

## **Stauning Whisky A/S**

Stauningvej 38  
6900 Skjern  
Business Registration No  
30900863

## **Annual report 2018**

The Annual General Meeting adopted the annual report on 21.05.2019

### **Chairman of the General Meeting**



\_\_\_\_\_  
Name:

## **Contents**

|  | <b><u>Page</u></b> |
|--|--------------------|
| Entity details                               | 1                  |
| Statement by Management on the annual report | 2                  |
| Independent auditor's report                 | 3                  |
| Management commentary                        | 6                  |
| Income statement for 2018                    | 7                  |
| Balance sheet at 31.12.2018                  | 8                  |
| Statement of changes in equity for 2018      | 10                 |
| Notes  | 11                 |
| Accounting policies                          | 13                 |

## Entity details

### Entity

Stauning Whisky A/S  
Stauningvej 38  
6900 Skjern

Central Business Registration No (CVR): 30900863  
Registered in: Ringkøbing-skjern  
Financial year: 01.01.2018 - 31.12.2018

### Board of Directors

Jens Aage Jerslev  
Rasmus Palm Vestergaard  
Martin Svoldgård Vesterby  
Helle Østegaard Kristiansen  
Samantha Jane Reader

### Executive Board

Lasse Svoldgaard Vesterby

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
City Tower, Værkmestergade 2  
8000 Aarhus C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Stauning Whisky A/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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.

Skjern, 21.05.2019

### Executive Board



Lasse Svoldgaard Vesterby

### Board of Directors



Jens Aage Jerslev



Helle Østegaard Kristiansen



Rasmus Palm Vestergaard



Samantha Jane Reader



Martin Svoldgård Vesterby

## Independent auditor's report

### To the shareholders of Stauning Whisky A/S

#### Opinion

We have audited the financial statements of Stauning Whisky A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit 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:

## Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary**

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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.

## Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the 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.

Aarhus, 21.05.2019

### Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

  
Klaus Tvede-Jensen

State Authorised Public Accountant

Identification No (MNE) mne23304

## Management commentary

### Primary activities

The Company's activity consists of producing whisky and running related business.

### Development in activities and finances

After the investment from Diageo in 2015 there have in 2018 been focus on finalizing and operating the new distillery.

During 2018 the company succeeded in increasing the sale of whisky and the number of visitors to the distillery and increased the revenue.

The financial performance for 2018 was positive but close to break even. This is satisfactory and better than budget.

In 2019, the Company will focus on optimizing the production in the new distillery, increase production and keep focus on marketing abroad and increase focus on attracting international attention.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.



## Income statement for 2018

|  | <u>Notes</u> | <u>2018<br/>DKK</u>  | <u>2017<br/>DKK</u>     |
|--|--------------|----------------------|-------------------------|
| <b>Gross profit</b>                              |              | <b>5.885.963</b>     | <b>3.667.893</b>        |
| Staff costs                                      | 1            | (4.605.316)          | (4.182.958)             |
| Depreciation, amortisation and impairment losses | 2            | <u>(1.105.553)</u>   | <u>(407.934)</u>        |
| <b>Operating profit/loss</b>                     |              | <b>175.094</b>       | <b>(922.999)</b>        |
| Other financial income                           |              | 2.952                | 728                     |
| Other financial expenses                         |              | <u>(6.429)</u>       | <u>(342)</u>            |
| <b>Profit/loss before tax</b>                    |              | <b>171.617</b>       | <b>(922.613)</b>        |
| Tax on profit/loss for the year                  | 3            | <u>(148.720)</u>     | <u>166.680</u>          |
| <b>Profit/loss for the year</b>                  |              | <b><u>22.897</u></b> | <b><u>(755.933)</u></b> |
| <b>Proposed distribution of profit/loss</b>      |              |                      |                         |
| Retained earnings                                |              | <u>22.897</u>        | <u>(755.933)</u>        |
|  |              | <b><u>22.897</u></b> | <b><u>(755.933)</u></b> |

