

Carlsberg Integrated Information Technology A/S

J.C. Jacobsens Gade 1, DK-1799 København V

CVR-no. 27 13 92 80

Annual Report 2022

The Annual Report has been presented and approved on the company's general meeting the 30 May 2023

Chairman of the general meeting

Mads Krab

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Statement by Management

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Carlsberg Integrated Information Technology A/S for the financial year 1 January – 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

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

Copenhagen, 30 May 2023

Executive Board

Sarah Jane Haywood
CEO

Supervisory Board

Ulrica Fearn
Chairman

Sarah Jane Haywood

Carsten Munk Petersen

Ulrik Andersen

Independent auditor's report

To the shareholder of Carlsberg Integrated Information Technology A/S.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Carlsberg Integrated Information Technology A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies ("financial statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical 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 opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 30 May 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR number: 33771231

Rikke Lund-Kühl
State Authorised Public Accountant
mne33507

Peter Skole-Sørensen
State Authorised Public Accountant
mne48515

Company information

Reporting company	Carlsberg Integrated Information Technology A/S J.C. Jacobsens Gade 1 DK-1799 København V CVR-no. 27 13 92 80 Reporting period: 1 January - 31 December Year of foundation: 2003 Municipality: Copenhagen
Supervisory Board	Ulrica Fearn Carsten Munk Petersen Ulrik Andersen Sarah Jane Haywood
Executive Board	Sarah Jane Haywood
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup Danmark CVR number: 33771231

Key figures

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Income statement - mio. kr.					
Revenue	853	904	1.010	1.417	1.480
Profit (loss) from ordinary operating activities	7	-1	25	119	123
Other finance items, net	-19	-1	1	9	17
Profit (loss) from ordinary activities before tax	-12	-2	26	128	140
Profit (loss)	0	9	-1	104	112
Balance sheet - mio. kr.					
Non-current assets	220	197	139	102	406
Current assets	1.279	682	578	917	2.072
Equity	245	245	239	497	2.086
Long-term liabilities	0	0	0	3	29
Short-term liabilities other than provisions	1.255	634	477	520	362
Total balance sheet	1.500	878	717	1.019	2.478
Investments in intangible assets	80	123	91	5	37
Investments in tangible assets	12	18	13	14	18
Key figures in %					
Return on investments ¹⁾	0,6%	-0,2%	2,9%	6,8%	5,1%
Equity ratio ²⁾	16%	28%	33%	49%	84%
Return on equity ³⁾	0,1%	3,7%	-0,2%	8,1%	5,5%
Employees					
Average number of employees	0	0	107	105	106

Calculation of key figures

1) Return on investment

2) Equity ratio

3) Return on equity

Profit (loss) from ordinary activities as a percentage of average Assets

Equity at year-end as a percentage of total assets at year-end.

Profit (loss) as a percentage of average Equity

Management's review

Company activities

The activities of Carlsberg Integrated Information Technology A/S are to support Carlsberg with Tech and Data tools through development, implementation, support and maintenance of IT systems, including information and cyber security services.

Development in activities and financial position

In 2022 Carlsberg Integrated Information Technology A/S continued to increase efficiency of IT core run base activities while re-investing into new technology and core capabilities in the Carlsberg Group.

Result for the year is a gain of DKK 0,3m (2021: gain DKK 9m), which is below the expectation from last year,

Events occurring after balance sheet date

No events have occurred after the balance sheet date.

Expectations for next year

Carlsberg Integrated Information Technology A/S will in 2023 continue to support the Carlsberg Group to deliver on the global strategy. Furthermore, the company will in 2023 continue to focus on increasing efficiency and improving services.

