Q2 2023 AIDE MEMOIRE

A number of events in 2022 and Q2 2023 have an impact on the year-on-year comparison for Q2. These include the following items, which you may wish to consider in your modelling. Please note that the items listed below are not exhaustive and that other factors may affect the comparisons for Q2 2023 versus the same periods last year.

FACTORS IMPACTING COMPARATIVE FIGURES

Western Europe

At the Q1 2023 conference call, we commented on price increases and the strong revenue/hl development in Q1 as Q1 2022 was still impacted by on-trade restrictions:

"We have been able to increase our prices in Europe in line more or less with what we needed in order to have the right level of coverage for the cost increases … what we see in total is that approximately one-third of the Q1 revenue per hectoliter was due to channel and country mix. So that means two-thirds were due to last year's pricing and the price increases in Q1."

…and when asked about changes in European consumer behavior we answered:

"…we see some anecdotal evidence here and there from downtrading in Poland. We see a slight increase in discount channels in Finland. We see also some signs of pack changes into larger multipacks. And in the UK, the on-trade is declining. So, all these kind of small cues, if you like, led us to remain to be a bit uncertain how the second and the third quarter will develop, especially moving now towards the season, and hence our upgrade or narrowing the guidance. But still it is relatively broad given the uncertainty in Europe."

…and commented specifically on Poland:

"In Poland, our volume declined double digits, mainly as a result of price increases of around 20%, which was ahead of the market and also resulted in some interruptions at one retail customer. Particularly in Poland, we are seeing down trading from premium into mainstream and economy brand."

The FY 2022 announcement included the following information:

"On 7 November, our UK subsidiary Carlsberg Marston's Brewing Company announced the sale of the Eagle Brewery to long-term partner Damm."

At the Q1 2023 conference call, we elaborated on the impact of the seized licence agreement:

"The UK was impacted by the seized license agreement of Estrella, accounting for almost half of the regional volume decline."

Asia

In the Q1 2023 conference we commented on China:

"…our Chinese business delivered a solid start to the year, with volumes up by 4%."

…and:

"With regards to China, the volumes were up 4% in a declining market. We were minus 2% year-to-date February. So, basically, what you see is that we accelerate in a declining market. The revenue per hectoliter was up 1%, due to channel mix impacting brand mix."

…and we gave expectations for Chinese revenue growth in for 2023:

"…and we expect revenue growth of mid-single to high-single digit in 2023 from China."

Central & Eastern Europe

In the Q1 2023 announcement, we commented on the exceptional high revenue/hl growth:

"The revenue/hl development was unusually strong, impacted by the compounding of several factors, such as price increases implemented to mitigate the significant inflationary pressure; easy comparables in Ukraine, as operations were stopped completely for a period of time last year following the outbreak of the war; a positive channel mix due to last year's COVID-19 restrictions; and a positive country mix due to lower volumes in the Turkish licence market following the earthquake in February."

At the Q1 2023 conference call, we commented on the expected Ukrainian development:

"Volume and revenue per hectoliter growth will moderate in the coming quarters."

At the Q1 2023 conference call, we commented on the acquisition of Waterloo Brewery in Canada:

"During the quarter, we concluded the Waterloo acquisition, which has been consolidated from early March; and the integration is progressing well."

OUTLOOK

In the Q1 2023 trading statement, we narrowed the guidance for 2023:

"Some of the uncertainties underlying the guidance provided on 7 February have lessened. Although we saw good Q1 performance, some uncertainties remain:

- *During Q1, we were able to implement price increases in order to mitigate significantly higher costs. The impact on volumes and mix from the higher beer prices and continued high inflation in general remains uncertain, particularly in Europe.*

- *The impact of the war on our business in Ukraine is largely unchanged; however, the environment remains unpredictable.*
- *The uncertainty related to the COVID-19 recovery in China has diminished.*

Consequently, we narrow the earnings guidance range for 2023:

- *Organic growth in operating profit of -2% to +5% (previously -5% to +5%).*

Based on the spot rates at 26 April, we assume a translation impact on operating profit of around DKK -800m for 2023 (previously around DKK -550m).

Financial expenses, excluding foreign exchange losses or gains, are now expected to be around DKK 650m (previously DKK 600m).

Other relevant assumptions remain unchanged:

- *Reported effective tax rate of around 21%.*
- *Capital expenditure (CapEx) at constant currencies at around DKK 5.0bn."*

At the FY 2022 conference call, we elaborated on the assumptions for Western Europe:

"On the guidance and Western Europe, yes, we are assuming a slight volume decline in Western Europe, and I guess I could put a little bit more color on that saying that volume decline but limited channel and brand – negative channel and brand mix, so on the back of price increases early in, in the first quarter in all markets and then into the next year with the second. And also those volume declines is assumed to be on the back of no COVID-19 restrictions and – which means that overall EBIT and margins will be under pressure and there is some risk of profit decline in 2023 in Western Europe."

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