



*Karen Volf*  
Siden 1890

# Bisca A/S

Ahornvej 1, 4780 Stege, Denmark

Registration no. 27 70 22 79

## Annual report 2018

The annual report has been presented and approved at the Company's annual general meeting on 24 June 2019

Chairman

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# Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Bisca A/S for the financial year 1 January – 31 December 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

In our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.


Stege, 24 June 2019

## Executive Board



Jesper Hvid-Hansen  
CEO

## Board of Directors




Henrik Broksø Thulesen  
Chairman



Lars Ivar Tretteteig



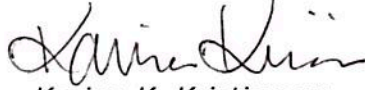
Bjarne Pedersen



Jan Leif Bodd



Stig Terje Sunde



Karina K. Kristiansen

## **Independent auditor's report**

### **To the shareholders of Bisca A/S**

#### **Opinion**

We have audited the financial statements of Bisca A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

#### **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 are independent of the Company in accordance with the International Ethics Standards Board for 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 responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that 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 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 in preparing the financial statements unless Management either intends to liquidate the 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these 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 company 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 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 in preparing the 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 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents 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.

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's review**

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

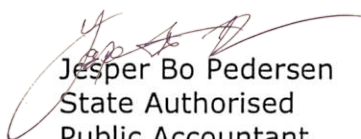
Copenhagen, 24 June 2019

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

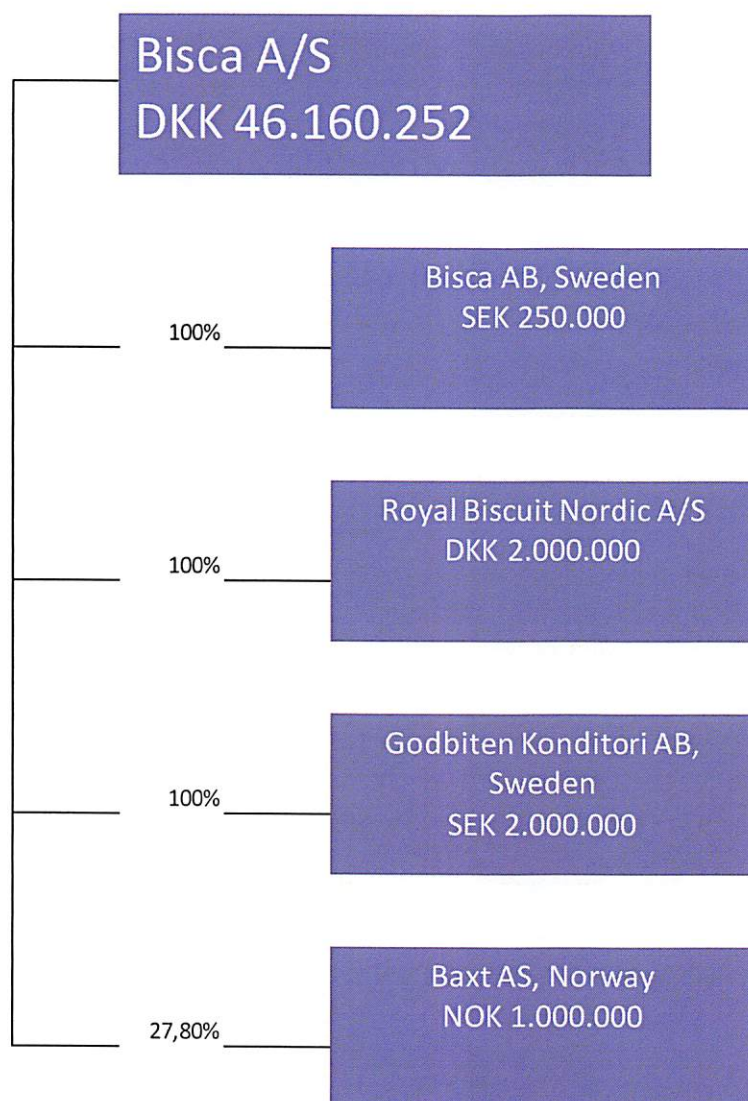


David Olafsson  
State Authorised  
Public Accountant  
MNE19737



Jesper Bo Pedersen  
State Authorised  
Public Accountant  
MNE42778

Group chart for Bisca A/S  
Share capital and ownership share  
per 31 . 12 . 2018



**The Company**

Bisca A/S  
Ahornvej 1  
DK-4780 Stege

Telephone: +45 72 11 00 00  
Fax: +45 72 11 00 01

|                    |                            |
|--------------------|----------------------------|
| Registration no.:  | 27 70 22 79                |
| Established:       | 21 April 2004              |
| Registered office: | Stege, Vordingborg         |
| Financial year:    | 1 January –<br>31 December |

**Board of Directors**

Henrik Broksø Thulesen, chairman  
Jan Leif Bodd  
Lars Ivar Tretteteig  
Stig Terje Sunde  
Karina K. Kristiansen  
Bjarne Pedersen

**Executive Board**

Jesper Hvid-Hansen  
CEO

**Auditor**

KPMG P/S  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 København Ø

**Annual general meeting**

The annual general meeting is to be held  
on 24 June 2019 at the Company's address.



