20220706037 47

Årsredovisning

för

Carlsberg Sverige AB

556006-9980

Räkenskapsåret

2021

Ovan intagna resultat- och balansräkningar har fastställts vid ordinarie bolagsstämma 30/6 2022 varvid det beslöts, att resultatet enligt balansräkningen skulle disponeras i enlighet med i förvaltningsberättelsen framlagt förslag.

.....

Styrelseledamot/Verkställande direktör

20220706037 48

Årsredovisning

för

Carlsberg Sverige AB

556006-9980

Räkenskapsåret

2021

Jag intygar att denna kopia överensstämmer med originalet.

Jennifer Boyaci

Jennifer Boyaci
Legal assistant, 0722939804

20220706037749

Styrelsen för Carlsberg Sverige AB avger följande årsredovisning för räkenskapsåret 2021.

Förvaltningsberättelse

Information om verksamheten

Carlsberg Sverige är, med fler än 50 starka varumärken, ett av Sveriges ledande bryggerier. Bolaget tillverkar, säljer och marknadsför öl, mineralvatten, läsk och andra drycker. Några av våra välkända och folkkära varumärken är Falcon, Carlsberg, Eriksberg, Ramlösa, Somersby och Pepsi.

Carlsberg Sveriges ambition är att vara ett framgångsrikt, professionellt och attraktivt bryggeri. Alltid med utgångspunkt i ett ansvarsfullt företagande. Carlsberg Sverige ska leda verksamheten till lönsamhet och tillväxt, där framgången är en kombination av starka lokala och internationella varumärken, hög kompetens och bryggartradition som sträcker sig över 300 år tillbaka i tiden. Genom att vara innovativa driver vi utvecklingen av svensk dryckeskultur, samtidigt som vi värnar om tradition, hantverk, hög kvalitet och hållbarhet. Vi är attraktiva för samhället genom att vi har ett djupare syfte, tar ansvar och agerar hållbart, vilket också bygger direkt på vårt arv och vår grundares mentalitet: "Vi brygger för ett bättre nu och för en bättre framtid." Detta är tillika vårt syfte.

Carlsberg Sverige ingår i den internationella koncernen Carlsberg Group, med verksamhet i över 40 länder. Carlsberg Sverige AB är ett helägt dotterbolag till Baltic Beverages Holding AB, organisationsnummer 556425-2327, med säte i Stockholm.

Medelantalet anställda har under året uppgått till 262 personer. Carlsberg Sverige AB:s huvudkontor är beläget i Solna.

Hållbart företagande

Att driva ett bryggeri handlar om mer än att bara brygga öl. Vi vill växa en hållbar affär och bedriva vår verksamhet på ett ansvarsfullt sätt, med en hög etisk standard där alla medarbetare visar hänsyn och respekt för kollegor, kunder, konsumenter, samhället och miljön vi lever i. Det är med passion och stolthet som vi utvecklar en hållbar dryckeskultur i Sverige. Vi värnar om att våra drycker ska konsumeras på ett ansvarsfullt sätt.

Vår ambition är att hållbarhetsarbetet ska vara integrerat i hela verksamheten och vi är övertygade om att ett socialt och miljömässigt ansvar är grundläggande för att kunna göra bra affärer.

Carlsbergkoncernen driver ett globalt hållbarhetsprogram, Together Towards Zero, som består av fyra fokusområden, Noll koldioxidutsläpp, Noll vattenspill, Noll oansvarig konsumtion och Noll Olyckskultur. Alla med ambitiösa mål för 2022 och 2030, i linje med FNs globala mål för en hållbar utveckling och Agenda 2030. För mer information om Carlsberg Sveriges hållbarhetsarbete besök: www.okorkat.se. Carlsberg Sverige AB omfattas av koncernens hållbarhetsrapportering, där bolaget Carlsberg A/S, org nr 61056416 med säte i Köpenhamn, Danmark, upprättar hållbarhetsredovisning.

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Marknaden

Den totala svenska bryggerimarknaden ökade i volym med +4,2% under 2021 jämfört med 2020 (2020 vs 2019: -4%). Även om volymerna ökade under 2021 så påverkades bryggerimarknaden av coronapandemin, där den stängda norska gränshandeln samt restriktioner inom restaurangbranschen har bidragit till utvecklingen.

Totala ölmarknaden ökade med +2,3% under 2021 jämfört med 2020 (2020 vs 2019: +1,3%), vattenmarknaden ökade med +5,1% 2021 jämfört med 2020 (2020 vs 2019: -8,2%) och marknaden för läsk ökade med +4,6% 2021 jämfört med 2020 (2020 vs 2019: -6,3%).

Carlsberg Sveriges helårsvolymer ökade under 2021 med +4,6% (2020: -7,7%) men tappade marginellt marknadsandelar med (-0,1%p) totalt, jämfört med 2020 (-1,0%p).

Ölvolymerna på totala ölmarknaden för Carlsberg Sverige minskade med -2,0% och marknadsandelar inom öl minskade (-1,2%p).
Carlsberg Sverige ökade volymerna inom vatten +5,0% och marknadsandelar inom vatten landade på +/-0%p jämfört med 2020.
Även inom läsk ökade volymerna för Carlsberg Sverige med +10,5%, och även marknadsandelarna ökade inom läsk (+1,5%p).
Carlsberg Sverige tappade volymer något inom stark Cider med -0,1% och därmed tappade marknadsandelar (-0,8%p).
Vad gäller Carlsberg Sveriges volymer på alkohol blanddryck (RTD) så backade dessa -23,1%, drivet av Systembolaget och därmed tappade marknadsandelar (-4,8%p).

(Källa: Delfi, Svensk dryckesstatistik, slutgiltig rapport Dec 2021).

Väsentliga händelser under räkenskapsåret

Coronapandemin gick in i sitt andra år 2021 och hade fortsatt påverkan på Carlsberg Sveriges verksamhet. Företaget hade under året fokus på att skydda de anställda och verksamheten med fortsatta restriktionerna för att minska smittspridningen. Under året återhämtade sig delvis försäljningen på restaurang och hotell från det stora försäljningstappet 2020.

I januari lanserade Carlsberg Sverige ett plastlöfte med ambition att minska den totala mängden ny fossil plast och ha noll plastspill till 2030, med konkreta mål för 2022 och 2025. Ramlösa blev utsett till Sveriges mest hållbara dryckesvarumärke i Sustainable Brand Index 2021.

Förväntad framtida utveckling samt väsentliga risker och osäkerhetsfaktorer

Carlsberg är utsatt för risker som kan påverka försäljningen negativt, såsom offentlig reglering, konkurrens och vädret. Carlsberg försöker att undvika de två förstnämnda riskfaktorerna genom att ha en organisation som är beredd att snabbt att anpassa sig till lagändringar och ökad konkurrens. Även genom fortlöpande effektivisering säkrar vi en optimal konkurrenskraft. Det sker också löpande uppföljningar av säkerheten kring bolagets IT-system.

Carlsberg har kreditrisker i form av både kundfordringar, direkta lån till kunder samt ansvarsförbindelser i form av borgensåtagande till förmån för kunder. Dessa kreditrisker hanteras genom löpande kreditprövningar och inhämtning av säkerheter.

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Väsentliga händelser efter räkenskapsårets slut

Kriget i Ukraina och den humanitära krisen chockerade oss alla. På kort och lång sikt påverkar kriget Carlsberg Sveriges verksamhet. Främst genom ökade råvaru- energi- och logistikkostnader, men även genom en mer osäker omvärld och ökad inflation som påverkar konsumentbeteende och köpkraft.

Den 9 mars 2022, offentliggjorde Carlsberg Group en strategisk översyn av närvaron i Ryssland, och 28 mars togs det omedelbara beslutet att göra en fullständig avyttring av verksamheten i Ryssland. Detta kommer att medföra ett potentiellt nedskrivningsbehov av aktierna i dotterbolagen i Ryssland med i storleksordningen 19 miljarder SEK. Det bokförda värdet på aktierna per 2021-12-31 uppgick till 24 475 480 kSEK och ledningens bedömning är att företagets likviditet och soliditet kommer att vara intakta.

Verksamheten i Ukraina, som ägs av Carlsberg Sverige ABs dotterbolag Baltic Beverages Invest AB (BBI), fortsätter men bedrivs i mindre omfattning. Det bokförda värdet på aktierna i BBI var per 2021-12-31 2 646 782 kSEK och den potentiella nedskrivningen av aktierna i BBI bedöms vara i storleksordningen 451 mSEK.

Flerårsöversikt (tkr)	**2021**	**2020**	**2019**	**2018**	**2017**
Nettoförsäljning	3 378 098	3 201 667	3 548 580	3 505 990	3 461 496
Resultat efter finansiella poster	1 995 492	2 141 229	4 080 902	4 330 254	4 466 384
Balansomslutning	36 365 223	35 347 838	34 367 682	33 112 443	31 205 921
Medeltal anställda under året	262	292	304	289	286
Soliditet (%)	74,2	72,2	70,4	66,1	57,6
Rörelsemarginal (%)	10,1	7,7	7,9	8,8	7,9
Avkastning på eget kap. (%)	7,6	7,6	17,3	20,5	46,9

Nyckeltalsdefinitioner framgår av not 1

Förändring av eget kapital

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	24 927 632 347
årets vinst	1 907 140 444
	26 834 772 791
disponeras så att	
i ny räkning överföres	26 834 772 791
	26 834 772 791

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning samt kassaflödesanalys med noter. Om inget annat anges, presenteras belopp i tusental kronor.

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Resultaträkning
Tkr

	Not	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Nettoomsättning		4 516 191	4 376 423
Dryckesskatt		-1 138 093	-1 174 756
Kostnad för sålda varor		-2 139 286	-2 048 893
Bruttoresultat		**1 238 812**	**1 152 774**
Rörelsens kostnader			
Försäljningskostnader	2	-792 680	-806 716
Administrationsomkostnader	3	-105 092	-100 745
Övriga rörelsekostnader	4	-12 991	-21 099
Övriga rörelseintäkter	5	1 619	46 017
Rörelseresultat		**329 668**	**270 231**
Resultat från finansiella investeringar			
Resultat från andelar i koncernföretag	6	1 714 581	1 933 037
Övriga ränteintäkter och liknande resultatposter	7	84 385	301 348
Räntekostnader och liknande resultatposter	8	-133 142	-365 338
Summa resultat från finansiella investeringar		**1 665 824**	**1 869 047**
Resultat efter finansiella poster		**1 995 492**	**2 139 278**
Bokslutsdispositioner	9	0	-237 991
Resultat före skatt		**1 995 492**	**1 901 287**
Skatt på årets resultat	10	-88 352	-86 620
Årets resultat		**1 907 140**	**1 814 667**

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Balansräkning
Tkr

	Not	2021-12-31	2020-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Materiella anläggningstillgångar			
Reservdelslager		6 049	6 242
Maskiner och andra tekniska anläggningar	11	260	323
Inventarier, verktyg och installationer	12	164 280	168 740
		170 589	**175 305**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	13, 14	29 762 959	29 762 959
Uppskjuten skattefordran	20	12 115	18 341
Övriga långfristiga fordringar	15	131 002	92 412
		29 906 076	**29 873 712**
Summa anläggningstillgångar		**30 076 665**	**30 049 017**
Omsättningstillgångar			
Kortfristiga fordringar			
Kundfordringar		512 999	499 604
Fordringar hos koncernföretag		5 680 218	4 694 830
Övriga kortfristiga fordringar		69 114	68 621
Förutbetalda kostnader och upplupna intäkter	16	25 498	34 874
		6 287 829	**5 297 929**
Kassa och bank		729	892
Summa omsättningstillgångar		**6 288 558**	**5 298 821**
SUMMA TILLGÅNGAR		**36 365 223**	**35 347 838**

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Balansräkning
Tkr

	Not	2021-12-31	2020-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital	17, 18		
Bundet eget kapital			
Aktiekapital		120 000	120 000
Reservfond		14 000	14 000
		134 000	**134 000**
Fritt eget kapital			
Balanserad vinst		24 927 632	23 562 965
Årets resultat		1 907 140	1 814 667
		26 834 772	**25 377 632**
Summa eget kapital		**26 968 772**	**25 511 632**
Avsättningar			
Avsatt för pensioner och likande förpliktelser enligt tryggandelagen	19	346 545	352 605
Uppskjuten skatteskuld	20	26	21 636
Övriga avsättningar	21	15 631	30 236
Summa avsättningar		**362 202**	**404 477**
Kortfristiga skulder			
Leverantörsskulder		266 256	192 174
Skulder till koncernföretag		8 340 552	8 824 589
Aktuella skatteskulder		84 146	43 947
Övriga kortfristiga skulder		156 671	208 831
Upplupna kostnader och förutbetalda intäkter	22	126 400	100 080
Avsättningar för pantskulder	23	60 224	62 108
Summa kortfristiga skulder		**9 034 249**	**9 431 729**
SUMMA EGET KAPITAL OCH SKULDER		**36 365 223**	**35 347 838**

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Rapport över förändringar i eget kapital

Tkr

	Aktie-kapital	Bundna reserver	Fritt eget kapital	Summa eget kapital
Ingående eget kapital 2020-01-01	**120 000**	**14 000**	**24 062 965**	**24 196 965**
Utdelning			-500 000	-500 000
Årets resultat			1 814 667	1 814 667
Utgående eget kapital 2020-12-31	**120 000**	**14 000**	**25 377 632**	**25 511 632**
Utdelning			-450 000	-450 000
Årets resultat			1 907 140	1 907 140
Utgående eget kapital 2021-12-31	**120 000**	**14 000**	**26 834 772**	**26 968 772**

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Kassaflödesanalys
Tkr

	Not	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Den löpande verksamheten			
Resultat efter finansiella poster		1 995 492	2 139 278
Justeringar för poster som inte ingår i kassaflödet	24	38 926	73 498
Betald skatt		-60 676	-83 469
Kassaflöde från den löpande verksamheten före förändring av rörelsekapital		**1 973 742**	**2 129 307**
Kassaflöde från förändring av rörelsekapitalet			
Förändring av varulager (reservdelar)		193	363
Förändring av kortfristiga fordringar		-989 978	792 198
Förändring av kortfristiga skulder		-200 587	-493 620
Kassaflöde från den löpande verksamheten		**783 370**	**2 428 248**
Investeringsverksamheten			
Investeringar i materiella anläggningstillgångar		-56 952	-61 991
Kassaflöde från investeringsverksamheten		**-56 952**	**-61 991**
Finansieringsverksamheten			
Investering i finansiella anläggningstillgångar		0	-1 808 710
Förändring långfristig finansiell fordran		-38 590	43 260
Utbetald utdelning		-450 000	-500 000
Erhållna (lämnade) koncernbidrag		-237 991	-100 997
Kassaflöde från finansieringsverksamheten		**-726 581**	**-2 366 447**
Årets kassaflöde		**-163**	**-190**
Likvida medel vid årets början			
Likvida medel vid årets början		892	1 082
Likvida medel vid årets slut		**729**	**892**

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Noter
Tkr

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar
Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Intäktsredovisning
Intäkter har tagits upp till verkligt värde av vad som erhållits eller kommer att erhållas och redovisas i den omfattning det är sannolikt att de ekonomiska fördelarna kommer att tillgodogöras bolaget och intäkterna kan beräknas på ett tillförlitligt sätt. Avdrag görs för lämnade rabatter.

Vid försäljning av varor redovisas normalt inkomsten som intäkt när de väsentliga förmåner och risker som är förknippade med ägandet av varan har överförts från företaget till köparen.

Ersättning i form av ränta, royalty eller utdelning redovisas som intäkt när det är sannolikt att företaget kommer att få de ekonomiska fördelar som är förknippade med transaktionen och när inkomsten kan beräknas på ett tillförlitligt sätt. Ränteintäkten redovisas med tillämpning av den räntesats som ger en jämn avkastning för tillgången i fråga. Royaltyintäkten periodiseras i enlighet med den aktuella överenskommelsens ekonomiska innebörd. Utdelning redovisas som intäkt när företagets rätt till betalning är säkerställd.

Värderingsprinciper mm
Tillgångar, avsättningar och skulder har värderats till anskaffningsvärden om inget annat anges nedan.

Immateriella tillgångar

Fusionsgoodwill
Företaget tillämpar K3 från och med årsredovisningen för räkenskapsåret 2014, vilket innebär att utgifter för internt genererad goodwill redovisas i resultaträkningen som kostnad när den uppkommer.

Materiella anläggningstillgångar
Materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar och nedskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänförliga till förvärvet.

För vissa av de materiella anläggningstillgångarna har skillnaden i förbrukningen av betydande komponenter bedömts vara väsentlig. Dessa tillgångar har därför delats upp i komponenter vilka skrivs av separat.

Tillkommande utgifter läggs till anskaffningsvärdet till den del tillgångens prestanda förbättras i förhållande till den nivå som gällde då den ursprungligen anskaffades. Alla andra tillkommande utgifter såsom löpande underhåll och reparationer redovisas som kostnad i den period de uppkommer.

Avskrivningsprinciper för materiella anläggningstillgångar
Avskrivningar enligt plan baseras på ursprungliga anskaffningsvärden minskat med beräknat restvärde. Avskrivning sker linjärt över tillgångens beräknade nyttjandeperiod.

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Byggnader	20 - 40 år
Markanläggningar	20 år
Nedlagda kostnader på annans fastighet	20 år
Maskiner och andra tekniska anläggningar	5 - 33 år
Inventarier, verktyg och installationer	3 - 10 år

Immateriella och materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar enligt plan och eventuella nedskrivningar.

Intresseföretagsredovisning
Som intresseföretag betraktas de företag som inte är dotterföretag men där bolaget direkt eller indirekt innehar minst 20 % av rösterna för samtliga andelar, eller på annat sätt har ett betydande inflytande. I bolagets bokslut redovisas andelar i intresseföretag till anskaffningsvärde med avdrag för eventuella nedskrivningar. Som intäkt från intresseföretag redovisas endast erhållen utdelning av vinstmedel som intjänats efter förvärvet.

Finansiella tillgångar och skulder
Finansiella tillgångar och skulder redovisas i enlighet med kapitel 11 (Finansiella instrument värderade utifrån anskaffningsvärde) i BFNAR 2012:1.

Redovisning i och borttagande från balansräkningen
En finansiell tillgång eller finansiell skuld tas upp i balansräkningen när företaget blir part i instrumentets avtalsmässiga villkor. En finansiell tillgång tas bort från balansräkningen när den avtalsenliga rätten till kassaflödet från tillgången har upphört eller reglerats. Detsamma gäller när de risker och fördelar som är förknippade med innehavet i allt väsentligt överförts till annan part och företaget inte längre har kontroll över den finansiella tillgången. En finansiell skuld tas bort från balansräkningen när den avtalade förpliktelsen fullgjorts eller upphört.

Värdering av finansiella tillgångar
Finansiella tillgångar värderas vid första redovisningstillfället till anskaffningsvärde, inklusive eventuella transaktionsutgifter som är direkt hänförliga till förvärvet av tillgången. Finansiella omsättningstillgångar värderas efter första redovisningstillfället till det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen. Kundfordringar och övriga fordringar som utgör omsättningstillgångar värderas individuellt till det belopp som beräknas inflyta. Finansiella anläggningstillgångar värderas efter första redovisningstillfället till anskaffningsvärde med avdrag för eventuella nedskrivningar och med tillägg för eventuella uppskrivningar. Räntebärande finansiella tillgångar värderas till upplupet anskaffningsvärde med tillämpning av effektivräntemetoden. Andelar i dotterföretag, intresseföretag och gemensamt styrda företag redovisas till anskaffningsvärde minskat med ackumulerade nedskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkr hänförliga till förvärvet.

Värdering av finansiella skulder
Kortfristiga skulder redovisas till anskaffningsvärde.

Leasingavtal
Företaget redovisar samtliga leasingavtal som operationella leasingavtal. Operationell leasing innebär att leasingavgiften kostnadsförs över löptiden med utgångspunkt från nyttjandet, vilket kan skilja sig åt från vad som de facto erlagts som leasingavgift under året.

Reservdelslager
Lagret av reservdelar är upptaget till det lägsta av amskaffningsvärdet enligt den s k först-in först-ut principen respektive nettoförsäljningsvärde. Inkurrans har därvid beaktats.

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Inkomstskatter

Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen, utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekter redovisas i eget kapital.

Aktuell skatt

Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Aktuell skatt beräknas utifrån den skattesats som gäller per balansdagen.

Uppskjuten skatt

Uppskjuten skatt är inkomstskatt som avser framtida räkenskapsår till följd av tidigare händelser. Redovisning sker enligt balansräkningsmetoden. Enligt denna metod redovisas uppskjutna skatteskulder och uppskjutna skattefordringar på temporära skillnader som uppstår mellan bokförda respektive skattemässiga värden för tillgångar och skulder samt för övriga skattemässiga avdrag eller underskott.

Uppskjutna skattefordringar nettoredovisas mot uppskjutna skatteskulder endast om de kan betalas med ett nettobelopp. Uppskjuten skatt beräknas utifrån gällande skattesats på balansdagen. Effekter av förändringar i gällande skattesatser resultatförs i den period förändringen lagstadgats. Uppskjuten skattefordran redovisas som finansiell anläggningstillgång och uppskjuten skatteskuld som avsättning.

Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den omfattning det är sannolikt att avdragen kan avräknas mot framtida skattemässiga överskott.

På grund av sambandet mellan redovisning och beskattning särredovisas inte den uppskjutna skatteskulden som är hänförlig till obeskattade reserver.

Avsättningar

Som avsättning har redovisats förpliktelser gentemot tredje man som är hänförliga till räkenskapsåret eller tidigare räkenskapsår och som på balansdagen antingen är säkra eller sannolika till sin förekomst men oviss till belopp eller till den tidpunkt då de ska infrias.

Omstruktureringsreserv

En avsättning redovisas när en detaljerad omstruktureringsplan har fastställts och omstruktureringen har antingen påbörjats eller annonserats offentligt.

Ersättningar till anställda

Ersättningar till anställda efter avslutad anställning

Planer för ersättningar efter avslutad anställning klassificeras som antingen avgiftsbestämda eller förmånsbestämda. Företagets förpliktelser avseende pensioner via PRI är förmånsbestämda och innebär att företaget har en förpliktelse att lämna de överenskomna ersättningarna till nuvarande och tidigare anställda. Företaget bär i allt väsentligt dels risken att ersättningarna kommer att bli högre än förväntat (aktuariell risk), dels risken att avkastningen på tillgångarna avviker från förväntningarna (investeringsrisk).

Den förmånsbestämda pensionsplanen finansieras i egen regi, och redovisas till det belopp som erhålls från PRI Pensionsgaranti.

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Koncernbidrag
Koncernbidrag som erhållits/lämnats redovisas som en bokslutsdisposition i resultaträkningen. Det erhållna/lämnade koncernbidraget har påverkat företagets aktuella skatt.

Erhållna och lämnade koncernbidrag redovisas som bokslutsdispositioner.

Koncernuppgifter
Företaget som utgör moderföretag för en koncern med dotterföretag enl not 11, upprättar ej koncernredovisning med hänvisning till reglerna i Årsredovisningslagen 7 kap. 2 §. Företaget var vid bokslutet 2021-12-31 helägt dotterföretag till Baltic Beverages Holding AB, org nr 556425-2327, med säte i Stockholm. Baltic Beverages Holding AB ingår i en koncern där Carlsberg Breweries A/S, org nr 25508343 med säte i Köpenhamn, Danmark, upprättar koncernredovisning för den största koncernen. Det utländska moderföretagets koncernredovisning kan rekvireras från Carlsberg Breweries A/S, Ny Carlsberg Vej 100, DK-1799 Köpenhamn V, Danmark.

Av bolagets totala inköp och försäljning mätt i kronor avser 100 % (100 %) av inköpen och 0% (0%) av försäljningen andra företag inom hela den företagsgrupp som koncernen tillhör.

Nyckeltalsdefinitioner
Rörelsemarginal: Rörelseresultat exl övriga rörelseintäkter/kostnader i % av nettoförsäljning
Soliditet: Justerat Eget kapital i % av balansomslutning
Avkastning på eget kapital: Resultat före skatt efter justering för bokslutsdispositioner/genomsnittligt justerat eget kapital

Uppskattningar och bedömningar
Upprättandet av bokslut och tillämpning av redovisningsprinciper, baseras ofta på ledningens bedömningar, uppskattningar och antaganden som anses vara rimliga vid den tidpunkt då bedömningen görs. Uppskattningar och bedömningar är baserade på historiska erfarenheter och ett antal andra faktorer, som under rådande omständigheter anses vara rimliga. Resultatet av dessa används för att bedöma de redovisade värdena på tillgångar och skulder, som inte annars framgår tydligt från andra källor. Det verkliga utfallet kan avvika från dessa uppskattningar och bedömningar. Uppskattningar och antaganden ses över regelbundet.

Inga väsentliga källor till osäkerhet i uppskattningar och antaganden på balansdagen bedöms kunna innebära en betydande risk för en väsentlig justering av redovisade värden för tillgångar och skulder under nästa räkenskapsår.

Not 2 Medelantal anställda, löner, andra ersättningar och sociala avgifter

	2021	2020
Medelantalet anställda		
Kvinnor	106	115
Män	156	177
	262	**292**
Löner och andra ersättningar		
Styrelse och verkställande direktör	-3 216	-2 819
Bonus till styrelse och verkställande direktör	-2 551	-162
Övriga anställda	-137 248	-143 947
Bonus till övriga anställda	-16 501	-3 739
	-159 516	**-150 667**

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Pensionskostnader och sociala kostnader		
Pensionskostnader för styrelse och verkställande direktör	-302	-447
Pensionskostnader för övriga anställda	-8 561	-30 603
Övriga sociala avgifter enligt lag och avtal	-42 087	-49 057
	-50 950	**-80 107**
Totala löner, ersättningar, sociala kostnader och pensionskostnader	**-210 466**	**-230 774**
Könsfördelning bland ledande befattningshavare		
Andel kvinnor i styrelsen	33 %	29 %
Andel män i styrelsen	67 %	71 %
Andel kvinnor bland övriga ledande befattningshavare	13 %	29 %
Andel män bland övriga ledande befattningshavare	87 %	71 %

Avtal om avgångsvederlag
VD är enligt anställningsavtal berättigad till ett avgångsvederlag om 6 månadslöner vid eventuell uppsägning. Bolagets utestående pensionsförpliktelser till dessa uppgår till 1 033 206 SEK (f.å. 683 021 SEK). Löner och ersättningar avser endast personal i Sverige.

Not 3 Arvode till revisorer

Med revisionsuppdrag avses granskning av årsredovisningen och bokföringen samt styrelsens förvaltning, övriga arbetsuppgifter som det ankommer på bolagets revisor att utföra samt rådgivning eller annat biträde som föranleds av iakttagelser vid sådan granskning eller genomförandet av sådana övriga arbetsuppgifter.

	2021	**2020**
PricewaterhouseCoopers AB		
Revisionsuppdrag	-202	-200
Skatterådgivning	-90	-75
Övriga tjänster	-32	0
	-324	**-275**

Not 4 Övriga rörelsekostnader

	2021	**2020**
Omstruktureringsreserv, årets kostnader/upplösning	14 605	-20 236
Valutakursförluster på rörelsefordringar/skulder	-27 596	-863
Summa övriga rörelsekostnader	**-12 991**	**-21 099**

Not 5 Övriga rörelseintäkter

	2021	**2020**
Valutakursvinster på rörelsefordringar/skulder	1 619	46 017
Summa övriga rörelseintäkter	**1 619**	**46 017**

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Not 6 Resultat från andelar i koncernföretag

	2021	2020
Erhållna utdelningar	1 714 581	1 933 037
	1 714 581	**1 933 037**

Not 7 Övriga ränteintäkter och liknande resultatposter

	2021	2020
Ränteintäkter från koncernföretag	70 298	83 650
Övriga ränteintäkter	4 846	8 845
Valutakursvinster	9 241	207 023
Återföring nedskrivning	0	1 830
	84 385	**301 348**

Not 8 Räntekostnader och liknande resultatposter

	2021	2020
Räntekostnader till koncernföretag	-119 460	-143 398
Övriga räntekostnader	-7 148	-8 658
Valutakursförluster	-6 210	-212 916
Bankkostnader	-324	-366
	-133 142	**-365 338**

Not 9 Bokslutsdispositioner

	2021	2020
Koncernbidrag	0	-237 991
	0	**-237 991**

Not 10 Aktuell och uppskjuten skatt

	2021	2020
Skatt på årets resultat		
Aktuell skatt	-110 599	-68 798
Justering avseende tidigare år	27 688	0
Förändring av uppskjuten skatt avseende temporära skillnader	-5 441	-17 822
Totalt redovisad skatt	**-88 352**	**-86 620**

Avstämning av effektiv skatt

		2021		2020
	Procent	**Belopp**	**Procent**	**Belopp**
Redovisat resultat före skatt		1 995 492		1 901 286
Skatt enligt gällande skattesats	20,60	-411 071	21,40	-406 875
Ej avdragsgilla kostnader		-82		-17 317
Ej skattepliktiga intäkter		353 204		413 849

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Under året utnyttjande av tidigare års underskottsavdrag vars skattevärde ej redovisats som tillgång		0		8 253
Uppskjuten skatt, övrigt		-5 441		-26 289
Källskatt utdelning		-52 815		-58 240
Betald skatt för 2020		6 345		0
Rättelse från tidigare år		21 509		0
Redovisad effektiv skatt	**4,43**	**-88 352**	**4,56**	**-86 620**

Not 11 Maskiner och andra tekniska anläggningar

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	500	500
Försäljningar/utrangeringar	0	0
Utgående ackumulerade anskaffningsvärden	**500**	**500**
Ingående avskrivningar	-177	-115
Försäljningar/utrangeringar	0	0
Årets avskrivningar	-63	-62
Utgående ackumulerade avskrivningar	**-240**	**-177**
Utgående redovisat värde	**260**	**323**

Not 12 Inventarier, verktyg och installationer

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	374 453	325 040
Inköp	56 952	61 991
Försäljningar/utrangeringar	-1 542	-12 578
Utgående ackumulerade anskaffningsvärden	**429 863**	**374 453**
Ingående avskrivningar	-205 713	-158 553
Försäljningar/utrangeringar	1 542	12 574
Årets avskrivningar	-61 412	-59 734
Utgående ackumulerade avskrivningar	**-265 583**	**-205 713**
Utgående redovisat värde	**164 280**	**168 740**

Not 13 Andelar i koncernföretag

	2021-12-31	2020-12-31
Ingående anskaffningsvärden	29 762 959	27 954 224
Årets anskaffningar	0	1 808 735
Utgående ackumulerade anskaffningsvärden	**29 762 959**	**29 762 959**
Utgående redovisat värde	**29 762 959**	**29 762 959**

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Not 14 Specifikation andelar i koncernföretag

Namn	Kapital-andel	Rösträtts-andel	Antal andelar	Bokfört värde
Carlsberg Supply Company Sverige AB,556898-0030	100	100	50 000	483 454
Carlsberg Kazakhstan Ltd, 21908-1910-TOO	90			348 508
Hoppy Union LLC, 1137847264730	100			915 271
Baltic Beverages Invest AB, 556594-3585	100	100	90 909	2 646 782
Baltika Breweries LLC, 1147847032838	99			23 560 209
Svyturys-Utenos Alus UAB, 110796493	99,34		23 445 301	1 808 735
				29 762 959

	Säte	Eget kapital	Resultat 2021
Carlsberg Supply Company Sverige AB,556898-0030	Falkenberg	438 922	33 691
Carlsberg Kazakhstan Ltd, 21908-1910-TOO	Almaty, Kazakhstan	714 585	173 973
Hoppy Union LLC, 1137847264730	St Petersburg	1 019 097	87 302
Baltic Beverages Invest AB, 556594-3585	Stockholm	3 358 511	452 148
Baltika Breweries LLC, 1147847032838	St Petersburg	6 520 229	623 179
Svyturys-Utenos Alus UAB, 110796493	Utena, Lithuania	1 494 170	31 912

Not 15 Övriga långfristiga fordringar

	2021-12-31	2020-12-31
Trade loans ingående fordran	92 412	135 672
Årets förändring	38 590	-43 260
Trade loans utgående fordran	**131 002**	**92 412**
Utgående redovisat värde	**131 002**	**92 412**

Not 16 Förutbetalda kostnader och upplupna intäkter

	2021-12-31	2020-12-31
Förutbetalda kostnader, kunder	20 809	33 587
Övriga poster	4 689	1 287
	25 498	**34 874**

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Not 17 Antal aktier och kvotvärde

Aktieslag	Antal aktier	Kvot-värde
Stamaktier	2 400 000	50
	2 400 000	

Inga förändringar sedan föregående år

Not 18 Disposition av vinst eller förlust

	2021-12-31
Förslag till vinstdisposition	
Styrelsen föreslår att till förfogande stående vinstmedel:	
balanserad vinst	24 927 632
årets vinst	1 907 140
	26 834 773
disponeras så att	
i ny räkning överföres	26 834 773
	26 834 773

Not 19 Avsättningar för pensioner och liknande förpliktelser

	2021-12-31	2020-12-31
Pensioner och liknande förpliktelser		
PRI-pensioner	345 467	348 636
SPP	894	1 223
Procordia familjepension	184	2 746
	346 545	**352 605**

Not 20 Uppskjuten skatt på temporära skillnader

Uppskjuten skatt på temporära skillnader

2021-12-31

Temporära skillnader	Uppskjuten skattefordran	Uppskjuten skatteskuld	Netto
Avdragsgilla temporära skillnader	12 115	-26	12 089
Skattemässiga underskottsavdrag	0		0
	12 115	**-26**	**12 089**

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2020-12-31

Temporära skillnader	Uppskjuten skattefordran	Uppskjuten skatteskuld	Netto
Avdragsgilla temporära skillnader	18 341	-21 636	-3 294
Skattemässiga underskottsavdrag	0		0
	18 341	**-21 636**	**-3 294**

Not 21 Övriga avsättningar

	2021-12-31	2020-12-31
Beslutade omstruktureringsåtgärder, ingående värde	30 236	10 000
Årets avsättningar för omstrukturering	0	21 749
Årets upplösning reserv för omstrukturering	-14 605	-1 513
	15 631	**30 236**

Not 22 Upplupna kostnader och förutbetalda intäkter

	2021-12-31	2020-12-31
Övriga personalrelaterade kostnader	24 446	21 054
Upplupna semesterlöner	27 598	28 892
Upplupna rabatter	70 089	45 898
Upplupna sociala kostnader	4 267	4 236
	126 400	**100 080**

Not 23 Avsättningar för pantskulder

	2021-12-31	2020-12-31
Ingående avsättning	62 108	66 434
Årets förändring	-1 884	-4 326
Utgående avsättning	**60 224**	**62 108**

Avsättningar för pantskulder avser avsättningar för Returpak och Bryggeriföreningen

Not 24 Justering för poster som inte ingår i kassaflödet

	2021-12-31	2020-12-31
Avskrivningar	61 475	59 796
Avsättning till pensioner	-6 060	-4 038
Övriga avsättningar	-16 489	15 910
Vinst vid försäljning av anläggningstillgångar	0	1 830
	38 926	**73 498**

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Not 25 Transaktioner med närstående

Koncernuppgifter

Företaget som utgör moderföretag för en koncern med dotterföretag enl not 14, upprättar ej koncernredovisning med hänvisning till reglerna i Årsredovisningslagen 7 kap. 2 §. Företaget var vid bokslutet 2020-12-31 helägt dotterföretag till Baltic Beverages Holding AB, org nr 556425-2327, med säte i Stockholm. Baltic Beverages Holding AB ingår i en koncern där Carlsberg Breweries A/S, org nr 25508343 med säte i Köpenhamn, Danmark, upprättar koncernredovisning för den största koncernen. Det utländska moderföretagets koncernredovisning kan rekvireras från Carlsberg Breweries A/S, Ny Carlsberg Vej 100, DK-1799 Köpenhamn V, Danmark.
Av bolagets totala inköp och försäljning mätt i kronor avser 100 % (100 %) av inköpen och 0% (0%) av försäljningen andra företag inom hela den företagsgrupp som koncernen tillhör.

Övrigt

I separata noter finns upplysningar om löner mm till styrelse och VD.

Not 26 Eventualförpliktelser

	2021-12-31	2020-12-31
Garantiåtaganden PRI	6 909	6 973
Borgensförbindelser, kunder	32 485	143 089
Summa ansvarsförbindelser	**39 394**	**150 062**

Not 27 Väsentliga händelser efter räkenskapsårets slut

Den 9 mars 2022 tillkännagav Carlsberg Group en strategisk översyn av närvaron i Ryssland. Baserat på denna granskning togs 28 mars det omedelbara beslutet att göra en fullständig avyttring av verksamheten i Ryssland. De finansiella anläggningstillgångarna (andelar i koncernbolag) kommer att innehas för försäljning. Detta kommer att medföra ett potentiellt nedskrivningsbehov av aktierna i dotterbolagen i Ryssland med i storleksordningen 19 miljarder SEK. Det bokförda värdet på aktierna per 2021-12-31 uppgick till 24 475 480 kSEK och ledningens bedömning är att företagets likviditet och soliditet kommer att vara intakta.

Verksamheten i Ukraina, som ägs av Carlsberg Sverige ABs dotterbolag Baltic Beverages Invest AB (BBI), fortsätter men bedrivs i mindre omfattning. Det bokförda värdet på aktierna i BBI var per 2021-12-31 2 646 782 kSEK och den potentiella nedskrivningen av aktierna i BBI bedöms vara i storleksordningen 451 mSEK.

Not 28 Hållbarhetsrapport

Carlsberg Sverige AB omfattas av koncernens hållbarhetstrapportering, där Carlsberg A/S, org nr 61056416 med säte i Köpenhamn, Danmark, upprättar hållbarhetsredovisning.

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Resultat- och balansräkningen kommer att föreläggas på årsstämma för fastställelse.

Stockholm 2022-06-21

Graham Fewkes
Ordförande

Cecilia Lundgren

Malin Näs

Anton Rogachevsky

Nils-Håkan Nilsson

Peter Hammarstedt
Verkställande direktör

Vår revisionsberättelse har lämnats 22/6 2022

PricewaterhouseCoopers AB

Anna Rosendal
Auktoriserad revisor

20220706037769

Resultat- och balansräkningen kommer att föreläggas på årsstämma för fastställelse.

Stockholm 2022-06-21

Graham Fewkes
Ordförande

Malin Näs

Cecilia Lundgren

Anton Rogachevsky

Nils-Håkan Nilsson

Peter Hammarstedt
Verkställande direktör

Vår revisionsberättelse har lämnats

PricewaterhouseCoopers AB

Anna Rosendal
Auktoriserad revisor

20220706037770

Resultat- och balansräkningen kommer att föreläggas på årsstämma för fastställelse.

Stockholm 2022-06-21

Graham Fewkes
Ordförande

Cecilia Lundgren

Malin Näs

Anton Rogachevsky

Nils-Håkan Nilsson

Peter Hammarstedt
Verkställande direktör

Vår revisionsberättelse har lämnats

PricewaterhouseCoopers AB

Anna Rosendal
Auktoriserad revisor

20220706037711

Resultat- och balansräkningen kommer att föreläggas på årsstämma för fastställelse.

Stockholm 2022-06-21

Graham Fewkes
Ordförande

Cecilia Lundgren

Malin Näs

Nils-Håkan Nilsson

Anton Rogachevsky

Peter Hammarstedt
Verkställande direktör

Vår revisionsberättelse har lämnats

PricewaterhouseCoopers AB

Anna Rosendal
Auktoriserad revisor

20220706037772

pwc

Revisionsberättelse

Till bolagsstämman i Carlsberg Sverige AB, org.nr 556006-9980

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Carlsberg Sverige AB för år 2021.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Carlsberg Sverige ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för Carlsberg Sverige AB.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Carlsberg Sverige AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Upplysning av särskild betydelse

Vi vill fästa uppmärksamheten på förvaltningsberättelsen och not 27 i årsredovisningen, av vilka framgår att Carlsberg den 28 mars 2022 fagit det omedelbara beslutet att göra en fullständig avyttring av verksamheten i Ryssland. Detta kommer att medföra ett potentiellt nedskrivningsbehov av aktierna i dotterbolag i storleksordningen 19 mdr sek under 2022. Vi har inte modifierat våra uttalanden på grund av detta.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

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Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.

- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.

- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.

- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.

- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Carlsberg Sverige AB för år 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Carlsberg Sverige AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och

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anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

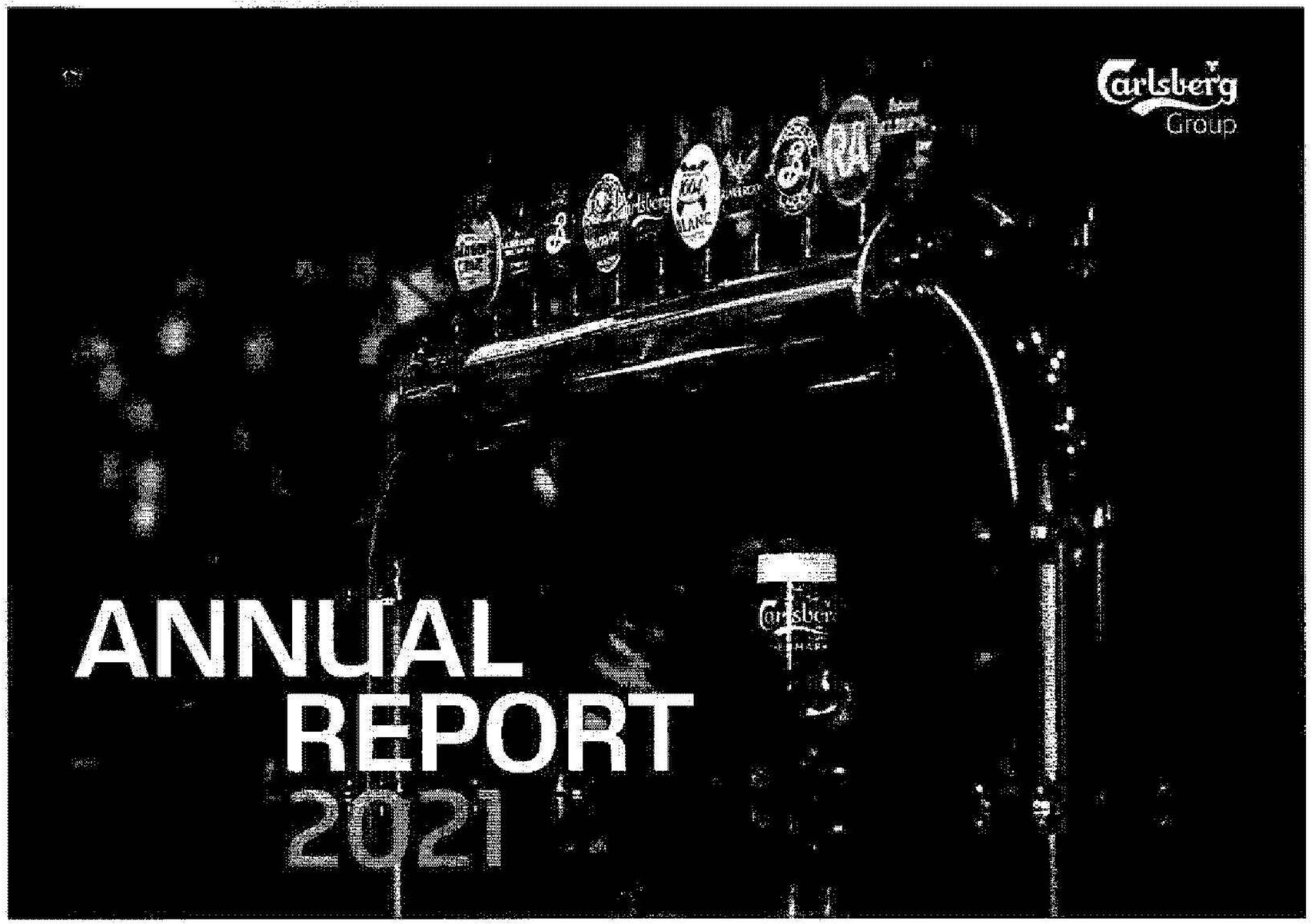
Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm den 22 juni 2022

PricewaterhouseCoopers AB

Anna Rosendal
Auktoriserad revisor



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OUR ANNUAL REPORTING
Our annual reporting suite comprises our Annual Report, our Environment, Social & Governance Report and our Remuneration Report. Each includes content tailored to its specific audience, and cross-references to the other reports where relevant. The Environment, Social & Governance Report serves as our annual Communication on Progress to the United Nations Global Compact and is, as such, our disclosure in accordance with sections 99a, 99b and 99d of the Danish Financial Statements Act. It can be downloaded at this link:
https://www.carlsberggroup.com/reports-downloads/carlsberg-group-2021-esg-report/

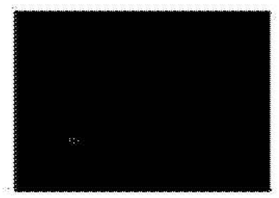
Front page: The DraughtMaster system enables our on-trade customers to serve a wide selection of core and premium beers and alcohol-free brews.



ANNUAL REPORT
Our Annual Report is our detailed annual disclosure relating to company performance, strategy, corporate governance and financial results.



ENVIRONMENT, SOCIAL & GOVERNANCE REPORT
Our Environment, Social & Governance Report provides detailed information and data on sustainability and our responsible business behaviour.



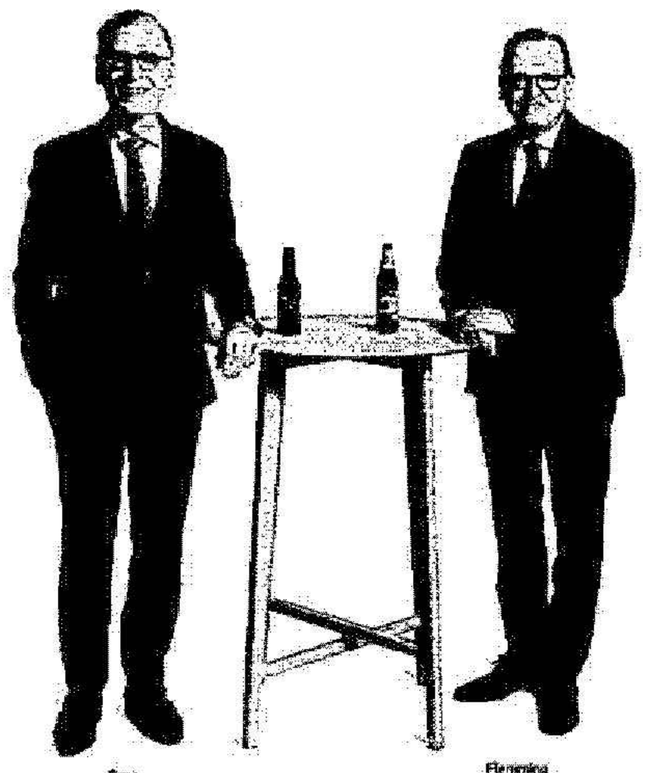
REMUNERATION REPORT
Our Remuneration Report includes full disclosure of Supervisory Board and Executive Management remuneration.

A COMPANY IN GOOD HEALTH

»

Flemming Besenbacher has been a highly committed and dedicated Chair. He has reinforced the unique legacy of Carlsberg, while supporting long-term value creation for all stakeholders.

Cees 't Hart
CEO



Cees 't Hart

Flemming Besenbacher

The Carlsberg Group delivered a strong set of results despite the continued challenges posed by COVID-19.

Once again in 2021, our people, businesses, customers and societies at large were, to different degrees and at different times, affected by the pandemic. As was the case in 2020, our main focus remained the health and wellbeing of our people and at the same time ensuring the health of our business.

It was encouraging to see that many beer markets, particularly in Western Europe, recovered during the summer months, with consumers eager to socialise and return to the on-trade. This gives us confidence in the resilience of the beer markets. We do recognise, though, that many markets are still suffering and continue to face significant adversity.

Despite the ongoing challenges of the pandemic, we are pleased to report good financial, strategic and organisational health for the Carlsberg Group.

FINANCIAL HEALTH

Our financial results saw strong progress in 2021, albeit supported by favourable comparables. Revenue grew organically by 10.0%, the result of 7.4% volume growth and 3% higher revenue/hl. Operating profit was DKK 10.9bn, with organic growth 12.5%. These results brought our 2021 figures well ahead of 2019. Free cash flow was DKK 8.9bn, and ROIC improved by 140bp to 10.3%. Read more about our Group results on pages 12-15.

These results were achieved thanks to the strength of our brand portfolio and geographic footprint, and the embedding of our Funding the Journey culture across the business. Combined, these factors safeguard both the short- and long-term health of the Carlsberg Group.

Uncertainty and volatility continued during 2021. However, thanks to better-than-expected results across the Group, we were able to upgrade our earnings expectations twice – in August and October.

During the year, we made significant cash returns to our shareholders. In March, we paid a dividend of DKK 3.2bn. In addition, we carried out quarterly share buy-back programmes amounting in total to DKK 3.6bn in fiscal 2021. On 4 February 2022, we initiated a new quarterly share buy-back programme of DKK 1bn. More information on the share buy-back programmes can be found on page 22.

STRATEGIC HEALTH

The choices made in SAIL'22 and the execution of our strategic priorities have been key for our financial performance since 2016 – and for our ability to navigate through the rough seas of COVID-19.

Priorities such as craft & specialty and alcohol-free brews delivered strong progress during 2021. Our core beer business also saw good recovery from the severe headwind in 2020. And we are well on track to achieve our 2022 sustainability targets.

Read about the progress on our strategic priorities on pages 26-30. More specifically, our Environment, Social & Governance Report, available online on www.carlsberggroup.com, contains a wealth of information and data on our Together Towards ZERO sustainability programme and targets.

A NEW HORIZON

Since 2016, SAIL'22 has guided us well on our journey to become a successful, professional and attractive company in our markets.

As its name suggests, SAIL'22 is now coming to an end, and 2022 will be a year of transition. During the second half of 2021 and early 2022, we went through the process of defining our next strategy. In doing so, we engaged a large number of colleagues from various markets and functions across our regions, bringing in diverse thinking and input to ensure relevance and visibility.

As we are confident that there is still more on tap for many of the SAIL'22 priorities, the new strategy is an evolution rather than a revolution. We have therefore named it SAIL'27.

SAIL'27 will define our business agenda and support continued value growth in the years to come. SAIL'27 is presented on pages 31-32.

ORGANISATIONAL HEALTH

Considering the immense challenges for all employees – on a personal and professional level – in both 2020 and 2021, we were very pleased with the results of our 2021 employee survey.

The results were largely on a par with the latest survey conducted in 2019, indicating that our many initiatives during the challenging times of COVID-19 to support and take care of our employees, to empower them and to ensure good communication have resonated well.

We are proud of our strong purpose and raison d'être (see page 24). We are confident that this has been an important contributing factor for the motivation of our people and our ability to navigate the uncharted waters of COVID-19.

In 2021, we intensified our focus and commitment in relation to diversity and inclusion (D&I). Our D&I Council will play a pivotal role in driving our D&I agenda across our business and shaping our future D&I journey.

CHANGING REGIONAL STRUCTURE AND EXCOM

In 2021, we changed our regional structure to optimise the regional management and ensure a better balance between our European regions.

During the year, we welcomed three new members to the Executive Committee: Lee Evers took over the responsibility for Asia from Graham Fewkes, who went to Western Europe; Victor Shevtsov became head of Supply Chain; and Joris Huijsmans joined as CHRO. Meet the ExCom on pages 46-47.

SUPERVISORY BOARD CHANGES AND NEW CHAIR

At the Annual General Meeting (AGM) on 14 March 2022, the Carlsberg Foundation will reduce its representation on the Supervisory Board from five to three members.

Lars Fruergaard Jørgensen and Lars Stemmerik have notified the Board that they are not standing for re-election. Both have been valued members of the Board and we would like to extend our gratitude to them.

The Board will propose Punita Lal and Mikael Aro as new members. See page 45.

THANK YOU

Once again this past year, we were impressed by the high level of engagement and commitment from Carlsberg's employees and would like to say thank you to each and every one.

We greatly appreciate the continued support and trust shown to us by our shareholders. We also extend our thanks to all suppliers and customers – not least our on-trade customers, many of whom have been through another very difficult year – for their cooperation during 2021.

We are well prepared for 2022 which will bring headwind in the form of cost inflation and possibly further COVID-19 obstacles. We remain hopeful that the continued roll-out of vaccines across the world will be successful in curtailing the pandemic.

Flemming Besenbacher, Chair
Cees 't Hart, CEO

PASSING ON THE BATON

The upcoming AGM will mark the end of my ten-year Chairship of the Supervisory Board. As the end of SAIL'22 approaches, I have decided that the time is right to pass on the responsibility to Henrik Poulsen, whom the Supervisory Board will propose as new Chair. The Board will propose the Chair of the Board of Directors of the Carlsberg Foundation, Majken Schultz, as new Deputy Chair.

I am proud to hand over a company that has seen some really impressive development since Cees 't Hart took the helm in 2015, and that today is stronger than ever. Since June 2015, Carlsberg's share price has increased by around 90%, dividend per share has increased two-and-a-half times and share buy-backs totalling DKK 10.6bn have been carried out.

The changing of the guards also involves an historic change with the reduced representation of the Carlsberg Foundation on the Board. In 2023, the Foundation will further reduce its representation on the Board to only two members. This change is in line with good corporate governance and to the benefit of Carlsberg. The Foundation will remain a committed, value-oriented shareholder, safeguarding the long-term health of the Carlsberg Group.

I would like to personally thank the employees and management team for the excellent cooperation during the past years, and the Carlsberg shareholders for trusting me with the Chairship of this great company.

Flemming Besenbacher, Chair

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STRATEGIC PRIORITIES

RESILIENCE AND DELIVERY

The resilience of our SAIL'22 strategy was confirmed again in 2021. We saw strong progress on our strategic priorities despite the continued challenges posed by COVID-19 in many of our markets.



SAIL'22 POSITION FOR GROWTH

+15%

GROWTH IN CRAFT & SPECIALITY

Our craft & speciality portfolio had another year of strong volume growth, supported in particular by the global speciality brands 1664 Blanc and Somersby. Read more on page 28.

SAIL'22 POSITION FOR GROWTH

+17%

GROWTH IN ALCOHOL-FREE BREWS

Baltika 0 continued to lead the alcohol-free brew (AFB) category in Eastern Europe, including Russia and Ukraine. Local brands have been key for our AFB growth. Read more on page 28.

SAIL'22 POSITION FOR GROWTH

CHINA

+15% VOLUME GROWTH

+3% REVENUE/HL

Our Chinese business delivered strong volume and value growth, driven by our attractive portfolio of local and international premium brands. Read more on page 19.



SAIL'22 STRENGTHEN THE CORE

FUNDING THE JOURNEY

Our Funding the Journey culture, with its continuous focus on efficiencies and costs, remained an important driver of our financial performance. Read more on pages 12-15.





SAIL'22 STRENGTHEN THE CORE

>50%

E-COMMERCE REVENUE GROWTH

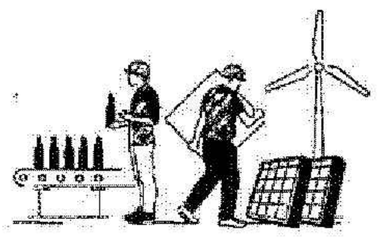
Working with third-party retailers and using our own Carl's Shop, our e-commerce business is rapidly expanding. Supported by strong volume growth, revenue was up by more than 50%.

STRATEGIC PRIORITIES

TOGETHER TOWARDS ZERO

We believe sustainability and profitability can work together in harmony. Our aim is to create sustainable value growth by optimising the balance between our financial performance and sustainability progress.

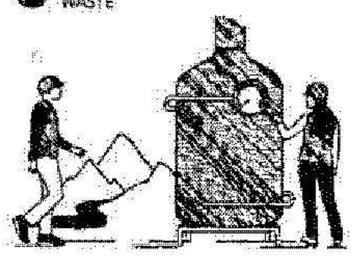
ZERO CARBON FOOTPRINT



-2%

In 2021, we reduced CO_2 emissions per hl of beer produced by 2% to 4.2 kg CO_2e/hl. Since 2015, the reduction has been 40%. We were again included in the CDP A List, which recognises corporate leaders for transparency and action on climate risks and opportunities.

