CARLSBERG BREWERIES
ANNUAL REPORT 2023

MANAGEMENT REVIEW

FINANCIAL STATEMENTS

LETTER FROM THE CHAIR & THE CEO

EMBARKING ON OUR GROWTH JOURNEY

We delivered solid results in a year impacted by a challenging trading environment across our regions.

ACTIVITIES OF THE GROUP

The Carlsberg Breweries Group comprise the beverage activities in the Carlsberg Group. Carlsberg Breweries' activities are focused on the markets where the Group has the expertise and the right products to secure a leading position. Due to the variation of the markets, the contribution to growth, earnings and development within the Group differs, both at present and in the longer-term projections.

The Parent Company's main activities are investments in national and international breweries as well as license and export business. The Parent Company has retail bonds listed at the Luxembourg Stock Exchange.

FINANCIAL DELIVERY

Organic revenue growth was 9.2%, driven by a strong 10% revenue/hl improvement. Operating profit grew organically by 6.9% despite our cost base being subject to continued inflation throughout the year and increased commercial investments.

The reported operating profit of DKK 11.1bn was impacted by the strengthening of the DKK against a number of key currencies, resulting in reported development of -1.5%. Free operating cash flow was DKK 7.5bn and ROIC was 17.3%.

Despite the weakening consumer sentiment in Europe and Asia during the year, and bad weather in many markets during the important summer months, we were able to upgrade our earnings expectations twice – in May and August.

Thanks to the strong financial health of the Group, we were also able to step up our commercial investments in the latter part of the year in support of our long-term growth opportunities.

The Group's financial results are presented in full on pages 6-9.

UKRAINE AND RUSSIA

The war in Ukraine continued to impact our business. The health and safety of our Ukrainian colleagues remain our first priority. We are deeply saddened by the continued hardship and challenges endured by our people and the population in Ukraine.

Because of the war, we announced the sale of Baltika Breweries – our Russian business – in June. Shortly afterwards, a presidential decree temporarily transferred the management of the business to a Russian federal agency. This step by the Russian authorities had several implications, including the full impairment of the Russian business in the Carlsberg Breweries Group's accounts. Read more on page 10.

CHANGING OF THE GUARDS

2023 saw a changing of the guards. After eight years at the helm of the Carlsberg Group, Cees 't Hart retired at the end of August. Cees leaves behind an impressive legacy, having delivered outstanding results during his tenure.

We want to thank Cees for his significant contribution to Carlsberg, and to wish him all the best for the next chapter of his life.

Jacob Aarup-Andersen joined Carlsberg as new CEO in September, and Ulrica Fearn joined the Group as new CFO in January 2023. The Supervisory Board is convinced that we have the right team on board for the next stage of Carlsberg's value-creating growth journey.

ACCELERATE SAIL

Our strategy, SAIL'27, was developed by a broad group of leaders and colleagues from across the Group in late 2021 and early 2022 – before the war in Ukraine and subsequently high inflation. Because of these significant events, in addition to COVID-19, our focus in the past few years has been on managing these shorter-term challenges.

With the impact from these major disruptions decreasing, it is now time to sharpen the longer-term focus on, and ensure sufficient investments in, our future growth. Consequently, the Executive Committee and extended leadership team conducted a review of the SAIL'27 priorities in late 2023 and early 2024, leading to the refreshed Accelerate SAIL strategy.

We have increased our ambition for top-line growth to 4-6% (previously 3-5%) to be achieved by accelerating support for the most important strategic growth levers, including our premium beer brands, Beyond Beer products and specific geographies.

We will also further strengthen our capabilities, including digital, to build an even more efficient, competitive and scalable company.

Read more about Accelerate SAIL on pages 17-18.

CONTINUED COMMITMENT TO DOING BETTER

Our ESG programme, Together Towards ZERO and Beyond (TTZAB), is an integral part of Accelerate SAIL.

TTZAB focuses on 11 areas, which were identified through an assessment of the most material environmental, social and governance (ESG) topics for our business. This year, we reconfirmed the relevance of these topics through our first double materiality assessment.

As part of TTZAB, we have ambitious targets and commitments. These enable us to tackle global social and environmental challenges while supporting our licence to operate and our ability to brew better beers now and in the future. We recognise that the hardest work is ahead of us, and we will need to challenge ourselves to be able to succeed in our TTZAB ambitions.

In September, we published the results of the 2022 assessment of our full value chain emissions, confirming that we have achieved a 16% reduction in the relative value chain emissions per hectolitre of beer produced compared with 2015.

Read more about our ESG programme and how we will achieve our targets on pages 22-25, and in detail in the ESG Report.

OUR PEOPLE

We are a purpose- and value-driven organisation where respect, responsibility, integrity and caring about each other lead the way, and where we win as a team.

We believe that the foundation for sustained success rests upon fostering a high organisational heartbeat and a strong organisational culture that integrates diversity, equity & inclusion (DE&I).

We are committed to nurturing our inclusive culture, to treating our people with fairness, honesty and kindness, and to making Carlsberg a workplace where everyone belongs and can be at their best.

In 2023 – one year ahead of schedule – we reached our target of 30% women in senior leadership roles. We will continue to drive the DE&I agenda and encourage you to read more about it in our ESG Report.

THANK YOU

This past year, we were again impressed by the high level of engagement and commitment from the Group's employees, and we would like to say thank you to each and every one of them. In particular, we want to acknowledge our long-suffering colleagues in Ukraine.

We also extend our thanks to all suppliers and customers for their cooperation during 2023, and express our gratitude to our consumers around the world.

Henrik Poulsen	**Jacob Aarup-Andersen**
Chair	Group CEO

5-YEAR SUMMARY

KEY FIGURES

Key figures and financial ratios in 2022 and 2023 are presented for continuing activities unless otherwise stated. 2021 figures have been restated accordingly

	2023	2022	2021	2020[1]	2019[1]
Volumes (million hl)					
Beer	101.0	101.0	98.8	110.1	113.0
Other beverages	24.1	24.4	20.4	20.0	21.9
DKK million					
Income statement					
Revenue	73,585	70,265	60,097	58,541	65,902
Gross profit	32,832	32,067	28,569	28,361	32,638
EBITDA	15,219	15,485	14,367	14,094	15,058
Operating profit before special items	11,147	11,313	10,137	9,718	10,524
Special items, net	-416	-94	623	-244	568
Financial items, net	-803	-714	-385	-403	-728
Profit before tax	9,928	10,505	10,375	9,071	10,364
Income tax	-1,983	-1,844	-2,115	-2,240	-2,766
Profit for the period, continuing operations	7,945	8,661	8,260	6,831	7,598
Loss from discontinued operations	-47,748	-6,490	-284	-	-
Profit for the period	-39,803	2,171	7,976	6,831	7,598
Attributable to					
Non-controlling interests	1,011	1,171	1,163	778	908
Shareholder in Carlsberg Breweries A/S (net profit)	-40,814	1,000	6,813	6,053	6,690
Statement of financial position					
Total assets	102,183	105,798	114,738	108,100	112,092
Invested capital	51,431	50,463	52,846	69,555	73,403
Invested capital excl. goodwill	19,037	17,931	19,575	27,269	28,479
Net interest-bearing debt (NIBD)[2]	22,491	19,696	18,843	20,092	17,840
Equity, shareholder in Carlsberg Breweries A/S	14,021	22,481	34,079	28,815	32,124

[1] Comparative figures for 2019-2020 include profit from the discontinued operation in Russia. [2] Comparative figures for 2021 have not been restated.

		2023	2022	2021	2020[1]	2019[1]
Statement of cash flows						
Cash flow from operating activities		11,615	12,794	11,818	10,866	12,285
Cash flow from investing activities		-6,657	-3,403	-3,965	-5,867	-2,462
Free cash flow		4,958	9,391	7,853	4,999	9,823
Investments						
Acquisition of property, plant and equipment and intangible assets		-4,233	-4,225	-3,897	-4,386	-4,571
Acquisition of property, plant and equipment, including right-of-use assets		-4,977	-4,598	-4,311	-3,813	-4,991
Acquisition and disposal of subsidiaries, net		-822	-	-621	-2,409	-9
Financial ratios						
Gross margin	%	44.6	45.6	47.5	48.4	49.5
EBITDA margin	%	20.7	22.0	23.9	24.1	22.8
Operating margin	%	15.1	16.1	16.9	16.6	16.0
Effective tax rate	%	20.0	17.5	20.4	24.7	26.7
Return on invested capital (ROIC)	%	17.3	18.0	15.0	10.5	10.3
ROIC excl. goodwill	%	45.7	49.9	39.9	27.1	25.4
NIBD/EBITDA	x	1.47	1.27	1.34	1.43	1.18
Dividend per share (proposed)	DKK	7,240	7,420	6,986	6,520	6,395
Payout ratio	%	n.m.	370	51	54	48

Please refer to section 9.2 General Accounting Policies in the consolidated financial statements for a definition and calculation of key figures and financial ratios.

GROUP

SOLID RESULTS IN A CHALLENGING ENVIRONMENT

The Group delivered a solid set of results in a challenging environment.

VOLUMES

Total Group volumes were 125.1m hl, corresponding to a reported growth rate of -0.3%. Beer volumes declined organically by 0.4%, as volume growth in Asia was offset by lower volumes in Western Europe and Central & Eastern Europe. Other beverage volumes grew in Western Europe, Central & Eastern Europe and Laos, but total volume development was -0.9%, impacted by lower volumes in Cambodia.

INCOME STATEMENT

Revenue was DKK 73,585m. Revenue/hl increased organically by 10%, resulting in strong organic revenue growth of 9.2%. The revenue/hl improvement was primarily driven by price increases across markets to offset the significant cost increases and supported by a positive product mix.

Reported revenue grew by 4.7%. The negative currency impact related to the strengthening of the Danish currency against, in particular, the Chinese, Laotian, Indian, Ukrainian, Norwegian and Swedish currencies. The small acquisition impact related to the acquisition of Waterloo Brewing in Canada.

Gross profit increased organically by 7.4% and by 2.4% in reported terms. Gross profit was positively impacted by the increase in revenue/hl and negatively by the increase in cost of sales of 6.7%. The reported gross margin was 44.6%, a decline of 100bp.

We maintained our focus on costs, supporting our efforts to offset inflation and increase investments in brands and activities. Consequently, marketing investments were up organically by 10% and by 7% in reported terms. As a percentage of revenue, reported marketing investments increased slightly to 8.4% with a larger increase in H2 following the Q3 decision to accelerate commercial investments.

Total reported operating expenses increased by 4.0%, supported by lower administrative costs. As a percentage of revenue, reported operating expenses excluding marketing improved by 30bp to 22.1%.

Other operating activities increased by DKK 38m, while profit from associates declined by DKK 98m, mainly due to certain one-off expenses in associates in Asia.

Operating profit before depreciation, amortisation and impairment losses (EBITDA) grew organically by 5.2%

Earnings expectations 2023

Date	Expectation for operating profit
7 February 2023	Organic growth in operating profit of -5% to +5%.
27 April 2023	Organic growth in operating profit of -2% to +5%.
15 August 2023	Organic growth in operating profit of +4% to +7%.
7 February 2024	Organic growth in operating profit of 6.9% (reported).

Group

		Change				Change
	2022	Organic	Acq., net	FX	2023	Reported
Volumes (million hl)						
Beer	101.0	-0.4%	0.3%	-	101.0	-0.1%
Other beverages	24.4	-0.9%	0.0%	-	24.1	-0.9%
Total volume	**125.4**	**-0.5%**	**0.2%**	**-**	**125.1**	**-0.3%**
DKK million						
Revenue	70,265	9.2 %	0.6 %	-5.1%	73,585	4.7 %
Operating profit	11,313	6.9 %	-0.2%	-8.2%	11,147	-1.5%
Operating margin (%)	16.1				15.1	-100bp

but declined by 1.7% in reported terms due to adverse currencies.

The reported operating profit before special items development of -1.5% was impacted by strengthening of the Danish krone against, in particular, the Chinese, Laotian, Ukrainian and Norwegian currencies.

The small acquisition impact related to the acquisition of Waterloo Brewing in Canada. The reported operating margin decreased by 100bp to 15.1%, mainly due to the lower gross margin and increased marketing investments.

Section 1 of the consolidated financial statements contains more details on operating activities.

Net special items (pre-tax) amounted to DKK -416m (2022: DKK -94m). Special items were positively impacted by reversal of brand impairment in China and the derecognition of a loan to Baltika Breweries, and negatively impacted by impairment of certain brands, impairment related to the business in Cambodia, the cost of terminating the Kronenbourg 1664 licensee agreement in the UK, restructuring costs, costs related to acquisitions and impairment of receivables from Baltika Breweries.

HOME OF CARLSBERG

SEE, HEAR AND TASTE THE STORY OF CARLSBERG

It all began in 1847, when Carlsberg's founder, J.C. Jacobsen, established his brewery on a small hilltop just outside Copenhagen. Since 1982, the original brewery with its unique narrative and its historic and well-preserved buildings has become an increasingly popular tourist attraction. After extensive restoration in recent years, we reopened the doors to Home of Carlsberg in 2023. The new exhibition showcases Carlsberg's pivotal role in modern beer brewing, the essential ingredients of beer, the stables housing the majestic brewery horses, a bottle collection that will amaze, architectural buildings, a great restaurant, beer tastings, and engaging storytelling about family feuds, scientific breakthroughs and much more.

OUR WINNING CULTURE

Read more about net special items in section 3.1 of the consolidated financial statements.

Financial items, net, amounted to DKK -803m (2022: DKK -714m). Excluding currency gains and losses, financial items, net, amounted to DKK -654m (2022: DKK -491m). The increase was mainly a result of higher average funding costs due to refinancing and higher short- and long-term interest rates and higher net interest-bearing debt. Net currency losses amounted to DKK -149m, mainly related to the strengthening of the EUR/DKK and conversion costs for the Laotian kip.

Read more about net financial items in section 4.1 of the consolidated financial statements.

Tax totalled DKK -1,983m (2022: DKK -1,844m). The normalised tax rate was 20.9%, while the effective tax rate was 20.0% due to non-recurring items, including adjustments related to prior years and the deconsolidation of the Russian business.

Section 6.1 of the consolidated financial statements contains more details on income tax.

The Carlsberg Breweries Group's share of profit from continuing operations amounted to DKK 6,934m (2022: DKK 7,490m).

The Group's share of consolidated profit (net profit) for the period was DKK -40,814m (2022: DKK 1,000m), impacted by the deconsolidation of the Russian business, which led to the recognition of accumulated currency translation and hedge losses of DKK -41,504m and impairment losses of DKK -7,002m, giving a net result from the Russian operation of DKK -47,748m.

Read about the accounting treatment and impact of the deconsolidation of the Russian business in section 5.1 of the consolidated financial statements.

Non-controlling interests' share of profit for the period was DKK 1,011m (2022: DKK 1,171m). The non-controlling interests consist of Lao Brewery, Carlsberg Chongqing Breweries Group, Carlsberg Malaysia Group and Carlsberg Marston's Brewing Group, as well as other minor interests, primarily in the Asia region.

STATEMENT OF FINANCIAL POSITION

ASSETS

Total assets amounted to DKK 102,183m at 31 December 2023 (31 December 2022: DKK 105,798m). The main reason for the decrease was the deconsolidation of the Russian business, the assets of which amounted to DKK 11,618m in 2022, partly offset by higher current assets.

Total non-current assets amounted to DKK 71,978m (31 December 2022: DKK 71,540m).

Intangible assets totalled DKK 40,390m (31 December 2022: DKK 40,526m). Intangible assets were impacted by currencies, in particular the Chinese and Laotian, and impairment of brands, offset by the acquisition of Waterloo Brewing and reversal of brand impairment in China.

Property, plant and equipment totalled DKK 24,248m (2022: DKK 23,580m). The increase was mainly impacted by additions and the acquisition of Waterloo Brewing in March 2023. Financial assets of DKK 7,340m were on a par with 31 December 2022 (DKK 7,434m).

Total current assets amounted to DKK 30,205m (31 December 2022: DKK 22,640m). The increase was mainly due to higher cash and cash equivalents and deposits, following the net issuance of EMTN bonds of EUR 1.55bn.

Inventories amounted to DKK 5,811m (31 December 2022: DKK 5,718m), trade receivables to DKK 5,171m (31 December 2022: DKK 5,071m) and other receivables to DKK 3,605m (31 December 2022: DKK 3,688m).

Deposits and securities amounted to DKK 2,236m (31 December 2022: DKK 0) and were deposits not meeting the definition of cash and cash equivalents but co-managed with cash and cash equivalents. Cash and cash equivalents amounted to DKK 13,382m (31 December 2022: DKK 8,163m).

Section 2 of the consolidated financial statements contains more details on assets and section 4.5.2 on cash and cash equivalents.

Assets in discontinued operations totalled DKK 0m (31 December 2022: DKK 11,618m) following the deconsolidation of the Russian business.

EQUITY AND LIABILITIES

Equity

Equity amounted to DKK 16,536m at 31 December 2023 (31 December 2022: DKK 25,301m), DKK 14,021m of which was attributable to the shareholder in Carlsberg Breweries A/S and DKK 2,515m to non-controlling interests.

The change in equity of DKK -8,765m mainly related to the profit for the period of DKK -39,803m other comprehensive income DKK 38,557m, dividends paid to the shareholder and non-controlling interests of DKK -4,844m and capital reduction of DKK -3,000m.

Liabilities

Total liabilities were DKK 85,647m (31 December 2022: DKK 80,497m).

At 31 December 2023, non-current and current borrowings amounted to DKK 39,266m (31 December 2022: DKK 29,037m): non-current borrowings of DKK 30,763m (31 December 2022: DKK 22,865m) and current borrowings of DKK 8,503m (31 December 2022: DKK 6,172m).

The increase in non-current borrowings of DKK 7,898m was impacted by the issuance of three EUR bonds under the company's Euro Medium Term Notes (EMTN) programme during the year: a 3.5-year EUR 750m bond in May, and in September a 5-year EUR 700m and a 10-year EUR 600m bond.

This was partly offset by the reclassification of a EUR 1bn bond maturing in May 2024 to current borrowings. Current borrowings were reduced by a EUR 500m bond, which matured in September 2023.

Non-current tax liabilities, retirement benefit obligations etc. amounted to DKK 7,385m (31 December 2022: DKK 8,281m). The decline was mainly the result of a decline in the Group's obligation, net, on defined benefit plans, the settlement of a fine related to a competition case in Germany, and the reversal of other legal and contractual obligations that did not materialise.

Current liabilities excluding current borrowings were DKK 38,996m (31 December 2022: DKK 39,079m).

Liabilities in discontinued operations totalled DKK 0m (2022: DKK 4,100m) following the deconsolidation of the Russian business.

CASH FLOW

Free operating cash flow amounted to DKK 7,549m (2022: DKK 8,981m), impacted by the lower EBITDA and net contribution from the change in working capital, higher capital expenditure (CapEx). Free cash flow amounted to DKK 4,958m (2022: DKK 9,391m), impacted by an increase in financial investments.

Net cash flow amounted to DKK 5,254m (2022: DKK 1,696m), positively impacted by the issuance of three bonds during the year, in total amounting to EUR 2,050m, more than offsetting the pay-out of dividends amounting to DKK 6,695m (2022: DKK 7,986m).

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities amounted to DKK 11,615m (2022: DKK 12,794m).

EBITDA amounted to DKK 15,219m (2022: DKK 15,485m), negatively impacted by currencies.

The change in trade working capital was DKK +713m (2022: DKK +1,960m), mainly impacted by an increase in trade payables. Average trade working capital to revenue for the year remained strong -20.3% (2022: -21.5%).

The change in other working capital was DKK -976m (2022: DKK -679m), impacted by the payment of a competition fine in Germany.

Restructuring costs and other special items amounted to DKK -530m (2022: DKK -183m), impacted by the termination of the Kronenbourg 1664 licensee agreement in the UK.

Net interest etc. paid amounted to DKK -236m (2022: DKK -950m). The improvement was mainly due to the settlement of financial instruments. Corporation tax paid was DKK -2,079m (2022: DKK -2,201m).

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities was DKK -6,657m (2022: DKK -3,403m).

Acquisition of property, plant and equipment and intangible assets (CapEx) amounted to DKK -4,233m (2022: DKK -4,225m), while total operational investments amounted to DKK -4,066m (2022: DKK -3,813m), also impacted by a small negative contribution from the change in on-trade loans compared with a positive contribution in 2022.

Total financial investments amounted to DKK -2,591m (2022: DKK +410m), mainly attributable to the placement of cash in deposits not meeting the definition of cash and cash equivalents. In the cash flow statement, this is presented as acquisition of financial investments.

RETURN ON INVESTED CAPITAL

ROIC was 17.3% (2022: 18.0%), mainly impacted by the lower reported operating profit before special items due to currencies. ROIC excluding goodwill was 45.7% (2022: 49.9%).

FINANCING

At 31 December 2023, gross financial debt amounted to DKK 39,266m (2022: DKK 29,037m) and net interest-bearing debt to DKK 22,491m (2022: DKK 19,696m). The increase in net interest-bearing debt of DKK 2,795m was mainly the result of the dividend payout, share buy-back, CapEx and the acquisition of Waterloo Brewing, partly offset by cash flow from operating activities.

The difference of DKK 16,775m between gross financial debt and net interest-bearing debt mainly comprised cash and cash equivalents of DKK 13,382m and deposits and securities of DKK 2,236m.

At 31 December 2023, the average debt duration was 5.7 years (2022: 4.1 years). Of the gross financial debt, 78% (DKK 30,763m) was long term, i.e. with maturity of more than one year from 31 December 2023.

Net interest-bearing debt/EBITDA was 1.47x (2022: 1.27x).

Read more about net-interest bearing debt, capital structure and borrowings in sections 4.3, 4.4 and 4.5 of the consolidated financial statements.

RUSSIA

On 28 March 2022, we announced the decision to seek a full divestment of our Russian business following Russia's invasion of Ukraine.

On 23 June, Carlsberg announced the conditional sale of Baltika Breweries in Russia.

On 16 July, the Russian government issued a presidential decree temporarily transferring the management of our Russian business – Baltika Breweries – to the Russian Federal Agency for State Property Management. According to the presidential decree, Carlsberg retains title to the shares in Baltika Breweries, but otherwise no longer has any control or influence over the management of the business.

As a result of the loss of control, the investment was fully written down and previous years' accumulated currency translation and hedging losses were reclassified to the income statement. The loss from the discontinued operation in 2023 amounted to DKK 47,748m (2022: loss of DKK 6,490m).

In October, we announced that we had informed Baltika Breweries of our termination of all licence agreements enabling Baltika Breweries to produce, market and sell the Carlsberg Group's products, including international and regional brands. There will be a limited run-off period until 1 April 2024, during which Baltika Breweries may use up existing stock and materials.

We continue to take all possible actions, including legal, to protect assets and operations.

Read about the accounting treatment and impact of the deconsolidation of the Russian business in section 5.1 of the consolidated financial statements.

CAPITAL ALLOCATION

GOOD DELIVERY AGAINST CAPITAL ALLOCATION PRINCIPLES

We maintain our commitment to these principles and will ensure the right balance of investing in compounding, profitable, long-term growth and delivering continued cash returns to our shareholder.

Our capital allocation principles, which we announced in 2016, remain unchanged in Accelerated SAIL:

1. Investing in our business to drive long-term sustainable growth.
2. Targeting NIBD/EBITDA of below 2.0x.
3. Targeting an adjusted payout ratio of around 50% (adjusted for special items after tax).
4. Distributing excess cash to our shareholder through share buy-backs and/or extraordinary dividends.
5. Deviating from the above if value-enhancing acquisition opportunities arise.

DRIVING LONG-TERM GROWTH

We continued to invest in our business in support of our SAIL'27 priorities. In Q4, we accelerated our commercial investments in support of our growth categories, including premium beer, Beyond Beer and growth in Asia. For the year, marketing investments grew organically by 10%.

We will continue to ensure sufficient support of and investments in our brands, markets and capabilities to drive sustainable, compounding growth.

LEVERAGE

The net interest-bearing debt to EBITDA ratio was 1.47x, well below our target of below 2.0x.

VALUE-ENHANCING M&A

We completed the acquisition of Waterloo Brewing Ltd. in Canada.

In the UK, Carlsberg Marston's Brewing Company took over the Kronenbourg 1664 brand, terminating a licensee agreement.

2024 EARNINGS EXPECTATIONS

EARNINGS EXPECTATIONS

2024 is the first year of Accelerate SAIL, and we will be stepping up investments in support of our growth priorities and enablers.

While the macroeconomic environment and impact on consumer behaviour remain uncertain, inflationary pressure is moderating. Consequently, we expect a more moderate increase in our total cost base than in previous years. We intend to offset the higher total costs/hl in absolute terms through higher revenue/hl and continued tight cost control.

To position the Group for successful delivery of our increased long-term growth ambitions, we will step up commercial investments in 2024 in alignment with Accelerate SAIL. While keeping the ratio of SG&A to revenue flat, we intend to increase absolute sales and marketing investments, the latter by more than 10%. The majority of the incremental sales and marketing investments will be allocated to brand and route-to-market investments in China and Vietnam, premium brands in markets across our regions, digital capability projects and B2B e-commerce (eB2B).

Consequently, our earnings expectations for 2024 are:

- Organic operating profit growth of 1-5%.

Based on the spot rates at 6 February, we assume a translation impact on operating profit of around DKK -100m for 2024.

Other relevant assumptions are:

- Financial expenses, excluding foreign exchange losses or gains, of DKK 1.1bn.
- Reported effective tax rate of around 21%.
- Capital expenditure of around DKK 5bn, impacted by capacity expansion in Asia, commercial investments across the Group, sustainability and digital investments.

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. See page 33 for the full forward-looking statements notice.

OUR PURPOSE

BREWING FOR A BETTER TODAY AND TOMORROW

We pursue perfection every day. We strive to brew better beers. Beers that stand at the heart of moments that bring people together. We do not settle for immediate gain when we can create a better tomorrow for all of us.

Our purpose stated above is rooted in our heritage and in the mentality of our founders, who left a rich legacy that still greatly influences how we run our business today. Their pioneering spirit, passion for brewing and proactive contribution to society are what make us who we are.

We are proud of our purpose of "Brewing for a better today and tomorrow". Current and prospective employees look for companies with a clear purpose, a keen sense of social responsibility, and work that has meaning and gives them a sense of belonging.

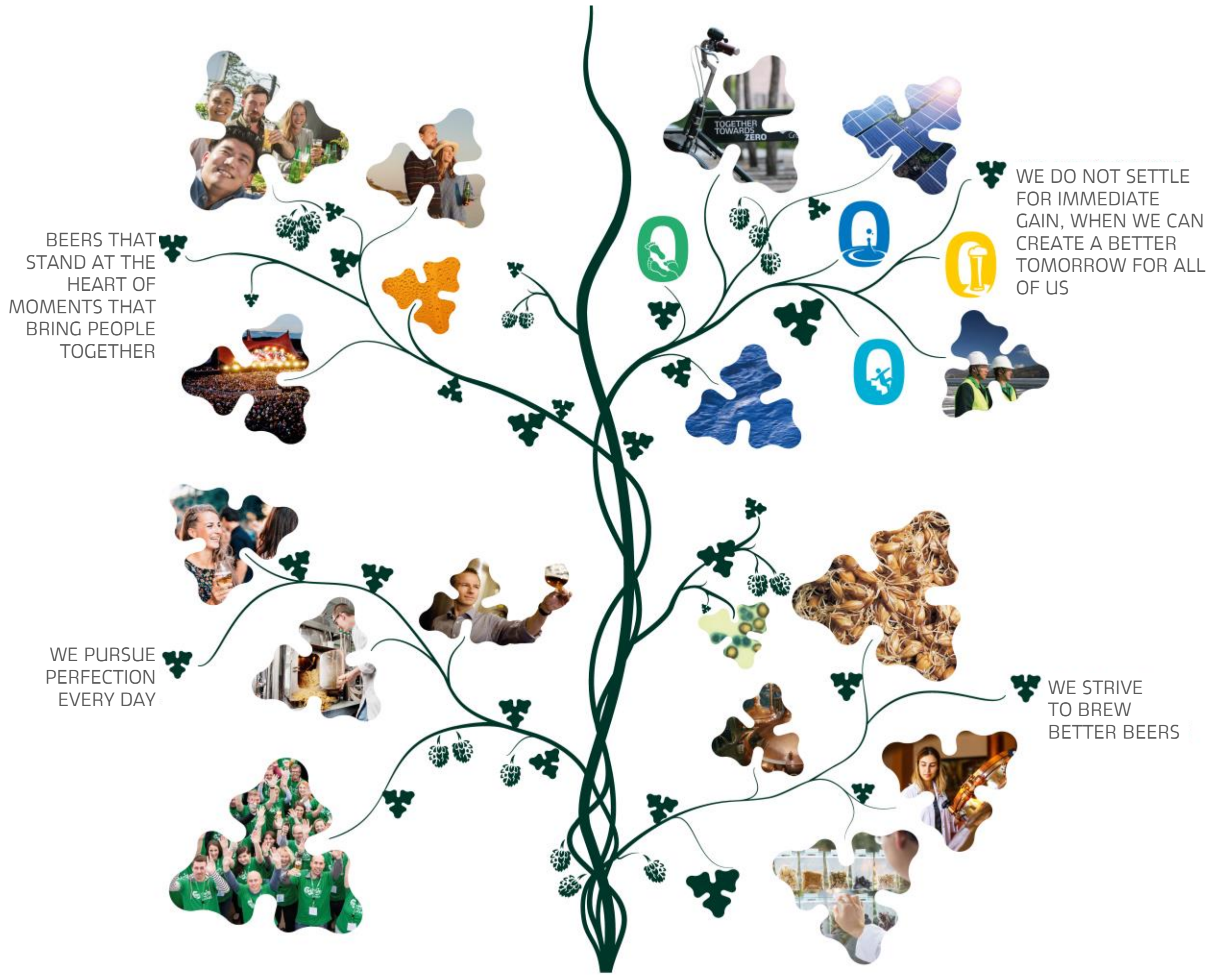
We live our purpose every day by focusing on our brands and the art of brewing, exciting our consumers with quality brews that strengthen our identity and pride as brewers, and by continuously aiming to do better.

We will continue to live our purpose, as it is key for the successful execution of our strategy and for achieving our ambition of being successful, professional and attractive in our markets:

Successful in ensuring the financial health of our company by outperforming our competitors through improved market share, revenue, margins and earnings.

Professional in ensuring the strategic health of our company by delivering the highest standards in everything we do, including brands, brews and service.

Attractive in ensuring the organisational and societal health of our company by being purpose-led and performance-driven for our shareholder, employees and society.



OUR BUSINESS MODEL
ROOTED IN OUR PURPOSE

WE FOCUS ON THE MARKETS WHERE WE HAVE A NO. 1 OR 2 POSITION...

Core beer is a volume business, and strong market positions are key drivers of profitability. We have particular focus on the 21 markets in Western Europe, Asia and Central & Eastern Europe where we are no. 1 or 2.

BREWING FOR A BETTER TODAY AND TOMORROW

In all our markets, we aim to lead in sustainability because it is central to our purpose and because we genuinely believe it is the right thing to do – delivering tangible benefits for our business and for society as a whole.

... WHERE WE DELIVER AN ATTRACTIVE BEER PORTFOLIO FOR ALL CONSUMER OCCASIONS...

The strength of our beer portfolio lies in the strong local roots of our local power brands, combined with our local and international premium brands, alcohol-free brews and brands Beyond Beer.

BREWING FOR A BETTER TODAY AND TOMORROW

Our brands offer us powerful opportunities for communicating with consumers. We use these opportunities to encourage moderate, responsible consumption of our products. We also increase the availability of low- and alcohol-free brews.

... AND STRIVE TO EXCEL IN OUR SERVICE TO ON- AND OFF-TRADE CUSTOMERS...

Our customers range from on-trade to off-trade, from online to offline, and from small to large. We aim to become their preferred beer supplier, offering products and services that deliver value growth for them and us.

BREWING FOR A BETTER TODAY AND TOMORROW

We develop digital solutions and services to help our customers grow their business. We engage in developing sustainable packaging solutions and launching initiatives to increase collection and recycling rates.

... BY OPTIMISING OUR SUPPLY CHAIN AND IMPROVING PROCESSES AND SYSTEMS.

We optimise systems and processes to deliver the right data at the right time in support of our growth agenda, and optimise asset utilisation while brewing high-quality beer.

BREWING FOR A BETTER TODAY AND TOMORROW

Recognising the need for strong actions in the face of complex sustainability challenges, Together Towards ZERO and Beyond sets ambitious targets for carbon, water, agricultural raw materials, packaging, and health & safety.

OUR BRAND PORTFOLIO

OUR BEER PORTFOLIO

PREMIUM BEER

SHARE OF TOTAL VOLUMES
20%

VOLUME GROWTH
+1%

3% volume growth

3% volume growth

0% volume growth

34% volume growth

MAINSTREAM CORE BEER

SHARE OF TOTAL VOLUMES
58%

APPEALING BRANDS IN AFB AND BEYOND BEER

ALCOHOL-FREE BREWS (AFB)

SHARE OF TOTAL VOLUMES
3%

VOLUME GROWTH
+3%

BEYOND BEER

SOFT DRINKS

6% volume decline

OUR STRATEGY

ACCELERATE SAIL

Launched in early February 2022, SAIL'27 remains our strategic frame, but with Accelerate SAIL we will sharpen our focus on long-term compounding growth.

The Group's strategy, SAIL'27, was developed by a broad group of leaders and employees in late 2021 and early 2022 – before the war in Ukraine and subsequent high inflation. These significant events, in addition to COVID-19, meant that the focus in the past few years has been on successfully navigating through these shorter-term challenges.

With the impact from these major disruptions decreasing, it is now time to sharpen the longer-term focus on, and ensure sufficient investments in, our future growth. Consequently, the Executive Committee and extended leadership team conducted a review of the SAIL'27 priorities in late 2023 and early 2024, leading to the refreshed Accelerate SAIL strategy.

SAIL'27 set the strategic frame for Carlsberg. Accelerate SAIL builds on this foundation, setting higher growth ambitions by increasing investments in and support for selected growth drivers within portfolio, geographies and capabilities, improving supply

PORTFOLIO CHOICES	Step up in premium	Accelerate Beyond Beer and grow AFB	Strengthen mainstream core beer
GEOGRAPHICAL PRIORITIES	Accelerate growth in Asia	Drive profitable growth in strongholds	Develop high-potential markets
EXECUTION EXCELLENCE	Excel at sales, marketing and innovation	Drive digital transformation	Manage supply chain end to end
WINNING CULTURE	Build a growth culture	Together Towards ZERO and Beyond	Live by our Compass
FUNDING OUR JOURNEY	Optimise sourcing	Unlock supply chain efficiency	Continue cost discipline

CREATING VALUE FOR ALL OUR STAKEHOLDERS

SHAREHOLDER

- Organic revenue growth of 4-6% CAGR.
- Organic operating profit growth above revenue growth.
- Continued ROIC focus.
- Disciplined capital allocation.
- Ambitious sustainability targets.

EMPLOYEES

- A purpose-led and growth-driven company with strong development opportunities and engagement.
- An attractive, diverse and inclusive workplace.
- Strong brands, quality products and ambitious sustainability efforts to be proud of.

SOCIETY

- Championing sustainability in our journey Together Towards ZERO and Beyond.
- Partnering with communities and contributing to prosperity in the markets in which we operate.

chain efficiency, developing a growth culture and continuing the well-embedded cost focus.

The key elements of Accelerate SAIL are explained in the following.

STEP UP PREMIUM GROWTH

The premium category remains attractive across our markets, where we see appealing growth and margin opportunities. Premium accounts for 20% of the Group's total volumes and is a key revenue growth driver.

In recent years, our strong portfolio of international and local premium brands has outperformed our mainstream portfolio despite the significant external headwinds. By increasing investments in marketing and brand building and further developing our execution capabilities, we believe that we can accelerate growth of our premium portfolio and significantly increase the premium exposure.

ACCELERATE BEYOND BEER

Our opportunities in Beyond Beer will initially be captured through the Somersby and Garage brands, which are well established in many markets. The category currently accounts for 2% of our total volumes.

We aim to grow the Beyond Beer category in our business through increased investments in brand building, innovation, footprint expansion and execution. We will also explore opportunities to expand our Beyond Beer portfolio through partnerships and local brand extensions, leveraging our strong route-to-market.

ACCELERATE GROWTH IN ASIA

Asia has been and remains a key volume and value growth driver for the Group.

As part of Accelerate SAIL, we remain committed to growing in China, which is our largest market. We still see attractive volume and value growth opportunities in this market in the coming years for our strong premium portfolio of local and international beer and Beyond Beer brands, both in our strongholds in the western part of the country and in the big cities. We will strengthen our presence and market share in existing big cities by developing and advancing our route-to-market, while continuing to seed for the future in recently entered and new cities.

In Vietnam, we will continue the execution of our multi-year transformation strategy with its clear ambition to accelerate momentum by increasing investments and achieve growth through focus on key brands, regions and capabilities. In India, we will investigate an acceleration plan when possible.

DRIVE PROFITABLE GROWTH IN STRONGHOLDS

We will maintain our focus on driving profitable growth in our stronghold markets, such as the Nordics, Switzerland, France and Laos by leveraging our strong portfolios, our scale and leading route-to-market set-up.

DRIVE DIGITAL TRANSFORMATION

We have identified the key capabilities and enablers for the delivery of our Accelerate SAIL ambitions. These require improved tools, processes and digitisation in areas such as value management, sales execution and B2B e-commerce (eB2B) to drive revenue growth, and in the areas of supply chain management end to end and transactional processes to drive productivity. We will ensure the right investments behind these capabilities and enablers.

FUNDING OUR JOURNEY

Over the coming years, we intend to restore gross margins to pre-COVID levels to enable the step-up in investment levels required to capture the growth opportunities. The opportunities lie in supply chain areas such as procurement, value engineering and standardisation of raw and packaging materials across markets.

The Group already has a very strong and well-embedded cost focus across the business, centred in particular around SG&A costs and enabled by the operating cost management (OCM) framework, which will be maintained.

BUILD A GROWTH CULTURE

Carlsberg has a strong performance- and cost-focused culture. Building on this strong foundation, we will develop our corporate culture to become more growth-oriented and reward calculated risk-taking.

We will do that by developing our Leadership Charter to show how our values translate into behaviours, ways of working and leadership profiles, and design employee incentive programmes to support a growth culture. Our growth culture will also encompass a systematic approach to talent development across the Group and increase global mobility to ensure the right capabilities at the right time in the right place.

TOGETHER TOWARDS ZERO AND BEYOND

We remain committed to our ESG programme - Together Towards ZERO and Beyond - and our ambitious targets for carbon emissions, regenerative farming, packaging, water, irresponsible drinking, accidents and diversity.

RAISING OUR AMBITIONS

As a result of Accelerate SAIL, we are raising our long-term growth ambitions (with 2024 as baseline):

- Organic revenue growth of 4-6% CAGR (previously 3-5%).
- Organic operating profit growth ahead of revenue growth.

The financial health of the business is strong and provides a good foundation for Accelerate SAIL. In the coming years, we will increase our commercial investments to support our growth ambitions. Consequently, we expect marketing/revenue to reach around 9%. We will increase sales expenses, but aim to keep SG&A/revenue flat through continued tight G&A cost control. The higher commercial investments will be financed by gradually restoring the gross margin to pre-COVID levels through supply chain productivity improvements.

Our capital allocation priorities – in place since 2016 – remain unchanged (see page 11).

In the following pages, we highlight examples of how SAIL'27 came alive during 2023.

Step up in premium

1664 – A LIFE-STYLE BRAND

In 2023, we unveiled a refreshed identity for 1664 to elevate the brand image and build on its global success. While the iconic blue bottle is unchanged, the primary packaging now features a more contemporary iteration of the brand's cockade, variant styling, and a bold yet elegant new bespoke typeface, all printed on premium matte label paper. Still undeniably French, the refreshed brand identity was designed to feel modern, be easily recognisable and continue to build premium perceptions. 1664 became our key international super-premium brand in 2016, and its continued success builds upon well-executed strategies for brand assets, portfolio offerings, distribution and execution. In 2023, 1664 grew by 3%, supported by strong growth in both existing and new markets, such as Norway, Finland, Switzerland, Serbia, Ukraine and Vietnam.

Step up in premium

BROOKLYN BEER DELIGHTS FESTIVAL-GOERS

Recognised globally as an iconic craft beer brand, Brooklyn is a craft beer for the many, bringing the welcoming spirit of Brooklyn to the world. Embracing this essence of diverse communities, common values and self-expression, Brooklyn Pilsner was the official beer of the Glastonbury Festival in the UK – the world's largest greenfield music and performing arts event. As a festival that encourages and stimulates culture around the world, there were clear synergies with Brooklyn's values. Bars located across the expansive site served Brooklyn Pilsner throughout the five-day event, delighting festival-goers with the ultimate summer refreshment. We also engaged with a wide range of other amazing music festivals across Europe, including Roskilde Festival, Copenhell and Queer Distortion in Denmark, Sideway Festival in Finland and 12 different festivals in Poland, all serving up our vibrant portfolio of beers. In 2023, we reached close to one million happy festival-goers, supporting the total Brooklyn volume growth of 34%.

Strengthen mainstream core beer

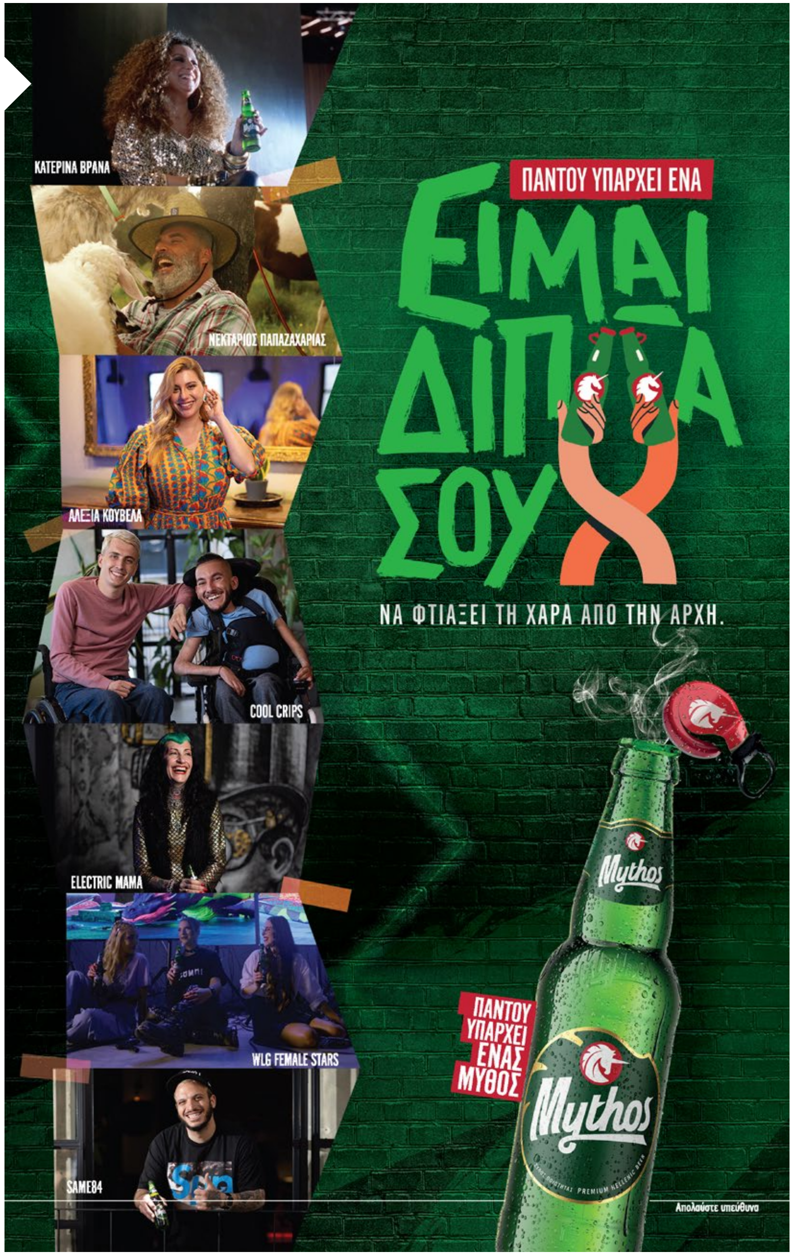
LEVERAGING OUR CORE BRANDS IN CHINA

Around 60% of our beer volumes in China comprises local core beer brands, which are well established and enjoy strong market positions in their home regions. Brands include Dali, Xixia, Wusu and Chongqing. While the local brands have slightly different brand identities, they share many similarities, including an image of being trustworthy and modern. To reinforce the strength of the local power brands, in 2023 we successfully enhanced the local bonding and consolidated the brand equity of these brands, sharpening their position in the local regions. While acknowledging the strong mainstream position, we also strive for continued relevance by driving bold innovation and offering premium line extensions, such as extra malt, white beer and pure draft, applying a repeatable commercial model across brands. In 2023, our local mainstream core beer portfolio in China grew by 7%.

