

Admission Document

for the admission to trading on Nordic ABM of a the **Karlsberg Brauerei GmbH 6.00% senior unsecured EUR 75,000,000 bonds 2024/2029 with ISIN NO0013168005**

12 September 2024



Karlsberg Brauerei GmbH

(a limited liability company incorporated under the laws of the Germany with registration number HRB 17866)

This admission document (the "**Admission Document**") has been prepared by Karlsberg Brauerei GmbH ("**Karlsberg**", the "**Company**" or the "**Issuer**") in accordance with section 2.7.2.3 of the ABM Rules for the purpose of the admission to trading on Nordic ABM of a senior unsecured EUR 75,000,000 bonds 2024/2029 with ISIN NO0013168005 and an initial nominal amount of EUR 1,000 (the "**Bonds**") pursuant to the bond terms dated 25 April 2024 (the "**Bond Terms**"), attached as [Appendix 3](#) to this Admission Document.

1. Karlsberg Brauerei GmbH – Business description

Karlsberg Brauerei GmbH (the "**Company**") is a traditional, family-run brewery. The Company pursues a consumer-focused strategy of developing, producing and selling a wide range of alcoholic and non-alcoholic drinks brands. It focuses on the strategic brands Karlsberg and MiXery with a portfolio of beers, mixed beer drinks and non-alcoholic beers, along with a range of other own brands and brands from cooperation partners. This brand business is supplemented to a limited extent by contract manufacturing, particularly for international customers.

2. Legal structure and separation of the Company

The Company is part of a broader corporate composition consisting of a large number of companies, both parents and subsidiaries (hereinafter, the "**Karlsberg Group**"). Please refer to the attached organisation chart of the Karlsberg Group provided as [Appendix 1](#).

The Company is a wholly-owned subsidiary of Karlsberg Holding GmbH ("**Karlsberg Holding**"), which is functioning as the holding company for the Karlsberg Group. Karlsberg Holding manages core functions within the Karlsberg Group, including strategy, human resources, and finance. Although the Company is part of the Karlsberg Group, this association does not require Karlsberg Holding, as the parent company, to assume responsibility for the Company's issuer's liabilities. The Company assumes responsibility for the liabilities as issuer towards its creditors and in connection to the bonds.

The Company is registered as a separate legal entity under registration nr. 17866 in the Commercial Register B of the Local Court of Saarbrücken, and maintains its own commercial accounts and fulfils statutory reporting obligations and stock exchange reporting obligations, such as the preparation and publication of annual and half-yearly financial statements.

The Company operates independently within the Karlsberg Group, engaging in legal transactions as a distinct legal entity with its own rights and obligations. Moreover, apart from the specific functions managed by Karlsberg Holding, the Company runs its own operations independently. The Company has its own articles of association and operates independently on the market by producing and distributing beverages itself, as well as to advertise third-party beverages. Further, the Company's subsidiaries do not participate in the operations of the Company and are separated from the Company's operations.

The Company has concluded an open-ended profit and loss transfer agreement (the "**Profit and Loss Agreement**") with its sole shareholder Karlsberg Holding as the parent company, last amended 30 September 2014. According to the Profit and Loss Agreement the Company is obliged to transfer its entire annual net profit to Karlsberg Holding. In return, Karlsberg Holding is obliged to offset any losses of the Company at the end of each financial year. This agreement does however not create grounds for separate claim for the Company's creditors against Karlsberg Holding or in relation to the bonds. In particular, the Profit and Loss Agreement does not constitute a guarantee or letter of comfort in favour of the Company's creditors. Further, according to the Profit and Loss Agreement, any loss has to be offset or profit to be transferred at the end of the financial year as a result from the profit and loss account of the Company's annual financial statements, in which all receivables and liabilities of the Company are included. Consequently, transfers will not necessarily have a connection with a creditor's claim arising during a relevant year. In addition, although a Company's net profit/loss for the year is reported, a liquidity bottleneck could occur that would not allow the Company to satisfy a creditor in this situation

3. Financial reporting and selected comments to the Bond Terms

3.1 The Company's financial reporting and unconsolidated financial statements

The Company has historically reported unconsolidated financial statements and will continue to do so. Going forward, reporting will be made on an annual and semi-annual basis in accordance with the Bond Terms. Based on the corporate structure described in section 2.

As the Company and the Carlsberg Group are German entities, accounting standards and requirements for financial reporting are regulated by the commercial code of Germany, Handelsgesetzbuch ("**HGB**"). According to HGB § 290, every parent company is on a general basis required to prepare consolidated financial statements and a group management report (Konzernlagebericht). Consequently, consolidated subgroup financial statements are generally required at every level of a multi-level group.

Exemption from the obligation to prepare consolidated subgroup financial statements can be sought if a parent company, also functioning as a subsidiary of a (superordinate) parent company domiciled in an EU member state or EEA signatory state, is included in the consolidated financial statements and management report of the superordinate parent company, cf. HGB §§ 291 and 292.

The aforementioned exemption applies to the Company, which is included in the consolidated financial statements prepared by Carlsberg Group, its parent company. Therefore, the Company is not required to prepare its own consolidated financial statements.

3.2 Comments to the Bond Terms

The bond issue is senior unsecured without guarantors or any other form of security. The Bond Terms exclusively governs the Company and its operations, and not, for example, other companies within the Carlsberg Group or their respective operations, which are not relevant for the bonds.

According to the Bond Terms, the Company shall only prepare and publish its own unconsolidated semi-annual and annual financial statements. The Company is of the view that potential investors and bondholders will, through its financial reporting, receive necessary information to protect their rights and interests, as well as to make well-informed investment decisions concerning the bonds.

Prospective investors are informed that the Company is incorporated into the consolidated financial statements of Carlsberg Holding. Consequently, in addition to the Company's unconsolidated financial statements, the Carlsberg Holding consolidated financial statements as of year-end 2023 and 2022 are included in this Admission Document, see overview of the attached documents in section 4 below.

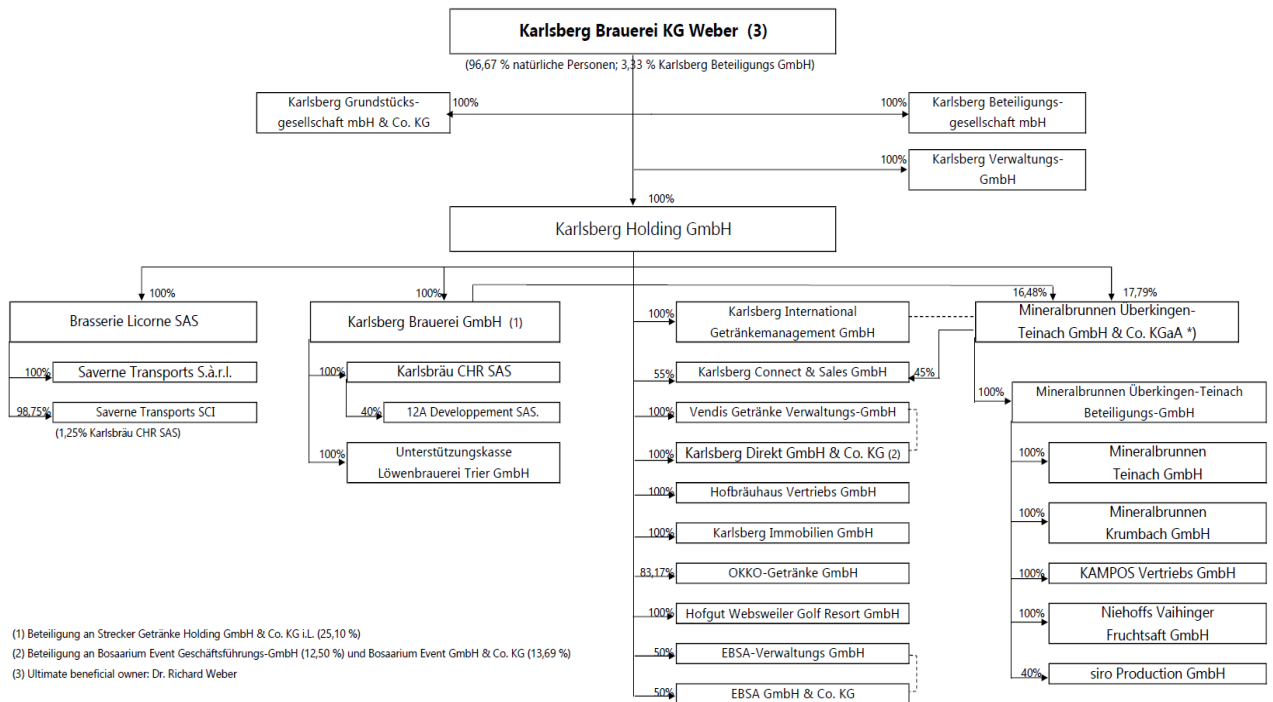
4. Attached documents

Appendix 1	Organisation chart of the Carlsberg Group
Appendix 2	Statement of responsibility
Appendix 3	Bond Terms
Appendix 4	Loan Description
Appendix 5	Carlsberg Brauerei GmbH - Unconsolidated unaudited annual report for the financial year 2023
Appendix 6	Carlsberg Brauerei GmbH - Unconsolidated interim financial statements as of 30 June 2024
Appendix 7	Carlsberg Holding GmbH - Consolidated audited financial report as of 31 December 2023
Appendix 8	Carlsberg Holding GmbH - Consolidated audited financial report as of 31 December 2022
Appendix 9	Carlsberg Holding GmbH – Articles of Association (English translation)

Appendix 1: Organisation chart of the Karlsberg Group

Stand: 19. Dezember 2023

KARLSBERG VERBUND



(1) Beteiligung an Strecker Getränke Holding GmbH & Co. KG i.L. (25,10 %)
 (2) Beteiligung an Bosaarium Event Geschäftsführungs-GmbH (12,50 %) und Bosaarium Event GmbH & Co. KG (13,69 %)
 (3) Ultimate beneficial owner: Dr. Richard Weber

*) Infopunkt: Beteiligung an MinKG (Stand 30.06.2023)

Karlsberg Holding GmbH	1.351.666 Stammaktien	24,92 % Stammaktien	2.438 Vorzugsaktien		
Karlsberg Brauerei GmbH	1.216.592 Stammaktien	22,43 % Stammaktien	38.050 Vorzugsaktien	1,74 % Vorzugsaktien	16,48 % Gesamtaktien
Versorgungswerk Karlsberg Holding e.V.	425.669 Stammaktien	7,85 % Stammaktien	0 Vorzugsaktien		5,59 % Gesamtaktien
Versorgungswerk Karlsberg Brauerei e.V.	1.435.908 Stammaktien	26,47 % Stammaktien	0 Vorzugsaktien		18,86 % Gesamtaktien
Gesamtbeitragsung Karlsberg-Gruppe	4.429.835 Stammaktien	81,66 % Stammaktien	40.488 Vorzugsaktien	1,85 % Vorzugsaktien	58,73 % Gesamtaktien

Appendix 2: Statement of responsibility



Oslo Børs ASA
Tollbugata 2
NO-0152 Oslo
Norway

Sent per e-mail: obligasjoner@euronext.com

Issuer: Karlsberg Brauerei GmbH

STATEMENT OF RESPONSIBILITY FOR ISIN NO0013168005

Karlsberg Brauerei GmbH confirms that the information set out in the admission document, as far as Karlsberg Brauerei GmbH is aware, corresponds to the factual circumstances. As far as Karlsberg Brauerei GmbH is aware, there are no omissions to the admission document of such character that they may change the contents of the admission document.

Place/Date: *Homburg, 11.09.2024*

Signature issuer: _____

A handwritten signature in blue ink, appearing to read "M - Meyer", written over a horizontal line.

Name in capital letters: *MARKUS MEYER, Chief Executive Officer*

Appendix 3: Bond terms

BOND TERMS

FOR

**Karlsberg Brauerei GmbH 6.00% senior unsecured EUR 75,000,000 bonds
2024/2029**

ISIN NO0013168005

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ATTACHMENT 1 COMPLIANCE CERTIFICATE

BOND TERMS between:	
ISSUER:	Karlsberg Brauerei GmbH, a company incorporated under the laws of Germany, which is registered with the local court of Saarbrücken with company registration number HRB 17866, and which has LEI-code 529900219UBQ7AC4PF10; and
BOND TRUSTEE:	Nordic Trustee AS, a company existing under the laws of Norway with registration number 963 342 624 and LEI-code 549300XAKTM2BMKIPT85.
DATED:	25 April 2024
These Bond Terms shall remain in effect for so long as any Bonds remain outstanding.	

1. INTERPRETATION

1.1 Definitions

The following terms will have the following meanings:

“**Accounting Standard**” means generally accepted accounting practices and principles in the country in which the Issuer is incorporated.

“**Additional Bonds**” means the debt instruments issued under a Tap Issue.

“**Affiliate**” means, in relation to any person:

- (a) any person which is a Subsidiary of that person;
- (b) any person who has Decisive Influence over that person (directly or indirectly); and
- (c) any person which is a Subsidiary of an entity who has Decisive Influence over that person (directly or indirectly).

“**Annual Financial Statements**” means the audited unconsolidated annual financial statements of the Issuer for each of its Financial Years, each of which shall include a balance sheet, profit and loss account and cashflow statement together with management commentary on the performance (provided that such cashflow statement shall not be required to be audited unless such audit is required by the Accounting Standard).

“**Asset Finance Facility**” means any credit facility made available to the Issuer by any banks or financial institutions at any time for the purpose of financing the acquisition by the Issuer of any fixed assets required for the conduct, improvement or expansion of its ordinary course of business.

“**Attachment**” means any schedule, appendix or other attachment to these Bond Terms.

“**Bond Currency**” means the currency in which the Bonds are denominated, as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

“**Bond Terms**” means these terms and conditions, including all Attachments which form an integrated part of these Bond Terms, in each case as amended and/or supplemented from time to time.

“**Bond Trustee**” means the company designated as such in the preamble to these Bond Terms, or any successor, acting for and on behalf of the Bondholders in accordance with these Bond Terms.

“**Bond Trustee Fee Agreement**” means the agreement entered into between the Issuer and the Bond Trustee relating to, among other, the fees to be paid by the Issuer to the Bond Trustee for the services provided by the Bond Trustee relating to the Bonds.

“**Bondholder**” means a person who is registered in the CSD as directly registered owner or nominee holder of a Bond, subject however to Clause 3.3 (*Bondholders’ rights*).

“**Bondholders’ Meeting**” means a meeting of Bondholders as set out in Clause 15 (*Bondholders’ Decisions*).

“**Bonds**” means (i) the debt instruments issued by the Issuer pursuant to these Bond Terms, including any Additional Bonds, and (ii) any overdue and unpaid principal which has been issued under a separate ISIN in accordance with the regulations of the CSD from time to time.

“**Business Day**” means a day on which both the relevant CSD settlement system is open and which is a TARGET Day.

“**Business Day Convention**” means that if the last day of any Interest Period originally falls on a day that is not a Business Day, no adjustment will be made to the Interest Period.

“**Call Option**” has the meaning ascribed to such term in Clause 10.2 (*Voluntary early redemption – Call Option*).

“**Call Option Repayment Date**” means the settlement date for the Call Option determined by the Issuer pursuant to Clause 10.2 (*Voluntary early redemption – Call Option*), paragraph (d) of Clause 10.3 (*Mandatory repurchase due to a Put Option Event*) or a date agreed upon between the Bond Trustee and the Issuer in connection with such redemption of Bonds.

“**Call Price**” has the meaning ascribed to such term in Clause 10.2 (*Voluntary early redemption – Call Option*).

“**Cash**” means, at any time, any cash deposited on any bank account held by the Issuer with any reputable and creditworthy bank which is unencumbered and freely and immediately available to the Issuer to be applied in redemption or repayment of the Bonds at the time.

“**Cash Equivalents**” means, at any time, any short-term, low risk and highly liquid investments in money market or bank instruments having a maturity of three months or less held by the Issuer which are unencumbered and freely and immediately available to the Issuer to be

converted to Cash within a period of three weeks and then applied in redemption or repayment of the Bonds at the time.

“Change of Control” means if:

- (a) at any time prior to the completion of an IPO, the Family Shareholders (in total) cease to (i) own and control (directly or indirectly) more than 50.00 per cent. of the shares and the voting rights in the Issuer or (ii) have the power to appoint or remove the majority of the members of the board of directors of the Issuer;
- (b) upon and at any time after the completion of an IPO, any person or group of persons acting in concert (other than the Family Shareholders) owns or controls (directly or indirectly) 30.00 per cent. or more of the shares or the voting rights in the Issuer (unless the Family Shareholders (in total) still (i) own and control (directly or indirectly) more than 50.00 per cent. of the shares and the voting rights in the Issuer and (ii) have the power to appoint or remove the majority of the members of the board of directors of the Issuer); or
- (c) at any time, any sale, transfer or other disposal occurs of all or substantially all of the assets of the Issuer (whether in a single transaction or a series of related transactions).

“Compliance Certificate” means a statement substantially in the form as set out in Attachment 1 hereto.

“Credit Facilities” means (a) the revolving credit facilities made available to the Issuer under the revolving credit facility agreements each dated 30 March 2021 between BGL BNP Paribas S.A., UniCredit Bank AG and NIBC Bank N.V. as respective lenders and the Issuer as borrower and (b) the revolving credit facility agreement dated 2 November 2021 between levoBank eG as lender and the Issuer as borrower (as the same may be amended, restated and/or supplemented from time to time), in each case, for the purpose of financing the Issuer's general corporate and working capital purposes, provided that the total principal amount outstanding under all such facilities does not at any time exceed EUR 20,000,000 (or its equivalent in other currencies).

“CSD” means the central securities depository in which the Bonds are registered, being Verdipapirsentralen ASA (Euronext Securities Oslo).

“Decisive Influence” means a person having, as a result of an agreement or through the ownership of shares or ownership interests in another person (directly or indirectly):

- (a) a majority of the voting rights in that other person; or
- (b) a right to elect or remove a majority of the members of the board of directors of that other person.

“Default Notice” has the meaning ascribed to such term in Clause 14.2 (*Acceleration of the Bonds*).

“Default Repayment Date” means the settlement date set out by the Bond Trustee in a Default Notice requesting early redemption of the Bonds.

“Deposits” means any unsecured cash deposits made at any time to the Issuer by (a) any employee of the Issuer, its legal predecessor (Ge.: *Rechtsvorgänger*) or any companies merged into it (Ge.: *auf ihn verschmolzene Unternehmen*), the Parent, the Ultimate Parent or any of their respective Subsidiaries or (b) any other private person, provided that the aggregate principal amount of all such deposits, when aggregated with the aggregate principal amount of all Subordinated Credits, does not at any time exceed EUR 4,100,000 (or its equivalent in other currencies).

“Distribution” means, in respect of the Parent, (a) any declaration, making or payment of any dividend, charge, fee or other distribution (or any interest on any unpaid dividend, charge, fee or other distribution) on or in respect of its share capital (or any class thereof), (b) any repayment or distribution of any dividend or share premium reserve, (c) any payment of any management, advisory or other fee to or to the order of any of its (direct or indirect) shareholders or any Affiliate thereof (other than any such fee which constitutes arm's length payment for any services actually required by, and therefore actually provided by such shareholder or Affiliate, to the Parent in the ordinary course of the Parent's business) and (d) any redemption, repurchase, defeasance, retirement or repayment of its share capital or the making of any resolution to do so.

“EBITDA” means, in respect of any Relevant Period, the unconsolidated operating profit of the Issuer before taxation (excluding the results from discontinued operations):

- (a) before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by the Issuer (calculated on an unconsolidated basis) in respect of that Relevant Period;
- (b) after adding back any amount attributable to the amortisation or depreciation of assets of the Issuer;
- (c) before taking into account any material exceptional, one off, non-recurring or extraordinary items, which together with any other amounts to be covered by the EBITDA Adjustment Basket in respect of such Relevant Period, does not exceed the EBITDA Adjustment Basket;
- (d) before deducting any fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer in connection with the issuance of the Bonds;
- (e) without taking into account the amount of any profit or loss which is attributable to any of the Issuer's Subsidiaries or Joint Ventures or any other person in which the Issuer has an ownership interest, but taking into account the amount of any dividends received by the Issuer in cash from any of its Subsidiaries or any person in which it holds a minority ownership interest;
- (f) before taking into account any unrealised gains or losses on any derivative or financial instrument (other than any derivative instrument which is accounted for on a hedge accounting basis);

- (g) before taking into account any gain or loss arising from an upward or downward revaluation of any other asset;
- (h) before taking into account any income or charge attributable to a post-employment benefit scheme (other than the current service costs and any past service costs and curtailments and settlements attributable to the scheme); and
- (i) excluding the charge to profit represented by the expensing of stock options,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining such operating profits of the Issuer before taxation.

“EBITDA Adjustment Basket” means an amount not exceeding 10.00 per cent. of EBITDA (prior to making any adjustments for the type of items in question) in respect of any Relevant Period.

“EUR” means the single currency of the participating member states in accordance with the legislation of the European Community relating to Economic and Monetary Union.

“Event of Default” means any of the events or circumstances specified in Clause 14.1 (*Events of Default*).

“Exchange” means:

- (a) in respect of the Bonds, Nordic ABM (being the Alternative Bond Market of Oslo Stock Exchange); and
- (b) in respect of the shares in the Issuer or any of its (direct or indirect) holding companies, any (i) regulated market as such term is understood in accordance with the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) and Regulation (EU) No. 600/2014 on markets in financial instruments (MiFIR) or (ii) multilateral trading facility as such term is understood in accordance with MiFID II and MiFIR.

“Existing Bonds” means the outstanding bonds issued by the Issuer under the EUR 50,000.000 4.25 per cent. senior unsecured bond issue 29 September 2020/29 September 2025 with ISIN DE000A254UR5.

“Existing Terms and Conditions” means the terms and conditions of the Existing Bonds (*“Anleihebedingungen”*) as per the prospectus dated 2 September 2020 relating thereto (as the same may have been amended, restated and/or supplemented from time to time).

“Family Shareholders” means the persons being the (direct or indirect) shareholders of the Ultimate Parent as at the Issue Date, together with any:

- (a) spouses, fiancées or life partners, direct relatives and in-laws, siblings, children of siblings, spouses or life partners of siblings and siblings of spouses or life partners; and
- (b) siblings of the parents, people who are connected to each other through a long-term care or foster relationship with a domestic community such as parents and children (including foster parents and foster children),

in each case, in respect of such shareholders, and this shall apply even if, in the case of any such persons mentioned in paragraphs (a) and/ or (b) above:

- (i) the marriage, engagement, life partnership or other relationship that founded the connection in question for any reason no longer exists, including, without limitation, due to an adoption of a child; and
- (ii) the domestic community that founded the connection in question no longer exists so long as the persons in question continue to be connected to one another like parents and children.

“Finance Documents” means these Bond Terms, the Bond Trustee Fee Agreement, any Subordination Agreement, any Tap Issue Addendum and any other document designated as such by the Issuer and the Bond Trustee.

“Finance Lease” means any lease or hire purchase contract, a liability under which would, in accordance with the Accounting Standard, be treated as a balance sheet liability.

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed (and debit balances at banks or other financial institutions);
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of any bonds (but not Trade Instruments), notes, debentures, loan stock or any similar instrument, including the Bonds;
- (d) the amount of any liability in respect of any Finance Lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis, provided that the requirements for de-recognition under the Accounting Standard are met);
- (f) any derivative transaction entered into and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that transaction, that amount shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other similar instrument issued by a bank or financial institution in respect of an underlying liability (but not, in any case, Trade Instruments) of another entity which liability would fall within one of the other paragraphs of this definition;
- (h) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the Maturity Date or are otherwise classified as borrowings under the Accounting Standard;

- (i) any amount of any liability under an advance or deferred purchase agreement if (i) the primary reason behind entering into the agreement is to raise finance or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 120 calendar days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the Accounting Standard; and
- (k) without double counting, the amount of any liability in respect of any guarantee for any of the items referred to in any of the preceding paragraphs.

“**Financial Reports**” means the Annual Financial Statements or the Interim Accounts.

“**Financial Year**” means the annual accounting period of the Issuer ending on 31 December in each year.

“**First Call Date**” means 2 November 2026 (being the Interest Payment Date falling 30 months after the Issue Date).

“**Incurrence Test**” has the meaning ascribed to such term in Clause 13.19 (*Incurrence Test*).

“**Initial Bond Issue**” means the amount to be issued on the Issue Date as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

“**Initial Nominal Amount**” means the Nominal Amount of each Bond on the Issue Date as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

“**Insolvent**” means that a person:

- (a) is unable or admits inability to pay its debts as they fall due;
- (b) suspends making payments on any of its debts generally; or
- (c) is otherwise considered insolvent or bankrupt within the meaning of the relevant bankruptcy legislation of the jurisdiction which can be regarded as its centre of main interest as such term is understood pursuant to Regulation (EU) 2015/848 on insolvency proceedings (as amended from time to time).

“**Intellectual Property Rights**” means:

- (a) any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of the Issuer (which may now or in the future subsist).

“Interest Payment Date” means the last day of each Interest Period, the first Interest Payment Date being 2 November 2024 and the last Interest Payment Date being the Maturity Date.

“Interest Period” means, subject to adjustment in accordance with the Business Day Convention, the periods between 2 May and 2 November each year, provided however that an Interest Period shall not extend beyond the Maturity Date.

“Interest Rate” means 6.00 percentage points per annum.

“Interim Accounts” means the unaudited unconsolidated semi-annual financial statements of the Issuer for each Semi-Annual Period of each of its Financial Years, each of which shall include a balance sheet, profit and loss account and cashflow statement together with management commentary on the performance.

“IPO” means the earlier to occur of (a) any initial public offering of shares in the Issuer or any of its (direct or indirect) holding companies (in connection with any such listing referred to in paragraph (b)) and (b) any listing of any part of the share capital of the Issuer or any of its (direct or indirect) holding companies at any Exchange.

“ISIN” means International Securities Identification Number.

“Issue Date” means 2 May 2024.

“Issuer” means the company designated as such in the preamble to these Bond Terms.

“Issuer’s Bonds” means any Bonds which are owned by the Issuer or any Affiliate of the Issuer.

“Joint Venture” means any joint venture entity, in which the Issuer has a percentage ownership interest of 50.00 per cent. or less.

“Leverage” means, in respect of any Relevant Period, the ratio of Total Net Debt on the last day of that Relevant Period to EBITDA in respect of such Relevant Period (in each case, calculated and adjusted as set out herein).

“Listing Failure Event” means:

- (a) that the Bonds have not been admitted to listing on the Exchange within 6 months of the Issue Date; or
- (b) in the case of a successful admission to listing of the Bonds on the Exchange, a period of 3 months has elapsed since the Bonds ceased to be listed on the Exchange.

“Make Whole Amount” means an amount equal to the sum of the present value on the applicable Repayment Date of each of:

- (a) 103.00 per cent. of the Nominal Amount of the redeemed Bonds as if such redemption had taken place on the First Call Date; and

- (b) the remaining interest payments on the redeemed Bonds to the First Call Date (less any accrued and unpaid interest on the redeemed Bonds as at such Repayment Date),

where the present value shall be calculated by using a discount rate of 3.22 per cent.

“**Manager**” means Pareto Securities AS, Frankfurt Branch.

“**Material Adverse Effect**” means a material adverse effect on:

- (a) the ability of the Issuer or the Parent to perform and comply with its obligations under any of the Finance Documents; or
- (b) the validity or enforceability of any of the Finance Documents.

“**Maturity Date**” means 2 May 2029, adjusted according to the Business Day Convention.

“**Maximum Issue Amount**” means the maximum amount that may be issued under these Bond Terms as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

“**Mutual Financial Support Agreement**” means the unsecured mutual financial support agreement dated 11/14 January 2019 between the Parent and the Issuer (as the same may be amended and/or restated from time to time) pursuant to the terms of which the two parties may make loans and credits to each other, provided that the aggregate principal amount of:

- (a) all such loans and credits owing by the Issuer to the Parent may not at any time exceed EUR 40,000,000 (or its equivalent in other currencies); and
- (b) all such loans and credits owing by the Parent to the Issuer may not at any time exceed EUR 40,000,000 (or its equivalent in other currencies).

“**Net Proceeds**” means the proceeds from the issuance of any Bonds (net of fees and legal costs of the Manager and, if required by the Bond Trustee, the Bond Trustee's fees, and any other costs and expenses incurred in connection with the issuance of such Bonds).

“**New Subordinated Loan**” means any loan or credit made to the Issuer by any person (other than (a) the Parent (or any direct or indirect shareholder thereof) or any Subsidiary of the Issuer and (b) any Subordinated Credit) after the Issue Date, provided that it (i) is unsecured and subordinated to the obligations of the Issuer under the Finance Documents pursuant to the terms of a Subordination Agreement and (ii) has a final maturity date (and, if applicable, instalment dates or early redemption dates) which occurs no earlier than 6 months after the Maturity Date.

“**Nominal Amount**” means the nominal value of each Bond at any time. The Nominal Amount may be amended pursuant to paragraph (j) of Clause 16.2 (*The duties and authority of the Bond Trustee*).

“**Outstanding Bonds**” means any Bonds not redeemed or otherwise discharged.

“**Overdue Amount**” means any amount required to be paid by the Issuer under the Finance Documents but not made available to the Bondholders on the relevant Payment Date or otherwise not paid on its applicable due date.

“**Parent**” means Karlsberg Holding GmbH, a company incorporated under the laws of Germany, which is registered with the local court of Saarbrücken with company registration number HRB 3775, which is the direct owner of all the shares in the Issuer.

“**Partial Payment**” means a payment that is insufficient to discharge all amounts then due and payable under the Finance Documents.

“**Paying Agent**” means the legal entity appointed by the Issuer to act as its paying agent with respect to the Bonds in the CSD.

“**Payment Date**” means any Interest Payment Date or any Repayment Date.

“**Permitted Financial Indebtedness**” means any Financial Indebtedness:

- (a) arising under the Finance Documents in respect of the Initial Bond Issue;
- (b) arising under (i) any Credit Facility or (ii) any Permitted Refinancing thereof;
- (c) arising under, or to the extent covered by, any guarantee, indemnity, bond, standby or documentary letter of credit or other similar instrument issued under (i) any Credit Facility or (ii) any Permitted Refinancing thereof;
- (d) arising under any Shareholder Loans, provided that it is unsecured and by virtue of German law subordinated to the obligations of the Issuer under the Finance Documents;
- (e) arising under the Mutual Financial Support Agreement, provided that it is unsecured and by virtue of German law subordinated to the obligations of the Issuer under the Finance Documents;
- (f) in the form of any loan or credit made to the Issuer by any of its Subsidiaries, provided that it is unsecured and by virtue of German law subordinated to the obligations of the Issuer under the Finance Documents;
- (g) up to and including the Refinancing Date, in the form of the Existing Bonds;
- (h) in the form of (i) any Sundry Debt or (ii) any Permitted Refinancing thereof;
- (i) in the form of any Deposits or Subordinated Credits;
- (j) arising under any loan, guarantee or indemnity permitted by the definition of “Permitted Financial Support”, subject to the terms of a Subordination Agreement;
- (k) incurred by the Issuer after the Issue Date, provided that (i) it complies with the Incurrence Test if tested pro forma immediately after the incurrence of such new Financial Indebtedness and (ii) such Financial Indebtedness:
 - (i) is incurred as a result of a Tap Issue; or
 - (ii) is incurred under a New Subordinated Loan,

and, in each case, (1) provided further that no Event of Default is continuing or would result from the incurrence of any such Financial Indebtedness and (2) subject to the terms set out herein and (in the case of any such New Subordinated Loan) a Subordination Agreement;

- (l) in the form of any seller's credit, earn out, working capital adjustment or other similar arrangement for the adjustment of the purchase price (in each case) on normal commercial terms incurred by the Issuer in relation to any acquisition of any company, business, undertaking, shares or securities (or any interest in any of the foregoing) permitted by the terms hereof, provided that:
 - (i) at least 60.00 per cent. of the total consideration payable by the Issuer in respect of such acquisition is paid in cash at the closing date of the acquisition; and
 - (ii) in the case of any such seller's credit only, it (A) has a final maturity date (and, if applicable, instalment dates or early redemption dates) which occurs no earlier than 6 months after the Maturity Date and (B) is otherwise subordinated to the obligations of the Issuer under the Finance Documents to an extent and in a manner acceptable to the Bond Trustee;
- (m) incurred under any trade credit or advance or deferred purchase agreement (in each case) on normal commercial terms by the Issuer towards any of its trading partners in the ordinary course of its trading activities;
- (n) incurred under any Asset Finance Facility, provided that the aggregate principal amount of all borrowings made by the Issuer under any such facilities, when aggregated with the aggregate capital value of all items leased or hired by the Issuer under any Finance Leases, does not exceed EUR 15,000,000 (or its equivalent in other currencies) at any time;
- (o) in the form of any Finance Lease entered into by the Issuer in the ordinary course of its business, provided that the aggregate capital value of all items so leased or hired by the Issuer, when aggregated with the aggregate principal amount of all borrowings made by the Issuer under any Asset Finance Facilities, does not exceed EUR 15,000,000 (or its equivalent in other currencies) at any time;
- (p) of any person acquired by the Issuer after the Issue Date (incurred prior to the closing date of the acquisition), provided that such Financial Indebtedness is repaid in full within 90 days of the date of such acquisition;
- (q) arising under any hedging or other derivative transaction for the protection against or benefit from the fluctuation in any rate or price entered into in the ordinary course of business by the Issuer and not for speculative purposes;
- (r) arising from further allocations to Versorgungswerk Karlsberg Brauerei e.V. and/or as Versorgungswerk Karlsberg Holding e.V. due to changes of the implementation method (De.: *Änderung des Durchführungsweges*) in respect of further pension obligations (De.: *Pensionsverbindlichkeiten*);

- (s) the proceeds of which shall be applied towards a refinancing of the Bonds in whole or part, provided that such proceeds are held in a blocked escrow account which is not accessible to the Issuer unless and until such refinancing of the Bonds (together with any accrued interest and any other amounts payable under the Finance Documents in respect thereof) takes place in full; or
- (t) not permitted by the preceding paragraphs and the outstanding amount of which does not exceed the higher of (i) EUR 3,000,000 (or its equivalent in other currencies) and (ii) an amount equal to 15.00 per cent. of EBITDA at any time.

“Permitted Financial Support” means any:

- (a) guarantee or indemnity granted under the Finance Documents;
- (b) guarantee or indemnity in respect of any such Financial Indebtedness permitted under paragraph (p) of the definition of “Permitted Financial Indebtedness” granted (prior to the closing date of the acquisition) by any person acquired by the Issuer after the Issue Date, provided that such guarantee or indemnity is discharged and released in full upon the repayment of such Financial Indebtedness as set out therein;
- (c) guarantee or indemnity permitted under the definition of “Permitted Financial Indebtedness”;
- (d) loan or credit granted by the Issuer to any of its Subsidiaries;
- (e) guarantee or indemnity granted by the Issuer on normal commercial terms in respect of the liabilities of any of its Subsidiaries;
- (f) loan or credit on normal commercial terms and subject to customary limitations granted by the Issuer to any Joint Venture;
- (g) guarantee or indemnity granted by the Issuer on normal commercial terms and subject to customary limitations in respect of the liabilities of any Joint Venture;
- (h) any loan or credit made by the Issuer to the Parent under and pursuant to the terms of the Mutual Financial Support Agreement;
- (i) credit extended by the Issuer to its customers, or any advance payment made by the Issuer to any of its suppliers or trading partners, in each case, on normal commercial terms and in the ordinary course of its trading activities;
- (j) performance or similar bond guaranteeing performance by the Issuer under any contract entered into in the ordinary course of its business;
- (k) guarantee given in respect of any netting or set-off arrangements permitted under paragraph (f) of the definition of “Permitted Security”;
- (l) indemnity given in the ordinary course of the documentation of an acquisition or disposal transaction permitted by the terms hereof, which indemnity is on normal commercial terms and subject to customary limitations;

- (m) loan or credit in the form of any seller's credit, earn out, working capital adjustment or other similar arrangement for the adjustment of the purchase price (in each case) on normal commercial terms granted by the Issuer as part of any disposal permitted pursuant to Clause 13.4 (*Disposals*);
- (n) any loan, credit, guarantee or indemnity granted by the Issuer on normal commercial terms to or in favour of any pension fund established at the initiative of the Ultimate Parent or any of its Subsidiaries;
- (o) guarantee or counter-indemnity on normal commercial terms in respect of any lease of real property entered into by the Issuer; or
- (p) loans, credits, guarantees or indemnities not permitted by the preceding paragraphs which do not (in total) exceed the higher of (i) EUR 3,000,000 (or its equivalent in other currencies) and (ii) an amount equal to 15.00 per cent. of EBITDA at any time.

“Permitted Refinancing” means, with respect to any indebtedness of the Issuer, any refinancing, refunding, renewal or extension of such indebtedness, provided that:

- (a) the principal amount (or accreted value, if applicable) of such refinancing does not exceed the principal amount (or accreted value, if applicable) of the refinanced indebtedness except (i) by an amount equal to any unpaid interest and premium accrued on the refinanced indebtedness plus other reasonable amounts paid, and fees and expenses reasonably incurred, in connection with such refinancing and (ii) by an amount equal to any existing commitments unutilised with respect to the refinanced indebtedness;
- (b) such refinancing does not have (i) a final maturity date occurring prior to the final maturity date of the refinanced indebtedness or (ii) a weighted average life to maturity that is shorter than the refinanced indebtedness (other than by virtue of permitted prepayments);
- (c) any Security created in respect of such refinancing, taken as whole, is not materially less favourable to the Bond Trustee or the Bondholders than any Security created in respect of the refinanced indebtedness;
- (d) the other terms and conditions of such refinancing, taken as a whole, are not materially less favourable to the Bond Trustee or the Bondholders than the terms and conditions of the refinanced indebtedness; and
- (e) at the time of the refinancing, no Event of Default shall have occurred and be continuing.

“Permitted Security” means any Security:

- (a) created under the Finance Documents;
- (b) created in respect of (i) any Credit Facility, provided that after the Issue Date such Security may not be extended or increased other than in proportion to any extension or increase of such Credit Facility taking place after the Issue Date permitted by the terms

hereof, or (ii) any Permitted Refinancing thereof (to the extent and in the manner set out in the definition of that term);

- (c) up to and including the Refinancing Date, created in respect of the Existing Bonds;
- (d) created in respect of (i) any Sundry Debt on normal commercial terms, but only to an extent and in a manner which is customary in the relevant market at the time with respect to the type of indebtedness in question, or (ii) any Permitted Refinancing thereof (to the extent and in the manner set out in the definition of that term);
- (e) arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by the Issuer;
- (f) in the form of any netting or set-off arrangement entered into by the Issuer for the purpose of netting debit and credit balances of the Issuer in the ordinary course of its banking arrangements;
- (g) in the form of rental deposits or landlord's liens on normal commercial terms in respect of any lease of real property entered into by the Issuer;
- (h) created in respect of any Asset Finance Facility, provided that such Security is only created over (and limited to) any asset(s) whose acquisition has been financed by way of such facility;
- (i) arising as a consequence of any Finance Lease permitted pursuant to paragraph (o) of the definition of "Permitted Financial Indebtedness";
- (j) arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to the Issuer in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by the Issuer;
- (k) in respect of any such Financial Indebtedness permitted under paragraph (p) of the definition of "Permitted Financial Indebtedness" created (prior to the closing date of the acquisition) by any person acquired by the Issuer after the Issue Date, provided that such Security is discharged and released in full upon the repayment of such Financial Indebtedness as set out therein;
- (l) affecting any asset acquired by the Issuer after the Issue Date, provided that such Security is discharged and released in full within 90 days of such acquisition;
- (m) in the form of any payment or close out netting or set-off arrangement (excluding, for the avoidance of doubt, any credit support arrangement) pursuant to any hedging or other derivative transaction permitted under paragraph (q) of the definition of "Permitted Financial Indebtedness";
- (n) in the form of any lien arising under the general terms and conditions of banks in Germany or equivalent terms of banks or financial institutions in other jurisdictions with whom the Issuer maintains banking relationships in the ordinary course of its business;

- (o) arising pursuant to an order of attachment or injunction restraining disposal of assets or similar legal process arising in connection with any court proceedings which are contested by the Issuer in good faith by appropriate proceedings diligently prosecuted and in respect of which adequate reserves are maintained as, and to the extent, required by and in accordance with the applicable accounting principles;
- (p) arising automatically by operation of law in favour of, or legally required by, any government authority, agency or department with respect to any governmental taxes, assessments or charges which are not yet due or are being contested by the Issuer in good faith by appropriate proceedings diligently prosecuted and in respect of which adequate reserves are maintained as, and to the extent, required by and in accordance with the applicable accounting principles;
- (q) created pursuant to any court order or judgment or as security for costs arising pursuant to court proceedings being contested by the Issuer in good faith by appropriate proceedings diligently prosecuted and in respect of which adequate reserves are maintained as, and to the extent, required by and in accordance with the applicable accounting principles;
- (r) in the form of a pledge over an escrow account (or similar escrow arrangement) created in respect of such a refinancing in whole or part of the Bonds as described in paragraph (s) of the definition of “Permitted Financial Indebtedness”; or
- (s) securing indebtedness the outstanding principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of Security given by the Issuer other than any permitted under the preceding paragraphs) does not exceed the higher of (i) EUR 3,500,000 (or its equivalent in other currencies) and (ii) an amount equal to 20.00 per cent. of EBITDA at any time.

“**Put Option**” has the meaning ascribed to such term in Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

“**Put Option Event**” means the occurrence of a Change of Control.

“**Put Option Repayment Date**” means the settlement date for the Put Option pursuant to Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

“**Refinancing Date**” means the date on which all the Existing Bonds are redeemed, discharged and repaid (together with any interest, premiums and fees accrued in respect thereof) in accordance with paragraph (b) of Clause 13.18 (*Redemption and discharge of Existing Bonds*).

“**Relevant Jurisdiction**” means the country in which the Bonds are issued, being Norway.

“**Relevant Period**” means each consecutive period of twelve months ending on or about the last day of each Financial Year and each consecutive period of twelve months ending on or about the last day of each Semi-Annual Period, and which (unless the context otherwise requires) shall be construed as a reference to the most recent of such periods having ended for which a Financial Report (together with a compliance certificate relating thereto) has been made available by the Issuer pursuant to the terms hereof.

“Relevant Record Date” means the date on which a Bondholder’s ownership of Bonds shall be recorded in the CSD as follows:

- (a) in relation to payments pursuant to these Bond Terms, the date designated as the Relevant Record Date in accordance with the rules of the CSD from time to time; or
- (b) for the purpose of casting a vote with regard to Clause 15 (*Bondholders’ Decisions*), the date falling on the immediate preceding Business Day to the date of that Bondholders’ decision being made, or another date as accepted by the Bond Trustee.

“Repayment Date” means any Call Option Repayment Date, the Default Repayment Date, any Put Option Repayment Date, the Tax Event Repayment Date or the Maturity Date.

“Securities Trading Act” means the Securities Trading Act of 2007 no.75 of the Relevant Jurisdiction.

“Security” means any mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“Semi-Annual Period” means the semi-annual 6-month accounting period of the Issuer ending on 30 June in each year.

“Shareholder Loan” means any loan or credit made to the Issuer by the Parent (other than under the Mutual Financial Support Agreement) or any other Subsidiary of the Parent (not being a Subsidiary of the Issuer).

“Subordinated Credits” means any unsecured loans or credits (which by virtue of German law or by contract are subordinated to the Bonds) made at any time to the Issuer by (a) any employee of the Issuer, its legal predecessor (Ge.: *Rechtsvorgänger*) or any companies merged into it (Ge.: *auf ihn verschmolzene Unternehmen*), the Parent, the Ultimate Parent or any of their respective Subsidiaries or (b) any other private person, provided that the aggregate principal amount of all such loans and credits, when aggregated with the aggregate principal amount of all Deposits, does not at any time exceed EUR 4,100,000 (or its equivalent in other currencies).

“Subordination Agreement” means any subordination agreement to be made between the relevant of, among others, the Parent, the Issuer, the relevant creditor(s) of the Issuer and the Bond Trustee (each of which shall be in form and content satisfactory to the Bond Trustee).

“Subsidiary” means a company over which another company has Decisive Influence.

“Summons” means the call for a Bondholders’ Meeting or a Written Resolution as the case may be.

“Sundry Debt” means various types of secured third party indebtedness incurred by the Issuer at any time, provided that the aggregate principal amount of all such indebtedness does not at any time exceed EUR 3,900,000 (or its equivalent in other currencies).

“**Tap Issue**” has the meaning ascribed to such term in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

“**Tap Issue Addendum**” has the meaning ascribed to such term in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

“**TARGET Day**” means any day on which T2 is open for the settlement of payments in EUR.

“**Tax Event Repayment Date**” means the date set out in a notice from the Issuer to the Bondholders pursuant to Clause 10.4 (*Early redemption option due to a tax event*).

“**Total Net Debt**” means, at the relevant time, the aggregate amount of all obligations of the Issuer for or in respect of Financial Indebtedness (other than such referred to in paragraph (f) of the definition of “Financial Indebtedness”) but:

- (a) excluding any such obligations to any of its Subsidiaries (which are subordinated to the obligations of the Issuer under the Finance Documents pursuant to the terms of a Subordination Agreement);
- (b) excluding any such obligations in respect of (i) any Shareholder Loans, (ii) any amount owing by the Issuer under the Mutual Financial Support Agreement, (iii) any Subordinated Credits or (iv) (other than in the case of any Incurrence Test made for the purpose of incurring any such New Subordinated Loan) any New Subordinated Loans;
- (c) excluding any Bonds held by the Issuer;
- (d) including, in the case of any Finance Leases, their capitalised value; and
- (e) deducting the aggregate amount of any Cash and Cash Equivalents held by any the Issuer at the time,

and so that no amount shall be included or excluded more than once.

“**Trade Instruments**” means any performance bonds, advance payment bonds or documentary letters of credit issued in respect of the obligations of the Issuer arising in the ordinary course its trading.

“**T2**” means the real time gross settlement system operated by the Eurosystem or any successor system.

“**Ultimate Parent**” means Karlsberg Brauerei Kommanditgesellschaft Weber, a company incorporated under the laws of Germany, which is registered with the local court of Saarbrücken with company registration number HRA 1199 which is the direct owner of all the shares in the Parent.

“**Voting Bonds**” means the Outstanding Bonds less the Issuer’s Bonds.

“**Written Resolution**” means a written (or electronic) solution for a decision making among the Bondholders, as set out in Clause 15.5 (*Written Resolutions*).

1.2 Construction

In these Bond Terms, unless the context otherwise requires:

- (a) headings are for ease of reference only;
- (b) words denoting the singular number will include the plural and vice versa;
- (c) references to Clauses are references to the Clauses of these Bond Terms;
- (d) references to a time are references to Central European Time unless otherwise stated;
- (e) references to a provision of “**law**” are a reference to that provision as amended or re-enacted, and to any regulations made by the appropriate authority pursuant to such law;
- (f) references to a “**regulation**” includes any regulation, rule, official directive, request or guideline by any official body;
- (g) references to a “**person**” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, unincorporated organisation, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality;
- (h) references to Bonds being “**redeemed**” means that such Bonds are cancelled and discharged in the CSD in a corresponding amount, and that any amounts so redeemed may not be subsequently re-issued under these Bond Terms;
- (i) references to Bonds being “**purchased**” or “**repurchased**” by the Issuer means that such Bonds may be dealt with by the Issuer as set out in Clause 11.1 (*Issuer’s purchase of Bonds*);
- (j) references to persons “**acting in concert**” shall be interpreted pursuant to the relevant provisions of the Securities Trading Act; and
- (k) an Event of Default is “**continuing**” if it has not been remedied or waived.

2. THE BONDS

2.1 Amount, denomination and ISIN of the Bonds

- (a) The Issuer has resolved to issue a series of Bonds in the amount of up to EUR 75,000,000 (the “**Maximum Issue Amount**”). The Bonds may be issued on different issue dates and the Initial Bond Issue will be in the amount of EUR 55,000,000. The Issuer may, provided that the conditions set out in Clause 6.3 (*Tap Issues*) are met, at one or more occasions issue Additional Bonds (each a “**Tap Issue**”) until the Nominal Amount of all Additional Bonds equals in aggregate the Maximum Issue Amount less the Initial Bond Issue. Each Tap Issue will be subject to identical terms as the Bonds issued pursuant to the Initial Bond Issue in all respects as set out in these Bond Terms, except that Additional Bonds may be issued at a different price than for the Initial Bond Issue and which may be below or above the Nominal Amount. The Bond Trustee shall prepare an addendum to these Bond Terms evidencing the terms of each Tap Issue (a “**Tap Issue Addendum**”).

- (b) The Bonds are denominated in Euro (EUR), being the single currency of the participating member states in accordance with the legislation of the European Community relating to Economic and Monetary Union.
- (c) The Initial Nominal Amount of each Bond is EUR 1,000.
- (d) The ISIN of the Bonds is set out on the front page. These Bond Terms apply with identical terms and conditions to (i) all Bonds issued under this ISIN and (ii) any Overdue Amounts issued under one or more separate ISIN in accordance with the regulations of the CSD from time to time.
- (e) Holders of Overdue Amounts related to interest claims will not have any other rights under these Bond Terms than their claim for payment of such interest claim which claim shall be subject to paragraph (b) of Clause 15.1 (*Authority of the Bondholders' Meeting*).

2.2 Tenor of the Bonds

The tenor of the Bonds is from and including the Issue Date to but excluding the Maturity Date.

2.3 Use of proceeds

- (a) The Issuer will apply the Net Proceeds from the Initial Bond Issue towards (i) financing the redemption, discharge and repayment of Existing Bonds, (ii) financing the general corporate and working capital purposes of the Issuer and (iii) financing any fees, costs and expenses incurred by the Issuer in respect of the Initial Bond Issue.
- (b) The Issuer will use the Net Proceeds from the issuance of any Additional Bonds as set out in the relevant Tap Issue Addendum.

2.4 Status of the Bonds

The Bonds shall constitute senior debt obligations of the Issuer and rank in terms of payment:

- (a) pari passu between themselves;
- (b) at least pari passu with all other unsecured and unsubordinated obligations of the Issuer, save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application; and
- (c) ahead of any subordinated debt.

2.5 Unsecured

The Bonds are unsecured.

3. THE BONDHOLDERS

3.1 Bond Terms binding on all Bondholders

- (a) By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by these Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with by the Bond Trustee, the Bondholders, the Issuer or any other party.

- (b) The Bond Trustee is always acting with binding effect on behalf of all the Bondholders.

3.2 Limitation of rights of action

- (a) No Bondholder is entitled to take any enforcement action, instigate any insolvency procedures or take other legal action against the Issuer or any other party in relation to any of the liabilities of the Issuer or any other party under or in connection with the Finance Documents, other than through the Bond Trustee and in accordance with these Bond Terms, provided, however, that the Bondholders shall not be restricted from exercising any of their individual rights derived from these Bond Terms, including the right to exercise the Put Option.
- (b) Each Bondholder shall immediately upon request by the Bond Trustee provide the Bond Trustee with any such documents, including a written power of attorney (in form and substance satisfactory to the Bond Trustee), as the Bond Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Bond Trustee is under no obligation to represent a Bondholder which does not comply with such request.

3.3 Bondholders' rights

- (a) If a beneficial owner of a Bond not being registered as a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain proof of ownership of the Bonds, acceptable to the Bond Trustee.
- (b) A Bondholder (whether registered as such or proven to the Bond Trustee's satisfaction to be the beneficial owner of the Bond as set out in paragraph (a) above) may issue one or more powers of attorney to third parties to represent it in relation to some or all of the Bonds held or beneficially owned by such Bondholder. The Bond Trustee shall only have to examine the face of a power of attorney or similar evidence of authorisation that has been provided to it pursuant to this Clause 3.3 and may assume that it is in full force and effect, unless otherwise is apparent from its face or the Bond Trustee has actual knowledge to the contrary.

4. ADMISSION TO LISTING

The Issuer shall:

- (a) use reasonable endeavours to ensure that the Bonds are listed on the Open Market of the Frankfurt Stock Exchange as soon as practically possible and in any event within 30 days of the Issue Date; and
- (b) ensure that the Bonds are listed on the Exchange within 6 months of the Issue Date.

5. REGISTRATION OF THE BONDS

5.1 Registration in the CSD

The Bonds shall be registered in dematerialised form in the CSD according to the relevant securities registration legislation and the requirements of the CSD.

5.2 Obligation to ensure correct registration

The Issuer will at all times ensure that the registration of the Bonds in the CSD is correct and shall immediately upon any amendment or variation of these Bond Terms give notice to the CSD of any such amendment or variation.

5.3 Country of issuance

The Bonds have not been issued under any other country's legislation than that of the Relevant Jurisdiction. Save for the registration of the Bonds in the CSD, the Issuer is under no obligation to register, or cause the registration of, the Bonds in any other registry or under any other legislation than that of the Relevant Jurisdiction.

6. CONDITIONS FOR DISBURSEMENT

6.1 Conditions precedent for disbursement to the Issuer

- (a) Payment of the Net Proceeds from the issuance of the Bonds to the Issuer shall be subject to receipt by the Bond Trustee, not later than two Business Days prior to the Issue Date (or such later date as the Bond Trustee may agree), of the following documents and evidence (in form and content satisfactory to the Bond Trustee):
- (i) these Bond Terms duly executed by all parties hereto;
 - (ii) copies of the constitutional documents of the Issuer;
 - (iii) copies of all corporate resolutions and authorisations of the Issuer required to issue the Bonds and execute the Finance Documents to which it is or shall become a party;
 - (iv) a copy of the register of shareholders of the Issuer;
 - (v) copies of the Issuer's latest Financial Reports (if any);
 - (vi) confirmation that the applicable prospectus requirements (ref. Regulation (EU) 2017/1129) concerning the issuance of the Bonds have been fulfilled;
 - (vii) copies of any necessary governmental approval, consent or waiver (as the case may be) required at such time to issue the Bonds;
 - (viii) confirmation that the Bonds are registered in CSD (by obtaining an ISIN for the Bonds);
 - (ix) copies of any written documentation used in marketing the Bonds or made public by the Issuer or the Manager in connection with the issuance of the Bonds;
 - (x) the Bond Trustee Fee Agreement, duly executed by the parties thereto;
 - (xi) any relevant Subordination Agreement, duly authorised and executed by the parties thereto; and

- (xii) legal opinions or other statements as may be required by the Bond Trustee (including in respect of corporate matters relating to the Issuer or the Parent or the legality, validity and enforceability of the Finance Documents).
- (b) The Bond Trustee, acting in its sole discretion, may, regarding this Clause 6.1, waive the requirements for documentation or decide that delivery of certain documents shall be made subject to an agreed closing procedure between the Bond Trustee and the Issuer.

6.2 Disbursement of the proceeds

Disbursement of the proceeds from the issuance of the Bonds is conditional on the Bond Trustee's confirmation to the Paying Agent that the conditions in Clause 6.1 (*Conditions precedent for disbursement to the Issuer*) have been either satisfied in the Bond Trustee's discretion or waived by the Bond Trustee pursuant to paragraph (b) of Clause 6.1 (*Conditions precedent for disbursement to the Issuer*).

6.3 Settlement procedure

- (a) When subscribing for Bonds any holder of any Existing Bonds may elect to offer to exchange such Existing Bonds with Bonds (on a bond-for-bond basis and therefore valued at their respective nominal amounts), and such exchange offer shall be dealt with and decided upon as agreed separately by the Manager and the Issuer. To the extent that any such exchange offer is accepted in accordance with what has been so separately agreed, the subscription price for such Bonds will not be settled in cash (as would be the case for Bonds in respect of which no such roll-over takes place), but in kind by way of returning such Existing Bonds to the Issuer (or any person acting on its behalf for such purpose) for redemption, discharge and repayment thereof in accordance with the terms hereof.
- (b) Any subscribers who end up exchanging any Existing Bonds with any Bonds as set out above, will be entitled to receive a roll-over fee in an amount equal to 1.00 per cent. of the nominal amount of such Existing Bonds (which is equal to the early redemption premium that would have been payable under the Existing Terms and Conditions in respect of such Existing Bonds had such Existing Bonds been redeemed, discharged and repaid pursuant to the early redemption option set out in the Existing Terms and Conditions at the relevant date), to be paid in cash by the Issuer to such subscribers at the Issue Date.

6.4 Tap Issues

The Issuer may issue Additional Bonds if:

- (a) a Tap Issue Addendum has been duly executed by all parties thereto;
- (b) the representations and warranties contained in Clause 7 (*Representations and Warranties*) of these Bond Terms are true and correct in all material respects and repeated by the Issuer as at the date of issuance of such Additional Bonds; and
- (c) the Issuer meets the Incurrence Test tested pro forma including the new Financial Indebtedness incurred as a result of issuing such Additional Bonds.

7. REPRESENTATIONS AND WARRANTIES

The Issuer makes the representations and warranties set out in this Clause 7 (*Representations and Warranties*), in respect of itself to the Bond Trustee (on behalf of the Bondholders) at the following times and with reference to the facts and circumstances then existing:

- (a) on the date of these Bond Terms;
- (b) on the Issue Date; and
- (c) at each date of issuance of any Additional Bonds.

7.1 Status

It is a limited liability company, duly incorporated and validly existing and registered under the laws of its jurisdiction of incorporation, and has the power to own its assets and carry on its business as it is being conducted.

7.2 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, these Bond Terms and any other Finance Document to which it is a party and the transactions contemplated by those Finance Documents.

7.3 Valid, binding and enforceable obligations

These Bond Terms and each other Finance Document to which it is a party constitutes (or will constitute, when executed by the respective parties thereto) its legal, valid and binding obligations, enforceable in accordance with their respective terms, and (save as provided for therein) no further registration, filing, payment of tax or fees or other formalities are necessary or desirable to render the said documents enforceable against it.

7.4 Non-conflict with other obligations

The entry into and performance by it of these Bond Terms and any other Finance Document to which it is a party and the transactions contemplated thereby do not and will not conflict with (i) any law or regulation or judicial or official order; (ii) its constitutional documents; or (iii) any agreement or instrument which is binding upon it or any of its assets.

7.5 No Event of Default

- (a) No Event of Default exists or is likely to result from the making of any disbursement of proceeds or the entry into, the performance of, or any transaction contemplated by, any Finance Document.
- (b) No other event or circumstance has occurred which constitutes (or with the expiry of any grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (howsoever described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is likely to have a Material Adverse Effect.

7.6 Authorisations and consents

All authorisations, consents, approvals, resolutions, licences, exemptions, filings, notarisations or registrations required:

- (a) to enable it to enter into, exercise its rights and comply with its obligations under these Bond Terms or any other Finance Document to which it is a party; and
- (b) to carry on its business as presently conducted and as contemplated by these Bond Terms,

have been obtained or effected and are in full force and effect.

7.7 Litigation

No litigation, arbitration or administrative proceedings or investigations of or before any court, arbitral body or agency which, if adversely determined, is likely to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

7.8 Financial Reports

Its most recent Financial Reports fairly and accurately represent the assets and liabilities and financial condition as at their respective dates, and have been prepared in accordance with the Accounting Standard, consistently applied.

7.9 No Material Adverse Effect

Since the date of the most recent Financial Reports, there has been no change in its business, assets or financial condition that is likely to have a Material Adverse Effect.

7.10 No misleading information

Any factual information provided by it to the Bondholders or the Bond Trustee for the purposes of the issuance of the Bonds was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

7.11 No withholdings

The Issuer is not required to make any deduction or withholding from any payment which it may become obliged to make to the Bond Trustee or the Bondholders under the Finance Documents.

7.12 Pari passu ranking

Its payment obligations under these Bond Terms or any other Finance Document to which it is a party ranks as set out in Clause 2.4 (*Status of the Bonds*).

7.13 Security

No Security exists over any of the present assets of the Issuer in conflict with these Bond Terms.

8. PAYMENTS IN RESPECT OF THE BONDS

8.1 Covenant to pay

- (a) The Issuer will unconditionally make available to or to the order of the Bond Trustee and/or the Paying Agent all amounts due on each Payment Date pursuant to the terms of these Bond Terms at such times and to such accounts as specified by the Bond Trustee and/or the Paying Agent in advance of each Payment Date or when other payments are due and payable pursuant to these Bond Terms.
- (b) All payments to the Bondholders in relation to the Bonds shall be made to each Bondholder registered as such in the CSD on the Relevant Record Date, by, if no specific order is made by the Bond Trustee, crediting the relevant amount to the bank account nominated by such Bondholder in connection with its securities account in the CSD.
- (c) Payment constituting good discharge of the Issuer's payment obligations to the Bondholders under these Bond Terms will be deemed to have been made to each Bondholder once the amount has been credited to the bank holding the bank account nominated by the Bondholder in connection with its securities account in the CSD. If the paying bank and the receiving bank are the same, payment shall be deemed to have been made once the amount has been credited to the bank account nominated by the Bondholder in question.
- (d) If a Payment Date or a date for other payments to the Bondholders pursuant to the Finance Documents falls on a day on which either of the relevant CSD settlement system or the relevant currency settlement system for the Bonds are not open, the payment shall be made on the first following possible day on which both of the said systems are open, unless any provision to the contrary has been set out for such payment in the relevant Finance Document.

8.2 Default interest

- (a) Default interest will accrue on any Overdue Amount from and including the Payment Date on which it was first due to and excluding the date on which the payment is made at the Interest Rate plus 2.00 percentage points per annum.
- (b) Default interest accrued on any Overdue Amount pursuant to this Clause 8.2 will be added to the Overdue Amount on each Interest Payment Date until the Overdue Amount and default interest accrued thereon have been repaid in full.
- (c) From and including the occurrence of a Listing Failure Event and for as long as such Listing Failure Event is continuing, the interest on any principal amount outstanding under these Bonds Terms will accrue at the Interest Rate plus 1.00 percentage point per annum.

8.3 Partial Payments

- (a) If the Paying Agent or the Bond Trustee receives a Partial Payment, such Partial Payment shall, in respect of the Issuer's debt under the Finance Documents be considered made for discharge of the debt of the Issuer in the following order of priority:
 - (i) firstly, towards any outstanding fees, liabilities and expenses of the Bond Trustee;

- (ii) secondly, towards accrued interest due but unpaid; and
 - (iii) thirdly, towards any other outstanding amounts due but unpaid under the Finance Documents.
- (b) Notwithstanding paragraph (a) above, any Partial Payment which is distributed to the Bondholders, shall, after the above mentioned deduction of outstanding fees, liabilities and expenses, be applied (i) firstly towards any principal amount due but unpaid and (ii) secondly, towards accrued interest due but unpaid, in the following situations:
 - (i) if the Bond Trustee has served a Default Notice in accordance with Clause 14.2 (*Acceleration of the Bonds*); or
 - (ii) if a resolution according to Clause 15 (*Bondholders' Decisions*) has been made.

8.4 Taxation

- (a) The Issuer is responsible for withholding any withholding tax imposed by applicable law on any payments to be made by it in relation to the Finance Documents.
- (b) The Issuer shall, if any tax is withheld in respect of the Bonds under the Finance Documents for which the Issuer is responsible pursuant to paragraph (a) above:
 - (i) gross up the amount of the payment due from it up to such amount which is necessary to ensure that the Bondholders or the Bond Trustee, as the case may be, receive a net amount which is (after making the required withholding) equal to the payment which would have been received if no withholding had been required; and
 - (ii) at the request of the Bond Trustee, deliver to the Bond Trustee evidence that the required tax deduction or withholding has been made.
- (c) Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer shall not be responsible for reimbursing any such fees.
- (d) The Bond Trustee shall not have any responsibility to obtain information about the Bondholders relevant for the tax obligations pursuant to these Bond Terms.

8.5 Currency

- (a) All amounts payable under the Finance Documents shall be payable in the Bond Currency. If, however, the Bond Currency differs from the currency of the bank account connected to the Bondholder's account in the CSD, any cash settlement may be exchanged and credited to this bank account.
- (b) Any specific payment instructions, including foreign exchange bank account details, to be connected to the Bondholder's account in the CSD must be provided by the relevant Bondholder to the Paying Agent (either directly or through its account manager in the CSD) within 5 Business Days prior to a Payment Date. Depending on any currency exchange settlement agreements between each Bondholder's bank and the Paying Agent,

and opening hours of the receiving bank, cash settlement may be delayed, and payment shall be deemed to have been made once the cash settlement has taken place, provided, however, that no default interest or other penalty shall accrue for the account of the Issuer for such delay.

8.6 Set-off and counterclaims

The Issuer may not apply or perform any counterclaims or set-off against any payment obligations pursuant to these Bond Terms or any other Finance Document.

9. INTEREST

9.1 Calculation of interest

- (a) Each Outstanding Bond will accrue interest at the Interest Rate on the Nominal Amount for each Interest Period, commencing on and including the first date of the Interest Period, and ending on but excluding the last date of the Interest Period.
- (b) Any Additional Bond will accrue interest at the Interest Rate on the Nominal Amount commencing on the first date of the Interest Period in which the Additional Bonds are issued and thereafter in accordance with paragraph (a) above.
- (c) Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each (30/360-days basis), unless:
 - (i) the last day in the relevant Interest Period is the 31st calendar day but the first day of that Interest Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be shortened to a 30-day month; or
 - (ii) the last day of the relevant Interest Period is the last calendar day in February, in which case February shall not be lengthened to a 30-day month.

