ROYAL UNIBREW

Annual Report

2022

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 challenge the status quo by doing better every day in a fun, agile and sustainable way

THE PREFERRED CHOICE for

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

Our main focus is to invest behind the categories and channels that grow the most, pushing premiumization and driving organic EBIT growth. On top of this, 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.

Letter from the CEO & the Chair

The year of agile behavior and brave decisions

Royal Unibrew's business momentum continues to be strong owing to our solid brand portfolio, and we continue to consolidate our market shares across geographies despite the challenges posed by unexpected inflation and historically high energy prices.

2022 was a year characterized by unprecedented circumstances and uncertainty. We have been compelled to deal with the consequences of high and unexpected inflation and historically high energy prices, as a result of the pointless war in Ukraine. The high inflation impacted our cost base negatively resulting in pressure on our earnings. Even so, we are confident that Royal Unibrew is on the right path. Our strategy, THE PREFERRED CHOICE, together with our niche and multi-beverage models continue to work and pave the way for building our business even stronger. We continue to expand our platform by organic growth and, additionally, we continue to grow our business through partnerships and acquisitions that fit to Royal Unibrew and our ambition of being THE PREFERRED CHOICE of beverage partner in local markets. In the course of the year, we agreed to expand our partnerships with PepsiCo on both snacks and beverages, as well as our partnership with Diageo on ready-to-drink (RTD) to also cover Norway. We continue to bring innovations to market for the purpose of expanding the choices for our consumers. Finally, we have been able to keep our supply chain up and running despite several challenges, including periodic shortage of certain materials during 2022.

We continued our sustainability journey in 2022, and we took a big step, as our ESG score was among the best in the global beverage industry, which contributes positively to our ambition of being THE PREFERRED CHOICE for the future.

"Royal Unibrew generated healthy top line growth in 2022. Our revenue has almost doubled since 2020 despite the challenges of the pandemic followed by unexpected inflation driven mostly by high energy prices. There is no doubt that Royal Unibrew is in strong shape, which makes us confident about the future."

Peter Ruzicka
Chair

Lars Jensen
President & CEO

We look for ways to reduce our environmental footprint, to find more sustainable solutions for our customers and to offer more sustainable products to our consumers. Our environmental agenda in 2022 has been busy, in particular regarding the construction of our solar park in Denmark and the biogas plant in Finland. The first solar panel was installed in the solar park by the end of the year, and shortly after the solar panel produced the first kilowatt-hour. The installation is now ramping up and the park will be in full operation very soon. As for the biogas plant in Finland, we expect to inaugurate the plant during the first quarter of 2023. From this point, Royal Unibrew will be independent of fossil fuels in our production in Finland. Hence, 2023 marks an important milestone in our pursuit of a fossil free future.

By the end of the year, we also submitted our ambitious emissions reduction targets to the Science Based Target initiative (SBTi) for official validation. And of course, we supported UN Global Compact and will continue to do so.

"The success of Royal Unibrew is a product of our colleagues' extraordinary efforts."
Our business is firmly anchored in the purpose and 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. Agility has always been a cornerstone of our business, but 2022 taught us that this quality is more important than ever before. Our colleagues around the world have proven that agility, persistency and a can-do attitude are possible even in times of high uncertainty and constant change. That is not to be taken for granted. We would like to express our appreciation to all our colleagues throughout the organization for their commitment and extraordinary efforts in a challenging year. Likewise, we would like to take the opportunity to thank our board of directors for safeguarding Royal Unibrew's interests and our shareholders for their persistence and continued trust.

"We have to keep both hands on the wheel in 2023, as there will be misty periods and continuing challenges."
We are looking into a year with just as many moving parts as we experienced in 2022. The business and consumer environment will continue to be challenging; therefore, we need to keep both hands on the wheel. The agenda of 2023 is set with the aim of maintaining our strong business momentum and secure future growth.

We must close the gap between cost inflation and price increases. We anticipate a hurdle of costs in 2023 that we have to pass on to our customers to close the gap between cost inflation and price increases. We managed to reduce the gap in both Q3 and Q4 in 2022, and we are convinced that we will close the gap during the first half of 2023. It is evident that we must continue to work hard on implementing price increases to neutralize the consequences of inflation.

We must prepare to deal with changing consumer behavior. We expect to see further changes in consumer preferences in 2023. Thus, we must continue to be agile and brave in the way we do business: agile and brave enough to change course from one day to another if the consumer needs changes. At all times, we need to have the right products, in the right packaging sizes, at the right prices, in the right locations and at the right time to meet the needs of our consumers.

We must continue to focus on key growth categories and efficiency. Our focus on growth categories have proven to work in 2022. We expect the greatest growth potential across geographies in the no/low sugar category as well as the energy drinks category. In other words, we expect the beverage industry trends from 2022 to remain on the world map. We must continue to invest behind our key brands across growth categories with a continued focus on ROIC. Conversely, we have to cut the tail of the SKUs with no or low growth potential. It is our belief that this is a necessary step to improve efficiency.

We will continue the integration process of our latest acquisitions, which involves roll-out of Royal Unibrew's IT systems in Sweden, Norway and Canada. In addition, we will begin the integration of the production facility at Amsterdam Brewery in Canada.

We look forward to yet another busy and exciting year.

Lars Jensen
President & CEO

Peter Ruzicka
Chair of the Board

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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, Italy, France and Canada. In addition, our products are sold in more than 70 countries in the rest of the world.

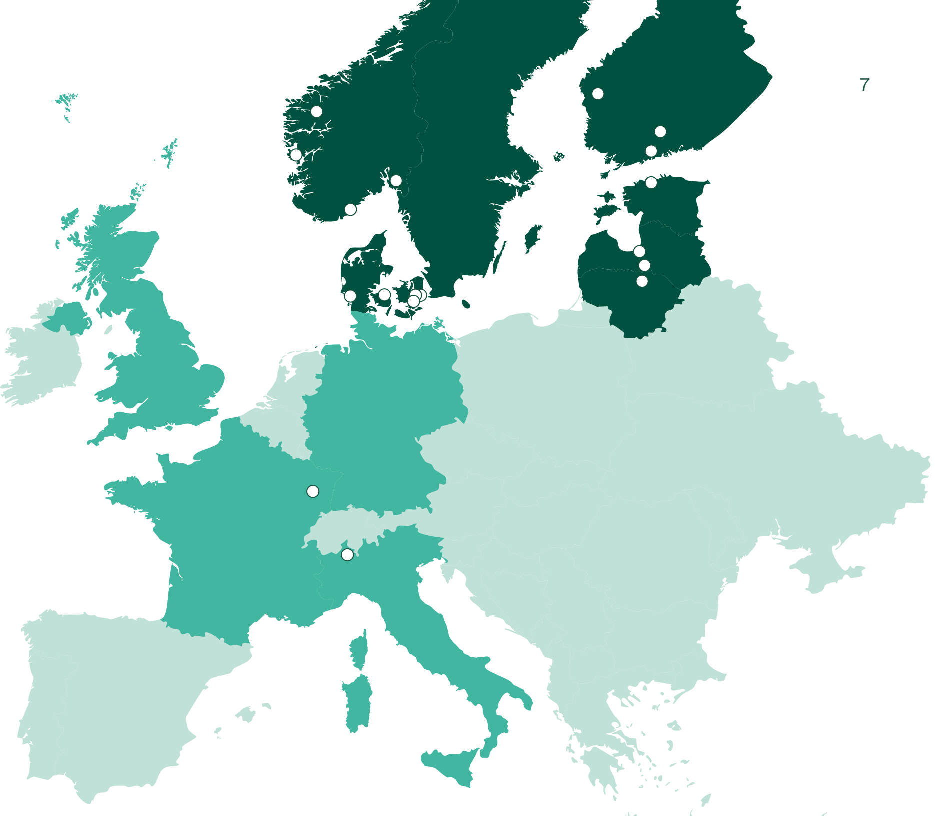
We strive to offer our customers a broad portfolio of high-quality beverages, which accommodates our consumers' demands across a wide range of categories, including beer, malt beverages, soft drinks, energy drinks, cider/RTD, juice, water, wine and spirits.

Our business is based on a solid foundation of strong local brands. As for Northern Europe, our local brands are accompanied by well-known international brands on license (PepsiCo and Heineken) and trading goods (e.g., Diageo), whereas for Canada it is 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.

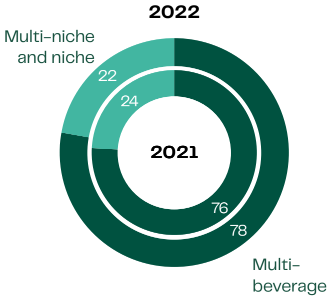
Markets

- Multi-beverage
- Multi-niche
- Production*

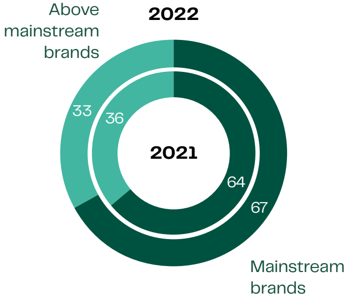


* Royal Unibrew also has a production facility in Toronto, Canada from the acquisition of Amsterdam Brewery.

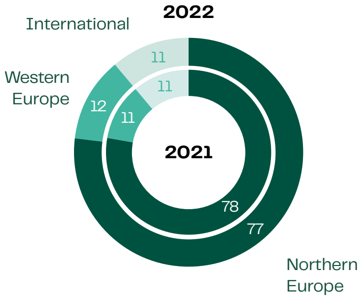
Net revenue split
(%)



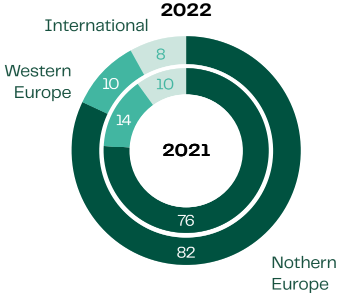
Net revenue by brand category
(%)



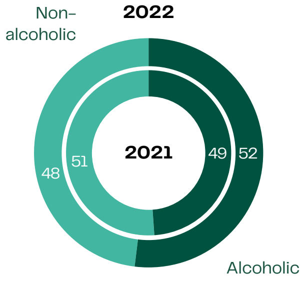
Volume by segment
(%)



EBIT by segment
(%)



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



Results for 2022 and outlook for 2023

Our 2022 results were characterized by solid net revenue development and slight declining EBIT despite significant cost inflation, differences in levels and timing of price increases in the market, a challenged supply chain and a changing consumer environment.

Developments in 2022

- Strong performance across geographies leading to increased market shares in most markets
- Organic EBIT decline of 14% due to high cost inflation, high freight rates and the delay in increasing prices towards customers
- Free cash flow of DKK 577 million was negatively impacted by a negative development in NWC.
- Earnings per share up from DKK 26.5 to DKK 30.5 (+15%). Adjusted for the remeasurement of the shareholding in Hansa Borg bryggerier, earnings per share declined to DKK 23.1 corresponding to -13%
- CO_2 from production increased by 13% in 2022 driven by acquisitions and a shift to oil on some production sites.
- In 2022, total distribution to shareholders was DKK 992 million
- A dividend of DKK 14.50 per share for 2022 (2021: DKK 14.50) is proposed to the AGM
- We expect an EBIT in the range of DKK 1,550-1,750 million in 2023 based on net revenue of DKK 13-14 billion.

Outlook for 2023

mDKK	Outlook	Actual 2022	Actual 2021
Net revenue	13,000-14,000	11,487	8,746
EBIT	1,550-1,750	1,516	1,652

Please refer to page 28 for more details.

+31%

Net revenue increase for 2022 to DKK 11,487 million

-8%

EBIT decrease for 2022 to DKK 1,516 million

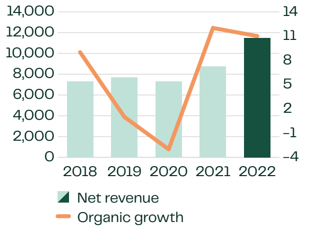
13.2%

EBIT-margin for 2022, a decrease of 5.7 percentage point

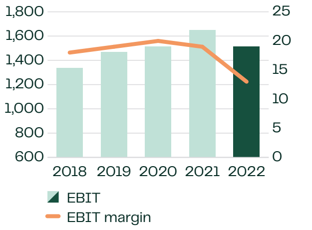
15%

EPS increase for 2022, to DKK 30.5 per share

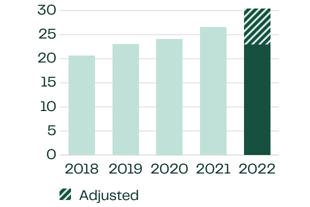
Net Revenue/organic growth
(mDKK) (%)



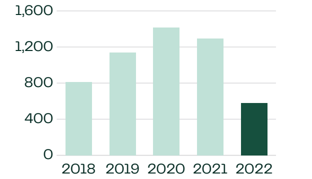
EBIT/EBIT margin
(mDKK) (%)



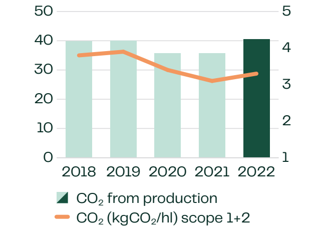
Earning per share*
(DKK)



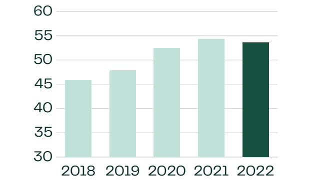
Free cash flow
(mDKK)



CO_2 from production



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



*adjusted for gains on remeasurements of investments in associates

Results for 2022 – business segments

Northern Europe

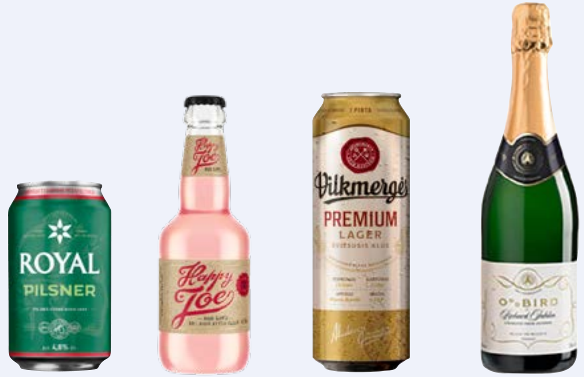
DENMARK, GERMANY, FINLAND, NORWAY, SWEDEN, LATVIA, LITHUANIA AND ESTONIA

10.4 mhl
VOLUME
(up by 7%)

8.9 bnDKK
NET REVENUE
(up by 35%)

1,247 mDKK
EBIT
(down by 0%)

13.9%
EBIT-MARGIN
(down by 5.0pp)



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Western Europe

ITALY AND FRANCE

1.6 mhl
VOLUME
(up by 21%)

1.4 bnDKK
NET REVENUE
(up by 16%)

157 mDKK
EBIT
(down by 35%)

11.6%
EBIT-MARGIN
(down by 9.1pp)

Read more: page 38

International

MORE THAN 70 MARKETS IN AMERICAS AND EMEAA

1.4 mhl
VOLUME
(up by 7%)

1.2 bnDKK
NET REVENUE
(up by 22%)

128 mDKK
EBIT
(down by 30%)

10.7%
EBIT-MARGIN
(down by 8.1pp)

Read more: page 40

Financial highlights and ratios

	2022	2021	2020	2019	2018
Sales volume (million hectoliters)	13.4	12.3	11.1	11.0	10.8
Organic volume growth (%)	1	9	0	1	3
Income statement (mDKK)					
Net revenue *	11,487	8,746	7,315	7,692	7,298
Organic growth net revenue (%)	*11*	*12*	*-3*	*1*	*9*
EBITDA	1,997	2,020	1,861	1,814	1,673
EBITDA margin (%)	*17.4*	*23.1*	*25.4*	*23.6*	*22.9*
Earnings before interest and tax (EBIT)	1,516	1,652	1,515	1,469	1,339
Organic EBIT growth (%)	-14	6	2	4	21
EBIT margin (%)	*13.2*	*18.9*	*20.7*	*19.1*	*18.4*
Income after tax from investments in associates **	362	37	33	25	20
Other financial income and expenses, net	-93	-42	-43	-36	-31
Profit before tax	1,785	1,647	1,505	1,458	1,328
Net profit for the year	1,491	1,298	1,198	1,140	1,040
Parent company shareholders' share of net profit	1,492	1,299	1,183	1,142	1,041
Balance sheet (mDKK)					
Non-current assets	11,416	8,771	7,015	7,163	6,775
Total assets	14,474	10,914	8,306	8,493	8,062
Equity	5,158	3,342	3,332	3,106	2,908
Net interest-bearing debt	4,460	3,536	2,193	2,705	2,522
Net working capital	-770	-1,102	-875	-671	-748
Invested capital	10,451	7,449	5,927	6,211	5,835
Cash flows (mDKK)					
Operating activities	1,135	1,753	1,738	1,402	1,214
Investing activities	-558	-457	-324	-262	-401
Free cash flow	577	1,296	1,414	1,140	813

* 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.

	2022	2021	2020	2019	2018
Share ratios (DKK)					
Number of shares (million)	50.2	48.8	49.4	50.1	51.0
Earnings per share (EPS) ***	23.1	26.5	24.1	23.0	20.6
Diluted earnings per share ***	23.1	26.5	24.1	22.9	20.6
Free cash flow per share	11.8	26.4	28.8	23.0	16.1
Dividend per share	14.5	14.5	13.5	12.2	10.8
Year-end price per share	495.3	737.2	706.6	610.0	449.0
Employees					
Average number of employees	3,365	2,890	2,631	2,567	2,416
Financial ratios (%)					
Return on invested capital including goodwill (ROIC)	13	19	20	19	21
Return on invested capital excluding goodwill (ROIC)	22	32	33	30	33
Free cash flow as a percentage of net revenue	5	15	19	0	11
Capex as a percentage of net revenue	5	5	5	4	6
Cash conversion	39	100	118	100	78
Net interest-bearing debt/EBITDA (times)	2.2	1.7	1.2	1.5	1.5
Equity ratio	36	31	40	37	36
Return on equity (ROE)	35	40	37	38	36
Dividend payout ratio (DPR)	49	55	56	54	53

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

*** Earnings per share (EPS) and diluted earnings per share are adjusted for gain on remeasurements of investments in associates (DKK 360 million) in 2022. Had no adjustment been made, earnings per share (EPS) and diluted earnings per share would have been 30.5 in 2022.

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 173.

Compared to Annual Report 2020 the definition of free cash flow has been updated to reflect market practise of the IFRS 16 implementation. Comparables for 2020 and 2019 have been adjusted.

ESG highlights and ratios

We continued our sustainability journey in 2022 with efforts to reduce our footprint and potential impacts for our consumers and customers, our products, and our people.

The volume growth for no and low products significantly outperformed regular products (see page 8) and we reached our goal of allocating 40% of our marketing budget to sustainability.

The overall increase in consumption of energy and water, and emission of CO_2 between 2021 and 2022 was primarily driven by our acquisitions.

We reached our 2022 target on decarbonization with a 42% reduction in CO_2 per hl compared to 2015 (organic), despite of the energy shortage in Europe. However, it did result in some production sites changing from natural gas to oil to support a steady supply of gas for households and secure our continuous operations. An effect of this was an increase in CO_2 emissions for the Group.

Our transition to a fossil free future continues with more efficiency projects at our sites and investments in renewable energy sources.

The 2022 targets on recycled content of our packaging material were achieved as well. We believe that we are well equipped to reach our goal of 100% recycled, recyclable or reusable packaging in 2025.

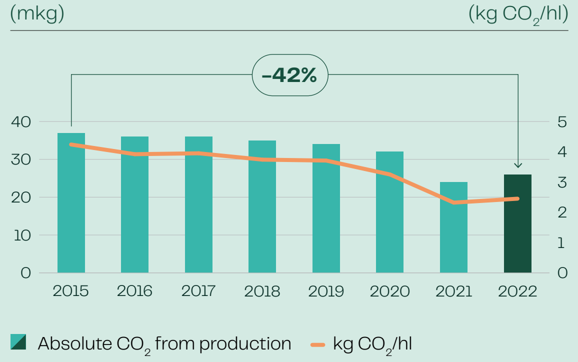
We submitted our CO_2 reduction targets aligned with the Paris Agreement for validation by the Science Based Targets initiative, underlining our commitment to reducing the carbon footprint from the entire value chain we are a part of.

Leadership training was in focus for our managers as an initiative under the strategic pillar Our people. The training covered, e.g., sustainable leadership; building high quality connections; and implementing diversity, equity and inclusion in leadership. We expect to see the effect in our people data going forward.

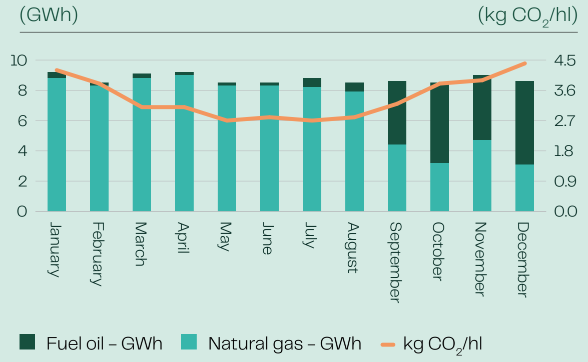
Target % recycled materials

	2022 Target	Realized
Recycled paper labels	>90%	92%
Recycled corrugated cardboard	>90%	98%
Recycled PET	>30%	64%

CO_2 emission from 2015 baseline in production (organic)



Energy consumption for heating in 2022 (organic)



ESG highlights and ratios in numbers

		2022	2021	2020	2019	2018
PRODUCTION FIGURES						
Production sites		19	14	9	9	9
Production volume, total	million hl	12.1	11.5	10.6	10.3	10.4
CO_2 emissions						
Scope 1 & 2 (location based)*	million $kgCO_2$	40.5	35.8	35.7	40.0	39.8
Scope 1 & 2 (market based)**	million $kgCO_2$	31.1	26.8	24.2	26.2	n/a
Scope 3***	million $kgCO_2$	n/a	367.5	n/a	372.6	n/a
ENVIRONMENT & CLIMATE						
Purchased electricity	GWh	98.7	84.2	79.1	81.4	81.2
Natural gas	GWh	87.3	99.5	88.3	94.2	88.9
Purchased heat/steam/cooling	GWh	34.6	33.5	30.6	37.8	40.8
Other	GWh	27.0	3.1	2.8	1.9	2.9
Energy, total	**GWh**	**247.6**	**220.3**	**200.8**	**215.3**	**213.8**
Water consumption, total	**million hl**	**37.5**	**34.8**	**33.3**	**33.3**	**33.3**
Wastewater, total	**million hl**	**23.7**	**22.8**	**22.3**	**22.3**	**22.7**
Hazardous waste	million kg	0.1	0.0	0.1	0.1	0.1
Landfilled waste	million kg	0.6	0.7	0.9	0.4	0.5
Incinerated waste	million kg	0.7	0.6	0.7	1.5	1.1
Recycled waste	million kg	10.5	5.5	5.5	5.9	5.4
Solid waste, total	**million kg**	**11.9**	**6.8**	**7.2**	**7.9**	**7.1**
Recycled waste %	%	88.3	80.6	76.8	74.7	76.1
Spent grain & yeast	million kg	91.7	79.2	76.8	77.4	80.9
RELATIVE PRODUCTION FIGURES						
Energy	kWh/hl	20.5	19.2	18.9	20.9	20.6
CO_2	kg CO_2/hl	3.3	3.1	3.4	3.9	3.8
Water	hl/hl	3.1	3.0	3.1	3.2	3.2
Waste	kg/hl	1.0	0.6	0.7	0.8	0.7

		2022	2021	2020	2019	2018
PACKAGING MATERIALS****						
Cans	%	43.8	43.4	41.7	40.2	n/a
Returnable glass bottles	%	2.3	2.4	2.9	3.4	n/a
Non returnable glass bottles	%	10.1	9.1	7.9	8.7	n/a
PET	%	33.4	36.0	36.8	37.0	n/a
Kegs	%	2.9	2.0	1.9	3.5	n/a
Bulk	%	1.0	0.3	0.2	2.9	n/a
Other	%	6.5	6.8	8.5	6.5	n/a
PEOPLE WELL-BEING & DEVELOPMENT						
Occupational health & safety						
Total number of lost-time incidents (LTIs)	Number	63	53	56	42	39
Lost time incident frequency	per million working hrs	11.1	11.3	13.7	10.8	10.2
Number of lost days	Hrs	1,153	944	2,070	1,594	687
Lost day rate	per million working day	203	202	506	412	180
Fatalities	Number	0	0	0	0	0
Employee engagement						
Employee turnover	%	17.1	15.0	13.9	17.5	20.6
Leave of absence due to illness (not work related)	%	3.6	3.8	3.7	3.9	3.5
Diversity						
Employees by gender, total						
Female	%	26	26	24	25	26
Male	%	74	74	76	75	74
Employees by gender, Int. Management teams						
Female	%	28	29	33	32	31
Male	%	72	71	67	68	69

* Location based: Calculated CO_2 emission based on IEA country factors and DEFRA data ** Market based: Subtracting CO_2 emission covered by green certificates *** Calculated at least every third year **** Packaging material excluding Amsterdam Brewery Co. Ltd.

Strategy

Our strategy

Our strategy – THE PREFERRED CHOICE

Our strategy is based on our ambition to be THE PREFERRED CHOICE of local beverage partner for all our stakeholders. We want to do so by building strong local multi-beverage businesses with strong market positions in our main markets. This is obtained through strong local portfolios complemented by well-known international partner brands. In markets where we do not have a multi-beverage presence, we want to build and develop strong niche positions.

Our growth formula (see page 19) is based on both organic and inorganic opportunities. We have identified six structural growth areas to focus on within our business. This includes partnerships and inorganic investments to the extent that they fit strategically and strengthen our current market positions.

Consumers

We want to build a solid business based on strong local brands as well as partnership brands. This means that we want to serve our consumers with a broad portfolio characterized by taste, quality and innovations in relevant categories.

- Taste
- Local
- Health
- Availability

- Diverse portfolios
- Agile collaboration
- Local
- Market challenger

Customers

We have a mindset of being the market challenger, and we want to grow together with our customers through agile collaboration. This mindset is a cornerstone in our company culture, and we work hard every day to offer the best solutions to our customers. This includes a diverse and local product portfolio, high service levels and the right equipment to the delight of our customers who are provided with the best selection of beverages.

- Sustainability
- Product circularity
- Partnerships
- Green energy

Future

We want to be among the most sustainable beverage companies by minimizing our environmental footprint. We take responsibility for the entire value chain and focus on product circularity as well as zero carbon emissions. We want to make a positive impact on society, and hereby give back to all our stakeholders.

- Entrepreneurial
- Solution-oriented
- Ownership
- Fun

Employees

Our employees are the foundation of our business. We need talented, diverse and engaged people to achieve our strategy. We strive to create a performance based winning culture with the proudest employees in the industry who take ownership of their work while having fun.

- EBIT growth
- Investments

- Acquisitions
- Distributions

Shareholders

We want to create sustainable profit growth through organic and inorganic investments resulting in higher value creation than our peers. Therefore, we aim to reward our shareholders with an attractive and efficient capital allocation.

Our business

Operating model

Royal Unibrew is a multi-beverage business, and our operating model emphasizes the importance of a decentralized organizational structure securing agile decision making tailored to the needs of local consumers and customers. Our portfolio is based on beverages that can be kept at ambient temperatures securing a longer shelf life and maximum leverage throughout our value chain. The business is anchored in strong local brand portfolios reinforced by important international partnerships. This yields high-quality beverage propositions in relevant packaging formats for the benefit of our customers who are given the opportunity to serve the consumers for all occasions.

The 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 across the Group, and that we monitor and operate the business through our simple and proven performance management, ERP and supporting systems. Commercial organizations are locally anchored and have a high degree of decision power, which secures a clear mandate and local ownership of the business development.

Value chain

We use ingredients such as barley, water, sugar, juice, etc. for our beverages. It is important that we achieve a stable, high-quality and sustainable supply; 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.

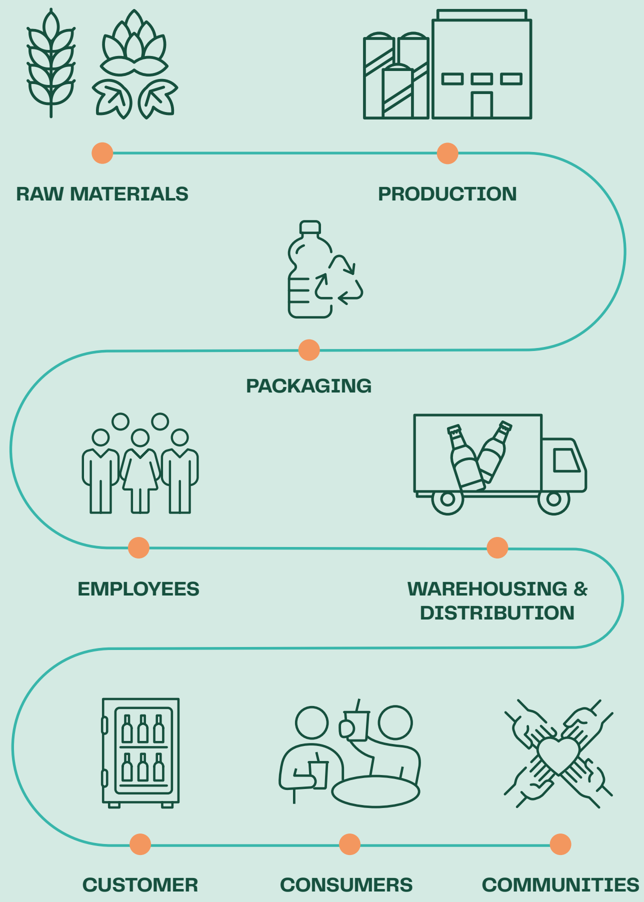
We operate at nineteen production facilities in eight countries. In general, all our products are produced at the same facilities, meaning that all beverages are filled on cans, glass bottles or PET bottles at the same filling lines no matter product category. We also leverage our multi-beverage position with regard to common warehouses and logistic setups, as all our products can be stored at same temperatures and transported on the same trucks.

On the commercial side, the multi-beverage platform also yields a lot of synergies, as the same salesforce can sell all our products. Hence, our commercial organization is able to spend more time with our customers securing strong commercial relationships and top class in outlet execution.

Products/brands

Our multi-beverage model stretches across all relevant categories where products can be kept at ambient temperatures, as it provides scale benefits throughout the value chain. We operate in both non-alcoholic and alcoholic categories, and we aim to have no/low sugar alternatives in the non-alcoholic

Royal Unibrew's operating model



segment and no/low alcohol alternatives in the alcoholic segment.

Our product portfolio is based on strong local brands – many with iconic status in their home market. We want to offer a portfolio of relevant brands and strive to execute brilliantly in all channels. By working with the brand identities through strong marketing efforts, we seek to continue the premiumization of our total portfolio.

Our own brands are supplemented by strong international brands either on license agreements or third-party distribution agreements.

We aim for a market leading position within the categories we operate in across the different markets where we are present.

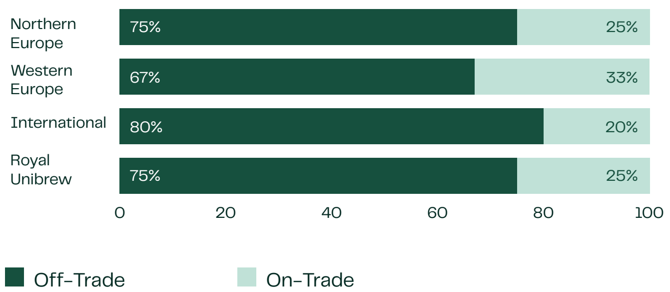
Sales channels

In our Nordic multi-beverage markets, we have strong market positions with broad portfolios and extensive sales channel coverage. All customers across all sales channels are important for our business, as they are our main route to market and thereby a prerequisite for having offerings to all consumers on various occasions.

Supporting the commercial direction and investing behind the more profitable channels in a focused effort are also contributing to the premiumization of our total business.

In our multi-beverage markets, we strive to fully control the route to market, as it creates efficiency in our value chain, as well as enabling the best service to our customers.

Net revenue channel split, Off-Trade vs. On-Trade
(%)



Environment, sustainability 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 2022, these emission reduction targets were submitted to the Science Based Target initiative (SBTi) for official validation. We also continue to support 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. In our main markets, the Deposit Return Systems secure a very high level of recycling, but we continue to make efforts to improve.

Our colleagues are the foundation of our business, and we want to have the most engaged, diverse and talented people with an entrepreneurial attitude, empowered and striving to do better every day. We employ around 3,600 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 a dynamic, team-oriented work culture that truly values each individual.

Royal Unibrew aims to be a responsible member of the community and make positive contributions to the sustainable development of society. We are deeply rooted in the communities where we work, and we want to give back to all our stakeholders, as it will strengthen our business over time. It is part of our culture to engage not only in the local societies surrounding our premises, sports clubs and our employees' families, but also in our brand communities in collaboration with our customers, business partners and NGOs.

Equity story

Royal Unibrew is a growth company with high cash generation and a disciplined capital allocation for the benefit of all our stakeholders.

Leading brand portfolio

We want to be THE PREFERRED CHOICE for our customers and consumers. This is secured through a portfolio of beverages that can be kept at ambient temperatures. Superior portfolios are based on strong local brands supported and enforced by strong, well-known international brands through partnerships.

Strong market positions

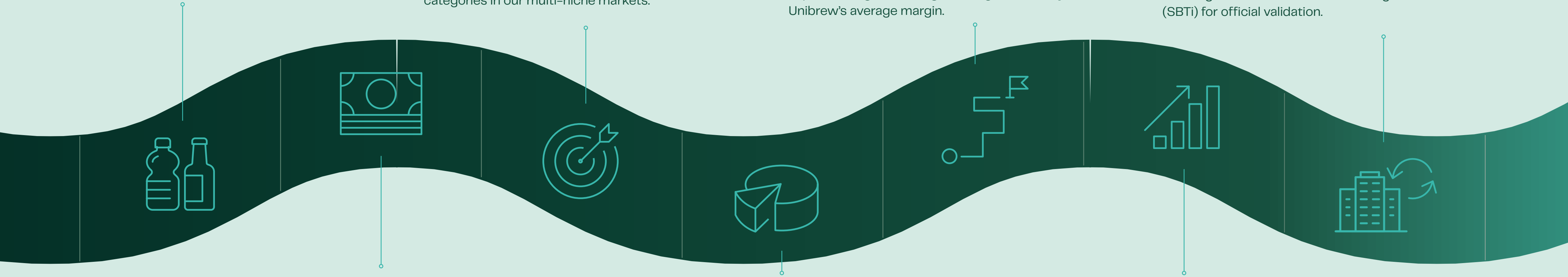
Our strong market positions are vital for profitability. Multi-niche and multi-beverage offerings through leading brand portfolios increase the numbers of must stock brands in the individual markets and thereby increase our portfolios' attractiveness toward customers. We are a market leading beverage 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. In addition, most of the areas are 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 UN Global Compact and has enrolled in the Task Force on Climate-Related Financial Disclosures (TCFD). By the end of 2022, we also submitted our ambitious emissions reduction targets to the Science Based Targets initiative (SBTi) for official validation.



