



VIKING MALT

ANNUAL
REPORT
2022

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LETTER
FROM CEO

LETTER FROM CEO

A chain of dramatic and challenging events both for us and the world around us.

2022 turned out to be another challenging year after the turbulent 2021. The global Covid-19 pandemic gradually calmed down as it turned into less aggressive variants, and vaccination programs gave protection. But then Russia started the invasion and the war in Ukraine. This tragedy has not only affected millions of people in Ukraine, but has had a massive impact on the geopolitical landscape and global economy.

Following the political tension and sanctions between the West and Russia energy prices raised sharply throughout the year with significant impact to our cost base.

So in spite of a recovery of the global beer volumes after Covid-19 then our profitability came under eminent pressure.

We managed to safeguard our business through very constructive dialogs and support from our valued customers, and new deals reflecting the new cost environment, plus very tight internal cost control.

We also encountered a difficult year with regards to barley sourcing. In addition to a need to import barley e.g. to Poland we were affected by the very high barley prices – again as a consequence of the war in Ukraine.

Fortunately, we had a better crop both in terms of quality and quantity in 2022, which is positive.

Additionally, we are in the process of constructing a new state of the art malting plant in Lahti, Finland, replacing the old plant. Also here we have been faced with significant cost pressure, but we are still more or less on time with the start up scheduled for Q2 2023.

On top of that we also developed and launched our new strategy for 2023 onwards.

Finally, with all the turbulence, cost pressures and lack of predictability for our business we managed to keep a satisfactory result. A big thank you goes to the committed Viking Malt employees. We are fully convinced that we will stay strong as a business and a team for many years to come.

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We will stay strong as a business and a team for many years to come.

Kasper Madsen

Resilience and strong strategic fundamentals secured a reasonable business performance.

We started to prepare for the new strategy in 2022 in a challenging market situation. However, Viking Malt's previous strategy had for the most part functioned as we had aimed for and our customer base was solid, the key projects such as ERP launch were completed, and above all we have a competent and engaged team.

Therefore, in the long term we were not looking for a turnaround but a **transformation**. Our strategic goal is to prepare ourselves for growth. In the short term we needed to recover and come back stronger after a few difficult years in a turbulent market environment.

When preparing our strategy, we had a 360 degree approach, involving our customers and partners as well as our employees. **Our values** stayed the same: we respect, we care, we are curious. The only change is that we added the word "together" to "we strive for success." Apart from reflecting our aspiration to work together at Viking Malt – across functions, sites and geograph-

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Together with our farmers, partners and customers we explore all that malt can be for a better tomorrow.

ical borders – it is also a core in our thinking about how we do business instead of seeing the value chain as separate entities, we understand the business holistically and we want to act like an integrator of the value chain from farmers to customers in a credible and sustainable way.

We also wanted to crystalize our *raison d'être* and through a comprehensive process and deep discussions with our owners we defined our **Purpose**: together with our farmers, partners and customers we explore all that malt can be for a better tomorrow.

Kasper Madsen
CEO / MD Viking Malt Group



”

Instead of seeing
the value chain as
separate players,
we want to be
an integrator that
everyone can trust
in this quickly
changing world.

Kasper Madsen
CEO / MD Viking Malt Group

FIT FOR THE FUTURE

Viking Malt Strategy 2023-2027+



We ensure profitable growth with sustainable operations, an adaptive product portfolio and superior purpose customer service

PURPOSE

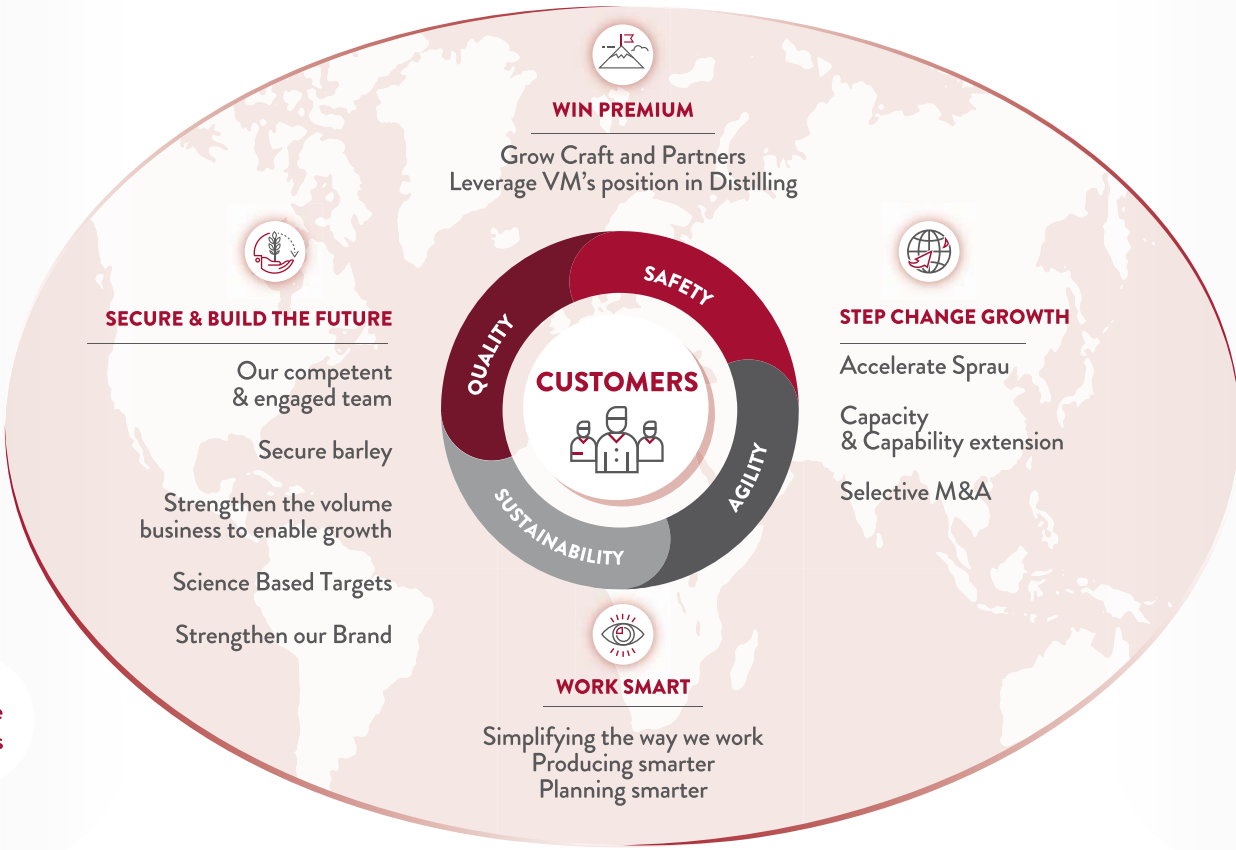
Together with our farmers, partners and customers we explore all that malt can be for a better tomorrow

VALUES



ASPIRATIONS & PRIORITY

“Come back stronger” short term priority
“Fit for future, freedom to take another steps” long term aspiration



GROUP MEASURES

- People
- Health & Safety
- Right Quality
- Sustainability
- Financials



ABOUT
VIKING MALT

ROASTED MALTS WORLDWIDE LEADER



FAMILY-OWNED
COMPANY
FOUNDED
IN 1883



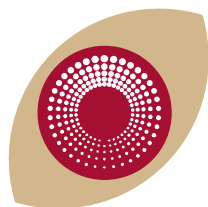
SUSTAINABLE
LOCAL SOURCING
OF MALTING
BARLEY

MARKET POSITION

1ST
IN BALTIC
RIM

5TH
IN
EUROPE

9TH
IN THE
WORLD



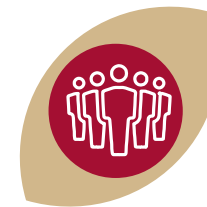
65
DIFFERENT
MALT QUALITIES



CUSTOMERS IN
80
COUNTRIES



6
MALTHOUSES



260
PROFESSIONALS



40^{KT}
ROASTED MALTS
CAPACITY PER YEAR



610^{KT}
ANNUAL PRODUCTION
CAPACITY

ABOUT VIKING MALT

Viking Malt is a malting company supplying its products to brewing and food industries and top whisky producers globally.

With our wide product portfolio, in particular in the Specialty Malts category, we work with customers of all sizes, from the smallest craft to the largest global brewers and distillers.

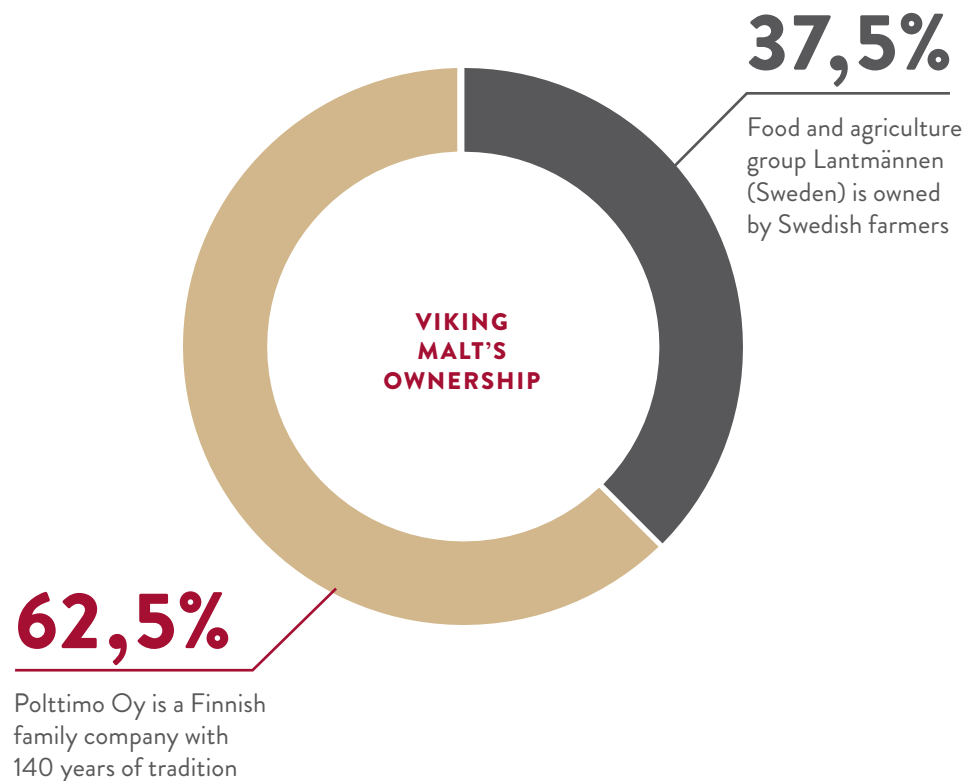
As the largest commercial malting company in the Baltic region, ranking fifth in Europe and among the top 10 globally, we operate six malting facilities located in five countries: Finland, Sweden, Denmark, Lithuania and Poland. Our new state-of-the-art malting plant in the Lahti-Kujala area is currently under construction and will start operating in 2023.

Our aim is to achieve profitable growth through sustainable operations, a customized product portfolio, and exceptional customer service.



LOCATIONS AND OWNERSHIP

Viking Malt has a unique combination of long-standing malting traditions and northern farming expertise, owned by the private Polttimo Group and Swedish agricultural cooperative, Lantmännen. We are strategically well located in areas where malting barley is grown.

