

Company announcement 6/2022

4 February 2022

Page 1 of 39

FINANCIAL STATEMENT AS AT 31 DECEMBER 2021

2021 performance well ahead of pre-COVID 2019: strong top-line growth and operating cash flow; increased returns to shareholders

Unless otherwise stated, comments in this announcement refer to full-year performance.

HIGHLIGHTS

- Organic revenue growth of 10.0%; reported growth of 13.8% to DKK 66,634m.
- Revenue/hl +3%.
- Total organic volume growth of 7.4%; reported growth of 9.3% to 142.2m hl.
 - Tuborg volume +17%, Carlsberg +5%, 1664 Blanc +24%, Grimbergen -3% and Somersby +10%.
 - Craft & speciality +15%; alcohol-free brews +17%.
- Organic operating profit growth of 12.5%; reported growth of 12.0% to DKK 10,862m.
- Reported operating margin -30bp to 16.3%; excluding acquisitions +30bp to 16.9%.
- Adjusted net profit growth of 9% to DKK 6,943m, supported by lower financial costs and a lower tax rate; reported net profit growth of 14% to DKK 6,846m.
- Adjusted earnings per share +11% to DKK 48.3.
- Free cash flow of DKK 8,876m.
- ROIC increased by 140bp to 10.3%; excluding goodwill +430bp to 27.5%.
- Net interest-bearing debt/EBITDA of 1.24x (2020: 1.51x).
- The Supervisory Board will propose to the Annual General Meeting a 9% increase in dividend to DKK 24 per share, equal to an adjusted payout ratio of 49%.
- During 2021 and up until 28 January 2022, the Company bought back shares amounting to DKK 4.0bn. Once again in 2022, the Company intends to execute quarterly share buy-back programmes, launching the first DKK 1bn programme today, which will run until 22 April. We will provide information on the next quarterly share buy-back programme in connection with the Q1 trading statement on 28 April (see pages 19-20).
- Yesterday, the Group announced its updated strategy, SAIL'27, including a long-term organic revenue ambition of 3-5% CAGR and organic operating profit growth above revenue growth. See separate announcement for details.

2022 EARNINGS EXPECTATIONS

2022 will be another challenging year. COVID-19 is expected to continue to impact our markets to various degrees. At the same time, our business will be impacted by substantial increases in input costs, which we aim to offset in absolute terms through higher revenue/hl and continued tight focus on costs. The higher revenue/hl may have a negative impact on beer consumption. As a result, 2022 guidance is:

- Organic operating profit growth of 0-7%.

Based on the currency spot rates at 3 February, we assume a translation impact of around DKK +250m for 2022.

CEO Cees 't Hart says: "We're very satisfied with the Group's 2021 performance. Although our business was significantly impacted by COVID-19, we delivered strong top- and bottom-line growth and free cash flow. Our results in 2021 are well above the pre-pandemic levels of 2019.

"The Group's financial situation is very strong, and we're pleased to announce that the Supervisory Board recommends another solid increase in dividends for 2021 and a new share buy-back programme. The significantly higher input costs and continued impact from COVID-19 will pose challenges in 2022, but we're well prepared.

"We have also launched our new strategy, SAIL'27, with clear priorities for our portfolio, geographies, execution and culture and with ambitious long-term growth aspirations for the Group. Building on the strong foundation of SAIL'22 and our ambitions for the next strategy period, we're convinced that we can continue our sustainable long-term value creation."

Carlsberg will present the results at a conference call today at 9.30 a.m. CET (8.30 a.m. GMT). Dial-in information and a slide deck are available beforehand on www.carlsberggroup.com.

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KEY FIGURES AND FINANCIAL RATIOS

DKK million		2021	2020	2019	2018 ¹	2017 ¹
Volumes (million hl)¹						
Beer		119.6	110.1	113.0	112.3	107.1
Other beverages		22.6	20.0	21.9	20.8	19.2
Income statement						
Revenue		66,634	58,541	65,902	62,503	60,655
Gross profit		31,327	28,361	32,638	31,220	30,208
EBITDA		15,474	14,085	15,007	13,420	13,583
Operating profit before special items		10,862	9,699	10,465	9,329	8,876
Special items, net		-253	-247	501	-88	-4,565
Financial items, net		-381	-411	-738	-722	-788
Profit before tax		10,228	9,041	10,228	8,519	3,523
Income tax		-2,219	-2,233	-2,751	-2,386	-1,458
Consolidated profit		8,009	6,808	7,477	6,133	2,065
Attributable to:						
Non-controlling interests		1,163	778	908	824	806
Shareholders in Carlsberg A/S (net profit)		6,846	6,030	6,569	5,309	1,259
Shareholders in Carlsberg A/S, adjusted ²		6,943	6,363	6,160	5,359	4,925
Statement of financial position						
Total assets		126,383	118,816	123,063	117,700	114,251
Invested capital		83,636	81,541	86,162	82,721	84,488
Invested capital excl. goodwill		31,152	31,049	33,032	31,792	33,991
Net interest-bearing debt (NIBD)		19,162	21,263	18,776	17,313	19,638
Equity, shareholders in Carlsberg A/S		43,941	39,308	43,449	45,302	46,930
Statement of cash flows						
Cash flow from operating activities		13,259	10,928	12,239	12,047	11,834
Cash flow from investing activities		-4,383	-5,871	-2,277	-5,891	-3,154
Free cash flow		8,876	5,057	9,962	6,156	8,680
Investments						
Acquisition of property, plant and equipment and intangible assets, net		-4,223	-4,396	-4,592	-4,027	-4,053
Acquisition and disposal of subsidiaries, net		-635	-2,409	-	-974	268
Financial ratios						
Gross margin	%	47.0	48.4	49.5	50.0	49.8
EBITDA margin	%	23.2	24.1	22.8	21.5	22.4
Operating margin	%	16.3	16.6	15.9	14.9	14.6
Effective tax rate	%	21.7	24.7	26.9	28.0	41.4
Return on invested capital (ROIC)	%	10.3	8.9	8.8	8.1	6.9
ROIC excl. goodwill	%	27.5	23.2	22.4	20.9	15.7
Equity ratio	%	34.8	33.1	35.3	38.5	41.1
NIBD/equity ratio	x	0.39	0.49	0.41	0.36	0.40
NIBD/EBITDA	x	1.24	1.51	1.25	1.29	1.45
Interest cover	x	28.52	23.59	14.17	12.92	11.26
Stock market ratios						
Earnings per share (EPS)	DKK	47.6	41.3	43.7	34.8	8.3
Earnings per share, adjusted (EPS-A) ²	DKK	48.3	43.6	41.0	35.2	32.3
Free cash flow per share (FCFPS)	DKK	61.5	34.5	65.9	40.2	56.9
Dividend per share (proposed)	DKK	24.0	22.0	21.0	18.0	16.0
Payout ratio	%	51	55	49	52	194
Payout ratio, adjusted ³	%	49	50	50	51	50
Share price (B shares)	DKK	1,129.5	975.2	993.8	692.6	745.0
Market capitalisation	DKKm	163,149	142,676	145,805	104,830	112,116
Number of issued shares at year-end	1,000	145,257	148,157	152,557	152,557	152,557
Number of shares at year-end, excl. treasury shares	1,000	141,892	145,102	147,996	152,457	152,390
Weighted average number of shares, excl. treasury shares	1,000	143,848	146,104	150,411	152,428	152,496

¹ Comparative figures for 2017-2018 have not been restated to include IFRS 16.

² Adjusted for special items after tax.

³ Proposed dividend on number of shares at year-end as a percentage of net profit adjusted for special items after tax.

SOLID DELIVERY ON SAIL'22 PRIORITIES

Once again in 2021, COVID-19 presented significant challenges for our people, customers and business. Nevertheless, the Group navigated successfully through the year, delivering very well against our strategic priorities and financial ambitions. While the market disruption from the pandemic was immense in both 2020 and 2021, the resilience of the Carlsberg Group was strong, and our financial results in 2021 were well above the pre-pandemic levels of 2019: volumes +5%, operating profit +4% and adjusted earnings per share +18%.

EXECUTION ON SAIL'22 PRIORITIES

We continued to execute on our SAIL'22 priorities during the year despite the challenges of COVID-19.

CORE BEER

Core beer volumes grew by 5% compared with 2020 and by 1% compared with 2019. Core beer growth was particularly pronounced in markets such as China, India and the south-eastern markets in Central & Eastern Europe, including Italy, Greece, Serbia and Croatia. The growth was driven by local power brands and good growth for the international core beer brands Tuborg and Carlsberg, which grew by 17% and 5% respectively.

GROWTH CATEGORIES

Our craft & speciality portfolio grew by 15%, driven by particularly strong growth in Asia and Central & Eastern Europe, particularly in markets such as China, Malaysia, Russia, Serbia, Italy and the Baltics. We also saw strong growth in Western European markets such as Denmark, Norway, the UK and Switzerland. 1664 Blanc grew strongly by 24% and Somersby by 10%, while Grimbergen volumes declined by 3%, as strong growth in markets such as Russia, Ukraine and Italy was offset by declining volumes in France.

The alcohol-free brew (AFB) category continued its strong growth trajectory in 2021, with volumes up by 17%. The growth was mainly driven by local brands and broadly based across Western Europe and Central & Eastern Europe, with particularly strong growth rates in markets such as Russia, France, Finland, Sweden, Kazakhstan and Ukraine.