Cash generative business

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 secures the ability to invest in value creating growth – both organic and inorganic – while maintaining our financial flexibility.

Disciplined capital allocation

The main objective of our capital allocation is to maintain financial flexibility in order to make the necessary investments in organic growth – and at the same time still be able to do value creating acquisitions. Historically, this approach has enabled a healthy redistribution of surplus cash through dividends and periodic share buy-backs.

Strong track record of earnings growth

The development of the multi-beverage operating model and the 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 12%, which has been driven by both organic and inorganic contributions.

Our growth formula

The growth formula, which has proven to work through years, is intact and Royal Unibrew remains committed to deliver profitable earnings growth in the coming years.

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 Italy, France and Canada as well as export business in more than 70 additional countries.

Over the past years, we have channeled more commercial investments toward the fastest growing categories in our portfolio with the aim of delivering higher organic growth than the underlying market growth. Innovations backed by strong consumer insights combined with talented and experienced employees, who secure strong in-store execution, pave the way for growing faster than the markets where we operate.

Premiumization

We invest behind the fastest growing brands, categories and channels, while we at the same time focus on premiumizing our portfolio of beverages to drive value growth. Premiumization is driven by our talented people who use valuable market insights to innovate new products with a higher sales price per volume unit than the average.

Price per volume unit is increasing 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.

Efficiency improvements

Costs and efficiency improvements have always been high on the agenda in Royal Unibrew. Teamwork is a cornerstone of our workplace culture and along with our colleagues' can-do attitude, it helps us finding solutions to all challenges, which secures that we do things in a better, more efficient way every day.

The multi-beverage model enables us to achieve higher utilization of fixed assets, higher efficiency in sales and logistics and, in general, higher productivity per employee.

In combination with our strategic focus on structurally growing areas in our business with higher margins, we optimize our ability to increase price per volume unit and/or reduce cost per volume unit, which form a solid foundation for an underlying margin expansion.

Mergers & acquisitions

Value creation through acquisitions of companies have always been a core part of Royal Unibrew's strategy. 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.

We seek to improve our market positions through bolt-on or brands/category acquisitions, while larger transformational acquisitions usually open multi-beverage opportunities in new geographies.

Finally, we may acquire production assets to expand production capacity or bring production closer to consumption.

Share buy-backs

We want to create profitable growth while maintaining financial flexibility. The 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 being able 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 26).

Shares bought back are generally intended to be canceled leading to a higher earnings per share.

Our growth formula:

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

Mergers, acquisitions and partnerships

It is a core part of our strategy to pursue structural improvements through M&A and partnerships provided that they fit strategically and strengthen our current market positions.

Mergers and acquisitions

Royal Unibrew is built on mergers and acquisitions. The Danish business is founded on mergers and acquisitions of more than 30 regional, Danish beverage companies, while our international expansion has mostly been driven by acquisitions. Over the past ten years, we have added almost DKK 6 billion in net revenue from acquisitions, corresponding to almost DKK 600 million per year.

We categorize our acquisitions and potential acquisitions into four different types: bolt-on acquisitions, asset acquisitions, brand/category acquisitions and platform acquisitions. Bolt-on acquisitions are pursued in markets where Royal Unibrew already has a multi-beverage offering. A bolt-on acquisition is by nature relatively small compared to the existing business in the market, and it is normally fairly simple to integrate. However, it creates significant value as synergies tend to be large.

Asset acquisitions are pursued in markets where we can obtain additional production capacity close to our consumers. Usually, it is less expensive than building new capacity and consequently, accelerates expansion of new capacity, while bringing logistic synergies and a reduced CO_2 footprint by an optimized route-to-market.

Brand/category acquisitions are pursued to gain exposure to brands or categories in existing niche or multi-niche markets or in categories where we are already present by which the acquisition significantly improve our market position. Platform acquisitions are pursued to get a strong market position within one or more categories in markets where we have limited or no presence. Platform acquisitions are more demanding in terms of integration due to the higher complexity, and while synergies in the short-term are limited, the long-term potential is significant.

International

Royal Unibrew's International segment is based on a low-risk partnership model with beverages primarily produced in Denmark from where the products are exported to markets around the world. Two years ago, we decided to look into the possibility of moving production closer to consumption to consolidate a better balance between our costs and local

competitions costs, but also to future-proof the environmental sustainability of our international business.

We see three potential routes to bring production closer to consumption in the International segment:

1. Invest in assets
2. Outsource production under license agreement
3. Third party production

The acquisition of Amsterdam Brewery Co. Ltd. in Toronto is an example of an investment in assets in the International segment to bring production closer to consumption.

Integration processes and synergies

The speed of integration is dependent on the size and complexity of the acquired company. Therefore, the realization of synergies, and thereby creation of value, is also different from case to case. Common to acquisitions is that they always have an initial phase of operational investments during the first period of the integration, which is usually finalized within the first six to 24 months depending on the size and complexity of the acquired business. It is not until after this initial phase where the acquisition is fully integrated that we can start to really benefit from synergies.

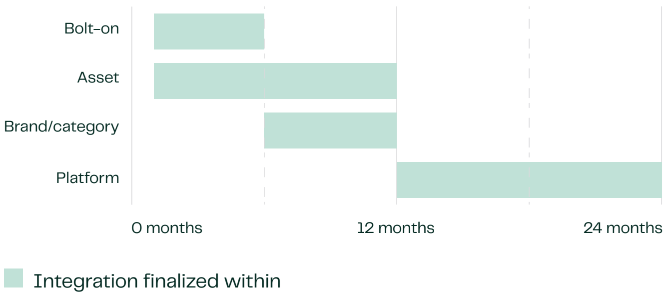
Synergies are split into two buckets: operational and commercial synergies. In most acquisitions there are initial operational synergies to extract, but we always acquire businesses to make them stronger and bigger. For that reason, the initial operational synergies are partly reinvested into the acquired business, as we start to streamline the business and adjust the organization to fit our model of strong local ownership and our performance management model. The integration is finalized by the implementation of Royal Unibrew's IT systems. Once the IT systems and operational model are implemented the commercial work gets full attention.

The commercial agenda is centered around quality of the revenue, i.e., making sure that it is the right parts of the product portfolio that is being prioritized so that the strongest possible market positions are built within the most profitable parts of the portfolio.

The eventual margin potential of an acquisition depends on the type of acquisition as well as the operating model it becomes part of. A bolt-on acquisition in a multi-beverage market setup will have a margin potential of at least our medium-to-long-term EBIT margin target, as we benefit from utilizing our infrastructure.

When it comes to platform acquisitions, it is dependent on the degree of multi-beverage offering and the level of own

Integration of acquisitions depends on type and complexity



Brand partnerships

Country	Partnerships established
DENMARK	Heineken, Lay's
DANISH/ GERMAN BORDER	Heineken
FINLAND	Heineken, Lay's, Accolade Wines, Murviedro, DIAGEO
SWEDEN	Lay's, Murviedro, Accolade Wines
NORWAY	Heineken, Lay's, Accolade Wines, Murviedro, DIAGEO
BALTIC	Heineken

brands and products. As an example, the acquisition of Solera Beverage Group was an acquisition of a company that distributes third-party brands, which comes with a low margin. Introducing our own brands on that platform will bring a high incremental margin, but margins will not approach average group margins in the short-to-medium-term.

Partnerships

Partner brands play an important role in our product portfolio across the markets in which we operate. Our partnership with PepsiCo strengthens our total offering, as it provides us a great supplement to our portfolio of local carbonated soft drinks and adds must stock brands to our value proposition toward customers.

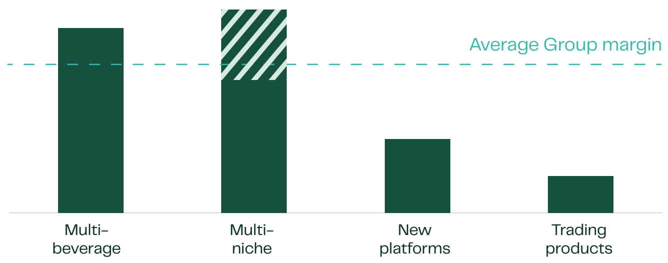
Our partnership with PepsiCo on snacks complements our beverage portfolio, as it creates cross-selling opportunities. When consumers buy beverages, they often also buy snacks, and when consumers buy snacks, they almost always buy beverages as well. Therefore, the cross-promotion opportunities in all sales channels are significant.

Our license agreement with Heineken secures a global lager beer in our beer portfolio. Our own local premium beer brands have limited potential outside the local markets. The global Heineken brand secures relevance for those of our customers who desire an international beer as part of their offering to consumers.

In the same way, our partnership with Diageo adds international must stock brands to our portfolio increasing the value of our total offerings to our customers.

Our partnerships are attractive as they supply strategic value to the portfolio; likewise, they provide an interesting profitability.

Relative profitability across operating models
(Illustrative)

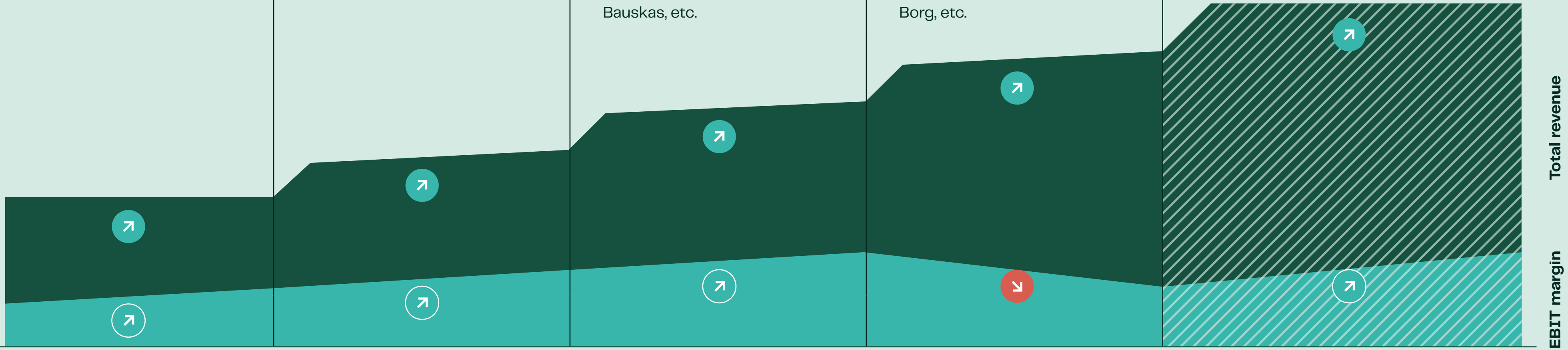


Illustrative: Phases in Royal Unibrew's development

	1	2	3	4	5
Company phase:	**2008 – 2013: "Turnaround"**	**2013 – 2017: "Profitable growth"**	**2017 – 2021: "Organic profit growth"**	**2021 – 2023: "Expand platforms"**	**2023: "Organic development and extract synergies"**
Key priority:	Company turn-around	Establish growth platform to build on	Reinforce growth platform and prepare for additional expansion	Invest in expansion, short-term profit margin dilution	Grow absolute EBIT while rebuiling margins
Drivers:	• Cost adaptation • Streamlining	• Cost efficiency • Better use of assets	• Integrations of acquisitions	• Integration of and investing in future growth platforms	• Grow core business in core markets • Unlock synergies from platform acquisitions
M&A:	• None; fix the base before pursuing inorganic expansion opportunities	• Leapfrog ahead via transformational acquisition Hartwall	• Reinforce growth platform by acquiring very strong and local brands Crodo, Cult, Lorina and Bauskas, etc.	• Invest in future growth by acquiring new platforms to build upon: Solera, Crazy Tiger, Hansa Borg, etc.	• Focus on post-merger integration

Revenue impact:

EBIT margin %:



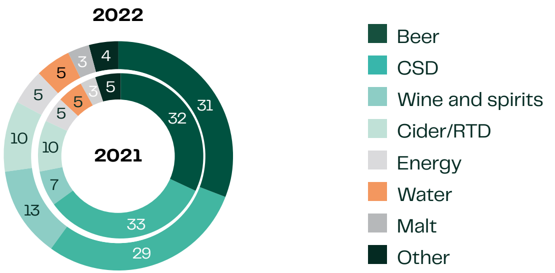
Financial impact:	Top line growth + profit margin expansion	Top line growth + profit margin expansion	Top line growth + profit margin consolidation	Top line growth + profit margin contraction due to inflation and dilutive acquisitions	Top line growth + profit margin expansion through synergies and price increases/deflation

Our categories

Our multi-beverage model covers all beverage categories encompassing beverages that can be stored at ambient temperatures. We are present in both non-alcoholic as well as alcoholic categories, and it is our ambition to have no/low sugar alternatives in the non-alcoholic segment as well as no/low alcoholic alternatives in the alcoholic segment.

Organic net revenue growth from non-alcoholic beverages was higher than organic net revenue growth from alcoholic beverages during 2022, although the split changed in favor of alcoholic beverages due to acquisitions. Net revenue from alcoholic beverages was 52% of total net revenue in 2022, whereas it was 49% in 2021. Energy drinks and Cider/RTD are among the most profitable categories in our product portfolio and are growing faster than Group average.

Revenue split categories
(%)



Non-alcoholic beverages
Our largest non-alcoholic beverage category, carbonated soft drinks (CSD), grew organically by 12% in 2022 and amounted to 29% of total net revenue. The acquisition effect in 2022 had a dilutive result on the relative share of total net revenue, as the acquisitions had much lower CSD shares than the Group average. Our CSD portfolio includes iconic local brands like Faxe Kondi, Jaffa, LemonSoda and Lorina as well as the international partnership brand PepsiCo.

Energy drinks, which is one of our strategic focus areas of growth, continued its strong growth in 2022, where organic growth reached 34%. The category's share of total net revenue remained at 5% in 2022. Our energy drinks value proposition is now covering Denmark, Finland, Norway, the Baltic countries, France and Italy as well as a number of markets in our International business segment.

Our core water brands Novelle and Egekilde contributed to organic net revenue growth reaching 12% for 2022. Water continues to constitute 5% of total net revenue.

The share of total net revenue for malt beverages remained at 3% in 2022, despite 24% organic growth. This can be explained by the fact that none of our acquired businesses have any exposure to malt beverages.

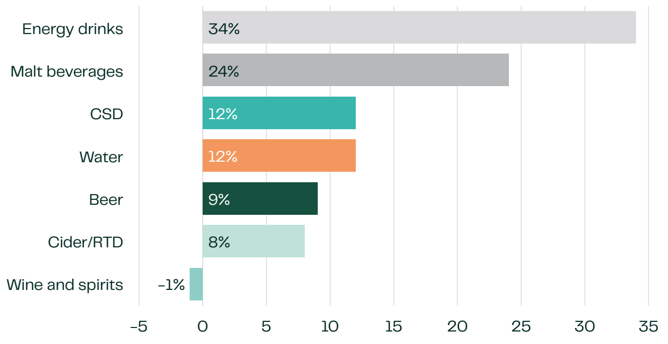
Alcoholic beverages

Beer is our biggest category measured by net revenue. In 2022, the beer category constituted 31% of total net revenue for the Group. In both Denmark and the Baltic countries organic net revenue growth in the beer category was double-digit percentages driving a 12% organic net revenue growth for beer in total.

With the acquisition of Solera Beverage Group, wine and spirits now constitute around 12% of Royal Unibrew's total net revenue. In absolute numbers, net revenue from wine and spirits has more than doubled in 2022 compared to 2021. The decline in organic net revenue amounted to 1%, as the Finnish market normalized following positive side-effects of COVID-19 in 2020 and 2021.

Our cider/RTD net revenue grew organically by 8% in 2022 reaching 10% of the Group's total net revenue. Organic net revenue growth was driven by a diverse range of our brands, including Original, Cult Shaker, Nohrlund etc.

Organic category net revenue growth
(%)



Financial targets and capital allocation

We want to invest in our business to secure the best long-term development of the business as well as shareholder value creation to the benefit of all our stakeholders. This is done by setting ambitious financial targets governed by strict capital management. The aim is to create the necessary financial flexibility to invest in both organic and inorganic profitable growth opportunities while maintaining an efficient capital allocation.

In recent years, we have been able to invest significantly in both organic and inorganic growth opportunities as a result of our solid financial flexibility. The long-term strength of our business is based on innovations, investments in production assets, sales and marketing as well as organizational capabilities: All this necessary to pursue growth opportunities, partnerships and efficiency improvements. Despite these investments, we sustained considerable distributions to our shareholders.

Profitability

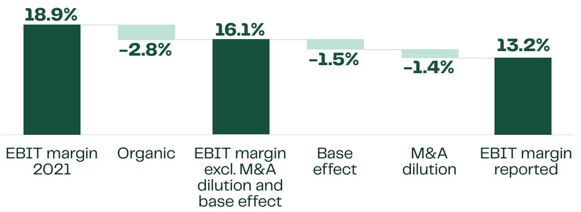
We want to drive organic EBIT growth, as this is the base for shareholder value creation. On top of this, acquisitions have added to the value creation of Royal Unibrew. Our decisions are based on maximizing long-term EBIT.

We have a long-term EBIT margin target of 20-21%, and we believe a high EBIT margin is a seal of approval and a guiding star in our effort to maximize long-term EBIT. It secures that we maintain an overall focus on driving profitable growth and high cash conversion.

During the past years, we have acquired several companies of different sizes, but almost all dilutive to the average Group EBIT margin. The dilution from acquisitions amounted to 1.4 percentage points on the EBIT margin in 2022. Organically, the EBIT margin declined by 2.1%, as we are building strong platforms for future growth in our markets by investing in organizations, IT and multi-beverage setups. This means that a return to an EBIT margin of 20-21% in the medium-to-long term is dependent on no further large margin dilutive acquisitions.

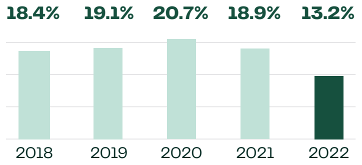
The input price inflation, which we have seen in the past couple of years, is also significantly diluting the EBIT margin, as we aim to pass on the inflation defending the absolute earnings per volume unit and not the margin. This means that we aim to raise our revenue through price increases and mix effects by the same amount that our cost base has inflated. Same earnings on a higher revenue base has in total and purely mathematically diluted our EBIT margin by 2.2 percentage points over the

EBIT margin dilution in 2022



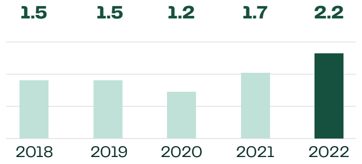
EBIT margin

20-21%



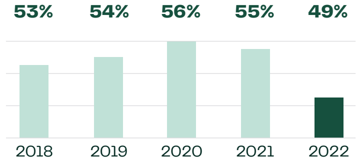
NIBD / EBITDA

<2.5 times



Dividend pay-out ratio

40-60%
of consolidated profit for the year



past two years. A return to EBIT margins of more than 20% is contingent on declining input cost during the coming years.

In our well-established multi-beverage markets, we expect to continue to deliver an EBIT margin at least in line with our long-term margin target, as we can extract the benefits and synergies of our business model. In our less established multi-niche markets, we will strive to increase the EBIT margin toward the long-term EBIT margin target. This reflects our belief in our ability to expand the EBIT margin, as we realize synergies from recent acquisitions through efficiency improvements in our existing business and benefit from investments into our selected growth opportunities.

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, and we aim for around 1.5 times EBITDA to secure sufficient financial flexibility. We endeavor to secure financial flexibility through long-term loan agreements and facilities. We may depart from the targeted ratio for a certain period if structural business opportunities arise.

Our priorities for capital allocation are as follows:

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

Our annual investments, including repayment on lease facilities (IFRS 16), are expected to account for an average of 5% of net revenue. During the first year of the pandemic, we were not able to expand our production capacity despite the fact that we had strong growth, as we did not allow external people into our production facilities. Along with the expansion of our partnership business, we will in the coming years invest in additional capacity. We also need to make additional energy investments to become CO_2 neutral; therefore, we may exceed our 5% target in the coming years. Both the capacity and carbon reducing investments are supporting a return to our 20-21% EBIT margin target.

The Board of Directors evaluates ongoing whether the capital structure is to be adjusted by launching share buy-back programs. The general intention is that shares bought back will be canceled.

Total distribution for the year

mDKK	2022	2021	2020	2019	2018
Dividend	692	653	600	538	451
Share buy-backs	300	582	362	433	484
Total distibution	**992**	**1,235**	**962**	**971**	**935**
as a % of prior year consolidated profit	*76*	*103*	*84*	*93*	*113*

Outlook for 2023

We expect an EBIT in the range of DKK 1,550-1,750 million in 2023 based on net revenue of DKK 13-14 billion.

Revenue
The guided revenue is substantially higher than in 2022. Roughly DKK 0.5 billion comes from acquisitions and the remainder comes from extensions of partnerships and price/mix increases to mitigate the impact from cost increases.

The beverage category is expected to be resilient in a consumer environment characterised by high inflation and pressure on the discretionary spending amongst consumers. We expect affordability to remain a key focus for consumers during 2023 and consequently our channel mix to be slightly negative as well as we expect private label and discount brands to gain share in the overall market.

Outlook for 2023

mDKK	Outlook	Actual 2022	Actual 2021
Net revenue	13,000-14,000	11,487	8,746
EBIT	1,550-1,750	1,516	1,652

Profitability
Our focus in 2023 is to safeguard our profitability on a per hectoliter basis, which will have a margin dilutive effect in 2023. The additional revenue coming from extensions of partnerships and acquisitions has a lower margin than the group average.

The destocking we have seen in Italy continue into the beginning of 2023 and we expect the business to return to normal during early springtime.

Profitability will be slightly backend loaded in 2023 compared to normal seasonality as price increases will take effect during the year, and as the de-stocking during the second half of 2022 in Italy had a negative one-off effect during the period.

Significant cost increases are expected during 2023 primarily stemming from raw and packaging materials, but also due to the general inflationary pressure. The guidance is based on hedged commodity prices at the end of February and forward pricing on the non-hedged part.

Top and bottom end of range
The macro setting is highly uncertain due to geopolitical uncertainty, inflation and pressure on consumers discretionary spending power. The main factors impacting profitability are:

- Commodity price development and the supply situation
- Consumer behaviour and impact on channel mix
- Customers reaction to price increases

Financial assumptions
- Acquisitions of Hansa Borg and Amsterdam to add around DKK 0.5 billion in incremental net revenue with single-digit EBIT margin
- The guidance is built on normal summer weather and travelling activities
- In 2023, our capex is expected to be around 5-6% of net revenue. We will increase our investments in CSR and in expansion of capacity to support future growth
- Corporate income tax rate is expected to amount to around 21%

Performance

Financial review • Northern Europe
Western Europe • International

Financial review of Q4 2022 and FY 2022 results

The fourth quarter of 2022 marked the end to a year where our business has shown resilience and our people have executed competently in an environment with a lot of uncertainty, huge cost pressure on our customers and lower spending power for our consumers leading to a change in their shopping behaviors. We experienced an organic volume decline of -2% in Q4 2022 primarily driven by destocking in the Italian wholesale market. The destocking is driven by tougher economic conditions where wholesalers reduce inventories to improve cash flow - we experienced the same development after the financial crisis in 2008.

Top line momentum reflects the pricing initiatives we have taken through 2022 to mitigate the high inflationary pressure in input prices. Net revenue increased organically by 3% in Q4 2022 driven by a price/mix effect of 8% in Northern Europe and 6% in International, whereas product mix in Italy resulted in a negative price/mix effect for Western Europe. We have implemented price increases in some markets from the beginning of 2023 and will follow in the remaining markets during the first quarter of the year.

The development in EBIT improved sequentially in Q4 2022, as the organic decline improved to -8% (Q3 2022: -19%). In total, EBIT declined organically by -15% in H2 2022 as a result of destocking in Italy and continued headwinds in International due to primarily high freight costs. As expected, EBIT developed very favourably in Northern Europe in Q4 2022 as a result of strong execution and easy comparable numbers from 2021 where the On-Trade was closed down in December in particularly in Denmark and Finland.

Key highlights Q4:

- Organic volume growth of -2% (FY 2022: 1%)
- Positive price/mix from pricing initiatives
- Organic net revenue growth of 3% (FY 2022: 11%)
- EBIT declined organically by -8% (FY 2022: -14%)
- EBIT margin down by 1.8 percentage points to 10.9% (FY 2022: down 5.7 percentage points to 13.2%)

Financial highlights Q4 and FY 2022

Volume for Q4 2022 increased by 5% compared to Q4 2021 and amounted to 3.1 million hectoliters. Organic volume growth was -2% with the difference of approximately 200 thousand hectoliters explained by the acquisitions of Hansa Borg and Amsterdam Brewery. For FY 2022, volume was up by 9%, corresponding to organic growth of 1%. In Q4 2022, net revenue increased by 17% (organic: 3%) and amounted to DKK 2,818 million. Net revenue growth in FY 2022 was 31% (organic: 11%) compared to 2021 and amounted to DKK 11,487 million.

Production cost increased by DKK 433 million in Q4 2022 corresponding to an increase of 32%. As a result, gross profit declined by -2% resulting in a gross profit margin of 37.1%, which is 7.2 percentage points lower than in 2021. The decline is primarily caused by the time lag between inflation in COGS and sales price increases, but also a result of a negative channel and product mix as well as dilutive acquisitions. In FY 2022, the gross profit margin declined by 6.3 percentage points to 42.4% compared to 2021.

Sales and distribution costs increased by 8% in Q4 2022 but declined as a percentage of net revenue to 25.3% from 27.5% in Q4 2021. This was the result of lower sales and marketing expenses in the quarter, and although freight and distribution costs increased they still constituted a lower percentage of revenue than in the same period of 2021. In FY 2022, sales

& distribution costs increased by 34% and increased from 25.0% of net revenue in 2021 to 25.5% in 2022.

Earnings before interest and tax (EBIT) for Q4 was DKK 1 million higher than in 2021 and amounted to DKK 306 million (2021: DKK 305 million). In FY 2022, EBIT declined by DKK 136 million compared to 2021 and amounted to DKK 1,516 million (2021: DKK 1,652 million). The reported EBIT margin decreased by 1.8 percentage points to 10.9% in Q4 2022 as a consequence of higher production costs and the time lag between input price inflation and price increases. In FY 2022, the reported EBIT margin declined by 5.7 percentage points compared to 2021. In the last quarter of 2022, acquisitions diluted the EBIT margin by 0.4 percentage point, whereas they diluted the EBIT margin by 1.4 percentage points in FY 2022 compared to the year before.

Free cash flow amounted to DKK -37 million in Q4 2022 compared to DKK 62 million in Q4 2021, whereas free cash flow for FY 2022 was DKK 577 million compared to DKK 1,296 million in 2021. The development is negatively impacted by an increase in working capital of DKK 585 million driven by higher inventories and an increase in receivables that is larger than the development in payables.

Management's review

The price increases implemented throughout 2022 supported the top line in Q4 and FY 2022 while volumes remained resilient in most markets. Especially Northern Europe showed strong top line momentum in Q4 2022, whereas Western Europe, driven by destocking in Italy, experienced weakness both on top line and earnings. The International division had strong top line momentum throughout most of 2022 but continued to be negatively impacted by high cost levels.

The destocking in Italy impacted the development in Western Europe from the end of Q3 2022 and well into the last quarter of the year. The negative impact was bigger than initially estimated, as the stock level at wholesalers has been reduced predominantly due to cash optimization. The year-on-year increase in freight and distribution costs clearly decelerated in Q4 2022 and grew slower than net revenue. In 2022, freight and distribution costs grew more than net revenue.

Net debt

Net debt by the end of 2022 amounted to DKK 4,460 million, which is an increase of DKK 924 million compared to year-end 2021. Net interest-bearing debt/EBITDA increased from 1.7 to 2.2 over the same period mainly explained by share buy-backs, dividends and acquisitions.

Financial review

In Northern Europe, volumes decreased by -2% organically in Q4 2022, resulting in a FY 2022 organic volume decline of -1%. Price initiatives impacted price/mix positively leading to a 6% organic net revenue growth for Q4 2022 and a 10% organic revenue growth for FY 2022.

Volume growth in Western Europe was negatively impacted by destocking in Italy in Q4 2022. As a result, volumes declined organically by -21% in Q4 2022, whereas net revenue declined organically by -26% in the quarter as price/mix was negatively impacted by product mix. For FY 2022, volumes in Western Europe increased organically by 15%, whereas net revenue increased organically by 10% impacted by a negative price/mix.

The positive top line development in International continued in Q4 2022 with 10 organic volume growth and 16% organic net revenue growth. For FY 2022, volumes increased organically by 6% and net revenue by 17%.

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

	Northern Europe		Western Europe		International		Group	
	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021
Volumes (million hectoliters)	2.5	2.3	0.2	0.3	0.4	0.3	3.1	3.0
Organic volume growth (%)	-2		-21		10		-2	
Net revenue (DKK million)	2,278	1,893	187	254	352	259	2,818	2,407
Organic net revenue growth (%)	6		-26		16		3	

On Group level this led to an organic volume decline of –2% in the last quarter of 2022 taking the full-year development to a 1% organic volume increase. Price initiatives throughout the Group supported a positive price/mix impact and an organic net revenue increase of 3% for Q4 2022 and 11% for FY 2022.

EBIT declined by DKK 1 million in Q4 2022, resulting in an EBIT decline of DKK 106 million in H2 2022 corresponding to an organic decline of –15%. The International division continued to be negatively impacted by high costs and consequently EBIT declined organically by –35% in H2 2022. In Western Europe, the destocking in Italy and the time lag between input price inflation and price increases resulted in an organic EBIT decline of –77% in H2 2022 and –46% for FY 2022. In Northern Europe, EBIT developed favourably in Q4 2022 as a result of strong execution and easy comparable numbers from 2021 where the On-Trade was closed down in December in Denmark and Finland resulting in an organic EBIT decline of –4% in H2 2022 and –6% for FY 2022.

In Denmark, net revenue increased by 11% to DKK 781 million in Q4 2022 and for FY 2022, net revenue increased organically by 12%. In Finland, net revenue increased organically by 4% in Q4 2022, whereas net revenue grew by around 9% organically in FY 2022. Both markets were supported by price initiatives and strong commercial execution.

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

	Northern Europe		Western Europe		International		Unallocated		Group	
	H2 2022	H2 2021	H2 2022	H2 2021	H2 2022	H2 2021	H2 2022	H2 2021	H2 2022	H2 2021
Volumes (million hectoliters)	5.5	5.0	0.7	0.7	0.7	0.6			6.9	6.4
Organic volume growth (%)	–1		–3		11				0	
Net revenue (DKK million)	4,891	3,728	591	626	631	488			6,114	4,841
Organic net revenue growth (%)	9		–6		19				8	
EBIT (DKK million)	709	706	28	118	61	89	–3	–12	796	902
Organic EBIT growth (%)	–4		–77		–35				–15	
EBIT margin (%)	14.5	18.9	4.7	18.8	9.7	18.2			13.0	18.6

Net revenue (DKK million) – selected countries

	Q4 2022	Q4 2021	% change	H2 2022	H2 2021	% change	FY 2022	FY 2021	% change
Denmark	781	701	11	1,674	1,512	11	3,169	2,814	13
Finland	700	674	4	1,554	1,403	11	2,958	2,569	15
Norway	482	247	95	960	276	248	1,495	277	440
Sweden	95	89	7	191	108	77	379	118	221
Baltic	221	182	21	512	429	19	942	827	14

In Norway, net revenue amounted to DKK 482 million in Q4 2022, which was almost a doubling of net revenue compared to the year before and a result of the acquisition of Hansa Borg Bryggerier. Organically, net revenue declined by –17% as a result of the normalization of the market following positive impact on domestic sales during COVID-19. In FY 2022, net revenue increased organically by high-single-digits.

In Sweden, net revenue increased organically by 7% to DKK 95 million in Q4 2022. In the Baltic countries, net revenue increased organically by 21% in Q4 2022 as a result of high price increases, whereas for FY 2022 the organic net revenue growth amounted to 13%.

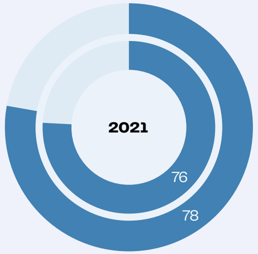
Overview business segments financial performance

Northern Europe

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

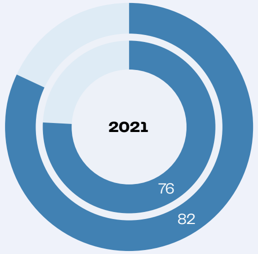
Share of Net revenue

2022



Share of EBIT

2022



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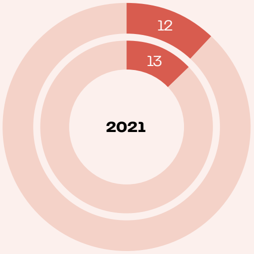
Western Europe

ITALY AND FRANCE

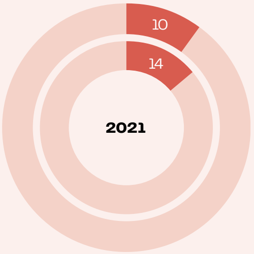
Share of Net revenue

2022



Share of EBIT

2022



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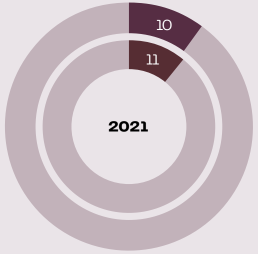
International

MORE THAN 70 MARKETS IN AMERICAS AND EMEAA

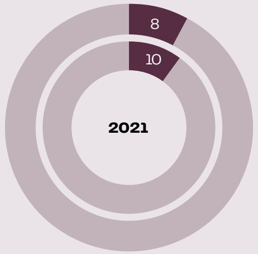
Share of Net revenue

2022



Share of EBIT

2022



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Northern Europe

10.4 mhl
VOLUME
(up by 7%)

1,247 mDKK
EBIT
(down by 0%)

8.9 bnDKK
NET REVENUE
(up by 35%)

13.9%
EBIT-MARGIN
(down by 5.0pp)

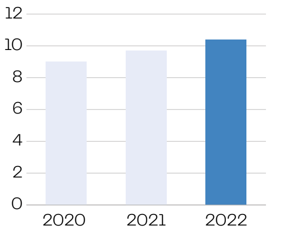
"Our multi-beverage strategy proved its success in Northern Europe in a very difficult year with unexpected inflation and changes to consumer preferences. We are ready to take on the world of uncertainties that we expect for 2023 with new partner agreements, an agile organization and strong brands."

