-4.5	-4.5	-18.0	-16.0	-15.0	-15.0
PTP	**-53.8**	**-3.0**	**2.5**	**3.6**	**11.6**	**14.7**	**-0.5**	**4.8**	**4.3**	**17.4**	**26.0**	**33.7**	**36.4**	**38.9**
Taxes	13.9	0.8	-0.7	-0.5	-3.3	-3.7	0.1	-1.0	-0.9	-3.7	-5.5	-7.1	-7.7	-8.2
Minority interest	0.0	0.0	-0.1	0.0	-0.4	-0.5	0.0	0.0	0.0	-0.3	-0.3	-0.3	-0.3	-0.3
Net earnings	**-39.9**	**-2.2**	**1.7**	**3.1**	**7.9**	**10.5**	**-0.4**	**3.8**	**3.4**	**13.4**	**20.2**	**26.3**	**28.4**	**30.4**
EPS (adj.)	**0.19**	**-0.02**	**0.03**	**0.06**	**0.20**	**0.27**	**-0.01**	**0.06**	**0.05**	**0.20**	**0.30**	**0.39**	**0.42**	**0.45**
EPS (rep.)	**-0.59**	**-0.03**	**0.03**	**0.05**	**0.12**	**0.16**	**-0.01**	**0.06**	**0.05**	**0.20**	**0.30**	**0.39**	**0.42**	**0.45**

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	3.4 %	-7.9 %	-3.1 %	-6.0 %	-2.8 %	-4.7 %	-2.0 %	-1.8 %	0.8 %	0.3 %	-0.6 %	2.0 %	1.0 %	1.0 %
Adjusted EBIT growth-%	-19.0 %	-392.3 %	79.4 %	-21.7 %	18.3 %	21.0 %	78.9 %	8.0 %	-3.3 %	-1.8 %	3.6 %	13.0 %	3.4 %	4.9 %
EBITDA-%	9.3 %	5.2 %	8.4 %	9.5 %	11.3 %	8.9 %	6.9 %	9.2 %	9.5 %	13.8 %	10.2 %	10.6 %	10.7 %	10.9 %
Adjusted EBIT-%	4.8 %	1.3 %	4.9 %	5.7 %	10.9 %	6.1 %	2.4 %	5.4 %	5.4 %	10.6 %	6.3 %	7.0 %	7.2 %	7.5 %
Net earnings-%	-5.5 %	-1.5 %	1.0 %	1.9 %	3.9 %	1.5 %	-0.3 %	2.2 %	2.1 %	6.5 %	2.9 %	3.7 %	4.0 %	4.2 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**654**	**628**	**630**	**629**	**630**
Goodwill	304	299	299	299	299
Intangible assets	206	194	194	194	194
Tangible assets	131	122	121	121	121
Associated companies	12.3	11.6	11.6	11.6	11.6
Other investments	0.7	0.7	1.0	1.0	1.0
Other non-current assets	0.0	0.2	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	3.0	3.0	3.0
Current assets	**482**	**442**	**420**	**428**	**432**
Inventories	144	139	138	140	142
Other current assets	14.5	7.2	7.2	7.2	7.2
Receivables	110	114	103	105	106
Cash and equivalents	213	182	172	175	177
Balance sheet total	**1136**	**1070**	**1050**	**1058**	**1063**

