

Press release

October 28, 2020

Baltika Breweries growing sales volumes 19% in Q3 2020

The company's volumes in Q3 and over the first 9 months of 2020 have grown by 19% and 8% respectively in comparison to the same periods of 2019*. The sales increase was driven by overall market growth, supported by good weather, and strong execution of Baltika Breweries' strategy including promotional activities in response to the challenging competitive environment.

In Q3 the company's key brands showed good volume growth: Baltika — +12%, Carlsberg — +7%, Kronenburg — +55% and Zatecky Gus — +10%. Baltika's alcohol-free brands performed particularly strongly in Q3 benefitting from the relatively good weather and with Baltika 0 and Flash Up energy drink being the leader in their market segments throughout the summer.

Despite the negative impact of COVID-19 in many markets, the export of Baltika brands grew in key export markets like Uzbekistan, Kyrgyzstan, China, Germany, and the USA. The innovation Baltika 7 Myagkoe started export to Latvia and Lithuania, Flash Up started export to Mali and Baltika 0 started export to Afghanistan.

Baltika Breweries invested 2.2 bln rubles in the first 9 months of 2020. The investments were directed towards new coolers purchases, modernization of the gas turbine plant at the St. Petersburg brewery and vehicle fleet upgrade. The company has started a pilot project of converting part of its company cars and trucks to be powered by natural gas (methane) in order to reduce CO2 emissions. This will reduce the fuel consumption of the modified vehicles by 40% and make the logistics of Baltika Breweries more environmentally friendly.

The company finished the renovation of the water treatment facilities at the Baltika brewery in Tula. The investments make the water treatment facilities able to increase its production of bio-gas. Increasing the share of renewable energy used by Baltika Breweries and bringing the company closer to the Zero Carbon Footprint goal.

As part of Baltika Breweries' support for the Global Beer Responsibility Day and commitment to Zero Irresponsible Drinking, the company launched #challengebaltika18+ on social media to help prevent alcohol consumption by minors. More than 7 million users of social media were engaged in this event.

Baltika Breweries has continued its successful multi-year agricultural program in Russia in 2020, where the company together with Russian farmers effectively organizes all the steps of sowing, harvesting, quality control and buying of high-quality brewing barley. 300 thousand tons of barley were harvested in Russia in 2020 as part of the Baltika Breweries agricultural program. Thanks to the program 100% of Baltika Breweries's demand for barley is provided by top quality Russian raw materials.

Carlsberg Group results across Eastern Europe

The Eastern Europe region delivered strong volume growth in Q3, supported by good weather across most of the region and strong performance in most markets including Russia. Revenue grew organically by 6.4% from volume growth of 12.6% and negative price/mix of -5%. Reported revenue in DKK declined by 9.6% impacted by a currency impact of -16% with all currencies in the region devaluating against DKK. All markets reported volume growth with particularly strong growth in Russia. The negative price/mix was mainly the result of the higher level of promotions in Russia due to the challenging competitive environment.

**Here and further — Carlsberg Group internal data.*

Baltika Breweries LLC, a part of the Carlsberg Group, is one of the largest manufacturers of consumer goods in Russia. Baltika Breweries operates 8 breweries in Russia. The company is a significant part of the Carlsberg Group and its operations in Eastern Europe, which also includes Azerbaijan, Belarus, Kazakhstan, and Ukraine. Baltika Breweries LLC is the leading exporter of Russian beer. The company's products are exported to over 75 countries around the world. Thanks to the world class quality of the Baltika brands, they have received more than 670 Russian and international awards at professional and consumer competitions.

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