In 2023 a profit from ordinary operating activities is expected to be between DKK 5-15 million

Diversity - statement in accordance with section 99b of the Danish Financial Statements Act

For our reporting on diversity in accordance with section 99b, we refer to the description Corporate Social Responsibility in the Environment, Social & Governance Report for Carlsberg A/S, 61056416. The Environment, Social & Governance Report for Carlsberg A/S, 61056416, is available at:

<https://www.carlsberggroup.com/media/55905/carlsberg-group-esg-report-2022.pdf>

Corporate Social Responsibility

In accordance with the Danish Financial Statements Act section 99a, paragraph 7, we refer to the description of Corporate Social Responsibility in the Environment, Social & Governance Report for Carlsberg A/S, 61056416. The Environment, Social & Governance Report of Carlsberg A/S, 61056416, is available at:

<https://www.carlsberggroup.com/media/55905/carlsberg-group-esg-report-2022.pdf>

Data Ethics

For our reporting on data ethics in accordance with section 99d, we refer to the description Corporate Social Responsibility in the Environment, Social & Governance Report for Carlsberg A/S, 61056416. The Environment, Social & Governance Report for Carlsberg A/S, 61056416, is available at:

<https://www.carlsberggroup.com/media/55905/carlsberg-group-esg-report-2022.pdf>

Knowledge resources

The objective of the company is to provide IT services to the Carlsberg Group entities, which requires that the employees holds special IT skills. Employees are employed in Carlsberg Breweries A/S, but recharged to the company.

It is therefore essential that the company, through Carlsberg Breweries A/S, can recruit and retain employees with these special skills.

Strategy

The company strategy is to enable Carlsberg's today with tech and Data tools and build Carlsberg's tomorrow with innovations and IT services. The company's functional ambition is to advance Carlsberg as a technology leader in the consumer packaged goods (CPG) industry, run digital products and lean service while creating an inclusive environment that attracts top tech talent.

Risks

The company is assessed not to have specific operating-, financial-, interest rate- or credit risks.

Income statement 1 January - 31 December

	Note	2022 DKK '000	2021 DKK '000
Revenue	2	852.844	903.530
Administrative expenses	3	-845.592	-904.985
Profit (loss) from ordinary operating activities		<u>7.252</u>	<u>-1.455</u>
Other finance income	4	162	1.480
Other finance expenses	5	-19.144	-2.450
Profit (loss) from ordinary activities before tax		<u>-11.730</u>	<u>-2.425</u>
Tax expense/Income	6	12.035	11.363
Profit (loss)		<u>305</u>	<u>8.938</u>

Balance sheet 31 December

Assets	Note	2022 DKK '000	2021 DKK '000
Software		105.814	70.941
Development projects		77.661	90.526
Intangible assets	7	183.475	161.467
Fixtures, fittings, tools and equipment		30.988	22.584
Property, plant and equipment under development		5.883	12.897
Tangible assets	8	36.871	35.481
Non-current assets		220.346	196.948
Trade receivables		0	738
Receivables from group enterprises		952.608	377.852
Deferred tax asset	9	233.682	235.514
Other receivables		4.365	75
Prepayment	10	88.681	67.322
Receivables		1.279.336	681.501
Current assets		1.279.336	681.501
Assets		1.499.682	878.449

Balance sheet 31 December

Liabilities and equity	Note	2022 DKK '000	2021 DKK '000
Contributed capital	11	60.000	60.000
Retained earnings		21.577	39.179
Reserve for development cost		163.532	145.625
Equity		245.109	244.804
Trade payables		360.622	370.473
Short-term payables to group enterprises		893.951	262.169
Other payables		0	1.003
Short-term liabilities other than provisions		1.254.573	633.645
Liabilities other than provisions		1.254.573	633.645
Liabilities and equity		1.499.682	878.449
Fees to auditors	3		
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Statement of changes in Equity

	Contributed capital	Reserve for development cost	Retained earnings	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2022	60.000	145.625	39.179	244.804
Capitalised development cost	0	17.907	-17.907	0
Profit for the year	0	0	305	305
Equity at 31 December 2022	60.000	163.532	21.577	245.109

Notes

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Accounting policies

The Annual Report has been prepared in accordance with the regulation in the Danish Financial Statements Act applying to Reporting class C (Large).

In accordance with the Danish Financial Statements Act section 86, paragraph 4 a separate cash flow statements has not been prepared. We refer to the Consolidated Financial Statements of Carlsberg Breweries A/S.

The accounting policies are unchanged from last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies, are translated to the functional currency (DKK) at the exchange rate ruling at the transaction date. Exchange rate differences arising between the exchange rate at the transaction date and at the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rate ruling at the end of the reporting period. The difference between the exchange rate at the end of the reporting period and the exchange rate at the date on which the receivable or payable arose or the exchange rate in the last annual report is recognized in the income statement under financial or financial expenses.