9.2 Payment of interest

Interest shall fall due on each Interest Payment Date for the corresponding preceding Interest Period and, with respect to accrued interest on the principal amount then due and payable, on each Repayment Date.

10. REDEMPTION AND REPURCHASE OF BONDS

10.1 Redemption of Bonds

The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100.00 per cent. of the Nominal Amount.

10.2 Voluntary early redemption - Call Option

- (a) The Issuer may redeem all or some of the Outstanding Bonds (the “**Call Option**”) on any Business Day from and including:
 - (i) the Issue Date to, but not including, the First Call Date at a price equal to the Make Whole Amount;

- (ii) the First Call Date to, but not including, the Interest Payment Date falling 36 months after the Issue Date at a price equal to 103.00 per cent. of the Nominal Amount of the redeemed Bonds;
- (iii) the Interest Payment Date falling 36 months after the Issue Date to, but not including, the Interest Payment Date falling 42 months after the Issue Date at a price equal to 102.10 per cent. of the Nominal Amount of the redeemed Bonds;
- (iv) the Interest Payment Date falling 42 months after the Issue Date to, but not including, the Interest Payment Date falling 48 months after the Issue Date at a price equal to 101.20 per cent. of the Nominal Amount of the redeemed Bonds;
- (v) the Interest Payment Date falling 48 months after the Issue Date to, but not including, the Interest Payment Date falling 54 months after the Issue Date at a price equal to 100.60 per cent. of the Nominal Amount of the redeemed Bonds; and
- (vi) the Interest Payment Date falling 54 months after the Issue Date to, but not including, the Maturity Date at a price equal to 100.30 per cent. of the Nominal Amount of the redeemed Bonds,

and each of the respective call prices set out in the preceding paragraphs, shall be referred to as a “**Call Price**”.

- (b) The Call Option may be exercised by the Issuer by written notice to the Bond Trustee at least 10 Business Days prior to the applicable Call Option Repayment Date. Any such notice (i) shall be irrevocable, (ii) shall specify the applicable Call Option Repayment Date and (iii) may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent which shall be satisfied or waived at least three Business Days prior to such Repayment Date (and, if any such conditions precedent have not been satisfied or waived within such time, such Call Option shall automatically be cancelled). Unless the Make Whole Amount is set out in the written notice where the Issuer exercises the Call Option, the Issuer shall calculate the Make Whole Amount and provide such calculation by written notice to the Bond Trustee as soon as possible and at the latest within 3 Business Days from the date of the notice.
- (c) The applicable Call Price shall be determined based on the relevant Call Option Repayment Date and not on the date the Issuer exercised the relevant Call Option as described above.
- (d) If any redemption of the Bonds is made in part, such redemption shall be applied pro rata between the Bondholders in accordance with the procedures of CSD.

10.3 Mandatory repurchase due to a Put Option Event

- (a) Upon the occurrence of a Put Option Event, each Bondholder will have the right (the “**Put Option**”) to require that the Issuer purchases all or some of the Bonds held by that Bondholder at a price equal to 101.00 per cent. of the Nominal Amount.

- (b) The Put Option must be exercised within 15 Business Days after the Issuer has given notice to the Bond Trustee and the Bondholders that a Put Option Event has occurred pursuant to Clause 12.3 (*Put Option Event*). Once notified, the Bondholders' right to exercise the Put Option is irrevocable.
- (c) Each Bondholder may exercise its Put Option by written notice to its account manager for the CSD, who will notify the Paying Agent of the exercise of the Put Option. The Put Option Repayment Date will be the 5th Business Day after the end of 15 Business Days exercise period referred to in paragraph (b) above. However, the settlement of the Put Option will be based on each Bondholders holding of Bonds at the Put Option Repayment Date.
- (d) If Bonds representing more than 90 per cent. of the Outstanding Bonds have been repurchased pursuant to this Clause 10.3, the Issuer is entitled to repurchase all the remaining Outstanding Bonds at the price stated in paragraph (a) above by notifying the remaining Bondholders of its intention to do so no later than 10 Business Days after the Put Option Repayment Date. Such notice sent by the Issuer is irrevocable and shall specify the Call Option Repayment Date.

10.4 Early redemption option due to a tax event

If the Issuer is or will be required to gross up any withheld tax imposed by law from any payment in respect of the Bonds under the Finance Documents pursuant to Clause 8.4 (*Taxation*) as a result of a change in applicable law implemented after the date of these Bond Terms, the Issuer will have the right to redeem all, but not only some, of the Outstanding Bonds at a price equal to 100 per cent. of the Nominal Amount. The Issuer shall give written notice of such redemption to the Bond Trustee and the Bondholders at least 20 Business Days prior to the Tax Event Repayment Date, provided that no such notice shall be given earlier than 40 Business Days prior to the earliest date on which the Issuer would be obliged to withhold such tax were a payment in respect of the Bonds then due.

11. PURCHASE AND TRANSFER OF BONDS

11.1 Issuer's purchase of Bonds

The Issuer may purchase and hold Bonds and such Bonds may be retained or sold (but not discharged other than by way of a redemption of Bonds permitted by, and carried out pursuant to, the terms hereof) in the Issuer's sole discretion, including with respect to Bonds purchased pursuant to Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

11.2 Restrictions

- (a) Certain purchase or selling restrictions may apply to Bondholders under applicable local laws and regulations from time to time. Neither the Issuer nor the Bond Trustee shall be responsible for ensuring compliance with such laws and regulations and each Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense.
- (b) A Bondholder who has purchased Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the Bonds pursuant to these Bond Terms (including, but not limited to, voting rights), provided that the Issuer

shall not incur any additional liability by complying with its obligations to such Bondholder.

12. INFORMATION UNDERTAKINGS

12.1 Financial Reports

The Issuer shall prepare:

- (a) Annual Financial Statements and make them available as soon as they become available and, in any event, not later than four months after the end of each of its Financial Years; and
- (b) Interim Accounts and make them available as soon as they become available and, in any event, not later than at the date occurring 75 days after the end of each of its Semi-Annual Periods, for the first time for the Semi-Annual Period ending on 30 June 2024,

in each case, in the English language and make them available on its website or another relevant information platform.

12.2 Requirements as to Financial Reports

- (a) The Issuer shall supply a Compliance Certificate signed by the chief executive officer or the chief financial officer of the Issuer to the Bond Trustee:
 - (i) in respect of each set of Financial Reports to be made available pursuant to the terms hereof, promptly upon the making available of such Financial Report; and
 - (ii) in respect of each Incurrence Test to be made pursuant to the terms hereof, promptly upon the making of that Incurrence Test (which shall contain figures and calculations evidencing (in reasonable detail) compliance with the relevant Incurrence Test).
- (b) The Bond Trustee may make any such Compliance Certificate available to the Bondholders.
- (c) Each set of such Financial Reports delivered pursuant to Clause 12.1 (*Financial Reports*) shall be prepared in accordance with the Accounting Standard consistently applied (unless expressly disclosed to the Bond Trustee in writing to the contrary).

12.3 Put Option Event

The Issuer shall promptly inform the Bond Trustee in writing after becoming aware that a Put Option Event has occurred.

12.4 Listing Failure Event

The Issuer shall promptly inform the Bond Trustee in writing if a Listing Failure Event has occurred. However, no Event of Default shall occur if the Issuer fails (i) to list the Bonds in accordance with Clause 4 (*Admission to Listing*) or (ii) to inform of such Listing Failure Event, and such failure shall result in the accrual of default interest in accordance with paragraph (c) of Clause 8.2 (*Default interest*) for as long as such Listing Failure Event is continuing.

12.5 Information: Miscellaneous

The Issuer shall:

- (a) promptly inform the Bond Trustee in writing of any Event of Default or any event or circumstance which the Issuer understands or could reasonably be expected to understand may lead to an Event of Default and the steps, if any, being taken to remedy it;
- (b) at the request of the Bond Trustee, report the balance of the Issuer's Bonds (to the best of its knowledge, having made due and appropriate enquiries);
- (c) send the Bond Trustee copies of any statutory notifications of the Issuer, including but not limited to in connection with mergers, de-mergers and reduction of the Issuer's share capital or equity;
- (d) if the Bonds are listed on an Exchange, send a copy to the Bond Trustee of its notices to the Exchange;
- (e) if the Issuer and/or the Bonds are rated, inform the Bond Trustee of its and/or the rating of the Bonds, and any changes to such rating;
- (f) inform the Bond Trustee of changes in the registration of the Bonds in the CSD; and
- (g) within a reasonable time, provide such information about the Issuer's business, assets and financial condition as the Bond Trustee may reasonably request.

13. GENERAL AND FINANCIAL UNDERTAKINGS

The Issuer undertakes to comply with the undertakings set forth in this Clause 13.

13.1 Distributions, repayments and payments made by the Parent

The Issuer shall procure that the aggregate amount of all Distributions made by the Parent in any Financial Year does not exceed EUR 2,000,000 (or its equivalent in other currencies). There shall be no restrictions on the Parent's (and there shall be no procurement obligation on the part of the Issuer to restrict the Parent's) ability to repay or pay any loan or credit from any of the Parent's (direct or indirect) shareholders or any Affiliate thereof or any interest accrued thereon.

13.2 Mergers, demergers and other corporate reconstruction

The Issuer shall not enter into any amalgamation, merger, demerger, consolidation, liquidation or other corporate reconstruction other than any disposal permitted pursuant to Clause 13.4 below.

13.3 Acquisitions

The Issuer shall not acquire any company, business, undertaking, shares or securities or any interest in any of the foregoing unless it is made at fair value, on normal commercial terms and would not have a Material Adverse Effect.

13.4 Disposals

The Issuer shall not sell, transfer or otherwise dispose of any asset (for the purpose of this Clause 13.4 only, each a “**disposal**”) other than:

- (a) any disposal of products, services or current assets in the ordinary course of its business;
- (b) any disposal of obsolete or redundant vehicles, plant and equipment for cash;
- (c) in the form of any non-recourse factoring facility or arrangement entered into on normal commercial terms by it;
- (d) any disposal of any asset on normal commercial terms to or in favour of any pension fund established at the initiative of the Ultimate Parent or any of its Subsidiaries; or
- (e) any other disposal which is carried out at fair value, on normal commercial terms, would not have a Material Adverse Effect and is made when no Event of Default is continuing or would result from such disposal, provided that the Issuer complies with the terms of Clause 10.3 (*Mandatory repurchase due to a Put Option Event*) in case such disposal meets the requirements set out in paragraph (c) of the definition of “Change of Control”.

13.5 Financial Indebtedness

The Issuer shall not incur or maintain any Financial Indebtedness other than any Permitted Financial Indebtedness.

13.6 Negative pledge

The Issuer shall not create or allow to subsist any Security over any of its assets other than any Permitted Security.

13.7 Financial Support

The Issuer shall not grant or allow to subsist (a) any loans or credits to any other person or (b) any guarantees or indemnities in respect of any obligation of any other person, in each case other than any Permitted Financial Support.

13.8 Continuation of business

The Issuer shall procure that no substantial change is made to the general nature of the business carried on by it as of the Issue Date.

13.9 Corporate status

The Issuer shall not change its type of organisation or jurisdiction of incorporation, provided that it may change its type of organisation if:

- (a) such change would not be detrimental to the rights or the interests of the Bond Trustee or the Bondholders under these Bond Terms or the other Finance Documents;
- (b) these Bond Terms and the other Finance Documents continue to constitute the valid, legal, binding and enforceable obligations of the Issuer in accordance with their respective terms both during and after the implementation of such change (and, to the extent required by the Bond Trustee, this is confirmed in a legal opinion (in form and

content satisfactory to it) provided at the cost of the Issuer to and in favour of the Bond Trustee (on behalf of itself and the Bondholders)); and

- (c) no Event of Default is continuing or would result from such change.

13.10 Centre of main interests (COMI)

For the purposes of any applicable laws and regulations relating to insolvency proceedings or any similar proceedings, the Issuer shall not change its centre of main interests (COMI).

13.11 Authorisations

The Issuer shall obtain, renew and in all material respects comply with, and do all that is necessary to maintain in full force and effect, any licence, authorisation or other consent required to enable it to carry on its business.

13.12 Insurances

The Issuer shall maintain insurances on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.

13.13 Arm's length transactions

Notwithstanding any other provision set out herein, the Issuer shall not enter into any transaction with any other person other than on arm's length terms.

13.14 Compliance with laws

The Issuer shall comply in all material respects with all laws and regulations (including, without limitation, any environmental laws, anti-money laundering and anti-corruption laws and sanctions) to which it may be subject at any time.

13.15 Intellectual Property Rights

The Issuer shall:

- (a) preserve and maintain the subsistence and validity of the Intellectual Property Rights necessary for its business;
- (b) use reasonable endeavours to prevent any infringement in any material respect of the Intellectual Property Rights;
- (c) make registrations and pay all registration fees and taxes necessary to maintain the Intellectual Property Rights in full force and effect and record its interest in the Intellectual Property Rights;
- (d) not use or permit the Intellectual Property Rights to be used in a way or take any step or omit to take any step in respect of the Intellectual Property Rights which may materially and adversely affect the existence or value of the Intellectual Property Rights or imperil the right of the Issuer to use such property; and
- (e) not discontinue the use of the Intellectual Property Rights,

where failure to do so, in the case of paragraphs (a) and (b) above, or, in the case of paragraphs (c) to (e) above, such use, permission to use, omission or discontinuation, would have a Material Adverse Effect.

13.16 Pari passu ranking

The Issuer shall procure that at all times any unsecured and unsubordinated claims of the Bond Trustee and the Bondholders under the Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

13.17 New Subordinated Loans

Subject to the terms of a Subordination Agreement, the Issuer shall not (a) repay or prepay any principal amount (or capitalised interest) outstanding under any New Subordinated Loan, (b) pay any interest, fee or charge accrued or due under any New Subordinated Loan (other than (i) by way of capitalisation of any such interest, fee or charge or (ii) any payment of such interest made when no Event of Default is continuing or would result from such payment) or (c) purchase, redeem, defease or discharge any amount outstanding under any New Subordinated Loan.

13.18 Redemption and discharge of Existing Bonds

The Issuer shall:

- (a) not later than on the date occurring 3 Business Days after the Issue Date exercise the early redemption option under the Existing Terms and Conditions for an early redemption, discharge and repayment of all the Existing Bonds; and
- (b) redeem, discharge and repay all the Existing Bonds (together with any interest, premiums and fees accrued in respect thereof) in accordance with the terms of the Existing Terms and Conditions, and ensure that any guarantee, indemnity and/or Security granted under or in respect thereof is discharged and released in full, in each case, not later than on 6 June 2024.

13.19 Incurrence Test

The “**Incurrence Test**” is met if Leverage at the relevant time is less than 3.25:1.

13.20 Calculations and adjustments to the ratios and, where applicable, any EBITDA grower baskets

The requirements forming part of any Incurrence Test shall be:

- (a) calculated as at a testing date determined by the Issuer falling no earlier than three months prior to the event in respect of which the Incurrence Test shall be made; and
- (b) unless otherwise set out below:
 - (i) tested with reference to the Financial Report(s) for the applicable Relevant Period (and the compliance certificate relating thereto); and

- (ii) calculated in accordance with the Accounting Standard, accounting practices and financial reference periods consistent with those applied in its first set of Financial Reports published (or delivered) pursuant to the terms hereof (unless, there has been a change in that Accounting Standard or those accounting practices, and the Issuer delivers to the Bond Trustee a statement (in form and content satisfactory to the Bond Trustee) (A) describing in reasonable detail any change necessary for the Financial Report(s) referred to in paragraph (b)(i) above to reflect the Accounting Standard or accounting practices upon which such first set of Financial Reports were prepared and (B) confirming that the relevant Incurrence Test would still have been complied with had such changes not been made).

For the purpose of calculating (a) the requirements forming part of any Incurrence Test and (b) any EBITDA grower basket set out herein:

- (i) the Total Net Debt shall be calculated as at the relevant testing date with the following adjustments:
 - (A) the full (i.e. unutilised and utilised) commitment or facility of any new Financial Indebtedness in respect of which the Incurrence Test shall be made (after deducting any Financial Indebtedness which shall be refinanced at the time of incurrence of such new Financial Indebtedness) shall be added to the Total Net Debt; and
 - (B) any cash balance resulting from the incurrence of such new Financial Indebtedness shall not reduce the Total Net Debt; and
- (ii) EBITDA shall be calculated by reference to the amount of EBITDA derived from the Financial Report(s) for the applicable Relevant Period (and the compliance certificate relating thereto) with the following adjustments (where no amount shall be included or excluded more than once):
 - (A) any relevant business, undertaking or asset acquired, disposed of or otherwise discontinued by the Issuer during such Relevant Period, or after the end of that Relevant Period but on or before the relevant testing date, shall (to the extent relevant for the calculation of the Issuer's unconsolidated EBITDA) be included or excluded (as applicable) pro forma for the entire period;
 - (B) any relevant business, undertaking or asset to be acquired with the proceeds from the new Financial Indebtedness to be incurred based on such Incurrence Test shall (to the extent relevant for the calculation of the Issuer's unconsolidated EBITDA) be included, pro forma, for the entire period; and
 - (C) the amount of any net cost savings or net cost reduction synergies projected by the Issuer in good faith to be realised as a result of specific actions taken or to be taken by the Issuer due to the making of an acquisition or a disposal of a business, undertaking or asset from or to any third party (in each case) permitted by the terms hereof (calculated on a pro forma basis as though

such cost savings and synergies had been realised on the first day of such Relevant Period), net of the amount of actual benefits realised during such Relevant Period from such actions, provided that (1) such cost savings and synergies are reasonably identifiable and factually supportable, (2) such actions have been taken or will be taken within 12 months after the making of that acquisition or disposal, (3) no cost savings or synergies shall be taken into account pursuant to this paragraph (ii)(C) to the extent already taken into account when calculating EBITDA for such Relevant Period and (4) the aggregate amount of any such cost savings and synergies for the Issuer in respect of any such Relevant Period, together with any other amounts to be covered by the EBITDA Adjustment Basket in respect of that Relevant Period, does not exceed the EBITDA Adjustment Basket.

14. EVENTS OF DEFAULT AND ACCELERATION OF THE BONDS

14.1 Events of Default

Each of the events or circumstances set out in this Clause 14.1 shall constitute an Event of Default:

(a) Non-payment

The Issuer fails to pay any amount payable by it under the Finance Documents when such amount is due for payment, unless:

- (i) its failure to pay is caused by administrative or technical error in payment systems or the CSD and payment is made within 5 Business Days following the original due date; or
- (ii) in the discretion of the Bond Trustee, the Issuer has substantiated that it is likely that such payment will be made in full within 5 Business Days following the original due date.

(b) Breach of other obligations

The Issuer does not comply with any provision of the Finance Documents other than set out under paragraph (a) (*Non-payment*) above, unless such failure is capable of being remedied and is remedied within 20 Business Days after the earlier of the Issuer's actual knowledge thereof, or notice thereof is given to the Issuer by the Bond Trustee.

(c) Misrepresentation

Any representation, warranty or statement (including statements in Compliance Certificates) made by the Issuer under or in connection with any Finance Documents is or proves to have been incorrect, inaccurate or misleading in any material respect when made.

(d) *Cross acceleration*

If for the Issuer:

- (i) any Financial Indebtedness is not paid when due nor within any applicable grace period; or
- (ii) any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
- (iii) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described),

provided however, in each case, that the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iii) above exceeds a total of EUR 2,500,000 (or the equivalent thereof in any other currency).

(e) *Insolvency and insolvency proceedings*

The Issuer:

- (i) is Insolvent; or
- (ii) is object of any corporate action or any legal proceedings is taken in relation to:
 - (A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than a solvent liquidation or reorganisation; or
 - (B) a composition, compromise, assignment or arrangement with any creditor which may materially impair its ability to perform its payment obligations under these Bond Terms; or
 - (C) the appointment of a liquidator (other than in respect of a solvent liquidation), receiver, administrative receiver, administrator, compulsory manager or other similar officer of any of its assets; or
 - (D) enforcement of any Security over any of its or their assets having an aggregate value exceeding the threshold amount set out in paragraph (d) (*Cross acceleration*) above; or
 - (E) for paragraphs (A) - (D) above, any analogous procedure or step is taken in any jurisdiction in respect of any such company.

However, this shall not apply to any petition which is frivolous or vexatious and is discharged, stayed or dismissed within 20 Business Days of commencement.

(f) *Creditor's process*

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Issuer having an aggregate value exceeding the threshold amount set out in paragraph (d) (*Cross acceleration*) above and is not discharged within 20 Business Days.

(g) *Unlawfulness*

It is or becomes unlawful for the Issuer to perform or comply with any of its obligations under the Finance Documents to the extent this may materially impair:

- (i) the ability of the Issuer to perform its obligations under these Bond Terms; or
- (ii) the ability of the Bond Trustee to exercise any material right or power vested to it under the Finance Documents.

14.2 Acceleration of the Bonds

If an Event of Default has occurred and is continuing, the Bond Trustee may, in its discretion in order to protect the interests of the Bondholders, or upon instruction received from the Bondholders pursuant to Clause 14.3 (*Bondholders' instructions*) below, by serving a Default Notice to the Issuer:

- (a) declare that the Outstanding Bonds, together with accrued interest and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable; and/or
- (b) exercise any or all of its rights, remedies, powers or discretions under the Finance Documents or take such further measures as are necessary to recover the amounts outstanding under the Finance Documents.

14.3 Bondholders' instructions

The Bond Trustee shall serve a Default Notice pursuant to Clause 14.2 (*Acceleration of the Bonds*) if:

- (a) the Bond Trustee receives a demand in writing from Bondholders representing a simple majority of the Voting Bonds, that an Event of Default shall be declared, and a Bondholders' Meeting has not made a resolution to the contrary; or
- (b) the Bondholders' Meeting, by a simple majority decision, has approved the declaration of an Event of Default.

14.4 Calculation of claim

The claim derived from the Outstanding Bonds due for payment as a result of the serving of a Default Notice will be calculated at the applicable Call Price at the following dates (and regardless of the Default Repayment Date):

- (a) for any Event of Default arising out of a breach of Clause 14.1 (*Events of Default*) paragraph (a) (*Non-payment*), the claim will be calculated at the Call Price applicable at the date when such Event of Default occurred; and

- (b) for any other Event of Default, the claim will be calculated at the Call Price applicable at the date when the Default Notice was served by the Bond Trustee.

However, if the situations described in paragraph (a) or (b) above takes place prior to the First Call Date, the calculation shall be based on the Call Price applicable on the First Call Date.

15. BONDHOLDERS' DECISIONS

15.1 Authority of the Bondholders' Meeting

- (a) A Bondholders' Meeting may, on behalf of the Bondholders, resolve to alter any of these Bond Terms, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes.
- (b) The Bondholders' Meeting cannot resolve that any overdue payment of any instalment shall be reduced unless there is a pro rata reduction of the principal that has not fallen due, but may resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.
- (c) The Bondholders' Meeting may not adopt resolutions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders.
- (d) Subject to the power of the Bond Trustee to take certain action as set out in Clause 16.1 (*Power to represent the Bondholders*), if a resolution by, or an approval of, the Bondholders is required, such resolution may be passed at a Bondholders' Meeting. Resolutions passed at any Bondholders' Meeting will be binding upon all Bondholders.
- (e) At least 50 per cent. of the Voting Bonds must be represented at a Bondholders' Meeting for a quorum to be present.
- (f) Resolutions will be passed by simple majority of the Voting Bonds represented at the Bondholders' Meeting, unless otherwise set out in paragraph (g) below.
- (g) Save for any amendments or waivers which can be made without resolution pursuant to paragraph (a) and (b) of Clause 17.1 (*Procedure for amendments and waivers*), a majority of at least 2/3 of the Voting Bonds represented at the Bondholders' Meeting is required for approval of any waiver or amendment of these Bond Terms.

15.2 Procedure for arranging a Bondholders' Meeting

- (a) A Bondholders' Meeting shall be convened by the Bond Trustee upon the request in writing of:
 - (i) the Issuer;
 - (ii) Bondholders representing at least 1/10 of the Voting Bonds;
 - (iii) the Exchange, if the Bonds are listed and the Exchange is entitled to do so pursuant to the general rules and regulations of the Exchange; or
 - (iv) the Bond Trustee.

The request shall clearly state the matters to be discussed and resolved.

- (b) If the Bond Trustee has not convened a Bondholders' Meeting within 10 Business Days after having received a valid request for calling a Bondholders' Meeting pursuant to paragraph (a) above, then the requesting party may call the Bondholders' Meeting itself.
- (c) Summons to a Bondholders' Meeting must be sent no later than 10 Business Days prior to the proposed date of the Bondholders' Meeting. The Summons shall be sent to all Bondholders registered in the CSD at the time the Summons is sent from the CSD. If the Bonds are listed, the Issuer shall ensure that the Summons is published in accordance with the applicable regulations of the Exchange. The Summons shall also be published on the website of the Bond Trustee (alternatively by press release or other relevant information platform).
- (d) Any Summons for a Bondholders' Meeting must clearly state the agenda for the Bondholders' Meeting and the matters to be resolved. The Bond Trustee may include additional agenda items to those requested by the person calling for the Bondholders' Meeting in the Summons. If the Summons contains proposed amendments to these Bond Terms, a description of the proposed amendments must be set out in the Summons.
- (e) Items which have not been included in the Summons may not be put to a vote at the Bondholders' Meeting.
- (f) By written notice to the Issuer, the Bond Trustee may prohibit the Issuer from acquiring or dispose of Bonds during the period from the date of the Summons until the date of the Bondholders' Meeting, unless the acquisition of Bonds is made by the Issuer pursuant to Clause 10 (*Redemption and Repurchase of Bonds*).
- (g) A Bondholders' Meeting may be held on premises selected by the Bond Trustee, or if paragraph (b) above applies, by the person convening the Bondholders' Meeting (however to be held in the capital of the Relevant Jurisdiction). The Bondholders' Meeting will be opened and, unless otherwise decided by the Bondholders' Meeting, chaired by the Bond Trustee. If the Bond Trustee is not present, the Bondholders' Meeting will be opened by a Bondholder and be chaired by a representative elected by the Bondholders' Meeting (the Bond Trustee or such other representative, the "**Chairperson**").
- (h) Each Bondholder, the Bond Trustee and, if the Bonds are listed, representatives of the Exchange, or any person or persons acting under a power of attorney for a Bondholder, shall have the right to attend the Bondholders' Meeting (each a "**Representative**"). The Chairperson may grant access to the meeting to other persons not being Representatives, unless the Bondholders' Meeting decides otherwise. In addition, each Representative has the right to be accompanied by an advisor. In case of dispute or doubt regarding whether a person is a Representative or entitled to vote, the Chairperson will decide who may attend the Bondholders' Meeting and exercise voting rights.
- (i) Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders Meeting may resolve to exclude the Issuer's representatives and/or any person holding only Issuer's Bonds (or any representative of such person) from

participating in the meeting at certain times, however, the Issuer's representative and any such other person shall have the right to be present during the voting.

- (j) Minutes of the Bondholders' Meeting must be recorded by, or by someone acting at the instruction of, the Chairperson. The minutes must state the number of Voting Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting, and the results of the vote on the matters to be decided at the Bondholders' Meeting. The minutes shall be signed by the Chairperson and at least one other person. The minutes will be deposited with the Bond Trustee who shall make available a copy to the Bondholders and the Issuer upon request.
- (k) The Bond Trustee will ensure that the Issuer, the Bondholders and the Exchange are notified of resolutions passed at the Bondholders' Meeting and that the resolutions are published on the website of the Bond Trustee (or other relevant electronically platform or press release).
- (l) The Issuer shall bear the costs and expenses incurred in connection with convening a Bondholders' Meeting regardless of who has convened the Bondholders' Meeting, including any reasonable costs and fees incurred by the Bond Trustee.

15.3 Voting rules

- (a) Each Bondholder (or person acting for a Bondholder under a power of attorney) may cast one vote for each Voting Bond owned on the Relevant Record Date, ref. Clause 3.3 (*Bondholders' rights*). The Chairperson may, in its sole discretion, decide on accepted evidence of ownership of Voting Bonds.
- (b) Issuer's Bonds shall not carry any voting rights. The Chairperson shall determine any question concerning whether any Bonds will be considered Issuer's Bonds.
- (c) For the purposes of this Clause 15, a Bondholder that has a Bond registered in the name of a nominee will, in accordance with Clause 3.3 (*Bondholders' rights*), be deemed to be the owner of the Bond rather than the nominee. No vote may be cast by any nominee if the Bondholder has presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 (*Bondholders' rights*) stating that it is the owner of the Bonds voted for. If the Bondholder has voted directly for any of its nominee registered Bonds, the Bondholder's votes shall take precedence over votes submitted by the nominee for the same Bonds.
- (d) Any of the Issuer, the Bond Trustee and any Bondholder has the right to demand a vote by ballot. In case of parity of votes, the Chairperson will have the deciding vote.

15.4 Repeated Bondholders' Meeting

- (a) Even if the necessary quorum set out in paragraph (e) of Clause 15.1 (*Authority of the Bondholders' Meeting*) is not achieved, the Bondholders' Meeting shall be held and voting completed for the purpose of recording the voting results in the minutes of the Bondholders' Meeting. The Bond Trustee or the person who convened the initial Bondholders' Meeting may, within 10 Business Days of that Bondholders' Meeting, convene a repeated meeting with the same agenda as the first meeting.

- (b) The provisions and procedures regarding Bondholders' Meetings as set out in Clause 15.1 (*Authority of the Bondholders' Meeting*), Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*) and Clause 15.3 (*Voting rules*) shall apply *mutatis mutandis* to a repeated Bondholders' Meeting, with the exception that the quorum requirements set out in paragraph (e) of Clause 15.1 (*Authority of the Bondholders' Meeting*) shall not apply to a repeated Bondholders' Meeting. A Summons for a repeated Bondholders' Meeting shall also contain the voting results obtained in the initial Bondholders' Meeting.
- (c) A repeated Bondholders' Meeting may only be convened once for each original Bondholders' Meeting. A repeated Bondholders' Meeting may be convened pursuant to the procedures of a Written Resolution in accordance with Clause 15.5 (*Written Resolutions*), even if the initial meeting was held pursuant to the procedures of a Bondholders' Meeting in accordance with Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*) and vice versa.

15.5 Written Resolutions

- (a) Subject to these Bond Terms, anything which may be resolved by the Bondholders in a Bondholders' Meeting pursuant to Clause 15.1 (*Authority of the Bondholders' Meeting*) may also be resolved by way of a Written Resolution. A Written Resolution passed with the relevant majority is as valid as if it had been passed by the Bondholders in a Bondholders' Meeting, and any reference in any Finance Document to a Bondholders' Meeting shall be construed accordingly.
- (b) The person requesting a Bondholders' Meeting may instead request that the relevant matters are to be resolved by Written Resolution only, unless the Bond Trustee decides otherwise.
- (c) The Summons for the Written Resolution shall be sent to the Bondholders registered in the CSD at the time the Summons is sent from the CSD and published at the Bond Trustee's web site, or other relevant electronic platform or via press release.
- (d) The provisions set out in Clause 15.1 (*Authority of the Bondholders' Meeting*), 15.2 (*Procedure for arranging a Bondholders' Meeting*), Clause 15.3 (*Voting rules*) and Clause 15.4 (*Repeated Bondholders' Meeting*) shall apply *mutatis mutandis* to a Written Resolution, except that:
 - (i) the provisions set out in paragraphs (g), (h) and (i) of Clause 15.2 (*Procedure for arranging Bondholders Meetings*); or
 - (ii) provisions which are otherwise in conflict with the requirements of this Clause 15.5,
 shall not apply to a Written Resolution.
- (e) The Summons for a Written Resolution shall include:
 - (i) instructions as to how to vote to each separate item in the Summons (including instructions as to how voting can be done electronically if relevant); and

- (ii) the time limit within which the Bond Trustee must have received all votes necessary in order for the Written Resolution to be passed with the requisite majority, which shall be at least 10 Business Days but not more than 15 Business Days from the date of the Summons (the “**Voting Period**”).
- (f) Only Bondholders of Voting Bonds registered with the CSD on the Relevant Record Date, or the beneficial owner thereof having presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 (*Bondholders’ rights*), will be counted in the Written Resolution.
- (g) A Written Resolution is passed when the requisite majority set out in paragraph (e) or (f) of Clause 15.1 (*Authority of Bondholders’ Meeting*) has been obtained, based on a quorum of the total number of Voting Bonds, even if the Voting Period has not yet expired. A Written Resolution will also be resolved if the sufficient numbers of negative votes are received prior to the expiry of the Voting Period.
- (h) The effective date of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last Bondholder that results in the necessary voting majority being obtained.
- (i) If no resolution is passed prior to the expiry of the Voting Period, the number of votes shall be calculated at the time specified in the summons on the last day of the Voting Period, and a decision will be made based on the quorum and majority requirements set out in paragraphs (e) to (g) of Clause 15.1 (*Authority of Bondholders’ Meeting*).

16. THE BOND TRUSTEE

16.1 Power to represent the Bondholders

- (a) The Bond Trustee has power and authority to act on behalf of, and/or represent, the Bondholders in all matters, including but not limited to taking any legal or other action, including enforcement of these Bond Terms, and the commencement of bankruptcy or other insolvency proceedings against the Issuer, or others.
- (b) The Issuer shall promptly upon request provide the Bond Trustee with any such documents, information and other assistance (in form and substance satisfactory to the Bond Trustee), that the Bond Trustee deems necessary for the purpose of exercising its and the Bondholders’ rights and/or carrying out its duties under the Finance Documents.

16.2 The duties and authority of the Bond Trustee

- (a) The Bond Trustee shall represent the Bondholders in accordance with the Finance Documents, including, inter alia, by following up on the delivery of any Compliance Certificates and such other documents which the Issuer is obliged to disclose or deliver to the Bond Trustee pursuant to the Finance Documents and, when relevant, in relation to accelerating and enforcing the Bonds on behalf of the Bondholders.
- (b) The Bond Trustee is not obligated to assess or monitor the financial condition of the Issuer unless to the extent expressly set out in these Bond Terms, or to take any steps to ascertain whether any Event of Default has occurred. Until it has actual knowledge to the contrary, the Bond Trustee is entitled to assume that no Event of Default has

occurred. The Bond Trustee is not responsible for the valid execution or enforceability of the Finance Documents, or for any discrepancy between the indicative terms and conditions described in any marketing material presented to the Bondholders prior to issuance of the Bonds and the provisions of these Bond Terms.

- (c) The Bond Trustee is entitled to take such steps that it, in its sole discretion, considers necessary or advisable to protect the rights of the Bondholders in all matters pursuant to the terms of the Finance Documents. The Bond Trustee may submit any instructions received by it from the Bondholders to a Bondholders' Meeting before the Bond Trustee takes any action pursuant to the instruction.
- (d) The Bond Trustee is entitled to engage external experts when carrying out its duties under the Finance Documents.
- (e) The Bond Trustee shall hold all amounts recovered on behalf of the Bondholders on separated accounts.
- (f) The Bond Trustee shall facilitate that resolutions passed at the Bondholders' Meeting are properly implemented, provided, however, that the Bond Trustee may refuse to implement resolutions that may be in conflict with these Bond Terms, any other Finance Document, or any applicable law.
- (g) Notwithstanding any other provision of the Finance Documents to the contrary, the Bond Trustee is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (h) If the cost, loss or liability which the Bond Trustee may incur (including reasonable fees payable to the Bond Trustee itself) in:
 - (i) complying with instructions of the Bondholders; or
 - (ii) taking any action at its own initiative,

will not, in the reasonable opinion of the Bond Trustee, be covered by the Issuer or the relevant Bondholders pursuant to paragraphs (e) and (g) of Clause 16.4 (*Expenses, liability and indemnity*), the Bond Trustee may refrain from acting in accordance with such instructions, or refrain from taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

- (i) The Bond Trustee shall give a notice to the Bondholders before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Bond Trustee under the Finance Documents.
- (j) The Bond Trustee may instruct the CSD to split the Bonds to a lower nominal value in order to facilitate partial redemptions, write-downs or restructurings of the Bonds or in other situations where such split is deemed necessary.

16.3 Equality and conflicts of interest

- (a) The Bond Trustee shall not make decisions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders. The Bond Trustee shall, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (b) The Bond Trustee may act as agent, trustee, representative and/or security agent for several bond issues relating to the Issuer notwithstanding potential conflicts of interest. The Bond Trustee is entitled to delegate its duties to other professional parties.

16.4 Expenses, liability and indemnity

- (a) The Bond Trustee will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct. The Bond Trustee shall not be responsible for any indirect or consequential loss. Irrespective of the foregoing, the Bond Trustee shall have no liability to the Bondholders for damage caused by the Bond Trustee acting in accordance with instructions given by the Bondholders in accordance with these Bond Terms.
- (b) The Bond Trustee will not be liable to the Issuer for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless caused by its gross negligence or wilful misconduct. The Bond Trustee shall not be responsible for any indirect or consequential loss.
- (c) Any liability for the Bond Trustee for damage or loss is limited to the amount of the Outstanding Bonds. The Bond Trustee is not liable for the content of information provided to the Bondholders by or on behalf of the Issuer or any other person.
- (d) The Bond Trustee shall not be considered to have acted negligently in:
 - (i) acting in accordance with advice from or opinions of reputable external experts;
or
 - (ii) taking, delaying or omitting any action if acting with reasonable care and provided the Bond Trustee considers that such action is in the interests of the Bondholders.
- (e) The Issuer is liable for, and will indemnify the Bond Trustee fully in respect of, all losses, expenses and liabilities incurred by the Bond Trustee as a result of negligence by the Issuer (including its directors, management, officers, employees and agents) in connection with the performance of the Bond Trustee's obligations under the Finance Documents, including losses incurred by the Bond Trustee as a result of the Bond Trustee's actions based on misrepresentations made by the Issuer in connection with the issuance of the Bonds, the entering into or performance under the Finance Documents, and for as long as any amounts are outstanding under or pursuant to the Finance Documents.

- (f) The Issuer shall cover all costs and expenses incurred by the Bond Trustee in connection with it fulfilling its obligations under the Finance Documents. The Bond Trustee is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents. The Bond Trustee's obligations under the Finance Documents are conditioned upon the due payment of such fees and indemnifications. The fees of the Bond Trustee will be further set out in the Bond Trustee Fee Agreement.
- (g) The Issuer shall on demand by the Bond Trustee pay all costs incurred for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event or circumstance which the Bond Trustee reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer or any Finance Document which the Bond Trustee reasonably believes may constitute or lead to a breach of any Finance Document or otherwise be detrimental to the interests of the Bondholders under the Finance Documents.
- (h) Fees, costs and expenses payable to the Bond Trustee which are not reimbursed in any other way due to an Event of Default, the Issuer being Insolvent or similar circumstances pertaining to the Issuer, may be covered by making an equal reduction in the proceeds to the Bondholders hereunder of any costs and expenses incurred by the Bond Trustee in connection therewith. The Bond Trustee may withhold funds from any escrow account (or similar arrangement) or from other funds received from the Issuer or any other person and to set-off and cover any such costs and expenses from those funds.
- (i) As a condition to effecting any instruction from the Bondholders (including, but not limited to, instructions set out in Clause 14.3 (*Bondholders' instructions*) or Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*)), the Bond Trustee may require satisfactory Security, guarantees and/or indemnities for any possible liability and anticipated costs and expenses from those Bondholders who have given that instruction and/or who voted in favour of the decision to instruct the Bond Trustee.

16.5 Replacement of the Bond Trustee

- (a) The Bond Trustee may be replaced by a majority of 2/3 of Voting Bonds in accordance with the procedures set out in Clause 15 (*Bondholders' Decisions*), and the Bondholders may resolve to replace the Bond Trustee without the Issuer's approval.
- (b) The Bond Trustee may resign by giving notice to the Issuer and the Bondholders, in which case a successor Bond Trustee shall be elected pursuant to this Clause 16.5, initiated by the retiring Bond Trustee.
- (c) If the Bond Trustee is Insolvent, or otherwise is permanently unable to fulfil its obligations under these Bond Terms, the Bond Trustee shall be deemed to have resigned and a successor Bond Trustee shall be appointed in accordance with this Clause 16.5. The Issuer may appoint a temporary Bond Trustee until a new Bond Trustee is elected in accordance with paragraph (a) above.
- (d) The change of Bond Trustee shall only take effect upon execution of all necessary actions to effectively substitute the retiring Bond Trustee, and the retiring Bond Trustee

undertakes to co-operate in all reasonable manners without delay to such effect. The retiring Bond Trustee shall be discharged from any further obligation in respect of the Finance Documents from the change takes effect, but shall remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Bond Trustee. The retiring Bond Trustee remains entitled to any benefits and any unpaid fees or expenses under the Finance Documents before the change has taken place.

- (e) Upon change of Bond Trustee, the Issuer shall co-operate in all reasonable manners without delay to replace the retiring Bond Trustee with the successor Bond Trustee and release the retiring Bond Trustee from any future obligations under the Finance Documents and any other documents.

17. AMENDMENTS AND WAIVERS

17.1 Procedure for amendments and waivers

The Issuer and the Bond Trustee (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive a past default or anticipated failure to comply with any provision in a Finance Document, provided that:

- (a) such amendment or waiver is not detrimental to the rights and benefits of the Bondholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes;
- (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
- (c) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 15 (*Bondholders' Decisions*).

17.2 Authority with respect to documentation

If the Bondholders have resolved the substance of an amendment to any Finance Document, without resolving on the specific or final form of such amendment, the Bond Trustee shall be considered authorised to draft, approve and/or finalise (as applicable) any required documentation or any outstanding matters in such documentation without any further approvals or involvement from the Bondholders being required.

17.3 Notification of amendments or waivers

- (a) The Bond Trustee shall as soon as possible notify the Bondholders of any amendments or waivers made in accordance with this Clause 17, setting out the date from which the amendment or waiver will be effective, unless such notice according to the Bond Trustee's sole discretion is unnecessary. The Issuer shall ensure that any amendment to these Bond Terms is duly registered with the CSD.
- (b) Prior to agreeing to an amendment or granting a waiver in accordance with Clause 17.1(a) (*Procedure for amendments and waivers*), the Bond Trustee may inform the Bondholders of such waiver or amendment at a relevant information platform.

18. MISCELLANEOUS

18.1 Limitation of claims

All claims under the Finance Documents for payment, including interest and principal, will be subject to the legislation regarding time-bar provisions of the Relevant Jurisdiction.

18.2 Access to information

- (a) These Bond Terms will be made available to the public and copies may be obtained from the Bond Trustee or the Issuer. The Bond Trustee will not have any obligation to distribute any other information to the Bondholders or any other person, and the Bondholders have no right to obtain information from the Bond Trustee, other than as explicitly stated in these Bond Terms or pursuant to statutory provisions of law.
- (b) In order to carry out its functions and obligations under these Bond Terms, the Bond Trustee will have access to the relevant information regarding ownership of the Bonds, as recorded and regulated with the CSD.
- (c) The information referred to in paragraph (b) above may only be used for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

18.3 Notices, contact information

- (a) Written notices to the Bondholders made by the Bond Trustee will be sent to the Bondholders via the CSD with a copy to the Issuer and the Exchange (if the Bonds are listed). Any such notice or communication will be deemed to be given or made via the CSD, when sent from the CSD.
- (b) The Issuer's written notifications to the Bondholders will be sent to the Bondholders via the Bond Trustee or through the CSD with a copy to the Bond Trustee and the Exchange (if the Bonds are listed).
- (c) Notwithstanding paragraph (a) above and provided that such written notification does not require the Bondholders to take any action under the Finance Documents, the Issuer's written notifications to the Bondholders may be published by the Bond Trustee on a relevant information platform only.
- (d) Unless otherwise specifically provided, all notices or other communications under or in connection with these Bond Terms between the Bond Trustee and the Issuer will be given or made in writing, by letter or e-mail. Any such notice or communication will be deemed to be given or made as follows:
 - (i) if by letter, when delivered at the address of the relevant party;
 - (ii) if by e-mail, when received; and
 - (iii) if by publication on a relevant information platform, when published.

- (e) The Issuer and the Bond Trustee shall each ensure that the other party is kept informed of changes in postal address, e-mail address and telephone and contact persons.
- (f) When determining deadlines set out in these Bond Terms, the following will apply (unless otherwise stated):
 - (i) if the deadline is set out in days, the first day of the relevant period will not be included and the last day of the relevant period will be included;
 - (ii) if the deadline is set out in weeks, months or years, the deadline will end on the day in the last week or the last month which, according to its name or number, corresponds to the first day the deadline is in force. If such day is not a part of an actual month, the deadline will be the last day of such month; and
 - (iii) if a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Day.

18.4 Defeasance

- (a) Subject to paragraph (b) below and provided that:
 - (i) an amount sufficient for the payment of principal and interest on the Outstanding Bonds to the relevant Repayment Date (including, to the extent applicable, any premium payable upon exercise of a Call Option), and always subject to paragraph (c) below (the “**Defeasance Amount**”) is credited by the Issuer to an account in a financial institution acceptable to the Bond Trustee (the “**Defeasance Account**”);
 - (ii) the Defeasance Account is irrevocably pledged and blocked in favour of the Bond Trustee on such terms as the Bond Trustee shall request (the “**Defeasance Pledge**”); and
 - (iii) the Bond Trustee has received such legal opinions and statements reasonably required by it, including (but not necessarily limited to) with respect to the validity and enforceability of the Defeasance Pledge, then the Issuer will be relieved from its obligations under paragraph (a) of Clause 12.2 (*Requirements as to Financial Reports*), Clause 12.3 (*Put Option Event*), Clause 12.5 (*Information: miscellaneous*) and Clause 13 (*General and Financial Undertakings*).
- (b) The Bond Trustee shall be authorised to apply any amount credited to the Defeasance Account towards any amount payable by the Issuer under any Finance Document on the due date for the relevant payment until all obligations of the Issuer and all amounts outstanding under the Finance Documents are repaid and discharged in full.
- (c) The Bond Trustee may, if the Defeasance Amount cannot be finally and conclusively determined, decide the amount to be deposited to the Defeasance Account in its discretion, applying such buffer amount as it deems necessary.

A defeasance established according to this Clause 18.4 may not be reversed.

19. GOVERNING LAW AND JURISDICTION

19.1 Governing law

These Bond Terms are governed by the laws of the Relevant Jurisdiction, without regard to its conflict of law provisions.

19.2 Main jurisdiction

The Bond Trustee and the Issuer agree for the benefit of the Bond Trustee and the Bondholders that the City Court of the capital of the Relevant Jurisdiction shall have jurisdiction with respect to any dispute arising out of or in connection with these Bond Terms. The Issuer agrees for the benefit of the Bond Trustee and the Bondholders that any legal action or proceedings arising out of or in connection with these Bond Terms against the Issuer or any of its assets may be brought in such court.

19.3 Alternative jurisdiction

Clause 19 (*Governing law and jurisdiction*) is for the exclusive benefit of the Bond Trustee and the Bondholders and the Bond Trustee have the right:

- (a) to commence proceedings against the Issuer or any of its assets in any court in any jurisdiction; and
- (b) to commence such proceedings, including enforcement proceedings, in any competent jurisdiction concurrently.

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**ATTACHMENT 1
COMPLIANCE CERTIFICATE**

[date]

Karlsberg Brauerei GmbH 6.00% bonds 2024/2029 ISIN NO0013168005

We refer to the Bond Terms for the above captioned Bonds made between Nordic Trustee AS as Bond Trustee on behalf of the Bondholders and the undersigned as Issuer. Pursuant to Clause 12.2 (*Requirements as to Financial Reports*) of the Bond Terms, a Compliance Certificate shall be issued in connection with each delivery of Financial Reports to the Bond Trustee.

This letter constitutes the Compliance Certificate for the period [●].

Capitalised terms used herein will have the same meaning as in the Bond Terms.

With reference to Clause 12.2 (*Requirements as to Financial Reports*), we hereby certify that all information delivered under cover of this Compliance Certificate is true and accurate. Copies of our latest unconsolidated [Annual Financial Statements] / [Interim Accounts] are enclosed.

We confirm that, to the best of our knowledge, no Event of Default has occurred or is likely to occur.

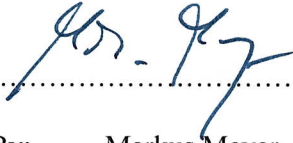
Yours faithfully,

Karlsberg Brauerei GmbH


Name of authorised person

Enclosure: Annual Financial Statements / Interim Accounts; [and any other written documentation]

SIGNATURES:

The Issuer: Karlsberg Brauerei GmbH  By: Markus Meyer Heike Ramus Position: CEO Proxy	As Bond Trustee: Nordic Trustee AS By: Position:
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SIGNATURES:

<p>The Issuer:</p> <p>Karlsberg Brauerei GmbH</p> <p>.....</p> <p>By:</p> <p>Position:</p>	<p>As Bond Trustee:</p> <p>Nordic Trustee AS</p> <p></p> <p>.....</p> <p>By: Lars Erik Lærum</p> <p>Position: Authorised signatory</p>
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Appendix 4: Loan description

Term sheet written in connection with application for registration on Nordic ABM

Date 09.11.2024 Final

ISIN: NO0013168005



Karlsberg Brauerei GmbH 6.00% senior unsecured EUR 75,000,000 bonds 2024/2029

Terms:

Documentation:

The Loan Agreement ¹⁾ is described more closely in Standard Terms

Before investing in the bond, the investor is encouraged to become familiar with relevant documents such as this term sheet, the Loan Agreement and the Issuer's financial accounts and articles of association and if relevant, admission document, cf. ABM-rules section 2.7.2.3. The documents are available with the Issuer and in Relevant Places. In the case of any discrepancies between the Loan Agreement and this term sheet, the Loan Agreement will apply.

Relevant places:

<https://www.euronext.com/nb/markets/oslo>

Issuer:

Karlsberg Brauerei GmbH

Borrowing Limit – Tap Issue:

EUR 75,000,000

First Tranche / Loan Amount : ²⁾

EUR 55,000,000

Disbursement Date: ³⁾

2 May 2024

Maturity Date: ⁴⁾

2 May 2029

Interest Rate:

6.00 per cent. per annum

Yield on Disbursement Date:

6.00 per cent. per annum

Day Count Fraction– Interest rate: ⁵⁾

30/360

Business Day Convention: ⁶⁾

Unadjusted

Interest Payment Date(s): ⁷⁾

2 May and 2 November

Interest accrual date:

2 May 2024

Date until which interest accrues:

2 May 2029

Status of the loan: ⁸⁾

Senior unsecured

Issue Price: ⁹⁾

100 per cent. of nominal amount

Denomination:

EUR 1,000

Call: ¹⁰⁾

Redemption Date(s):

02-05-2024 – 01-11-2026
02-11-2026 – 01-05-2027
02-05-2027 – 01-11-2027
02-11-2027 – 01-05-2028
02-05-2028 – 01-11-2028
02-11-2028 – 01-05-2029

Price:

Make Whole Amount
103.00 per cent.
102.10 per cent.
101.20 per cent.
100.60 per cent.
100.30 per cent.

Issuer's org. number/LEI number:

Registration number: HRB 17866
LEI-code: 529900219UBQ7AC4PF10

Number / Codes:

Sector code: 30201010 Geographic code: Germany Industry (trade) Code: 11050

Usage of funds:

The Issuer will apply the net proceeds from the Initial Bond Issue towards:

- financing the redemption, discharge and repayment of Existing Bonds,
- financing the general corporate and working capital purposes of the Issuer and,
- financing any fees, costs and expenses incurred by the Issuer in respect of the Initial Bond Issue.

The Issuer will use the net proceeds from the issuance of any Additional Bonds as set out in the relevant Tap Issue Addendum.

Approvals / Permissions:

- The issuance is approved by the board of directors on 2 April 2024
- The admission document has been inspected by Oslo Børs, cf. ABM-rules sec 2.7

Trustee:

Nordic Trustee AS, P.O. Box 1470 Vika N-0116 Oslo, Norway

Arranger(s):

Pareto Securities AS, Frankfurt Branch

Paying Agent:	Pareto Securities AS
Securities Depository:	Verdipapirsentralen ASA (Euronext VPS)
FISN- and CFI-code	KARLSBERG/6 BD 20290502, DBFUGR
Market Making:	No market-maker agreement has been entered into for the issuance of the Bonds
MiFiD II target market of end clients:	Eligible counterparties, professional clients and retail clients. No PRIIPs key information document (KID) has been prepared
Withholding tax: ¹¹⁾	Gross up
Special (distinct) conditions:	No special conditions.
Supplementary information about status of the loan and collateral: ⁸⁾	The Bonds are unsecured

Standard terms: *If any discrepancy should occur between this Loan description and the Loan Agreement, then the Loan Agreement should apply.*

Loan Agreement: ¹⁾	The Loan Agreement will be entered into between the Issuer and the Trustee prior to Disbursement Date. The Loan Agreement regulates the Bondholder's rights and obligations in relations with the Issue. The Trustee enters into this agreement on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Loan Agreement. When bonds are subscribed/purchased, the Bondholder has accepted the Loan Agreement and is bound by the terms of the Loan Agreement. For tap issues, the Loan Agreement will apply for later issues made within the Borrowing Limit. The parties' rights and obligations are also valid for subsequent issued bonds within the Borrowing Limit.
Open / Close: ^{3) 4)}	Tap Issues will be opened on Disbursement Date and closed no later than five bank days before Maturity Date.
Disbursement date: ³⁾	Payment of the First Tranche / Loan Amount takes place on the banking date ahead of Disbursement Date as agreed with the Manager(s). In case of late payment, the applicable default interest rate according to "lov 17. desember 1976 nr 100 om renter ved forsinket betaling m.m." will accrue.
Expansions – Tap Issues: ²⁾	For Tap Issues the Issuer can increase the loan above the First Tranche/Loan Amount. For taps not falling on Interest Payment Dates, Accrued Interest will be calculated using standard market practice in the secondary bond market. The Issuer may apply for an increase in the Borrowing Limit.
Issue price – Tap Issues: ⁹⁾	Any taps under the Tap Issue will be made at market prices.
Interest Period: ⁷⁾	The interest rate is due in arrears on the Interest Payment Date. The first Interest Rate is paid on the first Interest Payment Date after Disbursement Date. The subsequent period runs from this date until the next Interest Payment Date. Last Interest Payment Date corresponds to Maturity Date.
Day Count Fraction– Interest rate: ⁵⁾	Interest shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days, in case of a non-finished month the actual number of calendar days (30/360-basis), with the exception of periods where a) the last day in the period is the 31 st calendar day, and the first day of the period is neither the 30 th nor the 31 st of the month, in which the month containing the period shall not be reduced to 30 days; or b) the last day of the period is the last calendar day in February, in which February shall not be extended to a 30-day month.
Standard Business Day Convention ⁶⁾	Interest Payment Date will not be moved even if it is on a day that is not a banking day. If Interest Payment Date is not a banking day, payments will be made on the following banking day.
Accrued interest:	Accrued Interest rates for trades in the secondary bond market are calculated on the basis of current recommendations of Norske Finansanalytikerers Forening (<i>The Norwegian Society of Financial Analysts</i>).
Condition – Call: ¹⁰⁾	Exercise of Call shall be notified by the Issuer to the Bondholders and the Bond Trustee at least ten Business Days prior to the relevant Call Date. Partial exercise of Call shall be carried out pro rata between the Bonds (according to the procedures in the Securities Register).
Registration:	The loan must prior to disbursement be registered in the Securities Depository. The bonds are being registered on each Bondholders account or nominee account in the Securities Depository.
Issuer's acquisition of bonds:	The Issuer has the right to acquire Bonds and to retain, sell or discharge such Bonds in the Securities Depository. Subordinated bonds may not be purchased, sold or discharged by the Issuer without the consent of Finanstilsynet, provided that such consent is required.
Amortisation: ⁴⁾	The bonds will run without instalments and be repaid in full on Maturity Date at par, provided the Issuer has not called the bonds.
Redemption:	Matured interest rate and matured principal will be credit each Bondholder directly from the Securities Registry. Claims for interest and principal shall be limited in time pursuant the Norwegian Act relating to the Limitation Period Claims of May 18 1979 no 18, p.t. 3 years for interest rates and 10 years for principal.
Sale:	Tranche 1/ Loan amount has been sold by the Arranger. Later taps can also take place by other authorized investment firms.

Legislation:	Disputes arising from or in connection with, the Loan Agreement which are not resolved amicably, shall be resolved in accordance with Norwegian law and the Norwegian courts. Legal suits shall be served at the Trustee's competent legal venue.
Fees and expenses:	Any public fees payable in connection with the Bond Agreement and fulfilling of the obligations pursuant to the Bond Agreement shall be covered by the Issuer. The Issuer is not responsible for reimbursing any public fees levied on the trading of Bonds.
Withholding tax: ¹¹⁾	<p>The issuer is responsible for withholding any withholding tax imposed by applicable law on any payments to be made by it in relation to the bonds.</p> <p>The issuer shall, if any tax is withheld in respect of the bonds for which the issuer is responsible, gross up the amount of the payment due from it up to such amount which is necessary to ensure that the bondholders or the bond trustee, as the case may be, receive a net amount which is (after making the required withholding) equal to the payment which would have been received if no withholding had been required.</p>



Homburg, 09.11.2024





KARLSBERG

ANNUAL REPORT

FOR THE FINANCIAL YEAR 2023
OF THE KARLSBERG BRAUEREI GMBH,
HOMBURG



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General note:
For computational reasons, rounding differences to the mathematically exact values (monetary units, percentages, etc.) may occur in tables and references.

KEY INDICATORS*

KARLSBERG BRAUEREI GMBH

Key figures in EUR million	2023	2022	2021	2020	2019
Gross revenue ¹	153.3	151.3	144.9	149.9	159.4
Investments ² (intangible assets, property, plant and equipment and other loans)	16.1	12.3	9.3	13.7	7.4
EBITDA adj. ³	17.7	17.6	18.5	21.3	19.7
Depreciation and amortisation	9.3	8.9	8.4	8.8	9.5
EBIT adj. ⁴	8.4	8.7	10.1	12.5	10.2
Total assets	151.4	146.6	140.8	151.3	147.3
Equity	46.1	42.6	42.6	42.6	42.6
Equity ratio	30.5%	29.0%	30.3%	28.2%	28.9%
Net income before earnings-related compensation	5.7	6.4	7.0	9.0	8.3
Employees (average number)	261	258	257	263	258
Personnel expenses (wages and salaries, social security contributions and pensions)	19.4	19.5	19.2	18.9	18.9

¹ Gross revenue = revenue before subtraction of revenue deductions and excise duties

² 2023 excluding balance sheet reclassifications of inventories to technical equipment and machinery in the amount of EUR 3.3 million

³ EBITDA adj. = EBIT adj. plus amortisation of intangible assets and depreciation of property, plant and equipment

⁴ EBIT adj. = earnings after taxes plus income taxes, plus interest and similar expenses, plus write-downs on financial assets, less other interest and similar income, less income from other securities and loans classified as financial assets, plus extraordinary expenses from the pro rata allocation to pension provisions arising from the application of Art. 66 and 67 (1) to (5) EGHGB (Transitional Provisions to the German Accounting Law Modernisation Act (BilMoG)), plus/less significant extraordinary expenses/income

* Section unaudited



KEY FACTS*

REVENUE GROWTH IN BRAND BUSINESS AND STABLE EBITDA

“Given the market environment and the resulting challenges during the last financial year, we can be satisfied with our business performance in 2023. With our strong brand portfolio, we are well positioned for the future. New customer business in the out-of-home sector and the steady national expansion of distribution in the food retail sector have led to further solid growth in revenue for our main brands, Karlsberg and MiXery. The new launch of MiXery Iced Purple and the popular euro bottle for our Karlsberg Helles, Karlsberg Kellerbier and our Karlsberg Weizen range were the highlights of 2023”.

Markus Meyer, Managing Director of Karlsberg Brauerei GmbH

Gross revenue from beverages¹

+ 1.4% increase in revenue

Growth with our brands **Karlsberg + 7.5%** / **MiXery + 1.1%**.

Domestic revenue + 2.1% compared with the previous year, **+ 16.1%** in the out-of-home business.

Revenue in **international business** down by **- 3.4%**.

Our brands

New customers and product launches in the middle of the year

Besides **acquiring out-of-home customers** in the south-west and further expanding the **national distribution** of **MiXery**, the **product launches** of MiXery Iced Purple and the launch of the euro bottle for parts of the Karlsberg range significantly boosted revenue.

Adjusted EBITDA

Slightly above previous year

Adjusted EBITDA of **EUR 17.7 million**

indicates solid growth despite significant increase in raw material and energy prices.

Investments

Well positioned thanks to major investments in recent years

Major investment in site, out-of-home and product equipment amounting to **EUR 13.0 million**.²

Projects at the site, in particular to reduce energy and water consumption.

Forecast for 2024 financial year

Revenue and earnings forecast

Further growth in brand business, slight increase in revenue expected.

Adjusted EBITDA also expected to be **slightly above the previous year's figure**, with prices for raw materials and energy remaining high.

¹ Gross revenue = revenue before subtraction of revenue deductions

² Investments excluding investment in shares in affiliated companies and balance sheet reclassifications.





Christian Weber together with the Karlsberg brewers at the Karlsberg event location Alte Schlosserei



FOREWORD*

Dear friends of the Karlsberg Brauerei

In the 2023 financial year, we diligently pursued our strategy and focused on our strong brands.

Our mission is always centred on making our consumers' lives better with our beverages and passing on a healthy company for generations to come. Working as a team, we were able to hold our own in a challenging market environment and are well positioned for the future thanks to the investments we have made.

Our brands continued to be successful in 2023. New customer business in the out-of-home sector and the steady national expansion of distribution in the food retail sector drove further solid revenue growth for our main brands, Karlsberg and MiXery. We expanded our portfolio to include innovative products, such as MiXery Iced Purple and the launch of the popular euro bottle for the speciality range, which has delighted our customers. This year, we have also invested in new technology, out-of-home and product equipment, among other things. We are also constantly working on sustainability and are actively committed to conserving our resources.

We have been working together on implementing our strategy with huge commitment and enthusiasm. With our strong brand portfolio, we are well positioned for the future. We are proud of our successes and will continue to place our strategic focus on growing our major brands in Germany and abroad and achieving a sustained improvement in profitability.

Why not join us on this journey!

Best regards
Christian Weber
Managing Partner of Karlsberg Brauerei KG Weber

* Section unaudited



KARLSBERG



OUR COMPANY'S FOCUS*

At Karlsberg Brauerei GmbH, we consider it our job to make the lives of our consumers better through our drinks and to pass on a healthy company for generations to come. As part of the Karlsberg Group, a fifth-generation family-run company, we belong to a group of strong beverage brands. Our shared corporate culture and values are the foundations of what we do. Our strategy is based on four strategic pillars:

- Strong team
- Major brands
- Getting better every day
- Thinking in generations

Strong team

We have always seen people as the key to our business success. Strengthening and developing our teams is very much our priority. We involve as many employees as possible in this process through regular employee surveys. As a signatory to the Diversity Charter, we not only recognise diversity, but are also committed to promoting it in all its facets.

Major brands

We are focussing on developing and expanding our brands, particularly our major brands Karlsberg and MiXery. We also want to develop other brands from our portfolio, such as the Bundaberg brands, into major brands. In the long term, our goal is to integrate further brands into our portfolio, including those from outside the company.

Getting better every day

In recent years, we have steadily improved our processes within the Group and increased our productivity and efficiency. By systematically digitalising our processes and making further investments in our production sites, we will continue making further progress in improving ourselves.

Thinking in generations

We take responsibility for the time after us: Corporate responsibility combined with sustainable action has always been a hallmark of our Group. In defining our strategy for the next few years, we have placed even greater emphasis on economic and ecological sustainability. Taking water from the earth's soil and enriching it with ingredients from nature is a gift that we value by acting responsibly.

With our four strategic pillars as a driving force and framework, our Group will continue to steadily and purposefully evolve over the coming years. As part of our annual strategy process, we regularly define our specific goals and initiatives and use metrics to continuously monitor our progress. We see this as our future path to being a sustainable business.



* Section unaudited



SUSTAINABILITY

SUSTAINABILITY*

WE THINK IN GENERATIONS

As a food manufacturer of beer as a natural product, Karlsberg Brauerei GmbH aims to guarantee its customers and consumers the highest quality of its products.

A strong environmental awareness of the people involved, sustainable economic practices, and the conservation of natural resources are key components of our company's responsible business activities.

Environmental commitment

Karlsberg Brauerei GmbH has been committed for years to systematically and sustainably reducing energy consumption in the company and making further progress in improving energy efficiency. To ensure this, the company has had an energy management system certified in accordance with DIN EN ISO 50001 since 2014. This is used to achieve the goals based on the company's energy policy with the help of the defined measures and therefore to make an important contribution to conserving resources. ISO 50001 is a globally recognised standard for the verification of systematic energy management.

Being mindful of energy consumption at the workplace is a key concern for us. We are raising awareness among our employees by installing monitors that show current energy consumption. This will enable our employees to find out about energy consumption at any time and respond to it in their area if necessary.

Karlsberg Brauerei GmbH has also been an active member of the Saar Environmental Pact since 2017. By participating, we are committing ourselves to the goal of strengthening Saarland as a location for industry and business through resource-conserving and energy-efficient economic activity.

Water

Karlsberg Brauerei GmbH operates four of its own wells and obtains water from the municipal water supply. The company's water consumption is continuously monitored and constantly improved through investment projects. A key aspect of conserving water resour-

ces is operating a fully biological wastewater treatment plant, which cleans our own wastewater and discharges it directly into the outflow.