Strengthen mainstream core beer

MYTHOS – THE BEER OF CHOICE

Mythos, our local power brand in Greece, was initially introduced in Thessaloniki in 1997. It is a modern and dynamic brand that encourages consumers to live life to the fullest. Thanks to a series of updates, such as the launch of Mythos Radler in 2014, implementation of the pull-off cap in 2016 and the introduction of Mythos Ice in 2020, Mythos has cemented its place as one of the most popular beer brands in Greece. Despite the difficulties faced during the COVID-19 pandemic, we took the initiative to revamp Mythos in 2022, positioning it as the beer of choice for an inclusive society where entertainment and fun are considered fundamental rights. The 2023 campaign featured TV and online commercials accessible to hearing- and sight-impaired people, showcasing Mythos' support of real people's fight for an inclusive society. Strengthened market share and volume growth of 3% in 2023 are testimony to Mythos' success.



Step up in premium and Accelerate Beyond Beer

TAKE A BREAK AND CHILL

Wind Flower Snow Moon (WFSM) is one of our local premium brands in China. It comes from the beautiful Yunnan province and was first launched in 1996. The name, bottle and labelling elegantly encapsulate the spirit and nature of Yunnan, encouraging consumers to take a break to chill and enjoy life. Thanks to continual updates to drive a modern and young image, and activations in both the off- and on-trade and online, the brand has delivered strong growth despite the challenges of COVID, almost tripling volumes since 2016. In 2023, we expanded the reach of WFSM through the launch of the low-alcohol WFSM in the Beyond Beer space. The low-alcohol WFSM will play in the premium-plus segment and be a vehicle for further expansion outside the home region of Yunnan. At the same time as attracting new consumers, the low-alcohol WFSM leverages the young adult, chill and joyful positioning of the premium WFSM beer. In 2023, total WFSM volumes increased by more than 60%.

Accelerate growth in Asia

STRENGHTENING OUR BUSINESS IN VIETNAM

Vietnam is one of the largest beer markets in the world with a very strong beer culture among consumers – more than 90% of alcohol consumed is beer. We have been present in this core Asian market since 1993, and now hold a strong position in the central part of the country with the Huda brand. The market posted a good post-COVID recovery in 2022 but came under significant pressure in 2023 because of the country's economic downturn. Despite this, we still believe Vietnam holds exciting growth opportunities for us, and expanding our business and building a winning portfolio in this market remain an important priority within Accelerate SAIL. Our winning portfolio includes Carlsberg, 1664 Blanc, Tuborg, Somersby and the core mainstream brand Huda. In 2022 and 2023, we step-changed our execution capabilities and expanded our business, resulting in volume growth of 8%.

Execution excellence

TECH-ENABLED SALES EXECUTION

Faced with an increasingly competitive environment, the need to digitise, analyse and optimise sales in stores has never been greater. Image recognition powered by artificial intelligence (AI) enables us to turn images into insights to unlock the potential of every shelf across all outlet channels and fuel our data-driven approach in sales execution. More specifically, AI-powered image recognition allows our sales teams to identify in-store performance gaps and delivers real-time actionable insights to increase revenue opportunities at all points of sale; provides instant visibility in channels, brands, products and competitors to improve compliance and drive sales; reduces audit time; and enables cost efficiencies. Additionally, implementing image recognition supports our culture of continuous improvement and innovation. During the year, we began the roll-out of AI-powered image recognition across Western Europe and Asia.

OnePlan

Manage supply chain end to end

TRANSFORMING SUPPLY CHAIN CAPABILITIES

We are transforming our end-to-end supply chain planning capability to enhance our agility and improve our supply chain resilience. In 2023, we went live in the first market with OnePlan, which is a programme that will transform our supply chain planning capabilities and be a key growth enabler. OnePlan is a new-generation planning tool, bringing together all aspects of supply chain planning, including demand, supply, inventory, production and materials planning. It enables a fully connected sales and operations planning (S&OP) process and near-real-time "what if" scenario planning, as well as faster identification of capacity constraints and faster response time to changes in demand. The significant benefits of OnePlan will not only be seen in the supply chain, but will also be tangible in the commercial area by improving demand visibility across customers and products, and in finance by increasing the speed of data availability and analysis.

OUR ESG PROGRAMME

TOGETHER TOWARDS ZERO AND BEYOND

Our ESG programme, Together Towards ZERO and Beyond (TTZAB), is an integral part of Accelerate SAIL and our response to global challenges such as climate change, water scarcity and inequality.

The programme focuses on 11 areas identified through an assessment of the most material ESG impacts of our business. In 2023, we reconfirmed the relevance of these topics through our first double materiality assessment.

Our targets and commitments enable us to tackle global social and environmental challenges, and our actions help us mitigate risks and capture opportunities, including the generation of new business.

TTZAB also bolsters our licence to operate, boosts our reputation and strengthens our relationships with stakeholders – including our people, consumers, customers, suppliers and investors – by demonstrating our commitment to acting responsibly and taking positive action on ESG.

Our targets and commitments demand transformative change – across our operations and value chain – that we cannot achieve alone. Partnering with suppliers, customers, consumers and communities remains central to our approach as we drive progress Together Towards ZERO and Beyond.

See how we exceeded our 2022 target for reducing carbon emissions across the full value chain and examples of how we are working with partners to deliver on our TTZAB ambitions and targets on pages 24-25.

OUR ESG REPORTING

Our ESG Report, available at www.carlsberggroup.com/reports-downloads/carlsberg-group-2023-esg-report, provides comprehensive information on the TTZAB programme, ambitions, targets, governance, performance and partnerships.

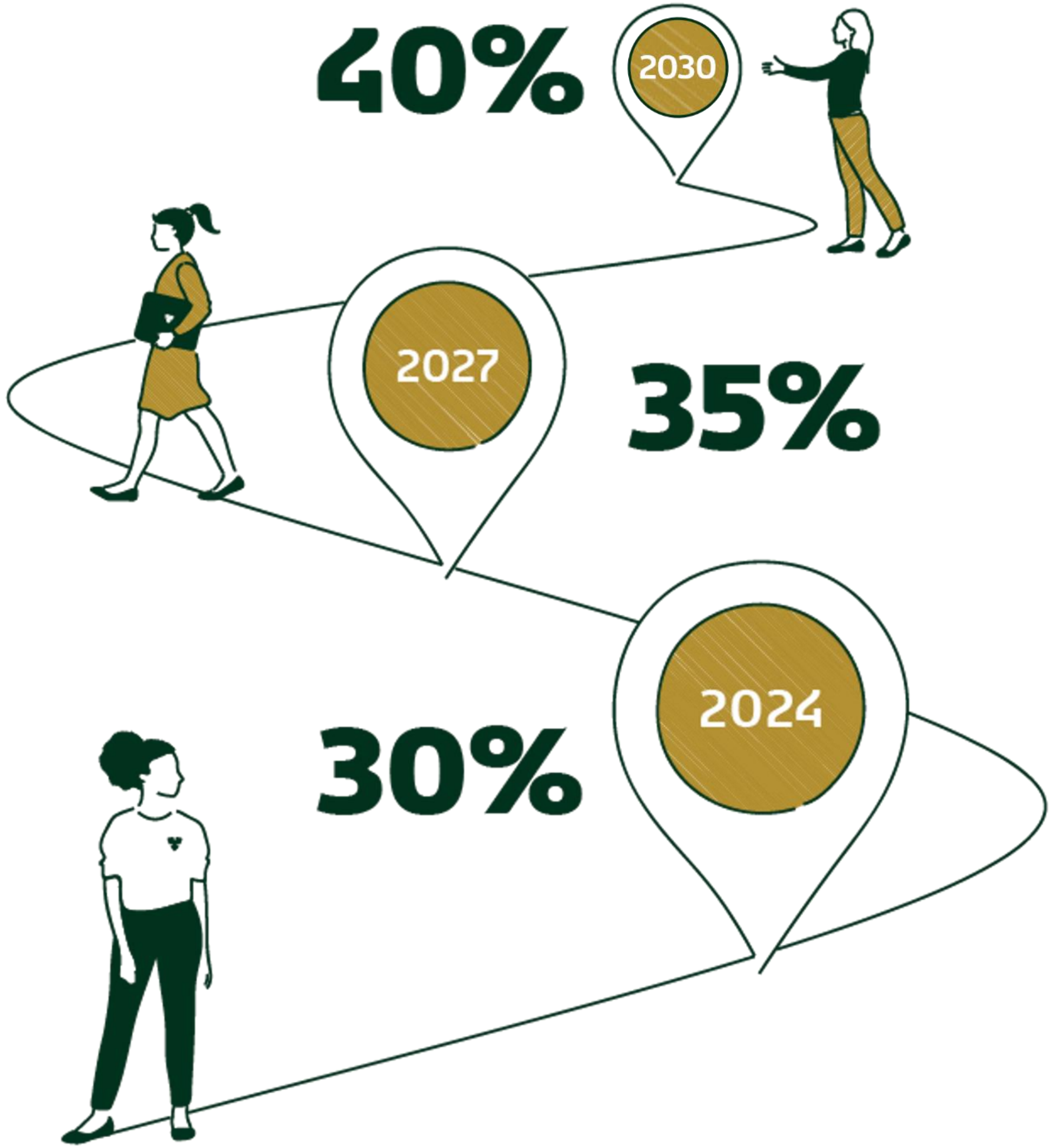
The ESG Report serves as our statutory statement on corporate social responsibility in accordance with sections 99a, 99d and 107d of the Danish Financial Statements Act.

Next year, we will align our ESG reporting approach and format with the forthcoming EU Corporate Sustainability Reporting Directive and the corresponding European Sustainability Reporting Standards.

Our ESG actions also contribute to the UN's global ambitions on sustainability. Our ESG Report forms the basis for our 2023 Communication on Progress to the UN Global Compact, which will be submitted in 2024 in line with new requirements.

We have also issued our first stand-alone Human Rights Report, which provides more detail on our due diligence approach and the actions we are taking to uphold human rights throughout our value chain.

Our Human Rights Report is available at www.carlsberggroup.com/reports-downloads/carlsberg-group-2023-human-rights-report/.



30%

REACHING OUR 2024 TARGET FOR WOMEN IN LEADERSHIP ROLES

We are actively working to attract, retain and develop more women in the brewing industry and our own business, driven by ambitious targets to increase the number of women in leadership. We partner with groups such as Brewers of Europe and the Pink Boots Society to attract more women into brewing careers, and we encourage women to join our graduate and apprenticeship programmes. In 2023, we launched a global sponsorship programme to help develop women leaders identified as having potential to take on executive roles. Each of the first 12 women to participate – chosen from across our regions and functions – was paired with a senior sponsor for six months of coaching, support and access to networks of internal influencers, which will better prepare them for later success at the top of the company.

Together Towards ZERO and Beyond

REDUCING VALUE CHAIN CARBON EMISSIONS PER HL BY 16% FROM 2015 TO 2022

In 2023, we completed our latest three-year analysis of our value chain carbon emissions, based on 2022 data. The analysis confirmed that we have slightly exceeded our target to cut value chain emissions per hl of beer produced by 15% by 2022 from the 2015 baseline. To reach our target of a net ZERO value chain by 2040, we will continue to work closely with our suppliers as they play a critical role in helping us reduce our carbon footprint at every stage of the value chain.

More details on our value chain carbon emissions reductions can be found in the ESG Report.

HOW DID WE ACHIEVE OUR TARGET?

	Agriculture & processing	Breweries	Packaging	Transportation & distribution	Cooling
% OF TOTAL VALUE CHAIN EMISSIONS IN 2022	24%	11%	45%	10%	10%
EMISSIONS REDUCTIONS 2015-2022	-18%	-41%	-3%	-10%	-26%

Agriculture & processing
Lower-carbon solutions in malting processes were a major progress driver, while increased usage of rice and sugars added carbon intensity.

Breweries
Reductions supported by the elimination of coal, increased energy efficiency and use of renewable electricity and innovative solutions, such as the extraction of biogas at on-site wastewater treatment plants.

Packaging
Carbon intensity reduced across all packaging types, and recycling rates for PET bottles and aluminium cans improved. Progress was counteracted by an increased share of cans and fewer refillable glass bottles in the overall packaging mix.

Transportation & distribution
Reduction primarily achieved by efficiency improvements, supported by marginal improvements from electrification and reduced business travel.

Cooling
Reduction in emissions from fridges and beer dispense equipment through the use of energy management devices, decarbonisation of national electricity grids and other initiatives.

Together Towards ZERO and Beyond

TEAMING UP WITH THE TOUR DE FRANCE

Tourtel Twist offers alcohol-free beer mixes combined with fruit juices free of colouring, sweeteners and artificial flavours. This tasty and healthy combination has made it France's most popular alcohol-free beer and our biggest-selling alcohol-free brand in Western Europe. For Tourtel Twist, 2023 was the second of three years as an official supplier of the Tour de France. The partnership with the Tour de France generated around 340 million contacts through TV and social media advertising, supporting our efforts to raise awareness of responsible drinking. In 2024, Tourtel will not only be an official supplier of the Tour de France but also an official supporter of the Paris Olympics.

Together Towards ZERO and Beyond

PUTTING WATER ON TAP IN CAMBODIA

Around one in five people lack essential access to clean water in Cambodia. Our new partnership with the social enterprise TapEffect will establish water supply and associated infrastructure, providing access to clean water for more than 6,800 people in a remote rural area in Pursat province. The project will include a treatment plant, clean storage, a pumping system and over 50 km of pipework. Within two years, it is expected to deliver 7 million litres of water per month. By 2025, it is projected to yield around 25% of the water needed to replenish consumption at our brewery in Sihanoukville.

Together Towards ZERO and Beyond

A NEW REGENERATIVE BREW FOR THE UK

Our journey towards 100% regenerative barley in the UK has begun. Carlsberg Marston's Brewing Company and the Archer-Daniels-Midland Company contracted 23 farmers to grow an estimated 686 tonnes of regeneratively grown barley in 2023 using techniques such as no- or low-tillage, planting cover crops and restricting chemical use to the minimum required. The harvest will be used to brew Carlsberg Danish Pilsner from 2024. We aim to expand this pilot to source enough regenerative barley to brew all Carlsberg beer in the UK by 2027, and we are committed to making our brews in the UK with 100% regenerative barley by 2031.

Read more about these and other case stories in the ESG Report.

CORPORATE GOVERNANCE

FOCUS ON CORPORATE GOVERNANCE

Our governance framework aims to ensure value creation, safeguard active and transparent stewardship across the Group and reduce risk.

The Carlsberg Breweries Group operates on the same governance framework as the Carlsberg Group where Board committees, including the Audit Committee, are preparing and facilitating Supervisory Board decisions.

A comprehensive description of the Carlsberg Group's corporate governance position is available on www.carlsberggroup.com/who-we-are/corporate-governance.

The Group has policies for a number of key areas, including, but not limited to, anti-bribery & corruption, labour & human rights, diversity, equity & inclusion, competition law, information security & acceptable use, trade sanctions, data protection, data ethics, risk management, finance, marketing, corporate communication, responsible drinking and public & government affairs.

The Supervisory Board is responsible for overseeing that the Executive Committee has an adequate system and resources in place to ensure compliance with these policies.

DIVERSITY

The Supervisory Board recognises the value and benefits of diversity in respect of experience, culture, international experience and gender.

Consequently, diversity is of high priority for the Supervisory Board, and it has laid down the following specific objectives in relation to gender:

- The target for the under-represented gender is 40% of the Supervisory Board members elected by the General Meeting. As per the Annual General Meeting 2023, two of the four members (50%) elected by the General Meeting are women. This represents an equal distribution of gender according to the Danish rules on diversity in top management.

The Supervisory Board constantly considers how to best achieve as diverse a representation as possible in terms of views, culture, experience, background, gender etc. and will maintain the current targets in relation to international experience and gender.

As required by the Financial Statements Act, section 99b, the number of members of the Supervisory Board and other management levels (as defined by the Danish Companies Act), the share of and targets for the underrepresented gender (currently women) are shown in the table below.

The share of women in other management positions was 19% in 2023, while the target for 2024 is 30% and 35% for 2027. In order to reach our targets, we will we take a programmatic approach to diversity, equity & inclusion where we hold ourselves accountable by setting time-bound targets, assessing progress and reporting on that progress. We have multi-year roadmaps to ensure fair and transparent people processes, relevant education and training for both employees and leaders, and targeted communication and activities to create awareness and understanding.

We are committed to nurturing our inclusive culture, to treating our people with fairness, honesty and kindness, and to making Carlsberg a welcoming global workplace where everyone belongs and can be at their best. The 2023 ESG Report contains information on our work with diversity, equity & inclusion in the Carlsberg Group.

The Supervisory Board believes that the current composition of the Board

Management and share of women, Carlsberg Breweries A/S

		Target	
	2023	2024	2027
Supervisory Board			
Total members[1]	4		
Share of women	50%	40%	40%
Other management levels[2]			
Total members	26		
Share of women	19%	30%	35%

[1] Elected by the Annual General Meeting [2] Other management levels employed by Carlsberg Breweries A/S in Denmark, as defined by the Danish Companies Act.

ensures an appropriate level of skills, breadth and diversity in the members' approach to their duties, thereby helping to ensure that decisions are well considered and that both short- and long-term perspectives are taken into account.

AUDITING

To safeguard the interests of the shareholder and the general public, an independent auditor is appointed at the Annual General Meeting following a proposal from the Supervisory Board, which is based on a recommendation from the Audit Committee of Carlsberg A/S.

INTERNAL CONTROL AND RISK MANAGEMENT RELATED TO THE FINANCIAL REPORTING PROCESS

OVERALL CONTROL ENVIRONMENT

The Supervisory Board and ExCom have overall responsibility for the Group's internal control environment.

The Audit Committee is responsible for monitoring the effectiveness of the overall internal control environment and risk management systems, in particular related to the financial reporting process.

The Group has a number of policies and procedures in key areas of financial reporting, including the Finance Policy, the Accounting Manual, the Controller Manual, the Use of Auditors Policy, the Chart of Authority, the Risk Management Policy, the Financial Risk Management Policy, the Corporate Governance Policy, the Information Security & Acceptable Use Policy, the Records Management & Personal Data Protection Policy, the Stock Exchange Compliance Policy, the Tax Policy and the Code of Ethics & Conduct.

The policies and procedures apply to all subsidiaries, and similar requirements are set out in collaboration with the partners in joint ventures.

The Group's internal control framework for financial reporting is designed to reduce and mitigate financial risks identified and ensure reliable internal and external financial reporting. It defines roles and responsibilities and provides assurance that key risks are covered by internal control activities.

While systems and processes are not standardised across all entities, all entities are subject to the same set of internal key controls.

The Group continuously seeks to strengthen the internal control environment through further standardisation, increased automation, strong analytics and transparent governance.

The internal financial control framework is monitored through entities' self-assessment of the effectiveness of the implemented controls and continuous testing of performance by the Group's Internal Control function. The monitoring of the performance of the controls focuses on the adequacy of the controls, their effectiveness and the efficiency of the overall controlling processes.

RISK ASSESSMENT

In the internal control framework for financial reporting, the Group has identified the risks that could have a direct or indirect material impact on the financial statements. Group entities are required to carry out and document the internal controls defined by the Group to cover the key risks identified.

All entities are required to reassess the coverage and effectiveness of their controls biannually and must update changes to the control framework for financial reporting, including new risks and controls.

Furthermore, Group entities are required to maintain mapping of risks related to the segregation of duties and implement necessary compensating controls, thereby continuously strengthening the internal control environment and enforcing optimal segregation of duties in the ERP systems.

The segregation of duties within the main ERP systems is continuously monitored by the Group's Internal Control function.

CONTROL ACTIVITIES AND MONITORING

The Group has implemented a formalised financial reporting process, budget process, estimates and monthly reporting on actual performance. The accounting information reported by all Group companies is reviewed by controllers with regional or functional in-depth knowledge of the individual companies/functions and by technical accounting specialists.

Controllers are continuously updated on best practice relating to internal financial controls, and trained in new accounting and reporting requirements.

The entities in the Group are dependent on IT systems. Any weaknesses in the system controls or IT environment are compensated for by manual controls to mitigate any significant risk relating to the financial reporting.

The quality of processes and associated internal controls is subject to continuous monitoring and testing by the Group's Internal Control function as well as to regular internal audits.
The Audit Committee's monitoring covers both the internal control environment and business risk. Monitoring of the internal control environment is covered by the Group's control framework for financial reporting.

The financial risks are assessed and reviewed at multiple levels in the Group, including monthly performance review meetings at ExCom level, periodic review of control documentation, and audits performed by Group Internal Audit.

GROUP INTERNAL AUDIT

Group Internal Audit provides objective and independent assessment of the adequacy, effectiveness and quality of the Group's internal controls. Group Internal Audit works in accordance with a charter, which is reviewed periodically and approved by the Audit Committee.

Taking into account the annual review of business risks (see pages 29-31), an internal audit plan is drawn up for the year. The plan is reviewed and approved by the Audit Committee. In 2023, Group Internal

Audit conducted audits mainly in the areas of key operational processes, financial reporting controls, brewery operations, compliance (internal and external regulation) and information technology.
In addition, Group Internal Audit continuously assesses the adequacy of actions implemented by management to address previously raised risks and control issues.

SPEAK UP

The Group has a Speak Up system that enables employees to report misconduct. Reports typically relate to suspected violations of the Carlsberg Code of Ethics & Conduct.

The Speak Up system is operated by an external provider and allows concerns to be brought to the attention of the Group Speak Up Review team anonymously, confidentially and via multiple channels. The EU Whistleblowing Directive is currently under adoption in relevant jurisdictions and our system and process are being adapted to it for full compliance.

The Speak Up Review team is responsible for reviewing and overseeing all reported Speak Up matters. Furthermore, an Integrity Committee, chaired by the CFO, oversees the follow-up of major Speak Up investigations and provides a report to ExCom and the Audit Committee at least quarterly.
The Speak Up Summary report contains an overview of all open and closed investigations during the quarter and the time taken to resolve cases.
The Speak Up Review Manual, which clarifies how investigations should be undertaken, is regularly updated to reflect the most recent changes in legislation and new tools used in investigations.

In 2023, there was a relaunch of a communication campaign to raise awareness of the various Speak Up channels available and the importance of speaking up. In Q4 2022, a specific sexual harassment awareness and prevention campaign was launched. Similar campaigns will be repeated every year.

Since the establishment of the Speak Up system, some reports and their subsequent investigation have led to disciplinary sanctions, including dismissal on the basis of violation of the Code of Ethics & Conduct and/or Group policies. The incidents have not had any material impact on the financial results of the Group.

More information regarding the Speak Up system, including reported concerns and disciplinary actions, can be found in the ESG Report.

RISK MANAGEMENT

MANAGING BUSINESS RISKS

In conducting our business and executing our strategy, we seek to manage risks in such a way as to minimise the threats they present.

Our business is subject to a number of risks and uncertainties that could have both short-term and long-term implications for the Group.

The aim of our risk management approach is to address these risks and uncertainties in due time.

GOVERNANCE STRUCTURE

The Supervisory Board is ultimately responsible for the risk management framework and its effectiveness.

At least once a year, the Board reviews the overall risk matrix. The identified risks, including risk development, are subsequently monitored by the Supervisory Board, ensuring that plans are in place for managing the individual risks, such as strategic, operational, financial and compliance risks.

The Supervisory Board may choose to delegate the monitoring of one or more specific risks to a board committee, which then reports back to the Supervisory Board on progress.

The Executive Committee (ExCom) is responsible for reviewing the overall risk exposure associated with the Group's activities and ensuring that appropriate actions are taken.

RISK MANAGEMENT PROCESS

In 2023, we updated the Group's risk management process to ensure timely identification and proactive management of risks and uncertainties throughout the year.

Risks are assessed according to a two-dimensional heat map that estimates the impact of the risk on operating profit or brand/image and the likelihood of the risk materialising.

The risks identified in the heat map represent the most significant current and emerging risks to the company over the next 3-5 years.

The identification of current and emerging risks is founded on a systematic bottom-up/top-down approach involving markets, regions and functions. This is complemented with external views, including publicly available whitepapers from leading organisations and enterprises.

Local and functional risk assessment workshops follow the same principles and methodology as Group-level risk assessment, and are held at appropriate intervals, or as a minimum on an annual basis.

Based on the risk assessment, risks are assessed holistically by ExCom, generally applying a time horizon of up to five years, although some risks may have a longer time horizon.

ExCom assigns risk owners, who are responsible for mitigating the risks through a programme of risk management activities. Each key risk is assigned to an ExCom member, who assumes ultimate responsibility for risk mitigation.

ExCom conducts half-yearly reviews of the risk heat map and mitigation plans, and also conducts a deep dive into each risk at least once a year.

Top risks are presented to and discussed with the Supervisory Board at least once a year.

IDENTIFIED RISKS

The most significant current risks identified are listed in the box below and elaborated on in the following, including in each case a description of the risk and associated mitigation efforts.

MOST SIGNIFICANT CURRENT RISKS

- **Economic instability/geopolitical tension** impacting our trading and operating environment.
- **Cybercriminal attack** with severe financial, regulatory and reputational consequences for our business.
- **Ability to take price increases** being impacted by political sensitivity and retailer resistance.
- **Breach of or other non-compliance** with laws on competition, anti-bribery and corruption, trade sanctions and data protection resulting in significant fines or settlements as well as reputational loss.

The risk movement paragraph indicates whether the likelihood of risk has increased, decreased or is unchanged versus last year.

In addition to the risks described in the following, other significant risks identified included consumer boycott following inappropriate advertising, unfavourable changes in third-party brand licence agreements, business interruption in the supply chain caused by health and safety issues, breach of standards or lack of processes, and stakeholder actions against the Group due to lack of progress on ESG matters negatively impacting corporate and brand reputation.

OTHER EMERGING AND LONG-TERM RISKS

Significant potential long-term risks with a time horizon over five years are mostly associated with climate change impact.

They include the introduction of a cost of carbon initiative and other regulatory initiatives, potentially impacting profitability through increased costs; physical operational interruptions due to climate change in the value chain, such as water scarcity and/or water quality issues, leading to production interruptions and loss of sales; and storms or flooding causing disruptions at the breweries or in the supply chain, resulting in loss of sales and customer dissatisfaction.

ECONOMIC INSTABILITY/ GEOPOLITICAL TENSION

Risk movement
Unchanged versus last year.

Description
Across our regions, the macroeconomic environment is challenged by wars and an increased level of global geopolitical tensions. The wider impact of these challenges may be economic instability, inflation and recession, which all pose a real risk to consumer sentiment and disposable incomes, possibly impacting beer markets negatively. Geopolitical tensions may also ultimately force Carlsberg to exit, restructure or change approach in certain markets.

Mitigation
Our strategic priorities are well defined, and we will continue to invest in and drive growth for our premium brands, alcohol-free brews and beverages in the Beyond Beer category. As part of Accelerate SAIL, we have defined the specific priorities that we believe will generate volume and value growth in the next 3-5 years.

Investing in these priorities will strengthen our market positions in growth markets, such as Vietnam and India, and in mature markets in Western Europe, supporting a more balanced geographical exposure.

Our mainstream core beer accounts for 59% of total volume, and this portfolio of strong local power brands acts as an attractive offering in an environment where some consumers may become more price-sensitive.

We will also continue to leverage our value management capabilities to support the positive development in revenue/hl.

In addition, our well-embedded and rigorous Funding the Journey and performance management culture and transparency on costs through our Operating Cost Management (OCM) tool allow us to quickly adapt to changes in the trading environment, while our low financial leverage and access to short-term financing serve as protection during financial uncertainty.

We monitor the global geopolitical situation on an ongoing basis and develop scenarios for intervention in the event that tensions emerge or further evolve. In our scenario analyses, we apply lessons learned from various geographies, including the impact and consequences of the situation in Russia since the outbreak of the war.

CYBER AND IT SECURITY

Risk movement
Unchanged versus last year.

Description
Like all other businesses, the Group relies heavily on technology and IT infrastructure for its day-to-day business. A cyber attack or non-availability of IT systems could have severe financial, regulatory and reputational consequences for our business.

Mitigation
Our Chief Information Security Officer (CISO) leads an independent cyber security function within our IT organisation. The CISO coordinates risk mitigation plans and activities with ExCom and the Supervisory Board.

As the cyber security threat assessment has intensified in recent years, we have strengthened our protective work to counter the risk.

Furthermore, we deploy a wide array of advanced defensive technologies, as well as continuing to embed our risk management framework in all layers of the organisation. We undertake regular testing of our security controls via an ongoing series of technological audits and breach simulations.

While the threat landscape remains difficult, especially with the latest geopolitical challenges, we continue to invest in improving our security and mitigation activities.

ABILITY TO TAKE PRICE INCREASES

Risk movement
Decreased versus last year.

Description
Although at a lower rate than in 2023, we are expecting further inflation in our cost base in 2024.

Political sensitivity and retailer resistance to accepting price increases on consumer goods pose a risk for our ability to take price increases to offset the cost inflation.

Mitigation
We will assess the need for price increases market by market, taking into consideration all internal cost mitigation actions, the economic situation in the given market, and customers' and consumers' ability to cope with price increases.

As part of this, we will leverage value management to seek the right promotional and packaging mix, while also utilising the strength of our brand portfolio, particularly our strong local power brands in markets where consumers are less resilient to the inflationary pressure.

We will also be transparent in our negotiations with retailers, providing them with an understanding of the total cost inflation impacting our business. As price increases taken in recent years have been insufficient for maintaining our gross margins, we need to restore these in the coming years to ensure sufficient funds to invest in future profitable growth.

LEGAL AND REGULATORY COMPLIANCE

Risk movement
Unchanged versus last year.

Description
Legal and regulatory compliance risks include competition law and data protection compliance (GDPR), as well as non-compliance with trade sanctions and anti-bribery & corruption regulations. Failure to comply with regulations and Group policies may lead to fines, claims, and brand and reputation damage.

In recent years, the Group has experienced competition-law dawn raids in a few jurisdictions. Non-compliance with competition law is a growing risk due to increased regulatory enforcement and the availability of leniency or a reduction in fines for those who proactively report breaches to the authorities.

The Group is party to certain ongoing lawsuits and disputes. These and their significance are described in section 3.4 of the consolidated financial statements.

The risk related to trade sanctions is likely to persist, as sanctions imposed on Russia are expected to continue. The Group has continued its enhanced screening requirements to ensure that our counterparties, banks and logistics operators are not sanctioned entities and that transactions are legal.

Mitigation
We continuously review and strengthen the Group-wide control framework covering legal compliance areas, including, but not limited to, competition law, anti-bribery & corruption, trade sanctions and data protection, to reflect areas of increased regulatory focus.

We regularly review and, where necessary, update relevant Group legal and compliance policies, and conduct compulsory training of all relevant employees. In addition, we have embedded the enhanced third-party screening process, launched in Q3 2022, to reduce bribery and sanctions risks.

We actively set a strong tone from the top and work with our managing directors to communicate the importance of compliance and how to mitigate the areas of highest risk in each market.

Read more about our compliance efforts in the Living by our Compass section of the ESG Report.

SUPERVISORY BOARD

SUPERVISORY BOARD

HENRIK POULSEN
CHAIR (SINCE 2022)
Nationality: Danish
Year of birth: 1967
Appointed (until): 2021 (2024)
Non-executive, independent director.

Henrik Poulsen is Senior Advisor to A.P. Moller Holding. He is Chair of the Supervisory Board of Carlsberg A/S, and Deputy Chair of the Board of Directors, a member of the Audit Committee and Chair of the Remuneration Committees of Novo Nordisk. He is Chair of the Board of Directors and Chair of the Nomination and Remuneration Committee at Faerch, and a member of the boards of Directors of Novo Holdings and Bertelsmann SE & Co. Henrik Poulsen has extensive executive and board experience in large international companies, significant financial knowledge and in-depth knowledge of mergers and acquisitions, strategy, risk management, ESG, transformation and innovation.

MAJKEN SCHULTZ
DEPUTY CHAIR (SINCE 2022)
Nationality: Danish
Year of birth: 1958
Appointed (until): 2019 (2024)
Non-executive, non-independent director.

Majken Schultz, PhD, is a Professor at Copenhagen Business School and Chair of the Board of Directors of the Carlsberg Foundation. She is Deputy Chair of the Supervisory Board of Carlsberg A/S. Majken Schultz is actively involved in the Danish business community in a variety of networks and is a founder partner in the CBS board education programme. She is a member of the Danish Committee on Foundation Governance. Majken Schultz has substantial experience and is consulted within the areas of organisational culture, identity and corporate branding. She also has extensive board experience. In addition to her analytical and strategic capabilities, she has a broad international network and expertise.

JACOB AARUP-ANDERSEN
Nationality: Danish
Year of birth: 1977
Appointed (until): 2023 (2024)
Executive director.

Jacob joined Carlsberg on 1 September 2023. Prior to joining Carlsberg, Jacob served as CEO of ISS, a global leader in facility management with 350,000 employees operating in 60 countries globally. Prior to ISS, he had executive leadership roles at Danske Bank and Danica Pension. Before that, Jacob worked as an investment professional in firms including TPG-Axon Capital and Goldman Sachs. Jacob is a member of the Board of Directors and a member of the Risk and Capital Committee of SEB Group.

EVA VILSTRUP DECKER
Nationality: Danish
Year of birth: 1964
Appointed (until): 2014 (2026)
Employee representative.

Eva Vilstrup Decker is Senior Director Customer Service & Sourcing, Carlsberg Breweries A/S. She is an employee representative on the Supervisory Board of Carlsberg A/S.

ULRICA FEARN
Nationality: Swedish
Year of birth: 1973
Appointed (until): 2023 (2024)
Executive director.

Ulrica joined the Carlsberg Group on 1 January 2023. Before joining Carlsberg, Ulrica was CFO of Equinor, Norway. Prior to Equinor, she was Director, Group Finance at BT Group. She began her career at Diageo, where she spent almost 20 years in various senior finance and other management roles across Europe, APAC and the USA. Ulrica is a member of the Board of Directors of Capgemini.

THOMAS PALUDAN-MÜLLER
Nationality: Danish
Year of birth: 1972
Appointed (until): 2020 (2026)
Employee representative.

Thomas Paluda-Müller is Director Liquid & Packaging Implementation, Carlsberg Breweries A/S.

PETER PETERSEN
Nationality: Danish
Year of birth: 1969
Appointed (until): 2022 (2026)
Employee representative.

Peter Petersen is President of the Staff Association. Process Lead, Carlsberg Supply Company Danmark.

The Supervisory Board members' full CVs, including their skills and competencies, are available online at www.carlsberggroup.com/who-we-are/about-the-carlsberg-group/supervisory-board/

EXECUTIVE BOARD

JACOB AARUP-ANDERSEN
CEO OF CARLSBERG A/S and **CARLSBERG BREWERIES A/S**

ULRICA FEARN
CFO OF CARLSBERG A/S and **CARLSBERG BREWERIES A/S**

FORWARD-LOOKING STATEMENTS

This Annual Report 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 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 geopolitical 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, market-driven price reductions, market acceptance of new products, changes in consumer preferences, launches of rival products, stipulation of fair 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.

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CONSOLIDATED FINANCIAL STATEMENTS

PARENT COMPANY FINANCIAL STATEMENTS

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[1] The segmented quarterly information on page 101 is part of the Management review.

INCOME STATEMENT

DKK million	Section	2023	2022
Revenue	1.1	73,585	70,265
Cost of sales	1.2.1	-40,753	-38,198
Gross profit		**32,832**	**32,067**
Sales and distribution expenses	1.2.2	-18,355	-17,337
Administrative expenses		-4,042	-4,189
Other operating activities, net	1.2.3	135	97
Share of profit after tax of associates	5.5	577	675
Operating profit before special items		**11,147**	**11,313**
Special items, net	3.1	-416	-94
Financial income	4.1	732	358
Financial expenses	4.1	-1,535	-1,072
Profit before tax		**9,928**	**10,505**
Income tax	6.1	-1,983	-1,844
Profit from continuing operations		**7,945**	**8,661**
Loss from discontinued operations[1]	5.1	-47,748	-6,490
Profit for the period		**-39,803**	**2,171**
Attributable to			
Non-controlling interests	1.1	1,011	1,171
Shareholder in Carlsberg Breweries A/S (net profit)		-40,814	1,000

[1] The discontinued operation in Russia was deconsolidated as of July 2023, cf. section 5.1.

STATEMENT OF COMPREHENSIVE INCOME

DKK million	Section	2023	2022
Profit for the period		**-39,803**	**2,171**
Other comprehensive income			
Retirement benefit obligations	7.4	-71	594
Income tax	6.1	-29	-75
Items that will not be reclassified to the income statement		**-100**	**519**
Foreign exchange adjustments of foreign entities	4.1	37,781	-3,926
Fair value adjustments of hedging instruments	4.1	920	-759
Income tax	6.1	-44	100
Items that will be reclassified to the income statement		**38,657**	**-4,585**
Other comprehensive income		**38,557**	**-4,066**
Total comprehensive income		**-1,246**	**-1,895**
Attributable to			
Non-controlling interests		753	603
Shareholder in Carlsberg Breweries A/S		-1,999	-2,498
Total comprehensive income for the period arises from			
Continuing operations		6,272	7,428
Discontinued operations		-7,518	-9,323
Total comprehensive income		**-1,246**	**-1,895**

STATEMENT OF FINANCIAL POSITION

DKK million	Section	31 Dec. 2023	31 Dec. 2022
ASSETS			
Non-current assets			
Intangible assets	2.2, 2.3	40,390	40,526
Property, plant and equipment	2.2, 2.3	24,248	23,580
Investments in associates	5.5	4,706	4,796
Receivables	1.5	879	934
Tax assets	6.2	1,755	1,704
Total non-current assets		**71,978**	**71,540**
Current assets			
Inventories	1.2.1	5,811	5,718
Trade receivables	1.5	5,171	5,071
Tax receivables		219	208
Other receivables	1.5	2,551	2,516
Prepayments		835	964
Deposits and securities	4.5.2	2,236	-
Cash and cash equivalents	4.5.2	13,382	8,163
Current assets		**30,205**	**22,640**
Assets in discontinued operations[1]	5.1	-	11,618
Total current assets		**30,205**	**34,258**
Total assets		**102,183**	**105,798**

DKK million	Section	31 Dec. 2023	31 Dec. 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	4.4.1	497	498
Reserves		-2,819	-41,711
Retained earnings		16,343	63,694
Equity, shareholder in Carlsberg Breweries A/S		**14,021**	**22,481**
Non-controlling interests		2,515	2,820
Total equity		**16,536**	**25,301**
Non-current liabilities			
Borrowings	4.3, 4.5.1	30,763	22,865
Retirement benefit obligations	7.4	1,357	1,525
Tax liabilities	6.2	4,160	4,168
Provisions	3.2	1,554	2,283
Other liabilities	3.3	314	305
Total non-current liabilities		**38,148**	**31,146**
Current liabilities			
Borrowings	4.3, 4.5.1	8,503	6,172
Trade payables		22,172	21,906
Deposits on returnable packaging materials		1,717	1,627
Provisions	3.2	921	782
Tax payables		1,052	970
Other liabilities	3.3	13,134	13,794
Current liabilities		**47,499**	**45,251**
Liabilities in discontinued operations[1]	5.1	-	4,100
Total current liabilities		**47,499**	**49,351**
Total liabilities		**85,647**	**80,497**
Total equity and liabilities		**102,183**	**105,798**

[1] The discontinued operation in Russia was deconsolidated as of July 2023, cf. section 5.1.

STATEMENT OF CHANGES IN EQUITY

DKK million	Section	Shareholder in Carlsberg Breweries A/S							
2023		**Share capital**	**Currency translation**[1]	**Hedging reserves**[1]	**Total reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Equity at 1 January		**498**	**-40,889**	**-822**	**-41,711**	**63,694**	**22,481**	**2,820**	**25,301**
Profit for the period		**-**	**-**	**-**	**-**	**-40,814**	**-40,814**	**1,011**	**-39,803**
Other comprehensive income	4.4.3	**-**	**38,250**	**642**	**38,892**	**-77**	**38,815**	**-258**	**38,557**
Total comprehensive income for the period		**-**	**38,250**	**642**	**38,892**	**-40,891**	**-1,999**	**753**	**-1,246**
Capital reduction	4.4.2	-1	-	-	-	-2,999	-3,000	-	-3,000
Refund to parent company for exercise of share-based payments		-	-	-	-	-126	-126	-	-126
Change in expected future refunds for exercise of share-based payments		-	-	-	-	162	162	-	162
Share-based payments	7.3	-	-	-	-	126	126	1	127
Dividend paid to the shareholder	4.4.2	-	-	-	-	-3,695	-3,695	-1,149	-4,844
Non-controlling interests		-	-	-	-	72	72	90	162
Total changes in equity		**-1**	**38,250**	**642**	**38,892**	**-47,351**	**-8,460**	**-305**	**-8,765**
Equity at 31 December		**497**	**-2,639**	**-180**	**-2,819**	**16,343**	**14,021**	**2,515**	**16,536**

[1] Prior to the deconsolidation of the discontinued operation in Russia, the related accumulated currency translation and hedging reserves within equity represented losses of DKK 40.9bn and DKK 0.5bn respectively (31 December 2022: losses of DKK 39.7bn and DKK 0.6bn). Following the deconsolidation, the amounts were reclassified from equity to the income statement and included in loss from discontinued operations.