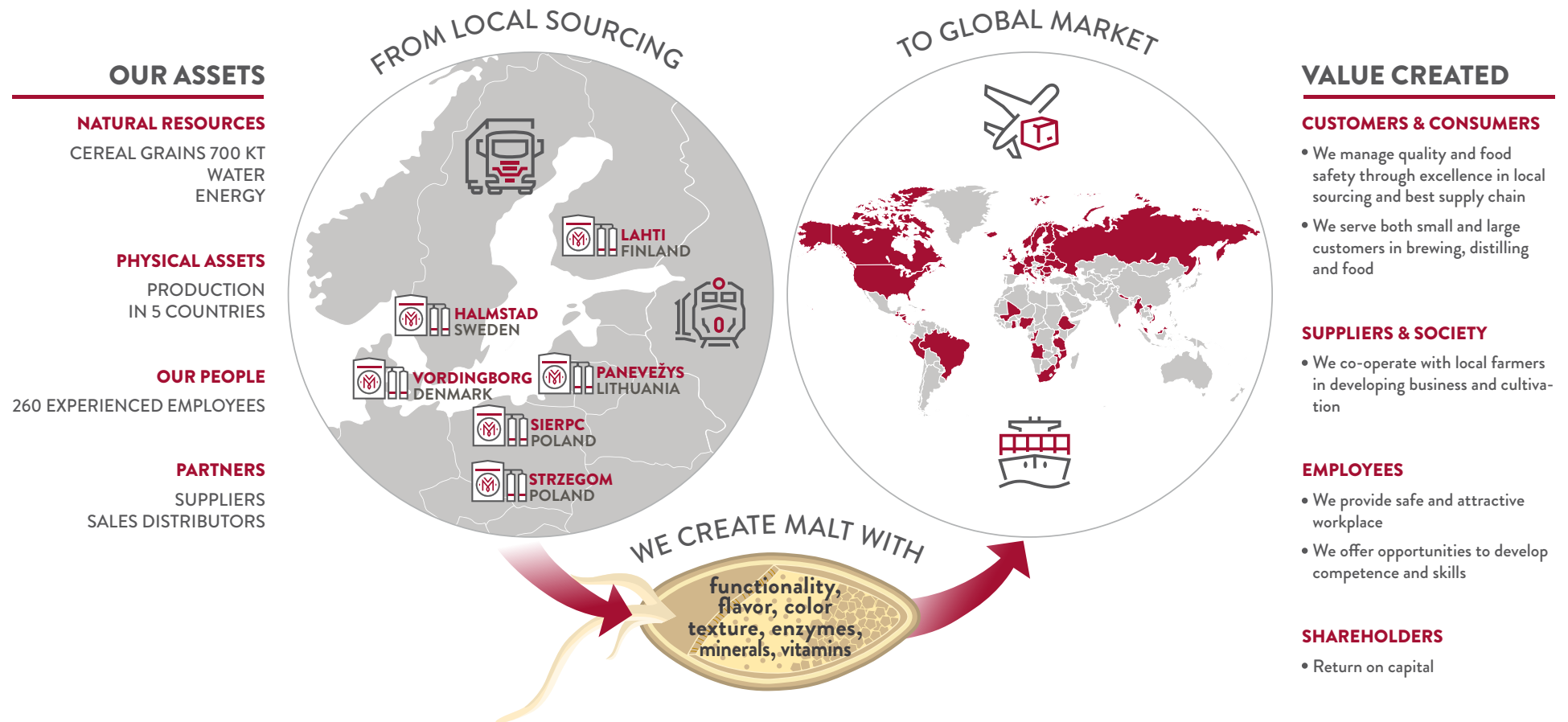


Viking Malt's Malthouses



Our multiple FOB locations offer customers the flexibility in logistics, ensuring smooth delivery of our products. Our ownership structure allows us to leverage the expertise of both our parent companies and provide our customers with the high quality malts. With a focus on sustainable operations and profitable growth, we are poised to continue our leadership role in the malting industry in the Baltic region.

CLIMATE CHANGE | HEALTH & WELLNESS | MARKET CONSOLIDATION | DIGITALIZATION



WE VALUE INNOVATION HIGHLY AND ARE KEEN TO EXPLORE NEW OPPORTUNITIES FOR MALTED AND SPROUTED GRAINS

OUR PRODUCTS AND BRANDS

Viking Malt's product portfolio is very wide and diverse, in particular in the specialty malts category. We offer barley malts, but also wheat, rye and oat malts with the Viking Malt brand in five categories:



Malts recommended for use as a base for all beer types



Full selection of malts for designing Pils, IPA or any other brew



Intended for brewing organic beers



Special malts with smoky character



Selected malts that fulfill the strictest requirements of any whisky recipe



WE SOLD

13% MORE

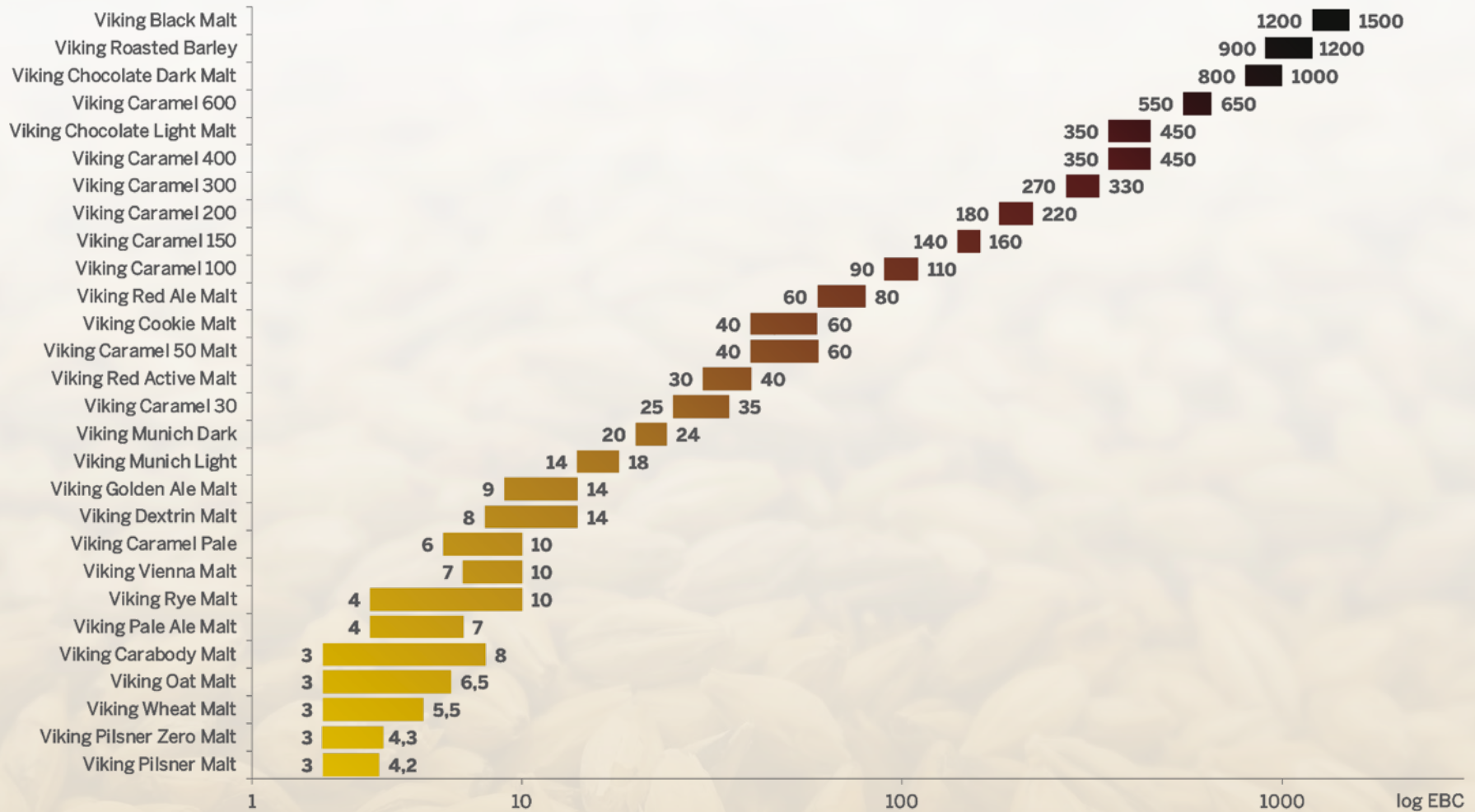
HIGH DIASTATIC POWER MALT IN 2022 VS. 2021

We also provide our customers with customized malts, malted and blended according to individual recipes, in the **MALTSTER'S SIGNATURE** category.

In 2022, one of the fastest growing products was Viking CaraBody malt, the sales of which tripled compared to 2021. The main intention of this malt is to support the body and foam formation of any beer, but especially low-colored beers and/or low-alcohol beers.

Our offering towards the distilling sector remains strong, with a growth of 13% in high diastatic power malts compared to 2021.

VIKING MALT COLOR RANGE



OUR PRODUCTS AND BRANDS

As we have been experts in germination since 1897, we decided to reimagine germination for food, thus contributing to a shift towards sustainable and healthy eating habits.

By increasing the use of faba beans in our food system we contribute to regenerative farming via crop rotation and our aim is to start the system change needed in the industrial food manufacturing sector. This will all materialize under our new brand Sprau®, which was developed in 2020 and had its commercial launch in 2021. Sprau® is germinated faba bean that we offer in two variants: germinated split beans and germinated bean flour.

Sprau® provides opportunities for versatile applications across many categories such as baking, beverages, and plant-based categories, including both plant-based dairy and meat alternatives. It also sets a platform for designing new, innovative plant-based



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We awakened the bean. We can awaken a healthier planet together, too.



foods and helps increase the diversification in our food system. In 2022, considerable work was put into product specification, application development and promoting which all will continue in 2023 together with a strong focus on the commercial roll-out of Sprau® with the aim of introducing an ingredient for new types of use at a large industrial scale.

Sprau® is our response to evolving food trends and changing consumers' demands. Now we are in the post Covid-19 world and facing similar challenges as other markets with increasing inflation, heavy pressure on ingredient prices etc. However, we believe that the demand for sustainable, local and functional protein ingredients will prevail and thus continue on their growth path during the next decade.



OUR CUSTOMERS

Viking Malt products are sold to customers around the world, to large international brewing groups, regional/local brewers and distillers, as well as the growing craft and food industry. The main market segments in which we operate are as follows:



BREWERIES
86%



CRAFT & PARTNERS
5%



DISTILLERS
8%



FOOD INDUSTRY
1%

OF SALES IN 2022

We aim to continually improve our customers' experience and identify their needs. We prefer to work in close relations with our customers and always strive to improve based on direct feedback and dialogue with customers.

We also conduct a Customer Satisfaction Survey among our customers every year, and the feedback received by them is very valuable.

In 2022 customer survey, we managed to improve our score from 8,2 to 8,6 (out of 10), which is a very good result considering the overall challenging market situation.

We received the best rating from Distillers and Breweries. Large International brewers and Craft customers are more critical, remaining at around 8,3. Of the values, we score highest on **Reliability, followed by Partnership.**

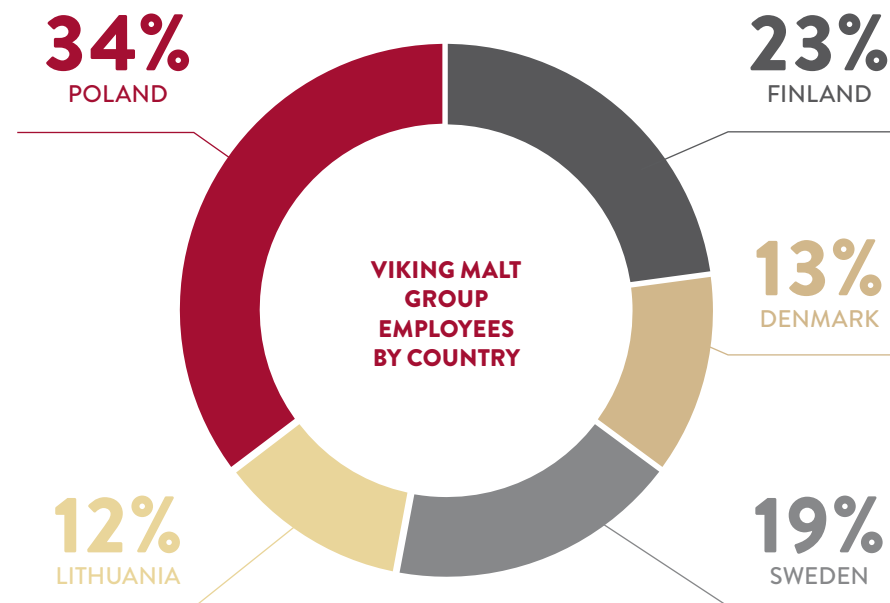
OUR EMPLOYEES

Viking Malt employees are our most valuable asset. The high competence, expert knowledge, and experience give us a competitive advantage. Together we build a strong market position for the whole Viking Malt Group.

We believe that a highly engaged team is the key to success. We use "Workday" to measure work well-being and engagement. It gives us a global industry benchmark based on a database of over 200 million employee responses across 23 industries around the world. In 2022, our engagement and well-being score was within the top 5% of the manufacturing industry benchmark.

We believe in diversity and want to build an inclusive work environment where people from different backgrounds can flourish. We are proud of our gender diversity in a traditionally male-dominated industry.

As per below, we have a high representation of females in our management, including Group Management Team. Three of our six factories are led by female site managers, two of them also being the Managing Directors of their respective countries.



