Annual Report

2021

ROYAL UNIBREW

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.

CEO Letter

2021 was in many ways a remarkable year for Royal Unibrew

Despite the pandemic and hence a challenged supply chain, we managed not only to deliver solid organic growth and more than 10% volume into the market; we also signed six acquisitions during the year as well as Hansa Borg in the first week of 2022.

Strategically, we concluded our first year with THE PREFERRED CHOICE framework and I am very pleased that we have delivered advancement on all parameters.

- We continue to bring relevant products to the market, expanding the choices for our consumers reflected in continued market share gains
- The broader portfolio and higher service level are recognized by our customers reflected in high ratings in surveys and resulting in expanded and new relationships across geographies
- Our people scores advance, and we see improvements in our ability to attract talents
- On ESG, we improved our Sustainalytics score significantly, and we are now rated within top 10% in our core industry peer group
- On that backdrop, we delivered the highest earnings ever in Royal Unibrew paving the way for another year of increased re-distribution to shareholders in spite of the high M&A activity

Our multi-beverage business model continues to yield very satisfactory results and with the acquisition of Solera Beverage Group, we strengthen our wine capabilities as well as expanding our geographical footprint by including Norway and Sweden. I feel certain that we have a very strong business model in the Nordic with an even broader portfolio and channel coverage that will strengthen our relationship with our customers even further and deliver relevant brands to the consumers. Bringing more feet on the ground servicing more customers makes us more competitive driving organic volume growth. Our multi-beverage model brings a competitive edge and a better utilization of assets and thereby higher efficiency. Although the

"Our strategic framework together with our multi-beverage model, yielded very satisfactory results in 2021."

businesses in Norway and Sweden are not as broad portfolio-wise as Hartwall was, we aspire to close the gap and are willing to invest in the long-term opportunity.

As part of THE PREFERRED CHOICE strategy, we identified six growth categories, and we aim to grow faster than the market in all categories. Overall, consumers do not drink more beverages, but habits and demands change, new categories evolve and we want to be ahead of the curve. Not all categories are growing at the same speed in all countries, so the art lies in selecting the right priorities in the individual markets.

- The energy drinks category grows impressively these years. The category is highly innovative, and consumers are very curious about flavors, sugar levels and added functionality. We foresee considerable growth in this category in the future.

- Low/no sugar - especially within the carbonated soft drinks category - is to our belief saving the category from a substantial decline. We benefit from the significant conversion into no-sugar and no-calories carbonated soft drinks (CSD) as we generally have higher market share in no-sugar than in sugar through a strong portfolio from our own brands and from our partner, PepsiCo.

- Low/no alcohol beverages are still relatively modest in most markets, however, growth rates are high led by significant improvement in the taste profiles. The category growth links up to the global health and wellness trend.

- The cider/RTD category is growing as it taps into consumers' increasing demand for convenience, quality ingredients, premium products and new drinking occasions. This means that products like pre-mixed cocktails grow significantly. We see this category taking share from beer and spirits.

- The strong work with brands like Ceres Strong Ale, Vitamalt, Lorina, Nohrlund and our craft ranges support a continued premiumization of our total product portfolio. Many consumers are willing to pay for premium products with added value being anything from local to organic or with CO_2 neutrality.

- The enhanced drinks category, which we believe will get closer to the energy drinks category, develops positively in many countries, however from a very small base. Enhanced drinks are popular in Finland and our Finnish brand, Novelle continues to take the lead in Finland – latest with the launch of a line extension containing plant-based proteins. We continue to see a bright future for enhanced waters as consumers increase focus on healthy and better-for-me products.

Availability of assets are rarely predictable but to strengthen our platform and in line with our strategy, we succeeded in acquiring several businesses during the last 12 months. The businesses range from bolt-on acquisitions over new brands and/or categories to new platforms/geographies, each individual acquisition not being transformational for Royal Unibrew, but the totality is.

We continue to work hard on our target to be among the world's most sustainable beverage companies. In all parts of Royal Unibrew and every day, we are looking for ways to reduce our environmental footprint, to find more sustainable solutions for our customers and more sustainable and healthier products to our consumers. We therefore continue to support UN Global Compact initiative and in addition, we have decided to also enroll in the Task Force on Climate-Related Financial Disclosure (TCFD) as well as the Science Based Targets initiative (SBTi). Our impact on the world and our willingness to reduce the negative part of it is strong and can be felt throughout our company.

We are entering 2022 as a stronger company. We have expanded our geographic footprint, strengthened most of our market positions and even added new market leading positions to our business portfolio, while at the same time we have strengthened our capabilities. We will not optimize earnings short-term by underinvesting in commercial opportunities, but we will maximize the mid- to long-term potential by overinvesting ahead of the curve in the growth opportunities we see across categories and geographies. The annual report has been prepared ahead of the unfortunate events we are witnessing in Ukraine right now, and due to increased inflationary risk, we have lowered the expected EBIT range for 2022 ahead of this publication.

I would like to thank all my colleagues around the world for their dedicated and impressive efforts in a time of significant changes at many levels. Without all the hard work and an agile attitude, it would not have been possible to deliver the best annual result ever. I would also like to thank our board of directors for their support and our shareholders for their continued trust – thank you all!

Lars Jensen
President & CEO

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Watch the video

Faxe Kondi celebrated its 50th anniversary this year

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Who we are

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Royal Unibrew in brief

Royal Unibrew is a leading multi-beverage company with strong local brand portfolios in our main markets in the Nordic region, the Baltic countries, Italy and France. In addition, our products are sold in more than 65 countries in the rest of the world.

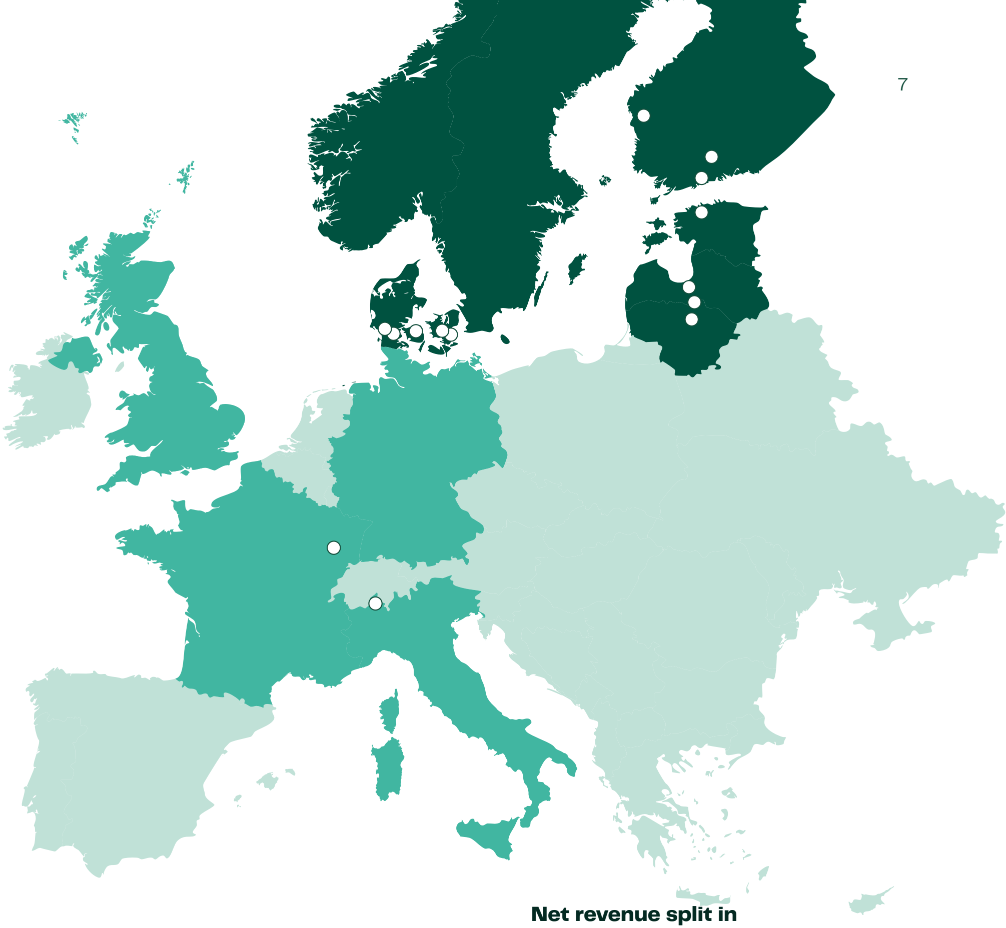
We strive to offer our customers a broad portfolio of high-quality beverages, which accomodates our consumers' demands across a wide range of categories, including beer, malt beverages, soft drinks, energy drinks, cider/RTD, juice, water, wine and spirits.

Our portfolio includes brands like Faxe Kondi, Original Long drink, LemonSoda, Novelle, Faxe, Lorina, Vitamalt, Kalnapilis etc., and in addition to our own brands, we offer license-based international brands from PepsiCo and Heineken in Northern Europe.

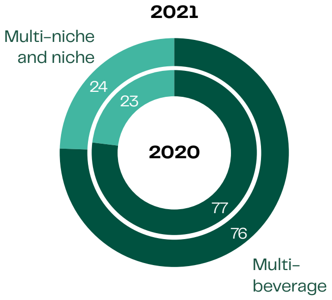
We want to be THE PREFERRED CHOICE as local beverage partner that challenge the status quo by doing better every day in a fun, agile and sustainable way, creating good and enjoyable moments for our consumers.

Markets

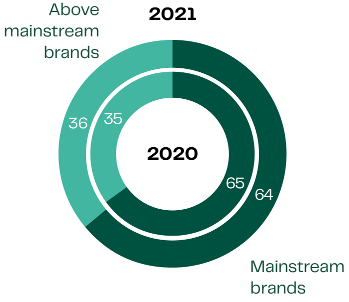
- Multi-beverage
- Multi-niche
- Production



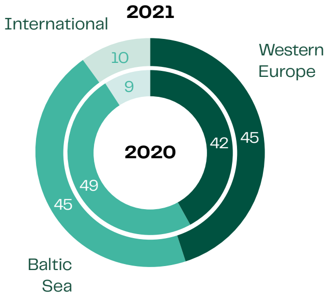
Net revenue split
(%)



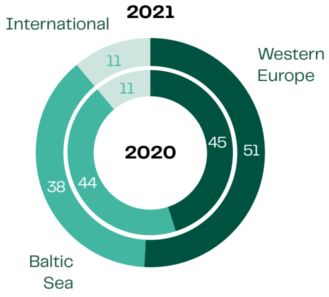
Net revenue by brand category
(%)



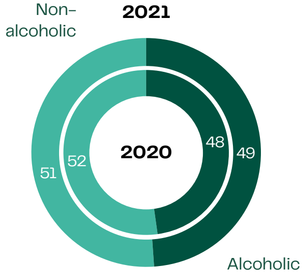
Volume by segment
(%)



EBIT by segment
(%)



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



Results for 2021 and outlook for 2022

Highest EBIT ever despite some capacity issues, a challenged supply chain, increasing raw material prices and COVID-19 impacts.

Developments in 2021

- Strong performance in both On-Trade and Off-Trade leading to increased market shares in our key markets
- Organic EBIT growth of 6%. Reported EBIT growth of 9%. EBIT 12% above 2019
- Strong free cash flow of DKK 1,296 million, down by 8% when compared to an extraordinary high free cash flow in 2020
- Earnings per share up from DKK 24.1 to DKK 26.5 (+10%)
- In 2021, total distribution to shareholders was DKK 1,235 million up by 30%
- A dividend of DKK 14.50 per share for 2021 (2020: DKK 13.50) is proposed to the AGM
- A new share buy-back program of DKK 300 million is initiated

Outlook for 2022

mDKK	Outlook	Actual 2021	Actual 2020
Net revenue	10,000-11,000	8,746	7,315
EBIT	1,650-1,800	1,652	1,515

Please refer to page 28 for more details.

+20%

Net revenue increase for 2021 to DKK 8,746 million

+9%

EBIT increase for 2021 to DKK 1,652 million

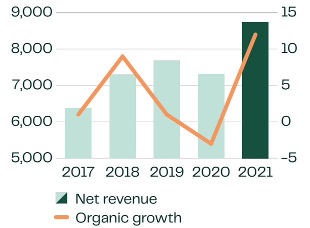
18.9%

EBIT-margin for 2021, a decrease of 1.8 percentage point

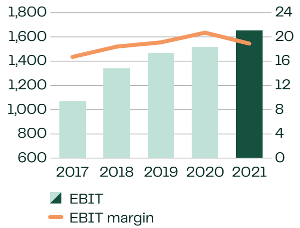
10%

EPS increase for 2021, to DKK 26.5 per share

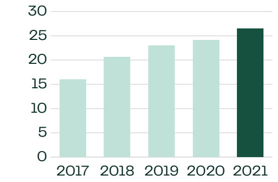
Net Revenue/Organic growth
(mDKK) (%)



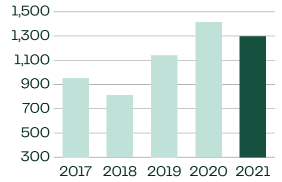
EBIT/EBIT margin
(mDKK) (%)



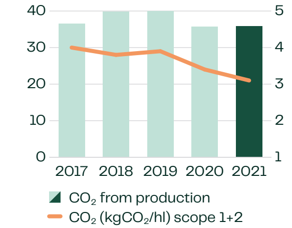
Earning per share
(DKK)



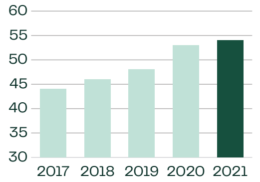
Free cash flow
(mDKK)



CO_2 from production



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



Results for 2021 – business segments

Western Europe

DENMARK, GERMANY, ITALY, FRANCE, NORWAY AND SWEDEN

5,549 thl
VOLUME
(up by 19%)

4,491 mDKK
NET REVENUE
(up by 32%)

857 mDKK
EBIT
(up by 25%)

19.1%
EBIT-MARGIN
(down by 1.1pp)

Read more: page 32

Baltic Sea

FINLAND, LATVIA, LITHUANIA AND ESTONIA

5,554 thl
VOLUME
(up by 3%)

3,338 mDKK
NET REVENUE
(up by 6%)

642 mDKK
EBIT
(down by 5%)

19.2%
EBIT-MARGIN
(down by 2.3pp)

Read more: page 34

International

65 MARKETS IN AMERICAS AND EMEAA

1,229 thl
VOLUME
(up by 23%)

917 mDKK
NET REVENUE
(up by 19%)

176 mDKK
EBIT
(up by 3%)

19.2%
EBIT-MARGIN
(down by 3.0pp)

Read more: page 36

Financial Highlights and Ratios

	2021	2020	2019	2018	2017
Volume (million hectolitres)	12.3	11.1	11.0	10.8	9.9
Income Statement (mDKK)					
Net revenue*	8,746	7,315	7,692	7,298	6,384
Organic growth net revenue (%)	12%	-3%	1%	9%	1%
EBITDA	2,020	1,861	1,814	1,673	1,362
EBITDA margin (%)	23.1	25.4	23.6	22.9	21.3
Earnings before interest and tax (EBIT)	1,652	1,515	1,469	1,339	1,069
EBIT margin (%)	18.9	20.7	19.1	18.4	16.7
Income after tax from investments in associates	37	33	25	20	18
Other financial income and expenses, net	-42	-43	-36	-31	-31
Profit before tax	1,647	1,505	1,458	1,328	1,056
Net profit for the year	1,298	1,198	1,140	1,040	831
Parent company shareholders' share of net profit	1,299	1,183	1,142	1,041	831
Balance Sheet (mDKK)					
Non-current assets	8,771	7,015	7,163	6,775	5,121
Total assets	10,914	8,306	8,493	8,062	6,778
Equity	3,342	3,332	3,106	2,908	2,814
Net interest-bearing debt	3,536	2,193	2,705	2,522	975
Net working capital	-1,102	-875	-671	-748	-957
Invested capital	7,450	5,927	6,211	5,835	4,030
Cash Flows (mDKK)					
Operating activities	1,753	1,738	1,402	1,214	1,168
Investing activities	-457	-324	-262	-401	-218
Free cash flow	1,296	1,414	1,140	813	950

* 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, cf. page 149..

	2021	2020	2019	2018	2017
Share ratios (DKK)					
Number of shares (million)	48.8	49.4	50.1	51.0	52.7
Earnings per share (EPS)	26.5	24.1	23.0	20.6	16.0
Diluted earnings per share	26.5	24.1	22.9	20.6	16.0
Free cash flow per share	26.4	28.8	23.0	16.1	17.8
Dividend per share	14.5	13.5	12.2	10.8	8.9
Year-end price per share	737.2	706.6	610.0	449.0	371.8
Employees					
Average number of employees	2,890	2,631	2,567	2,416	2,299
Financial ratios (%)					
Return on invested capital including goodwill (ROIC)	19	20	19	21	21
Return on invested capital excluding goodwill (ROIC)	32	33	30	33	32
Free cash flow as a percentage of net revenue	15	19	15	11	15
Capex as a percentage of net revenue	5	5	4	6	4
Cash conversion	100	118	100	78	114
Net interest-bearing debt/EBITDA (times)	1.7	1.2	1.5	1.5	0.7
Equity ratio	31	40	37	36	42
Return on equity (ROE)	40	37	38	36	29
Dividend payout ratio (DPR)	55	56	54	53	56

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 recommendations.

Definitions of financial highlights and ratios are provided on page 150.

Due to adoption in 2018 of IFRS 16 (leases) using the modified retrospective approach the 2018 to 2021 highlights and ratios are not comparable with those for 2017.

Compared to the 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

		2021	2020	2019	2018	2017
PRODUCTION FIGURES						
Production sites		14	9	9	9	7
Production volume, total	million hl	11.5	10.6	10.3	10.4	9.1
ENVIRONMENT & CLIMATE						
Purchased Electricity	GWh	84.2	79.1	81.4	81.2	73.7
Natural gas	GWh	99.5	88.3	94.2	88.9	80.1
Purchased Heat/steam/cooling	GWh	33.5	30.6	37.8	40.8	43.7
Other	GWh	3.1	2.8	1.9	2.9	2.5
Energy, total	**GWh**	**220.3**	**200.8**	**215.3**	**213.8**	**200.0**
CO_2 from production (location based)*	million $kgCO_2$	35.8	35.7	40.0	39.8	36.5
CO_2 from production (market based)**	million $kgCO_2$	26.8	24.2	26.2	n/a	n/a
Total water consumption	million hl	34.8	33.3	33.3	33.3	28.2
Total amount of wastewater discharged	million hl	22.8	22.3	22.3	22.7	18.5
Hazardous waste	million kg	0.0	0.1	0.1	0.1	0.1
Landfilled waste	million kg	0.7	0.9	0.4	0.5	0.4
Incinerated waste	million kg	0.6	0.7	1.5	1.1	0.9
Recycled waste	million kg	5.5	5.0	5.9	5.4	3.1
Other waste***	million kg	0.0	0.5			
Solid Waste, total	**million kg**	**6.8**	**7.2**	**7.9**	**7.1**	**4.5**
Spent grain & yeast	million kg	79.2	76.8	77.4	80.9	91.3
RELATIVE PRODUCTION FIGURES						
Energy	kWh/hl	19.2	18.9	20.9	20.6	20.1
CO_2	$kgCO_2$/hl	3.1	3.4	3.9	3.8	4.0
Water	hl/hl	3.0	3.1	3.2	3.2	3.1

* Location based: Calculated CO_2 emission based on IEA country factors
** Market based: Subtracting CO_2 emission covered by green certificates
*** Packaging material: Sales volume distribution

		2021	2020	2019	2018	2017
PACKAGING MATERIAL***						
Cans	%	43.4%	41.7%	40.2%	n/a	n/a
Returnable glass bottles	%	2.4%	2.9%	3.4%	n/a	n/a
Non returnable glass bottles	%	9.1%	7.9%	8.7%	n/a	n/a
PET	%	36.0%	36.8%	37.0%	n/a	n/a
Kegs	%	2.0%	1.9%	3.5%	n/a	n/a
Bulk	%	0.3%	0.2%	2.9%	n/a	n/a
Other	%	6.8%	8.5%	6.5%	n/a	n/a
PEOPLE WELL-BEING & DEVELOPMENT						
Occupational Health & Safety						
Total number of lost-time incidents (LTIs)		53	56	42	39	46
Lost time incident frequency		11.3	13.7	10.8	10.2	12.9
Number of lost days		944	2070	1594	687	n/a
Lost day rate		202	506	412	180	n/a
Fatalities		0	0	0	0	0
Employee engagement						
Employee turnover	%	15.0	13.9	17.5	20.6	n/a
Leave of absence due to illness (not work related)	%	3.8	3.7	3.9	3.5	n/a
Diversity						
Percentage of employees by gender, total						
Female	%	26	24	25	26	24
Male	%	74	76	75	74	76
Employees by gender, Int. Management teams						
Female	%	29	33	32	31	30
Male	%	71	67	68	69	70

Chairman's letter

2021 was a strong year for Royal Unibrew with solid organic earnings growth, strengthened positions in existing markets and new platforms in Norway and Sweden

For many years, we have worked on building a powerful operating platform with dedicated employees and strong local ownership of business decisions. This has proven to be very successful during times of change. The individual business units have responded well to the changing market conditions that the pandemic has caused. When some channels have been very hard-hit, other opportunities have emerged and the entire organization has successfully adjusted priorities and focused on pockets of growth.

Focus on integration

During 2021, Royal Unibrew acquired a number of companies, and a main focus area is to secure full integration of these companies into the Royal Unibrew family. The organizations acquired have solid competences and strong brands, which we are keen on developing further. Our integration efforts focus on implementing our IT platform, our performance management setup and our localized business model. The recipe remains unchanged.

I am pleased that we have now entered Norway and Sweden and will have a solid presence across all the Nordic markets in the future.

THE PREFERRED CHOICE for employees

Royal Unibrew has dedicated employees with a clear focus and a common goal on delivering as promised. To be successful in our industry, we must attract the best people by accommodating the best job opportunities and working conditions in the industry. In Royal Unibrew, the local and decentralized approach creates clarity in decision making and empowers employees to have a real impact.

Strong development over a long period of time

Since I joined the board of directors in 2010, Royal Unibrew's business has grown significantly both through organic development of our beverage portfolio and via acquisitions. The operating result has increased almost four times and is less dependent on single markets or products. Consequently, Royal Unibrew is a more diversified and robust business today. When I joined, the majority of Royal Unibrew's profit came from Denmark, International and Italy. Today, we also have a very strong business in Finland, and we have started the journey in France, Norway and Sweden to broaden our footprint. On top of this, we experience strong growth opportunities in our International business.

Handing over the baton

I have been on the board for 11 years and I am very proud to see how the dedicated employees have transformed the business and secured strong financial development. During 2021, I have worked closely together with Peter Ruzicka on the board, and I am certain that Peter will be an excellent chairman of the board for Royal Unibrew.

Walther Thygesen
Departing Chairman of the board

Chairman's letter

Royal Unibrew's local business model enables the organization to deliver solutions to customers ensuring that we are THE PREFERRED CHOICE

Royal Unibrew has a relative simple but very effective strategy. The solid and strong growth for more than a decade is based on a clear scalable business model with clear local ownership of the business and limited central functions. The model works particularly well in the Nordics, and we are happy that our presence in Norway and Sweden was strengthened in 2021.

A cornerstone of the strategy is to ensure that we integrate acquired companies into our business model and embed the Royal Unibrew DNA in each entity. Local ownership only works with transparency in performance and this is secured through our IT and performance management system.

Preparing for the next phase of our development

Royal Unibrew is becoming a bigger business and the board is very focused on balancing short-term financial performance and investments into future growth. During 2022, we will selectively add capabilities and resources to ensure that we can manage the growth and deliver on opportunities.

We will invest in additional production capacity and capability to secure we can continue to produce the volumes needed, but we will also invest in equipment that can support our transition into zero emissions on our production facilities in 2025.

THE PREFERRED CHOICE for the future

Since Lars Jensen took over as CEO, we have focused on clarifying our purpose and ambition. Our vision is to become THE PREFERRED CHOICE as local beverage provider. This is a logical extension of the formula that has been successful for many years. In particular, I am very proud to see the strong progress we have made in the past year on ESG and to see how the organization has taken ownership of the ESG agenda to ensure that we are THE PREFERRED CHOICE – also for the future. The strong financial results and market share development show that investing in ESG can be done without compromising on other performance metrics.

New chairman

I look forward to working with the board and the executive management team and to continue to grow in the coming years preparing Royal Unibrew for the next step on our journey. Royal Unibrew has been very successful in recent years and we will continue to develop our business as we become bigger.

I am honored to be appointed chairman of Royal Unibrew and Walther is leaving behind a strong and high performing company with a clear strategy. On behalf of the board, I would like to thank Walther for his many years of excellent contribution.

Peter Ruzicka
Incoming Chairman
of the board

Strategy

→ Our strategy

Our strategy – THE PREFERRED CHOICE

We want to be THE PREFERRED CHOICE of local beverages. The preferred partner that challenges the status quo by doing better every day in a fun, agile and sustainable way. Our overall strategy is to be a strong regional multi-beverage provider with strong market positions in which we operate. In markets, where we do not have a multi-beverage presence, we want to build and develop strong niche positions.

With a strong brand portfolio of own brands and partner brands, we want to create and maintain strong market positions within beverage categories. Structural growth opportunities, be it acquisitions or partnerships, will be exploited to the extent that they fit strategically and strengthen our current market positions.

Consumers

We want to build a sustainable business based on strong brands that meet consumers' demands. We want to secure that by having a broad portfolio characterized by choice, quality and innovation in relevant categories.

- Taste
- Local
- Health
- Availability

- Diverse portfolios
- Agile collaboration
- Local
- Market challenger

- Sustainability
- Product circularity
- Partnerships
- Green energy

- Entrepreneurial
- Solution-oriented
- Ownership
- Fun

- EBIT growth
- Investments

- Acquisitions
- Distributions

Customers

We have a mindset of building sustainable business and grow with our customers. This mindset is a cornerstone in our culture, and we work hard every day to help getting our customers well positioned in their marketplaces.

Future

We want to be among the most sustainable beverage companies and minimize our environmental footprint. We take responsibility for the entire value chain and focus on circular economy and zero carbon emissions.

We strive to maintain our locally based business model being well connected with the local societies where we operate. We want to make a positive impact on society, giving back to all our stakeholders and thereby re-invest in and build our business over time.

Shareholders

We want to continuously develop our business with an aim to outperform our peers when it comes to profit growth and value creation and doing so with an attractive and efficient capital allocation.

Employees

To become THE PREFERRED CHOICE of local beverages, we need talented, diverse and engaged people. We want to create a performance based winning culture with the proudest employees in the industry.

Our business

Operating model • Equity story • Our growth formula • Mergers and acqusitions
Our categories • Financial targets, capital structure and distribution policy • Outlook for 2022

Operating model

We are a multi-beverage business that is anchored around local strongholds, operating in categories with ambient beverages with longer shelf life. Our portfolio of branded high-quality beverages in relevant packaging formats are core to our business and the foundation from which we serve our consumers with products they want for all occasions whether they are at home, on-the-go or at a bar or a restaurant.

The multi-beverage business model enables scale benefits across the entire value chain, while the locally based operating model of Royal Unibrew enables us to decentralize the decision power. We have a simple proven performance management system where we monitor and operate the business across markets by focusing on volume growth, premiumization and efficiency improvements. It is all based on a central IT platform, while we drive scale benefits through a centralized procurement organization.

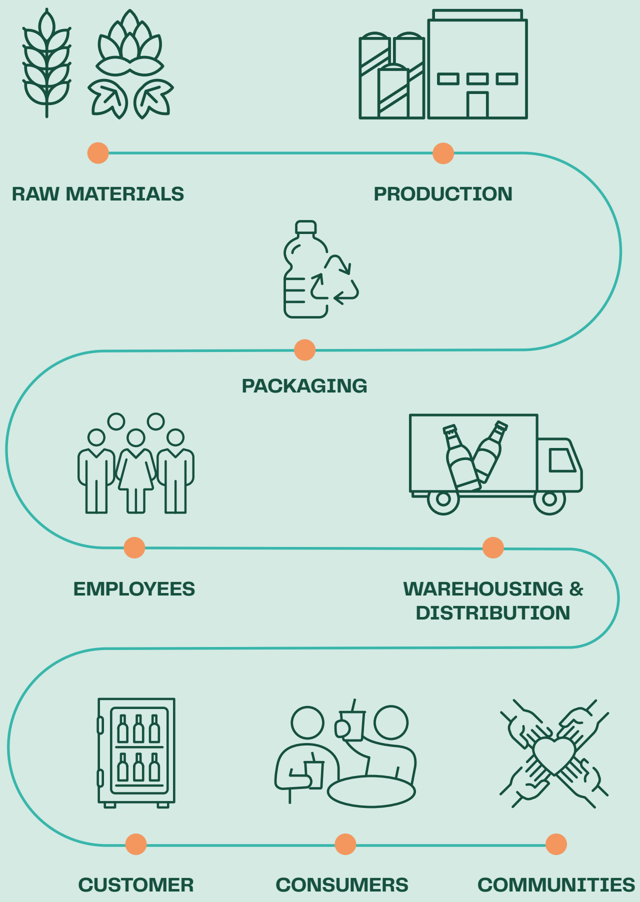
Raw materials
We use ingredients such as barley, water, sugar, juice etc. to produce our beverages. Our centralized procurement set-up is based on local and global suppliers, which meet our requirements of quality and reliability of supply. It is important that we achieve a stable, high-quality and sustainable supply, and we therefore work closely, and in 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.