ZERO WATER WASTE



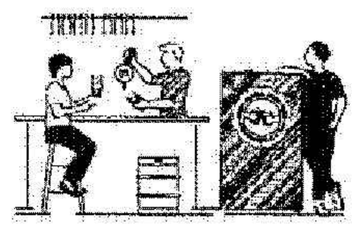
-4%

In 2021, we reduced our water use by 4%, averaging 2.7 hl of water to produce 1 hl of beer. In total, we have achieved a 21% improvement since 2015. We also achieved an A rating from CDP for transparency and action on water.

83

We are proud of our great beer brands, which for many people are at the heart of social occasions, and we want everyone to enjoy our products responsibly. In 2021, we ran 83 responsible drinking campaigns, reaching more than 33 million people across our markets.

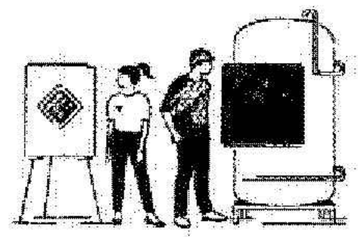
ZERO IRRESPONSIBLE DRINKING



32

In 2021, 32 of our breweries achieved the safety milestone of 1,000 days without a lost-time accident. However, our overall employee accident rate rose by 44% to 4.3, mainly due to the breweries that recently joined our business. We are working hard to embed our ZERO accidents culture across every site.

ZERO ACCIDENTS CULTURE



Read more about our Together Towards ZERO achievements in the Environment, Social & Governance Report, available online on www.carlsberggroup.com

FINANCIAL RESULTS

BALANCING OUR GOLDEN TRIANGLE

Balancing our Golden Triangle has been and will remain an important performance management KPI at Group, regional and market level.

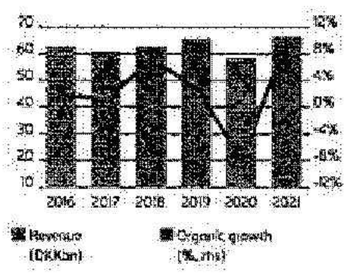
The Golden Triangle aims to optimise the balance between market share/volumes, gross profit after logistics (GPaL) margin, operating profit and cash generation, thereby creating sustainable value growth.

The strong results in 2021 were supported by our Funding the Journey culture and achieved despite continued impact from COVID-19 across many of our markets, albeit to different degrees and at different times. Read about Group and regional results on pages 12-22 and in the consolidated financial statements.

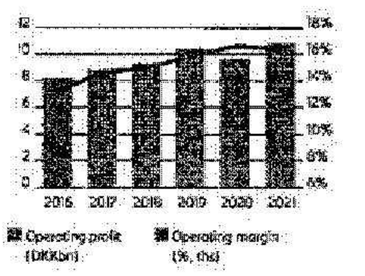
We significantly increased the cash returns to our shareholders while maintaining the leverage ratio well below our target of below 2x. For 2021, total cash returns in the form of dividends and share buy-backs amounted to DKK 6.8bn. Read more on page 22.

TOP- AND BOTTOM-LINE GROWTH, STRONG CASH FLOW AND INCREASING RETURNS

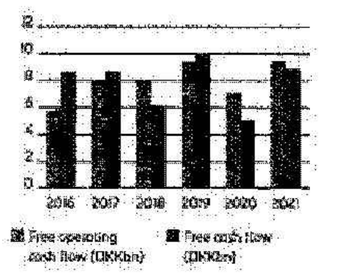
REVENUE AND ORGANIC GROWTH



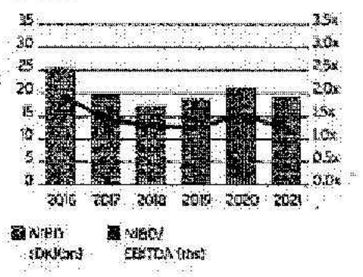
OPERATING PROFIT AND MARGIN



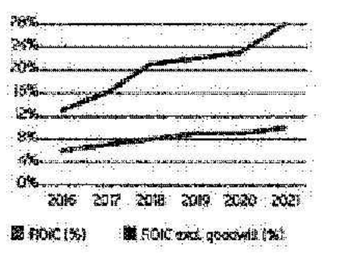
CASH FLOW



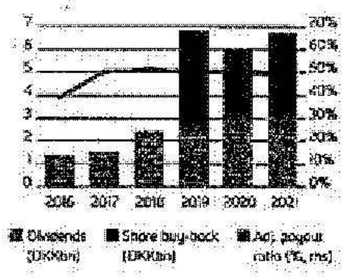
NET INTEREST-BEARING DEBT (NIBD) AND LEVERAGE



RETURN ON INVESTED CAPITAL (ROIC)



CASH RETURNS TO SHAREHOLDERS



[1]Comparative figures for 2016-2018 and 2019 have not been restated to include IFRS 16 and IFRS 15 respectively.

5-year key figures

	2021	2020	2019	2018[1]	2017[1]
Volumes (million hl)					
Beer	119.6	110.1	113.0	112.3	107.1
Other beverages	22.6	20.0	21.9	20.8	19.2
DKK million					
Income statement					
Revenue	66,634	58,541	65,902	62,503	60,858
Gross profit	31,327	28,361	32,638	31,280	30,208
EBITDA	15,474	14,085	15,007	13,420	13,583
Operating profit before special items	10,862	9,699	10,465	9,329	8,876
Special items, net	-253	-247	501	-88	-4,585
Financial items, net	-381	-411	-738	-722	-788
Profit before tax	10,228	9,041	10,228	8,519	3,503
Income tax	-2,219	-2,233	-2,751	-2,386	-1,458
Consolidated profit	8,009	6,808	7,477	6,133	2,045
Attributable to					
Non-controlling interests	1,163	778	908	824	836
Shareholders in Carlsberg A/S (net profit)	6,846	6,030	6,569	5,309	1,209
Shareholders in Carlsberg A/S, adjusted[2]	6,943	6,363	8,160	5,359	4,925
Statement of financial position					
Total assets	126,290	118,816	121,063	117,700	114,251
Invested capital	93,636	81,541	86,162	82,721	84,486
Invested capital excl. goodwill	31,352	31,069	33,032	31,792	33,991
Net interest-bearing debt (NIBD)	19,102	21,263	18,776	17,313	19,838
Equity, shareholders in Carlsberg A/S	43,941	39,308	43,448	45,302	46,930
Statement of cash flows					
Cash flow from operating activities	13,259	10,928	12,239	12,047	11,834
Cash flow from investing activities	-4,383	-5,871	-2,297	-5,891	-3,156
Free cash flow	8,876	5,057	9,962	6,156	8,680

		2021	2020	2019	2018[1]	2017[1]
Investments						
Acquisition of property, plant and equipment and intangible assets, net		-4,223	-4,396	-4,592	-4,027	-4,053
Acquisition and disposal of subsidiaries, net		-635	-2,409	-	+974	268
Financial ratios						
Gross margin	%	47.0	48.4	49.5	50.0	49.6
EBITDA margin	%	23.2	24.1	22.8	21.5	22.4
Operating margin	%	16.3	16.6	15.9	14.9	14.6
Effective tax rate	%	21.7	24.7	26.9	28.0	41.6
Return on invested capital (ROIC)	%	10.3	8.9	8.8	8.1	6.9
ROIC excl. goodwill	%	27.5	23.2	22.4	20.9	15.7
Equity ratio	%	34.8	33.1	35.3	38.5	41.1
NIBD/equity ratio	x	0.39	0.49	0.41	0.36	0.40
NIBD/EBITDA	x	1.24	1.51	1.25	1.29	1.45
Interest cover	x	28.52	23.59	14.17	12.92	11.26
Stock market ratios						
Earnings per share (EPS)	DKK	47.6	41.3	43.7	34.6	8.3
Earnings per share, adjusted (EPS-A)[2]	DKK	48.3	43.6	41.0	35.2	32.3
Free cash flow per share (FCFPS)	DKK	61.5	34.5	65.9	40.2	56.9
Dividend per share (proposed)	DKK	24.0	22.0	21.0	18.0	16.0
Payout ratio	%	51	55	49	52	194
Payout ratio, adjusted[3]	%	49	50	50	51	50
Share price (B shares)	DKK	1,129.5	975.2	993.8	892.6	745.0
Market capitalisation	DKKbn	163,149	142,676	145,905	104,830	112,116
Number of issued shares at year-end	1,000	145,257	148,157	152,557	152,557	152,557
Number of shares at year-end, incl. treasury shares	1,000	141,692	146,102	147,996	152,457	152,390
Weighted average number of shares, incl. treasury shares	1,000	143,849	146,104	150,411	152,428	152,496

[1] Comparative figures for 2017-2018 have not been restated to include IFRS 16.
[2] Adjusted for special items after tax.
[3] Proposed dividend on number of shares at year-end as a percentage of net profit adjusted for special items after tax.

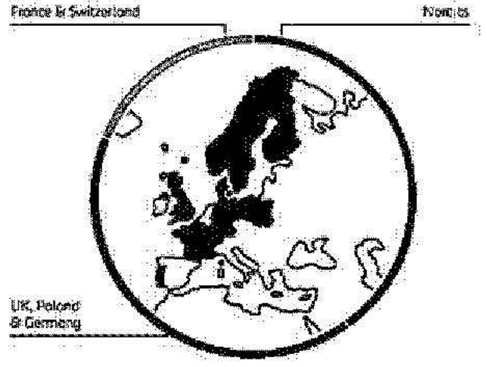
Please refer to section 9.2 General accounting policies in the consolidated financial statements for a definition and calculation of key figures and financial ratios.

A WELL-BALANCED **MARKET PORTFOLIO**

Our regions provide an attractive exposure to mature and emerging markets. We have a number 1 or 2 position in 22 markets, and around 70% of our volumes are sold in these markets.

WESTERN EUROPE

SHARE OF VOLUME



SHARE OF GROUP RESULTS

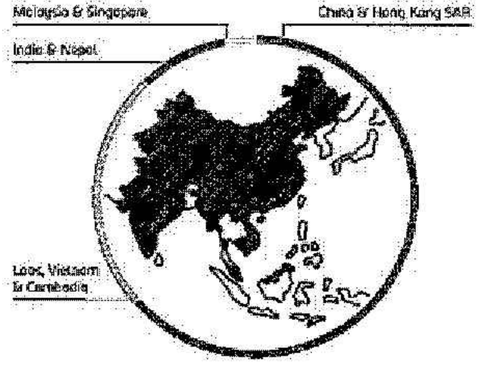
30% VOLUME

46% REVENUE

36% OPERATING PROFIT

ASIA

SHARE OF VOLUME



SHARE OF GROUP RESULTS

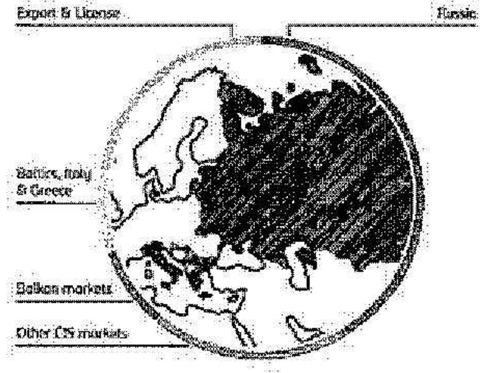
31% VOLUME

29% REVENUE

40% OPERATING PROFIT

CENTRAL & EASTERN EUROPE

SHARE OF VOLUME



SHARE OF GROUP RESULTS

39% VOLUME

25% REVENUE

24% OPERATING PROFIT

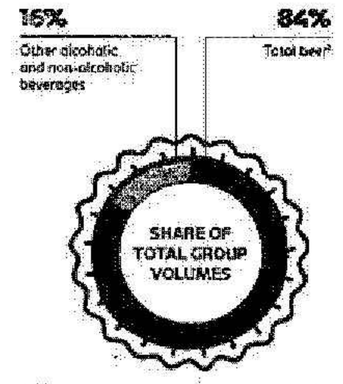
See pages 16-22 for the 2021 regional results.

... AND APPEALING OTHER BEVERAGES

Our other beverages encompass both alcoholic and non-alcoholic beverages and account for 16% of total Group volumes. These categories are expected to deliver attractive growth potential in the coming years. As part of SAIL'27, we will therefore increase our focus on other beverages.

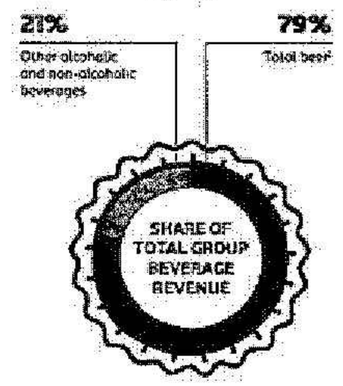
OTHER BEVERAGES WITH ALCOHOL





OTHER BEVERAGES WITHOUT ALCOHOL





¹ Somersby is included in the craft & speciality category in SAIL22.

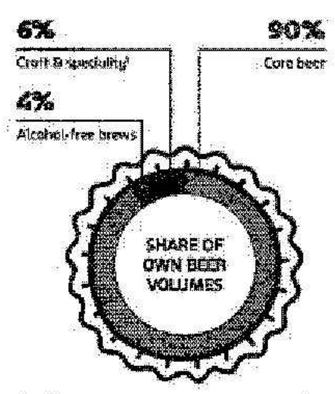
¹ Core beer, craft & speciality and alcohol-free brews.

AN ATTRACTIVE BEER PORTFOLIO...

Our beer portfolio spans our core beer brands, including local power brands and international premium brands, craft & speciality brands and alcohol-free brews. This combination of brands has been an important driver of results in recent years.

CORE BEER



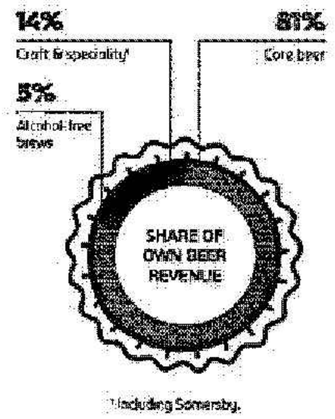


CRAFT & SPECIALITY



ALCOHOL-FREE BREWS





¹ Including Somersby.

A STRONG SET OF RESULTS

2021 performance was well ahead of pre-COVID 2019, delivering strong top-line growth and operating cash flow, and increasing returns to shareholders.

As a result of the continued high level of uncertainty in 2021, we issued a broad guidance for organic operating profit growth at the beginning of the year. Due to strong performance, we were able to upgrade our earnings expectations twice. See table to the right.

VOLUMES

Total Group volumes were 142.2m hl, increasing organically by 7.4% and by 9.3% including acquisitions.

Beer volumes grew organically by 6.4%, driven by solid growth in Asia and Central & Eastern Europe, and supported by easy comparables. Other beverage volumes grew organically by 12.9%, supported by double-digit growth in all three regions.

INCOME STATEMENT

Revenue was DKK 66.6bn. Organic revenue growth was 10.0%, while reported revenue growth was 13.8%, mainly impacted by the acquisition of Marston's brewing activities in the UK in October 2020. The small negative currency impact was due to adverse currency movements across Central & Eastern Europe and certain markets in Asia, partly offset by a strengthening of primarily the Chinese, Norwegian, British and Swedish currencies.

Revenue/hl grew organically by 3% as a result of recovery of the on-trade in some markets due to fewer restrictions in 2021 compared with 2020 and solid growth of premium products across the regions.

Gross profit increased organically by 8.7% and by 10.5% in reported terms, positively impacted by acquisitions and negatively by currencies. The gross profit margin declined due to acquisitions that come in with a lower gross margin than the Group, the higher cost of goods sold (COGS), particularly in Central & Eastern Europe, and a negative country mix.

Operating expenses, including marketing investments, grew organically by 8%, mainly driven by higher marketing investments and higher administrative expenses. Marketing investments grew organically by 11%. The higher administrative expenses were the result of higher accruals related to variable pay due to the strong financial performance for the year, the impact of acquisitions, currencies and certain one-off provisions. Despite this, total SG&A (excluding marketing) to revenue declined by approximately 60bp to 14.0% (-40bp organically).

Earnings expectations 2021

Date	Expectation for operating profit
5 February 2021	Organic growth in operating profit within the range of 3-10%
28 April 2021	Organic growth in operating profit within the range of 5-10%
18 August 2021	Organic growth in operating profit within the range of 6-11%
27 October 2021	Organic growth in operating profit within the range of 10-12%
4 February 2022	Organic growth in operating profit of 12.5% (reported)

Group

		Change				Change
	2020	Organic	Acq., net	FX	2021	Reported
Volumes (million hl)						
Beer	110.1	6.4%	2.2%	-	119.6	8.6%
Other beverages	20.0	12.0%	0.0%	-	22.6	12.9%
Total volume	130.1	7.4%	1.9%	-	142.2	9.3%
DKK million						
Revenue	58,541	10.0%	4.6%	-0.8%	66,634	13.8%
Operating profit	9,699	12.5%	0.3%	-0.8%	10,862	12.0%
Operating margin (%)	16.6				16.3	-30bp

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Operating profit before depreciation, amortisation and impairment losses (EBITDA) grew organically and in reported terms by 9.9%. The EBITDA margin declined by 90bp to 23.2% due to acquisitions.

Group operating profit grew organically by 12.5%, supported by growth in all three regions. Reported operating profit grew by 12.0%.

Excluding the impact from acquisitions, the operating profit margin increased by 30bp to 16.9%. The reported operating margin declined by 30bp to 16.3% due to the margin-dilutive impact of Marston's brewing activities.

Section 1 in the consolidated financial statements contains more details on operating activities.

Net special items (pre-tax) amounted to DKK -253m (2020: DKK -267m). Special items were positively impacted by reversal of provisions made in purchase price allocations in prior years in China and Cambodia of DKK 1,238m, mainly related to indirect taxes and certain employee obligations that were either settled during the year or are no longer expected to be realised. This was partly offset by impairment and write-downs of the Baltika brand in Russia and our investment in Tibet Lhasa Brewery.

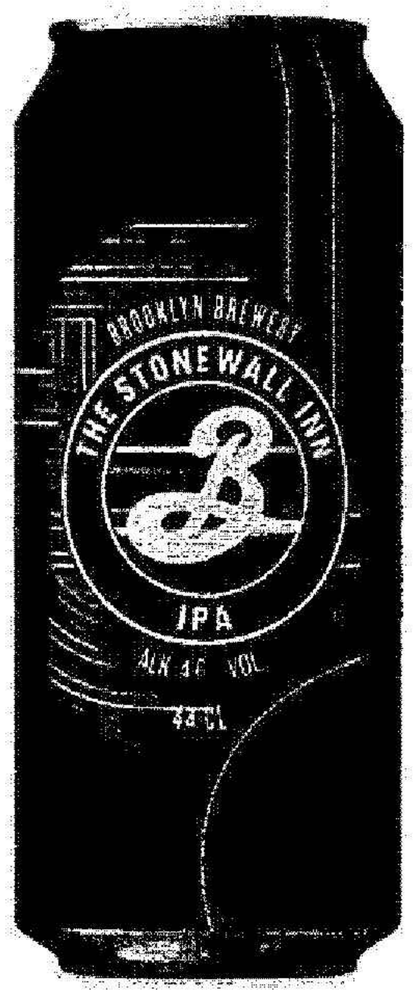
Special items were also impacted by one-off costs related to COVID-19, including safety measures and donations. Read more about net special items in section 3.1 in the consolidated financial statements.

Financial items, net, amounted to DKK -381m (2020: DKK -411m). Excluding currency gains and losses, financial items, net, amounted to DKK -319m (2020: DKK -350m), positively impacted by the reversal of the previous write-down of the loan to our partner in Carlsberg South Asia Pte Ltd. This was partly offset by higher provisions related to interest on tax cases in certain markets. Net currency losses and fair value adjustments amounted to DKK -62m, mainly related to USD/EUR deposits and hedging of packaging materials in Eastern Europe and USD-related currency losses in Asia. Read more about net financial items in section 4.1 in the consolidated financial statements.

Tax totalled DKK -2,219m (2020: DKK -2,233m). The effective reported tax rate declined by 300bp to 21.7%, impacted by non-taxable gains in special items and lower net tax provisions. Excluding special items, the effective tax rate was 23.5%.

The Carlsberg Group's share of consolidated profit (net profit) was DKK 6,846m (2020: DKK 6,030m). The increase was primarily driven by the higher operating profit, lower net financials and the lower tax rate.

Adjusted net profit (adjusted for special items after tax) grew by 9% to DKK 6,943m, and adjusted earnings per share (excluding treasury shares) grew by 11% to DKK 48.3. In addition to the higher operating profit, lower net financials and lower tax rate, earnings per share were supported by the share buy-backs.



STONEWALL INN IPA

Brooklyn Brewery has been a proud partner of the Stonewall Inn since 2017, when the brewery was asked to create a beer to help raise awareness, generate funds and make real change for the LGBTQ+ community and its non-profit The Stonewall Inn Gives Back Initiative (SIGBI). SIGBI exists to support LGBTQ+ communities in their fight by funding grassroots activists and their work. Read more in our Environment, Social & Governance Report. In 2021, Carlsberg launched the unapologetically refreshing Stonewall Inn IPA in markets in Western Europe and Asia. Our total Brooklyn brand portfolio grew volumes by 16%.

SAIL'22 GROW CRAFT & SPECIALITY

Non-controlling interests were DKK 1,163m (2020: DKK 778m), positively impacted by strong growth for Carlsberg Chongqing Breweries Group in China, the reversal of provisions made in purchase price allocations in China (DKK 189m impact on non-controlling interests) and the inclusion of Carlsberg Marston's Brewing Company in the UK. Excluding the impact from special items, non-controlling interests were DKK 1,082m.

STATEMENT OF FINANCIAL POSITION

ASSETS

Total assets amounted to DKK 126,383m at 31 December 2021 (31 December 2020: DKK 118,816m). The increase was mainly due to higher intangible assets, inventories, trade and other receivables.

Total non-current assets amounted to DKK 103,292m (31 December 2020: DKK 99,820m). Intangible assets totalled DKK 69,475m (31 December 2020: DKK 66,061m). The increase was mainly due to the acquisition of Marston's brewing activities and Wernesgrüner Brewery as well as currency appreciation, primarily of the Russian and Chinese currencies, partly offset by impairment of brands and other intangible assets. Property, plant and equipment totalled DKK 26,648m (31 December 2020: DKK 26,299m), impacted by currency movements and capital expenditure offset by disposals and depreciation. Financial assets totalled DKK 8,169m (31 December 2020: DKK 7,460m). The increase was due to recognition of the business in Nepal as an associate.

Total current assets amounted to DKK 22,900m (31 December 2020: DKK 18,996m). Inventories increased by DKK 778m to DKK 5,391m, impacted in Asia by stocking prior to the Chinese New Year and currency appreciation. Trade receivables increased by DKK 1,985m due to higher sales than in 2020. The increase in other receivables was mainly due to fair value adjustments linked to higher aluminium prices and the reversal of the write-down of the loan to our partner in Carlsberg South Asia Pte Ltd. Cash and cash equivalents amounted to DKK 8,344m (31 December 2020: DKK 8,093m).

Section 2 in the consolidated financial statements contains more details on assets.

EQUITY AND LIABILITIES

Equity

Equity amounted to DKK 48,756m at 31 December 2021 (31 December 2020: DKK 43,362m). DKK 43,342m of which was attributed to shareholders in Carlsberg A/S and DKK 4,815m to non-controlling interests.

The net change in equity of DKK +5,394m was explained by the consolidated profit of DKK 8,009m, non-controlling interests of DKK +961m and foreign exchange adjustment in other comprehensive income of DKK +3,307m, offset by the dividend payout of DKK -3,686m and the share buy-backs of DKK -3,600m.

Liabilities

Total liabilities were DKK 77,627m (31 December 2020: DKK 75,454m).

At 31 December 2021, non-current and current borrowings amounted to DKK 28,922m. Non-current borrowings declined by DKK 6,536m, while current borrowings increased by DKK 5,208m due to the reclassification of a EUR 750m bond, which matures in November 2022.

Non-current tax liabilities, retirement benefit obligations etc. were DKK 11,590m (31 December 2020: DKK 17,714m). The decline was mainly due to the revaluation and reclassification to current liabilities of the put option held by our partner in Carlsberg South Asia Pte Ltd and the reversal of provisions made in purchase price allocations in previous years in China and Cambodia.

Current liabilities excluding current borrowings increased to DKK 37,115m (31 December 2020: DKK 27,490m). Trade payables increased by DKK 4,044m, impacted by currencies and a higher activity level.

Other current liabilities, excluding deposits on returnable packaging, increased by DKK 5,353m, impacted by the above-mentioned reclassification of the put option held by our partner in Carlsberg South Asia Pte Ltd and higher bonus accruals. Read more about the put option held by our partner in Carlsberg South Asia Pte Ltd in section 3.4 in the consolidated financial statements.

CASH FLOW

Free operating cash flow was DKK 9,450m, an increase of DKK 2,367m. Free cash flow amounted to DKK 6,826m (2020: DKK 5,057m). The increase was mainly impacted by the higher EBITDA, a higher net contribution from the change in working capital and lower financial investments than in 2020.

Net cash flow amounted to DKK -72m (2020: DKK +3,247m), impacted by higher cash returns to shareholders in the form of dividends and share buy-backs, in total amounting to DKK 6,787m, and net cash flow in 2020 being positively impacted by two bond placings of EUR 500m each.

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities amounted to DKK 13,259m (2020: DKK 10,928m).

EBITDA was DKK 15,474m (2020: DKK 14,085m).

The change in trade working capital was DKK +802m (2020: DKK +1,321m), mainly due to strong cash management discipline and higher trade payables. Average trade working capital to revenue for the year was -18.4%, on par with 2020 (-18.6%).

The change in other working capital was DKK +617m (2020: DKK -1,033m), mainly impacted by VAT, bonus accruals and provisions. Section 6 in the consolidated financial statements contains more details on assets.

Restructuring costs paid amounted to DKK -372m (2020: DKK -531m). Net interest etc. paid amounted to DKK -920m (2020: DKK -424m). The increase was mainly due to the settlement of financial instruments and provisions. Corporation tax paid was DKK -1,979m (2020: DKK -1,956m).

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities was DKK -4,383m (2020: DKK -5,891m).

Operational investments totalled DKK -3,799m (2020: DKK -3,835m). Acquisition of property, plant and equipment and intangible assets (CapEx) amounted to DKK -4,221m (2020: DKK -4,396m). Excluding the purchase of the Brooklyn brand rights in 2020, operational investments increased by DKK 625m.

Total financial investments amounted to DKK -582m (2020: DKK -2,036m), impacted by deferred considerations related to the acquisition of Marston's brewing activities and the deconsolidation of the business in Nepal.

RETURN ON INVESTED CAPITAL

Return on invested capital (12-month average) increased by 140bp to 10.3%, driven by higher profits and the lower tax rate. ROIC excluding goodwill improved by 490bp to 27.5%.



+10%

SOMERSBY VOLUME GROWTH

Developed in 2008, the Somersby brand was originally launched in Denmark. Today, Somersby is available in more than 70 markets world-wide. Somersby is associated with optimism and playfulness, and the brand portfolio, which includes several fruity variants, was recently extended with alcohol-free variants. The Somersby portfolio and its repeatable model are powerful drivers for the brand's strong global growth, and in 2021 Somersby volumes grew by 10%. In SAIL'27, we will further strengthen our focus on categories beyond beer, including Somersby.

SAIL'22 GROW CRAFT & SPECIALITY AND WIN IN ALCOHOL-FREE BREWS

FINANCING

At 31 December 2021, gross financial debt amounted to DKK 28,922m and net interest-bearing debt to DKK 19,162m (2020: DKK 21,263m). The strong free cash flow more than offset the cash out-flow from the share buy-back programme (DKK 3.6bn) and dividends to shareholders and non-controlling interests (DKK 3.7bn). The difference of DKK 9,760m between gross financial debt and net interest-bearing debt mainly comprised cash and cash equivalents of DKK 8,344m.

At 31 December 2021, the average debt duration was 4.8 years (2020: 5.6 years). Of the gross financial debt, 79% (DKK 22,755m) was long term, i.e. with maturity of more than one year from 31 December 2021.

Net interest-bearing debt/EBITDA was 1.24x (2020: 1.51x). The financial leverage was kept slightly more conservative than in past years to ensure financial flexibility to potentially purchase the 33% shareholding in Carlsberg South Asia Pte Ltd.

SHARE BUY-BACKS

2021 PROGRAMME

In 2021, the buy-back was carried out in quarterly tranches due to the uncertainty related to the development of COVID-19 across our markets. The total buy-back programme was DKK 4bn, with shares worth DKK 3.6bn bought back in 2021 and the remaining DKK 400m in January 2022. A total of 3.7m shares were bought at an average price of DKK 1,076.

2022 PROGRAMME

In 2022, the Group intends to execute the 2022 share buy-back as quarterly programmes. During the first programme, launched on 4 February, the Group intends to buy back Carlsberg B shares amounting to DKK 1bn.

Read more about the share buy-back programmes, including the 2021 programme, on page 22.

WESTERN EUROPE

MIXED PERFORMANCE ACROSS MARKETS

Western Europe saw mixed performance across markets, as COVID-19-related restrictions impacted markets differently due to different channel structures.

The Western Europe region encompasses mature beer markets and accounts for roughly one third of Group volumes, revenue and operating profit.

We have particularly strong market positions and business models that include both beer and other beverages in the Nordic markets and Switzerland.

In the Nordic markets, we are mainly competing against local or regional players. Elsewhere, we are predominantly in competition with global players.

REGIONAL RESULTS

The Western Europe region had a very volatile year. H1 especially was impacted by COVID-19-related on-trade restrictions in most markets. In H2, we benefited from abandonment of restrictions in Q3 and easy comparables in Q4, as restrictions were more severe in 2020.

Beer volumes grew organically by 1.3% and total volumes by 4.2%. Other beverage volumes grew by 11.2% thanks to strong growth of the soft drinks and energy drinks businesses in the Nordics. The positive acquisition impact of approximately 2.5m hl primarily related to Marston's brewing activities. In most markets, the year ended on a soft note due to renewed restrictions.

Revenue/hl improved organically by 2%, impacted in all markets by a positive channel mix. In H2, revenue/hl improved considerably thanks to the recovery of the on-trade. For the year, our on-trade volumes grew by 12%, although for the full year they remained at index 65 compared with the pre-pandemic level in 2019. In Q4, on-trade volumes were at about index 80 compared with 2019.

Our markets in Western Europe

	Consumption characteristics		Our position		Our operations
Markets	Per capita beer consumption (litres)	On-trade share of market, approx. (%)	Market position (no.)	Market share[1] (%)	Breweries[2]
Denmark	63	24	1	53	1
Sweden	50	14	1	36	1
Norway	50	10	1	50	1
Finland	77	12	1	30	1
France	30	8	2	25	1
Switzerland	55	33	1	37	1
Poland	102	7	3	20	3
UK	68	24	4	12	4
Germany	90	18	3[3]	10[3]	3
Portugal	46	44	1	47	1

[1] Sept. 2021 MAT, [2] Breweries with capacity above 100,000 hl, [3] North-western Germany.
Source: GlobalData, Carlsberg estimates.

Western Europe

	2020	Change: Organic	Change: Acq., net	Change: FX	2021	Change: Reported
Volumes (million hl)						
Beer	26.8	1.3%	9.2%	-	29.7	10.5%
Other beverages	11.2	11.2%	0.0%	-	12.4	11.2%
Total volume	**38.0**	**4.2%**	**6.5%**	**-**	**42.1**	**10.7%**
DKK million						
Revenue	25,875	6.4%	10.3%	1.2%	30,501	17.9%
Operating profit	1,926	8.9%	1.3%	1.9%	4,401	12.1%
Operating margin (%)	15.2				14.4	-80bp

Organic revenue growth was 6.4%, with reported revenue growth of 17.9% due to positive acquisition and currency impacts.

Organic operating profit in Western Europe grew well ahead of revenue. Important drivers of the 8.9% growth were the positive channel mix and tight cost control and cost savings during 2020 and 2021. The reported operating margin declined by 80bp to 14.4% due to acquisitions, with Marston's brewing activities having a significantly lower operating margin than the rest of the region because of the impact on the business of its high on-trade exposure.

THE NORDICS
In the Nordics, volumes grew by high-single-digit percentages, with double-digit growth in Denmark and Norway.

In Denmark, our business benefited from the removal of restrictions in Q2, which very positively benefited all channels – on-trade, off-trade and border trade. We saw good progress for all beverage categories, including core beer, craft & speciality and soft drinks.

Our Norwegian business delivered another very good year. The double-digit volume growth was supported by COVID-19 border restrictions and successful innovations for key brands. Our local power brand Frydenlund, Tuborg and craft & speciality, including Somersby, performed particularly well.

Our Swedish business had a difficult H1 but rebounded in H2. We saw particularly strong results for our alcohol-free brews and soft drinks. During the year, the business was negatively impacted by the closed border with Norway.

In Finland, our volumes were slightly down. We saw a solid price/mix development due to fewer promotional beer volumes and improved category and channel mix.

FRANCE AND SWITZERLAND
In a slightly growing French market, our volumes declined slightly, while revenue grew due to a positive channel and brand mix. Our craft & speciality portfolio and alcohol-free brands, especially Tourtel, delivered solid growth, while the mainstream brand Kronenbourg declined.

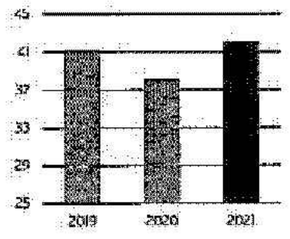
Our business in Switzerland had another challenging year due to its high on-trade exposure and the continued COVID-19 restrictions. As a result, our volumes declined slightly. Our alcohol-free and craft & speciality brands grew, while mainstream brands declined. From January 2022, we have entered into a strategic partnership with PepsiCo, becoming its bottler in Switzerland.

POLAND AND GERMANY
In a declining Polish market, we kept volumes flat. We saw good performance for our alcohol-free brews, for the core beer brands Carlsberg, Tuborg and Zatecky, and for Garage in the flavoured beverage category. Q4 performance was strong due to extra sell-in because of announced price increases and an excise tax increase on 1 January 2022.

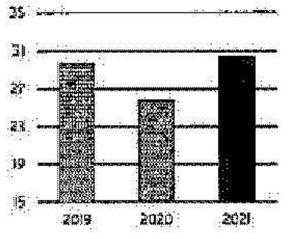
The German market suffered due to extended lockdowns and restrictions. Nevertheless, our German business delivered solid organic volume growth. Our local power brands Lübzer and Astra as well as Carlsberg, Somersby and our alcohol-free brews performed well. The Wernesgrüner acquisition was fully integrated very early in the year and is delivering supply chain benefits.

THE UK
A key focus for our UK business in 2021 was to execute the integration of Marston's brewing activities. The integration was successful, delivering very well against expectations and achieving synergies. Due to its high on-trade exposure, the business was severely impacted by COVID-19-related restrictions, particularly in H1, whereas it improved considerably in H2 when restrictions were lifted. We saw very good performance for Carlsberg, Poretti and some of our licence brands.

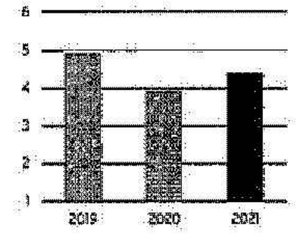
TOTAL VOLUME (m hl)



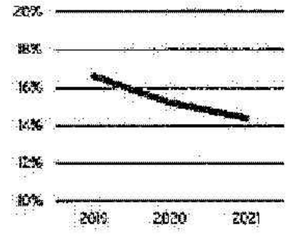
REVENUE (DKKbn)



OPERATING PROFIT (DKKbn)



OPERATING MARGIN



ASIA

STRONG PERFORMANCE SUPPORTED BY CHINA AND INDIA

While China saw a strong development in 2021, most other beer markets in our Asia region remained severely impacted by COVID-19.

The importance of Asia for the Group has increased significantly over the past decade, during which we have expanded our presence in the region organically and through acquisitions.

Today, we have an attractive overall position, with no. 1 and 2 positions in six markets. China is the Group's largest market in terms of volume, revenue and operating profit.

The competitive landscape varies significantly between markets, with global players and local brewers both present.

Both SAIL'22 and SAIL'27 specifically target Asia as an important growth driver, supported by both volume growth and premiumisation.

REGIONAL RESULTS
During the year, the development in Asia varied significantly between markets. Most markets were impacted by restrictions and lockdowns, although these varied in timing and severity.

Organic beer volumes grew by 12.3%, mainly driven by China and India. Volumes in most other markets also grew, albeit at a slower pace and helped by easy comparables. Our other beverage volumes grew by 10.6% due to good performance of soft drinks and energy drinks in Cambodia and Laos.

Organic revenue growth was strong at 15.6%. Revenue/hl grew organically by 3%, supported by a positive brand mix and, in some markets, a positive channel mix, partly offset by country mix.

Our markets in Asia

Markets	Consumption characteristics: Per capita beer consumption (litres)	Consumption characteristics: On-trade share of market, approx. (%)	Our position: Market position (no.)	Our position: Market share[1] (%)	Our operations: Breweries[2]
China	33	47	S/1[3]	B/66[3]	26
Laos	44	33	1	94	2
India	2	11	3/2[4]	15	7
Vietnam	41	23	4	6	1
Cambodia	53	10	4	6	1
Malaysia	9	38	2	42	1
Nepal	2	65	1	51	1
Myanmar	5	32	3	9	1
Singapore	21	46	2	23	-
Hong Kong SAR	24	36	2	29	-

[1] Sept. 2021 MAT. [2] Breweries with capacity above 100,000 hl. [3] Total China/Western China. [4] In states with own brewery.
Source: GlobalData, Carlsberg estimates.

Asia

	2020	Change: Organic	Change: Acq., net	Change: FX	2021	Change: Reported
Volumes (million hl)						
Beer	34.8	12.3%	0.0%	-	39.1	12.3%
Other beverages	4.8	10.6%	0.0%	-	5.3	10.6%
Total volume	39.6	12.1%	0.0%	-	44.4	12.1%
DKK million						
Revenue	16,959	15.6%	0.0%	-0.9%	19,459	14.7%
Operating profit	3,991	23.9%	-0.4%	-1.8%	4,855	21.7%
Operating margin (%)	23.5				24.9	140bp

Operating profit increased organically by 23.9%. The operating margin was up by 140bp to 24.9%, driven by higher revenue/hl and ongoing tight cost control.

CHINA
The Chinese beer market grew by an estimated 5% (-3% compared with 2019), and our volumes grew by 15% (+19% compared with 2019). Local COVID-19-related restrictions and lockdowns disrupted the beer market during the year.

We saw a modest volume decline in Q4 due to tough comparables, as volumes rebounded in Q4 2020, growing by 15%, following a lockdown in western China in Q3 2020.

The full-year growth was driven by our international and local premium brands, continued big-city growth and expansion in growing channels, such as the modern off-trade channel and e-commerce. As a result, revenue/hl grew by 3%.

INDIA
Our Indian business recovered strongly following the very difficult 2020, despite the second wave of COVID-19 impacting India in Q2 2021. Volumes grew by more than 30%.

Revenue/hl was up mid-single-digit, benefiting from strong growth of the premium Carlsberg brand, price increases and packaging mix. Tuborg also grew strongly. At the end of the year, new restrictions were again imposed in light of rising COVID-19 infection rates.

VIETNAM
In Vietnam, our volumes grew by high-single-digit percentages, with a strong acceleration of volumes at year-end due to sell-in to Tet celebrations.

Our local power brands, Huda and Hatida, continued to perform well and were the main volume drivers. 1664 Blanc grew strongly, although from a very small base. In addition, we strengthened our route-to-market and expanded the coverage and number of outlets selling our products.

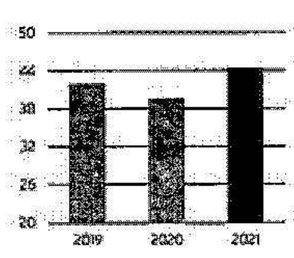
LAOS
In Laos, our total volumes declined due to severe lockdowns and alcohol bans, especially in H2. Despite the prolonged on-trade closures, our premium portfolio achieved high-single-digit growth. We saw very strong growth for our local economy brand Lanexang, with demand surging in the wake of increasing unemployment and poverty caused by COVID-19.

CAMBODIA
Our business in Cambodia delivered very strong volume performance, driven by the energy brand Sting, as the beer market was heavily impacted by restrictions, including alcohol bans. When all restrictions were lifted towards the end of the year, we saw improved performance for our beer volumes.

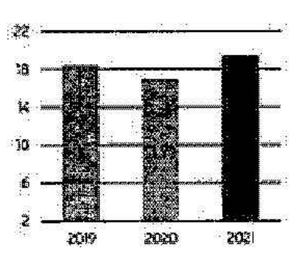
MALAYSIA AND SINGAPORE
Our Malaysian business was heavily impacted by restrictions, including a complete suspension of brewery operations for 2.5 months in Q2 and Q3. Consequently, volumes declined significantly. Revenue/hl grew considerably due to strong premium growth and price increases.

Our business in Singapore performed well due to strong growth in the off-trade, while the on-trade was severely impacted by prolonged restrictions..

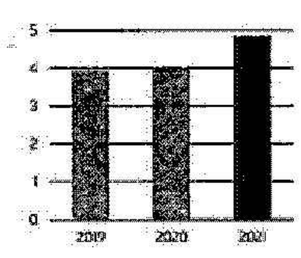
TOTAL VOLUME (m hl)



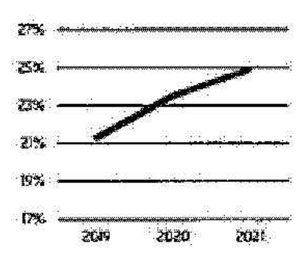
REVENUE (DKKbn)



OPERATING PROFIT (DKKbn)



OPERATING MARGIN



20221031151130

CENTRAL & EASTERN EUROPE

A SOLID SET OF RESULTS

The impact of COVID-19 differed significantly between the markets in Central & Eastern Europe, albeit the situation across the region became increasingly challenging towards the end of the year.

Central & Eastern Europe consists of the large Russian and Ukrainian beer markets, a number of smaller markets across southern and eastern Europe, and our export & licence business.

The competitive environment is generally characterised by the presence of large global players. In certain markets, such as Russia, a large number of small, local players make up a significant part of the beer market.

Our export & licence business services markets where we do not have our own breweries. These markets include Turkey, Australia, South Korea and Canada.

REGIONAL RESULTS
The Central & Eastern Europe region delivered solid results. Beer volume growth was 4.9%, and other beverage volume growth was strong at 20.3%, mainly due to growth of energy drinks in the eastern part of the region. Total volumes were up by 6.1%, supported by a positive contribution from most markets.

Revenue grew organically by 10.1%. Revenue/hl improved during the year, supported by price increases in some Eastern European markets, a positive product mix and an improved channel mix in south-eastern Europe due to fewer on-trade restrictions.

The region delivered a modest 1% organic operating profit growth. The operating margin contracted by 140bp to 17.6%, as the improved revenue/hl and several cost-saving initiatives were offset by higher COGS and logistics costs, and a difficult competitive environment in Russia.

Our markets in Central & Eastern Europe

Markets	Consumption characteristics: Per capita beer consumption (litres)	Consumption characteristics: On-trade share of market, approx. (%)	Our position: Market position (no.)	Our position: Market share[1] (%)	Our operations: Breweries[2]
Russia	64	10	2	27	8
Ukraine	43	16	2	31	3
Belarus	49	8	1	31	1
Kazakhstan	34	26	1	39	1
Azerbaijan	7	24	1	77	1
The Baltics	82-93	3-7	1-2	27-49	2
Italy	34	29	4	7	1
Greece	29	45	2	24	2
Bulgaria	80	15	1	43	2
Croatia	80	26	3	16	3
Serbia	65	17	3	22	1

[1] Sept. 2021 MAT. [2] Breweries with capacity above 100,000 hl.
Source: GlobalData, Carlsberg estimates.

Central & Eastern Europe

	2020	Change: Organic	Change: Acq., net	Change: FX	2021	Change: Reported
Volumes (million hl)						
Beer	48.5	4.9%	0.0%	-	50.8	4.9%
Other beverages	4.0	20.3%	0.0%	-	4.9	20.3%
Total volume	52.5	6.1%	0.0%	-	55.7	6.1%
DKK million						
Revenue	15,692	10.1%	0.0%	-3.8%	16,665	6.3%
Operating profit	2,984	1.0%	0.0%	-2.8%	2,932	-1.8%
Operating margin (%)	19.0				17.6	-140bp

RUSSIA
In a slightly growing Russian market, we delivered 5% organic volume growth. Revenue/hl grew by mid-single-digit percentages, improving during the year because of price increases and a positive product mix. We saw strong growth of brands such as 1664 Blanc, Somersby, Tuborg, Baltika and the energy drink Flash Up. Craft & speciality and alcohol-free brews grew strongly.

UKRAINE
The Ukrainian beer market declined slightly due to adverse weather during the year and declining consumer confidence following a significant increase in inflation. Our volumes grew slightly. Revenue/hl increased because of price increases and an improved product mix. Craft & speciality, alcohol-free brews, Baltika, Carlsberg and Tuborg saw solid growth.

SOUTH-EASTERN EUROPE
Our markets in south-eastern Europe grew by double-digit percentages, mainly because there were fewer COVID-19 restrictions than in 2020. Markets such as Italy and Greece did particularly well, further supported by a recovering tourist industry. Revenue/hl improved in all markets due to the positive channel mix from an improved on-trade channel and positive brand mix.

EXPORT & LICENSE
Volumes in the Export & License business grew by double-digit percentages. Tuborg and Carlsberg grew well in the European markets, and 1664 continued its solid performance in the Asian markets. Somersby grew strongly in Asia Pacific and Canada, and our alcohol-free brands did particularly well in the Middle East.

+21%

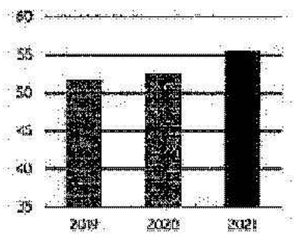
FLASH UP VOLUME GROWTH IN 2021

The Flash Up energy drink originated in Russia and has been around for more than 20 years. In recent years, Flash Up has become increasingly popular among young adults across Russia. From 2018 to 2020, annual growth was more than 20% (CAGR), making Flash Up the market leader in the energy drinks segment in Russia. Flash Up has also become popular in neighbouring markets.

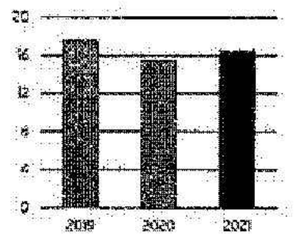
GROW BEYOND BEER



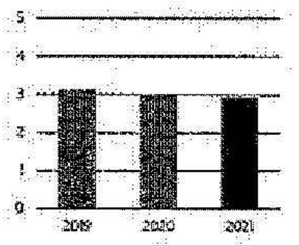
TOTAL VOLUME (m hl)



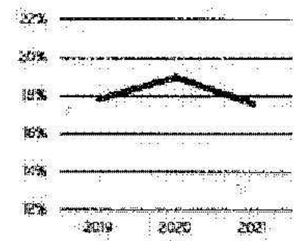
REVENUE (DKKbn)



OPERATING PROFIT (DKKbn)



OPERATING MARGIN



CAPITAL ALLOCATIONL

DELIVERING ON CAPITAL ALLOCATION PRINCIPLES

SAIL'22 has clear priorities for delivering shareholder value: organic growth in operating profit, improved return on invested capital and optimal capital allocation.

Our capital allocation principles are well defined:

1. Investing in our business to drive long-term sustainable growth.
2. Targeting NIBD/EBITDA of below 2.0x.
3. Targeting an adjusted payout ratio of around 50% (adjusted for special items after tax).
4. Distributing excess cash to shareholders through share buy-backs and/or extraordinary dividends.
5. Deviating from the above if value-enhancing acquisition opportunities arise.

Our capital allocation principles will remain unchanged in SAIL'27.

DRIVING LONG-TERM GROWTH
Notwithstanding the continued challenges posed by COVID-19 in 2021, we scaled up our marketing investments during the year. As in 2020, we adjusted the investment level during the year to the local market conditions, including the extent of lockdowns and various restrictions.

For the year, marketing investments grew organically by 11%. Reported marketing investments amounted to 7.5% of revenue. The strong progress on our growth priorities (see page 28) and the rebound of organic volumes to above 2019 levels serve as proof points for the quality and sufficiency of our investments.

Excluding the acquisition of the Brooklyn brand rights in 2020, CapEx in 2021 increased by DKK 625m, bringing the CapEx/revenue ratio to 6.3%.

LEVERAGE
Despite significant cash returns to shareholders, net interest-bearing debt to EBITDA at the end of the year was 1.24x, well below our target of below 2.0x.

DIVIDEND PAYOUT
In March, we paid out a dividend of DKK 22 per share, equal to an increase of 5% on the previous year. In line with our dividend policy, the dividend amounted to DKK 3.2bn, corresponding to an adjusted payout ratio of approximately 50%.

At the Annual General Meeting on 14 March 2022, the Supervisory Board will propose an increase in the dividend of 9% to DKK 24 per share. This corresponds to an adjusted payout ratio of 49%.

SHARE BUY-BACK
In 2019, the Supervisory Board decided, for the time being, to return excess cash to shareholders by means of share buy-back.

Consequently, up to 28 January 2022 the Group had bought back 11,525,300 shares – equal to 7.6% of the number of shares at the end of 2018 – in total amounting to DKK 11.0bn.

2021
In 2021, the Group executed its share buy-back programmes on a quarterly basis due to the continued business uncertainty related to the COVID-19 pandemic.

Accordingly, the Group announced four share buy-back programmes, in total amounting to DKK 4.0bn. The last quarterly programme was initiated on 28 October and ran until 28 January 2022.

In fiscal 2021, 3,355,625 B shares were repurchased at a total purchase price of DKK 3.6bn.

At the Annual General Meeting on 14 March 2022, the Supervisory Board will recommend that 3,400,000 treasury shares not used for hedging of incentive programmes be cancelled.

2022
Due to the continuing business uncertainty related to the COVID-19 pandemic in some of our markets, the Group intends to execute the 2022 share buy-back as quarterly programmes.

Consequently, up until 22 April, the Group intends to buy back Carlsberg B shares amounting to DKK 1bn. The size of subsequent share buy-backs will be determined on a quarterly basis, with information on the next quarterly share buy-back programme being announced in connection with the Q1 trading statement on 28 April.

More information regarding the share buy-back can be found in the 2021 financial statement announcement of 4 February 2022.

VALUE-ENHANCING M&A
The Group remains committed to value-enhancing M&A and will continue to explore relevant opportunities.

In 2021, we completed the acquisition of Wernesgrüner Brewery in Germany and a few other minor acquisitions.

2022 EARNINGS EXPECTATIONS

EARNINGS EXPECTATIONS

2022 will be another challenging year, impacted by COVID-19 and substantial increases in input costs.

COVID-19 is expected to continue to impact our markets to various degrees. At the same time, our business will be impacted by substantial increases in input costs, which we aim to offset in absolute terms through higher revenue/hl and continued tight focus on costs. The higher revenue/hl may have a negative impact on beer consumption. As a result, 2022 guidance is:

- Organic operating profit growth of 0-7%

In the second half of 2021, we began seeing significant price increases for commodities, packaging materials and energy, albeit with large variations between categories and between markets and regions. As a result, we are assuming an increase in cost of goods sold per hl (COGS/hl) of 10-12%. However, volatility remains high for many categories, and the COGS development for the year may be impacted by changes in spot prices on unhedged input costs.

Moreover, the earnings outlook is based on the following regional assumptions:

- In Western Europe, we assume that the on-trade channel will be less impacted by COVID-19 than in 2021, although we are expecting some on-trade disruption at the beginning of the year due to restrictions.
- In Asia, we expect another volatile year. While the vaccination rate is increasing in many markets in the region, COVID-19 outbreaks still pose a risk of national or regional lockdowns.
- In the southern part of the Central & Eastern Europe region we assume a lower impact on the on-trade from COVID-19 than in 2021. In the eastern part of the region, we expect consumer sentiment to be increasingly impacted by accelerating inflation, which may impact beer market dynamics negatively.

Based on the spot rates at 3 February, we assume a translation impact of around DKK +250m for 2022.

Other relevant assumptions are:

- Financial expenses, excluding currency losses or gains, are expected to be around DKK 550m.
- The reported effective tax rate is expected to be around 22-23%.
- Capital expenditure at constant currencies is expected to be around DKK 5.0bn.

Forward-looking statements
Forward-looking statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from those expressed in the forward-looking statements.

This is particularly relevant in 2022 due to the very high uncertainty related to the continuing development and impact of COVID-19 and the substantial increases in input costs. Accordingly, forward-looking statements should not be relied on as a prediction of actual results. Please see page 49 for the full forward-looking statements notice.

OUR PURPOSE

BREWING FOR A BETTER TODAY AND TOMORROW

We pursue perfection every day. We strive to brew better beers. Beers that stand at the heart of moments that bring people together. We do not settle for immediate gain when we can create a better tomorrow for all of us.

Our purpose is rooted in our heritage and in the mentality of our founders, who left a rich legacy that still greatly influences how we run our business today. Their pioneering spirit, passion for brewing and proactive contribution to society are what make us who we are.

We live our purpose every day by focusing on our brands and the art of brewing, exciting our consumers with quality brews that strengthen our identity and pride as brewers, and by continuously aiming to do better.

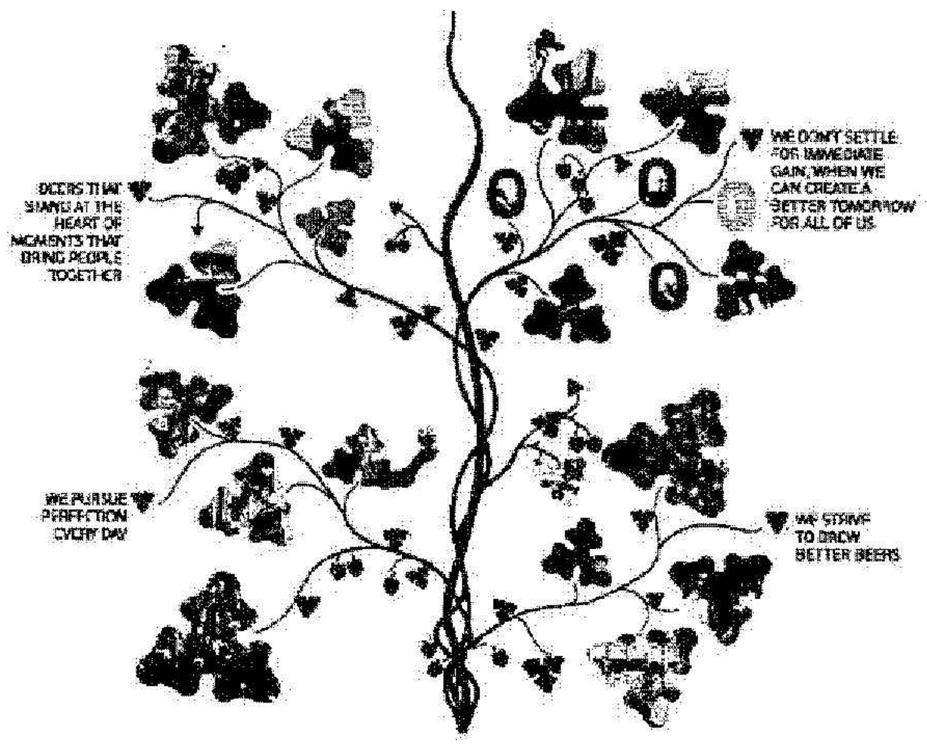
The embedding of our purpose has been further strengthened during the past two years. Our people have tirelessly demonstrated a high level of engagement and an innovative mindset at all levels of the organisation, helping local communities, supporting our customers and minimising the impact of the pandemic on our business, while at the same time finding flexible and safe ways of working.