DIGITAL

The acceleration and adoption of e-commerce and digital platforms continued during the year. Working with third-party retailers, our e-commerce business is rapidly expanding. Supported by strong volume growth, business-to-consumer revenue was up by around 40%.

Carl's Shop – our online business-to-business platform serving our on-trade customers – was first launched in 2018 in Western Europe. The platform is now available in ten markets across our three regions, serving more than 40,000 customers. Revenue was up by around 60% and, supporting our premiumisation efforts, revenue/hl on Carl's Shop increased by 4% in 2021.

In total, our e-commerce revenue was up by more than 50%.

FUNDING THE JOURNEY

As part of our Funding the Journey culture, we accelerated several efficiency initiatives and initiated further cost reductions. A key enabler for the success of Funding the Journey has been our Operating Cost Management (OCM) toolkit, with 15 specific cost groups for which we continuously drive improvement, monitoring savings and gap-closing progress. Funding the Journey and OCM have played a key role in our ability to navigate the pandemic-related challenges in 2020 and 2021.

ADVANCING ON SUSTAINABILITY

Our sustainability programme, Together Towards ZERO, has clear priorities and ambitions within the areas of carbon, water, responsible drinking and health & safety. Despite headwinds posed by COVID-19, we are well on track to deliver on our 2022 and 2030 targets.

In 2021, we continued to improve the efficiency of our breweries, reducing CO₂ emissions per hl of beer produced by 2% to 4.2 kg CO₂/hl. This represents a 40% reduction since 2015, and we remain on track to reach our 50% target in 2022.

We reduced our water use by 4% to 2.7 hl/hl. At our breweries in high-risk areas, we achieved an even higher efficiency at 2.6 hl/hl, for the first time reaching a higher level of efficiency than our global average. Since 2015, we have reduced our water use by 21% globally and 35% at high-risk sites.

Our 2021 Environmental, Social & Governance Report, published today, describes our approach to and performance on our most material social, environmental and ethical issues, including progress against the ambitions of Together Towards ZERO, how we Live by our Compass and conduct our business responsibly, and how we promote and integrate diversity and inclusion across our business.

DELIVERY AGAINST SAIL'22 FINANCIAL PRIORITIES

For 2021, the Group delivered well against all the long-term financial metrics of SAIL'22.

Organic growth in operating profit: the Group achieved 12.5% organic growth in operating profit. The operating margin declined by 30bp to 16.3%, due to the acquisition of Marston's brewing activities. Excluding the acquisition impact, the operating margin increased by 30bp to 16.9%.

ROIC improvement: ROIC improved further, reaching 10.3% (+140bp), mainly driven by the higher profits and a lower effective tax rate.

Optimal capital allocation: at 1.24x (2020: 1.51x), net interest-bearing debt/EBITDA remained well below our target of below 2x. Free cash flow was strong (DKK 8.9bn) in addition to the share buy-back programme (DKK 3.6bn in 2021) and the dividend payout in March 2021 (DKK 3.2bn).

Given the strong results and continued solid balance sheet, the Supervisory Board will propose a 9% increase in the dividend to DKK 24 per share, corresponding to an adjusted payout ratio of 49%. Due to the continued high level of uncertainty, we will execute the 2022 share buy-back programme quarter by quarter. From 4 February to 22 April, the Group intends to buy back

Carlsberg B shares amounting to DKK 1bn. We will provide information on the next quarterly share buy-back programme in connection with the Q1 trading statement on 28 April (see also pages 19-20).

SAIL'27

During the second half of the year, our extended leadership team and a broad group of colleagues from across markets and functions worked on developing our new strategy, SAIL'27. This is presented in a separate stock exchange announcement, issued yesterday.

2022 EARNINGS EXPECTATIONS

2022 will be another challenging year. COVID-19 is expected to continue to impact our markets to various degrees. At the same time, our business will be impacted by substantial increases in input costs, which we aim to offset in absolute terms through higher revenue/hl and continued tight focus on costs. The higher revenue/hl may have a negative impact on beer consumption. As a result, 2022 guidance is:

- Organic operating profit growth of 0-7%.

In the second half of 2021, we began seeing significant price increases for commodities, packaging materials and energy, albeit with large variations between categories and between markets and regions. As a result, we are assuming an increase in cost of goods sold per hl (COGS/hl) of 10-12%. However, volatility remains high for many categories, and the COGS development for the year may be impacted by changes in spot prices on unhedged input costs.

Moreover, the earnings outlook is based on the following regional assumptions:

- In Western Europe, we assume that the on-trade channel will be less impacted by COVID-19 than in 2021, although we are expecting some on-trade disruption at the beginning of the year due to restrictions.
- In Asia, we expect another volatile year. While the vaccination rate is increasing in many markets in the region, COVID-19 outbreaks still pose a risk of national or regional lockdowns.
- In the southern part of the Central & Eastern Europe region we assume a lower impact on the on-trade from COVID-19 than in 2021. In the eastern part of the region, we expect consumer sentiment to be increasingly impacted by accelerating inflation, which may impact beer market dynamics negatively.

Based on the spot rates at 3 February, we assume a translation impact of around DKK +250m for 2022.

Other relevant assumptions are:

- Financial expenses, excluding currency losses or gains, are expected to be around DKK 550m.
- The reported effective tax rate is expected to be around 22-23%.
- Capital expenditure at constant currencies is expected to be around DKK 5.0bn.

FORWARD-LOOKING STATEMENTS

Forward-looking statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from those expressed in the forward-looking statements. This is particularly relevant in 2022 due to the very high uncertainty related to the continuing development and impact of COVID-19 and the substantial increases in input costs. Accordingly, forward-looking statements should not be relied on as a prediction of actual results. Please see page 21 for the full forward-looking statements notice.

CHANGES TO THE SUPERVISORY BOARD AND EXECUTIVE COMMITTEE

SUPERVISORY BOARD

As announced on 16 December 2021, Chair Flemming Besenbacher will retire at the Annual General Meeting. The Supervisory Board will propose Deputy Chair Henrik Poulsen as the new Chair of the Supervisory Board.

In addition, Lars Fruergaard Jørgensen and Lars Stemmerik will not stand for re-election. The Supervisory Board will propose Punita Lal and Mikael Aro as new members.

Following the proposed changes, the Carlsberg Foundation's representation on the Supervisory Board of the Carlsberg Group will be reduced from five to three members. The Foundation will further reduce its representation to two members at the Annual General Meeting in 2023.

EXECUTIVE COMMITTEE

During the year, a number of changes to the Executive Committee took place: Graham Fewkes succeeded Jacek Pastuszka as EVP, Western Europe; Leo Evers joined Carlsberg as EVP, Asia; Søren Brinck succeeded Chris Warmoth in an expanded role as EVP, Strategy and Digital; Victor Shevtsov replaced Phil Hodges as EVP, Supply Chain; and CHRO Joris Huijsmans joined the Executive Committee.

GROUP FINANCIAL PERFORMANCE

	2020	Change			2021	Change Reported
		Organic	Acq., net	FX		
FY						
Volumes (million hl)						
Beer	110.1	6.4%	2.2%	-	119.6	8.6%
Other beverages	20.0	12.9%	0.0%	-	22.6	12.9%
Total volume	130.1	7.4%	1.9%	-	142.2	9.3%
DKK million						
Revenue	58,541	10.0%	4.6%	-0.8%	66,634	13.8%
Operating profit	9,699	12.5%	0.3%	-0.8%	10,862	12.0%
Operating margin (%)	16.6				16.3	-30bp
H2						
Volumes (million hl)						
Beer	56.8	3.6%	2.3%	-	60.1	5.9%
Other beverages	10.5	12.1%	0.0%	-	11.8	12.1%
Total volume	67.3	5.0%	1.8%	-	71.9	6.8%
DKK million						
Revenue	29,711	10.5%	4.7%	2.4%	34,947	17.6%
Operating profit	5,084	9.7%	1.1%	2.4%	5,751	13.2%
Operating margin (%)	17.1				16.5	-60bp

Beer volumes grew organically by 6.4%, driven by solid growth in Asia and Central & Eastern Europe, and supported by easy comparables. Other beverage volumes grew organically by 12.9%, supported by double-digit growth in all three regions. Total organic volume growth was 7.4%, and 9.3% including acquisitions.

Revenue/hl grew organically by 3% as a result of recovery of the on-trade in some markets due to fewer restrictions in 2021 compared with 2020 and solid growth of premium products across the regions. Organic revenue growth was 10.0%, while reported revenue growth was 13.8%, mainly impacted by the acquisition of Marston's brewing activities in the UK in October 2020. The small negative currency impact was due to adverse currency movements across Central & Eastern Europe and certain markets in Asia, partly offset by a strengthening of primarily the Chinese, Norwegian, British and Swedish currencies.

Gross profit increased organically by 8.7% and by 10.5% in reported terms, positively impacted by acquisitions and negatively by currencies. The gross profit margin declined due to acquisitions that came in with a lower gross margin than the Group, the higher cost of goods sold (COGS), particularly in Central & Eastern Europe, and a negative country mix.