## Balance sheet at 31.12.2018

|  | <u>Notes</u> | <u>2018<br/>DKK</u>       | <u>2017<br/>DKK</u>      |
|--|--------------|---------------------------|--------------------------|
| Land and buildings                               |              | 47.856.854                | 5.548.286                |
| Other fixtures and fittings, tools and equipment |              | 53.156.626                | 1.181.055                |
| Property, plant and equipment in progress        |              | <u>0</u>                  | <u>43.221.950</u>        |
| <b>Property, plant and equipment</b>             | 4            | <b><u>101.013.480</u></b> | <b><u>49.951.291</u></b> |
| <b>Fixed assets</b>                              |              | <b><u>101.013.480</u></b> | <b><u>49.951.291</u></b> |
| Raw materials and consumables                    |              | 1.314.286                 | 214.431                  |
| Work in progress                                 |              | 13.696.134                | 9.066.324                |
| Manufactured goods and goods for resale          |              | <u>478.634</u>            | <u>333.609</u>           |
| <b>Inventories</b>                               |              | <b><u>15.489.054</u></b>  | <b><u>9.614.364</u></b>  |
| Trade receivables                                |              | 664.105                   | 368.211                  |
| Receivables from group enterprises               |              | 0                         | 34.172                   |
| Deferred tax                                     |              | 0                         | 121.700                  |
| Other receivables                                |              | 90.063                    | 3.744.739                |
| Prepayments                                      |              | <u>3.710.425</u>          | <u>2.264.781</u>         |
| <b>Receivables</b>                               |              | <b><u>4.464.593</u></b>   | <b><u>6.533.603</u></b>  |
| <b>Cash</b>                                      |              | <b><u>7.455.854</u></b>   | <b><u>23.954.121</u></b> |
| <b>Current assets</b>                            |              | <b><u>27.409.501</u></b>  | <b><u>40.102.088</u></b> |
| <b>Assets</b>                                    |              | <b><u>128.422.981</u></b> | <b><u>90.053.379</u></b> |

## Balance sheet at 31.12.2018

|  | <u>Notes</u> | <u>2018</u><br><u>DKK</u> | <u>2017</u><br><u>DKK</u> |
|--|--------------|---------------------------|---------------------------|
| Contributed capital                              | 5            | 2.000.000                 | 2.000.000                 |
| Retained earnings                                |              | <u>119.987.913</u>        | <u>79.215.179</u>         |
| <b>Equity</b>                                    |              | <b><u>121.987.913</u></b> | <b><u>81.215.179</u></b>  |
| Bank loans                                       |              | 8.683                     | 17.739                    |
| Prepayments received from customers              |              | 2.153.905                 | 92.595                    |
| Trade payables                                   |              | 2.850.929                 | 7.626.767                 |
| Payables to group enterprises                    |              | 532.033                   | 0                         |
| Other payables                                   |              | 868.893                   | 1.071.634                 |
| Deferred income                                  |              | <u>20.625</u>             | <u>29.465</u>             |
| <b>Current liabilities other than provisions</b> |              | <b><u>6.435.068</u></b>   | <b><u>8.838.200</u></b>   |
| <b>Liabilities other than provisions</b>         |              | <b><u>6.435.068</u></b>   | <b><u>8.838.200</u></b>   |
| <b>Equity and liabilities</b>                    |              | <b><u>128.422.981</u></b> | <b><u>90.053.379</u></b>  |
| Unrecognised rental and lease commitments        | 6            |                           |                           |
| Contingent liabilities                           | 7            |                           |                           |

## Statement of changes in equity for 2018

|                           | <b>Contributed<br/>capital<br/>DKK</b> | <b>Retained<br/>earnings<br/>DKK</b> | <b>Total<br/>DKK</b> |
|---------------------------|--|--------------------------------------|----------------------|
| Equity beginning of year  | 2.000.000                              | 79.215.179                           | 81.215.179           |
| Group contributions etc   | 0                                      | 40.600.000                           | 40.600.000           |
| Other entries on equity   | 0                                      | 149.837                              | 149.837              |
| Profit/loss for the year  | 0                                      | 22.897                               | 22.897               |
| <b>Equity end of year</b> | <b>2.000.000</b>                       | <b>119.987.913</b>                   | <b>121.987.913</b>   |