Production
We operate at fourteen production facilities in seven countries at which we make and fill a wide range of quality beverages for our consumers and customers. We aim to facilitate a work environment based on safety, health, job satisfaction and opportunities. It is part of our DNA to continuously look for efficiency improvements for our production facilities across our geographic footprint. We relentlessly focus on minimizing emissions from our production as we target to be 100% carbon emission neutral (scope 1 and 2) in 2025.

Packaging
We rely on materials like aluminium, glass, rPET and PET for packaging. Although most of our packaging is recyclable, it does not always end up being recycled. We support a circular economy for our packaging where 100% of packaging is collected, reused or recycled, so that none of it ends up as litter or in the oceans. In our main markets Deposit Return Systems (DRS) secure a high level of recycling, but it can still be better. In countries like France, Italy and Latvia, we work for and support the introduction of DRS's.

Employees
We employ around 2,900 people across our business – they make and sell our beverages, as well as provide great service

Royal Unibrew's operating model



for and with our customers. We aim to create a work environment for skilled, committed and loyal employees. We want to engage and inspire our people for them to thrive in a dynamic, highly inclusive workplace that truly values each individual.

Warehousing & distribution

Our broad assortment provides valuable scale in both warehousing and distribution as it enables full pallet delivery and thereby large average drop sizes. We sell our products in more than 65 countries around the world. We work with specialist transport companies to distribute our products to minimize the use of own trucks. In some markets we work with direct distribution from our own terminals to both Off- and On-Trade customers, while in other markets we work with a combination of direct distribution and distribution via wholesalers etc. In our International division, we work with partners who sell and distribute our products.

Customers

Our broad multi-beverage portfolio of great tasting products, considerable knowledge of the beverage market and strong customer service make us a preferred partner for our customers. We strive to support costumers with in-store execution where this is allowed, and we have the scale to be closer to the customer base. All our customers across all sales channels are essential to our business as they are our main route to market. We proactively engage with our customers to share knowledge and best practices across packaging and innovation trends to create solutions to minimize the impact of our collective carbon footprint related to our operations.

Consumers

It is our mission to bring people together, facilitating great moments and enjoyment with our products wherever they are whenever they want. Our approach is to offer a selection of primarily local brands tailored to the local consumer supported by global brands. We use our category focus to ensure that we are well positioned to understand consumer needs and identify future growth drivers in an effort to create great tasting products. Our marketing complies with all relevant policies, such as our Ethical Business Policy and our Responsible Marketing Code.

Communities

As a regionally based multi-beverage company founded on a strong local presence, Royal Unibrew aims to be a responsible member of the community and make a positive contribution to the sustainable development of society. It is part of our culture to engage not only in the local societies surrounding our premises, sport clubs and our employees' families but also in our brand communities, with customers, other business partners and NGOs. Our business model is underpinned by our commitment to the United Sustainable Development Goals (SDGs).

Equity story

Leading brand portfolio

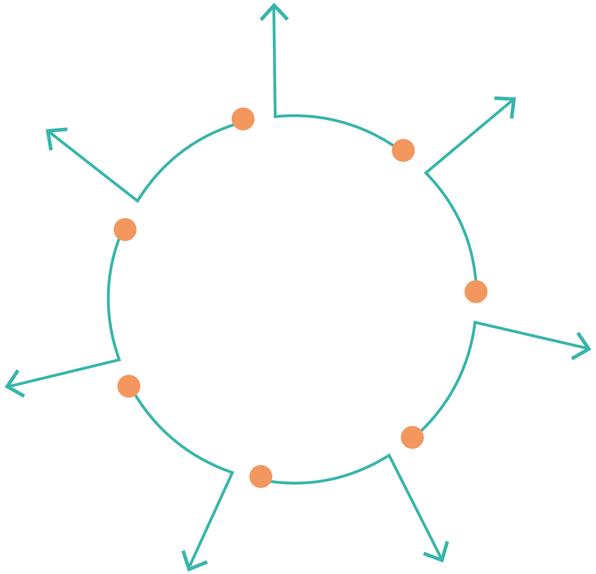
Royal Unibrew has throughout its key markets a market leading portfolio of local non-alcoholic and alcoholic beverages supported by strong global licensed brands.

Cash generative business

With an industry leading EBIT margin in Europe and in combination with high asset efficiency, our cash conversion during the past ten years has been at an average 102%.

Strong market positions

With multi-beverage offerings in the Nordic and the Baltic countries, Royal Unibrew possesses very strong market positions by having market leading market share positions within several categories. The market leading positions make Royal Unibrew an attractive beverage provider in all channels as customers can get a broad beverage offering.



A sustainable business

Royal Unibrew has established a robust foundation with concrete initiatives, goals and KPI's for achieving our long-term ambition of becoming 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) as well as the Science Based Target Initiative (SBTI).

Disciplined capital allocation

Strong earnings growth and high cash conversion will result in a significant liquidity surplus going forward: It therefore remains the intention to make distributions to shareholders through a combination of dividend and share buy-backs. We target to pay out annual dividends of 40-60% of net profit for the year and use share buy-backs to optimize our capital structure.

Strong track record of earnings growth

We have delivered an average annual EBIT growth of 13% during the past 10 years, which has translated into an average annual EPS growth of 16%. With our strong brand portfolio and market positions, we believe that we will continue to deliver solid earnings growth.

Clear growth and value oriented long-term strategy

Royal Unibrew has set out a very clear long-term strategy in which we focus on categories with strong growth potential, premiumisation and continued efficiency improvements. We want to invest in growth opportunities to drive value growth, secure and build strong positions.

13%

average annual EBIT growth during the past 10 years

40-60%

(of net profit) our annual dividend target for the year

102%

average cash conversion during the past 10 years

Our growth formula

**Royal Unibrew offers a long unbroken period of earnings growth.
We continue to pursue and remain committed to deliver profitable growth in the coming years.**

Volume growth

Over the past five years, we have grown net revenue by 42% in total, corresponding to an average 9.2% per year, which has transformed into an increase in EBIT of 55% in the same period, corresponding to an average 11.5% per year. This has led to an increase in Earnings Per Share (EPS) of 66% over the past five years, corresponding to an average 13.4% per year.

Over the past couple of years, we have channeled more commercial investments towards the highest growing categories in our portfolio with the aim to continue to deliver high organic volume growth. Innovations backed by strong consumer insights, combined with talented and experienced employees and a strong in-store execution secure a solid foundation for growth.

Premiumization

We want to continuously develop new products that premiumize our beverage portfolio by having a higher sales price per volume unit than the average. Premiumization is also created by growing the more profitable channels faster and thereby offer a product portfolio with better value for all. This will be supported by the direction of commercial spending towards the more premium part of our beverage portfolio.

Efficiency improvements

Costs and efficiency improvements have been and always will be a part of Royal Unibrew's DNA. Every day, we strive to do things better in a more efficient way and together with premiumization, it will form a solid foundation for continued underlying margin expansion. The ambition is to reduce the ratio of costs per net revenue organically every year and the key driver is operating leverage. We achieve operating leverage by growing the topline faster than our overall cost base. Our multi-beverage operating model enables us to achieve higher utilization of fixed assets, sell more per sales person, have higher average drop sizes to customers and in general have higher productivity per employee.

Mergers & acquisitions

It is a core part of our DNA to create value and earnings growth through acquisitions of companies. The foundation for acquisitions is always that it can be incorporated in our operating model and that our business model enables us to extract synergies. We seek to significantly improve or cement our market positions through bolt-on or brands acquisitions, while larger transformational acquisitions usually open multi-beverage opportunities in new geographies. Historically, around 1/3 of our absolute EBIT growth has been created through acquisitions.

Share buy-backs

Profitable growth creates strong cash-flow generation due to our cash efficient business model and is therefore a strong factor in our ability to pursue a solid shareholder distribution policy. We aim to create a positive total shareholder return, through a combination of growing distribution (dividends and share buy-backs) over time as well as an increasing share price.

High focus on invested capital efficiency through strict working capital mangement and disciplined capital expenditures combined with increasing earnings and strong cash flow generation will result in improving Return On Invested Capital (ROIC) over time.

Our growth formula:

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

Mergers & Acquisitions – three types

Acquiring companies is a core part of our DNA. Our Danish business is based on mergers & acquisitions of more than 30 regional Danish beverage companies, and to a large degree, our international expansion has been driven by acquisitions.

We have created significant value through these acquisitions, and the foundation for acquisitions will always be that they can be incorporated in our operating model, and that our business model enables us to extract synergies.

Conceptually, we mainly work with three different types of acquisitions – bolt-on acquisitions, brand/category acquisitions and platform acquisitions.

Bolt-on acquisitions

refer to minor businesses with operations within an area where Royal Unibrew is already present through the multi-beverage model. The acquired business is relatively simple to integrate into Royal Unibrew and has significant value creation potential, as synergies are relatively large. The acquisitions of Nohrlund, Bauskas and Fuglsang are examples of bolt-on acquisitions.

Brand/category acquisitions

refer to the acquisitions of brands, which will give Royal Unibrew exposure to brands/categories in existing niche/multi-niche markets. It also includes acquisitions of brands in categories where we already are established, but where we significantly improve our market position through the acquisition of complementary brands. LemonSoda and Crazy Tiger are examples in this category.

Platform acquisitions

refer to businesses in markets where we have limited or no presence and which give us a strong market position within one or more categories. These are normally more demanding in terms of integration, and cost synergies are lower in the short run, but over the long run these acquisitions offer significant potential. Solera Beverage Group belongs to this category.

Mergers & Acquisitions – 2021

In terms of acquisitions, 2021 will be remembered as an extraordinarily busy year as we signed six deals during the year (one acquisition is still subject to approval by the Danish Authorities). We will continue to leverage M&A to unlock future growth – be it as bolt-on acquisitions, acquisitions of brands/categories or more transformational acquisitions of market platforms. However, the remaining integration work limits our short term acquisition ability.

Solera Beverage Group (Solera): Solera was an important strategic platform acquisition as it expands access to the Norwegian and Swedish markets. Solera is by far the largest acquisition we have completed since the transformative acquisition of Hartwall in 2013.

"Solera provides Royal Unibrew with strong wine competences, a solid platform and a strong route-to-market to expand sales of our wide product range into Norway and Sweden"

Solera is a leading importer and distributor of beverages in the Nordic markets with state owned monopoly franchises and is the preferred partner for many partners and customers. The company generated revenue of approximately DKK 1.3 billion and an EBITDA of approximately DKK 70 million in 2020 when adjusting for positive COVID-19 effects. Solera strengthens Royal Unibrew's skills within wine and together with Hartwa Trade form a strong Pan-Nordic powerhouse.

Solera constitutes a multi-beverage platform across the Nordics. With the acquisition, we obtained a dedicated sales force that has the capabilities and experience in selling a multi-beverage portfolio.

Royal Unibrew and Solera complement each other well and yield a strong consolidated market position across the Nordic region when combined. The acquisition creates a solid foundation for the acceleration of future growth in especially Norway and Sweden. Combined with our already very strong market positions in Finland and Denmark, the acquisition propels Royal Unibrew into a significant pan-Nordic market position.

Our new Nordic platform is characterized by a strong route-to-market and will provide Royal Unibrew with the opportunity to inject key products from our own portfolio into the Nordic markets and thereby create significant value and secure continued absolute EBIT growth. Additionally, we have also

become an attractive partner for producers and brands in the future – either by partnerships or by further M&A activity.

Crazy Tiger: In 2021, we successfully established exposure to the fastest growing beverage category in the French market with the acquisition of the French energy drinks brand Crazy Tiger. Founded in 2010, Crazy Tiger has built a #3 market share position of 11% within the Off-Trade energy drinks category in France. In 2020, revenue reached approximately EUR 15 million with an EBITDA margin of more than 30%.

It is our plan to operate Crazy Tiger as an integrated part of Lorina which sells our premium lemonade in France. This structure enables us to maximize the advantages of the operational strengths and unlock the short-term and long-term commercial opportunities represented by the acquisition.

Product innovation is at the heart of Crazy Tiger and it is our plan to further accelerate the innovative efforts of the brand especially in terms of flavors, sizes and packaging formats. An ambitious commercial agenda has already been established and is currently undergoing successful implementation by the joint forces of Royal Unibrew's French team and our new colleagues from Crazy Tiger.

Fuglsang: With the acquisition of Fuglsang, we further strengthened our Danish business and emphasized our commitment to offer product portfolios with rich local heritages throughout Denmark. The acquisition provides Royal Unibrew with an additional regional stronghold in the South of Jutland, where approximately 80% of Fuglsang's On-Trade customers are located. Total annual revenue was approximately DKK 75 million when Royal Unibrew acquired the group.

The brewery has become part of Royal Unibrew's Danish production setup operating in close alignment with the Albani brewery in Odense. Most products from Fuglsang have been included in Royal Unibrew's product portfolio, and the acquisition also provided Royal Unibrew with the opportunity of cross-selling our existing product portfolio to the numerous On-Trade customers that are successfully served by Fuglsang.

Bryggeri Helsinki and Tanker Brewery: Bryggeri Helsinki is a combined craft brewery and restaurant located in the heart of Helsinki. With the acquisition, we improve our selection of local craft beers, and it is our ambition to develop Bryggeri to be Helsinki's leading specialty beer brand and expand the distribution in both Off-Trade and On-Trade.

The Estonian craft brewery Tanker Brewery is recognized as the leading craft brewery in Estonia with a high degree of regional uniqueness and authenticity, and the acquisition strengthens Royal Unibrew's local footprint in the Estonian market. We will focus on utilizing the unique proposition of the brand, addressing the growing premium beer segment in the Baltic countries by expanding our portfolio with craft and niche products.

Our categories

Last year, we made a slight adjustment to our short and long-term strategy, as we took a longer view on categories, countries and channels and established a long-term view on consumer trends.

As a result, we called out six areas of specific interest, as we see longer-term growth opportunities here:

- Energy drinks
- Cider/RTD
- Enhanced waters
- No/low sugar
- No/low alcohol
- Premiumization

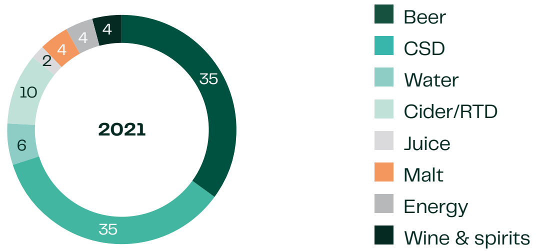
Energy drinks volumes increased by more than 30% in 2021 and constitutes 2% of total group volumes. Growth was solid across all markets and the energy drinks market is growing faster than the average beverage market in all of our markets. In 2021, we introduced Lemonsoda Energy Activator in Italy and added the Crazy Tiger brand to our portfolio in France.

Our cider/RTD volumes grew by double-digit percentages in 2021 and make up 6% of total group volumes. The category grew across all markets supported by our strong market positions in especially Finland and Denmark with brands like Original Long drink and Shaker.

Enhanced water is a category that is still primarily playing out in the Finnish and Swedish markets. We expect the category to eventually gain momentum in the remaining Nordic markets as it meets consumers' increasing demand for healthier products.

The no/low sugar segment continues to grow and CSD and energy drinks products with no or low sugar content increased by 23% compared to 2020. This means that the share of no/low CSD and energy products increased to 53% of total volumes in these categories.

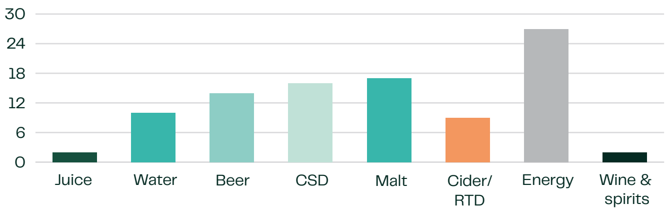
Revenue split categories
(%)



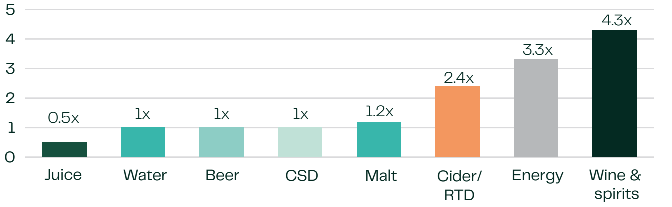
Products with low or no alcohol content also continue to increase. Consumers are looking for quality alternatives to alcoholic beverages, but with low or no alcohol, and we have a very strong portfolio in both beer and RTD's. Low or no alcohol beers and RTD's volumes increased by around 25% in 2021 and constitute around 3% of total volumes in these categories.

Energy drinks and Cider/RTD's are among the most profitable categories in our product portfolio and are growing faster than group average.

Revenue growth rates (2021 vs 2020)
(%)



Gross profit/hl indexed to beer
(X)



Financial targets, capital structure and distribution policy

Our financial targets are based on creating shareholder value and developing the business long-term to the benefit of all stakeholders. To achieve this, we aim to create sufficient financial flexibility to develop the business, organic as well as in-organic, over the medium to long term.

The capability of achieving the financial targets is conditional on continuous business development through focus on growth opportunities, partnerships, innovation, sales and marketing, and on continuous efficiency measures. In recent years, we have been able to invest significantly in both organic and in-organic growth because of our solid financial flexibility. Despite these investments, we have also continued to make considerable distributions to our shareholders.

EBIT margin

In the Annual Report for 2020, we reiterated our medium-term EBIT margin target of 19-20%, while in connection with the Q1 2021 Trading Statement, we increased it to 20-21%. This technical upward revision came mainly from a reassessment of our IFRS 15 accounting policy concerning customer contracts which impacted our EBIT margin positively by around 0.7 percentage points.

With the acquisition of Solera Beverage Group in July 2021, we updated the timeline of our EBIT margin target of 20-21% from being medium-term to being long-term.

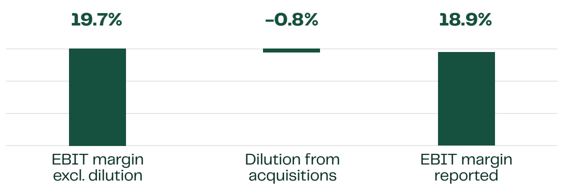
The acquisition of Solera Beverage Group will dilute our group EBIT margin by around 2 percentage points, and the acquisitions of Aqua d'Or and Hansa Borg will further dilute the EBIT margin when they are approved. Contrary, our well-established markets are expected to continue to deliver an EBIT margin at least in line with our long-term margin target.

We want to build strong platforms for future growth in our new markets by investing in organizations, IT and multi-beverage set-ups. This means that in a scenario with no further dilutive acquisitions, beyond what has already been signed, it may take up to five years before we reach our long-term EBIT margin target.

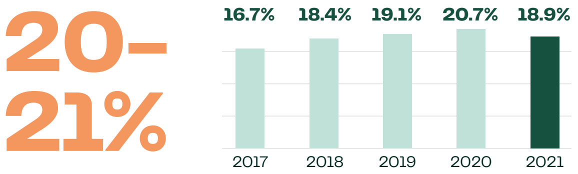
This reflects our belief in our ability to expand the EBIT margin, as we realize that synergies from recent acquisitions secure efficiency improvements in our existing business and benefit from investments into our selected growth opportunities.

We therefore maintain our long-term EBIT margin target of 20-21%.

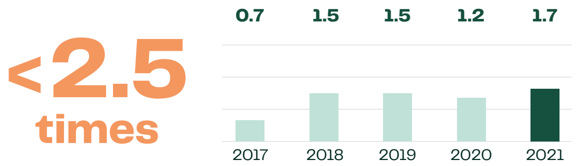
EBIT margin dilution in 2021



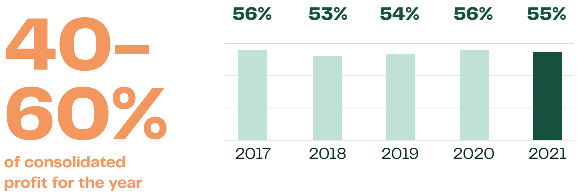
EBIT margin



NIBD / EBITDA



Dividend pay-out ratio



Capital structure and distribution policy

The objective of our capital structure policy is to secure enough flexibility to develop the business in line with our strategic priorities. It remains the target that net interest-bearing debt is not to exceed 2.5 times EBITDA. We seek to secure financial flexibility through long-term loan agreements and facilities. As none of these have any equity ratio-related covenants, we have removed our equity ratio target. We may depart from the targeted ratio for a certain period of time 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 be around 5% of net revenue.

Management evaluates on an ongoing basis if the capital structure is to be adjusted by launching share buy-back programs. It is generally the intention that shares bought back will be cancelled.

Total distribution for the year

mDKK	2021	2020	2019	2018	2017
Dividend	653	600	538	451	426
Share-buy-back	582	362	433	484	508
Total distibution	**1,235**	**962**	**971**	**935**	**934**
as a % of prior year consolidated profit	*103*	*84*	*93*	*113*	*119*

Outlook for 2022

We expect an EBIT in the range of DKK 1,650 - 1,800 million in 2022 based on a revenue of DKK 10 - 11 billion. The expected EBIT range has been lowered by DKK 100 million due to increased inflationary risk from the geopolitical developments during the last week of February 2022.

The general uncertainty is much higher than normal due to the effects from the geopolitical situation. Royal Unibrew's total direct sales to Russia, Belarus and Ukraine contributes around 1% of earnings and is thereby not material.

Organic growth

Organically, we expect to continue to grow faster than the market in 2022 and plan to increase commercial spending to build our brands and service levels, while we prioritize spending more in our growth categories.

Inflation and price increase

During 2021, many raw materials and other input costs increased significantly in price. The outlook is based on market prices as of mid February 2022. We have increased prices towards our customers to mitigate the impact from higher costs and the assumption behind our outlook is that the gross profit per hl is slightly below 2021 per channel including mix effects. We have not factored in any downtrading from the general higher inflation meeting consumers, because of relatively low unemployment rates in our core markets. The recent development in Ukraine is expected to have further negative impact on the input cost development during the year, which is assumed partly covered by additional sales price increases and cost mitigations.

Outlook for 2022

mDKK	Outlook	Actual 2021	Actual 2020
Net revenue	10,000-11,000	8,746	7,315
EBIT	1,650-1,800	1,652	1,515

COVID-19

In our main markets, vaccination rates, as well as variants with less symptoms, have reduced the pressure on hospitals, and consequently, reduced the need to implement restrictions. The outlook assumes impact from restrictions in the On-Trade channel during the first quarter of 2022.

Acquisitions

Announced acquisitions of Hansa Borg and Aqua d'Or have not closed and are not included in the guidance. Hansa Borg has normalized revenue of around DKK 1.0 billion and EBITDA around DKK 150 million, whereas normalized net revenue for Aqua d'Or is DKK 180 million. See note 24, page 125.

General assumptions

The guidance is built on normal summer weather and travelling activities. In 2021, Royal Unibrew benefitted from nice weather and staycation effects as many consumers chose to spend vacation in their own countries.

Top and bottom of the range

The top end of the guided range assumes that price increases will not affect consumer behavior. Furthermore, apart from some restrictions in the first quarter, we assume only minor negative impact from COVID-19 during the rest of the year. It also assumes that there will be no restrictions or issues in the total supply chain, in particular in relation to access to energy, raw and packaging materials as well as logistics.

The low end of the guidance range assumes some negative consumer reactions to the inflationary environment, increased competitive pressure and/or restrictions related to COVID-19 after the first quarter of 2022.

Financial assumptions

- Royal Unibrew will generally grow faster than the market
- On-Trade will return to the level of 2019 from end of February and onwards.
- Volume, price and mix partly compensate for increased input cost leading to gross profit per hl slightly below 2021 by channel
- Freight costs to negatively impact margins in International.
- Sales and Marketing cost will be higher than 2021
- Higher fixed costs driven by investment into the organization
- In 2021, our capex is expected to be around 5% of 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% of profit before tax excluding income after tax from investments in associates

Performance

Financial review · Western Europe
Baltic Sea · International

Financial review

COVID-19 continued to challenge our business in 2021, but to a lesser extent than what we experienced in 2020. The re-opening resulted in a strong demand for our products across geographies, but at the same time we experienced capacity constraints for selected products, a challenged supply chain and increasing raw material prices.

With our strategy and multi-beverage model we delivered a solid result in 2021 while at the same time completed six acquisitions of which five had closing in 2021.

Volumes

In 2021, volumes sold increased by 11% to 12.3 mhl (Q4: +12%).

Net revenue

Net revenue amounted to DKK 8,746 million and increased by 20% of which 12% were organically. Organic revenue growth of 18% in Q4.

The positive development in net revenue was supported by a strong underlying momentum in our business, as well as the re-opening of On-Trade during the summer months.

EBIT

EBIT amounted to DKK 1,652 million, an increase of 9% compared to 2020, and is in line with top end of the initial guidance of DKK 1,475-1,625 million when adjusting for positive impact from acquistions closed in 2021. The EBIT increase was mainly related to the Western Europe segment. In Q4, EBIT increased by 21% (organic growth of 10%). The EBIT margin contraction is explained by acquisitions and increased commercial investments in future growth.

Acquisitions impacted EBIT positively by around 3 percentage points at group level (Q4: around 11 percentage points).

Read more: page 85

Balance sheet

Total assets at 31 December 2021 amounted to DKK 10,914 million, which is DKK 2,608 million above the 31 December 2020 figure, which is mainly due to acquisitions and a higher investment level.

Equity amounted to DKK 3,342 million and the equity ratio decreased by 9 percentages points to 31% by the end of 2021. The negative development in the equity ratio can be explained by the high level of acquisitions in 2021.

Read more: page 89

Cash flow

The free cash flow amounted to DKK 1,296 million in 2021 versus an unusually strong cashflow of DKK 1,414 million in 2020. The cash flow was negatively impacted by postponed employee taxes from 2020 (COVID-19-related) and one-off payment of holiday allowance in Denmark.

As expected, we experienced a negative impact from the missing beer campaign in Finland in 2021 but changed payment terms of excises in Finland neutralized the impact.

Read more: page 91

Financing

Net interest-bearing debt was DKK 3,536 million at the end of 2021, corresponding to a net increase of DKK 1,343 million equal to the positive free cash flow less distribution to shareholders and cash used for acquisitions. At the end of 2021, the net interest-bearing debt to EBITDA ratio was 1.7x (2020: 1.2x). In 2021, Royal Unibrew entered into a new DKK 500 million loan with the Nordic Investment Bank and increased existing mortgage loans with DKK 173 million.

Share buy-back

During the year, Royal Unibrew repurchased shares at a total purchase price of DKK 582 million. (2020: DKK 362 million). Total announced programs were DK 500 million and were completed in 2021.

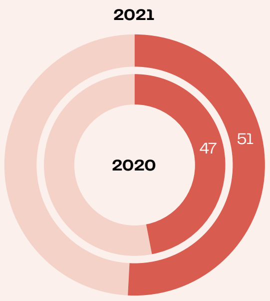
Read more about the share buy-back programs on page 53

Overview business segments financial performance

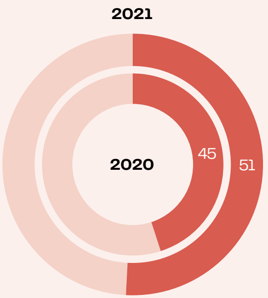
Western Europe

DENMARK, GERMANY, ITALY, FRANCE, NORWAY AND SWEDEN

Share of Net revenue



Share of EBIT

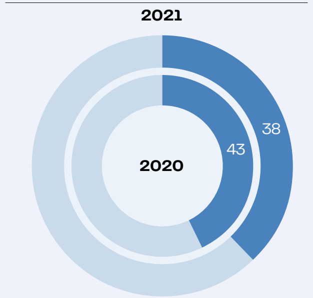


Read more: page 32

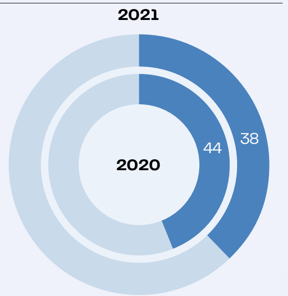
Baltic Sea

FINLAND, LATVIA, LITHUANIA AND ESTONIA

Share of Net revenue



Share of EBIT



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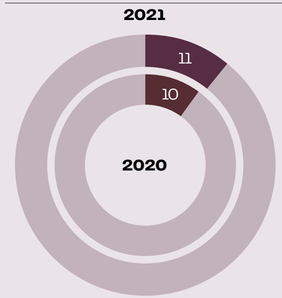
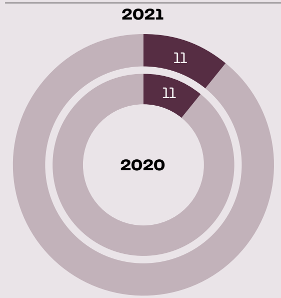
International

65 MARKETS IN AMERICAS AND EMEAA

Share of Net revenue



Share of EBIT



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Western Europe

5.5 mhl
VOLUME
(up by 19%)

857 mDKK
EBIT
(up by 25%)

4.5 bnDKK
NET REVENUE
(up by 32%)

19.1%
EBIT-MARGIN
(down by 1.1pp)

"Our customers had a difficult year with changing COVID-19 restrictions, and we did our utmost to assist them through these challenging times. The energy drink category was on top of the agenda – we launched our own brand in Italy, Lemonsoda Energy Activator, and acquired the Crazy Tiger brand in France"

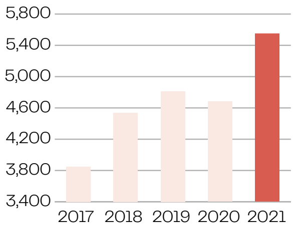
Jan Ankersen,
SVP South Europe and GM Italy

Financial performance

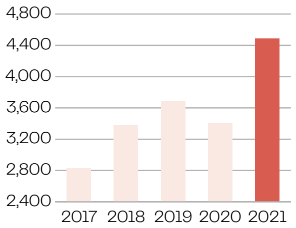
In Western Europe, total volumes showed a 19% increase in 2021 (organically 13%) and a total of 5.5 mhl. Net revenue from beverages was 32% higher than in 2020 (organically 15%), due to a year with less COVID-19 restrictions in On-Trade and impact from acquisitions.