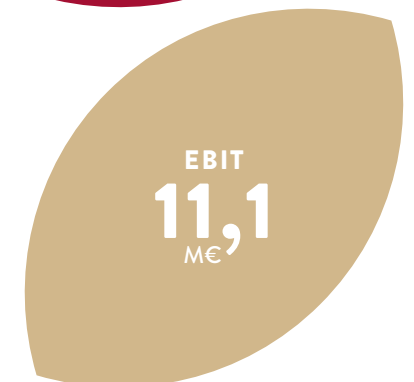
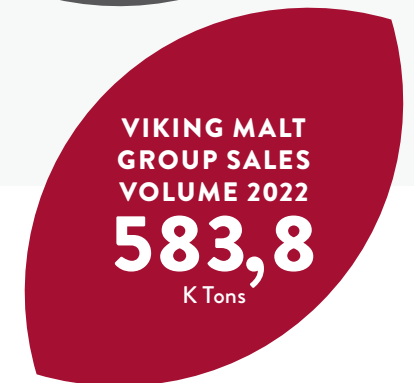
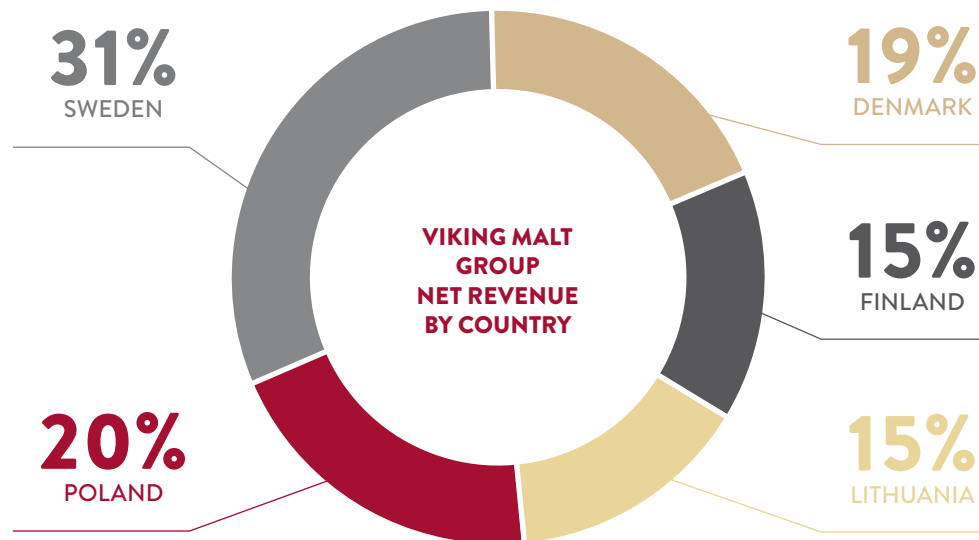
KEY FIGURES

In 2022, we managed to deliver a satisfactory financial result in a very turbulent business environment. Our sales volumes increased by 3,7% from 2021 due to good demand in all customer segments. Viking Malt's net sales increased significantly to 329,2 M€.

Growth of revenues was mainly driven by increased input costs, especially barley. The poor barley crop in 2021 pushed our raw material prices significantly up, followed by the Russian invasion of Ukraine in February 2022, which pushed prices even further.

At the same time, European energy prices increased sharply. Especially gas and electricity prices were in 2022 at a record high level impacting Viking Malt's financial performance. High inflation in all Viking Malt's operating countries impacted year 2022 profitability.

Operating profit declined to 11,1 M€ (12,0 M€) and was at 3,4% (5,0%) in 2022.





SOURCING

Also for sourcing the year 2022 has been a somewhat challenging year, mainly influenced by the invasion of Ukraine, which affected the global grain markets substantially with soaring prices as an effect as well as the direct consequence of less imports of Russian gas to the EU leaving energy prices increasing to historically unseen levels.

The harvest in Denmark turned out to be well above average. Very favorable conditions for the spring barley left us with very high yields, very nice full barleys, proteins however turned out to be on the low side. Nevertheless, with optimal harvest conditions we have received a healthy and maltable crop in Denmark. Sweden has experienced very similar conditions as Denmark. Yields and quality have been above average, harvest was secured in very good conditions, but protein in South of Sweden like in Denmark is on the low side.

In Poland we are still challenged to have farmers grow malting barley, as corn, feed barley and wheat gives better returns and hold less quality risks. However, the barley we did receive of crop 2022 was overall of very good quality, yields were slightly more mixed, west better than east, proteins in optimal range and health was good.

Lithuania started with some concern to us, sowing time was cold and two weeks delayed versus optimal time. Then followed a rainy and cold period which slowed the development, and even optimal spraying and fertilizing windows

were missed. Luckily, later in the season weather changed and we ended up with a good crop – not a bumper crop, but all things considered highly usable with good screenings and proteins, overall health also acceptable.

Lastly, Finland came back with a good crop after the disaster crop in 2021. Even though the growing season was not optimal and both too much rain in some areas and drought in others caused concern during the spring, harvest time ended up a little delayed but weather was good and farmers managed to secure the barley. On the quality side, we have seen good screenings, proteins on usable level and from a health point of view no concern. Yields also improved and the final outcome was above 5-year average.

Globally Canada came back strong having a much better growing season versus 2021. Australia has seen much rain, at a time here the concern was of too much rain, but in the end they have secured a very good and large crop. This can not be said for Argentina; they have throughout the whole season experienced bad weather and drought with the outcome as expected on the low side but still of usable quality.

The average barley yield in Denmark was

20% higher

than a 5 year average



MARKET ENVIRONMENT

The home market of Viking Malt is Scandinavia and the Baltic Sea region. Our malt is also exported to valued customers on all continents.

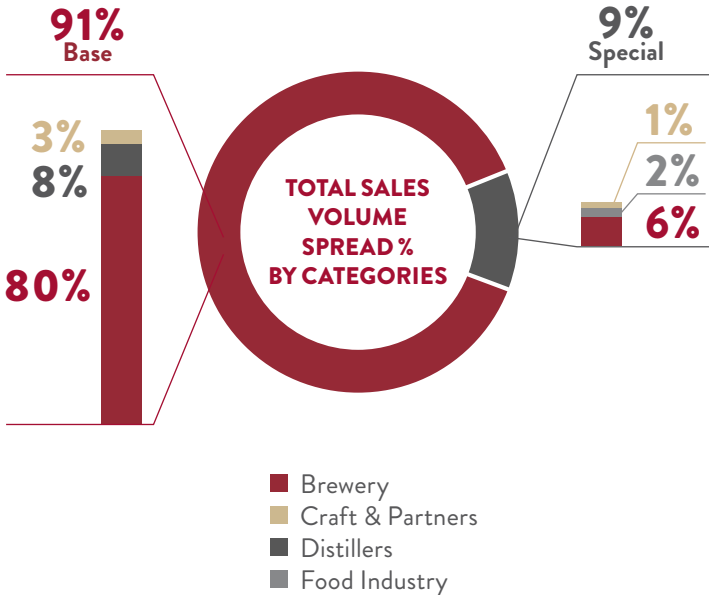
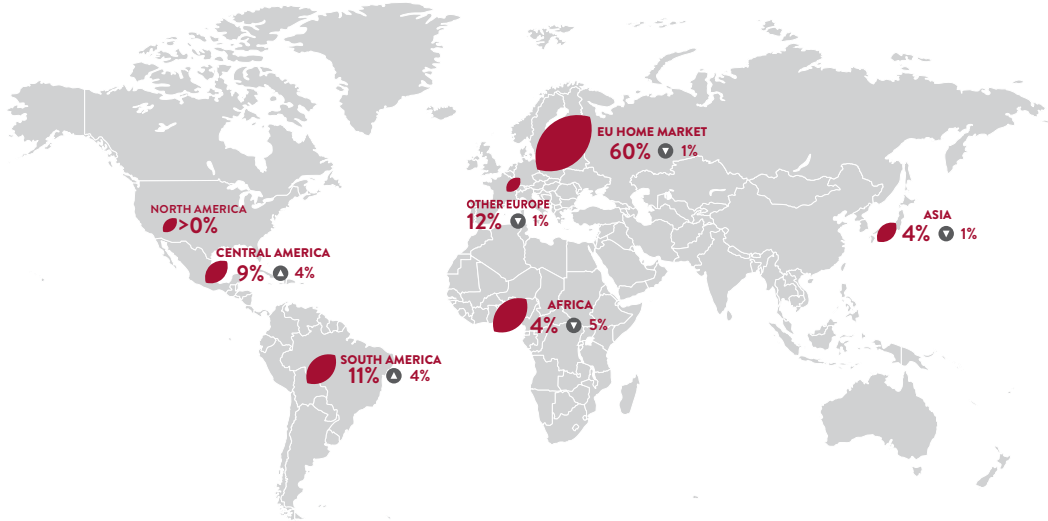
In 2022, 60% of our products were sold on home market, and 12% to other European countries. Our export to Central America & Caribbean was 9%, South America 11%, Africa 4% and Asia 4%. The largest change in supply has been in favour of Latin America.

The post-pandemic recovery in beer volumes continued during 2022 and is nearly back to pre-pandemic 2019 levels. Together with premiumization and higher malt utilization, this has led to a tight supply and demand balance for malt during 2022, and higher margins were seen in the market. Some maltsters in Europe reduced output due to high energy prices.

Scottish Whisky market performed very well and distillers are running on high capacity utilization, with plans for also increasing the production.

Malt and Beer Industry were severely impacted by Russia's invasion of Ukraine. Extremely high energy costs forced us to renegotiate existing customer agreements.

Our overall sales volume increased by 5% versus 2021 and we were running all malting plants at full capacity utilisation. Still, we saw a weaker market for dark roasted products and our special malt sales decreased by 4%.





HIGHLIGHTS
2022

2022 – THE YEAR IN HIGHLIGHTS



January

Launch of Viking Malt and Nook Brewery cooperative beer – Wonderland Cherrywood Smoked Imperial Baltic Porter



May

Silver Sponsor of 28th Nordic Technical Meeting in Copenhagen, organized by the Danish Brewers Guild



June

Finmalt Topping Out Ceremony and “Thank You Party” for the construction site workers



August

Ecovadis Gold Medal 2022



November

Viking Malt signed up for Science Based Targets

March / April

Gold Sponsor of the RMI's 11th World Barley, Malt & Beer Conference in Antwerp, Belgium



May

FSSC 22000 certification for Halmstad and Vordingborg



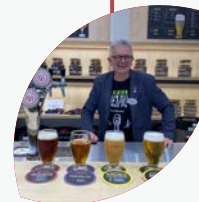
June

Brau Brazil 2022
Brazilian Congress of Brewing Science and Technology



September

Drinktec Fairs 2022



December

- CDP score A- for climate change
- Senson Umami Extract with Sprau selected as a finalist in the FIE 2022 Innovation Awards
- Sprau® at FI Europe 2022 in Paris



FINMALT

2022 was the year of Finmalt, our new investment in Lahti, Finland, which stands out as one of the largest investments in the Finnish food and beverage industry in the last decade. This investment is a part of our long-term strategy and vision for the future and demonstrates our commitment to the Lahti region, where we have strong relationships with local farmers and the community.

We started the construction work of the new plant in June 2021, and despite the challenges posed by difficult weather conditions in winter, the work continued steadily throughout the year 2022. The construction work and equipment installation scheduled for the year progressed as planned. At the peak of construction, we employed an average of 200 people on the site. In June 2022, we hosted a topping-out ceremony combined with a Thank You Party to acknowledge the construction workers who contributed to the plant's construction and showed our appreciation for their hard work.

The scale of our investment is substantial, as evidenced by the numbers: nine main contractors worked on the direct contract, and approximately 40 companies were involved in the project.

In parallel, we continued the annual training program for Viking Malt Oy employees in cooperation with the local Occupational Training Center Salpaus to enhance their professional skills related to the Finmalt project. The training package was customized to meet Viking Malt's requirements, and participants were awarded an official Process Industry partial diploma. The training courses covered various topics, including operational safety, food safety, CSR, quality standards, and Lean Systems. The program was designed to assist Viking Malt personnel in adapting to the new Finmalt malting plant, which will start operations in early 2023. Participants have given positive feedback on the training, which is expected to promote a continuous lifelong learning experience and the ability to cope with and adapt to change.