We will continue to live our purpose, as it is key for the successful execution of our strategy and achieving our ambition of being successful, professional and attractive in our markets:

Successful in achieving a sustainable balance of our Golden Triangle (see page 7).

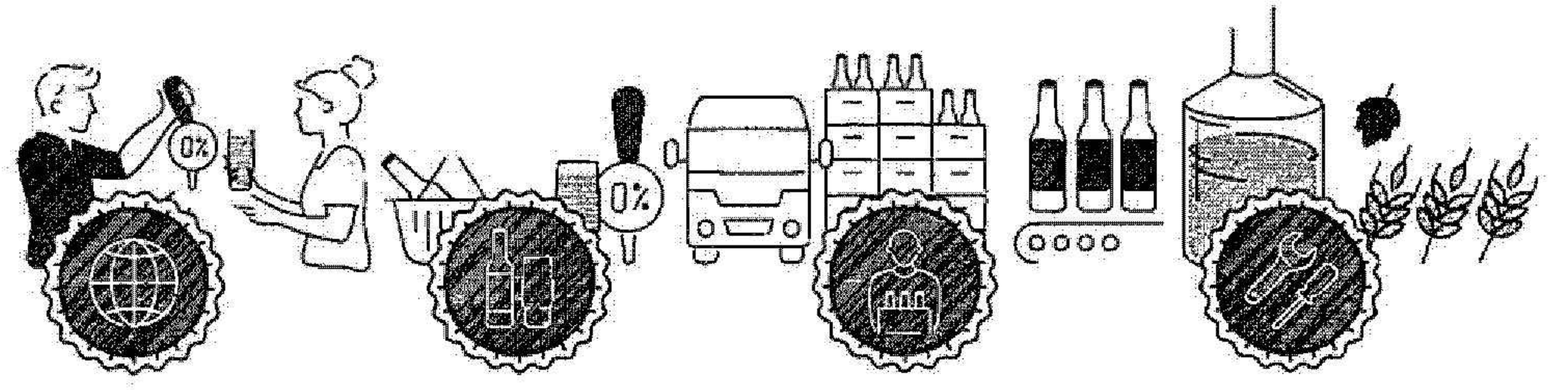
Professional in being the preferred supplier for our customers.

Attractive in creating value for our stakeholders, facilitating a great working environment and high-performance culture for our employees, and being a responsible and sustainable corporate citizen for society at large.



OUR BUSINESS MODEL
ROOTED IN OUR PURPOSE

Our business model is rooted in our purpose and ambition. It takes its starting point in our focus on our brands and the art of brewing, how we excite our consumers with quality brews, and our continuous striving to do better.



WE FOCUS ON THE MARKETS WHERE WE HAVE A NO. 1 OR 2 POSITION...

Core beer is a volume business, and strong market positions are key drivers of profitability. We have particular focus on the 22 markets in Western Europe, Asia and Central & Eastern Europe where we are no. 1 or 2.

BREWING FOR A BETTER TODAY AND TOMORROW

In all our markets, we aim to lead in sustainability because it is central to our purpose and because we genuinely believe it is the right thing to do – delivering tangible benefits for our business and for society as a whole.

... WHERE WE DELIVER AN ATTRACTIVE BEER PORTFOLIO FOR ALL CONSUMER OCCASIONS...

The strength of our beer portfolio lies in the strong local roots of our local power brands, combined with our excellent craft & specialty brands, alcohol-free brews and international beer brands.

BREWING FOR A BETTER TODAY AND TOMORROW

Our brands offer us powerful opportunities for communicating with consumers. We use these opportunities to encourage moderate, responsible consumption of our products. We also increase the availability of alcohol-free brews.

... AND STRIVE TO EXCEL IN OUR SERVICE TO ON- AND OFF-TRADE CUSTOMERS...

Our customers range from on-trade to off-trade, from online to offline. We aim to become their preferred beer supplier, providing products and services that deliver value growth for them and us.

BREWING FOR A BETTER TODAY AND TOMORROW

We develop digital solutions and services to help our customers grow their business. We engage in developing sustainable packaging solutions and launching initiatives to increase collection and recycling rates.

... BY OPTIMISING OUR SUPPLY CHAIN AND IMPROVING PROCESSES AND SYSTEMS.

Our Funding the Journey culture drives efficiencies and reduces costs. The focus of our integrated supply chain is optimising asset utilisation while brewing high-quality beer and enabling our commercial growth agenda.

BREWING FOR A BETTER TODAY AND TOMORROW

Recognising the need for strong actions in the face of complex sustainability challenges, Together Towards ZERO sets clear and ambitious targets for carbon emissions, water usage and health & safety.

STRENGTHEN
THE CORE

SAIL'22 sharpened our focus on our core beer business, our execution capabilities and efficiency, and our cost culture. The strategy has delivered well, and the strength of our core business has been evident in results during the past two challenging years of COVID-19.

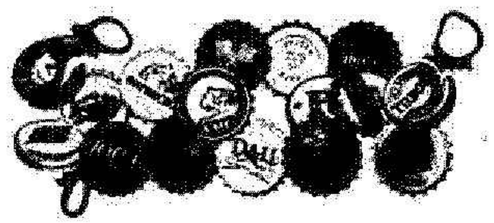
SAIL'22
LEVERAGE OUR STRONGHOLDS

+5%

CORE BEER GBC

Core beer remains an important part of our business, and revitalising core beer has been an important part of SAIL'22. We have measured our success by our ability to grow the gross brand contribution (GBC) from core beer. In 2021, GBC was up by 5%. Excluding the years impacted by COVID-19, GBC grew organically by an average of 4% per year from 2017 to 2019.

CORE BEER GBC, ORGANIC GROWTH



+3% 2017 | +5% 2018 | +3% 2019 | -7% 2020 | +5% 2021



SAIL'22
EXCEL IN EXECUTION

+4%

REVENUE/HL GROWTH ON CARL'S SHOP

Carl's Shop – our online business-to-business platform serving our on-trade customers – was first launched in 2018 in Western Europe. The platform is now available in ten markets across our three regions, serving more than 40,000 customers. Supporting our premiumisation efforts, revenue/hl on Carl's Shop grew by 4% in 2021 and revenue was up by around 60%.

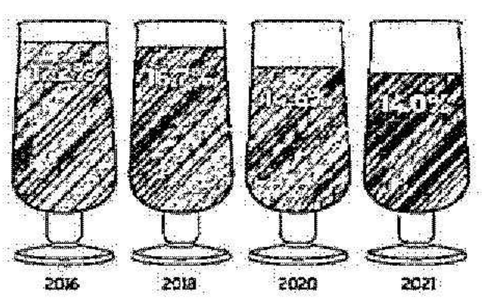
SAIL'22
FUNDING THE JOURNEY CULTURE

-320bp

SG&A/REVENUE 2016-2021

Funding the Journey, our three-year efficiency and cost reduction programme, was launched in late 2015. By the end of 2018, the programme had delivered savings of more than DKK 3bn, well ahead of initial expectations. More than DKK 1bn was reinvested in the company to support our SAIL'22 growth priorities. The mindset of Funding the Journey has become part of our corporate culture, resulting in a continued reduction in sales, general and administrative expenses (SG&A, excluding marketing).

SG&A EXCLUDING MARKETING/REVENUE



CONTINUED
EXECUTION

»

Our SAIL'22 choices and priorities have strengthened the Group and we're satisfied with the top- and bottom-line delivery.

Cees 't Hart
CEO

Our SAIL'22 strategy has served us well since its launch in 2016, resulting in a strong and resilient company.

SAIL'22 has focused on improving our business organically. Since 2016, it has guided our actions, setting clear priorities for how we brew for a better today and tomorrow.

While providing a clear overall direction for our business, SAIL'22 has been a "living" strategy.

Since its launch in March 2016, we have continuously adjusted the application of the strategy to reflect learnings and also the market environment, which has significantly changed, especially with COVID-19.

Coupled with a significantly strengthened performance management culture and a good organisational balance between markets, regions and central functions, we have been able to leverage scale while remaining close to local consumers and customers.

EXECUTING SAIL'22
2016-2017
Our headline for 2016-2017 was Funding the Journey. Our main focus was on delivering the benefits of this efficiency and savings programme, thereby allowing us to invest in the SAIL'22 priorities for driving long-term value growth and to improve operating profit.

2018-2019
In 2018, we shifted focus to organic top-line growth by means of delivering on the SAIL'22 priorities.

Our investments and execution paid off and the average annual organic growth from 2017 to 2019 was 3% for volumes and 4% for revenue.

2020-2021
The resilience of our strategic priorities was stress-tested and proven during the significant challenges posed by COVID-19 across our markets. Despite the setback and volatility caused by the pandemic in 2020-2021, the resilience of the Carlsberg Group was strong, and our financial results in 2021 were well above the pre-pandemic levels of 2019: volumes +5% compared with 2019, revenue +1% and operating profit +4%.

EVALUATING PROGRESS
SAIL'22 is now coming to an end, and 2022 will be a year of transition to SAIL'27. 2023 will therefore be the first year of SAIL'27 (see pages 31-32).

On the following pages, we present the results for selected SAIL'22 initiatives and priorities achieved since 2016.

STRATEGIC PRIORITIES IN SAIL'22

STRENGTHEN THE CORE
Leverage our strongholds
Excel in execution
Funding the Journey culture

POSITION FOR GROWTH
Grow craft & speciality
Win in alcohol-free brews
Grow in Asia

CREATE A WINNING CULTURE
Team-based performance
Together Towards ZERO
Live by our Compass

DELIVER VALUE FOR SHAREHOLDERS
Organic growth in operating profit
ROIC improvement
Optimal capital allocation

POSITION
FOR GROWTH

Our three SAIL'22 growth priorities have delivered strong results. COVID-19 proved them to be complementary, illustrated by the strength of alcohol-free brews during a time when on-trade closures led to challenging market conditions for the craft & speciality portfolio.

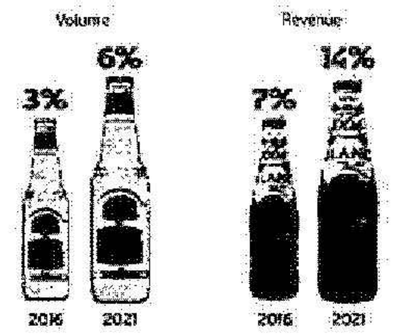
SAIL'22
GROW CRAFT & SPECIALITY

+11%

CRAFT & SPECIALITY VOLUME 2016-2021 (CAGR)

Supported by the global success of the iconic 1664 Blanc and the Somersby cider brand, our craft & speciality (C&S) portfolio has delivered strong results since 2016. Volume growth from 2016 to 2021 (CAGR) was 11% despite the negative impact on the on-trade channel of COVID-19 in 2020 and 2021.

C&S SHARE OF GROUP BEER VOLUME AND REVENUE



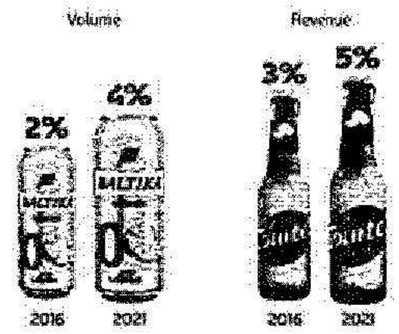
SAIL'22
WIN IN ALCOHOL-FREE BREWS

+14%

ALCOHOL-FREE BREWS VOLUME 2016-2021 (CAGR)

Helped by growing consumer awareness of health and wellbeing, pioneering brewing techniques and category outperformance, our alcohol-free brew (AFB) volumes have more than doubled since 2016. Our AFB portfolio includes beer and radler line extensions of both our strong local power brands and the international premium brands.

AFB SHARE OF GROUP BEER VOLUME AND REVENUE





SAIL'22
GROW IN ASIA

+12%

OPERATING PROFIT IN ASIA 2016-2021 (CAGR)

Our Asia region has been a key component in our growth algorithm. During the past five years, the region has delivered volume growth, premiumisation and strong progress in operating profit. China has been a particularly strong contributor, more than tripling operating profit, and our businesses in markets such as India, Vietnam and Laos have also significantly strengthened their results.

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CREATING A WINNING CULTURE

Our winning culture continues to define what we want to be: team-based and performance-driven, governed by high ethical standards, and committed to responsibility and sustainability. We have stepped up within all of these areas as part of SAIL'22, and we are on track to deliver on our Together Towards ZERO targets.

SAIL'22
LIVE BY OUR COMPASS

UPDATED CODE OF ETHICS & CONDUCT

Our new Code of Ethics & Conduct is designed to help everyone across the Group to live by our Compass every day. It is available in 29 languages and accompanied by updated e-learning, which includes real-life scenarios and examples of non-compliance red flags and how to mitigate them. It also encourages people to speak up about any instances where the code may have been violated. Read more about how we live by our Compass, including our new Code of Ethics & Conduct, and find more details on our Speak Up system in the ESG Report.





SAIL'22
TEAM-BASED PERFORMANCE

82%

ENGAGEMENT SCORE

Our Group-wide employee survey – MyVoice – is carried out every other year. On the back of the very challenging working conditions in the past two years, we were pleased that 92% of our workforce participated in the 2021 survey and that results were stable compared with 2019. The overall engagement score was 82%, while 89% of employees are satisfied with our company as a place to work.

SAIL'22
TOGETHER TOWARDS ZERO

40%

REDUCTION IN RELATIVE CARBON EMISSIONS 2015–2021

Our ambitious carbon targets are approved by the Science-Based Targets initiative and in line with the latest climate science to limit global warming to 1.5°C. In 2021, we reduced relative brewery carbon emissions by 2%. Since 2015, our relative brewery carbon emissions are down by 40%, while our relative value chain (beer-in-hand) emissions were reduced by 7% from 2015–2019.

21%

IMPROVEMENT IN WATER EFFICIENCY 2015–2021

Water is an essential ingredient in our products, and other key ingredients like grains and hops need it to grow. At 2.7 hl/hl in 2021, we have made a 21% improvement in water efficiency from our 2015 baseline. Our 2030 target is to halve the amount of water we use per hl of beer, from the 2015 baseline, and we are on track to reach the halfway mark of a 25% reduction in 2022.

Read more about our winning culture in the ESG Report, available online on www.carlsberggroup.com

CONTINUING THE SUCCESS OF SAIL'22

An evolution of SAIL'22, SAIL'27 is built around our purpose and our ambition of being the most successful, professional and attractive brewer in our markets.

SAIL'27 was developed as a collaborative, company-wide effort, co-created by over 200 Carlsberg employees from more than 30 different markets to ensure that we incorporated the learnings from SAIL'22 and that SAIL'27 will be strongly embedded in our local markets and central functions from the very beginning.

In developing SAIL'27, we aimed at keeping and sharpening our strong strategic, organisational and financial dynamics while ensuring that our direction-setting was refreshed and that our new strategy reflects expected consumer, customer, societal, regulatory, economic and geopolitical trends and their likely impact on the beer category in terms of both volume and value. As such, SAIL'27 reflects the learnings from the past and assumptions for the future blended together.

SAIL'27 PRIORITIES

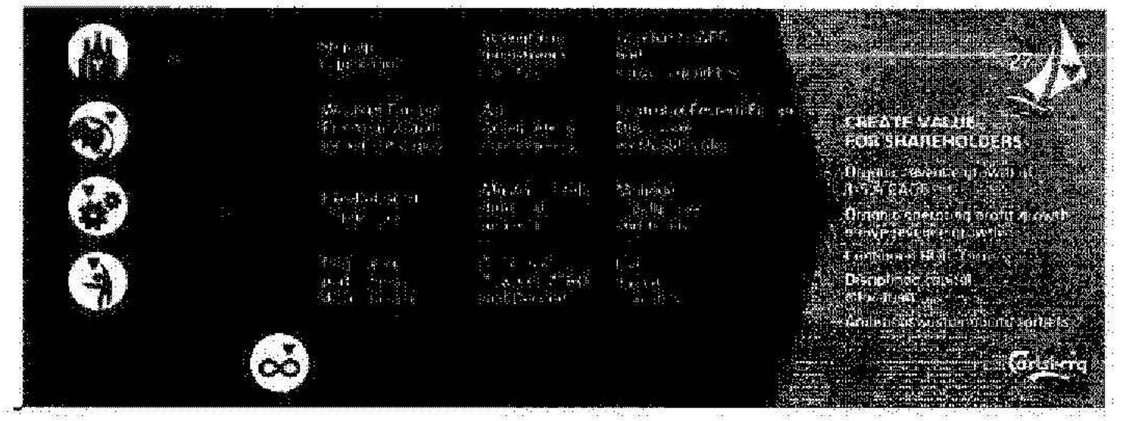
SAIL'27 focuses on five strategic levers – portfolio, geographies, execution, culture and funding the journey – for which we have made distinct strategic choices, defining the focus of our efforts and resource allocation. Our strategic levers and choices should be viewed as an integrated set of activities that together will drive shareholder value.

INCREASING OUR AMBITIONS

With SAIL'27, we will continue our successful journey. We believe we can successfully capture long-term growth opportunities, and we are therefore increasing our financial and sustainability ambitions for the SAIL'27 period:

- Organic revenue growth of 3–5% CAGR
- Organic operating profit growth above revenue growth
- Continued ROIC focus
- Disciplined capital allocation (unchanged from SAIL'22, see page 22)
- Ambitious sustainability targets.

SAIL'27 is presented in detail in the stock exchange announcement of 3 February, available on www.carlsberggroup.com.



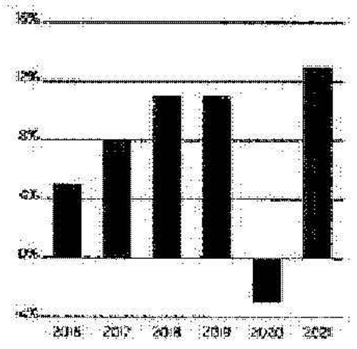
DELIVER VALUE FOR SHAREHOLDERS

Since the launch in 2016, SAIL'22 has significantly improved the strategic health of the Group. Successful achievements for our strategic priorities have led to consistent progress on our KPIs for delivering value for shareholders, albeit results in 2020 and 2021 were impacted by COVID-19.

SAIL'22 ORGANIC GROWTH IN OPERATING PROFIT

+7%

2016–2021 (AVERAGE)

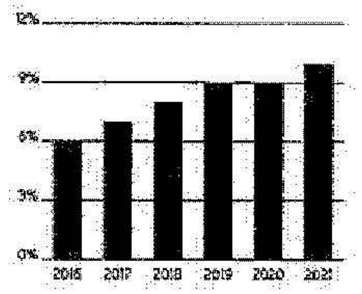


Except in 2020, the Group has consistently grown operating profit organically through top-line growth and continuous focus on efficiencies and costs as part of our Funding the Journey culture.

SAIL'22
ROIC IMPROVEMENT

+440bp

2016–2021

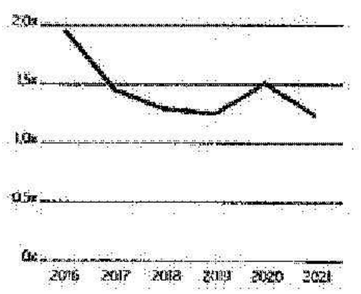


We have consistently improved return on invested capital (ROIC) by strengthening earnings and reducing invested capital.

SAIL'22
OPTIMAL CAPITAL ALLOCATION

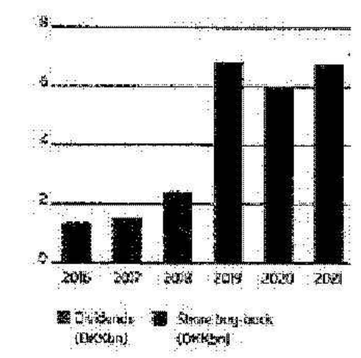
1.24x

NIBD/EBITDA 2021



6.8bn

CASH RETURNS (DKK) TO SHAREHOLDERS 2021



Our capital allocation principles are well defined (see page 23). We have been successful in keeping our leverage below the target of net interest-bearing debt/EBITDA below 2x and maintaining our dividend policy: a payout ratio of around 50% of adjusted net profit. We have engaged in value-accretive acquisitions and returned excess cash to shareholders by means of share buy-backs.



»

We worked with 138 co-strategists to build SAIL'27. They provided valuable insights and fantastic views, helping us frame and develop our strategic priorities and ensuring that they fit the needs of all our markets and functions.

Marcela Wave
Director and leader of the co-strategist programme

138

SAIL'27 CO-CREATORS

SAIL'27 was co-created with talents from across the Carlsberg Group. In addition to our Extended Leadership Team, 138 co-strategists from our markets, regions and Group functions participated in reviews as well as the development of 34 different workstreams with the ambition to capture even more diverse thinking in the considerations and choices for the next strategy period. Our co-strategists brought valuable experience, local market insights, learnings and ideas to the strategy process and were an important contributor to the strategic choices and priorities of SAIL'27.

CLIMATE-RELATED RISKS

Climate change is already affecting our operations and markets. Across our regions, we see its impact through land degradation, more hot and dry weather, and intense rainfall.

We are working to understand the related risks and opportunities, and to mitigate impact on our business.

Our annual Environment, Social & Governance Report, details our Together Towards ZERO approach, progress on our ambitious ZERO carbon targets, and the action we are taking to support the Paris Agreement on Climate Change to limit the increase in global average temperature to a maximum of 1.5°C. The report also addresses our exposure to climate change risk and the impact on our value chain.

In the table, we outline the relevant sections for TCFD reporting in this Annual Report and in our Sustainability and Remuneration Reports.

Task Force on Climate-related Financial Disclosures (TCFD) reporting recommendations

Recommendation	Our disclosure in brief	Learn more
Governance Disclose the organisation's governance around climate-related risks and opportunities.	The Supervisory Board has ultimate responsibility for risk management, including climate-related risks. As part of the ongoing review of SAIL'22, the Supervisory Board reviews Together Towards ZERO, including progress towards our targets on ZERO carbon and ZERO water waste. The Executive Committee (ExCom) is responsible for sustainability, including climate change, with the CEO assuming ultimate responsibility. ExCom approves policies and targets for the entire organisation and monitors performance on a quarterly basis. Sustainability measures, including the reduction of carbon and water use, are included in the short-term incentive scheme for the CEO, CFO and other ExCom members.	• Risk management framework, page 34. • Overview of Supervisory Board and Audit Committee work and responsibilities, pages 39-41. • Environment, Social & Governance Report, description of governance, pages 55-58. • Remuneration Report, pages 6-7.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning, where such information is material.	Together Towards ZERO is an integrated part of our SAIL'22 strategy. It was developed in partnership with global experts and includes science-based targets to reduce emissions in line with the goal of the Paris Agreement to limit global warming to a maximum of 1.5°C. Together Towards ZERO's focus areas and targets are based on a sustainability materiality assessment, updated in 2020, to ensure we focus on the sustainability risks and opportunities that are most relevant to our stakeholders, including those related to climate change and water. Our new strategy, SAIL'27, incorporates an even more ambitious approach to sustainability issues, including carbon, water. More details on the expanded Together Towards ZERO and Beyond will be revealed in April 2022.	• SAIL'22, Together Towards ZERO, pages 6 and 30. • Environment, Social & Governance Report, carbon and water sections, pages 10-20 and 21-27. • Environment, Social & Governance Report, materiality assessment, page 61.
Risks Disclose how the organisation identifies, assesses and manages climate-related risks.	Mid- and long-term risks, including climate-related risks and opportunities, are reviewed annually at Group level. We use a materiality assessment to identify the most important sustainability management topics, risks and impacts. The latest assessment in 2020 confirmed that climate change was among the highest-ranking issues for us to address. We updated our analysis of our beer-in-hand value chain footprint (Scope 1, 2 and 3 emissions) in 2020 to measure our progress from the 2015 baseline and identify where to focus our efforts to reduce emissions and mitigate risk. We used WWF's Water Risk Filter to identify which of our breweries are in areas of high water risk. We were also the first multinational to test WWF's ground-breaking scenario analysis tool to examine the potential impacts of climate and socioeconomic changes on water and subsequent implications for our business by 2030 and 2050, and to help us identify priority sites for investments and community partnerships. In addition, we conducted a water risk assessment of two key commodities, rice and barley.	• Risk management framework, page 34. • Environment, Social & Governance Report, carbon and water sections, pages 10-20 and 21-27. • Environment, Social & Governance Report, materiality assessment, page 61.
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.	Our annual Environment, Social & Governance Report discloses our approach, progress against our Together Towards ZERO targets for 2022 and 2030, key performance indicators and actions to support the UN Sustainable Development Goals and the UN Global Compact. We disclose a comprehensive set of seven-year comparable quantitative data for energy, carbon (including Scope 1, 2 and 3 emissions, with a full Scope 3 analysis every three years) and water. We have also disclosed detailed information to CDP on our greenhouse gas emissions and approach to climate change management annually since 2007.	• Environment, Social & Governance Report, data summary table, pages 72-78. • Environment, Social & Governance Report, SDG actions, pages 64-68.

MANAGING BUSINESS RISKS

In conducting our business and executing our strategy, we seek to manage risks in such a way as to minimise their threats while making the best use of their opportunities.

Our business is subject to a number of risks and uncertainties that could have both short-term and long-term implications for the Group.

The purpose of our risk management approach is to address these risks and uncertainties in due time.

GOVERNANCE STRUCTURE
The Supervisory Board is ultimately responsible for risk management and has appointed the Audit Committee to act on its behalf in monitoring the effectiveness of the Group's risk management.

The Audit Committee monitors developments and ensures that plans are in place for managing individual risks, including strategic, operational, financial and compliance risks.

The Executive Committee (ExCom) is responsible for reviewing the overall risk exposure associated with the Group's activities and ensuring that appropriate actions are taken.

SHORT-TERM RISK ASSESSMENT
Risks are assessed according to a two-dimensional heat map that estimates the impact of the risk on operating profit or brand/image and the likelihood of the risk materialising.

Based on this assessment, ExCom identifies the high-risk issues for the coming year. ExCom assigns risk owners, who are responsible for mitigating the risks through a programme of risk management activities.

Local and functional risk assessment follows the same principles and methodology as Group-level risk assessment.

Risk reporting is incorporated in regular business reviews, and Group Risk Management is responsible for the framework and Group Finance for facilitating and following up on risk action plans for the most significant risks in connection with regular business reviews.

MID- AND LONG-TERM RISK ASSESSMENT
A review of mid- and long-term risks is conducted annually at Group level.

Based on input from various central functions, including finance, legal, sustainability, human resources and investor relations, and regional teams, the Group strategy team identifies risks within the areas of commercial & competition, governance, consumer, macro-economic and geopolitical environment, reputation, supply chain and climate.

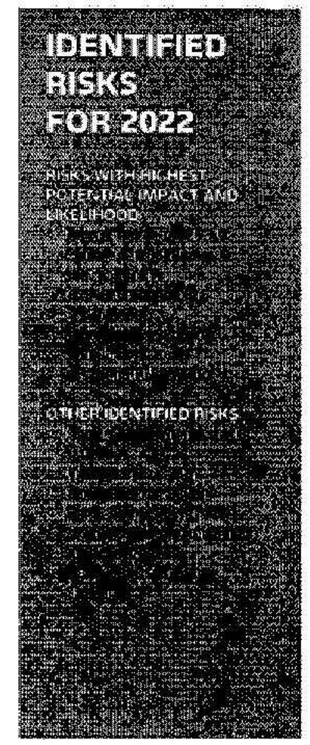
For climate-related risks, see our TCFD reporting on page 33.

Based on this risk identification, ExCom will evaluate and assess the Group's risk exposure, applying our two-dimensional heat map methodology, and determine appropriate actions.

RISKS IDENTIFIED FOR 2022
The identified risks for 2022 are shown in the box on the right. Based on the heat map assessment, the six highest ranked risks are elaborated on in the following, including in each case a description of the risk and associated mitigation efforts.

Our mitigating actions and opportunities for three out of six risks are closely related and benefit from the well-established SAIL'22 execution capabilities.

The risk movement paragraph indicates whether the likelihood of risk has increased, decreased or remained unchanged versus last year.



IMPACT FROM COVID-19
Risk movement
Decrease versus last year.

Description
COVID-19 continues to affect our people and business across our regions. While government interventions vary by geography, lockdowns and other restrictive measures across all three regions affect consumer off-take in both the on-trade and off-trade channels.

Further, supply chains may be impacted by raw material shortages and the ability to brew and distribute our products. Depending on geography and go-to-market models, our markets may therefore be impacted in terms of volume, mix, margin and cash flow performance.

We anticipate continuous impact from COVID-19 in 2022 in accordance with how the pandemic develops and with the distribution and efficacy of vaccines.

Mitigation
Our first priority will remain the health and safety of our employees.

Operationally, we will continue to apply the ways of working from 2020 and 2021. These include frequent planning cycles, utilising our sales and operation planning (S&OP) practices to enable fast adaptation and response to changing market demand and supply chain circumstances. In addition, we also leverage our Funding the Journey culture, including the Operating Cost Management (OCM) toolkit.

Our actions and activities will continue to be tailored to local markets to ensure an appropriate response to country-specific challenges and situations.

INPUT COST INFLATION
Risk movement
New.

Description
Many of our input costs, including, but not limited to, barley and malt and various packaging materials, saw significant price increases during 2021. Further, in some markets adverse foreign exchange movements are exacerbating the inflationary pressure.

Competition in most markets is generally fierce, and in many markets across our regions this is leading to a challenging pricing environment. In addition, increasing inflation may negatively impact consumer sentiment and purchasing power.

Mitigation
Being well hedged for our major commodities, we have a high degree of transparency on the input cost headwind, which enabled us to begin preparing for the challenging situation from mid-2021 onwards at market, regional and Group level.

Per market, we are determining the right balance of mitigating actions, including value management, channel and category mix, pricing and Funding the Journey initiatives.

Commodity risks and hedging of raw materials are described in more detail in section 1.2 and foreign exchange risk in section 1.3 in the notes to the consolidated financial statements.

ECONOMIC INSTABILITY
Risk movement
Increase versus last year.

Description
In continuation of the COVID-19 risk, the pandemic has led to high macroeconomic uncertainty. Growing inflation, interest rate increases in key economies, adverse currency movements and geopolitical tensions are further exacerbating the macroeconomic risk.

Exchange rate fluctuations can have a significant impact on the Group's financial results. The high economic uncertainty also poses a downside risk to disposable incomes, possibly impacting beer markets negatively.

Mitigation
During the past two years, our planning has become more short-term and highly flexible to allow appropriate actions within a short time horizon.

Our strategic priorities are well founded in the business, enabling us to leverage our value management capabilities, continue our portfolio optimisation efforts, including premiumisation, focus on alcohol-free brews and increasingly also on other beverage categories, and leverage our Funding the Journey culture.

Our exposure to exchange rate fluctuations and our related actions, including the impact on the income statement and borrowings and our hedging arrangements, are described in sections 1 and 4 in the consolidated financial statements.

PARTNERSHIPS
Risk movement
Unchanged versus last year.

Description
We cooperate with partners in some markets in Western Europe and Asia, and we also have local joint venture partners in some Asian and European markets.

Disagreements with partners on the operational management and strategic direction of partnerships may limit our ability to manage the growth and risk profile of our business.

Cooperation with most of our partners is positive. However, over a period of time, we have had serious disagreements with our partner in Carlsberg South Asia Pte Ltd (CSAPL), in which the Group has 67% ownership and our partner has 33% ownership. CSAPL owns **100%** of our business in India and 90% of our business in Nepal. Several of the disagreements pertaining to the Shareholders' Agreement between Carlsberg and our partner have been referred to arbitration in Singapore. We expect the arbitration award in H1 2022.

Carlsberg called in a loan made to the partner that had become due and payable in full. This issue had been subject to separate court proceedings in Singapore for some time. In January 2022, the Singapore court of appeal finally confirmed that the loan with interest is repayable by the partner to Carlsberg in full.

In Nepal, the local shareholder owning the remaining 10% of the shares in the business is a related party to the Group's partner in CSAPL. The above-mentioned disagreements include a dispute with the local 10% shareholder. Contrary to its legal and contractual rights, the Group's influence on the business operations in Nepal is currently being restricted through actions that hamper its right of decision-making and insight into the business.

We are contesting these actions in Nepal through the local courts and anticipate that the operations and management of the Nepalese business will eventually be normalised in line with the Group's legal and contractual rights. However, consolidation of the Nepalese business was ceased at the end of 2021 until such time as our rights as majority shareholder are re-established.

Disputes always carry some inherent risk. The outcome of the above-mentioned disputes could limit the Carlsberg Group's freedom to operate in India and Nepal, and affect our operational and financial performance.

The arbitration could have various outcomes, including either party being awarded a call option to buy out the other shareholder. If the tribunal were to find that Carlsberg has materially breached the Shareholders' Agreement, although this is not expected, the partner could become entitled to a call option to acquire the Group's 67% shareholding in CSAPL. From the time that such a call option were to become exercisable, the Group would, for accounting purposes, be required to cease consolidation of CSAPL, including Carlsberg India, and derecognise the investment in Gorkha Brewery, Nepal. If such a call option were to be awarded but not exercised, the Group would resume consolidation when the option lapses. Conversely, if the award is in favour of the Group, it could result in the acquisition of the 33% shareholding in CSAPL held by the partner. A party being awarded a call option that is subsequently exercised could lead to that party taking possession of 100% of the shares in CSAPL, resulting in the other party no longer being involved in the business of CSAPL. See sections 3.4 and 5.4 in the consolidated financial statements for further details of the partnership.

Mitigation
The Group continuously seeks to promote a fair and mutually beneficial development of its partnerships in order to safeguard their success.

We seek to have an ongoing dialogue with our partners to identify issues at an early stage. The relevant members of ExCom are actively involved in partner relationships, participating in the ongoing dialogues to ensure constructive negotiations and fast and effective resolution of potential issues.

LEGAL AND REGULATORY COMPLIANCE
Risk movement
Unchanged versus last year.

Description
Legal and regulatory compliance risks include competition law and data protection compliance (GDPR), as well as non-compliance with anti-bribery & corruption regulations and trade sanctions. Failure to comply with regulations and Group policies may lead to fines, claims, and brand and reputation damage.

In recent years, the Group has experienced competition-law down rolls in a few jurisdictions. Non-compliance with competition law is a real and growing risk, and the Group is party to certain lawsuits and disputes. These and their significance are described in section 3.4 of the consolidated financial statements.

Mitigation
We continuously strengthen the Group-wide control framework covering legal compliance areas, including, but not limited to, competition law, anti-bribery & corruption, trade sanctions and data protection. In 2021, we also further enhanced the compliance control framework to reflect insight and learning from Speak Up cases, regulatory guidance and enforcement action.

We regularly review and, where necessary, update relevant Group legal and compliance policies, and conduct compulsory training of all relevant employees.

We actively set a strong tone from the top and have developed toolkits to help managers in all markets better understand their role in shaping ethical behaviour every day.

We have enhanced our compliance training programme and updated our e-learning modules, including in 2021 updated training on the Code of Ethics & Conduct. Relevant new and existing employees are required to complete compliance e-learning modules on an ongoing basis in order to maintain awareness of relevant risks and how to mitigate them.

In 2021, we reviewed, simplified and rationalised the suite of compliance policies, manuals, guidance etc. to facilitate greater understanding and awareness by the wider business of the behaviour expected of all employees to reduce compliance risk. This included the launch of and Group-wide training in our updated Code of Ethics & Conduct in the third quarter (see page 30).

Read more about our compliance efforts in the Responsible business section of the Environment, Social & Governance Report.

CYBER AND IT SECURITY
Risk movement
Decrease versus last year.

Description
Like all other businesses, the Carlsberg Group relies heavily on technology and IT infrastructure for its day-to-day business. A cyber attack or non-availability of IT systems could have severe financial, regulatory and reputational consequences for our business.

The decrease of the risk versus 2021 is due to the introduction of new incident monitoring and response capabilities as well as advanced defensive technologies.

Mitigation
Our IT security organisation has regular dialogue with ExCom and the Supervisory Board to agree on risk mitigation plans and activities. Our Chief Information Security Officer leads an independent cyber security function within our IT organisation.

As the cyber security threat assessment has intensified in recent years, we have strengthened our protective work to counter the risk.

Furthermore, we deploy a wide array of advanced defensive technologies, as well as continuing to embed our risk management framework at all layers of the organisation. We undertake regular testing of our security controls via an ongoing series of technological audits and breach simulations.

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FOCUS ON CORPORATE GOVERNANCE

Our governance framework aims to ensure value creation, safeguard active and transparent stewardship across the Group and reduce risk.

The governing bodies of the Carlsberg Group are the Supervisory Board and the Executive Board. None of the members of the Supervisory Board are or have been involved in the executive management of the Group.

The Supervisory Board hires and supervises the Executive Board, which consists of the CEO and the CFO, who are not members of the Supervisory Board. The division of responsibilities is described in the Rules of Procedure.

The Group also has an Executive Committee (ExCom), which, in addition to the CEO and the CFO, consists of a wider group of Executive Vice Presidents, portrayed on pages 46-47. While the Executive Board members are formally registered as executive directors of the Company, the Executive Committee collectively prepares and implements the Company's strategic plans.

RECOMMENDATIONS ON CORPORATE GOVERNANCE

The Supervisory Board is responsible for the Company's corporate governance framework and compliance with the corporate governance recommendations and statutory requirements.

The Supervisory Board applies the Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance.

The Company complies with all but four of the current recommendations:

- With respect to the recommendation to publish quarterly reports, the Group has chosen to only publish full- and half-year reports.
- With respect to the recommendation that a majority of the members of a board committee should be independent, in 2021 two of the four members of the Nomination Committee and of the Remuneration Committee were independent.
- With respect to the recommendation that at least half of the members of the Supervisory Board elected by the general meeting should be independent, four out of ten members were considered independent in 2021. After the Annual General Meeting in March 2022, the Company expects to be compliant with the recommendation.
- With respect to the recommendation to include external assistance in the board evaluation at least every third year, the Supervisory Board evaluation in 2021 was not facilitated by an external advisor.

The Company's statutory report on corporate governance includes the full list of recommendations, with comments on the Group's position on each recommendation. The report also includes the reporting on internal controls and risk management systems applied as a basis for the financial reporting process.

Download our statutory report on corporate governance

www.carlsberggroup.com/who-we-are/corporate-governance/#statutoryreports

OUR COMPASS

The Supervisory Board is responsible for overseeing that the Executive Committee has an adequate system and resources in place to ensure compliance with the Company's codes and policies in relation to its business activities.

The Group's core values are integrity, responsibility, honesty and ethical business conduct. Living by these values – our Compass – supports our strategy, mitigates risks and protects our reputation as a responsible brewer.

Our Compass consists of a Code of Ethics and Conduct and our Group policies, which guide everyone in the Group on how to act every day, setting out the ethical standards for our behaviour both within the company and towards external business partners such as customers and suppliers.

Group policies include, but are not limited to, anti-bribery & corruption, labour & human rights, diversity & inclusion, competition law, trade sanctions, data protection, risk management, finance, marketing, corporate communication, responsible drinking and public & government affairs. In 2021, we drew up a policy on data ethics.

The Environment, Social & Governance Report includes a thorough description of how we implement and live by our Compass in our day-to-day actions, including areas such as anti-bribery & corruption, compliance and our Speak Up system, as well as how we work with and seek to ensure high standards for data ethics as outlined in our Data Ethics Policy.

Download our policies

www.carlsberggroup.com/sustainability/download/download-our-policies

THE ANNUAL GENERAL MEETING

The 2021 Annual General Meeting (AGM) took place on 15 March. The minutes of the meeting are available on www.carlsberggroup.com. Rules and deadlines applying to the AGM and other general meetings are stipulated in the Company's Articles of Association, available on www.carlsberggroup.com along with other AGM-related information.

COMPOSITION OF THE SUPERVISORY BOARD

The members of the Supervisory Board and their board meeting attendance are shown in the table below.

The Supervisory Board currently has ten members elected by the General Meeting and, in accordance with the Danish Companies Act, five members elected by the employees.

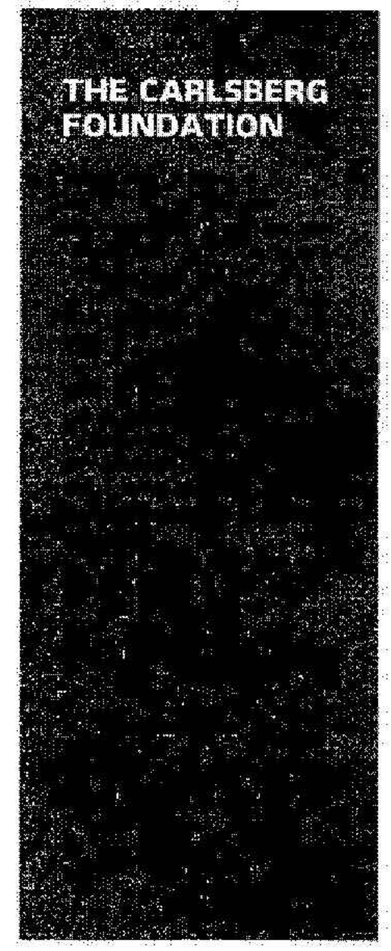
Five of the ten members elected by the General Meeting have an international business background in addition to competencies related to FMCG, digital, finance, ESG, supply chain, procurement and emerging markets.

The other five members are affiliated to the Carlsberg Foundation, the Company's largest shareholder, and have an academic background. These members are bearers of the Carlsberg Group culture and the heritage and values stemming from founder J.C. Jacobsen, and the

Supervisory Board meetings

Board member	Chairship meetings attended	Board meetings attended
Flemming Besenbacher (Chair)[1]	♥♥♥♥♥	♥♥♥♥♥♥
Henrik Poulsen (Deputy Chair)[1,2]	♥♥♥♥♥	♥♥♥♥♥♥
Hans Andersen[2]		♥♥♥♥♥♥
Carl Bache[1]		♥♥♥♥♥♥
Magdi Batato[1,2]		♥♥♥♥♥♥
Lilian Fossum Biner[1,2]		♥♥♥♥♥♥
Richard Burrows[1]		♥♥♥♥♥♥
Soren-Peter Fuchs Olesen[2]		♥♥♥♥♥♥
Domitille Doat-Le Bigot[1,2]		♥♥♥♥♥♥
Lars Fruergaard Jorgensen[1,2]	♥♥♥♥♥	♥♥♥♥♥♥
Kees Kruythoff[2]		♥♥♥♥♥♥
Erik Lund[2]		♥♥♥♥♥♥
Soren-Peter Fuchs Olesen[2]		♥♥♥♥♥♥
Peter Petersen[2]		♥♥♥♥♥♥
Majken Schultz[1]		♥♥♥♥♥♥
Lars Stemmerik[1]		♥♥♥♥♥♥

[1] Elected by the General Meeting, [2] Independent, [3] Employee-elected.
♥ Attended meeting, ♥ Did not attend meeting, ♥ Not a Board/Chairship member at the time.



Supervisory Board sees these members as patrons of the same.

The employee representatives are elected for a term of four years. They hold the same rights and obligations as the members elected by the General Meeting. The current employee representatives were elected in 2018 and the next election will take place in 2022.

Information on the Supervisory Board members is available on pages 43-45. Detailed CVs can be found on www.carlsberggroup.com.

DIVERSITY AND COMPETENCIES

The Supervisory Board recognises the benefits of diversity in respect of experience, culture, international experience and gender.

Diversity is of high priority for the Supervisory Board, and it has laid down the following specific objectives in relation to international experience and gender:

- With regard to international experience, the objective is that 50% or more of the Supervisory Board members elected by the General Meeting should have substantial international experience from managing large corporations or institutions.
- The proportion of the under-represented gender (currently women) on the Supervisory Board should reach at least 40% of the members elected by the General Meeting no later than 2021. The gender target applies to the boards of all Danish Carlsberg Group companies that are required to set such objectives.

The Supervisory Board fulfils the objective regarding international experience.

In 2021, the Supervisory Board did not meet the objective with regard to gender diversity, as only two Supervisory Board members elected by the General Meeting were women, i.e. 20%.

At the Annual General Meeting in March 2022, the Supervisory Board will propose three female candidates, bringing the ratio of women on the Supervisory Board to 33%. The objective with regard to gender diversity is therefore not expected to be met in 2022. However, the Company expects to meet the gender diversity target at the Annual General Meeting in 2023.

At Carlsberg Breweries A/S, the four Supervisory Board members elected by the General Meeting are men, being the members of the Chairship and of the Executive Board of Carlsberg A/S. After the Annual General Meeting in 2022, it is expected that one of four members will be a woman, being the Deputy Chair of Carlsberg A/S. At Carlsberg Danmark A/S and Carlsberg Supply Company Danmark A/S, one of three Supervisory Board members is a woman. At Carlsberg Integrated Information Technology A/S, one of four Supervisory Board members is a woman.

The 2021 Environment, Social & Governance Report contains information on our work with diversity and inclusion in the Carlsberg Group.

The Supervisory Board continuously assesses, including as part of its annual board evaluation, whether the board members possess the required skills and competencies to best support the Carlsberg Group and its strategy, and whether the composition can be further optimised for this purpose.

The skills and competencies that should be represented on the Supervisory Board are described in the Specification of Competencies, available on www.carlsberggroup.com. On the basis of a recommendation from the Nomination Committee, the Supervisory Board reviews the Specification of Competencies annually.

The Supervisory Board believes that the current composition of the Board ensures an appropriate level of skills, breadth and diversity in the members' approach to their duties, thereby helping to ensure that decisions are well considered and that both short- and long-term perspectives are taken into account.

SUPERVISORY BOARD EVALUATION PROCESS

Each year, the Chair of the Supervisory Board heads a structured evaluation of the Board's work, accomplishments and competencies.

In 2021, the evaluation process was headed by the Chair and Deputy Chair and led to a short catalogue of ideas for the Supervisory Board work. Together with management, the ideas will be considered and, where relevant, implemented.

During the evaluation process in 2021, the Supervisory Board members generally expressed that meeting material is of a high quality, that agendas cover relevant topics, that meetings are well planned, and that the time and discussions are well prioritised.

The members also appreciated the discussions with the Executive Board and other management members, and the mutual trust and cooperation with the Executive Board.

THE WORK OF THE SUPERVISORY BOARD

The main topics of discussion at the Supervisory Board meetings in 2021 are presented in the box on page 40.

The Executive Board always attends the Supervisory Board meetings and, in order to improve transparency, the members of ExCom are also invited and attend when relevant. This gives the Supervisory Board better insight into the business.

In connection with most Supervisory Board meetings, key people from the Group present a market, a function or other relevant topics. In 2021, these covered updates on Carlsberg's COVID-19 plans, including the impact on employees and the business, internal audit, research, IT security, quality, the people agenda, including diversity & inclusion, the businesses in Germany and France, commercial priorities and three-year plans.

BOARD COMMITTEES

The Supervisory Board has established three board committees: the Audit, Nomination and Remuneration Committees. Each year, the Supervisory Board considers whether the number and

Nomination Committee meetings

Committee member	Committee meetings attended
Flemming Besenbacher (Chair)	♥♥♥♥♥
Carl Bache	♥♥♥♥♥
Lars Fruergaard Jorgensen[1]	♥♥♥♥♥
Richard Burrows	♥♥♥♥♥
Henrik Poulsen[2]	♥♥♥♥♥

[1] Independent,
♥ Attended meeting, ♥ Not a Committee member at the time.

Remuneration Committee meetings

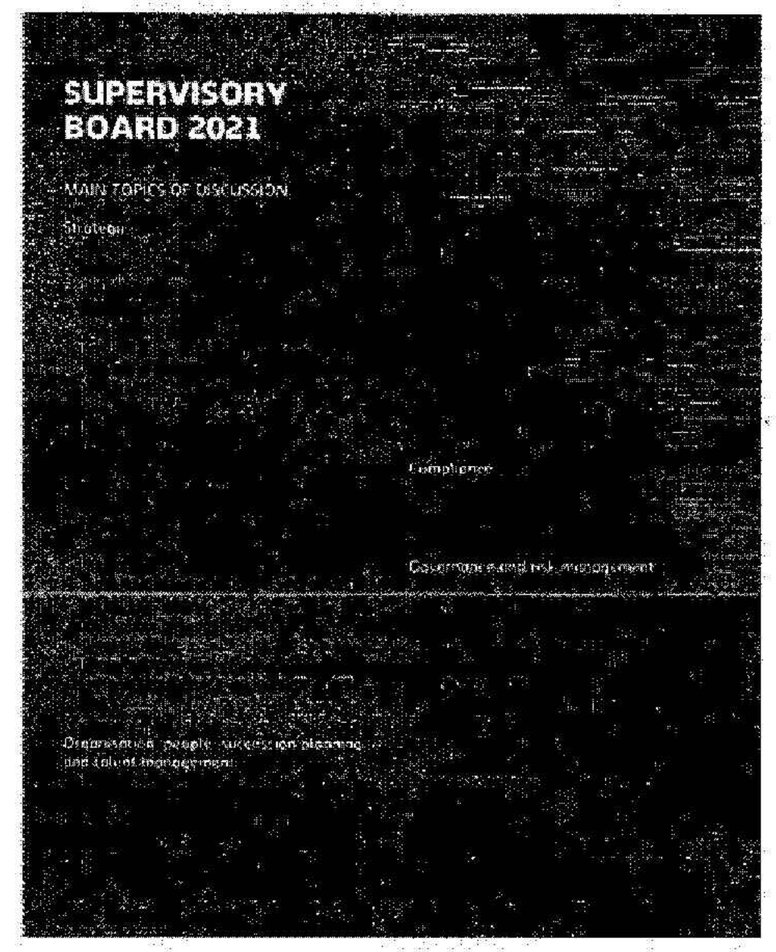
Committee member	Committee meetings attended
Richard Burrows (Chair)	♥♥♥♥♥
Magdi Batato[1]	♥♥♥♥♥
Domitille Doat-Le Bigot[1]	♥♥♥♥♥
Soren-Peter Fuchs Olesen	♥♥♥♥♥
Henrik Poulsen[2]	♥♥♥♥♥
Flemming Besenbacher[2]	♥♥♥♥♥

[1] Independent, [2] Not a member of the Committee; attends meetings in his capacity as Chair of the Supervisory Board.
♥ Attended meeting, ♥ Not a Committee member at the time.

Audit Committee meetings

Committee member	Committee meetings attended
Lilian Fossum Biner[1] (Chair)	♥♥♥♥♥
Magdi Batato[1]	♥♥♥♥♥
Richard Burrows	♥♥♥♥♥
Lars Fruergaard Jorgensen[1]	♥♥♥♥♥
Henrik Poulsen[2]	♥♥♥♥♥
Flemming Besenbacher[2]	♥♥♥♥♥

[1] Independent, [2] Not a member of the Committee; attends meetings in his capacity as Chair of the Supervisory Board.
♥ Attended meeting, ♥ Did not attend meeting, ♥ Not a Committee member at the time.



scope of the committees are appropriate.

Committee members are appointed for one year at a time. The members of the respective committees and their meeting attendance are shown in the tables on page 40.

THE NOMINATION COMMITTEE
The Terms of Reference for the Nomination Committee are available on www.carlsberggroup.com.

In 2021, the Committee had particular focus on:
- Planning the Board's evaluation process.
- Reviewing the Specification of Competencies for Board members to ensure that they reflect the skills and experiences needed to best support the execution of SAIL'22.
- Succession planning at management and Supervisory Board level, including nomination of a new Deputy Chair.
- Evaluating the composition of ExCom and the composition, structure and size of the Supervisory Board.

THE REMUNERATION COMMITTEE
The Terms of Reference for the Remuneration Committee are available on www.carlsberggroup.com.

In 2021, the main activities of the Remuneration Committee were:
- Preparing the 2020 Remuneration Report in line with new reporting standards under the EU Shareholder Rights Directive.
- Increasing the weighting of ESG in the short-term incentive plan from 2021 onwards as well as considering inclusion in the long-term incentive.
- Amending the peer group for total shareholder return to better align with our most direct industry peers.
- Reviewing the approach to target-setting for, and ongoing performance against, STI and LTI plans in light of the uncertain business environment.
- Considering the incentive arrangements in light of the developing future business strategy.

The work of the Committee is described in more detail in the Remuneration Report, available on www.carlsberggroup.com.

THE AUDIT COMMITTEE
The Terms of Reference for the Audit Committee are available on www.carlsberggroup.com.

The Committee members have the relevant financial expertise and necessary experience of the Company's sector.

The Audit Committee works according to the Terms of Reference and a detailed annual meeting plan.

In 2021, the Audit Committee had particular focus on a number of areas, including:
- Monitoring the effectiveness of the control environment and overseeing the progress on improving and further developing the effectiveness of the controls over financial reporting.
- Monitoring the external financial reporting and the work of the external auditors.
- Reviewing the progress of the work of the Group Internal Audit function.
- Reviewing the external financial reporting, including the annual reporting.
- Reviewing the work regarding Speak Up matters.
- Managing financial risk.
- Reviewing the risk management process.
- Reviewing Global Shared Services.
- Receiving updates on Group tax.
- Reviewing succession planning for financial personnel.
- Reviewing the Company's preparation for compliance with the EU Green Taxonomy.

INTERNAL CONTROL AND RISK MANAGEMENT RELATED TO THE FINANCIAL REPORTING PROCESS

OVERALL CONTROL ENVIRONMENT
The Supervisory Board and ExCom have overall responsibility for the Carlsberg Group's internal control environment.

The Audit Committee is responsible for monitoring the effectiveness of the overall internal control environment and risk management systems, in particular related to the financial reporting process.

The Group has a number of policies and procedures in key areas of financial reporting, including the Finance Policy, the Accounting Manual, the Controller Manual, the Use of Auditors Policy, the Chart of Authority, the Risk Management Policy, the Financial Risk Management Policy, the Corporate Governance Policy, the Information Security & Acceptable Use Policy, the Records Management & Personal Data Protection Policy, the Stock Exchange Compliance Policy, the Tax Policy, and the Code of Ethics & Conduct.

The policies and procedures apply to all subsidiaries, and similar requirements are set out in collaboration with the partners in joint ventures.

The Group's internal control framework for financial reporting is designed to reduce and mitigate financial risks identified and ensure reliable internal and external financial reporting. It defines who is responsible and provides assurance that key risks are covered by internal control activities.

As a consequence of the Group's growth due to acquisitions, systems and processes are not standardised across entities.

The Group will continue to strengthen the internal control environment through further standardisation, increased automation, strong analytics and transparent governance.

The financial reporting control framework is monitored through entities' self-assessment of the effectiveness of the implemented controls and continuous testing of performance by the Group's Risk & Internal Control function. The monitoring of the performance of the controls focuses on the adequacy of the controls, their effectiveness and the efficiency of the overall controlling processes.

RISK ASSESSMENT
With the implementation of the internal control framework for financial reporting, the Group has identified the risks that could have a direct or indirect material impact on the financial statements. Group entities are required to document and report transaction processes and the controls in place to cover the key risks identified.

Group entities are required to reassess their controls biannually and must update changes to the control framework for financial reporting, including new risks and controls.

CONTROL ACTIVITIES
The Group has implemented a formalised financial reporting process, budget process, estimates and monthly reporting on actual performance. The accounting information reported by all Group companies is reviewed by controllers with regional or functional in-depth knowledge of the individual companies/functions and by technical accounting specialists.

Controllers are continuously updated on best practice relating to internal financial controls, and trained in new accounting and reporting requirements.

The entities in the Group are dependent on IT systems. Any weaknesses in the system controls or IT environment are compensated for by manual controls in order to mitigate any significant risk relating to the financial reporting.

In 2021, the Group completed a project on standardising finance and accounting processes in Western Europe. The Group has established a global process function in order to continue the work with standardisation and simplification throughout the Group for all areas. The quality of processes and associated internal controls are subject to continuous monitoring and testing by the Group's Risk & Internal Control function as well as to regular internal audits.

INFORMATION AND COMMUNICATION
The Group has established information and communication systems to ensure accounting and internal control compliance. During the risk assessment process, Group entities are required to report on missing or inadequate controls.

Each entity assesses any need for compensating controls, or for design and implementation of new controls.

Furthermore, Group entities are required to maintain mapping of risks related to the segregation of duties and implement necessary compensating controls, thereby continuously strengthening the internal control environment and enforcing optimal segregation of duties in the ERP systems.

