Osterberg Ice Cream A/S

Rynkebyvej 243, DK-5350 Rynkeby

Annual Report for 1 October 2018 - 30 September 2019

CVR No 32 35 37 89

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 20/12 2019

Niels Østerberg
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Osterberg Ice Cream A/S for the financial year 1 October 2018 - 30 September 2019.

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 30 September 2019 of the Company and of the results of the Company operations for 2018/19.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Rynkeby, 20 December 2019

Executive Board

Cathrine Østerberg

Board of Directors

Niels Østerberg Chairman	Cathrine Østerberg	Vibeke Østerberg
Frederik Østerberg		

Independent Auditor's Report

To the Shareholders of Osterberg Ice Cream A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2019 and of the results of the Company's operations for the financial year 1 October 2018 - 30 September 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Osterberg Ice Cream A/S for the financial year 1 October 2018 - 30 September 2019, 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 Financials 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 misstate-

ment, 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 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.

Trekantområdet, 20 December 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Bunk Harbo Larsen
statsautoriseret revisor
mne30224

Company Information

The Company	Osterberg Ice Cream A/S Rynkebyvej 243 DK-5350 Rynkeby CVR No: 32 35 37 89 Financial period: 1 October - 30 September Municipality of reg. office: Kerteminde
Board of Directors	Niels Østerberg, Chairman Cathrine Østerberg Vibeke Østerberg Frederik Østerberg
Executive Board	Cathrine Østerberg
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Management's Review

Financial Statements of Osterberg Ice Cream A/S for 2018/19 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 Annual Report has been prepared under the same accounting policies as last year.

Key activities

The company's purpose is the development, production and sale of ice cream and other related business.

Development in the year

The income statement of the Company for 2018/19 shows a profit of DKK 117,970, and at 30 September 2019 the balance sheet of the Company shows equity of DKK 240,856.

Targets and expectations for the year ahead

The company expects a positive result for the coming financial year.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 October - 30 September

	Note	2018/19 DKK	2017/18 DKK
Gross profit/loss		**2.242.951**	**1.870.673**
Distribution expenses	1	-1.837.449	-1.506.283
Administrative expenses		-225.711	-199.484
Operating profit/loss		**179.791**	**164.906**
Financial income		3.096	0
Financial expenses		-50.310	-33.625
Profit/loss before tax		**132.577**	**131.281**
Tax on profit/loss for the year	2	-14.607	-27.576
Net profit/loss for the year		**117.970**	**103.705**

Distribution of profit

Proposed distribution of profit

Retained earnings	117.970	103.705
	117.970	**103.705**

Balance Sheet 30 September

Assets

	Note	2019	2018
		DKK	DKK
Acquired other similar rights		650.000	770.000
Intangible assets	3	**650.000**	**770.000**
Plant and machinery		337.601	411.600
Leasehold improvements		471.732	553.023
Property, plant and equipment	4	**809.333**	**964.623**
Fixed assets		**1.459.333**	**1.734.623**
Inventories		**56.973**	**56.128**
Trade receivables		35.468	52.973
Receivables from group enterprises		375.021	106.585
Other receivables		84.203	44.100
Corporation tax		7.898	17.204
Prepayments		97.045	8.880
Receivables		**599.635**	**229.742**
Cash at bank and in hand		**3.478**	**13.145**
Currents assets		**660.086**	**299.015**
Assets		**2.119.419**	**2.033.638**

Balance Sheet 30 September

Liabilities and equity

	Note	2019	2018
		DKK	DKK
Share capital		500.000	500.000
Retained earnings		-259.144	-377.114
Equity		**240.856**	**122.886**
Provision for deferred tax		139.722	134.421
Provisions		**139.722**	**134.421**
Credit institutions		931.011	1.040.703
Long-term debt	5	**931.011**	**1.040.703**
Credit institutions	5	473.134	285.404
Lease obligations		0	104.647
Trade payables		9.210	31.379
Payables to group enterprises		919	26.622
Other payables		324.567	287.576
Short-term debt		**807.830**	**735.628**
Debt		**1.738.841**	**1.776.331**
Liabilities and equity		**2.119.419**	**2.033.638**
Contingent assets, liabilities and other financial obligations	6		
Accounting Policies	7		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 October	500.000	-377.114	122.886
Net profit/loss for the year	0	117.970	117.970
Equity at 30 September	**500.000**	**-259.144**	**240.856**

Notes to the Financial Statements

		2018/19	2017/18
		DKK	DKK
1	**Staff**		
	Wages and Salaries	1.261.462	1.053.773
	Pensions	63.010	49.148
	Other social security expenses	25.943	18.633
	Other staff expenses	506	1.590
		1.350.921	**1.123.144**
	Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:		
	Distribution expenses	1.350.921	1.123.144
		1.350.921	**1.123.144**
	Average number of employees	**3**	**3**

2 Tax on profit/loss for the year

	2018/19	2017/18
Current tax for the year	9.306	-17.204
Deferred tax for the year	5.301	44.780
	14.607	**27.576**

3 Intangible assets

	Acquired other similar rights
	DKK
Cost at 1 October	840.000
Cost at 30 September	840.000
Impairment losses and amortisation at 1 October	70.000
Amortisation for the year	120.000
Impairment losses and amortisation at 30 September	190.000
Carrying amount at 30 September	**650.000**

Notes to the Financial Statements

4 Property, plant and equipment

	Plant and machinery	Leasehold improvements
	DKK	DKK
Cost at 1 October	609.232	812.916
Cost at 30 September	609.232	812.916
Impairment losses and depreciation at 1 October	197.633	259.892
Depreciation for the year	73.998	81.292
Impairment losses and depreciation at 30 September	271.631	341.184
Carrying amount at 30 September	**337.601**	**471.732**

5 Long-term debt

	2019	2018
	DKK	DKK
Debt falling due after 5 years	355.011	464.703
	355.011	**464.703**

Notes to the Financial Statements

	2019	2018
	DKK	DKK
6 Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with bankers:		
Ownership mortgages totaling TDKK 1,000, which gives a security in rental rights, goodwill, operating equipment and equipment at a total carrying amount of	1.459.333	1.734.623
Rental and lease obligations		
Rental commitments, period of non-notice 17 months.	213.660	306.846

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 Østerberg 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 Osterberg Ice Cream A/S for 2018/19 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 Financial Statements for 2018/19 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.

Notes to the Financial Statements

7 Accounting Policies (continued)

Income Statement

Revenue

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.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, cost of sales, other operating income.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

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 intangible assets and property, plant and equipment.

Notes to the Financial Statements

7 Accounting Policies (continued)

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 changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group affiliated companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 7 years.

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:

Plant and machinery	5-10	years
Other fixtures and fittings, tools and equipment	5-10	years
Leasehold improvements	5-10	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

Notes to the Financial Statements

7 Accounting Policies (continued)

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. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

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 rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

7 Accounting Policies (continued)

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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