



Bjergsø Holding ApS

Humletorvet 27, 3.
1799 København V
CVR No. 34696349

Annual report 2020

The Annual General Meeting adopted the
annual report on 02.07.2021

Kenneth Bundgaard Madsen
Chairman of the General Meeting

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Entity details

Entity

Bjergsø Holding ApS
Humletorvet 27, 3.
1799 København V

Business Registration No.: 34696349
Registered office: København
Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Jacob Gram Alsing, Chairman
Kenneth Bundgaard Madsen
Mikkel Bjergsø

Executive Board

Kenneth Bundgaard Madsen
Jacob Gram Alsing
Mikkel Bjergsø

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Bjergsø Holding ApS for the financial year 01.01.2020 - 31.12.2020

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 02.07.2021

Executive Board

Kenneth Bundgaard Madsen

Jacob Gram Alsing

Mikkel Bjergsø

Board of Directors

Jacob Gram Alsing
Chairman

Kenneth Bundgaard Madsen

Mikkel Bjergsø

Independent auditor's report

To the shareholders of Bjergsø Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Bjergsø Holding ApS for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

As part of an audit conducted 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 consolidated financial statements and the parent 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 Entity'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 in preparing the consolidated financial statements and the parent financial statements, 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 Entity'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 consolidated financial statements and the parent 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 and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 02.07.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bjørn Winkler Jakobsen

State Authorised Public Accountant
Identification No (MNE) mne32127

Hans Tauby

State Authorised Public Accountant
Identification No (MNE) mne44339

Management commentary

Financial highlights

	2020	2019	2018	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	212,856	293,442	249,234	199,867	153,410
Gross profit/loss	49,639	83,842	78,622	65,221	55,462
EBITDA	(38,087)	(10,837)	6,184	16,025	21,129
Operating profit/loss	(64,826)	(30,994)	(8,652)	4,805	12,357
Net financials	(5,244)	454	(528)	(1,014)	141
Profit/loss for the year	(72,101)	(30,100)	(11,563)	2,300	7,030
Profit for the year excl. minority interests	(69,372)	(28,218)	(9,490)	1,719	7,030
Balance sheet total	190,893	195,149	165,830	166,463	153,904
Investments in property, plant and equipment	14,970	26,088	23,239	19,304	12,662
Equity	139,984	95,883	123,065	136,323	125,538
Equity excl. minority interests	140,177	94,739	122,428	133,315	125,538
Average number of employees	244	250	198	130	79

Ratios

Gross margin (%)	23.32	28.57	31.55	32.63	36.15
Net margin (%)	(33.87)	(10.26)	(4.64)	1.15	4.58
Return on equity (%)	(59.06)	(25.99)	(7.42)	1.33	8.00
Equity ratio (%)	73.43	48.55	73.83	80.09	81.57

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

Gross profit/loss * 100

Revenue

Net margin (%):

Profit/loss for the year * 100

Revenue

Return on equity (%):

Profit/loss for the year excl. minority interests * 100

Average equity excl. minority interests

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Primary activities

The Group's activities comprise of the development, manufacturing and sale of quality beers, wine and spirits under the "Mikkeller" brand as well as owning and operating bar and restaurant establishments (referred to as retail activities). The production takes place in the Group's breweries and in cooperation with leading breweries in Denmark and abroad.

The Group has continued its expansion in existing and new markets for wholesale and retail including the opening of 9 retail locations and 2 bottle shops. In total the Group operates 42 retail locations as of 31 December 2020 including 15 fully owned retail locations and 27 retail locations owned in partnerships. In addition we have 6 licensed locations bringing our total footprint to 48 bars and restaurants worldwide.

Development in activities and finances

In 2020 the Group recorded a total revenue of TDKK 212.856 corresponding to a revenue decrease of 27% compared with 2019. The income statement for the period 01.01.20 - 31.12.20 shows a net loss of TDKK 72,101 and the balance sheet shows a total equity of TDKK 139,984.

The net loss in 2020 is primarily a result of COVID-19 related restrictions and closedown across the globe. The restrictions affected the retail sales as well as wholesales with lockdown and social distancing restrictions either forcing complete, periodic close-downs or significantly lower levels of activity in bars, restaurants, etc.

