

Company Announcement No 27/2020 – 18 August 2020

# Interim Report for 1 January–30 June (H1) 2020

## Solid H1 performance driven by strong operational focus and cost management

During H1, we experienced significant uncertainty related to COVID-19. In order to mitigate the effect our priorities were changed to focus on new opportunities and manage our cost base. Despite an organic 7% reduction in revenue and negative mix, we successfully managed to keep our EBIT margin in line with last year.

- For H1, volume decreased organically by 4% (Q2 2020: -6%) and net revenue decreased organically by 7% (Q2 2020: -11%)
- EBIT amounted to DKK 663 million and was 7% lower than in H1 2019
- EBIT margin was 18.6% (H1 2019: 18.7%)
- Free cash flow was DKK 590 million in H1 2020 (H1 2019: 612 million)
- Royal Unibrew has gained moderate market share in Off-Trade across markets
- The outlook for full year 2020 EBIT is upgraded from DKK 1,250-1,375m to DKK 1,425-1,525m
- Interim dividend of DKK 12.20 per share to be paid out in September

As expected Q2 was significantly impacted by COVID-19. In the beginning of the quarter On-Trade was closed in most markets and many social distancing restrictions were imposed on our consumers. Towards the end of the quarter most of our markets noted a lift of the many COVID-19 related restrictions which supported our return towards 70% normal On-Trade sales levels. Particularly in Northern Europe, the good weather in combination with solid in-store execution lead to a strong June result.

The key highlights of the quarter were:

- Strong performance in Off-Trade
- On-Trade gained momentum over the quarter starting from around 5% in April and ending around 70% of last year's revenue in June
- Strong cost management with significant adjustments in all areas
- EBIT margin was up 0.6% in Q2 despite 10% lower revenue and negative mix

### Financial highlights H1 2020

For H1 2020, volumes showed an organic decrease of 4% and amounted to 5.3 million hectolitres compared to 5.5 million hectolitres in H1 2019.

Net revenue for H1 2020 amounted to DKK 3,566 million (H1 2019: DKK 3,791 million), and in Q2 to DKK 2,042 million (Q2 2019: DKK 2,270 million). Organically, the net revenue decreased by 7% in H1.

Earnings before interest and tax (EBIT) for H1 2020 were DKK 47 million lower than in 2019 and amounted to DKK 663 million (H1 2019: DKK 710 million). The EBIT margin decreased by 0.1 percentage point to 18.6% in H1 2020. In Q2 2020, the EBIT-margin increased by 0.6 percentage point to 22.6%. The EBITDA margin increased by 0.2 percentage point to 23.4% in H1 2020 and by 1.0 percentage point to 26.7% in Q2 2020.

The free cash flow for H1 2020 amounted to DKK 590 million compared to DKK 612 million for H1 2019 and was positively impacted from extended payment terms for VAT and tax of approx. DKK 100 million.

In H1 2020, net interest-bearing debt went down by DKK 592 million (H1 2019: went up by DKK 478 million). The positive H1 development of DKK 1,070 million compared to 2019 was primarily driven by DKK 751 million lower distribution to shareholders and no acquisitions in H1 2020. Calculated on a running 12-month basis, NIBD/EBITDA was 1.2x (H1 2019: 1.7x) and ROIC excluding goodwill was 29% (H1 2019: 32%). EPS decreased by DKK 0.8 in H1 2020 and amounted to DKK 10.1.

## COVID-19

In H1 2020, all our markets were affected by the COVID-19 outbreak and the subsequent restrictions imposed on our consumers and customers. We experienced an unprecedented level of uncertainty, and with the aim to maximize business flexibility and at the same time secure our earnings capabilities during a very challenging period, we initiated several initiatives. These initiatives include strict procedures to ensure the safety of our employees, optimization of our discretionary spending, adjustment to shifts in demands, extra support to customers and more frequent re-planning of production as the product mix has been fairly unpredictable. In addition, we increased our focus on free cash flow generation and in particular optimization of the working capital. During Q2, the COVID-19 restrictions were gradually lifted and at the end of H1 the majority of our sales channels have re-opened. Due to the actions taken during H1 and our employees' very dedicated efforts we have succeeded to reduce the negative impact from the COVID-19 outbreak and Royal Unibrew remains a strong business with excellent cash flow generating capabilities

Royal Unibrew has decided to reimburse the received salary compensation from the Danish government as the performance of the business has been stronger than anticipated when restrictions were announced in March 2020 due to COVID-19. The salary compensation would have impacted the H1 2020 result positively by DKK 10 million.

## Management priorities

Managing safety of our employees and customers remains our top priority.

Our agile way of working has helped us to adjust to new opportunities both in the commercial area and in the supply chain. This includes more scrutiny of discretionary spend to safeguard our profitability. Adapting fast remains a priority.

As we start to understand the implications of COVID-19 in 2020 on our business our focus has shifted to 2021 to ensure that we focus on the right commercial opportunities. This will also guide our investments in the remainder of the year.

## Outlook

The outlook for 2020 is updated to:

- EBIT: DKK 1,425-1,525 million.

## SELECTED FINANCIAL HIGHLIGHTS AND KEY RATIOS

mDKK	H1 2020	H1 2019	Q2 2020	Q2 2019
Volume (thousand hectolitres)	5,269	5,462	3,053	3,236
Net revenue	3,566	3,791	2,042	2,270
EBITDA	833	879	546	584
EBITDA margin (%)	23.4	23.2	26.7	25.7
EBIT	663	710	463	499
EBIT margin (%)	18.6	18.7	22.6	22.0
Profit before tax	648	700	460	500
Net profit for the period	505	541	360	388
Free cash flow*	590	612	662	775
Net interest-bearing debt	2,113	3,000		
ROIC incl. goodwill (%)**	18	20		
ROIC excl. goodwill (%)**	29	32		
NIBD/EBITDA (times)**	1.2	1.7		
Equity ratio (%)	40	30		

\* Compared to the Annual Report 2019 the definition of free cash flow has been updated to reflect market practice of the IFRS 16 implementation. Comparables for 2019 have been adjusted.

\*\* Running 12-months

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## Profile

Royal Unibrew is a leading regional beverage provider in a number of markets – primarily in Northern Europe, Italy, France and in selected international markets.

We produce, market, sell and distribute quality beverages with focus on branded products within beer, malt beverages and soft drinks as well as ciders and ready-to-drink products.

Our main markets are Denmark, Finland, Italy, France and Germany as well as Latvia, Lithuania and Estonia. To these should be added the international markets comprising a number of established markets in the Americas and major cities in Europe and North America as well as emerging markets in e.g. Africa.

In all of our multi-beverage markets, we offer our customers strong and locally based brands. Based on continuous development and innovation, it is our objective to meet consumer demand for quality beverages.

In addition to our own brands, we offer license-based international brands of the PepsiCo and Heineken Groups in Northern Europe.

# Financial Highlights and Key Ratios

	H1 2020	H1 2019	Q2 2020	Q2 2019	FY 2019
Volume (thousand hectolitres)	5,269	5,462	3,053	3,236	11,023
<b>INCOME STATEMENT (MDKK)</b>					
Net revenue	3,566	3,791	2,042	2,270	7,692
EBITDA	833	879	546	584	1,814
EBITDA margin (%)	23.4	23.2	26.7	25.7	23.6
Earnings before interest and tax (EBIT)	663	710	463	499	1,469
EBIT margin (%)	18.6	18.7	22.6	22.0	19.1
Income after tax from investments in associates	4	9	6	11	25
Other financial income and expenses, net	-19	-19	-9	-10	-36
Profit before tax	648	700	460	500	1,458
Net profit for the period	505	541	360	388	1,140
<b>BALANCE SHEET (MDKK)</b>					
Non-current assets	6,974	7,099			7,163
Total assets	8,837	8,907			8,493
Equity	3,545	2,663			3,107
Net interest-bearing debt	2,113	3,000			2,705
Net working capital	-650	-749			-671
Invested capital	6,076	6,068			6,212
<b>CASH FLOWS (MDKK)</b>					
Operating activities	702	715	707	816	1,402
Investing activities*	-85	-370	-37	-314	-572
Free cash flow*	590	612	662	775	1,140
<b>SHARE RATIOS (DKK PER SHARE OF DKK 2)</b>					
Earnings per share (EPS)	10.1	10.9	7.1	7.8	23.0
Free cash flow per share*	12.0	12.3	13.3	15.6	22.5
Dividend per share					12.2
Year-end price per share	551.8	479.0			610.0
<b>FINANCIAL RATIOS (%)</b>					
Free cash flow as a percentage of net revenue*	17	16	32	34	15
Cash conversion*	117	113	184	197	100
Net interest-bearing debt/EBITDA**	1.2	1.7			1.5
Equity ratio	40	30			37

\* Compared to the Annual Report 2019 the definition of free cash flow has been updated to reflect market practice of the IFRS 16 implementation. Comparables for 2019 have been adjusted.

