



KARLSBERG

ANNUAL REPORT

FOR THE FINANCIAL YEAR 2024
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	2024	2023	2022	2021	2020
Gross revenue ¹	154.4	153.3	151.3	144.9	149.9
Investments ² (intangible assets, property, plant and equipment and other loans)	8.6	16.1	12.3	9.3	13.7
EBITDA adj. ³	17.8	17.7	17.6	18.5	21.3
Depreciation and amortisation	9.8	9.3	8.9	8.4	8.8
EBIT adj. ⁴	8.0	8.4	8.7	10.1	12.5
Total assets	144.0	151.4	146.6	140.8	151.3
Equity	46.1	46.1	42.6	42.6	42.6
Equity ratio	32.0%	30.5%	29.0%	30.3%	28.2%
Net income before profit transfer	5.1	5.7	6.4	7.0	9.0
Employees ⁵ (average number)	180	261	258	257	263
Personnel expenses (wages and salaries, social security contributions and post-employment costs)	13.2	19.4	19.5	19.2	18.9

¹ Gross revenue = revenue before deduction of revenue reductions and excise duties.

² Investments 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.

⁵ Lower number of employees due to the transfer of the trade and export departments to the sister company, Karlsberg Connect & Sales GmbH, effective from 1 January 2024.

* Section unaudited



KEY FACTS*

STABLE BUSINESS DEVELOPMENT, STRONG SECOND HALF OF THE YEAR

“The award for the best pilsner in Germany won by our Karlsberg UrPils at the World Beer Awards and the steady growth of MiXery Iced Blue reflect the strength of our company. We successfully adjusted our prices in the first half of the year. A good performance, especially in the second half of the year, permitted a slight increase in EBITDA compared to the previous year.”

Markus Meyer, Managing Director of Karlsberg Brauerei GmbH.

Gross revenue from beverages¹

Revenue 1.3% above previous year

Solid growth with our brands.

Karlsberg UrPils + 3.3% / MiXery Iced Blue + 5.0%.

Domestic revenue at previous year's level, revenue growth in **international business + 9.3%.**

Our brands

Market shares maintained or slightly increased²

Price increases implemented in spring.

MiXery market share stable, Karlsberg increased.

Karlsberg UrPils honoured as the **best pilsner in Germany** at the World Beer Awards.

Non-alcoholic products on the rise, **revenue + 3.2%**, share of the Karlsberg brand already **11.0%**.

Adjusted EBITDA

Slightly above previous year

Adjusted EBITDA of **EUR 17.8 million** slightly above the previous year's level (EUR 17.7 million).

Investments and sustainability

Investments in the site

EUR 3.2 million, including in filling and new laboratory technology.

Reduction in **water consumption** per litre of ready-to-drink beverage by **- 10.9%**, reduction in **CO₂ emissions** per litre of ready-to-drink beverage by **- 6.2%**.

Forecast for the 2025 financial year

Revenue and earnings forecast

Further revenue growth in brand business, total revenue slightly above previous year

Positive adjusted EBITDA development is also expected for 2025.

¹ Gross revenue = revenue before deduction of revenue reductions and excise duties.

² Sources: NIQ, category alcoholic mixed beer drinks, Germany LEH + DM + GAM + TS, calendar week 52/2024 (by revenue), NIQ, category beer, top umbrella brands Saarland, calendar week 52/2024 (by revenue).

* Section unaudited





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



FOREWORD*

Dear friends of Karlsberg Brauerei,

In the 2024 financial year, we once again demonstrated our ability to operate successfully by maintaining a clear focus on our brands.

Our mission is always centred on enhancing our consumers' lives with our beverages and ensuring we pass on a healthy company for generations to come.

The awards we received at the World Beer Awards, particularly for Karlsberg UrPils as the best pilsner in Germany, along with the continuous growth of MiXery Iced Blue, reflect the strength of our company. We are especially pleased with the growth of our non-alcoholic products, which now make up 11% of the revenue in the Karlsberg portfolio. This indicates that we are successfully catering to the market trend towards non-alcoholic products. Our ambition for the future is to stay close to consumers and meet their expectations through innovation.

Together, as a strong team, we will continue to consistently pursue this path and further develop our major brands both in Germany and abroad. Join us on this journey – we look forward to a promising future.

Kind regards,
Christian Weber
Managing Partner of Karlsberg Brauerei KG Weber

* Section unaudited



KARLSBERG



OUR COMPANY'S FOCUS*

At Karlsberg Brauerei GmbH, we see it as our mission to enhance the lives of our consumers through our beverages and to ensure a healthy company is passed down to future generations. 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 acknowledge 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 aim to develop other brands from our portfolio, such as the Bundaberg brand, 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 enhanced 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 to consistently pursue this path of continuous improvement.

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 coming years, we have placed even greater emphasis on economic and ecological sustainability. Drawing water from the earth's soil and enriching it with ingredients from nature is a gift that we honour by acting responsibly.

With our four strategic pillars as a driving force and framework, our Group will continue to evolve consistently 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: HOLISTIC AND FUTURE-ORIENTATED

As a food manufacturer producing beer as a natural product, Karlsberg Brauerei GmbH is committed to ensuring the highest quality of its products for its customers and consumers.

A strong environmental awareness among those involved, sustainable economic practices and the conservation of natural resources are key components of our responsible business activities.

We are developing a sustainability strategy that spans all locations, combining all measures into a comprehensive management system. This provides the foundation for consistent and responsible action at every level of the company. Our sustainability management currently takes the CSRD standards as guidelines.

Our aim is to combine highest quality in beer production with the careful use of natural resources. In doing so, we ensure that we not only meet current requirements but also leave an healthy environment to future generations.

Environmental commitment

Karlsberg Brauerei GmbH has been dedicated for years to systematically and sustainably reducing specific energy consumption within the company and making further strides in improving energy efficiency. To ensure this, the company has maintained an energy management system certified in accordance with DIN EN ISO 50001 since 2014, which serves to achieve the goals derived from the company's energy policy with the help of the defined measures and thus make an important contribution to conserving resources. ISO 50001 is a globally

recognised standard for certifying systematic energy management. Being mindful of energy consumption in the workplace is a key concern for us. We are therefore raising awareness among our employees, for example by installing monitors that display current energy consumption. This allows our employees to be informed about energy usage at any time and to respond accordingly in their area if necessary.

Karlsberg Brauerei GmbH has also been an active member of the "Umweltpakt Saar" since 2017. By participating in this environmental pact, 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 also sources water from the municipal supply. The company's water consumption is continuously monitored and constantly improved through investment projects. A key aspect of conserving water resources is the operation of a fully biological wastewater treatment plant, which cleans own wastewater and discharges it directly into the receiving water body.

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, which covers 98% of our electricity demand and also supplies heat for our processes. The surplus heat is 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 another 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 photovoltaic plants.

Electromobility

Karlsberg Brauerei GmbH is gradually converting its vehicle fleet to electrically powered vehicles. To promote this, charging stations for company cars were installed at the site in 2024, for example.

Key projects to reduce resource consumption

The sustainable development of a company depends largely on continuous investment in technical systems that make processes more resource efficient.

Karlsberg Brauerei GmbH's technical investments in the last three years amounted to EUR 11.7 million.

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

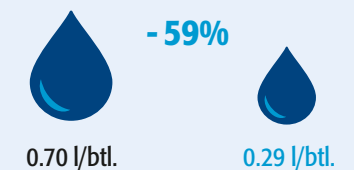
- The commissioning of a new bottle washer in November 2023. With this investment, we want to significantly reduce water and steam consumption in this production step;

New Bottle washing machine

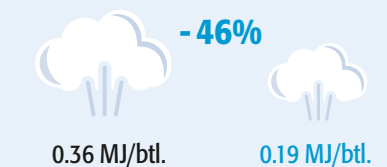
Investment amount: EUR 3.16 million

2023 2024

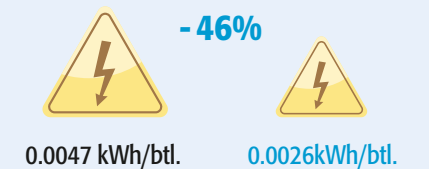
Water savings



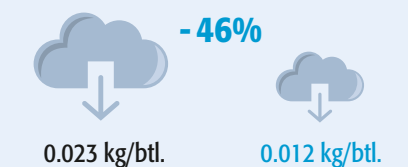
Vapour savings



Electricity savings



CO₂ savings

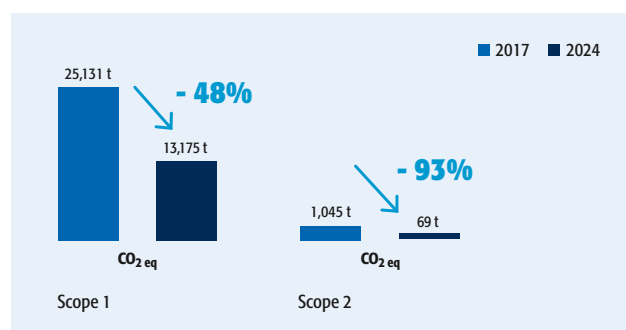


* Section unaudited



- The analysis of heat sources and heat sinks in the brewery as part of a master's thesis. Hereby, 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 significantly reduced the brewery's CO₂ emissions from 26,176 tonnes in 2017 to 13,244 tonnes in 2024.



In 2025, we will work intensively on a transformation concept that will enable us to significantly further improve the brewery's CO₂ profile.

Research and cooperations

Karlsberg Brauerei GmbH is currently taking part in a research project of the University of Kaiserslautern, which is looking into the production of sustainable packaging from wastewater.

Circular economy

Reusables

At our company, we rely on the use of reusable containers, particularly refillable bottles and barrels. To strengthen this system, we are constantly investing in new bottles, barrels and crates. Over the last three years, Karlsberg Brauerei GmbH has invested a total of EUR 11.6 million.



When new crates are purchased, the old crates are shredded and the recycled material is reused in the manufacturing process for new crates.

Any broken glass occurring during the production process is almost completely returned to the glassworks so that this material can also be reused in the production of new bottles.

Spent grains

A significant by-product of the beer production process is spent grains. These leftovers from the brewing process are converted 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 made considerable efforts to reduce the amount of material used in trays for beverage cans and films for securing pallets by using thinner trays and films that maintain 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. Karlsberg Brauerei GmbH's dedication to quality and safety is evident in the certifications and awards that ensure the highest standards 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, a control procedure recognised across Europe for assessing quality and safety in the food sector.