Source: Inderes

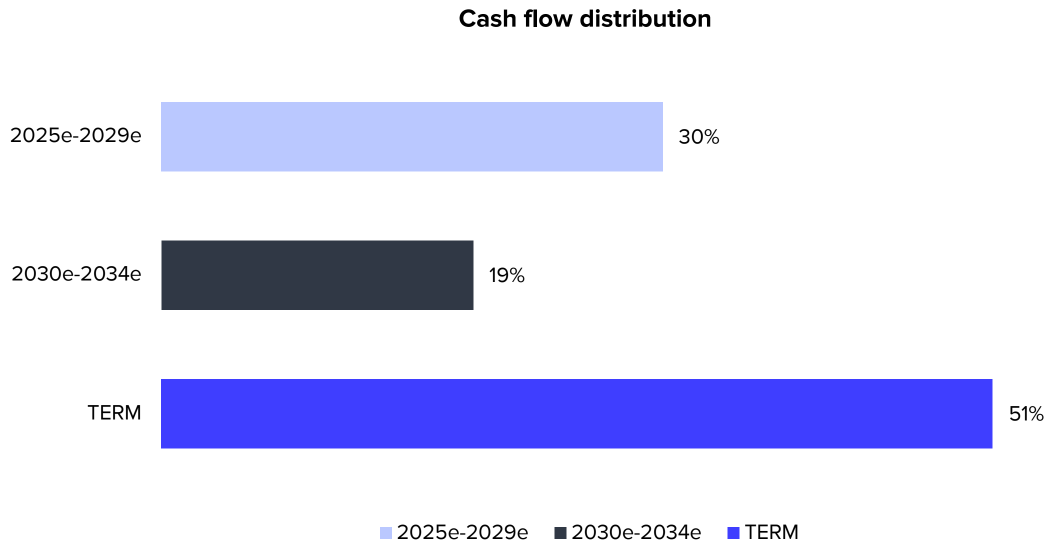
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**409**	**399**	**405**	**416**	**428**
Share capital	61.5	61.5	61.5	61.5	61.5
Retained earnings	55.4	50.1	55.5	66.9	78.4
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	291	286	286	286	286
Minorities	0.5	0.9	1.2	1.5	1.8
Non-current liabilities	**375**	**306**	**302**	**288**	**279**
Deferred tax liabilities	36.8	35.4	35.4	35.4	35.4
Provisions	2.4	2.6	2.6	2.6	2.6
Interest bearing debt	336	268	264	250	241
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.1	0.1	0.0	0.0	0.0
Current liabilities	**352**	**364**	**343**	**353**	**356**
Interest bearing debt	15.4	34.9	21.6	25.6	24.6
Payables	328	324	316	323	326
Other current liabilities	8.7	5.0	5.0	5.0	5.0
Balance sheet total	**1136**	**1070**	**1050**	**1058**	**1063**

DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-4.7 %	-0.6 %	2.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
EBIT-%	5.0 %	6.3 %	7.0 %	7.2 %	7.5 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %
EBIT (operating profit)	**34.5**	**43.6**	**49.3**	**51.0**	**53.5**	**50.6**	**51.1**	**51.6**	**52.1**	**52.6**	**53.2**	
+ Depreciation	26.8	26.4	25.4	24.7	24.3	24.6	24.9	26.3	26.5	26.8	27.1	
- Paid taxes	-5.1	-8.5	-7.1	-7.7	-8.2	-7.6	-7.7	-7.8	-7.9	-8.0	-7.5	
- Tax, financial expenses	-6.4	-4.9	-4.5	-4.3	-4.3	-4.3	-4.3	-4.3	-4.3	-4.3	-3.9	
+ Tax, financial income	1.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	0.0	
- Change in working capital	1.2	4.3	1.5	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	
Operating cash flow	**52.3**	**62.0**	**65.6**	**65.6**	**67.1**	**65.2**	**65.9**	**67.7**	**68.4**	**69.0**	**69.7**	
+ Change in other long-term liabilities	0.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-1.2	-25.1	-25.3	-25.5	-25.8	-26.0	-31.9	-36.3	-29.9	-30.2	-30.5	
Free operating cash flow	**51.3**	**36.8**	**40.4**	**40.1**	**41.4**	**39.2**	**33.9**	**31.4**	**38.5**	**38.9**	**39.2**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	51.3	36.8	40.4	40.1	41.4	39.2	33.9	31.4	38.5	38.9	39.2	564
Discounted FCFF		**34.8**	**35.4**	**32.5**	**31.0**	**27.2**	**21.8**	**18.7**	**21.2**	**19.8**	**18.5**	**266**
Sum of FCFF present value		527	493	457	425	394	367	345	326	305	285	266
Enterprise value DCF		**527**										
- Interest bearing debt		-467										
+ Cash and cash equivalents		182										
-Minorities		-0.7										
-Dividend/capital return		0.0										
Equity value DCF		**246**										
Equity value DCF per share		**3.6**										