\*\* Running 12-months

Ratios comprised by the "Recommendations and Financial Ratios" issued by the Danish Society's Committee for accounting standards have been calculated according to the recommendations.

# Management's Review

## Business Development – focus on COVID-19

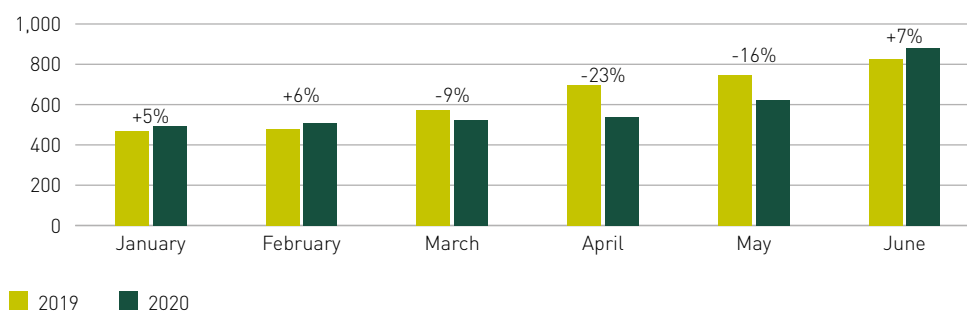
In H1, the On-Trade and border businesses in Royal Unibrew's core markets were negatively impacted by the COVID-19 restrictions imposed by the authorities, as outlets in these areas were closed from mid-March until mid May and mid June, respectively. On the other hand, the Off-Trade channel has benefited as consumers have stayed home during this period, and we have taken several actions to support the Off-Trade business to secure that the right products could be delivered safely to our customers.

Part of the On-Trade outlets re-opened in May and border shops in June, while others remained closed e.g. nightlife and music festivals. Consequently, the On-Trade sales channel was not fully back to normal level at the end of H1. Off-Trade improved during May as shopping behavior started to develop more favorable, and in June we experienced further improvement supported by reasonable weather and staycation in core markets. Royal Unibrew is assessed to have improved its market shares on branded products.

As illustrated in the chart, we had a strong start of 2020 until the negative impact from COVID-19 started mid-March. April and May were negatively impacted, however, net revenue started regaining in June on a higher level than in 2019 caused by increased consumption following easing of COVID-19 restrictions, customers' stock-building after re-opening their outlets as well as good weather in June.

## DEVELOPMENT OF NET REVENUE PER MONTH IN H1 2020

(mDKK)



In H1 2020 and especially in Q2, EBITDA has been positively impacted by a lower level of sales and marketing expenses as well as saved overhead expenses. On the other hand, increased provisions for loss on trade receivables had a negative impact, mainly in Q1 2020. The EBITDA margin increased by 0.2 percentage point to 23.4% in H1 and by 1.0 percentage point to 26.7% in Q2.

## Net debt and liquidity

Royal Unibrew's balance sheet, cash flow and liquidity remain strong. By the end of H1 the leverage (NIBD/EBITDA) ended at 1.2 times on a running 12-month basis.

## Share buy-back program and dividend payment

On 19 March 2020, the share buy-back program of up to DKK 400 million and payment of dividend for 2019 was suspended due to uncertainty of the impact of the COVID-19 outbreak on the short-term profit and financial position. Up until 19 March 2020, 112,000 shares were acquired for DKK 45 million.

The Board of Directors was authorized at the Annual General meeting to potentially distribute interim dividend of a maximum of DKK 12.20 per share to the shareholders. Given the strong cash flow generation, the Board of Directors has decided to declare a dividend payment of total DKK 602 million (DKK 12.20 per share). The ex-dividend date is 31 August 2020 and the pay-out date will be 2 September 2020.

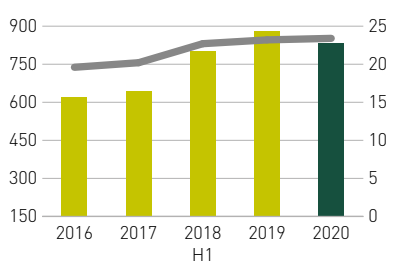
The share buy-back program remains suspended.

**Follow-up on our CSR agenda**

Despite the Corona outbreak, Royal Unibrew is on track with the planned initiatives in 2020 to achieve our 2020 and 2022 CSR goals on consumer health, environment and climate as well as well-being of Royal Unibrew employees. Development and launch of new products supplementing and balancing regular, sugar reduced and sugar free soft drinks as well as introducing more products with low or no alcohol is continuing. Given the drastic change in channel/product mix due to the pandemic, we may face adjustments to the speed of implementation of some of our targets. Overall, it does not change our focus and commitment. Increasing the amount of recycled material in paper, cardboard and PET packaging is on-going aiming at more than 90% in 2022 for paper and cardboard and more than 30% for PET are amongst other initiatives.

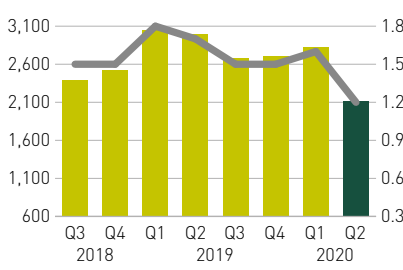
As consequence of the COVID-19 situation, Royal Unibrew provided aid to several countries in Africa and the Caribbean. In Guinea, we have donated funds to respirators and Powermalt products to hospitals. In the Caribbean, we have donated Vitamalt and Fonti di Crodo products to hospitals and to the first responders that are in the front line.

**EBITDA AND EBITDA MARGIN**  
 (mDKK) (%)



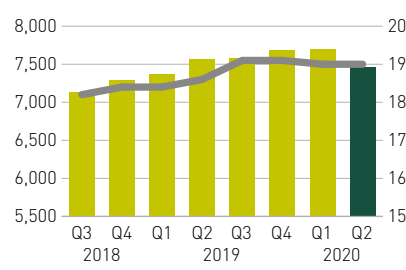
■ EBITDA    — EBITDA margin

**NIBD AND NIBD/EBITDA**  
 (mDKK) (times)



■ NIBD    — NIBD/EBITDA (running 12-months)

**REVENUE AND EBIT MARGIN**  
 RUNNING 12 MONTHS  
 (mDKK) (%)



■ Net revenue    — EBIT margin

# Financial Review

## Income Statement

	H1 2020	H1 2019	Change, %	Q2 2020	Q2 2019	Change, %
Volumes, beverages (tHL)	5,269	5,462	-4%	3,053	3,236	-6%
Net Revenue (mDKK)	3,566	3,791	-6%	2,042	2,270	-10%
Gross Profit (mDKK)	1,826	2,009	-9%	1,043	1,228	-15%

Volumes for H1 2020 showed an aggregated sale of 5.3 million hectolitres of beverages, which was 4% lower than the same period in 2019.

Net revenue for H1 2020 decreased by 6% and amounted to DKK 3,566 million compared to DKK 3,791 million for the same period in 2019. The acquisitions contributed positively by 1%, whereas the organic decrease was 7%, primarily related to the impact of COVID-19 in Western Europe and Baltic Sea. In the International segment, the COVID-19 impact was more than offset by increased sales, a better product-mix and the development of the USD currency rate. Compared to same period in 2019, the overall average selling price per volume unit for H1 has decreased by 3% due to the COVID-19 related shift from the On-Trade to the Off-Trade sales channel.

The gross profit for H1 2020 was DKK 183 million below the H1 2019 figure and amounted to DKK 1,826 million equivalent to a 9% decrease (Q2: -15%). The gross margin was 1.8 percentage points below the H1 2019 margin (Q2: -3.0 pp) and represented 51.2% compared to 53.0% for H1 2019. Gross profit per volume unit was 6% lower (Q2: 10%) than in 2019.