MONITORING
The Audit Committee's monitoring covers both the internal control environment and business risk. Monitoring of the internal control environment is covered by the Group's control framework for financial reporting.

The financial risks are assessed and reviewed at multiple levels in the Group, including monthly performance review meetings at ExCom level, periodic review of control documentation, and audits performed by Group Internal Audit.

GROUP INTERNAL AUDIT
Group Internal Audit provides objective and independent assessment of the adequacy, effectiveness and quality of the Group's internal controls. Group Internal Audit works in accordance with a charter, which is reviewed periodically and approved by the Audit Committee.

Taking into account the annual review of business risks (see pages 34-36), an internal audit plan is drawn up for the year. The plan is reviewed and approved by the Audit Committee. In 2021, Group Internal Audit conducted audits mainly in the areas of financial reporting controls, compliance (internal and external regulation), information technology and third-party risk management.

In addition, Group Internal Audit continuously assesses the adequacy of actions implemented by management to address previously raised risks and control issues.

SPEAK UP
The Carlsberg Group has a Speak Up system that enables employees to report misconduct. Reports typically relate to suspected violations of the Carlsberg Code of Ethics & Conduct.

The Speak Up system is operated by an external provider and allows concerns to be brought to the attention of the Group Speak Up Review team anonymously, confidentially and via multiple channels.

The Speak Up Review team is responsible for reviewing and overseeing all reported Speak Up matters. Furthermore, an Integrity Committee, chaired by the CFO, oversees the follow-up of major Speak Up investigations and provides a report to ExCom and the Audit Committee at least quarterly.

The Speak Up Summary report contains an overview of all open and closed investigations during the quarter and the time taken to resolve cases.

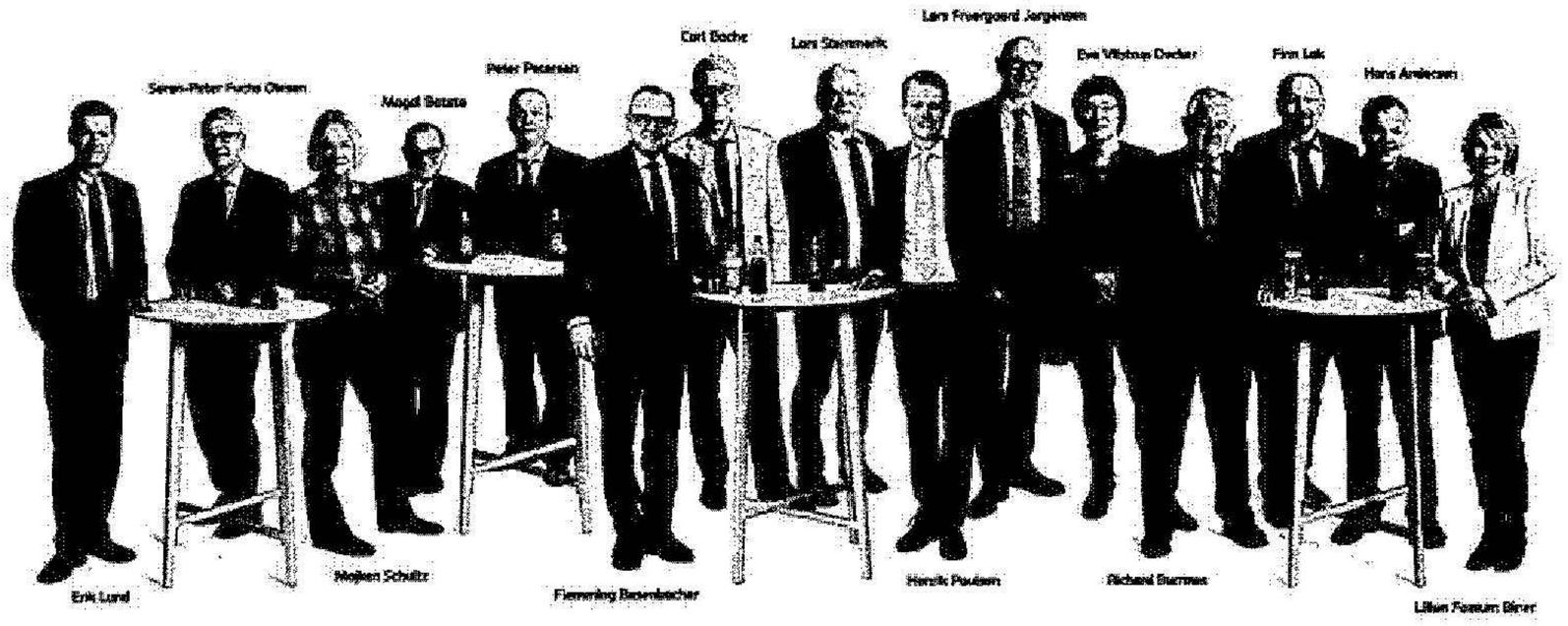
The Misconduct Investigation Handbook was updated in 2020 to clarify how investigations should be undertaken. In 2021, there was a relaunch of a communication campaign to raise awareness of the various Speak Up channels available and the importance of speaking up. These communication efforts will continue in 2022.

Since the establishment of the Speak Up system, some reports and their subsequent investigation have led to disciplinary sanctions, including dismissal on the basis of violation of the Code of Ethics & Conduct and/or Group policies.

The incidents have not had any material impact on the financial results of the Group except for those items recognised in the statement of financial position.

More information regarding the Speak Up system, including reported concerns and disciplinary actions, can be found in the Environment, Social & Governance Report.

SUPERVISORY BOARD



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SUPERVISORY BOARD MEMBERS

FLEMMING BESENBACHER
CHAIR (SINCE 2012)
Nationality: Danish
Year of birth: 1952
Appointed (until): 2005 (2022)

BOARD FUNCTION
Non-executive, non-independent director.
BOARD COMMITTEES
Nomination Committee (Chair).
PROFESSION
Professor, D.Sc., h.c. mult., FRSC.
OTHER BOARD POSITIONS
Board Chair Aarhus Vand, UNLEASH, ONETHIRD, DANIAS.
Board Member Unisense, SoftLogger.

Flemming Besenbacher has notified the Supervisory Board that he is not standing for re-election at the Annual General Meeting.

HENRIK POULSEN
DEPUTY CHAIR (SINCE 2021)
Nationality: Danish
Year of birth: 1967
Appointed (until): 2021 (2022)

BOARD FUNCTION
Non-executive, independent director.
BOARD COMMITTEES
Audit Committee, Nomination Committee, Remuneration Committee.
PROFESSION
Non-executive board director.
OTHER BOARD POSITIONS
Board Chair Feorch Group.
Board Deputy Chair ISS.
Board Member Ørsted, Nova Nordisk, Nova Holdings, Bertelsmann SE & Co.

The Supervisory Board will propose Henrik Poulsen as the new Chair of the Supervisory Board.

HANS ANDERSEN
Nationality: Danish
Year of birth: 1955
Appointed (until): 1998 (2022)

BOARD FUNCTION
Employee representative.
BOARD COMMITTEES
None.
PROFESSION
Brewery worker, Carlsberg Supply Company Denmark.
OTHER BOARD POSITIONS
None.

CARL BACHE
Nationality: Danish
Year of birth: 1953
Appointed (until): 2014 (2022)

BOARD FUNCTION
Non-executive, non-independent director.
BOARD COMMITTEES
Nomination Committee.
PROFESSION
Professor, Ph.D., Dr.Phil. Head of the Doctoral School of the Humanities at the University of Southern Denmark, Member of the Board of Directors of the Carlsberg Foundation.
OTHER BOARD POSITIONS
None.

MAGDI BATATO
Nationality: Swiss
Year of birth: 1959
Appointed (until): 2018 (2022)

BOARD FUNCTION
Non-executive, independent director.
BOARD COMMITTEES
Audit Committee, Remuneration Committee.
PROFESSION
Executive Vice President and Head of Operations, Nestlé.
OTHER BOARD POSITIONS
None.

LILIAN FOSSUM BINER
Nationality: Swedish
Year of birth: 1962
Appointed (until): 2019 (2022)

BOARD FUNCTION
Non-executive, independent director.
BOARD COMMITTEES
Audit Committee (Chair).
PROFESSION
Non-executive board director.
OTHER BOARD POSITIONS
Board Member Circadian, Scania, L.E. Lundbergföretagen, Alfa Laval, a-connect.

RICHARD BURROWS
Nationality: Irish
Year of birth: 1946
Appointed (until): 2009 (2022)

BOARD FUNCTION
Non-executive, independent director.
BOARD COMMITTEES
Remuneration Committee (Chair), Audit Committee, Nomination Committee.
PROFESSION
Non-executive board director.
OTHER BOARD POSITIONS
Board Chair Pepco Group.

EVA VILSTRUP DECKER
Nationality: Danish
Year of birth: 1964
Appointed (until): 2014 (2022)

BOARD FUNCTION
Employee representative.
BOARD COMMITTEES
None.
PROFESSION
Senior Director, Carlsberg Breweries.
OTHER BOARD POSITIONS
None.

LARS FRUERGAARD JØRGENSEN
Nationality: Danish
Year of birth: 1966
Appointed (until): 2019 (2022)

BOARD FUNCTION
Non-executive, independent director.
BOARD COMMITTEES
Nomination Committee.
PROFESSION
President & CEO, Novo Nordisk.
OTHER BOARD POSITIONS
None.

Lars Fruergaard Jørgensen has notified the Supervisory Board that he is not standing for re-election at the Annual General Meeting.

FINN LOK
Nationality: Danish
Year of birth: 1958
Appointed (until): 2014 (2022)

BOARD FUNCTION
Employee representative.
BOARD COMMITTEES
None.
PROFESSION
Ph.D. and Brew Master, Principal Scientist, Carlsberg.
OTHER BOARD POSITIONS
None.

ERIK LUND
Nationality: Danish
Year of birth: 1964
Appointed (until): 2015 (2022)

BOARD FUNCTION
Employee representative.
BOARD COMMITTEES
None.
PROFESSION
Head Brewer, Carlsberg.
OTHER BOARD POSITIONS
None.

SØREN-PETER FUCHS OLESEN
Nationality: Danish
Year of birth: 1955
Appointed (until): 2012 (2022)

BOARD FUNCTION
Non-executive, non-independent director.
BOARD COMMITTEES
Remuneration Committee.
PROFESSION
Professor, D.M.Sc. CEO of the Danish National Research Foundation. Member of the Board of Directors of the Carlsberg Foundation.
OTHER BOARD POSITIONS
None.

PETER PETERSEN
Nationality: Danish
Year of birth: 1969
Appointed (until): 2010 (2022)

BOARD FUNCTION
Employee representative.
BOARD COMMITTEES
None.
PROFESSION
President of the Staff Association. Process Lead, Carlsberg Supply Company Denmark.
OTHER BOARD POSITIONS
None.

MAIKEN SCHULTZ
Nationality: Danish
Year of birth: 1958
Appointed (until): 2019 (2022)

BOARD FUNCTION
Non-executive, non-independent director.
BOARD COMMITTEES
None.
PROFESSION
Chair of the Board of Directors of the Carlsberg Foundation. Professor, Ph.D., Copenhagen Business School. International Research Fellow, Said Business School, Oxford University.
OTHER BOARD POSITIONS
Board Member Pandoro.

The Supervisory Board will propose Maiken Schultz as the new Deputy Chair of the Supervisory Board.

LARS STEMMERIK
Nationality: Danish
Year of birth: 1956
Appointed (until): 2010 (2022)

BOARD FUNCTION
Non-executive, non-independent director.
BOARD COMMITTEES
None.
PROFESSION
Professor, D.Sc., University of Copenhagen. Member of the Board of Directors of the Carlsberg Foundation.
OTHER BOARD POSITIONS
None.

Lars Stemmerik has notified the Supervisory Board that he is not standing for re-election at the Annual General Meeting.

The Supervisory Board members' full CVs, including their skills and competencies, are available online at www.carlsberggroup.com/who-we-are/about-the-carlsberg-group/supervisory-board/.

NEW BOARD MEMBERS

The Supervisory Board will propose Mikael Aro and Punita Lal as new members to be elected at the Annual General Meeting on 14 March 2022.

MIKAEL ARO
Nationality: Finnish
Year of birth: 1965

BOARD FUNCTION
Non-executive, independent director.
PROFESSION
Senior Industry Advisor, Triton.
OTHER BOARD POSITIONS
Board Chair: Kajomo, Glamox, Gela Foods, Flokk.
Board Member Avarn security.

PUNITA LAL
Nationality: Indian
Year of birth: 1962

BOARD FUNCTION
Non-executive, independent director.
PROFESSION
Non-executive board director.
OTHER BOARD POSITIONS
Board Member DBS Group Bank, Ciplo.

EXECUTIVE COMMITTEE MEMBERS

CEES 'T HART
CEO
Nationality: Dutch
Year of birth: 1958
Appointed: 2015

Prior to joining the Carlsberg Group, Cees was CEO of the Dutch dairy company Royal FrieslandCampina, a position he had held since 2008. Prior to FrieslandCampina, Cees spent 25 years with Unilever, holding management positions across Eastern Europe, Western Europe and Asia and with the last position being member of the Europe Executive Board. Cees is Chair of the Supervisory Board of KLM and a member of the Board of AFKLM.

HEINE DALSGAARD
CFO
Nationality: Danish
Year of birth: 1971
Appointed: 2016

Heine joined the Carlsberg Group from ISS, one of the world's largest facility services companies. He went to ISS in 2013, prior to the company's IPO in 2014. Before ISS, he was Group CFO at Grundfos. Heine's previous experience includes various senior management and financial positions at Carpetland, Hewlett Packard and Arthur Andersen. Heine is a member of the Board of Directors and Chair of the Audit Committee of Novozymes and a member of the Board of Directors and Chair of the Audit Committee of Pandora.

JOÃO ABECASIS
CHIEF COMMERCIAL OFFICER
Nationality: Portuguese
Year of birth: 1972
Appointed: 2019

João joined the Carlsberg Group in 2011 as CCO and later Managing Director of Super Bock, our associate in Portugal. In 2016, he became Vice President for smaller markets in the Western Europe region. He also served as interim Managing Director of Carlsberg Denmark. In 2017, he became Managing Director of our French business, Kronenbourg. Earlier in his career, João held a range of sales and marketing roles at Unilever.

SØREN BRINCK
EXECUTIVE VICE PRESIDENT
STRATEGY AND DIGITAL
Nationality: Danish
Year of birth: 1974
Appointed: 2021

Søren joined Carlsberg's commercial team in 2005. During his career at Carlsberg, he has held various management positions at Group, regional and market level. From 2009 to 2019, he was Managing Director in Denmark, Norway and Greece, while most recently he was SVP, Asia.

LEO EVERS
EXECUTIVE VICE PRESIDENT
ASIA
Nationality: Dutch
Year of birth: 1964
Appointed: 2021

Leo Evers joined Carlsberg from Heineken, where since 1990 he had held several managerial positions, most recently Managing Director of Heineken Vietnam and Regional Managing Director APAC. As the latter, he was responsible for Singapore, Malaysia, Papua New Guinea, Australia, New Zealand, Laos, Sri Lanka, Philippines, New Caledonia and Solomon Islands.

GRAHAM FEWKES
EXECUTIVE VICE PRESIDENT
WESTERN EUROPE
Nationality: British
Year of birth: 1968
Appointed: 2014

Graham joined the Carlsberg Group as Vice President Commercial, Asia, in 2008, before becoming SVP of Group Sales, Marketing & Innovation, in 2014. Prior to his current role, he served as EVP, Asia, from 2015 to 2021. Graham has strong experience in the global drinks business, having served in a wide range of international sales and marketing roles for Grand Metropolitan plc, Foster's Brewing Group and SBN plc.

JORIS HUIJSMANS
CHIEF HUMAN RESOURCES OFFICER
Nationality: Dutch
Year of birth: 1975
Appointed: 1 January 2022

Joris joined Carlsberg in 2016. Prior to becoming CHRO in 2021, he headed up Carlsberg Export & License. Before that, he was VP, Urban Development and New Business, and VP, Group Strategy. Joris joined Carlsberg with over 20 years of FMCG industry and emerging markets experience, including various roles at Heineken.

LARS LEHMANN
EXECUTIVE VICE PRESIDENT
CENTRAL & EASTERN EUROPE
Nationality: Danish
Year of birth: 1966
Appointed: 2019

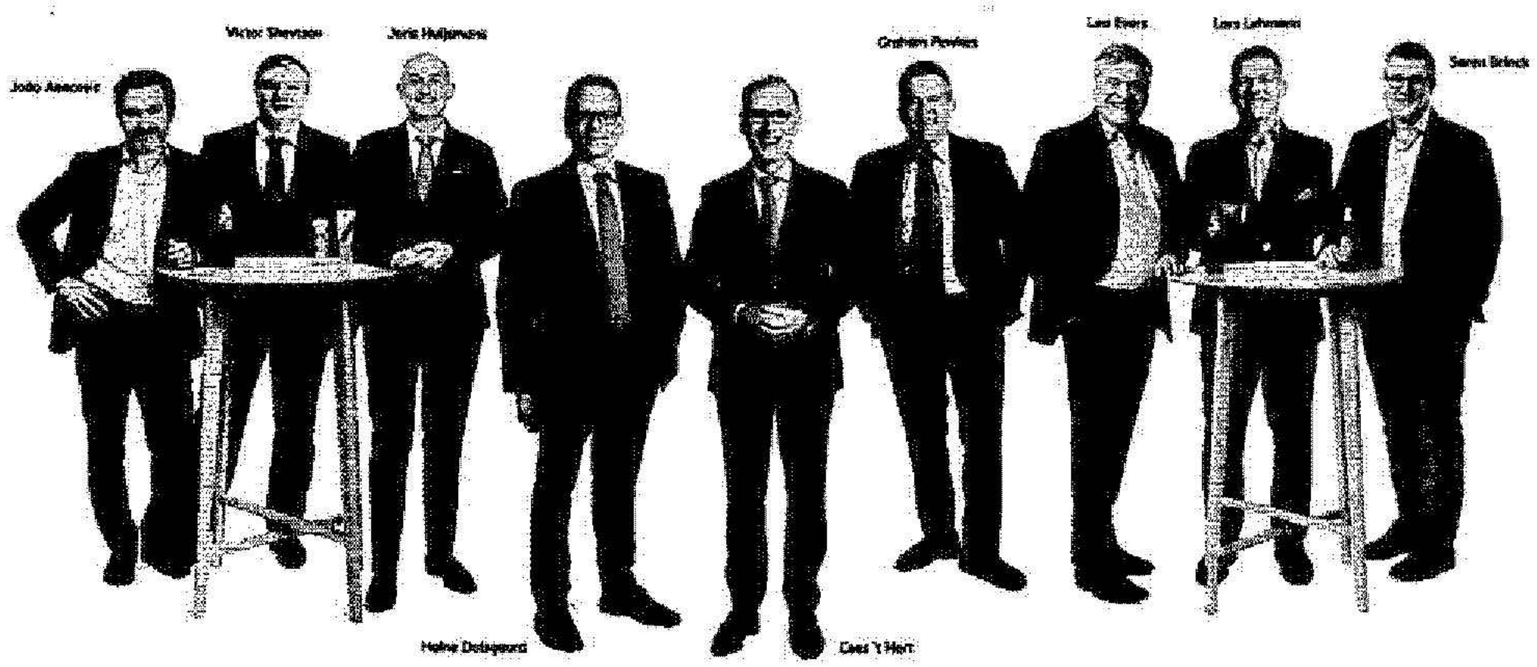
Lars joined the Carlsberg Group in 2003 as Commercial Development Director. Since then, he has held several management positions, including VP, Commercial, for Eastern Europe & BBH and head of Export, License & Duty Free. In 2016, he became Managing Director of Carlsberg Malaysia. Prior to joining Carlsberg, Lars was with Action Nordic and Unilever Denmark.

VICTOR SHEVTSOV
EXECUTIVE VICE PRESIDENT
SUPPLY CHAIN
Nationality: Russian
Year of birth: 1970
Appointed: 2021

Victor joined Carlsberg from PepsiCo in 2015 as Vice President for our supply chain in Asia. Victor has solid end-to-end supply chain expertise accrued through a variety of roles during his career.

EXECUTIVE COMMITTEE

OUR SENIOR MANAGEMENT TEAM



SHARE INFORMATION

INFORMATION FOR SHAREHOLDERS

Carlsberg A/S is listed on Nasdaq Copenhagen. The Company has around 56,000 registered shareholders.

The Company has two share classes: Carlsberg A and Carlsberg B. An A share carries 20 votes, while a B share carries two votes and is entitled to a preferential dividend. The B share is included in the Nasdaq OMX Nordic Large Cap and OMXC20 blue-chip indices.

As a supplement to its Copenhagen listing, the Company has established a sponsored level 1 ADR (American Depositary Receipt) programme with J.P. Morgan. The ADRs trade over-the-counter in the USA under the symbol CABGY. More information on the ADR programme is available on our investor website.

MAJOR SHAREHOLDERS
At 31 December 2021, the Company's largest shareholder was the Carlsberg Foundation with 30% of the capital and 76% of the votes. In accordance with section 29 of the Danish Securities Trading Act, Massachusetts Financial Services Company (Boston, USA) has notified Carlsberg that it too owns more than 5% of the share capital.

SHAREHOLDER RETURN
The Carlsberg Group's dividend policy stipulates an adjusted payout ratio of around 50%. In addition, the Company conducted four share buy-back programmes in 2021. For more information, see page 22.

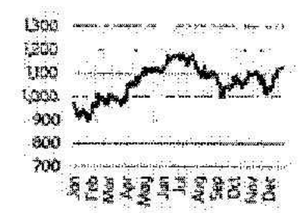
INVESTOR RELATIONS
The Carlsberg Group aims to give shareholders and the market the best possible insight into factors considered relevant for ensuring market-efficient and fair pricing of the Company's shares. This is achieved through the quality, consistency and continuity of the information provided to the market, which is handled by the Group's Investor Relations department.

We observe a four-week silent period prior to the publication of the annual and half-year reports, and a two-week silent period prior to the Q1 and Q3 trading statements.

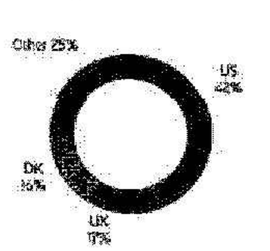
GROUP WEBSITE
www.carlsberggroup.com provides comprehensive information about the Group and its shares and bonds, including Company announcements, annual and quarterly reports, share prices and financial data, investor presentations, webcasts and transcripts, and a financial and event calendar.

At the end of 2021, a total of 30 brokers had coverage of the Company. The analysts' names and consensus estimates can be found on the website.

CARLSBERG B SHARE 2021
(DKK)



SHAREHOLDER GEOGRAPHIC SPLIT
(excluding the Carlsberg Foundation and treasury shares)



Share information

Share class	A	B	Total
Number of issued shares	33,699,252	111,557,554	145,256,806
Number of issued shares, excl. treasury shares	33,699,252	108,192,036	141,892,288
Carlsberg Foundation	33,065,906	9,811,629	42,877,625
Votes per share	20	2	
Par value	DKK 20	DKK 20	
Share price, year-end	DKK 1,215.0	DKK 1,129.5	
Proposed dividend per share	DKK 24.0	DKK 24.0	

† At 31 December 2021.

Financial calendar 2022

Event	Date
Annual General Meeting	14 March
Q1 trading statement	28 April
H1 interim financial statement	17 August
Capital Markets Day	29 September
Q3 trading statement	27 October

FORWARD-LOOKING STATEMENTS AND ESEF

This Annual Report contains forward-looking statements, including statements about the Group's sales, revenues, earnings, spending, margins, cash flow, inventory, products, actions, plans, strategies, objectives and guidance with respect to the Group's future operating results.

Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "believe, anticipate, expect, estimate, intend, plan, project, will be, will continue, will result, could, may, might", or any variations of such words or other words with similar meanings.

Any such statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from the results discussed in such forward-looking statements.

Prospective information is based on management's then current expectations or forecasts. Such information is subject to the risk that such expectations or forecasts, or the assumptions underlying such expectations or forecasts, may change.

The Group assumes no obligation to update any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

Some important risk factors that could cause the Group's actual results to differ materially from those expressed in its forward-looking statements include, but are not limited to: economic and geopolitical uncertainty (including interest rates and exchange rates), financial and regulatory developments, demand for the Group's products, increasing industry consolidation, competition from other breweries, the availability and pricing of raw materials and packaging materials, cost of energy, production- and distribution-related issues, information technology failures, breach or unexpected termination of contracts, market-driven price reductions, market acceptance of new products, changes in consumer preferences, launches of rival products, stipulation of fair value in the opening balance sheet of acquired entities, litigation, environmental issues and other unforeseen factors.

New risk factors can arise, and it may not be possible for management to predict all such risk factors, nor to assess the impact of all such risk factors on the Group's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Accordingly, forward-looking statements should not be relied on as a prediction of actual results.

ESEF data

Domicile of entity	Denmark
Description of nature of entity's operations and principal activities	Brewing company
Country of incorporation	Denmark
Principal place of business	Global
Legal form of entity	A/S
Name of reporting entity or other means of identification	Carlsberg A/S
Address of entity's registered office	J. C. Jacobsens Gade 1799 Copenhagen V

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

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INCOME STATEMENT

DKK million	Section	2021	2020
Revenue	1.1	66,634	58,541
Cost of sales	1.2.1	-35,307	-30,180
Gross profit		31,327	28,361
Sales and distribution expenses	1.2.3	-16,729	-15,373
Administrative expenses		-4,165	-3,453
Other operating activities, net	1.2.4	93	-151
Share of profit after tax of associates and joint ventures	5.5	336	315
Operating profit before special items		10,862	9,699
Special items, net	3.1	-253	-247
Financial income	4.1	582	373
Financial expenses	4.1	-963	-784
Profit before tax		10,228	9,041
Income tax	6.1	-2,219	-2,233
Consolidated profit		8,009	6,808
Attributable to			
Non-controlling interests	5.3	1,163	778
Shareholders in Carlsberg A/S (net profit)		6,846	6,030
DKK			
Earnings per share	8.1		
Earnings per share of DKK 20		47.6	41.3
Diluted earnings per share of DKK 20		47.4	41.1

STATEMENT OF COMPREHENSIVE INCOME

DKK million	Section	2021	2020
Consolidated profit		8,009	6,808
Other comprehensive income			
Retirement benefit obligations	7.4	578	1
Share of other comprehensive income in associates and joint ventures	5.5	10	-2
Income tax	6.1	20	-42
Items that will not be reclassified to the income statement		608	-45
Foreign exchange adjustments of foreign entities	4.1	3,307	-2,640
Fair value adjustments of hedging instruments	4.1	-323	198
Income tax	6.1	83	-22
Items that will be reclassified to the income statement		3,067	-2,464
Other comprehensive income		3,675	-2,509
Total comprehensive income		11,684	-701
Attributable to			
Non-controlling interests		1,246	456
Shareholders in Carlsberg A/S		10,438	-1,157

STATEMENT OF FINANCIAL POSITION

DKK million	Section	31 Dec. 2021	31 Dec. 2020
ASSETS			
Non-current assets			
Intangible assets	2.2, 2.3	68,475	66,061
Property, plant and equipment	2.2, 2.3	26,648	26,299
Investments in associates and joint ventures	5.5	5,172	4,188
Receivables	1.5	1,075	1,505
Tax assets	6.2	1,922	1,767
Total non-current assets		103,292	99,820
Current assets			
Inventories	1.2.1	5,391	4,613
Trade receivables	1.5	5,710	3,725
Tax receivables		171	211
Other receivables	1.5	2,355	1,585
Prepayments		929	769
Cash and cash equivalents	4.4.2	8,346	8,093
Total current assets		22,900	18,996
Assets held for sale		191	-
Total assets		126,383	118,816

DKK million	Section	31 Dec. 2021	31 Dec. 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	4.3.2	2,905	2,963
Reserves		-37,817	-40,824
Retained earnings		78,853	77,169
Equity, shareholders in Carlsberg A/S		43,941	39,308
Non-controlling interests		4,815	4,054
Total equity		48,756	43,362
Non-current liabilities			
Borrowings	4.2, 4.4.1	22,755	29,291
Retirement benefit obligations	7.4	2,345	2,934
Tax liabilities	6.2	6,350	6,255
Provisions	3.2	2,466	3,319
Other liabilities	3.3	449	5,196
Total non-current liabilities		34,365	47,005
Current liabilities			
Borrowings	4.2, 4.4.1	6,167	959
Trade payables		20,642	16,598
Deposits on returnable packaging materials	1.2.2	1,504	1,276
Provisions	3.2	942	1,227
Tax payables		1,350	925
Other liabilities	3.3	12,677	7,414
Total current liabilities		43,282	28,449
Total liabilities		77,627	75,454
Total equity and liabilities		126,383	118,816

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STATEMENT OF CHANGES IN EQUITY

DKK million	Section	Shareholders in Carlsberg A/S							
2021		Share capital	Currency translation	Hedging reserves	Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January		2,963	-40,215	-609	-40,824	77,169	39,308	4,054	43,362
Consolidated profit		-	-	-	-	6,846	6,846	1,163	8,009
Other comprehensive income	4.3.6	-	2,891	116	3,007	585	3,592	83	3,675
Total comprehensive income for the year		-	2,891	116	3,007	7,431	10,438	1,246	11,684
Cancellation of treasury shares	4.3.2	-58	-	-	-	58	-	-	-
Share-based payments	7.3	-	-	-	-	82	82	-	82
Dividends paid to shareholders	4.3.3	-	-	-	-	-3,187	-3,187	-499	-3,686
Share buy-back	4.3.3	-	-	-	-	-3,600	-3,600	-	-3,600
Non-controlling interests	5.3	-	-	-	-	957	957	-16	941
Acquisition of entities	5.3	-	-	-	-	-57	-57	131	74
Deconsolidation of entities	5.3	-	-	-	-	-	-	-101	-101
Total changes in equity		-58	2,891	116	3,007	1,684	4,633	761	5,394
Equity at 31 December		2,905	-37,324	-493	-37,817	78,853	43,941	4,815	48,756

DKK million	Section	Shareholders in Carlsberg A/S							
2020		Share capital	Currency translation	Hedging reserves	Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January		3,051	-32,930	-721	-33,651	74,049	43,449	2,585	46,034
Consolidated profit		-	-	-	-	6,030	6,030	778	6,808
Other comprehensive income	4.3.6	-	-7,285	112	-7,173	-24	-7,197	-322	-7,519
Total comprehensive income for the year		-	-7,285	112	-7,173	6,026	-1,167	456	-701
Cancellation of treasury shares	4.3.2	-88	-	-	-	88	-	-	-
Share-based payments	7.3	-	-	-	-	47	47	-5	42
Dividends paid to shareholders	4.3.3	-	-	-	-	-3,093	-3,093	-805	-3,898
Share buy-back	4.3.3	-	-	-	-	-2,900	-2,900	-	-2,900
Non-controlling interests	5.3	-	-	-	-	3,164	3,164	614	3,778
Acquisition of entities	5.3	-	-	-	-	-182	-182	1,209	1,027
Total changes in equity		-88	-7,285	112	-7,173	3,120	-4,141	1,469	-2,672
Equity at 31 December		2,963	-40,215	-609	-40,824	77,169	39,308	4,054	43,362

STATEMENT OF CASH FLOWS

DKK million	Section	2021	2020
Operating profit before special items		10,862	9,699
Depreciation, amortisation and impairment losses	2.3	4,612	4,366
Operating profit before depreciation, amortisation and impairment losses		15,474	14,065
Other non-cash items		-385	-537
Change in trade working capital		802	1,321
Change in other working capital		617	-1,033
Restructuring costs paid		-372	-531
Interest etc. received		117	97
Interest etc. paid		-1,037	-521
Income tax paid		-1,977	-1,958
Cash flow from operating activities	1.6	13,259	10,928
Acquisition of property, plant and equipment and intangible assets		-4,221	-4,396
Disposal of property, plant and equipment and intangible assets		274	222
Change in on-trade loans	1.4	148	339
Total operational investments		-3,799	-3,835
Free operating cash flow		9,460	7,093
Acquisition and disposal of subsidiaries, net	5.2	-635	-2,409
Acquisition and disposal of associates and joint ventures, net	5.2	-52	8
Acquisition and disposal of financial investments, net		1	6
Change in financial receivables		-187	42
Dividends received		291	317
Total financial investments		-582	-2,036
Other investments in real estate		-2	-
Total other activities		-2	-
Cash flow from investing activities		-4,383	-5,871
Free cash flow		8,876	5,057
Shareholders in Carlsberg A/S	4.3.3	-3,187	-3,093
Share buy-back	4.3.3	-3,600	-2,900
Non-controlling interests	4.3.3	-550	-877
External financing	4.4.1	-1,611	5,060
Cash flow from financing activities		-8,948	-1,810
Net cash flow		-72	3,247
Cash and cash equivalents at 1 January		7,958	5,149
Foreign exchange adjustment of cash and cash equivalents		458	-438
Cash and cash equivalents at 31 December	4.4.2	8,344	7,958

Cash and cash equivalents are reported less bank overdrafts.

SECTION 1

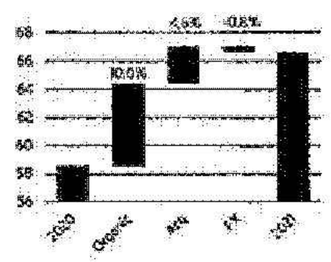
OPERATING ACTIVITIES

66.6bn

REVENUE (DKK)

Revenue increased by 13.8% to DKK 66,634m (2020: DKK 58,541m). Revenue was positively impacted by the recovery of the on-trade in some markets due to fewer restrictions in 2021 than in 2020 and solid growth of premium products. The acquisition impact related mainly to the acquisition of Marston's brewing activities in the UK in October 2020. The small negative currency impact was due to adverse currency movements across Central & Eastern Europe and certain markets in Asia, partly offset by a strengthening of primarily the Chinese, Norwegian, British and Swedish currencies.

REVENUE DEVELOPMENT (%)



47.0%

GROSS MARGIN

The gross margin declined by 160bp to 47.0% due to acquisitions, higher cost of goods sold, particularly in Central & Eastern Europe, and a negative country mix.

10.9bn

OPERATING PROFIT (DKK)

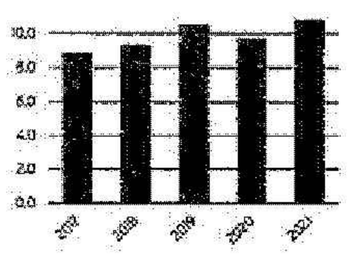
Operating expenses increased by 11%, mainly impacted by higher marketing and administrative expenses. The latter was the result of higher accruals related to variable pay, and the impact of acquisitions, currencies and certain one-off provisions. Operating expenses as a percentage of revenue declined by 80bp.

Operating profit before depreciation, amortisation and impairment losses (EBITDA) increased by 9.9% to DKK 15,474m. The EBITDA margin declined by 90bp to 23.2% due to acquisitions.

Group operating profit grew by 12.0% to DKK 10,862m, driven by strong growth in Asia and Western Europe, while operating profit declined in Central & Eastern Europe due to a negative currency impact.

The operating margin declined by 30bp to 16.3% due to the margin-dilutive impact of Marston's brewing activities.

OPERATING PROFIT DEVELOPMENT (DKKbn)



6.8bn

NET PROFIT (DKK)

Special items, net, amounted to DKK -253m (2020: DKK -247m), impacted by reversal of provisions made in purchase price allocations in prior years, offset by impairment and write-downs. Special items are detailed in section 3.1.

Financial items, net, amounted to DKK -381m (2020: DKK -411m). Excluding currency gains and losses, financial items, net, amounted to DKK -319m (2020: DKK -550m), positively impacted by the reversal of the previous write-down of the loan to our partner in Carlsberg South Asia Pte Ltd ("CSAPL"). Financial items are detailed in section 4.1.

Tax totalled DKK -2,219m (2020: DKK -2,233m). The effective tax rate declined by 300bp to 21.7%, impacted by non-taxable gains in special items and lower net tax provisions. Tax is detailed in section 6.1.

Consolidated profit was DKK 8,009m (2020: DKK 6,808m). The Carlsberg Group's share of the consolidated profit was DKK 6,846m (2020: DKK 6,030m).

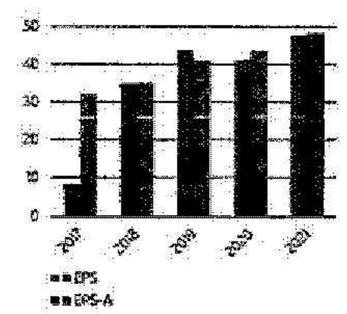
Non-controlling interests were DKK 1,163m (2020: DKK 778m), positively impacted by strong growth for Carlsberg Chongqing Breweries Group in China, the reversal of provisions made in purchase price allocations in Asia and the inclusion of Carlsberg Marston's Brewing Company in the UK.

47.6

EARNINGS PER SHARE (DKK)

Earnings per share increased by 15% to DKK 47.6 (2020: DKK 41.3). Adjusted for special items after tax, earnings per share increased by 11% to DKK 48.3 (2020: DKK 43.6).

EARNINGS PER SHARE (DKK)



13.3bn

OPERATING CASH FLOW (DKK)

Cash flow from operating activities amounted to DKK 13,259m (2020: DKK 10,928m).

The change in trade working capital was DKK +802m (2020: DKK +1,321m), mainly due to strong cash management discipline and higher trade payables. Average trade working capital to revenue for the year was -18.4%, on par with 2020 (-18.6%).

The change in other working capital was DKK +617m (2020: DKK -1,033m), mainly impacted by VAT, bonus accruals and provisions.

Restructuring costs paid amounted to DKK -372m (2020: DKK -531m). Net interest etc. paid amounted to DKK -920m (2020: DKK -424m). The increase was mainly due to the settlement of financial instruments and provisions. Corporation tax paid was DKK -1,977m (2020: DKK -1,958m).

8.9bn

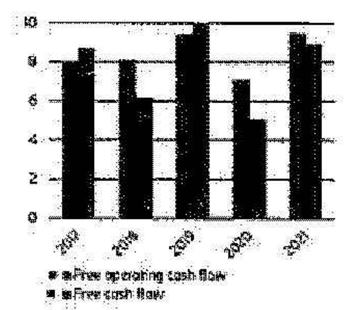
FREE CASH FLOW (DKK)

Free cash flow amounted to DKK 8,876m (2020: DKK 5,057m), while free operating cash flow amounted to DKK 9,460m (2020: DKK 7,093m).

Operational investments totalled DKK -3,799m (2020: DKK -3,835m). Acquisition of property, plant and equipment and intangible assets (CapEx) amounted to DKK -4,221m (2020: DKK -4,396m). Excluding the purchase of the Brooklyn brand rights in 2020, operational investments increased by DKK 625m.

Total financial investments amounted to DKK -582m (2020: DKK -2,036m), impacted by deferred considerations related to the acquisition of Marston's brewing activities and the deconsolidation of the business in Nepal (see section 5.2).

FREE CASH FLOW (DKKbn)



SECTION 1.1

SEGMENTATION OF OPERATIONS

CHANGES TO SEGMENTATION

The Group's regional structure was changed effective 1 January 2021, in order to optimise regional management and ensure a better balance between the European regions.

Entities in the Baltic and Balkan countries, Greece and Italy as well as Carlsberg Export & License moved from the Western Europe region to Eastern Europe, now renamed Central & Eastern Europe. The disclosure in the Annual Report follows the new regional segmentation as was used in the internal reporting to the Executive Committee throughout 2021.

REVENUE

The Group's revenue arises primarily from the sale of beverages to its customers.

In 2021, total revenue was positively impacted by volume growth, revenue/hl growth and the acquisitions of Marston's brewing activities in the UK and Wernesgrüner Brewery in Germany.

Other revenue by category is sales of products other than beverages that do not drive any volume, such as merchandise, services, by-products etc. In aggregate, other revenue accounts for around 1% of Group total revenue and is therefore not considered material.

Segmentation of income statement

DKK million

2021	Western Europe	Asia	Central & Eastern Europe	Not allocated	Beverages, total	Non-beverage	Carlsberg Group, total
Revenue	30,501	19,459	16,668	9	66,634	-	66,634
Total cost	-26,295	-14,853	-13,747	-1,328	-56,023	-65	-56,108
Share of profit after tax of associates and joint ventures	195	49	14	1	259	77	336
Operating profit before special items	4,401	4,655	2,932	-1,318	10,670	-8	10,662
Special items, net					-332	80	-252
Financial items, net					-379	-2	-381
Profit before tax					10,158	70	10,228
Income tax					-2,182	-37	-2,219
Consolidated profit					7,976	33	8,009
Operating margin	14.4%	24.9%	17.6%		16.8%		16.3%

2020*							
Revenue	25,875	16,959	15,682	25	58,541	-	58,541
Total cost	-22,143	-13,057	-12,713	-1,208	-49,121	-36	-49,157
Share of profit after tax of associates and joint ventures	194	89	15	-	298	17	315
Operating profit before special items	3,926	3,991	2,986	-1,183	9,718	-19	9,699
Special items, net					-244	-3	-247
Financial items, net					-403	-18	-421
Profit before tax					9,071	-36	9,031
Income tax					-2,240	7	-2,233
Consolidated profit					6,831	-29	6,802
Operating margin	15.2%	23.5%	19.0%		16.6%		16.6%

* 2020 figures have been restated to reflect the new regional segmentation.

Revenue by category

DKK million	2021	2020
Beer revenue	52,842	46,230
Other beverages	13,554	11,496
Other revenue	868	817
Total revenue	66,634	58,541

Revenue and excise duties

DKK million	2021	2020
Revenue, including excise duties	93,235	83,382
Excise duties	-26,601	-24,841
Revenue	66,634	58,541

Not allocated revenue, DKK 9m (2020: DKK 25m), consisted of DKK 894m (2020: DKK 1,112m) in revenue and DKK -885m (2020: DKK -1,087m) from eliminations of sales between the geographical segments.

SECTION 1.1 (CONTINUED)

SEGMENTATION OF OPERATIONS

Geographical allocation of revenue

DKK million	2021	2020
Denmark (Carlsberg A/S domicile)	3,897	3,512
China	11,946	9,858
Russia	6,537	6,405
Other countries	44,254	38,766
Total	66,634	58,541

OPERATING PROFIT BEFORE SPECIAL ITEMS

Not allocated operating profit before special items, DKK -1,318m (2020: DKK -1,183m), related to central costs not managed by the regions, including costs of developing branding activities to support the strategic initiatives and general costs of centralised functions as well as various eliminations of DKK 82m (2020: DKK 62m).

Group financial performance

Volumes (million hl)	2020	Organic	Acq., net	FX	2021	Change Reported
Beer	110.1	6.4%	2.2%	-	119.6	8.6%
Other beverages	20.0	12.9%	0.0%	-	22.6	12.9%
Total volume	130.1	7.4%	1.9%	-	142.2	9.3%

DKK million						
Revenue	58,541	10.0%	4.6%	-0.8%	66,634	13.8%
Operating profit before special items	9,699	12.5%	0.3%	-0.8%	10,862	12.0%
Operating margin (%)	16.6				16.3	-30bp

Group operating profit grew by 12.0%, supported by growth in all three regions. Organically operating profit grew by 12.5%.

VOLUMES

The organic growth in total volumes was a result of growth in all three regions. Reported volume growth was positively impacted by Western Europe, with the acquisitions of Marston's brewery activities in the UK and Wernesgrüner Brewery in Germany having a full-year impact in 2021.

NON-CONTROLLING INTERESTS

The Group's non-controlling interests consist of Lao Brewery, Carlsberg Chongqing Breweries Group, Carlsberg Malaysia Group and Carlsberg Marston's Brewing Group. Furthermore it consist of other minor interests, primarily in the Asia region. Non-controlling interests are not individually material to the Group's total profit.

OPERATING MARGIN

The operating margin declined to 16.3% compared to 16.6% in 2020. The decline was due to the margin-dilutive impact of Marston's brewing activities, which were severely impacted by extensive on-trade restrictions. Excluding the acquisition impact, the operating margin increased to 16.9%.

ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group considers all terms and activities in contracts with customers in order to determine the performance obligation, the transaction price and the allocation of the transaction price.

If the consideration in a contract includes a variable amount, the Group estimates the consideration to which it will be entitled in exchange for transferring goods to the customer. The variable consideration is estimated at contract inception based on expected sales volumes using historical and year-to-date sales data and other information about trading with the individual customer or with a group of customers.

The Group estimates discounts using either the expected value method or the most likely amount method, depending on which method better predicts the amount of consideration to which it will be entitled.

The most likely amount method is used for contracts with a single contract sum, while the expected value method is used for contracts with more than one threshold due to the complexity and the volumes agreed with the individual customer.

Certain contracts related to specific major events that are held within such a short time period that it is not possible to sell all the goods during the event (e.g. football matches) give the customer the right to return the goods within a specified period.

The Group uses the expected value method to estimate the goods that will not be returned, as this method best predicts the amount of variable consideration to which the Group will be entitled. For goods that are expected to be returned, the Group recognises a refund liability instead of revenue.

Management makes judgements when deciding whether supporting activities with a customer should be classified as a discount or a marketing expense. Generally, activities with the individual customer are accounted for as a discount, whereas costs related to broader marketing activities are classified as marketing expenses.

Whether the Group is acting as a principal or an agent is evaluated by management on a country-by-country basis. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods before transferring them to the customer.

Excise duties, taxes and fees
The classification of duties, taxes and fees paid to local authorities or brewery organisations etc. requires judgements on the classification to be made by management.

Locally imposed duties, taxes and fees are typically based on product type, alcohol content, consumption of certain raw materials, such as glue, plastic or metal in caps, and energy consumption. These are classified as either sales- or production-related.

Excise duties are generally imposed by the tax authorities as taxes on consumption and are collected by the Group on behalf of the authorities when the goods are transferred to the customers and thereby ready for consumption.

Taxes and fees related to the input/use of goods in production, distribution etc. are recognised as part of the cost of the goods or services purchased. The type of authority or organisation imposing the duty, tax or fee and the objective of these are key factors when determining the classification.

SECTION 1.1 (CONTINUED)

SEGMENTATION OF OPERATIONS

ACCOUNTING POLICIES

Revenue
Recognition and measurement
Revenue from contracts with customers comprises sales of goods, royalty income, rental income from non-stationary equipment, service fees and sales of by-products.

Revenue from the sale of own-produced finished goods, goods for resale (third-party products) and by-products is recognised at the point in time when the control of goods and products is transferred to the customer, which is generally upon delivery. For contracts providing the customer with a right of return within a specified period, the Group considers the timing of recognition.

Revenue from sales- or usage-based royalties is recognised when (a) the customer subsequently sells or uses the goods, or (b) the performance obligation to which some or all of the sale- or usage-based royalty has been allocated is satisfied (or partially satisfied), whichever is later.

Revenue from contracts with customers is measured at an amount that reflects the expected consideration for those goods. Amounts disclosed as revenue exclude discounts, VAT and excise duties collected on behalf of authorities.

The Group considers whether contracts include separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration, the existence of financing is deemed present, as payment is generally made on the basis of cash on delivery or up to 30 days of credit.

Variable consideration
The Group offers various discounts depending on the nature of the customer and business.

Discounts comprise off-invoice discounts, volume- and activity-related discounts, including specific promotion prices offered, and other discounts. Furthermore, discounts include the difference between the present value and the nominal amount of on-trade loans to customers, cf. section 1.5.

Off-invoice discounts arise from sales transactions where the customer immediately receives a reduction in the sales price. This also includes cash discounts and incentives for early payments.

Volume- and activity-related discounts is a broad term covering incentives for customers to sustain business with the Group over a longer time and may be related to a current campaign or a sales target measured in volumes or total value. Examples include discounts paid as a lump sum, discounts for meeting certain sales targets or progressive discounts offered in step with increasing sales to a customer.

Other discounts include listing fees, i.e. fees for certain listings on shelves, in coolers or in favourable store locations, as specific promotions of this nature are closely related to the volumes sold.

Segment information
The Group's beverage activities are segmented according to the three geographical regions where sales take place. These regions make up the Group's reportable segments.

The segmentation reflects the geographical and strategic management, decision and reporting structure applied by the Executive Committee for monitoring the Group's strategic and financial targets. Segments are managed based on business performance measured as operating profit before special items.

Not allocated comprises income and expenses incurred for ongoing support of the Group's overall operations and strategic development. The expenses include costs of running central functions and marketing, such as global sponsorships.

The non-beverage segment, comprising research and real estate activities, is managed separately and therefore shown separately instead of geographically segmented.

The geographical allocation of revenue and non-current assets is based on the selling entities' domicile and comprises countries individually accounting for more than 10% of the Group's consolidated revenue as well as the domicile country.

Decisions on restructuring, acquisition and divestment of entities included in special items as well as on financing (financial income and expenses) and tax planning (income tax) are made based on information for the Group as a whole and therefore not segmented.

The segmentation of the Group's assets and returns is disclosed in section 2.1.

Reported figures
Reported figures are analysed by looking at the impact of organic growth, net acquisitions and foreign exchange effects.

The net acquisition effect is calculated as the effect of acquisitions and divestments, including any share obtained from an increase/decrease in ownership of associates and joint ventures, for a 12-month period from the acquisition/divestment date.

The foreign exchange effect is calculated as the difference between the figures for the current reporting period translated at the current exchange rates and at the exchange rates applied in the previous reporting period.

Organic growth is the remaining growth that is not related to acquisitions, divestments or foreign exchange effects.

SECTION 1.2

OPERATING EXPENSES, INVENTORIES AND DEPOSIT LIABILITIES

1.2.1 COST OF SALES AND INVENTORIES

Cost of sales increased by 17% compared with 2020 and was affected by the organic increase in volumes across all regions and higher input costs. Cost of sales per hl increased by approximately 7% compared with 2020.

Cost of sales

DKK million	2021	2020
Cost of materials	20,328	17,830
Direct staff costs	1,386	1,292
Amortisation and depreciation	2,948	2,704
Indirect production overheads	4,288	4,062
Purchased finished goods and other costs	6,357	4,292
Total	35,307	30,180

Inventories increased by 17% compared with 2020, mainly impacted by an increase in raw materials and finished goods, primarily in Asia because of stocking prior to the Chinese New Year and currency appreciation.

Inventories

DKK million	2021	2020
Raw materials	2,311	2,072
Work in progress	333	295
Finished goods	2,747	2,246
Total	5,391	4,613

Commodity price risks are, in particular, associated with externally sourced input materials, such as malt (barley), cans (aluminium), paper, sugar and plastic (PET) bottles. The management of commodity price risks is coordinated centrally and aimed at achieving stable and predictable prices in the medium term.

As the underlying markets for the specified categories vary, so does the way in which they are hedged against price increases.

Hedging of raw material price risk

DKK million

2021	Change	Sensitivity assuming 100% efficiency: Effect on OCI	Tonnes purchased	Average price (DKK)	Time of maturity 2022
Aluminium	+20%	313	85,440	15,741	85,440

2020	Change	Effect on OCI	Tonnes purchased	Average price (DKK)	2021
Aluminium	+10%	80	66,322	11,132	66,322

The most common form of hedging is fixed-price purchase agreements with suppliers in local currencies.

For malt (barley) and aluminium, the two most significant commodity exposures, Group policy is to have a minimum of 70% hedged for a given year no later than at the end of the third quarter of the previous year, with a target hedge ratio of 90% at the beginning of the year in question.

A significant part of the Group's malt (barley) exposure for 2021 had therefore been hedged through fixed-price purchase agreements established in 2020. Likewise, the majority of the exposure for 2022 was hedged in 2021.

In the Group's long-term purchase agreements for cans, the aluminium price is variable and based on the global market price of aluminium (London Metal Exchange, LME).

In 2021, the aluminium price risk was hedged using derivative financial instruments or fixed prices via the suppliers to the Group applying the same hedge percentages as are applied for malt (barley) purchases. The same has been done for 2022. The fair values of the derivative financial instruments are specified in section 4.8.

For sugar, rolling forward hedges are used, with suppliers fixing prices linked to official indices, for example NY11. As for malt (barley) and aluminium, the majority of the 2021 sugar exposure had been hedged in 2020. Likewise, the majority of the exposure for 2022 was hedged in 2021.

Other main commodities, such as PET (plastic) and paper, are not hedged financially nor via suppliers fixing prices.

For electricity and natural gas, used in production of the Group's own products, most markets in Central & Eastern Europe and Asia are regulated with no possibility to hedge prices. In Western Europe, where most markets allow forward hedging, the majority of the Group's exposure is hedged on a rolling basis.

ACCOUNTING ESTIMATES AND JUDGEMENTS

At least once a year, management assesses whether the standard cost of inventories approximates the actual cost. During the year, the standard cost is revised if it deviates by more than 5% from the actual cost. Indirect production overheads are calculated on the basis of relevant assumptions as to capacity utilisation, production time and other factors.

The calculation of the net realisable value of inventories is relevant to packaging materials, point-of-sale materials and spare parts. The net realisable value is normally not calculated for beer and soft drinks due to their limited shelf-life, which means that slow-moving goods must be scrapped instead.

ACCOUNTING POLICIES

Cost of sales comprises cost of materials used in own-produced finished goods, including malt (barley), hops, glass, cans, other packaging materials, direct labour, indirect production overheads and standard cost variations. Further, it comprises purchased finished goods that include cost of point-of-sale materials and third-party products sold to customers.

Indirect production overheads comprise indirect supplies, wages and salaries, amortisation of brands and software, as well as maintenance and depreciation of machinery, plant and equipment used for production.

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SECTION 1.2 (CONTINUED)

OPERATING EXPENSES, INVENTORIES AND DEPOSIT LIABILITIES

The cost of purchased finished goods, raw and packaging materials and point-of-sale materials includes the purchase cost and costs directly related to bringing inventories to the relevant place of sale and getting them ready for sale, for example insurance, freight and duties.

Inventories are measured at the lower of standard cost (own-produced finished goods and weighted average cost (other inventories)), or net realisable value. The net realisable value is the estimated selling price less costs of completion and costs necessary to make the sale, also taking into account marketability, obsolescence and developments in expected selling price.

The cost of scrapped/impaired goods is expensed in the function (line item) responsible for the loss, i.e. losses during distribution are included in distribution expenses, while scrapping of products due to sales not meeting forecasts is included in sales expenses.

1.2.2 DEPOSITS ON RETURNABLE PACKAGING MATERIALS

Deposits on returnable packaging materials amounted to DKK 1,504m (2020: DKK 1,276m). The capitalised value of returnable packaging materials was DKK 1,867m (2020: DKK 1,791m).

The capitalised value of returnable packaging materials exceeds the deposits because each of the returnable packaging items circulates a number of times in the market and some markets have regulations that require the deposit value to be set lower than the cost of the returnable packaging materials.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Management assesses the local business model to determine whether the Group has a legal or constructive obligation to accept returns of packaging materials from the market and the level of control. This entails the Group considering, among other things, the return rate and the annual circulation in the individual markets. These factors are assessed annually. Returnable packaging materials controlled by the Group are capitalised as property, plant and equipment and depreciated over the expected useful life.

The deposit on returnable packaging materials is estimated based on movements during the year in recognised liabilities, loss of returnable packaging materials in the market, planned changes in packaging types and historical information about return rates.

ACCOUNTING POLICIES

Returnable packaging materials that the Group controls through a legal or constructive obligation are capitalised as property, plant and equipment.

Returnable packaging materials are depreciated over 3-10 years. The accounting policies for property, plant and equipment are further described in section 2.3.

The obligation to refund deposits on returnable packaging materials is measured on the basis of deposit price, an estimate of the number of bottles, kegs, cans and crates in circulation, and expected return rates.

1.2.3 SALES AND DISTRIBUTION EXPENSES

Marketing expenses increased as a result of higher marketing investments. Distribution expenses per hl were flat but increased overall due to acquisitions. Total marketing, sales and distribution expenses increased by 9%.

Sales and distribution expenses

DKK million	2021	2020
Marketing expenses	4,960	4,398
Sales expenses	9,162	9,101
Distribution expenses	6,587	5,882
Total	**20,709**	**19,373**

ACCOUNTING POLICIES

Marketing expenses consist of expenses for brand marketing and trade marketing.