WACC	
Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E)	10.0 %
Cost of debt	6.0 %
Equity Beta	1.03
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	**8.4 %**
Weighted average cost of capital (WACC)	**8.0 %**

Source: Inderes



Summary

Income statement	2022	2023	2024	2025e	2026e
Revenue	702.7	726.5	692.0	**688.0**	**701.8**
EBITDA	67.9	67.5	61.3	**70.0**	**74.6**
EBIT	34.7	-31.3	34.5	**43.6**	**49.3**
PTP	23.4	-53.8	14.7	**26.0**	**33.7**
Net Income	17.9	-39.9	10.5	**20.2**	**26.3**
Extraordinary items	-8.2	-66.1	-7.6	**0.0**	**0.0**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	1301.3	1135.7	1069.6	**1049.6**	**1057.7**
Equity capital	481.6	408.7	398.9	**404.6**	**416.3**
Goodwill	310.5	304.3	299.1	**299.1**	**299.1**
Net debt	300.9	138.2	121.6	**113.6**	**100.2**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	67.9	67.5	61.3	**70.0**	**74.6**
Change in working capital	-75.4	138.9	1.2	**4.3**	**1.5**
Operating cash flow	-4.1	194.5	52.3	**62.0**	**65.6**
CAPEX	-111.7	10.1	-1.2	**-25.1**	**-25.3**
Free cash flow	-117.2	203.8	51.3	**36.8**	**40.4**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	1.1	0.6	0.4	**0.5**	**0.5**
EV/EBITDA	11.5	6.2	4.9	**4.8**	**4.3**
EV/EBIT (adj.)	18.1	12.0	7.1	**7.6**	**6.5**
P/E (adj.)	19.0	23.1	10.4	**11.1**	**8.5**
P/B	1.0	0.7	0.5	**0.6**	**0.5**
Dividend-%	3.0 %	5.0 %	7.9 %	**6.6 %**	**7.5 %**

Source: Inderes

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	0.27	-0.59	0.16	**0.30**	**0.39**
EPS (adj.)	0.39	0.19	0.27	**0.30**	**0.39**
OCF / share	-0.06	2.88	0.77	**0.92**	**0.97**
FCF / share	-1.73	3.02	0.76	**0.54**	**0.60**
Book value / share	7.11	6.04	5.89	**5.97**	**6.14**
Dividend / share	0.22	0.22	0.22	**0.22**	**0.25**

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	6%	3%	-5%	**-1%**	**2%**
EBITDA growth-%	-29%	-1%	-9%	**14%**	**7%**
EBIT (adj.) growth-%	-38%	-19%	21%	**4%**	**13%**
EPS (adj.) growth-%	-63%	-50%	40%	**12%**	**30%**
EBITDA-%	9.7 %	9.3 %	8.9 %	**10.2 %**	**10.6 %**
EBIT (adj.)-%	6.1 %	4.8 %	6.1 %	**6.3 %**	**7.0 %**
EBIT-%	4.9 %	-4.3 %	5.0 %	**6.3 %**	**7.0 %**
ROE-%	3.6 %	-9.0 %	2.6 %	**5.1 %**	**6.4 %**
ROI-%	4.9 %	-3.2 %	5.4 %	**7.0 %**	**7.9 %**
Equity ratio	37.0 %	36.0 %	37.3 %	**38.5 %**	**39.4 %**
Gearing	62.5 %	33.8 %	30.5 %	**28.1 %**	**24.1 %**