Despite the difficult market situation the Group has continued investments in growth centered around the following areas:

- Ongoing transition of distribution network into more long-term sustainable business partnerships that can form the basis for future growth. The effect of these transitions is a temporary slowdown in revenue from wholesale overall . The Group experienced continued growth in selected focus markets and sales channels.
- Additional staff recruited for the Mikkeller headquarter including sales force, admin and other related functions that will help position Mikkeller for future growth.
- E-commerce where the Group has invested in continued expansion of the digital platforms and customer base.
- Expanded marketing activities, including additional investments in paid social advertising and other e-commerce related activities.
- Investments in new retail establishment in Denmark focused on the Ramen group with 3 new locations. As well as investment in 2 bottle shops in Copenhagen and our first location in Shanghai, China.
- Production capacity and output increased in both the San Diego brewery and the Baghaven brewery.

The transition and upgrade of distributors globally has led to a write down on inventory of 5,2 mill. DKK. This change has been necessary to allow for a more viable and sustainable growth in key markets.

Management considers the net loss for the year to be unsatisfactory and heavily impacted by external factors (COVID-19). Based on the investments in future growth and positive trends in focus markets, Management believes this has not negatively affected the company's ability to execute the long-term strategy for continued growth in the coming years. However, 2021 will be impacted by nearly 5 months lockdown in key markets.

Uncertainty relating to recognition and measurement

After the balance sheet date, Management has made an updated assessment of collectability of receivables and have not identified any need of write-down as of 31 December 2020. Management has also assessed the valuation of the closed retail locations, which has led to impairments in 2020. The recognition and measurement in the financial statements are not subject to any material uncertainty.

Unusual circumstances affecting recognition and measurement

The Group's financial position at 31 December 2020 and the results of its operations for the financial year ended 31 December 2020 are not affected by any unusual matters other than the ongoing COVID-19 outbreak and government restrictions regarding public gatherings and restaurant shutdowns.

Outlook

The Group's outlook for 2021 is expected to be significantly better than 2020 and close to pre Covid19 levels with an expected revenue increase in +25% range. The outlook will however, still be impacted by nearly 5 months of lockdown in key markets. On the plus side the Group has been successful in mitigating part of the lockdown by growing its digital platform activities and sales through digital channels. The Group has qualified for assistance from government refund programs globally during the COVID-19 outbreak period.

See subsequent events section "Events after the balance sheet date" below.

Despite COVID-19 negatively affecting the results, the Group expects to continue to invest in the future development of Mikkeller including but not limited to a) expanded wholesale distribution, b) 1-2 new e-com stores outside of Denmark. The Group will continuously review brew capacity and select retail opportunities. The Group expects the operating profit (EBITDA) to be significantly improved in 2021 in the range between 0 and TDKK 5,000

Particular risks

The Group is subject to usual risks within the wholesale and retail industry including cyclical fluctuations, consumer behavior, sourcing of raw materials, currency exposure, etc.

The Group operates worldwide and is naturally exposed to currency risks, mainly in USD.

Knowledge resources

It is essential for the Group's continued growth to attract and maintain talented employees. Through branding, working environment policies, employee benefits, education and development of employees, the Group strives to be an attractive workplace.

Environmental performance

The Group's growth means a continued responsibility to run the businesses in a sustainable way. The Group considers the environmental footprint throughout its various activities and continues to improve efforts. For example, the production of organic beers has continued to become a greater part of the Group's product portfolio in 2020, and the Group will continue to produce more organic beers going forward while always making sure that such initiatives do not compromise quality. To reduce the carbon footprint, the Group has initiated a carbon neutral program for the Group's restaurants establishments which are now fully implemented in Denmark and California locations.

Research and development activities

The Group is constantly developing its concepts and products to maintain its position as one of the trendsetters in the market. In 2021, the Group will continue to invest in the development of new concepts and products.

Foreign branches

The Group has a foreign branch in United Kingdom and Sweden.

Events after the balance sheet date

The global effect of the COVID-19 outbreak has a significant effect for the Group where all markets except from the digital platform channels are affected negatively. The full negative effect for the Group is not yet known but the Management has taken reasonable measures to secure the Group's performance through this global crisis.