Brand marketing is an investment in the Group's brands and consists of brand-specific investments in the development of communication vehicles, the use of these to drive the sale of branded products, sales campaigns and sponsorships.

Trade marketing is promotional activities directed towards customers, such as the supply of point-of-sale materials, promotional materials and trade offers.

Sales expenses comprise costs relating to general sales activities, write-downs for bad debt losses, wages and salaries as well as depreciation and impairment of sales equipment. Distribution expenses comprise costs incurred in distributing goods, wages and salaries, and depreciation and impairment of distribution equipment.

1.2.4 OTHER OPERATING ACTIVITIES, NET

Other operating activities are secondary to the principal activities of the Group and include income and expenses relating to rental properties, restaurants, on-trade loans, research activities, and gains and losses on disposal of intangible assets and property, plant and equipment.

Other operating activities, net

DKK million	2021	2020
Gains and losses on disposal of property, plant and equipment and intangible assets, net	93	53
On-trade loans, net	58	-204
Real estate, net	9	36
Research centres, net	-95	-123
Other, net	28	85
Total	**93**	**-151**

ACCOUNTING POLICIES

Gains and losses on disposal of intangible assets and property, plant and equipment are determined as the sales price less selling costs and the carrying amount at the disposal date.

On-trade loans, net, comprise the effective interest on the loans measured at amortised cost less impairment.

Expenses relating to research activities comprise research in Denmark and France less funding received from the Carlsberg Foundation for the operation of the Carlsberg Research Laboratory and grants received to fund research. The funding and grants are recognised in the income statement as the same period as the activities to which they relate. Product development costs are included in cost of sales.

SECTION 1.3

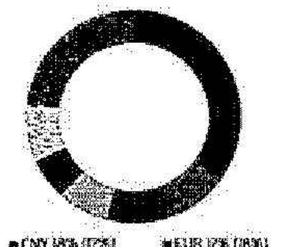
FOREIGN EXCHANGE RISK RELATED TO EARNINGS

The majority of the Group's activities take place outside Denmark and in currencies other than DKK. Foreign exchange risk is therefore a principal financial risk for the Group, and exchange rate fluctuations can have a significant impact on the income statement.

The risk from exposure to fluctuations in EUR/DKK is considered to be limited due to Denmark's fixed exchange rate policy towards EUR and is consequently not hedged.

REVENUE BY CURRENCY (%)

2021 (2020)



TRANSACTION RISKS ON PURCHASES AND SALES

The Group is exposed to transaction risks on purchases and sales in currencies other than the local functional currencies. The Group aims to hedge 70-90% of future cash flows in currencies other than the local functional currency on a four-quarter rolling basis.

Western Europe

For the entities in Western Europe, a major part of the purchases in foreign currencies is in EUR. This also applies for markets with a functional currency other than EUR.

Hedging of EUR against the local currencies will effectively eliminate a significant part of the currency risk in the entities' operating profit in local currency. At Group level, these hedges are effectively a hedge of (parts of) the revenue in the relevant currency and are accounted for as cash flow hedges, cf. section 4.8. The hedged amounts and the sensitivity analysis regarding these hedges are shown in section 4.6.4.

Asia

The transaction risk is considered to be less significant due to lower sales and purchases in currencies other than the local functional currencies as well as the high correlation between USD and most of the Asian currencies. Furthermore, the currencies are expensive to hedge and, in some cases, not possible to hedge at all. As a consequence, the risk is not hedged.

Central & Eastern Europe

Baltika Breweries and some of the other markets in the region have expenses in both USD and EUR, and appreciation of RUB and other currencies vis-à-vis EUR and USD has a positive impact on operating profit, while depreciation has a negative effect. The Group has chosen not to systematically hedge the transaction risk in the region due to the significant cost of hedging these currencies over a longer period of time. For 2021 and 2022, the Group has chosen to hedge a portion of Baltika Breweries' and Carlsberg Ukraine's expenses in USD and EUR. The volatility of the currencies will continue to affect operating profit measured in both DKK and local currencies. Furthermore, some of the entities in Central & Eastern Europe hold intercompany deposits in EUR and USD. The revaluation of these is recognised in financial items and not designated as cash flow hedges.

TRANSLATION RISK

The Group is exposed to risk from translation of foreign entities into the Group's presentation currency, DKK.

The single largest translation impact in respect of operating profit in 2021 was LAK due to the 10.6% depreciation of the currency compared with 2020. Looking into 2022, the largest exposure in terms of operating profit and currency volatility is CNY, while RUB remains the single largest exposure on translation of net investments in foreign entities.

The Group has chosen not to hedge the exposure arising from translation of revenue or earnings in foreign currencies. To reduce the risk, the Group has raised debt denominated in the currencies in which the Group generates significant earnings and cash flow as further described in section 4.6.

Impact on operating profit

Developments in exchange rates between DKK and the functional currencies had a negative impact of 0.75% on operating profit measured in DKK.

Entities in	Functional currency	Change in average FX rate 2020 to 2021
The eurozone	EUR	+0.23%
China	CNY	2.60%
Russia	RUB	-6.50%
Norway	NOK	5.30%
United Kingdom	GBP	3.60%
Switzerland	CHF	-1.30%
Sweden	SEK	2.90%
Laos	LAK	-10.60%

SECTION 1.4

CASH FLOW FROM OPERATING ACTIVITIES

The change in trade working capital amounted to DKK 802m (2020: DKK 1,321m), mainly due to strong cash management discipline and higher trade payables.

Average trade working capital to revenue for the year was -18.4% (2020: -18.6%).

Other specifications of cash flow from operating activities

DKK million	Section	2021	2020
Other non-cash items			
Share of profit after tax of associates and joint ventures	5.5	-336	-315
Gain on disposal of property, plant and equipment and intangible assets, net	2.4	-93	-53
Share-based payments		82	42
Transfer of long-term medical insurance obligation		-	-195
Other items		-18	-7
Total		**-365**	**-932**
Trade working capital			
Inventories		-548	-7
Trade receivables		-1,066	1,494
Trade payables, duties payable and deposits on returnable packaging materials		3,316	-162
Total		**802**	**1,321**
Other working capital			
Other receivables		-282	111
Other payables		1,107	-403
Retirement benefit obligations and other liabilities related to operating profit before special items		-204	-601
Unrealised foreign exchange gains/losses		-4	-140
Total		**617**	**-1,033**
On-trade loans			
Loans provided		-356	-464
Repayments		360	353
Amortisation of on-trade loans		166	480
Total		**168**	**339**

from the change in other working capital increased by DKK 617m (2020: decrease of DKK 1,033m), impacted by VAT, accruals for variable pay and provisions.

The change in on-trade loans amounted to DKK 168m (2020: DKK 339m).

Restructuring costs paid amounted to DKK -372m (2020: DKK -577m), a large part of which relates to termination benefits to employees made redundant due to optimisations and reorganisations across the Group.

Net interest etc. paid amounted to DKK -920m (2020: DKK -424m). The increase was largely due to settlement of derivative financial instruments.

Income tax paid amounted to DKK -1,977m (2020: DKK -1,958m).

Cash flow from disposal of property, plant and equipment and intangible assets was DKK 274m (2020: DKK 222m).

Supplier finance arrangements A number of the Group's suppliers participate in supplier finance arrangements, with a supply chain finance provider and related financial institutions acting as a funding partner. When suppliers participate in these programmes, they have the option of receiving early payment from the funding partner of invoices sent to Carlsberg.

The arrangement is exclusively between the supplier and the supply chain finance provider and separate to Carlsberg's relationship with its suppliers. Carlsberg's liability to pay invoices is unaffected by the supplier finance arrangement, and whether or not the suppliers opt for early payment, and the liability is recognised in trade payables until the due date of the invoice, which is in no case more than 180 days from the invoice date. Cessation of the supplier finance arrangement would not constitute a significant risk in terms of liquidity because of the amounts involved and the number of supply chain finance providers.

Sale of receivables Carlsberg has chosen to sell some of its trade receivables in selected Western European markets in non-recourse factoring agreements to expedite cash collection from groups of customers. Carlsberg does not carry any credit risk on these customers and has no continuing involvement in these trade receivables, which have therefore been derecognised.

The impact on average trade working capital from the use of supplier finance arrangements and factoring is limited, as the utilisation is similar to previous years.

ACCOUNTING POLICIES

Trade payables are recognised initially at fair value and subsequently measured at cost. Trade payables comprise purchase of goods and services, including payables to supplier finance vendors, and retrospective rebates to customers and are part of the normal working capital cycle. The cash flow arising from all trade payables is part of cash flow from operating activities.

SECTION 1.5

TRADE RECEIVABLES AND ON-TRADE LOANS

The Group's non-current receivables consist mainly of on-trade loans that fall due more than one year from the reporting date. Of the total non-current receivables, DKK 160m (2020: DKK 258m) falls due more than five years from the reporting date.

The carrying amount of receivables approximates their fair value. For on-trade loans, the fair value is calculated as discounted cash flows using the interest rate at the reporting date.

ON-TRADE LOANS

Under certain circumstances, the Group grants loans to on-trade customers in France, the UK, Switzerland, Germany and Sweden. On-trade loans are spread across a large number of customers/debtors and consist of several types of loan, including loans repaid in cash or through reduced discounts and guarantees for loans provided by third parties, cf. section 3.4. The operating entities monitor and control these loans in accordance with Group guidelines.

The average effective interest rate on loans to the on-trade was 3.2% (2020: 3.2%). The interest income is recognised in other operating activities.

On-trade loans recognised in other operating activities, net

DKK million	2021	2020
Interest and consideration of on-trade loans	49	50
Losses and write-downs on on-trade loans	9	-254
On-trade loans, net	**58**	**-204**

OTHER RECEIVABLES

Other receivables primarily comprise VAT and similar government receivables, interest receivables and other financial receivables, which are associated with low risk.

The distribution of receivables broken down by country is affected by market-specific changes in payment patterns. For receivables from sale of goods and services, the distribution is furthermore impacted by the amounts of receivables sold. The overall level of receivables sold in non-recourse factoring schemes was similar to the level in 2020.

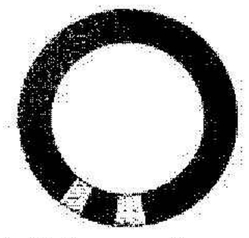
The relative share of receivables in the UK has increased following the acquisition of Marston's brewing activities.

Receivables included in the statement of financial position

DKK million	Non-current	Current		Total
		Trade receivables	Other receivables	
2021				
Receivables from sales of goods and services	-	5,458	-	5,458
On-trade loans	778	252	-	1,028
Other receivables	290	-	2,366	2,656
Total receivables	**1,075**	**5,710**	**2,366**	**9,140**
2020				
Receivables from sales of goods and services	-	3,412	-	3,412
On-trade loans	826	313	-	1,139
Other receivables	178	-	1,585	1,763
Operating receivables	**1,004**	**3,725**	**1,585**	**6,314**
Prepayment for acquisition	501	-	-	501
Total receivables	**1,505**	**3,725**	**1,585**	**6,815**

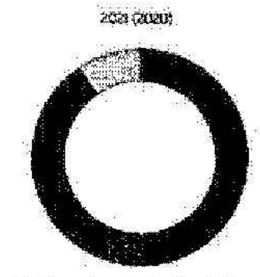
RECEIVABLES FROM SALES OF GOODS AND SERVICES (BROKEN DOWN BY COUNTRY)

2021 (2020)



ON-TRADE LOANS (BROKEN DOWN BY COUNTRY)

2021 (2020)



SECTION 1.5 (CONTINUED)

TRADE RECEIVABLES AND ON-TRADE LOANS

1.5.1 CREDIT RISK

In 2021, receivables not past due amounted to 81% (2020: 74%) of total gross receivables. The past-due share of gross loans to on-trade customers was 31% (2020: 51%).

Total accumulated allowances for impairment losses on trade loans were DKK 464m (2020: DKK 499m).

The share of trade receivables that is past-due decreased from 23% to 19%.

The credit risk is being closely managed in the markets and assessed in light of the changing restrictions. The COVID-19 impact on the global risk pattern is evaluated at both local and Group level.

Throughout the year and continuing into 2022, the COVID-19 pandemic continued to impact many of our markets, and market volatility and uncertainty remained high. In many markets our customers were impacted by lockdowns, full or partial closure of on-trade businesses, restrictions on cultural and sporting activities, social distancing and other government restrictions in response to the COVID-19 pandemic.

The estimated impairment losses consider the expected impact both from the continuing restrictions and when government financial support schemes and extended payment terms come to an end with the reopening of markets.

The increased credit risk on both trade receivables and on-trade loans seen across markets is expected to continue into 2022.

Credit risk on receivables

DKK million

2021	Gross receivables	Loss allowance	Receivables, net	Weighted average loss rate
Receivables from sales of goods and services				
Not past due	5,196	-143	5,053	3%
Overdue 1-30 days	479	-88	391	18%
Overdue 31-90 days	70	-49	21	70%
Overdue > 90 days	321	-337	34	91%
Receivables from sales of goods and services	6,075	-617	5,458	
On-trade loans				
Not past due	1,035	-139	896	13%
Overdue 1-30 days	13	-	13	-
Overdue 31-90 days	56	-23	33	41%
Overdue > 90 days	389	-303	86	78%
On-trade loans	1,492	-464	1,028	
Other receivables				
Not past due	2,073	-3	2,070	0%
Overdue 1-30 days	110	-	110	-
Overdue 31-90 days	98	-5	93	5%
Overdue > 90 days	268	-17	251	6%
Other receivables	2,679	-25	2,654	
Total	10,246	-1,106	9,140	

DKK million

2020	Gross receivables	Loss allowance	Receivables, net	Weighted average loss rate
Receivables from sales of goods and services				
Not past due	3,178	-182	2,996	6%
Overdue 1-30 days	349	-87	262	25%
Overdue 31-90 days	178	-75	103	42%
Overdue > 90 days	406	-355	51	87%
Receivables from sales of goods and services	4,111	-699	3,412	
On-trade loans				
Not past due	792	-101	696	13%
Overdue 1-30 days	14	-	14	-
Overdue 31-90 days	31	-3	28	10%
Overdue > 90 days	796	-395	401	50%
On-trade loans	1,638	-499	1,139	
Other receivables				
Not past due	1,595	-3	1,592	0%
Overdue 1-30 days	12	-	12	-
Overdue 31-90 days	53	-	53	-
Overdue > 90 days	419	-313	106	-75%
Other receivables	2,079	-316	1,763	
Total	7,828	-1,514	6,314	

SECTION 1.5 (CONTINUED)

TRADE RECEIVABLES AND ON-TRADE LOANS

ACCOUNTING ESTIMATES AND JUDGEMENTS

On-trade loan agreements are complex, cover several aspects of the customer relationship and may vary from agreement to agreement. Management assesses the recognition and classification of income and expenses for each agreement, including the allocation of payments from the customer between revenue, discounts, interest (other operating activities) and repayment of the loan.

Management also assesses both individually and on a portfolio basis whether developments in local conditions for on-trade customers could impact the expected credit losses.

Exposure to credit risk on receivables is managed locally, and credit limits are set as considered appropriate for the customer, taking into account the current local market conditions.

The local entities assess the credit risk and adhere to Group guidelines, which include setting credit limits, encouraging cash payment, purchasing credit insurance and holding collateral.

In assessing credit risk, management analyses the need for impairment of trade receivables and on-trade loans due to customers' inability to pay. Many customers are currently dependent on government subsidies and support in the form of extended payment terms. The increased credit risk is expected to continue into 2022.

At year-end 2021, management continued to assess the lifetime expected credit losses for both trade receivables and on-trade loans in line with 2020.

Expected credit losses are assessed for portfolios of receivables based on customer segments, historical information on payment patterns, terms of payment, concentration maturity, the impact of continuing COVID-19 restrictions and the expected impact of government schemes coming to an end when markets reopen. The expected impact includes the risk of insolvencies due to lack of liquidity when extended government payment terms cease. The portfolios are based on on-trade and off-trade customers, and on-trade receivables and loans.

On-trade loans carry a higher risk than trade receivables and are concentrated in a few markets.

The local entities manage and control these loans in accordance with Group guidelines.

The credit risk on on-trade loans can be reduced by means of collateral and pledges of on-trade movables (equipment in bars, cafés etc.). The fair value of the pledged on-trade movables cannot be estimated reliably but is assessed to be insignificant, as they cannot readily be reused.

ACCOUNTING POLICIES

Receivables are recognised initially at fair value and subsequently measured at amortised cost less loss allowance or impairment losses. Trade receivables comprise sale of goods and services as well as short-term on-trade loans to customers. Other receivables comprise VAT receivables, loans to partners, associates and joint ventures, interest receivables and other financial receivables.

For on-trade loans, any difference between the present value and the nominal amount at inception is treated as a prepaid discount to the customer, and the discount is recognised in the income statement in accordance with the terms of the agreement.

The market interest rate is used as the discount rate, corresponding to the money market rate based on the maturity of the loan with the addition of a risk premium. The effective interest on these loans is recognised in other operating activities, net. The amortisation of the difference between the discount rate and the effective interest rate is included as a discount in revenue.

The Group applies the simplified approach to measure expected credit losses. This entails recognising a lifetime expected loss allowance for all trade receivables. Loss rates are determined based on grouping of trade receivables sharing the same credit risk characteristics and past-due days.

Regarding on-trade loans and loans to associates, a loss allowance is recognised based on 12-month or lifetime expected credit losses, depending on whether a significant increase in credit risk has arisen since initial recognition.

In certain markets, the Group enters into factoring agreements on a non-recourse basis, which involves selling trade receivables to a factor. Trade receivables subject to factoring agreements are derecognised once the criteria for derecognition have been met and all substantial risk and rewards transferred. The Group does not have any continuing involvement once the receivables have been derecognised.

Development in impairment losses on receivables

DKK million

2021	Receivables from sales of goods and services	On-trade loans	Other receivables	Total	Total 2020
Impairment at 1 January	-699	-499	-316	-1,514	-1,011
Impairment losses recognised	-145	-127	-24	-296	-663
Realised impairment losses	83	29	1	93	13
Reversed impairment losses	124	136	328	638	152
Acquisition of entities, net	7	6	-	13	-91
Foreign exchange adjustments	-17	-9	-14	-40	84
Impairment at 31 December	-617	-464	-25	-1,106	-1,514

SECTION 2

ASSET BASE AND RETURNS

126.4bn

TOTAL ASSETS (DKK)

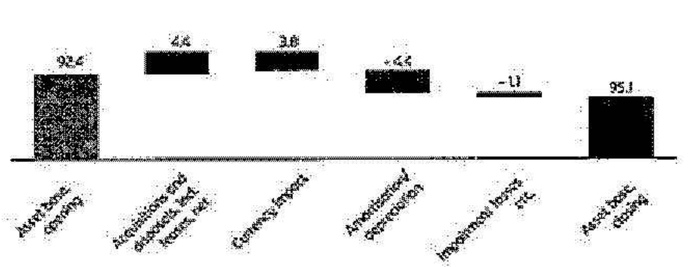
Total assets increased by DKK 7.6bn due to higher intangible assets, inventories, and trade and other receivables.

Intangible assets amounted to DKK 68.5bn at 31 December 2021 (2020: DKK 66.1bn), mainly due to the acquisition of Marston's brewing activities and Wemesgrüner as well as the appreciation of the Russian and Chinese currencies, partly offset by the impairment of brands in Russia.

Property, plant and equipment totalled DKK 26.6bn (2020: DKK 26.3bn), impacted by currency movements and capital expenditure offset by disposals and depreciation.

Current assets increased by DKK 3.9bn to DKK 22.9bn, mainly due to increases in receivables and inventories of DKK 2.7bn, which primarily related to higher sales and stocking in Asia prior to the Chinese New Year. Other receivables mainly increased due to fair value adjustment linked to higher aluminium prices and the reversal of the write-down of the loan to our partner in Carlsberg South Asia Pte Ltd ("CSAPL"). Cash and cash equivalents amounted to DKK 8.3bn (2020: DKK 8.1bn).

ASSET BASE (DKKbn)

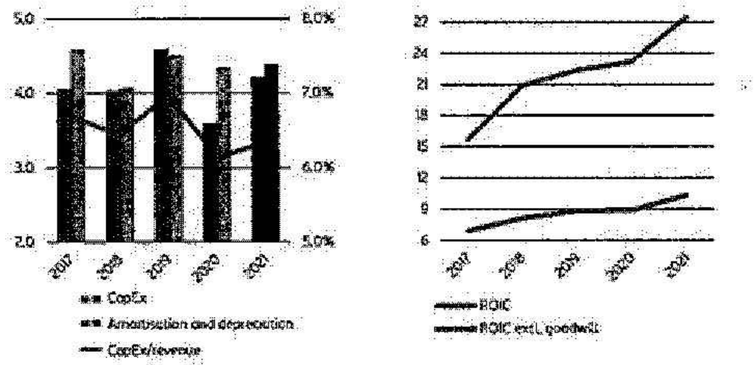


4.2bn

CAPEX (DKK)

CapEx increased by DKK 625m (excluding the Brooklyn brand rights in 2020). Asia and Central & Eastern Europe were the main contributors, with higher investments in sales CapEx, returnable glass and can production capacity. CapEx to amortisation and depreciation, excluding right-of-use assets, increased to 100% (2020: 90%).

CAPEX* AND AMORTISATION/ DEPRECIATION (DKKbn)



10.3%

ROIC

Return on invested capital (ROIC) increased by 140bp to 10.3%, positively impacted by higher profits and a lower effective tax rate. ROIC excluding goodwill improved by 430bp to 27.5%.

RETURN ON INVESTED CAPITAL (% 12-MONTH AVERAGE)

* Excluding the purchase of the Brooklyn brand rights in 2020.

SECTION 2.1

SEGMENTATION OF ASSETS AND RETURNS

At year-end, invested capital was up by DKK 2.1bn, primarily due to the appreciation of the Russian rouble and the Chinese renminbi.

The acquisitions of Marston's brewing activities and the Brooklyn brand rights had a full-year impact on average invested capital, whereas in 2020 they had only been included for two months and six months respectively. The acquisition of Wemesgrüner, completed at 1 January 2021, also had a full-year impact on average invested capital.

The impact on total assets from fluctuations in the Russian rouble was an increase of DKK 2.1bn (2020: decrease of DKK 7.5bn).

Non-current assets comprise intangible assets and property, plant and equipment owned by the segment/country, even if the income is earned outside the segment/country that owns the asset.

Furthermore, they include non-current financial assets other than financial instruments and tax assets.

Not allocated comprises supporting companies without brewing activities and eliminations of investments in subsidiaries, receivables and loans.

Geographical allocation of non-current assets

DKK million	2021	2020
Denmark (Carlsberg A/S' domicile)	4,122	4,250
Russia	19,185	18,509
China	15,876	14,320
Other countries	61,112	59,459
Total	100,295	96,538

ACCOUNTING ESTIMATES AND JUDGEMENTS

The calculation of return on invested capital (ROIC) uses operating profit before special items adjusted for tax based on the effective tax rate, and invested capital including assets held for sale and trade receivables sold, and excludes contingent considerations and income tax.

ACCOUNTING POLICIES

The Group's assets and returns are segmented on the basis of geographical regions in accordance with the management reporting for the current year, cf. section 1.1.

Invested capital

DKK million	2021	2020
Total assets	126,383	118,816
Less:		
Tax assets	-1,922	-1,767
Financial receivables, hedging instruments and receivables sold	1,247	1,904
Cash and cash equivalents	+8,344	-8,093
Assets included	127,364	110,860
Trade payables	-20,642	-18,598
Deposits on returnable packaging materials	-1,504	-1,276
Provisions, excl. restructurings	-3,210	-4,322
Other liabilities, excl. hedging instruments	-8,372	-7,123
Liabilities offset	-33,728	-29,319
Invested capital	93,636	81,541
Goodwill	+52,484	-50,492
Invested capital excl. goodwill	31,152	31,049
Invested capital, average	82,665	82,227

DKK million

2021	Western Europe	Asia	Central & Eastern Europe	Not allocated	Beverages, total	Non-beverage	Carlsberg Group, total
Invested capital	35,582	20,244	27,246	-604	82,468	1,168	83,636
Invested capital excl. goodwill	15,317	4,281	10,990	-604	29,984	1,168	31,152
Investments in associates	2,271	2,363	32	5	4,671	501	5,172
Acquisition of property, plant and equipment and intangible assets	1,340	1,800	884	191	4,215	8	4,223
Amortisation and depreciation	1,796	1,488	993	102	4,379	17	4,396
Impairment losses, net	17	460	947	-	1,424	-86	1,338
Return on invested capital (ROIC)	9.2%	20.3%	8.6%	-	10.4%	-	10.3%
ROIC excl. goodwill	20.1%	153.4%	20.7%	-	28.1%	-	27.5%
2020*							
Invested capital	35,746	18,045	26,964	6	80,761	780	81,541
Invested capital excl. goodwill	16,142	2,982	11,439	6	30,569	780	31,049
Investments in associates	2,273	1,462	26	3	3,764	424	4,188
Acquisition of property, plant and equipment and intangible assets	1,258	1,395	768	985	4,386	10	4,396
Amortisation and depreciation	1,712	1,499	1,037	78	4,326	10	4,336
Impairment losses, net	44	292	16	5	357	-	357
Return on invested capital (ROIC)	8.7%	15.8%	6.5%	-	9.0%	-	8.9%
ROIC excl. goodwill	16.6%	88.8%	19.6%	-	24.4%	-	23.2%

* 2020 figures have been restated to reflect the new regional segmentation.

SECTION 2.2

IMPAIRMENT

2.2.1 RECOGNISED IMPAIRMENTS

In 2021 and 2020, the impairment tests of goodwill and brands with indefinite useful life were prepared at the reporting date.

In 2021, recognised impairment losses related to the Baltika brand and other brands in Russia of DKK 950m, land use rights in China of DKK 107m, returnable packaging in certain markets in Asia of DKK 120m, other items of property, plant and equipment of DKK 21m and investments in associates in China of DKK 244m.

In 2021, the Group recognised reversal of impairment losses of DKK 114m (2020: DKK 2m) in Denmark, China and Russia relating to assets that had been brought back into production or reclassified as held for sale.

In 2020, impairment losses of DKK 231m relating to brands and DKK 124m relating to property, plant and equipment were recognised. The impairment loss on brands was mainly related to the Angkor brand and was due to a significant decline in volumes caused by COVID-19 restrictions in the market.

Impairment of brands in Russia
Russia experienced a significant increase in interest rates in the second half of 2021, as well as in inflation, which negatively impacted the costs of raw and packaging materials. These increases are expected to continue in 2022. Russia is a highly price-competitive market, which has a negative impact on profit margins. The effect of these trends has been incorporated into the impairment test, resulting in the recoverable amount of the Baltika brand and other Russian brands being lower than their carrying amount. The brands were therefore written down by a total of DKK 950m, DKK 900m of which was allocated to the Baltika brand.

The Baltika brand has been written down on two previous occasions; in total by DKK 8,900m. The previous write-downs followed detailed reviews of expected future growth after prolonged challenging macroeconomic conditions, changes in the market environment such as PET downsizing and various changes in consumer trends. These factors were also incorporated into the recent impairment test.

Other impairments
In certain markets in Asia, the return systems are not legally required but have been developed as a result of market practice in the beverage industry. The collection rates for returnable packaging declined significantly in 2021 compared with previous years as a result of COVID-19 restrictions, leading to the recognition of impairment losses of DKK 120m for lost returnable packaging.

In China, disputes relating to the management of Tibet Lhasa Brewery resulted in significant disturbances to the operation of the company, which negatively impacted financial performance. The investment was therefore written down to its recoverable amount, resulting in the recognition of an impairment loss of DKK 244m. The disputes further meant that the Group lost its significant influence in the company, and the residual investment was therefore reclassified to financial investments.

Impact of COVID-19
The COVID-19 pandemic and its impact on volumes, earnings and cash flows indicate possible impairment of non-current assets.

The Group has carefully assessed the expected recovery from the pandemic in terms of both volumes and earnings. The beverage industry has proven resilient to the pandemic. To some extent, volumes initially shifted from the on-trade to the off-trade, then back to the on-trade again in 2021 when restrictions were eased, and earnings returned to approximately the same level as before the pandemic.

At the end of the second year of the pandemic, we again experienced an increase in restrictions as the weather got colder and infection levels rose. This will have a negative impact on, in particular, the on-trade channel, which has been included in the forecasts used for impairment testing. We expect volumes and earnings to recover to pre-pandemic levels again. The expected timing and speed of the recovery differ from market to market depending on the extent of government restrictions and on consumer behaviour.

In the assessment of impairment of non-current assets, no additional indications of impairment as a result of the COVID-19 pandemic, have been identified.

Significant amounts of goodwill and brands
Goodwill and brands with indefinite useful life relating to the acquisitions of Baltika Breweries, Kronenbourg, Chongqing Brewery

Impairment of brands and other non-current assets

DKK million	2021	2020
Intangible assets		
Brands	950	231
Other intangible assets	107	4
Total	1,057	235
Property, plant and equipment		
Plant, machinery and equipment	151	126
Reversal of impairment losses	-114	-2
Total	37	122
Investments in associates		
Impairment of investment in associates	244	-
Total impairment losses, net	1,338	357
Of which recognised in special items, cf. section 3.1	1,122	337

SECTION 2.2 (CONTINUED)

IMPAIRMENT

Group and the 40% non-controlling interest in Carlsberg Breweries A/S each accounted for 10% or more of the total carrying amount of goodwill and brands with an indefinite useful life at the reporting date. Goodwill from these acquisitions has been allocated to CGUs based on the geographical segmentation.

The international brands acquired with the 40% non-controlling interest in Carlsberg Breweries A/S and the Baltika brand are individually material and specified in section 2.2.3.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Identification of cash-generating units
The Group's management structure reflects the geographical segments, cf. section 1.1, and decisions are made by the regional managements responsible for performance, operating investments and growth initiatives in their respective regions.

There is significant vertical integration of the production, logistics and sales functions, supporting and promoting optimisations across the Group or within regions.

Assets, other than goodwill and brands with regional and global presence, are allocated to individual cash-generating units (CGUs), being the level at which the assets generate largely independent cash inflows. As the Group operates with local sales and production organisations, the cash inflows are generated mostly locally, and the CGUs are therefore usually identified at country level.

Within 12 months from the date of acquisition, the determination of CGU allocation is made, and cash inflows are assessed in connection with the purchase price allocation.

Goodwill
Goodwill does not generate largely independent cash inflows on its own and is therefore allocated to the Group's geographical segments, which is the level at which it is monitored for internal management purposes.

At the time of acquisition of entities, goodwill is allocated to a CGU, cf. section 3.2. The structure and groups of CGUs are reassessed every year. The Group gained control of Wernesgrüner Brewery in 2021 and of Marston's brewing activities in 2020. The goodwill recognised on these acquisitions was allocated to the Western Europe CGU.

Brands
Cash flows for brands are separately identifiable and brands are therefore tested individually for impairment. This test is performed in addition to the test for impairment of goodwill.

The following brands are considered significant when comparing their carrying amount with the total carrying amount of brands with indefinite useful life:
- Baltika brand
- International brands

International brands is a group of brands recognised in connection with the acquisition of the 40% non-controlling interest in Carlsberg Breweries A/S and allocated to Western Europe. The amount is not allocated to individual brands.

Corporate assets
The Group has identified capitalised software relating to the Group's ERP systems as corporate assets, and as such these are peripheral to the generation of cash inflows. The Group's ERP landscape is closely linked to the Group's management structure, and the identified assets are therefore tested for impairment at the CGU level to which goodwill is allocated.

Other non-current assets
Other non-current assets are tested for impairment when indications of impairment exist.

For property, plant and equipment, management performs an annual assessment of the assets' future application, for example in relation to changes in production structure, restructurings or brewery closures. Since 2020, the assessment has also included the impact of the COVID-19 pandemic.

For investments in associates and joint ventures, examples of indications of impairment are loss-making activities or significant changes in the business environment.

ACCOUNTING POLICIES

Goodwill and brands with indefinite useful life are subject to an annual impairment test, performed initially before the end of the year of acquisition. The test is performed at the level where cash flows are considered to be generated: either at CGU level or at the level of a group of CGUs. All assets are tested if an event or circumstance indicates that the carrying amount may not be recoverable. If an asset's carrying amount exceeds its recoverable amount, an impairment loss is recognised. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use.

For all assets, the value in use is assessed based on budget and target plan with reference to the expected future net cash flows. The assessment is based on the lowest CGU affected by the changes that indicate impairment. The cash flow is discounted by a rate adjusted for any risk specific to the asset, if relevant to the applied calculation method.

Key considerations in impairment tests	Goodwill	Brands
CGU-level of test	Geographical segment	Individual brand
Method to estimate recoverable amount	Value in use	Value in use
Method to estimate present value of future cash flows	Expected value approach: multiple probability-weighted cash flows	Traditional approach: single most likely future cash flows
Discount rate	Risk-free rate	Risk-adjusted rate

Impairment losses on goodwill and brands, significant losses on property, plant and equipment, investments in associates and joint ventures, and losses arising on significant restructurings of processes and structural adjustments are recognised as special items. Major losses are recognised in the income statement in the relevant line item.

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortisation/depreciation had the asset not been impaired.

2.2.2 IMPAIRMENT TEST OF GOODWILL

The carrying amount of goodwill allocated to groups of CGUs

DKK million	2021	2020
Western Europe	20,265	19,604
Asia	15,963	15,361
Central & Eastern Europe	16,256	15,525
Total	52,484	50,492

Estimating expected cash flow involves developing multiple probability-weighted scenarios to reflect different outcomes in terms of timing and amount. Measurement of the forecast period growth rates reflects risk adjustments made to calculate the expected cash flows.

SECTION 2.2 (CONTINUED)

IMPAIRMENT

Key assumptions

2021	Forecast cash flow growth	Terminal period growth	Pre-tax discount rate
Western Europe	1%	1.0%	5.7%
Asia	~10%	3.1%	6.5%
Central & Eastern Europe	~24%	3.5%	8.3%

The average cash flow growth in the forecast period reflects the significant risk adjustments included in the forecast specifically for the impairment test. The risk adjustments consider alternative scenarios to account for the particular uncertainty related to the continued impact on earnings and cash flow from the COVID-19 pandemic, the time and speed of the recovery, and the volatile macroeconomic and competitive situation in Central & Eastern Europe.

Potential upsides are not identified and adjusted in the cash flows used for impairment testing. Growth is projected in nominal terms and therefore does not translate into cash flow at the same growth rate in the Group's presentation currency, DKK.

NEW SEGMENTATION FOR 2021
The Group's segmentation and regional split of entities changed as of 1 January 2021, and the allocation of CGUs changed accordingly, with goodwill amounting to DKK 3,039m reallocated from Western Europe to Central & Eastern Europe. This change did not have any impact on the conclusion of the impairment test of goodwill.

WESTERN EUROPE
The region primarily comprises mature beer markets, and market volumes tend to be flat. In recent years, the region has seen improving beer category dynamics through innovations, increased interest in craft & speciality beers and alcohol-free brews, and an overall improved category perception.

The region is generally characterised by well-established retail structures and a strong tradition of beer consumption. Consumption is generally resilient, although the on-trade channel tends to be impacted by a weak macroeconomic environment. In the past two years, the on-trade suffered as a result of restrictions and lockdowns across markets due to COVID-19. The COVID-19 situation in 2022 remains uncertain, but it is not expected to have a significant long-term effect.

In 2022, the focus will be on mitigating the significant cost inflation, in particular for raw materials and packaging, but also other costs, such as logistics and wages. Mitigating actions include value management, channel and product mix, price increases and continuous cost focus as part of the Group's Funding the Journey culture.

ASIA
The importance of Asia for the Group has increased significantly over the past decade, during which the Group has strengthened its presence in the region, both organically and through acquisitions.

The Asian markets are very diverse but offer prospects for volume and value growth, underpinned by young populations, urbanisation, rising disposable income levels, growing economies and, in some markets, relatively low per capita beer consumption. However, as many Asian markets are emerging markets, development is subject to volatility. Both the on-trade and off-trade channels are generally characterised by a strong traditional outlet segment, but with the modern outlet segment growing in most markets.

In 2020 and 2021, all markets in the region were impacted by COVID-19 at different times and to different extents. The impact from COVID-19 in China was most profound in the first quarter of 2020, since which the market has seen only temporary and limited restrictions, enabling our business to deliver strong performance.

The focus in the region remains profitable revenue growth, driven by premiumisation and volume growth. Activities include continued investment in and expansion of our international premium brands, in particular Tuborg, 1664 Blanc, Carlsberg and Somersby, and the strengthening and premiumisation of our local power brands.

CENTRAL & EASTERN EUROPE
Central & Eastern Europe consists of the large Russian and Ukrainian beer markets, a number of smaller markets across southern and eastern Europe and our export & licence business.

The competitive environment is generally characterised by the presence of large global players. In certain markets, such as Russia, a large number of small, local players take up a significant part of the beer market.

Due to the larger on-trade exposure, the southern part of the region was more exposed to COVID-19 in 2020 and 2021 than the eastern part of the region, including Russia, where the on-trade exposure is limited.

The competitive environment has been challenging in recent years, particularly in Russia, which has seen an increased focus on volume. This has led to Carlsberg increasing its promotional activities to drive volumes, leading to a downward pressure on margins.

Management expects the current macroeconomic situation and developments to continue in the short term, with inflation increasing compared with the levels in 2021, driven by significant increases in cost of sales and logistics. In the medium to long term, interest rates are expected to decline and stabilise at a level lower than currently observed in the market, although still with some volatility.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Goodwill
The value in use is the discounted value of the expected future risk-adjusted cash flows. This involves developing multiple probability-weighted scenarios to reflect different outcomes in terms of timing and amount.

SECTION 2.2 (CONTINUED)

IMPAIRMENT

Key assumptions
The cash flow is based on the budget and target plans for the next three years. Cash flows beyond the three-year period are extrapolated using the terminal period growth rate. The budget and plans for 2022-2024 represent management's best estimate of the impact from the COVID-19 pandemic.

The probability weighting applied is based on past experience and the uncertainty of the prepared budget and target plans. Potential upsides and downsides identified during the budget process and in the daily business are reflected in the future cash flow scenarios for each CGU.

The risk-adjusted cash flows are discounted using a rate that reflects the risk-free interest rate for each CGU. The interest rates used in the impairment tests are based on observable market data. Please refer to the description of discount rates in section 2.2.3.

The key assumptions on which management bases its cash flow projections are:
- Volumes
- Sales prices
- Input costs
- Operating investments
- Terminal period growth

The assumptions are determined at CGU level and are based on past experience, external sources of information and industry-relevant observations for each CGU. Local conditions, such as expected developments in macroeconomic and market conditions specific to the individual CGUs, are considered. The assumptions are challenged and verified by management at CGU and Group level.

The budget and target plan processes consider events or circumstances that are relevant to reliably project the short-term performance of each CGU. Examples include significant campaign activities, changes in excise duties etc., which may have a short-term impact but are cash-neutral. Given their short-term nature, they are not taken into consideration when estimating the terminal period growth rate.

Impact of COVID-19
The development in 2021 showed that the beverage industry is generally resilient and confirmed the expectation from 2020 when volumes and earnings returned to levels close to pre-pandemic levels after the introduction of vaccines and the lifting of government restrictions. The decline in earnings experienced in 2020 due to COVID-19 is therefore not expected to continue in the long term.

However, to avoid overlooking any long-term impact, additional risk adjustments have been made for the development in the cost of raw and packaging materials and operating investments.

Volumes
Projections are based on past experience, external market data, planned commercial initiatives, such as marketing campaigns and sponsorships, and the expected impact on consumer demand and the level of premiumisation, if relevant. The projections are adjusted for the expected changes in the level of premiumisation. No changes in market share are assumed in the medium or long term.

Demographic expectations general to the industry, such as the development in population, consumption levels, generation-shift patterns, rate of urbanisation and macroeconomic trends, are also considered in medium- and long-term projections.

Events and circumstances can impact the timing of volumes entering the market. These include excessive stocking related to an increase in excise duties, campaign activities, and the timing of national holidays and festivals. Such short-term effects are not material to volume projections and do not impact the long-term projections.

Sales prices
The level of market premiumisation and the locally available portfolio are key drivers in identifying price points. When planning pricing structures, factors including price elasticity, local competition and inflation expectations can also impact the projection. Increases in excise duties are typically passed on to the customers immediately or with a delay of no more than a few months. Since the increase is a pass-through cost and thereby compensated for by price increases at the time of implementation, it does not impact the long-term sales price growth and is therefore not taken into consideration in the projections unless circumstances specifically indicate otherwise. No changes to duties in the short or medium term are taken into consideration unless there is a firm plan to introduce changes.

Input costs
Input costs in the budget and target plans are based on past experience and on:
- Contracted raw and packaging materials
- Contracted services within sales, marketing, production and logistics
- Planned commercial investments
- Cost optimisations not related to restructurings
- Expected inflation

In the long term, projections follow the level of inflation unless long-term contracts are in place.

Operating investments
Projections are based on past experience of the level of necessary maintenance of existing production capacity, including replacement of parts. This also includes scheduled production line overhauls and improvements to existing equipment. Non-contracted capacity increases and new equipment are not included.

Terminal period growth
Growth rates are projected to be equal to or below the expected rate of general inflation and assume no nominal economic growth. The projected growth rates and the applied discount rates are compared to ensure a sensible correlation between the two.

2.2.3 IMPAIRMENT TEST OF BRANDS

Brands with indefinite useful life

DKK million	2021	2020
Baltika brand	4,419	4,876
International brands	3,000	3,000
Significant brands	7,419	7,876

In 2021, significant brands represented 50% (2020: 55%) of the total carrying amount of brands with indefinite useful life. The decrease in the carrying amount of the Baltika brand compared with 2020 is mainly due to the impairment loss recognised in 2021, partly offset by the appreciation of RUB.

Other brands comprise a total of 21 brands (2020: 19 brands) that individually are not material compared with the total carrying amount.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Brands
The test for impairment of brands is performed using the relief from royalty method and is based on the expected future cash flows generated from the royalty payments avoided for the individual brand for the next 20 years and projections for subsequent years.

The risk-free cash flows are discounted using a rate reflecting the risk-free interest rate with the addition

Key assumptions

2021	Average revenue growth	Terminal period growth	Pre-tax discount rate	Post-tax discount rate
Baltika brand	4.8%	4.0%	12.5%	10.5%
International brands	1.5%	1.3%	4.9%	4.6%

SECTION 2.2 (CONTINUED)

IMPAIRMENT

of the risk premium associated with the individual brand.

Key assumptions
The key assumptions on which management bases its cash flow projection include the expected useful life, revenue growth, a theoretical tax amortisation benefit, the royalty rate and the discount rate.

Expected useful life
Management has assessed that the value of brands with indefinite useful life can be maintained for an indefinite period, as these are well-established brands in their markets, having existed for decades or even centuries. The beer industry is characterised as being very stable with consistent consumer demand and a predictable competitive environment, and is expected to be profitable for the foreseeable future. Control of the brands is legally established and enforceable indefinitely.

In management's opinion, the risk of the useful life of these brands becoming finite is minimal because of their individual market positions and because current and planned marketing initiatives are expected to sustain their useful life.

Revenue growth
At the time of acquisition of any individual brand, a revenue growth curve is forecast based on a long-term strategic view of the risk and opportunities relevant to the brand. The curve is forecast for a 20-year horizon. This horizon reliably reflects the lengthy process of implementing brand strategies to support a brand occupying its intended place in the Group's portfolio. The forecast period applied is comparable with the common term of the majority of licence agreements to which the Group is party.

In the local markets, the product portfolio usually consists of local power brands and international premium brands. When projecting revenue growth for local brands, in addition to their commercial strength – such as market share and segment position – the forecast takes into consideration the demographics of the primary markets, including expected developments in population, consumption levels, generation-shift patterns, rate of urbanisation, beer market maturity, level of premiumisation, circumstances generally limiting the growth opportunities for alcoholic beverages etc.

For brands with global or regional presence, enhanced investments in product development and marketing are expected. The expected growth rate for these brands is generally higher than for more localised brands and is usually highest early in the 20-year period.

Depending on the nominal growth expectations for the individual brand, the revenue growth in individual years may be above, equal to or below the forecast inflation level in the markets where the brand is present.

When preparing budgets, consideration is given to events or circumstances that are relevant to reliably project the short-term performance of each brand. Examples include significant campaign activities, changes in excise duties etc., which may have a short-term impact but are non-recurring and quickly absorbed by the business. Since the impact is not material to the long-term projections, it is not taken into consideration when estimating the long-term and terminal period growth rates. Please refer to the description of the impact of increases in excise duties in the description of sales prices in section 2.2.2.

In 2021, the drop in revenue experienced in 2020 due to the COVID-19 pandemic was, as expected, largely regained in most markets, following the introduction of vaccines and the lifting of governmental restrictions.

The risk of future revenue decline from inflation levels potentially increasing again has been carefully considered. The beverage industry has generally proved to be resilient, and the decline in revenue experienced in 2020 is not expected to have a long-term impact.

Revenue is expected to recover to pre-pandemic levels in the medium and long term. The timing of the recovery has been carefully considered, particularly for brands with lower headroom to the carrying amount.

Tax benefit
The theoretical tax benefit applied in the test uses tax rates and amortisation periods based on current legislation. The impairment test applies tax rates in the range of 15-31% and amortisation periods of 5-15 years.

Royalty rate
Royalties generated by a brand are based on the Group's total income from the brand and are earned globally, i.e., the income is also earned outside the CGU that owns the brand. If external licence agreements for the brand already exist, the market terms of such agreements are taken into consideration when assessing the royalty rate that the brand is expected to generate in a transaction with independent parties. The royalty rate is based on the actual market position of the individual brand in the global, regional and local markets, and assumes a 20-year horizon. This term is common to the beverage industry when licensing brands.

For some brands, the share of the total beer market profit exceeds the volume share to an extent that creates significant market entry barriers for competing brands and justifies a higher royalty rate.

In 2021, the royalty rate for one of the brands was adjusted downwards from 1.3% to 1.1% due to increased competition in the market and declining margins.

Royalty rates

International, premium and speciality beers	3.5-11.0%
Strong regional and national brands	3.0-5.0%
Local and mainstream brands	2.0-3.5%

Discount rates
The discount rate is a weighted average cost of capital (WACC) that reflects the risk-free interest rate with the addition of a risk premium relevant to each brand.

The risk-free interest rates used in the impairment tests are based on observed market data. For countries where long-term risk-free interest rates are not observable or valid due to specific national or macroeconomic conditions, the interest rate is estimated based on observations from other markets and/or long-term expectations expressed by international financial institutions considered reliable by the Group.

The added credit risk premium (spread) for the risk-free interest rate is fixed at market price or slightly higher, reflecting the expected long-term market price. The aggregate interest rate, including spread, thereby reflects the long-term interest rate applicable to the Group's investments in the individual markets.

Interest rates applied in Central & Eastern Europe
In recent years, the macroeconomic situation has deteriorated significantly in Eastern Europe, resulting in interest rates and inflation increasing to a level significantly higher than the Group's long-term expectations.

The Group continues to monitor market developments and compare these with the expectations of key international financial institutions to determine if the observable data can be applied.

The use of expected future interest rates in previous years in lieu of unobservable interest rates did not impact the conclusion of the impairment test because the relationship between discount rates and growth rates (the real interest rate) was expected to be constant. Expectations for the long-term real interest rate remain a key assumption for the impairment testing in general, and for CGUs with exposure to the Russian market in particular.

The impairment test of the Baltika brand is sensitive to changes in the real interest rate. Since no expected future long-term real interest rate can be directly observed, the estimate of a real interest rate is subjective and associated with risk.

In 2021, the observable interest rate and inflation in Russia increased to levels significantly higher than the long-term expectations of key international financial institutions. This high risk-free interest rate has been

SECTION 2.2 (CONTINUED)

IMPAIRMENT

applied in the impairment test for 2021 to discount the forecast period cash flows.

To avoid applying an incorrect real interest rate in perpetuity, the discount rate used to calculate the net present value of the cash flows in the terminal period has been adjusted to incorporate an interest rate that is equal to the expected rate of inflation with the addition of an expected long-term real interest rate of 2.8%. The expected real interest rate was estimated based on market observations from the preceding five years.

Interest rates applied in Western Europe
Western Europe is experiencing very low interest rates. In several countries even lower than inflation, resulting in negative real interest rates. The Group generally applies a growth rate in the terminal period that is equal to or slightly lower than expected inflation. Management does not expect assets and CGUs subject to impairment testing to have a negative real interest rate in perpetuity.

To avoid applying negative real interest rates in perpetuity, the discount rate used to calculate net present value of the cash flows in the terminal period has been adjusted to incorporate an interest rate that is at least equal to the expected rate of inflation, with the addition of the expected long-term real interest rate.

2.2.4 SENSITIVITY TESTS

Sensitivity tests have been performed to determine the lowest forecast and terminal period growth rates and/or highest discount rates that can occur in the groups of CGUs and brands with indefinite useful life without leading to any impairment loss.

The risk-free interest rates observable for Western Europe increased but remained low at the end of 2021. The sensitivity tests calculate the impact of higher interest rates and allow for a double-digit percentage-point increase in risk-free interest rates.

Due to a challenging macroeconomic situation in some CGUs and groups of CGUs, the Group performed additional sensitivity tests to ensure that no potential impairment had been overlooked. These additional sensitivity tests did not identify any potential impairment.

GOODWILL
The test for impairment of goodwill did not identify any CGUs or groups of CGUs to which goodwill is allocated where a reasonably possible negative change in a key assumption would cause the carrying amount to exceed the recoverable amount.

The goodwill allocated to Central & Eastern Europe was primarily recognised when the Group completed the step acquisition of the remaining 50% of the Baltic Beverage Holding Group from Scottish & Newcastle in 2008. However, the impairment test includes 100% of the cash flow generated by Central & Eastern Europe, resulting in the recoverable amount significantly exceeding the carrying amount.

BRANDS
Following the impairment losses recognised in 2021 and 2020, a reasonably possible negative change in a key assumption would cause the carrying amount of the brands that were written down to exceed the recoverable amount. The sensitivity to changes in the assumptions is shown in the table below.

Key assumptions
The key assumptions relevant to the assessment of the recoverable amount are:
- Volume
- Price
- Discount rate

The assumptions for volume and pricing are closely linked, which, together with the presence of multiple sub-brands in various geographies within each brand, makes individual sensitivity testing on the basis of these two assumptions highly impractical. Instead, sensitivity testing is performed for the overall revenue growth rate, in both the forecast period and the terminal period.

The sensitivity test for the maximum decline in growth rate in the forecast period assumes a year-on-year decline in the nominal growth rate, thereby estimating the accumulated effect of a negative change for the full forecast period.

The sensitivity tests were completed with all other assumptions unchanged, as it is relevant to assess the sensitivity to, for example, a decline in the growth rate independently of changes in the discount rate. This is because the growth rate in itself might be impacted by changes in brand strategy and other market factors.

The sensitivity calculated also assumes a straight-line impact despite the fact that changes in market dynamics and adjustments to these will in practice have different impacts in the individual years and might not apply in the long term.

Interest rates in Western Europe have been low for several years and are currently lower than inflation. An increase in the interest rates without a corresponding change in inflation would result in a lower recoverable amount for brands and could potentially lead to impairment. However, management considers the risk of a significant write-down to be very low.

Baltika brand
The Baltika brand was written down to its recoverable amount at the end of 2021. As a result, even a small negative change in the key assumptions could lead to further impairment.

At 31 December 2021, the carrying amount of the Baltika brand was DKK 4,410m (2020: DKK 4,876m).

Sensitivity test

DKKbn	Average forecast growth rate	Terminal period growth rate	Risk-free interest rate
Δ	-1 %-point	-1 %-point	+1 %-point
Baltika brand	-0.5	-0.2	-0.6

SECTION 2.2 (CONTINUED)

IMPAIRMENT

Changes in the market dynamics and the challenging competitive environment in Russia could have a significant negative impact on the recoverable amount. Macroeconomic recovery could lead to further premiumisation or localisation, which could drive consumers towards international brands or local/regional brands.

An increase in the real interest rate from the current level (2.8%), either because of a higher interest rate or lower inflation, could significantly reduce the recoverable amount.

A 1 percentage point increase in the risk-free interest rate would result in a reduction in the recoverable amount of DKK 0.6bn, and a 1 percentage point decrease in the terminal growth rate would result in a reduction in the recoverable amount of DKK 0.2bn.

The combined effect of a 1 percentage point negative change in the interest rate, the terminal growth rate and the average growth rate in the forecast period (year on year) would result in a reduction in the recoverable amount of DKK 1.1bn.

Other brands in Russia
Other brands in Russia were written down to their recoverable amount at the end of 2021. As a result, even a small negative change in the key assumptions could lead to further impairment.

Following the impairment, the carrying amount of the brands amounts to DKK 646m (2020: DKK 639m). Any increase in the risk-free interest rate or decrease in the terminal growth rate would therefore result in a minor additional impairment.

Angkor brand
As the Angkor brand was written down to the recoverable amount in 2020, a reasonably possible negative change in the key assumptions could lead to further impairment.

Following the impairment, the carrying amount of the brand amounts to DKK 93m (2020: DKK 86m). Any increase in the risk-free interest rate or decrease in the terminal growth rate would therefore result in a minor additional impairment.

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SECTION 2.3

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

DKK million	Intangible assets				Property, plant and equipment				Asset base
2021	Goodwill	Brands	Other intangible assets	Total	Land and buildings	Plant and machinery	Other equipment, fixtures and fittings	Total	Total
Cost									
Cost at 1 January	52,064	24,056	4,957	81,087	19,228	28,479	15,614	63,321	144,408
Acquisition of entities	214	656	9	877	42	-51	-182	-191	686
Additions, including right-of-use assets	-	-	341	341	328	1,970	2,021	4,319	4,660
Disposal and deconsolidation of entities	-301	-	-20	-321	-102	-289	-379	-690	-1,011
Disposals	-	-2	-386	-388	-293	-674	-1,975	-2,942	-3,330
Transfers	-	-	-	-	65	-483	96	-322	-322
Foreign exchange adjustments etc.	2,250	1,473	143	3,866	551	1,240	534	2,325	6,191
Cost at 31 December	54,227	26,181	5,054	85,462	19,819	30,272	15,729	65,840	151,302
Amortisation, depreciation and impairment losses									
Amortisation, depreciation and impairment losses at 1 January	1,572	9,427	4,027	15,026	8,165	18,155	10,702	37,022	52,048
Disposal and deconsolidation of entities	-	-	-7	-7	-40	-147	-329	-516	-523
Disposals	-	-2	-369	-371	-186	-642	-1,846	-2,674	-3,045
Amortisation and depreciation	-	19	206	225	673	1,450	2,048	4,171	4,396
Impairment losses	-	950	107	1,057	5	22	124	151	1,208
Reversal of impairment losses	-	-	-	-	-86	-4	-24	-114	-114
Transfers	-	-	-	-	-145	-29	-	-174	-174
Foreign exchange adjustments etc.	171	837	49	1,057	123	848	355	1,326	2,383
Amortisation, depreciation and impairment losses at 31 December	1,743	11,231	4,013	16,987	8,509	19,653	11,030	39,192	56,179
Carrying amount at 31 December	52,484	14,950	1,041	68,475	11,330	10,619	4,699	26,648	95,123
Right-of-use assets included at 31 December									
Amortisation and depreciation	-	-	-	-	174	6	205	385	385
Carrying amount at 31 December	-	-	-	-	887	11	420	1,318	1,318

SECTION 2.3 (CONTINUED)

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

DKK million	Intangible assets				Property, plant and equipment				Asset base
2020	Goodwill	Brands	Other intangible assets	Total	Land and buildings	Plant and machinery	Other equipment, fixtures and fittings	Total	Total
Cost									
Cost at 1 January	56,768	27,549	4,967	89,283	18,978	30,585	15,260	64,823	154,106
Acquisition of entities	1,832	-	-	1,832	634	258	373	1,265	3,097
Additions, including right-of-use assets	-	806	245	1,049	224	1,781	1,818	3,823	4,872
Disposals	-	-	-66	-66	-601	-665	-1,392	-2,658	-2,724
Transfers	-	-	-6	-6	1,058	-1,222	195	22	16
Foreign exchange adjustments etc.	-4,496	-1,496	-178	-6,170	-1,054	-2,087	-1,140	-4,281	-10,451
Cost at 31 December	52,064	24,056	4,967	81,087	19,228	28,479	15,514	63,221	144,408
Amortisation, depreciation and impairment losses									
Amortisation, depreciation and impairment losses at 1 January	1,618	11,593	4,025	17,236	8,258	18,827	10,843	37,926	54,962
Disposals	-	-	-42	-42	-464	-815	-1,253	-2,532	-2,574
Amortisation and depreciation	-	20	167	187	653	1,448	2,048	4,149	4,336
Impairment losses	-	231	4	235	8	84	30	122	357
Transfers	-	-	-	-	9	10	1	20	20
Foreign exchange adjustments etc.	-46	-2,417	-127	-2,590	-299	-1,369	-765	-2,453	-5,043
Amortisation, depreciation and impairment losses at 31 December	1,572	9,427	4,027	15,026	8,165	18,185	10,902	37,022	52,048
Carrying amount at 31 December	50,492	14,629	940	66,061	11,063	10,324	4,612	26,199	92,360
Right-of-use assets included at 31 December									
Amortisation and depreciation	-	-	-	-	178	11	207	396	396
Carrying amount at 31 December	-	-	-	-	942	23	415	1,382	1,382

SECTION 2.3 (CONTINUED)

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICIES

Cost
Intangible assets and property, plant and equipment are initially recognised at cost and subsequently measured at cost less accumulated amortisation or depreciation and impairment losses.