	H1 2020	H1 2019	Change, %	Q2 2020	Q2 2019	Change, %
Sales and distribution expenses (mDKK)	1,005	1,128	-11%	501	636	-21%
Administrative expenses (mDKK)	158	171	-8%	80	93	-14%

Sales and distribution expenses for H1 2020 were DKK 123 million below the figure for the same period in 2019 and amounted to DKK 1,005 million compared to DKK 1,128 million for H1 2019. DKK 22 million of the sales and distribution expenses in H1 2020 relates to the acquisitions, hence organically expenses were DKK 145 million lower than in H1 2019. The net saving relates to reduced distribution expenses due to the lower volumes sold in On-Trade and lower marketing spending, while increased provision for loss on trade receivables had the opposite impact.

Administrative expenses for H1 2020 showed a DKK 13 million decrease compared to the same period in 2019 and amounted to DKK 158 million compared to DKK 171 million for H1 2019. DKK 1 million relates to the acquisitions, hence organically the saving was DKK 14 million, primarily related to managed cost saving initiatives.

	H1 2020	H1 2019	Change, %	Q2 2020	Q2 2019	Change, %
EBITDA (mDKK)	833	879	-5%	546	584	-6%
EBIT (mDKK)	663	710	-7%	463	499	-7%
Income after tax from investments	4	9	-56%	7	11	-36%
Net financial expenses	-19	-19	0%	-10	-10	0%

Earnings before interest, tax, depreciation and amortization (EBITDA) for H1 2020 showed a DKK 46 million decrease and amounted to DKK 833 million compared to DKK 879 million for H1 2019. In Q2, EBITDA decreased by DKK 38 million compared to the same period in 2019. EBIT for H1 2020 amounted to DKK 663 million, which is DKK 47 million below the same period in 2019. The negative development in both EBITDA and the EBIT is attributable to the COVID-19 impact on the Western Europe segment, while EBIT in the Baltic Sea and International segment increased despite COVID-19.

The EBIT margin for H1 2020 was 18.6%, close to the 18.7% realized in H1 2019.

Net Interest expenses for H1 2020 at DKK 19 million were at the same level as in H1 2019.

	H1 2020	H1 2019	Change, %	Q2 2020	Q2 2019	Change, %
Profit before tax (mDKK)	648	700	-7%	460	500	-8%
Tax on profit (mDKK)	-143	-159	-10%	-100	-112	-11%
Net profit (mDKK)	505	541	-7%	360	388	-7%
Earnings per share (DKK)	10.1	10.9	-7%	7.1	7.8	-9%

Profit before tax for H1 2020 was DKK 52 million below the same period in 2019 and amounted to DKK 648 million compared to DKK 700 million for H1 2019, equivalent to a decrease of 7%.

Tax on the profit for H1 2020 was an expense of DKK 143 million. The tax has been calculated on the basis of an expected full-year tax rate of approx 22% on the profit, excluding income after tax from investments in associates.

The net profit for H1 2020 amounted to DKK 505 million, which is DKK 36 million below the H1 2019 figure, equivalent to a decrease of 7%.

The earnings per share in H1 2020 decreased to DKK 10.1 per share compared to 10.9 for the same period in 2019, equivalent to a decrease of 7%.

### Balance Sheet

Royal Unibrew's balance sheet at 30 June 2020 amounted to DKK 8,837 million, which is DKK 345 million above the 31 December 2019 figure. Inventories and receivables increased by DKK 382 million due to increased production and sales activities at the end of Q2, and cash increased by DKK 151 million. Contrary the balance sheet total was reduced by DKK 188 million partly due to amortization and depreciation of non-current assets exceeding investments and as the performance based earn-out part of the agreed purchase price for Bev.Con ApS (Cult) is not expected to be paid due to lower than expected performance of the Cult business in the earn out period. Thus, the fair value of the assets and the earn-out debt have been lowered by DKK 55 million when preparing the final purchase price allocation (note 5).

	H1 2020	H1 2019	Change, %	H1 2020	FY 2019	Change, %
Invested capital (MDKK)	6,076	6,068	0.1%	6,076	6,211	-2.2%

Invested capital decreased by DKK 135 million in the period from 31 December 2019 to 30 June 2020. ROIC excluding goodwill calculated on a running 12-month basis decreased by 0.5 percentage point to 29.3% in H1 2020 due to lower EBIT in H1 2020 than in H1 2019. ROIC including goodwill also decreased by 0.5 percentage point to 18.3% by the end of H1 2020.

	H1 2020	H1 2019	Change, %-points	H1 2020	FY 2019	Change, %-points
ROIC incl. goodwill (running 12-months)	18.3%	19.9%	-1.6%	18.3%	18.8%	-0.5%
ROIC excl. goodwill (running 12-months)	29.3%	31.7%	-2.4%	29.3%	29.8%	-0.5%

Compared to 31 December 2019, the equity ratio increased by 3 percentage points in H1 2020 representing 40% at 30 June 2020.

Equity at the end of June 2020 amounted to DKK 3,545 million compared to DKK 3,106 million at the end of 2019. In H1, equity increased by the positive comprehensive income of DKK 480 million (H1 2019: 544 million) and the value of the share-based payments to the Executive Board and tax on these, whereas, as planned, it was reduced by share buy-backs of DKK 45 million. The comprehensive income comprises the profit for the period of DKK 505 million minus negative exchange rate adjustments of foreign group enterprises of DKK 22 million, and a negative development in the value after tax of hedging instruments of DKK 3 million.



	H1 2020	H1 2019	Change, %	H1 2020	FY 2019	Change, %
Net Interest Bearing Debt (NIBD)	2,113	3,000	-29.6%	2,113	2,705	-21.9%

Net interest-bearing debt for H1 2020 showed a DKK 592 million decrease (H1 2019: increase 478 million) and amounted to DKK 2,113 million compared to DKK 2,705 million end of year 2019. The decrease in net interest-bearing debt was as expected, as no dividend has been paid to shareholders and the share buy-back program was suspended after a buy-back of DKK 45 million. The decrease in net interest-bearing debt comprised the positive free cash flow of DKK 590 million and DKK 55 million net terminated leasing facilities less share buy-back of DKK 45 million, adjustment of purchase price for Bauskas by DKK 7 and DKK 1 million related to fixed asset investments. The net interest-bearing debt to EBITDA ratio (running 12-months basis) was 1.2x (H1 2019: 1.7x).

Funds tied up in net working capital showed a negative DKK 650 million at the end of June 2020 (30 June 2019: a negative DKK 750 million) compared to a negative DKK 671 million at the end of 2019. Funds tied up in working capital thus increased by DKK 21 million compared to end of 2019 (H1 2019: decrease DKK 19 million).

Funds tied up in inventories, trade receivables and trade payables showed an increase of DKK 369 million compared to end of 2019 (H1 2019: increase of DKK 188 million) due to the higher activity at the end of the period, whereas funds tied up in the other elements of working capital decreased by DKK 349 million (H1 2019: decrease of DKK 190 million). Prolonged payment terms of public debt were the primary reason for less tied up funds in the other elements of working capital.

### Cash Flow Statement

Cash flows from operating activities for H1 2020 amounted to DKK 702 million (H1 2019: DKK 715 million) comprising DKK 837 million (H1 2019: DKK 883 million) of profit for the period adjusted for non-cash operating items, negative working capital cash flow of DKK 21 million (H1 2019: a positive DKK 19 million), net interest paid of DKK 20 million (H1 2019: DKK 19 million) and taxes paid of DKK 94 million (H1 2019: DKK 168 million). The increase in receivables and inventories was not compensated for by the increase in payables, which caused the negative development in working capital in H1 2020.

The free cash flow for H1 2020 amounted to DKK 590 million, which was a decrease of DKK 22 million compared to H1 2019. The free cash flow was positively impacted from extended payment terms for VAT and tax of approx. DKK 100 million.

In H1 2020, cash flows from operating activities showed a DKK 13 million decrease compared to H1 2019 and net investments in property, plant and equipment showed a DKK 3 million decrease, which was eliminated by increased repayment on lease facilities. The decrease in net investments in property, plant and equipment comprised DKK 2 million higher gross investments less DKK 5 million higher revenues from asset divestments. Dividend received from associates decreased DKK 9 million.