Income statement

Revenue

Revenue is intercompany generated, mainly through invoicing to the group companies in Western Europe. Revenue is recognised when the service is delivered.

Administrative expenses

Administrative expenses include amortisation of intangible and tangible assets, costs in connection with development projects that do not meet the criteria for capitalisation, as well as costs of operation and support of the IT solution used in Western European group companies.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's main business including gains and losses on the sale of tangible assets.

Other finance income and expenses

Financial income and expenses include interests, realised and unrealised exchange rate gains and losses as well as charges and allowances under the tax-on-account scheme etc.

Tax expense

The tax for the year included in the Income statement consists of the current tax for the year and the changes in deferred tax.

Current tax is calculated on the applied tax rate for the current year.

The Company is jointly taxed with Carlsberg A/S. The jointly taxed Danish companies settles the calculated payable tax to Carlsberg A/S. Carlsberg A/S settles the tax with the tax authorities (full distribution method).

Notes

Balance sheet

Intangible assets

Development projects

Costs of development projects include salaries, amortisation and other costs directly attributable to the development.

Development costs are recognised as intangible assets for projects, where it can be reasonably expected that the present value of future earnings at least cover the actual development costs.

Capitalised development costs are amortised on a straight-line basis, from the time the asset is available for use, over the expected useful life of 3 - 7 years (5 years for ERP development projects, 3 years for other software development projects) and transferred to software. Other software is amortised over 3 years.

Tangible assets

Tangible assets are initially recognised at cost and subsequently measured at cost less accumulated depreciation, and impairment losses.

Fixtures, fittings, tools and equipment include hardware and office fixtures.

Depreciation are recognised on a straight-line basis over the expected useful life of the assets, taking into account any residual value.

Leasehold improvements	3-15 years
Plant and machinery	15 years
Fixtures, fittings, tools and equipment	3-15 years

Impairment of assets

Management assesses intangible and tangible assets for changes in useful life. If an indication of a reduction in the value or useful life exists, the asset is tested for impairment and is written down if necessary, or the amortisation/depreciation period is reassessed and if necessary adjusted in line with the asset's changed useful life.

Impairment losses of a non-recurring nature are recognised in the income statement under special items.

Receivables

Receivables are measured at amortised cost less impairment losses.

Impairment losses are calculated as the difference between the carrying amount and the net realisable value, including the expected net realisable value of any collateral provided.

Deferred tax and tax payables

Current tax payable and receivable are recognised in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax on all temporary differences between the carrying amount and the tax base of assets and liabilities is measured using the balance sheet liability method.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the end of the reporting period and when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Liabilities

Liabilities are recognised at nominal value.

Subsequently, debt are measured at amortised cost.

Notes

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Revenue

Revenue is intercompany generated mainly through Western Europe group companies.

	<u>2022</u>	<u>2021</u>
	DKK '000	DKK '000
Scandinavia	387.955	456.136
Rest of Europe	397.330	393.288
Asia	67.559	54.106
Total revenue	<u>852.844</u>	<u>903.530</u>

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Fees to statutory auditor

In accordance with the Danish Financial Statements Act section 96, paragraph 3, fees to statutory auditors is not disclosed as the information is disclosed in the Annual Report for the Carlsberg A/S Group, in which the Company is fully consolidated. The Annual Report of Carlsberg A/S is available at:

<https://www.carlsberggroup.com/media/55897/carlsberg-group-annual-report-2022.pdf>

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Other finance income

Interest income from group enterprises	162	36
Foreign exchange gains	0	1.444
Other finance income	<u>162</u>	<u>1.480</u>

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Other finance expenses

Interest expense to group enterprises	11.869	2.315
Foreign exchange losses	7.247	0
Other financial expenses	28	135
Other finance expenses	<u>19.144</u>	<u>2.450</u>

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Tax expense

	<u>2022</u>	<u>2021</u>
	DKK '000	DKK '000
Change in deferred tax during the year	-1.722	2.494
Current tax	4.212	-179
Adjustments to tax from prior years	9.545	9.048
Tax expense	<u>12.035</u>	<u>11.363</u>

