

Company announcement 33/2021

18 August 2021

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FINANCIAL STATEMENT AS AT 30 JUNE 2021 AND EARNINGS UPGRADE

Strong results despite continued COVID-19 impact

Unless otherwise stated, comments in this announcement refer to H1 performance.

HIGHLIGHTS

- Organic revenue growth of 9.6% (Q2: +14.3%); reported +9.9% to DKK 31,687m (Q2: +17.7%).
- Flat revenue/hl with an improvement in Q2 (+5%) as on-trade started to recover in many European markets.
- Total organic volume growth of 10.0% (Q2: +8.8%); reported +11.9% (Q2: +11.3%).
 - Tuborg volume +28%, Carlsberg +2%, 1664 Blanc +25%, Grimbergen +3% and Somersby +17%.
 - Craft & speciality volume +21%, alcohol-free brews +26%.
- Organic operating profit growth of 15.6%; reported +10.7% to DKK 5,111m.
- Operating margin improvement of 10bp to 16.1%.
- Adjusted net profit growth of 10.3% to DKK 3,168m; reported net profit +6.0% to DKK 3,027m.
- Adjusted earnings per share (excluding treasury shares) +12.3% to DKK 21.9.
- Free cash flow at DKK 5,281m (2020: DKK 3,141m).
- Net debt/EBITDA 1.43x (year-end 2020: 1.51x).
- ROIC improvement of 100bp to 9.5%; excluding goodwill +310bp to 25.0%.
- The second tranche of the share buy-back, amounting to DKK 1bn, was concluded on 13 August. Today, the Company will launch the third quarterly share buy-back programme, amounting to DKK 1bn.

2021 EARNINGS EXPECTATIONS

The COVID-19 pandemic continues to impact business performance, and market volatility and uncertainty remain high. However, in light of the good results for H1 and the start of Q3, we upgrade the earnings guidance for 2021:

- Organic growth in operating profit within the range of 8-11% (previously 5-10%).
- A translation impact of around DKK -150m is assumed for 2021 based on the spot rates at 17 August (previously DKK -250m).

CEO Cees 't Hart says: "We're very satisfied that the Group delivered a strong set of results despite the continued market uncertainty as a result of the pandemic. Top-line growth, operating margin improvement and significantly higher cash flow demonstrate the strength of our geographic footprint and brand portfolio, and the strong execution of our initiatives to safeguard the short-

and long-term health of the Carlsberg Group. The resilience of our strategic priorities is further evidenced by overall figures for H1 2021 being ahead of H1 2019, on a like-for-like basis.

“Across many markets, people and businesses unfortunately continue to be impacted by the COVID-19 pandemic. Although we see a gradual return to a more normal environment in markets across Europe, other markets, particularly in Asia, remain subject to severe restrictions due to new waves of the infection.

“While the uncertainty about the remainder of the year continues, we’re satisfied with the strength of the H1 results and the good start to Q3, enabling us to upgrade the earnings guidance for the year and launch the third quarterly share buy-back programme.”

Carlsberg will present the results at a conference call today at 9.30 a.m. CET (8.30 a.m. GMT). Dial-in information and a slide deck are available beforehand on www.carlsberggroup.com.

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KEY FIGURES AND FINANCIAL RATIOS

DKK million		H1 2021	H1 2020	2020
Volumes (million hl)				
Beer		59.5	53.3	110.1
Non-beer		10.8	9.5	20.0
Income statement				
Revenue		31,687	28,830	58,541
Gross profit		15,058	14,018	28,361
EBITDA		7,245	6,797	14,085
Operating profit before special items		5,111	4,615	9,699
Special items, net		-176	-12	-247
Financial items, net		-261	-199	-411
Profit before tax		4,674	4,404	9,041
Income tax		-1,161	-1,145	-2,233
Consolidated profit		3,513	3,259	6,808
Attributable to:				
Non-controlling interests		486	404	778
Shareholders in Carlsberg A/S (net profit)		3,027	2,855	6,030
Shareholders in Carlsberg A/S, adjusted ¹		3,168	2,872	6,363
Statement of financial position				
Total assets		126,055	123,505	118,816
Invested capital		82,579	83,783	81,541
Invested capital excl. goodwill		30,724	32,626	31,049
Net interest-bearing debt (NIBD)		20,803	21,909	21,263
Equity, shareholders in Carlsberg A/S		40,789	38,952	39,308
Statement of cash flows				
Cash flow from operating activities		6,684	5,112	10,928
Cash flow from investing activities		-1,403	-1,971	-5,871
Free cash flow		5,281	3,141	5,057
Financial ratios				
Gross margin	%	47.5	48.6	48.4
EBITDA margin	%	22.9	23.6	24.1
Operating margin	%	16.1	16.0	16.6
Effective tax rate	%	24.8	26.0	24.7
Return on invested capital (ROIC)	%	9.5	8.5	8.9
ROIC excl. goodwill	%	25.0	21.9	23.2
Equity ratio	%	32.4	31.5	33.1
NIBD/equity ratio	x	0.46	0.53	0.49
NIBD/EBITDA	x	1.43	1.51	1.51
Interest cover	x	19.57	23.14	23.59
Stock market ratios				
Earnings per share (EPS)	DKK	20.9	19.4	41.3
Earnings per share, adjusted (EPS-A) ¹	DKK	21.9	19.5	43.6
Free cash flow per share (FCFPS)	DKK	36.4	21.3	34.5
Share price (B shares)	DKK	1,169.0	876.6	975.2
Number of issued shares at period-end	1,000	145,257	148,157	148,157
Number of shares at period-end, excl. treasury shares	1,000	144,042	145,683	145,102
Average number of shares, excl. treasury shares	1,000	144,699	147,038	146,104

¹ Adjusted for special items after tax.

CONTINUED IMPACT OF COVID-19 ON BUSINESS RESULTS

DIVERSE DEVELOPMENT BY MARKET

Our markets continued to be impacted by the COVID-19 pandemic. The effect on our local businesses varied significantly, with strong recovery seen in some markets towards the end of the half-year, while others were challenged by renewed government-imposed lockdowns and restrictions. Consequently, our volumes recovered and were well above the pre-COVID levels of 2019 in markets such as China, Vietnam, Russia, Kazakhstan, Poland and Norway, while in other markets, such as India, Malaysia, Nepal, France, Switzerland and Sweden, volumes remained below the 2019 levels.

OFF-TRADE

The positive momentum in the off-trade continued, with high-single-digit volume growth. This was the result of growth in all three regions, with very strong growth in Asia. Growth in Q2 was less pronounced at mid-single-digit percentages, following the reopening of the on-trade, particularly in Western Europe, and tough comparables, as off-trade in Q2 last year benefitted from the severe on-trade restrictions.

ON-TRADE

Following a difficult Q1, the on-trade saw very good growth in Q2, most notably in Western Europe. However, as the on-trade in almost all markets remained subject to various levels of restrictions, volumes in Q2 remained subdued compared with 2019 levels, being at around index 85.

CONTINUED EXECUTION OF SAIL'22 PRIORITIES

Despite the ongoing COVID-19-related volatility, we continued to focus on execution of our key SAIL'22 priorities.