# Financial highlights

## Key figures for the company

| DKK 1.000                                                | 2018     | 2017     | 2016     | 2015    | 2014    |
|----------------------------------------------------------|----------|----------|----------|---------|---------|
| Revenue                                                  | 333.568  | 339.140  | 350.301  | 375.403 | 417.823 |
| EBITDA                                                   | 18.203 * | 31.209 * | 40.283 * | 37.942  | 40.679  |
| Profit from ordinary activities (EBIT)                   | -403     | 18.335   | 25.543   | 17.521  | 20.447  |
| Profit from subsidiaries and associates after tax        | 12.595   | 16.454   | 23.109   | 9.732   | 10.942  |
| Loss from financial income and expenses                  | -1.689   | -1.639   | -1.743   | -1.624  | -9.454  |
| Profit/loss for the year before tax                      | 10.503   | 33.150   | 46.909   | 25.629  | 21.935  |
| Profit/loss for the year                                 | 10.326   | 28.350   | 39.244   | 21.755  | 18.919  |
| Total assets                                             | 355.076  | 381.812  | 359.574  | 293.840 | 309.923 |
| Investment in property, plant and equipment for the year | 17.665   | 16.310   | 6.013    | 4.276   | 46.157  |
| Equity                                                   | 255.049  | 244.671  | 218.412  | 180.193 | 158.169 |
| Net interest-bearing debt (NIBD)                         | -15.677  | 20.885   | 38.936   | 37.577  | 69.501  |

## Financial ratios for the company

| DKK 1.000                  | 2018  | 2017  | 2016  | 2015  | 2014  |
|----------------------------|-------|-------|-------|-------|-------|
| Return on capital employed | -0,11 | 5,10  | 8,69  | 5,65  | 6,20  |
| Profit margin              | -0,12 | 5,41  | 7,29  | 4,67  | 4,89  |
| EBITDA, %                  | 5,46  | 9,20  | 11,50 | 10,11 | 9,74  |
| Asset turnover             | 0,87  | 0,94  | 1,19  | 1,21  | 1,27  |
| Equity ratio               | 71,83 | 64,08 | 60,74 | 61,32 | 51,03 |
| Return on equity           | 4,22  | 12,98 | 21,78 | 13,75 | 13,72 |

### Definitions:

|                                    |                                                                                                                                                          |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Return on capital employed:</b> | Profit/loss before interest and tax compared to total assets at the beginning of the year.                                                               |
| <b>Profit margin:</b>              | Profit/loss before interest and tax compared to revenue.                                                                                                 |
| <b>EBITDA, %:</b>                  | Profit/loss before interest, depreciation, amortisation and tax compared to revenue. *EBITDA for 2018, 2017 and 2016 is before "other operating income". |
| <b>Asset turnover:</b>             | Revenue compared to total assets at the beginning of the year.                                                                                           |
| <b>Equity ratio:</b>               | Equity at year end compared to total assets at year end.                                                                                                 |
| <b>Return on equity:</b>           | Profit/loss after tax compared to opening equity.                                                                                                        |
| <b>NIBD:</b>                       | Interest-bearing liabilities offset against interest-bearing assets (excl. Financial contracts).                                                         |

## Management's review

### **Bisca A/S' activities**

Bisca A/S is one of the market leaders in the Nordic countries as a manufacturer and provider of biscuits, cookies and convenience cake mix. Bisca A/S' products are sold to the Nordic market and to a number of export markets.

Bisca A/S' has export through own sales companies in Sweden, Norway and Germany, while export to other markets is carried out through distributors or sales made directly to retail chains.

Bisca A/S' headquarters are in Stege.

### **Events during the year**

Profit for the year before tax amounted to DKK 10.5 million compared to a profit of DKK 33.2 million in the previous year.

### **Financial review**

The annual report of Bisca A/S has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Total revenue amounted to DKK 333.6 million in 2018 against DKK 339.1 million in 2017. Of the revenue, DKK 277.0 million relates to Denmark, and DKK 56.5 million relates to other markets.

Gross profit for 2018 amounts to DKK 60.8 million, which corresponds to a decrease of DKK 11.7 million compared to 2017. The decrease in gross profit is due to significant investment to insure future growth.

Sales and marketing costs were realised at DKK 40.0 million against DKK 40.2 million in the previous year, corresponding to an decrease of DKK 0.82 million.

Administrative expenses amounted to DKK 16.7 million in 2018, which corresponds to a increase of DKK 2.9 million compared to 2017. Staff costs amounted to DKK 102.1 million against DKK 102.0 million in the previous year.