Notes

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Intangible assets

	Software DKK '000	Development projects DKK '000	Total DKK '000
Cost at 1 January 2022	2.500.642	90.526	2.591.168
Additions	6.424	73.303	79.727
Disposals	-111.735	0	-111.735
Transfers between asset classes	82.109	-86.168	-4.060
Cost at 31 December 2022	<u>2.477.439</u>	<u>77.661</u>	<u>2.555.100</u>
Amortisation and impairment losses at 1 January 2022	2.429.701	0	2.429.701
Amortisation	53.660	0	53.660
Disposals	-111.735	0	-111.735
Amortisation and impairment losses at 31 December 2022	<u>2.371.626</u>	<u>0</u>	<u>2.371.626</u>
Carrying amount at 31 December 2022	<u>105.814</u>	<u>77.661</u>	<u>183.475</u>
Useful life	<u>3 - 7 years</u>		

Development projects mainly relates to software solutions developed for and licensed to the Carlsberg Group. The develop of the software normally takes 1-2 years, and is implemented in the part of the Carlsberg business that will benefit from the developed software. Development projects are transferred to software when finalised. The software that is implemented in the Carlsberg Group is mainly to increase efficiency and productivity.

Notes

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Tangible assets

	Fixtures, fittings, tools and equipment DKK '000	Property, plant and equipment under development DKK '000	Total DKK '000
Cost at 1 January 2022	137.723	12.897	150.620
Additions	6.329	5.788	12.117
Transfers between asset classes	22.300	-12.802	9.498
Cost at 31 December 2022	<u>166.352</u>	<u>5.883</u>	<u>172.236</u>
Depreciation and impairment losses at 1 January 2022	115.139	0	115.139
Depreciation	<u>20.225</u>	<u>0</u>	<u>20.225</u>
Depreciation and impairment losses at 31 December 2022	<u>135.364</u>	<u>0</u>	<u>135.364</u>
Carrying amount at 31 December 2022	<u>30.988</u>	<u>5.883</u>	<u>36.872</u>
Useful life	<u>15 years</u>	<u>3 - 15 years</u>	

Amortisation, depreciation and impairment losses on intangible and tangible assets recognised as administrative expenses can be specified as follows:

	2022 DKK '000	2021 DKK '000
Tangible assets	20.225	17.368
Intangible assets	<u>53.660</u>	<u>65.984</u>
Total	<u>73.883</u>	<u>83.352</u>

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Deferred tax

	2022 DKK '000	2021 DKK '000
Deferred tax at 1 January	235.514	233.931
Change in deferred tax during the year	-1.722	2.494
Adjustments to deferred tax for prior years	-110	-911
Deferred tax at 31 December	<u>233.682</u>	<u>235.514</u>

Deferred tax mainly relates to temporary differences between the carrying amount and the tax base for assets and liabilities. Tax assets not recognised of DKK 11m (2021: DKK 65m) primarily related to tax losses that are not expected to be utilised in the foreseeable future.

Notes

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Prepayment

Prepayment mainly related to prepaid cost to support and maintenance agreements.

11

Contributed capital

The contributed capital amounts to DKK 60 million divided in 60,000 shares each of a nominal value of DKK 1,000.

All shares rank equally.

All shares are owned by Carlsberg Breweries A/S.

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Payables to group enterprises

The Parent Company ensures sufficient funds to cover the company's liquidity needs.

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Contractual commitments and contingent liabilities

Carlsberg Integrated Information Technology A/S has entered in to IT related services contracts

Carlsberg Integrated Information Technology A/S is jointly registered for VAT and duties with Carlsberg Danmark A/S, Carlsberg A/S, Carlsberg Breweries A/S and is jointly liable for the settlement herof.

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Related parties

Related parties exercising control

Carlsberg Breweries A/S, J.C. Jacobsens Gade 1, 1799 København V. owns 100% of the shares in

Carlsberg Integrated Information Technology A/S

Carlsberg Integrated Information Technology A/S is consolidated in the Consolidated Financial Statements of Carlsberg Breweries A/S as the smallest group, and the Consolidated Financial Statements of Carlsberg A/S as the largest group.