CORE BEER

The core beer business delivered solid progress with 8% volume growth. Our key international premium brands, Tuborg and Carlsberg, grew by 28% and 2% respectively. Tuborg saw strong growth in markets such as China, India, Russia and Turkey. Increasing volumes of the Carlsberg brand in markets such as China, India, Poland and Ukraine were partly offset by lower volumes in Russia and the UK. Our local power brands grew in many markets, with particularly strong results recorded for brands such as Frydenlund in Norway, Baltika in Russia, Chongqing and Wusu in China and Huda in Vietnam.

GROWTH CATEGORIES

Our craft & speciality portfolio delivered strong 21% volume growth, supported by the recovery of the on-trade channel in some markets. Growth was particularly pronounced in markets such as Russia, Ukraine, China, Laos, France, Denmark and Norway. 1664 Blanc and Somersby were key growth drivers at +25% and +17% respectively.

Growth of the alcohol-free brews (AFB) category has accelerated during the pandemic, fuelled by increased awareness of health and well-being among consumers. The 26% AFB volume growth was mainly driven by local brands and broadly based across Western Europe and Central &

Eastern Europe, with particularly strong growth rates in markets such as France, Finland, Poland, Switzerland, Russia and Greece. The continued roll-out of new products in our markets was a key driver of the growth.

DIGITAL

The acceleration and adoption of eCommerce and digital platforms have continued this year. We continued to see significant growth across all eCommerce channels, with revenue increasing by 30%, cycling tough comparables. In China – our largest online market – O2O (online-to-offline) revenue grew by 130%. In Europe, we are collaborating with new eCommerce partners and rapidly entering the marketplace, fuelling last-mile delivery and quick commerce in particular.

We also saw good progress for Carl's Shop, our online B2B platform, which is currently available in eight markets. In H1, the number of active customers grew by 25% and the share of on-trade orders grew from 31% to 40%. The platform is supporting our premiumisation efforts, and revenue/hl was up by 5%. By the end of the year, we expect Carl's Shop to be available in ten markets. It will then be present in all three regions.

TOGETHER TOWARDS ZERO

We continued our journey towards our 2030 carbon emission targets of zero carbon emissions at our breweries and 30% value chain reduction, and we are on track to achieve our SAIL'22 Together Towards ZERO targets of 50% carbon emission reduction at our breweries and 15% value chain reduction. To highlight a few examples, our long-distance transport route in Sweden became fossil-free, as our supplier switched to biogas trucks for the distance not covered by electrified trains. Our brewery in Finland became carbon-neutral, taking the number of breweries using carbon-neutral energy and electricity to eight. In Greece, we agreed to pilot a solar project using thermal heat energy to power our brewery near Thessaloniki.

DELIVERY AGAINST SAIL'22 FINANCIAL PRIORITIES

The Group delivered well against the long-term financial metrics of SAIL'22.

Organic growth in operating profit: The Group achieved 15.6% organic growth in operating profit, and the operating margin improved by 10bp to 16.1%.

ROIC improvement: ROIC improved strongly by 100bp to 9.5%, mainly driven by the higher operating profit and lower effective tax rate.

Optimal capital allocation: Net interest-bearing debt/EBITDA was 1.43x (2020: 1.51x), well below our target of below 2x. This was the result of the strong free cash flow, and despite the share buy-back programme and the dividend payout in March 2021.

2021 EARNINGS EXPECTATIONS

The COVID-19 pandemic continues to impact business performance, and market volatility and uncertainty remain high. However, in light of the good results for H1 and the start to Q3, we upgrade the earnings guidance for 2021:

- Organic growth in operating profit within the range of 8-11% (previously 5-10%).

The earnings outlook is based on the following expectations for H2:

- In Western Europe, the on-trade channel recovery will continue, bringing positive revenue/hl development.
- In Asia, the situation is uncertain in many markets, such as Laos, Vietnam, Cambodia, India and Malaysia, due to the low vaccination rates. The positive trajectory in China continued in July, but the increase in infections and local lockdowns in recent weeks bring some uncertainty for the remainder of the year.
- In Central & Eastern Europe, the competitive environment remains fierce in some Eastern European markets. In the southern part of the region, the situation will be similar to Western Europe.

There will be limited impact of higher cost of goods sold in H2 due to the Group being well-hedged for the main commodities.

Based on the spot rates at 17 August, we assume a translation impact of around DKK -150m for 2021 (previously DKK -250m).

Other relevant assumptions are unchanged:

- Financial expenses, excluding currency losses or gains, are expected to be around DKK 600m.
- The reported effective tax rate is expected to be around 25%.
- Capital expenditure at constant currencies is expected to be DKK 4.0-4.5bn.

Forward-looking statements

Forward-looking statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from those expressed in the forward-looking statements. Accordingly, forward-looking statements should not be relied on as a prediction of actual results. Please see page 17 for the full forward-looking statements disclaimer.

CHANGES TO THE EXECUTIVE COMMITTEE

On 1 July, three new members joined our Executive Committee:

As announced in the 2020 Financial Statement of 5 February, Leo Evers has taken over as EVP, Asia.

As announced in the Q1 2021 Trading Statement of 28 April, Søren Brinck has succeeded Chris Warmoth in an expanded role as EVP, Strategy and Digital.

Victor Shevtsov has been appointed EVP, Supply Chain, replacing Phil Hodges. Victor joined Carlsberg from PepsiCo in 2015 as VP, Supply Chain in Asia. He has broad experience from various supply chain roles during his career.

GROUP FINANCIAL PERFORMANCE

H1	2020	Change			2021	Change Reported
		Organic	Acq., net	FX		
Volumes (million hl)						
Beer	53.3	9.3%	2.3%		59.5	11.6%
Non-beer	9.5	13.8%	0.0%		10.8	13.8%
Total volume	62.8	10.0%	1.9%		70.3	11.9%
DKK million						
Revenue	28,830	9.6%	4.3%	-4.0%	31,687	9.9%
Operating profit	4,615	15.6%	-0.5%	-4.4%	5,111	10.7%
Operating margin (%)	16.0				16.1	10bp

Beer volumes grew organically by 9.3% (Q2: +6.9%), driven by solid growth in Asia and Central & Eastern Europe, and supported by easy comparables. Non-beer volumes grew organically by 13.8% (Q2: +20.7%) and total volumes by 10.0% (Q2: +8.8%).

Revenue/hl was flat (Q2: +5%), resulting in organic revenue growth of +9.6%. Price/mix improved considerably in Q2 compared with Q1, due to a positive channel mix in the markets where on-trade restrictions were eased, and a positive product mix.

Reported revenue grew by 9.9%, impacted positively by the acquisitions of Wernesgrüner in Germany and Marston's brewing activities in the UK. The currency impact mainly related to the Russian, Ukrainian and Laotian currencies.

Gross profit increased organically by 8.9%. Cost of goods sold per hl was flat, benefiting from regional mix. The reported gross margin declined by 110bp to 47.5%, impacted in particular by acquisitions, which had a lower gross margin in H1. Excluding acquisitions and currencies, the gross margin was 48.3%.

Operating expenses increased organically by 7% due to higher marketing expenses and volume-related costs, such as logistics. Administrative expenses were impacted by bonus accruals, acquisitions and certain one-off items. As a percentage of revenue, reported operating expenses declined by 90bp. Excluding marketing expenses, the decline was 160bp.

Operating profit before depreciation, amortisation and impairment losses (EBITDA) grew by 10.3% organically and by 6.6% in reported terms.

