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# ***STAUNING WHISKY A/S***

Stauningvej 38, DK-6900 Skjern

## **Annual Report for 2020**

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CVR No. 30 90 08 63

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 26/5 2021

Jens Aage Jerslev  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of STAUNING WHISKY A/S for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Skjern, 26 May 2021

## Executive Board

Lasse Svoldgaard Vesterby  
Manager

## Board of Directors

Jens Aage Jerslev  
Chairman

Samantha Jane Reader

Helle Østegaard Kristiansen

Rasmus Palm Vestergaard

Martin Svoldgård Vesterby

# Independent Auditor's report

To the shareholder of STAUNING WHISKY A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of STAUNING WHISKY A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We 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.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

## 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 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.

# Independent Auditor's report

## 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:

- 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 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.

Herning, 26 May 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Poul Spencer Poulsen

State Authorised Public Accountant

mne23324

Daniel Mogensen

State Authorised Public Accountant

mne45831

## Company information

<b>The Company</b>	STAUNING WHISKY A/S  Stauningvej 38 DK-6900 Skjern  CVR No: 30 90 08 63 Financial period: 1 January - 31 December Municipality of reg. office: Ringkøbing-Skjern
<b>Board of Directors</b>	Jens Aage Jerslev, Chairman Samantha Jane Reader Helle Østegaard Kristiansen Rasmus Palm Vestergaard Martin Svoldgård Vesterby
<b>Executive board</b>	Lasse Svoldgaard Vesterby
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 7400 Herning

# Management's review

## Key activities

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

## Development in the year

The income statement of the Company for 2020 shows a loss of DKK 1,102,710, and at 31 December 2020 the balance sheet of the Company shows positive equity of DKK 161,053,706.

Focus in 2020 has been navigating in the COVID-19 situation, attracting international attention and increasing production. 2020 showed a positive development in production and an annual production above target.

The financial performance for 2020 was negative. Overall 2020 was financially unsatisfactory, but put into COVID-19 context the financial result was satisfactory.

## Targets and expectations for the year ahead

In 2021 main focus will be on "restarting" sales after the COVID-19 and increasing international sales and attention.

## Income statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
<b>Gross profit/loss</b>	1	12,346,632	11,838,748
Staff expenses	2	-9,937,512	-8,229,761
Depreciation and impairment losses of property, plant and equipment	3	-3,302,175	-3,318,951
Other operating expenses		-83,392	-110,391
<b>Profit/loss before financial income and expenses</b>		<b>-976,447</b>	<b>179,645</b>
Financial income		7,313	4,590
Financial expenses	4	-133,576	-26,670
<b>Profit/loss before tax</b>		<b>-1,102,710</b>	<b>157,565</b>
Tax on profit/loss for the year		0	0
<b>Net profit/loss for the year</b>		<b>-1,102,710</b>	<b>157,565</b>

## Distribution of profit

	2020 DKK	2019 DKK
<b>Proposed distribution of profit</b>		
Retained earnings	-1,102,710	157,565
	<b>-1,102,710</b>	<b>157,565</b>



## Balance sheet 31 December

### Assets

	Note	2020 DKK	2019 DKK
Land and buildings		48,246,607	48,511,753
Other fixtures and fittings, tools and equipment		51,660,356	53,099,347
<b>Property, plant and equipment</b>	5	<b>99,906,963</b>	<b>101,611,100</b>
<b>Fixed assets</b>		<b>99,906,963</b>	<b>101,611,100</b>
Raw materials and consumables		2,222,864	2,385,498
Work in progress		41,762,917	24,130,062
Finished goods and goods for resale		1,057,925	1,225,070
<b>Inventories</b>		<b>45,043,706</b>	<b>27,740,630</b>
Trade receivables		783,742	593,325
Other receivables		15,000	83,782
Prepayments		5,164,707	3,144,016
<b>Receivables</b>		<b>5,963,449</b>	<b>3,821,123</b>
<b>Cash at bank and in hand</b>		<b>17,074,710</b>	<b>5,957,736</b>
<b>Current assets</b>		<b>68,081,865</b>	<b>37,519,489</b>
<b>Assets</b>		<b>167,988,828</b>	<b>139,130,589</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		2,000,000	2,000,000
Retained earnings		159,053,706	131,104,016
<b>Equity</b>		<b>161,053,706</b>	<b>133,104,016</b>
Other payables		842,689	283,905
<b>Long-term debt</b>		<b>842,689</b>	<b>283,905</b>
Credit institutions		43,826	50,594
Prepayments received from customers		3,207,217	2,523,140
Trade payables		472,184	1,805,845
Payables to group enterprises		560,766	549,671
Other payables		1,366,820	801,633
Deferred income		441,620	11,785
<b>Short-term debt</b>		<b>6,092,433</b>	<b>5,742,668</b>
<b>Debt</b>		<b>6,935,122</b>	<b>6,026,573</b>
<b>Liabilities and equity</b>		<b>167,988,828</b>	<b>139,130,589</b>
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## Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	2,000,000	131,104,016	133,104,016
Contribution from group	0	29,052,400	29,052,400
Net profit/loss for the year	0	-1,102,710	-1,102,710
<b>Equity at 31 December</b>	<b>2,000,000</b>	<b>159,053,706</b>	<b>161,053,706</b>