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

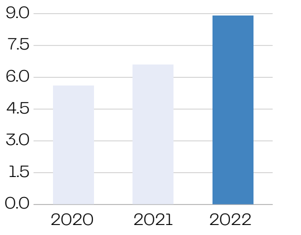
Financial performance

In Northern Europe, total volumes showed an increase of 7% to 10.4 million hectoliters in 2022. Organically, volumes declined by 1% compared to 2021. Net revenue increased by 35% to DKK 8.9 billion of which around 25 percentage points contributes to M&A activity resulting in 10% organic net revenue growth in 2022. Price increases taken throughout the year positively impacted the topline, whereas volumes did experience a slight negative impact.

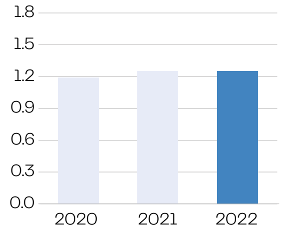
Volumes
(mhl)



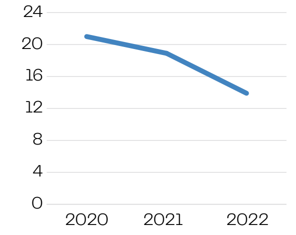
Net revenue
(bnDKK)



EBIT
(bnDKK)



EBIT-margin
(%)



NORTHERN EUROPE

mDKK	2022	2021	% changes	% organic
Volumes (mhl)	10.4	9.7	7	-1
Net revenue	8,943	6,605	35	10
EBIT	1,247	1,249	0	-6
EBIT margin (%)	13.9	18.9		

Earnings before interest and tax (EBIT) for 2022 decreased to DKK 1,247 million and was DKK 2 million below the 2021 figure. The EBIT margin declined by 5.0 percentage points from 18.9% in 2021 to 13.9% in 2022. The time lag between when input price inflation happened and our price increases to customers did impact earnings and the EBIT margin significantly in 2022.

Development and initiatives in 2022

We had a strong year in **Finland** despite On-Trade lockdowns due to COVID-19 in Q1 and heavy cost pressures mounting as a result of Russia's invasion of Ukraine. The strong result was built on growth of our key brands: Original, Novelle, Vichy and license brand Pepsi supported by our quick ability to adapt the business to increased costs and changing consumer sentiment. While we increased our prices due to cost increases on the total portfolio, we maintained our market share.

The integration of Solera Finland was completed successfully, capturing the expected synergies while the wine and spirits business grew faster than expected. We also partnered with new On-Trade customers in particular in the fast food segment where we have been underrepresented. Partnering with fast expanding KFC and signing a deal to partner with the restaurant chain Subway with effect from the beginning of 2023 help us build volume, as the fast food segment is also growing in Finland.

Low consumer confidence coupled with high inflation started to impact the consumer spending patterns toward the end of the year resulting in reduced category growth. While employment rates still remain high, the low consumer confidence will be challenging in the beginning of 2023 particularly for our On-Trade customers and for our mix. Nevertheless, we believe that our wide portfolio and channel coverage provide us options for continued growth in an ever-changing market situation. Our portfolio was further expanded by the introduction of Ekaterra Teas (Lipton and Pukka) in 2022 and PepsiCo snacks (Doritos and Lay's) from the beginning of 2023.

In the first weeks of 2022, COVID-19 and lockdowns were still factors that limited development and initiatives in our **Danish** business. Fortunately, the COVID-19 restrictions gradually eased and were replaced by a portion of optimism for the year and a gradual return to normality in the market.

Russia's invasion of Ukraine at the end of February 2022 triggered a high level of uncertainty in all areas reinforced by the escalating energy crisis and high inflation. The geopolitical situation contributed negatively to supplies of virtually all goods and components and led to several price increases – not only on beverages. One of the consequences of this was clearly seen in Off-Trade, where consumers started to turn more toward discount stores with more narrow assortments. With regards to On-Trade, we have maintained good and close dialogue with our customers, and we have entered into several new, larger agreements on collaborations and existing agreements were successfully renegotiated.

One of the year's highlights was a return to the festivities. Larger events and festivals boomed, and it was the busiest year in the Event/Technology department ever. The number of concerts and other outdoor events increased, and our partners felt the guests' eagerness to gather again.

Despite the tougher conditions in the market, we continued to work with our multi-beverage strategy and our purpose and

ambition of being THE PREFERRED CHOICE. The work has resulted in various forms of collaborations and partnerships, including a Nordic agreement (Finland and Norway) with Ekaterra, formerly part of Unilever, for the sales and distribution of the tea brands Pukka, Lipton and Medova in Denmark from June 2022. In the first six months, the collaboration helped us attract new customers, and we already see positive rates in the development of the brands.

At the end of the year, we announced a signing of an international distribution agreement with Danish Rebæl on sales and distribution of Rebæl's high-end and premium hand-brewed lemonades, gastro juices and cocktails. The joint focus on quality, craftsmanship and innovation is a central cornerstone of the collaboration, and we expect this to be the driving force in strengthening the distribution of the well-reputed crafted drinks.

Overall, there has been a positive development of turnover, we have gained market shares, and we have successfully developed exciting innovations and strong marketing campaigns – and for the third time in a row, we are named as the trade's preferred beverage supplier both at head office level and in the stores, cf. Gradient Benchmark analysis.

In the first half of the year, the **Norwegian** market was impacted by COVID-19. On-Trade was negatively affected, but only to a limited extent in the first 2-3 months of the year. Vinmonopolet (the wine monopoly) and the On-Trade experienced significant additional sales. However, the overall positive effect decreased from the summer and moved back to a normal level in the second half of the year.

Since Royal Unibrew acquired Hansa Borg Bryggerier in May 2022, we have been working on a merger of the Norwegian companies Solera, Vinestor, Multibev, Cuveco and Hansa Borg Bryggerier. Appointing a joint management and merging the commercial areas have made us a significantly stronger beverage supplier in Norway with a unique product range within all sales channels. During the second half of the year, the management continued to work on planning the integration of all business areas, which will provide synergy effects both on commercial additional sales and costs/operations.

With a significantly stronger market position within On-Trade, Off-Trade and Vinmonopolet, we will be a solid future business partner for companies with strong brands that aim to gain a foothold in the Norwegian market.

During 2022, we strengthened our low alcohol portfolio, particularly on the Hansa brand. To decrease our environmental footprint and to increase efficiency of our operations, we have closed one of our production sites. We have also been working on energy efficiency measures and have succeeded in reducing energy spend with as much as nine percent during 2022.

Hansa Borg Bryggerier has entered into a partnership with Too Good to Go, a community of Waste Warriors fighting food waste, to sell surplus non-alcoholic beverages through their food rescue app. One year into the collaboration, in November 2022, we could announce that we have saved over 100,000 units of beverages from our Cash & Carry's in Bergen, Oslo and Sarpsborg.

A new Transparency Act came into force in Norway on July 1, 2022, requiring enterprises to conduct due diligence assessments, meaning that an enterprise must look at both its own business, its supply chain, and its business partners to identify the largest risks. To ensure responsibility in the supply chain and to carry out the assessments in accordance with the OECD Guidelines for Multinational Enterprises, we partnered with Factlines in 2022 to get a systematic, digital, complete solution for responsible supplier follow-up with focus on sustainability and the Transparency Act. 89% of our spend was covered by December 2022. The response rate is high, and we have succeeded in establishing increased awareness in our supply chain.

It was yet another successful year for Royal Unibrew's premium and craft beers in the **Baltic countries**. Continued positive development of our brewery in Latvia, Bauskas alus, as well as our acquisition of Tanker Brewery in Estonia were the main contributors to success. We continued to focus on growing our non-alcoholic beers faster than the market, and we maintained a clear market leader position in Lithunia with our Kalnapilis brand.

PepsiCo delivered outstanding results in the CSD category and won a massive blind tasting over the leading cola brand. The blind tasting showed that more than 60% preferred the taste of Pepsi, which was also reflected in the growth of sales and market share in the Baltic countries. Increased focus on premiumization of the CSD portfolio also resulted in profitability increase.

We continued the roll-out of CULT as part of our multi-beverage strategy. High level of innovation, maximization of trade availability as well as outstanding brand communication contributed to sales increase of +30% and gain of market share in the growing energy drinks category.

In spring 2022, a customer survey was completed by 101 companies in Lithuania and 101 companies in Latvia. The survey was conducted by Kantar for Royal Unibrew Baltic to access the level of sustainability, social responsibility, and reputation of Kalnapilio-Tauro grupe and Cido grupa in the eyes of On-Trade and Off-Trade business partners. The survey showed that the reputation of Kalnapilio-Tauro grupe was rated the highest by its partners compared to competitors in Lithuania. Likewise, business partners rated the reputation of Cido Grupa the highest in the beverage industry compared to competitors in Latvia. Royal Unibrew Baltic used PR to promote its position as #1 Sustainable partner resulting in extensive media publicity across the Baltic countries.

Western Europe

1.6 mhl
VOLUME
(up by 21%)

157 mDKK
EBIT
(down by 32%)

1.4 bnDKK
NET REVENUE
(up by 16%)

11.6%
EBIT-MARGIN
(down by 9.1pp)

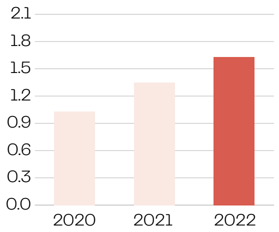
"Strong top line momentum continued in 2022 despite cost pressure and intensified competition in some categories. Our profitability was hit by the cost inflation and a reduction in our wholesalers' inventory toward the end of the year. In 2023, we will work on balancing sales-in and sales-out while re-establishing the per hectoliter profitability by category. "

Jan Ankersen,
SVP South Europe and GM Italy

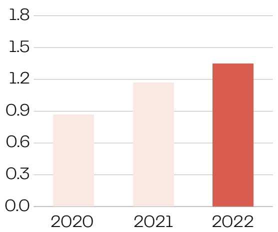
Financial performance

Volume in 2022 showed a 21% increase, while net revenue increased by 16%. Organic volume increased by 15% and net revenue by 10%. The lower growth in net revenue compared to volume is caused by higher growth in carbonated soft drinks with lower revenue per hectoliter than in beer.

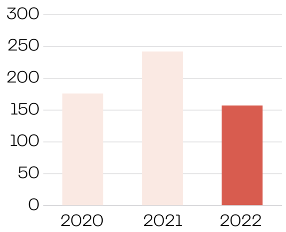
volumes
(mhl)



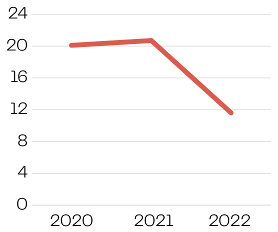
Net revenue
(bnDKK)



EBIT
(mDKK)



EBIT-margin
(%)



WESTERN EUROPE

mDKK	2022	2021	% changes	% organic
Volumes (mhl)	1.6	1.3	21	15
Net revenue	1,353	1,168	16	10
EBIT	157	242	-35	-46
EBIT margin (%)	11.6	20.7		

EBIT amounted to DKK 157 million in 2022, which were DKK 85 million lower than in 2021. The EBIT margin went down by 9.1 percentage points from 20.7% in 2021 to 11.6% in 2022. The weak development in earnings was caused by input price inflation and the time lag until we increased our prices toward customers and the destocking at wholesalers in Italy from the end of Q3 2022 until the end of the year.

Development and initiatives in 2022

In 2022, the **Italian** business grew faster than the market in all the categories in which we are present in Italy, i.e., beer, carbonated soft drinks and energy drinks.

In Off-Trade, the Ceres brand significantly outperformed the market with close to double-digit growth in sell-out supported by a strong marketing push focusing on digital content and attraction of new consumers. The growth was also a result of a step change of in-store execution as well as an improvement of the sales force during the past two years. Finally, we launched Ceres Strong Ale in a new 50cl can with great success.

The LemonSoda brand also grew significantly faster than the underlying carbonated soft drinks market gaining significant market shares in the lemonade segment. The growth was supported by a new advertising campaign celebrating the "original Italian lemonade". LemonSoda benefits from the stronger sales force and commercial focus on in-store execution. LemonSoda Zero, which is now accompanied by the newly launched OranSoda Zero, continues to grow significantly in the no sugar segment. The carbonated soft drinks sales were also supported by a warm summer in Italy in 2022.

In the high growth energy drinks market, Lemonsoda Energy Activator continues to gain market shares consolidating its positioning as number three in the market.

On-Trade sales showed a significant recovery in 2022 compared to the year before. The recovery was especially strong in the first quarter of the year, whereas the second half of the year slowed down as a result of the energy crisis, input price inflation and wholesalers destocking. Sales-out from our wholesalers to final point of consumption remain strong and higher than 2019.

In **France**, Royal Unibrew was capable of growing net revenue in a tough Off-Trade environment, hit by input price inflation and reinforced competition in the energy drinks category. The strategy of entering the convenience store distribution channel with our products works well, and we are ahead of schedule for 2022.

The Lorina brand delivered the highest net revenue ever in both Off-Trade and convenience. Lorina is now the most premium brand in the clear carbonated soft drinks category (not only in the lemonade category) as a result of strong execution of our price/pack strategy. Small packaging formats (glass and cans) contributed strongly to the growth. Likewise, the reinforced sales structure contributed to growth by adding new customers in the convenience channel, especially bakeries.

Crazy Tiger, our French brand of energy drinks, also sat a new record in 2022: All-time high net revenue based on record high weighted distribution of 98% of all Off-Trade outlets.

International

1.4 mhl
VOLUME
(up by 7%)

128 mDKK
EBIT
(down by 30%)

1.2 bnDKK
NET REVENUE
(up by 22%)

10.7%
EBIT-MARGIN
(down by 8.1pp)

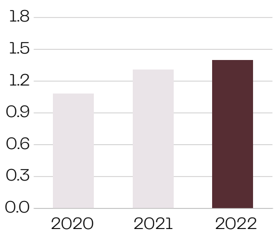
"Our International business is being redefined and future-proofed by revising our route to market and supply chain structure with an ambition to localize production and becoming less dependent on long distance transportation. In 2022, Amsterdam Brewery became an appreciated member of our family, and we also expanded our malt beverage license business in the Caribbean."

Michael Nørgaard Jensen,
SVP International

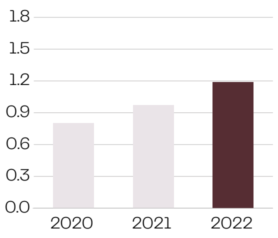
Financial performance

In International, total volumes showed a 7% increase in 2022 to 1.4 million hectoliters corresponding to a 6% organic increase. The inorganic development is explained by the acquisition of Amsterdam Brewery Co. Ltd. Net revenue was 22% higher than in 2021 and reached DKK 1,191 million in 2022, corresponding to 17% organic growth. Implementation of price increases throughout the year supported the strong net revenue growth.

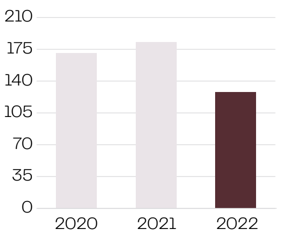
Volumes
(mhl)



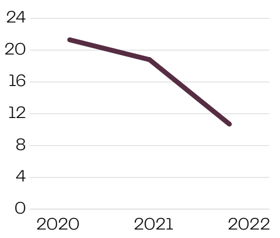
Net revenue
(bnDKK)



EBIT
(mDKK)



EBIT-margin
(%)



INTERNATIONAL

mDKK	2022	2021	% changes	% organic
Volumes (mhl)	1.4	1.3	7	6
Net revenue	1,191	973	22	17
EBIT	128	183	-30	-32
EBIT margin (%)	10.7	18.8		

Earnings before interest and tax (EBIT) for 2022 showed a DKK 55 million decline from DKK 183 million in 2021 to DKK 128 million in 2022, negatively impacted by input price inflation, including significant increases in transportation costs to overseas markets. Consequently, the EBIT margin declined by 8.1 percentage points from 18.8% in 2021 to 10.7% in 2022.

Development and initiatives in 2022

In 2022, we acquired Amsterdam Brewery Co. Ltd. in Canada. Amsterdam Brewery consists of a craft brewing unit and the most iconic brew restaurant at the harbor front in Toronto, Canada. The acquisition is an important supplement to our agency business, Bruce Ashley Group, in Canada and will solidify our position in Ontario as well as the rest of Canada. Amsterdam Brewery has performed very well in the period of our ownership in both brewing and the restaurant business.

Our Faxe brand continues to be a strong performer in both the Canadian market as well as Africa. Faxe is consolidating its position in the current markets through a focused market strategy and improved marketing activation.

Our malt business continues to perform well in the relevant markets. Our route to market has undergone changes in Trinidad as we are moving into a license model in the beginning of 2023. The malt expansion in the USA is going well, and we are building a stronger position in several states across the US. Malt in Africa continues to grow despite political disruptions in some countries. We are continuously improving our footprint for both malt and beer in the Americas and Africa as well as expanding our partnerships.

Our RTD/Cider business in Asia is healthy, but the business has experienced turbulence linked to the alternately opening and closing of the On-Trade channel in the country due to COVID-19 restrictions.

Our Crodo business is growing significantly outside of Italy, and we experience solid market share improvements across markets. It is our ambition to grow our Crodo business further; therefore, a market expansion has been initiated in selected countries in Southern Europe.

New partnerships have been initiated in key markets across the Mediterranean region. The beer category has been under pressure in Germany due to supply chain and cost challenges but a change in route to market shows signs of improvements. Finally, UK is performing very well in malt with a strong market share position.

Our international business is currently being redefined and future-proofed by revising our route to market, including our supply chain structure, with an ambition of localizing our production setup over time to become less dependent on transportation and freight as well as import restrictions and taxes. In addition, we will reduce our carbon footprint significantly with a local production setup compared to our current route to market, which includes long distance transportation and freight.

Governance

Corporate governance

The framework for Royal Unibrew's corporate governance is based on recommendations by the Danish Committee on Corporate Governance, current legislation and regulation, best practices and internal rules. Royal Unibrew's objective is to ensure that Royal Unibrew meets its obligations to shareholders, customers, employees, authorities and other stakeholders and that long-term value creation is pursued.

Annual General Meeting / shareholders
The Annual General Meeting (AGM) is the ultimate authority in all affairs of Royal Unibrew. 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 oversees the company's overall strategy and supervises the organizational, financial and performance management of the Company. In addition, the Board of Directors continuously evaluates the work performed by the Executive Management on behalf of the shareholders.

Attendance at meetings (in total 14)

	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

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 centres around the Company's strategy and prospects, and at least one meeting takes place in a market in which the Company operates. In 2022, eight extraordinary meetings were held resulting in a total of fourteen board meetings during the year.

The Board of Directors has established the following committees:

Nomination and Remuneration Committee

The committee consists of the Chair and the Deputy Chair of the Board of Directors. The principal duty of the Nomination and Remuneration Committee is to assist the Board of Directors in nomination of members to the Board of Directors and Executive Management. Furthermore, the committee secures that the remuneration policy is updated and that the principles are followed. The committee reviews executive compensation, design of short- and long-term incentive schemes including proposal of KPIs.

Attendance at meetings (in total 5)

	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 committee consists of two members: the Chair (Christian Sagild) and one board member (Peter Ruzicka). 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, the audit of the Company's financial reporting, risk issues and the external auditor's performance and independence. The Audit Committee, likewise, oversees the responsibility of monitoring the whistle-blower reporting system and ESG reporting. Finally, the Audit Committee assesses and recommends to the Board of Directors election of external auditors. The external auditor has participated in all ordinary meetings of the Audit Committee. The committee held five meetings in 2022.

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 facilitated by the Chair of the Board of Directors, who requests written response to a questionnaire from all board members. The evaluation is based on the findings of the questionnaire. The findings of the latest evaluation were presented and discussed at board meetings in 2022. Based on the 2022 evaluation, it was concluded that the Board of Directors possesses the necessary competencies taken into consideration Royal Unibrew's business model and strategy.

An external consultant is involved in the evaluation at least every third year. An evaluation by an external consultant took place in 2020.

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.

Composition of the Board of Directors

When composing the Board of Directors, the Company emphasizes that the members have the competencies required. The Board of Directors assesses its composition annually ensuring that the combination of competencies and diversity of the members match the Group's activities.

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 53-57).

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. Election took place in 2022.

Newly elected board members are upon their election introduced to the Company through a focused 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 management and strategy. In addition, we operate 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 in order to achieve our strategy of being THE PREFERRED CHOICE.

Diversity and inclusion

The international management teams of Royal Unibrew – a total of 149 leaders – comprises 72% (2021: 71%) male and 28% (2021: 29%) female. Reference group was been impacted by the acquisitions of Hansa Borg Bryggerier and Amsterdam Brewery in 2022. 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. When recruiting new executives, we identify candidates of all genders without discrimination and aim to encourage female candidates' interest in taking on managerial tasks.

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 non-Danish. Two of the AGM elected board members are female (33%).

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 he/she 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 non-conformance with Royal Unibrew's Code of Conduct or other serious offences.

The whistle-blower system can be accessed from Royal Unibrew's website and is available in seven languages. When communicating through the whistle-blower system, the communication is encrypted, if so chosen, in order to maintain anonymity. Filings are evaluated by Group General Counsel and Director of Finance and Treasury. The Audit Committee oversees the responsibility of monitoring the whistle-blower reporting system. Reporting is made in compliance with national data protection regulation and GDPR. No cases were reported in 2022.

Corporate Governance Report 2022

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 DanishCommittee on Corporate Governance, cf. Section 107b of the Danish Financial Statements Act.

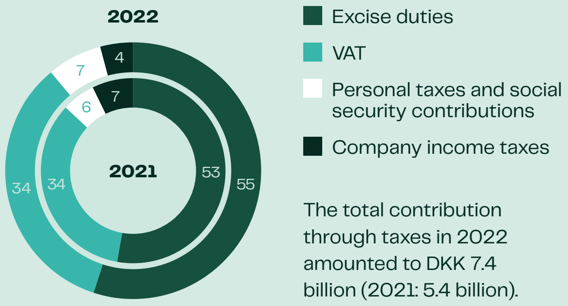
For further information see
Corporate Governance Report 2022

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.

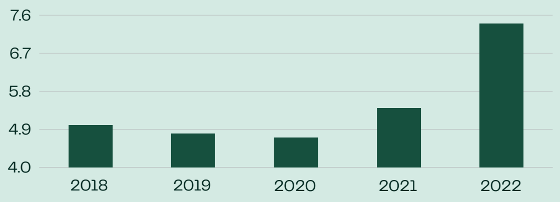
Please refer to page 72 for further details.

Tax by category
(%)



The total contribution through taxes in 2022 amounted to DKK 7.4 billion (2021: 5.4 billion).

Development in total contribution
billions



Risk management

We take an active approach to risk management to ensure that our key risks 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.

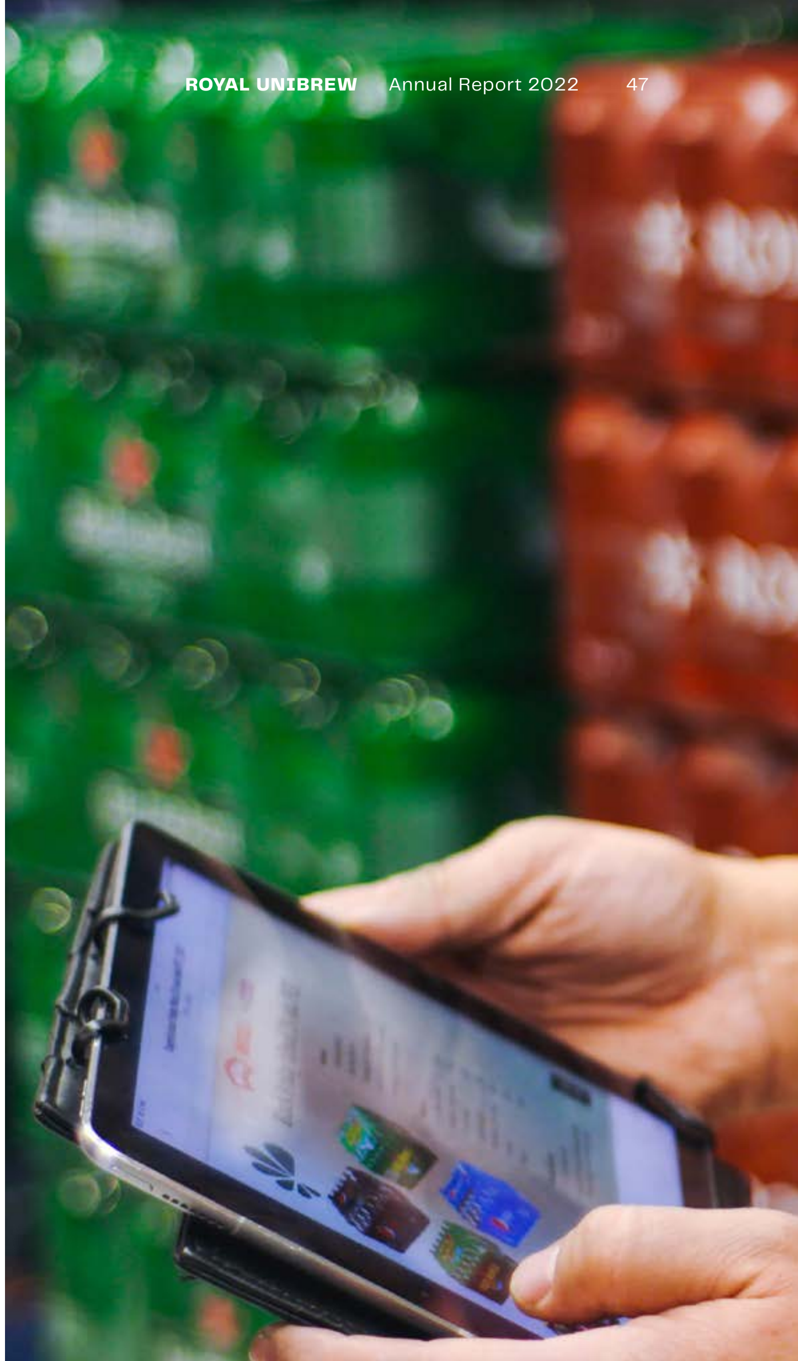
Maintaining a sound and deeply rooted risk culture, including a strong control environment, is essential for the continued development of Royal Unibrew, and the purpose of our risk management approach is to address and handle risks and uncertainties in due time.

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

A year characterized by geopolitical challenges

We entered into 2022 with COVID-19 restrictions in most of our key markets, and at the same time the pressure on input prices continued due to inflation. The Russian invasion of Ukraine increased uncertainty even more, especially related to energy supply and energy prices. Royal Unibrew had limited business activities in Russia, and all export and import to and from Russia were quickly shut down in protest against the aggression.

We closed three acquisitions in 2022. 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

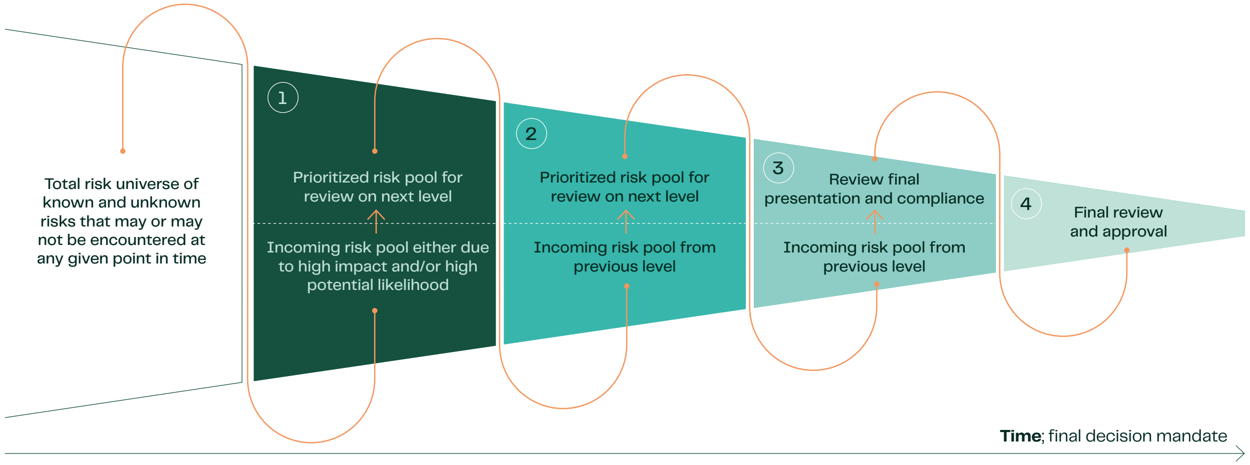
Royal Unibrew's risk management structure is based on a systematic process of risk identification, risk analysis and risk assessment. This structure provides a detailed overview of key risks relating to the realization of our strategies in the short- and long-term and enables us to take the required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

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 associated with Royal Unibrew's strategic direction and activities as well as the implementation of effective risk identification, assessment and mitigation. Risks are assessed under a two-dimensional "heat map" assessment system, where the impact of each risk is estimated in relation to profit, damage to Royal Unibrew's reputation, violation of legislation or environmental and climate, social and governance implications as well as the likelihood of the risk resulting in an incident. Based on the continuous assessment of potential risks, the "heat map" is updated to bring a current and better understanding of potential risks 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. Climate-related risks have been included into the Enterprise Risk Management (ERM) framework valid for 2022.

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

Key risk factors in 2022

Area	Description	Development	Risk mitigation
Raw materials and utility	Prices and availability of a large number of key commodities fluctuate in line with world market. To the extent that higher unit costs cannot be compensated for by means of higher selling price 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.	Most raw material prices and other input costs have continued to increase during 2022, and especially prices on energy intensive materials (e.g., glass bottles, cans, malt and sugar) have increased, which is a trend that we expect to continue in 2023. 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.	Royal Unibrew monitors the trend in commodity prices in close collaboration with our suppliers. Hedging against short-term price increases take place on rolling basis through agreements with suppliers and, likewise, through commodity hedges with financial institutions (e.g., aluminum and energy for heating). Price increases toward customers, directly and indirectly are used as a tool to compensate for higher raw material prices and other input prices. Our new 12GWh solar panel park in Faxe, Denmark, will be ready to produce renewable energy in the beginning of 2023 and will make the local production less vulnerable against price volatility on electricity. Moreover, it will make us more independent of gas. We have invested in our production facilities, including an upgrade of burners for oil-based heating making us less dependent on gas supply. For many of our products, we can change packaging material if shortage or significant price increases are experienced.

Area	Description	Development	Risk mitigation
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 2022 by closing three acquisitions. With the acquisition of Hansa Borg Bryggerier and Amsterdam Brewery Co. Ltd., we have acquired production capacity close 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.
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 maloperation 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.	When acquiring companies, it is our risk philosophy to adopt the companies into our existing IT system landscape and IT security framework. On March 1, 2022, MC Energy was integrated in our ERP platform and merged with Geyer Fréres, and we expect to integrate Solera Sweden in Q2 2023. The geopolitical situation has accelerated the risk of cyberattacks.	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, • 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.	We have seen changes in consumer behavior due to the inflationary environment where the consumers to a greater extent use the discount stores in their daily shopping. At the same time, we have experienced a more competitive landscape in the marketplace.	Royal Unibrew focuses on flexibility in all operations. 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.

Area	Description	Development	Risk mitigation
Partnership	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 2022, Royal Unibrew and PepsiCo agreed on extending their partnership, which means that Royal Unibrew will take over the responsibility of the PepsiCo beverage portfolio on the border between Denmark and Germany as of January 2023. The agreement includes production, logistics, sales and marketing operations in this important business area. In addition, Royal Unibrew will take over sales, distribution and trade marketing of PepsiCo's snack brands Lay's and Doritos in the Nordic countries, including Denmark, Sweden, Norway, Finland as well as Greenland and the Faroe Islands, with effect from January 2023 as well.	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.
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.	At the beginning of 2022, restrictions on opening hours at bars, hotels and restaurants due to COVID-19 affected our customers' sales negatively. Products with less sugar as well as products with no/low alcohol are on the agenda of many local and regional governments. Royal Unibrew continues to bring product innovations to market within both categories. At the end of 2022, the European Commission presented its draft rules on reusable packaging. Royal Unibrew will monitor the development of these rules closely.	Royal Unibrew participates in local and international cooperation fora within the beverage industry. The purpose is to influence legislative decision makers, that is, to ensure that conditions, including taxes that may impact the production, packaging, marketing and sales of Royal Unibrew's products, do not deteriorate.

Managing ESG and climate risks

We declared our support to the Task Force on Climate-related Financial Disclosures (TCFD) in 2021, which demonstrate our commitment to building a more resilient financial system and safeguarding against climate risks through better disclosures. We updated our CSR materiality overview in 2022, which will be used in a risk assessment and scenario analysis during 2023. The requirements on risk assessment in the EU Directive on Corporate Social Responsibility and the EU Taxonomy, which are currently under development, will be further scrutinized and implemented.

Reporting according to the recommendations of the TCFD

Governance

Disclose the organization's governance around climate-related risks and opportunities.

The Board of Directors of Royal Unibrew sets the direction for Royal Unibrew's strategy, targets, risks and opportunities together with the Executive Management.

Together with Group CSR and Finance, the Executive Management is responsible for the sustainability targets, reporting and progress throughout the organization.

Read more about the sustainability governance on p. 70

Read more about the integration of ESG in the management compensation on p. 53

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material.