DKK million	Section	Shareholder in Carlsberg Breweries A/S							
2022		**Share capital**	**Currency translation**	**Hedging reserves**	**Total reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Equity at 1 January		**499**	**-37,198**	**-493**	**-37,691**	**71,271**	**34,079**	**3,259**	**37,338**
Profit for the period		**-**	**-**	**-**	**-**	**1,000**	**1,000**	**1,171**	**2,171**
Other comprehensive income	4.4.3	**-**	**-3,691**	**-329**	**-4,020**	**522**	**-3,498**	**-568**	**-4,066**
Total comprehensive income for the period		**-**	**-3,691**	**-329**	**-4,020**	**1,522**	**-2,498**	**603**	**-1,895**
Capital reduction	4.4.2	-1	-	-	-	-4,499	-4,500	-	-4,500
Refund to parent company for exercise of share-based payments		-	-	-	-	-92	-92	-	-92
Change in expected future refunds for exercise of share-based payments		-	-	-	-	207	207	-	207
Share-based payments	7.3	-	-	-	-	107	107	-	107
Dividend paid to the shareholder	4.4.2	-	-	-	-	-3,486	-3,486	-1,042	-4,528
Non-controlling interests		-	-	-	-	-1,336	-1,336	-	-1,336
Total changes in equity		**-1**	**-3,691**	**-329**	**-4,020**	**-7,577**	**-11,598**	**-439**	**-12,037**
Equity at 31 December		**498**	**-40,889**	**-822**	**-41,711**	**63,694**	**22,481**	**2,820**	**25,301**

STATEMENT OF CASH FLOWS

DKK million	Section	2023	2022
Operating profit before special items		11,147	11,313
Depreciation, amortisation and impairment losses	2.3	4,072	4,172
Operating profit before depreciation, amortisation and impairment losses		**15,219**	**15,485**
Other non-cash items		-496	-638
Change in trade working capital		713	1,960
Change in other working capital		-976	-679
Restructuring costs and other special items paid		-530	-183
Interest etc. received		328	223
Interest etc. paid		-564	-1,173
Income tax paid		-2,079	-2,201
Cash flow from operating activities	1.4	**11,615**	**12,794**
Acquisition of property, plant and equipment and intangible assets	2.3	-4,233	-4,225
Disposal of property, plant and equipment and intangible assets		177	283
Change in on-trade loans	1.5	-10	129
Total operational investments		**-4,066**	**-3,813**
Free operating cash flow		**7,549**	**8,981**
Acquisition and disposal of subsidiaries, net	5.3	-822	-
Acquisition and disposal of associates, net	5.3	-7	-48
Acquisition and disposal of financial investments, net	4.5.2	-2,248	-20
Change in financial receivables		-26	196
Dividends received		512	282
Total financial investments		**-2,591**	**410**
Cash flow from investing activities		**-6,657**	**-3,403**
Free cash flow		**4,958**	**9,391**
Shareholder in Carlsberg Breweries A/S	4.4.2	-6,695	-7,986
Non-controlling interests	4.4.2	-1,106	-1,042
External financing	4.5.1	9,091	-438
Cash flow from financing activities		**1,290**	**-9,466**
Net cash flow from continuing operations		**6,248**	**-75**
Net cash flow from discontinued operations[1]	5.1	-994	1,771
Net cash flow		**5,254**	**1,696**
Cash and cash equivalents at 1 January		8,163	8,344
Cash and cash equivalents included in discontinued operations at 1 January		1,194	-
Foreign exchange adjustment of cash and cash equivalents		-1,229	-683
Cash and cash equivalents included in discontinued operations		-	-1,194
Cash and cash equivalents at 31 December	4.5.2	**13,382**	**8,163**

[1] The discontinued operation in Russia was deconsolidated as of July 2023, cf. section 5.1.

SECTION 1

OPERATING ACTIVITIES

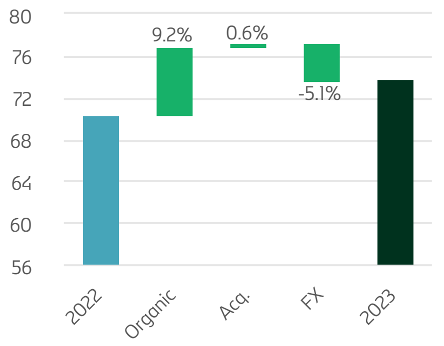
73.6bn

REVENUE (DKK)

Revenue grew by 4.7% to DKK 73,585m (2022: DKK 70,265m). Revenue growth was primarily driven by price increases across markets, taken in order to offset the significant cost increases, and supported by a positive product mix.

The negative currency impact related in particular to the Chinese, Laotian, Indian, Ukrainian, Norwegian and Swedish currencies. The acquisition impact related to the acquisition of Waterloo Brewing in Canada.

REVENUE DEVELOPMENT (%)



44.6%

GROSS MARGIN

Although gross profit/hl increased by 3%, the gross margin declined by 100bp to 44.6% due to increased cost of sales from higher input and energy costs and higher salaries.

11.1bn

OPERATING PROFIT (DKK)

Operating expenses increased by 4% due to increased marketing and sales investments, while administrative expenses declined. Total operating expenses as a percentage of revenue declined by 20bp.

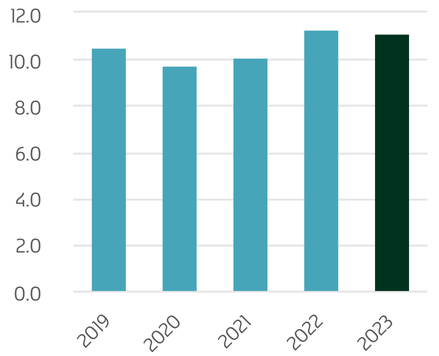
The share of profit after tax of associates declined by DKK 98m, mainly due to certain one-off expenses in associates in Asia.

Operating profit before depreciation, amortisation and impairment losses (EBITDA) declined by 1.7% to DKK 15,219m. The EBITDA margin declined by 130bp to 20.7%, impacted by the lower gross margin, higher operating expenses and currencies.

Group operating profit declined by 1.5% to DKK DKK 11,147m again due to the negative currency impact, which offset the organic growth of 6.9%. The currency impact primarily related to the Chinese, Laotian, Ukrainian and Norwegian currencies.

The operating margin declined by 100bp to 15.1%, mainly due to the lower gross margin and increased marketing investments.

OPERATING PROFIT DEVELOPMENT (DKKbn)



2019-2020 including Russia. 2021-2023 excluding Russia.

7.9bn

PROFIT FROM CONTINUING OPERATIONS (DKK)

Special items, net, amounted to DKK -416m (2022: DKK -94m). Special items are detailed in section 3.1.

Financial items, net, amounted to DKK -803m (2022: DKK -714m). Excluding currency gains and losses, financial items, net, amounted to DKK -654m (2022: DKK -491m). The increase was mainly due to higher average funding costs, higher net interest-bearing debt and factoring fees. Net currency losses mainly related to the strengthening of the EUR/DKK and conversion costs for the Laotian kip. Financial items are detailed in section 4.1.

Tax totalled DKK -1,983m (2022: DKK -1,844m). The effective tax rate was impacted by certain non-recurring items, including adjustments related to prior years and the deconsolidation of the Russian business. Tax is detailed in section 6.1.

Profit for the period, continuing operations, was DKK 7,945m (2022: DKK 8,661m).

Carlsberg Breweries Group's share of profit for the period was DKK -40,814m (2022: DKK 1,000m, impacted by the deconsolidation of the Russian business. See section 5.1 for further details. Non-controlling interests' share of profit for the period was DKK 1,011m (2022: DKK 1,171m).

11.6bn

OPERATING CASH FLOW (DKK)

Cash flow from operating activities amounted to DKK 11,615m (2022: DKK 12,794m).

The change in trade working capital was DKK +713m (2022: DKK +1,960m), mainly impacted by the increase in trade payables. Average trade working capital to revenue for the year was -20.4% (2022: -21.5%).

The change in other working capital was DKK -976m (2022: DKK -679m), impacted by the payment of a competition fine in Germany.

Restructuring costs and other special items paid of DKK -530m (2022: DKK -183m) were impacted by the termination of the Kronenbourg 1664 licensee agreement in the UK. Net interest etc. paid amounted to DKK -236m (2022: DKK -950m). The improvement was mainly due to gains on the settlement of financial instruments. Corporation tax paid was DKK -2,079m (2022: DKK -2,201m).

5.0bn

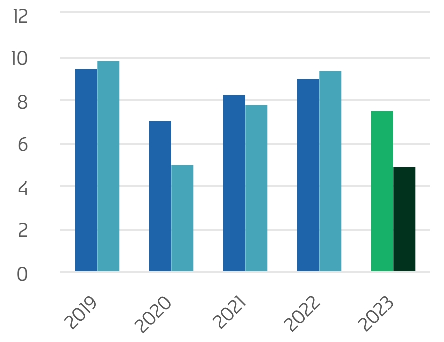
FREE CASH FLOW (DKK)

Free cash flow amounted to DKK 4,958m (2022: DKK 9,391m), while free operating cash flow amounted to DKK 7,549m (2022: DKK 8,981m). Free cash flow was negatively impacted in 2023 by the placement of cash in deposits not meeting the definition of cash and cash equivalents.

Operational investments totalled DKK -4,066m (2022: DKK -3,813m. Acquisition of property, plant and equipment and intangible assets (CapEx) amounted to DKK -4,233m (2022: DKK -4,225m).

Total financial investments amounted to DKK -2,591 (2022: DKK +410m, mainly attributable to the considerations related to the acquisition of Waterloo Brewing in Canada and the placement of cash in deposits.

FREE CASH FLOW (DKKbn)



2019-2020 including Russia. 2021-2023 excluding Russia.

Free operating cash flow

Free cash flow

SECTION 1.1

SEGMENTATION OF OPERATIONS

The segmentation used in the Annual Report 2023 is unchanged from 2022.
Since the acquisition, Waterloo Brewing in Canada has been included in Central & Eastern Europe, and Jing-A Group in China has been included in Asia, cf. section 5.3.

REVENUE

The Group's revenue arises primarily from the sale of beverages to its customers.

In 2023, total revenue was positively impacted by improved revenue/hl growth driven by price increases across all markets in order to offset the significant cost increases. This was supported by a positive product mix. Reported revenue growth was partly offset by a negative currency impact.

Other revenue by category is sales of products other than beverages that do not drive any volume, such as merchandise, services and by-products. In aggregate, other revenue accounts for around 1% of Group total revenue and is therefore not considered material.

Not allocated revenue, DKK 21m (2022: DKK 16m), consisted of DKK 750m (2022: DKK 733m) in revenue and DKK -729m (2022: DKK -717m) from eliminations of sales between the geographical segments.

The distribution of revenue between beer and other beverages relative to volumes is largely the same across regions.

Segmentation of income statement

DKK million

2023	Western Europe	Asia	Central & Eastern Europe	Not allocated	Carlsberg Breweries Group, total
Revenue	**37,317**	**23,288**	**12,959**	**21**	**73,585**
Total cost	-32,643	-18,329	-10,756	-1,287	-63,015
Share of profit after tax of associates	307	249	21	-	577
Operating profit before special items	**4,981**	**5,208**	**2,224**	**-1,266**	**11,147**
Special items, net					-416
Financial items, net					-803
Profit before tax					**9,928**
Income tax					-1,983
Profit from continuing operations					**7,945**
Loss from discontinued operations					-47,748
Profit for the period					**-39,803**
Operating margin	13.3%	22.4%	17.2%		15.1%

2022	Western Europe	Asia	Central & Eastern Europe	Not allocated	Carlsberg Breweries Group, total
Revenue	**34,888**	**23,682**	**11,679**	**16**	**70,265**
Total cost	-30,245	-18,553	-9,415	-1,414	-59,627
Share of profit after tax of associates	323	306	18	28	675
Operating profit before special items	**4,966**	**5,435**	**2,282**	**-1,370**	**11,313**
Special items, net					-94
Financial items, net					-714
Profit before tax					**10,505**
Income tax					-1,844
Profit from continuing operations					**8,661**
Loss from discontinued operations					-6,490
Profit for the period					**2,171**
Operating margin	14.2%	22.9%	19.5%		16.1%

Revenue by category

DKK million	2023	2022
Beer revenue	54,312	51,825
Other beverages	18,277	17,569
Other revenue	996	871
Total	**73,585**	**70,265**

Revenue and excise duties

DKK million	2023	2022
Revenue, including excise duties	97,740	95,147
Excise duties	-24,155	-24,882
Revenue	**73,585**	**70,265**

SECTION 1.1

SEGMENTATION OF OPERATIONS

Geographical allocation of revenue

DKK million	2023	2022
Denmark (Carlsberg Breweries A/S' domicile)	4,919	4,487
China	13,354	13,781
United Kingdom	7,902	7,070
Other countries	47,410	44,927
Total	**73,585**	**70,265**

VOLUMES

The organic decline in total volumes was the result of lower volumes in Western Europe and Central & Eastern Europe while Asia continued the volume growth from last year. Reported volume was positively affected by the acquisition of Waterloo Brewing.

OPERATING PROFIT BEFORE SPECIAL ITEMS

Not allocated operating profit before special items, DKK -1,266m (2022: DKK -1,370m), related to central costs not managed by the regions, including costs of developing branding activities to support the strategic initiatives and general costs of centralised functions. Group operating profit declined by 1.5%, negatively affected by currency impact. Organic growth in operating profit was 6.9%.

OPERATING MARGIN

The operating margin declined to 15.1% compared to 16.1% in 2022. The decline was due to lower gross margin and increased marketing investments.

NON-CONTROLLING INTERESTS

The Group's non-controlling interests consist of Lao Brewery, Carlsberg Chongqing Breweries Group, Carlsberg Malaysia Group and Carlsberg Marston's Brewing Group, as well as other non-controlling interests, primarily in the Asia region. Non-controlling interests are not individually material to the Group's total profit.

CHANGES TO THE SEGMENTATION IN 2024

The Group's regional structure was changed effective 1 January 2024, with the aim of rebalancing the size of the regions after our exit from Russia. As a result of this change, the operation in Carlsberg India and the investment in Gorkha Brewery in Nepal will move from the Asia region to the renamed Central & Eastern Europe and India (CEEI) region. At the same time, Carlsberg Shared Services will move from Not allocated to Western Europe as it mainly provides services to the markets in this region. Please refer to section 9.5 for further disclosures.

ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group considers all terms and activities in contracts with customers in order to determine the performance obligation, the transaction price and the allocation of the transaction price.

If the consideration in a contract includes a variable amount, the Group estimates the consideration to which it will be entitled in exchange for transferring goods to the customer. The variable consideration is estimated at contract inception based on expected sales volumes using historical and year-to-date sales data and other information about trading with the individual customer or with a group of customers.

The Group estimates discounts using either the expected value method or the most likely amount method, depending on which method better predicts the amount of consideration to which it will be entitled.

The most likely amount method is used for contracts with a single contract sum, while the expected value method is used for contracts with more than one threshold because of the complexity and the activities agreed with the individual customer.

Certain contracts related to specific major events that are held within such a short time period that it is not possible to sell all the goods during the event (e.g. football matches) give the customer the right to return the goods within a specified period.

Group financial performance

		Change				Change
Volumes (million hl)	**2022**	**Organic**	**Acq., net**	**FX**	**2023**	**Reported**
Beer	101.0	-0.4%	0.3%	-	101.0	-0.1%
Other beverages	24.4	-0.9%	0.0%	-	24.1	-0.9%
Total volume	**125.4**	**-0.5%**	**0.2%**	**-**	**125.1**	**-0.3%**
DKK million						
Revenue	70,265	9.2%	0.6%	-5.1%	73,585	4.7%
Operating profit	11,313	6.9%	-0.2%	-8.2%	11,147	-1.5%
Operating margin (%)	16.1				15.1	-100bp

SECTION 1.1 (CONTINUED)

SEGMENTATION OF OPERATIONS

The Group uses the expected value method to estimate the goods that will not be returned, as this method best predicts the amount of variable consideration to which the Group will be entitled. For goods that are expected to be returned, the Group recognises a refund liability instead of revenue.

Management makes judgements when deciding whether supporting activities with customers should be classified as a discount or a marketing expense. Generally, activities with an individual customer are accounted for as a discount, whereas costs related to broader marketing activities are classified as marketing expenses.

Whether the Group is acting as a principal or an agent is assessed by management on a country-by-country basis. The Group has concluded that it acts as the principal in its revenue arrangements because it controls the goods before transferring them to the customer.

Excise duties, taxes and fees

The classification of duties, taxes and fees paid to local authorities or brewery organisations etc. requires judgements on the classification to be made by management.

Locally imposed duties, taxes and fees are typically based on product type, alcohol content, consumption of certain raw materials, such as glue, plastic or metal in caps, and energy consumption. These are classified as either sales- or production-related.

Excise duties are generally imposed by the tax authorities as taxes on consumption and are collected by the Group on behalf of the authorities when the goods are transferred to the customers and thereby ready for consumption.

Taxes and fees related to the input/use of goods in production, distribution etc. are recognised as part of the cost of the goods or services purchased. The type of authority or organisation imposing the duty, tax or fee and the objective of this are key factors when determining the classification.

ACCOUNTING POLICIES

Revenue

Recognition and measurement

Revenue from contracts with customers comprises sales of goods, royalty income, rental income from non-stationary equipment, service fees and sales of by-products.

Revenue from the sale of own-produced finished goods, goods for resale (third-party products) and by-products is recognised at the point in time when the control of goods and products is transferred to the customer, which is generally upon delivery. For contracts providing the customer with a right of return within a specified period, the Group considers the timing of recognition.

Revenue from sales- or usage-based royalties is recognised when (a) the customer subsequently sells or uses the goods, or (b) the performance obligation to which some or all of the sale- or usage-based royalty has been allocated is satisfied (or partially satisfied), whichever is later.

Revenue from contracts with customers is measured at an amount that reflects the expected consideration for those goods. Amounts disclosed as revenue exclude discounts, VAT and excise duties collected on behalf of authorities.

The Group considers whether contracts include separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration. No element of financing is deemed present, as payment is generally made on the basis of cash on delivery or up to 30 days of credit.

Variable consideration

The Group offers various discounts depending on the nature of the customer and business.

Discounts comprise off-invoice discounts, volume- and activity-related discounts, including specific promotion prices offered, and other discounts. Furthermore, discounts include the difference between the present value and the nominal amount of on-trade loans to customers, cf. section 1.5.

Off-invoice discounts arise from sales transactions where the customer immediately receives a reduction in the sales price. This also includes cash discounts and incentives for early payments.

Volume- and activity-related discounts is a broad term covering incentives for customers to sustain business with the Group over a longer time and may be related to a current campaign or a sales target measured in volumes or total value. Examples include discounts paid as a lump sum, discounts for meeting certain sales targets or progressive discounts offered in step with increasing sales to a customer.

Other discounts include listing fees, i.e. fees for certain listings on shelves, in coolers or in favourable store locations, as specific promotions of this nature are closely related to the volumes sold.

Segment information

The Group's beverage activities are segmented according to the three geographical regions where sales take place. These regions make up the Group's reportable segments.

The segmentation reflects the geographical and strategic management, decision and reporting structure applied by the Executive Committee for monitoring the Group's strategic and financial targets. Segments are managed based on business performance measured as operating profit before special items.

Not allocated comprises income and expenses incurred for ongoing support of the Group's overall operations and strategic development. The expenses include costs of running central functions and marketing, such as global sponsorships.

The geographical allocation of revenue and non-current assets is based on the selling entities' domicile and comprises countries individually accounting for more than 10% of the Group's consolidated revenue as well as the domicile country.

Decisions on restructuring, acquisition and divestment of entities included in special items as well as on financing (financial income and expenses) are made based on information for the Group as a whole and therefore not segmented. A similar approach is taken regarding tax associated with these transactions.

The segmentation of the Group's assets and returns is disclosed in section 2.1.

Reported figures

Reported figures are analysed by looking at the impact of organic growth, net acquisitions and foreign exchange effects.

The net acquisition effect is calculated as the effect of acquisitions and disposals, including any share obtained from an increase/decrease in ownership of associates, for a 12-month period from the acquisition/disposal date.

The foreign exchange effect is calculated as the difference between the figures for the current reporting period translated at the current exchange rates and at the exchange rates applied in the previous reporting period.

Organic growth is the remaining growth that is not related to acquisitions, disposals or foreign exchange effects.

SECTION 1.2

OPERATING EXPENSES AND INVENTORIES

1.2.1 COST OF SALES AND INVENTORIES

Cost of sales increased by 7% compared with 2022, due to higher input and energy costs and higher salaries. Cost of sales per hl increased by 7% compared with 2022.

Cost of sales

DKK million	2023	2022
Cost of materials	23,618	21,655
Direct staff costs	1,528	1,521
Amortisation and depreciation	2,411	2,536
Indirect production overheads	5,067	4,788
Purchased finished goods and other costs	8,129	7,698
Total	**40,753**	**38,198**

Inventories increased by 2% compared with 2022 impacted by cost increases across markets and the acquisition of Waterloo Brewing.

Inventories

DKK million	2023	2022
Raw materials	2,359	2,333
Work in progress	399	344
Finished goods	3,053	3,041
Total	**5,811**	**5,718**

Commodity price risk is associated with externally sourced input materials, such as malt (barley), cans (aluminium), paper, sugar and glass & plastic (PET) bottles. Commodity risk management is coordinated centrally and aimed at achieving predictable prices in the medium term.

As the underlying markets for the commodity categories are different, so is the way in which they are hedged.

The most common form of hedging is fixed-price purchase agreements with suppliers in local currencies.

For barley and aluminium, the two most significant commodity exposures, Group policy is to have a minimum of 70% hedged for a given year by the end of the third quarter of the previous year, with a target hedge ratio of 90% at the beginning of the year.

A significant part of the Group's barley exposure for 2023 had therefore been hedged through fixed-price purchase agreements entered into in 2022. Likewise, the majority of the exposure for 2024 was hedged in 2023.

In the Group's long-term purchase agreements for cans, the aluminium price is variable and based on the global market price of aluminium (London Metal Exchange, LME) and in some contracts the can price is also variable with respect to the aluminium spot premium.

The aluminium price risk was hedged for both 2023 and 2024, and for 2024 the aluminium spot premium has been hedged using derivative financial instruments applying hedge percentages in line with the policy. The fair values of the derivative financial instruments are specified in section 4.9.

For sugar we enter into rolling forward hedges with suppliers fixing prices linked to official indices, for example NY11. As with barley and aluminium, the majority of the 2023 sugar exposure had been hedged in 2022. Likewise, the majority of the exposure for 2024 was hedged in 2023.

Other commodities, such as PET resins, paper, rice and corn, are also hedged directly via suppliers fixing prices to the extent possible.

For electricity and natural gas, used in production of the Group's own products, most markets in Central & Eastern Europe and Asia are regulated with no possibility to hedge prices. In Western Europe, where most markets allow forward hedging, the majority of the Group's exposure is hedged up to a 15-month rolling basis. For the electricity used at the Fredericia site in Denmark, a 10-year PPA starting mid-2024 has been entered into.

The fair value of derivative financial instruments is specified in section 4.9.

In January 2023, the Group hedged fuel, linked to distribution expenses, via financial contracts for 2023 using a similar set-up to how aluminium is hedged. At 31 December there were no fuel hedges for 2024.

Hedging of raw material price risk

DKK million	Sensitivity assuming 100% efficiency					Time of maturity	
Aluminium	Change	Effect on OCI	Tonnes purchased	Average price (DKK)	2023	2024	2025
2023	20%	371	116,529	16,238	-	93,582	22,947
2022	20%	381	116,454	18,304	93,608	22,846	-
Aluminium premium	Change	Effect on OCI	Tonnes purchased	Average price (DKK)	2023	2024	2025
2023	30%	28	60,415	1,343	-	60,415	-
Energy	Change	Effect on OCI	MWh purchased	Average price (DKK)	< 1 year	1-5 years	> 5 years
2023	20%	29	289,966	420	12,123	116,000	161,843
2022	20%	34	289,966	420	-	99,123	190,843

SECTION 1.2 (CONTINUED)

OPERATING EXPENSES AND INVENTORIES

ACCOUNTING ESTIMATES AND JUDGEMENTS

At least once a year, management assesses whether the standard cost of inventories approximates the actual cost. During the year, the standard cost is revised if it deviates by more than 5% from the actual cost. Indirect production overheads are calculated on the basis of relevant assumptions as to capacity utilisation, production time and other factors.

The calculation of the net realisable value of inventories is relevant to packaging materials, point-of-sale materials and spare parts. The net realisable value is normally not calculated for beer and soft drinks due to their limited shelf-life, which means that slow-moving goods must be scrapped instead.

ACCOUNTING POLICIES

Cost of sales comprises cost of materials used in own-produced finished goods, including malt (barley), hops, glass, cans, other packaging materials, direct labour, indirect production overheads and standard cost variations. Further, it comprises purchased finished goods, which include cost of point-of-sale materials and third-party products sold to customers.

Indirect production overheads comprise indirect supplies, wages and salaries, amortisation of brands and software, as well as maintenance and depreciation of machinery, plant and equipment used for production.

The cost of purchased finished goods, raw and packaging materials and point-of-sale materials includes the purchase cost and costs directly related to bringing inventories to the relevant place of sale and getting them ready for sale, for example insurance, freight and duties.

Inventories are measured at the lower of standard cost (own-produced finished goods) and weighted average cost (other inventories), or net realisable value. The net realisable value is the estimated selling price less costs of completion and costs necessary to make the sale, also taking into account marketability, obsolescence and developments in expected selling price.

The cost of scrapped/impaired goods is expensed in the function (line item) responsible for the loss, i.e. losses during distribution are included in distribution expenses, while scrapping of products due to sales not meeting forecasts is included in sales expenses.

1.2.2 SALES AND DISTRIBUTION EXPENSES

Marketing expenses increased due to accelerated investments in brands and activities. Distribution expenses increased by 6% per hl as a result of increased energy prices. Total marketing, sales and distribution expenses increased by 6%

Sales and distribution expenses

DKK million	2023	2022
Marketing expenses	6,169	5,793
Sales expenses	5,371	5,120
Distribution expenses	6,815	6,424
Total	**18,355**	**17,337**

ACCOUNTING POLICIES

Marketing expenses consist of expenses for brand marketing and trade marketing.

Brand marketing is an investment in the Group's brands and consists of brand-specific investments in the development of communication vehicles, the use of these is to drive the sale of branded products, sales campaigns and sponsorships.

Trade marketing is promotional activities directed towards customers, such as the supply of point-of-sale materials, promotional materials and trade offers.

Sales expenses comprise costs relating to general sales activities, write-downs for bad debt losses, wages and salaries as well as depreciation and impairment of sales equipment. Distribution expenses comprise costs incurred in distributing goods, wages and salaries, and depreciation and impairment of distribution equipment.

1.2.3 OTHER OPERATING ACTIVITIES, NET

Other operating activities are secondary to the principal activities of the Group and include income and expenses relating to rental properties, restaurants, on-trade loans, research activities, and gains and losses on disposal of intangible assets and property, plant and equipment.

Other operating activities, net

DKK million	2023	2022
Gains and losses on disposal of property, plant and equipment and intangible assets, net	47	79
On-trade loans, net	95	30
Real estate, net	13	19
Research centres, net	-71	-80
Other, net	51	49
Total	**135**	**97**

ACCOUNTING POLICIES

Gains and losses on disposal of intangible assets and property, plant and equipment are determined as the sales price less selling costs and the carrying amount at the disposal date.

On-trade loans, net, comprise the effective interest on the loans measured at amortised cost less impairment.

Expenses relating to research activities comprise research in France. Product development costs are included in cost of sales.

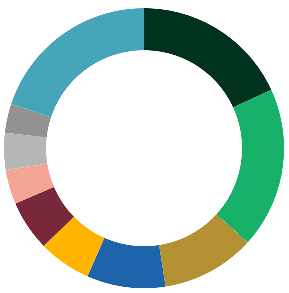
SECTION 1.3

FOREIGN EXCHANGE RISK RELATED TO EARNINGS

The majority of the Group's activities take place outside Denmark and in currencies other than DKK. Foreign exchange risk is therefore a principal financial risk for the Group, and exchange rate fluctuations can have a significant impact on the income statement both in the form of transactional and translational risk.

REVENUE BY CURRENCY (%)

2023 (2022)



EUR and DKK are in a fixed exchange rate relationship and consequently EUR is not hedged.

TRANSACTION RISKS ON PURCHASES AND SALES

The Group is exposed to transaction risks on purchases and sales in currencies other than the local functional currencies. The Group aims to hedge 70-90% of future cash flows in currencies other than the local functional currency on a four-quarter rolling basis.

Western Europe

For the entities in Western Europe, a major part of the purchases in foreign currencies is in EUR. This also applies to markets with a functional currency other than EUR.

Hedging of EUR against the non-EUR local currencies will effectively eliminate a significant part of the currency risk in the entities' operating profit in local currency. At Group level, these hedges are effectively a hedge of (parts of) the revenue in the relevant currency and are accounted for as cash flow hedges, cf. section 4.9. The hedged amounts and the sensitivity analysis regarding these hedges are shown in section 4.7.4.

Asia

The transaction risk is considered to be less significant due to lower purchases of raw and packaging materials in currencies other than the local functional currencies as well as the high correlation between USD and most of the Asian currencies. An exception is Laos, which has a significant spend in USD that is not possible to hedge.

Central & Eastern Europe

The largest foreign exchange risk in Central & Eastern Europe relates to Ukraine and Kazakhstan and the purchase of raw and packaging materials denominated in foreign currencies. For 2023 and 2024, the Group has chosen to hedge a portion of Carlsberg Ukraine's expenses in EUR and USD by designating bank deposits in these currencies as hedging instruments. Carlsberg Kazakhstan holds intercompany deposits in EUR and USD. The revaluation of these is recognised in financial items, and they are not designated as cash flow hedges, but will in economic terms give the Group some protection against depreciation of the local currencies.

TRANSLATION RISK

The Group is exposed to risk from translation of foreign entities into the Group's presentation currency, DKK.

The single largest translation impact in respect of operating profit in 2023 was CNY due to the 7.7% depreciation of the currency compared with 2022 and the relative share of the Group's operating profit generated in China. Moving into 2024, the most significant currency volatility exposure in terms of operating profit and translation of net investments in foreign entities is CNY.

The foreign exchange risk on translation of revenue or earnings in foreign currencies can not be hedged accounting-wise. To reduce the economic risk, the Group has entered into financial instruments designated as net investment hedges, cf. section 4.7.1.

Impact on operating profit

Developments in exchange rates between DKK and the functional currencies had a negative impact of 8.4% on operating profit measured in DKK.

Impact on net finance

Developments in exchange rates between functional currencies of entities and the currency of cash, borrowings and ordinary trade receivables and payables will impact net finance. The main currencies impacting net finance during 2023 have been RUB, KZT and LAK (receivables and payables) and EUR (borrowings). The combined foreign exchange and fair value adjustment loss in 2023 was DKK 151m net. As at 31 December 2023 there is no RUB exposure.

Entities in	Functional currency	Change in average FX rate 2022 to 2023
The eurozone	EUR	0.2%
China	CNY	-7.7%
Norway	NOK	-11.7%
UK	GBP	-1.6%
Switzerland	CHF	3.4%
Sweden	SEK	-7.3%
Laos	LAK	-26.5%
Ukraine	UAH	-15.3%

SECTION 1.4

CASH FLOW FROM OPERATING ACTIVITIES

The change in trade working capital amounted to DKK 713m (2022: DKK 1,960m), driven by continued cash management discipline and higher trade payables.

Average trade working capital to revenue for the year was -20.4% (2022: -21.5%).

Cash flow from the change in other working capital declined by DKK 976m (2022: decrease of DKK 679m), impacted by the payment of a competition fine in Germany, cf. section 3.2.

The change in on-trade loans amounted to DKK -10m (2022: DKK 129m).

Restructuring costs and other special items paid amounted to DKK -530m (2022: DKK -183m), mainly due to the termination of a licensee agreement in the UK, as well as various restructuring and optimisation projects across the Group.

Other specifications of cash flow from operating activities

DKK million	Section	2023	2022
Other non-cash items			
Share of profit after tax of associates	5.5	-577	-675
Gain on disposal of property, plant and equipment and intangible assets, net	2.3	-47	-79
Share-based payments		127	107
Other items		1	9
Total		**-496**	**-638**
Trade working capital			
Inventories		-143	-1,271
Trade receivables		224	-232
Trade payables, duties payable and deposits on returnable packaging materials		632	3,463
Total		**713**	**1,960**
Other working capital			
Other receivables		-24	-572
Other payables		-167	-12
Retirement benefit obligations and provisions		-782	-63
Unrealised foreign exchange gains/losses		-3	-32
Total		**-976**	**-679**

Net interest etc. paid amounted to DKK -236m (2022: DKK -950m). The improvement was largely due to settlement of financial instruments.

Income tax paid amounted to DKK -2,079m (2022: DKK -2,201m).

Supplier finance arrangements A number of the Group's suppliers participate in supplier finance arrangements, with a supply chain finance provider and related financial institutions acting as a funding partner. When suppliers participate in these programmes, they have the option of receiving early payment from the funding partner of invoices sent to Carlsberg.

The arrangement is exclusively between the supplier and the supply chain finance provider and separate from Carlsberg's relationship with its suppliers. Carlsberg's liability to pay invoices is unaffected by the supplier finance arrangement and whether or not the suppliers opt for early payment. The liability is recognised in trade payables until the due date of the invoice, which is in no case more than 180 days from the invoice date. Cessation of the supplier finance arrangement would not constitute a significant risk in terms of liquidity because of the amounts involved and the number of supply chain finance providers.

Sale of receivables Carlsberg has chosen to sell some of its trade receivables in selected Western European markets in non-recourse factoring agreements to expedite cash collection from groups of customers. Carlsberg does not carry any credit risk on these customers and has no continuing involvement in these trade receivables, which have therefore been derecognised.

The impact on average trade working capital from the use of supplier finance arrangements and factoring is limited, as the utilisation is similar to previous years.

ACCOUNTING ESTIMATES AND JUDGEMENTS

The deposit on returnable packaging materials is estimated based on movements during the year in recognised liabilities, loss of returnable packaging materials in the market, planned changes in packaging types and historical information about return rates.

ACCOUNTING POLICIES

Trade payables are recognised initially at fair value and subsequently measured at cost. Trade payables comprise purchase of goods and services, including payables to supplier finance vendors, and retrospective rebates to customers, and are part of the normal working capital cycle. The cash flow arising from all trade payables is part of cash flow from operating activities.

The obligation to refund deposits on returnable packaging materials is measured on the basis of deposit price, an estimate of the number of bottles, kegs, cans and crates in circulation, and expected return rates.

SECTION 1.5

TRADE AND OTHER RECEIVABLES

The Group's trade receivables consist of receivables from sales of goods and services and on-trade loans. Non-current receivables consist mainly of on-trade loans that fall due more than one year from the reporting date. Of the total non-current receivables, DKK 124m (2022: DKK 164m) falls due more than five years from the reporting date.

The carrying amount of receivables approximates their fair value. For on-trade loans, the fair value is calculated as discounted cash flows using the interest rate at the reporting date.

Receivables included in the statement of financial position

DKK million	Non-current	Current		Total
2023	Receivables	Trade receivables	Other receivables	
Receivables from sales of goods and services	-	4,935	-	4,935
On-trade loans	657	236	-	893
Other receivables	222	-	2,551	2,773
Total receivables	**879**	**5,171**	**2,551**	**8,601**
2022				
Receivables from sales of goods and services	-	4,829	-	4,829
On-trade loans	644	242	-	886
Other receivables	290	-	2,516	2,806
Total receivables	**934**	**5,071**	**2,516**	**8,521**

ON-TRADE LOANS

Under certain circumstances, the Group grants loans to on-trade customers in France, the UK, Switzerland, Germany and Sweden. On-trade loans are spread across a large number of customers/debtors and consist of several types of loan, including loans repaid in cash or through reduced discounts and guarantees for loans provided by third parties, cf. section 3.4.. The operating entities monitor and control these loans in accordance with Group guidelines.

The average effective interest rate on loans to the on-trade was 4.7% (2022: 3.5%). The interest income is recognised in other operating activities.

On-trade loans recognised in other operating activities, net

DKK million	2023	2022
Interest and amortisation of on-trade loans	60	47
Losses and write-downs on on-trade loans	35	-17
On-trade loans, net	**95**	**30**

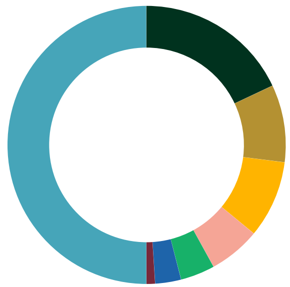
Change in on-trade loans

DKK million	2023	2022
Loans provided	-448	-261
Repayments	218	192
Amortisation of on-trade loans	220	198
Total	**-10**	**129**

RECEIVABLES FROM SALES OF GOODS AND SERVICES

(BROKEN DOWN BY COUNTRY)

2023 (2022)



OTHER RECEIVABLES

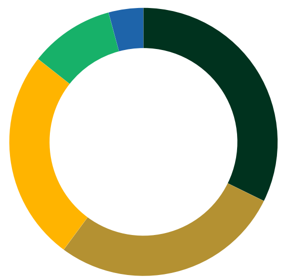
Other receivables primarily comprise VAT and similar government receivables, interest receivables and other financial receivables. These are associated with low risk.

The distribution of receivables broken down by country is affected by market-specific changes in payment patterns. For receivables from sale of goods and services, the distribution is furthermore impacted by the value of receivables sold. The overall level of receivables sold in non-recourse factoring schemes was similar to the level in 2022.

ON-TRADE LOANS

(BROKEN DOWN BY COUNTRY)

2023 (2022)



SECTION 1.5 (CONTINUED)

TRADE AND OTHER RECEIVABLES

1.5.1 CREDIT RISK

In 2023, receivables not past due amounted to 85% (2022: 78%) of total gross receivables. The past-due share of gross loans to on-trade customers was 34% (2022: 34%).

Total accumulated allowances for impairment losses on on-trade loans were DKK 426m (2022: DKK 438m).

The share of receivables from sales of goods and services that are past due decreased from 18% to 14%.

The credit risk on trade receivables is assessed locally and monitored at Group level. The on-trade channel, especially, has experienced instability across markets, influenced by unpredictable energy prices, inflation and interest rates. As a result, the credit risk for on-trade loans has on a collective basis increased significantly since initial recognition, which is why loss allowances are measured at an amount equal to the lifetime expected credit losses. This is the same as for receivables from sales of goods and services.

The increased risk of credit losses is expected to continue in 2024.

Credit risk on receivables

DKK million

2023	Gross receivables	Loss allowance	Receivables, net	Weighted average loss rate
Receivables from sales of goods and services				
Not past due	4,809	-186	4,623	4%
Overdue 1-30 days	362	-97	265	27%
Overdue 31-90 days	87	-46	41	53%
Overdue > 90 days	343	-337	6	98%
Receivables from sales of goods and services	**5,601**	**-666**	**4,935**	
On-trade loans				
Not past due	864	-102	762	12%
Overdue 1-30 days	15	-2	13	13%
Overdue 31-90 days	25	-4	21	16%
Overdue > 90 days	415	-318	97	77%
On-trade loans	**1,319**	**-426**	**893**	
Other receivables				
Not past due	2,553	-1	2,552	-
Overdue 1-30 days	23	-	23	-
Overdue 31-90 days	66	-	66	-
Overdue > 90 days	146	-14	132	10%
Other receivables	**2,788**	**-15**	**2,773**	
Total	**9,708**	**-1,107**	**8,601**	

DKK million

2022	Gross receivables	Loss allowance	Receivables, net	Weighted average loss rate
Receivables from sales of goods and services				
Not past due	4,457	-126	4,331	3%
Overdue 1-30 days	483	-133	350	28%
Overdue 31-90 days	191	-62	129	32%
Overdue > 90 days	311	-292	19	94%
Receivables from sales of goods and services	**5,442**	**-613**	**4,829**	
On-trade loans				
Not past due	873	-104	769	12%
Overdue 1-30 days	11	-	11	-
Overdue 31-90 days	30	-7	23	23%
Overdue > 90 days	410	-327	83	80%
On-trade loans	**1,324**	**-438**	**886**	
Other receivables				
Not past due	2,181	–	2,181	-
Overdue 1-30 days	107	–	107	-
Overdue 31-90 days	87	–	87	-
Overdue > 90 days	447	-16	431	4%
Other receivables	**2,822**	**-16**	**2,806**	
Total	**9,588**	**-1,067**	**8,521**	

SECTION 1.5 (CONTINUED)

TRADE AND OTHER RECEIVABLES

Development in impairment losses on receivables

DKK million					2022
2023	Receivables from sales of goods and services	On-trade loans	Other receivables	Total	Total
Impairment at 1 January	-613	-438	-16	-1,067	-1,105
Additional impairment losses recognised	-86	-65	-	-151	-253
Realised during the year	20	7	-	27	69
Reversal of impairment losses	39	76	-	115	179
Acquisition of entities	-24	-	-	-24	-
Foreign exchange adjustments	-2	-6	1	-7	15
Transferred to discontinued operations	-	-	-	-	28
Impairment at 31 December	**-666**	**-426**	**-15**	**-1,107**	**-1,067**

ACCOUNTING ESTIMATES AND JUDGEMENTS

On-trade loan agreements are complex, cover several aspects of the customer relationship and may vary from agreement to agreement. Management assesses the recognition and classification of income and expenses for each agreement, including the allocation of payments from the customer between revenue, discounts, interest (other operating activities) and repayment of the loan.

Management also assesses both individually and on a portfolio basis whether developments in local conditions for on-trade customers could impact the expected credit losses.

Exposure to credit risk on receivables is managed locally, and credit limits are set as considered appropriate for the customer, taking into account the current local market conditions.

The local entities assess the credit risk and adhere to Group guidelines, which include setting credit limits, encouraging cash payment, purchasing credit insurance and holding collateral.

In assessing credit risk, management analyses the need for impairment of trade receivables and on-trade loans due to customers' inability to pay. Credit risk remains high and is expected to continue in 2024.

At year-end 2023, management continued to assess the lifetime expected credit losses for both receivables from goods and services and on-trade loans in line with 2022.

Expected credit losses are assessed for portfolios of receivables based on customer segments, historical information on payment patterns, terms of payment and concentration maturity. The expected impact includes the risk of insolvencies due to lack of liquidity.

The portfolios are based on on-trade and off-trade customers, and on-trade receivables and loans. On-trade loans carry a higher risk than receivables from sales of goods and services and are concentrated in a few markets. The local entities manage and control these loans in accordance with Group guidelines.

The credit risk on on-trade loans can be reduced by means of collateral and pledges of on-trade movables (equipment in bars, cafés etc.). The fair value of the pledged on-trade movables cannot be estimated reliably but is assessed to be insignificant, as they cannot readily be reused.

ACCOUNTING POLICIES

Receivables are recognised initially at the transaction price and subsequently measured at amortised cost less loss allowance or impairment losses. Trade receivables comprise sale of goods and services as well as short-term on-trade loans to customers. Other receivables comprise VAT receivables, loans to partners and associates, interest receivables and other financial receivables.

For on-trade loans, any difference between the present value and the nominal amount at inception is treated as a prepaid discount to the customer, and the discount is recognised in the income statement in accordance with the terms of the agreement.

The market interest rate is used as the discount rate, corresponding to the money market rate based on the maturity of the loan with the addition of a risk premium. The effective interest on these loans is recognised in other operating activities, net. The amortisation of the difference between the discount rate and the effective interest rate is included as a discount in revenue.

The Group applies the simplified approach to measure expected credit losses. This entails recognising a lifetime expected loss allowance for all receivables from sales of goods and services. Loss rates are determined based on grouping of receivables sharing the same credit risk characteristics and past-due days.

Regarding on-trade loans and loans to associates, a loss allowance is recognised based on 12-month or lifetime expected credit losses, depending on whether a significant increase in credit risk has arisen since initial recognition.

In certain markets, the Group enters into factoring agreements on a non-recourse basis, which involves selling receivables from sales of goods and services to a factor. Receivables subject to factoring agreements are derecognised once the criteria for derecognition have been met and all substantial risks and rewards transferred. The Group does not have any continuing involvement once the receivables have been derecognised.