Energy, electricity and CO₂

Most of the electricity and heat is generated by the company itself. In 2016, we put a new combined heat and power plant with an electrical output of 3.5 MW into operation, significantly increasing the efficiency of our energy generation. The surplus heat has since been fed into the public district heating network. Karlsberg Brauerei GmbH supplies around 15% of the heat energy in the district heating network of the city of Homburg. The biogas generated by the wastewater treatment plant is converted into process steam, making a significant contribution to the brewery's heat supply. We have also been leasing our roof areas since 2010 to feed electricity into the grid from solar installations.

Electromobility

Over the next few years, Karlsberg Brauerei GmbH will gradually convert its fleet of company cars, lorries and forklift trucks to electrically powered vehicles. The company car policy already favours e-cars over combustion vehicles.

Key projects to reduce resource consumption

The sustainable development of a company depends in great measure on making continuous investments in technical equipment which can make processes more resource efficient.

Karlsberg Brauerei GmbH's technical investments in the last three years amounted to EUR 15.2 million.

Key projects which have contributed to the conservation of resources in recent years include

- the commissioning of the highly efficient combined heat and power plant in 2016.
- an energy storage system in the brewhouse, which went live in 2019.



- a new high-performance KEG drum filling system, which went live in 2021. With this compact and efficient system, significant savings of up to 75% were achieved in the area of drum filling in terms of water, steam and electricity consumption.
 - the commissioning of a new bottle washer in November 2023. With this investment, we want to significantly reduce water and steam consumption in this production step; the plan is to cut it by around 70%.
 - the current analysis of heat sources and heat sinks in the brewery as part of a master's thesis. Here, we are laying the foundations for a future waste heat utilisation concept.
 - the conversion to LED lighting in the production area.
- Thanks to the measures implemented, we slashed the brewery's CO₂ emissions from 26,176 tonnes in 2017 to 14,504 tonnes in 2023.

Research and cooperations

The company is also active in the field of research. In 2021, Karlsberg Brauerei GmbH took part in a demonstration project for bio natural gas production from carbon dioxide (CO₂) and hydrogen (H₂) in cooperation with the Saarland University of Applied Sciences (htw saar).

Circular economy

Reusables

At our company, we opt for the use of reusable containers, particularly refillable bottles and barrels. The share of revenue (gross) in returnable containers was 59.4% in 2023. To enhance this system, we are constantly investing in new bottles, barrels and crates. In the last three years, Karlsberg Brauerei GmbH has invested a total of EUR 13.4 million.

When new crates are purchased, the used crates are shredded, and the recycled material reused in the manufacturing process to make new crates.

Almost all of any broken glass produced during the production



process is returned to the glassworks so that this material can also be reused in the production of new bottles.

Spent grains

A significant by-product during the beer production process is spent grains. These leftovers from the brewing process are turned into animal feed.

Surplus yeast

The surplus yeast produced during the brewing process is carefully collected and utilised in the cosmetics industry.

Packaging materials

In recent years, the company has worked hard to reduce the amount of material used in trays for beverage cans and films for securing pallets by using thinner trays and films with the same stability.

Waste

Thanks to separate collection and process optimisation at Karlsberg Brauerei GmbH, the proportion of recyclable material in total waste has been increased to 98%. The remaining residual waste is thermally utilised.

Our products

Quality

We are passionate about the quality of our products. Evidence of Karlsberg Brauerei GmbH's strong commitment to quality and safety can be found in the certifications and awards that guarantee the highest quality of processes and products, as well as impeccable food safety. The company has been certified with the IFS Food Standard by SGS Institut Fresenius GmbH. This standard is a Europe-wide recognised control procedure for checking quality and safety in the food sector. The company has also entered into an agreement on quality policy, committing itself to economic, social and ecological sustainability, as well as to active consumer protection both internally and externally. In recent years, Karlsberg Brauerei GmbH has received confirmation of its high quality standards in national and international competitions. We have won awards with many of our beers, including at the World Beer Awards, Meininger International Craft Beer Awards and the European Beer Stars Competition. In 2023, we were especially pleased to receive awards for our Karlsberg UrPils and Karlsberg Bock at the

Finest Beer Selection 2023 and scoop up 11 awards at the World Beer Award. In 2023, we won the Convenience Best award with our MiXery Iced Purple product.

Supply chains

In recent years, quality and value have been given a higher priority when awarding contracts. We have adopted a Group-wide Code of Conduct in which we have committed ourselves to the ETI Base Code of the Ethical Trading Initiative, a membership initiative to improve working conditions worldwide.

We require our suppliers to comply with the regulations of the Code of Conduct for Business Partners, which was adopted at the same time as the internal Code of Conduct. The largest suppliers are also checked to see whether they have a certified environmental management system in place.

We are also currently revising our supplier contracts to integrate the corporate due diligence obligations relating to the Supply Chain Due Diligence Act in the future. In December 2023, we created the new position Supply Chain Compliance Officer, which is responsible for monitoring compliance with legal regulations, industry-specific standards and company guidelines within our supply chain.

We also promote sustainable, regional supply chains and are increasingly working with regional service providers and suppliers.

Social engagement

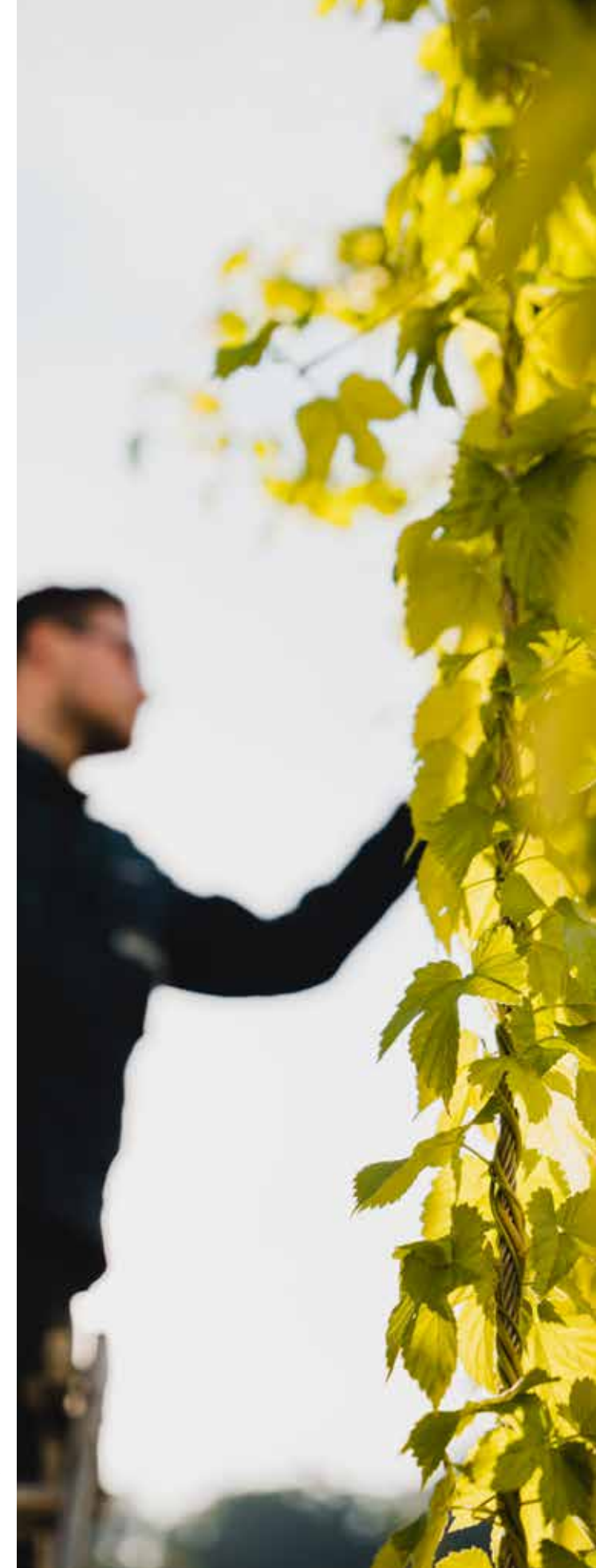
Responsibility

As a producer of alcoholic beverages, Karlsberg Brauerei GmbH also fulfils its social responsibilities with regard to the conscious and responsible consumption of beer. As a member of the German Brewers' Federation, we are committed to a code of conduct – the Brewers' Code – which purposefully goes beyond the legal and so far voluntary framework conditions for trading in and advertising beer. Karlsberg Brauerei GmbH is also involved in the German brewers' prevention campaign "Bier bewusst genießen" [Enjoy beer responsibly] and also displays this message on the labels of its beers. The company also supports the German Brewers' Federation's "Don't drink and drive" initiative, which educates young drivers between the ages of 18 and 25 on the effects of alcohol consumption on their ability to drive. We are promoting the campaign via our social media channels, displaying

the slogan on the labels of our MiXery product and using it in our communications, including advertising on public transport such as the Saarbahn.

Social responsibility

Social commitment is also close to our hearts. The Karlsberg Brauerei GmbH sees itself as part of society and takes its social responsibilities very seriously particularly at regional level. Our engagement is aimed at various organisations and campaigns every year. Among other things, we support a large number of clubs and events in the region.





ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT REPORT AS AT 31 DECEMBER 2023

MANAGEMENT REPORT

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023

I. GENERAL INFORMATION ON THE BUSINESS

Business model

Karlsberg Brauerei GmbH is a traditional, family-run brewery. The company pursues a consumer-focused strategy of developing, producing and selling a wide range of alcoholic and non-alcoholic drinks brands. It focuses on the strategic brands Karlsberg and MiXery with a portfolio of beers, mixed beer drinks and non-alcoholic beers, along with a range of other own brands and brands from cooperation partners. This brand business is supplemented to a limited extent by contract manufacturing, particularly for international customers.

Corporate management systems

The management primarily measures the company's performance using the key performance indicators of revenue (sales revenue after subtraction of excise duties) and adjusted EBITDA.¹

Operational management is based on productivity indicators such as EBITDA/litre, costs per production volume (EUR/hectolitre) in production or volume sold per outlet per week in retail sales, as well as sustainability indicators. These internal key indicators are not commented on in the external accounting.

Besides these key indicators, adjusted EBIT², investments and free cash flow are also important financial indicators for measuring operational financial performance. The management makes a comparison with both the previous year and the plan for the current financial year so it can recognise deviations at short notice and take appropriate countermeasures promptly.

II. REPORT ON THE ECONOMIC POSITION

Macroeconomic and sector-specific conditions

Overall economic situation

Price-adjusted gross domestic product (GDP) dipped by 0.3% in 2023 compared with the previous year (PY: + 1.8%), according to preliminary figures from the Federal Statistical Office (Destatis).

Energy price increases and geopolitical tensions unsettled producers, investors and consumers alike. Global trade increasingly lost momentum in the reporting year, with negative consequences for the German export industry. Energy prices, which had soared in 2022 as a result of the Russian attack on Ukraine, stabilised at a high level and weighed in particular on industrial production. The favourable financing conditions that had prevailed for years were negatively impacted by rising interest rates. Overall, prices remained high at all levels of the economy despite the recent declines.

On the demand side, private consumer spending, which was still the main pillar of the German economy in the previous year, fell by 0.8% in real terms (PY 2022: + 3.9%) compared with the previous year due to the impact of high inflation.

Germany's export-orientated industry felt the effects of the weakness in global trade.

Export sales of goods and services went down by 1.8% (PY 2022: + 3.3%) in price-adjusted terms in the year under review, according to preliminary figures from the Federal Statistical Office. Imports also slipped back by 3.0% compared with the previous year (PY 2022: + 6.6%).³

Retail sales in 2023 declined by 3.3% (PY 2022: - 0.7%) in price-adjusted terms and increased by 2.3% (PY 2022: + 7.8%) in nominal terms compared with the previous year, according to preliminary figures from the Federal Statistical Office. Retail sales of food, beverages and tobacco products were 3.9% down (PY 2022: - 4.6%) on a price-adjusted basis and 5.9% higher (PY 2022: + 5.5%) in nominal terms than in the same period of the previous year.⁴ The difference

between the price-adjusted and nominal results was a reflection of the strong upturn in prices.

Companies in the hospitality industry in Germany produced 1.1% (PY: + 45.4%) more revenue than in 2022 on a price-adjusted basis and 8.5% (PY: + 55.7%) more revenue in nominal terms. Price-adjusted turnover in the catering industry was 0.9% lower (PY: + 38.7%) and nominally 7.2% (PY: + 48.3%) higher than in the same period of the previous year. In the accommodation sector, revenue was slightly higher at 4.5% (previous year: + 63.8%) on a price-adjusted basis and 10.8% in nominal terms (PY: + 76.7%).⁵

Beer market

Following growth of 2.7% last year, the German brewing industry once again posted a drop in sales in 2023. Total sales (including exports) retreated by 4.5% to around 83.8 million hectolitres, according to the Federal Statistical Office. Domestic sales decreased by 4.2% to 69.3 million hectolitres. The price increases that became necessary were significant and discouraged consumption. Consumers' reluctance to spend in the retail and out-of-home sectors also had an impact on breweries, which were unable to escape the general trend.

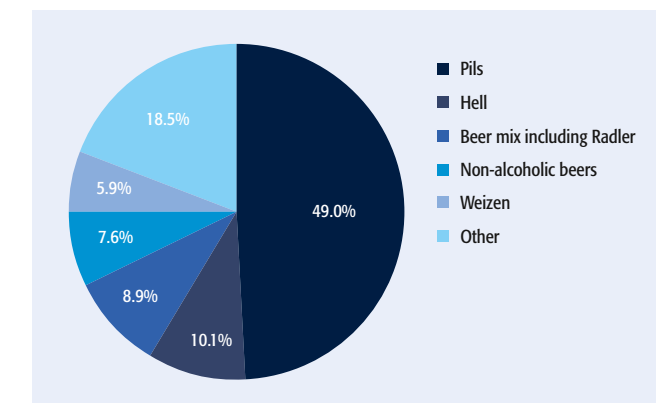
German breweries' export business also experienced diminishing sales. These breweries exported 9.6% less beer to countries outside of the EU than in 2023. Tax-free beer sales to EU countries dropped by 2.6%.⁶

New regional specialities and craft beers have enriched the German beer market in recent years, particularly in the upper price segment. The resulting increase in consumer awareness has enabled the German brewing industry to post continuous value growth over the last few years.

On the product side, Helles, which is especially popular in southern Germany, increased its market share to around 10% despite a slight drop in sales. Non-alcoholic beers also got caught up in the general market trend, but lost less ground and achieved a market share of

around 8% in the past year. With a market share of around 6%, wheat beer was unchanged on the previous year. Pilsner was still the most popular types of beer among Germans, with a market share of 49.0% (PY: 49.1%).⁷

German beer market – share of beer types in retail (in %):



Business performance

The acquisition of new customers in the out-of-home sector, steady national expansion of the MiXery brand in retail, and launch of new products combined with price increases further boosted revenue and, according to the management's assessment, contributed to a good business performance in financial year 2023.

Despite the market environment and the resulting challenges, Karlsberg Brauerei GmbH increased its gross revenue⁸ by EUR 2.0 million (+ 1.4%) to EUR 153.3 million in the reporting year.

Beverage gross revenue in Germany went up by around EUR 2.5 million (+ 2.1%) to EUR 123.6 million.

The brand business with the brands Karlsberg and MiXery also notched up revenue growth in the reporting year.

¹ Adjusted EBITDA = Adjusted EBIT plus amortization of intangible assets and depreciation of property, plant and equipment.

² Adjusted EBIT = earnings after taxes plus income taxes, plus interest and similar expenses, plus write-downs on financial assets, less other interest and similar income, less income from other securities and loans classified as financial assets, plus extraordinary expenses from the pro rata allocation to pension provisions arising from the application of Art. 66 and 67 (1) to (5) EGHGB (Transitional Provisions to the German Accounting Law Modernisation Act (BilMoG)), plus/less significant extraordinary expenses/income.

³ Source: Press release from the Federal Statistical Office (Statistisches Bundesamt) dated 15 January 2024.

⁴ Source: Press release from the Federal Statistical Office (Statistisches Bundesamt) dated 31 January 2024.

⁵ Source: Press release from the Federal Statistical Office (Statistisches Bundesamt) dated 20 February 2024.

⁶ Source: Press release from the Federal Statistical Office (Statistisches Bundesamt) dated 1 February 2024.

⁷ Source: NIQ; LEH + GAM, market share of beer varieties, period January to December 2023 (sales).

⁸ Gross revenues = revenues before subtraction of revenue deductions and excise duties.



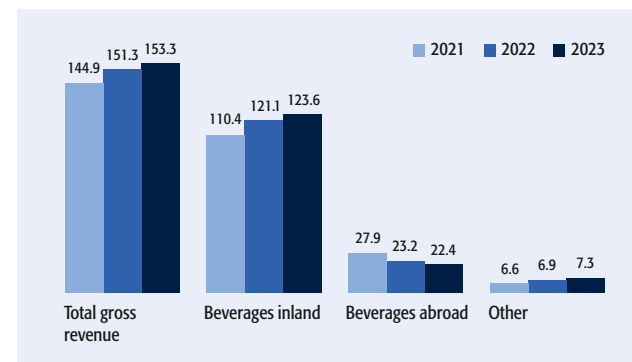
The Karlsberg brand enjoyed a significant 7.5% increase in revenue, and also a slight increase in terms of volume, thus outperforming the market.⁹ In particular, draft beer revenue in Germany made a very significant contribution to operating business performance in the out-of-home sector, achieving a big jump in revenue of 16.1%. The MiXery brand achieved an increase in revenue of 1.1%. Compared with the previous year, market share in the national segment of alcoholic mixed beer beverages climbed slightly.¹⁰

Overall, the focus in the past financial year was increasingly on marketing and sales activities to support the brand business, accompanied by new product launches. The addition of two new flavours to the MiXery range (MiXery Iced Purple and MiXery Beer X Lemon) provided an additional stimulus in the retail sector. In the regional market, the new launch of Karlsberg Pilsener and the euro bottle for the speciality beers Helles (pale lager), Weizen (wheat) and Kellerbier (cellar) generated fresh momentum, according to the management. In addition, the brands Karlsberg and MiXery were relaunched in the first half of the year.

However, beverage revenue in the international business stood at EUR 22.4 million and was EUR 0.8 million (- 3.4%) lower than the previous year's level.

Other sales revenue of EUR 7.3 million mainly included rental and freight income, commission, income from cost allocations and other income.

Gross revenue (in EUR million):



Production and procurement

The production facility of Karlsberg Brauerei GmbH is located in Homburg.

The procurement of the most important assets for the brewery's business operations, such as raw materials, packaging and containers, is governed by contract, in some cases on a long-term basis. In the past financial year, the prices of almost all raw materials, consumables and supplies rose, in some cases significantly, as a result of the general economic conditions. Energy costs posted the strongest price increase compared with the previous year.

Employees

In the 2023 financial year, the average number of employees totalled 261 (PY: 258). For more details, please refer to the notes.

Results of operations

Karlsberg Brauerei GmbH's sales revenue (after subtraction of excise duties) of EUR 122.6 million was around EUR 2.2 million higher than in the previous year (EUR 120.4 million) due to the aforementioned good business performance in the reporting year.

To mitigate the effects of the very steep growth in purchase prices, Karlsberg Brauerei GmbH had to raise prices in the past financial year both in food retailing and in beverage wholesaling.

Other operating income stood at EUR 5.3 million in the reporting year and was therefore higher year on year (EUR 4.1 million). In the reporting year, this included income from compensation payments and the charging on of costs totalling EUR 2.2 million, the offsetting items of which were mainly recognised in other operating expenses and therefore had no effect on profit or loss from an overall perspective. A large portion of the other operating income was from income from the reversal of provisions and from cost pass-throughs.

⁹ Source: Press release from the Federal Statistical Office (Statistisches Bundesamt) dated 1 February 2024.

¹⁰ Source: NIQ, alcoholic beer mix category, Germany LEH + DM + GAM + TS, week 52/ 2023 (by revenues).



Rising prices for raw materials and supplies, energy and external logistics had a significant negative impact on the operating business. Taking into account the significant price increases, the cost of materials including the cost of purchased services totalled EUR 46.2 million and was therefore EUR 2.4 million higher than the previous year's figure of EUR 43.8 million.

As a result, gross profit¹¹ went down by EUR 0.5 million to EUR 77.2 million in the past financial year.

Personnel expenses amounted to EUR 19.4 million and were slightly below the previous year's level (EUR 19.5 million). The necessary adjustments to the valuation of pension provisions had a negative impact on personnel expenses of around EUR 0.5 million (PY: EUR 0.5 million).

Depreciation and amortisation of EUR 9.3 million was above the previous year's level (EUR 8.9 million), taking into account the significant increase in investments.

Other operating expenses increased by EUR 0.5 million to EUR 47.1 million, mainly due to higher marketing and sales expenses for the brand business.

The financial gains or losses item stood at EUR - 1.0 million, which was lower than in the previous year (EUR - 0.2 million) mainly as a result of higher interest expenses and lower income from long-term investments than in the previous year.

The net income generated in the 2023 financial year before profit transfer to Karlsberg Holding GmbH stood at EUR 5.7 million (PY: EUR 6.4 million).

Thanks to the positive revenue trend, this was a good performance despite the significant effects of higher raw material, energy and logistics prices.

Consequently, the key performance indicators – adjusted EBITDA and EBIT (see "Corporate management systems" section for the definition of key indicators) – were solid in the reporting year, according to management, and slightly above and below the previous year's level at

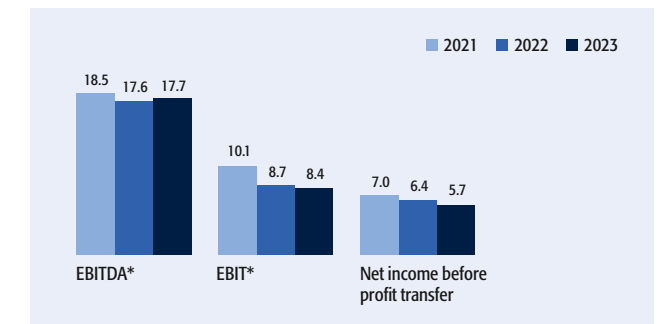
EUR 17.7 million (PY: EUR 17.6 million) and EUR 8.4 million (PY: EUR 8.7 million) respectively. The adjusted EBITDA margin¹² was 14.4% (PY: 14.6%) while the adjusted EBIT margin¹³ was 6.9% (PY: 7.2%).

Comparison with previous year's forecast

Karlsberg Brauerei GmbH's revenue totalled EUR 122.6 million, a rise of 1.9%, in line with the forecast of a moderate increase.

Taking into account the negative impact of higher raw material, energy and logistics prices, adjusted EBITDA in the 2023 financial year was up from the previous year's figure (EUR 17.6 million) at EUR 17.7 million. The earnings forecast of a moderately higher adjusted EBITDA than in the previous year was therefore also achieved.

Key performance indicators (in millions of EUR)



* EBIT/EBITDA adjustment:

FY 2021: Adjusted EBITDA and EBIT adjusted for recognised extraordinary expenses from the pro rata addition to pension provisions arising from the application of Art. 66 and 67 (1) to (5) of the Introductory Act to the Commercial Code (EGHGB) in the amount of EUR 0.1 million (no adjustment for Covid-19 financial aid received in 2021 to compensate for revenue and gross profit losses).

FY 2022 and 2023: adjusted EBITDA and EBIT adjusted for extraordinary expenses of EUR 0.1 million from the pro rata addition to pension provisions from the application of Art. 66 and 67 (1) to (5) EGHGB.

¹¹ Gross profit = sales revenue after subtraction of excise duties +/- change in inventories - cost of materials (incl. expenses for purchased services)

¹² adj. EBITDA margin = ratio of adj. EBITDA to sales revenue after subtraction of excise duties.

¹³ adj. EBIT margin = ratio of adj. EBIT to sales revenue after subtraction of excise duties.



Financial position

Cash flow from operating activities of EUR 19.3 million was below the previous year's figure of EUR 21.7 million, which benefited from positive balance sheet effects as at this reporting date.

Cash flow from investing activities of EUR - 19.3 million was well below the previous year's level of EUR 2.3 million due to increased investment activity, which had been impacted by increased cash inflows from short-term financial positioning totalling EUR 9.5 million. Payments for investments of EUR 16.1 million were much higher than in the previous year (EUR 12.3 million).

Cash flow from financing activities of EUR - 8.2 million (PY: EUR - 11.3 million) was significantly impacted by the profit transfer to Karlsberg Holding GmbH and the increase in share capital of EUR 3.5 million in the reporting year. Interest paid of EUR 4.3 million exceeded the previous year's figure of EUR 3.7 million.

The company's **cash and cash equivalents** dropped by a total of EUR 8.2 million to EUR 7.9 million in the reporting year (PY: EUR 16.1 million), mainly due to the increase in investment activities. As at 31 December 2023, the company had a total credit line of around EUR 17.5 million at its disposal, which had not been utilised as at the reporting date (PY: no utilisation).

Due to the positive cash position and sufficient free credit lines, the company could fulfil its payment obligations at all times.

More details can be found in the cash flow statement within the appendix to the management report.

Net assets

Karlsberg Brauerei GmbH's total assets as at 31 December 2023 amounted to EUR 151.4 million and were therefore higher than in the previous year (EUR 146.6 million).

Non-current/fixed assets of EUR 91.3 million rose by around EUR 8.2 million in the reporting period due to increased investment activity.

Investments in the 2023 financial year amounted EUR 16.1 million and were therefore significantly higher than in the previous year (EUR 12.3 million), mainly due to increased investment in the location and out-of-home equipment. In addition, additions were made to assets in the reporting year from the reclassification of spare parts inventories of EUR 3.3 million, which were previously recognised under raw materials, consumables and supplies. More details can be found in the notes.

The biggest single technical investment to improve processes in the area of production and bottling with the aim of reducing resource consumption in the reporting period was an investment in a new bottle washing machine, for which prepayments were made in the reporting period. This investment will enable the company to significantly reduce water and steam consumption in this particular part of the production process over the next few years.

Other major individual technical projects included investment in new laboratory technology, a new separator for manufacturing, and expanding bottle filling capabilities to accommodate a new type of bottle (euro bottle).

In addition, the focus of investment activity in the past financial year was also in the sales area with major investment in product equipment for the brands, especially new crates and bottles, and in outdoor advertising for the out-of-home industry, as well as various smaller technical investments to modernise production technology, for quality assurance, and to reduce energy costs.

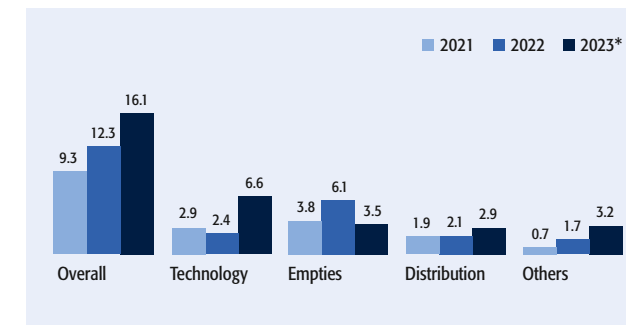
Concerning financial investments, the company repurchased shares in Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA, Bad



III. RISK REPORT

Teinach-Zavelstein, from the pension fund Karlsberg Brauerei e.V., Homburg, amounting to about EUR 3.1 million (PY: EUR 1.5 million).

Investments (in millions of EUR)



* excluding recognition of balance sheet reclassifications of inventories to technical equipment and machinery of EUR 3.3 million

Current assets went down by EUR 3.5 million to EUR 60.0 million in the reporting period, mainly due to a decrease in inventories of EUR 2.1 million and cash and cash equivalents of EUR 8.2 million. On the other hand, receivables from affiliated companies increased by EUR 7.9 million to EUR 21.2 million compared with the previous year due to the timing of the reporting date.

On the liabilities side, equity increased once the EUR 3.5 million capital increase carried out in the reporting year is factored in. After transferring the net profit for the year in full to the shareholder, equity stood at EUR 46.1 million as at the reporting date. As a result, the equity ratio rose from 29.0% in the previous year to 30.5% despite the increase in total assets in the reporting year.

Provisions were higher than in the previous year. Overall, provisions increased by EUR 0.7 million to EUR 28.3 million, mainly due to higher provisions for pensions and similar obligations, outstanding invoices and customer compensation.

Liabilities amounted to EUR 77.0 million and were therefore marginally higher than in the previous year (EUR 76.4 million).

The risk management system set up for the Karlsberg Group is continuously being developed and adapted to changing legal and operational requirements. Besides identifying and monitoring risks, associated opportunities are also recognised.

The aim of risk management is to identify risks as early as possible, evaluate them, and prevent business losses or damage to the company by taking appropriate measures. At the same time, opportunities which can have a positive impact on the company's development should be identified.

A systematic risk management system has been set up within the Group for this purpose, which is geared towards the specific requirements and circumstances of the individual companies forming part of the Karlsberg Group.

The risk management system is networked with other Group management systems, in particular with planning, monthly reporting and quality assurance, both organisationally and technologically. This utilises the internal control system and ensures interdisciplinary exchange of information.

The risk analysis covers a planning horizon of one year.

The following risk areas are considered especially important for Karlsberg Brauerei GmbH:

Macroeconomic risks

Like any business enterprise, Karlsberg Brauerei GmbH is also dependent on various macroeconomic factors which are beyond the company's direct control. Economic risks, high inflation with an impact on the purchasing power of market participants and the situation on financial markets can all take their toll on the company's development.

There are currently a number of risks to the global economy, which overlap and reinforce each other, which are also difficult to predict in terms of their progression and impact.

WIR HABEN DEM DEUTSCHEN PILSENER EINEN FEINSCHLIFF VERPASST.

AUCH FRISCH VOM FASS

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Moreover, inflation plunged over the course of 2023, but will continue to rise over a multi-year horizon. Market participants also increasingly speculated on food commodities and thus drive up their prices further. The management believes the impact of individual risks is lessened due to the company's broadly diversified and robust business model, coverage of a number of different product categories and its presence in different sales channels, markets and regions.

Geopolitical risks

Risks with a potential impact on the growth and sales of Karlsberg Brauerei GmbH products can also arise from unfavourable political developments, such as an escalation in geopolitical conflicts and an increase in protectionist tendencies. These may have a negative impact on consumer climate in the markets.

The ongoing war in Ukraine and other geopolitical conflicts such as the unrest in the Middle East potentially poses considerable risks for the German economy. Overall, a high level of political and economic uncertainty could fundamentally change the environment for many companies.

If geopolitical conflicts escalate, further negative effects on the German economy should be expected, although this cannot be conclusively assessed at present due to the high level of uncertainty. As a result, the risks on the procurement side are still regarded as high. As a result of the current geopolitical situation, prices of the raw materials and supplies required by Karlsberg Brauerei GmbH are tending to rise globally or are at least subject to greater volatility.

Industry risks

There is a risk that the behaviour of other market participants or other third parties may be consciously/unconsciously, directly/indirectly associated with the company and therefore have a negative impact on its reputation. In recent years, the food industry has been repeatedly targeted by environmental and consumer groups.

Consumer advocates, other organisations and articles in consumer magazines deal with food and its ingredients or test products using criteria which they often set themselves and which are often neither scientifically nor legally substantiated. Such test results and (true or untrue) statements by consumer advocates, other organisations and in social networks and the media could influence the purchasing behaviour of consumers, which would not only affect the products tested, but could also have an impact on similar products from other brands and/or manufacturers and therefore on Karlsberg Brauerei GmbH's products.

In the beverage industry, this could include the ingredients, the additives in beer-based mixed drinks (e.g. sugar substitutes) or the packaging used, which can be examined from an environmental policy perspective.

There may also be a risk that negatively documented third-party behaviour, such as defects in suppliers' preliminary products or defective products from competitors, may be associated with the industry and/or Karlsberg Brauerei GmbH.

Both the food industry in general and the beverage industry are constantly changing, driven by ever-changing consumer habits. For example, there is currently a general trend towards health-conscious nutrition and new types of packaging units are also present in this market. Consumers are also placing greater importance on sustainability and sustainable production along the entire value chain. Such trends could have a negative impact on Karlsberg Brauerei GmbH's sales. In addition, new scientific findings on ingredients used by Karlsberg Brauerei GmbH in the manufacture of its products may result in a decline in demand for Karlsberg Brauerei GmbH products with these very ingredients.

Risks could also arise as a result of the public debate on the misuse of alcohol. Demands are being made at the national, European and international level to achieve the desired reduction in alcohol consumption, for example by restricting availability, banning



advertising, issuing warnings and increasing taxes. The growing trend towards healthy eating and increasing awareness of the risks and dangers of excessive alcohol consumption, stricter laws on alcohol consumption or broad-based information campaigns and discussions in the media may lead to a further reduction in the consumption of alcohol. Karlsberg Brauerei GmbH is well aware of its responsibilities in this regard and supports the responsible and enjoyable consumption of alcoholic beverages. It also takes a clear stance against the misuse of these products.

Throughout the year, sales and revenue are greatly influenced by the weather. Consumption steps up significantly in the summer months or when the weather is pleasant. The weather, especially during the spring and summer months, has a strong impact on beverage consumption. To take account of this, Karlsberg Brauerei GmbH builds up its stocks and storage capacities before the start of the season in the months from March to June. If, for example, there is a less pronounced warm period in the summer months, this could have a negative impact on revenue. This risk may also arise if major consumer events, such as festivals, are cancelled or negatively affected by external circumstances such as natural disasters, political circumstances, pandemics, etc.

To ensure the company can continue deliveries even during potential peaks in demand, flexible production structures and staffing plans are proactively implemented in the production planning of a seasonally oriented warehouse strategy.

The decline in demand for beer, which is primarily due to demographic factors, is also influenced by changes in consumer behaviour. In the food retail sector, the entry-level price segment is continuously expanding its focus on quantity and pricing to include added product value as a factor. Karlsberg Brauerei GmbH counters these activities through targeted marketing measures in order to document the differentiation and added value of the product and to further increase emotional brand value. The aim of the strategic approach with beverage specialities and product innovations, strong regional presence, and brand image that, in the management's view,

emphasise tradition and brewing expertise in a modern way, is to meet changing customer demands.

The company addresses the risk of a stagnating or shrinking domestic market in the traditional beer segment with what the management considers is a broadly diversified product portfolio and innovative concepts, such as working with international partner brands, bolstered by export activities. It takes account of changes in consumer behaviour by continuously developing the product portfolio.

Market price risks

Karlsberg Brauerei GmbH is exposed to market price risks in the areas of procurement, production and sales.

The main cost factors in production are the procurement of raw materials such as malt, sugar and hops, as well as energy supply. For example, poor harvests or crop failures could lead to shortages and increase the price of the raw materials needed. As with raw materials, prices of consumables and other materials required for the manufacture of products also fluctuate. In particular, the prices of cans, glass, paper, plastic and other consumables needed for filling and packaging products could rise. The situation is similar with energy prices. All of these factors may have a negative impact on business activities, either directly or indirectly via suppliers. Risks could also arise from an increase in customs duties and taxes.

Potential price increases on the procurement markets are hedged using medium-term contracts, but volatile energy and rising raw material and container prices in particular pose serious risks in the longer term. One of the main cost objectives is to minimise risks from price fluctuations in raw materials, consumables and supplies, packaging materials and energy through the use of long-term supply agreements. To counter these risks, a corrective measure was created when the purchasing cooperation EBSA GmbH & Co. KG was founded jointly by Karlsberg Brauerei GmbH's shareholder, Karlsberg Holding GmbH, along with Warsteiner Brauerei Haus Cramer KG in order to achieve improved purchasing and delivery terms by pooling procurement volumes.



BRAUNACHT TOUR 2023



29.04.23 - Homburg
20.05.23 - Saarlouis
03.06.23 - Kaiserslautern
24.06.23 - Merzig
09.09.23 - St. Wendel

LEICHTES HELLES



BELGISCHES WITBIER



DUNKLES KELLERBIER



Karlsberg Brauerei GmbH is heavily dependent on the changeable purchasing behaviour of food retailers. This could also have an impact on product sales.

Karlsberg Brauerei GmbH has no influence on the pricing policy of the food retail trade towards its customers (end consumers). Food retailers are responsible for setting their own sales prices. While a revenue-increasing pricing strategy is in the interests of both Karlsberg Brauerei GmbH and the food retail sector, it is possible that food retailers will demand lower prices from end consumers for Karlsberg Brauerei GmbH products, which in turn could pressure Karlsberg Brauerei GmbH into lowering the sales prices it charges to food retailers, squeezing margins. As a result of the increasing concentration into a small number of retail chains, the formation of alliances and purchasing cooperatives, the management believes the food retail sector is strongly positioned in this price war. This means the sector can push through lower purchase prices against the interests of the manufacturers in the context of lower selling prices. If a manufacturer does not meet this demand from the retailers or retail chains, they may decide not to renew supply agreements, i.e. to delist the products in whole or in part.

Market risks

To distribute its products to consumers, Karlsberg Brauerei GmbH needs to work with major customers (such as beverage wholesalers and large retail companies) and numerous customers in the out-of-home industry. They buy the products in large quantities and then sell them to end consumers. The payment and acceptance obligations arising from these business relationships are secured by contracts which typically involve short to medium-term acceptance agreements. These contracts could be terminated or expire without new contracts being concluded to the same extent under equal or more favourable economic terms, and major buyers might not purchase products to the same and/or expected extent for other reasons.

In the out-of-home industry, the temporary reduction in VAT on food

from 19% to 7% also expired at the end of the reporting year, which may lead to price increases in that industry and consequently to lower demand. The out-of-home industry is also experiencing a shortage of skilled workers, which can also have a negative impact on demand.

Karlsberg Brauerei GmbH is facing fierce competition. Existing or increasing competition could have a negative impact. For example, new competitors and new products or retailers' private labels / store brands could enter the market. Competitors might find greater favour with consumers with the products/flavours they produce due to their marketing strategy or more favourable sales prices. In addition, competitors could manufacture and offer their products on more favourable terms, which could increase pricing pressure on Karlsberg Brauerei GmbH.

Another market risk is that market trends and/or market developments may not be recognised in time or that the new products in the future may fail.

To counter this risk, the company's marketing department uses various market research tools to collect and analyse data on current market conditions and their development. These findings are then used to make business decisions.

The company invests considerable financial and human resources in developing and improving its products and/or brands. This also includes costs in connection with distribution – for example, when it comes to publicising a specific product or brand on the market and initiating or promoting sales. There is a risk that these newly developed or improved products or brands might not be launched or successfully launched on the respective market and that the financial and/or human resources invested in them are lost.

Another risk is the limited shelf capacity of food retailers. There is a risk that if Karlsberg Brauerei GmbH does not recognise a new trend, does not recognise it in good time or has incorrectly weighted it, its retailers will remove Karlsberg Brauerei products from their shelves or generally from sale or from the market when adding new products to their range.



Product, procurement and technical risks

The raw materials, consumables and supplies used in the production process need to be constantly monitored for both quality and availability, as disruptions in the supply chain or poor harvests could lead to significant quality and availability risks. The environment is monitored using a continuously developed quality management system and appropriate action scenarios are activated as required to ensure availability and meet quality standards.

Within the production processes, Karlsberg Brauerei GmbH uses complex and highly specialised technical equipment. Great care must be taken to avoid damage or interruptions here. Besides the use of modern control technology, the systems are regularly maintained and repaired and the relevant employees are continuously trained. The risk of filling lines failing is countered by regular preventive maintenance, assessments of the condition of machines and systems, training of maintenance personnel, investment in replacing system components and, if necessary, completing a renewal of the systems. Risks due to impending contamination of finished products are minimised through the use of control standards and technical equipment.

An internal information system is used to ensure quality assurance and batch tracing to monitor product routes. The risk of breakdowns and incidents in production and the associated potential failure to meet delivery deadlines are minimised using modern process technologies and permanently monitored processes, as well as the measures described in the previous paragraph. Due to the importance of raw materials for product quality, quality assurance plays a key role right from the procurement stage. Besides supplier audits carried out in advance, the flavours, ingredients and packaging materials used are subjected to extensive quality controls both on the supplier's premises and during production.

With regard to product and production risks, the Hazard Analysis and Critical Control Points (HACCP) system used in quality assurance is continuously improved. Karlsberg Brauerei GmbH is also certified in accordance with the International Food Standard (IFS) and audited on an annual basis.

Despite the implementation of these various safety systems, which serve to safeguard food safety, and although both the production facility and the safety systems are subject to regular inspections under the existing IFS certification, product defects or undesirable developments in the goods offered by Karlsberg Brauerei GmbH are a possibility. Product defects can also be caused by disruptions to production and technical problems.

There is a risk that, despite insurance cover, Karlsberg Brauerei GmbH is faced with sizeable claims for damages, e.g. due to product liability, in the event of defects in the products it offers, and costs are incurred, for example for troubleshooting, recalls or take-back campaigns, in the event of delivery bottlenecks or payment obligations to customers due to contractual penalties. In particular, the public disclosure of actual or alleged defects (e.g. through social media) also could mean the considerable loss of reputation for the company and the products it sells, which can lead to a loss of customers /market share and a drop in revenue.

This risk of product damage is insured by Karlsberg Brauerei GmbH, but there is a risk that a loss is caused by an uninsured loss event, that any insurance benefits in the event of a claim are insufficient, that deductibles are incurred or that the insurance does not pay the claim due to breaches of obligations under the insurance policy, so that Karlsberg Brauerei GmbH may have to cover the difference or the full amount of the loss.

The production facility is subject to the risk of operational disruptions and interruptions. This can occur, for example, for reasons such as machine failure, incorrect operation, faulty preliminary products or force majeure such as natural disasters, accidents and fires or for other currently unforeseeable reasons such as pandemics. Interruptions in the manufacturing process and/or disruption of entire stages of the value chain associated with such interruptions or disruptions to operations could lead to consequential losses (such as expenses for locating the source of the error, repairs, replacement purchases, but also contractual penalty payments if it is not possible to supply customers on time).



The company depends on its suppliers to provide it with the necessary raw materials, consumables and supplies for the production of its products in good time, in sufficient quantities and of the right quality. The companies in the Karlsberg Group procure their raw materials and supplies from a wide variety of suppliers. This risk can be minimised by distributing the needs among as many suppliers as possible.

Nevertheless, procurement risks may arise due to supplier dependencies and supply bottlenecks for certain products. Supply bottlenecks could lead to production bottlenecks, delays in deliveries, problems with quality and additional costs.

To distribute its products, Karlsberg Brauerei GmbH also uses logistics companies to transport the products it manufactures to its customers. The company is therefore exposed to the risk that, contrary to expectations, no replacement or no prompt replacement might be found in the event of the short-term cancellation of a logistics company or deliveries might be made too late or too early for other reasons.

Bottlenecks in logistics can arise both nationally and internationally (e.g. due to delays in container sea freight). This risk is mitigated by contractually securing sufficient freight space and a network of service providers.

In addition, seasonal bottlenecks in empty containers, CO₂ or other raw materials, consumables and supplies might arise, especially if there is increased consumer demand in the summer months, leading to a shortage of returnable bottles and crates required for production. This could mean Karlsberg Brauerei GmbH having to reduce or even temporarily cease production despite high consumer demand. Were an out-of-stock situation to arise in the context of the reasons described or other reasons, it might lead to a loss of revenue and contractual penalties.

Environmental protection risks

Karlsberg Brauerei GmbH is the owner of several business premises. It is also a tenant and leaseholder of various properties. It is a possibility that the company, either as a property owner or tenant/

lessee, could be held liable for any contamination emanating from the land it uses or from the production facilities located on the land. Karlsberg Brauerei GmbH could also be held liable as the cause of environmental pollution that may occur during manufacturing at the production site (seepage into the ground, contamination of groundwater, inadequate treatment of contaminated water or other substances, etc.).

Environmental pollution cannot be completely avoided during the manufacturing process.

To prevent the associated environmental protection risks, environmental protection and occupational health and safety laws are regularly analysed and emission levels are continuously monitored by a comprehensive energy management system.

The energy-saving and efficiency investments made in recent years, such as the combined heat and power plant, the energy storage system in the brewhouse, the keg filling system and the new bottle washing machine, have also significantly reduced emissions and energy costs. Karlsberg Brauerei GmbH also has a fully biological wastewater treatment plant which purifies its own wastewater and discharges it directly into the recipient water body. The biogas produced is utilised in the steam boiler system and therefore is an input into the brewery's heat supply.

All employees involved in the production process are also regularly made aware of current environmental and energy issues and involved in various operational projects in order to tap potential and minimise risks.

IT risks

The Group uses modern information and communication technology to organise its production and business processes efficiently, securely and cost effectively.

In general, risks can arise from the unavailability of IT systems, loss



or manipulation, but also from the disclosure of confidential data, particularly personal data, as a result of cybercrime, as well as compliance violations (such as non-compliance with specified security standards). Another risk is the failure to meet the changing requirements for internal management, organisational and risk monitoring structures, particularly in this sensitive area. The corporate principles concerning security in information and communication technology therefore regulate the use of information and communication systems with regard to IT and data security.

Strict security standards, modern technology, guidelines and qualified employees who are aware of the risks all help minimise IT risks from the management's perspective. The centrally organised IT structure at Karlsberg Connect & Sales GmbH (formerly Karlsberg Service GmbH), Homburg, and the use of standardised systems and processes across the Group are further measures used to minimise risks through professionalisation.

The risk of a potential failure in central IT systems is minimised through the use of redundant systems and an emergency power supply, so that this risk is considered to be low overall.

As the digitalisation of processes progresses, the issue of cybersecurity has become increasingly important in recent years. Up-to-date security systems are used throughout the Group to protect against potential threats. With this in mind, the Group has implemented technical and organisational measures to protect its business processes and the data and information processed and has also taken out insurance to cover any damage or losses that may occur.

Karlsberg Brauerei GmbH has a complex IT system infrastructure which is used for a variety of purposes, including to monitor production processes and for internal warehouse management, for HR management and accounting and invoice processing.

Karlsberg Verbund is planning to replace the ERP software it has been using with cloud-based ERP software tailored specifically to the SME beverage industry. Once the implementation process is complete,

the new system is expected to be made available to users in the fourth quarter of the current year after extensive testing is completed.

Risks here could arise from insufficient capacity of the project participants due to high resource commitment of the employees involved in the project. There is also a risk that synergies may not be realised as planned and that process efficiency improvements may not be achieved to the desired levels. Delays in the implementation phase may arise due to the gradual introduction across nearly all company divisions of the entire group and consequently high project complexity.

To achieve the project objectives and minimise the aforementioned risks, project organisation was implemented, which includes all levels and functions affected by the introduction of the ERP, an experienced project management team and members of the executive management.

Another risk may be incomplete or inadequate data migration. Data migration is a critical step in an ERP switchover. As company data from different IT systems is interdependent, overlooking problems with data dependencies and integrations could rapidly lead to problems during the implementation process. This could also result in consequential financial risks if, for example, no invoices could be prepared or processed over a longer period of time.

There is also a risk that interfaces with other IT systems used by Karlsberg Brauerei GmbH or to third-party IT systems may not function or not function fully or that processes, such as manufacturing processes in particular, may not be adequately mapped. Although these risks are mitigated by internal and external specialist advice and support, testing in a secure test environment and by maintaining the original ERP system, these risks cannot be ruled out.

The use of cloud-based IT solutions can also pose a security risk. Although providers and ERP operators share this risk in principle, security is ultimately the responsibility of the organisation using the IT system. To combat this risk, appropriate measures are required



in the internal control system and in access and change management. These risks are addressed using internal control systems and an access and authorisation concept with logging of authorisation changes, coupled with an authorisation scope tailored to the needs of Karlsberg Brauerei GmbH. A suitable access and authorisation concept is also currently being developed for the new ERP system.

If, despite the technical and organisational IT security measures implemented, technical faults occur in one or more IT systems, even for a short period, resulting in outages and/or malfunctions, this could have a significant impact on the business.

For a detailed presentation of the opportunities presented by the project, please refer to the opportunities report.

Legal, regulatory and tax risks

Because of its business activities, Karlsberg Brauerei GmbH is exposed to legal risks and may become embroiled in legal disputes and arbitration proceedings.

Karlsberg Brauerei GmbH always seeks to minimise and control legal risks. It takes the necessary precautions to detect threats and, if necessary, defend rights. Legal risks arise from changes in company law, for example in connection with the conclusion of company agreements. There are also risks from legal disputes in the operating business, particularly in the areas of data protection, contract, tax, labour, competition and antitrust, trademark and patent, product liability and food law, with the latter also supplemented by (directly applicable) directives at European level. Where necessary, sufficient risk provisions are recognised in the balance sheet. In the event of loss or damage, the management believes that the greatest risks are covered with a sufficient level of insurance.

Increasing legal and regulatory conditions can have a negative impact on the net assets, financial position and results of operations of Karlsberg Brauerei GmbH, both through the associated regulatory and administrative expenses and, in the event of their violation, through

the threat of fines and a potentially tarnished reputation.

Karlsberg Brauerei GmbH has obtained various licences under public law to operate its production facility and sell its products in Germany and abroad, for example under the Federal Immission Control Act. Further licences may be required in the future, the requirements of existing licences may be amended and/or existing licences may even be withdrawn, with negative consequences for the company in each case.

As a beverage producer, Karlsberg Brauerei GmbH must comply with statutory provisions to protect consumers from health hazards and from being misled or deceived by its products. In this context, the production or distribution of Karlsberg Brauerei GmbH products may be restricted or subject to more restrictive legal requirements.

Additionally, there is a possibility that Karlsberg Brauerei GmbH might be subject to antitrust investigations by the Federal Cartel Office due to the purchasing cooperation EBSA GmbH & Co. KG set up by Karlsberg Holding in conjunction with Warsteiner Brauerei Haus Cramer KG. To mitigate this risk, antitrust training has been and will continue to be arranged with all relevant parties. In addition, a lawyer sits in on all joint working group meetings and similar activities.

Amendments to the law in matters relating to deposits and recycling could also lead to changes in consumer behaviour. The introduction or increase of levies on certain product categories from the Karlsberg Brauerei GmbH product range could have a negative impact on revenue and results of operations.

Another risk factor could come from new regulations on sustainability. New sustainability regulations are currently being enacted or increasingly implemented in Germany and around the world, and these may have a direct or indirect impact on Karlsberg Brauerei GmbH. These include the Supply Chain Sustainability Obligations Act (LkSG), sustainability requirements on lenders and the EU regulation on sustainability reporting. Karlsberg Brauerei GmbH may be indirectly affected by this if, for example, its contractual partners, such



as banks or customers, expect compliance with certain requirements because they themselves must comply with them. Insofar as Karlsberg Brauerei GmbH itself is affected by such regulations, failure to comply properly may result in fines. The direct and indirect effects may lead to increased administrative expenses and investment requirements in connection with conversions, monitoring obligations relating to production processes, HR reorganisations or in relation to the selection and monitoring of suppliers.

Dealing with confidential information, trade secrets, and personal data generally carries the risk that despite the use of data security systems and despite regular training of employees on data protection, data protection breaches may occur. This may not only be due to an (un-)intended disclosure, but also to an excessively long storage period and inadequate information provided to data subjects, which may lead to claims for damages by the data subjects as well as fines.

Risks can be minimised through documentation obligations, implemented processes and measures for complying with data controls, as well as through the monitoring of all measures by an external data protection officer.

Further legal risks could arise if the brands used by Karlsberg Brauerei GmbH or the company logo and product designations are not adequately protected or infringe third-party property rights.

Risks could also arise with regard to insurance cover. Karlsberg Brauerei GmbH has taken out insurance policies to a degree it considers appropriate in view of the risks associated with its business operations (including product liability, environmental liability, commercial general liability, fire and cyber insurance) and also regularly reviews its insurance coverage. However, the insurance cover may not apply in certain cases – for example, if obligations are breached.

Liability risks may also arise for other reasons. For example, Karlsberg Brauerei GmbH faces claims for damages from the owner and subtenants, as well as recourse claims from the owner's insurer, due to a major fire that broke out in March 2019 in a rented and sublet

industrial complex. These claims are currently being asserted in court through performance lawsuits. In some cases, the plaintiffs are also bringing actions for a declaratory judgement. The company's liability insurance has assumed responsibility for the litigation.

Karlsberg Brauerei GmbH's business activities are also subject to the applicable national tax legislation. Changes to the respective tax laws and their jurisdiction as well as different interpretations in the context of tax audits can lead to higher tax expenses and higher tax arrears payments. Moreover, changes to laws and regulations can also have a significant impact on tax receivables and tax liabilities.

Tax risks arising from various complex issues are continuously identified and assessed by the tax department of Karlsberg Connect & Sales GmbH, which is heavily involved in operational and strategic decisions with potential tax implications. Whatever risk-reducing measures are needed are initiated.

HR risks

Karlsberg Brauerei GmbH considers it important to attract, develop and retain qualified and committed employees for all areas of the company and to manage all human resources effectively – otherwise, it may not be able to conduct its business efficiently and successfully.

Adjustment risks (employees are incorrectly or insufficiently qualified), motivation risks (work performance is withheld) or strike risks (loss of production due to the exercise of the right to strike) or the loss of key specialists and managers could have a negative impact on the company. The current level of inflation is not only a burden on the company, but also on employees. This could result in higher wage settlements, leading to higher personnel expenses than previously planned (wage risk).

After the pandemic, which was very challenging from an HR perspective, there is an increasing willingness to change jobs coupled with higher demands in the "war for talent". Finding and retaining qualified employees has therefore become an increasingly challenging



task. The increased willingness of employees (including long-standing employees) to change jobs could lead to more vacancies which are difficult or impossible to fill. In a more employee-driven labour market in which companies are competing for skilled workers, it is becoming increasingly difficult to fill vacant positions with qualified employees. If vacant positions are filled slowly or not at all, it can impair the ability to manage human resources effectively and conduct business activities efficiently and successfully.

To mitigate these risks, various measures are taken to minimise their negative effects as far as possible. This includes the following:

- Setting up a new applicant platform with an integrated HR management system, along with an action plan in the area of HR marketing and social recruiting, are important steps to "get a grip on" the shortage of skilled workers
- Building employee and management skills through targeted professional development measures during the annual employee development meetings.
- Rolling out a network-wide concept to promote autonomy and motivation by recognising and managing the employee's own contribution to strategy implementation (target implementation cycle).
- Monitoring the potential of young talent.
- Regular, annual implementation of an anonymous employee survey with follow-up in the specialist departments to promote a positive corporate culture.
- Regular consultations between HR and management and the works councils, assessing sentiment and organising online and hybrid events with opportunities for participation.
- Regular (at least annual) consultation between employees and their managers (HR development in the divisions).
- Interdisciplinary bargaining committees accompanying every collective bargaining process with the aim of achieving an appropriate result by mutual agreement.

Receivables risks

Default risks may arise from the deterioration in the financial situation

of borrowers and customers of the company. This would result in the risk of partial or complete cancellation of contractually agreed payments or services.

Potential default losses are mitigated through debtor management. An IT-supported monitoring system, along with an event-based and automated receivables valuation methodology, safeguards the operational measurement and management of credit risks. As part of financial management, credit positions and loan commitments are reviewed and creditworthiness and maturity analyses carried out on an ongoing basis. Sales financing in the out-of-home industry is secured by an effective contract monitoring process. Efficient debtor management indicates changes in creditworthiness in good time and promptly initiates countermeasures. The assessment of default risk is based on individual analyses.

Credit, liquidity and financing risks

Liquidity risks are risks that the company may not have sufficient funds to meet its payment obligations or that it may not be able to obtain sufficient liquidity at the expected conditions. The task of liquidity management is to finance foreseeable demand at market-standard conditions and thus ensure the company's liquidity at all times. Any potential liquidity fluctuations are detected early on using frequent analyses of deviations from the annual financial planning. To ensure solvency and financial flexibility at all times, the company manages its financing and liquidity requirements using short and medium-term liquidity planning. Funding which is falling due is promptly reviewed for refinancing needs, and refinancing discussions with business partners swiftly initiated.

Karlsberg Brauerei GmbH is largely financed through borrowed capital, in particular by the bonds issued in 2020 and maturing in September 2025 with a total nominal value of EUR 50.0 million and by credit lines from various banks totalling up to EUR 17.5 million, which can be drawn down as current account or money market loans. From time to time, Karlsberg Brauerei GmbH also avails itself of intra-group financing tools within the scope of mutual

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GLEICHE HERKUNFT,
UNTERSCHIEDLICH IM
CHARAKTER.**



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current account agreements with other companies of the Karlsberg Group, which in turn partially refinance themselves through banks or other Group companies.

The management intends to refinance the corporate bond ahead of schedule in the current year.

With regard to the credit lines, discussions will be initiated with the lenders in 2024 to achieve an appropriate extension of the term of the loan commitments or other suitable follow-up financing.

The bank-independent financing concluded in 2020 in the form of the EUR 50.0 million corporate bond is linked to obligations in the form of financial covenants that restrict Karlsberg Brauerei GmbH's freedom of action. Working capital loan agreements also contain covenants. Breaches of these covenants could have detrimental consequences, including the cancellation of the loan. The cancellation of loan agreements could result in the company having to seek alternative financing, which may be impossible or only possible on unfavourable terms. Compliance with these key indicators is regularly monitored in the financial reporting. These were met at all times last year. The management considers the probability of non-compliance in the current year to be low.

Owing to rising interest rates, the use of bank loans has become more costly in the past financial year. Interest rates are also expected to remain high in the current year. Taking into account seasonal use of credit lines and the positive cash balance at the reporting date, the impact of this risk for the current year can be rated as relatively low based on current estimates.

Risks from pension obligations

Pension obligations are determined on the basis of actuarial valuations. The actuarial valuation includes assumptions about discount rates and future increases in wages, salaries and pensions. In line with the long-term nature of these plans, these estimates are subject to significant uncertainty. It is possible that the provisions to be recognised in

accordance with German commercial law may also have to be raised significantly in the future and might be insufficient. Forward-looking multi-year analyses and scenario calculations can increase planning reliability and enable appropriate countermeasures to be taken in good time.

In addition, obligations from pension agreements outsourced to the Karlsberg Brauerei e.V. pension fund may not be sufficiently covered by the pension fund's assets or provisions. The pension obligations of Karlsberg Brauerei GmbH to employees who left the company up to and including 31 December 2020 are no longer recognised as provisions in the balance sheet of Karlsberg Brauerei GmbH. These have been outsourced to the Karlsberg Brauerei e.V. pension scheme. Insofar and to the extent that the pension fund does not meet the respective pension obligations, Karlsberg Brauerei GmbH is directly liable for these pension obligations to the beneficiaries.

Risks in relation to the Group's legal integration

Karlsberg Brauerei GmbH is administratively and operationally integrated into the Karlsberg Group. This is reflected in particular in ongoing extensive supply and service relationships, strong personnel links, including at management level, the joint utilisation of administrative resources via the shared service company Karlsberg Connect & Sales GmbH and mutual loan relationships for liquidity management.

These various interrelationships could create dependencies or even conflicts of interest between the companies within the Karlsberg Group, which could have a negative impact on Karlsberg Brauerei GmbH, for example if decisions are made at Group management level in the interests of other companies in the Karlsberg Group, which could be positive for the Karlsberg Group overall, but negative for Karlsberg Brauerei GmbH alone.

A profit and loss transfer agreement exists between Karlsberg Brauerei GmbH and its sole shareholder, Karlsberg Holding GmbH, under which all annual profits are transferred to the sole shareholder. Although Karlsberg Brauerei GmbH theoretically may build up reserves with the consent



of its shareholder, it may happen in practice to a lesser extent than would be the case without the profit and loss transfer agreement, especially if financial resources are needed by Karlsberg Holding. A claim for loss compensation against Karlsberg Holding GmbH may only be based on a net loss for the year so that Karlsberg Brauerei GmbH is not entitled to make such a claim if it simply experiences a shortfall in liquidity.

Another risk factor could lie in Karlsberg Brauerei GmbH's dependence on members of the Karlsberg Group's management. The future success of the company is significantly influenced by the activities of a number of key individuals. In some cases, key management functions for Karlsberg Brauerei GmbH are performed by the management of the Karlsberg Group. These people have long-standing expertise, relevant skills and experience and a good network. There is no guarantee that it will always be possible to retain the current members of management in the company or, if necessary, attract new ones.

Due to the company's integration in the corporate group, a risk may exist through the liability for obligations of subsidiary companies. A default may occur on receivables from subsidiaries or companies of the Karlsberg Group. There is also the risk that any loss compensation claim by Karlsberg Brauerei GmbH against its sole shareholder, Karlsberg Holding GmbH, arising from the profit and loss transfer agreement concluded with the latter will not be fulfilled should Karlsberg Holding GmbH become insolvent. Karlsberg Brauerei GmbH and Karlsberg Holding also have an open-ended reciprocal clearing and current account agreement with a loan facility of up to EUR 40.0 million for the purpose of liquidity management and Group financing. If there were to be a default on receivables from Karlsberg Holding GmbH, this could have a significant negative impact on the financial position, depending on utilisation.

Overall assessment

Karlsberg Brauerei GmbH's management regularly reviews the company's risk situation. The risk position in the 2023 financial year had not changed significantly compared with the previous year. In the reporting period, the company performed well in the market from the management's perspective. In 2023, no risks – either from individual

risks or from the overall risk position of the company – arose that endangered the existence of the company or impaired its development and, according to the management's assessment, such risks are not expected in the prospective risk forecasting period of one year. The management does not expect the aforementioned risks to have any significant negative impact on the net assets, financial position and results of operations.

IV. REPORT ON EXPECTED DEVELOPMENTS AND OPPORTUNITIES

The report on expected developments and opportunities deals with the expected qualitative development of Karlsberg Brauerei GmbH and the business environment in the current year. The opportunities that could arise for Karlsberg Brauerei GmbH are also highlighted. Opportunities for the future development of the company are defined as short-term positive possibilities which are considered realisable under certain conditions.

There are planning uncertainties for the entire beverage industry and therefore also for Karlsberg Brauerei GmbH. In the event of unexpectedly weaker economic growth, price activity on the market may increase. In general, interactions between the overall economic situation and consumer behaviour are not completely predictable. Furthermore, the weather is a highly unpredictable factor for the beverage industry. Please refer to the risk report for a detailed presentation of the risks.

Opportunities report

Karlsberg Brauerei GmbH has a wide range of opportunities which support the company's long-term success. The main opportunities for the company and which have additional earnings potential are presented below.

Opportunities through brand expertise in Germany

The management believes that a high-quality product range and swift decision-making processes help the company to exploit growth oppor-



tunities with a focus on profitability. The company's brands are well positioned with consumers and provide business partners with attractive margins. Established regional brands and national brands in the beer mix segment, as well as international specialities, are subject to clear brand management in order to seize profitable growth opportunities.

The management sees good opportunities in particular for the brands Karlsberg and MiXery, which are firmly established in their markets and offer an attractive and extensive product portfolio tailored to partners in the out-of-home and retail sectors and their discerning customers.

In particular, product innovations will continue to be positioned in the market in order to generate further growth. For the company, it is important to have a consumer-focused local and regional positioning of its brands – and in the case of the beer mix segment and its partner brands, also a national positioning – in a high-quality environment. For example, the new product launches MiXery Iced Yellow 2022 and MiXery Iced Purple 2023 both received the Convenience Best Award.

Besides its own brand portfolio, the company has signed sales partnerships with international partners for the domestic market in recent years. Karlsberg Brauerei GmbH is responsible for the national distribution of international beverage specialities. Its goal is to generate further revenue growth and associated synergy effects for the existing brand portfolio with internationally recognised partner brands, such as Bundaberg.

The company also sees opportunities in selected export markets to further build up its market position and gradually increase awareness of its export brands.

Opportunities through diversification and synergies

Due to the diversified product portfolio's presence in various product categories and different markets and regions, not only can potential individual risks often be compensated for, but opportunities may also arise, for example, through knowledge transfer and catalysts for innovation.

In addition, synergies may be realised by working with Karlsberg Brauerei GmbH and other companies in the Karlsberg Group.

Close integration in the areas of sales and administration and the streamlining of decision-making processes produce efficiency gains and synergy effects. For example, on the sales side, cooperating with other companies in the network leads to more intensive market penetration, i.e. optimisation of customer support and relationship management.

In addition, the Group's IT, HR, communications, accounting, treasury, tax, purchasing, legal and contract management functions are pooled into the Group company Karlsberg Connect & Sales GmbH.

Karlsberg Verbund has founded an independent purchasing company together with the Warsteiner Group. The aim of the strategically orientated purchasing cooperation is to ensure an optimal supply of goods to customers at all times. At the same time, the company is seeking improved purchasing and delivery conditions by pooling procurement volumes. The positive impact of this purchasing cooperation could be enhanced even more if other partners join in the future.

Opportunities through digitalisation and smart data use

Digital technology is becoming increasingly important for end-to-end, data-orientated networking with suppliers and customers as well as for internal workflows at Karlsberg Brauerei GmbH. Effective and efficient data management, coupled with the highest data quality and timeliness, increases the effectiveness of corporate data usage for the value-oriented targeting of previously untapped market potential. This means the brewery can respond more quickly and in a more targeted manner to changes in the market while giving it the space to act more effectively and proactively to gain new market share. This data-driven development provides the strategic foundations for the brewery's sustainable economic growth.

In the technical field, the use of sensors within IT allows for the step-by-step networking of systems and machinery within the procurement



and production process. With the resulting database, the company can adjust production plans in real time to market conditions, reduce downtime and disruption both situationally and structurally, and sustainably optimise losses in the procurement and manufacturing process.

