



Mikkeller ApS

Humletorvet 27, 3.
1799 København V
CVR No. 34602824

Annual report 2022

The Annual General Meeting adopted the
annual report on 30.06.2023

Ditte Kristine Lassen-Kahlke
Chairman of the General Meeting

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Entity details

Entity

Mikkeller ApS
Humletorvet 27, 3.
1799 København V

Business Registration No.: 34602824
Registered office: København
Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Ditte Kristine Lassen-Kahlke, Chair
Mikkel Bjergsø

Executive Board

Mikkel Bjergsø, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Mikkeller ApS for the financial year 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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, 30.06.2023

Executive Board

Mikkel Bjergsø
CEO

Board of Directors

Ditte Kristine Lassen-Kahlke
Chair

Mikkel Bjergsø

Independent auditor's report

To the shareholders of Mikkeller ApS

Opinion

We have audited the financial statements of Mikkeller ApS for the financial year 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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:

- 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.

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, 30.06.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Hans Tauby

State Authorised Public Accountant
Identification No (MNE) mne44339

Manal Naffah

State Authorised Public Accountant
Identification No (MNE) mne49116

Management commentary

Financial highlights

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures					
Gross profit/loss	(24,552)	678	3,626	12,928	17,671
Operating profit/loss	(56,897)	(23,765)	(16,369)	(6,656)	1,652
Net financials	(522)	137	(3,242)	(215)	1
Profit/loss for the year	(54,860)	(23,632)	(19,900)	(5,593)	1,182
Total assets	36,693	64,080	46,456	49,719	38,931
Equity	2,140	2,000	2,408	16,308	21,901
Ratios					
Equity ratio (%)	5.83	3.12	5.18	32.80	56.26

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

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

The Company's activities comprise of the development, manufacturing and sale of high-quality craft beers under the "Mikkeller" brand. The production takes place in cooperation with leading breweries in Denmark and in Europe.

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

Development in activities and finances

The Company faced significant challenges throughout 2022 due to a difficult market environment, which tested its ability to effectively deliver products to the right markets at the right time. Consequently, obsolete inventory has been destroyed which had a significant impact on the financial results for the year.

Additionally, the Company was adversely affected by 1-2 months of lockdown measures in Europe and the United States, as well as 3-6+ months of restrictions in Japan and China.

Despite these obstacles, the Company proactively focused on the following key areas:

- Strengthening marketing efforts through expanded activities, including increased investments in trade marketing, paid social advertising, and other e-commerce initiatives.
- Implementing process improvements across all organizational departments. The management team recognized that many of the challenges encountered, both presently and historically, were a direct result of insufficient processes. Therefore, they have undertaken a comprehensive assessment to identify and prioritize areas for improvement, with ongoing efforts throughout 2023.
- Conducting targeted recruitment efforts to ensure the Company possesses the necessary capabilities to drive profitability by prioritizing profitable markets and products, rather than solely pursuing top-line expansion.

Management acknowledges that the net loss for the year is unsatisfactory. However, the Company remains committed to addressing these challenges head-on and is dedicated to charting a path towards a prosperous future.

Profit/loss for the year in relation to expected developments

The income statement for the period 01.01.2022 - 31.12.2022 shows a net loss of DKK 54,860 thousand. Mikkeller ApS has received a contribution from the parent company, Bjergsø Holding ApS, to re-establish the equity as of 31 December 2022. Subsequently, equity amounts to DKK 2,140 thousand.

The Company is part of the Bjergsø Group, which is a strong and well consolidated group. The Company has received declaration of support from the group, which give certainty about the Company's capability to continue the operation.

Guidance for the year was an significant increase in revenue and profits. Management finds the performance to be unsatisfactory. The lower-than-expected performance is related to the difficult market situation leading to lower than expected performance in key markets. Moreover, provisions for expected losses have been considerably higher than expected.

Unusual circumstances affecting recognition and measurement

The Company's financial position at 31 December 2022 and the results of its operations for the financial year ended 31 December 2022 are not affected by any unusual matters.

Outlook

The Company's outlook for 2023 is expected to be significantly better than the previous years, despite the challenges posed by high inflation and widespread financial uncertainties. While the economic landscape remains volatile, the Company is proactively navigating through these complexities to maintain stability and drive growth.

Consumer trends continue to show promising signs, with footfall remaining resilient amidst the prevailing uncertainties. This indicates the Company's ability to adapt to evolving consumer preferences and maintain a strong customer base. By staying attuned to market demands, the Company can capitalize on opportunities and deliver products and services that meet customer needs.

The Company has acknowledged the impact of inflation on its production costs, resulting in increased expenses for raw materials, transportation, and operational activities. However, through careful cost management and optimization strategies, the Company is taking proactive measures to mitigate these effects and maintain its financial performance.