Our sustainability targets are integrated in our business strategy of being THE PREFERRED CHOICE for the future leading the beverage industry with respect to climate action and the demand for sustainable products. Our aspiration of becoming a global leader in sustainable beverages with ambitious decarbonization targets entails committing to the science based 1.5°C climate target aligned with the Paris Agreement. We have submitted our targets to the Science Based Target initiative (SBTi) in 2022 and they will be validated in 2023.

We have for several years disclosed our climate performance, strategy and risk management as well as our metrics and targets in our annual reports but also at a more granular level through our CDP disclosure (Carbon Disclosure Project).

Read more about our strategy on p. 64

Risk management

Disclose how the organization identifies, assesses and manages climate-related risks.

Climate-related risks are captured in our Enterprise Risk Management (ERM) process. The risks are identified and assessed, and key risks are evaluated based on their potential impact and likelihood.

Read more about our risk management process on p. 70

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risk and opportunities, where such information is material.

Royal Unibrew has set ambitious science-based targets to reduce value chain carbon emissions. Our target is to be 100% carbon emission free in scope 1 and 2 in 2025 (excl. internal logistics)

Our target is a 50% reduction in supply chain emissions in scope 1, 2 and 3 in 2030

Read more about our ambitious targets on p. 65

Remuneration

Royal Unibrew delivered strong revenue growth in 2022, whereas EBIT and the free cash flow were negatively impacted by the consequences of high inflation and historically high energy prices. We continued our sustainability journey, and we hereby got a step closer our target to be among the global leaders of sustainability in the beverage industry.

Royal Unibrew has prepared a Remuneration Report in accordance with section 139b of the Danish Companies Act for the financial year 2022, 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, 2022. 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 base salary, a short-term cash-based bonus, a long-term share-based incentive plan and other customary benefits. The renumeration 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.

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. Except for board members elected by the employees, members of the Board of Directors did not receive any performance or share-based remuneration in 2022.

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 the Executive Management

mDKK	2022	Change	2021
Granted pay			
Fixed salaries to Executive Management	14		13
Severance payment	0		0
Short-term bonus scheme for Executive Management	2		6
Long-term bonus scheme for Executive Management	8		7
Remuneration of Executive Management*	**24**	**-10%**	**27**
Remuneration of Board of Directors	5		5
Total remuneration of Board of Directors and Executive Management	**29**		**32**
Expensed pay*			
Adjustment to granted pay:			
Long-term bonus (note 6)	-9		-3
Total remuneration of Board of Directors and Executive Management	**20**		**28**
Average remuneration of employees			
Royal Unibrew employees (Group)	0.5	9%	0.4

* 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

From upper left: Lars Vestergaard, Michael Nielsen, Heidi Kleinbach-Sauter, Martin Alsø, Claus Kærgaard
From lower left: Torben Carlsen, Catharina Stackelberg-Hammarén, Peter Ruzicka, Lars Jensen, Christian Sagild, Jais Valeur

Board of Directors and Executive Management

Board of Directors

	Peter A. Ruzicka Chair of the Board	**Jais Valeur** Deputy Chair of the Board
Position	Professional board member	Group CEO of Danish Crown
Directorships	Chair of the Board of Directors of Pandora A/S, Denmark Member of the Board of Directors of Aspelin Ramm Gruppen AS, AKA AS, both in Norway, and Axfood AB, Sweden	Member of the Board of Directors of Foss A/S, Denmark
Special competencies	Broad international experience within the food and beverage industry as well as FMCG (Fast Moving Consumer Goods). In addition, special operational expertise with strategy execution and transformation	Special expertise in general management of international enterprises within FMCG (Fast Moving Consumer Goods)
Committees	Chair of the Nomination and Remuneration Committee Member of the Audit Committee	Member of the Nomination and Remuneration Committee
Initially elected	2021	2013
Term of office	2022–2023	2022–2023
Considered independent	Yes	Yes
Nationality	Norwegian	Danish
Year of birth and gender	1964, male	1962, male
No. of Royal Unibrew shares (change from January 1, 2022)	1,000	1,381 (+405)

Board of Directors (continued)




	Martin Alsø Member of the Board Elected by the employees	**Torben Carlsen** Member of the Board	**Heidi Kleinbach-Sauter** Member of the Board	**Claus Kærgaard** Member of the Board Elected by the employees
Position	Business Unit Manager in Royal Unibrew	President & CEO of DFDS	Professional board member	Sales Manager Off-Trade in Royal Unibrew
Directorships		Member of the Board of Directors of PPC Ejendomme A/S, Dyal 1 ApS, and P/S Dyal Investment, all in Denmark	Member of the Board of Directors of Chr. Hansen Holding A/S, Denmark	
Special competencies		Broad international expertise and knowledge within finance, risk management, M&A and management of international corporations	Broad international experience within general management, technology, quality management and science within the food and beverage industry. Global thought leader on diversity and inclusion	
Committees				
Initially elected	2014	2021	2019	2018
Term of office	2022-2026	2022-2023	2022-2023	2022-2026
Considered independent	No	Yes	Yes	No
Nationality	Danish	Danish	German/US	Danish
Year of birth and gender	1974, male	1965, male	1956, female	1968, male
No. of Royal Unibrew shares (change from January 1, 2022)	2,400	3,300 (+1,800)	-	180

Board of Directors (continued)

			
	Michael Nielsen Member of the Board Elected by the employees	**Christian Sagild** Member of the Board	**Catharina Stackelberg-Hammarén** Member of the Board
Position	Brewery worker in Royal Unibrew	Professional board member	Senior Advisor, member of the Board of Directors of Marketing Clinic Oy & Knowit Insight OY
Directorships		Chair of the Board of Directors of Nordic Solar A/S, and Penneo A/S, both in Denmark Deputy Chair of the Board of directors of Ambu A/S, Denmark	Chair of the Board of Directors of Alma Media Member of the Board of Directors of Kojamo and Purmo Group. All companies listed on the Helsinki Stock Exchange, Finland
Special competencies		Special expertise within general management of listed enterprises, including in-depth insight within finance and risk management	Special expertise in strategy, marketing and digitalization
Committees		Chair of the Audit Committee	
Initially elected	2022	2018	2019
Term of office	2022-2026	2022-2023	2022-2023
Considered independent	No	Yes	Yes
Nationality	Danish	Danish	Finnish
Year of birth and gender	1974, male	1959, male	1970, female
No. of Royal Unibrew shares (change from January 1, 2022)	21	3,000	450

Executive Management

		
	Lars Jensen President & CEO	**Lars Vestergaard** CFO
Qualifications	Diploma in Business Economics, Informatics and Management Accounting, Copenhagen Business School	Master of Science (MSc) in Economics Aarhus University
Positions	CEO from September 2020 COO April–August 2020 CFO December 2011–March 2020 Joined Royal Unibrew in 1993	CFO from April 2020 Member of the Board of Directors April 2018–March 2020
Directorships	Member of the Board of Directors of Matas A/S, Denmark	Member of the Board of Directors of CO-RO A/S, Denmark
Nationality	Danish	Danish
Year of birth and gender	1973, male	1974, male
No. of Royal Unibrew shares (change from January 1, 2022)	79,156	3,733 (+1,700)

Shareholder information

The management of Royal Unibrew is dedicated to maintaining a good and transparent communication and dialog with the Company shareholders and other stakeholders.

Share information

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

In 2022, a total of 30,196,514 (2021: 25,896,129) shares were traded corresponding to 60.2% (2021: 53%) of the total number of shares traded (at year end) through Nasdaq Copenhagen A/S (source: Bloomberg). The trading value amounted to DKK 17,321 million (2021: DKK 19,195 million) representing a 10% 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	2022	2021	2020	2019	2018
Share capital 1/1	97,600	98,700	100,200	102,000	105,400
Capital reduction		-1,100	-1,500	-1,800	-3,400
Capital increase	2,800				
Share capital 31/12	**100,400**	**97,600**	**98,700**	**100,200**	**102,000**

At the end of 2022, the price of the Royal Unibrew share was DKK 495.30 compared to DKK 737.20 per share at the end of 2021. Royal Unibrew's market capitalization amounted to DKK 25 billion at the end of 2022 compared to DKK 36 billion at the end of 2021. Each share carries one vote, and all share-holders 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 compensa-tion. However, a member of the Executive Management may choose to consider himself dismissed.

Share buy-backs and treasury shares

At the AGM on April 28, 2022, 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 2022, Royal Unibrew bought back a total of 490,335 shares at a market value of DKK 300 million, and as of December 31, 2022, Royal Unibrew held 576,952 treasury shares of a nominal value of DKK 2 each corresponding to 1.1% of the Company's share capital, whereof 70,000 are for the purpose of covering the incentive programs offered to the Executive Management and key employees.

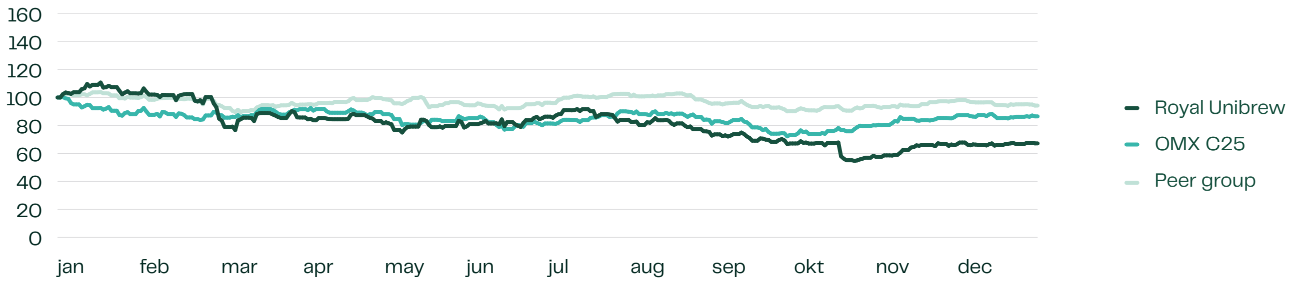
The initiated share buy-back program was carried out in accordance with the "Safe Harbour" method.

Dividend dates for 2023

APRIL 27 2023	Resolution at AGM
APRIL 27 2023	Last trading date with right to dividend for 2022
APRIL 28 2023	First trading date without right to dividend for 2022
MAY 2 2023	Distribution of dividend

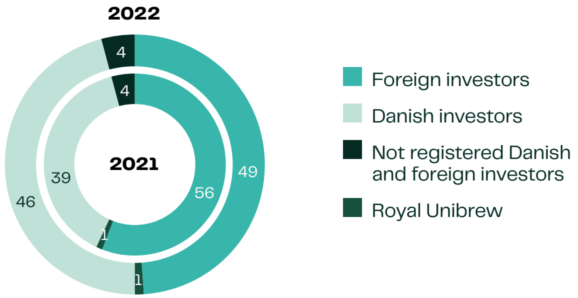
Share performance 2022

(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 2022



Capital increase

At the AGM in 2022 the Board of Directors was authorized to issue up to 10,000,000 new shares. In connection with the acquisition of Hansa Borg a capital increase of 1,400,000 shares were completed, as the acquisition was partly paid in Royal Unibrew shares. The new shares were admitted to trading and officially listed on Nasdaq Copenhagen A/S on May 31, 2022.

At the end of 2022, the total number of shares of the Company was 50,200,000, including treasury shares.

Dividends

The Board of Directors proposes an ordinary dividend of DKK 14.50 per share for 2022 (2021: DKK 14.50).

Ownership

At the end of 2022, Royal Unibrew had approximately 34,694 registered shareholders holding together 95.7% of the total share capital. According to the latest Company announcements or other public announcements, the following shareholder hold more than 5% of the share capital:

Shareholder	End of February 2022
Chr. Augustinus Fabrikker A/S, Denmark	14.94% (reported on May 30, 2022)

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 lists 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, 2022, members of the Board of Directors held 11,732 shares of the Company, and members of the Executive Management held 82,889 shares corresponding to a total of 0.2% of the share capital.

Annual General Meeting

- The Company's AGM will be held on April 27, 2023, at 4 pm CEST. The Annual General Meeting will be held as a fully virtual general 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.royalunibrew.com under "Investor"
- Registration of shareholder's name is handled by the bank that holds the shares in safe custody

Communication with shareholders and stakeholder relations

The management of Royal Unibrew is dedicated to maintaining a good 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 dialog with and communication to shareholders and other stakeholders take place in connection with the publishing of

Share ratios

per share of DKK 2 – DKK	2022	2021	2020	2019	2018
Parent company shareholders' share of earnings per share*	23.1	26.5	24.1	23.0	20.6
Parent company shareholders' diluted share of earnings per share*	23.1	26.5	24.1	22.9	20.6
Free cash flow per share	11.8	26.4	28.8	23.4	18.7
Year-end price per share	495.30	737.20	706.60	610.00	449.0
Dividend per share	14.50	14.50	13.50	12.20	10.80
Number of shares	50,200,000	48,800,000	49,350,000	50,100,000	51,000,000

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

Financial calendar 2023

MARCH 1 2023	**Annual Report 2022**
APRIL 27 2023	**Trading Statement Q1**
APRIL 27 2023	**Annual General Meeting**
AUGUST 22 2023	**Interim Report H1**
NOV 8 2023	**Trading Statement Q3**

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 out continuously. In 2022, Royal Unibrew facilitated three audio casts in connection with the publication of the Annual Report 2021 as well as H1 Interim Report and Q3 Trading Statement 2022. 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. In 2022, we have participated in around 280 meetings with more than 400 investors.

Currently, Royal Unibrew is covered by 16 brokers, including brokers from major international investment banks. Analysts covering the Royal Unibrew share can be found at www.royalunibrew.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:

Contacts

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Corporate social responsibility

Our long-term sustainability strategy • Managing sustainability
Our consumers and customers • Our products • Our people

This section is prepared in accordance with section 99a, b 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 strategy

Our strategy supports our ambition of being THE PREFERRED CHOICE for the future – leading the beverage industry with respect to climate action and the demand for sustainable products. We will reduce the impact of our operations and products as well as the entire value chain while at the same time deliver sustainable business growth.

During 2022, we continued the implementation of our strategy and objectives in concrete projects and initiatives to achieve our short- and long-term targets for our strategic pillars:

- Our consumers & customers
- Our products
- Our people

For each of these areas, we have defined 2025 and 2030 commitments complementing our short-term targets set in 2019. We aim for a substantial and industry-leading reduction in carbon emissions from the entire value chain, providing great tasting, healthy, nutritious and responsible products and at the same time enabling a deeply engrained safety and sustainability culture in our company. We monitor our performance closely and diligently to ensure progress and to make timely adjustments if needed.

In 2022, Royal Unibrew's aspiration of becoming a global leader in sustainable beverages with ambitious decarbonization targets was reinforced, as we submitted our targets to be 100% carbon emission free in 2025 in scope 1 and 2, excluding logistics and biogenic emissions, and 50% reduction in CO_2 emissions by 2030 for scope 1, 2 and 3 for validation by the Science Based Target initiative (SBTi). All acquired sites are in scope. The geopolitical and supply challenges that Royal Unibrew faced in 2022 have only accelerated our determination to transform from fossil-based energy sources to renewable energy. The roadmaps for energy efficiencies and CO_2 reductions are now in place in all markets.

We reviewed our materiality assessment to make sure it is up-to-date and matches the views and concerns of our stakeholders. A couple of new issues were added and further emphasized: biodiversity/regenerative agriculture as well as ESG (Environmental, Social and Governance) risk management and mitigation. In 2023, we will fully integrate the materiality assessment in our ERM (Enterprise Risk Management) framework to not only cover climate-related financial disclosures, as per TCFD (Task Force on Climate-Related Disclosures) but all ESG risks and opportunities.

We initiated the establishment of processes and procedures to be ready for disclosure on the additional EU Taxonomy KPIs as well as the indicators of the CSRD (Corporate Sustainability Reporting Directive) that are getting into force in 2023. Royal Unibrew aims for limited assurance next year.

Coordinated and wide-ranging efforts are needed in order to succeed with our ambitious sustainability 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. In general, we are on-track to deliver on our short-term 2022/2025 targets as well as our long-term 2030 targets. Due to the geopolitical challenges in 2022, our initiative on packaging waste in the Americas, Africa and Asia is delayed.

"I am really proud that we are getting more and more transparent on how we operationalize our aspiration of becoming a global leader in sustainable beverages, and how we deliver results together with our stakeholders. There are a lot of uncertainties ahead due to the geopolitical challenges and the resulting supply security issues as well as expected recession in many markets, but we firmly believe that we have the right foundation to abate risks and explore ESG opportunities."

Lars Jensen, President and CEO

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*

71%

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

80%
of employees being Royal Unibrew ambassadors by 2030

√

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

Achievement highlights in 2022

We continued our sustainability journey with efforts to reduce our footprints and potential impacts for our consumers and customers, our products and our people while at the same time following up on our short-term targets for 2022/2025. Our 2022 targets were met on no/low, recycled content of packaging materials and decarbonization.

No and low sugar, calories and alcohol

Royal Unibrew wants to provide choice for the consumers, but we are aware of the global challenges formulated by WHO regarding obesity as well as potential alcohol abuse. We take our responsibility very seriously, which is reflected in our product labelling, our marketing of products and not least in the way we develop new products. We want to offer products with great taste for every occasion including a balanced launch of regular, no and low products in different categories.

Our marketing policies for promotion, advertising, and sponsorships are aligned with legal requirements and guidelines by the international trade associations.

Between 2018 and 2022, the volume growth for no and low products significantly outperformed regular products for both carbonated soft drinks (CSD), beer and cider/RTD. For our CSD, water and energy drinks portfolio, this is also reflected in a 2% general reduction in calory content per 100 ml across our markets during the same period.

Circular materials

96% of our packaging materials are now reusable, recyclable or recycled.

64% of our PET bottles are made of recycled materials irrespective of size, design and brand.

100% of our by-product spend grain and yeast from production is utilized for food, feed or biogas.

88% of waste from production is being recycled.

All our primary packaging contains information on material, recycling and deposit return, which is one of the ways we engage with consumers to close the loop. The effect can be measured by the return rates, where the average return is above 90% and increasing year-on-year.

Efficiency improvement affected by supply security

Royal Unibrew has succeeded in lowering the carbon intensity of our production year-on-year. From 2015 to 2022, we have had a decrease of 42% kgCO_2/hl while at the same time a volume increase of 20%. Our success is a combination of our keen focus on energy efficiency projects and change in product mix due to COVID-19 continuing into 2022. In this period, we made a shift from the more energy consuming brewing process to less energy consuming soft drinks production. Our temporary shift from natural gas to oil, to ensure supply security in Europe at some of our sites, had an impact on our carbon footprint in 2022.

Royal Unibrew's production facilities are not located in high or extremely high water stressed areas, except from a small facility in Estonia (0.1%). It is our ambition to produce with less impact on the surrounding environment; therefore, water preservation and quality is very important. 52% of our water is consumed in low and medium low water stressed areas. 100% of all wastewater is treated. Reducing water consumption remains a priority, and the consumption of water per hectoliter has decreased by 9% from 2015 to 2022.

We define requirements for environmental and climate efficiency as well as goals for decarbonization for our suppliers.

Decarbonization through investment in renewable energy

We continue to invest in renewable energy and other more sustainable solutions. In 2022, major projects were approved such as boiler replacements in the Baltic countries transforming from fossil fuels to biobased fuels; implementation of heat pumps in Denmark that will reduce the heat consumption with 30% and CO_2 emissions by approximately 25%; and installation of solar panels in several markets. The technologies are all eligible under the EU Taxonomy.

Two major investments will be inaugurated in 2023. One project concerning a solar park in Faxe, Denmark, delivering renewable energy to cover approximately 40% of the power consumption at Royal Unibrew's largest production site nearby. The other project relates to converting all heat consumption from fossil fuels to 100% biobased fuels at our second largest production site in Lahti, Finland. We do so by establishing a bioreactor utilizing our spent grain supported with biogas from a nearby landfill.

We have advanced plans at all our production sites, where we aim for at least 14% reduction in energy consumption compared to 2021 with a total reduction of at least 47% of our carbon emissions in 2025. Adding current RECs for electricity adds up to a total decarbonization of 71%.

Our governance and responsibility

In 2022, we updated our materiality assessment and identified biodiversity and ESG risk management as new material topics. Water and responsible sourcing have become even more material.

We succeeded in mapping out our entire scope 3 emissions, and we submitted our decarbonization targets for external verification by the Science Based Target initiative in 2022. Scope 3 accounts for 91.2% of our carbon emissions.

The processes and procedures for the EU Taxonomy and management of climate related risks and opportunities were further elaborated during the year. Disclosure of eligibility of turnover, capital and operational expenditure has been initiated. Likewise, Royal Unibrew has prepared for new requirements on ESG disclosures in compliance with the Corporate Social Reporting Directive, i.e. we have expanded our ESG indicators and firmed up internal controls and processes to get ready for disclosure in 2023.

Collective bargaining agreements continue to cover all eligible employees in Royal Unibrew.

Managing sustainability

We are committed to conducting our business in a sustainable, responsible and ethical way.

Royal Unibrew is a strong regional beverage company founded on locally anchored facilities, employees and sourcing of materials and services. We aim to provide successful, sustainable brands that people trust. Therefore, we have always been committed to contributing positively to the development in the areas in which we operate, to limit our environmental impact, to establish safe and good working conditions for our employees and to deliver high quality products to our consumers.

We realize that being regional, yet with global presence necessitate that we continuously work hard to improve our efforts and have a sustainability scope that encompasses the entire value chain across our markets.

Our sustainability approach is underpinned by Royal Unibrew's purpose and strategy, our continued commitment to support the principles of the UN Global Compact (UNGC), the UN Sustainable Development Goals (SDGs) as well as our endorsement of the TCFD recommendations with balanced disclosure of climate risks and climate opportunities.

THE GLOBAL COMPACT WE SUPPORT

SUSTAINABLE DEVELOPMENT GOALS

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

A strong company culture is crucial for our ongoing progress – a culture in which decisions are made with respect to our consumers', customers', suppliers' and other key stakeholders' views and priorities, and a culture that encourages people to take responsibility for their own actions. We believe that this approach constitutes a strong foundation to integrate sustainability deeper into our organization and to realize our ambitious targets.

During 2022, we continued to work on implementation plans and activities for each strategic pillar in all markets to ensure that Royal Unibrew is progressing and delivers results on both our short-term and long-term targets. We mapped and assessed our entire scope 3 contribution and submitted our decarbonization targets for approval by the Science Based Target initiative (SBTi). This also entailed a finetuning of some of our sub-targets as a result of our acquisitions. We are confident that our targets will be approved.

Furthermore, Royal Unibrew has integrated the five acquisitions completed in 2021, and the integration of the acquired companies in 2022 is well under way. The new companies, their business models and competencies encourage us to reconsider some of our programs and approaches, such as our responsible sourcing and supplier management procedures, as they challenge a number of our KPIs.

Our sustainability journey

Before 2018

Year-on-year improvements of eco-efficiencies (energy, water, packaging, waste per produced hl)

2018

Materiality assessment highlighting nine strategic focus areas for sustainability

2019

Establishing 2020-2022 targets aligned with the SDGs focusing on CO_2, recycled packaging, no/low products and employee safety

Signing up to UN Global Compact

Calculating carbon footprint and overview of carbon emissions throughout the entire value chain

2020

Establishing the framework for our sustainability strategy and setting long-term targets (2030) and KPIs

Implementation of a number of initiatives including renewable energy, use of recycled plastic, launch of no/low products, continued local engagement and focus on employee safety

2021

Joining and committing to SBTi (Science Based Target initiative) for Paris Agreement alignment

Disclosing country-by-country tax and EU Taxonomy eligibility

Initiated implementation of our 2025/2030 sustainability strategy

Endorsing TCFD (Taskforce on Climate-Related Financial Disclosure) framework

2022

Submitting targets for SBTi validation

Materiality assessment reviewed

Final plans for roadmaps for energy efficiency and decarbonization toward 2025

Our policies and systems

Royal Unibrew is working in accordance with international and national legislation as well as international guidelines, conventions, and standards for corporate social responsibility (CSR/ESG) and sustainability. Our policies and systems ensure compliance.

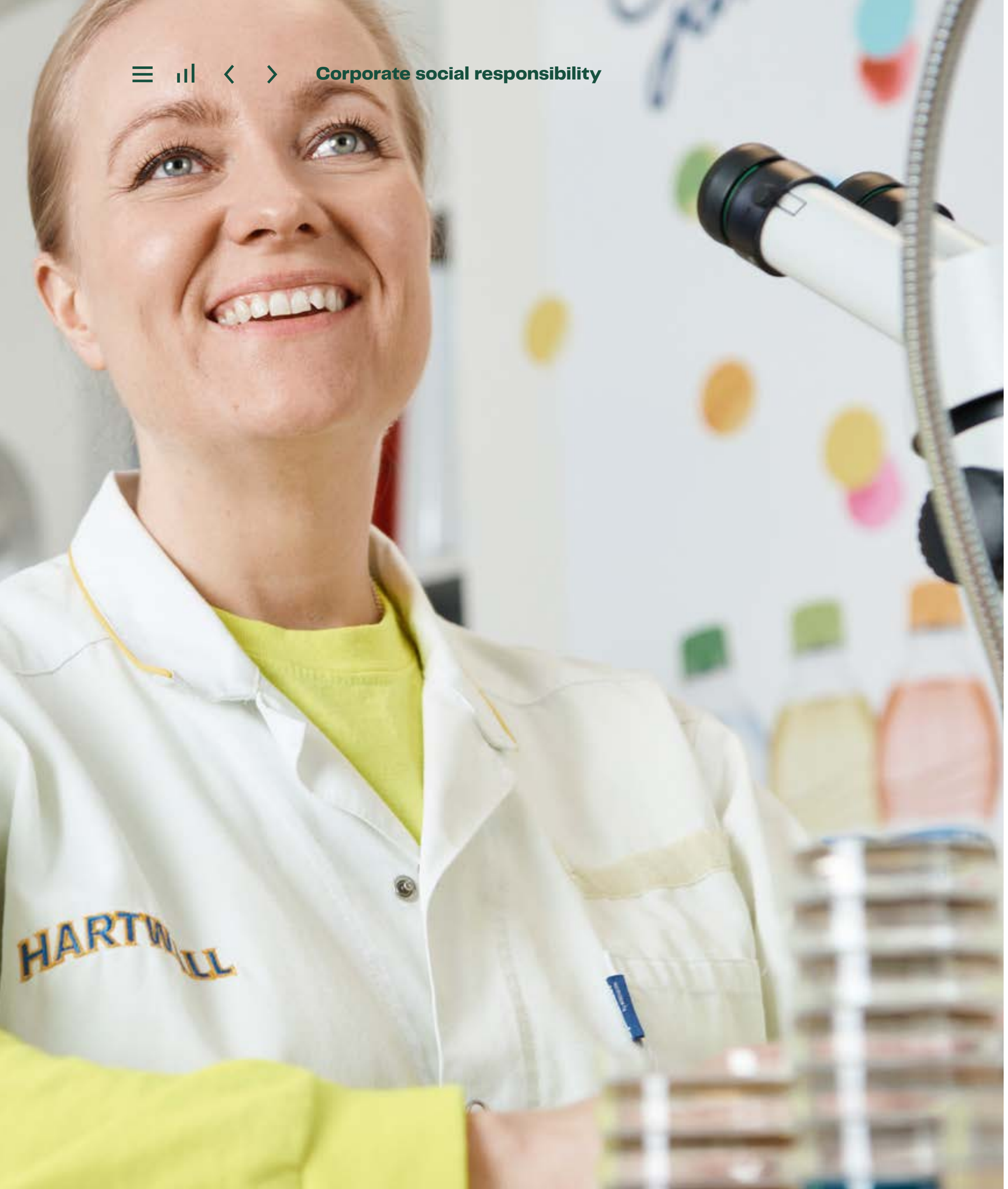
The implementation of processes and procedures to disclose in accordance with the six objectives of the EU Taxonomy (classification of environmentally sustainable economic activities), KPIs and assessment of eligibility and alignment were in focus in 2022 and will continue to be so in 2023.

Furthermore, getting ready for the transition from soft law to hard law on ESG reporting, as required by the Corporate Social Reporting Directive, was initiated in 2022. We do believe that common disclosure standards will serve well for maximum transparency toward our stakeholders just as the existing standards including GRI, the UN Guiding Principles and OECD guidelines have provided historically. Although Royal Unibrew has been disclosing ESG performance KPIs for many years, the extensive and not always business relevant disclosure and documentation requirements trigger a need for substantial headcount increase to provide data and documentation. We are monitoring other upcoming EU legislation closely such as the proposed corporate sustainable due diligence, packaging and packaging waste, climate labeling etc.

In 2022, we continued codification of several of our internal guidelines and procedures, and the Board of Directors adopted our Tax Policy. Furthermore, we simplified requirements for our suppliers on the basis of our Business Ethics Policy. We have sharpened the requirements on CO_2 reduction and renewable energy targets for all categories, and we have made specific requirements for agricultural raw materials such as biodiversity, consumption of water and use of pesticides. Additionally, we have made circularity the core for packaging material.

Policies and systems

	Policy	Systems, procedures and guidelines
Our consumers & customers	**Group level:** • Business Ethics Policy • Data Ethics Policy • Tax Policy	ISO 9001 (8 sites) Global Food Safety (GFSI) recognized standards (13 sites) Tax compliance and transfer pricing documentation
Our products	**Group level:** • Business Ethics Policy • Environment & Climate policy • Supplier Code of Conduct	ISO 14001 (5 sites) Energy assessment at all production sites Supplier management processes and procedures **Disclosures:** CDP
Our people	**Group level:** • Business Ethics • Remuneration policy • Diversity & Inclusion Policy • Data ethics Policy • Tax Policy	Ethical guidelines ISO 45001 (3 sites) OHS Management Systems Employee engagement survey Employee master data Tax compliance and transfer pricing documentation **Mandatory training:** GDPR, competition, marketing law, etc.



Our Data Ethics Policy adopted by the Board of Directors specifies requirements for topics such as legality, ethical design, security, transparency and respect for human rights.

For further information see Data Ethics Statement 2022

The majority of our production sites are operating in accordance with internationally recognized quality standards and have food safety certification in accordance with standards recognized by GFSI (Global Food Safety Initiative). In addition, we have a systematic approach to environment, health and safety where several production sites are certified.

Royal Unibrew's policies and our Supplier Code of Conduct provide guidance for our employees, third parties acting on behalf of the company and suppliers regarding anti-corruption, environment, human rights and labor standards, including occupational health and safety but also quality and food safety, GDPR (General Data Protection Regulation), competition, responsible marketing and responsible products. The basic requirement for Royal Unibrew is being in legal compliance, i.e., having the right mechanisms, systems and programs to ensure that we have no violations.

Internal controls and the whistle-blower scheme are important means for controlling and reporting potential irregularities also by external stakeholders. Regular training is among our tools to ensure compliance internally; thus, employees are trained in relevant aspects depending on their functions inside and outside of Royal Unibrew.

Our governance structure

Our sustainability activities are anchored at the Board of Directors that has the oversight of our strategy, targets, risks, opportunities and group policies together with the Executive Management.

Our targets are implemented through the Growth Leadership Team, consisting of SVPs and VPs from our main markets and group functions, including Group Director CSR. To ensure focus on sustainability, the Group CSR Director reports directly to the CEO. Thereby, sustainability/ESG adheres to the very same principles as other business critical decisions (see page 43).

Signing up to the UN Global Compact in 2019 was the starting point for further formalization of our sustainability efforts followed by endorsement of TCFD and submission of our emissions reduction targets for SBTi approval, including further improvement of transparency in our sustainability policies, systems and due diligence processes. We aim to continuously improve these fundamentals.

Establishing clear accounting policies for sustainability data and thus establishing a basis for transparency and external assurance has been an integral part of this process. Group CSR and Finance are responsible for measuring our results, including good practice guidelines for risks and controls. Based on the accounting policies, a control framework is established to ensure consistent quality in our reports and documentation. The ESG data governance responsibility lies at the Audit Committee, whereas the Board of Directors over-sees all sustainability aspects.

We have implemented policies and procedures to minimize risks from our activities and to ensure our freedom to operate. Compliance with legal and other requirements, including our Business Ethics Policy, is fundamental.

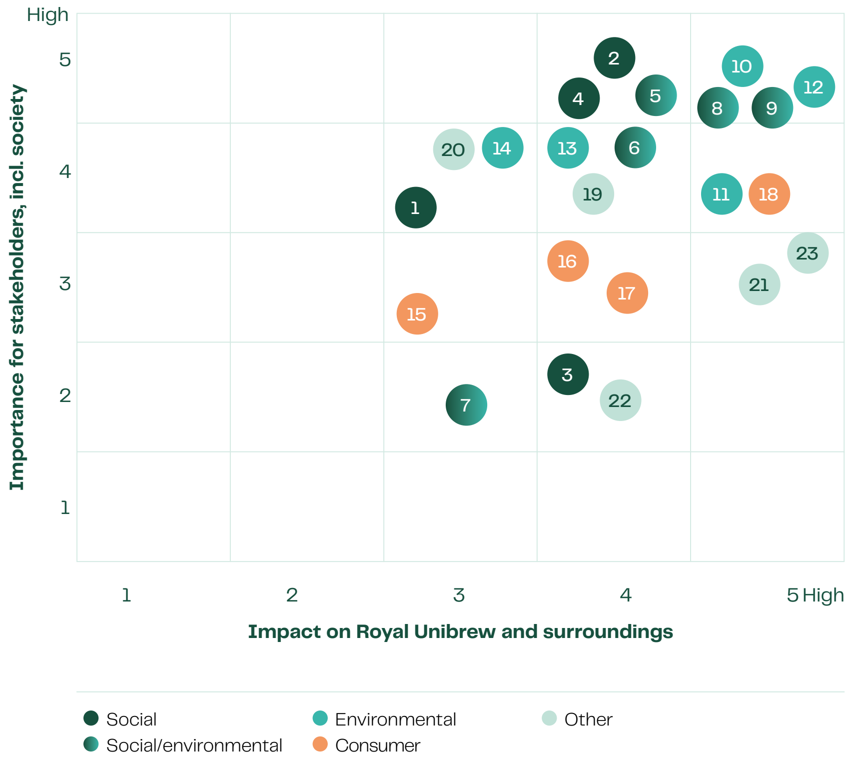
Materiality

We engage with our stakeholders in a regular dialog to understand their needs and concerns by means of various approaches and tools. Our key stakeholders are defined in our purpose and strategy of being the PREFERRED CHOICE for our consumers, customers, shareholders, employees and the future. In addition, our business partners, suppliers, legislators, local communities and NGOs are among our stakeholders.