In the commercial area of sales and marketing, the use of IT technology offers new channels for the comprehensive, targeted acquisition of new customers. Centralised customer data and automated business processes enable personalised interaction and promote the analysis of customer behaviour to sustainably increase satisfaction levels. In summary, new IT technology helps build customer loyalty and engagement, and optimises company processes and business growth.

In the administrative management area, digitalisation forms the basis for the efficient use of data and processes to continuously optimise operating cash flow. IT applications open the doors to transparent, cost-effective, user-friendly and paperless workflows across all departments.

Karlsberg Verbund plans to introduce ERP software specially tailored to the needs of the medium-sized beverage industry to further develop, improve and automate business processes along the entire value chain in the specialist areas of production and bottling, logistics, finance and sales.

The goal behind using standardised ERP software in all companies and almost all areas of the Karlsberg Group is to increase efficiency by minimising or eliminating manual processes, using data consistently and automating repetitive processes.

The project involves analysing and testing internal company processes and workflows to make the best possible use of any room for improvement through the new ERP software. The management believes that industry-specific, standardised optimisation of all processes along the value chain will help increase process quality and stability by reducing the number of sources of error. The process-related focus on industry benchmarks during the ERP switchover will help to ensure that inefficient or outdated processes are systematically replaced.

The new, standardised system landscape provides strategic competitive advantages thanks to the fundamentally improved database for all stakeholders. In the future, this will mean high-quality, data-supported faster and more effective decisions on strategic corporate management. The new end-to-end processes will also ensure simple, transparent and secure workflows with the aim of strengthening and increasing customer and employee satisfaction. In addition, the cloud-based ERP system will simplify structural system operations and enable the company to benefit quickly and effectively from external economies of scale.

Please refer to the risk report for a detailed presentation of the risks associated with the project.

Other digitalisation initiatives in the Karlsberg Group are focusing on the following areas, both now and in the years to come:

- **Auto replenishment:** Using digital networking and standardisation of purchasing and buying processes with suppliers and customers to secure the best possible availability of goods and product ranges at points of sale in supermarkets and the out-of-home sector.
- **Smart data use:** Using data quality and security, analysis of behavioural patterns, forecasting and potential models, market and segment potential, context-specific use of AI and data governance and cybersecurity as a strategic basis to leverage revenue and business potential.
- **Digital points of sale:** Setting up and expanding digital commerce channels (sales and marketing), for example B2B webshops, as well as strategically integrating existing and new partners in beverage supply (specialised beverage wholesalers).
- **Media and advertising formats:** Expanding digital media platforms for brand development.
- **Customer service and experience:** Improving customer service, including setting up customer self-service portals to provide 24/7 insights and information on orders and status.
- **Mobile:** Using mobile devices as a key interaction and information channel for customers and employees, improving mobile access to company information and processes; for example, mobile



participation in the invoice receipt workflow and mobile self-service app in the HR area.

- **Digital vendor ecosystem:** Organising purchasing processes between individual users along the entire supply chain via a digital platform.
- **Digital finance operations:** Automating repetitive business processes in accounting and optimising document and payment flows, for example digitalising P2P processes through the use of artificial intelligence.
- **Smart logistics & transport:** For example, Using logistics optimisation through digital route planning, mobile warehouse logistics and delivery, and yard time management through booking of time slots by customers and freight forwarders.
- **Digital HR operations:** Automating key HR processes and providing self-service options.

Expansion of opportunity management

Potential opportunities for positive business development are evaluated and utilised at all levels of the company. Trends and developments are monitored in the respective product areas and operational opportunities identified. If the probable profit exceeds the costs of the implementation, the company will carry out the project if it aligns with the overarching strategy. For this purpose, the company has set up an organisational structure which the management believes is very much focused on lean structures and efficient processes. The tasks include seizing operational opportunities in the markets in which the company operates. The current marketing and sales strategy further strengthens the regional or national connection of the brands and their products and takes special account of the needs of business partners. The management of Karlsberg Brauerei GmbH, in cooperation with the corporate management of the Group, sets the strategic framework, secures financing and liquidity and focuses on monitoring and managing the operating business units. Project managers are therefore supported and provided with resources to capitalise on opportunities that are identified.

Report on expected developments

After a significant economic slowdown in 2023, some of the macroeconomic and geopolitical negative factors weighing on the **German economy** will persist in the current year.

In its economic forecast from December 2023, Deutsche Bundesbank predicted a price-adjusted increase in gross domestic product of 0.4%. Inflation is likely to continue to soften at the same time, according to current estimates by Deutsche Bundesbank. Price rises of 2.7% are anticipated for the current year.

Due to the ongoing wars in Ukraine and the Middle East, weak momentum of the global economy and the impact of the still high levels of inflation, economic output is expected to shrink further at the start of the year. At present, economic growth being dampened by limp foreign demand and private consumption in particular, along with higher financing costs. However, in its current forecast, Deutsche Bundesbank foresees a gradual recovery over the course of the year.¹⁴

The **beverage industry** is also facing major challenges in the current year from consumer restraint in the retail and out-of-home sectors, even though the industry can expect some stimulus from the UEFA European Football Championship and rising wages. Inflation is still putting companies and consumers under pressure. It is predicted costs will remain high in 2024 and will continue to rise in some cases. The biggest challenges facing the brewing industry in the new year, besides consumer restraint in the out-of-home and retail sectors, are the continuing high cost pressures and increased pricing pressure from retailers, according to the German Brewers' Federation (Deutscher Brauer-Bund).¹⁵

Karlsberg Brauerei GmbH's aim is to further expand its brand business in Germany and abroad. The company will continue to place its strategic focus on sustainable profitability, concentrating on high-margin brands and further expanding the market position of its brands Karlsberg and MiXery.



In view of the continuing rise in raw material prices, further price increases will be implemented in food retail, beverage wholesaling and out-of-home.

To help expand market position, the company is focusing strongly on brand-oriented distribution expansion in the food retail sector and in the out-of-home industry.

Due to the macroeconomic and geopolitical situation and the resulting high level of uncertainty, it is still difficult to make a forecast for the current 2024 financial year. The forecast is based on the current assessment of the probable consequences for the beverage industry and Karlsberg Brauerei GmbH in the current environment. The forecasts for 2024 are based on largely stable macroeconomic conditions. The development outlined above is subject to various opportunities and risks which do not, however, put the company's continued existence at risk. These are explained in detail in the risk report and opportunities report sections.

A modest increase in revenue is expected for 2024 as a whole. With prices for raw materials and energy expected to remain high, the management believes adjusted EBITDA will also be slightly higher than in the previous year.

Homburg, 18 March 2024

Markus Meyer
Managing Director

¹⁴ Source: Press release from Deutsche Bundesbank dated 15 December 2023.

¹⁵ Source: German Brewers Association press release dated 1 February 2024: „Bilanz 2023: Bierabsatz rückläufig - Hoher Kostendruck belastet die deutschen Brauereien“.

CASH FLOW STATEMENT FOR 2023

	2023	2022
	EUR	kEUR
Net income before profit transfer	5,725,983.00	6,404
Depreciation (+) / write-ups (-) on non-current/fixed assets	9,421,206.85	9,067
Increase (+) / decrease (-) in provisions	652,040.43	2,223
Increase (-) / decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	762,617.41	-356
Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	2,110,921.39	4,808
Profit (-) / loss (+) from the disposal of non-current/fixed assets	-26,523.96	-88
Interest expenses / interest income	2,057,036.74	1,393
Other expenses / income from investments	-1,405,829.20	-1,743
Cash flow from operating activities	19,297,452.66	21,707
Proceeds from disposals of intangible assets	0.00	3
Payments for investments in intangible assets	-10,000.00	0
Proceeds from disposals of property, plant and equipment	165,782.34	99
Payments for investments in property, plant and equipment	-11,586,741.96	-9,848
Proceeds from disposals of financial assets	1,597,923.34	1,626
Payments for investments in financial assets	-4,467,872.54	-2,491
Changes in short-term financial planning*	-8,127,986.88	9,480
Interest received	1,686,662.52	1,730
Dividends received	1,405,829.20	1,743
Cash flow from investing activities	-19,336,403.98	2,342
Proceeds from additions to equity	3,500,000.00	0
Proceeds from the issue of bonds and the raising of (financial) loans	0.00	338
Payments from the redemption of bonds and (financial) loans	-1,004,367.92	-968
Interest paid	-4,274,949.25	-3,654
Dividends paid	-6,403,618.01	-7,038
Cash flow from financing activities	-8,182,935.18	-11,322
Cash and cash equivalents at the end of the period		
Cashflow-relevant changes in cash and cash equivalents	-8,221,886.50	12,727
Cash and cash equivalents at the beginning of the period	16,115,459.49	3,389
Cash and cash equivalents at the end of the period	7,893,572.99	16,116
Components of cash and cash equivalents		
Cash on hand and bank balances	7,893,572.99	16,116
Cash and cash equivalents at the end of the period	7,893,572.99	16,116

* includes changes from cash pooling with affiliated companies



ANNUAL REPORT FOR THE FINANCIAL YEAR 2023

BALANCE SHEET AS AT 31 DECEMBER 2023

INCOME STATEMENT FOR 2023

BALANCE SHEET AS AT 31 DECEMBER 2023

Assets		31 Dec 2022		
		EUR	EUR	kEUR
A.	Non-current/fixed assets			
I.	Intangible assets			
	Purchased concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	6,268,606.00		7,321
II.	Property, plant and equipment			
1.	Land, land rights and buildings, including buildings on third-party land	7,689,103.49		8,328
2.	Technical equipment and machinery	19,676,192.21		16,694
3.	Other equipment, operating and office equipment	12,972,938.00		12,665
4.	Prepayments and assets under construction	5,094,915.32		1,196
		45,433,149.02		38,883
III.	Financial assets			
1.	Shares in affiliated companies	36,161,551.95		33,076
2.	Loans to affiliated companies	620,775.14		1,078
3.	Long-term investments	25,600.00		26
4.	Other loans	2,804,787.66		2,721
		39,612,714.75		36,901
		91,314,469.77		83,104
B.	Current assets			
I.	Inventories			
1.	Raw materials, consumables and supplies	3,027,636.21		6,055
2.	Work in progress	1,326,031.23		1,080
3.	Finished goods and merchandise	5,706,269.39		5,035
		10,059,936.83		12,170
II.	Receivables and other assets			
1.	Trade receivables	11,513,706.71		11,661
2.	Receivables from affiliated companies	21,209,351.74		13,299
3.	Other assets	9,330,799.50		10,263
		42,053,857.95		35,223
III.	Cash on hand and bank balances	7,893,572.99		16,116
		60,007,367.77		63,509
C.	Prepaid expenses	42,199.57		29
D.	Excess of plan assets over post-employment benefit liability	5,193.86		0
		151,369,230.97		146,642

Liabilities		31 Dec 2022		
		EUR	EUR	TEUR
A.	Equity			
I.	Subscribed capital	16,282,500.00		12,783
II.	Capital reserve	29,770,500.00		29,770
III.	Retained earnings			
	Other retained earnings	44,842.00		45
		46,097,842.00		42,598
B.	Provisions			
1.	Provisions for pensions and similar obligations	16,037,765.00		15,451
2.	Tax provisions	7,056.95		8
3.	Other provisions	12,220,357.34		12,154
		28,265,179.29		27,613
C.	Liabilities			
1.	Bonds	50,000,000.00		50,000
2.	Liabilities to banks	1,847,305.48		2,129
3.	Trade payables	12,929,755.72		10,142
4.	Liabilities to affiliated companies	579,987.46		3,177
5.	Other liabilities	11,649,161.02		10,983
	thereof from taxes EUR 668,503.15 (PY: kEUR 807)			
	thereof social security EUR 25,714.59 (PY: kEUR 26)			
		77,006,209.68		76,431
		151,369,230.97		146,642

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INCOME STATEMENT FOR 2023

	EUR	EUR	2022 TEUR
1. Sales revenue	128,389,429.54		126,371
./ Excise duties	-5,770,400.77		-5,991
Sales revenue after deduction of excise duties	122,619,028.77		120,380
2. Increase in finished goods inventories and work in progress	765,712.09		1,086
3. Other own work capitalised	65,500.00		0
4. Other operating income thereof income from currency translation EUR 135.39 (PY: kEUR 1)	5,347,499.97		4,116
		128,797,740.83	125,582
5. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	42,726,951.61		40,002
b) Cost of purchased services	3,425,214.59		3,772
6. Personnel expenses			
a) Wages and salaries	15,437,843.78		15,316
b) Social security, post-employment and other employee benefit costs, thereof in respect of post-employment benefits EUR 939,014.24 (PY: kEUR 1,164)	3,926,370.03		4,162
7. Amortisation and writedowns of intangible fixed assets, and depreciation and writedowns of property, plant and equipment	9,263,382.09		8,902
8. Other operating expenses thereof expenses from currency translation EUR 915.52 (PY: kEUR 3) thereof expenses from the application of Art. 66 and 67 (1) to (5) EGHGB (Transitional Provisions to BilMoG) EUR 120,189.01 (PY: kEUR 120)	47,109,813.36		46,577
		121,889,575.46	118,731
9. Income from long-term investments thereof from affiliated companies EUR 1,405,829.20 (PY: kEUR 1,743)	1,405,829.20		1,743
10. Income from other securities and loans classified as financial assets thereof from affiliated companies EUR 26,033.97 (PY: kEUR 40)	67,319.43		85
11. Other interest and similar income thereof from affiliated companies EUR 1,370,215.15 (PY: kEUR 1,430)	1,686,662.52		1,730
12. Writedowns of long-term financial assets	157,824.76		165
13. Interest and similar expenses thereof to affiliated companies EUR 133,937.46 (PY: kEUR 180) thereof costs from discounting EUR 209,300.58 (PY: kEUR 964)	3,952,999.84		3,607
		-951,013.45	-214
14. Profit after taxes	5,957,151.92		6,637
15. Other taxes	231,168.92		233
	5,725,983.00		6,404
16. Profits transferred on the basis of a profit transfer agreement	5,725,983.00		6,404
17. Net income for the year		0.00	0



APPENDIX FOR THE 2023 FINANCIAL YEAR

APPENDIX

NOTES FOR THE FINANCIAL YEAR 2023

General

The company is registered under the name Karlsberg Brauerei GmbH with registered office in Homburg in the Commercial Register of the Saarbrücken District Court under number HRB 17866

These annual financial statements were prepared in accordance with sections 242 et seq. and 264 et seq. of the German Commercial Code (HGB) and pursuant to the relevant provisions of the Law Concerning Companies with Limited Liability (GmbHG). The regulations for large corporations apply.

The income statement is structured in accordance with the nature of expense method pursuant to section 275 (2) HGB.

To improve the clarity of presentation, individual items in the balance sheet and income statement have been summarised and are therefore broken down and explained separately in these notes. For the same reason, the disclosures on belonging to other items and, in some cases, "thereof" notes have also been included here.

Accounting policies

For the preparation of the annual financial statements, the following accounting and valuation methods were essentially unchanged, with the exception of the reclassifications made in the balance sheet from inventories to property, plant and equipment.

Purchased intangible fixed assets and property, plant and equipment are capitalised at acquisition or production cost plus incidental acquisition costs less purchase price reductions. Amortisation or depreciation is recognised on a straight-line basis over the useful life of the assets. The useful life for supply, trademark and other rights is between 3 and 15 years. The useful life of buildings and parts of buildings is between 15 and 50 years, and for technical equipment and machinery as well as other equipment, operating and office equipment between 3 and 20 years.

The presentation on the balance sheet of inventories of spare parts was modified in the reporting period. Contrary to the practice of previous

years, the assets previously recognised under raw materials, consumables and supplies are now available to business operations on a long-term basis and were consequently reclassified to non-current/fixed assets (technical equipment and machinery) at the end of the reporting year. Inventories are now recognised as a fixed value under technical equipment and machinery. The total effect of the change in presentation recognised directly in equity was EUR 3,304 thousand. The reclassification of technical equipment and machinery is shown as an addition in the statement of changes in non-current assets appended to the notes.

For the initial outfitting of newly introduced empty containers as well as for newly acquired empty containers, the useful life is four years.

Besides direct production costs, a portion of indirect costs is also included in the production costs of self-constructed fixed assets.

Low-value assets up to a net individual amount of EUR 250.00 are fully amortised/depreciated or recognised as an expense in the year of acquisition; it was assumed they are immediately disposed of. For low-value fixed assets with a purchase price of between EUR 250.00 and EUR 1,000.00, an annual compound item is created and amortised/depreciated over five years.

Amortisation/depreciation of additions to property, plant and equipment is also recognised on a pro rata basis.

Under **financial assets**, shares in affiliated companies and share rights are recognised at the lower of cost or fair value in the event of expected permanent impairment, and loans are recognised at the lower of nominal value or fair value, including in the event of expected permanent impairment.

Inventories are reported at the lower of acquisition or production cost or fair value on the reporting date.

Inventories of **raw materials, consumables and supplies** are capitalised at the lower of average cost price or market price on the reporting date.

Work in progress and finished goods are valued at production cost on the basis of itemised costing based on current operating accounts, taking into account direct material costs, direct labour and special direct costs as well as production and material overheads and amortisation/depreciation. Interest on borrowed capital was not recognised in the production costs. General administration costs were not capitalised. In all cases, loss-free valuation was applied, i.e. deductions were made from the expected sales prices for costs still to be incurred.

Merchandise is recognised at the lower of average cost or market price on the reporting date.

All recognisable risks in **inventories** arising from above-average storage periods, reduced usability and lower replacement costs are recognised through appropriate writedowns.

Apart from customary reservations of title, inventories are free of third-party rights.

Receivables and other assets are recognised at nominal value. Depending on the maturity structure, the company applies standardised loss allowances to trade receivables on an individual customer basis. Accordingly, a loss allowance of 50% is applied to receivables that are more than 90 days overdue. From 180 days overdue, a loss allowance of 75% is applied and from 360 days overdue, the loss allowance is 100%. General credit risk is recognised through a general loan loss provision on the net receivables portfolio adjusted for individually impaired receivables.

Cash on hand and bank balances are recognised at nominal value, analogously to equity.

Provisions for pensions and similar obligations were determined in accordance with actuarial principles on the basis of the projected unit credit method using a discount rate of 1.83% (PY: 1.80%), a wage and salary trend of 2.50% (PY: 2.50%), an expected pension trend of between 0.00% and 2.00% (PY: between 0.00% and 1.75%), a staff turnover rate of between 0.00% and 0.66% (PY: 0.00% and 0.80%) and by applying the 2018 G mortality tables drawn up by Prof. Dr Klaus Heubeck.

Provisions for in-kind obligations for commitments granted after 31 December 1986 were determined in accordance with actuarial principles on the basis of the projected unit credit method using a discount rate of 1.83% (PY: 1.80%), an expected pension trend of 2.00% (PY: 1.75%) and by applying the 2018 G mortality tables drawn up by Prof. Dr Klaus Heubeck.

The increase in the pension trend from 1.75% to 2.00% had a negative impact on earnings of EUR 507 thousand (PY: EUR 484 thousand) for the provisions for pensions and provisions for in-kind obligations. The amount was recognised under personnel expenses.

By exercising the option under Article 67 (1) sentence 1 EGHGB, the allocation amount resulting from the change in the accounting of provisions in accordance with sections 249 (1) sentence 1, 253 (1) sentence 2, (2) HGB due to the German Accounting Law Modernisation Act (BilMoG) is distributed evenly over the maximum period of 15 years.

The plan assets falling within the definition of section 246 (2) sentence 2 HGB are recognised for pension commitments from salary conversion partially backed by reinsurance so that cover is closely aligned with the benefits in accordance with accounting standard IDW RH FAB 1.021. The funded status and earnings alignment of the partially reinsured pension commitments are measured using the funded capital method. The reinsurance policies were valued on the basis of the principle of liability precedence.

The assets exclusively used to meet the pension obligations and not accessible to all other creditors (plan assets falling under the definition of section 246 (2) sentence 2 HGB) were offset against the provisions for partial retirement. As there is no active market on the basis of which the market price can be determined, the asset value was used to determine the fair value of the reinsurance policies.

Tax provisions and other provisions account for all uncertain liabilities and imminent losses from pending transactions. They are set at the settlement amount deemed necessary based on prudent commercial judgement.

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Provisions with a remaining term of more than one year are discounted at the average market interest rate of the past seven years, corresponding to their remaining term.

Liabilities are recognised at the settlement amount.

Deferred taxes are not recognised for Karlsberg Brauerei GmbH due to the existing tax group arrangement with Karlsberg Holding GmbH.

Assets and liabilities denominated in foreign currencies were translated at the mean spot exchange rate on the reporting date. Where there was a remaining term of more than one year, the realisation principle (section 252 (1) no. 4 half-sentence 2 HGB) and the acquisition cost principle (section 253 (1) sentence 1 HGB) were observed.

Notes to the balance sheet

Non-current/fixed assets

Changes in the individual non-current/fixed asset items, including depreciation and amortisation for the financial year, are shown in the statement of changes in fixed assets appended to the notes.

The 1,216,592 ordinary shares and 38,050 preference shares in Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA were recognised at acquisition prices of EUR 17.33 for ordinary shares and EUR 14.50 for preference shares in accordance with the valuation option under section 253 (3) sentence 6 HGB. The share price on the reporting date was EUR 13.60 for the ordinary shares and EUR 11.30 for the preference shares. The carrying amount of the ordinary shares was therefore recognised at EUR 21,084 thousand, which was EUR 4,538 thousand above the fair value of EUR 16,546 thousand, while the carrying amount of the preference shares was EUR 552 thousand, which was EUR 122 thousand above the fair value of EUR 430 thousand. No writedowns were recognised as at the reporting date, as the impairment was not considered to be permanent.

Notes on shareholdings

Karlsberg Brauerei GmbH holds direct interests in the following companies:

Company	Capital share %	Equity 31 Dec 2023 kEUR	Profit/loss 2023 kEUR
Karlsbräu CHR S.A.S., Saverne/France	100.00	3,585	- 402
Mineralbrunnen Überkingen- Teinach GmbH & Co. KGaA, Bad Teinach-Zavelstein ¹	16.48	72,966	8,248

¹ Equity and profit of Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA as at 31. December 2022.

Receivables and other assets

Other assets included receivables with a remaining term of more than one year of EUR 4,077 thousand (PY: EUR 5,426 thousand).

Receivables from affiliated companies of EUR 1,368 thousand (PY: EUR 1,560 thousand) related to deliveries and services.

As at the reporting date, receivables from affiliated companies included receivables from shareholders of EUR 20,631 thousand (PY: EUR 12,590 thousand).

Equity

The annual general meeting on 22 November 2023 voted to amend the articles of association and thereby increase the share capital by EUR 3,500 thousand. The entry in the commercial register was made on 5 December 2023. The company's share capital which has been paid up in



full was EUR 16,283 thousand as at the reporting date.

The other retained earnings of EUR 45 thousand (PY: EUR 45 thousand) related to amounts from the first-time application of the German Accounting Law Modernisation Act (BilMoG).

Provisions for pensions and similar obligations

The deficit to be accumulated in future periods in accordance with Art. 67 (2) EGHGB amounted to EUR 120 thousand (PY: EUR 240 thousand).

The difference pursuant to section 253 (6) HGB amounted to EUR 251 thousand (PY: EUR 1,006 thousand) and is subject to a distribution restriction, but not a transfer restriction.

Pursuant to Art. 28 EGHGB, provisions for indirect pension obligations of the pension recipients of Karlsberg Brauerei GmbH, for which a subsidiary liability exists, are not recognised in the balance sheet of Versorgungswerk Karlsberg Brauerei e. V., Homburg.

The size of the unrecognised indirect pension obligations, based on a discount rate of 4.50%, which corresponds to the average interest rate of the pension fund's plan assets, was EUR 5,256 thousand (PY: EUR 4,575 thousand). Based on a discount rate of 1.83% (PY: 1.80%) pursuant to section 253 (2) HGB, the amount was EUR 10,412 thousand (PY: EUR 10,168 thousand).

There were also indirect pension obligations of the provident fund of Löwenbrauerei Trier J. Mendgen GmbH, Homburg, amounting to EUR 175 thousand (PY: EUR 184 thousand).

Other provisions

Other provisions mainly included provisions for deposits of EUR 3,848 thousand (PY: EUR 4,711 thousand), personnel costs of EUR 1,462 thousand (PY: EUR 1,332 thousand) and outstanding invoices, refunds

and sales promotions of EUR 6,152 thousand (PY: EUR 5,640 thousand). Other provisions for contingent liabilities of EUR 618 thousand (PY: EUR 339 thousand) were also recognised.

Pursuant to section 246 (2) sentence 2 HGB, partial retirement obligations were offset against related assets.

Offsetting pursuant to section 246 (2) sentence 2 HGB:

	kEUR
Settlement amount of offset liabilities	15
Acquisition cost of assets	20
Fair value of assets	20
Offset expenses	1
Offset income	1

The income and expenses incurred in this context are also recognised on a net basis under "Interest and similar expenses".

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Liabilities

	Amount kEUR	Thereof with a remaining term		
		under one year kEUR	from 1 to 5 years kEUR	over 5 years kEUR
1. Bonds (PY)	50,000 (50,000)	50,000 (0)	0 (50,000)	0 (0)
2. Liabilities to banks (PY)	1,847 (2,129)	299 (281)	848 (988)	701 (859)
3. Trade accounts payable (PY)	12,930 (10,142)	12,930 (10,142)	0 (0)	0 (0)
4. Liabilities to affiliated companies (PY)	580 (3,177)	580 (3,177)	0 (0)	0 (0)
5. Other liabilities (PY)	11,649 (10,984)	7,369 (5,446)	4,207 (4,814)	73 (724)
thereof from taxes (PY)	669 (807)	669 (807)	0 (0)	0 (0)
thereof relating to social security (PY)	26 (26)	26 (26)	0 (0)	0 (0)
TOTAL (PY)	77,006 (76,431)	71,177 (19,046)	5,055 (55,802)	774 (1,583)

Liabilities to banks are collateralised as follows:

- Land charges,
- Assignment by way of security of all trade receivables,
- Pledging of shares,
- Joint liability of Karlsberg Holding GmbH.

Liabilities to affiliated companies included trade payables totalling EUR 580 thousand (PY: EUR 3,177 thousand).

Notes to the income statement

Sales revenue

Sales revenue (before subtraction of excise duties) comprise:

	2023 kEUR	2022 kEUR
Revenue from own-brand beer / AFB-linked products / trade merchandise	146,126	144,243
Revenue from cost allocations	1,917	1,527
Revenue from by-products	1,458	1,321
Revenue from rents and leases	2,108	2,183
Other revenue	1,726	2,005
Gross revenue*	153,334	151,279
Revenue deductions	-24,944	-24,908
Sales revenue before subtraction of excise duties	128,389	126,371
thereof attributable to:		
Domestic	106,979	103,878
Foreign	21,410	22,493
	128,389	126,371

*Gross revenue = revenue before subtraction of revenue deductions and excise duties

Prior-period and extraordinary income and expenses

Other operating income included prior-period income of EUR 856 thousand (PY: EUR 939 thousand) and related to income from the reversal of provisions and income from the sale of non-current assets. In addition, other operating income included extraordinary income of EUR 1,454 thousand (PY: EUR 1,364 thousand) from damages received as a result of fire damage in an industrial complex rented and sublet by Karlsberg Brauerei GmbH in the 2019 reporting year. In this context, extraordinary expenses of EUR 1,454 thousand (PY: EUR 1,364 thousand) were booked to various items on the income statement in the reporting year. Due to damage, planned sales revenue amounting to 1,054 thousand (PY: 998 thousand) could not be realised. Other operating expenses included extraordinary expenses of EUR 148 thousand (PY: EUR 366 thousand), principally for property protection, as well as extraordinary expenses for interest and similar expenses of EUR 252 thousand (PY: EUR 0 thousand) recognised under the financial gains or losses. Expenses relating to other periods of EUR 472 thousand were recognised in the previous year, mainly in connection with write-downs on current assets.

Furthermore, extraordinary expenses of EUR 120 thousand (PY: EUR 120 thousand) related to the addition to pension provisions pursuant to Art. 67 (1) sentence 1 EGHGB, which were reported in other operating expenses.

Financial gains or losses

The reduced interest expense of EUR 86 thousand (PY: increased interest expense of EUR 189 thousand) due to the change in the discount rate in accordance with section 253 HGB was recognised under financial gains or losses.

II. OTHER DISCLOSURES

Contingent liabilities and transactions not included in the balance sheet

Contingent liabilities

Karlsberg Brauerei GmbH has taken on a "debt accession" in favour of Siemens Finance & Leasing GmbH for a lease of Karlsberg Direkt GmbH & Co. KG. The total net acquisition value was EUR 76 thousand. The liability amount from the "debt accession" was EUR 12 thousand as at 31 December 2023.

It is not expected any claim will be made on the liabilities and sureties, as the debtor is financially capable of meeting its obligations on time.

There were no contingent liabilities towards third parties.

Other financial obligations

Up until the respective contract end dates, the financial obligations existing as at 31 December 2023 from leasing, raw material, and service contracts amounted to:

	Amount kEUR	Thereof with a remaining term		
		under one year kEUR	from 1 to 5 years kEUR	over 5 years kEUR
Obligations from raw materials contracts	21,019	21,019	0	0
Obligations from leases	878	488	391	0
Other obligations	542	478	64	0
Total	22,439	21,985	455	0

There were also annual payment obligations from rental agreements and leases of EUR 1,570 thousand. The contracts expire between 2024 and 2029.

From the service contract concluded with Karlsberg Connect & Sales GmbH, an affiliated company, an expense from cost allocations for management and other services, mainly in the areas of sales (trade and exports) and IT, amounting to an estimated 11,348 thousand is expected to be incurred in financial year 2024 following the transfer of the trade and export divisions of Karlsberg Brauerei GmbH to Karlsberg Connect & Sales GmbH. In the 2023 reporting year, expenses totalling EUR 6,540 thousand were incurred for the sales division (trade and exports) and reported in personnel expenses in the amount of EUR 5,673 thousand and in other operating expenses in the amount of EUR 867 thousand at Karlsberg Brauerei GmbH prior to the transfer of this division on 1 January 2024.

The service agreement concluded with Karlsberg Direkt GmbH & Co. KG for internal logistics and materials management services is expected to generate expenses from cost allocations of EUR 2,400 thousand in the 2024 financial year.

As at the reporting date, there were contractual obligations arising from home consumption allowances for commitments granted before 1987 amounting to EUR 217 thousand.

To ensure the sustainable income of the plan assets of the pension fund Versorgungswerk Karlsberg Brauerei e.V., the sponsoring company Karlsberg Brauerei GmbH has committed itself to supplement the income each year, taking into account additional endowments that might be required, as well as dividend and interest income, in case the annual return of 4.5% on the status of the plan assets as at 1 January of the calendar year is not achieved. Taking into account planned additional endowments, interest, and dividend income, a supplement to the income of EUR 247 thousand is expected for the financial year 2024.

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Managing Director

Mr Markus Meyer.

The disclosure pursuant to section 285 no. 10 HGB arises from the executive position of the managing director.

In accordance with section 286 (4) HGB in conjunction with section 285 no. 9a HGB, the remuneration of the management is not disclosed, as only one managing director receives remuneration from the company.

Remuneration for former managing directors and surviving dependants totalled EUR 18 thousand in the reporting year (PY: EUR 0 thousand). The provision for pensions and similar obligations amounted to EUR 1,418 thousand (PY: EUR 1,396 thousand) as at the reporting date, of which EUR 259 thousand (PY: EUR 252 thousand) was reinsured by appropriate insurance policies and the corresponding plan assets are recognised under other assets.

Average number of employees during the financial year

	2023 In total	2022 In total
Commercial/industrial employees	133	132
Salaried employees	120	117
	253	249
Apprentices	8	9
	261	258

Group affiliation

The company's annual financial statements are included in the consolidated financial statements of Karlsberg Holding GmbH, Homburg, and published in the Federal Gazette (smallest consolidation group). These are part of the consolidated financial

statements of Karlsbergbrauerei Kommanditgesellschaft Weber, Homburg, which are also published in the Federal Gazette (largest consolidation group).

As at 31 December 2023, the company was not obligated to prepare consolidated financial statements, as Karlsberg Holding GmbH, Homburg, prepared consolidated financial statements and a consolidated management report as at 31 December 2023, so exempting the company.

Audit and consulting fees of the auditor

The auditor's fee for the financial year was EUR 211 thousand. Of this amount, EUR 199 thousand related to auditing services and EUR 12 thousand to other assurance services.

Events after the reporting date

Effective 1 January 2024, the existing sales divisions for trade and exports of Karlsberg Brauerei GmbH, and the trade division of KAMPOS Vertriebs GmbH, were consolidated into a new unit and sold to the sister company Karlsberg Connect & Sales GmbH in an asset deal. Provisions of EUR 2,043 thousand and fixed and current assets of EUR 73 thousand were transferred in connection with this transaction.

No other events of special significance occurred after the reporting date of 31 December 2023 which have any significant financial impact on the net assets, financial position and results of operations of Karlsberg Brauerei GmbH.

Proposed appropriation of profits

Based on the existing profit and loss transfer agreement, the profit is transferred in full to Karlsberg Holding GmbH.

Homburg, 18 March 2024

Markus Meyer
Managing Director



DEVELOPMENT OF FIXED ASSETS AS AT 31 DECEMBER 2023

	Acquisition and production costs				
	01.01.23	Additions	Disposals	Transfers	31.12.23
	EUR	EUR	EUR		EUR
I. Intangible assets					
1. Purchased concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	17,477,941.14	10,000.00	7,987.87	0.00	17,479,953.27
II. Property, plant and equipment					
1. Land, land rights and buildings, including buildings on third-party land	49,778,640.90	66,580.47	0.00	0.00	49,845,221.37
2. Technical equipment and machinery	99,322,002.34	4,638,538.51	1,101,558.91	576,101.29	103,435,083.23
3. Other equipment, operating and office equipment	56,380,726.77	5,679,589.86	4,891,991.74	31,381.55	57,199,706.44
4. Prepayments and assets under construction	1,196,058.83	4,506,339.33	0.00	-607,482.84	5,094,915.32
	206,677,428.84	14,891,048.17	5,993,550.65	0.00	215,574,926.36
III. Financial assets					
1. Shares in affiliated companies	33,076,313.41	3,085,238.54	0.00	0.00	36,161,551.95
2. Loans to affiliated companies	1,077,498.65	0.00	456,723.51	0.00	620,775.14
3. Long-term investments	1,406,087.83	0.00	0.00	0.00	1,406,087.83
4. Other loans	3,492,243.25	1,382,634.00	1,443,247.16	0.00	3,431,630.09
	39,052,143.14	4,467,872.54	1,899,970.67	0.00	41,620,045.01
	263,207,513.12	19,368,920.71	7,901,509.19	0.00	274,674,924.64

Appendix to the notes

	Accumulated amortisation/depreciation				Carrying amounts	
	01.01.23	Additions	Disposals	31.12.23	31.12.23	31.12.22
	EUR	EUR	EUR	EUR	EUR	EUR
	10,157,509.14	1,061,826.00	7,987.87	11,211,347.27	6,268,606.00	7,320,432.00
	41,450,971.41	705,146.47	0.00	42,156,117.88	7,689,103.49	8,327,669.49
	82,627,969.34	2,213,343.60	1,082,421.92	83,758,891.02	19,676,192.21	16,694,033.00
	43,715,572.77	5,283,066.02	4,771,870.35	44,226,768.44	12,972,938.00	12,665,154.00
	0.00	0.00	0.00	0.00	5,094,915.32	1,196,058.83
	167,794,513.52	8,201,556.09	5,854,292.27	170,141,777.34	45,433,149.02	38,882,915.32
	0.00	0.00	0.00	0.00	36,161,551.95	33,076,313.41
	0.00	0.00	0.00	0.00	620,775.14	1,077,498.65
	1,380,487.83	0.00	0.00	1,380,487.83	25,600.00	25,600.00
	771,065.00	157,824.76	302,047.33	626,842.43	2,804,787.66	2,721,178.25
	2,151,552.83	157,824.76	302,047.33	2,007,330.26	39,612,714.75	36,900,590.31
	180,103,575.49	9,421,206.85	6,164,327.47	183,360,454.87	91,314,469.77	83,103,937.63

KARLSBERG BOCK BIER



DUNKEL.
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AUDITOR'S REPORT OF THE INDEPENDENT AUDITOR

TO KARLSBERG BRAUEREI GMBH

Audit opinions

We have audited the annual financial statements of Karlsberg Brauerei GmbH, Homburg, comprising the balance sheet as at 31 December 2023 and the income statement for the financial year from 1 January 2023 to 31 December 2023, and notes to the financial statements, including the accounting policies presented therein. We have also audited the management report of Karlsberg Brauerei GmbH for the financial year from 1 January 2023 to 31 December 2023.

In our opinion, based on the findings of our audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the net assets, financial position and results of operations of the company as at 31 December 2023 and of its results of operations in the financial year from 1 January 2023 to 31 December 2023 in compliance with German legally required accounting principles, and
- the accompanying management report provides an accurate picture overall of the company's situation. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the audit opinions

We have conducted our audit of the annual financial statements and of the management report in accordance with section 317 HGB and



German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the company pursuant to the requirements of German commercial and professional law and have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Other information

The legal representatives are responsible for the other information. The other information comprises other components provided for the annual report, of which we have obtained a version prior to issuing this auditor's report, in particular the sections on sustainability and the key indicators.

Our opinions on the annual financial statements and on the management report do not cover the other information, and accordingly, we do not provide an audit opinion or any other form of audit conclusion on this.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information

- is materially inconsistent with the annual financial statements, management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.



Legal representative's responsibility for the annual financial statements and the management report

The legal representatives are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the company in compliance with German legally required accounting principles. Furthermore, the legal representatives are responsible for such internal controls as they have, in accordance with German generally accepted accounting principles, determined necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud (i.e. fraudulent manipulation of the accounting records or misrepresentation of assets) or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. They are also responsible for disclosing matters relating to the continuance of the company as a going concern, where relevant. In addition, they are responsible for preparing the financial statements on the basis of the going concern principle, unless actual or legal circumstances prevent this.

Additionally, the legal representatives are responsible for the preparation of the management report that provides an accurate picture of the company's position overall and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. The legal representatives are also responsible for such arrangements and measures (systems) they have deemed necessary to enable the preparation of a management report that complies with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the statements in the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the management report as a whole provides an accurate picture of the company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report which includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but no guarantee that an audit conducted in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

During the audit, we exercise professional judgement and maintain a critical attitude. In addition

- we identify and assess the risks of material misstatement of the annual financial statements and the management report, 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 opinions. The risk that material misstatements resulting from fraud will not be detected is higher than the risk that material misstatements resulting from errors will not be detected, as fraudulent actions may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal controls;
- we obtain an understanding of the internal control system relevant for the audit of the annual financial statements and the precautions and measures relevant for the audit of the management report to plan audit procedures that are appropriate under the circumstances,

but not with the aim of issuing an audit opinion on the effectiveness of these company systems;

- we evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of accounting estimates and related disclosures made by the legal representatives;
- we draw conclusions on the appropriateness of the accounting principle of a going concern applied by the legal representatives, as well as, based on the audit evidence obtained, whether there is a material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may result in the company no longer being able to continue as a going concern;
- we evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the company in compliance with German legally required accounting principles;
- we evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the picture of the company's position it provides;
- we perform audit procedures on the forward-looking information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and assess the proper derivation of the forward-looking information from these assumptions. We do not express a separate opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We discuss with those responsible for the monitoring, among other matters, the planned scope and timing of the audit, as well as significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

Saarbrücken, 18 March 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft [Auditing company]

Dr Zabel	Delizia
Wirtschaftsprüfer [Auditor]	Wirtschaftsprüfer [Auditor]

FINANCIAL CALENDAR

25. MARCH 2024 Publication of annual financial statements
and management report as at 31 December 2023
- SEPTEMBER 2024 Publication of 2024 half-year financial statements

LEGAL NOTICE

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Management: Markus Meyer

Saarbrücken District Court HRB 17866





KARLSBERG



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INTERIM REPORT AS OF 30 JUNE 2024

OF THE KARLSBERG BRAUEREI GMBH, HOMBURG (HGB)

Karlsberg Brauerei GmbH

Homburg

Interim Report as of 30 June 2024

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Note:

For computational reasons, rounding differences to the mathematically exact values (monetary units, percentages, etc.) may occur in tables and references in the report.

Karlsberg Brauerei GmbH

Homburg

Interim Report as of 30 June 2024

1

Karlsberg at a glance (Key figures) Key facts

Karlsberg Brauerei GmbH

Homburg

Interim Report as of 30 June 2024

Karlsberg at a glance (Key figures)

Key figures in EUR million	HY 1/2024	HY 1/2023	HY 1/2022	HY 1/2021	HY 1/2020
Gross revenue ¹⁾	76.9	78.3	77.1	72.6	76.3
Investments (Intangible assets, Tangible fixed assets and other loans)	5.3	8.7	5.2	4.0	2.3
EBITDA adj. ²⁾	9.2	10.3	10.3	9.5	11.6
Amortisation and depreciation	4.8	4.6	4.3	4.1	4.3
EBIT adj. ³⁾	4.4	5.8	6.0	5.4	7.4
Balance sheet total	155.9	150.7	149.5	149.9	153.2
Equity	46.1	42.6	42.6	42.6	42.6
Equity ratio in %	29.6%	28.3%	28.5%	28.4%	27.8%
Net income before profit transfer	3.2	4.6	4.6	3.8	5.5
Employees (Number on average)	183	263	260	262	263
Personnel expenses (Wages and salaries, Social security contributions and expenses for pension scheme)	6.5	9.5	9.8	9.7	9.2

¹⁾ Gross revenue = revenue before subtraction of revenue deductions and excise duties.

²⁾ EBITDA adj. = Adjusted EBIT, plus amortisation and depreciation.

³⁾ EBIT adj. = Earnings after taxes, plus taxes on income and earnings, plus interest and similar expenses, plus depreciation of financial assets, less other interest and similar income, less income from other securities and loans classified as financial assets, plus extraordinary expenses from the pro rata allocation to pension provisions from the application of Art. 66 and 67 (1) to (5) EGHGB (Transitional Provisions to the Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz, BilMoG)), plus/less material extraordinary expenses/income.

Note:

For computational reasons, rounding differences to the mathematically exact values (monetary units, percentages, etc.) may occur in tables and references in the report.

Key facts

The positive brand development up to April of this year was negatively impacted by the exceptionally high levels of rainfall in May and June; EBITDA slightly below previous year with continued high price levels for raw materials and energy; positive outlook for the second half of the year, annual forecast confirmed.

„After a strong increase in gross revenue of 8.1% in the first half of the previous year, the Karlsberg and MiXery brands were able to maintain their market shares despite the bad weather this year. High expenses, particularly for raw materials, led to a decline in EBITDA compared to the previous year” says Markus Meyer, Managing Director of Karlsberg Brauerei GmbH, describing the first half of 2024.

Gross revenue beverages¹⁾

Slightly below previous year

Karlsberg with revenue growth, + 1.1%, MiXery slightly below previous year, - 2.5%.

1.3% less domestic revenue compared to the previous year.

Stable revenues in **international business**.

Our brands

Market shares maintained²⁾

Price increases implemented for **Karlsberg** and **MiXery**.

Market shares were **maintained** for both brands.

Karlsberg Urpils named **Germany's best pilsner** at the World Beer Awards.

Adjusted EBITDA

Slightly below previous year

Adjusted EBITDA of EUR 9.2 million in the first half of the year, below the previous year's level (EUR 10.3 million).

Investments and sustainability

Investments in site

Two **major projects** in the **bottling** and **laboratory** sectors completed in the first half of the year.

Reduction in **water consumption** per litre of finished beverage produced by **- 9.0%**.

Reduction in **CO₂** emissions per litre of finished beverage produced by **- 3.8%**.

Forecast for the 2024 financial year

Confirmation of previous revenue and earnings forecast

Growth in brand business, slight increase in revenue expected for the full year 2024.

Adjusted EBITDA also expected to be **slightly above the previous year's** figure, with prices for raw materials and energy remaining high.

¹⁾ Gross revenue = revenue before subtraction of revenue deductions and excise duties.

²⁾ Sources:
NIQ, Category alcoholic beer mix, Germany LEH + DM + GAM + TS, CW 26/ 2024 (by revenue),
NIQ, Category Bier, Germany LEH + DM + GAM + TS, CW 26/2024 (by revenue).

Karlsberg Brauerei GmbH

Homburg

Interim Report as of 30 June 2024

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Interim Management Report

Basic information about the company

Report on the economic position

Risk report

Opportunities and forecast report

Karlsberg Brauerei GmbH

Homburg

Interim Report as of 30 June 2024

Interim management report

I. Basic information about the company

Business model

Karlsberg Brauerei GmbH is a traditional, family-run brewery. The company pursues a consumer-focused strategy of developing, producing and selling a wide range of alcoholic and non-alcoholic beverage brands. It focuses on the strategic brands Karlsberg and MiXery with a portfolio of beers, mixed beer drinks and non-alcoholic beers, along with a range of other own brands and brands from cooperation partners. This brand business is supplemented to a limited extent by contract manufacturing, particularly for international customers.

II. Report on the economic position

Macroeconomic and sector-specific conditions

Overall economic situation

The German economy is stagnating. According to the Federal Statistical Office, economic output in the first quarter fell by 0.8% compared to the same quarter of the previous year adjusted for price effects, and rose by 0.3% in the second quarter.

Gross investments fell significantly in the first half of the year. Exports also fell year-on-year despite a slight increase in the second quarter. By contrast, private consumer spending provided a slightly positive impetus.¹

Due to methodological changes in data collection by the Federal Statistical Office, there are delays in the publication of relevant data, so that April figures had to be used for the following information on the retail trade and the German hospitality industry.

According to preliminary figures from the Federal Statistical Office, retail revenue rose by 0.2% in the year to April 2024, adjusted for price, and by 2.3% in nominal terms compared to the previous year. Retail revenue of food, beverages and tobacco increased by 1.3% on a price-adjusted basis and by 3.9% in nominal terms compared to the same period of the previous year. The difference between the nominal and real results reflects the ongoing price increases in the retail sector, which continue to have a noticeable impact on consumer confidence.²

¹ Source: Press release from the Federal Statistical Office dated 27 August 2024.

² Source: Press release from the Federal Statistical Office dated 31 May 2024.

According to the Federal Statistical Office, in the first four months of the year, catering and accommodation companies generated 0.4% less turnover in price-adjusted terms and 2.6% more in nominal terms than in the same period of the previous year. In the catering industry, there was a price-adjusted decline in turnover of 1.2% and a nominal increase of 1.9%. In the accommodation sector, the increase in turnover was slightly higher at 0.8% adjusted for price and 4.0% in nominal terms.³ Taking into account the adverse weather conditions in early summer, it can be assumed that performance in the first half of the year was worse overall.

Beer market

2024 has been an exceptionally turbulent year for the beer industry so far. While the month of April recorded a 15.8% increase in volume sales compared to 2023, beer volume sales for the peak season months of May (- 1.0%) and especially June (- 11.2%) fell far short of breweries' expectations despite the European Football Championship. The particularly high levels of rainfall in the first half of the year had a significant negative impact on the beer market, with volume sales of mixed alcoholic beverages in particular falling by 4.9% in the first half of the year.⁴

According to the Federal Statistical Office, total volume sales (including exports) fell by 0.6% to 41.9 million hectolitres in the first six months. Domestic volume sales fell by 0.9% to 34.3 million hectolitres. In contrast, the export business of German breweries recorded a slight increase in sales. Overall, export sales increased by 0.7% to 7.6 million hectolitres. In total, German breweries exported 5.4% more beer to EU countries than in 2023. On the other hand, tax-free beer sales to countries outside the EU fell by 4.8%.⁵

Business performance

The gross revenue (revenue before subtraction of revenue deductions and excise duties) of the Karlsberg Brauerei GmbH fell by EUR 1.4 million (- 1.8%) to EUR 76.9 million in the first half of the year.

The main market of Saarland and Rhineland-Palatinate was particularly affected by extreme weather events, which led to the cancellation of consumption occasions. In particular, the serious consequences of the floods in Saarland in May and the storms in June had a negative impact on business development. According to records from the ARD Weather Competence Centre (ARD-Wetterkompetenzzentrum), Saarland was the rainiest federal state in the first half of the year with 720 litres of rain per square metre, which corresponds to 80% of the annual target amount.⁶

After a good start to the year, beverage gross revenue in Germany fell by around EUR 0.8 million (- 1.3%) to EUR 62.4 million.

Following a strong increase in gross revenue of 8.1% for the Karlsberg and MiXery brands in the first half of the previous year, revenue in the brand business remained almost stable despite the bad weather in the first half of the year.

³ Source: Press release from the Federal Statistical Office dated 19 June 2024.

⁴ Source: NIQ; LEH + GAM, market share of beer types, period January to June 2024 (by sales).

⁵ Source: Federal Statistical Office Wiesbaden, Beer sales statistics January to June 2024.

⁶ Source: Press release of Saarländischer Rundfunk from 4 July 2024.

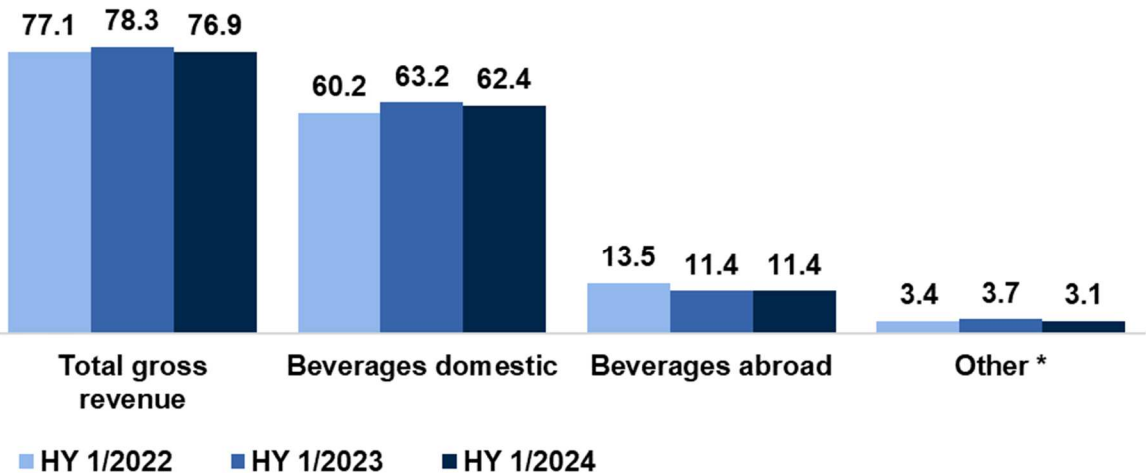
The MiXery brand, which is particularly influenced by out-of-home consumption and the weather, recorded a 2.5% decline in gross revenue.

The Karlsberg brand, on the other hand, was even able to grow slightly in the first half of the year despite the adverse conditions, recording a 1.1% increase in gross revenue.

The cost increases, particularly for raw materials and personnel, were passed on to the market via price increases. The market shares in the important sales channel of food retail/beverage outlets/filling stations for the Karlsberg brand in the south-west and nationally for the MiXery brand were maintained.⁷ The development in the gastronomy sector is particularly pleasing. Draft beer revenue rose by 4.8% compared to the previous year.

Beverage gross revenue in the international business, on the other hand, remained stable at EUR 11.4 million.

Gross revenue (in EUR million):



* Other sales: mainly rental and freight income, income from commissions, cost allocations and other income included.

Employees

In the first half of 2024, the average number of employees totalled 183 (PY: 263 employees). The significantly lower number of employees is mainly due to the transfer of the retail and export sales divisions to the sister company Karlsberg Connect & Sales GmbH with effect from 1 January 2024. 70 employees transferred to Karlsberg Connect & Sales GmbH.

Results of operations

Due to the transfer of the trading and export sales divisions to the sister company Karlsberg Connect & Sales GmbH and the personnel transferred as part of the asset deal, there are effects on the income statement in personnel expenses and other operating expenses due to the cost allocations now included. As a result, comparability with the previous year is limited regarding these items.

⁷ Sources:
 NIQ, Category alcoholic beer mix, Germany LEH + DM + GAM + TS, CW 26/ 2024 (by revenue).
 NIQ, Category Bier, Germany LEH + DM + GAM + TS, CW 26/2024 (by revenue).

Karlsberg Brauerei GmbH's sales revenue (after subtraction of excise duties) totalling EUR 60.6 million was around EUR 1.8 million below the previous year's figure (EUR 62.4 million) due to the business development in the first half of the year described above.

The high price level for raw materials and supplies, energy and logistics continues to have a negative impact on the operating business in the current financial year.

As a result, further price increases had to be implemented in the first half of the year.

Taking into account the high price level, the cost of materials including cost of purchased services totalled EUR 23.2 million and was therefore EUR 0.2 million higher than the previous year's figure of EUR 23.0 million.

As a result, gross profit⁸ fell by EUR 1.6 million to EUR 38.4 million in the first half of the year.

Other operating income totalling EUR 3.7 million in the reporting year was EUR 1.3 million above the previous year's level (EUR 2.4 million) due to income of EUR 1.3 million included in the reporting year from cost transfers in connection with the bond issue.

Personnel expenses fell significantly by around EUR 3.0 million to EUR 6.5 million, taking into account the significantly lower headcount and reduced pension expenses.

Depreciation and amortization increased to EUR 4.8 million (previous year: EUR 4.6 million), taking scheduled depreciation and amortization and investments into account.

Other operating expenses increased by a total of EUR 3.8 million to EUR 26.4 million, mainly due to higher cost allocations and the one-off expenses included in the bond financing.

The financial result of EUR – 1.0 million in the first half of the year was on a par with the previous year.

The profit for the period generated in the reporting period before profit transfer to Karlsberg Holding GmbH totalled EUR 3.2 million (previous year: EUR 4.6 million).

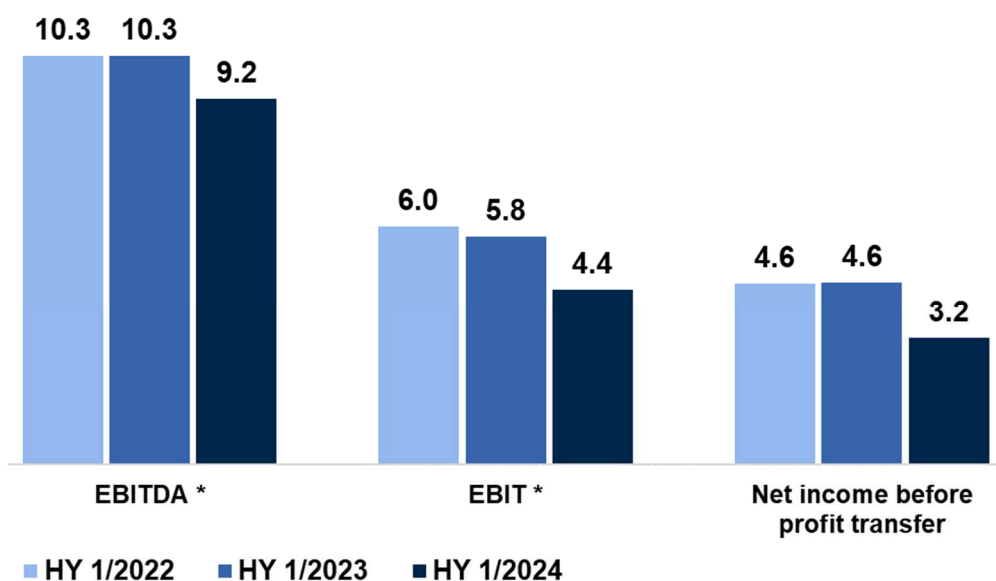
At EUR 9.2 million (previous year: EUR 10.3 million) and EUR 4.4 million (previous year: EUR 5.8 million) respectively, the adjusted EBITDA⁹ and adjusted EBIT¹⁰ operating earnings figures were slightly below the previous year's level.

⁸ Gross profit = sales revenue (after subtraction of excise duties) plus/minus Change in inventories minus cost of materials including cost of purchased services.

⁹ Adjusted EBITDA = Adjusted EBIT plus Amortisation of intangible and depreciation of tangible fixed assets.

¹⁰ Adjusted EBIT = earnings after taxes plus Taxes on income and earnings, plus interest and similar expenses, plus write-downs on financial assets, less other interest and similar income, less income from other securities and loans classified as financial assets, plus extraordinary expenses from the pro rata allocation to pension provisions arising from the application of Art. 66 and 67 (1) to (5) EGHGB (Transitional Provisions to the German Accounting Law Modernisation Act (BilMoG)), plus/less significant extraordinary expenses/income.

Key performance indicators (in millions of EUR)



* Adjusted EBITDA and EBIT adjusted for extraordinary expenses of EUR 0.1 million from the pro rata addition to pension provisions from the application of Art. 66 and 67 (1) to (5) EGHGB.

Financial position

Due to the seasonal nature of business, the development of liquidity varies over the course of the year and demand is particularly high in the early summer months.

Cash flow from operating activities, which in the same period of the previous year still benefited from overall positive accounting effects, totalled EUR 5.7 million in the reporting period (PY: EUR 14.4 million).

Taking into account the investments totalling EUR 5.3 million, changes in short-term financial planning and interest received, **Cash flow from investing activities** totalled EUR - 7.5 million (PY: EUR - 9.0 million) in the first half of the year.

Cash flow from financing activities in the amount of EUR - 2.4 million (PY: EUR - 7.6 million) was significantly influenced by the early redemption of the bond issued in 2020 in the amount of EUR 50.0 million and the inflow of the new bond issued in the amount of EUR 55 million. Further effects resulted from the outflow of the profit transfer of the net profit generated in the previous year to Karlsberg Holding GmbH in the amount of EUR 5.7 million and the scheduled repayment of loans.

The above explanations resulted in a total reduction in **cash and cash equivalents** of EUR 4.2 million to EUR 3.7 million in the reporting period. As at 30 June 2024, the company had financing facilities of EUR 17.5 million at its disposal. Cash and cash equivalents amounted to EUR 5.7 million as at 30 June 2024. Current liabilities to banks totalled EUR 2.0 million as at the reporting date. Sufficient free liquidity was available at all times in the first half of 2024. The company was able to fulfil its payment obligations at all times due to the available cash and cash equivalents as well as sufficient free credit lines.

Net assets

Due to the transfer of the trading and export sales divisions to the sister company Karlsberg Connect & Sales GmbH with effect from 1 January 2024 and the personnel transferred in the course of the asset deal, there are effects on the balance sheet mainly in the items provisions for pensions and similar obligations, other provisions and fixed and current assets. As a result, comparability with the previous year's balance sheet date is partially limited in these items. In this context, provisions totalling EUR 2.0 million and fixed and current assets totalling EUR 0.1 million were transferred.

Karlsberg Brauerei GmbH's total assets of EUR 155.9 million on 30 June 2024 was around EUR 4.5 million above the value on the balance sheet date of 31 December 2023 (EUR 151.4 million) due to seasonal influences.

Fixed assets totalling EUR 90.4 million fell by around EUR 0.9 million in the reporting period with reduced investment activity.

Investments totalled EUR 5.3 million in the first half of the year and were therefore significantly lower than in the previous year (EUR 8.7 million), mainly due to lower investments in financial assets.

The investment measures initiated in the previous financial year to improve production and bottling processes were successfully completed in the first half of the year with the investment in a new bottle washing machine and new laboratory technology. In addition, energy-related building refurbishment measures were started in the brewhouse area in the reporting year, for which advance payments have already been made. In addition, the focus of investment activity in the current financial year was again on the sales area with investments in product equipment for the brands, in particular in new crates and bottles, and in outdoor advertising for the catering trade, as well as various smaller technical investments to modernise production technology for quality assurance and energy cost reduction.

Current assets increased by EUR 5.2 million to EUR 65.2 million in the reporting period due to seasonal factors, mainly influenced by higher receivables and other assets as well as inventories. Cash and cash equivalents, on the other hand, were lower than on the previous year's balance sheet date.

On the liabilities side, provisions decreased compared to the balance sheet date of 31 December 2023. Overall, the provisions decreased by EUR 0.5 million to EUR 27.8 million. Provisions for pensions and similar obligations totalling EUR 13.7 million decreased by around EUR 2.3 million, taking into account the increased discount rate and, in particular, the transfer of personnel provisions to Karlsberg Connect & Sales GmbH explained above. In contrast, other provisions totalling EUR 14.0 million increased by EUR 1.8 million due to seasonal factors.

Liabilities increased by a total of EUR 5.0 million to EUR 82.0 million due to the EUR 5 million higher issue amount of the fourth Karlsberg bond. Karlsberg Brauerei GmbH was able to place its fourth corporate bond in May 2024. The bond, which is issued to secure long-term financing, met with high demand and was significantly oversubscribed. The annual interest coupon for the corporate bond with a total volume of EUR 55 million was set at 6.00%. The existing bond in the

amount of EUR 50 million was repaid in full on 16 May 2024, taking into account the public exchange offer.

Equity remained unchanged at EUR 46.1 million due to the transfer of the net profit for the period in full to the shareholder. The equity ratio fell to 29.6% due to the seasonal increase in total assets (31 December 2023: 30.5%).

III. Risk Report

The risk management system set up for the Carlsberg Group is continuously being developed and adapted to changing legal and operational requirements. In addition to identifying and monitoring risks, associated opportunities are also recognised.

The aim of risk management is to identify risks as early as possible, evaluate them, and prevent business losses or damage to the company by taking appropriate measures. At the same time, opportunities which can have a positive impact on the company's development should be identified.

A systematic risk management system has been set up within the Group for this purpose, which is geared towards the specific requirements and circumstances of the individual companies forming part of the Carlsberg Group.

The risk management system is interlinked with other Group management systems, in particular with planning, monthly reporting and quality assurance, both organisationally and technologically. This utilises the internal control system and ensures interdisciplinary exchange of information.

The risk analysis covers a planning horizon of one year.

The following risk areas are considered especially important for Carlsberg Brauerei GmbH:

- **Macroeconomic risks**
 - Economic risks
 - High inflation affecting the purchasing power of market participants
 - Situation on the financial markets

- **Geopolitical risks**
 - Further escalation of geopolitical conflicts
 - Effects of the war in Ukraine and the unrest in the Middle East
 - Strengthening of protectionist tendencies
 - Regulatory intervention

- **Industry risks**
 - Influence of environmental and consumer groups on consumer behaviour
 - Adverse regulations and laws
 - Public discussion about the misuse of alcohol
 - Weather influences

- Change in consumer behaviour
- **Market price risks**
 - Significant price increases for raw materials and supplies as well as energy and logistics
 - Dependence on the purchasing behaviour and pricing of food retailers
- **Market risks**
 - Cancellation of purchase agreements with major customers (e.g. beverage wholesalers and large retailers)
 - Increasing competition
 - Shortage of skilled labour in the catering industry, which can have a negative impact on demand
 - No/late recognition of market trends and/or developments
- **Product, procurement and technical risks**
 - Quality and availability risks due to disruptions in the supply chain or poor harvests
 - Failure and incident risks in production and the associated possible failure to meet delivery capacity and/or product quality
 - Increased procurement risks due to supply bottlenecks for important primary products and supplier dependencies
 - Seasonal bottlenecks in empties and some raw materials, consumables and supplies
- **Environmental protection risks**
- **IT risks**
 - Unavailability of IT systems
 - Loss or manipulation of data
 - Disclosure of confidential data, in particular personal data
 - Cybercrime
 - Compliance violations
 - Failure to meet the requirements for internal control, organisational and risk monitoring structures.
 - Risks associated with the introduction of new ERP software (delays in the implementation phase, risks associated with data migration, security risks due to the use of cloud solutions, insufficient capacity of project participants, insufficient realisation of synergies and efficiency gains)
- **Legal, regulatory and tax risks**
 - Risks from changes in company law
 - Risks from legal disputes in the operating business, particularly in the areas of data protection, contract, tax, labour, competition and antitrust, trademark and patent, product liability and food law
 - Risks due to new regulations on sustainability

- Risks due to inadequate protection of the brands used by the company or the company logo and product designations
 - Risks from changes to the respective tax laws and their jurisdiction as well as from different interpretations in the context of tax audits
- **HR risks**
 - Increasing requirements in the digitalised working environment
 - Adaptation risk: employees are incorrectly or insufficiently qualified
 - Motivation risk: work performance is held back
 - Loss of key specialists and managers
 - Strike risk: loss of production due to the exercise of the right to strike
 - Collective bargaining risk
 - Attracting and retaining qualified employees
 - **Receivables risks**
 - Deterioration in the financial situation of borrowers and customers of the company
 - Risks of partial or complete default on contractually agreed payments or services
 - **Credit, liquidity and financing risks**
 - **Risks from pension obligations**
 - **Risks in relation to the Group's legal integration**

Overall assessment

The management of Karlsberg Brauerei GmbH regularly reviews the company's risk situation. The risks described in detail in the 2023 management report could potentially have a material adverse effect on the company's earnings, net assets and financial position. The risk position has not changed significantly compared to the assessment in the 2023 annual financial statements.

In the reporting period, Karlsberg Brauerei GmbH performed well in the market from the management's perspective. In the course of business to date, no risks – either from individual risks or from the overall risk position of the company – arose that endangered the existence of the company or impaired its development and, according to the management's assessment, such risks are not expected in the prospective risk forecasting period of one year. The management does not expect the aforementioned risks to have any significant negative impact on the net assets, financial position and results of operations.