SECTION 2

ASSET BASE AND RETURNS

102.2bn

TOTAL ASSETS (DKK)

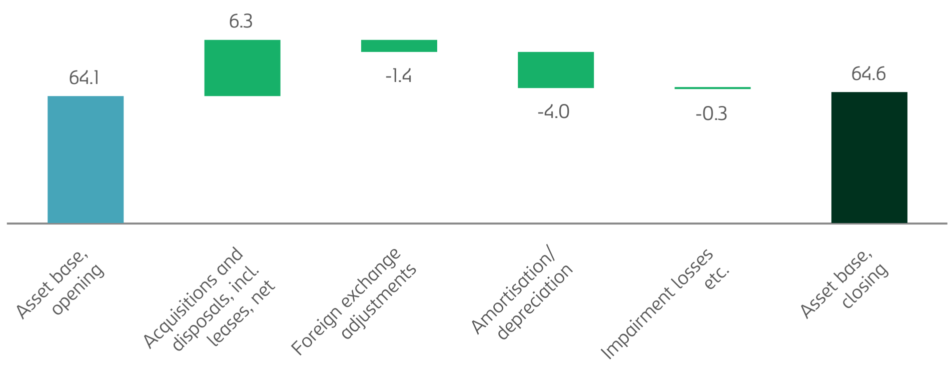
Total assets declined by DKK 3.6bn. The main reason for the decrease was the deconsolidation of the Russian business, partly offset by higher current assets.

Intangible assets amounted to DKK 40.4bn at 31 December 2023 (2022: DKK 40.5bn).

Property, plant and equipment totalled DKK 24.2bn (2022: DKK 23.6bn), mainly impacted by additions and the acquisition of Waterloo Brewing in March 2023.

Current assets increased by DKK 7.6bn to DKK 30.2bn. The increase was mainly due to higher cash and cash equivalents and deposits following the net issuance of EMTN bonds of EUR 1.55bn.

ASSET BASE, CONTINUING OPERATIONS (DKKbn)

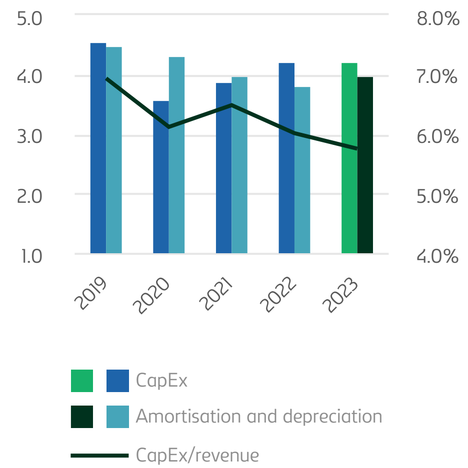


4.2bn

CAPEX (DKK)

CapEx increased slightly by DKK 8m, driven by brewery investments in China and Vietnam, as well as various capacity and capability upgrades across the Group. CapEx to amortisation and depreciation, excluding right-of-use assets, increased to 117% (2022: 106%).

CAPEX[1] AND AMORTISATION/ DEPRECIATION[2] (DKKbn)



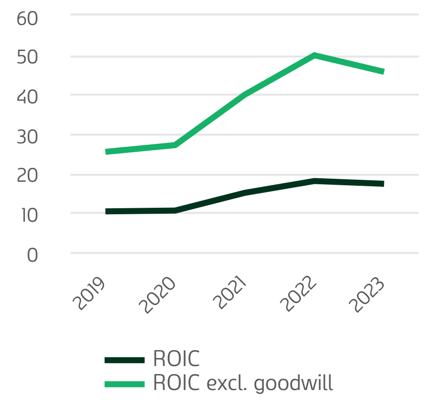
[1] Excluding the purchase of the Brooklyn brand rights in 2020.

17.3%

ROIC

Return on invested capital (ROIC) decreased by 70bp to 17.3% as a result of the lower operating profit due to currencies, partly offset by the lower effective tax rate, which was impacted by non-recurring items. ROIC excluding goodwill declined by 420bp to 45.7%.

RETURN ON INVESTED CAPITAL[2] (% 12-MONTH AVERAGE)



[2] 2019-2020 including Russia. 2021-2023 excluding Russia

SECTION 2.1

SEGMENTATION OF ASSETS AND RETURNS

At year-end, invested capital was up by DKK 1.0bn primarily due to the acquisition of Waterloo Brewing and the reduction of provisions related to legal claims, and partially offset by developments in currencies.

Waterloo Brewing was acquired in March 2023 and therefore did not have a full-year impact on average invested capital.

Non-current assets comprise intangible assets and property, plant and equipment owned by the segment/country, even if the income is earned outside the segment/country that owns the asset.

Non-current assets included in invested capital further comprise financial assets other than financial instruments and tax assets.

Not allocated comprises supporting companies without brewing activities, and eliminations of investments in subsidiaries, receivables and loans.

Geographical allocation of non-current assets

DKK million	2023	2022
Denmark (Carlsberg Breweries A/S' domicile)	4,130	3,918
China	15,612	15,906
France	11,125	11,100
Other countries	38,477	37,978
Total	**69,344**	**68,902**

ACCOUNTING ESTIMATES AND JUDGEMENTS

The calculation of return on invested capital (ROIC) uses operating profit before special items adjusted for tax based on the effective tax rate, and invested capital excluding assets in discontinued operations, including assets held for sale and trade receivables sold, and excludes contingent considerations and income tax.

ACCOUNTING POLICIES

The Group's assets and returns are segmented on the basis of geographical regions in accordance with the management reporting for the current year, cf. section 1.1.

Invested capital

DKK million	2023	2022
Total assets excluding assets in discontinued operations	102,183	94,180
Less		
Tax assets	-1,755	-1,704
Financial receivables, hedging instruments and receivables sold	205	621
Deposits and securities	-2,236	-
Cash and cash equivalents	-13,382	-8,163
Assets included	**85,015**	**84,934**
Trade payables	-22,172	-21,906
Deposits on returnable packaging materials	-1,717	-1,627
Provisions, excl. restructurings	-2,390	-2,981
Other liabilities, excl. hedging instruments and contingent consideration	-7,305	-7,957
Liabilities offset	**-33,584**	**-34,471**
Invested capital	**51,431**	**50,463**
Goodwill	-32,394	-32,532
Invested capital excl. goodwill	**19,037**	**17,931**
Invested capital, average	**52,387**	**51,771**

DKK million

2023	Western Europe	Asia	Central & Eastern Europe	Not allocated	Carlsberg Breweries Group
Invested capital	26,952	17,473	7,334	-328	51,431
Invested capital excl. goodwill	11,232	3,897	4,236	-328	19,037
Investments in associates	2,439	2,225	36	6	4,706
Acquisition of property, plant and equipment and intangible assets	1,533	1,841	682	177	4,233
Amortisation and depreciation	1,859	1,363	669	88	3,979
Impairment losses, net	338	-100	127	40	405
Return on invested capital (ROIC)	14.6%	22.9%	24.2%	-	17.3%
ROIC excl. goodwill	33.9%	110.2%	40.9%	-	45.7%
2022					
Invested capital	26,338	18,090	6,284	-249	50,463
Invested capital excl. goodwill	10,857	3,652	3,671	-249	17,931
Investments in associates	2,361	2,402	27	6	4,796
Acquisition of property, plant and equipment and intangible assets	1,363	1,860	645	357	4,225
Amortisation and depreciation	1,781	1,350	601	106	3,838
Impairment losses, net	56	308	23	43	430
Return on invested capital (ROIC)	14.2%	21.8%	30.8%	-	18.0%
ROIC excl. goodwill	32.8%	112.4%	49.7%	-	49.9%

SECTION 2.2

IMPAIRMENT

2.2.1 RECOGNISED IMPAIRMENTS

The impairment tests of goodwill and brands with indefinite useful life were prepared at the reporting date.

Impairment test 2023

The impairment tests prepared at 31 December 2023 did not identify any indication of impairment of goodwill.

The Group recognised impairment losses of DKK 305m on brands with indefinite useful life in Western Europe, DKK 70m in Central & Eastern Europe and DKK 97m in Asia. In addition, impairment losses of DKK 53m were recognised on brand rights in Central & Eastern Europe for the use of brands from the discontinued operation in Russia. In total, impairment losses on brands amounted to DKK 525m.

Impairment losses of DKK 400m previously recognised on brands in Asia were reversed. Impairment losses and reversal of impairment losses on brands were recognised in special items, cf. section 3.1.

Impairment losses of DKK 171m primarily related to Asia were recognised on property, plant and equipment, of which DKK 122m was recognised as special items. Impairment losses on other non-current assets totalled DKK 63m and were recognised in special items.

Impairment test 2022

In 2022, Russia was separated from the Central & Eastern Europe CGU. Impairment tests of goodwill and brands with indefinite useful life were prepared at the reporting date. The tests did not identify any impairments.

In addition, the Group recognised impairment losses of DKK 233m on returnable packaging in certain markets in Asia, DKK 22m on sales equipment and returnable packaging in Ukraine and DKK 172m on other items of property, plant and equipment, in total DKK 427m.

Impairment of discontinued operation in Russia

Following the issuance of the presidential decree in July 2023, temporarily transferring the management of our Russian business to the Russian Federal Agency for State Property Management, the business was deconsolidated. In September 2023, the Group terminated its licence agreements with Baltika Breweries for all the international brands sold in Russia and wrote down its interest in the business to zero. Total impairment losses in 2023 amounted to DKK 7,002m (2022: DKK 8,364m).

2.2.2 SIGNIFICANT AMOUNTS OF GOODWILL AND BRANDS

Goodwill and brands with indefinite useful life relating to the acquisitions of Kronenbourg and Chongqing Brewery Group each accounted for 10% or more of the total carrying amount of goodwill and brands with indefinite useful life at the reporting date. Goodwill from these acquisitions has been allocated to CGUs based on the geographical segmentation.

The Kronenbourg 1664 and Chongqing brands are individually material and specified in section 2.2.4.

Impairment of non-current assets

DKK million	Section	2023	2022
Intangible assets			
Brands	2.2.4	525	-
Other intangible assets	2.2.5	46	3
Reversal of impairment losses	2.2.4	-400	-
Total		**171**	**3**
Property, plant and equipment			
Plant, machinery and equipment	2.2.5	171	427
Total		**171**	**427**
Other non-current assets			
Assets held for sale	2.2.5	14	-
Investment in associates	2.2.5	49	-
Total impairment losses, net		**405**	**430**
Of which recognised in special items	3.1	310	96
Impairment losses, discontinued operation in Russia, net	5.1	**7,002**	**8,364**

SECTION 2.2 (CONTINUED)

IMPAIRMENT

ACCOUNTING ESTIMATES AND JUDGEMENTS

Identification of cash-generating units
The Group's management structure reflects the geographical segments, cf. section 1.1, and decisions are made by the regional managements responsible for performance, operating investments and growth initiatives in their respective regions.

There is significant vertical integration of the production, logistics and sales functions, supporting and promoting optimisations across the Group or within regions.

Assets, other than goodwill and brands with regional and global presence, are allocated to individual cash-generating units (CGUs), being the level at which the assets generate largely independent cash inflows. As the Group operates with local sales and production organisations, the cash inflows are generated mostly locally, and the CGUs are therefore usually identified at country level.

The determination of CGU allocation is made, and cash inflows are assessed in connection with the purchase price allocation within 12 months from the date of acquisition.

Goodwill
Goodwill does not generate largely independent cash inflows on its own and is therefore allocated to the Group's geographical segments, which is the level at which it is monitored for internal management purposes.

At the time of acquisition of entities, goodwill is allocated to a CGU. The structure and groups of CGUs are reassessed every year. The Group gained control of Waterloo Brewing Ltd. and Jing-A Group in 2023. The goodwill recognised on the acquisition of Waterloo Brewing Ltd. was allocated to the Central & Eastern Europe CGU, and the goodwill recognised on the Jing-A Group acquisition was allocated to the Asia CGU.

Entities classified as held for sale and measured at the lower of carrying amount and fair value less costs of disposal are removed from the CGU to which they are allocated at the time of classification as held for sale.

Brands
Cash flows for brands are separately identifiable and brands are therefore tested individually for impairment. This test is performed in addition to the test for impairment of goodwill.

The following brands are considered significant when comparing their carrying amount with the total carrying amount of brands with indefinite useful life:
- Kronenbourg 1664
- Chongqing

Corporate assets
The Group has identified capitalised software relating to the Group's ERP systems as corporate assets, and as such these are peripheral to the generation of cash inflow. The Group's ERP landscape is closely linked to the internal management structure, and the identified assets are therefore tested for impairment at the CGU level to which goodwill is allocated.

Other non-current assets
Other non-current assets are tested for impairment when indications of impairment exist.

For property, plant and equipment, management performs an annual assessment of the assets' future application, for example in relation to changes in production structure, restructurings or brewery closures.

For investments in associates, examples of indications of impairment are loss-making activities or significant changes in the business environment.

ACCOUNTING POLICIES

Goodwill and brands with indefinite useful life are subject to an annual impairment test, performed initially before the end of the year of acquisition. The test is performed at the level where cash flows are considered to be generated: either at CGU level or at the level of a group of CGUs. All assets are tested if an event or circumstance indicates that the carrying amount may not be recoverable. If an asset's carrying amount exceeds its recoverable amount, an impairment loss is recognised. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use.

For all assets, the recoverable amount is assessed based on budget and target plan with reference to the expected future net cash flows. The assessment is based on the lowest CGU affected by the changes that indicate impairment. The cash flow is discounted by a rate adjusted for any risk specific to the asset, if relevant to the calculation method applied.

Impairment losses on goodwill and brands, significant losses on property, plant and equipment, investments in associates, and losses arising on significant restructurings of processes and structural adjustments are recognised as special items. Minor losses are recognised in the income statement in the relevant line item.

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortisation/depreciation had the asset not been impaired.

Key considerations in impairment tests	Goodwill	Brands
CGU level of test	Geographical segment	Individual brand
Method to estimate recoverable amount	Value in use	Fair value less cost of disposal
Method to estimate present value of future cash flows	Expected value approach: multiple probability-weighted cash flows	Traditional approach: single most likely future cash flows
Discount rate	Risk-free rate	Risk-adjusted rate

2.2.3 IMPAIRMENT TEST OF GOODWILL

The carrying amount of goodwill allocated to groups of CGUs

DKK million	2023	2022
Western Europe	15,720	15,481
Asia	13,576	14,438
Central & Eastern Europe	3,098	2,613
Total	**32,394**	**32,532**

The impairment tests prepared at year-end 2023 did not identify any indication of impairment of goodwill.

Estimating expected cash flow involves developing multiple probability-weighted scenarios to reflect different outcomes in terms of timing and amount. Measurement of the forecast period growth rates reflects risk adjustments made to calculate the expected cash flows.

SECTION 2.2 (CONTINUED)

IMPAIRMENT

Key assumptions

2023	Forecast cash flow growth	Terminal period growth	Pre-tax discount rate
Western Europe	-17.0%	0.5%	3.4%
Asia	-16.2%	1.0%	4.3%
Central & Eastern Europe	-0.9%	2.0%	8.2%
2022			
Western Europe	-11.4%	0.5%	3.0%
Asia	-12.7%	1.0%	4.5%
Central & Eastern Europe	-21.4%	2.0%	9.8%

The average cash flow growth in the forecast period reflects the significant risk adjustments included in the forecast specifically for the impairment test.

Potential upsides are not identified and adjusted in the cash flows used for impairment testing. Growth is projected in nominal terms and therefore does not translate into cash flow at the same growth rate in the Group's presentation currency, DKK.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Goodwill

The value in use is the discounted value of the expected future risk-adjusted cash flows. This involves developing multiple probability-weighted scenarios to reflect different outcomes in terms of timing and amount.

Key assumptions

The cash flow is based on the budget and target plans for the next three years. Cash flows beyond the three-year period are extrapolated using the terminal period growth rate. The budget and plans for 2024-2026 represent management's best estimate of the impact from the significant inflation in our cost base and increased interest rates.

The probability weighting applied is based on past experience and the uncertainty of the prepared budget and target plans. Potential upsides and downsides identified during the budget process and in the daily business are reflected in the future cash flow scenarios for each CGU.

The risk-adjusted cash flows are discounted using a rate that reflects the risk-free interest rate for each CGU. The interest rates used in the impairment tests are based on observable market data. Please refer to the description of discount rates in section 2.2.4.

The key assumptions on which management bases its cash flow projections are:
- Volumes
- Sales prices
- Input costs
- Operating investments
- Terminal period growth

The assumptions are determined at CGU level and are based on past experience, external sources of information and industry-relevant observations for each CGU. Local conditions, such as expected developments in macroeconomic and market conditions specific to the individual CGUs, are considered. The assumptions are challenged and verified by management at CGU and Group level.

The budget and target plan processes consider events or circumstances that are relevant to reliably projecting the short-term performance of each CGU. Examples include significant campaign activities, changes in excise duties etc., which may have a short-term impact but are non-recurring. Given their short-term nature, they are not taken into consideration when estimating the terminal period growth rate.

Volumes

Projections are based on past experience, external market data, planned commercial initiatives, such as marketing campaigns and sponsorships, and the expected impact on consumer demand and the level of premiumisation. If relevant, the projections are adjusted for the expected changes in the level of premiumisation. No changes in market share are assumed in the medium or long term.

Demographic expectations general to the industry, such as the development in population, consumption levels, generation-shift patterns, rate of urbanisation and macroeconomic trends, are also considered in medium- and long-term projections.

Events and circumstances can impact the timing of volumes entering the market. These include excessive stocking related to an increase in excise duties, campaign activities, and the timing of national holidays and festivals. Such short-term effects are not material to volume projections and do not impact the long-term projections.

Sales prices

The level of market premiumisation and the locally available portfolio are key drivers in identifying price points. When planning pricing structures, factors including price elasticity, local competition and inflation expectations can also impact the projection. Increases in excise duties are typically passed on to the customers immediately or with a delay of no more than a few months. Since the increase is a pass-through cost and thereby compensated for by price increases at the time of implementation, it does not impact the long-term sales price growth and is therefore not taken into consideration in the projections unless circumstances specifically indicate otherwise. No changes to duties in the short or medium term are taken into consideration unless there is a firm plan to introduce changes.

Recent significant inflationary pressure has meant revenue growth compensating for rising input costs, especially in Europe. The short- and medium-term forecast includes the risk of delays in increasing sales prices to compensate for future rises in input costs.

Input costs

Input costs in the budget and target plans are based on past experience and on:
- Contracted raw and packaging materials
- Contracted services within sales, marketing, production and logistics
- Planned commercial investments
- Cost optimisations not related to restructurings
- Expected inflation

The recent years' elevated level of inflation has increased the overall input cost level, especially in Europe. The short- and medium-term forecast incorporates continued pressure on input costs.

In the long term, projections follow the level of inflation unless long-term contracts are in place.

Operating investments

Projections are based on past experience of the level of necessary maintenance of existing production capacity, including replacement of parts. This also includes scheduled production line overhauls and improvements to existing equipment. Capacity increases and new equipment are not included.

Terminal period growth

Growth rates are projected to be equal to or below the expected rate of general inflation and assume no nominal economic growth. The projected growth rates and the discount rates applied are compared to ensure a sensible correlation between the two.

SECTION 2.2 (CONTINUED)

IMPAIRMENT

2.2.4 IMPAIRMENT TEST OF BRANDS

In 2023, significant brands represented 50% (2022: 45%) of the total carrying amount of brands with indefinite useful life.

Brands with indefinite useful life

DKK million	2023	2022
Kronenbourg 1664	1,950	1,948
Chongqing	1,293	954
Significant brands	**3,243**	**2,902**
Western Europe	1,028	1,318
Asia	363	503
Central & Eastern Europe	920	846
Not allocated	945	941
Other brands	**3,256**	**3,608**
Total brands	**6,499**	**6,510**

Other brands comprise a total of 20 brands (2022: 19 brands) that are not individually material compared with the total carrying amount.

Impairment of brands in Western Europe
In the UK, the ale category has been severely impacted by the COVID-19 pandemic and secular trends, and the long-term expectations for the ale brands was therefore updated, leading to the recognition of impairment losses of DKK 305m.

Impairment of brands in Central & Eastern Europe
A local Lithuanian mainstream brand has experienced a decline in exports, resulting in impairment losses of DKK 70m.

Brand rights in Central & Eastern Europe for the use of brands from the discontinued operation in Russia were unilaterally terminated by Carlsberg, resulting in recognition of impairment losses of DKK 53m.

Impairment of brands in Asia
In Cambodia our business operates in a very challenging environment both in terms of competitive conditions and consumer sentiment. In 2020, this led to the recognition of an impairment loss of DKK 200m on the local Angkor brand.

The beer market has remained weak and is still far from having fully recovered to its 2019 level before COVID-19. In addition, a change in consumer preference has resulted in a decline in volumes and margins, in particular for the beer category.

This led to a reassessment of the recoverable amount of the assets in the operation, including the brand, and resulted in the full write-down of the remaining carrying amount of the brand of DKK 97m.

The Chinese mainstream brand Chongqing was last impaired in 2016, following sales declines due to premiumisation in the Chinese market. Since then, brand volumes have recovered significantly, and expectations for the mainstream category in China have improved. As a result, impairments of DKK 400m were reversed.

Key assumptions

2023	Average revenue growth	Terminal period growth	Pre-tax discount rate	Post-tax discount rate
Kronenbourg 1664	2.8%	1.6%	7.2%	6.7%
Chongqing	2.0%	1.5%	7.8%	7.4%
2022				
Kronenbourg 1664	2.4%	1.6%	6.6%	6.4%
Chongqing	0.1%	1.0%	6.7%	6.4%

ACCOUNTING ESTIMATES AND JUDGEMENTS

Brands
The test for impairment of brands is performed using the relief from royalty method and is based on the expected future cash flows generated from the royalty payments avoided for the individual brand for the next 10 years and projections for subsequent years.

The risk-free cash flows are discounted using a rate reflecting the risk-free interest rate with the addition of the risk premium associated with the individual brand.

Key assumptions
The key assumptions on which management bases its cash flow projection include the expected useful life, revenue growth, a theoretical tax amortisation benefit, the royalty rate and the discount rate.

Expected useful life
Management has assessed that the value of brands with indefinite useful life can be maintained for an indefinite period, as these are well-established brands in their markets, having existed for decades or even centuries. The beer industry is characterised as being very stable with consistent consumer demand and a predictable competitive environment, and is expected to be profitable for the foreseeable future. Control of the brands is legally established and enforceable indefinitely.

In management's opinion, the risk of the useful life of these brands becoming finite is minimal because of their individual market positions and because current and planned marketing initiatives are expected to sustain their useful life

Revenue growth
At the time of acquisition of any individual brand, a revenue growth curve is forecast based on a long-term strategic view of the risk and opportunities relevant to the brand. The curve is projected for a 10-year horizon. This horizon reliably reflects the lengthy process of implementing brand strategies to support a brand occupying its intended place in the Group's portfolio. The forecast period applied is comparable to the common term of the majority of licence agreements to which the Group is party.

In the local markets, the product portfolio usually consists of local power brands and international premium brands. When projecting revenue growth for local brands, in addition to their commercial strength – such as market share and segment position – the forecast takes into consideration the demographics of the primary markets, including expected developments in population, consumption levels, generation-shift patterns, rate of urbanisation, beer market maturity, level of premiumisation, circumstances generally limiting the growth opportunities for alcoholic beverages etc.

For brands with global or regional presence, enhanced investments in product development and marketing are expected. The expected growth rate for these brands is generally higher than for more localised brands and is usually highest early in the 10-year period.

SECTION 2.2 (CONTINUED)

IMPAIRMENT

Depending on the nominal growth expectations for the individual brand, the revenue growth in individual years may be above, equal to or below the forecast inflation level in the markets where the brand is present.

When preparing budgets, consideration is given to events or circumstances that are relevant to reliably projecting the short-term performance of each brand. Examples include significant campaign activities, changes in excise duties etc., which may have a short-term impact but are non-recurring and quickly absorbed by the business. Since the impact is not material to the long-term projections, it is not taken into consideration when estimating the long-term and terminal period growth rates. Please refer to the description of the impact of increases in excise duties in the description of sales prices in section 2.2.3.

Tax benefit

The theoretical tax benefit applied in the test uses tax rates and amortisation periods based on current legislation. The impairment test applies tax rates in the range of 15-31% and amortisation periods of 5-20 years.

Royalty rate

Royalties generated by a brand are based on the Group's total income from the brand and are earned globally, i.e. the income is also earned outside the CGU that owns the brand. If external licence agreements for the brand already exist, the market terms of such agreements are taken into consideration when assessing the royalty rate that the brand is expected to generate in a transaction with independent parties. The royalty rate is based on the actual market position of the individual brand in the global, regional and local markets, and assumes a 10-year horizon. This term is common to the beverage industry when licensing brands.

For some brands, the share of the total beer market profit exceeds the volume share to an extent that creates significant market entry barriers for competing brands and justifies a higher royalty rate.

Royalty rates

International, premium and speciality beers	3.5-7.5%
Strong regional and national brands	3.0-5.0%
Local and mainstream brands	2.0-3.5%

Discount rates

The discount rate is a weighted average cost of capital (WACC) that reflects the risk-free interest rate with the addition of a risk premium relevant to each brand.

The risk-free interest rates used in the impairment tests are based on observed market data. For countries where long-term risk-free interest rates are not observable or valid due to specific national or macroeconomic conditions, the interest rate is estimated based on observations from other markets and/or long-term expectations expressed by international financial institutions considered reliable by the Group.

The added credit risk premium (spread) for the risk-free interest rate is fixed at market price or slightly higher, reflecting the expected long-term market price. The aggregate interest rate, including spread, thereby reflects the long-term interest rate applicable to the Group's investments in the individual markets.

2.2.5 IMPAIRMENT OF OTHER ASSETS

In 2023, impairment losses were recognised on intangible assets, DKK 46m, property, plant and equipment, DKK 171m, and other non-current assets, DKK 63m, totalling DKK 280m.

Impairment of non-current assets in Cambodia, DKK 152m

As mentioned above in section 2.2.4, our business in Cambodia is facing challenges, which led to a reassessment of the recoverable amount of the assets in the operation.

The reassessment showed that DKK 103m of property, plant and equipment was lying idle and this has therefore been impaired.

Consequently, a local investment of DKK 49m in a joint venture manufacturing can bodies has also been impaired.

Other impairments, DKK 128m

Impairment losses of DKK 46m on other intangible assets primarily relate to centrally owned IT assets. Other impairment losses of DKK 68m on property, plant and equipment related partly to flooding in China. The decision to close Ringwood Brewery in the UK resulted in a write-down of assets held for sale of DKK 14m.

2.2.6 SENSITIVITY TESTS

Sensitivity tests have been performed to determine the lowest forecast and terminal period growth rates and/or highest discount rates that can occur in the groups of CGUs and brands with indefinite useful life without leading to any impairment loss.

Due to a challenging macroeconomic situation in some CGUs and groups of CGUs, the Group performed additional sensitivity tests in 2023 to ensure that no potential impairment had been overlooked. These did not identify any potential impairment.

GOODWILL

The test for impairment of goodwill did not identify any CGUs or groups of CGUs to which goodwill is allocated where a reasonably possible negative change in a key assumption would cause the carrying amount to exceed the recoverable amount.

BRANDS

For brands that were previously written down, a reasonably possible negative change in a key assumption would cause the carrying amount of these brands to exceed the recoverable amount. However, management considers the risk of a significant write-down on these brands to be low.

Key assumptions

- Useful lifetime
- Volume and price
- Royalty rate
- Discount rate

The assumptions for volume and price are closely linked, which, together with the presence of multiple sub-brands in various geographies within each brand, makes individual sensitivity testing on the basis of these two assumptions highly impractical. Instead, sensitivity testing is performed for the overall revenue growth rate, in both the forecast period and the terminal period.

SECTION 2.3

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

DKK million				Intangible assets				Property, plant and equipment	Asset base
2023	Goodwill	Brands	Other intangible assets	Total	Land and buildings	Plant and machinery	Other equipment, fixtures and fittings	Total	Total
Cost									
Cost at 1 January	34,224	8,977	4,924	48,125	17,660	26,132	14,459	58,251	106,376
Acquisition of entities	645	147	15	807	151	269	11	431	1,238
Additions, including right-of-use assets	-	75	275	350	503	2,265	2,209	4,977	5,327
Disposals	-	-2	-87	-89	-313	-308	-1,821	-2,442	-2,531
Transfers	-	-	4	4	377	-531	121	-33	-29
Foreign exchange adjustments etc.	-869	-214	-70	-1,153	-141	-340	-339	-820	-1,973
Cost at 31 December	**34,000**	**8,983**	**5,061**	**48,044**	**18,237**	**27,487**	**14,640**	**60,364**	**108,408**
Amortisation, depreciation and impairment losses									
Amortisation, depreciation and impairment losses at 1 January	1,692	2,254	3,653	7,599	7,867	16,539	10,265	34,671	42,270
Disposals	-	-	-86	-86	-170	-286	-1,734	-2,190	-2,276
Amortisation and depreciation	-	16	185	201	660	1,316	1,802	3,778	3,979
Impairment losses	-	525	46	571	40	85	46	171	742
Reversal of impairment losses	-	-400	-	-400	-	-	-	-	-400
Transfers	-	-	-	-	-1	6	-1	4	4
Foreign exchange adjustments etc.	-86	-115	-30	-231	-3	-121	-194	-318	-549
Amortisation, depreciation and impairment losses at 31 December	**1,606**	**2,280**	**3,768**	**7,654**	**8,393**	**17,539**	**10,184**	**36,116**	**43,770**
Carrying amount at 31 December	**32,394**	**6,703**	**1,293**	**40,390**	**9,844**	**9,948**	**4,456**	**24,248**	**64,638**
Right-of-use assets included at 31 December									
Amortisation and depreciation	-	-	-	-	184	14	251	449	449
Carrying amount at 31 December	-	-	-	-	1,156	79	513	1,748	1,748

SECTION 2.3 (CONTINUED)

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

DKK million	Intangible assets				Property, plant and equipment				Asset base
2022	Goodwill	Brands	Other intangible assets	Total	Land and buildings	Plant and machinery	Other equipment, fixtures and fittings	Total	Total
Cost									
Cost at 1 January	46,021	23,181	5,040	74,242	19,694	30,179	15,728	65,601	139,843
Additions, including right-of-use assets	-	-	570	570	611	1,995	1,992	4,598	5,168
Disposals	-	-32	-165	-197	-370	-573	-1,501	-2,444	-2,641
Transfers	-	-	-	-	200	-358	158	-	-
Transferred to assets in discontinued operations	-7,966	-12,466	-433	-20,865	-2,089	-3,929	-1,322	-7,340	-28,205
Foreign exchange adjustments etc.	-3,831	-1,706	-88	-5,625	-386	-1,182	-596	-2,164	-7,789
Cost at 31 December	**34,224**	**8,977**	**4,924**	**48,125**	**17,660**	**26,132**	**14,459**	**58,251**	**106,376**
Amortisation, depreciation and impairment losses									
Amortisation, depreciation and impairment losses at 1 January	1,743	11,231	4,001	16,975	8,424	19,596	11,029	39,049	56,024
Disposals	-	-32	-163	-195	-139	-521	-1,441	-2,101	-2,296
Amortisation and depreciation	-	21	207	228	633	1,347	1,719	3,699	3,927
Impairment losses	-	-	3	3	2	106	319	427	430
Transferred to assets in discontinued operations	-	-7,934	-336	-8,270	-898	-3,204	-957	-5,059	-13,329
Foreign exchange adjustments etc.	-51	-1,032	-59	-1,142	-155	-785	-404	-1,344	-2,486
Amortisation, depreciation and impairment losses at 31 December	**1,692**	**2,254**	**3,653**	**7,599**	**7,867**	**16,539**	**10,265**	**34,671**	**42,270**
Carrying amount at 31 December	**32,532**	**6,723**	**1,271**	**40,526**	**9,793**	**9,593**	**4,194**	**23,580**	**64,106**
Right-of-use assets included at 31 December									
Amortisation and depreciation	-	-	-	-	167	5	214	386	386
Carrying amount at 31 December	-	-	-	-	1,089	11	440	1,540	1,540

SECTION 2.3 (CONTINUED)

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment under construction amounted to DKK 1,719m (2022: DKK 1,186m). Property, plant and equipment under construction are recognised in plant and machinery until completion.

Other equipment, fixtures and fittings include transport, office and draught beer equipment, fridges and returnable packaging materials.

Other intangible assets include software, land use rights and beer delivery rights.

RIGHT-OF-USE ASSETS

The Group leases various properties and warehouses, production equipment, cars and trucks. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions.

At 31 December 2023, the carrying amount of right-of-use assets was DKK 1,748m (2022: DKK 1,540m). During the year, additions amounted to DKK 721m (2022: DKK 706m) and depreciation to DKK 449m (2022: DKK 386m).

Lease expenses recognised in the income statement, relating to short-term leases and leases of low-value assets, amounted to DKK 48m (2022: DKK 49m). Such contracts usually comprise the lease of copy and printing machines, coffee machines, small IT devices and similar equipment.

For disclosures of the interest expenses, cash flow and lease liabilities, please refer to sections 4.1, 4.5.1 and 4.8.

Cash flow from disposal of property, plant and equipment and intangible assets was DKK 177m (2022: DKK 283m).

CAPITAL COMMITMENTS

The Group has entered into various capital commitments that will not take effect until after the reporting date and have therefore not been recognised in the consolidated financial statements. Capital commitments in 2023 amounted to DKK 144m (2022: DKK 100m).

Amortisation, depreciation and impairment losses

	Intangible assets		Property, plant and equipment	
DKK million	2023	2022[1]	2023	2022[1]
Cost of sales	49	47	2,362	2,489
Sales and distribution expenses	117	65	1,190	1,211
Administrative expenses	81	107	275	253
Special items	125	-	122	96
Total	**372**	**219**	**3,949**	**4,049**

[1] Loss from the discontinued operation: intangible assets DKK 12m, and property, plant and equipment DKK 77m.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Useful life and residual value of intangible assets with finite useful life and property, plant and equipment

Useful life and residual value are initially assessed both in acquisitions and in business combinations.

Management assesses brands and property, plant and equipment for changes in useful life. If an indication of a reduction in the value or useful life exists, such as changes in production structure, restructuring and brewery closures, the asset is tested for impairment. If necessary, the asset is written down or the amortisation/depreciation period is reassessed and, if necessary, adjusted in line with the asset's changed useful life. When changing the amortisation or depreciation period due to a change in the useful life, the effect on amortisation/depreciation is recognised prospectively as a change in accounting estimates.

Management assesses the local business model to determine whether the Group has a legal or constructive obligation to accept returns of packaging materials from the market and the level of control. This entails the Group considering, among other things, the return rate and the annual circulation in the individual markets. These factors are assessed annually. Returnable packaging materials controlled by the Group are capitalised as property, plant and equipment and depreciated over the expected useful life.

Lease and service contracts

At inception of a contract, management assesses whether the contract is or contains a lease. Management considers the substance of any service being rendered to classify the arrangement as either a lease or a service contract. Particular importance is attached to whether fulfilment of the contract depends on the use of specific assets. The assessment involves judgement of whether the Group obtains substantially all the economic benefits from the use of the specified asset and whether it has the right to direct how and for what purpose the asset is used. If these criteria are satisfied at the commencement date, a right-of-use asset and a lease liability are recognised in the statement of financial position.

Capital expenditure

DKK million	2023	2022
Additions, including right-of-use assets	5,327	5,168
Less right-of-use assets	-721	-706
Additions	**4,606**	**4,462**
Additions payable at the end of the reporting period	-363	-145
Capitalised depreciations	-2	-
Capitalised interest expenses	-8	-
Transferred to assets in discontinued operations	-	-92
Acquisition of property, plant and equipment and intangible assets	**4,233**	**4,225**

Gain/loss on disposal of assets

DKK million	2023[1]	2022[1]
Gain on disposal of property, plant and equipment and intangible assets	74	110
Loss on disposal of property, plant and equipment and intangible assets	-27	-31
Total	**47**	**79**

[1] Loss from the discontinued operation DKK 12m (2022: DKK 4m).

SECTION 2.3 (CONTINUED)

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

In determining the lease term, management considers all the facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension or termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The term is reassessed if a significant change in circumstances occurs. The assessment of purchase options follows the same principles as those applied for extension options.

The lease payment for cars and trucks often includes costs of service and insurance. If these costs are not objectively assessable, the Group estimates the costs when separating the service component from the lease.

ACCOUNTING POLICIES

Cost

Intangible assets and property, plant and equipment are initially recognised at cost and subsequently measured at cost less accumulated amortisation or depreciation and impairment losses.

Cost comprises the purchase price and costs directly attributable to the acquisition until the date when the asset is available for use. The cost of acquired brand rights is accounted for using the accumulated cost approach if the total consideration includes an earn-out dependent on the brands' future performance.

The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, wages and salaries, and capitalised borrowing costs on specific or general borrowings attributable to the construction of the asset, and is included in plant and machinery.

Research and development costs are recognised in the income statement as incurred. Development costs of intangible assets, for example software, are recognised as other intangible assets if the costs are expected to generate future economic benefits.

For assets acquired in business combinations, including brands and property, plant and equipment, cost at initial recognition is determined by estimating the fair value of the individual assets in the purchase price allocation.

Goodwill is only acquired in business combinations and is measured in the purchase price allocation.

Goodwill is not amortised but is subject to an annual impairment test, cf. section 2.2.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items.

Returnable packaging materials that the Group controls through a legal or constructive obligation are capitalised as property, plant and equipment.

Subsequent costs, for example in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are derecognised from the statement of financial position and recognised as an expense in the income statement. Costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Useful life, amortisation, depreciation and impairment losses

Useful life and residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

Amortisation and depreciation are recognised on a straight-line basis over the expected useful life of the assets, taking into account any residual value. The expected useful life and residual value are determined based on past experience and expectations of the future use of assets.

Depreciation is calculated on the basis of the cost less the residual value and impairment losses.

Amortisation and depreciation are recognised as cost of sales, sales and distribution expenses, and administrative expenses depending on the use of the asset.

The expected useful life is as follows:

Brands with finite useful life	Normally 20 years
Software	Normally 3-5 years. Group-wide systems developed as an integrated part of a major business development programme: 5-7 years
Delivery rights	Depending on contract; if no contract term has been agreed, normally not exceeding 5 years
Customer agreements/ relationships	Depending on contract with the customer; if no contract exists, normally not exceeding 20 years

Buildings	20-40 years
Technical installations	15 years
Brewery equipment	15 years
Filling and bottling equipment	8-15 years
Technical installations in warehouses	8 years
On-trade and distribution equipment	5 years
Fixtures and fittings, other plant and equipment	5-8 years
Returnable packaging materials	3-10 years
Hardware	3-5 years
Land	Not depreciated

Impairment

Impairment losses of a non-recurring nature are recognised under special items.

Leases

At the commencement date, the Group recognises a lease liability and a corresponding right-of-use asset at the same amount, except for short-term leases of 12 months or less and leases of low-value assets.

A right-of-use asset is initially measured at cost, which consists of the initial lease liability and initial direct costs less any lease incentives received. The Group has applied the practical expedient option allowed under IFRS Accounting Standards by using a portfolio approach for the recognition of lease contracts related to assets of the same nature and with similar lease terms, i.e. cars and trucks.

Subsequently, the right-of-use asset is measured at cost less depreciation and impairment losses and adjusted for remeasurement of the lease liability. The right-of-use asset is depreciated over the earlier of the lease term and the useful life of the asset. The impairment testing of right-of-use assets follows the same principles as those applied for property, plant and equipment, cf. section 2.2.

Right-of-use assets are recognised as property, plant and equipment.

The Group has elected not to recognise right-of-use assets and liabilities for leases with a term of 12 months or less and leases of low-value assets. Lease payments related to such leases are recognised in the income statement as an expense on a straight-line basis over the lease term.

Government grants and other funding

Grants and funding received for the acquisition of assets and development projects are recognised in the statement of financial position by deducting the grant from the carrying amount of the asset. The grant is recognised in the income statement over the life of the asset as a reduced depreciation charge.

SECTION 3

SPECIAL ITEMS, PROVISIONS AND OTHER LIABILITIES

381m

SPECIAL ITEMS, INCOME (DKK)

Impacted by derecognition of loan from and payables to the discontinued operation in Russia.

-797m

SPECIAL ITEMS, EXPENSES (DKK)

Impacted by impairment losses and reversal on impairment losses, termination of the Kronenbourg 1664 licensee agreement in the UK and restructuring costs across the Group.

SECTION 3.1

SPECIAL ITEMS

SPECIAL ITEMS, INCOME

In 2023, a loan of DKK 297m and payables for brand rights of DKK 53m, totalling DKK 350m, were derecognised. Both the loan and the payables were owed to the discontinued operation in Russia prior to the issuance of the presidential decree on 16 July 2023.

In 2022, the Group recognised reversal of provisions made in purchase price allocations in prior years, mainly in Asia, of DKK 217m.

SPECIAL ITEMS, EXPENSES

These comprise impairment losses of DKK 305m on brands in Western Europe, DKK 123m in Central & Eastern Europe and DKK 97m in Asia, in total DKK 525m. Impairment losses of DKK 400m previously recognised on brands in Asia were reversed.

In Cambodia our business was negatively impacted by the challenging environment, resulting in the recognition of impairment losses of DKK 152m on non-current assets..

Impairment losses of DKK 76m were recognised on receivables from the discontinued operation in Russia that are no longer expected to be received.

Special items

DKK million	Section	2023	2022
Special items, income			
Derecognition of loan and payables to the discontinued operation in Russia	5.1	350	-
Revaluation gain on acquisition of Jing-A Group	5.3	20	-
Gain on disposal of entities		11	-
Reversal of provisions made in purchase price allocations in prior years		-	217
Income		**381**	**217**
Special items, expenses			
Impairment of brands	2.2.4	-525	-
Reversal of impairment losses	2.2.4	400	-
Impairment of non-current assets in Cambodia	2.2.5	-152	-
Impairment of property, plant and equipment		-33	-74
Impairment of receivables from the discontinued operation in Russia	5.1	-76	-
Reversal of provisions made in prior years	3.2	100	37
Cost of termination of a licensee agreement		-196	-
Restructuring projects and provisions		-141	-76
Costs related to acquisition and disposal of entities etc.		-117	-92
Impairment of assets and other war-related costs in Ukraine		-28	-79
Donations		-2	-27
Other expenses		-27	-
Expenses		**-797**	**-311**
Special items, net		**-416**	**-94**

Provisions of DKK 100m recognised in prior years for legal claims that did not materialise (2022: DKK 37m) were reversed.

The Group terminated the licensee agreement for Kronenbourg 1664 in the UK, resulting in a cost of DKK 196m.

SECTION 3.1 (CONTINUED)

SPECIAL ITEMS

The Group continued to carry out various restructuring projects as part of the ongoing focus on cost and efficiency initiatives, resulting in a cost of DKK 141m (2022: DKK 76m. Other impairment losses of DKK 33m on property, plant and equipment, partly related to flooding in China and the decision to close Ringwood Brewery in the UK. In 2022, the impairment losses included DKK 74m on property, plant and equipment in Asia.

In 2022, as a consequence of the war in Ukraine, impairment of trade receivables, inventories and plant and equipment was recognised at DKK 79m.

ACCOUNTING ESTIMATES AND JUDGEMENTS

The use of special items entails management judgement in the separation from ordinary items. Management carefully considers individual items and projects (including restructurings) in order to ensure the correct distinction and split between operating activities and significant income and expenses of a special nature.

Management initially assesses the entire restructuring project and recognises all present costs of the project.

The projects are assessed on an ongoing basis, with additional costs possibly being incurred during the lifetime of the project.

The estimate includes expenses related to termination of employees, onerous contracts, break fees and other obligations arising in connection with restructurings. Management reassesses the useful life and residual value of non-current assets used in an entity undergoing restructuring.

ACCOUNTING POLICIES

Special items include significant income and expenses of a special nature in relation to the Group's revenue-generating activities that cannot be attributed directly to the Group's ordinary operating activities.