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 least as a preferred workplace.

During 2022, Royal Unibrew conducted a thorough materiality assessment to determine if our strategy still addresses relevant ESG issues. We identified global trends, standards and benchmarks, and we engaged with stakeholders to understand their views. In addition, we analysed and defined material topics. The materiality assessment was reviewed and validated by the Growth Leadership Team and hereafter reviewed and approved by the Board of Directors.

One of the outcomes of the process is to integrate the materiality assessment in the Enterprise Risk Management (ERM) framework to ensure that the wider ESG issues are integrated in the financial risk and opportunity management and evaluation. We will implement this change in 2023. We found that biodiversity, sustainable farming and deforestation are becoming even more material for the beverage sector. Therefore, Royal Unibrew aims to formulate targets and commence initiatives for regenerative agriculture in 2023.



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

Tax

Creating jobs and delivering prosperity in the communities in which Royal Unibrew operates are our tangible contributions to society. Providing transparent disclosures also for tax is anchored in our business integrity.

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 dialog 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 2022.

In 2022, Royal Unibrew paid DKK 7.4 billion (2021: DKK 5.4 billion) in taxes, excise duties and VAT. Excise duties, VAT and some taxes are collected on behalf of the tax authorities in countries where we operate.

Total tax contribution (country-by-country)
Royal Unibrew seeks to comply with all tax legislation to its business operations, and we have prepared the country-by-country tax disclosure based on the GRI 207 tax guideline.

Country-by-country key figures - IFRS, 2022	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	1,249	722	3,980	737	7	983	1,695	144	165
Finland	749	362	2,958	98	1	676	1,240	142	134
Norway	166	219	1,495	–	1,390	79	800	7	-10
Italy	185	109	1,042	428	462	29	315	3	12
France	133	80	343	104	671	20	171	–	-15
Latvia	372	68	389	145	0	25	154	0	7
Lithuania	342	64	480	126	54	-6	205	2	0
Estonia	33	8	76	0	59	-12	24	–	–
Others*	136	92	724	0	247	-9	289	6	1
	3,365	**1,724**	**11,487**	**1,638**	**2,891**	**1,785**	**4,893**	**304**	**294**

* Includes Canada, Sweden, UK and US

Country-by-country key figures - IFRS, 2022	Excise duties DKKm	VAT DKKm	Personal taxes & social security contributions DKKm	Corporate taxes DKKm	Total DKKm
Denmark	250	675	266	144	1,335
Finland	2,105	739	82	142	3,069
Norway	1,093	618	50	7	1,768
Italy	182	203	45	3	432
France	4	–	–	–	4
Latvia	107	73	26	0	207
Lithuania	158	65	–	2	225
Estonia	0	16	3	–	19
Others*	154	121	24	6	304
	4,053	**2,510**	**496**	**304**	**7,363**
	Collected by the company			Borne by the Company	

* Includes Canada, Sweden, UK and US

Our consumers & customers

We want to be the preferred partner for our customers with a broad portfolio of tasty products for any occasion and the most relevant innovations for our consumers. We aim to:

- Support consumers in making healthy, nutritious and sustainable choices
- Become circular by engaging consumers and customers
- Be actively involved in the local communities where we are present
- Encourage responsible drinking

Key areas

Health & nutrition

In the market circularity

Local engagement

KPI 2030

#1

Partner of choice for customers as sustainable beverage supplier

Health & nutrition

We believe in consumer choice. We want to help consumers make healthier or nutritious 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 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 these global challenges, but we also work to reduce the challenges.

We strive to offer our consumers and customers sustainable enjoyment through a broad variety of beverages, complementing the occasion whether the individuals find themselves at a music venue, dining with family and friends, exercising, traveling or at other occasions. Therefore, we develop, launch and supply a broad portfolio of products from regular alcohol and calorie content to no/low alcohol, sugar and calorie content to provide choice and, of course, clearly declared to provide transparency. Our aim is to offer a no/low alternative in all categories and in all our markets to enable our customers to offer healthier choices to the consumers. Royal Unibrew also wants to lead the development of healthy and nutritious products not only by offering new products and outperforming market growth but also by investing in more information and communication about the products.

During recent years, Royal Unibrew has introduced more no/low sugar alternatives compared to regular products, e.g., in the soft drink and water categories as well as the energy drinks category. The volume of no sugar products increased by 8% from 2018 to 2022, while regular products increased by 6% in the same period, which indicates that our short-term 2022 target (a balanced launch of regular vs no and low) as well as our 2030 target (no/low growing faster than average of the portfolio) are working. In addition, the calorie content of the portfolio was reduced by 2% per 100 ml during the same period.

The launch of 0.0% and low alcohol containing products (beer, cider and RTD) increased in 2022. The no/low alcoholic segment increased by 26% from 2018 to 2022 compared to a total of 1.6% decrease for regular and strong alcohol containing products in the same period, which indicates that our 2022 target of increasing the number of beverages with 0.0% and low alcohol as well as our 2030 target of no/low volumes growing faster than average of the portfolio will be met. Together with the acquisition of Solera Beverage Group, the acquisition of Hansa Borg Bryggerier has brought volume to our portfolio of wine and spirits. Both categories are still relatively immature compared to the no/low alcohol category; nevertheless, we will apply our strategy to grow these categories.

Key initiatives

- Offer no/low alternatives in all categories
- Reduce sugar/kcal/alcohol per serving
- Promote responsible drinking

We continued our non-bar concept at several venues where we served non-alcoholic beers for lunch. In addition, we launched an initiative together with Madbillet called “FrokostFesten” where consumers get a ticket to a lunch meal accompanied by a non-alcoholic beer. This initiative demonstrates that non-alcoholic beers are more than an alternative to regular beers but also an active choice for both foodies, beer connoisseurs, business people and locals.

Royal Unibrew holds a strong position within the zero-calorie, zero-sugar segment for carbonated soft drinks. To maintain and nurture our solid position in this category, we engage with consumers in several ways. For example, our iconic Danish brand Faxe Kondi realized a flavor competition, "Can of the Match", with only zero sugar beverages included in the competition. Because of the acquisitions of Solera Beverage Group and Hansa Borg Bryggerier the net revenue split between non-alcoholic and alcoholic beverages has shifted to 48% of net revenue coming from non-alcoholic beverages and the remaining 52% from alcoholic beverages.

Measurements for Royal Unibrew's goal to be THE PREFERRED CHOICE for sustainability have not yet been finalized. However, the findings of an analysis conducted by Kantar Gallup in both Latvia and Lithuania, which encompass 101 brands/companies, show that Royal Unibrew has been assessed as the most sustainable company in these geographies. In Denmark, Royal Unibrew was ranked #11 in a similar survey carried out by Gradient. Our goal of allocating 40% of our marketing budget to sustainability (no/low, organic, responsible, environment, etc.) shows a positive trend, as we spend more than 40% of our marketing spend on sustainability in 2022.

Royal Unibrew received five notifications regarding violation of labeling requirements in 2022. Due to our diligent management of product safety, including staying on top of food alerts, we only experienced eight withdrawals in total (microbiology) and three recalls (microbiology) in 2022. All beverages were recalled.

Responsible drinking

Our commitments to responsible marketing and products are unambiguous, and it is our responsibility to prioritize quality over quantity for products containing alcohol.

Royal Unibrew had no incidents of non-compliance with marketing codes or regulations related to either advertising or promotion, including advertising to youth and other susceptible consumers in any of our markets.

We support a large variety of sports and health initiatives, such as ice hockey and basketball, through our 0.0% alcohol brands and water brands in both regional and local sponsorships. Promotion of responsible drinking is an integrated part of our strategy and, therefore, integrated in national campaigns of 0.0% brands as well as initiatives in association with our trade associations.

We conducted several initiatives to support responsible drinking during 2022. In the Baltic countries, we promoted responsible drinking in On-Trade via new beer coasters with warning signs "Don't drink and drive" and bar displays stating "If you drive, choose non-alcoholic beer". In Denmark, we continued our non-bar concept at several venues where we served non-alcoholic beers for lunch. We launched an initiative together with Madbillet called "FrokostFesten" where consumers get a ticket to a lunch meal accompanied by a non-alcoholic beer. This initiative demonstrates that non-alcoholic beers are more than an alternative to regular beers but also an active choice for both foodies, beer connoisseurs, business people and locals.

In the market circularity

We want to become circular across the value chain by engaging consumers and customers. We will close the loop on packaging materials, reduce the strain on resources and lower our footprint.

Today, all Royal Unibrew's primary packaging materials include information on either deposit return or labels on recycling. Some of the secondary packaging contain this information as well. It is our objective to expand the product information not only to include information on packaging materials but also to include information on sustainability from the entire value chain no later than 2030.

However, information is not enough in itself to reduce our footprint from packaging materials. As for the well-functioning deposit return systems (DRS), there are generally very high return rates, e.g., +90% in Denmark, Finland, Norway, and Lithuania. Today, the remaining <10% is collected through the general waste infrastructure. Therefore, we will step up on engaging consumers in closing the loop, enabling food grade material for recycling. Recycling campaigns are currently run together with the deposit return systems in the aforementioned markets, and it is our plan to conduct campaigns on waste reduction and circularity in large markets by 2025 to increase consumer awareness on recycling. This also applies to our customers where awareness and handling of secondary packaging, especially in export markets, must be improved.

In 2022, we implemented several initiatives. An example is application of our guidelines on point of sale materials (POS) in the Baltic countries. In line with our policies, we have established specific requirements regarding materials, ethics and engagement. The latter is related to using POS as an agent for nudging consumers to make sustainable choices as for waste sorting, responsible drinking, reuse of cups, etc. In addition, Royal Unibrew has increased the use of reusable (washable) cups in Denmark reaching a penetration of approximately 8% in 2022, substituting single use cups at various events. In Norway, we introduced r-PET cups in collaboration with other breweries. The r-PET cups were collected by the DRS at festivals and other festive events during the year. These initiatives alone reduce virgin plastics by 20 tons. We will continue our efforts in 2023.

Key initiatives

- Reduce food waste
- Engage consumers in closing the loop on packaging materials
- Develop infrastructure

In Norway, we introduced r-PET cups together with other breweries. The r-PET cups were collected by the DRS at festivals and other festive events during the year.

Local engagement

Local engagement is deeply rooted in Royal Unibrew's DNA. We want to be present in the local communities with our local brands and products and actively engage with our consumers and customers through our support of local activities.

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, employees' families, but also in our brand communities in collaboration with our customers, other business partners and NGOs.

Amsterdam Brewery Co. Ltd. in Toronto, Canada, is a proud partner of Bikes Without Borders. Bikes Without Borders provides bicycles and bike-related solutions to empower individuals in marginalized communities through mobility. The target group is refugees and other low-income families in the Toronto area as well as impoverished people in the Third World. Amsterdam Brewery has a full functional bicycle workshop at the brewery to facilitate the work of Bikes Without Borders.

We strive to provide successful brands that people trust. Therefore, we have always been committed to contributing positively wherever we operate and are connected. We believe that it is our responsibility as a global company to drive, develop and support sustainability efforts through relevant touch points. Sourcing of local ingredients and development of local products are examples of our local engagement.

Royal Unibrew has several ongoing engagements with local sports clubs, local music scenes, city festivals, etc. We want to make these interactions sustainable. This also applies for music festivals and large sports events where we participate. The initiatives encompass an introduction of organic beverages (beers, soft drinks and ciders/RTDs) and sponsorships with 0.0% beer and supporting preservation of freshwater in Finland and Latvia. In Latvia, we cooperate with WWF (World Wildlife Fund) on physical remediation of rivers and education of the society at large. In addition, we foster excellence in West Africa by providing children the right to education through sponsorship, and we encourage music lessons for underprivileged children as well as training of young music entrepreneurs in France and support for rock talents in Denmark. We view these activities as a way to give back to society.

Our goal is that at least 50% of our engagements include sustainability elements by 2030, and for large events we are even more ambitious with 70% already in 2025.

Key initiatives

- Drive sustainability in local communities, organizations, and NGOs
- Empower local players
- Develop local products

Supporting local businesses in general is another important undertaking for Royal Unibrew. In 2022, we continued to engage in activating consumers using our platforms and channels together with various customers. For example, the Ceres Bar Supporter in Italy as well as virtual as well as physical beer tasting events supporting local microbreweries in Denmark. Local sourcing is an additional element. In France and Italy, we celebrated the craftmanship of the producers, especially the young farmers, of the high-quality citrus fruits from Corsica and Sicily sourced for our products.

Royal Unibrew ceased all business activities in Russia immediately after the invasion of Ukraine on February 24, 2022. In all our markets, we stepped up on support to Ukraine either directly by donations of beverages or funds or indirectly by job offerings and provision of physical premises for training of Ukrainian refugees.

Our products

We want to be THE PREFERRED CHOICE for the future, and it is our ambition to be one of the most sustainable beverage companies globally. We will convert our energy consumption to renewable energy in the entire value chain, and we will work with our partners on reducing CO_2 emissions and reducing use of resources by enhancing a circular mindset. All this while contributing to society. By the end of 2022, we submitted our emissions reduction targets to the Science Based Target initiative (SBTi) for official validation, which emphasize that we are committed not only to decarbonize in line with the goals of the Paris Agreement, but also to deliver transparent and verified data on our progress. We will reach our targets by:

- Increasing use of renewable energy
- Implementing circularity
- Engaging with our entire value chain

Key areas

Renewable energy sources

Product circularity

Supplier roadmap

KPI 2030

50%

Reduction in supply chain emissions (scope 1,2,3) compared to 2019

Principles for reducing CO_2 emission from production are:

1. Reduce energy consumption/increase energy efficiency
2. Invest in transformation of thermal energy to electrical energy
3. Actively invest in or push for additionally renewable energy in the grid
4. Either source renewable energy power or biogas or buy accredited certificates (short- to medium-term)

Renewable energy sources

We will increase our renewable energy use toward 2030 starting from our own production and gradually increase demands on suppliers.

Royal Unibrew has set ambitious targets for the reduction of carbon emissions. With regard to our own production (scope 1 and 2), we aim at being carbon emission free in 2025, and for the entire supply chain (scope 1, 2 and 3) we want to reduce our footprint by at least 50% in 2030. We have decided on several initiatives to achieve these ambitious targets, but we also acknowledge that implementation of new, not yet available, technologies are crucial to succeed.

An important activity in 2022 has been to map our CO_2 emissions for the entire scope 3. Moreover, to submit our scope 1, 2 and 3 targets for verification by SBTi. Our current target of 50% reduction in CO_2 emission for scope 1, 2 and 3 have been supplemented with a target for scope 3 alone – with a 50% reduction in absolute emissions in 2030 compared to 2019. The target encompasses more than 85% of our scope 3 emissions. With the new scope 3 target, we are stepping further up on our decarbonization ambitions. For scope 1 and 2, our current target is 100% reduction in 2025 excluding logistics and biogenic emissions. We have added a sub-target fully aligned with the SBTi requirements, which includes our own logistics and eventually biogenic emissions, of 60% absolute reduction in 2030 compared to 2019. With these additional targets, we are on the 1.5°C trajectory for scope 1, 2 and 3. As a beverage company, we are dependent on agricultural raw materials; therefore, we are still working on our FLAG science-based targets (Forest, Land and Agriculture) and net-zero targets. The former will be submitted in 2023.

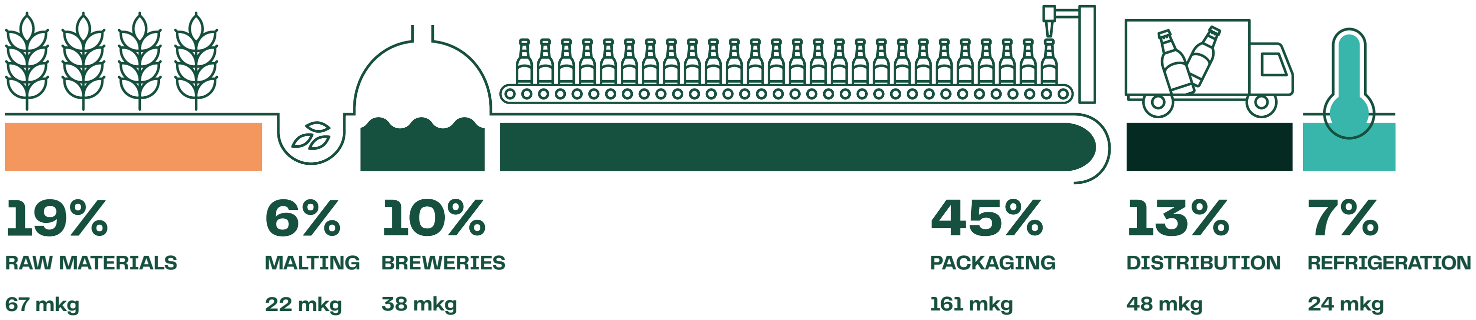
Royal Unibrew's principles for decarbonization are unchanged. Drivers are efficiency improvements, transition from fossil fuels to renewable energy or adding renewables to the grid. Royal Unibrew has further developed a road map for decarbonization and established a firm road map for energy effi-

Key initiatives

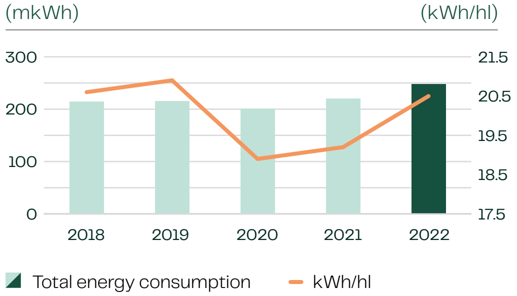
- Transform and electrify production
- Demand renewable energy in the supply chain
- Optimize energy and water consumption
- Submitting targets for verification by the Science Based Target initiative

Emissions throughout the life cycle

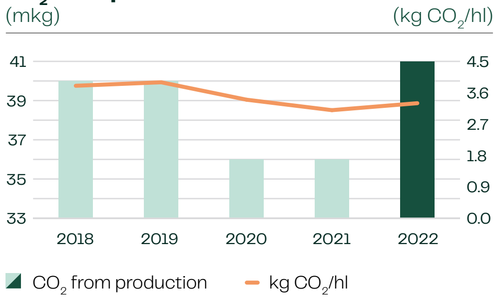
Proportion of greenhouse gas emissions in each stage of the life cycle of our products.



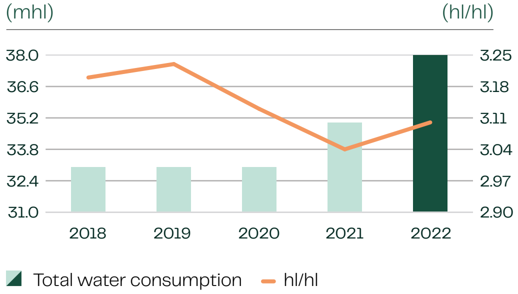
Energy consumption



CO_2 from production



Water consumption



ciencies. We now have a catalog of best practices, feasibility studies and a range of approved capex projects to support the transition. This ambition encompasses full integration of our latest acquisitions and expansion of our partnerships.

Despite the geopolitical challenges and the associated supply chain challenges, our sustainability journey continues. Our transition towards a fossil free future continues relentlessly with more efficiency projects at our sites and bio-based or electrical heat production. Moreover, we continue our focus on more renewable power through own installations or PPA in combination with certificates. Due to supply security, we did, however, temporarily switch from natural gas to oil at our site in Faxe, Denmark, Kalnapilis, Lithuania, and Bergen, Norway.

Today, 23% of Royal Unibrew's CO_2 footprint from scope 1 and 2, excl. logistics, is renewable energy covered by RECs (Renewable Energy Certificates). We will gradually phase out RECs and replace with either our own renewable energy projects or PPAs (Power Purchase Agreements).

Projects reducing approximately 71% of our carbon footprint (26.5 million kgCO_2) from our production are progressing or planned for the period of 2022 to 2024. We have projects running at our largest productions sites. In Faxe, Denmark, a solar park delivers renewable energy corresponding to approximately 40% of the power consumption at our production facility in Faxe. At our Lahti site in Finland, we are transforming our fossil-based thermal energy to 100% bio-based energy utilizing our spent grain from production and biogas from a nearby landfill. The biogas plant and solar park will be inaugurated in Q1 2023. We will also install heat pumps in Faxe, reducing the thermal energy consumption by more than 30%, as well as photovoltaics in the Baltic countries and Italy.

Furthermore, projects to transition from fossil-based to bio-based fuel, from thermal energy to electrical, and installation of solar panels fully implemented by 2024 are planned in at all markets. In addition, we continue the purchase of RECs (Renewable Energy Certificates), but we still need to identify options to reduce the remaining 29% of our carbon footprint from our production that primarily derives from fossil-based thermal energy.

CO_2 footprint for packaging materials (excluding end-of-life) and distribution (outbound) increased from 2021 to 2022. 13% organically for packaging material due to temporary stock building and on distribution by 7% organically primarily due to increased sales.

The carbon footprint for our production was reduced by 42% (organic), measured as kg CO_2 per produced volume, from the base year 2015 to 2022. We more than achieved our short-term target of 30% reduction in 2022 compared to 2015. Between 2021 and 2022, the kg CO_2 per produced volume increased with 6.5%. Thus, the efficiency of our production was reduced mainly due to the temporary switch from natural gas to oil in Denmark with poorer efficiency and larger CO_2 footprint.

Reducing CO_2 from logistics

Transportation is an area where sustainable technologies, especially for heavy duty transportation, are still rather immature.


Biogas facility at Hartwall OY in Finland

The acquisition of Amsterdam Brewery Co. Ltd. in Canada supports a significant reduction of our CO_2 footprint, as we reduce the transportation needs for products sold in North America. The project's potential corresponds to a 8% CO_2 reduction. We are working on implementing more local license productions to reduce our footprint further.

We are conducting several projects to optimize distribution both within our own fleet as well as with our forwarders. This includes combining optimal locations for distribution hubs with proximity to alternative transportation lanes. In Finland, we have tested both electric and biogas trucks in the secondary distribution, and the results are very promising. In Norway, malt is transported by rail, and approximately 50% of wine from Italy is by rail transport as well. Wine is increasingly transported by sea.

The majority of our forklifts, stablers, etc., are powered by renewables today. We have installed charging stations at our sites and privately at our employees' homes to support their choice of electrical vehicles (EV) or hybrid cars. Approximately 18% of our company cars are currently EV or hybrid.

Water remains a priority

Water is our most important raw material; therefore, water preservation and water quality are key to us. Our waste-water is treated before emission to meet the requirements. Reducing water consumption remains a priority, and our consumption of water per hl has remained unchanged from 2021 to 2022. The water intensity from 2015 to 2022 has been reduced 9%, organically.

Royal Unibrew's production facilities are not located in extremely high water stressed areas except from one small site in Estonia. Withdrawal of water in low and medium low water stressed areas constitutes approximately 52% of the total water consumption. We only use municipal or own well water at our sites.

We have several projects aiming at preserving freshwater ecosystems. One is at the Lake Vesijärvi close to our brewery in Lahti. Another project is in Latvia, where Royal Unibrew together with WWF educate society at large and work on river restoration projects, which includes removal of dams to restore the flow and protect the ecosystem of the rivers, which also benefits biodiversity.

EU Taxonomy

Investing in and maintaining sustainable economic activities in line with the six environmental objectives of the EU Taxonomy are at the core of our strategy

The EU Taxonomy is an EU classification system for environmentally sustainable economic activities. It aims to help the EU scale up sustainable investments by requiring companies to report the share of their revenue, capital and operational expenditure allocated to environmentally sustainable economic activities. The taxonomy also presents an opportunity for Royal Unibrew to disclose our revenue and investments generally accepted as sustainable.

The taxonomy regulation establishes a common classification system for environmentally sustainable economic activities covering six environmental objectives: climate change mitigation; climate change adaptation; the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control and the protection and restoration of biodiversity and ecosystems.

To date, reporting has targeted the first two environmental objectives. Pending finalization of the Environmental Delegated Acts for the remaining four. The taxonomy stipulates mandatory reporting requirements to identify business activities ”in scope”, i.e., eligible activities and assessing whether the activities are aligned with the associated technical screening criteria.

In 2022, Royal Unibrew further developed and executed our EU Taxonomy process and procedure, screening the technical annex of the climate change adaptation and mitigation to identify activities of our operations that fall under the scope of the legislation regardless of size. First step is to establish eligibility and second step is to assess alignment with the criteria if eligible.

The EU Taxonomy is a framework that evolves over time, and with the technical screening criteria of the second delegated act still to be applied, we expect that both our taxonomy eligibility and alignment will increase in the future. We will reassess the KPIs on an annual basis.

Turnover
Our screening shows that our main revenue generating activities are not currently covered in the EU Taxonomy under the Delegated Act 2021/2139. Nonetheless, the future energy production, e.g., generated from our solar park in Faxe from 2023 is explicitly covered in the criteria and will be included in our 2023 disclosures, if material (see page 98).

The turnover KPI covers net turnover derived from products or services, including intangibles, associated with taxonomy eligible business activities.

Capital expenditure
Our screening shows that 1.7% of our capital expenditure is eligible under the Delegated Act 2021/2139. If the acquisitions were excluded in the calculation of capex, the result would be 5.7%. The eligible activities are energy production, water treatment and elements of transportation.

Royal Unibrew is still in the process of establishing all the required alignment documentation together with our suppliers, service providers and contractors. Presently, we disclose eligible capex. We strive to close the gap and document alignment further in 2023. Capital expenditures cover expenditures on purchases of products from taxonomy-aligned suppliers.

Operational expenditure
Our screening shows that 5.8% of our operational expenditure is eligible under the Delegated Act 2021/2139. The eligible activities are associated with energy production, water treatment and elements of transportation.

Operational expenditure covers the proportion of operating expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable.

Eligibility 2022

0.0% of revenue

1.7% of capex

5.8% of Opex

Alignment 2022

0.0% of revenue

0.0% of capex

0.0% of Opex

See page 98 for further details

Product circularity

We want to become circular across the value chain by engaging with our suppliers. We will close the loop on packaging materials, reduce the strain on resources and reduce our footprint.

In the beverage industry, product circularity depends to a high degree on closing the loop on packaging materials (primary, secondary and tertiary) but also to ensure loss and waste reduction in general. The elements are to remove, reduce, reuse and recycle materials. Avoiding downcycling of food-grade packaging material such as r-PET for non-food applications is another element.

The food safety requirements for primary packaging materials (e.g., glass bottles, PET bottles and cans) are stringent, as it is vital that we protect our products. The entire packaging system, including bottles, crates, trays and wraps, ensures there is no harm to our products during distribution. Therefore, packaging is also key for product protection and avoidance of food waste.

Target % recycled material

	Realized 2021	Realized 2022	Target 2022	Target 2025
r- Corrugated cardboard	84	98	>90	100
r- Paper labels	77	92	>90	100
r- Shrink film	32	68		100
r-PET	48	64	>30	100

Royal Unibrew is applying all the circular principles for our packaging materials. We are on track for our overall goal of 100% reusable, recyclable, or recycled materials in 2025. However, we are slowing down the conversion rate due to technical challenges and limited availability of certain materials at a reasonable cost. This effect will be more pronounced in 2023. In principle, we use only mono materials today. Mono materials can easily be separated, sorted and recycled in clean fractions, such as glass, PET, carton, aluminum, etc. However, our juice portfolio and bag-in-box concept for soft drinks and wine, contributing approximately 4% of sales volume in 2022, are currently provided in more complex laminated materials. While the recyclability of these materials may be improved in the next couple of years, we will also be looking at alternatives.

We continuously cooperate with our suppliers on reducing the weight of materials balancing food safety, transportation stability and environmental requirements. Over a 10–12-year period, reductions in PET, aluminum and recently cardboard material, represent a reduction of 8,600-ton CO_2 per year. In 2022, we did not drive major downgauging initiatives.

Key initiatives

- Eliminate unnecessary packaging (incl. plastics)
- Source recycled packaging materials
- Reduce food and packaging material loss and waste

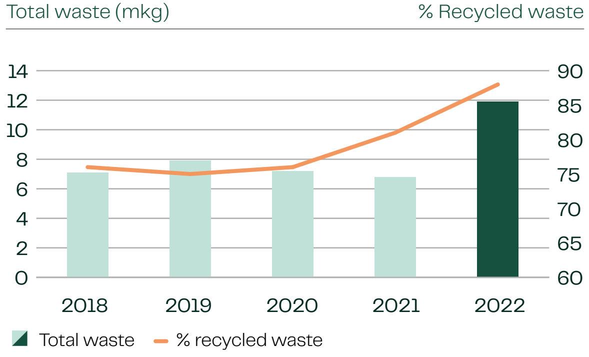
Reducing food loss

Cooperation with customers and Too Good to Go in Denmark and Norway reduced beverage loss of more than 200,000 bottles in 2022, and the initiatives continue in 2023.

We take our producer responsibility very seriously. Our sector has been characterized by the operation of reusable or recyclable packaging systems also historically; therefore, we have a firm foundation for new requirements on packaging and packaging waste in the EU. We will continue our support to DRS in our largest markets to increase the return rate further. In addtion, we will look for solutions to avoid packaging waste in other markets with more immature systems. We continue to challenge our packaging systems for markets where waste infrastructures or deposit return systems are poor or non-existing.

Circularity is also applied to loss and waste in our production and downstream in sales. Today, 88% of our waste from production is recycled. By-product from the brewing process is utilized 100% as food, feed or biogas. Losses at our production sites are at a more or less constant level but influenced by changes in product mix at the individual facility. On average, more than 90% of the packaging materials are collected in our markets with deposit return systems. Thus, our industry is characterized by a rooted circular mindset. In 2023, we will step up on data disclosure.

Waste generation



Supplier road map

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

A large share of our footprint (environmental and social) is outside our own direct control. Therefore, we engage and cooperate with our supply chain to reduce the footprint and, moreover, to increase supply chain transparency. More than 90% of our CO_2 footprint is in scope 3 where purchased goods, such as agricultural based raw materials and packaging materials, account for 62%.

Our target is a 50% reduction of CO_2 emissions in our entire supply chain by 2030, and no later than 2023 all of Royal Unibrew's critical suppliers must have signed our responsible procurement principles and an agreement with a defined road map to reduce their carbon footprint (60% has signed in 2022). This in combination with the current general consensus on possible technological advances in the relevant sectors before 2030 make us confident that the target is realistic.

Royal Unibrew recognizes that responsible sourcing is a journey where improvements are achieved through collaboration with suppliers. In 2022, the Transparency Act in Norway, up-coming EU legislation on due diligence as well as the requirements of the Nordic monopolies triggered further review of our policies and procedures but also a review of the tools we apply.

Our Business Integrity Policy together with our Code of Conduct specify requirements for human rights, biodiversity, climate and other environmental issues. Supported by our supply chain management procedures, we believe that we have a robust system based on due diligence, risk assessment and periodic review of supplier performance. Our risk-based approach to supplier management triggers self-assessment questionnaires as well as audits, if the supplier due diligence indicates elevated risks, e.g., risk of human rights violations. We are currently testing and using several different data management tools to support and document our supply chain.

The acquisition of Solera Beverage Group has increased our focus on potential impacts of traded goods, which is also underlined by the CO_2 footprint established under scope 3 purchased goods and services. Therefore, we are in the process of establishing a specific road map with 100% value chain transparency as the aspiration.

The majority of direct materials and services are currently sourced in Europe (80%).

Royal Unibrew has always cooperated closely with suppliers and other partners to improve our products as well as our production and process performance. To reach our targets,

Key initiatives

- Further develop responsible procurement principles
- Implement road map for CO_2 reduction in transportation, packaging, agriculture and sales refrigeration
- Become nature positive: Establish targets and initiatives for biodiversity

it is pivotal, on the one hand, that we build on these well-established relations and work hard to strengthen them further. On the other hand, it is vital that we identify and establish new partnerships for sustainable development.

Biodiversity is material

International organizations, NGOs, business communities and legislators are increasingly articulating biodiversity and loss thereof as a major challenge at the same magnitude as climate. There is a growing consensus that biodiversity is affected by not only climate, but also pollution, land use/water use change and resource exploitation. New legislation such as the EU Taxonomy and the CSR Directive address biodiversity like several initiatives such as the Science Based Targets for Nature (SBTN) and Taskforce on Nature-related Financial Disclosures (TNFD). This is also reflected in Royal Unibrew's updated materiality assessment from 2022 that now includes biodiversity. Royal Unibrew is dependent on agricultural raw materials, such as barley, sugar and corn, primarily sourced locally, but also forest-based packaging materials, such as cardboard, carton and paper. Concepts such as nature positive and methods such as regenerative agriculture aim at combining cause, effect and impact. In 2022, Royal Unibrew initiated a review of our physical locations in the context of nature protected areas or protected species under the umbrella of Natura 2000. The review demonstrated that we are not located in Natura 2000 areas.

We went "wild" at our head office in Faxe by growing a belt of insect friendly plants while respecting food safety hygiene requirements. In 2023, we will formulate targets and implement initiatives to support biodiversity.

Our people

In order 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 on the basis of our long-term business results, our engagement survey and our ability to place key talent in critical positions.