IV. Opportunities and forecast report

The opportunities and forecast report deals with the expected qualitative development of Karlsberg Brauerei GmbH and the business environment in the current year. The opportunities that could arise for Karlsberg Brauerei GmbH are also highlighted. Opportunities for the future development of the company are defined as short-term positive possibilities which are considered realizable under certain conditions.

There are planning uncertainties for the entire beverage industry and therefore also for Karlsberg Brauerei GmbH. Please refer to the risk report for a detailed presentation of the risks.

Opportunities report

Karlsberg Brauerei GmbH has a wide range of opportunities which support the company's long-term success. The main opportunities for the company and which have additional earnings potential are presented below.

- **Opportunities through brand expertise**
 - Utilisation of profit-oriented growth opportunities through a high-quality product range and fast decision-making processes
 - Clear brand management of the established brands to position them ideally in competition
 - Further increasing preference for the brands among consumers in the regional beer market, in the national and supra-regional beer mix and non-alcoholic segment thanks to an attractive and extensive product portfolio that is tailored to partners in the catering and retail sectors and their discerning customers
 - Growth opportunities through product innovations and innovative concepts
 - Growth opportunities through local, regional - in the beer mix segment and for partner brands also national - positioning of the brands in a high-quality environment

- **Opportunities through diversification and synergies in the Karlsberg group**
 - Opportunities through a broadly diversified product portfolio, the occupation of different product categories and the presence in different markets and regions
 - Realisation of synergies through cooperation between Karlsberg Brauerei GmbH and other companies in the Karlsberg Group in the areas of sales, technology, logistics and administration with streamlined decision-making processes
 - Realisation of improved purchasing and delivery conditions in strategic purchasing cooperation by bundling procurement volumes

- **Opportunities through digitalisation and intelligent data use**
 - Increased efficiency through digitalisation and the use of standardised IT systems, effective and efficient data management and the highest data quality and timeliness
 - Use of standardised online IT systems and the increasing networking of systems and machines within the entire production process
 - Use of new IT applications in marketing and sales in order to meet the individual needs of all business partners for information, service or dialogue in a targeted manner
 - Strengthening customer loyalty and connection in the commercial area of sales and marketing through new IT technologies: enabling personalised interactions and the analysis of customer behaviour through centralised customer data and automated business processes in order to sustainably increase customer satisfaction
 - Digitalisation in the administrative area as the basis for efficient use of data and processes in order to continuously optimise operating cash flow

- Introduction of standardised uniform ERP software to optimise business processes, increase process quality and stability, improve the database due to Group-wide harmonisation and standardisation of repetitive processes in all functional areas

Expansion of opportunity management

Potential opportunities for positive business development are evaluated and utilised at all levels of the company. Trends and developments are monitored in the respective product areas and operational opportunities identified. In addition, the company's long-term orientation and possible strategic options are analysed on a regular basis. If the probable profit exceeds the costs of the implementation, the company will carry out the project if it aligns with the overarching strategy. For this purpose, the company has set up an organisational structure which the management believes is very much focused on lean structures and efficient processes. The tasks include seizing operational opportunities in the markets in which the company operates. The current marketing and sales strategy further strengthens the regional or national connection of the brands and their products and takes special account of the needs of business partners. The management of Karlsberg Brauerei GmbH, in cooperation with the corporate management of the Group, sets the strategic framework, secures financing and liquidity and focuses on monitoring and managing the operating business units. Project managers are therefore supported and provided with resources to capitalise on opportunities that are identified.

Forecast report

Following a significant economic slowdown in 2023, some of the macroeconomic and geopolitical negative factors for the **German economy** will persist in the current year.

In its current economic forecast, the Deutsche Bundesbank expects a price-adjusted increase in gross domestic product of 0.3%. According to current estimates by the Deutsche Bundesbank, inflation is likely to continue to weaken at the same time. An inflation rate of 2.8% is expected for the current year.

At present, weak foreign demand and private consumption in particular, as well as higher financing costs, are having a dampening effect on economic development. In its current forecast, however, the German Bundesbank expects a gradual recovery over the course of the year.¹¹

The **beverage industry** expects consumers in the catering and retail sectors to remain reluctant to spend in the current year, even though the industry expects rising wages to provide positive impetus. Inflation continues to put companies and consumers under pressure. It can be assumed that costs will remain at a high level in 2024 and will continue to rise in some cases. In addition to consumer restraint in the catering and retail sectors, the management believes that persistently high cost pressure and increased price pressure from retailers are the biggest challenges facing the beverage industry in the current year.

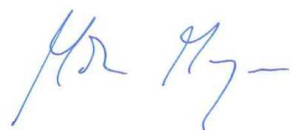
Karlsberg Brauerei GmbH's aim is to further expand its brand business in Germany and abroad. The company will continue to place its strategic focus on sustainable profitability, concentrating on high-margin brands and further expanding the market position of its brands Karlsberg and MiXery. To help expand market position, the company is focusing strongly on brand-oriented distribution expansion in the food retail sector and in the out-of-home industry.

¹¹ Source: Press release of the Deutsche Bundesbank dated 7 June 2024.

The forecast is based on the current assessment of the probable consequences for the beverage industry and Karlsberg Brauerei GmbH in the current environment. The forecasts for 2024 are based on largely stable macroeconomic conditions.

Considering the business performance in the first six months and taking into account current estimates for the second half of the year, the management confirms its previous forecast for the year. Further growth in the brand business is expected to result in a slight increase in revenue in the 2024 financial year compared to the previous year. With prices for raw materials and energy expected to remain high, the management assumes that adjusted EBITDA will also be slightly higher than in the previous year.

Homburg, 11 September 2024

A handwritten signature in blue ink, appearing to read 'Markus Meyer', with a horizontal line extending from the end of the signature.

Markus Meyer
Managing Director

Karlsberg Brauerei GmbH

Homburg

Interim Report as of 30 June 2024

3

Half-year financial statements

Balance Sheet

Income statement

Short cash flow statement

Notes to the Financial Statements

Statement of Changes in Fixed Assets

Half-year financial statements
Balance Sheet

Assets	31 Dec 2023		Liabilities	31 Dec 2023	
	EUR	EUR		EUR	EUR
A. Fixed assets			A. Equity		
I. Intangible assets			I. Subscribed capital	16,282,500.00	16,283
Purchased licences, industrial property rights and similar rights and values and licences to such rights and values		5,798,423.00	II. Capital reserve	29,770,500.00	29,771
		6,269	III. Revenue reserve	44,842.00	45
				46,097,842.00	46,098
II. Tangible fixed assets			B. Provisions		
1. Land, leasehold rights and buildings, including buildings on third-party land	8,415,896.60	7,689	1. Provisions for pensions and similar obligations	13,720,798.31	16,038
2. Plant and machinery	21,842,453.21	19,676	2. Tax provisions	7,092.48	7
3. Other equipment, factory equipment and furnishings and fixtures	12,447,908.00	12,973	3. Other provisions	14,026,112.28	12,220
4. Payments on account and assets under construction	2,473,023.33	5,095			
		45,179,281.14		27,754,003.07	28,265
III. Financial assets			C. Liabilities		
1. Shares in affiliated companies	36,161,551.95	36,162	1. Bonds	55,000,000.00	50,000
2. Loans to affiliated companies	427,571.23	621	2. Liabilities to banks	3,705,133.59	1,847
3. Investments	25,600.00	26	3. Trade payables	10,802,830.85	12,930
4. Other loans	2,843,590.46	2,805	4. Liabilities to affiliated companies	1,262,842.13	580
		39,458,313.64	5. Other liabilities thereof from taxes EUR 678,604.74 (PY: kEUR 669) thereof social security EUR 29,372.83 (PY: kEUR 26)	11,266,140.17	11,649
		90,436,017.78			
B. Current assets				82,036,946.74	77,006
I. Inventories					
1. Raw materials, consumables and supplies	3,181,760.55	3,028			
2. Work in progress	1,566,866.20	1,326			
3. Finished goods and merchandise	6,511,386.40	5,706			
		11,260,013.15			
II. Receivables and other assets					
1. Trade receivables	14,457,723.63	11,514			
2. Receivables from affiliated companies	23,328,181.02	21,209			
3. Other assets	10,451,498.63	9,331			
		48,237,403.28			
III. Cash on hand and bank balances					
		5,711,666.28			
		65,209,082.71			
C. Prepaid expenses					
		243,691.32			
D. Excess of plan assets over post-employment benefit liability					
		0.00			
		155,888,791.81		155,888,791.81	151,369

Karlsberg Brauerei GmbH

Homburg

Interim Report as of 30 June 2024

Half-year financial statements

Income statement

	01.01. - 30.06.2024		01.01. - 30.06.2023
	EUR	EUR	kEUR
1. Sales revenue	63,313,749.96		65,284
./. Excise duties	<u>-2,745,781.53</u>		<u>-2,925</u>
Sales revenue after deduction of excise duties	60,567,968.43		62,359
2. Increase in finished goods inventories and work in progress	1,070,678.99		699
3. Other own work capitalised	0.00		0
4. Other operating income	<u>3,654,421.55</u>		<u>2,398</u>
		65,293,068.97	<u>65,457</u>
5. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	21,454,588.61		21,411
b) Cost of purchased services	1,769,803.05		1,625
6. Personnel expenses			
a) Wages and salaries	5,418,897.21		7,658
b) Social security, post-employment and other employee benefit thereof in respect of post-employment benefits EUR 60,868.38 (PY: kEUR 406)	1,042,525.38		1,841
7. Amortisation of intangible and depreciation of tangible fixed assets	4,822,709.56		4,571
8. Other operating expenses	26,424,354.37		22,653
thereof expenses from currency translation EUR 333.37 (PY: kEUR 0) thereof expenses from the application of Art. 66 and 67 (1) to (5) EGHGB (Transitional Provisions to BilMoG) EUR 60,094.44 (PY: kEUR 60)			
		60,932,878.18	<u>59,759</u>
9. Income from investments	0.00		0
thereof from affiliated companies EUR 0.00 (PY: kEUR 0)			
10. Income from other securities and loans classified as financial assets	25,880.03		34
thereof from affiliated companies EUR 7,865.02 (PY: kEUR 34)			
11. Other interest and similar income	1,298,170.37		854
thereof from affiliated companies EUR 978,963.00 (PY: kEUR 674)			
12. Writedowns on financial assets	22,018.78		47
13. Interest and similar expenses	2,315,923.50		1,828
thereof to affiliated companies EUR 142,428.53 (PY: kEUR 134)			
14. Taxes on income and earnings	<u>3,193.46</u>		<u>0</u>
		-1,017,085.34	<u>-988</u>
15. Profit after taxes		3,343,105.45	4,710
16. Other taxes		<u>137,398.68</u>	<u>94</u>
		3,205,706.77	4,615
17. Profits transferred on the basis of a profit transfer agreement		<u>3,205,706.77</u>	<u>4,615</u>
18. Net income for the year		<u>0.00</u>	<u>0</u>

Karlsberg Brauerei GmbH
Homburg
Interim Report as of 30 June 2024

Half-year financial statements
Short cash flow statement

	01.01.- 30.06.2024 EUR	01.01.- 30.06.2023 kEUR
Cash flow from operating activities	5,670,615.57	14,417
Cash flow from investing activities	-7,493,845.78	-9,042
Cash flow from financing activities	-2,358,676.50	-7,647
Cashflow-relevant changes in cash and cash equivalents	-4,181,906.71	-2,272
Cash and cash equivalents at the beginning of the period	<u>7,893,572.99</u>	<u>16,115</u>
Cash and cash equivalents at the end of the period	<u>3,711,666.28</u>	<u>13,843</u>
Components of cash and cash equivalents		
Cash on hand and bank balances	5,711,666.28	13,843
Short-term liabilities to credit institutions	-2,000,000.00	0

Karlsberg Brauerei GmbH

Homburg

Interim Report as of 30 June 2024

Half-year financial statements

Notes to the Financial Statements

Notes to the half-year financial statements

In general

The company is registered under the name Karlsberg Brauerei GmbH with registered office in Homburg in the Commercial Register of the Saarbrücken District Court under the number HRB 17866.

These financial statements were prepared in accordance with sections 242 et seq. and 264 et seq. of the German Commercial Code (HGB) and pursuant to the relevant provisions of the Law Concerning Companies with Limited Liability (GmbHG). The regulations for large corporations apply.

The income statement is structured in accordance with the nature of expense method pursuant to section 275 (2) HGB.

To improve the clarity of presentation, individual items in the balance sheet and income statement have been summarised and are therefore broken down and explained separately in these notes. For the same reason, the disclosures on belonging to other items and, in some cases, “thereof” notes have also been included here.

Even though the legal claim from the profit and loss transfer agreement with Karlsberg Holding GmbH had not yet arisen as at 30 June 2024, the profit and loss transfer was presented in the report as an expense from profit transfer in the interests of better comparability.

The interim financial statements as of 30 June 2024 have not been reviewed or audited within the meaning of Section 317 HGB.

Accounting and valuation methods

For the preparation of the half-year financial statements, the following accounting and valuation methods were essentially unchanged.

Purchased intangible fixed assets and **property, plant and equipment** are capitalised at acquisition or production cost plus incidental acquisition costs less purchase price reductions. Amortisation or depreciation is recognised on a straight-line basis over the useful life of the assets. The useful life for supply, trademark and other rights is between 3 and 15 years. The useful life of buildings and parts of buildings is between 15 and 50 years, and for technical equipment and machinery as well as other equipment, operating and office equipment between 3 and 20 years.

For the initial outfitting of newly introduced empty containers as well as for newly acquired empty containers, the useful life is 4 years.

Besides direct production costs, a portion of indirect costs is also included in the production costs of self-constructed fixed assets.

Low-value assets up to a net individual amount of EUR 250.00 are fully amortised/depreciated or recognised as an expense in the year of acquisition; it was assumed they are immediately disposed of. For low-value fixed assets with a purchase price of between EUR 250.00 and EUR 1,000.00; an annual compound item is created and amortised/depreciated over five years.

Under **financial assets**, shares in affiliated companies and share rights are recognised at the lower of cost or fair value in the event of expected permanent impairment, and loans are recognised at the lower of nominal value or fair value, including in the event of expected permanent impairment.

Inventories are reported at the lower of acquisition or production cost or fair value on the reporting date.

Inventories of **raw materials, consumables and supplies** are capitalized at the lower of average cost price or market price on the reporting date.

Work in progress and finished goods are valued at production cost on the basis of itemised costing based on current operating accounts, taking into account direct material costs, direct labour and special direct costs as well as production and material overheads and amortisation/depreciation. Interest on borrowed capital was not recognised in the production costs. General administration costs were not capitalised. In all cases, loss-free valuation was applied, i.e. deductions were made from the expected sales prices for costs still to be incurred.

Merchandise is recognised at the lower of cost or market.

All recognisable risks in **inventories** arising from above-average storage periods, reduced usability and lower replacement costs are recognised through appropriate writedowns.

Apart from customary reservations of title, inventories are free of third-party rights.

Receivables and other assets are recognised at nominal value. Depending on the maturity structure, the company applies standardized loss allowances to trade receivables on an individual customer basis. Accordingly, a loss allowance of 50% is applied to receivables that are more than 90 days overdue. From 180 days overdue, a loss allowance of 75% is applied and from 360 days overdue, the loss allowance is 100%. General credit risk is recognised through a general loan loss provision on the net receivables portfolio adjusted for individually impaired receivables.

Cash on hand and bank balances are recognised at nominal value, analogously to equity.

Provisions for pensions and similar obligations and **provisions for in-kind obligations** as at 31 December 2023 were determined in accordance with actuarial principles on the basis of the projected unit credit method by applying the 2018 G mortality tables drawn up by Prof. Dr Klaus Heubeck.

As at 30 June 2024 the evaluation of the provisions for pensions and similar obligations was based on a forecast calculation using a discount rate of 2.07% (31 December 2023: 1.83%) and an expected pension trend of 2.00% (31 December 2023: 2.00%). The forecast calculation is based on the personnel data that was already used to calculate the obligation values in the balance sheet report as at 31 December 2023.

By exercising the option under Article 67 (1) sentence 1 EGHGB, the allocation amount resulting from the change in the accounting of provisions in accordance with sections 249 (1) sentence 1, 253 (1) sentence 2, (2) HGB (German Commercial Code) due to the German Accounting Law Modernisation Act (BilMoG) is distributed evenly over the maximum period of 15 years.

The assets exclusively used to meet the pension obligations and not accessible to all other creditors (plan assets falling under the definition of section 246 (2) sentence 2 HGB) were offset against the provisions for partial retirement. As there is no active market on the basis of which the market price can be determined, the asset value was used to determine the fair value of the reinsurance policies.

Tax provisions and **other provisions** account for all uncertain liabilities and imminent losses from pending transactions. They are set at the settlement amount deemed necessary based on prudent commercial judgement.

Provisions with a remaining term of more than one year are discounted at the average market interest rate of the past seven years, corresponding to their remaining term.

Liabilities are recognised at the settlement amount.

Deferred taxes are not recognised for Karlsberg Brauerei GmbH due to the existing tax group arrangement with Karlsberg Holding GmbH.

Assets and **liabilities** denominated in foreign currencies were translated at the mean spot exchange rate on the reporting date. Where there was a remaining term of more than one year, the realisation principle (section 252 (1) no. 4 half-sentence 2 HGB) and the acquisition cost principle (section 253 (1) sentence 1 HGB) were observed.

Notes to the balance sheet

Non-current/fixed assets

Changes in the individual non-current/fixed asset items, including depreciation and amortisation for the financial year, are shown in the statement of changes in fixed assets appended to the notes.

The 1,216,592 ordinary shares and 38,050 preference shares in Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA were recognised at acquisition prices of EUR 17.33 for ordinary shares and EUR 14.50 for preference shares in accordance with the valuation option under section 253 (3) sentence 6 HGB. The share price on the reporting date was EUR 14.70 for the ordinary shares and EUR 12.70 for the preference shares.

The carrying amount of the ordinary shares was therefore recognised at EUR 21,084 thousand, which was EUR 3,200 thousand above the fair value of EUR 17,884 thousand, while the carrying amount of the preference shares was EUR 552 thousand, which was EUR 69 thousand above the fair value of EUR 483 thousand. No writedowns were recognised as at the reporting date, as the impairment was not considered to be permanent.

Notes on shareholdings as of 30 June 2024

Company	Capital Share	Equity	Profit/loss
		31 Dec	2023
	%	kEUR	kEUR
Karlsbräu CHR S.A.S., Saverne / France	100.00	3,585	-402
Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA, Bad Teinach-Zavelstein	16.48	75,784	7,559

Receivables and other assets

Other assets included receivables with a remaining term of more than one year of EUR 5,283 thousand (31 December 2023: EUR 4,077 thousand).

Receivables from affiliated companies of EUR 2,661 thousand (31 December 2023: EUR 1,368 thousand) related to deliveries and services.

As at the reporting date, there were receivables from shareholders of EUR 22,610 thousand (31 December 2023: EUR 20,631 thousand).

Equity

The other retained earnings of EUR 45 thousand (31 December 2023: EUR 45 thousand) related to amounts from the first-time application of the German Accounting Law Modernisation Act (BilMoG).

Provisions for pensions and similar obligations

The deficit to be accumulated in future periods in accordance with Art. 67 (2) EGHGB amounted to EUR 60 thousand (31 December 2023: EUR 120 thousand).

The difference pursuant to section 253 (6) HGB amounted as at 31 December 2023 to EUR 251 thousand and is subject to a distribution restriction, but not a transfer restriction.

Pursuant to Art. 28 EGHGB, provisions for indirect pension obligations of the pension recipients of Karlsberg Brauerei GmbH, for which a subsidiary liability exists, are not recognised in the balance sheet of Versorgungswerk Karlsberg Brauerei e. V., Homburg.

The size of the unrecognised indirect pension obligations, based on a discount rate of 4.50%, which corresponds to the average interest rate of the pension fund's plan assets, was EUR 5,775 thousand (31 December 2023: EUR 5,256 thousand). Based on a discount rate of 2.07% (31 December 2023: 1.83%) pursuant to section 253 (2) HGB, the amount was EUR 10,931 thousand (31 December 2023: EUR 10,412 thousand).

As at 31 December 2023 there were also indirect pension obligations of the provident fund of Lowenbrauerei Trier J. Mendgen GmbH, Homburg, amounting to EUR 175 thousand.

Other provisions

Other provisions mainly included provisions for deposits of EUR 4,661 thousand (31 December 2023: EUR 3,848 thousand), personnel costs of EUR 1,385 thousand (31 December 2023: EUR 1,462 thousand) and outstanding invoices, refunds and sales promotions of EUR 6,975 thousand (31 December 2023: EUR 6,152 thousand). Other provisions for contingent liabilities of EUR 824 thousand (31 December 2023: EUR 618 thousand) were also recognised.

Pursuant to section 246 (2) sentence 2 HGB, partial retirement obligations were offset against related assets.

Liabilities

	Amount	Thereof with a remaining term		
	KEUR	under one year KEUR	from 1 to 5 years KEUR	over 5 years KEUR
1. Bonds (31 December 2023)	55,000 (50,000)	0 (50,000)	55,000 (0)	0 (0)
2. Liabilities to banks (31 December 2023)	3,705 (1,847)	2,287 (299)	719 (848)	698 (701)
3. Trade payables (31 December 2023)	10,803 (12,930)	10,803 (12,930)	0 (0)	0 (0)
4. Liabilities to affiliated companies (31 December 2023)	1,263 (580)	1,263 (580)	0 (0)	0 (0)
5. Other liabilities (31 December 2023)	11,266 (11,649)	7,875 (7,369)	3,327 (4,207)	64 (73)
<i>thereof from taxes</i> (31 December 2023)	679 (669)	679 (669)	0 (0)	0 (0)
<i>thereof relating to social security</i> (31 December 2023)	29 (26)	29 (26)	0 (0)	0 (0)
S U M M E (31 December 2023)	82,037 (77,007)	22,228 (71,177)	59,046 (5,055)	763 (774)

Liabilities to banks are collateralised as follows:

- Land charges,
- Assignment by way of security of all trade receivables,
- Pledging of shares,
- Joint liability of Carlsberg Holding GmbH.

Liabilities to affiliated companies included trade payables totalling EUR 1,263 thousand (31 December 2023: EUR 580 thousand).

Notes to the income statement

Sales revenue

Sales revenue (before subtraction of excise duties) comprise:

	first half year 2024 kEUR	first half year 2023 kEUR
Revenue from own-brand beer / AFB-products / trade merchandise	73,685	74,704
Revenue from cost allocations	404	947
Revenue from by-products	672	735
Revenue from rents and leases	1,366	1,070
Other revenue	767	828
Gross revenue*	76,894	78,285
Revenue deductions	-13,581	-13,001
Sales revenue before subtraction of excise duties	63,314	65,284
thereof attributable to:		
Domestic	52,425	54,407
Foreign	10,889	10,877
	63,314	65,284

* Gross revenue = revenue before subtraction of revenue deductions and excise duties

Prior-period and extraordinary income and expenses

Other operating income included prior-period income of EUR 483 thousand (PY: EUR 762 thousand) and related to income from the reversal of provisions.

In addition, other operating income included extraordinary income of EUR 746 thousand (PY: EUR 712 thousand) from damages received as a result of fire damage in an industrial complex rented and sublet by Karlsberg Brauerei GmbH in the 2019 reporting year. In this context, extraordinary expenses of EUR 746 thousand (PY: EUR 712 thousand) were booked to various items on the income statement in the reporting period. Due to damage, planned sales revenue amounting to 533 thousand (PY: 524 thousand) could not be realised. Other operating expenses included extraordinary expenses of EUR 0 thousand (PY: EUR 68 thousand), as well as extraordinary expenses for interest and similar expenses of EUR 214 thousand (PY: EUR 120 thousand) recognised under the financial gains or losses.

Other operating income also includes extraordinary income from the recharging of the bond costs of EUR 1,233 thousand included in the same amount in other operating expenses.

Furthermore, extraordinary expenses of EUR 60 thousand (PY: EUR 60 thousand) related to the addition to pension provisions pursuant to Art. 67 (1) sentence 1 EGHGB, which were reported in other operating expenses.

Financial result

The reduced interest expense of EUR 271 thousand (PY: EUR 22 thousand) due to the change in the discount rate in accordance with section 253 HGB was recognized under financial gains or losses.

Other disclosures

Contingent liabilities and transactions not included in the balance sheet

Contingent liabilities

Karlsberg Brauerei GmbH has taken on a “debt assumption” in favour of Siemens Finance & Leasing GmbH for a lease of Karlsberg Direkt GmbH & Co. KG. The total net acquisition value was EUR 76 thousand. The liability amount from the “debt accession” was EUR 5 thousand as at 30 June 2024.

It is not expected any claim will be made on the liabilities and sureties, as the debtor is financially capable of meeting its obligations on time.

There were no contingent liabilities towards third parties.

Other financial obligations

Up until the respective contract end dates, the financial obligations existing as at 30 June 2024 from leasing, raw material, and other contracts amounted to:

	Amount	Thereof with a remaining term		
	KEUR	under one year KEUR	from 1 to 5 years KEUR	over 5 years KEUR
Obligations from raw materials contracts	23,622	23,622	0	0
Obligations from leases	1,084	551	533	0
Other obligations	345	322	23	0
Total	25,052	24,495	556	0

There were also annual payment obligations from rental agreements and leases of EUR 1,110 thousand. The contracts expire between 2024 and 2029.

From the service contract concluded with Karlsberg Connect & Sales GmbH, an affiliated company, an expense from cost allocations for management and other services, mainly in the areas of sales (trade and exports) and IT, amounting to an estimated 11,348 thousand is expected to be incurred in financial year 2024 following the transfer of the trade and export divisions of Karlsberg Brauerei GmbH to Karlsberg Connect & Sales GmbH.

The service agreement concluded with Karlsberg Direkt GmbH & Co. KG for internal logistics and materials management services is expected to generate expenses from cost allocations of EUR 2,400 thousand in the 2024 financial year.

As at the reporting date 31 December 2023, there were contractual obligations arising from home consumption allowances for commitments granted before 1987 amounting to EUR 217 thousand.

To ensure the sustainable income of the plan assets of the pension fund Versorgungswerk Karlsberg Brauerei e.V., the sponsoring company Karlsberg Brauerei GmbH has committed itself to supplement the income each year, taking into account additional endowments that might be required, as well as dividend and interest income, in case the annual return of 4.5% on the status of the plan assets as at 1 January of the calendar year is not achieved. Taking into account planned additional endowments, interest, and dividend income, a supplement to the income of EUR 247 thousand is expected for the financial year 2024.

Managing Director

Mr Markus Meyer.

The disclosure pursuant to section 285 no. 10 HGB arises from the executive position of the managing director.

In accordance with section 286 (4) HGB in conjunction with section 285 no. 9a HGB, the remuneration of the management is not disclosed, as only one managing director receives remuneration from the company.

Average number of employees during the financial year

	30 June 2024	30 June 2023
Commercial/industrial employees	128	133
Salaried employees	49	120
	177	253
Apprentices	6	7
	183	260

The significantly lower number of employees is mainly due to the transfer of the retail and

export sales divisions to the sister company Karlsberg Connect & Sales GmbH with effect from 1 January 2024. 70 employees transferred to Karlsberg Connect & Sales GmbH.

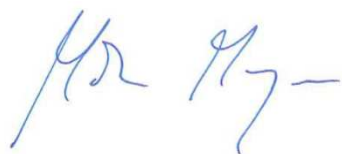
Group affiliation

The company's annual financial statements are included in the consolidated financial statements of Karlsberg Holding GmbH, Homburg, and published in the Bundesanzeiger (smallest consolidation group). These are part of the consolidated financial statements of Karlsbergbrauerei Kommanditgesellschaft Weber, Homburg, which are also published in the Bundesanzeiger (largest consolidation group).

Events after the reporting date

No events of special significance occurred after the reporting date of 30 June 2024 which have any significant financial impact on the net assets, financial position and results of operations of Karlsberg Brauerei GmbH.

Homburg, 11 September 2024

A handwritten signature in blue ink, appearing to read 'M. Meyer', with a horizontal line extending to the right.

Markus Meyer
Managing Director

Karlsberg Brauerei GmbH

Homburg

Interim Report as of 30 June 2024

Half-year financial statements

Statement of Changes in Fixed Assets

	Acquisition and production costs				Accumulated amortisation/depreciation				Book Values		
	01.01.2024 EUR	Additions EUR	Disposals EUR	Transfers EUR	30.06.2024 EUR	01.01.2024 EUR	Additions EUR	Disposals EUR	30.06.2024 EUR	30.06.2024 EUR	31.12.2023 EUR
I. Intangible assets											
Purchased licences, industrial property rights and similar rights and values and licences to such rights and values	17,479,953.27	71,000.00	0.00	0.00	17,550,953.27	11,211,347.27	541,183.00	0.00	11,752,530.27	5,798,423.00	6,268,606.00
II. Tangible fixed assets											
1. Land, leasehold rights and buildings, including buildings on third-party land	49,845,221.37	295,529.76	3,089.41	815,166.68	50,952,828.40	42,156,117.88	380,817.44	3.52	42,536,931.80	8,415,896.60	7,689,103.49
2. Plant and machinery	103,435,083.23	973,542.37	3,692.00	2,394,365.42	106,799,299.02	83,758,891.02	1,198,337.35	382.56	84,956,845.81	21,842,453.21	19,676,192.21
3. Other equipment, factory equipment and furnishings and fixtures	57,199,706.44	2,137,692.77	15,902.27	46,935.00	59,368,431.94	44,226,768.44	2,702,371.77	8,616.27	46,920,523.94	12,447,908.00	12,972,938.00
4. Payments on account and assets under construction	5,094,915.32	634,575.11	0.00	-3,256,467.10	2,473,023.33	0.00	0.00	0.00	0.00	2,473,023.33	5,094,915.32
	215,574,926.36	4,041,340.01	22,683.68	0.00	219,593,582.69	170,141,777.34	4,281,526.56	9,002.35	174,414,301.55	45,179,281.14	45,433,149.02
III. Financial assets											
1. Shares in affiliated companies	36,161,551.95	0.00	0.00	0.00	36,161,551.95	0.00	0.00	0.00	0.00	36,161,551.95	36,161,551.95
2. Loans to affiliated companies	620,775.14	7,865.02	201,068.93	0.00	427,571.23	0.00	0.00	0.00	0.00	427,571.23	620,775.14
3. Investments	1,406,087.83	0.00	0.00	0.00	1,406,087.83	1,380,487.83	0.00	0.00	1,380,487.83	25,600.00	25,600.00
4. Other loans	3,431,630.09	1,146,404.52	1,115,544.91	0.00	3,462,489.70	626,842.43	22,018.78	29,961.97	618,899.24	2,843,590.46	2,804,787.66
	41,620,045.01	1,154,269.54	1,316,613.84	0.00	41,457,700.71	2,007,330.26	22,018.78	29,961.97	1,999,387.07	39,458,313.64	39,612,714.75
	274,674,924.64	5,266,609.55	1,339,297.52	0.00	278,602,236.67	183,360,454.87	4,844,728.34	38,964.32	188,166,218.89	90,436,017.78	91,314,469.77

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Karlsberg Holding GmbH,
Homburg

Financial year 2023
Consolidated Financial
Statements

Report

on the audit of the
consolidated financial statements and the group management
report as at
31 December 2023

DORNBACH GMBH
Accounting expertise and finance advice
COBLENCE

Karlsberg Holding GmbH, Homburg

Consolidated Balance Sheet as at 31 December 2023

ASSETS

	31/12/2023 EUR	31/12/2022 TEUR
A. FIXED ASSETS		
I. Intangible assets		
1. Purchased licences, industrial property rights and similar rights and values and licences to such rights and values	10,081,392.02	9,883
2. Goodwill	8,173,425.97	7,968
3. Payments on account	<u>506,264.00</u>	<u>209</u>
	18,761,081.99	18,060
II. Tangible fixed assets		
1. Land, leasehold rights and buildings, including buildings on leasehold land	26,411,243.47	27,963
2. Plant and machinery	53,193,039.86	51,153
3. Other equipment, factory equipment and furnishings and fixtures	32,273,440.89	32,966
4. Payments on account and assets under construction	<u>12,280,105.90</u>	<u>5,963</u>
	124,157,830.12	118,045
III. Financial assets		
1. Shares in affiliated companies	516,565.59	517
2. Investments	75,662.86	76
3. Investments in associated companies	442,271.57	431
4. Loans to associated companies	551,558.44	307
5. Securities classified as fixed assets	1,497,990.66	1,747
6. Other loans	<u>7,300,950.66</u>	<u>7,660</u>
	10,384,999.78	10,738
	153,303,911.89	146,843
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials, auxiliary supplies and consumables	15,646,294.91	19,743
2. Work in progress	4,009,439.73	3,881
3. Finished products and merchandise	18,711,144.94	16,229
4. Payments on account	<u>44,654.89</u>	<u>2</u>
	38,411,534.47	39,855
II. Receivables and other assets		
1. Trade receivables	35,321,334.03	34,225
2. Receivables from affiliated companies	7,110,955.63	6,740
3. Receivables from companies in which investments are held	159,691.88	1
4. Other assets	<u>25,671,166.97</u>	<u>28,657</u>
	68,263,148.51	69,623
III. Cash and bank balances	<u>10,377,717.63</u>	<u>19,376</u>
	117,052,400.61	128,854
C. PREPAYMENTS AND ACCRUED INCOME	1,173,787.37	1,241
D. DEFERRED TAX ASSETS	18,050,256.65	18,224
E. POSITIVE DIFFERENCE FROM THE OFFSETTING OF ASSETS	<u>5,193.86</u>	<u>0</u>
	<u>289,585,550.38</u>	<u>295,162</u>

LIABILITIES

	31/12/2023 EUR	31/12/2022 TEUR
A. EQUITY		
I. Subscribed capital	25,000,000.00	25,000
II. Capital reserves	2,236,964.24	2,237
III. Loss carryforward	-49,435,554.74	-49,991
IV. Consolidated net profit of the parent company	-936,456.26	2,056
V. Non-controlling interests	<u>45,121,706.80</u>	<u>46,721</u>
	21,986,660.04	26,023
B. SPECIAL ITEM FOR INVESTMENT GRANTS FOR FIXED ASSETS		
	0.00	300
C. PROVISIONS		
1. Provisions for pensions and similar obligations	40,255,390.30	38,765
2. Tax provisions	887,022.38	1,948
3. Other provisions	<u>54,555,688.22</u>	<u>56,812</u>
	95,698,100.90	97,525
D. PAYABLES		
1. Bonds	50,000,000.00	50,000
2. Registered bond	8,333,333.34	16,667
3. Payables to credit institutions	39,675,343.38	28,746
4. Trade payables	32,486,583.83	31,055
5. Payables to affiliated companies	3,304,406.14	3,552
6. Payables to companies in which investments are held	26,716.62	78
7. Other payables	<u>38,072,859.13</u>	<u>41,216</u>
	171,899,242.44	171,314
E. ACCRUALS AND DEFERRED INCOME	<u>1,547.00</u>	<u>0</u>
	<u>289,585,550.38</u>	<u>295,162</u>

Karlsberg Holding GmbH, Homburg
Consolidated Profit and Loss Account for the Financial Year 2023

	2023 EUR	2022 TEUR
1. Turnover		
a) Turnover	384,191,793.34	378,560
b) Excise duties	<u>-26,048,401.12</u>	<u>-28,466</u>
	358,143,392.22	350,094
2. Change in inventory of finished goods and work in progress	2,689,444.60	1,379
3. Other capitalised company-produced assets	65,500.00	616
4. Other operating earnings	13,753,961.12	10,715
- of which from currency translation: EUR 149.98 (previous year: TEUR 0)		
5. Expenditures on materials		
a) Expenditures for raw materials, auxiliary supplies, consumables and purchased goods	137,447,665.22	126,819
b) Expenditures for purchased services	<u>7,358,856.23</u>	<u>7,734</u>
	<u>144,806,521.45</u>	<u>134,553</u>
6. Gross profit or loss	229,845,776.49	228,251
7. Staff costs		
a) Wages and salaries	58,732,296.17	58,055
b) Social security contributions and expenses for pension scheme and support	19,804,968.20	20,372
- of which for pension scheme EUR 6,134,934.98 (previous year: TEUR 7,124)		
	<u>78,537,264.37</u>	<u>78,427</u>
B. Amortisation of intangible and depreciation of tangible fixed assets	26,778,103.65	25,253
9. Other operating expenses	112,386,550.28	109,800
- of which from currency translation: EUR 1,036.36 (previous year: TEUR 14)		
- Expenditures pursuant to Article 67 (1) and 2 of the Introductory Act of the German Commercial Code (EGHGB): EUR 150,607.99 (previous year: TEUR 151)		
10. Income from investments	0.00	5
11. Income from other securities and loans classified as financial assets	93,264.82	84
12. Other interest and similar income	914,941.71	662
- of which from affiliated companies EUR 311,450.51 (previous year: TEUR 214)		
13. Depreciation of financial assets and securities classified as current assets	923,958.50	491
14. Profit or loss from investments in associated companies	-624,067.36	0
15. Expenses from loss transfer	135,801.73	3
16. Interest and similar expenses	6,200,170.86	5,924
- of which to affiliated companies: EUR 155,036.20 (previous year: TEUR 122)		
- of which expenses from discounting: EUR 325,435.00 (previous year: TEUR 1,035)		
17. Taxes on income and earnings	1,059,450.54	1,383
- of which expenses from the change in reported deferred taxes EUR 173,702.53 (previous year: expenses from the change in reported deferred taxes TEUR 683)		
18. Profit or loss after taxes	4,208,615.73	7,721
19. Other taxes	<u>1,144,079.55</u>	<u>1,472</u>
20. Consolidated net profit	3,064,536.18	6,249
21. Profit attributable to non-controlling interests	<u>-4,000,992.44</u>	<u>-4,193</u>
22. Consolidated net profit of the parent company	<u><u>-936,456.26</u></u>	<u><u>2,056</u></u>

Karlsberg Holding GmbH, Homburg
Saarbrücken Local Court, HRB 3775

Notes to the Consolidated Financial Statements for the Financial Year 2023

The consolidated financial statements of Karlsberg Holding GmbH, Homburg, are prepared in accordance with the regulations of the Book Three of the German Commercial Code (HGB). The consolidated profit and loss account is laid out pursuant to the total cost method.

Group of consolidated companies/reporting date

Included in the consolidated financial statements besides the parent company are the corporate groups of Karlsberg Brauerei GmbH, Homburg, Karlsberg Direkt GmbH & Co. KG, Homburg, Brasserie Licorne S.A.S., Saverne, der Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA, Bad Teinach-Zavelstein and the other subsidiaries.

In the year under review Karlsberg Holding GmbH founded a purchasing company together with Warsteiner Brauerei Haus Cramer KG. With effect from 17 February 2023, 50.00% of the shares in EBSA GmbH & Co. KG and the general partner EBSA-Verwaltungs GmbH, each with its registered office in Eschborn, were acquired. Due to the significant influence, these companies are reported under associated companies.

The companies that are not included in the group of consolidated companies are not consolidated because they are individually and combined immaterial for the obligation to present accurately the Group's asset, financial and earnings position within the meaning of section 296 (2) HGB.

Subsidiaries included in the consolidated financial statements (full consolidation):

<u>Company</u>	<u>Share of capital</u> %
Karlsberg Brauerei GmbH, Homburg	100.00
Karlsberg Connect & Sales GmbH (formerly Karlsberg Service GmbH), Homburg	70.42
Brasserie Licorne S.A.S., Saverne	100.00
Karlsbräu CHR S.A.S., Saverne	100.00
Saverne Transports S.à.r.l., Steinbourg	100.00
Saverne Transports S.C.l., Steinbourg	100.00
Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA, Bad Teinach-Zavelstein	34.27
Mineralbrunnen Überkingen-Teinach Beteiligungs GmbH, Bad Teinach-Zavelstein	34.27
Mineralbrunnen Teinach GmbH, Bad Teinach-Zavelstein	34.27
Mineralbrunnen Krumbach GmbH, Kißlegg	34.27
Niehoffs Vaihinger Fruchtsaft GmbH, Lauterecken	34.27
KAMPOS Vertriebs GmbH, Homburg	34.27
Karlsberg Direkt GmbH & Co. KG, Homburg	100.00
Vendis Getränke Verwaltungsgesellschaft mbH, Homburg	100.00
OKKO-Getränke GmbH, Homburg	83.17
Karlsberg Immobilien GmbH, Homburg	100.00
Hofbräuhaus Vertriebs GmbH, Homburg	100.00

Associated companies included in the consolidated financial statements (equity consolidation):

<u>Company</u>	<u>Share in capital</u> %
siro Production GmbH, graphic production agency, Neunkirchen (significant influence on the business and financial policy through Mineralbrunnen Überkingen-Teinach Beteiligungs GmbH with a direct shareholding of 40 %)	13.71
EBSA GmbH & Co. KG	50.00
EBSA-Verwaltungs GmbH	50.00

Investment companies not included in the consolidated financial statements:

<u>Company</u>	<u>Share in capital</u> %
Unterstützungskasse der Löwenbrauerei Trier, J. Mendgen GmbH, Homburg	100.00
Hofgut Websweiler Golf-Resort GmbH, Homburg	100.00
Karlsberg International Getränkemanagement GmbH, Homburg	100.00
SAS 12A Developpement, Strasbourg	40.00

The companies are not included in the consolidated financial statements because they are immaterial within the meaning of section 296 (2) HGB.

Special purpose entities within the meaning of section 290 (2) no. 4 HGB not included in the consolidated financial statements:

The parent company has neither a direct nor indirect holding in Versorgungshilfe für die Betriebsangehörigen der Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA 1938 e.V., Bad Teinach-Zavelstein, Versorgungswerk Karlsberg Brauerei e.V., Homburg, and Versorgungswerk Karlsberg Holding e.V., Homburg. In the case of these special purpose entities, the assets are offset against the settlement value for the old-age pension scheme obligations in accordance with section 246 (2) sentence 2 HGB. The settlement value of these

indirect old-age pension scheme obligations, for which subsidiary liability exists, that exceeds the plan assets of the pension schemes, is not recognised under liabilities in the consolidated financial statements in accordance with German Accounting Standard (GAS) 19 (47) pursuant to Art. 28 (1) sentence 2 of the Introductory Act to the German Commercial Code (EGHGB). The shortfall for indirect pension obligations not reported in the balance sheet is disclosed in the notes to the consolidated financial statements.

The reporting date of the consolidated financial statements is the same as the reporting date of the parent company and, with the exception of SAS 12A Developpement, Strasbourg (30 September), all other companies included in the consolidated financial statements.

Consolidation principles

The capital of companies that are consolidated for the first time is consolidated using the acquisition method at the time the subsidiary is included in the consolidated financial statements.

The value of the shares in the subsidiary belonging to the parent company is offset against the equity of the subsidiary attributable to these shares. The equity is recognised with the amount corresponding to the fair value of the assets, liabilities, deferred items and special items to be included in the consolidated financial statements. The values that are offset are the values at the time the company became a subsidiary.

Any remaining positive difference after offsetting is reported as goodwill, and any remaining negative difference is reported as difference from capital consolidation.

The capital of subsidiaries that were consolidated for the first time before 1 January 2010 was consolidated using the book value method at the time of acquisition.

Shares in affiliated companies not attributable to the Group are reported as non-controlling interests; their share in the profit or loss for the year is reported separately under profit attributable to non-controlling interests.

The investments included using the equity method are recognised with the share of equity using the book value method and reported under financial assets.

The associated companies are shown in the list of shareholdings. They are accounted for and recognised using the equity method pursuant to section 312 (1). In the financial year as in the

previous years, the pro rata profit or loss and the changes in capital are added to the recognised values.

Profits on intercompany transactions with associated companies are not eliminated because they are immaterial.

Turnover, other income and expenses, receivables and liabilities and intercompany profits within the group of consolidated companies are eliminated.

For the differences between valuations under commercial law and the tax valuations resulting from consolidation transactions and for intercompany profits in inventory, deferred tax assets are recognised in the consolidated balance sheet.

Accounting and valuation methods

The following accounting and valuation methods were used to prepare the consolidated financial statements, which were largely unchanged.

Purchased intangible and tangible fixed assets are generally capitalised at cost of acquisition or production plus incidental acquisition costs less purchase price reductions. They are depreciated using the straight-line method. The useful life for supply, trademark and other rights is between 3 and 15 years. The useful life for buildings and parts of buildings is between 15 and 50 years, for spring facilities, plant and machinery and other equipment, factory equipment and furnishings and fixtures between 3 and 20 years.

In the period under review, Karlsberg Brauerei GmbH made a change in the reporting of inventory of replacement parts. The assets that were previously reported under raw materials, auxiliary supplies and consumables are now available to business operations on a long-term basis and, contrary to the practice of previous years, were therefore reclassified as fixed assets (plant and machinery). From now on, the inventory will be reported as fixed assets under plant and machinery. The effect on the balance sheet of this change in reporting, which has no impact on profit or loss, is TEUR 3,304. The reclassification is shown in the statement of changes in fixed assets as an addition under plant and machinery.

For the initial supply of newly introduced empty containers and newly purchased empty containers the useful life is 4 years.

Low-value assets with a net individual value of up to EUR 250.00 were depreciated in full in the year of acquisition and recognised as an expense; it is assumed that they were disposed of immediately. For low-value assets with a cost of acquisition between EUR 250.00 and EUR 1,000.00, an annual collective item is formed and depreciated over 5 years.

Additions to tangible assets are otherwise depreciated on a pro rata basis.

The shareholding is valued at acquisition cost (in the case of associated companies, taking into account the adjustment from the change in equity) or at fair value.

Securities classified as fixed assets are recognised at cost of acquisition or, if it is likely that they have suffered a permanent loss in value, at the lower fair value.

Loans are recognised at their nominal amounts, the default risk is taken into account with specific valuation allowances and the general credit risk with a general valuation allowance.

Inventory is valued at cost of acquisition including incidental costs less price reductions and, in the case of inventory produced by the company, at cost of production including reasonable overheads, taking into account the lower of cost or market value principle.

Stocks of raw materials, auxiliary supplies and consumables are recognised at average cost price or the lower current market price on the balance sheet date.

Finished goods and work in progress are valued at cost of production on the basis of individual calculations based on the current operating accounts, whereby in addition to the direct material costs, production wages, special direct costs, production and material overheads and depreciation are also taken into account. Interest on borrowed capital is not included in the cost of production. Costs for general administration are not capitalised. In all cases values were recognised without loss, i.e. deductions for costs still to be incurred were made from the expected selling prices.

Merchandise is reported at the lower of cost of acquisition or fair market value.

All identifiable risks in inventory which relate to a longer than average time in storage, impaired usability and lower replacement costs, are accounted for with appropriate write-downs.

Apart from the customary retention of title, inventory is free from the rights of third parties.

Receivables and other assets are recognised at nominal value. The general credit risk is taken into account with a general valuation allowance made for the net balance of receivables less the receivables for which specific valuation allowances have been made. Appropriate specific valuation allowances were made for bad debts.

Cash, bank balances and equity are reported at nominal value.

The accounting option concerning the reporting of deferred tax assets due to temporary differences in the valuations in the commercial and tax balance sheets and loss carryforwards is exercised. Differences resulting from consolidation measures pursuant to sections 300 to 307 HGB are also taken into account, but not differences resulting from the initial recognition of goodwill or a negative difference resulting from capital consolidation.

With the exception of pension provisions due to their pro rata allocation pursuant to Article 67, (1) EGHGB, provisions are recognised in the amount of the settlement value deemed necessary according to prudent business judgement. Provisions with a remaining term of more than one year are discounted using the average market interest rate for the last seven years which is relevant for their remaining term. For old-age pension scheme obligations, the average market interest rate for the last ten financial years is used for discounting, which results from a general assumption of a remaining term of fifteen years.

The accounting of the plan assets within the meaning of section 246 (2) sentence 2 HGB is carried out for the partially benefit-congruent reinsured pension commitments using the Accounting Practice Statement IDW RH FAB 1.021. The plan assets method was used to ensure financing and vesting congruence for the partially reinsured pension commitments. The reinsurance policies were valued on the basis of the primacy of the liability.

Assets that serve exclusively to meet old-age pension scheme obligations or similar long-term obligations and are not accessible to all other creditors are offset against the provisions created for these obligations. Accordingly, the associated expenditures and earnings from the discounting and from the assets to be offset are netted.

The tax provisions and other provisions consider all uncertain liabilities and anticipated losses from pending transactions. They are recognised in the amount of their settlement value deemed necessary according to prudent business judgement. Provisions with a remaining term of more than one year are discounted using the average market interest rate for the last seven years which is relevant for their remaining term.

Liabilities are valued in the amount of their settlement value.

Where combined items for valuation purposes pursuant to section 254 HGB are created, the following accounting and valuation principles are applied.

Economic hedging relationships are reflected in the balance sheet by creating combined items for valuation purposes. In cases where both the “net hedge presentation method”, under which the offsetting changes in value from the hedged risk are not accounted for, and the “gross hedge presentation method”, under which the offsetting changes in value from the hedged risk of both the underlying transaction and the hedging instrument are accounted for, can be applied, the “net hedge presentation method” is applied. The offsetting positive and negative changes in value are recognised without affecting the profit and loss account.

Foreign currency assets and liabilities were translated using the average spot exchange as of the balance sheet date. If they have a remaining term of more than one year, the realisation principle (section 298 (1) in conjunction with section 252 (1) no. 4 clause 2 HGB) and the cost of acquisition principle (section 298 (1) in conjunction with section 253 (1) sentence 1 HGB) were applied.

The “of which” comments relating to currency conversion reported in the profit and loss account include both realised and unrealised exchange rate differences.

In the period under review, the balance sheet item special item for investment grants for fixed assets was reversed. Grants received for investments were recognised for the group companies Brasserie Licorne SAS and Niehoffs Vahinger Fruchtsaft GmbH as special items for investment grants for fixed assets. The total effect of the reversal of the special item is TEUR 317.

The contingent liabilities are calculated using the principles applicable to their underlying liabilities.

The financial statements of the subsidiaries included in the consolidated financial statements are prepared in EUR.

Notes on the consolidated balance sheet

Fixed assets

The changes in fixed assets, the sum of the gross values (cumulative costs of acquisition and production), the cumulative depreciation per asset item, the additions and disposals and the depreciation in the financial year are reported in the statement of changes in fixed assets. The items shares in and loans to affiliated companies and investments include the non-consolidated shares in companies.

Karlsberg Holding GmbH, Homburg

Statement of Changes in Fixed Assets as at 31 December 2023

	Acquisition and production costs					Depreciation/write-downs				Book values		
	Balance 01.01.2023	Additions	Disposals	Adjusting entries	Balance 31.12.2023	Balance 01.01.2023	Additions	Disposals	Balance 31.12.2023	Balance 31.12.2023	Balance 31.12.2022	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	
Fixed assets												
I. Intangible assets												
1. Purchased concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	52.055.965,15	2.508.930,90	135.437,86	0,00	54.429.458,19	42.172.589,73	2.302.414,30	126.937,86	44.348.066,17	10.081.392,02	9.883.375,42	
2. Goodwill	11.558.510,73	1.645.343,50	0,00	0,00	13.203.854,23	3.590.435,44	1.439.992,82	0,00	5.030.428,26	8.173.425,97	7.968.075,29	
3. Payments on account	208.503,75	393.854,00	10.500,00	0,00	591.857,75	0,00	85.593,75	0,00	85.593,75	506.264,00	208.503,75	
	63.822.979,63	4.548.128,40	145.937,86	0,00	68.225.170,17	45.763.025,17	3.828.000,87	126.937,86	49.464.088,18	18.761.081,99	18.059.954,46	
II. Tangible fixed assets												
1. Real property, rights and buildings equivalent to real property including buildings on third-party land	162.804.443,57	115.345,70	241.513,45	66.580,47	162.744.856,29	134.840.883,57	1.725.202,99	232.473,74	136.333.612,82	26.411.243,47	27.963.560,00	
2. Plant and machinery	246.357.501,86	4.509.995,71	4.216.235,71	4.299.075,57	250.950.337,43	195.204.770,68	6.654.425,95	4.101.899,06	197.757.297,57	53.193.039,86	51.152.731,18	
3. Other equipment, factory equipment and furnishings and fixtures	128.820.243,32	14.060.751,15	10.942.474,30	386.901,37	132.325.421,54	95.854.209,03	14.570.473,84	10.372.702,22	100.051.980,65	32.273.440,89	32.966.034,29	
4. Payments on account and assets under construction	5.962.930,48	11.157.261,99	87.529,16	-4.752.557,41	12.280.105,90	0,00	0,00	0,00	0,00	12.280.105,90	5.962.930,48	
	543.945.119,23	29.843.354,55	15.487.752,62	0,00	558.300.721,16	425.899.863,28	22.950.102,78	14.707.075,02	434.142.891,04	124.157.830,12	118.045.255,95	
Total I. and II.	607.768.098,86	34.391.482,95	15.633.690,48	0,00	626.525.891,33	471.662.888,45	26.778.103,65	14.834.012,88	483.606.979,22	142.918.912,11	136.105.210,41	
III. Financial assets												
1. Shares in affiliated companies	696.565,59	0,00	0,00	0,00	696.565,59	180.000,00	0,00	0,00	180.000,00	516.565,59	516.565,59	
2. Loans to affiliated companies	0,00	170.749,76	1.475,16	0,00	169.274,60	0,00	169.274,60	0,00	169.274,60	0,00	0,00	
3. Investments	156.737,88	0,00	0,00	0,00	156.737,88	81.075,02	0,00	0,00	81.075,02	75.662,86	75.662,86	
4. Investments in associated companies	585.526,35	807.589,65	709.157,01	0,00	683.958,99	154.845,13	86.842,29	0,00	241.687,42	442.271,57	430.681,22	
5. Loans to associated companies	3.373.885,16	244.549,81	0,00	0,00	3.618.434,97	3.066.876,53	0,00	0,00	3.066.876,53	551.558,44	307.008,63	
6. Securities classified as fixed assets	2.473.254,95	32.457,76	0,00	0,00	2.505.712,71	726.247,05	281.475,00	0,00	1.007.722,05	1.497.990,66	1.747.007,90	
7. Other loans	14.042.754,73	1.948.212,85	2.640.401,90	0,00	13.350.565,68	6.383.110,59	386.366,61	719.862,18	6.049.615,02	7.300.950,66	7.659.644,14	
	21.328.724,66	3.203.559,83	3.351.034,07	0,00	21.181.250,42	10.592.154,32	923.958,50	719.862,18	10.796.250,64	10.384.999,78	10.736.570,34	
Total I., II. and III.	629.096.823,52	37.595.042,78	18.984.724,55	0,00	647.707.141,75	482.255.042,77	27.702.062,15	15.553.875,06	494.403.229,86	153.303.911,89	146.841.780,75	

Goodwill

The goodwill results from the capital consolidation of the corporate group of Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA, Bad Teinach-Zavelstein. It will be amortised over an average useful life of ten years. A fundamental change in the framework conditions for the corporate group's business activities is not expected.

Recognition of investment in associated company

The difference between the book value of the investment in siro Production GmbH, graphic production agency, Neunkirchen, and the proportionate equity of the associated company is TEUR 124 as at 31 December 2023, this amount is recognised entirely as goodwill. This will be amortised over an expected useful life of ten years.

The difference between the book value of the investment in EBSA GmbH & Co. KG and EBSA Verwaltungs-GmbH, Eschborn, and the proportionate equity of the associated company is TEUR 670 as at 31 December 2022. The goodwill totals TEUR 614 as at the balance sheet date. This will be amortised over an expected useful life of ten years.

Securities classified as fixed assets

The securities classified as fixed assets mainly concern shares in an open-end special fund, in which Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA holds 100 % of the investment shares. This special fund is a mixed fund. It invests primarily in bond funds. The market value of the special fund as at the balance sheet date was TEUR 1,465 and therefore TEUR 282 below the book value of TEUR 1,747. Taking into account the change in the market value, a write-down to the lower fair value of TEUR 282 was made in the reporting period. Shares can be returned within two to five working days. A distribution of TEUR 4,000 was made in the financial year.

Receivables and other assets

Receivables with a remaining term of more than one year are included in other assets in the amount of TEUR 5,322 (previous year: TEUR 6,686).

Receivables from affiliated companies concern the affiliated companies not included in the consolidated financial statements and are mainly for the supply of goods and services. They include receivables from shareholders in the amount of TEUR 6,597 (previous year: TEUR 6,157).

Deferred tax assets

Deferred taxes were calculated using a tax rate of 32.45 % for the parent company, 28.97 %

for the subgroup Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA and 25.00 % for the French companies.

Deferred taxes totalling TEUR 14,029 have been capitalised on corporation tax loss carryforwards in the amount of TEUR 50,897 and trade tax loss carryforwards in the amount of TEUR 36,910. In addition, there are corporation tax loss carryforwards in the amount of TEUR 64,013 and trade tax loss carryforwards in the amount of TEUR 21.201, for which tax relief is not expected within five years.

The deferred tax assets result from the following:

	31/12/2023	31/12/2022
	TEUR	TEUR
Deferred tax assets from deviations from balance sheet values for		
intangible assets	369	731
Tangible fixed assets	-5,511	-5,834
Financial assets	0	0
Inventory	177	223
Tax reserves	-8	-8
Provisions for pensions	7,853	7,467
Other provisions	581	752
Other	0	0
	<hr/> 3,461	<hr/> 3,331
Deferred tax assets from consolidation measures (section 306 HGB)	0	0
	560	413
Deferred tax assets from loss carryforwards	14,029	14,480
	<hr/> 18,050	<hr/> 18,224
	<hr/> <hr/>	<hr/> <hr/>

Equity

The composition of and changes in equity capital are shown in the equity statement.

Provisions for pensions and similar obligations

The pension provisions were calculated in line with actuarial principles using the projected unit credit method based on an interest rate of 1.83 % (previous year: 1.80 %), a wages and salary trend of 2.50 % (previous year: 2,50 %), an expected pension trend of between 0.00 % and 2.00 % (previous year: between 0.00 % and 1.75 %), a fluctuation of 0.00 % - 0.80 % (previous

year: 0.00 % - 0.80 %) and using Prof. Dr. Heubeck's "2018 G mortality tables".

The rise in the pension trend from 1.75 % to 2.00 % had a negative effect on profit in the amount of TEUR 1,534. The amount was reported under staff costs.

The difference (shortfall) calculated from the revaluation of pension provisions as at 1 January 2010 is allocated pursuant to Art. 67 (1) EGHGB in the amount of at least one-fifteenth to pension provisions to 31 December 2024. The difference as at the balance sheet date is TEUR 151.

The difference pursuant to section 253 (6) HGB is TEUR 793.

Assets pursuant to section 246 (2) sentence 2 HGB with an asset value for reinsurance in the amount of TEUR 6,760 are offset against a settlement value in the amount of TEUR 19,036.

Earnings from the compounding of assets pursuant to section 242 (2) sentence 2 HGB in the amount of TEUR 385 are offset against expenditures from the discounting of old-age pension scheme obligations in the amount of TEUR 340 and netted under the item "interest and similar expenses".

Shortfall for indirect pension obligations not reported in the balance sheet

The shortfall for indirect pension obligations not reported in the balance sheet within the meaning of Art. 28 EGHGB for Versorgungshilfe für die Betriebsangehörigen der Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA 1938 e.V., Bad Teinach-Zavelstein, totals TEUR 73,623 (previous year: TEUR 73,687).

The shortfall for indirect pension obligations not reported in the balance sheet for Versorgungswerk Karlsberg Brauerei e.V., Homburg, and for Versorgungswerk Karlsberg Holding e.V., Homburg, calculated using an interest rate of 4.5 %, which is the interest rate used for the plan assets of these pension funds, is TEUR 7,348 (previous year: TEUR 6,419). This interest is assured by the funding companies, if necessary through income contributions. The corresponding shortfall for pension schemes not reported in the balance sheet pursuant to Art. 28 EGHGB totals TEUR 16,137 for these two pension funds (previous year: TEUR 15,868).

Unterstützungskasse der Löwenbrauerei Trier J. Mendgen GmbH, Homburg, also has indirect pension obligations in the amount of TEUR 175 (previous year: TEUR 184).

Other provisions

Other provisions mainly comprise provisions for deposits in the amount of TEUR 23,171 (previous year: TEUR 26,962), for refunds and advertising subsidies in the amount of TEUR 18,468 (previous year: TEUR 17,108) and for staff costs in the amount of TEUR 6,227 (previous year: TEUR 6,320).

Assets pursuant to section 246 (2) sentence 2 HGB with an asset value for reinsurance in the amount of TEUR 144 are offset against provisions for partial-retirement obligations with a settlement value in the amount of TEUR 115.

Earnings from the compounding of assets pursuant to section 246 (2) sentence 2 HGB in the amount of TEUR 1 are offset against expenditures from the compounding of partial retirement obligations in the amount of TEUR 4 and netted under the item “interest and similar expenses”.

Provisions for payment-in-kind obligations for commitments made after 31 December 1986 were calculated in line with actuarial principles using the projected unit credit method based on an interest rate of 1.83 % (previous year: 1.80 %), an expected pension trend of 2.00 % (previous year: 1.75 %) and using Prof. Dr. Heubeck’s “2018 G mortality tables”.

Payables

	TEUR	of which with a remaining term of		
		less than one year TEUR	of 1 - 5 years TEUR	more than 5 years TEUR
1. Bonds (previous year)	50,000 (50,000)	50,000 (0)	0 (50,000)	0 (0)
2. Registered bond (previous year)	8,333 (16,667)	8,333 (8,333)	0 (8,333)	0 (0)
3. Payables to credit institutions (previous year)	39,675 (28,746)	31,875 (16,908)	5,852 (9,413)	1,949 (2,426)
4. Trade payables (previous year)	32,487 (31,055)	32,487 (31,055)	0 (0)	0 (0)
5. Payables to affiliated companies (previous year)	3,304 (3,552)	3,304 (3,552)	0 (0)	0 (0)
6. Payables to companies in which investments are held (previous year)	27 (78)	27 (78)	0 (0)	0 (0)
7. Other payables (previous year)	38,073 (41,216)	26,333 (28,037)	9,262 (9,620)	2,478 (3,559)
- of which relating to taxes (previous year)	5,434 (6,357)	5,434 (6,357)	0 (0)	0 (0)
- of which related to social security (previous year)	736 (576)	736 (576)	0 (0)	0 (0)
TOTAL (previous year)	171,899 (171,314)	152,359 (87,963)	15,114 (77,366)	4,426 (5,985)

Of the payables, the registered bond is fully secured by directly enforceable guarantees from the subgroup of Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA.

Of the payables to credit institutions, TEUR 286 (previous year: TEUR 310) are secured by mortgages and TEUR 14,311 (previous year: TEUR 14,774) by other liens, mainly securities. In the case of one subsidiary, trade receivables are assigned as security.

Payables to affiliated companies and payables to companies in which investments are held are as in the previous year for the supply of goods and services.

Notes on the profit and loss account

Breakdown of turnover

	2023 TEUR	2022 TEUR
Germany	299,214	289,463
Foreign countries	130,788	130,718
Transport services	12,664	13,521
Leasing and renting	1,805	1,855
Other turnover	6,542	6,189
Gross turnover *	451,014	441,747
./. Sales deductions	-66,822	-63,187
Turnover	384,192	378,560

* Gross turnover = Turnover before sales deductions

The gross turnover is attributable in the amount of TEUR 407,041 to the main categories beer and beer mixes (TEUR 243,832), mineral water (TEUR 68,516), juice, fruit juice beverages and nectars (TEUR 69,372) and lemonades and soft drinks (TEUR 25,320).

Income and expenses relating to other periods and extraordinary income and expenses

Included in other operating earnings of TEUR 13,754 are earnings relating to other periods in the amount of TEUR 3,423 (previous year: TEUR 3,497). These mainly comprise income from the reversal of provisions in the amount of TEUR 2,881 (previous year: TEUR 3,182).

Other operating expenses and other taxes include expenses relating to other periods in the amount of TEUR 299 (previous year: TEUR 552).

In addition, the taxes on income and earnings include income relating to other periods in the amount of TEUR 25 (previous year: expenses relating to other periods TEUR 171).

Other operating expenses as well as interest and similar expenses also include extraordinary expenses in the amount of TEUR 1,297 (previous year: TEUR 546). Of this amount, TEUR 865 relates to expenses in connection with fire damage that occurred in the 2019 reporting year in a hall complex rented and sublet by Karlsberg Brauerei GmbH.

In addition, in the year under review expenses pursuant to Article 67 (1) sentence 1 HGB concerning the pro rata allocation to pension provisions in the amount of TEUR 151 (previous

year: TEUR 151) were incurred.

Financial profit or loss

The reduced interest expense in the amount of TEUR 286 due to the change in the interest pursuant to section 253 HGB (previous year: increased interest expense in the amount of TEUR 585) was reported in the financial profit or loss.

Other disclosures

Contingent liabilities

	31/12/2023	31/12/2022
	TEUR	TEUR
Guarantees	374	1,000
Membership of empty container pools	18,560	17,331
Letter of comfort	230	263
	<u>19,165</u>	<u>18,594</u>

A claim from the contingent liabilities and the letter of comfort is not currently expected because, as things currently stand, the debtors are financially able to meet their obligations on time and termination of membership of the empty container pools is not currently planned.