In our new plant in Lahti,
we have installed:

- 90 silos in total, out of 13 different types of metal hopper silos
- Capacity of the silos range from 93 m³ to 1636 m³
- Full capacity of the silos is nearly 30,000 tons, including both barley and malt silos

GROUP MANAGEMENT



Kasper Madsen
CEO / Managing Director
Viking Malt Group



Malin Andersson
VP Sales



Teemu Pohjola
CFO
Secretary of the Board



Annika Wilhelmson
VP Innovation,
Craft & Food



Tomasz Malec
VP Supply Chain



Pia Valve
VP HR
& Communications



Jacob Andersen
VP Sourcing
& Procurement

BOARD OF DIRECTORS

Pär-Gustaf Relander
Chairman of the Board
Board Member from May 2013

Juhani Mäkinen
Vice Chairman of the Board
Board Member from March 2010

Per Lindahl
Chairman / Lantmännen
Board Member from January 2018

Jan Ehrensvärd
MD Tosterups Gård
Board Member from April 2021

Nella Ginman-Tjeder
CEO / Eira Hospital
Board Member from May 2014

Magnus Kagevik
Group President and CEO / Lantmännen
Board Member from October 2019

Teemu Pohjola
CFO / Secretary of the Board
from November 2020



SUSTAINABILITY

A year ago, our sustainability report was for the first time integrated into our first ever Annual Report. This small but yet significant step is literally integrating sustainability into our business. In our new strategy “Fit for the future”, sustainability is indeed incorporated into all strategic initiatives.

In November 2022, we took a big step by submitting our commitment to Science Based Targets. With this commitment, we aim to reduce our greenhouse gas emissions in line with the 1.5°C temperature increase scenario. This corresponds to a reduction of 42% from the base year 2021.

However, in line with our previous estimates, our evaluation of 2021 data shows that only 13% of our greenhouse gas emissions amount from our own activities. Therefore, as much as 87% are so-called Scope 3 emissions, with barley cultivation as the most significant contributor.

Therefore, we will continue to offer training and calculation tools to farmers, to enable a gradual movement towards more sustainable agriculture. To improve biodiversity, we will define and implement relevant aspects of regenerative agriculture.

We will continue to report through the sustainability platforms EcoVadis, Sedex, CDP and in the future also Global Compact. In EcoVadis we have remained on a strong Gold level, whereas in CDP, we reached for the first time the score A- for climate change.

To be successful in sustainability, we will need to work together as a value chain, supporting our farmers, partners and customers in their sustainability journeys.

In this way, we ensure that we are all ready to meet the rising expectations on us as a value chain and prove that we can do business in a way that guarantees this opportunity for also the generations to come.




Annika Wilhelmson
VP Innovation, Craft & Food
Viking Malt Group



VIKING MALT CORPORATE SOCIAL RESPONSIBILITY

Our aim is to ensure profitable growth with sustainable operations, an adaptive product portfolio and superior customer service. Our sustainability strategy is based on our Values and Purpose, and is in line with our Business Strategy and Policies.

Our sustainability agenda continues to focus on the themes where we have most impact, and where our role as an integrator is essential:

-  **Sustainability with our Customers** – the only way to make a difference is by working together as a value chain. We connect our Customers, Partners and Farmers, and together work for a more sustainable value chain.
-  **Sustainable Supply Chain** – we aim to further reduce our greenhouse gas emissions and water usage. In cooperation with the suppliers, promote biodiversity by establishing Viking Malt’s program for sustainable grain production.
-  **Our Viking Malt** – we develop a stronger culture of work safety, and maintain our culture of high ethical standards, with high transparency and integrity.

We operate according to integrated management systems **Quality (ISO 9001)**, **Food Safety (ISO 22000)**, **Environment (ISO 14001)** and **Energy (ISO 50000; Denmark only)**, and are certified in these. We are also developing our operations towards **Occupational Health and Safety Management system (ISO 45000)**, the more advanced **Food Safety FSSC 22000** and **ISO 26000 Guidance on Social Responsibility**.

We are taking part in **CDP**, **Sedex** and **EcoVadis** social responsibility platforms and evaluations. We are on a Gold Level in EcoVadis, as our score has improved from 73/100 to 74/100. Only the top 2% of the companies assessed by EcoVadis reach this level. In CDP we, are reporting both CO₂-emissions and water efficiency on group level. Our CDP Climate Change Score is “A-” and Water Security Score “B”.

We are committed to the **UN Global Compact’s** ten principles. We have defined the targets most material to our business and where we can have an effect, working together with our stakeholders towards the **UN Sustainable Development Goals (SDGs)**.





ISO 9001:2015
ISO 14001:2015
ISO 22000:2018
ISO 50001:2018
FSSC 22000, version 5.1



DISCLOSURE INSIGHT ACTION





Business Sustainability Ratings













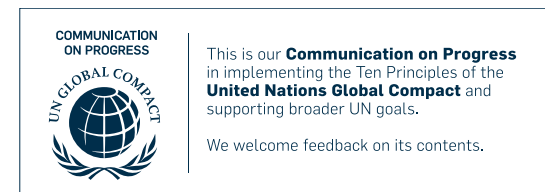


WE ARE COMMITTED TO THE UN GLOBAL COMPACT SUSTAINABLE DEVELOPMENT GOALS

We have defined the targets most material to our business and where we can have an effect, working together with our stakeholders towards the UN Sustainable Development Goals (SDGs). In 2020 we signed up for Global Compact.

In 2022 we signed up for Science Based Targets. With 2021 as base year, we have committed to reduce our emissions with 42% by 2030. Therefore, our Scope 1 + Scope 2 emissions should not exceed 32 000 tons CO₂ in 2030. Our previous emission reduction target for 2025 will remain as an intermediate target.

During 2023 we will develop a roadmap on how to reach our target.



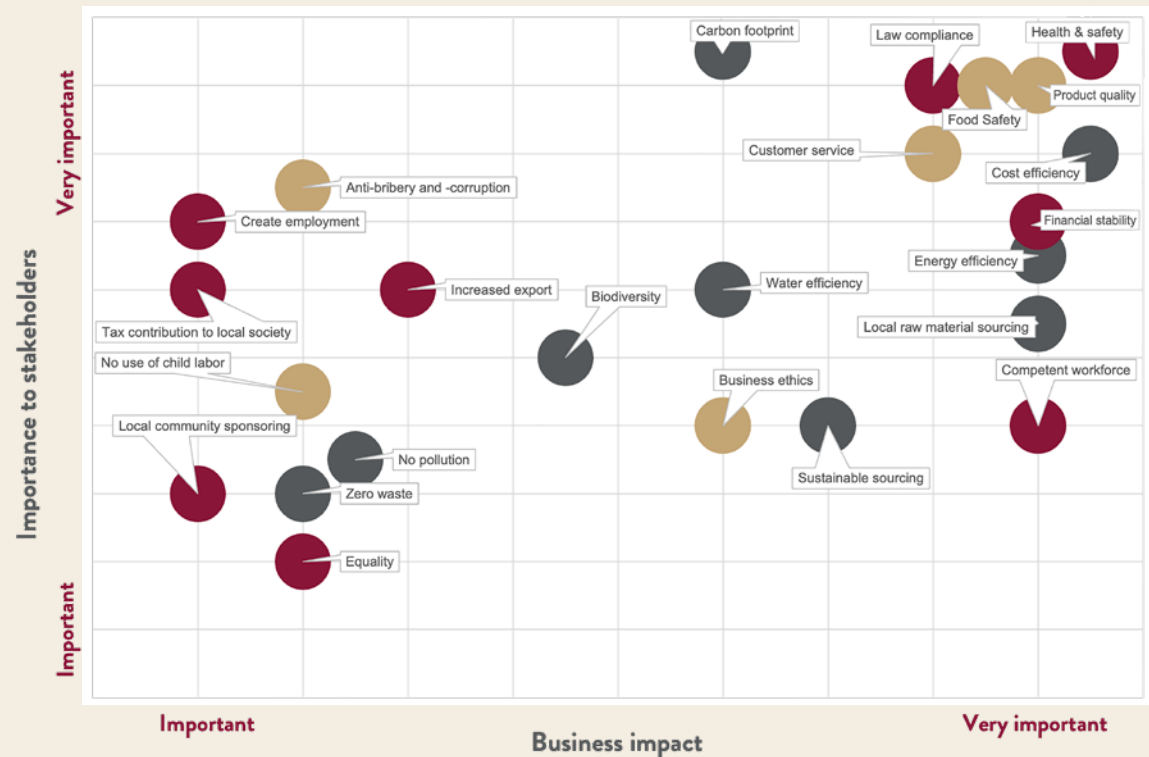
OUR STAKEHOLDERS

Our main stakeholders are customers, suppliers, employees, authorities, owners and communities. Stakeholder expectation data has been collected through interviews with customers and suppliers, customer satisfaction surveys, employee surveys and from direct communication.

The importance of Carbon Footprint, Biodiversity and Water Efficiency continue to grow. In our new strategy, Customer Service is high-lighted, as well as Health & Safety.

Sharing knowledge across the sites and ensuring we have the right competencies in the future was seen critical for the new strategy.

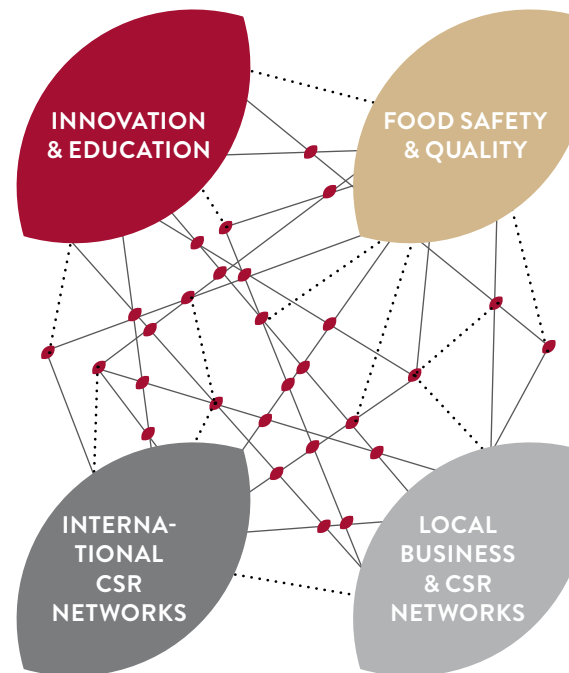
Our stakeholder analysis identifies the following expectations:



NETWORKS

We follow developments in our business environment, food safety and quality, and participate in development projects through the following forums:

- EBC Brewing Science Group as well as local networks such as the Panimolaboratorio network in Finland
- Educational institutes like Scandinavian School of Brewing, VBU polytechnic in Sweden, University of Copenhagen, University of Eastern Finland, University of Helsinki, Technical University of Berlin and Versuchs- und Lehranstalt für Brauerei in Berlin (VLB) e.V.
- Research Institutes such as VTT Technical Research Centre of Finland, Natural Resources Centre Finland and TFTAK in Estonia
- Sustainable Agriculture Initiative (SAI)
- Cool Farm Alliance



- Malt Analysis Proficiency Scheme, MAPS Advisory Group
- Euromalt Technical Committee
- Local industry associations
- Lahti Industrial Club
- Supporting Lithuanian Free Market Institute, LFMI (a politically independent think tank)
- DAKOFO Danish grain trading organization
- Finnish Business & Society (FIBS) membership (Nordic CSR co-operation platform)
- Baltic Sea Action Group (BSAG)
- The Finnish Cereal Committee, VYR



RISK ANALYSIS

Following on last year's report we have on group level conducted a new risk assessment together with AON.

The landscape of risks overall has not changed, although some new risks have been identified and incorporated in the ERM-process, while others have been found to be no longer significant.

Site-related risks continues to be evaluated through a business impact analysis and continuity and recovery plans have been prepared on site level. Environmental, health and safety, chemical and food safety risks have been evaluated as a part of the management process.

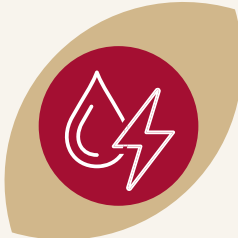
Based on Viking Malt Group enterprise risk management process, the following risks were highlighted (risks scoring high in ERM were included):



1. CYBER IT SECURITY



2. DECREASING ATTRACTIVENESS OF BARLEY CULTIVATION



3. RAW MATERIAL AVAILABILITY ISSUES (CROP DISASTER)



4. RISK OF MAJOR FIRE OR EXPLOSION

Our risk mitigations will be performed mainly through Strategic Initiatives.

	Secure & Build the Future	Win Premium	Work Smart	Step Change Growth	Daily Business
Cyber IT Security					✓
Decreasing attractiveness of barley cultivation (to farmers)	✓	✓		✓	
Raw material availability issues (crop disaster, etc.)		✓		✓	
Risk of major fire or explosion	✓	✓			
Utility failure/disruption			✓		✓
Failure to attract and retain the right people			✓		
Position in the value chain		✓	✓	✓	
Political / Geopolitical risk				✓	
Risk of unethical behavior, including potential breach of sanctions	✓				✓
Another serious global pandemic	✓		✓		✓
ESG	✓		✓	✓	
Quality and product safety risk	✓		✓		
Changes in end-customer trends		✓		✓	
Machinery breakdown			✓		
Work safety risk	✓				

RISK ANALYSIS 1 AND 2



CYBER IT SECURITY

Due to increasing digitalization of the world where more and more devices are connected to internet we see a higher Cyber IT security risk. If this risk materializes it can lead to loss of critical assets, sensitive information, or reputational harm. A cyber attack or breach within an organization's network can cause stop of work in office or production environment.