Operating expenses, including marketing investments, grew organically by 8%, mainly driven by higher marketing investments and higher administrative expenses. Marketing investments grew organically by 11%. The higher administrative expenses were the result of higher accruals related to variable pay due to the strong financial performance for the year, the impact of acquisitions, currencies and certain one-off provisions. Despite this, total SG&A (excluding marketing) to revenue declined by approximately 60bp to 14.0% (-40bp organically).

Operating profit before depreciation, amortisation and impairment losses (EBITDA) grew organically and in reported terms by 9.9%. The EBITDA margin declined by 90bp to 23.2% due to acquisitions.

Group operating profit grew organically by 12.5%, supported by growth in all three regions. Reported operating profit grew by 12.0%.

Excluding the impact from acquisitions, the operating profit margin increased by 30bp to 16.9%. The reported operating margin declined by 30bp to 16.3% due to the margin-dilutive impact of Marston's brewing activities.

Please see pages 16-19 for a review of net profit, statement of financial position and cash flow.

REGIONAL PERFORMANCE

WESTERN EUROPE

	2020	Change			2021	Change Reported
		Organic	Acq., net	FX		
FY						
Volumes (million hl)						
Beer	26.8	1.3%	9.2%	-	29.7	10.5%
Other beverages	11.2	11.2%	0.0%	-	12.4	11.2%
Total volume	38.0	4.2%	6.5%	-	42.1	10.7%
DKK million						
Revenue	25,875	6.4%	10.3%	1.2%	30,501	17.9%
Operating profit	3,926	8.9%	1.3%	1.9%	4,401	12.1%
Operating margin (%)	15.2				14.4	-80bp
H2						
Volumes (million hl)						
Beer	13.5	4.1%	9.2%	-	15.4	13.3%
Other beverages	5.9	14.5%	0.0%	-	6.7	14.5%
Total volume	19.4	7.2%	6.5%	-	22.1	13.7%
DKK million						
Revenue	13,374	12.3%	10.5%	1.8%	16,669	24.6%
Operating profit	2,197	15.0%	3.2%	2.1%	2,644	20.3%
Operating margin (%)	16.5				15.9	-60bp

The Western Europe region had a very volatile year. H1 especially was impacted by COVID-19-related on-trade restrictions in most markets. In H2, we benefited from abandonment of restrictions in Q3 and easy comparables in Q4, as restrictions were more severe in 2020.

Beer volumes grew organically by 1.3% and total volumes by 4.2%. Other beverage volumes grew by 11.2% thanks to strong growth of the soft drinks and energy drinks businesses in the Nordics.

The positive acquisition impact of approximately 2.5m hl primarily related to Marston's brewing activities. In most markets, the year ended on a soft note due to renewed restrictions.

Revenue/hl improved organically by 2%, impacted in all markets by a positive channel mix. In H2, revenue/hl improved considerably thanks to the recovery of the on-trade. For the year, our on-trade volumes grew by 12%, although for the full year they remained at index 65 compared with the pre-pandemic level in 2019. In Q4, on-trade volumes were at about index 80 compared with 2019.

Organic revenue growth was 6.4%, with reported revenue growth of 17.9% due to positive acquisition and currency impacts.

Organic operating profit in Western Europe grew well ahead of revenue. Important drivers of the 8.9% growth were the positive channel mix and tight cost control and cost savings during 2020 and 2021. The reported operating margin declined by 80bp to 14.4% due to acquisitions, with Marston's brewing activities having a significantly lower operating margin than the rest of the region because of the impact on the business of its high on-trade exposure.

THE NORDICS

In the Nordics, volumes grew by high-single-digit percentages, with double-digit growth in Denmark and Norway.

In Denmark, our business benefited from the removal of restrictions in Q2, which very positively benefited all channels – on-trade, off-trade and border trade. We saw good progress for all beverage categories, including core beer, craft & speciality and soft drinks.

Our Norwegian business delivered another very good year. The double-digit volume growth was supported by COVID-19 border restrictions and successful innovations for key brands. Our local power brand Frydenlund, Tuborg and craft & speciality, including Somersby, performed particularly well.

Our Swedish business had a difficult H1 but rebounded in H2. We saw particularly strong results for our alcohol-free brews and soft drinks. During the year, the business was negatively impacted by the closed border with Norway.

In Finland, our volumes were slightly down. We saw a solid price/mix development due to fewer promotional beer volumes and improved category and channel mix.

FRANCE

In a slightly growing French market, our volumes declined slightly, while revenue grew due to a positive channel and brand mix. Our craft & speciality portfolio and alcohol-free brands, especially Tourtel, delivered solid growth, while the mainstream brand Kronenbourg declined.

SWITZERLAND

Our business in Switzerland had another challenging year due to its high on-trade exposure and the continued COVID-19 restrictions. As a result, our volumes declined slightly. Our alcohol-free

and craft & speciality brands grew, while mainstream brands declined. From January 2022, we have entered into a strategic partnership with PepsiCo, becoming its bottler in Switzerland.

POLAND

In a declining Polish market, we kept volumes flat. We saw good performance for our alcohol-free brews, for the core beer brands Carlsberg, Tuborg and Zatecky, and for Garage in the flavoured beverage category. Q4 performance was strong due to extra sell-in because of announced price increases and an excise tax increase on 1 January 2022.

THE UK

A key focus for our UK business in 2021 was to execute the integration of Marston's brewing activities. The integration was successful, delivering very well against expectations and achieving synergies. Due to its high on-trade exposure, the business was severely impacted by COVID-19-related restrictions, particularly in H1, whereas it improved considerably in H2 when restrictions were lifted. We saw very good performance for Carlsberg, Poretti and some of our licence brands.

GERMANY

The German market suffered due to extended lockdowns and restrictions. Nevertheless, our German business delivered solid organic volume growth. Our local power brands Lübzer and Astra as well as Carlsberg, Somersby and our alcohol-free brews performed well. The Wernesgrüner acquisition was fully integrated very early in the year and is delivering supply chain benefits.

ASIA

	2020	Change			2021	Change Reported
		Organic	Acq., net	FX		
FY						
Volumes (million hl)						
Beer	34.8	12.3%	0.0%	-	39.1	12.3%
Other beverages	4.8	10.6%	0.0%	-	5.3	10.6%
Total volume	39.6	12.1%	0.0%	-	44.4	12.1%
DKK million						
Revenue	16,959	15.6%	0.0%	-0.9%	19,459	14.7%
Operating profit	3,991	23.9%	-0.4%	-1.8%	4,855	21.7%
Operating margin (%)	23.5				24.9	140bp
H2						
Volumes (million hl)						
Beer	17.2	4.5%	0.0%	-	17.9	4.5%
Other beverages	2.5	4.0%	0.0%	-	2.6	4.0%
Total volume	19.7	4.4%	0.0%	-	20.5	4.4%
DKK million						
Revenue	8,496	6.8%	0.0%	3.6%	9,384	10.4%
Operating profit	1,873	18.1%	-0.8%	3.1%	2,254	20.4%
Operating margin (%)	22.0				24.0	200bp

During the year, the development in Asia varied significantly between markets. Most markets were impacted by restrictions and lockdowns, although these varied in timing and severity.

Organic beer volumes grew by 12.3%, mainly driven by China and India. Volumes in most other markets also grew, albeit at a slower pace and helped by easy comparables. Our other beverage volumes grew by 10.6% due to good performance of soft drinks and energy drinks in Cambodia and Laos.

Organic revenue growth was strong at 15.6%. Revenue/hl grew organically by 3%, supported by a positive brand mix and, in some markets, a positive channel mix, partly offset by country mix.

Operating profit increased organically by 23.9%. The operating margin was up by 140bp to 24.9%, driven by higher revenue/hl and ongoing tight cost control.

CHINA

The Chinese beer market grew by an estimated 5% (-3% compared with 2019), and our volumes grew by 15% (+19% compared with 2019). Local COVID-19-related restrictions and lockdowns disrupted the beer market during the year. We saw a modest volume decline in Q4 due to tough comparables, as volumes rebounded in Q4 2020, growing by 15%, following a lockdown in western China in Q3 2020.

The full-year growth was driven by our international and local premium brands, continued big-city growth and expansion in growing channels, such as the modern off-trade channel and e-commerce. As a result, revenue/hl grew by 3%.

INDIA

Our Indian business recovered strongly following the very difficult 2020, despite the second wave of COVID-19 impacting India in Q2 2021. Volumes grew by more than 30%. Revenue/hl was up mid-single-digit, benefiting from strong growth of the premium Carlsberg brand, price increases and packaging mix. Tuborg also grew strongly. At the end of the year, new restrictions were again imposed in light of rising COVID-19 infection rates.

VIETNAM, LAOS AND CAMBODIA

In Vietnam, our volumes grew by high-single-digit percentages, with a strong acceleration of volumes at year-end due to sell-in to Tet celebrations. Our local power brands, Huda and Halida, continued to perform well and were the main volume drivers. 1664 Blanc grew strongly, although from a very small base. In addition, we strengthened our route-to-market and expanded the coverage and number of outlets selling our products.

In Laos, our total volumes declined due to severe lockdowns and alcohol bans, especially in H2. Despite the prolonged on-trade closures, our premium portfolio achieved high-single-digit growth. We saw very strong growth for our local economy brand Lanexang, with demand surging in the wake of increasing unemployment and poverty caused by COVID-19.

