

**Mikkeller ApS**  
Humletorvet 27, 3.  
1799 København V  
Business Registration No  
34602824

## **Annual report 2018**

The Annual General Meeting adopted the annual report on 31.05.2019

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

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Name: Mikkel Borg Bjergsø

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## Entity details

### Entity

Mikkeller ApS  
Humletorvet 27, 3.  
1799 København V

Central Business Registration No (CVR): 34602824

Registered in: København

Financial year: 01.01.2018 - 31.12.2018

### Board of Directors

Asbjørn Hangaard Joensen, Chairman

Mikkel Borg Bjergsø

Jacob Gram Alsing

### Executive Board

Mikkel Borg Bjergsø

Jacob Gram Alsing

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København 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 Mikkeller ApS 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.

Copenhagen, 31.05.2019

### Executive Board

Mikkel Borg Bjergsø

Jacob Gram Alsing

### Board of Directors

Asbjørn Hangaard Joensen  
Chairman

Mikkel Borg Bjergsø

Jacob Gram Alsing

# Independent auditor's report

## To the shareholder of Mikkeller ApS

### Opinion

We have audited the financial statements of Mikkeller ApS 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.

Copenhagen, 31.05.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Bjørn Winkler Jakobsen  
State Authorised Public Accountant  
Identification No (MNE) mne32127

Mads Fauerskov  
State Authorised Public Accountant  
Identification No (MNE) mne35428

## Management commentary

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Gross profit	17.671	29.501	32.356	30.575	18.898
Operating profit/loss	1.652	9.188	17.799	19.762	11.232
Net financials	1	(301)	(42)	328	60
Profit/loss for the year	1.182	6.844	13.705	15.147	8.531
Total assets	38.931	46.191	48.097	42.502	37.294
Investments in property, plant and equipment	198	481	1.244	355	19
Equity	21.901	30.719	33.875	30.170	27.023
<b>Ratios</b>					
Return on equity (%)	4,5	21,2	42,8	53,0	31,6
Equity ratio (%)	56,3	66,5	70,4	71,0	72,5

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

<b>Ratios</b>	<b>Calculation formula</b>	<b>Calculation formula reflects</b>
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.



## Management commentary

### Primary activities

The company's activities comprise in development, manufacturing and sale of quality beers and spirits under the trademark "Mikkeller". The production takes place in cooperation with leading breweries in Denmark and abroad.

The company is a subsidiary of Bjergsø Holding ApS, København, CVR no. 34 69 63 49, which prepares consolidated financial statements.

### Development in activities and finances

The income statement for the period 01.01.18 - 31.12.18 shows a net profit of TDKK 1.182 against TDKK 6.844 for the period 01.01.17 - 31.12.17. The balance sheet shows equity of TDKK 21.901.

Mikkeller ApS' net profit in 2018 declined as a result of significant investment in growth centered around the following areas:

- New sales and distribution resources and partnerships in key markets, which has required transition to more qualified distribution partnerships (and a pause in revenue in certain markets while that switch is implemented). We expect these investments and new partnerships to drive significant growth going-forward.
- Investments in e-commerce platform and building a greater customer base.
- The addition of key employees focused on growth of the business across sales, retail and e-commerce.

Based on the investments in future growth the management considers the net profit for the year to be satisfactory and in alignment with the management's expectations.

### Uncertainty relating to recognition and measurement

The management has assessed its debtors as per 31 December 2018, which resulted in provisions for doubtful receivables of TDKK 2.650. The provisions are based on discretionary assessments and may affect the 2019 result depending on the collection process and eventual agreements with debtors.

The recognition and measurement of other items in the financial statements are not subject to any uncertainty.

### Unusual circumstances affecting recognition and measurement

The company's financial position at 31 December 2018 and the results of its operations for the financial year ended 31 December 2018 are not affected by any unusual matters.

### Outlook

The management anticipates strong growth and positive development in 2019 based on the effects of prior years' investments. Furthermore it is expected that the profitability of the current business will improve throughout 2019. However, the management also anticipates continued investment in the business, which may impact the 2019 net result. The management anticipates that the net result in 2019 will be in the region of TDKK 4.000-8.000.

## Management commentary

### Particular risks

The company is subject to usual risks within the wholesale industry including cyclical fluctuations, consumers behavior, sourcing of raw materials, currency exposure etc.

### Intellectual capital resources

It is essential for the company's continued growth to attract and maintain talented employees.

### Environmental performance

The company's growth means a greater responsibility to run the business in a sustainable way. The company considers its environmental footprint throughout its various activities and continues to improve efforts. The production of organic beers have been scaled up in 2018, and the company will continue to produce more organic beers going forward.

### Research and development activities

The company is constantly developing new products to maintain its position as one of the trendsetters in the market. In 2019 the company will continue to invest in the development of new products.

### Foreign branches

Mikkeller has a foreign branch in United Kingdom.