Earnings before interest and tax (EBIT) for 2021 showed a DKK 170 million increase from DKK 687 million in 2020 to DKK 857 million in 2021, positively impacted by the Danish and Italian market. The EBIT margin decreased by 1.1 percentage points to 19.1% due to higher commercial spend.

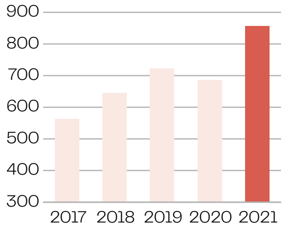
volumes
(thl)



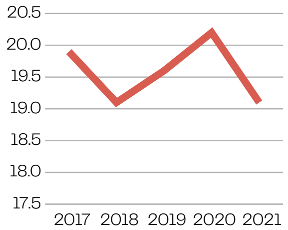
Net revenue
(mDKK)



EBIT
(mDKK)



EBIT-margin
(%)



WESTERN EUROPE

mDKK	2021	2020	% changes	% organic	Q4 2021	Q4 2020	% changes	% organic
Volumes (thl)	5,549	4,682	19	13	1.401	1.041	35	20
Net revenue	4,491	3,402	32	15	1,370	722	90	28
EBIT	857	687	25	18	173	120	44	21
EBIT margin	19.1	20.2			12.6	16.6		

In Q4 2021, volumes increased by 35% compared to Q4 2020 (organically 20%), and net revenue increased by 90% in the same period (organically 28%). Both due to less COVID-19 restrictions and impact from the acquisitions of MC Energy and Solera.

The EBIT margin declined by 4 percentage point from 16.6% in Q4 2020 to 12.6% in Q4 2021, impacted by the Solera portfolio with lower margin.

Development and initiatives in 2021

During the first part of the year, activity in **Denmark** was characterized by the extended shutdown of the On-Trade effective from December 2020. Despite the extensive closures, our salesforce created and executed a wide range of activities, also related to sustainability.

Activities included several virtual events with a range of very popular beer tastings culminating with a hybrid event, which the Guinness Book of records recorded as the world's largest virtual beer tasting ever with 16,843 participants. In 2021, we celebrated the 50th anniversary of our iconic CSD brand Faxe Kondi with several events, an overwhelming interest, especially in a limited edition version in champagne bottles.

In May 2021, we announced the acquisition of Bryggeriet Fuglsang with strong local roots in Southern Jutland that will help to create a strong regional platform. The transaction included two production sites: a soft drinks factory in Ribe and a brewery in Haderslev.

Our strong focus on customer satisfaction resulted in the recognition as the best supplier to the Danish grocery trade. The analysis is performed by the independent company Gradient Benchmark and rates approximately 18 different parameters in the supplier/customer relationship for approximately 100 suppliers. The analysis is made at store level and at head office level for the supermarket channel as well as in the convenience channel. We are very proud that in 2021, Royal Unibrew was rated as the best supplier in all 3 surveys, as well as being top rated on who handled the impacts from COVID-19 best.

Italy delivered the best result ever in 2021 in both On-Trade and Off-Trade, as we experienced significant growth in all categories (beer, CSD and energy drinks). Strong marketing support to our brands ensured a fast recovery in On-Trade and together with a stronger Off-Trade coverage and execution, we gained value market share in all three categories through the year.

The Ceres brand significantly outgrew the market, leveraging a new marketing campaign, strong in-store execution and new launches in the super premium beer segment. This cements Ceres as a must stock brand in On-Trade. LemonSoda also grew significantly more than the CSD market in Italy and became market leader in the lemon-lime segment in the summer of 2021. We successfully launched Lemonsoda Energy Activator in 2021 with a strong market presence.

In France, Lorina recorded its 39th consecutive month (December) of market share growth in the clear lemonade segment and significantly outgrew the CSD category in 2021 driven especially by small formats. 2021 also became the year where Lorina really went beyond the Off-Trade channel, being listed in around 3,000 bakeries. Lorina also repeated its Christmas activation campaign (Joyeux Cocktail) in an effort to create a new lemonade consumption occasion during the Winter season.

The acquisition of the Crazy Tiger energy drink brand marked our entry into the fastest growing beverage category in the market. The brand has continued its strong volume growth and market share gains since the acquisition. We expect to finish the integration of Crazy Tiger in the first quarter of 2022.

Baltic Sea

5.6 mhl
VOLUME
(up by 3%)

642 mDKK
EBIT
(down by 5%)

3.3 bnDKK
NET REVENUE
(up by 6%)

19.2%
EBIT-MARGIN
(up by 2.3pp)

"A strong end to the year gives some optimism for 2022 where we hopefully will return to more normal conditions for us all. In 2021, we succeeded in strengthening many of our positions and we welcomed new colleagues in both Finland and Estonia."

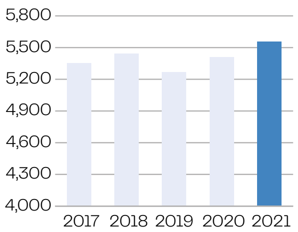
Kalle Järvinen,
SVP Baltic Sea & MD Hartwall

Financial performance

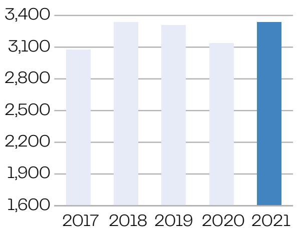
In the Baltic Sea segment, volumes for 2021 showed a 3% increase compared to 2020. The segment was more impacted by COVID-19 restrictions than Western Europe and International segments.

EBIT decreased to DKK 642 million and was DKK 33 million below the 2020 figure. The EBIT margin decreased by 2.3 percentage point from 21.5% in 2020 to 19.2% in 2021. The earnings development was negatively affected by increased input prices and channel mix.

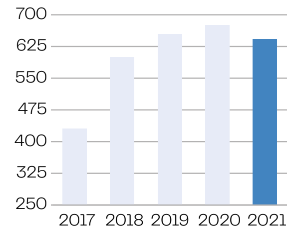
Volumes
(thl)



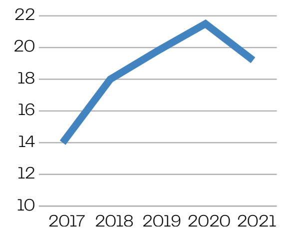
Net revenue
(mDKK)



EBIT
(mDKK)



EBIT-margin
(%)



BALTIC SEA

mDKK	2021	2020	% changes	%organic	Q4 2021	Q4 2020	% changes	%organic
Volumes (thl)	5,554	5,409	3	3	1,248	1,321	-5	-6
Net revenue	3,338	3,141	6	6	789	736	7	7
EBIT	642	675	-5	-5	100	99	1	3
EBIT margin	19.2	21.5			12.7	13.5		

Volumes decreased by 5% in Q4 2021 (organically 6%), which is primarily due to the extraordinary beer campaign in Finland in 2020. Revenue increased by 7% due product mix. EBIT increased by 1% (organically 3%), whereas the EBIT margin declined by 1.2 percentage points from 13.5% in Q4 2020 to 12.7% in Q4 2021.

Development and initiatives in 2021

The Baltic Sea segment was also impacted by COVID-19 restrictions. Especially throughout the second half of the year restrictions remained in place and drove a subdued development in the On-Trade throughout the year. In general, the restrictions in Finland have been significant and we expect a strong rebound during Q1 2022 in On-Trade as the restrictions are lifted.

In **Finland**, continued restrictions in On-Trade muted the development. We continued to see a premiumization of our beer portfolio, with strong development for our own brands Aura, Lahden Erikois and Lapin Kulta Pure, as well as for Heineken. In the RTD category, Original Long drink grew compared to 2021, and the Greyest Day Limited Edition Red Grapefruit variant performed well and will become part of our standard core portfolio in 2022.

We also continued our efforts in the low/no sugar/alco area, including different Jaffa launches within low/no sugar CSD. In the second quarter of 2021, we introduced a new plant-based enhanced water – one of the first of its kind in the world. This new Novelle Plus variant taps into the growing demand of healthy enhanced waters, a category we expect will expand further also outside of Finland. Tapping into the same demand trend is our new "0% Traditional Long drink" without alcohol.

Solera Finland will be merged with Hartwa Trade in 2022 to create a strong Finnish player in the wine import and distribution segment in Finland.

In the **Baltics**, we continued to increase the share of above mainstream beer in our portfolio, mainly through development of the Latvian Bauskas brand. High focus on and increased activation in the non-alcoholic beer segment led to significant growth within this segment, and in Lithuania we maintained and strengthened our category leader position with the Kalnapilis brand.

2021 was the second full-year for the energy brand CULT in the Baltics and has proved a successful category extension and supported a muti-beverage strategy implementation. Increasing brand awareness, high level of consumer engagement in brand novelties and consumer promotions, resulted in an almost doubling of the market share in the Baltic region to 8%.

We acquired the craft brewery Tanker in September and thereby increased our exposure to Estonia, strengthened our in-market competencies and has a strong platform from which to grow from in 2022.

International

1.2 mhl
VOLUME
(up by 23%)

176 mDKK
EBIT
(up by 3%)

0.9 bnDKK
NET REVENUE
(up by 19%)

19.2%
EBIT-MARGIN
(down by 3.0pp)

"In 2021, the International segment was challenged by higher freight costs and production capacity constraints. On the positive side, sell-out in most of our markets continued to increase significantly, as we strengthened our partnerships and expanded our geographical footprint."

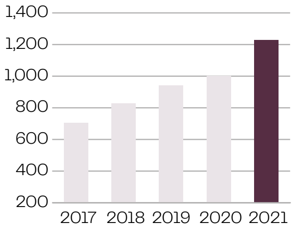
Michael Nørgaard Jensen,
SVP International

Financial performance

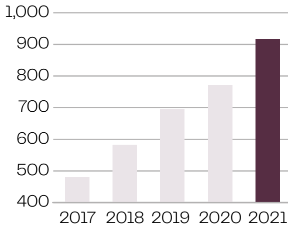
Volumes in 2021 showed a 23% increase and net revenue increased by 19%. The net revenue was impacted by positive developments in all categories and brands. EBIT amounted to DKK 176 million and was DKK 5 million above the 2020 figure.

The EBIT margin went down by 3.0 percentage points from 22.2% to 19.2%. The earnings were negatively affected by the increased freight cost and raw material prices.

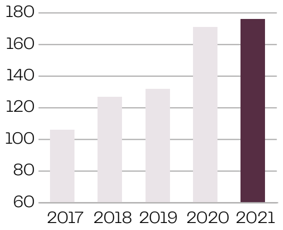
Volumes
(thl)



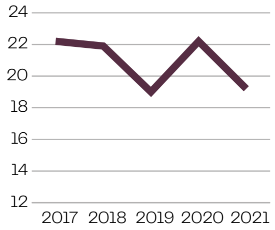
Net revenue
(mDKK)



EBIT
(mDKK)



EBIT-margin
%)



INTERNATIONAL

mDKK	2021	2020	% changes	%organic	Q4 2021	Q4 2020	% changes	%organic
Volumes (thl)	1,229	1,002	23	23	322	285	13	13
Net revenue	917	772	19	19	248	199	25	25
EBIT	176	171	3	3	39	39	0	0
EBIT margin	19.2	22.2			15.8	19.9		

In Q4 2021, volumes increased by 13%. Revenue increased by 25% in the same period, more than volumes because of market mix.

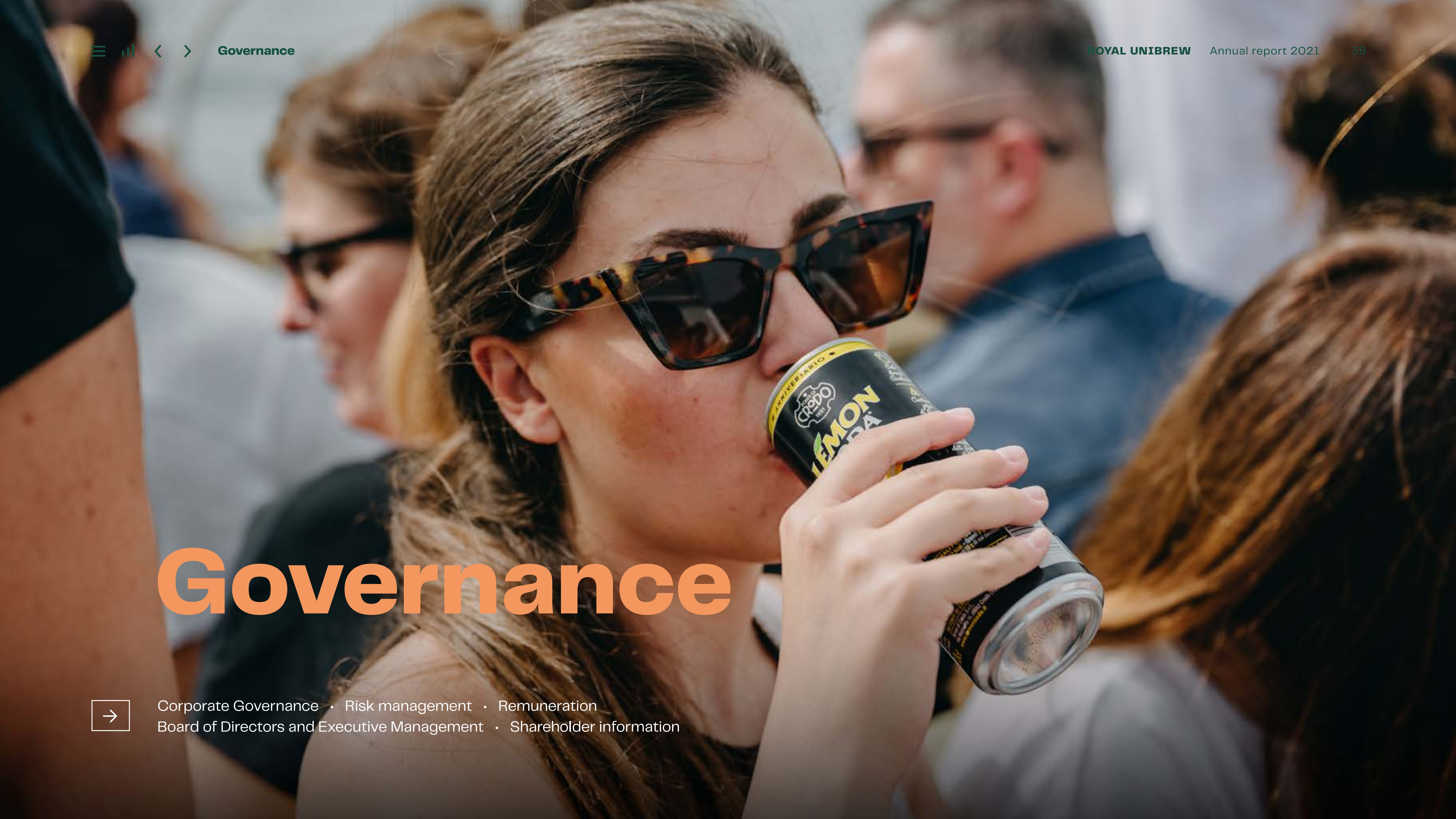
The EBIT margin decreased by 4.1 percentage points from 19.9% in Q4 2020 to 15.8% in Q4 2021. This development is mainly affected by freight costs and increased raw material prices.

Development and initiatives in 2021

Our FAXE beer brand continues to deliver strong growth rates in most of our key markets through 2021. We expanded our geographic footprint and strengthened our partnerships. We also succeeded in reaching sales of more than one million hectoliters worldwide, which makes FAXE our biggest beer brand on volume.

The Malt business is also performing well across all our core markets, including UK, North America, the Caribbean countries and Africa. Our partnerships across geographies have been strengthened. The cider/RTD category continues to grow significantly, driven by especially Asia, although at a somewhat lower pace due to COVID-19 restrictions and high freight costs.

Sell-out in our markets continues to be very high, driven by Africa and Asia.



Governance

Corporate governance

The recommendations of the Committee on Corporate Governance, current legislation and regulation within the area, best practices and internal rules provide the framework for Royal Unibrew's corporate governance. 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.

Remuneration Report 2021

Royal Unibrew has prepared a Remuneration Report in accordance with section 139b of the Danish Companies Act for the financial year 2021, 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 by the Annual General Meeting on 15 April 2020. When granting the variable part of the remuneration, information is made available for the potential value of the programs at the time of exercise.

→ **For further information see Remuneration Report 2021**

In compliance with the recommendations on Corporate Governance issued by the Committee on Corporate Governance, Royal Unibrew has prepared a detailed description in the company's Corporate Governance Report 2021.

→ **For further information see Corporate Governance Report 2021**

Annual General Meeting

The Annual General Meeting (AGM) is the ultimate authority in all affairs of Royal Unibrew. According to the Articles of Association of Royal Unibrew, AGM's shall be convened not more than five weeks and not less 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 as well as continuously evaluates the work performed by the Executive Management on behalf of the shareholders.

Attendance at meetings (in total 12)

	Position	Board meetings
Walther Thygesen	Chairman	■■■■■■■■■■■■
Jais Valeur	Vice chairman	■■■■■■■■■■■■
Christian Sagild	Board member	■■■■■■■■■■⬛■
Heidi Kleinbach Sauter	Board member	■■■■■■■■■■⬛■
Catharina Stackelberg-Hammarén	Board member	■■■■■■⬛■■■■■
Floris van Woerkom	Board member	■■■■□□□□□□□□
Martin Alsø	Board member	■■■■■■■■■■■■
Einar Esbensen Nielsen	Board member	■■■■■■■■■⬛■■
Claus Kærgaard	Board member	■■■■■■■■■■■■
Peter Ruzicka	Board member	□□□□■■■■■■■■
Torben Carlsen	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 focuses on the Company's strategy and prospects and one takes place in a market in which the Company operates, however, due to the pandemic it was not possible to arrange market visit in 2021. In 2021, additional 6 extraordinary meetings were held, resulting in a total of 12 board meetings during the year.

The Board of Directors has established the following committees:

Nomination and Remuneration Committee

The committee consists of the Chairman and the Deputy Chairman of the Board of Directors and as per 28 April 2021 Peter Ruzicka has participated in the committee meetings as advisor. 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 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 9)

	Position	Remuneration and Nomination Committee
Walther Thygesen	Chairman	■■■■■■■■■
Jais Valeur	Vice chairman	■■■■■■■■■
Peter Ruzicka	Board member	□□□■■■■■■

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

Audit Committee

The committee consists of two members; the Chairman (Christian Sagild) and one 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 and oversees the responsibility of monitoring the whistleblower reporting system.

Moreover, 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 2021.

Attendance at meetings (in total 5)

	Position	Audit Committee Meetings
Christian Sagild	Chairman Audit Committee Board member	■■■■■
Floris van Woerkom	Former Chairman Audit Committee, Board member	■■□□□
Peter Ruzicka	Board member	□□■■■

■ 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 takes place annually. The evaluation focuses on ensuring 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 and within economic, financial and capital market issues, including those relating to listed companies. The evaluation is facilitated by the Chairman of the Board of Directors. For this purpose, the Chairman receives written replies to a questionnaire distributed to all members of the Board. The findings of the evaluation were presented and discussed at a Board meeting and based on the 2021 evaluation it was concluded that the Board of Directors possesses the necessary competencies taken Royal Unibrew's business model and strategy into consideration.

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 competences required. The Board of Directors assesses its composition annually, ensuring that the combined competences 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' competences and credentials are described in the below section on the Board of Directors and the Executive Management.

Three of the board members are elected by the Company's employees for a period of four years pursuant to the Danish Companies Act. Election will take 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 reports 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 of leaders within group functions and country managers with broad experience and each of them with special expertise within their area of business in order to achieve our overall strategy of being THE PREFERRED CHOICE.

Diversity and inclusion

The international management team of Royal Unibrew – a total of 129 leaders – comprises 71% (2020: 67%) male and 29% (2020: 33%) female. Reference group has been changed in 2021 due to new structure at GLT level and acquisitions have also increased the gap. Our target is a more balanced gender representation of at least 40% of each gender in the Board of Directors and international management teams by 2025. When recruiting new executives, we prioritize identifying candidates of both genders without discrimination and aim to encourage female candidates' interest in taking on managerial tasks.

Currently, the Board of Directors consists of seven Board members elected by the AGM and three Board members elected by the Danish based employees. Four of the members elected by the AGM are Danish and three are non-Danish. Two of the AGM elected board members are female (29%).

We aim for the Board of Directors to consist of expert members who should, to the widest extent possible, complement each other in terms of age, background, nationality, gender, etc., with a view to ensuring a competent and versatile contribution to the board duties 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 an objective of the committee to identify both male and female candidates. However, recommendation of candidates will always be based on an assessment of the individual candidate's competences and how he/she will match Royal Unibrew's needs and contribute to the overall efficiency of the Board.

Whistleblower 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.

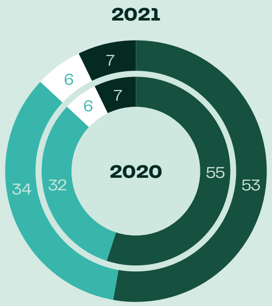
The Company's secure whistleblower system provides employees and any third parties doing business with Royal Unibrew the possibility to report knowledge or suspicion of non-conformance with Royal Unibrew's Code of Conduct or other serious offences.

The whistleblower system can be accessed from Royal Unibrew websites and is available in seven languages. When communicating through the whistleblower system all 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 whistleblower reporting system. Reporting is made in compliance with national data protection regulation and GDPR. No cases reported in neither 2020 nor 2021.

Tax

Royal Unibrew seeks to comply with all tax legislation 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. The Board of Directors has decided to publish a country-by-country reporting as per the GRI 207 framework from 2021. Please refer to page 61 for further details.

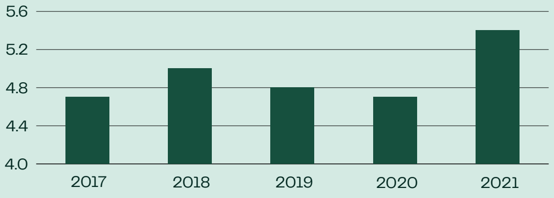
Tax by category
(%)



Excise duties
VAT
Personal taxes and social security contributions
Company income taxes

The total contribution through taxes in 2021 amounted to DKK 5.4 billion (2020: 4.7 billion).

Development in total contribution
billions



Risk management

Risk is an inherent part of our business and we take an active approach to risk management, ensuring 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, to strive to minimize the effect of our key risks as well as to protect our people, assets, reputation, values and freedom to operate.

Through our activities, we are exposed to a variety of risks, some of which are beyond our 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.

2021 – A year with continued restrictions and new acquisitions

The pandemic continued impacting our business in 2021. Internally, we focused on ensuring the safety of our employees. Even with a higher rate of infected people in the societies we operate in, our production sites were not significantly impacted. During the year, our customers were to different extents impacted by restricted opening hours at bars and restaurants, closed nightlife, ban of larger events and festivals as well as closed borders between many of our home markets. Therefore, extra support to customers and more frequent re-planning of production have been essential also in 2021.

In 2021, we signed six acquisitions. The acquisitions will naturally add more complexity to our business and thereby also additional risks. Royal Unibrew has a strong track record of integrating new companies into the existing business setup, but the large number of acquisitions will of course increase the integration risk in 2022.

Declaring support to TCFD

In 2021, we declared our support to the Taskforce for Climate-related Financial Disclosures (TCFD), demonstrating our commitment to building a more resilient financial system and safeguarding against climate risks through better disclosures. We have for several years disclosed our climate performance, governance structure, strategy, risk management, as well as metrics and targets in our Annual Report but also at a more granular level through our CDP disclosure (Carbon Disclosure Project). Full scenario analysis of climate related risks/opportunities is planned to be initiated in 2022, aligning with our enterprise risk management program.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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.

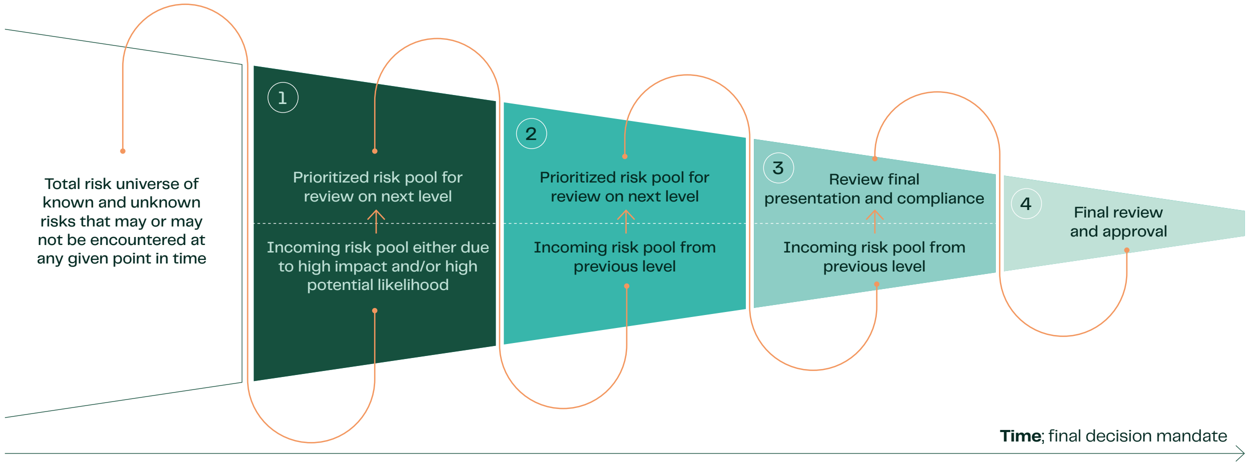
At Royal Unibrew risk management is an enterprise-wide effort, where local risk owners as well as central risk owners from group functions are appointed to facilitate the risk identification, control, mitigation and reporting of current and emerging risks, supported by the central risk management function.

The identified risks and proposed action plans are reviewed and assessed by Royal Unibrew's Senior Leadership Team, whereas the Audit Committee reviews the adequacy and the effectiveness of the risk management system.

Based on this, 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 and for the implementation of effective risk identification, assessment, and mitigation. Risks are assessed under a two-dimensional "heat map" assessment system which estimates the impact of the risk in relation to profit, damage to Royal Unibrew's reputation, violation of legislation or environmental 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 to ensure adequate mitigations 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 Senior Leadership Team

2 Senior Leadership Team

- Determines risk management policies and individual risk strategies
- Risk mitigation efforts implementation
- Ensures consistency between risk management policy and business objectives
- Evaluating, rating and management of key risk developments
- Ensuring resource availability to implement efficient risk mgmt.

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 Senior 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.

Environmental and ethical risks are covered in the ESG section of this annual report.

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

Key risk factors in 2022

Area	Description	Development	Risk mitigation
Raw material	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 higher selling prices per unit or in other ways of increasing the average selling price per unit correspondingly, Royal Unibrew's earnings will decrease. The price fluctuation can also lead to deficiency of raw materials and effect Royal Unibrew's earnings negatively.	In 2021, the raw material prices have continued to increase since the outbreak of COVID-19. At the same time extended delivery times and lower raw material availability challenged the supply chain. We expect 2022 to be a very demanding year, as we need to fend off the significant price increases in raw materials and freight costs as well as secure availability. On top, the increased geopolitical uncertainties may increase the raw material prices even further.	Royal Unibrew monitors the trend in commodity prices, and work closely with our valued suppliers. Hedging against short-term price increases take place on rolling basis through agreements with suppliers and through commodity hedges with financial institutions. For 2022, more than 60% of our commodity price exposure is hedged. In 2022, we will invest in a new solar park in Faxe, which will make the production less vulnerable against price volatility on electricity. in our procurement department, we are constantly working on improving dual sourcing both in terms of suplies as well as geographies.
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 in both existing and new markets by a number of acquisitions in 2021 and in the beginning of 2022. With the acquisition of Solera Beverage Group and the agreement to acquire Hansa Borg, we have strengthened our position in the Nordic, see 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 the continuous improvements across the business will contribute towards limiting the negative effect 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.

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Area	Description	Development	Risk mitigation
IT risk	Royal Unibrew's activities are to a large extent dependent on the use of the established IT systems and the quality of the applied IT security solutions. A prolonged breakdown, unintended maloperation or an 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 1 October 2021, Fuglsang was integrated in our ERP platform, and we expect to integrate MC Energy in Q1 2022. The pandemic has resulted in more employees being forced to work from home, which has been supported by our solid IT infrastructure.	Royal Unibrew works consistently to improve our IT security and has 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.
Macro-economic uncertainty	Royal Unibrew's product portfolio is sold in markets and market areas where market developments are usually determined by economic cycles. Macroeconomic uncertainty, including changes of free trade agreements or low growth of long duration or outbreaks causing a threat to the public health, our geopolitical instability, may affect earnings negatively. As a consequence of this, we might experience declining consumption or shifts in product mix towards products in other packaging formats with lower earnings.	We continue to invest in our production network to secure maximum flexibility. Restrictions related to COVID-19 have impacted the On-Trade business, which seem to continue into 2022.	By focusing on flexibility in our operations, Royal Unibrew is striving to get some leeway for reducing the effect of macroeconomic uncertainty and changes to consumption patterns. The efforts directed at continuous improvements across the business will contribute towards limiting the negative effect of macroeconomic changes.
Partnership	Royal Unibrew cooperate with different partners across markets and product categories. Changes to these relationships may affect the Group's sales and net revenue, and thus earnings.	With the acquisition of Solera Beverage Group, new partnerships from the Solera Beverage Group portfolio have been added to our business, hence revenue from partnerbrands has increased significantly.	Royal Unibrew has in general a long history with our partners and mitigate the partnership risk 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. Any legislative changes may impact the ability to operate, e.g. by way of restrictions in respect of the sale, marketing, packing material and production of Royal Unibrew's products or due to increasing consumption taxes. Such restrictions may affect the Group's sales and earnings significantly.	In 2021, restrictions on opening hours at bars, hotels and restaurants due to COVID-19 have affected our customers' sales negatively. Products with less sugar and products with low/no alcohol are on the agenda of many governments. Royal Unibrew continues to innovate products within both areas.	Royal Unibrew participates in local and international cooperation fora within the beverage industry with a view to influencing legislative decision makers to ensure that conditions for producing and marketing beer and soft drinks do not deteriorate, and that consumption taxes are applied in a balanced manner.