We are mitigating Cyber IT security risks by:

- Mandatory Security trainings and informing users of threats. This also includes attack simulations.
- Having good domain and password policies implemented.
- Taking daily offsite backups of our computers and data.
- Making sure that our computers and devices and our protection systems i.e. virus/spam detection systems have the latest patches and that also our IT partners will have the same policy and practices.
- Implementing 24/7/365 Cyber Security Operations Center (SOC), which monitors our computers and networks and makes necessary mitigation actions if security breach is about to happen.



DECREASING ATTRACTIVENESS OF BARLEY CULTIVATION

With a globally growing population we see an increasing demand for proteins to feed the world, leading to a fight for land across the globe. In this scenario barley areas will meet challenges as pulses and feed grains in general will be more and more attractive for farmers to grow, with less strict quality requirements for the feed grains and less fertilizer input costs for pulses.

Risk Management:

- Through three of four strategic themes we have identified sub-projects that will mitigate our risks related to keeping malting barley attractive towards farmers. Focus is on continuous improvement in yields, and attractive and agile pricing models to secure competitiveness versus feed grains and pulses, leading to a sustainable income for farmers.
- We continue to integrate our Suppliers in the value chain, by offering training in e.g. quality and sustainability.

RISK ANALYSIS 3 AND 4



RAW MATERIAL AVAILABILITY

After a very challenging crop 2021, we have returned to more normal yields and qualities across the EU. Nevertheless, again we have seen climate affecting our area as yields especially in Denmark and South Sweden have been above the 5-year average, leading to low proteins and a need for brewers to align their production accordingly.

Risk Management:

- Embedding this risk into two of our strategic themes risk mitigation is ongoing. Maintaining focus on relationships to suppliers across EU as well as mentioned prior offering agile pricing models to farmers, focus is kept on securing raw materials availability.



RISK OF MAJOR FIRE OR EXPLOSION

Risks related to Viking Malt's operations are generally low, but as we as part of our business handle several hundred thousands tons of dry grains and malt every year, the risk of a major fire in stored materials or a dust explosion has been pointed out as a significant hazard.

Risk Management:

- Our plants are designed, maintained and operated in ways that mitigate the risk of dust explosions.
- Procedure for hot work are in place and smoking is only allowed in dedicated areas.
- To prevent storing wet grain that could self-heat and potentially catch fire, best practices for management of stored raw materials and malt are implemented, including requirements for monitoring of various quality parameters.
- Fire fighting exercises are carried out on regular basis, often in cooperation with municipal fire departments.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Viking Malt’s exposure to Climate-related risks and opportunities has been analysed based on Climate-related risks and opportunities categories defined by the TCFD (Task Force on Climate-related Financial Disclosures).

Viking Malt has analysed the potential impact of climate change on its operations and business environment across the value chain, including the supply chain, own operations and customer/consumer preferences. The potential long-term impacts of climate change have been analysed through two different scenarios: in the first scenario the global warming is limited to 1.5°C and in the second scenario the global warming has reached 4°C.



The most significant Climate-related Risks

Increase of energy prices, leading to increased costs.

Impact of extreme weather conditions on barley growing, leading to volatility in availability and price levels of raw materials leading to increased costs.

Transition to lower emissions technology in energy production leading to increasing capital investments on renewable energy production and exposure of current asset values.



The most significant Climate-related Opportunities

Utilization of renewable energy in production (biofuels, heat recovery, woodchip heat plants) leading to reduced exposure to future fossil fuel price increases.

Climate change in our region may not affect crops as much as further south in Europe leading to a competitive advantage for us being placed in Northern Europe.

New ways to cultivate agricultural land to capture carbon, mitigating climate change in the whole value chain and leading to reduced greenhouse gas emissions and less sensitivity in cost of carbon.

Transition to climate neutrality, leading to a better competitive position to shifting consumer preferences, resulting in increase in revenues and ensuring business model resilience.

OUR SUSTAINABILITY AGENDA FOCUSES ON AREAS WHERE WE HAVE IMPACT





SUSTAINABILITY
WITH OUR
CUSTOMERS

SUSTAINABILITY WITH OUR CUSTOMERS

The only way to make a difference is by working together as a value chain.

With sustainability embedded in our purpose, we communicate our sustainability commitments, activities and achievements both internally and externally.

We support the sustainability efforts of our customers by reducing our own GHG-emissions, by acting as a bridge between them and our farmers in promoting a more sustainable grain production, and by keeping our ESG agenda and reporting up-to-date.

We support our smallest customers in their sustainability journeys by sharing knowledge and best practices in e.g. quality and work safety.

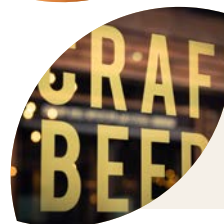
Through Sprau[®], we drive the shift towards a more sustainable food production and consumption. By promoting the cultivation of faba beans in our grain-dominated crop cycles, we strive to improve biodiversity. Through Sprau[®], we also offer our customers the opportunity to diversify their own product portfolios.



Strengthen the Volume
Business to Enable Growth



Leverage Viking Malt's
Position in Distilling



Grow Craft & Partner



Strengthen Our Brand



Accelerate Sprau[®]

SUSTAINABILITY WITH OUR CUSTOMERS

Activities, Targets and KPIs.



Activities Done 2022

Sustainability-related news have been communicated in newsletters, on our webpage and in social media throughout the year.

Customer awareness of our sustainability-activities was followed. High level internal GDPR audit was done.

Continuously support our customers with required CSR data.



Activities Planned 2023

Continue activities to improve customer awareness of our sustainability-activities, taking into account how advanced they are in sustainability.

Continue to work on GDPR to ensure compliance and conduct external audit when deemed necessary.

Continuously support our customers with required CSR data.

Initiate sustainability projects together with customers.

KPIs

Product Safety & Business Ethics

Customer awareness of our CSR program based on survey

2019 2020 2021 2022

58% 72% 67% 74%

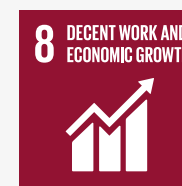
Overall Customer Satisfaction Score

8,5 8,4 8,2 8,6

Targets:



- Maintain high level of Customer Satisfaction Score.
- Improve Customers' awareness of our sustainability program.





SUPPLY CHAIN SUSTAINABILITY

Product Safety and Quality, Energy,
Water and Material Efficiency in Production,
Sustainable Procurement



PRODUCT SAFETY AND QUALITY

As stated in our policy, we work according to a certified food safety and quality management system and apply HACCP, TACCP and VACCP risk analysis and control measures.

As stated in our policy, we work according to a certified food safety and quality management system and apply HACCP, TACCP and VACCP risk analysis and control measures. Therefore, food safety risks are evaluated continuously. Our raw material traceability meets the demands of our customers and management systems, and we test traceability from product to raw material or vice versa regularly. We aim to certify all our plants according to the FSSC 22000 standard.

We respect our customers and value their feedback. We conduct Customer Satisfaction Surveys to measure our performance on a regular basis. We aim to keep our Customer Satisfaction Score on a high level and continue improving based on received feedback.

We plan to continue strengthening quality culture to ensure that products are consistently produced to meet or exceed customer expectations, leading to increased customer satisfaction and loyalty. By regularly monitoring and improving processes, a strong quality culture helps to identify and eliminate inefficiencies, reduce waste, and lower production costs.



Achievements 2022

Vordingborg and Halmstad sites were certified for FSSC 22000 as planned.



Activities Planned 2023

FSSC 22000 certification of our new site in Lahti is planned for mid 2023. Quality culture programme to be implemented across all sites.

KPIs

Product Safety & Business Ethics

Total number of sites certified according to FSSC 22000

2019	2020	2021	2022
1	2	3	5



Target:

FSSC 22000 certification for Lahti 2023.



ENERGY, WATER AND MATERIAL EFFICIENCY IN PRODUCTION

According to our environmental policy we use only selected agricultural raw materials, and we process them efficiently, sustainably and profitably.

We cooperate with our partners to improve the sustainability of the supply chain, including efforts to improve biodiversity. All activities are carried out with respect for the environment. We work according to a certified environmental system, ISO 14001.

We are working to reduce water usage for our production through implementation of new technology, best practices and knowledge sharing. Various technologies and adjustments in the malting process that will result in significant reduction in water usage are being tested and implemented at our plants.

We use fossil free and renewable energy when possible, considering our business environment. We ensure that the energy we use is produced and utilized based on best available practices. Energy efficiency is a guiding principle in the planning of our plant design, investments, production, logistics and sourcing of energy product and services.

We are committed to following legal requirements and official regulations as well as adopted standards and obligations towards customers, and we strive to continuously improve our environmental system and performance. Skilled personnel and professional management of our processes help us to use energy and natural resources more efficiently and to prevent pollution.

We have identified the most significant environmental aspects of our operations and established environmental objectives. Our long-term targets are to:

- reduce CO₂-emissions
- reduce energy and water usage
- reduce solid waste to landfill
- increase environmental awareness in the value chain

During 2022 operation of our plants have been done in compliance with environmental legislation and agreed obligations. Our updated sustainability strategy will be implemented through relevant strategic initiatives.



Producing Smarter



Science Based Targets

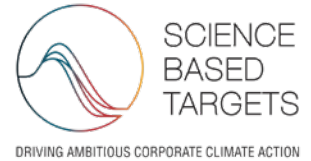


Capacity & Capability Extensions



Planning Smarter

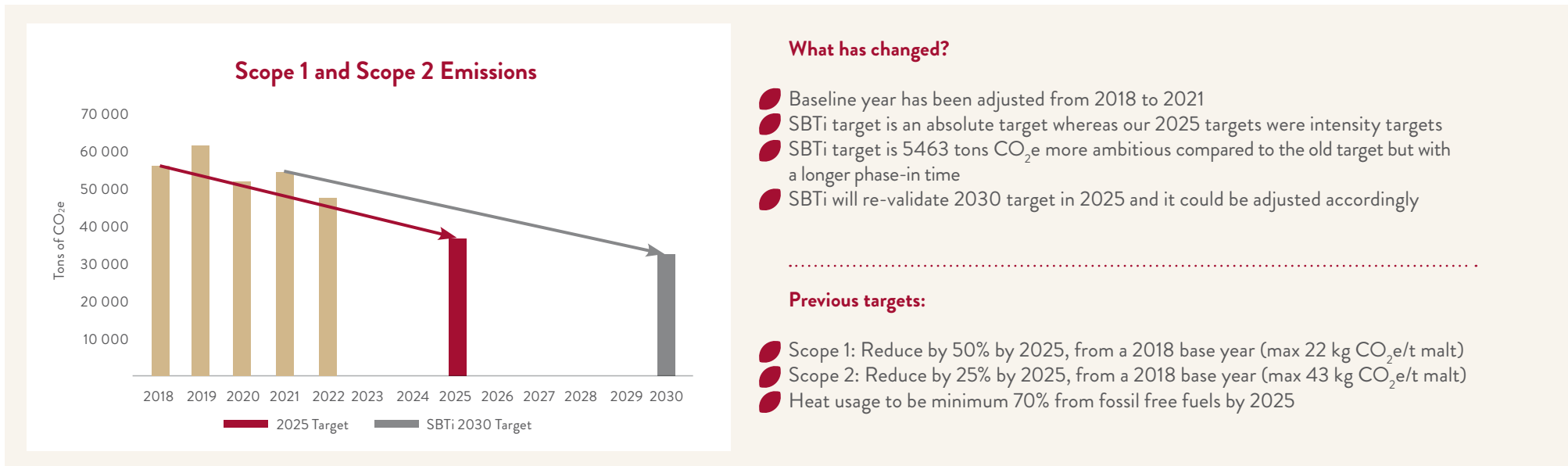
IN 2022 WE SIGNED UP FOR SCIENCE BASED TARGETS



Energy efficiency is a key factor in reducing our carbon footprint, preserving natural resources and ensuring the competitiveness of our company.

Viking Malt will not only comply with applicable legal requirements and other energy related obligations, but we will commit ourselves to continuous improvement of our energy performance.

As proof of our commitment to reducing our greenhouse gas emissions, we signed up for Science Based Targets in 2022, as SME. Our commitment will replace our previous 2025 reduction target that will act as an intermediate target, on our way towards our 2030 target.