Special items also include significant non-recurring items, including termination benefits related to retirement of members of the Executive Committee, impairment of goodwill and brands, significant provisions in relation to certain disputes and lawsuits, gains and losses on the disposal of activities and associates, revaluation of the shareholding in an entity held immediately before a step acquisition or cessation of consolidation of that entity, and transaction costs in a business combination.

Significant restructuring of processes and structural adjustments are included in special items. Special items are shown separately from the Group's ordinary operations to facilitate a better understanding of the Group's financial performance.

Impact of special items on operating profit

DKK million	2023	2022
If special items had been recognised in operating profit before special items, they would have been included in the following line items:		
Cost of sales	-501	-98
Sales and distribution expenses	-6	-5
Administrative expenses	58	-
Other operating activites, net	33	9
Special items, net	**-416**	**-94**

SECTION 3.2

PROVISIONS

Restructuring provisions relate to termination benefits to employees made redundant, primarily as a result of a restructuring project accounted for as special items.

The restructuring provision of DKK 85m in 2023 primarily relates to various projects mainly concerning centralised Group functions.

Provisions for onerous contracts primarily relate to contract brewing in Asia and are expected to be utilised by 2028.

Other provisions of DKK 2,024m include ongoing disputes and lawsuits of varying content and scope, provisions made in connection with purchase price allocations (PPA provisions) and employee obligations other than retirement benefits.

Timing of settlement of ongoing disputes, lawsuits and PPA provisions cannot be determined, whereas the remaining liabilities are expected to be settled in one to two years.

Total provisions were impacted by settlement of the fine of DKK 372m received in the competition case in Germany, cf. section 3.4, and reversal of other legal and contractual obligations that did not materialise, in total DKK 618m.

ACCOUNTING ESTIMATES AND JUDGEMENTS

In connection with restructurings, management assesses the timing of the costs to be incurred, which influences the classification as current or non-current liabilities.

Provision for onerous contracts is based on agreed terms with the other party and expected fulfilment of the contract, based on the current estimate of volumes, use of raw materials etc.

DKK million

2023	Restructurings	Onerous contracts	Other	Total
Provisions at 1 January 2023	84	486	2,495	3,065
Additional provisions recognised	104	75	483	662
Used during the year	-103	-20	-546	-669
Reversal of unused provisions	-	-156	-462	-618
Transfers	-	-	63	63
Discounting	-	5	17	22
Foreign exchange adjustments etc.	-	-24	-26	-50
Provisions at 31 December 2023	**85**	**366**	**2,024**	**2,475**
Classified as				
Non-current provisions	1	326	1,227	1,554
Current provisions	84	40	797	921
Total	**85**	**366**	**2,024**	**2,475**

SECTION 3.2 (CONTINUED)

PROVISIONS

Management assesses provisions, contingent assets and liabilities, and the likely outcome of pending or probable lawsuits etc. on an ongoing basis. The outcome depends on future events, which are by nature uncertain. In assessing the likely outcome of lawsuits and tax disputes etc., management relies on external legal advice and established precedents.

ACCOUNTING POLICIES

Provisions, including profit-sharing provisions, are recognised when, as a result of events arising before or at the reporting date, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of economic benefits to settle the obligation.

Provisions are discounted if the effect is material to the measurement of the liability. The risk-free interest rate is used as the discount rate.

Restructuring costs are recognised when a detailed, formal restructuring plan has been announced to those affected no later than at the reporting date. On acquisition of entities, restructuring provisions in the acquiree are only included in the opening balance when the acquiree has a restructuring liability at the acquisition date.

A provision for onerous contracts is recognised when the benefits expected to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

SECTION 3.3

OTHER LIABILITIES

DKK million	2023	2022
Classified as		
Non-current liabilities	314	305
Current liabilities	13,134	13,794
Total	**13,448**	**14,099**
Other liabilities by origin		
Staff costs payable	2,284	2,318
Excise duties and VAT payable	2,404	2,489
Other payables	2,946	3,251
Deferred income	369	464
Contingent consideration	5,445	5,577
Total	**13,448**	**14,099**

For a detailed description of contingent considerations, see section 5.4.

ACCOUNTING POLICIES

Other liabilities include excise duties (specific taxes imposed on sales of beer and soft drinks), VAT, withholding tax, accrued interest and payroll, e.g. salaries, overtime, vacation and bonus.

Other liabilities (current) are initially recognised at fair value and subsequently at amortised cost.

SECTION 3.4

CONTINGENT LIABILITIES

The Group operates in very competitive markets where consolidation is taking place within the industry and among our customers and suppliers, all of which influence our business in different ways.

In the ordinary course of business, the Group is party to certain lawsuits, disputes etc. of varying content and scope, some of which are referred to below. The resolution of these lawsuits, disputes etc. is associated with uncertainty, as they depend on relevant applicable proceedings, such as negotiations between the parties affected, government actions and court rulings.

In May 2023, Carlsberg Deutschland was ordered to pay a fine of EUR 50m (DKK 372m) for alleged infringement of the competition rules in 2007. It was decided not to appeal the decision and the fine was paid in July.

In October 2021, the French competition authority issued a Statement of Objection against a large number of FMCG companies, including three entities in the Group – Kronenbourg SAS, Carlsberg Breweries A/S and Carlsberg A/S – for alleged participation in an anticompetitive agreement not to advertise the non-use of bisphenol A (BPA). Carlsberg did not agree with the French competition authority and prepared its defence in the case during 2021, which was submitted in the first quarter of 2022. A decision was issued on 10 January 2024. None of the companies in the Group were fined by the French competition authority as the allegations were time-barred.

In October and November 2021, the Group's associate in Portugal, Super Bock Group, received decisions on the alleged anticompetitive practice in two ongoing cases. In the first case the Portuguese Court of Appeal confirmed the fine of EUR 24m issued by the competition authority, and in the second case the Portuguese competition authority imposed a fine of EUR 33m on Super Bock. Both decisions have been appealed to the Supreme Court by Super Bock. Subsequently, on account of Super Bock's alleged anticompetitive practices, a separate private enforcement claim of EUR 400m was filed by a consumer protection association against Super Bock for compensation of Portuguese consumers for alleged harm. There have been no significant developments in this case since.

In December 2023, Chongqing Jiawei Beer Co. Ltd., in which the Group holds a 33% shareholding, raised a claim for damages of RMB 631m against Chongqing Brewery Co. Ltd. for alleged breach of contract in relation to a contract brewing agreement between the parties. In June 2022, Chongqing Jiawei Beer Co. Ltd. had withdrawn previous claims based on substantially similar allegations. Based on the facts and evidence currently put forward, it is not considered likely that the claim will lead to a negative outcome for the Group.

SECTION 3.4 (CONTINUED)

CONTINGENT LIABILITIES

For some time, the Group has had serious disagreements with our partner CSAPL Holdings Pte Ltd (CSAPLH) in relation to Carlsberg South Asia Pte Ltd (CSAPL), of which Carlsberg owns two thirds and CSAPLH the remaining one third. CSAPL is the holding company for the businesses in India (100%) and Nepal (90%). Several issues have previously been referred to arbitration, including various allegations relating to governance and breach of the Shareholders' Agreement and governance matters, in all of which Carlsberg has been completely vindicated. As a result, the arbitration tribunal in May 2022 awarded Carlsberg the right to call CSAPLH's shares in CSAPL. Carlsberg immediately invoked the right to begin the call option valuation process, and CSAPLH subsequently exercised its right under the Shareholders' Agreement to begin the put option valuation process. In accordance with the Shareholders' Agreement, the put option price was determined as the simple average of two valuations assessed by two independent external valuers, which are internationally recognised accounting firms, one appointed by each shareholder. The put option valuation was released by the valuers in February 2023, stating a value for CSAPLH's shares in CSAPL of USD 744m. CSAPLH subsequently issued a formal put notice to sell its 33% shareholding in CSAPL to the Group at the put option valuation amount. The put option valuation was referred to arbitration by the Group, as the valuation is considered to have been conducted in breach of the Shareholders' Agreement. An arbitration award is expected to be issued in Q4 2024. In accordance with the Shareholders' Agreement, the call option awarded to Carlsberg by the arbitration panel must be settled at an amount determined by a valuer appointed by the International Chamber of Commerce. The valuer released the call valuation in July 2023. Carlsberg is satisfied with the valuation outcome and subsequently exercised its call option. The call option will come into effect if the put valuation is invalidated by the arbitration tribunal.

In addition to the disputes with our partner in CSAPL regarding India and Nepal, there is a dispute with the local 10% shareholder in Gorkha Brewery, a related party to the Group's 33% partner in CSAPL. The conclusion of the put or call option process and the increase to 100% ownership of CSAPL does not include the 10% held locally and would not settle the dispute with the local shareholder, and Gorkha Brewery therefore remains not consolidated until the dispute has been settled separately.

Management and the Group General Councel continuously assess these risks and their likely outcome. It is the opinion of management and the Group General Councel that, apart from items recognised in the statement of financial position, the outcome of these lawsuits, disputes etc. cannot be reliably estimated in terms of amount or timing or the risk of a negative outcome is considered to be remote. The Group does not expect the ongoing lawsuits and disputes to have a material impact on the Group's financial position, net profit or cash flow, in excess of items recognised in the statement of financial position.

GUARANTEES AND COMMITMENTS

The Group has issued guarantees for third-party obligations (non-consolidated entities) of DKK 201m (2022: DKK 205m). No guarantees have been issued for loans raised by associates. Certain guarantees etc. are issued in connection with disposal of entities and activities, and in connection with on-trade loans. Apart from items recognised in the statement of financial position or disclosed in the consolidated financial statements, these guarantees etc. will not have a material effect on the Group's financial position. Capital commitments, lease liabilities and service agreements are described in section 2.3.

SECTION 4

FINANCING COSTS, CAPITAL STRUCTURE AND EQUITY

22.5bn

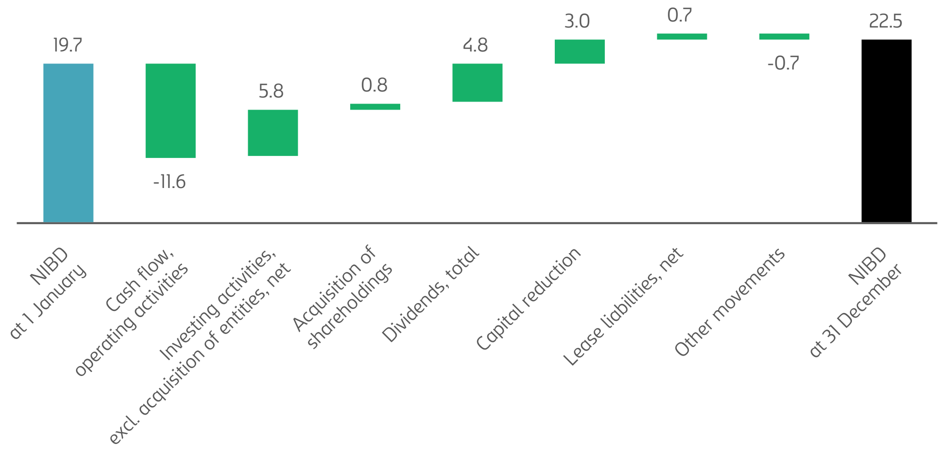
NET INTEREST-BEARING DEBT (DKK)

Gross financial debt amounted to DKK 39.3bn (2022: DKK 29.0bn). Net interest-bearing debt was DKK 22.5bn, an increase of DKK 2.8bn compared with year-end 2022.

The liquidity position remained solid due to the free cash flow of DKK 5.0bn (free operating cash flow of 7.5bn) and access to a EUR 2bn credit facility, which was unutilised at 31 December 2023.

The leverage ratio, measured as net interest-bearing debt to EBITDA, was 1.47x at year-end (2022: 1.27x), well below our target of below 2.0x.

CHANGES IN NET INTEREST-BEARING DEBT
(DKKbn)



16.5bn

EQUITY (DKK)

Equity amounted to DKK 16.5bn (2022: DKK 25.3bn), DKK 14.0bn of which was attributable to the shareholder in Carlsberg Breweries A/S and DKK 2.5bn to non-controlling interests.

The change in equity of DKK -8.8bn was mainly due to foreign exchange losses on translation of foreign entities for the period of DKK 3bn, the dividend payout of DKK 4.8bn and the capital reduction of DKK 3.0bn.

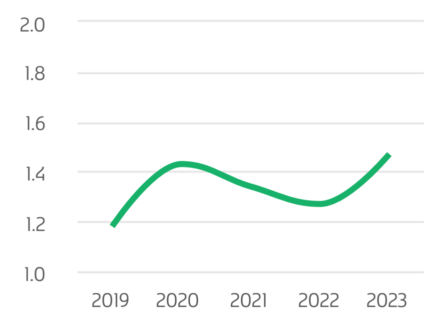
Profit for the period from continuing activities was DKK 7.9bn, partly offset by the loss from discontinued operations, excluding reclassification of the accumulated currency translation and hedge losses of DKK 6.3bn. The reclassification of the currency translation and hedge losses relating to Russia did not impact net equity.

-803m

NET FINANCIAL ITEMS (DKK)

Financial items, net, amounted to DKK -803m (2022: DKK -714m). Excluding currency losses and fair value adjustments, financial items, net, amounted to DKK -654m (2022: DKK -491m). The increase was mainly due to the increase in interest rates and average net debt.

LEVERAGE RATIO (NIBD/EBITDA)



2019-2020 including Russia. 2021-2023 excluding Russia.

SECTION 4.1

FINANCIAL INCOME AND EXPENSES

Interest income primarily relates to interest on cash and cash equivalents and deposits measured at amortised cost.

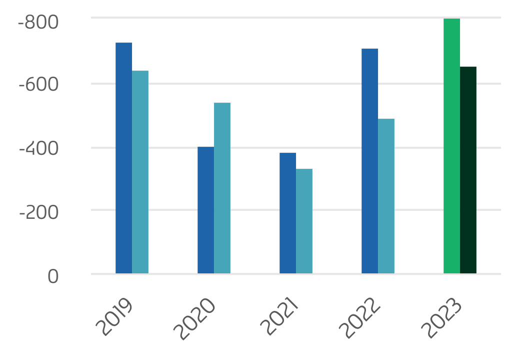
Foreign exchange losses, net, include fair value adjustments of hedges not designated as hedging instruments and foreign exchange losses. The fair value adjustment of hedges not designated as hedging instruments amounted to DKK 60m (2022: DKK -121m), cf. section 4.9.

Foreign exchange losses and fair value adjustments amounted to DKK 149m (2022: DKK 223m).

Of the net change in fair value of cash flow hedges transferred or reclassified to the income statement, DKK -280m (2022: DKK 69m) has been included in revenue and cost of sales, DKK -22m in special items (2022: DKK 0m), DKK 0m (2022: DKK -16m) in financial items, DKK -545m (2022: DKK 0m) in loss from discontinued operations, and DKK -18m (2022: DKK -2m) in intangible assets and property, plant and equipment.

Foreign exchange adjustments of foreign entities recognised in other comprehensive income amounts to DKK 37,781m, cf. section 4.4.3.

FINANCIAL ITEMS, NET (DKKm)



2019-2020 including Russia. 2021-2023 excluding Russia.

Financial items recognised in the income statement

DKK million	2023	2022
Financial income		
Interest income	418	231
Interest on plan assets, defined benefit plans	309	120
Other	5	7
Total	**732**	**358**
Financial expenses		
Interest expenses	-752	-519
Capitalised financial expenses	8	2
Foreign exchange losses, net	-149	-223
Interest expenses on obligations, defined benefit plans	-339	-158
Interest expenses, lease liabilities	-32	-23
Bank fees	-142	-78
Other	-129	-73
Total	**-1,535**	**-1,072**
Financial items, net, recognised in the income statement	**-803**	**-714**
Financial items excluding foreign exchange, net	-654	-491

Financial items recognised in other comprehensive income

DKK million	2023	2022
Foreign exchange adjustments of foreign entities		
Foreign currency translation of foreign entities	-3,143	-3,926
Reclassification of cumulative translation differences of deconsolidated entities	40,924	-
Total	**37,781**	**-3,926**
Fair value adjustments of hedging instruments		
Change in fair value of effective portion of cash flow hedges	-174	-313
Change in fair value of cash flow hedges transferred or reclassified to the income statement, intangible assets and property, plant and equipment	882	-51
Change in fair value of net investment hedges	212	-395
Total	**920**	**-759**
Financial items, net, recognised in other comprehensive income	**38,701**	**-4,685**

SECTION 4.2

FINANCIAL ASSETS AND LIABILITIES

DKK million	2023	2022
Financial assets at fair value		
Derivatives not designated as hedging instruments	101	90
Derivatives designated as hedging instruments	200	262
Financial assets at amortised cost		
Trade receivables	4,935	4,829
Trade loans	893	886
Other receivables	2,773	2,806
Deposits and securities	2,236	-
Cash and cash equivalent	13,382	8,163
Total financial assets	**24,520**	**17,036**
Financial liabilities at fair value		
Derivatives not designated as hedging instruments	53	105
Derivatives designated as hedging instruments	269	282
Contingent considerations	5,445	5,577
Borrowings and other financial liabilities at amortised cost		
Non-current and current borrowings	39,266	29,037
Trade payables	22,172	21,906
Deposit liabilities	1,717	1,627
Other payables	7,299	7,660
Total financial liabilities	**76,221**	**66,194**

SECTION 4.3

NET INTEREST-BEARING DEBT

Of the gross financial debt at year-end, 78% (2022: 79%) was non-current, i.e. with maturity of more than one year.

Gross financial debt amounted to DKK 39.3bn. (2022: DKK 29.0bn). Non-current borrowings totalled DKK 30.8bn (2022: DKK 22.9bn) and current borrowings totalled DKK 8.5bn (2022: DKK 6.2bn). A EUR 500m EMTN bond matured in September 2023, and during the year a total of EUR 2.05bn of EMTN bonds was issued with maturities in 2026, 2028 and 2033, cf. section 4.5. The Group continuously assesses the maturity and repayment profile of its debt, and the high level of refinancing in 2023 should be seen in the light of the EUR 1bn EMTN bond maturing in May 2024.

The difference of DKK 16.8bn between gross financial debt and net interest-bearing debt mainly comprised cash and cash equivalents, deposits and securities and on-trade loans.

Net interest-bearing debt

DKK million	2023	2022
Non-current borrowings	30,763	22,865
Current borrowings	8,503	6,172
Gross financial debt	**39,266**	**29,037**
Deposits and securities	-2,236	-
Cash and cash equivalents	-13,382	-8,163
Net financial debt	**23,648**	**20,874**
Loans to associates, interest-bearing portion	-276	-275
On-trade loans, net	-460	-492
Other receivables, net	-421	-411
Net interest-bearing debt	**22,491**	**19,696**

SECTION 4.4

CAPITAL STRUCTURE

4.4.1 CAPITAL STRUCTURE

Management regularly assesses whether the Group's capital structure is in the interests of the Group and its shareholder.

The overall objective is to ensure a continued development and strengthening of the Group's capital structure that supports long-term profitable growth and a solid increase in key earnings and ratios. This includes assessment of and decisions on the split of financing between share capital and borrowings, which is a long-term strategic decision to be made in connection with significant investments and other transactions.

Share capital is optimised by managing the listed shares of Carlsberg A/S, including payment of dividends and share buybacks.

Borrowings are managed in Carlsberg Breweries A/S, where the majority of the Group's debt is denominated in listed bonds.

In November 2023, the share capital was reduced from DKK 498m to DKK 497m through a cash distribution of nominally DKK 1m at a (per 100) price of DKK 300,000, corresponding to a total cash distribution to Carlsberg A/S of DKK 3.0bn. This cash distribution reflects the share buy-backs that were carried out by Carlsberg A/S over a 12-month period from 7 February 2023.

The Group targets a leverage ratio below 2.0x. At the end of 2023, the leverage ratio was 1.47x (2022: 1.27x).

The Group is rated by Moody's Investors Service and Fitch Ratings. Management assesses the risk of changes in the Group's investment-grade rating as an element in strategic decisions on capital structure. Identification and monitoring of risks that could change the rating were carried out on an ongoing basis throughout the year.

Share capital

	Total share capital	
	Shares of DKK 1,000	Nominal value, DKK '000
1 January 2022	499,000	499,000
Capital reduction	-1,000	-1,000
31 December 2022	**498,000**	**498,000**
Capital reduction	-1,000	-1,000
31 December 2023	**497,000**	**497,000**

The share capital amounts to DKK 497m divided into shares in denominations of DKK 1,000 and multiples thereof. None of the shares confer any special rights. The share capital is fully owned by Carlsberg A/S, Copenhagen, Denmark.

SECTION 4.4 (CONTINUED)

CAPITAL STRUCTURE

4.4.2 EQUITY

DIVIDENDS

The Group proposes a dividend of DKK 7,240 per share (2022: DKK 7,420 per share), amounting to DKK 3,598m (2022: DKK 3,695m). The proposed dividend has been included in retained earnings at 31 December 2023. Dividends paid out to the shareholder in Carlsberg Breweries A/S do not impact taxable income in Carlsberg Breweries A/S.

At 31 December 2023, dividends to non-controlling interests of DKK 43m were payable.

Transactions with the shareholder in Carlsberg Breweries A/S

DKK million	2023	2022
Dividend paid to the shareholder	-3,695	-3,486
Capital reduction	-3,000	-4,500
Total	**-6,695**	**-7,986**

Dividends paid to non-controlling interests amounted to DKK 1,106m (2022: DKK 1,042m).

ACCOUNTING POLICIES

Proposed dividends

The proposed dividend is recognised as a liability at the date when it is adopted at the Annual General Meeting (declaration date).

4.4.3 OTHER COMPREHENSIVE INCOME

Other comprehensive income has mainly been impacted by the reclassification adjustments to the income statement of accumulated currency translation losses of DKK 40.9bn and hedge losses of DKK 0.5bn following the deconsolidation of the Russian operation in July 2023. This was partly offset by negative foreign exchange adjustments of DKK 3.1bn from translation of Group entities with a functional currency other than DKK.

4.4.4 FINANCIAL RISK MANAGEMENT

The Group's activities mean it is exposed to a variety of financial risks, including market risk (foreign exchange risk, interest rate risk and commodity risk), credit risk and liquidity risk. These risks are described in the following sections:

- Foreign exchange risk: sections 1.3 and 4.7
- Interest rate risk: section 4.6
- Commodity risk: section 1.2.1
- Credit risk: sections 1.5.1 and 4.5.2
- Funding and liquidity risk: section 4.8
- Fair value and fair value adjustments of derivatives used for hedging: sections 4.7.2 and 4.9.

The Group's financial risks are managed by Group Treasury in accordance with the Financial Risk Management Policy approved by the Supervisory Board as an integrated part of the overall risk management process. The risk management governance structure is described in the Management review (pages 29-31).

To reduce exposure to these risks, the Group enters into a variety of financial instruments and generally seeks to apply hedge accounting to reduce volatility in the income statement.

Debt instruments and deposits in foreign currency reduce the overall risk but will generally not achieve the objective of reducing volatility in specific items in the income statement, unless they are designated as cash flow hedges.

Other comprehensive income as recognised in the statement of changes in equity

DKK million

2023	Currency translation	Hedging reserves	Retained earnings	Total	Non-controlling interests	Other comprehensive income
Foreign exchange adjustments of foreign entities	38,025	-	14	38,039	-258	37,781
Value adjustments of hedging instruments	212	698	-	910	10	920
Retirement benefit obligations	-	-	-62	-62	-9	-71
Income tax	13	-56	-29	-72	-1	-73
Total	**38,250**	**642**	**-77**	**38,815**	**-258**	**38,557**
2022						
Foreign exchange adjustments of foreign entities	-3,384	-	4	-3,380	-546	-3,926
Value adjustments of hedging instruments	-395	-344	-	-739	-20	-759
Retirement benefit obligations	-	-	597	597	-3	594
Income tax	88	15	-79	24	1	25
Total	**-3,691**	**-329**	**522**	**-3,498**	**-568**	**-4,066**

SECTION 4.5

BORROWINGS AND CASH

4.5.1 BORROWINGS

Non-current borrowings increased by DKK 7.9bn, as a EUR 1.0bn EMTN bond that matures in May 2024 was reclassified to short-term and EUR 2.05bn of non-current EMTN bonds were issued. Current borrowings were impacted by the repayment of a EUR 500m EMTN bond in September, the aforementioned reclassification of the EUR 1bn bond and no issuance under the commercial paper programme at year-end 2023.

Gross financial debt

DKK million	2023	2022
Non-current		
Issued bonds	29,270	21,470
Bank borrowings	136	70
Lease liabilities	1,335	1,203
Other borrowings	22	122
Total	**30,763**	**22,865**
Current		
Issued bonds	7,448	3,714
Bank borrowings	323	271
Lease liabilities	466	390
Commercial paper and other borrowing	266	1,797
Total	**8,503**	**6,172**
Total borrowings	**39,266**	**29,037**
Fair value	38,614	27,085

An overview of issued bonds is provided in section 4.6.

Changes in gross financial debt

DKK million	2023	2022
Gross financial debt at 1 January	29,037	28,931
Proceeds from issue of bonds	15,272	3,708
Instalments on and proceeds from borrowings, non-current	-3,725	-5,583
Instalments on lease liabilities	-466	-423
Commercial paper and other borrowings	-1,990	1,860
External financing	**9,091**	**-438**
Gross financial debt reclassified to liabilities in discontinued operations[1]	-	-29
Increase in lease liabilities[1]	674	629
Intercompany loans	54	-308
Debt acquired	412	-
Other, including foreign exchange adjustments and amortisation[1]	-2	252
Gross financial debt at 31 December	**39,266**	**29,037**

[1] Non-cash item.

ACCOUNTING POLICIES

Borrowings

Borrowings are initially recognised at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method. Accordingly, the difference between the fair value less transaction costs and the nominal value is recognised under financial expenses over the term of the loan.

Lease liability

The lease liability is measured at the present value of the remaining lease payments at the reporting date, discounted using the incremental borrowing rate for similar assets, taking into account the terms of the leases. A remeasurement of the lease liability, for example a change in the assessment of an option to purchase, results in a corresponding adjustment of the related right-of-use assets, cf. section 2.3.

Extension or termination options are included in the lease term if the lease is reasonably certain to be extended or not terminated. Consequently, all cash outflows that are reasonably certain to impact the future cash balances are recognised as lease liabilities at initial recognition of lease contracts. The Group reassesses the circumstances leading to it not recognising extension or termination options on an ongoing basis.

4.5.2 CASH AND DEPOSITS

Cash and cash equivalents include short-term marketable securities with an original term of less than three months that are subject to an insignificant risk of changes in fair value and form part of the short-term cash planning. Short-term bank deposits amounted to DKK 6,896m at 31 December 2023 (2022: DKK 1,530m). Carlsberg has placed surplus liquidity of DKK 2,236m from the issuance of bonds in bank deposits that do not meet the definition of cash and cash equivalents. These are classified as deposits and are co-managed with cash and cash equivalents. The average interest rate on deposits was 4.5% (2022: 6.2%). Total cash including deposits amounted to DKK 15,618m in 2023 (2022: DKK 8,163m).

Cash and deposits

DKK million	2023		2022	
	Cash and deposits	Derivative financial instruments	Cash and deposits	Derivative financial instruments
AA range	5,743	3	1,571	33
A range	8,476	245	5,580	177
BBB range	756	4	546	6
Not rated or below BBB range	643	48	466	83
Total	**15,618**	**300**	**8,163**	**299**

ASSESSMENT OF CREDIT RISK

The Group is exposed to credit risk on cash and cash equivalents (including deposits), and derivative financial instruments with a positive fair value depending on the creditworthiness of the counterparty.

The Group has established a credit policy under which financial transactions may be entered into only with financial institutions with a solid credit rating, defined as BBB. Carlsberg only enters into FX and aluminium derivatives with relationship banks, and the associated credit risk is mitigated to some extent by entering into ISDA agreements, partly because it is the same group of banks extending loans to the Group.

Carlsberg operates with individual limits on banks, based on rating and other factors. For some of the markets in which the Group operates and holds cash, the financial institutions do not have a BBB rating, in which case an exemption is approved by Group Treasury.

EXPOSURE TO CREDIT RISK

The carrying amount of DKK 15,618m (2022: DKK 8,163m) represents the maximum credit exposure related to cash and cash equivalents and deposits.The credit risk on receivables is described in section 1.5.1.

SECTION 4.6

INTEREST RATE RISK

Interest rate risk is monitored on net financial debt, i.e. borrowings, cash and cash equivalents, deposits and securities and derivative financial instruments. The target is to have a duration between three and eight years. At 31 December 2023, the duration was 5.7 years (2022: 4.1 years). Interest rate risk is mainly managed using fixed-rate bonds, which are all denominated in EUR. At the reporting date, 125% of the net financial debt consisted of fixed-rate borrowings with interest rates fixed for more than one year (2022: 104%). The increase is due to the increase in both issued bonds and cash and cash equivalents.

On a gross debt basis, 75% was at fixed interest rates (2022: 75%). Significant parts of the Group's cash and cash equivalents are held in currencies other than EUR, whereas EUR accounts for the predominant part of the fixed-rate borrowings. As a result, 123% of the Group's net debt is in EUR, which is why the interest rate exposure primarily relates to interest rate developments for EUR.

SENSITIVITY ANALYSIS

Total cash and cash equivalents including deposits exceeds borrowings with a floating interest rate, hence an increase in interest rates would result in a decrease in net interest expenses. It is estimated that a 1 percentage point interest rate increase across currencies would lead to a decrease in net interest expenses of DKK 61m (2022: DKK 12m).

All debts are carried at amortised cost and changes in the interest rate will not impact the carrying amount of debt but will impact the fair value of debt, cf. section 4.5.1. The fair value of total gross borrowings was DKK 652m lower than the carrying amount (2022: DKK 1,952m lower).

If all interest rates across tenor and currencies had been 1 percentage point higher at the reporting date, it would have led to a gain of DKK 1,326m (2022: DKK 842m), and a similar loss had the interest rate been 1 percentage point lower.

The sensitivity analysis is based on the financial instruments (borrowing, cash and cash equivalents, deposits and securities and derivative financial instruments) recognised at the reporting date.

The analysis was performed on the same basis as for 2022.

Net financial debt by currency

DKK million

2023	Gross financial debt	Net financial debt	Fixed	Gross financial debt, fixed %	Net financial debt, fixed %[1]
EUR	37,355	29,166	29,291	78%	100%
CNY	146	-2,801	-	-	-
USD	214	-273	-	-	-
Other	1,551	-2,444	261	17%	-11%
Total	**39,266**	**23,648**	**29,552**	**75%**	**125%**
2022					
EUR	27,040	26,083	21,530	80%	83%
CNY	94	-3,560	-	-	-
USD	345	-35	104	30%	-297%
Other	1,558	-1,614	37	2%	-2%
Total	**29,037**	**20,874**	**21,671**	**75%**	**104%**

[1] The percentage of net debt at fixed interests rates is above 100% in some currencies, as the total cash exceeds the current debt. In some currencies the percentage of net debt at fixed interests is negative, as the total cash exceeds the total debt.

Interest rate risk

DKK million

2023	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
Issued bonds					
EUR 1,000m maturing 28 May 2024	Fixed	2.6%	< 1 year	7,448	Fair value
EUR 500m maturing 13 October 2025	Fixed	3.4%	1-2 years	3,718	Fair value
EUR 750m maturing 26 November 2026	Fixed	3.6%	2-3 years	5,578	Fair value
EUR 500m maturing 30 June 2027	Fixed	0.5%	3-4 years	3,711	Fair value
EUR 700m maturing 5 October 2028	Fixed	4.2%	4-5 years	5,179	Fair value
EUR 400m maturing 1 July 2029	Fixed	1.0%	> 5 years	2,959	Fair value
EUR 500m maturing 11 March 2030	Fixed	0.7%	> 5 years	3,708	Fair value
EUR 600m maturing 5 October 2033	Fixed	4.4%	> 5 years	4,417	Fair value
Total		**2.7%**		**36,718**	
Total 2022		**1.7%**		**25,184**	
Bank borrowings and other borrowings					
Floating-rate	Floating	4.0%	< 1 year	2,267	Cash flow
Fixed-rate	Fixed	4.5%	> 1 year	281	Fair value
Total				**2,548**	
Total 2022				**3,853**	

SECTION 4.7

FOREIGN EXCHANGE RISK RELATED TO NET INVESTMENTS AND FINANCING ACTIVITIES

4.7.1 CURRENCY PROFILE OF BORROWINGS

The Group is exposed to foreign exchange risk on borrowings denominated in a currency other than the functional currency of the local entities reporting the debt, as well as the risk that arises when net cash inflow is generated in one currency and borrowings are denominated and have to be repaid in another currency.

4.7.2 HEDGING OF NET INVESTMENTS IN FOREIGN SUBSIDIARIES

The Group holds a number of investments in foreign subsidiaries where the translation of net assets to DKK is exposed to foreign exchange risks. The revaluation of the net investment is recognised in other comprehensive income. The Group hedges part of this foreign exchange exposure by selling foreign currencies via FX forwards and non-deliverable forwards (NDF), and designates these as net investment hedges. This mainly applies to net investments in CHF, CNY, MYR and NOK. The basis for hedging is reviewed at least once a year, and the two parameters, risk reduction and cost, are balanced. At the 2023 review it was decided to increase the hedging of CNY and to temporarily decrease the hedging of NOK.

In economic terms, having debt in foreign currency or creating synthetic debt via forward exchange contracts constitutes hedging of the DKK value of future cash flows arising from operating activities or specific transactions. Where the notional amounts of forward exchange contracts do not exceed the net investment, the fair value adjustments are recognised in other comprehensive income.

Two of the most significant net risks relate to foreign exchange adjustment of net investments in CNY and CHF, both of which are partly hedged.

All the forward exchange contracts mature during 2024. At 31 December 2023, all adjustments of financial instruments have been recognised in other comprehensive income. Fair value adjustments of loans designated as strategic intra-group loans have also been recognised in other comprehensive income.

The fair value of derivatives used as net investment hedges recognised at 31 December 2023 amounted to DKK -13m (2022: DKK 38m).

The closing balance in the equity reserve for currency translation of hedges of net investments for which hedge accounting no longer applies amounted to DKK -1,962m (2022: DKK -2,282m) on a pre-tax basis.

Positive fair values of derivatives are recognised as other receivables and negative values as other liabilities. During 2023 losses of DKK 24m regarding hedges of the net investment in RUB were reclassified from equity to the income statement and included in the loss from discontinued operations.

Currency profile of borrowings

Before and after derivative financial instruments

DKK million 2023	Original principal	Effect of swap	After swap
CHF	285	1,219	1,504
NOK	163	383	546
EUR	37,355	-9,014	28,341
USD	214	2,827	3,041
CNY	146	4,170	4,316
Other	1,103	415	1,518
Total	**39,266**	**-**	**39,266**
Total 2022	**29,037**	**-**	**29,037**

Net investment hedges

	Hedging of investment, amount in local currency		Intra-group loans, amount in local currency		Other comprehensive income (DKK)		Average hedged rate		2023 Fair value of derivatives		2022 Fair value of derivatives	
DKK million	2023	2022	2023	2022	2023	2022	2023	2022	Asset	Liability	Asset	Liability
CNY	-4,707	-3,907	-	-	253	-12	0.9713	1.0355	71	-5	83	-
MYR	-128	-128	-	-	16	-21	1.5616	1.5560	12	-	-	-3
HKD	-	-	-3,609	-2,128	84	-49	-	-	-	-	-	-
CHF	-294	-310	-	-	-100	-109	7.8708	7.4334	-	-79	-	-58
NOK	-450	-1,300	3,000	3,000	-53	-94	0.6300	0.7179	-	-12	16	-
SEK	-	-	2,245	2,217	7	-136	-	-	-	-	-	-
GBP	-	-	44	-19	-11	6	-	-	-	-	-	-
SGD	-	-	72	37	-2	20	-	-	-	-	-	-
CAD	-	-	104	-	-6	-	-	-	-	-	-	-
Reclassified to the income statement	-	-	-	-	24	-	-	-	-	-	-	-
Total					**212**	**-395**			**83**	**-96**	**99**	**-61**

SECTION 4.7 (CONTINUED)

FOREIGN EXCHANGE RISK RELATED TO NET INVESTMENTS AND FINANCING ACTIVITIES

4.7.3 EXCHANGE RATE RISK ON CASH AND BORROWINGS

The main principle for funding subsidiaries is that cash and borrowings should be denominated in local currency or hedged to local currency to avoid foreign exchange risk. However, in some Group entities, cash and borrowings are denominated in a currency other than the functional currency of the local entity without the foreign exchange risk being hedged. This applies primarily to a few entities in Central & Eastern Europe that hold cash and loans in EUR and USD and in this way obtain either hedge accounting or proxy hedging of the foreign exchange risk associated with the purchase of goods in foreign currency in these markets.

4.7.4 IMPACT ON FINANCIAL STATEMENTS AND SENSITIVITY ANALYSIS

IMPACT ON INCOME STATEMENT

For the impact of currency on operating profit and financial items, please refer to sections 1.3 and 4.1 respectively.

IMPACT ON STATEMENT OF FINANCIAL POSITION

Fluctuations in foreign exchange rates will affect the level of debt, as funding is obtained and cash held in a number of currencies. In 2023, net interest-bearing debt increased by DKK 614m (2022: DKK 431m) because of changes in foreign exchange rates.

SENSITIVITY ANALYSIS

An adverse development in the exchange rates would, all other things being equal, have had the hypothetical impact on other comprehensive income (OCI) for 2023 as illustrated in the table. The calculation is based on hedges existing as at 31 December 2023.

Other comprehensive income

Other comprehensive income is affected by changes in the fair value of currency derivatives designated as cash flow hedges of future purchases.

APPLIED EXCHANGE RATES

The average exchange rate was calculated using the monthly exchange rates weighted according to the phasing of the revenue per currency throughout the year.

Exchange rate sensitivity - other comprehensive income

2023					2022	
DKK million	Average hedged rate	Notional amount	Change	Effect on OCI	Average hedged rate	Effect on OCI
NOK/DKK	0.6412	-722	5%	-36	0.7208	-49
SEK/DKK	0.6453	-807	5%	-40	0.6869	-42
PLN/DKK	1.5994	-710	5%	-36	1.4694	-35
CHF/DKK	7.8496	-628	5%	-31	7.5080	-26
USD/DKK	6.7677	-162	10%	-16	7.5926	38
RUB/DKK	-	-	-	-	0.1071	-116
UAH/DKK	0.1875	-273	20%	-55	0.2212	-62
Other	N/A	-	5-30%	-28	N/A	-53
Total				**-242**		**-345**

Applied exchange rates

	Closing rate		Average rate	
DKK	2023	2022	2023	2022
Swiss franc (CHF)	8.0485	7.5520	7.6744	7.4190
Chinese yuan (CNY)	0.9493	1.0106	0.9752	1.0569
Euro (EUR)	7.4529	7.4365	7.4510	7.4397
Pound sterling (GBP)	8.5759	8.3845	8.5829	8.7235
Indian rupee (INR)	0.0812	0.0840	0.0834	0.0903
Laotian kip (LAK)	0.0003	0.0004	0.0004	0.0005
Norwegian krone (NOK)	0.6630	0.7073	0.6510	0.7374
Polish zloty (PLN)	1.7175	1.5887	1.6467	1.5859
Ukrainian hryvnia (UAH)	0.1766	0.1909	0.1882	0.2223
Swedish krona (SEK)	0.6717	0.6686	0.6491	0.7002

SECTION 4.8

FUNDING AND LIQUIDITY RISK

Liquidity risk results from the Group's potential inability to meet the obligations associated with its financial liabilities, for example settlement of financial debt and payment of suppliers.

The Group's overall objective is to ensure continuous access, at the right price, to the financial resources needed for operations and growth.

The aim is to ensure effective liquidity management, which involves obtaining sufficient committed credit facilities to ensure adequate financial resources and, to some extent, tapping a range of funding sources.

DIVERSIFIED FUNDING SOURCES

The Group is diversifying its access to funding to avoid relying on one single source of funding.

The Group has access to a committed EUR 2bn revolving credit facility (RCF) maturing in 2026, which is currently not being utilised. In addition, the Group has committed cash pool bank overdraft facilities to cover the day-to-day liquidity needs and uncommitted access to the Euro Commercial Paper (ECP) market, which provides short-term funding.

At 31 December 2023, bonds accounted for 94% of the gross funding.

Committed credit facilities and credit resources available

DKK million

2023	Total committed loans and credit facilities	Utilised portion of credit facilities	Unutilised credit facilities	2022 Unutilised credit facilities
Current				
< 1 year	9,652	8,503	1,149	1,149
Total current committed loans and credit facilities	**9,652**	**8,503**	**1,149**	**1,149**
Non-current				
1-2 years	4,210	4,210	-	-
2-3 years	20,664	5,752	14,912	-
3-4 years	3,838	3,838	-	14,877
4-5 years	5,261	5,261	-	-
> 5 years	11,702	11,702	-	-
Total non-current committed loans and credit facilities	**45,675**	**30,763**	**14,912**	**14,877**
Cash and cash equivalents and deposits			15,618	8,163
Current portion of utilised credit facilities	-	-	-8,503	-6,172
Credit resources available (total non-current committed loans and credit facilities less net debt)			**22,027**	**16,868**

SECTION 4.8 (CONTINUED)

FUNDING AND LIQUIDITY RISK

CREDIT RESOURCES AVAILABLE

The Group uses the term “credit resources available” to determine the adequacy of access to credit facilities.

Credit resources available include cash, deposits and unutilised credit facilities with more than 12 months to maturity less utilised credit facilities with less than 12 months to maturity and uncommitted working capital facilities.

Net financial debt is used internally to monitor the Group’s credit resources available. Net financial debt is the Group’s net interest-bearing debt, excluding interest-bearing assets other than cash and deposits, as these assets are not actively managed in relation to liquidity risk. Net financial debt is shown in section 4.3.

At 31 December 2023, the Group had total credit resources available of DKK 22,027m, consisting of cash and cash equivalents and deposits of DKK 15,618m plus committed unutilised non-current credit facilities of DKK 14,912m less utilisation of current facilities of DKK 8,503m. Including current credit facilities of DKK 1,149m, total committed unutilised credit facilities amounted to DKK 16,061m.

Credit resources available at year-end 2023 were DKK 5bn higher than at year-end 2022, as a result of the ongoing funding activities.

The credit resources available and access to unused committed credit facilities are considered reasonable in light of the Group’s current needs in terms of financial flexibility.

The Group uses cash pools for day-to-day liquidity management in most of its entities in Western Europe, as well as intra-group loans to and from subsidiaries. Central & Eastern Europe and Asia are less integrated in terms of cash pools, and liquidity is managed via intra-group loans. For some markets in Asia, intra-group loans are not possible, and surplus liquidity will be paid out in the form of dividends, which results in a time lag between when the cash flow is generated and when it becomes available for repayment of Group debts. The most significant cash balances related to this delay are in China. Cash balances held in Ukraine of DKK 922m are temporarily unavailable for Group purposes due to the ongoing war.

Time to maturity for non-current borrowings

DKK million

2023	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	3,718	5,578	3,711	5,179	11,084	29,270
Bank borrowings	67	40	24	5	-	136
Lease liabilities	423	134	102	75	601	1,335
Other non-current borrowings	2	-	1	2	17	22
Total	**4,210**	**5,752**	**3,838**	**5,261**	**11,702**	**30,763**
Total 2022	**7,904**	**3,823**	**105**	**3,775**	**7,258**	**22,865**

MATURITY OF FINANCIAL LIABILITIES

The table lists the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, and thus summarises the gross liquidity risk.

The risk implied by the values reflects the one-sided scenario of cash outflows only. Trade payables and other financial liabilities originate from the financing of assets in ongoing operations, such as property, plant and equipment, and investments in working capital, for example inventories and trade receivables.