Our business in Cambodia delivered very strong volume performance, driven by the energy brand Sting, as the beer market was heavily impacted by restrictions, including alcohol bans. When all

restrictions were lifted towards the end of the year, we saw improved performance for our beer volumes.

MALAYSIA AND SINGAPORE

Our Malaysian business was heavily impacted by restrictions, including a complete suspension of brewery operations for 2.5 months in Q2 and Q3. Consequently, volumes declined significantly. Revenue/hl grew considerably due to strong premium growth and price increases. Our business in Singapore performed well due to strong growth in the off-trade, while the on-trade was severely impacted by prolonged restrictions.

CENTRAL & EASTERN EUROPE

	2020	Change			2021	Change Reported
		Organic	Acq., net	FX		
FY						
Volumes (million hl)						
Beer	48.5	4.9%	0.0%	-	50.8	4.9%
Other beverages	4.0	20.3%	0.0%	-	4.9	20.3%
Total volume	52.5	6.1%	0.0%	-	55.7	6.1%
DKK million						
Revenue	15,682	10.1%	0.0%	-3.8%	16,665	6.3%
Operating profit	2,984	1.0%	0.0%	-2.8%	2,932	-1.8%
Operating margin (%)	19.0				17.6	-140bp
H2						
Volumes (million hl)						
Beer	26.1	2.9%	0.0%	-	26.8	2.9%
Other beverages	2.1	14.7%	0.0%	-	2.5	14.7%
Total volume	28.2	3.8%	0.0%	-	29.3	3.8%
DKK million						
Revenue	7,825	11.7%	0.0%	2.0%	8,896	13.7%
Operating profit	1,549	-0.5%	0.0%	1.0%	1,557	0.5%
Operating margin (%)	19.7				17.5	-220bp

The Central & Eastern Europe region delivered solid results. Beer volume growth was 4.9%, and other beverage volume growth was strong at 20.3%, mainly due to growth of energy drinks in the eastern part of the region. Total volumes were up by 6.1%, supported by a positive contribution from most markets.

Revenue grew organically by 10.1%. Revenue/hl improved during the year, supported by price increases in some Eastern European markets, a positive product mix and an improved channel mix in south-eastern Europe due to fewer on-trade restrictions.

The region delivered a modest 1% organic operating profit growth. The operating margin contracted by 140bp to 17.6%, as the improved revenue/hl and several cost-saving initiatives were offset by higher COGS and logistics costs, and a difficult competitive environment in Russia.

RUSSIA

In a slightly growing Russian market, we delivered 5% organic volume growth. Revenue/hl grew by mid-single-digit percentages, improving during the year because of price increases and a positive product mix. We saw strong growth of brands such as 1664 Blanc, Somersby, Tuborg, Baltika and the energy drink Flash Up. Craft & speciality and alcohol-free brews grew strongly.

UKRAINE

The Ukrainian beer market declined slightly due to adverse weather during the year and declining consumer confidence following a significant increase in inflation. Our volumes grew slightly. Revenue/hl increased because of price increases and an improved product mix. Craft & speciality, alcohol-free brews, Baltika, Carlsberg and Tuborg saw solid growth.

SOUTH-EASTERN EUROPE

Our markets in south-eastern Europe grew by double-digit percentages, mainly because there were fewer COVID-19 restrictions than in 2020. Markets such as Italy and Greece did particularly well, further supported by a recovering tourist industry. Revenue/hl improved in all markets due to the positive channel mix from an improved on-trade channel and positive brand mix.

EXPORT & LICENSE

Volumes in the Export & License business grew by double-digit percentages. Tuborg and Carlsberg grew well in the European markets, and 1664 continued its solid performance in the Asian markets. Somersby grew strongly in Asia Pacific and Canada, and our alcohol-free brands did particularly well in the Middle East.

CENTRAL COSTS (NOT ALLOCATED)

Central costs, net, increased to DKK 1,318m (2020: DKK 1,183m) due to higher marketing investments, higher variable people-related costs and certain one-off provisions. Central costs are incurred for ongoing support of the Group's overall operations and strategic development. In particular, they include the costs of running central functions and central marketing.

OTHER ACTIVITIES (NON-BEVERAGE)

The operation of the Carlsberg Research Laboratory and the non-controlling holding in the Carlsberg Byen company in Copenhagen are reported separately from the beverage activities. The non-beverage activities generated an operating loss of DKK 8m (2020: loss of DKK 19m).

COMMENTS ON THE FINANCIAL STATEMENTS

CHANGES TO THE REGIONAL STRUCTURE

As of 1 January 2021, we changed our regional structure to ensure a better balance between the European regions. The Baltic and Balkan countries, Greece, Italy and the Export & License business were moved from Western Europe to Eastern Europe. Consequently, Eastern Europe was renamed Central & Eastern Europe (CEE). 2020 figures have been restated accordingly.

PARTNERSHIPS IN NEPAL AND INDIA

At the end of 2021, the Group ceased consolidation of the Nepalese business due to actions by the local minority shareholder, holding 10% of the shares, limiting our influence on the business operations in violation of our legal and contractual rights. The investment was remeasured at fair value and recognised as an investment in an associate. The remeasurement to fair value less cumulative foreign exchange differences reclassified from equity to the income statement amounted to DKK 38m and was recognised in special items. The derecognition did not have a material impact on the consolidated statement of financial position. The Group is contesting the actions in Nepal through the local courts and expects that the operations and management of the Nepalese business will eventually be normalised in line with the Group's legal and contractual rights. The local partner is a related party to the Group's partner in Carlsberg South Asia Pte Ltd, Singapore.

For some time, the Carlsberg Group has had serious disagreements with its partner in Carlsberg South Asia Pte Ltd, Singapore, which is the parent company of the Group's activities in India (100%) and Nepal (90%). The company is jointly owned by Carlsberg (67%) and the partner (33%). According to the Shareholders' Agreement, the partner was granted a put option to sell his shares to Carlsberg. The partner has not to date sought to exercise this put option. The Shareholders' Agreement states that the put option window ends in late 2023, although the Group disputes the partner's right to exercise the put option. In the consolidated financial statements, the put option is accounted for as if it had already been exercised. The company and its investments in India and Nepal are therefore included in the financial statements, with no profits or equity attributed to the non-controlling shareholder.

Several of the disagreements pertaining to the Shareholders' Agreement between Carlsberg and our partner have been referred to arbitration in Singapore for determination. The Group expects the arbitration award to be issued in H1 2022. Disputes always carry some inherent risk. The arbitration could have various outcomes, including either party being awarded a call option to buy out the other shareholder. If the tribunal were to find that Carlsberg has materially breached the Shareholders' Agreement, although this is not expected, the partner could become entitled to a call option to acquire the Group's 67% shareholding in Carlsberg South Asia Pte Ltd. Conversely, if the award is in favour of the Carlsberg Group, it could result in the acquisition of the 33% shareholding in Carlsberg South Asia Pte Ltd held by the partner.

In addition, Carlsberg called in a loan made to the partner in Carlsberg South Asia Pte Ltd that had become due and payable in full. This issue had been subject to separate court proceedings in Singapore for some time. In January 2022, the Singapore court of appeal finally confirmed that the partner must repay the loan with interest to Carlsberg in full. This led to a reversal of impairment of financial assets of DKK 328m, recognised in financial income.

More details can be found in the 2021 Annual Report, which will be published on 4 February 2022.

ACCOUNTING POLICIES

The 2021 consolidated financial statements of the Carlsberg Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

The consolidated financial statements have been prepared using the same accounting policies for recognition and measurement as those applied to the consolidated financial statements for 2020. The consolidated financial statements for 2021 contain a complete description of the accounting policies.

The following standards, amendments and improvements became applicable as of 1 January 2021, without having any impact on the Group's accounting policies, as they cover areas that are not material or relevant for the Group or do not change the accounting policies applied in 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest rate benchmark reform – Phase 2"
- Amendments to IFRS 4 "Insurance Contracts – deferral of IFRS 9"
- Amendments to IFRS 16 "Leases": COVID-19-Related Rent Concessions beyond 30 June 2021.

INCOME STATEMENT

Please see pages 8-9 for a review of operating profit.

Net special items (pre-tax) amounted to DKK -253m (2020: DKK -247m). Special items were positively impacted by reversal of provisions made in purchase price allocations in prior years in China and Cambodia of DKK 1,238m, mainly related to indirect taxes and certain employee obligations that were either settled during the year or are no longer expected to be realised. This was partly offset by impairment and write-downs of the Baltika brand in Russia and our investment in Tibet Lhasa Brewery. Special items were also impacted by one-off costs related to COVID-19, including safety measures and donations. A specification of special items is included in note 4.

Financial items, net, amounted to DKK -381m (2020: DKK -411m). Excluding currency gains and losses, financial items, net, amounted to DKK -319m (2020: DKK -550m), positively impacted by the reversal of the previous write-down of the loan to our partner in Carlsberg South Asia Pte Ltd. This was partly offset by higher provisions related to interest on tax cases in certain markets. Net currency losses and fair value adjustments amounted to DKK -62m, mainly related to USD/EUR deposits and hedging of packaging materials in Eastern Europe and USD-related currency losses in Asia. A specification of net financial items is included in note 5.