ENERGY, WATER AND MATERIAL EFFICIENCY IN PRODUCTION

Activities, Targets and KPIs.



Achievements 2022

Signing up for Science Based Targets: Our commitment here will be a 42% reduction in Scope 1 + Scope 2 emissions by 2030.

Roadmaps for reaching our CSR group targets related to CO₂-emissions and use of bio-fuels for heat production in malt production have been further developed.

Accounting and reporting principles have been further adjusted to be aligned with the principles laid out in “The Greenhouse Gas Protocol Corporate Standard”.

Use of biomass for heat production has been further optimized. For our plant in Halmstad, we made an agreement ensuring supply of 100% fossil free CO₂ district heating for our production.

We have initiated two new projects to reduce water usage.

The sharing of Best Practices in water efficiency has continued across sites and significant savings have again been seen.



Activities planned 2023

Update action plan to support our roadmap to meet our CSR-targets related to CO₂-emission and use of biofuels for heat production.

Follow closely mechanisms and developments within certified green electricity and bio-gas markets including Power Purchase Agreements (PPA's).

Project outcomes will be evaluated and plans for implementation will be done if feasible.

Further develop Best Practice sharing within energy management and water saving.

CO₂-emission targets according to Science Based Targets commitment:
Scope 1 + 2: Reduce by 42% by 2030, from a 2021 base year level.



IN 2022 WE REDUCED BOTH SCOPE 1 AND SCOPE 2 EMISSIONS, FOLLOWING IMPROVEMENTS IN BIOMASS USAGE FOR HEAT PRODUCTION

Carbon Footprint From Malting Process	Unit	2018	2019	2020	2021	2022
Scope 1						
Total – Market Based	tons CO ₂ e	24.939	26.424	23.062	23.817	21.472
Total – Market Based	kg CO ₂ e / ton malt	43,0	46,2	41,9	41,7	36,6
Biogenic CO ₂ (Excl. in totals)	tons CO ₂ e	17.202	17.895	20.128	18.396	23.716
Scope 2						
Total – Market Based	tons CO ₂ e	33.503	35.174	29.636	31.586	27.019
Total – Market Based	kg CO ₂ e / ton malt	57,8	61,5	53,8	55,3	46,1
Scope 1 + Scope 2						
Total – Market Based	tons CO ₂ e	58.442	61.598	52.698	54.403	48.491
Total – Market Based	kg CO ₂ e / ton malt	100,8	107,6	95,6	97,0	82,8
Total – Location Based	tons CO ₂ e	62.422	59.744	56.096	57.610	53.685
Total – Location Based	kg CO ₂ e / ton malt	107,7	104,4	101,8	100,9	91,6
Fossil Free Share						
Heat – Market Based	%	52,1	49,9	54,1	51,9	57,6
Electricity – Market Based	%	71,2	71,5	70,0	69,5	70,4

CO₂-emissions above are found using accounting principles laid out in "Greenhouse Gas Protocol".
Emission factors and data have been updated according to newest data available.


In 2022, we reduced both our Scope 1 and Scope 2 CO₂-emissions, following significant improvements in biomass usage for heat production.

A roadmap for how to meet our Science Based Targets 2030 commitments of 42% reduction of our Scope 1 + Scope 2 emissions from 2021 base year has been developed.


In the beginning of 2023, we will commission our new malting plant in Finland that will operate using heat pump technology and use of byproducts from the production as biofuels for heat production.




Utility Consumption Ratio	Unit	2018	2019	2020	2021	2022
Water Ratio	m ³ /t	-	3,2	3,1	2,9	2,8



Target:
Water usage to be maximum 2,9 m³/t malt by 2021

3 GOOD HEALTH AND WELL-BEING


6 CLEAN WATER AND SANITATION


Our water consumption has been nicely reduced now the last three years following implementation of various process adjustments and sharing of best practices between our malting plants. Back in 2021 we reached our ambitious goal defined in early 2019 to achieve a specific water consumption of maximum 2,9 m³/tons malt and in 2022 we managed to reduce our specific water consumption to now only 2,8 m³/tons malt produced.

Further initiatives for reducing water usage will be tested and implemented in the future and we will explore opportunities from emerging water saving technology.

Solid Waste	Unit	2018	2019	2020	2021	2022
Landfill	tons	252	425	526	70	60



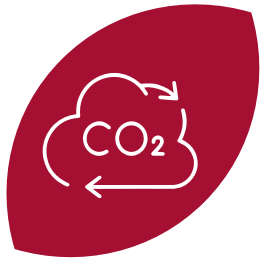
Target:
Reduce solid waste for landfill by 50% by 2025 (from 2018 base year)

3 GOOD HEALTH AND WELL-BEING


12 RESPONSIBLE CONSUMPTION AND PRODUCTION


For solid waste to landfill we have seen a significant reduction since 2020 following our discontinuation of use of coal for heat production. Already in year 2021 we reached our 2025 goal of reducing solid waste to landfill with 50% from 2018 base year. We will continue our efforts to reduce our impact here also in the coming years.

Within 2023 we will map potential for further reduction and emerging technologies. From there we will define a new target for water usage.

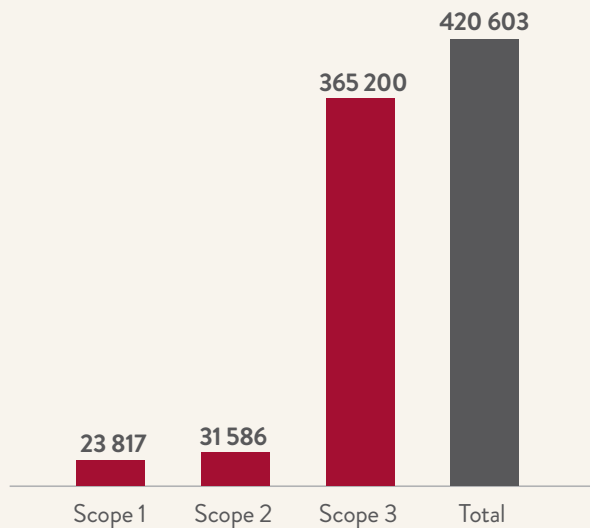


CO₂ EMISSION AND DISTRIBUTION

In 2022 we finished building our first full Scope 3 emission inventory report based on year 2021 data.

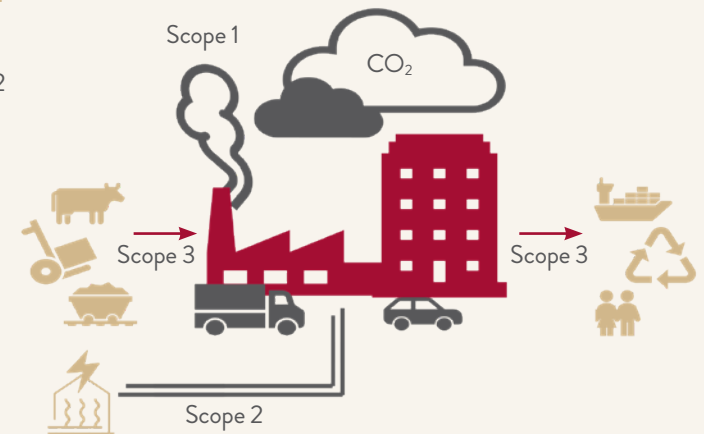
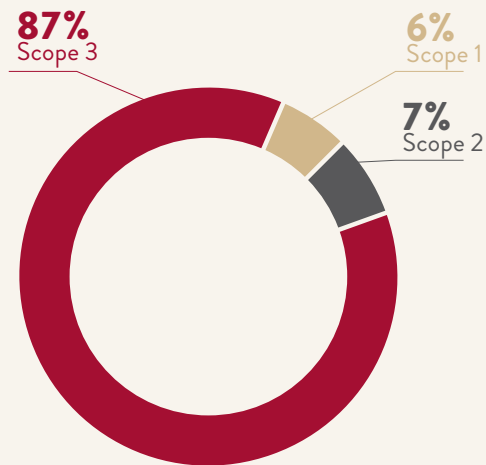
Total CO₂-emissions in scopes, year 2021.

Emissions in 2021 (tCO₂e)



Our first Scope 3 emission inventory report showed that 87% of our total Scope 1+2+3 emissions originates from Scope 3 emissions.

Distribution of CO₂-emissions in 2021



As part of our SBTi 2030 commitment we will in the years ahead monitor and reduce also our Scope 3 emissions.



SUSTAINABLE PROCUREMENT

Through multiple initiatives such as the Low Carbon Farming Programme with a global FMCG company, training events for our farmers, membership of both Cool Farm Alliance as well as SAI, we continue to improve the sustainable sourcing in the value chain.

New initiatives will be introduced with our Supplier base, focusing especially on projects on regenerative barley growing across our sourcing area. In addition, we continue our joint journey with YARA on optimizing the usage of fertilizers, ultimately aiming for reductions in the carbon footprint of malting barley.

Further initiatives such as electrical transport and new sources for fuels will be evaluated and implemented where feasible, to reduce our Scope 3 emissions.

We continue the implementation of our Supplier Code of Conduct to ensure that our Suppliers are aligned with the expectations of the value chain, regarding environmental, social and governance aspects of the business.



Secure Barley



Science Based Targets



Strengthen Our Brands



SUSTAINABLE PROCUREMENT

Activities, Targets and KPIs.



Achievements 2022

The mapping of transport emissions on both inbound as well as outbound logistics continued but work still needs to be done to create full transparency from farm to beer.

Changed scope for the FSA, LIT will prepare for the new FSA 3.0 scheme instead of scheme 2.0. FIN has been delayed and will most likely only be ready for crop 2024. Two suppliers in Sweden entered the FSA scheme.

Jointly with and under the program of low carbon farming of a global FMCG company three farmers in Poland and Sweden started tracking all activities in the fields of malting barley to optimize usage of fertilizer as well as creating biodiversity. This work will continue for coming two years.

Agreed with VKST a Danish Farm Advicery Company to establish a baseline for the carbon footprint of growing malting barley for the supply into Viking Malt Denmark, both on the basis of Cool Farm Tool as well as the national regime under SEGES.



Activities Planned 2023

Throughout our sourcing areas, we aim to establish the current status of regenerative farming and also identify next steps to advance in regenerative farming. Results to be shared among all suppliers in our sourcing area.

Creating a roadmap with breeders on the pipeline of new malting barley varieties that get us further in the reduction of carbon, as well as being financially reliable for the farmers.

Continue the cooperation with YARA on the fertilizer optimization as well as testing of new green fertilizers in our region.

Initiate roadmap for low carbon logistic from farm to Viking Malt sites. Potentially testing transport via electrical / hydrogen trucks.

KPIs

Sustainable Procurement	2019	2020	2021	2022
Suppliers that have accepted our Supplier Code of Conduct	80%	81%	87%	87%
Local Barley Sourcing	89%	90%	90%	88%



Targets:

- Supplier Code of Conduct with 85% of all suppliers in 2022
- 100% local sourcing of barley, when possible from a quality and availability point of view





OUR VIKING MALT

Personnel and Human Rights

PERSONNEL AND HUMAN RIGHTS

As stated in our Employee Code of Conduct, corporate responsibility at Viking Malt Group means we are committed to complying with social, environmental, and financial responsibility in all our businesses. We respect and treat people as expressed in the UN Declaration of Human Rights, the Rights of the Child, and the Declaration of the International Labor Organization, ILO. Therefore, we do not accept forced labor or child labor.

We treat our customers and other stakeholders in a fair manner, and we understand that our customers, employees, and other stakeholders are vital to our business growth.

Our production sites are not in risk countries with respect to human rights. Although we are supplying malt to customers in areas where human rights may not be respected, these customers are mainly global breweries with Corporate Social Responsibility policies in place. Therefore, we have not identified any significant risk related to the breach of human rights amongst our business partners.

Finally, our operations have to be profitable and result in benefits for the company, its employees, and the owners. We need to secure growth and profitability also in the future. Through our success, we can constantly develop our business.



Our Competent and Engaged Team



Simplyfing the Way We Work



BUSINESS ETHICS

According to our Employee Code of Conduct, transparency and integrity are cornerstones of operations in our organization. In 2020 we signed up for Global Compact, and in line with that, our Employee Code of Conduct covers matters of human rights, labor rights, anti-corruption, bribery, food safety, and the environment.

It means we do not tolerate any practice that is not born of integrity, honesty and fairness. We base our business and operations on open relations. The bi-annual refreshment training of the Code of Conduct for all employees was completed in 2022.

We clearly communicate to our stakeholders that we only accept normal hospitality to and from our business partners and strictly reject corruption and other unfair practices.

