



Mikkeller ApS

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

Annual report 2020

The Annual General Meeting adopted the
annual report on 02.07.2021

Kenneth Bundgaard Madsen
Chairman of the General Meeting

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Entity details

Entity

Mikkeller ApS
Humletorvet 27, 3.
1799 København V

CVR No.: 34602824
Registered office: København
Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Jacob Gram Alsing, Chairman
Mikkel Bjergsø
Kenneth Bundgaard Madsen

Executive Board

Kenneth Bundgaard Madsen
Mikkel Bjergsø
Jacob Gram Alsing

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 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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, 02.07.2021

Executive Board

Kenneth Bundgaard Madsen

Mikkel Bjergsø

Jacob Gram Alsing

Board of Directors

Jacob Gram Alsing

Chairman

Mikkel Bjergsø

Kenneth Bundgaard Madsen

Independent auditor's report

To the shareholders of Mikkeller ApS

Opinion

We have audited the financial statements of Mikkeller ApS for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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:

- 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, 02.07.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bjørn Winkler Jakobsen

State Authorised Public Accountant
Identification No (MNE) mne32127

Hans Tauby

State Authorised Public Accountant
Identification No (MNE) mne44339

Management commentary

Financial highlights

	2020	2019	2018	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	4,324	14,240	17,671	29,501	32,356
Operating profit/loss	(16,369)	(6,656)	1,652	9,188	17,799
Net financials	(3,242)	(215)	1	-301	-42
Profit/loss for the year	(19,900)	(5,593)	1,182	6,844	13,705
Total assets	46,456	49,719	38,931	46,191	48,097
Investments in property, plant and equipment	1,322	903	198	481	1,244
Equity	2,408	16,308	21,901	30,719	33,875
Ratios					
Equity ratio (%)	5.18	32.80	56.26	66.50	70.43

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

Equity ratio (%):

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

Total assets

Primary activities

The Company's activities comprise 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 01.01.2020 - 31.12.2020 shows a net loss of DKK 19,900 thousand. Mikkeller ApS has received a contribution from the parent company, Bjergsø Holding ApS, to re-establish the equity as of 31 December 2020. Subsequently, equity amounts to DKK 2,408 thousand.

The loss in 2020 is primarily a result of COVID-19 related restrictions, lockdown and general uncertainty across the globe heavily impacting our retail sales as well as wholesale to on-premise bars, restaurants, etc. Despite the difficult market situation, Mikkeller has continued investments in growth centered around the following areas:

- Ongoing transition of our wholesale distribution network focused on more long-term sustainable business partnerships that will form the basis for future growth. The effect of this transition is a temporary slowdown in revenue from wholesale overall. The Company has experienced continued and solid growth in e-commerce.
- Maintained almost full organisation in the Copenhagen headquarters and added additional staff to support the sales force, administration and other functions that all will help positioning Mikkeller for future growth.
- E-commerce where the Company has invested in continued expansion of the digital platforms and customer-base expansion for the Company's digital platforms.
- Expanded marketing activities, including additional investments in paid social advertising and other e-commerce-related activities.

Management considers the net loss for the year to be unsatisfactory and heavily impacted by external factors (COVID-19). Based on the investments in future growth and positive trends in focus markets, Management believes this has not negatively affected the company's ability to execute the long-term strategy for continued growth in the coming years.

Uncertainty relating to recognition and measurement

After the balance sheet date, Management has made an updated assessment of collectability of receivables and has not identified any need of write-downs as of 31 December 2020. Recognition and measurement in the financial statements are not subject to any uncertainty.

Unusual circumstances affecting recognition and measurement

The Company's financial position at 31 December 2020 and the results of its operations for the financial year ended 31 December 2020 are not affected by any unusual matters other than the ongoing COVID-19 outbreak and government restrictions regarding public gatherings and restaurant shutdowns.

Outlook

The wholesale business, including beer sales through distribution networks globally, has been significantly affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the

impacts of the outbreak.