Tax totalled DKK -2,219m (2020: DKK -2,233m). The effective reported tax rate declined by 300bp to 21.7%, impacted by non-taxable gains in special items and lower net tax provisions. Excluding special items, the effective tax rate was 23.5%.

The Carlsberg Group's share of consolidated profit (net profit) was DKK 6,846m (2020: DKK 6,030m). The increase was primarily driven by the higher operating profit, lower net financials and the lower tax rate.

Adjusted net profit (adjusted for special items after tax) grew by 9% to DKK 6,943m, and adjusted earnings per share (excluding treasury shares) grew by 11% to DKK 48.3. In addition to the higher

operating profit, lower net financials and lower tax rate, earnings per share were supported by the share buy-backs.

Non-controlling interests were DKK 1,163m (2020: DKK 778m), positively impacted by strong growth for Carlsberg Chongqing Breweries Group in China, the reversal of provisions made in purchase price allocations in China (DKK 189m impact on non-controlling interests) and the inclusion of Carlsberg Marston's Brewing Company in the UK. Excluding the impact from special items, non-controlling interests were DKK 1,082m.

STATEMENT OF FINANCIAL POSITION

ASSETS

Total assets amounted to DKK 126,383m at 31 December 2021 (31 December 2020: DKK 118,816m). The increase was mainly due to higher intangible assets, inventories, trade and other receivables.

Total non-current assets amounted to DKK 103,292m (31 December 2020: DKK 99,820m). Intangible assets totalled DKK 68,475m (31 December 2020: DKK 66,061m). The increase was mainly due to the acquisition of Marston's brewing activities and Wernesgrüner Brewery as well as currency appreciation, primarily of the Russian and Chinese currencies, partly offset by impairment of brands and other intangible assets. Property, plant and equipment totalled DKK 26,648m (31 December 2020: DKK 26,299m), impacted by currency movements and capital expenditure offset by disposals and depreciation. Financial assets totalled DKK 8,169m (31 December 2020: DKK 7,460m). The increase was due to recognition of the business in Nepal as an associate.

Total current assets amounted to DKK 22,900m (31 December 2020: DKK 18,996m). Inventories increased by DKK 778m to DKK 5,391m, impacted in Asia by stocking prior to the Chinese New Year and currency appreciation. Trade receivables increased by DKK 1,985m due to higher sales than in 2020. The increase in other receivables of DKK 890m was mainly due to fair value adjustments linked to higher aluminium prices and the reversal of the write-down of the loan to our partner in Carlsberg South Asia Pte Ltd. Cash and cash equivalents amounted to DKK 8,344m (31 December 2020: DKK 8,093m).

EQUITY AND LIABILITIES

Equity

Equity amounted to DKK 48,756m at 31 December 2021 (31 December 2020: DKK 43,362m), DKK 43,941m of which was attributed to shareholders in Carlsberg A/S and DKK 4,815m to non-controlling interests.

The net change in equity of DKK +5,394m was explained by the consolidated profit of DKK 8,009m, non-controlling interests of DKK +941m and foreign exchange adjustment in other comprehensive income of DKK +3,307m, offset by the dividend payout of DKK -3,686m and the share buy-backs of DKK -3,600m.

Liabilities

Total liabilities were DKK 77,627m (31 December 2020: DKK 75,454m).

At 31 December 2021, non-current- and current borrowings amounted to DKK 28,922m. Non-current borrowings declined by DKK 6,536m, while current borrowings increased by DKK 5,208m due to the reclassification of a EUR 750m bond, which matures in November 2022.

Non-current tax liabilities, retirement benefit obligations etc. were DKK 11,590m (31 December 2020: DKK 17,714m). The decline was mainly due to the revaluation and reclassification to current liabilities of the put option held by our partner in Carlsberg South Asia Pte Ltd and the reversal of provisions made in purchase price allocations in previous years in China and Cambodia.

Current liabilities excluding current borrowings increased to DKK 37,115m (31 December 2020: DKK 27,490m). Trade payables increased by DKK 4,044m, impacted by currencies and a higher activity level. Other current liabilities, excluding deposits on returnable packaging, increased by DKK 5,353m, impacted by the above-mentioned reclassification of the put option held by our partner in Carlsberg South Asia Pte Ltd and higher bonus accruals.

CASH FLOW

Free operating cash flow was DKK 9,460m, an increase of DKK 2,367m. Free cash flow amounted to DKK 8,876m (2020: DKK 5,057m). The increase was mainly impacted by the higher EBITDA, a higher net contribution from the change in working capital and lower financial investments than in 2020.

Net cash flow amounted to DKK -72m (2020: DKK +3,247m), impacted by higher cash returns to shareholders in the form of dividends and share buy-backs, in total amounting to DKK 6,787m, and net cash flow in 2020 being positively impacted by two bond placings of EUR 500m each.

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities amounted to DKK 13,259m (2020: DKK 10,928m).

EBITDA was DKK 15,474m (2020: DKK 14,085m).

The change in trade working capital was DKK +802m (2020: DKK +1,321m), mainly due to strong cash management discipline and higher trade payables. Average trade working capital to revenue for the year was -18.4%, on par with 2020 (-18.6%).

The change in other working capital was DKK +617m (2020: DKK -1,033m), mainly impacted by VAT, bonus accruals and provisions.

Restructuring costs paid amounted to DKK -372m (2020: DKK -531m). Net interest etc. paid amounted to DKK -920m (2020: DKK -424m). The increase was mainly due to the settlement of financial instruments and provisions. Corporation tax paid was DKK -1,977m (2020: DKK -1,958m).

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities was DKK -4,383m (2020: DKK -5,871m).

Operational investments totalled DKK -3,799m (2020: DKK -3,835m). Acquisition of property, plant and equipment and intangible assets (CapEx) amounted to DKK -4,221m (2020:

DKK -4,396m). Excluding the purchase of the Brooklyn brand rights in 2020, operational investments increased by DKK 625m.

Total financial investments amounted to DKK -582m (2020: DKK -2,036m), impacted by deferred considerations related to the acquisition of Marston's brewing activities and the deconsolidation of the business in Nepal.

ROIC

Return on invested capital (12-month average) increased by 140bp to 10.3%, driven by higher profits and the lower tax rate. ROIC excluding goodwill improved by 430bp to 27.5%.

FINANCING

At 31 December 2021, gross financial debt amounted to DKK 28,922m and net interest-bearing debt to DKK 19,162m (2020: DKK 21,263m). The strong free cash flow more than offset the cash out-flow from the share buy-back programme (DKK 3.6bn) and dividends to shareholders and non-controlling interests (DKK 3.7bn). The difference of DKK 9,760m between gross financial debt and net interest-bearing debt mainly comprised cash and cash equivalents of DKK 8,344m.

At 31 December 2021, the average debt duration was 4.8 years (2020: 5.6 years). Of the gross financial debt, 79% (DKK 22,755m) was long term, i.e. with maturity of more than one year from 31 December 2021.

Net interest-bearing debt/EBITDA was 1.24x (2020: 1.51x). The financial leverage was kept slightly more conservative than in past years to ensure financial flexibility to potentially purchase the 33% shareholding in Carlsberg South Asia Pte Ltd.

SHARE BUY-BACK

2021 PROGRAMME

In 2021, the buy-back was carried out in quarterly tranches due to the uncertainty related to the development of COVID-19 across our markets. The total buy-back programme was DKK 4bn, with shares worth DKK 3.6bn bought back in 2021 and the remaining DKK 400m in January 2022. A total of 3.7m shares were bought at an average price of DKK 1,076.

2022 PROGRAMME

The Supervisory Board has decided to continue using share buy-back programmes to return excess cash to shareholders, in line with the SAIL'22 target of ensuring an optimal capital allocation for the Group.

The size of any share buy-back programme is based on the expected organic and inorganic investments needed to grow the business and the Group's intention to maintain net interest-bearing debt/EBITDA below 2.0x.

Due to the continuing business uncertainty related to the COVID-19 pandemic, increasing input costs and general consumer sentiment, the Group intends to execute the 2022 share buy-back as quarterly programmes.

Consequently, up until 22 April, the Group intends to buy back Carlsberg B shares amounting to DKK 1bn. The size of subsequent share buy-backs will be determined on a quarterly basis, with information on the next quarterly share buy-back programme being announced in connection with the Q1 trading statement on 28 April.

The programme will be executed in accordance with Article 5 of Regulation No 596/2014 of the European Parliament and Council of 16 April 2014 (MAR) and the Commission Delegated Regulation (EU) 2016/1052, also referred to as the Safe Harbour Regulation. Carlsberg is entitled to suspend or terminate the programme at any time. Any such decision will be disclosed to the public in a Company announcement.

The purpose of the programme is to reduce the Company's share capital and meet obligations relating to the Group's share-based incentive programmes. At the Annual General Meeting in 2023, the Supervisory Board intends to propose that shares not used for hedging of the incentive programmes be cancelled.

The Carlsberg Foundation will participate on a pro rata basis to the shares purchased in the programme. The Foundation will transfer shares on a weekly basis at a price equal to the volume-weighted average weekly share price of B shares repurchased by Carlsberg under the share buy-back programme. The price shall not deviate by more than 10% from the price quoted on Nasdaq Copenhagen at the time of purchase.

