ROYAL UNIBREW

Annual Report

2023

Royal Unibrew A/S CVR no. 41 95 67 12

Purpose and ambition

THE PREFERRED CHOICE

We want to be THE PREFERRED CHOICE of local beverage partner that challenges the status quo by doing better every day in a fun, agile and sustainable way

OUR CONSUMERS

Bringing people together and facilitating great moments and enjoyment is the heart of our business. We offer strong local beverage brands in combination with global brands – continuously striving to match consumers' changing preferences through meaningful innovations and by offering a broad range of refreshments that deliver choice.

OUR CUSTOMERS

We partner with our customers and strive to grow together by offering a portfolio of relevant brands and having a challenger mindset. With our local, decentralized setup we focus on agility and close collaboration – aiming to provide best-in-class service as well as pursuing extraordinary brand execution in all channels.

OUR PEOPLE

We recruit, develop and retain entrepreneurial and empowered people thirsting for success and striving to do better every day. Our people drive our success and progress – and live and protect our values. We work as one team and find solutions to all challenges.

OUR SHAREHOLDERS

It is our main focus to create sustainable shareholder value by investing behind the categories and channels that grow the most, pushing premiumization and driving organic EBIT growth. We will do value accretive bolt-on, as well as strategic acquisitions if possible. We aim to increase distribution to shareholders over time through dividend and share buy-backs.

THE FUTURE

We are deeply rooted in the communities where we work, and we partner with all our stakeholders to make a positive impact on society. Our focus is to build a long-term sustainable business and to minimize the environmental footprint of our operations from raw materials to the end consumption.

ZOOMING OUT

We support our employees in taking the time to zoom out and reflect on the long-term value and opportunities for our company to ensure that we focus on what really makes a difference in the long run. Zooming out involves the ability to adjust to new market trends, consumer behaviour changes or other external factors in the environment surrounding our company.

TEAM PLAY

Collaboration is a cornerstone in our workplace culture. We all work hard every day to come up with the right solutions for our stakeholders. This underlines the importance of setting up our teams for success, and choosing the right people for the right roles. It is deeply rooted in our work place culture that everyone contributes to our collective success and that nobody is above the team.

ZOOMING IN

Agile behavior and fast execution have always been the hallmarks of Royal Unibrew employees. Short-term focus in combination with the right empowerment of our people makes certain that we keep our agility and deliver excellent operational execution. Closeness to our business secures a faster response to changes in the market and customer preferences.

BRAVERY

We strive to nurture an entrepreneurial mindset, encouraging our employees to change the game instead of just playing the game. We want to foster a winning culture where high ambitions and daring decisions are allowed to thrive while at the same time respecting each other.

ROLE MODELING

We want our people to be role models by demonstrating proper behaviour in line with our values and expectations. Compliance with legal and other requirements is instrumental for our license to operate why we expect the highest level of business ethics from all our colleagues. Role modeling is not limited to leaders, every employee has the potential to act as a compelling role model within our company.

Behaviors and values

EXPECTATIONS

To support our purpose and ambition of being THE PREFERRED CHOICE, we have developed a framework of expectations for our employees in line with our culture and values. Our Expectations constitute the foundation for leading our business

Letter from the Chair & the CEO

We are on a transformative journey

Royal Unibrew has doubled in size over the past three years. From being a business with operations in Denmark, Finland, Italy and the Baltic countries, Royal Unibrew is now a business with strong multi-beverage platforms in the Nordic region and a footprint in Western Europe with solid growth perspectives.

On this transformative journey, numerous opportunities have emerged, and we have successfully improved our portfolio of local brands as well as partner brands, continuously enhancing our offering of beverages to provide choices for every occasion.

Acquisitions play an integral role in Royal Unibrew's transformation. We have acquired 10 companies since the beginning of 2021, three of which were brought to closing in 2023. The acquisition of Vrumona in the Netherlands has been on our wish list for a considerable period. When Vrumona became available for purchase, we seized the opportunity with a strong belief in the long-term value of the asset. We now have a new growth platform in Western Europe, which also provides us with entry points into additional small and medium-sized markets where we can expand and build our beverage offering over the next 10 years. With the acquisition of San Giorgio Brewery in Italy, we have not only expanded our production capacity, but very importantly, we have cemented our position in the Italian market, improving our ability to meet the growing demand for our beverages in Italy. The third acquisition being Nørrebro Bryghus in Denmark. We would like to take this opportunity to welcome our new colleagues to the Royal Unibrew family. Keeping to the topic of acquisitions, we have acquired a range of margin dilutive companies the past years to either gain access to new geographies, new market segments, production capacity or attractive customer bases. We are confident that we have a lot of earnings potential to realize, but patience is a virtue, as it is not a task achieved over night.

We cannot conclude on the year 2023 without addressing the volatile environment. It came to be yet another year with unprecedented circumstances and high uncertainty related to the inflation level as well as the war in Ukraine and the Middle East that add uncertainty to Europe. In addition, we have been compelled to deal with the consequences of a significant weakening of the currencies in Norway and Sweden. Despite these external factors, we are pleased to conclude the year in the middle of our initial guidance range set out in March 2023.

Commitment to building a more sustainable Royal Unibrew

As we reflect on the past year, there is no doubt that it has been a significant milestone in our commitment to sustainability. In the second quarter of 2023, Royal Unibrew was

Lars Jensen
President & CEO

Peter Ruzicka
Chair of the Board

"We continue to expand our local platforms through organic growth and acquisitions, and we continue to strengthen our business through partnerships that fit to Royal Unibrew and our ambition of being THE PREFERRED CHOICE of local beverage partner."

recognized as an "ESG Industry Top Rated" company by Morningstar Sustainalytics. With the ambition to become a global leader in sustainable beverages, this recognition fills us with pride and motivates us to persist in driving the ESG agenda. Shortly hereafter, we inaugurated our solar park in Faxe, Denmark, and a biogas plant in Lahti, Finland, both of which represent crucial achievements on our sustainability journey. In addition to these energy optimization projects, we received validation of our emissions reduction targets from the Science Based Targets initiative, reaffirming Royal Unibrew's commitment to decarbonizing our operations and hereby contributing to a better, more sustainable world for future generations. This validation is a testament of our persistent efforts to mitigate our climate impact and do better every day. What remains unchanged is our continued support to the UN Global Compact.

We take pride in the progress we have made on our sustainability journey and acknowledge that our current standing is the outcome of the collective hard work and dedication of our colleagues around the world. There is still much work to be done on the ESG agenda, but we remain committed to advancing our efforts to achieve our sustainability targets.

The path forward

Our ambition is to expand and fortify the business even more, thereby ensuring future growth. We are dedicated to making progress in four key areas during 2024. We will pay more attention to efficiency across all our operations, securing a solid foundation for Royal Unibrew in an ever-evolving business environment. Efficiency is not just about working faster; it is about optimizing processes and maximizing output with the resources we have. In addition to our focus on efficiency, we will focus on implementation of our Capex projects to ensure we will be able to serve all our markets better and with higher profitability. Moreover, we will continue the integration of our latest acquisitions, Hansa Borg in Norway, Vrumona in the Netherlands and San Giorgio Brewery in Italy, involving IT integration and realization of the identified synergies for the benefit of the Group. We managed to close the gap between cost inflation and price increases in 2023, but there is no doubt that price increases will resurface as a topic in 2024, not least as wage inflation will affect cost negatively.

We will slow down the acquisitions pace in 2024, meaning that we will merely consider acquisitions of medium and large companies if they are characterized as quality assets that possess a strong strategic fit with our business model.

Dividend distribution to our shareholders

As a consequence of acquisitions, increasing interest rates and a volatile environment, we propose that the Board of Directors postpones the dividend distribution to our shareholders until after the high season, where we generate the majority of our cash flow. In that way, we reduce the amount of interest payments and improve our financial flexibility as fast as possible, while at the same time maintaining a dividend to shareholders.

Exceptional contributions and trust

We recognize that Royal Unibrew's transformative journey would not have been possible without the agile mindsets of our colleagues and their willingness to work together across functions, departments and geographies. These qualities are of vital importance for achieving our ambition of being THE PREFERRED CHOICE of local beverage partner. 2023 was yet another year where our people across the organization demonstrated that our corporate ambition is not just words on a piece of paper. We would not have been able to transform Royal Unibrew into the multi-beverage company we represent today if it were not for our colleagues.

On behalf of the Board of Directors and the Executive Management, we would like to express our appreciation to all our colleagues for their hard work and efforts throughout the year. We would like to take this opportunity to also extend our sincere gratitude to our partners as well as to our shareholders for placing their trust in us. Thank you for contributing to the continued growth and success of our company.

We look forward to yet another exciting year for Royal Unibrew.

Peter Ruzicka
Chair of the Board

Lars Jensen
President & CEO

Our strategic journey:

From a few markets to full Nordic coverage with additional opportunities in Western Europe

We are on a transformative journey where we have nearly doubled our net revenue in just three years. Combined with significant inflation during the last couple of years, the short-term dynamics of the business has noticeably altered. We are confident that the future for our company looks bright with high growth and strong margins.

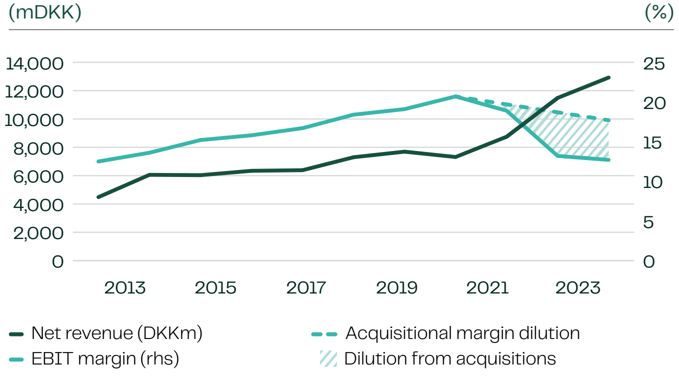
To understand Royal Unibrews performance, three main factors have driven the development in recent years:

Firstly, acquisitions add revenue and earnings but comes with lower margins. They provide numerous opportunities for future growth by rolling out our growth framework and business model. Secondly, partnership opportunities have increased in step with our growing footprint which is value creating for our shareholders, despite coming with lower margin than our own brands. Thirdly, inflation has put pressure on performance across the Group as it takes time before price increases can be passed on to customers. This has been more pronounced for acquisitions, where dicipline has not been present to the same extent as in the rest of the Group due to change of ownership.

Acquisitions

We have added approximately DKK 4.6 billion in net revenue from acquisitions since 2021. The majority comes from what we refer to as platform acquisitions. Platform acquisitions require a longer period to realize synergies compared to other types of acquisitions, which typically materialize more quickly. In addition, platform acquisitions usually require investments in equipment and organizational capital, as well as a cultural shift before synergies start to manifest. However, historically,

Net revenue and EBIT margin dilution



platform acquisitions have been the ones that provide the most significant value creation, accumulated over the long term. Most of the acquisitions we have made or may undertake are margin-dilutive, as our margins are initially positioned at the high end in the beverage sector. The acquisitions we have made in recent years have diluted our EBIT margin by approximately 5 percentage points, and it is clearly our goal to bring the profitability of most of these acquisitions over time closer to our Group average margin. Solera Beverage Group being a distribution business will not be capable of reaching Group average margins.

Partnerships

We have significantly expanded our partnerships in recent years. We have taken over the sales of PepsiCo's snack portfolio in Norway, Sweden, and Finland (already partner in Denmark) as well as its beverage business on the border between Denmark and Germany. We have also extended our collaboration agreement with Diageo to include the Norwegian market, along with several additional new partnerships. The profitability of these partnerships varies depending on whether they are solely based on distribution or also involve production, sales, and marketing.

As a starting point, partnerships are dilutive to the EBIT margin. On average, however, the capital employed is low, making the return on invested capital very attractive. Additionally, it enhances our product portfolio with strong brands that further support the sales of our own products.

Short-term pressure on margins due to inflation

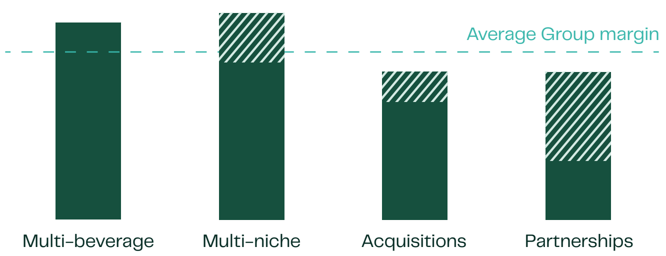
The war in Ukraine triggered a significant increase in energy prices and most of our input costs. This has led to a substantial increase in the cost of producing our products in recent years, following a decade where overall production costs had been declining. After the Ukraine war outbreak, we accumulated around DKK 1.5 billion in additional costs due to inflation in input prices. By the second quarter of 2023, we reached a point where we had neutralized the majority of this inflation on an absolute basis in most of our markets. The companies we acquired during the inflationary years still have a slight price gap, which we expect to close during 2024. Hence, inflation has resulted in a technical dilution of our EBIT margin by approximately 2 percentage points.

Opportunities for long-term growth

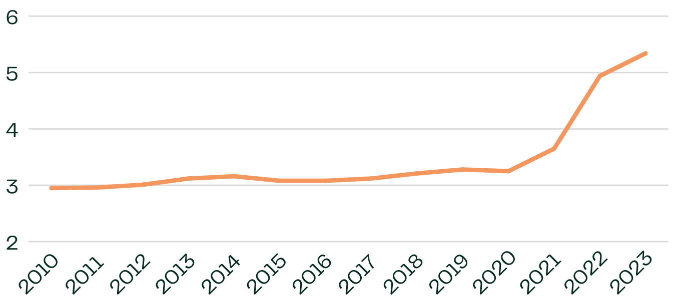
Our world has changed since we formulated our long-term EBIT margin target of 20-21%, and we are now starting to see ample growth opportunities. Thus, we have decided to replace it with a new long-term organic EBIT growth target. We have expanded our business with new platforms in Norway and the Netherlands, while at the same time significantly increased our partnership business with new and existing partners. A focus on organic earnings growth ensures that we make the right decisions in our efforts to achieve our target of maximizing value creation in the long run.

The growth formula we have pursued over the past many years is still valid, as we continue to have strong confidence in our multi-beverage strategy, and the potential for organic earnings growth is significant. Therefore, our new long-term financial target is to grow EBIT organically by an average 6-8% per year. We anticipate the EBIT margin to rise in the upcoming period as a result of our strategic focus on categories that are growing faster than the overall beverage market and with a higher margin. A high EBIT margin is essential for our long-term sustainability and ability to invest in growth and innovation.

Relative profitability



Production cost per hectoliter
(DKK)



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Who we are

Royal Unibrew in brief

Royal Unibrew is a leading regional multi-beverage company with strong local brand portfolios in our main markets in the Nordic region, the Baltic countries, the Netherlands, Italy, France and Canada. In addition, our products are sold in more than 70 countries in the rest of the world.

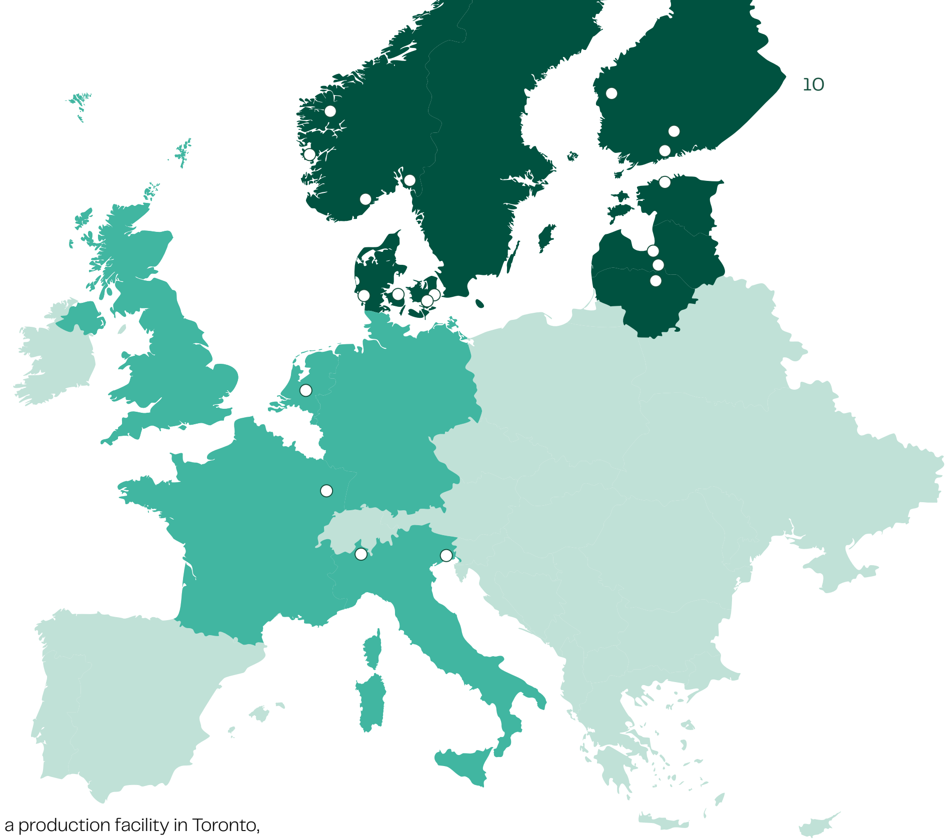
We want to offer our customers and consumers a broad portfolio of high-quality beverages, which accommodates their demands over a wide range of categories, including beer, soft drinks, malt beverages, energy drinks, cider/RTD, juice, water, wine and spirits. By offering a broad and deep portfolio across categories, we strive to provide choices for every occasion.

Our business is based on a solid foundation of strong local brands. In our largest markets, Denmark, Finland, the Baltic countries, Italy, the Netherlands and Norway, our local brands are accompanied by well-known international brands on license (such as PepsiCo and Heineken) and trading brands (such as Diageo). In some of our smaller markets, like Canada and Sweden, our offering consists of a mix of our own brands and agency brands.

We want to be THE PREFERRED CHOICE as local beverage partner that challenge the status quo by doing better every day in a fun, agile and sustainable way, creating good and enjoyable moments for our consumers.

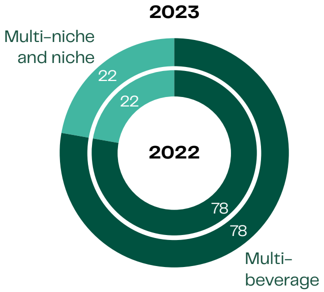
Markets

- Multi-beverage
- Multi-niche
- Production*

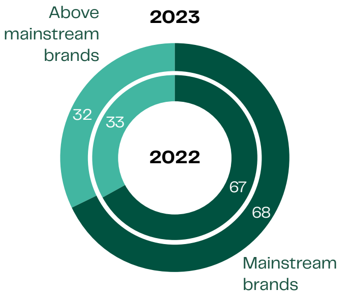


* Royal Unibrew also has a production facility in Toronto, Canada from the acquisition of Amsterdam Brewery.

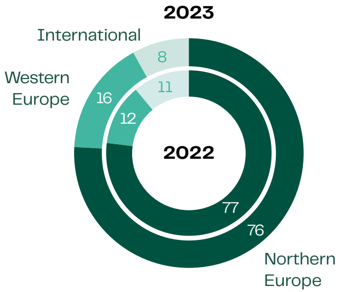
Net revenue split
(%)



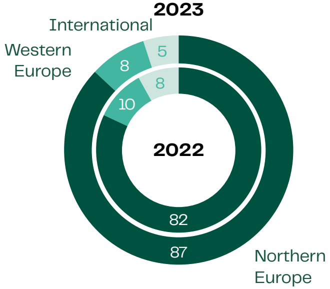
Net revenue by brand category
(%)



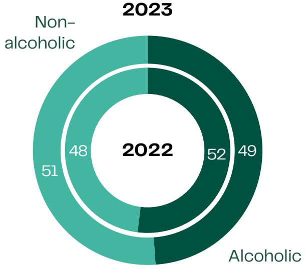
Volume by segment
(%)



EBIT by segment
(%)



Net revenue split in alcoholic vs. non-alcoholic
(%)



Results for 2023 and outlook for 2024

In 2023, we increased prices to cover input price inflation, and especially in the second half of the year, we achieved growth in both volume, net revenue, and EBIT. With increasing momentum in the business, we look forward to a 2024 characterized by profitable organic growth.

Developments in 2023

- Net revenue increased organically by 4% to DKK 12,927 million (2022: DKK 11,487 million)
- After a strong finish to the year, EBIT grew organically by 7% in 2023
- Free cash flow amounted to DKK 1,143 million (2022: DKK 577 million), corresponding to an increase of 98%
- Earnings per share declined to DKK 21.9 (2022: DKK 23.1 per share, adjusted)
- CO_2 from production decreased by 2% in 2023 despite growing volumes
- In 2023, total distribution to shareholders was DKK 720 million (2022: DKK 992 million)
- 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 (2022: dividend of DKK 14.50 per share)
- We expect organic EBIT growth in the range of 5-15% for 2024 leading to a reported EBIT in the range of DKK 1,800-1,950 million (including acquisitions) based on net revenue of around DKK 15 billion

Outlook for 2024

mDKK	Outlook	Actual 2023	Actual 2022
Net revenue	Around DKK 15 bn	12,927	11,487
Organic EBIT growth	5%-15%	7%	-14%

Please refer to page 31 for more details.

+13%

Net revenue increase in 2023 to DKK 12,927 million

+8%

EBIT increase in 2023 to DKK 1,638 million

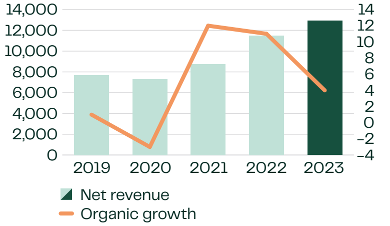
12.7%

EBIT-margin in 2023, a decrease of 0.5 percentage point

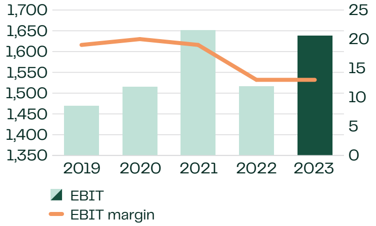
+98%

Free cash flow increase in 2023 to DKK 1,143 million

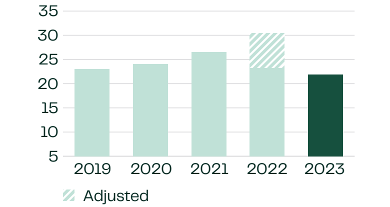
Net revenue/Organic growth
(mDKK) (%)



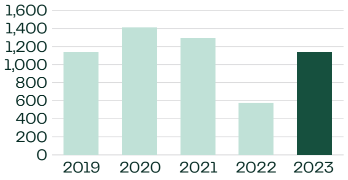
EBIT/EBIT margin
(mDKK) (%)



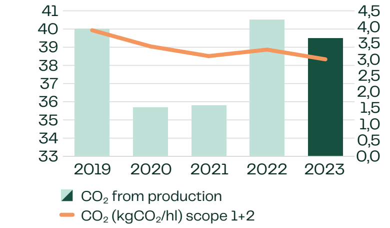
Earning per share*
(DKK)



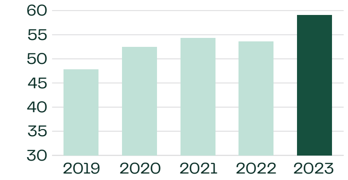
Free cash flow
(mDKK)



CO_2 from production



Share of CSD volumes with no/low sugar content (%)



* adjusted for gains on remeasurements of investments in associates

Results for 2023 per business segment

Northern Europe

DENMARK, GERMANY, FINLAND, NORWAY, SWEDEN, LATVIA, LITHUANIA AND ESTONIA

10.8 mhl
VOLUME
(up by 4%)

10.0 bnDKK
NET REVENUE
(up by 12%)

1,445 mDKK
EBIT
(up by 16%)

14.4%
EBIT-MARGIN
(up by 0.5pp)

Read more: page 38

Western Europe

THE NETHERLANDS, ITALY AND FRANCE

2.2 mhl
VOLUME
(up by 36%)

1.7 bnDKK
NET REVENUE
(up by 28%)

141 mDKK
EBIT
(down by 10%)

8.1%
EBIT-MARGIN
(down by 3.5pp)

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International

MORE THAN 70 MARKETS IN AMERICAS AND EMEAA

1.1 mhl
VOLUME
(down by 18%)

1.2 bnDKK
NET REVENUE
(down by 2%)

75 mDKK
EBIT
(down by 41%)

6.4%
EBIT-MARGIN
(down by 4.3pp)

Read more: page 44

Financial highlights and ratios

	2023	2022	2021	2020	2019
Sales volume (million hectoliters)	14.1	13.4	12.3	11.1	11.0
Organic volume growth (%)	-3	1	9	0	1
Income statement (mDKK)					
Net revenue *	12,927	11,487	8,746	7,315	7,692
Organic growth net revenue (%)	*4*	*11*	*12*	*-3*	*1*
EBITDA	2,208	1,997	2,020	1,861	1,814
EBITDA margin (%)	*17.1*	*17.4*	*23.1*	*25.4*	*23.6*
Earnings before interest and tax (EBIT)	1,638	1,516	1,652	1,515	1,469
Organic EBIT growth (%)	7	-14	6	2	4
EBIT margin (%)	*12.7*	*13.2*	*18.9*	*20.7*	*19.1*
Income after tax from investments in associates **	18	362	37	33	25
Other financial income and expenses, net	-250	-93	-42	-43	-36
Profit before tax	1,406	1,785	1,647	1,505	1,458
Net profit for the year	1,095	1,491	1,298	1,198	1,140
Parent company shareholders' share of net profit	1,095	1,492	1,299	1,183	1,142
Balance sheet (mDKK)					
Non-current assets	14,254	11,416	8,771	7,015	7,163
Total assets	17,778	14,474	10,914	8,306	8,493
Equity	5,748	5,158	3,342	3,332	3,106
Net interest-bearing debt	6,426	4,460	3,536	2,193	2,705
Net working capital	-754	-770	-1,102	-875	-671
Invested capital	13,342	10,451	7,449	5,927	6,211
Cash flows (mDKK)					
Operating activities	1,777	1,135	1,753	1,738	1,402
Net cash used for investing activities	-634	-558	-457	-324	-262
Free cash flow	1,143	577	1,296	1,414	1,140

Ratios comprised by the "Recommendations and Financial Ratios" issued by the Chartered Financial Analyst Society Denmark's Committee for Accounting standards have been calculated according to the recommendations. Definitions of financial highlights and ratios are provided on page 179.

	2023	2022	2021	2020	2019
Share ratios (DKK)					
Number of shares (million)	50.2	50.2	48.8	49.4	50.1
Earnings per share (EPS)	21.9	30.5	26.5	24.1	23.0
Earnings per share (EPS), adjusted ***	21.9	23.1	26.5	24.1	23.0
Diluted earnings per share	21.9	30.5	26.5	24.1	22.9
Diluted earnings per share, adjusted ***	21.9	23.1	26.5	24.1	22.9
Free cash flow per share	23.0	11.8	26.4	28.8	23.0
Dividend per share****	0	14.5	14.5	13.5	12.2
Year-end price per share	451.1	495.3	737.2	706.6	610.0
Employees					
Average number of employees	3,984	3,365	2,890	2,631	2,567
Financial ratios (%)					
Return on invested capital including goodwill (ROIC)	11	13	19	20	19
Return on invested capital excluding goodwill (ROIC)	18	22	32	33	30
Free cash flow as a percentage of net revenue	9	5	15	19	15
Capex as a percentage of net revenue	5	5	5	5	4
Cash conversion	104	39	100	118	100
Net interest-bearing debt/EBITDA (times)	2.9	2.2	1.7	1.2	1.5
Equity ratio	32	36	31	40	37
Return on equity (ROE)	20	35	40	37	38
Dividend payout ratio (DPR)	0	49	55	56	54

* The IFRS-15 accounting policy concerning customer contracts was reassessed, and some sales costs were reclassifed to rebates, and as a consequence net revenue and sales costs are reduced with the same amount in 2020 and onwards.

** Income after tax from investments in associates includes gain on remeasurements of investments in associates of DKK 360 million in 2022.

*** In 2022, earnings per share (EPS) and diluted earnings per share are adjusted for gain on remeasurements of investments in associates (DKK 360 million).

**** 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.

ESG results for 2023 and outlook for 2024

We continued our sustainability journey in 2023 with efforts to reduce our sustainability/ESG footprint and potential impacts. We are on track on achieving our overall KPIs on consumers and customers, our products and our people.

Volume growth of no/low products (products with no or low sugar/calories or no or low alcoholic content) significantly outperformed regular products, and we reached our goal of allocating 40% of our marketing budget to brands/campagins with a sustainability position.

The overall increase in consumption of energy and water was 6% and 5%, respectively, in 2023 driven by acquisitions. Organically, the consumption remained unchanged. The absolute CO_2 emission from production on the other hand was reduced by 2% in 2023, corresponding to a 9% organic reduction. Thus, we start to see the effect of the transition from fossil-based energy to renewable energy.

We are well underway to achieve our 100% CO_2 emission free target by 2025 for scope 1 and 2 excl. logistics. 44% of our energy consumption was based on renewable energy in 2023. We produce and consume 100% renewable electricity. We have plans supported by capex in place for all our production sites, except the latest acquisitions in Italy and the Netherlands where we accept a short grace period. Effects of heat pumps, biobased or electrical boilers and further efficiencies will already reduce emissions in 2024.

Our CO_2 reduction targets for scope 1, 2 and 3 are aligned with the 1.5°C trajectory of the Paris Agreement and were approved by the Science Based Target initiative (SBTi) in 2023. We have submitted our FLAG targets, zero deforestation commitment and 2040 net zero targets for SBTi approval in 2024.

We are gradually expanding our decarbonization journey to the entire value chain. Scope 3 emissions in 2023 were at level with our 2019 base year. However, the contribution from packaging materials was reduced by approximately 4% with a significant organic reduction of 16% driven by increased recycled content of cans and less glass bottles consumed.

We achieved 96% recycled, recyclable or reusable packaging in 2023, and therefore we are on track toward our target of 100% recycled, recyclable or reusable packaging by 2025. We are investing in more filling lines, where cardboard will replace consumption of plastic-based shrink film.

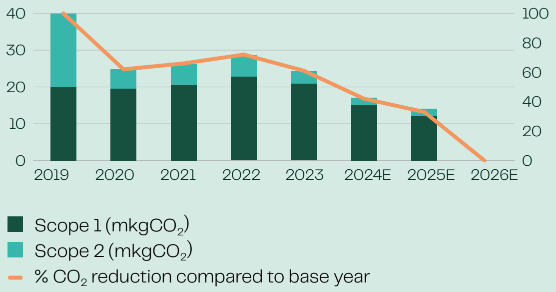
We are still challenged on our safety culture, where we have too many lost time incidents. Our Employee Engagement Score has declined slightly, where as our sustainability culture remains strong. Morningstar-Sustainalytics scored Royal Unibrew as Industry Top Rated in our sector beer, wine and spirits in 2023, proving that we are on the right path of balancing impacts, risks and opportunities with a sound financial performance.

Decarbonization at two major production sites

Our biogas plant in Lahti, Finland and solar park in Faxe, Denmark were inaugurated in Q2 2023. Thus, we have transformed our fossil-based thermal energy to 100% bio-based energy utilizing our spent grain from production in Finland, and in Denmark our solar park delivers renewable energy corresponding to approximately 40% of the power consumption at the production facility. Furthermore, a new heat pump will be fully operational in Faxe in the beginning of 2024, reducing the thermal energy consumption by approximately 30% (CO_2 emission by 25%).

Scope 1 & 2 organic development (2019 as baseline)

(mkgCO_2) (%)



ESG highlights and ratios in numbers

		2023	2022	2021	2020	2019
PRODUCTION FIGURES						
Production sites		19	19	14	9	9
Production volume, total	million hl	13.0	12.1	11.5	10.6	10.3
CO_2 emissions						
Scope 1 & 2 (location based)*	million $kgCO_2$	39.6	40.5	35.8	35.7	40.0
Scope 1 & 2 (market based)**	million $kgCO_2$	30.2	31.1	26.8	24.2	26.2
Scope 3***	million $kgCO_2$	380	n/a	367	n/a	373
ENVIRONMENT & CLIMATE						
Electricity	GWh	109.9	98.7	84.2	79.1	81.4
Natural gas	GWh	93.0	87.3	99.5	88.3	94.2
Heat/steam/cooling	GWh	32.2	34.6	33.5	30.6	37.8
Other	GWh	26.9	27.0	3.1	2.8	1.9
Energy, total	**GWh**	**262.0**	**247.6**	**220.3**	**200.8**	**215.3**
Water consumption, total	**million hl**	**39.4**	**37.5**	**34.8**	**33.3**	**33.3**
Wastewater, total	**million hl**	**25.7**	**23.7**	**22.8**	**22.3**	**22.3**
Hazardous waste	million kg	0.1	0.1	0.0	0.1	0.1
Landfilled waste	million kg	0.5	0.6	0.7	0.9	0.4
Incinerated waste	million kg	0.8	0.7	0.6	0.7	1.5
Recycled waste	million kg	15.1	10.5	5.5	5.5	5.9
Solid waste, total	**million kg**	**16.5**	**11.9**	**6.8**	**7.2**	**7.9**
Recycled waste %	%	91.5	88.3	80.6	76.7	74.7
Spent grain & yeast	million kg	83.3	91.7	79.2	76.8	77.4
RELATIVE PRODUCTION FIGURES						
Energy	kWh/hl	20.2	20.5	19.2	18.9	20.9
CO_2	kg CO_2/hl	3.0	3.3	3.1	3.4	3.9
Water	hl/hl	3.0	3.1	3.0	3.1	3.2
Waste	kg/hl	1.3	1.0	0.6	0.7	0.8

		2023	2022	2021	2020	2019
PACKAGING MATERIALS******						
Cans	%	41.6	43.8	43.4	41.7	40.2
Returnable glass bottles	%	3.9	2.3	2.4	2.9	3.4
Non returnable glass bottles	%	7.3	10.1	9.1	7.9	8.7
PET	%	37.6	33.4	36.0	36.8	37.0
Kegs	%	3.6	2.9	2.0	1.9	3.5
Bulk	%	0.8	1.0	0.3	0.2	2.9
Other	%	5.3	6.5	6.8	8.5	6.5
PEOPLE WELL-BEING & DEVELOPMENT						
Occupational health & safety						
Total number of lost-time incidents (LTIs)	Number	85	63	53	56	42
Lost time incident frequency	per million working hrs	13.0	11.1	11.3	13.7	10.8
Number of lost days	Days	786	1,153	944	2,070	1,594
Lost day rate	per million working day	120	203	202	506	412
Fatalities	Number	0	0	0	0	0
Employee engagement						
Employee turnover	%	17.7	17.1	15.0	13.9	17.5
Leave of absence due to illness (not work related)	%	3.0	3.6	3.8	3.7	3.9
Diversity						
Percentage of employees by gender, total						
Female	%	27	26	26	24	25
Male	%	73	74	74	76	75
Employees by gender, Int. Management teams						
Female	%	32	28	29	33	32
Male	%	68	72	71	67	68

* Location based: Calculated CO_2 emission based on IEA and DEFRA country factors ** Market based: Subtracting CO_2 emission covered by green certificates
*** Calculated every year going forward **** Packaging materials excluding chips, the and coffee

Strategy

→ Our strategy

Our strategy

Royal Unibrew is a multi-beverage business with a strategic focus on a decentralized organizational framework that prioritizes agile decision-making, customized to meet the preferences of local consumers and customers.

Our strategy is built on the ambition of being THE PREFERRED CHOICE of local beverage partner that challenges the status quo by doing better every day in a fun, agile and sustainable way. To fulfil this ambition, we are building strong local businesses based with broad portfolios of high quality beverages and strong route-to-market operations securing broad-based market leading positions.

Our strong local portfolios are complimented by well-known international brands provided by partners such as PepsiCo, Heineken, Diageo, etc.

Every customer in each of our sales channels is important for our business, as our customers are our main route to market. We strive to remain relevant to our customers by offering exceptional and comprehensive portfolios in local markets.

We operate in both the non-alcoholic and alcoholic beverage segment in where we want to provide choices. We have no/low sugar alternatives in the non-alcoholic segment and no/low alcohol alternatives in the alcoholic segment to make sure that we have products catering for diverse consumption occasions.

Our product portfolio spans across all relevant categories where our products can be kept at ambient temperature, as it provides scale benefits in our value chain. It enables us to achieve higher utilization of fixed assets, higher efficiency in sales and logistics and, in general, higher productivity per employee.

In markets where we do not have a multi-beverage presence, we want to build and develop strong niche positions.

Our broad local brand portfolios of own brands and well-known international partner brands, together with our distribution power and our highly efficient value chain constitute key components of our profitability. High profitability is vital for a high return on invested capital and thereby important for our ability to pursue value creating growth opportunities.

As a strong regional multi-beverage company, it is in our DNA to engage not only in the local societies surrounding our premises, sports clubs, cultural activities, employees' families, but also in our brand communities in collaboration with our customers, other business partners and non-governmental organizations (NGOs).

Our business

Operating model

Royal Unibrew is a multi-beverage business, with a decentralized organizational structure that fosters agile decision-making, customized to meet the preferences of local consumers and customers. Our product portfolio consists of beverages that can be stored at ambient temperatures, ensuring extended freshness and optimal efficiency across our entire value chain. Our company is rooted in robust local brand portfolios, that are strengthened by valuable international partnerships. Core to our success is a strong and efficient route to market, which in our main markets in the Nordics is a direct to customer model.

Our business model is operated with a lean centralized setup, where only procurement and IT are run as global functions. This is to ensure that we reap the scale benefits from common procurement and IT across the Group, and that we monitor and operate the business through our simple and proven performance management, ERP and supporting systems. The commercial responsibility is locally anchored; thus, the commercial departments in local markets have a high degree of decision power, which secures a clear mandate and local ownership of the business development.

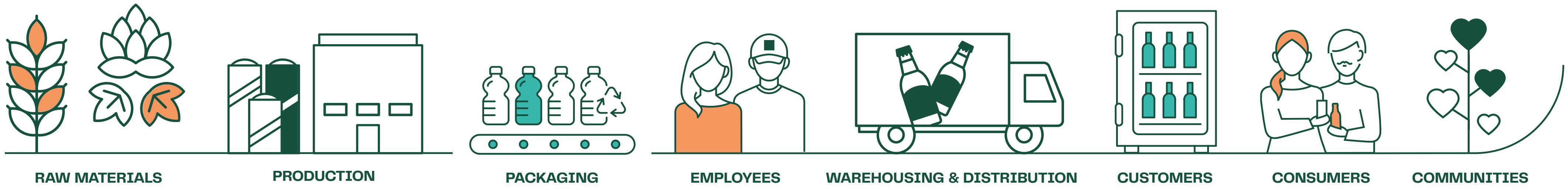
Value chain

It is important that we achieve a stable, high-quality and sustainable supply of the ingrediens we use for beverages, such as barley, water, sugar, juice, etc. Therefore, we work in close collaboration with our suppliers to understand the environmental and social footprint of our total activities. Additionally, our suppliers must comply with our Code of Conduct and ethical guidelines.

We operate 19 production facilities across nine countries. In general, the vast majority of our product range is manufactured in these facilities, meaning that all beverages are filled in cans, glass bottles or PET bottles at the same filling lines no matter what product category. We do not produce our traded goods in-house, which also goes for some of our partner brands.

On the commercial side, our multi-beverage platform also yields a lot of synergies, as the same salesforce can sell all our

Royal Unibrew's operating model



products. Hence, the sales force can spend more time with our customers securing strong commercial relationships and top class in outlet execution.

Route to market
Our route to market is a critical component of our operating model, as it ensures that our broad and high-quality product portfolio reaches customers and consumers efficiently. We strive to optimize our product availability through our well-established distribution setup, while at the same time maintain our high quality standards to uphold and enhance customer satisfaction. In most of our multi-beverage markets, we operate a direct distribution model that ensures a seamless and timely flow of products from our warehouses directly to retail outlets, bars, restaurants and convenience stores or our customers' own central warehouses.

In our multi-niche markets, we optimize the route to market through a combination of own direct distribution and distribution partners and wholesalers. In our International business segment, we sell directly to distributors, our customers, who then stands for the in-market distribution.

Products/brands
Our multi-beverage model encompasses all relevant categories where products can be stored at room temperature, yielding scalability advantages across the value chain. Operating in both non-alcoholic and alcoholic segments, we aim to provide no/low sugar options in the non-alcoholic segment and no/low alcohol alternatives in the alcoholic segment.

Our product portfolio consists of strong local brands, many of which hold iconic status in their respective home markets. Through robust marketing initiatives that reinforce brand identities, we aim to excel across all channels and further enhance the premium quality of our overall portfolio.

In addtion to our own brands, we offer a range of well-known strong international brands, which we have secured through licensing agreements or third-party distribution agreements.

We aspire to attain a market-leading position within the categories we operate in. This aspiration applies to each of the markets where we are present.

Environment, social and governance
We have an ambitious aspiration to become a global leader in sustainable beverages, which is manifested in our ambitious decarbonization targets. At the end of 2023, these emission reduction targets were validated by the Science Based Target initiative (SBTi). We also continue to support the UN Global Compact.

We support and seek a circular economy for our packaging, and we want 100% of our packaging materials to be recycled, recyclable or reusable by 2025. With well-established deposit return systems in our main markets, we see high recycling rates, but we continue to make efforts to improve.

Our colleagues are the foundation of our business, and we want to attract the most engaged, diverse and talented people with an entrepreneurial attitude, who are empowered and eager to do better every day. We employ around 4,000 people across the Group, and we aim to create a safe work environment, where our talented and loyal employees will feel engaged and included in our dynamic, team-oriented work culture that truly values everyone.

Royal Unibrew is dedicated to being a responsible community member and fostering positive contributions to the sustainable development of society. Our commitment extends to the communities where we operate, and we seek to contribute to the well-being of all our stakeholders, recognizing that this investment strengthens our business in the long run. Embedded in our culture is the active engagement not only with the local communities around our facilities, sports clubs, and the families of our employees but also with our brand communities in partnership with our customers, business associates, and non-governmental organizations (NGOs).

Equity story

Royal Unibrew is a growth company with solid profitability, high cash conversion and a disciplined capital allocation for the benefit of our stakeholders.

Leading brand portfolio

We want to be THE PREFERRED CHOICE for our customers and consumers. We strive for this position by offering our customers and consumers a portfolio of leading beverage brands. The foundation of superior portfolios lies in strong local brands, reinforced by strong, influential, and well-known international brands through strategic partnerships.

Strong market positions

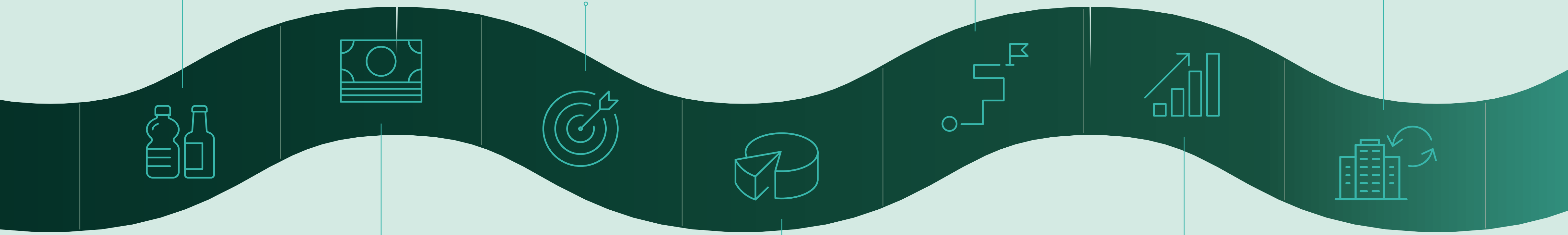
Our strong market positions and efficient route to markets are vital for our profitability. Multi-niche and multi-beverage offerings through leading brand portfolios increase the numbers of must stock brands in the individual markets and thereby increase our portfolios' attractiveness toward customers. We are a market leading beverage supplier throughout the Nordics and the Baltic countries, while we are market leading in categories in our multi-niche markets.