The Group's revenue from retail has somewhat re bounded since the gradual re opening starting in May of this year. Wholesale in key markets continue to show promising growth driven by increased grocery distribution and new partners/distributors. After the balance sheet date, the majority of trade receivables have been settled, and therefore Management has not made an updated assessment of collectability. The need for writedown on new receivables in 2021 is assessed to be limited.

Management assess that the Group's financial position and cash resources are sufficient to get through the COVID-19 crisis and continue its investments in growth. Other than the above, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue		212,856,193	293,441,961
Other operating income	2	11,855,205	2,595,953
Cost of sales		(113,535,523)	(137,315,199)
Other external expenses		(61,536,735)	(74,881,152)
Gross profit/loss		49,639,140	83,841,563
Staff costs	3	(86,283,521)	(94,678,248)
Depreciation, amortisation and impairment losses	4	(28,181,790)	(20,157,265)
Operating profit/loss		(64,826,171)	(30,993,950)
Income from investments in associates		(79,058)	378,197
Other financial income	5	530,204	1,665,516
Impairment of financial assets		(854,394)	0
Other financial expenses	6	(4,919,430)	(1,589,398)
Profit/loss before tax		(70,148,849)	(30,539,635)
Tax on profit/loss for the year	7	(1,952,290)	440,037
Profit/loss for the year	8	(72,101,139)	(30,099,598)

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Acquired intangible assets		6,839,786	8,083,628
Goodwill		1,666,632	11,756,694
Intangible assets	9	8,506,418	19,840,322
Plant and machinery		7,746,284	9,402,357
Other fixtures and fittings, tools and equipment		14,660,632	16,505,211
Leasehold improvements		31,039,393	33,172,486
Property, plant and equipment in progress		0	3,989,439
Property, plant and equipment	10	53,446,309	63,069,493
Investments in associates		314,122	595,586
Receivables from associates		4,465,337	7,961,403
Deposits		7,615,131	7,098,339
Deferred tax	12	225,751	1,819,523
Financial assets	11	12,620,341	17,474,851

Fixed assets		74,573,068	100,384,666
Raw materials and consumables		1,568,438	1,613,507
Work in progress		1,573,958	2,000,352
Manufactured goods and goods for resale		33,470,588	39,006,454
Prepayments for goods		748,011	1,546,200
Inventories		37,360,995	44,166,513
Trade receivables		14,263,773	17,419,456
Receivables from associates		0	2,415,014
Other receivables		6,389,511	5,004,326
Receivables from owners and management		0	2,352,647
Prepayments	13	6,424,157	3,338,157
Receivables		27,077,441	30,529,600
Cash		51,881,418	20,068,688
Current assets		116,319,854	94,764,801
Assets		190,892,922	195,149,467

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		116,920	102,488
Translation reserve		(3,439,080)	0
Retained earnings		143,499,045	94,636,165
Equity belonging to Parent's shareholders		140,176,885	94,738,653
Equity belonging to minority interests		(193,065)	1,144,165
Equity		139,983,820	95,882,818
Finance lease liabilities		119,201	187,413
Payables to owners and management		4,534,093	9,979,282
Other payables		2,831,725	1,105,638
Non-current liabilities other than provisions	14	7,485,019	11,272,333
Current portion of non-current liabilities other than provisions	14	342,092	153,109
Bank loans		370,595	47,594,636
Lease liabilities		0	94,934
Trade payables		11,403,002	16,514,604
Payables to owners and management		0	100,002
Tax payable		321,643	2,004,061
Other payables		25,246,736	14,904,114
Deferred income	15	5,740,015	6,628,856
Current liabilities other than provisions		43,424,083	87,994,316
Liabilities other than provisions		50,909,102	99,266,649
Equity and liabilities		190,892,922	195,149,467
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	17		
Assets charged and collateral	18		
Subsidiaries	19		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Share premium DKK	Translation reserve DKK	Retained earnings DKK	Equity belonging to Parent's shareholders DKK
Equity beginning of year	102,488	0	0	94,636,165	94,738,653
Effect of mergers and business combinations	0	0	0	0	0
Increase of capital	18,433	152,942,929	0	0	152,961,362
Decrease of capital	(4,001)	(33,197,271)	0	0	(33,201,272)
Transferred from share premium	0	(119,745,658)	0	119,745,658	0
Exchange rate adjustments	0	0	(3,439,080)	0	(3,439,080)
Other entries on equity	0	0	0	(1,511,253)	(1,511,253)
Profit/loss for the year	0	0	0	(69,371,525)	(69,371,525)
Equity end of year	116,920	0	(3,439,080)	143,499,045	140,176,885