The company has also established a quality policy agreement, pledging to uphold economic, social- and ecological sustainability, alongside active consumer protection both internally and externally.

In recent years, Karlsberg Brauerei GmbH has had its high quality standards confirmed in national and international competitions. We were particularly delighted to receive seven awards at the World Beer Awards in 2024, including three gold medals. Karlsberg UrPils was honoured as the best pilsner in Germany, Karlsberg Grapefruit as the best mixed beer drink and Karlsberg Bock as the best bock beer in Germany. Additionally, our MiXery brand secured third place in the "Beer mix" category in FIZZZ magazine, earning recognition as a top drink of 2024.

Supply chains

In recent years, quality and related aspects have been given 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 adhere to the regulations of the Code of Conduct for Business Partners, which was adopted alongside the inter-



nal Code of Conduct. Our largest suppliers are also assessed to ensure 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 established the new position of Supply Chain Compliance Officer, 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 responsibility with regard to the conscious and responsible consumption of beer. As a member of the German Brewers' Federation, we adhere to a code of conduct – the Brewers' Code – which intentionally surpasses the legal requirements and previous voluntary guidelines for trading and advertising beer. Karlsberg Brauerei GmbH also participates in the German brewers' prevention campaign "Bier bewusst genießen" [Enjoy beer responsibly] and prominently features this message on the labels of its beers. Furthermore, the company supports the "Don't drink and drive" initiative of the German Brewers' Federation (DBB), which educates young drivers aged 18 to 25 about the effects of alcohol consumption on their driving abilities. We promote the campaign through our social media channels, display the slogan on the labels of our MiXery product, and incorporate it into our communications, including advertising on public transport such as the Saarbahn.

Social responsibility

Social commitment is also close to our hearts. Karlsberg Brauerei GmbH considers itself a part of society and takes its social responsibility very seriously, particularly at the regional level. Our engagement is directed towards various organisations and campaigns each year. Among other initiatives, we support a large number of clubs and events in the region.

For instance, as part of the Karlsberg Bulli Tour, which took place between the Moselle and Rhine rivers for the first time in 2024, a wheel of fortune fundraiser was organised, with the proceeds donated to local charitable organisations.





ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT REPORT AS AT 31 DECEMBER 2024

MANAGEMENT REPORT

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024

I. GENERAL INFORMATION ON 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 production, 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 deduction of excise duties) and adjusted EBITDA¹.

In addition, 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 as part of external accounting.

Adjusted EBIT, 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.

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II. REPORT ON THE ECONOMIC POSITION

Macroeconomic and sector-specific conditions

Overall economic situation

According to initial calculations of the Federal Statistical Office (Destatis), German economic output again declined slightly in 2024. Price-adjusted gross domestic product fell by 0.2%, the second time in a row (PY: - 0.3%).

This development was mainly due to structural problems, high energy prices, increasing competition for German exports in key sales markets, an uncertain economic outlook and persistently high interest rates.

Compared to 2023, price-adjusted private consumer spending rose by just 0.3% in real terms in 2024 (PY: - 0.4%). In addition to the uncertain economic situation, this is primarily due to continuing high consumer prices. Although the inflation rate slowed down significantly in the course of 2024, prices remained at a high level.

The difficult economic situation in 2024 was also reflected in foreign trade. The German export industry faced stronger international competition on important sales markets. German exports of goods and services fell by 0.8% in price-adjusted terms (PY: - 0.3%), although global trade increased overall in 2024. In contrast, price-adjusted imports rose slightly by 0.2% compared to the previous year (PY: - 0.6%).³

According to preliminary figures from the Federal Statistical Office, retail revenue in 2024 rose by 1.1% (PY: - 3.3%) in price-adjusted terms and by 2.5% (PY: + 2.3%) in nominal terms compared to the previous year. Retail revenue of food, beverages and tobacco products increased by 0.7% (PY: - 3.9%) in price-adjusted terms and by 2.9% (PY: + 5.9%) in nominal terms compared to the previous year.⁴

According to current estimates by the Federal Statistical Office, companies in the German hospitality industry generated 2.6% (PY: + 1.1%) less revenue in 2024 than in the previous year in price-adjusted terms and 0.6% (PY: + 8.5%) more revenue in nominal terms. Price-adjusted

revenue in the out-of-home sector were 3.8% (PY: - 0.9%) and nominally 0.5% (PY: + 7.2%) lower than in the previous year.⁵

Beer market

The German brewing industry once again posted a drop in sales in 2024. Total sales (including exports) fell by 1.4% to around 82.6 million hectolitres, according to the Federal Statistical Office. Domestic sales decreased by 2.0% to 67.9 million hectolitres.

In particular, consumers' reluctance to spend in the out-of-home sector also had an impact on breweries, which were unable to escape the general trend.

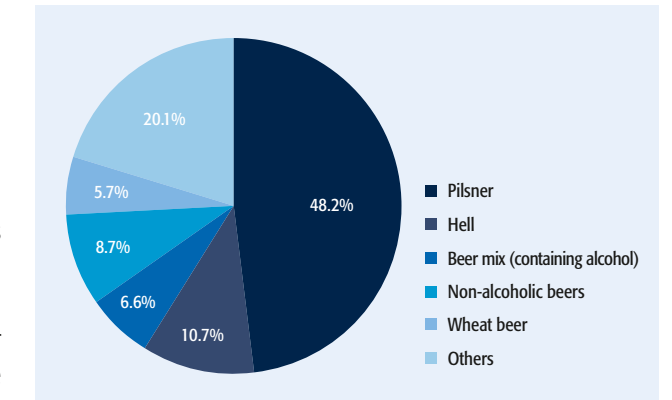
In contrast, German breweries' export business recorded sales growth.

Tax-free exports by German breweries were up 1.6% on the previous year. While beer sales in EU countries increased by 3.1%, they fell by 0.3% in non-EU countries.⁶

New regional specialities, craft beers, non-alcoholic beers and mixed beer drinks have enriched the German beer market in recent years. The resulting increase in consumer awareness has enabled the German brewing industry to post continuous value growth over the last few years.

Non-alcoholic beer once again stood out positively in the market trend and increased its market share to 8.7% (PY: 7.7%). At 6.6%, the market share of alcoholic mixed beer drinks remained almost stable (PY: 6.7%). Helles (pale lager), which is widespread in southern Germany, expanded its market share to 10.7% (PY: 10.2%). At 5.7%, the market share of wheat beer was slightly down on the previous year (PY: 5.9%), while pilsner remained the most popular type of beer in Germany at 48.2% (PY: 48.8%).⁷

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



Business performance

The steady growth of MiXery Iced Blue and Karlsberg UrPils, successfully implemented price increases as well as growing international revenues⁸ resulted in continued beverage revenue growth thanks to a strong second half of the year and contributed to the good business performance in the 2024 financial year.

Despite the noticeable effects of the extreme weather events with serious consequences of the flooding in the Saarland in early summer, Karlsberg Brauerei GmbH was able to increase its gross beverage revenue by EUR 1.9 million (+1.3%) to EUR 147.9 million in the reporting year.

Overall, gross beverage revenue in Germany of EUR 123.4 million was almost on a par with the previous year (EUR 123.6 million).

After a significant revenue increase in the previous year (+7.5%), the Karlsberg brand was able to grow again in the reporting year. The main product, Karlsberg UrPils, which was honoured as the best pilsner in

¹ Adjusted EBITDA = Adjusted EBIT plus amortisation/depreciation of intangible fixed assets and 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) of the Introductory Act to the German Commercial Code (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 dated 15 January 2025.

⁴ Source: Press release from the Federal Statistical Office on retail sales in 2024 dated 31 January 2025.

⁵ Source: Press release from the Federal Statistical Office on sales in the hospitality industry in 2024 dated 20 February 2025.

⁶ Source: Press release from the Federal Statistical Office on beer sales in 2024 dated 3 February 2025.

⁷ Source: NIQ; LEH + GAM, market share of beer varieties, period January to December 2024 (sales).

⁸ Gross beverage revenue = beverage revenue (excluding other revenue) before deduction of revenue reductions and excise duties.



Germany at last year's World Beer Awards, recorded an increase in revenue of 3.3%. Its market share in the main sales region increased slightly.⁹

The segment of non-alcoholic products also developed favourably in the past financial year with a revenue increase of 3.2%. Non-alcoholic products already account for 11.0% of the Karlsberg brand in terms of revenue. Especially the non-alcoholic Karlsberg Grapefruit recorded a significant revenue increase of 23.5%.

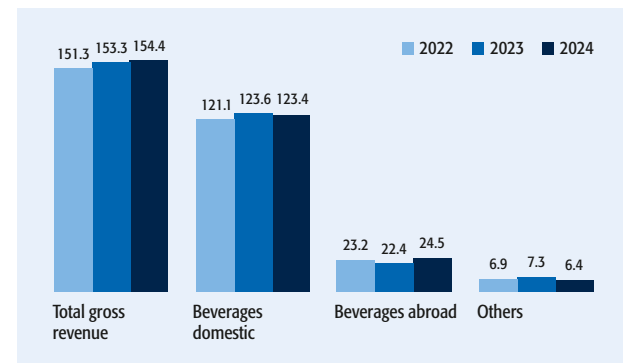
In the national segment of alcoholic mixed beer drinks, whose strong out-of-home consumption was affected by the poor weather, the market share of the MiXery brand remained stable.¹⁰ Revenue of the MiXery brand was only slightly down on the previous year, with the steady growth of MiXery Iced Blue again making a significant contribution with a 5.0% increase in revenue.

International gross beverage revenue grew significantly to EUR 24.5 million in the reporting year, up EUR 2.1 million (+ 9.3%) on the previous year.

Other sales revenue totalling EUR 6.4 million, mainly including rental and freight income, commission income and other income, was down EUR 0.9 million on the previous year due to significantly lower revenue from cost allocations.

Gross revenue¹¹ of Karlsberg Brauerei GmbH increased by a total of EUR 1.1 million (+ 0.7%) to EUR 154.4 million.

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 covered by contractual agreements, in some cases on a long-term basis. Following the pronounced price increases in the past two years, there were also significant price increases for various raw materials, consumables and supplies in the past financial year.

Employees

In the 2024 financial year, the average number of employees totalled 180 (PY: 261). For more details, please refer to the explanations in the Notes.

The significantly lower number of employees is mainly due to the transfer of the trade and export departments to the shared service sister company Karlsberg Connect & Sales GmbH with effect from 1 January 2024. 70 employees transferred to Karlsberg Connect & Sales GmbH.