Clear growth and value oriented long-term strategy

We have identified six focus areas for Royal Unibrew's long-term strategy: energy drinks, enhanced water, cider/RTD, no/low sugar products, no/low alcoholic products and premiumization. All these areas are expected to structurally grow faster than the average beverage market, and most of the areas are also expected to generate higher margins than Royal Unibrew's average margin.

A sustainable business

Royal Unibrew has established a robust foundation with concrete initiatives, goals and KPIs for achieving our long-term strategy of being among the most sustainable beverage companies globally. We continue to support the UN Global Compact and has enrolled in the Task Force on Climate-Related Financial Disclosures (TCFD). By the end of 2023, our ambitious emissions reduction targets were validated by the Science Based Targets initiative (SBTi).



High cash conversion

Our multi-beverage operating model yields high profitability as beverages, assets and people are leveraged throughout the value chain. High profitability is the foundation for a high return on invested capital (ROIC), which enables us to invest in value creating growth – both organic and inorganic.

Disciplined capital allocation

The main objective of our capital allocation is to create financial flexibility, enabling us to make the necessary investments in organic growth – and pursue inorganic growth opportunities, i.e. value creating acquisitions. Historically, this approach has facilitated a healthy redistribution of surplus cash.

Strong track record of earnings growth

The development of our multi-beverage operating model and our expansion of market platforms, from which we have and are creating multi-beverage operating models, have over time created significant earnings growth. During the past ten years, the average annual growth in EBIT has been 11%, driven by both organic and inorganic contributions.

Our growth formula

Royal Unibrew remains committed to delivering profitable earnings growth in the coming years. We drive our everyday business by maximizing organic EPS growth in the long-term.

Volume growth

Royal Unibrew has market leading portfolios of non-alcoholic and alcoholic beverages throughout its main markets with multi-beverage offerings in the Nordic region and the Baltic countries and leading market share positions in several categories. In addition, Royal Unibrew has strong niche positions in the Netherlands, Italy, France and Canada as well as export business in more than 70 additional countries.

Our focus on selected growth categories across geographies aims for higher organic volume growth than the underlying market growth. Strong multi-beverage portfolio, strong distribution power and excellent in-store execution contribute to slightly growing market shares in the markets we operate. Overall, we expect our markets to develop flattish in the coming years.

Value growth

We optimize the value of our brand portfolio through a focused price/pack strategy, balancing pricing and packing to meet consumer expectations. In combination with the right innovations and a focus on profitable channels and categories this is how we drive value every day.

Price per volume unit has also increased significantly as a consequence of cost inflation, which means that we need to stay focused on the underlying profitability of our products. We do so by monitoring consumer demand, leveraging our price/pack architecture and other price/mix tools.

Operating leverage

Costs efficiency and efficiency improvements in general have always been part of how we work and think. Our culture-driven can-do attitude combined with a pronounced degree of teamwork entail that we do things better and more efficient every day.

Our strategic focus on structurally growing areas within our portfolio, which mostly comes with higher margins, optimizes our ability to increase price per volume unit, forming a solid foundation for an underlying margin expansion.

Mergers and acquisitions

It has always been a core part of our strategy to create value through acquisitions of companies. We have created significant value through acquisitions over time, and the foundation for acquisitions will always be that they can be incorporated in our operating model and, likewise, that our business model enables us to extract synergies from the combination of businesses.

Timing of acquisitions is unpredictable and therefore not something that can be planned. Over the past couple of years, we have made several acquisitions of companies that have been on our radar for many years. These are as standalone units not transformative for Royal Unibrew, but in its totality they have transformed Royal Unibrew from a country-based company to a pan-Nordic company with several Western European growth opportunities.

On top of this, we have made bolt-on or brands/category acquisitions to improve our market positions and likewise acquired production assets to expand production capacity and bring production closer to consumption. All acquisitions are expected to contribute to organic EBIT growth in the coming years.

Share buy-backs

Our multi-beverage model is a highly cash generative business, and it provides us the ability to develop the business in line with our strategic priorities while at the same time enable us to distribute an attractive pay-out to our shareholders. It is our priority to create a positive total shareholder return through a combination of growing distribution (dividends and share buy-backs) and increasing share price. Share buy-backs will be the balancing instrument to secure that we remain financially flexible within our capital allocation policy (see page 30).

Due to our net interst-bearing debt/EBITDA being above our target of 2.5x, share buy-backs are currently on hold.

Our growth formula: volume + value + efficiency + potential M&A + share buy-backs = increased earnings per share

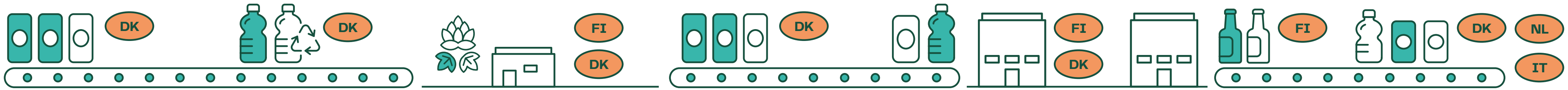
Production capacity and organizational capacity

Production capacity
After many years of high volume growth, the recent years have been characterized by shorter periods during which we have lacked production capacity in Denmark, primarily affecting our International business unit, the Danish market, and the Group's profitability. In the years leading up to and following the acquisition of Hartwall, production capacity exceeded the demanded and produced quantities. The 2010s were marked by surplus capacity, efficiency improvements, high service levels to customers, and consequently, increasing profitability.

As capacity utilization became more optimal, we began planning ongoing capacity expansions in response to the continuously growing business. However, with the onset of COVID-19, all expansion plans were put on hold due to restrictions on external parties in our production facilities. Emerging stronger from COVID-19 with higher volumes and expanded partnership collaboration agreements, we found ourselves in a situation of insufficient production capacity. Consequently, we had to prioritize which of our markets should receive which products, impacting our International business and the Danish market.

Since emerging from COVID-19, we have worked diligently to address the production capacity backlog, undertaking both organic and inorganic investments.

Organic capacity investments



2013
CAN LINE, DENMARK

2014
PET LINE, DENMARK

2017
MICRO-BREWERY, FINLAND
MICRO-BREWERY, DENMARK

2021
CAN LINE, DENMARK

2022
PET LINE, FINLAND
CAN LINE, DENMARK
WAREHOUSE CAPACITY, DENMARK

2023
GLASS BOTTLE LINE, FINLAND
WAREHOUSE CAPACITY, FINLAND

2024
PET LINE, DENMARK
CAN LINE, THE NETHERLANDS
GLASS BOTTLE LINE, THE NETHERLANDS
CAN LINE, ITALY

Between 2014 and 2022, the sole capacity expansions involved a micro-brewery in Denmark, a micro-brewery in Finland and a can line in Denmark because the focus was on maximizing the utilization of existing capacity and because COVID-19 made capacity expansion impossible as external people was not allowed to enter our sites.

Royal Unibrew's acquisitions

Over the past three years, we have made several acquisitions that have, in various ways, helped and will continue to help improve capacity utilization at Group level.

We categorize acquisitions into four types.

Bolt-on acquisitions

- Minor businesses with operations within an area where Royal Unibrew is already present through the multi-beverage model
- The acquired business is relatively simple to integrate
- Significant value creation potential as synergies are relatively large as percentage of acquired revenue

Examples include
Nørrebro Bryghus

Total acquired bolt-on net revenue (2021-2023)
DKK ~150 million

Brand/category acquisitions

- Acquisitions of brands, which will give Royal Unibrew exposure to brands/categories in existing niche/multi-niche markets
- Includes acquisitions of brands in categories where we are already established but where we significantly improve our market position through the acquisition of complementary brands
- Sizeable syngergies

Examples include
Amsterdam Brewery

Total acquired brand/category net revenue (2021-2023)
DKK ~275 million

Platform acquisitions

- Businesses in markets where we have limited or no presence
- Provides us with a strong market position within one or more categories
- Normally more demanding in terms of integration
- Cost synergies are lower in the short run, but over the long run these acquisitions offer significant potential

Examples include
Vrumona

Total acquired platform net revenue (2021-2023)
DKK ~3,800 million

Asset acquisitions

- Acquisition of additional production capacity close to consumers
- Accelerates development of additional capacity and people skills
- Is often less expensive than building new capacity
- Logistics synergies and CSR improvements by optimized route-to-market and capex avoidance

Examples include
San Giorgio

Total acquired asset net revenue (2021-2023)
DKK ~300 million

PLATFORM ACQUISITION CASE

The acquisition of Vrumona establishes new growth platform in the Netherlands

Vrumona became a part of Royal Unibrew in September 2023. Vrumona is the second-largest soft drinks company in the Netherlands and constitutes a new platform for us in Western Europe. Vrumona's product portfolio consists of a range of strong own brands and partner brands. The company is located near Utrecht and adds more than 300 dedicated skilled colleagues to our Group.

With robust local brands and a highly effective local organization, Vrumona aligns well with Royal Unibrew's operating model. The company was the first in the Netherlands to truly focus on beverages with no/low sugar and calorie content. Hence, Vrumona has a powerful position in this segment of the beverage market.

Through the acquisition of Vrumona, we have also expanded our partnership with PepsiCo, as Vrumona operates the complete beverage portfolio for PepsiCo in the Netherlands. The company's production facility has excess capacity, which we already benefit from in other markets now, and its structures and processes are robustly ingrained in the organization.

Initially, platform acquisitions often yield lower returns as cost synergies are low in the first years. They constitute the backbone for a local business and ensure that future business expansion projects will yield high returns. Therefore, Vrumona and other platform investments are considered investment cases rather than acquisitions based on significant cost savings. With these acquisitions, we aim to achieve strategically strong market positions, contributing to consistently high organic revenue growth through the implementation of our multi-beverage strategy.

"Vrumona is a leading soft drinks company with a high quality broad brand portfolio and a strong local organization, which makes it a very good strategic fit for Royal Unibrew."

ASSET ACQUISITION CASE

Royal Unibrew's group production capacity expanded with the acquisition of a production facility In Italy

Towards the end of 2023, we also completed the acquisition of a production facility from Birra Castello located in San Giorgio di Nogaro, Italy. This was a strategic initiative aimed at supporting our continually growing business in Italy and our expanding business in international markets.

The acquisition will ultimately assist in releasing production capacity in Denmark for the Danish market, while at the same time enabling us to relocate our beer production to the Italian market from Denmark to Italy. This move contributes to a more optimal sustainable footprint for Royal Unibrew.

Having production locally in Italy will also make the Italian commercial organization more agile and responsive to customer requests, enhancing the overall quality of the delivered service.

The alternative to acquiring a brewery in Italy would have been an investment in expanding brewing capacity in Faxe, Denmark. However, this expansion would not have been optimally positioned, as what we needed was a platform to serve the Italian market and international markets. Additionally, the cost of expanding brewing capacity in Faxe, Denmark, would have been at least 2-3 times higher than the amount we paid for the brewery in San Giorgio di Nogaro.

"The acquisition of a production facility in Italy supports the continued growth of our italian business as well as alleviating production constraints in the group."

Organizational capacity

A doubling of the business volume in few years naturally requires an upgrade of the organizational capacity. The companies we acquire will naturally be optimized using local resources, whereas expansion of partnerships creates operational efficiencies when we add them to our existing business where it takes advantage of fixed costs already present. Therefore, it is primarily the central organizational capacity that has been and will continue to be upgraded.

It is particularly the group functions procurement and IT that require more resources as our business volume continues to grow. Additionally, the central finance function, including ESG, demands significantly more resources.

Group functions upgraded to support expanded business
(2019-2024)

2.5x

More finance people

2.2x

More procurement people

3.4x

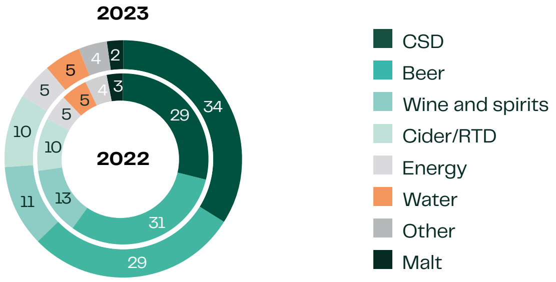
More IT people

Our categories

Our high-quality beverage portfolio comprises both own brands and partnerships brands, spanning a broad range of both alcoholic and non-alcoholic beverages. It is our aim to offer choices for all consumers at most occasions, including no/low alcoholic alternatives within the alcoholic segment and no/low sugar alternatives within the non-alcoholic segment.

Non-alcoholic beverage net revenue grew organically more than double the level of alcoholic beverages in 2023 driven by high growth in carbonated soft drinks (CSD) and a negative growth in beer. Together with the acquisition of Vrumona in the Netherlands, the share of net revenue for non-alcoholic beverages increased to 51% of total net revenue compared to a share of 48% in 2022. Fastest organic growing categories on net revenue in 2023 was CSD and energy.

Revenue split categories
(%)



Non-alcoholic beverages

Driven by good execution in most markets, and the extended partnership with PepsiCo on the border between Denmark and Germany, our largest non-alcoholic category CSD grew net revenue organically by almost 20%. In combination with the acquisition of Vrumona in the Netherlands CSD was 34% of total net revenue in 2023 up from 29% in 2022.

In 2023, we experienced organic net revenue growth in one of our most profitable categories, energy drinks. As the share of energy drinks are relatively low in our recently acquired businesses, energy drinks continue to be 5% of our total net revenue. In 2023, we launched CULT as the energy drink for the Norwegian market. The launch is off to a good start, and quickly conquered a good market position.

Water net revenue grew organically by 3% in 2023, despite a significant volume decline of almost 25% in the Baltics due to price increases on low margin high volume SKU's. Our malt beverage business net revenue declined in 2023, as glass bottle capacity constraints meant that it was down prioritized on behalf of other more profitable products.

Alcoholic beverages

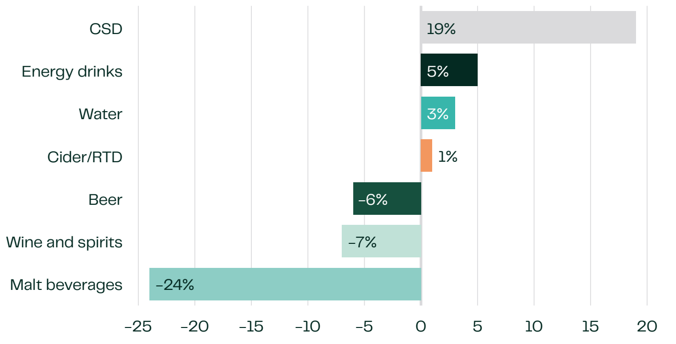
Following the acquisition of Vrumona in the Netherlands, beer is no longer our biggest category, as its share of net revenue has declined from 31% in 2022 to 29% in 2023. Net revenue declined organically, as a result of de-stocking in Italy in the

beginning of the year, lower sales in International as it was down prioritized and a less optimal channel mix towards the end of the year.

Wine and spirits, which was 11% of net revenue in 2023, declined organically as the market is affected by price increases and higher cost of living in general. Towards the end of the year, the price increases executed in Q3 2023 started to impact net revenue positively. Further price increases are planned for 2024 to mitigate the devalued Norwegian and Swedish kroner.

Our cider/RTD business constitutes 10% of total group net revenue and grew organically by 1% in 2023. This performance is due to the very successful launch of a new Original Long Drink variant with pineapple in Finland. The innovation not only secured a stronger market position for the Original Long Drink, but also expanded the cider/RTD segment in Finland.

Organic category net revenue growth
(%)



Financial targets and capital allocation

We aim to drive Royal Unibrew's long-term developments to its fullest potential to maximizing shareholder value creation to the benefit of all stakeholders. This involves establishing the right financial targets, which support a long-term view of the business, while at the same time being ambitious in the short-term. This must be governed by strict capital management to secure the necessary financial flexibility, which enables us to invest in both organic and inorganic profitable growth opportunities. All while maintaining efficient capital allocation and securing strong shareholder distribution.

In recent years, we have undertaken a series of acquisitions, each of which, on its own, may not have been transformative, but collectively, they have had a transformative impact on our company. While each of these acquisitions has diluted margins in the short-term, they will all contribute to value creation in the long run. At the same time, we have significantly increased our partnership business with new and existing partners.

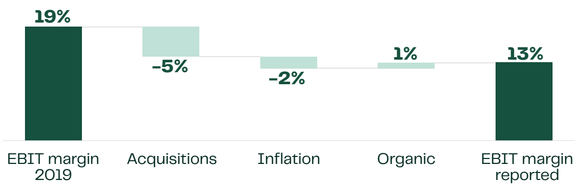
New long-term financial targets

We have significantly enhanced our Nordic footprint through recent inorganic investments, transforming Royal Unibrew into a true Nordic multi-beverage company. At the same time, we have strengthened and expanded our presence in Western Europe, where we now have multiple platforms, each possessing several options for future growth opportunities. In other words, Royal Unibrew has transformed from being a mature, high-margin business into a growth-oriented company with substantial potential for organic EBIT growth.

Our net revenue has increased by approximately 70% through acquisitions since 2019. We are now in a position where we have the opportunity to drive significant organic profit growth by optimizing our current business, expanding in new markets and growing our partnerships.

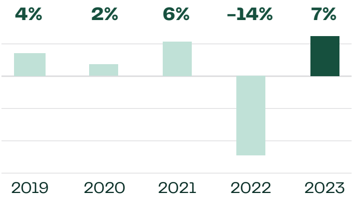
We have strong confidence in our multi-beverage strategy with focus on categories that are growing faster than the overall beverage market and with higher margins. A focus on organic earnings growth ensures that we make the right decisions in our efforts to achieve our goal of maximizing

EBIT margin development 2019-2023



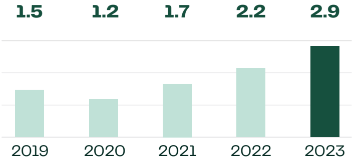
Organic EBIT growth

6–8%



NIBD / EBITDA

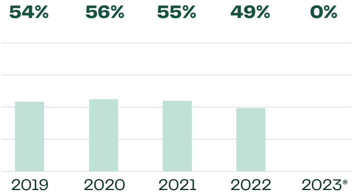
<2.5 times



Dividend pay-out ratio

40–60%

of consolidated profit for the year



* 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.

value creation in the long run, and we want this to be reflected in our long-term financial target.

In light of this, our new long-term financial target is to grow EBIT organically by an average 6-8% per year. It remains our ambition to increase the EBIT margin. Given the current business composition and prevailing input prices, we expect to organically grow the EBIT margin in the same period.

Capital structure and distribution policy

The objective of our capital structure policy is to secure flexibility to develop the business in line with our strategic priorities. It remains our target to have a net interest-bearing debt below 2.5 times EBITDA. At the end of 2023, we were above this target, and therefore, our focus in the coming period is to bring the financial leverage down in accordance with our target. We endeavor to secure financial flexibility through long-term loan agreements and facilities.

Our priorities for capital allocation remain:

1. Maintain financial flexibility
   - Net debt/EBITDA less than 2.5
2. Invest in organic growth
3. Acquisitions
4. Stable dividend pay-out ratio (40-60%)
5. Share buy-backs to adjust capital structure

As was the case at the end of 2022, we may depart from the targeted ratio for a certain period if structural business opportunities arise.

In an ongoing effort to close the capacity gap resulting from robust growth during the pandemic, continued expansion of our partnership business, expected future organic growth and an ongoing priority to invest in sustainability and circularity, we expect that our investments will remain at a high level in the coming years.

The Board of Directors continuously evaluates whether the capital structure needs to be adjusted by launching share buy-back programs. With the current high financial leverage, no share buy-backs are expected for 2024.

Total distribution for the year

mDKK	2023	2022	2021	2020	2019
Dividend	720	692	653	600	538
Share buy-backs	0	300	582	362	433
Total distribution	**720**	**992**	**1,235**	**962**	**971**
as a % of prior year consolidated profit	48	*76*	*103*	*84*	*93*

Outlook for 2024

We expect organic EBIT growth of 5-15% in 2024 (equivalent to a reported EBIT in the range of DKK 1.8-1.95 billion, including acquisitions) and net revenue of around DKK 15 billion.

Uncertainty regarding the macroeconomic development and consumer behavior remains unchanged. Total cost per hectoliter is not expected to organically decrease significantly in 2024.

Revenue

Due to the overall uncertainty of the macroeconomic development and consumer behavior, we have based our net revenue expectations on a flat volume development 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.

Outlook for 2024

mDKK	Outlook	Actual 2023	Actual 2022
Net revenue	Around DKK 15 bn	12,927	11,487
Organic EBIT growth	5%-15%	7%	-14%

We have not monitored any significant changes to consumer behavior recently. Consumers still appear to be going out less frequently and spending less during their outings, particularly affecting the On-Trade sector negatively. Additionally, we anticipate consumers in the Off-Trade sector to continue to be seeking good deals.

Profitability

We expect organic EBIT growth of 5-15% in 2024 (equivalent to a reported EBIT in the range of DKK 1.8-1.95 billion, including acquisitions). We do see deflation in some input price categories, whereas inflation in other cost categories is increasing in 2024. We continue to expect that total cost per hectoliter will not organically decrease significantly in 2024.

Vrumona is expected to contribute in-organically to EBIT by around DKK 80 million in 2024, whereas the EBIT impact from San Giorgio will be non-material. We will do investments in Italy during 2024, which will neutralize the underlying earnings of the business, and the benefits, which will materialize in both Italy and International, is not expected to impact EBIT until 2025.

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

Top and bottom end of range

The macro setting is highly uncertain due to geopolitical uncertainty and pressure on consumers discretionary spending power. The main factors impacting profitability are:

- Consumer behavior and impact on channel mix
- High season weather

Financial assumptions

- Net financial expenses, excluding currency related losses or gains, of around DKK 350 million
- Corporate income tax rate of around 21%
- The guidance is built on normal summer weather and travelling activities
- Capex in the range of DKK 850-1,000 million

Performance

Financial review • Northern Europe
Western Europe • International

Financial review of FY 2023 and Q4 2023 results

With a strong year-end finish and an organic EBIT growth of 29% in Q4 2023, the annual EBIT concluded at DKK 1,638 million, meeting expectations within the guided range. This outcome has been achieved despite the aftermath of generally higher consumer living costs and a historically poor summer, thanks to the dedicated and persistent efforts of our employees. Our overall business scope significantly expanded as both Vrumona and San Giorgio have become part of Royal Unibrew. Northern Europe and Western Europe performed particularly well in the quarter, while International continues to be affected by a lack of production capacity.

FY 2023 results

The start of the year was difficult as the cost base was negatively impacted by very high inflation and price increases were needed to offset the higher cost levels. The higher prices put slight pressure on volumes and volume growth was negative in 2023 as consumers were hit by higher general living costs. Clearly, gross profit margins came under pressure in the beginning of the year and continued to be so until price increases covered the inflation.

Poor weather, especially in the Nordics, put pressure on the business during the summer peak season. Towards the end of the year, performance improved as price increases were implemented. In our multi-beverage markets, strong market positions and solid customer relationships supported a very strong development.

Overall, volumes declined organically by 3% in 2023, while strong price/mix impact resulted in an organic net revenue growth of 4%. EBIT increased organically by 7%, resulting in an EBIT margin that declined by 50 basis points to 12.7% negatively impacted by acquisitional impacts of almost 1 percentage point.

Key highlights Q4:

- Organic volume growth of 2% (FY 2023: -3%)
- Positive price/mix from pricing initiatives and mix improvements
- Organic net revenue growth of 6% (FY 2023: 4%)
- EBIT increased organically by 29% (FY 2023: 7%)
- EBIT margin up by 1.3 percentage points to 12.2% (FY 2023: down 0.5 percentage point to 12.7%)

Financial highlights Q4 and FY 2023

In Q4 2023, volumes increased by 28% compared to Q4 2022, totalling 4.0 million hectoliters. The organic volume growth was 2%, with the difference of approximately 800 thousand hectoliters explained by the acquisitions of Vrumona and San Giorgio. For FY 2023, the volume saw a 6% increase, corresponding to an organic decline of 3% driven by poor weather in peak season and destocking in Italy. In Q4 2023, net revenue rose by 22% (organic: 6%), reaching DKK 3,444 million. The net revenue growth for FY 2023 was 13% (organic: 4%) compared to 2022, amounting to DKK 12,927 million.

Production costs in Q4 2023 increased by DKK 333 million, a 19% rise. Consequently, the gross profit increased by 28%, resulting in a gross profit margin of 38.9%, which is 1.8 percentage points higher than in 2022. This is a result of value management activities carried out during the past two years of input price inflation, including price initiatives across our business. For FY 2023, the gross profit margin declined by 0.7 percentage points to 41.7% compared to 2022.

Sales and distribution costs increased by 10% in Q4 2023 but decreased as a percentage of net revenue to 22.7% from 25.3% in Q4 2022. This was primarily due to lower freight and distribution costs, which was positively impacted by the reduction of freight rates compared to the same period the year before. In FY 2023, sales and distribution costs increased by 8%, falling from 25.5% of net revenue in 2022 to 24.4% in 2023.

The fourth quarter of 2023 marked the third consecutive quarter of organic EBIT growth, a result of highly effective execution in Northern Europe and Italy.

EBIT for Q4 was DKK 114 million higher than in 2022, amounting to DKK 421 million (2022: DKK 307 million) impacted positively by DKK 30 million from the long planned sale of a brewery site in Norway. For FY 2023, EBIT increased by DKK 122 million compared to 2022, totaling DKK 1,638 million (2022: DKK 1,516 million). The reported EBIT margin increased by 1.3 percentage points to 12.2% in Q4 2023 due to lower production costs and lower freight and distribution costs. For FY 2023, the reported EBIT margin declined by 0.5 percentage points compared to 2022. In Q4 2023, acquisitions diluted the EBIT margin by 1.1 percentage point, whereas they diluted the EBIT margin by almost 1 percentage point in FY 2023 compared to the previous year.

Free cash flow amounted to DKK 388 million in Q4 2023 compared to DKK -37 million in Q4 2022, while the free cash flow for FY 2023 was DKK 1,143 million compared to DKK 577 million in 2022. This development is driven by higher earnings and a positive swing of DKK 535 million from a decrease in working capital.

Management's review

The strong top-line development in Q4 2023 was supported by robust commercial execution in the majority of our markets. Additionally, Italy had a significant positive impact on the top line, as 2022 figures were very weak due to de-stocking in the wholesale On-Trade beer business.

The annual negotiations have proceeded constructively with the vast majority of our customers, and the results will be implemented gradually throughout the first quarter of 2024. The focus has been on addressing the general inflation in society reflected in salaries, among other things. The integration of Vrumona in the Netherlands and San Gorgio in Italy is proceeding according to plan.

Net debt

Net debt by the end of 2023 amounted to DKK 6,426 million, which is an increase of DKK 1,966 million compared to year-end 2022. The increase in net debt is primarily driven by the acquisitions of Vrumona in the Netherlands and San Giorgio in Italy. Net interest-bearing debt/EBITDA increased from 2.2x to 2.9x over the same period.

Financial review

In Northern Europe, there was a 4% organic increase in volumes in Q4 2023, leading to a 1% organic volume increase for FY 2023. Net revenue increased organically by 7% in Q4 2023 and organically by 8% in FY 2023. The positive development was driven by strong performance in our multi-beverage markets.

In Western Europe, volume growth was adversely affected by destocking in Italy in Q4 2022. Consequently, volumes increased organically by 11% in Q4 2023, and net revenue increased organically by 27% in the quarter due to a positive impact on price/mix from the more positive product mix. For FY 2023, volumes in Western Europe decreased organically by 14%, while net revenue decreased organically by 4%. This performance was caused by an exceptional good summer in Italy in 2022 making comparable numbers difficult to meet as well as the destocking in Italy, which impacted the first

Developments in activities for the period October 1 – December 31 broken into market segments

	Northern Europe		Western Europe		International		Group	
	Q4 2023	Q4 2022	Q4 2023	Q4 2022	Q4 2023	Q4 2022	Q4 2023	Q4 2022
Volumes (million hectoliters)	2.6	2.5	1.1	0.2	0.3	0.4	4.0	3.1
Organic volume growth (%)	4		11		-16		2	
Net revenue (DKK million)	2,459	2,278	684	187	302	352	3,444	2,818
Organic net revenue growth (%)	7		27		-14		6	

four months of 2023 negatively before normalizing for the remainder of the year.

The International segment continues to be under pressure as the high inflation makes it less competitive relative to local competition that is not affected by inflation to the same degree. Volumes declined by 16% in Q4 2023 leading to net revenue growth of -14% in the quarter compared to the same period the year before. For FY 2023, volumes decreased organically by 21%, whereas net revenue decreased organically by 14%.

At the Group level, this resulted in an organic volume increase of 2% in the last quarter of 2023, bringing the full-year development to a 3% organic volume decrease. Strong in-market execution and price initiatives across the Group supported a positive price/mix impact, resulting in an organic net revenue increase of 6% for Q4 2023 and 4% for FY 2023.

The negative impact from weaker Norwegian and Swedish kroner was around DKK 55 million on net revenue in the quarter. Adjusting for this, organic net revenue was 2 percentage points higher.

EBIT increased by DKK 114 million in Q4 2023, leading to an EBIT increase of DKK 132 million in H2 2023, corresponding to an organic increase of 13%. The International division continued to be negatively impacted by high costs, resulting in an organic EBIT decline of 29% in H2 2023. In Western Europe, the normalization of the Italian wholesale On-Trade beer market resulted in an organic EBIT increase of 89% in H2 2023, whereas it declined by 25% for FY 2023 because of the exceptional good summer in Italy in 2022. In Northern

Developments in activities for the period July 1 – December 31 broken into market segments

	Northern Europe		Western Europe		International		Unallocated		Group	
	H2 2023	H2 2022	H2 2023	H2 2022	H2 2023	H2 2022	H2 2023	H2 2022	H2 2023	H2 2022
Volumes (million hectoliters)	5.4	5.5	1.5	0.7	0.6	0,7			7.5	6.9
Organic volume growth (%)	-1		-4		-17				-3	
Net revenue (DKK million)	5,092	4,891	1,083	591	605	631			6,781	6,114
Organic net revenue growth (%)	4		8		-12				2	
EBIT (DKK million)	807	709	76	28	50	61	-6	-3	928	796
Organic EBITgrowth (%)	14		89		-29				13	
EBIT margin (%)	15.9	14.5	7.0	4.7	8.3	9,7			13.7	13.0

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

	Northern Europe		Western Europe		International		Unallocated		Group	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Volumes (milion hectoliters)	10.8	10.4	2.2	1.6	1.1	1.4			14.1	13.4
Organic volume growth (%)	1		-14		-21				-3	
Net revenue (DKK million)	10,023	8,943	1,738	1,353	1,166	1,191			12,927	11,487
Organic net revenue growth (%)	8		-4		-14				4	
EBIT (DKK million)	1,445	1,247	141	157	75	128	-23	-16	1,638	1,516
Organic EBITgrowth (%)	16		-25		-40				7	
EBIT margin (%)	14.4	13.9	8.1	11.6	6.4	10.7			12.7	13.2

Europe, EBIT developed favorably in Q4 2022 due to strong execution across our multi-beverage markets, resulting in an organic EBIT increase of 14% in H2 2023 and 16% for FY 2023.

In Denmark, net revenue increased by 20% to DKK 939 million in Q4 2023, and for FY 2023, net revenue increased organically by 19%. In Finland, net revenue increased organically by 5% in Q4 2023, while net revenue grew by around 6% organically in FY 2023. Both markets were supported by price initiatives and strong commercial execution.

In Norway, net revenue amounted to DKK 437 million in Q4 2023, which corresponds to an organic decline of 9%. Adjusting for the weaker Norwegian kroner, net revenue increased organically by 1%. In FY 2023, net revenue decreased organically by 17% and adjusting for the weak currency development, the organic decline was 6%.

In Sweden, net revenue increased organically by 25% to DKK 119 million in Q4 2023 and adjusted for the weak currency 28%. In the Baltic countries, net revenue increased organically by 4% in Q4 2023 due to high price increases, whereas for FY 2023, the organic net revenue growth amounted to 8%.

Management review for the parent company

Net profit for the year was DKK 1,032 million compared to DKK 1,571 million in 2022. The decrease of DKK 539 million against last year was driven by increased net financial costs of DKK 95 million and by recognition of a gain on investments in associates of DKK 460 million in 2022.

In 2023, the equity increased by DKK 552 million from DKK 4,967 million to DKK 5,519 million, primarily driven by a profit for the year of DKK 1,032 million and a sale of shares for treasury of DKK 249 million offset by dividends paid to shareholders of DKK 720 million.

Net revenue (DKK million) – selected countries in Northern Europe

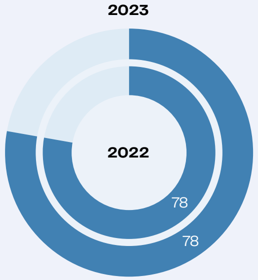
	Q4 2023	Q4 2022	% change	H2 2023	H2 2022	% change	FY 2023	FY 2022	% change
Denmark	939	781	20	1,957	1,674	17	3,786	3,169	19
Finland	735	700	5	1,569	1,554	1	3,151	2,958	6
Norway	437	482	-9	826	960	-14	1,602	1,495	7
Sweden	119	95	26	236	191	24	466	379	23
Baltic countries	229	221	4	505	512	-1	1,019	942	8

Overview business segments financial performance

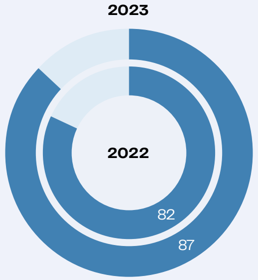
Northern Europe

DENMARK, ESTONIA, FINLAND, GERMANY, LATVIA, LITHUANIA NORWAY AND SWEDEN

Share of net revenue



Share of EBIT



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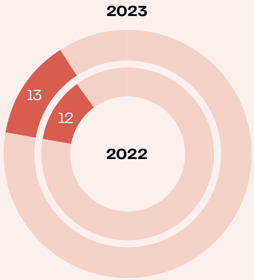
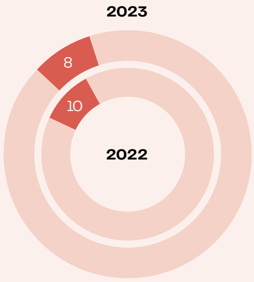
Western Europe

FRANCE, ITALY AND THE NETHERLANDS

Share of net revenue



Share of EBIT



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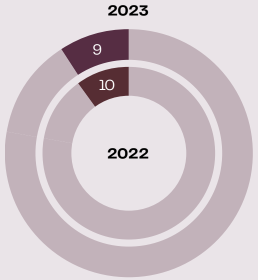
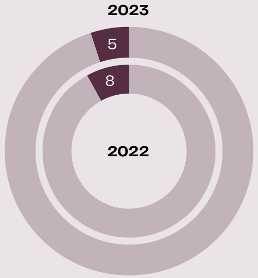
International

MORE THAN 70 MARKETS IN AMERICAS AND EMEAA

Share of net revenue



Share of EBIT



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Northern Europe

10.8 mhl

VOLUME
(up by 4 %)

1,445 mDKK

EBIT
(up by 16%)

10.0 bnDKK

NET REVENUE
(up by 12%)

14.4%

EBIT-MARGIN
(up by 0.5pp)

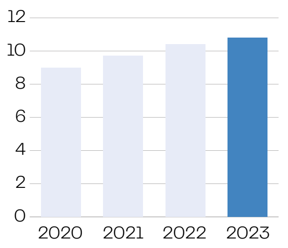
"Overall, our Northern European business performed very strongly in 2023. The mature markets, Finland, Denmark, and the Baltics, increased net revenue and earnings despite cost inflation and an unfavorable summer. In Norway, the integration is well under way, and we have secured important customers for the future."

Kalle Järvinen,
SVP Baltic Sea, Sweden & Norway and
Managing Director Hartwall, Finland

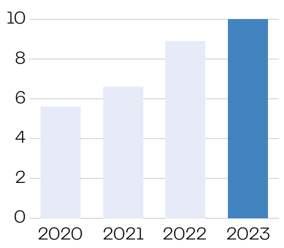
Financial performance

Total volumes increased by 4% in 2023 to 10.8 million hectoliters. Organic growth amounted to 1% despite high price increases, resulting in improved market shares, and was realized despite poor summer weather. Net revenue increased from DKK 8,943 million in 2022 to DKK 10,023 million in 2023, corresponding to a growth of 12%. Organic net revenue growth amounted to 8% and were driven by price increases as well as an improvement in price/mix.

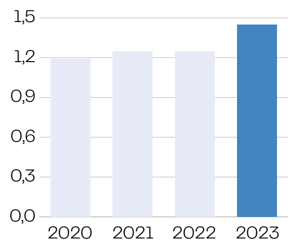
Volumes
(mhl)



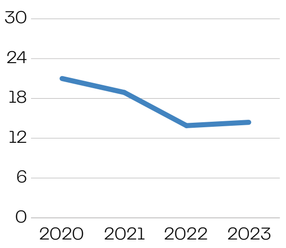
Net revenue
(bnDKK)



EBIT
(bnDKK)



EBIT-margin
(%)



NORTHERN EUROPE

mDKK	2023	2022	% changes	% organic
Volumes (thl)	10.8	10.4	4	1
Net revenue	10,023	8,943	12	8
EBIT	1,445	1,247	16	16
EBIT margin	14.4	13.9		

EBIT increased by DKK 198 million from DKK 1,247 million in 2022 to DKK 1,445 million in 2023. This corresponds to an organic growth of 16% and resulted in an improved EBIT margin that expanded by 50 basis points from 13.9% in 2022 to 14.4% in 2023. The improvement in EBIT and profitability is driven by Finland, Denmark and the Baltic countries.

Development and initiatives in 2023

The **Finnish** market declined in 2023, as a result of inflation and higher living costs in general, which towards the end of the year also started to impact consumer behavior. In this challenging market environment, our strong and wide beverage portfolio delivered a solid performance with market share gains in RTD, CSD and water.

The Original Long Drink Pineapple launch in 2023 was very successful and one of the top launches of all Fast Moving Consumer Goods (FMCG) launches in Finland measured by value. The launch, which turned Finland yellow during the summer, expanded the RTD market, and the strong demand for the new variant continued throughout the year.

We continued to drive our agenda of providing healthier options for our consumers, and within our non-alcoholic portfolio, no sugar versions secured market share growth in 2023. PepsiMax strengthened its position as the number one cola variant in the market with an all-time high market share, and no sugar Jaffa increased volumes by double digit percentages.

In 2023, we strengthened our position in On-Trade by gaining new customers within fast food and events, while at the same time extending contracts with important customers. We are expanding our market leadership in wine and spirits On-Trade to a market leadership in the total market, as a result of new customer wins in 2023.

We continued our work to reach our sustainability ambitions. Lahti biogas plant (operated together with Lahti Energy) was taken into use in H1 2023 with full circular economy cycle and getting us to zero CO_2 emissions (scope 1 & 2).

In **Denmark**, the year was only a few days old when we announced a deal to acquire the Copenhagen-based brewery, Nørrebro Bryghus – a strong, locally rooted brand with two decades of history and a flagship in Danish beer culture. The range consists of 100% organic craft beers, which are to be continued, developed, and expanded – even outside the capital region – through our robust distribution platform. The integration of Nørrebro Bryghus was successfully completed in the last quarter of the year.

The new addition to the portfolio instilled confidence in further positive expectations for growth and progress in the Danish business, and these expectations were met to a satisfactory extent, especially considering what turned out to be another year of challenging market conditions. Inflation persisted, and both On- and Off-Trade had to navigate a very unpredictable and hesitant market. Month by month, we observed the increasingly negative consequences of climate change and the geopolitical world situation, with ongoing warfare in Europe, influencing shopping patterns. The consumer trend towards more discount shopping remained dominant, leading supermarket chains to contemplate and initiate radical changes in their setups, including the closure of chains and stores.

We closely monitored the developments, engaged in many close dialogues with our customers and partners, and

drew on our experiences from the years with COVID. Thus, we succeeded in identifying current needs, adjusting and developing campaigns to remain attractive to our customers and consumers. A good example is the expansion of the Faxe Kondi series with an orange variant, which received an overwhelming and extraordinary reception in the market. But other collaborations have also been a great success. Overall, we have gained market shares, especially in the soft drink segment – but also in the water, snacks, and craft beer segments.

Recognition of our targeted efforts and strategy came again in the form of top rankings in customer satisfaction analyses, including collaboration at the head office level and efforts in physical stores – Royal Unibrew is the Preferred partner in the category. Likewise, we achieved significant progress in our NPS Score in the On-Trade market.

As the expansion of our portfolio, increased complexity, and interest in our brands have been growing, we have also experienced a need to adapt the organization. This has meant welcoming several new colleagues both at the head office in Faxe and at our other locations in Denmark.

The integration of Hansa Borg & Solera in **Norway** moved into its next phase in January 2023, to further increase the commercial focus, harvesting the advantages of having all categories in one house and being even more closely integrated into the Group.

Our portfolio was further expanded by the introduction of PepsiCo snacks (Lay's® and Doritos®) at the beginning of 2023 as well as an extended long-term partnership agreement with Diageo to include all products in Diageo's spirits portfolio for the Norwegian market, strengthening our position as a multi-beverage business in the Norwegian beverage market, both On-Trade and at Vinmonopolet.

The Norwegian Krone weakened in 2023. The high inflation affected the Norwegian beverage market, consumer purchasing power and consumer behavior.

The Norwegian summer was cold and grey, taken to the extreme with landslides and floods in August, affecting both sales and distribution. Despite this, we delivered numerous successful festivals during the summer and succeeded in closing several large customer agreements with existing and new customers, aiming to be THE PREFERRED CHOICE.

Focus on sustainability efforts increased throughout the year. Inbound empty can transport from Sweden to Norway, Bergen, transferred from road to railway in August, reducing the carbon footprint by 95 percent on the distance. During the year, 60 percent of the total shrink film usage on own produced beverages was converted to recycled materials and 100 percent recycled corrugated trays was implemented.

In addition, energy efficiency measures continued, and we succeeded in reducing energy spend with as much as 13 percent per produced hl throughout 2023. ISO 14001 certification was achieved within Hansa Borg's supply chain, in addition to re-certification of ISO 9001 and FSSC 22000.

We have a strong portfolio of both own brands and partnership brands with a solid customer base both in On-Trade, Off-Trade and at Vinmonopolet in Norway. Hansa is Norway's strongest beer brand, and we have succeeded in growing our strong cider and RTD position. In addition, we have in 2023 developed our market shares in the Energy category with our brand CULT. Nøgne Ø continues its role as Norway's leading craft brewery, and its barrel aging program has received international award, making Nøgne Ø the 69th most checked in brewery on Untapped in Europe out of a staggering 7120 breweries in total.

Our ambition is to be THE PREFERRED CHOICE for customers and partners, offering the best access to market as well as the broadest and most attractive beverage portfolio. Hansa Borg & Solera Norway closed the year by winning two central long-term collaboration agreements on everything from wine, beer, cider & RTD to spirits. The agreements, shows our strengths as a multi-beverage partner to our customers, and we aim to create even more value and opportunities for our customers and consumers.

In **the Baltic countries**, the focused attention on our beer and cider portfolio, coupled with premiumization efforts and timely price increases, resulted in a significant growth in net revenue for the beer category compared to 2022. Despite volume declines in the beer market and a flat cider market, we continued to gain market share with our local and imported premium brands.

CULT, through intensive brand activation efforts including the introduction of new products, enhanced visibility in stores, and targeted brand-building activities, especially in social media with influencers and communities, expanded its consumer base. Despite the overall strong category growth,

CULT outperformed significantly and secured additional market share.

Our commitment to growing the PepsiCo brands portfolio, resulted in market share gains, and the growth was facilitated by increased investments in expanding cold space, enhancing brand visibility in media and events, and a successful third-year execution of a massive blind tasting. The results revealed that over 60% of cola drinkers prefer the taste of Pepsi. The heightened focus on zero-sugar cola also yielded outstanding results, with the market share of zero-sugar carbonated soft drinks increasing significantly.

In line with our commitment to sustainability, our Off-Trade and On-Trade clients participated in a survey for the second consecutive year, selecting Royal Unibrew companies in Lithuania and Latvia as their top 1 and 2 sustainable partners. Over 40% of our marketing budget is dedicated to sustainability initiatives, including the no/low agenda and support for various communities and initiatives such as Malt Order and WWF. One of our significant achievements was the installation of solar panels in the Kalnapilis brewery.