Profit for the year after tax amounted to DKK 10.3 million against a profit of DKK 28.3 million in the previous year.

Equity amounted to DKK 255 million (2017: DKK 244.7 million). The equity ratio amounted to 71.8% (2017: 64.1%).

### **Particular risks**

Significant risks particularly relate to uncertainty regarding the development in commodity and packaging prices. These risks are sought minimized by entering into price agreements with suppliers for up to 12 months.

Currency risks primarily relate to transactions in NOK, SEK and GBP. No transactions in currencies, interest rates or other financial instruments are made for speculative purposes.

#### **Events after the balance sheet date**

No events have occurred after the balance sheet date which materially affects the assessment of the financial position.

#### **Objectives and outlook**

The objectives for the coming year include further strengthening our position as one of the market leaders in the Nordic countries.

Our expectations for 2019 include increasing profitability measured by EBITDA/revenue and profitable growth. Based on the execution plan for 2019 and the strategic projects in progress, is EBITDA for 2019 expected to amount to approx. DKK 38-42 million.

#### **Product development**

Bisca is the market leader in Denmark and hold strong positions in the Norwegian and Swedish markets within biscuits and cookies, which are positions that the Company spend both time and resources maintaining and developing.

Moreover, the Company constantly work on projects improving and changing recipes so that they always meet the customers' and consumers' demands in respect of taste, design, composition, quality, etc.

#### **Management**

The Board of Directors include Bjarne Pedersen and Karina K. Kristiansen, who have been elected by the employees. The other members of the Board of Directors have been appointed by the shareholder.

#### **The Board of Directors' work**

The basis for the planning of the Board of Directors' and the Executive Board's work comprises among other things the Danish Companies Act, the Danish Financial Statements Act, the Company's articles of association and rules of procedure. 4 meetings of the Board of Directors are held annually.

#### **Gender composition**

The owner-appointed members of the Board of Directors of Bisca A/S do currently only consist of Executives from the parent companies. The framework for election of board members is therefore formed by the gender composition policies applied in these entities. However, it is Bisca's target to change the gender composition of the Board of Directors from currently 0 women to 1 woman before 2020.

Bisca is aware that the proportion of women at management level in the Group is generally lower than the gender composition of the Group's employees in general. It is Bisca's policy to increase the proportion of women at management level before 2020. Accordingly, Bisca will make a special effort to support the career development of women employees through individual initiatives, and Bisca will also make a dedicated effort to ensuring the best possible women representation among candidates being considered for management positions. The policy did not produce measurable results in 2018.

#### **Statutory corporate social responsibility statement**

In accordance with the Danish Financial Statements Act, section 99a, the statutory statement on the corporate social responsibility statement has been published on Bisca's website [www.bisca.dk](http://www.bisca.dk), to which we refer:

Statement for 2018: <https://karenvolf.dk/kontakt/#presse>

### **Environmental issues**

The Group's operations do not adversely affect the environment, neither by soil contamination nor by the release of polluting waste.

Additional documentation regarding environmental issues is included in the statutory corporate social responsibility statement, including our environmental responsibility policy.

### **Employee matters**

Maintenance and improvement of the employees' skills and qualifications and the ability to attract and retain employees are important elements of Bisca's strategy. Thus, also in 2018, the Company committed significant resources to implement the strategic objectives.

Besides this Bisca is working together with Vordingborg Municipality on projects with the dual aim to upgrade employee's qualifications and include unemployed people in Bisca's workforce.

Additional documentation is included in the statutory corporate social responsibility statement, including our social responsibility policy.

### **Remuneration of the Executive Board and the Board of Directors**

Remuneration of the Executive Board at group level comprises incentive pay in addition to the fixed salary. Remuneration and incentive pay to the Executive Board and the Board of Directors have been disclosed in the notes to the consolidated financial statements and the parent company financial statements.

### **Ownership**

The Company is wholly-owned by Scandza Danmark ApS, Denmark (org. no. 40074643). The Company's share capital is not divided into different classes of shares.