	Equity belonging to minority interests DKK	Total DKK
Equity beginning of year	1,144,165	95,882,818
Effect of mergers and business combinations	1,392,384	1,392,384
Increase of capital	0	152,961,362
Decrease of capital	0	(33,201,272)
Transferred from share premium	0	0
Exchange rate adjustments	0	(3,439,080)
Other entries on equity	0	(1,511,253)
Profit/loss for the year	(2,729,614)	(72,101,139)
Equity end of year	(193,065)	139,983,820

Consolidated cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		(64,826,171)	(30,993,950)
Amortisation, depreciation and impairment losses		28,181,790	18,033,378
Working capital changes	16	10,289,796	(7,973,531)
Cash flow from ordinary operating activities		(26,354,585)	(20,934,103)
Financial income received		530,204	1,135,205
Financial expenses paid		(6,748,419)	(1,059,087)
Taxes refunded/(paid)		(2,040,936)	(1,409,962)
Cash flows from operating activities		(34,613,736)	(22,267,947)
Acquisition etc. of intangible assets		(324,289)	(5,299,809)
Sale of intangible assets		294,582	1,258,127
Acquisition etc. of property, plant and equipment		(14,969,826)	(26,122,788)
Sale of property, plant and equipment		5,511,528	2,049,110
Acquisition of fixed asset investments		0	(1,614,758)
Sale of fixed asset investments		0	11,542
Net payment of loans to associates and group enterprises		3,496,066	(165,935)
Cash flows from investing activities		(5,991,939)	(29,884,511)
Free cash flows generated from operations and investments before financing		(40,605,675)	(52,152,458)
Loans raised		0	47,594,636
Repayments of loans etc.		(47,224,041)	0
Incurrence of debt to group enterprises		0	231,453
Incurrence of debt to associates		0	2,917,704
Cash capital increase		152,961,362	0
Cash capital decrease		(33,201,272)	0
Other cash flows from financing activities		(117,644)	0
Cash flows from financing activities		72,418,405	50,743,793
Increase/decrease in cash and cash equivalents		31,812,730	(1,408,665)

Cash and cash equivalents beginning of year	20,068,688	22,165,411
Currency translation adjustments of cash and cash equivalents	0	(688,058)
Cash and cash equivalents end of year	51,881,418	20,068,688

Cash and cash equivalents at year-end are composed of:

Cash	51,881,418	20,068,688
Cash and cash equivalents end of year	51,881,418	20,068,688

Notes to consolidated financial statements

1 Events after the balance sheet date

The global effect of the COVID-19 outbreak has a significant effect for the Group where all markets except from the digital platform channels are affected negatively. The full negative effect for the Group is not yet known but the Management has taken reasonable measures to secure the Group's performance through this global crisis.

The Group's revenue from retail has somewhat re bounded since the gradual re opening starting in May of this year. Wholesale in key markets continue to show promising growth driven by increased grocery distribution and new partners/distributors. After the balance sheet date, the majority of trade receivables have been settled, and therefore Management has not made an updated assessment of collectability. The need for writedown on new receivables in 2021 is assessed to be limited.

Management assess that the Group's financial position and cash resources are sufficient to get through the COVID-19 crisis and continue its investments in growth. Other than the above, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Other operating income

The Group has for the financial year received a total compensation of DKK 9,089 thousand from the COVID-19 compensation packages in Denmark.

The compensation comprise compensation of fixed cost of DKK 4,175 thousand in Denmark and compensation of salary of DKK 4,914 thousand in Denmark. The received compensation is recognised under other operating income.

3 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	78,632,762	85,412,253
Pension costs	3,101,024	3,040,607
Other social security costs	2,071,207	2,789,993
Other staff costs	2,478,528	3,435,395
	86,283,521	94,678,248
Average number of full-time employees	244	250

	Remuneration of manage- ment 2020 DKK	Remuneration of manage- ment 2019 DKK
Total amount for management categories	5,437,947	4,470,000
	5,437,947	4,470,000

The Board of Directors and the Executive Board consists of the same persons.

