



Questions from

MSWG

**MINORITY
SHAREHOLDERS
WATCH GROUP**

Q&A FROM MSWG – 1.a

Operational & Financial Matters

1. In Singapore, CARLSBERG was agile in acquiring the rights to distribute Sapporo in on-trade channels, after its partnership with Asahi ended in December 2023. However, the transition led to a 4.1% drop in revenue and a 24.7% fall in operating profit, as it responded to steep discounting by competitors and saw lower premium sales during the brand transition. *(page 35 of Integrated Annual Report (IAR) 2024)*
 - a) Given that CARLSBERG only hold on-trade distribution rights for Sapporo in Singapore (unlike Malaysia's end-to-end control), how does this limit the Group's pricing power, margin structure, and ability to respond to competitor discounting?

Answer:

In Singapore, our Sapporo contract covers only On-Trade and is non-exclusive, with MONT volumes shared with another distributor.

We do not comment on our competitors' strategies. Our focus remains on executing our own *Accelerate Premium* strategy by enhancing the appeal of our premium brands, strengthening customer and consumer engagement, and driving sustainable value creation through differentiated offerings. We also complement Sapporo with other Premium brands such as 1664, including the newly launched 1664 Brut, and Carlsberg Special Brew.

Q&A FROM MSWG – 1.b

Operational & Financial Matters

1. In Singapore, CARLSBERG was agile in acquiring the rights to distribute Sapporo in on-trade channels, after its partnership with Asahi ended in December 2023. However, the transition led to a 4.1% drop in revenue and a 24.7% fall in operating profit, as it responded to steep discounting by competitors and saw lower premium sales during the brand transition. *(page 35 of Integrated Annual Report (IAR) 2024)*
 - b) When does management expect Singapore's operations to return to pre-transition revenue and profit levels? Are there plans to launch new premium brands or innovative products to recapture market share in Singapore?

Answer:

As part of our premiumisation strategy, we are committed to growing our premium brand portfolio with increased marketing investment, a sharpened channel mix and strategic pricing that meets consumers' expectations.

Apart from expanding Sapporo in the on-trade channel, we will continue to drive more innovation through new segments (e.g. Wusu launched last year), brews (e.g. 1664 Brut, Carlsberg Special Brew, Somersby Mandarin Orange 0.0 launched last year), and formats to capture as many growth opportunities as possible.

In addition to this, we will continue to sustain the momentum behind our core brands, whilst maintaining tight cost control.

Q&A FROM MSWG - 2

Operational & Financial Matters

2. CARLSBERG's Malaysian operations reported an 8.8% increase in revenue to RM1.8 billion in FY2024, and 12.4% increase in profit from operations to RM350.3 million. This resulted from a price increase which took effect in April 2024 and the favourable timing of the CNY celebrations. *(page 35 of IAR 2024)*
- a) How much of the 8.8% revenue growth in FY2024 resulted from price increase versus volume growth?
 - b) Which specific brands recorded the strongest growth over the past two years? What factors drove their success?

Answer:

- a) Regrettably, we are unable to disclose the breakdown of revenue.
- b) Sapporo. Sapporo's nationwide roll-out in January was marked by a comprehensive in-market execution strategy. We focused on expanding distribution in off-trade and on-trade channels, including ensuring availability in key modern bars and dining outlets. Additionally, marketing investments were put behind promotions in on-trade, off-trade and e-commerce, as well as brand activations to build awareness and drive trials. This product launch reaffirms our position as an innovator in premium beer offerings and demonstrates our ability to respond to shifting consumer preferences.

Q&A FROM MSWG - 3

Operational & Financial Matters

3. The 'Portfolio Choices' growth lever aims at driving premiumisation through innovation. Premiumisation in 2024 was led by the successful launches of Sapporo, 1664 Brut and the limited-edition Somersby Pineapple & Lime cider. *(page 36 of IAR 2024)*
- a) How are competitors reacting to CARLSBERG's premium push? Are they launching rival products or doubling down on discounting, as seen in Singapore?
 - b) What percentage of total revenue in FY2024 is contributed by the premium portfolio?
 - c) What are the Group's targets for premium portfolio as a percentage of total revenue over the next three years?

Answer:

- a) We do not comment on our competitors' strategies. Our focus remains on executing our own *Accelerate Premium* strategy by enhancing the appeal of our premium brands, strengthening customer and consumer engagement, and driving sustainable value creation through differentiated offerings.
- b) Regrettably, we are unable to disclose the breakdown of revenue. However, we are proud to share that the total premium volume growth in Malaysia was driven by the strong double-digit growth in Sapporo. *(Refer to page 51 of IAR 2024).*
- c) While we do not disclose our revenue targets, the Group remains committed to our *Accelerate SAIL* strategy with a sharper focus on premiumisation. Growth will be driven by efforts to establish 1664 as a premium market leader, strengthen Sapporo's position as the top Japanese beer in the market and reinforce Connor's as the stout of choice.