## Income statement

| Note         | DKK'000                                   | 2018          | 2017          |
|--------------|-------------------------------------------|---------------|---------------|
| <b>2</b>     | <b>Revenue</b>                            | 333.568       | 339.140       |
| <b>3,7</b>   | <b>Production costs</b>                   | -272.721      | -266.620      |
|              | <b>Gross profit</b>                       | <b>60.847</b> | <b>72.520</b> |
| <b>3,5,7</b> | <b>Distribution cost</b>                  | -39.974       | -40.239       |
| <b>3,5,7</b> | <b>Administrative expenses</b>            | -16.677       | -13.787       |
|              | <b>Ordinary operating profit</b>          | <b>4.196</b>  | <b>18.494</b> |
|              | <b>Other operating income</b>             | 544           | 4.974         |
|              | <b>Operating profit</b>                   | <b>4.740</b>  | <b>23.468</b> |
| <b>6</b>     | <b>Amortisation of goodwill</b>           | -5.143        | -5.133        |
|              | <b>Profit on ordinary activities</b>      | <b>(403)</b>  | <b>18.335</b> |
|              | <b>Profit from subsidiaries after tax</b> | 2.981         | 8.631         |
|              | <b>Profit from associates after tax</b>   | 9.614         | 7.823         |
| <b>4</b>     | <b>Financial income</b>                   | 18            | 21            |
| <b>5</b>     | <b>Financial expenses</b>                 | -1.707        | -1.660        |
|              | <b>Profit before tax</b>                  | <b>10.503</b> | <b>33.150</b> |
| <b>7</b>     | <b>Tax on profit/loss for the year</b>    | -177          | -4.800        |
|              | <b>Profit for the year</b>                | <b>10.326</b> | <b>28.350</b> |

## Balance sheet at 31 December

| Note                  | DKK'000                                    | 2018           | 2017           |
|-----------------------|--------------------------------------------|----------------|----------------|
| <b>ASSETS</b>         |                                            |                |                |
| <b>Fixed assets</b>   |                                            |                |                |
| 9                     | <b>Intangible assets</b>                   |                |                |
|                       | Goodwill                                   | 8.973          | 14.113         |
|                       | <b>Total intangible assets</b>             | <b>8.973</b>   | <b>14.113</b>  |
| 10                    | <b>Property, plant and equipment</b>       |                |                |
|                       | Land and buildings                         | 59.524         | 62.728         |
|                       | Plant and machinery                        | 76.693         | 69.227         |
|                       | Other plant                                | 1.252          | 1.856          |
|                       | Plant under construction                   | 3.287          | 5.247          |
|                       | <b>Total property, plant and equipment</b> | <b>140.756</b> | <b>139.058</b> |
|                       | <b>Investments</b>                         |                |                |
| 11                    | Investments in subsidiaries                | 69.833         | 80.934         |
| 12                    | Investments in associates                  | 17.711         | 19.015         |
|                       | <b>Total investments</b>                   | <b>87.544</b>  | <b>99.949</b>  |
|                       | <b>Total fixed assets</b>                  | <b>237.273</b> | <b>253.120</b> |
| <b>Current assets</b> |                                            |                |                |
|                       | <b>Inventories</b>                         |                |                |
|                       | Raw materials and consumables              | 19.592         | 22.535         |
|                       | Finished goods and goods for resale        | 11.377         | 12.829         |
|                       | <b>Total inventories</b>                   | <b>30.969</b>  | <b>35.364</b>  |
|                       | <b>Receivables</b>                         |                |                |
|                       | Trade receivables                          | 24.676         | 26.982         |
|                       | Receivables from subsidiaries              | 9.318          | 9.711          |
|                       | Receivables from associates                | 517            | 1.572          |
|                       | Other receivables                          | 9.162          | 11.123         |
| 14                    | Corporation tax receivable                 | 0              | 774            |
|                       | <b>Total receivables</b>                   | <b>43.673</b>  | <b>50.162</b>  |
|                       | <b>Cash at bank and in hand</b>            | <b>43.161</b>  | <b>43.166</b>  |
|                       | <b>Total current assets</b>                | <b>117.803</b> | <b>128.692</b> |
|                       | <b>Total ASSETS</b>                        | <b>355.076</b> | <b>381.812</b> |

## Balance sheet at 31 December

| Note                                     | Production costs, write-downs related to fire<br>DKK'000 | 2018           | 2017           |
|------------------------------------------|----------------------------------------------------------|----------------|----------------|
| <b>EQUITY AND LIABILITIES</b>            |                                                          |                |                |
| <b>11</b>                                | <b>Equity</b>                                            |                |                |
|                                          | Share capital                                            | 46.160         | 46.160         |
|                                          | Revaluation reserve                                      | 10.123         | 28.376         |
|                                          | Retained earnings                                        | 198.766        | 170.135        |
|                                          | <b>Equity</b>                                            | <b>255.049</b> | <b>244.671</b> |
|                                          |                                                          |                |                |
|                                          | <b>Provisions</b>                                        |                |                |
| <b>11</b>                                | Provision for subsidiaries                               | 0              | 184            |
| <b>13</b>                                | Deferred tax                                             | 13.027         | 10.246         |
|                                          | <b>Provisions</b>                                        | <b>13.027</b>  | <b>10.430</b>  |
|                                          |                                                          |                |                |
| <b>Liabilities other than provisions</b> |                                                          |                |                |
|                                          |                                                          |                |                |
|                                          | <b>Current liabilities</b>                               |                |                |
|                                          | Short-term portion of mortgage debt                      | 0              | 0              |
|                                          | Short-term portion of lease obligations                  | 0              | 0              |
|                                          | Trade payables                                           | 37.173         | 41.893         |
|                                          | Payables to group enterprises                            | 27.484         | 64.051         |
| <b>14</b>                                | Corporation tax                                          | 723            | 0              |
|                                          | Other payables                                           | 21.620         | 20.767         |
|                                          | <b>Current liabilities</b>                               | <b>87.000</b>  | <b>126.711</b> |
|                                          |                                                          |                |                |
|                                          | <b>Total liabilities other than provisions</b>           | <b>87.000</b>  | <b>126.711</b> |
|                                          |                                                          |                |                |
|                                          | <b>Total EQUITY AND LIABILITIES</b>                      | <b>355.076</b> | <b>381.812</b> |
|                                          |                                                          |                |                |
| <b>15</b>                                | <b>Collateral and contingent liabilities</b>             |                |                |
| <b>16</b>                                | <b>Related party transactions</b>                        |                |                |
| <b>17</b>                                | <b>Fee to auditors appointed at the general meeting</b>  |                |                |