### 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 DKK</u>	<u>2017 DKK</u>
<b>Gross profit</b>		<b>17.670.737</b>	<b>29.501.026</b>
Staff costs	1	(14.292.038)	(18.831.767)
Depreciation, amortisation and impairment losses	2	<u>(1.726.514)</u>	<u>(1.481.687)</u>
<b>Operating profit/loss</b>		<b>1.652.185</b>	<b>9.187.572</b>
Other financial income	3	54.152	12.495
Other financial expenses	4	<u>(53.451)</u>	<u>(313.991)</u>
<b>Profit/loss before tax</b>		<b>1.652.886</b>	<b>8.886.076</b>
Tax on profit/loss for the year	5	<u>(470.706)</u>	<u>(2.042.119)</u>
<b>Profit/loss for the year</b>	6	<b><u>1.182.180</u></b>	<b><u>6.843.957</u></b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Acquired intangible assets		482.849	758.764
Goodwill		3.063.096	4.084.128
<b>Intangible assets</b>	7	<b><u>3.545.945</u></b>	<b><u>4.842.892</u></b>
Other fixtures and fittings, tools and equipment		346.853	300.592
Leasehold improvements		973.592	1.250.957
<b>Property, plant and equipment</b>	8	<b><u>1.320.445</u></b>	<b><u>1.551.549</u></b>
Deposits		812.614	536.400
<b>Fixed asset investments</b>	9	<b><u>812.614</u></b>	<b><u>536.400</u></b>
<b>Fixed assets</b>		<b><u>5.679.004</u></b>	<b><u>6.930.841</u></b>
Manufactured goods and goods for resale		15.243.793	10.422.754
Prepayments for goods		1.738.603	435.896
<b>Inventories</b>		<b><u>16.982.396</u></b>	<b><u>10.858.650</u></b>
Trade receivables		9.434.963	9.510.404
Receivables from group enterprises		2.582.678	2.681.033
Other receivables		482.657	683.081
Prepayments	10	791.966	1.227.981
<b>Receivables</b>		<b><u>13.292.264</u></b>	<b><u>14.102.499</u></b>
<b>Cash</b>		<b><u>2.977.040</u></b>	<b><u>14.299.065</u></b>
<b>Current assets</b>		<b><u>33.251.700</u></b>	<b><u>39.260.214</u></b>
<b>Assets</b>		<b><u>38.930.704</u></b>	<b><u>46.191.055</u></b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital		80.000	80.000
Retained earnings		21.820.758	20.638.578
Proposed dividend		<u>0</u>	<u>10.000.000</u>
<b>Equity</b>		<b><u>21.900.758</u></b>	<b><u>30.718.578</u></b>
Deferred tax	11	<u>848.674</u>	<u>1.138.344</u>
<b>Provisions</b>		<b><u>848.674</u></b>	<b><u>1.138.344</u></b>
Payables to group enterprises	12	<u>3.500.000</u>	<u>0</u>
<b>Non-current liabilities other than provisions</b>		<b><u>3.500.000</u></b>	<b><u>0</u></b>
Trade payables		3.090.104	2.543.862
Payables to group enterprises		1.154.272	3.421.567
Payables to associates		22.630	0
Joint taxation contribution payable		760.364	2.110.966
Other payables		2.564.292	2.280.842
Deferred income	13	<u>5.089.610</u>	<u>3.976.896</u>
<b>Current liabilities other than provisions</b>		<b><u>12.681.272</u></b>	<b><u>14.334.133</u></b>
<b>Liabilities other than provisions</b>		<b><u>16.181.272</u></b>	<b><u>14.334.133</u></b>
<b>Equity and liabilities</b>		<b><u>38.930.704</u></b>	<b><u>46.191.055</u></b>
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Related parties with controlling interest	16		
Group relations	17		

## Statement of changes in equity for 2018

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year	80.000	20.638.578	10.000.000	30.718.578
Ordinary dividend paid	0	0	(10.000.000)	(10.000.000)
Profit/loss for the year	0	1.182.180	0	1.182.180
<b>Equity end of year</b>	<b>80.000</b>	<b>21.820.758</b>	<b>0</b>	<b>21.900.758</b>

## Notes

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	11.915.014	16.064.765
Pension costs	1.266.612	1.767.381
Other social security costs	103.253	101.770
Other staff costs	1.007.159	897.851
	<b>14.292.038</b>	<b>18.831.767</b>
Average number of employees	<b>30</b>	<b>30</b>
	<b>Remunera- tion of manage- ment 2018 DKK</b>	<b>Remunera- tion of manage- ment 2017 DKK</b>
Total amount for management categories	2.800.350	4.185.000
	<b>2.800.350</b>	<b>4.185.000</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	1.296.947	1.090.011
Depreciation of property, plant and equipment	429.567	398.151
Profit/loss from sale of intangible assets and property, plant and equipment	0	(6.475)
	<b>1.726.514</b>	<b>1.481.687</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Other financial income</b>		
Other interest income	54.152	12.495
	<b>54.152</b>	<b>12.495</b>

## Notes

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Other financial expenses</b>		
Other interest expenses	33.121	157.355
Exchange rate adjustments	20.330	156.636
	<b>53.451</b>	<b>313.991</b>