Q&A FROM MSWG – 4.a

Sustainability Matters

4. The Group's operational improvements will continue to focus on eliminating water losses and enhancing water efficiency across its brewery. The One Tank process in Brewing and Processing, initiated in the fourth quarter of 2024, is expected to improve water efficiency by 2025. It's Beer Membrane Filtration System, commissioned in September 2024, will reduce water usage in brewing and processing operations. *(Page 109 of IAR 2024)*

a) How much improvement in water efficiency is expected from the One Tank process and Beer Membrane Filtration System? Are there quantified targets or early performance results?

Answer:

The implementation of the One Tank Process enables us to combine two main processes – beer fermentation and beer maturation process, which reduces utility consumption (including water), as well as enhancing product quality at the same time.

The Beer Membrane Filtration System replaces two classical kieselguhr candle filters, significantly reducing not only equipment cleaning, but also the elimination of de-aerated water required to fill and empty the system.

With the implementation of the One Tank Process and the new Membrane Filtration System that optimises major water processes in Brewing and Processing, we have already seen visible results and expect an estimated 25% water savings from beer processing water consumption.

Q&A FROM MSWG – 4.b

Sustainability Matters

4. The Group's operational improvements will continue to focus on eliminating water losses and enhancing water efficiency across its brewery. The One Tank process in Brewing and Processing, initiated in the fourth quarter of 2024, is expected to improve water efficiency by 2025. It's Beer Membrane Filtration System, commissioned in September 2024, will reduce water usage in brewing and processing operations. *(Page 109 of IAR 2024)*

b) How is CARLSBERG addressing water usage beyond its brewery, such as in the supply chain or community water access?

Answer:

Responsible water stewardship and commitment to ZERO Water Waste is a core priority for us, given its critical role in brewing. While our primary focus has been concentrated on optimising water use within our own operations through conservation and efficiency measures, we recognise the importance of addressing water impacts beyond the brewery.

Stepping up on our sustainability strategy – Accelerate Together Towards ZERO and Beyond, we are proactively exploring partnerships to support UN SDG 6 – Clean Water and Sanitation that ensure availability and sustainable management of water and sanitation for all – particularly through meaningful collaborations on climate change awareness with suppliers and local stakeholders – to support community resilience in the long term.

Q&A FROM MSWG - 5

Sustainability Matters

5. CARLSBERG has achieved 60% recycled content in bottles and 58% in cans (*page 111 of IAR 2024*).

How does the Group ensure that these recycled material claims are verified? Are there third-party certifications or audits to validate the reported recycled content levels?

Answer:

We work closely with reputable bottle and can suppliers to enhance the recycled content of our bottles and cans. Through these strong partnerships, we have achieved a recycled content increase in our bottles to 60%, and in our cans to 58%. We request specific data from our suppliers as part of our day-to-day business relationship with them, whether on number of bottles delivered or recycled content.

While we do not currently have formal third-party certifications or audits in place, we rely on this ongoing close supplier collaboration to drive continuous progress in our ZERO Packaging Waste ambition. For the data collection and accounting methodology, we follow the Carlsberg Group approach which went through limited assurance as part of the Corporate Sustainability Reporting Directive (CSRD) compliant report published in February 2025.

Q&A FROM MSWG - 6

Sustainability Matters

6. CARLSBERG states that it has achieved Zero Waste to Landfills since 2022 (*page III of IAR 2024*).

Can the Company provide a clearer breakdown of how waste streams are managed, specifically, what proportion is recycled, repurposed locally, exported, or converted to energy? How does Carlsberg verify that exported waste is responsibly treated?

Answer:

We are proud to achieve zero waste to landfill status since November 2022, in collaboration with our trusted recycling partner. We implemented comprehensive waste management protocols, ensuring all generated waste undergo rigorous recycling procedures and verification by certified collectors.

Our non-hazardous waste is segregated into organic and inorganic waste before they are sent to certified recycling facilities. All waste generated by our brewery and headquarters is recycled, repurposed and recovered.

Our organic waste includes brewery by-products such as spent grain, spent yeast, and kieselguhr, as well as waste beer, wastewater sludge, and food waste. On the other hand, our inorganic waste consists of glass, plastic, paper, metal, wood, aluminium, and general waste.

Q&A FROM MSWG – 6 (contd.)

Sustainability Matters

Answer:

We ensure efficient waste management through various initiatives to reduce the environmental impact of our operations. Some of these initiatives include:

- Converting non-recyclable waste to energy;
- Repurposing spent grain into animal feed, working in collaboration with local farmers; and
- Converting food waste and wastewater sludge into agricultural compost.

Close to 90% of our waste are repurposed, while the remaining are recycled and converted to energy. We do not export any waste.