Average number of employees in pro rate-consolidated enterprises

Average number of employees above contains an average number of employees in prorated consolidated enterprises: 25 in 2020 and 28 in 2019.

4 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	4,023,847	3,993,159
Impairment losses on intangible assets	7,353,440	513,542
Depreciation on property, plant and equipment	14,788,053	12,878,535
Impairment losses on property, plant and equipment	138,508	648,142
Profit/loss from sale of intangible assets and property, plant and equipment	1,877,942	2,123,887
	28,181,790	20,157,265

5 Other financial income

	2020 DKK	2019 DKK
Financial income from associates	0	332,711
Other interest income	35,647	232,205
Exchange rate adjustments	494,557	1,100,600
	530,204	1,665,516

6 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from associates	14,122	87,999
Other interest expenses	2,747,805	971,088
Exchange rate adjustments	1,571,413	530,311
Other financial expenses	586,090	0
	4,919,430	1,589,398

7 Tax on profit/loss for the year

	2020	2019
	DKK	DKK
Current tax	465,552	2,069,477
Change in deferred tax	1,842,914	(2,700,896)
Adjustment concerning previous years	(356,176)	191,382
	1,952,290	(440,037)

8 Proposed distribution of profit/loss

	2020	2019
	DKK	DKK
Retained earnings	(69,371,525)	(28,217,864)
Minority interests' share of profit/loss	(2,729,614)	(1,881,734)
	(72,101,139)	(30,099,598)

9 Intangible assets

	Acquired intangible assets	Goodwill
	DKK	DKK
Cost beginning of year	11,782,837	27,366,217
Disposals on divestments etc.	(27,054)	0
Exchange rate adjustments	38,758	0
Additions	324,289	0
Disposals	(1,177,743)	0
Cost end of year	10,941,087	27,366,217
Amortisation and impairment losses beginning of year	(3,699,209)	(15,609,523)
Disposals on divestments etc	27,054	0
Exchange rate adjustments	(25,082)	0
Impairment losses for the year	0	(7,353,440)
Amortisation for the year	(1,287,225)	(2,736,622)
Reversal regarding disposals	883,161	0
Amortisation and impairment losses end of year	(4,101,301)	(25,699,585)
Carrying amount end of year	6,839,786	1,666,632

10 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost beginning of year	16,205,818	25,286,722	56,207,308	3,989,439
Disposals on divestments etc.	0	(1,152,359)	(438,700)	0
Exchange rate adjustments	(1,548,979)	(226,775)	(1,229,469)	0
Transfers	0	40,554	175,976	0
Additions	1,687,887	3,952,685	9,329,254	0
Disposals	0	(813,480)	(4,292,677)	(3,989,439)
Cost end of year	16,344,726	27,087,347	59,751,692	0
Depreciation and impairment losses beginning of year	(6,803,461)	(8,781,511)	(23,034,822)	0
Disposals on divestments etc	0	508,539	0	0
Exchange rate adjustments	427,161	34,027	268,281	0
Transfers	0	(41,779)	(175,976)	0
Impairment losses for the year	0	0	(138,508)	0
Depreciation for the year	(2,222,142)	(4,543,997)	(8,021,914)	0
Reversal regarding disposals	0	398,006	2,390,640	0
Depreciation and impairment losses end of year	(8,598,442)	(12,426,715)	(28,712,299)	0
Carrying amount end of year	7,746,284	14,660,632	31,039,393	0

11 Financial assets

	Investments in associates DKK	Receivables from associates DKK	Deposits DKK	Deferred tax DKK
Cost beginning of year	474,587	7,961,403	7,098,339	1,819,523
Disposals on divestments etc.	0	0	(138,543)	0
Exchange rate adjustments	0	0	(98,999)	0
Transfers	126,751	0	0	0
Additions	0	0	1,427,329	0
Disposals	0	(3,496,066)	(672,995)	(1,593,772)
Cost end of year	601,338	4,465,337	7,615,131	225,751
Revaluations beginning of year	120,999	0	0	0
Exchange rate adjustments	(47,335)	0	0	0
Transfers	(126,751)	0	0	0
Share of profit/loss for the year	(79,057)	0	0	0
Other adjustments	(155,072)	0	0	0
Revaluations end of year	(287,216)	0	0	0
Carrying amount end of year	314,122	4,465,337	7,615,131	225,751