The main strategic pillars and priorities of Royal Unibrew's people strategy:

- To be the preferred workplace
- To secure a safety and sustainability culture
- To develop tomorrow's talents while building on existing competencies to support our aspiration for growth
- Design the organization to win tomorrow's business

Key areas

Proudest employees

Sustainability culture

Safety culture

KPI 2030

80%

Of employees are Royal Unibrew ambassadors

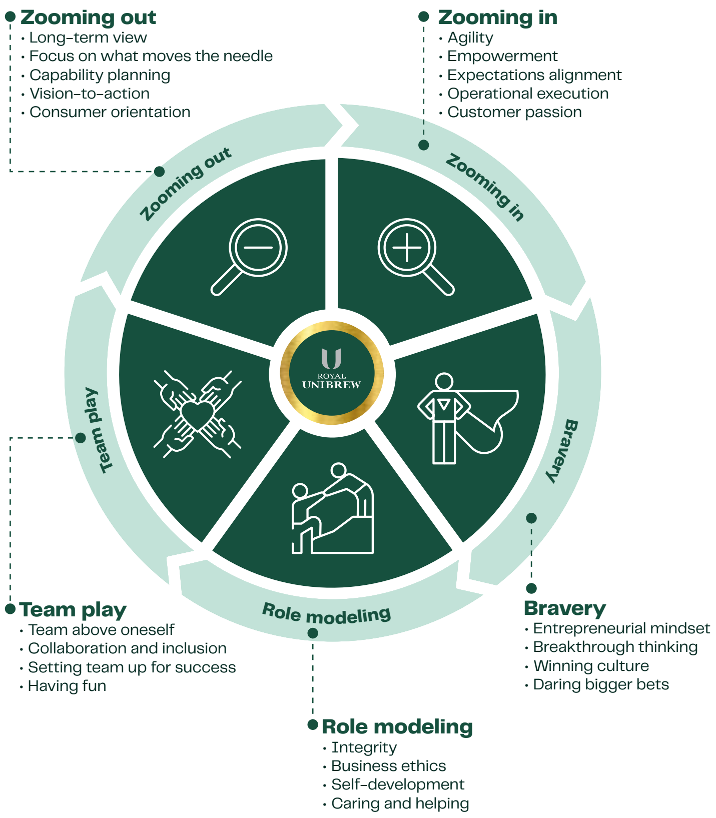
Proudest employees

We aspire to have the proudest employees in the industry by fostering a 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, strong experience and know-how within the beverage industry. We continuously ensure that our leadership model accommodates our strategic ambitions to deliver future growth, nurturing a sustainable culture and providing a healthy working environment. To become THE PREFERRED CHOICE for our people, we have launched Royal Unibrew's Leadership Expectations, strengthened our performance management and revisited our initiatives within, e.g., organizational development, engagement surveys and digitalization of processes.

During 2022, we launched and expanded Royal Unibrew's Leadership Expectations, which is a framework developed to support our leaders in performing effective leadership in line with Royal Unibrew's culture and values. The framework supports our leaders in acting as role models by demonstrating proper behavior in line with the values and 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 Leadership Expectations is locally anchored. We will continuously work on communication, activation and

Royal Unibrew's Leadership Expectations



Key initiatives

- Expanding leadership framework
- Accelerating performance-, talent- and development initiatives
- Digitalizing human capital processes
- Organizational development

Strengthened HR agenda

As the Royal Unibrew Group is on a rapid growth journey, the need for alignment and sparring within HR across the Group is increasing. Therefore, the HR agenda has been strengthened to design and drive the HR strategy and to foster HR related synergies within especially recruitment, talent management and career management.

implementation of the leadership framework in order to move the needle from intention to impact.

We have tightened key talent management processes in all our business units, including regular performance reviews, development planning and formal mechanisms, to promote a feedback culture. The performance management process has been digitalized to provide our leaders with a support tool to steer their performance conversations and track previous dialogs supporting the employee's development.

To improve overall employee experience, we have accelerated digitalization of human capital processes on our human resources information system. Our performance management, employee master data and recruitment processes have become digital during the past year and will continue to be of high priority in 2023.

Attracting, developing and retaining talented people remain key to our success, and we continue to invest in leadership development to ensure organizational readiness and hereby successful strategy execution. Leaders have participated in leadership trainings covering the following: work with Royal Unibrew's Leadership Expectations, sustainable leadership of setting meaningful objectives, getting tangible levers on building high quality connections, and how to implement diversity, equity and inclusion in their leadership in pursuit of being THE PREFERRED CHOICE.

The voluntary employee turnover decreased significantly from 20.6% in 2018 to 13.9% in 2020, however, in 2021 there was a slight increase in turnover to 15.0% from where the turnover increased to 17.1% in 2022. Hence, the turnover curve reflects the trends in the job market and the effects of the COVID-19 pandemic. The 2022 turnover rates for our largest markets have remained at the same level, except from Finland where the turnover has decreased. Leave of absence due to non-work related illness has decreased from 3.8% in 2021 to 3.6% in 2022.

We will continue to measure engagement both for short-term changes and long-term trends across results from past years. Currently, we measure engagement every second year. The 2021 engagement index score increased marginally from 4.0 to 4.1. Going forward, we will measure engagement annually, which will enable us to monitor the changes more closely, while integrating a digital tool that allows us to create pulse survey follow-up depending on local action plans. This will help the organization to zoom in on specific areas in where we need to focus on creating the highest engagement.

Sustainability culture

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 the business strategy is our fundamental belief that the diversity 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 driving a sustainable culture by assessing and monitoring the organizational health, including employee turnover, sick leave, safety culture, diversity, equality and inclusion.

Again in 2023, we set ambitious sustainability KPIs as part of the executive incentive programs to emphasize and reflect our strong commitment to sustainability, and we strive to implement sustainability KPIs in all incentive programs for leaders in Royal Unibrew.

Traditionally, the beverage industry is male dominated. However, we aspire to achieve a more balanced gender representation. Specifically, our target is at least 40% of underrepresented gender across the Group by 2025. The action plan to achieve this target is based on three elements: attraction, retention and inclusion. As a vital part of this plan, we will hold all parts of our business accountable for the development – also across functional areas.

In alignment with our key initiatives set in 2020, our policies (a harassment free environment policy, a diversity, equality and inclusion policy (DE&I), a human rights and no discrimination policy) have been 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.

Our DE&I policy is our commitment to ensure a diverse workforce, an inclusive workplace with equal opportunities and leadership valuing DE&I.

For the international management team, we see a downward trend for female representation – partly an effect of the recent acquisitions of Hansa Borg Bryggerier and Amsterdam Brewery Co. Ltd. – which emphasizes the need for continuous push within the area, finding new ways to achieve critical mass of diverse talents and to retain the talents in an ever-changing and challenging business environment. An analysis of our employee data shows that some of our locations have bigger success than others in attracting and retaining e.g. female talent. We will investigate what drive these results during 2023.

Because of our belief in and commitment to developing a sustainable and diverse culture, Royal Unibrew has decided to add a position in Group HR dedicated to diversity, equity and

Key initiatives

- Clear commitment and direction from the top
- New role as Group DE&I in Group HR
- Acquiring more differentiated data on the full DE&I area in Royal Unibrew
- Integrating diversity, equality and inclusion in human capital processes and policies

CSR topics are introduced in Finland through the “Better Mornings” initiative. Here customers and employees are invited to monthly presentations and discussions on CSR related topics, such as non-alcoholic trends. “Better Mornings” is an example of how CSR topics can be a synergetic drive together with our customers.

inclusion. Our ambition is to increase female representation at executive levels. Likewise, we want to build and enforce a workplace harassment policy. Essential in the future will be to drive leadership accountability and capability building to realize these opportunities.

Royal Unibrew continues to implement employee master data across functional areas and still larger geographies providing further insights to relevant focus areas for diversity. It will improve our ability to make a change where it will have the largest effect.

Employees by gender, Int. management teams

Gender %	2022	2021	2020	2019	2018
Female	28	29	33	32	31
Male	72	71	67	68	69

The gender distribution is impacted by acquisitions. Adjusting for acquisitions the distribution would be equal to 2021.

Safety culture

We are committed to maintaining and continuously improving our employees' safety at work.

Our employees' safety at work is of highest priority. Therefore, we are committed to continuously improving our preventive measures to avoid employees being injured and/or worn out. 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.

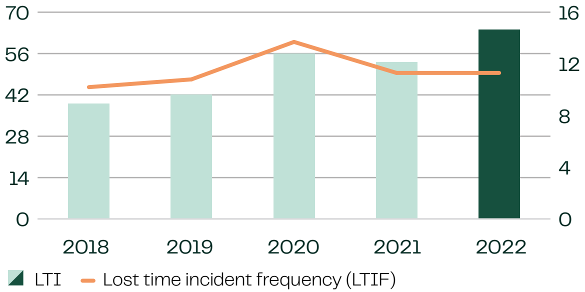
As we aim for zero lost time incidents, we have conducted behavior-based safety campaigns in several markets. In addition, we have worked on communicating safety aspects to enhance incident prevention, not only concentrating on lost time incidents, but also on safety observations and near-misses. Improving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

We did not have any fatal accidents among our employees or contractors during the year, but we were involved in an incident where a pedestrian was hit by one of our trucks and sadly passed away as a result of the inflicted injuries.

We reduced the frequency of incidents by 2% compared to 2021 resulting in 11.1 incidents per 1 million working hours in 2022. However, we had a 4% organic increase, which means

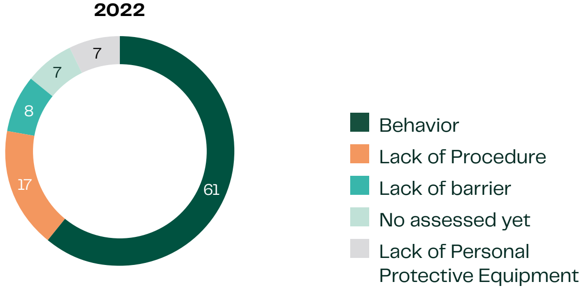
Lost time incidents

Accidents per million working hours



Root causes

%



Key initiatives

- Behavior-based safety campaign and training in several markets
- Safety and stress prevention included in the engagement survey
- Increased investment in health and safety in production

we did not reach our short-term target of 40% reduction of the LTI frequency in 2022 compared to 2018. There is no doubt that our efforts are paying off, but we need to improve.

The severity rate measured as lost days per 1 million working hours has decreased significantly since 2019, measured organically by 59%. Behavior and lack of codified procedures account for almost 80% of our lost time incidents in 2022, whereas lack of physical barrier and use of PPE account for 14%. This distribution between root causes is constant over time. Royal Unibrew is continuously conducting job safety analyses to remove or reduce physical, chemical, biological, ergonomic or mental risks from the workplace, but as the latest root-cause assessment indicates, we can still improve in this area.

ESG highlights and ratios accounting principles

Scope of reporting

Our ESG data covers the performance of all operating entities in the period of January 1 – December 31, 2022. 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, are not included in the 2022 scope, as the environmental footprint is considered insignificant. However, we are working on integrating these in the future.

Data from newly acquired companies is 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 2022, we have included Hansa Borg Bryggerier and Amsterdam Brewery Co. Ltd. Nørrebro Bryghus acquired on December 30, 2022, is not yet included.

Reporting and data governance

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

Relevant business units submit monthly or annual data on environmental, social and governance KPIs and indicators. Data is collected and reviewed internally before being consolidated on Group level. An explanation for deviations of more than 5% must be provided for any data point that has changed compared to previous year's data. The responsibility for applying the proper procedures for data validation and checks in line with the reporting manual lies with the business units.

We have set up requirements for data documentation, and we have assigned a data responsible for all business units. When ESG data is submitted, the general-/country manager must review and sign-off that data is accurate, has been controlled and that documentation is provided.

Data and indicators

Our data collection process serves to ensure adherence to the requirements of the Danish Financial Statements Act § 99a, b, and d, the UN Global Compact Communication on Progress, Nasdaq ESG Reporting Guide and the EU Taxonomy. We consider key ESG indicators and global frameworks such as the GRI, SASB, UN Guiding Principles and the SDGs.

Indicator	Description	Unit
PRODUCTION FIGURES		
Production sites	Total number of production sites within the Group.	Number
Production volume	Total volume of beverages produced within the Group.	million hl
CO_2 EMISSIONS		
Scope 1	Direct CO_2 emissions occurring from all sources owned or controlled by the company. Emissions are calculated in alignment with the GHG Protocol and SBTi by use of local emission factors sourced from International Energy Agency (IEA) and DEFRA. When calculating our KPIs, logistics and biogenic emissions are excluded.	million $kgCO_2$
Scope 2 (location- and market-based)	Indirect CO_2 emissions from purchased energy sources. Emissions are calculated according to the location- and market-based method in alignment with the GHG Protocol and SBTi by use of local emission factors from IEA.	million $kgCO_2$
Scope 3	Corporate value chain CO_2 emissions have been calculated in alignment with the GHG Protocol and SBTi. More than 85% of the value chain emissions of scope 3 is included in the SBTi target. We will recalculate at least every third year. Current data covers 2021 and 2019, where the latter represents our base year. Primary drivers of the scope 3 emissions are purchased goods and services, downstream transportation and distribution and use of sold products.	million $kgCO_2$
ENVIRONMENT & CLIMATE		
Energy consumption	Total energy consumption covers purchased electricity, purchased green tariff electricity, natural gas, oil and purchased heat/steam/cooling.	GWh
Water consumption	Total water consumption is the portion of water withdrawn and consumed by the Group not returned to the original water source after being withdrawn. Sources can be own wells/ground water, city water etc.	million hl
Wastewater discharged	Total amount of wastewater discharged is the portion of water returned to the water source after being withdrawn. Water is emitted for public wastewater treatment, onsite treatment followed by discharge to river or lake or onsite treatment followed by discharge to public sewer.	million hl

Indicator	Description	Unit
Solid waste	Total weight of waste, including recycled waste, hazardous waste, waste for landfill and household waste collected by the municipality and incinerated. Non-hazardous waste is defined by the national legislation at the point of generation.	million kg
Percentage of recycled waste	Percentage recycled waste covers waste materials reprocessed into products, materials or substances whether for the original or other purposes. Types of recycled waste are defined by national legislation. Most common types of recycled waste are plastic, paper, glass, metal, electronics and certain organic materials.	%
RELATIVE PRODUCTION FIGURES		
Energy	Energy consumption per total hectoliter of beverages produced indicates the energy efficiency of the production relative to the total energy consumption.	kWh/hl
CO_2	Total amount of CO_2 equivalent emitted (scope 1 and scope 2 excluding logistics and biogenic emissions) per hectoliter of beverage produced. It indicates the efficiency of the production relative to the total CO_2 emissions.	kg CO_2/hl
Water	Total amount of water withdrawn and consumed per hectoliter of beverage produced measures the water efficiency of the production.	hl/hl
Waste	Total amount of waste from production per hectoliter of total beverage produced measures the waste efficiency of the production.	kg/hl
OUR CONSUMERS & CUSTOMERS		
No/low	The no/low KPI encompasses no and low categories compared to regular and strong categories, such as beer and RTD/cider (alcohol) and CSD, energy drinks and water (non-alcoholic), growing faster than average of the portfolio and faster than market (YoY). The calculation is based on actual sales volumes of the Group compared to market data delivered from Nielsen and other market data analysts.	Volume
#1 Partner of choice	The KPI of becoming the #1 Partner of choice for customers (On-Trade and Off-trade) as sustainable beverage supplier by 2030. Measured locally where products are sold based on market data, local surveys and other recognized benchmarks.	Number
Marketing spend	The KPI of 40% of our marketing budget allocated to brands or campaigns with a sustainability position by 2025. Underlying data for calculations is the share of the total marketing spend such as no/low categories, local community, organic, underprivileged groups and more.	%
OUR PRODUCTS		
100% carbon emission free in scope 1 and 2 excluding logistics	Becoming carbon emission free in scope 1 and 2 across all production sites by 2025. The scope does not include logistics or biogenic emissions. Data is based on inputs from scope 1+2 calculations.	%
50% reduction in supply chain emissions	Reducing our footprint by at least 50% reduction in supply chain emissions (scope 1, 2 and 3) in 2030 from our base year 2019. Data is based on inputs from the scope 1, 2, 3 calculations.	%

Indicator	Description	Unit
100% recycled, recyclable, or reusable packaging	The KPI of 100% recycled, recyclable or reusable packaging is linked to circularity principles. The KPI is calculated based on primary packaging material data from suppliers and the distribution of packaging materials in the sales volume, Amsterdam Brewery Co. Ltd. is not included in 2022.	%
OUR PEOPLE		
100% safety culture	The KPI consists of two factors: Reduction of lost time incidents per one million working hours compared to 2018, and harassment measured in our employee engagement survey.	%
80% of employees are Royal Unibrew ambassadors	The KPI is based on the results of our employee engagement survey. To achieve the target, the result of the survey should indicate that > 80% of the employees on average will recommend others to work at Royal Unibrew.	%
100% sustainability culture	The KPI is based on the results of our employee engagement survey. Three underlying requirements must be met to achieve a 100 % sustainability culture: > 80% of employees are proud of working at Royal Unibrew > 80% of employees say that Royal Unibrew is focusing on sustainability > 80% of employees are involved in sustainability work	%
PEOPLE WELL-BEING & DEVELOPMENT		
OCCUPATIONAL HEALTH & SAFETY		
Total number of lost-time incidents (LTIs)	Total number of workplace incidents resulting in lost time.	Number
Lost time incident frequency	The number of incidents resulting in lost time per 1 million working hours.	Frequency
Lost day rate	Lost days rate indicates the severity of incidents. It is the total number of workdays lost per 1 million working hours.	Frequency
Fatalities	The number of work-related fatal accidents of permanent, fixed term or temporary employees.	Number

Indicator	Description	Unit
EMPLOYEE ENGAGEMENT		
Employee turnover	Employee turnover ratio covers both voluntary and involuntary leavers. Retirees are included as involuntary leavers. Employee turnover ratio is calculated per average FTEs during the year.	%
Leave of absence due to illness (not work-related)	Absence is defined as time lost due to an employees' illness excluding leave such as parental leave, leave due to occupational injuries or diseases, etc. Measured as number of days away per total number of working days.	%
DIVERSITY		
PERCENTAGE OF EMPLOYEES BY GENDER, TOTAL		
Women/men	Percentage of women (men) employees in the Group irrespective of job function. Measured as the number of total women (men) FTE per total FTE.	%
EMPLOYEES BY GENDER, INT. MANAGEMENT TEAMS		
Women/men	Diversity in the international management team. Reported in accordance with current and future Danish legislation on gender diversity in the upper management level. Measured as the number of women (men) employees in international management per total number of members in international management.	%

EU Taxonomy accounting principles

The EU Taxonomy is an EU classification system establishing a list of environmentally sustainable economic activities. It aims to help the EU scale up sustainable investments by requiring companies to report the share of their turnover, capital and operational expenditure (CapEx and OpEx) associated with environmentally sustainable economic activities.

The EU Taxonomy regulation establishes a common classification system for environmentally sustainable economic activities covering six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

The EU Taxonomy's currently published environmental objectives on climate change mitigation and climate change adaptation do not directly apply to our sector, however we expect increasing eligibility and alignment going forward, as the food and beverage sector is considered eligible for two of the objectives of the second Delegated Act, i.e., circular economy and biodiversity.

Eligibility and alignment

In the 2021 annual report, we disclosed that we did not have any eligible activities but reserved the right to investigate further once the guidelines from the European Commission had been finalized.

In 2022, we performed a deeper analysis to identify activities that fall under the scope of the current legislation, regardless of their size. First step being establishment of eligibility and second step assessing alignment with the criteria.

Royal Unibrew assessed the technical screening criteria of the activities one-by-one to verify compliance with the alignment criteria. On the minimum social safeguards, we applied our Supplier Code of Conduct, which refers to our Policy on Business Ethics and is aligned with the OECD Guidelines for Multinational Enterprises, Universal Declaration of Human rights, International Labor Organization Standards, UN Global Compact, UN Guiding Principles on Business and Human Rights and UN Sustainable Development Goals. We are working on further implementation of our supply chain management to ensure compliance with the minimum safeguards in our entire supply chain.

Determining the DNSH criteria (Do No Significant Harm) involved contacting suppliers, asking them to verify and document that the activity adheres to the requirements. However, as we were unable to secure adequate documentation we are not currenlty able to claim alignment.

Turnover

Our screening shows that our core (beverage)-generating activities are not currently covered in the EU Taxonomy under the Delegated Act 2021/2139.

We note that our solar park in Faxe is explicitly covered in the criteria and classified within *4.1 Electricity generation using solar photovoltaic technology*, but it has not generated any turnover in 2022.

The total turnover (denominator) is the same as revenue reported in the income statement in the consolidated financial statements.

Proportion of turnover from products or services associated with taxonomy-aligned economic activities – disclosure covering 2022

				Substantial contribution criteria						DNSH criteria										
Economic activities	Code(s)	Absolute turnover mDKK	Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N	Taxonomy-aligned proportion of turnover, year 2022 %	Taxonomy-aligned proportion of turnover, year 2021 %	Category (enabling activity) E	Category (transitional activity) T
A ELIGIBLE ACTIVITIES																				
A.1 Eligible taxonomy-aligned activities																				
Turnover of eligible taxonomy-aligned activities (A.1)		0	0%														0%	N/A		
A.2 Eligible not taxonomy-aligned activities																				
Electricity generation using solar photovoltaic tecnology	4.1	0	0%																	
Turnover of eligible not taxonomy-aligned activities (A.2)		0	0%																	
Total (A.1+A.2)		**0**	**0%**														**0%**	**N/A**		
B NON-ELIGIBLE ACTIVITIES																				
Turnover of non-eligible activities (B)		11,487	100%																	
Total (A+B)		**11,487**	**100%**																	

Capital expenditure (CapEx)

Our screening shows that 1.7% of our capital expenditure is eligible under the Delegated Act 2021/2139. The eligible activities are energy production, water treatment and elements of transportation and our taxonomy-eligible CapEx is related to investments in solar panels and upgrading our water treatment systems.

Royal Unibrew is still in the process of establishing all the required alignment documentation together with our suppliers, service providers and contractors. In 2023, we will strive to close the gap in order to be able to report this as aligned CapEx. Capital expenditure cover expenditure on purchases of products from taxonomy-aligned suppliers (the numerator).

Total CapEx (denominator) includes 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 avtivities – disclosure covering year 2022

				Substantial contribution criteria						DNSH criteria										
Economic activities	Code(s)	Absolute turnover mDKK	Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N	Taxonomy-aligned proportion of CapEx, year 2022 %	Taxonomy-aligned proportion of CapEx, year 2021 %	Category (enabling activity) E	Category (transitional activity) T
A ELIGIBLE ACTIVITIES																				
A.1 Eligible taxonomy-aligned activities																				
CapEx of eligible taxonomy-aligned activities (A.1)		0	0%														0%	N/A		
A.2 Eligible not taxonomy-aligned activities																				
Electricity generation using solar photovoltaic technology	4.1	23	1.0%																	
Installation and operation of electric heat pumps	4.16	1	0%																	
Construction, extension and operation of water collection, treatment and supply systems	5.1	7	0.3%																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	2	0.1%																	
Installation, maintenance and repair of energy efficiency equipment	7.3	5	0.2%																	
Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings	7.4	0	0%																	
CapEx of eligible not taxonomy-aligned activities (A.2)		38	1.7%																	
Total (A.1+A.2)		**38**	**1.7%**														**0%**	**N/A**		
B NON-ELIGIBLE ACTIVITIES																				
CapEx of non-eligible activities (B)		2,201	98.3%																	
Total (A+B)		**2,239**	**100%**																	

Operational expenditure (OpEx)

Our screening shows that 5.8% of our operational expenditure is eligible under the Delegated Act 2021/2139. The eligible activities are associated with energy production, water treatment and elements of transportation and our taxonomy-eligible OpEx is related to service of our water treatment systems, electric vehicles and equipment and electric charging stations on the facilities.

Operational expenditure covers the proportion of operating expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable (the numerator).

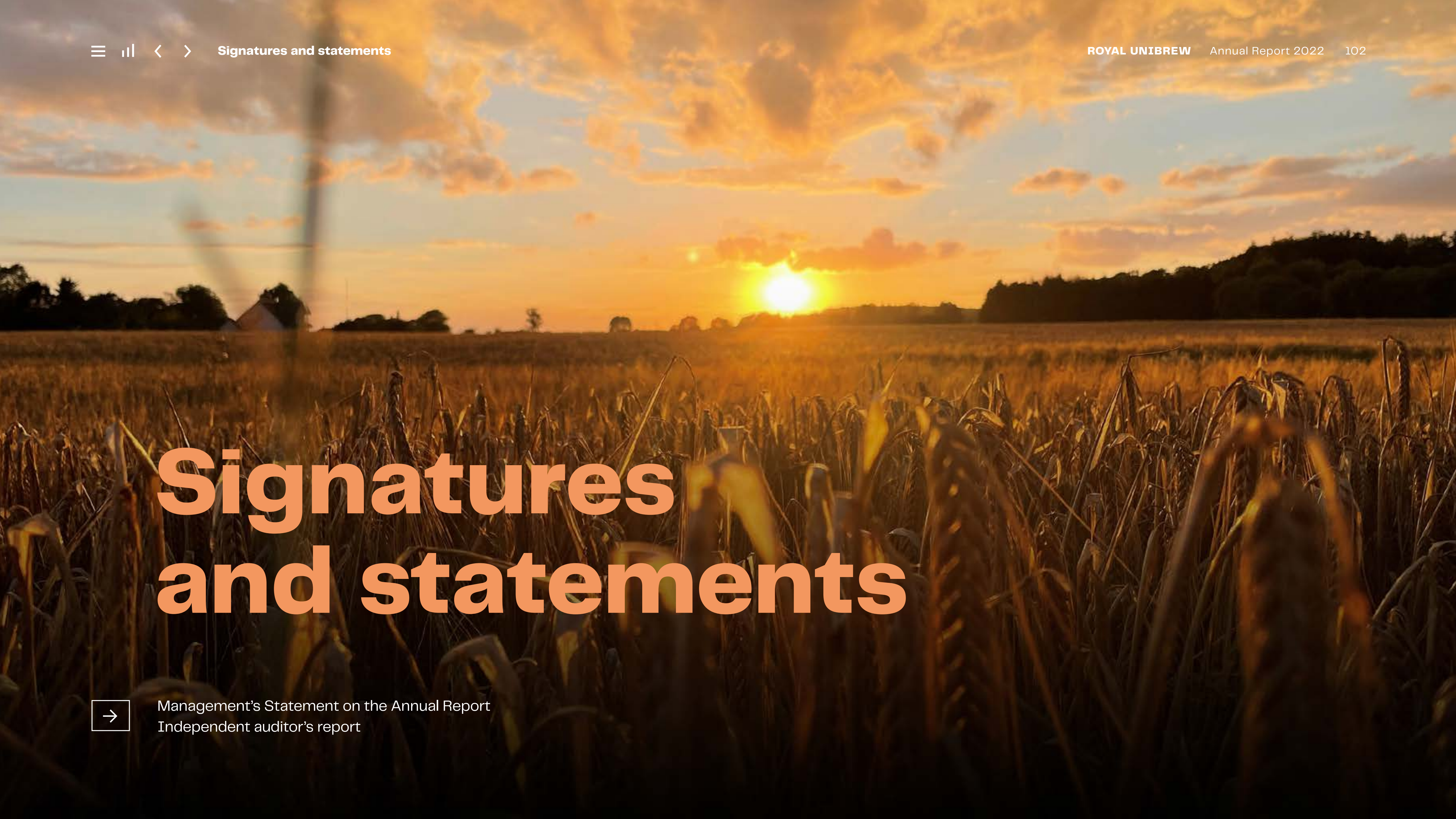
Total OpEx (denominator) relates to direct non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of items of property plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

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.

Proportion of OpEx from products or services associated with taxonomy-aligned economic avtivities – disclosure covering year 2022

				Substantial contribution criteria						DNSH criteria										
Economic activities	Code(s)	Absolute turnover mDKK	Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N	Taxonomy-aligned proportion of OpEx, year 2022 %	Taxonomy-aligned proportion of OpEx, year 2021 %	Category (enabling activity) E	Category (transitional activity)T
A ELIGIBLE ACTIVITIES																				
A.1 Eligible taxonomy-aligned activities																				
OpEx of eligible taxonomy-aligned activities (A.1)		0	0%														0%	N/A		
A.2 Eligible not taxonomy-aligned activities																				
Installation and operation of electric heat pumps	4.16	0	0%																	
Construction, extension and operation of water collection, treatment and supply systems	5.1	3	1.1%																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	11	3.8%																	
Installation, maintenance and repair of energy efficiency equipment	7.3	1	0.4%																	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	0	0.2%																	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	1	0.2%																	
OpEx of eligible not taxonomy-aligned activities (A.2)		16	5.8%																	
Total (A.1+A.2)		**16**	**5.8%**														**0%**	**N/A**		
B NON-ELIGIBLE ACTIVITIES																				
OpEx of non-eligible activities (B)		266	94.2%																	
Total (A+B)		**282**	**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 2022.

The Annual Report 2022 is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of listed companies.

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, 2022, and of the results of the Royal Unibrew Group's and the parent company's operations and cash flows for the financial year 2022.

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, 2022, with the file name ROYAL-2022-12-31.zip, is prepared, in all material respects, in accordance with the ESEF Regulation.

We recommend that the Annual Report 2022 will be adopted at the Annual General Meeting.

Faxe, March 1, 2023

Executive Management

Lars Jensen
President & CEO

Lars Vestergaard
CFO

Board of Directors

Peter Ruzicka
Chair

Jais Valeur
Deputy Chair

Martin Alsø

Torben Carlsen

Heidi Kleinbach-Sauter

Claus Kærgaard

Michael Nielsen

Christian Sagild

Catharina Stackelberg-Hammarén

Independent auditor's report

To the shareholders of Royal Unibrew A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Royal Unibrew A/S for the financial year 1 January – 31 December 2022, page 102-171, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as for the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting 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 2022, and of the results of their operations and cash flows for the financial year 1 January – 31 December 2022 in accordance with International Financial Reporting 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 two years up to and including the financial year 2022.

Statement on the management commentary

Management is responsible for the management commentary, page 6-101..

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary 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 commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

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 2022 – 31 December 2022. 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 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. • We have performed journal-entries testing and verification of proper cut-off at year-end. • In addition, we have assessed whether the disclosures; note 5 in the consolidated financial statements, meet the requirements of IFRS.
Acquisition of Hansa Borg Bryggerier On 25 May 2022, the Group acquired the remaining 75% of shares in Hansa Borg Bryggerier. The acquisition, including the required purchase price allocation and step-up gain, had a significant impact on the consolidated financial statements. The purchase price allocation is based on a number of management judgments and estimates related to measurement of all acquired net assets at fair value, including intangible assets and land and buildings. Due to the significant impact on the consolidated financial statements and management judgments and assumptions, we have considered this a key audit matter. Reference is made to note 24 in the consolidated financial statements.	For the purpose of our audit, the procedures we carried out included the following: • We have assessed the purchase price allocation made, including assessing whether the assumptions and estimates made by Management are reasonable and documented. Focus of our assessment has been placed on identification and recognition of intangible assets as well as the fair value of land and buildings. • We have reconciled the purchase price allocation to supporting documentation, including share purchase agreements, calculations of fair value of the land and buildings and intangibles, and audited opening balances. • In assessing the assumptions and estimates as well as the fair value calculations, we have involved our internal valuation specialists. • In addition, we have assessed the appropriateness of the disclosures; note 24 Business combinations.

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 International Financial Reporting 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 – 31 December 2022, with the file name ROYAL-2022-12-31.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 – 31 December 2022, with the file name ROYAL-2022-12-31.zip, is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 1 March 2023

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Lars Siggaard Hansen
State-Authorised Public Accountant
mne32208

Eskild Nørregaard Jakobsen
State-Authorised Public Accountant
mne11681

Consolidated financial statements 2022

Consolidated income statement

for January 1 – December 31

mDKK	Note	2022	2021
Net revenue	5	**11,487**	**8,746**
Production costs	7	-6,618	-4,490
Gross profit		**4,869**	**4,256**
Sales and distribution expenses	7	-2,926	-2,189
Administrative expenses	7	-427	-415
Earnings before interest and tax (EBIT)		**1,516**	**1,652**
Income after tax from investments in associates	13	2	37
Gain on remeasurements of investments in associates		360	0
Financial income	8	10	7
Financial expenses	9	-103	-49
Profit before tax		**1,785**	**1,647**
Tax on the profit for the year	10	-294	-349
Net profit for the year		**1,491**	**1,298**
Profit for the year is attributable to:			
Equity holders of Royal Unibrew A/S		1,492	1,299
Non-controlling interests		-1	-1
Net profit for the year		**1,491**	**1,298**
Earnings per share (DKK)*	17	23.1	26.5
Diluted earnings per share (DKK)*	17	23.1	26.5

* Earnings per share (EPS) and diluted earnings per share are adjusted for gain on remeasurements of investments in associates (DKK 360 million) in 2022. Had no adjustment been made, earnings per share (EPS) and diluted earnings per share would have been 30.5 in 2022.

Consolidated statement of comprehensive income for January 1 – December 31

mDKK	Note	2022	2021
Net profit for the year		**1,491**	**1,298**
Other comprehensive income			
Items that may be reclassified to the income statement			
Exchange adjustment of foreign group enterprises		6	6
Value adjustment of hedging instruments		22	5
Tax on value adjustment of hedging instruments	10	-3	-2
Total		**25**	**9**
Items that may not be reclassified to the income statement			
Actuarial gain on pension schemes		3	3
Tax on actuarial gain on pension schemes		0	0
Total		**3**	**3**
Other comprehensive income after tax		**28**	**12**
Total comprehensive income		**1,519**	**1,310**
Comprehensive income for the year is attributable to:			
Equity holders of Royal Unibrew A/S		1,520	1,311
Non-controlling interests		-1	-1
Total comprehensive income for the year		**1,519**	**1,310**

Sales and earnings

Volumes, net revenue and gross profit

	2022	2021	Change, %
Volumes, beverages (mhl)	13.4	12.3	9%
Net Revenue (mDKK)*	11,487	8,746	31%
Gross Profit (mDKK)	4,869	4,256	14%

Volumes for 2022 show an aggregated sale of 13.4 million hectoliters of beverages, equaling a growth over 2021 of 9% of which 1% was organic growth.

Net revenue for 2022 increased by 31% and amounted to DKK 11,487 million compared to DKK 8,746 million in 2021. Organic revenue growth amounted to 11% in 2022 compared to 12% in 2021.

Gross profit increased DKK 613 million, or 14%, compared to 2021 and amounted to DKK 4,869 million. The gross margin was 6 percentage points lower than the 2021 margin mainly due to the high inflation.

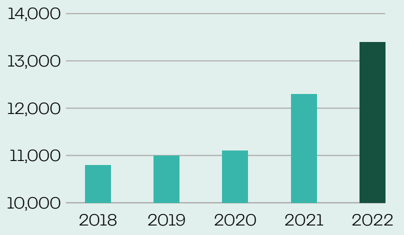
Expenses

	2022	2021	Change, %
Sales and distribution expenses (mDKK)	2,926	2,189	34%
Administrative expenses (mDKK)	427	415	3%

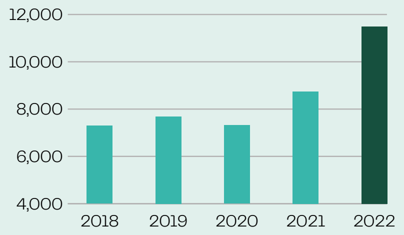
Sales and distribution expenses for 2022 was DKK 737 million higher than the 2021 figure and amounted to DKK 2,926 million compared to DKK 2,189 million for 2021.