## Statement of changes in equity

| DKK'000                                      | Share capital | Revaluation reserve | Retained earnings | Total equity   |
|----------------------------------------------|---------------|---------------------|-------------------|----------------|
| <b>Equity at 1 January 2017</b>              | 46.160        | 14.013              | 158.239           | 218.412        |
| Distributed dividend                         | 0             | -18.200             | 18.200            | 0              |
| Transferred over the profit appropriation    | 0             | 16.454              | 11.896            | 28.350         |
| Exchange rate adjustment, foreign subsidiary | 0             | -2.091              | 0                 | -2.091         |
| <b>Equity at 1 January 2018</b>              | 46.160        | 10.176              | 188.335           | 244.671        |
| Distributed dividend                         | 0             | -12.700             | 12.700            | 0              |
| Transferred over the profit appropriation    | 0             | 12.595              | -2.269            | 10.326         |
| Exchange rate adjustment, foreign subsidiary | 0             | 52                  | 0                 | 52             |
| <b>Equity at 31 December 2018</b>            | <b>46.160</b> | <b>10.123</b>       | <b>198.766</b>    | <b>255.049</b> |

The share capital consists of 46,160,252 shares of DKK 1 each. No shares have special rights.

| Movements in the share capital | 2018   | 2017   | 2016   | 2015   | 2014   |
|--------------------------------|--------|--------|--------|--------|--------|
| Share capital at 1 January     | 46.160 | 46.160 | 46.160 | 46.160 | 46.160 |
| Capital increase               | 0      | 0      | 0      | 0      | 0      |
| Share capital at 31 December   | 46.160 | 46.160 | 46.160 | 46.160 | 46.160 |



# Notes to the financial statements

## 1 Accounting policies

The annual report of Bisca A/S for 2018 has been prepared in accordance with the provisions applying to Reporting class C- large enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Bisca A/S and group entities are included in the consolidated financial statements of Jordanes, Oslo, Norway (org. no. 920355285).

### **Foreign exchange**

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Gains and losses arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

### **Income statement**

#### **Revenue**

Income from the sale of goods for resale and finished goods is recognized in revenue when delivery and transfer of risk to the buyer have taken place, the income may be reliably measured and is expected to be received. All discounts granted are recognized in revenue.

#### **Production costs**

Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and depreciation of production plant.

#### **Distributions costs**

Selling and marketing costs comprise costs for sales and marketing staff, sales campaigns, advertising and exhibition costs as well as depreciation.

#### **Administrative expenses**

Administrative expenses comprise expenses for administrative staff, management, office premises and office expenses as well as depreciation.

#### **Other operating income / cost**

Other operating income / cost includes income and cost that is not considered a normal part of running the business, e.g. compensation from insurance.

#### **Profit/loss from subsidiaries and associates**

Bisca A/S' share of the results for the year after tax and eliminations of the subsidiaries and associates are recognised in the income statement.

**Financial income and expenses**

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

**Tax on profit/loss for the year**

Tax for the year comprises corporation tax and changes in deferred tax for the year. The tax income/expense relating to the profit/loss for the year is recognised in the income statement, and the tax income/expense relating to income and expenses recognised in equity is recognised directly in equity.

**Balance sheet****Intangible assets***Goodwill*

Goodwill is amortised on a straight-line basis over the expected economic life, not exceeding 20 years. Amortisation of goodwill is presented as a separate line item in the income statement before profit/loss from ordinary activities.

*Development projects and software licences*

Costs related to development projects comprise wages and salaries and other costs, which are directly or indirectly attributable to the Company's development activities.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses. Capitalised development costs are amortised from the date of completion on a straight-line basis over the period in which they are expected to generate economic benefits. However, the amortisation period cannot exceed 5 years.

Costs for the ongoing update and further development of the product line and production processes are recognised in the income statement as incurred.

Software licences are amortised over the contract period, not exceeding five years.

Intangible assets are written down to their recoverable amount if this is lower than the carrying amount.