Cost comprises the purchase price and costs directly attributable to the acquisition until the date when the asset is available for use. The cost of acquired brand rights is accounted for using the accumulated cost approach if the total consideration includes an earn-out dependent on the brands' future performance.

The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, wages and salaries, and capitalised borrowing costs on specific or general borrowings attributable to the construction of the asset, and is included in plant and machinery.

Research and development costs are recognised in the income statement as incurred. Development costs of intangible assets, for example software, are recognised as other intangible assets if the costs are expected to generate future economic benefits.

For assets acquired in business combinations, including brands and property, plant and equipment, cost at initial recognition is determined by estimating the fair value of the individual assets in the purchase price allocation.

Goodwill is only acquired in business combinations and is measured in the purchase price allocation.

Goodwill is not amortised but is subject to an annual impairment test, cf. section 2.2.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items.

Subsequent costs, for example in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are derecognised from the statement of financial position and recognised as an expense in the income statement. Costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Useful life, amortisation, depreciation and impairment losses
Useful life and residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

Amortisation and depreciation are recognised on a straight-line basis over the expected useful life of the assets, taking into account any residual value. The expected useful life and residual value are determined based on past experience and expectations of the future use of assets.

Depreciation is calculated on the basis of the cost less the residual value and impairment losses.

Amortisation and depreciation are recognised as cost of sales, sales and distribution expenses, and administrative expenses depending on the use of the asset.

The expected useful life is as follows:

Brands with finite useful life	Normally 20 years
Software	Normally 3-5 years. Group-wide systems developed as an integrated part of a major business development programme: 5-7 years
Delivery rights	Depending on contract; if no contract term has been agreed, normally not exceeding 5 years
Customer agreements/ relationships	Depending on contract with the customer if the contract exists, normally not exceeding 20 years

Buildings	20-40 years
Technical installations	15 years
Brewery equipment	15 years
Filling and bottling equipment	8-15 years
Technical installations in warehouses	8 years
On-trade and distribution equipment	5 years
Fixtures and fittings, other plant and equipment	5-8 years
Returnable packaging materials	3-10 years
Hardware	3-5 years
Land	Not depreciated

Impairment
Impairment losses of a non-recurring nature are recognised under special items.

Leases
At the commencement date, the Group recognises a lease liability and a corresponding right-of-use asset at the same amount, except for short-term leases of 12 months or less and leases of low-value assets.

A right-of-use asset is initially measured at cost, which consists of the initial lease liability and initial direct costs less any lease incentives received. The Group has applied the practical expedient option allowed under IFRS by using a portfolio approach for the recognition of lease contracts related to assets of the same nature and with similar lease terms, i.e. cars and trucks.

Subsequently, the right-of-use asset is measured at cost less depreciation and impairment losses and adjusted for remeasurement of the lease liability. The right-of-use asset is depreciated over the earlier of the lease term or the useful life of the asset. The impairment testing of right-of-use assets follows the same principles as those applied for property, plant and equipment, cf. section 2.2.

Right-of-use assets are recognised as property, plant and equipment.

The Group has elected not to recognise right-of-use assets and liabilities for leases with a term of 12 months or less and leases of low-value assets. Lease payments related to such leases are recognised in the income statement as an expense on a straight-line basis over the lease term.

Government grants and other funding
Grants and funding received for the acquisition of assets and development projects are recognised in the statement of financial position by deducting the grant from the carrying amount of the asset. The grant is recognised in the income statement over the life of the asset as a reduced depreciation charge.

SECTION 2.3 (CONTINUED)

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment under construction amounted to DKK 1,193m (2020: DKK 1,121m). Property, plant and equipment under construction are recognised in plant and machinery until completion.

Other equipment, fixtures and fittings include transport, office and drought beer equipment, coolers and returnable packaging materials.

Other intangible assets include software, land use rights and beer delivery rights.

RIGHT-OF-USE ASSETS
The Group leases various properties and warehouses, production equipment, cars and trucks. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions.

At 31 December 2021, the carrying amount of right-of-use assets was DKK 1,318m. During the year, additions amounted to DKK 437m and depreciation to DKK 385m.

Lease expenses recognised in the income statement, relating to short-term leases and leases of low-value assets, amounted to DKK 33m (2020 DKK 44m). Such contracts comprise the lease of copy and printing machines, coffee machines, small IT devices and similar equipment.

For disclosures of the interest expenses, cash flow and lease liabilities, please refer to sections 4.1, 4.4.1 and 4.7.

CAPITAL COMMITMENTS
The Group has entered into various capital commitments that will not take effect until after the reporting date and have therefore not been recognised in the consolidated financial statements. Capital commitments amounted to DKK 132m (2020: DKK 41m).

ACCOUNTING ESTIMATES AND JUDGEMENTS

Useful life and residual value of intangible assets with finite useful life and property, plant and equipment
Useful life and residual value are initially assessed both in acquisitions and in business combinations.

Management assesses brands and property, plant and equipment for changes in useful life. If an indication of a reduction in the value or useful life exists, such as changes in production structure, restructuring and brewery closures, the asset is tested for impairment. If necessary, the asset is written down or the amortisation/depreciation period is reassessed and, if necessary, adjusted in line with the asset's changed useful life. When changing the amortisation or depreciation period due to a change in the useful life, the effect on amortisation/depreciation is recognised prospectively as a change in accounting estimates.

Lease and service contracts
At inception of a contract, management assesses whether the contract is or contains a lease. Management considers the substance of any service being rendered to classify the arrangement as either a lease or a service contract. Particular importance is attached to whether fulfilment of the contract depends on the use of specific assets. The assessment involves judgement of whether the Group obtains substantially all the economic benefits from the use of the specified asset and whether it has the right to direct how and for what purpose the asset is used. If these criteria are satisfied at the commencement date, a right-of-use asset and a lease liability are recognised in the statement of financial position.

In determining the lease term, management considers all the facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension or termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The term is reassessed if a significant change in circumstances occurs. The assessment of purchase options follows the same principles as those applied for extension options.

The lease payment for cars and trucks often includes costs of service and insurance. If these costs are not objectively assessable, the Group estimates the costs when separating the service component from the lease.

Amortisation, depreciation and impairment losses

	Intangible assets		Property, plant and equipment	
DKK million	2021	2020	2021	2020
Cost of sales	158	18	2,790	2,666
Sales and distribution expenses	84	71	1,242	1,249
Administrative expenses	110	78	268	284
Special items	950	235	-72	72
Total	1,262	422	4,208	4,271

Gain/loss on disposal of assets

DKK million	2021	2020
Gain on disposal of property, plant and equipment and intangible assets	119	76
Loss on disposal of property, plant and equipment and intangible assets	-26	-23
Total	93	53

SECTION 3

SPECIAL ITEMS, PROVISIONS AND OTHER LIABILITIES

1,429m
SPECIAL ITEMS, INCOME (DKK)
Impacted by reversal of provisions made in purchase price allocations in previous years.

-1,682m
SPECIAL ITEMS, EXPENSES (DKK)
Impacted by write-downs of the Baltika brand and other brands in Russia, and restructuring costs across the Group.

SECTION 3.1

SPECIAL ITEMS

SPECIAL ITEMS, INCOME
In 2021, the Group recognised reversal of provisions made in purchase price allocations in prior years in Asia (DKK 1,238m), reversal of a restructuring provision in the UK (DKK 52m), reversal of impairment losses in Denmark (DKK 86m) and revaluation gain on retained investment in Gorkha Brewery (DKK 38m).

The provisions recognised in purchase price allocations mainly related to indirect taxes and certain employee obligations, and were either settled during the year or are no longer expected to be realised.

In 2020, the Group recognised reversal of provisions made in purchase price allocations in prior years (DKK 586m) and a gain on disposal of the last part of the former brewery site in Hamburg, Germany (DKK 62m).

SPECIAL ITEMS, EXPENSES
In 2021, write-downs were recognised of the Baltika brand and other brands in Russia, totalling DKK 950m, as a result of reduced profit margins and increased interest rates.

In China, Tibet Lhasa Brewery was negatively impacted by disturbances in the operation and management of the company, resulting in the recognition of an impairment loss of DKK 244m.

Fair value adjustments of the contingent consideration for the acquisition of Marston's brewing activities, completed in 2020, amounted to DKK 129m (2020: DKK 50m). The consideration was settled in cash in December 2021.

Special items

DKK million	2021	2020
Special items, income		
Reversal of provisions made in purchase price allocations in prior years	1,238	586
Reversal of provisions made in prior years	52	-
Reversal of impairment losses	86	-
Gain on disposal of entities and assets	15	62
Revaluation gain on de-consolidation of Gorkha Brewery, cf. section 5.2	38	-
Disposal of property, plant and equipment previously impaired, including adjustments to sales and reversal of provisions made in prior years	-	52
Income	1,429	700
Special items, expenses		
Impairment of brands, cf. section 2.2	-950	-231
Impairment of investment of associates	-244	-
Impairment of property, plant and equipment	-	-74
Reset, other restructurings and provisions	-270	-419
Adjustment of contingent consideration	-129	-29
COVID-19, personal protective equipment and donations	-61	-69
Costs related to acquisition of entities, etc.	-48	-125
Expenses	-1,682	-947
Special items, net	-253	-247

SECTION 3.1 (CONTINUED)

SPECIAL ITEMS

During 2021 and 2020, the Group continued to carry out various restructuring projects as part of the ongoing focus on cost and efficiency initiatives. The COVID-19 pandemic did not have as severe a negative impact in 2021 as in 2020 due to reduced government impositions in the form of lockdowns, travel restrictions, limited social gatherings and social distancing. Restructuring costs and costs of personal protective equipment, donations etc. incurred as a result of the response to the COVID-19 impact on the entire business therefore declined in 2021.

In 2020 The Group was also impacted by write-downs of a brand and brewing equipment mainly in Cambodia, as a consequence of COVID-19 restrictions in the market.

ACCOUNTING ESTIMATES AND JUDGEMENTS

The use of special items entails management judgement in the separation from ordinary items. Management carefully considers individual items and projects (including restructurings) in order to ensure the correct distinction and split between operating activities and significant income and expenses of a special nature.

Management initially assesses the entire restructuring project and recognises all present costs of the project. The projects are assessed on an ongoing basis, with additional costs possibly being incurred during the lifetime of the project.

The estimate includes expenses related to termination of employees, onerous contracts, break fees and other obligations arising in connection with restructurings. Management reassesses the useful life and residual value of non-current assets used in an entity undergoing restructuring.

ACCOUNTING POLICIES

Special items include significant income and expenses of a special nature in terms of the Group's revenue-generating activities that cannot be attributed directly to the Group's ordinary operating activities.

Special items also include significant non-recurring items, including termination benefits related to retirement of members of the Executive Committee, impairment of goodwill and brands, significant provisions in relation to certain disputes and lawsuits, gains and losses on the disposal of activities and associates, revaluation of the shareholding in an entity held immediately before a step acquisition or cease of consolidation of that entity, and transaction costs in a business combination.

Significant restructuring of processes and structural adjustments are included in special items.

Special items are shown separately from the Group's ordinary operations to facilitate a better understanding of the Group's financial performance.

Impact of special items on operating profit

DKK million	2021	2020
If special items had been recognised in operating profit before special items, they would have been included in the following line items:		
Cost of sales	-1,016	-111
Sales and distribution expenses	-46	-305
Administrative expenses	-229	-307
Other operating income	1,397	656
Other operating expenses	-359	-192
Special items, net	**-253**	**-247**

SECTION 3.2

PROVISIONS

Restructuring provisions relate to termination benefits to employees made redundant, primarily as a result of a restructuring project accounted for as special items.

The restructuring provision in 2021 of DKK 178m primarily relates to Reset for the future, which was initiated in 2020. Other restructurings mainly related to Kronenbourg, Carlsberg Deutschland, Carlsberg Sverige and certain local supply companies.

Onerous contracts primarily related to contract brewing in Asia and are expected to be utilised by 2028.

Other provisions of DKK 2,754m related to ongoing disputes and lawsuits, profit sharing in France, provisions made in connection with purchase price allocations (PPA provisions) and employee obligations other than retirement benefits.

Timing of settlement of ongoing disputes, lawsuits and PPA provisions cannot be determined, whereas the remaining liabilities are expected to be settled in one to two years.

Total provisions have been impacted by reversal of provisions made in purchase price allocations in previous years in Asia, as described in section 3.1, and reversal of legal provisions, real estate and other contractual obligations that did not materialise, in total DKK 1,912m.

ACCOUNTING ESTIMATES AND JUDGEMENTS

In connection with restructurings, management assesses the timing of the costs to be incurred, which influences the classification as current or non-current liabilities.

Provision for onerous contracts is based on agreed terms with the other party and expected fulfilment of the contract, based on the current estimate of volumes, use of raw materials etc.

Management assesses provisions, contingent assets and liabilities, and the likely outcome of pending or probable lawsuits etc. on an ongoing basis. The outcome depends on future events, which are by nature uncertain. In assessing the likely outcome of lawsuits and tax disputes etc., management relies on external legal advice and established precedents.

ACCOUNTING POLICIES

Provisions, including profit-sharing provisions, are recognised when, as a result of events arising before or at the reporting date, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of economic benefits to settle the obligation.

Provisions are discounted if the effect is material to the measurement of the liability. The risk-free interest rate is used as the discount rate.

Restructuring costs are recognised when a detailed, formal restructuring plan has been announced to those affected no later than at the reporting date. On acquisition of entities, restructuring provisions in the acquiree are only included in the opening balance when the acquiree has a restructuring liability at the acquisition date.

A provision for onerous contracts is recognised when the benefits expected to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

SECTION 3.3

OTHER LIABILITIES

DKK million	2021	2020
Classified as		
Non-current liabilities	449	5,196
Current liabilities	12,677	7,414
Total	**13,126**	**12,610**
Other liabilities by origin		
Staff costs payable	3,118	1,938
Excise duties and VAT payable	2,933	2,641
Other payables	2,200	2,041
Deferred income	621	700
Contingent consideration	4,254	5,290
Total	**13,126**	**12,610**

For further description of contingent consideration cf. section 5.4.

ACCOUNTING POLICIES

Other liabilities include excise duties (specific taxes imposed on sales of beer and soft drinks), VAT, withholding tax, accrued interest, payroll, e.g. salaries, overtime, vacation and bonus.

Other liabilities (current) are initially recognised at fair value and subsequently at amortised cost.

DKK million	Restructurings	Onerous contracts	Other	Total
Provisions at 1 January 2021	224	476	3,866	4,566
Acquisition of entities	-	-	22	22
Additional provisions recognised	151	1	793	945
Used during the year	-188	-35	-371	-594
Reversal of unused provisions	-67	-	-1,749	-1,816
Transfers	-	-24	-8	-32
Discounting	-	4	16	20
Foreign exchange adjustments etc.	8	34	205	247
Provisions at 31 December 2021	**178**	**456**	**2,754**	**3,388**
Classified as				
Non-current provisions	28	428	1,990	2,446
Current provisions	150	28	764	942
Total	**178**	**456**	**2,754**	**3,388**

SECTION 3.4

CONTINGENT LIABILITIES

The Group operates in very competitive markets where consolidation is taking place within the industry and among its customers and suppliers, all of which in different ways influences its business.

In the ordinary course of business, the Group is party to certain lawsuits, disputes etc. of varying content and scope, some of which are referred to below. The resolution of these lawsuits, disputes etc. is associated with uncertainty, as they depend on relevant applicable proceedings, such as negotiations between the parties affected, government actions and court rulings.

In 2020, the German Supreme Court overruled the Higher Regional Court of Düsseldorf, which in 2019 had ruled in favour of Carlsberg Deutschland in relation to the competition case from 2014, in which the Federal Cartel Office in Germany issued a decision and imposed a fine of EUR 62m for alleged infringement of the competition rules in 2007. The German Supreme Court referred the competition case back to a new Senate for full new proceedings, which are currently ongoing.

In October 2021, the French competition authority issued a Statement of Objection against a large number of FMCG companies, including three entities in the Group – Kronenbourg SAS, Carlsberg Breweries A/S and Carlsberg A/S – for alleged participation in an anti-competitive agreement not to advertise the non-use of bisphenol A (BPA), Carlsberg does not agree with the French competition authority and is currently preparing its defence in the case, which is to be submitted in the first quarter of 2022.

In October and November 2021, the Group's associate Super Bock in Portugal received decisions on the alleged anticompetitive practice in two ongoing cases. In the first case the Portuguese court of appeal confirmed the fine of EUR 24m issued by the competition authority and in the second case the Portuguese competition authority imposed a fine of EUR 33m on Super Bock. Both decisions have been appealed to the Supreme Court by Super Bock. Since the formal notification by the court in March 2021 about a private enforcement claim of EUR 400m, filed by a consumer protection association against Super Bock Group, for compensation for Portuguese consumers for alleged harm on account of Super Bock's alleged anticompetitive practices, there has been no significant development in the case.

In September 2021, Carlsberg India received the final decision from the Competition Commission of India in the case relating to the dawn raid conducted in 2018. The decision stated that Carlsberg India had engaged in price coordination (partly facilitated through a trade association), supply restrictions and market sharing, in breach of India's competition law. As a result of the infringement, the Competition Commission of India imposed a fine of approx. INR 1.21bn (approx. DKK 96m) on Carlsberg India. It was decided not to appeal the decision and the fine was paid in December.

For some time, the Group has had serious disagreements with its partner in Carlsberg South Asia Pte Ltd ("CSAPL"), the parent company holding 100% and 90% of the shares in the businesses in India and Nepal respectively. Several of the disagreements pertaining to the Shareholders' Agreement between Carlsberg and its partner, including the partner's right to exercise the put option, have been referred to arbitration in Singapore. The arbitration award is expected in H1 2022.

Disputes always carry some inherent risk. The arbitration could have various outcomes, including either party being awarded a call option to buy out the other shareholder. If the tribunal were to find that Carlsberg has materially breached the Shareholders' Agreement, although this is not expected, the partner could become entitled to a call option to acquire the Group's 67% shareholding in CSAPL. From the time that such a call option were to become exercisable, the Group would, for accounting purposes, be required to cease consolidation of CSAPL, including Carlsberg India, and derecognise the investment in Gorkha Brewery, Nepal. If such a call option were to be awarded but not exercised, the Group would resume consolidation when the option lapsed. Conversely, if the award is in favour of the Group, it could result in the acquisition of the 33% shareholding in CSAPL held by the partner. A party being awarded a call option that is subsequently exercised could lead to that party taking possession of 100% of the shares in CSAPL, resulting in the other party no longer being involved in the business of CSAPL.

In addition to the ongoing disputes with our partner in CSAPL regarding India and Nepal, there is also a dispute with the local 10% shareholder in Gorkha Brewery, a related party to the Group's 33% partner in CSAPL. Please refer to section 5.2.

Although no final rulings have been made in the ongoing cases, there is still significant risk associated with these cases due to the inherent uncertainty.

Management and the general counsel continuously assess these risks and their likely outcome. It is the opinion of management and the general counsel that, apart from items recognised in the statement of financial position, the outcome of these lawsuits, disputes etc. cannot be reliably estimated in terms of amount or timing. The Group does not expect the ongoing lawsuits and disputes to have a material impact on the Group's financial position, net profit or cash flow, in excess of items recognised in the statement of financial position.

GUARANTEES AND COMMITMENTS

The Group has issued guarantees for loans etc. raised by third parties (non-consolidated entities) of DKK 224m (2020: DKK 304m). No guarantees have been issued for loans raised by associates and joint ventures. Certain guarantees etc. are issued in connection with disposal of entities and activities, and in connection with on-trade loans. Apart from items recognised in the statement of financial position or disclosed in the consolidated financial statements, these guarantees etc. will not have a material effect on the Group's financial position. Capital commitments, lease liabilities and service agreements are described in section 2.3.

SECTION 4

FINANCING COSTS, CAPITAL STRUCTURE AND EQUITY

19.2bn

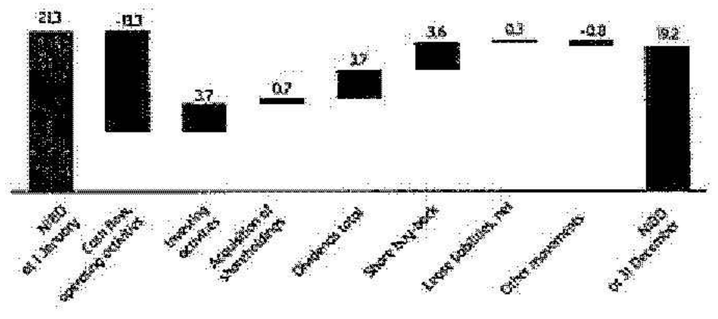
NET INTEREST-BEARING DEBT (DKK)

At 31 December 2021, gross financial debt amounted to DKK 28.9bn (2020: DKK 30.3bn). Net interest-bearing debt was DKK 19.2bn, a decrease of DKK 2.1bn versus year-end 2020.

The liquidity position remained strong due to the free cash flow of DKK 8.9bn and access to a EUR 2bn credit facility, which was unutilised at 31 December 2021.

The leverage ratio, measured as net interest-bearing debt to EBITDA, was 1.24x at year-end (2020: 1.51x).

CHANGES IN NET INTEREST-BEARING DEBT (DKKbn)



3.6bn

SHARE BUY-BACK (DKK)

During 2021, the Company repurchased shares worth DKK 3.6bn under the quarterly share buy-back programmes initiated in 2021.

48.8bn

EQUITY (DKK)

Equity amounted to DKK 48.8bn at 31 December 2021 (2020: DKK 43.4bn), DKK 43.9bn of which was attributable to shareholders in Carlsberg A/S and DKK 4.8bn to non-controlling interests.

The change in equity of DKK 5.4bn was mainly the result of consolidated profit of DKK 8.0bn, foreign exchange gains on translation of DKK 3.3bn, the dividend payout of DKK 3.7bn and the share buy-back of DKK 3.6bn.

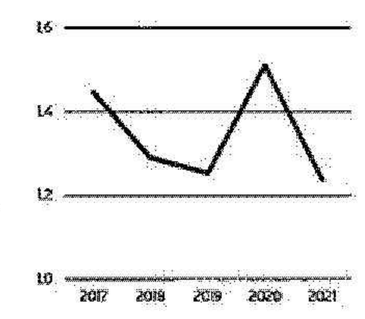
The non-controlling interests were impacted by the acquisition of 60% of Marston's brewing activities in the UK, the simultaneous disposal of 40% of the Group's subsidiaries in the UK, and the deconsolidation of the Group's Nepalese business cf. section 5.3.

-381m

NET FINANCIAL ITEMS (DKK)

Financial items, net, amounted to DKK -381m against DKK -411m in 2020. Excluding currency gains and fair value adjustments, financial items, net, amounted to DKK -319m (2020: DKK -550m), positively impacted by reversal of impairments of financial assets in previous years, partly offset by interests on tax cases in certain markets.

LEVERAGE RATIO (NIBD/EBITDA)



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SECTION 4.1

FINANCIAL INCOME AND EXPENSES

Interest income primarily relates to interest on cash and cash equivalents measured at amortised cost.

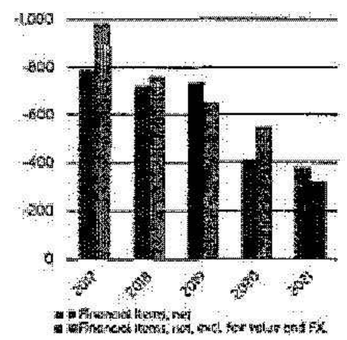
Foreign exchange gains, net, include fair value adjustments of hedges and foreign exchange losses. The fair value adjustment of hedges not designated as hedging instruments amounted to DKK -23m (2020: DKK -49m), cf. section 4.8.

Foreign exchange losses amounted to DKK -39m (2020: DKK 188m).

Of the net change in fair value of cash flow hedges transferred to the income statement, DKK 216m (2020: DKK -30m) has been included in revenue and cost of sales and DKK 4m (2020: DKK -2m) in other financial items.

Reversal of impairment of financial assets includes DKK 326m relating to a loan made to the partner in CSAPL. Please refer to section 5.4 for a more detailed description.

FINANCIAL ITEMS, NET (DKKm)



Financial items recognised in the income statement

DKK million	2021	2020
Financial income		
Interest income	101	81
Foreign exchange gains, net	-	139
Interest on plan assets, defined benefit plans	99	114
Reversal of impairments of financial assets	363	5
Other	19	34
Total	582	373
Financial expenses		
Interest expenses	-500	-484
Capitalised financial expenses	4	1
Foreign exchange losses, net	-62	-
Interest cost on obligations, defined benefit plans	-138	-160
Interest expenses, lease liabilities	-13	-12
Other	-254	-129
Total	-963	-784
Financial items, net, recognised in the income statement	-381	-411
Financial items excluding foreign exchange, net	-319	-550

Financial items recognised in other comprehensive income

DKK million	2021	2020
Foreign exchange adjustments of foreign entities		
Foreign currency translation of foreign entities	3,124	-7,640
Recycling of cumulative translation differences of entities disposed of, deconsolidated or decontrolled from use of equity method	183	-
Total	3,307	-7,640
Fair value adjustments of hedging instruments		
Change in fair value of effective portion of cash flow hedges	361	103
Change in fair value of cash flow hedges transferred to the income statement	-220	32
Change in fair value of net investment hedges	-464	50
Total	-323	185
Financial items, net, recognised in other comprehensive income	2,984	-7,455

SECTION 4.2

NET INTEREST-BEARING DEBT

Of the gross financial debt at year-end, 79% (2020: 97%) was non-current, i.e. with maturity of more than one year.

Gross financial debt amounted to DKK 28.9bn at 31 December 2021 (2020: DKK 30.3bn). Non-current borrowings totalled DKK 22.7bn (2020: DKK 29.3bn) and current borrowings totalled DKK 6.2bn (2020: DKK 1.0bn). The decrease in non-current borrowings is mainly due to a EUR 750m EMTN bond, which matures in November 2022 and is thus classified as current borrowings. The Group continuously assesses the maturity of its debt.

The difference of DKK 9.8bn between gross financial debt and net interest-bearing debt mainly comprised cash and cash equivalents and on-trade loans.

Net interest-bearing debt

DKK million	2021	2020
Non-current borrowings	22,755	29,291
Current borrowings	6,167	959
Gross financial debt	28,922	30,250
Cash and cash equivalents	-8,944	-8,093
Net financial debt	19,978	22,157
Loans to associates, interest-bearing portion	-258	-209
On-trade loans, net	-578	-616
Other receivables, net	600	-67
Net interest-bearing debt	19,162	21,263

SECTION 4.3

CAPITAL STRUCTURE

4.3.1 CAPITAL STRUCTURE

Management regularly assesses whether the Group's capital structure is in the interests of the Group and its shareholders.

The overall objective is to ensure a continued development and strengthening of the Group's capital structure that supports long-term profitable growth and a solid increase in key earnings and ratios. This includes assessment of and decisions on the split of financing between share capital and borrowings, which is a long-term strategic decision to be made in connection with significant investments and other transactions.

Carlsberg A/S' share capital is divided into two classes (A shares and B shares). Combined with the Carlsberg Foundation's position as majority shareholder (in terms of control), management considers that this structure will remain advantageous for all of the shareholders, enabling and supporting the long-term development of the Group.

The Group targets a leverage ratio below 2.0x. At the end of 2021, the leverage ratio was 1.24x (2020: 1.51x). The Group currently uses share buy-back programmes to return excess cash to shareholders.

The share buy-back programmes are initiated based on a cautious evaluation of the Group's funding flexibility and credit resources available. The size and duration of each programme depend on the expected organic and inorganic investments needed to grow the business and the Group's intention to maintain a leverage ratio below 2.0x.

Share capital

	Class A shares		Class B shares		Total share capital	
	Shares of DKK 20	Nominal value, DKK 1000	Shares of DKK 20	Nominal value, DKK 1000	Shares of DKK 20	Nominal value, DKK 1000
1 January 2020	33,699,252	673,985	118,857,554	2,377,151	152,556,806	3,051,136
Cancellation of treasury shares in 2020	-	-	-4,400,000	-88,000	-4,400,000	-88,000
31 December 2020	33,699,252	673,985	114,457,554	2,289,151	148,156,806	2,963,136
Cancellation of treasury shares	-	-	-2,900,000	-58,000	-2,900,000	-58,000
31 December 2021	33,699,252	673,985	111,557,554	2,231,151	145,256,806	2,905,136

A shares carry 20 votes per DKK 20 share, B shares carry two votes per DKK 20 share. A preferential right to an 8% non-cumulative dividend is attached to B shares. Apart from votes and dividends, all shares rank equally.

The Group generally intends to cancel treasury shares that are not used for hedging of incentive programmes.

The Group is rated by Moody's Investors Service and Fitch Ratings. Management assesses the risk of changes in the Group's investment-grade rating as an element in strategic decisions on capital structure. Identification and monitoring of risks that could change the rating were carried out on an ongoing basis throughout the year.

4.3.2 SHARE CAPITAL

At the Annual General Meeting on 15 March 2021, it was decided to reduce the share capital of Carlsberg A/S by a nominal amount of DKK 58,000,000 to a nominal amount of DKK 2,905,136,120 by cancelling 2,900,000 of the B shares held by the Company, each with a nominal value of DKK 20. The cancellation was completed on 13 April 2021. These shares had been repurchased as part of the Company's share buy-back programme.

At the Annual General Meeting on 14 March 2022, the Supervisory Board will recommend that 3.4m treasury shares not used for the hedging of the incentive programme be cancelled.

SECTION 4.3 (CONTINUED)

CAPITAL STRUCTURE

4.3.3 EQUITY

DIVIDENDS

The Group proposes a dividend of DKK 24.00 per share (2020: DKK 22.00 per share), amounting to DKK 3,486m (2020: DKK 3,259m). The proposed dividend has been included in retained earnings at 31 December 2021.

Dividends to be paid out in 2022 for 2021, net of dividends on treasury shares held at 31 December 2021, will amount to DKK 3,405m (paid out in 2021 for 2020: DKK 3,192m).

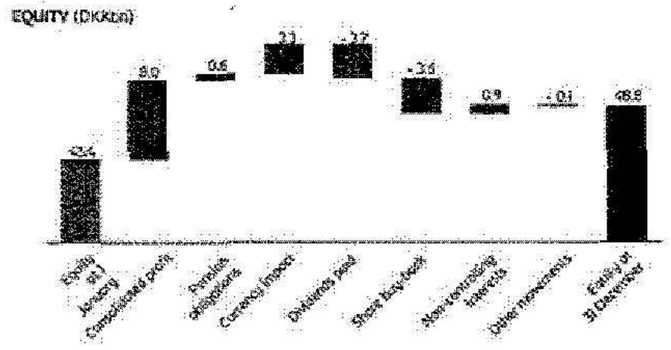
Dividends to non-controlling interests of DKK 51m were declared and reported as payable at 31 December 2020 and paid, in addition to dividends of DKK 493m declared in 2021.

SHARE BUY-BACK AND TREASURY SHARES

On 5 February 2021, the Company announced its intention to continue the share buy-back programme. The 2021 programme has been executed as quarterly programmes, and 3,355,625 B shares worth DKK 3.6bn have been repurchased in 2021. Ending with the fourth quarterly programme, which was finalised on 28 January 2022, the Company has repurchased a total of 3,715,779 B shares at a total purchase price of DKK 4.0bn over a 12-month period.

According to the authorisation of the Annual General Meeting, the Supervisory Board may, in the period until 13 March 2023, allow the Company to acquire treasury shares up to a total holding of 10% of the nominal share capital at a price quoted on Nasdaq Copenhagen at the time of acquisition with a deviation of up to 10%. The permitted holding of treasury shares covers those acquired in share buy-back programmes. The Company holds no class A shares.

EQUITY (DKKbn)



Transactions with shareholders in Carlsberg A/S

DKK million	2021	2020
Dividends paid to shareholders	-3,187	-3,093
Share buy-back	-3,600	-2,900
Total	-6,787	-5,993

Transactions with non-controlling interests

DKK million	2021	2020
Dividend paid to NCI	-550	-796
Consideration paid for acquisition of NCI	-	-81
Total	-550	-877

Treasury shares

	Fair value, DKKm	Shares of DKK 20	Nominal value, DKKm	Percentage of share capital
1 January 2020	4,552	4,560,396	91.2	3.0%
Acquisition of treasury shares		3,290,522	65.8	2.2%
Cancellation of treasury shares		-4,400,000	-88.0	-3.0%
Used to settle share-based payments		-395,742	-7.9	-0.3%
31 December 2020	2,979	3,055,175	61.1	2.1%
Acquisition of treasury shares		3,355,625	67.1	2.3%
Cancellation of treasury shares		-2,900,000	-58.0	-2.0%
Used to settle share-based payments		-146,282	-2.9	-0.1%
31 December 2021	3,800	3,364,518	67.3	2.3%

ACCOUNTING POLICIES

Proposed dividends

The proposed dividend is recognised as a liability at the date when it is adopted at the Annual General Meeting (declaration date).

Treasury shares

Cost of acquisition, consideration received and treasury share dividends received are recognised directly in equity as retained earnings. Capital reductions from the cancellation of treasury shares are deducted from the share capital at an amount corresponding to the nominal value of the shares and added to retained earnings.

Proceeds from the sale of treasury shares in connection with the settlement of share-based payments are recognised directly in equity.

SECTION 4.3 (CONTINUED)

CAPITAL STRUCTURE

4.3.4 OTHER COMPREHENSIVE INCOME

Other comprehensive income has mainly been impacted by a positive foreign exchange adjustment from the appreciation of RUB and CNY.

4.3.5 FINANCIAL RISK MANAGEMENT

The Group's activities mean it is exposed to a variety of financial risks, including market risk (foreign exchange risk, interest rate risk and commodity risk), credit risk and liquidity risk. These risks are described in the following sections:

- Foreign exchange risk: sections 2.3 and 4.6
- Interest rate risk: section 4.5
- Commodity risk: section 1.2.1
- Credit risk: sections 1.5.1 and 4.4.2
- Funding and liquidity risk: section 4.7

The Group's financial risks are managed by Group Treasury in accordance with the Financial Risk Management Policy approved by the Supervisory Board as an integrated part of the overall risk management process. The risk management governance structure is described in the Management review (pages 34-36).

To reduce exposure to these risks, the Group enters into a variety of financial instruments and generally seeks to apply hedge accounting to reduce volatility in the income statement.

Debt instruments and deposits in foreign currency reduce the overall risk but will not as a general rule achieve the objective of reducing volatility in specific items in the income statement, unless they are designated as cash flow hedges.

Other comprehensive income as recognised in the statement of changes in equity

DKK million

2021	Currency translation	Hedging reserves	Retained earnings	Total	Non-controlling interests	Other comprehensive income
Foreign exchange adjustments of foreign entities	3,253	-	-	3,253	54	3,307
Value adjustments of hedging instruments	-464	134	-	-330	7	-323
Retirement benefit obligations	-	-	580	580	-2	578
Share of other comprehensive income in associates and joint ventures	-	-	10	10	-	10
Income tax	102	-18	-5	79	24	103
Total	2,891	116	585	3,592	83	3,675
2020						
Foreign exchange adjustments of foreign entities	-7,330	-	-	-7,330	-310	-7,640
Value adjustments of hedging instruments	63	132	-	195	3	198
Retirement benefit obligations	-	-	-1	-1	2	1
Share of other comprehensive income in associates and joint ventures	-	-	-4	-4	-	-4
Income tax	-16	-20	-9	-47	-17	-64
Total	-7,283	112	-14	-7,187	-322	-7,509

SECTION 4.4

BORROWINGS AND CASH

4.4.1 BORROWINGS

Non-current funding decreased by DKK 6.5bn, primarily due to a EUR 750m EMTN bond, which matures in November 2022 and is thus classified as current (2020: non-current) and repayment of non-current bank borrowing.

Gross financial debt

DKK million	2021	2020
Non-current		
Issued bonds	21,452	27,002
Bank borrowings	28	922
Lease liabilities	1,012	1,080
Other borrowings	213	287
Total	**22,755**	**29,291**
Current		
Issued bonds	5,573	-
Bank borrowings	116	472
Lease liabilities	375	396
Other borrowings	103	89
Total	**6,167**	**959**
Total borrowings	**28,922**	**30,250**
Fair value	29,575	31,232

An overview of issued bonds is provided in section 4.5.

Changes in gross financial debt

DKK million	2021	2020
Gross financial debt at 1 January	30,250	24,991
Proceeds from issue of bonds	-	7,402
Instalments on and proceeds from borrowings, non-current	-1,001	1,155
Instalments on and proceeds from borrowings, current	-216	-3,264
Instalments on lease liabilities	-409	-414
Other	11	181
External financing	**-1,611**	**5,060**
Change in bank overdrafts	-135	62
Increase in lease liabilities, net	275	190
Other, including foreign exchange adjustments and amortisation	143	-53
Gross financial debt at 31 December	**28,922**	**30,250**

ACCOUNTING POLICIES

Borrowings
Borrowings are initially recognised at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method. Accordingly, the difference between the fair value less transaction costs and the nominal value is recognised under financial expenses over the term of the loan.

Lease liability
The lease liability is measured at the present value of the remaining lease payments at the reporting date, discounted using the incremental borrowing rate for similar assets, taking into account the terms of the leases. A remeasurement of the lease liability, for example a change in the assessment of an option to purchase, results in a corresponding adjustment of the related right-of-use assets, cf. section 2.3.

Extension or termination options are included in the lease term if the lease is reasonably certain to be extended or not terminated. Consequently, all cash outflows that are reasonably certain to impact the future cash balances are recognised as lease liabilities at initial recognition of lease contracts. The Group reassesses the circumstances leading to it not recognising extension or termination options on an ongoing basis.

4.4.2 CASH

Cash and cash equivalents include short-term marketable securities with a term of three months or less at the acquisition date that are subject to an insignificant risk of changes in value. Short-term bank deposits amounted to DKK 735m at 31 December 2021 (2020: DKK 353m). The average interest rate on these deposits was 3.3% (2020: 2.7%).

Total cash at bank amounted to DKK 8,344m in 2021 (2020: DKK 8,093m).

Cash and cash equivalents

DKK million	2021	2020
Cash and cash equivalents	8,344	8,093
Bank overdrafts	-	-135
Cash and cash equivalents, net	**8,344**	**7,958**

ASSESSMENT OF CREDIT RISK
The Group is exposed to credit risk on cash and cash equivalents (including fixed deposits), investments and derivative financial instruments with a positive fair value due to uncertainty as to whether the counterparty will be able to meet its contractual obligations as they fall due.

The Group has established a credit policy under which financial transactions may be entered into only with financial institutions with a solid credit rating, defined as BBB. Carlsberg only enters into derivatives with relationship banks, and the associated credit risk is mitigated to some extent by entering into ISDA agreements, partly because it is the same group of banks extending loans to the Group.

Group Treasury manages and monitors the Group's gross credit exposure to banks and operates with individual limits on banks, based on rating and access to netting of assets and liabilities. For some of the markets in which the Group operates and holds cash, the financial institutions do not have a BBB rating, in which case an exemption is approved by Group Treasury.

EXPOSURE TO CREDIT RISK
The carrying amount of DKK 8,344m (2020: DKK 8,093m) represents the maximum credit exposure related to cash and cash equivalents.

The credit risk on receivables is described in section 1.5.1.

SECTION 4.6

FOREIGN EXCHANGE RISK RELATED TO NET INVESTMENTS AND FINANCING ACTIVITIES

4.6.1 CURRENCY PROFILE OF BORROWINGS

The Group is exposed to foreign exchange risk on borrowings denominated in a currency other than the functional currency of the local entities reporting the debt, as well as the risk that arises when net cash inflow is generated in one currency and loans are denominated and have to be repaid in another currency.

Currency profile of borrowings

Before and after derivative financial instruments

DKK million 2021	Original principal	Effect of swap	After swap
CHF	116	1,347	1,463
NOK	181	589	770
EUR	27,598	+6,285	21,313
USD	413	1,541	1,954
CNY	35	1,921	1,956
Other	579	887	1,466
Total	**28,922**	**-**	**28,922**
Total 2020	**30,250**	**-**	**30,250**

4.6.2 HEDGING OF NET INVESTMENTS IN FOREIGN SUBSIDIARIES

The Group holds a number of investments in foreign subsidiaries where the translation of net assets to DKK is exposed to foreign exchange risks. The Group hedges part of this foreign exchange exposure by entering into forward exchange contracts (FX forwards and NDF) and designates these as net investment hedges. This mainly applies to net investments in CHF, CNY, MYR and NOK. The basis for hedging is reviewed at least once a year, and the two parameters, risk reduction and cost, are balanced. In economic terms, having debt in foreign currency or creating synthetic debt via forward exchange contracts constitutes hedging of the DKK value of future cash flows arising from operating activities or specific transactions.

The most significant net risk relates to foreign exchange adjustment of net investments in RUB. This is because of the size of the net investments in RUB combined with the currency's high volatility.

Where the fair value adjustments of forward exchange contracts do not exceed the fair value adjustments of the investment, the adjustments of the financial instruments are recognised in other comprehensive income. All forward exchange contracts mature during 2022. At 31 December 2021, all adjustments of financial instruments have been recognised in other comprehensive income. Fair value adjustments of loans designated as strategic intra-group loans have also been recognised in other comprehensive income.

The fair value of derivatives used as net investment hedges recognised at 31 December 2021 amounted to DKK -232m (2020: DKK 84m). The closing balance in the equity reserve for currency translation of hedges of net investments amounted to DKK -1,685m (2020: DKK -1,611m). Positive fair values of derivatives are recognised as other receivables and negative values as other liabilities.

Net investment hedges

DKK million	Hedging of investment, amount in local currency		Intra-group loans, amount in local currency		Other comprehensive income (OCI)		Average hedged rate		2021 Fair value of derivatives		2020 Fair value of derivatives	
	2021	2020	2021	2020	2021	2020	2021	2020	Asset	Liability	Asset	Liability
CNY	-2,407	-2,407	-	-	-323	-29	0.9611	0.9176	-	-109	55	-
MYR	-292	-292	-	-	-28	24	1.5022	1.5145	-	-15	8	-
HKD	-	-	-1,079	-1,077	-84	53	-	-	-	-	-	-
CHF	-265	-305	-	-	-80	6	6.8305	6.8925	-	-93	40	-
NOK	-1,300	-1,300	3,000	3,000	62	-105	0.7269	0.6874	-	-19	-	-19
SEK	-	-	2,717	3,773	-42	86	-	-	-	-	-	-
Other	-175	-135	67	67	31	28	-	-	4	-	-	-1
Total					**-484**	**63**			**4**	**-236**	**104**	**-20**

4.6.3 EXCHANGE RATE RISK ON CASH AND BORROWINGS

The main principle for funding of subsidiaries is that cash and borrowings should be denominated in local currency or hedged to local currency to avoid foreign exchange risk. However, in some Group entities, net debt is denominated in a currency other than the functional currency of the local entity without the foreign exchange risk being hedged. This applies primarily to a few entities in Central & Eastern Europe that hold cash and loans in EUR and USD and in this way obtain proxy hedging of the foreign exchange risk associated with the purchase of goods in foreign currency in these markets.

SECTION (CONTINUED) 4.6

FOREIGN EXCHANGE RISK RELATED TO NET INVESTMENTS AND FINANCING ACTIVITIES

4.6.4 IMPACT ON FINANCIAL STATEMENTS AND SENSITIVITY ANALYSIS

IMPACT ON INCOME STATEMENT
For the impact of currency on operating profit and financial items, please refer to sections 1.3 and 4.1 respectively.

IMPACT ON STATEMENT OF FINANCIAL POSITION
Fluctuations in foreign exchange rates will affect the level of debt, as funding is obtained in a number of currencies. In 2021, net interest-bearing debt decreased by DKK 368m (2020: increased by DKK 297m) due to changes in foreign exchange rates.

SENSITIVITY ANALYSIS
An adverse development in the exchange rates would, all other things being unchanged, have had the hypothetical impact on the income statement and other comprehensive income (OCI) for 2021 illustrated in the tables. The calculations have been made based on items in the statement of financial position at 31 December 2021.

Income statement
The hypothetical impact ignores the fact that the subsidiaries' initial recognition of revenue, cost and debt would be similarly exposed to the exchange rate developments.

Other comprehensive income
Other comprehensive income is affected by changes in the fair value of currency derivatives designated as cash flow hedges of future purchases.

Exchange rate sensitivity – other comprehensive income

2021 DKK million	Average hedged rate	Notional amount	Change	Effect on OCI	2020 Average hedged rate	2020 Effect on OCI
NOK/DKK	0.7189	-773	5%	-39	0.6913	-33
SEK/DKK	0.7284	-603	5%	-30	0.7026	-33
PLN/DKK	1.6039	-521	5%	-26	1.6649	-25
CHF/DKK	6.9171	-443	5%	-22	6.9217	-23
RUB/DKK	0.0822	-1,278	10%	-128	0.0854	-14
USD/DKK	6.3027	661	5%	33	5.9934	2
Other	N/A	+240	5%	+12	N/A	+15
Total				**-224**		**-141**

Exchange rate sensitivity – income statement

2021 DKK million	EUR receivable	EUR payable	EUR cash	Gross exposure	Exposure, net of hedging	Change	Effect on P/L	2020 Effect on P/L
EUR/GBP	550	-485	-934	-870	-870	5%	-43	-14
EUR/NOK	172	-769	318	-278	-278	5%	-14	-8
EUR/RUB	9	-106	68	-28	-28	10%	-3	21
EUR/CHF	140	-222	232	150	150	5%	7	10
EUR/UAH	-	-88	218	131	131	10%	13	7
Total							**-40**	**16**

2021	USD receivable	USD payable	USD cash	Gross exposure	Exposure, net of hedging	Change	Effect on P/L	2020 Effect on P/L
USD/LAK	13	-98	150	65	65	10%	6	5
USD/KZT	-	-3	101	98	98	10%	10	14
USD/UAH	-	-1	89	89	89	10%	9	9
Total							**25**	**28**

SECTION 4.5

INTEREST RATE RISK

The Group's exposure to interest rate risk is considered limited. At the reporting date, 106% of the net financial debt consisted of fixed-rate borrowings with interest rates fixed for more than one year (2020: 127%), and on a gross basis 75% was at fixed interest rates (2020: 93%). As 123% of the Group's net debt is in EUR, and EUR accounts for the predominant part of the fixed-rate borrowing, the interest rate exposure primarily relates to the development in the interest rates for EUR.

The interest rate risk is measured by the duration of the net financial debt. The target is to have a duration between three and eight years. At 31 December 2021, the duration was 4.8 years (2020: 5.6 years). Interest rate risk is mainly managed using fixed-rate bonds.

SENSITIVITY ANALYSIS
It is estimated that a 1 percentage-point interest rate increase would lead to a decrease in interest expenses of DKK 11m (2020: DKK 60m). The impact relates to a relatively high percentage of the gross debt being at fixed interest rates and the high portion of cash. The analysis assumes a parallel shift in the relevant yield curves.

If the market interest rate had been 1 percentage point higher at the reporting date, it would have led to a financial gain of DKK 997m (2020: DKK 1,242m), and a similar loss had the interest rate been 1 percentage point lower. However, since all fixed-rate borrowings are measured at amortised cost, there is no impact on other comprehensive income or the income statement.

The sensitivity analysis is based on the financial instruments recognised at the reporting date.

The sensitivity analysis assumes a parallel shift in interest rates and that all other variables remain constant, in particular foreign exchange rates and interest rate differentials between the different currencies. The analysis was performed on the same basis as for 2020. The Group did not enter into any new interest rate swaps in 2021 or 2020.

Net financial debt by currency

DKK million

2021	Gross financial debt	Net financial debt	Fixed	Gross financial debt, fixed %	Net financial debt, fixed %
EUR	27,598	25,227	21,515	78%	85%
CNY	35	-2,777	-	0%	0%
USD	413	42	194	47%	462%
Other	876	-1,914	9	1%	0%
Total	**28,922**	**20,578**	**21,718**	**75%**	**106%**
2020					
EUR	27,731	24,298	27,084	98%	111%
CNY	854	-1,058	826	96%	-78%
USD	495	119	268	54%	225%
Other	1,150	-1,202	-	0%	-
Total	**30,250**	**22,157**	**28,178**	**93%**	**127%**

The percentage of net debt at fixed interests are above 100% in some currencies, as the total cash exceeds the current debt. In some currencies, the percentage of net debt at fixed interests is negative, as the total cash exceeds the total debt.

Interest rate risk

DKK million

2021	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
Issued bonds					
EUR 750m maturing 15 November 2022	Fixed	2.7%	< 1 year	5,573	Fair value
EUR 500m maturing 6 September 2023	Fixed	0.7%	1-2 years	3,708	Fair value
EUR 1,000m maturing 28 May 2024	Fixed	2.6%	2-3 years	7,411	Fair value
EUR 500m maturing 30 June 2027	Fixed	0.9%	> 5 years	3,694	Fair value
EUR 400m maturing 1 July 2029	Fixed	1.0%	> 5 years	2,945	Fair value
EUR 500m maturing 15 March 2030	Fixed	0.7%	> 5 years	3,694	Fair value
Total issued bonds		**1.6%**		**27,025**	
Total issued bonds 2020		**1.6%**		**27,002**	
Bank borrowings and other borrowings					
Floating-rate	Floating	1.1%	< 1 year	1,628	Cash flow
Fixed-rate	Fixed	0.5%	< 1 year	269	Fair value
Total bank borrowings and other borrowings				**1,897**	
Total bank borrowings and other borrowings 2020				**3,248**	

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SECTION 4.6 (CONTINUED)

FOREIGN EXCHANGE RISK RELATED TO NET INVESTMENTS AND FINANCING ACTIVITIES

APPLIED EXCHANGE RATES

The average exchange rate was calculated using the monthly exchange rates weighted according to the phasing of the revenue per currency throughout the year.

Applied exchange rates

	Closing rate		Average rate	
DKK	2021	2020	2021	2020
Swiss franc (CHF)	7.1750	6.8121	6.8777	6.9686
Chinese yuan (CNY)	1.0296	0.9284	0.9700	0.9452
Euro (EUR)	7.4365	7.4393	7.4369	7.4539
Pound sterling (GBP)	8.8094	8.2378	8.6857	8.3638
Laotian kip (LAK)	0.0006	0.0007	0.0006	0.0007
Norwegian krone (NOK)	0.7459	0.7053	0.7321	0.6958
Polish zloty (PLN)	1.6180	1.6327	1.6310	1.6770
Russian rouble (RUB)	0.0084	0.0080	0.0085	0.0095
Swedish krona (SEK)	0.7280	0.7397	0.7320	0.7120
Ukrainian hryvnia (UAH)	0.2416	0.2142	0.2311	0.2438

SECTION 4.7

FUNDING AND LIQUIDITY RISK

Liquidity risk results from the Group's potential inability to meet the obligations associated with its financial liabilities, for example settlement of financial debt and paying suppliers.

The Group's overall objective is to ensure continuous access, at the right price, to the financial resources needed for operations and growth.

The aim is to ensure effective liquidity management, which involves obtaining sufficient committed credit facilities to ensure adequate financial resources and, to some extent, tapping a range of funding sources.

DIVERSIFIED FUNDING SOURCES

The Group is diversifying its access to funding to avoid relying on one single source of funding.

The Group still has access to a committed EUR 2bn revolving credit facility (RCF) maturing in 2026 that is currently not being utilised. In addition, the Group has committed cash pool bank overdraft facilities to cover the day-to-day liquidity needs and uncommitted access to the Euro Commercial Paper (ECP) market, which provides short-term funding.

At 31 December 2021, bonds accounted for 93% of the gross funding.

FUNDING STRATEGY AND REACTION TO COVID-19

Since March 2020 and the first COVID-19 lockdowns in Western Europe, the Group has maintained an increased focus on liquidity and a special effort has been made to improve cash flow forecasting, including introducing frequent short-term cash flow updates.

CREDIT RESOURCES AVAILABLE

The Group uses the term "credit resources available" to determine the adequacy of access to credit facilities.

The credit resources available include cash and unutilised credit facilities with more than 12 months to maturity less utilised credit facilities with less than 12 months to maturity and uncommitted working capital facilities.

Net financial debt is used internally to monitor the Group's credit resources available. Net financial debt is the Group's net interest-bearing debt, excluding interest-bearing assets other than cash, as these assets are not actively managed in relation to liquidity risk. Net financial debt is shown in section 4.2.

At 31 December 2021, the Group had total credit resources available of DKK 17,051m, consisting of cash and cash equivalents of DKK 8,344m plus committed unutilised non-current credit facilities of DKK 14,874m less utilisation of current facilities of DKK 6,167m, including current credit facilities of DKK 1,149m, total committed unutilised credit facilities amounted to DKK 16,023m.

Committed credit facilities and credit resources available

DKK million

2021	Total committed loans and credit facilities	Utilised portion of credit facilities	Unutilised credit facilities	2020 Unutilised credit facilities
Current				
< 1 year	7,316	6,167	1,149	1,186
Total current committed loans and credit facilities	7,316	6,167	1,149	1,186
Non-current				
1-2 years	4,198	4,198	-	-
2-3 years	7,599	7,599	-	-
3-4 years	82	82	-	-
4-5 years	14,936	62	14,874	14,879
> 5 years	10,814	10,814	-	-
Total non-current committed loans and credit facilities	37,629	22,755	14,874	14,879
Cash and cash equivalents			8,344	8,093
Current portion of utilised credit facilities	-	-	-6,167	-959
Credit resources available (total non-current committed loans and credit facilities less net debt)			17,051	22,013

Credit resources available decreased by DKK 5.0bn compared with 2020, primarily due to the EUR 750m EMTN bond maturing in November 2022.

The credit resources available and the access to unused committed credit facilities are considered reasonable in light of the Group's current needs in terms of financial flexibility.

The Group uses cash pools for day-to-day liquidity management in most of its entities in Western Europe, as well as intra-group loans to subsidiaries. Central & Eastern Europe and Asia are less integrated in terms of cash pools, and liquidity is managed via intra-group loans. For some markets in Asia, intra-group loans are not possible, and surplus liquidity will be paid out in the form of dividends, which results in a time lag between when the cash flow is generated and when it becomes available for repayment of Group debt. The most significant cash balances related to this delay are in China.

The table lists the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, and thus summarises the gross liquidity risk.

The risk implied by the values reflects the one-sided scenario of cash outflows only. Trade payables and other financial liabilities originate from the financing of assets in ongoing operations, such as property, plant and equipment, and investments in working capital, for example inventories and trade receivables.