With effect from 31 December 2024, Karlsberg Brauerei GmbH transferred further parts (a total of EUR 4.4 million) of its pension obligations to Versorgungswerk Karlsberg Brauerei e.V., which was founded in 2015. The endowment of Versorgungswerk Karlsberg Brauerei e.V. was made with ordinary shares in Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA.

Results of operations

Karlsberg Brauerei GmbH's sales revenue (after deduction of excise duties) of EUR 121.8 million in the reporting year was slightly down on the previous year (EUR 122.6 million).

As in the previous year, the high price level for raw materials, consumables and supplies had a negative impact on the operating business

⁹ Source: NIQ, category beer, top umbrella brands Saarland, calendar week 52/2024 (by revenue).
¹⁰ Source: NIQ, category alcoholic mixed beer drinks, Germany LEH + DM + GAM + TS, calendar week 52/2024 (by revenue).
¹¹ Gross revenue = revenue before deduction of revenue reductions and excise duties.



in the reporting year. As a result, 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 expenses for purchased services totalled EUR 45.4 million. As a result, gross profit¹² decreased by EUR 0.8 million to EUR 76.4 million in the past financial year.

Other operating income of EUR 6.0 million in the reporting year was up EUR 0.7 million on the previous year (EUR 5.3 million) due to income of EUR 1.5 million included in the reporting year from the on-charging of costs in connection with the bond issue. In the reporting year, this also included income from damages received and the charging on of costs totalling EUR 3.2 million (PY: EUR 2.2 million), the offsetting items of which are mainly recognised in other operating expenses and therefore have no effect on profit or loss from an overall perspective.

The transfer of the trade and export departments to the sister company Karlsberg Connect & Sales GmbH with effect from 1 January 2024 and the transfer of personnel as part of the asset deal resulted in lower personnel expenses and higher other operating expenses due to the cost allocations now included in the income statement. The comparability of these items with the previous year is therefore limited.

Despite above-average collective wage increases in the past financial year, personnel expenses declined significantly by around EUR 6.2 million to EUR 13.2 million due to the significantly lower headcount and reduced expenses for pension plans.

Depreciation and amortisation increased slightly to EUR 9.8 million due to scheduled depreciation and amortisation and investments (PY: EUR 9.3 million).

Other operating expenses increased by a total of EUR 5.3 million to EUR 52.4 million, mainly due to higher cost allocations and included one-off expenses for the refinancing of the bond. Consistent cost management resulted in savings in variable cost items.

¹² Gross profit = sales revenue after deduction of excise duties +/- change in inventories - cost of materials (incl. expenses for purchased services).

The negative financial result increased to EUR - 1.7 million compared to the previous year (EUR - 1.0 million) mainly as a result of higher interest expenses and lower income from investments than in the previous year.

The net income generated in the 2024 financial year before profit transfer to Karlsberg Holding GmbH amounted to EUR 5.1 million (PY: EUR 5.7 million).

Against the backdrop of rising prices for raw materials, consumables and supplies, energy and logistics as well as collective wage increases, necessary price adjustments and efficient cost management contributed to a clearly positive result and a slight increase in adjusted EBITDA compared to the previous year.

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, at EUR 17.8 million (PY: EUR 17.7 million) and EUR 8.0 million (PY: EUR 8.4 million) respectively, slightly above and below the previous year's level. The adjusted EBITDA margin¹³ was 14.6% (PY: 14.4%), while the adjusted EBIT margin¹⁴ was 6.6% (PY: 6.9%).

Comparison with previous year's forecast

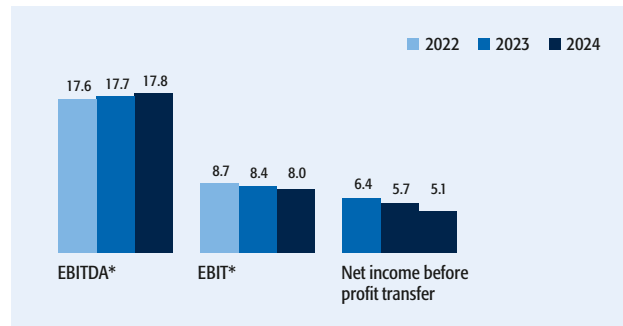
Karlsberg Brauerei GmbH's revenue declined slightly by 0.6% to EUR 121.8 million. It thus fell just short of the projected slight increase in revenue.

However, the earnings forecast of a moderately higher adjusted EBITDA than in the previous year was achieved. Despite the negative impact of higher raw material, energy and logistics prices, adjusted EBITDA in the 2024 financial year was up from the previous year's figure (EUR 17.7 million) at EUR 17.8 million.

¹³ Adj. EBITDA margin = ratio of adj. EBITDA to sales revenue after deduction of excise duties.
¹⁴ Adj. EBIT margin = ratio of adj. EBIT to sales revenue after deduction of excise duties.



Key performance indicators (in EUR million)



* EBIT/EBITDA adjustment.

FY 2022 to 2024: 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

Against the backdrop of a comparable development of the operating result, taking into account significantly lower trade payables and other provisions, **the cash flow from operating activities** of EUR 9.6 million was below the previous year's figure of EUR 19.3 million, which benefited from positive balance sheet effects as at the reporting date.

Cash flow from investing activities decreased significantly in 2024. While it amounted to EUR - 19.3 million in the previous year, the cash outflow fell to EUR - 7.3 million in the reporting year. This was mainly due to reduced investment activity. In addition, the previous year's figure was influenced by increased payments of EUR 8.1 million as part of short-term cash management. Payments for investments of EUR 8.6 million were significantly lower than in the previous year (EUR 16.1 million).

Cash flow from financing activities of EUR - 6.6 million (PY: EUR - 8.2 million) was significantly influenced by the early redemption of the EUR 50 million bond issued in 2020 and the inflow from the newly issued bond in the amount of EUR 55 million. Further effects resulted in particular from the profit transfer to Karlsberg Holding GmbH and the scheduled repayment of loans. Interest paid of EUR 4.8 million clearly exceeded the previous year's figure of EUR 4.3 million.

The company's **cash and cash equivalents** dropped by a total of EUR 4.3 million to EUR 3.6 million in the reporting year (PY: EUR 7.9 million). As of 31 December 2024, following the successful refinancing of the working capital loans, the company had total credit facilities 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 was able to fulfil its payment obligations at all times.

Details can be found in the cash flow statement attached to the management report.

Net assets

The transfer of the trade and export departments to the sister company Karlsberg Connect & Sales GmbH with effect from 1 January 2024, along with the transfer of personnel as part of the asset deal, affected the balance sheet, mainly in the Provisions for pensions and similar obligations, Other provisions, Fixed assets and Current assets items. The comparability of these items with the previous year's balance sheet date is therefore partially limited. Provisions of EUR 2,0 million and fixed and current assets of EUR 0,1 million were transferred in this context.

Karlsberg Brauerei GmbH's total assets as of 31 December 2024 amounted to EUR 144.0 million and were thus significantly lower than in the previous year (EUR 151.4 million).

Fixed assets of EUR 83.3 million fell by around EUR 8.0 million in the reporting period.

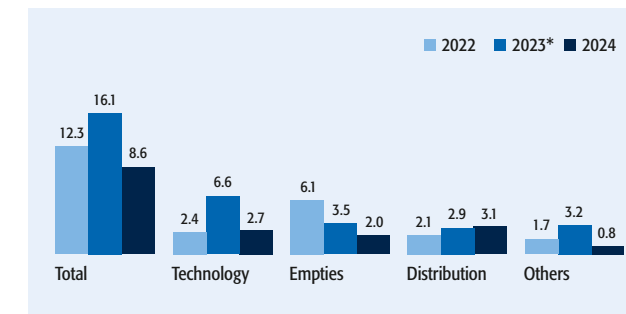
The significant decrease is mainly due to the transfer of the pension obligations with effect from 31 December 2024. The endowment of Versorgungswerk Karlsberg Brauerei e.V. in the amount of EUR 4.4 million was made with ordinary shares in Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA, as a result of which long-term financial assets declined accordingly.



Investments in the 2024 financial year amounted EUR 8.6 million and were therefore significantly below the higher level of the previous year (EUR 16.1 million), mainly due to lower investments in property, plant and equipment and long-term financial assets.

The investment measures already initiated in 2023 to improve processes in the production and filling area, including the investment in a new bottle washing machine and new laboratory technology, were successfully completed in the first half of 2024. Water consumption and CO₂ emissions have been significantly reduced as a result. Other major individual technical projects included building refurbishment measures improving the energy efficiency of the brewhouse and investments in new control technology in the filling area, for which the first prepayments were already made in the reporting year. In addition, the focus of investment activity in the past financial year was again in the sales area with investments in product equipment for the brands, especially new crates and bottles, and in outdoor advertising in the out-of-home sector.

Investments (in EUR million)



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

Current assets only changed slightly in the reporting period and amounted to EUR 60.7 million as at the balance sheet date (PY: EUR 60.0 million). While receivables from affiliated companies increased by EUR 4.1 million to EUR 25.3 million as at the reporting date compared to the previous year, cash and cash equivalents decreased

by EUR 4.3 million. The remaining items did not change significantly compared to the previous year.

On the liabilities side, equity remained unchanged from the previous year at EUR 46.1 million after transferring the net profit for the year in full to the shareholder. Taking into account the significantly lower total assets, the equity ratio rose to 32.0% (PY: 30.5%).

Provisions of EUR 20.3 million were significantly below the previous year's level (EUR 28.3 million). Provisions for pensions and similar obligations declined by a total of around EUR 6.2 million due to the aforementioned transfer of further parts of pension obligations (effect of EUR 4.4 million) to Versorgungswerk Karlsberg Brauerei e.V., which was founded in 2015, and the transfer of pension obligations to Karlsberg Connect & Sales GmbH as part of the asset deal (effect of EUR 1.8 million). Other provisions decreased by EUR 1.7 million to EUR 10.5 million, mainly due to lower provisions for deposits as at the reporting date.

Liabilities increased by a total of EUR 0.5 million to EUR 77.6 million, taking into account the EUR 5 million higher issue amount of the fourth Karlsberg bond and a simultaneous decline in liabilities to banks and trade payables as well as a decrease in liabilities to affiliated companies. Karlsberg Brauerei GmbH placed its fourth corporate bond in May 2024. The bond, which is designed to secure long-term financing and matures in May 2029, once again met with very 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%. This results in higher financing costs due to the higher interest rate environment compared to the previous bond (interest coupon of 4.25%). 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.

