

Press Release

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In the first 9 months of 2021, Baltika surpassed 2020 volumes

While the Russian beer market showed slight growth during the summer months, helped by good weather, and as producers face challenges in the form of rising costs for raw materials and logistics, sales volumes in Q3 and the first nine months of 2021 went up by 4% and 5%, respectively YoY¹.

Beer market

In Q3 2021, the beer market demonstrated the same trends that developed over the pandemic period, being: polarization, consumers' shift from the medium-price segment to premium and economy, transition from shopping in grocery stores to specialized beer stores and on e-trade platforms, increased sales of non-alcoholic beers (including through electronic marketplaces) and craft varieties. The Company's business also showed these trends.

Sales dynamics and brands

The company's share in the market after the first nine months of 2021 has stabilized at **27,5%**². Flagship Baltika brand's sales growth in the first 9 months of 2021 reached 14%. Tuborg (+52%), Kronenbourg 1664 Blanc (+56%), Grimbergen (+51%), fruit flavored and sweet beverages Somersby (+42%), and Garage (+10%) also showed sales growth in the first 9 months of 2021³.

Non-alcoholic beer sales in Q3 2021 increased by **25%**, explained, among other things, by employing new sales channels: gas stations, vending machines, non-alcoholic stores, non-alcoholic HoReCa (bakeries, pastry shops, fast food eateries) and online marketplaces. Namely, Baltika's sales of non-alcoholic products on e-trading platforms increased eight-fold vs 2020 (and fifteen-fold compared to Q1–3 2020). Baltika's non-alcoholic varieties are now available to visitors of [Gazprom Arena in St. Petersburg](#). The agreement between Baltika and the Arena's owner is executed for three seasons.

The company's sales in beer boutiques increased by 24%. The HoReCa channel is recovering due to relaxed COVID restrictions. In Q3 2021 Baltika entered in contracts with certain market players, including KaifBurger and Novikov Group.

The Company's export within the first 9 months of 2021 increased by **17%** compared to a year earlier. This is due to growing shipments to key export destinations — Uzbekistan, Kyrgyzstan, China, Germany, and the United States. In Q3, the Company's collection of prestigious international awards added four prizes at World Beer Awards.

¹According to proprietary data of Carlsberg Group.

²Retail audit data by volume, audit conducted by Nielsen Research.

³By volume, compared to the same period in 2020.

The awarded beers are Baltika 0 Pshenichnoe Unfiltered, Baltika Pshenichnoe, Baltika 9 Krepkoe, and Baltika 7 Myagkoe.

Investments and sustainable development

The Company's investment in the first nine months of 2021 amounted to 2.3 billion rubles. One of the key investment areas was purchase of new refrigerators, bottling equipment, and furniture for summer cafes. Meanwhile, Baltika continues its long-term agricultural program to introduce in Russia innovative barley varieties developed at Carlsberg Group lab specifically for Russian climate. Together with farmers, Baltika runs a sowing and harvesting program and monitors the quality of barley at all stages of cultivation. In 2021, the farms in the Tula and Lipetsk regions first received seeds of the new Citra variety directly from New Zealand, where they were bred in time for the Russian sowing season. The new barley will improve the preservation of aroma and flavor in beer over a longer period and will allow malting plants and breweries to reduce their environmental impact by decreasing the energy consumption: Citra, as other NULL-LOX varieties, needs less cooling during storage and transportation⁴.

Baltika Breweries LLC is one of the largest FMCG producers in Russia. The company's portfolio includes 55 national and regional beer brands and 5 non-beer brands, such as Baltika, Carlsberg, Tuborg, Kronenbourg 1664 Blanc, Garage, Arsenalnoye, Flash Up energy drink and Khlebny Krai kvass. The company operates eight plants in Russia. Baltika is an important part of the Carlsberg Group and its business in the Central and Eastern Europe region, which also includes 15 other countries. Baltika Breweries LLC is a top exporter of Russian beer. Baltika supplies its products to more than 75 countries around the world. Thanks to its world-class quality, the company's brands received more than 700 Russian and international awards in the professional and consumer competitions.

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⁴ NULL-LOX is one of the exclusive developments of Carlsberg R&D center: a group of new barley varieties with zero lipoxygenase enzyme, resulting in improved beer freshness and foam resistance.