The nominal amount/contractual cash flow of gross financial debt totalled DKK 29,098m (2020: DKK 30,426m), whereas the total carrying amount was DKK 28,922m (2020: DKK 30,250m). The difference between these amounts arises at initial recognition and is treated as a cost that is capitalised and amortised over the duration of the borrowings.

The interest expense is the contractual cash flows expected on the gross financial debt existing at 31 December 2021.

The cash flow is estimated based on the notional amount of the above-mentioned borrowings and expected interest rates at year-end 2021 and 2020. Interest on debt recognised at year-end 2021 and 2020 for which no contractual obligation exists (current borrowing and cash pools) has been included for a two-year period. The synthetic interest on lease liabilities has also been included for a two-year period. The interest applied to the part of the debt where no contractual obligation exists is 1.5% (2020: 2.5%). The decrease is due to the lower CNY-denominated borrowings at the end of the year and the interest on these borrowings being higher than the borrowings at the end of 2021.

Time to maturity for non-current borrowings

DKK million

2021	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	3,788	7,411	-	-	10,333	21,452
Bank borrowings	56	4	5	1	-	76
Lease liabilities	122	87	75	60	467	1,012
Other non-current borrowings	100	97	2	1	14	213
Total	4,198	7,599	82	62	10,814	22,755
Total 2020	8,730	3,959	7,701	75	10,826	29,291

Maturity of financial liabilities

DKK million

2021	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Derivative financial instruments					
Derivative financial instruments, payables	428	428	-	-	315
Non-derivative financial instruments					
Gross financial debt	29,098	6,182	12,013	10,903	28,922
Interest expenses	1,134	424	562	148	N/A
Trade payables and other liabilities	22,146	22,146	-	-	22,146
Contingent liabilities	224	224	-	-	224
Contingent considerations	4,256	3,818	436	-	4,256
Non-derivative financial instruments	56,856	32,794	13,011	11,051	-
Financial liabilities	57,284	33,222	13,011	11,051	-
Financial liabilities 2020	55,690	19,882	24,682	11,127	-

SECTION 4.8

DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into various derivative financial instruments to hedge foreign exchange and commodity risks, cf. sections 1.2 and 1.3, and seeks to apply hedge accounting when this is possible. Hedging of future, highly probable forecast transactions is designated as cash flow hedges.

The Group monitors the cash flow hedge relationships twice a year to assess whether the hedge is still effective.

Positive fair values of derivatives are recognised as other receivables and negative values as other payables.

The impact on other comprehensive income and the fair value of derivatives classified as cash flow hedges is presented in the cash flow hedge table.

The impact on other comprehensive income from other instruments relates to hedges of Group entities' exposure to changes in aluminium prices.

The impact on other comprehensive income from exchange rate instruments relates to hedges of Group entities' purchases and sales in currencies other than their functional currencies.

As of 31 December 2021, the hedging reserve within equity included DKK 843m in relation to cash flow hedges for which hedge accounting is no longer applied.

Fair value adjustments of derivative financial instruments that are not designated either as net investment hedges or as cash flow hedges are recognised in financial income and expenses.

ACCOUNTING ESTIMATES AND JUDGEMENTS

When entering into financial instruments, management assesses whether the instrument is an effective hedge of recognised assets and liabilities, expected future cash flows or financial investments. The effectiveness of recognised hedging instruments is assessed at least twice a year.

Fair values of derivative financial instruments are calculated on the basis of level 2 input consisting of current market data and generally accepted valuation methods. Internally calculated values are used, and these are compared with external market quotes on a quarterly basis. For currency and aluminium derivatives, the calculation is as follows:

a) The forward market rate is compared with the agreed rate on the derivatives, and the difference in cash flow at the future point in time is calculated.
b) The amounts are discounted to present value.

When entering into a contract, management assesses whether the contract contains embedded derivatives and whether they meet the criteria for separate classification and recognition. The Group currently does not have any embedded derivatives that meet the criteria for separate classification and recognition.

Cash flow hedges

DKK million

2021	Other comprehensive income	Fair value receivables	Fair value payables	Fair value, net	Expected recognition 2022
Exchange rate instruments	-20	13	-47	-34	-34
Other instruments	163	240	-	240	240
Total	143	253	-47	206	206

2020	Other comprehensive income	Fair value receivables	Fair value payables	Fair value, net	2021
Exchange rate instruments	51	13	-21	-8	-8
Other instruments	84	60	-	60	60
Total	135	73	-21	52	52

Financial derivatives not designated as hedging instruments (economic hedges)

DKK million

2021	Income statement	Fair value receivables	Fair value payables	Fair value, net
Exchange rate instruments	-27	86	-32	54
Ineffectiveness	4	-	-	-
Total	-23	86	-32	54
2020				
Exchange rate instruments	-43	-	-78	-78
Ineffectiveness	-2	-	-	-
Total	-69	-	-78	-78

SECTION 4.8 (CONTINUED)

DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICIES

Derivative financial instruments are initially recognised at fair value on the trade date and subsequently remeasured at their fair value at the reporting date.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as one of:

- Fair value hedges of the fair value of recognised assets or liabilities
- Cash flow hedges of particular risks associated with the cash flow from forecast transactions
- Net investment hedges of currency fluctuations in subsidiaries, associates or joint ventures.

The fair values of derivative financial instruments are presented in other receivables or payables, and positive and negative values are offset only when the Group has the right and the intention to settle several financial instruments net.

Changes in the fair value of a **fair value hedge** and of derivative financial instruments not designated in a hedge relationship are recognised in financial income or expenses in the income statement.

Changes in the effective portion of the fair value of derivative financial instruments that are designated and qualify as a **cash flow hedge** are recognised in the hedging reserve within equity. When the hedged transaction materialises, amounts previously recognised in other comprehensive income are transferred to the same item as the hedged item.

Derivatives designated as and qualifying for recognition as a cash flow hedge of financial investments are recognised in other comprehensive income. On complete or partial disposal of the financial investment, the portion of the hedging instrument that is recognised in other comprehensive income and relates to that financial investment is recognised in the income statement when the gain or loss on disposal is recognised.

Hedges of net investments in foreign subsidiaries, associates and joint ventures are accounted for in the same way as cash flow hedges.

ACQUISITIONS, DISPOSALS, ASSOCIATES AND JOINT VENTURES

Wernesgrüner

Acquired the German brewer Wernesgrüner and expanded the production network needed for the German business.

Marston's brewing activities

Successfully integrated Carlsberg UK and Marston's brewing activities.

Gorkha Brewery

Ceased consolidation in connection with dispute with local partner, which is currently unlawfully blocking the Group's exercise of its rights in Nepal.

SECTION 5.1

INVESTMENT MODEL AND RISKS

MARKET ACCESS

In the beer industry, access to local markets is highly dependent on establishing good relationships with customers in the on- and off-trade channels, national distributors, local suppliers and relevant authorities governing the beverage industry. Often, the most efficient way of establishing such relations is by acquiring a local brewer or engaging with a local partner that already has the relevant relationships.

When the Group expands its business to new geographies, it often therefore does so in collaboration with a local partner. Such a partnership can take different legal forms and impacts the consolidated financial statements accordingly.

In addition to its activities in the beer industry, the Group operates in the soft drinks industry, an industry dominated by large global brand owners. The Group is engaged in long-term contractual partnerships to produce, distribute and sell third-party soft drink brands. In addition to granting the right to produce, the brand owners usually provide recipes and/or raw materials, while the Group has the necessary production capabilities and distribution platform.

INVESTMENT MODEL

Entering into a partnership can reduce the financial exposure and mitigate the business risks associated with entering new markets or expanding the activities in an existing market. The financial exposure, however, varies depending on the structure of the partnership. Business and financial success, and the related risks, depend on the ability of the Group and the local partner to forge a strong and aligned cooperation.

In some markets, the Group enters as a non-controlling shareholder, providing a degree of financing and contributing knowledge of the beer industry. The Group thus leaves control with the partner and recognises the investment as an associate.

Other investments are structured as joint ventures, where the Group and the local partner jointly make the operational decisions and share strategic and tactical responsibility.

More commonly, the Group structures its partnerships such that it exercises management control, usually by way of majority of the voting rights. These investments are fully consolidated subsidiaries, which are just as important as other types of partnership for success in the local markets, but mean that the Group has increased financial exposure. Investments in businesses in which the Group exercises management control often involve put and/or call options or a similar structure.

IMPACT ON FINANCIAL STATEMENTS

Investments in associates and joint ventures are consolidated in the financial statements using the equity method. The accounting risks associated with these entities are limited to the investment made, the proportionate share of the net profit and any specific additional commitments to banks or other parties, as well as specific guarantees or loans the Group provides to the partnership.

In businesses where the Group exercises management control, the consolidated financials are impacted by full exposure to the earnings and other financial risks. From an accounting point of view, the Group treats any put options held by partners in such entities as if they had already been exercised by the partner, i.e. anticipating that the acquisition will occur. The accounting impact is that the non-controlling interests are not recognised, and no

SECTION 5.1 (CONTINUED)

INVESTMENT MODEL AND RISKS

part of net profits or equity is attributed to them. Instead, the dividends received by the partner from the business are classified as financial expenses for the purpose of accounting.

Common to all partnerships is the risk of disagreement and, ultimately, dissolution. Disagreements with partners on the operational management and strategic directions of partnerships may limit our ability to manage the growth and risk profile of our business. The Group continuously seeks to promote a fair and mutually beneficial development of the partnerships, which is crucial to be successful. However, in certain partnerships the partners' pursuit of goals and priorities that are different from those of the Group might result in disagreements, affecting operational and financial performance. Different goals and priorities of this kind can become more pronounced in the period when a partner has the right to exit the partnership.

A dissolution will initially impact the accounting treatment of an investment. The accounting treatment will depend on whether the Group or its partner is exiting the business. In the long term, however, the impact can be significant to the operation of the local entity and the collaboration with customers, distributors, authorities etc. if the partner was instrumental in managing these relationships. The risk of a partnership dissolution may therefore have a negative impact on the underlying business and the financial performance recognised in the consolidated financial statements.

The Group is involved in many partnerships, one being the 67% shareholding in Carlsberg South Asia Pte Ltd. ("CSAPL"), Singapore, which is the parent company of the Group's activities in India (100%) and Nepal (90%). The company is jointly owned with a partner (33%). According to the Shareholders' Agreement, the partner has a put option to sell its shares to Carlsberg, in the put option window, which is open until late 2023, although the Group disputes the partners' right to exercise the put option. For the purpose of the consolidated financial statements, the put option is accounted for as if it had already been exercised, CSAPL and its investments in India and Nepal are therefore included in the consolidated financial statements, with no profits or equity attributed to the non-controlling shareholder. Please refer to section 5.4 for a further description of the dispute with the partner in CSAPL.

Partnerships in the soft drinks industry are based on long-term contractual agreements, and they come to an end when the contract terminates. The termination of a significant partnership with a global soft drink brand owner would have a negative impact on the Group's financial performance.

SECTION 5.2

ACQUISITIONS AND DISPOSALS

ACQUISITION OF ENTITIES

Wernesgrüner Brewery

In January 2021, Carlsberg acquired 100% of the German Wernesgrüner Brewery for a cash consideration of DKK 511m.

The purpose of the acquisition was to strengthen the Group's presence in the beer market in eastern Germany and to provide additional brewing capacity for the existing Carlsberg business in northern Germany. The calculated goodwill represents staff competences and synergies from expected optimisations of supply chain and procurement, the increase in market share and access to new customers.

The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities was completed in 2021, resulting in recognition of goodwill of DKK 267m.

DKK million	Wernesgrüner Brewery	Marston's brewing activities
Consideration paid	511	1,868
Fair value of contingent consideration	-	61
Fair value of non-controlling shareholding in Carlsberg UK transferred to the seller	-	588
Foreign exchange translation difference	-	12
Total cost of acquisition	**511**	**2,529**
Acquired assets and liabilities		
Goodwill	267	1,760
Brands and other intangibles assets	123	514
Property, plant and equipment	198	881
Inventories	21	228
Trade and other receivables	16	478
Assets held for sale	-	96
Cash and cash equivalents	14	-
Borrowings and lease liabilities	-1	-212
Provisions and retirement benefit obligations	-17	-17
Deferred tax liabilities	-61	-111
Trade payables	-15	-302
Other payables	-29	-273
Acquired assets and liabilities	**511**	**3,042**
Non-controlling interests	-	-513
Acquired assets and liabilities attributable to shareholders in Carlsberg A/S	**511**	**2,529**

SECTION 5.2 (CONTINUED)

ACQUISITIONS AND DISPOSALS

Other

In 2021, the Group completed a minor acquisition of DKK 14m.

ACQUISITION OF BRAND RIGHTS

In 2020, the Group acquired the Brooklyn brand rights in its markets for a purchase price of DKK 804m. The brand rights are recognised as an intangible asset.

DECONSOLIDATION OF ENTITIES

The local shareholder owning 10% of the shares in Gorkha Brewery, Nepal, is a related party to the Group's 33% partner in CSAPL. In addition to the ongoing disputes with our partner in CSAPL regarding India and Nepal, there is also a dispute with the local 10% shareholder in Gorkha Brewery. Contrary to the Group's legal and contractual rights, the Group's influence on the business operations in Nepal is currently being restricted through actions that hamper its right of decision-making and insight into the business. We are contesting these actions in Nepal through the local courts and anticipate that the operations and management of the Nepalese business will eventually be normalised in line with the Group's legal and contractual rights, cf. Section 3.4.

However, until its rights as majority shareholder are re-established, the Group has decided to cease full consolidation of the Nepalese business. The assets, liabilities and non-controlling interests of the company were derecognised with effect from the end of 2021. The investment was remeasured at fair value and recognised as the cost of an investment in an associate. The remeasurement to fair value less cumulative foreign exchange differences reclassified from equity to the income statement amounted to DKK 38m and was recognised in special items. The derecognition did not have a material impact on the consolidated statement of financial position.

CASH FLOW

Cash flow to acquire or dispose of shareholdings in associates and when gaining control of subsidiaries is included in financial investments, while the cash flow on acquisition of an additional shareholding in a subsidiary, i.e. acquiring non-controlling interests, is presented in financing activities.

Elements of cash consideration paid and received

DKK million	2021	2020
Consideration paid for acquisition of entities	-228	-1,908
Prepayment for acquisition of entities not completed at the reporting date	-	-501
Consideration received for disposal of entities	21	-
Cash and cash equivalents acquired/disposed of	-428	-
Acquisition and disposal of entities, net	**-635**	**-2,409**
Consideration paid for acquisition of associates	-52	-
Consideration received for disposal of associates	-	8
Acquisition and disposal of associates, net	**-52**	**8**
Consideration paid for acquisition of non-controlling interests	-	-81
Cash flow from acquisition of shareholdings, total	**-687**	**-2,482**

ACCOUNTING ESTIMATES AND JUDGEMENTS

Assessment of control

The classification of entities where Carlsberg controls less than 100% of the voting rights is based on an assessment of the contractual and operational relationship between the parties. This includes assessing the conditions in shareholder agreements, contracts etc. Consideration is also given to the extent to which each party can govern the financial and operating policies of the entity, how the operation of the entity is designed, and which party possesses the relevant knowledge and competences to operate the entity.

Another factor relevant to this assessment is the extent to which each of the parties can direct the activities and affect the returns, for example by means of rights, reserved matters or casting votes.

Purchase price allocation procedures

For acquisitions of entities, the assets, liabilities and contingent liabilities of the acquiree are recognised using the acquisition method. The most significant assets acquired generally comprise goodwill, brands, property, plant and equipment, receivables and inventories.

No active market exists for the majority of the acquired assets and liabilities, in particular in respect of acquired intangible assets. Accordingly, management makes estimates of the fair value of acquired assets, liabilities and contingent liabilities. Depending on the nature of the item, the determined fair value of an item may be associated with uncertainty and possibly adjusted subsequently.

The unallocated purchase price (positive amount) is recognised in the statement of financial position as goodwill and allocated to the Group's cash-generating units.

Brands

The value of the brands acquired and their expected useful life are assessed based on the individual brand's market position, expected long-term developments in the relevant markets and profitability.

Property, plant and equipment

The fair value of land and buildings, and standard production and office equipment is based, as far as possible, on the fair value of assets of similar type and condition that may be bought and sold in the open market.

Property, plant and equipment for which there is no reliable evidence of the fair value in the market (in particular breweries, including production equipment) are valued using the depreciated replacement method.

This method is based on the replacement cost of a similar asset with similar functionality and capacity. The calculated replacement cost is then reduced to reflect functional and physical obsolescence. The expected synergies and the user-specific intentions for the expected use of assets are not included in the determination of the fair value.

Completed purchase price allocations

Management believes that the purchase prices for Wernesgrüner Brewery and Marston's brewing activities, which are accounted for in the consolidated financial statements, reflect the best estimate of the total fair value of these businesses and the proportionate value of identified assets, liabilities and contingent liabilities of the non-controlling interests, and accordingly the allocation of goodwill to controlling interests, but not to non-controlling interests.

The purchase price allocations of the identified assets, liabilities and contingent liabilities were completed within 12 months of the acquisitions. The main revaluation adjustments related to the value of brands, property, plant and equipment, and deferred tax liabilities, which mainly related to brands.

Goodwill

Goodwill was allocated to the Western Europe CGU in line with the allocation of the Group's existing German and UK business. The goodwill is not deductible for tax purposes.

Wernesgrüner Brewery

Brands

The value of brands was estimated using the Group's principles described above. A brand with a fair value of DKK 113m was recognised and classified as an intangible asset with an indefinite useful life.

Property, plant and equipment

The fair value and expected useful life of the brewery equipment and related buildings of the acquired brewery were determined with assistance from external engineering experts in the brewery industry and resulted in a positive revaluation adjustment of DKK 53m.

Financial impact of acquisition

Revenue and net profit included in the consolidated financial statements since the acquisition at 1 January 2021 were DKK 156m and DKK 7m respectively.

Marston's brewing activities

Brands

The value of the brands was estimated using the Group's principles described above. Brands with a fair value of DKK 514m were recognised and classified as intangible assets with an indefinite useful life.

Property, plant and equipment

The fair value and expected useful life of the brewery equipment and related buildings of the six acquired breweries were determined with assistance from external engineering experts in the brewery industry and resulted in a negative revaluation adjustment of DKK 209m. Draught equipment located with the on-trade customers was as per contracted agreement to be resold to a third-party service provider after the acquisition, and the equipment was therefore transferred to assets held for sale at the expected sales price, resulting in a negative revaluation adjustment of DKK 128m.

Trade loans and receivables

The fair value of the trade loans and receivables was estimated in line with the Group's principles for assessment of credit risk and recognition of impairment losses to reflect the amount that is expected to be collected. The valuation took into consideration losses in the on-trade segment due to the restrictions and lockdowns during the pandemic.

Financial impact of acquisition

The impact on revenue and net profit for 2020 from the acquisition in late October 2020 was not material. The impact on the financials had it been consolidated on 1 January 2020 is impracticable to obtain as the acquired activities were not previously a separate reporting entity.

ACCOUNTING POLICIES

Acquisitions

The acquisition date is the date when the Group effectively obtains control of an acquired subsidiary or significant influence over an associate or a joint venture.

The cost of a business combination comprises the fair value of the consideration agreed upon, including the fair value of any consideration contingent on future events.

Goodwill and fair value adjustments in connection with the acquisition of an entity are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate at the transaction date.

The acquired entities' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date.

Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

The identifiable assets, liabilities and contingent liabilities on initial recognition of the acquisition date are subsequently adjusted up until 12 months after the acquisition. The effect of the adjustments is recognised in the opening balance of equity, and the comparative figures are restated accordingly if the amount is material.

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SECTION 5.2 (CONTINUED)

ACQUISITIONS AND DISPOSALS

Changes in estimates of contingent purchase considerations are recognised in the income statement under special items, unless they qualify for recognition directly in equity.

Disposals and loss of control

Gains or losses on the disposal or liquidation of subsidiaries, associates and joint ventures are recognised as the difference between any sales price and the carrying amount of net assets (including goodwill) at the date of disposal or liquidation, foreign exchange adjustments recognised in other comprehensive income, and costs to sell or liquidation expenses.

The shareholding retained after the loss of control of subsidiaries is remeasured at fair value and accounted for as the fair value on initial recognition of a financial asset or the cost of an investment in an associate or joint venture. Gains or losses on the loss of control of subsidiaries are recognised as the difference between the fair value of the retained shareholding and the carrying amount of the derecognised net assets (including goodwill) at the date of loss of control and foreign exchange adjustments recognised in other comprehensive income.

SECTION 5.3

NON-CONTROLLING INTERESTS

DECONSOLIDATION OF GORKHA BREWERY

In 2021, the Group decided to cease full consolidation of Gorkha Brewery, Nepal. The assets, liabilities and non-controlling interests of the company were derecognised with effect from the end of 2021. The non-controlling interests' share of the net assets amounted to DKK -101m.

MATERIAL ASSET RESTRUCTURING IN CHINA

In December 2020, Carlsberg and Chongqing Brewery Co. completed an asset restructuring and contributed their respective controlled Chinese assets to Carlsberg Chongqing Breweries Company.

Carlsberg Chongqing Breweries Company is jointly owned by Chongqing Brewery Co. (51%) and the Carlsberg Group (49%). The ownership remains unchanged following the completion of the restructuring, and the Group's ownership of the listed company Chongqing Brewery Co. is also unchanged at 60%. The Group thereby holds 29% of Carlsberg Chongqing Breweries Company.

At completion, the Group's ownership of the assets it injected (previously 70-100% owned) thereby declined to 55-79%, while the Group's ownership of the assets injected by Chongqing Brewery Co. increased from 60% to 79%. Effectively, the transactions thereby exchange shareholdings of the injected entities between the Group and the non-controlling shareholders in Chongqing Brewery Co. The transaction was accounted for as a transaction with non-controlling interests and resulted in a net increase in equity for non-controlling interests and a corresponding decrease for shareholders in Carlsberg A/S of DKK 553m.

MARSTON'S BREWING ACTIVITIES

In October 2020, Carlsberg UK and Marston's PLC injected their respective brewing activities into a jointly owned company named Carlsberg Marston's Brewing Company Limited. The transaction is further described in section 5.2.

Carlsberg is the controlling shareholder in the joint venture with a shareholding of 60%, having transferred 40% of its businesses in the UK.

The fair value of the transferred shareholding is part of the total consideration paid for the brewing activities injected by Marston's PLC. At completion, the transferred shareholding impacted the allocation of equity between shareholders in Carlsberg A/S and non-controlling interests by DKK 827m.

Transactions with non-controlling interests

DKK million	Changes in equity		
2021	Shareholders in Carlsberg A/S	Non-controlling interests	Total equity
Change in ownership of non-controlling interests	16	-16	-
Fair value adjustments of contingent consideration	941	-	941
Recognised in equity	957	-16	941
Deconsolidation of Gorkha Brewery Ltd.	-	-101	-101
Disposal of 40% of Carlsberg UK to Marston's Group	-57	97	40
Purchase price allocation adjustments allocated to the non-controlling interest in Marston's brewing activities	-	34	34
Acquisition and deconsolidation of entities	-57	30	-27
2020			
Change in ownership from asset restructuring in China	-553	553	-
Transaction cost related to asset restructuring in China	-51	-26	-77
Fair value adjustments of contingent consideration and other transactions with non-controlling interests	3,748	87	3,835
Recognised in equity	3,144	614	3,758
Disposal of 40% of Carlsberg UK to Marston's	-102	710	540
Non-controlling interest in Marston's brewing activities retained by Marston's	-	479	479
Acquisition of entities	-102	1,209	1,027

SECTION 5.4

CONTINGENT CONSIDERATIONS

Contingent considerations relate to options held by non-controlling interests in subsidiaries to sell their shares to the Group and to deferred payments in the acquisition of entities contingent on market conditions.

At the end of the reporting period, the contingent considerations primarily related to put options on the shares in CSAPL, the parent company holding 100% and 90% of the shares in the businesses in India and Nepal respectively, in Brewery Allvaria, Belarus, and in minor craft breweries in Western and Central & Eastern Europe.

In accordance with the Group's accounting policy, shares subject to put options are consolidated as if the shares had already been acquired. The ownership percentage at which these subsidiaries are consolidated therefore differs from the legal ownership interest retained by the Group. Both the legal and the consolidated ownership are stated in section 10.

Contingent considerations

DKK million	2021	2020
Contingent considerations at 1 January	5,290	9,023
Additions	16	61
Payments	-247	-1
Fair value adjustments	-805	-3,793
Contingent considerations at 31 December	4,254	5,290

The carrying amount of contingent considerations is determined in accordance with the terms and conditions agreed with the holders of the options.

Of the contingent considerations, DKK 0.4bn (2020: DKK 3.2bn) is expected to fall due after more than 12 months.

PUT OPTION FOR SHARES IN CARLSBERG SOUTH ASIA PTE LTD (CSAPL)

To prepare the Group's best estimate of the fair value of the put option on the partner-owned 33% shareholding in CSAPL, a discounted cash flow model with a 10-year forecast period is applied with cash flows beyond the 10-year period extrapolated using a terminal period growth rate. The terminal growth rate is equal to the future inflation forecasted by IMF with the addition of a spread allowing for future growth in excess of inflation. The cash flows are estimated as the cash flows available to the shareholders in the parent company after deduction of withholding taxes on dividends and royalties. The forecasted cash flows consider current market conditions and expectations of the future development of the beer markets in India and Nepal, investment requirements etc. The cash flows are discounted by a weighted average cost of capital obtained from an external provider specialising in business valuations. The recognised liability is measured as the average of two valuations.

Assumptions

	India	Nepal
Discount rate	11.4%	16.0%
Terminal period growth rate	5.0%	6.4%
Compound annual growth rate in earnings after tax	15.2%	12.2%

The fair value of the put option decreased by DKK 1.0bn in 2021 due to the impact of COVID-19 on the Indian and Nepalese businesses, such as declining sales due to lockdowns and other restrictions, the increasing cost of raw and packaging materials, and increasing interest rates. The magnitude of the decline is dependent on the extent of government actions and support, and the expected time to return to pre-pandemic market conditions and earnings.

Although the Group disputes the partner's right to exercise the put option, it is accounted for in accordance with the Shareholders' Agreement until an arbitration award potentially results in a change in accounting treatment. The put option is therefore accounted for as if it were exercisable at 31 December 2021 at the discretion of the partner and has been reclassified from non-current to current liabilities. The put option window is open until late 2023. Please refer to section 3.4 for a further description of the dispute with the partner.

The Group previously called in a loan made to the partner in CSAPL, the loan having become due and payable in full, in January 2022, the Singapore court of appeal finally confirmed that the loan with interest is repayable by the partner to Carlsberg in full, totalling DKK 328m.

PAYMENT OF CONTINGENT CONSIDERATIONS

In 2021, the deferred contingent consideration for the acquisition of Marston's brewing activities was settled in cash with Marston's PLC at DKK 247m. The fair value adjustments since initial recognition were recognised in special items, DKK 129m (2020: DKK 50m).

ACCOUNTING ESTIMATES AND JUDGEMENTS

The fair value of contingent considerations linked to put options is calculated on the basis of level 3 input consisting of non-observable data, such as entity-specific discount rates and industry-specific expectations of price developments, and generally accepted valuation methods, including discounted cash flows and multiples.

Estimates are based on updated information since initial recognition of the contingent consideration, including new budgets and sales forecasts, discount rates etc. The assumptions applied are in line with those used in the impairment tests as described in section 2.2 but reflecting the different models and valuation techniques required. The fair values of other contingent considerations are measured at the expected future price of selected shares.

SECTION 5.4 (CONTINUED)

CONTINGENT CONSIDERATIONS

ACCOUNTING POLICIES

On acquisition of non-controlling interests, i.e. subsequent to the Group obtaining control, acquired net assets are not measured at fair value. The difference between the cost and the non-controlling interests' share of the total carrying amount, including goodwill, is transferred from the non-controlling interests' share of equity to equity attributable to shareholders in Carlsberg A/S. The amount deducted cannot exceed the non-controlling interests' share of equity immediately before the transaction.

On disposal of shareholdings to non-controlling interests, the difference between the sales price and the share of the total carrying amount, including goodwill acquired by the non-controlling interests, is transferred from equity attributable to shareholders in Carlsberg A/S to the non-controlling interests' share of equity.

Fair value adjustments of put options granted to non-controlling interests are recognised directly in the statement of changes in equity.

Other contingent considerations (earn-outs), which are not linked to a future transfer of additional shareholdings, are measured in accordance with the terms of the contract with the seller. The revaluation of such contingent considerations is recognised in special items.

SECTION 5.5

ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures include the businesses in Portugal (60%) and Myanmar (58%), Gorkha Brewery (90%), Carlsberg Byen in Denmark (25%) and four associates in China (50%). The total investment in these associates amounted to DKK 3,407m at 31 December 2021 (2020: DKK 2,589m).

The Group's ownership of Super Bock, Portugal, is 60%. Nevertheless, Super Bock remains an associate of the Group due to the ownership structure. Please refer to section 10 for further details.

In 2021, disputes with the local non-controlling shareholder prevented the Group from exercising its rights as a controlling shareholder in Gorkha Brewery, Nepal. The Group decided to cease full consolidation of the company from 31 December 2021 and it was therefore reclassified as an associate and recognised at fair value, DKK 1,188m, cf. section 5.2.

Despite the legal 58% ownership share in Myanmar Carlsberg, the entity is classified as an associate due to the structure of the agreement with the partner and the environment in the country.

In 2021, disputes with the partner regarding the management of Tibet Lhasa Brewery meant that the Group lost its significant influence in the company. The investment was therefore reclassified from associates to other financial investments. The disputes resulted in significant disturbances to the operation of the company, which negatively impacted the financial performance. The investment was therefore written down to its recoverable amount, cf. section 2.2.

For associates in which the Group holds an ownership interest of less than 20%, the Group participates in the management of the company and is therefore exercising significant influence.

None of the associates and joint ventures are material to the Group.

Fair value of investment in listed associates

DKK million	2021	2020
The Lion Brewery (Ceylon), Sri Lanka	355	382

ACCOUNTING POLICIES

Investments in associates and joint ventures are recognised according to the equity method, which entails measurement at cost and adjustment for the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. The share of the result must be calculated in accordance with the Group's accounting policies. The proportionate share of unrealised intra-group profits and losses is eliminated. Investments in associates and joint ventures with negative net asset values are measured at DKK 0.

If the Group has a legal or constructive obligation to cover a deficit in the associate or joint venture, the deficit is recognised under provisions. Any amounts owed by associates and joint ventures are written down to the extent that the amount owed is deemed irrecoverable.

Key figures for associates and joint ventures

DKK million	Carlsberg Group's share			
2021	Profit after tax	Other comprehensive income	Total comprehensive income	Investments in associates and joint ventures
Associates	336	10	346	5,173
Joint ventures	-	-	-	-1
Total	336	10	346	5,172
2020				
Associates	315	-4	311	4,191
Joint ventures	-	-	-	-3
Total	315	-4	311	4,188

SECTION 6

TAX

21.7%

TAX RATE

Tax rate is down from 24.7% in 2020, mainly as a result of special items.

SECTION 6.1

INCOME TAX

The nominal weighted tax rate for the Group is calculated as domestic tax rates applicable to profits in the entities as a proportion of each entity's share of the Group's profit before tax.

The Group's total tax cost was DKK 51m (2020: DKK 354m) higher than the Group's nominal weighted tax expense. The nominal weighted tax expense was negatively impacted by withholding taxes (particularly on dividends), non-deductible expenses (particularly marketing expenses and intercompany charges) and positively impacted by the non-taxable and non-deductible transactions in special items, resulting in an effective tax rate of 21.7% (2020: 24.7%).

The positive impact from special items comprised primarily non-taxable reversal of provisions made in prior years. Excluding special items and tax hereon the effective tax rate would be 23.5% (2020: 25.7%).

It is not possible to deduct all interest and fair value adjustments arising in Denmark due to thin capitalisation rules. Therefore, tax on such adjustments fluctuates from year to year.

ACCOUNTING POLICIES

Income tax comprises current tax and changes in deferred tax for the year, including changes as a result of a change in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, while the tax expense relating to items recognised in other comprehensive income is recognised in the statement of comprehensive income.

If the Group obtains a tax deduction on computation of the taxable income in Denmark or in foreign jurisdictions as a result of share-based payment programmes, the tax effect of the programmes is recognised in tax on profit/loss for the year. However, if the total tax deduction exceeds the total expense, the tax benefit of the excess deduction is recognised directly in equity.

Reconciliation of the effective tax rate for the year

	2021		2020	
	%	DKK million	%	DKK million
Nominal weighted tax rate	21.2	2,168	20.8	1,879
Change in tax rate	-0.1	-14	0.1	9
Adjustments to tax for prior years	-0.3	-34	0.4	40
Non-capitalised tax assets and liabilities	0.5	55	1.5	138
Non-taxable income	-0.7	-75	-0.7	-59
Non-deductible expenses	3.4	344	1.6	148
Tax increases etc.	-0.1	-13	-0.5	-45
Special items	-2.4	-239	-	-3
Withholding taxes	1.3	132	1.9	167
Other, including tax in associates and joint ventures	-1.1	-105	-0.4	-41
Effective tax rate for the year	21.7	2,219	24.7	2,233
Effective tax rate for the year, excluding the effect of non-taxable and non-deductible transactions in special items	23.5	-	25.7	-

SECTION 6.1 (CONTINUED)

INCOME TAX

Income tax expenses

DKK million	2021 Income statement	2021 Other comprehensive income	2021 Total comprehensive income	2020 Income statement	2020 Other comprehensive income	2020 Total comprehensive income
Tax for the year can be specified as follows:						
Current tax	2,418	-83	2,335	2,026	22	2,048
Change in deferred tax and non-current tax payables during the year	-151	-20	-171	160	42	202
Change in deferred tax as a result of change in tax rate	-14	-	-14	9	-	9
Adjustments to tax for prior years	-34	-	-34	40	-	40
Total	**2,219**	**-103**	**2,116**	**2,233**	**64**	**2,297**

Tax recognised in other comprehensive income

DKK million	2021 Recognised item before tax	2021 Tax income/ expense	2021 After tax	2020 Recognised item before tax	2020 Tax income/ expense	2020 After tax
Foreign exchange adjustments	-3,307	-	-3,307	7,640	-	7,640
Hedging instruments	323	-83	240	-198	22	-176
Retirement benefit obligations	-578	-20	-598	-1	42	41
Share of other comprehensive income in associates and joint ventures	-10	-	-10	4	-	4
Total	**-3,572**	**-103**	**-3,675**	**7,445**	**64**	**7,509**

SECTION 6.2

TAX ASSETS AND LIABILITIES

Of the total deferred tax assets recognised, DKK 43m (2020: DKK 201m) related to tax loss carryforwards, the utilisation of which depends on future positive taxable income exceeding the realised deferred tax liabilities.

It is management's opinion that these tax loss carryforwards can be utilised.

Tax assets not recognised of DKK 1,323m (2020: DKK 936m) primarily relates to tax losses that are not expected to be utilised in the foreseeable future. Of these, tax losses that will not expire amounted to DKK 1,042m (2020: DKK 581m). The remaining tax losses of DKK 331m (2020: DKK 355m) will expire within five years.

Deferred tax of DKK 39m (2020: DKK 41m) was recognised in respect of the tax of 5% payable on planned dividends from certain entities in Central & Eastern Europe.

Planned distribution of reserves for other subsidiaries will not trigger a significant tax liability based on current tax legislation.

SECTION 6.2 (CONTINUED)

TAX ASSETS AND LIABILITIES

Changes in deferred tax and non-current tax payables for the year amounted to DKK 151m (2020: DKK 160m).

Non-current tax liabilities recognised in the statement of financial position

DKK million	2021	2020
Deferred tax liabilities	6,350	4,779
Non-current tax payables	-	1,486
Non-current tax liabilities at 31 December	**6,350**	**6,265**

ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group recognises deferred tax assets, including the expected tax value of tax loss carryforwards, if management assesses they can be offset against positive taxable income in the foreseeable future. This judgement is made annually and based on budgets and business plans for the coming years, including planned commercial initiatives.

Carlsberg operates in a large number of tax jurisdictions where tax legislation is highly complex and subject to interpretation. Management makes judgements on uncertain tax positions to ensure recognition and measurement of tax assets and liabilities.

ACCOUNTING POLICIES

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

Deferred tax on all temporary differences between the carrying amount and the tax base of assets and liabilities is measured using the balance sheet liability method. However, deferred tax is not recognised on temporary differences relating to goodwill that is not deductible for tax purposes or on office premises and other items where temporary differences, apart from business combinations, arise at the acquisition date without affecting either profit/loss for the year or taxable income.

Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability. Deferred tax is recognised on expected dividend payments from subsidiaries, associates and joint ventures in countries levying withholding tax on distributions.

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

Deferred tax assets and tax liabilities are offset if the entity has a legally enforceable right to offset current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets or to realise the assets and settle the liabilities simultaneously. Deferred tax assets are recognised only to the extent that it is probable that the assets will be utilised.

Deferred tax is measured according to the tax rules at the reporting date and at the tax rates applicable when the deferred tax is expected to materialise as current tax.

The change in deferred tax as a result of changes in tax rates is recognised in the income statement. Changes to deferred tax on items recognised in other comprehensive income are, however, recognised in other comprehensive income.

Changes to non-current tax assets and liabilities

DKK million	2021	2020
Tax assets and liabilities at 1 January, net	4,498	4,509
Adjustments to prior years	-34	107
Acquisition of entities	172	-
Recognised in other comprehensive income	-20	42
Recognised in the income statement, net	-151	160
Change in tax rate	-14	9
Foreign exchange adjustments	-23	-329
Tax assets and liabilities at 31 December, net	**4,428**	**4,498**
Recognised as follows:		
Tax liabilities	6,350	6,265
Tax assets	-1,922	-1,767
Tax assets and liabilities at 31 December, net	**4,428**	**4,498**

Specification of deferred tax

DKK million	Deferred tax assets 2021	Deferred tax assets 2020	Deferred tax liabilities 2021	Deferred tax liabilities 2020
Intangible assets	519	388	3,451	3,280
Property, plant and equipment	220	281	1,639	1,583
Current assets	453	386	19	25
Provisions and retirement benefit obligations	2,396	1,932	2,942	1,337
Fair value adjustments	36	35	45	10
Tax losses	43	202	-	-
Total before offset	**3,666**	**3,223**	**8,092**	**6,235**
Offset	-1,742	-1,456	-1,742	-1,456
Deferred tax assets and liabilities at 31 December	**1,922**	**1,767**	**6,350**	**4,779**
Expected to be used as follows:				
Within one year	1,092	964	835	1,701
After more than one year	829	803	5,515	3,078
Total	**1,922**	**1,767**	**6,350**	**4,779**

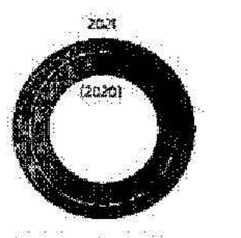
SECTION 7

STAFF COSTS AND REMUNERATION

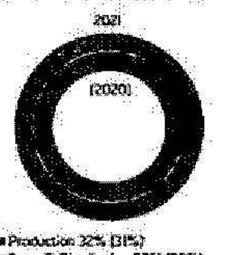
Pensions

Defined benefit obligations were affected by the asset ceiling in Switzerland and higher discount rates across all markets as a result of the pandemic.

EMPLOYEES BY SEGMENT (%)



EMPLOYEES BY FUNCTION (%)



SECTION 7.1

STAFF COSTS

Staff costs increased in 2021, mainly due to higher performance-related payouts because of the good financial performance in 2021 and cycling of reversal of retirement provisions in China in 2020.

Severance payments were lower due to fewer redundancies than in 2020.

The average number of employees decreased in 2021 as the full-year effects of restructuring projects initiated in 2020 were felt. This was partly offset by the inclusion of Marston's and Warsteiner personnel.

Staff costs

DKK million	2021	2020
Salaries and other remuneration	8,531	7,841
Severance payments	81	172
Social security costs	1,287	1,172
Retirement benefit costs – defined contribution plans	335	303
Retirement benefit costs – defined benefit plans	188	-19
Share-based payments	82	66
Other employee benefits	93	91
Total	**10,597**	**9,631**
Average number of employees	**39,175**	**40,010**
Staff costs are included in the following line items in the income statement:		
Cost of sales	2,896	2,672
Sales and distribution expenses	5,500	5,087
Administrative expenses	2,020	1,902
Other operating activities, net	118	68
Financial expenses (pensions)	42	-189
Special items (restructurings)	21	91
Total	**10,597**	**9,631**

SECTION 7.2

REMUNERATION

The remuneration of the Supervisory Board, the executive directors and key management personnel is described in detail in the Remuneration Report.

The remuneration of key management personnel increased in 2021, primarily because of the impact of better performance on the KPIs measured in both short- and long-term incentive programmes and changes to the composition of ExCom.

In 2021, the Supervisory Board received total remuneration of DKK 10.05m (2020: DKK 9.86m), comprising fixed salary only.

All elements except for share-based payments are classified as short-term employee benefits. Share-based payments are classified as long-term employee benefits.

ACCOUNTING POLICIES

Staff costs are recognised in the financial year in which the employee renders the related service.

The cost of share-based payments, which is expensed over the vesting period of the programme according to the service conditions, is recognised in staff costs and provisions or equity, depending on how the programme is settled with the employees.

Key management personnel comprise the Executive Committee, excluding the executive directors. Other management personnel included in the share-based payment schemes comprise vice presidents and other key employees in central functions as well as the management of significant subsidiaries.

Remuneration

DKK million	Executive directors 2021	Executive directors 2020	Key management personnel 2021	Key management personnel 2020
Fixed salary	20.7	20.7	29.1	29.7
Cash bonus	20.7	9.3	30.1	12.4
Other benefits	1.1	1.1	6.0	8.5
Severance payments	-	-	3.4	8.3
Remuneration settled in cash	**42.5**	**31.1**	**68.6**	**58.9**
Non-monetary benefits	0.4	0.4	3.1	1.1
Share-based payments	31.1	26.0	3.5	10.5
Remuneration, non-monetary and share-based	**31.5**	**26.4**	**6.6**	**11.6**
Total cash and non-cash	**74.0**	**57.5**	**75.2**	**70.5**

SECTION 7.3

SHARE-BASED PAYMENTS

The Group has set up share-based incentive programmes to attract, retain and motivate the Group's executive directors and other levels of management personnel, and to align their interests with those of the shareholders. There is no share-based remuneration of the Supervisory Board.

The Group has two types of share-based payment: share options and performance shares. Share options entitle the holder to purchase class B shares in Carlsberg A/S at a predetermined price after completing three years of service. Share options are exercisable for five years.

Entitlement to performance shares also requires fulfilment of service in the vesting period (3 years) but does not have any exercise price. Instead, the shares are transferred to the recipients based on achievement of the KPIs attached to the shares.

PERFORMANCE SHARES

The number of performance shares granted is the maximum number of performance shares that can vest. The number of shares outstanding at the end of the period is the number expected to vest, based on the extent to which the vesting conditions are expected to be met. The number of shares expected to vest is revised on a regular basis.

In 2021, 178 employees (2020: 190 employees) across the Group were awarded performance shares.

Vesting is subject to achievement of four KPIs: total shareholder return, adjusted EPS growth, organic revenue growth and growth in ROIC. The average share price at vesting was DKK 976 (2020: DKK 770). The average contractual life at the end of 2021 was 1.2 years (2020: 1.2 years).

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SECTION 7.3 (CONTINUED)

SHARE-BASED PAYMENTS

Share options

No share options have been granted since 2016. The outstanding options are all exercisable at the end of the reporting period. The average contractual life was 1.7 years (2020: 2.8 years).

Share option disclosures

DKK million	2021	2020
Fair value at 31 December	70	52

ACCOUNTING ESTIMATES AND JUDGEMENTS

The volatility of performance shares is based on the historical volatility of the price of Carlsberg A/S' class B shares over the previous three years. For share options, the volatility is based on similar data over the previous eight years.

The share price and the exercise price of share options are calculated as the average price of Carlsberg A/S' class B shares on Nasdaq Copenhagen during the first five trading days after publication of Carlsberg A/S' financial statements.

The risk-free interest rate is based on Danish government bonds of the relevant maturity. The expected life is based on exercise at the end of the exercise period.

ACCOUNTING POLICIES

The fair value of granted performance shares is estimated using a stochastic (quasi-Monte Carlo) valuation model of market conditions and a Black-Scholes call option-pricing model of other conditions, taking into account the terms and conditions upon which the performance shares were granted.

On initial recognition of performance shares, an estimate is made of the number of awards expected to vest and subsequently revised for any changes. Accordingly, recognition is based on the number of awards that ultimately vest.

Performance shares

	Executive directors	Key management personnel	Other management personnel	Total
31 December 2019	189,405	98,248	616,987	904,640
Granted	60,991	22,550	130,515	202,056
Forfeited/adjusted	-28,919	-16,970	-160,696	-206,585
Exercised/settled	-96,865	-49,377	-307,465	-423,607
31 December 2020	142,612	54,551	279,341	476,504
Granted	50,805	15,800	126,068	192,673
Forfeited/adjusted/transferred	-13,007	-13,202	-84,575	-110,804
Exercised/settled	-44,232	-17,022	-85,048	-146,282
31 December 2021	136,178	40,127	235,786	412,091

Key information

	Performance shares	
	2021	2020
Assumptions		
Expected volatility	23.3%/23.7%	18.0%/31.0%
Risk-free interest rate	0.0%	0.0%
Expected dividend yield	0.0/2.2%	0.0/3.0%
Expected life, years	3.0	3.0
Fair value at measurement date	DKK 512-981	DKK 567-894

Performance share disclosures

DKK million	Regular 2021	Regular 2020	Fund & Grow 2020
Fair value at grant date	118	91	-
Cost of shares granted in the year	24	30	-
Total cost of performance shares	82	56	10
Cost not yet recognised	147	132	9
Fair value at 31 December	454	458	-

Share options

	Exercise price	Number		
	Fixed, weighted average	Executive directors	Other management personnel	Total
31 December 2019	518	114,984	-	114,984
31 December 2020	518	114,984	-	114,984
31 December 2021	518	114,984	-	114,984

SECTION 7.4

RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS

A number of employees are covered by retirement benefit plans. The nature of the plans varies depending on labour market conditions in the individual countries. Benefits are generally based on wages and salaries and length of employment.

Retirement benefit obligations cover both present and future retirees' entitlement to retirement benefits.

DEFINED CONTRIBUTION PLANS

A defined contribution plan is a post-employment benefit plan under which the Group pays contributions to a separate independent company. The Group's legal or constructive obligation is limited to the contributions.

54% (2020: 61%) of the Group's retirement benefit costs related to defined contribution plans. In 2021, the expense recognised in relation to these contributions was DKK 335m (2020: DKK 303m).

DEFINED BENEFIT PLANS

A defined benefit plan guarantees employees a certain level of pension benefits for life. The pension is based on seniority and salary at the time of retirement. The Group assumes the risk associated with future developments in interest rates, inflation, mortality and disability etc.

The most significant plans are in the UK and Switzerland, representing 50% and 38% respectively (2020: 50% and 38%), while the eurozone countries represented 5% (2020: 5%) of the gross obligation at 31 December 2021.

The majority of the obligations are funded, with assets placed in independent pension funds, mainly in Switzerland and the UK. The largest part of the plan assets are based on a quoted market price. In some countries, primarily Germany, Sweden and China, the obligation is unfunded. The retirement benefit obligations for these unfunded plans amounted to DKK 1,562m (2020: DKK 1,589m) or 11% (2020: 12%) of the gross obligation.

In 2021, the Group's obligation, net, on defined benefit plans decreased by DKK 589m compared with 2020. The change was primarily driven by the effect of the asset ceiling in Switzerland, DKK 129m, and changes in the actuarial assumptions mainly due to increased discount rates across all markets, which decreased the gross obligation.

Obligation, net

DKK million	2021 Present value of obligation	2021 Fair value of plan assets	2021 Obligation, net	2020 Present value of obligation	2020 Fair value of plan assets	2020 Obligation, net
Obligation at 1 January	13,588	10,654	2,934	13,771	10,472	3,299
Recognised in the income statement						
Current service cost	183	-	183	223	-	223
Past service cost	5	-	5	-242	-	-242
Net interest on the net defined benefit obligation (asset)	138	99	39	169	114	46
Total	326	99	227	141	114	27
Remeasurements						
Gain/loss from changes in demographic assumptions	-29	-	-29	51	-	51
Gain/loss from changes in financial assumptions	-114	564	-678	682	734	-52
Asset ceiling	-	+129	129	-	-	-
Total	-143	435	-578	733	734	-1
Other changes						
Contributions to plans	-	253	+253	-	182	+182
Benefits paid	-695	-596	-89	-608	-504	+104
Acquisition and disposal of entities, net	-5	-	-5	-	-	-
Transfers	-	-	-	-28	7	-35
Foreign exchange adjustments etc.	770	661	109	-421	-351	-70
Total	80	318	-238	-1,057	-666	-391
Obligation at 31 December	13,851	11,506	2,345	13,588	10,654	2,934

The total return on plan assets for the year amounted to DKK 663m (2020: DKK 848m).

SECTION 7.4 (CONTINUED)

RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS

The Group has a triennial valuation process to agree on any future funding arrangements. The most recent one was completed in 2020. The Group expects to contribute DKK 80m (2020: DKK 74m) to the plan assets in 2022, which is in line with the agreed funding arrangement, under which the Group will contribute DKK 496m up to 2026. Plan assets do not include shares in the Group or properties used by Group companies.

Amounts recognised in other comprehensive income for 2021 totalled DKK -421m (2020: DKK -429m), comprising a foreign exchange adjustment of DKK -182m and a net actuarial loss of DKK 603m.

The accumulated actuarial loss and foreign exchange adjustment recognised at 31 December 2021 was DKK 2,865m (2020: DKK 3,287m), with actuarial net losses of DKK 3,152m (2020: DKK 3,733m).

Assumptions applied

In 2021, the discount rate used for the defined benefit plans in Western Europe was determined by reference to market yields on corporate bonds. In the Asian countries, where no deep market in high-quality corporate bonds exists, the discount rate was determined by reference to market yields on government bonds.

The mortality tables used in Carlsberg UK are S3PMA/S3PFA tables for post-retirement, while the Swiss entities use BVG 2020 for valuation of their retirement benefit obligations.

Sensitivity analysis

The sensitivity analysis is based on a change in one of the assumptions, while all other assumptions remain constant. This is highly unlikely, however, as a change in one assumption would probably affect other assumptions as well. When calculating the obligation on the basis of a changed assumption, the same method has been applied as when calculating the defined benefit obligation.

Expected maturity and duration

Defined benefit obligations are primarily expected to mature after five years. The expected duration of the obligations at year-end 2021 was 17 years. The duration is calculated using a weighted average of the duration divided by the obligation.

Breakdown of plan assets

	2021 DKK million	2021 %	2020 DKK million	2020 %
Shares	1,345	12	992	9
Bonds and other securities	7,485	65	7,578	71
Real estate	2,088	18	1,514	14
Cash and cash equivalents	588	5	570	5
Total	11,506	100	10,654	100

Assumptions applied

2021	CHF	UK	EUR	Other	Weighted average
Discount rate	0.3%	1.8%	0.3 - 0.9%	2.1%	1.2%
Growth in wages and salaries	1.0%	2.5%	0.2 - 2.6%	2.6%	1.5%
2020					
Discount rate	0.2%	1.6%	0.2 - 0.7%	1.8%	0.6%
Growth in wages and salaries	1.0%	2.1%	0.2 - 2.7%	2.0%	1.2%

Sensitivity analysis

	2021		2020	
DKK million	+0.5%	-0.5%	+0.5%	-0.5%
Discount rate	-1,097	1,251	-1,514	1,715
Growth in wages and salaries	62	-73	74	-67
	+1 year	-1 year	+1 year	-1 year
Mortality	522	-500	432	-378

Maturity of retirement benefit obligations

DKK million	< 1 year	1-5 years	> 5 years	Total
2021	731	2,921	10,199	13,851
2020	611	2,313	10,664	13,588

SECTION 7.4 (CONTINUED)

RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS

ACCOUNTING ESTIMATES AND JUDGEMENTS

The value of the Group's defined benefit plans is based on valuations from external actuaries. The valuation is based on a number of actuarial assumptions, including discount rates, expected growth in wages and salaries, mortality and retirement benefits.

The present value of the net obligation is calculated by using the projected unit credit method and discounting the defined benefit plan by a discount rate for each country. The discount rate is determined by reference to market yields on high-quality corporate bonds. Where high-quality corporate bonds are not available, the market yields on government bonds are used instead.

Mortality assumptions are based on the Group entity's best estimate of the mortality of plan members during and after employment and include expected changes in mortality. Due to the broad range of entities comprising the retirement benefit obligation, several different mortality tables are used to calculate the future retirement benefit obligation.

ACCOUNTING POLICIES

Contributions paid to a **defined contribution plan** are recognised in the income statement in the period during which services are rendered by employees. Any contributions outstanding are recognised in the statement of financial position as other liabilities.

The Group's net obligation recognised in the statement of financial position in respect of **defined benefit plans** is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets calculated by a qualified actuary.

The present value is determined separately for each plan by discounting the estimated future benefits that employees have earned in return for their service in the current and prior years.

The costs of a defined benefit plan are recognised in the income statement and include service costs, net interest based on actuarial estimates and financial expectations.

Service costs comprise **current service cost and past service cost. Current service cost** is the increase in the present value of the defined benefit obligation resulting from employee services in the current period. **Past service cost** is the change in the present value of the obligation regarding employee services in prior years that arises from a plan amendment or a curtailment. Past service costs are recognised immediately, provided employees have already earned the changed benefits.

Realised gains and losses on curtailment or settlement are recognised under staff costs.

Interest on retirement benefit obligations and the interest on return on plan assets are recognised as financial income or financial expenses.

Differences between the development in retirement benefit assets and liabilities and restated amounts at year-end are designated as actuarial gains or losses and recognised in other comprehensive income. As they will never be reclassified to the income statement, they are included in retained earnings.

If a retirement benefit plan constitutes a net asset, the asset is recognised only if it offers future refunds from the plan or will lead to reduced future payments to the plan.

Realised gains and losses on the adjustment of retirement benefit obligations as a result of termination of a significant number of positions in connection with restructurings are recognised under special items.

SECTION 8

OTHER DISCLOSURE REQUIREMENTS

6,943m

Profit attributable to shareholders in Carlsberg A/S, adjusted for special items after tax (DKK).

48.3

Earnings per share, adjusted for special items after tax (DKK).

SECTION 8.1

EARNINGS PER SHARE

During 2021, the Group repurchased a total of 3.4m B shares under the share buy-back programme. The share buy-back programme decreased the average number of shares by 2.3m. This increased adjusted earnings per share by DKK 0.7. The adjustment for special items after tax increased adjusted earnings per share by DKK 0.7.

For all share-based incentive instruments, the average market price of Carlsberg B shares exceeded the exercise price and the fair value at the grant date. As a result, diluted earnings per share included all share-based incentive instruments that could potentially dilute earnings in the future.

Earnings per share

DKK	2021	2020
Earnings per share of DKK 20 (EPS)	47.6	41.3
Diluted earnings per share of DKK 20 (EPS-D)	47.4	41.1
Earnings per share, adjusted (EPS-A)	48.3	43.6

Average number of shares

1,000 shares		
Average number of issued shares	146,057	149,407
Average number of treasury shares	-2,219	-3,303
Average number of shares	**143,838**	**146,104**
Average dilutive effect of share-based incentives	451	646
Diluted average number of shares	**144,289**	**146,750**

Profit attributable to shareholders

DKK million		
Consolidated profit	6,009	6,806
Non-controlling interests	-1,163	-776
Profit attributable to shareholders in Carlsberg A/S (net profit)	**6,846**	**6,030**
Special items after tax	97	333
Profit attributable to shareholders in Carlsberg A/S, adjusted	**6,943**	**6,363**

SECTION 8.2

FEES TO AUDITORS

Fees to auditors appointed by the Annual General Meeting

DKK million	2021	2020
PwC, including network firms		
Statutory audit	23	21
Assurance engagements	1	1
Tax advisory	2	2
Other services	2	2
Total	**28**	**26**

Fees for services other than the statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, Denmark, amounted to DKK 1m (2020: DKK 2m), including VAT compliance, other assurance opinions and agreed-upon procedures as well as accounting advice.

