

## Q1 2022 AIDE MEMOIRE

A number of events in 2021 and 2022 have an impact on the year-on-year comparison for Q1 and full-year 2022. These include the following items, which you may wish to consider in your modelling. Please note that the items listed below are not exhaustive and that other factors may affect the comparisons for Q1 2022 versus the same periods last year.

### FACTORS IMPACTING COMPARATIVE FIGURES

#### Western Europe

At the Q1 2021 conference call, we commented:

*“this quarter was significantly impacted by lockdowns and restrictions. Volumes declined organically by 5.8% due to lockdowns of the on-trade across the entire region. Revenue was down by almost 15% due to channel and country mix.”*

...and elaborated on the extent of lock-down:

*“In Western Europe ..., we’ve seen restrictions being prolonged in many markets well into Q2 [2021].”*

At the Q4 2021 conference call, we commented:

*“With regards to the restrictions, we see additional sign that they are lifted in many of the European countries. So, we assumed, let’s say, an 80% index for Q1 and then we also assumed for the remainder of this year, the on-trade will come back in terms of being fully opened. Whether that means also that the consumers come all back to the on-trade that needs to be seen.”*

In the FY 2021 announcement, we explained the development in the UK:

*“The integration was successful, delivering very well against expectations and achieving synergies. Due to its high on-trade exposure, the business was severely impacted by COVID-19-related restrictions, particularly in H1, whereas it improved considerably in H2 when restrictions were lifted.”*

#### Asia

At the Q1 2021 conference call, we made the following overall comment on Asia and China:

*“... Asia, where we saw a great start to the year, thanks to very strong performance, in particular in China.”*

... elaborating on China:

*“Our Chinese business delivered more than 50% organic volume growth due to good execution of the Chinese New Year, continued growth of our premium brands, both local and international, continued city expansion and easy comparables with Q1 last year that was significantly impacted by COVID-19.”*

... and on the rest of Asia:

*“Excluding China, the rest of Asia reported organic volume growth of 5%. We saw a good start to the year in India and Vietnam, with both markets delivering high-teen volume growth. In India, the growth was mainly due to lower excise tax in some states, trade loading in other states ahead of price adjustments and easy comparable numbers for the month of March.”*

## **Central & Eastern Europe**

On 28 March, the Group announced its intention to leave Russia:

*“As a result of this decision, our business in Russia will no longer be included in the Group’s revenue and operating profit. From an accounting perspective, the business will be treated as an asset held for sale until completion of the disposal. The business will be reassessed at fair value, which will result in a substantial non-cash impairment charge. In 2021, the business in Russia reported revenue and operating profit of DKK 6.5bn and DKK 682m respectively. We will later provide further details on the accounting impact of the planned disposal.... Until the completion of the process, we will maintain the recently announced reduced level of operations to sustain the livelihoods of these employees and their families. Any profits generated during the humanitarian crisis will be donated to relief organisations.”*

At the Q1 2021 conference call, we commented on development in the southern part of the region:

*“In Southern Europe, January and February were challenging, but in March, all markets reported strong volume growth. This was mainly due to easy comps as restrictions started from March 2020.”*

## **Costs**

At the Q4 2021 conference call, we commented on the expected COGS development for 2022:

*“Input costs have been increasing during the second half of 2021 and continue to do so. This will impact cost of goods sold and logistic costs in 2022. Our current estimate is that COGS per hectoliter will increase organically by 10% to 12% and logistic costs by 4% to 5%. This may change during the year due to changes in the spot prices on unhedged input costs as well as transactional FX.”*

In the Company Announcement of 9 March, we provided the following comment related to rising commodity costs:

*“... the indirect impact from rising commodity prices, including energy, will have a negative, but currently unquantifiable, impact on cost of goods sold and logistics cost for the year.”*

## **Capital allocation**

At the Q4 2021 conference call, we commented on the share buyback:

*“For 2022, we will continue with quarterly share buybacks due to the continued business uncertainty related to the pandemic and also input costs and general consumer sentiment. Quarterly programs give us the higher level of flexibility during the year ... The size of subsequent buybacks will, as we did in 2021, be determined*

*quarter-by-quarter, and we will come back with more information on the next quarterly share buyback at the Q1 announcement on April 28.”*

## **OUTLOOK**

In the Company Announcement of 9 March, the Group suspended its earnings guidance for 2022:

*“Due to the very high uncertainty related to Ukraine and Russia and the possible indirect impact on the rest of the Group, we do not consider it prudent to provide guidance for 2022 and are therefore suspending our earnings guidance for the year. We are following the situation closely and will provide updates to the market as our visibility on earnings increases.”*

In the Company Announcement of 9 March, we commented on the possible market impact of the Russian invasion of Ukraine:

*“The markets outside Russia and Ukraine are currently seeing only a limited business impact.”*

## **DISCLAIMER**

This aide memoire contains forward-looking statements, including statements about the Group’s sales, revenues, earnings, spending, margins, cash flow, inventory, products, actions, plans, strategies, objectives and guidance with respect to the Group's future operating results. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "believe", "anticipate", "expect", "estimate", "intend", "plan", "project", "will be", "will continue", "will result", "could", "may", "might", or any variations of such words or other words with similar meanings. Any such statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from the results discussed in such forward-looking statements. Prospective information is based on management’s expectations or forecasts at the time. Such information is subject to the risk that such expectations or forecasts, or the assumptions underlying such expectations or forecasts, may change. The Group assumes no obligation to update any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

Some important risk factors that could cause the Group's actual results to differ materially from those expressed in its forward-looking statements include, but are not limited to: economic and political uncertainty (including interest rates and exchange rates), financial and regulatory developments, demand for the Group's products, increasing industry consolidation, competition from other breweries, the availability and pricing of raw materials and packaging materials, cost of energy, production- and distribution-related issues, information technology failures, breach or unexpected termination of contracts, price reductions resulting from market-driven price reductions, market acceptance of new products, changes in consumer preferences, launches of rival products, stipulation of market value in the opening balance sheet of acquired entities, litigation, environmental issues and other unforeseen factors. New risk factors can arise, and it may not be possible for management to predict all such risk factors, nor to assess the impact of all such risk factors on the Group's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.