Remuneration

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

The remuneration of the Board of Directors and Executive Management during the past financial year has been provided in accordance with the remuneration policy and incentive guidelines of Royal Unibrew adopted by the Annual General Meeting on 15 April 2020.

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

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	2021	Change	2020
Granted pay			
Fixed salaries to Executive Management	13		13
Severance payment	0		7
Short-term bonus scheme for Executive Management	6		11
Long-term bonus scheme for Executive Management	7		0
Remuneration of Executive Management*	**27**	**-13%**	**31**
Remuneration of Board of Directors	5		5
Total remuneration of Board of Directors and Executive Management	**32**		**36**
Expensed pay			
Adjustment to granted pay:			
Long-term bonus (note 6)	-3		7
Total remuneration of Board of Directors and Executive Management	**28**		**43**
Average remuneration of employees			
Royal Unibrew employees (Group)	0.4	6%	0.4

* The decrease in fixed salaries from 2020 to 2021 is primarily due to the changes in the Executive Management which included severance payment to Johannes Savonije in 2020.

Board of Directors and Executive Management

Board of Directors


	Walther Thygesen Chairman of the Board	**Jais Valeur** Deputy Chairman of the Board
Position	Professional board member in a number of enterprises	Group CEO of Danish Crown
Directorships	Chairman of the board of directors of Sonion Holding A/S, DK, Sonion InvestCo A/S, DK, DROT ApS, DK, Kartago Development ApS, DK, and MARSK ApS, DK. Member of the board of directors of Kartago Property ApS, DK, and German High Street Properties A/S, DK	Member of the board of directors of Foss A/S, DK
Special competences	Special expertise in general management with experience from both Denmark and abroad as well as sales and marketing expertise, especially in the business to business market	Special expertise in general management of international enterprises within FMCG (Fast Moving Consumer Goods)
Committees	Chairman of the Nomination and Remuneration Committee	Member of the Nomination and Remuneration Committee
Initially elected	2010	2013
Term of office	2021-2022	2021-2022
Considered independent	Yes	Yes
Nationality	Danish	Danish
Year of birth and gender	1950, male	1962, male
No. of Royal Unibrew shares (change from 1 January 2021)	15,000	976 (+440)

Board of Directors (continued)

	 Martin Alsø Elected by the employees	 Einar Esbensen Nielsen Elected by the employees	 Heidi Kleinbach-Sauter Member of the Board	 Claus Kærgaard Elected by the employees
Position	Business Unit Manager in Royal Unibrew	Terminal worker in Royal Unibrew	Professional board member	Sales Manager Off-Trade in Royal Unibrew
Directorships			Member of the board of directors of Chr. Hansen Holding A/S, DK	
Special competences			Broad international experience within general management, technology, quality management and science within the food and beverage industry. Global thought leader diversity and inclusion.	
Committees				
Initially elected	2014	2018	2019	2018
Term of office	2018-2022	2018-2022	2021-2022	2018-2022
Considered independent	No	No	Yes	No
Nationality	Danish	Danish	German/US	Danish
Year of birth and gender	1974, male	1954, male	1956, female	1968, male
No. of Royal Unibrew shares (change from 1 January 2021)	2,400	119	-	180

Board of Directors (continued)

	Christian Sagild Member of the Board	**Catharina Stackelberg-Hammarén** Member of the Board	**Peter A. Ruzicka** Member of the Board	**Torben Carlsen** Member of the Board
Position	Professional board member	Executive Chairman of the Board, Marketing Clinic	Professional board member	Group CEO of DFDS
Directorships	Chairman of the board of directors of Nordic Solar A/S, DK, and Penneo A/S, DK. Deputy Chairman of the board of directors of Ambu A/S, DK	Member of the board of directors of Alma Media, Marimekko, Kojomo, Purmo Group, Marketing Clinic Oy (including subsidiaries) and Scansecurities Oy, all companies situated in Finland	Chairman of the board of Ventotene Holding AS, NO, and Pandora A/S, DK, Member of the board of directors of Aspelin, Ramm Gruppen AS and AKA AS and Axfood AB	Member of the board of directors of PPC Ejendomme A/S, DK; Dyal 1 ApS, DK and P/S Dyal Investment
Special competences	Special expertise within general management of listed enterprises, including in-depth insight within finance and risk management	Special expertise in strategy, marketing and digitalization within the food and beverage industry for FMCG (Fast Moving Consumer Goods) in the Nordic markets	Broad international experience within the food and beverage industry and FMCG (Fast Moving Consumer Goods) as well as special operational expertise with strategy execution and transformation.	Broad international expertise and knowledge within finance, risk management, M&A and management of international corporations
Committees	Chairman of the Audit Committee		Member of the Audit Committee	
Initially elected	2018	2019	2021	2021
Term of office	2021-2022	2021-2022	2021-2022	2021-2022
Considered independent	Yes	Yes	Yes	Yes
Nationality	Danish	Finnish	Norwegian	Danish
Year of birth and gender	1959, male	1970, female	1964, male	1964, male
No. of Royal Unibrew shares (change from 1 January 2021)	3,000	450	1,000 (+1,000)	1,500 (+1,500)

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 from Aarhus University
Position	CEO from September 2020 COO April–August 2020 CFO December 2011–March 2020 Joined in 1993	CFO from April 2020 Member of the Board of Directors April 2018–March 2020
Nationality	Danish	Danish
Year of birth and gender	1973, male	1974, male
No. of Royal Unibrew shares (change from 1 January 2021)	79,156 (+ 7,168)	2,033 (+ 850)

Shareholder information

Royal Unibrew's Management strives and works actively to maintain a good and transparent communication and dialogue with its shareholders and other stakeholders.

Share information

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

In 2021, a total of 25,896,129 (2020: 36,117,909) shares were traded, corresponding to 53% (2020: 73%) of the total number of shares traded (at year end) through Nasdaq Copenhagen A/S (source: Bloomberg). The trading value amounted to DKK 19,195 million (2020: DKK 20,590 million) representing a 7% decrease.

Basic information

Share capital, DKK	97,600,000
Number of shares	48,800,000
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	2021	2020	2019	2018	2017
Share capital 1/1	98,700	100,200	102,000	105,400	108,200
Capital reduction	-1,100	-1,500	-1,800	-3,400	-2,800
Capital increase					
Share capital 31/12	**97,600**	**98,700**	**100,200**	**102,000**	**105,400**

At the end of 2021, the price of the Royal Unibrew share was DKK 737.20 compared to DKK 706.60 per share at the end of 2020. Royal Unibrew's market capitalization amounted to DKK 36 billion at the end of 2021 compared to DKK 34.9 billion at the end of 2020. Each share carries one vote, and all shareholders registered in the Company's register of shareholders are entitled to vote.

Change of control

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

Share buy-back and treasury shares

At the AGM on 28 April 2021, the Board of Directors was authorized to acquire treasury shares for up to 10% of the total share capital in the period up until the next AGM.

In 2021, Royal Unibrew bought back a total of 790,430 shares at a market value of DKK 582 million and as of 31 December 2021, Royal Unibrew held 880,874 treasury shares of a nominal value of DKK 2 each, corresponding to 1.8% of the Company's share capital of which 20,000 are for the purpose of covering the incentive program offered to the Executive Management. In 2021, 1,100,000 shares were cancelled.

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

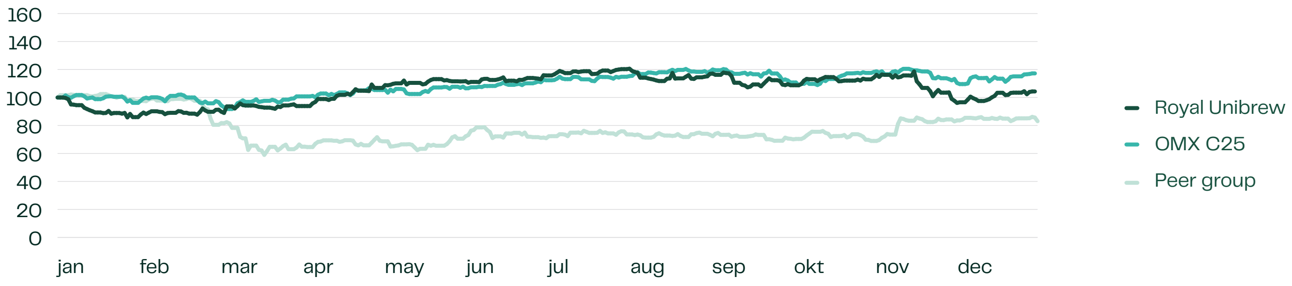
At the end of 2021, the total number of shares of the Company was 48,800,000, including treasury shares.

Dividend dates for 2022

APRIL 28 2022	Resolution at AGM
APRIL 28 2022	Last trading date with right to dividend for 2021
APRIL 29 2022	First trading date without right to dividend for 2021
MAY 3 2022	Distribution of dividend

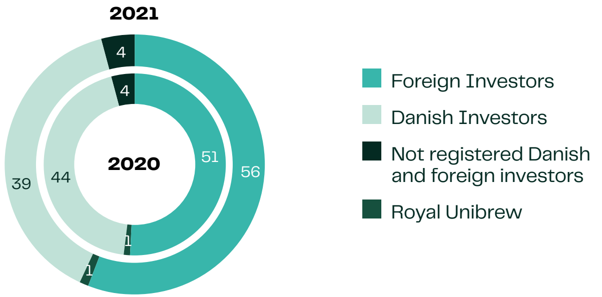
Share performance 2021

(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 2021



Dividends

The Board of Directors proposes a ordinary dividend of DKK 14.50 per share for 2021 (2020: DKK 13.50)

Ownership

At the end of 2021, Royal Unibrew had approximately 31,106 registered shareholders holding together 96.1% of the total share capital. According to the latest Company Announcements or other public announcements, the following shareholders hold more than 5% of the share capital:

Shareholder	End of February 2022
Chr. Augustinus Fabrikker A/S, Denmark	15.02% (reported on 22 September 2017)
BlackRock, Inc., USA	10.05% (reported on 16 September 2021)

Share transactions made by members of the Board of Directors and the Executive Management are governed by Royal Unibrew's insider rules, and their 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 (and provided that they do not have inside information). This normally applies for a period of four weeks following an announcement of financial results.

On 31 December 2021, board members held 25,010 shares of the Company, and members of the Executive Management held 81,189 shares, corresponding to a total of 0.2% of the share capital.

Annual General Meeting

The Company's AGM will be held on 28 April 2022, at 4 pm CET at Faxe Hallerne, Faxe. Due to current pandemic situation, the Company urges its shareholders to keep updated on latest restrictions and to follow the Annual General Meeting live on our website or view the recording after the meeting has finalized.

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 holding the shares in safe custody.

In addition to agenda items in the Articles of Association, the agenda will include at this point in time:

- Approval of remuneration of the Board of Directors for 2022
- Authorisation to acquire treasury shares
- Approval of Remuneration Policy

Communication with shareholders and stakeholder relations

Royal Unibrew's Management strives and works actively to maintain a good and transparent communication and dialogue with its shareholders and other stakeholders. We believe that a high level of transparency in the communication of information on the Company's development supports our work and a fair valuation of the Company's shares. Our openness is limited only by the duties of disclosure of Nasdaq Copenhagen and by competitive considerations.

The dialogue with and communication to shareholders and other stakeholders take place in connection with the publishing of financial reports and other announcements communicated via audio casts, meetings with investors, analysts and the media. Financial Reports and other announcements are

Share ratios

per share of DKK 2 – DKK	2021	2020	2019	2018	2017
Parent Company shareholders' share of earnings per share	26.5	24.1	23.0	20.6	16.0
Parent Company shareholders' diluted share of earnings per share	26.5	24.1	22.9	20.6	16.0
Free cash flow per share	26.4	28.8	23.4	18.7	17.8
Year-end price per share	737.10	706.60	610.00	449.0	371.8
Dividend per share	14.50	13.50	12.20	10.80	8.90
Number of shares	48,800,000	49,350,000	50,100,000	51,000,000	52,700,000

Financial calendar 2022

MARCH 1 2022	**Annual Report 2021**
APRIL 28 2022	**Trading Statement Q1**
APRIL 28 2022	**Annual General Meeting**
AUGUST 17 2022	**Interim Report H1**
NOV 8 2022	**Trading Statement Q3**

available at Royal Unibrew's website immediately after being published. 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 2021, Royal Unibrew facilitated four audio casts in connection with the publication of the Annual Report 2020 as well as H1 Interim Report and Q3 Trading Statement 2021 and when acquiring Solera Beverage Group. Moreover, a virtual Capital Market Update with approximately 100 interested investors and analysts was held on 10 May 2021. Audio casts and presentations from audio casts and seminars and Capital Market Update 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. This year, the majority of the meetings have been virtual, and we have participated in around 140 meetings with more than 320 investors.

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

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

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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 of the Danish Financial Statement Act and is at the same time our Communication On Progress report in accordance with UN Global Compact.

Our long-term sustainability strategy

One year into the 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 focus continues to be on reducing the impact of our operations and products and the entire value chain we are a part of, while at the same time delivering sustainable business growth.

During 2021, we transformed our strategy and objectives into concrete plans and actions 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 the 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 at our company. We monitor our performance closely and diligently to ensure progress and to make timely adjustments if needed.

In 2021, Royal Unibrew's aspiration of becoming a global leader in sustainable beverages with ambitious decarbonization targets led to the decision of endorsing the Taskforce for Climate-Related Disclosures (TCFD) and committing to the science based 1.5°C climate target aligned with the Paris Agreement. We will be ready for validation of our targets by the Science Based Target initiative (SBTi) within the next 24 months.

Our dedication to take the lead in sustainability was in 2021 also recognized by a 40% improved Sustainalytics ESG rating, where we are now at low risk with an ESG risk rating of 16.9. Compared to our peers, we are amongst the top rated.

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 on our long-term 2030 targets. Due to COVID-19, the initiative on packaging waste in the Americas, Africa and Asia is delayed.

"In 2021, we got a step further in our aspiration of becoming a global leader in sustainable beverages as we endorsed TCFD, joined SBTi and improved our ESG score by Sustainalytics. We recognize that it is a journey, Royal Unibrew has embarked. It is complex, requires focus and dedication, hard work and close cooperation across the value chain but we believe we have a strong foundation, and a history of delivering results together with our stakeholders."

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
39%

Our products

100%
carbon emission free by 2025 in scope 1 and 2**
70%

50%
reduction in supply chain emissions (scope 1, 2, 3) by 2030
12–15%

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

Our people

100%
safety culture

80%
of employees are 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
* "Preferred choice", as related to the corporate vision; ** without distribution

Achievement highlights in 2021

We continued our sustainability journey in 2021. We implemented our ambitious long-term strategy, we continued our efforts to reduce the footprints and potential impacts for our consumers/customers, our products and our people, while at the same time following up on our short-term targets for 2022/2025.

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, in our product labelling, in our marketing of products and not the least when 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.

We have codified our marketing policies for promotion, advertising, and sponsorships, which are aligned with legal requirements and guidelines by the international trade associations.

Between 2017 and 2021, the volume growth for no and low products significantly out-performed regular products for both soft drinks, beer, cider and RTD. For our CSD, water and energy portfolio, this is also reflected in a 8% general reduction in calory content per 100 ml across our markets during the same period.

Circular materials

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

48% of our PET bottles are made of recycled material, irrespective of size, design or brand. Several brands are already in 100% such as Egekilde, Faxe Kondi, Novelle and Bauskas Alus.

We continue to work on material reduction. In the past 12 years, we have down gauged packaging materials corresponding to 8,600 ton CO_2 per year.

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.

A new filling line for cans is currently being constructed in Faxe. It will support introduction of cardboard solutions enabling replacement or elimination plastics for several of our SKUs already in 2022.

Improving Efficiency year-on-year

Royal Unibrew has succeeded in lowering the carbon intensity of our production year-on-year. From 2015 to 2021, we have had a decrease of 28% $kgCO_2$/hl while having a volume increase of 32%. Our success is a combination of our keen focus on energy efficiency projects at our production sites and change in product mix from 2019 to 2020 and 2021 due to COVID-19 with a shift from the more energy consuming brewing process to less energy consuming soft drinks production.

Royal Unibrew's production facilities are not located in high or extreme water stressed areas. However, as part of our overall ambition to produce with less impact on the surrounding environment water preservation and quality is important. 100% of all wastewater is treated. Reducing water consumption remains a priority and the consumption of water per hl has decreased by 6% from 2015 to 2021.

In our recent update of our Supplier Code of Conduct, the demand for environmental & climate efficiencies have been clarified.

Investing in renewable energy – decarbonizing

Joining SBTi (Science Based Target initiative) and endorsing TCFD (Taskforce for Climate-Related Financial Disclosures) in 2021 emphasizes the importance Royal Unibrew puts on decarbonization and managing climate related risks.

Two major capex projects were approved in 2021, and the projects are well under way. One project concerns construction of a solar park in Faxe, Denmark, delivering renewable energy to cover approximately 40% of power consumption at our largest site. And the other project relates to converting all heat consumption from fossil based to 100% bio based at our second largest site at Lahti, Finland, by establishing a bioreactor utilizing our byproduct supported with biogas from a nearby landfill.

At all other sites we have advanced plans, which total a reduction of at least 48% of our CO_2 emissions. Adding current RECs for electricity, it adds up to a total decarbonization of 70%.

Governance and Organizational development

Improving our Sustainalytics ESG score to 16.9 (low risk) from 23.7 in 2020 shows that we are on the right path regarding governance, performance and disclosures. Compared to our peers, we are amongst the top rated.

Our policy on business ethics and environment & climate, respectively, were approved by the Board of Directors.

Expanding our Growth Leadership Team with Group functions such as Procurement, IT, Legal and CSR to ensure the right balance between commercial and sustainability aspects.

80% of our employees are ambassadors for Royal Unibrew and 100% sustainability culture is indicated in our recent employee engagement survey.

Collective bargaining agreements cover all eligible employees in Royal Unibrew.

Managing Sustainability

At Royal Unibrew, we are committed to conduct 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. We have therefore always been committed to contribute positively to the development in the areas we operate in, 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 also realize that being regional yet with global markets, we continuously need 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 support for the UN Global Compact (UNGC) principles, the UN Sustainable Development Goals (SDGs) as well as our recent endorsement of the TCFD framework with balanced disclosure of climate risks and climate opportunities.

A strong company culture is crucial for our ongoing progress – a culture in which decisions are taken 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 actions. We believe that this approach is a strong foundation to integrate sustainability deeper into our organization and to realize our ambitious targets.

During 2021, we worked intensively to implement 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. By joining the Science Based Target initiative, we have set the course for full scope 3 transparency within the next 24 months. We believe that our current decarbonization targets will be approved.

Furthermore, Royal Unibrew has been laying the foundation and initiated the integration of the five acquisitions completed in 2021. The new companies, their business models and competences, encourage us to reconsider some of our programs and approaches, such as our responsible sourcing and supplier management procedures, as well as it challenges some of our KPIs.

SUSTAINABLE DEVELOPMENT GOALS

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

THE GLOBAL COMPACT WE SUPPORT

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

- Signing up to UN Global Compact
- Establishing 2020-2022 targets aligned with the SDGs focusing on CO_2, recycled packaging, no/low products and employee safety
- Calculation of carbon footprint and overview of carbon emissions throughout the entire value chain

2020

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

- Initiated implementation of our 2025/2030 sustainability strategy
- Joining and committing to SBTi (Science Based Target initiative) for Paris Agreement alignment
- Endorsing TCFD (Taskforce for Climate-Related Financial Disclosure) framework
- Disclosing country-by-country tax and EU taxonomy eligibility

Tax and EU Taxonomy

Creating jobs and deliver prosperity in the communities Royal Unibrew is a part of is a tangible contribution for society

Total tax contribution (country-by-country)

Royal Unibrew seeks to comply with all tax legislation to its business operations. We operate in many markets, either via our own sales companies or via distributors, whereas, our production is located in countries in Europe.

Royal Unibrew follows the OECD principles for transfer pricing disclosures and documentation and use external advisors in preparing the documentation. The country-by-country tax disclosure is based on the GRI 207 tax guideline.

In 2021, Royal Unibrew paid 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.

We are not currently eligible for disclosing in accordance with the EU Taxonomy for climate change mitigation and climate change adaptation, as our activities are not in scope. We do however, reserve the right to investigate further once the guidelines from the EU commission are finalized.

Royal Unibrew is already considering the overarching principle of Do No Significant Harm (DNSH) in our business decisions. We have not evaluated the four remaining objectives of the EU Taxonomy, yet: Sustainable use and protection of water and marine resources, transition to circular economy, pollution prevention and control, protection and restoration of biodiversity.

Country-by-country key figures - IFRS, 2021	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 inter company 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	1.119	675	3.539	671	3	828	1.469	176	195
Finland	662	328	2.458	67	10	652	1.096	140	129
Norway	39	46	457	–	657	27	196	10	-2
Italy	141	92	919	296	57	33	185	8	8
France	148	65	279	86	600	51	163	5	14
Latvia	368	63	334	127	–	39	130	0	0
Lithuania	340	58	419	106	29	13	202	9	2
Estonia	23	5	61	0	36	-6	19	–	–
Other*	50	32	280	0	61	10	55	3	2
	2.890	**1.365**	**8.746**	**1.352**	**1.453**	**1.646**	**3.515**	**352**	**349**

* Includes Canada, Sweden, UK and US

Country-by-country key figures - IFRS, 2021	Excise duties DKKm	VAT DKKm	Personal taxes & social security contributions DKKm	Corporate taxes DKKm	Total DKKm
Denmark	249	619	193	176	1.238
Finland	1.854	716	76	140	2.786
Norway	283	157	12	10	462
Italy	157	187	15	8	368
France	26	5	1	5	37
Latvia	115	73	24	0	213
Lithuania	145	64	0	9	219
Estonia	0	14	2	–	16
Others*	20	18	7	2	47
	2.849	**1.855**	**329**	**352**	**5.385**

* Includes Canada, Sweden, UK and US

Collected by the company

Borne by the company

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) and sustainability. Our policies and systems ensure compliance.

In 2021, we codified several of our internal guidelines and the Board of Directors adopted our policy on Business Ethics and our policy on Environment & Climate. Furthermore, we put forward additional requirements for our suppliers, i.e., establishing an addendum to our current Code of Conduct, addressing CO_2 reduction targets and renewable energy for all categories and specific requirements for agriculture-based raw material and packaging material.

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 2021

The majority of our production sites are operating in accordance with internationally recognized quality standards and are food safety certified 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, as well.

Royal Unibrew's policies and our 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, incl. occupational health and safety but also quality & 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 the tools to ensure compliance internally, thus employees are trained in relevant aspects depending on their function inside and outside of the company.

Policies and systems

	Policy	Systems, procedures and guidelines
Our consumers & customers	**Group level:** · Business Ethics Policy	ISO 9001 (4 sites) Global Food Safety (GFSI) recognized standards (9 sites) Tax compliance and transfer pricing documentation
Our products	**Group level:** · Business Ethics Policy · Environment & Climate policy · Code of Conduct with addendum	ISO 14001 (5 sites) Environmental Management Systems Energy assessment at all production sites
Our people	**Group level:** · Business Ethics · Remuneration policy · Diversity & Inclusion policy · Data ethics	ISO 45001 (2 sites) OHS Management Systems Employee engagement survey Employee Master Data **Mandatory training:** GDPR, Competition, Marketing law, etc.

Our governance structure

Our sustainability activities are anchored at the Board of Directors, which set the direction for our strategy, targets, risks, opportunities and group policies together with the Executive Management (see the section on Corporate Governance). The targets are aligned by and implemented through the Growth Leadership Team, consisting of the SVPs and VPs for our main markets and group functions, including Group Director CSR. To ensure focus on sustainability, Group CSR reports directly to the CEO.

Signing up to the UN Global Compact in 2019 was the starting point for further formalization of our sustainability efforts, including further improvement of transparency in our sustainability policies, systems and due diligence processes. We aim to continuously improve these fundamentals.

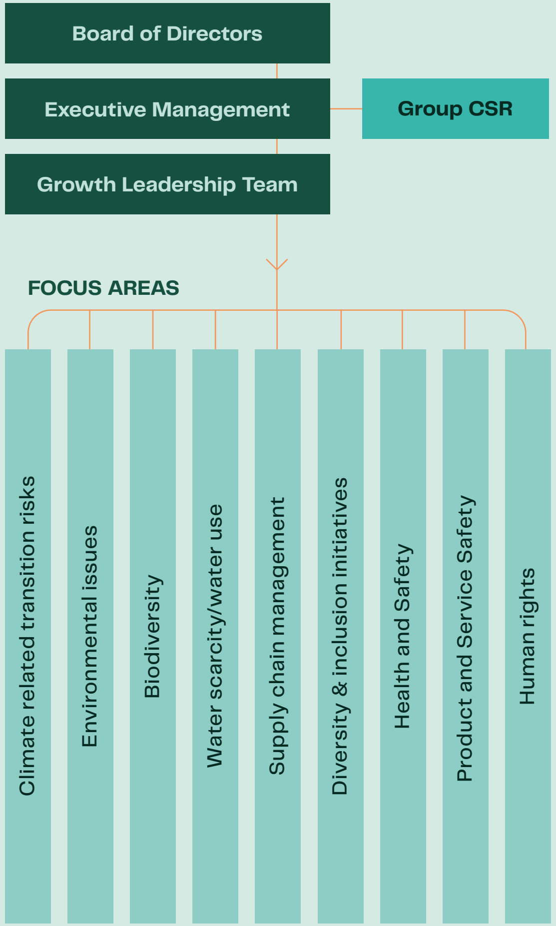
Establishing clear accounting policies for sustainability data and thus establishing a basis for transparency and external assurance has been an integral part of this process. Group CSR and Finance are responsible for measuring our results, including good practice guidelines for risk and controls. Based 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 oversees all sustainability aspects.

We strive to work with a balanced approach towards our stakeholders, both by disclosing potential risks to our business and how we control these, as well as by showing the opportunities for Royal Unibrew; commercially, as a sustainable beverage company and locally as a sustainable partner and not least as a great place to work.

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.

Potential risks may include food safety incidents, workplace incidents, human rights or anti-corruption violations (in entire value chain), failure to attract and retain the right employees, non-conformities or litigations regarding responsible marketing requirements. Market availability of recycled packaging material, lack of well-functioning waste collection and recycling systems, unintentional emissions or inefficient processes are the main environmental risks. Climate related risks are generally assessed as being low, whereas we see opportunities in being a leading sustainable beverage company, i.e. our purpose and strategy to be THE PREFERRED CHOICE of the future.

Governance structure



Our consumers & customers

We want to be the preferred partner for our customers with the most relevant innovations for our consumers regarding health and wellness, authenticity and care for the environment. We aim to

- Support consumers in making the healthy, nutritious and sustainable choice
- 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 the consumer's choice. We want to help consumers make the healthy or nutritious choice by always having an alternative to regular products, e.g. fully sugared, alcoholic, etc. We want to provide transparency for the consumer when choosing beverages.

Being a responsible company, Royal Unibrew is aware of the global challenges formulated by WHO regarding obesity and the associated risks of cardiovascular diseases, cancer and diabetes as well as risk of alcohol abuse, linked to excess consumption of food and beverages.

We strive to offer consumers and customers sustainable enjoyment through a broad variety of beverages, complementing the setting/situation whether the individuals find themselves at a music venue, dining with family and friends, exercising, travelling or at other occasions. The purpose is to provide energy, refreshment, quenching thirst or simply a good time. Consequently, we develop, launch and supply products with great taste and with regular, low/no-alcohol and calorie content, all clearly declared. Our aim is to offer a low/no alternative in all categories and in all markets to enable our customers to offer healthier choices to the consumers. Royal Unibrew also wants to lead development of healthy and nutritious products and markets, 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, e.g., full sugar products in the soft drink, water and energy categories. The volume of no sugar products increased by 11% from 2017 to 2021, while regular products increased by 6% in the same period, which indicates our short-term 2022 target of a balanced launch of regular, low and no beverages is working. In addition, the calorie content of the portfolio showed an overall 8% reduction per 100 ml during the same period.

The launch of 0.0% and low alcohol containing products (beer and cider/RTD) increased in 2021. The no-alcohol segment increased by 38% from 2017 to 2021 compared to a total of 1% 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 will be met.

In all our major markets, we have leading positions within the no-calorie segments for carbonated soft drinks. In the no-alcohol segment Royal Unibrew is a market leader for beer in DK, Finland and the Baltics.

