

White Labs - Copenhagen ApS

Kirstinehøj 1, 2770 Kastrup
CVR no. 36 07 71 66

Annual report for 2019

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 16.03.20

Troels Prahl Jørgensen
Dirigent



Company information etc.	3
Statement of the Board of Directors on the annual report	4
Practitioner's compilation report	5
Management's review	6
Income statement	7
Balance sheet	8 - 9
Statement of changes in equity	10
Notes	11 - 18

The company

White Labs - Copenhagen ApS
Kirstinehøj 1
2770 Kastrup
Tel.: 26 29 22 68
Registered office: København K
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 01.01.19 - 31.12.19 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 31.12.19 and of the results of the the company's activities for the financial year 01.01.19 - 31.12.19.

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.

Beierholm Statsautoriseret Revisionspartnerselskab has assisted with bookkeeping and payroll service, and we hereby confirm having reviewed and approved the result of this assistance.

Copenhagen, March 16, 2020

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 company's book-keeping and other information provided by the management, we have compiled the financial statements of White Labs - Copenhagen ApS for the financial year 01.01.19 - 31.12.19.

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 financial statements. Accordingly, we will not express an audit opinion or a review conclusion on whether the financial statements are prepared in accordance with the Danish Financial Statements Act.

Soeborg, Copenhagen, March 16, 2020

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Kim Larsen
State Authorized Public Accountant
MNE-no. mne32179

Primary activities

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

Development in activities and financial affairs

The income statement for the period 01.01.19 - 31.12.19 shows a profit/loss of DKK 729,497 against DKK -493,422 for the period 01.01.18 - 31.12.18. The balance sheet shows equity of DKK -595,100.

Significant uncertainty as regards going concern

Please see note 1.

Outlook

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

Subsequent events

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

Income statement

Note		2019 DKK	2018 DKK
	Gross profit	6.074.664	3.438.608
2	Staff costs	-4.525.572	-3.309.065
	Profit before depreciation, amortisation, write-downs and impairment losses	1.549.092	129.543
	Depreciation and impairments losses of property, plant and equipment	-527.963	-203.906
	Other operating expenses	-5.976	0
	Profit/loss before net financials	1.015.153	-74.363
	Financial income	0	-275.323
	Financial expenses	-285.656	-143.736
	Profit/loss for the year	729.497	-493.422
	Proposed appropriation account		
	Retained earnings	729.497	-493.422
	Total	729.497	-493.422

ASSETS		31.12.19	31.12.18
		DKK	DKK
Note			
	Leasehold improvements	911.561	939.255
	Other fixtures and fittings, tools and equipment	1.761.357	1.629.835
3	Total property, plant and equipment	2.672.918	2.569.090
	Deposits	166.650	158.250
	Total investments	166.650	158.250
	Total non-current assets	2.839.568	2.727.340
	Work in progress	0	95.834
	Manufactured goods and goods for resale	1.031.897	524.686
	Total inventories	1.031.897	620.520
	Trade receivables	365.646	194.930
	Other receivables	177.373	252.679
	Prepayments	205.712	142.766
	Total receivables	748.731	590.375
	Cash	550.713	50.480
	Total current assets	2.331.341	1.261.375
	Total assets	5.170.909	3.988.715

EQUITY AND LIABILITIES		31.12.19	31.12.18
		DKK	DKK
Note			
	Share capital	59.000	59.000
	Share premium	409.735	409.735
	Retained earnings	-1.063.835	-1.793.332
	Total equity	-595.100	-1.324.597
4	Payables to group enterprises	4.636.678	4.649.288
4	Other payables	82.461	0
	Total long-term payables	4.719.139	4.649.288
	Trade payables	435.617	159.489
	Other payables	393.451	330.777
	Deferred income	217.802	173.758
	Total short-term payables	1.046.870	664.024
	Total payables	5.766.009	5.313.312
	Total equity and liabilities	5.170.909	3.988.715

Statement of changes in equity

Figures in DKK	Share capital	Share premium	Retained earnings	Total equity
Statement of changes in equity for 01.01.19 - 31.12.19				
Balance as at 01.01.19	59.000	409.735	-1.793.332	-1.324.597
Net profit/loss for the year	0	0	729.497	729.497
Balance as at 31.12.19	59.000	409.735	-1.063.835	-595.100

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 5 years from year end 31.12.2019. The financial statements are on this background prepared with a view to continues operations.

2. Staff costs

Wages and salaries	4.365.612	3.295.784
Other staff costs	159.960	13.281
Total	4.525.572	3.309.065
Average number of employees during the year	9	7

3. Property, plant and equipment

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost as at 01.01.19	1.135.124	1.956.433
Additions during the year	220.246	423.099
Disposals during the year	0	-15.168
Cost as at 31.12.19	1.355.370	2.364.364
Depreciation and impairment losses as at 01.01.19	-195.868	-326.598
Depreciation during the year	-247.941	-276.409
Depreciation and impairment losses as at 31.12.19	-443.809	-603.007
Carrying amount as at 31.12.19	911.561	1.761.357

4. Longterm payables

Figures in DKK	Outstanding debt after 5 years	Total payables at 31.12.19	Total payables at 31.12.18
Payables to group enterprises	0	4.636.678	4.649.288
Other payables	0	82.461	0
Total	0	4.719.139	4.649.288

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 a higher reporting class.

The accounting policies have been applied consistently with previous years.

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.

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.

5. Accounting policies - continued -**Other operating income****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.

Depreciation and impairment losses

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

	Useful lives, years	Residual value, per cent
Leasehold improvements	5 years	0
Other plant, fixtures and fittings, tools and equipment	5-15 years	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation 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.

5. Accounting policies - continued -

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

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 leasehold improvements as well as 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 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 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.

5. Accounting policies - continued -

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.

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 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.

5. Accounting policies - continued -

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.

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

5. Accounting policies - continued -

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.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.