WIR HABEN DEM DEUTSCHEN PILSENER EINEN FEINSCHLIFF VERPASST.

**JETZT AUCH
ALKOHOL-
FREI**



KARLSBERG
ECHT. BEGEISTERT. GEBRAUT.

III. RISK REPORT

The risk management system set up for the Karlsberg Group is continuously 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, assess them and prevent business losses or damage to the company by taking appropriate measures. At the same time, opportunities that could 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 belonging to the Karlsberg Group.

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

The risk analysis covers a planning horizon of one year.

The following risk areas are considered to be particularly relevant for Karlsberg Brauerei GmbH:

Macroeconomic risks

Like any business enterprise, Karlsberg Brauerei GmbH is dependent on a number of macroeconomic factors that are beyond the company's direct control. Economic risks, high inflation with an impact on the purchasing power of market participants or the situation on the financial markets can have an effect on the company's development.

There are currently various risks to the development of the global economy, which overlap and reinforce each other and whose course and impact are difficult to predict.



In the opinion of the management, the impact of individual risks is reduced by the company's broadly diversified and robust business model, the 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's products can also arise from unfavourable political developments, such as an escalation in geopolitical conflicts and an increase in protectionist tendencies. In an environment characterised by geopolitical and economic tensions, protectionism and the weakening of the rule of law can threaten international economic relations. Risks may arise in particular from the Russia-Ukraine conflict, the conflicts in the Middle East and the development of the relations between the EU and the United States of America and China. Overall, a high level of political and economic uncertainty can fundamentally change the framework conditions for many companies. This may have a negative impact on the consumer climate in the markets.

In the event of an increasing escalation of the geopolitical conflicts, further negative effects on the German economy are to be expected, which cannot be conclusively assessed at present due to the high level of uncertainty. As a result, the risks on the procurement side are still considered to be high. The current geopolitical situation results in a continued high price level and more strongly fluctuating prices for the raw materials, consumables and supplies required by Karlsberg Brauerei GmbH.

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 thus have a negative impact on the company's 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 media could influence the purchasing behaviour of consumers, which could not only affect the products tested but also have an impact on similar products from other brands and/or manufacturers and thus also on products from Karlsberg Brauerei GmbH.

In the beverage industry, this could affect the ingredients, the additives in mixed beer drinks (e.g. sugar substitutes) or the packaging used, which could 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 behaviour. The general trend towards health-conscious nutrition or new types of packaging units is, for example, also continuing in this market. Many consumers are also attaching greater importance to sustainability and sustainable production along the entire value chain. It cannot be ruled out that such trends could have a negative impact on Karlsberg Brauerei GmbH's sales situation. 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 products from Karlsberg Brauerei GmbH that contain these 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 could possibly lead to a further reduction in the consumption of alcohol. Karlsberg Brauerei GmbH is well aware of its responsibility in this regard and supports the responsible and enjoyable consumption of alcoholic beverages, taking a clear stance against the misuse of these products.

Sales and revenue are greatly influenced by the weather over the course of the year. Consumption increases significantly in the summer months or when the weather is nice. Especially during the spring and summer months, the weather 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 there is a less pronounced warm period in the summer months, for example, this could therefore 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 production planning and the 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 with targeted marketing measures to document the differentiation and added product value and to further increase the emotional brand value. The aim of the strategic approach building on beverage specialities and product innovations, a strong regional presence and a brand image that, in the management's opinion, emphasises tradition and brewing expertise in a modern way is to meet changing customer requirements.

Mixery

FÜR DEN EXTRA ENERGY KICK!

JETZT AUCH IN 0,5 L ERHÄLTlich!

Mixery
ICED BLUE
5.0% ALC. VOL.
BIER X ENERGY

YOUR WAY! PARTY YOUR WAY!

BRAUNACHT TOUR 2024



27.04.24 - Homburg
11.05.24 - Saarlouis
25.05.24 - Merzig
29.06.24 - Kaiserslautern
31.08.24 - St. Wendel

HOPFIGES WEIZEN



KRÄFTIGES STOUT



FRISCHES MÄRZEN



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 possible changes in consumer behaviour by continuously developing its 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 supplies required for the manufacture of the products also fluctuate. In particular, the prices of cans, glass, paper, plastic and other consumables needed for filling and packaging the products could rise. The situation is similar with energy prices. All of these factors may have a negative impact on the company's business activities, either directly or indirectly via its suppliers. Risks could also arise from an increase in customs duties and taxes.

Potential price increases on the procurement markets are secured by means of 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 by means of medium-term supply agreements. To counter these risks, the Karlsberg Group has bundled its procurement activities with other shareholders in the procurement company EBSA GmbH & Co. KG. At the end of the past financial year, the family-run Hövelmann beverage group joined this procurement company as a new strong partner.

Karlsberg Brauerei GmbH is also dependent on the changeable

purchasing behaviour of food retailers. It cannot be ruled out that this could also have an impact on product sales.

In this context, it should be taken into account that Karlsberg Brauerei GmbH has no influence on the pricing policy of food retailers vis-à-vis their customers (end consumers). Food retailers are responsible for setting their own sales prices.

Market risks

To distribute its products to consumers, Karlsberg Brauerei GmbH relies on cooperation with major customers (e.g. beverage wholesalers and large retailers) and numerous customers in the out-of-home industry. They buy the products in large quantities and sell them on to end consumers. The payment and off-take obligations arising from these business relationships are secured by contracts which typically provide for short to medium-term off-take agreements. These contracts could be terminated or expire without new contracts being concluded to the same extent with equal or more favourable economic terms, and major buyers might not purchase products to the previous and/or expected extent for other reasons.

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' own/store brands could enter the market. It cannot be ruled out that 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 the price 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 future development of new products 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 further developing its products and/or brands. This also includes expenses 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 further developed 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 fails to recognise a new trend (in time) or attach sufficient attention to it, 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 framework conditions are monitored by means of a continuously developed quality management system and appropriate action scenarios are activated as required to ensure availability and meet quality standards.

Karlsberg Brauerei GmbH uses complex and highly specialised technical equipment in its production processes. Great care must therefore be taken to avoid damage or interruptions. In addition to the use of modern control technology, the systems are regularly maintained and repaired and the relevant employees are continuously trained. The failure risk of filling lines is countered by regular preventive maintenance, assessment of the machines' and systems' condition, training of maintenance personnel, investments in new system components and, if necessary, complete replacement of the systems. Risks from 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 production downtimes and disruptions and the associated potential failure to meet delivery deadlines are minimised by means of 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. In addition to supplier audits carried out in advance, the flavours, ingredients and packaging materials used are subjected to extensive quality control 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 guarantee 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 cannot be completely ruled out. Product defects can also be caused by production disruptions and technical problems.

There is a risk that, despite insurance cover, Karlsberg Brauerei GmbH might be faced with considerable claims for damages, e.g. due to product liability, in the event of defects in the products it offers, and incur costs, for example for troubleshooting, recall or return campaigns, 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 poses the risk of a 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.

Karlsberg Brauerei GmbH has taken out insurance to cover this risk of product damage, but there is a risk that a loss is caused by an



uninsured event, that any insurance benefits in the event of a claim are insufficient, that deductibles are incurred or that the insurance company does not pay the claim due to breaches of obligations under the insurance policy, so that Karlsberg Brauerei GmbH may have to bear the difference or the full amount of the loss.

The production facility is subject to the risk of operational disruptions and interruptions. These may be caused, for example, by machine failure, incorrect operation, faulty preliminary products or force majeure such as natural disasters, accidents or fires or other currently unforeseeable events. Interruptions of the production process and/or the disruption of entire stages of the value chain associated with such operational disruptions and/or interruptions could lead to consequential damages (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 providing 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 of the Karlsberg Group procure their raw materials, consumables and supplies from a large number of different suppliers. This risk can be minimised by distributing demand across 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, delivery delays, quality problems and additional costs.

To distribute its products, Karlsberg Brauerei GmbH furthermore relies on 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 that deliveries might not be made within the desired time frame 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 by a network of service providers.

In addition, seasonal bottlenecks in empty containers or other raw materials, consumables and supplies might arise, especially if there is increased consumer demand in the summer months, which could lead to a shortage of the returnable bottles and crates required for production. As a result, Karlsberg Brauerei GmbH might have to reduce or even temporarily cease production despite high consumer demand. Such an out-of-stock situation for the above or other reasons 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 lessee of various properties. It cannot be ruled out that the company, either as a property owner or as a 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 its production facility (e.g. seepage into the ground, contamination of groundwater, inadequate treatment of contaminated water or other substances).

Environmental pollution cannot be completely avoided during the manufacturing process.

To prevent associated environmental protection risks, environmental protection and occupational health and safety laws are regularly analysed and emission levels are continuously monitored by means of a systematic 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 barrel filling system and the new bottle



washing machine, have also significantly reduced emissions and energy costs. Karlsberg Brauerei GmbH moreover has a fully biological wastewater treatment plant, which cleans its own wastewater and discharges it directly into the receiving water body. The biogas produced is utilised in the steam boiler system and thus contributes to the brewery's heat supply.

In addition, all employees involved in the production process are 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 Karlsberg Group uses information and communication technologies across all business units 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, 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.

In the management's opinion, transparent, comprehensible security standards, carefully selected technology, specialised IT service providers, guidelines and qualified employees who are aware of the risks contribute to minimising IT risks. 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. At the same time, decentralised IT contacts are gradually being installed in order to provide professional staff training if and

when required. In the event of an IT risk, the decentralised IT contacts can intervene more quickly and help find a solution in a professional manner.

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

As the digitalisation of processes progresses, cybersecurity has become increasingly important. Tested security systems are used throughout the Group and kept up to date on an ongoing basis 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 taken out insurance to cover any damage or losses that may occur.

Karlsberg Brauerei GmbH has a comprehensive IT system infrastructure which is used for a variety of purposes, including for controlling production processes and managing internal warehouses, human resources, accounting and invoice processing.

The Karlsberg Group has opted for a comprehensive modernisation and modularisation of its ERP software. To minimise risks, the Group has decided to modernise its software step by step in close cooperation with a strong German-speaking integration partner specialising in SMEs.

The approach:

- **Gradual modernisation:** Individual modules are modernised step by step. This reduces implementation risks, conserves project and day-to-day resources and permits early planning of maintenance and security cycles.
- **Proven solutions:** The focus is on adopting established process standards from the food and beverage industry. This minimises failure risks and cost overruns, as already existing solutions are adopted and adapted.



