Q1 2024 Trading Statement

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Strong business momentum continued into 2024 – organic EBIT growth guidance raised

Statement by Royal Unibrew's CEO, Lars Jensen: "The first quarter has marked a strong start to the year. The business momentum we built throughout 2023 has continued into 2024. The continued strong performance of our markets in Northern Europe, combined with a normalized Italian On-Trade beer channel and a strong rebound in our International segment, drove solid organic volume growth of 6% in the first quarter. Strong value management efforts from our organization across all categories ensured organic net revenue growth of 10% in the first quarter.

Going into 2024, we further intensified our focus on delivering the efficiency improvements after some turbulent years with unprecedented high inflation, strong volume growth and a series of acquisitions. This increased focus starts to yield results towards the end of the first quarter. Vrumona has now begun production for the border between Denmark and Germany, and we are investing in the San Giorgio facility so the plant can take over more production for other Royal Unibrew entities in the coming quarters. Along with other general efficiency improvements, this resulted in the fourth consecutive quarter where we can present positive organic EBIT growth and also an organic EBIT margin that is higher than last year.

We upgrade our expectations for organic EBIT growth from 5-15% to 9-19% as a consequence of efficiency improvements and acquisition-related benefits being delivered ahead of plan for the Group. We maintain our expectation that the acquisitions of Vrumona and San Giorgio will contribute by a further DKK 80 million to EBIT, resulting in a reported EBIT of around DKK 1,875-2,025 million," Lars Jensen concludes.

Key highlights of the quarter:

- Organic volume growth of 6% (Q1 2023: -2%)
- Positive price/mix of 4% driven by positive channel and product mix in Western Europe
- Organic net revenue growth of 10% (Q1 2023: 7%)
- Organic EBIT growth of 13% (Q1 2023: -7%)
- Acquisitions delivered DKK 15 million in EBIT in Q1 2024
- Organic EBIT margin expansion by 0.2 percentage points
- Full-year organic EBIT growth guidance is raised from 5-15% to 9-19%. We maintain our expectation that the acquisitions of Vrumona and San Giorgio will contribute by a further DKK 80 million to EBIT, resulting in a reported EBIT of around DKK 1,875-2,025 million

Financial highlights for Q1 2024

In Q1 2024, group volumes increased by 32% to 3.7 million hectoliters primarily as a result of the acquisitions of Vrumona in the Netherlands and San Giorgio in Italy. Together, they contributed around 0.7 million hectoliters, meaning that the organic volume growth was 6% in the first quarter of the year. The strong organic volume growth was driven by easy comparable numbers for the Italian On-Trade beer business and a normalization of the International segment that was negatively impacted by political unrest in Q1 2023.

Net revenue increased to DKK 3,199 million, corresponding to a growth of 25% compared to the same period last year. Again, the growth was positively impacted by acquisitions (DKK 398 million) and the organic net revenue growth adjust- ed for this was 10%. The Norwegian Kroner was slightly weaker in Q1 2024 than in the same period in 2023, and combined with the Swedish Kroner, these currencies had a negative impact on the organic net revenue growth of 0.5 percentage points.

The positive organic price/mix development of 4 percentage points in the quarter was driven by strong product and channel mix in Italy, price increases in Norway and Sweden to mitigate the effect of weak currencies in 2023 and price increases across most countries.

EBIT increased by DKK 36 million to DKK 210 million in Q1 2024. As a result of this, the EBIT margin declined by 0.2 per- centage points to 6.6%, but adjusting for the dilutive effects of the acquisitions, the EBIT margin expanded organically by 0.2 percentage points in Q1 2024.

The first quarter of the year is a seasonal small quarter where small changes to the activity level can have a larger impact on earnings than in the high season.

Net financial expenses was DKK 30 million higher at DKK -81 million in Q1 2024 primarily due to higher interest-bearing debt and a higher average interest rate. There was a loss of DKK 3 million (Q1 2023: DKK 0 million) from investments in associates, which relates to closed operations in Greenland.

Tax expense for the quarter was DKK 26 million, an increase of DKK 1 million compared to Q1 2023 and corresponds to a tax rate of 20% of profit before tax and loss from investments in associates.

Earnings per share was unchanged at DKK 2.0 (Q1 2023: DKK 2.0) as net profit for the quarter was flat.

Free cash flow for Q1 2024 amounted to DKK -480 million, which is DKK 76 million lower than last year. Net capex at DKK 120 million was DKK 19 million higher than last year, whereas outflow from changes in net working capital was DKK 75 million higher than last year at DKK 506 million. This development followed normal seasonal patterns and was driven by an increase in receivables due to the timing of Easter and therefore represents a less favorable phasing of payments compared to last year.

Full-year organic EBIT growth guidance is raised from 5-15% to 9-19%. We maintain our expectation that the acquisitions of Vrumona and San Giorgio will contribute by a further DKK 80 million to EBIT, resulting in a reported EBIT of around DKK 1,875-2,025 million. Net revenue of around DKK 15 billion is unchanged.