Administrative expenses for 2022 showed a DKK 12 million increase compared to 2021 and amounted to DKK 427 million compared to DKK 415 million for 2021.

Volumes
(thl)



Net revenue
(mDKK)



11,487 mDKK

in net revenue

AN INCREASE OF 31% COMPARED TO 2021

Sales and earnings

EBITDA, EBIT and financials

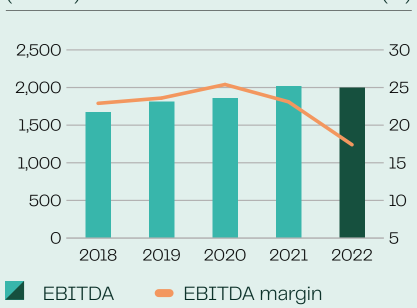
	2022	2021	Change, %
EBITDA (mDKK)	1,997	2,020	-1%
Amortization and depreciation	-481	-368	-31%
EBIT (mDKK)	1,516	1,652	-8%
Net interest expenses	-93	-42	-121%
Gain on remeasurements of investments in associates	360		100%
Income after tax from investments	2	37	-95%

Earnings before interest, tax, depreciation and amortization (EBITDA) for 2022, calculated as EBIT DKK 1,516 million (2021: DKK 1,652 million) adding depreciation and amortization of DKK 481 million (2021: DKK 368 million) showed a DKK 23 million decrease and amounted to DKK 1,997 million compared to DKK 2,020 million in 2021. EBIT for 2022 amounted to DKK 1,516 million, DKK 136 million lower than the 2021 figure. The slightly negative development in both EBITDA and the EBIT are primarily attributable to the inflationary environment experienced in 2022 partly offset positively by acquisitions.

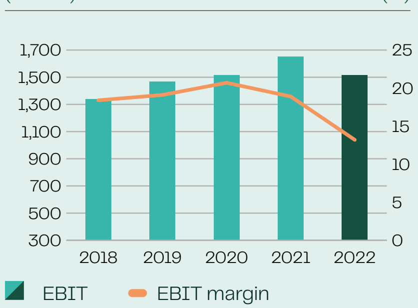
The EBIT margin for 2022 was 13.2% compared to 18.9% in 2021.

Net interest expenses increased from DKK 42 million in 2021 to DKK 93 million in 2022. The increase on a net basis is mainly due to the higher debt, which is linked to the acquisitions. 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.

EBITDA and EBITDA margin



EBIT and EBIT margin



Profit and earnings per share

	2022	2021	Change, %
Profit before tax (mDKK)	1,785	1,647	8%
Tax on profit (mDKK)	-294	-349	16%
Net profit (mDKK)	1,491	1,298	15%
Earnings per share (DKK)	23.1	26.5	-13%

Profit before tax for 2022 was DKK 138 million above the 2021 figure and amounted to DKK 1,785 million compared to DKK 1,647 million for 2021, equivalent to an increase of 8%.

Tax on the profit for 2022 was an expense of DKK 294 million and corresponds to an effective tax rate of 16.5% on the profit excluding income after tax from investments in associates and gain on remeasurements of investments in associates.

The net profit for 2022 amounted to DKK 1,491 million, which is DKK 193 million above the 2021 figure, equivalent to an increase of 15%.

The earnings per share decreased in 2022 to DKK 23.1 per share compared to 26.5 for in 2021, equivalent to an decrease of 13%.

Consolidated balance sheet

Assets at December 31

mDKK	Note	2022	2021
NON-CURRENT ASSETS			
Intangible assets	11	7,558	5,861
Property, plant and equipment	12	3,680	2,734
Investments in associates	13	99	153
Other non-current investments	14	79	23
Non-current assets		**11,416**	**8,771**
CURRENT ASSETS			
Inventories	15	1,213	780
Receivables	16	1,500	1,188
Prepayments		131	89
Cash and cash equivalents		214	86
Current assets		**3,058**	**2,143**
Assets		**14,474**	**10,914**

Liabilities and Equity at December 31

mDKK	Note	2022	2021
EQUITY			
Share capital	17	100	98
Other reserves		1,567	719
Retained earnings		2,763	1,805
Proposed dividend		728	708
Equity contributable to equity holders of Royal Unibrew A/S		**5,158**	**3,330**
Non-controlling interests		0	12
Equity		**5,158**	**3,342**
LIABILITIES			
Non-current liabilities			
Deferred tax	18	1,011	747
Mortgage debt	3, 20	1,009	1,003
Credit institutions	3, 20	2,677	1,995
Other payables		9	26
Non-current liabilities		**4,706**	**3,771**
Current liabilities			
Mortgage debt	3, 20	2	14
Credit institutions	3, 20	986	610
Trade payables	3	1,934	1,721
Provisions		11	11
Corporation tax	10	8	18
Other payables	19	1,669	1,427
Current liabilities		**4,610**	**3,801**
Liabilities	22	**9,316**	**7,572**
Liabilities and equity		**14,474**	**10,914**

Balance sheet and financial position

Balance sheet

Royal Unibrew's balance sheet 2022 amounted to DKK 14,474 million, which is DKK 3,560 million above the 2021 figure. The increase is mainly caused by the acquisitions in 2022 as well as a general higher activity level compared with 2021 resulting in an increase in receivables, inventory and payables.

Invested capital increased by DKK 3,002 million from 2021 to 2022. ROIC excluding goodwill calculated on a running 12 month basis decreased to 22%. ROIC including goodwill decreased by 6 percentage points to 13%, impacted by the increased goodwill from acquisitions.

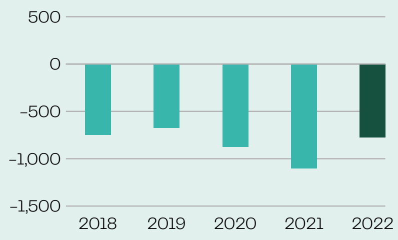
In 2022, the equity ratio amounted to 36% equaling an increase of 5 percentage points compared to 2021.

Equity at the end of December 2022 amounted to DKK 5,158 million compared with DKK 3,342 million at December 2021. The increase of DKK 1,816 million comprised mainly from the positive comprehensive income of DKK 1,519 million (2021: DKK 1,310 million), capital increase of DKK 822 million (2021: DKK 0 million) partly reduced by distribution to shareholders of DKK 992 million (2021: DKK 1,239 million) by way of dividend and share buy-backs.

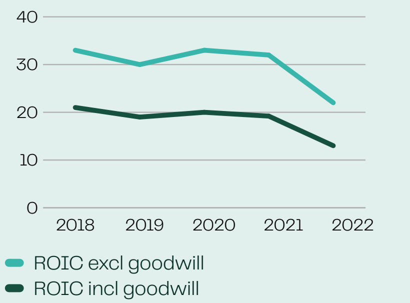
Net interest-bearing debt increased in 2022 with DKK 924 million from DKK 3,536 million at December 31, 2021, to DKK 4,460 million at December 31, 2022. The increase in net interest-bearing debt is linked to the acquisitions in 2022 and share buy-backs. The net interest-bearing debt to EBITDA ratio (running 12 months) was 2.2x (2021: 1.7x), which is well within the range of corporate target of not exceeding 2.5x.

Net working capital amounted to a negative of DKK 770 million at the end of December 2022 compared with a negative DKK 1,102 million at the end of 2021. The increase in funds tied in working capital of DKK 329 million (DKK 2021: decrease of DKK 227 million) is mainly a result of a general higher activity level and acquisitions compared with 2021.

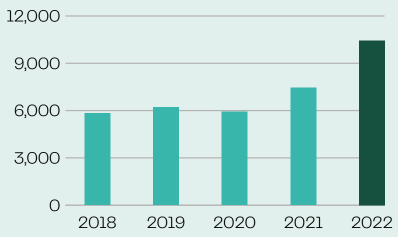
Net working capital
(mDKK)



ROIC
(%)



Invested capital
(mDKK)



5.2 bnDKK
in equity

Consolidated cash flow statement

for January 1 – December 31

mDKK	Note	2022	2021
Net profit for the year		1,491	1,298
Adjustments for non-cash operating items	21	506	726
Change in working capital		-480	104
Received financial income		3	7
Paid financial expenses		-79	-49
Financial expenses related to leasing		-2	-1
Corporation tax paid		-304	-332
Cash flows from operating activities		**1,135**	**1,753**
Dividends received from associates		27	21
Sale of property, plant and equipment		6	16
Purchase of property, plant and equipment	12	-475	-426
Acqusition of enterprises	24	-275	-1,218
Purchase of intangible assets and fixed asset investment		-27	3
Sale of intangible assets and fixed asset investment			0
Cash flows from investing activities		**-744**	**-1,604**

mDKK	Note	2022	2021
Debt financing:			
Proceeds from borrowings	20	2,450	1,253
Repayment of borrowings	20	-1,594	-92
Repayment on lease facilities	20	-116	-68
Dividends paid to shareholders		-692	-653
Dividend to minority shareholders		0	-4
Acquisition of shares for treasury		-300	-582
Cash flows from financing activities		**-252**	**-146**
Change in cash and cash equivalents		139	3
Cash and cash equivalents at 1 January		86	81
Exchange adjustment		-11	2
Cash and cash equivalents at December 31		**214**	**86**
Free cash flow			
Net cash from operating activities		1,135	1,753
Net cash used in investing activities		-442	-389
Payment of lease liabilities		-116	-68
Free cash flow		**577**	**1,296**

Cash flow

Cash flow statement

Cash flows from operating activities for 2022 amounted to DKK 1,135 million (2021: DKK 1,753 million) comprising DKK 1,997 million (2021: DKK 2,024 million) of profit for the period adjusted for non-cash operating items, negative working capital cash flow of DKK 480 million (2021: a positive DKK 104 million), net interest paid of DKK 78 million (2021: DKK 43 million) and taxes paid of DKK 304 million (2021: DKK 332 million).

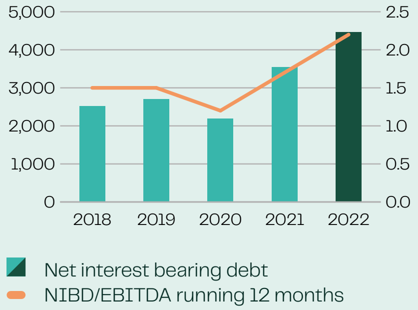
The free cash flow for 2022 amounted to DKK 577 million, which was a decrease of DKK 719 million compared to 2021. Cash flows from operating activities and dividend from associates showed a DKK 612 million decrease compared to the 2021 figures, and net investments in property, plant and equipment showed a DKK 59 million increase. Further repayment on lease facilities decreased by DKK 48 million.

577 mDKK

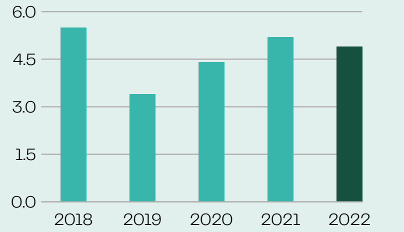
free cash flow

DECREASE OF 719 MDKK COMPARED TO 2021

NIBD and NIBD/EBITDA
(mDKK)

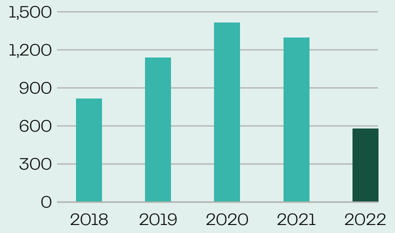


Investments in % of net revenue
(%)



Due to IFRS-15 restatement, the net revenue figures for 2020 and 2021 are not comparable with 2018-2019

Free cash flow
(mDKK)



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	Parents 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**
Acquisition 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**

The share capital at December 31, 2022, amounts to DKK 100,400,000 (2021: DKK 97,600,000) and is distributed in shares of DKK 2 each.
Proposed dividend for the year amounts to DKK 14.50 per share (2021: DKK 14.50 per share) based on the share capital December 31, 2022

Consolidated statement of changes in equity

for January 1 – December 31, 2021

mDKK	Share capital	Share premium account	Translation reserve	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Parents company share of equity	Minority share	Total
Equity at December 31, 2020	**99**	**761**	**-53**	**8**	**716**	**1,827**	**666**	**3,308**	**24**	**3,332**
Changes in equity in 2021										
Net profit for the year					**0**	1,299		**1,299**	-1	**1,298**
Other comprehensive income			6	5	**11**	3		**14**		**14**
Tax on other comprehensive income					**0**	-2		**-2**		**-2**
Total comprehensive income	**0**	**0**	**6**	**5**	**11**	**1,300**	**0**	**1,311**	**-1**	**1,310**
Dividends paid to shareholders					**0**		-653	**-653**	-4	**-657**
Dividend on treasury shares					**0**	13	-13	**0**		**0**
Acquisition of shares for treasury					**0**	-582		**-582**		**-582**
Proposed dividend					**0**	-708	708	**0**		**0**
Capital reduction	-1	-8			**-8**	9		**0**		**0**
Share-based payments					**0**	4		**4**		**4**
Minority share transactions					**0**	-56		**-56**	-7	**-63**
Tax on changes in equity, shareholders					**0**	-2		**-2**		**-2**
Total shareholders	**-1**	**-8**	**0**	**0**	**-8**	**-1,322**	**42**	**-1,289**	**-11**	**-1,300**
Total changes in equity in 2021	**-1**	**-8**	**6**	**5**	**3**	**-22**	**42**	**22**	**-12**	**10**
Equity at December 31, 2021	**98**	**753**	**-47**	**13**	**719**	**1,805**	**708**	**3,330**	**12**	**3,342**

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, 2022, presented in the Annual Report 2022 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 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 2022 on March 1, 2023. The Annual Report will be submitted for adoption by the shareholders of Royal Unibrew A/S at the Annual General Meeting on April 27, 2023.

The financial statements are presented in Danish kroner (DKK).

§ Significant 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 is 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) issued by the IASB and IFRSs endorsed by the European Union effective on or after January 1, 2022. It is assessed that application of amendments effective from January 1, 2022, has not had a material impact on the consolidated financial statements for 2022. Furthermore, management does not anticipate any significant impact on future periods from the adoption of these amendments.

Consolidated financial statements

The consolidated financial statements comprise Royal Unibrew A/S (the 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 of 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.

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,

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

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 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, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF Taxonomy, except for extensions that are subtotals.

The Annual Report submitted to the Danish Financial Supervisory Authority (the Officially Appointed Mechanism) is included in the zip file ROYAL-2022-12-31.zip.

Note 2 Significant accounting estimates and judgments

In connection with the preparation of the parent company 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. Likewise, is it not estimated to have any significant accounting impact.

🔧 Judgments as an element in significant 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 2022, 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 2022, the following critical estimates have been made as described in the notes, see list to the right.

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

				Note
Derivative financial instruments	§			4
Segment reporting and revenue	§	🔧		5
Share-based payments	§		⚖	6
Expenses	§	🔧		7
Financial income	§			8
Financial expenses	§			9
Corporation tax	§			10
Intangible assets	§		⚖	11
Property, plant and equipment	§			12
Investments in associates	§			13
Other fixed asset investments	§		⚖	14
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Legends

§ Significant accounting policies
🔧 Judgments as an element in significant 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 is exposed to currency risks 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 where cash flows are earned in foreign currencies, and in connection with the purchase of raw materials primarily in EUR and USD, including purchases which involve an indirect USD risk on the part of the purchase price related to the raw material element. Purchases are in all materiality performed in the currencies in which the Group has income, which results in a total reduction of the 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.

The above describes Royal Unibrew's transaction risks, which are hedged actively according to the Treasury Policy. EUR is not hedged as the risk is considered too immaterial due to Denmark's fixed exchange rate policy toward EUR. The objective is to reduce negative effects on the Group's profit and cash flows (cf. note 4). The risk is therefore monitored and hedged continually. The Group's cash flows are primarily in EUR, USD, CAD, GBP, SEK and NOK.

The total gross currency risk (before hedging) on the balance sheet items was calculated on December 31, 2022. The following table shows the sensitivity to a positive change in the rates on December 31, 2022, with all other variables unchanged. A negative change has a corresponding effect merely with the sign reversed.

mDKK	Change	Earnings impact before tax 2022	Earnings impact before tax 2021	Equity impact 2022	Equity impact 2021
EUR	0.1%	-0.3	-0.6	-0.3	-0.6
USD	10%	5.5	5.1	5.5	5.1
GBP	10%	-2.1	-1.3	-2.1	-1.3
CAD	10%	21.2	3.0	21.2	3.0
NOK	10%	132.9	64.3	132.9	64.3
SEK	10%	-0.6	0.0	-0.6	0.0

Royal Unibrew's translation risks relate primarily to US (USD), Canada (CAD), UK (GBP), Norway (NOK), Sweden (SEK), France, Italy, Finland, Latvia, Estonia as well as Lithuania (EUR). The translation risk related to Royal Unibrew's investments in foreign subsidiaries is, 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, within this framework, 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 2022, 33% (2021: 45%) of the mortgage and bank debt was with fixed interest rate and hedged with interest rates swaps, having a duration between 2-6 years (2021: 3-7 years). Change in the interest rate of one percentage point will affect the Group's interest expenses by approx. +/- DKK 25 million (2021: approx. +/- DKK 14 million) and the interest expenses of the Parent Company by approx. +/- DKK 29 million (2021: approx. +/- DKK 13 million).

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 relates to hedging agreements and net bank deposits. The financial counterparty risk 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

Note 3 Financial risk management (continued)

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 423 million (2021: DKK 386 million). Credit risks related to trade receivables are reduced by setting off accrued bonus. On December 31, 2022, accrued bonus amounts to DKK 236 million (2021: DKK 243 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. Royal Unibrew refinanced the main credit facility in 2022 of DKK 4 billion with a 5 year maturity with additional 2 years extension options.

At the end of 2022, mortgage debt amounted to DKK 1,011 million (2021: DKK 1,017 million) with an average time to maturity of 13.9 years (2021: 12.8 years). Debt to credit institutions comprises drawn committed bank credit facilities and long term loan with an agreed time to maturity between 2 to 6 years (2021: 2 to 7 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. 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.

At the operational level, continuous efforts are directed at optimizing working capital. Subject to adequate capacity and capability, investments in production facilities will be limited to replacement of individual components, related to specific products or to optimization of selected processes as well as maintenance.

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 objective of managing Royal Unibrew's commodity risks is to achieve a smooth and time-differentiated effect of commodity price increases, which is primarily achieved by entering into fixed-price agreements with the relevant suppliers, including energy. As regards to the Group's purchase of cans, financial contracts have been performed to hedge the risk of aluminum price increases. Exchange rate changes with respect to the settlement currency of aluminum (USD) are an element of the overall currency risk management.

The most significant part of purchases for the next 12 months has, in accordance with the Commodity Risk Policy, been hedged by entering into supplier agreements and financial contracts. A +/-10% change in the price of aluminum on the unhedged position will have an effect on the income statement of approx. +/- DKK 12 million (2021: DKK 13 million).

Financial liabilities

12/31 2022					
Group mDKK	**Contractual cash flows**	**Maturity < 1 year**	**Maturity > 1 year < 5 years**	**Maturity > 5 years**	**Carrying amount**
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".

12/31 2021					
Group mDKK	**Contractual cash flows**	**Maturity < 1 year**	**Maturity > 1 year < 5 years**	**Maturity > 5 years**	**Carrying amount**
Non-derivative financial instruments:					
Financial debt, gross	3,495	577	1,931	987	3,362
Leasing	268	91	146	31	260
Trade payables	1,721	1,721			1,721
Other payables	598	572	26		598
Total	**6,082**	**2,961**	**2,103**	**1,018**	**5,941**

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, 2022, the Group had short-term FX contracts covering the balance sheet exposure end of 2022 in USD, CAD, NOK, SEK and GBP.

The Group actively hedges the commodity risk related to aluminum. At the end of 2022, the Group has hedged 64% (2021: 63%) of the consumption within the coming 12 month.

The interest rate swaps hedge the interest rate exposure on the mortgage 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.

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

Group mDKK		2022	2021
	Period	Deferred gain (+) / loss (-)	Deferred gain (+) / loss (-)
Forward contracts:			
USD	0 - 1 year	0	0
CAD	0 - 1 year	1	0
GBP	0 - 1 year	0	0
NOK	0 - 1 year	5	4
SEK	0 - 1 year	0	0
Total		**6**	**4**
Commodity hedge:			
Mainly aluminum	0 - 1 year	-12	8
Total		**-12**	**8**
Interest rate swaps:			
Mortgage and bank loans	3 year	51	5
Total hedging instruments		**45**	**17**

The fair value of the hedging instruments is included in current liabilities under other payables.
The derivative financial instruments applied in 2022 and 2021 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.

Note 4 Derivatives (continued)

Realized hedging transactions in the income statement

mDKK	2022	2021
Realized hedging transactions are included in the income statement as follows:		
Production costs include foreign currency and commodity hedges of	6	-38
Financial income and expenses include currency, commodity and interest rate hedges of	-4	1
Total	**2**	**-37**

§ 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 which 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 on segments:

mDKK	Northern Europe	Western Europe	International	Un-allocated	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**

mDKK	Northern Europe	Western Europe	International	Un-allocated	Total
2021					
Net revenue	6,605	1,168	973	0	**8,746**
Amortization and depreciation	294	47	26	1	**368**
Impairment					**0**
Earnings before interest and tax (EBIT)	1,249	242	183	-22	**1,652**
Sales (million hectoliters)	9.7	1.3	1.3		**12.3**

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. The changed segmentation and the impact on segment information for 2021 and 2022 is disclosed above.

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

Note 5 Segment reporting and revenue (continued)

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

mDKK	2022 Net revenue	2021 Net revenue	2022 Non-current assets	2021 Non-current assets
Denmark	3,169	2,814	1,930	1,769
Finland	2,958	2,569	3,447	3,372
Norway	1,495	277	2,271	25
Other countries	3,865	3,086	3,768	3,605
Total	**11,487**	**8,746**	**11,416**	**8,771**

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	2022	2021
Beer revenue	3,557	2,848
Other beverages	7,805	5,750
Other revenue	125	148
Total revenue	**11,487**	**8,746**

§ 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.

Assets comprise the non-current assets that are directly or indirectly used in connection with activities in the markets.

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 gives 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.

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	2022	2021
Fixed salaries to Executive Management	14	13
Severance payment	0	0
Short-term bonus scheme for Executive Management	2	6
Long-term share based bonus scheme for Executive Management	-1	4
Remuneration of Executive Management	**15**	**23**
Remuneration of Board of Directors	5	5
	20	**28**
Wages and salaries	1,426	1,123
Contributions to pension schemes	159	128
	1,585	1,251
Other social security expenses	56	33
Other staff expenses	63	54
Total	**1,724**	**1,366**
Average number of employees	3,365	2,890

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

Share-based payment

	Executive Management Board	Share price at grant date	Total fair value at time of grant
	Number	DKK	DKK thousand
Conditional shares 2021	19,081	645	7,380
Outstanding at January 1, 2022	**19,081**		
Exercised	0		
Conditional shares 2022 programme (Exe Mgt)	18,576	720	8,150
Conditional shares 2022 programme (SVP, VP and selected key employees)	27,196	595	12,000
Anti-dilution adjustment	4,924		
Outstanding at December 31, 2022	**69,777**		
Exercisable at December 31, 2022	0		

	2022		2021	
	Restricted shares	Remaining term to maturity	Restricted shares	Remaining term to maturity
	Number	Months	Number	Months
Conditional shares 2021 programme (Exe Mgt)	19,543	12	19,081	24
Conditional shares 2022 programme (Exe Mgt)	23,038	24		
Conditional shares 2022 programme (SVP, VP and selected key employees)	27,196	24		
Outstanding at December 31, 2022	**69,777**		**19,081**	

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 2021 and 2022 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 2021 and 2022 have four targets: Organic EBIT growth in 2022 (45%), accumulated free cash flow (15%), ESG performance 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%).

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.

Share-based payments

In determining fair value, conditions and terms related to the conditional shares are taken into account. The market value of the program applying to 2021 covering the performance period 2021-2023 for Executive Management was approximately DKK 7 million. The market value of the program applying to 2022 covering the performance period 2022-2024 for Executive Management was approximately DKK 8 million. The new program established in 2022 for SVPs, VPs and selected key employees covering the performance period 2022-2024 had a market value at grant of 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.

Note 7 Expenses broken down by nature

mDKK	2022	2021
Aggregated by function		
Production costs	6,618	4,490
Sales and distribution expenses	2,926	2,189
Administrative expenses	427	415
Total	**9,971**	**7,094**
Break down by nature as follows:		
Raw materials and consumables	5,564	3,639
Wages, salaries and other staff expenses	1,724	1,366
Operating and maintenance expenses	371	272
Distribution expenses and carriage	837	671
Sales and marketing expenses	711	591
Bad trade debts	-3	2
Administrative cost	286	185
Amortization, depreciation and gain/loss on sale	481	368
Total	**9,971**	**7,094**
Total amortization, depreciation and gain/loss on sale are included in the following items in the income statement:		
Production costs	223	181
Sales and distribution expenses	246	167
Administrative expenses	12	20
Total	**481**	**368**

Note 7 Expenses broken down by nature (continued)

mDKK	2022	2021
Fee to auditors elected at the general assembly		
Fee for the audit of the Annual Report:		
Deloitte	7	3
PWC		1
Total	**7**	**4**
Deloitte fee for non-audit services:		
Other assurance services	1	0
Other assistance*	1	1
Total	**2**	**1**

* 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 4 million is mainly due to an increase in legal entities as a consequence of the acquisition of Hansa Borg Bryggerier AS and Solera Beverage Group.

Expenses

Production costs
Production costs comprise direct and indirect expenses incurred to manufacture the finished goods representing 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.

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

Leases

Under IFRS 16, the Group assesses whether a contract is or contains a lease based on following definitions:

- fulfillment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

Note 8 Financial income

mDKK	2022	2021
Finance income		
Trade receivables	0	0
Other financial income	4	0
Interest tax-exempt		0
Exchange adjustments		
Trade receivables	1	2
Trade payables	2	5
Cash at bank and external loans	1	0
Loans to associates	2	0
Forward contracts		0
Total	**10**	**7**

Note 9 Financial expenses

mDKK	2022	2021
Finance costs		
Mortgage debt	5	6
Credit institutions	52	27
Leasing	3	2
Finance costs on liabilities at amortized cost	**60**	**35**
Other financial expenses	20	1
Exchange adjustments		
Cash at bank and external loans		3
Trade receivables		0
Trade payables	1	1
Forward contracts	22	9
Total	**103**	**49**

§ 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	2022	2021
Tax on the taxable income for the year	305	334
Adjustment of previous year	-4	6
Adjustment of deferred tax	-7	9
Total	**294**	**349**
which breaks down as follows:		
Tax on profit for the year	294	349
Tax on other comprehensive income	3	2
Tax on changes in equity, shareholders	-3	-2
Total	**294**	**349**
Current Danish tax rate	22.0	22.0
Adjustment of previous year	-0.2	0.3
Income after tax from associates and gain on remeasurements	-4.2	-0.5
Effect on tax rate of permanent differences	0.3	0.5
Differences in effective tax rates of foreign subsidiaries	-1.4	-1.1
Effective tax rate	**16.5**	**21.2**

§ 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.

The effective tax rate is significantly impacted by the remeasurement on the 25% shareholding in Hansa Borg Bryggerier AS.

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).

§ 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	Trademarks	Distribution 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
Reversal of depreciation of disposals					0
Amortization for the year			-15	-59	-74
Impairment for the year					0
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**

Note 11 Intangible assets (continued)

mDKK	Goodwill	Trademarks	Distribution rights	Customer relations	Total
Cost at January 1, 2021	2,290	1,940	233	153	4,616
Exchange adjustment	8	2	1	3	14
Addition by acquisition	740	544		198	1,482
Cost at December 31, 2021	**3,038**	**2,486**	**234**	**354**	**6,112**
Amortization and impairment losses at January 1, 2021	-7	-6	-88	-107	-208
Exchange adjustment			-1		-1
Reversal of depreciation of disposals					0
Amortization for the year			-14	-28	-42
Impairment for the year					0
Amortization and impairment losses at December 31, 2021	**-7**	**-6**	**-103**	**-135**	**-251**
Carrying amount at December 31, 2021	**3,031**	**2,480**	**131**	**219**	**5,861**

Comment

Goodwill and trademarks with indefinite useful lives relating to Hartwall (Finland), Solera and Hansa Borg Bryggerier (Norway) and Est. Geyer Fréres (France) represent more than 10% of the total value of goodwill and trademarks.

§ 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.

§ 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 5 years.

Trademarks are not amortized as they are all well-established, old and profitable trademarks which customers are expected to continue demanding 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
As in 2021, the impairment test in 2022 did not show any impairment losses.

The carrying amount of goodwill and trademarks with indefinite useful lives at December 31, 2022, is related to the cash-generating operational units and breaks down as follows:

mDKK	Goodwill	Trademarks	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 relates to Finland, Norway, Sweden and France.

Note 11 Intangible assets (continued)

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 been 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 expected to develop positively and we continue to win market shares across geographies. We will build on our positive organic volume and revenue growth, as well through partnerships and acquisitions. This, together with further developing the businesses acquired in recent years, continued focus on exploiting commercial opportunities and innovation following the 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 and continuous efficiency improvements and synergies from acquisitions. The key assumptions for the calculation of recoverable amount are shown below.

	Northern Europe	Western Europe	International
Growth rate 2024-2027	2.7-13.3%	9.4-18.4%	17.8-17.8%
Growth rate on terminal value	0.8-0.8%	0.6-0.8%	1.6-1.6%
Discount rate pre tax	6.5-8.1%	6.9-8.0%	26.5-26.5%

The forecasted results approved by management are based on previously achieved results and expected market developments (see above). The average growth rates applied are in accordance with management's expectations considering industry conditions in the individual markets. 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.

mDKK	Goodwill	Trademarks	Total	Share
2021				
Northern Europe*	2,068	1,604	3,672	67%
Western Europe*	963	876	1,839	33%
Total	**3,031**	**2,480**	**5,511**	**100%**

* The most significant value relates to Finland and 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 2022-2026 approved by Management as well as estimated market driven discount rates and growth rates.

The consumption in the markets in which Royal Unibrew operate is generally expected to regain the negative impact from COVID-19 from and including Q2 2022. In Northern Europe and Western Europe, consumption of Royal Unibrew's beverage categories is, in addition to the assumed absence of negative COVID-19 effects from Q2 2022, expected to be at the same level as in 2021 but changing towards high value products in the coming years. Through further developing the businesses acquired in recent years, continued focus on exploiting commercial opportunities and innovation following the 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 toward historic levels through continuous focus on value management, continuous efficiency improvements and synergies from acquisitions. The key assumptions for the calculation of recoverable amount are shown below.

2021	Northern Europe	Western Europe
Growth rate 2023-2026	5.6-5.8%	11.0-15.1%
Growth rate on terminal value	1.0-1.0%	1.0-1.0%
Discount rate pre tax	6.2-6.8%	6.1-6.8%

Note 11 Intangible assets (continued)

The forecasted results approved by management are based on previously achieved results and expected market developments assuming no negative impact from COVID-19 as from Q2 2022 (see above). The average growth rates applied are in accordance with management's expectations taking into account industry conditions in the individual markets. 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 Western Europe, the highest point of the range indicated for the discount rate relates to Italy. In Northern Europe, the lowest point of the range indicated for the growth rates of terminal value and discount rate relates to Finland. 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 changed expected net payments.

Intangible assets

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, 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**	

Land and buildings at a carrying amount of DKK 1,026 million have been provided as security for mortgage debt of DKK 1,008 million.

Contracts for the delivery of property, plant and equipment in 2023 or later have been entered into only to an immaterial extent.

Note 12 Property, plant and equipment (continued)

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, 2021	1,851	2,579	1,072	147	296	5,945
Exchange adjustment	0	0	1			1
Adjustment previous year		31				31
Additions	34	76	108	208	151	577
Additions by acquisitions	0	9	9		41	59
Disposals	-2	-29	-95		-58	-184
Transfers for the year	46	28	27	-101	0	0
Cost at December 31, 2021	**1,929**	**2,694**	**1,122**	**254**	**430**	**6,429**
Depreciation, revaluation and impairment losses at January 1, 2021	-807	-1,784	-753	0	-146	-3,490
Exchange adjustment	0	0	0			0
Adjustment previous year		-33				-33
Depreciation for the year	-45	-119	-99		-76	-339
Reversal of depreciation of assets sold	2	29	92		44	167
Depreciation, revaluation and impairment losses at December 31, 2021	**-850**	**-1,907**	**-760**	**0**	**-178**	**-3,695**
Carrying amount at December 31, 2021	**1,079**	**787**	**362**	**254**	**252**	**2,734**
Leasing of property, plant and equipment:						
Cost at December 31, 2021	203		227		430	
Depreciation, revaluation and impairment losses at December 31, 2021	-77		-101		-178	
Carrying amount per asset type	**126**		**126**		**252**	

Land and buildings at a carrying amount of DKK 977 million have been provided as security for mortgage debt of DKK 1,003 million.

Contracts for the delivery of property, plant and equipment in 2022 or later have been entered into only to an immaterial extent.

§ 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 2021 and 2022 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 2021 and are as follows:

Buildings and installations	25-40 years
Leasing of property, plant and equipment	over the term of the lease
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, 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
Other comprehensive income	0
Reclassification	-70
Value adjustments at December 31, 2022	**-24**
Carrying amount at December 31, 2022	**99**
Cost at January 1, 2021	76
Cost at December 31, 2021	**76**
Value adjustments at January 1, 2021	55
Exchange adjustment	6
Dividend, net	-21
Share of profit for the year	37
Other comprehensive income	0
Value adjustments at December 31, 2021	**77**
Carrying amount at December 31, 2021	**153**

Royal Unibrew's share of:

mDKK	2022	2021
Profit from continuing operations for the year	2	37
Other comprehensive income	0	0
Comprehensive income	**2**	**37**
Total carrying amount at December 31 of the Group's total investments in associates, share of equity	**99**	**153**

§ 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 investments	Other receivables	Total other fixed asset investments
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**
Cost at January 1, 2021	64	8	73
Exchange adjustment			0
Additions by acquisition	2		2
Additions			0
Disposals			0
Cost at December 31, 2021	**66**	**8**	**75**
Value adjustments at January 1, 2021	-52		-52
Value adjustments at December 31, 2021	**-52**	**0**	**-52**
Carrying amount at December 31, 2021	**14**	**8**	**23**

§ 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 regards 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.