By adopting a laser-focused approach, the Company aims to drive profitability and achieve sustainable growth in 2023. Strategic market analysis and optimizing cost structures will be key factors in achieving this objective. The Company's management team remains dedicated to making informed decisions and implementing measures to ensure financial stability and long-term success.

While challenges persist, the Company remains cautiously optimistic about its outlook for 2023. By striking a balance between addressing uncertainties and seizing opportunities, the Company is well-positioned to improve its net profits. The projected range for net profits is expected to fall between negative TDKK 15,000 and negative TDKK 20,000, showcasing the Company's commitment to mitigating risks and achieving a stronger financial position.

With a resilient management team and a focus on sustainable growth, the Company is confident in its ability to overcome challenges and achieve positive outcomes in 2023.

Environmental performance

The Company remains dedicated in its commitment to conducting business operations in a responsible and sustainable manner. An inherent consideration of the Company's activities is the reduction of its environmental footprint, as it consistently seeks opportunities to enhance its efforts in this regard.

In 2022, the group successfully introduced an innovative sustainable cleaning system across all bars and restaurants, revolutionizing the way tap systems are maintained. This solution completely eliminates the need for harmful chemicals, benefiting both customers and the environment.

Research and development activities

The Company maintains a relentless pursuit of innovation, consistently evolving its concepts and products to uphold its position as a leading trendsetter in the market. In the upcoming year of 2023, the Company will persistently invest in advancing both its existing and new concepts and products, firmly entrenching product innovation within its very DNA.

Of notable significance is the Company's unwavering commitment to nonalcoholic craft beers, as it continues to allocate substantial resources towards product development and brand activation in this thriving category. By prioritizing this area, the Company strives to meet the evolving demands and preferences of consumers, ensuring a compelling and captivating experience with its offerings.

Foreign branches

Mikkeller has a foreign branch in Sweden and UK.

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 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		(24,552,415)	678,456
Staff costs	1	(31,351,953)	(22,351,726)
Depreciation, amortisation and impairment losses	2	(993,102)	(2,091,537)
Operating profit/loss		(56,897,470)	(23,764,807)
Other financial income		25,749	1,524,563
Other financial expenses	3	(548,062)	(1,387,550)
Profit/loss before tax		(57,419,783)	(23,627,794)
Tax on profit/loss for the year	4	2,560,240	(4,596)
Profit/loss for the year	5	(54,859,543)	(23,632,390)

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Acquired intangible assets		108,646	272,674
Goodwill		0	0
Intangible assets	6	108,646	272,674
Other fixtures and fittings, tools and equipment		1,556,306	1,648,883
Leasehold improvements		19,164	70,852
Property, plant and equipment	7	1,575,470	1,719,735
Deposits		1,096,150	640,208
Financial assets	8	1,096,150	640,208
Fixed assets		2,780,266	2,632,617
Manufactured goods and goods for resale		18,953,417	36,344,885
Inventories		18,953,417	36,344,885
Trade receivables		5,714,487	8,672,163
Receivables from group enterprises		1,548,947	3,497,876
Receivables from associates		0	320,363
Other receivables		1,366,780	5,211,011
Joint taxation contribution receivable		2,568,683	0
Prepayments	9	705,002	1,531,909
Receivables		11,903,899	19,233,322
Cash		3,054,957	5,869,613
Current assets		33,912,273	61,447,820
Assets		36,692,539	64,080,437

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		80,000	80,000
Retained earnings		2,060,451	1,919,994
Equity		2,140,451	1,999,994
Other provisions	10	0	2,100,000
Provisions		0	2,100,000
Payables to group enterprises		18,035,220	35,316,619
Other payables		1,688,364	2,436,472
Non-current liabilities other than provisions	11	19,723,584	37,753,091
Current portion of non-current liabilities other than provisions	11	0	216,986
Trade payables		4,212,747	9,860,588
Payables to group enterprises		954,826	276,942
Payables to associates		897	11,128
Other payables		6,152,120	11,593,452
Deferred income	12	3,507,914	268,256
Current liabilities other than provisions		14,828,504	22,227,352
Liabilities other than provisions		34,552,088	59,980,443
Equity and liabilities		36,692,539	64,080,437
Unrecognised rental and lease commitments	13		
Related parties with controlling interest	14		
Group relations	15		

Statement of changes in equity for 2022

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	80,000	1,919,994	1,999,994
Group contributions etc	0	55,000,000	55,000,000
Profit/loss for the year	0	(54,859,543)	(54,859,543)
Equity end of year	80,000	2,060,451	2,140,451