Selected financial highlights and key ratios

mDKK	Q1 2024	Q1 2023	FY 2023
Volume (million hectoliters)	3.7	2.8	14.1
Organic volume growth (%)	6	-2	-3
Net revenue	3,199	2,552	12,927
Organic net revenue growth (%)	10	7	4
EBITDA	376	302	2,208
EBITDA margin (%)	11.8	11.8	17.1
EBIT	210	174	1,638
Organic EBIT growth (%)	13	-7	7
EBIT margin (%)	6.6	6.8	12.7
Profit before tax	126	123	1,406
Net profit for the period	100	98	1,095
Free cash flow	-480	-404	1,143
Net interest-bearing debt	6,908	4,887	6,426
ROIC incl. goodwill (%)*	11	12	11
ROIC excl. goodwill (%)*	17	19	18
NIBD/EBITDA (times)**	3.0	2.5	2.9
Equity ratio (%)	32	36	32
Earnings per share (EPS)	2.0	2.0	21.9

* Running 12 months
** Including proforma figures for acquisitions, net debt/EBITDA was 2.9x on a 12 months running basis

Management's review
The strong momentum generated towards the end of 2023 has continued into 2024. This is based on sustained strong execution in the multi-beverage markets in Northern Europe, a normalization of the On-Trade beer business in Italy, a healthy rebound in International and contributions from companies acquired in recent years. In Northern Europe, organic volume growth was primarily driven by Norway and Denmark, while value management performance was solid across all countries in Northern Europe.

Production costs increased by DKK 436 million to DKK 1,957 million driven by acquisitions. As a percentage of net revenue, production cost was -61.2% in Q1 2024 compared to -59.6% in Q1 2023 caused by a revaluation of inventory.

Sales and distribution expenses increased by DKK 108 million to DKK 816 million in Q1 2024, but as a percentage of net revenue, sales and distribution expenses declined to -25.5% in Q1 2024 (Q1 2023: -27.7%). As a percentage of net revenue, this was driven by lower transportation costs and slightly lower marketing costs.

Administration expenses increased by DKK 67 million to DKK 216 million in Q1 2024, and as a percentage of net revenue, administration expenses increased to -6.8% in Q1 2024 (Q1 2023: -5.8%). The higher level of administration expenses is explained by the acquisition of Vrumona and higher IT costs as a result of the ongoing integrations.

The consumer continues to display resilience, but we remain cautious on the consumer outlook as the macro economic environment remains uncertain.

Acquisitions
The acquisitions of Vrumona and San Giorgio were finalized last year, and these two acquisitions contributed by around 0.7 million hectoliters, net revenue of DKK 398 million and EBIT of DKK 15 million.

Integration of both acquisitions are proceeding according to plan. In early April, just around six months after Vrumona was acquired, all IT infrastructure and systems from Vrumona were seamlessly integrated into Royal Unibrew, and the remaining parts of the carve out from Heineken (primarily HR and procurement) continue through the remainder of the year. In San Giorgio, parts of the plant and equipment are being upgraded so the plant can take over more production for other Royal Unibrew entities in the coming quarters. In Norway, the IT integration planned for Q4 2024 is on track.

Capital structure
The first quarter of the year is traditionally cash flow negative due to the build up to the high season, and in 2024 it is further negatively impacted by phasing because of the timing of Easter. With free cash flow of DKK -480 million for the quarter, the net interest-bearing debt increased to DKK 6,908 million. Including proforma earnings from acquisitions, net debt/EBITDA was 2.9x on a 12 months running basis (on reported earnings, net debt/EBITDA was 3.0x).

It is proposed to the AGM that a mandate is given to the Board of Directors authorizing them to potentially distribute an extraordinary dividend of up to DKK 14.50 per share before the end of 2024 at par with the dividend for 2022 paid in 2023.

Outlook
Full-year organic EBIT growth guidance is raised from 5-15% to 9-19%. We maintain our expectation that the acquisitions of Vrumona and San Giorgio will contribute by a further DKK 80 million to EBIT, resulting in a reported EBIT of around DKK 1,875-2,025 million. Net revenue of around DKK 15 billion is unchanged.

Full-year outlook (2024)

mDKK	Outlook 2024 (April)	Outlook 2024 (February)	Actual 2023
Net revenue	Around DKK 15 billion	Around DKK 15 billion	12,927
Organic EBIT growth	9-19%	5-15%	7%

Our net revenue guidance is based on a flat volume development assumption and a positive price/mix leading to a low- to-mid-single-digit percentage organic net revenue growth, as the M&A contribution from Vrumona and San Giorgio is expected to be around DKK 1.5 billion.

Vrumona is expected to contribute inorganically to EBIT by around DKK 80 million in 2024, whereas the EBIT impact from San Giorgio will be non-material.

As a consequence, and supported by an expected positive value management impact, we do expect the EBIT margin to expand organically.