The Carlsberg Group has appointed Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ), Sverige ("SEB"), as lead manager to execute the programme independently and without influence from Carlsberg, as required by the Safe Harbour Regulation. Under the agreement, SEB will repurchase B shares during the trading period, which runs from 4 February 2022 to 22 April 2022. The maximum number of shares that may be repurchased on a single business day is 25% of the average daily trading volume of Carlsberg B shares over the 20 trading days prior to the date of purchase at the trading venue on which the purchase is carried out. A maximum of 10 million Carlsberg B shares can be bought during the trading period. The Group will disclose the transactions under the share buy-back programme at least once every seven trading days.

ANNUAL GENERAL MEETING

BOARD RESOLUTION AND PROPOSAL TO THE ANNUAL GENERAL MEETING

DIVIDEND

The Supervisory Board will recommend to the Annual General Meeting that a dividend be paid for 2021 of DKK 24.0 per share, or a total of DKK 3.4bn. This is an increase of 9% compared with 2020 and equals a payout ratio of 49% of adjusted net profit.

CANCELLATION OF SHARES

As a consequence of the share buy-back programme initiated in February 2021, the Supervisory Board will recommend to the Annual General Meeting that 3.4m treasury shares not used for hedging of the incentive programmes be cancelled.

FINANCIAL CALENDAR

The financial year follows the calendar year, and the following schedule has been set for the remainder of 2022:

14 March	Annual General Meeting
28 April	Q1 trading statement
11 August	H1 interim financial statement
28 September	Capital Markets Day
27 October	Q3 trading statement

Forward-looking statements

This Company announcement contains forward-looking statements, including, but not limited to, guidance, expectations, strategies, objectives and statements regarding future events or prospects with respect to the Group's future financial and 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 such as "expect", "estimate", "intend", "will be", "will continue", "will result", "could", "may", "might" or any variations of such words or other words with similar meanings. Forward-looking statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from the results discussed in such forward-looking statements. Prospective information is based on management's then current expectations or forecasts. Such information is subject to the risk that such expectations or forecasts, or the assumptions underlying such expectations or forecasts, may change. The Group assumes no obligation to update any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

Some important risk factors that could cause the Group's actual results to differ materially from those expressed in its forward-looking statements include, but are not limited to: economic and geopolitical uncertainty (including interest rates and exchange rates), financial and regulatory developments, demand for the Group's products, increasing industry consolidation, competition from other breweries, the availability and pricing of materials used by the Group, cost of energy, production- and distribution-related issues, IT failures, market-driven price reductions, litigation, environmental issues and other unforeseen factors. The nature of the Group's business means that risk factors and uncertainties may arise, and it may not be possible for management to predict all such risk factors, nor to assess the impact of all such risk factors on the Group's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.

MANAGEMENT STATEMENT

The Supervisory Board and Executive Board have discussed and approved the Company announcement of the financial statement as at 31 December 2021.

The Company announcement of the financial statement as at 31 December 2021 has been prepared using the same accounting policies as the consolidated financial statements for 2021.

Copenhagen, 4 February 2022

Executive Board of Carlsberg A/S

Cees 't Hart
CEO

Heine Dalsgaard
CFO

Supervisory Board of Carlsberg A/S

Flemming Besenbacher
Chair

Henrik Poulsen
Deputy Chair

Hans Andersen

Carl Bache

Magdi Batato

Lilian Fossum Biner

Richard Burrows

Eva Vilstrup Decker

Lars Fruergaard Jørgensen

Finn Lok

Erik Lund

Søren-Peter Fuchs Olesen

Peter Petersen

Majken Schultz

Lars Stemmerik

FINANCIAL STATEMENTS

	Income statement
	Statement of comprehensive income
	Statement of financial position
	Statement of changes in equity
	Statement of cash flows
Note 1	Segment reporting by region (beverages)
Note 2	Segment reporting by activity
Note 3	Segment reporting by half-year
Note 4	Special items
Note 5	Net financial expenses
Note 6	Debt and credit facilities
Note 7	Net interest-bearing debt
Note 8	Acquisition of entities
Appendix 1	Company announcements in 2021

INCOME STATEMENT

DKK million	H2		H2	
	2021	2020	2021	2020
Revenue	34,947	29,711	66,634	58,541
Cost of sales	-18,678	-15,368	-35,307	-30,180
Gross profit	16,269	14,343	31,327	28,361
Sales and distribution expenses	-8,669	-7,783	-16,729	-15,373
Administrative expenses	-2,092	-1,567	-4,165	-3,453
Other operating activities, net	45	-149	93	-151
Share of profit after tax of associates and joint ventures	198	240	336	315
Operating profit before special items	5,751	5,084	10,862	9,699
Special items, net	-77	-235	-253	-247
Financial income	524	258	582	373
Financial expenses	-644	-470	-963	-784
Profit before tax	5,554	4,637	10,228	9,041
Income tax	-1,058	-1,088	-2,219	-2,233
Consolidated profit	4,496	3,549	8,009	6,808
Attributable to:				
Non-controlling interests	677	374	1,163	778
Shareholders in Carlsberg A/S (net profit)	3,819	3,175	6,846	6,030
DKK				
Earnings per share of DKK 20	26.7	21.9	47.6	41.3
Diluted earnings per share of DKK 20	26.5	21.8	47.4	41.1

STATEMENT OF COMPREHENSIVE INCOME

DKK million	H2 2021	H2 2020	2021	2020
Consolidated profit	4,496	3,549	8,009	6,808
Other comprehensive income				
Retirement benefit obligations	257	309	578	1
Share of other comprehensive income in associates and joint ventures	8	-5	10	-4
Income tax	20	-42	20	-42
Items that will not be reclassified to the income statement	285	262	608	-45
Foreign exchange adjustments of foreign entities	1,733	-4,259	3,307	-7,640
Fair value adjustments of hedging instruments	-288	324	-323	198
Income tax	76	-59	83	-22
Items that will be reclassified to the income statement	1,521	-3,994	3,067	-7,464
Other comprehensive income	1,806	-3,732	3,675	-7,509
Total comprehensive income	6,302	-183	11,684	-701
Attributable to:				
Non-controlling interests	561	122	1,246	456
Shareholders in Carlsberg A/S	5,741	-305	10,438	-1,157

STATEMENT OF FINANCIAL POSITION

DKK million	31 Dec. 2021	31 Dec. 2020
ASSETS		
Intangible assets	68,475	66,061
Property, plant and equipment	26,648	26,299
Financial assets	8,169	7,460
Total non-current assets	103,292	99,820
Inventories	5,391	4,613
Trade receivables	5,710	3,725
Other receivables	3,455	2,565
Cash and cash equivalents	8,344	8,093
Total current assets	22,900	18,996
Assets held for sale	191	-
Total assets	126,383	118,816
EQUITY AND LIABILITIES		
Equity, shareholders in Carlsberg A/S	43,941	39,308
Non-controlling interests	4,815	4,054
Total equity	48,756	43,362
Borrowings	22,755	29,291
Tax liabilities, retirement benefit obligations etc.	11,590	17,714
Total non-current liabilities	34,345	47,005
Borrowings	6,167	959
Trade payables	20,642	16,598
Deposits on returnable packaging materials	1,504	1,276
Other liabilities	14,969	9,616
Total current liabilities	43,282	28,449
Total equity and liabilities	126,383	118,816

STATEMENT OF CHANGES IN EQUITY

DKK million

Shareholders in Carlsberg A/S

	Share capital	Currency translation	Hedging reserves	Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
2021								
Equity at 1 January	2,963	-40,215	-609	-40,824	77,169	39,308	4,054	43,362
Consolidated profit	-	-	-	-	6,846	6,846	1,163	8,009
Other comprehensive income	-	2,891	116	3,007	585	3,592	83	3,675
Total comprehensive income for the year	-	2,891	116	3,007	7,431	10,438	1,246	11,684
Cancellation of treasury shares	-58	-	-	-	58	-	-	-
Share-based payments	-	-	-	-	82	82	-	82
Dividends paid to shareholders	-	-	-	-	-3,187	-3,187	-499	-3,686
Share buy-back	-	-	-	-	-3,600	-3,600	-	-3,600
Non-controlling interests	-	-	-	-	957	957	-16	941
Acquisition of entities	-	-	-	-	-57	-57	131	74
Deconsolidation of entities	-	-	-	-	-	-	-101	-101
Total changes in equity	-58	2,891	116	3,007	1,684	4,633	761	5,394
Equity at 31 December	2,905	-37,324	-493	-37,817	78,853	43,941	4,815	48,756
2020								
Equity at 1 January	3,051	-32,930	-721	-33,651	74,049	43,449	2,585	46,034
Consolidated profit	-	-	-	-	6,030	6,030	778	6,808
Other comprehensive income	-	-7,285	112	-7,173	-14	-7,187	-322	-7,509
Total comprehensive income for the year	-	-7,285	112	-7,173	6,016	-1,157	456	-701
Cancellation of treasury shares	-88	-	-	-	88	-	-	-
Share-based payments	-	-	-	-	47	47	-5	42
Dividends paid to shareholders	-	-	-	-	-3,093	-3,093	-805	-3,898
Share buy-back	-	-	-	-	-2,900	-2,900	-	-2,900
Non-controlling interests	-	-	-	-	3,144	3,144	614	3,758
Acquisition of entities	-	-	-	-	-182	-182	1,209	1,027
Total changes in equity	-88	-7,285	112	-7,173	3,120	-4,141	1,469	-2,672
Equity at 31 December	2,963	-40,215	-609	-40,824	77,169	39,308	4,054	43,362