Western Europe

2.2 mhl
VOLUME
(up by 36%)

141 mDKK
EBIT
(down by 10%)

1.7 bnDKK
NET REVENUE
(up by 28%)

8.1%
EBIT-MARGIN
(down by 3.5pp)

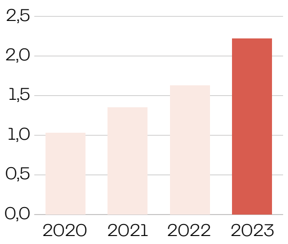
"Vrumona became part of Royal Unibrew in the fourth quarter of 2023. The integration is proceeding according to plan, and we have already started to realize synergies. We are optimistic about the future and are confident that as a new Western European platform we will deliver profitable growth in the coming years."

Ilco Kwast,
Managing Director Vrumona

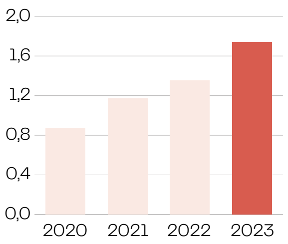
Financial performance

In 2023, volumes increased by 36% to 2.2 billion hectoliters significantly impacted by the acquisition of Vrumona in the Netherlands. Adjusting for this, volumes dropped organically by 14% due to de-stocking in Italy and a very good summer in 2022. Net revenue increased by 28% to DKK 1,738 million and adjusted for the acquisition in the Netherlands net revenue declined organically by 4%.

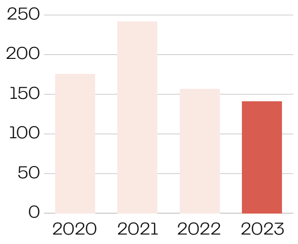
Volumes
(mhl)



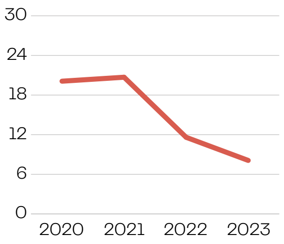
Net revenue
(bnDKK)



EBIT
(mDKK)



EBIT-margin
(%)



WESTERN EUROPE

mDKK	2023	2022	% changes	%organic
Volumes (thl)	2.2	1.6	36	-14
Net revenue	1,738	1,353	28	-4
EBIT	141	157	-10	-25
EBIT margin	8.1	11.6		

EBIT declined from DKK 157 million in 2022 to DKK 141 million in 2023. Organically EBIT declined by 25% driven by de-stocking in the Italian On-Trade wholesale beer market and an exceptional good summer in Italy in 2022 making the comparable numbers difficult to repeat in 2023. That development resulted in an EBIT margin of 8.1%, which was 3.5 percentage points lower than in 2022. Adjusting for the acquisition, the organic EBIT margin declined by 2.5 percentage points to 9.1%.

Development and initiatives in 2023

In 2023, **the Netherlands** saw noteworthy macroeconomic stability characterized by a consistent GDP growth and low unemployment rates. The elevated inflation rates at the beginning of 2023 led to a decrease in consumer spending power and diminished consumer confidence.

These factors had an impact on the beverage sector in 2023, particularly in the first half of the year. Both non-alcoholic and alcoholic beverage categories encountered challenges in retail, as consumer price increases occurred due to high inflation rates. The soft drinks category also experienced dynamic shifts, resulting in market volume decline but market value growth.

On the sustainability side, Vrumona has conducted several projects during 2023. A modular flexible warehouse has been built, which meant less traffic back and forth to the external warehouse. Moreover we were able to reduce our energy consumption by 5% by means of continuous improvement projects.

Commercially, Vrumona ran a successful pilot at the biggest retailer in the Netherlands with a new shelf layout for the cola segment with the aim to grow share of Pepsi and the category. After extensive research and a period of careful testing throughout the country, the new cola shelf was rolled out in 850 shops in the autumn, leading to significant category growth in the segment thanks to the perception of more offer and less stress in choosing for shoppers.

And last, but not least, there have been many new campaigns and new introductions such as Mocktails under our Royal Club brand, providing the consumer with a deliciously refreshing drink, without alcohol and without sugar. Fully in line with our leading position in providing healthier drinks.

In 2023, the **Italian** business grew market share in beer, carbonated soft drinks and energy drinks in the Off-Trade.

In Off-Trade, the Ceres brand significantly outperformed the market with a double-digit value growth in sell-out driven by an extended pack/price strategy on multipacks, a new 50 cl can format launch, and with a new marketing campaign to celebrate 60 years of Ceres Brand in Italy. In On-Trade Ceres performance has been impacted by high stock in the beginning of 2023, but normalized during the second quarter of 2023, and we have now had nine months of balanced sell-in and sell-out. In 2023, sell-out grew both volume and value when compared to 2022.

Throughout 2023 we implemented price increases according to our plans, for all categories.

The LemonSoda range also grew significantly faster than the underlying CSD market gaining market shares in all the segments (Lemonade, Orangeade and Other flavours). The growth was supported by a new campaign and a packaging special edition celebrating the “original Italian lemonade” and by a strong commercial focus in the promo and in-store execution. The new Zero range is driving the growth of citrus zero CSD category, with a significant share of market increase both for Lemonsoda Zero and Oransoda Zero.

We also had a double-digit growth in the fast growing energy drinks market. Lemonsoda Energy is today well established as the number three brand in the market, with a range focused on the strong growing “juicy” segment. We also entered with success in the “original” segment with the launch of Crazy Tiger for selected customers.

International

1.1 mhl
VOLUME
(down by 18%)

75 mDKK
EBIT
(down by 41%)

1.2 bnDKK
NET REVENUE
(down by 2%)

6.4%
EBIT-MARGIN
(down by 4.3pp)

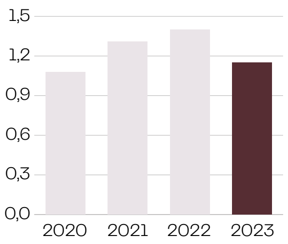
"High COGS inflation and significantly higher logistic costs created a difficult competitive situation in 2023 – a situation we expect to improve in 2024. In 2023, we also successfully relocated beer production for the Canadian market to Amsterdam Brewery, allowing us to better serve the market."

Michael Nørgaard Jensen,
SVP International

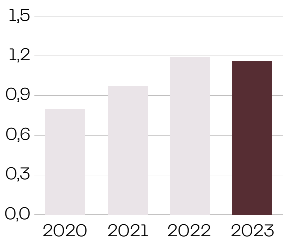
Financial performance

Volumes in International declined by 18% in 2023 to 1.1 million hectoliters, which corresponds to an organic decline of 21%. The decline is explained by political unrest and lack of hard currency in Africa, a situation that is now stabilized, and a down prioritizing of the business due to lack of production capacity. As a result, net revenue declined organically by 14% to DKK 1,166 million in 2023, which equates to a reported decline of 2% when adjusting for acquisitions.

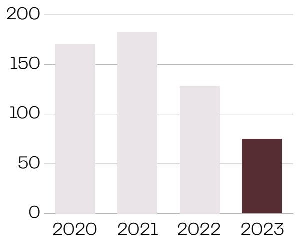
Volumes
(mhl)



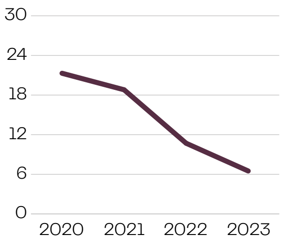
Net revenue
(bnDKK)



EBIT
(mDKK)



EBIT-margin
(%)



INTERNATIONAL

mDKK	2023	2022	% changes	% organic
Volumes (thl)	1.1	1.4	-18	-21
Net revenue	1,166	1,191	-2	-14
EBIT	75	128	-41	-40
EBIT margin	6.4	10.7		

EBIT declined by DKK 53 million to DKK 75 million, corresponding to 41% in reported terms and 40% in organic terms. This led to an EBIT margin of 6.4% in 2023, down from 10.7% in 2022. Acquisitional effects had a negative impact on the EBIT margin of 1 percentage point.

Development and initiatives in 2023

2023 marked a year of significant transition for us. Our International business underwent a transformation, becoming more localized, and we successfully shortened our supply chains, resulting in clear sustainability gains. The acquisition of the Amsterdam brewery and the relocation of Faxe brewing to Canada contributed to a decrease in our overall CO_2 footprint. Similarly, our CO_2 footprint in China substantially reduced as we shifted production operations to the local market. These actions represent important milestones in our ongoing efforts to reduce lengthy supply lines, localize production, and achieve sustainability gains, all while enhancing proximity to local markets. Proximity to our markets is crucial for maintaining agility and responsiveness to local market needs.

The integration of our two companies in Canada, Amsterdam Brewery and Bruce Ashley Group, is progressing according to plan. Despite cost increases in input materials, we managed to absorb costs through price adjustments in most markets.

In Germany, we successfully regained a strong position in the 1-liter beer market. Across the DACH region, we strengthened our market position in Crodo Italian Lemonade, holding a strong position in all three markets. In the UK, we lead the market in malt beverages and successfully introduced a new line of brands in collaboration with Live Nation for pre-mixed cocktails. Our presence in festivals and music venues across the UK has expanded, and we plan to continue this expansion into more venues in 2024.

Our malt business in the Americas and Latin America/Caribbean regions has improved, securing a leadership position in key strategic markets for premium malt beverages. We've included more markets in Latin America and are actively building additional markets in the region.

Despite economic challenges in some African markets, including strained economics and a lack of hard currencies, we are growing our African business, with Faxe beer leading the expansion. We are entering new markets to complete West Africa penetration, recognizing Africa as an important opportunity despite its volatile nature.

The expansion and localization of Tempt cider production in China represent a crucial step in several areas, offering the potential to grow profits, decrease the CO_2 footprint, and establish closer connections with local consumers.

Governance

Corporate governance

Royal Unibrew's corporate governance framework is based on recommendations by the Danish Committee on Corporate Governance, current legislation and regulation, best practices and internal rules. Royal Unibrew aims to fulfil its responsibilities to shareholders, customers, employees, authorities and other stakeholders while actively pursuing the creation of long-term value.

Annual General Meeting / shareholders
The ultimate authority in all affairs of Royal Unibrew is the Annual General Meeting (AGM). According to the Articles of Association of Royal Unibrew, AGMs shall be called not earlier than five weeks and not later than three weeks prior to the AGM. It is an objective to formulate the notice convening the meeting and the agenda in a way that gives shareholders an adequate presentation of the business to be transacted at the general meeting. Proxies are limited to a specific AGM and are formulated also to allow absent shareholders to give specific proxies for individual items of the agenda – either to the Board of Directors or to a person attending the AGM. All documents relating to AGMs are available at Royal Unibrew's website no later than three weeks prior to the AGM.

Each share of a nominal value of DKK 2 entitles the holder to one vote. Royal Unibrew's shares are not subject to any restrictions of voting rights, and the Company has one class of shares.

Proposals for resolutions to be considered at the AGM may be submitted by shareholders to the Board of Directors no later than six weeks prior to the date of the AGM.

Board of Directors

The Board of Directors is responsible for the overall and strategic management of the Company and to ensure that the Company is properly, reasonably and soundly managed in compliance with applicable laws and regulations. Furthermore, the Board of Directors supervises the organizational, financial and performance management of Royal Unibrew and continuously evaluates the work performed by the Executive Management on behalf of the shareholders.

Attendance at meetings (in total 11)

	Position	Board meetings
Peter Ruzicka	*Chair*	■■■■■■■■■■■
Jais Valeur	*Deputy chair*	■■■■■■■■■■■
Martin Alsø*	*Board member*	■■■■■■■■■■■
Torben Carlsen	*Board member*	▣■■■■■■■■■■
Heidi Kleinbach-Sauter	*Board member*	■■■■■■■■■■■
Claus Kærgaard*	*Board member*	■▣■■■■■■■■■
Michael Nielsen*	*Board member*	■■■■■■■■■■■
Christian Sagild	*Board member*	▣■■■■■▣■■■▣
Catharina Stackelberg-Hammarén	*Board member*	■■■■■■■■■■■

■ Attended the meeting
▣ Did not attend the meeting
□ Not a board member at the time

*elected by the employees

The Board of Directors performs its tasks in accordance with the Rules of Procedure of the Company governing the Board of Directors and the Executive Management. These Rules of Procedure are reviewed and updated annually by the Board of Directors.

The Board of Directors usually meets for six annual ordinary board meetings. Under normal circumstances at least one of the meetings centers around the Company's strategy and prospects, and at least one meeting takes place in a market in which the Company operates with a deepdive into the local business. In 2023, five extraordinary meetings were held resulting in a total of eleven board meetings during the year.

The Board of Directors has established the following committees:

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of the Chair and the Deputy Chair of the Board of Directors. The principal obligations of the Committee are to prepare and complete evaluation of the Board of Directors including selection and nomination of potential new candidates to the Board of Directors and Executive Management and securing overall succession planning of the Board of Directors and the Executive Management. Additionally, the committee is tasked with evaluating and advising on the remuneration of the Board of Directors and the Executive Management. Furthermore, the committee ensures the regular updating of the remuneration policy and verifies adherence to its principles. In 2023, the Committee held a total of seven meetings.

Attendance at meetings (in total 7)

	Position	Remuneration and Nomination Committee
Peter Ruzicka	*Chair*	■■■■■■■
Jais Valeur	*Deputy chair*	■■■■■■■

■ Attended the meeting
▣ Did not attend the meeting
□ Not a committee member at the time

Audit Committee

The Audit Committee consists of two members: the Chair (Christian Sagild) and one member (Peter Ruzicka) of the Board of Directors. The principal duty of the Audit Committee is to secure quality and integrity in the Company's presentation of financial statements, audit and financial reporting including compliance with relevant accounting legislation and other legal requirements. In addition, the Audit Committee monitors accounting and reporting processes, audit of the Company's financial reporting, risk issues and the external auditor's performance and independence. Moreover, the Audit Committee oversees the responsibility of monitoring the whistle-blower reporting system and ESG reporting. Finally, the Audit Committee assesses and recommends elections of external auditors to the Board of Directors. The external auditor has participated in all ordinary meetings of the Audit Committee. The committee held six meetings in 2023.

Attendance at meetings (in total 6)

	Position	Audit Committee Meetings
Christian Sagild	Chair Audit Committee *Board member*	■■■■■■
Peter Ruzicka	Chair of the Board of Directors	■■■■■■

■ Attended the meeting
■ Did not attend the meeting
□ Not a committee member at the time

Evaluation of the work of the Board of Directors

Evaluation of the work of the Board of Directors is conducted annually. The purpose of the evaluation is to ensure that the Board of Directors (as a body) has expertise and experience within Fast Moving Consumer Goods (FMCG), production, sales and marketing of brands globally and in business-to-business markets, strategic and general management as well as expertise and experience with economic, financial and capital market issues including those relating to listed companies. The evaluation is initiated by the Chair of the Board of Directors. Both the performance of the Executive Management and the cooperation between the Board of Directors and the Executive Management are evaluated annually as a minimum. An external consultant is involved in the evaluation at least every third year. An evaluation by an external consultant therefore took place in 2023. Findings are based on the outcome of a questionnaire and additional interviews.

The findings of the latest evaluation were presented and discussed at board meetings in 2023. The Board will include the findings from the evaluation when considering the future development of the Board ensuring that competences support Royal Unibrew's business model and strategy.

Responsibilities and composition of the Board of Directors

When forming the Board of Directors, the Company prioritizes members possessing the necessary competencies. The Board of Directors conducts an annual evaluation to ensure that the board composition aligns with Royal Unibrew Group's activities, considering both competencies and diversity among members.

Candidates for the Board of Directors are recommended for election by the AGM supported by motivation in writing by the Board of Directors as well as a description of the recruiting criteria. The individual members' competencies and credentials are described in the below section on the Board of Directors and the Executive Management (see page 60-63).

Three of the members of the Board of Directors are elected by the employees of Royal Unibrew for a period of four years pursuant to the Danish Companies Act. Latest election took place in 2022.

New board members are upon their election introduced to the Company through a focused introduction program.

Executive Management

The CEO and the CFO report to the Board of Directors. Together with the Senior Leadership Team (SLT), they are responsible for the day-to-day short- and long-term duties, management and strategy of the Company. In addition to the SLT, the company operates with a Growth Leadership Team (GLT) comprising leaders within Group functions and country managers with broad experience and special expertise within their area of business. SLT and GLT are committed to realizing our strategy of becoming THE PREFERRED CHOICE in local markets.

Diversity and inclusion

The international management teams of Royal Unibrew – a total of 164 leaders – comprises 68% (2022: 72%) male and 32% (2022: 28%) female. Our target is a more balanced gender representation of at least 40% of the underrepresented gender among the Board of Directors and in international management teams by 2025. In the Senior Leadership team, including direct reports, employed at Royal Unibrew A/S, cf. the Danish Companies Acts, section 139c, we aim for 30% of the underrepresented gender in 2027. When recruiting new executives, we identify candidates of all genders without

Underrepresented gender (%)

	2023		2022	
Board of directors	33%	(2/6)	33%	(2/6)
Senior leadership team	27%	(3/11)	15%	(2/13)
International management team	32%	(53/164)	28%	(41/149)

discrimination and strive to foster the interest of the under-represented gender in assuming managerial responsibilities. Acquisitions in 2023 had a negative effect on management gender representation.

Currently, the Board of Directors consists of six board members elected by the AGM and three board members elected by the employees based in Denmark. Three of the members elected by the AGM are Danish and three are of different nationalities. Two of the AGM elected board members are female (33%). Thus, gender is equally distributed.

We aim for the Board of Directors to consist of expert members who, to the widest extent possible, complement each other in terms of education, experience, age, background, nationality, gender, etc. This is to ensure a competent and versatile contribution to the board at Royal Unibrew. These matters are taking into consideration when the Nomination and Remuneration Committee identifies new candidates for the Board of Directors, and it is the committee's objective to identify both male and female candidates. Recommendation of candidates will always be based on an assessment of the competencies of the individual candidate and how the person will match Royal Unibrew's needs and contribute to the overall efficiency of the board.

Whistle-blower system

Royal Unibrew is committed to doing business according to high ethical standards striving to be responsible, committed, holistic, creative, ambitious as well as honest and open.

The Company's secure whistle-blower system provides employees and third parties doing business with Royal Unibrew the possibility to report knowledge or suspicion of unethical behavior in violation of Royal Unibrew's Code of Conduct or other illegal behavior.

The whistle-blower system can be accessed from Royal Unibrew's group website (www.royalunibrew.com) as well as the websites of Royal Unibrew's subsidiaries' and is available in eleven languages. When communicating through the whistle-blower system, the communication is encrypted, and complete anonymity can be chosen and maintained in connection with reporting. All reports are evaluated by Group General Counsel and Director of Finance and Treasury. The Audit Committee oversees the monitoring of the whistle-blower reporting system. Reporting is made in compliance with national data protection regulation and GDPR. No cases were reported in 2023.

Corporate Governance Report 2023

The Board of Directors regularly reviews Royal Unibrew's corporate governance framework and policies in relation to the activities of Royal Unibrew. A detailed description as well as an overview of Royal Unibrew's position on each of the recommendations have been prepared in compliance with recommendations on corporate governance issued by the Danish Committee on Corporate Governance, cf. Section 107b of the Danish Financial Statements Act.

For further information see Corporate Governance Report 2023

Tax

Royal Unibrew seeks to comply with all tax legislations to its business operations and, in doing so, aims to minimize its tax risks by actively seeking to identify, evaluate, monitor and manage tax risks.

Please refer to page 93-94 for further details.

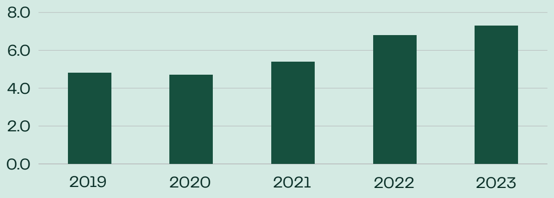
Tax by category

(%)

The total contribution through taxes in 2023 amounted to DKK 7.3 billion (2022: 6.8 billion).

Development in total contribution

bnDKK



Risk management

We take an active approach to risk management to ensure that our key risks and opportunities are identified, monitored and mitigated in a structured and prioritized manner. Royal Unibrew has defined clear risk management processes, including policies and procedures, for the dual purpose of minimizing the effects of our key risks and protecting our people, assets, reputation, values and freedom to operate.

We are exposed to a variety of risks some of which are beyond our direct control. These risks may have a significant impact on our business if not properly assessed and controlled.

Maintaining a sound and deeply rooted risk culture, including a strong control environment, is essential for the continued development of Royal Unibrew, and the purpose of our risk management approach is to address and handle risks and uncertainties in due time, but also to take advantage of the opportunities that arise when risks are being mitigated, especially within the climate area.

On an ongoing basis, we assess risks within each of the identified key risk areas based on their potential impact and likelihood.

Geopolitical tensions, extreme weather, and higher cost-of-living.

The geopolitical tensions continued in 2023 with the war in Ukraine and the conflict in Gaza. The global instability impacted the input prices, inflation and interest levels resulting in an increase in the cost-of-living for our consumers. It also increases the threat from cyberattacks, thus increasing the cost to protect the company.

Royal Unibrew operates mainly in Europe and normally not exposed to extreme weather. In 2023, we discovered both heat, drought and heavy rain in our markets compared to a normal year.

Acquisitions

We expanded our footprint in 2023 with acquisitions in the Netherlands and Italy. Royal Unibrew has a strong track record of integrating new companies into its existing business setup. Nevertheless, the acquisitions will naturally add more complexity to our business and, thereby, also additional risks.

Risk management structure and governance

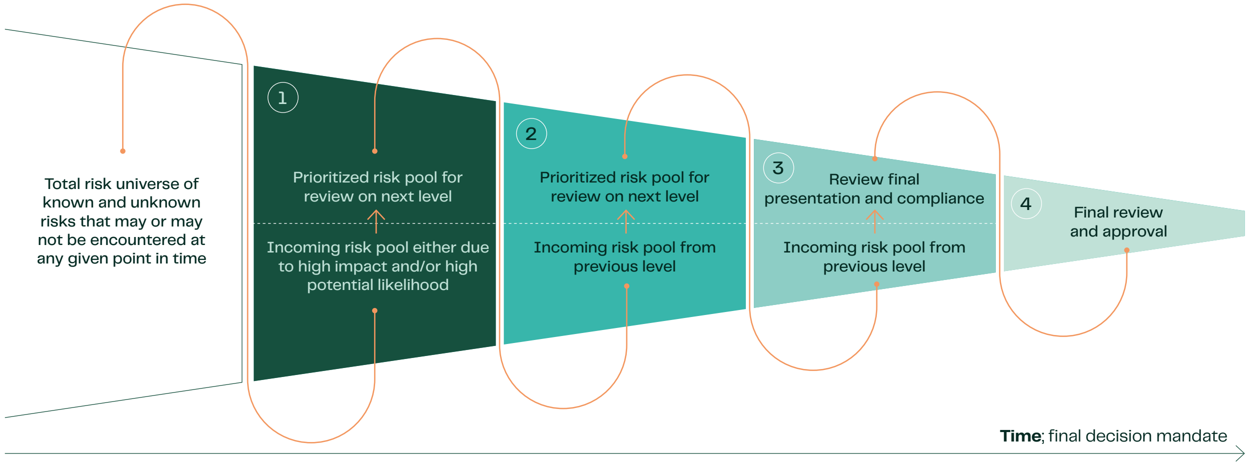
Royal Unibrew's risk management structure is based on a systematic process of risk identification, risk analysis and risk assessment. This structure provides a detailed overview of key risks relating to the realization of our strategies in the short- and long-term and enables us to take the required measures to address risks or opportunities.

At Royal Unibrew risk management is an enterprise-wide effort, where local risk owners as well as central risk owners from group functions are appointed to facilitate the risk identification, control, mitigation and reporting of current and emerging risks supported by the central risk management function.

The identified risks and proposed action plans are reviewed and assessed by Royal Unibrew's Growth Leadership Team, while the Audit Committee reviews the adequacy and effectiveness of the risk management system. Subsequently, the Executive Management presents the key risks to the Board of Directors and reports the necessary risk-mitigating activities/ action plans for review.

The Board of Directors is ultimately responsible for assessing the nature and extent of risks and opportunities associated with Royal Unibrew's strategic direction and activities as well as the implementation of effective risk identification, assessment and mitigation. In 2023, we have updated our two-dimensional "heat map" assessment system, to include climate-related risk and to ensure a clear link between the ERM system and the risk management processes to the materiality assessment. In the assessment, the impact of each risk is estimated in relation to profit, environmental and climate, social and governance implications. Based on the continuous assessment of potential risks, the "heat map" is updated to bring a current and better understanding of potential risks or in some cases opportunities and, likewise, to ensure that adequate mitigation efforts are initiated.

Royal Unibrew leverages a structured stage-gate process to ensure timely identification and mitigation of key risks



1

Staff functions and business units

- Risk identification, assessment, quantification and recording
- Risk mitigation suggestions
- Risk monitoring management
- Regular reporting to the Growth Leadership Team

2

Growth Leadership Team

- Determines risk management policies and individual risk strategies
- Risk mitigation efforts implementation
- Ensures consistency between risk management policy and business objectives
- Evaluates, rates and manages key risk developments
- Ensures resource availability to implement efficient risk management.

3

Audit Committee

- Monitors the development in total strategic risk exposures
- Monitors the development in individual risk factors
- Verifies compliance with overall risk policy

4

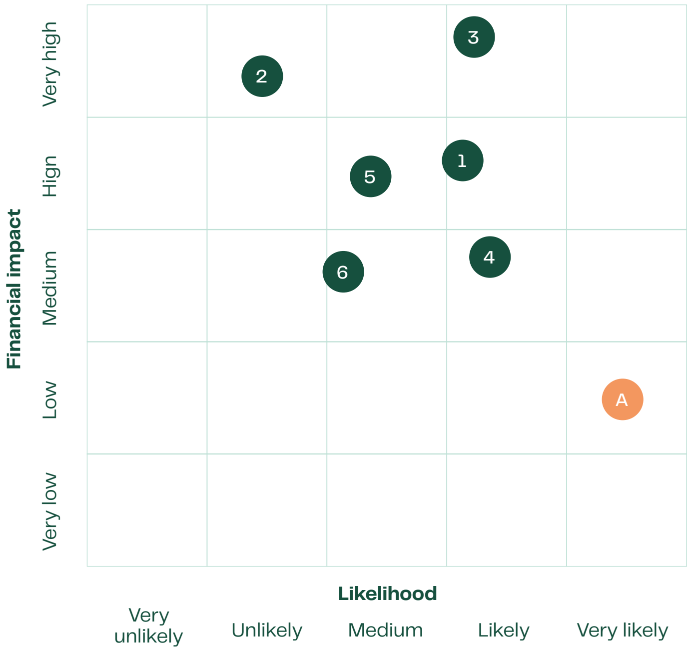
Board of Directors

- Approves overall risk policy
- Reviews risk findings reported by the Growth Leadership Team

Our key risks

An aggregated presentation of our key risks and how we attempt to address and mitigate such risks is outlined in the following. Additional risks, not presently identified or those currently deemed to be less material, may also have an adverse effect on our business. Read the risk details on page 57 related to climate risks.

A detailed description of the financial risks is included in note 3.



Area

1. Raw materials
2. Beverage industry
3. IT risk
4. Macro economic uncertainty
5. Partnerships
6. Statutory restrictions

Material environmental impact

A Climate change (EI)

Key risk factors in 2023

Area	Description	Development	Risk mitigation
Raw materials and utility	Prices and availability of a large number of key commodities fluctuate in line with the world market, the fall out of geopolitical tensions and severe climate/weather related events. To the extent that higher unit costs cannot be compensated for by means of higher selling prices per unit, or in other ways of increasing the average selling price per unit correspondingly, Royal Unibrew's earnings will decrease. The price fluctuation can also lead to deficiency of raw materials and affect Royal Unibrew's earnings negatively. Decreasing availability of recycled materials, due to lack of robust Deposit Return Systems (DRS) or other collection systems as well as poor run or lack of recycling facilities, is a potential risk for our ambition to use more recycled materials.	Most raw material prices stabilized in 2023, but we still see elevated pricing levels in some raw materials as e.g. sugar. The impact of Increasing cost due to climate changes and climate related legislation have been limited in 2023 but is expected to increase in the coming years. As a consequence of the European energy crisis, some of our production sites have been categorized as non-protected customers meaning that we are not guaranteed the needed gas supply at these sites in case of potential gas supply disruptions. We have not experienced any shortage in the gas supply at our production sites in 2023.	Royal Unibrew monitors the trend in commodity prices in close collaboration with our suppliers. Some commodities are hedged on a rolling basis through agreements with suppliers and, likewise, through commodity hedges with financial institutions (e.g., aluminum and energy for heating) to mitigate inflation and provide a level of cost certainty. Price increases toward customers, directly and indirectly are used as a tool to compensate for higher raw material prices and other input prices. With initiatives as solar panels, biogas plant and installations of multi fuel burners for heating, we are reducing our energy consumption, and thereby also our dependency on gas supply.
Beverage Industry	In most markets the product categories beer and soft drinks are characterized by tough price competition and intensive marketing from a number of suppliers.	We have evolved our footprint further in 2023 with two acquisitions. With the acquisition of Vrumona in the Netherlands we have expanded our European presence and at the same time added more capacity. With the acquisition of San Giorgio di Nogaro in Italy, we have acquired production capacity closer to our consumers and customers. Read more about the acquisitions in note 24.	Royal Unibrew's earnings and competitiveness are ensured through constant focus on markets and segments in which Royal Unibrew holds or may achieve a significant position. Our investments in digital solutions and our continuous improvements across the Group are expected to limit the negative effects from the changes in the industry. Moreover, Royal Unibrew focuses on value management through the development of products, containers and packaging, cooperation with customers and communication with consumers.

Area	Description	Development	Risk mitigation

IT risk	Royal Unibrew's activities are to a large extent dependent on the established IT systems and the quality of the applied IT security solutions. A prolonged breakdown, unintended malo-peration or unauthorized break-in into the systems supporting sales and supply processes as well as internal information systems may involve a significant risk of interruption of Royal Unibrew's activities.	The cybersecurity risk landscape has accelerated for production companies such as Royal Unibrew in 2023 with a focus on service disruption and ransomware.
		
		When acquiring companies, it is our risk philosophy to adopt the companies into our existing IT system landscape and IT security framework. On April 1, 2023, Solera Sweden was integrated in our ERP platform.
		
		In 2024, we will have a large IT project in Norway bringing some of the Norwegian companies on our SAP platform.
			Royal Unibrew works consistently to improve our IT security. We have established procedures to ensure:
			• day-to-day operation of the IT systems supporting the key business processes,
			• protection against data loss,
			  • Continuous cybersecurity monitoring and response
			  • Adherence to new regulations such as strengthening our vulnerability through implementation of NIS2
			  • Training of employees
			• protection against unauthorized access to and distribution of confidential data,
			• general protection against cybercrime and securing physical access to RU facilities.
			
			The CIO presents risk on Audit Committee meetings biannually.

Macro-economic uncertainty	Royal Unibrew's products are sold in markets and market areas where market developments are usually determined by economic cycles. Macroeconomic uncertainty, including changes of free trade agreements, low growth of long duration, outbreaks causing a threat to the public health or geopolitical instability, may affect earnings negatively. Consequently, we may experience declining consumption or shifts in product mix toward products in other packaging formats with lower earnings.	The higher interest rates and higher costs of living, has to some extent changed consumer preferences, resulting in less spend on bars and restaurants in some markets towards the end of the year. Consumers continued to spend less in the supermarkets and increasingly look for good offers throughout 2023, resulting in private label and discount products continuing to gain slight shares of the total market. In general beverages volumes are robust in times of uncertainty.	Royal Unibrew focuses on flexibility in all operations and commercial spending. Thus, we strive to get some leeway for reducing the effects of macroeconomic uncertainty as well as changing consumption patterns. The efforts directed at continuous improvements across the business are expected to limit the negative effects of macroeconomic changes.
Partner-ships	Royal Unibrew cooperates with different partners across markets and product categories. Changes in these relationships may affect the Group's sales, net revenue and earnings.	In 2023, Royal Unibrew expanded its partnerships further across categories and also geographically supported by acquisitions.	Royal Unibrew has in general a long history with our partners and mitigate the partnership risks by entering into long-term agreements and by providing adequate business results to ensure a mutually beneficial development of the partnerships. In 2023, we have established a new dedicated global team, to support the partner strategy at both Group and country levels.

Area	Description	Development	Risk mitigation
Statutory restrictions	Royal Unibrew's activities are subject to national legislation in the markets in which Royal Unibrew operates. Changes in applicable legislation may impact the ability to operate, e.g., by way of restrictions on production, packaging, marketing and sale of Royal Unibrew's products or due to increasing taxes on raw materials and consumption. Such restrictions may affect the Group's sales and earnings significantly	In 2023, we have seen an increase in sugar tax in many countries, which has increased our focus on products with less sugar as well as products with no/low alcohol. Royal Unibrew continues to bring product innovations to market within both categories. Changes in regulation will drive changes in packaging material such as the packaging & packaging waste directive. The flexibility of Royal Unibrew's filling and packaging equipment may limit adaptation to new packaging systems and materials.	Royal Unibrew participates in national and international cooperation fora within the beverage industry such as brewery associations. The purpose is to participate actively in the legislative process to ensure that legislative initiatives, that may impact the production, packaging, marketing and sales of Royal Unibrew's products, take into account all relevant perspectives and interests.
Climate change	Mitigating climate change means reducing the emission of greenhouse gases into the atmosphere. Risk of underinvestment in electrification and the speed of implementation of renewal energy projects can impact decarbonization.	Royal Unibrew believes that we will be subject to carbon emission taxation and that the carbon emission prices will go up, even though we are not currently eligible to the EU ETS. However, the Danish Government has already proposed taxation for the industry from 2025 as well as taxation for transportation, agriculture and materials. The need of investments in the local power grids are vital as shortages in the grids will effect our ability to meet our targets. The speed of public infrastructure expansion locally and nationally can also impair the transition to renewable energy.	Royal Unibrew's target of being 100% carbon emission free from Scope 1 and 2 in 2025, means that the exposure to environmental taxes are reduced. We work actively on our capex plans to ensure, we can meet our targets on reduction on carbon emissions in the future. Through national trade associations we lobby for increasing speed of planning and expansion. See page 53 →

Assessing ESG impact and financial materiality

We updated the ESG materiality assessment in 2023 and initiated full integration of the double materiality assessment approach in our ERM framework. We conducted an in-depth assessment of climate and energy related impacts, risks and opportunities to align methodologies and understanding.

The sustainability/ESG matters covered by our current materiality assessment are essentially all material from an impact perspective on a topic and subtopic level. Numerous are furthermore financially material. We believe that our strategy, governance, policies and targets support mitigation of potential impacts, risks and utilization of opportunities. Therefore, we prioritize issues that represent the highest concerns, such as climate and energy and responsible sourcing. Several of the sustainability matters are heavily regulated, and our internal processes prevent actual risks.

For further information on the process see section on Double Materiality Assessment

In our deepdive on climate and energy, we have identified two financial material IROs (impact, risk and opportunity) out of a total of six with a risk above our threshold and two with opportunity related to climate change mitigation and energy. For the impact assessment, we have identified six IROs as well, which are all material. Two are material from a negative perspective and related to climate change, i.e., emissions of CO_2 in scope 1, 2 and 3.

Climate change (E1)

Area	Description	Risk mitigation	Risk opportunity
Climate change mitigation	**Reducing emission of greenhouse gases** While not currently subject to the EU Emissions Trading System, Royal Unibrew anticipates carbon emission taxation in the future.	Royal Unibrew's target of being 100% carbon emission free from scope 1 and 2 in 2025, reduce the risk for the existing business, however, acquisitions can impose a risk.	Risk
Energy	**Risk of underinvestment in electrification and speed of implementation of renewable energy** The need of investment in the local power grids (on-site) is vital as shortages in the grid will affect our ability to meet our targets. The speed of public infra structure expansion locally and nationally may also impair the transition to renewable energy.	Royal Unibrew makes capex plans to ensure we meet our targets on reduction of carbon emissions. Through national trade associations Royal Unibrew lobby for increasing speed of planning and expansion of the grid.	Risk
	Energy efficient production	Our opex optimizations drive enhanced energy efficiency, and our planned capex will also drive transformations. Changes/increases in carbon pricing will work positively for our goal of reducing our dependency on fossil fuels.	Opportunity
Climate change adaptation	**Shift in consumer preferences towards sustainable products** Customers' and consumers' awareness and preference for sustainable products is growing.	Our strategy supports achievement of our CO_2 reduction goals for scope 1,2 and 3, which are approved by SBTi. Our internal work on PEF (Product Environmental Footprint) is an important lever for providing transparent data and communication.	Opportunity
	Physical risks of extreme weather mainly flooding on facilities owned and operated by Royal Unibrew.	Based on WRI Aqueduct our locations are not currently exposed to a significant risk of flooding.	Risk
	Climate change reducing harvest Climate change increases water scarcity or flooding in some areas, which can lead to supply restrictions. Our production sites do not face immediate water scarcity issues.	Our beverages are manufactured consuming locally sourced raw materials. As we do not source from high or extremely high water-stressed areas and irrigation is not currently applied, we believe the risk is low in the long term.	Risk

Remuneration

Royal Unibrew has prepared a Remuneration Report in accordance with section 139b of the Danish Companies Act for the financial year 2023, which concludes that the remuneration of the Board of Directors and the Executive Management is disclosed in accordance with the incentive guidelines and remuneration policy adopted at the Annual General Meeting on April 27, 2023. When granting the variable part of the remuneration, information is made available for the potential value of the programs at the time of exercise.

The overall objective of the remuneration is to attract, motivate and retain qualified members of the Board of Directors and the Executive Management.

Executive Management

The remuneration of the Executive Management comprises a gross salary, a short-term ordinary cash-based bonus, a long-term share-based incentive plan and other customary benefits. The remuneration is designed to attract and retain members of the Executive Management and align interest with shareholders. The fixed remuneration to the Executive Management is based on benchmarks from similar positions in C25 companies in Denmark. The variable remuneration, on the other hand, is designed to drive performance in line with Royal Unibrew's strategy, financial and non-financial targets.

In 2023, the Executive Management received a 4% increase in the fixed salary and achieved 54% of the short-term bonus program with a maximum 90% payout of the gross salary. The fixed and short-term remuneration increased in total 34% compared to 2022. The change is related to the short-term

Achievements for the Executive Management 2023

Targets (KPIs)	Weight	Target	Maximum	Achievement	Payout
60% of gross salary					
EBIT	60%	1,500	1,650	1,638	92%
Free cash flow	20%	1,100	1,230	1,143	33%
ESG rating	20%	Top 50% in peer group	Top 25% in peer group	No. 1 in peer group	100%
30% of gross salary					
EBIT (stretch)	100%	1,650	1,815	1,638	0%
					54%

ESG peer group: Pernod Ricard, PepsiCo, Diageo, Britvic, Molson Coors, AB InBev, Coca-Cola, Carlsberg, Olvi, Keurig Dr. Pepper, A.G. Barr, Heineken and C&C Group.

Remuneration

bonus program where the payout in 2022 was lower than an average year.

The Executive Management team achieved 15% of the long-term share based incentive program for the period 2021-2023, vesting in total 3,004 Royal Unibrew shares.

Board of Directors

The members of the Board of Directors receive a fixed cash remuneration and a multiplier of the fixed cash remuneration for their extended duties as Chair, Deputy Chair and members of the Board Committees. The base fee for the board members were increased in 2023 from DKK 380,000 to 415,000. Except for board members elected by the employees. Members of the Board of Directors did not receive any performance or share-based remuneration in 2023.

Read our full Remuneration Report here

The overall guidelines for incentive pay adopted at the Company's Annual General Meeting are available at http://investor.royalunibrew.com/corporate-governance.

Remuneration of Board of Directors and Executive Management

mDKK	2023	Change (%)	2022
Granted pay			
Fixed salaries to Executive Management	14		14
Short-term bonus scheme for Executive Management	7		2
Short-term remuneration for Executive Management	**21**	**34**	**16**
Long-term bonus remuneration for Executive Management	13		8
Remuneration of Executive Management	**34**		**24**
Remuneration of Board of Directors	5		5
Total remuneration of Board of Directors and Executive Management	**39**		**29**
Expensed pay*			
Adjustment to granted pay:			
Long-term bonus (note 6)	-7		-9
Total remuneration of Board of Directors and Executive Management	**32**		**20**
Average remuneration of employees			
Royal Unibrew employees (Group)	0.5	-1	0.5

* Expensed pay is the P&L change in Royal Unibrew A/S accounts. The adjustment represents fair value adjustments to the LTIP.

Board of Directors and Executive Management

Board of Directors

Peter Arne Ruzicka
Chair

Nationality: Norwegian
Year of birth: 1964
Gender: Male
Elected: 2021

Professional board member

Listed companies:

Chair of the Board of Directors of Pandora A/S, Denmark

Member of the Board of Directors of Axfood AB, Sweden

Non-listed companies:

Member of the Board of Directors of Aspelin Ramm Gruppen AS and AKA AS, both in Norway

Competences:

Extensive international experience within the food and beverage industry as well as FMCG (Fast Moving Consumer Goods). In addition, broad operational expertise with strategy execution and transformation.

Chair of the Nomination and Remuneration Committee

Member of the Audit Committee

Term of office:	2023-2024
Considered independent:	Yes
No. of Royal Unibrew shares: (Change from January 1, 2023)	1,000

Jais Valeur
Deputy Chair

Nationality: Danish
Year of birth: 1962
Gender: Male
Elected: 2013

Group CEO of Danish Crown

Listed companies:

Member of the Board of Directors of Alm. Brand A/S, Denmark

Competences:

Special expertise in general management of international enterprises within FMCG (Fast Moving Consumer Goods).

Member of the Nomination and Remuneration Committee

Term of office:	2023-2024
Considered independent:	Yes
No. of Royal Unibrew shares: (Change from January 1, 2023)	1,381

Torben Carlsen
Member of the Board

Nationality: Danish
Year of birth: 1965
Gender: Male
Elected: 2021

President & CEO of DFDS

Non-listed companies:

Member of the Board of Directors of Dyal 1 ApS, and P/S Dyal Investment, PPC Ejendomme A/S, all in Denmark

Competences:

Broad international expertise and knowledge within finance, risk management, M&A and management of international corporations

Term of office:	2023-2024
Considered independent:	Yes
No. of Royal Unibrew shares: (Change from January 1, 2023)	3,300

Board of Directors (continued)

Kenn Hvarre
Member of the Board of Directors
Employee representative

Nationality: Danish
Year of birth: 1965
Gender: Male
Elected: 2022

Terminal worker in Royal Unibrew
Board member since February 26, 2024 as Martin Alsø has resigned from the Board of Directors, cf. company announcement no 3/2024 of February 26, 2024

Term of office:	2024-2026
Considered independent:	No
No. of Royal Unibrew shares: (Change from January 1, 2023)	

Heidi Kleinbach-Sauter
Member of the Board

Nationality: German/US
Year of birth: 1956
Gender: Female
Elected: 2019

Professional board member

Listed companies:
Member of the Board of Directors of Chr. Hansen Holding A/S, Denmark (until January 2024)

Non-listed companies:
Women's Business Collaborative, US

Competences:
Broad international experience within general management, technology, quality management and science within the food and beverage industry. Global thought leader on diversity and inclusion

Term of office:	2023-2024
Considered independent:	Yes
No. of Royal Unibrew shares: (Change from January 1, 2023)	

Claus Kærgaard
Member of the Board of Directors
Employee representative

Nationality: Danish
Year of birth: 1968
Gender: Male
Elected: 2018

Sales Manager Off-Trade in Royal Unibrew

Term of office:	2022-2026
Considered independent:	No
No. of Royal Unibrew shares: (Change from January 1, 2023)	180

Board of Directors (continued)

Michael Nielsen
Member of the Board of Directors
Employee representative

Nationality: Danish

Year of birth: 1974

Gender: Male

Elected: 2022

Brewery worker in Royal Unibrew

Term of office:	2022-2026
Considered independent:	No
No. of Royal Unibrew shares: (Change from January 1, 2023)	21

Christian Sagild
Member of the Board

Nationality: Danish

Year of birth: 1959

Gender: Male

Elected: 2018

Professional board member

Listed companies:

Chair of the board of Directors of Nordic Solar A/S and Penneo A/S and member of the board of Directors of Ambu A/S, all in Denmark.