Notes

1 Staff costs

	2022	2021
	DKK	DKK
Wages and salaries	28,410,324	19,915,699
Pension costs	2,722,556	2,029,770
Other social security costs	174,192	148,253
Other staff costs	44,881	258,004
	31,351,953	22,351,726
Average number of full-time employees	51	44

	Remuneration of Management 2022 DKK	Remuneration of Management 2021 DKK
Total amount for management categories	4,334,987	4,273,283
	4,334,987	4,273,283

2 Depreciation, amortisation and impairment losses

	2022	2021
	DKK	DKK
Amortisation of intangible assets	119,584	1,107,109
Depreciation of property, plant and equipment	797,148	984,428
Profit/loss from sale of intangible assets and property, plant and equipment	76,370	0
	993,102	2,091,537

3 Other financial expenses

	2022	2021
	DKK	DKK
Financial expenses from group enterprises	319,840	322,310
Other interest expenses	189,401	1,065,240
Exchange rate adjustments	13,131	0
Other financial expenses	25,690	0
	548,062	1,387,550

4 Tax on profit/loss for the year

	2022	2021
	DKK	DKK
Adjustment concerning previous years	8,443	0
Refund in joint taxation arrangement	(2,568,683)	4,596
	(2,560,240)	4,596

5 Proposed distribution of profit and loss

	2022	2021
	DKK	DKK
Retained earnings	(54,859,543)	(23,632,390)
	(54,859,543)	(23,632,390)

6 Intangible assets

	Acquired intangible assets	Goodwill
	DKK	DKK
Cost beginning of year	358,751	10,210,320
Disposals	(100,000)	0
Cost end of year	258,751	10,210,320
Amortisation and impairment losses beginning of year	(86,077)	(10,210,320)
Amortisation for the year	(119,584)	0
Reversal regarding disposals	55,556	0
Amortisation and impairment losses end of year	(150,105)	(10,210,320)
Carrying amount end of year	108,646	0

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	3,220,914	1,687,197
Additions	965,802	3,007
Disposals	(1,449,852)	(36,112)
Cost end of year	2,736,864	1,654,092
Depreciation and impairment losses beginning of year	(1,572,031)	(1,616,345)
Depreciation for the year	(758,233)	(38,915)
Reversal regarding disposals	1,149,706	20,332
Depreciation and impairment losses end of year	(1,180,558)	(1,634,928)
Carrying amount end of year	1,556,306	19,164

8 Financial assets

	Deposits DKK
Cost beginning of year	640,208
Additions	455,942
Cost end of year	1,096,150
Carrying amount end of year	1,096,150

Mikkeller ApS owns the subsidiaries Stella Polly International Trading Co. Ltd. and Mikkeller Ltd. 100%. The subsidiaries were established without any equity, which is why they are not included in the financial statements. The subsidiaries have no activity.

9 Prepayments

Prepayments encompass prepaid insurance policies and software subscriptions.

10 Other provisions

Other provisions comprise anticipated costs related to ongoing legal cases.

11 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due after more than 12 months 2022 DKK
Lease liabilities	216,986	0
Payables to group enterprises	0	18,035,220
Other payables	0	1,688,364
	216,986	19,723,584

Non-current liabilities other than provisions falls due within 5 years.

12 Deferred income

Deferred income relates to revenue for 2023 such as events and subscriptions etc.

13 Unrecognised rental and lease commitments

	2022 DKK	2021 DKK
Liabilities under rental or lease agreements until maturity in total	1,480,452	1,451,510

Unrecognised rental and lease commitments relates to rental agreements and machines which runs until December 2024.

14 Related parties with controlling interest

The following Entities have controlling interest of the Company due to direct or indirect ownership:

- Craft Brewery Holding ApS, Humletorvet 27, 3. 1799 Copenhagen V, Immediate parent company.
- Bjergsø Holding ApS, Humletorvet 27, 3. 1799 Copenhagen V, Ultimate parent company.

15 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Bjergsø Holding ApS, Humletorvet 27, 3. 1799 Copenhagen V.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Bjergsø Holding ApS, Humletorvet 27, 3. 1799 Copenhagen V.

Copies of the consolidated financial statements of Bjergsø Holding ApS may be ordered at the following address:
Humletorvet 27, 3. 1799 Copenhagen V.

Accounting policies

Reporting class

This annual report has been prepared 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.

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, 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.

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, and 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, and gains and losses from the sale of intangible assets and 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).

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.

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.

Plant and equipment

Other fixtures and fittings, tools and equipment 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:

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

Estimated useful lives and residual values are reassessed annually.

Items of 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.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for 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.

Prepayments

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

Cash

Cash comprises bank deposits.

Other provisions

Other provisions comprise anticipated costs related to ongoing legal cases.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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.

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.