Operating profit grew organically by 15.6%. All regions delivered organic operating profit growth with Asia the most significant contributor, as earnings growth in Western Europe and Central & Eastern Europe was more muted. The reported operating profit growth of 10.7% was mainly impacted by currencies. The acquisition impact mainly related to Marston's brewing activities. The reported operating margin improved by 10bp to 16.1%.

Reported net profit was up by 6.0% to DKK 3,027m. Reported earnings per share (excluding treasury shares) grew by 7.7% to DKK 20.9.

Adjusted net profit (adjusted for special items after tax) increased by 10.3% to DKK 3,168m. Adjusted earnings per share (excluding treasury shares) were DKK 21.9. This was an improvement of 12.3%, driven by the higher operating profit and a lower tax rate, and supported by the share buy-back, which more than offset higher non-controlling interests.

Free cash flow was DKK 5,281m (2020: DKK 3,141m). Free operating cash flow was DKK 4,998m (2020: DKK 2,882m). The increase was driven by higher EBITDA, a positive impact from working capital and last year's purchase of the Brooklyn brand rights.

Return on invested capital (12-month average) improved by 100bp to 9.5%, supported by the improved profitability and lower invested capital, the latter due to a strong working capital improvement, CapEx remaining below depreciation and a positive currency impact. ROIC excluding goodwill was 25.0% (2020: 21.9%).

Net interest-bearing debt was DKK 20,803m. The reduction of approximately DKK 0.5bn compared with year-end 2020 was mainly due to the strong free cash flow, which more than offset the significant cash returns to shareholders in the form of the share buy-back programme (DKK 1.3bn in H1) and the dividend payout (DKK 3.2bn). Net interest-bearing debt/EBITDA was 1.43x (1.51x at year-end 2020).

REGIONAL PERFORMANCE

WESTERN EUROPE

H1	2020	Change			2021	Change Reported
		Organic	Acq., net	FX		
Volumes (million hl)						
Beer	13.3	-1.5%	9.2%		14.3	7.7%
Non-beer	5.3	7.6%	0.0%		5.7	7.6%
Total volume	18.6	1.1%	6.6%		20.0	7.7%
DKK million						
Revenue	12,501	0.2%	10.0%	0.5%	13,832	10.7%
Operating profit	1,729	1.2%	-1.1%	1.6%	1,757	1.7%
Operating margin (%)	13.8				12.7	-110bp

After a very challenging Q1 with lockdowns and restrictions, these were gradually lifted in many markets from mid-Q2 leading to a gradual recovery of the on-trade channel. The weather in Q2 was bad across the region in April and May, but improved considerably in June. Volumes in June also benefited from consumers celebrating the return to the on-trade coinciding with the European football championship. Against this background, total volumes grew organically by 1.1%, driven by an increase in non-beer volumes of 7.6% as beer volumes declined by 1.5%. In Q2, beer volume dynamics improved significantly, achieving organic growth of 4.7% and 16.1% including acquisitions. Non-beer volumes were up by 10.8%.

As consumers celebrated the return to on-trade outlets, channel and brand mix improved significantly during Q2. Revenue/hl was up by 6% for the quarter, and organic growth in revenue

was 12.5% (+27.8% in reported terms). Revenue growth for the half-year was more muted at +0.2% due to the challenging Q1.

Profitability improved gradually during the half-year despite a significant increase in marketing investments, particularly in Q2. Operating profit grew organically by 1.2%. Reported operating profit grew by 1.7%, supported by a positive currency impact, mainly from Norway, while the acquisitions of Wernesgrüner and Marston's brewing activities contributed -1.1%. The operating margin declined by 110bp.

MARKET COMMENTS

Our Danish volumes grew by high-single-digit percentages as restrictions on the on-trade and the Danish-German border started to be lifted from April. In addition, volumes benefited from the good weather. As on-trade restrictions were eased and the border trade resumed, our market share improved. Our craft & speciality portfolio did particularly well, with good growth for brands such as 1664 Blanc, Grimbergen and Somersby.

In Norway, volumes grew by double-digit percentages despite tough comparables based on Norway's record performance in 2020. The strong results were driven by the off-trade since the on-trade remained subject to restrictions. Craft & speciality and alcohol-free brews showed good results. Key brands, such as 1664 Blanc, Somersby, Frydenlund, Tuborg and Pepsi, performed well, while Ringnes declined due to its high on-trade exposure.

Our Swedish volumes declined for H1 overall but improved in Q2 as on-trade restrictions were gradually lifted. Our alcohol-free brews and Pepsi franchise did particularly well in Q2. In Finland, craft & speciality and alcohol-free brews grew, while total volumes were negatively impacted by on-trade restrictions, a slow reopening and lower campaign volumes.

In France, the on-trade remained closed until mid-May. Following a gradual easing of restrictions, it was fully opened by early July. Nevertheless, 15-20% of outlets are still closed due to lack of tourists and staff. Our volumes grew by low-single-digit percentages for H1, supported by favourable results in the off-trade channel. In Q2, volumes were up by high-teen percentages, supported by the reopening of the on-trade.

The Swiss off-trade business continued to perform well with good progress for craft & speciality and alcohol-free brews. The on-trade was impacted by restrictions and a slow reopening and, as our business is skewed towards the on-trade channel, total volumes declined.

In Germany, the Wernesgrüner integration was executed successfully. Volumes grew slightly despite the on-trade only starting to reopen from the end of May. Somersby and the local power brands Lübzer and Astra performed well.

As a consequence of a very small on-trade channel, the Polish beer market has been only modestly impacted by the pandemic. Due to bad weather in parts of Q2, the market declined but our business continued its positive trajectory, increasing volumes by low-single-digit percentages. Revenue/hl improved due to price increases and a positive brand mix thanks to growth of our alcohol-free brews, Carlsberg, Somersby and local power brands such as Żatecký and Kasztelan.

In the UK, the integration of Marston's brewing activities is progressing well. Organic volume development was negative for H1 due to very challenging market conditions until April, while Q2 volumes posted low-double-digit organic growth, following the gradual reopening of the on-trade.

ASIA

H1	2020	Change			2021	Change Reported
		Organic	Acq., net	FX		
Volumes (million hl)						
Beer	17.6	20.0%	0.0%		21.2	20.0%
Non-beer	2.3	17.6%	0.0%		2.7	17.6%
Total volume	19.9	19.7%	0.0%		23.9	19.7%
DKK million						
Revenue	8,463	24.4%	0.0%	-5.4%	10,075	19.0%
Operating profit	2,118	29.0%	0.0%	-6.2%	2,601	22.8%
Operating margin (%)	25.0				25.8	80bp

The development across our Asian markets varied significantly. Our Chinese business performed very well throughout the half-year, while all other markets were challenged by government-imposed restrictions, although these varied in terms of timing and severity.

Total volumes grew strongly by 19.7% (Q2: +11.4%), with China a particularly significant contributor. Supported by easy comparables, almost all other markets in the region also increased volumes in H1 and Q2.

The region delivered strong organic revenue growth of 24.4% (Q2: +18.9%). Revenue/hl increased by 4% (Q2: +7%). The acceleration in Q2 was driven by positive brand mix and, in some markets, channel mix. Reported revenue growth was +19.0% (Q2: +15.3%) due to the adverse impact from currencies, in particular the Laotian, Indian and Chinese currencies.