STATEMENT OF CASH FLOWS

DKK million	H2 2021	H2 2020	2021	2020
Operating profit before special items	5,751	5,084	10,862	9,699
Depreciation, amortisation and impairment losses	2,478	2,204	4,612	4,386
Operating profit before depreciation, amortisation and impairment losses¹	8,229	7,288	15,474	14,085
Other non-cash items	-250	-512	-365	-532
Change in trade working capital	98	1,711	802	1,321
Change in other working capital	255	-950	617	-1,033
Restructuring costs paid	-155	-435	-372	-531
Interest etc. received	70	49	117	97
Interest etc. paid	-672	-208	-1,037	-521
Income tax paid	-1,000	-1,127	-1,977	-1,958
Cash flow from operating activities	6,575	5,816	13,259	10,928
Acquisition of property, plant and equipment and intangible assets ²	-2,413	-1,915	-4,221	-4,396
Disposal of property, plant and equipment and intangible assets	219	56	274	222
Change in on-trade loans	81	254	148	339
Total operational investments	-2,113	-1,605	-3,799	-3,835
Free operating cash flow	4,462	4,211	9,460	7,093
Acquisition and disposal of subsidiaries, net	-700	-2,409	-635	-2,409
Acquisition and disposal of associates and joint ventures, net	-49	7	-52	8
Acquisition and disposal of financial investments, net	1	5	1	6
Change in financial receivables	-177	34	-187	42
Dividends received	59	67	291	317
Total financial investments	-866	-2,296	-582	-2,036
Other investments in real estate	-1	1	-2	-
Total other activities³	-1	1	-2	-
Cash flow from investing activities	-2,980	-3,900	-4,383	-5,871
Free cash flow	3,595	1,916	8,876	5,057
Shareholders in Carlsberg A/S	-	-	-3,187	-3,093
Share buy-back	-2,337	-536	-3,600	-2,900
Non-controlling interests	-147	-247	-550	-877
External financing	-1,442	-528	-1,611	5,060
Cash flow from financing activities	-3,926	-1,311	-8,948	-1,810
Net cash flow	-331	605	-72	3,247
Cash and cash equivalents at beginning of period ⁴	8,376	7,677	7,958	5,149
Foreign exchange adjustment of cash and cash equivalents	299	-324	458	-438
Cash and cash equivalents at period-end⁴	8,344	7,958	8,344	7,958

¹ Impairment losses exclude those reported in special items.

² Includes the acquisition of the Brooklyn brand rights in our markets, DKK 0.8bn in 2020.

³ Other activities cover real estate, separate from beverage activities.

⁴ Cash and cash equivalents less bank overdrafts.

NOTE 1 (PAGE 1 OF 3)

SEGMENT REPORTING BY REGION

	Q4 2021	Q4 2020	H2 2021	H2 2020	2021	2020
Beer (million hl)						
Western Europe	7.0	5.7	15.4	13.5	29.7	26.8
Asia	6.6	6.7	17.9	17.2	39.1	34.8
Central & Eastern Europe	11.0	10.5	26.8	26.1	50.8	48.5
Total	24.6	22.9	60.1	56.8	119.6	110.1
Other beverages (million hl)						
Western Europe	3.2	2.7	6.7	5.9	12.4	11.2
Asia	1.3	1.3	2.6	2.5	5.3	4.8
Central & Eastern Europe	1.0	0.9	2.5	2.1	4.9	4.0
Total	5.5	4.9	11.8	10.5	22.6	20.0
Revenue (DKK million)						
Western Europe	7,681	5,700	16,669	13,374	30,501	25,875
Asia	3,887	3,793	9,384	8,496	19,459	16,959
Central & Eastern Europe	3,643	2,952	8,896	7,825	16,665	15,682
Not allocated	-3	7	-2	16	9	25
Beverages, total	15,208	12,452	34,947	29,711	66,634	58,541
Non-beverage	-	-	-	-	-	-
Total	15,208	12,452	34,947	29,711	66,634	58,541
Operating profit before depreciation, amortisation and special items (EBITDA, DKK million)						
Western Europe ¹			3,544	3,057	6,197	5,652
Asia			3,236	2,654	6,559	5,521
Central & Eastern Europe ¹			2,071	2,058	3,925	4,026
Not allocated			-632	-493	-1,216	-1,105
Beverages, total			8,219	7,276	15,465	14,094
Non-beverage			10	12	9	-9
Total			8,229	7,288	15,474	14,085
Operating profit before special items (DKK million)						
Western Europe ¹			2,644	2,197	4,401	3,926
Asia			2,254	1,873	4,855	3,991
Central & Eastern Europe ¹			1,557	1,549	2,932	2,984
Not allocated			-703	-541	-1,318	-1,183
Beverages, total			5,752	5,078	10,870	9,718
Non-beverage			-1	6	-8	-19
Total			5,751	5,084	10,862	9,699
Operating margin (%)						
Western Europe			15.9	16.4	14.4	15.2
Asia			24.0	22.0	24.9	23.5
Central & Eastern Europe			17.5	19.8	17.6	19.0
Not allocated			-	-	-	-
Beverages, total			16.5	17.1	16.3	16.6
Non-beverage			-	-	-	-
Total			16.5	17.1	16.3	16.6

¹ H2 2020 and full-year 2020 operating profit before depreciation, amortisation and special items in Western Europe and Central & Eastern Europe have been restated due to change in the regional structure.

NOTE 1 (PAGE 2 OF 3)

SEGMENT REPORTING BY REGION

DKK million	2021	2020
Capital expenditure, CapEx		
Western Europe	1,340	1,258
Asia	1,800	1,395
Central & Eastern Europe	884	768
Not allocated ¹	191	965
Beverages, total	4,215	4,386
Non-beverage	8	10
Total	4,223	4,396
Total excl. Brooklyn brand rights	4,223	3,592
Amortisation and depreciation		
Western Europe	1,796	1,726
Asia	1,704	1,530
Central & Eastern Europe	993	1,042
Not allocated	102	78
Beverages, total	4,595	4,376
Non-beverage	17	10
Total	4,612	4,386
Amortisation and depreciation, excluding right-of-use assets		
Western Europe	1,552	1,493
Asia	1,639	1,455
Central & Eastern Europe	919	960
Not allocated	100	72
Beverages, total	4,210	3,980
Non-beverage	17	10
Total	4,227	3,990
CapEx/Amortisation and depreciation, excluding right-of-use assets (%)		
Western Europe	86	84
Asia	110	96
Central & Eastern Europe	96	80
Not allocated	-	-
Beverages, total	100	110
Non-beverage	-	-
Total	100	110
Total excl. Brooklyn brand rights	100	90

¹ Includes the acquisition of the Brooklyn brand rights in our markets, DKK 0.8bn in 2020.

NOTE 1 (PAGE 3 OF 3)

SEGMENT REPORTING BY REGION

DKK million	2021	2020
Invested capital, period-end		
Western Europe	35,582	35,746
Asia	20,244	18,045
Central & Eastern Europe	27,246	26,964
Not allocated	-604	6
Beverages, total	82,468	80,761
Non-beverage	1,168	780
Total	83,636	81,541
Invested capital excl. goodwill, period-end		
Western Europe	15,317	16,142
Asia	4,281	2,682
Central & Eastern Europe	10,990	11,439
Not allocated	-604	6
Beverages, total	29,984	30,269
Non-beverage	1,168	780
Total	31,152	31,049
EBIT adjusted for effective tax		
Western Europe	3,385	2,930
Asia	3,719	3,075
Central & Eastern Europe	2,365	2,447
Not allocated	-975	-1,140
Beverages, total	8,494	7,312
Non-beverage	11	-9
Total	8,505	7,303
Return on invested capital, ROIC (%), 12-month average		
Western Europe	9.2	8.7
Asia	20.3	15.8
Central & Eastern Europe	8.6	8.5
Not allocated	-	-
Beverages, total	10.4	9.0
Non-beverage	-	-
Total	10.3	8.9
Return on invested capital excl. goodwill (%), 12-month average		
Western Europe	20.1	18.8
Asia	153.4	88.8
Central & Eastern Europe	20.7	19.8
Not allocated	-	-
Beverages, total	28.1	24.4
Non-beverage	-	-
Total	27.5	23.2

NOTE 2

SEGMENT REPORTING BY ACTIVITY

DKK million	H2 2021			H2 2020		
	Beverages	Non-beverage	Total	Beverages	Non-beverage	Total
Revenue	34,947	-	34,947	29,711	-	29,711
Operating profit before special items	5,752	-1	5,751	5,078	6	5,084
Special items, net	-157	80	-77	-232	-3	-235
Financial items, net	-120	-	-120	-209	-3	-212
Profit before tax	5,475	79	5,554	4,637	-	4,637
Income tax	-1,014	-44	-1,058	-1,086	-2	-1,088
Consolidated profit	4,461	35	4,496	3,551	-2	3,549
Attributable to:						
Non-controlling interests	677	-	677	374	-	374
Shareholders in Carlsberg A/S (net profit)	3,784	35	3,819	3,177	-2	3,175