## Notes

|  | <b>2018</b>             | <b>2017</b>             |
|--|-------------------------|-------------------------|
|  | <b>DKK</b>              | <b>DKK</b>              |
| <b>1. Staff costs</b>                                      |                         |                         |
| Wages and salaries   | 3.811.289               | 3.420.557               |
| Other social security costs                                | 216.122                 | 159.611                 |
| Other staff costs  | 577.905                 | 602.790                 |
|  | <b><u>4.605.316</u></b> | <b><u>4.182.958</u></b> |
| <br>   |                         |                         |
| Average number of employees                                | <b><u>12</u></b>        | <b><u>11</u></b>        |
|  |                         |                         |
|  | <b>2018</b>             | <b>2017</b>             |
|  | <b>DKK</b>              | <b>DKK</b>              |
| <b>2. Depreciation, amortisation and impairment losses</b> |                         |                         |
| Depreciation of property, plant and equipment              | 1.105.553               | 407.934                 |
|  | <b><u>1.105.553</u></b> | <b><u>407.934</u></b>   |
|  |                         |                         |
|  | <b>2018</b>             | <b>2017</b>             |
|  | <b>DKK</b>              | <b>DKK</b>              |
| <b>3. Tax on profit/loss for the year</b>                  |                         |                         |
| Change in deferred tax                                     | 148.720                 | (166.680)               |
|  | <b><u>148.720</u></b>   | <b><u>(166.680)</u></b> |

## Notes

|   | <b>Land and<br/>buildings<br/>DKK</b> | <b>Other<br/>fixtures and<br/>fittings,<br/>tools and<br/>equipment<br/>DKK</b> | <b>Property,<br/>plant and<br/>equipment<br/>in progress<br/>DKK</b> |
|---|---------------------------------------|---|--|
| <b>4. Property, plant and equipment</b>               |                                       |   |  |
| Cost beginning of year                                | 6.094.444                             | 1.906.569   | 43.221.950   |
| Transfers   | 24.120.295                            | 19.101.655  | (43.221.950)   |
| Additions   | 18.529.225                            | 33.638.517  | 0  |
| <b>Cost end of year</b>                               | <b>48.743.964</b>                     | <b>54.646.741</b>   | <b>0</b>   |
| Depreciation and impairment losses beginning of year  | (546.158)                             | (725.514)   | 0  |
| Depreciation for the year                             | (340.952)                             | (764.601)   | 0  |
| <b>Depreciation and impairment losses end of year</b> | <b>(887.110)</b>                      | <b>(1.490.115)</b>  | <b>0</b>   |
| <b>Carrying amount end of year</b>                    | <b>47.856.854</b>                     | <b>53.156.626</b>   | <b>0</b>   |

|                               | <b>Number</b> | <b>Par value<br/>DKK</b> | <b>Nominal<br/>value<br/>DKK</b> |
|-------------------------------|---------------|--------------------------|----------------------------------|
| <b>5. Contributed capital</b> |               |                          |                                  |
| Ordinary shares               | 2.000         | 1000                     | 2.000.000                        |
|                               | <b>2.000</b>  |                          | <b>2.000.000</b>                 |

|  | <b>2018<br/>DKK</b> | <b>2017<br/>DKK</b> |
|--|---------------------|---------------------|
| <b>6. Unrecognised rental and lease commitments</b>                  |                     |                     |
| Liabilities under rental or lease agreements until maturity in total | <b>3.129.192</b>    | <b>55.856</b>       |

### 7. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where serves as the administration company. 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 the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, other operating income, cost of raw materials and consumables and external expenses.

#### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

#### 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.

## Accounting policies

### 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 property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of property, plant and equipment.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital 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.

The Entity is jointly taxed with the parent company. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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:

|  |            |
|--|------------|
| Buildings  | 30 years   |
| Other fixtures and fittings, tools and equipment | 5-30 years |

Estimated useful lives and residual values are reassessed annually.



## Accounting policies

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

### **Inventories**

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

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

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

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

### **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.

Deferred tax assets, including the tax base of tax loss carryforwards, 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.

### **Prepayments**

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

### **Cash**

Cash comprises cash in hand and bank deposits.

### **Other financial liabilities**

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

### **Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

## Accounting policies

### Deferred income

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