- **Strong partnership:** The integration partner plays a central role in automating processes, integrating industry standards and finding solutions. The internal IT organisation focuses on project coordination, budget and quality management, and overall project control.

Risks and countermeasures:

Despite careful planning, risks may arise from an ERP modernisation project. The Karlsberg Group has identified these risks and taken appropriate countermeasures:

- **Data migration:** Incomplete or incorrect data migration can lead to considerable problems. To avoid this, the data migration process is closely monitored and supported by external data experts.
- **Interfaces and processes:** The smooth integration of other IT systems and the mapping of production processes is a risk during the migration and in day-to-day operations. Internal and external experts, tests in a secure environment and the retention of the old system minimise this risk.
- **Cloud security:** The use of cloud solutions requires a high level of security. Internal control systems, a detailed access and authorisation concept and close cooperation with the cloud provider ensure data security.
- **System failures:** Despite all security measures, temporary technical disruptions cannot be ruled out. To minimise the impact of failures, appropriate emergency plans are developed and implemented.

Success factors:

The close cooperation with an experienced integration partner, the gradual modernisation, the focus on proven solutions and comprehensive risk management provide the basis for the successful modernisation of the Karlsberg Group's ERP software.

Opportunities:

The modernisation of the ERP landscape offers the Karlsberg Group numerous opportunities. A detailed presentation of the opportunities can be found in the opportunities report.

Legal, regulatory and tax risks

In the course of its business activities, Karlsberg Brauerei GmbH is exposed to legal risks and may become involved 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, adequate risk provisions are recognised in the balance sheet. The management believes that the greatest risks are covered by a sufficient level of insurance in the event of damage.

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 organisational and administrative expenses and, in the event of their violation, through the threat of fines and a potential loss of 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 (BImSchG). It cannot be ruled out that further licences may be required in the future, that the requirements of existing licences may be amended or even that existing licences may 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, it cannot be ruled out that the production or distribution of Karlsberg Brauerei GmbH's products may be restricted or subject to more restrictive legal requirements.



Additionally, it cannot be ruled out that Karlsberg Brauerei GmbH might be subject to antitrust investigations by the Federal Cartel Office due to the purchasing cooperation through the procurement company EBSA GmbH & Co. KG. To counter this risk, antitrust training has been and will continue to be organised with all parties involved. In addition, a lawyer sits in on all joint working group meetings and similar activities.

Amendments to the rules and regulations regarding deposits and recycling by the legislator could also lead to changes in consumer behaviour. Moreover, the introduction or increase of levies on certain product categories from Karlsberg Brauerei GmbH's product range could have a negative impact on the company's revenue and results of operations.

Another risk factor could arise from new regulations on sustainability. New sustainability regulations are currently being enacted or increasingly implemented in Germany and around the world, which may have a direct or indirect impact on Karlsberg Brauerei GmbH. These include the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), sustainability requirements on lenders and the EU directive on corporate 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 may result in fines. The direct and indirect effects may lead to increased administrative expenses and investment requirements in connection with conversions, monitoring obligations for production processes, personnel reorganisation or in relation to the selection and monitoring of suppliers.

The handling of confidential information, business secrets and personal data generally carries the risk that data protection breaches may occur despite the implementation of data security systems and regular employee training. This may not only be due to (un)intended disclosure, but also to excessively long storage periods and inadequate information provided to data subjects, which may lead to claims for damages by data subjects as well as fines.

These risks can be minimised through documentation obligations, implemented processes and measures for compliance with data control 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 to what it considers an appropriate extent with regard to the risks associated with its business operations and also has the insurance cover reviewed regularly. However, the insurance cover may not apply in individual 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 as a result of 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, plaintiffs are also seeking declaratory judgements. The company's liability insurance has assumed responsibility for the litigation.

In this context, a smaller lawsuit has meanwhile been terminated by settlement without determination of the facts. Expert opinions will be prepared for the remaining proceedings in 2025 and further court dates will be scheduled.

Karlsberg Brauerei GmbH's business activities are furthermore 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 issues are continuously identified and assessed by the tax department of Karlsberg Connect & Sales GmbH,



which is consistently involved in operational and strategic decisions with potential tax implications and initiates any risk-mitigating measures that may be required.

Personnel risks

It is very important for Karlsberg Brauerei GmbH to recruit, develop and retain qualified and committed employees for all areas of the company and to manage all human resources effectively. Otherwise, the company 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 collective wage agreements, leading to higher personnel expenses than previously planned (wage risk).

After the pandemic, which was a very challenging time from a human resources 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 that could be 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, this could impair the ability to manage human resources effectively and conduct business activities efficiently and successfully.

To counter these risks, various measures are taken to mitigate their negative effects as far as possible, such as:

- Setting up a new applicant platform with an integrated personnel management system, along with an action plan in the area of per-

sonnel marketing and social recruiting as important steps to "get a grip on" the shortage of skilled workers.

- Building employee and management skills through targeted professional development measures as part of the annual employee development meetings.
- Rolling out a Group-wide concept to promote autonomy and motivation by recognising and managing one's own contribution to strategy implementation (target implementation cycle).
- Monitoring the potential of young talent.
- Regular implementation of an anonymous employee survey with follow-up in the specialist departments to promote a positive corporate culture.
- Regular consultations between the human resources and business management and the works councils, assessments of the sentiment and organisation of online and hybrid events with opportunities for participation.
- Regular (at least annual) consultation between employees and their managers (personnel development in the business units).
- 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 results in the risk of partial or complete default of contractually agreed payments or services.

Potential default losses are mitigated by debtor management. An IT-supported monitoring system and an occurrence-based and

WIE GESCHWISTER:
GLEICHE HERKUNFT,
UNTERSCHIEDLICH IM
CHARAKTER.



KARLSBERG
ECHT. BEGEISTERT. GEBRAUT.



automated receivables valuation system ensure 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 are 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 initiates countermeasures promptly. The assessment of the default risks is based on individual analyses.

Credit, liquidity and financing risks

Liquidity risks describe the risk 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 cover the projected financial requirements at standard market conditions and thus ensure the company's liquidity at all times. Any potential liquidity fluctuations are detected early on by means of frequent analyses of deviations from the annual financial plan. To ensure solvency and financial flexibility at all times, the company manages its financing and liquidity requirements by means of short and medium-term liquidity planning. The refinancing requirements of maturing financing are reviewed at an early stage and refinancing discussions with business partners are initiated swiftly.

Karlsberg Brauerei GmbH is largely financed by borrowed capital, in particular by the bonds issued in 2024 and maturing in May 2029 with a total nominal value of EUR 55.0 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. The corporate bond contains the option to increase the nominal amount to a total of EUR 75.0 million. From time to time, Karlsberg Brauerei GmbH furthermore utilises intra-group financing tools under reciprocal current account agreements with other companies of the Karlsberg Group, which in turn partially refinance themselves through banks or other Group companies.

In the reporting year, existing working capital loans were extended and new loans totalling EUR 17.5 million were successfully taken out

on slightly more favourable financing terms with fixed maturities until June 2028.

The new bank-independent financing concluded in 2024 in the form of the corporate bond, which was increased from EUR 50.0 million to a total of EUR 55.0 million, is associated with obligations that restrict Karlsberg Brauerei GmbH's freedom of action. The working capital loan agreements also contain obligations such as covenants based on financial ratios. Breaches of these obligations could have detrimental consequences, including the cancellation of loans. The cancellation of financing agreements could result in the company having to seek alternative financing, which may be impossible or only possible on unfavourable terms. Compliance with these obligations is regularly monitored, for example for financial ratios as part of financial reporting. These obligations were fulfilled at all times last year. The management also considers the probability of non-compliance in the current year to be low.

Risks from pension obligations

Pension obligations are determined on the basis of actuarial valuations. The actuarial valuations include assumptions about discount rates and future increases in wages, salaries and pensions. Due to 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 increased significantly in the future and may prove to be insufficient. Forward-looking multi-year analyses and scenario calculations can enhance planning reliability and enable appropriate countermeasures to be taken in good time.

In addition, obligations from pension agreements transferred to Versorgungswerk Karlsberg Brauerei e.V. may not be sufficiently covered by the pension fund's assets or provisions. Pension obligations of Karlsberg Brauerei GmbH to employees who left the company up to and including 31 December 2024 are no longer recognised as provisions in the balance sheet of Karlsberg Brauerei GmbH. These have been transferred to Versorgungswerk Karlsberg Brauerei e.V.



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 relating to the company's integration into the Group

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 lead to 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 as a whole, 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 net income for the year is transferred to the sole shareholder. Although Karlsberg Brauerei GmbH can, in principle, build up reserves with the consent of its shareholder, this 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 GmbH. 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. Some key management functions for Karlsberg Brauerei GmbH are performed by the management of the Karlsberg

Group. These individuals have long-standing expertise, relevant skills and experience as well as a good network. There is no guarantee that it will always be possible to retain the current members of the management in the company or, if necessary, recruit new ones.

Due to the company's integration into the Group, risks may arise from the company's liability for obligations of subsidiary companies. In addition, a default on receivables from subsidiaries or companies of the Karlsberg Group could occur. There is also the risk that a 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 may not be fulfilled should Karlsberg Holding GmbH become insolvent. In addition, Karlsberg Brauerei GmbH and Karlsberg Holding GmbH have concluded 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 the drawdown.

Overall assessment

Karlsberg Brauerei GmbH's management regularly reviews the company's risk situation. The risk position in the 2024 financial year has not changed significantly compared to the previous year. From the management's perspective, the company performed well in the market in the reporting period. In 2024, no risks jeopardising the company's continued existence or impairing its development arose either from individual risks or from the overall risk position of the company and, in the opinion of the management, no such risks are to be expected in the prospective risk forecast 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 that 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 in the market may increase. In general, the interactions between the overall economic situation and consumer behaviour cannot be completely predicted. The weather is also 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, which are associated with 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 put the company in a position to exploit growth opportunities with a focus on profitability. The company's brands are well positioned with consumers and offer business partners attractive margins. The established regional brands and the national brands in the mixed beer segment as well as the international specialities are subject to clear brand management in order to seize profitable growth opportunities.

The management sees good opportunities in particular for the Karlsberg and MiXery brands, 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. The company attaches great importance to a consumer-focused positioning of its brands in a high-quality environment locally, regionally – and also nationally for the mixed beer segment and its partner brands. Karlsberg UrPils was, for example, honoured as the best pilsner in Germany at the 2024 World Beer Awards.