### DEVELOPMENTS IN ACTIVITIES FOR THE PERIOD 1 JANUARY - 30 JUNE 2020 BROKEN DOWN ON MARKET SEGMENTS

	Western Europe	Baltic Sea	International	Un-allocated	Group 2020	Group 2019
Volumes (thousand hectolitres)	2,191	2,586	492	-	5,269	5,462
Growth (%)	-8	-1	4	-	-4	5
Share of sales (%)	42	49	9	-		
Net revenue (mDKK)	1,647	1,534	385	-	3,566	3,791
Growth (%)	-11	-5	13	-	-6	8
Share of net revenue (%)	46	43	11	-		
EBIT (mDKK)	267	322	82	-8	663	710
EBIT margin (%)	16.2	21.0	21.3		18.6	18.7

# Outlook

## The outlook for full year 2020 is updated to EBIT of DKK 1,425-1,525m

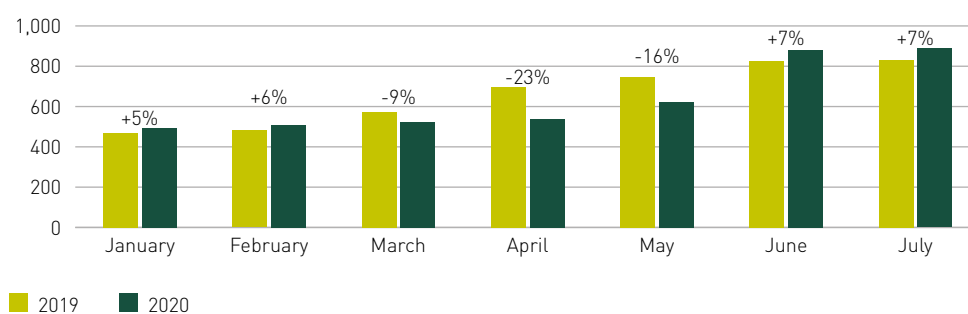
The outlook announced in June 2020 for EBIT (see Company Announcement No 26/2020 of 16 June 2020) is updated to:

mDKK	Outlook 2020 (August 2020)	Outlook 2020 (June 2020)	Outlook 2020 (March 2020)	Actual 2019
Net revenue				7,692
EBIT	1,425-1,525	1,250-1,375	around 2019 level	1,469

The updated outlook is a result of strong performance since mid June. The key drivers of the strong performance were the weather in June and August, solid Off-Trade sales supported by staycation. On-Trade improved slightly in July partly driven by restocking and staycation which we do not expect to continue.

### DEVELOPMENT NET REVENUE PER MONTH H1

(mDKK)



This guidance is based on the full year assumptions as presented in the outlook for 2020 set out in the 2019 annual report; however, supplemented with the following assumptions:

- COVID-19 will continue to impact the business - but with balanced restrictions.
- Large parts of On-Trade remain open, but the majority of nightlife and events remain closed in most markets. In general, On-Trade is expected to trade below last year.
- Price/mix in Off-Trade to be broadly in line with 2019 assuming on-the-go consumption to get close to the level of the preclosure period during the second half of the year.
- Continued high focus on discretionary spend.
- Sufficient financial flexibility to make commercial investments in marketing and sales initiatives.

Moreover, the outlook was prepared taking into account the development in material expense categories as well as the effect of initiatives completed and initiated.

# Developments in individual Market Segments

## Western Europe

	H1 2020	H1 2019	% change	Q2 2020	Q2 2019	% change	2019
Volumes, beverages (thousand hectolitres)	2,191	2,378	-8	1,266	1,396	-9	4,813
Net revenue, beverages (mDKK)	1,581	1,783	-11	916	1,065	-14	3,571
Net revenue (mDKK)	1,647	1,842	-11	958	1,099	-13	3,691
EBIT (mDKK)	267	353		198	239		722
EBIT margin (%)	16.2	19.2		20.6	21.8		19.6

The **Western Europe** segment comprises the markets in Denmark, Germany, Italy and France. Western Europe accounted for 42% of group volumes and for 46% of net revenue for H1 2020 (H1 2019: 43% and 49%, respectively).

Volumes in Western Europe showed a 8% decrease on the same period of 2019, and net revenue was 11% below.

EBIT for H1 decreased by DKK 86 million from DKK 353 million in 2019 to DKK 267 million in 2020. The EBIT margin decreased by 3.0 percentage points to 16.2%.

The average selling price per volume was 4% below the 2019 level due to a changed channel and market mix following the COVID-19 outbreak.

The COVID-19 outbreak has affected all countries in the segment negatively. On-Trade channels are still impacted by consumer caution and restrictions, as well as the fact that a group of outlets, including nightlife, events and many of the entertainment arena's and sport-venues, have not yet re-opened.

In **Denmark and Germany** COVID-19 has had a positive impact on the Off-Trade business, although not in a scale compensating for the lost business in the On-Trade channel and border business. The border between Denmark and Germany re-opened in June with vigor as consumers seem to return to pre-COVID-19 buying behavior and also to use the staycation for a day-tour to these stores, where click and collect has taken a lot of business.

Royal Unibrew grew the non-alcohol business in the first half of 2020, especially within the soft drink categories driven by our iconic brand Faxe Kondi and this year's summer version with mango taste, as well as strong performance of Pepsi Max as sales moved from Border to Denmark (Royal Unibrew does not have the Pepsi license at the Border). The Norhlund portfolio has been negatively affected by the cancellation of the many music festivals, but has gained more than 2% of the RTD market in Off-Trade with the Served by Nohrlund portfolio. The production facilities at Nohrlund has been used for production of hand sanitizer, which has contributed positively to the financial result.

During the COVID-19 shutdown we expanded our online customer listings and continued to create new occasions for consumers. In Denmark, e.g. the biggest virtual Anarkist DK beer tasting event was arranged in co-operation with many of our good colleagues from the smaller craft breweries.

Royal Unibrew has decided to reimburse the received salary compensation from the Danish government as the performance of the business has been stronger than anticipated when restrictions were announced in March 2020 due to COVID-19.

**Italy** is the business impacted the most by COVID-19 as our Italian business has a relatively high dependence on the On-Trade channel. We are focusing on boosting our supermarket operations and ensuring that the wholesale and Cash & Carry channels are well-stocked and activated with our Ceres and LemonSoda brands. Ceres has in particular performed well in the Off-Trade channel.

In **France**, we estimate to have gained market shares in the lemonade market even though the soft drinks market is in general declining. We focus on building a solid platform from which we can drive high value creation and we have continued these initiatives, although some plans have been adjusted as a consequence of the COVID-19 situation.

During the Covid-19 period we have reached out to our consumers online in both Italy and France. In Italy the Italian 17.00 Ceres virtual apero event and in France the Lorina mixer event each Friday at 17.30 are just a few of many new occasions where our brands create hope and happiness and create new moments of enjoyment.

## Baltic Sea

	H1 2020	H1 2019	% change	Q2 2020	Q2 2019	% change	2019
Volumes, beverages (thousand hectolitres)	2,586	2,611	-1	1,535	1,566	-2	5,268
Net revenue (mDKK)	1,534	1,607	-5	886	976	-9	3,308
EBIT (mDKK)	322	311		229	231		654
EBIT margin (%)	21.0	19.4		25.8	23.7		19.8

The **Baltic Sea** segment comprises the markets in Finland and the Baltic countries (Lithuania, Latvia and Estonia) as well as some license business in Russia. Baltic Sea accounted for 49% of the group volumes and for 43% of net revenue for H1 2019 (H1 2019: 48% and 42% respectively).

EBIT for H1 increased by DKK 11 million to DKK 322 million in 2020. The EBIT margin increased by 1.6 percentage points to 21.0%. The margin development was positively influenced by the product mix and acquisition effect from Bauskas.

In **Finland** we have seen a successful re-start after the restaurant re-opening end of May supported by excellent summer weather. In addition, the staycation has had a positive impact on our Off-Trade business with well performing brands as Original Long Drink, Jaffa and Novelle.

We have done excellent Zero Zone executions in store and continued our efforts in the low and non-alcohol area, including introducing a new Lapin Kulta 0.0%. Premiumization of beer is working well, especially Lahden Erikois continues its success story in Off-Trade.