Associates	Registered in	Ownership %
Warpigs USA Brewing, LLC	Indiana, USA	50.0
Mexican Ranger ApS	Copenhagen, Denmark	50.0
Kødbyen Brygpub ApS	Copenhagen, Denmark	50.0
Open Faced ApS	Copenhagen, Denmark	49.0
Bean Geeks Chocolate ApS	Copenhagen, Denmark	50.0
Wine Mail ApS	Copenhagen, Denmark	50.0
Mikkeller Bangkok Co., Ltd.	Bangkok, Thailand	49.0
The Social Beer Shop ApS	Copenhagen, Denmark	50.0

12 Deferred tax

	2020	2019
Changes during the year	DKK	DKK
Beginning of year	1,819,523	(881,373)
Recognised in the income statement	(1,842,914)	2,700,896
Other changes	249,142	0
End of year	225,751	1,819,523

Deferred tax relates to differences between book values and tax values of fixed assets and tax loss carry forward.

The management has chosen not to recognize the deferred tax asset which is mainly consisting of carryforward losses due to uncertainty of the usage period.

13 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

14 Non-current liabilities other than provisions

	Due within 12	Due within 12	Due after
	months	months	more than 12
	2020	2019	2020
	DKK	DKK	DKK
Lease liabilities	342,092	153,109	119,201
Payables to owners and management	0	0	4,534,093
Other payables	0	0	2,831,725
	342,092	153,109	7,485,019

15 Deferred income

Deferred income comprises revenue relating to subsequent financial years.

16 Changes in working capital

	2020	2019
	DKK	DKK
Increase/decrease in inventories	6,805,518	(12,657,684)
Increase/decrease in receivables	2,935,366	(4,704,234)
Increase/decrease in trade payables etc.	548,912	9,388,387
	10,289,796	(7,973,531)

17 Unrecognised rental and lease commitments

	2020	2019
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	45,116,757	44,764,808

18 Assets charged and collateral

Bank debt is secured by unlimited floating charge in the Company.

19 Subsidiaries

	Registered in	Ownership %
Craft Brewery Holding ApS	Copenhagen, Denmark	100.0
Mikkeller ApS	Copenhagen, Denmark	100.0
StellaPolly Craft Beer ApS	Copenhagen, Denmark	100.0
Stella Polly Inc.	San Diego, USA	100.0
Mikkeller US Holding Inc.	Delaware, USA	100.0
Craft Beer Bar Holding ApS	Copenhagen, Denmark	100.0
Ramen Copenhagen ApS	Copenhagen, Denmark	75.3
Viktoriagade Bar ApS	Copenhagen, Denmark	100.0
Stefansgade Bar ApS	Copenhagen, Denmark	100.0
Viktoriagade Smørrebrød ApS	Copenhagen, Denmark	100.0
Refshaleøen Barrel Room ApS	Copenhagen, Denmark	100.0
Jægergårdsgade Bar ApS	Copenhagen, Denmark	100.0
Mikkellerbar Årsdale ApS	Copenhagen, Denmark	100.0
Fly High Club ApS	Copenhagen, Denmark	100.0
Mikkeller Meatpacking ApS	Copenhagen, Denmark	100.0
Mikkeller Taipei Ltd	Taipei, Taiwan	51.0
Mikkeller Bar Helsinki OY	Helsinki, Finland	65.0
Mikkeller Bar Korea	Seoul, South Korea	51.0
Sp/f Mikkeller Torshavn	Torshavn, Faroe Islands	50.5
Mikkeller Beer (Shanghai) Co., Ltd.	Shanghai, China	84.0
Mikkeller Japan KK	Tokyo, Japan	70.0
Danish Craft Beer Spain S.L	Madrid, Spain	75.0
Mikkeller Brill Östermalm AB	Stockholm,	80.0

	Sweden	
Mikkeller Craft Beer Germany GmbH	Berlin, Germany	90.0
TheGoodOldDays Limited	London, United Kingdom	80.0
You are a funny man AS	Oslo, Norway	100.0
Mikkeller Bar Paris SAS	Paris, France	100.0