**Property, plant and equipment**

The assets are measured at cost including revaluation less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, subsuppliers, and wages and salaries.

Property, plant and equipment that are leased and qualify as finance leases are treated in accordance with the same guidelines as acquired assets.

Depreciation is made on a straight-line basis over the assets' expected useful lives, which are as follows:

- Production buildings are depreciated over 40-50 years. Minor reconstructions are depreciated over 15 years.
- Plant and machinery are depreciated over 15-20 years, and other property, plant and equipment are depreciated over 3-7 years.

Property, plant and equipment are written down to their recoverable amount if this is lower than the carrying amount.

### **Investments**

Investments in subsidiaries and associates are measured at the share of these companies' equity determined in accordance with Bisca A/S accounting policies.

Subsidiaries and associates with negative equity are measured at DKK nil, and any receivables from such companies are written down by the share of the negative equity where Bisca A/S has a legal obligation to cover the negative balance of the subsidiaries and associates.

Net revaluation of investments in subsidiaries and associates is transferred via the profit appropriation/distribution to the net revaluation reserve in accordance with the equity method under equity in the parent company. In connection with distributions of dividend from a subsidiary/an associated company, an amount corresponding to the dividend from the net revaluation reserve is transferred to retained earnings.

### **Impairment of fixed assets**

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists. Write-down of goodwill is not reversed.

### **Inventories**

Inventories are measured at the lower of cost in accordance with the FIFO method and net realisable value.

Finished goods and goods for resale are measured at cost, comprising the value of materials used and wages and salaries plus indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries

as well as maintenance and depreciation of buildings, production machinery and equipment used in the production process as well as factory administration, inventory staff and management.

### **Receivables**

Receivables are measured at amortised cost. If there is objective evidence of impairment the receivable is written down. Write-downs are made individually. The write-downs are recognised in the income statement under administrative expenses.

### **Equity – dividends**

The expected dividend payment for the year is disclosed as a separate item under equity. Dividends are recognised as a liability at the date when they are approved at the annual general meeting.

### **Corporation tax and deferred tax**

Current tax payable and receivable is recognised in the balance sheet 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.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised in 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 is measured based on the tax rules and rates applicable under the legislation in force on the balance sheet date in the countries in question when the deferred tax asset is expected to crystallise as current tax. Changes in deferred tax resulting from changes in the tax rates are recognized in the income statement.

### **Financial liabilities**

Interest-bearing loans are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the loans are recognised at amortised cost. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are also measured at amortised cost.

### **Cash flow statement**

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Bisca A/S' cash flows are included in the cash flow statement in the consolidated financial statements of Scandza AS.

**Segment information**

Segment information is provided on geographical markets. The segment information is in line with the Company's accounting policies, risks and internal financial management.

## Notes to the financial statements

| <b>DKK'000</b>                                                                                                | <b>2018</b>    | <b>2017</b>    |
|---------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>2 Revenue</b>                                                                                              |                |                |
| Goods for the Danish market                                                                                   | 277.090        | 282.676        |
| Goods for other markets                                                                                       | 56.478         | 56.464         |
|                                                                                                               | <b>333.568</b> | <b>339.140</b> |
| <b>3 Staff and directors cost</b>                                                                             |                |                |
| Wages and salaries, etc.                                                                                      | 92.041         | 92.600         |
| Pension contributions                                                                                         | 7.513          | 6.994          |
| Other social security costs                                                                                   | 2.525          | 2.368          |
|                                                                                                               | <b>102.079</b> | <b>101.962</b> |
| Remuneration for management is not disclosed in accordance with § 98b in the Danish Financial Statements Act. |                |                |
| <b>Average number of employees</b>                                                                            | <b>225</b>     | <b>219</b>     |
| <b>5 Financial expenses</b>                                                                                   |                |                |
| Interest expenses, subsidiaries                                                                               | 365            | 305            |
| Other financial expenses                                                                                      | 1.342          | 1.355          |
|                                                                                                               | <b>1.707</b>   | <b>1.660</b>   |
| <b>6 Depreciation and amortisation</b>                                                                        |                |                |
| Production costs                                                                                              | 13.748         | 17.489         |
| Administrative expenses                                                                                       | 259            | 1.033          |
| Goodwill                                                                                                      | 5.143          | 5.133          |
| <b>Depreciation and amortisation for the year</b>                                                             | <b>19.150</b>  | <b>23.655</b>  |

## Notes to the financial statements

| DKK'000                                | 2018          | 2017          |
|----------------------------------------|---------------|---------------|
| <b>7 Tax for the year</b>              |               |               |
| Current tax                            | -2.604        | 420           |
| Deferred tax                           | 2.781         | 4.380         |
|                                        | <b>177</b>    | <b>4.800</b>  |
| <b>8 Proposed profit appropriation</b> |               |               |
| Transferred to net revaluation reserve | 12.595        | 16.454        |
| Transferred to retained earnings       | (2.269)       | 11.896        |
|                                        | <b>10.326</b> | <b>28.350</b> |