In the **Baltic countries** we have been less impacted by COVID-19 as we are less dependent on the On-Trade channel in this region. We have limited the COVID-19 impact by strengthening the sales by taking the good momentum to utilize public areas to build summer outdoor terraces in Lithuania (supported by local municipalities / city halls) after the On-Trade channel re-opened end of May. The beer sale in Lithuania has been positively effected by good summer weather and staycation.

The integration of Bauskas in Latvia follows the plan to strengthen the presence in the craft segment and to gain new customers in the On-Trade segment.

## International

	H1 2020	H1 2019	% change	Q2 2020	Q2 2019	% change	2019
Volumes, beverages (thousand hectolitres)	492	473	4	252	274	-8	942
Net revenue (mDKK)	385	342	13	198	195	1	694
EBIT (mDKK)	82	62		43	37		132
EBIT margin (%)	21.3	18.2		22.0	18.9		19.0

The **International** segment comprises the export to and license business in international markets outside Denmark, Finland, Italy, France and the Baltic countries. In H1 2020, International accounted for 9% of the group volume and 11% of the net revenue (H1 2019: 9% and 9% respectively).

Volumes for H1 2020 showed a 4% increase, supported by the new Fonte di Crodo product launches in the US and the BAG acquisition in Canada. Net revenue increased by 13% of which 7% was organic growth. Our sales out trend was just above 10% in our core market, while opportunistic sales were lower than LY.

EBIT for H1 2020 amounted to DKK 82 million which was DKK 20 million above the H1 2019 result. The impact from COVID-19 has been fragmented in the International segment and we have seen countries in Asia moving toward a more normal situation for bars and restaurants before countries in Europe. We estimate that the stock levels have been rebalanced in Q2.

# Management's Statement

The Executive Board and the Board of Directors have presented the Interim Report of Royal Unibrew A/S. The Interim Report has today been considered and adopted.

The Interim Report, which has not been audited or reviewed by the Company's independent auditors, was prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for listed companies.

In our opinion, the Interim Financial Statements give a true and fair view of the financial position of the Group at 30 June 2020 as well as of the results of the Group operations and cash flows for the period 1 January - 30 June 2020.

In our opinion, Management's Review gives a true and fair account of the development in the activities and financial circumstances of the Group, of results of operations for the period and of the overall financial position of the Group, and a description of the key risks and uncertainties facing the Group.

Faxe, 18 August 2020

## Executive Board

Johannes F.C.M. Savonije  
President & CEO

Lars Jensen  
COO

Lars Vestergaard  
CFO

## Board of Directors

Walther Thygesen  
Chairman

Jais Valeur  
Deputy Chairman

Martin Alsø

Einar Esbensen Nielsen

Heidi Kleinbach-Sauter

Claus Kærsgaard

Christian Sagild

Catharina Stackelberg-Hammarén

Floris van Woerkom

**For further information on this Announcement:**

Hans Savonije, President & CEO, tel +45 22 20 80 17

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It will be possible for investors and analysts to follow Royal Unibrew's presentation of the Interim Report on Wednesday, 19 August 2020, at 9.00 am CEST by audiocast at the following telephone numbers:

Participants from Denmark: +45 32 72 04 17

Participants from the UK: +44 (0) 2071 928338

Participants from the USA: +1 6467413167

Confirmation code: 7365929

The presentation may also be followed at Royal Unibrew's website [www.royalunibrew.com](http://www.royalunibrew.com).

**Financial Calendar for 2020**

17 November 2020 Trading Statement for the period 1 January - 30 September 2020

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**Forward-looking statements**

This Interim Report 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.

# Income Statement

mDKK	H1 2020	H1 2019	Q2 2020	Q2 2019	FY 2019
<b>Net revenue</b>	<b>3,566</b>	<b>3,791</b>	<b>2,042</b>	<b>2,270</b>	<b>7,692</b>
Production costs	-1,740	-1,782	-999	-1,042	-3,612
<b>Gross profit</b>	<b>1,826</b>	<b>2,009</b>	<b>1,043</b>	<b>1,228</b>	<b>4,080</b>
Sales and distribution expenses	-1,005	-1,128	-501	-636	-2,262
Administrative expenses	-158	-171	-79	-93	-349
<b>EBIT</b>	<b>663</b>	<b>710</b>	<b>463</b>	<b>499</b>	<b>1,469</b>
Income after tax from investments in associates	4	9	6	11	25
Financial income	2	2	2	1	5
Financial expenses	-21	-21	-11	-11	-41
<b>Profit before tax</b>	<b>648</b>	<b>700</b>	<b>460</b>	<b>500</b>	<b>1,458</b>
Tax on the profit for the period	-143	-159	-100	-112	-318
<b>Net profit for the period</b>	<b>505</b>	<b>541</b>	<b>360</b>	<b>388</b>	<b>1,140</b>
<b>Profit for the period is attributable to:</b>					
Equity holders of Royal Unibrew A/S	496	542	350	388	1,142
Non-controlling interests	9	-1	10	0	-2
<b>Net profit for the period</b>	<b>505</b>	<b>541</b>	<b>360</b>	<b>388</b>	<b>1,140</b>
Earnings per share (DKK)	10.1	10.9	7.1	7.8	23.0
Diluted earnings per share (DKK)	10.1	10.9	7.1	7.8	22.9

# Statement of Comprehensive Income

mDKK	H1 2020	H1 2019	Q2 2020	Q2 2019	FY 2019
<b>Net profit for the period</b>	<b>505</b>	<b>541</b>	<b>360</b>	<b>388</b>	<b>1,140</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to the income statement:</i>					
Value and exchange adjustments of foreign group enterprises	-22	0	-5	-4	4
Value adjustment of hedging instruments, beginning of year	3	17	17	12	17
Value adjustment of hedging instruments, end of year	-7	-13	-7	-13	-3
Tax on other comprehensive income	1	-1	-2	0	-3
<b>Total</b>	<b>-25</b>	<b>3</b>	<b>3</b>	<b>-5</b>	<b>15</b>
<i>Items that may not be reclassified to the income statement:</i>					
Actuarial loss on pension schemes					2
Tax on actuarial loss on pension schemes					0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Other comprehensive income after tax</b>	<b>-25</b>	<b>3</b>	<b>3</b>	<b>-5</b>	<b>17</b>
<b>Total comprehensive income</b>	<b>480</b>	<b>544</b>	<b>363</b>	<b>383</b>	<b>1,157</b>
<b>Comprehensive income for the period is attributable to:</b>					
Equity holders of Royal Unibrew A/S	471	545	353	383	1,159
Non-controlling interests	9	-1	10	0	-2
<b>Net profit for the period</b>	<b>480</b>	<b>544</b>	<b>363</b>	<b>383</b>	<b>1,157</b>



# Balance Sheet

## Assets

mDKK	30/6 2020	30/6 2019	31/12 2019
<b>NON-CURRENT ASSETS</b>			
Goodwill	2,287	2,289	2,335
Trademarks	1,937	1,971	1,956
Distribution rights	153	154	160
Customer relations	55	56	65
<i>Intangible assets</i>	<i>4,432</i>	<i>4,470</i>	<i>4,516</i>
Property, plant and equipment	2,410	2,492	2,501
Investments in associates	111	117	126
Other fixed asset investments	21	20	20
<b>Non-current assets</b>	<b>6,974</b>	<b>7,099</b>	<b>7,163</b>
<b>CURRENT ASSETS</b>			
Inventories	513	544	463
Receivables	1,061	1,125	736
Prepayments	66	50	59
Cash at bank and in hand	223	89	72
<b>Current assets</b>	<b>1,863</b>	<b>1,808</b>	<b>1,330</b>
<b>Assets</b>	<b>8,837</b>	<b>8,907</b>	<b>8,493</b>