The nominal amount/contractual cash flow of gross financial debt totalled DKK 39,443m in 2023 (2022: DKK 29,148m), whereas the total carrying amount was DKK 39,266m (2022: DKK 29,037m). The difference between these amounts arises at initial recognition and is treated as a cost that is capitalised and amortised over the duration of the borrowings.

The interest expense is the contractual cash flows expected on the gross financial debt existing at 31 December 2023.

The cash flow is estimated based on the notional amount of the above-mentioned borrowings and expected interest rates at year-end 2023 and 2022. Interest on debt recognised at year-end 2023 and 2022 for which no contractual obligation exists (current borrowing and other debts) has been included for a two-year period. The synthetic interest on lease liabilities has also been included for a two-year period. The interest applied to the part of the debt where no contractual obligation exists is 4.0% for 2024 and 2.5% for 2025 (2022: 2.8%). The increase is due to the increase in interest rates seen for most currencies during 2023.

Maturity of financial liabilities

DKK million

2023	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Derivative financial instruments					
Derivative financial instruments, payables	295	295	-	-	322
Non-derivative financial instruments					
Gross financial debt	39,443	8,511	19,135	11,797	39,266
Interest expenses	4,204	960	2,285	959	N/A
Trade payables and other liabilities	23,889	23,889	-	-	23,889
Contingent liabilities	201	201	-	-	N/A
Contingent considerations	5,445	5,141	304	-	5,445
Non-derivative financial instruments	**73,182**	**38,702**	**21,724**	**12,756**	**-**
Financial liabilities	**73,477**	**38,997**	**21,724**	**12,756**	**-**
Total 2022	**60,286**	**36,473**	**16,417**	**7,396**	**-**

SECTION 4.9

DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivative financial instruments to hedge foreign exchange and commodity risks, cf. sections 1.2 and 1.3, and seeks to apply hedge accounting when this is possible. Hedging of future, highly probable forecast transactions is designated as cash flow hedges.

Total net gain on active cash flow hedges recognised in OCI was DKK 123m with gains on aluminium and losses on exchange rate instruments and energy. The energy hedge is a power purchase agreement which secures fixed price electricity for 10 years commencing 2024.

Positive fair values of derivatives are recognised as other receivables and negative values as other liabilities.

The impact on other comprehensive income and the fair value of derivatives classified as cash flow hedges is presented in the cash flow hedge table.

Following the deconsolidation of the Russian operation, the value of hedges relating to the original acquisition of the Russian operation and the value of aluminium and FX hedges in the Russian operation have been reclassified from equity to the income statement and included in the loss from discontinued operations at the time of deconsolidation. The total amount of the reclassification was DKK 545m. Additional losses of DKK 40m regarding hedges of financial investment were reclassified from the cash flow hedge reserve: DKK 22m to the income statement and DKK 18m to intangible assets. At 31 December 2023, hedging reserves -215m in relation to cash flow hedges for which hedge accounting is no longer applied.

Fair value adjustments of derivative financial instruments that are not designated as either net investment hedges or cash flow hedges are recognised in financial income and expenses.

The fair value adjustment of derivatives which have become ineffective is recognised in the income statement. In 2023 the ineffective portion amounted to DKK -9m and relates to exchange rate instruments and aluminium.

ACCOUNTING ESTIMATES AND JUDGEMENTS

When entering into financial instruments, management assesses whether the instrument is an effective hedge of expected future cash flows or financial investments. The effectiveness of recognised hedging instruments is assessed at least twice a year.

Fair values of derivative financial instruments are calculated on the basis of level 2 input consisting of current market data and generally accepted valuation methods. Internally calculated values are used, and these are compared with external market quotes on a quarterly basis. For currency, aluminium and electricity derivatives, the calculation is as follows:

a) The forward market rate is compared to the agreed rate on the derivatives, and the difference in cash flow at the future point in time is calculated.
b) The amount is discounted to present value. Where relevant the discounting rate includes a credit risk adjustment.

When entering into a contract, management assesses whether the contract contains embedded derivatives and whether they meet the criteria for separate classification and recognition. The Group currently does not have any embedded derivatives that meet the criteria for separate classification and recognition.

Cash flow hedges

DKK million

					Expected recognition	
2023	Other comprehen-sive income	Fair value receivables	Fair value payables	Fair value, net	2024	2025 and later
Exchange rate instruments	-73	7	-116	-109	-109	-
Aluminium	231	62	-57	5	-10	15
Energy	-35	48	-	48	2	46
Reclassification from OCI	585	-	-	-	-	-
Total	**708**	**117**	**-173**	**-56**	**-117**	**61**

2022	Other comprehen-sive income	Fair value receivables	Fair value payables	Fair value, net	2023	2024 and later
Exchange rate instruments	-8	62	-19	43	43	-
Aluminium	-439	18	-202	-184	-183	-1
Energy	83	83	-	83	-	83
Total	**-364**	**163**	**-221**	**-58**	**-140**	**82**

Financial derivatives not designated as hedging instruments (economic hedges)

DKK million

2023	Income statement	Fair value receivables	Fair value payables	Fair value, net
Exchange rate instruments	69	101	-53	48
Ineffectiveness	-9	-	-	-
Total	**60**	**101**	**-53**	**48**
2022				
Exchange rate instruments	-105	90	-105	-15
Ineffectiveness	-16	-	-	-
Total	**-121**	**90**	**-105**	**-15**

SECTION 4.9 (CONTINUED)

DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICIES

Derivative financial instruments are initially recognised at fair value on the trade date and subsequently remeasured at fair value at the reporting date.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as one of:

- Cash flow hedges of particular risks associated with the cash flow from forecast transactions
- Net investment hedges of currency fluctuations in subsidiaries or associates.

The fair values of derivative financial instruments are presented in other receivables or payables, and positive and negative values are offset only when the Group has the right and the intention to settle several financial instruments net.

Changes in the fair value of derivative financial instruments not designated in a hedge relationship are recognised in financial income or expenses in the income statement.

Changes in the effective portion of the fair value of derivative financial instruments that are designated and qualify as a **cash flow hedge** are recognised in the hedging reserve within equity. When the hedged transaction materialises, amounts previously recognised in other comprehensive income are transferred to the same item as the hedged item.

Derivatives designated as and qualifying for recognition as a cash flow hedge of financial investments are recognised in other comprehensive income. On complete or partial disposal of the financial investment, the portion of the hedging instrument that is recognised in other comprehensive income and relates to that financial investment is recognised in the income statement when the gain or loss on disposal is recognised.

Hedges of net investments in foreign subsidiaries and associates are accounted for in the same way as cash flow hedges. Notional amounts, average hedge rates and the fair values and disclosed in section 4.7.2.

SECTION 5

DISCONTINUED OPERATIONS, ACQUISITIONS, DISPOSALS AND ASSOCIATES

Deconsolidation of the Russian operation

Deconsolidation of the operation in Russia following the presidential decree issued on 16 July 2023 temporarily transferring management of the business to a government agency.

Waterloo Brewing

Acquired Waterloo Brewing and expanded the production network needed for our business in Canada.

SECTION 5.1

DISCONTINUED OPERATIONS

On 16 July 2023, the Russian Government issued a presidential decree, temporarily transferring the management of the Group's Russian subsidiary Baltika Breweries to the Russian Federal Agency for State Property Management. According to the presidential decree, Carlsberg retains title to the shares in Baltika Breweries, but otherwise no longer has any control or influence over the management of the business.

The decree was issued shortly after the Group announced it had signed an agreement for the conditional sale of Baltika Breweries. The sales agreement was subsequently terminated.

In June 2023, following the signing of the sales agreement and prior to the issuance of the presidential decree, the Russian operation was revalued at fair value less expected cost to sell, resulting in recognition of impairment losses of DKK 1,686m.

Following the loss of control over Baltika Breweries, the Russian business was deconsolidated from July 2023. The business had been accounted for as held for sale and presented as discontinued operations since March 2022. Upon deconsolidation, the currency translation and hedging reserves within equity related to the Russian business were reclassified from equity to the income statement and included in the loss from discontinued operations.

The accumulated currency translation reserve reclassified to the income statement represented a loss of DKK 40.9bn, around half of which was recognised in December 2014 when the RUB depreciated significantly following the Russian invasion and annexation of Crimea. This figure included the accumulated fair value of net investment hedges of DKK 24m, cf. section 4.7.

The accumulated hedging reserve reclassified to the income statement represented a loss of around DKK 0.5bn and included both active hedges and hedges for which hedge accounting was no longer applied, cf. section 4.9.

In addition, following the issuance of the decree, the interest retained in Baltika Breweries no longer met the accounting definition of an equity investment and was reclassified as consideration receivable from the Russian Federation for its illegitimate takeover of the Group's business in Russia. Following reclassification as a receivable, it was written down in full and derecognised, bringing impairment losses recognised in the year to DKK 7,002m (2022: DKK 8,364m).

As a consequence of the Group being prevented from disposing of its Russian business on acceptable terms, all licence agreements enabling Baltika Breweries to produce, market and sell the Carlsberg Group's products, including international and regional brands, were terminated in September 2023. There will be a limited run-off period until 1 April 2024. during which Baltika Breweries may use up existing stock and materials.

The issuance of the presidential decree extinguished the Group's obligation to repay a loan provided by Baltika Breweries. This resulted in a gain of DKK 297m. The Group's trade receivables of DKK 76m for providing goods and services to the Russian business were considered to be unrecoverable and have therefore been fully impaired. These amounts have been recognised in special items, cf. section 3.1.

SECTION 5.1 (CONTINUED)

DISCONTINUED OPERATIONS

Financial performance

The loss from discontinued operations for 2023 only includes the six months of operation until the time of loss of control. Reported revenue in Russia amounted to DKK 4,305m (2022: DKK 10,207m) and profit to DKK 758m (2022: DKK 1,874m). The net result was DKK -47,748m (2022: DKK -6,490m), impacted by the reclassification from equity of accumulated losses on currency translation and hedges of DKK 41,504m and the write-down of the investment by DKK 7,002m (2022: DKK 8,364m).

The cash flow from investing activities in the discontinued operations amounted to DKK -2,588m (2022: DKK -376m), of which DKK -2,495m was the impact from deconsolidating cash and cash equivalents in the Russian operation.

Analysis of loss from the discontinued operation in Russia

DKK million	2023	2022
Revenue	4,305	10,207
Costs	-3,337	-8,228
Profit before tax from discontinued operations	**968**	**1,979**
Income tax	-210	-105
Profit after tax from discontinued operations	**758**	**1,874**
Impairment losses	-7,002	-8,364
Accumulated currency translation and hedging reserves reclassified from equity to the income statement	-41,504	-
Loss from discontinued operations	**-47,748**	**-6,490**

Major classes of assets and liabilities in the discontinued operation in Russia

DKK million	2023	2022
Intangible assets	-	5,483
Property, plant and equipment	-	2,989
Inventories	-	1,015
Receivables	-	937
Cash and cash equivalents[1]	-	1,194
Assets in discontinued operations	**-**	**11,618**
Borrowings	-	101
Tax liabilities, retirement benefit obligations etc.	-	1,144
Trade payables	-	1,892
Other liabilities	-	963
Liabilities in discontinued operations	**-**	**4,100**
Net assets in discontinued operations	**-**	**7,518**

[1] Cash and cash equivalents are not available for general use in the Group because of currency restrictions.

Net cash flow from the discontinued operation in Russia

DKK million	2023	2022
Cash flow from operating activities	1,531	1,952
Cash flow from investing activities	-2,588	-376
Cash flow from financing activities	63	195
Net cash flow from discontinued operations	**-994**	**1,771**

ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group classifies non-current assets and disposal groups as held for sale when management assesses that their carrying amounts will be recovered through a sale rather than continued use. Management's assessment is based on an evaluation of whether the sale is highly probable and the asset or disposal group is available for immediate sale in its current condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale must be expected to be completed within one year from the date of the classification.

On classification, management estimates the fair value. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs of disposal. Costs of disposal are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

Depending on the nature of the non-current assets and the disposal group's activity, assets and liabilities, the estimated fair value may be associated with uncertainty and possibly adjusted subsequently. Measurement of the fair value of disposal groups is categorised as level 3 in the fair value hierarchy, as measurement is not based on observable market data.

SECTION 5.1 (CONTINUED)

DISCONTINUED OPERATIONS

ACCOUNTING POLICIES

Assets held for sale comprise non-current assets and disposal groups held for sale. Liabilities held for sale are those directly associated with the assets that will be transferred in the transaction. After derecognition, the classification is changed to assets and liabilities in discontinued operations respectively. Immediately before classification as held for sale, the assets or disposal groups are remeasured in accordance with the Group's accounting policies. Thereafter, they are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss is allocated first to goodwill, and then to remaining assets on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Impairment losses on initial classification as held for sale, and subsequent gains and losses on remeasurement are recognised in the income statement.

Non-current assets and disposal groups held for sale are presented separately as current lines in the statement of financial position and the main elements are specified in this section. Comparative figures are not restated.

A disposal group is presented as discontinued operations if it is a group of companies, i.e. part of a geographical area of operations that has either been disposed of or is classified as held for sale.

Discontinued operations are excluded from the results of continuing operations and presented separately as profit/loss from discontinued operations in the income statement. Comparative figures are restated.

Cash flow from discontinued operation is presented separately as net cash flow from discontinued operation in the statement of cash flows and specified in this section. Comparative figures are restated.

The disposal group/assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. Comparative figures are not restated.

SECTION 5.2

INVESTMENT MODEL AND RISKS

MARKET ACCESS

In the beer industry, access to local markets is highly dependent on establishing good relationships with customers in the on- and off-trade channels, national distributors, local suppliers and relevant authorities governing the beverage industry. One way of establishing such relations is by acquiring a local brewer or engaging with a local partner that already has the relevant relationships.

When the Group expands its business to new geographies, it often does so in collaboration with a local partner. Such a partnership can take different legal forms and impacts the consolidated financial statements accordingly.

In addition to its activities in the beer industry, the Group operates in the soft drinks industry, an industry dominated by large global brand owners. The Group is engaged in long-term contractual partnerships to produce, distribute and sell third-party soft drink brands. In addition to granting the right to produce, the brand owner usually provides the recipe and/or raw material, while the Group has the necessary production capabilities and distribution platform.

INVESTMENT MODEL

Entering into a partnership can reduce the financial exposure and mitigate the business risks associated with entering new markets or expanding the activities in an existing market. The financial exposure, however, varies depending on the structure of the partnership. Business and financial success, and the related risks, depend on the ability of the Group and the local partner to forge a strong and aligned cooperation.

In some markets, the Group enters as a non-controlling shareholder, providing a degree of financing and contributing knowledge of the beer industry. The Group thus leaves control with the partner and recognises the investment as an associate.

More often, the Group structures its partnerships such that it exercises management control, usually by way of majority of the voting rights. These investments are fully consolidated subsidiaries, which are just as important as other types of partnership for success in the local markets, but mean that the Group has increased financial exposure. Investments in businesses in which the Group exercises management control often involve put and/or call options to acquire additional shares.

IMPACT ON FINANCIAL STATEMENTS

Investments in associates are consolidated in the financial statements using the equity method. The accounting risks associated with these entities are limited to the investment made, the proportionate share of the net profit and any specific additional commitments to banks or other parties, as well as specific guarantees or loans the Group provides to the partnership.

In businesses where the Group exercises management control, the consolidated financials are impacted by full exposure to the earnings and other financial risks. From an accounting point of view, the Group treats any put options held by partners in such entities as if they had already been exercised by the partner, i.e. anticipating that the acquisition will occur. The accounting impact is that the non-controlling interests are not recognised, and no part of net profits or equity is attributed to them. Instead, the dividends paid to the partner are reported as financial expenses.

Common to all partnerships is the risk of disagreement and ultimately dissolution. Disagreements with partners on the operational management and strategic direction of partnerships may limit our ability to manage the growth and risk profile of our business. The Group continuously seeks to promote a fair and mutually beneficial development of the partnerships, which is crucial to be successful. However, in certain partnerships the partners' pursuit of goals and priorities that are different from those of the Group might result in disagreements, affecting operational and financial performance. Different goals and priorities of this kind can become more pronounced in the period when a partner has the right to exit the partnership.

A dissolution will initially impact the accounting treatment of an investment. The accounting treatment will depend on whether the Group or its partner is exiting the business. In the long term the impact on the operation of the local entity and the collaboration with customers, distributors, authorities etc. can be significant if the partner was instrumental in managing these relationships. The risk of a partnership dissolution may therefore have a negative impact on the underlying business and the financial performance recognised in the consolidated financial statements.

The Group is involved in many partnerships, one being Carlsberg South Asia Pte Ltd (CSAPL), of which Carlsberg owns two thirds and CSAPL Holdings Pte Ltd (CSAPLH) the remaining one third. CSAPL is the holding company for the businesses in India (100%) and Nepal (90%). In 2022, the Group invoked its right to begin the call process, and the partner exercised its put option under the Shareholders' Agreement. A put option valuation certificate was issued in February 2023, cf. section 5.4. For the purpose of the consolidated financial statements, the put option is accounted for as if it had already been exercised. CSAPL and its investments in India and Nepal are therefore included in the consolidated financial statements, with no profits or equity attributed to the non-controlling shareholder. Please refer to section 3.4 for a detailed description of the dispute with the partner in CSAPL.

Partnerships in the soft drinks industry are based on long-term contractual agreements and come to an end when the contract terminates. The termination of a significant partnership with a global soft drink brand owner would have a negative impact on the Group's financial performance.

The issuance of the presidential decree in Russia, temporarily transferring the management of the Group's subsidiary Baltika Breweries to the Russian Federal Agency for State Property Management, effectively prevents the Group from acting as shareholder in Baltika Breweries. In an attempt to prevent the Group from exercising its rights as the lawful owner of certain assets and intellectual property rights of which Baltika Breweries previously enjoyed the benefit or possessed as part of the Carlsberg Group, various claims have been filed in Russia against the Group by Baltika Breweries. The claims are considered to be baseless and without merit. The Group continues to defend, uphold and protect its assets, legal and intellectual property rights.

SECTION 5.3

ACQUISITIONS AND DISPOSALS

ACQUISITION OF ENTITIES IN 2023

The Group gained control of two businesses during the year. The purchase price allocation of the fair value of the identified assets, liabilities and contingent liabilities for both businesses was completed in 2023.

Waterloo Brewing
On 7 March 2023, the Group acquired 100% of the Canadian Waterloo Brewing company for a cash consideration of CAD 144m (DKK 734m). The company was fully consolidated as of the acquisition date.

The purpose of the acquisition was to strengthen the Group's market position and to deliver supply chain and other synergies. The calculated goodwill represents staff competences and synergies from expected optimisations of sales and distribution, supply chain and procurement, possible product innovations, increase in market share and access to new customers.

Jing-A Group
In September 2023, Carlsberg gained control of Jing-A Group through the acquisition of an additional 26.5% of the shares, giving Carlsberg a 75.5% ownership interest, cf. section 5.5. The non-controlling interest holds an option to sell its remaining shareholding to Carlsberg and, in accordance with the Group's accounting policies, the non-controlling interest has not been recognised. Instead the contingent consideration payable has been recognised at fair value, cf. section 5.4.

The step acquisition of Jing-A Group was completed to further strengthen the Group's presence in the growing craft beer segment in China. The shareholdings held before obtaining control were remeasured at a fair value of DKK 47m with the revaluation adjustment, DKK 20m, recognised in special items.

ACQUISITION OF ENTITIES IN 2022

The Group did not complete any acquisitions of entities in 2022.

CASH FLOW

Cash flow to acquire or dispose of shareholdings in associates and when gaining control of subsidiaries is included in financial investments, while the cash flow on acquisition of an additional shareholding in a subsidiary, i.e. acquiring non-controlling interests, is presented in financing activities. In 2022, the Group made a capital injection of DKK 48m in an associate.

Acquisitions

DKK million	2023
Consideration paid	760
Fair value of contingent consideration	24
Fair value of previously held investment	47
Total cost of acquisition	**831**
Acquired assets and liabilities	
Intangible assets	807
Property, plant and equipment	270
Right-of-use assets	161
Inventories	91
Trade and other receivables	109
Cash and cash equivalents	5
Borrowings and lease liabilities	-417
Deferred tax liabilities	-43
Trade payables	-104
Other payables	-48
Acquired assets and liabilities	**831**

ACCOUNTING ESTIMATES AND JUDGEMENTS

Assessment of control
The classification of entities where Carlsberg controls less than 100% of the voting rights is based on an assessment of the contractual and operational relationship between the parties. This includes assessing the conditions in shareholder agreements, contracts etc.

Consideration is also given to the extent to which each party can govern the financial and operating policies of the entity, how the operation of the entity is designed, and which party possesses the relevant knowledge and competences to operate the entity.

Another factor relevant to this assessment is the extent to which each of the parties can direct the activities and affect the returns, for example by means of rights, reserved matters or casting votes.

Elements of cash consideration paid and received

DKK million	2023	2022
Consideration paid for acquisition of entities	-760	-
Consideration received for disposal of entities	4	-
Cash and cash equivalents and bank overdrafts acquired/ disposed of	-66	-
Acquisition and disposal of entities, net	**-822**	**-**
Consideration paid for acquisition of associates	-7	-
Consideration paid for increase of investment in associates	-	-48
Acquisition and disposal of associates, net	**-7**	**-48**
Cash flow from acquisition of shareholdings, total	**-829**	**-48**

Purchase price allocation procedures
For acquisitions of entities, the assets, liabilities and contingent liabilities of the acquiree are recognised using the acquisition method. The most significant assets acquired generally comprise goodwill, brands, property, plant and equipment, receivables and inventories.

No active market exists for the majority of the acquired assets and liabilities, in particular in respect of acquired intangible assets. Accordingly, management makes estimates of the fair value of acquired assets, liabilities and contingent liabilities. Depending on the nature of the item, the determined fair value of an item may be associated with uncertainty and possibly adjusted subsequently.

The unallocated purchase price (positive amount) is recognised in the statement of financial position as goodwill and allocated to the Group's cash-generating units.

Brands
The value of the brands acquired and their expected useful life are assessed based on the individual brand's market position, expected long-term developments in the relevant markets and profitability.

The estimated value includes all future cash flows associated with the brand, including the related value of customer relations etc.

Management determines the useful life based on the brand's relative local, regional and global market strength, market share, and the current and planned marketing efforts that are helping to maintain and increase its value. When the value of a well-established brand is expected to be maintained for an indefinite period in the relevant markets, and these markets are expected to be profitable for a long period, the useful life of the brand is determined to be indefinite.

SECTION 5.3 (CONTINUED)

ACQUISITIONS AND DISPOSALS

Brands are measured using the relief from royalty method, under which the expected future cash flows are based on key assumptions about expected useful life, royalty rate, growth rate and the theoretical tax effect. A post-tax discount rate is used that reflects the risk-free interest rate with the addition of a risk premium associated with the particular brand. The model and assumptions applied are consistent with those used in impairment testing, and are described in further detail in section 2.2.4.

Customer agreements and portfolios

The value of acquired customer agreements and customer portfolios is assessed based on the local market and trading conditions. For most entities, there is a close relationship between brands and sales. Consumer demand for beer and other beverages drives sales, and therefore the value of a brand is closely linked to consumer demand, while there is no separate value attached to customers (shops, bars etc.), as their choice of products is driven by consumer demand. The relationship between brands and customers is carefully considered so that brands and customer agreements are not both recognised on the basis of the same underlying cash flows.

Property, plant and equipment

The fair value of land and buildings, and standard production and office equipment is based, as far as possible, on the fair value of assets of similar type and condition that may be bought and sold in the open market.

Property, plant and equipment for which there is no reliable evidence of the fair value in the market (in particular breweries, including production equipment) are valued using the depreciated replacement method.

This method is based on the replacement cost of a similar asset with similar functionality and capacity. The calculated replacement cost is then reduced to reflect functional and physical obsolescence. The expected synergies and the user-specific intentions for the expected use of assets are not included in the determination of the fair value.

Completed purchase price allocations

Management believes that the purchase prices for Waterloo Brewing and Jing-A Group's activities, which are accounted for in the consolidated financial statements, reflect the best estimate of the total fair value of these businesses.

The purchase price allocations of the identified assets, liabilities and contingent liabilities were completed within 12 months of the acquisitions. The main revaluation adjustments related to brands, property, plant and equipment, and deferred tax liabilities, which in turn mainly related to brands.

Goodwill

Goodwill related to Waterloo Brewing, DKK 533m, was allocated to the Central & Eastern Europe CGU in line with the allocation of the Group's existing Canadian business. Goodwill related to Jing-A Group, DKK 110m, was allocated to the Asia CGU. The goodwill is not deductible for tax purposes.

Brands

The value of brands was estimated using the Group's principles described above. Brands with a fair value of DKK 164m were recognised and classified as an intangible asset with an indefinite useful life.

Property, plant and equipment

The fair value and expected useful life of the brewery equipment and related buildings of the acquired brewery were determined with assistance from external engineering experts in the brewery industry and resulted in a positive revaluation adjustment of DKK 27m.

Financial impact of acquisitions

In 2023, revenue includes DKK 431m from Waterloo Brewing and Jing-A Group. Had the acquisitions been completed at the beginning of the reporting period, revenue would have included DKK 577m. Profit for the period includes DKK -29m from Waterloo Brewing and Jing-A Group. Had the acquisitions been completed at the beginning of the reporting period, profit for the period would have included DKK -31m.

ACCOUNTING POLICIES

Acquisitions

The acquisition date is the date when the Group effectively obtains control of an acquired subsidiary or significant influence over an associate.

The cost of a business combination comprises the fair value of the consideration agreed upon, including the fair value of any consideration contingent on future events.

In a step acquisition, the Group gains control of an entity in which it already held a shareholding before gaining control. The shareholding held before the step acquisition is remeasured at fair value at the acquisition date and added to the fair value of the consideration paid for the shareholding acquired in the step acquisition and is accounted for as the total cost of the shareholding in the acquired entity. The gain or loss on the remeasurement is recognised in the income statement under special items.

Goodwill and fair value adjustments in connection with the acquisition of an entity are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate at the transaction date.

The acquired entities' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date.

Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

The identifiable assets, liabilities and contingent liabilities on initial recognition at the acquisition date are subsequently adjusted up until 12 months after the acquisition. The effect of the adjustments is recognised in the opening balance of equity, and the comparative figures are restated accordingly if the amount is material.

Changes in estimates of contingent purchase considerations are recognised in the income statement under special items, unless they qualify for recognition directly in equity.

Disposals and loss of control

Gains or losses on the disposal or liquidation of subsidiaries and associates are recognised as the difference between the sales price and the carrying amount of net assets (including goodwill) at the date of disposal or liquidation, and net of foreign exchange adjustments recognised in other comprehensive income, and costs to sell or liquidation expenses.

The shareholding retained after the loss of control of subsidiaries is remeasured at fair value and accounted for as the fair value on initial recognition of a financial asset or the cost of an investment in an associate. Gains or losses on the loss of control of subsidiaries are recognised as the difference between the fair value of the retained shareholding and the carrying amount of the derecognised net assets (including goodwill) at the date of loss of control, and net of foreign exchange adjustments recognised in other comprehensive income.

SECTION 5.4

CONTINGENT CONSIDERATIONS

Contingent considerations relate to options held by non-controlling interests in subsidiaries to sell their shares to the Group and to deferred payments in the acquisition of entities contingent on market conditions.

At the end of the reporting period, the contingent considerations related to put options on the shares in CSAPL, Brewery Alivaria in Belarus, Jing-A Group in China and a minor craft brewery in Western Europe.

In accordance with the Group's accounting policy, shares subject to put options are consolidated as if the shares had already been acquired. The ownership percentage at which these subsidiaries are consolidated therefore differs from the legal ownership interest held by the Group. Both the legal and the consolidated ownership are stated in section 10.

The carrying amount of contingent considerations is determined in accordance with the terms and conditions agreed with the holders of the options.

Of the contingent considerations, DKK 0.3bn (2022: DKK 0.3bn) is expected to fall due after more than 12 months.

PUT OPTION FOR SHARES IN CARLSBERG SOUTH ASIA PTE LTD (CSAPL)

A liability award was issued by the arbitration tribunal in May 2022. The arbitration tribunal awarded Carlsberg the right to call our partner CSAPL Holdings Pte Ltd's (CSAPLH) shares in CSAPL. Carlsberg immediately invoked its right to begin the call option valuation process, and CSAPLH subsequently exercised its right under the Shareholders' Agreement to begin the put option valuation process.

The put option price was determined as the simple average of two valuations assessed by two independent external valuers, which are internationally recognised accounting firms, one appointed by each shareholder. The put option valuation was released by the valuers in February 2023, stating a value for CSAPLH's shares in CSAPL of USD 744m. CSAPLH subsequently issued a formal put notice to sell its 33% shareholding in CSAPL to the Group at the put option valuation amount. The put option liability recognised in the consolidated financial statements was adjusted to reflect the put option valuation amount received from the valuers, as the acquisition of the shares may be completed at that price.

The put option valuation was referred to arbitration by the Group, as the valuation is considered to have been conducted in breach of the Shareholders' Agreement. An arbitration award is expected to be issued in Q4 2024.

In accordance with the Shareholders' Agreement, the call option awarded to Carlsberg by the arbitration panel must be settled at an amount determined by a valuer appointed by the International Chamber of Commerce. The valuer released the call valuation in July 2023. Carlsberg is satisfied with the valuation outcome and subsequently exercised its call option. The call option will come into effect if the put valuation is invalidated by the arbitration tribunal.

The recognised value of the put option decreased by DKK 169m in 2023 because of changes in the USD exchange rate.

The Group previously called in a loan made to CSAPLH, the loan having become due and payable in full. In January 2022, the Singapore court of appeal finally confirmed that the loan with interest was repayable to Carlsberg in full, totalling DKK 354m. The loan had not been repaid as of 31 December 2023.

Contingent considerations

DKK million	2023	2022
Contingent considerations at 1 January	5,577	4,254
Additions	23	-
Transfer to discontinued operations	-	-13
Fair value adjustments	-155	1,336
Contingent considerations at 31 December	**5,445**	**5,577**

ACCOUNTING ESTIMATES AND JUDGEMENTS

The fair value of contingent considerations linked to put options is measured on the basis of level 3 input consisting of non-observable data, such as entity-specific discount rates and industry-specific expectations of price developments, and generally accepted valuation methods, including discounted cash flows and multiples.

ACCOUNTING POLICIES

On acquisition of non-controlling interests, i.e. subsequent to the Group obtaining control, acquired net assets are not measured at fair value. The difference between the cost and the non-controlling interests' share of the total carrying amount, including goodwill, is transferred from the non-controlling interests' share of equity to equity attributable to the shareholder in Carlsberg Breweries A/S. The amount deducted cannot exceed the non-controlling interests' share of equity immediately before the transaction.

On disposal of shareholdings to non-controlling interests, the difference between the sales price and the share of the total carrying amount, including goodwill acquired by the non-controlling interests, is transferred from equity attributable to the shareholder in Carlsberg Breweries A/S to the non-controlling interests' share of equity.

Fair value adjustments of put options granted to non-controlling interests are recognised directly in the statement of changes in equity.

Other contingent considerations (earn-outs) that are not linked to a future transfer of additional shareholdings are measured in accordance with the terms of the contract with the seller. The revaluation of such contingent considerations is recognised in special items.

SECTION 5.5

ASSOCIATES

Investments in associates mainly include the businesses in Portugal (60%), Myanmar (61%), Gorkha Brewery in Nepal (90%) and four associates in China (50%). The total investment in these associates amounted to DKK 3,866m at 31 December 2023 (2022: DKK 3,579m).

The Group's ownership of Super Bock Group, Portugal, is 60%. Nevertheless, Super Bock remains an associate of the Group due to the ownership structure. Please refer to section 10 for further details.

Disputes with the local non-controlling shareholder of Gorkha Brewery, Nepal, prevent the Group from exercising its rights as a controlling shareholder despite the legal ownership of 90%. Therefore, it was reclassified as an associate and recognised at fair value in December 2021.

Despite the 61% legal ownership share in Myanmar Carlsberg, the entity is classified as an associate due to the structure of the agreement with the partner and the business environment in the country.

In Q4 2023, Carlsberg gained control of the associate Jing-A Group through a step acquisition, cf. section 5.3.

In 2023, the Group recognised a write-down of a minor associate in Cambodia of DKK 49m, cf. section 2.2.

For associates in which the Group holds an ownership interest of less than 20% and participates in the management of the associate, the Group is considered to be exercising significant influence. None of the associates are material to the Group.

Fair value of investment in listed associates

DKK million	2023	2022
The Lion Brewery Ceylon, Sri Lanka	384	214

ACCOUNTING POLICIES

Investments in associates are recognised according to the equity method, which entails measurement at cost and adjustment for the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. The share of the result must be calculated in accordance with the Group's accounting policies. The proportionate share of unrealised intra-group profits and losses is eliminated. Investments in associates with negative net asset values are measured at DKK 0.

If the Group has a legal or constructive obligation to cover a deficit in the associate, the deficit is recognised under provisions. Any amounts owed by associates are written down to the extent that the amount owed is deemed irrecoverable.

Key figures for associates

DKK million	Carlsberg Breweries Group share			
2023	Profit after tax	Other comprehensive income	Total comprehensive income	Investments in associates
Total	**577**	**-**	**577**	**4,706**
2022				
Total	**675**	**-**	**675**	**4,796**

SECTION 6

TAX

20.0%

TAX RATE

Total tax is impacted by non-recurring items. Excluding non-recurring tax impacts the effective tax rate would have been 20.9% (2022: 20.1%).

SECTION 6.1

INCOME TAX

The nominal weighted tax rate for the Group is calculated as the domestic tax rates applicable to profits in the entities as a proportion of each entity's share of the Group's profit before tax.

The Group's total tax cost was DKK 8m less than the nominal weighted tax (2022: DKK 385m). Compared with the nominal weighted tax expense, the total tax expense was impacted by tax incentives related to e.g. R&D incentives, non-deductible expenses and increased withholding tax expenses, resulting in an effective tax rate of 20.0% (2022: 17.5%).

The impact from non-recurring items primarily comprised movement in tax on special items, change in recognised tax assets and liabilities and the deconsolidation of the Russian Business. Excluding non-recurring items and tax thereon, the effective tax rate would have been 20.9% (2022: 20.1%).

The Carlsberg Breweries Group is not expected to be materially impacted by the OECD/EU Pillar Two Model Rules and their local implementation. Most countries where the Group has operations impose taxation in excess of 15%, and the remainder are expected to increase the tax rate such that all markets not covered by the transitional safe harbour rules are still expected to show an effective tax rate in excess of 15%.

As such, these rules are not expected to result in either materially increased tax payments or a change to the Group's effective tax rate.

Reconciliation of the effective tax rate for the year

	2023		2022	
	%	DKK million	%	DKK million
Nominal weighted tax rate	20.0	1,991	21.2	2,229
Change in tax rate	-	-5	2.0	206
Adjustments to tax for prior years	0.1	6	-2.7	-288
Non-capitalised tax assets and liabilities	-3.2	-319	-1.7	-182
Non-taxable income	-0.3	-28	-0.5	-56
Non-deductible expenses	2.5	250	2.0	215
Tax incentives etc.	-1.7	-168	-2.2	-229
Special items	2.2	219	-0.1	-5
Withholding taxes	1.4	141	0.8	83
Other, including tax in associates	-1.0	-104	-1.2	-129
Effective tax rate for the year	**20.0**	**1,983**	**17.5**	**1,844**
Effective tax rate for the year, excluding the tax effect of transactions in special items and other non-recurring tax impacts	20.9	-	20.1	-

ACCOUNTING POLICIES

Income tax comprises current tax and changes in deferred tax for the year, including changes as a result of a change in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, while the tax expense relating to items recognised in other comprehensive income is recognised in the statement of comprehensive income.

If the Group obtains a tax deduction on computation of the taxable income in Denmark or in foreign jurisdictions as a result of share-based payment programmes, this tax effect of the programmes is recognised in tax on profit/loss for the year.

SECTION 6.1 (CONTINUED)
INCOME TAX

Income tax expenses

DKK million	2023 Income statement	2023 Other comprehensive income	2023 Total comprehensive income	2022 Income statement	2022 Other comprehensive income	2022 Total comprehensive income
Tax for the year can be specified as follows						
Current tax	2,142	-8	2,134	2,163	-25	2,138
Change in deferred tax and non-current tax payables during the year	-160	81	-79	-237	-	-237
Change in deferred tax as a result of change in tax rate	-5	-	-5	206	-	206
Adjustments to tax for prior years	6	-	6	-288	-	-288
Total	**1,983**	**73**	**2,056**	**1,844**	**-25**	**1,819**

Tax recognised in other comprehensive income

DKK million	2023 Recognised item before tax	2023 Tax income / expense	2023 After tax	2022 Recognised item before tax	2022 Tax income / expense	2022 After tax
Foreign exchange adjustments	-37,781	-	-37,781	3,926	-	3,926
Hedging instruments	-920	44	-876	759	-100	659
Retirement benefit obligation	71	29	100	-594	75	-519
Total	**-38,630**	**73**	**-38,557**	**4,091**	**-25**	**4,066**

SECTION 6.2

TAX ASSETS AND LIABILITIES

Of the total deferred tax assets recognised, DKK 231m (2022: DKK 269m) relates to tax losses carried forward, the utilisation of which depends on future positive taxable income exceeding the realised deferred tax liabilities. It is management's opinion that these tax losses carried forward can be utilised within the foreseeable future.

Tax assets not recognised of DKK 1,163m (2022: DKK 1,014m) primarily relate to tax losses that are not expected to be utilised in the foreseeable future. Of these, tax losses that will not expire amounted to DKK 890m (2022: DKK 823m). Tax losses of DKK 271m (2022: DKK 326m) can only be carried forward for a limited number of years.

No deferred tax (2022: DKK 23m) has been recognised in respect of future dividend distributions. No deferred tax liability was recognised from the loss of control and de-consolidation of the discontinued operation in Russia.

Distribution of reserves for other subsidiaries will not trigger a significant tax liability based on current tax legislation.

Changes in deferred tax and non-current tax payables recognised in the income statement for the year amounted to DKK 160m (2022: DKK 237m).

ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group recognises deferred tax assets, including the expected tax value of tax loss carried forward, if management assesses it can be offset against positive taxable income in the foreseeable future. This assessment is made annually and based on budgets and business plans for the coming years, including planned commercial initiatives under our control. Carlsberg operates in a large number of tax jurisdictions where tax legislation is highly complex and subject to interpretation. Management assesses uncertain tax positions to ensure recognition and measurement of tax assets and liabilities.

ACCOUNTING POLICIES

Current tax payable and receivable are recognised in the statement of financial position as tax for the year, adjusted for tax related to prior years and tax paid.

Deferred tax on all temporary differences between the carrying amount and the tax base of assets and liabilities is measured using the balance sheet liability method. However, deferred tax is not recognised on temporary differences relating to goodwill that is not deductible for tax purposes or on office premises and other items where temporary differences, apart from business combinations, arise at the acquisition date without affecting either profit/loss for the year or taxable income.

Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability.

Deferred tax assets, related to tax loss carried forward, are recognised at the expected value of their utilisation, or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax assets and tax liabilities are offset if the entity has a legally enforceable right to offset current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets or to realise the assets and settle the liabilities simultaneously. Deferred tax assets are recognised only to the extent that it is probable that the assets will be utilised.

Deferred tax is measured according to the tax rules at the reporting date and at the tax rates applicable when the deferred tax is expected to materialise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement. Changes to deferred tax on items recognised in other comprehensive income are, however, recognised in other comprehensive income. Carlsberg has applied the exception to recognise and disclose information about deferred tax in the OECD/EU Pillar Two Model Rules and their local implementation.

Changes to non-current tax assets and liabilities

DKK million	2023	2022
Tax assets and liabilities at 1 January, net	2,464	3,758
Tax assets and liabilities, net, reclassified to discontinued operations	-	-1,645
Adjustments to prior years	67	309
Acquisition of entities	43	-
Recognised in other comprehensive income	81	-
Recognised in the income statement, net, continuing operations	-160	-237
Change in tax rate	-5	206
Foreign exchange adjustments	-85	73
Tax assets and liabilities at 31 December, net	**2,405**	**2,464**
Recognised as follows		
Tax liabilities	4,160	4,168
Tax assets	-1,755	-1,704
Tax assets and liabilities at 31 December, net	**2,405**	**2,464**

Specification of deferred tax

	Deferred tax assets		Deferred tax liabilities	
DKK million	2023	2022	2023	2022
Intangible assets	114	253	1,371	1,296
Property, plant and equipment	459	138	938	1,021
Current assets	918	1,000	126	46
Provisions and retirement benefit obligations	441	501	2,350	2,509
Fair value adjustments	133	39	97	17
Tax losses	231	269	-	-
Other	213	250	32	25
Total before offset	**2,509**	**2,450**	**4,914**	**4,914**
Offset	-754	-746	-754	-746
Deferred tax assets and liabilities at 31 December	**1,755**	**1,704**	**4,160**	**4,168**
Expected to be used as follows				
Within one year	899	890	387	515
After more than one year	856	814	3,773	3,653
Total	**1,755**	**1,704**	**4,160**	**4,168**

SECTION 7

STAFF COSTS AND REMUNERATION

Pensions

Defined benefit obligations were affected by lower discount rates across markets.

EMPLOYEES BY SEGMENT[1] (%)

2023 (2022)

- Western Europe 32% (33%)
- Asia 44% (45%)
- Central & Eastern Europe 20% (19%)
- Other 4% (3%)

EMPLOYEES BY FUNCTION[1] (%)

2023 (2022)

- Production 36% (36%)
- Sales & Distribution 54% (55%)
- Administration 10% (9%)

[1] Continuing operations only.

SECTION 7.1

STAFF COSTS

Staff costs, continuing operations, increased in 2023, due to salary increases, partly offset by lower accruals for bonuses and currencies.

The average number of employees in the continuing operations increased, partly driven by the acquisition of Waterloo Brewing, cf. section 5.3.

Staff costs

DKK million	2023	2022
Salaries and other remuneration	9,139	9,367
Severance payments	43	57
Social security costs	1,339	1,452
Retirement benefit costs – defined contribution plans	412	385
Retirement benefit costs – defined benefit plans	167	181
Share-based payments	127	107
Other employee benefits	151	113
Total	**11,378**	**11,662**
Of which:		
Continuing operations	10,772	10,328
Discontinued operation[1]	606	1,334
Total	**11,378**	**11,662**
Staff costs are included in the following line items in the income statement		
Cost of sales	3,075	2,916
Sales and distribution expenses	5,428	5,150
Administrative expenses	2,145	2,130
Other operating activities, net	46	32
Financial expenses (pensions)	30	38
Special items (restructurings)	48	62
Loss from discontinued operations	606	1,334
Total	**11,378**	**11,662**
Average number of employees, continuing operations	30,956	30,745
Average number of employees, discontinued operation[1]	3,938	8,072
Average number of employees	**34,894**	**38,817**

[1] Discontinued operation comprise only six months of data in 2023.

SECTION 7.2

REMUNERATION

The remuneration of the Supervisory Board, the executive directors and key management personnel is described in detail in the Remuneration Report for the Carlsberg Group.

The remuneration of the executive directors increased, driven by compensation paid to Jacob Aarup-Andersen and Ulrica Fearn for forfeited long-term incentive awards from their previous employers. The remuneration of key management personnel declined in 2023, mainly due to lower accruals for the annual cash bonus.

The Supervisory Board of Carlsberg Breweries A/S is not remunerated.

All elements except for share-based payments are classified as short-term employee benefits. Share-based payments are classified as long-term employee benefits.

ACCOUNTING POLICIES

Staff costs are recognised in the financial year in which the employee renders the related service.