Operating profit increased strongly by 29.0% organically. The operating margin was up by 80bp to 25.8%. This further improvement of the margin was driven by the strong improvement in revenue/hl and the ongoing tight cost control.

MARKET COMMENTS

In China, our volumes grew by 23% for H1 and by 5% for Q2. Our market share improved. Volume growth in Q2 was less strong than in Q1 due to last year's strong Q2 volume recovery. We saw good progress for all our key priorities: very good growth of our international premium portfolio, continued expanded distribution of the Wusu brand and big-city growth. Revenue/hl improved by mid-single-digit percentages.

All other markets in the region were impacted – to various degrees – by the COVID-19 pandemic. Nevertheless, volumes in the markets outside China grew by 15% for H1 and by 30% for Q2 due to easy comparables for 2020, when restrictions were generally much tighter.

Our Indian business had another very volatile period with frequent changes in restrictions. Towards the end of the half-year, the number of daily infections declined rapidly, but the situation remains

fragile. Our volumes grew strongly by 40%, mainly on the back of last year's total lockdown during Q2. Led by the Tuborg brand, we saw good market share development in key states.

Volumes in Vietnam grew by mid-teen percentages despite a surge in infection rates and the reintroduction of strict lockdown measures. Our local power brands, Huda and Halida, and the Carlsberg brand performed well.

In Laos, we saw mid-single-digit percentage volume growth, but the situation became increasingly challenging during Q2 due to a prolonged lockdown. We saw good growth for Carlsberg and Somersby, while mix was impacted by strong growth of soft drinks ahead of the beer portfolio.

In Cambodia, volumes grew by high-teen percentages due to strong performance of soft drinks and energy drinks (Sting), whereas the beer business suffered from alcohol bans, curfews and outlets being closed.

In Malaysia, our business was impacted by a full lockdown, and production at our brewery was suspended from 1 June until very recently.

CENTRAL & EASTERN EUROPE

H1	2020	Change			2021	Change Reported
		Organic	Acq., net	FX		
Volumes (million hl)						
Beer	22.4	7.2%	0.0%		24.0	7.2%
Non-beer	1.9	27.1%	0.0%		2.4	27.1%
Total volume	24.3	8.7%	0.0%		26.4	8.7%
DKK million						
Revenue	7,857	8.6%	0.0%	-9.7%	7,769	-1.1%
Operating profit	1,435	2.7%	0.0%	-6.9%	1,375	-4.2%
Operating margin (%)	18.3				17.7	-60bp

Our businesses in Central & Eastern Europe delivered a solid performance with total organic volume growth of 8.7% (Q2: +8.6%). Non-beer volumes increased strongly by 27.1% due to the continued strong growth of our energy drink brand Flash Up in several Eastern European markets.

Revenue grew organically by 8.6% (Q2: +12.6%). Revenue/hl for the half-year was flat but improved considerably in Q2 to +4%, after four quarters with a negative development in revenue/hl. The positive figure in Q2 was driven by a positive product mix and improved channel mix in South-East Europe as the on-trade started to recover. In addition, we were lapping the higher level of promotions in Russia introduced in late Q1 2020.

Operating profit grew organically by 2.7%. Tight cost discipline led to a reduction in SG&A costs, while operating profit was impacted by the transactional impact on input costs in Russia and Ukraine and higher logistics costs in some markets. As a result, the operating profit margin declined by 60bp.

MARKET COMMENTS

In a flat Russian market, our volumes were up by a mid-single-digit percentage. The competitive environment remained tough. For the half-year, revenue/hl was flat, but we saw a significant improvement in Q2 for several reasons, including a positive product mix with good growth of 1664 Blanc, Somersby, Tuborg and Flash Up, price increases and more “like-for-like” comparables, as our step-up in promotions started from the end of Q1 2020.

In Ukraine, our volumes grew slightly in a flat market. Revenue/hl improved thanks to a positive product mix from Garage, Baltika and Carlsberg, and price increases that more than offset a negative channel mix.

In South-East Europe, most markets had a very challenging start to the year but started to improve from around March, mainly due to easy comparables, as lockdowns were more severe last year. In Italy, Greece, Croatia and Serbia, volumes grew by double-digit percentages and revenue/hl improved, especially in Q2, due to a positive channel mix. In Bulgaria, the very positive trajectory of recent years continued.

In our Export & License business, volumes grew by more than 20% due to reopening in some of the key markets – the largest impact being seen in Q2 – and easy comparables for last year. Key drivers were markets such as South Korea, Australia, Turkey and Romania, while other markets, such as Belgium and Ireland, had a challenging start to the year but saw an improvement towards the end of the half-year.

CENTRAL COSTS (NOT ALLOCATED)

Central costs, net, declined to DKK -615m (2020: DKK -642m) as a result of cost reductions, including people-related costs, that more than offset higher marketing expenses. Central costs are incurred for ongoing support of the Group’s overall operations and strategic development. In particular, they cover the costs of running central functions, including marketing.

OTHER ACTIVITIES

The operation of the Carlsberg Research Laboratory and the non-controlling holding in the Carlsberg Byen company in Copenhagen are reported separately from the beverage activities. The non-beverage activities generated DKK -7m (2020: DKK -25m).

COMMENTS ON THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The present interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and Danish regulations governing the presentation of interim reports by listed companies.

Except for the changes described below, the consolidated financial statements have been prepared using the same accounting policies for recognition and measurement as those applied to the consolidated financial statements for 2020.

As of 1 January 2021, the following amendments became applicable:

- Amendments to IFRS 4 “Insurance Contracts – deferral of IFRS 9” (issued on 25 June 2020), effective for financial years beginning on or after 1 January 2021.
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (issued on 27 August 2020), effective for financial years beginning on or after 1 January 2021.

The above-mentioned amendments did not have any impact on the Group’s accounting policies.

INCOME STATEMENT

Please see pp 7-8 for a review of operating profit.

Net special items (pre-tax) amounted to DKK -176m (2020: DKK -12m). Special items were positively impacted by the reversal of provisions made in purchase price allocations in previous years, offset by impairment charges, contingent considerations related to the acquisition of Marston’s brewing activities and restructuring. A specification of special items is included in note 4.

Financial items, net, amounted to DKK -261m against DKK -199m in 2020, impacted by higher funding costs and lower currency gains. Excluding currency gains and losses, financial expenses, net, amounted to DKK 271m (2020: DKK 263m). A specification of net financial items is included in note 5.

Tax totalled DKK -1,161m against DKK -1,145m in 2020. The effective tax rate was 24.8% versus 26% in H1 2020.

Non-controlling interests were DKK 486m (2020: DKK 404m). The increase was mainly driven by higher profitability in China, partly offset by the loss-making Carlsberg Marston’s Brewing Company in the UK.

The Carlsberg Group’s share of consolidated profit (net profit) was DKK 3,027m against DKK 2,855m in 2020. The positive development was attributed to the higher operating profit and lower tax rate, the combined effect of which was partly offset by higher special items and net financial expenses. Adjusted net profit (adjusted for special items after tax) was DKK 3,168m (2020: DKK 2,872m).

STATEMENT OF FINANCIAL POSITION

ASSETS

Total assets amounted to DKK 126.1bn at 30 June 2021 (31 December 2020: DKK 118.8bn).

Intangible assets amounted to DKK 67.9bn at 30 June 2021 (31 December 2020: DKK 66.1bn). The increase was mainly due to the appreciation of certain currencies, including the Russian ruble and the Chinese renminbi.