Parent income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue		4,764,386	6,120,422
Other external expenses		(3,021,185)	(2,191,793)
Gross profit/loss		1,743,201	3,928,629
Staff costs	2	(7,627,167)	(6,267,039)
Operating profit/loss		(5,883,966)	(2,338,410)
Income from investments in group enterprises		(64,289,070)	(26,882,550)
Other financial income	3	1,456,105	1,003,474
Other financial expenses	4	(334,485)	(374,691)
Profit/loss before tax		(69,051,416)	(28,592,177)
Tax on profit/loss for the year	5	(320,109)	374,313
Profit/loss for the year	6	(69,371,525)	(28,217,864)

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Investments in group enterprises		4,539,435	8,881,788
Receivables from group enterprises		115,444,880	132,977,542
Deferred tax	8	0	323,271
Financial assets	7	119,984,315	142,182,601
Fixed assets		119,984,315	142,182,601
Trade receivables		67,966	426,687
Receivables from group enterprises		613,681	524,806
Other receivables		339,183	198,251
Joint taxation contribution receivable		4,885	462,462
Prepayments	9	4,904	2,802
Receivables		1,030,619	1,615,008
Cash		22,032,269	692,235
Current assets		23,062,888	2,307,243
Assets		143,047,203	144,489,844

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		116,920	102,488
Translation reserve		(3,439,080)	0
Retained earnings		143,499,045	94,636,164
Equity		140,176,885	94,738,652
Bank loans		0	47,425,015
Trade payables		723,703	98,362
Payables to group enterprises		1,010,753	0
Joint taxation contribution payable		0	411,124
Other payables		1,135,862	1,816,691
Current liabilities other than provisions		2,870,318	49,751,192
Liabilities other than provisions		2,870,318	49,751,192
Equity and liabilities		143,047,203	144,489,844

Events after the balance sheet date	1
Contingent liabilities	10
Assets charged and collateral	11
Related parties with controlling interest	12

Parent statement of changes in equity for 2020

	Contributed capital DKK	Share premium DKK	Translation reserve DKK	Retained earnings DKK	Total DKK
Equity beginning of year	102,488	0	0	94,636,164	94,738,652
Increase of capital	18,433	152,942,929	0	0	152,961,362
Decrease of capital	(4,001)	(33,197,271)	0	0	(33,201,272)
Transferred from share premium	0	(119,745,658)	0	119,745,658	0
Exchange rate adjustments	0	0	(3,439,080)	0	(3,439,080)
Other entries on equity	0	0	0	(1,511,252)	(1,511,252)
Profit/loss for the year	0	0	0	(69,371,525)	(69,371,525)
Equity end of year	116,920	0	(3,439,080)	143,499,045	140,176,885

Warrants

On 31 May 2016, the company issued warrants for subscription of A-shares for up to nominally DKK 5,079.15 to certain senior employees of the company on the terms as set out in Exhibit 1 of the articles of association of the company. As a consequence hereof the general meeting of shareholders did at the same time approve the pertaining increase of the company's capital at one or more times with a total maximum nominal amount of DKK 5,079.15.

On 18 September 2018 the company issued additional warrants for subscription of A-shares for up to nominally DKK 1,918.41 of which 54,812 warrants are issued to certain senior employees in the company on the terms set out in Exhibit 2 of the articles of association and 137,029 warrants are issued to certain senior employees in the company on the terms as set out in Exhibit 3 of the articles of association. As a consequence hereof the general meeting of shareholders did at the same time approve the pertaining increase of the company's capital at one or more times with a total maximum nominal amount of DKK 1,918.41.

On 18 March 2020, the company issued additional warrants for subscription of A-shares for up to nominally DKK 548.12 on the terms set out in Exhibit 4 of the articles of association of the company. As a consequence hereof the general meeting of shareholders did at the same time approve the pertaining increase of the company's capital at one or more times with a total maximum nominal amount of DKK 548.12.

On 25 November 2020, the company issued additional warrants for subscription of A-shares for up to nominally DKK 4,505.51 on the terms set out in Exhibit 5 of the articles of association of the company. As a consequence hereof the general meeting of shareholders did at the same time approve the pertaining the increase of the company's capital at one or more times with a total maximum nominal amount of DKK 4,505.51.

Notes to parent financial statements

1 Events after the balance sheet date

The global effect of the COVID-19 outbreak has a significant effect for the Group where all markets except from the digital platform channels are affected negatively. The full negative effect for the Group is not yet known but the Management has taken reasonable measures to secure the Group's performance through this global crisis.