Competences:

Special expertise within general management of listed enterprises, including in-depth insight within finance and risk management

Chair of the Audit Committee

Term of office:	2023-2024
Considered independent:	Yes
No. of Royal Unibrew shares: (Change from January 1, 2023)	4,000 (1,000)

Catharina Stackelberg-Hammarén
Member of the Board

Nationality: Finnish

Year of birth: 1970

Gender: Female

Elected: 2019

Senior Vice Presidet Knowit Oy

Listed companies:

Chair of the Board of Directors of Alma Media Oyj, member of the Board of Directors of Kojamo Oyj (until March 14, 2024), Purmo Group Plc, and Harvia Plc, all in Finland.

Competences:

Broad international experience within general management, strategy, commercial excellence, innovation, technology and ESG.

Term of office:	2023-2024
Considered independent:	Yes
No. of Royal Unibrew shares: (Change from January 1, 2023)	450

Executive Management

Lars Jensen
President & CEO

Nationality: Danish
Year of birth: 1973
Gender: Male

Diploma in Business Economics, Informatics and Management Accounting, Copenhagen Business School

CEO from September 2020
COO April–August 2020
CFO December 2011–March 2020
Joined Royal Unibrew in 1993

No. of Royal Unibrew shares: (Change from January 1, 2023)	81,051 (+1,895)

Lars Vestergaard
CFO

Nationality: Danish
Year of birth: 1974
Gender: Male

Master of Science (MSc) in Economics Aarhus University

CFO from April 2020
Member of the Board of Directors of CO-RO A/S, Denmark (from August 2022)
Member of the Board of Directors of Royal Unibrew (April 2018–March 2020)

No. of Royal Unibrew shares: (Change from January 1, 2023)	5,724 (+1,991)

Shareholder information

The management of Royal Unibrew is committed to fostering effective and transparent communication and dialogue with the Company shareholders and various stakeholders.

Share information
The Royal Unibrew share is listed on Nasdaq Copenhagen A/S and is included in the Danish OMX C25.

In 2023, a total of 25,537,087 (2022: 30,196,514) shares were traded corresponding to 50.9% (2022: 60.2%) of the total number of shares traded (at year end) through Nasdaq Copenhagen A/S (source: Bloomberg). The trading value amounted to DKK 13,838 million (2022: DKK 17,321 million) representing a 20% decrease.

Basic information	
Share capital, DKK	100,400,000
Number of shares	50,200,000
Denomination	DKK2
Number of share classes	1
Restriction of voting right	None
Place of listing	Nasdaq Copenhagen A/S
Short name	RBREW
ISIN code	DK0060634707
Bloomberg code	RBREW DC
Reuter code	RBREW.CO
Index	OMXC25

Development in Royal Unibrew's share capital

DKK '000	2023	2022	2021	2020	2019
Share capital 1/1	100,400	97,600	98,700	100,200	102,000
Capital reduction			-1,100	-1,500	-1,800
Capital increase		2,800			
Share capital 31/12	**100,400**	**100,400**	**97,600**	**98,700**	**100,200**

At the end of 2023, the price of the Royal Unibrew share was DKK 451.10 compared to DKK 495.30 per share at the end of 2022. Royal Unibrew's market capitalization amounted to DKK 23 billion at the end of 2023 compared to DKK 25 billion at the end of 2022. Each share carries one vote, and all shareholders registered in the Company's register of shareholders are entitled to vote.

Change of control

The realization of a takeover bid resulting in change of control of the Company will entitle a few trading partners and lenders to terminate trading agreements entered. The Executive Management will not be entitled to any compensation. However, a member of the Executive Management may choose to consider himself dismissed as per employment contract.

Share buy-backs and treasury shares

At the Annual General Meeting (AGM) on April 27, 2023, the Board of Directors was authorized to acquire treasury shares for up to 10% of the total share capital in the period up to the next AGM.

In 2023, share buy-back programs were kept on hold to bring down financial leverage to our target of net debt/EBITDA below 2.5x.

Sale of treasury shares

On September 12, 2023, the Company sold 430,000 existing treasury shares in the market to finance part of the acquisition of Vrumona in the Netherlands, as well as the acquisition of a brewery in San Giorgio, Italy. The sale of the existing treasury shares was part of the total financial package to fund the two acquisitions.

After completing the sale of 430,000 existing treasury shares at an offer price of DKK 583 per share net proceeds of DKK 249 million was raised to the Company. At the end of 2023, the total number of shares of the Company was 50,200,000 including 146,952 treasury shares.

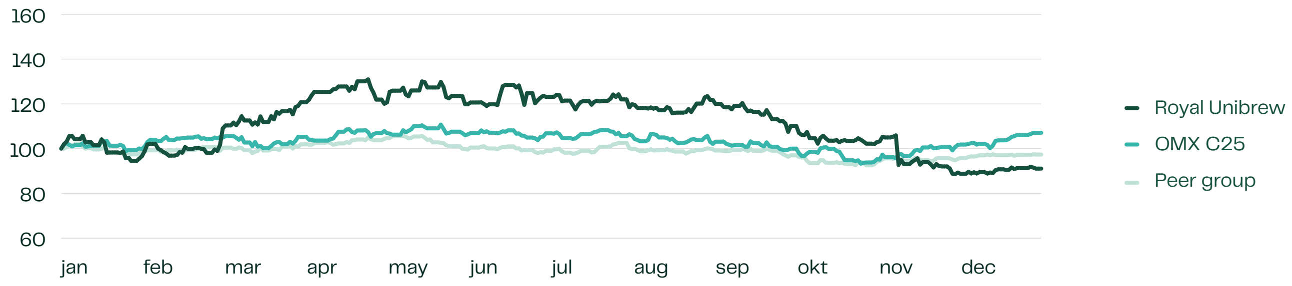
Dividends

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. For 2022 an ordinary dividend of DKK 14.50 was paid.

Ownership

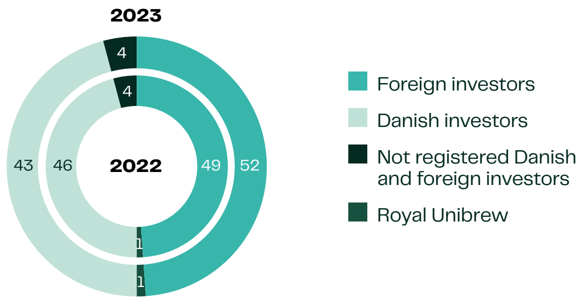
At the end of 2023, Royal Unibrew had approximately 37,000 registered shareholders holding together 96.5% of the total

Share performance 2022
(index)



Note: The peer group consists of: AB InBev, Carlsberg, Heineken, Molson Coors Brewing Company, Britvic, Olvi, AG Barr, C&C Group, Coca Cola, PepsiCo, Keurig Dr Pepper (Source: Bloomberg).

Break-down of shareholders at the end of 2023



share capital. According to the latest Company announcements or other public announcements, the following shareholders hold more than 5% of the share capital:

Shareholder	End of February 2024
Chr. Augustinus Fabrikker A/S	14.94% *notified May 30, 2022*
Invesco Asset Management Limited	5.06% *notified August 21, 2023*
The Master Trust Bank of Japan Limited	5.00% *notified December 21, 2023*

Share transactions made by members of the Board of Directors and the Executive Management are governed by Royal Unibrew's insider rules. Therefore, the members' transactions as well as those of their connected persons are subject to a notification requirement according to the Market Abuse Regulation. Individuals on Royal Unibrew's insider list as well as their spouses and children below the age of 18 may trade Royal Unibrew shares only when the Board of Directors has announced that the window for trading shares is open (provided that they do not have inside information). This normally applies for a period of four weeks following an announcement of financial results.

On December 31, 2023, members of the Board of Directors held 12,732 shares of the Company, and members of the Executive Management held 86,775 shares corresponding to a total of 0.2% of the share capital.

Annual General Meeting

- The Company's AGM will be held on April 30, 2024, at 4 pm CEST, as a fully virtual meeting giving shareholders the possibility to follow the live stream, ask questions and vote
- Information on the registration for electronic communication is provided at Royal Unibrew's website www.royaluni-brew.com under "Investor"
- Registration of shareholders' names are handled by the bank that holds their shares in safe custody

Communication with shareholders and stakeholder relations

The management of Royal Unibrew is committed to fostering effective and transparent communication and dialogue with the company shareholders and other stakeholders. We believe that a high level of transparency in the communication of the Company's development supports our work and a fair valuation of the Company's shares. Our openness is limited by the duties of disclosure of Nasdaq Copenhagen A/S as well as competitive considerations.

The dialogue with and communication to shareholders and other stakeholders take place in connection with the publishing of financial reports and other announcements communicated via audio casts as well as meetings with investors, analysts and media relations. Financial reports and other announcements are available at Royal Unibrew's website immediately after publication. Our website also includes material used in connection with investor presentations, seminars, capital market updates and audio casts..

Investor relations activities

Royal Unibrew aims to ensure open and timely information to its shareholders and other stakeholders.

In order to maintain and develop good relations with the Company's stakeholders, a number of activities are carried

Share ratios

per share of DKK 2 – DKK	2023	2022	2021	2020	2019
Parent company shareholders' share of earnings per share*	21.9	23.1	26.5	24.1	23.0
Parent company shareholders' diluted share of earnings per share*	21.9	23.1	26.5	24.1	22.9
Free cash flow per share	23.0	11.8	26.4	28.8	23.4
Year-end price per share	451.1	495.30	737.20	706.60	610.00
Dividend per share**	0	14.50	14.50	13.50	12.20
Number of shares	50,200,000	50,200,000	48,800,000	49,350,000	50,100,000

* Earnings per share and diluted earnings per share are adjusted for gain on remeasurements of investments in associates (DKK 360 million) in 2022

** 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 out continuously. In 2023, Royal Unibrew facilitated three audio casts in connection with the publication of the Annual Report 2022 as well as H1 Interim Report 2023 and Q3 Trading Statement 2023. Presentations from audio casts, seminars, etc., are available at Royal Unibrew's website www.royalunibrew.com under "Investor".

Moreover, Royal Unibrew facilitates and participates in analyst and investor meetings in connection with the publication of financial reports.

Currently, Royal Unibrew is covered by 15 brokers, including brokers from major international investment banks. Analysts covering the Royal Unibrew share can be found at www.royal-unibrew.com under "Investor".

Shareholders, analysts, investors, stockbrokers and other stakeholders who have questions concerning Royal Unibrew may contact Royal Unibrew A/S, Faxe Alle 1, DK-4640 Faxe:

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Financial calendar 2024

FEBRUARY 28 2024	**Annual Report 2023**
APRIL 30 2024	**Trading Statement Q1**
APRIL 30 2024	**Annual General Meeting**
AUGUST 22 2024	**Interim Report H1**
NOVEMBER 12 2024	**Trading Statement Q3**

Capital Market Day

will be held on May 7, 2024, at Science Gallery London.

To sign up please send an email to investor.relations@royalunibrew.com

Sustainability/ESG

This section is prepared in accordance with section 99a, b and d and 107b and d of the Danish Financial Statement Act and supporting our Communication On Progress report in accordance with UN Global Compact.

Our long-term sustainability/ESG strategy

Our sustainability/ESG strategy is an integral part of our corporate strategy, THE PREFERRED CHOICE. Hence, we consider systainability to be essential for future-proofing our business. Our ambition is to lead the beverage industry with respect to climate actions and the demand for sustainable products. We will reduce the impacts and risks of our operations and products while at the same time delivering sustainable business growth, utilizing opportunities and considering stakeholders' views.

We have always been committed to contributing positively to the communities we are part of; limiting our environmental footprint; establishing safe and developing working conditions for our employees and delivering high-quality responsible products. Likewise, we continue our commitment to the principles of the UN Global Compact (UNGC), the UN Sustainable Development Goals (SDGs) as well as our endorsement of the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations with balanced disclosure of climate risks and opportunities.

Our strategy, operating model, and KPIs remain well-suited to support integration of material ESG aspects related to our business and transitions plans. During 2023, we continued the implementation of our strategy and objectives with concrete actions and initiatives to achieve our targets for our strategic pillars:

- **Our consumers and customers**
- **Our products**
- **Our people**

For each of the pillars, we have defined near-term 2025 and 2030 sustainability targets. We monitor our performance closely to ensure progress on our targets and to make timely adjustments if needed from an impact, risk and opportunity perspective.

In 2023, Royal Unibrew's aspiration of becoming a global leader in sustainable beverages with ambitious decarbonization targets became reinforced, as our targets for scope 1, 2 and 3 were approved by the Science Based Targets initiative (SBTi). Being a beverage company, we have now set specific targets for FLAG (Forest, Land-use and Agriculture) in line with our general scope 3 target, committed to zero deforestation and not the least committed to net-zero in 2040. We have submitted these targets for SBTi approval in 2024. Despite the continued geopolitical challenges, we remain determined to transition to a net-zero future. The roadmaps for energy efficiencies and CO_2 reductions are in place in all markets and for the entire value chain.

Net-zero

2040 commitment

Coordinated and wide-ranging efforts are needed to succeed with our ambitious sustainability/ESG strategy – and we cannot do it alone. We will innovate, develop, and engage in partnerships with our key stakeholders, such as strategic suppliers, major customers, consumers, local communities and our employees for mutual benefit. Overall, we are on track to deliver on our near-term 2025 and 2030 targets. Furthermore, integration of the acquired companies in 2023 is well underway. The new companies and their business models and competencies have inspired us to improve some of our programs and approaches. The acquisitions did not trigger changes to our materiality assessment.

Overall KPIs

Our consumers & customers

No/low
growing faster than average on the portfolio and faster than market (YoY)
√

#1
partner of choice for customers as sustainable beverage supplier by 2030
Not measured yet in all markets

40%
of marketing budget allocated to brands/campaigns with a sustainability position by 2025
√

Our products

100%
carbon emission free by 2025 in scope 1 and 2*
92%

50%
reduction in supply chain emissions (scope 1, 2, 3) by 2030
10–12%

100%
recycled, recyclable or reusable packaging by 2025
96%

Our people

100%
safety culture
67%

80%
of employees being Royal Unibrew ambassadors by 2030
76%

100%
sustainability culture by 2025
√

Disclaimer: The targets apply to our current footprint. It is our ambition that our acquisitions will be integrated, but a grace period may be required

* without distribution and biogenic emissions

ESG story and achievements

At Royal Unibrew, sustainability/ESG is deeply engrained in our purpose and ambition to be THE PREFERRED CHOICE

Before 2018

EFFICIENCY IMPROVEMENTS YEAR-ON YEAR

Optimizing eco-efficiencies in production processes:

- Investing in cleaner technology
- Reduce, reuse and recycle packaging materials

2018

MATERIALITY ASSESSMENT AS BASIS FOR ESG PRIORITIZATION

Materiality assessment as foundation for:

- Priioritization of nine strategic focus areas
- Integrated reporting

2019

SHORT-TERM TARGETS ESTABLISHED

Establishing short term ESG targets for 2020 and 2022 on

- No/low products
- CO_2 emissions from scope 1 and 2
- Packaging materials (recycled content)
- Occupational health and safety

2020

NEW LONG-TERM SUSTAINABILITY/ ESG STRATEGY AND INITIATIVES

Establishing the framework for our sustainability strategy as part of THE PREFERRED CHOICE and setting long-term targets (2030) and KPIs

2021

INITIATION OF STRATEGY IMPLEMENTATION

Implementing actions to achieve our 2025/2030-targets and measuring performance

- Joining and committing to SBTi
- Endorsing the TCFD framework
- Disclosing country-by-country on tax and EU Taxonomy on Climate eligibility

2022

EXPANDING ESG FOCUS AND ACHIEVING SHORT-TERM TARGETS

Achieving short term 2020/2022 targets for no/low, CO_2 reduction and packaging materials

- Submitting targets (scope 1, 2 and 3) for SBTi approval
- Reviewing materiality assessment from 2018 - water and biodiversity as new topics
- Elaborating EU taxonomy data and expanding ESG indicators to meet CSRD requirements
- Finalizing plans for energy efficiency and decarbonization toward 2025
- Continued investments in major solar park and biogas

2023

CONTINUED EFFORTS TO REDUCE FOOTPRINTS AND POTENTIAL IMPACTS

On track on achieving our overall KPIs
Current status

- No/low volume increase for alcoholic and non-alcoholic categories outperforms regular volume
- Maintains market leading position in no/low carbonated soft drinks
- SBTi approval of emissions targets for absolute reduction in scope 1, 2 and 3.
- Submitting FLAG target and Net Zero target for 2040 for SBTi approval in 2024
- 44% share of renewable energy in scope 1 and 2 CO_2. Plans and capex for 92%
- 96% recycled, recyclable or reused packaging materials
- Investing in more filling lines ESG capabilities
- Strong sustainability culture
- ESG Industry Top Rated in our sector beer, wine & spirits by Morningstar Sustainalytics
- Limited assurance on ESG data

Policies and systems

Royal Unibrew is working in accordance with international and national legislation, as well as international guidelines, conventions, and standards for environment, social conditions, governance and sustainability. Our policies and systems ensure compliance.

Royal Unibrew's policies provide guidance for the employees, third parties acting on behalf of the company and suppliers regarding anti-corruption, environment/climate, human rights and labor standards, quality and product safety, data safety, competition, and responsible marketing. The basic requirement is legal compliance combined with awareness of potential impacts, risks and opportunities. Thus, the policies and procedures ensure our freedom to operate.

For further information on human rights see the Business Ethics Policy

Implementation of processes and procedures to align further and be ready to disclose in accordance with the Corporate Social Responsibility Directive (CSRD) and the requirements as outlined in the European Sustainability Reporting Standards (ESRS) has been ongoing in 2023. Despite the fact that Royal Unibrew has been disclosing ESG performance KPIs for many years, it is a huge endeavor to provide the required data and documentation. We have decided to get limited assurance of our ESG data for 2023 to make sure our accounting principles, internal controls and documentation are in place.

We are monitoring additional future EU legislation closely such as the proposed Corporate Social Due Diligence Directive (CSDDD), Packaging and Packaging Waste Regulation (PPWR), climate labelling, as well as the remaining standards for the EU Taxonomy, especially on circularity and biodiversity to be ready with technologies, processes and tools for implementation of requirements.

99.9%

of volumes covered by product safety certification (GFSI recognized)

Policies and systems

	Policy	Systems, procedures and guidelines
Environment	• Business ethics Policy • Environmental & Climate Policy	ISO 14001 (9 sites) Environmental & Energy management systems, incl. energy audits (20) **Disclosures:** CDP
Social	• Business ethics Policy • Diversity, Equity & Inclusion Policy	Ethical guidelines ISO 45001 (3 sites) Occupational Health and Safety Management Systems Employee Engagement survey ISO 9001 (8 sites) Global Food Safety initiative (GFSI) recognized systems (16 sites)
Governance	• Business ethics Policy • Data Ethics Policy • Tax policy • Whistleblower policy • Supplier Code of Conduct • Investor Relations Policy • Remuneration policy	Tax compliance and transfer pricing documentation Ethical guidelines Supplier Management Procedures **Mandatory training:** GDPR, Cybersecurity, Business Integrity, Responsible marketing, etc.

Our governance structure

Our sustainability/ESG activities are anchored at the Board of Directors who has the oversight of our strategy, targets, impacts, risks and opportunities and Group policies together with the Executive Management.

Our targets and relevant business processes are implemented through the Growth Leadership Team, consisting of SVPs and VPs from our main markets and Group functions, including the Sustainability VP. The latter reports directly to the CEO. Thus, the ESG/sustainability area adheres to the same governance principles as all other business critical processes and decisions.

For further information see the corporate governance section.

The Executive Management and senior management teams have long-term and short-term incentive programs (LTIP/STIP) that are directly linked to Royal Unibrew's sustainability and ESG performance. The ESG targets constitute 15% and 20%, respectively, of the total weight in 2023.

We are constantly working on improving the transparency in decision processes and due diligence related to our strategy, material issues, policies, actions, targets and performance. Establishing clear accounting principles for ESG data and thus forming the basis for external assurance has been an integral part of this process. Group CSR and finance are responsible for reporting our results, including good practice guidelines for risks and internal controls. The ESG data governance and materiality responsibility lies at the Audit Committee, whereas the Board of Directors oversees all sustainability aspects, including the strategy.

For further information see the risk management section.

A strong company culture is crucial for our progress and performance – a culture in which decisions are made in respect of our consumers', customers', suppliers', shareholders' and other key stakeholders' views and priorities, and a culture that encourages people to take responsibility for their actions. In Royal Unibrew, we believe that having ESG matters anchored in our strategy ensures that we include these aspects in daily decision making.

Internal controls and the whistleblower scheme are important means for controlling and reporting potential irregularities, also by external stakeholders. Regular training is among our tools to ensure compliance, i.e. employees and specific business functions are trained in relevant aspects depending on their potential exposure.

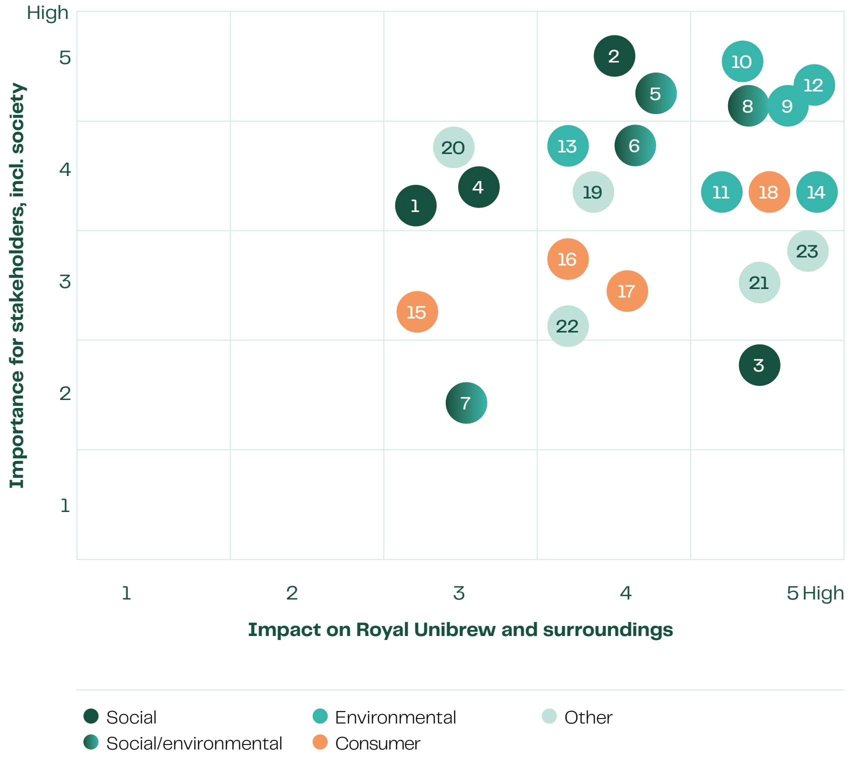
Double materiality assessment

We are further developing our materiality process to match CSRD requirements for ESG impact and financial materiality – double materiality.

We strive to work with a balanced approach toward our stakeholders by disclosing potential risks to our business and how we control these as well as by expressing the opportunities for Royal Unibrew; commercially as a sustainable beverage company and locally as a sustainable partner and not the least a preferred workplace. Our key stakeholders are defined in our strategic formulation: we want to be THE PREFERRED CHOICE for our employees, consumers, customers, shareholders and the future. In addition, our business partners, suppliers, legislators, local communities and NGOs are among our stakeholders.

Through recurring meetings and concrete sustainability work streams with selected stakeholder representatives, we gain valuable insights into their needs, potential concerns and not mutual development possibilities. We believe that these insights are fully elucidated and implemented in our strategy.

During 2023, Royal Unibrew reviewed the materiality assessment to determine if our strategy continues to address relevant ESG issues. We identified global trends, standards and benchmarks and made use of insights from our stakeholder engagement survey. Moreover, we initiated full integration of the double materiality assessment approach in our Enter-



1 Diversity, Equity and Inclusion
2 Occupational Health & Safety
3 Employee attraction & retention
4 Human rights in business

5 Responsible procurement, incl. due diligence
6 Local sourcing
7 Dangerous substance
8 Sustainable farming, incl. deforestation & land-use change

9 Biodiversity
10 Climate & energy
11 Packaging materials
12 Transportation & logistics
13 Circularity, resources and waste
14 Water stewardship (in/out)

15 Local community (incl. impact economic/investments, social & cultural)
16 Partnerships
17 Responsible communication/information (labeling & marketing)
18 Consumer health & wellbeing, incl. product safety & responsible drinking

19 Business integrity, incl. code of conduct
20 Economic impact & tax
21 Governance
22 Data security/privacy & cyber security
23 Risk management & mitigation

prise Risk Management (ERM) framework and conducted an in-depth assessment of climate-related impacts, risks and opportunities, to align the methodologies and understanding. The materiality assessment was reviewed and validated by the Growth Leadership Team and hereafter approved by the Audit Committee and the Board of Directors.

For further information please see the risk management chapter

Based on the review of our materiality assessment, we maintain the material sustainability matters identified in the 2022 assessment. However, data security/privacy and cybersecurity have become more important for our stakeholders, whereas human rights risk in Royal Unibrew's operations are reduced. In addition, employee attraction and retention as well as water stewardship are assessed to be more material for Royal Unibrew. Climate and responsible sourcing remain a top priority. Several of the sustainability matters, such as pollution, have a very low risk. Only a couple of our production facilities store dangerous substances, and the area is heavily regulated, which is why monitoring and management are preventing any real exposure.

Materiality assessment and sustainability matters

Topic	Sub-topics	Materiality
Climate change	Climate change adaptions Climate change mitigation Energy	6 8 10 11 12
Pollution	Pollution of air Pollution of water Pollution of soil Pollution of living organisms and food resources Substances of concern and very high concern	7
Water and marine resources	Marine resources Water consumption Water discharge	14
Biodiversity and eco systems	Direct impact on drivers of loss Impact on the state of species Impacts on the extent and condition of the ecosystem	8 9
Resource use and circular economy	Resources inflows Resources outflows related to products and services Waste	12

Topic	Sub-topics	Materiality
Own workforce	Working conditions Equal treatment and opportunities for all Other work-related rights	1 2 3 4
Workers in the value chain	Working conditions Equal treatment and opportunities for all Other work-related rights	4 5
Affected communities	Communities economic, social, cultural rights Communities civil and political rights Indigenous rights	4 5 6 14
Consumers & End-Users	Information-related impacts for consumers and/or end-users Personal safety of consumers and/or end-users Social inclusion of consumers and/or end-users	16 17
Business conduct	Corporate culture Protection of whistle-blowers Animal welfare Political engagement and lobbying activities Management of relationship with suppliers including payment practices Corruption and bribery	4 5 18 19 20 21 22

- Social
- Social/environmental
- Environmental
- Consumer
- Other

Environmental topics

We want to be THE PREFERED CHOICE for the future, and it is our ambition to be one of the most sustainable beverage companies globally.

We are in the process of converting our energy consumption to renewable energy in the entire value chain, and we collaborate with our partners and other stakeholders to reduce CO_2 emissions as well as our use of resources by fostering a circular mindset and ensuring biodiversity. All this while contributing to society. We apply a precautionary principle to ensure that factors which may present an environmental or climate risk are monitored, avoided or mitigated.

Royal Unibrew's environmental and climate policy aims to minimize potential impacts on the environment and climate by reducing resource consumption such as energy, water, materials, as well as the associated emissions, to protect biodiversity and ultimately to do no harm. Our environmental policy applies to Royal Unibrew and our suppliers.

Emissions throughout the life cycle

Proportion of greenhouse gas emissions in each stage of the life cycle of our products.

	19% RAW MATERIALS	5% MALTING	10% BREWERIES	42% PACKAGING	17% DISTRIBUTION	7% REFRIGERATION	TOTAL
2023 Kg CO_2/hl	7.1	2.4	4.1	16.6	6.7	2.8	39.6
2019 Kg CO_2/hl	7.3	2.4	6.8	17.7	5.4*	2.9	42.5
Change since **2019**	-3%	-3%	-40%	-6%	24%	-5%	-7%

* the figure for 2019 is underreported and therefore under revision

We have ambitious environmental and climate targets that are well-integrated in our management processes and systems. Systematic monitoring allows us to make continuous improvements and communicate our performance both internally and externally.

Our overall KPIs for the environment remain unchanged with a maintained focus on climate and circularity but with underlying targets established for water and the interconnection to biodiversity. We have, however, added a SBTi approved 1.5°C target for scope 3 alone, with a 50% reduction target in 2030 compared to 2019.

Royal Unibrew has reviewed the impact materiality in 2023. The material topics and impact assessment are unchanged; however, water stewardship has been assessed as having a higher impact. We have conducted a thorough assessment of the financial materiality of climate change in relation to transitional and physical risks.

For further information please see the risk management chapter

Climate and energy

We will increase our renewable energy use toward 2030 by starting with our own production and gradually increasing demands on suppliers and engaging in partnerships.

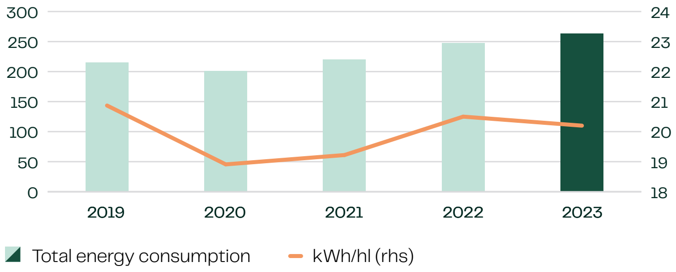
Our commitment to environmental sustainability is unwavering, and we are fully aware of the critical role businesses play in addressing climate change. The SBTi approved our scope 1, 2 and 3 targets in 2023 in alignment with the overarching objective of limiting global warming to 1.5°C as outlined in the Paris Agreement. We have submitted our FLAG target (50% reduction in 2030, compared to 2019); no-deforestation and net-zero target for 2040 for SBTi approval in 2024.

Our targets are not a one-size-fits-all solution but are tailored to our industry. We have conducted comprehensive sector-specific assessments to understand our industry's unique challenges and opportunities in addressing climate change. We recognize that addressing climate change requires collective action, and we are encouraging our peers, suppliers, and partners to embrace similar commitments. Basically, we are dependent on efforts in the entire value chain, sharing of data and collaboration to reduce impacts.

Royal Unibrew's principles for decarbonization are unchanged, and the primary drivers are efficiency improvements and transition from fossil fuels to renewable energy and adding renewables to the grid. In 2023, we further developed our road maps for decarbonization and energy efficiencies. For scope 1 and 2, where our target is to be 100% emission free by the end of 2025, excl. distribution and biogenic emissions, we have capex projects and capex plans in place to support implementation.

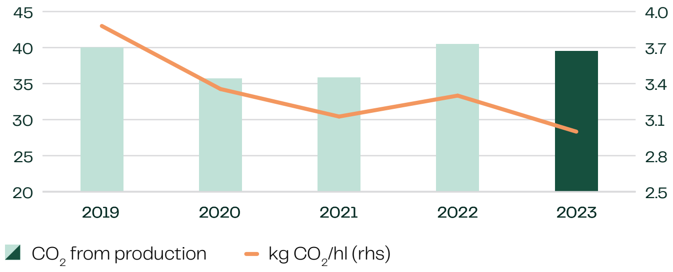
Energy consumption

(mkWh) (kWh/hl)



CO_2 from production

(mkg) (kg CO_2/hl)



In 2023, we had a total of DKK 76 million capex allocated to climate, which is a significant increase from 2022.

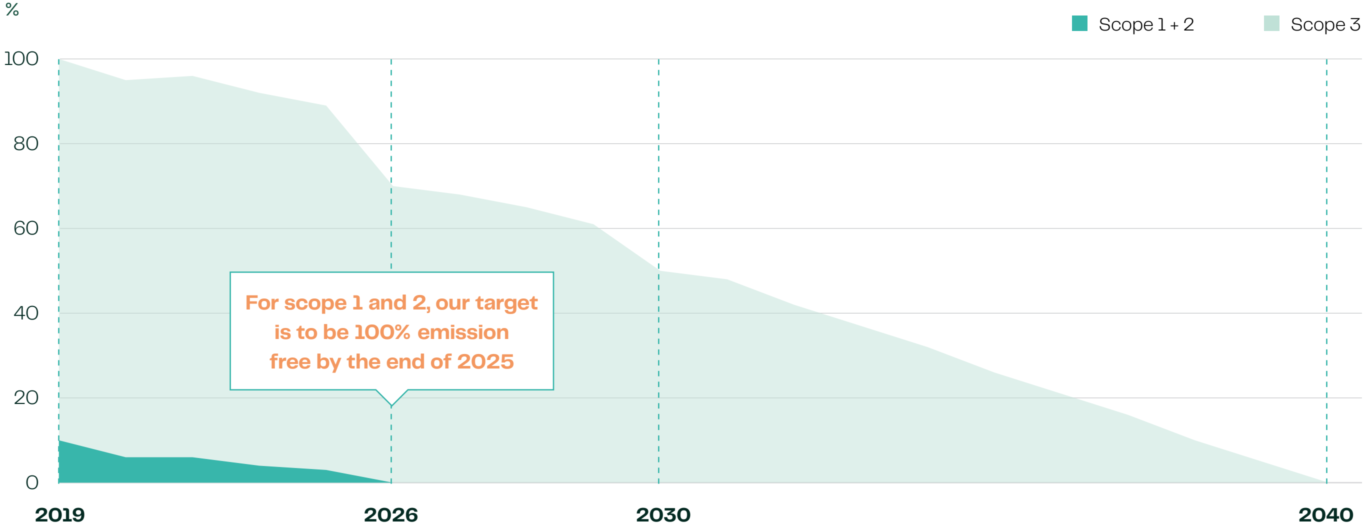
The energy efficiency measured as energy consumption per produced hectoliter declined organically by 0.5% to 20.4 MWh/hl in 2023. Efficiency measured relative to net revenue was 2.0 MWh/DKK in 2023, which is an improvement of 5% compared to 2022.

Today, 44% of Royal Unibrew's energy consumption in scope 1 and 2, excl. logistics, is based on renewable energy from our own production or Renewable Energy Certificates (REC). Projects ensuring a reduction of almost 100% of our carbon footprint (36.2 million kg CO_2 excluding Amsterdam Brewery, San Giorgio and Vrumona) from our production are progressing or planned for the period of 2024 to end of 2025. The main projects include installation of solar cells, heat pumps and bio-based or electrical boilers. Royal Unibrew is not regulated through EU's Emissions Trading Scheme (ETS), and we have not financed carbon credits or carbon removals. We do not currently apply internal carbon pricing.

Despite of the war in Ukraine resulting in a temporary switch from natural gas to oil at our sites in Faxe, Denmark; Toronto, Canada; and Bergen, Norway, in the beginning of 2023, the kg CO_2 per produced volume decreased organically by 9% in 2023. This decline is an expression of the effects of Royal Unibrew's transformation from fossil-based to renewable energy based.

Our absolute scope 3 emissions (mkgCO_2) in 2023 were at level with our 2019 base year. When looking at the efficiency measured as mkgCO_2 per hectoliter, we have reduced the impact in all parts of the value chain except for transportation. The predominant reduction is at our breweries covering scope 1 and 2. For packaging materials the reduction is related to a significant increase of the recycled content of cans, and despite of an increase in the PET contribution as we temporarily switched to a higher content of virgin material.

Our net-zero journey



Initiatives to reduce our emissions

- Energy efficiency improvements
- Heat pumps
- Solar panels
- Electrification
- Transition from fosil-based boilers to bio-based and/or electrical boilers
- Green certificates or PPAs

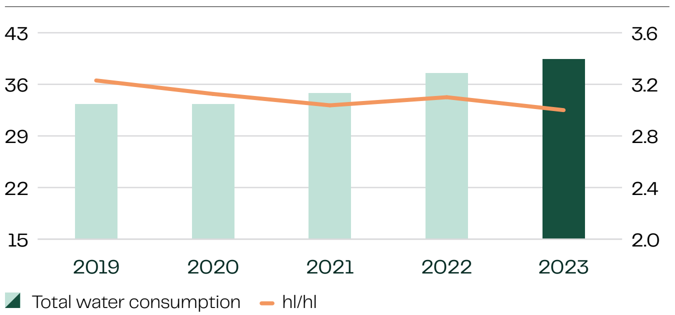
Water stewardship

Water is our most important raw material; therefore, water preservation and water quality are key focus areas for us.

Royal Unibrew's production sites are not located in extremely high water stressed areas, except for a small site in Estonia (0.04% of total consumption). Withdrawal of water in low and medium-low water-stressed areas constitute approximately 53%. Water consumed is either based on municipal supply or water from own wells. At a couple of our production sites scarcity of water or capacity of wastewater treatment plants may become limiting factors for growth.

All wastewater is treated prior to emission either at privately owned or public wastewater treatment plants upholding the stipulated requirements.

Water consumption



Our consumption of water per hectoliter declined organically by 1% between 2022 and 2023. The water intensity measured as water consumed per hectoliter from 2019 to 2023 has been reduced by 6%, organically.

0.04%

of water consumption from extremely high water stressed areas

Reducing water consumption remains a priority. We continue our efforts to improve water efficiencies, and we are investigating opportunities to reuse more water at our major production sites. In addition, projects aiming at restoring freshwater ecosystems continue at the Lake Vesijärvi in Lathi, Finland, and in Latvia where collaboration with the World Wide Fund for Nature (WWF) also entails education in the society at large.

Circularity and waste

Circularity in the beverage industry starts with packaging materials and closing the material loop

In the beverage industry, resource consumption and circularity, apart from water, is closely connected to packaging materials from manufacturing via filling and distribution to end-of-life – and to a lesser extent loss and scrap of products as well as waste generated in production. Closing the loop of packaging materials (primary, secondary and tertiary) is key, but also removing, reducing, reusing and recycling materials are important. The impact materiality within this area is considered unchanged from 2022. Packaging materials serve a critical role of protecting the beverages and avoiding food waste. Food safety requirements for primary packaging are stringent, as it is vital to protect our products and ultimately consumer health. The entire packaging system ensures there is no harm to our products during distribution. Therefore, our approach to circularity is founded on the primary purpose of packaging materials' ability to protect the products.

Organic recycled content (excl. Vrumona and San Giorgio)

	Realized 2022	Realized 2023	TARGET 2025
r- Corrugated cardboard	98	94%	100
r- Paper labels	92	87%	100
r- Shrink film	68	59%	100
r-PET	64	28%	100

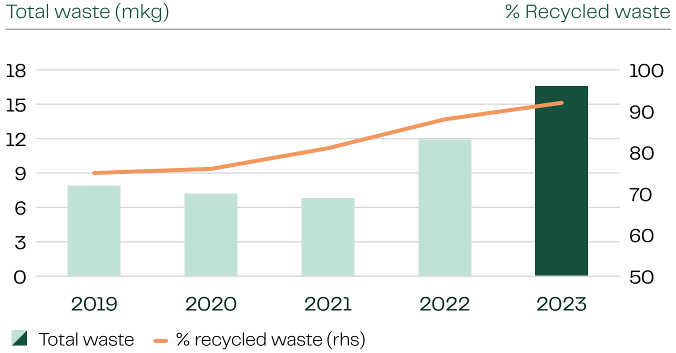
Royal Unibrew is applying circular principles in the design of packaging materials and systems. We are on track toward our overall goal of 100% reusable, recyclable, or recycled materials in 2025. 96% of the materials we use today are mono materials. Mono materials can easily be separated, sorted, recycled or reused in clean fractions, such as glass, PET, carton, aluminum, etc. However, a few concepts such as our juice portfolio and bag-in-box concepts for wine and soft drinks as well as certain plastic-based kegs are not yet recyclable or recycled. These concepts contributed approximately 4% of the sales volume in 2023. While recyclability may be improved in the next couple of years, we will also be looking for alternatives.

We are committed to converting to a higher content of recycled materials both in our plastic and fiber-based packaging in accordance with our 2025 targets. However, in 2023 we slowed our conversion rates down on targeted materials. We have registered challenges especially in the quality and cost of rPET, and we also experienced challenges with the robustness of both shrink film and corrugated cardboard in distribution. Based on our learnings, we have decided to investigate recycled content further, as more materials needs to be added to ensure stability in our current systems. Subsequently, we need to establish the optimum between environmental, technical and protective properties for packaging materials.

Our sector is characterized by using reusable (e.g. kegs, glass bottles) and recyclable packaging systems, and the systems are in many markets supported by strong deposit return systems, (DRS) where return rates are above 90%. We are therefore well prepared for our extended producer responsibility and the new EU legislation on packaging and packaging waste. In less mature markets, we are looking to drive solutions. Reuse and recycling concepts at our customers and venues are currently being tested for washable cups, and also collection and recycling of rPET cups at festivals as well as recycling plastic kegs using DRS are being tested. We continue to work on projects to reduce the amount of material used with the limitations and restrictions mentioned above. We continue to look at substitution of plastics by implementing more filling lines that operate with paper or cardboard solutions such as keel clip. Circularity principles are also applied to our production waste, where 92% was recycled in 2023. Organic byproducts and organic waste are utilized 100% for food, feed or biogas.

In 2024, we will continue our work on implementing circularity principles more broadly in our supplier management processes in relation to equipment, building materials, etc.

Waste generation



Biodiversity

The impact of climate, pollution, land use and water use changes on biodiversity and loss thereof is increasingly articulated as a major challenge, at least in the same order of magnitude as climate.

New legislation such as the EU Taxonomy and CSR directive address this as well as several initiatives like the Science Based Targets for Nature (SBTN) and the Taskforce on Nature-Related Financial Disclosures (TNFD). The beverage industry is dependent on agricultural raw materials such as barley, sugar and corn, primarily sourced locally, but also forest-based products such as cardboard, carton, paper and land-based excavation of filter material (kieselguhr). As a consequence, Royal Unibrew assesses biodiversity to be material.

In 2023, we updated our review of our physical locations' vicinity to nature protected areas or protected species under the Natura 2000 umbrella. The review demonstrated that we are not located in Natura 2000 areas. We will work on stepwise to expand the assessment to the entire value chain, especially upstream.

We have elaborated the climate-related impacts from raw materials and fiber-based packaging during preparation of the proposal for FLAG related CO_2 targets to SBTI. Adjusting our initial scope 3 calculation for purchased goods and services with 59 mkgCO_2 from FLAG in 2019. Furthermore, we are now committed to zero-deforestation.

Royal Unibrew realizes that target setting on biodiversity requires more work. We spent 2023 to further educate ourselves, and we are leaning toward targets for sustainable agriculture based on concepts such as nature positive methods and methods such as regenerative farming focusing on water consumption and use of chemicals as well as social aspects. We will formulate targets in 2024.

Zero

We are comitted to zero-deforestation

Pollution

Royal Unibrew is a beverage company, and subsequently, we use chemicals for cooling, cleaning and process control.

Boilers on site are associated with air emissions, and we have organic material and nutrient (nitrogen and phosphorous) containing wastewater. Our production sites are heavily regulated via general environmental permits, which also regulate air emissions and wastewater permits, governing permittable emissions to recipients. Therefore, all production sites have implemented operational procedures and controls to monitor emissions and investigate and report any non-conformities. The procedures are systematically managed and audited by the authorities and/or certifying bodies, where we have certified systems such as ISO 14001. In 2023, we had one accidental oil spill. It was remedied and no adverse effects were observed.

We do have reporting requirements on emissions to the Pollutant Release and Transfer Register (PRTR) at the EU level. It is triggered by a production volume threshold level of 300 hectoliter per day at three sites, Lahti, Faxe and Bunnik, but only the site in Faxe, Denmark, is subject to air and wastewater emissions reporting, as the emissions are above the threshold levels per the PRTR legislation.

We have two production sites in Denmark that are subject to the Seveso regulation on control of major-accident hazards involving hazardous substances related to storage of ammonia (cooling), and one site in Denmark on storage of nitric acid (process control) with a five tons storage threshold (column 2). Storage and operational controls are implemented and approved by relevant authorities. The system is audited by the authorities and described in a publicly available safety document. No leaks or spills have been observed in 2023.