## Notes to the financial statements

DKK'000

| 9                                                     | Completed<br>development<br>projects | Software<br>licences | Goodwill      | Trade<br>marks | Total          |
|-------------------------------------------------------|--------------------------------------|----------------------|---------------|----------------|----------------|
| Cost at 1 January 2018                                | 643                                  | 1.596                | 107.712       | 5.903          | 115.854        |
| Additions for the year                                | 0                                    | 0                    | 0             | 0              | 0              |
| Disposals for the year                                | 0                                    | 0                    | -9.381        | 0              | -9.381         |
| Transfer                                              |                                      |                      |               | 0              | 0              |
| <b>Cost at 31 December 2018</b>                       | <b>643</b>                           | <b>1.596</b>         | <b>98.331</b> | <b>5.903</b>   | <b>106.473</b> |
| Amortisation/impairment losses at 1 Jan. 2018         | 643                                  | 1.596                | 93.599        | 5.903          | 101.741        |
| Amortisation for the year                             | 0                                    | 0                    | 5.140         | 0              | 5.140          |
| Depreciation on disposals for the year                | 0                                    | 0                    | -9.381        | 0              | -9.381         |
| <b>Amortisation/impairment losses at 31 Dec. 2018</b> | <b>643</b>                           | <b>1.596</b>         | <b>89.358</b> | <b>5.903</b>   | <b>97.500</b>  |
| <b>Carrying amount at 31 December 2018</b>            | <b>0</b>                             | <b>0</b>             | <b>8.973</b>  | <b>0</b>       | <b>8.973</b>   |



## Notes to the financial statements

DKK'000

### 10 Property, plant and equipment

|                                                | Land and<br>buildings | Plant and<br>machinery | Other<br>plant | Plant<br>under<br>construk-<br>tion | Total          |
|------------------------------------------------|-----------------------|------------------------|----------------|-------------------------------------|----------------|
| Cost at 1 January 2018                         | 96.166                | 354.357                | 19.101         | 5.247                               | 474.871        |
| Additions for the year                         |                       |                        |                | 16.082                              | 16.082         |
| Transfer                                       |                       | 17.063                 | 602            | -18.042                             | -377           |
| Disposals for the year                         | -64                   | -13.891                | -1.643         |                                     | -15.598        |
| Cost at 31 December 2018                       | 96.102                | 357.529                | 18.060         | 3.287                               | 474.978        |
| Revaluation/impairment losses at 1 Jan. 2018   | 15.198                | 0                      | 0              | 0                                   | 15.198         |
| Revaluation/impairment losses at 31 Dec. 2018  | 15.198                | 0                      | 0              | 0                                   | 15.198         |
| Depreciation/impairment losses at 1 Jan. 2018  | 48.636                | 285.130                | 17.245         | 0                                   | 351.011        |
| Depreciation on disposals for the year         | -64                   | -13.891                | -1.643         |                                     | -15.598        |
| Depreciation for the year                      | 3.204                 | 9.597                  | 1.206          |                                     | 14.007         |
| Depreciation/impairment losses at 31 Dec. 2018 | 51.776                | 280.836                | 16.808         | 0                                   | 349.420        |
| <b>Carrying amount at 31 Dec. 2018</b>         | <b>59.524</b>         | <b>76.693</b>          | <b>1.252</b>   | <b>3.287</b>                        | <b>140.756</b> |
| Including assets held under finance leases     | 0                     | 0                      | 0              | 0                                   | 0              |

## Notes to the financial statements

DKK'000

### 11 Investments in subsidiaries

|                                                   | Equity<br>value in<br>subsidiaries | Goodwill      | Total         |
|---------------------------------------------------|------------------------------------|---------------|---------------|
| Cost at 1 January 2018                            | 29.889                             | 66.254        | 96.143        |
| Additions for the year                            | 0                                  | 0             | 0             |
| Disposals for the year                            | 0                                  | 0             | 0             |
| Transfer from investments in associates           | 0                                  | 0             | 0             |
| Cost at 31 December 2018                          | 29.889                             | 66.254        | 96.143        |
| Revaluation/impairment losses at 1 January 2018   | -259                               | -17.169       | -17.428       |
| Foreign exchange adjustments                      | 26                                 | 26            | 52            |
| Depreciation for the year                         | 0                                  | -2.780        | -2.780        |
| Distributed dividend                              | -12.700                            | 0             | -12.700       |
| Result for the year after tax                     | 6.546                              | 0             | 6.546         |
| Revaluation/impairment losses at 31 December 2018 | -6.387                             | -19.923       | -26.310       |
| <b>Carrying amount at 31 December 2018</b>        | <b>23.502</b>                      | <b>46.331</b> | <b>69.833</b> |

#### Recognised in the balance sheet as follows:

|                             |               |
|-----------------------------|---------------|
| Investments in subsidiaries | 69.833        |
| Transferred to receivables  | 0             |
| Provision for subsidiaries  | 0             |
|                             | <b>69.833</b> |

In relation to the disclosure requirement pursuant to section 72 of the Danish Financial Statements Act, see the group chart.