In addition to its own brand portfolio, the company has signed sales cooperation agreements 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 for the further expansion of its market position and a gradual increase in awareness of its export brands.

Opportunities through synergies

Synergies may arise from the cooperation of Karlsberg Brauerei GmbH with other companies in the Karlsberg Group.

Close cooperation in the areas of sales and administration and the streamlining of decision-making processes lead to efficiency gains and synergy effects. Market cultivation is, for example, intensified, i.e. customer service and account management are optimised, by cooperating with other companies in the Group.

In addition, the Group's sales, distribution and export, IT, human resources, communication, accounting, treasury, tax, legal and contract management functions are bundled in the Group company Karlsberg Connect & Sales GmbH.

The Karlsberg Group has founded an independent procurement company together with the Warsteiner Group. The aim of the strategically



orientated purchasing cooperation through the procurement company EBSA GmbH & Co. KG 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 bundling procurement volumes. At the end of the past financial year, the family-run Hövelmann beverage group joined this procurement company as a new strong partner. The positive effects of this purchasing cooperation could increase even more if further partners join in the future.

Opportunities through diversification

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

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 enabling it to act more effectively and proactively to gain new market share.

In the technical area, the use of sensors in information technology enables the step-by-step networking of systems and machines within the procurement and production process. The resulting data basis can be used to adapt production plans in real time to market conditions, reduce downtimes and disruptions 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 systems

provides new formats 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 customer satisfaction. In summary, new IT systems help build customer loyalty and engagement and optimise company processes and business growth.

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

The Karlsberg Group plans a comprehensive modernisation and modularisation of its ERP software to further develop, improve and automate business processes along the entire value chain in the areas of production and filling, logistics, finance and sales.

The use of 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 migration of the ERP system helps to ensure that inefficient or outdated processes are systematically replaced.

The new, Group-wide system landscape provides strategic competitive advantages thanks to the fundamentally improved data basis for all stakeholders. In the future, high-quality, data-supported decisions on strategic corporate management can thus be made more quickly and effectively. In addition, adapted and customised best-practice processes ensure simple, transparent and secure workflows with the aim of strengthening and increasing customer and employee satisfaction.



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

Further current and future digitalisation initiatives in the Carlsberg Group are focusing and will focus on the following areas:

- **Auto replenishment:** Standardisation of purchasing and buying processes with suppliers and customers without media discontinuity to ensure the best possible availability of goods and product ranges at points of sale in supermarkets and in 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 as well as data governance and cybersecurity as a basis for leveraging revenue and business potential.
- **Digital points of sale:** Setting up and expanding digital points of sale (sales and marketing), for example B2B and consumer (D2C) web shops, as well as strategically integrating existing and new partners into the beverage supply chain (specialised beverage wholesalers)
- **Media and advertising formats:** Increasing focus of promotion and marketing formats on personalised digital formats via partners or own media channels for brand development based on consumer needs.
- **Customer service and experience:** Standardisation and simplification of customer service, for example by setting up customer self-service portals to provide any-time access to relevant information on orders, deliveries and payment methods.
- **Mobile devices:** 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 human resources 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 by using artificial intelligence.
- **Digital logistics and transport:** Optimising logistics through digital route planning, mobile warehouse logistics and delivery and yard time management by allowing customers and freight forwarders to book time slots. This approach enhances the availability of goods at the point of sale.
- **Digital personnel management:** Automating key human resources processes and providing self-service options such as sick notes, holiday planning and approval, and emergency communication.

Expansion of opportunity management

Potential opportunities for positive business development are evaluated and exploited at all levels of the company. Trends and developments in the respective product areas are monitored and operational opportunities are identified. If the probable profit exceeds the costs associated with its implementation, the company realises the project if it fits in with its overarching strategy. For this purpose, the company has set up an organisational structure which the management believes is characterised by lean structures and efficient processes. Its tasks include seizing operational opportunities in the markets in which the company operates. The current marketing and sales strategy further strengthens the regional and national ties of the brands and products and takes special account of the needs of business partners. The management of Carlsberg Brauerei GmbH sets the strategic framework in cooperation with the Group's management, secures financing and liquidity and focuses on controlling and managing the operating business units. Project managers are thus supported and provided with the resources required to capitalise on identified opportunities.



Forecast report

Following a renewed recession of the **German economy** in 2024, it is expected that some of the factors burdening the German economy will persist and that the economy will not recover or recover only very slowly in the current year.

In its economic forecast from December 2024, the Deutsche Bundesbank expected a price and calendar-adjusted increase in gross domestic product of only 0.2% for the current year. According to the Deutsche Bundesbank, the inflation rate is likely to fall only slightly from an annual average of 2.5% to 2.4% in 2025 in view of the temporarily stronger increase in food prices and the only slowly easing price pressure on services.

At present, structural problems, high energy prices, weak foreign demand and the still restrictive monetary policy of the European Central Bank (ECB), despite initial interest rate cuts, are having a particularly dampening effect on the economic development. The forecast is based on the assumption of stabilising macroeconomic conditions. Factors of uncertainty for the present forecast could arise in particular from a possible global increase in protectionism, geopolitical conflicts, the effects of structural changes and the future orientation of financial and economic policy after the German parliamentary elections in February.¹⁵

The **beverage industry** continues to face challenges from consumer restraint in the retail and out-of-home sectors in the current year. High production costs and continuing weak consumption remain industry challenges that are likely to persist throughout the current year. The German Brewers' Federation (DBB) as the umbrella organisation of the German brewery industry is cautiously optimistic for the 2025 financial year. The German brewery industry with its predominantly artisanal and medium-sized companies has already demonstrated remarkable resilience in various crises in recent years.¹⁶

Carlsberg Brauerei GmbH's aim is to further expand its brand business in Germany and abroad. The company will continue to place its stra-

tegic focus on sustainable profitability, concentrating on high-margin brands and the further expansion of the market position of its "Carlsberg" and "Mixery" brands.

Distribution expansion in the food retail and out-of-home sectors with a strong focus on the brands is to expand the company's market positions. In addition, the management expects new, innovative containers to provide additional impetus.

The current forecast for 2025 is based on largely stable macroeconomic conditions. The development outlined above is subject to various opportunities and risks which, however, do not jeopardise the company's continued existence. These are explained in detail in the risk report and opportunities report sections.

A slight overall increase in revenue is expected for 2025 as a whole, with planned further revenue growth in the brand area. The management also expects adjusted EBITDA to be slightly higher than in the previous year.

Homburg, 10 March 2025

Markus Meyer
Managing Director

¹⁵ Source: Press release from the Deutsche Bundesbank dated 13 December 2024.

¹⁶ Source: Press release from the German Brewers' Federation dated 22 January 2025: "Resilienz in einem fordernden Markt" (Resilience in a challenging market).

CASH FLOW STATEMENT FOR 2024

	2024	2023
	EUR	KEUR
1. Cash flow from operating activities		
Net income before profit transfer	5,108,353.35	5,726
Depreciation (+) / write-ups (-) on non-current/fixed assets	9,962,308.05	9,421
Increase (+) / decrease (-) in provisions	-3,535,118.40	652
Increase (-) / decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	-160,576.81	763
Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	-2,824,866.68	2,111
Profit (-) / loss (+) from the disposal of non-current/fixed assets	-6,883.04	-27
Interest expenses / interest income	1,891,548.49	2,057
Other expenses / income from investments	-818,561.30	-1,406
Cash flow from operating activities	9,616,203.66	19,297
2. Cash flow from investing activities		
Payments for investments in intangible assets	-71,000.00	-10
Proceeds from disposals of property, plant and equipment	22,191.68	166
Payments for investments in property, plant and equipment	-6,543,383.51	-11,587
Proceeds from disposals of financial assets	2,318,130.89	1,598
Payments for investments in financial assets	-2,030,284.29	-4,468
Changes in short-term financial planning*	-4,208,521.03	-8,128
Interest received	2,351,060.37	1,687
Dividends received	818,561.30	1,406
Cash flow from investing activities	-7,343,244.59	-19,336
3. Cash flow from financing activities		
Proceeds from additions to equity	0	3,500
Proceeds from the issue of bonds and the raising of (financial) loans	55,000,000.00	0
Payments from the redemption of bonds and (financial) loans	-51,099,746.53	-1,004
Interest paid	-4,773,858.85	-4,275
Dividends paid	-5,725,983.00	-6,404
Cash flow from financing activities	-6,599,588.38	-8,183

* includes changes from cash pooling with affiliated companies

	2024	2023
	EUR	KEUR
4. Cash and cash equivalents at the end of the period		
Cash flow-relevant changes in cash and cash equivalents	-4,326,629.31	-8,222
Cash and cash equivalents at the beginning of the period	7,893,572.99	16,115
Cash and cash equivalents at the end of the period	3,566,943.68	7,894
5. Components of cash and cash equivalents		
Cash on hand and bank balances	3,568,248.93	7,894
Short-term liabilities to credit institutions	-1,305.25	0
Cash and cash equivalents at the end of the period	3,566,943.68	7,894



ANNUAL REPORT FOR THE FINANCIAL YEAR 2024

BALANCE SHEET AS AT 31 DECEMBER 2024
INCOME STATEMENT FOR 2024

BALANCE SHEET AS AT 31 DECEMBER 2024

Assets		31 Dec 2023		
		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	5,254,171.00		6,269
II.	Tangible fixed assets			
1.	Land, land rights and buildings, including buildings on third-party land	9,111,799.60		7,689
2.	Technical equipment and machinery	21,139,742.91		19,676
3.	Other equipment, operating and office equipment	11,296,271.00		12,973
4.	Prepayments and assets under construction	1,722,766.34		5,095
		43,270,579.85		45,433
III.	Financial assets			
1.	Shares in affiliated companies	31,769,562.57		36,162
2.	Loans to affiliated companies	153,001.30		621
3.	Long-term investments	25,600.00		26
4.	Other loans	2,798,503.27		2,805
		34,746,667.14		39,613
		83,271,417.99		91,314
B.	Current assets			
I.	Inventories			
1.	Raw materials, consumables and supplies	2,416,858.95		3,028
2.	Work in progress	1,058,638.05		1,326
3.	Finished goods and merchandise	6,340,581.31		5,706
		9,816,078.31		10,060
II.	Receivables and other assets			
1.	Trade receivables	12,121,254.15		11,514
2.	Receivables from affiliated companies	25,300,864.90		21,209
3.	Other assets	9,867,718.34		9,331
		47,289,837.39		42,054
III.	Cash on hand and bank balances	3,568,248.93		7,894
		60,674,164.63		60,007
C.	Prepaid expenses	42,000.00		42
D.	Excess of plan assets over post-employment benefit liability	0.00		5
		143,987,582.62		151,369