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>5. Tax on profit/loss for the year</b>		
Current tax	760.364	2.110.966
Change in deferred tax	(289.670)	(59.599)
Adjustment concerning previous years	12	(9.248)
	<b>470.706</b>	<b>2.042.119</b>

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>6. Proposed distribution of profit/loss</b>		
Ordinary dividend for the financial year	0	10.000.000
Retained earnings	1.182.180	(3.156.043)
	<b>1.182.180</b>	<b>6.843.957</b>

	<b>Acquired intangible assets</b>	<b>Goodwill</b>
	<b>DKK</b>	<b>DKK</b>
<b>7. Intangible assets</b>		
Cost beginning of year	827.743	10.210.320
<b>Cost end of year</b>	<b>827.743</b>	<b>10.210.320</b>
Amortisation and impairment losses beginning of year	(68.979)	(6.126.192)
Amortisation for the year	(275.915)	(1.021.032)
<b>Amortisation and impairment losses end of year</b>	<b>(344.894)</b>	<b>(7.147.224)</b>
<b>Carrying amount end of year</b>	<b>482.849</b>	<b>3.063.096</b>

Management estimates the goodwill to have a long-term useful life, given that the goodwill is tied to markets where the Company has a strong market position and where investments are continuously made to address the market potential. Consequently, Management considers the earnings profile to be of a longer duration.



## Notes

Based on the above, Management has assessed that an amortisation period for the goodwill of ten years would be the most accurate. Moreover, Management will reassess the useful life annually to reflect the current market position and earnings profile.

	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>
<b>8. Property, plant and equipment</b>		
Cost beginning of year	518.267	1.572.952
Additions	<u>159.278</u>	<u>39.185</u>
<b>Cost end of year</b>	<b><u>677.545</u></b>	<b><u>1.612.137</u></b>
Depreciation and impairment losses beginning of year	(217.675)	(321.995)
Depreciation for the year	<u>(113.017)</u>	<u>(316.550)</u>
<b>Depreciation and impairment losses end of year</b>	<b><u>(330.692)</u></b>	<b><u>(638.545)</u></b>
<b>Carrying amount end of year</b>	<b><u>346.853</u></b>	<b><u>973.592</u></b>
		<b><u>Deposits DKK</u></b>
<b>9. Fixed asset investments</b>		
Cost beginning of year		536.400
Additions		<u>276.214</u>
<b>Cost end of year</b>		<b><u>812.614</u></b>
<b>Carrying amount end of year</b>		<b><u>812.614</u></b>

### 10. Prepayments

Prepayments relates to costs for 2019.

## Notes

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>11. Deferred tax</b>		
Intangible assets	780.108	1.065.437
Property, plant and equipment	68.566	72.907
	<b>848.674</b>	<b>1.138.344</b>
<b>Changes during the year</b>		
Beginning of year	1.138.344	
Recognised in the income statement	(289.670)	
<b>End of year</b>	<b>848.674</b>	

### 12. Long-term debt to group enterprises

Payables to group enterprises falls due within 5 years.

### 13. Deferred income

Deferred income relates to revenue for 2019 such as events and subscriptions etc.

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>14. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b>3.733.908</b>	<b>4.377.923</b>

Unrecognised rental and lease commitments relates to rental agreements and machines which runs until april 2022.

### 15. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Bjergsø Holding ApS 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.

### 16. Related parties with controlling interest

It is the policy of the group to calculate and recognise interest based upon arms' length on intercompany transactions. However interests are not recognised on transactions between 100 % owned group companies within the Danish joint taxation. The payables amounts to DKK 1.065.894 at 31 December 2018.

The receivables amounts to DKK 1.440.179 31 December 2018.

## Notes

### **17. Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Bjergsø Holding ApS, Copenhagen

## Accounting policies

### Reporting class

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

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

There has been made few changes in classification of the accounts and in the comparative figures.

### 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.

### Foreign currency translation

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

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, cost of sales, changes in inventories of finished goods, 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.

## Accounting policies

### Other operating income

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

### Cost of sales

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

### Other external expenses

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

### Staff costs

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

### Depreciation, amortisation and impairment losses

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

### Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies 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 all Danish group enterprises. 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).

## Accounting policies

### Balance sheet

#### Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

#### Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

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

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

Acquired intellectual property rights	3 years
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Estimated useful lives and residual values are reassessed annually.

Acquired intellectual property rights are written down to the lower of recoverable amount and carrying amount.

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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

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

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

## Accounting policies

Estimated useful lives and residual values are reassessed annually.

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.

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.

### Prepayments

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

### Cash

Cash comprises bank deposits.

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

### 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 or the planned settlement of each liability. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

### Operating leases

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

### Other financial liabilities

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

## Accounting policies

### **Joint taxation contributions payable or receivable**

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

### **Deferred income**

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

### **Cash flow statement**

With reference to The Danish Financial Statements act § 86 no. 4 the cash flow statement is prepared for the group of Bjergsø Holding ApS.