## Notes to the financial statements

DKK'000

| 12 Investments in associates                      | Share of<br>equity<br>value in<br>associates | Goodwill   | Total         |
|---------------------------------------------------|----------------------------------------------|------------|---------------|
| Cost at 1 January 2018                            | 3.017                                        | 660        | 3.677         |
| Cost at 31 December 2018                          | 3.017                                        | 660        | 3.677         |
| Revaluation/impairment losses at 1 January 2018   | 15.614                                       | -276       | 15.338        |
| Foreign exchange adjustments etc.                 | -197                                         | -2         | -199          |
| Distributed dividend                              | -10.728                                      |            | -10.728       |
| Profit/loss in associates for the year after tax  | 9.647                                        | -24        | 9.623         |
| Revaluation/impairment losses at 31 December 2018 | 14.336                                       | -302       | 14.034        |
| <b>Carrying amount at 31 December 2018</b>        | <b>17.353</b>                                | <b>358</b> | <b>17.711</b> |

In relation to the disclosure requirement pursuant to section 72 of the Danish Financial Statements Act, see the group chart.

## Notes to the financial statements

| <b>DKK'000</b>                                      | <b>2018</b>   | <b>2017</b>   |
|-----------------------------------------------------|---------------|---------------|
| <b>13 Deferred tax</b>                              |               |               |
| Deferred tax at 1 January                           | 10.246        | 5.866         |
| Deferred tax and deferred tax assets for the year   | 2.781         | 4.380         |
| <b>Deferred tax at 31 December</b>                  | <b>13.027</b> | <b>10.246</b> |
| <b>Recognised in the balance sheet as follows:</b>  |               |               |
| Receivables                                         | 0             | 0             |
| Provisions                                          | 13.027        | 10.246        |
|                                                     | <b>13.027</b> | <b>10.246</b> |
| <b>Deferred tax relates to</b>                      |               |               |
| Non-current assets                                  | 13.067        | 13.864        |
| Current assets                                      | -40           | 487           |
| Liabilities                                         | 0             | 0             |
| Losses allowed for carryforward                     | 0             | -4.105        |
|                                                     | <b>13.027</b> | <b>10.246</b> |
| <b>14 Corporation tax</b>                           |               |               |
| Corporation tax payable and receivable at 1 January | -774          | 96            |
| Current tax for the year                            | -2.604        | 420           |
| Corporation tax paid during the year, net           | 4.101         | -1.290        |
| <b>Corporation tax at 31 December</b>               | <b>723</b>    | <b>-774</b>   |

## Notes to the financial statements

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### 15 Collateral and contingent liabilities

The company's lease obligations from operating leases amounted to DKK 5.976 thousand at 31 December 2018 (2017: DKK 6.476 thousand).

The company's total rental obligations regarding non-cancellable leases amounted to DKK 49 thousand at 31 December 2018 (2017: DKK 375 thousand).

Bisca A/S is part of a finance agreement that applies for the entire Scandza Group and Bisca A/S has acceded to the entire financing agreement as an additional guarantor. Bisca A/S' guarantee obligations are limited to an amount equal to Bisca A/S actual loans under the agreement with addition of the higher of Bisca A/S' equity when entering into the agreement or at any later where payments under the guarantee should be requested.

### 16 Related party transactions

Bisca A/S' related parties comprise the following:

Related parties are defined as the parent company's shareholders, Board of Directors, Executive Board and companies in which these persons exercise significant influence or control.

Bisca A/S has in 2018 been trading with group companies in the form of purchasing in the Group's goods. For a total of TDKK 4.467.

Bisca A/S has in 2018 been trading with group companies in the form of selling in the Group's shared services. For a total of TDKK 2.709.

Bisca A/S has in 2018 been trading with group companies in the form of selling in the Group's goods. For a total of TDKK 29.260.

Bisca A/S has in 2018 been trading with group management in the form of purchasing in the Group's shared services. For a total of TDKK 795.

Receivables and loans to Group companies are disclosed in the balance sheet, and interest income and expences are disclosed in the notes 4 and 5.

Parties exercising control:

Scandza Danmark ApS, Denmark (org. Nr. 40074643) wholly-owns the share capital in the Company.

Scandza Danmark ApS is included in the consolidated Financial Statement for Jordanes AS, Oslo, Norway (org. no. 920 355 285).

### 17 Fee to auditors appointed at the general meeting

Pursuant to section 96(3) of the Danish Financial Statements Act, no fee to auditors appointed at the General Meeting has been presented. The fee to auditors appointed at the General Meeting is included in the Consolidated Financial Statements of Jordanes AS.