DKK million	FY2021			FY2020		
	Beverages	Non-beverage	Total	Beverages	Non-beverage	Total
Revenue	66,634	-	66,634	58,541	-	58,541
Operating profit before special items	10,870	-8	10,862	9,718	-19	9,699
Special items, net	-333	80	-253	-244	-3	-247
Financial items, net	-379	-2	-381	-403	-8	-411
Profit before tax	10,158	70	10,228	9,071	-30	9,041
Income tax	-2,182	-37	-2,219	-2,240	7	-2,233
Consolidated profit	7,976	33	8,009	6,831	-23	6,808
Attributable to:						
Non-controlling interests	1,163	-	1,163	778	-	778
Shareholders in Carlsberg A/S (net profit)	6,813	33	6,846	6,053	-23	6,030

NOTE 3

SEGMENT REPORTING BY HALF-YEAR

DKK million	H1 2020	H2 2020	H1 2021	H2 2021
Revenue				
Western Europe	12,501	13,374	13,832	16,669
Asia	8,463	8,496	10,075	9,384
Central & Eastern Europe	7,857	7,825	7,769	8,896
Not allocated	9	16	11	-2
Beverages, total	28,830	29,711	31,687	34,947
Non-beverage	-	-	-	-
Total	28,830	29,711	31,687	34,947
Operating profit before special items				
Western Europe ¹	1,729	2,197	1,757	2,644
Asia	2,118	1,873	2,601	2,254
Central & Eastern Europe ¹	1,435	1,549	1,375	1,557
Not allocated	-642	-541	-615	-703
Beverages, total	4,640	5,078	5,118	5,752
Non-beverage	-25	6	-7	-1
Total	4,615	5,084	5,111	5,751
Special items, net	-12	-235	-176	-77
Financial items, net	-199	-212	-261	-120
Profit before tax	4,404	4,637	4,674	5,554
Income tax	-1,145	-1,088	-1,161	-1,058
Consolidated profit	3,259	3,549	3,513	4,496
Attributable to:				
Non-controlling interests	404	374	486	677
Shareholders in Carlsberg A/S (net profit)	2,855	3,175	3,027	3,819

¹ H1 2020 and H2 2020 operating profit before depreciation, amortisation and special items in Western Europe and Central & Eastern Europe have been restated due to change in the regional structure.

NOTE 4

SPECIAL ITEMS

DKK million	2021	2020
Special items, income:		
Reversal of provisions made in purchase price allocations in prior years	1,238	586
Reversal of provisions made in prior years	52	-
Reversal of impairment losses	86	-
Gain on disposal of entities and assets	15	62
Revaluation gain on deconsolidation of Gorkha Brewery	38	-
Disposal of property, plant and equipment previously impaired, including adjustments to gains and reversal of provisions made in prior years	-	52
Income	1,429	700
Special items, expenses:		
Impairment of brands	-950	-231
Impairment of investment of associates	-244	-
Impairment of property, plant and equipment	-	-74
Reset, other restructurings and provisions	-270	-419
Adjustment of contingent consideration	-129	-29
COVID-19, personal protective equipment and donations	-41	-69
Costs related to acquisition of entities, etc.	-48	-125
Expenses	-1,682	-947
Special items, net	-253	-247

NOTE 5

NET FINANCIAL EXPENSES

DKK million	H2 2021	H2 2020	2021	2020
Financial income				
Interest income	62	42	101	81
Foreign exchange gains, net	-10	75	-	139
Interest on plan assets, defined benefit plans	99	114	99	114
Reversal of impairment of financial assets	363	5	363	5
Other	10	22	19	34
Total	524	258	582	373
Financial expenses				
Interest expenses	-247	-253	-500	-484
Capitalised financial expenses	-	-	4	1
Foreign exchange losses, net	-62	-	-62	-
Interest cost on obligations, defined benefit plans	-120	-133	-138	-160
Interest expenses, lease liabilities	-8	-7	-13	-12
Other	-207	-77	-254	-129
Total	-644	-470	-963	-784
Financial items, net, recognised in the income statement	-120	-212	-381	-411
Financial items excluding foreign exchange, net	-48	-287	-319	-550

NOTE 6

DEBT AND CREDIT FACILITIES

DKK million						31 Dec. 2021
Time to maturity for non-current borrowings	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	3,708	7,411	-	-	10,333	21,452
Bank borrowings	68	4	5	1	-	78
Lease liabilities	322	87	76	60	467	1,012
Other non-current borrowings	100	97	1	1	14	213
Total	4,198	7,599	82	62	10,814	22,755

DKK million		31 Dec. 2021
Currency split of net financial debt¹		
EUR		18,942
USD		1,583
CHF		1,343
Other currencies		-1,290
Total		20,578

¹ After currency swaps.

DKK million		31 Dec. 2021
Committed credit facilities		
< 1 year		7,316
1-2 years		4,198
2-3 years		7,599
3-4 years		82
4-5 years		14,936
> 5 years		10,814
Total		44,945
Current		7,316
Non-current		37,629

NOTE 7

NET INTEREST-BEARING DEBT

DKK million	H2 2021	H2 2020	2021	2020
Issued bonds			21,452	27,002
Bank borrowings			78	922
Lease liabilities			1,012	1,080
Other non-current borrowings			213	287
Total non-current borrowings			22,755	29,291
Issued bonds			5,573	-
Bank borrowings			116	472
Lease liabilities			375	398
Other current borrowings			103	89
Total current borrowings			6,167	959
Gross financial debt			28,922	30,250
Cash and cash equivalents			-8,344	-8,093
Net financial debt			20,578	22,157
Loans to associates, interest-bearing portion			-238	-209
On-trade loans, net			-578	-618
Other receivables, net			-600	-67
Other interest-bearing assets, net			-1,416	-894
Net interest-bearing debt			19,162	21,263

Changes in net interest-bearing debt

Net interest-bearing debt at beginning of period	20,803	21,909	21,263	18,776
Cash flow from operating activities	-6,575	-5,816	-13,259	-10,928
Cash flow from investing activities	2,231	1,498	3,696	3,470
Cash flow from acquisitions	749	2,463	687	2,482
Dividend to shareholders and non-controlling interests	147	186	3,737	3,889
Share buy-back	2,337	536	3,600	2,900
Net interest-bearing debt from acquisition of subsidiaries	39	116	29	116
Change in interest-bearing lending	-194	149	-152	136
Lease liabilities, net	173	67	275	190
Other	-346	-90	-346	-65
Effects of currency translation	-202	245	-368	297
Total change	-1,641	-646	-2,101	2,487
Net interest-bearing debt, end of period	19,162	21,263	19,162	21,263

NOTE 8

ACQUISITION OF ENTITIES

On 1 January 2021, the Group completed the acquisition of Wernesgrüner Brewery, Germany, which was fully consolidated as of the acquisition date. The acquisition is not material to the consolidated financial statements.

In October 2020, Carlsberg UK and Marston's PLC injected their respective brewing activities into a jointly owned company named Carlsberg Marston's Brewing Company Limited. Carlsberg is the controlling shareholder with a shareholding of 60%. The jointly owned company was formed to strengthen the Group's presence in the UK through a stronger beer portfolio and distribution network. The total cost of the acquisition comprises the cash consideration paid, a contingent consideration and the fair value of the 40% of Carlsberg UK businesses that were effectively transferred to the seller, Marston's PLC, when the Carlsberg entities were injected into the jointly owned company.

The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities for both the Marston's brewing activities and Wernesgrüner Brewery has been completed.

DKK million	Wernesgrüner Brewery	Marston's brewing activities
Consideration paid	511	1,868
Fair value of contingent consideration	-	61
Fair value of non-controlling shareholding in Carlsberg UK transferred to the seller	-	588
Foreign exchange translation difference	-	12
Total cost of acquisition	511	2,529
Acquired assets and liabilities		
Goodwill	267	1,760
Brands and other intangibles assets	123	514
Property, plant and equipment	193	881
Inventories	21	228
Trade and other receivables	16	478
Assets held for sale	-	96
Cash and cash equivalents	14	-
Borrowings and lease liabilities	-1	-212
Provisions and retirement benefit obligations	-17	-17
Deferred tax liabilities	-61	-111
Trade payables	-15	-302
Other payables	-29	-273
Acquired assets and liabilities	511	3,042
Non-controlling interests	-	-513
Acquired assets and liabilities attributable to shareholders in Carlsberg A/S	511	2,529

APPENDIX 1

COMPANY ANNOUNCEMENTS IN 2021

The list below contains Company announcements during 2021, excluding insider trading and the weekly share buy-back announcements. A full overview of these is available at www.carlsberggroup.com/investor-relations/investor-home/company-announcements/

05.02.2021	Financial Statement as at 31 December 2020
05.02.2021	Carlsberg A/S Annual Report and Sustainability Report
15.02.2021	Notice to convene the Annual General Meeting
15.03.2021	Annual General Meeting – Summary
13.04.2021	Carlsberg A/S share capital reduction
28.04.2021	Trading Statement as at 31 March 2021
18.08.2021	Financial Statement as at 30 June 2021 and earnings upgrade
27.10.2021	Trading statement as at 30 September 2021 and earnings upgrade
16.12.2021	Chair Flemming Besenbacher retires from the Supervisory Board of Carlsberg A/S