# Balance Sheet

## Liabilities and Equity

mDKK	30/6 2020	30/6 2019	31/12 2019
<b>EQUITY</b>			
Share capital	99	100	100
Other reserves	708	727	746
Retained earnings	2,117	1,826	1,640
Proposed dividend	602		611
<b>Equity contributable to equity holders of Royal Unibrew A/S</b>	<b>3,526</b>	<b>2,653</b>	<b>3,097</b>
Non-controlling interests	19	10	10
<b>Equity</b>	<b>3,545</b>	<b>2,663</b>	<b>3,107</b>
Deferred tax	549	541	546
Mortgage debt	849	853	851
Credit institutions	1,237	1,623	1,303
Other payables	46	94	105
<b>Non-current liabilities</b>	<b>2,681</b>	<b>3,111</b>	<b>2,805</b>
Mortgage debt	4	4	4
Credit institutions	247	610	619
Trade payables	1,024	1,346	1,018
Provisions	16	16	17
Corporation tax	70	51	29
Other payables	1,250	1,106	894
<b>Current liabilities</b>	<b>2,611</b>	<b>3,133</b>	<b>2,581</b>
<b>Liabilities</b>	<b>5,292</b>	<b>6,244</b>	<b>5,386</b>
<b>Liabilities and equity</b>	<b>8,837</b>	<b>8,907</b>	<b>8,493</b>

# Cash Flow Statement

Compared to the Annual Report 2019, the Cash flow statement has in 2020 been updated to reflect the market practice of the IFRS 16 implementation.

mDKK	H1 2020	H1 2019	FY 2019
<b>Net profit for the period</b>	<b>505</b>	<b>541</b>	<b>1,140</b>
Adjustments for non-cash operating items:	331	342	680
Change in working capital	-21	19	-43
Net paid financial expenses and income	-18	-18	-35
Financial expenses related to leasing	-1	-1	-2
Corporation tax paid	-94	-168	-338
<b>Cash flows from operating activities</b>	<b>702</b>	<b>715</b>	<b>1,402</b>
Dividend received from associates	10	19	25
Sale of property, plant and equipment	7	2	36
Purchase of property, plant and equipment	-94	-92	-261
Acquisition of subsidiaries	-7	-292	-365
Purchase/sale of intangible assets and fixed asset investments	-1	-7	-7
<b>Cash flows from investing activities</b>	<b>-85</b>	<b>-370</b>	<b>-572</b>
Proceeds from increased drawdown on credit facilities		426	546
Repayment on credit facilities	-384		-419
Repayment on leasing facilities	-35	-32	-62
Dividend paid to shareholders		-538	-538
Acquisition of shares for treasury	-45	-258	-433
Proceeds from minority shareholders		2	2
<b>Cash flows from financing activities</b>	<b>-464</b>	<b>-400</b>	<b>-904</b>
<b>Change in cash and cash equivalents</b>	<b>153</b>	<b>-55</b>	<b>-74</b>
Cash and cash equivalents at 1 January	72	145	145
Exchange adjustment	-2	-1	0
<b>Cash and cash equivalents at 31 March</b>	<b>223</b>	<b>89</b>	<b>71</b>

From 1 January 2020, Royal Unibrew defines the free cash flow as "net cash from operating activities" less "net cash used in investing activities" excluding acquisitions and net proceed from intangible assets and fixed assets investments, less "repayment on lease facilities".

DKK '000	H1 2020	H1 2019	FY 2019
<b>Free cash flow</b>			
Net cash from operating activities	702	715	1,402
Net cash used in investing activities	-77	-71	-200
Repayment on lease facilities	-35	-32	-62
<b>Free cash flow*</b>	<b>590</b>	<b>612</b>	<b>1,140</b>
* Effect from revised free cash flow definition		-3	-18

# Statement of Changes in Equity

for 1 January - 30 June

mDKK	Share capital	Share premium account	Translation reserve	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Parent company share of equity	Minority share	Total
<b>Equity at 31 December 2019</b>	<b>100</b>	<b>773</b>	<b>-24</b>	<b>-3</b>	<b>746</b>	<b>1,640</b>	<b>611</b>	<b>3,097</b>	<b>10</b>	<b>3,107</b>
<b>Changes in equity in 2020</b>										
Net profit for the year						496		496	9	505
Other comprehensive income			-22	-4	-26			-26		-26
Tax on other comprehensive income					0	1		1		1
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-22</b>	<b>-4</b>	<b>-26</b>	<b>497</b>	<b>0</b>	<b>471</b>	<b>9</b>	<b>480</b>
Acquisition of shares for treasury						-45		-45		-45
Proposed dividend						9	-9	0		0
Capital reduction	-1	-12			-12	13		0		0
Share-based payments						3		3		3
Tax on changes in equity, shareholders								0		0
<b>Total shareholders</b>	<b>-1</b>	<b>-12</b>	<b>0</b>	<b>0</b>	<b>-12</b>	<b>-20</b>	<b>-9</b>	<b>-42</b>	<b>0</b>	<b>-42</b>
<b>Total changes in equity 1/1-30/6 2020</b>	<b>-1</b>	<b>-12</b>	<b>-22</b>	<b>-4</b>	<b>-38</b>	<b>477</b>	<b>-9</b>	<b>429</b>	<b>9</b>	<b>438</b>
<b>Equity at 30 June 2020</b>	<b>99</b>	<b>761</b>	<b>-46</b>	<b>-7</b>	<b>708</b>	<b>2,117</b>	<b>602</b>	<b>3,526</b>	<b>19</b>	<b>3,545</b>
The share capital at 30 June 2020 amounts to DKK 98,700,000 and is distributed on shares of DKK 2 each.										
<b>Equity at 31 December 2018</b>	<b>102</b>	<b>786</b>	<b>-31</b>	<b>-17</b>	<b>738</b>	<b>1,508</b>	<b>551</b>	<b>2,899</b>	<b>9</b>	<b>2,908</b>
<b>Changes in equity in 2019</b>										
Net profit for the year						542		542	-1	541
Other comprehensive income				4	4			4		4
Tax on other comprehensive income						-1		-1		-1
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>541</b>	<b>0</b>	<b>545</b>	<b>-1</b>	<b>544</b>
Dividend paid to shareholders							-538	-538		-538
Dividend on treasury shares						13	-13	0		0
Minority shareholders injection						0		0	2	2
Acquisition of shares for treasury						-258		-258		-258
Capital reduction	-2	-15			-15	17		0		0
Share-based payments						3		3		3
Tax on changes in equity, shareholders						2		2		2
<b>Total shareholders</b>	<b>-2</b>	<b>-15</b>	<b>0</b>	<b>0</b>	<b>-15</b>	<b>-223</b>	<b>-551</b>	<b>-791</b>	<b>2</b>	<b>-789</b>
<b>Total changes in equity 1/1-30/6 2019</b>	<b>-2</b>	<b>-15</b>	<b>0</b>	<b>4</b>	<b>-11</b>	<b>318</b>	<b>-551</b>	<b>-246</b>	<b>1</b>	<b>-245</b>
<b>Equity at 30 June 2019</b>	<b>100</b>	<b>771</b>	<b>-31</b>	<b>-13</b>	<b>727</b>	<b>1,826</b>	<b>0</b>	<b>2,653</b>	<b>10</b>	<b>2,663</b>

# Notes to the Interim Report

## Note 1 Significant Accounting Policies; Accounting Estimates and Judgements

The Interim Report is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

The accounting policies are unchanged from those applied in the Annual Report for 2019, to which reference is made.

The Annual Report for 2019 provides the total description of accounting policies significant to the Financial Statements.

### Accounting Estimates and Judgements

The preparation of interim financial reporting requires that Management make accounting estimates and judgements which affect the application of accounting policies and recognized assets, liabilities, income and expenses. Actual results may deviate from these estimates.

The key estimates made by Management in applying the Group's accounting policies and the key uncertainties relating to the estimates are except for COVID-19 the same when preparing the interim financial reporting as when preparing the Annual Report at 31 December 2019.

### COVID-19

COVID-19 has increased the uncertainties related to the Accounting Estimates, but it is not foreseen to generate any impairment losses on intangible assets, whereas losses on trade receivables are foreseen. COVID-19 is not foreseen to generate any going concern issues.

## Note 2 Assets and Derivative Financial Instruments Measured at Fair Value

mDKK	30/6 2020	30/6 2019	31/12 2019
Derivative financial instruments	-7	-13	-3

Derivative financial instruments are classified as level-2 instruments in the IFRS fair value hierarchy. The determined fair value of derivative financial instruments is based on observable market data such as yield curves or forward rates.

The fair value of the total debt is assessed to correspond to carrying amount.

