

White Labs - Copenhagen ApS

Flæsketorvet 68, 1711 København V
CVR no. 36 07 71 66

Annual report for 2016

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 31.05.17

Troels Prahl Jørgensen
Dirigent

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The company

White Labs - Copenhagen ApS
Flæsketorvet 68
1711 København V
Tel.: 26 29 22 68
Registered office: København V
CVR no.: 36 07 71 66
Financial year: 01.01 - 31.12

Executive Boards

Man. Director Troels Prahl Jørgensen
Manager Lisa Rodriguez White
Manager Christopher Eric White

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Parent company

White Labs, Inc., 9495 Candida Street
San Diego, CA 92126
USA

Statement of the Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.16 - 31.12.16 for White Labs - Copenhagen ApS.

The annual report is presented in accordance with Danish Financial Statements Act.

The financial statements have not been audited, and we declare that the relevant conditions have been met.

In our opinion, the financial statements give a true and fair view of the the company's assets, liabilities and financial position as at 31.12.16 and of the results of the the company's activities for the financial year 01.01.16 - 31.12.16.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, May 31, 2017

Executive Boards

Troels Prah Jørgensen
Man. Director

Lisa Rodriguez White
Manager

Christopher Eric White
Manager

To the management of White Labs - Copenhagen ApS

Based on the and other information provided by the management, we have compiled the internal financial statements of White Labs - Copenhagen ApS for the financial year 01.01.16 - 31.12.16.

The financial statements comprise the income statement, balance sheet, statement of changes in equity and notes, inclusive of accounting policies.

We have performed our compilation engagement in accordance with the ISRS 4410 standard on Engagements to Compile Financial Statements.

We have applied our professional expertise to assist the management with the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Act on Approved Auditors and Audit Firms (Revisorloven) and the code of ethics of FSR – Danish Auditors, including principles concerning integrity, objectivity, professional competence and due care.

Management retains responsibility for the financial statements and for the accuracy and completeness of the financial information on the basis of which the financial statements are prepared and presented.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided by management for the compilation of the internal financial statements. Accordingly, we will not express an audit opinion or a review conclusion on whether the internal financial statements are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, May 31, 2017

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Kim Larsen
State Authorized Public Accountant

Primary activities

The company's principal activities consist is to sell yeast products to the European market, and related services.

Development in activities and financial affairs

The income statement for the period 01.01.16 - 31.12.16 shows a profit/loss of DKK -569,484 against DKK -497,575 for the period 01.01.15 - 31.12.15. The balance sheet shows equity of DKK -598,325.

Significant uncertainty as regards going concern

Outlook

The company expects to reestablish its equity in 2017 by positive results and capital contributions from its owner.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note	2016 DKK	2015 DKK
	926.757	275.797
2 Staff costs	-1.484.770	-800.810
	-558.013	-525.013
Depreciation, amortisation, impairment losses and write-downs of property, plant and equipment	-13.552	-13.160
	-571.565	-538.173
Financial income	2.195	42.430
Financial expenses	-1.592	-354
	603	42.076
	-570.962	-496.097
Tax on profit or loss for the year	1.478	-1.478
	-569.484	-497.575
Proposed appropriation account		
Retained earnings	-569.484	-497.575
	-569.484	-497.575

Balance sheet

ASSETS		31.12.16	31.12.15
Note		DKK	DKK
	Other fixtures and fittings, tools and equipment	62.588	52.640
3	Total property, plant and equipment	62.588	52.640
	Deposits	24.000	12.000
	Total investments	24.000	12.000
	Total non-current assets	86.588	64.640
	Manufactured goods and goods for resale	306.402	30.000
	Total inventories	306.402	30.000
	Trade receivables	63.147	66.125
	Other receivables	31.788	5.146
	Prepayments	30.000	5.953
	Total receivables	124.935	77.224
	Cash	688.717	90.991
	Total current assets	1.120.054	198.215
	Total assets	1.206.642	262.855

Balance sheet

EQUITY AND LIABILITIES		31.12.16	31.12.15
		DKK	DKK
Note			
	Share capital	59.000	50.000
	Share premium	409.734	409.734
	Retained earnings	-1.067.059	-497.575
	Total equity	-598.325	-37.841
	Provisions for deferred tax	0	1.478
	Total provisions	0	1.478
4	Payables to group enterprises	1.632.208	206.255
	Total long-term payables	1.632.208	206.255
	Trade payables	100.415	10.306
	Other payables	72.344	82.657
	Total short-term payables	172.759	92.963
	Total payables	1.804.967	299.218
	Total equity and liabilities	1.206.642	262.855

Statement of changes in equity

Figures in DKK	Share capital	Share premium	Retained earnings
Statement of changes in equity for 01.01.16 - 31.12.16			
Balance pr. 01.01.16	50.000	409.734	-497.575
Capital increase	9.000	0	0
Net profit/loss for the year	0	0	-569.484
Balance as at 31.12.16	59.000	409.734	-1.067.059

1. Significant uncertainty as regards going concern

The company has lost its share capital. The parent company will provide financing by subordinating vis-à-vis White Labs - Copenhagen ApS' other creditors for a period of 12 months from 31.05.2017. The financial statements are on this background prepared with a view to continued operations.

2. Staff costs

Wages and salaries	1.484.770	800.810
Total	1.484.770	800.810
Average number of employees during the year	3	2

3. Property, plant and equipment

Figures in DKK	Other fixtures and fittings, tools and equipment
Cost pr. 01.01.16	65.800
Additions during the year	23.500
Cost as at 31.12.16	89.300
Depreciation and impairment losses pr. 01.01.16	-13.160
Depreciation during the year	-13.552
Depreciation and impairment losses as at 31.12.16	-26.712
Carrying amount as at 31.12.16	62.588

4. Longterm payables

Figures in DKK	Total payables at 31.12.16	Total payables at 31.12.15
Payables to group enterprises	1.632.208	206.255
Total	1.632.208	206.255

5. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for reporting class C medium-sized.

The accounting policies have been applied consistently with previous years.

The Annual report is presented in Danish Kroner.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

5. Accounting policies - continued -**INCOME STATEMENT****Gross profit**

Gross profit comprises revenue and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

5. Accounting policies - continued -**Depreciation, amortisation and impairment losses**

The amortisation and depreciation of property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated/amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful life, year	Residual value, per cent
Other plant, fixtures and fittings, tools and equipment	3-5 years	0

The basis of depreciation/amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation/amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET**Property, plant and equipment**

Property, plant and equipment comprise other fixtures and fittings, tools and equipment

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in

5. Accounting policies - continued -

the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation/amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO principle. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of

5. Accounting policies - continued -

direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

5. Accounting policies - continued -

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.