Property, plant and equipment totalled DKK 26.7bn (31 December 2020: DKK 26.3bn). The net increase of DKK 0.4bn was driven by additions and currency adjustments, partly offset by depreciation.

Current assets were impacted by seasonality. Inventories and trade receivables amounted to DKK 13.4bn, an increase of DKK 5.0bn from 31 December 2020. Cash and cash equivalents amounted to DKK 8.4bn (31 December 2020: DKK 8.1bn).

EQUITY AND LIABILITIES

Equity amounted to DKK 45.2bn at 30 June 2021 (31 December 2020: DKK 43.4bn), of which DKK 40.8bn was attributed to shareholders in Carlsberg A/S and DKK 4.4bn to non-controlling interests.

The changes in equity in the half-year were explained by the consolidated profit of DKK 3.5bn and non-controlling interests of DKK 1.2bn, offset by the dividend payout of DKK 3.5bn and share buy-back of DKK 1.3bn.

Total liabilities increased to DKK 80.9bn against DKK 75.5bn at 31 December 2020, primarily due to seasonality.

Long- and short-term borrowings amounted to DKK 30.1bn (31 December 2020: DKK 30.3bn): long-term borrowings were DKK 28.4bn (31 December 2020: DKK 29.3bn) and short-term borrowings were DKK 1.7bn (31 December 2020: DKK 1.0bn).

Tax liabilities, retirement benefit obligations etc. were DKK 16.5bn (31 December 2020: DKK 17.7bn). The decline was mainly due to fair value adjustments of contingent considerations.

Current liabilities excluding short-term borrowings increased to DKK 34.4bn (31 December 2020: DKK 27.5bn), impacted by normal seasonality and, to a lesser extent, currencies. The most significant increase was trade payables, which increased by DKK 4.8bn compared with 31 December 2020, while other liabilities increased by DKK 1.7bn.

CASH FLOW

Free cash flow amounted to DKK 5,281m versus DKK 3,141m in 2020. The main contributors to the higher free cash flow were higher EBITDA, a higher contribution from the change in working capital and CapEx.

Net cash flow amounted to DKK 259m (2020: DKK 2,642m). The decline from 2020 was mainly due to the two bond placings of EUR 500m each in March and June 2020, partly offset by a lower level of share buy-back in H1 2021 (DKK 1,263m) compared with H1 2020 (DKK 2,364m).

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities amounted to DKK 6,684m against DKK 5,112m in 2020.

EBITDA was DKK 7,245m (2020: DKK 6,797m).

The change in trade working capital was DKK +704m (2020: DKK -390m), impacted by the higher activity level and country mix. Average trade working capital to revenue (MAT) was -18.7% compared to -17.5% for H1 2020 and -18.6% for FY 2020.

The change in other working capital was DKK +362m (2020: DKK -83m), partly impacted by phasing and higher VAT payable.

Restructuring costs paid amounted to DKK -217m (2020: DKK -96m). Net interest etc. paid amounted to DKK -318m (2020: DKK -265m). The increase was mainly due to higher net interest costs. Corporation tax paid was DKK -977m (2020: DKK -831m), impacted by higher earnings.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities was DKK -1,403m against DKK -1,971m in 2020.

Operational investments totalled DKK -1,686m (2020: DKK -2,230m). Excluding the acquisition of the Brooklyn brand rights in 2020, operational investments increased by DKK 260m.

Total financial investments amounted to DKK +284m (2020: DKK +260m), mainly impacted by dividends received from associates (DKK 232m).

Cash flow from other activities amounted to DKK -1m (2020: DKK -1m).

FINANCING

At 30 June 2021, gross financial debt amounted to DKK 30.1bn and net interest-bearing debt to DKK 20.8bn. The difference of DKK 9.3bn mainly comprised cash and cash equivalents of DKK 8.4bn.

The net interest-bearing debt/EBITDA ratio was 1.43x (1.51x at year-end 2020).

Of the gross financial debt, 94% (DKK 28.4bn) was long term, i.e. with maturity of more than one year from 30 June 2021. At the end of June 2021, the duration was 5.2 years.

SHARE BUY-BACK

Due to the business uncertainty related to the COVID-19 pandemic, the Group is executing the 2021 share buy-back as quarterly programmes.

On 28 April, the Group launched the second quarterly share buy-back programme. The buy-back was concluded on 13 August, when the Company had bought a total of 877,763 shares at a total value of DKK 1bn.

Today, the Group initiates the third quarterly buy-back programme, with the intention to buy back Carlsberg B shares amounting to DKK 1bn up until 22 October.

Information on a subsequent quarterly share buy-back programme will be provided on 28 October in connection with the Q3 Trading Statement announcement.

The share buy-back programme will be executed in accordance with Article 5 of Regulation No 596/2014 of the European Parliament and Council of 16 April 2014 (MAR) and the Commission Delegated Regulation (EU) 2016/1052, also referred to as the Safe Harbour Regulation. Carlsberg

is entitled to suspend or terminate the programme at any time. Any such decision will be disclosed to the public by a Company announcement.

In line with our capital allocation principles, we will return excess cash to our shareholders. The purpose of the programme is to reduce the Company's share capital and meet obligations relating to the Group's share-based incentive programmes. At the Annual General Meeting in 2022, the Supervisory Board intends to propose that shares not used for hedging of the incentive programmes be cancelled.

The Carlsberg Foundation will participate in the share buy-back on a pro-rata basis at 30.33%. The Foundation will transfer shares on a weekly basis at a price equal to the volume-weighted average weekly share price of B shares repurchased by Carlsberg under the share buy-back programme. The price shall not deviate by more than 10% from the price quoted on Nasdaq Copenhagen at the time of purchase.

The Carlsberg Group has appointed Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ), Sverige ("SEB"), as lead manager to execute the programme independently and without influence from Carlsberg, as required by the Safe Harbour Regulation. Under the agreement, SEB will repurchase B shares during the trading period, which runs from 18 August 2021 to 22 October 2021. The maximum number of shares that may be repurchased on a single business day is 25% of the average daily trading volume of Carlsberg B shares over the 20 trading days prior to the date of purchase at the trading venue on which the purchase is carried out. A maximum of 12 million Carlsberg B shares can be bought during the trading period. The Group will disclose the transactions under the share buy-back programme at least once every seven trading days.

FINANCIAL CALENDAR

The financial year follows the calendar year, and the following schedule has been set for the remainder of 2021:

28 October	Q3 Trading Statement
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FORWARD-LOOKING STATEMENTS

This Company announcement contains forward-looking statements, including, but not limited to, guidance, expectations, strategies, objectives and statements regarding future events or prospects with respect to the Group's future financial and 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 words such as "expect", "estimate", "intend", "will be", "will continue", "will result", "could", "may", "might" or any variations of such words or other words with similar meanings. Forward-looking 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 then current expectations or forecasts. 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 materials used by the Group, cost of energy, production- and distribution-related issues, IT failures, market-driven price reductions, litigation, environmental issues and other unforeseen factors. The nature of the Group's business means that risk factors and uncertainties may 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.

MANAGEMENT STATEMENT

The Supervisory Board and Executive Board have discussed and approved the interim report of the Carlsberg Group for the period 1 January – 30 June 2021.