# Notes to the Interim Report

## Note 3 Segment Reporting

The Group's results break down as follows on segments:

### H1 2020

mDKK	Western Europe	Baltic Sea	International	Unallocated	Total
Net revenue	1,647	1,534	385		3,566
<b>Earnings before interest and tax (EBIT)</b>	<b>267</b>	<b>322</b>	<b>82</b>	<b>-8</b>	<b>663</b>
Share of income from associates	4				4
Other financial income and expenses	-1	-5		-13	-19
<b>Profit/loss before tax for the period</b>	<b>270</b>	<b>317</b>	<b>82</b>	<b>-21</b>	<b>648</b>
Tax on the profit/loss for the period				-143	-143
<b>Net profit for the period</b>					<b>505</b>
<b>EBIT margin, %</b>	<b>16.2</b>	<b>21.0</b>	<b>21.3</b>		<b>18.6</b>
Volumes, beverages (thousand hectolitres)	2,191	2,586	492		5,269
Net revenue, beverages	1,581	1,534	385		3,500

### H1 2019

mDKK	Western Europe	Baltic Sea	International	Unallocated	Total
Net revenue	1,842	1,607	342		3,791
<b>Earnings before interest and tax (EBIT)</b>	<b>353</b>	<b>311</b>	<b>62</b>	<b>-16</b>	<b>710</b>
Share of income from associates	9				9
Other financial income and expenses	-2	-5		-12	-19
<b>Profit/loss before tax for the period</b>	<b>360</b>	<b>306</b>	<b>62</b>	<b>-28</b>	<b>700</b>
Tax on the profit/loss for the period				-159	-159
<b>Net profit for the period</b>					<b>541</b>
<b>EBIT margin, %</b>	<b>19.2</b>	<b>19.4</b>	<b>18.2</b>		<b>18.7</b>
Volumes, beverages (thousand hectolitres)	2,378	2,611	473		5,462
Net revenue, beverages	1,783	1,607	342		3,732

### FY 2019

mDKK	Western Europe	Baltic Sea	International	Unallocated	Total
Net revenue	3,691	3,308	694		7,693
<b>Earnings before interest and tax (EBIT)</b>	<b>722</b>	<b>654</b>	<b>132</b>	<b>-39</b>	<b>1,469</b>
Share of income from associates	25				25
Other financial income and expenses	-5	-9		-22	-36
<b>Profit/loss before tax for the period</b>	<b>742</b>	<b>645</b>	<b>132</b>	<b>-61</b>	<b>1,458</b>
Tax on the profit/loss for the period				-318	-318
<b>Net profit for the period</b>					<b>1,140</b>
<b>EBIT margin, %</b>	<b>19.6</b>	<b>19.8</b>	<b>19.0</b>		<b>19.1</b>
Volumes, beverages (thousand hectolitres)	4,813	5,268	942		11,023
Net revenue, beverages	3,571	3,307	694		7,572

# Notes to the Interim Report

## Note 3 Segment Reporting (continued)

The Group's results break down as follows on segments:

### Q2 2020

mDKK	Western Europe	Baltic Sea	International	Unallocated	Total
Net revenue	958	886	198		2,042
<b>Earnings before interest and tax (EBIT)</b>	<b>198</b>	<b>229</b>	<b>43</b>	<b>-7</b>	<b>463</b>
Share of income from associates	7				7
Other financial income and expenses	-2	-5		-3	-10
<b>Profit/loss before tax for the period</b>	<b>203</b>	<b>224</b>	<b>43</b>	<b>-10</b>	<b>460</b>
Tax on the profit/loss for the period				-100	-100
<b>Net profit for the period</b>					<b>360</b>
<b>EBIT margin, %</b>	<b>20.6</b>	<b>25.8</b>	<b>21.9</b>		<b>22.6</b>
Volumes, beverages (thousand hectolitres)	1,266	1,535	252		3,053
Net revenue, beverages	916	886	198		2,000

### Q2 2019

mDKK	Western Europe	Baltic Sea	International	Unallocated	Total
Net revenue	1,099	976	195		2,270
<b>Earnings before interest and tax (EBIT)</b>	<b>239</b>	<b>231</b>	<b>37</b>	<b>-8</b>	<b>499</b>
Share of income from associates	11				11
Other financial income and expenses	-1	-3		-6	-10
<b>Profit/loss before tax for the period</b>	<b>249</b>	<b>228</b>	<b>37</b>	<b>-14</b>	<b>500</b>
Tax on the profit/loss for the period				-112	-112
<b>Net profit for the period</b>					<b>388</b>
<b>EBIT margin, %</b>	<b>21.8</b>	<b>23.7</b>	<b>18.9</b>		<b>22.0</b>
Volumes, beverages (thousand hectolitres)	1,396	1,566	274		3,236
Net revenue, beverages	1,065	976	195		2,236

## Note 4 Cash Flow Statement

mDKK	H1 2020	H1 2019	FY 2019
<b>Adjustments for non-cash operating items</b>			
Financial income	-2	-2	-5
Financial expenses	21	21	41
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	175	169	342
Tax on the profit for the period	143	159	318
Income from investments in associates	-4	-9	-25
Profit and loss on sale of property, plant and equipment	-5	1	3
Share-based remuneration and payments	3	3	6
<b>Total</b>	<b>331</b>	<b>342</b>	<b>680</b>

# Notes to the Interim Report

## Note 5 Acquisition of subsidiaries

### Acquisition in 2020

In 2020, no acquisitions have been completed.

### Acquisition in 2019

#### Acquisition of Bev.Con ApS (CULT)

On 21 June 2018, Royal Unibrew entered into an agreement to acquire the company Bev.Con ApS, which owns brands such as CULT Energy, SHAKER and MOKAI. The acquisition was completed on 28 February 2019.

The final acquisition price has been agreed upon based on an enterprise value of DKK 346 million and has been financed by bank borrowings. The final acquisition price is divided by DKK 291 million in cash and a potential performance based earn-out of DKK 55 million. The final cash acquisition price has been settled in Q2 2019, while the earn-out part of the acquisition price will be settled in Q2 2021 based on a net revenue target for the period 1 March 2019 - 28 February 2021. The target is not expected to be achieved, mainly due to the outbreak of COVID-19, hence the acquisition price will be DKK 291 million.

CULT was the first to introduce energy drinks in the Danish market, and, through the acquisition, Royal Unibrew reinforces its market position in Denmark and broadens the range in RTD (Ready-to-Drink) and Cider categories and the market for energy drinks.

Royal Unibrew expects to be able to achieve increased distribution and activation of the CULT portfolio, and the acquisition increased Royal Unibrew's earnings per share (EPS) already in 2019.

The company had approx 30 employees focusing on commercial activities; production and logistics have been contracted out to a third party.

Royal Unibrew A/S has incurred transaction costs relating to the acquisition of approx DKK 6 million for legal, financial and commercial advisers in connection with the realization of the transaction. The costs were recognized as administrative expenses in the Annual Report for 2018.

The company has been included in the Consolidated Financial Statements of Royal Unibrew as of the date of acquisition in 2019.

As part of the integration activities Bev.Con ApS and its 100% owned subsidiary, Cult A/S, has been merged with Royal Unibrew A/S as the continuing company.

Royal Unibrew has made the following final calculation of the fair value of the acquired net assets and of goodwill at the time of acquisition. Compared to the calculation of the fair value disclosed in the Annual Report 2019 the expected final acquisition price in Q1 2020 was expected to be DKK 55 million lower, as the earn-out part of the acquisition price was not expected to be paid and the fair value of the trademark was estimated DKK 15 million lower than by the end of 2019.

#### DKK '000

Trademark	148,000
Customer relations	9,000
Property, plant and equipment	2,388
Inventories	14,120
Receivables	13,677
Prepayments	773
Deferred tax	-33,538
Trade payables	-6,055
Other payables	-3,981
<b>Acquired net assets</b>	<b>144,384</b>
Goodwill	146,494
<b>Estimated fair value of the business</b>	<b>290,878</b>
Earn-out debt	0
<b>Estimated fair value of the business at closing</b>	<b>290,878</b>
Acquired cash at bank and in hand	26,465
<b>Cash consideration at closing</b>	<b>317,343</b>

The receivables acquired include trade receivables of a fair value of DKK 14 million corresponding to the gross amount receivable according to contract.