§ Other receivables

Other receivables under fixed asset investments held to maturity are initially recognized at fair value and are subsequently measured at amortized cost or an estimated lower value at the balance sheet date.

Other investments

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 consolidated financial statements of Perla Browary Lubelskie S.A. for 2021 (2022 not yet available) have been prepared on the basis of Polish accounting law and show a profit after tax of PLN 32 million (DKK 51 million) and equity of PLN 405 million (DKK 643 million). The fair value measurement of the investment in Perla Browary Lubelskie S.A. is classified in level 3 of the IFRS Fair Value Hierarchy.

Note 15 Inventories

mDKK	2022	2021
Raw materials and consumables	399	262
Work in progress	40	26
Finished goods and goods for resale	774	492
Inventories	**1,213**	**780**

Inventories

Indirect production costs are recognized in the value of work in progress and finished goods at DKK 28 million (2021: DKK 26 million). Write down of inventories amounted to DKK 26 million (2021: DKK 16 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 and determined 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	2022	2021
Trade receivables	1,360	1,123
Other receivables	140	65
Receivables	**1,500**	**1,188**

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
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 year	-50
Impairment realized during the year	3
Impairment provision for the year	-16
Total	**-63**

* Lifetime expected credit loss
** Hereof mDKK 18 (1.4%) relates to prepaid bonus
*** Historical average loss rate is < 1%

Note 16 Receivables (continued)

mDKK	Not due and prepaid bonus	Due 1–15 days	Due 16–90 days	Due > 90 days	Total
2021					
Trade receivables	1,009	84	32	48	1,173
Impairment provision*	-28**	–	-6	-16	-50
Trade receivables after impairment	981	84	26	32	1,123
Impairment provision % ***	-2.8%	0.0%	-18.8%	-33.3%	-4.3%

Impairment provision, beginning of year	-49
Impairment realized during the year	1
Impairment provision for the year	-2
Total	**-50**

* Lifetime expected credit loss
** Hereof mDKK 17 (1.7%) relates to prepaid bonus
*** Historical average loss rate is < 1%

Receivable

Other current receivables all fall due for payment in 2023.

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, 2022	880,874	3	1.8
Additions, net	490,335	1	1.0
Shares used as payment	-794,257	-2	-1.6
Capital reduction	0		
Portfolio at December 31, 2022	**576,952**	**2**	**1.2**

The Group holds no other treasury shares.

Portfolio at January 1, 2021	658,365	2	1.3
Additions, net	772,509	2	1.6
Capital reduction	-550,000	-1	-1.1
Portfolio at December 31, 2021	**880,874**	**3**	**1.8**

The share capital has been paid in full.

Basis of calculation of earnings and cash flow per share

	2022	2021
The Parent Company shareholders' share of profit for the year amounted to (mDKK)	1,492	1,299
The average number of treasury shares amounted to (number, DKK 2 each)	718,348	707,880
The average number of shares in circulation amounted to (number)	48,886,875	48,344,203
The average number of shares in circulation incl restricted shares amounted to (number)	48,956,652	48,363,284
Cost of share buy-backs during the year (mDKK)	300	582

The share capital has been fully paid.

Diluted earnings and cash flow per share have been calculated on the basis of the Parent Company shareholders' share of profit/loss for the year.

Note 17 Equity and basis of earnings/cash flow per share (continued)

Comment

Shares were bought back during the year as an element in the optimization of the Company's capital structure. It is the intention to cancel the bought-back shares to the extent that they are not to be used for share-based payment to the Executive Management.

§ 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 shareholders 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.

The translation reserve was reset at January 1, 2004 in accordance with IFRS 1.

§ 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	2022	2021
Deferred tax at January 1	747	554
Change in deferred tax for the year	-7	9
Deferred tax, no income statement effect for the year	4	4
Change in deferred tax by acqusitions	275	171
Exchange adjustments	-9	2
Adjustment of previous year	1	7
Deferred tax at December 31	**1,011**	**747**
Expected realization within 1 year	-40	-33
Deferred tax relates to:		
Intangible assets	770	610
Property, plant and equipment	267	154
Current assets	5	7
Non current liabilities	-1	-17
Current liabilities	-30	-7
Total	**1,011**	**747**

§ 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.

Note 19 Other current payables

mDKK	2022	2021
VAT, excise duties, etc	852	746
Other payables	712	572
Deposit, returnable packaging	105	109
Total other current payables	**1,669**	**1,427**
Deposit, returnable packaging is specified as follows:		
Balance at January 1	109	111
Adjustment for the year	-4	-2
Balance at December 31	**105**	**109**

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.

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 on 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	2022	2021
Mortgage debt	1,011	1,017
Credit institutions	3,663	2,605
Other debts	3,620	3,192
Debts	**8,294**	**6,814**

Changes to interest-bearing debts

mDKK	12/31 2021	Additions by acquisitions	Repayment	New facilities	Non-cash 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 sheet as "Credit institutions"

mDKK	12/31 2020	Additions by acquisitions	Repayment	New facilities	Non-cash adjustment	12/31 2021
Interest-bearing long-term debts	2,042	0	-31	801	0	2,812
Interest-bearing short-term debts	79	0	-61	452	80	550
Total interest-bearing debt, mortgage and credit institutions	**2,121**	**0**	**-92**	**1,253**	**80**	**3,362**
Interest-bearing long-term leasing debt*	82	41	0	63	0	186
Interest-bearing short-term leasing debt*	71	0	-68	71	0	74
Total interest-bearing leasing debt	**153**	**41**	**-68**	**134**	**0**	**260**
Total	**2,274**	**41**	**-160**	**1,387**	**80**	**3,622**

* Leasing debt is included in the balance sheet as "Credit institutions"

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	2022	2021
Financial income	-10	-7
Financial expenses	103	49
Amortization and impairment of intangible assets	74	42
Depreciation of property, plant and equipment	413	339
Tax on the profit for the year	294	349
Income from investments in associates	-2	-37
Gain on remeasurements of investments in associates	-360	
Profit and loss from sale of property, plant and equipment (see note 12 regarding leasing part)	-6	-13
Share-based payments and remuneration	0	4
Other adjustments		0
Total	**506**	**726**

§ 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	2022	2021
Third-party guarantees	**83**	**47**

Security
No security has been provided in respect of loan agreements with credit institutions.

As regards 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 55 and Group structure on page 170. No shareholder exercises control.

The following transactions have been made with related parties:

mDKK	2022	2021
Revenue		
Sales to associates	19	18
Financial income and expenses		
Dividends received from associates	27	21
Executive Management		
Remuneration paid	16	19
Debt re cash-based bonus schemes	2	7
Debt re share-based bonus scheme	3	4
Board of Directors		
Remuneration	5	5

Note 24 Acquisitions of enterprises

Acquisition 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 approx. 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 in 2022

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 September 15, 2022, however, 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 US from Amsterdam Brewery Co. Ltd., which will reduce 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 acquisitions 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 acquisitions:

	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 business	**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 take 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 (2021 DKK 9,756 million) and DKK 2,069 million (2021 DKK 2,141 million), respectively.

Note 24 Acquisitions of enterprises (continued)

Acquisition in 2021

A Finnish micro brewery
On February 11, 2021, Royal Unibrew's Finnish subsidiary, Hartwall, acquired the assets in Helsinki brewery, which further strengthens Hartwall's flexibility and dedication to local craft and specialty beer.

Bryggeri Helsinki will continue as an entrepreneur-driven brewery restaurant.

A Danish brewery and a soft drink company
On April 29, 2021, Royal Unibrew entered into an agreement to acquire 100% of the shares in the Danish companies Bryggeriet S.C. Fuglsang A/S and Mineralvandsfabrikken Frem A/S. The acquisition was completed on April 29, 2021.

The companies are primarily doing business in the southern part of Jutland based on local, well-known beer- and CSD brands with a 150 year history.

The companies were merged with Royal Unibrew at the closing date, and fully integrated into Royal Unibrew's systems.

A Estonian micro brewery
On September 14, 2021, Royal Unibrew's Estonian subsidiary, Royal Unibrew Eesti, acquired 100% of the shares in Tanker Brewery. The acquisition will strengthen the local footprint in the Estonian market through an authentic super premium local beer brand and support full scale multi-beverage strategy implementation in the region.

Transaction costs and consolidation
Royal Unibrew A/S has incurred transaction costs relating to the acquisitions of approx. DKK 1 million for legal advisors in connection with the realization of the three transactions. The costs are recognized as administrative expenses in 2021.

The three acquisitions have been included in the consolidated financial statements of Royal Unibrew as of the date of each acquisition.

Royal Unibrew has made the following calculation of the fair value of the acquired net assets and of goodwill at the time of acquisitions:

	mDKK
Intangibles	33
Property, plant and equipment	19
Inventories	21
Receivables	15
Prepayments	1
Deferred tax	-1
Trade payables	-4
Other payables	-9
Acquired net assets	**75**
Goodwill	11
Estimated fair value of the businesses	**86**
Acquired cash at bank and in hand	-40
Cash consideration	**47**
Number of employees	70

The receivables acquired include trade receivables of a fair value of DKK 8 million corresponding to the gross amount receivable according to contract.

Note 24 Acquisitions of enterprises (continued)

Acquisition in 2021

Acquisition of MC Energy (A French energy drinks brand)
On July 1, 2021, Royal Unibrew's French subsidiary, Etablissement Geyer-Fréres S.A, entered into an agreement to acquire the French beverage company MC Energy S.A.S. The acquisition was completed on July 7, 2021.

MC Energy owns the energy brand Crazy Tiger that holds a 11% volume market share in the French Off-Trade market. The acquisition marks the entry into one of the categories where we see strong growth opportunities across markets and, at the same time, adds a new category to our French business. The acquisition is the next step in developing the French business toward a multi-niche market.

MC Energy was acquired from three French entrepreneurs at an enterprise value of around DKK 610 million (EUR 82 million) on a debt free basis. The acquisition was financed with existing credit facilities. MC Energy has around 25 employees.

Royal Unibrew A/S has incurred transaction costs relating to the acquisitions 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 2021.

The acquisition has been included in the consolidated financial statements of Royal Unibrew as of the date of acquisition, and MC Energy was merged into Etablissement Geyer-Fréres in 2021.

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	392
Property, plant and equipment	3
Inventories	6
Receivables	19
Prepayments	0
Deferred tax	-98
Trade payables	-13
Other payables	-7
Acquired net assets	**302**
Goodwill	290
Estimated fair value of the businesses	**592**
Acquired cash at bank and in hand	17
Cash consideration	**609**
Number of employees	25

The receivables acquired include trade receivables of a fair value of DKK 19.3 million corresponding to the gross amount receivable according to contract.

Note 24 Acquisitions of enterprises (continued)

Acquisition in 2021

Acquisition of Solera Beverage Group
On July 1, 2021, Royal Unibrew's Norwegian subsidiary, Royal Unibrew Norge AS, entered into an agreement to acquire 100% of the shares in Solera Beverage Group. The acquisition was completed on September 17, 2021.

Solera Beverage Group is a leading pan-Nordic importer and distributor of a portfolio of strong leading international wines, beers, carbonated soft drinks and other beverages. The company operates in Norway, Sweden and Finland, and therefore adds Norway and Sweden to Royal Unibrew's geographic footprint as well as it strengthens the offering in Finland.

Solera Beverage Group was acquired from the private equity fund, CapMan, at an enterprise value of around DKK 770 million (NOK 1.1 billion) on a debt free basis. The acquisition was financed with existing credit facilities.

Solera Beverage Group has around 150 employees and generates normalized revenue (excluding positive COVID-19 effects) of around DKK 1.3 billion and an EBITDA of around DKK 70 million.

Royal Unibrew A/S has incurred transaction costs relating to the acquisitions of approximately DKK 14 million for financial and legal advisors in connection with the realization of the transaction. The costs are recognized as administrative expenses in 2021.

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	146
Customer relations	185
Property, plant and equipment	40
Inventories	155
Receivables	255
Prepayments	29
Deferred tax	-71
Trade payables	-193
Other payables	-387
Acquired net assets	**159**
Goodwill	439
Estimated fair value of the businesses	**598**
Acquired cash at bank and in hand	120
Cash consideration	**718**
Number of employees	150

The receivables acquired include trade receivables of a fair value of DKK 249.5 million corresponding to the gross amount receivable according to contract.

Note 24 Acquisitions of enterprises (continued)

Acquisition in 2021

Acquisition of Aqua d'Or Mineral Water A/S (A Nordic Water Company)
On November 16, 2021, Royal Unibrew entered into an agreement to acquire 100% of the shares in Aqua d'Or Mineral Water A/S from Danone.

As announced in company announcement no. 46/2022 published October 24, 2022, Royal Unibrew's acquisition of Aqua d'Or from Danone will not be completed. The parties have determined that they will not be able to fulfill the closing conditions and the parties have therefore agreed that the deal will not materialize.

§ 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 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.

Recognition of acquisition of enterprises

In 2022 Royal Unibrew acquired three businesses, Hansa Borg Bryggerier, Amsterdam Brewery co Ltd. and Baldersbrønde Bryggeri, by purchasing shares in the companies. 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

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Parent company income statement

for January 1 – December 31

mDKK	Note	2022	2021
Net revenue		**4,692**	**4,197**
Production costs	3,4	-2,730	-2,209
Gross profit		**1,962**	**1,988**
Sales and distribution expenses	3,4	-1,025	-872
Administrative expenses	3,4	-214	-255
EBIT		**723**	**861**
Dividends received from subsidiaries and associates		565	550
Gain on sale of investments in associates		460	
Financial income	5	62	17
Financial expenses	6	-71	-36
Profit before tax		**1,739**	**1,392**
Tax on the profit for the year	7	-168	-186
Net profit for the year		**1,571**	**1,206**

Statement of comprehensive income for January 1 – December 31

mDKK	Note	2022	2021
Net profit for the year		**1,571**	**1,206**
Other comprehensive income			
Items that may be reclassified to the income statement			
Value adjustment of hedging instruments, end of year		12	2
Tax on other comprehensive income	7	-3	-2
Total		**9**	**0**
Items that may not be reclassified to the income statement			
Other comprehensive income after tax		**9**	**0**
Total comprehensive income		**1,580**	**1,206**

Parent company balance sheet

Assets at December 31

mDKK	Note	2022	2021
NON-CURRENT ASSETS			
Intangible assets	9	409	413
Property, plant and equipment	10	1,407	1,271
Investments in subsidiaries	11	5,703	4,424
Investments in associates	11	67	77
Receivables from subsidiaries	12	2,661	1,316
Other non-current investments	12	7	8
Non-current assets		**10,254**	**7,509**
CURRENT ASSETS			
Inventories	13	343	226
Receivables	14	573	445
Receivables from subsidiaries		230	56
Corporation tax		9	0
Prepayments		36	16
Cash at bank and in hand		27	0
Current assets		**1,218**	**743**
Assets		**11,472**	**8,252**

Liabilities and Equity at December 31

mDKK	Note	2022	2021
EQUITY			
Share capital	15	100	98
Other reserves		1,591	759
Retained earnings		2,548	1,525
Proposed dividend		728	708
Equity		**4,967**	**3,090**
LIABILITIES			
Non-current liabilities			
Deferred tax	16	206	168
Mortgage debt	2, 19	733	735
Credit institutions	2, 19	2,483	1,502
Other payables		7	24
Non-current liabilities		**3,429**	**2,429**
Current liabilities			
Mortgage debt	2, 19	2	4
Credit institutions	2, 19	894	554
Trade payables	2	780	713
Payables to subsidiaries	2	1,188	1,184
Corporate tax		0	3
Other current payables	17	212	275
Current liabilities		**3,076**	**2,733**
Liabilities	20	**6,505**	**5,162**
Liabilities and equity		**11,472**	**8,252**

Parent company cash flow statement

for January 1 – December 31

mDKK	Note	2022	2021
Net profit for the year		1,571	1,206
Adjustments for non-cash operating items	18	-678	-195
Change in working capital		-274	296
Received financial income		62	0
Paid financial expenses		-71	-21
Corporation tax paid		-144	-179
Cash flows from operating activities		466	**1,107**
Dividends received from associates		1,025	550
Sale of property, plant and equipment		2	8
Corporation tax paid, sale of project development properties		0	0
Purchase of property, plant and equipment		-281	-299
Acquisition of enterprises		-252	-3
Purchase/-sale of intangible assets and fixed asset investment		-18	0
Cash flows from investing activities		**476**	**256**

mDKK	Note	2022	2021
Debt financing:			
External financing		1,323	823
Repayment on lease facilities		-35	-28
Change in financing of subsidiaries		-1,211	-933
Dividends to minority shareholders		0	-5
Dividends paid to shareholders		-708	-666
Dividend on treasury shares		16	13
Acquisition of shares for treasury		-300	-582
Cash flows from financing activities		-915	**-1,378**
Change in cash and cash equivalents		27	-15
Cash and cash equivalents at 1 January		0	15
Exchange adjustment		0	0
Cash and cash equivalents at December 31		27	**0**
Free cash flow			
Net cash from operating activities		466	1,107
Net cash used in investing activities		746	259
Repayment on lease facilities		-35	-28
Free cash flow		1,177	**1,338**

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**

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, 2022 amounts to DKK 100,400,000 and is distributed on shares of DKK 2 each.
Proposed dividend for the year is DKK 14.50 per share (2021: DKK 14.50 per share), based on the share capital 12/31-2022.

Parent company statement of changes in equity

for January 1 – December 31, 2021

mDKK	Share capital	Share premium account	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at December 31, 2021	**99**	**761**	**4**	**765**	**1,558**	**666**	**3,088**
Changes in equity in 2021							
Profit for the year				0	1,206		**1,206**
Other comprehensive income			2	2	0		**2**
Tax on other comprehensive income				0	–2		**-2**
Total comprehensive income	**0**	**0**	**2**	**2**	**1,204**	**0**	**1,206**
Liability upon acquisition				0	29		**29**
Dividends paid to shareholders				0		–653	**-653**
Dividend on treasury shares				0	13	–13	**0**
Acquisition of shares for treasury				0	–582		**-582**
Proposed dividend				0	–708	708	**0**
Capital reduction	–1	–8		–8	9		**0**
Share-based payments				0	4		**4**
Tax on changes in equity, shareholders				0	–2		**-2**
Total shareholders	**-1**	**-8**	**0**	**-8**	**-1,237**	**42**	**-1,204**
Total changes in equity in 2021	**-1**	**-8**	**2**	**-6**	**-33**	**42**	**2**
Equity at December 31, 2021	**98**	**753**	**6**	**759**	**1,525**	**708**	**3,090**

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

Significant accounting policies

The parent company's accounting policies remain unchanged from last year. Significant 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 significant 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 2022, the following judgments have been made materially affecting the related items as described in relevant notes, see list to the right.

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 2022, the following critical estimates have been made as described in relevant notes, see list to the right.

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

Note 2 Financial risk management

Financial liabilities

Parent mDKK	12/31 2022 Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Non-derivative financial instruments:					
Financial debt, gross	4,535	963	2,809	763	4,017
Financial debt, subsidiaries	1,188	1,188		0	1,188
Leasing	97	32	53	12	95
Trade payables	780	780		0	780
Other payables	170	170	0	0	170
Total	**6,770**	**3,133**	**2,862**	**775**	**6,250**

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

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

Parent mDKK	12/31 2021 Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Non-derivative financial instruments:					
Financial debt, gross	2,814	550	1,395	869	2,698
Financial debt, subsidiaries	1,184	1,184			1,184
Leasing	100	28	58	14	97
Trade payables	713	713			713
Other payables	234	210	24		234
Total	**5,045**	**2,685**	**1,477**	**883**	**4,926**

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

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	2022	2021
Fixed salaries to Executive Management	14	13
Severance payment	0	0
Ordinary bonus scheme for Executive Management	2	6
Share-based payments to Executive Management (conditional)	-1	4
Remuneration of Executive Management	**15**	**23**
Remuneration of Board of Directors	5	5
Total remuneration	**20**	**28**
Wages and salaries	590	557
Contributions to pension schemes	61	52
Total wages, salaries and contribution to pension schemes	**651**	609
Other social security expenses	9	6
Other staff expenses	30	23
Total	**710**	**666**
Average number of employees	1,229	1,100

Note 4 Expenses broken down by type

mDKK	2022	2021
Production costs	2,730	2,209
Sales and distribution expenses	1,025	872
Administrative expenses	214	255
Total	**3,969**	**3,336**
Break down by nature as follows:		
Raw materials and consumables	2,245	1,780
Wages, salaries and other staff expenses	710	666
Operating and maintenance expenses	164	141
Distribution expenses and carriage	269	232
Sales and marketing expenses	282	259
Bad trade debts	-5	2
Office supplies, etc.	134	110
Amortization and depreciation	170	146
Total	**3,969**	**3,336**
Total amortization and depreciation are included in the following items in the income statement:		
Production costs	105	86
Sales and distribution expenses	58	49
Administrative expenses	7	11
Total	**170**	**146**

mDKK	2022	2021
Fee to auditors		
Fee for the audit of the Annual Report		
Deloitte	1	1
Total	**1**	**1**
Deloitte:		
Other assurance services	1	0
Other assistance*	1	1
Total	**2**	**1**

* Fees for other services than statutory audit of the financial statements provided by Deloitte Statsautoriseret Revisionspartnerskab primarily comprise services relating to financial due diligence.

Note 5 Financial income

mDKK	2022	2021
Finance income		
Cash at bank and in hand	3	1
Trade receivables		0
Receivables from subsidiaries	54	8
Exchange adjustments		
Cash at bank and in hand and external loans	3	
Trade receivables		4
Loans from subsidiaries	2	4
Total	**62**	**17**

Note 6 Financial expenses

mDKK	2022	2021
Finance costs		
Mortgage debt	5	4
Credit institutions	33	18
Other financial expenses	10	2
Leasing	1	1
Exchange adjustments		
Cash at bank and in hand and external loans		3
Forward contracts	22	8
Total	**71**	**36**

Note 7 Tax on the profit for the year

mDKK	2022	2021
Tax on the taxable income for the year	133	182
Adjustment of previous year	-1	1
Adjustment of deferred tax	36	3
Total	**168**	**186**
Which breaks down as follows:		
Tax on profit for the year	168	186
Tax on other comprehensive income	3	2
Tax on equity entries	-3	-2
Total	**168**	**186**
Current Danish tax rate	22.0	22.0
Dividends received from subsidiaries and associates and gain of sale on investments in associates	-13.7	-8.7
Effect on tax rate of permanent differences	1.5	0.1
Adjustment of previous year	-0.1	0.0
Effective tax rate	**9.7**	**13.4**

Note 8 Realized hedging transactions

mDKK	2022	2021
Realized hedging transactions are included in the income statement as follows:		
Net revenue includes currency hedges		0
Production costs include foreign currency and commodity hedges	4	23
Financial income and expenses include currency, commodity and interest rate hedges	-3	0
Total	**1**	**23**

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, 2022	227	173	0	21	421
Disposals					0
Additions by acquisition					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**

mDKK	Goodwill	Trademarks	Distribution rights	Customer relations	Total
Cost at January 1, 2021	227	173	0	9	409
Disposals				1	1
Additions by acquisition				11	11
Cost at December 31, 2021	**227**	**173**	**0**	**21**	**421**
Amortization and impairment losses at January 1, 2021	0	-3	0	-3	-6
Reversal depreciation of disposals					0
Amortization for the year				-2	-2
Amortization and impairment losses at December 31, 2021	**0**	**-3**	**0**	**-5**	**-8**
Carrying amount at December 31, 2021	**227**	**170**	**0**	**16**	**413**

§ Trademarks

Trademarks are not amortized as they are all well-established, old and profitable trademarks which 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, 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**	

Land and buildings including plant and machinery at a carrying amount of DKK 417 million have been provided as security for mortgage debt of DKK 733 million.

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, 2021	755	1,363	560	120	125	2,923
Additions	30	36	71	160	62	359
Additions by acquisition		7				7
Disposals		-4	-61		-16	-81
Transfers for the year	46	15	25	-86		0
Cost at December 31, 2021	**831**	**1,417**	**595**	**194**	**171**	**3,208**
Depreciation, revaluation and impairment losses at January 1, 2021	**-426**	**-975**	**-403**	**0**	**-63**	**-1,867**
Depreciation for the year	-15	-57	-50		-29	-151
Reversal of depreciation and impairment of assets sold		4	61		16	81
Depreciation, revaluation and impairment losses at December 31, 2021	**-441**	**-1,028**	**-392**	**0**	**-76**	**-1,937**
Carrying amount at December 31, 2021	**390**	**389**	**203**	**194**	**95**	**1,271**
Leasing of property, plant and equipment:						
Cost at December 31, 2021	65		106		171	
Depreciation, revaluation and impairment losses at December 31, 2021	-29		-47		-76	
Carrying amount per asset type	**36**		**59**		**95**	

Land and buildings including plant and machinery at a carrying amount of DKK 384 million have been provided as security for mortgage debt of DKK 734 million.

Note 11 Investments in subsidiaries and associates

mDKK	Investments in subsidiaries	Investments in associates
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**
Cost at January 1, 2021	4,477	77
Additions	36	
Disposals		
Cost at December 31, 2021	**4,513**	**77**
Impairment losses at January 1, 2021	-89	0
Impairment losses at December 31, 2021	**-89**	**0**
Carrying amount at December 31, 2021	**4,424**	**77**

§ 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.

§ Estimate

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.

Note 12 Receivables from subsidiaries and other fixed asset investments

mDKK	Receivables from subsidiaries	Other investments	Other receivables	Total other fixed asset investments
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**
Cost at January 1, 2021	60	55	5	60
Exchange adjustment	20			0
Additions	1,236			0
Disposals				0
Cost at December 31, 2021	**1,316**	**55**	**5**	**60**
Revaluations and impairment losses at January 1, 2021	0	-52	0	-52
Revaluations and impairment losses at December 31, 2021	**0**	**-52**	**0**	**-52**
Carrying amount at December 31, 2021	**1,316**	**3**	**5**	**8**

Note 13 Inventories

mDKK	2022	2021
Raw materials and consumables	155	93
Work in progress	18	12
Finished goods and goods for resale	170	121
Total inventories	**343**	**226**

Inventories

Indirect production costs are recognized in the value of work in progress and finished goods at DKK 16 million (2021: DKK 12 million).

Note 14 Receivables

mDKK	2022	2021
Trade receivables	532	418
Other receivables	41	27
Receivables	**573**	**445**

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
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 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%

mDKK	Not due and prepaid bonus	Due 1–15 days	Due 16–90 days	Due > 90 days	Total
2021					
Trade receivables	375	26	26	3	430
Impairment provision	-6	–	-3	-3	-12
Trade receivables after impairment	369	26	23	–	418
Impairment provision %*	-1.6%	0.0%	-11.5%	-100.0%	-2.8%
Impairment provision, beginning of year					-12
Impairment realized during the year					1
Impairment provision for the year					-1
Total					**-12**

* 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	2022	2021
Deferred tax at January 1	168	159
Change in deferred tax for the year	36	3
Deferred tax, no income effect for the year	2	4
Addition by acquisition	0	1
Adjustment of previous year	0	1
Deferred tax at December 31	**206**	**168**
Due within 1 year	-11	-9
Deferred tax relates to:		
Intangible assets	32	36
Property, plant and equipment	130	110
Fixed asset investments	18	18
Current assets	33	12
Current liabilities	-7	-8
Total	**206**	**168**

Note 17 Other current payables

mDKK	2022	2021
VAT, excise duties, etc	27	39
Other payables	163	210
Deposit, returnable packaging	22	26
Total other current payables	**212**	**275**
Deposit, returnable packaging is specified as follows:		
Balance at January 1	26	29
Adjustment for the year	-4	-3
Balance at December 31	**22**	**26**

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	2022	2021
Dividend received from subsidiaries and associates	-1,025	-550
Financial income	-62	-17
Financial expenses	71	36
Amortization and impairment of intangible assets	4	2
Depreciation of property, plant and equipment (see note 10 re leasing part)	176	151
Tax on the profit for the year	168	186
Profit and loss from sale of property, plant and equipment	-10	-7
Share-based payments and remuneration	0	4
Total	**-678**	**-195**

Note 19 Debts

Changes to interest-bearing debts

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**

mDKK	12/31 2020	Payment	Additions	12/31 2021
Interest-bearing long-term debts	1,345	0	822	2,167
Interest-bearing short-term debts	1,129	-15	602	1,715
Total interest-bearing debt, mortgage and credit institutions	**2,474**	**-15**	**1,424**	**3,882**
Interest-bearing long-term leasing debt	38	-3	34	69
Interest-bearing short-term leasing debt	25	-25	28	28
Total interest-bearing leasing debt	**63**	**-28**	**62**	**97**
Total	**2,537**	**-43**	**1,486**	**3,979**

Note 20 Contingent liabilities, security and other liabilities

mDKK	2022	2021
Guarantees		
Guarantees relating to subsidiaries	312	682
Total	**312**	**682**
Third-party guarantees	**11**	**11**

Security
No security has been provided in respect of the Group's loan agreements with credit institutions. As regards 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 55 and Group structure on page 170. No shareholder exercises control.

The following transactions have been made with related parties:

mDKK	2022	2021
Revenue		
Sales to subsidiaries	777	681
Sales to associates	19	18
Costs		
Purchases from subsidiaries	141	123
Financial income and expenses		
Dividends received from associates	27	21
Dividends received from subsidiaries	538	529
Gain on sale of investments in associates	460	0
Interest received from subsidiaries	54	8
Executive Management		
Remuneration paid	16	19
Debt re cash-based bonus schemes	2	7
Debt re share-based bonus schemes	3	4
Board of Directors		
Remuneration	5	5
Intercompany balances on December 31		
Loans to subsidiaries	2,661	1,316
Receivables from subsidiaries	230	56
Financial debts subsidiaries	1,188	1,184
Capital contributed to subsidiaries		
Guarantees and securities		
Guarantee for subsidiaries	312	682

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
Baldersbrønde Bryggeri A/S*	Denmark	100%	DKK	12,000,000	Production, sales and distribution
Solera Sweden AB	Sweden	100%	SEK	150,000	Sales and distribution
Albani Sverige AB	Sweden	100%	SEK	305,000	Sales and distribution
Multibev AB	Sweden	100%	SEK	100,000	Sales and distribution
Prime Wine Sweden AB	Sweden	100%	SEK	117,700	Sales and distribution
Mondo Wine Sweden AB	Sweden	100%	SEK	100,000	Sales and distribution
Solera Spirits and Beers AB	Sweden	100%	SEK	100,000	Sales and distribution
Solera Sales AB	Sweden	100%	SEK	50,000	Sales and distribution
Cuveco AB	Sweden	100%	SEK	100,000	Sales and distribution
Royal Unibrew Norge AS*	Norway	100%	NOK	9,000,000	Holding company
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
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
Cuveco AS	Norway	100%	NOK	100,000	Sales and distribution
Bacchus Wines AS	Norway	100%	NOK	30,000	Sales and distribution
Hansa Borg Bryggerier AS	Norway	100%	NOK	1,000,000	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
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	1,002,000	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
AB Kalnapilio-Tauro Grupe	Lithuania	100%	EUR	1,153,337	Production, sales and distribution
Royal Unibrew Service UAB	Lithuania	100%	EUR	43,500	Other

* not audited as not mandatory audit

Activity

Production, sales and distribution
Sales and distribution
Holding company
Other

Segment	Country	Ownership	Currency	Capital
OY Hartwall Ab	Finland	100%	EUR	13,240,140
Lapin Kulta Oy	Finland	100%	EUR	16,819
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
Rebæl ApS	Denmark	25%	DKK	67,227
WESTERN EUROPE				
Subsidiaries				
Ceres S.p.A	Italy	100%	EUR	206,400
Terme di Crodo S.r.l.	Italy	100%	EUR	19,000,000
Etablissement Geyer-Fréres S.A	France	100%	EUR	159,687
INTERNATIONAL				
Subsidiaries				
Ferell sp. z.o.o.*	Poland	100%	PLN	120,200

Segment	Country	Ownership	Currency	Capital
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

* not audited as not mandatory audit

Quarterly financial highlights and ratios (Group)

mDKK (unaudited)	Q1 2022	Q1 2021	Q2 2022	Q2 2021	Q3 2022	Q3 2021	Q4 2022	Q4 2021
Sales (million hectoliters)	2.7	2.5	3.8	3.4	3.8	3.4	3.1	3.0
Income statement								
Net revenue	2,162	1,605	3,211	2,300	3,296	2,434	2,818	2,407
EBITDA	317	318	623	609	612	697	445	397
EBITDA margin (%)	*14.7*	*19.8*	*19.4*	*26.5*	*18.6*	*28.6*	*15.8*	*16.5*
Earnings before interest and tax (EBIT)	209	229	511	521	489	596	307	306
EBIT margin (%)	*9.7*	*14.3*	*15.9*	*22.7*	*14.8*	*24.5*	*10.9*	*12.7*
Result after tax from investments in associates	-4	1	355	14	6	13	5	9
Financial income and expenses	-10	-7	-15	-9	-22	-9	-46	-17
Profit before tax	195	223	851	526	474	600	265	298
Net profit for the period	154	177	772	417	381	474	184	230
Balance sheet								
Non-current assets	8,780	7,031	11,143	7,123	11,363	8,591	11,416	8,771
Total assets	11,335	8,618	14,651	9,101	14,479	10,836	14,474	10,914
Equity	3,442	3,320	4,574	2,889	4,919	3,284	5,158	3,342
Net interest-bearing debt	4,012	2,448	4,416	2,618	4,364	3,398	4,460	3,536
Net working capital	-566	-682	-1,080	-990	-2,181	-1,027	-770	-1,102
Invested capital	8,064	6,172	9,815	5,908	10,149	7,226	10,451	7,449
Cash flows								
From operating activities	-283	-15	845	900	479	619	94	249
From investing activities	-76	-87	-176	-115	-175	-68	-131	-187
Free cash flow	-359	-102	669	785	304	551	-37	62
Financial ratios (%)								
Free cash flow as a percentage of net revenue	-17	-6	21	34	9	23	-1	3
Cash conversion	-233	-58	87	188	80	116	-20	27
Net interest-bearing debt/EBITDA*	2.0	1.6	2.2	1.3	2.2	1.7	2.2	1.7
Equity ratio	30	39	31	32	34	30	36	31

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 173.

* 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 + 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 from operating activities/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.

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.

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