The Company's outlook for 2021 revenue and results will be affected by almost five months of COVID-19- related restrictions but is expected to reach a 30-40% increase compared to 2020, which is significantly better than 2020.

Particular risks

The Company is subject to usual risks within the wholesale and retail industry including cyclical fluctuations, consumer behaviour, sourcing of raw materials, currency exposure, and as mentioned, government restrictions regarding public gatherings and restaurant shutdowns, etc.

The Company operates worldwide and is naturally exposed to currency risks, mainly in USD.

Intellectual capital resources

It is essential for the Company's continued growth to attract and maintain talented employees. Through branding, working environment policies, employee benefits, education and development of employees, the Company strives to be an attractive workplace.

Environmental performance

The Company's growth entails 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 has continued to grow in 2020, and the Company will continue to produce more organic beers going forward, while always making sure that such initiatives do not compromise quality.

Research and development activities

The Company is constantly developing new products to maintain its position as one of the trendsetters in the market. In 2021, the Company will continue to invest in the development of new products.

Foreign branches

Mikkeller has a foreign branch in United Kingdom and in Sweden.

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. The re-opening of the society after the COVID-19 crisis will be a determining factor for the economic impact the following year.

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss	2	4,324,214	14,240,137
Staff costs	3	(18,667,961)	(19,099,585)
Depreciation, amortisation and impairment losses	4	(2,025,643)	(1,796,268)
Operating profit/loss		(16,369,390)	(6,655,716)
Other financial income	5	4,821	10,922
Other financial expenses	6	(3,246,687)	(225,646)
Profit/loss before tax		(19,611,256)	(6,870,440)
Tax on profit/loss for the year	7	(289,222)	1,277,841
Profit/loss for the year	8	(19,900,478)	(5,592,599)

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Acquired intangible assets		0	206,936
Goodwill		1,021,032	2,042,064
Intangible assets	9	1,021,032	2,249,000
Other fixtures and fittings, tools and equipment		1,610,038	972,605
Leasehold improvements		385,071	712,348
Property, plant and equipment	10	1,995,109	1,684,953
Deposits		565,963	997,648
Deferred tax	12	0	429,167
Financial assets	11	565,963	1,426,815
Fixed assets		3,582,104	5,360,768
Manufactured goods and goods for resale		22,450,760	25,708,881
Prepayments for goods		0	944,223
Inventories		22,450,760	26,653,104
Trade receivables		9,517,688	11,266,253
Receivables from group enterprises		1,673,762	1,638,546
Other receivables		1,603,918	2,407,546
Joint taxation contribution receivable		16,936	0
Prepayments	13	2,038,368	593,198
Receivables		14,850,672	15,905,543
Cash		5,572,865	1,799,650
Current assets		42,874,297	44,358,297
Assets		46,456,401	49,719,065

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		80,000	80,000
Retained earnings		2,327,680	16,228,159
Equity		2,407,680	16,308,159
Lease liabilities		119,201	187,413
Payables to group enterprises		22,446,490	16,933,840
Other payables		1,647,233	552,071
Non-current liabilities other than provisions	14	24,212,924	17,673,324
Current portion of non-current liabilities other than provisions	14	342,092	248,043
Bank loans		0	123,240
Trade payables		2,224,263	4,857,271
Payables to group enterprises		1,073,328	1,183,705
Other payables		11,228,365	3,876,750
Deferred income	15	4,967,749	5,448,573
Current liabilities other than provisions		19,835,797	15,737,582
Liabilities other than provisions		44,048,721	33,410,906
Equity and liabilities		46,456,401	49,719,065
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Related parties with controlling interest	18		
Group relations	19		

Statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	80,000	16,228,158	16,308,158
Group contributions etc	0	6,000,000	6,000,000
Profit/loss for the year	0	(19,900,478)	(19,900,478)
Equity end of year	80,000	2,327,680	2,407,680

Notes

1 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. The re-opening of the society after the COVID-19 crisis will be a determining factor for the economic impact the following year.