The interim report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and additional Danish interim reporting requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the Carlsberg Group's assets, liabilities and financial position at 30 June 2021, and of the results of the Carlsberg Group's operations and cash flow for the period 1 January – 30 June 2021. Further, in our opinion the Management's review (pp 1-16) includes a fair review of the development in the Carlsberg Group's operations and financial matters, the result for the period, and the financial position as a whole, as well as describing the most significant risks and uncertainties affecting the Group.

Besides what has been disclosed in the interim report, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the consolidated financial statements for 2020.

Copenhagen, 18 August 2021

Executive Board of Carlsberg A/S

Cees 't Hart
CEO

Heine Dalsgaard
CFO

Supervisory Board of Carlsberg A/S

Flemming Besenbacher
Chair

Henrik Poulsen
Deputy Chair

Hans Andersen

Carl Bache

Magdi Batato

Lilian Fossum Biner

Richard Burrows

Eva Vilstrup Decker

Lars Fruergaard Jørgensen

Finn Lok

Erik Lund

Søren-Peter Fuchs Olesen

Peter Petersen

Majken Schultz

Lars Stemmerik

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INCOME STATEMENT

DKK million	H1 2021	H1 2020	2020
Revenue	31,687	28,830	58,541
Cost of sales	-16,629	-14,812	-30,180
Gross profit	15,058	14,018	28,361
Sales and distribution expenses	-8,060	-7,590	-15,373
Administrative expenses	-2,073	-1,886	-3,453
Other operating activities, net	48	-2	-151
Share of profit after tax of associates and joint ventures	138	75	315
Operating profit before special items	5,111	4,615	9,699
Special items, net	-176	-12	-247
Financial income	58	115	373
Financial expenses	-319	-314	-784
Profit before tax	4,674	4,404	9,041
Income tax	-1,161	-1,145	-2,233
Consolidated profit	3,513	3,259	6,808
Attributable to:			
Non-controlling interests	486	404	778
Shareholders in Carlsberg A/S (net profit)	3,027	2,855	6,030
DKK			
Earnings per share of DKK 20	20.9	19.4	41.3
Diluted earnings per share of DKK 20	20.9	19.3	41.1

STATEMENT OF COMPREHENSIVE INCOME

DKK million	H1 2021	H1 2020	2020
Consolidated profit	3,513	3,259	6,808
Other comprehensive income			
Retirement benefit obligations	321	-308	1
Share of other comprehensive income in associates and joint ventures	2	1	-4
Income tax	-	-	-42
Items that will not be reclassified to the income statement	323	-307	-45
Foreign exchange adjustments of foreign entities	1,574	-3,381	-7,640
Fair value adjustments of hedging instruments	-35	-126	198
Income tax	7	37	-22
Items that will be reclassified to the income statement	1,546	-3,470	-7,464
Other comprehensive income	1,869	-3,777	-7,509
Total comprehensive income	5,382	-518	-701
Attributable to:			
Non-controlling interests	685	335	456
Shareholders in Carlsberg A/S	4,697	-853	-1,157

STATEMENT OF FINANCIAL POSITION

DKK million	30 June 2021	30 June 2020	31 Dec. 2020
ASSETS			
Intangible assets	67,916	67,867	66,061
Property, plant and equipment	26,710	26,267	26,299
Financial assets	6,779	7,202	7,460
Total non-current assets	101,405	101,336	99,820
Inventories	5,455	4,901	4,613
Trade receivables	7,931	6,868	3,725
Other receivables	2,888	2,637	2,565
Cash and cash equivalents	8,376	7,763	8,093
Total current assets	24,650	22,169	18,996
Total assets	126,055	123,505	118,816
EQUITY AND LIABILITIES			
Equity, shareholders in Carlsberg A/S	40,789	38,952	39,308
Non-controlling interests	4,369	2,434	4,054
Total equity	45,158	41,386	43,362
Borrowings	28,396	28,479	29,291
Tax liabilities, retirement benefit obligations etc.	16,458	20,679	17,714
Total non-current liabilities	44,854	49,158	47,005
Borrowings	1,654	2,189	959
Trade payables	21,430	17,732	16,598
Deposits on returnable packaging materials	1,640	1,478	1,276
Other liabilities	11,319	11,562	9,616
Total current liabilities	36,043	32,961	28,449
Total equity and liabilities	126,055	123,505	118,816

STATEMENT OF CHANGES IN EQUITY

DKK million

	Shareholders in Carlsberg A/S						Non-controlling interests	Total equity
	Share capital	Currency translation	Hedging reserves	Total reserves	Retained earnings	Total		
2021								
Equity at 1 January	2,963	-40,215	-609	-40,824	77,169	39,308	4,054	43,362
Consolidated profit	-	-	-	-	3,027	3,027	486	3,513
Other comprehensive income	-	1,361	69	1,430	240	1,670	199	1,869
Total comprehensive income for the year	-	1,361	69	1,430	3,267	4,697	685	5,382
Cancellation of treasury shares	-58	-	-	-	58	-	-	-
Share-based payments	-	-	-	-	56	56	-2	54
Dividends paid to shareholders	-	-	-	-	-3,187	-3,187	-352	-3,539
Share buy-back	-	-	-	-	-1,263	-1,263	-	-1,263
Non-controlling interests	-	-	-	-	1,178	1,178	-16	1,162
Total changes in equity	-58	1,361	69	1,430	109	1,481	315	1,796
Equity at 30 June	2,905	-38,854	-540	-39,394	77,278	40,789	4,369	45,158

DKK million

	Shareholders in Carlsberg A/S						Non-controlling interests	Total equity
	Share capital	Currency translation	Hedging reserves	Total reserves	Retained earnings	Total		
2020								
Equity at 1 January	3,051	-32,930	-721	-33,651	74,049	43,449	2,585	46,034
Consolidated profit	-	-	-	-	2,855	2,855	404	3,259
Other comprehensive income	-	-3,445	41	-3,404	-304	-3,708	-69	-3,777
Total comprehensive income for the period	-	-3,445	41	-3,404	2,551	-853	335	-518
Cancellation of treasury shares	-88	-	-	-	88	-	-	-
Share-based payments	-	-	-	-	56	56	1	57
Dividends paid to shareholders	-	-	-	-	-3,093	-3,093	-567	-3,660
Share buy-back	-	-	-	-	-2,364	-2,364	-	-2,364
Non-controlling interests	-	-	-	-	1,757	1,757	80	1,837
Total changes in equity	-88	-3,445	41	-3,404	-1,005	-4,497	-151	-4,648
Equity at 30 June	2,963	-36,375	-680	-37,055	73,044	38,952	2,434	41,386