Other financial obligations

The other financial obligations as at 31 December 2023 are, to the end of the respective contract, as follows:

	31/12/2023	Remaining term		
		up to 1 year	from 1 to 5 years	more than 5 years
	TEUR	TEUR	TEUR	TEUR
Obligations from raw materials contracts	34,732	33,882	850	0
Obligations from investment orders	1,630	1,630	0	0
Obligations from lease agreements	4,985	1,615	2,805	565
Obligations from licence agreements	1,184	629	555	0
Other obligations	566	502	64	0
Total	<u>43,098</u>	<u>38,259</u>	<u>4,274</u>	<u>565</u>

Annual payment obligations from rent and lease agreements exist in the amount of TEUR 2,845. The contracts end between 2024 and 2029. As at the balance sheet date there are payment-in-kind obligations in the form of beverages for staff (Haustrunk) for commitments made before 1987 in the amount of TEUR 307.

In order to guarantee the ongoing return on the plan assets of Versorgungswerk Karlsberg Brauerei e.V. and Versorgungswerk Karlsberg Holding e.V., the funding companies have promised to make an annual income subsidy taking into account the additional contributions to be made as well as dividend income and interest income, in case the annual return of 4.5% on the balance of the plan assets is not achieved as at 1 January of the calendar year. For the financial year 2024 an income subsidy of around TEUR 334 is expected.

Derivative financial instruments

Category	Nominal amount TUSD	Fair value TEUR
Currency-related transactions	6,750	6,166

Forward exchange transactions exist in the nominal amount of TUSD 6,750. These transactions serve to secure the purchase of raw materials. The forward exchange transactions are reported in the balance sheet in a combined item for valuation purposes. The market value is the amount that would be achievable if these transactions were terminated early. The value is based on a mark-to-market assessment.

Combined items for valuation purposes

The following combined items for valuation purposes were created:

Underlying transaction/ hedging instrument	Risk/type of combined item for valuation purposes	Included amount TUSD	Amount of hedged risk TEUR
Foreign currency liability	Currency risk	6,841	approx. 6,248
Forward exchange transaction	Micro hedge	6,750	approx. 6,166
Bank balances	Micro hedge	91	approx. 83

Forward exchange transactions were concluded for the planned spending on materials in the current financial year (purchase of various basic raw materials) which are invoiced in USD. In view of the fact that it can be planned reliably in what amounts and when these materials will be required, anticipative combined items for valuation purposes were created for these materials.

In addition, holdings of USD in bank accounts are used exclusively as original financial instruments to hedge the currency risk for these purchase contracts.

The underlying and hedging transactions have identical risk factors and other identical characteristics, with the result that the hedging success is achieved using the critical-terms-match method.

Events of particular significance that took place after the close of the financial year

No events of particular significance that have a material financial impact on the asset, financial and earnings position of Karlsbergbrauerei Kommanditgesellschaft Weber took place after the balance sheet date 31 December 2023.

Total fee for the auditor of the consolidated financial statements including for companies included in the Group

	TEUR
Auditing services	35
Other services	2
	37
	37

Total fee of other auditors of the subgroup financial statements and annual financial statements for companies included in the Group

	TEUR
Auditing services (German companies)	271
Assurance services (German companies)	7
Auditing services (French companies)	76
	353
	353

The total fees of other auditors of the subgroup financial statements and the annual financial statements of the corporate group of Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA, Bad Teinach-Zavelstein, are reported in the notes of its consolidated financial statements.

Remuneration of the management body

The total remuneration of the management body within the meaning of section 314 no. 6a HGB is TEUR 1,235 (previous year: TEUR 1,203).

Number of employees

In the financial year on average 1,072 people were employed in the Karlsberg Group (previous year: 1,070).

	<u>2023</u>	<u>2022</u>
Industrial employees	603	603
Salaried employees	469	467
	<u>1,072</u>	<u>1,070</u>

Group structure

Karlsberg Holding GmbH, Homburg, is included in the consolidated financial statements of Karlsbergbrauerei Kommanditgesellschaft Weber, Homburg. These are published in the Federal Gazette.

Disclosure for investment companies

The subsidiaries listed below exercise the exemption options of section 264 (3) HGB and section 264b HGB and do not publish the documents concerning their companies that are to be disclosed pursuant to section 325 HGB for the balance sheet date 31 December 2023:

Karlsberg Brauerei GmbH, Homburg,
Karlsberg Direkt GmbH & Co. KG, Homburg,
Karlsberg Connect & Sales GmbH, Homburg,
OKKO-Getränke GmbH, Homburg,
Karlsberg Immobilien GmbH, Homburg,
Hofbräuhaus Vertriebs GmbH, Homburg.

They are included in these consolidated financial statements.

Homburg, 05 July 2024

signed Dr. Richard Weber
Managing Director

signed Christian Weber
Managing Director

signed Martin Adam
Managing Director

signed Markus Meyer
Managing Director

Cash Flow Statement of the Group for 2023

	2023 EUR	2022 TEUR
1. Cash flow from operating activities		
Result for the period (consolidated net profit including result attributable to non-controlling interests)	3.064.536,18	6.248
Depreciation/appreciation fixed assets	27.702.062,15	25.744
Increase/decrease in provisions	-965.703,60	10.601
Increase/decrease in inventories, trade receivables and other assets	-438.354,33	-9.592
Increase/decrease in trade payables and other liabilities	-1.589.552,06	13.882
Profit/loss from the disposal of fixed assets	-80.421,65	-481
Interest expenses/interest income	4.959.814,15	3.822
Other income from investments *	624.067,36	0
Income tax expense/income	1.059.450,54	1.435
Income tax paid	-1.747.029,58	-752
Cash flow from operating activities	32.588.869,16	50.908
2. Cash flow from investment activities		
Payments received from the disposal of intangible assets	19.000,00	9
Payments made for investments in intangible assets	-4.548.128,40	-2.907
Payments received from the disposal of tangible fixed assets	861.099,28	621
Payments made for investments in tangible fixed assets	-26.539.048,34	-24.887
Payments received from the disposal of financial assets	2.007.104,53	2.155
Payments made for investment in financial assets	-3.203.559,83	-2.065
Interest received	914.941,71	662
Cash flow from investment activities	-30.488.591,05	-26.412
3. Cash flow from financing activities		
Payments made for equity reductions to other shareholders **	-2.426.986,31	-1.308
Payments received from issuing bonds and taking out (financial) loans	0,00	329
Payment made for the redemption of bonds and (financial) loans	-13.249.712,41	-15.305
Interest paid	-5.874.755,86	-4.484
Dividends paid	-4.673.470,59	-3.090
Cash flow from financing activities	-26.224.925,17	-23.857
4. Cash and cash equivalents at the end of the period		
Changes in the balance of cash and cash equivalents	-24.124.647,06	638
Cash and cash equivalents at the start of the period	6.658.220,19	6.020
Cash and cash equivalents at the end of the period	-17.466.426,87	6.658
5. Composition of cash and cash equivalents		
Cash and bank balances	10.377.717,63	19.376
Short-term payables to credit institutions	-27.844.144,50	-12.718
Cash and cash equivalents at the end of the period	-17.466.426,87	6.658

* includes profit or loss from associated companies

** comprises exclusively share buybacks

Rounding differences are software related.

Karlsberg Holding GmbH, Homburg

Equity Statement of the Group as at 31 December 2022 and 31 December 2023

	Equity of the parent company						Non-controlling interests			Consolidated equity
	Subscribed capital	Capital reserve	Other retained earnings	Loss carryforward	Consolidated net profit attributable to the parent company	Total	Non-controlling interests before profit or loss for the year	Profit attributable to non-controlling interests	Total	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance as at 1 January 2022	25.000	2.237	0	-54.374	4.683	-22.454	28.666	17.960	46.626	24.172
Allocation of previous year's result	0	0	0	4.683	-4.683	0	0	0	0	0
Distribution to shareholders	0	0	0	0	0	0	0	-2.790	-2.790	-2.790
Change in minority interests	0	0	0	-300	0	-300	-1.308	0	-1.308	-1.608
Consolidated profit	0	0	0	0	2.056	2.056		4.193	4.193	6.249
Balance as at 31 December 2022/ 1 January 2023	25.000	2.237	0	-49.991	2.056	-20.698	27.358	19.363	46.721	26.023
Allocation of previous year's result	0	0	0	2.056	-2.056	0	0	0	0	0
Distribution to shareholders	0	0	0	0	0	0	0	-3.173	-3.173	-3.173
Change in minority interests	0	0	0	-1.500	0	-1.500	-2.427	0	-2.427	-3.927
Consolidated profit	0	0	0	0	-937	-937	0	4.001	4.001	3.064
Balance as at 31 December 2023	25.000	2.237	0	-49.435	-937	-23.135	24.931	20.191	45.122	21.987

Karlsberg Holding GmbH, Homburg

Group Management Report for the Financial Year 2023

I. Basic information about the Group

Business and organisational structure

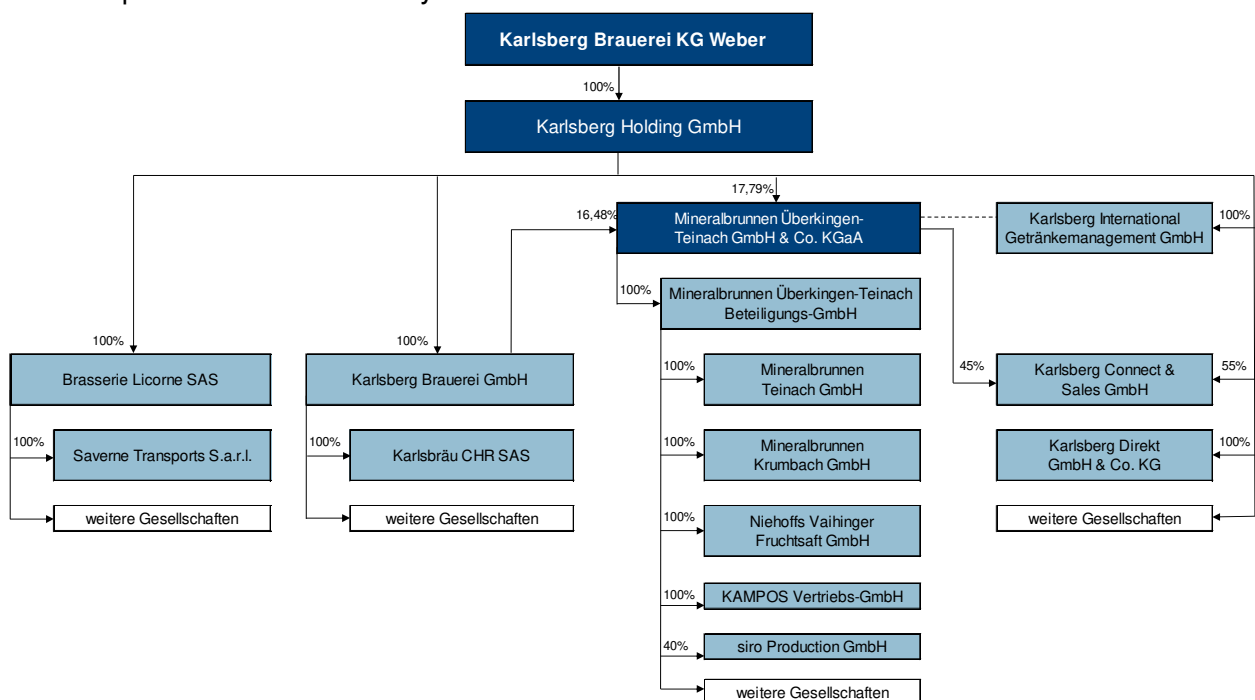
Group structure

The parent company of the Karlsberg Group is Karlsberg Brauerei KG Weber. Karlsberg Brauerei KG Weber is a family-run Kommanditgesellschaft (partly limited partnership) that performs management tasks for the whole Group. The management is the responsibility of the personally liable partners Dr. Richard Weber and Mr. Christian Weber.

Karlsberg Holding GmbH is a wholly-owned subsidiary of Karlsberg Brauerei KG Weber and acts as the holding company of the Karlsberg Group.

In addition to a 100% share in Karlsberg Brauerei, Karlsberg Holding GmbH holds in particular a 100% share in Brasserie Licorne S.A.S., which represents the French beer segment with Karlsbräu CHR as a subsidiary of Karlsberg Brauerei GmbH. It also holds a share in the listed company Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA (MinKGaA), which operates Germany-wide in the non-alcoholic beverage market with a regional focus on South and South West Germany.

The Group structure is essentially as follows:



Business activity

The core business activities of the Group are focused on the production and distribution of beer, beer mixes and non-alcoholic beers as well as mineral and medicinal water, soft and sweet drinks and fruit juices. As an established provider in the upper price segment, the Group focuses on strong brands for the success of its product range and on value-adding partnerships with the beverage wholesale trade, food retail trade, and the food service and hotel industries. Building on its strong brands, as a classic brand provider the Group offers a comprehensive brand and product portfolio. The Group covers the entire value chain with its development, production, marketing and distribution. Production is ensured by efficient production facilities, the Group's own mineral water sources and professional purchasing and quality management.

Within the Group, the following companies represent the focus of business activity.

Karlsberg Brauerei GmbH is a family-run brewery that is steeped in tradition. The company pursues a consumer-focused strategy of developing, producing and distributing a wide range of alcoholic and non-alcoholic beverage brands. The focus is on the strategic brands “Karlsberg” and “MiXery” with a portfolio of beers, beer mixes and non-alcoholic beers, accompanied by a range of other own brands and brands of cooperation partners. This brand business is supplemented to a limited extent by contract manufacturing, in particular for international customers.

The business activities of Brasserie Licorne, with its production site in Saverne (France), focus on the production and distribution of beer products both as its own brands, in particular under the Licorne brand, and as private labels. Major French and international retail chains are supplied with a wide range of products. Karlsbräu CHR also holds an important position for the brand business in the national distribution of food service industry customers. Besides the classic beer business, the focus lies on international beer specialties. In addition to its own brands, the company holds distribution and licensing rights for France for various brands of international partners.

The mineral water and fruit juice segment is influenced significantly by Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA (MinKGaA). MinKGaA is the parent company of a group of brand suppliers of non-alcoholic beverages in the upper price segment. Building on its strong regional brands in South, South West and North Germany as well as its national brands, the MinKGaA Group offers a wide product portfolio consisting of mineral and medicinal water, fruit-based beverages, soft drinks and ready-made cocktails. The core brand portfolio comprises in addition to the bottled-water brands Teinacher, Krumbach and Hirschquelle and the food-service-industry-oriented juice brands Vaihinger and Klindworth, the soft drink cult brands afri cola and Bluna as well as the Cocktail Plant product range with its non-alcoholic and alcoholic ready-to-drink cocktails.

In addition to the producing companies, which account for a major part of the Group's business activities, there are also other companies of importance.

Karlsberg Direkt GmbH & Co. KG is divided into two business areas. On the one hand, as one of the largest beverage wholesalers in the Saarland and Rhineland-Palatinate regions, it serves food

service customers with beer, non-alcoholic beverages, wine and spirits. The focus is primarily on the products of the Carlsberg Group. In addition, the company provides comprehensive shipping and warehousing services for Carlsberg Brauerei GmbH at the Homburg site.

The logistics for the French beer segment is managed by Saverne Transports S.à.r.l., which belongs to the Group. The company also sees itself as a logistics service provider for companies in other industries.

Carlsberg Connect & Sales GmbH (formerly Carlsberg Service GmbH) provides comprehensive services in the areas of IT, human resources, communication, accounting, treasury, taxes, purchasing and legal and contract matters for all companies of the Carlsberg Group and third parties. This company therefore plays an important interface role with the aim of continuous improvement in the efficiency of administrative processes throughout the Group.

Business control systems

The performance of the Group is measured by the group management primarily using the key performance indicators of turnover and adjusted EBITDA.¹

In addition, operational control is carried out using productivity indicators, such as

EBITDA/litre, costs per production volume (EUR/L) in production or volume sold per outlet per week in retail distribution. These internal key figures are not commented on in the external accounting.

In addition to these key performance indicators, adjusted EBIT₂, investments and free cash flow are also important financial indicators in the area of operational financial performance measurement. A comparison is made with both the previous year and the plan for the current financial year. This enables the group management to identify deviations quickly and to take prompt corrective action.

¹ Adjusted EBITDA = Adjusted EBIT plus depreciation and amortisation.

² Adjusted EBIT = Earnings after taxes plus taxes on income and earnings, plus interest and similar expenses, plus depreciation of financial assets, less other interest and similar income, less income from other securities and loans classified as financial assets, plus expenses from associated companies, less income from associated companies, plus extraordinary expenses from the pro rata allocation to pension provisions from the application of Art. 66 and 67 (1) to (5) EGHGB (Transitional Provisions to the Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz, BilMoG)), plus / less material extraordinary expenses/income.

II. Economic report

General economic and industry-specific environment

Overall economic situation

According to preliminary figures released by the Federal Statistical Office (Destatis), gross domestic product (GDP) fell in 2023 by 0.3 % compared to the previous year (previous year: + 1.8 %). The energy price increases and geopolitical tensions unsettled producers, investors and consumers. International trade increasingly lost momentum in the year under review, with negative consequences for the German export economy. Energy prices, which had increased significantly in 2022 as a result of Russia's attack on Ukraine, stabilised at a high level and negatively impacted in particular on industrial production. In addition, financing conditions, which had been favourable for years, suffered from rising interest rates. Overall, despite the recent fall in prices, prices remained high at all levels of the economy, dampening economic growth.

On the demand side, private consumer spending, which had been the most important driver of growth for the German economy in the previous year, fell in real terms compared to the previous year due to the effects of higher inflation rates by 0.8 % (previous year: + 3.9 %).

The export-oriented German industry felt the effect of the downturn in international trade.

According to preliminary figures released by the Federal Statistical Office, export sales of goods and services fell in 2023 by 1.8 %, adjusted for prices (previous year: + 3.3%). Imports were also down compared to the previous year by 3.0 % (previous year: + 6.6 %).³

According to preliminary figures released by the Federal Statistical Office, the price-adjusted turnover of retail enterprises was 3.3 % lower in 2023 (previous year: - 0.7 %) and the nominal (not price-adjusted) turnover 2.3 % higher (previous year: + 7.8 %) than in the previous year. Retail turnover of food, beverages and tobacco products was down, adjusted for prices, by 3.9 % (previous year: - 4.6 %), while the nominal turnover was up by 5.9 % (previous year: + 5.5 %) compared to the same period of the previous year.⁴ The difference between the price-adjusted and nominal results reflects the high price increases that consumers were exposed to.

The turnover generated by companies in the German hospitality industry rose, adjusted for prices, by 1.1 % (previous year: + 45.4 %) and in nominal terms by 8.5 % (previous year: + 55.7 %) compared to 2022. Turnover in food services was down, adjusted for prices, by 0.9 % (previous year: + 38.7 %), while the nominal turnover was up by 7.2 % (previous year: + 48.3 %) compared to the same period of the previous year. In accommodation the increase in turnover was a little higher, 4.5 % adjusted for prices (previous year: + 63.8 %) and in nominal terms 10.8 % (previous year: + 76.7 %).⁵

The French economy also weakened significantly in 2023, but still recorded slight growth. According to figures published by the European Commission, gross domestic product grew in real terms by 0.9 % (previous year: + 2.5 %).

³ Source: Press release of the Federal Statistical Office of 15 January 2024.

⁴ Source: Press release of the Federal Statistical Office of 31 January 2024.

⁵ Source: Press release of the Federal Statistical Office of 20 February 2024.

Falling energy prices and a levelling off of inflation in the second half of the year provided some relief. However, high financing costs and falling international demand are dampening the business climate and dampening investment activity among companies and consumers.⁶

The German beer market

After a 2.7 % increase in sales in the previous year, the German brewing industry recorded a drop in sales in 2023. According to the Federal Statistical Office, total sales (including exports) reduced by 4.5 % to around 83.8 million hectolitres. In Germany, sales reduced by 4.2 % to 69.3 million hectolitres. The necessary price increases are being felt and are having a dampening effect on consumption. In the retail and food service industries, consumer reluctance to spend is also having an impact on breweries, which cannot escape the general trend.

German brewery exports have also recorded a drop in sales. German breweries exported 9.6% less beer to countries outside the EU than in 2022. Tax-free beer sales in EU countries fell by 2.6 %.⁷

New regional specialties and craft beers have enriched the German beer market in recent years, especially in the upper price segment. The increased consumer awareness associated with this has enabled the German brewing industry to gain steadily in value in recent years.

On the product side, Helle beer, which is particularly popular in South Germany, has, despite a slight fall in sales, increased its market share to around 10 %. Non-alcoholic beers were also unable to escape the general market trend, although their sales fell by less, and achieved a market share of around 8 % in the past year. Wheat beer remained with a market share of around 6% at the previous year's level. Pils remains the most popular beer among Germans with a market share of 49.0 % (previous year: 49.1 %).⁸

The French beer market

The French beer market, which ranks fifth in Europe in terms of sales⁹, has suffered a drop in sales for the first time in a long time after years of steady upward trend. According to preliminary figures released by the French Brewers Association, beer sales (not including exports) totalled around 17.6 million hectolitres and were therefore 1.0 million hectolitres (- 5.5 %) below the previous year's level. In the food service industry, sales fell slightly by 1.3 % following a very high increase in the previous year, while a big reduction of 6.5 % was recorded in the food retail industry.

Although the beer market in France has a significantly lower per capita consumption of around 33 litres than in Germany, its long-term trend is upwards (2014: 30 litres¹⁰) due to the very dynamic

⁶ Source: European Commission 2023, internet: [Wirtschaft leistet der Flaute Widerstand | Wirtschaftsausblick | Frankreich \(gtai.de\)](https://www.gtaai.de/Wirtschaft-leistet-der-Flaute-Widerstand-Wirtschaftsausblick-Frankreich)

⁷ Source: Press release of the Federal Statistical Office of 01 February 2024.

⁸ Source: NIQ; LEH + GAM, Market shares of beer types, January to December 2023 (sales).

⁹ Source: European Beer Trends, 2023 Edition, <https://brewersofeurope.eu/wp-content/uploads/2023/11/european-beer-trends-2023-web.pdf>

¹⁰ Source: <https://brewersofeurope.org/uploads/mycms-files/documents/publications/2019/european-beer-trends-2019-web.pdf>, The Brewers of Europe, European Beer Trend Statistics Report 2019

development of premium beers and beer specialties, which now have a market share of over 60%.

In addition, non-alcoholic beers are also becoming increasingly important in France. The market share of non-alcoholic beers is now 5.5 % of the overall market.¹¹

In contrast to the structure of the German market, which is still heterogeneous, the French market is concentrated on a few producers. The top three market participants together have a market share of over 70%.¹²

The number of breweries in France has grown rapidly in recent years, more than doubling from 1,100 to 2,500 between 2017 and 2022. A key factor in this development is the rapidly growing number of microbreweries.¹³ In general, it can be seen that due to the increasing number of breweries and the resulting product diversity, beer is increasingly perceived by French consumers as an attractive beverage.

The market for non-alcoholic beverages (NABs) in Germany¹⁴

Changes in consumer purchasing behaviour due to the uncertain, inflationary environment and a mixed summer season had a noticeable impact on consumption in 2023. In the retail and food service industries, consumer reluctance to spend is also having an impact on the beverages industry, which cannot escape the general trend.

According to market data published by the GfK Consumer Panel, which focuses on the food retail industry does not take into account developments in the food service and hotel industry as well as events, the sale of NABs fell by 4.5 % in 2023. In contrast, prices rose again. Turnover from NABs therefore rose by 6.9 % in the year under review.

The restrained summer business had a particularly significant impact on the water segment, which recorded a drop in sales of 7.0%. Within this segment, only the category of water with additives such as Aqua Drinks, Water Plus and Flavoured Water was able to achieve an increase in volume totalling 2.2%. After sales growth in the previous year, still water recorded a 7.5% drop in sales, low carbonated water varieties an 8.0 % drop and high carbonated water a 5.5 % drop.

According to GfK, fruit-based beverages also recorded a big reduction in sales of 6.6 % in 2023. Within this segment, all varieties recorded a drop in sales (fruit juices - 8.3 %, fruit nectars - 4.3 %, fruit juice beverages - 3.0 %, smoothies - 9.9 %).

Sales of carbonated soft drinks (CSD) also fell by 2.1 %. In the remaining NABs segments, however, sales increased compared to the previous year (+ 2.6 %). In particular energy drinks and sports drinks recorded higher rates of growth.

¹¹ Source: Brasseurs de France, [Le marché de la bière - Brasseurs de France \(brasseurs-de-france.com\)](https://www.brasseurs-de-france.com/)

¹² Source: [Frankreichs Bierlandschaft.pdf \(breuer-exportmarketing.de\)](https://www.breuer-exportmarketing.de/)

¹³ Source: European Beer Trends, 2023 Edition, <https://brewersofeurope.eu/wp-content/uploads/2023/11/european-beer-trends-2023-web.pdf>

¹⁴ Source: GfK Consumer Panel, NABs, Jan-Dec 22/23.

Business situation of the Group

Business performance

In the year under review, consolidated turnover (after the deduction of excise duties) increased slightly by EUR 8.0 million (+ 2.3 %) to EUR 358.1 million.

The further expansion of the product range and the acquisition of new customers in the food service industry, combined with price increases, have led to further turnover growth and, according to the management, have contributed to the good business performance in the financial year 2023. Despite the dampened consumer sentiment caused by global crises and inflation and a disappointing summer business due to the weather, the main brands recorded increases in turnover. Most of the main brands also recorded an increase in volume and were consequently well above the respective industry average.¹⁵

Business performance of the key segments:

a) Beer segment in Germany

The turnover (after the deduction of excise duties) of Karlsberg Brauerei GmbH in the amount of EUR 122.6 million in the year under review was around EUR 2.2 million above the previous year's figure (EUR 120.4 million).

The net income generated in the financial year 2023 before profit transfer to Karlsberg Holding GmbH was EUR 5.7 million (previous year: EUR 6.4 million).

Due to the positive turnover performance, very positive earnings were achieved despite the noticeable effects of increased raw material, energy and logistics prices.

The key earnings indicators adjusted EBITDA and EBIT (for a definition of the key indicators, see the chapter "Business control systems") were, in the opinion of the management, steady in the year under review and slightly above and below the previous year's level at EUR 17.7 million (previous year: EUR 17.6 million) and EUR 8.4 million (previous year: EUR 8.7 million) respectively.

b) Beer segment in France

The turnover (after the deduction of excise duties) of Brasserie Licorne in the amount of EUR 69.8 million was around EUR 1.3 million above the previous year's level. Significant increases in raw material and energy prices and higher marketing and distribution costs and legal and consulting fees resulted in the financial year 2023 in a net loss in the amount of EUR 0.4 million (previous year: net profit in the amount of EUR 0.7 million). The key earnings indicators EBITDA and EBIT were at EUR 1.4 million and EUR - 0.6 million respectively around EUR 1.2 million below the previous year's earnings.

The turnover (after the deduction of excise duties) of Karlsbräu CHR, which operates in the HoReCa (Hotel, Restaurant, Café) segment, also increased by EUR 1.1 million to EUR 33.2 million.

¹⁵ Sources: Verband Deutscher Mineralbrunnen e.V. (VDM), preliminary VDM industry data 2023, 29.01.2024, GfK Consumer Panel, NABs, Jan-Dec 22/23, press release of the Federal Statistical Office of 1 February 2024.

However, due to the significant increase in expenditures on materials, increased staff costs, other operating expenses and one-time factors affecting profit/loss in the financial year 2023, a net loss in the amount of EUR 0.4 million was recorded (previous year: net profit in the amount of EUR 0.6 million). The EBITDA was EUR 1.3 million (previous year: EUR 2.7 million), the EBIT EUR 0.0 million (previous year: EUR 1.3 million).

c) Mineral water and fruit juices segment

The turnover (after the deduction of excise duties) of the Mineralbrunnen Überkingen-Teinach Group increased significantly in the financial year 2023 by EUR 8.3 million (+ 6.0 %) to EUR 147.2 million.

Due to the positive turnover performance, the consolidated profit of EUR 6.1 million was slightly above the previous year's figure, despite the noticeable effects of increased raw material, energy and logistics prices.

The key earnings indicators EBITDA and EBIT (for a definition of the key indicators, see the chapter "Business control systems") were, in the opinion of the management, steady in the year under review and slightly above and below the previous year's level at EUR 19.1 million (previous year: EUR 20.2 million) and EUR 7.4 million (previous year: EUR 8.6 million) respectively.

Production and procurement

In the beer segment in Germany and France there are production sites in Homburg and Saverne (F). MinKGaA has production sites in Bad Teinach, Kißlegg, Lauterecken and Merzig. The sites have state-of-the-art equipment and efficient production systems.

The procurement of the most important assets for the business operations of the group companies, such as raw materials, packaging and containers, is mostly governed by contracts, in some cases on a longer-term basis. In order to secure supplies and smooth price fluctuations, long-term contracts are concluded for the most important raw materials.

Employees

The average number of employees in the Group in the financial year 2023 was 1,072 and therefore just below the previous year's figure (1,070). For further information on this, please see the comments in the notes.

Earnings position

Consolidated turnover increased in the financial year 2023 due to the business performance explained above by EUR 8.0 million (+ 2.3 %) to EUR 358.1 million.

Rising prices for raw materials, auxiliary supplies and consumables, energy and logistics have had a significant negative impact on the operating business. Expenditures on materials including expenditures for purchased services, taking into account the significant price increases, totalled EUR 144.8 million and were therefore well over the previous year's figure of EUR 134.6 million by EUR 10.3 million (+ 7.6 %).

Gross profit¹⁶ therefore fell in the past financial year, despite the positive turnover performance, by EUR 0.9 million (- 0.4 %) to EUR 216.0 million.

Other operating earnings in the amount of EUR 13.8 million were above the previous year's level (EUR 10.7 million) in the year under review, primarily due to income from the reversal of provisions for deposits being higher than in the previous year.

Staff costs were, despite taking into account the slight increase in the number of employees and the collectively-agreed increases in pay rates, at EUR 78.5 million at the same level as the previous year. Necessary adjustments in the valuation of pension provisions have increased staff costs by around EUR 1.5 million (previous year: EUR 1.5 million).

Depreciation in the amount of EUR 26.8 million, taking into account scheduled depreciation, was around EUR 1.5 million above the previous year.

Other operating expenses have increased largely due to increases in marketing and distribution costs for the brand business and in logistics costs by around EUR 2.6 million to EUR 112.4 million. The biggest individual items in other operating expenses are expenses for advertising and sales promotion (EUR 49.8 million), warehousing and transport expenses (EUR 17.4 million) and maintenance expenses (EUR 13.0 million).

The financial profit or loss in the amount of EUR - 6.9 million is down on the previous year (EUR - 5.7 million), mainly due to increased depreciation of financial assets and expenses from the first-time equity consolidation of an associated company.

Taxes on income and earnings incurred in the period under review in the amount of EUR 1.1 million were around EUR 0.3 million, other taxes in the amount of EUR 1.1 million EUR 0.3 million below the previous year's level.

Due to the positive turnover performance, despite the noticeable effects of increased raw material, energy and logistics prices, higher marketing and distribution costs and much lower other operating earnings compared to the previous year, a much more positive consolidated net profit of EUR 3.1 million was achieved compared to the previous year (previous year: EUR 6.2 million).

¹⁶ Gross profit = Turnover +/- change in inventory - expenditures for materials (including expenditures for purchased services).

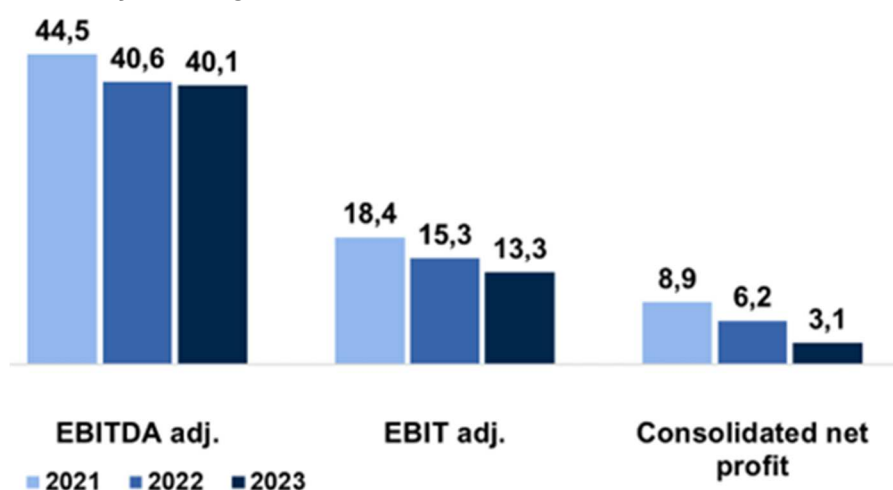
The key earnings indicators adjusted EBITDA and EBIT (for a definition of the key indicators, see the chapter “Business control systems”) were EUR 40.1 million (previous year: EUR 40.6 million) and EUR 13.3 million (previous year: EUR 15.3 million) respectively.

Comparison with the previous year's forecast

Consolidated turnover increased by 2.3 % to EUR 358.1 million in the year under review. The forecast of a moderate increase in turnover was therefore achieved.

However, the forecast of an adjusted EBITDA moderately above the previous year's figure was not achieved. Taking into account the effects of significantly increased raw material, energy and logistics prices and higher marketing and distribution costs, the adjusted EBITDA in the financial year 2023 was at EUR 40.1 million slightly below the previous year's figure (EUR 40.6 million).

The key earnings indicators (in EUR million)



* EBIT-/EBITDA adjustment:

FY 2021: Adjusted EBITDA and EBIT adjusted for extraordinary restructuring expenses in the amount of EUR 0.2 million, other extraordinary expenses in the amount of EUR 0.4 million and extraordinary expenses from the pro rata allocation to pension provisions from the application of Art. 66 and 67 (1) to (5) EGHGB in the amount of EUR 0.2 million

FY 2022: Adjusted EBITDA and EBIT adjusted for other extraordinary expenses in the amount of EUR 0.4 million and extraordinary expenses from the pro rata allocation to pension provisions from the application of Art. 66 and 67 (1) to (5) EGHGB in the amount of EUR 0.2 million

FY 2023: Adjusted EBITDA and EBIT adjusted for other extraordinary expenses in the amount of EUR 1.1 million and extraordinary expenses from the pro rata allocation to pension provisions from the application of Art. 66 and 67 (1) to (5) EGHGB in the amount of EUR 0.2 million

Financial position

The **cash flow from operating activities** in the amount of EUR 32.6 million was below the previous year's figure of EUR 50.9 million, which benefited to an extraordinarily high extent from positive balance sheet effects as at this balance sheet date.

The **cash flow from investment activities** in the amount of EUR – 30.5 million was below the previous year's level of EUR – 26.4 million due to the increased investment activities. The payments made for investments in the amount of in EUR 34.3 million were well above the previous year's level (EUR 29.9 million).

The **cash flow from financing activities** in the amount of EUR – 26.2 million (previous year: EUR - 23.9 million) was primarily affected by the partial repayment of the registered bond in the amount of EUR 8.3 million as planned at the end of the year under review and the repayment of other financial payables.

The above resulted in an overall increase in **cash and cash equivalents** by EUR 24.1 million. Liquid funds and short-term payables to credit institutions had a negative balance as at the balance sheet date of EUR 17.5 million (previous year: positive balance of EUR 6.7 million). The group companies have access to sufficient lines of finance in order to finance working capital. As a result of this and due to available liquid assets, the group companies were able to meet their payment obligations at all times.

Further details can be found in the appended cash flow statement.

Asset position

The total assets of the Group as at 31 December 2023 were below the previous year's figure at EUR 289.6 million (EUR 295.2 million).

Fixed assets rose by around EUR 6.5 million to EUR 153.3 million in the period under review due to increased investment activity.

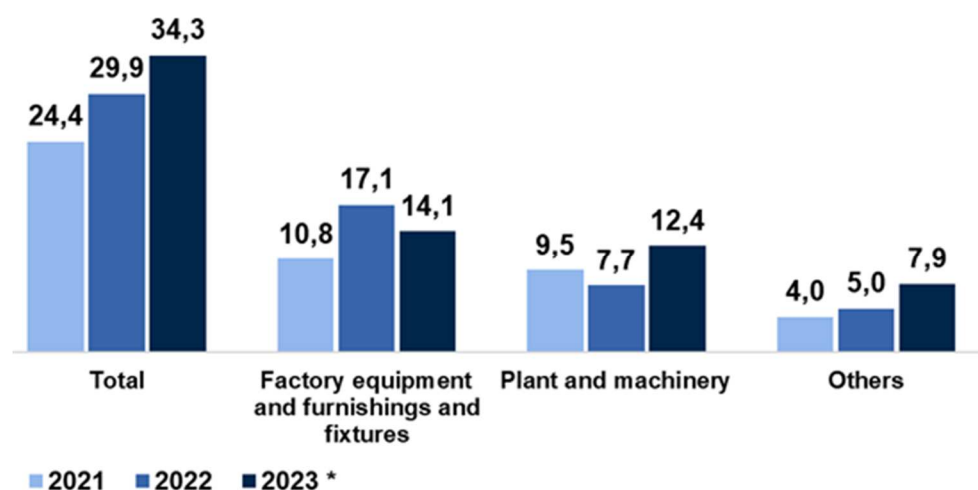
Investments in the financial year 2023 were above the previous year's level at EUR 34.3 million (EUR 29.9 million). On top of this, the reclassification of inventory of replacement parts which had previously been reported under raw materials, auxiliary supplies and consumables resulted in additions in the amount of EUR 3.3 million to fixed assets in the year under review at Karlsberg Brauerei GmbH. More details on this can be found in the notes.

The biggest individual investments in technology in the beer segment were investments in a new bottle-washing machine at the Homgurg site and in the expansion of barrelling capacity, wastewater infrastructure and a dealcoholisation plant in Saverne. Further major individual technology projects in Homburg included investments in new laboratory technology, in production in a new separator and in bottling expansion investment for the newly introduced Euro bottle.

The Mineralbrunnen Group's investments in the year under review focused on environmentally friendly energy management. Larger photovoltaic systems are currently being installed at all four production sites. With a total module power of around 2,600 kWp, CO₂ emissions and energy costs can be reduced significantly. It is planned that the systems in Bad Teinach-Zavelstein, Lauterecken and Merzig will enter into service in the current financial year 2024. The photovoltaic system in Kißlegg entered successfully into service in the financial year 2023.

In addition, the investment activity also focused in the year under review on the area of distribution with a high level of investment in product packaging and design for the brands. In total, EUR 9.2 million was invested in new crates and bottles.

Investments (in EUR millions)



* not taking into account the reclassification of inventory under plant and machinery in the amount of EUR 3.3 million

Financial assets reduced compared to the balance sheet date of the previous year due to repayments of other loans and increased depreciation of financial assets from EUR 10.7 million to EUR 10.4 million.

Current assets reduced in the period under review by EUR 11.8 million to EUR 117.1 million, due largely to a EUR 9.0 million reduction in cash and bank balances, a EUR 1.4 million reduction in inventory and a EUR 1.4 million reduction in receivables and other assets.

Deferred tax assets in the amount of in EUR 18.1 million were around the previous year's level (EUR 18.2 million).

On the liabilities side, equity reduced, taking into account the consolidated net profit, distribution to outside shareholders and consolidation effects, by EUR 4.0 million to EUR 22.0 million. Considerable hidden reserves are again not considered in equity. For example, the consolidated value of the equity of MinKGaA in the consolidated financial statements is at EUR 76.8 million well below the market capitalisation of MinKGaA of EUR 98.5 million reported by MinKGaA in its annual report for 2023.

Provisions were slightly below the previous year's level. In total, provisions reduced by EUR 1.8 million to EUR 95.7 million.

Provisions for pensions and similar obligations rose compared to the previous year by around EUR 1.5 million to EUR 40.3 million. In contrast, other provisions were reduced to EUR 54.6 million (previous year: EUR 56.8 million), mainly due to lower provisions for deposits, and tax provisions to EUR 0.9 million (previous year: EUR 1.9 million).

Payables increased slightly compared to the previous year by in total EUR 0.6 million to EUR 171.9 million.

The payables from the registered bond of MinKGaA reduced after the scheduled second partial repayment of EUR 16.7 million to EUR 8.3 million. In contrast, payables to credit institutions increased slightly compared to the previous year by in total EUR 10.9 million to EUR 39.7 million.

While trade payables increased again compared to the previous year by EUR 1.4 million to EUR 32.5 million due the slight increase in business activity, other payables reduced significantly by EUR 3.1 million to EUR 38.1 million.

III. Risk report

The group-wide risk management system is continuously developed and adapted to meet changing legal and operational requirements. In addition to identifying and monitoring risks, the associated opportunities are also identified.

The aim of risk management is to identify and assess risks as early as possible and to take appropriate measures to avert business losses or damage to the Group. At the same time, opportunities that can have a positive influence on the development of the Group should be identified.

For this purpose, within the Group a systematic risk management system has been established which is geared to the specific requirements and circumstances of the individual companies belonging to the Group.

The risk management system is linked both organizationally and technologically with other group management systems, in particular with the planning, monthly reporting and quality assurance systems. It uses an internal control system. This ensures the exchange of information across the disciplines.

The risk analysis covers a planning horizon of one year.

The following risk areas are considered to be particularly relevant for the group companies:

Macroeconomic risks

Like every commercial company, the Karlsberg Group is dependent on a number of macroeconomic factors that are beyond the Group's direct control. Economic risks, the high level of inflation affecting the purchasing power of market participants or the situation on the financial markets can all have an impact on the development of the Group.

There are currently various risks to the development of the global economy which overlap and reinforce one another and whose course and impact are difficult to predict.

In addition, inflation fell significantly over the course of 2023, but still remains high when compared to recent years. Market participants might also speculate increasingly on food raw materials, thereby driving up their prices even further.

Due to what the management considers to be a broadly diversified and robust business model, the coverage of various product categories and the presence in different sales channels, markets and regions, the impact of individual risks is reduced.

Geopolitical risks

Risks with a potential impact on the use of goods and materials, growth and the sales of the Group's products can arise from unfavourable political developments, such as an escalation of geopolitical conflicts and a rise in protectionist tendencies. This may have a negative impact on consumer confidence in the Group's markets.

The ongoing war in Ukraine and other geopolitical conflicts such as the unrest in the Middle East could pose significant risks to the German economy. A high degree of political and economic uncertainty may fundamentally change the framework conditions for many companies.

In the event of an increasing escalation of the geopolitical conflicts, further negative effects on the German economy are to be expected, due to the high level of uncertainty it is currently not possible to assess these conclusively. Consequently, the risks on the procurement side are still considered to be high. The result of the current geopolitical situation is a global trend towards rising, or at least more volatile, prices for the raw materials, auxiliary supplies and consumables required by the group companies.

Industry risks

There is a risk that the behaviour of other market participants or other third parties will be consciously/unconsciously, directly/indirectly associated with the company and will therefore have a negative impact on the company's reputation. The food industry has increasingly been the target of environmental and consumer groups in recent years. Consumer protection groups and other organisations as well as articles in consumer magazines occupy themselves with food and ingredients or test products, often using criteria which they have set themselves and often have no basis in science or law. Such test results, as well as (true or untrue) statements by consumer protection groups and other organisations and in social networks and media can influence the buying behaviour of consumers, they can affect not only the product tested, but also similar products from other brands and/or producers and therefore the Group's products as well.

In the beverage industry, natural ingredients (minerals, etc.), additives in beer mixes, near-water and sweet drinks (e.g. sugar substitutes) or the packaging materials used can be targeted under the guise of environmental concerns. The public debate about mineral and tap water can also have a negative impact on consumer behaviour.

Both the food industry as a whole and the beverage industry are subject to permanent change, caused by the constantly changing consumption behaviour of customers. For example, general trends towards health-conscious diets or innovative packaging units are also continuing in this market. In addition, consumers are attaching greater importance to sustainability and sustainable production across the entire value chain. It cannot be ruled out that such trends might have a negative impact on the Group's sales.

Risks also arise in the beer industry as a result of the public debate about the abusive consumption of alcohol. At national, European and international level, there are calls for a reduction in alcohol consumption, e.g. through restrictions on availability, advertising bans, warnings and tax increases. The growing trend towards healthy diets and the increasing awareness of the risks and dangers of excessive alcohol consumption, stricter laws on alcohol consumption or broad-based awareness campaigns and debate in the media could potentially result in a further reduction in alcohol consumption. Carlsberg Brauerei GmbH, Brasserie Licorne and Karlsbräu CHR are very aware of their responsibility and support the responsible and enjoyable consumption of alcoholic beverages and position themselves clearly against the abusive use of the products.

Sales and turnover performance is influenced significantly by the weather over the course of the year. Consumption increases significantly in the summer months or when the weather is nice. The weather, especially during the spring and summer months, has a strong influence on beverage consumption. In order to ensure delivery capability during possible peaks in demand, flexible production structures and personnel deployment plans are implemented by way of precaution in production planning alongside a seasonal storage strategy. There are also risks associated with general consumer confidence and the resulting price sensitivity of consumers.

The Group is responding to the continuous expansion of volume and price orientation in the entry-level price segment to include the factor of product added value with targeted marketing measures to communicate the differentiation and product added value and to raise further the emotional brand value. The Group's strategic approach with beverage specialties, product innovations and a high regional presence as well as established brands in glass bottles aims to meet the changing customer requirements. The risk of largely saturated markets is countered according to the management with a broadly diversified product portfolio and innovative concepts.

Market price risks

The Group is exposed to market price risks in procurement, production and sales. Important cost factors in production are the procurement of raw materials, but also costs for energy supply. For example, poor harvests or crop failures could result in a shortage and higher prices for the required raw materials. Similar to raw materials, the prices of auxiliary or other materials required for the production of the products also fluctuate. In particular, prices for glass, paper, plastic or other auxiliary materials required for bottling and packaging the products could rise. The situation is similar with energy prices. All of these factors can have a negative impact on business activities, either directly or indirectly through their suppliers. In addition, risks could also arise from an increase in customs and duties.

Although possible price increases on the procurement markets are hedged through medium-term contracts, in the longer term volatile energy and high raw material prices in particular pose serious risks.

One of the key Group objectives is to reduce risks from price fluctuations in raw materials, auxiliary supplies and consumables, packaging materials and energy as much as possible through long-term supply agreements. In order to counter these risks, a corrective measure was created with the purchasing cooperation EBSA GmbH & Co. KG founded by Carlsberg Holding GmbH together

with Warsteiner Brauerei Haus Cramer KG in order to realise improved purchasing and delivery conditions by pooling procurement volumes.

In addition, the Group minimises exchange rate risks through foreign exchange hedging instruments.

The group companies are also heavily dependent on the purchasing behaviour of food retailers, whose purchasing behaviour may change.

It should be noted that the Group has no influence over the prices that food retailers charge their customers (end consumers).

Due to an increasing concentration on a few retail chains, the formation of mergers and purchasing cooperatives, food retailers have, in the opinion of the management, a strong position in this price war. It cannot be ruled out that this might have an impact on product sales.

Market risks

In order to sell their products to consumers, the group companies rely on cooperation with major customers (e.g. beverage wholesalers and large retail companies) as well as numerous food service customers. The payment and purchase obligations arising from these business relationships are secured by contracts that typically provide for short- to medium-term purchase agreements. Such contracts can be terminated or expire without new contracts being concluded for the same volumes.

In the food service sector, the temporary reduction in VAT on food from 19% to 7% expired at the end of the year under review, which may result in price increases in the food service industry and, as a result, in a drop in demand. In addition, the food service industry is suffering from a shortage of skilled workers, which can also have a negative impact on demand.

The group companies are exposed to active competition. Existing or increasing competition could have a negative impact. For example, new competitors and new products or retailer own brands/private labels could enter the market.

A further market risk is that market trends and/or market developments may not be recognised or may not be recognised in a timely manner or that the future development of new products may fail. In order to counter this risk, the Group's Marketing Department uses various market research tools to collect and analyse data on current market conditions and their development. These results then form the basis for business decisions.

Product, procurement and technology risks

The production of mineral water products, fruit juice variants and beer requires particular attention in quality assurance. The quality and availability of raw materials, auxiliary supplies and consumables used in the production process therefore need to be monitored permanently. By means of a

quality management system that is the subject of continuous improvement, the framework conditions are monitored and appropriate action is taken in order to ensure production and quality standards are met.

Complex and highly specialised technical systems are used by the Group in its production processes. The utmost care is needed here to avoid damage or interruptions. For this purpose, in addition to the use of modern control technology, the systems properly maintained and repaired on an ongoing basis and the responsible employees are given continuous training. The risk of bottling lines being out of action is countered by regular preventive maintenance, assessments of the condition of plant and machinery, training of maintenance personnel, investments in replacement plant components and, if necessary, complete renewal of plant. Risks from potential contamination of finished products are minimised through the use of control standards and technical equipment.

An internal information system ensures quality assurance and batch tracking to control product routes. The risks of failure and disruption in production and the associated possible failure to meet delivery requirements are minimised by modern process engineering and permanently controlled processes as well as the measures explained in the preceding paragraph. Due to the importance of raw materials for product quality, quality assurance plays an important role right from the procurement stage. In addition to prior supplier audits, the flavours, ingredients and packaging materials used are subjected to extensive quality control both at the supplier and during production. All production sites are International Food Standard (IFS) certified and are audited annually.

The group companies rely on their suppliers to deliver the necessary raw materials, auxiliary supplies and consumables in sufficient quantities, in the right quality and at the right time in order to produce their products. The companies source their raw materials, auxiliary supplies and consumables from a variety of different suppliers. This risk can be minimised by spreading the requirements across as many suppliers as possible.

Nevertheless, procurement risks may exist due to supply bottlenecks and supplier dependency for certain products. Supply bottlenecks could result in production bottlenecks, delivery delays, quality problems and additional costs.

Bottlenecks can also occur in logistics. This risk is countered by contractually securing sufficient freight capacity and a network of service providers.

In addition, particularly when consumer demand increases in the summer months, seasonal bottlenecks in empty containers, CO₂ or other raw materials, auxiliary supplies and consumables can arise, which can result in a shortage of the reusable bottles and crates required for production. This can result in out-of-stock situations.

Environmental risks

During production, impact on the environment or damage due to extreme weather conditions cannot be completely avoided. In order to prevent associated environmental risks, environmental and health and safety laws are analysed regularly and emission values are monitored continuously

through a systematic energy management system. Energy recovery projects play an increasingly important role for the group companies. For example, in the financial year 2023 investments were made at all production sites in four high-performance photovoltaic systems.

In addition, all employees involved in the production process are receive regular awareness training on current environmental and energy issues and are involved in various operational projects in order to exploit potential and minimise risks.

IT risks

The Group uses modern information and communication technologies to make production and business processes efficient, secure and cost effective.

In general, risks may arise from the unavailability of IT systems, loss or manipulation of data or the disclosure of confidential information, in particular personal data, due to cyber crime as well as compliance breaches (such as failure to meet required security standards). A further risk is the failure to meet the ever-changing requirements for internal control, organisation and risk monitoring structures, particularly in this sensitive area. The use of information and communication systems is governed bindingly in respect of IT and data security by the company policy for security in information and communication technology.

The management is of the view that high security standards, modern technology, guidelines and the provision of employee risk awareness training help to minimise IT risks. The central organisational structure of IT at Karlsberg Connect & Sales GmbH, Homburg, as well as the use of standardised systems and processes group wide are further measures to minimise risk through professionalisation.

The risk of a possible failure of central IT systems is minimised by redundant systems and an emergency power supply, with the result that this risk is considered low overall.

As the digitalisation of processes continues to advance, the topic of cyber security has become increasingly important in recent years. To protect against potential threats, up-to-date security systems are used throughout the Group. Against this background, the Group has taken technical and organisational measures to protect the business processes and processed data and information and it has also taken out insurance to cover any damage that may occur.

The Group has a complex IT system infrastructure which, among other things, controls production processes and internal warehouse management, personnel management and accounting and invoice processing.

The Karlsberg Group is planning to replace the current ERP software with a cloud-based ERP software. After completion of the implementation process and after extensive testing, the new system will be made available to users in the following years.

Risks could arise from insufficient capacity of project participants due to the high resource commitment of the employees involved in the project. In addition, there is a risk that synergies may not be realised as planned and that efficiency improvements in processes may not be achieved to the desired extent. Due to the gradual introduction in almost all business areas of the Group and the resulting high project complexity, delays may occur in the implementation phase.

In order to achieve the project objectives and minimise the aforementioned risks, a project organisation was set up that includes all levels and functions affected by the ERP implementation, an experienced project management team and members of the management.

A further risk may be incomplete or inadequate data migration. Data migration is a critical step in an ERP change. Because company data from different IT systems is interdependent, overlooking problems with data dependency and integration could quickly lead to problems with implementation. This could also result in consequential financial risks if, for example, invoices cannot be issued or processed over a longer period of time.

In addition, there is a risk that interfaces with other IT systems used by the group companies or with third-party IT systems do not function or do not function fully, or that processes, particularly production processes, are not adequately mapped. Although these risks are countered by internal and external specialist advice and support, testing in a secure test environment and maintaining the original ERP system, these risks cannot be eliminated.

The use of cloud solutions can also entail a security risk. Although providers and ERP operators generally share this risk, responsibility for security ultimately lies with the organisation using the ERP system. In order to counter this risk, appropriate measures are required in the internal control system and in access and change management. These risks can be countered by creating an access and authorisation concept with logging of authorisation changes and a scope of authorisations tailored to the needs of the company. An appropriate access and authorisation concept is also designed for the new ERP system.

If, despite the technical and organisational IT security measures implemented, technical disruptions to one or more IT systems occur, even for a short period of time, resulting in failures and/or malfunctions, this can have a significant impact on the business performance.

Legal, regulatory and tax risks

In the course of its business activities, the Group is exposed to legal risks and may become involved in legal disputes and arbitration proceedings.

The Group seeks to keep legal risks as low as possible and to control them. To this end, necessary precautions are taken to detect threats and, if necessary, defend rights. Legal risks arise from changes in company law, for example regarding the conclusion of company contracts. In addition, there are risks from legal disputes in the operating business, particularly in the areas of data protection, contract, tax, employment, competition, anti-cartel, trademark and patent, product liability and food law, the latter also supplemented by (directly applicable) directives at European level. Where necessary, adequate provisions for risks are made in the balance sheet. In the event of loss

or damage, the risks considered by the management to be the greatest are covered by adequate insurance.

Increasing legal and regulatory requirements can have a negative impact on the Group's asset, financial and earnings position both through the associated organisational effort and administrative costs and, in the event of a breach of these, through possible fines and a threatened loss of reputation.

As beverage producers, the group companies are subject to statutory regulations designed to protect consumers from health risks and from being misled or deceived through their products. In this context, it cannot be ruled out that the production or distribution of the Group's products may be restricted or subject to more restrictive statutory requirements.

It is also not possible to rule out that the Group could be affected by anti-cartel investigations by the Federal Cartel Office (Bundeskartellamt) through the purchasing cooperation EBSA GmbH & Co.KG founded by Carlsberg Holding GmbH together with Warsteiner Brauerei Haus Cramer KG. In order to counter this risk, anti-cartel law training courses have been and will continue to be held with all parties involved. In addition, all joint working group meetings and similar activities are accompanied by a lawyer.

Changes in laws governing deposit and recycling could also result in changes in consumer behaviour. Furthermore, the introduction or increase of duties on certain product categories in the product range could have a negative impact.

A further risk factor could arise from new regulations on sustainability. New regulations in the area of sustainability are currently being enacted or increasingly implemented in Germany and worldwide, which may have a direct or indirect impact on the group companies. These include the Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG), sustainability requirements for financiers and the EU Corporate Sustainability Reporting Directive. The Group may be indirectly affected by this if, for example, its contractual partners such as banks or customers expect compliance with certain requirements because they, in turn, have to comply with these regulations. The direct and indirect impact could potentially result in increased administrative costs and investment requirements in connection with the changes, monitoring of production processes, personnel restructuring or in relation to the selection and monitoring of suppliers.

The handling of confidential information, trade secrets and personal data generally entails the risk of the occurrence of data protection breaches despite implemented data protection systems and repeated training of employees. The risks can be minimised through documentation requirements, implemented processes and measures to ensure compliance with data controls, as well as through the supervision of all measures by an external data protection officer.

Further legal risks could arise if the trademarks, the company logo and product names used by the Group are not adequately protected or infringe the intellectual property rights of third parties.

The Group's business activities are also subject to the applicable national tax laws. Changes in the respective tax laws and their case law as well as different interpretations in the context of tax audits

can result in higher tax expenses and higher tax arrears payments. In addition, changes in laws and regulations can also have a significant impact on tax assets and liabilities.

Tax risks arising from the various issues are continuously identified and assessed by the Tax Department of Karlsberg Connect & Sales GmbH, which is systematically involved in operational and strategic decisions with possible tax consequences, and any necessary risk-reducing measures are initiated.

HR risks

For the group companies it is of great importance to recruit, develop and retain qualified and committed employees for all areas and to manage all human resources effectively. Otherwise, the Group may not be able to conduct its business efficiently and successfully.

Adjustment risks (employees are wrongly or insufficiently qualified), motivation risks (work performance is withheld) or strike risks (production losses due to the exercise of the right to strike) or the loss of important specialists and managers could have negative consequences for the Group. The current inflation is not only a burden on companies, but also on employees. This could result in higher wages from collective bargaining agreements, which could lead to higher staff costs than previously planned (collective bargaining risk).

After the Covid years, which were very challenging from a human resources point of view, there is an increasing willingness to change jobs, coupled with increased demands in the so-called “war for talent”. Finding qualified employees and retaining them in the companies is becoming an increasingly demanding task as a result. The increased willingness to change jobs (including among long-serving employees) could result in an increase in vacant positions that may not be able to be filled or may be difficult to fill. In a highly developed labour market in which companies compete for skilled workers, filling vacant positions with qualified employees is becoming increasingly difficult. The slow or even non-filling of vacant positions can affect the ability to effectively manage human resources and conduct business efficiently and successfully.

To counter these risks, various measures are taken to mitigate their negative impact as far as possible, such as:

- Setting up a new applicant platform with a linked human resources management system and an action plan in the areas of personnel marketing and social recruiting are important steps to “front up to the challenge” of the shortage of skilled workers.
- Development of employee and management skills through targeted professional development measures as part of the annual appraisals.
- Rolling out a group-wide concept to promote independence and motivation by recognising and controlling one's own contribution to strategy implementation (goal-implementation cycle).
- Monitoring of young talent potential.
- Regular, annual and anonymous employee survey with follow-up in the departments to promote a positive corporate culture.

- Regular consultation between the staff and management and the works councils, comparison of views, organisation of online and hybrid events with the opportunity to participate.
- Regular (at least annual) consultation between employees and their managers (personnel development in the departments).
- Interdisciplinary collective bargaining committees accompany each collective bargaining negotiation with the aim of achieving an appropriate result by mutual agreement.

Bad debt risks

Default risks arise from the deterioration of the financial circumstances of borrowers and customers of group companies. This results in risks of partial or complete default on contractually-agreed payments or services.

Possible bad debts are countered with accounts receivable management and preferred use of centralised settlement. An IT-supported monitoring system and an entry-based receivables assessment system ensure the operational measurement and control of credit risks. As part of financial management, credit positions and credit commitments are reviewed and creditworthiness and maturity analyses are conducted on an ongoing basis. Sales financing in the food service industry is secured by an effective contract monitoring process. Efficient accounts receivable management flags up changes in creditworthiness in a timely manner and initiates countermeasures immediately. Default risk is assessed based on case-specific analyses.

For securities classified as financial assets, asset management that includes a value guarantee concept that reconciles security and expected returns has proven to be successful in the opinion of the management.

Credit risks, liquidity and financing risks

Liquidity risks are understood to be risks where the Group may not have sufficient financial means to meet its payment obligations or may not be able to obtain sufficient liquidity at the expected conditions. The task of liquidity management is to finance the forecast requirements at market conditions and in this way ensure the Group's liquidity at all times. No liquidity risks can be identified at the current time. The Group has sufficient credit lines. Any liquidity fluctuations are identified at an early stage through frequent analyses of deviations from the annual financial planning. In order to ensure solvency and financial flexibility at all times, financing and liquidity requirements are managed through short- and medium-term liquidity planning. Financing that is due to mature is reviewed in good time to establish whether refinancing is needed and refinancing discussions with business partners are initiated promptly.

The corporate bond of Karlsberg Brauerei GmbH was refinanced early this year. With regard to credit lines, discussions with lenders will commence in 2024 to seek an appropriate extension of the term of the loan commitments or other suitable follow-on financing.

The bank-independent financing concluded in 2016 in the form of a registered bond with MinKGaA in the amount of EUR 8.3 million (previous year: EUR 16.7 million), the corporate bond issued by

Karlsberg Brauerei GmbH in 2020 in the amount of EUR 50.0 million (previous year: EUR 50.0 million) and several bank loans are linked to obligations in the form of financial covenants. Adherence to the key figures is monitored regularly as part of financial reporting. In the past year these were adhered to at all times. The management considers the probability of non-adherence in the future to be low.

Currency risks lie in the international purchasing of juice concentrate for the production of fruit juice variants. These risks are taken into account through hedging. These hedging relationships are effective and are generally accounted for as hedges in the financial statements.

Due to the currently rising interest rates, it has already become more expensive to take out bank loans in the past financial year. The interest rate of the new corporate bond of Karlsberg Brauerei GmbH of 6.00% is also higher than the interest rate of the old bond of 4.25%. The management believes that a further worsening effect from this risk can be classified as comparatively low for the current year.

Risks from pension obligations

Pension obligations are calculated on the basis of actuarial valuations. The actuarial valuation includes, among other things, assumptions about discount rates as well as future wage, salary and pension increases. Such estimates are subject to considerable uncertainty because of the long-term nature of these plans. It is possible that the provisions that need to be made under German commercial law will have to be increased significantly in the future and will not prove to be sufficient. Forward-looking multi-year analyses and scenario calculations can increase planning reliability and enable appropriate countermeasures to be taken in a timely manner.

In addition, obligations arising from pension agreements outsourced to the pension funds may not be sufficiently covered by the assets of the provident funds (Unterstützungskassen) or provisions. If and to the extent that the pension schemes do not fulfil the relevant pension obligations, the funding companies are directly liable for these respective pension obligations towards the beneficiaries.

Overall assessment

The group management reviews the risk situation of the Group regularly. Compared to the previous year, the risk position has not changed materially in the financial year 2023. The Group held its own in the market in the period under review in the view of the management. In 2023, no risks that might represent a threat to the development or continued existence of the Group arose from individual risks or from the overall risk position of the Group and, in the opinion of the group management, are not expected in the prospective risk forecast period of one year. It is expected that the aforementioned risks will not have a material negative on the asset, finance and earnings position.

IV. Opportunities and forecast report

The opportunities and forecast report covers the expected qualitative development of the Group and the business environment in the current year. It highlights the opportunities that may arise for the Group. Opportunities for the future development of the Group are understood to be positive opportunities in the short term that are considered to be realisable under certain conditions.

There is ongoing planning uncertainty for the entire beverage industry and therefore for the Karlsberg Brauerei KG Weber as well. For a detailed presentation of the risks, please see the risk report.

Opportunities report

There are numerous opportunities for the Group that support its long-term success. The main opportunities that offer additional earnings potential are presented below.

Opportunities from brand competence

In the opinion of the management, a high-quality product range and fast decision-making processes enable the group companies to exploit growth opportunities in a profit-oriented manner. The management believes that the group companies' brands are well positioned among consumers and offer business partners interesting margins. The Group has a clear brand management for the established regional brands, the national brands and the international specialties and this provides continual impetus for growth through new product innovations.

The topics of regionality and sustainability are very important in the beverage market. Thanks to the strong brands in the regional, transregional and national markets, the management believes there is further growth potential for the group companies.

It sees good opportunities in particular for the brands Teinacher, Karlsberg, MiXery, Licorne, Krumbach, Vaihinger and afri, which, in the opinion of the management, are firmly established in their markets and offer an attractive and extensive product portfolio that is tailored to partners in the food service and retail industries and their demanding customers.

In addition to the Group's own brand portfolio, distribution cooperation agreements have been entered into with international partners for the beer market in recent years. Karlsberg Brauerei GmbH, Karlsbräu CHR and Brasserie Licorne SAS take care of the national distribution of international beer specialties and innovative non-alcoholic products in Germany and France. The aim is to generate further turnover growth and associated synergy effects for the existing brand portfolio with these internationally known partner brands, such as Bundaberg for example.

In addition, the management sees opportunities in selected export markets for the further development of market positions and the gradual increase in the brand awareness of its export brands.

Opportunities from diversification and synergies

Due to the diversified product portfolio, the coverage of various product categories and the presence in different markets and regions, any individual risks that may arise can be not only largely

compensated for, but also greater opportunities can arise, for example from know-how transfer and innovation ideas.

In addition, synergies can be realised through cooperation between the companies of the Karlsberg Group. In the opinion of the management, the close integration in the areas of distribution and administration as well as a streamlining of decision-making processes result in increased efficiency and synergy effects. For example, cooperation in distribution between companies in the Group enables more intensive market development, i.e. optimisation of customer support and contact management. In addition, the Group relies on the concentrated management of processes in the areas of IT, human resources, communications, accounting, treasury, taxes, purchasing, legal and contract matters in the group company Karlsberg Connect & Sales GmbH.

The Karlsberg Group, together with the Warsteiner Group, has founded a joint, independent purchasing company. The aim of the strategic purchasing cooperation is to ensure an optimal supply of goods to customers at all times. At the same time, improved purchasing and delivery conditions are sought by pooling procurement volumes. The positive effects of this purchasing cooperation could be increased if other partners join in the future.