The guidance is based on average summer weather and traveling activities.

Developments in activities for the period January 1 – March 31 broken down into market segments

	Northern Europe		Western Europe		International		Group	
	Q1 24	Q1 23	Q1 24	Q1 23	Q1 24	Q1 23	Q1 24	Q1 23
Volumes (million hectoliters)	2.3	2.3	1.1	0.3	0.3	0.2	3.7	2.8
Organic volume growth (%)	1	4	8	-8	47	-34	6	-2
Net revenue (mDKK)	2,161	2,059	730	268	308	225	3,199	2,552
Organic net revenue growth (%)	5	15	24	-12	37	-22	10	7

Northern Europe

The Northern Europe segment consists of our multi-beverage businesses in Finland, Norway, Sweden, the Baltic countries, Denmark and Germany.

In Northern Europe, volumes increased organically by 1% in a flat to slightly declining market. Our multi-beverage businesses in Denmark and Norway showed good growth, whereas Finland realized flat volumes and the Baltic countries slightly declining volumes in the first quarter of the year.

Net revenue increased to DKK 2,161 million, corresponding to 5% organic net revenue growth. This was driven by Nor- way, Finland and Denmark, cider/RTD and CSD as well as price increases in Norway.

Development in net revenue – selected Nordic countries

mDKK	Q1 2024	Q1 2023	FY 2023
Denmark	816	771	3,786
Finland	663	628	3,151
Norway	369	343	1,602

Organic net revenue growth of 6% in Denmark was driven by solid performance in CSD and energy drinks. In Finland, net revenue grew organically by 6% due to very strong growth in cider/RTD and strong growth in CSD.

In Norway, the organic growth in net revenue was 8% in the quarter, which was a result of price increases to mitigate the weak Norwegian Kroner and a positive channel mix with higher sales in On-Trade.

Western Europe
Western Europe consists of our multi-niche businesses in the Netherlands, Italy and France.

In Q1 2024, volumes increased by 0.8 million hectoliters to 1.1 million hectoliters in total. Adjusted for the acquisitions of Vrumona and San Giorgio that contributed by around 0.7 million hectoliters, the organic volume growth correspond- ed to 8% and was driven by a normalization of the On-Trade beer market in Italy, which in Q1 2023 was impacted by destocking.

Net revenue increased by DKK 462 million to DKK 730 million, which again primarily is attributable to acquisitions. Adjusting for these, organic net revenue growth in Q1 2024 was 24%. The strong organic positive price/mix is driven by a strong country and product mix.

International
The International segment comprises business in markets outside Northern Europe and Western Europe segments.

The International business rebounded strongly in Q1 2024, as the segment was up against easy comparable numbers in Q1 2023 when it was negatively impacted by political unrest in some African markets. Volumes recovered with an organic growth of 47% to 0.3 million hectoliters.
Net revenue increased by DKK 83 million to DKK 308 million, corresponding to an organic growth of 37% in the quarter. The slower growth in organic

net revenue compared to the organic growth in volumes stems from a negative impact from country mix.

Capital Market Day
Date: May 13, 2024
Venue: Vrumona BV, Vrumonaweg 2, 3981 HT Bunnik, The Netherlands
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Investors and analysts can register for a conference call on Friday, April 19, 2024, at 09.00 am CEST at the following link:
https://register.vevent.com/register/BI8bf818f30a0141ad92926f8d493f2a49

Financial calendar for 2024
April 30 Annual General Meeting 2024
August 22 Interim report for January 1 – June 30, 2024
November 12 Trading statement for January 1 – September 30, 2024

Forward-looking statements
This trading statement contains forward-looking statements, including statements about the Group's sales, revenue, earnings, spending, margins, cash flows, inventories, 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 following words or phrases "believe, anticipate, expect, estimate, intend, plan, project, will be, will continue, likely to result, could, may, might", or any variations of such words or other words with similar meanings. Any such statements involve known and unknown risks, estimates, assumptions and uncertainties that could cause the Group's actual results, performance or industry results to differ materially from the results expressed or implied in such forward-looking statements. Royal Unibrew assumes no obligation to update or adjust any such forward-looking statements (except for as required under the disclosure requirements for listed companies) to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

Some important risk factors that may have direct bearing on the Group's actual results include, but are not limited to: economic and political uncertainty (including interest rates and exchange rates), financial and regulatory developments, development in the demand for the Group's products, introduction of and demand for new products, changes in the competitive environment and the industry in which the Group operates, changes in consumer preferences, increasing industry consolidation, the availability and pricing of raw materials and packaging materials, cost of energy, production- and distribution-related issues, information technology failures, breach or unexpected termination of contracts, price reductions resulting from market-driven price reductions, determination of fair value in the opening balance sheet of acquired entities, litigation, pandemic, environmental issues and other unforeseen factors.

New risk factors may emerge in the future, which the Group cannot predict. Furthermore, the Group cannot assess the impact of each factor 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.

Attachment

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