Measurements for Royal Unibrew's goal to be THE PREFERRED CHOICE is not finalized, yet. But our goal of allocating 40% of our marketing budget to sustainability (no/low, organic, responsible, environment, etc.) shows a positive trend with a total in 2021 of 39%, excluding the acquired sites.

Key initiatives

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

Responsible drinking

In 2021, Royal Unibrew made our policy on responsible drinking and labelling publicly available as it was integrated in our Business Ethics policy approved by the Board of Directors. We have more detailed internal guidelines on advertising, promotion, and sponsorships, and we consider disclosing more detailed policies in 2022.

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

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

In the market circularity

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

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

However, information is not enough in itself to reduce the footprint from packaging material. For the well-functioning deposit return systems (DRS) there are generally very high return rates, e.g., +90% in Denmark, Finland, Norway, Sweden, Estonia 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, thus, enabling food grade material for recycling. Recycling campaigns are currently run together with the deposit return systems (DRS) 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 2021, we implemented several initiatives and in 2022 we will continue the efforts. An example our new guidelines on sales material (POS). In our industry, sales material is widely used such as coasters, cups, t-shirts, umbrellas etc. Upon reviewing our Business Ethics, Environmental & Climate policies, we also revised our guidelines for purchase of POS material. In line with the policies, we have established specific requirements regarding materials, ethics, and engagement. The latter is related to using POS as an agent for nudging of consumers to make sustainable choices.

Key initiatives

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

In our industry, sales material (POS) is widely used such as coasters, cups, t-shirts, umbrellas etc. Upon reviewing our Business Ethics, Environmental & Climate policies, we also revised our guidelines for purchase of POS material. In line with the policies, we have established specific requirements regarding materials, ethics, and engagement. The latter is related to using POS as an agent for nudging of consumers to make sustainable choices.

Local engagement

The local connection is in our DNA – we want to be present in the local communities with local brands and products, actively engaging with local consumers and customers through activities we support.

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, with customers, other business partners and NGOs.

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

Royal Unibrew has a number of ongoing local 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 introducing organic beverages (beer, soft drinks and cider/RTD) and sponsorships with 0.0% beer, supporting preservation of freshwater in Finland and Latvia and fostering excellence in West Africa by sponsoring education of school children. 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.

Supporting local businesses in general is another important undertaking for Royal Unibrew. During the pandemic this has become even more pertinent, especially in relation to On-Trade customers and events. We continued to engage in activating consumers using our platforms and channels together with various customers e.g., the Ceres Bar Supporter. We kept the Danish virtual beer tasting events going to support microbreweries. With eight events and a televised program "Natholdet", we have presented 143 beers in total, 120 being from microbreweries. One tasting event in May 2021, was adopted to the Guinness Books of World Records as the World's largest virtual beer tasting.

Key initiatives

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

The up-and-coming musicians, who were planning concerts already in 2020, were supported in Denmark in a campaign called "The Cancelled Bands". 15 selected bands were promoted in nationwide campaigns, enabling their stories to reach the consumer and enable the meeting between musicians and music lovers, either at concerts or via cooperation between different festivals and organizers as well as various branding activities.

Our products

Our ambition is to be one of the most sustainable beverage companies and to be THE PREFERRED CHOICE for the future. 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 lowering the impact from packaging material through recycling, while having a positive social impact. By having joined the Science Based Target initiative (SBTi) we are committing not only to decarbonize in line with the Paris goals, but also to deliver transparent and verified data on our progress for 2030 for scope 1, 2 and 3 and for net zero later. We will reach our targets by:

- Shifting to renewable energy
- Becoming circular
- 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. Investing in transformation of thermal energy to electrical energy
3. Actively invest in or push for additionally renewable energy in the grid
4. In the short- to medium-term, either source renewable energy power or biogas or buy accredited certificates

Renewable energy sources

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

Royal Unibrew is setting ambitious targets on carbon emissions. From 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) reducing our footprint by at least 50% in 2030. We have decided on several initiatives to reach these ambitious targets, but we also acknowledge that implementation of new, not yet available, technologies are key to succeed.

Royal Unibrew's principles for decarbonization have not changed. Drivers are efficiency improvements, transitioning from fossil-based to renewable energy or adding renewables to the grid. Royal Unibrew partners with external specialists to conduct energy audits aiming at having a catalogue of best practices, feasibility studies and a number of approved projects by the end of 2022.

Today, 25% of Royal Unibrew's CO_2 footprint from scope 1 and 2, excluding logistics, is renewable energy based, 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 70% of our production related carbon footprint (24 mio $kgCO_2$), are progressing or planned for the period 2022 to 2024. We have projects running at our largest productions sites, installing a solar park in Faxe, Denmark, delivering renewable energy to cover approximately 40% of the power consumption, and transforming our fossil based thermal energy to 100% biobased at our Lahti site in Finland utilizing our spent grain from production and biogas from a near-by landfill. Furthermore, projects to transition from fossil-based to biobased fuel, from thermal energy to electrical, and installation of solar panels fully implemented by 2024 are already planned

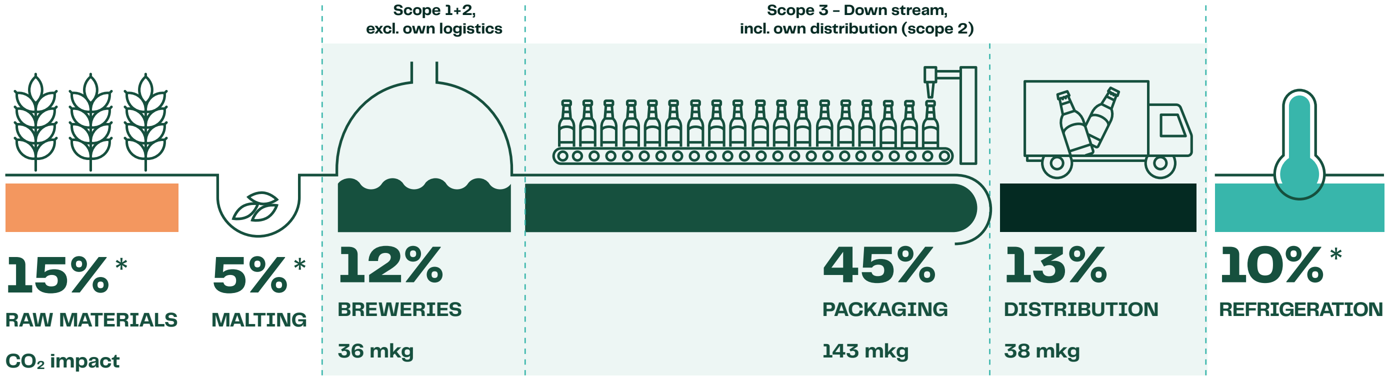
Key initiatives

- Transform and electrify production
- Demand renewable energy in the supply chain
- Optimize energy and water consumption
- Committing to the Science based Target Initiative

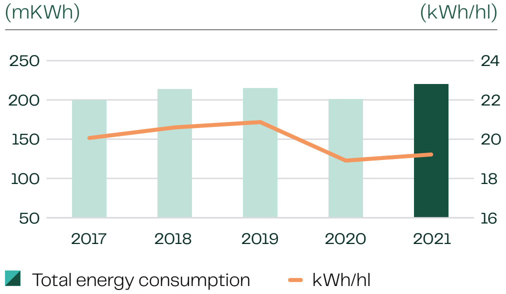
Emissions throughout the life cycle

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

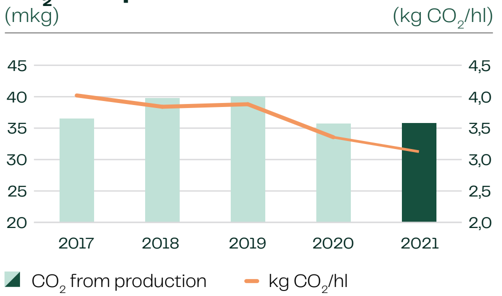
* Approx industry average



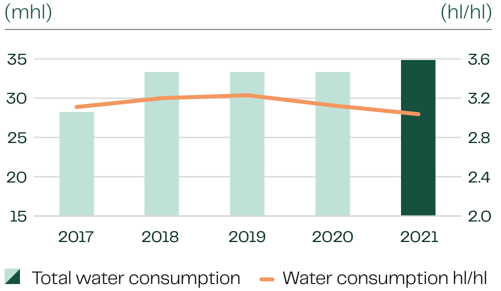
Energy consumption



CO_2 from production



Water consumption



in Denmark, Latvia and Lithuania. In addition, we continue the purchase of RECs (Renewable Energy Certificates) or in 2022 PPAs. We do, however, still need to identify options for the remaining 30%, primarily fossil-based thermal energy.

A top priority in 2022 is to finalize the roadmap for our 2025 scope 1 and 2 decarbonization target, which in turn will form the basis of creating a roadmap for our 2030 scope 3 target - science-based and contributing to limiting global warming to 1.5°C. Our ambition to become emission free also translates into new demands for our suppliers and partners across the entire value chain.

In 2021, the CO_2 impact from production, packaging materials and distribution was 36 million, 143 million and 38 million kg CO_2, respectively. Essentially unchanged from 2020 in absolute amounts but with an improvement per produced unit of 2% for packaging material. The reduction for packaging materials is triggered by the increased content of recycled material.

The carbon footprint for our production was reduced by 28%, measured as kg CO_2 per produced volume, from the base year 2015 to 2021. This shows that we are on the right track for our short-term target of 30% in 2022 compared to 2015. Between 2020 and 2021, the kg CO_2 per produced volume decreased with 7%. Thus, the efficiency of our production continues to improve year-on-year. The CO_2 reduction is a result of the ongoing energy optimizations at the production sites.

Greening of distribution

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

We are conducting several projects to optimize distribution within our own fleet, and with our forwarders, such as combining optimal locations for distribution hubs with proximity of alternative lanes or alternative fuel sources. At our Headquarter in Faxe we installed charging stations to support employees' choice of electrical vehicles (EV) or hybrid cars. 15% of our company cars are currently EV or hybrid. Furthermore, in 2022 we introduce at least two electrical trucks and one biogas fueled truck.

Water remains a priority

Water is our most important raw material and therefore water preservation and water quality are key to us. All our wastewater is treated before emission to meet the requirements. Reducing water consumption remains a priority and the consumption of water per hl has decreased by 3% from 2020 to 2021. The water intensity from 2015 to 2021 reduced 7%, organically.

Royal Unibrew's production facilities are not located in high or extremely high water stressed areas. Withdrawal of water in low and medium-low water stressed areas constitutes approximately 47% 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, where 500 kg trout was released in 2021. Another example is in Latvia, where Royal Unibrew just signed a long-term agreement with WWF to cooperate on preserving the rivers of Latvia.

Product circularity

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

In the beverage industry product circularity depends to a high degree on closing the loop for packaging material (primary, secondary and tertiary). The elements are to remove, reduce, reuse and recycle material. To succeed in our strategy it is, however, pivotal that food-grade packaging material such as r-PET, is not down-cycled for non-food applications.

100% recycled PET

We already provide several of our own brands in 100% r-PET bottles. Together with our partner PepsiCo, we are committed to reach 100% r-PET already by the end of 2022.

Target % Recycled material

	Realized 2020	Realized 2021	Target 2022	Target 2025
r- Corrugated cardboard	80	84	>90	100
r- Paper labels	69	77	>90	100
r- Shrink film	3	32		100
r-PET	19	48	>30	100

The food safety requirements for primary packaging material (e.g., glass bottles, PET bottles and cans) are stringent as it is key to protect our products. The entire packaging system, e.g. bottles, crates, trays and wraps ensures there is no harm to our products during distribution, and packaging is therefore also key for product protection and avoiding food waste. Thus, the packaging systems are complex, and substituting or eliminating elements such as plastic wrap or down-gauging require careful testing to ensure continued stability.

Royal Unibrew is applying all the circular principles for our packaging material. We are on track for our overall goal of 100% reusable, recyclable, or recycled material in 2025. 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, contributing approximately 4% of sales volume (measured organic) in 2021, are currently provided in more complex laminated materials. While the recyclability of these materials may be improved over the next couple of years, we will however, also be looking at alternatives. Packaging material will be a focus area also for the acquired sites.

As an example of removing material a new can line in Faxe, Denmark, is under construction and is expected to be commissioned in May 2022. This line will enhance flexibility and application of new packaging concepts, where plastics may be eliminated or replaced by cardboard. Thus, enabling the transition from fossil-based materials to bio-based materials.

We continuously cooperate with our suppliers on reducing the weight of material balancing food safety, transportation stability and environmental requirements. Over a 10-12-year period reductions in PET, aluminum and recently cardboard material, represents a reduction of 8,600 ton CO_2 per year.

We take our producer responsibility very seriously. We will continue our support to DRS in our major markets to increase the return rate further and look for solutions to avoid packaging waste in other markets with more immature systems. We have just initiated an investigation on how Royal Unibrew can support development of waste infrastructures or deposit return systems in our export markets with poor or non-existing frameworks.

Key initiatives

- Eliminate unnecessary packaging (incl. plastics)
- Source recycled packaging material
- Become the sustainable partner

Supplier road map

We engage with our entire value chain to reduce carbon emissions in scope 3 and minimize negative environmental impact and social impact.

We have a large share of our footprint (environmental and social) outside our own direct control. Therefore, we engage and cooperate with our supply chain to reduce the footprint and to increase supply chain transparency.

By 2030, the target is a 50% reduction of the entire supply chain's CO_2 emissions, and no later than 2023 all of Royal Unibrew's critical suppliers must have signed the responsible procurement principles and an agreement with a defined road map to reduce their carbon footprint (60% has signed in 2021). This, in combination with the current general consensus on possible technological advances in the relevant sectors until 2030, make us believe it is a realistic target.

Royal Unibrew recognizes that responsible sourcing is a journey where improvements are achieved through collaboration with our suppliers. In 2021, we reviewed our policies and strengthened our requirements based on discussions with key suppliers. Specific terms regarding circular design and waste minimization, energy management, decarbonization and carbon intensity targets applicable to all (strategic) suppliers were added. For critical categories such as packaging material and agriculture-based raw material, we emphasized requirements such as management of water, biodiversity and adherence to community and traditional rights as well.

Our supply chain procedures were also reviewed. We believe, we have a robust system based on due diligence, risk assessment and periodic review of 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. of human rights violations. In 2022, we are stepping up on especially supplier of agriculture based raw materials, where we recognize human rights may be at risk.

The majority of direct materials and services are currently sourced in Europe (75%). With our recent acquisition of Solera, our product base will not only expand, but the geographies from where we source, especially for the wine category, will become more diversified.

Royal Unibrew has always cooperated closely with suppliers and other partners to improve our products as well as production and process performance. To reach our targets, it is pivotal on the one hand to build on these well-established relations and strengthen them further and on the other hand to identify and establish new partnerships for sustainable development.

Key initiatives

- Further develop responsible procurement principles
- Road map for CO_2 reduction in transportation, packaging, agriculture and sales refrigeration

Our people

We reiterate our strong commitment to become THE PREFERRED CHOICE for our people through a strengthened people strategy and ambitious KPI's defined by our business units. We strive to secure a sustainable business with a safe and healthy working environment that attracts, motivates, and retains the best people.

The main strategic pillars and priorities of our group 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
- Organize ourselves to win tomorrow's business

Key areas

Proudest employees

Sustainability culture

Safety culture

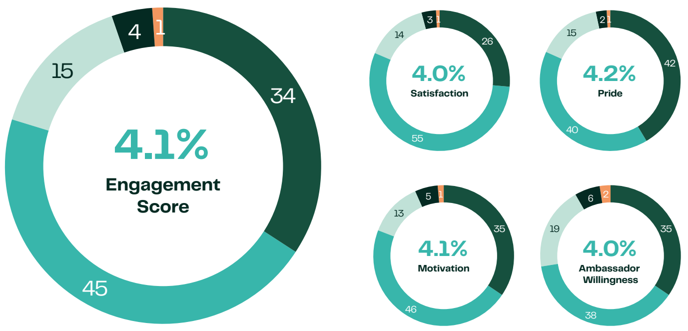
Proudest employees

We aspire to have the proudest employees in the industry by fostering a winning culture securing a competitive advantage

We strive to cultivate the proudest employees as they are the foundation for our success and progress. Our performance builds on our deeply rooted culture and past success and we continuously ensure that our leadership model accommodates our strategic ambitions on delivering future growth while nurturing a sustainable culture and providing a healthy working environment. To become THE PREFERRED CHOICE for our people we have accelerated our performance management and revisited our initiatives within e.g. organizational development, and digitalization of processes.

Overall engagement score

(%)



Strongly agree · Agree · Neither agree not disagree · Disagree · Strongly disagree

We have enhanced our performance management process in all our business units which includes regular performance reviews in alignment with career development plans, quantitative development areas and targets, talent development as well as formal mechanisms to promote a mutual feedback culture.

Further, we have accelerated our digitalization of human capital processes to improve the employee experience, and during 2022 and 2023 employee master data as well as performance management and development will become digital. To us, performance management is not only what we deliver but also how we deliver – thus 100% of white-collar must have accomplished development goals.

To attract, motivate and retain talented people remain key to our success, and we continue to invest in the development of our leaders to ensure the organizational readiness to execute on our strategy. From 2018 to 2020 the voluntary employee turnover decreased significantly from 17.5% to 13.9%, however in 2021 there was a slight increase in turnover to 15.0% reflecting the general trends in the job market. As people were more exposed to illness and quarantine restrictions in 2021, the leave of absence due to illness increased from 3.7% in 2020 to 3.8% in 2021.

We continue to measure engagement and compared to 2019, the engagement index in Royal Unibrew has increased from 4.0 to 4.1 whereas the ambassador willingness has increased from 3.9 to 4.0, realizing our 2030 KPI of 80% of our employees to be Royal Unibrew ambassadors – primarily driven by Denmark, Finland, and Italy.

Key initiatives

- Expanding leadership model
- Acceleration of performance-, talent-, development initiatives
- Digitalizing human capital processes
- Organizational development

We continuously focus on developing our talents to strengthen our succession plans. In 2021, we implemented an internal rotation program in Italy to foster professional and personal growth in order to strengthen the leadership pipeline.

Sustainability Culture

Our strong commitment to a 100% sustainable culture at all levels in all markets is reflected in ambitious KPIs and executives' incentive programs

Sustainability continues to be an important and integrated part of our performance and we motivate our people to embed sustainability in everything we do. We have conducted workshops and training sessions in all markets and encourage to initiatives that support our CSR strategy.

In 2021, we set ambitious sustainability KPI's as part of the executive management's incentive programs to emphasize and reflect our strong commitment to sustainability, and we strive to implement sustainability KPI's all in incentive programs for leaders around Royal Unibrew.

We continue to focus on nurturing a sustainable culture by assessing and monitoring the organizational health such as employee turnover, sick leave, safety culture, diversity, equality, and inclusion.

In addition, and in alignment with our key initiatives set in 2020, our policies – a harassment free environment policy, a diversity, equality and inclusion policy, a human rights and no discrimination policy – have been codified in accordance with the universal declaration of human rights with the principles set out by the International Labor Organization (ILO), the UN Guiding principles, the UN Global Compact principles, and relevant UN Sustainable Development Goals.

We also work on promoting other diversity aspects by for example including people that for various reasons struggle to maintain or get a foothold on the job market.

Traditionally, the beverage industry is male dominated, however Royal Unibrew's target is to have a more balanced gender representation of at least 40% of each gender by 2024. In 2021 the female proportion of the workforce increased from 24% to 26%. For the international management team, we saw a positive year on year improvement from 2018 to 2020 where the female proportion grew from 31% to 33%, however due to the acquisitions made in 2021, the female proportion in the international management teams have decreased to 29%.

Royal Unibrew continued implementation of employee master data providing further insights to relevant focus areas for diversity. Our visual profile was updated to support diversity in recruitments, and training of employees included focus on an inclusive tone of voice. In 2022, leadership training will integrate diversity and inclusion.

Employees by gender, Int. Management teams

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

Key initiatives

- Clear commitment and direction from the top
- Workshops, training, and upskilling of CSR competences
- Integrating diversity, equality, and inclusion in Human Capital processes and policies

In Finland, dozens of employees came together to work on the company's sustainability culture, to influence the desired culture of the entire company. Through a focused 'Hackathon' needs and opportunities were discovered, and concrete ideas and suggestions were addressed to establish a solid foundation for future work on a synergetic sustainability culture.

Safety culture

Safety is of highest priority and with a strong commitment from the leadership teams

Safety comes first when it comes to our people, and preventive measures to avoid employees being injured and/or worn out are of highest priority. We recognize that one accident is one too many, and we continue to focus on minimizing risks by allocating more resources and share best practice across markets.

As we aim for zero lost time incidents, we have conducted a number of behavior-based safety campaigns in several markets. In Denmark, we have also conducted training in risk assessment, ergonomics, and chemistry, as well as focusing on continuous improvements, root cause assessments and near misses. Our focus and efforts have had a positive impact as we first and foremost have not had any fatal accidents among our employees or contractors the past years. In addition, in 2021 we had a 10% reduction of accidents per one million working hours compared to 2020. However, we are not yet close to our target of 40% reduction in 2022 compared to 2018.

"Further development of the safety culture by using humor is the philosophy behind our "Safety Thirst" campaign developed together with employees from various business functions. The campaign has been rolled out."

Safety of our people during Covid-19

Also in 2021, Covid-19 impacted us in different ways in all markets. Consumers and customers around the world rely on us to deliver our products, so it is essential that production, sales, distribution, and services remain operating. For the safety of our people, we adapted to local restrictions and regulations and in addition offered testing on-site.

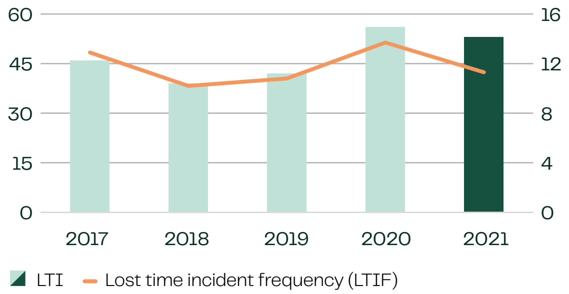
Key initiatives

- 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

To further strengthen our safety culture, Denmark has developed a clear safety vision and identified key initiatives for 2022 regarding physical safety, including noise, ergonomics and chemical safety.

Lost time incidents

Accidents per million work hours



Descriptive notes for ESG highlights and ratios

Note 1: Basis for preparation

Royal Unibrew A/S has developed a CSR data reporting procedure encompassing roles and responsibilities, data scope, reporting, controls and documentation requirements as well as a detailed description of each key performance indicator.

The companies acquired in 2021 are not included under 'Our Consumers/Customers' (note 2) but included under 'Our Products', for production (scope 1 and 2) and distribution (scope 1 and 3) excluding packaging material in scope 3 (note 3). They are encompassed under 'Our People' (note 4).

Note 2: Our Consumers/Customers

The data disclosed as target follow up for 2022 is based on actual sales volume in the period from 2017 to 2021, divided into no/low and regular kcal content for the categories carbonated soft drinks, Water and Energy and for alcohol content (Beer, Cider and RTD) no and low compared to regular and strong. The sales volumes are used as an assessment of a balanced development and launch of new no/low and regular products. Sales volumes from the acquired companies (Frem, Fuglsang, Tanker, Solera and Nohrlund) are not included.

Note 3: Our products

Royal Unibrew has reported on environmental performance for a number of years. Therefore, data are available from 2015. The data has been corrected to the reporting requirements mentioned in Note 1.

Acquisitions in 2018, 2019 and 2021 increased our absolute consumption.

Despite acquisitions in 2018, 2019 and 2021, the relative consumption of energy and water decreased from 2015 to 2021 and the associated CO_2 emissions as well.

The energy consumption per hectoliter and the CO_2 emission per hectoliter decreased significantly compared to 2015 (baseline for the 2022 target) by 19% and 28%, respectively. If corrected for the acquired sites, the CO_2 emission decreased 29%. The improvement is due to a keen focus on energy reduction projects.

The consumption of water per hectoliter has decreased by 6% compared to 2015, and 7%, if corrected for the acquisitions.

We have for the third time calculated the CO_2 emission for transportation (downstream), including GHG Scope 1 and Scope 3, i.e. owned and leased vehicles as well as third party forwarders measured as kg CO_2 eq. The calculation is based on industry standards and direct input from our forwarders. It is estimated that at least 80% of the footprint is accounted for, but further data development is needed. In 2021, we identified an additional 13% kgCO_2 not accounted for in 2020. We believe that at least 80% of the footprint is accounted for regarding packaging material.

Note 4: Our People

Royal Unibrew A/S has collected data for lost time incidents (LTI) and disclosed information in our annual report since 2015. The data has been corrected to the reporting requirements mentioned in Note 1.

As it may be noted other relevant data for occupational health and safety performance has only been collected for 2018 to 2021, as the recording has been lacking at some entities before that. The same applies to employee engagement and diversity data.

100% of employees eligible for collective bargaining agreements are covered.

0 contractor fatalities and 0 employee fatalities in 2021.

The employee engagement survey was conducted in 2021, enabling measurement of 'Our People' KPI's and comparison to the 2019 baseline.

Signatures and statements

Management's Statement on the Annual Report

The Board of Directors and the Executive Management have today considered and adopted the Annual Report of Royal Unibrew A/S for 1 January – 31 December 2021.

The Annual Report 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 Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 as well as of the results of the Group and Parent Company operations and cash flows for the financial year 1 January – 31 December 2021. In addition, in our opinion the Annual Report for Royal Unibrew A/S for 1 January – 31 December 2021 with the file name ROYAL-2021-12-31.zip in all material aspects is prepared in accordance with ESEF Regulation.

In our opinion, Management's Review gives a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year, cash flows and of the Parent Company's financial position, as well as a description of the key risks and uncertainties facing the Group and the Parent Company.

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

Faxe, 1 March 2022

Executive Management

Lars Jensen
President & CEO

Lars Vestergaard
CFO

Board of Directors

Walther Thygesen
Chairman

Jais Valeur
Deputy Chairman

Martin Alsø

Torben Carlsen

Einar Esbensen Nielsen

Heidi Kleinbach-Sauter

Claus Kærgaard

Peter Ruzicka

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 2021 page 78-147, 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 2021, and of the results of their operations and cash flows for the financial year 1 January – 31 December 2021 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.

Statement on the management commentary

Management is responsible for the management commentary, page 6-77.

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 2021 – 31 December 2021. 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. Furthermore, locally imposed duties and fees are considered complex. Overall this introduce an inherent risk to revenue recognition. Therefore we have considered this as 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 discussed significant and complex customer contracts, locally imposed duties and fees 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.
Valuation of goodwill and trademarks Goodwill and trademarks represent 54% of the Group's assets. Goodwill and trademarks are tested on annually basis for impairment. Management conducts annual impairment tests to determine whether the carrying values of recognised goodwill and trademarks are considered to be impaired and, hence, should be written down to the recoverable amount. Management determines the recoverable amount of the Cash Generating Units (CGUs) using a discounted cash flow model (value in use). Management uses a number of key assumptions in respect of market and country risks, revenue and margin development and discount rate for the CGUs. The audit of the recoverable amount has been considered a key audit matter as the determination of the recoverable value is associated with significant estimation uncertainty. The carrying amount of investments in subsidiaries in the parent company's separate financial statements and the values of intangible assets contained therein is also tested to identify any impairment. The test used for assessment is the test described above for intangible assets. Reference is made to note 11 in the consolidated financial statement and note 9 in the Parent Company financial statements.	For the purpose of our audit, the procedures we carried out included the following: • We have discussed with Management and evaluated the internal controls and procedures for preparing impairment tests and the budget and forecasts. • We have focused our audit on the models and the appropriateness of key assumptions used by Management to calculate the values in use, as well as defined CGUs and assessed the consistency of the assumptions applied. • We have assessed the appropriateness of the discount rates applied and underlying assumptions, as well as benchmarking to market data and external information. • Our internal valuation specialists have supported the audit where relevant. • In addition, we have assessed whether the disclosures; Note 11 Intangible Assets in the consolidated financial statements meet the requirements of IFRS.
Purchase price allocation for business combinations In 2021, the Group has entered into 2 material business combinations. Acquisitions including the required purchase price allocation have a significant impact on the consolidated financial statements for 2021. Therefore, we have considered this as a Key Audit Matter The purchase price allocations are based on a number of management assumptions and estimates related to measurement of all acquired assets, including intangible assets and liabilities at fair value. Due to the significant impact on the consolidated financial statement and allocation based on management assumption, we have considered this as 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 allocations made including assessing whether the assumptions and estimates made by Management are reasonable and documented. Focus for our assessment have been placed on identification and recognition of intangible assets. • We have reconciled the purchase price allocation to supporting documentation including share purchase agreements, calculations of fair value of brands and other intangibles, and opening balances from the acquired entities. • 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 of Royal Unibrew A/S for the financial year 1 January – 31 December 2021 with the file name ROYAL-2021-12-31.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.