There is a potential environmental impact from our operations; however, it is well-managed and audited regularly. The storage and consumption of hazardous substances, emissions to air and water are limited and therefore the risk is considered to be low. However, we will continue to monitor our emissions.

Social topics

To achieve our business strategy of becoming THE PREFERRED CHOICE, we must attract, build and retain talented people at all levels and in all markets in which we operate. We will evaluate our success based on our long-term business results, our engagement surveys and our ability to place key talent in critical positions.

We want to be the preferred partner for our customers with a broad portfolio of tasty high-quality products for any occasion and deliver the most relevant innovations for our consumers. We want to support the consumers in making healthy, nutritious and sustainable choices by always providing an alternative to regular beverages, i.e., sugary drinks, alcoholic drinks, etc. Moreover, we want to provide transparency for the consumer when choosing beverages.

Royal Unibrew has policies for social matters as put forward in our Business Ethics Policy and further elaborated in our Diversity, Equity and Inclusion (DEI) Policy and Supplier Code of Conduct. Our policies are codified in accordance with the Universal Declaration of Human Rights (UDHR) with the principles set out by the International Labor Organization (ILO), the UN Guiding Principles, the Ten Principles of the UN Global Compact and relevant UN Sustainable Development Goals.

Compared to 2022, we have increased the level of impact of attraction and retention of employees, whereas human rights and labor standards in our own operations, mainly located in Europe, have been slightly downgraded from a net risk perspective. The area has been regulated for years, and we have processes in place ensuring compliance.

We have ambitious targets concerning our customers and consumers, including local communities. The same applies to our people. Other supply chain objectives are covered under governance topics.

OWN WORKFORCE

Attraction and retention

We aspire to have the proudest employees in the industry by fostering a sustainable and winning culture.

We strive to cultivate the proudest employees, as they are the foundation for Royal Unibrew's success and progress. Our performance builds on our deeply rooted culture as well as our strong experience and know-how within the beverage industry. We continuously work to ensure that our leadership model accommodates our strategic ambitions to deliver future growth, while nurturing a sustainable culture and providing a healthy working environment. Among the core initiatives to support our ambition of being THE PREFERRED CHOICE for our people are the establishment of Royal Unibrew's Expectations and strengthening of our performance management. In addition, we have initiatives covering organizational and people development, engagement surveys and digitalization of people processes, etc.

Royal Unibrew's Expectations is a framework developed to support our leaders in performing effective value-based leadership. The framework supports our leaders in acting as

Employees by country

Country	Average FTE
Denmark	1,322
Finland	731
Norway	347
Latvia	340
Lithuania	323
Netherlands	314
Italy	253
France	136
Canada	96
Sweden	69
Estonia	31
UK	12
USA	10
Total	**3,984**

Overall engagement score

(%)

role models by demonstrating proper behavior in line with the expectations of Royal Unibrew while pursuing and achieving our shared ambition to be THE PREFERRED CHOICE. Local empowerment is at the core of our business model; hence, the ownership and commitment to fuel implementation of Royal Unibrew's Expectations is locally anchored.

During 2023, we further rooted Royal Unibrew's Expectations in the organization and based on the positive experiences and measurable impacts of these initiatives, we have decided to roll out the key principles to all Royal Unibrew employees – aiming at providing an even more broad-based anchoring of sustainable cultural values. Alongside, we will continuously develop the leadership framework, including strengthening the communication, activation and implementation of new initiatives.

Attracting, developing and retaining talented people remain key to our success, and we continue to invest in experience-based people development to ensure organizational readiness and hereby successful strategy execution. We continuously invest in the identification and development of talent across the organization through strengthened succession planning, both as a way of identifying talent as well as building and deploying talents to seize the increasing number of growth opportunities, both domestically and internationally.

Measurement of progress and feedback are essential for achieving ongoing advances in our people management. Therefore, we are establishing well defined and digitalized people management processes in all our business units, including regular and constructive performance reviews and development planning. The digitalized performance management process provides our leaders with a common support tool to steer their performance conversations and track previous dialogues, supporting the employees' individual development and talent deployment across the organization into sustainable careers across functions and countries. Furthermore, the digitalization of performance management, employee master data and recruitment processes improve the human capital development and tracking. As the external and internal expectations for tracking and reporting will increase in the coming years, digitalization of all our people processes becomes even more central.

In 2023, the overall engagement score decreased marginally from 4.1 to 4.0 and the ambassador willingness decreased from 4.0 to 3.8, correspoding to 76% of our employees. Hence, we are not fully meeting the targets of more than 80% of our employees to be Royal Unibrew ambassadors. Proudness decreased sligthly from 4.2 to 4.1, whereas more employees believe Royal Unibrew is a sustainable company (increasing from 4.0 to 4.1). This signifies that more than 80% of our employees are proud of working at Royal Unibrew and believe that the company is focusing on sustainability. Going forward, we will carry out employee engagement surveys once a year to measure engagement both for short-term developments and changes and long-term trends compared to past years.

The total employee turnover in 2023 remained at approximately the same level as in 2022, yet slightly increasing from 17.1% in 2022 to 17.7% in 2023. Although still high, we operate in a time where the unemployment rate has been quite low across all our markets, while we are at the same time integrating companies into the Group. Taking the given labor market trends into account, we work actively to retain diverse, qualified and talented employees by offering attractive working conditions, including an attractive work environment and good career opportunities. Leave of absence due to non-work-related illness has decreased from 3.6 % in 2022 to 3.0% in 2023.

OWN WORKFORCE

Diversity, equality and inclusion

Our strong commitment to a 100% sustainable culture at all levels and in all markets is reflected in our ambitious KPIs and our Executive Incentive Program.

Core to our business strategy is a fundamental belief that a diverse and inclusive working environment in Royal Unibrew will create extraordinary and sustainable business results through our approach to local markets, local products and people.

We continue to focus on building and driving a sustainable culture by assessing and monitoring the organizational health, including employee turnover, sick leave, safety culture, diversity, equality and inclusion – and by initiating new initiatives to support this agenda.

We expect all our leaders to embrace their role as inclusive leaders by being committed to building diverse teams of complementary strengths, skills, experiences and perspectives. Furthermore, we expect them to foster an inclusive culture where all employees have a sense of belonging, equitable opportunities to realize their potential and in which all employees feel free to speak up. These expectations and our strong commitment to sustainability in general are reflected in the executive incentive programs by setting ambitious sustainability KPIs as part of the programs.

Our Diversity, Equity and Inclusion Policy (DEI) is our commitment to ensuring a diverse workforce, an inclusive workplace with equal opportunities and leadership valuing DEI. Gender is only one dimension of diversity, and we fully recognize that diversity is any dimension that differentiates our people, e.g., ethnicity, race, age, nationality, disability status or sexual orientation.

Traditionally, the beverage industry is male dominated. However, we aspire to achieve a more balanced gender representation. Specifically, our target is a representation of at least 40% of the underrepresented gender across the Group and in the Board of Directors by 2025. In our Senior Leadership Team, incl. direct reports, in Royal Unibrew A/S, our target is 30% by 2027, currently at 27%. Our action plan to achieve this target is based on three elements: attraction, retention and inclusion.

In 2023, we have reviewed hiring processes, including job advertisements and job interviews to increase recruitment of diverse profiles and reduce biases in the hiring process. Our objective is to ensure robust shortlists of competent diverse candidates for job vacancies and always recruit the best candidate for the job. At the end of 2023, 27% (2022: 26%) of all employees were women.

Our ambition is to increase female representation at all levels. For the international management teams, we have unfortunately seen a downward trend in female representation during recent years, but 2023 marked a change in this tendency. There was an increase in female representation at leadership levels except for the Senior Leadership Team, though still not enough to adhere to the 40% principle in all countries. While the underlying development has been positive for the past years, we have seen that acquired companies have had a lower share of females at management level. The development over recent years emphasizes that the change toward a more balanced gender representation requires an extraordinary effort and continuous push within the area. This includes finding new ways to achieve critical mass of diverse talents and retain and develop the talents among office workers as well as within the production area.

27%

Number of female employees at the end of 2023

Employees by gender, Int. Management teams

		2023	2022	2021	2020	2019
Female	%	32	28	29	33	32
Male	%	68	72	71	67	68

OWN WORKFORCE

Safety culture

We are committed to maintaining and continuously improving our employees' safety and keeping a harassment free working environment. We recognize that one accident is one too many, and we continue to focus on mitigating risks by allocating more resources and sharing best practices across the Group.

All employees (100%) are covered by occupational health and safety management systems that emcompass procedures for identification and control of potential hazards (physical, chemical, biological, ergonomic, psychological health and well-being aspects), training, monitoring, recording and investigation of incidents and legal compliance.

Royal Unibrew engages with employees in many ways either formally through the worker's councils, where representatives of employees and managers meet on a regular basis to discuss cooperation, challenges and progress, or informally via regular 1:1 development interviews and through our open feedback culture on daily basis. Furthermore, all employees and subcontractors have the opportunity to speak up on their own through representatives, managers, HR or our whistleblower mechanism.

All employees can be part of a collective bargaining agreement if they choose to. The majority of white-collar employees in Royal Unibrew are covered by legal require-

ments stipulating employee rights such as wages during parental leave, terms of notice, etc., rather than directly through a collective bargaining agreement. The distribution between white-collar and blue-collar employees in Royal Unibrew is 56% to 44%, respectively. Furthermore, all employees in Royal Unibrew have contracts stipulating rights (work hours, vacation, benefits, etc.) and responsibilities.

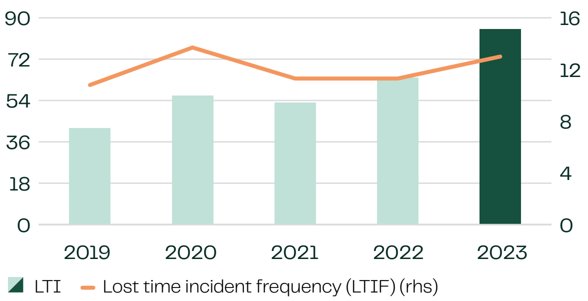
As we aim for zero lost time incidents, we have conducted behavior-based safety campaigns in several markets. In addition, we have worked on communicating safety aspects to enhance incident prevention, not only concentrating on lost time incidents but also on safety observations and near-misses. Improving root cause assessments for preventive measures have been in focus as well as more inspections and audits.

We measure the effect of our initiatives and track performance. In 2023, we did not have any fatal accidents among our employees or contractors. However, the frequency of incidents increased by 17% compared to 2022, resulting in 13 incidents per 1 million working hours. Therefore, we have started a range of initiatives anchored at the management level.

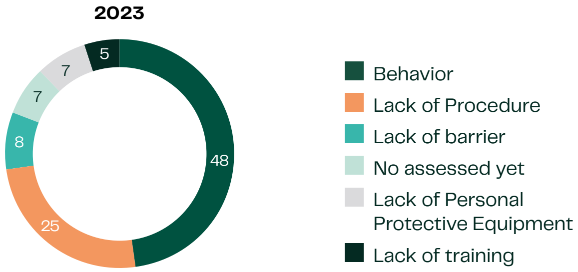
The severity rate measured as lost days per 1 million working hours has decreased significantly by 51% since 2019, measured organically. Behavior and lack of codified procedures accounted for almost 73% of our lost time incidents in 2023, whereas lack of physical barrier, PPE use, and lack of training accounted for 20%.

The latest employee engagement survey shows that 15% of the employees find they have been either bullied or sexually harassed. Our objective is to be 100% harassment-free, measured as more than 90% of our employees feel they have a harassment-free working environment.

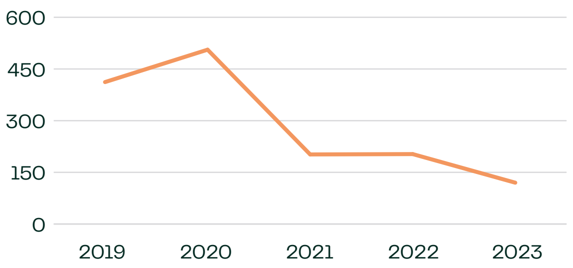
Lost time incidents
Accidents per million working hours



Root causes
%



Severity
Lost dayrate



Our consumers and customers

We believe in consumer's choice. We want to help consumers make healthy or nutritious choices by always having an alternative to regular products, e.g., sugary, alcoholic beverages, etc. We want to provide transparency for the consumer when choosing beverages.

Royal Unibrew is aware of the global challenges formulated by WHO regarding overweight, obesity and the associated risks of cardiovascular diseases, cancer and diabetes as well as risk of alcohol abuse that are linked to excess consumption of food and beverages. We are not only aware of the challenges, but we also work to reduce the challenges.

With our THE PREFERRED CHOICE strategy, we strive to offer consumers a broad variety of beverages that complement the occasions that individuals participate in from music events, to exercising and dining with friends or family. Our goal is to offer no/low alternatives in all categories and in all our markets and hereby offering customers healthier choices. Royal Unibrew also wants to be the market leader by offering new products, more information and transparent communication about the products. Being perceived as #1 on sustainability by our customers remains a focus area. We are currently #1 in Latvia and #4 in Off-Trade in Denmark.

Our commitment to responsible marketing and products is unambiguous as stated on our policy, and it is our responsibility to prioritize quality over quantity for products containing alcohol and sugar. We display nutritional information at least per the legal requirements. As for energy drinks, we have a warning sign for children, pregnant and lactating women, and we display proper advertising practices by avoiding targeting school children, which is also our standard for other beverages. We participate in relevant multi-stakeholder initiatives to continuously improve the heathy choices for consumers. An example is The Danish Food Partnership with participation of NGOs such as the Cancer Association, The Diabetes Association, Food Authorities and representatives from the Food and Drinks Industry.

The revenue split between alcoholic and non-alcoholic beverages was 49% and 51% in 2023, and we hold a strong market position within the zero-calorie and zero-sugar segment for carbonated soft drinks. Driven by a strong emphasize on innovation, marketing regular and zero-products together and making sure both alternatives have great taste, we act responsibly. More than 40% of our marketing spend is allocated not only to no/low but sustainability in general. Promotion of responsible drinking is an integrated part of our strategy.

The volume growth in no/low sugar alternatives compared to regular products, e.g., in soft drinks, water and energy drinks, increased by 11% from 2019 to 2023, while regular products increased by 7% in the same period, indicating that we are on track with our 2030 target: no/low growing faster than average of the portfolio. In addition, the calorie content of the portfolio was reduced by 9.5% per 100 ml during the same period.

The no/low alcoholic segment (beer, cider and RTD] increased by 8% from 2019 to 2023 compared to a 4% decrease for regular and strong alcohol-containing products in the same period, which indicates we are on track with our 2030 target: no/low growing faster than average of the portfolio. In recent years, we have acquired new portfolios of wine and established additional partnerships on spirits, and we are working on applying our strategy and initiatives to these categories as well.

To protect consumers, we produce in accordance with the highest quality and food safety standards. 99.9% of our production volume is certified in accordance with the international recognized Global Food Safety Initiative's (GFSI) standards such as FSSC 22000, IFS and BRC. Due to our diligent management of product safety, including staying on top of food alerts, we only experienced 16 withdrawals in total (microbiology, labelling and quality) and one recall in 2023.

We received three notifications regarding violations of labeling requirements in 2023, and we received one notification (promotion of alcohol to young people below the legal age limit) regarding non-compliance with marketing codes or regulations related to either advertising or promotion, including advertising to youth and other susceptible consumers. Consequently, we changed our marketing approach immediately.

Governance topics

THE PREFERRED CHOICE strategy of Royal Unibrew, along with our governance framework and Business Ethics Policy, as well as our leadership framework and performance culture, form the foundation of the way we do business, including how we interact with business partners.

The Business Ethics Policy, underpinned by other policies such as our Data Ethics Policy, and Whistleblower Policy, is our commitment to be and act responsibly and contribute positively to our stakeholders and society at large, i.e., our consumers, customers, people, shareholders, other business partners, suppliers and the future. Respecting and complying with the laws, international standards and practices wherever we do business is the foundation. Processes and procedures are implemented to ensure compliance and performance is tracked.

The policies apply to all Royal Unibrew's employees, providers of goods and services, and third parties acting on behalf of the company. We encourage anyone who becomes aware of actual or potential violations to speak up.

Compared to 2022, we have changed the impact assessment of data security and cyber-security due to publicly acknowledged assessments and increasing attention from our stakeholders.

Business integrity

Royal Unibrew's corporate culture is governed by our policies and the basic drive of doing the right thing, acting responsibly and respecting our stakeholders' views and interests.

Our approach to business ethics is to conduct business responsibly with integrity, honesty, and transparency and in compliance with our Business Ethics Policy and international and local standards for responsible business conduct. The Business Ethics Policy covers anti-corruption, breaches of competition law, quality and food safety, human rights and labor standards, environment and climate, etc. The policy applies to all Royal Unibrew's employees and providers of goods and services such as suppliers, vendors, distributors, contractors, consultants, advisors and agents.

We conduct annual training of relevant employees and business functions on topics such as competition law, marketing law, corruption and bribery, data security and protection (GDPR) as well as cyber-security to ensure compliance with policies and to protect our business, employees, consumers, etc. Training and internal controls will continue in 2024.

Our whistleblower scheme available online aims to promote a culture of openness, accountability and integrity within our sphere of influence. We encourage all customers, suppliers, distributors, consultants and others who do business with us as well as our own employees to raise any concerns about unethical behavior, unlawful behavior or violation of our company policies. Any whistleblower will be protected with anonymity and from retaliation. All substantiated issues will be investigated. There were no reported cases in 2023.

Our Data Protection and Data Ethics Policy specifies requirements and principles to design, purchase and implementation of technologies, especially new technologies, including AI, entailing processing of personal data. The principles include topics such as legality, ethical design, security, transparency and respect for human rights. All employees were trained in aspects of GDPR and data security in 2023. No activities did by its nature trigger any need for specific initiatives in relation to data ethics.

For further information see the Data Ethics Statement 2023

In 2023, we reviewed our Policy on Political Contributions. We do not make financial contributions to political or religious parties or political or religious causes. We do allow charitable donations to publicly acknowledged organizations provided they are fully transparent. Royal Unibrew is non-political and will only involve in political positions if it may affect our business or the industry. We are member of various trade associations in the countries where we have strong market presence, such as national brewer's associations that lobby for our sector's points of view. The membership fee paid in 2023 was DKK 11.6 million.

Royal Unibrew does not test on animals.

Tax

Creating jobs and delivering prosperity in the communities in which Royal Unibrew operates are our tangible contributions to society.

Providing transparent disclosures for tax is anchored in the Sustainable Development Goals (SDGs) (1 No Poverty, 10 Reduced Inequalities and 17 Partnerships) and our business integrity, which is further elaborated in our Tax Policy and processes.

Royal Unibrew operates in a number of predominately European countries and is therefore subject to both national and international tax rules. Royal Unibrew follows the OECD principles for transfer pricing disclosures and documentation and use external advisors to prepare the documentation. We always enter an open and constructive dialogue with the tax authorities, and we are pleased to report that we were not involved in any instances of non-compliance with tax legislation in 2023.

For 2023, Royal Unibrew has sold goods in countries that are defined as tax havens by OEDC, i.e., Trinidad, Panama, Antigua, Bahamas, Turks and Caicos and the U.S. Virgin Islands, effectively fully taxed in Denmark.

Country-by-country key figures – IFRS, 2023	Number of employees average	Total employee remuneration DKKm	Revenues from third party sales DKKm	Revenues from intragroup transactions with other tax jurisdictions, DKKm	Balance of intercompany debt DKKm	Profit/loss before tax DKKm	Tangible assets other than cash DKKm	Corporate income tax paid on a cash basis, DKKm	Calculated local tax on profit (loss) DKKm
Denmark	1,322	831	4,423	695	16	668	1,841	88	131
Finland	731	400	3,149	141	0	769	1,293	131	157
Norway	347	223	1,602	317	703	-31	770	–	0
Italy	253	112	1,015	129	854	20	411	2	1
France	136	80	318	78	438	-50	158	–	-9
Holland	314	70	404	4	1,068	5	744	23	2
Latvia	340	75	433	146	94	89	172	0	24
Lithuania	323	67	503	119	34	36	219	2	5
Estonia	31	11	83	3	–	-13	28	–	0
United Kingdom	12	7	92	–	0	10	3	1	3
United States	10	13	165	–	25	-4	33	3	-2
Canada	96	86	276	–	217	-16	140	–	0
Sweden	69	56	464	1	47	-77	251	–	-1
	3,984	**2,031**	**12,927**	**1,633**	**3,496**	**1,406**	**6,063**	**250**	**311**

Total tax contribution

In 2023, Royal Unibrew had a total tax contribution of DKK 7.3 billion (2022: DKK 6.8 billion) divided between taxes borne of DKK 0.3 billion (2022: DKK 0.3 billion) and taxes collected of DKK 7.0 billion (DKK 6.5 million). Taxes collected comprise excise duties, VAT and personal taxes and social security contributions. Royal Unibrew seeks to comply with all tax legislation to our business operations, and we have prepared the country-by-country tax disclosure based on the GRI 207 tax guideline.

Tax incentives

Royal Unibrew seeks to benefit from tax incentives where this is industry standard for being competitive. As an example, Royal Unibrew engaged in a step-up tax arrangement with the Italian tax authorities in 2019. The arrangement was related to a reverse merger where relevant intangible assets with an associated value of EUR 40 million was recognized. The recognized intangible assets are deductible in the Italian tax over 5 years span. For being entitled to this, a step-up tax of 16% equal to nominal EUR 6.4 million was paid in 2019.

Country-by-country key figures – IFRS, 2023	Excise duties DKKm	VAT DKKm	Personal taxes & social security contributions DKKm	Corporate taxes DKKm	Total DKKm
Denmark	238	255	243	88	824
Finland	2,071	755	85	131	3,042
Norway	1,310	507	50	0	1,867
Italy	150	173	42	2	367
France	9	–	3	–	12
Holland	181	23	99	23	326
Latvia	95	78	29	0	202
Lithuania	155	81	1	2	239
Estonia	0	16	4	0	20
United Kingdom	21	16	3	1	41
United States	–	–	1	3	4
Canada	9	15	23	–	47
Sweden	166	80	22	–	268
	4,405	**1,999**	**605**	**250**	**7,259**

Responsible sourcing

We engage with our entire value chain to reduce carbon emissions and minimize negative environmental effects and social impacts.

Royal Unibrew has always cooperated closely with suppliers and other partners to improve our product, processes and production performance, while ensuring that any concerns for employees, environment, climate, etc., in the value chain are addressed. It is pivotal on one hand that we build on these well-established relations and work hard to strengthen them further, especially to achieve our ambitious targets on climate and future targets on biodiversity and water. On the other hand, it is vital that we identify and establish new partnerships for sustainable development.

Our approach to responsible sourcing is rooted in our commitments, legislation and internationally recognized conventions and guidelines such as OECD Guidelines for Multinationals, Universal Declaration on Human rights, International Labor Organization Standards, UN Global Compact, UN Guiding Principles on Business and Human Rights, UN Sustainable Development Goals, etc. Our policies are adopted in our Supplier Code of Conduct, which also stipulates specific requirements regarding climate and renewable energy, biodiversity, water, chemicals for agricultural raw materials as well as circularity principles for packaging materials.

60%

of our suppliers have signed our responsible procurement principles

We ask strategic suppliers to recognize our Supplier Code of Conduct by signature. We were aiming at signature of our responsible procurement principles by all critical suppliers in 2023. Currently, we are at a rate of 60%. We will focus on getting the remaining signatures in 2024. Our payment terms are aligned with the Unfair Trading Practices (UTP) regulation for agriculture and food supply chain and accommodates small and medium-sized companies' potential liquidity challenges.

Royal Unibrew believes that by creating a more sustainable business and by working together with suppliers, we can create shared value and a better and more resilient future. The quality and integrity of our products depend on continuity of supply and a healthy supply chain. We recognize that responsible sourcing is a journey where improvements are achieved through cooperation and partnerships with our suppliers. A large share of our footprint is outside our direct control. As an example, more than 90% of our carbon footprint is associated with our value chain (upstream and downstream).

Our supplier management program is risk-based and initiated with a due diligence process (commercial, environmental, social, incl. food safety and governance) as the basis for approval. The majority of direct materials and services are currently sourced locally, i.e., 80% in Europe. Based on the risk assessment, certain suppliers are audited, and an outcome of an audit may be that we need to support the supplier with implementation of specific programs to improve performance. Suppliers are re-approved every third year. We are currently using different data management tools to support and document our supply chain, but we will be looking at consolidating commercial, food safety and sustainability information into one platform to improve overview and transparency.

We monitor potential controversies and incidents with our suppliers. In case of incidents and non-conformities, we engage with the supplier to get full understanding of the cause/root cause and preventive actions taken, and we may conduct audits depending on severity and repetitiveness. In 2023, we had one such case (sexual harassment) where the supplier immediately implemented corrective actions and has implemented policies, processes and further initiatives to remediate and change the culture.

Several markets already have implemented Transparency Acts, and the upcoming EU legislation on due diligence (CSDDD) has prompted further review of our policies and supplier management system. Supported by our supply chain management procedures, we believe that we have a robust system based on due diligence, risk assessments and periodic review of supplier performance, where any concerns will be addressed as they arise.

ESG highlights and ratios accounting principles

Scope of reporting
Our ESG data cover the performance of all operating entities in the period January 1 to December 31, 2023. Data is reported according to financial scope, including all sites, in which Royal Unibrew has a majority share, unless otherwise stated.

Pure sales offices, restaurants, and terminals, except for the one in Faxe, Denmark, is not part of the 2023 scope, as the environmental footprint is considered insignificant. However, we are working on full integration.

Data from newly acquired companies are included from the date of the acquisition being completed. When acquiring a new company, our sustainability strategy and targets are applied in accordance with the KPIs of the Group. In 2023, we have included Vrumona. San Giorgio Brewery acquired on November 2, 2023, is, however, not included, yet.

Reporting and data governance
Data is reported according to our internal data reporting procedure securing validation of the data.

Business units are responsible for submitting monthly or annual data on environmental, social, and governance (ESG) key performance indicators (KPIs). Internally, these data are collected, reviewed and consolidated before being aggregated at the Group level. For any data points that have changed by more than 5% compared to the previous year's data, an explanation of these deviations must be provided. Each business unit is responsible for following the data validation and verification procedures outlined in the reporting manual. We have established requirements for data documentation and assigned a data owner for all business units. Upon submission of ESG data, the General Managers in local markets must review and sign off on its accuracy, verification, and documentation.

Data and indicators
Our data collection process serves to ensure compliance with the requirements of the UN Global Compact Communication on Progress and Nasdaq's ESG Reporting Guide. We consider key ESG indicators and global frameworks such as the GRI, SASB, UN Guiding Principles and the SDGs. CO_2 emissions are calculated in alignment with the GHG Protocol and SBTi, using local emission factors sourced from International Energy Agency (IEA) and DEFRA.

Definitions of ESG highlights and ratios

Production sites Total number of production sites within the Group end of year.

Production volume Total volume of beverages produced within the Group.

Scope 1 Direct CO_2 emissions from all sources owned or controlled by the company, which includes natural gas, diesel, fuel oil, propane and LPG. Energy consumption is converted from invoiced or metered units to kwh and kg CO_2 using Net Value. When calculating our KPIs, logistics and biogenic emissions are excluded.

Scope 2 location based Indirect CO_2 emissions from sources not owned or controlled by Royal Unibrew but used in our operations, such as purchased electricity, steam, heating and cooling. Energy consumption is converted from invoiced or metered units to kg CO_2e using Net Value. Location based emissions are calculated based on a country-specific emission factor.

Scope 2 marked based Indirect CO_2 emissions from sources not owned or controlled by the company but used in our operations, such as purchased electricity, steam, heating, and cooling. Energy consumption is converted from invoiced or metered units to kg CO_2e using Net Value. Market based emissions are calculated according to associated certificates.

Scope 3 Value chain CO_2 emissions. Approximately 80%of our scope 3 value chain emissions are in the scope of our SBTi target. 2019 is our base year. We calculate our emissions every year and recalculate within the two-year deadline for acquisitions/divestments. Thus, Vrumona, San Giorgio, Amsterdam Brewery and Nørrebro Bryghus are currently not in scope. The primary contributors to our scope 3 emissions are purchased goods and services, downstream transportation and downstream refrigeration. For all categories, activity data has been used for quantifying the volumes. The emission factors are eitherbased on industry standards or supplier specific data. For categories 4 and 9, emissions factors from DEFRA were applied using the ton.km method.

Energy consumption, total Total energy consumption including all sources of electricity, natural gas, oil and purchased heat/steam/cooling.

Water consumption, total Water withdrawn from its source for production purposes but not returned to the same source. Withdrawn water may originate from internal wells, groundwater, or municipal water supply.

Wastewater, total Water that has been used for production purposes and is subsequently returned to the water source. Wastewater treatment includes public wastewater treatment, onsite treatment followed by discharge to a river or onsite treatment followed by discharge to a public sewer.

Definitions of ESG highlights and ratios

Solid waste, total	Total weight of waste from production, including recycled, hazardous, landfilled, incinerated and household waste all measured in million kg. Recycled waste is the waste materials reprocessed into products, materials or substances whether for the original or other purposes. The different types of recycled waste are defined by national legislation. Hazardous waste is defined by the national legislation at the point of generation. Landfilled waste is categorized by Directive 1999/31/EC as landfills for hazardous waste, landfills for non-hazardous waste and landfills for inert waste (waste, which is not degradable).
Recycled waste %	Recycled waste relative to total solid waste.
Spent grain and yeast	Byproduct from beer production measured in million kg utilized for food, feed, biogas or fertilizer.
Energy efficiency	Energy efficiency of the production defined as energy consumption per total hectoliter of beverages produced.
CO_2 efficiency	CO_2 efficiency of the production defined as CO_2 emissions in scope 1 and 2 (location based) per total hectoliter of beverages produced.
Water efficiency	Water efficiency of the production defined as water consumption per total hectoliter of beverages produced.
Waste efficiency	Waste efficiency of the production defined as waste generated in production per total hectoliter of beverages produced.
Packaging materials	Share of packaging materials per total sales volume. Packaging materials include cans, returnable glass bottles, non-returnable glass bottles, PET, Kegs, Bulk and other.
Total number of lost-time incidents (LTIs)	Total number of workplace accidents resulting in lost time of more than one day.
Lost time incident frequency	The number of incidents resulting in lost time of more than one day per 1 million working hours.
Number of lost days	Total number of lost days due to Lost-Time Incidents.
Lost day rate	Lost day rate indicates the severity of incidents by the total number of workdays lost per 1 million working hours.
Fatalities	The number of work-related fatal accidents covers all types of employees and contractors.
Employee turnover	Employee turnover ratio covers both voluntary and involuntary leavers. Calculated per average FTEs during the year.
Leave of absence due to illness (not work-related)	Absence measured as number of absence days per total number of working days, where absence is defined as leave due to an employees' own illness, excluding leave such as parental leave, leave due to occupational injuries or diseases, etc.
Percentage of employees by gender, total	Percentage of female(male) employees in the entire company irrespective of job function. Measured as the number of total women (male) FTE per total FTE.
Employees by gender, Int. Management teams	Percentage of female (male) employees in Int. Management. Measured as the number of total women(male) per total number of members in Int. Management. Int. Management consists of Senior Leadership Team and Growth Leadership Team, incl. direct reports.

EU Taxonomy accounting principles

Investing in and maintaining sustainable economic activities are at the core of our strategy, which is aligned with the EU Taxonomy six environmental objectives. The EU Taxonomy framework provides an opportunity for Royal Unibrew to disclose our revenue and sustainable investments based on a recognized standard.

For 2023, EU Taxonomy requirements mandate Royal Unibrew to report on eligibility and alignment with the environmental objectives of climate change mitigation and climate change adaptation and eligibility with the remaining four objectives. The EU Taxonomy is still evolving and remains subject to interpretation.

The food and beverage sector is eligible for the objectives of Circular Economy and Biodiversity. Therefore, we expect our taxonomy eligibility and alignment will expand in the future when the technical screening criteria for the remaining four objectives are finalized and implemented. We are dedicated to continuous improvement and will maintain our position at the forefront of sustainable practices. We will reassess our KPIs on an annual basis.

In 2023, we have identified revenue related to the electricity production at our solar panel park in Faxe, Denmark.

Eligibility and alignment

During 2023, we assessed our economic activities, including turnover, capex and opex to determine their eligibility and alignment with the EU Taxonomy. Our assessment involved an initial screening of all activities aligned with the EU Taxonomy Compass and Annexes I and II of the Climate Delegated Act, followed by a detailed evaluation of potentially relevant activities.

Our analysis focused on identifying activities that fall under the scope of the current legislation regardless of their size. We established the eligibility of each activity, followed by a thorough assessment of its alignment with the technical screening criteria. This involved evaluating each activity against the specific criteria to verify its compliance.

Minimum safeguards

Royal Unibrew is committed to operating responsibly, and we have adopted various measures to align our activities with the EU Taxonomy's minimum safeguards, including complying with our Supplier Code of Conduct, which is aligned with international standards, including UN Principles on Business and Humans rights. However, due to challenges in securing adequate documentation from suppliers, we are unable to currently claim full alignment with the EU Taxonomy.

To demonstrate Substantial Contribution (SC) and Do No Significant Harm (DNSH), Royal Unibrew has carried out a thorough evaluation of both physical and transitional risks for the Group as part of the ESG/sustainability reporting. However, detailed climate risk assessments specifically covering EU Taxonomy-eligible activities are still in progress; therefore, we cannot fully demonstrate alignment for these activities in 2023.

Double counting

None of our activities contribute to multiple objectives. For the capex and opex allocations, we have identified the economic activities in the Climate Delegated Act and mapped these with relevant purchases. Thereby, we ensure that no capex or opex are double counted.

Turnover KPI

Our screening shows that our main revenue generating activities are not currently covered in the EU Taxonomy under the Delegated Act 2021/2139. However, the energy production in 2023 from our solar park in Faxe, Denmark, is explicitly covered in the criteria and has generated revenue in 2023. The proportion of taxonomy eligible turnover identified is 0.0%. We expect the solar panels at our sites in Crodo, Italy, and Kalnapilis, Lithuania, will be included.

The numerator of the turnover KPI consists of the portion of net turnover generated from our solar park in Faxe. The denominator equals total net turnover.

Proportion of turnover from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2023

				Substantial contribution criteria						DNSH criteria									
Economic activities (1)	Code(s) (2)	Absolute turnover (3) mDKK	Proportion of turnover (4) %	Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy-aligned or eligible proportion of turnover, year 2022 %	Enabling activity E	Transitional activity T
A ELIGIBLE ACTIVITIES																			
A.1 Eligible taxonomy-aligned activities																			
Turnover of eligible taxonomy-aligned activities (A.1)		0	0.0%														0%		
A.2 Eligible not taxonomy-aligned activities																			
Electricity generation using solar photovoltaic tecnology	CCA 4.1	1	0.0%		EL												0%		
Turnover of eligible not taxonomy-aligned activities (A.2)		1	0.0%		0%												0%		
Total (A.1+A.2)		**1**	**0.0%**														**0%**		
B NON-ELIGIBLE ACTIVITIES																			
Turnover of non-eligible activities (B)		12,926	100%																
Total (A+B)		**12,927**	**100%**																

Capex KPI

Our screening shows that 3.2% of our capex is eligible under the Delegated Act 2021/2139. The numerator of the capex KPI covers eligible capex activities such as energy production, efficiency, water treatment and elements of transportation.

The denominator of the capex KPI covers additions to property, plant and equipment, intangible assets (excluding goodwill) and right-of-use assets, including additions resulting from business combinations.

Proportion of capex from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2023

				Substantial contribution criteria						DNSH criteria									
Economic activities (1)	Code(s) (2)	Absolute CapEx (3) mDKK	Proportion of CapEx (4) %	Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy-aligned or eligible proportion of CapEx, year 2022 %	Enabling activity E	Transitional activity T
A ELIGIBLE ACTIVITIES																			
A.1 Eligible taxonomy-aligned activities																			
CapEx of eligible taxonomy-aligned activities (A.1)		0	0.0%														0.0%		
A.2 Eligible not taxonomy-aligned activities																			
Electricity generation using solar photovoltaic technology	CCA 4.1	35	1.4%		EL												1.0%		
Installation and operation of electric heat pumps	CCA 4.16	12	0.5%		EL												0.0%		
Construction, extension and operation of water collection, treatment and supply systems	CCA 5.1	1	0.0%		EL												0.3%		
Renewal of water collection, treatment and supply systems	CCA 5.2	10	0.4%		EL												0.0%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCA 6.5	0	0.0%		EL												0.1%		
Installation, maintenance and repair of energy efficiency equipment	CCA 7.3	17	0.7%		EL												0.2%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCA 7.4	0	0.0%		EL												0.0%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCA 7.5	1	0.1%		EL												0.0%		
CapEx of eligible not Taxonomy-aligned activities (A.2)		76	3.2%		3.2%												1.7%		
Total (A.1+A.2)		**76**	**3.2%**														**1.7%**		
B NON-ELIGIBLE ACTIVITIES																			
CapEx of non-eligible activities (B)		2,324	96.8%																
Total (A+B)		**2,400**	**100%**																

Opex KPI

Our screening shows that 7.7% of our opex is eligible under the Delegated Act 2021/2139. The numerator of the opex KPI covers eligible activities such as energy production and energy efficiency, water treatment and elements of transportation.

The denominator of the opex KPI covers direct non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of items, of property, plant and equipment by either Royal Unibrew or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

Proportion of opex from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2023

				Substantial contribution criteria						DNSH criteria									
Economic activities (1)	Code(s) (2)	Absolute OpEx (3) mDKK	Proportion of OpEx (4) %	Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy-aligned or eligible proportion of OpEx, year 2022 %	Enabling activity E	Transitional activity T
A ELIGIBLE ACTIVITIES																			
A.1 Eligible taxonomy-aligned activities																			
OpEx of eligible taxonomy-aligned activities (A.1)		0	0.0%														0.0%		
A.2 Eligible not taxonomy-aligned activities																			
Electricity generation using solar photovoltaic technology	CCA 4.1	0	0.0%		EL												0.0%		
Installation and operation of electric heat pumps	CCA 4.16	3	0.7%		EL												0.0%		
Construction, extension and operation of water collection, treatment and supply systems	CCA 5.1	4	1.2%		EL												1.1%		
Renewal of water collection, treatment and supply systems	CCA 5.2	0	0.1%		EL												0.0%		
Construction, extension and operation of waste water collection and treatment	CCA 5.3	3	0.8%		EL												0.0%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCA 6.5	14	4.0%		EL												3.8%		
Installation, maintenance and repair of energy efficiency equipment	CCA 7.3	2	0.5%		EL												0.4%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCA 7.4	1	0.2%		EL												0.2%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCA 7.5	0	0.1%		EL												0.2%		
OpEx of eligible not Taxonomy-aligned activities (A.2)		28	7.7%		7.7%												5.8%		
Total (A.1+A.2)		**28**	**7.7%**														**5.8%**		
B NON-ELIGIBLE ACTIVITIES																			
OpEx of non-eligible activities (B)		330	92.3%																
Total (A+B)		**358**	**100%**																

Signatures and statements

Management's statement on the Annual Report

The Board of Directors and the Executive Management have today considered and approved the annual report of Royal Unibrew A/S for the financial year ended December 31, 2023.

The Annual Report 2023 is presented in accordance with IFRS Accounting Standards as adopted by the EU and disclosure requirements for annual reports of listed companies in Denmark.

In our opinion, the consolidated financial statements and the parent company's financial statements give a true and fair view of the Royal Unibrew Group's and the parent company's assets, liabilities and financial position at December 31, 2023, and of the results of the Royal Unibrew Group's and the parent company's operations and cash flows for the financial year 2023.

In our opinion, the Management review contains a fair review of the development of the Royal Unibrew Group's and the parent company's operations and financial matters, the results for the year and of the Royal Unibrew Group's and the parent company's financial position, together with a description of the significant risks and uncertainties facing the Royal Unibrew Group and the parent company.

In our opinion, the Annual Report of the Royal Unibrew Group and the parent company for the financial year January 1 - December 31, 2023, with the file name ROYAL-2023-12-31-en.zip, is prepared, in all material respects, in compliance with the ESEF Regulation.

Further, the consolidated ESG highlights and ratios in numbers for January 1 – December 31, 2023 as presented on page 15 has been prepared in accordance with Danish Financial Statements Act and the stated accounting policies on pages 96-98. In our opinion, the consolidated ESG highlights and ratios in numbers give a true and fair presentation of Royal Unibrew A/S' sustainability activities and result of the Group's sustainability efforts in the reporting period in accordance with the framework mentioned and the stated accounting policies as well as a balanced presentation of Royal Unibrew A/S' environmental, social and governance performance.

We recommend the Annual Report for adoption at the Annual General Meeting.

Faxe, February 28, 2024

Executive Management

Lars Jensen
President & CEO

Lars Vestergaard
CFO

Board of Directors

Peter Ruzicka
Chair

Jais Valeur
Deputy Chair

Torben Carlsen

Kenn Hvarre

Heidi Kleinbach-Sauter

Claus Kærgaard

Michael Nielsen

Christian Sagild

Catharina Stackelberg-Hammarén

Independent auditor's report

To the shareholders of Royal Unibrew A/S

Report on the consolidated financial statements and the parent financial statements

Opinion

We have audited the consolidated financial statements and the parent financial statements of Royal Unibrew A/S

for the financial year 1 January 2023 – 31 December 2023, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group as well as for the Parent, page 103-177. The consolidated financial statements and the parent financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2023, and of the results of their operations and cash flows for the financial year 1 January 2023 – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

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 consolidated financial statements and the parent financial statements" section of this auditor's report. 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of Royal Unibrew A/S for the first time on 28 April 2021 for the financial year 2021. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of three years up to and including the financial year 2023.

Statement on the management report

Management is responsible for the management report.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management report and, in doing so, consider whether the management report is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management report provides the information required by the Danish Financial Statements Act and article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

Based on the work we have performed, we conclude that the management report is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the information required

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 January 2023 – 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition There are a significant number of transactions and contracts with customers. Sales contracts with certain customers are relatively complex with discounts and agreements with marketing contributions etc. This introduces an inherent risk to revenue recognition. Therefore, we have considered this a key audit matter. Reference is made to note 5 in the consolidated financial statements.	For the purpose of our audit, the procedures we carried out included the following: • We have considered the appropriateness of the Group's revenue recognition policy and assessed the compliance with IFRS 15 Revenue from Contracts with Customers. • We have evaluated the systems and key controls, designed and implemented by Management, related to revenue recognition. • We have discussed with Management the key judgements related to recognition, measurement and classification of net revenue and marketing cost etc. • In addition, we have performed substantive procedures. We have reviewed significant and complex customer contracts and the development in discounts and the treatment of marketing contribution to ensure that accounting policies are applied correctly. • In addition, we have assessed whether the disclosures; note 5 in the consolidated financial statements meet the requirements of IFRS

by the Danish Financial Statements Act and article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation). We did not identify any material misstatement of the management report.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and

additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent financial statements.

As part of an audit conducted 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 consolidated financial statements and the parent 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'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 in preparing the consolidated financial statements and the parent financial statements, 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'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 consolidated financial statements and the parent 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 and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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, safeguards put in place and measures taken to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent 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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the consolidated financial statements and the parent financial statements of Royal Unibrew A/S we performed procedures to express an opinion on whether the annual report for the financial year 1 January 2023 – 31 December 2023, with the file name ROYAL-2023-12-31-en.zip, is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited consolidated financial statements.

In our opinion, the annual report of Royal Unibrew A/S for the financial year 1 January 2023 – 31 December 2023, with the file name ROYAL-2023-12-31-en.zip, is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 28 February 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Siggaard Hansen
State-Authorised Public Accountant
mne32208

Eskild Nørregaard Jakobsen
State-Authorised Public Accountant
mne11681

Independent Auditor's Assurance Report on ESG highlights and ratios

To the stakeholders of Royal Unibrew A/S

Royal Unibrew A/S engaged us to provide limited assurance on ESG highlights and ratios for Royal Unibrew Group for the financial year 1 January – 31 December 2023 as presented in section "ESG highlights and ratios in numbers" under column "2023" on page 15 in the Annual Report 2023 of Royal Unibrew A/S.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in section "ESG highlights and ratios in numbers", and accordingly, we do not express an opinion on this information.

