Q1 2021 AIDE MEMOIRE

A number of events in 2020 and 2021 have an impact on the year-on-year comparison for Q1 and full-year 2021. These include the following items, which you may wish to consider in your modelling. Please note that the items listed below are not exhaustive and that other factors may affect the comparisons for Q1 2021 versus the same periods last year.

FACTORS IMPACTING COMPARATIVE FIGURES

Western Europe

In the Q1 2020 announcement, we commented:

"Year-to-date February, our volumes were ahead of our internal expectations, while volumes in March were significantly impacted by COVID-19. The volume development varied significantly between markets, depending on the timing of government lockdowns and the size of the on-trade sector."

…and at the Q4 2020 conference commented further:

"The second wave of lockdowns in Q4 had a larger impact than in Q2, as the off-trade didn't compensate as much in Q4 due to fewer outdoor consumption occasions during the winter"

"…especially Q4, you've seen the volumes were hit by lockdowns. There was an on-trade decline of 60%. There was a slight growth in the off-trade, but less than in Q2."

"…with regard to Western Europe, so with regards to the first half of year and especially in Q1 [2021] that will be – we will have a challenge due to lockdowns. We expect that the on-trade will be negatively impacted well into Q2 across the markets and night life likely impacted also in Q3. You refer to the summer of 2020, we will have tough comps in Q3 due to the very good weather. But we assume that with regard to restrictions that we have limited restrictions, maybe only a few in night life as we said earlier. So, the guidance assumes a peak season where on-trade is close to being back to normal."

Asia

At the Q1 2020 conference call, we made the following overall comment on Asia:

"In Asia, we saw disruption in China very early on, whereas the rest of Asia wasn't really impacted until the end of the quarter."

… elaborating on China:

"Our Chinese volumes declined organically by around 20%, as a strong January, which was positively impacted by sell-in to the Chinese New Year, was followed by a very weak February and March... By the end of the quarter, we started to see a relaxation of certain restrictions with some outlets opening again."

…and at the Q4 conference call commented further on China:

"With regards to the guidance on China, when we talk about normal trajectory is basically that the China market return to normal…"

At the Q1 conference call we commented on India:

"India had a weak start to year. January and February volumes were impacted by higher excise duties in some states and changed regulations in others. And in March, volumes were also impacted severely by COVID-19."

In the Q4 2020 announcement we commented on marketing investments:

"…in H2 investments were back at the level we believe is required to sustain long-term sustainable growth in our Asian business."

Central & Eastern Europe

At the Q1 2020 conference call, we commented on volume development in Russia:

"The Russian market grew slightly in Q1 on the back of unusually warm weather. We are pleased to report low-single digit volume growth."

At the Q4 conference call we elaborated on the competitive environment in Russia:

"The situation is unchanged and the high level of promotional activity seems to continue. We announced a 2% price increase in October-November. And that's to partly cover the RUB 1 tax increase from the 1st of January 2021. We have not yet seen any reaction from competitors. All brewers are currently going through the annual negotiations. We have concluded some of our agreements, but some major agreements are still under discussion. And, we of course don't know the status of competitors' negotiations. And we will not have a good understanding about their practice and promotions until we get well into Q1, then we can see their actions on the shelves in the shops. "

Costs

At the Q4 conference call, we commented on COGS for 2021:

"…we see a modest COGS inflation, mainly driven by sort of higher raw material costs like barley, sugar and also cans. If you look at the margins – the markets, sorry, the largest impact from COGS will be in Russia and in Ukraine due to largest devaluation of the currencies and also, following that, significant increases in particular hard currency denominated packing materials."

… and made the following comment regarding marketing investments for 2021:

"… we will increase that compared to 2020 when we reduced marketing spend in the first half of the year. In first half 2021, we will again be selective on how we execute our marketing investments and on-trade will remain closed in many markets, that's well into Q2, and then especially clearly Western Europe, but also South Europe. In some market in particular and many markets in Asia, marketing investments will actually

this year be back at 2019 level as a percentage, then of top line marketing investments for the full-year are expected to be closer to 2019 level, than to that of 2020 level."

Capital allocation

At the Q4 conference call, we commented on the share buyback:

"…what we will do is to look at how the pandemic develops, how this will impact our business. And then we will come back on a quarterly basis with updates. So, that means that the full year 2021 share buyback can be higher, it can be lower than four times the DKK 750 million and it really depends on the business development during the year. We want to remain flexible and look at how COVID-19 evolves, but we can confirm surely that share buyback remains a key part of our capital allocation principle, so it's very high on our agenda."

OUTLOOK

On 4 February, we issued the 2021 outlook:

"In most markets, the COVID-19 pandemic continues to impact business performance, which means a challenging start to 2021. The uncertainty related to the extent and length of the pandemic, further government actions, consumer reactions and macroeconomic developments remains high and may have significant implications for business performance. As a result, 2021 guidance is:

• Organic growth in operating profit within the range of 3% to 10%.

The earnings outlook is based on the following assumptions related to COVID-19:

• In Western Europe, the on-trade channel will likely be impacted by restrictions well into Q2, with a gradual recovery of the on-trade during the quarter. We are assuming that most restrictions will be lifted before the summer season.

• In Asia, the impact of COVID-19 varies by market. The Chinese market is assumed to be back to its normal trajectory, though with some local disruptions, including during the Chinese New Year celebrations. In other markets, such as India and Nepal, the situation remains very difficult and highly volatile, though in most markets we are assuming a slow recovery during H1, driven by a gradual lifting of restrictions.

• In Central & Eastern Europe, the markets in the southern part of the region, which have relatively higher on-trade exposure, will likely continue to be impacted by restrictions well into Q2, though we are assuming that most restrictions will be lifted before the summer season. In Russia, the on-trade channel is relatively small. However, consumer sentiment is increasingly being impacted by the consequences of the pandemic, and the competitive environment remains fierce.

Based on the spot rates at 4 February, we assume a translation impact of around DKK -200m for 2021.

Other relevant assumptions are:

• *Financial expenses, excluding currency losses or gains, are expected to be around DKK 600m.*

• *The reported effective tax rate is expected to be around 25%.*

• *Capital expenditure at constant currencies is expected to be DKK 4.0-4.5bn.*

At the Q4 2021 conference call, we commented further:

"…the guidance we provide is broader than usual, reflecting these uncertainties. Broadly speaking, for the group, we are assuming a very challenging Q1 with severe on-trade restrictions, a gradual improvement of the on-trade during Q2 and, as a result, most restrictions being lifted before the peak summer season."