Opportunities through digitalisation and intelligent data use

Digital technologies are becoming increasingly important for consistent, data-oriented networking with suppliers and customers as well as for the Group's internal workflows. Effective and efficient data management as well as the highest data quality and up-to-date availability of data enable new levels of effectiveness in the entrepreneurial use of data for the value-oriented addressing of previously untapped market potential. This enables the group companies to react more quickly and in a more targeted manner to market changes and at the same time enables more effective, proactive action to gain new market share. This data-driven development is the strategic basis for the Group's sustainable economic business development.

In the area of technology, the IT use of sensors offers the gradual networking of plant and machinery within procurement and production process. The resulting data basis enables production plans to be adapted to market conditions in real time, helps to reduce downtime and disruption times depending on the situation and structure and is the basis for sustainably optimising shrinkage in the procurement and production process. In logistics, increasing networking with transport service providers and the automation of work steps can result in significant savings.

In the commercial area of sales and marketing, the use of IT technology offers new formats for the comprehensive, targeted acquisition of new customers. Centralised customer data and automated business processes enable personalised interactions and promote the analysis of customer behaviour in order to sustainably raise customer satisfaction. In summary, new IT technologies serve to strengthen customer loyalty and connection, as well as to optimise business processes and entrepreneurial growth.

In the area of administration, digitalisation is the basis for the efficient use of data and processes in order to continuously optimise operating cash flow. IT applications enable transparent, cost-effective, user-friendly and paperless workflows across all departments.

The Carlsberg Group plans to introduce cloud-based ERP software to further develop, improve and automate business processes across the entire value chain in the areas of production and bottling, logistics, finance and distribution.

By using the same ERP software in all companies and almost all areas of the Group, efficiency improvements are to be achieved through the minimisation or elimination of manual processes, consistent data usage and the automation of repetitive processes.

As part of the project, internal company processes and workflows are analysed and put to the test in order to best exploit possible improvement potential through the new ERP software. In the opinion of the management, an industry-specific, standardised optimisation of all processes across the value chain will help to raise process quality and stability due to a smaller number of sources of error. The process-related focus on industry benchmarks in the implementation of the new ERP software will help to ensure that uneconomical or outdated processes are consistently removed or replaced.

Strategic competitive advantages arise in the Group's harmonised system landscape from the improved data basis for all actors involved. In the future, this will enable high-quality and data-based decisions on strategic corporate management to be made more quickly and effectively. Likewise, the newly acquired end-to-end processes ensure simple, transparent and secure workflows, with the aim of strengthening and increasing customer and employee satisfaction. In addition, the cloud-based ERP system enables the structural system operation to be simplified and the possibility of benefiting quickly and effectively from external economies of scale depending on the situation.

For a detailed presentation of the risks from the project, please see the risk report.

Further digitalisation initiatives in the Carlsberg Group currently focus and will continue to focus in the coming years on the following areas:

- **Auto disposition:** Digital networking and standardisation of purchasing and buying processes with suppliers and customers to ensure the best possible availability of goods and product ranges at points of sale in supermarkets and in the food service industry.
- **Intelligent data use:** Data quality and security, analysis of behavioural patterns, forecast and potential models, market and segment potential, context-specific AI use as well as data governance and cyber security as the strategic basis for increasing turnover and business potential.
- **Digital points of sale:** Establishment and expansion of digital commerce channels (distribution and marketing), for example B2B webshops, as well as the strategic integration of existing and new partners into the beverage supply (beverage wholesalers).
- **Media and advertising formats:** Expansion of digital media platform for brand development.

- **Customer service and experience:** Improvement of customer service, for example setting up customer self-service portals to provide 24/7 insight and information on orders and status.
- **Mobile:** Mobile devices as an essential interaction and information channel for customers and employees, improving mobile access to information and processes within the Group; for example, mobile participation in the invoice receipt workflow and mobile self-service app in the HR area.
- **Digital vendor ecosystem:** Organisation of purchasing processes between individual users along the entire supply chain via a digital platform.
- **Digital finance operations:** Automation of repetitive business processes in accounting and optimisation of document and payment flows, for example digitalisation of P2P processes through the use of artificial intelligence.
- **Smart logistics & transport:** For example, logistics optimisation through digital route planning, mobile warehouse logistics and delivery, yard time management through booking time slots by customers or freight forwarders.
- **Digital HR operations:** Automation of key HR processes and provision of self-service offerings.

Expansion of opportunity management

Potential opportunities for positive business development are assessed and exploited at all levels of the Group. The group companies active in the market monitor the trends and developments in their product areas and identify operational opportunities. If the likely success exceeds the costs associated with implementation, the companies will implement the project provided it fits into the Group's overall strategy. For this purpose, an organisational structure was established which the management believes is characterised by lean structures and efficient processes. The tasks of the group companies also include exploiting operational opportunities in the markets in which they operate. In the opinion of the management, an independent marketing and sales strategy further strengthens the regional and national connection of the brands and their products and takes special account of the needs of business partners.

The Group level sets the strategic framework, secures financing and liquidity and concentrates on the governance and management of the operational business units. Project managers are therefore supported and provided with resources to capitalise on opportunities that are identified.

Forecast report

Following a significant economic slowdown in 2023, some of the factors that have had a negative impact on the **German economy** will continue to exist in the current year.

The Deutsche Bundesbank expects in its current economic forecast a price-adjusted increase in gross domestic product of 0.3 %. According to current estimates by the Deutsche Bundesbank, inflation is likely to continue to slow at the same time. For the current year an inflation rate of 2.8 % is expected.

Due to the ongoing wars in Ukraine and the Middle East, the slow growth of the global economy and the effects of still high inflation, economic output is expected to shrink further at the beginning of the year. Currently, in particular weak foreign demand and private consumption as well as increased financing costs are having a dampening effect on economic development. However, in its current forecast, the Deutsche Bundesbank expects a gradual recovery over the remainder of the year.¹⁷

The **French economy** is holding up strongly despite the crisis. Geopolitical uncertainties, contained but still high energy costs and weak international demand are having a dampening effect on the willingness of companies and consumers to invest. Falling inflation and expected greater energy price stability are likely to increase consumer confidence over the course of the year. The European Commission's economic forecast for the current year assumes a slight increase in gross domestic product of 0.9 %.¹⁸

The **beverage industry** may expect continued consumer reluctance to spend in the food service and retail sectors this year, even though the industry is expecting the European Football Championship and rising wages to have a positive impact. Inflation continues to put pressure on companies and consumers. It is expected that costs will remain at a high level in 2024 and will in some cases continue to rise. In the opinion of the management, in addition to the consumer reluctance to spend in the food service and retail sectors, the ongoing high cost pressure and the increased price pressure from retailers are the biggest challenges for the beverage industry in the current year.

The **Group's** goal is to further expand its brand business. The group companies will continue to place strategic focus on sustainable profitability and will concentrate on high-margin brands and the further expansion of their brands' market position.

The focus of business activities in 2024 will be on expanding the product portfolio by introducing additional packaging, flavours and beverages in the branded business. Expansion of distribution in the food retail sector with a strong focus on the main brands should help the Group to continue to expand its market positions.

In view of the continuing raw material price increases, further price increases will be implemented necessarily in large parts of the product portfolio in the current year.

The forecast is based on the current assessment of the likely consequences that the current environment could have on the beverage industry and the group companies. The assessments for

¹⁷ Source: Press release of the Deutsche Bundesbank of 7 June 2024.

¹⁸ Source: European Commission 2023, internet: [Wirtschaft leistet der Flaute Widerstand | Wirtschaftsausblick | Frankreich \(gtai.de\)](https://www.ec.europa.eu/economy_finance/wirtschaft-leistet-der-flaute-widerstand-wirtschaftsausblick-frankreich_qtai.de)

2024 are based on largely stable macroeconomic conditions. The development outlined is subject to various opportunities and risks, which, however, do not pose a threat to the continued existence of the Group. These are explained in detail in the chapters “Risk report” and “Opportunities report”.

The Group expects a slight increase in turnover in the financial year 2024. With prices for raw materials and energy expected to remain high, an adjusted EBITDA slightly above the level of the previous year is forecast.

Homburg, 5 July 2024

signed Dr. Richard Weber
Managing Director

signed Christian Weber
Managing Director

signed Martin Adam
Managing Director

signed Markus Meyer
Managing Director

Opinion of the independent auditor

To Karlsberg Holding GmbH, Homburg

Audit opinion

We have audited the consolidated financial statements of Karlsberg Holding GmbH, Homburg, consisting of the consolidated balance sheet as at 31 December 2021, and the consolidated profit and loss account for the financial year from 1 January to 31 December 2023, and the notes to the consolidated financial statements, including the presentation of the accounting and valuation methods. In addition, we have audited the group management report of Karlsberg Holding GmbH, Homburg, for the financial year from 1 January to 31 December 2023.

In our opinion, based on the findings of the audit

- the attached consolidated financial statements comply with German commercial law in all material respects and convey a true and fair view of the asset and financial position of the company as at 31 December 2023 and its earnings position for the financial year from 1 January to 31 December 31 2023, in compliance with generally accepted German accounting principles, and
- the attached group management report conveys on the whole a true and fair view of the position of the Group. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and conveys a true and fair view of the opportunities and risks of future development.

In accordance with section 322 (3) sentence 1 of the Commercial Code (HGB), we declare that our audit has not led to any reservations about the regularity of the consolidated financial statements and the group management report.

Basis for the audit opinion

We have conducted our audit of the consolidated financial statements and the group management report in accordance with section 317 HGB and in compliance with German Generally Accepted Standards on Auditing as promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Our responsibility according to these regulations and standards is further described in the section “Auditor’s responsibilities for the audit of the consolidated financial statements and of the group management report” in our auditor’s report. We are independent of the group companies in accordance with German commercial and professional regulations and have fulfilled our other professional duties in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our opinion on the consolidated financial statements and the group management report.

Responsibility of the legal representatives for the consolidated financial statements and the group management report

The legal representatives are responsible for the preparation of the consolidated financial statements which comply with German commercial law in all material respects, and ensuring that the consolidated financial statements, in compliance with German generally accepted accounting principles, convey a true and fair view of the asset, financial and earnings position of the Group. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with German generally accepted accounting principles to enable the preparation of annual financial statements that are free from material misstatement due to fraud (i.e. manipulation of the accounting and financial losses) or errors.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group’s ability to continue as a going concern. They also have responsibility for disclosing matters relating to continuation as a going concern, if relevant. In addition, they are responsible for accounting for continuing operations on the basis of the accounting principle, unless contrary to factual or legal circumstances.

Furthermore, the legal representatives are responsible for the preparation of the group management report which conveys on the whole a true and fair view of the position of the Group and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and conveys a true and fair view of the opportunities and risks of future development.

xxx Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they deemed necessary to enable the preparation of a group management report in accordance with the applicable German legal requirements and to provide sufficient suitable evidence for the statements in the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or errors, and whether the group management report gives a true picture of the Group's position and is consistent in all material respects with the consolidated financial statements, and likewise that the findings of the audit are in accordance with German legal requirements and that the opportunities and risks of future development are accurately presented, and to issue an auditor's report that includes our opinions on the consolidated financial statements and the group management report.

Reasonable assurance is a high level of certainty, but no guarantee that an audit conducted in accordance with section 317 HGB and in compliance with German Generally Accepted Standards on Auditing as promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW) will always reveal a material misstatement. Misstatements can result from fraud or errors and are considered material if they could reasonably be expected to influence, individually or collectively, the economic decisions of addressees made on the basis of these consolidated financial statements and the group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. Furthermore, we

- identify and assess the risks of material misstatement in the consolidated financial statements and the group management report due to fraud or errors, we plan and perform procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to form the basis of 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 controls.

- obtain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the company.
- assess the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.
- draw conclusions about the appropriateness of the accounting principle applied by the legal representatives in continuing operations and, on the basis of the audit evidence obtained, whether there is material uncertainty related to events or circumstances that raise significant doubts about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may result in the Group no longer being able to continue as a going concern.
- assess the presentation, structure and content of the consolidated financial statements as a whole, including the disclosures and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements, in compliance with generally accepted German accounting principles, convey a true and fair view of the asset, financial and earnings position of the Group.
- obtain sufficient appropriate audit evidence for the accounting information of the companies or business activities within the Group to express an audit opinion on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and carrying out of the audit of the consolidated financial statements. We are solely responsible for our audit opinion.

- assess whether the group management report is consistent with the consolidated financial statements, complies with statutory regulations and the view it conveys of the position of the Group.
- conduct audits of the forward-looking statements presented by the legal representatives in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the forward-looking statements, and assess whether the forward-looking statements have been derived appropriately from these assumptions. We do not provide an independent audit opinion on the forward-looking statements and the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking statements.

Among other things, we discuss with the supervisors the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

Koblenz, 5 July 2024

DORNBACH GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Groß
Public Auditor

Breker
Public Auditor

Karlsberg Holding GmbH,
Homburg

Financial year 2022

Group financial
statements

Report

on the audit of the consolidated financial statements 2022 and of the
group management report

31 December 2022

DORNBACH GMBH
Wirtschaftsprüfungsgesellschaft -
Steuerberatungsgesellschaft
Koblenz

Karlsberg Holding GmbH, Homburg

Consolidated Balance Sheet as at 31 December 2022

ASSETS

	31/12/2022 EUR	31/12/2021 TEUR
A. FIXED ASSETS		
I. Intangible assets		
1. Purchased concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	9,883,375.42	9,971
2. Goodwill	7,968,075.29	8,322
3. Payments on account	<u>208,503.75</u>	<u>5</u>
	18,059,954.46	18,298
II. Tangible fixed assets		
1. Land, leasehold rights and buildings, including buildings on leasehold land	27,963,560.00	29,441
2. Plant and machinery	51,152,731.18	50,956
3. Other equipment, factory equipment and furnishings and fixtures	32,966,034.29	29,286
4. Payments on account and assets under construction	<u>5,962,930.48</u>	<u>5,731</u>
	118,045,255.95	115,414
III. Financial assets		
1. Shares in affiliated companies	516,565.59	517
2. Investments in associated companies	430,681.22	514
3. Loans to associated companies	307,008.63	267
4. Investments	75,662.86	76
5. Securities classified as fixed assets	1,747,007.90	1,747
6. Other loans	<u>7,659,644.14</u>	<u>8,198</u>
	10,736,570.34	11,319
	146,841,780.75	145,031
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials, auxiliary supplies and consumables	19,742,652.82	15,627
2. Work in progress	3,881,253.38	4,091
3. Finished products and merchandise	16,229,533.98	14,654
4. Payments on account	<u>2,240.00</u>	<u>8</u>
	39,855,680.18	34,380
II. Receivables and other assets		
1. Trade receivables	34,225,438.17	32,209
2. Receivables from affiliated companies	6,739,694.38	4,657
3. Receivables from companies in which investments are held	567.99	4
4. Other assets	<u>28,657,426.24</u>	<u>26,931</u>
	69,623,126.78	63,801
III. Cash and bank balances	<u>19,375,829.78</u>	<u>15,806</u>
	128,854,636.74	113,987
C. PREPAYMENTS AND ACCRUED INCOME	1,240,809.13	1,153
D. DEFERRED TAX ASSETS	<u>18,223,959.18</u>	<u>18,907</u>
	<u>295,161,185.80</u>	<u>279,078</u>

LIABILITIES

	31/12/2022 EUR	31/12/2021 TEUR
A. EQUITY		
I. Subscribed capital	25,000,000.00	25,000
II. Capital reserves	2,236,964.24	2,237
III. Loss carryforward	-49,991,125.99	-54,374
IV. Consolidated net profit of the parent company	2,055,571.50	4,683
V. Non-controlling interests	<u>46,721,170.98</u>	<u>46,626</u>
	26,022,580.73	24,172
B. SPECIAL ITEM FOR INVESTMENT GRANTS FOR FIXED ASSETS	299,630.39	240
C. PROVISIONS		
1. Provisions for pensions and similar obligations	38,765,071.13	35,836
2. Tax provisions	1,948,362.08	2,575
3. Other provisions	<u>56,811,652.86</u>	<u>48,514</u>
	97,525,086.07	86,925
D. PAYABLES		
1. Bonds	50,000,000.00	50,000
2. Registered bond	16,666,666.67	25,000
3. Payables to credit institutions	28,746,411.17	28,827
4. Trade payables	31,054,633.71	22,114
5. Payables to affiliated companies	3,551,613.34	3,022
6. Payables to companies in which investments are held	78,292.90	124
7. Other payables	<u>41,216,270.82</u>	<u>38,648</u>
	171,313,888.61	167,735
E. ACCRUALS AND DEFERRED INCOME	<u>0.00</u>	<u>6</u>
	<u>295,161,185.80</u>	<u>279,078</u>

Karlsberg Holding GmbH, Homburg

Consolidated Profit and Loss Account for the Financial Year 2022

	2022 EUR	2021 TEUR
I. Turnover		
a) Turnover	378,559,731.25	330,855
b) Excise duties	<u>-28,465,948.19</u>	<u>-24,762</u>
	350,093,783.06	306,093
2. Change in inventory of finished goods and work in progress	1,378,732.67	-85
3. Other capitalised company-produced assets	615,700.00	775
4. Other operating earnings	10,715,599.76	22,284
- of which from currency translation: EUR 449,41 (previous year: TEUR 2)		
5. Expenditures on materials		
a) Expenditures for raw materials, auxiliary supplies, consumables and purchased goods	126,818,274.23	109,093
b) Expenditures for purchased services	<u>7,734,083.35</u>	<u>6,401</u>
	<u>134,552,357.58</u>	<u>115,494</u>
6. Gross profit or loss	228,251,457.91	213,573
7. Staff costs		
a) Wages and salaries	58,054,852.76	55,024
b) Social security contributions and expenses for pension scheme and support	20,372,273.62	18,487
- of which for pension scheme EUR 7,124,146.03 (previous year: TEUR 5,644)		
	78,427,126.38	73,511
B. Amortisation of intangible and depreciation of tangible fixed assets	25,252,962.32	26,170
9. Other operating expenses	109,800,871.85	96,330
- of which from currency translation: EUR 13,761.76 (previous year: TEUR 14)		
- Expenditures pursuant to Article 67 (1) and 2 of the Introductory Act of the German Commercial Code (EGHGB): EUR 150,607.99 (previous year: TEUR 151)		
10. Income from investments	4,855.34	99
11. Income from other securities and loans classified as financial assets	83,884.14	154
12. Other interest and similar income	662,112.30	453
- of which from affiliated companies EUR 214,465.29 (previous year: TEUR 65)		
13. Depreciation of financial assets and securities classified as current assets	491,300.56	481
14. Expenses from loss transfer	2,716.55	0
15. Interest and similar expenses	5,924,099.62	8,976
- of which to affiliated companies: EUR 122,336.34 (previous year: TEUR 121)		
- of which expenses from discounting: EUR 1,034,964.18 (previous year: TEUR 3,900)		
16. Taxes on income and earnings	1,382,617.19	-1,949
- of which expenses from the change in reported deferred taxes EUR 683,419.95 (previous year: income from the change in reported deferred taxes TEUR 3,262)		
17. Profit or loss after taxes	7,720,615.22	10,760
18. Other taxes	<u>1,472,303.29</u>	<u>1,897</u>
19. Consolidated net profit	6,248,311.93	8,863
20. Profit attributable to non-controlling interests	<u>-4,192,740.43</u>	<u>-4,180</u>
21. Consolidated net profit of the parent company	<u><u>2,055,571.50</u></u>	<u><u>4,683</u></u>

**Karlsberg Holding GmbH, Homburg
Saarbrücken Local Court, HRB 3775**

Notes to the Consolidated Financial Statements for the Financial Year 2022

The consolidated financial statements of Karlsberg Holding GmbH, Homburg, are prepared in accordance with the regulations of the Book Three of the German Commercial Code (HGB). The consolidated profit and loss account is laid out pursuant to the total cost method.

Group of consolidated companies/reporting date

Included in the consolidated financial statements besides the parent company are the corporate groups of Karlsberg Brauerei GmbH, Homburg, Karlsberg Direkt GmbH & Co. KG, Homburg, Brasserie Licorne S.A.S., Saverne, der Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA, Bad Teinach-Zavelstein and the other subsidiaries.

Due to the merger of the subsidiary AFG – Alkoholfrei Getränke Industrie GmbH, Homburg with Karlsberg Holding GmbH, Homburg, the subsidiary Karlsberg Logistik Service GmbH, Homburg with Karlsberg Direkt GmbH & Co. KG, Homburg and the subsidiary Aqua Vertriebs GmbH, Kißlegg with Mineralbrunnen Krumbach GmbH, Kißlegg, the group of consolidated companies has reduced compared to the previous year. The legal change has had no impact on the Group's asset, financial and earnings position.

The companies that are not included in the group of consolidated companies are not consolidated because they are individually and combined immaterial for the obligation to present accurately the Group's asset, financial and earnings position within the meaning of section 296 (2) HGB.

Subsidiaries included in the consolidated financial statements (full consolidation):

<u>Company</u>	<u>Share of capital</u> %
Karlsberg Brauerei GmbH, Homburg	100.00
Karlsberg Service GmbH, Homburg	69.05
Brasserie Licorne S.A.S., Saverne	100.00
Karlsbräu CHR S.A.S., Saverne	100.00
Saverne Transports S.à.r.l., Steinbourg	100.00
Saverne Transports S.C.I., Steinbourg	100.00
Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA, Bad Teinach-Zavelstein	31.21
Mineralbrunnen Überkingen-Teinach Beteiligungs GmbH, Bad Teinach-Zavelstein	31.21
Mineralbrunnen Teinach GmbH, Bad Teinach-Zavelstein	31.21
Mineralbrunnen Krumbach GmbH, Kißlegg	31.21
Niehoffs Vaihinger Fruchtsaft GmbH, Lauterecken	31.21
KAMPOS Vertriebs GmbH, Homburg	31.21
Karlsberg Direkt GmbH & Co. KG, Homburg	100.00
Vendis Getränke Verwaltungsgesellschaft mbH, Homburg	100.00
OKKO-Getränke GmbH, Homburg	83.17
Karlsberg Immobilien GmbH, Homburg	100.00
Hofbräuhaus Vertriebs GmbH, Homburg	100.00

Associated companies included in the consolidated financial statements (equity consolidation):

<u>Company</u>	<u>Share in capital</u> %
siro Production GmbH, graphic production agency, Neunkirchen (significant influence on the business and financial policy through Mineralbrunnen Überkingen-Teinach Beteiligungs GmbH with a direct shareholding of 40 %)	12.49

Investment companies not included in the consolidated financial statements:

<u>Company</u>	<u>Share in capital</u> %
Unterstützungskasse der Löwenbrauerei Trier, J. Mendgen GmbH, Homburg	100.00
Hofgut Websweiler Golf-Resort GmbH, Homburg	100.00
Karlsberg International Getränkemanagement GmbH, Homburg	100.00
SAS 12A Developpement, Strasbourg	40.00

The companies are not included in the consolidated financial statements because they are immaterial within the meaning of section 296 (2) HGB.

Special purpose entities within the meaning of section 290 (2) no. 4 HGB not included in the consolidated financial statements:

The parent company has neither a direct nor indirect holding in Versorgungshilfe für die Betriebsangehörigen der Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA 1938 e.V., Bad Teinach-Zavelstein, Versorgungswerk Karlsberg Brauerei e.V., Homburg, and Versorgungswerk Karlsberg Holding e.V., Homburg. In the case of these special purpose entities, the assets are offset against the settlement value for the old-age pension scheme obligations in accordance with section 246 (2) sentence 2 HGB. The settlement value of these indirect old-age pension scheme obligations, for which subsidiary liability exists, that exceeds the plan assets of the pension schemes, is not recognised under liabilities in the consolidated financial statements in accordance with German Accounting Standard (GAS) 19 (47) pursuant

to Art. 28 (1) sentence 2 of the Introductory Act to the German Commercial Code (EGHGB). The shortfall for indirect pension obligations not reported in the balance sheet is disclosed in the notes to the consolidated financial statements.

The reporting date of the consolidated financial statements is the same as the reporting date of the parent company and, with the exception of SAS 12A Developpement, Strasbourg (30 September), all other companies included in the consolidated financial statements.

Consolidation principles

The capital of companies that are consolidated for the first time is consolidated using the acquisition method at the time the subsidiary is included in the consolidated financial statements. The value of the shares in the subsidiary belonging to the parent company is offset against the equity of the subsidiary attributable to these shares. The equity is recognised with the amount corresponding to the fair value of the assets, liabilities, deferred items and special items to be included in the consolidated financial statements. The values that are offset are the values at the time the company became a subsidiary.

Any remaining positive difference after offsetting is reported as goodwill, and any remaining negative difference is reported as difference from capital consolidation.

The capital of subsidiaries that were consolidated for the first time before 1 January 2010 was consolidated using the book value method at the time of acquisition.

Shares in affiliated companies not attributable to the Group are reported as non-controlling interests; their share in the profit or loss for the year is reported separately under profit attributable to non-controlling interests.

The investments included using the equity method are recognised with the share of equity using the book value method and reported under financial assets.

Profits on intercompany transactions with associated companies are not eliminated because they are immaterial.

Turnover, other income and expenses, receivables and liabilities and intercompany profits within the group of consolidated companies are eliminated.

For the differences between valuations under commercial law and the tax valuations resulting from consolidation transactions and for intercompany profits in inventory, deferred tax assets are recognised in the consolidated balance sheet.

Accounting and valuation methods

The following accounting and valuation methods were used to prepare the consolidated financial statements, which were largely unchanged.

Purchased intangible and tangible fixed assets are generally capitalised at cost of acquisition or production plus incidental acquisition costs less purchase price reductions. They are depreciated using the straight-line method. The useful life for supply, trademark and other rights is between 3 and 15 years. The useful life for buildings and parts of buildings is between 15 and 50 years, for spring facilities, plant and machinery and other equipment, factory equipment and furnishings and fixtures between 3 and 20 years.

For the initial supply of newly introduced empty containers and newly purchased empty containers the useful life is 4 years.

Low-value assets with a net individual value of up to EUR 250.00 were depreciated in full in the year of acquisition and recognised as an expense; it is assumed that they were disposed of immediately. For low-value assets with a cost of acquisition between EUR 250.00 and EUR 1,000.00, an annual collective item is formed and depreciated over 5 years.

Additions to tangible assets are otherwise depreciated on a pro rata basis.

The shareholding is valued at acquisition cost (in the case of associated companies, taking into account the adjustment from the change in equity) or at fair value.

Securities classified as fixed assets are recognised at cost of acquisition or, if it is likely that they have suffered a permanent loss in value, at the lower fair value.

Loans are recognised at their nominal amounts, the default risk is taken into account with specific valuation allowances and the general credit risk with a general valuation allowance.

Inventory is valued at cost of acquisition including incidental costs less price reductions and, in the case of inventory produced by the company, at cost of production including reasonable

overheads, taking into account the lower of cost or market value principle.

Stocks of raw materials, auxiliary supplies and consumables are recognised at average cost price or the lower current market price on the balance sheet date.

Finished goods and work in progress are valued at cost of production on the basis of individual calculations based on the current operating accounts, whereby in addition to the direct material costs, production wages, special direct costs, production and material overheads and depreciation are also taken into account. Interest on borrowed capital is not included in the cost of production. Costs for general administration are not capitalised. In all cases values were recognised without loss, i.e. deductions for costs still to be incurred were made from the expected selling prices.

Merchandise is reported at the lower of cost of acquisition or fair market value.

All identifiable risks in inventory which relate to a longer than average time in storage, impaired usability and lower replacement costs, are accounted for with appropriate write-downs.

Apart from the customary retention of title, inventory is free from the rights of third parties.

Receivables and other assets are recognised at nominal value. The general credit risk is taken into account with a general valuation allowance made for the net balance of receivables less the receivables for which specific valuation allowances have been made. Appropriate specific valuation allowances were made for bad debts.

Cash, bank balances and equity are reported at nominal value.

The accounting option concerning the reporting of deferred tax assets due to temporary differences in the valuations in the commercial and tax balance sheets and loss carryforwards is exercised. Differences resulting from consolidation measures pursuant to sections 300 to 307 HGB are also taken into account, but not differences resulting from the initial recognition of goodwill or a negative difference resulting from capital consolidation.

With the exception of pension provisions due to their pro rata allocation pursuant to Article 67, (1) EGHGB, provisions are recognised in the amount of the settlement value deemed necessary according to prudent business judgement. Provisions with a remaining term of more than one year are discounted using the average market interest rate for the last seven years

which is relevant for their remaining term. For old-age pension scheme obligations, the average market interest rate for the last ten financial years is used for discounting, which results from a general assumption of a remaining term of fifteen years.

With regard to the accounting of the plan assets within the meaning of section 246 (2) sentence 2 HGB, the valuation system was adjusted as at the balance sheet date 31 December 2022 with first-time application of the Accounting Practice Note (Rechnungslegungshinweis) IDW RH FAB 1.021. This results in a change in the valuation of the reinsurance policies within the framework of partially benefit-congruent reinsured pension commitments from salary conversion. The change in the valuation method serves to provide a more accurate view of the company's asset, financial position and earnings position. The plan assets method was used to ensure financing and vesting congruence for the partially reinsured pension commitments. The reinsurance policies were valued on the basis of the primacy of the liability.

Assets that serve exclusively to meet old-age pension scheme obligations or similar long-term obligations and are not accessible to all other creditors are offset against the provisions created for these obligations. Accordingly, the associated expenditures and earnings from the discounting and from the assets to be offset are netted.

The tax provisions and other provisions consider all uncertain liabilities and anticipated losses from pending transactions. They are recognised in the amount of their settlement value deemed necessary according to prudent business judgement. Provisions with a remaining term of more than one year are discounted using the average market interest rate for the last seven years which is relevant for their remaining term.

Liabilities are valued in the amount of their settlement value.

Where combined items for valuation purposes pursuant to section 254 HGB are created, the following accounting and valuation principles are applied.

Economic hedging relationships are reflected in the balance sheet by creating combined items for valuation purposes. In cases where both the "net hedge presentation method", under which the offsetting changes in value from the hedged risk are not accounted for, and the "gross hedge presentation method", under which the offsetting changes in value from the hedged risk of both the underlying transaction and the hedging instrument are accounted for, can be applied, the "net hedge presentation method" is applied. The offsetting positive and negative

changes in value are recognised without affecting the profit and loss account.

Foreign currency assets and liabilities were converted at the spot rate given on the balance sheet date. If they have a remaining term of more than one year, the realisation principle (section 298 (1) in conjunction with section 252 (1) no. 4 clause 2 HGB) and the cost of acquisition principle (section 298 (1) in conjunction with section 253 (1) sentence 1 HGB) were applied.

The “of which” comments relating to currency conversion reported in the profit and loss account include both realised and unrealised exchange rate differences.

The contingent liabilities are calculated using the principles applicable to their underlying liabilities.

The financial statements of the subsidiaries included in the consolidated financial statements are prepared in EUR.

Notes on the consolidated balance sheet

Fixed assets

The changes in fixed assets, the sum of the gross values (cumulative costs of acquisition and production), the cumulative depreciation per asset item, the additions and disposals and the depreciation in the financial year are reported in the statement of changes in fixed assets. The items shares in and loans to affiliated companies and investments include the non-consolidated shares in companies.

Karlsberg Holding GmbH, Homburg

Statement of Changes in Fixed Assets as at 31 December 2022

	Acquisition and production costs					Depreciation/write-downs				Book values	
	Balance 01.01.2022	Additions	Disposals	Adjusting entries	Balance 31.12.2022	Balance 01.01.2022	Additions	Disposals	Balance 31.12.2022	Balance 31.12.2022	Balance 31.12.2021
	€	€	€	€	€	€	€	€	€	€	€
Fixed assets											
I. Intangible assets											
I. Purchased concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	51.583.254,10	1.749.185,99	1.281.349,94	4.875,00	52.055.965,15	41.612.281,21	1.838.079,46	1.277.770,94	42.172.589,73	9.883.375,42	9.970.972,89
2. Goodwill	12.571.916,23	944.642,50	1.958.048,00	0,00	11.558.510,73	4.249.668,27	1.298.815,17	1.958.048,00	3.590.435,44	7.968.075,29	8.322.247,96
3. Payments on account	5.025,98	213.378,75	5.025,98	-4.875,00	208.503,75	0,00	0,00	0,00	0,00	208.503,75	5.025,98
	64.160.196,31	2.907.207,24	3.244.423,92	0,00	63.822.979,63	45.861.949,48	3.136.894,63	3.235.818,94	45.763.025,17	18.059.954,46	18.298.246,83
II. Tangible fixed assets											
I. Real property, rights and buildings equivalent to real property including buildings on third-party land	162.459.460,81	69.479,49	25.734,89	301.238,16	162.804.443,57	133.018.298,70	1.838.621,59	16.036,72	134.840.883,57	27.963.560,00	29.441.162,11
2. Plant and machinery	240.724.777,27	1.554.522,66	1.239.584,52	5.317.786,45	246.357.501,86	189.768.925,37	6.666.161,41	1.230.316,10	195.204.770,68	51.152.731,18	50.955.851,90
3. Other equipment, factory equipment and furnishings and fixtures	121.835.461,73	17.080.790,13	10.371.502,49	275.493,95	128.820.243,32	92.549.204,93	13.611.284,69	10.306.280,59	95.854.209,03	32.966.034,29	29.286.256,80
4. Payments on account and assets under construction	5.730.730,08	6.182.660,64	55.941,68	-5.894.518,56	5.962.930,48	0,00	0,00	0,00	0,00	5.962.930,48	5.730.730,08
	530.750.429,89	24.887.452,92	11.692.763,58	0,00	543.945.119,23	415.336.429,00	22.116.067,69	11.552.633,41	425.899.863,28	118.045.255,95	115.414.000,89
Total I. and II.	594.910.626,20	27.794.660,16	14.937.187,50	0,00	607.768.098,86	461.198.378,48	25.252.962,32	14.788.452,35	471.662.888,45	136.105.210,41	133.712.247,72
III. Financial assets											
I. Shares in affiliated companies	696.565,59	252.733,00	252.733,00	0,00	696.565,59	180.000,00	0,00	0,00	180.000,00	516.565,59	516.565,59
2. Investments in associated companies	637.692,90	0,00	52.166,55	0,00	585.526,35	123.876,10	30.969,03	0,00	154.845,13	430.681,22	513.816,80
3. Loans to associated companies	3.334.219,69	39.665,47	0,00	0,00	3.373.885,16	3.066.876,53	0,00	0,00	3.066.876,53	307.008,63	267.343,16
4. Investments	156.737,88	0,00	0,00	0,00	156.737,88	81.075,02	0,00	0,00	81.075,02	75.662,86	75.662,86
5. Securities classified as fixed assets	2.473.254,95	0,00	0,00	0,00	2.473.254,95	726.247,05	0,00	0,00	726.247,05	1.747.007,90	1.747.007,90
6. Other loans	14.879.520,89	1.772.562,26	2.609.328,42	0,00	14.042.754,73	6.681.507,33	460.331,53	758.728,27	6.383.110,59	7.659.644,14	8.198.013,56
	22.177.991,90	2.064.960,73	2.914.227,97	0,00	21.328.724,66	10.859.582,03	491.300,56	758.728,27	10.592.154,32	10.736.570,34	11.318.409,87
Total I., II. and III.	617.088.618,10	29.859.620,89	17.851.415,47	0,00	629.096.823,52	472.057.960,51	25.744.262,88	15.547.180,62	482.255.042,77	146.841.780,75	145.030.657,59

Goodwill

The goodwill results from the capital consolidation of the corporate group of Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA, Bad Teinach-Zavelstein. It will be amortised over an average useful life of ten years. A fundamental change in the framework conditions for the corporate group's business activities is not expected.

Recognition of investment in associated company

The difference between the book value of the investment in siro Production GmbH, graphic production agency, Neunkirchen, and the proportionate equity of the associated company is TEUR 155 as at 31 December 2022, this amount is recognised entirely as goodwill. This will be amortised over an expected useful life of ten years.

Securities classified as fixed assets

The securities classified as fixed assets mainly concern shares in an open-end special fund, in which Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA holds 100 % of the investment shares. This special fund is a mixed fund. It invests primarily in bonds. The market value of the special funds as at the balance sheet date was TEUR 1,516 and therefore TEUR 231 below the book value of TEUR 1,747; at the time the notes were prepared it had a market value of TEUR 1,438. It was not written down because it is not expected that the loss in value is permanent. Shares can be returned within two to five working days.

Receivables and other assets

Receivables with a remaining term of more than one year are included in other assets in the amount of TEUR 6,686 (previous year: TEUR 8,364).

Receivables from affiliated companies concern the affiliated companies not included in the consolidated financial statements and are mainly for the supply of goods and services. They include receivables from shareholders in the amount of TEUR 6,465 (previous year: TEUR 4,420).

Deferred tax assets

Deferred taxes were calculated using a tax rate of 32.45 % for the parent company, 28.74 % for the subgroup Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA and 25.00 % for the French companies.

Deferred taxes totalling TEUR 14,480 have been capitalised on corporation tax loss carryforwards in the amount of TEUR 47,403 and trade tax loss carryforwards in the amount of TEUR 44,436.

In addition, there are corporation tax loss carryforwards in the amount of TEUR 57,417 and trade tax loss carryforwards in the amount of TEUR 19.124, for which tax relief is not expected within five years.

The deferred tax assets result from the following:

	<u>31/12/2022</u>	<u>31/12/2021</u>
	TEUR	TEUR
Deferred tax assets from deviations from balance sheet values for intangible assets	731	1,094
Tangible fixed assets	-5,834	-4,609
Financial assets	0	78
Inventory	223	213
Tax reserves	-8	-8
Provisions for pensions	7,467	6,704
Other provisions	752	838
Other	0	-6
	<u>3,331</u>	<u>4,303</u>
Deferred tax assets from consolidation measures (section 306 HGB)	413	467
Deferred tax assets from loss carryforwards	14,480	14,137
	<u><u>18,224</u></u>	<u><u>18,907</u></u>

Equity

The composition of and changes in equity capital are shown in the equity statement.

Provisions for pensions and similar obligations

The pension provisions were calculated in line with actuarial principles using the projected unit credit method based on an interest rate of 1.80 % (previous year: 1.87 %), a wages and salary trend of 2.50 % (previous year: 2,50 %), an expected pension trend of between 0.00 % and 1.75 % (previous year: between 0.00 % and 1.50 %), a fluctuation of 0.00 % - 0.80 % (previous year: 0.00 % - 0.80 %) and using Prof. Dr. Heubeck's "2018 G mortality tables".

The rise in the pension trend to 1.75 % had a negative effect on profit in the amount of TEUR 1,459. The amount was reported under staff costs.

The difference (shortfall) calculated from the revaluation of pension provisions as at 1 January 2010 is allocated pursuant to Art. 67 (1) EGHGB in the amount of at least one-fifteenth to pension provisions to 31 December 2024. The difference as at the balance sheet date is TEUR 301.

The difference pursuant to section 253 (6) HGB is TEUR 3,153.

Assets pursuant to section 246 (2) sentence 2 HGB with an asset value for reinsurance in the amount of TEUR 6,610 are offset against a settlement value in the amount of TEUR 17,899.

Earnings from the compounding of assets pursuant to section 242 (2) sentence 2 HGB in the amount of TEUR 405 are offset against expenditures from the compounding of old-age pension scheme obligations in the amount of TEUR 600 and netted under the item "interest and similar expenses".

Shortfall for indirect pension obligations not reported in the balance sheet

The shortfall for indirect pension obligations not reported in the balance sheet within the meaning of Art. 28 EGHGB for Versorgungshilfe für die Betriebsangehörigen der Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA 1938 e.V., Bad Teinach-Zavelstein, totals TEUR 73,687 (previous year: TEUR 73,474).

The shortfall for indirect pension obligations not reported in the balance sheet for Versorgungswerk Karlsberg Brauerei e.V., Homburg, and for Versorgungswerk Karlsberg Holding e.V., Homburg, calculated using an interest rate of 4.5 %, which is the interest rate used for the plan assets of these pension funds, is TEUR 6,419 (previous year: TEUR 5,655). This interest is assured by the funding companies, if necessary through income contributions. The corresponding shortfall for pension schemes not reported in the balance sheet pursuant to Art. 28 EGHGB totals TEUR 15,868 for these two pension funds (previous year: TEUR 15,335).

Unterstützungskasse der Löwenbrauerei Trier J. Mendgen GmbH, Homburg, also has indirect pension obligations in the amount of TEUR 184 (previous year: TEUR 182).

Other provisions

Other provisions mainly comprise provisions for deposits in the amount of TEUR 26,962 (previous year: TEUR 23,447), for refunds and advertising subsidies in the amount of TEUR 17,108 (previous year: TEUR 13,812) and for staff costs in the amount of TEUR 6,320 (previous year: TEUR 6,517).

Assets pursuant to section 246 (2) sentence 2 HGB with an asset value for reinsurance in the amount of TEUR 429 are offset against provisions for partial-retirement obligations with a settlement value in the amount of TEUR 627.

Earnings from the compounding of assets pursuant to section 246 (2) sentence 2 HGB in the amount of TEUR 2 are offset against expenditures from the compounding of partial retirement obligations in the amount of TEUR 10 and netted under the item “interest and similar expenses”.

Provisions for payment-in-kind obligations for commitments made after 31 December 1986 were calculated in line with actuarial principles using the projected unit credit method based on an interest rate of 1.80 % (previous year: 1.87 %), an expected pension trend of 1.75 % (previous year: 1.50 %) and using Prof. Dr. Heubeck’s “2018 G mortality tables”.

Payables

	TEUR	of which with a remaining term of		
		less than one year TEUR	of 1 - 5 years TEUR	more than 5 years TEUR
1. Bonds (previous year)	50,000 (50,000)	0 (0)	50,000 (50,000)	0 (0)
2. Registered bond (previous year)	16,667 (25,000)	8,333 (8,333)	8,334 (16,667)	0 (0)
3. Payables owed to credit institutions (previous year)	28,746 (28,827)	16,908 (13,405)	9,412 (13,141)	2,426 (2,281)
4. Trade payables xxx (previous year)	31,055 (22,114)	31,055 (22,114)	0 (0)	0 (0)
5. Payables to affiliated companies (previous year)	3,552 (3,022)	3,552 (3,022)	0 (0)	0 (0)
- of which payables to shareholders (previous year)	0 (599)	0 (599)	0 (0)	0 (0)
6. Payables to companies in which investments are held (previous year)	78 (124)	78 (124)	0 (0)	0 (0)
7. Other payables (previous year)	41,216 (38,648)	28,037 (25,176)	9,620 (9,626)	3,559 (3,846)
- of which relating to taxes (previous year)	6,357 (6,508)	6,357 (6,508)	0 (0)	0 (0)
- of which related to social security (previous year)	576 (597)	576 (597)	0 (0)	0 (0)
T O T A L (previous year)	171,314 (167,735)	87,963 (72,174)	77,366 (89,434)	5,985 (6,127)

Of the payables, the registered bond is fully secured by directly enforceable guarantees from the subgroup of Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA.

Of the payables to credit institutions, TEUR 310 (previous year: TEUR 334) are secured by mortgages and TEUR 14,774 (previous year: TEUR 12,168) by other liens, mainly securities. In the case of one subsidiary, trade receivables are assigned as security.

Payables to affiliated companies and payables to companies in which investments are held are as in the previous year for the supply of goods and services.

Notes on the profit and loss account

Breakdown of turnover

	<u>31/12/2022</u>	<u>31/12/2021</u>
	TEUR	TEUR
Beverages revenue from Germany	231,683	196,991
Beverages revenue from foreign countries	121,294	112,211
Beverages revenue	352,977	309,202
Frozen food products	3,852	2,831
Transport services	13,521	11,204
Leasing and renting	1,855	2,115
Other turnover	6,355	5,503
	<u>378,560</u>	<u>330,855</u>
Revenue by area:		
Revenue from Germany	248,416	210,906
Revenue from foreign countries	130,144	119,949
	<u>378,560</u>	<u>330,855</u>

Income and expenses relating to other periods and extraordinary income and expenses

Included in other operating earnings of TEUR 10,716 are earnings relating to other periods in the amount of TEUR 3,497 (previous year: TEUR 8,043). These mainly comprise income from the reversal of provisions in the amount of TEUR 3,182 (previous year: TEUR 3,316).

Other operating expenses and other taxes include expenses relating to other periods in the amount of TEUR 552 (previous year: TEUR 1,798).

In the financial year 2021 investigation proceedings were opened by Kaiserslautern Public Prosecution Office because it suspected that the defendants had caused significant damage to Niehoffs Vaihinger Fruchtsaft GmbH in recent years through fraud committed on a commercial basis. The defendants are accused of having caused damage to Niehoffs Vaihinger Fruchtsaft GmbH over a period of years by falsely declaring invoices for transport services that did not actually take place or that took place to a lesser extent. Tax risks were assessed on the basis of the current state of the investigation and appropriate provisions have been made for this purpose. The risk assessments were updated taking into account the current state of the investigation and the risks are assessed accordingly in these consolidated financial statements.

In addition, the taxes on income and earnings include income relating to other periods in the amount of TEUR 171 (previous year: expenses relating to other periods TEUR 589).

Staff costs include extraordinary expenses for severance agreements and partial retirement agreements in the amount of TEUR 0 (previous year: TEUR 210).

In addition, other operating expenses include extraordinary expenses in the amount of TEUR 546 (previous year: TEUR 503). These include expenses pursuant to Article 67 (1) sentence 1 HGB concerning the pro rata allocation to pension provisions in the amount of TEUR 151 (previous year: TEUR 151).

Financial profit or loss

The increased interest expense in the amount of TEUR 585 due to the change in the interest pursuant to section 253 HGB (previous year: TEUR 3,486) was reported in the financial profit or loss.

Other disclosures

Contingent liabilities

	31/12/2022	31/12/2021
	TEUR	TEUR
Guarantees	1,000	578
Membership of empty container pools	17,331	19,724
Letter of comfort	263	294
Bill commitments	0	0
	<u>18,594</u>	<u>20,596</u>

A claim from the contingent liabilities and the letter of comfort is not currently expected because, as things currently stand, the debtors are financially able to meet their obligations on time and termination of membership of the empty container pools is not currently planned.

Other financial obligations

The other financial obligations as at 31 December 2022 are, to the end of the respective contract, as follows:

	31/12/2022	Remaining term		
		up to 1 year	from 1 to 5 years	more than 5 years
	TEUR	TEUR	TEUR	TEUR
Obligations from raw materials contracts	41,642	41,364	278	0
Obligations from investment orders	1,131	1,131	0	0
Obligations from lease agreements	6,377	2,302	3,279	796
Obligations from licence agreements	1,396	560	836	0
Other obligations	928	879	49	0
Total	51,474	46,236	4,442	796

Annual payment obligations from rent and lease agreements exist in the amount of TEUR 2,243. The contracts end between 2023 and 2030.

As at the balance sheet date there are payment-in-kind obligations in the form of beverages for staff (Haustrunk) for commitments made before 1987 in the amount of TEUR 257.

In order to guarantee the ongoing return on the plan assets of Versorgungswerk Karlsberg Brauerei e.V. and Versorgungswerk Karlsberg Holding e.V., the funding companies have promised to make an annual income subsidy taking into account the additional contributions to be made as well as dividend income and interest income, in case the annual return of 4.5% on the balance of the plan assets is not achieved as 1 January of the calendar year. For the financial year 2023 an income subsidy of around TEUR 463 is expected.

Derivative financial instruments

Category	Nominal amount TUSD	Fair value TEUR
Currency-related transactions	7,000	6,666

Forward exchange transactions exist in the nominal amount of TUSD 7,000. These transactions serve to secure the purchase of raw materials. The forward exchange transactions are reported in the balance sheet in a combined item for valuation purposes. These transactions serve to secure the purchase of raw materials. The market value is the amount that would be achievable if these transactions were terminated early. The value is based on a mark-to-market assessment. The forward exchange transactions are reported in the balance sheet in a combined item for valuation purposes.

Combined items for valuation purposes

The following combined items for valuation purposes were created:

Underlying transaction/ hedging instrument	Risk/type of combined item for valuation purposes	Included amount TUSD	Amount of hedged risk TEUR
Foreign currency liability	Currency risk	7,231	approx. 6,860
Forward exchange transaction	Micro hedge	7,000	approx. 6,666
Bank balances	Micro hedge	231	approx. 194

Forward exchange transactions were concluded for the planned spending on materials in the current financial year (purchase of various basic raw materials) which are invoiced in USD. In view of the fact that it can be planned reliably in what amounts and when these materials will be required, anticipative combined items for valuation purposes were created for these materials.

In addition, holdings of USD in bank accounts are used exclusively as original financial instruments to hedge the currency risk for these purchase contracts.

The underlying and hedging transactions have identical risk factors and other identical characteristics, with the result that the hedging success is achieved using the critical-terms-match method.

Events of particular significance that took place after the close of the financial year

No events of particular significance that have a material financial impact on the asset, financial and earnings position of Karlsbergbrauerei Kommanditgesellschaft Weber took place after the balance sheet date 31 December 2022.

Total fee for the auditor of the consolidated financial statements including for companies included in the Group

	TEUR
Auditing services	28
Other services	<u>3</u>
	<u><u>31</u></u>

Total fee of other auditors of the subgroup financial statements and annual financial statements for companies included in the Group

	TEUR
Auditing services (German companies)	124
Assurance services (German companies)	6
Auditing services (French companies)	<u>74</u>
	<u><u>204</u></u>

The total fees of other auditors of the subgroup financial statements and the annual financial statements of the corporate group of Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA, Bad Teinach-Zavelstein, are reported in the notes of its consolidated financial statements.

Remuneration of the management body

The total remuneration of the management body within the meaning of section 314 no. 6a HGB is TEUR 1,203 (previous year: TEUR 1,102).

Number of employees

In the financial year on average 1,070 people were employed in the Karlsberg Group (previous year: 1,090).

	<u>2022</u>	<u>2021</u>
Industrial employees	603	598
Salaried employees	<u>467</u>	<u>492</u>
	<u><u>1,070</u></u>	<u><u>1,090</u></u>

Group structure

Karlsberg Holding GmbH, Homburg, is included in the consolidated financial statements of Karlsbergbrauerei Kommanditgesellschaft Weber, Homburg. These are published in the Federal Gazette.

Disclosure for investment companies

The subsidiaries listed below exercise the exemption options of section 264 (3) HGB and section 264b HGB and do not publish the documents concerning their companies that are to be disclosed pursuant to section 325 HGB for the balance sheet date 31 December 2022:

Karlsberg Brauerei GmbH, Homburg,
Karlsberg Direkt GmbH & Co. KG, Homburg,
Karlsberg Service GmbH, Homburg,
OKKO-Getränke GmbH, Homburg,
Karlsberg Immobilien GmbH, Homburg,
Hofbräuhaus Vertriebs GmbH, Homburg.

They are included in these consolidated financial statements.

Homburg, 2 June 2023

signed Dr. Richard Weber
Managing Director

signed Christian Weber
Managing Director

signed Martin Adam
Managing Director

signed Peter Zorn
Managing Director

signed Kerstin Benedikt
Managing Director

signed Markus Meyer
Managing Director

Karlsberg Holding GmbH, Homburg
Cash Flow Statement of the Group for 2022

	2022 EUR	2021 TEUR
I. Cash flow from operating activities		
Result for the period (consolidated net profit/loss including result attributable to non-controlling interests)	6.248.311,93	8.863
Depreciation/appreciation fixed assets	25.744.262,88	26.651
Increase/decrease in provisions	10.600.630,67	698
Increase/decrease in inventories, trade receivables and other assets	-9.591.910,29	-6.975
Increase/decrease in trade payables and other liabilities	13.881.905,75	5.066
Profit/loss from the disposal of fixed assets	-480.955,85	-4.313
Interest expenses/interest income	3.822.088,32	4.623
Other income from investments	0,00	-20
Income tax expense/income	1.435.100,50	-2.767
Income tax paid	-751.680,55	-495
Cash flow from operating activities	50.907.753,36	31.331
2. Cash flow from investment activities		
Payments received from the disposal of intangible assets	8.604,98	222
Payments made for investments in intangible assets	-2.907.207,24	-1.948
Payments received from the disposal of tangible fixed assets	621.086,01	8.304
Payments made for investments in tangible fixed assets	-24.887.452,92	-20.863
Payments received from the disposal of financial assets	2.155.499,70	2.282
Payments made for investment in financial assets	-2.064.960,73	-1.549
Payments received from companies leaving the group of consolidated companies	0,00	0
Interest received	662.112,30	453
Dividends received	0,00	20
Cash flow from investment activities	-26.412.317,90	-13.079
3. Cash flow from financing activities		
Payments made for equity reductions to other shareholders **	-1.308.396,02	0
Payments received from issuing bonds and taking out (financial) loans	329.393,42	605
Payment made for the redemption of bonds and (financial) loans	-15.304.539,34	-3.276
Interest paid	-4.484.200,62	-5.076
Dividends paid	-3.089.745,90	-1.781
Cash flow from financing activities	-23.857.488,46	-9.528
4. Cash and cash equivalents at the end of the period		
Changes in the balance of cash and cash equivalents	637.947,00	8.723
Cash and cash equivalents at the start of the period	6.020.273,19	-2.703
Cash and cash equivalents at the end of the period	6.658.220,19	6.020
5. Composition of cash and cash equivalents		
Cash and bank balances	19.375.829,78	15.806
Short-term payables to credit institutions	-12.717.609,59	-9.786
Cash and cash equivalents at the end of the period	6.658.220,19	6.020

** comprises exclusively share buybacks

Karlsberg Holding GmbH, Homburg

Equity Statement of the Group as at 31 December 2021 and 31 December 2022

	Equity of the parent company						Non-controlling interests			Consolidated equity
	Subscribed capital TEUR	Capital reserve TEUR	Other retained earnings TEUR	Loss carry-forward TEUR	Consolidated net profit attributable to the parent company TEUR	Total TEUR	Non-controlling interests before profit or loss for the year TEUR	Profit attributable to non-controlling interests TEUR	Total TEUR	Total TEUR
Balance as at 1 January 2021	25.000	2.237	0	-65.597	11.223	-27.137	28.666	15.562	44.228	17.091
Allocation of previous year's result				11.223	-11.223	0			0	0
Distribution to shareholders						0		-1.781	-1.781	-1.781
Consolidated profit					4.683	4.683		4.179	4.179	8.862
Balance as at 31 December 2021/ 1 January 2022	25.000	2.237	0	-54.374	4.683	-22.454	28.666	17.960	46.626	24.172
Allocation of previous year's result				4.683	-4.683	0			0	0
Distribution to shareholders						0		-2.790	-2.790	-2.790
Change in minority interests				-300		-300	-1.308		-1.308	-1.608
Consolidated profit					2.056	2.056		4.193	4.193	6.249
Balance as at 31 December 2022	25.000	2.237	0	-49.991	2.056	-20.698	27.358	19.363	46.721	26.023

Karlsberg Holding GmbH, Homburg

Group Management Report for the Financial Year 2022

I. Basic information about the Group

Business and organisational structure

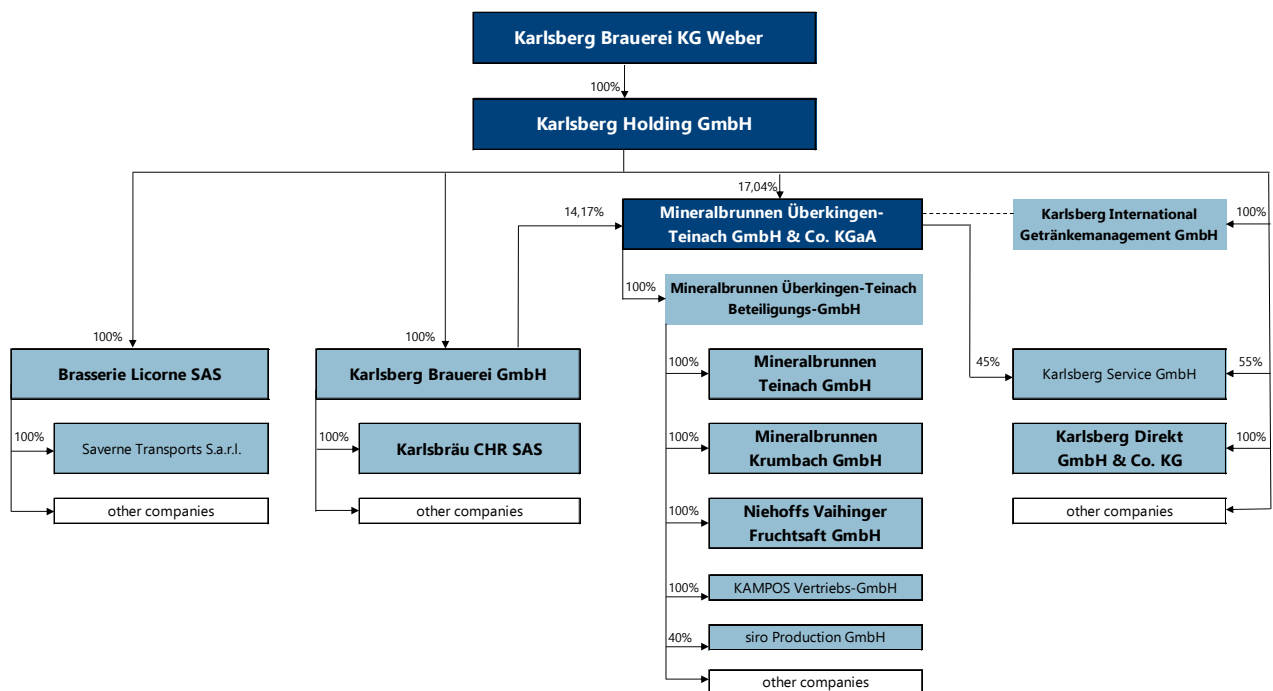
Group structure

The parent company of the Karlsberg Group is Karlsberg Brauerei KG Weber. Karlsberg Brauerei KG Weber is a family-run Kommanditgesellschaft (partly limited partnership) that performs management tasks for the whole Group. The management is the responsibility of the personally liable partner Dr. Richard Weber and the general representative Mr. Christian Weber.

Karlsberg Holding GmbH is a wholly-owned subsidiary of Karlsberg Brauerei KG Weber and acts as the holding company of the Karlsberg Group.

In addition to a 100% share in Karlsberg Brauerei, Karlsberg Holding GmbH holds in particular a 100% share in Brasserie Licorne S.A.S., which represents the French beer segment with Karlsbräu CHR as a subsidiary of Karlsberg Brauerei GmbH. It also holds a share in the listed company Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA (MinKGaA), which operates Germany-wide in the non-alcoholic beverage market with a regional focus on South and South West Germany.

The Group structure is essentially as follows:



Business activity

The core business activities of the Group are focused on the production and distribution of beer, beer mixes and non-alcoholic beers as well as mineral and medicinal water, soft and sweet drinks and fruit juices. As an established provider in the upper price segment, the Group focuses on strong brands for the success of its product range and on value-adding partnerships with the beverage wholesale trade, food retail trade, and the food service and hotel industries. Building on its strong brands, as a classic brand provider the Group offers a comprehensive brand and product portfolio. The Group covers the entire value chain with its development, production, marketing and distribution. Production is ensured by efficient production facilities, the Group's own mineral water sources and professional purchasing and quality management.

Within the Group, the following companies represent the focus of business activity.

Karlsberg Brauerei GmbH is a family-run brewery that is steeped in tradition. The company pursues a consumer-focused strategy of developing, producing and distributing a wide range of alcoholic and non-alcoholic beverage brands. The focus is on the strategic brands “Karlsberg” and “MiXery” with a portfolio of beers, beer mixes and non-alcoholic beers, accompanied by a range of other own brands and brands of cooperation partners. This brand business is supplemented to a limited extent by contract manufacturing, in particular for international customers.

The business activities of Brasserie Licorne, with its production site in Saverne (France), focus on the production and distribution of beer products both as its own brands, in particular under the Licorne brand, and as private labels. Major French and international retail chains are supplied with a wide range of products. Karlsbräu CHR also holds an important position for the brand business in the national distribution of food service industry customers. Besides the classic beer business, the focus lies on international beer specialties. In addition to its own brands, the company holds distribution and licensing rights for France for various brands of international partners.

The mineral water and fruit juice segment is influenced significantly by Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA (MinKGaA). MinKGaA is the parent company of a group of brand suppliers of non-alcoholic beverages in the upper price segment. Building on its strong regional brands in South, South West and North Germany as well as its national brands, the MinKGaA Group offers a wide product portfolio consisting of mineral and medicinal water, fruit-based beverages, soft drinks and ready-made cocktails. The core brand portfolio comprises in addition to the bottled-water brands Teinacher, Krumbach and Hirschquelle and the food-service-industry-oriented juice brands Vaihinger and Klindworth, the soft drink cult brands afri cola and Bluna as well as the Cocktail Plant product range with its non-alcoholic and alcoholic ready-to-drink cocktails.

In addition to the producing companies, which account for a major part of the Group's business activities, there are also other companies of importance.

Karlsberg Direkt GmbH & Co. KG is divided into two business areas. On the one hand, as one of the largest beverage wholesalers in the Saarland and Rhineland-Palatinate regions, it serves food service customers with beer, non-alcoholic beverages, wine and spirits. In the beverages business, the focus is primarily on the products of the Karlsberg Group. In addition, the company provides

comprehensive shipping and warehousing services for Karlsberg Brauerei GmbH at the Homburg site.

The logistics for the French beer segment is managed by Saverne Transports S.à.r.l., which belongs to the Group. The company also sees itself as a logistics service provider for companies in other industries.

Karlsberg Service GmbH provides comprehensive services in the areas of IT, human resources, communication, accounting, treasury, taxes, purchasing and legal and contract matters for all companies of the Karlsberg Group and third parties. This company therefore plays an important interface role with the aim of continuous improvement in the efficiency of administrative processes throughout the Group.

Business control systems

The performance of the Group is measured by the group management primarily using the key performance indicators of turnover and adjusted EBITDA.¹

In addition, operational control is carried out using productivity indicators, such as

EBITDA/litre, costs per production volume (EUR/L) in production or volume sold per outlet per week in retail distribution. These internal key figures are not commented on in the external accounting.

In addition to these key performance indicators, adjusted EBIT², investments and free cash flow are also important financial indicators in the area of operational financial performance measurement. A comparison is made with both the previous year and the plan for the current financial year. This enables the group management to identify deviations quickly and to take prompt corrective action.

¹ Adjusted EBITDA = Adjusted EBIT plus depreciation and amortisation.

² Adjusted EBIT = Earnings after taxes plus taxes on income and earnings, plus interest and similar expenses, plus depreciation of financial assets, less other interest and similar income, less income from other securities and loans classified as financial assets, plus extraordinary expenses from the pro rata allocation to pension provisions from the application of Art. 66 and 67 (1) to (5) EGHGB (Transitional Provisions to the Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz, BilMoG)), plus / less material extraordinary expenses/income.

II. Economic report

General economic and industry-specific environment

Overall economic situation

The German economy grew slightly in 2022. Despite high inflation, the Ukraine war, the energy crisis and continuing supply chain problems, according to preliminary figures released by the Federal Statistical Office gross domestic product (GDP) grew in 2022, adjusted for prices, by 1.8 % (previous year: + 2.6 %). However, it should be noted that a significant part of the growth was generated in the first quarter and that the economy weakened significantly towards the end of the year and fell in the fourth quarter by 0.2% compared to the third quarter, after adjustment for price, seasonal and calendar variations, due to falling consumer spending, which is suffering from high inflation³.

On the demand side, private consumption expenditure was the most important driver of growth for the German economy in 2022. It grew, adjusted for prices, by 4.6 % (previous year: + 0.4 %) compared to the previous year and therefore almost reached the pre-crisis level of 2019. The reason for this was catch-up effects following the lifting of almost all Covid protection measures in spring 2022. The export-oriented German industry grew despite sharp price increases in 2022. According to preliminary figures released by the Federal Statistical Office, export sales of goods and services increased by 3.2%, adjusted for prices (previous year: +9.7%). Imports increased by even more, by 6.7 %, adjusted for prices (previous year: + 9.0 %).⁴

According to preliminary figures released by the Federal Statistical Office, the price-adjusted turnover of retail enterprises was 0.6% lower (previous year: + 0.7 %) and the nominal (not price-adjusted) turnover 7.8% higher (previous year: + 2.9 %) than in the previous year. Retail turnover of food, beverages and tobacco products was down, adjusted for prices, by 4.6 % (previous year: - 1.1 %), while the nominal turnover was up by 5.6 % (previous year: + 0.8 %) compared to the same period of the previous year.⁵ The difference between the price-adjusted and nominal results reflects the high price increases.

With the lessening of the Covid-19 pandemic and the lifting of almost all Covid protection measures, the companies in the German hospitality industry significantly increased turnover in 2022 after significant losses in the two previous years, but remained below the pre-Covid level. According to preliminary figures released by the Federal Statistical Office, turnover in accommodation and food services in 2022 increased by 45.4%, adjusted for prices, (previous year: - 2.2 %) and in nominal terms by 55.7% (previous year: + 0.1 %) compared to 2021. The increase in turnover in food services was 38.7 %, adjusted for prices, (previous year: - 4.0 %) and in nominal terms 48.3 % (previous year: - 0.8 %). In accommodation the increase in turnover was even more marked, 63.8 % adjusted for prices (previous year: + 1.3 %) and in nominal terms 76.7 % (previous year: + 2.6 %).⁶

³ Source: Press release of the Federal Statistical Office 30 January 2023.