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;
- 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 2021 with the file name ROYAL-2021-12-31.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 1 March 2022

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

2021

Consolidated Income Statement

Consolidated Income Statement for 1 January – 31 December

mDKK	Note	2021	2020
Net revenue	5	**8,746**	**7,315**
Production costs	7	-4,490	-3,613
Gross profit		**4,256**	**3,702**
Sales and distribution expenses	7	-2,189	-1,843
Administrative expenses	7	-415	-344
Earnings before interest and tax (EBIT)		**1,652**	**1,515**
Income after tax from investments in associates	13	37	33
Financial income	8	7	3
Financial expenses	9	-49	-46
Profit before tax		**1,647**	**1,505**
Tax on the profit for the year	10	-349	-307
Net profit for the year		**1,298**	**1,198**
Profit for the year is attributable to:			
Equity holders of Royal Unibrew A/S		1,299	1,183
Non-controlling interests		-1	15
Comprehensive Income for the year		**1,298**	**1,198**
Earnings per share (DKK)	17	26.5	24.1
Diluted earnings per share (DKK)	17	26.5	24.1

Consolidated Statement of Comprehensive Income for 1 January – 31 December

mDKK	Note	2021	2020
Net profit for the year		**1,298**	**1,198**
Other comprehensive income			
Items that may be reclassified to the income statement			
Exchange adjustment of foreign group enterprises		6	-29
Value adjustment of hedging instruments		5	11
Tax on value adjustment of hedging instruments	10	-2	-2
Total		**9**	**-20**
Items that may not be reclassified to the income statement			
Actuarial gain on pension schemes		3	1
Tax on actuarial gain on pension schemes		0	0
Total		**3**	**1**
Other comprehensive income after tax		**12**	**-19**
Total comprehensive income		**1,310**	**1,179**
Comprehensive income for the year is attributable to:			
Equity holders of Royal Unibrew A/S		1,311	1,164
Non-controlling interests		-1	15
Total comprehensive income for the year		**1,310**	**1,179**

Sales and earnings

Volumes, net revenue and gross profit

	2021	2020	Change, %
Volumes, beverages (THL)	12,331	11,093	11%
Net Revenue (mDKK)*	8,746	7,315	20%
Gross Profit (mDKK)	4,256	3,702	15%

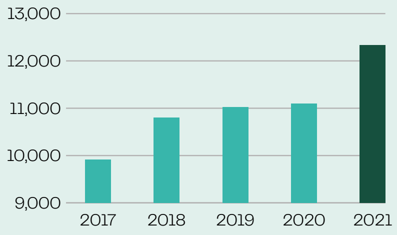
*The IFRS-15 accounting policy concerning customer contracts were reassessed, and some sales costs were reclassifed to rebates. As a consequence net revenue and sales costs are reduced by 242 million in 2020.

Volumes for 2021 show an aggregated sale of 12.3 million hectolitres of beverages, which was 11% higher compared to 2020. Organically volumes were up 9% compared to 2020.

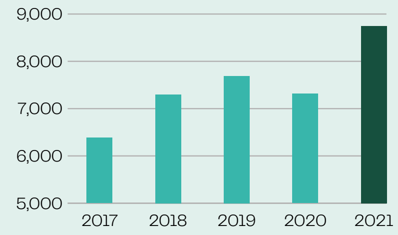
Net revenue for 2021 increased by 20% and amounted to DKK 8,746 million compared to DKK 7,315 million in 2020. Organic growth increased 15% compared to 2020.

The gross profit for 2021 was DKK 554 million above the 2020 figure and amounted to DKK 4,256 million equivalent to a 15% increase. The gross margin was 2 percentage point below the 2020 margin and represented 48.7% compared to 50.6% for 2020. Gross profit per volume unit was 3% higher than in 2020.

Volumes
(thl)



Net revenue
(mDKK)



8,746 mDKK

in net revenue

AN INCREASE OF 20% COMPARED TO 2020

Sales and earnings

Expenses

	2021	2020	Change, %
Sales and distribution expenses (mDKK)	2,189	1,843	19%
Administrative expenses (mDKK)	415	344	21%

Sales and distribution expenses for 2021 was DKK 346 million above the figure 2020 and amounted to DKK 2,189 million compared to DKK 1,843 million for 2020.

Administrative expenses for 2021 showed a DKK 71 million increase compared to 2020 and amounted to DKK 415 million compared to DKK 344 million for 2020.

EBITDA, EBIT and financials

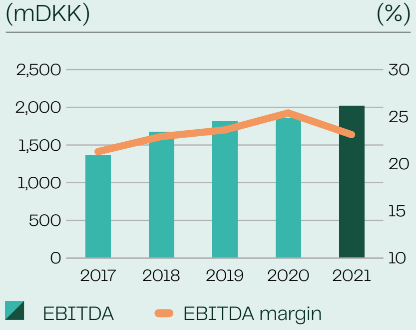
	2021	2020	Change, %
EBITDA (mDKK)	2,020	1,861	9%
Depriciation	-368	-346	-7%
EBIT (mDKK)	1,652	1,515	9%
Net interest expenses	-42	-43	-2%
Income after tax from investments	37	33	12%

Earnings before interest, tax, depreciation and amortization (EBITDA) for 2021, calculated as EBIT 1,652 million (2020: DKK 1515 million) adding depriciation DKK 368 million (2020: DKK 346 million) showed a DKK 159 million increase and amounted to DKK 2,020 million compared to DKK 1,861 million for 2020. EBIT for 2021 amounted to DKK 1,652 million, which is DKK 137 million above the 2020 figure. The positive development in both EBITDA and the EBIT are primarily attributable to the Western Europe segment, which where positivly affected by ac-quistions.

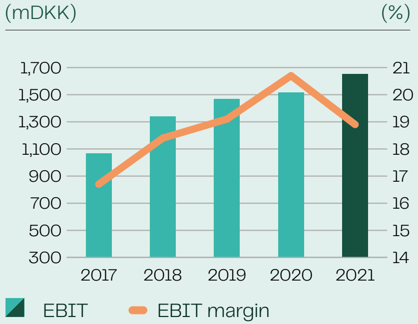
The EBIT margin for 2021 was 18.9% compared to 20.7% realized after IFRS-15 restatement in 2021.

Net financials expenses for 2021 were at the same level as last year, aggregating an expense of DKK 42 million. Financial expenses were DKK 49 million on a net basis compared to DKK 46 million in 2020, mainly due to the higher debt, which is linked to the acquisitions.

EBITDA AND EBITDA MARGIN



EBIT and EBIT margin



Sales and earnings

Profit and earnings per share

	2021	2020	Change, %
Profit before tax (mDKK)	1,647	1,505	9%
Tax on profit (mDKK)	-349	-307	14%
Net profit (mDKK)	1,298	1,198	8%
Earnings per share (DKK)	26.5	24.1	10%

Profit before tax for 2021 was DKK 142 million above the 2020 figure and amounted to DKK 1,647 million compared to DKK 1,505 million for 2020, equivalent to an increase of 9%.

Tax on the profit for 2021 was an expense of DKK 349 million and corresponds to a tax rate of 21.2% on the profit excluding income after tax from investments in associates.

The net profit for 2021 amounted to DKK 1,298 million, which is DKK 100 million above the 2020 figure, equivalent to an increase of 8%.

The earnings per share increased in 2021 to DKK 26.5 per share compared to 24.1 in 2020, equivalent to an increase of 10%.

The Parent Company's profit for the year amounted to DKK 1,206 million compared to DKK 1,070 million for 2020. Dividend income from subsidiaries and associates amounted to DKK 550 million compared to DKK 531 million in 2020.

Consolidated Balance Sheet

Assets at 31 December

mDKK	Note	2021	2020
NON-CURRENT ASSETS			
Intangible assets	11	5,861	4,408
Property, plant and equipment	12	2,734	2,455
Investments in associates	13	153	131
Other non-current investments	14	23	21
Non-current assets		**8,771**	**7,015**
CURRENT ASSETS			
Inventories	15	780	517
Receivables	16	1,188	639
Prepayments		89	54
Cash and cash equivalents		86	81
Current assets		**2,143**	**1,291**
Assets		**10,914**	**8,306**

Liabilities and Equity at 31 December

mDKK	Note	2021	2020
EQUITY			
Share capital	17	98	99
Other reserves		716	716
Retained earnings		1,808	1,827
Proposed dividend		708	666
Equity contributable to equity holders of Royal Unibrew A/S		**3,330**	**3,308**
Non-controlling interests		12	24
Equity		**3,342**	**3,332**
LIABILITIES			
Non-current liabilities			
Deferred tax	18	747	554
Mortgage debt	3, 20	1,003	831
Credit institutions	3, 20	1,995	1,293
Other payables		26	52
Non-current liabilities		**3,771**	**2,730**
Current liabilities			
Mortgage debt	3, 20	14	19
Credit institutions	3, 20	610	131
Trade payables	3	1,721	1,047
Provisions		11	10
Corporation tax	10	18	9
Other payables	19	1,427	1,028
Current liabilities		**3,801**	**2,244**
Liabilities	22	**7,572**	**4,974**
Liabilities and equity		**10,914**	**8,306**

Balance sheet and financial position

Balance Sheet

Royal Unibrew's balance sheet 2021 amounted to DKK 10,914 million, which is DKK 2,608 million above the 2020 figure. The increase is mainly caused by the acquisitons in 2021 plus a general higher activity level compared to COVID-19 impacted 2020, resulting in both higher receivables and payables.

Invested capital increased by DKK 1,523 million from 2020 to 2021. ROIC excluding goodwill calculated on a running 12 months basis ended at the same level as last year at 31.8%. ROIC including goodwill decreased by 1.0 percentage points to 19.2%, impacted by the increased goodwill from acquisitions.

Compared to 2020, the equity ratio decreased by 9 percentage points in 2021 amounting to 31% end of 2021 compared to 40% at the end of 2020.

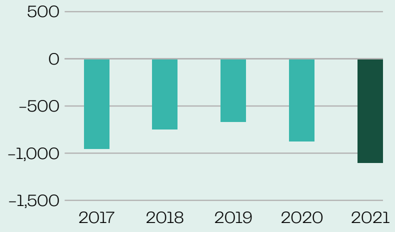
Equity at the end of December 2021 amounted to DKK 3,342 million compared to DKK 3,332 million at the end of 2020. The DKK 10 million increase comprised the positive comprehensive income of DKK 1,310 million (2020: DKK 1,179 million) reduced by distribution to shareholders of DKK 1,239 million (2020: DKK 962 million) by way of dividend and share buy-backs.

Net interest-bearing debt for 2021 showed a DKK 1,343 million increase and amounted to DKK 3,536 million at 31 December 2021 compared to DKK 2,193 million at the end of 2020. The increase in net interest-bearing debt is linked to the acquisitions in 2021. The net interest-bearing debt to EBITDA ratio (running 12 months' basis) was 1.7x (2020: 1.2x).

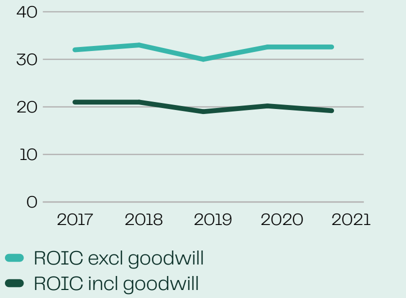
Funds tied up in working capital showed a negative DKK 1,102 million at the end of December 2021 compared to a negative DKK 875 million at the end of 2020. Funds tied up in working capital thus decreased by DKK 227 million in 2021 (2020: decrease of DKK 204 million), mainly due to changed payment terms of excise payment in Finland, channel mix and impact from acquisitions.

Funds tied up in inventories, trade receivables and trade payables increased DKK 112 million (2020: decrease of DKK 76 million), whereas funds tied up in the other elements of working capital such as excise taxes and withholding tax on salaries increased by DKK 339 million (2020: decrease of DKK 128 million).

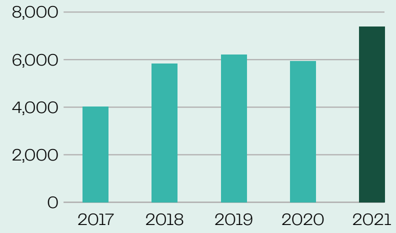
Net working capital
(mDKK)



ROIC
(%)



Invested capital
(mDKK)



3,342 mDKK

in equity

SAME LEVEL AS LAST YEAR

Consolidated Cash Flow Statement

for 1 January – 31 December

mDKK	Note	2021	2020
Net profit for the year		1,298	1,198
Adjustments for non-cash operating items	21	726	670
Change in working capital		104	227
Received financial income		7	4
Paid financial expenses		-49	-46
Financial expenses related to leasing		-1	-2
Corporation tax paid		-332	-313
Cash flows from operating activities		**1,753**	**1,738**
Dividends received from associates		21	21
Sale of property, plant and equipment		16	8
Purchase of property, plant and equipment		-426	-280
Acqusition of enterprises	24	-1,218	-6
Purchase of intangible assets and fixed asset investment		3	0
Sale of intangible assets and fixed asset investment		0	-1
Cash flows from investing activities		**-1,604**	**-258**

mDKK	Note	2021	2020
Debt financing:			
Proceeds from increased drawdown on credit facilities etc.	20	1,253	149
Repayment on credit facilities	20	-92	-579
Repayment on lease facilities	20	-68	-73
Dividends paid to shareholders		-653	-600
Dividend to minority shareholders		-4	0
Acquisition of shares for treasury		-582	-362
Cash flows from financing activities		**-146**	**-1,465**
Change in cash and cash equivalents		3	15
Cash and cash equivalents at 1 January		81	72
Exchange adjustment		2	-6
Cash and cash equivalents at 31 December		**86**	**81**
Free cash flow			
Net cash from operating activities		1,753	1,738
Net cash used in investing activities		-389	-251
Payment of lease liabilities		-68	-73
Free cash flow		**1,296**	**1,414**

Cash Flow

Cash Flow Statement

Cash flows from operating activities for 2021 amounted to DKK 1,753 million (2020: DKK 1,738 million) comprising DKK 2,024 million (2020: DKK 1,868 million) of profit for the period adjusted for non-cash operating items, positive working capital cash flow of DKK 104 million (2020: a positive DKK 227 million), net interest paid of DKK 43 million (2020: DKK 44 million) and taxes paid of DKK 332 million (2020: DKK 313 million).

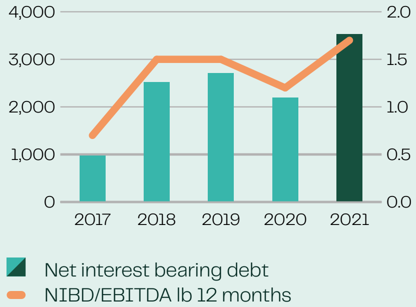
The free cash flow for 2021 amounted to DKK 1,296 million, which was a decrease of DKK 118 million compared to 2020. Cash flows from operating activities and dividend from associates showed a DKK 15 million increase compared to the 2020 figures, and net investments in property, plant and equipment showed a DKK 138 million decrease, comprising DKK 146 million higher gross investments and DKK 8 million higher revenues from asset divestments. Further repayment on lease facilities decreased by DKK 5 million.

1,296 mDKK

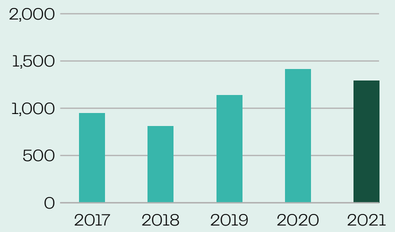
free cash flow

DECREASE OF 118 MDKK COMPARED TO 2020

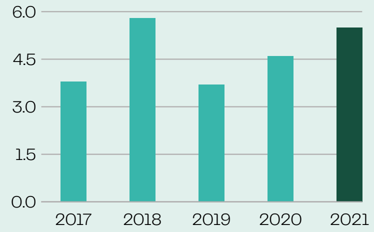
NIBD and NIBD/EBITDA
(mDKK)



Free cash flow
(mDKK)



Investments in % of net revenue
(%)



Due to adoption of IFRS-16 (leases) in 2018 using the moditifed retrospective approach 2017 are not comparable to 2018-2021

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

Consolidated Statement of Changes in Equity

for 1 January – 31 December 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 31 December 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 equity transactions					**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 31 December 2021	**98**	**753**	**-47**	**13**	**719**	**1,805**	**708**	**3,330**	**12**	**3,342**

The share capital at 31 December 2021 amounts to DKK 97,600,000 (2020: DKK 98,700,000) and is distributed in shares of DKK 2 each.
Proposed dividend for the year amounts to DKK 14.50 per share (2020: DKK 13.50 per share) based on the shared capital 31 December 2021.

Consolidated Statement of Changes in Equity

for 1 January – 31 December 2020

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 31 December 2019	**100**	**773**	**-24**	**-3**	**746**	**1,641**	**611**	**3,098**	**9**	**3,107**
Changes in equity in 2020										
Net profit for the year					**0**	1,183		**1,183**	15	1,198
Other comprehensive income			-29	11	**-18**	1		**-17**		-17
Tax on other comprehensive income					**0**	-2		**-2**		-2
Total comprehensive income	**0**	**0**	**-29**	**11**	**-18**	**1,182**	**0**	**1,164**	**15**	**1,179**
Dividends paid to shareholders					**0**		-600	**-600**		-600
Dividend on treasury shares					**0**	2	-2	**0**		0
Acquisition of shares for treasury					**0**	-362		**-362**		-362
Proposed dividend					**0**	-657	657	**0**		0
Capital reduction	-1	-12			**-12**	13		**0**		0
Share-based payments					**0**	7		**7**		7
Tax on equity transactions					**0**	1		**1**		1
Total shareholders	**-1**	**-12**	**0**	**0**	**-12**	**-996**	**55**	**-954**	**0**	**-954**
Total changes in equity in 2020	**-1**	**-12**	**-29**	**11**	**-30**	**186**	**55**	**210**	**15**	**225**
Equity at 31 December 2020	**99**	**761**	**-53**	**8**	**716**	**1,827**	**666**	**3,308**	**24**	**3,332**

Notes to Consolidated Financial Report

Descriptive notes

Notes referring to Income Statement, Balance Sheet and Cash Flow Statement

Other notes

Note 1 Basis of preparation of Consolidated Annual Report

BASIS OF PREPARATION OF CONSOLIDATED ANNUAL REPORT
Royal Unibrew A/S is a limited liability company registered in Denmark. The Financial Statements for the period 1 January – 31 December 2021 presented in the Annual Report 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 2021 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 2021 on 1 March 2022. The Annual Report will be submitted for adoption by the shareholders of Royal Unibrew A/S at the Annual General Meeting on 28 April 2022.

The Financial Statements are presented in Danish kroner (DKK).

Reclassification

Reassesment of IFRS 15, concerning customer contracts.

We have reassessed the IFRS 15 accounting policy concerning customer contracts and on that background we have changed our handling of some customer contract-related costs. This means that some sales costs are reclassified to rebates, and as a consequence revenue and sales costs are reduced by the same amount, whereas EBIT is unchanged. The consequences of the reassesed comparables can be found on page 149

§ 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 except from implementation of:

- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform – Phase 2
- Amendment to IFRS 16 Leases: Covid 19- Related Rent Concessions

None of the amendments have had any impact on recognition and measurement on the Group's consolidated financial statements 2021.

New and amended standards and interpretations that have not yet taken effect
At the time of publication of this Annual Report, the IASB has issued new and amended financial reporting standards and interpretations which are potentially relevant, but not mandatory, for Royal Unibrew A/S at the time of preparation of the Annual Report for 2021:

- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework, effective 1 January 2022.
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use, effective 1 January 2022.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts—Cost of Fulfilling a Contract, effective 1 January 2022.
- Annual Improvements 2018-2020, effective 1 January 2022.
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, effective 1 January 2023.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies, effective 1 January 2023.
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, effective 1 January 2023.
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective 1 January 2023.

The adopted, not yet effective standards and interpretations will be implemented as they become mandatory for Royal Unibrew A/S. None of the new standards or interpretations are expected to have a significant impact on recognition and measurement for Royal Unibrew A/S.

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.

Note 1 Basis of preparation of Consolidated Annual Report (continued)

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, unrealised intercompany profits and losses, balances and shareholdings. Comparative figures are not adjusted for newly acquired, sold or wound-up enterprises.

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

Non-controlling interests's share of profit/loss for the year and of the equity in subsidiaries is included as part of Royal Unibrews profit and equity respetively, but shown as seperate 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 currancy 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 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 recognised 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 recognised in other comprehensive income. Similarly, exchange adjustments arising due to changes made directly in equity of foreign enterprises are recognised 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 recognised in other comprehensive income and classified in equity under a separate translation reserve.

Note 2 Significant accounting estimates and judgements

In connection with the preparation of the Parent Company and Consolidated Financial Statements, Management makes estimates and judgements as to how recognition and measurement of revenue, assets and liabilities should take place based on the accounting policies applied.

🔧 Judgements as an element in significant accounting policies

The calculation of carrying amounts of certain assets and liabilities requires judgement 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 2021, the following judgments have been concidered material 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 2021, the following critical estimates have been made as described in the notes, see list to the right.

Accounting policies, judgements 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
Inventories	§		⚖	15
Receivables	§		⚖	16
Equity	§			17
Deferred tax	§			18
Deposit returnable packaging	§			19
Debt	§			20
Cash Flow Statement	§			21
Purchase Price Allocation (PPA)	§	🔧	⚖	24

Legends

- § Significant accounting policies
- 🔧 Judgements 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 is 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 the Danish fixed rate policy towards 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 31 December 2021. The following table shows the sensitivity to a positive change in the rates on 31 December 2021 with all other variables unchanged. A negative change has a corresponding effect merely with the sign reversed.

mDKK	Change	Earnings impact before tax 2021	Earnings impact before tax 2020	Equity impact 2021	Equity impact 2020
EUR	0.1%	-0.6	-1.1	-0.6	-1.1
USD	10%	5.1	2.5	5.1	2.5
GBP	10%	-1.3	-1.1	-1.3	-1.1
CAD	10%	3.0	2.1	3.0	2.1
NOK	10%	64.3	-	64.3	-
SEK	10%	0.0	-	0.0	-

Royal Unibrew's translation risks relates 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 risk at consolidation is substantially related to the Group's loan portfolio 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 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.

At the end of 2021, 45% (2020: 52%) of the mortgage and bank debt is with fixed interest rate and hedged with interest rates swaps, having a duration between 3-7 years (2020: 4-5 years). Change in the interest rate of one percentage point will affect the Group's interest expenses by approx. +/- DKK 14 million (2020: approx. +/- DKK 7 million), and the interest expenses of the Parent Company by approx. +/- DKK 13 million (2020: approx. +/- DKK 5 million).

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

The Group's counterparty risks comprise both from commercial and financial risk. 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 seek 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 off-trade customers. This difference in credit risk is addressed through various approval procedures and credit granting conditions for customers in the two sales channels. In Finland, risks on major single receivables from customers are reduced through sale of the receivables

Note 3 Financial risk management (continued)

factoring DKK 386 million (2020: DKK 481 million). The decrease in facotoring was due to the extraordinary beer campaign in Finland last year. Credit risks related to trade receivables are reduced by setting off accrued bonus. On 31 December 2021, accrued bonus amounts to DKK 243 million (2020: DKK 188 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 its 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 unutilized 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.

At the end of 2021, mortgage debt amounted to DKK 1,017 million (2020: DKK 850 million) with an average time to maturity of 12.8 years (2020: 9.3 years). Bank debt comprises drawn committed bank credit facilities and long term loan with an agreed time to maturity between 2 to 7 years (2020: 2 to 5 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 relates primarily to the purchasing of cans (aluminium), malt (barley), hops and packaging materials (cardboard) as well as energy. The commodity risks is actively hedged commercially and financially in accordance with the Group's commodity risk policy.

The objective of managing Royal Unibrew's commodity risk 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. As regards to the Group's purchase of cans, financial contracts have been perfomed to hedge the risk of aluminium price increases. Exchange rate changes with respect to the settlement currency of aluminium (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 aluminium on the unhedged position will have an effect on the income statement of approx. +/- DKK 13 million (2020: DKK 7 million).

Financial liabilities

	31/12 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".

	31/12 2020				
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	2,185	121	1,616	448	2,121
Leasing	156	72	81	3	153
Trade payables	1,047	1,047			1,047
Other payables	475	423	52		475
Total	**3,863**	**1,663**	**1,749**	**451**	**3,796**

The debt is classified as "debt at amortized cost" with DKK 3,794 million and "debt at fair value" with DKK 2 million.

Note 4 Derivatives

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

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

On 31 December 2021, the Group had short term FX contracts, covering the balance sheet exposure end of 2021 in USD, CAD, NOK, SEK and GBP.

The Group actively hedges the commodity risk related to aluminium. On 31 December 2021, the Group has hedged 63% (2020: 61%) of the expected comsumption within the next 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 under-laying exposure, with the value and timing of the designated hedging transaction.

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

Group (mDKK)		2021	2020
	Period	Deferred gain (+) / loss (–)	Deferred gain (+) / loss (–)
Forward contracts:			
USD	0 – 1 year	0	0
CAD	0 – 1 year	0	0
GBP	0 – 1 year	0	0
NOK	0 – 1 year	4	0
SEK	0 – 1 year	0	0
Total		**4**	**0**
Commodity hedge:			
Mainly aluminium	0 – 1 year	8	10
Total		**8**	**10**
Interest rate swaps:			
Mortgage and bank loans	4 year	5	-2
Total hedging instruments		**17**	**8**

The fair value of the hedging instruments is included in current liabilities under other payables.
The derivative financial instruments applied in 2021 and 2020 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	2021	2020
Realized hedging transactions are included in the income statement as follows:		
Net revenue includes currency hedges of	0	0
Production costs include foreign currency and commodity hedges of	-38	-10
Financial income and expenses include currency, commodity and interest rate hedges of	1	-4
Total	**-37**	**-14**

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.

Derivative financial instruments

When entering into derivative financial instruments, Management exercises judgement to determine whether the instrument qualifies as effective hedging of recognized assets or liabilities or expected future cash flows. Derivative financial instruments recognized are tested for effectiveness at least quarterly, and any ineffectiveness identified is recognized in the income statement.

Note 5 Segment reporting and revenue

The Group's results, assets and liabilities break down as follows on segments:

mDKK	Western Europe	Baltic Sea	International	Un-allocated	Total
2021					
Net revenue*	4,491	3,338	917		8,746
Amortization and depreciation	169	173	25	1	368
Impairment					0
Earnings before interest and tax (EBIT)	857	642	176	-23	1,652
Financial income	7				7
Financial cost	-11	-9	-1	-28	-49
Share of income from associates	37				37
Profit/loss before tax	890	633	175	-51	1,647
Tax				-349	-349
Profit/loss for the year	**890**	**633**	**175**	**-400**	**1,298**
Assets	5,156	5,534	71		10,761
Associates	153				153
Total assets	**5,309**	**5,534**	**71**	**0**	**10,914**
Additions of property, plant and equipment	392	185	0		577
Additions by acquisitions (adjustment fair value)	704	837			1,541
Liabilities**	**1,572**	**1,970**	**30**	**4,000**	**7,572**
Sales (million hectolitres)	5.5	5.6	1.2		12.3

* all goods sold in International are produced by group entities in Western Europe

** Unallocated liabilities include the Parent Company's net interest-bearing debt

Note 5 Segment reporting and revenue (continued)

The Group's results, assets and liabilities break down as follows on segments:

mDKK	Western Europe	Baltic Sea	International	Un-allocated	Total
2020					
Net revenue*	3,402	3,141	772		7,315
Amortisation and depreciation	150	171	23	2	346
Impairment					0
Earnings before interest and tax (EBIT)	687	675	171	-18	1,515
Financial income	1	2			3
Financial cost	-7	-13	0	-26	-46
Share of income from associates	33				33
Profit/loss before tax	714	664	171	-44	1,505
Tax				-307	-307
Profit/loss for the year	**714**	**664**	**171**	**-351**	**1,198**
Assets **	2,766	5,353	56		8,175
Associates	131				131
Total assets	**2,897**	**5,353**	**56**	**0**	**8,306**
Additions of property, plant and equipment	268	102	3		373
Additions by acquisitions (adjustment fair value)	-58				-58
Liabilities* **	**682**	**1,817**	**21**	**2,454**	**4,974**
Sales (million hectolitres)	4.7	5.4	1.0		11.1

* The IFRS-15 accounting policy concerning customer contracts were 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. See note 1 Basis of preparation of Consolidated Annual Report.

** all goods sold in International are produced by group entities in Western Europe

*** Unallocated liabilities include the Parent Company's net interest-bearing debt

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

	2021	2020	2021	2020
mDKK	Net revenue	Net revenue	Non-current assets	Non-current assets
Denmark	2,428	2,117	1,769	1,574
Italy	884	676	661	663
Finland	2,511	2,362	3,372	3,384
Other countries	2,923	2,160	2,920	1,394
Total	**8,746**	**7,315**	**8,722**	**7,015**

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.

Note 5 Segment reporting and revenue (continued)

Segment reporting 2017 – 2021
The Group's activities break down as follows on segments:

mDKK	Western Europe	Baltic Sea	International	Un-allocated	Group
2021					
Net revenue	4,491	3,338	917		8,746
Earnings before interest and tax (EBIT)	857	642	176	-23	1,652
Assets	5,309	5,534	71		10,914
Liabilities	1,572	1,970	30	4,000	7,572
Sales (million hectolitres)	**5.5**	**5.6**	**1.2**		**12.3**

mDKK	Western Europe	Baltic Sea	International	Un-allocated	Group
2020					
Net revenue*	3,402	3,141	772		7,315
Earnings before interest and tax (EBIT)	687	675	171	-18	1,515
Assets	2,897	5,353	56		8,306
Liabilities	682	1,817	21	2,454	4,974
Sales (million hectolitres)	**4.7**	**5.4**	**1.0**		**11.1**

mDKK	Western Europe	Baltic Sea	International	Un-allocated	Group
2019					
Net revenue	3,691	3,308	694		7,693
Earnings before interest and tax (EBIT)	722	654	132	-40	1,468
Assets	3,117	5,286	89		8,492
Liabilities	957	1,788	25	2,616	5,386
Sales (million hectolitres)	**4.8**	**5.3**	**0.9**		**11.0**

mDKK	Western Europe	Baltic Sea	International	Un-allocated	Group
2018					
Net revenue	3,378	3,338	582		7,298
Earnings before interest and tax (EBIT)	645	599	127	-32	1,339
Assets	2,816	5,166	80		8,062
Liabilities	976	1,719	28	2,431	5,154
Sales (million hectolitres)	**4.5**	**5.5**	**0.8**		**10.8**

mDKK	Western Europe	Baltic Sea	International	Un-allocated	Group
2017					
Net revenue	2,829	3,076	479		6,384
Earnings before interest and tax (EBIT)	564	431	106	-32	1,069
Assets	1,733	5,006	0	39	6,778
Liabilities	771	1,711	7	1,475	3,964
Sales (million hectolitres)	**3.9**	**5.3**	**0.7**		**9.9**

* The IFRS-15 accounting policy concerning customer contracts were 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. 2017 – 2019 has not been reestated.