The Group's revenue from retail has somewhat re bounded since the gradual re opening starting in May of this year. Wholesale in key markets continue to show promising growth driven by increased grocery distribution and new partners/distributors. After the balance sheet date, the majority of trade receivables have been settled, and therefore Management has not made an updated assessment of collectability. The need for writedown on new receivables in 2021 is assessed to be limited.

Management assess that the Group's financial position and cash resources are sufficient to get through the COVID-19 crisis and continue its investments in growth. Other than the above, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	6,877,304	5,518,520
Pension costs	724,950	722,980
Other social security costs	24,913	25,539
	7,627,167	6,267,039
Average number of full-time employees	5	5

	Remuneration of manage- ment 2020 DKK	Remuneration of manage- ment 2019 DKK
Total amount for management categories	5,437,947	4,470,000
	5,437,947	4,470,000

The Board of Directors and the Executive Board consists of the same persons.

3 Other financial income

	2020	2019
	DKK	DKK
Financial income from group enterprises	1,453,852	979,314
Other interest income	2,253	2,511
Exchange rate adjustments	0	21,649
	1,456,105	1,003,474

4 Other financial expenses

	2020	2019
	DKK	DKK
Other interest expenses	259,431	362,057
Exchange rate adjustments	75,054	12,634
	334,485	374,691

5 Tax on profit/loss for the year

	2020	2019
	DKK	DKK
Change in deferred tax	323,271	(323,271)
Adjustment concerning previous years	1,723	296
Refund in joint taxation arrangement	(4,885)	(51,338)
	320,109	(374,313)

6 Proposed distribution of profit and loss

	2020	2019
	DKK	DKK
Retained earnings	(69,371,525)	(28,217,864)
	(69,371,525)	(28,217,864)

7 Financial assets

	Investments in group enterprises DKK	Receivables from group enterprises DKK	Deferred tax DKK
Cost beginning of year	20,287,459	132,977,542	323,271
Disposals	0	(17,532,662)	(323,271)
Cost end of year	20,287,459	115,444,880	0
Impairment losses beginning of year	(11,405,671)	0	0
Exchange rate adjustments	(3,439,080)	0	0
Share of profit/loss for the year	(64,289,070)	0	0
Investments with negative equity value depreciated over receivables	65,060,965	0	0
Other adjustments	(1,675,168)	0	0
Impairment losses end of year	(15,748,024)	0	0
Carrying amount end of year	4,539,435	115,444,880	0

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

8 Deferred tax

	2020 DKK	2019 DKK
Changes during the year		
Beginning of year	323,271	0
Recognised in the income statement	(323,271)	323,271
End of year	0	323,271

The management has chosen not to recognize the deferred tax asset which is mainly consisting of carryforward losses due to uncertainty of the usage period.

9 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

10 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

The Entity has issued a letter of support to the subsidiaries by which the Parent is irrevocably obligated to support the subsidiary in fulfilling its obligations until 31 December 2021.

11 Assets charged and collateral

Bank debt is secured by unlimited floating charge in the Company.

Collateral provided for group enterprises

The Entity has provided a guarantee whereby the guarantor assumes primary liability for group enterprises and joint ventures' payables to credit institutions. The guarantee is unlimited.

12 Related parties with controlling interest

The Company has not traded with, granted loans to, pledged collateral, provided recourse guarantees to or undertaken guarantee obligations for the Board of Directors, the Executive Board or the shareholder or any non-group enterprises in which the parties concerned have interests.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income

statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Impairment of financial assets

Impairment of financial assets comprise impairment of financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful lives are reassessed annually. The amortisation periods used are 10 years. Goodwill is written down to the lower of recoverable amount and carrying amount.

No residual value is used in the calculation of amortisations.

Intellectual property rights etc.

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Acquired rights	3-10 years
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Estimated useful lives and residual values are reassessed annually. No residual value is used in the calculation of amortisations.

Property, plant and equipment

Plant and machinery as well as leasehold improvements, other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	7-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-40 years

Estimated useful lives and residual values are reassessed annually. No residual value is used in the calculation of amortisations.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity values plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses.

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of raw materials, manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax payable or receivable

Current tax receivable or payable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.