Liabilities		31 Dec 2023		
		EUR	EUR	kEUR
A.	Equity			
I.	Subscribed capital	16,282,500.00		16,283
II.	Capital reserve	29,770,500.00		29,771
III.	Revenue reserve			
	Other retained reserve	44,842.00		45
		46,097,842.00		46,098
B.	Provisions			
1.	Provisions for pensions and similar obligations	9,862,735.00		16,038
2.	Tax provisions	2,283.38		7
3.	Other provisions	10,473,070.51		12,220
		20,338,088.89		28,265
C.	Liabilities			
1.	Bonds	55,000,000.00		50,000
2.	Liabilities to banks	1,563,300.47		1,847
3.	Trade payables	9,343,972.69		12,930
4.	Liabilities to affiliated companies	160,068.52		580
5.	Other liabilities	11,484,310.05		11,649
	thereof from taxes EUR 582.198,06 (PY: kEUR 669)			
	thereof social security EUR 25.714,59 (PY: kEUR 26)			
		77,551,651.73		77,006
		143,987,582.62		151,369

Mixery



INCOME STATEMENT FOR 2024

	EUR	EUR	2023 kEUR
1. Sales revenue	127,310,451.08		128,389
./ Excise duties	-5,472,247.86		-5,770
Sales revenue after deduction of excise duties	121,838,203.22		122,619
2. Increase in finished goods inventories and work in progress	611,811.77		766
3. Other own work capitalised	0,00		66
4. Other operating income thereof income from currency translation EUR 1,459.77 (PY: kEUR 0)	6,013,722.50		5,347
		128,463,737.49	128,798
5. Cost of materials			
a) Cost of raw materials, consumables and supplies and of purchased merchandise	42,798,952.10		42,727
b) Cost of purchased services	3,252,029.22		3,425
6. Personnel expenses			
a) Wages and salaries	10,666,239.43		15,438
b) Social security, post-employment and other employee benefit costs, thereof in respect of post-employment benefits EUR 393,879.36 (PY: kEUR 939)	2,487,977.57		3,926
7. Amortisation of intangible and depreciation of tangible fixed assets	9,776,079.04		9,263
8. Other operating expenses thereof expenses from currency translation EUR 1,044.27 (PY: kEUR 1) thereof expenses from the application of Art. 66 and 67 (1) to (5) EGHGB (Transitional Provisions to BilMoG) EUR 120,188.00 (PY: kEUR 120)	52,409,437.88		47,110
		121,390,715.24	121,890
9. Income from long-term investments thereof from affiliated companies EU EUR 818,561.30 (PY: kEUR 1,406)	818,561.30		1,406
10. Income from other securities and loans classified as financial assets thereof from affiliated companies EUR 12,226.16 (PY: kEUR 26)	47,999.18		67
11. Other interest and similar income thereof from affiliated companies EUR 2,013,931.56 (PY: kEUR 1,370)	2,351,060.37		1,687
12. Writedowns of long-term financial assets	186,229.01		158
13. Interest and similar expenses thereof to affiliated companies EUR 143,428.53 (PY: kEUR 134) thereof costs from discounting EUR 75,567.00 (PY: kEUR 209)	4,743,475.86		3,953
		-1,712,084.02	-951
14. Profit after taxes		5,360,938.23	5,957
15. Other taxes		252,584.88	231
		5,108,353.35	5,726
16. Profits transferred on the basis of a profit transfer agreement		5,108,353.35	5,726
17. Net income for the year		0,00	0



APPENDIX FOR THE 2024 FINANCIAL YEAR

APPENDIX

I. DISCLOSURES ON THE ANNUAL FINANCIAL STATEMENTS

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 have been 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, essentially unchanged accounting and valuation methods were applied.

Purchased intangible fixed assets and **tangible fixed assets** are capitalised at acquisition or production cost plus incidental acquisition costs less purchase price reductions. Scheduled depreciation and amortisation are recognised on a straight-line basis over the useful life of the assets. The useful life for supply, trademark and other rights is between three and fifteen years. The useful life of buildings and parts of buildings is between fifteen and fifty years, and for technical equipment and machinery as well as other equipment, operating and office equipment between three and twenty years.

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

Besides direct costs, pro rata overheads are also included in the pro

duction costs of self-constructed property, plant and equipment.

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; their immediate disposal was assumed. 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.

Depreciation of all other additions to property, plant and equipment is recognised on a pro rata temporis 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 current cost on the balance sheet date.

Inventories of **raw materials, consumables and supplies** are capitalised at the lower of average cost or current price on the balance sheet 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 depreciation and amortisation. 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 balance sheet date.

All recognisable risks in **inventories** arising from above-average sto-

rage periods, reduced usability and lower replacement costs are taken into account through appropriate write-downs.

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, flat-rate individual valuation allowances are recognised on trade receivables on an individual customer basis. Accordingly, a valuation allowance of 50% is applied to receivables that are more than 90 days overdue. From 180 days overdue, a valuation allowance of 75% is applied and from 360 days overdue, the valuation allowance is 100%. General credit risk is recognised through a global valuation allowance on the net receivables portfolio adjusted for individually impaired receivables.

Cash on hand and bank balances are recognised at nominal value, as is **equity**.

Provisions for pensions and similar obligations were determined in accordance with actuarial principles on the basis of the projected unit credit method using an actuarial interest rate of 1.89% (PY: 1.83%), a wage and salary trend of 2.50% (PY: 2.50%), an expected pension trend of between 0% and 2.00% (PY: between 0.00% and 2.00%), a staff turnover rate of between 0% and 0.58% (PY: 0.00% and 0.66%) and by applying the 2018 G mortality tables 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 an actuarial interest rate of 1.89% (PY: 1.83%), an expected pension trend of 2.00% (PY: 2.00%) and by applying the 2018 G mortality tables by Prof. Dr Klaus Heubeck.

By exercising the option under Article 67 (1) sentence 1 of the Introductory Act to the German Commercial Code (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 fifteen 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 in accordance with the IDW RH FAB 1.021 accounting standard. The funding and vesting congruence of the partially reinsured pension commitments is measured using the policy reserve method. The reinsurance policies were valued on the basis of the principle of liability precedence.

Tax provisions and **other provisions** account for all uncertain liabilities and expected losses from pending transactions. They are recognised at the settlement amount deemed necessary based on prudent business judgement.

Liabilities are recognised at the settlement amount.

Deferred taxes are not recognised for Karlsberg Brauerei GmbH due to the existence of a consolidated tax group with Karlsberg Holding GmbH.

Notes to the balance sheet

Fixed assets

Changes in the individual 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.

963,168 ordinary shares and 38,050 preference shares of Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA were recognised at acquisition prices of EUR 17.33 for the ordinary shares and EUR 14.50 for the preference shares in accordance with the valuation option under section 253 (3) sentence 6 HGB. The share price on the balance sheet date was EUR 13.00 for the ordinary shares and EUR 12.50 for the preference shares. The carrying amount of the

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ordinary shares was therefore recognised at EUR 16,692 thousand, which was EUR 4,171 thousand above the fair value of EUR 12,521 thousand, while the carrying amount of the preference shares was EUR 552 thousand, which was EUR 76 thousand above the fair value of EUR 476 thousand. No impairment was recognised as at the reporting date, as no permanent impairment is assumed in view of the current positive earnings situation and the expected positive future development of the Mineralbrunnen Group.

Notes on shareholdings

Karlsberg Brauerei GmbH holds direct interests in the following companies:

Company	Capital share	Equity	Profit/loss
	%	31 Dec 2024 kEUR	2024 kEUR
Karlsbräu CHR S.A.S., Saverne/France	100.00	4,189	604
Mineralbrunnen Überkingen- Teinach GmbH & Co. KGaA, Bad Teinach-Zavelstein ¹	13.15	75,784	7,559

¹ Equity and profit of Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA as of 31. December 2023.

Receivables and other assets

Other assets include receivables with a remaining term of more than one year of EUR 5,371 thousand (PY: EUR 4,077 thousand).

Receivables from affiliated companies of EUR 933 thousand (PY: EUR 1,368 thousand) relate to trade in goods and services.

As at the balance sheet date, receivables from affiliated companies included receivables from shareholders of EUR 24,674 thousand (PY: EUR 20,631 thousand).

Equity

The company's share capital, which has been paid up in full, was EUR 16,283 thousand as at the balance sheet date.

The other revenue reserves of EUR 45 thousand (PY: EUR 45 thousand) relate 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 amounts to EUR 0 thousand (PY: EUR 120 thousand).

The difference in accordance with section 253 (6) HGB amounts to EUR -120 thousand (PY: EUR 251 thousand).

In accordance with 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 amount of the unrecognised indirect pension obligations is EUR 3,581 thousand (PY: EUR 5,256 thousand), taking into account an actuarial interest rate of 4.50%, which corresponds to the average interest rate of the pension fund's plan assets. Based on an actuarial interest rate of 1.89% (PY: 1.83%) in accordance with section 253 (2) HGB, the amount is EUR 9,353 thousand (PY: EUR 10,412 thousand).

In addition, there are indirect pension obligations of the provident fund of Löwenbrauerei Trier J. Mendgen GmbH, Homburg, amounting to EUR 168 thousand (PY: EUR 175 thousand).

With effect from 31 December 2024, Karlsberg Brauerei GmbH transferred further parts (a total of EUR 4,392 thousand) of its pension obligations to Versorgungswerk Karlsberg Brauerei e.V., which was founded in 2015. The endowment of Versorgungswerk Karlsberg Brauerei e.V. was made with ordinary shares in Mineralbrunnen Überkingen-Teinach GmbH & Co. KGaA.

Other provisions

Other provisions mainly include provisions for deposits of EUR 2,531 thousand (PY: EUR 3,848 thousand), personnel costs of EUR 1,054 thousand (PY: EUR 1,462 thousand) and outstanding invoices, refunds and sales promotions of EUR 5,581 thousand (PY: EUR 6,152 thousand). In addition, other provisions for uncertain liabilities of EUR 1,097 thousand (PY: EUR 618 thousand) are recognised.