Cf. company announcement no. 40/2018 of 29 June 2018, the normalized yearly net revenue and EBIT is approx. DKK 200 million respectively approx. DKK 28 million.



# Notes to the Interim Report

## Note 5 Acquisition of subsidiaries (continued)

### Acquisition of Bruce Ashly Group Inc.

On 12 August 2019, Royal Unibrew entered into an agreement to acquire 100% of the shares in the Canadian company, Bruce Ashley Group Inc. (BAG). The acquisition was completed on 12 August 2019.

The acquisition price of DKK 5 million, which has been paid in cash, is based on an enterprise value of DKK 9 million. The valuation of BAG has been based on the price multiples applicable to comparable businesses.

BAG is an agency business that during the last 25 years built up a strong portfolio of Japanese sake and European beer brands, including Royal Unibrew's Faxe Brand.

BAG has an organization of 25 employees within sales and marketing.

Royal Unibrew A/S has incurred transaction costs relating to the acquisition of approx. DKK 1 million for legal, financial and commercial advisers in connection with the realization of the transaction. The costs were recognized as administrative expenses in the Interim Report for the period 1 January - 30 September 2019.

BAG has been included in the Consolidated Financial Statements of Royal Unibrew as of the date of acquisition.

Royal Unibrew has made the following calculation of the fair value of the acquired net assets and of goodwill at the time of acquisition. The calculation is unchanged as at 30 June 2020.

### DKK '000

Distribution rights	12,665
Property, plant and equipment	1,369
Inventories	6,913
Receivables	6,360
Prepayments	213
Deferred tax	-700
Trade payables	-15,592
Other payables	-2,124
<b>Acquired net assets</b>	<b>9,104</b>
Goodwill	0
<b>Estimated fair value of the business</b>	<b>9,104</b>
Acquired cash at bank and in hand	-4,162
<b>Cash consideration at closing</b>	<b>4,942</b>

The receivables acquired include trade receivables of a fair value of DKK 6 million corresponding to the gross amount receivable according to contract.

# Notes to the Interim Report

## Note 5 Acquisition of subsidiaries (continued)

### Acquisition of SIA Bauskas Alus

On 28 May 2019, Royal Unibrew entered into an agreement to acquire 100% of the shares in the Latvian company, SIA Bauskas Alus (Bauskas). The acquisition was completed on 1 November 2019.

The acquisition price of DKK 67 million, which has been paid in cash, is based on an enterprise value of DKK 65 million. The valuation of Bauskas has been based on the price multiples applicable to comparable businesses.

Bauskas is a Latvian craft brewery which during the last 28 years has built up a strong portfolio of craft beer products.

Bauskas has an organization of approx 75 employees within production, sales, marketing and administration.

Royal Unibrew A/S has incurred transaction costs relating to the acquisition of approx DKK 0,5 million for legal, financial and commercial advisers in connection with the realization of the transaction. The costs were recognized as administrative expenses in the Interim Report for the period 1 January - 30 September 2019.

Bauskas has been included in the Consolidated Financial Statements of Royal Unibrew as of the date of acquisition.

Royal Unibrew has made the following calculation of the fair value of the acquired net assets and of goodwill at the time of acquisition. The calculation is unchanged as at 30 June 2020.

### DKK '000

Trademark	23,246
Customer relations	16,529
Property, plant and equipment	9,734
Inventories	4,958
Receivables	3,496
Prepayments	46
Deferred tax	-7,957
Trade payables	-946
Other payables	-5,205
<b>Acquired net assets</b>	<b>43,901</b>
Goodwill	21,336
<b>Estimated fair value of the business</b>	<b>65,237</b>
Acquired cash at bank and in hand	1,629
<b>Cash consideration at closing</b>	<b>66,866</b>

The receivables acquired include trade receivables of a fair value of DKK 3,5 million corresponding to the gross amount receivable according to contract.

# Financial Highlights and Key Ratios

per quarter

	Q1 2020	Q1 2019	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Volume (thousand hectolitres)	2,216	2,226	3,053	3,236	5,269	5,462
<b>Income Statement (mDKK)</b>						
Net revenue	1,524	1,521	2,042	2,270	3,566	3,791
EBITDA	287	296	546	584	833	879
<i>EBITDA margin (%)</i>	18.8	19.5	26.7	25.7	23.4	23.2
EBIT	200	211	463	499	663	710
<i>EBIT margin (%)</i>	13.1	13.9	22.6	22.0	18.6	18.7
Income after tax from investments in associates	-2	-2	6	11	4	9
Other financials, net	-10	-9	-9	-10	-19	-19
Profit before tax	188	200	460	500	648	700
Net profit for the period	145	153	360	388	505	541
<b>Balance Sheet (mDKK)</b>						
Non-current assets	7,070	7,125	6,974	7,099	6,974	7,099
Total assets	8,518	8,735	8,837	8,907	8,837	8,907
Equity	3,181	3,001	3,545	2,663	3,545	2,663
Net interest-bearing debt	2,832	3,047	2,113	3,000	2,113	3,000
Net working capital	-465	-399	-650	-749	-650	-749
Invested capital	6,430	6,503	6,076	6,068	6,076	6,068
<b>Cash Flows (mDKK)</b>						
From operating activities	-5	-101	707	816	702	715
From investing activities*	-48	-56	-37	-314	-85	-370
Free cash flow*	-72	-163	652	775	590	612
<b>Financial ratios (%)</b>						
Free cash flow as a percentage of net revenue*	-5	-10	32	34	17	16
Cash conversion*	-50	-101	184	197	117	113
Net interest-bearing debt/EBITDA**	1.6	1.8	1.2	1.7	1.2	1.7
Equity ratio	37	34	40	30	40	30

\* Compared to the Annual Report 2019 the definition of free cash flow has been updated to reflect market practice of the IFRS 16 implementation. Comparables for 2019 have been adjusted.

\*\* Running 12-months

Ratios comprised by the "Recommendations and Financial Ratios" issued by the Danish Society's Committee for accounting standards have been calculated according to the recommendations.

# Financial Highlights and Key Ratios

for 1 January - 30 June 2016-2020

	2020	2019	2018	2017	2016
Volume (thousand hectolitres)	5,269	5,462	5,226	5,020	4,967
<b>Income Statement (mDKK)</b>					
Net revenue	3,566	3,791	3,518	3,183	3,160
EBITDA	833	879	800	643	620
EBITDA margin (%)	23.4	23.2	22.7	20.2	19.6
Earnings before interest and tax (EBIT)	663	710	641	502	468
EBIT margin (%)	18.6	18.7	18.2	15.8	14.8
Income after tax from investments in associates	4	9	9	10	15
Other financials, net	-19	-19	-14	-14	-21
Profit before tax	648	700	636	498	462
Net profit for the period	505	541	502	390	364
<b>Balance Sheet (mDKK)</b>					
Non-current assets	6,974	7,099	5,920	5,148	5,256
Total assets	8,837	8,907	7,445	6,405	6,531
Equity	3,545	2,663	2,554	2,637	2,712
Net interest-bearing debt	2,113	3,000	1,956	1,158	1,261
Net working capital	-650	-749	-928	-949	-867
Invested capital	6,076	6,068	4,814	4,041	4,207
<b>Cash Flows (mDKK)</b>					
From operating activities	702	715	700	598	413
From investing activities*	-85	-370	-683	-101	100
Free cash flow*	590	612	605	497	514
<b>Share Ratios (DKK per share of DKK 2)</b>					
Earnings per share (EPS)	10.1	10.9	9.9	7.5	6.8
Free cash flow per share*	12.0	12.3	11.9	9.5	9.6
Year-end price per share	551.8	479.0	508.5	312.3	298.0
<b>Financial ratios (%)</b>					
Free cash flow as a percentage of net revenue*	17	16	17	16	16
Cash conversion*	117	113	121	127	141
Net interest-bearing debt/EBITDA**	1.2	1.7	1.3	0.9	1.0
Equity ratio	40	30	34	41	42

\* Compared to the Annual Report 2019 the definition of free cash flow has been updated to reflect market practice of the IFRS 16 implementation. Comparables for 2018-2019 have been adjusted.

\*\* Running 12-months

Ratios comprised by the "Recommendations and Financial Ratios" issued by the Danish Society's Committee for accounting standards have been calculated according to the recommendations.