STATEMENT OF CASH FLOWS

DKK million	H1 2021	H1 2020	2020
Operating profit before special items	5,111	4,615	9,699
Depreciation, amortisation and impairment losses	2,134	2,182	4,386
Operating profit before depreciation, amortisation and impairment losses¹	7,245	6,797	14,085
Other non-cash items	-115	-20	-532
Change in trade working capital	704	-390	1,321
Change in other working capital	362	-83	-1,033
Restructuring costs paid	-217	-96	-531
Interest etc. received	47	48	97
Interest etc. paid	-365	-313	-521
Income tax paid	-977	-831	-1,958
Cash flow from operating activities	6,684	5,112	10,928
Acquisition of property, plant and equipment and intangible assets ²	-1,808	-2,481	-4,396
Disposal of property, plant and equipment and intangible assets	55	166	222
Change in on-trade loans	67	85	339
Total operational investments	-1,686	-2,230	-3,835
Free operating cash flow	4,998	2,882	7,093
Acquisition and disposal of subsidiaries, net	65	-	-2,409
Acquisition and disposal of associates and joint ventures, net	-3	1	8
Acquisition and disposal of financial investments, net	-	1	6
Change in financial receivables	-10	8	42
Dividends received	232	250	317
Total financial investments	284	260	-2,036
Other investments in real estate	-1	-1	-
Total other activities³	-1	-1	-
Cash flow from investing activities	-1,403	-1,971	-5,871
Free cash flow	5,281	3,141	5,057
Shareholders in Carlsberg A/S	-3,187	-3,093	-3,093
Share buy-back	-1,263	-2,364	-2,900
Non-controlling interests	-403	-630	-877
External financing	-169	5,588	5,060
Cash flow from financing activities	-5,022	-499	-1,810
Net cash flow	259	2,642	3,247
Cash and cash equivalents at beginning of period ⁴	7,958	5,149	5,149
Foreign exchange adjustment of cash and cash equivalents	159	-114	-438
Cash and cash equivalents at period-end⁴	8,376	7,677	7,958

¹ Impairment losses excluding those reported in special items.

² Includes the acquisition of the Brooklyn brand rights in our markets, DKK 0.8bn in 2020.

³ Other activities cover real estate, separate from beverage activities.

⁴ Cash and cash equivalents less bank overdrafts.

NOTE 1 (PAGE 1 OF 2)

SEGMENT REPORTING BY REGION

	Q2 2021	Q2 2020	H1 2021	H1 2020	2020
Beer (million hl)					
Western Europe	8.9	7.7	14.3	13.3	26.8
Asia	10.8	9.8	21.2	17.6	34.8
Central & Eastern Europe	14.3	13.4	24.0	22.4	48.5
Total	34.0	30.9	59.5	53.3	110.1
Non-beer (million hl)					
Western Europe	3.2	2.8	5.7	5.3	11.2
Asia	1.3	1.0	2.7	2.3	4.8
Central & Eastern Europe	1.5	1.2	2.4	1.9	4.0
Total	6.0	5.0	10.8	9.5	20.0
Revenue (DKK million)					
Western Europe	8,803	6,888	13,832	12,501	25,875
Asia	5,086	4,411	10,075	8,463	16,959
Central & Eastern Europe	4,798	4,582	7,769	7,857	15,682
Not allocated	7	3	11	9	25
Beverages, total	18,694	15,884	31,687	28,830	58,541
Non-beverage	-	-	-	-	-
Total	18,694	15,884	31,687	28,830	58,541
Operating profit before depreciation, amortisation and special items (EBITDA, DKK million)					
Western Europe ¹			2,653	2,595	5,652
Asia			3,323	2,867	5,521
Central & Eastern Europe ¹			1,854	1,968	4,026
Not allocated			-584	-612	-1,105
Beverages, total			7,246	6,818	14,094
Non-beverage			-1	-21	-9
Total			7,245	6,797	14,085
Operating profit before special items (DKK million)					
Western Europe ¹			1,757	1,729	3,926
Asia			2,601	2,118	3,991
Central & Eastern Europe ¹			1,375	1,435	2,984
Not allocated			-615	-642	-1,183
Beverages, total			5,118	4,640	9,718
Non-beverage			-7	-25	-19
Total			5,111	4,615	9,699
Operating margin (%)					
Western Europe			12.7	13.8	15.2
Asia			25.8	25.0	23.5
Central & Eastern Europe			17.7	18.3	19.0
Not allocated			-	-	-
Beverages, total			16.2	16.1	16.6
Non-beverage			-	-	-
Total			16.1	16.0	16.6

¹ H1 2020 operating profit before depreciation, amortisation and special items in Western Europe and Central & Eastern Europe has been restated.

NOTE 1 (PAGE 2 OF 2)

SEGMENT REPORTING BY REGION

DKK million	30 June 2021	30 June 2020	2020
Invested capital, period-end			
Western Europe	36,987	33,857	35,746
Asia	17,753	19,650	18,045
Central & Eastern Europe	27,615	30,024	26,964
Not allocated	-507	-1,255	6
Beverages, total	81,848	82,276	80,761
Non-beverage	731	1,507	780
Total	82,579	83,783	81,541
Invested capital excl. goodwill, period-end			
Western Europe	17,058	15,998	16,142
Asia	1,908	3,552	2,682
Central & Eastern Europe	11,534	12,824	11,439
Not allocated	-507	-1,255	6
Beverages, total	29,993	31,119	30,269
Non-beverage	731	1,507	780
Total	30,724	32,626	31,049
Return on invested capital, ROIC (%), 12-month average			
Western Europe	8.4	9.6	8.7
Asia	19.1	14.4	15.8
Central & Eastern Europe	8.8	7.7	8.5
Not allocated	-	-	-
Beverages, total	9.6	8.7	9.0
Non-beverage	-	-	-
Total	9.5	8.5	8.9
Return on invested capital excl. goodwill (%), 12-month average			
Western Europe	18.1	20.9	18.8
Asia	139.5	70.4	88.8
Central & Eastern Europe	20.8	17.4	19.8
Not allocated	-	-	-
Beverages, total	25.9	22.9	24.4
Non-beverage	-	-	-
Total	25.0	21.9	23.2

NOTE 2

SEGMENT REPORTING BY ACTIVITY

DKK million	H1 2021			H1 2020		
	Beverages	Non- beverage	Total	Beverages	Non- beverage	Total
Revenue	31,687	-	31,687	28,830	-	28,830
Operating profit before special items	5,118	-7	5,111	4,640	-25	4,615
Special items, net	-176	-	-176	-12	-	-12
Financial items, net	-259	-2	-261	-194	-5	-199
Profit before tax	4,683	-9	4,674	4,434	-30	4,404
Income tax	-1,168	7	-1,161	-1,154	9	-1,145
Consolidated profit	3,515	-2	3,513	3,280	-21	3,259
Attributable to:						
Non-controlling interests	486	-	486	404	-	404
Shareholders in Carlsberg A/S (net profit)	3,029	-2	3,027	2,876	-21	2,855

NOTE 3

SEGMENT REPORTING BY HALF-YEAR

DKK million	H1 2021	H1 2020	H2 2020
Revenue			
Western Europe	13,832	12,501	13,374
Asia	10,075	8,463	8,496
Central & Eastern Europe	7,769	7,857	7,825
Not allocated	11	9	16
Beverages, total	31,687	28,830	29,711
Non-beverage	-	-	-
Total	31,687	28,830	29,711
Operating profit before special items			
Western Europe ¹	1,757	1,729	2,197
Asia	2,601	2,118	1,873
Central & Eastern Europe ¹	1,375	1,435	1,549
Not allocated	-615	-642	-541
Beverages, total	5,118	4,640	5,078
Non-beverage	-7	-25	6
Total	5,111	4,615	5,084
Special items, net	-176	-12	-235
Financial items, net	-261	-199	-212
Profit before tax	4,674	4,404	4,637
Income tax	-1,161	-1,145	-1,088
Consolidated profit	3,513	3,259	3,549
Attributable to:			
Non-controlling interests	486	404	374
Shareholders in Carlsberg A/S (net profit)	3,027	2,855	3,175

¹ H1 2020 and H2 2020 operating profit before depreciation, amortisation and special items in Western Europe and Central & Eastern Europe has been restated.