# Notes to the Financial Statements

	2020	2019
	DKK	DKK
<b>1. Special posts</b>		
Government wage compensation Covid-19	971,209	0
Government fixed costs compensation Covid-19	448,951	0
	<u>1,420,160</u>	<u>0</u>

	2020	2019
	DKK	DKK
<b>2. Staff Expenses</b>		
Wages and salaries	9,539,383	7,922,342
Pensions	292,480	190,345
Other social security expenses	105,649	117,074
	<u>9,937,512</u>	<u>8,229,761</u>
Average number of employees	<u>19</u>	<u>15</u>

	2020	2019
	DKK	DKK
<b>3. Depreciation and impairment losses of property, plant and equipment</b>		
Depreciation of property, plant and equipment	<u>3,302,175</u>	<u>3,318,951</u>
	<u>3,302,175</u>	<u>3,318,951</u>
Which is specified as follows:		
Buildings	1,159,057	1,144,265
Other fixtures and fittings, tools and equipment	2,143,118	2,174,686
	<u>3,302,175</u>	<u>3,318,951</u>

	2020	2019
	DKK	DKK
<b>4. Financial expenses</b>		
Interest paid to group enterprises	11,095	10,870
Other financial expenses	122,481	15,800
	<u>133,576</u>	<u>26,670</u>

# Notes to the Financial Statements

## 5. Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment
	DKK	DKK
Cost at 1 January	50,543,128	56,624,233
Additions for the year	912,394	769,037
Disposals for the year	-20,932	-312,720
Cost at 31 December	<u>51,434,590</u>	<u>57,080,550</u>
Impairment losses and depreciation at 1 January	2,031,375	3,524,886
Depreciation for the year	1,159,057	2,143,118
Reversal of impairment and depreciation of sold assets	-2,449	-247,810
Impairment losses and depreciation at 31 December	<u>3,187,983</u>	<u>5,420,194</u>
<b>Carrying amount at 31 December</b>	<b><u>48,246,607</u></b>	<b><u>51,660,356</u></b>
	2020	2019
	DKK	DKK

## 6. Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	578,176	564,292
Between 1 and 5 years	1,355,786	1,735,668
After 5 years	0	184,410
	<u>1,933,962</u>	<u>2,484,370</u>

Obligation to designate buyer, operating leases. Expected residual value on expiry agreement	485,000	485,000
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### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Stauning Whisky Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 7. Accounting policies

The Annual Report of STAUNING WHISKY A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year. Some reclassifications have been made of the comparatives in the balance sheet. These reclassifications do not affect profit, balance or equity.

The Financial Statements for 2020 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

# Notes to the Financial Statements

## Income statement

### Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise expenses for premises, sales and as well as office expenses, etc.

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, change in inventories of finished goods, work in progress and goods for resale, other operating income, expenses for raw materials and consumables and other external expenses.

### Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Stauning Whisky Holding ApS. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

# Notes to the Financial Statements

## Balance sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

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

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 30,000 are expensed in the year of acquisition.

### Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

### Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Prepayments

Prepayments comprise prepaid expenses concerning fees.

### Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.



## Notes to the Financial Statements

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

### Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

### Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.