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Liabilities

	Amount kEUR	Thereof with a remaining term		
		under 1 year kEUR	from 1 to 5 years kEUR	over 5 years kEUR
1. Bonds (PY)	55,000 (50,000)	0 (50,000)	55,000 (0)	0 (0)
2. Liabilities to banks (PY)	1,563 (1,847)	291 (299)	654 (848)	619 (701)
3. Trade payables (PY)	9,344 (12,930)	9,344 (12,930)	0 (0)	0 (0)
4. Liabilities to affiliated companies (PY)	160 (580)	160 (580)	0 (0)	0 (0)
5. Other liabilities (PY)	11,484 (11,649)	7,814 (7,369)	3,648 (4,207)	23 (73)
thereof from taxes (PY)	582 (669)	582 (669)	0 (0)	0 (0)
thereof relating to social security (PY)	26 (26)	26 (26)	0 (0)	0 (0)
Total (PY)	77,552 (77,006)	17,608 (71,177)	59,302 (5,055)	642 (774)

The liabilities to banks amounting to EUR 1,563 thousand are collateralised by pledged shares. Liabilities to affiliated companies include trade payables of EUR 160 thousand (PY: EUR 580 thousand).

Notes to the income statement

Sales revenue

Sales revenue (before deduction of excise duties) comprise:

	2024 kEUR	2023 kEUR
Revenue from own-brand beer / AFB Group products / merchandise	147,850	146,126
Revenue from cost allocations	850	1,917
Revenue from by-products	1,343	1,458
Revenue from rents and leases	2,694	2,108
Other revenue	1,618	1,726
Gross revenue*	154,355	153,334
Revenue reductions	-27,044	-24,944
Sales revenue before deduction of excise duties	127,310	128,389
thereof attributable to:		
Domestic	104,082	106,979
Foreign	23,229	21,410
	127,310	128,389

* Gross revenue = revenue before deduction of revenue reductions and excise duties

Prior-period and extraordinary income and expenses

Other operating income includes prior-period income of EUR 852 thousand (PY: EUR 856 thousand) and mainly relates to income from the reversal of provisions.

Other operating expenses and other taxes include prior-period expenses of EUR 351 thousand (PY: EUR 0 thousand).

In addition, other operating income includes extraordinary income of EUR 1,256 thousand (PY: EUR 1,454 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 1,256 thousand (PY: EUR 1,454 thousand) are included in various items of the income statement in the reporting year. Due to the damage, planned sales revenue of EUR 791 thousand (PY: EUR 1,054 thousand) could not be realised. Other operating expenses include extraordinary expenses of EUR 43 thousand (PY: EUR 148 thousand), mainly for building repairs, as well as extraordinary expenses for interest and similar expenses of EUR 423 thousand (PY: EUR 252 thousand) recognised in the financial result. In addition, other operating income includes extraordinary income of EUR 1,531 thousand from the on-charging of bond costs in the same amount included in other operating expenses.

Furthermore, extraordinary expenses of EUR 120 thousand (PY: EUR 120 thousand) relate to the addition to pension provisions in accordance with Art. 67 (1) sentence 1 EGHGB, which are included in other operating expenses.

Financial result

The reduced interest expense of EUR 106 thousand (PY: EUR 86 thousand) due to the change in the actuarial interest rate in accordance with section 253 HGB was recognised in the financial result.

II. OTHER DISCLOSURES

Contingent liabilities and transactions not included in the balance sheet

Contingent liabilities

Karlsberg Brauerei GmbH has assumed a guarantee in favour of a landlord for three net cold rents up to an amount of EUR 21 thousand.

Other financial obligations

The financial obligations from leasing, raw material and service contracts existing as of 31 December 2024 until the end of the respective contracts amount to:

	Amount kEUR	Thereof with a remaining term		
		under 1 year kEUR	from 1 to 5 years kEUR	over 5 years kEUR
Obligations from raw materials contracts	15,320	15,008	312	0
Obligations from leasing contracts	1,646	675	971	0
Other obligations	738	659	79	0
Total	17,704	16,342	1,362	0

There are also annual payment obligations from rental and lease agreements of EUR 1,442 thousand. The contracts expire between 2025 and 2029.

The service agreement concluded with Karlsberg Connect & Sales GmbH is expected to result in expenses from cost allocations for services of EUR 11,426 thousand in the 2025 financial year.

In addition, the service agreement concluded with Karlsberg Direkt GmbH & Co. KG is expected to result in expenses from cost allocations for internal logistics and materials management services of EUR 2,483 thousand in the 2025 financial year.

As at the balance sheet date, there were collectively agreed in-kind obligations from employee consumption allowances for commitments granted before 1987 of EUR 98 thousand.

To ensure the sustainable return on the plan assets of Versorgungswerk Karlsberg Brauerei e.V., the sponsoring company, Karlsberg Brauerei GmbH, has undertaken to subsidise the return each year, taking into account additional endowments to be made as well as dividend and interest income, in the event that the annual return of 4.5% on the balance of the plan assets as of 1 January of the calendar year is not achieved.

Managing Director

Mr Markus Meyer.

The disclosure pursuant to section 285 no. 10 HGB results from the position held by 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 0 thousand in the reporting year (PY: EUR 18 thousand). The provision for pensions and similar obligations amounted to EUR 638 thousand (PY: EUR 1,418 thousand) as at the balance sheet date, of which EUR 289 thousand (PY: EUR 259 thousand) is reinsured by corresponding insurance policies and the corresponding plan assets are recognised under other assets.

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Average number of employees during the financial year

	2024	2023
Industrial employees	123	133
Salaried employees	51	120
	174	253
Apprentices	6	8
	180	261

The significantly lower number of employees is mainly due to the transfer of the trade and export departments to the sister company, Karlsberg Connect & Sales GmbH, effective 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 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).

The company is not obligated to prepare consolidated financial statements as of 31 December 2024, as Karlsberg Holding GmbH, Homburg, prepares consolidated financial statements and a consolidated management report as of 31 December 2024 with discharging effect for the company.

Audit and consulting fees of the auditor

The auditor's fee for the financial year totals EUR 95 thousand, of which EUR 90 thousand relate to auditing services and EUR 5 thousand to other assurance services.

Events after the reporting date

No events of particular significance occurred after the balance sheet date of 31 December 2024 that have a material financial impact on the net assets, financial position and results of operations of Karlsberg Brauerei GmbH.

Proposed appropriation of profits

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

Homburg, 10 March 2025

Markus Meyer
Managing Director



DEVELOPMENT OF FIXED ASSETS AS AT 31 DECEMBER 2024

	Acquisition and production costs				
	01.01.2024	Additions	Disposals	Transfers	31.12.2024
	EUR	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	17,479,953.27	71,000.00	44,500.00	0.00	17,506,453.27
II. Tangible fixed assets					
1. Land, land rights and buildings, including buildings on third-party land	49,845,221.37	824,809.61	3,089.41	1,392,950.23	52,059,891.80
2. Technical equipment and machinery	103,435,083.23	1,377,998.00	3,692.00	2,514,561.47	107,323,950.70
3. Other equipment, operating and office equipment	57,199,706.44	3,718,650.28	3,288,086.80	86,562.90	57,716,832.82
4. Prepayments and assets under construction	5,094,915.32	621,925.62	0.00	-3,994,074.60	1,722,766.34
	215,574,926.36	6,543,383.51	3,294,868.21	0.00	218,823,441.66
III. Financial assets					
1. Shares in affiliated companies	36,161,551.95	0.00	4,391,989.38	0.00	31,769,562.57
2. Loans to affiliated companies	620,775.14	12,226.16	480,000.00	0.00	153,001.30
3. Long-term investments	1,406,087.83	0.00	0.00	0.00	1,406,087.83
4. Other loans	3,431,630.09	2,018,058.13	2,048,439.06	0.00	3,401,249.16
	41,620,045.01	2,030,284.29	6,920,428.44	0.00	36,729,900.86
	274,674,924.64	8,644,667.80	10,259,796.65	0.00	273,059,795.79

Appendix to the notes

	Accumulated amortisation/depreciation				Carrying amounts	
	01.01.2024	Additions	Disposals	31.12.2024	31.12.2024	31.12.2023
	EUR	EUR	EUR	EUR	EUR	EUR
	11,211,347.27	1,085,435.00	44,500.00	12,252,282.27	5,254,171.00	6,268,606.00
	42,156,117.88	791,977.84	3.52	42,948,092.20	9,111,799.60	7,689,103.49
	83,758,891.02	2,425,699.33	382.56	86,184,207.79	21,139,742.91	19,676,192.21
	44,226,768.44	5,472,966.87	3,279,173.49	46,420,561.82	11,296,271.00	12,972,938.00
	0.00	0.00	0.00	0.00	1,722,766.34	5,094,915.32
	170,141,777.34	8,690,644.04	3,279,559.57	175,552,861.81	43,270,579.85	45,433,149.02
	0.00	0.00	0.00	0.00	31,769,562.57	36,161,551.95
	0.00	0.00	0.00	0.00	153,001.30	620,775.14
	1,380,487.83	0.00	0.00	1,380,487.83	25,600.00	25,600.00
	626,842.43	186,229.01	210,325.55	602,745.89	2,798,503.27	2,804,787.66
	2,007,330.26	186,229.01	210,325.55	1,983,233.72	34,746,667.14	39,612,714.75
	183,360,454.87	9,962,308.05	3,534,385.12	189,788,377.80	83,271,417.99	91,314,469.77

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INDEPENDENT AUDITOR'S REPORT

TO KARLSBERG BRAUEREI GMBH, HOMBURG

Audit opinions

We have audited the annual financial statements of Karlsberg Brauerei GmbH, Homburg, comprising the balance sheet as at 31 December 2024 and the income statement for the financial year from 1 January to 31 December 2024, 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 to 31 December 2024.

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 2024 and of its results of operations in the financial year from 1 January to 31 December 2024 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.

Legal representatives' 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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misleading representations or the override of internal controls;
- we obtain an understanding of the internal controls 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 the company's internal controls or of these precautions and measures;
- 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 the legal representatives 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 significant deficiencies in internal controls that we identify during our audit.

Koblenz, 10 March 2025

DORNBACH GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Groß
Wirtschaftsprüfer
[German Public Auditor]

Breker
Wirtschaftsprüfer
[German Public Auditor]

FINANCIAL CALENDAR

- 8 APRIL 2025:** Publication of annual financial statements and management report as at 31 December 2024
- 27 AUGUST 2025:** Publication of 2025 half-year financial statements

IMPRINT

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