We have a Whistleblowing Policy, a defined process for how investigating potential cases, and an independent Whistleblowing Channel. The channel enables us to follow how well our policies have been implemented, e.g. with respect to matters of human rights, anti-corruption, and -bribery.

In 2022 we added for all five countries the option of reporting via phone in addition to reporting in writing and re-commu-

nicated about the Whistleblowing policy as we launched the new option to report. No cases were filed by either method in 2022.

Donations to both local society and worldwide organizations are made annually, and the budget and guiding principles are approved by the Board.

Based on our internal ethical risks evaluation, our strengths are fair operating practices, such as relations with stakeholders, fraud prevention, anti-corruption, conflicts of interest prevention, financial accuracy of reporting, and competition law.

The risks we identified were related to work safety, mainly the risk of major fire or explosion, as mentioned on page 36. We also need to continue to focus on work-life balance and retaining talent.



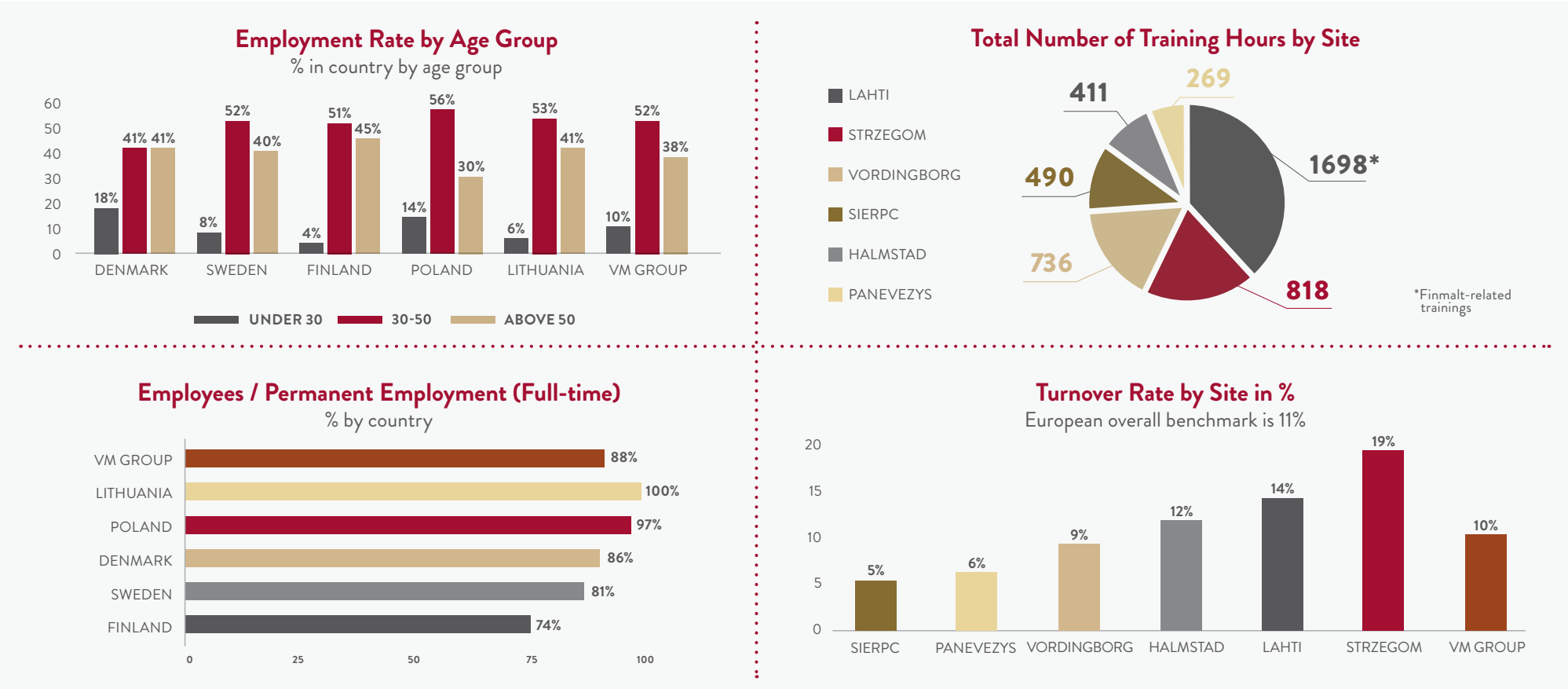
Based on our internal ethical risks evaluation our strengths are fair operating practices.

EMPLOYMENT POLICY

Our employment policy is based on the principle that every employee is essential regardless of their gender, ethnic origin, age, creed, political convictions, or other corresponding matters.

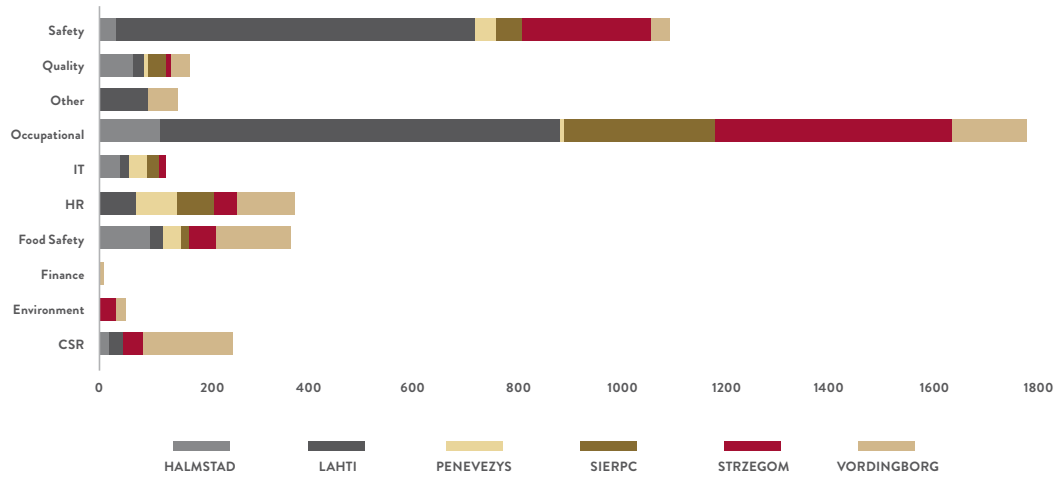
Equality and diversity are highlighted in Viking Malt’s daily operations and the Group’s recruitment and remuneration policies. We monitor gender equality by following the number of men and women across the company, in management positions, and in the Group Management Team.

We use Mercer’s International Position Evaluation (IPE) system to have an objective remuneration structure. We offer all our employees equal opportunities and provide the same benefits to part-time and full-time employees, including training and development programs. Most of our employees are employed full time with permanent work contracts.

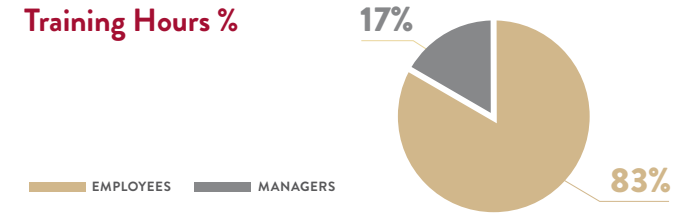


TRAINING HOURS

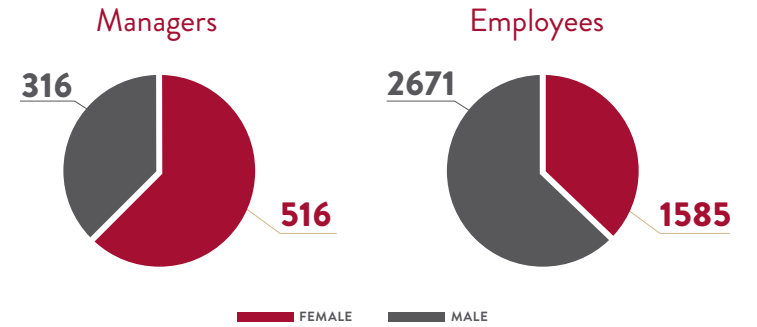
Training Hours by Site and Area



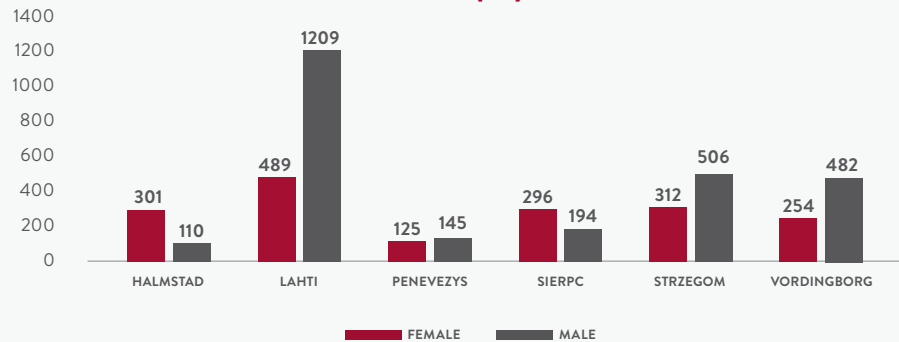
Training Hours %



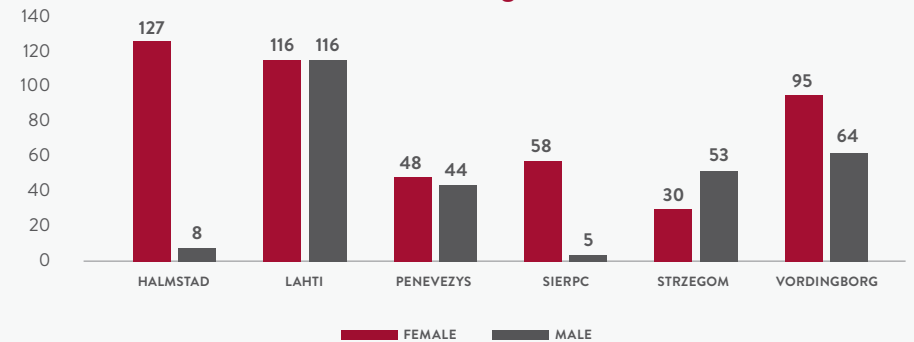
Training Hours by Gender



Training Hours by Site and Gender All Employees



Training Hours by Site and Gender Managers



SAFETY POLICY

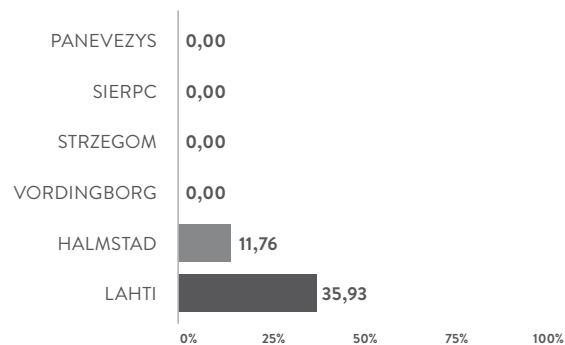
Our Safety Policy aims to protect people, property, information, knowledge, and the environment from accidents, incidents and crimes, and to secure the continuation of operations.

A safe and efficient work environment considers a person's physical, psychological and social well-being. Continuous improvement is guiding our activities. Based on risk analysis and safety notices we evaluate our improvement needs. We continuously follow and report our safety KPI's.

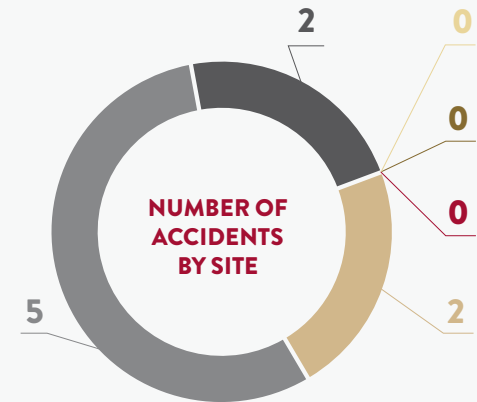
2022: ANNUAL ROLLING INJURY RATE IN VIKING MALT GROUP

10,11  **14,17** Last year

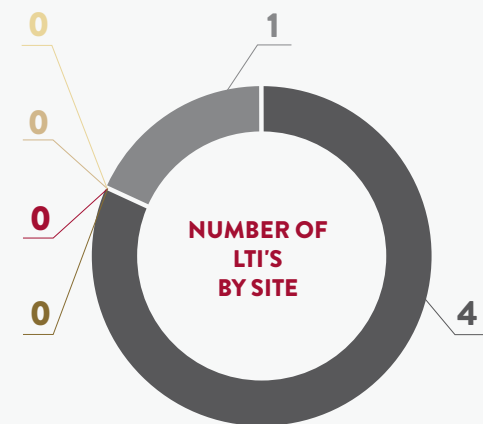
Injury Rate % by Site

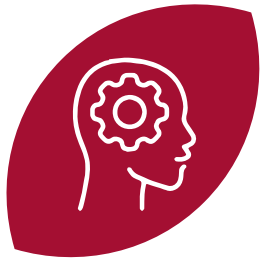


- LAHTI
- STRZEGOM
- VORDINGBORG
- SIERPC
- HALMSTAD
- PANEVEZYS



- LAHTI
- STRZEGOM
- VORDINGBORG
- SIERPC
- HALMSTAD
- PANEVEZYS





OUR VIKING MALT

Activities, Targets and KPIs.