The cost of share-based payments, which is expensed over the vesting period of the programme according to the service conditions, is recognised in staff costs and provisions or equity, depending on how the programme is settled with the employees.

Key management personnel comprise the Executive Committee, excluding the executive directors. Other management personnel included in the share-based payment schemes comprise vice presidents and other key employees in central functions as well as the management of significant subsidiaries.

Remuneration

DKK million	Executive directors[1] 2023		2022	Key management personnel 2023	2022
	Current	Former	Former		
Fixed salary	11.4	11.2	21.0	27.5	28.8
Cash bonus	10.6	11.2	19.4	21.7	28.7
Other benefits	0.2	0.5	1.1	4.2	7.9
Cash compensation for forfeited LTI[2]	12.9	-	-	-	-
Severance payments	-	-	-	4.8	7.5
Remuneration settled in cash	**35.1**	**22.9**	**41.5**	**58.2**	**72.9**
Non-monetary benefits	1.3	0.1	0.4	2.5	0.2
Share-based payments	16.0	35.3	28.0	13.9	9.5
Remuneration, non-monetary and share-based	**17.3**	**35.4**	**28.4**	**16.4**	**9.7**
Total cash and non-cash	**52.4**	**58.3**	**69.9**	**74.6**	**82.6**

[1] Executive directors consist of Jacob Aarup-Andersen and Ulrica Fearn. Cees 't Hart resigned as CEO on 31 August 2023, but was remunerated for an additional two months where he supported the company in an advisory capacity.

[2] As compensation for long-term incentive awards forfeited from their previous employers, Jacob Aarup-Andersen and Ulrica Fearn were paid DKK 12m and DKK 0.9m respectively, amounts that were used for the purchase of Carlsberg shares. Jacob Aarup-Andersen was also added to the running 2022-2024 and 2023-2025 long-term incentive schemes. Further information can be found in the Remuneration Report.

SECTION 7.3

SHARE-BASED PAYMENTS

The Group has set up share-based incentive programmes to attract, retain and motivate the Group's executive directors and other levels of management personnel, and to align their interests with those of the shareholder. There is no share-based remuneration of the Supervisory Board.

The Group has one type of share-based payment known as performance shares.

Entitlement to performance shares requires fulfilment of service in the vesting period (3 years) but does not have any exercise price. Instead, the shares are transferred to the recipients based on achievement of the KPIs attached to the shares.

PERFORMANCE SHARES

The number of performance shares granted is the maximum number of performance shares that can vest. The number of shares outstanding at the end of the period is the number expected to vest, based on the extent to which the vesting conditions are expected to be met. The number of shares expected to vest is revised on a regular basis.

In 2023, 156 employees (2022: 159 employees) across the Group were awarded performance shares.

For the 2023 grant, vesting is subject to achievement of five KPIs: total shareholder return, adjusted EPS growth, organic revenue growth, growth in ROIC and achievement of ESG targets. For prior grants yet to vest, vesting is subject to four KPIs: total shareholder return, adjusted EPS growth, organic revenue growth and growth in ROIC. The average share price at vesting was DKK 965 (2022: DKK 1,084). The average contractual life at the end of 2023 was 1.3 years (2022: 1.2 years).

SECTION 7.3 (CONTINUED)

SHARE-BASED PAYMENTS

Performance shares

	Executive directors	Key management personnel	Other management personnel[1]	Total
31 December 2021	136,178	40,127	233,908	410,213
Granted	33,753	20,071	108,813	162,637
Forfeited/adjusted/transferred	-7,263	-1,028	-16,580	-24,871
Exercised/settled	-45,999	-11,743	-83,298	-141,040
31 December 2022	**116,669**	**47,427**	**242,843**	**406,939**
Granted	85,487	21,826	99,185	206,498
Forfeited/adjusted/transferred	-127,722	-17,388	21,832	-123,278
Exercised/settled	-24,536	-10,758	-75,819	-111,113
31 December 2023	**49,898**	**41,107**	**288,041**	**379,046**

[1] Including retired employees.

Performance share disclosures

DKK million	2023	2022
Fair value at grant date	120	87
Cost of shares granted in the year	44	29
Total cost of performance shares	127	101
Cost not yet recognised	147	154
Fair value at 31 December	253	297

Key information

	Performance shares	
	2023	2022
Assumptions		
Expected volatility	23.0%	24.0%
Risk-free interest rate	2.8%	1.3%
Expected dividend yield	0.0/2.7%	0.0/2.4%
Expected life, years	3.0	3.0
Fair value at measurement date	DKK 570-989	DKK 404-987

ACCOUNTING ESTIMATES AND JUDGEMENTS

The volatility of performance shares is based on the historical volatility of the price of Carlsberg A/S' class B shares over the previous three years. For share options, the volatility is based on similar data over the previous eight years.

The share price and the exercise price of share options are calculated as the average price of Carlsberg A/S' class B shares on Nasdaq Copenhagen during the first five trading days after publication of Carlsberg A/S' financial statements.

The risk-free interest rate is based on Danish government bonds of the relevant maturity. The expected life is based on exercise at the end of the exercise period.

ACCOUNTING POLICIES

The fair value of granted performance shares is estimated using a stochastic (quasi-Monte Carlo) valuation model of market conditions and a Black-Scholes call option-pricing model of non-market and service conditions, taking into account the terms and conditions upon which the performance shares were granted. The market condition is based on a ranking of the total shareholder return of Carlsberg A/S' class B shares versus a peer group of publicly traded companies in the alcoholic beverage sector.

On initial recognition of performance shares, an estimate is made of the number of awards expected to vest and subsequently revised for any changes. Accordingly, recognition is based on the number of awards that ultimately vest.

SECTION 7.4

RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS

A number of employees are covered by retirement benefit plans. The nature of the plans varies depending on labour market conditions in the individual countries. Benefits are generally based on wages/salaries and length of employment.

Retirement benefit obligations cover both present and future retirees' entitlement to retirement benefits.

DEFINED CONTRIBUTION PLANS

A defined contribution plan is a post-employment benefit plan under which the Group pays contributions to a separate independent company. The Group's legal or constructive obligation is limited to the contributions.

In 2023, 71% (2022: 68%) of the Group's retirement benefit costs related to defined contribution plans. The expense recognised in relation to these contributions was DKK 412m (2022: DKK 385m).

DEFINED BENEFIT PLANS

A defined benefit plan guarantees employees a certain level of pension benefits for life. The pension is based on seniority and salary at the time of retirement. The Group assumes the risk associated with future developments in interest rates, inflation, mortality and disability etc.

The most significant plans are in the UK and Switzerland, representing 42% and 46% respectively (2022: 42% and 45%), while the eurozone countries represented 5% (2022: 5%) of the gross obligation at 31 December 2023.

The majority of the obligations are funded, with assets placed in independent pension funds, mainly in Switzerland and the UK. Most of the plan assets are quoted investments. In some countries, primarily Germany, Sweden and China, the obligation is unfunded. The retirement benefit obligations for these unfunded plans amounted to DKK 1,104m (2022: DKK 1,148m) or 11% (2022: 12%) of the gross obligation.

In 2023, the Group's obligation, net, on defined benefit plans decreased by DKK 168m compared with 2022. Changes in financial assumptions impacted the obligation; in particular in the UK (DKK 86m) and in Switzerland (DKK 250m). The increase in obligation in Switzerland was partly offset by the effect of the asset ceiling of DKK -204m. Moreover, foreign exchange adjustments affected the net obligation by DKK -68m.

Obligation, net

	2023			2022		
DKK million	Present value of obligation	Fair value of plan assets	Obligation, net	Present value of obligation	Fair value of plan assets	Obligation, net
Obligation at 1 January	**9,495**	**7,970**	**1,525**	**13,825**	**11,506**	**2,319**
Recognised in the income statement[1]						
Current service cost	169	-	169	192	-	192
Past service cost	-2	-	-2	-11	-	-11
Net interest on the net defined benefit obligation (asset)	339	309	30	158	120	38
Total	**506**	**309**	**197**	**339**	**120**	**219**
Remeasurements						
Gain/loss from changes in demographic assumptions	-59	-	-59	-97	-	-97
Gain/loss from changes in financial assumptions	392	58	334	-3,823	-2,757	-1,066
Asset ceiling	-	204	-204	-	-569	569
Total	**333**	**262**	**71**	**-3,920**	**-3,326**	**-594**
Other changes						
Contributions to plans	-	295	-295	-	242	-242
Benefits paid	-563	-490	-73	-758	-681	-77
Transferred to liabilities in discontinued operations	-	-	-	-6	-	-6
Foreign exchange adjustments etc.	260	328	-68	15	109	-94
Total	**-303**	**133**	**-436**	**-749**	**-330**	**-419**
Obligation at 31 December	**10,031**	**8,674**	**1,357**	**9,495**	**7,970**	**1,525**

[1] The total return on plan assets for the year amounted to DKK 367m (2022: DKK -2,637m).

SECTION 7.4 (CONTINUED)

RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS

The Group has a three-yearly valuation process to agree on any future funding arrangements in the UK. The most recent one was completed in 2022. The Group expects to contribute DKK 104m (2022: DKK 109m) to the plan assets in 2024, which is in line with the agreed funding arrangement, under which the Group will contribute DKK 311m up to 2026. Plan assets do not include shares in the Group or properties used by Group companies.

The actuarial gain and foreign exchange adjustment recognised in other comprehensive income amounted to DKK 25m (2022: DKK 551m), comprising a foreign exchange adjustment of DKK 48m and a net actuarial gain of DKK 71m.

The accumulated actuarial loss and foreign exchange adjustment recognised at 31 December 2023 was DKK 2,272m (2022: DKK 2,249m), with actuarial net losses of DKK 2,564m (2022: DKK 2,493m).

Assumptions applied

In 2023, the discount rate used for the defined benefit plans in Western Europe was determined by reference to market yields on high-quality corporate bonds. In the Asian countries, where no deep market in high-quality corporate bonds exists, the discount rate was determined by reference to market yields on government bonds.

The mortality tables used in Carlsberg UK are S3PMA/S3PFA_M tables for post-retirement, while the Swiss entities use BVG 2020 for valuation of their retirement benefit obligations.

Sensitivity analysis

The sensitivity analysis is based on a change in one of the assumptions, while all other assumptions remain constant. This is highly unlikely, however, as a change in one assumption would probably affect other assumptions as well. When calculating the obligation on the basis of a changed assumption, the same method has been applied as when calculating the defined benefit obligation.

Expected maturity and duration

Defined benefit obligations are primarily expected to mature after five years. The expected duration of the obligations at year-end 2023 was 12 years. The duration is calculated using a weighted average of the duration divided by the obligation.

Breakdown of plan assets

	2023		2022	
	DKK million	%	DKK million	%
Shares[1]	1,098	12	970	11
Bonds and other securities	6,197	67	5,390	62
Real estate	1,643	18	2,122	24
Cash and cash equivalents	284	3	193	2
Total	**9,222**	**100**	**8,675**	**100**

[1] The breakdown of plan assets excludes the asset ceiling of DKK -548m in 2023 (2022: DKK -705m).

Assumptions applied

2023	CHF	UK	EUR	Other	Weighted average
Discount rate	1.9%	4.8%	2.1-4%	3.6%	3.3%
Growth in wages and salaries	1.2%	3.6%	2.5-4.5%	4.9%	2.4%
2022					
Discount rate	2.3%	5.0%	1.5-3.8%	3.9%	3.7%
Growth in wages and salaries	1.2%	3.6%	0.2-4.5%	2.6%	2.5%

Sensitivity analysis

	2023		2022	
DKK million	+0.5%	-0.5%	+0.5%	-0.5%
Discount rate	-573	639	-541	597
Growth in wages and salaries	25	-22	23	-19
	+1 year	-1 year	+1 year	-1 year
Mortality	302	-306	265	-282

Maturity of retirement benefit obligations

DKK million	< 1 year	1-5 years	> 5 years	Total
2023	602	2,748	6,681	10,031
2022	581	2,554	6,360	9,495

SECTION 7.4 (CONTINUED)

RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS

ACCOUNTING ESTIMATES AND JUDGEMENTS

The value of the Group's defined benefit plans is based on valuations from external actuaries. The valuation is based on a number of actuarial assumptions, including discount rates, expected growth in wages and salaries, mortality and retirement benefits.

The present value of the net obligation is calculated by using the projected unit credit method and discounting the defined benefit plan by a discount rate for each country. The discount rate is determined by reference to market yields on high-quality corporate bonds. Where high-quality corporate bonds are not available, the market yields on government bonds are used instead.

Mortality assumptions are based on the Group entity's best estimate of the mortality of plan members during and after employment and include expected changes in mortality. Due to the broad range of entities comprising the retirement benefit obligation, several different mortality tables are used to calculate the future retirement benefit obligation.

ACCOUNTING POLICIES

Contributions paid to a **defined contribution plan** are recognised in the income statement in the period during which services are rendered by employees. Any contributions outstanding are recognised in the statement of financial position as other liabilities.

The Group's net obligation recognised in the statement of financial position in respect of **defined benefit plans** is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets calculated by a qualified actuary.

The present value is determined separately for each plan by discounting the estimated future benefits that employees have earned in return for their service in the current and prior years.

The costs of a defined benefit plan are recognised in the income statement and include service costs, net interest based on actuarial estimates and financial expectations.

Service costs comprise **current service cost and past service cost. Current service cost** is the increase in the present value of the defined benefit obligation resulting from employee services in the current period. **Past service cost** is the change in the present value of the obligation regarding employee services in prior years that arises from a plan amendment or a curtailment. Past service costs are recognised immediately, provided employees have already earned the changed benefits.

Realised gains and losses on curtailment or settlement are recognised under staff costs.

Interest on retirement benefit obligations and the interest on return on plan assets are recognised as financial income or financial expenses.

Differences between the development in retirement benefit assets and liabilities and realised amounts at year-end are designated as actuarial gains or losses and recognised in other comprehensive income. As they will never be reclassified to the income statement, they are included in retained earnings.

If a retirement benefit plan constitutes a net asset, the asset is recognised only if it offsets future refunds from the plan or will lead to reduced future payments to the plan.

Realised gains and losses on the adjustment of retirement benefit obligations as a result of termination of a significant number of positions in connection with restructurings are recognised under special items.

SECTION 8

OTHER DISCLOSURE REQUIREMENTS

SECTION 8.1

FEES TO AUDITORS

Fees to auditors appointed by the Annual General Meeting

DKK million	2023	2022
PwC, including network firms		
Statutory audit	28	25
Assurance engagements	2	1
Tax advisory	3	8
Other services	1	1
Total	**34**	**35**

Fees for services other than the statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, Denmark, amounted to DKK 2m (2022: DKK 1m). This includes other assurance opinions, agreed-upon procedures as well as tax, accounting, and compliance related services.

SECTION 8.2

RELATED PARTIES

RELATED PARTIES EXERCISING CONTROL
Carlsberg A/S, J.C. Jacobsens Gade 1, 1799 Copenhagen V, Denmark, holds all the shares in Carlsberg Breweries A/S.

The following transactions took place with the parent and ultimate parent (the Carlsberg Foundation) in 2023:

Carlsberg Breweries A/S paid a dividend of DKK 7,420 per share amounting to DKK 3,695m, received interest of DKK 32m net, and has provided a loan facility of DKK 165m at 31 December 2023 to Carlsberg A/S.

In 2023, the Carlsberg Foundation contributed an additional amount of DKK 13m to Home of Carlsberg A/S to support the rebuilding of the Carlsberg Visitor Centre.

OTHER ACTIVITIES
Home of Carlsberg A/S, 100% owned by Carlsberg Breweries A/S, hosted and administered events at the Carlsberg Academy, which is owned by the Carlsberg Foundation, at a value of DKK 1m.

The Group's delivery of beer and soft drinks to the Carlsberg Foundation is charged at ordinary listing price minus a discount. In 2023, the deliveries amounted to DKK 0.1m (total sales of goods) (2022: DKK 0.3m).

Carlsberg Breweries A/S leases storage facilities in the researcher apartments in Carlsberg Byen. These lease agreements are with subsidiaries of the Foundation. The two annual lease payments amount to DKK 0.2m and the leases are on market terms.

It is estimated that the benefit to the Group corresponds to the value of the other activities provided to the Carlsberg Foundation, which in turn corresponds to what each party would have had to pay to have the same deliverables provided by external parties.

OTHER RELATED PARTIES
Related parties also comprise Carlsberg Breweries A/S' Supervisory Board and Executive Board, their close family members and companies in which these persons have significant influence. During the year, there were no transactions between these parties and the Group, except for remuneration as disclosed in section 7.

The income statement and the statement of financial position include the following transactions

DKK million	2023	2022
Carlsberg A/S		
Other operating activities, net	-40	-44
Interest income	36	10
Interest expenses	-4	-
Dividends paid	-3,695	-3,486
Capital reduction	-3,000	-4,500
Recharge of share-based payments	-126	-92
Intangible assets	-	225
Receivables	75	14
Borrowings	-165	-391
Trade payables	-39	-31
Associates		
Revenue	22	19
Cost of sales	-733	-712
Sales expenses	-9	-9
Interest income	22	27
Loans	273	277
Receivables	444	390
Trade payables and other liabilities	-70	-49

SECTION 8.3

EVENTS AFTER THE REPORTING PERIOD

Apart from the events recognised or disclosed in the consolidated financial statements, no events have occurred after the reporting period of importance to the consolidated financial statements.

SECTION 9

BASIS FOR PREPARATION

SECTION 9.1

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The consolidated financial statements cover the period 1 January to 31 December. In preparing the consolidated financial statements, management makes various accounting estimates and judgements that form the basis of presentation, recognition and measurement of the Group's assets, liabilities, income and expenses.

Other estimates and judgements made are based on historical experience and other factors that management assesses to be reliable, but that, by their nature, are associated with uncertainty and unpredictability and may therefore prove incomplete or incorrect.

Areas involving significant estimates and judgements:

Receivables	Section 1
Impairment testing, useful life and residual value	Section 2
Restructurings, provisions and contingencies	Section 3
Discontinued operations	Section 5
Acquisitions and disposals, including contingent considerations	Section 5
Tax assets and liabilities	Section 6
Defined benefit obligations	Section 7

SECTION 9.2

GENERAL ACCOUNTING POLICIES

The Group's consolidated financial statements for 2023 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

The consolidated financial statements are presented in Danish kroner (DKK), which is the Parent Company's functional currency, and all values are rounded to the nearest DKK million, except when otherwise stated.

The accounting policies set out below have been used consistently in respect of the financial year and the comparative figures.

DEFINING MATERIALITY

Significant items are presented individually in the financial statements as required by IAS 1. Other items that are considered relevant to stakeholders and necessary for an understanding of the Group's business model, including research, real estate and geographical diversity, are also presented individually in the financial statements.

The consolidated financial statements are prepared as a consolidation of the financial statements of the Parent Company, Carlsberg Breweries A/S, and its subsidiaries according to the Group's accounting policies.

Subsidiaries are all the entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Entities over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of less than 50% of the voting rights or participation in the management of the company. The assessment of whether Carlsberg Breweries A/S exercises control or significant influence includes potential voting rights exercisable at the reporting date. Entities that by agreement are managed jointly with one or more other parties are considered joint ventures.

On consolidation, intra-group income and expenses, shareholdings, balances and

SECTION 9.2 (CONTINUED)

GENERAL ACCOUNTING POLICIES

dividends, and realised and unrealised gains are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's ownership share of the entity.

Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place.

The accounting items of subsidiaries are included in full in the consolidated financial statements. Non-controlling interests' share of subsidiaries' profit/loss for the year and of equity is included in the Group's profit/loss and equity but is disclosed separately. Entities acquired or established during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities disposed of or discontinued are recognised in the consolidated income statement until the date of disposal or discontinuation. The comparative figures are not restated.

FOREIGN CURRENCY TRANSLATION

A functional currency is determined for each of the reporting entities in the Group. The functional currency is the primary currency used for the reporting entity's operations. Transactions denominated in currencies other than the functional currency are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised as financial income or expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date at which the receivable or payable arose or the exchange rate in the latest consolidated financial statements is recognised as financial income or expenses.

On recognition of entities with a functional currency other than the presentation currency, the income statement and statement of cash flows are translated at the exchange rates at the transaction date, and the statement of financial position items are translated at the exchange rates at the reporting date. Foreign exchange differences arising on translation of the opening balance of equity, and of the income statement on the reporting date, are recognised in other comprehensive income and attributed to a separate translation reserve in equity. Foreign exchange differences arising on the translation of the proportionate share of associates are likewise recognised in other comprehensive income.

Foreign exchange adjustment of balances with entities that are considered part of the investment in the entity is recognised in other comprehensive income. Correspondingly, foreign exchange gains and losses on the part of loans and derivative financial instruments that are designated as hedges of investments in foreign entities, and that effectively hedge against corresponding foreign exchange gains and losses on the investment in the entity, are also recognised in other comprehensive income and attributed to a separate translation reserve in equity.

When the gain or loss from a complete or partial disposal of an entity is recognised, the share of the cumulative exchange differences recognised in other comprehensive income is recognised in the income statement. The same approach is adopted on repayment of balances that constitute part of the net investment in the entity.

INCOME STATEMENT

The presentation of the Group's income statement is based on the internal reporting structure, as IFRS Accounting Standards do not provide a specific disclosure requirement.

Special items are not directly attributable to ordinary operating activities and are shown separately in order to facilitate a better understanding of the Group's financial performance.

CASH FLOW

Cash flow is calculated using the indirect method and is based on operating profit before special items adjusted for depreciation, amortisation and impairment losses. Cash flow cannot be derived directly from the statement of financial position and income statement.

FINANCIAL RATIOS AND NON-IFRS FINANCIAL MEASURES

The Group uses certain additional financial measures to provide management, investors and investment analysts with additional measures to evaluate and analyse the Company's results. These non-IFRS financial measures are defined and calculated by the Group and therefore may not be comparable with other companies' measures.

The non-IFRS financial measures disclosed in the Annual Report are:

- Organic development

The Danish Finance Society does not acknowledge use of special items and states that adjustments of tax should be based on the marginal tax rate. When calculating financial measures, the Group uses operating profit before special items as well as the effective tax rate for measures adjusted for tax.

Other financial ratios are calculated in accordance with the Danish Finance Society's online guidelines for the calculation of financial ratios, "Recommendations and Financial Ratios", unless specifically stated.

SECTION 9.2 (CONTINUED)

GENERAL ACCOUNTING POLICIES

Glossary and calculation of key figures and financial ratios disclosed in the Annual Report

FINANCIAL RATIOS	
Gross margin	Gross profit as a percentage of revenue.
EBITDA margin[1]	Operating profit before depreciation, amortisation and impairment losses as a percentage of revenue.
Operating margin	Operating profit before special items[1] as a percentage of revenue.
Return on invested capital (ROIC)	Operating profit before special items[1] adjusted for tax as a percentage of average invested capital[2] calculated as a 12-month rolling average (MAT).
Return on invested capital excluding goodwill (ROIC excl. goodwill)	Operating profit before special items[1] adjusted for tax as a percentage of average invested capital[2] excluding goodwill calculated as a 12-month rolling average (MAT).
Effective tax rate[1]	Income tax as a percentage of profit before tax.
NIBD/EBITDA[1]	Net interest-bearing debt[3] divided by operating profit before depreciation, amortisation and impairment losses.

GLOSSARY	
EBITDA[1]	Operating profit before depreciation, amortisation and impairment losses.
Free cash flow[4]	Cash flow from operating activities less cash flow from investing activities.
Leverage ratio[1]	NIBD/EBITDA.
NCI	Non-controlling interests.
OCI	Other comprehensive income.
Off-trade	Sale of beverages for consumption off the premises (e.g. retailers).
On-trade	Sale of beverages for consumption on the premises (e.g. restaurants, hotels and bars).
Operating profit	Operating profit before special items[1].
Organic development[1]	Measure of growth excluding the impact of acquisitions, disposals and foreign exchange from year-on-year comparisons.
Volumes[1]	The Group's sale of beverages in consolidated entities and sale of the Group's products under licence agreements.

[1] This key figure, ratio or elements thereof are not defined or deviate from the definitions of the Danish Finance Society.

[2] The calculation of invested capital is specified in section 2.1.

[3] The calculation of net interest-bearing debt is specified in section 4.3.

[4] The calculation of free cash flow is specified in the statement of cash flows.

SECTION 9.3

CHANGES IN ACCOUNTING POLICIES

CHANGED ACCOUNTING POLICIES AND CLASSIFICATION IN THE ANNUAL REPORT 2023

The Annual Report 2023 has been prepared using the same accounting policies for recognition and measurement as those applied to the consolidated financial statements for 2022, except for the following Amendments that were adopted as of 1 January 2023:

- Amendment to IAS 1 “Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies”
- Amendment to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates”
- Amendments to IAS 12 “Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”
- Amendments to IAS 12 “Income Taxes: International Tax Reform - Pillar Two Model Rules”
- Amendments to IFRS 17 “Insurance Contracts” and “Initial application of IFRS 17" and IFRS 9 “Comparative Information”

These Amendments cover areas that are not material and/or relevant for the Group.

SECTION 9.4

NEW LEGISLATION

NEW AND AMENDED IFRS ACCOUNTING STANDARDS

The following Amendments to IFRS Accounting Standards became effective as of 1 January 2024:

- Amendments to IAS 1 “Presentation of Financial Statements: Classification of Liabilities as Current or Non-current” and “Classification of Liabilities as Current or Non-current - Deferral of Effective Date” and “Non-current Liabilities with Covenants”
- Amendment to IFRS 16 “Leases: Lease Liability in a Sale and Leaseback”

These Amendments are not expected to have any significant impact on the financials or the Group’s accounting policies, as they cover areas that are not material and/or relevant for the Group.

NEW AND AMENDED IFRS ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE EU

The following Amendments, which will become effective in future years, have been issued but not yet adopted by the EU:

- Amendment to IAS 21 “The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability”
- Supplier Finance Arrangements: Amendment to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures”.

The Amendments are not mandatory for the financial reporting for 2023. The Group expects to adopt the Amendments when they become mandatory.

SECTION 9.5

NEW SEGMENTATION 2024

The regional structure of the Group changed as of 1 January 2024, with the aim of rebalancing the regions in terms of size and number of business units.

IFRS 8 requires that an entity discloses information about its operating segments, including profit and loss for each reportable segment. These segment disclosures should follow the "management approach", meaning they should be the same segments as are regularly reported to management.

The disclosure in the Annual Report follows the same regional segmentation as was used in the internal reporting to the Executive Committee throughout 2023.

As the management structure was unchanged during 2023, the segmentation used in the Annual Report 2023 continues without any changes compared with 2022.

The segmentation changed as of 1 January 2024, when the new management structure took effect. To provide transparency, it has been decided to disclose the effect of the new segmentation had it become effective at 1 January 2023 and as it will be disclosed in the comparative figures for 2023 in the Annual Report 2024.

Effect of the new segmentation

As a result of the new segmentation, the entities in India and Nepal will move from the Asia region to Central & Eastern Europe. At the same time, Carlsberg Shared Services will move from Not allocated to Western Europe.

Central & Eastern Europe will then be renamed Central & Eastern Europe and India to better reflect its new composition.

New segmentation

								2023
	Reported				Restated			
DKK Million	Western Europe	Asia	Central & Eastern Europe	Not allocated	Western Europe	Asia	Central & Eastern Europe and India	Not allocated
Revenue	**37,317**	**23,288**	**12,959**	**21**	**37,317**	**20,780**	**15,467**	**21**
Total cost	-32,643	-18,329	-10,756	-1,287	-32,649	-16,243	-12,842	-1,281
Share of profit after tax of associates	307	249	21	-	307	49	221	-
Operating profit before special items	**4,981**	**5,208**	**2,224**	**-1,266**	**4,975**	**4,586**	**2,846**	**-1,260**
Operating margin	13.3%	22.4%	17.2%	-	13.3%	22.1%	18.4%	-
Invested capital	26,952	17,473	7,334	-328	26,910	15,156	9,651	-286
Invested capital excl. goodwill	11,232	3,897	4,236	-328	11,190	1,776	6,357	-286
Acquisition of property, plant and equipment and intangible assets	1,533	1,841	682	177	1,534	1,803	720	176
Amortisation and depreciation	1,859	1,363	669	88	1,860	1,288	744	87
Impairments losses	338	-100	127	40	338	-100	127	40
Return on invested capital (ROIC)	14.6%	22.9%	24.2%	-	14.6%	23.1%	23.7%	-
ROIC excl. goodwill	33.9%	110.2%	40.9%	-	33.9%	228.1%	35.4%	-

SECTION 9.5 (CONTINUED)

NEW SEGMENTATION 2024

	Restated 2023						
New segmentation	Q1	Q2	Q3	Q4	H1	H2	FY
Beer (million hl)							
Western Europe	5.9	8.4	7.8	6.6	14.3	14.4	28.7
Asia	10.7	11.3	11.3	5.8	22.0	17.1	39.1
Central & Eastern Europe and India	6.5	9.6	9.9	7.2	16.1	17.1	33.2
Total	**23.1**	**29.3**	**29.0**	**19.6**	**52.4**	**48.6**	**101.0**
Other beverages (million hl)							
Western Europe	3.2	4.1	3.7	3.7	7.3	7.4	14.7
Asia	1.6	1.8	1.2	1.3	3.4	2.5	5.9
Central & Eastern Europe and India	0.7	1.0	1.1	0.7	1.7	1.8	3.5
Total	**5.5**	**6.9**	**6.0**	**5.7**	**12.4**	**11.7**	**24.1**
Total beverages (million hl)							
Western Europe	9.1	12.5	11.5	10.3	21.6	21.8	43.4
Asia	12.3	13.1	12.5	7.1	25.4	19.6	45.0
Central & Eastern Europe and India	7.2	10.6	11.0	7.9	17.8	18.9	36.7
Total	**28.6**	**36.2**	**35.0**	**25.3**	**64.8**	**60.3**	**125.1**
Revenue (DKK million)							
Western Europe	7,551	10,831	10,113	8,822	18,382	18,935	37,317
Asia	5,791	5,993	5,572	3,424	11,784	8,996	20,780
Central & Eastern Europe and India	3,059	4,557	4,603	3,248	7,616	7,851	15,467
Not allocated	4	2	6	9	6	15	21
Total	**16,405**	**21,383**	**20,294**	**15,503**	**37,788**	**35,797**	**73,585**

SECTION 10

GROUP COMPANIES

This section lists the subsidiaries and associates in the Group. Parent direct ownership shows the legal ownership held by the immediate holding company in the Group. Cross-holdings held by fully owned companies in the Group are aggregated. Consolidated ownership shows the share of the result of the entity that is attributed to the shareholder in Carlsberg Breweries A/S in the consolidated financial statements.

Western Europe	Place of incorporation	Note	Number of subsidiaries	Parent direct ownership	Consolidated ownership
Carlsberg Danmark A/S	Denmark			100%	100%
Carlsberg Supply Company Danmark A/S	Denmark			100%	100%
Carlsberg Sweden Holding 2 AB	Sweden			100%	100%
Carlsberg Sverige AB	Sweden			100%	100%
Carlsberg Supply Company Sverige AB	Sweden			100%	100%
Ringnes Norge AS	Norway		1	100%	100%
Ringnes AS	Norway			100%	100%
Ringnes Brygghus AS	Norway			100%	100%
Solo AS	Norway			91%	91%
Ringnes Supply Company AS	Norway			100%	100%
Ringnes Farris Eiendom AS	Norway			100%	100%
Ringnes Imsdal Eiendom AS	Norway			100%	100%
Ringnes Administrasjon Eiendom AS	Norway			100%	100%
Ringnes Gjelleråsen Eiendom AS	Norway			100%	100%
Oy Sinebrychoff Ab	Finland			100%	100%
Sinebrychoff Supply Company Oy	Finland			100%	100%
Carlsberg Deutschland Holding GmbH	Germany			100%	100%
Carlsberg Deutschland Logistik GmbH	Germany			100%	100%
Tuborg Deutschland GmbH	Germany			100%	100%
Carlsberg Deutschland GmbH	Germany		6	100%	100%
Duckstein GmbH	Germany			100%	100%

Western Europe	Place of incorporation	Note	Number of subsidiaries	Parent direct ownership	Consolidated ownership
Holzmarkt Beteiligungsgesellschaft mbH	Germany			100%	100%
Holsten-Brauerei AG	Germany			100%	100%
Carlsberg Supply Company Deutschland GmbH	Germany			100%	100%
Carlsberg Supply Company Polska SA	Poland			100%	100%
Carlsberg Polska Sp. z o.o.	Poland			100%	100%
Carlsberg UK Holdings Limited	UK		3	100%	100%
Carlsberg Marston's Limited	UK			60%	60%
Carlsberg Marston's Brewing Company Ltd.	UK			100%	60%
Marston's Beer Company Limited	UK			100%	60%
CMBC Supply Limited	UK			100%	60%
LF Brewery Holdings Limited	UK		1	100%	60%
Emeraude S.A.S.	France		7	100%	100%
Kronenbourg S.A.S.	France		1	100%	100%
Kronenbourg Supply Company S.A.S.	France			100%	100%
Kronenbourg Breweries Canada Inc.	Canada			100%	100%
Fondation Kronenbourg	France			100%	100%
S.A.S. Onyx	France			100%	100%
Feldschlösschen Getränke Holding AG	Switzerland		3	100%	100%
Feldschlösschen Getränke AG	Switzerland			100%	100%
Schlossgarten Gastronomie AG	Switzerland			100%	100%
SB Swiss Beverage AG	Switzerland			100%	100%

Western Europe	Place of incorporation	Note	Number of subsidiaries	Parent direct ownership	Consolidated ownership
Feldschlösschen Supply Company AG	Switzerland			100%	100%
Carlsberg Supply Company AG	Switzerland			100%	100%
Nya Carnegiebryggeriet AB	Sweden			100%	100%
E.C. Dahls Bryggeri AS	Norway			100%	100%
Monster the Cat GmbH	Switzerland			100%	100%
Grimbergen Abbey Brewery	Belgium			100%	100%
Zatecky Pivovar spol. S.r.o.	Czechia			100%	100%

Asia	Place of incorporation	Note	Number of subsidiaries	Parent direct ownership	Consolidated ownership
Carlsberg Asia Pte Ltd	Singapore			100%	100%
Carlsberg Brewery Hong Kong Ltd	Hong Kong SAR		3	100%	100%
Guangzhou Carlsberg Consultancy and Management Services Co. Ltd	China			100%	100%
Chongqing Brewery Co., Ltd	China	A		60%	60%
Carlsberg Chongqing Breweries Company Limited	China	B	8	51%	79%
Kunming Huashi Brewery Company Limited	China			100%	79%
Carlsberg (China) Breweries and Trading Company Limited	China			100%	79%
Carlsberg Brewery (Guangdong) Ltd	China			99%	79%
Xinjiang Wusu Breweries Co., Ltd	China		5	100%	79%
Ningxia Xixia Jianiang Brewery Limited	China			70%	56%
Beijing Capital Brewing Jinmai Trading Company Limited	China			100%	79%
G-Shell Asia Pacific (Beijing) Food Company Limited	China			100%	79%
Carlsberg Beer Enterprise Management (Chongqing) Company Limited	China			100%	79%
Carlsberg Brewery (Anhui) Company Ltd	China			75%	60%
Carlsberg Tianmuhu Brewery (Jiangsu) Company Ltd	China			100%	79%
Lao Brewery Co. Ltd	Laos			61%	61%
Carlsberg Korea Ltd.	South Korea			100%	100%

Asia	Place of incorporation	Note	Number of subsidiaries	Parent direct ownership	Consolidated ownership
Carlsberg Brewery Malaysia Berhad	Malaysia	A		51%	51%
Carlsberg Marketing Sdn BHD	Malaysia			100%	51%
Euro Distributors Sdn BHD	Malaysia			100%	51%
Carlsberg Singapore Pte Ltd	Singapore			100%	51%
Maybev Pte Ltd	Singapore	C		51%	26%
Carlsberg South Asia Pte Ltd	Singapore	D		67%	100%
South Asian Breweries Pte. Ltd	Singapore	D		100%	100%
Carlsberg India Pvt. Ltd	India	D		100%	100%
Gorkha Brewery Pvt. Ltd	Nepal	D, E, F		90%	90%
G.B. Marketing Pvt Ltd	Nepal	D, F		100%	90%
Carlsberg Vietnam Trading Co. Ltd	Vietnam			100%	100%
Carlsberg Vietnam Breweries Ltd	Vietnam			100%	100%
Paduak Holding Pte. Ltd	Singapore			100%	100%
Carlsberg Supply Company Asia Ltd	Hong Kong SAR			100%	100%
Caretech Limited	Hong Kong SAR			100%	100%
Cambrew Limited	Cambodia		2	100%	100%
Cambrew Properties Ltd	Cambodia			100%	100%
Angkor Beverage Co Ltd	Cambodia			100%	100%
CB Distribution Co., Ltd	Thailand			100%	100%

A Listed company.

B Carlsberg Chongqing Breweries Company Limited is owned by Chongqing Brewery Co., Ltd (51%) and Guangzhou Carlsberg Consultancy and Management Services Co Ltd (49%), resulting in a consolidated ownership of 79%

C Maybev Pte Ltd is owned by Carlsberg Singapore Pte Ltd (51%), which is owned by Carlsberg Brewery Malaysia Berhad (51%), resulting in a consolidated ownership of 26%.

D The Group owns 67% of Carlsberg South Asia Pte Ltd, which is the holding company of South Asian Breweries Pte. Ltd, Carlsberg India Pvt. Ltd and Gorkha Brewery Pvt. Ltd (Nepal). The consolidation percentage of Carlsberg South Asia Pte Ltd is 100% due to a written put option.

E The Group has the legal and contractual rights of a majority shareholder in Gorkha Brewery Pvt. Ltd, but does not consolidate the company and its subsidiary for accounting purposes.

F Company not audited by PwC.

Central & Eastern Europe	Place of incorporation	Note	Number of subsidiaries	Parent direct ownership	Consolidated ownership
Carlsberg Azerbaijan LLC	Azerbaijan			100%	100%
Baku Piva JSC	Azerbaijan			91%	91%
Carlsberg Kazakhstan Ltd	Kazakhstan			90%	90%
PJSC Carlsberg Ukraine	Ukraine		1	100%	100%
Baltic Beverages Holding AB	Sweden			100%	100%
Carlsberg Serbia Ltd	Serbia			100%	100%
Carlsberg BH d.o.o.	Bosnia and Herzegovina			100%	100%
Carlsberg Montenegro d.o.o.	Montenegro			100%	100%
Carlsberg Croatia d.o.o.	Croatia			100%	100%
Carlsberg Bulgaria AD	Bulgaria			100%	100%
OJSC Brewery Alivaria	Belarus	**F, G**		78%	89%
Vista BY Co LLC	Belarus			100%	100%
Carlsberg Italia S.p.A.	Italy			100%	100%
Carlsberg Horeca Srl	Italy			100%	100%
T&C Italia Srl	Italy			100%	100%
Olympic Brewery SA	Greece			100%	100%
Hellenic Beverage Company SA	Greece			100%	100%
Carlsberg Hungary Kft.	Hungary			100%	100%
Saku Õlletehase AS	Estonia			100%	100%
Aldaris JSC	Latvia			100%	100%
Svyturys-Utenos Alus UAB	Lithuania	**H**		99%	99%
CTDD Beer Imports Ltd	Canada			100%	100%
Carlsberg Canada Inc.	Canada			100%	100%
Waterloo Brewing Ltd.	Canada	**I**		100%	100%
Carlsberg USA Inc.	USA			100%	100%

Not allocated	Place of incorporation	Note	Number of subsidiaries	Parent direct ownership	Consolidated ownership
Carlsberg Finans A/S	Denmark			100%	100%
Carlsberg International A/S	Denmark			100%	100%
Home of Carlsberg A/S	Denmark			100%	100%
Carlsberg Invest A/S	Denmark			100%	100%
Carlsberg Integrated Information Technology A/S	Denmark			100%	100%
Carlsberg Captive Insurance Company A/S	Denmark			100%	100%
Carlsberg Central Office A/S	Denmark			100%	100%
Traitomic A/S	Denmark			100%	100%
Carlsberg Shared Services Sp. z o.o.	Poland			100%	100%

Associates	Place of incorporation	Note	Number of subsidiaries	Parent direct ownership	Consolidated ownership
Sinergie Proattive Srl	Italy			36%	36%
Knopp Oy	Finland			50%	50%
Viacer S.G.P.S., Lda	Portugal	**J**		29%	29%
Super Bock Group, S.G.P.S., S.A.	Portugal	**J**	10	56%	60%
Serviced Dispense Equipment (Holdings) Limited	UK		2	33%	20%
Nuuk Imeq A/S	Greenland	**F**		32%	32%
Chongqing Jiawei Beer Co. Ltd	China			33%	26%
Lanzhou Huanghe Jianiang Brewery Company Limited	China			50%	50%
Qinghai Huanghe Jianiang Brewery Company Ltd	China			50%	50%
Jiuquan West Brewery Company Limited	China			50%	50%
Tianshui Huanghe Jianiang Brewery Company Ltd	China			50%	50%
Lion Brewery (Ceylon) PLC	Sri Lanka	**A, F, K**		25%	13%
Hanoi Beer Alcohol and Beverage Joint Stock Corporation	Vietnam	**F**		17%	17%
Carlsberg Distributors Taiwan Limited	Taiwan		1	50%	50%
NCC Crowns Private Limited	India			33%	33%
Bottlers Nepal Limited	Nepal		1	22%	20%
Myanmar Carlsberg Co. Ltd	Myanmar	**F**	1	61%	61%

Not consolidated companies	Place of incorporation	Note	Number of subsidiaries	Parent ownership	Consolidated ownership
Baltika Breweries LLC	Russia	**F, H, L**	3	100%	0%
Hoppy Union LLC	Russia	**F, H, L**		100%	0%

G Consolidated ownership is higher than the legal ownership due to written put options.

H Company owned by Carlsberg Sverige AB.

I In January 2024 Waterloo Breweries Ltd. was merged into Carlsberg Canada Inc.

J Viacer S.G.P.S (Viacer) is the controlling shareholder of Super Bock Group, S.G.P.S. (Super Bock) with a 56% shareholding, with Carlsberg Breweries A/S owning the remaining 44%. In addition, Carlsberg Breweries A/S has a direct ownership share of 29% in Viacer without exercising control. Therefore, both Viacer and Super Bock are considered associates of the Group. The Group's direct and indirect ownership of Super Bock totals 60%.

K Lion Brewery (Ceylon) PLC is owned by Carlsberg Brewery Malaysia Berhad (25%). Carlsberg owns 51% of Carlsberg Brewery Malaysia Berhad, resulting in 13% of the result being attributed to the shareholders in Carlsberg A/S.