Note 5 Segment reporting and revenue (continued)

§ Segment reporting

The Group's business segment is beverage sales. Reporting on the business segment is by geographical markets. Segment reporting is based on the Group's returns and risks and its internal financial reporting system.

Items included in net profit for the year, including income from investments in associates and financial income and expenses, are allocated to the extent that the items are directly or indirectly attributable to the markets.

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.

Segment liabilities comprise liabilities derived from activities in the market, including provisions, trade payables, VAT, excise duties and other payables.

§ Net revenue

Net revenue from the sale of goods is recognised in the income statement at the point in time when 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 are earned as a bonus paid at the end of the bonus period. All types of discounts granted are recognised 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 and break down as follows:

mDKK	2021	2020
Fixed salaries to Executive Management	13	13
Severance payment	0	7
Short-term bonus scheme for Executive Management	6	11
Long-term share based bonus scheme for Executive Management	4	7
Remuneration of Executive Management	**23**	**38**
Remuneration of Board of Directors	5	5
	28	**43**
Wages and salaries	1,123	966
Contributions to pension schemes	128	109
	1,251	1,075
Other social security expenses	33	21
Other staff expenses	54	44
Total	**1,366**	**1,183**
Average number of employees	2,890	2,631

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

Note 6 Staff expenses (continued)

	Executive Management Board	Share price at grant date	Total fair value at time of grant
	Number	DKK	DKK thousand
Program 2020	17,921	370	6,631
Outstanding at 1 January 2021	**17,921**		
Excercised	-17,921		
Program 2021	19,081	645	7,380
Anti-dilution adjustment	0		
Outstanding at 31 December 2021	**19,081**		
Exercisable at 31 December 2021	0		

	2021		2020	
	Restricted shares	Remaining term to maturity	Restricted shares	Remaining term to maturity
	Number	Months	Number	Months
Restricted shares 2020	0	0	17,921	0
Restricted shares 2021	19,081	24	0	0
Outstanding at 31 December 2021	**19,081**		**17,921**	

Comment

The share-based payments to the Executive Management comprise a programme of 19,081 restricted (conditional) shares allotted for no consideration vesting in the period covering the financial years 2021-2023.

These shares are excerciable at 31 December 2023.

Share-based payments

The Group only has schemes classified as equity-settled schemes. Restricted shares are measured at fair value at the time of granting and 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 restricted 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 restricted shares are taken into account.

The market value of the program applying to 2021 has been calculated DKK 645 per share of DKK 2, which is equal to the Royal Unibrew A/S market price at the time of the allotment in March 2021. The market price was DKK 7 million for the estimated maximum number of shares. 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	2021	2020
Aggregated by function		
Production costs	4,490	3,613
Sales and distribution expenses	2,189	1,843
Administrative expenses	415	344
Total	**7,094**	**5,800**

Break down by nature as follows:		
Raw materials and consumables	3,639	2,856
Wages, salaries and other staff expenses	1,366	1,183
Operating and maintenance expenses	272	263
Distribution expenses and carriage	671	532
Sales and marketing expenses	591	471
Bad trade debts	2	27
Administrative cost	185	122
Amortisation, depreciation and gain/loss on sale	368	346
Total	**7,094**	**5,800**

Total amortisation, depreciation and gain/loss on sale are included in the following items in the income statement:		
Production costs	181	185
Sales and distribution expenses	167	145
Administrative expenses	20	16
Total	**368**	**346**

mDKK	2021	2020
Fee to auditors elected at the general assemply		
Fee for the audit of the Annual Report:		
Deloitte (KPMG)	3	2
PWC	1	0
Total	**4**	**2**
Deloitte fee for non-audit services:		
Other assurance services	0	0
Other assistance*	1	0
Total	**1**	**0**

* Fees for other assistance than statutory audit of the financial statements provided by Deloitte primarily comprise services relating to financial due dilligence

§ **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 capitalisation.

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 amortisation as well as losses on trade receivables.

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

Note 7 Expenses broken down by nature (continued)

Leases

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

- fulfilment 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	2021	2020
Finance income		
Trade receivables	0	1
Other financial income	0	1
Interest tax-extempt		0
Exchange adjustments		
Trade receivables	2	0
Trade payables	5	1
Cash at bank and external loans	0	
Total	**7**	**3**

Note 9 Financial expenses

mDKK	2021	2020
Finance costs		
Mortgage debt	6	8
Credit institutions	27	27
Leasing	2	2
Finance costs on liabilities at amortized cost	**35**	**37**
Other financial expenses	1	1
Exchange adjustments		
Cash at bank and external loans	3	
Trade receivables	0	6
Trade payables	1	
Forward contracts	9	2
Total	**49**	**46**

§ 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	2021	2020
Tax on the taxable income for the year	334	302
Adjustment of previous year	6	1
Adjustment of deferred tax	9	4
Total	**349**	**307**
which breaks down as follows:		
Tax on profit for the year	349	307
Tax on other comprehensive income	2	1
Tax on changes in equity, shareholders	-2	-1
Total	**349**	**307**
Current Danish tax rate	22.0	22.0
Adjustment of previous year	0.3	0.1
Income from associates after tax	-0.5	-0.4
Effect on tax rate of permanent differences	0.5	0.4
Differences in effective tax rates of foreign subsidiaries	-1.1	-1.7
Effective tax rate	**21.2**	**20.4**

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

Note 11 Intangible assets (continued)

mDKK	Goodwill	Trademarks	Distribution rights	Customer relations	Total
Cost at 1 January 2020	2,342	1,962	248	154	4,706
Exchange adjustment	-9	-7	-2	-1	-19
Disposals			-13		-13
Addition by acquisition	-43	-15			-58
Cost at 31 December 2020	**2,290**	**1,940**	**233**	**153**	**4,616**
Amortisation and impairment losses at 1 January 2020	-7	-6	-87	-90	-190
Exchange adjustment			1	2	3
Reversal of depreciation of disposals			13		13
Amortisation for the year			-15	-19	-34
Impairment for the year					0
Amortisation and impairment losses at 31 December 2020	**-7**	**-6**	**-88**	**-107**	**-208**
Carrying amount at 31 December 2020	**2,283**	**1,934**	**145**	**46**	**4,408**

Comment

Goodwill and trademarks with indefinite useful lives relating to Hartwall (Finland) represents more than 10% of the total value of goodwill and trademarks.

Development costs incurred are immaterial and have been recognized in production costs.

§ Goodwill

Goodwill is initially recognised 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 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 recognised in the balance sheet at cost. Subsequently, they are measured at cost less accumulated amortisation and less any accumulated impairment losses. Distribution rights and customer relations are amortised on a straight-line basis over their estimated useful lives.

Trademarks are not amortised 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 marketing.

Distribution rights are amortised on a straight-line basis over their estimated useful lives, maximum 20 years. Customer relations are amortised on a straigt-line basis over their estimated useful lives, maximum 5 years.

Goodwill and trademarks with indefinite useful lives are not amortised but are tested annually for impairment. It is the Group's strategy to maintain trademarks and their value.

Impairment test of goodwill and trademarks
As in 2020, the impairment test in 2021 did not give rise to recognising any impairment losses.

The carrying amount of goodwill and trademarks with indefinite useful lives at 31 December 2021 is related to the cash-generating operational units and breaks down as follows:

mDKK	Goodwill	Trademarks	Total	Share
2021				
Western Europe	1,637	1,221	2,859	52%
Baltic Sea*	1,395	1,259	2,653	48%
Total	**3,032**	**2,480**	**5,512**	**100%**

* the most significant value relates to Finland

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 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 Western Europe and Baltic Sea, consumption of Royal Unibrews 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 towards 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.

	Western Europe	Baltic Sea
Growth rate 2023-2026	8.5-10.0%	4.6-5.5%
Growth rate on terminal value	1.0-1.0%	1.0-1.0%
Discount rate pre tax	6.1-6.8%	6.2-6.8%

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 Baltic Sea, 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.

mDKK	Goodwill	Trademarks	Total	Share
2020				
Western Europe	899	681	1,580	37%
Baltic Sea*	1,384	1,253	2,637	63%
Total	**2,283**	**1,934**	**4,217**	**100%**

* the most significant value relates to Finland

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 2021-2023 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 negatively impact from Covid-19 on the 2020 as from H2 2021. In as well Western Europe and Baltic Sea consumption of Royal Unibrews beverage categories is in addition to the assumed disapperance in H2 2021 of Covid-19 impact expected to be at the same level as in 2020 but changing towards high value products in the coming years. Through further developing the businesses acquired in 2018 and 2019, 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. Gross margins are expected to remain stable at the present level through continuous focus on value management and continuous efficiency improvements. The key assumptions for the calculation of recoverable amount are shown below.

2020	Western Europe	Baltic Sea
Growth rate 2024-2027	0,0-1,0%	0,5-0,7%
Growth rate on terminal value	0,2-1,5%	0,7-2,0%
Discount rate pre tax	4,4-6,5%	4,4-5,4%

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 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 Baltic Sea, 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 amortisation 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, and 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 amortised cost is written down for impairment if, due to changed expected net payments, the net present value is lower than the carrying amount.

Intangible assets

In relation to trademarks, Management makes an annual judgement 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 recognised in the Financial Statements of goodwill and trademarks assessed to have indefinite lives which are therefore not amortised. 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 1 January 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 31 December 2021	**1,929**	**2,694**	**1,122**	**254**	**430**	**6,429**
Depreciation, revaluation and impairment losses at 1 January 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 31 December 2021	**-850**	**-1,907**	**-760**	**0**	**-178**	**-3,695**
Carrying amount at 31 December 2021	**1,079**	**787**	**362**	**254**	**252**	**2,734**
Leasing of property, plant and equipment:						
Cost at 31 December 2021	203		227		430	
Depreciation, revaluation and impairment losses at 31 December 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.

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 1 January 2020	1,850	2,527	1,026	101	320	5,824
Exchange adjustment	-4	-4	-2	1	-1	-10
Additions	6	61	102	111	89	369
Additions by acquisitions						0
Disposals	-6	-49	-71		-112	-238
Transfers for the year	5	44	17	-66		0
Cost at 31 December 2020	**1,851**	**2,579**	**1,072**	**147**	**296**	**5,945**
Depreciation, revaluation and impairment losses at 1 January 2020	-767	-1,730	-725	0	-100	-3,322
Exchange adjustment	0	2	3			5
Adjustment previous year						0
Depreciation for the year	-45	-104	-96		-69	-314
Reversal of depreciation of assets sold	5	48	65		23	141
Depreciation, revaluation and impairment losses at 31 December 2020	**-807**	**-1,784**	**-753**	**0**	**-146**	**-3,490**
Carrying amount at 31 December 2020	**1,044**	**795**	**319**	**147**	**150**	**2,455**
Leasing of property, plant and equipment:						
Cost at 31 December 2020	147		149		296	
Depreciation, revaluation and impairment losses at 31 December 2020	-60		-86		-146	
Carrying amount per asset type	**87**		**63**		**150**	

Land and buildings at a carrying amount of DKK 927 million have been provided as security for mortgage debt of DKK 850 million.

Contracts for the delivery of property, plant and equipment in 2021 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. Borrowing costs relating to the acquisition of property, plant and equipment are capitalised.

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 2020 and 2021 and have been recognised in the income statement as an adjustment to depreciation in production costs, sales or distribution expenses or administrative expenses, respectively.

Property, plant and equipment

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.

Leases

Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases - i.e. these leases are on-balance sheet.

The Group decided to apply the recognition exemptions to short-term and low value leases.

Note 13 Investments in associates

mDKK	Investments in associates
Cost at 1 January 2021	76
Cost at 31 December 2021	**76**
Value adjustments at 1 January 2021	55
Exchange adjustment	6
Dividend, net	-21
Share of profit for the year	37
Other comprehensive income	0
Value adjustments at 31 December 2021	**77**
Carrying amount at 31 December 2021	**153**
Cost at 1 January 2020	76
Cost at 31 December 2020	**76**
Value adjustments at 1 January 2020	50
Exchange adjustment	-7
Dividend, net	-21
Share of profit for the year	33
Other comprehensive income	0
Value adjustments at 31 December 2020	**55**
Carrying amount at 31 December 2020	**131**

Judgement concerning accounting policy: Financial disclosures on associates

Financial disclosures are provided on an aggregated basis for all associates as none of Royal Unibrew's shares of net revenue or balance sheet total constitute more than 5% in proportion to the Consolidated Financial Statements; therefore, it is not considered essential to provide disclosures separately for each associate.

Royal Unibrew's share of:

	2021	2020
Profit from continuing operations for the year	37	33
Other comprehensive income	0	0
Comprehensive income	**37**	**33**
Total carrying amount at 31 December of the Group's total investments in associates, share of equity	**153**	**131**

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 unrealised 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 recognised in liabilities.

The proportionate share of the results of associates is recognised in the income statement of the Group after adjusting for impairment losses on goodwill and eliminating the proportionate share of unrealised intercompany gains and losses.

Note 14 Other fixed asset investments

mDKK	Other investments	Other receivables	Total other fixed asset investments
Cost at 1 January 2021	64	9	73
Exchange adjustment			0
Additions by acquisition	2		2
Additions			0
Disposals			0
Cost at 31 December 2021	**66**	**9**	**75**
Value adjustments at 1 January 2021	-52	0	-52
Value adjustments at 31 December 2021	**-52**	**0**	**-52**
Carrying amount at 31 December 2021	**14**	**9**	**23**
Cost at 1 January 2020	64	8	72
Exchange adjustment			0
Additions		1	1
Disposals			0
Cost at 31 December 2020	**64**	**9**	**73**
Value adjustments at 1 January 2020	-52	0	-52
Value adjustments at 31 December 2020	**-52**	**0**	**-52**
Carrying amount at 31 December 2020	**12**	**9**	**21**

Other investments

Other investments classified as fair value trough 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 recognised valuation methods as regards unlisted securities. Unrealised value adjustments are recognised in other comprehensive income except for impairment losses and reversal of impairment losses which are recognised in financial income and expenses in the income statement. Upon realisation, the accumulated value adjustment recognised 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 recognised at fair value and are subsequently measured at amortised cost or an estimated lower value at the balance sheet date.

Other investments

In connection with the presentation of the Financial Statements for 2011, Management estimated the fair value of its investments (48% of the share capital) in the Polish brewery company Perla Browary Lubelskie 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 2020 (2021 not yet available) have been prepared on the basis of Polish accounting law and show a profit after tax of PLN 41 million (DKK 66 million) and equity of PLN 405 million (DKK 644 million). The fair value measurement of the investments in Perla Browary Lubelskie is classified in level 3 of the fair value hierarchy.

Note 15 Inventories

	2021	2020
Raw materials and consumables	262	210
Work in progress	26	22
Finished goods and goods for resale	492	285
Inventories	**780**	**517**

Inventories

Indirect production costs are recognized in the value of work in progress and finished goods at DKK 26 million (2020: DKK 22 million). As in 2020, write down of inventories is an insignificant amount, DKK 16 million (2020: DKK 9 million).

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value of individual product groups. The net realisable 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 comprises invoiced price plus expenses directly attributable to the acquisition.

The cost of work in progress and finished goods comprises the cost of materials and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour 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

	2021	2020
Trade receivables	1,123	600
Other receivables	65	39
Receivables	**1,188**	**639**

Receivables are classified as "assets measured at amortised cost" under IFRS 9.

Trade receivables falls due as follows:

2021	Not due and prepaid bonus	Due 1-15 days	Due 16-90 days	Due > 90 days	Total
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%
Provisions for bad debts, beginning of year					-49
Bad debts realised during the year					1
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%

Note 16 Receivables (continued)

2020	Not due and prepaid bonus	Due 1-15 days	Due 16-90 days	Due > 90 days	Total
Trade receivables	548	48	22	31	649
Impairment provision*	-25**	-1	-5	-18	-49
Trade receivables after impairment	523	47	17	13	600
Impairment provision %***	-4.6%	-2.1%	-22.7%	-58.1%	-7.6%

Provisions for bad debts, beginning of year	-33
Bad debts realised during the year	12
Provision for the year	-28
Total	**-49**

* Lifetime expected credit loss
** Hereof mDKK 11 (2.0%) relates to prepaid bonus
*** Historical average loss rate is approx. 1%

Receivable

Current receivables, all fall due for payment in 2022.

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

The Group holds no other treasury shares.

	Number	Nom. Value in mDKK	% of capital
Portfolio at 1 January 2020	883,509	2	1.8
Additions	524,856	1	1.0
Capital reduction	-750,000	-1	-1.5
Portfolio at 31 December 2020	**658,365**	**2**	**1.3**

The share capital has been paid in full.

Basis of calculation of earnings and cash flow per share

	2021	2020
The Parent Company shareholders' share of profit for the year amounts to (mDKK)	1,299	1,183
The average number of treasury shares amounted to (number, DKK 2 each)	707,880	585,724
The average number of shares in circulation amounted to (number)	48,344,203	49,108,026
The average number of shares in circulation incl restricted shares amounted to (number)	48,363,284	49,125,947
Cost of share buy-backs during the year (mDKK)	582	362

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 optimisation 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 recognised 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 recognised at cost directly in equity under retained earnings. Where treasury shares are subsequently sold, any consideration is also recognised directly in equity. Dividend on treasury shares is recognised 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.

§ Revaluation reserves

Revaluation reserves in parent company comprise value adjustment of assets from cost to an estimated permanently higher fair value. Revaluation reserves are transferred to retained earnings when the revalued asset is realised.

§ 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 of the Group (DKK).

Upon full or partly realisation of the net investment in the foreign enterprises, exchange adjustments are recognised in the income statement.

The translation reserve was reset at 1 January 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 realisation, the hedging instrument is recognised in the income statement in the same item as the hedged transaction.

Note 18 Deferred tax

mDKK	2021	2020
Deferred tax at 1 January	554	546
Change in deferred tax for the year	9	4
Deferred tax, no income statement effect for the year	4	
Change in deferred tax by acqusitions	171	
Exchange adjustments	2	1
Adjustment of previous year	7	3
Deferred tax at 31 December	**747**	**554**
Expected realisation within 1 year	-33	-31
Deferred tax relates to:		
Intangible assets	610	428
Property, plant and equipment	154	153
Current assets	7	-7
Non current liabilities	-17	-24
Current liabilities	-7	4
Total	**747**	**554**

§ Deferred tax

Deferred tax is recognised 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, respectively.

Deferred tax assets are recognized at the value at which they are expected to be realised, 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 crystallises 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	2021	2020
VAT, excise duties, etc	746	494
Other payables	572	423
Deposit, returnable packaging	109	111
Total other current payables	**1,427**	**1,028**
Deposit, returnable packaging is specified as follows:		
Balance at 1 January	111	132
Adjustment for the year	-2	-21
Balance at 31 December	**109**	**111**

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 development in 2021 of the liability is due to packaging shifting from returnable packaging toward not returnable packaking, e.g. cans and PET-bottles which is not refilled but reused in production of new cans and PET-bottles.

The payable relating to deposit on returnable packaging is calculated on the basis of the estimated total packaging volume less packaging held in inventory.

§ Deposit, returnable packaging

Plastic crates, bottles and kegs in circulation and held in inventory are recognised in property, plant and equipment, and the obligation to repay the deposit when the packaging in circulation is taken back on inventory is recognised in other payables.

Note 20 Debts

mDKK	2021	2020
Mortgage debt	1,017	850
Credit institutions	2,605	1,424
Other debts	3,192	2,136
Debts	**6,814**	**4,410**

Changes to interest-bearing debts

	31/12 2020	Additions by acquisitions	Repayment	New facilities	Exchange adjustment	31/12 2021
Interest-bearing long-term debts	2,042		-31	801		2,812
Interest-bearing short-term debts	79		-61	532		550
Total interest-bearing debt, mortgage and credit institutions	**2,121**	**0**	**-92**	**1,333**	**0**	**3,362**
Interest-bearing long-term leasing debt*	82	41	0	63	0	186
Interest-bearing short-term leasing debt*	71		-68	71		74
Total interest-bearing leasing debt	**153**	**41**	**-68**	**134**	**0**	**260**
Total	**2,274**	**41**	**-160**	**1,467**	**0**	**3,622**

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

	31/12 2019	Additions by acquisitions	Repayment	New facilities	Exchange adjustment	31/12 2020
Interest-bearing long-term debts	1,991		-96	149	-2	2,042
Interest-bearing short-term debts	562		-483		0	79
Total interest-bearing debt, mortgage and credit institutions	**2,553**	**0**	**-579**	**149**	**-2**	**2,121**
Interest-bearing long-term leasing debt	163		-13	-67	-1	82
Interest-bearing short-term leasing debt	60		-60	71		71
Total interest-bearing leasing debt	**223**	**0**	**-73**	**4**	**-1**	**153**
Total	**2,776**	**0**	**-652**	**153**	**-3**	**2,274**

* 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 capitalised 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.

Debts

In connection with the acquisition of Hartwall in 2013, defined benefit liabilities were acquired relating to a pension scheme which has not been offered to new employees for a number of years. On 31 December 2021, the net liability amounted to approx DKK 7.7 million (2020: approx. DKK 5.3 million). Taking into account the amount of the liability, that it has been at the same level in recent years and that it is being phased out, Management does not consider it material to provide the disclosures on the composition of the liability required by IAS 19.

Note 21 Cash Flow Statement

Adjustments for non-cash operating items:

mDKK	2021	2020
Financial income	-7	-3
Financial expenses	49	46
Amortization and impairment of intangible assets	42	34
Depreciation of property, plant and equipment	339	314
Tax on the profit for the year	349	307
Income from investments in associates	-37	-33
Profit and loss from sale of property, plant and equipment (see note 12 re leasing part)	-13	-2
Share-based payments and remuneration	4	7
Total	**726**	**670**

§ 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, security and other liabilities

mDKK	2021	2020
Rental and operating lease commitments		
Total future payments:		
Within 1 year	20	16
Between 1 and 5 years	40	23
Beyond 5 years	15	0
Total	**75**	**39**

Rental and lease commitments relate to low value assets and service not included under IFRS 16.

Third-party guarantees	**47**	**31**

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

As regards to 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 48 and Group Structure on page 146. No shareholder exercises control.

The following transactions have been made with related parties:

mDKK	2021	2020
Revenue		
Sales to associates	18	18
Financial income and expenses		
Dividends received from associates	26	21
Executive Management		
Remuneration paid	19	29
Debt re cash-based bonus schemes	7	7
Debt re share-based bonus scheme	4	7
Board of Directors		
Remuneration	5	5

Transactions with subsidiaries are eliminated in the Consolidated Financial Statements in accordance with the accounting policies applied.

Note 24 Acquisition of enterprises

Acquisition in 2021

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

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

A Danish brewery and a softdrink company
On 29 April 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 29 April 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 long history.

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

A Estonian micro brewery
On 14 September 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 Estonian market through an authentic super premium local beer brand and support full scale multi beverages 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 advisers 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 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.

Note 24 Acquisition of enterprises (continued)

	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 business	**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.

Acquisition of MC Energy (A French energy drinks brand)
On 1 July 2021, Royal Unibrew's French subsidiary, Etablissement Geyer-Fréres S.A, entered in to an agreement to acquire the French beverage company MC Energy S.A.S. The acquisition was completed on 7 July 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, which is currently based on our Lorina brand (lemonade). The acquisition is the next step in developing the French business towards 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 approx 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 business	**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 Acquisition of enterprises (continued)

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

Solera Beverage Group is leading pan-Nordic importer and distributor of a portfolio of strong leading international wines, beers, CSD and other beverages. The company is present 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 a EBITDA of around DKK 70 million.

Royal Unibrew A/S has incurred transaction costs relating to the acquisitions of approx 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 business	**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 Acquisition of enterprises (continued)

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

Aqua d'Or is a leading Scandinavian mineral water producer with a strong market presence in Denmark and Sweden. The acquired activities have a strong organization and a modern production facility in Central Jutland, Denmark.

Aqua d'Or has around 75 employees and generated revenue of around DKK 180 million in 2020. The company markets its own brands Aqua d'Or, Klar and Denice, as well as supplying private label products to selected customers.

Closing of the transaction is subject to approval from the Danish Competition Authority, which is expected during the first half of 2022.

Acquisition of full ownership of Hansa Borg Bryggerier
On 7 January 2022, Royal Unibrew A/S entered into an agreement to acquire the remaining 75% of Hansa Borg Bryggerier, of which Royal Unibrew already has 25% ownership.

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, CSD's, waters and wines for the Norwegian market.

The transaction is based on an enterprise value of NOK 3.3 billion (around DKK 2.4 billion) for 100% of Hansa Borg Bryggerier with close to zero debt at the time of signing. Prior to the transaction Royal Unibrew owened 25% of Hansa Borg Bryggerier, meaning that the net amount paid in this transaction is 75% of the enterprise value, i.e. NOK 2.5 billion (DKK 1.8 billion).

Hansa Borg Bryggerier is expected to generate normalized revenue in 2022 of around NOK 1.4 billion with a EBITDA of around NOK 210 million, resulting in an acquisition multiple (EV/EBITDA) of 16 times. Hansa Borg Bryggerier is located in Bergen, Oslo, Sarpsborg, Kristiansand, Grimstad and Olden and has in total around 300 employees.

Closing of the transaction is pending approval from the Norwegian Competition Authority which is expected during first half of 2022.

§ Business combinations

On 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 recognised 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

Royal Unibrew acquired in 2021 five businesses, Bryggeri Helsinki, Bryggeriet S.C. Fuglsang A/S, MC Energy, Tanker Brewery, Solera Beverage Group by purchasing shares in the companies wherein the businesses were established. 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 with regard to the intangible assets acquired, there are no efficient markets to be used to determine fair value. Management has therefore 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. The fair value calculation is subject to uncertainty and will subsequently be adjusted within a 12 month period from the acquisition date if a need to do so is identified. The unallocated part of the purchase price has been recognized as goodwill related to synergies and the development potential of the activities acquired.

Note 25 Events after the reporting period

Events after the reporting period apart from events recognized or disclosed in the consolidated financial statements. No events have occurred after the reporting period of importance to the consolidated financial statements.

Parent Company Annual Report 2021

Parent Company Income Statement

Income Statement for 1 January – 31 December

mDKK	Note	2021	2020
Net revenue		**4,197**	**3,517**
Production costs	3,4	–2,209	–1,774
Gross profit		**1,988**	**1,743**
Sales and distribution expenses	3,4	–872	–804
Administrative expenses	3,4	–255	–219
EBIT		**861**	**720**
Dividends received from subsidiaries and associates		550	531
Financial income	5	17	6
Financial expenses	6	–36	–31
Profit before tax		**1,392**	**1,226**
Tax on the profit for the year	7	–186	–156
Net profit for the year		**1,206**	**1,070**
Earnings per share (DKK)		26.5	24.1
Diluted earnings per share (DKK)		26.5	24.1

Statement of Comprehensive Income for 1 January – 31 December

mDKK	Note	2021	2020
Net profit for the year		**1,206**	**1,070**
Other comprehensive income			
Items that may be reclassified to the income statement			
Value adjustment of hedging instruments, end of year		2	6
Tax on other comprehensive income	7	–2	–1
Total		**0**	**5**
Other comprehensive income after tax		**0**	**5**
Total comprehensive income		**1,206**	**1,075**

Parent Company Balance Sheet

Assets at 31 December

mDKK	Note	2021	2020
NON-CURRENT ASSETS			
Intangible assets	9	413	403
Property, plant and equipment	10	1,271	1,055
Investments in subsidiaries	11	4,424	4,388
Investments in associates	11	77	77
Receivables from subsidiaries	12	1,316	60
Other non-current investments	12	8	8
Non-current assets		**7,509**	**5,991**
CURRENT ASSETS			
Inventories	13	226	185
Receivables	14	445	341
Receivables from subsidiaries		56	53
Corporation tax		0	1
Prepayments		16	14
Cash at bank and in hand		0	15
Current assets		**743**	**609**
Assets		**8,252**	**6,600**

Liabilities and Equity at 31 December

mDKK	Note	2021	2020
EQUITY			
Share capital	15	98	99
Other reserves		759	765
Retained earnings		1,525	1,558
Proposed dividend		708	666
Equity		**3,090**	**3,088**
LIABILITIES			
Non-current liabilities			
Deferred tax	16	168	159
Mortgage debt	2, 19	735	553
Credit institutions	2, 19	1,502	830
Other payables		24	50
Non-current liabilities		**2,429**	**1,592**
Current liabilities			
Mortgage debt	2, 19	4	19
Credit institutions	2, 19	554	82
Trade payables	2	713	415
Payables to subsidiaries	2	1,184	1,053
Corporate tax		3	0
Other current payables	17	275	351
Current liabilities		**2,733**	**1,920**
Liabilities		**5,162**	**3,512**
Liabilities and equity		**8,252**	**6,600**

Parent Company Cash Flow Statement

for 1 January – 31 December

mDKK	Note	2021	2020
Net profit for the year		1,206	1,070
Adjustments for non-cash operating items	18	-195	-199
Change in working capital		296	78
Received financial income		0	6
Paid financial expenses		-21	-31
Financial expenses related to leasing		0	-1
Corporation tax paid		-179	-148
Cash flows from operating activities		**1,107**	**775**
Dividends received from associates		550	531
Sale of property, plant and equipment		8	3
Purchase of property, plant and equipment		-299	-173
Acqusition of enterprises		-3	1
Purchase/-sale of intangible assets and fixed asset investment		0	0
Cash flows from investing activities		**256**	**362**

mDKK	Note	2021	2020
Debt financing:			
Proceeds from increased drawdown on credit facilities		823	149
Repayment on credit facilities		0	-581
Repayment on lease facilities		-28	-26
Change in financing of subsidiaries		-933	298
Dividends to minority shareholders		-5	0
Dividends paid to shareholders		-666	-600
Dividends on treasury shares		13	
Acquisition of shares for treasury		-582	-362
Cash flows from financing activities		**-1,378**	**-1,122**
Change in cash and cash equivalents		-15	15
Cash and cash equivalents at 1 January		15	0
Exchange adjustment		0	0
Cash and cash equivalents at 31 December		**0**	**15**
Free cash flow			
Net cash from operating activities		1,107	775
Net cash used in investing activities		259	361
Repayment on lease facilities		-28	-26
Free cash flow		**1,338**	**1,110**

Parent Company Statement of Changes in Equity

for 1 January – 31 December 2021

mDKK	Share capital	Share premium account	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at 31 December 2020	**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 31 December 2021	**98**	**753**	**6**	**759**	**1,525**	**708**	**3,090**

Share premium account, hedging reserve and retained earnings may be applied for distribution of dividend to the Parent Company shareholders.
The share capital at 31 December 2021 amounts to DKK 97,600,000 and is distributed on shares of DKK 2 each.
Proposed dividend for the year is DKK 14.50 per share (2020: DKK 13.50 per share) based on the shared capital 31 December 2021..