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

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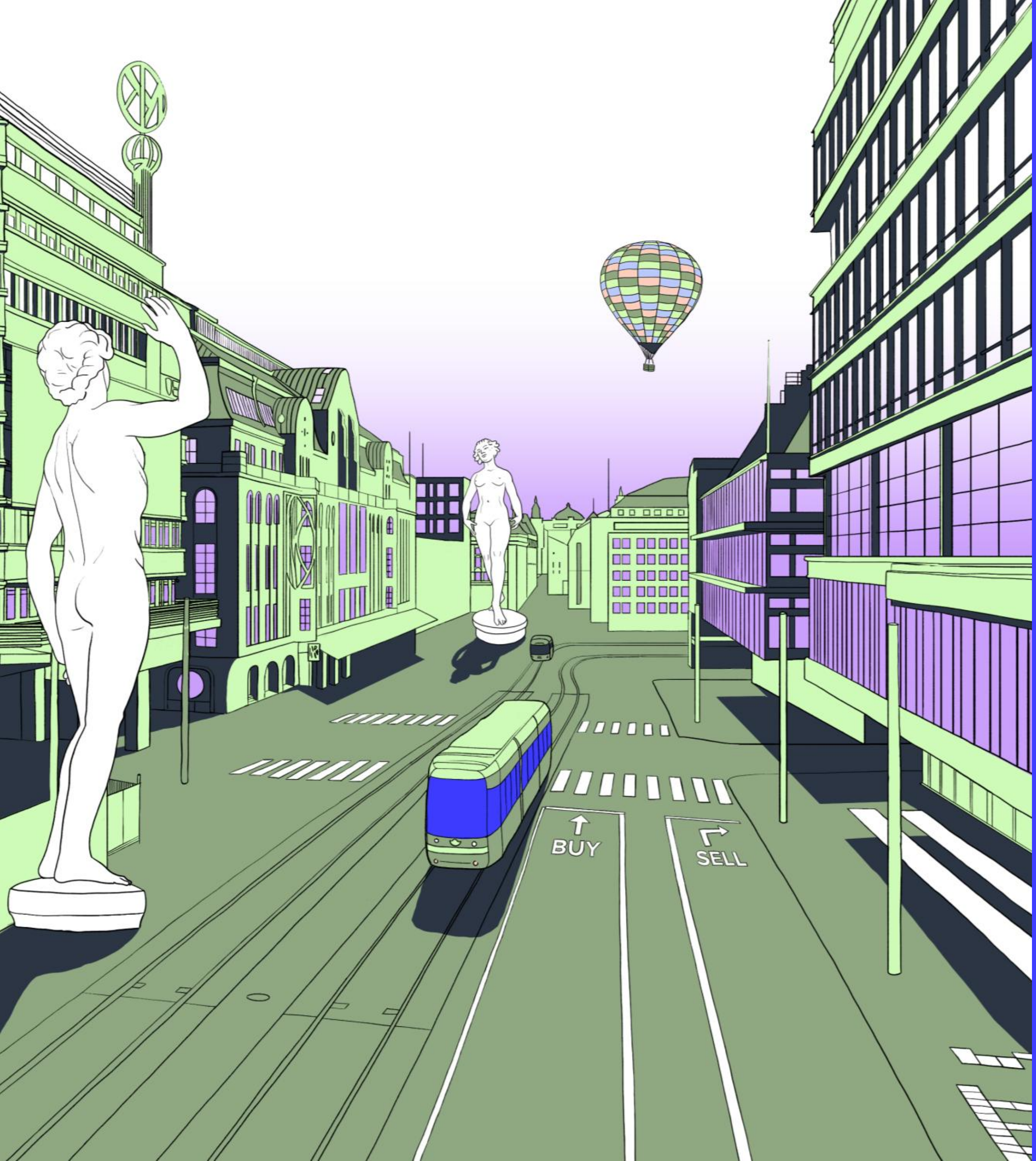
Recommendation history (>12 mo)

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 €
2/15/2024	Buy	5.50 €	4.42 €
4/8/2024	Accumulate	5.50 €	5.39 €
5/8/2024	Accumulate	5.30 €	4.72 €
8/14/2024	Accumulate	5.00 €	4.43 €
8/21/2024	Accumulate	5.00 €	4.32 €
10/15/2024	Reduce	3.80 €	3.77 €
11/8/2024	Reduce	3.40 €	3.22 €
1/15/2025	Reduce	3.00 €	2.80 €
2/13/2025	Accumulate	3.30 €	3.11 €
4/10/2025	Accumulate	3.50 €	3.32 €



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