L Deconsolidated as of July 2023

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT

DKK million	Section	2023	2022
Revenue		**2,765**	**2,736**
Cost of sales	3.1	-1,082	-915
Gross profit		**1,683**	**1,821**
Sales and distribution expenses	3.1	-799	-806
Administrative expenses		-492	-777
Other operating activities, net	3.1	257	352
Operating profit before special items		**649**	**590**
Special items, net	1.2	-14,035	-9,884
Financial income	2.2	12,253	3,710
Financial expenses	2.2	-1,903	-1,174
Profit before tax		**-3,036**	**-6,758**
Income tax	5.4	-102	-137
Profit for the period		**-3,138**	**-6,895**
Attributable to			
Dividend to shareholder		3,598	3,695
Reserves		-6,736	-10,590
Profit for the period		**-3,138**	**-6,895**

STATEMENT OF COMPREHENSIVE INCOME

DKK million	Section	2023	2022
Profit for the period		**-3,138**	**-6,895**
Other comprehensive income			
Value adjustments of hedging instruments		605	7
Income tax	5.4	-	-2
Items that may be reclassified to the income statement		**605**	**5**
Other comprehensive income		**605**	**5**
Total comprehensive income		**-2,533**	**-6,890**

STATEMENT OF FINANCIAL POSITION

DKK million	Section	31 Dec. 2023	31 Dec. 2022
ASSETS			
Non-current assets			
Intangible assets	5.3	1,490	1,493
Property, plant and equipment	5.3	394	268
Investments in subsidiaries	1.1	62,304	69,014
Investments in associates	1.1	2,910	2,910
Receivables	3.3	750	531
Tax assets	5.4	119	-
Total non-current assets		**67,967**	**74,216**
Current assets			
Trade receivables	3.3	980	1,185
Tax receivables		21	51
Other receivables	3.3	21,016	20,469
Prepayments		29	29
Deposits and securities		2,236	-
Cash and cash equivalents	2.4	6,478	1,368
Total current assets		**30,760**	**23,102**
Total assets		**98,727**	**97,318**

DKK million	Section	31 Dec. 2023	31 Dec. 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	2.1	497	498
Hedging reserves		324	-281
Retained earnings		28,151	37,898
Total equity		**28,972**	**38,115**
Non-current liabilities			
Borrowings	2.4	33,528	25,706
Tax liabilities	5.4	576	342
Provisions	5.1	7	409
Other liabilities, etc.		501	-
Total non-current liabilities		**34,612**	**26,457**
Current liabilities			
Borrowings	2.4	32,730	30,479
Trade payables		1,134	1,093
Deposits on returnable packaging materials		46	53
Provisions	5.1	67	86
Tax payables		3	-
Other liabilities, etc.		1,163	1,035
Total current liabilities		**35,143**	**32,746**
Total liabilities		**69,755**	**59,203**
Total equity and liabilities		**98,727**	**97,318**

STATEMENT OF CHANGES IN EQUITY

DKK million	Shareholder in Carlsberg Breweries A/S			
	Share capital	Hedging reserves	Retained earnings	Total equity
2023				
Equity at 1 January	**498**	**-281**	**37,898**	**38,115**
Profit for the period	**-**	**-**	**-3,138**	**-3,138**
Other comprehensive income	**-**	**605**	**-**	**605**
Total comprehensive income for the period	**-**	**605**	**-3,138**	**-2,533**
Capital reduction	-1	-	-2,999	-3,000
Settlement of share-based payments	-	-	7	7
Share-based payments	-	-	78	78
Dividend paid to shareholder	-	-	-3,695	-3,695
Total changes in equity	**-1**	**605**	**-9,747**	**-9,143**
Equity at 31 December	**497**	**324**	**28,151**	**28,972**
2022				
Equity at 1 January	**499**	**-286**	**52,699**	**52,912**
Profit for the period	**-**	**-**	**-6,895**	**-6,895**
Other comprehensive income	**-**	**5**	**-**	**5**
Total comprehensive income for the period	**-**	**5**	**-6,895**	**-6,890**
Capital reduction	-1	-	-4,499	-4,500
Settlement of share-based payments	-	-	22	22
Share-based payments	-	-	57	57
Dividend paid to shareholder	-	-	-3,486	-3,486
Total changes in equity	**-1**	**5**	**-14,801**	**-14,797**
Equity at 31 December	**498**	**-281**	**37,898**	**38,115**

STATEMENT OF CASH FLOWS

DKK million	Section	2023	2022
Operating profit before special items		649	590
Depreciation and amortisation		39	85
Operating profit before depreciation and amortisation		**688**	**675**
Other non-cash items	3.2	78	59
Change in working capital	3.2	659	-593
Restructuring costs paid		-88	-43
Interest etc. received		1,261	492
Interest etc. paid		-1,562	-1,446
Income tax paid		48	-27
Cash flow from operating activities		**1,084**	**-883**
Acquisition of property, plant and equipment and intangible assets		-13	-17
Total operational investments		**-13**	**-17**
Capital injection in subsidiaries		-111	-51
Acquisition and disposal of financial investments, net		-2,236	-
Change in financial receivables		-13	2
Dividends received		4,349	3,196
Total financial investments		**1,989**	**3,147**
Cash flow from investing activities		**1,976**	**3,130**
Free cash flow		**3,060**	**2,247**
Shareholder in Carlsberg Breweries A/S	2.1	-6,695	-7,986
External financing	2.4	8,762	3,758
Cash flow from financing activities		**2,067**	**-4,228**
Net cash flow		**5,127**	**-1,981**
Cash and cash equivalents at 1 January		1,368	3,291
Foreign exchange adjustment of cash and cash equivalents		-17	58
Cash and cash equivalents at 31 December	2.4	**6,478**	**1,368**

SECTION 1

SUBSIDIARIES AND RELATED PARTIES

SECTION 1.1

INVESTMENTS IN SUBSIDIARIES

Additions primarily include shares in a subsidiary of the Carlsberg Breweries Group that were received as a non-cash dividend distribution of DKK 6,329m from Carlsberg Sweden Holding 2 AB.

In 2023, impairment losses of DKK 13,500m, were recognised on investments in subsidiaries.

Of the total impairment, DKK 12,168m relates to the investment in Carlsberg Sweden Holding 2 AB, which through intermediate companies is the owner of the Group's investments in Russia. The impairment is because of the loss of control of the Russian operations following the presidential decree of 16 July 2023.

Impairment losses of DKK 1,313m relate to the investment in Caretech Ltd., the holding company for the Group's operations in Cambodia, which has been affected by a significant decline in volumes.

Reversal of impairment of DKK 124m relates to a minor European entity.

In 2022, impairment losses of DKK 9,700m were also recognised on the investment in Carlsberg Sweden Holding 2 AB following the Russian invasion of Ukraine, while DKK -9,700m related to minor investments in Western Europe and Asia.

Investments in subsidiaries

DKK million	2023	2022
Cost		
Cost at 1 January	85,973	85,956
Additions	6,673	51
Disposals	-7	-34
Cost at 31 December	**92,639**	**85,973**
Value adjustments		
Value adjustments at 1 January	16,959	7,222
Disposal	-	-35
Impairment losses	13,500	9,772
Reversal of impairment	-124	-
Value adjustments at 31 December	**30,335**	**16,959**
Carrying amount at 31 December	**62,304**	**69,014**

Please see section 10 in the consolidated financial statements for a list of companies in the Carlsberg Breweries Group.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Indications of impairment of investments in subsidiaries are assessed annually by management. Impairment tests are performed by applying the same principles as the tests for impairment of goodwill in the Group, cf. section 2.2 in the consolidated financial statements.

It is management's assessment that no further indications of impairment existed at year-end 2023. Impairment tests have therefore not been carried out for investments in other subsidiaries.

Investments in associates

DKK million	2023	2022
Cost		
Cost at 1 January	2,910	2,910
Cost at 31 December	**2,910**	**2,910**
Value adjustments		
Value adjustments at 1 January	-	-
Value adjustments at 31 December	**-**	**-**
Carrying amount at 31 December	**2,910**	**2,910**

ACCOUNTING POLICIES

Dividends on investments in subsidiaries are recognised in the income statement of the Parent Company in the financial year in which the dividend is declared.

Investments in subsidiaries are measured at the lower of cost and recoverable amount.

SECTION 1.2

SPECIAL ITEMS

Special items

DKK million	2023	2022
Special items, income		
Derecognition of loan from Baltika Breweries	297	-
Income	**297**	**-**
Impairment of investments in subsidiaries	-13,500	-9,772
Reversal of impairment of investments in subsidiaries	124	
Reclassification of cash flow hedges	-606	-
Cost of termination of a licensee agreement	-173	-
Restructuring projects and provisions	-23	-25
Donations	-2	-25
Costs related to acquisition of entities etc.	-77	-62
Impairment of receivables from Baltika Breweries	-76	-
Reversal of provisions made in prior years	15	-
Other expenses	-14	-
Expenses	**-14,332**	**-9,884**
Special items, net	**-14,035**	**-9,884**

Impact of special items on operating profit

DKK million	2023	2022
If special items had been recognised in operating profit before special items, they would have been included in the following items:		
Cost of sales	-173	-
Administrative expenses	104	-112
Other operating activites, net	15	-
Financial expenses	-13,981	-9,772
Special items, net	**-14,035**	**-9,884**

In 2023, a loan of DKK 297m provided by Baltika Breweries to Carlsberg Breweries was dererecognised as the loan is no longer payable following the unlawful seizure of Baltika Breweries.

In 2023, Carlsberg Breweries recognised a cost of DKK 173m when the company terminated the licensee agreement for Kronenbourg 1664 in the UK.

Following the deconsolidation of the Russian operations, the value of hedges relating to the original acquisition of the Russian operations has been reclassified from equity to special items. The total amount of the reclassification was DKK 596m. Additional losses of DKK 10m regarding hedges of financial investment were reclassified from the cash flow hedge reserve to special items.

Impairment of investments in subsidiaries mainly relates to the investment in Carlsberg Sweden Holding 2 AB, cf. section 1.1.

Restructuring costs of DKK 23m relate to various restructuring projects as part of the ongoing focus on cost and efficiency initiatives.

SECTION 1.3

RELATED PARTIES

Related party disclosures

DKK million	2023	2022
Carlsberg A/S		
Other operating activities, net	-18	-21
Interest income	36	10
Interest expenses	-4	-
Dividend paid	-3,695	-3,486
Capital reduction	-3,000	-4,500
Receivables from the sale of goods and services	2	10
Recharge of share-based payments	82	60
Borrowings	-165	-391
Trade payables	-4	-4
Associates		
Interest income	19	24
Receivables from the sale of goods and services	122	109
Borrowings	-8	-5
Subsidiaries		
Revenue	890	1,053
Cost of sales	-994	-960
Sales and distribution expenses	-44	-28
Administrative expenses	-162	-123
Other operating activities, net	275	344
Interest income	1,146	609
Interest expenses	-1,119	-283
Loans	20,306	19,207
Dividend	20	-
Receivables	1,370	1,868
Borrowings	-28,894	-28,851
Trade payables and other liabilities etc.	-719	-542

Carlsberg A/S, J.C. Jacobsens Gade 1, 1799 Copenhagen V, Denmark, holds all the shares in Carlsberg Breweries A/S.

The following transactions took place between Carlsberg Breweries A/S and the parent in 2023:

- Carlsberg Breweries leased storage facilities in the researcher apartments.

The dividend paid to Carlsberg A/S is described in further detail in section 4.4 in the consolidated financial statements.

It is estimated that the benefit for the Carlsberg Breweries Group corresponds to the value of the services provided to the Carlsberg Foundation, which in turn corresponds to what each party would have had to pay to have the same deliverables provided by external parties.

OTHER RELATED PARTIES

Related parties also comprise Carlsberg Breweries A/S' Supervisory Board and Executive Board, their close family members and companies in which these persons have significant influence.

During the year, there were no transactions between these parties and the Group, except for remuneration as disclosed in section 4.

Dividends of DKK 274m (2022: DKK 251m) were received from associates. No losses on loans to or receivables from subsidiaries or associates were recognised or provided for in either 2023 or 2022.

Dividends of DKK 10,418m (2022: DKK 2,945m) were received from subsidiaries.

SECTION 2

CAPITAL STRUCTURE

SECTION 2.1

SHARE CAPITAL

Share capital

DKK million	Shares of DKK 1,000	Nominal value, DKK '000
1 January 2022	499,000	499,000
Capital reduction	-1,000	-1,000
31 December 2022	498,000	498,000
Capital reduction	-1,000	-1,000
31 December 2023	**497,000**	**497,000**

The share capital amounts to DKK 497m divided into shares in denominations of DKK 1,000 and multiples thereof. None of the shares confer any special rights. The share capital is owned by Carlsberg A/S, Copenhagen, Denmark.

In November 2023, the share capital was reduced from DKK 498m to DKK 497m through a cash distribution of nominally DKK 1m at a (per 100) price of DKK 400,000, corresponding to a total cash distribution to Carlsberg A/S of DKK 3.0bn. This cash distribution corresponds to the share buy-backs that were carried out by Carlsberg A/S over a 12-month period from 7 February 2023.

The dividend paid out to the shareholder in 2023 relating to 2022 amounted to DKK 3,695m (paid out in 2022 for 2021: DKK 3,486m).

Carlsberg Breweries A/S proposes a dividend of DKK 7,240 per share, in total DKK 3,598m (2022: DKK 7,420 per share, in total DKK 3,695m). The proposed dividend is included in retained earnings at 31 December 2023.

The dividend paid out to the shareholder in Carlsberg Breweries A/S does not impact taxable income in Carlsberg Breweries A/S.

SECTION 2.2

FINANCIAL INCOME AND EXPENSES

Interest income relates to interest from cash and cash equivalents and loans to subsidiaries, whereas interest expenses relate to interest on borrowings.

Foreign exchange adjustments of balances with foreign entities that are considered part of the total net investment in the entity are recognised in the income statement.

DKK million	2023	2022
Financial income		
Interest income	1,355	519
Dividends from subsidiaries and associates	10,692	3,196
Foreign exchange gains, net	206	-
Reversal of impairments of financial assets	-	-18
Other	-	13
Total	**12,253**	**3,710**
Financial expenses		
Interest expenses	-1,857	-888
Foreign exchange losses, net	-	-253
Bank and commitment fees	-22	-33
Other	-24	-
Total	**-1,903**	**-1,174**
Financial items, net	**10,350**	**2,536**

SECTION 2.3

NET INTEREST-BEARING DEBT

Net interest-bearing debt

DKK million	2023	2022
Non-current borrowings	33,528	25,706
Current borrowings	32,730	30,479
Gross financial debt	**66,258**	**56,185**
Deposits and securities	-2,236	-
Cash and cash equivalents	-6,478	-1,368
Net financial debt	**57,544**	**54,817**
Loans to Group companies and partners	-20,651	-19,552
Net interest-bearing debt	**36,893**	**35,265**

Changes in net interest-bearing debt		
Net interest-bearing debt at 1 January	**35,265**	**29,724**
Cash flow from operating activities	-1,084	883
Cash flow from investing activities, excl. acquisition of subsidiaries, net	-1,976	-3,130
Dividend to shareholder	3,695	3,486
Change in interest-bearing lending	-2,296	-15
Capital reduction	3,000	4,500
Lease liabilities	26	17
Effect of currency translation	264	-200
Total change	**1,629**	**5,541**
Net interest-bearing debt at 31 December	**36,894**	**35,265**

SECTION 2.4

BORROWINGS AND CASH

Gross financial debt

DKK million	2023	2022
Non-current borrowings		
Issued bonds	29,270	21,470
Lease liabilities	358	242
Borrowings from Group companies	3,900	3,900
Other borrowings	-	94
Total	**33,528**	**25,706**
Current borrowings		
Issued bonds	7,448	3,714
Lease liabilities	26	17
Other borrowings	25,256	26,748
Total	**32,730**	**30,479**
Total non-current and current borrowings	**66,258**	**56,185**
Fair value	65,606	54,233

Other borrowings mainly comprise borrowings from Group companies.

The fair value of borrowings in subsidiaries corresponds to the carrying amount in all material respects.

Borrowings are measured at amortised cost.

Changes in gross financial debt

DKK million	2023	2022
Gross financial debt at 1 January	**56,185**	**53,037**
Proceeds from issue of bonds	15,272	3,708
Instalments on and proceeds from borrowings, non-current	-3,725	-5,583
Instalments on and proceeds from European commercial paper	-1,302	1,302
Change in current borrowings from Group companies	-745	4,463
Change in current loans to Group companies	-1,099	470
Instalments on lease liabilities	-26	-17
Other	387	-585
Financing	**8,762**	**3,758**
Intercompany loans	1,099	-470
Other, including foreign exchange adjustments and amortisation	212	-140
Gross financial debt at 31 December	**66,258**	**56,185**

Cash and cash equivalents including deposits amounted to DKK 8,714m (2022: DKK 1,368m). Cash and cash equivalents are not associated with any significant credit risks.

SECTION 2.5

CREDIT RISK

Credit risk is the risk of a counterparty failing to meet its contractual obligations and so inflicting a loss on the Carlsberg Breweries Group. Group policy is that financial transactions may be entered into only with financial institutions with a solid credit rating, defined as BBB.

SECTION 2.6

FOREIGN EXCHANGE RISK RELATED TO NET INVESTMENTS AND FINANCING ACTIVITIES

Carlsberg Breweries A/S' main activity is owning a number of subsidiaries and funding the capital required for both net investments and loans to subsidiaries. As a consequence, Carlsberg Breweries A/S is exposed to foreign exchange risk from its lending to and borrowing from external parties, Group companies and financial instruments. Carlsberg Breweries A/S manages these exposures within limits, which on a net basis leads to only insignificant foreign exchange exposure. The exceptions are semi-equity loans and derivatives designated as net investment hedges, which are recognised in other comprehensive income in the consolidated financial statements and accounted for in the income statement in the Parent Company. For more details on semi-equity loans and net investment hedges, see section 4.7 in the consolidated financial statements.

Currency profile of borrowings

Before and after derivative financial instruments

DKK million

2023	Original principal	Effect of swap	After swap
CHF	1,785	1,219	3,004
NOK	1,387	383	1,770
EUR	42,685	-9,014	33,671
USD	33	2,828	2,861
DKK	9,210	650	9,860
SEK	3,802	804	4,606
Other	7,356	3,130	10,486
Total	**66,258**	**-**	**66,258**
Total 2022	**56,185**	**-**	**56,185**

Exchange rate sensitivity - other comprehensive income

	2023				2022	
DKK million	Average hedged rate	Notional amount	% change	Effect on OCI	Average hedged rate	Effect on OCI
USD/DKK	6.7737	-236	5%	-12	6.8618	-24
Other	N/A	-131	5-30%	-23	N/A	-42
Total				**-35**		**-66**

SECTION 2.7

INTEREST RATE RISK

Carlsberg Breweries A/S fills the role of internal bank in the Group. Part of this role is to implement the Group's interest rate risk target, which is to have a duration of three to eight years.

The Company's loan portfolio consists of issued bonds, bilateral loan agreements, syndicated credit facilities and loans from the shareholder and subsidiaries.

Interest rate risks are mainly managed using bonds with fixed interest.

At the reporting date, 44% of the gross loan portfolio consisted of fixed-rate borrowings with interest rates fixed for more than one year (2022: 38%). At 31 December 2023, Carlsberg Breweries A/S had borrowed DKK 29,059m from subsidiaries and associates (2022: DKK 25,342m), and provided interest-bearing loans to subsidiaries, associates and partners of DKK 20,651m (2022: DKK 19,552m).

All lending to and borrowings from subsidiaries and associates are at floating interest rates.

Interest rate risk

DKK million

2023	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
Issued bonds					
EUR 1,000m maturing 28 May 2024	Fixed	2.6%	< 1 year	7,448	Fair value
EUR 500m maturing 13 October 2025	Fixed	3.4%	1-2 years	3,718	Fair value
EUR 750m maturing 26 November 2026	Fixed	3.6%	2-3 years	5,578	Fair value
EUR 500m maturing 30 June 2027	Fixed	0.5%	3-4 years	3,711	Fair value
EUR 700m maturing 5 October 2028	Fixed	4.2%	4-5 years	5,179	Fair value
EUR 400m maturing 1 July 2029	Fixed	1.0%	> 5 years	2,959	Fair value
EUR 500m maturing 11 March 2030	Fixed	0.7%	> 5 years	3,708	Fair value
EUR 600m maturing 5 October 2033	Fixed	4.4%	> 5 years	4,417	Fair value
Total issued bonds		**2.7%**		**36,718**	
Total issued bonds 2022		**1.7%**		**25,184**	
Bank borrowings and other borrowings					
Floating-rate	Floating	1.4%	< 1 year	123	Cash flow
Fixed-rate	Fixed	4.2%	> 1 year	358	Fair value
Total bank borrowings and other borrowings				**481**	
Total bank borrowings and other borrowings 2022				**373**	

SECTION 2.8

LIQUIDITY RISK

Liquidity risk results from the Group's potential inability to meet the obligations associated with its financial liabilities, for example settlement of financial debt and paying suppliers.

The Group's liquidity is managed by Group Treasury. The aim is to ensure effective liquidity management, which involves obtaining sufficient committed credit facilities to ensure adequate financial resources and, to some extent, tapping a range of funding sources.

Carlsberg Breweries A/S is the main funding vehicle in the Carlsberg Breweries Group. Accordingly, reference is made to section 4.8 in the Carlsberg Breweries Group financial statements regarding the liquidity risk.

Time to maturity for non-current borrowings

DKK million

2023	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	3,718	5,578	3,711	5,179	11,084	29,270
Lease liabilities	26	23	23	23	263	358
Other	-	-	3,900	-	-	3,900
Total	**3,744**	**5,601**	**7,634**	**5,202**	**11,347**	**33,528**
Total 2022	**7,532**	**3,720**	**15**	**7,613**	**6,826**	**25,706**

Maturity of financial liabilities

DKK million

2023	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Derivative financial instruments					
Derivative financial instruments, payables	282	282	-	-	309
Non-derivative financial instruments					
Financial debt, gross	66,435	32,738	22,255	11,442	66,258
Interest expenses	6,173	2,025	3,217	931	N/A
Trade payables and other liabilities	1,180	1,180	-	-	1,180
Contingent liabilities	1,150	1,150	-	-	-
Non-derivative financial instruments	**74,938**	**37,093**	**25,472**	**12,373**	**-**
Financial liabilities	**75,220**	**37,375**	**25,472**	**12,373**	**-**
Financial liabilities 2022	**61,114**	**34,317**	**19,884**	**6,913**	**-**

SECTION 2.9

DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into various derivative financial instruments to hedge foreign exchange and commodity risks, and seeks to apply hedge accounting when this is possible. Hedging of future, highly probable forecast transactions is designated as cash flow hedges. Fair value adjustments of derivative financial instruments that are not designated as cash flow hedges are recognised in financial income and expenses. This also applies to commodity hedges that are designated as cash flow hedges in the consolidated financial statements but not designated in the Parent Company's financial statements.

The Company monitors the cash flow hedge relationships twice a year to assess whether the hedge is still effective. Positive fair values of derivatives are recognised as other receivables and negative values as other liabilities.

The fair value of derivatives designated as cash flow hedges is presented in the cash flow hedges section below.

Cash flow hedges comprise currency forwards entered into to cover the foreign exchange risk on transactions expected to take place in 2023 and 2024.

The impact on other comprehensive income from exchange rate instruments relates to hedges of the Company's purchases and sales in currencies other than their functional currencies.

The closing balance in the equity reserve for hedging of cash flow hedges for which hedge accounting is no longer applied was DKK -244m (2022: DKK -843m) on a pre-tax basis. In 2023, the portion of the loss on the S&N hedging transaction relating to Russia (DKK -596m) has been reclassified to the income statement.

Hedging of raw material price risk

DKK million	Sensitivity assuming 100% efficiency				Time of maturity		
Aluminium	Change	Effect in P/L	Tonnes purchased	Average price (DKK)	2023	2024	2025
2023	20%	86	27,018	16,155	-	22,047	4,971
2022	20%	132	40,209	18,014	32,820	7,389	-

Aluminium premium	Change	Effect in P/L	Tonnes purchased	Average price (DKK)	2023	2024	2025
2023	30%	5	11,243	1,257	-	11,243	-

Energy	Change	Effect in P/L	MWh purchased	Average price (DKK)	< 1 year	1-5 years	> 5 years
2023	20%	29	289,966	420	12,123	116,000	161,843
2022	20%	34	289,966	420	-	99,123	190,843

The Company's process for hedging of raw material price risk is the same as the Carlsberg Breweries Group's. Accordingly, reference is made to section 1.2 on operating activities in the Carlsberg Breweries Group financial statements regarding the commodity risk.

Financial derivatives not designated as hedging instruments (economic hedges)

DKK million	Income statement	Fair value receivables	Fair value payables	Fair value, net
2023				
Exchange rate instruments	354	274	-241	33
Other instruments	43	118	-68	50
Total	**397**	**392**	**-309**	**83**
2022				
Exchange rate instruments	-343	230	-197	33
Other instruments	-67	211	-183	28
Total	**-410**	**441**	**-380**	**61**

Cash flow hedges

DKK million	Other comprehen-sive income	Fair value receivables	Fair value payables	Fair value, net	Expected recognition
2023					**2024**
Exchange rate instruments	-	7	-	7	7
Reclassification from OCI	605	-	-	-	-
Total	**605**	**7**	**-**	**7**	**7**
2022					**2023**
Exchange rate instruments	7	3	-3	-	-
Total	**7**	**3**	**-3**	**-**	**-**

SECTION 3

OPERATING ACTIVITIES

SECTION 3.1

OPERATING EXPENSES

Cost of sales

DKK million	2023	2022
Purchased finished goods and other costs	1,082	915
Total	**1,082**	**915**

Sales and distribution expenses

DKK million	2023	2022
Marketing expenses	559	623
Sales expenses	186	149
Distribution expenses	54	34
Total	**799**	**806**

Other operating activities, net

DKK million	2023	2022
Management fee from Group companies	337	427
Other, net	-80	-75
Total	**257**	**352**

SECTION 3.2

CASH FLOW FROM OPERATING ACTIVITIES

Cash flows

DKK million	2023	2022
Other non-cash items		
Share-based payments	78	57
Other items	-	2
Total	**78**	**59**
Change in working capital		
Receivables	594	-793
Trade payables and other liabilities	476	181
Other provisions	-418	-6
Unrealised foreign exchange gains/losses	7	25
Total	**659**	**-593**

SECTION 3.3

RECEIVABLES

Trade receivables comprise invoiced goods and services.

Receivables included in the statement of financial position

DKK million	2023	2022
Trade receivables	980	1,185
Other receivables	21,016	20,469
Total current receivables	**21,996**	**21,654**
Non-current receivables	750	531
Total	**22,746**	**22,185**

Receivables by origin

DKK million	2023	2022
Receivables from sale of goods and services	117	217
Receivables from Group companies	1,372	1,685
Dividend income	20	-
Loans to Group companies	20,306	19,207
Loans, fair value of hedging instruments and other receivables	931	1,076
Total	**22,746**	**22,185**

Other receivables comprise VAT receivables, loans to subsidiaries and associates, interest receivables and other financial receivables. The fair value of receivables in subsidiaries corresponds to the carrying amount in all material respects.

Our customers were faced with a challenging macroeconomic environment, and impacted by unpredictable energy prices and rising inflation and interest rates affecting credit risk for trade receivables. Please see section 1.4 in the consolidated financial statements for more details.

SECTION 4

STAFF COSTS AND REMUNERATION

SECTION 4.1

STAFF COSTS AND REMUNERATION

The remuneration of the Supervisory Board, the executive directors and key management personnel is described in detail in section 7.2 in the consolidated financial statements.

The Supervisory Board of Carlsberg Breweries A/S is not remunerated.

Remuneration of executive directors is based on a fixed salary, cash bonus payments and non-monetary benefits, such as company car, telephone etc. Furthermore, performance share programmes and incentive schemes have been established for executive directors. These programmes and schemes cover a number of years.

Employment contracts for executive directors contain terms and conditions that are considered common to executive board members in Danish listed companies, including terms of notice and non-competition clauses.

Staff costs and remuneration also cover costs and remuneration regarding executive directors of the Company who are contractually employed by other Group companies where the related cost is recognised and payment is made in those companies.

Remuneration of executive directors and the Supervisory Board is specified in section 7.2 in the consolidated financial statements.

ACCOUNTING POLICIES

Staff costs are recognised in the financial year in which the employee renders the related service. The fair value of share-based incentives, which is expensed over the vesting period of the programme according to the service conditions, is recognised in staff costs and offset directly against equity.

Staff costs and remuneration

DKK million	2023	2022
Salaries and other remuneration	612	621
Severance payments	-1	3
Social security costs	6	5
Retirement benefit costs - defined contribution plans	39	34
Share-based payments	78	44
Other employee benefits	6	6
Total	**740**	**713**

Staff costs are included in the following items in the income statement

Sales and distribution expenses	186	188
Administrative expenses	554	529
Total staff costs recognised by the Parent Company	**740**	**717**
Remuneration of executive director recognised by Carlsberg A/S	-	-4
Total	**740**	**713**

The Company had an average of 431 (2022: 413) full-time employees during the year.

SECTION 4.2

SHARE-BASED PAYMENTS

Share-based incentive programmes have been set up for management personnel at Carlsberg Breweries A/S. Please refer to section 7.3 in the consolidated financial statements for general descriptions of the programmes.

PERFORMANCE SHARES

The number of performance shares granted is the maximum number of performance shares that can vest. The number of shares outstanding at the end of the period is the estimated number of shares expected to vest, based on an assessment of the extent to which the vesting conditions are expected to be met. The number of shares expected to vest is revised on a regular basis.

Regular performance shares

In 2023, 43 employees (2022: 40 employees) in Carlsberg Breweries A/S were awarded performance shares.

Vesting is subject to achievement of five KPIs: total shareholder return, adjusted EPS growth, organic revenue growth, growth in ROIC and achievement of ESG goals. The average share price at transfer was DKK 965 (2022: DKK 1,084). The average contractual life at the end of 2023 was 1.4 years (2022: 1.2 years).

Share-based payments

			Number
Performance shares	Executive directors	Other management personnel[1]	Total
Performance shares outstanding at 31 December 2021	136,178	76,730	212,908
Granted	33,753	45,579	79,332
Forfeited/expired/adjusted	-7,263	1,887	-5,376
Exercised	-45,999	-29,096	-75,095
Performance shares outstanding at 31 December 2022	**116,669**	**95,100**	**211,769**
Granted	85,487	41,645	127,132
Forfeited/expired/adjusted	-127,722	45,475	-82,247
Exercised	-24,536	-32,510	-57,046
Performance shares outstanding at 31 December 2023	**49,898**	**149,710**	**199,608**

[1] Including retired employees.

SECTION 5

OTHER DISCLOSURE REQUIREMENTS

SECTION 5.1

PROVISIONS

Provisions primarily relate to ongoing disputes, lawsuits, restructurings etc.

Provisions

DKK million	Total
Provisions at 1 January 2023	495
Additional provisions recognised	46
Used during the year	-67
Reversal of unused provisions	-400
Provisions at 31 December 2023	**74**

Total provisions were primarily impacted by reversal of other contractual obligations and legal claims that did not materialise, in total DKK -400m.

DKK 67m of total provisions (2022: DKK 86m) falls due within one year and DKK 7m (2022: DKK 2m) after more than five years from the end of the reporting period.

SECTION 5.2

FEES TO AUDITORS

Fees to the auditors appointed by the Annual General Meeting are specified as follows.

DKK million	2023	2022
Statutory audit	3	3
Other assurance engagements	1	-
Tax advisory	1	-
Other services	-	-
Total	**5**	**3**

SECTION 5.3

ASSET BASE AND LEASES

The carrying amount of intangible assets was DKK 1,490m (2022: DKK 1,493m), and the carrying amount of property, plant and equipment was DKK 394m (2022: DKK 268m). Intangible assets mainly comprised brands of DKK 1,490m (2022: DKK 1,493m).

Of the depreciation and amortisation of DKK 39m (2022: DKK 85m), DKK 6m (2022: DKK 6m) was included in cost of sales, whereas DKK 33m (2022: DKK 79m) was included in sales and distribution expenses.

Carlsberg Breweries A/S leases various properties and equipment. At 31 December 2023, the carrying amount of right-of-use assets was DKK 384m (2022: DKK 259m). During the year, additions amounted to DKK 175m, relating to commencement of a lease contract for extension of the existing premises (2022: DKK 2m), and depreciation to DKK 26m (2022: DKK 17m). The lease expenses recognised in the income statement relate to short-term leases, and leases of low-value assets were insignificant. Such contracts comprise the lease of copy and printing machines, coffee machines, small IT devices and similar equipment.

SECTION 5.4

TAX

The domestic tax rate in Denmark in 2023 was 22% (2022: 22%). The effective tax rate was -3.4% (2022: -2.0%), mainly impacted by non-deductible impairments in special items and non-taxable dividends with a net effect of -30.3 percentage points (2022: -24.0 percentage points).

Hedging instruments recognised in other comprehensive income before tax amounted to DKK 0.4m (2022: DKK 7m) with a tax expense of DKK 0m (2022: DKK 2m).

Deferred tax assets amounted to DKK 119m and comprised current assets and liabilities of DKK 35m, property, plant and equipment of DKK 30m, and provisions of DKK 14m. In 2022, deferred tax assets amounted to DKK 40m and comprised fair value adjustments of DKK 24m and property, plant and equipment of DKK 16m.

Deferred tax liabilities amounted to DKK 576m (2022: DKK 382m) and mainly comprised intangible assets of DKK 75m (2022: DKK 77m), provisions of DKK 400m (2022: DKK 304m) and current liabilities of DKK 65m (2022: 0m). Deferred tax, net, at 31 December was a deferred tax liability of DKK 457m (2022: DKK 342m).

The net change in deferred tax of DKK 120m (2022: DKK 84m) mainly comprised movements in provisions of DKK 81m, movement in financials of DKK 65m and other movements of DKK -26m (2022: impairment on tax assets of DKK -317m and change in other liabilities of DKK -47m, offset by movements in provisions of DKK 450m).

Not recognised tax assets amounted to DKK 42m (2022: DKK 236m), related to tax losses that are not expected to be utilised in the foreseeable future. Tax losses that will not expire amounted to DKK 42m (2022: DKK 236m). Tax balances relating to interest deductibility restrictions are not recognised.

SECTION 5.4 (CONTINUED)

TAX

The administration company, Carlsberg A/S, has unlimited and joint legal responsibility with the other companies under the joint taxation scheme for withholding taxes on dividends, interest and royalties.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Carlsberg Breweries A/S recognises deferred tax assets, including the tax base of tax loss carryforwards, if management assesses that these tax assets can be offset against positive taxable income in the foreseeable future. This judgement is made annually and based on budgets and business plans for the coming years.

ACCOUNTING POLICIES

Carlsberg A/S is the administration company and is subject to the Danish rules on mandatory joint taxation of the Carlsberg Group's Danish companies. Carlsberg A/S accordingly pays all income taxes to the tax authorities under the joint taxation scheme.

Danish subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and until the date when they are excluded from the consolidation. The jointly taxed Danish companies are taxed under the on-account tax scheme.

On payment of joint taxation contributions, the current Danish income tax is allocated between the Danish jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint taxation contributions from other companies that have used the tax losses to reduce their own taxable profit (full absorption). The Parent Company has applied the exception to recognise and disclose information about deferred tax in the OECD/EU Pillar Two Model Rules and their local implementation.

SECTION 5.5

CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Carlsberg Breweries A/S has issued guarantees for loans etc. raised by subsidiaries and associates (non-consolidated share of loan) of DKK 1,150m (2022: DKK 1,117m).

Carlsberg Breweries A/S is jointly registered for Danish VAT and excise duties with Carlsberg A/S, Carlsberg Danmark A/S and various other minor Danish subsidiaries, and Carlsberg Breweries A/S is jointly and severally liable for payment of VAT and excise duties.

Carlsberg Breweries A/S is party to certain lawsuits, disputes etc. of various scopes.

In management's opinion, apart from items recognised in the statement of financial position or disclosed in the financial statements, the outcome of these lawsuits, disputes etc. will not have a material negative effect on the Company's financial position.

SECTION 5.6

EVENTS AFTER THE REPORTING PERIOD

Apart from the events recognised or disclosed in the financial statements, no events have occurred after the reporting date of importance to the financial statements.

Income tax expenses

			2023			2022
DKK million	Income statement	Other comprehensive income	Total comprehensive income	Income statement	Other comprehensive income	Total comprehensive income
Tax for the year can be specified as follows						
Current tax	75	–	75	122	–	122
Change in deferred tax during the year	115	–	115	-75	2	-73
Adjustments to tax for prior years	-88	–	-88	90	–	90
Total	**102**	**–**	**102**	**137**	**2**	**139**

SECTION 6

GENERAL ACCOUNTING POLICIES

The financial statements of Carlsberg Breweries A/S for 2023 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and in accordance with IFRS Accounting Standards as endorsed by the EU and further requirements in the Danish Financial Statements Act.

The financial statements are presented in Danish kroner (DKK), which is the presentation currency.

The accounting policies for the Parent Company are the same as for the Group, cf. section 9 in the consolidated financial statements and the individual sections.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing Carlsberg Breweries A/S' financial statements, management makes various accounting estimates and judgements that form the basis of presentation, recognition and measurement of the Company's assets and liabilities.

The estimates and judgements made are based on historical experience and other factors that management assesses to be reliable, but that by their very nature are associated with uncertainty and unpredictability. These estimates and judgements may therefore prove incomplete or incorrect, and unexpected events or circumstances may arise.

The significant accounting estimates and judgements made and accounting policies specific to the Parent Company are presented in the explanatory notes.

REPORTS

MANAGEMENT STATEMENT

The Supervisory Board and the Executive Board have today discussed and approved the Annual Report of the Carlsberg Breweries Group and the Parent Company for 2023.

The Annual Report has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in accordance with IFRS Accounting Standards as endorsed by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Carlsberg Breweries Group's and the Parent Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Carlsberg Breweries Group's and the Parent Company's operations and cash flows for the financial year 2023.

Further, in our opinion the Management review includes a fair review of the development in the Carlsberg Breweries Group's and the Parent Company's operations and financial matters, of the result for the year, and of the Carlsberg Breweries Group's and the Parent Company's financial position, as well as describing the significant risks and uncertainties affecting the Carlsberg Breweries Group and the Parent Company.

We recommend that the Annual General Meeting approve the Annual Report.

Copenhagen, 7 February 2024

Executive Board of Carlsberg Breweries A/S

Jacob Aarup-Andersen
Group CEO

Ulrica Fearn
CFO

Supervisory Board of Carlsberg Breweries A/S

Henrik Poulsen
Chair

Majken Schultz
Deputy Chair

Jacob Aarup-Andersen

Ulrica Fearn

Eva Vilstrup Decker

Thomas Paludan-Müller

Peter Petersen

REPORTS

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF CARLSBERG BREWERIES A/S

OUR OPINION

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements (pp 35 - 101 and 103 - 122) give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of Carlsberg Breweries A/S for the financial year 1 January to 31 December 2023 comprise income statement and statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes, including material accounting policy information for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Carlsberg Breweries A/S on 28 April 2017 for the financial year 2017. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of seven years including the financial year 2023.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2023. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
Recognition of revenue is complex due to the variety of different revenue streams, ranging from sales of goods, royalty income and sales of by-products recognised when all significant risks and rewards have been transferred to the customer or in terms of the licence agreement. Furthermore, the various discounts and locally imposed duties and fees in regard to revenue recognition are complex and hold an inherent risk to the revenue recognition process. We focused on this area, as there is a risk of non-compliance with accounting standards due to complexity originating from different customer behaviours, structures, market conditions and terms in the various countries. Revenue recognition and accounting treatment are described in section 1.1 "Segmentation of operations – Accounting estimates and judgements" in the Consolidated Financial Statements.	Our audit procedures included considering the appropriateness of the revenue recognition accounting policies and assessing compliance with the accounting standards. We performed risk assessment procedures to obtain an understanding of IT systems, business processes and relevant controls related to revenue recognition. For the controls we assessed if these had been designed and implemented in a way that effectively addresses the risk of material misstatement. We tested that selected controls considered relevant to our audit, including that Management's monitoring of controls, used to ensure the completeness, accuracy and timing of revenue recognised, were performed consistently throughout the year. We discussed the judgements related to the recognition, and classification of revenue with Management. Further, we performed substantive procedures regarding invoicing, significant contracts, significant transaction streams (including discounts), locally imposed duties and cut-off at year-end in order to assess the accounting treatment and principles applied. We applied data analysis in our testing of revenue transactions in order to identify transactions outside the ordinary transaction flow, including journal entry testing.

Key audit matter	How our audit addressed the key audit matter
Recoverability of the carrying amount of goodwill and brands	
The principal risks are in relation to Management's assessment of the future timing and amount of cash flows that are used to project the recoverability of the carrying amount of goodwill and brands. There are specific risks related to macroeconomic conditions and volatile earnings caused by volume decline, intense competition and changed regulations in key markets – conditions that could also result in Management deciding to change brand strategy to drive business performance. Bearing in mind the generally long-lived nature of the assets, the significant assumptions are Management's view of prices, volumes, discount rates, growth rates, royalty rates, expected useful life, costs, and future free cash flows as well as the judgement in defining cash-generating units (CGUs). We focused on this, as there is a high level of subjectivity exercised by Management in estimating future cash flows and the models used are complex. The key assumptions and accounting treatment are described in section 2.2 "Impairment" in the Consolidated Financial Statements.	Our audit procedures included performing risk assessment procedures to obtain an understanding of IT systems, business processes and relevant controls related to the assessment of the carrying amount of goodwill and brands. In addressing the risks, we walked through and tested that controls relevant to our audit were performed consistently throughout the year. We considered the appropriateness of Management's defined groups of CGUs within the business. We evaluated whether there were factors requiring Management to change their definition. We examined the methodology used by Management to assess the carrying amount of goodwill and brands assigned to groups of CGUs, and the process for identifying groups of CGUs that require impairment testing to determine compliance with IFRS Accounting Standards. We performed detailed testing for the assets where an impairment test was required or indications of impairment were identified. For those assets, we analysed the reasonableness of significant assumptions in relation to the ongoing operation of the assets. We corroborated estimates of future cash flows and challenged whether they are reasonable and supported by the most recently approved Management budgets, including expected future performance of the groups of CGUs, and challenged whether these are appropriate in light of future macroeconomic expectations in the markets. We evaluated the assumptions used by Management, including assessment of price and volume forecasts, discount rates and long-term growth rates, and tested the mathematical accuracy of the relevant models prepared by Management. We made use of our internal valuation specialists in the audit. Further, we assessed the appropriateness of disclosures, including sensitivity analyses prepared for the significant assumptions.

Key audit matter	How our audit addressed the key audit matter
Discontinued operations	
On 16 July 2023 the Russian Government published the Russian Federation's Presidential Decree no. 520 of 16 July 2023 ("decree"), whereby temporary management of Carlsberg's business in Russia was transferred to the Federal Agency for State Property Management. The principal risks relate to Management's assessment of loss of control of the Russian business, the presentation as discontinued operations, valuation and classification of the title to shares, the completeness and accuracy of the reclassification of currency translation and hedging reserves as well as other impacts of the deconsolidation. The accounting treatment of the deconsolidation and the impacts on the Consolidated Financial Statements are based on a combination of management judgements, including various legal implications, as well as objective requirements, as mandated by IFRS Accounting Standards. We focused on this as the accounting treatment is complex and non-standard by nature, and involves significant judgement to be made by Management. The accounting treatment is described in section 5.1 "Discontinued operations" in the Consolidated Financial Statements.	Our audit procedures included performing risk assessment procedures to obtain an understanding of the possible accounting impacts following the decree. We performed a comprehensive assessment of the likely impact of the transfer of management of the business in Russia, including the appropriateness of the criteria for deconsolidation of the Russian business and presentation as discontinued operations. We involved internal accounting and reporting specialists. We made extensive inquiries of Group Management, Group Legal as well as Group Accounting to ensure the completeness of the potential impact of the loss of control. We considered the appropriateness of the judgements made by Management, including, but not limited to, the classification and valuation of the title to the shares, reclassification of currency and translation and hedging reserves and ownership of assets with legal title held in Russia. We based our assessments of recognition, measurement, classification, presentation and disclosure of income, expenses, assets, liabilities and equity on the criteria set out by IFRS Accounting Standards. We performed extensive substantive testing of conclusions made by Management, including the relevant inputs, judgements and calculations, and corroborated these with the conclusions made by our internal accounting and reporting specialists. Further, we assessed the appropriateness of presentation and disclosures, including descriptions of significant judgements made by Management.

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for Management's Review, pages 3-33.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Hellerup, 7 February 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
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