Parent Company Statement of Changes in Equity

for 1 January – 31 December 2020

mDKK	Share capital	Share premium account	Hedging reserve	Total other reserves	Retained earnings	Proposed dividend for the year	Total
Equity at 31 December 2019	**100**	**773**	**-2**	**771**	**1,485**	**611**	**2,967**
Changes in equity in 2020							
Profit for the year				**0**	1,070		1,070
Other comprehensive income			6	**6**	0		6
Tax on other comprehensive income				**0**	-1		-1
Total comprehensive income	**0**	**0**	**6**	**6**	**1,069**	**0**	**1,075**
Liability upon acquisition				**0**			
Dividends paid to shareholders				**0**		-600	-600
Dividend on treasury shares				**0**	2	-2	0
Acquisition of shares for treasury				**0**	-362		-362
Proposed dividend				**0**	-657	657	0
Capital reduction	-1	-12		**-12**	13		0
Share-based payments				**0**	7		7
Tax on changes in equity, shareholders				**0**	1		1
Total shareholders	**-1**	**-12**	**0**	**-12**	**-996**	**55**	**-954**
Total changes in equity in 2020	**-1**	**-12**	**6**	**-6**	**73**	**55**	**121**
Equity at 31 December 2020	**99**	**761**	**4**	**765**	**1,558**	**666**	**3,088**

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 recognised 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 judgements and accounting estimates
In connection with the preparation of the Parent Company and Consolidated Financial Statements, Management makes estimates and judgements as to how recognition and measurement of assets and liabilities should take place based on the accounting policies applied.

Judgements as an element in significant accounting policies

The calculation of carrying amounts of certain assets and liabilities requires judgement 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 2021, 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 2021, the following critical estimates have been made as desribed in relevant notes, see list to the right.

Accounting policies, judgements as an element in significant accounting policies as well as critical accounting estimates are described in the consolidated 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
Inventories	§		⚖	15
Receivables	§		⚖	16
Equity	§			17
Deferred tax	§			18
Deposit returnable packaging	§			19
Debt	§			20
Cash Flow Statement	§			21
Purchase Price Allocation (PPA)	§	🔧	⚖	24

Legends

- § Significant accounting policies
- 🔧 Judgements as an element in significant accounting policies
- ⚖ Critical accounting estimates

Note 2 Financial risk management

Financial liabilities

31/12 2021

Parent (mDKK)	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Non-derivative financial instruments:					
Financial debt, debt financing, 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 amortised cost".

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

31/12 2020

Parent (mDKK)	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Non-derivative financial instruments:					
Financial debt, debt financing, gross	1,468	87	1,089	292	1,421
Financial debt, subsidiaries	1,053	1,053	0	0	1,053
Leasing	65	25	39	1	63
Trade payables	415	415			415
Other payables	303	253	50		303
Total	**3,304**	**1,833**	**1,178**	**293**	**3,255**

The debt is classified as "debt at amortized cost" with DKK 3,252 million and "debt at fair value" with DKK 3 million.

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 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	2021	2020
Fixed salaries to Executive Board	13	13
Serverance payment	0	7
Ordinary bonus scheme for Executive Board	6	9
Share-based payments to Executive Board (conditional)	4	9
Remuneration of Executive Board	**23**	**38**
Remuneration of Board of Directors	5	5
	28	**43**
Wages and salaries	558	487
Contributions to pension schemes	52	44
	610	531
Other social security expenses	6	6
Other staff expenses	23	18
Total	**667**	**598**
Average number of employees	1,100	973

Note 4 Expenses broken down by type

mDKK	2021	2020
Production costs	2,209	1,774
Sales and distribution expenses	872	804
Administrative expenses	255	219
Total	**3,336**	**2,797**
Break down by nature as follows:		
Raw materials and consumables	1,780	1,426
Wages, salaries and other staff expenses	666	598
Operating and maintenance expenses*	141	118
Distribution expenses and carriage	232	187
Sales and marketing expenses	259	243
Bad trade debts	2	9
Office supplies etc	110	72
Amortisation and depreciation	146	144
Total	**3,336**	**2,797**
Total amortisation and depreciation are included in the following items in the income statement:		
Production costs	86	83
Sales and distribution expenses	49	46
Administrative expenses	11	15
Total	**146**	**144**

mDKK	2021	2020
Fee to auditors		
Fee for the audit of the Annual Report:		
Deloitte (KPMG)	1	1
Total	**1**	**1**
Deloitte:		
Other assurance services	0	0
Other assistance*	1	2
Total	**1**	**2**

* Fees for other services than statutory audit of the financial statements provided by Deloitte Statsautoriseret Revisionspartnerskab (2020: KPMG) primarily comprise services relating to financial due dilligence.

Note 5 Financial income

mDKK	2021	2020
Finance income		
Cash at bank and in hand	1	0
Trade receivables	0	0
Receivables from subsidiaries	8	2
Other financial income		
Exchange adjustments		
Cash at bank and in hand and external loans		3
Trade receivables	4	
Trade payables		1
Loans from subsidiaries	4	
Total	**17**	**6**

Note 6 Financial expenses

mDKK	2021	2020
Finance costs		
Mortgage debt	4	5
Credit institutions	18	18
Other financial expenses	2	2
Leasing	1	1
Exchange adjustments		
Cash at bank and in hand and external loans	3	0
Trade receivables	0	4
Trade payables	0	0
Loans from subsidiaries	0	0
Forward contracts	8	1
Total	**36**	**31**

Note 7 Tax on the profit for the year

mDKK	2021	2020
Tax on the taxable income for the year	182	146
Adjustment of previous year	1	2
Adjustment of deferred tax	3	8
Total	**186**	**156**
which breaks down as follows:		
Tax on profit for the year	186	156
Tax on other comprehensive income	2	1
Tax on equity entries	-2	-1
Total	**186**	**156**
Current Danish tax rate	22.0	22.0
Dividends received from subsidiaries and associates	-8.7	-9.7
Effect on tax rate of permanent differences	0.1	0.3
Adjustment of previous year	0.0	0.1
Effective tax rate	**13.4**	**12.7**

Note 8 Realized hedging transactions

mDKK	2021	2020
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	23	-7
Financial income and expenses include currency, commodity and interest rate hedges	0	-2
Total	**23**	**-9**

Reference is made to note 4 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 1 January 2021	227	173	0	9	409
Disposals				1	1
Additions by acquisition				11	11
Cost at 31 December 2021	**227**	**173**	**0**	**21**	**421**
Amortisation and impairment losses at 1 January 2021	0	-3	0	-3	-6
Reversal depreciation of disposals					0
Amortisation for the year				-2	-2
Amortisation and impairment losses at 31 December 2021	**0**	**-3**	**0**	**-5**	**-8**
Carrying amount at 31 December 2021	**227**	**170**	**0**	**16**	**413**

mDKK	Goodwill	Trademarks	Distribution rights	Customer relations	Total
Cost at 1 January 2020	270	188	12	9	479
Disposals			-12		-12
Additions	-43	-15			-58
Cost at 31 December 2020	**227**	**173**	**0**	**9**	**409**
Amortisation and impairment losses at 1 January 2020	0	-3	-12	-1	-16
Reversal depreciation of disposals			12		12
Amortisation for the year				-2	-2
Amortisation and impairment losses at 31 December 2020	**0**	**-3**	**0**	**-3**	**-6**
Carrying amount at 31 December 2020	**227**	**170**	**0**	**6**	**403**

§ Trademarks

Trademarks are not amortised 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 marketing.

Reference is made to note 11 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 1 January 2021	755	1,363	560	120	125	2,923
Additions	30	36	71	160	62	359
Additions by acqusition		7				7
Disposals		–4	–61		–16	–81
Transfers for the year	46	15	25	–86		0
Cost at 31 December 2021	**831**	**1,417**	**595**	**194**	**171**	**3,209**
Depreciation, revaluation and impairment losses at 1 January 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 31 December 2021	**–441**	**–1,028**	**–392**	**0**	**–76**	**–1,937**
Carrying amount at 31 December 2021	**390**	**389**	**203**	**194**	**95**	**1,271**
Leasing of property, plant and equipment:						
Cost at 31 December 2021	65		106		171	
Depreciation, revaluation and impairment losses at 31 December 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.

Contracts for the delivery of property, plant and equipment in 2021 or later have been entered into only to an immaterial extent.

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 1 January 2020	755	1,351	547	59	121	2,833
Additions	3	36	48	86	23	196
Additions by change in accounting policy						0
Disposals	–6	–39	–42		–19	–106
Transfers for the year	3	15	7	–25		0
Cost at 31 December 2020	**755**	**1,363**	**560**	**120**	**125**	**2,923**
Depreciation, revaluation and impairment losses at 1 January 2020	**–418**	**–963**	**–394**	**0**	**–41**	**–1,816**
Depreciation for the year	–14	–51	–48		–28	–141
Reversal of depreciation and impairment of assets sold	6	39	39		6	90
Depreciation, revaluation and impairment losses at 31 December 2020	**–426**	**–975**	**–403**	**0**	**–63**	**–1,867**
Carrying amount at 31 December 2020	**329**	**388**	**157**	**120**	**62**	**1,055**
Leasing of property, plant and equipment:						
Cost at 31 December 2020	44		81		125	
Depreciation, revaluation and impairment losses at 31 December 2020	–19		–44		–63	
Carrying amount per asset type	**25**		**37**		**62**	

Land and buildings including plant and machinery at a carrying amount of DKK 321 million have been provided as security for mortgage debt of DKK 572 million.

Contracts for the delivery of property, plant and equipment in 2020 or later have been entered into only to an immaterial extent.

Note 11 Investments in subsidiaries and associates

mDKK	Investments in subsidiaries	Investments in associates
Cost at 1 January 2021	4,477	77
Additions	36	
Disposals		
Cost at 31 December 2021	**4,513**	**77**
Impairment losses at 1 January 2021	-89	0
Impairment losses at 31 December 2021	**-89**	**0**
Carrying amount at 31 December 2021	**4,424**	**77**
Cost at 1 January 2020	4,478	77
Additions	-1	0
Disposals		0
Cost at 31 December 2020	**4,477**	**77**
Impairment losses at 1 January 2020	-89	0
Impairment losses at 31 December 2020	**-89**	**0**
Carrying amount at 31 December 2020	**4,388**	**77**

§ Dividend on investments in subsidiaries and associates

Dividend on investments in subsidiaries and associates is recognised 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 and the values of intangible assets contained therein is tested to identify any impairment. Reference is made to note 11 to the Consolidated Financial Statements.

Note 12 Receivables from subsidiaries and Other fixed asset investments

mDKK	Other investments	Other investments	Other receivables	Total other fixed asset investments
Cost at 1 January 2021	60	55	5	60
Exchange adjustment				0
Additions	1,256			0
Disposals				0
Cost at 31 December 2021	**1,316**	**55**	**5**	**60**
Revaluations and impairment losses at 1 January 2021	0	-52	0	-52
Revaluations and impairment losses at 31 December 2021	**0**	**-52**	**0**	**-52**
Carrying amount at 31 December 2021	**1,316**	**3**	**5**	**8**
Cost at 1 January 2020	127	55	5	60
Exchange adjustment				0
Additions				0
Disposals	-67			0
Cost at 31 December 2020	**60**	**55**	**5**	**60**
Revaluations and impairment losses at 1 January 2020	0	-52	0	-52
Revaluations and impairment losses at 31 December 2020	**0**	**-52**	**0**	**-52**
Carrying amount at 31 December 2020	**60**	**3**	**5**	**8**

Note 13 Inventories

	2021	2020
Raw materials and consumables	93	78
Work in progress	12	9
Finished goods and goods for resale	121	98
Total inventories	**226**	**185**

Inventories

Indirect production costs are recognised in the value of work in progress and finished goods at DKK 12 million (2020: DKK 9 million). As in 2020, inventories have not been written down materially.

Note 14 Receivables

	2021	2020
Trade receivables	418	324
Other receivables	27	17
Receivables	**445**	**341**

Receivables are classified as "assets measured at amortised cost" under IFRS 9.

Trade receivables falls due as follows:

2021	Not due and prepaid bonus	Due 1–15 days	Due 16–90 days	Due > 90 days	Total
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%

Provisions for bad debts, beginning of year	-12
Bad debts realised during the year	1
Provision for the year	-1
Total	**-12**

* Lifetime expected credit loss

** Historical average loss rate is < 1%

Current receivables, other than trade receivables, all fall due for payment in 2022.

2020	Not due and prepaid bonus	Due 1–15 days	Due 16–90 days	Due > 90 days	Total
Trade receivables	285	35	14	2	336
Impairment provision	-6	-1	-3	-2	-12
Trade receivables after impairment	279	34	11	–	324
Impairment provision %*	-2.1%	-2.9%	-21.4%	-100.0%	-3.6%

Provisions for bad debts, beginning of year	-8
Bad debts realised during the year	7
Provision for the year	-11
Total	**-12**

* Lifetime expected credit loss

** Historical average loss rate is approx. 0.6%

Note 15 Share capital

Reference is made to note 17 to the Consolidated Financial Statements.

Note 16 Deferred tax

mDKK	2021	2020
Deferred tax at 1 January	159	154
Change in deferred tax for the year	3	8
Deferred tax, no income effect for the year	4	
Addition by acqusition	1	
Adjustment of previous year	1	-3
Deferred tax at 31 December	**168**	**159**
Due within 1 year	-9	-7
Deferred tax relates to:		
Intangible assets	36	36
Property, plant and equipment	110	105
Fixed asset investments	18	18
Current assets	12	11
Current liabilities	-8	-11
Total	**168**	**159**

Note 17 Other current payables

mDKK	2021	2020
VAT, excise duties, etc	39	69
Other payables	210	253
Deposit, returnable packaging	26	29
Total other current payables	**275**	**351**
Deposit, returnable packaging is specified as follows:		
Balance at 1 January	29	38
Adjustment for the year	-3	-9
Balance at 31 December	**26**	**29**

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	2021	2020
Dividend received from subsidiaries and associates	-550	-531
Financial income	-17	-6
Financial expenses	36	31
Amortisation and impairment of intangible assets	2	2
Depreciation of property, plant and equipment (see note 10 re leasing part)	151	141
Tax on the profit for the year	186	156
Profit and loss from sale of property, plant and equipment	-7	1
Share-based payments and remuneration	4	7
Total	**-195**	**-199**

Note 19 Debts

Changes to interest-bearing debts

	31/12 2020	Cash flow	Additions	31/12 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**

	31/12 2019	Cash flow	Additions	31/12 2020
Interest-bearing long-term debts	1,272	-77	150	1,345
Interest-bearing short-term debts	1,449	-504	184	1,129
Total interest-bearing debt, mortgage and credit institutions	**2,721**	**-581**	**334**	**2,474**
Interest-bearing long-term leasing debt	56	-3	-15	38
Interest-bearing short-term leasing debt	23	-23	25	25
Total interest-bearing leasing debt	**79**	**-26**	**10**	**63**
Total	**2,800**	**-607**	**344**	**2,537**

Note 20 Contingent liabilities, security and other liabilities

mDKK	2021	2020
Guarantees		
Guarantees relating to subsidiaries	682	661
Total	**682**	**661**
Rental and lease commitments		
Total future payments:		
Within 1 year	6	7
Between 1 and 5 years	10	11
Beyond 5 years	9	0
Total	**25**	**18**

Rental and lease commitments relate to low value assets and service not included under IFRS 16.

	2021	2020
Third-party guarantees	**11**	**11**

Security
No security has been provided in respect of the Group's loan agreements with credit institutions other than the Parent Company's liability for the amounts drawn by subsidiaries on group credit facilities.

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 Board as well as subsidiaries and associates, see the sections on Board of Directors and Executive Board on page 48 and Group Structure on page 146. No shareholder exercises control.

The following transactions have been made with related parties:

mDKK	2021	2020
Revenue		
Sales to subsidiaries	681	561
Sales to associates	18	18
Costs		
Purchases from subsidiaries	123	70
Financial income and expenses		
Dividends received from associates	26	21
Dividends received from subsidiaries	524	510
Interest received from subsidiaries	8	2
Interest paid to subsidiaries	0	0
Executive Board		
Remuneration paid	19	29
Debt re cash-based bonus schemes	7	7
Debt re share-based bonus schemes	4	7
Board of Directors		
Remuneration	5	5
Intercompany balances on 31 December		
Loans to subsidiaries	1,316	60
Receivables from subsidiaries	56	53
Loans from subsidiaries	1,251	1,076
Payables to subsidiaries	67	23
Capital contributed to subsidiaries		
Guarantees and securities		
Guarantee for subsidiaries	682	661

Note 22 Events after the reporting period

Events after the reporting period apart from events recognized or disclosed in the consolidated financial statements. No events have occurred after the reporting period of importance to the consolidated financial statements.

Other information

Group Structure

Activity

- Production, sales and distribution
- Sales and distribution
- Holding company
- Other

Segment	Ownership	Currency	Capital
Parent Company			
Royal Unibrew A/S, Denmark		DKK	97,600,000
WESTERN EUROPE			
Subsidiaries			
Aktieselskabet Cerekem International Ltd., Denmark*	100%	DKK	1,000,000
The Curious Company A/S, Denmark*	100%	DKK	550,000
Nohrlund ApS, Denmark	68%	DKK	103,030
Albani Sverige AB, Sweden	100%	SEK	305,000
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
MC Energy S.A.S, France	100%	EUR	50,000
Royal Unibrew Norge AS, Norway*	100%	NOK	30,000
Solera Beverage Group Holding AS, Norway	100%	NOK	2,571,231
Solera Beverage Group AS, Norway	100%	NOK	6,000,000
Solera Norge AS, Norway	100%	NOK	6,000,000
Engelstad Spirits AS, Norway	100%	NOK	30,000
Einar A. Engelstad AS, Norway	100%	NOK	100,000
Orbis Wines AS, Norway	100%	NOK	30,000
Eurowine AS, Norway	100%	NOK	101,000
Best Cellars AS, Norway	100%	NOK	1,000,000
Stenberg & Blom AS, Norway	100%	NOK	100,000
Winehouse Norway AS, Norway	100%	NOK	30,000
Bottleneck Holding AS, Norway	100%	NOK	100,000
Top Cellars Wine Import AS, Norway	100%	NOK	30,000
Urban Beverages AS, Norway	100%	NOK	110,000
Multibev AB, Sweden	100%	SEK	100,000
Multibev AS, Norway	100%	NOK	100,000
Sommelier AS, Norway	100%	NOK	200,000
Solera Uteliv AS, Norway	100%	NOK	100,000
Craft Drinks AS, Norway	100%	NOK	30,000
Vinkilden AS, Norway	100%	NOK	45,580
Cuveco AS, Norway	100%	NOK	100,000
Bacchus Wines AS, Norway	100%	NOK	30,000
Solera Sverige AB, Sweden	100%	SEK	150,000
Prime Wine Sweden AB, Sweden	100%	SEK	117,700
Mondo Wine Sweden AB, Sweden	100%	SEK	100,000
Solera Spirits and Beers AB, Sweden	100%	SEK	100,000
Solera Sales AB, Sweden	100%	SEK	50,000
Cuveco AB, Sweden	100%	SEK	100,000
Five Eyes AB, Sweden	100%	SEK	100,000
Solera Finland Oy	100%	EUR	9,200
Stella Wines Oy, Finland	100%	EUR	8,000
Quantum Beverages Oy, Finland	100%	EUR	2,500
Solera Cabernet Wines Oy, Finland	100%	EUR	2,500
Solera Chardonnay Wines Oy, Finland	100%	EUR	2,500
Solera Riesling Wines Oy, Finland	100%	EUR	2,500
Multibev Oy, Finland	100%	EUR	16,819
Tistron Wine Group Ab, Finland	100%	EUR	200,000
Urban Beverage Oy, Finland	100%	EUR	8,000
Zenga Import Ab, Finland	100%	EUR	2,500

* not audited as not mandatory audit

Activity

Production, sales and distribution
Sales and distribution
Holding company
Other

Segment	Ownership	Currency	Capital
Associates			
Grønlandskonsortiet I/S, Denmark	50%	DKK	
Nuuk Imeq A/S, Nuuk, Greenland	32%	DKK	38,000,000
Hansa Borg Holding AS, Norway	25%	NOK	55,510,000
BALTIC SEA			
Subsidiaries			
AB Kalnapilio-Tauro Grupe, Lithuania	100%	EUR	1,153,337
Royal Unibrew Services UAB, Lithuania	100%	EUR	43,500
Oy Hartwall Ab, Finland	100%	EUR	13,240,140
Lapin Kulta Oy, Finland	100%	EUR	16,819
SIA "Cido Grupa", Latvia	100%	EUR	1,117,060
SIA Lacplesa Alus, Latvia	100%	EUR	68,945
SIA Bauskas Alus, Latvia	100%	EUR	932,064
Royal Unibrew Eesti, Estonia	100%	EUR	200,000
Tanker Brewery, Estonia*	100%	EUR	1,286,969

Segment	Ownership	Currency	Capital
INTERNATIONAL			
Subsidiaries			
Centre Nordique d'Alimentation EURL, France*	100%	EUR	131,000
Ferell sp. z.o.o., Poland*	100%	PLN	120,200
Supermalt UK Ltd., UK	100%	GBP	9,700,000
Vitamalt (West Africa) Ltd., UK	100%	GBP	10,000
Royal Unibrew Nigeria Ltd.	100%	NGN	10,000,000
The Danish Brewery Group Inc., USA*	100%	USD	1,047,203
Bruce Ashley Group Inc.	100%	CAD	133

* not audited as not mandatory audit

Quarterly Financial Highlights and Ratios (Group)

	Q1		Q2		Q3		Q4	
mDKK (unaudited)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Volume (million hectolitres)	2.5	2.2	3.4	3.1	3.4	3.2	3.0	2.6
Income Statement								
Net revenue	1,605	1,478	2,300	1,979	2,434	2,200	2,407	1,658
EBITDA	318	287	609	546	697	699	397	329
EBITDA margin (%)	19.8	19.4	26.5	27.6	28.6	31.8	16.5	19.8
Earnings before interest and tax (EBIT)	229	200	521	463	596	600	306	252
EBIT margin (%)	14.3	13.5	22.7	23.4	24.5	27.3	12.7	15.2
Income from investments in associates	1	-2	14	6	13	14	9	15
Financial income and expenses	-7	-10	-9	-9	9	-11	-35	-13
Profit before tax	223	188	526	460	600	603	298	267
Net profit for the period	177	145	417	360	474	475	230	222
Balance Sheet								
Non-current assets	7,031	7,070	7,123	6,974	8,591	6,940	8,771	7,015
Total assets	8,618	8,518	9,101	8,837	10,836	8,390	10,914	8,306
Equity	3,320	3,181	2,889	3,545	3,284	3,398	3,342	3,332
Net interest-bearing debt	2,448	2,832	2,618	2,114	3,398	1,837	3,536	2,193
Net working capital	-682	-465	-990	-650	-1,027	-957	-1,102	-875
Invested capital	6,172	6,430	5,908	6,076	7,226	5,648	7,450	5,927
Cash Flows								
From operating activities	-15	-5	900	707	619	959	249	77
From investing activities	-87	-67	-115	-45	-68	-70	-187	-142
Free cash flow	-102	-72	785	662	551	889	62	-65
Financial Ratios (%)								
Free cash flow as a percentage of net revenue	-6	-5	34	33	23	41	3	-5
Cash conversion	-58	-50	188	184	116	189	27	-34
Net interest-bearing debt/EBITDA*	1.6	1.6	1.2	1.7	1.0	1.5	1.7	1.2
Equity ratio	39	37	32	40	30	41	31	40

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 150.

* running 12 months

IFRS 15 Adjustments

We have reassessed the IFRS 15 accounting policy concerning customer contracts and on that background we have changed our handling of some customer contract-related costs. his means that some sales costs are reclassified to rebates, and as a consequence revenue and sales costs are reduced by the same amount, whereas EBIT is unchanged.

mDKK	FY2017	FY2018	FY2019	FY2020	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY2021
Western Europe													
Previously reported revenue	2,829	3,378	3,691	3,548	689	958	1,132	769	775	1,176	1,275	1,429	4,655
Adjustment	-145	-157	-152	-146	-26	-41	-32	-47	-28	-46	-29	-61	-164
IFRS adjusted revenue	**2,684**	**3,221**	**3,539**	**3,402**	**663**	**917**	**1,100**	**722**	**747**	**1,130**	**1,246**	**1,368**	**4,491**
EBIT	563	645	722	687	69	198	300	120	114	271	300	173	857
Previously reported EBIT margin	19.9%	19.1%	19.6%	19.4%	10.0%	20.7%	26.5%	15.6%					
IFRS adjusted EBIT margin	**21.0%**	**20.0%**	**20.4%**	**20.2%**	**10.4%**	**21.6%**	**27.3%**	**16.6%**	**15.3%**	**24.0%**	**24.1%**	**12.6%**	**19.1%**
Baltic Sea													
Previously reported revenue	3,076	3,338	3,308	3,237	648	886	937	767	645	979	998	817	3,439
Adjustment	-97	-114	-103	-96	-19	-22	-26	-28	-19	-30	-25	-28	-101
IFRS adjusted revenue	**2,979**	**3,224**	**3,205**	**3,141**	**629**	**864**	**911**	**738**	**626**	**949**	**974**	**789**	**3,338**
EBIT	431	599	654	675	93	229	254	99	75	210	257	99	642
Previously reported EBIT margin	14.0%	17.9%	19.8%	20.9%	14.4%	25.8%	27.1%	12.9%					
IFRS adjusted EBIT margin	**14.5%**	**18.6%**	**20.4%**	**21.5%**	**14.8%**	**26.5%**	**27.9%**	**13.4%**	**12.0%**	**22.1%**	**26.4%**	**12.7%**	**19.2%**
International													
Previously reported revenue	479	582	694	772	187	198	189	198	232	222	215	250	919
Adjustment	-3	-4	-1	0	0	0	0	0	0	0	-1	-1	-2
IFRS adjusted revenue	**476**	**578**	**693**	**772**	**187**	**198**	**189**	**198**	**232**	**222**	**214**	**249**	**917**
EBIT	106	127	132	171	39	43	50	39	47	44	45	39	176
Previously reported EBIT margin	22.1%	21.8%	19.0%	22.2%	20.9%	21.7%	26.5%	19.7%					
IFRS adjusted EBIT margin	**22.3%**	**22.0%**	**19.0%**	**22.2%**	**20.9%**	**21.7%**	**26.5%**	**19.7%**	**20.3%**	**19.8%**	**21.0%**	**15.8%**	**19.2%**
Royal Unibrew													
Previously reported revenue	6,384	7,298	7,693	7,557	1,524	2,042	2,258	1,733	1,652	2,376	2,488	2,496	9,012
Adjustment	-244	-276	-256	-242	-46	-63	-58	-75	-47	-76	-55	-89	-267
IFRS adjusted revenue	6,140	7,022	7,437	7,315	1,478	1,979	2,200	1,658	1,605	2,300	2,434	2,407	8,746
EBIT	**1,069**	**1,339**	**1,469**	**1,515**	**200**	**463**	**600**	**252**	**229**	**521**	**596**	**306**	**1,652**
Previously reported EBIT margin	16.7%	18,3%	19.1%	20.0%	13.1%	22.7%	26.6%	14.5%					
IFRS adjusted EBIT margin	**17.4%**	**19,1%**	**19.8%**	**20.7%**	**13.5%**	**23.4%**	**27.3%**	**15.2%**	**14.3%**	**22.7%**	**24.5%**	**12.7%**	**18.9%**

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

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

New risk factors may emerge in the future, which the Group cannot predict. Furthermore, the Group cannot assess the impact of each factor on the Group's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.

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