Management's responsibility

Management of Royal Unibrew A/S is responsible for designing, implementing, and maintaining internal controls over information relevant to the preparation of the ESG data and information in the ESG highlights and ratios, ensuring they are free from material misstatement, whether due to fraud or error. Furthermore, Management is responsible for establishing objective accounting principles for the preparation of the ESG highlights and ratios, for the overall content of the ESG highlights and ratios, and for measuring and reporting the ESG highlights and ratios for Royal Unibrew Group in accordance with the ESG accounting principles for environmental, social, and governance data, respectively, the Greenhouse Gas Protocol Corporate Standard Revised edition (2015) and The Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) ("accounting principles") included on pages 96 to 98.

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion based on our engagement with Management and in accordance with the agreed scope of work. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ISAE 3410 Assurance Engagements on Greenhouse Gas Statements, and additional requirements under Danish audit regulation, to obtain limited assurance about our conclusion. Greenhouse Gas emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gasses.

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the ESG highlights and ratios are free from material misstatement, whether due to fraud or error, and prepared, in all material respects, in accordance with the accounting principles;
- forming an independent conclusion, based on the procedures we performed and the evidence we obtained; and
- reporting our conclusion to the stakeholders of Royal Unibrew A/S.

Deloitte Statsautoriseret Revisionspartnerselskab applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the requirements for independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Work performed
We are required to plan and perform our work in order to consider the risk of material

misstatement in the ESG highlights and ratios. To do so, we have:

- conducted interviews with data owners and internal stakeholders to understand the key processes and control activities for measuring, recording and reporting the ESG highlights and ratios;

- reviewed evidence on a selective basis to check that data has been appropriately measured, recorded, collated and reported;

- performed analysis of data, selected based on risk and materiality;

- made inquiries regarding significant developments in the reported data;

- considered the presentation and disclosure of the ESG highlights and ratios for Royal Unibrew Group;

- assessed that the process for reporting greenhouse gas emissions data follows the principles of relevance, completeness, consistency, transparency and accuracy outlined in The Greenhouse Gas Protocol Corporate Standard Revised edition (2015) and The Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and

- evaluated the evidence obtained.

Our conclusion
Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us not to believe that the ESG highlights and ratios as presented in section "ESG highlights and ratios in numbers" under column "2023" on page 15 in the Annual Report 2023 of Royal Unibrew A/S for the financial year 1 January – 31 December 2023, have been prepared, in all material respects, in accordance with the accounting principles on pages 96 to 98.

Copenhagen, 28 February 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Lars Siggaard Hansen
State-Authorised Public Accountant
mne32208

Aida Sasivarevic
State-Authorised Public Accountant
mne47817

Consolidated financial statements

2023

Consolidated income statement

for January 1 – December 31

mDKK	Note	2023	2022
Net revenue	5	**12,927**	**11,487**
Production costs	7	-7,533	-6,618
Gross profit		**5,394**	**4,869**
Sales and distribution expenses	7	-3,158	-2,926
Administrative expenses	7	-628	-427
Other income	7	30	0
Earnings before interest and tax (EBIT)		**1,638**	**1,516**
Income after tax from investments in associates	13	18	2
Gain on remeasurements of investments in associates		0	360
Financial income	8	10	10
Financial expenses	9	-260	-103
Profit before tax		**1,406**	**1,785**
Tax on the profit for the year	10	-311	-294
Net profit for the year		**1,095**	**1,491**
Profit for the year is attributable to:			
Equity holders of Royal Unibrew A/S		1,095	1,492
Non-controlling interests			-1
Net profit for the year		**1,095**	**1,491**
Earnings per share (DKK)	17	21.9	30.5
Earnings per share (DKK)*	17	21.9	23.1
Diluted earnings per share (DKK)	17	21.9	30.5
Diluted earnings per share (DKK)*	17	21.9	23.1

* In 2022, earnings per share (EPS) and diluted earnings per share is adjusted for gain on remeasurements of investments in associates (DKK 360 million).

Consolidated statement of comprehensive income for January 1 – December 31

mDKK	Note	2023	2022
Net profit for the year		**1,095**	**1,491**
Other comprehensive income			
Items that may be reclassified to the income statement			
Exchange adjustment of foreign group enterprises		-29	6
Value adjustment of hedging instruments		-28	22
Tax on value adjustment of hedging instruments	10	9	-3
Total		**-48**	**25**
Items that may not be reclassified to the income statement			
Actuarial gain on pension schemes		0	3
Tax on actuarial gain on pension schemes		0	0
Total		**0**	**3**
Other comprehensive income after tax		**-48**	**28**
Total comprehensive income		**1,047**	**1,519**
Comprehensive income for the year is attributable to:			
Equity holders of Royal Unibrew A/S		1,047	1,520
Non-controlling interests		0	-1
Total comprehensive income for the year		**1,047**	**1,519**

Sales and earnings

Volumes, net revenue and gross profit

	2023	2022	Change, %
Volumes, beverages (mhl)	14.1	13.4	5%
Net revenue (mDKK)	12,927	11,487	13%
Gross profit (mDKK)	5,394	4,869	11%

Volumes for 2023 show an aggregated sale of 14.1 million hectoliters of beverages, equaling a growth over 2022 of 5% of which -3% was organic growth.

Net revenue for 2023 increased by 13% and amounted to DKK 12,927 million compared to DKK 11,487 million in 2022. Organic revenue growth amounted to 4% in 2023 compared to 11% in 2022.

Gross profit increased DKK 525 million, up 11%, compared to 2022 and amounted to DKK 5,394 million. The gross margin of 42% was on par with 2022.

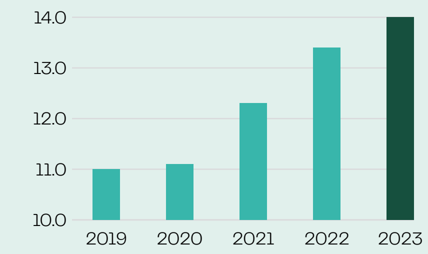
Expenses

	2023	2022	Change, %
Sales and distribution expenses (mDKK)	3,158	2,926	8%
Administrative expenses (mDKK)	628	427	47%

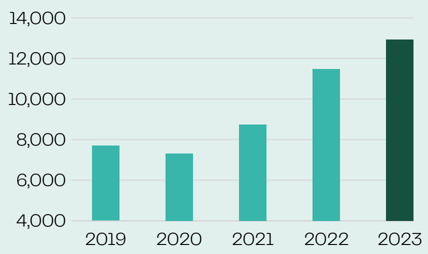
Sales and distribution expenses in 2023 was DKK 232 million higher than the 2022 figure and amounted to DKK 3,158 million compared to DKK 2,926 million in 2022.

Administrative expenses for 2023 showed a DKK 201 million increase compared to 2022 and amounted to DKK 628 million compared to DKK 427 million in 2022. The increase is primarily driven by central organizational capacity increases, particularly the group functions IT, finance and procurements. Additionally, the increase also stems from acquisitions made in 2022 which in 2023 had full year impact as well as impact from acquisitions made in 2023.

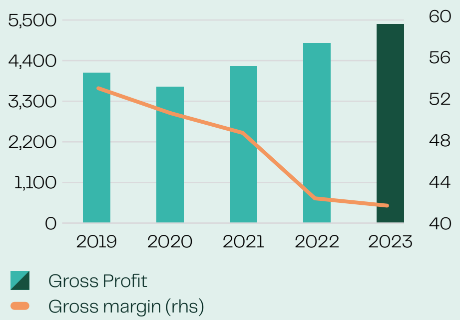
Volumes
(mhl)



Net revenue
(mDKK)



Gross profit
(Mio.) (%)



12,927

mDKK in net revenue

AN INCREASE OF 13% COMPARED TO 2022

Sales and earnings

EBITDA, EBIT and financials

	2023	2022	Change, %
EBITDA (mDKK)	2,208	1,997	11%
Amortization	-71	-74	4%
Depreciation	-499	-407	-23%
EBIT (mDKK)	1,638	1,516	8%
Net interest expenses	-250	-93	-169%
Gain on remeasurements of investments in associates	-	360	-100%
Income after tax from investments	18	2	800%

Earnings before interest, tax, depreciation and amortization (EBITDA) for 2023 showed a DKK 211 million increase and amounted to DKK 2,208 million compared to DKK 1,997 million in 2022. EBIT for 2023 amounted to DKK 1,638 million, DKK 122 million higher than the 2022 figure. The positive development in both EBITDA and EBIT were primarily driven by strong execution in our mature multi-beverage markets, price initiatives across our Group, and secondly by acquisitions.

The EBIT margin for 2023 was 12.7% compared to 13.2% in 2022.

Net interest expenses including FX increased from DKK 93 million in 2022 to DKK 250 million in 2023. Net interest expenses excluding FX was DKK 232 million (2022: DKK 76 million). The increase on a net basis is due to the higher debt, which is linked to the acquisitions and the increase in interest rates. In 2022 DKK 360 million was recognized as a non-cash tax-free profit in connection with the revaluation of the 25% ownership that Royal Unibrew had in Hansa Borg Bryggerier before acquiring the remaining 75% in 2022.

Profit and earnings per share

	2023	2022	Change, %
Profit before tax (mDKK)	1,406	1,785	-21%
Tax on profit (mDKK)	-311	-294	-6%
Net profit (mDKK)	1,095	1,491	-27%
Adjusted earnings per share (DKK)	21.9	23.1	-5%

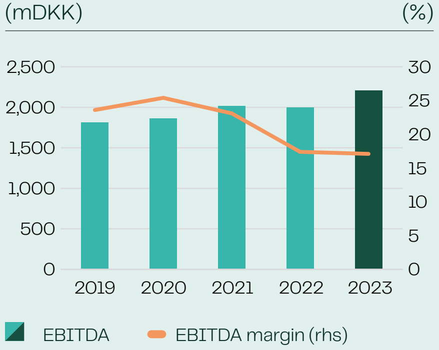
Profit before tax for 2023 was DKK 379 million below the 2022 figure and amounted to DKK 1,406 million compared to DKK 1,785 million for 2022, equivalent to a decrease of 21%.

Tax on the profit for 2023 was an expense of DKK 311 million and corresponds to an effective tax rate of 22.1% on the profit before tax.

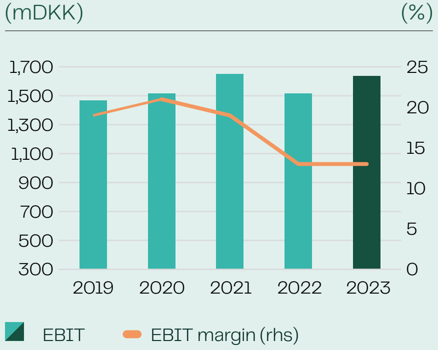
The net profit for 2023 amounted to DKK 1,095 million, which is DKK 396 million below the 2022 figure, equivalent to a decrease of 27%.

The adjusted earnings per share decreased in 2023 to DKK 21.9 per share compared to 23.1 in 2022, equivalent to a decrease of 5%.

EBITDA and EBITDA margin



EBIT and EBIT margin



Consolidated balance sheet

Assets at December 31

mDKK	Note	2023	2022
NON-CURRENT ASSETS			
Intangible assets	11	9,469	7,558
Property, plant and equipment	12	4,662	3,680
Investments in associates	13	34	99
Other non-current investments	14	89	79
Non-current assets		**14,254**	**11,416**
CURRENT ASSETS			
Inventories	15	1,401	1,213
Receivables	16	1,901	1,500
Prepayments		165	131
Cash and cash equivalents		57	214
Current assets		**3,524**	**3,058**
Assets		**17,778**	**14,474**

Liabilities and equity at December 31

mDKK	Note	2023	2022
EQUITY			
Share capital	17	100	100
Other reserves		1,519	1,567
Retained earnings		4,129	2,763
Proposed dividend		0	728
Equity contributable to equity holders of Royal Unibrew A/S		**5,748**	**5,158**
Non-controlling interests		0	0
Equity		**5,748**	**5,158**
LIABILITIES			
Non-current liabilities			
Deferred tax	18	1,281	1,011
Mortgage debt	3, 20	998	1,009
Credit institutions	3, 20	4,506	2,677
Other payables		1	9
Non-current liabilities		**6,786**	**4,706**
Current liabilities			
Mortgage debt	3, 20	11	2
Credit institutions	3, 20	968	986
Trade payables	3	2,425	1,934
Provisions		11	11
Corporation tax	10	44	8
Other payables	19	1,785	1,669
Current liabilities		**5,244**	**4,610**
Liabilities	22	**12,030**	**9,316**
Liabilities and equity		**17,778**	**14,474**

Balance sheet and financial position

Balance sheet
Royal Unibrew's balance sheet 2023 amounted to DKK 17,778 million, which is DKK 3,304 million above the 2022 figure. The increase is mainly caused by the acquisitions in 2023 compared with 2022.

Invested capital increased by DKK 2,891 million from DKK 10,451 million in 2022 to DKK 13,342 million in 2023. ROIC including goodwill decreased by 2 percentage points to 11% and ROIC excluding goodwill decreased by 4 percentage points to 18%. ROIC is negatively impacted by effects from acquisitions as the proportional increase of invested capital is higher than the proportional increase of EBIT.

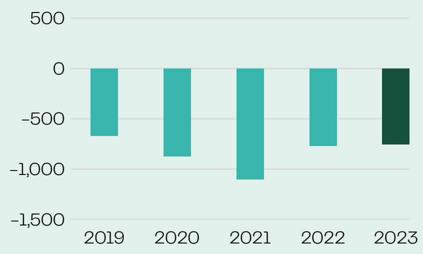
In 2023, the equity ratio amounted to 32% equaling a decrease of 4 percentage points compared to 2022, mainly driven by acquisitions.

Equity at the end of December 2023 amounted to DKK 5,748 million compared with DKK 5,158 million in December 2022. The increase of DKK 590 million mainly comes from a positive net profit of DKK 1,095 million for the year (2022: DKK 1,492 million) and sale of treasury shares of DKK 249 million (2022: net DKK 167 million) offset by dividend paid out of DKK 720 million (2022: DKK 692 million).

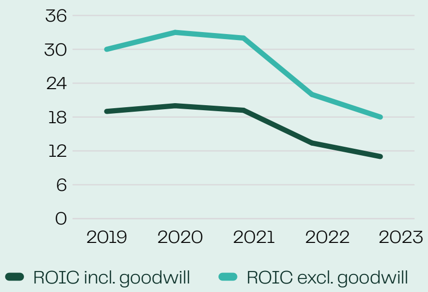
Net interest-bearing debt increased in 2023 with DKK 1,966 million from DKK 4,460 million on December 31, 2022, to DKK 6,426 million on December 31, 2023. The increase in net interest-bearing debt is linked to the acquisitions in 2023. The net interest-bearing debt to EBITDA ratio (running 12-months) was 2.9x (2022: 2.2x) and the increase relate to effects from acquired companies.

Net working capital amounted to a negative DKK 754 million at the end of December 2023 compared with a negative DKK 770 million at the end of 2022.

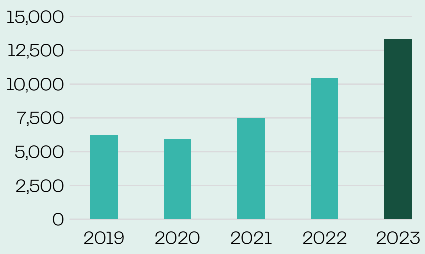
Net working capital
(mDKK)



ROIC
(%)



Invested capital
(mDKK)



5.7 bnDKK
in equity

Consolidated cash flow statement

for January 1 – December 31

mDKK	Note	2023	2022
Net profit for the year		1,095	1,491
Adjustments for non-cash operating items	21	1,127	506
Change in working capital		55	-480
Received financial income		8	3
Paid financial expenses		-251	-79
Financial expenses related to leasing		-7	-2
Corporation tax paid		-250	-304
Cash flows from operating activities		**1,777**	**1,135**
Dividends received from associates	13	13	27
Sale of property, plant and equipment		93	6
Purchase of property, plant and equipment	12	-602	-475
Acquisition of enterprises	24	-2,419	-275
Purchase of intangible assets and fixed asset investment		-10	-27
Cash flows from investing activities		**-2,925**	**-744**

mDKK	Note	2023	2022
Debt financing:			
Proceeds from borrowings	20	2,554	2,450
Repayment of borrowings	20	-947	-1,594
Repayment on lease facilities	20	-138	-116
Dividends paid to shareholders		-720	-692
Purchase of shares for treasury			-300
Sale of shares for treasury		249	
Cash flows from financing activities		**998**	**-252**
Change in cash and cash equivalents		-150	139
Cash and cash equivalents at January 1		214	86
Exchange adjustment		-7	-11
Cash and cash equivalents at December 31		**57**	**214**
Free cash flow			
Net cash from operating activities		1,777	1,135
Net cash used in investing activities		-496	-442
Payment of lease liabilities		-138	-116
Free cash flow		**1,143**	**577**

Cash flow

Cash flow statement
Cash flows from operating activities in 2023 amounted to DKK 1,777 million (2022: DKK 1,135 million) comprising DKK 2,222 million (2022: DKK 1,997 million) of profit for the period adjusted for non-cash operating items, positive working capital cash flow of DKK 55 million (2022: a negative DKK 480 million), net interest paid of DKK 258 million (2022: DKK 81 million) and taxes paid of DKK 250 million (2022: DKK 304 million).

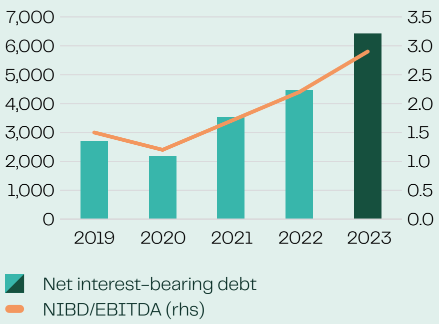
The free cash flow in 2023 amounted to DKK 1,143 million, which was an increase of DKK 566 million compared to 2022. Cash flows from operating activities showed a DKK 642 million increase compared to the 2022 figures, and cash used in investing activities showed a DKK 54 million increase. Further repayment on lease facilities increased by DKK 22 million.

1,143 mDKK

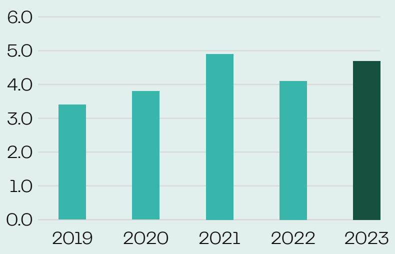
free cash flow

INCREASE OF 566 MDKK COMPARED TO 2022

NIBD and NIBD/EBITDA
(mDKK) (%)

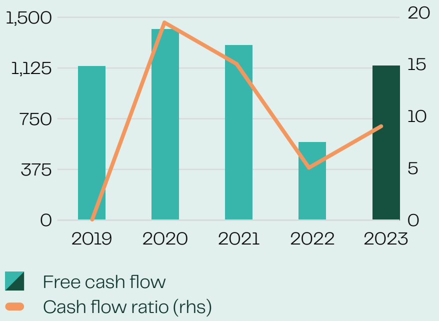


CAPEX in % of net revenue
(%)



Due to IFRS-15 restatement, the net revenue figures for 2020 to 2023 are not comparable with 2019.

Free cash flow
(mDKK) (%)



Consolidated statement of changes in equity

for January 1 – December 31, 2023

mDKK	Share capital	Share premium account	Trans-lation reserve	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Parent Company share of equity	Minority share	Total
Equity at December 31, 2022	100	1,573	-41	35	1,567	2,763	728	5,158	0	5,158
Changes in equity in 2023										
Net profit for the year					0	1,095		1,095		1,095
Other comprehensive income			-29	-28	-57			-57		-57
Tax on other comprehensive income				9	9	0		9		9
Total comprehensive income	0	0	-29	-19	-48	1,095	0	1,047	0	1,047
Dividends paid to shareholders					0		-720	-720		-720
Dividend on treasury shares					0	8	-8	0		0
Sale of shares for treasury					0	249		249		249
Share-based payment					0	14		14		14
Proposed dividend					0			0		0
Total shareholders	0	0	0	0	0	271	-728	-457	0	-457
Total changes in equity in 2023	0	0	-29	-19	-48	1,366	-728	590	0	590
Equity at December 31, 2023	100	1,573	-70	16	1,519	4,129	0	5,748	0	5,748

The share capital at December 31, 2023, amounts to DKK 100,400,000 (2022: DKK 100,400,000) and is distributed in shares of DKK 2 each.
It is proposed to the AGM that a mandate is given to the Board of Directors authorizing them to potentally distribute an extraordinary dividend of up to DKK 14.50 per share (2022 DKK 14.50 per share) based on the share capital at December 31, 2023.

Consolidated statement of changes in equity

for January 1 – December 31, 2022

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
Equity at December 31, 2021	**98**	**753**	**-47**	**13**	**719**	**1,805**	**708**	**3,330**	**12**	**3,342**
Changes in equity in 2022										
Net profit for the year					**0**	1,492		**1,492**	-1	**1,491**
Other comprehensive income			6	22	**28**	3		**31**		**31**
Tax on other comprehensive income					**0**	-3		**-3**		**-3**
Total comprehensive income	**0**	**0**	**6**	**22**	**28**	**1,492**	**0**	**1,520**	**-1**	**1,519**
Capital increase	2	1,061			**1,061**			**1,063**		**1,063**
Capital increase adjustment to fair value		-241			**-241**			**-241**		**-241**
Minority's share of sold business					**0**	11		**11**	-11	**0**
Dividends paid to shareholders					**0**		-692	**-692**		**-692**
Dividend on treasury shares					**0**	16	-16	**0**		**0**
Purchase of shares for treasury					**0**	-300		**-300**		**-300**
Transfer of treasury shares as acquisition of enterprises					**0**	467	0	**467**		**467**
Proposed dividend					**0**	-728	728	**0**		**0**
Total shareholders	**2**	**820**	**0**	**0**	**820**	**-534**	**20**	**308**	**-11**	**297**
Total changes in equity in 2022	**2**	**820**	**6**	**22**	**848**	**958**	**20**	**1,828**	**-12**	**1,816**
Equity at December 31, 2022	**100**	**1,573**	**-41**	**35**	**1,567**	**2,763**	**728**	**5,158**	**0**	**5,158**

Notes to consolidated financial statements

Descriptive notes

Notes referring to income statement, balance sheet and cash flow statement

Other notes

Note 1 Basis of preparation of consolidated financial statements

BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Royal Unibrew A/S is a limited liability company registered in Denmark. The financial statements for the period January 1 – December 31, 2023, presented in the Annual Report 2023 comprise both consolidated financial statements of Royal Unibrew A/S and its subsidiaries (Group) and separate Parent Company Financial Statements.

The financial statements of Royal Unibrew for 2023 have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional Danish disclosure requirements for financial statements, of the Danish Statutory Order on Adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The Board of Directors and the Executive Management considered and adopted the Annual Report of Royal Unibrew A/S for 2023 on February 28, 2024. The Annual Report will be submitted for adoption by the shareholders of Royal Unibrew A/S at the Annual General Meeting on April 30, 2024.

§ Material accounting policies

This section describes the general accounting policies applied by Royal Unibrew. A detailed description of the accounting policies applied and critical estimates made with respect to specific reported amounts are presented in the relevant notes. The purpose of this is to create full transparency of the disclosed amounts by providing a total description of the relevant accounting policy, the critical estimates and the numerical information for each note.

The description of accounting policies in the notes constitutes part of the overall description of Royal Unibrew's accounting policies.

Accounting policies are unchanged from last year.

New and amended standards and interpretations that have not yet taken effect

Management has assessed the impact of new or amended and revised accounting standards and interpretations (IFRS Accounting Standards) issued by the IASB and IFRS Accounting Standards' endorsed by the European Union effective on or after January 1, 2023. It is assessed that application of amendments effective from January 1, 2023, has not had a material impact on the financial statements for 2023. Furthermore, management does not anticipate any significant impact from new or amended accounting standards and interpretations (IFRS Accounting Standards') issued by the IASB that have not yet become effective.

Application of materiality

In the preparation of the annual report, Royal Unibrew aims to focus on information that is considered to be material and relevant to the users of the annual report. The consolidated financial statements are a result of aggregating large numbers of transactions into classes of similar terms, according to their nature or function, in the consolidated financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements or in the notes. The provisions in IFRS Accounting Standards contain extensive disclosure requirements. The specific disclosures required by IFRS Accounting Standards are provided in the annual report unless the information is considered immaterial to the users of the annual report.

Consolidated financial statements

The consolidated financial statements comprise Royal Unibrew A/S (Parent Company) and enterprises in which the Parent Company exercises control (subsidiaries).

Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

The consolidated financial statements are prepared on the basis of financial statements off all Group enterprises prepared under the Group's accounting policies by combining accounting items of a uniform nature. Elimination is made of intercompany income and expenses, unrealized intercompany profits and losses, balances and shareholdings. Comparative figures are not adjusted for newly acquired, sold or wound-up enterprises.

Acquired enterprises are recognized as of the date of acquisition. Enterprises disposed of are recognized in the consolidated income statement up until the date of disposal.

Non-controlling interest's share of profit/loss for the year and of the equity in subsidiaries are included as part of Royal Unibrew's profit and equity, respectively; nevertheless, presented as separate items.

Note 1 Basis of preparation of consolidated financial statements (continued)

Translation policies
For each of the reporting entities of the Group, a functional currency is determined. The functional currency is the currency of the primary economic environment in which the reporting entity operates. Transactions in other currencies than the functional currency are transactions in foreign currencies.

Transactions in other currencies than the functional currency are initially translated into Danish kroner (DKK) at the exchange rates at the dates of transaction. Receivables, payables and other monetary items in foreign currencies that are not settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Exchange adjustments arising due to differences between the transaction date rates and the rates at the dates of payment or the rates at the balance sheet date, respectively, are recognized in financial income and expenses in the income statement. Property, plant and equipment and intangible assets, inventories and other non-monetary asset purchase in foreign currencies and measured at historical cost are translated at the transaction date rates.

On recognition in the consolidated financial statements of enterprises with another functional currency than Danish kroner (DKK), income statements are translated at average annual exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date.

Exchange adjustments arising on the translation of the opening balance sheet items of foreign enterprises at exchange rates at the balance sheet date and on the translation of income statements from average exchange rates to exchange rates at the balance sheet date are recognized in other comprehensive income. Similarly, exchange adjustments arising due to changes made directly in equity of foreign enterprises are recognized in other comprehensive income.

On recognition in the consolidated financial statements of associates with a functional currency that differs from the presentation currency of the Parent Company, the share of results for the year is translated at average exchange rates, and the share of equity including goodwill is translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the share of the opening equity of foreign associates at exchange rates at the balance sheet date and on the translation of the share of results for the year from average exchange rates to exchange rates at the balance sheet date are recognized in other comprehensive income; likewise, classified in equity under a separate translation reserve.

Reporting under the ESEF regulation
The Annual Report 2023 is prepared using a combination of the XHTML format and tagging of the primary consolidated financial statements using iXBRL tags and in accordance with the ESEF Taxonomy, which is included in the ESEF regulation. It is developed based on the IFRS Taxonomy published by the IFRS Foundation.

The line items in the consolidated financial statements are tagged to elements in the ESEF Taxonomy. For financial line items that are not directly defined in the ESEF Taxonomy, extensions to the taxonomy have been created. Extensions are anchored to elements in the ESEF Taxonomy, except for extensions that are subtotals.

The Annual Report 2023 submitted to the Danish Financial Supervisory Authority (the officially appointed mechanism) is included in the zip file ROYAL-2023-12-31-en.zip.

Note 2 Significant accounting estimates and judgments

In connection with the preparation of the Parent Company's annual report and consolidated financial statements, management makes estimates and judgments as to how recognition and measurement of revenue, assets and liabilities should take place based on the accounting policies applied.

When determining the possible impact from climate risks on the financial reporting, management has assessed that the effect of climate related risks do not significantly impact estimates and assumptions, nor have any significant accounting impact. Included in the budgets and strategic forecasts for 2024-2028 applied for impairment testing are dedicated capex for solar cells, heat pumps and bio-based or electric boilers which supports our plans to be 100% emission free by the end of 2025 for scope 1 and 2. Furthermore, in these plans it is assumed that imposed sugar taxes can be countered by sales price increases, and/or by increasing focus on no/low products, i.e., behavior shift. As for the potential carbon emission taxes, we do not expect any significant impact due to the dedicated capex.

Judgments as an element in material accounting policies

The calculation of carrying amounts of certain assets and liabilities requires judgment as to how assets and liabilities should be classified in the financial statements, and how future events will affect the value of these assets and liabilities at the balance sheet date. In connection with the financial reporting for 2023, the judgments presented in the list to the right have been considered material affecting the related items as described in relevant notes.

Critical accounting estimates

Management's estimates are based on assumptions which management considers reasonable but which are inherently uncertain and unpredictable. In connection with the financial reporting for 2023, the following critical estimates have been made as described in the notes, see list to the right.

Accounting policies, judgments as an element in material accounting policies as well as critical accounting estimates are described in the notes.

Note		Material accounting policies	Judgments	Critical estimates	Significant accounting estimate and judgments	Impact of estimates and judgments
4	Derivative financial instruments	§				
5	Segment reporting and revenue	§	✓		Aggregation of similar segments	**
6	Staff expenses	§				
7	Expenses broken down by nature	§				
8	Financial income	§				
9	Financial expenses	§				
10	Tax on profit for the year	§				
11	Intangible assets	§		✓	Key assumptions in impairment test	***
12	Property, plant and equipment	§				
13	Investments in associates	§				
14	Other fixed asset investments	§				
15	Inventories	§				
16	Receivables	§				
17	Equity	§				
18	Deferred tax	§	✓		Recovery of deferred tax assets	**
19	Other current payables	§				
20	Debts	§				
21	Cash flow statement	§				
22	Contingent liabilities and securities					
23	Related parties					
24	Purchase Price Allocation (PPA)	§	✓	✓	Purchase price allocation	***
25	Events after the reporting period					

* Low   ** Medium   *** High

Legends

- § Material accounting policies.
- Judgments as an element in material accounting policies.
- Critical accounting estimates.

Note 3 Financial risk management

The Group's financial risks are managed centrally according to the Treasury Policy approved by the Board of Directors, which includes guidelines for handling of currency-, interest rate-, liquidity- and credit risks. Commodity risks are also managed centrally according to the Commodity Risk Policy approved by the Board of Directors.

Currency risk

Royal Unibrew's overall objective for currency risk management is to reduce the negative impact of currency fluctuations on earnings and cash flow, thereby securing a more predictable financial result. The risk is therefore monitored and hedged continually in a nonspeculative nature in accordance with the Treasury Policy. The Group's foreign currency risk is primarily in EUR, USD, CAD, GBP, SEK and NOK and is derived from the geographic spread of the Group's business activities. This currency exposure is reflected through the activities in the subsidiaries and the Parent Company's export activities and purchases of raw materials primarily in EUR and USD, including purchases which involve an indirect currency risk. Furthermore, the translation of loans to/from subsidiaries as well as the Group's net debt are subject to currency risk where these are not established in DKK.

EUR is not hedged as the risk is considered too limited due to the fixed exchange rate policy of the central bank of Denmark toward EUR.

mDKK	Change	Earnings impact before tax 2023	Earnings impact before tax 2022	Equity impact 2023	Equity impact 2022
EUR	0.1%	-1.1	-0.3	-1.1	-0.3
USD	10%	5.4	5.5	5.4	5.5
GBP	10%	-0.2	-2.1	-0.2	-2.1
CAD	10%	20.7	21.2	20.7	21.2
NOK	10%	51.6	132.9	51.6	132.9
SEK	10%	7.3	-0.6	7.3	-0.6

The total gross currency risk (before hedging) on the balance sheet items was calculated on December 31, 2023. The table shows the sensitivity to a positive change in the rates on December 31, 2023, with all other variables unchanged. A negative change has a corresponding effect merely with the sign reversed.

Royal Unibrew's translation risks relate primarily to Norway (NOK), Canada (CAD), Sweden (SEK), US (USD), the UK (GBP), France, Italy, the Netherlands, Finland, Latvia, Estonia as well as Lithuania (EUR). The translation risks related to Royal Unibrew's investments in foreign subsidiaries are, as a general rule, not hedged.

Financial risks such as the loss of competitive strength due to long-term exchange rate changes are not hedged by financial instruments but are included in Royal Unibrew's strategic considerations and risk management.

Interest rate risk

Royal Unibrew's interest rate is related to interest bearing assets and liabilities, which is primarily denominated in DKK and EUR. Interest rate changes will affect the market value of fixed-interest loans as well as interest payments on floating-rate liabilities. Debt is established only in currencies in which the Group has commercial activities.

In Royal Unibrew's assessment, the key interest rate risk is related to the immediate effect of interest rate changes on the Group's interest expenses and Royal Unibrew focuses only secondarily on changes in the market value of the debt. It is the Group's policy to limit the effect of interest rate changes on profit and cash flows while also achieving the lowest possible financing cost within this framework. In accordance with the Treasury Policy, at least 30% of the loan portfolio must be at fixed rate.

At the end of 2023, 48% (2022: 33%) of the mortgage and bank debt was with fixed interest rate and hedged with interest rates swaps, having a duration between one to five years (2022: two-six years). Change in the interest rate of one percentage point will affect the Group's interest expenses by approx. +/- DKK 30 million (2022: approx. +/- DKK 29 million) and the interest expenses of the Parent Company by approx. +/- DKK 30 million (2022: approx. +/- DKK 29 million).

Note 3 Financial risk management (continued)

Credit risks

The Group's credit risks relate primarily to receivables and counterparty risks.

The Group's counterparty risks comprise both derive from commercial and financial risks. The commercial counterparty risk relates primarily to business agreements with a built-in element of firm rate/price. The financial counterparty risk that relates to hedging agreements and net bank deposits is actively reduced by distributing bank deposits with banks in accordance with the credit rating criteria determined in the Treasury Policy.

Royal Unibrew seeks to limit risks relating to credit granting to customers in export markets through extensive use of insurance cover and other types of hedging of payments. Where effective hedges cannot be established, Royal Unibrew has established procedures for approval of such risks.
The credit risk is generally higher related to customers in the On-Trade sales channel than in the Off-Trade channel. This difference in credit risk is addressed through various approval procedures and credit granting conditions for customers in the two sales channels. The current geopolitical and macroeconomic situation has increased the risks in Europe. In Finland, risks on major single receivables from customers are reduced through sale of the receivables factoring DKK 424 million (2022: DKK 423 million). Credit risks related to trade receivables are reduced by setting off accrued bonus. On December 31, 2023, accrued bonus amounts to DKK 466 million (2022: DKK 236 million) set off against trade receivables.

The maximum credit risk corresponds to the carrying amount of the financial assets.

Liquidity risks

It is Group policy that cash resources should be adequate to meet the expected liquidity requirements in the current and next financial year. The cash resources may be bank deposits, short-term bonds and committed credit facilities.

The long-term liquidity risks are managed by having loans with different durations, and by having a target for the minimum average duration of the loan portfolio. It is the Group policy to renegotiate loan facilities in timely manner. In 2023, Royal Unibrew utilized the first extension option in the DKK 4 billion revolving credit facility extending the facility with one year until end of 2028.

To finance the acquisition of Vrumona, Royal Unibrew entered into a three-year term loan of EUR 260 million with same group of banks as for our revolving credit facility.

At the end of 2023, mortgage debt amounted to DKK 1,009 million (2022: DKK 1,011 million) with an average time to maturity of 12.9 years (2022: 13.9 years). Debt to credit institutions comprises drawn committed bank credit facilities and long-term loan with an agreed time to maturity between one to five years (2022: two to six years).

Capital management

Royal Unibrew wants to ensure structural and financial flexibility as well as competitive power. To ensure this, continuous assessment is performed to determine the appropriate capital structure of Royal Unibrew. At the operational level, continuous efforts are directed at optimizing working capital. It is the target that the Group's net interest-bearing debt should not exceed 2.5 x EBITDA. The target for dividend payout ratio is 40-60% of the profit. End of 2023 the net interest-bearing debt ratio to EBITDA ended higher than our target due to increased debt level related to the closing of the acquisitions in 2023.

Commodity risks

The commodity risks relate primarily to the purchasing of cans (aluminum), malt (barley), hops and packaging materials (cardboard) as well as energy. The commodity risks are actively hedged commercially and financially in accordance with the Group's Commodity Risk Policy.

The Group's overall objective for commodity risk management is to reduce the negative impact of commodity price increases on earnings and cash flow, thereby securing a more predictable financial result. This is primarily achieved by entering into fixed-price agreements with the relevant suppliers and financial contracts covering aluminum and gas prices. Exchange rate changes with respect to the settlement currency of aluminum (USD) are an element of the overall currency risk management.

In accordance with the Commodity Risk Policy the most significant part of purchases for the next 12 months has been hedged by entering into supplier agreements and financial contracts. A +/-10% change in the price of aluminum and gas on the unhedged position will have an effect on the income statement of approx. +/- DKK 16 million (2022: DKK 12 million).

Note 3 Financial risk management (continued)

Financial liabilities

Group mDKK	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
			12/31 2023		
Non-derivative financial instruments:					
Financial debt, gross	6,770	1,079	4,840	851	5,934
Leasing	588	123	346	119	549
Trade payables	2,425	2,425			2,425
Other payables	630	629	1		630
Total	**10,413**	**4,256**	**5,187**	**970**	**9,538**

The debt is classified as "debt at amortized cost".

Group mDKK	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
			12/31 2022		
Non-derivative financial instruments:					
Financial debt, gross	4,907	970	2,854	1,083	4,304
Leasing	390	118	196	76	370
Trade payables	1,934	1,934			1,934
Other payables	721	712	9		721
Total	**7,952**	**3,734**	**3,059**	**1,159**	**7,329**

The debt is classified as "debt at amortized cost".

Note 4 Derivatives

Currency, commodity and interest rate risks and use of derivative financial instruments

Hedging of currency, commodity and interest rate risk
The risk is managed by entering into derivatives, such as forward contracts and swaps.

On December 31, 2023, the Group had short-term FX contracts covering the balance sheet exposure end of 2023 in USD, CAD, NOK, SEK and GBP, and short-term FX contracts covering part of the cash flow exposure in 2024 in SEK and NOK.

The Group actively hedges the commodity risk related to aluminum and gas. At the end of 2023, the Group had hedged 60% (2022: 64%) of the expected aluminum use within the next 12 months and 40% (2022: 0%) of the expected gas use within the next 12 months.

The interest rate swaps hedge the interest rate exposure on the mortgage debt and committed bank debt in Denmark and Finland.

Hedge effectiveness is assessed on a regular basis by comparing changes in the value and timing of the underlying exposure with the value and timing of the designated hedging transaction.

Note 4 Derivatives (continued)

Derivative financial instruments entered into to hedge expected future transactions and qualifying as hedge accounting under IFRS 9.

Group mDKK	Period	2023 Deferred gain (+) / loss (–)	2022 Deferred gain (+) / loss (–)
Forward contracts:			
USD	0 – 1 year	0	0
CAD	0 – 1 year	0	1
GBP	0 – 1 year	0	0
NOK	0 – 1 year	-8	5
SEK	0 – 1 year	-4	0
Total		**-12**	**6**
Commodity hedge:			
Gas	0 – 2 years	-5	0
Aluminum	0 – 1 year	6	-12
Total		**1**	**-12**
Interest rate swaps:			
Mortgage and bank loans	2-4 years	20	51
Total hedging instruments		**9**	**45**

The fair value of the hedging instruments is included in current liabilities under other payables. The derivative financial instruments applied in 2023 and 2022 may all be 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.

Realized hedging transactions in the income statement

mDKK	2023	2022
Realized hedging transactions are included in the income statement as follows:		
Production costs include foreign currency and commodity hedges of	40	6
Financial income and expenses include currency, commodity and interest rate hedges of	-44	-4
Total	**-4**	**2**

§ Derivative financial instruments

Derivative financial instruments are initially recognized in the balance sheet at fair value and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are included as other receivables and other payables, respectively.

Changes in the fair values of derivative financial instruments that are designated and qualify as fair value hedges of a recognized asset or a recognized liability are recognized in the income statement as are any changes in the value of the hedged asset or the hedged liability.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of future cash flows are recognized in other comprehensive income. Income and expenses relating to such hedging transactions are transferred from other comprehensive income on realization of the hedged item and are recognized in the same entry as the hedged item.

For derivative financial instruments that do not meet the criteria for hedge accounting, changes in fair values are recognized on a current basis in financial income and expenses in the income statement.

Note 5 Segment reporting and revenue

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

mDKK	Northern Europe	Western Europe	International	Unallocated	Total
2023					
Net revenue	10,023	1,738	1,166	0	**12,927**
Amortization and depreciation	454	85	30	1	**570**
Impairment					**0**
Earnings before interest and tax (EBIT)	1,445	141	75	-23	**1,638**
Sales (million hectoliters)	10.8	2.2	1.1		**14.1**

mDKK	Northern Europe	Western Europe	International	Unallocated	Total
2022					
Net revenue	8,943	1,353	1,191	0	**11,487**
Amortization and depreciation	394	52	34	1	**481**
Impairment					**0**
Earnings before interest and tax (EBIT)	1,247	157	128	-16	**1,516**
Sales (million hectoliters)	10.4	1.6	1.4		**13.4**

Effective January 1, 2022, segments have changed from Western Europe, Baltic Sea and International to Northern Europe, Western Europe and International. This is consistent with the Group's internal management and reporting structure.

Segment assets, segment liabilities and related disclosures are not provided to management on a regular basis and are therefore not disclosed.

Geographically, revenue and non-current assets break down as follows:

	2023	2022	2023	2022
mDKK	Net revenue	Net revenue	Non-current assets	Non-current assets
Denmark	3,786	3,169	2,087	1,930
Finland	3,151	2,958	3,484	3,447
Norway	1,602	1,495	2,103	2,271
Netherlands*	404	0	2,509	0
Other countries	3,984	3,865	4,071	3,768
Total	**12,927**	**11,487**	**14,254**	**11,416**

* Annualized net revenue exceeds 10%.

The geographic breakdown is based on the geographic location of the Group's external customers and comprises countries that individually account for more than 10% of the Group's net revenue as well as the country in which the Group is headquartered.

No single customer accounts for revenue in excess of 10% of the Group's net revenue.

Revenue by category

mDKK	2023	2022
CSD	4,309	3,285
Beer	3,698	3,556
Wine and spirits	1,392	1,428
Cider/RTD	1,211	1,129
Other beverages etc.	2,317	2,089
Total revenue	**12,927**	**11,487**

Note 5 Segment reporting and revenue (continued)

Segment reporting

The primary activity of the Group is sale of beverages, and we consider the Senior Leadership Team to be the operating decision-making body, as all significant decisions regarding business development and direction are taken in this team. Information reported to this team for the dual purpose of resource allocation and assessment of segment performance is focused on geographical markets. Segment performance is evaluated on the basis of operating profit (EBIT) consistent with the consolidated financial statements. Other items below EBIT are managed at Group level and are not allocated to business segments.

Items allocated both by direct and indirect computation comprise production costs and administrative expenses, which are allocated by indirect computation based on allocation keys determined on the basis of the market's drain on key resources. Administrative expenses incurred in the group functions of the Parent Company are partly allocated.

Net revenue

Net revenue from the sale of goods is recognized in the income statement at the point in time where the control of goods and products is transferred to the customer, which is generally upon delivery, and if revenues can be measured reliably and are expected to be received.

Net revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Net revenue is measured exclusive of VAT and net of discounts as well as excise duties collected on behalf of third parties.

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

Discounts comprise unit price reductions as well as contributions to promotional activities and product promotion based on volumes or value of purchases. The discounts are either granted as deductions from the invoice amount or earned as a bonus paid at the end of the bonus period. All types of discounts granted are recognized in net revenue.

The Group considers whether contracts include other promises that constitute separate performance obligations and to which a portion of the transaction price needs to be allocated.

Judgments: Aggregation of similar segments

When assessing segment information, management has provided significant judgments, especially related to the five aggregation criteria re. IFRS 8.12, i.e., nature of the products and services, nature of the production processes, type or class of customer, method used to distribute products and nature of the regulatory environment. Based on an analysis, it is concluded that aggregation of the identified operating segments into three reporting segments can be made as each of the operating segments share similar economic characteristics measured on a long-term gross profit margin basis as well as similar fundamental characteristics regarding the five aforementioned specific aggregation criteria.