NOTE 4

SPECIAL ITEMS

DKK million	H1 2021	H1 2020	2020
Special items, income:			
Reversal of provisions made in purchase price allocations in prior years	317	-	586
Gain on disposal of entities and assets	15	53	62
Disposal of property, plant and equipment previously impaired, including adjustments to gains and reversal of provisions made in prior years	-	16	52
Income, total	332	69	700
Special items, expenses:			
Impairment of brands	-	-	-231
Impairment of property, plant and equipment	-3	-26	-74
Impairment of investment in associates	-244	-	-
Reset, other restructurings and provisions	-90	-10	-419
COVID-19, personal protective equipment and donations	-17	-45	-69
Adjustment of contingent considerations	-131	-	-29
Costs related to acquisition of entities etc.	-	-	-125
Other	-23	-	-
Expenses, total	-508	-81	-947
Special items, net	-176	-12	-247

NOTE 5

NET FINANCIAL EXPENSES

DKK million	H1 2021	H1 2020	2020
Financial income			
Interest income	39	39	81
Foreign exchange gains, net	10	64	139
Interest on plan assets, defined benefit plans	-	-	114
Other	9	12	39
Total	58	115	373
Financial expenses			
Interest expenses	-253	-231	-484
Capitalised financial expenses	4	1	1
Interest cost on obligations, defined benefit plans	-18	-27	-160
Interest expenses, lease liabilities	-5	-5	-12
Other	-47	-52	-129
Total	-319	-314	-784
Financial items, net, recognised in the income statement	-261	-199	-411
Financial items excluding foreign exchange, net	-271	-263	-550

NOTE 6

DEBT AND CREDIT FACILITIES

DKK million						30 June 2021
Time to maturity for non-current borrowings	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	5,570	11,110	-	-	10,327	27,007
Bank borrowings	23	60	14	-20	-	77
Lease liabilities	325	88	71	67	465	1,016
Other non-current borrowings	4	93	93	93	13	296
Total	5,922	11,351	178	140	10,805	28,396

DKK million	30 June 2021
Currency split of net financial debt 2021	
EUR	18,046
USD	2,575
CHF	1,962
Other currencies	-909
Total	21,674

DKK million	30 June 2021
Committed credit facilities	
< 1 year	2,840
1-2 years	5,922
2-3 years	11,351
3-4 years	178
4-5 years	15,012
> 5 years	10,805
Total	46,108
Current	2,840
Non-current	43,268

NOTE 7

NET INTEREST-BEARING DEBT

DKK million	H1 2021	H1 2020	2020
Issued bonds	27,007	27,035	27,002
Bank borrowings	78	38	922
Lease liabilities	1,015	1,085	1,080
Other non-current borrowings	296	321	287
Total non-current borrowings	28,396	28,479	29,291
Bank borrowings	290	1,273	472
Lease liabilities	373	417	398
Other current borrowings	991	499	89
Total current borrowings	1,654	2,189	959
Gross financial debt	30,050	30,668	30,250
Cash and cash equivalents	-8,376	-7,763	-8,093
Net financial debt	21,674	22,905	22,157
Loans to associates, interest-bearing portion	-221	-230	-209
On-trade loans, net	-581	-676	-618
Other receivables, net	-69	-90	-67
Other interest-bearing assets, net	-871	-996	-894
Net interest-bearing debt	20,803	21,909	21,263

Changes in net interest-bearing debt

Net interest-bearing debt at beginning of period	21,263	18,776	18,776
Cash flow from operating activities	-6,684	-5,112	-10,928
Cash flow from investing activities	1,465	1,972	3,470
Cash flow from acquisitions	-62	19	2,482
Dividend to shareholders and non-controlling interests	3,590	3,703	3,889
Share buy-back	1,263	2,364	2,900
Net interest-bearing debt from acquisition of subsidiaries	-10	-	116
Change in interest-bearing lending	42	-13	136
Lease liabilities, net	102	123	190
Other	-	25	-65
Effects of currency translation	-166	52	297
Total change	-460	3,133	2,487
Net interest-bearing debt, end of period	20,803	21,909	21,263

All borrowings are measured at amortised cost.

NOTE 8

CONTINGENT CONSIDERATIONS

DKK million	2021	2020
Contingent considerations at 1 January	5,290	9,023
Movements, net	-987	-3,733
Contingent considerations at period-end	4,303	5,290

The carrying amount of contingent considerations is determined in accordance with the terms of the agreements made with the counterparties. Movements during the period comprise fair value adjustments.

The valuation of contingent considerations at fair value generally decreased due to the COVID-19 impact on the businesses. The size of the decrease differs from market to market depending on the impact of the pandemic, government actions, including lockdowns, and the expected time to return to the market conditions and earnings seen before the outbreak. Most of the contingent considerations have been measured at the net present value of expected future cash flows, applying interest rates of 5.9-8.4% and residual growth rates of 4.0-5.5% were applied in the valuation. The fair value of certain other contingent considerations is linked to the development in the share price of selected beverage companies, resulting in an increased liability.

One of the agreements allows the partner to initiate the put option process from 1 January 2021. The partner has not yet done so, and the option is not expected to be exercised within the next 12 months.

Of the contingent considerations, DKK 4bn (2020: DKK 5bn) is expected to fall due within one to five years, whereas the rest will fall due within 12 months.

NOTE 9

ACQUISITION OF ENTITIES

On 1 January 2021, the Group completed the acquisition of Wernesgrüner Brewery, Germany, which was fully consolidated as of the acquisition date. The acquisition is not material to the Group's financial statements.

In October 2020, Carlsberg UK and Marston's PLC injected their respective brewing activities into a jointly owned company named Carlsberg Marston's Brewing Company Limited. Carlsberg is the controlling shareholder with a shareholding of 60%. The jointly owned company was formed to strengthen the Group's presence in the UK through a stronger beer portfolio and distribution network. The total cost of the acquisition comprises the cash consideration paid, a contingent consideration and the fair value of the 40% of Carlsberg UK businesses that were effectively transferred to the seller, Marston's PLC, when the Carlsberg entities were injected into the jointly owned company.

The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities is ongoing. Adjustments are therefore expected to be made to several items in the opening balance, including brands and property, plant and equipment. The accounting treatment of the acquisitions will be completed within the 12-month period required by IFRS.

	Wernesgrüner Brewery	Marston's brewing activities
DKK million	2021	2020
Consideration paid	511	1,868
Fair value of contingent consideration	-	61
Fair value of non-controlling shareholding in Carlsberg UK transferred to the seller	-	588
Foreign currency exchange translation difference	-	12
Total cost of acquisition	511	2,529
Acquired assets and liabilities		
Intangible assets	371	1,812
Property, plant and equipment	143	1,265
Financial assets	10	66
Inventories	22	235
Trade and other receivables	4	413
Cash and cash equivalents	14	-
Borrowings and lease liabilities	-1	-174
Provisions and retirement benefits	-8	-
Trade payables	-16	-302
Other payables	-28	-307
Acquired assets and liabilities	511	3,008
Non-controlling interests	-	-479
Acquired assets and liabilities attributable to shareholders in Carlsberg A/S	511	2,529