2 Gross profit/loss

The Company has for the financial year received a total compensation of DKK 785 thousand from the COVID-19 compensation packages. The compensation comprise compensation of salary of DKK 785 thousand. The received compensation is recognised under other operating income.

3 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	16,075,201	16,180,771
Pension costs	1,630,740	1,378,846
Other social security costs	132,254	121,650
Other staff costs	829,766	1,418,318
	18,667,961	19,099,585
Average number of full-time employees	39	36

	Remuneration of management 2020 DKK	Remuneration of management 2019 DKK
Total amount for management categories	3,633,649	2,707,800
	3,633,649	2,707,800

4 Depreciation, amortisation and impairment losses

	2020	2019
	DKK	DKK
Amortisation of intangible assets	1,227,969	1,296,946
Depreciation of property, plant and equipment	881,825	488,741
Profit/loss from sale of intangible assets and property, plant and equipment	(84,151)	10,581
	2,025,643	1,796,268

5 Other financial income

	2020 DKK	2019 DKK
Other interest income	4,821	10,922
	4,821	10,922

6 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from group enterprises	238,604	94,284
Other interest expenses	2,884,063	17,140
Exchange rate adjustments	124,020	114,222
	3,246,687	225,646

7 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Change in deferred tax	429,167	(1,277,841)
Adjustment concerning previous years	(123,009)	0
Refund in joint taxation arrangement	(16,936)	0
	289,222	(1,277,841)

8 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Retained earnings	(19,900,478)	(5,592,599)
	(19,900,478)	(5,592,599)

9 Intangible assets

	Acquired intangible assets DKK	Goodwill DKK
Cost beginning of year	827,743	10,210,320
Disposals	(827,743)	0
Cost end of year	0	10,210,320
Amortisation and impairment losses beginning of year	(620,807)	(8,168,256)
Amortisation for the year	(206,937)	(1,021,032)
Reversal regarding disposals	827,744	0
Amortisation and impairment losses end of year	0	(9,189,288)
Carrying amount end of year	0	1,021,032

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.

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.

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	1,465,551	1,677,202
Additions	1,312,295	9,995
Disposals	(265,986)	0
Cost end of year	2,511,860	1,687,197
Depreciation and impairment losses beginning of year	(492,946)	(964,854)
Depreciation for the year	(544,553)	(337,272)
Reversal regarding disposals	135,677	0
Depreciation and impairment losses end of year	(901,822)	(1,302,126)
Carrying amount end of year	1,610,038	385,071

11 Financial assets

	Deposits DKK
Cost beginning of year	997,648
Additions	17,094
Disposals	(448,779)
Cost end of year	565,963
Carrying amount end of year	565,963

12 Deferred tax

	2020 DKK	2019 DKK
Intangible assets	0	(494,779)
Property, plant and equipment	0	27,083
Tax losses carried forward	0	896,863
Deferred tax	0	429,167

Changes during the year	2020 DKK
Beginning of year	429,167
Recognised in the income statement	(429,167)
End of year	0

The management has chosen not to recognize the deferred tax asset.

13 Prepayments

Prepayments relates to costs for 2021.

14 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due within 12 months 2019 DKK	Due after more than 12 months 2020 DKK
Lease liabilities	342,092	248,043	119,201
Payables to group enterprises	0	0	22,446,490
Other payables	0	0	1,647,233
	342,092	248,043	24,212,924

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

15 Deferred income

Deferred income relates to revenue for 2021 such as events and subscriptions etc.

16 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Liabilities under rental or lease agreements until maturity in total	1,897,828	2,416,734

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

17 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.

18 Related parties with controlling interest

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

- Craft Brewery Holding ApS, Copenhagen.
- Bjergsø Holding ApS, Copenhagen.

19 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 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.

Property, 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:

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

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.

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.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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.

Lease liabilities

Lease commitments 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 commitments 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.