Note 6 Staff expenses

Staff expenses are included in production costs, sales and distribution expenses as well as administrative expenses. Staff expenses break down as follows:

mDKK	2023	2022
Fixed salaries to Executive Management	14	14
Short-term bonus scheme for Executive Management	7	2
Long-term share based bonus scheme for Executive Management	6	-1
Remuneration of Executive Management	**27**	**15**
Remuneration of Board of Directors	5	5
Total remuneration	**32**	**20**
Wages and salaries	1,670	1,410
Contributions to pension schemes	182	159
Total wages, salaries and contribution to pension schemes	**1,852**	**1,569**
Other social security expenses	57	56
Other staff expenses	90	79
Total	**2,031**	**1,724**
Average number of employees	3,984	3,365

For Executive Management, debt re cash-based bonus schemes amounts to DKK 7 million (2022: DKK 2 million) and debt re share-based bonus scheme amounts to DKK 9 million (2022: DKK 3 million) as of December 31, 2023.

The complete Remuneration Policy and Remuneration Report for the Board of Directors and the Executive Management are disclosed at the Parent Company's website.

Share-based payment

	Executive Management	SVP, VP and other selected key employees	Total	Total fair value at time of grant	Share price at grant date
	Number	Number	Number	DKK thousand	DKK
Conditional shares 2022	42,581	27,196	69,777		
Outstanding at January 1, 2023	**42,581**	**27,196**	**69,777**		
Exercised	0	0	0		
Conditional shares granted in 2023	38,060	33,991	72,051	52,434	548
Anti-dilution adjustment	1,035	653	1,688		
Forfeited	-17,013	0	-17,013		
Outstanding at December 31, 2023	**64,663**	**61,840**	**126,503**	**52,434**	
Exercisable at December 31, 2023	3,004	0	3,004		

	2023		2022	
	Restricted shares	Remaining term to maturity	Restricted shares	Remaining term to maturity
	Number	Months	Number	Months
Conditional shares 2021 program (Executive Management)	3,004	0	19,543	12
Conditional shares 2022 program (Executive Management)	23,599	12	23,038	24
Conditional shares 2022 program (SVP, VP and selected key employees)	27,849	12	27,196	24
Conditional shares 2023 program (Executive Management)	38,060	24		
Conditional shares 2023 program (SVP, VP and selected key employees)	33,991	24		
Outstanding at December 31, 2023	**126,503**		**69,777**	

Note 6 Staff expenses (continued)

Comment

Royal Unibrew has established a share based Long-Term Incentive Plan (LTIP) for the Executive Management, SVPs, VPs and selected key employees. The program is designed to align the interests of Royal Unibrew's Executive Management, employees and shareholders and to retain and reward the employees for dedicated and focused achievements of the company's strategy and long-term objectives aligned with shareholders' interests.

The LTIP implies the grant of a number of Performance Share Units (PSUs). The PSUs granted in 2022 and 2023 to each participant will vest within 0-100% of the granted PSUs depending on achievement of the defined KPIs during the period. In order to exercise the PSUs, the employee must still be employed at the excise date.

The KPIs in the LTIP programs for Executive Management granted in 2022 and 2023 have four targets: Organic EBIT growth in year three (45%), accumulated free cash flow (15%), ESG performance relative to peers (15%) and share price development (25%). Royal Unibrew A/S launched a new share based Long-Term Incentive Plan (LTIP) for selected key employees (SVPs, VPs and selected key employees) with the following targets: organic EBIT growth (50%), accumulated free cash flow (25%) and CSR rating relative to peers (25%).

The market value of the program applying to 2022 covering the performance period 2022-2024 for Executive Management was approximately DKK 8 million and for SVPs, VPs and selected key employees the market value at grant was approximately DKK 12 million.The market value of the program applying to 2023 covering the performance period 2023-2025 for Executive Managementwas approximately DKK 13 million and for SVPs, VPs and selected key employees the market value at grant was approximately DKK 12 million.The market value has been charged to the income statement on an estimated straight-line basis over the vesting period,corresponding to the rate at which the conditions for the allotment of the shares was expected to be met.

§ Share-based payments

The Group only has schemes classified as equity-settled schemes. Conditional shares are measured at fair value at the time of granting, and they are recognized in staff expenses in the income statement over the vesting period. The counter item is recognized directly in equity.

At the initial recognition of the conditional shares, the number of shares expected to vest is estimated. Subsequently, the estimate of the number of restricted shares is revised so that the total recognition is based on the estimated number of shares allotted.

Note 7 Expenses broken down by nature

mDKK	2023	2022
Aggregated by function		
Production costs	7,533	6,618
Sales and distribution expenses	3,158	2,926
Administrative expenses	628	427
Total	**11,319**	**9,971**
Break down by nature as follows:		
Raw materials and consumables	6,276	5,564
Wages, salaries and other staff expenses	2,031	1,724
Operating and maintenance expenses	478	371
Distribution expenses and carriage	801	837
Sales and marketing expenses	779	711
Bad trade debts	24	-3
Administrative cost	360	286
Amortization, depreciation and gain/loss on sale	570	481
Total	**11,319**	**9,971**
Total amortization, depreciation and gain/loss on sale are included in the following items in the income statement:		
Production costs	283	223
Sales and distribution expenses	258	246
Administrative expenses	29	12
Total	**570**	**481**

Comment

Other income of DKK 30 million relates to a gain on property sold in Norway in 2023.

mDKK	2023	2022
Fee to auditors elected at the general assembly		
Fee for the audit of the annual report:		
Deloitte	8	7
Total	**8**	**7**
Deloitte fee for non-audit services:*		
Other assurance services	1	1
Other assistance	1	1
Total	**2**	**2**

* Fees for other assurance services provided by Deloitte primarily comprise ESG assurance and auditor's reports related to mergers. Fees for other assistance than statutory audit of the financial statements provided by Deloitte primarily comprise services relating to financial due diligence.

Comment

The increase in audit fee of DKK 1 million is mainly due to an increase in legal entities as a consequence of acquisitions.

§ Expenses

Production costs

Production costs comprise direct and indirect expenses incurred to manufacture the finished goods, which represent revenue for the year, including expenses for raw materials and consumables purchases, salaries and wages, renting and leasing as well as depreciation of and impairment losses on plant and machinery. Production costs also include development costs that do not meet the criteria for capitalization.

Sales and distribution expenses

Sales and distribution expenses comprise expenses for distribution and sales campaigns relating to goods sold during the year, including expenses for sales personnel, marketing, depreciation and amortization as well as losses on trade receivables. Furthermore, depreciation and amortization of intangible assets are included.

Note 7 Expenses broken down by nature (continued)

Administrative expenses

Administrative expenses comprise expenses for management and administration of the Group, including expenses for administrative personnel, management, office supplies and insurance.

§ Leases

At the commencement date, the Group recognizes 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. The interest rate implicit in the lease or the Royal Unibrew Group's incremental borrowing rate is used as the discount rate for calculating the lease liability and a corresponding right-of-use asset.

A right-of-use asset is initially measured at cost, which equals the initial lease liability and initial direct costs less any lease incentives received. The Group has applied the practical expedient option allowed under IFRS 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 or 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. Right-of-use assets are recognized as property, plant and equipment.

The Group has elected not to recognize 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 recognized in the income statement as an expense on a straight-line basis over the lease term.

Note 8 Financial income

mDKK	2023	2022
Interest income	8	3
Foreign exchange gain		6
Other	2	1
Total	**10**	**10**

Note 9 Financial expenses

mDKK	2023	2022
Interest on mortgage debt	21	5
Interest on credit institutions	200	52
Interest on leasing liabilities	7	3
Finance costs on liabilities at amortized cost	**228**	**60**
Other financial expenses	14	20
Foreign exchange losses, net	18	23
Total	**260**	**103**

§ Financial income and expenses

Financial income and financial expenses comprise interest, capital gains and losses on investments, balances and transactions in foreign currencies, amortization of financial assets and liabilities, fair value adjustments of derivative financial instruments that do not qualify as hedge accounting as well as extra payments and repayment under the on-account taxation scheme, etc.

Note 10 Tax on the profit for the year

mDKK	2023	2022
Tax on the taxable income for the year	306	305
Adjustment of previous year	-11	-4
Adjustment of deferred tax	16	-7
Total	**311**	**294**
which breaks down as follows:		
Tax on profit for the year	311	294
Tax on other comprehensive income	-9	3
Tax on changes in equity, shareholders	9	-3
Total	**311**	**294**
Current Danish tax rate	22.0	22.0
Adjustment of previous year	-0.9	-0.2
Income after tax from associates and gain on remeasurements	-0.3	-4.2
Effect on tax rate of permanent differences	1.0	0.3
Carry forward tax losses not recognized	1.2	0.0
Differences in effective tax rates of foreign subsidiaries	-0.9	-1.4
Effective tax rate	**22.1**	**16.5**

Comment

The implementation of the Minimum Tax Act (Pillar II), as adopted by the Danish Parliament on December 7, 2023, is not expected to result in additional tax costs for the Royal Unibrew Group based on the current group structure.

In 2022, the effective tax rate is significantly impacted by the remeasurement on the 25% shareholding in Hansa Borg Bryggerier AS.

Tax on the profit for the year

Tax for the year consists of current tax for the year and movements in deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement and other comprehensive income, respectively, whereas the tax attributable to equity entries is recognized directly in equity.

Corporation tax

Current tax liabilities are recognized in the balance sheet as calculated tax on the expected taxable income for the year adjusted for tax on taxable incomes for previous years and for tax paid on account.

Note 11 Intangible assets

mDKK	Goodwill	Trade-marks	Distribu-tion rights	Customer relations	Total
Cost at January 1, 2023	3,992	3,279	241	371	7,883
Exchange adjustment	-83	-46	-2	-12	-143
Addition by acquisition	1,314	701	55	54	2,124
Cost at December 31, 2023	**5,223**	**3,934**	**294**	**413**	**9,864**
Amortization and impairment losses at January 1, 2023	-7	-6	-118	-194	-325
Exchange adjustment		-3		4	1
Amortization for the year			-15	-56	-71
Amortization and impairment losses at December 31, 2023	**-7**	**-9**	**-133**	**-246**	**-395**
Carrying amount at December 31, 2023	**5,216**	**3,925**	**161**	**167**	**9,469**

mDKK	Goodwill	Trade-marks	Distribu-tion rights	Customer relations	Total
Cost at January 1, 2022	3,038	2,486	234	354	6,112
Exchange adjustment	-47	-17		-10	-74
Addition by acquisition	1,001	810	7	27	1,845
Cost at December 31, 2022	**3,992**	**3,279**	**241**	**371**	**7,883**
Amortization and impairment losses at January 1, 2022	-7	-6	-103	-135	-251
Exchange adjustment					0
Amortization for the year			-15	-59	-74
Amortization and impairment losses at December 31, 2022	**-7**	**-6**	**-118**	**-194**	**-325**
Carrying amount at December 31, 2022	**3,985**	**3,273**	**123**	**177**	**7,558**

Comment

Carrying amount of goodwill and trademarks with indefinite useful lives relates to the following countries; Denmark 6%, Finland 25%, Norway 22%, Baltics 4%, France 14%, Italy 8%, the Netherlands 19% and Canada 2%.

§ Goodwill

Goodwill is initially recognized in the balance sheet at cost. Subsequently, goodwill is measured at cost less accumulated impairment losses.

The carrying amount of goodwill is allocated to the Group's cash-generating units (countries) at the time of acquisition. The determination of cash-generating units is based on management structure and internal financial management.

Note 11 Intangible assets (continued)

§ Trademarks, distribution rights and customer relations

Trademarks, distribution rights and customer relations are initially recognized in the balance sheet at cost. Subsequently, distribution rights and customer relations are measured at cost less accumulated amortization and less any accumulated impairment losses.

Distribution rights are amortized on a straight-line basis over their estimated useful lives, that is, maximum 20 years. Customer relations are amortized on a straight-line basis over their estimated useful lives, maximum five years.

Trademarks are not amortized as they are all well-established, old and profitable trademarks which customers are expected to demand unabatedly, and which management is not planning to stop selling and marketing.

Goodwill and trademarks with indefinite useful lives are not amortized but tested at least annually for impairment. It is the Group's strategy to maintain trademarks and their value.

Impairment test of goodwill and trademarks

The impairment test in 2023 did not show any impairment losses, similar to 2022.

The carrying amount of goodwill and trademarks with indefinite useful lives on December 31, 2023, is related to the cash-generating operational units and breaks down as follows:

mDKK	Goodwill	Trade-marks	Total	Share
2023				
Northern Europe*	2,850	2,287	5,137	56%
Western Europe*	2,277	1,529	3,806	42%
International	89	109	198	2%
Total	**5,216**	**3,925**	**9,141**	**100%**

* The most significant value for Northern Europe relates to Finland and Norway and for Western Europe to the Netherlands.

The recoverable amount is based on value in use, which is calculated by means of expected net cash flows on the basis of budgets and forecasts for 2024 - 2028, approved by management, as well as estimated market-driven discount rates and growth rates.

In 2023, Royal Unibrew experienced continued high costs across our markets stemming from several factors, i.e., cost price increases on raw materials, labor and energy. It is expected that costs will remain high going into 2024.

We will continue to invest in commercial opportunities and the development of our core brands to secure an increased market share development. Despite the higher cost base, consumption in the markets in which we operate is expected to develop positively over the forecast period, and we expect to continue to win market shares across geographies. With a continued focus on exploiting commercial opportunities and innovation following the consumer trends, Royal Unibrew expects to build on the positive volume and revenue growth. EBIT margins are expected to increase through continuous focus on procurement, investments in IT capabilities, continuous efficiency improvements and synergies from acquisitions. The key assumptions for the calculation of recoverable amount are shown below.

	Northern Europe	Western Europe	Interna-tional
Compound annual growth rate 2024-2028	5.3-17.2%	2.5-17.1%	11.8%
Growth rate on terminal value	1.0%	1.0%	1.0%
WACC before tax	8.4-9.6%	9.2-11.0%	10.4%
WACC after tax	6.7-7.9%	6.8-8.4%	8.3%

The forecasted results approved by management are based on previously achieved results and expected market developments (see above). The average growth rates applied are considering industry conditions in the individual markets in accordance with management's expectations. The discount rates applied are before tax and reflect current specific risks in the individual markets. External consultants have advised how to determine the discounts rates. The assumptions applied by management are inherently subject to uncertainty and unpredictability. Reasonably probable changes will not lead to recognition of impairment losses, why no sensitivity analysis has been disclosed.

Note 11 Intangible assets (continued)

mDKK	Goodwill	Trade-marks	Total	Share
2022				
Northern Europe*	2,928	2,287	5,215	72%
Western Europe*	963	876	1,839	25%
International	94	110	204	3%
Total	**3,985**	**3,273**	**7,258**	**100%**

* The most significant value for Northern Europe relates to Finland and Norway and for Western Europe to France.

The recoverable amount is based on value in use, which is calculated by means of expected net cash flows on the basis of budgets and forecasts for 2023-2027, approved by management, as well as estimated market-driven discount rates and growth rates.

In 2022, the consumption in the markets in which Royal Unibrew operates was generally impacted by the macroeconomic uncertainty due to the war in Ukraine. Royal Unibrew was compelled to deal with high inflation and historically high energy prices, which have adversely impacted our cost base.

The consumption in the markets in which Royal Unibrew operates has developed positively as expected, and we continue to win market shares across geographies. We will build on our positive organic volume and revenue growth as well as through partnerships and acquisitions. This, together with further developing the businesses acquired in recent years, continued focus on exploiting commercial opportunities and innovation following consumer trends, Royal Unibrew expects to gain market shares, and consequently, increase the revenue and earnings from the core brands and business areas. EBIT margins are expected to increase in all regions through continuous focus on value management, investments in IT capabilities, continuous efficiency improvements and synergies from acquisitions. The key assumptions for the calculation of recoverable amount are shown below.

	Northern Europe	Western Europe	Interna-tional
Compound annual growth rate 2023-2027	2.7-13.3%	9.4-18.4%	17.8%
Growth rate on terminal value	0.8-0.8%	0.6-0.8%	1.6%
WACC before tax	7.4-10.0%	8.4-10.1%	8.2%
WACC after tax	6.5-8.1%	6.9-8.0%	7.0%

The forecasted results approved by management are based on previously achieved results and expected market developments (see above). The average growth rates applied are considering industry conditions in the individual markets in accordance with management's expectations. The discount rates applied are before tax and reflect current specific risks in the individual market. External consultants have advised how to determine the discounts rates. In Northern Europe, the highest point of the range indicated for the discount rate relates to Norway. In Western Europe, the lowest point of the range indicated for the growth rates of terminal value and discount rate relates to Italy. The assumptions applied by management are inherently subject to uncertainty and unpredictability. Reasonably probable changes will not lead to recognition of impairment losses, why no sensitivity analysis has been disclosed.

§ Impairment

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether impairment has incurred other than that expressed by normal amortization and depreciation. If so, the asset is written down to the higher of net selling price and value in use. Goodwill and other assets for which a value in use cannot be determined, as the asset does not on an individual basis generate future cash flows, are reviewed for impairment together with the group of assets (cash-generating units) to which they are attributable. The carrying amount of goodwill and trademarks with indefinite useful lives is tested for impairment at least on an annual basis together with the other non-current assets of the cash-generating unit to which goodwill has been allocated. Subsequently, it is written down to recoverable amount in the income statement if the carrying amount exceeds the recoverable amount. The carrying amount of financial assets measured at cost or amortized cost is written down for impairment if the net present value is lower than the carrying amount due to changes in expected net payments.

Estimates: Key assumptions in impairment test

In relation to trademarks, management makes an annual judgment to determine whether the current market situation has reduced the value or affected the useful life of the trademarks, including whether past estimates of indefinite useful lives may be maintained. An annual impairment test is made of the values recognized in the financial statements of goodwill and trademarks assessed to have indefinite lives, which are therefore not amortized. For a description of the discount rates and growth rates applied in connection with the impairment test of goodwill and trademarks as well as other assumptions of the impairment test, reference is made to the above note.

Note 12 Property, plant and equipment

mDKK	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Leasing of property, plant and equipment	Total other property, plant and equipment
Cost at January 1, 2023	2,375	3,104	1,344	192	597	7,612
Exchange adjustment	–23	–11			–1	–35
Adjustment previous year	–1	3	11	1	–1	13
Additions	18	143	187	233	319	900
Additions by acquisitions	374	174	80	62		690
Disposals	–146	–63	–73		–98	–380
Transfers for the year	35	23	34	–92		0
Cost at December 31, 2023	**2,632**	**3,373**	**1,583**	**396**	**816**	**8,800**
Depreciation, revaluation and impairment losses at January 1, 2023	–896	–1,973	–832	0	–231	–3,932
Exchange adjustment	–1	–1	–1			–3
Adjustment previous year	1		–16			–15
Depreciation for the year	–67	–148	–151		–142	–508
Reversal of depreciation of assets sold	99	63	65		93	320
Depreciation, revaluation and impairment losses at December 31, 2023	**–864**	**–2,059**	**–935**	**0**	**–280**	**–4,138**
Carrying amount at December 31, 2023	**1,768**	**1,314**	**648**	**396**	**536**	**4,662**
Leasing of property, plant and equipment:						
Cost at December 31, 2023	524		292		816	
Depreciation, revaluation and impairment losses at December 31, 2023	–148		–132		–280	
Carrying amount per asset type	**376**		**160**		**536**	

Property, plant and equipment net carrying amount 4,662 mDKK (2022: 3,680 mDKK) includes software at a net carrying amount of 146 mDKK. Land and buildings at a carrying amount of 995 mDKK (2022: 1,008 mDKK) have been provided as security for mortgage debt of 1,009 mDKK.

mDKK	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Leasing of property, plant and equipment	Total other property, plant and equipment
Cost at January 1, 2022	1,929	2,694	1,122	254	430	6,429
Exchange adjustment	–23	–15	0	1	–5	–42
Adjustment previous year		–3	20			17
Additions	24	169	166	116	197	672
Additions by acquisitions	434	218	40		31	723
Disposals	–1	–72	–56		–58	–187
Transfers for the year	12	113	52	–179	2	0
Cost at December 31, 2022	**2,375**	**3,104**	**1,344**	**192**	**597**	**7,612**
Depreciation, revaluation and impairment losses at January 1, 2022	–850	–1,907	–760	0	–178	–3,695
Exchange adjustment	7	1	0		0	8
Adjustment previous year		3	–20			–17
Depreciation for the year	–53	–142	–121		–97	–413
Reversal of depreciation of assets sold	0	72	69		44	185
Depreciation, revaluation and impairment losses at December 31, 2022	**–896**	**–1,973**	**–832**	**0**	**–231**	**–3,932**
Carrying amount at December 31, 2022	**1,479**	**1,131**	**512**	**192**	**366**	**3,680**
Leasing of property, plant and equipment:						
Cost at December 31, 2022	343		254		597	
Depreciation, revaluation and impairment losses at December 31, 2022	–109		–122		–231	
Carrying amount per asset type	**234**		**132**		**366**	

Note 12 Property, plant and equipment (continued)

§ Property, plant and equipment

Land and buildings, plant and machinery and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the useful lives of the assets.

Profits and losses on the disposal of property, plant and equipment are calculated as the difference between the sales sum less the expenses necessary to make the sale and the carrying amount at the time of sale. Profits or losses were immaterial in both 2022 and 2023 and have been recognized in the income statement as an adjustment to depreciation in production costs, sales or distribution expenses or administrative expenses, respectively.

The expected useful lives of the assets remain unchanged from 2022 and are as follows:

Buildings and installations	25-40 years
Leasing of property, plant and equipment	Lease term
Plant and machinery	10-15 years
Other fixtures and fittings, tools and equipment	5-8 years
Vehicles	4-5 years
IT hardware and software	3 years
Returnable packaging	3-10 years

Management reviews its estimate of the useful lives of property, plant and equipment annually.

Note 13 Investments in associates

mDKK	Investments in associates
Cost at January 1, 2023	123
Addition by acquisition	0
Reclassification	-74
Cost at December 31, 2023	**49**
Value adjustments at January 1, 2023	-24
Exchange adjustment	0
Dividend, net	-13
Share of profit for the year	18
Reclassification	4
Value adjustments at December 31, 2023	**-15**
Carrying amount at December 31, 2023	**34**
Cost at January 1, 2022	76
Addition by acquisition	75
Reclassification	-28
Cost at December 31, 2022	**123**
Value adjustments at January 1, 2022	77
Exchange adjustment	-6
Dividend, net	-27
Share of profit for the year	2
Reclassification	-70
Value adjustments at December 31, 2022	**-24**
Carrying amount at December 31, 2022	**99**

Comment

With reference to note 24, Royal Unibrew has acquired the share majority in Liquid Studio Holding ApS whereas the investment has been reclassified, consolidated and eliminated in the Consolidated Financial Statements.

Note 13 Investments in associates (continued)

Royal Unibrew's share of:

mDKK	2023	2022
Profit from continuing operations for the year	18	2
Other comprehensive income	0	0
Comprehensive income	**18**	**2**
Total carrying amount at December 31 of the Group's total investments in associates, share of equity	**34**	**99**

§ Investments in associates in the consolidated financial statements

Investments in associates are measured in the balance sheet at the proportionate share of the net asset value of the enterprises calculated under the accounting policies of the Group with deduction or addition of the proportionate share of unrealized intercompany profits and losses and with addition of the carrying amount of goodwill.

Associates with a negative net asset value are measured at DKK 0. If the Group has a legal or constructive obligation to cover the negative balance of the associate, this obligation is recognized in liabilities.

The proportionate share of the results of associates is recognized in the income statement of the Group after adjusting for impairment losses on goodwill and eliminating the proportionate share of unrealized intercompany gains and losses.

Note 14 Other fixed asset investments

mDKK	Other receivables	Other investments	Total other fixed asset investments
Cost at January 1, 2023	121	5	127
Exchange adjustment	-2	0	-2
Additions by acquisition	13		13
Additions		4	4
Disposals	-2		-2
Cost at December 31, 2023	**130**	**9**	**140**
Value adjustments at January 1, 2023	-52	4	-48
Exchange adjustment	-3	0	-3
Disposals	0		0
Revaluations and impairment losses for the year			0
Value adjustments at December 31, 2023	**-55**	**4**	**-51**
Carrying amount at December 31, 2023	**75**	**13**	**89**
Cost at January 1, 2022	66	8	75
Exchange adjustment	0	-4	-4
Additions by acquisition	61	1	62
Additions	0	0	0
Disposals	-6		-6
Cost at December 31, 2022	**121**	**5**	**127**
Value adjustments at January 1, 2022	-52	0	-52
Exchange adjustment	0	4	4
Disposals			0
Revaluations and impairment losses for the year			0
Value adjustments at December 31, 2022	**-52**	**4**	**-48**
Carrying amount at December 31, 2022	**69**	**9**	**79**

Note 14 Other fixed asset investments (continued)

Comment

In connection with the presentation of the 2011 financial statements, management estimated the fair value of its investment (48% of the share capital) in the Polish brewery company Perla Browary Lubelskie S.A. at DKK 0 due to governance issues. Since 2011, management has maintained its fair value estimate of DKK 0 as these issues have not subsequently been resolved. The fair value measurement of the investment in Perla Browary Lubelskie S.A. is classified at level 3 of the IFRS Fair Value Hierarchy.

Other investments

Other investments classified as fair value through profit and loss are recognized in non-current assets at fair value at the trading date and at estimated fair value calculation on the basis of market data and recognized valuation methods as regard unlisted securities. Unrealized value adjustments are recognized in other comprehensive income except for impairment losses and reversal of impairment losses, which are recognized in financial income and expenses in the income statement. Upon realization, the accumulated value adjustment recognized in other comprehensive income is transferred to financial income and expenses in the income statement. Other investments may be classified as level-3 instruments.

Note 15 Inventories

mDKK	2023	2022
Raw materials and consumables	502	399
Work in progress	65	40
Finished goods and goods for resale	834	774
Inventories	**1,401**	**1,213**

Comment

Indirect production costs are recognized in the value of work in progress and finished goods at DKK 28 million (2022: DKK 28 million). Write down of inventories amounted to DKK 28 million (2022: DKK 26 million).

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realizable value of individual product groups. The net realizable value of inventories is calculated at the amount of future sales revenues expected to be generated by inventories at the balance sheet date in the process of normal operations allowing for marketability, obsolescence and development in expected sales sum with deduction of calculated selling expenses.

The cost of raw materials, consumables, goods for resale and purchased finished goods comprise invoiced price plus expenses directly attributable to the acquisition.

The cost of work in progress and finished goods comprise the cost of materials and direct labor with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labor as well as maintenance and depreciation of and impairment losses on the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Note 16 Receivables

mDKK	2023	2022
Trade receivables	1,777	1,360
Other receivables	124	140
Receivables	**1,901**	**1,500**

Receivables are classified as "assets measured at amortized cost" under IFRS 9.

Trade receivables fall due as follows:

mDKK	Not due and prepaid bonus	Due 1-15 days	Due 16-90 days	Due > 90 days	Total
2023					
Trade receivables	1,620	147	59	35	1,861
Impairment provision*	-46**	-1	-10	-26	-83
Trade receivables after impairment	1,574	146	49	9	1,777
Impairment provision % ***	-2.8	-0.7	-16.9	-74.3	-4.5

Impairment provision, beginning of the year	-63
Impairment realized during the year	8
Impairment provision for the year	-25
Additions from acquisition	-3
Total	**-83**

* Lifetime expected credit loss.
** Hereof DKK 24 million (1.5%) relates to prepaid bonus.
*** Historical average loss rate is < 1%.

mDKK	Not due and prepaid bonus	Due 1-15 days	Due 16-90 days	Due > 90 days	Total
2022					
Trade receivables	1,287	59	38	39	1,423
Impairment provision*	-27**	-1	-7	-28	-63
Trade receivables after impairment	1,260	58	31	11	1,360
Impairment provision % ***	-2.1	-1.7	-18.4	-71.8	-4.4

Impairment provision, beginning of the year	-50
Impairment realized during the year	3
Impairment provision for the year	-5
Addition from acquisition	-11
Total	**-63**

* Lifetime expected credit loss.
** Hereof DKK 18 million (1.4%) relates to prepaid bonus.
*** Historical average loss rate is < 1%.

Comment

Other current receivables all fall due for payment in 2024.

§ Receivables

Trade receivables and contract assets are measured at amortized cost less allowance for lifetime expected credit losses.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. An allowance for lifetime expected credit losses for trade receivables is recognized on initial recognition.

Trade receivables and contract assets are written off when all possible options have been exhausted and there is no reasonable expectation of recovery.

The cost of allowances for expected credit losses and write-offs for trade receivables are included in sales and distribution costs.

Note 17 Equity and basis of earnings/cash flow per share

Treasury shares held by the Parent Company:

	Number	Nom. Value in mDKK	% of capital
Portfolio at January 1, 2023	576,952	2	1.2
Additions, net	-430,000	-2	-0.9
Shares used as payment	0	0	0.0
Portfolio at December 31, 2023	**146,952**	**0**	**0.3**
Portfolio at January 1, 2022	880,874	3	1.8
Additions, net	490,335	1	1.0
Shares used as payment	-794,257	-2	-1.6
Portfolio at December 31, 2022	**576,952**	**2**	**1.2**

The Group holds no other treasury shares.

Basis of calculation of earnings and cash flow per share

	2023	2022
The Parent Company shareholders' share of profit for the year amounted to (mDKK)	1,095	1,492
The average number of treasury shares amounted to (number, DKK 2 each)	451,535	718,348
The average number of shares in circulation amounted to (number)	49,686,199	48,886,875
The average number of shares in circulation incl restricted shares amounted to (number)	49,748,465	48,956,652
Cost of share buy-backs during the year (mDKK)		300
Proceed from sale of treasury shares during the year (mDKK)	249	0

Comment

Diluted earnings and cash flow per share have been calculated on the basis of the Parent Company's shareholders' share of profit/loss for the year.

Shares were sold during 2023 as an element in the optimization of Royal Unibrew's capital structure in connection with the acquisition of Vrumona B.V.

Shares were bought back during 2022 as an element in the optimization of Royal Unibrew's capital structure. It is the intention to cancel the shares bought back to the extent that they are not to be used for share-based payment to the Executive Management.

Share capital of the Parent Company:

	Registration date	Share capital 1/1	Increase / decrease of share capital	Share capital 31/12
Decrease of share capital	03-06-2019	102,000,000	-1,800,000	100,200,000
Decrease of share capital	15-05-2020	100,200,000	-1,500,000	98,700,000
Decrease of share capital	02-06-2021	98,700,000	-1,100,000	97,600,000
Increase of share capital	25-05-2022	97,600,000	2,800,000	100,400,000
No movements	N/A	100,400,000	0	100,400,000

Comment

The share capital has been fully paid and is destributed in shares of DKK 2 each.

Note 17 Equity and basis of earnings/cash flow per share (continued)

Equity/Proposed dividend

Dividend is recognized as a liability at the time of adoption at the Annual General Meeting. Dividend distribution for the year proposed by management is disclosed as a separate equity item.

Treasury shares

Treasury shares acquired by the Parent Company or subsidiaries are recognized at cost directly in equity under retained earnings. Where treasury shares are subsequently sold, any consideration is also recognized directly in equity. Dividend on treasury shares is recognized directly in equity under retained earnings.

Share premium account

Share premium account comprises amounts in excess of the nominal share capital paid up by share-holders in connection with capital increases.

Translation reserve

The translation reserve in the consolidated financial statements comprises exchange adjustments arising on the translation of the financial statements of foreign enterprises from their functional currencies into the presentation currency (DKK) of the Group.

Upon full or partly realization of the net investment in the foreign enterprises, exchange adjustments are recognized in the income statement.

Hedging reserve

The hedging reserve comprises changes to fair values of derivative financial instruments that are designated and qualify as cash flow hedges of future transactions.

On realization, the hedging instrument is recognized in the income statement in the same item as the hedged transaction.

Note 18 Deferred tax

mDKK	2023	2022
Deferred tax at January 1	1,011	747
Reclassification	22	0
Change in deferred tax for the year	16	-7
Deferred tax, no income statement effect for the year	-3	4
Change in deferred tax by acquisitions	260	275
Exchange adjustments	-14	-9
Adjustment of previous year	-11	1
Deferred tax at December 31	**1,281**	**1,011**
Deferred tax relates to:		
Intangible assets	1,005	770
Property, plant and equipment	306	267
Current assets	6	5
Non current liabilities	33	-1
Current liabilities	-32	-30
Tax loss carry-forward	-37	0
Total	**1,281**	**1,011**

Comment

The value of tax loss carry forward has been recognized as deferred tax assets in the companies where, based on budget and forecasts, it is considered very likely that this can be utilized in future earnings and a history of profit before tax within the last three to five years has been verified. A tax value of loss carry forwards of DKK 16 million at December 31, 2023 (2022: DKK 0 million) has not been recognized as deferred tax assets, as these are not considered likely to be utilized within three to five years.

Note 18 Deferred tax (continued)

Deferred tax

Deferred tax is recognized in respect of all temporary differences between the carrying amounts and the tax base of assets and liabilities except for temporary differences arising at the time of acquisition that do not affect the profit for the year or the taxable income and temporary differences concerning goodwill. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability.

Deferred tax assets are recognized at the value at which they are expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates expected under the legislation at the balance sheet date to be effective when the deferred tax crystallizes as current tax.

In the balance sheet, set-off is made between deferred tax assets and deferred tax liabilities within the same legal tax entity and jurisdiction.

Judgments: Recovery of deferred tax assets

Deferred tax assets are recognized for all unutilized tax loss carry forwards to the extent it is considered likely that the losses can be offset against taxable income in the foreseeable future. The amount recognized for deferred tax assets is based on judgment of the likely date and size of future tax loss carry forwards.

Note 19 Other current payables

mDKK	2023	2022
VAT, excise duties, etc	940	852
Other payables	629	712
Deposit, returnable packaging	216	105
Total other current payables	**1,785**	**1,669**
Deposit, returnable packaging is specified as follows:		
Balance at January 1	105	109
Addition from acquisitions	107	0
Adjustment for the year	4	-4
Balance at December 31	**216**	**105**

Comment

The addition from acquisitions for 2023 relates to Vrumona B.V.

The change in the deposit on returnable packaging for the year reflects the net exchange with customers of returnable packaging for the year less estimated wastage of returnable packaging in circulation.

The payable relating to deposit on returnable packaging is calculated on the basis of the estimated total packaging volume less packaging held in inventory.

Deposit, returnable packaging

Plastic crates, bottles and kegs in circulation and held in inventory are recognized in property, plant and equipment, and the obligation to repay the deposit when the packaging in circulation is taken back on inventory is recognized in other payables.

Note 20 Debts

mDKK	2023	2022
Mortgage debt	1,009	1,011
Credit institutions	5,474	3,663
Other debts	4,255	3,620
Debts	**10,738**	**8,294**

Changes to interest-bearing debts

mDKK	12/31 2022	Additions by acquisitions	Repayment	New facilities	Exchange adjustment	12/31 2023
Interest-bearing long-term debts	3,433	0	-180	1,821	0	5,074
Interest-bearing short-term debts	871	22	-767	733	1	860
Total interest-bearing debt, mortgage and credit institutions	**4,304**	**22**	**-947**	**2,554**	**1**	**5,934**
Interest-bearing long-term leasing debt*	253	4	-21	197	-3	430
Interest-bearing short-term leasing debt*	117	18	-117	101		119
Total interest-bearing leasing debt	**370**	**22**	**-138**	**298**	**-3**	**549**
Total	**4,674**	**44**	**-1,085**	**2,852**	**-2**	**6,483**

mDKK	12/31 2021	Additions by acquisitions	Repayment	New facilities	Exchange adjustment	12/31 2022
Interest-bearing long-term debts	2,812	0	-1,079	1,700		3,433
Interest-bearing short-term debts	550	24	-515	750	62	871
Total interest-bearing debt, mortgage and credit institutions	**3,362**	**24**	**-1,594**	**2,450**	**62**	**4,304**
Interest-bearing long-term leasing debt*	186	2	-42	109	-2	253
Interest-bearing short-term leasing debt*	74	29	-74	88	0	117
Total interest-bearing leasing debt	**260**	**31**	**-116**	**197**	**-2**	**370**
Total	**3,622**	**55**	**-1,710**	**2,647**	**60**	**4,674**

* Leasing debt is included in the balance sheets as "credit institution's".

§ Debts

Mortgage loans and loans from credit institutions are recognized initially at fair values. Subsequently, the financial obligations are measured at amortized cost equal to the capitalized value using the effective interest method; the difference between the proceeds and the nominal value is recognized in financial income and expenses in the income statement over the loan period.

Other debts, comprising trade payables, payables to subsidiaries and associates, VAT, excise duties, etc., as well as other payables are measured at amortized cost, substantially corresponding to the nominal debt.

Note 21 Cash flow statement

Adjustments for non-cash operating items:

mDKK	2023	2022
Financial income	-10	-10
Financial expenses	260	103
Amortization and impairment of intangible assets	71	74
Depreciation of property, plant and equipment	508	413
Tax on the profit for the year	311	294
Income from investments in associates	-18	-2
Gain on remeasurements of investments in associates		-360
Profit and loss from sale of property, plant and equipment (see note 12 regarding leasing part)	-9	-6
Share-based payments and remuneration	14	0
Total	**1,127**	**506**

§ Cash flow statement

The consolidated cash flow statement is presented under the indirect method based on the net profit for the year. The statement shows cash flows for the year, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for non-cash operating items, changes in working capital, financial income and financial expenses, and corporation tax paid.

Cash flows from investing activities comprise acquisitions and disposals of property, plant and equipment and fixed asset investments as well as dividend received from associates. Cost is measured inclusive of expenses necessary to make the acquisition and sales prices after deduction of transaction expenses.

Cash flows from financing activities comprise changes to the amount or composition of the Group's share capital, payment of dividend as well as borrowing and repayment of interest-bearing debt.

Cash and cash equivalents include securities with a maturity of less than 3 months that can readily be turned into cash and are only subject to an insignificant risk of value changes.

Note 22 Contingent liabilities and securities

mDKK	2023	2022
Third-party guarantees	**79**	**83**

Security
No security has been provided in respect of loan agreements with credit institutions.

Regarding security for loan agreements with mortgage credit institutes, reference is made to note 12.

Contingent liabilities
The outcome of pending legal actions is not expected to have any material impact on the financial position of the Group.

Note 23 Related parties

Related parties comprise the Board of Directors and the Executive Management as well as associates, see the sections on Board of Directors and Executive Management on page 60 and Group structure on page 176. No shareholder exercises control.

Apart from contracts of employment, no agreements or transactions have been made between the Company and the Executive Board. Remuneration to the Board of Directors and the Executive Board is disclosed in note 6.

In addition, the following transactions have been made with related parties:

mDKK	2023	2022
Revenue		
Sales to associates	18	19
Financial income and expenses		
Dividends received from associates	12	27

Note 24 Acquisitions of enterprises

Acquisitions in 2023

Acquisition of Vrumona B.V.
On July 3, 2023, Royal Unibrew entered into an agreement to acquire Vrumona B.V. from Heineken. The acquisition was completed on September 29, 2023. Vrumona is the second largest soft drinks player in the Dutch market carrying a range of strong own brands and partner brands. The headquarters and production facility are located near Utrecht. Vrumona B.V. has more than 300 employees.

Vrumona B.V. operates seven production lines at the facility with a current annual output of around 3.1 million hectoliters. The acquisition of Vrumona B.V. establishes a new market platform for Royal Unibrew in the Netherlands. It is our plan to invest in further production capabilities to grow the existing business but also utilize spare capacity to support Royal Unibrew's global production footprint.

Vrumona B.V. has a portfolio of strong local Dutch brands and a strong operational footprint in the Netherlands. The company offers a broad product portfolio of both own brands and third-party brands produced under license. Vrumona B.V. has a strong position within the no/low calorie segment, which has been a focus area for several years.

At signing, the enterprise value of Vrumona B.V. was EUR 300 million. Vrumona B.V.'s net revenue was in 2022 EUR 200 million, whereas normalized EBITDA in 2022 was EUR 25 million, resulting in an acquisition multiple (EV/EBITDA) of 12 times.

The purchase price at closing amounted to EUR 280 million, whereas EUR 255 million was paid in cash and EUR 25 million of debt taken over, immediately repaid to seller. The final purchase price could be subject to adjustments.

The acquisition price exceeded the fair value of the acquired assets, liabilities and contingent liabilities. The difference is the expected value of synergies and future growth opportunities. Synergies are not recognized separately from goodwill. Goodwill is not eligible for tax depreciation.

Royal Unibrew has incurred transaction costs relating to the acquisitions of approximately DKK 6 million for financial and legal advisors in connection with the transaction. The costs are recognized as administrative expenses in 2023.

The acquisition 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 the acquisition:

	mDKK
Trademarks	651
Distribution rights	55
Customer relations	54
Property, plant and equipment	591
Inventories	123
Receivables	293
Prepayments	1
Deferred tax	-242
Debt including leasing	-21
Trade payables	-363
Corporation tax	-2
Other payables	-173
Acquired net assets	**967**
Goodwill	1,124
Estimated fair value of the business	**2,091**
Net debt taken over	0
Cash consideration	**2,091**
Number of employees	317

The purchase price allocation is considered preliminary.

Note 24 Acquisitions of enterprises (continued)

Acquisition of Birrificio San Giorgio S.r.l

On July 20, 2023, Ceres S.p.A., a fully owned subsidiary of Royal Unibrew A/S, entered into an agreement to acquire Birrificio San Giorgio S.r.l from the seller Birra Castello S.p.A. The acquisition was completed on November 2, 2023. The company, including the production facility, is based in San Giorgio di Nogaro, Udine, in the northern part of Italy and has approximately 70 employees.

Birrificio San Giorgio S.r.l. has two production lines at the facility with a potential annual output of around 0.8 million hectoliters. The acquisition establishes additional production capacity in Italy, which will free up capacity in Royal Unibrew's largest production facility in Denmark.

The total purchase price amounts to EUR 44 million, consisting of considerations paid of EUR 36.5 million regarding shares transferred and EUR 7.5 million regarding an associated stock transferred.

The acquisition price exceeded the fair value of the acquired assets, liabilities and contingent liabilities. The difference is the expected value of synergies and future growth opportunities. Synergies are not recognized separately from goodwill. Goodwill is not eligible for tax depreciation.

Royal Unibrew A/S has incurred transaction costs relating to the acquisitions of approximately DKK 4 million for financial and legal advisors in connection with the transaction. The costs are recognized as administrative expenses in 2023.

The acquisition 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 the acquisition:

	mDKK
Property, plant and equipment	98
Inventories	45
Receivables	10
Deferred tax	-7
Other payables	-8
Acquired net assets	**138**
Goodwill	190
Estimated fair value of the businesses	**328**
Acquired cash at bank and in hand	0
Cash consideration	**328**
Number of employees	70

The purchase price allocation is considered preliminary.

Note 24 Acquisitions of enterprises (continued)

Acquisition of Liquid Studio Holding ApS
On October 1, 2023, Royal Unibrew A/S entered into an agreement to acquire 37.7% of the shares in Liquid Studio Holding ApS. The total ownership hereafter amounts to 62.7% as Royal Unibrew A/S already owned 25%.

Liquid Studio Holding ApS is owner of the brand Rebæl, and the strategic rationale of the transaction has been to fully integrate the activities of Rebæl into Royal Unibrew.

Purchase price for the shares at closing was estimated to DKK 36 million, whereof DKK 18 million was paid in cash in prior years. In addition to considerations already paid, the remaining part of the purchase price of DKK 18 million comprise a discounted value of the liability Royal Unibrew A/S has toward existing minority shareholders as for their option to sell.

No goodwill has been recognized in the transaction.

Royal Unibrew A/S has incurred costs of less than DKK 1 million associated with the transaction. The costs are recognized as administrative expenses in 2023.