Activities Done 2022

In 2022 the new strategy was launched and kick off meetings were arranged on all sites. In connection to that Performance Management System and Long-term Incentive Plan were updated to better support the strategy.

In 2022 we started the International Position Evaluation (IPE) trainings for all management teams and they will be finalized in 2023.

Peakon/Workday full survey took place in November 2022 and in addition short surveys business ethics (how well are we acting according to our values) and CSR as well as local topics were done.

Re-training of the Code of Conduct was finalized in Q1 2022.

Implementation of the 5S-principles at all our plants in defined areas continued in 2022.

According to the plan, a governance model for leading Health and Safety activities was established. The Committee met on quarterly basis and the members for the monthly site meetings were nominated. Health and safety culture was promoted through frequent communication in management meetings and all employee site meetings. The number of safety notices increased vs. previous year. A root cause analysis was done for all incidents to prevent recurrence.



Activities Planned 2023

New target setting is implemented in 2023 main changes being that a safety related target is compulsory for all employees and all Group Management Team members have a CSR target. Strategy communication needs to continue in 2023 to ensure that the direction is clear and we are all pulling in the same direction. "Our Competent and Engaged Team" strategic initiative is kicked off.

We want to move to the next level in using the IPE, raising the awareness and being more transparent about this system that secures fair treatment of the employees when it comes to compensation.

Full employee survey is planned for 2023 in November and in addition spot surveys among about remote work; to better understand how the current practises work for those who work remote and those who do not but are impacted.

Code of Conduct to be updated with and anti-harassment guideline. The guideline is translated to local languages and communicated to all employees.

Emphasis in 2023 will be in strenghtening the culture and sharing the best 5S-practices efficiently across our production sites.

As part of "Our Competent and Engaged Team" strategic initiative there will be a sub-project related to Health and Safety. In 2023 the project plan is defined. Key action regarding the governance model is to establish the monthly meetings with the site Health and Safety representatives to share best practices.



OUR VIKING MALT

Activities, Targets and KPIs.

KPIs

Our Viking Malt	Unit	2018	2019	2020	2021	2022
Absence rate (hours/total work hours*100)	%	4,4	4,9	3,5	5,6	5,2
Lost time injury (LTI)	No.	11	7	6	7	5
Personal development discussions	%	96	99	100	100	100
Employee survey results		3,9	4,1	8,1*	8,0	8,5
Number and topic of cases filed through the Whistleblowing Channel	No.	-	0	0	0	0

*) Results not comparable to previous years, new service supplier for survey.

Targets:

- Zero LTI's
- Implement 5S-principles in all sites and in defined areas by 2022
- Absence rate maximum 3,5%
- Personal development discussions with 100% of employees





**FINANCIAL
REPORT**

FINANCIAL REPORT

In 2022 our financial performance was satisfactory. Covid-19 pandemic and related restrictions were gradually removed in H1 2022, impacting positively on beer consumption, especially in bars and restaurants. At the same time as a consequences of the war in Ukraine, our sales to Russia were ceased. Despite of this we achieved organic 3,7% volume and 37,2% revenue growth. Increased input costs, especially barley, drove the growth of revenues.



The poor crop of barley in 2021 impacted our operations. Rising prices and the need to import barley increased our costs and affected the margins of the entire Viking Malt Group. The war in Ukraine impacted global grain markets and further increased our raw material costs in 2022.

Despite the risk management actions taken, our margins were impacted by sharp electricity and gas price increases. Additionally, our cost base was affected by elevated inflation in all our operating countries, not least in East Europe. Our Danish unit benefitted from high energy prices as the excess energy was sold to the local network at market price. As a result, our operating profit declined to 11,2 M€ (12,0 M€) and was at 3,4% (5,0%) in 2022. Net profit declined to 4,1 M€ (7,6 M€).

In 2022 we proceeded with key investments, most significantly the construction of a new malting plant in Finland, which we announced at the end of 2020. Work on this project proceeded according to plan throughout the year, and the project is

planned to be completed in 2023. Project cost estimate was impacted significantly by higher building material prices.

In 2022 we saw a significant increase of working capital, which was driven by the record high raw material costs. Working capital and higher than planned investment costs had a major impact to company's cash flow. In addition to our long-term financing, we implemented a focused factoring program of 20 M€ in 2022 to support company liquidity and secure the operations.

The Group's financial result in 2022 presents how well we have managed to navigate during unpredictable and turbulent times. The solid foundation we have built over the past few years has enabled us to adapt to new circumstances, maintain full operational capability and, more importantly, sustain our ability to generate continued satisfactory financial results and to continue creating value to our owners.

Teemu Pohjola
CFO Viking Malt Group



OUTLOOK
FOR THE
FUTURE

FUTURE

OUTLOOK FOR THE FUTURE

We are not expecting a quick change in the business environment in 2023.

The war continues in Ukraine, inflation rates in Europe are at record high levels and energy prices remain high and volatile. It has become even more obvious that we need to accept higher levels of uncertainty and in this context we have as a company taken further steps to hedge our raw materials, utilities and other costs in order to further mitigate risk and bring added stability to the business.

When we look forward, we predict that the demand of malt will remain on a good level in 2023 both in our home region as well as the export markets. The post-pandemic recovery in beer volumes is expected to continue and be back to pre-pandemic 2019 levels. The Scottish Whisky market is still growing and distillers are running at full capacity utilization with plans for also increasing the production.

We have started to execute the new strategy, and I am looking forward to see us come back strongly after a couple of challenging years. Multiple strategic initiatives have been launched, and we are also looking forward to see our new modern malting facility in Lahti, Finland being commissioned during the first half of 2023. The project is a significant investment and a proof of great teamwork plus trust in the future.

Kasper Madsen
CEO / MD Viking Malt Group

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We have started to execute the new strategy, and I am looking forward to see us come back strongly after a couple of challenging years.

VIKING MALT CSR METHODOLOGY DESCRIPTION



General approach

Viking Malt has adopted the Greenhouse Gas Protocol Corporate Standard¹ as the basis for our greenhouse gas (GHG) accounting principles and we voluntarily disclose our full known greenhouse gas inventory, within our reporting boundaries in our annual Corporate Responsibility Report.

In the following, we define our GHG reporting boundaries and accounting principles within the Greenhouse Gas Protocol, Scope 1 and 2. As of now, a full scope 3 emissions inventory has only been conducted for the year 2021.

Greenhouse gas emissions are given in metric tons of CO₂ equivalents (CO₂e).

The total emissions in tons of CO₂e (scope 1 + 2) are reported both according to the market-based and location-based approach. The emission reduction targets are set according to the market-based approach. Viking Malt has set a science-based target through the Science Based Targets initiative with the base year of 2021. Specific emissions found as total emissions (scope 1 + 2) divided by the total tons of malt produced by Viking Malt are also reported.

Malt volume being further reprocessed at our plant in Strzegom, Poland, received from other Viking Malt sites is shown in a separate table.

GHG Protocol Scope 1:

Direct GHG-emissions from sources that are owned or controlled by Viking Malt, for example, emissions from combustion in owned or controlled boilers², furnaces, and vehicles.

Coverage: Covers all six Viking Malt production facilities including own office spaces and fuel used to operate forklifts and company cars (Denmark, Sweden, Poland, Lithuania, and Finland). Three greenhouse gasses are covered for stationary sources: CO₂, CH₄ and N₂O, including CH₄ and N₂O emissions from combustion of biomass. Emissions are reported both according to the market-based and location-based approach³. Only CO₂ is included for mobile sources.

Not included: GHG emissions from leased and rented offices (defined as Scope 3 emissions). Direct CO₂-emissions related to the use of biomass is not included in the total emissions, however reported separately. CH₄ and N₂O are not included for mobile sources.

Data sources: Data on energy consumption is obtained from invoiced data from our utility providers and/or from readings of meters. Emission factors for coal, natural gas and diesel are, where available, based on official national sources. Where these are absent, factors are acquired from the IPCC Guidelines on Greenhouse Gas Inventories.

GHG Protocol Scope 2:

Indirect GHG-emissions produced by our suppliers in generating energy that we then purchase for our production, for example, emissions from purchased electricity and heat. We report according to the market-based approach and purchase Guarantees of Origin (i.e., an emission factor of zero is applied) for electricity consumption at selected sites. In addition, emissions related to electricity consumption are also reported based on location-based emission factors.

Coverage: Covers all Viking Malt production facilities including office spaces (Denmark, Sweden, Poland, Lithuania, and Finland). Includes CO₂ for all sites. Other greenhouse gasses such as CH₄ and N₂O are included where data is available.

Own electricity production: Own electricity production not directly used by own operations are not subtracted from electricity supplied from the grid.

- ¹ <https://ghgprotocol.org/corporate-standard>
- ² Includes all natural gas consumption at co-gen plant in Vordingborg.
- ³ Relates specifically to gas consumption where the residual mix under the market based approach is assumed 100% fossil and the grid-average is applied under the location-based approach.

Not included: GHG emissions from leased and rented offices and emissions related to transmissions and distribution loss of energy (both defined as Scope 3 emissions). Emissions related to the use of biomass is not included here nor reported separately.

Data sources: Data on energy consumption is obtained from invoiced data from our utility providers and/or from readings of meters. Emission factors for purchased heat is obtained from our utility provider. Emission factors for purchased electricity are acquired from the national energy agencies (Denmark). Where these are absent, factors are acquired from the European Association of Issuing Bodies⁴ (Poland, Lithuania, Sweden and Finland).

GHG Protocol Scope 3:

Indirect GHG-emissions from our purchase of raw materials, products, and services.

Coverage: Covers all Viking Malts purchases of raw materials, products and services for all sites. Covers all relevant greenhouse gasses available from data sources. Other environmental parameters are not quantified.

Data sources and methodology:

A data collection document was sent out to facility managers on each site, where purchase data was obtained from accounting systems. Local transportation data was also collected from each site.

Purchase of raw materials, purchased in large quantities are obtained in physical units while minor purchases are obtained in monetary units (EUR).

Data for transportation of raw materials and final products was collected centrally from Viking Malt covering all sites. Some transportation suppliers could deliver adequate transportation data, while for others, certain estimations had to be made.

Emission factors are mainly from Exiobase⁵. The Exiobase contain emission factors on aggregated commodity groups based on purchases in Denmark. For a given purchase the same emission factor is used for all sites. For purchase of raw materials additional emission factors are found in the Eco-invent database⁶. For raw materials the following geographic emission factors are used:

Barley production:	Germany
Fava beans production (Organic):	Switzerland
Oat production (Straw):	Finland
Oat production, oat grain:	Finland
Rye production:	EU
Wheat production:	Germany

Purchased transportation services are based on emissions delivered by the transportation provider. GHG-emissions are based on Tank-to-Wheel principle (TTW).

THE GHG PROTOCOL DEFINES DIRECT AND INDIRECT EMISSIONS AS FOLLOWS:

- Direct GHG emissions are emissions from sources that are owned or controlled by the reporting entity.
- Indirect GHG emissions are emissions that are a consequence of the activities of the reporting entity, but occur at sources owned or controlled by another entity.

The GHG Protocol further categorizes these direct and indirect emissions into three broad scopes:

Scope 1: All direct GHG emissions.

Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam.

Scope 3: Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.

Independent assurance of greenhouse gas (GHG) emissions data

A limited third-party assurance engagement regarding greenhouse gas emissions data for Viking Malt's Scope 1 and 2 emissions disclosed in the Annual Report for the period of 1st January to 31st December 2022 was performed by Pricewaterhouse Coopers OY. The independent limited assurance report is available at (<https://vikingmalt.com/wp-content/uploads/2023/12/Limited-assurance-report-Year-2022-Scope-1-Scope-2-Viking-Malt.pdf>).

⁴ <https://www.aib-net.org/>

⁵ <https://www.exiobase.eu/>

⁶ <https://ecoinvent.org/>



 **VIKING MALT**