SECTION 8.3

RELATED PARTIES

RELATED PARTIES EXERCISING CONTROL
The Carlsberg Foundation, H.C. Andersens Boulevard 35, 1553 Copenhagen V, Denmark, exercises control over Carlsberg A/S. The Foundation holds 29.5% of the shares and 75.5% of the voting power in Carlsberg A/S, excluding treasury shares.

The following transactions took place between the Carlsberg Foundation and the Group in 2021:

The Carlsberg Foundation received a dividend of DKK 22.00 per share from Carlsberg A/S, the same as every other shareholder. The dividend received amounted to DKK 964m.

Through its pro-rata participation in the share buy-back programme, the Carlsberg Foundation sold B shares to Carlsberg A/S at a fair value of DKK 1,092m. The Foundation thereby reduced its shareholding to 29.5% at 31 December 2021 (2020: 29.6%). The shares were sold at the average weekly share buy-back market prices.

FUNDING AND GRANTS
Carlsberg A/S receives statutory grants and further funding from the Carlsberg Foundation. DKK 56m, for the basic research and development activities at the Carlsberg Research Laboratory (2020: DKK 53m). Of the total grants, DKK 18m (2020: DKK 29m) was deferred to be used for research projects in the future.

In 2020, the Carlsberg Foundation contributed a total amount of DKK 53m to support the rebuilding of the Carlsberg Visitor Centre during 2021 and 2022. The purpose of the rebuild is to better showcase Carlsberg's rich history and value creation.

OTHER ACTIVITIES
Visit Carlsberg A/S, 100% owned by Carlsberg A/S, hosted and administered events at the Carlsberg Academy, which is owned by the Carlsberg Foundation, at a value of DKK 1m. Furthermore, Visit Carlsberg A/S was paid DKK 0.4m for work to restore the Carlsberg Academy before its reopening in 2021.

The Group's delivery of beer and soft drinks to the Carlsberg Foundation is charged at ordinary listing price minus a discount. In 2021, the deliveries amounted to DKK 0.2m (total sales of goods) (2020: DKK 0.1m).

Carlsberg A/S leases parking spaces from the Carlsberg Foundation to provide parking for employees at the Research Laboratory and Visit Carlsberg. Furthermore, Carlsberg Breweries A/S leases storage facilities in the researcher apartments. These lease agreements are with subsidiaries of the Foundation. The two annual lease payments amount to DKK 0.2m and the leases are on market terms.

It is estimated that the benefit for the Carlsberg Group corresponds to the value of the other activities provided to the Carlsberg Foundation, which in turn corresponds to what each party would have had to pay to have the same deliverables provided by external parties.

OTHER RELATED PARTIES
Related parties also comprise Carlsberg A/S' Supervisory Board and Executive Board, their close family members and companies in which these persons have significant influence. During the year, there were no transactions between these parties and the Group, except for remuneration as disclosed in section 7 of the consolidated financial statements.

The income statement and the statement of financial position include the following transactions

DKK million	2021	2020
Associates and joint ventures		
Revenue	76	78
Cost of sales	-817	-756
Sales expenses	-11	-14
Interest income	14	15
Loans	242	213
Receivables	226	106
Trade payables and other liabilities	-36	-10

SECTION 8.4

EVENTS AFTER THE REPORTING PERIOD

Apart from the events recognised or disclosed in the consolidated financial statements, no events have occurred after the reporting period of importance to the consolidated financial statements.

SECTION 9

BASIS FOR PREPARATION

SECTION 9.1

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the consolidated financial statements, management makes various accounting estimates and judgements that form the basis of presentation, recognition and measurement of the Group's assets, liabilities, income and expenses. The estimates and judgements made are based on historical experience and other factors that management assesses to be reliable, but that, by nature, are associated with uncertainty and unpredictability and may therefore prove incomplete or incorrect.

Areas involving significant estimates and judgements:	
Receivables	Section 1
Impairment testing, useful life and residual value	Section 2
Restructurings, provisions and contingencies	Section 3
Acquisitions and disposals, including contingent considerations	Section 5
Tax assets and liabilities	Section 6
Defined benefit obligations	Section 7

SECTION 9.2

GENERAL ACCOUNTING POLICIES

The Group's 2021 consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and further requirements in the Danish Financial Statements Act.

The consolidated financial statements are presented in Danish kroner (DKK), which is the Parent Company's functional currency, and all values are rounded to the nearest DKK million, except when otherwise stated.

The accounting policies set out below have been used consistently in respect of the financial year and the comparative figures.

DEFINING MATERIALITY
Significant items are presented individually in the financial statements as required by IAS 1. Other items that are considered relevant to stakeholders and necessary for an understanding of the Group's business model, including research, real estate and geographical diversity, are also presented individually in the financial statements.

The consolidated financial statements are prepared as a consolidation of the financial statements of the Parent Company, Carlsberg A/S, and its subsidiaries according to the Group's accounting policies.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Entities over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of less than 50% of the voting rights or participation in the management of the company. The assessment of whether Carlsberg A/S exercises control or significant influence includes potential voting rights exercisable at the reporting date. Entities that by agreement are managed jointly with one or more other parties are considered joint ventures.

On consolidation, intra-group income and expenses, shareholdings, balances and dividends, and realised and unrealised gains are eliminated. Unrealised gains on transactions with associates and joint ventures are eliminated in proportion to the Group's ownership share of the entity.

Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place.

The accounting items of subsidiaries are included in full in the consolidated financial statements. Non-controlling interests' share of subsidiaries' profit/loss for the year and of equity are included in the Group's profit/loss and equity but are disclosed separately. Entities acquired or established in the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities disposed of or discontinued are recognised in the consolidated income statement until the date of disposal or discontinuation. The comparative figures are not restated.

SECTION 9.2 (CONTINUED)

GENERAL ACCOUNTING POLICIES

FOREIGN CURRENCY TRANSLATION
A functional currency is determined for each of the reporting entities in the Group. The functional currency is the primary currency used for the reporting entity's operations. Transactions denominated in currencies other than the functional currency are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised as financial income or expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date at which the receivable or payable arose or the exchange rate in the latest consolidated financial statements is recognised as financial income or expenses.

On recognition of entities with a functional currency other than the presentation currency, the income statement and statement of cash flows are translated at the exchange rates at the transaction date, and the statement of financial position items are translated at the exchange rates at the reporting date. Foreign exchange differences arising on translation of the opening balance of equity, and of the income statement on the reporting date, are recognised in other comprehensive income and attributed to a separate translation reserve in equity. Foreign exchange differences arising on the translation of the proportionate share of associates and joint ventures are likewise recognised in other comprehensive income.

Foreign exchange adjustment of balances with entities that are considered part of the investment in the entity is recognised in other comprehensive income. Correspondingly, foreign exchange gains and losses on the part of loans and derivative financial instruments that are designated as hedges of investments in foreign entities, and that effectively hedge against corresponding foreign exchange gains and losses on the investment in the entity, are also recognised in other comprehensive income and attributed to a separate translation reserve in equity.

When the gain or loss from a complete or partial disposal of an entity is recognised, the share of the cumulative exchange differences recognised in other comprehensive income is recognised in the income statement. The same approach is adopted on repayment of balances that constitute part of the net investment in the entity.

INCOME STATEMENT
The presentation of the Group's income statement is based on the internal reporting structure, as IFRS does not provide a specific disclosure requirement.

Special items are not directly attributable to ordinary operating activities and are shown separately in order to facilitate a better understanding of the Group's financial performance.

CASH FLOW
Cash flow is calculated using the indirect method and is based on operating profit before special items adjusted for depreciation, amortisation and impairment losses. Cash flow cannot be derived directly from the statement of financial position and income statement.

FINANCIAL RATIOS AND NON-IFRS FINANCIAL MEASURES
The Group uses certain additional financial measures to provide management, investors and investment analysts with additional measures to evaluate and analyse the Company's results. These non-IFRS financial measures are defined and calculated by the Group and therefore may not be comparable with other companies' measures.

The non-IFRS financial measures disclosed in the Annual Report are:

- Earnings per share, adjusted, and payout ratio, adjusted
- Organic development

The Danish Finance Society does not acknowledge use of special items and states that adjustments of tax should be based on the marginal tax rate. When calculating financial measures, the Group uses operating profit before special items as well as the effective tax rate for measures adjusted for tax.

Other financial ratios are calculated in accordance with the Danish Finance Society's online guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios", unless specifically stated.

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SECTION 9.2 (CONTINUED)

GENERAL ACCOUNTING POLICIES

9.2.1 REPORTING UNDER THE ESEF REGULATION

The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) has introduced a single electronic reporting format for the annual financial reports of issuers with securities listed on the EU-regulated markets.

The combination of XHTML format and iXBRL tags enables the annual financial reports to be read by both humans and machines, thus enhancing accessibility, analysis and comparability of the information included in the annual financial reports.

The Group's iXBRL tags have been prepared in accordance with the ESEF taxonomy, which is included in the ESEF Regulation and has been developed based on the IFRS taxonomy published by the IFRS Foundation.

The line items in the consolidated financial statements are tagged to elements in the ESEF taxonomy. For financial line items that are not directly defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions that are subtotals.

The annual report submitted to the Danish Financial Supervisory Authority (the Officially Appointed Mechanism) consists of the XHTML document together with the technical files, all of which are included in the ZIP file Carlsberg-2021-12-31.zip.

Key definitions

XHTML (eXtensible HyperText Markup Language) is a text-based language used to structure and mark up content such as text, images and hyperlinks in documents that are displayed in a web browser.

iXBRL tags (or Inline XBRL tags) are hidden metainformation embedded in the source code of an XHTML document that enables the conversion of XHTML-formatted information into a machine-readable XBRL data record using appropriate software.

A financial reporting taxonomy is an electronic dictionary of business reporting elements used to report business data. A taxonomy element is an element defined in a taxonomy that is used for the machine-readable labelling of information in an XBRL data record.

SECTION 9.2 (CONTINUED)

GENERAL ACCOUNTING POLICIES

Glossary and calculation of key figures and financial ratios disclosed in the Annual Report

FINANCIAL RATIOS	
Gross margin	Gross profit as a percentage of revenue.
EBITDA margin[1]	Operating profit before depreciation, amortisation and impairment losses as a percentage of revenue.
Operating margin	Operating profit before special items[1] as a percentage of revenue.
Return on invested capital (ROIC)	Operating profit before special items[1] adjusted for tax as a percentage of average invested capital[2] calculated as a 12-month rolling average (MAT).
Return on invested capital excluding goodwill (ROIC excl. goodwill)	Operating profit before special items[1] adjusted for tax as a percentage of average invested capital[2] excluding goodwill calculated as a 12-month rolling average (MAT).
Effective tax rate[1]	Income tax as a percentage of profit before tax.
Equity ratio	Equity attributable to shareholders in Carlsberg A/S at year-end as a percentage of total assets at year-end.
NIBD/equity ratio[3]	Net interest-bearing debt[3] at year-end divided by total equity at year-end.
NIBD/EBITDA[3]	Net interest-bearing debt[3] divided by operating profit before depreciation, amortisation and impairment losses.
Interest cover[1]	Operating profit before special items divided by interest expenses, net.
STOCK MARKET RATIOS	
Earnings per share (EPS)	Consolidated profit for the year, excluding non-controlling interests, divided by the average number of shares.
Earnings per share, diluted (EPS-D)	Consolidated profit for the year, excluding non-controlling interests, divided by the average number of shares, fully diluted for share options and performance shares in the money.
Earnings per share, adjusted (EPS-A)	Consolidated profit for the year adjusted for special items after tax[1], excluding non-controlling interests, divided by the average number of shares.
Free cash flow per share (FCFPS)[4]	Free cash flow[4] divided by the average number of shares, fully diluted for share options and performance shares in the money.

STOCK MARKET RATIOS (CONTINUED)	
Payout ratio	Proposed dividend for the year as a percentage of consolidated profit, excluding non-controlling interests.
Payout ratio, adjusted	Proposed dividend for the year on number of shares at year-end as a percentage of consolidated profit, adjusted for special items after tax[1], excluding non-controlling interests.
Market capitalisation	Number of shares at year-end multiplied by the share price.
Average number of issued shares	Number of issued shares as an average for the year.
Average number of shares	Number of issued shares, excluding treasury shares, as an average for the year.
Number of shares at year-end	Total number of issued shares, excluding treasury shares, at year-end.
GLOSSARY	
EBITDA[1]	Expression used for operating profit before depreciation, amortisation and impairment losses.
Leverage ratio[3]	Expression used for NIBD/EBITDA.
NCI	Abbreviation for non-controlling interests.
OCI	Abbreviation for other comprehensive income.
Off-trade	Expression used for sale of beverages for consumption off the premises (e.g. retailers).
On-trade	Expression used for sale of beverages for consumption on the premises (e.g. restaurants, hotels and bars).
Operating profit	Expression used for operating profit before special items[1].
Organic development[1]	Measure of growth excluding the impact of acquisitions, divestments and foreign exchange from year-on-year comparisons.
Volumes[1]	The Group's sale of beverages in consolidated entities and sale of the Group's products under licence agreements.

[1] This key figure, sub-or elements thereof are not defined or deviate from the definitions of the Danish Finance Society.
[2] The calculation of invested capital is specified in section 2.1.
[3] The calculation of net-interest bearing debt is specified in section 4.2.
[4] The calculation of free cash flow is specified in the statement of cash flows.

SECTION 9.3

CHANGES IN ACCOUNTING POLICIES

CHANGED ACCOUNTING POLICIES AND CLASSIFICATION IN THE ANNUAL REPORT 2021

The Annual Report 2021 has been prepared using the same accounting policies for recognition and measurement as those applied to the consolidated financial statements for 2020, except for the following Amendments that were adopted as of 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest rate benchmark reform – Phase 2"
- Amendments to IFRS 4 "Insurance Contracts – deferral of IFRS 9"
- Amendments to IFRS 16 "Leases": COVID-19-Related Rent Concessions beyond 30 June 2021

These Amendments had no impact on the Group's accounting policies, as they cover areas that are not material and/or relevant for the Group or do not change the accounting policies applied in 2021.

SECTION 9.4

NEW LEGISLATION

NEW AND AMENDED IFRS STANDARDS

The following Amendments to IFRS become effective as of 1 January 2022:

- Amendment to IAS 16 "Property, Plant and Equipment"
- Amendment to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"
- Amendments to IFRS 3 "Business Combinations"
- Annual Improvements to IFRS Standards 2018-2020 (IFRS 1, IFRS 9 and IFRS 16)

The implemented Amendments are not expected to have any significant impact on the financials or the Group's accounting policies, as they cover areas that are not material and/or relevant for the Group or do not change the accounting policies applied in 2021.

NEW AND AMENDED IFRS STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE EU

The following Amendments, which will become effective in future years, have been issued but not yet adopted by the EU:

- Amendment to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Current or Non-current – Deferral of Effective Date"
- Amendment to IAS 1 "Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies"
- Amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates"
- Amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17: "Initial Application of IFRS 17" and IFRS 9: "Comparative Information"

The new Standard is not mandatory for the financial reporting for 2021. The Group expects to adopt the new Standard when it becomes mandatory.

SECTION 10

GROUP COMPANIES

This section lists the subsidiaries, associates and joint ventures in the Group. Parent direct ownership shows the legal ownership held by the immediate holding company in the Group. Cross-holdings held by fully owned companies in the Group are aggregated. Consolidated ownership shows the share of the result of the entity that is attributed to the shareholders of Carlsberg A/S in the consolidated financial statements.

	Place of incorporation	Note	Number of subsidiaries	Parent direct ownership	Consolidated ownership
Carlsberg Breweries A/S	Denmark		1	100%	100%
Western Europe					
Carlsberg Danmark A/S	Denmark			100%	100%
Carlsberg Supply Company Denmark A/S	Denmark			100%	100%
Carlsberg Sweden Holding 2 AB	Sweden			100%	100%
Carlsberg Sverige AB	Sweden			100%	100%
Carlsberg Supply Company Sverige AB	Sweden			100%	100%
Ringnes Norge AS	Norway		1	100%	100%
Ringnes AS	Norway			100%	100%
Ringnes Bryggehus AS	Norway			100%	100%
Sola AS	Norway			91%	91%
Ringnes Supply Company AS	Norway			100%	100%
Ringnes Farris Eiendom AS	Norway			100%	100%
Ringnes Imsdal Eiendom AS	Norway			100%	100%
Ringnet Admundrerjas Eiendom AS	Norway			100%	100%
Ringnes Gjellerasen Eiendom AS	Norway			100%	100%
Oy Sinebrychoff Ab	Finland			100%	100%
Sinebrychoff Supply Company Oy	Finland			100%	100%
Carlsberg Deutschland Holding GmbH	Germany			100%	100%
Holsten-Brauerei GmbH	Germany			100%	100%
Carlsberg Deutschland Logistik GmbH	Germany			100%	100%
Tabora Deutschland GmbH	Germany			100%	100%
Carlsberg Deutschland GmbH	Germany		6	100%	100%
Duckstein GmbH	Germany			100%	100%
Holsten-Brauerei AG	Germany			100%	100%
Carlsberg Supply Company Deutschland GmbH	Germany			100%	100%
Warsteiner Brauerei GmbH	Germany			100%	100%
Carlsberg Supply Company Polska SA	Poland			100%	100%
Carlsberg Polska Sp. z o.o.	Poland			100%	100%
Carlsberg UK Holdings Limited	UK		3	100%	100%
Carlsberg Marston's Brewing Company Limited	UK		1	60%	60%
Marston's Beer Company Limited	UK			100%	60%
Carlsberg UK Limited	UK			100%	60%
Carlsberg Supply Company UK Limited	UK			100%	60%
LF Brewery Holdings Limited	UK		1	100%	60%
Emeraude S.A.S.	France		7	100%	100%
Kronenbourg S.A.S.	France		1	100%	100%
Kronenbourg Supply Company S.A.S.	France			100%	100%
Kronenbourg Breweries Canada Inc.	Canada			100%	100%
Fondation Kronenbourg	France			100%	100%
S.A.S. Onyx	France			100%	100%
Feldschlösschen Getränke Holding AG	Switzerland		2	100%	100%
Feldschlösschen Getränke AG	Switzerland			100%	100%
Schlossgarten Gastronomie AG	Switzerland			100%	100%

Western Europe	Place of incorporation	Note	Number of subsidiaries	Parent direct ownership	Consolidated ownership
SB Swiss Beverage AG	Switzerland			100%	100%
Feldschlösschen Supply Company AG	Switzerland			100%	100%
Carlsberg Supply Company AG	Switzerland			100%	100%
Nya Carnegiebryggeriet AB	Sweden			100%	100%
C/C. Dahls Bryggeri AS	Norway			100%	100%
HK You Limited	Hong Kong			100%	100%
Monster the Cat GmbH	Switzerland			100%	100%
Grimbergen Abbey Brewery	Belgium			100%	100%
Zatecky Pivovar spol. S.r.o.	Czechia			100%	100%

Asia	Place of incorporation	Note	Number of subsidiaries	Parent direct ownership	Consolidated ownership
Carlsberg Supply Company Asia Ltd	Hong Kong			100%	100%
Carlsberg Asia Pte Ltd	Singapore			100%	100%
Carlsberg Brewery Hong Kong Ltd	Hong Kong			100%	100%
Guangzhou Carlsberg Consultancy and Management Services Co., Ltd	China			100%	100%
Chongqing Brewery Co., Ltd	China	A		60%	60%
Carlsberg Chongqing Breweries Company Limited	China	B	7	51%	79%
Kunming Hasshi Brewery Company Limited	China			100%	79%
Carlsberg (China) Breweries and Trading Company Limited	China			100%	79%
Carlsberg Brewery (Guangdong) Ltd	China			99%	79%
Xinjiang Wusu Breweries Co., Ltd	China		4	100%	79%
Ningxia Xixia Jiamong Brewery Limited	China			70%	56%
Carlsberg Beer Enterprise Management (Chongqing) Company Limited	China			100%	79%
Carlsberg Brewery (Anhui) Company Ltd	China			95%	60%
Carlsberg Tianmuhu Brewery (Jiangsu) Company Ltd	China			100%	79%
Lao Brewery Co. Ltd	Laos			61%	61%

Asia	Place of incorporation	Note	Number of subsidiaries	Parent direct ownership	Consolidated ownership
Carlsberg Brewery Malaysia Berhad	Malaysia	A		51%	51%
Carlsberg Marketing Sdn BHD	Malaysia			100%	51%
Euro Distributors Sdn BHD	Malaysia			100%	51%
Carlsberg Singapore Pte Ltd	Singapore			100%	51%
Maybev Pte Ltd	Singapore	C		51%	26%
Carlsberg South Asia Pte Ltd	Singapore	D		67%	100%
South Asian Breweries Pte. Ltd	Singapore	D		100%	100%
Carlsberg India Pvt. Ltd	India	D		100%	100%
Gorkha Brewery Pvt. Ltd	Nepal	D, E, F		90%	90%
G.B. Marketing Pvt Ltd	Nepal	D, F		100%	90%
Carlsberg Vietnam Trading Co. Ltd	Vietnam			100%	100%
Carlsberg Vietnam Breweries Ltd	Vietnam			100%	100%
Pedauk Holding Pte. Ltd	Singapore			100%	100%
Cavitech Limited	Hong Kong			100%	100%
Cambrew Limited	Cambodia		2	100%	100%
Cambrew Properties Ltd	Cambodia			100%	100%
Angkor Beverage Co Ltd	Cambodia			100%	100%
CB Distribution Co., Ltd	Thailand			100%	100%

A Listed company.

B Carlsberg Chongqing Breweries Company Limited is owned by Chongqing Brewery Co., Ltd (51%) and Guangzhou Carlsberg Consultancy and Management Services Co Ltd (49%), resulting in a consolidated ownership of 79%.

C Maybev Pte Ltd is owned by Carlsberg Singapore Pte Ltd (51%), which is owned by Carlsberg Brewery Malaysia Berhad (51%), resulting in a consolidated ownership of 26%.

D The Group owns 67% of Carlsberg South Asia Pte Ltd, which is the holding company of South Asian Breweries Pte. Ltd, Carlsberg India Pvt. Ltd and Gorkha Brewery Pvt. Ltd (Nepal). The consolidation percentage of Carlsberg South Asia Pte Ltd is 100% due to a written put option.

E The Group has the legal and contractual rights of a majority shareholder in Gorkha Brewery Pvt. Ltd, but does not consolidate the company and its subsidiary for accounting purposes, cf. section 5.2.

F Company not audited by PwC.

Central & Eastern Europe	Place of incorporation	Note	Number of subsidiaries	Parent direct ownership	Consolidated ownership
Baltika Breweries LLC	Russia	G	3	100%	100%
Carlsberg Azerbaijan LLC	Azerbaijan			100%	100%
Baku Pivo JSC	Azerbaijan			91%	91%
Hoppy Union LLC	Russia	G		100%	100%
Konix Brewery LLC	Russia	H		75%	100%
Carlsberg Kazakhstan Ltd	Kazakhstan	G		100%	100%
Baltic Beverages Invest AB	Sweden	G		100%	100%
PJSC Carlsberg Ukraine	Ukraine		1	100%	100%
Baltic Beverages Holding AB	Sweden			100%	100%
Carlsberg Serbia Ltd	Serbia			100%	100%
Carlsberg BH d.o.o.	Bosnia and Herzegovina			100%	100%
Carlsberg Montenegro d.o.o.	Montenegro			100%	100%
Carlsberg Croatia d.o.o.	Croatia			100%	100%
Carlsberg Bulgaria AD	Bulgaria			100%	100%
OJSC Brewery Alivaria	Belarus	H		78%	80%
Carlsberg Italia S.p.A.	Italy			100%	100%
Carlsberg Horeca Srl	Italy			100%	100%
TBC Italia Srl	Italy			100%	100%
Olympic Brewery SA	Greece			100%	100%
Hellenic Beverage Company SA	Greece			100%	100%
Carlsberg Hungary Kft.	Hungary			100%	100%
Saku Õlletehase AS	Estonia			100%	100%
Aldaris JSC	Latvia			100%	100%
Švyturys-Utenos Alus UAB	Lithuania	G		99%	99%
CTDD Beer Imports Ltd	Canada			100%	100%
Carlsberg Canada Inc.	Canada			100%	100%
Carlsberg USA Inc.	USA			100%	100%

Non-allocated	Place of incorporation	Note	Number of subsidiaries	Parent direct ownership	Consolidated ownership
Carlsberg Finans A/S	Denmark			100%	100%
Carlsberg Internationel A/S	Denmark			100%	100%
Visit Carlsberg A/S	Denmark			100%	100%
Carlsberg Invest A/S	Denmark			100%	100%
Carlsberg Integrated Information Technology A/S	Denmark			100%	100%
Carlsberg Insurance A/S	Denmark			100%	100%
Carlsberg Central Office A/S	Denmark			100%	100%
Carlsberg Shared Services Sp. z o.o.	Poland			100%	100%

Non-beverage	Place of incorporation	Note	Number of subsidiaries	Parent direct ownership	Consolidated ownership
Ejendomsaktieselskabet Tuborg Nord C	Denmark			100%	100%
Carlsberg Ejendomme Holding A/S	Denmark			100%	100%
Boligинteressentskabet Tuborg	Denmark	I		100%	100%

Associates and joint ventures	Place of incorporation	Note	Number of subsidiaries	Parent direct ownership	Consolidated ownership
Carlsberg Byen P/S	Denmark	F	88	25%	25%
Shanghai Beverages AG	Switzerland			35%	35%
Sinergie Produzione Srl	Italy			36%	36%
Vicer S.G.P.S., Ldo	Portugal	J		29%	29%
Super Bock Group, S.G.P.S., S.A.	Portugal	J	13	56%	60%
Serviced Dispense Equipment (Holdings) Limited	UK		2	33%	20%
Nuuk Imeq A/S	Greenland	F		32%	32%
Changqing Jiawei Beer Co. Ltd	China			33%	26%
Lanzhou Huanghe Jianlang Brewery Company Limited	China			50%	50%
Qinghai Huanghe Jianlang Brewery Company Ltd	China			50%	50%
Jiuquan West Brewery Company Limited	China			50%	50%
Tianshui Huanghe Jianlang Brewery Company Ltd	China			50%	50%
Capital Brewing Company Ltd	Hong Kong		2	49%	49%
Lion Brewery (Ceylon) PLC	Sri Lanka	A, F, K		25%	13%
Hanoi Beer Alcohol and Beverage Joint Stock Corporation	Vietnam	F		17%	17%
Carlsberg Distributors Taiwan Limited	Taiwan		1	50%	50%
NCC Cravens Private Limited	India			33%	33%
Bottlers Nepal Limited	Nepal		1	22%	20%
Myanmar Carlsberg Co. Ltd	Myanmar	F	1	68%	68%

G Company owned by Carlsberg Sverige AB.

H Consolidated ownership is higher than the legal ownership due to written put options.

I A separate annual report is not prepared.

J Vicer S.G.P.S (Vicer) is the controlling shareholder of Super Bock Group, S.G.P.S. (Super Bock) with a 56% shareholding, with Carlsberg Breweries A/S owning the remaining 44%. In addition, Carlsberg Breweries A/S has a direct ownership in Vicer of 29% without exercising control. Therefore, both Vicer and Super Bock are considered associates of the Group. The Group's direct and indirect ownership of Super Bock totals 60%.

K Lion Brewery (Ceylon) PLC is owned by Carlsberg Brewery Malaysia Berhad (25%), Carlsberg owns 51% of Carlsberg Brewery Malaysia Berhad, resulting in 13% of the result being attributed to the shareholders in Carlsberg A/S.

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PARENT COMPANY FINANCIAL STATEMENTS

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INCOME STATEMENT

DKK million	Section	2021	2020
Administrative expenses		-66	-42
Other operating activities, net	4.1	1	-4
Operating profit before special items		**-65**	**-46**
Special items	4.4	60	+2
Financial income	2.1	3,264	3,211
Financial expenses	2.1	-6	-14
Profit before tax		**3,253**	**3,149**
Income tax	4.7	-30	11
Profit for the year		**3,223**	**3,160**
Attributable to:			
Dividend to shareholders		3,486	3,259
Reserves		-263	-99
Profit for the year		**3,223**	**3,160**

STATEMENT OF COMPREHENSIVE INCOME

DKK million	Section	2021	2020
Profit for the year		**3,223**	**3,160**
Other comprehensive income			
Retirement benefit obligations	3.2	1	-1
Items that will not be reclassified to the income statement		**1**	**-1**
Other comprehensive income		**1**	**-1**
Total comprehensive income		**3,224**	**3,159**

STATEMENT OF FINANCIAL POSITION

DKK million	Section	31 Dec. 2021	31 Dec. 2020
ASSETS			
Non-current assets			
Intangible assets	4.6	2	3
Property, plant and equipment	4.5	163	218
Investments in subsidiaries	1.1	34,426	38,733
Receivables		324	324
Tax assets	4.7	-	93
Total non-current assets		34,915	39,371
Current assets			
Receivables	1.2	55	275
Tax receivables		25	9
Other receivables	1.2	630	371
Total current assets		710	655
Assets held for sale	4.8	129	-
Total assets		35,754	40,026

DKK million	Section	31 Dec. 2021	31 Dec. 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	2.3	2,905	2,963
Retained earnings		32,189	35,589
Total equity		35,094	38,552
Non-current liabilities			
Retirement benefit obligations	3.2	26	30
Deferred tax liabilities	4.7	21	-
Provisions	4.3	5	13
Total non-current liabilities		52	43
Current liabilities			
Borrowings	1.2	407	1,263
Trade payables		34	39
Provisions	4.3	47	39
Other liabilities		120	90
Total current liabilities		608	1,431
Total liabilities		660	1,474
Total equity and liabilities		35,754	40,026

STATEMENT OF CHANGES IN EQUITY

DKK million	Section	Shareholders in Carlsberg A/S		
2021		Share capital	Retained earnings	Total equity
Equity at 1 January		2,963	35,589	38,552
Profit for the year		-	3,223	3,223
Other comprehensive income		-	1	1
Total comprehensive income for the year		-	3,224	3,224
Cancellation of treasury shares		-58	58	-
Share-based payments	3.1	-	14	14
Share-based payments to employees in subsidiaries		-	91	91
Share buy-back	2.3	-	-3,600	-3,600
Dividends paid to shareholders	2.3	-	-3,187	-3,187
Total changes in equity		-58	-3,400	-3,458
Equity at 31 December		2,905	32,189	35,094
2020				
Equity at 1 January		3,051	37,974	41,025
Profit for the year		-	3,160	3,160
Other comprehensive income		-	-1	-1
Total comprehensive income for the year		-	3,159	3,159
Cancellation of treasury shares		-88	88	-
Share-based payments	3.1	-	8	8
Share-based payments to employees in subsidiaries		-	353	353
Share buy-back	2.3	-	-2,900	-2,900
Dividends paid to shareholders	2.3	-	-3,093	-3,093
Total changes in equity		-88	-2,385	-2,473
Equity at 31 December		2,963	35,589	38,552

STATEMENT OF CASH FLOWS

DKK million	Section	2021	2020
Operating profit before special items		-85	+46
Depreciation and amortisation	4.4	18	10
Operating profit before depreciation and amortisation		-67	-36
Other non-cash items		15	-
Change in working capital		376	88
Restructuring costs paid		-	+2
Interest etc. received		1	2
Interest etc. paid		-6	-13
Income tax paid		67	28
Cash flow from operating activities		386	67
Acquisition of property, plant and equipment and intangible assets		-6	-10
Disposal of property, plant and equipment and intangible assets		3	1
Total operational investments		-3	-9
Disposal of securities		-	5
Dividends from subsidiaries and joint ventures	1.2	3,260	3,204
Capital reductions in subsidiaries	1.2	4,000	2,500
Total financial investments		7,260	5,709
Other investments in real estate		-2	-
Total other activities		-2	-
Cash flow from investing activities		7,255	5,700
Free cash flow		7,641	5,767
Shareholders in Carlsberg A/S	2.3	-6,787	-5,993
External financing	2.2	-854	226
Cash flow from financing activities		-7,641	-5,767
Net cash flow		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

SECTION 1

SUBSIDIARIES AND RELATED PARTIES

SECTION 1.1

INVESTMENTS IN SUBSIDIARIES

The carrying amount includes goodwill of DKK 11,206m (2020: DKK 11,206m) on acquisition of subsidiaries.

Share-based payments to employees in subsidiaries comprise exercised as well as outstanding share-based incentive instruments.

Investments in subsidiaries

DKK million	2021	2020
Cost		
Cost at 1 January	38,733	40,353
Disposals	-	-
Capital reduction	-4,000	-2,500
Share-based payments to employees, net	-307	880
Cost at 31 December	34,426	38,733
Carrying amount at 31 December	34,426	38,733

Please see section 10 in the consolidated financial statements for a list of companies in the Carlsberg Group.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Indications of impairment of investments in subsidiaries are assessed annually by management. Impairment tests are conducted in the same way as for goodwill in the Group, cf. section 2.2 in the consolidated financial statements.

It is management's assessment that no indications of impairment existed at year-end 2021. Impairment tests have therefore not been carried out for subsidiaries.

ACCOUNTING POLICIES

Dividends on investments in subsidiaries are recognised in the income statement of the Parent Company in the financial year in which the dividend is declared.

Investments in subsidiaries are measured at the lower of cost and recoverable amount.

Share-based payments granted to employees of the Company's subsidiaries and the recharge of losses to the subsidiaries in connection with the employees' exercise of share-based awards are recognised as contributions to and reductions of the investment in the subsidiaries respectively.

SECTION 1.2

RELATED PARTIES

The Carlsberg Foundation, H.C. Andersens Boulevard 35, 1553 Copenhagen V, Denmark, exercises control over Carlsberg A/S. The Foundation holds 29.5% of the shares and 75.9% of the voting power in Carlsberg A/S, excluding treasury shares.

The following transactions took place between the Carlsberg Foundation and the Carlsberg Group in 2021:

- The Carlsberg Foundation received a dividend from Carlsberg A/S and participated pro rata in the Carlsberg A/S share buy-back.
- Carlsberg A/S received statutory funding and grants for research and development.
- Visit Carlsberg A/S, 100% owned by Carlsberg A/S, hosted and administered events at the Carlsberg Academy, which is owned by the Carlsberg Foundation.
- Carlsberg A/S leased parking spaces from the Carlsberg Foundation.
- Carlsberg Breweries leased storage facilities in the researcher apartments.

The Group delivered beer and soft drinks to the Carlsberg Foundation.

These transactions are described in further detail in section 8.3 of the consolidated financial statements.

It is estimated that the benefit for the Carlsberg Group corresponds to the value of the services provided to the Carlsberg Foundation, which in turn corresponds to what each party would have had to pay to have the same deliverables provided by external parties.

OTHER RELATED PARTIES

Related parties also comprise Carlsberg A/S' Supervisory Board and Executive Board, their close family members and companies in which these persons have significant influence. During the year, there were no transactions between these parties and the Group, except for remuneration as disclosed in section 3.

SECTION 2

CAPITAL STRUCTURE

SECTION 1.2 (CONTINUED)

RELATED PARTIES

No losses on loans to or receivables from subsidiaries or joint ventures were recognised or provided for in either 2021 or 2020.

Transactions with subsidiaries

DKK million	2021	2020
Other operating activities, net	47	40
Interest income	1	2
Interest expenses	-1	-11
Dividends received	3,260	3,204
Capital reduction	-4,000	-2,500
Loans	321	321
Receivables	55	275
Borrowings	-407	-1,263
Trade payables	-7	-17
Other payables	-6	1

The fair value of receivables and borrowings in subsidiaries corresponds to the carrying amount in all material respects.

SECTION 2.1

FINANCIAL ITEMS

Interest income relates to interest from loans to subsidiaries, whereas interest expenses relate to interest on borrowings.

Financial items recognised in the income statement

DKK million	2021	2020
Financial income		
Interest income	1	2
Dividends from subsidiaries	3,260	3,204
Gain on disposal of financial assets	-	5
Other	3	-
Total	3,264	3,211
Financial expenses		
Interest expenses	-1	-11
Other	-5	-3
Total	-5	-14
Financial items, net	3,258	3,197

No financial items were recognised in other comprehensive income. The average effective interest rate on loans to subsidiaries was 0.01% (2020: 0.6%) and on loans from subsidiaries 0.03% (2020: 0.4%).

SECTION 2.2

NET INTEREST-BEARING DEBT

Net interest-bearing debt

DKK million	2021	2020
Current borrowings	407	1,263
Gross interest-bearing debt	407	1,263
Receivables	-	+2
Loans to subsidiaries	-321	-321
Net interest-bearing debt	86	940
Changes in net interest-bearing debt		
Net interest-bearing debt at 1 January	940	713
Cash flow from operating activities, excluding interest-bearing net	-386	-67
Cash flow from investing activities	-7,255	-5,709
Share buy-back	3,600	2,900
Dividends to shareholders	3,187	3,093
Other	-	-3
Total change	-854	226
Net interest-bearing debt at 31 December	86	940

SECTION 2.3

SHARE CAPITAL

SHARE CAPITAL

At the Annual General Meeting on 15 March 2021, it was decided to reduce the share capital of Carlsberg A/S by a nominal amount of DKK 58,000,000 to a nominal amount of DKK 2,905,136,120 by cancelling 2,900,000 of the B shares held by the Company, each with a nominal value of DKK 20. The cancellation was completed on 13 April 2021. These shares had been repurchased as part of the Company's share buy-back programme.

At the Annual General Meeting on 14 March 2022, the Supervisory Board will recommend that 3.4m treasury shares not used for the hedging of the incentive programme will be cancelled.

Share capital

	Class A shares		Class B shares		Total share capital	
	Shares of DKK 20	Nominal value, DKK '000	Shares of DKK 20	Nominal value, DKK '000	Shares of DKK 20	Nominal value, DKK '000
1 January 2020	33,699,252	673,985	118,857,554	2,377,151	152,556,806	3,051,136
Cancellation of treasury shares	-	-	-4,400,000	-88,000	-4,400,000	-88,000
31 December 2020	33,699,252	673,985	114,457,554	2,289,151	148,156,806	2,963,136
Cancellation of treasury shares	-	-	-2,900,000	-58,000	-2,900,000	-58,000
31 December 2021	33,699,252	673,985	111,557,554	2,231,151	145,256,806	2,905,136

A shares carry 20 votes per DKK 20 share. B shares carry two votes per DKK 20 share. A preferential right to an 8% non-cumulative dividend is attached to B shares. Apart from votes and dividends, all shares rank equally.

DIVIDENDS

The proposed dividend of DKK 24.00 per share (2020: DKK 22.00 per share), amounting to DKK 3,486m (2020: DKK 3,259m), has been included in retained earnings at 31 December 2021.

Dividends to be paid out in 2022 for 2021, net of dividends on treasury shares held at 31 December 2021, will amount to DKK 3,405m. Dividends paid out in 2021 for 2020, net of dividends on treasury shares, amounted to DKK 3,187m (paid out in 2020 for 2019: DKK 3,093m). Dividends paid out to shareholders in Carlsberg A/S do not impact taxable income in Carlsberg A/S.

SHARE BUY-BACK AND TREASURY SHARES

On 5 February 2021, the Company announced its intention to continue the share buy-back programme. The 2021 programme has been executed as quarterly programmes, and 3,355,625 B shares worth DKK 3.6bn have been repurchased in 2021. Ending with the fourth quarterly programme, which was finalised on 28 January 2022, the Company has repurchased a total of 3,715,779 B shares at a total purchase price of DKK 4.0bn over a 12-month period.

According to the authorisation of the Annual General Meeting, the Supervisory Board may, in the period until 13 March 2023, allow the Company to acquire treasury shares up to a total holding of 10% of the nominal share capital at a price quoted on Nasdaq Copenhagen at the time of acquisition with a deviation of up to 10%. The permitted holding of treasury shares covers those acquired in share buy-back programmes. The Company holds no class A shares.

Transactions with shareholders in Carlsberg A/S

	2021	2020
Dividends to shareholders	-3,187	-3,093
Acquisition of treasury shares	-3,600	-2,900
Total	-6,787	-5,993

In the 2021 financial year, the Company acquired class B treasury shares of a nominal amount of DKK 67m (2020: DKK 66m) at an average price of DKK 1,073 (2020: DKK 882). Class B treasury shares are acquired and disposed of as part of the share buy-back programme and to facilitate settlement of the share-based incentive programmes.

At 31 December 2021, the fair value of treasury shares amounted to DKK 3,800m (2020: DKK 2,979m). The holdings of treasury shares are specified in section 4.3 in the consolidated financial statements.

SECTION 3

STAFF COSTS AND REMUNERATION

SECTION 3.1

STAFF COSTS AND REMUNERATION

The remuneration of the Supervisory Board, the executive directors and key management personnel is described in detail in the Remuneration Report.

In 2021, the Supervisory Board received total remuneration of DKK 10.05m (2020: DKK 9.86m), comprising fixed salary only.

SHARE-BASED INCENTIVE PROGRAMMES

The executive directors in the Parent Company are the same as for the Carlsberg Group.

Staff costs and remuneration

DKK million	2021	2020
Salaries and other remuneration	110	99
Retirement benefit costs - defined contribution plans	5	5
Share-based payments	42	26
Total	157	130
Staff costs are included in the following items in the income statement		
Administrative expenses	46	29
Other operating activities, net	59	63
Total staff costs recognised by the Parent Company	105	92
Staff costs recognised by other Group companies	52	38
Total	157	130

The Company had an average of 97 (2020: 95) full-time employees during the year.

Please refer to section 7.3 in the consolidated financial statements for share-based incentive programmes for the executive directors.

PERFORMANCE SHARES

Besides the executive directors, one employee in the Parent Company participates in the Group's performance share programmes as described in section 7.3 in the consolidated financial statements. Refunds etc. between Carlsberg A/S and its subsidiaries are recognised directly in equity.

ACCOUNTING POLICIES

Staff costs are recognised in the financial year in which the employee renders the related service. The fair value of share-based incentives, which is expensed over the vesting period of the programme according to the service conditions, is recognised in staff costs and offset directly against equity.

The fair value of share-based incentives granted to employees in subsidiaries is recognised as investments in subsidiaries and offset directly against equity.

The difference between the purchase price and the selling price for the exercise of share-based incentives is settled between Carlsberg A/S and the individual subsidiary and offset directly against investments in subsidiaries.

The difference between the fair value of the Parent Company's equity instruments and the exercise price of outstanding share-based incentives is recognised as a receivable and offset directly against investments in subsidiaries.

Share-based incentives granted to the Parent Company's own employees are recognised and measured in accordance with the accounting policies used by the Group.

SECTION 3.2

RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations and similar obligations comprise payments to retired directors that are not covered by an insurance company. The plan is unfunded.

Total obligations amounted to DKK 26m (2020: DKK 30m) and include actuarial losses of DKK -1m (2020: DKK 1m) and benefits paid in the year of DKK 3m (2020: DKK 4m).

Of the expected payment obligation, DKK 3m is due within one year, DKK 13m between 1 and 5 years and DKK 10m after more than five years from the reporting date.

The underlying actuarial assumptions are based on local economic and labour market conditions. The discount rate was 0.5% (2020: 0.5%). The rate of increase in future retirement benefit obligations was 0% (2020: 0%).

During the year, DKK 0m (2020: DKK 0m) was recognised in the income statement and DKK 1m (2020: DKK -1m) in other comprehensive income.

SECTION 4

OTHER DISCLOSURE REQUIREMENTS

SECTION 4.1

OTHER OPERATING ACTIVITIES, NET

Other operating activities are secondary to the principal activities of the Group and include income and expenses relating to rental properties and research activities.

Other operating activities, net

DKK million	2021	2020
Real estate, net	-9	9
Research activities, including the Carlsberg Research Laboratory, net	11	-13
Other, net	-1	-
Total	1	-4

Research expenses are partially financed through funding received from the Carlsberg Foundation for the operation of the Carlsberg Research Laboratory and other grants.

ACCOUNTING POLICIES

The funding and grants are recognised in the income statement in the same period as the activities to which they relate.

SECTION 4.2

CASH FLOW

Change in working capital consists of receivables of DKK 0m (2020: DKK 20m), trade payables and other liabilities of DKK 379m (2020: DKK 102m) and retirement benefit obligations and other provisions of DKK -3m (2020: DKK -34m).

Other activities cover real estate activities.

SECTION 4.3

PROVISIONS

Provisions primarily comprise warranty provisions regarding real estate disposed of and provisions for ongoing disputes.

At 31 December 2021, provisions amounted to DKK 52m (2020: DKK 52m). Provisions amounting to DKK 3m (2020: DKK 10m) were utilised during the year. In 2021, unutilised provisions of DKK 1m (2020: DKK 20m) were reversed.

Of total provisions, DKK 47m (2020: DKK 39m) falls due within one year, DKK 4m (2020: DKK 13m) between one and five years and DKK 1m (2020: DKK 0m) falls due after more than five years from the end of the reporting period.

SECTION 4.4

SPECIAL ITEMS

Special items of DKK 80m (2020: DKK -2m) mainly comprise reversal of impairment of land and buildings reclassified as assets held for sale at the end of the reporting period, cf. section 4.5 below.

SECTION 4.5

ASSET BASE AND LEASES

The carrying amount of intangible assets was DKK 2m (2020: DKK 3m), and the carrying amount of property, plant and equipment was DKK 163m (2020: DKK 218m). Property, plant and equipment comprised land and buildings of DKK 127m (2020: DKK 180m) and plant and machinery of DKK 36m (2020: DKK 38m).

After the end of the reporting period (1 February 2022), the company completed the disposal of land and buildings with a carrying amount of DKK 129m classified as held for sale.

Depreciation and amortisation of DKK 18m (2020: DKK 19m) were included in administrative expenses.

All lease contracts in Carlsberg A/S were related to short-term leases and leases of low-value assets. The lease expenses recognised in the income statement amounted to DKK 1m (2020: DKK 1m). Such contracts comprise the lease of copy and printing machines, coffee machines, small IT devices and similar equipment.

SECTION 4.6

FEES TO AUDITORS

Fees to auditors appointed by the Annual General Meeting

DKK million	2021	2020
Statutory audit	0.3	0.3
Assurance engagements	-	-
Tax advisory	-	-
Other services	-	-
Total	0.3	0.3

SECTION 4.7

TAX

Deferred tax assets amounted to DKK 13m (2020: DKK 103m) and comprised provisions and retirement benefit obligations of DKK 13m (2020: DKK 13m), and tax losses esc. of DKK 0m (2020: DKK 59m).

The utilisation of tax loss carryforwards depends on future positive taxable income exceeding the realised deferred tax liabilities. Unrecognised, non-expiring tax losses amounted to DKK 210m (2020: DKK 0m).

Deferred tax liabilities amounted to DKK 34m (2020: DKK 10m) and comprised tax on property, plant and equipment of DKK 34m (2020: DKK -31m), and tax provisions of DKK 0m (2020: DKK 10m).

Deferred tax, net amounted to a liability of DKK 21m (2020: asset of DKK 93m).

The net change in deferred tax assets of DKK 114m comprised tax recognised in total comprehensive income of DKK 217m (2020: DKK 11m), change in tax provision of DKK -10m (2020: DKK 0m) and a joint taxation contribution of DKK -93m (2020: DKK -29m).

The total tax for the year recognised in the income statement comprised an expense of DKK 30m (2020: income of DKK -11m). Of the deferred tax assets, DKK 13m (2020: DKK 5m) is expected to be used within one year.

The administration company, Carlsberg A/S, has unlimited and joint legal responsibility with the other Danish companies under the joint taxation scheme for withholding taxes on dividends, interest and royalties.

Reconciliation of tax for the year

DKK million	2021	2020
Calculated tax on profit	716	693
Adjustments to tax for prior years	5	-1
Non-deductible expenses	27	3
Tax-free dividend and tax-exempt items	-718	-706
Tax for the year	30	-11

ACCOUNTING ESTIMATES AND JUDGEMENTS

Carlsberg A/S recognises deferred tax assets, including the tax base of tax loss carryforwards, if management assesses that these tax assets can be offset against positive taxable income in the foreseeable future. This judgement is made annually and based on budgets and business plans for the coming years.

ACCOUNTING POLICIES

Carlsberg A/S is the administration company and subject to the Danish rules on mandatory joint taxation of the Carlsberg Group's Danish companies. Carlsberg A/S accordingly pays all income taxes to the tax authorities under the joint taxation scheme.

Danish subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation. The jointly taxed Danish companies are taxed under the on-account tax scheme.

On payment of joint taxation contributions, the current Danish income tax is allocated between the Danish jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint taxation contributions from other companies that have used the tax losses to reduce their own taxable profit (full absorption).

Tax on profit/loss for the year comprises profit/loss from real estate partnerships (joint ventures), as these are not individually taxed but included in the taxable income of the partners. In addition, tax on profit/loss and deferred tax are calculated and recognised as described in section 6 in the consolidated financial statements.

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SECTION 5

GENERAL ACCOUNTING POLICIES

SECTION 4.8

CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Carlsberg A/S has issued guarantees to subsidiaries for pension obligations of DKK 342m (2020: DKK 350m).

Carlsberg A/S is jointly registered for Danish VAT and excise duties with Carlsberg Breweries, Carlsberg Denmark, Carlsberg Supply Company Denmark and various other Danish subsidiaries, and is jointly and severally liable for payment of VAT and excise duties.

Carlsberg A/S is party to certain lawsuits, disputes etc. of various scopes. In management's opinion, apart from items recognised in the statement of financial position or disclosed in the financial statements, the outcome of these lawsuits, disputes etc. will not have a material negative effect on the Company's financial position.

SECTION 4.9

EVENTS AFTER THE REPORTING PERIOD

Apart from the events recognised or disclosed in the financial statements, no events have occurred after the reporting date of importance to the financial statements.

The 2021 financial statements of Carlsberg A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

The financial statements are presented in Danish kroner (DKK), which is the presentation currency.

The accounting policies for the Parent Company are the same as for the Group, cf. section 9 in the consolidated financial statements and the individual sections.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing Carlsberg A/S' financial statements, management makes various accounting estimates and judgements that form the basis of presentation, recognition and measurement of the Company's assets and liabilities.

The estimates and judgements made are based on historical experience and other factors that management assesses to be reliable, but that by their very nature are associated with uncertainty and unpredictability. These estimates and judgements may therefore prove incomplete or incorrect, and unexpected events or circumstances may arise.

The significant accounting estimates and judgements made and accounting policies specific to the Parent Company are presented in the explanatory notes.

REPORTS

MANAGEMENT STATEMENT

The Supervisory Board and the Executive Board have today discussed and approved the Annual Report of the Carlsberg Group and the Parent Company for 2021.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Carlsberg Group's and the Parent Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Carlsberg Group's and the Parent Company's operations and cash flows for the financial year 2021.

Further, in our opinion the Management review includes a fair review of the development in the Carlsberg Group's and the Parent Company's operations and financial matters, of the result for the year, and of the Carlsberg Group's and the Parent Company's financial position, as well as describing the significant risks and uncertainties affecting the Carlsberg Group and the Parent Company.

In our opinion, the Annual Report of the Carlsberg Group and the Parent Company for the financial year 1 January to 31 December 2021, identified as Carlsberg-2021-12-31.zip, has been prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual General Meeting approve the Annual Report.

Copenhagen, 4 February 2022

Executive Board of Carlsberg A/S

Cees 't Hart
President & CEO

Heine Dalsgaard
CFO

Supervisory Board of Carlsberg A/S

Flemming Besenbacher
Chair

Henrik Poulsen
Deputy Chair

Hans Andersen

Carl Bache

Magdi Batato

Lars Fruergaard Jørgensen

Lilian Fossum Biner

Richard Burrows

Eva Vilstrup Décker

Finn Lok

Erik Lund

Søren-Peter Fuchs Olesen

Peter Petersen

Majken Schultz

Lars Stemmerik

REPORTS

INDEPENDENT AUDITOR'S REPORTS

TO THE SHAREHOLDERS OF CARLSBERG A/S

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements (pp 51 - 134) give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2021 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of Carlsberg A/S for the financial year 1 January to 31 December 2021 comprise income statement and statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Carlsberg A/S on 30 March 2017 for the financial year 2017. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of five years including the financial year 2021.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2021. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
Recognition of revenue is complex due to the variety of different revenue streams, ranging from sales of goods, ongoing income and sales of by-products recognised when all significant risks and rewards have been transferred to the customer or in terms of the licence agreement. Furthermore, the various discounts and locally imposed duties and fees in regard to revenue recognition are complex and introduce an inherent risk to the revenue recognition process. We focused on this area, as there is a risk of non-compliance with accounting standards due to complexity originating from different customer behaviours, structures, market conditions and terms in the various countries. Revenue recognition and accounting treatment are described in section 1.1 "Segmentation of operations – Accounting estimates and judgements" in the Consolidated Financial Statements.	Our audit procedures included considering the appropriateness of the revenue recognition accounting policies and assessing compliance with the accounting standards. We tested the relevant controls, including applicable information systems and Management's monitoring of controls used to ensure the completeness, accuracy and timing of revenue recognised. We discussed the judgements related to the recognition and constitution of revenue with Management. Further, we performed substantive procedures regarding invoicing, significant contracts, significant transaction streams (including discounts), locally imposed duties, fees and cut-off of year-end in order to assess the accounting treatment and principles applied. We applied data analyses in our testing of revenue transactions in order to identify transactions outside the ordinary transaction flow, including journal entry testing. Finally, we assessed the adequacy of disclosures relating to the revenue recognition.

Key audit matter	How our audit addressed the key audit matter
Recoverability of the carrying amount of goodwill and brands	
The principal risks are in relation to Management's assessment of the future timing and amount of cash flows that are used to project the recoverability of the carrying amount of goodwill and brands. There are specific risks related to inclement market conditions and volatile earnings caused by volume decline, intensified competition and changed regulations in key markets – conditions that could also result in Management deciding to change brand strategy to drive business performance. Bearing in mind the generally long-lived nature of the assets, the significant assumptions are Management's view of prices, volumes, discount rates, growth rates, royalty rates, expected useful life, costs, and future free cash flows as well as the judgement in defining cash-generating units (CGUs). We focused on this, as there is a high level of subjectivity exercised by Management in estimating future cash flows and the models used are complex. The key assumptions and accounting treatment are described in section 2.2 "Impairment" in the Consolidated Financial Statements.	Our audit procedures included considering the appropriateness of the accounting policies for assessing the recoverability of the carrying amount of goodwill and brands and assessing compliance with the accounting standards. In addressing the risks, we considered the appropriateness of Management's defined CGUs within the business. We evaluated whether there were factors requiring Management to change their definition. We examined the methodology used by Management to assess the carrying amount of goodwill and brands assigned to CGUs, and the process for identifying CGUs that require impairment testing to determine compliance with IFRS. We walked through and tested relevant controls related to assessing the carrying amount of goodwill and brands. We performed detailed testing for the assets where an impairment review was required or indications of impairment were identified. For those assets, we analysed the reasonableness of significant assumptions in relation to the ongoing operation of the assets. We corroborated estimates of future cash flows and challenged whether they are reasonable and supported by the most recent approved Management budgets, including expected future performance of the CGUs, and challenged whether these are appropriate in light of future macroeconomic expectations in the markets. We evaluated the assumptions used by Management, including assessment of peak-end volume forecasts, discount rates and long-term growth rates, and tested the mathematical accuracy of the relevant value-in-use models prepared by Management. We made use of our internal valuation specialists in the audit. Further, we assessed the appropriateness of disclosures, including sensitivity analyses prepared for the significant assumptions.

STATEMENT ON THE MANAGEMENT REVIEW
Management is responsible for Management's Review, pages 3-49.

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

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

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

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

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON COMPLIANCE WITH THE ESEF REGULATION

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of Carlsberg A/S for the financial year 1 January to 31 December 2021 with the filename Carlsberg-2021-12-31.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:
- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL-tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:
- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL-tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Carlsberg A/S for the financial year 1 January to 31 December 2021 with the file name Carlsberg-2021-12-31.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 4 February 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

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