The acquisition 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 the acquisition:

	mDKK
Trademarks	50
Property, plant and equipment	1
Inventories	1
Receivables	3
Prepayments	1
Deferred tax	-11
Trade payables	-2
Other payables	-3
Acquired net assets	**40**
Goodwill	0
Estimated fair value of the businesses	**40**
Net debt taken over	-4
Cash consideration paid in prior years	-18
Deferred payment	-18
Cash consideration	**0**
Number of employees	5

The purchase price allocation is considered preliminary.

Group impact from acquisitions in 2023
If the acquisitions had occurred on January 1, 2023, consolidated pro-forma revenue and EBITDA for the period ended December 31, 2023, of the combined Group would have been approximately DKK 14,207 million and DKK 2,310 million, respectively.

Note 24 Acquisitions of enterprises (continued)

Acquisitions in 2022

Acquisition of full ownership of Hansa Borg Bryggerier

On January 7, 2022, Royal Unibrew A/S entered into an agreement to acquire the remaining 75% of Hansa Borg Bryggerier, of which Royal Unibrew already had 25% ownership, resulting in a 100% ownership of the company. The acquisition was completed on May 25, 2022. Hansa Borg Bryggerier is Norway's second largest brewery and beverage company with four breweries and one bottling plant throughout the country and products ranging from beers to ciders, carbonated soft drinks, water and wines for the Norwegian market.

Together with Solera Beverage Group, which Royal Unibrew acquired in September 2021, Hansa Borg Bryggerier is strategically very important for our Norwegian business as it in combination with Solera will create a strong player with a very strong beverage portfolio in Norway and thereby strengthen our multi beverage presence.

The transaction is based on an enterprise value (at signing) of NOK 3.3 billion. With the share price at closing (587), the final enterprise value for 100% of the company was NOK 2.6 billion (DKK 1.9 billion). Hansa Borg Bryggerier is expected to generate normalized full-year revenue in 2022 of around NOK 1.4 billion with a normalized EBITDA of around NOK 210 million, resulting in an acquisition multiple (EV/EBITDA) of 12.4 times at closing. The already owned 25% of Hansa Borg Bryggerier was revalued in connection with the transaction, resulting in a non-cash tax-free remeasurement of DKK 360 million.

According to the agreement, 10% of the payment, corresponding to NOK 224 million (DKK 162 million), was paid in cash, while the remaining 90% of the payment was paid in Royal Unibrew shares (2,194,257 shares).

The acquisition price exceeded the fair value of the acquired assets, liabilities and contingent liabilities. The difference is the expected value of synergies and future growth opportunities. Synergies are not recognized separately from goodwill. Goodwill is not eligible for tax depreciation.

Royal Unibrew A/S has incurred transaction costs relating to the acquisitions of approximately DKK 5 million for financial and legal advisors in connection with the realization of the transaction. The costs are recognized as administrative expenses and split equally in 2021 and 2022.

The acquisition 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 the acquisition:

	mDKK
Trademarks	698
Distribution rights	7
Customer relations	27
Property, plant and equipment	629
Inventories	143
Receivables	238
Prepayments	29
Deferred tax	-244
Debt including leasing	-34
Trade payables	-101
Other payables	-499
Acquired net assets	**893**
Goodwill	903
Estimated fair value of the business	**1,796**
Acquired cash at bank and in hand	138
Total acquisition price	**1,934**
Transfer of:	
Issue of new shares	821
Treasury shares	467
Cash	163
Total consideration, 75% shareholding	**1,451**
Number of employees	296

The receivables acquired include trade receivables of a fair value of DKK 180 million, corresponding to the gross amount receivable according to contract.

Note 24 Acquisitions of enterprises (continued)

Acquisition of Amsterdam Brewery Co. Ltd.
On July 15, 2022, Royal Unibrew entered into an agreement to acquire 100% of the Toronto-based company Amsterdam Brewery Co. Ltd. Although the acquisition was completed on September 15, 2022, the purchase price allocation is considered provisional due to the fact that the transaction was closed on September 15, 2022, leaving limited time to identify and determine fair value of assets acquired and liabilities assumed.

The Canadian based company is a large-scale craft brewery with a potential to increase both capabilities and capacities during the coming years. Moreover, the acquisition will support future growth of Royal Unibrew in the Americas region by adding capacity in Canada, which is also close to our US business. Over time we, expect to serve most of Canada and partly the US from Amsterdam Brewery Co. Ltd., which will reduce our transportation costs and our CO_2 footprint.

The acquisition is based on an enterprise value of DKK 241 million on a debt free basis. The company has normalized revenue of around CAD 34 million (around DKK 200 million) and a normalized EBITDA of around CAD 5 million (around DKK 28 million).

Royal Unibrew A/S has incurred transaction costs relating to the acquisition of approximately DKK 2 million for financial and legal advisors in connection with the realization of the transaction. The costs are recognized as administrative expenses in 2022.

The acquisition has been included in the consolidated financial statements of Royal Unibrew as of the date of acquisition.

Royal Unibrew has made the following preliminary calculation of the fair value of the acquired net assets and of goodwill at the time of acquisition:

	mDKK
Intangibles	103
Property, plant and equipment	83
Inventories	22
Receivables	8
Prepayments	8
Deferred tax	-25
Debt including leasing	-21
Trade payables	-11
Other payables	-24
Acquired net assets	**143**
Goodwill	98
Estimated fair value of the businesses	**241**
Acquired cash at bank and in hand	0
Cash consideration	**241**
Number of employees	247

Baldersbrønde Bryggeri A/S (Nørrebro Bryghus)
On December 30, 2022, Royal Unibrew acquired 100% of the shares in Baldersbrønde Bryggeri A/S (Nørrebro Bryghus) in Denmark.

With the acquisition, Royal Unibrew takes over an exciting range of organic craft beers, adding to Royal Unibrew's portfolio of craft beers strengthening Royal Unibrew's position in Copenhagen.

Group impact
If the acquisitions had occurred on January 1, 2022, consolidated pro-forma revenue and EBITDA for the period ended December 31, 2022, of the combined Group would have been approximately DKK 12,111 million and DKK 2,069 million, respectively.

Note 24 Acquisitions of enterprises (continued)

Business combinations

As for acquisition of new enterprises, the purchase method is applied, under which the identifiable assets and liabilities of newly acquired enterprises are measured at fair value at the time of acquisition.

Upon business combinations, positive differences between cost and fair value of identifiable assets and liabilities acquired are recognized as goodwill in intangible assets. At the time of acquisition, goodwill is allocated to the cash-generating units that subsequently form the basis of impairment tests. Goodwill and fair value adjustments in connection with the acquisition of a foreign enterprise with a functional currency that differs from the presentation currency of the Group are treated as assets and liabilities belonging to the foreign entity, and these adjustments are translated to the functional currency of the foreign entity at the exchange rates at the dates of transaction.

Gains or losses on disposal of subsidiaries and associates are calculated as the difference between the sales sum and the carrying amount of net assets at the time of sale (including the carrying amount of goodwill) net of expected expenses and adjusted for exchange adjustments previously recognized in equity.

Judgments and estimates: Business combinations

The businesses assets, liabilities and contingent liabilities have been recognized under the purchase method in the financial statements of Royal Unibrew. The key assets of the businesses are goodwill, trademarks, customer relations, property, plant and equipment, inventories, receivables, deferred tax and payables. Especially regarding the intangible assets acquired, there are no efficient markets to be used to determine fair value. Therefore, management has made an estimate in connection with the calculation of the fair value of the acquired assets and liabilities at the date of acquisition and has allocated the purchase price on that basis.

Note 25 Events after the reporting period

No events have occurred in the period from the balance sheet date until the presentation of the financial statements that materially affect the assessment of the consolidated financial statements.

Parent company annual report

2023

Parent Company income statement

for January 1 – December 31

mDKK	Note	2023	2022
Net revenue		**5,054**	**4,692**
Production costs	3,4	–3,005	–2,730
Gross profit		**2,049**	**1,962**
Sales and distribution expenses	3,4	–1,005	–1,025
Administrative expenses	3,4	–331	–214
EBIT		**713**	**723**
Dividends received from subsidiaries and associates		554	565
Gain on sale of investments in associates			460
Financial income	5	130	62
Financial expenses	6	–234	–71
Profit before tax		**1,163**	**1,739**
Tax on the profit for the year	7	–131	–168
Net profit for the year		**1,032**	**1,571**

Statement of comprehensive income for January 1 – December 31

mDKK	Note	2023	2022
Net profit for the year		**1,032**	**1,571**
Other comprehensive income			
Items that may be reclassified to the income statement			
Value adjustment of hedging instruments, end of year		–30	12
Tax on other comprehensive income	7	3	–3
Total		**–27**	**9**
Items that may not be reclassified to the income statement			
Other comprehensive income after tax		**–27**	**9**
Total comprehensive income		**1,005**	**1,580**

Parent Company balance sheet

Assets at December 31

mDKK	Note	2023	2022
NON-CURRENT ASSETS			
Intangible assets	9	413	409
Property, plant and equipment	10	1,532	1,407
Investments in subsidiaries	11	7,801	5,703
Investments in associates	11	49	67
Receivables from subsidiaries	12	3,203	2,661
Other non-current investments	12	8	7
Non-current assets		**13,006**	**10,254**
CURRENT ASSETS			
Inventories	13	331	343
Receivables	14	623	573
Receivables from subsidiaries		255	230
Corporation tax		0	9
Prepayments		71	36
Cash at bank and in hand		0	27
Current assets		**1,280**	**1,218**
Assets		**14,286**	**11,472**

Liabilities and equity at December 31

mDKK	Note	2023	2022
EQUITY			
Share capital	15	100	100
Other reserves		1,564	1,591
Retained earnings		3,855	2,548
Proposed dividend		0	728
Equity		**5,519**	**4,967**
LIABILITIES			
Non-current liabilities			
Deferred tax	16	214	206
Mortgage debt	2, 19	722	733
Credit institutions	2, 19	4,156	2,483
Other payables		0	7
Non-current liabilities		**5,092**	**3,429**
Current liabilities			
Mortgage debt	2, 19	12	2
Credit institutions	2, 19	712	894
Trade payables	2	747	780
Payables to subsidiaries	2	1,911	1,188
Corporate tax		24	0
Other current payables	17	269	212
Current liabilities		**3,675**	**3,076**
Liabilities		**8,767**	**6,505**
Liabilities and equity		**14,286**	**11,472**

Parent Company cash flow statement

for January 1 – December 31

mDKK	Note	2023	2022
Net profit for the year		1,032	1,571
Adjustments for non-cash operating items	18	-101	-678
Change in working capital		-76	-274
Received financial income		130	62
Paid financial expenses		-234	-71
Corporation tax paid		-88	-144
Cash flows from operating activities		**663**	**466**
Dividends received from associates and subsidiaries		554	1,025
Sale of property, plant and equipment	10	2	2
Purchase of property, plant and equipment	10	-270	-281
Acquisition of enterprises		-2,087	-252
Purchase of intangible assets and fixed asset investment		-8	-18
Cash flows from investing activities		**-1,809**	**476**

mDKK	Note	2023	2022
Debt financing:			
Change in borrowings	19	1,473	1,323
Repayment on lease facilities	19	-41	-35
Proceeds from subsidiaries	19	723	0
Repayment to subsidiaries	19	-564	-1,211
Dividends paid to shareholders		-728	-708
Dividend on treasury shares		8	16
Purchase of treasury shares			-300
Sale of treasury shares		249	
Cash flows from financing activities		**1,120**	**-915**
Change in cash and cash equivalents		-27	27
Cash and cash equivalents at January 1		27	0
Exchange adjustment		0	0
Cash and cash equivalents at December 31		**0**	**27**
Free cash flow			
Net cash from operating activities		663	466
Net cash used in investing activities		286	746
Repayment on lease facilities		-41	-35
Free cash flow		**908**	**1,177**

Parent Company statement of changes in equity

for January 1 – December 31, 2023

mDKK	Share capital	Share premium account	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at December 31, 2022	**100**	**1,573**	**18**	**1,591**	**2,548**	**728**	**4,967**
Changes in equity in 2023							
Profit for the year				0	1,032		**1,032**
Other comprehensive income			-30	-30	0		**-30**
Tax on other comprehensive income			3	3			**3**
Total comprehensive income	**0**	**0**	**-27**	**-27**	**1,032**	**0**	**1,005**
Effect of mergers				0	4		**4**
Dividends paid to shareholders				0		-720	**-720**
Dividend on treasury shares				0	8	-8	**0**
Sale of shares for treasury				0	249		**249**
Share-based payment				0	14		**14**
Proposed dividend				0			**0**
Total shareholders	**0**	**0**	**0**	**0**	**275**	**-728**	**-453**
Total changes in equity in 2023	**0**	**0**	**-27**	**-27**	**1,307**	**-728**	**552**
Equity at December 31, 2023	**100**	**1,573**	**-9**	**1,564**	**3,855**	**0**	**5,519**

Share premium account, hedging reserve and retained earnings may be applied for distribution of dividend to the Parent Company shareholders.
The share capital at December 31, 2023, amounts to DKK 100,400,000 and is distributed on shares of DKK 2 each.
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 (2022: dividend of DKK 14.50 per share) based on the share capital at Decemeber 31, 2023.

Parent Company statement of changes in equity

for January 1 – December 31, 2022

mDKK	Share capital	Share premium account	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at December 31, 2021	**98**	**753**	**6**	**759**	**1,525**	**708**	**3,090**
Changes in equity in 2022							
Profit for the year				0	1,571		**1,571**
Other comprehensive income			12	12	0		**12**
Tax on other comprehensive income				0	–3		**–3**
Total comprehensive income	**0**	**0**	**12**	**12**	**1,568**	**0**	**1,580**
Capital increase	2	1,061		1,061			**1,063**
Capital increase adjustment to fair value		–241		–241			**–241**
Dividends paid to shareholders				0		–692	**–692**
Dividend on treasury shares				0	16	–16	**0**
Acquisition of shares for treasury				0	–300		**–300**
Transfer of treasury shares as acquisition of enterprise				0	467		**467**
Proposed dividend				0	–728	728	**0**
Total shareholders	**2**	**820**	**0**	**820**	**–545**	**20**	**297**
Total changes in equity in 2022	**2**	**820**	**12**	**832**	**1,023**	**20**	**1,877**
Equity at December 31, 2022	**100**	**1,573**	**18**	**1,591**	**2,548**	**728**	**4,967**

Notes to Parent company annual report

Descriptive notes

Notes referring to income statement, balance sheet and cash flow statement

Other notes

Note 1 Basis of preparation of Parent Company Annual Report

Basis of Preparation

Material accounting policies

The parent company's accounting policies remain unchanged from last year. Material accounting policies are identical to those applied by the Royal Unibrew Group except for those mentioned below. Reclassification is according to consolidated note 1.

Translation policies
Exchange adjustment of balances regarded as part of the total net investment in enterprises with another functional currency than DKK is recognized in financial income and expenses in the Parent Company income statement.

New and amended standards and interpretations that have taken effect
Reference is made to note 1 to the consolidated financial statements.

Critical judgments and accounting estimates
In connection with the preparation of the Parent Company and consolidated financial statements, Management makes estimates and judgments as to how recognition and measurement of assets and liabilities should take place based on the accounting policies applied.

Judgments as an element in material accounting policies

The calculation of carrying amounts of certain assets and liabilities requires judgment as to how assets and liabilities should be classified in the financial statements and how future events will affect the value of these assets and liabilities at the balance sheet date. In connection with the financial reporting for 2023, the following judgments have been made materially affecting the related items as described in relevant notes.

Critical accounting estimates

Management's estimates are based on assumptions that management considers reasonable, but which are inherently uncertain and unpredictable. In connection with the financial reporting for 2023, the following critical estimates have been made as described in relevant notes.

Accounting policies, judgments as an element in material accounting policies as well as critical accounting estimates are described in note 1 of the consolidated financial statements.

Note 2 Financial risk management

Financial liabilities

Parent mDKK	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
			12/31 2023		
Non-derivative financial instruments:					
Financial debt, gross	6,319	940	4,813	566	5,492
Financial debt, subsidiaries	1,911	1,911			1,911
Leasing	114	36	70	8	110
Trade payables	747	747			747
Other payables	195	195			195
Total	**9,286**	**3,829**	**4,883**	**574**	**8,455**

Parent mDKK	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
			12/31 2022		
Non-derivative financial instruments:					
Financial debt, gross	4,535	963	2,809	763	4,017
Financial debt, subsidiaries	1,188	1,188			1,188
Leasing	97	32	53	12	95
Trade payables	780	780			780
Other payables	170	170			170
Total	**6,770**	**3,133**	**2,862**	**775**	**6,250**

For above tables, the debt is classified as "debt at amortized cost" and the fair value of the total debt is assessed to equal carrying amount.

For a description of the Parent Company's and the Group's currency, interest rate, credit, commodity and other risks as well as capital management, reference is made to note 2 related to the consolidated financial statements.

Note 3 Staff expenses

Staff expenses are included in production costs, sales and distribution expenses as well as administrative expenses and break down as follows:

mDKK	2023	2022
Fixed salaries to Executive Management	14	14
Short-term bonus scheme for Executive Management	7	2
Long-term share based bonus scheme for Executive Management	6	-1
Remuneration of Executive Management	**27**	**15**
Remuneration of Board of Directors	5	5
Total remuneration	**32**	**20**
Wages and salaries	682	590
Contributions to pension schemes	68	61
Total wages, salaries and contribution to pension schemes	**750**	**651**
Other social security expenses	8	9
Other staff expenses	32	30
Total	**822**	**710**
Average number of employees	1,283	1,229

For Executive Management, debt re cash-based bonus schemes amounts to DKK 7 million (2022: DKK 2 million) and debt re share-based bonus scheme amounts to DKK 9 million (2022: DKK 3 million) as of December 31, 2023.

The complete Remuneration Policy and Remuneration Report for the Board of Directors and the Executive Management are disclosed at the Parent Company's website.

Note 4   Expenses broken down by type

mDKK	2023	2022
Production costs	3,005	2,730
Sales and distribution expenses	1,005	1,025
Administrative expenses	331	214
Total	**4,341**	**3,969**
Break down by nature as follows:		
Raw materials and consumables	2,465	2,245
Wages, salaries and other staff expenses	822	710
Operating and maintenance expenses	200	164
Distribution expenses and carriage	201	269
Sales and marketing expenses	276	282
Bad trade debts	4	-5
Office supplies etc.	169	134
Amortization and depreciation	204	170
Total	**4,341**	**3,969**
Total amortization and depreciation are included in the following items in the income statement:		
Production costs	114	105
Sales and distribution expenses	64	58
Administrative expenses	26	7
Total	**204**	**170**

mDKK	2023	2022
Fee to auditors		
Fee for the audit of the Annual Report		
Deloitte	1	1
Total	**1**	**1**
Deloitte fee for non-audit services:*		
Other assurance services	1	1
Other assistance	1	1
Total	**2**	**2**

* Fees for other assurance services provided by Deloitte primarily comprise ESG assurance and auditor's reports related to mergers. Fees for other assistance than statutory audit of the financial statements provided by Deloitte primarily comprise services relating to financial due diligence.

Note 5 Financial income

mDKK	2023	2022
Interest income	1	3
Foreign exchange gain		5
Interest income from subsidiaries, net	129	54
Total	**130**	**62**

Note 6 Financial expenses

mDKK	2023	2022
Interest on mortgage debt	19	5
Interest on credit institutions	197	42
Interest on leasing liabilities	1	1
Finance costs on liabilities at amortized cost	**217**	**48**
Other financial expenses	1	1
Foreign exchange losses, net	16	22
Total	**234**	**71**

Note 7 Tax on the profit for the year

mDKK	2023	2022
Tax on the taxable income for the year	120	133
Adjustment of previous year	-8	-1
Adjustment of deferred tax	19	36
Total	**131**	**168**
Which breaks down as follows:		
Tax on profit for the year	131	168
Tax on other comprehensive income	-3	3
Tax on equity entries	3	-3
Total	**131**	**168**
Current Danish tax rate	22.0	22.0
Dividends received from subsidiaries and associates and gain of sale on investments in associates	-10.0	-13.7
Effect on tax rate of permanent differences	-0.8	1.5
Adjustment of previous year	0.0	-0.1
Effective tax rate	**11.2**	**9.7**

§ Tax on the profit for the year

The Parent Company is jointly taxed with its Danish subsidiaries. The Danish current tax for the year is allocated to the jointly taxed Danish enterprises in proportion to their taxable incomes (full allocation with credit for tax losses).

Note 8 Realized hedging transactions

mDKK	2023	2022
Realized hedging transactions are included in the income statement as follows:		
Net revenue includes currency hedges		
Production costs include foreign currency and commodity hedges	25	4
Financial income and expenses include currency, commodity and interest rate hedges	-36	-3
Total	**-11**	**1**

Reference is made to note 4 related to the consolidated financial statements for a description of hedging policies.

Note 9 Intangible assets

mDKK	Goodwill	Trademarks	Distribution rights	Customer relations	Total
Cost at January 1, 2023	227	173	0	21	421
Additions by mergers and acquisition		8			8
Disposals					0
Cost at December 31, 2023	**227**	**181**	**0**	**21**	**429**
Amortization and impairment losses at January 1, 2023	0	-3	0	-9	-12
Reversal depreciation of disposals					0
Amortization for the year				-4	-4
Amortization and impairment losses at December 31, 2023	**0**	**-3**	**0**	**-13**	**-16**
Carrying amount at December 31, 2023	**227**	**178**	**0**	**8**	**413**

Note 9 Intangible assets (continued)

mDKK	Goodwill	Trademarks	Distribution rights	Customer relations	Total
Cost at January 1, 2022	227	173	0	21	421
Additions					0
Disposals					0
Cost at December 31, 2022	**227**	**173**	**0**	**21**	**421**
Amortization and impairment losses at January 1, 2022	0	-3	0	-5	-8
Reversal depreciation of disposals					0
Amortization for the year				-4	-4
Amortization and impairment losses at December 31, 2022	**0**	**-3**	**0**	**-9**	**-12**
Carrying amount at December 31, 2022	**227**	**170**	**0**	**12**	**409**

§ Trademarks

Trademarks are not amortized as they are all well-established, old and profitable trademarks that customers are expected to continue demanding unabatedly, other things being equal, and which management is not planning to stop selling and promote.

Reference is made to note 11 related to the Consolidated Financial Statements for a description of impairment test.

Note 10 Property, plant and equipment

mDKK	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Leasing of property, plant and equipment	Total other property, plant and equipment
Cost at January 1, 2023	880	1,510	694	110	184	3,379
Additions	6	40	70	154	56	326
Adjustments previous years	2	–1	2	–1		2
Disposals	–2		–29		–27	–58
Transfers for the year	3	28	22	–53		0
Cost at December 31, 2023	**889**	**1,577**	**759**	**210**	**213**	**3,649**
Depreciation, revaluation and impairment losses at January 1, 2023	**–458**	**–1,017**	**–405**	**0**	**–91**	**–1,971**
Depreciation for the year	–18	–65	–76		–40	–199
Adjustments previous years			1			1
Reversal of depreciation and impairment of assets sold	1		27		25	53
Depreciation, revaluation and impairment losses at December 31, 2023	**–475**	**–1,082**	**–453**	**0**	**–106**	**–2,116**
Carrying amount at December 31, 2023	**414**	**495**	**306**	**210**	**107**	**1,532**
Leasing of property, plant and equipment:						
Cost at December 31, 2023	78		135		213	
Depreciation, revaluation and impairment losses at December 31, 2023	–43		–63		–106	
Carrying amount per asset type	**35**		**72**		**107**	

Property, plant and equipment net carrying amount 1.532 mDKK includes software at a carrying amount of 146 mDKK. Land and buildings including plant and machinery at a carrying amount of 407 mDKK (2022: 417 mDKK) have been provided as security for mortgage debt of 722 mDKK (2022: 733 mDKK).

mDKK	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Leasing of property, plant and equipment	Total other property, plant and equipment
Cost at January 1, 2022	831	1,417	595	194	171	3,208
Additions	18	101	104	58	33	314
Adjustments previous years		–3				–3
Disposals	–1	–68	–52		–20	–141
Transfers for the year	32	63	47	–142		0
Cost at December 31, 2022	**880**	**1,510**	**694**	**110**	**184**	**3,379**
Depreciation, revaluation and impairment losses at January 1, 2022	**–441**	**–1,028**	**–392**	**0**	**–76**	**–1,937**
Depreciation for the year	–17	–61	–63		–35	–176
Adjustments previous years		3				3
Reversal of depreciation and impairment of assets sold	0	69	50		20	139
Depreciation, revaluation and impairment losses at December 31, 2022	**–458**	**–1,017**	**–405**	**0**	**–91**	**–1,971**
Carrying amount at December 31, 2022	**422**	**493**	**289**	**110**	**93**	**1,407**
Leasing of property, plant and equipment:						
Cost at December 31, 2022	72		112		184	
Depreciation, revaluation and impairment losses at December 31, 2022	–39		–52		–91	
Carrying amount per asset type	**33**		**60**		**93**	

Note 11 Investments in subsidiaries and associates

mDKK	Investments in subsidiaries	Investments in associates
Cost at January 1, 2023	5,792	67
Additions	2,098	
Disposals		-18
Cost at December 31, 2023	**7,890**	**49**
Impairment losses at January 1, 2023	-89	
Impairment losses at December 31, 2023	**-89**	**0**
Carrying amount at December 31, 2023	**7,801**	**49**
Cost at January 1, 2022	4,513	77
Additions	1,279	18
Disposals		-28
Cost at December 31, 2022	**5,792**	**67**
Impairment losses at January 1, 2022	-89	
Impairment losses at December 31, 2022	**-89**	**0**
Carrying amount at December 31, 2022	**5,703**	**67**

Comment

Additions for 2023 relate to the acquisitions of Vrumona B.V. and Birrificio San Giorgio S.r.l. and for 2022 to Hansa Borg Bryggerier AS, Amsterdam Brewery Inc. and Restaurationsselskabet Nørrebro Bryghus A/S.

The carrying amount of investments in subsidiaries is tested to identify any impairment in case there is an indication that the investment may be impaired. Reference is made to note 11 related to the consolidated financial statements.

§ Dividend on investments in subsidiaries and associates

Dividend on investments in subsidiaries and associates is recognized in the parent company's income statement in the financial year in which dividend is declared.

§ Investments in subsidiaries and associates in the parent company financial statements

Investments in subsidiaries and associates are measured at cost and tested in the event of indication of impairment. Where cost exceeds the recoverable amount, the investment is written down to its lower recoverable amount.

Note 12 Receivables from subsidiaries and other fixed asset investments

mDKK	Receiv-ables from subsidiaries	Other invest-ments	Other receivables	Total other fixed asset invest-ments
Cost at January 1, 2023	2,661	55	4	59
Exchange adjustment	17			0
Additions	525		1	1
Disposals				0
Cost at December 31, 2023	**3,203**	**55**	**5**	**60**
Revaluations and impairment losses at January 1, 2023	0	-52	0	-52
Revaluations and impairment losses at December 31, 2023	**0**	**-52**	**0**	**-52**
Carrying amount at December 31, 2023	**3,203**	**3**	**5**	**8**
Cost at January 1, 2022	1,316	55	5	60
Exchange adjustment	-65			0
Additions	1,410			0
Disposals			-1	-1
Cost at December 31, 2022	**2,661**	**55**	**4**	**59**
Revaluations and impairment losses at January 1, 2022	0	-52	0	-52
Revaluations and impairment losses at December 31, 2022	**0**	**-52**	**0**	**-52**
Carrying amount at December 31, 2022	**2,661**	**3**	**4**	**7**

Note 13 Inventories

mDKK	2023	2022
Raw materials and consumables	137	155
Work in progress	23	18
Finished goods and goods for resale	171	170
Total inventories	**331**	**343**

Comment

Indirect production costs are recognized in the value of work in progress and finished goods at DKK 15 million (2022: DKK 16 million).

Note 14 Receivables

mDKK	2023	2022
Trade receivables	561	532
Other receivables	62	41
Receivables	**623**	**573**

Receivables are classified as "assets measured at amortized cost" under IFRS 9.

Trade receivables fall due as follows:

mDKK	Not due and prepaid bonus	Due 1–15 days	Due 16–90 days	Due > 90 days	Total
2023					
Trade receivables	505	31	24	7	567
Impairment provision*	–2	–	–2	–2	–6
Trade receivables after impairment	503	31	22	5	561
Impairment provision % **	–0.4	0.0	–8.3	–28.6	–1.1
Impairment provision, beginning of the year					–5
Impairment realized during the year					0
Impairment provision for the year					–1
Total					**–6**

* Lifetime expected credit loss.
** Historical average loss rate is < 1%.

mDKK	Not due and prepaid bonus	Due 1–15 days	Due 16–90 days	Due > 90 days	Total
2022					
Trade receivables	513	11	10	4	538
Impairment provision*	–1	–	–1	–4	–6
Trade receivables after impairment	512	11	9	0	532
Impairment provision % **	–0.2	0.0	10.0	100.0	–1.1
Impairment provision, beginning of the year					–12
Impairment realized during the year					1
Impairment provision for the year					5
Total					**–6**

* Lifetime expected credit loss.
** Historical average loss rate is < 1%.

Note 15 Share capital

Reference is made to note 17 related to the Consolidated Financial Statements.

Note 16 Deferred tax

mDKK	2023	2022
Deferred tax at January 1	206	168
Change in deferred tax for the year	19	36
Deferred tax, no income effect for the year	-2	2
Addition by acquisition	1	0
Adjustment of previous year	-10	0
Deferred tax at December 31	**214**	**206**
Deferred tax relates to:		
Intangible assets	40	32
Property, plant and equipment	130	130
Fixed asset investments	18	18
Current assets	28	33
Current liabilities	-2	-7
Total	**214**	**206**

Note 17 Other current payables

mDKK	2023	2022
VAT, excise duties, etc.	52	27
Other payables	195	163
Deposit, returnable packaging	22	22
Total other current payables	**269**	**212**
Deposit, returnable packaging is specified as follows:		
Balance at January 1	22	26
Adjustment for the year	0	-4
Balance at December 31	**22**	**22**

Comment

The change in the deposit on returnable packaging for the year reflects the net exchange with customers of returnable packaging for the year less estimated wastage of returnable packaging in circulation.

Note 18 Cash flow statement

Adjustments for non-cash operating items:

mDKK	2023	2022
Dividend received from subsidiaries and associates	-554	-1,025
Financial income	-130	-62
Financial expenses	234	71
Amortization and impairment of intangible assets	4	4
Depreciation of property, plant and equipment (see note 10, leasing part)	199	176
Tax on the profit for the year	131	168
Profit and loss from sale of property, plant and equipment	1	-10
Share-based payments and remuneration	14	0
Total	**-101**	**-678**

Note 19 Debts

Changes to interest-bearing debts

mDKK	12/31 2022	Payment	Additions	12/31 2023
Interest-bearing long-term debts	3,153	-179	1,821	4,795
Interest-bearing short-term debts	2,052	-750	1,304	2,606
Total interest-bearing debt, mortgage and credit institutions	**5,205**	**-929**	**3,125**	**7,401**
Interest-bearing long-term leasing debt	63	-9	26	80
Interest-bearing short-term leasing debt	32	-32	30	30
Total interest-bearing leasing debt	**95**	**-41**	**56**	**110**
Total	**5,300**	**-970**	**3,181**	**7,511**

mDKK	12/31 2021	Payment	Additions	12/31 2022
Interest-bearing long-term debts	2,167	-714	1,700	3,153
Interest-bearing short-term debts	1,715	-417	754	2,052
Total interest-bearing debt, mortgage and credit institutions	**3,882**	**-1,131**	**2,454**	**5,205**
Interest-bearing long-term leasing debt	69	-7	1	63
Interest-bearing short-term leasing debt	28	-28	32	32
Total interest-bearing leasing debt	**97**	**-35**	**33**	**95**
Total	**3,979**	**-1,166**	**2,487**	**5,300**

Note 20 Contingent liabilities, security and other liabilities

mDKK	2023	2022
Guarantees		
Guarantees relating to subsidiaries	348	312
Total	**348**	**312**
Third-party guarantees	**11**	**11**

Security

No security has been provided in respect of the Group's loan agreements with credit institutions. As regard security for loan agreements with mortgage credit institutes, reference is made to note 10.

Contingent liabilities

The outcome of pending legal actions is not expected to have any material impact on the financial position of the Parent Company or the Group.

Note 21 Related parties

Related parties comprise the Board of Directors and the Executive Managment as well as subsidiaries and associates. See the sections on Board of Directors and Executive Management on page 60 and Group structure on page 176. No shareholder exercises control.

Apart from contracts of employment, no agreements or transactions have been made between the Company and the Executive Board. Remuneration to the Board of Directors and the Executive Board is disclosed in note 3.

The following transactions have been made with related parties:

mDKK	2023	2022
Revenue		
Sales to subsidiaries	596	777
Sales to associates	18	19
Costs		
Purchases from subsidiaries	273	141
Financial income and expenses		
Dividends received from associates	12	27
Dividends received from subsidiaries	542	538
Gain on sale of investments in associates	0	460
Interest received from subsidiaries	129	54
Intercompany balances on December 31		
Loans to subsidiaries	3,203	2,661
Receivables from subsidiaries	255	230
Financial debts subsidiaries	1,911	1,188
Capital contributed to subsidiaries		
Guarantees and securities		
Guarantee for subsidiaries	348	312

Note 22 Events after the reporting period

No events have occurred in the period from the balance sheet date until the presentation of the financial statements that materially affect the assessment of the Parent Company's financial statements.

Other information

Group structure

Activity
- Production, sales and distribution
- Sales and distribution
- Holding company
- Other

Segment	Country	Ownership	Currency	Capital	Activity
Parent company					
Royal Unibrew A/S, Denmark			DKK	100,400,000	Production, sales and distribution
NORTHERN EUROPE					
Subsidiaries					
Aktieselskabet Cerekem International Ltd.	Denmark	100%	DKK	1,000,000	Other
The Curious Company A/S	Denmark	100%	DKK	550,000	Other
Nohrlund ApS	Denmark	100%	DKK	103,030	Production, sales and distribution
Restaurationsselskabet Nørrebro Bryghus A/S	Denmark	100%	DKK	1,100,000	Other
Rebæl ApS	Denmark	63%	DKK	67,227	Sales and distribution
Solera Sweden AB	Sweden	100%	SEK	150,000	Sales and distribution
Cuveco AB	Sweden	100%	SEK	100,000	Sales and distribution
Royal Unibrew Norge AS	Norway	100%	NOK	9,900,000	Holding company
Cuveco AS	Norway	100%	NOK	100,000	Sales and distribution
Hansa Borg Bryggerier AS	Norway	100%	NOK	1,453,242	Production, sales and distribution
Nøgne Ø AS	Norway	100%	NOK	320,000	Production, sales and distribution
Olden Brevatn AS	Norway	100%	NOK	30,000	Production, sales and distribution
Solera Norge AS	Norway	100%	NOK	6,000,000	Sales and distribution
Engelstad Spirits AS	Norway	100%	NOK	30,000	Sales and distribution
Einar A. Engelstad AS	Norway	100%	NOK	100,000	Sales and distribution
Orbis Wines AS	Norway	100%	NOK	30,000	Sales and distribution
Eurowine AS	Norway	100%	NOK	101,000	Sales and distribution
Best Cellars AS	Norway	100%	NOK	1,000,000	Sales and distribution
Stenberg & Blom AS	Norway	100%	NOK	100,000	Sales and distribution
Winehouse Norway AS	Norway	100%	NOK	30,000	Sales and distribution

Segment	Country	Ownership	Currency	Capital	Activity
Bottleneck Holding AS	Norway	100%	NOK	100,000	Sales and distribution
Top Cellars Wine Import AS	Norway	100%	NOK	30,000	Sales and distribution
Urban Beverages AS	Norway	100%	NOK	110,000	Sales and distribution
Multibev AS	Norway	100%	NOK	100,000	Sales and distribution
Sommelier AS	Norway	100%	NOK	200,000	Sales and distribution
Solera Uteliv AS	Norway	100%	NOK	100,000	Sales and distribution
Craft Drinks AS	Norway	100%	NOK	30,000	Sales and distribution
Vinkilden AS	Norway	100%	NOK	45,580	Sales and distribution
Bacchus Wines AS	Norway	100%	NOK	30,000	Sales and distribution
Vinestor AS	Norway	100%	NOK	2,222,000	Sales and distribution
Vinum AS	Norway	100%	NOK	900,000	Sales and distribution
Vinarius AS	Norway	100%	NOK	920,000	Sales and distribution
Plus Vini AS	Norway	100%	NOK	1,600,000	Sales and distribution
B & R Wine AS	Norway	100%	NOK	1,002,000	Sales and distribution
Servco AS	Norway	100%	NOK	100,000	Sales and distribution
Trulli Wines AS	Norway	100%	NOK	100,000	Sales and distribution
Vinestor Sweden AB	Sweden	100%	SEK	100,200	Sales and distribution
OMA Vin AS	Norway	50%	NOK	30,000	Sales and distribution
Divini AS	Norway	100%	NOK	1,500,000	Sales and distribution
Innvino AS	Norway	100%	NOK	200,000	Sales and distribution
UAB Kalnapilio-Tauro Grupe	Lithuania	100%	EUR	1,153,337	Production, sales and distribution
UAB Prie Nevėžio – Royal Unibrew Service UAB	Lithuania	100%	EUR	43,500	Other
OY Hartwall Ab	Finland	100%	EUR	13,240,140	Production, sales and distribution
Lapin Kulta Oy	Finland	100%	EUR	16,819	Other
OY Hartwall Ab: Stadin Börsta Oy	Finland	100%	EUR		Other

Activity

- Production, sales and distribution
- Sales and distribution
- Holding company
- Other

Segment	Country	Owner-ship	Currency	Capital
SIA "Cido Grupa"	Latvia	100%	EUR	1,117,054
SIA Lacplesa Alus	Latvia	100%	EUR	102,844
SIA Bauskas Alus	Latvia	100%	EUR	932,064
Tanker Brewery	Estonia	100%	EUR	163,405
Associates				
Grønlandskonsortiet I/S	Denmark	50%	DKK	
Nuuk Imeq A/S	Greenland	32%	DKK	38,000,000
WESTERN EUROPE Subsidiaries				
Ceres S.p.A	Italy	100%	EUR	206,400
Birrificio San Giorgio S.r.l	Italy	100%	EUR	1,010,000
Terme di Crodo S.r.l.	Italy	100%	EUR	19,000,000
Etablissement Geyer-Fréres S.A	France	100%	EUR	159,687
Royal Unibrew Netherlands B.V.	Netherlands	100%	EUR	1
Vrumona B.V.	Netherlands	100%	EUR	3,829,080

Segment	Country	Owner-ship	Currency	Capital
INTERNATIONAL Subsidiaries				
Ferell sp. z.o.o.	Poland	100%	PLN	120,200
Supermalt UK Ltd.	UK	100%	GBP	9,700,000
Vitamalt (West Africa) Ltd.	UK	100%	GBP	10,000
Royal Unibrew Nigeria Ltd.	Nigeria	100%	NGN	10,000,000
The Danish Brewery Group Inc.	USA	100%	USD	100,000
Bruce Ashley Group Inc.	Canada	100%	CAD	1,865,100
Amsterdam Brewery Co. Ltd.	Canada	100%	CAD	17,600,100
Tempt International China	China	100%	USD	842,934

Quarterly financial highlights and ratios (Group)

mDKK (unaudited)	Q1 2023	Q1 2022	Q2 2023	Q2 2022	Q3 2023	Q3 2022	Q4 2023	Q4 2022
Sales (million hectoliters)	2.8	2.7	3.9	3.8	3.5	3.8	3.9	3.1
Income statement								
Net revenue	2,552	2,162	3,595	3,211	3,336	3,296	3,444	2,818
EBITDA	302	317	674	623	651	612	581	445
EBITDA margin (%)	*11.8*	*14.7*	*18.7*	*19.4*	*19.5*	*18.6*	*16.9*	*15.8*
Earnings before interest and tax (EBIT)	174	209	536	511	507	489	421	307
EBIT margin (%)	*6.8*	*9.7*	*14.9*	*15.9*	*15.2*	*14.8*	*12.2*	*10.9*
Result after tax from investments in associates	0	-4	4	355	7	6	7	5
Financial income and expenses	-51	-10	-60	-15	-53	-22	-86	-46
Profit before tax	123	195	480	851	461	474	342	265
Net profit for the period	98	154	388	772	363	381	246	184
Balance sheet								
Non-current assets	11,220	8,780	11,308	11,143	13,931	11,363	14,254	11,416
Total assets	14,523	11,335	14,957	14,651	17,519	14,479	17,778	14,474
Equity	5,182	3,442	4,825	4,574	5,537	4,919	5,748	5,158
Net interest-bearing debt	4,887	4,012	4,783	4,416	6,456	4,364	6,426	4,460
Net working capital	-214	-566	-711	-1,080	-650	-2,181	-754	-770
Invested capital	10,900	8,064	10,410	9,815	13,016	10,149	13,342	10,451
Cash flows								
Operating activities	-281	-283	1,133	845	381	479	544	94
Net cash used for investing activities	-123	-76	-184	-176	-171	-175	-156	-131
Free cash flow	-404	-359	949	669	210	304	388	-37
Financial ratios (%)								
Free cash flow as a percentage of net revenue	-16	-17	26	21	6	9	11	-1
Cash conversion	-412	-233	245	87	58	80	158	-20
Net interest-bearing debt/EBITDA*	2.5	2.0	2.4	2.2	3.1	2.2	2.9	2.2
Equity ratio	36	30	32	31	32	34	32	36

Ratios comprised by the "Recommendations and Financial Ratios" issued by the Chartered Financial Analyst Society Denmark's Committee for Accounting standards have been calculated according to the recommendations. Definitions of financial highlights and ratios are provided on page 179. This section forms part of our Management Report.

* running 12-months.

Definitions of financial highlights and ratios

EBITDA	Earnings before interest, tax, depreciation, amortization and impairment losses as well as profit from sale of property, plant and equipment and amortization of intangible assets.
EBITDA margin	EBITDA as a % of net revenue.
EBIT	Earnings before interest and tax.
EBIT margin	EBIT as a percentage of net revenue.
Net interest-bearing debt	Mortgage debt and debt to credit institutions less cash at bank and in hand, interest-bearing current investments and receivables.
Net working capital	Inventories + receivables – current liabilities except for corporation tax receivable/payable as well as mortgage debt and debt to credit institutions.
Invested capital	Equity + minority interests + provisions + deferred tax + net interest-bearing debt – financial assets.
Investing activities, cash flow	Dividend received from associates, purchase net of sale of property, plant and equipment less acquisitions and net proceed from intangible assets and fixed assets investments.
Investing activities, free cash flow	Dividend received from associates, purchase net of sale of property, plant and equipment less net cash used in investing activities excluding acquisitions and net proceed from intangible assets and fixed assets investments.
Free cash flow	Cash flow from operating activities less investing activities.
Earnings per share	Parent Company shareholders' share of profit for the year/average number of shares in circulation.
Net cash used in investing activities	The sum of dividend received from associates, sale and purchase of property, plant and equipments.
Diluted earnings per share	Parent Company shareholders' share of profit for the year/average number of shares in circulation including restricted shares "in-the-money".
Free cash flow per share	Free cash flow/average number of shares in circulation.
Dividend per share	Proposed dividend per share.
Return on invested capital including goodwill (ROIC)	EBIT net of tax as a percentage of average invested capital.
Return on invested capital excluding goodwill (ROIC)	EBIT net of tax as a percentage of average invested capital excluding goodwill.
Free cash flow as a percentage of net revenue	Free cash flow as a percentage of net revenue.
Capex as a percentage of net revenue	Purchase net of sale of property, plant and equipment plus repayment on lease facilities as a percentage of net revenue.
Cash conversion	Free cash flow as a percentage of net profit for the year.
Net interest-bearing debt/ EBITDA before special items	The ratio of net interest-bearing debt at year end to EBITDA.
Equity ratio	Equity at year end as a percentage of total assets.
Return on equity (ROE)	Consolidated profit after tax as a percentage of average equity.
Dividend payout ratio (DPR)	Dividend calculated for the full share capital as a percentage of the Parent Company shareholders' share of net profit for the year.
Organic growth	Growth adjusted for acquisitions and divestments and measured in local currencies.

This section forms part of our Management Report

Disclaimer

This annual 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 words or phrases like 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 prediction of actual results.

Certain figures in this document may be subject to rounding differences.

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Design and production: Noted