⁴ Source: Press release of the Federal Statistical Office of 13 January 2023.

⁵ Source: Press release of the Federal Statistical Office of 31 January 2023.

⁶ Source: Press release of the Federal Statistical Office of 17 February 2023.

The French economy grew more slowly in 2022 than expected at the beginning of the year due to the energy crisis, but proved resilient despite global economic disruptions. According to figures published by the European Commission, gross domestic product grew in real terms by 2.6 % (previous year: + 6.8 %). Tourism is one of the drivers of economic growth after the lifting of the pandemic-related restrictions. In 2022 the government succeeded in mitigating price increases for consumers with containment measures such as freezing gas prices and capping electricity prices. In many areas of the export industry, exports are returning to pre-crisis levels.⁷

The German beer market

After the reduction in sales of the past two years, the German brewing industry recorded a slight increase in sales, but sales still remained below the level of the pre-Covid year 2019.

According to the German Brewers Association (Deutscher Brauer-Bund), total sales (including exports) increased by 2.7 % to around 87.6 million hectolitres. In Germany, sales increased by 4.0 % to 72.3 million hectolitres.

The performance of German brewery exports was mixed. While tax-free beer sales in EU countries increased for the first time by 7.8 %, exports to third countries fell significantly by 12.4 %. Overall, export sales fell by 2.7 %.⁸

New craft and regional specialty beers have enriched the already large variety of beers in the German beer market in recent years, especially in the upper price segment. The increased consumer awareness associated with this has enabled the German brewing industry to gain steadily in value in recent years.

On the product side, Helle beer, which is particularly popular in South Germany, has continued its upward trend and has now achieved a market share of over 9%. Wheat beer remained with a market share of around 6% at the previous year's level. Pils remains the most popular beer among Germans with a market share of 49.2 % (previous year: 49.7 %).

The French beer market

The French beer market continued the positive trend of the previous year. According to preliminary figures released by the French Brewers Association, beer sales (not including exports) totalled around 18.6 million hectolitres and were therefore 1.1 million hectolitres (+ 6.1 %) up on the previous year's level. Sales were even above the level of the pre-Covid year 2019 (17.9 million hectolitres), largely driven by draught beer sales in the food service industry that were much higher than the previous year. In the food service industry an increase in sales of 59.2 % was achieved, while a slight reduction of 1.8% was recorded in the food retail industry.

Although the beer market in France has a significantly lower per capita consumption of around 33 litres than in Germany, it has performed very positively in recent years due to the very dynamic development of premium beers and beer specialties, which now have a market share of over 60%.

⁷ Source: European Commission 2022, internet: [Unsichere Aussichten für 2023 | Wirtschaftsausblick | Frankreich \(gtai.de\)](#)

⁸ Source: Press release of the German Brewers Association of 1 February 2023.

In addition, non-alcoholic beers are also becoming increasingly important in France. The market share of non-alcoholic beers is now 5.5 % of the overall market.⁹

In contrast to the structure of the German market, which is still heterogeneous, the French market is concentrated on a few producers. The top three market participants together have a market share of over 70%.¹⁰

The market for non-alcoholic beverages (NABs)¹¹

After the reductions in sales in previous years, the German beverage industry, benefiting from a hot summer and warm autumn, returned to growth in 2022.

According to market data published by the GfK Consumer Panel, which does not take into account developments in the food service and hotel industry as well as events, the sale of NABs increased by 1.5 % in 2022. Prices also rose again. As a result, turnover from NABs rose by 3.5 % in the year under review.

The water segment, which is benefiting increasingly from growing health awareness in the population, achieved the highest rate of growth among all NABs categories after the reductions in sales in previous years. According to GfK, sales increased in 2022 by in total 3.8 %. In particular still water continued the trend of recent years and achieved disproportionate growth of 6.9 %. Low carbonated water varieties recorded a 4.1 % increase in sales, while high carbonated water recorded a 0.9 % increase.

According to GfK, fruit-based beverages recorded a moderate reduction in sales of 2.1 % in 2022. Within this segment, with the exception of smoothies (no change compared to the previous year), all varieties recorded a drop in sales (fruit juices - 0.5 %, fruit nectars - 6.0 %, fruit juice beverages - 3.6 %).

Sales of carbonated soft drinks also fell by 1.7 %. In the remaining NABs segments, however, sales increased compared to the previous year (+ 1.7 %). In particular energy drinks and sports drinks recorded higher rates of growth.

⁹ Source: Brasseurs de France, [Le marché de la bière - Brasseurs de France \(brasseurs-de-france.com\)](https://www.brasserie-france.com/)

¹⁰ Source: [Frankreichs Bierlandschaft.pdf \(breuer-exportmarketing.de\)](#)

¹¹ Source: GfK Consumer Panel, NABs (=Non-alcoholic Beverages), Jan-Dec 21/22.

Business situation of the Group

Business performance

In the year under review, consolidated turnover (after the deduction of excise duties) increased by EUR 44.0 million (+ 14.4 %) to EUR 350.1 million.

After a slow start to the year against the backdrop of the high Covid-19 incidence rate, clear signs of recovery emerged over the remainder of the year. High increases in turnover were recorded in particular in the food service and hotel industry and in the event business.

Business performance of the key segments:

a) Beer segment in Germany

The turnover (after the deduction of excise duties) of Karlsberg Brauerei GmbH in the amount of EUR 120.4 million in the year under review was around EUR 2.6 million above the previous year's figure (EUR 117.8 million).

The net income generated in the financial year 2022 before profit transfer to Karlsberg Holding GmbH was EUR 6.4 million (previous year: EUR 7.0 million).

Due to the positive performance in Germany in terms of turnover, very positive earnings were achieved despite the noticeable effects of increased raw material and energy prices, higher marketing and distribution costs and much lower other operating earnings compared to the previous year.

The key earnings indicators adjusted EBITDA and EBIT (for a definition of the key indicators, see the chapter "Business control systems") were moderately below the previous year's level at EUR 17.6 million (previous year: EUR 18.5 million) and EUR 8.7 million (previous year: EUR 10.1 million) respectively.

b) Beer segment in France

The turnover of Brasserie Licorne in the financial year 2022 was at EUR 68.4 million around EUR 6.8 million (+ 11.0 %) above the previous year's level. Despite the increased raw material and energy prices, higher marketing and distribution costs and much lower other operating earnings compared to the previous year, a net profit of EUR 0.7 million (previous year: EUR 0.7 million) was achieved. The key earnings indicators EBITDA and EBIT were at EUR 2.6 million and EUR 0.7 million respectively around EUR 0.1 million above the previous year's earnings.

Karlsbräu CHR, which operates in the HoReCa (Hotel, Restaurant, Café) segment, achieved a high increase in turnover due to the return of sales in the food service and hotel industry and in the event business. Turnover increased significantly by EUR 12.3 million or 62.3 % to EUR 32.1 million. The net profit of EUR 0.6 million was well above the previous year's figure of EUR 0.3 million. The key earnings indicators EBITDA in the amount of EUR 2.7 million (previous year: EUR 2.1 million) and EBIT in the amount of EUR 1.3 million (previous year: EUR 0.6 million) also increased significantly compared to the previous year.

c) Mineral water and fruit juices segment

The turnover of the Mineralbrunnen Überkingen-Teinach Group increased significantly in the financial year 2022 by EUR 24.6 million (+ 21.5 %) to EUR 138.8 million.

Due to the positive turnover and gross profit performance, despite the noticeable effects of increased raw material and energy prices, higher marketing and distribution costs and much lower other operating earnings compared to the previous year, a much more positive consolidated net profit of EUR 6.0 million was achieved compared to the previous year. When comparing with the previous year, it needs to be taken into account that the previous year benefited especially from increased other operating earnings.

The key earnings indicators EBITDA and EBIT (for a definition of the key indicators, see the chapter "Business control systems") were EUR 20.2 million (previous year: EUR 21.3 million) and EUR 8.6 million (previous year: EUR 9.6 million) respectively and therefore only slightly below the previous year despite other operating earnings being well below the previous year.

Production and procurement

In the beer segment in Germany and France there are production sites in Homburg and Saverne (F). MinKGaA has production sites in Bad Teinach, Kißlegg, Lauterecken and Merzig. The sites have state-of-the-art equipment and efficient production systems.

The procurement of the most important assets for the business operations of the group companies, such as raw materials, packaging and containers, is mostly governed by contracts, in some cases on a longer-term basis. In order to secure supplies and smooth price fluctuations, long-term contracts are concluded for the most important raw materials.

Employees

The average number of employees in the Group in the financial year 2022 was 1,070 and therefore below the previous year's figure (1,090). For further information on this, please see the comments in the notes.

Earnings position

Consolidated turnover increased significantly in the financial year 2022 due to the business performance explained above by EUR 44.0 million (+ 14.4 %) to EUR 350.1 million.

Rising prices for raw materials, auxiliary supplies and consumables, energy and logistics have had a negative impact on the operating business. In order to cushion the effects of the sharp rise in purchase prices, price increases had to be implemented by the operating group companies in the year under review.

Due to the positive turnover performance in the brand business, gross profit¹² increased compared to the previous year by EUR 26.4 million to EUR 216.9 million. The gross profit margin was slightly

¹² Gross profit = Turnover after the deduction of excise duties less / plus change in the balance of finished goods and work in progress less expenditures on materials

below the previous year.

Other operating earnings in the amount of EUR 10.7 million in the year under review were well below the level of the previous year (EUR 22.3 million), which benefited significantly from income from Covid-19 financial aid received, book profits received from the disposal of fixed assets and high income from the reversal of provisions.

Staff costs have increased by around EUR 4.9 million to EUR 78.4 million as a result of subsidies being well below the previous year and taking into account increases in collectively-agreed pay and increased old-age pension scheme expenses. Necessary adjustments in the valuation of pension provisions have increased staff costs by around EUR 1.5 million.

Depreciation in the amount of EUR 25.3 million, taking into account scheduled depreciation, was around EUR 0.9 million below the previous year.

Other operating have increased largely due to increases in marketing and distribution costs for the brand business and in variable logistics and maintenance expenses by around EUR 13.5 million to EUR 109.8 million. The biggest individual items in other operating expenses are expenses for advertising and sales promotion (EUR 46.0 million), warehousing and transport expenses (EUR 18.4 million) and maintenance expenses (EUR 13.4 million).

The financial profit or loss of EUR - 5.7 million was a significant improvement on the previous year (EUR - 8.8 million), this was mainly due to interest expenses for pension provisions being well below the previous year.

Taxes on income and earnings incurred in the period under review in the amount of EUR 1.4 million were well below the previous year's figure. Other taxes in the amount of EUR 1.5 million were, taking into account one-time tax expenses relating to other periods included in the previous year, well below the previous year's level (previous year: EUR 1.9 million).

Due to the positive turnover performance, despite the noticeable effects of increased raw material and energy prices, higher marketing and distribution costs and much lower other operating earnings compared to the previous year, a much more positive consolidated net profit of EUR 6.2 million was achieved compared to the previous year (previous year: EUR 8.9 million). When comparing with the previous year, it needs to be taken into account that the previous year benefited especially from increased other operating earnings.

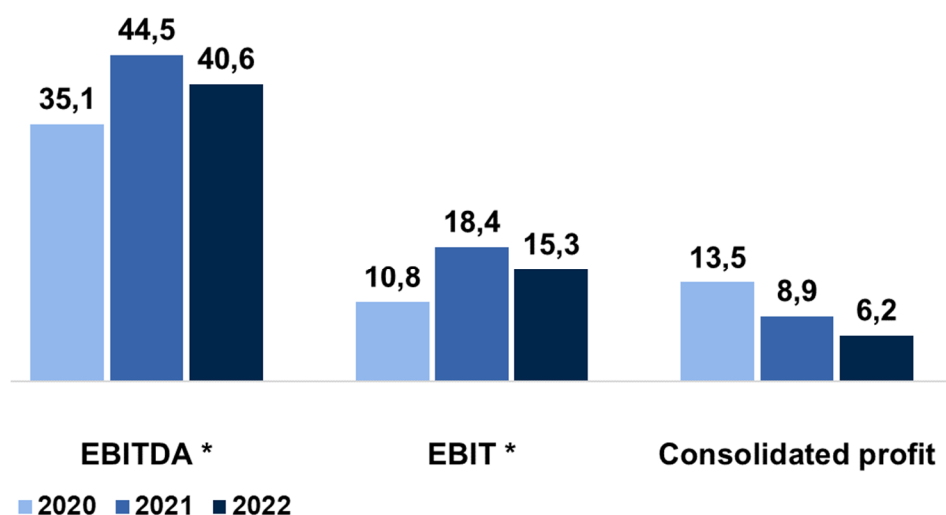
The key earnings indicators adjusted EBITDA and EBIT (for a definition of the key indicators, see the chapter "Business control systems") were EUR 40.6 million (previous year: EUR 44.5 million) and EUR 15.3 million (previous year: EUR 18.4 million) respectively.

Comparison with the previous year's forecast

Consolidated turnover increased by 14.4 % to EUR 350.1 million in the year under review. The forecast of a moderate increase in turnover was therefore achieved.

However, the forecast of an adjusted EBITDA moderately above the previous year's figure was not achieved. Taking into account the effects of increased raw material and energy prices and with other operating earnings being well below the previous year, the adjusted EBITDA in the financial year 2022 was at EUR 40.6 million moderately below the previous year's figure (EUR 44.5 million).

The key earnings indicators (in EUR million)



* EBIT-/EBITDA adjustment:

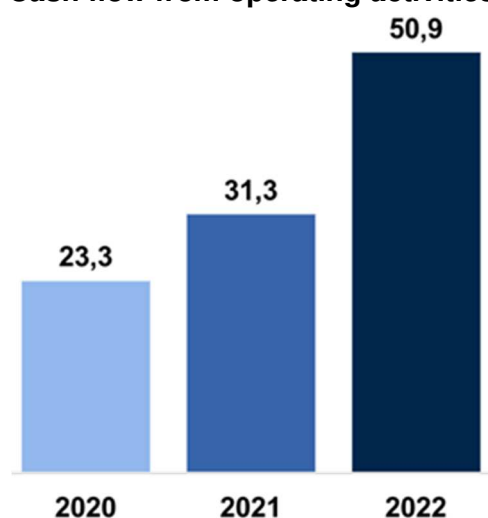
FY 2020: Adjusted EBITDA and EBIT adjusted for extraordinary income received in the amount of EUR 8.9 million, extraordinary restructuring expenses in the amount of EUR 1.2 million, other extraordinary expenses in the amount of EUR 0.2 million and extraordinary expenses from the pro rata allocation to pension provisions from the application of Art. 66 and 67 (1) to (5) EGHGB in the amount of EUR 0.2 million

FY 2021: Adjusted EBITDA and EBIT adjusted for extraordinary restructuring expenses in the amount of EUR 0.2 million, other extraordinary expenses in the amount of EUR 0.4 million and extraordinary expenses from the pro rata allocation to pension provisions from the application of Art. 66 and 67 (1) to (5) EGHGB in the amount of EUR 0.2 million

FY 2022: Adjusted EBITDA and EBIT adjusted for other extraordinary expenses in the amount of EUR 0.4 million and extraordinary expenses from the pro rata allocation to pension provisions from the application of Art. 66 and 67 (1) to (5) EGHGB in the amount of EUR 0.2 million

Financial position

The **cash flow from operating activities** in the amount of EUR 50.9 million, benefiting from the overall positive effect on the balance sheet of the revival of business activity, was well above the previous year's figure of EUR 31.3 million.

Cash flow from operating activities (in EUR million)

The **cash flow from investment activities** was affected by an increase in investments on the previous year to EUR 29.9 million (previous year: EUR 24.4 million) and totalled EUR – 26.4 million (previous year: EUR - 13.1 million). The previous year's figure also benefited especially from higher payments received from the disposal of tangible fixed assets.

The **cash flow from financing activities** in the amount of EUR – 23.9 million (previous year: EUR - 9.5 million) was primarily affected by the partial repayment of the registered bond in the amount of EUR 8.3 million as planned at the end of the year under review and the repayment of other financial payables.

The above resulted in an overall increase in **cash and cash equivalents** by EUR 0.7 million to EUR 6.7 million in the year under review (previous year: EUR 6.0 million).

The group companies have access to sufficient lines of finance in order to finance working capital. As a result of this and due to available liquid assets, the group companies were able to meet their payment obligations at all times.

Further details can be found in the appended cash flow statement.

Asset position

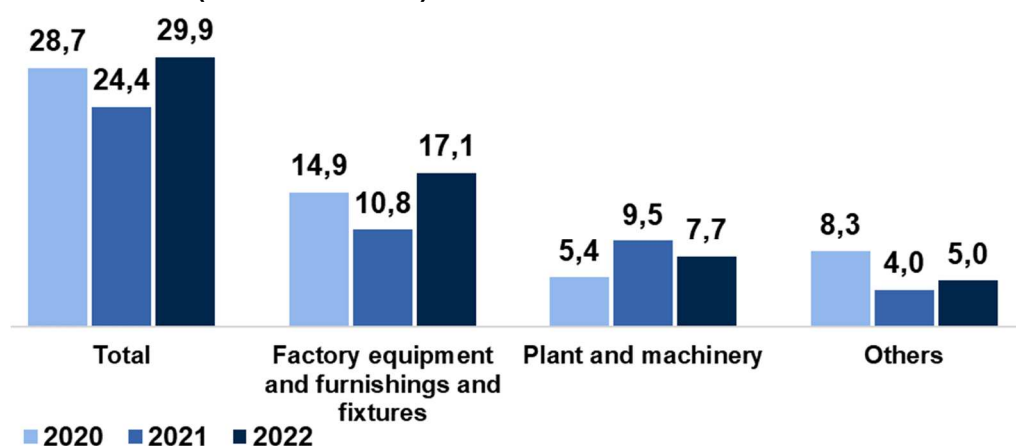
The total assets of the Group as at 31 December 2022 were above the previous year's figure at EUR 295.2 million (EUR 279.1 million).

Fixed assets rose by around EUR 1.8 million to EUR 146.8 million in the period under review due to increased investment activity. Investments in the financial year 2022 were well above the previous year's level at EUR 29.9 million (EUR 24.4 million).

The focus in distribution lied in particular on investments in the supply of product for the brands. In total, EUR 13.1 million was invested in new crates and bottles.

The biggest individual investments in technology were investments in a bottling and labelling system at the Kißlegg site and in the expansion of barrelling capacity in Saverne. In addition, in order to improve production and bottling processes, investments were made at Karlsberg Brauerei GmbH in filled-bottle pallet conveyors, in new control technology for bottle cleaning and in laboratory technology. At the Kißlegg site, work also started on the construction of a photovoltaic system with an output of 1,180 kilowatt peak (KWp). It is planned that it will enter into service in the first half of the current financial year. This will reduce CO₂ emissions and energy costs significantly.

Investments (in EUR millions)



Financial assets reduced compared to the balance sheet date of the previous year due to repayments of other loans from EUR 11.3 million to EUR 10.7 million.

Current assets increased significantly in the period under review due to the revival of business activity by EUR 14.9 million to EUR 128.9 million, due largely to an increase in inventories and trade receivables. Cash and bank balances in the amount of EUR 19.4 million were, despite the repayment of financial payables, also above the previous year's level (EUR 15.8 million).

In contrast, deferred tax assets reduced slightly to EUR 18.2 million (previous year: EUR 18.9 million).

On the liabilities side, equity improved, taking into account the consolidated net profit, distribution to outside shareholders and consolidation effects, by EUR 1.9 million to EUR 26.0 million. Considerable hidden reserves are again not considered in equity. For example, the consolidated value of the equity of MinKGaA in the consolidated financial statements is at EUR 75.2 million well below the market capitalisation of MinKGaA of EUR 107.8 million (previous year: EUR 113.7 million) reported by MinKGaA in its annual report for 2022.

Provisions were well above the previous year's level. In total, provisions increased by EUR 10.6 million to EUR 97.5 million, due mainly to increased provisions for customer payments, sales promotion subsidies and deposits due to the increased business activity. The increase in provisions for pensions and similar obligations was at EUR 2.9 million more moderate than in previous years due to the interest rate turnaround. In contrast, tax provisions were reduced slightly to EUR 1.9 million (previous year: EUR 2.6 million).

Payables increased slightly compared to the previous year by in total EUR 3.6 million to EUR 171.3 million. While trade payables increased significantly compared to the previous year by EUR 8.9 million to EUR 31.1 million due to a revival in business activity, financial payables were reduced once again. The payables of the registered bond of MinKGaA reduced after the scheduled partial repayment of EUR 25.0 million to EUR 16.7 million. Payables to credit institutions and other financial payables were also reduced in the year under review.

III. Risk report

The group-wide risk management system is continuously developed and adapted to meet changing legal and operational requirements. For example, a “prevention concept” was developed for Niehoffs Vaihinger Fruchtsaft GmbH in the year under review and is currently being implemented. In addition to identifying and monitoring risks, the associated opportunities are also identified.

The aim of risk management is to identify and assess risks as early as possible and to take appropriate measures to avert business losses or damage to the Group. At the same time, opportunities that can have a positive influence on the development of the Group should be identified.

For this purpose, within the Group a systematic risk management system has been established which is geared to the specific requirements and circumstances of the individual companies belonging to the Group.

The risk management system is linked both organizationally and technologically with other group management systems, in particular with the planning, monthly reporting and quality assurance systems. It uses an internal control system. This ensures the exchange of information across the disciplines.

The risk analysis covers a planning horizon of one year.

The following risk areas are considered to be particularly relevant for the group companies:

Macroeconomic risks

Like every commercial company, the Karlsberg Group is dependent on a number of macroeconomic factors that are beyond the company's direct control. Economic risks, the currently high level of inflation affecting the purchasing power of market participants or the situation on the financial markets can all have an impact on the development of the Group.

The Covid-19 pandemic and the associated restrictions and effects were still having a major impact on the economic performance and business of the Group at the beginning of the year under review, but the influencing factors decreased significantly as the year progressed. The SARS-CoV-2 virus is still in circulation, although it is much less common and the symptoms of infection are milder. Virologists observe that the pandemic has developed into an endemic situation in Europe. Based on the current risk analyses, the management does not expect any material impact on the key control variables in the current financial year. However, the emergence of new, critical virus variants cannot be ruled out.

Due to what the management considers to be a broadly diversified and robust business model, the coverage of various product categories and the presence in different sales channels, markets and regions, the impact of individual risks is reduced.

Geopolitical risks

Risks with a potential impact on the use of goods and materials and the sales of the Group's products can arise from unfavourable political developments, such as an escalation of geopolitical conflicts and a rise in protectionist tendencies.

This may have a negative impact on consumer confidence in the markets.

The war in Ukraine continues to place considerable strains on the German economy, has fundamentally changed the framework conditions for many companies and led to a high degree of political and economic uncertainty. In the event of an increasing escalation of the Russia-Ukraine conflict, further negative effects on the German economy are to be expected, due to the high level of uncertainty it is currently not possible to assess these conclusively.

As the Group does not have any material business relations with Russia and Ukraine, this geopolitical crisis has not had any immediate, noticeable impact on the Group's sales. Nevertheless, the risks on the procurement side are still considered to be high. High costs due to threatened bottlenecks in energy supply and high energy and raw material prices could have a negative impact on economic development.

Industry risks

The food industry has increasingly been the target of environmental and consumer groups in recent years. Using criteria which they have set themselves and often have no basis in science or law, these groups generate attention that can have a negative impact on consumer behaviour within a product category. In the beverage industry, natural ingredients (minerals, etc.), additives in beer mixes, near-water and sweet drinks (e.g. sugar substitutes) or the packaging materials used can be targeted under the guise of environmental concerns. The often one-sided public debate about mineral and tap water can also have a negative impact on consumer behaviour.

Risks also arise in the beer industry as a result of the public debate about the abusive consumption of alcohol. At national, European and international level, there are calls for a reduction in alcohol consumption, e.g. through restrictions on availability, advertising bans, warnings and price increases. Karlsberg Brauerei, Brasserie Licorne and Karlsbräu CHR are very aware of their responsibility and support the responsible and enjoyable consumption of alcoholic beverages and position themselves clearly against the abusive use of the products.

Sales and turnover performance is also influenced significantly by the weather over the course of the year. In order to ensure delivery capability during possible peaks in demand, flexible production structures and personnel deployment plans are implemented by way of precaution in production planning alongside a seasonal storage strategy. There are also risks associated with general consumer confidence and the resulting price sensitivity of consumers.

The Group is responding to the continuous expansion of volume and price orientation in the entry-level price segment to include the factor of product added value with targeted marketing measures to communicate the differentiation and product added value and to raise further the emotional brand value. The Group's strategic approach with beverage specialties, product innovations and a

high regional presence as well as established brands in glass bottles aims to meet the changing customer requirements. The risk of largely saturated markets is countered according to the management with a broadly diversified product portfolio and innovative concepts.

Market price risks

The Group is exposed to market price risks in procurement, production and sales. Although possible price increases on the procurement markets are hedged through medium-term contracts, in the longer term volatile energy and high raw material prices in particular pose serious risks.

One of the key Group objectives is to reduce risks from price fluctuations in raw materials and energy as much as possible through long-term supply agreements.

2022 saw the biggest price increase in Germany for more than 70 years. Consumer prices rose in 2022 according to the Federal Statistical Office by on average 7.9 % compared to 2021.¹³ Economic experts also expect inflation to slow down in 2023 but still be significantly higher than in previous years.

Rising prices for raw materials, packaging, energy and logistics are placing an increasingly high burden on the Group's business, even though some of the price increases are contractually hedged for the current financial year through existing contracts. In order to cushion the effects of the sharp rise in purchase prices, price increases for end products will again be necessary in the 2023 financial year.

In addition, the Group minimises exchange rate risks through foreign exchange hedging instruments.

Product, procurement and technology risks

The production of mineral water products, fruit juice variants and beer requires particular attention in quality assurance. The quality and availability of raw materials, auxiliary supplies and consumables used in the production process therefore need to be monitored permanently. By means of a quality management system that is the subject of continuous improvement, the framework conditions are monitored and appropriate action is taken in order to ensure production and quality standards are met. Complex and highly specialised technical systems are used in the production processes. The utmost care is needed here to avoid damage or interruptions. For this purpose, in addition to the use of modern control technology, the systems properly maintained and repaired on an ongoing basis and the responsible employees receive regular training. The risk of bottling lines being out of action is countered by regular preventive maintenance, assessments of the condition of plant and machinery, training of maintenance personnel, investments in replacement plant components and, if necessary, complete renewal of plant. Risks from potential contamination of finished products are minimised through the use of control standards and technical equipment.

An internal information system ensures quality assurance and production batch tracking to control product routes. The risks of failure and disruption in production and the associated possible failure to meet delivery requirements are minimised by modern process engineering and permanently

¹³ Source: Press release of the Federal Statistical Office of 17 January 2023.

controlled processes. Due to the importance of raw materials for product quality, quality assurance plays an important role right from the procurement stage. In addition to prior supplier audits, the flavours, ingredients and packaging materials used are subjected to extensive quality control both at the supplier and during production. All production sites are International Food Standard (IFS) certified and are audited annually.

The group companies source their raw materials, auxiliary supplies and consumables from a variety of different suppliers. Nevertheless, procurement risks may exist due to supply bottlenecks and supplier dependency for certain products. This risk can be minimised by spreading the requirements across as many suppliers as possible.

Bottlenecks can also occur in logistics. This risk is countered by contractually securing sufficient freight capacity and a network of service providers.

Environmental risks

During production, impact on the environment cannot be completely avoided. In order to prevent associated environmental risks, environmental and health and safety laws are analysed regularly and emission values are monitored continuously through a systematic energy management system. Energy recovery projects play an important role for the group companies. Photovoltaic projects are also becoming increasingly important. For example, in the year under review work started on the construction of a photovoltaic plant in Kißlegg and another photovoltaic project will be implemented at the Lauterecken site this year.

In addition, all employees involved in the production process are receive regular awareness training on current environmental and energy issues and are involved in various operational projects in order to exploit potential and minimise risks.

IT risks

The Group uses modern information and communication technologies to make production and business processes efficient, secure and cost effective.

In general, risks may arise from the unavailability of IT systems, loss or manipulation of data, cybercrime or compliance breaches, and disclosure of confidential information. The use of information and communication systems is governed bindingly in respect of IT and data security by the company policy for security in information and communication technology.

The management is of the view that high security standards, modern technology, guidelines and qualified employees help to minimise IT risks. The central organisational structure of IT at Karlsberg Service GmbH, Homburg, as well as the use of standardised systems and processes group wide are further measures to minimise risk through professionalisation.

The risk of a possible failure of central IT systems is minimised by redundant systems and an emergency power supply, with the result that this risk is considered low overall.

As the digitalisation of processes continues to advance, the topic of cyber security has become increasingly important in recent years. To protect against potential threats, up-to-date security systems are used throughout the Group.

The Karlsberg Group plans to introduce cloud-based ERP software specifically tailored to small and medium-sized beverage companies.

Risks could arise from insufficient capacity of project participants due to the high resource commitment of the employees involved in the project. In addition, there is a risk that synergies may not be realised as planned and that efficiency improvements in processes may not be achieved to the desired extent. Due to the gradual introduction in almost all business areas of the Group and the resulting high project complexity, delays may occur in the implementation phase.

In order to achieve the project objectives and minimise the aforementioned risks, a project organisation was set up that includes all levels and functions affected by the ERP implementation, an experienced project management team and members of the management.

Data migration is a critical step in an ERP change. Because company data from different IT systems is interdependent, overlooking problems with data dependency and integration could quickly lead to problems with implementation. This could also result in consequential financial risks if, for example, invoices cannot be issued over a longer period of time.

The use of cloud solutions can also entail a security risk. Although providers and ERP operators generally share this risk, security ultimately lies with the organisation using the ERP system. To counteract this risk, appropriate measures are required in the internal control system and in access and change management. This risk can be countered by creating an authorisation concept with logging of authorisation changes and a scope of authorisations tailored to the needs of the company.

For a detailed presentation of the opportunities from the project, please see the opportunities report.

Legal and tax risks

In the course of its business activities, the Group is exposed to legal risks and may become involved in legal disputes and arbitration proceedings. Legal risks arise from changes in company law, for example regarding the conclusion of company contracts. In addition, there are risks from legal disputes in the operating business, particularly in the areas of contract, tax, employment and product liability law. The Group is also increasingly confronted with food law and the legal consequences of European directives on health claims and the presentation of nutritional information. Where necessary, adequate provisions for risks are made in the balance sheet. In the event of loss or damage, the risks considered by the management to be the greatest are covered by adequate insurance wherever possible.

In 2021 investigation proceedings were opened by Kaiserslautern Public Prosecution Office because it suspected that Niehoffs Vaihinger Fruchtsaft GmbH had suffered losses in recent years through fraud committed on a commercial basis. As a result of this fraud case, internal investigations were opened, processes were reviewed and various measures were implemented. Niehoffs Vaihinger Fruchtsaft GmbH also suffered disadvantages in the form of tax returns as a result of the damaging actions. The risks were assessed on the basis of the state of the investigation at that time and appropriate provisions have been made. The risk assessments were updated taking into account the current state of the investigation and the risks are assessed accordingly in these consolidated financial statements.

The Group's business activities are also subject to the applicable national tax laws. Changes in the respective tax laws and their case law as well as different interpretations in the context of tax audits can result in higher tax expenses and higher tax arrears payments. In addition, changes in laws and regulations can also have a significant impact on tax assets and liabilities.

Tax risks arising from the various issues are continuously identified and assessed by the Tax Department of Karlsberg Service GmbH, which is systematically involved in operational and strategic decisions with possible tax consequences, and any necessary risk-reducing measures are initiated.

HR risks

For the group companies it is of great importance to recruit, develop and retain qualified and committed employees for all areas and to manage all human resources effectively. Otherwise, the Group may not be able to conduct its business efficiently and successfully. An increasingly greater challenge is the changing requirements in the digitalised work environment.

Adjustment risks (employees are wrongly or insufficiently qualified), motivation risks (work performance is withheld) or strike risks (production losses due to the exercise of the right to strike) or the loss of important specialists and managers could have negative consequences for the Group. De-

spite the ongoing difficult competitive situation, the pressure is increasing on unions and management given the socio-political mood, not least as a result of continued very high inflation. This could result in higher wages from collective bargaining agreements, which could lead to higher staff costs than previously planned (collective bargaining risk).

After the Covid years, which were very challenging from a human resources point of view, there is an increasing willingness to change jobs, coupled with increased demands in the so-called “war for talent”. Finding and retaining qualified employees has become a serious task.

Any one or more of these circumstances could affect the ability to manage the human resources effectively. This in turn could have a negative impact on the business activities as well as the asset, financial and earnings position.

To counter these risks, various measures are taken to mitigate their negative impact as far as possible, such as:

- Setting up a new applicant platform with a linked human resources management system and an action plan in the areas of personnel marketing and social recruiting are important steps to “front up to the challenge” of the shortage of skilled workers.
- Development of employee and management skills through targeted professional development measures as part of the annual appraisals.
- Rolling out a group-wide concept to promote independence and motivation by recognising and controlling one's own contribution to strategy implementation (goal-implementation cycle).
- Monitoring of young talent potential.
- Regular, annual and anonymous employee survey with follow-up in the departments to promote a positive corporate culture.
- Regular consultation between the staff and management and the works councils, comparison of views, organisation of online and hybrid events with the opportunity to participate.
- Regular (at least annual) consultation between employees and their managers (personnel development in the departments).
- Interdisciplinary collective bargaining committees accompany each collective bargaining negotiation with the aim of achieving an appropriate result by mutual agreement.

Bad debt risks

Default risks arise from the deterioration of the financial circumstances of borrowers and customers of group companies. This results in risks of partial or complete default on contractually-agreed payments or services.

Possible bad debts are countered with accounts receivable management and preferred use of centralised settlement. An IT-supported monitoring system and an entry-based receivables assessment system ensure the operational measurement and control of credit risks. As part of financial management, credit positions and credit commitments are reviewed and creditworthiness and maturity analyses are conducted on an ongoing basis. Sales financing in the food service industry is secured by an effective contract monitoring process. Efficient accounts receivable management

flags up changes in creditworthiness in a timely manner and initiates countermeasures immediately. Default risk is assessed based on case-specific analyses.

For securities classified as financial assets, asset management that includes a value guarantee concept that reconciles security and expected returns has proven to be successful.

Credit risks, liquidity and financing risks

Liquidity risks are understood to be risks where the Group may not have sufficient financial means to meet its payment obligations or may not be able to obtain sufficient liquidity at the expected conditions. The task of liquidity management is to finance the forecast requirements at market conditions and in this way ensure the Group's liquidity at all times. No liquidity risks can be identified at the current time. The Group has sufficient credit lines. Any liquidity fluctuations are identified at an early stage through frequent analyses of deviations from the annual financial planning. In order to ensure solvency and financial flexibility at all times, financing and liquidity requirements are managed through short- and medium-term liquidity planning. Financing that is due to mature is reviewed in good time to establish whether refinancing is needed and refinancing discussions with business partners are initiated promptly.

The bank-independent financing concluded in 2016 in the form of a registered bond with MinKGaA in the amount of EUR 16.7 million (previous year: EUR 25.0 million), the corporate bond issued by Karlsberg Brauerei GmbH in 2020 in the amount of EUR 50.0 million (previous year: EUR 50.0 million) and several bank loans are linked to obligations in the form of financial covenants. Adherence to the key figures is monitored regularly as part of financial reporting. In the past year these were adhered to at all times. The management considers the probability of non-adherence in the future to be low.

Currency risks lie in the international purchasing of juice concentrate for the production of fruit juice variants. These risks are taken into account through hedging. These hedging relationships are effective and are generally accounted for as hedges in the financial statements.

Due to the currently rising interest rates, it is becoming increasingly expensive to take out bank loans. Taking into account the only seasonal use of credit lines and the positive balance of cash and cash equivalents as at the balance sheet date, the management believes that the effect of this risk can be classified as comparatively low for the current year.

Risks from pension obligations

Pension obligations are calculated on the basis of actuarial valuations. The actuarial valuation includes, among other things, assumptions about discount rates as well as future wage, salary and pension increases. Such estimates are subject to considerable uncertainty because of the long-term nature of these plans. Forward-looking multi-year analyses and scenario calculations can increase planning reliability and enable appropriate countermeasures to be taken in a timely manner.

Overall assessment

The group management reviews the risk situation of the Group regularly. Compared to the previous year, the risk position has not changed materially in the financial year 2022. The Group held its own in the market in the period under review in the view of the management. In 2022, no risks that might represent a threat to the development or continued existence of the Group arose from individual risks or from the overall risk position of the Group and, in the opinion of the group management, are not expected in the prospective risk forecast period of one year. The management expects that the aforementioned risks will not have a material negative on the asset, finance and earnings position.

IV. Opportunities and forecast report

The opportunities and forecast report covers the expected qualitative development of the Group and the business environment in the current year. It highlights the opportunities that may arise for the Group. Opportunities for the future development of the Group are understood to be positive opportunities in the short term that are considered to be realisable under certain conditions.

There is ongoing planning uncertainty for the entire beverage industry and therefore for the Karlsberg Holding GmbH Group as well. For a detailed presentation of the risks, please see the risk report.

Opportunities report

There are numerous opportunities for the Group that support its long-term success. The main opportunities that offer additional earnings potential are presented below.

Opportunities from brand competence

In the opinion of the management, a high-quality product range and fast decision-making processes enable the group companies to exploit growth opportunities in a profit-oriented manner. The management believes that the brands are well positioned among consumers and offer business partners interesting margins. The Group has a clear brand management for the established regional brands, the national brands and the international specialties and this provides continual impetus for growth through new product innovations.

The topics of regionality and sustainability have grown significantly in importance in the beverage market. Thanks to the strong brands in the regional, transregional and national markets, the management believes there is further growth potential for the group companies.

It sees good opportunities in particular for the brands Karlsberg, MiXery, Licorne, Teinacher, Krumbach, Vaihinger and afri, which, in the opinion of the management, are firmly established in their markets and offer an attractive and extensive product portfolio that is tailored to partners in the food service and retail industries and their demanding customers.

In addition to the Group's own brand portfolio, distribution cooperation agreements have been entered into with international partners for the beer market in recent years. Karlsberg Brauerei GmbH, Karlsbräu CHR and Brasserie Licorne SAS take care of the national distribution of international beer specialties and innovative non-alcoholic products in Germany and France. The aim is to generate further turnover growth and associated synergy effects for the existing brand portfolio with these internationally known partner brands, such as Bundaberg for example.

In addition, the management sees opportunities in selected export markets for the further development of market positions and the gradual increase in the brand awareness of its export brands.

Opportunities from diversification and synergies

Due to the diversified product portfolio, the coverage of various product categories and the presence in different markets and regions, any individual risks that may arise can be not only largely compensated for, but also greater opportunities can arise, for example from know-how transfer and innovation ideas.

In addition, synergies can be realised through cooperation between the companies of the Carlsberg Group. In the opinion of the management, the close integration in the areas of technology, logistics and administration as well as a streamlining of decision-making processes result in increased efficiency and synergy effects. For example, cooperation in distribution between companies in the Group enables more intensive market development, i.e. optimisation of customer support and contact management. In addition, the Group relies on the concentrated management of processes in the areas of IT, human resources, communications, accounting, treasury, taxes, purchasing, legal and contract matters in the group company Carlsberg Service GmbH.

The Carlsberg Group, together with the Warsteiner Group, has founded a joint, independent purchasing company from which the operating group companies can benefit. The aim of the strategic purchasing cooperation is to ensure an optimal supply of goods to customers at all times. At the same time, improved purchasing and delivery conditions are sought by pooling procurement volumes. The positive effects of this purchasing cooperation could be increased if other partners join in the future.

Opportunities from digitalisation

Digital technologies are becoming increasingly important for the Group's markets and working environment. Across all business areas, advancing digitalisation will offer new opportunities and therefore significant potential for the Group.

In the area of technology, the use of standardised online IT systems and the complete networking of plant and machinery throughout the production process offer opportunities for the further development of the digitalisation process in the coming years.

Using new IT applications and harmonised data will create new opportunities for marketing and distribution, allowing the individual needs of all business partners for information, service or dialogue to be met in a targeted manner.

Significant efficiency improvements are also expected through digitalisation in the area of administration due to the use of harmonised IT systems and data.

The Carlsberg Group plans to introduce ERP software specifically tailored to small and medium-sized beverage companies in order to optimise business processes, to harmonise and standardise repetitive processes across the Group in all functional areas, and to integrate and control a wide range of company activities in the areas of production and bottling, logistics, finance and distribution.

By using the same ERP software in all companies and almost all areas of the Carlsberg Group, efficiency improvements are to be achieved by minimising or eliminating manual processes, consistent data usage and the automation of repetitive processes.

As part of the project, internal company processes and workflows are analysed and “put to the test” in order to best exploit possible improvement potential for the new software. In the opinion of the management, optimising all processes along the value chain will help to improve process quality due to a smaller number of sources of error, replace uneconomical or outdated processes, and leverage cross-departmental synergies thanks to a project organisation geared to end-to-end processes with the cloud solution.

Competitive advantages could arise in the Group’s harmonised system landscape from, for example, an improved data basis for decisions and strategic corporate management, time savings due to faster processes and increased customer and employee satisfaction. In addition, the cloud-based ERP system simplifies system operation and makes it easier to realise economies of scale.

For a detailed presentation of the risks from the project, please see the risk report.

Further digitalisation initiatives in the Carlsberg Group currently focus and will continue to focus in the coming years on the following areas:

- Omni channel: Development and expansion of existing distribution channels, for example B2B web shops.
- Customer engagement: Improvement of customer service, for example setting up customer self-service portals.
- Mobile: Mobile devices as an essential interaction channel for customers and employees, improving mobile access to information and processes within the Group; for example, mobile participation in the invoice receipt workflow and mobile self-service app in the HR area.
- Digital vendor ecosystem: Organisation of purchasing processes between individual users along the entire supply chain via a digital platform.
- Big data: Revision of the strategy as part of the ERP implementation, by harmonising all master data and creating a sound basis for data management of process and sales data.
- Digital finance operations: Automation of repetitive business processes in accounting and optimisation of document and payment flows, for example digitalisation of P2P processes through the use of artificial intelligence.
- Smart logistics & transport: For example, logistics optimisation through digital route planning, mobile warehouse logistics and delivery, yard time management through booking time slots by customers or freight forwarders.
- Digital HR operations: Automation of key HR processes and provision of self-service offerings.
- Social cooperation: Interactive exchange of information and content via social media.

Expansion of opportunity management

Potential opportunities for positive business development are assessed and exploited at all levels of the Group. The group companies active in the market monitor the trends and developments in

their product areas and identify operational opportunities. If the likely success exceeds the costs associated with implementation, the companies will implement the project provided it fits into the Group's overall strategy. For this purpose, an organisational structure was established which the management believes is characterised by lean structures and efficient processes. The tasks of the operating companies also include exploiting operational opportunities in the markets in which they operate. In the opinion of the management, an independent marketing and sales strategy further strengthens the regional and national connection of the brands and their products and takes special account of the needs of business partners.

The Group level sets the strategic framework, secures financing and liquidity and concentrates on the governance and management of the operational business units. Project managers are therefore supported and provided with resources to capitalise on opportunities that are identified.

Forecast report

Following a significant economic slowdown at the end of the year under review, some of the factors that have had a negative impact on the **German economy** will continue to exist in 2023. Due to the ongoing war in Ukraine, weak growth of the global economy, ongoing supply problems, the energy crisis and the effects of high inflation, economic output is expected to stagnate at the beginning of the year, but could gradually recover from the second half of the year. The high price increases that are increasingly being felt by consumers are also likely to continue to affect economic development at the beginning of 2023. However, the falling prices for energy, freight rates and some raw materials in recent months could have a stimulating effect on the economy. In January 2023, the Federal Government raised its economic forecast published in October 2022 and expects slight economic growth. For the current year, the Federal Government expects a price-adjusted increase in gross domestic product of 0.2% in its forecast published in the 2023 Annual Economic Report.¹⁴

The **French economy** is holding up strongly despite the crisis. Nevertheless, the outlook for 2023 remains cautious. The economic and geopolitical uncertainties are having a dampening effect on the willingness of companies and consumers to invest. The European Commission's economic forecast for the current year assumes a slight increase in gross domestic product of 0.4%.¹⁵

The **beverage industry** was particularly affected by the effects of the Covid-19 pandemic. Strong recovery trends have been seen in sales since the second quarter of 2022. However, since the beginning of the Covid-19 pandemic, the industry has already been faced with cost increases and unexpected supply bottlenecks. The war in Ukraine has significantly exacerbated some problems. The energy and economic crisis that has been ongoing since spring 2022 has put increasing pressure on the industry. Sharp rises in costs for energy, raw materials and packaging as well as strained supply chains have dominated the past financial year and impacted the companies. The ongoing high cost pressure, along with maintaining a secure supply of raw materials and energy,

¹⁴ Source: Press report of the Federal Ministry for Economic Affairs and Climate Action of 25 January 2023.

¹⁵ Source: European Commission 2022, internet: [Unsichere Aussichten für 2023 | Wirtschaftsausblick | Frankreich \(gtai.de\)](#)

is the biggest challenge for the German beverage industry in the current year. In particular sharply rising costs for raw materials, energy and logistics are affecting the companies.¹⁶

The **Group's** goal is to further expand its brand business. The group companies will continue to place strategic focus on sustainable profitability and will concentrate on high-margin brands and the further expansion of their brands' market position.

The focus of business activities in 2023 will be on expanding the product portfolio by introducing additional packaging, flavours and beverages in the branded business. Expansion of distribution in the food retail sector with a strong focus on the main brands should help the Group to expand its market positions.

In view of the price increases for raw materials and energy, parts of the Group will be introducing further price increases in the food retail and beverage wholesale trade as well as in the food service industry in the current year.

The macroeconomic and geopolitical conditions and the resulting high level of uncertainty make it more difficult to forecast for the current financial year 2023. The forecast is based on the current assessment of the likely consequences that the current environment could have on the beverage industry and the group companies. The assessments for 2023 are based on largely stable macroeconomic conditions. The development outlined is subject to various opportunities and risks, which, however, do not pose a threat to the continued existence of the Group. These are explained in detail in the chapters "Risk report" and "Opportunities report".

A moderate increase in turnover is expected for the Karlsberg Group as a whole in the 2023 financial year, taking into account necessary price increases. With rising costs in production and logistics and increased expenses for marketing and sales to further develop the brands, the management expects that the adjusted EBITDA will be moderately higher than in the previous year.

Homburg, 2 June 2023

signed Dr. Richard Weber
Managing Director

signed Christian Weber
Managing Director

signed Martin Adam
Managing Director

signed Peter Zorn
Managing Director

signed Kerstin Benedikt
Managing Director

signed Markus Meyer
Managing Director

¹⁶ Sources: Verband Deutscher Mineralbrunnen e.V. (VDM), press release of 3 February 2023; press release of the German Brewers Association of 24 January 2023: "High cost pressure affects the brewing industry."

Opinion of the independent auditor

To Karlsberg Holding GmbH, Homburg

Audit opinion

We have audited the consolidated financial statements of Karlsberg Holding GmbH, Homburg, consisting of the consolidated balance sheet as at 31 December 2021, and the consolidated profit and loss account for the financial year from 1 January to 31 December 2022, and the notes to the consolidated financial statements, including the presentation of the accounting and valuation methods. In addition, we have audited the group management report of Karlsberg Holding GmbH, Homburg, for the financial year from 1 January to 31 December 2022.

In our opinion, based on the findings of the audit

- the attached consolidated financial statements comply with German commercial law in all material respects and convey a true and fair view of the asset and financial position of the company as at 31 December 2022 and its earnings position for the financial year from 1 January to 31 December 31 2022, in compliance with generally accepted German accounting principles, and
- the attached group management report conveys on the whole a true and fair view of the position of the Group. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and conveys a true and fair view of the opportunities and risks of future development.

In accordance with section 322 (3) sentence 1 of the Commercial Code (HGB), we declare that our audit has not led to any reservations about the regularity of the consolidated financial statements and the group management report.

Basis for the audit opinion

We have conducted our audit of the consolidated financial statements and the group management report in accordance with section 317 HGB and in compliance with German Generally Accepted Standards on Auditing as promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Our responsibility according to these regulations and standards is further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" in our auditor's report. We are independent of the group companies in accordance with German commercial and professional regulations and have fulfilled our other professional duties in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our opinion on the consolidated financial statements and the group management report.

Responsibility of the legal representatives for the consolidated financial statements and the group management report

The legal representatives are responsible for the preparation of the consolidated financial statements which comply with German commercial law in all material respects, and ensuring that the consolidated financial statements, in compliance with German generally accepted accounting principles, convey a true and fair view of the asset, financial and earnings position of the Group. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with German generally accepted accounting principles to enable the preparation of consolidated financial statements that are free from material misstatement, whether intentional or unintentional.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have responsibility for disclosing matters relating to continuation as a going concern, if relevant. They are also responsible for accounting on the basis of the company continuing as a going concern, unless contrary to factual or legal circumstances.

Furthermore, the legal representatives are responsible for the preparation of the group management report which conveys on the whole a true and fair view of the position of the Group and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and conveys a true and fair view of the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they deemed necessary to enable the preparation of a group management report in accordance with the applicable German legal requirements and to provide sufficient suitable evidence for the statements in the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether intentional or unintentional, and whether the group management report conveys on the whole a true and fair view of the position of the Group and is consistent in all material respects with the consolidated financial statements, and likewise that the findings of the audit are in accordance with German legal requirements and that a true and fair view of the opportunities and risks of future development is conveyed, and to issue an auditor's report that includes our opinion on the consolidated financial statements and the group management report.

Reasonable assurance is a high level of certainty, but no guarantee that an audit conducted in accordance with section 317 HGB and in compliance with German Generally Accepted Standards on Auditing as promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW) will always reveal a material misstatement. Misstatements can result from breaches or inaccuracies and are considered material if they could reasonably be expected to influence, individually or collectively, the economic decisions of addressees made on the basis of these consolidated financial statements and the group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. Furthermore, we

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit 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 controls.
- obtain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- assess the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.
- draw conclusions about the appropriateness of the accounting principle applied by the legal representatives in continuing operations and, on the basis of the audit evidence obtained, whether there is material uncertainty related to events or circumstances that raise significant doubts about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may result in the Group no longer being able to continue as a going concern.

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- assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements, in compliance with generally accepted German accounting principles, convey a true and fair view of the asset, financial and earnings position of the Group.
 - obtain sufficient appropriate audit evidence for the accounting information of the companies or business activities within the Group to express an audit opinion on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the Group Audit. We are solely responsible for our audit opinion.
 - assess whether the group management report is consistent with the consolidated financial statements, complies with statutory regulations and the view it conveys of the position of the Group.
 - conduct audits of the forward-looking statements presented by the legal representatives in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the forward-looking statements, and assess whether the forward-looking statements have been derived appropriately from these assumptions. We do not provide an independent audit opinion on the forward-looking statements and the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking statements.

We discuss with persons responsible for governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

Koblenz, 5 June 2023

DORNBACH GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Groß

Breker

Public Auditor

Public Auditor

Translation from the German language

ARTICLES OF ASSOCIATION

of

**Karlsberg Brauerei GmbH
with registered office in Homburg**

Paragraph 1 Name, registered office and financial year of the company

- (1) The company's name is: Karlsberg Brauerei GmbH
- (2) The company's registered office is in Homburg.
- (3) The company is formed for an indefinite period of time.

The financial year is the calendar year. The first financial year is a short financial year and will end on the 31 December following the date upon which the company is entered in the Register.

Paragraph 2 Object of the company

The object of the company is the operation of a brewery and the production and distribution of all kinds of beverages.

The company may undertake any activity which directly or indirectly serves the purpose of the company. For this purpose, it may in particular construct, acquire, lease, rent and sell all types of facilities and businesses, participate in any permissible form in other enterprises pursuing the same or similar purposes and establish branches.

Paragraph 3 Share capital and capital contributions

- (1) The company's share capital totals EUR 16,282,500 (in words: sixteen million two hundred and eighty two thousand five hundred euros).
- (2) It has been paid up in full.
- (3) Several fully paid-up shares in the company held by a shareholder may be consolidated into one shareholding by way of a shareholder resolution with the consent of the shareholder concerned.
- (4) If a shareholding is held jointly by more than one jointly entitled person, these will have to appoint a joint representative to exercise their rights attached to the shareholding. As long as a joint representative has not been appointed, the voting rights attached to the shareholding are suspended.

Paragraph 4 Disposal of shares in the company

- (1) Disposal of a shareholding or part of a shareholding requires the consent of the company. Resolutions on the granting of consent will be passed by the Shareholder Meeting with a majority of three quarters of the votes cast.
- (2) The transfer of a shareholding to an affiliated enterprise of the shareholder pursuant to section 15 of the Stock Corporation Act (Aktiengesetz, AktG) only requires the notification of the other shareholders in order to be effective.

Paragraph 5 Recall

- (1) Shareholdings may be recalled with the consent of the shareholder concerned.
- (2) The compulsory recall of a shareholder's shareholding is permitted if
 - a) the shareholding is attached and the attachment is not lifted within three months and at the latest until the shareholding is sold;
 - b) insolvency proceedings are opened for the shareholder's assets or if the opening of such proceedings is rejected due to a lack of assets;
 - c) there is a compelling reason in the person of the shareholder which justifies his expulsion;
 - d) the shareholder files an action for dissolution or declares his withdrawal from the company;
 - e) other important reasons exist in the person of the shareholder, such as a serious breach of the shareholder's duty of loyalty.
- (3) The recall requires a shareholder resolution which is adopted by a majority of at least $\frac{3}{4}$ of the votes. The shareholder affected by the recall resolution has no voting rights.
- (4) A shareholding that is held undivided by more than one jointly entitled person can be recalled if the conditions pursuant to subparagraph 2 lie in the person of only one jointly entitled person.
- (5) In the event of a shareholding being recalled, the nominal amounts of the other shares can be increased nominally or new shares can be created.

Paragraph 6 Compensation for recall

- (1) Compensation will be paid for the recall. The compensation will be a monetary amount equal to $\frac{3}{4}$ of the market value of the recalled shareholding.
- (2) The compensation for recall can be paid in up to three instalments on each of the three balance sheet dates following the recall resolution. The compensation for recall will bear interest in its respective amount at the reference rate of the European Central Bank. The interest will be payable with the compensation for recall.
- (3) In the event of disputes concerning the amount of the compensation for recall, an expert to be appointed by the President of the Saarbrücken Higher Regional Court will make a binding decision as an arbitrator for all parties involved, unless the assessment is based on obvious errors.
The arbitrator will decide on its costs in accordance with the Code of Civil Procedure (Zivilprozessordnung).

Paragraph 7 Transfer of shareholding instead of recall

Instead of recall, the company may, at it chooses, demand the transfer of the shareholding to the company, to a third party specified by the company or to the other shareholders in proportion to their shareholding. The demand for the transfer of the shareholding to a third party requires a shareholder resolution with a majority of $\frac{3}{4}$ of the votes.

Paragraph 8 Notice of termination by or death of a shareholder

- (1) Any shareholder may terminate his shareholding with six months' notice to the end of the financial year. The notice of termination needs to be given in writing in order to be effective. It is to be communicated to the company by registered mail.
- (2) The company will be dissolved if the company does not demand within six months of receipt of the notice of termination the recall of all of the shares of the terminating shareholder in accordance with paragraph 5. The terminating shareholder will participate in the liquidation, if applicable.
- (3) In the event of the death of a shareholder, the company will not be dissolved but will continue with the shareholder's heirs or other beneficiaries after death, unless the company demands the recall or transfer of the shares within six months of its knowledge of the death in accordance with paragraphs 5 and 6. The heirs of the deceased shareholder will have no voting rights in the vote.

Paragraph 9 Management and representation

- (1) The company has one or more managing directors. The company will be represented by two managing directors jointly or by one managing director together with a “Prokurist” (authorised signatory). If only one managing director has been appointed, he will represent the company on his own.
- (2) Management actions that go beyond the ordinary commercial operations of the company require the consent of the shareholders with a $\frac{3}{4}$ majority. Extraordinary transactions and actions within the meaning of sentence 1 include in particular:
 - a) changes to the business programme and the addition of new services not part of the existing programme, if this is expected to result in a significant change in the company structure;
 - b) resolution, amendment and termination of articles of association, company agreements and agreements that result in a restriction in essential business functions (e.g. cooperation);
 - c) acquisition of shareholdings in other companies and disposal of such shareholdings;
 - d) entry, amendment and termination of silent partnerships (typical or atypical);
 - e) granting of pension or retirement benefits;
 - f) acquisition, disposal or encumbrance of real estate, rights equivalent to real estate and rights to real estate, if the individual values involved are more than EUR 50,000;
 - g) recruitment of employees with an annual salary of more than EUR 75,000;
 - h) granting of loans of more than EUR 50,000 in individual cases outside of ordinary business operations;
 - i) assumption of guarantees, warranties, liabilities from bills of exchange or similar liabilities outside of ordinary business operations;
 - j) granting and withdrawal of “Prokura” (general power of representation) and “Generalvollmacht” (general power of attorney);
 - k) initiation of legal proceedings where the value in dispute is more than EUR 125,000.

- (3) In addition, the management will present once a year to the Shareholder Meeting for approval the company's planned measures and investments as well as the breakdown of the investment budget and the investment framework plan for the coming financial year.
- (4) The Shareholder Meeting may, by resolution, adopt special rules of procedure in which, among other things, transactions requiring approval may be governed.
- (5) The Shareholder Meeting may, by resolution, adopt alternative provisions on representation, in particular grant individual managing directors authorisation to represent the company on their own.
- (6) The Shareholder Meeting may, by resolution, exempt managing directors from the restrictions of section 181 of the German Civil Code (BGB).
- (7) In the event of the dissolution of the company, the provisions set out above for the managing directors will apply accordingly to the power of representation of the liquidators; in particular, the liquidators may also be exempted from the restrictions of section 181 BGB.

Paragraph 10 Shareholder Meeting

- (1) Every year in the first eight months after the end of a financial year an Ordinary Shareholder Meeting will be held which will receive the annual financial statements for the previous financial year and in which resolutions are to be adopted on the following items on the agenda:
 - a) Adoption of the annual financial statements
 - b) Appropriation of profit
 - c) Ratification of the acts of the managing directors
- (2) In the Ordinary Shareholder Meeting, the managing directors must explain in detail the annual financial statements for the previous financial year and present a report on the course of business in the current financial year.
- (3) Every shareholder is to be invited in writing by registered mail, stating the place, time and agenda, with a notice period of at least three weeks. The notice period will begin on the second day after the notice is posted, whereby the day of the meeting is not counted in the calculation of the notice period.
- (4) The Shareholder Meeting is only quorate if at least $\frac{3}{4}$ of the share capital is represented. If less than $\frac{3}{4}$ of the share capital is represented, the managing directors must immediately call a new Shareholder Meeting with the same agenda. Subparagraph 3 will apply accordingly to this calling of a new Shareholder Meeting, but in this case the notice period will be at least 1 week.

This second Shareholder Meeting will be quorate, regardless of the percentage of the share capital represented.

- (5) Resolutions may also be passed by way of a written procedure. Further details can be set out in the rules of procedure.
- (6) The meeting will elect a chairman by a majority of the votes cast. The chairman will conduct the meeting.
The shareholders can also be represented at the Shareholder Meeting by persons other than their legal representatives.
- (7) If all of the shareholders are present or represented and agree to the resolution, resolutions can also be adopted if the statutory requirements or the requirements of the articles of association that apply to the calling and announcement of meetings have not been met.
- (8) If the Shareholder Meeting is not recorded by a notary, minutes are to be taken by the chairman for evidential purposes, in which the place and date of the meeting, its participants, the items on the agenda and the resolutions of the meeting are to be stated. The chairman has to sign the minutes and send a copy of the minutes immediately to every shareholder (by registered mail).

Paragraph 11 Shareholder resolutions

- (1) Shareholder resolutions are adopted by a simple majority of the votes cast, unless a different majority is required by a mandatory statutory regulation or these Articles of Association. Amendments to these Articles of Association require a $\frac{3}{4}$ majority.

This also applies to the appropriation of net profit pursuant to section 29 of the Act on Limited Liability Companies (GmbHG).

Every EUR 1.00 of a share in the business grants one vote.

- (2) Shareholder resolutions may only be challenged within two months of the date upon which the minutes are sent.

Paragraph 12 Salvatorius clause

If any provisions in these Articles of Association should be or become ineffective or if it is established that there is a gap in the Articles of Association, the validity of the remaining provisions will not be affected by this. The ineffective provisions will be replaced, or the gap will be filled, by an appropriate provision which as far as legally possible is

closest to what the parties intended or would have intended in accordance with the meaning and purpose of the contract if they had considered this point.

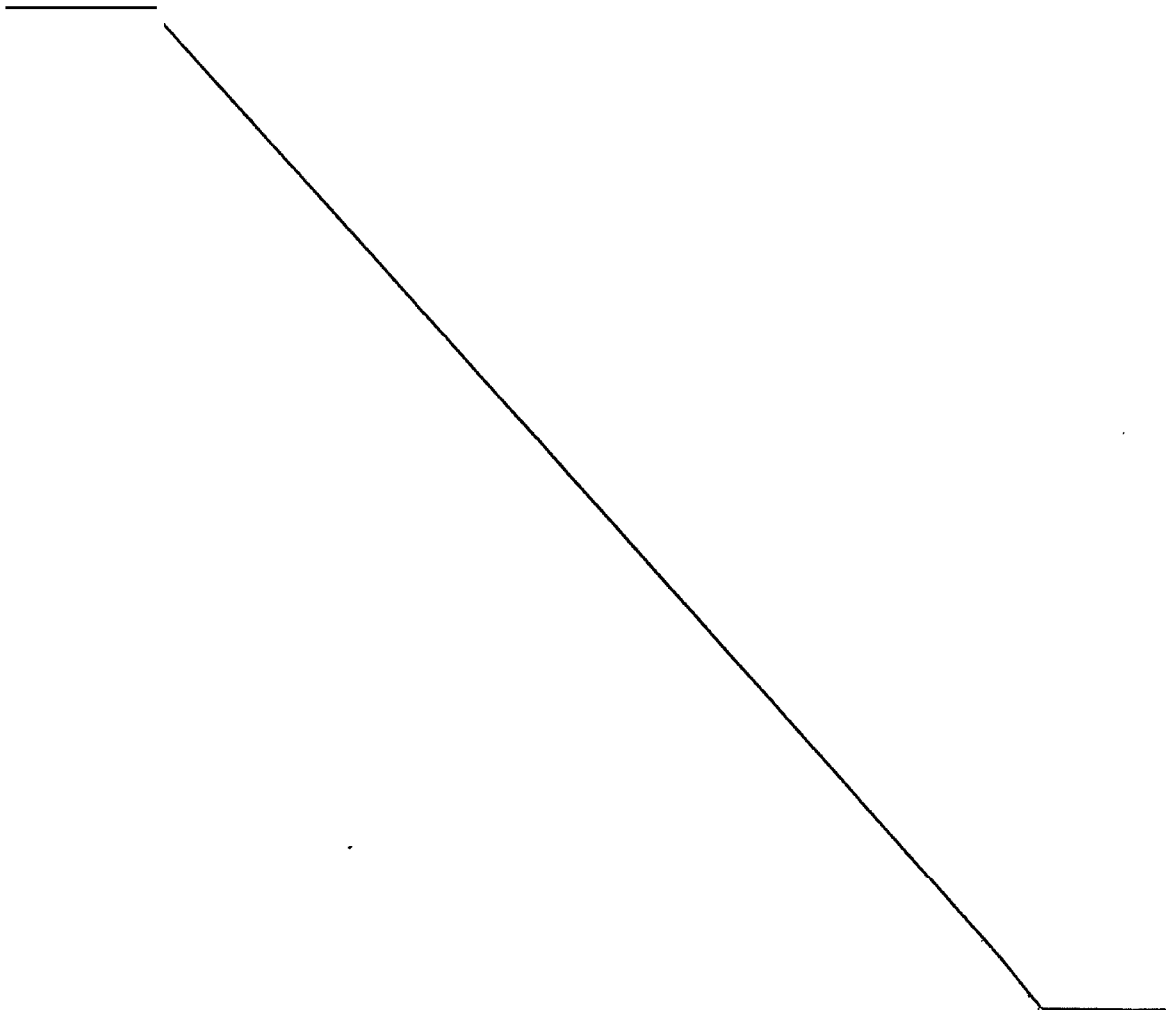
If a provision is ineffective due to a measure of performance, counterperformance or time (date or deadline) specified in the provision, the legally permissible measure closest to the provision will be considered to be agreed.

Paragraph 13 Announcements

Announcements by the company are made in the Federal Gazette.

Paragraph 14 Foundation costs

The company will bear the notary, court and administrative costs associated with its foundation, but only up to a maximum total amount of EUR 2,500. If higher costs are incurred, these will be borne by the shareholders.



It is hereby certified that the amended provisions of the Articles of Association correspond to the resolution of 22/11/2023, my deed no. 757/2023 L, on the amendment of the Articles of Association and the unchanged provisions correspond to the full text of the Articles of Association last submitted to the Commercial Register.

Homburg, 27/11/2023

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SIGNATURE ILLEGIBLE

Michael Leidinger, Notary

STAMP

Michael Leidinger

Notary in Homburg

Dortmund, 17/09/2024

