

# Merrild Kaffe ApS

Erritsø Møllebanke 3, 7000 Fredericia

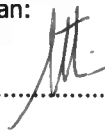
CVR no. 36 47 39 40



## Annual report 2015

Approved at the Company's annual general meeting on 25 April 2016

Chairman:



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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Merrild Kaffe ApS for the financial year 1 January - 31 December 2015.


The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Fredericia, 25 April 2016  
Executive Board:



Peter Henrik Falk  
CEO



Søren Svinding  
CFO

Board of Directors:



Mauro Mantovani  
Chairman



Peter Henrik Falk



Søren Svinding

## Independent auditors' report

To the shareholder of Merrild Kaffe ApS

### Independent auditors' report on the financial statements

We have audited the financial statements of Merrild Kaffe ApS for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### *Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

## Independent auditors' report

### Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Odense, 25 April 2016  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

A blue ink signature of Søren Smedegaard Hvid, featuring a large, stylized 'S' and 'H'.

Søren Smedegaard Hvid  
State Authorised  
Public Accountant

A blue ink signature of Torben Ahle Pedersen, featuring a stylized 'TAP'.

Torben Ahle Pedersen  
State Authorised  
Public Accountant



## Management's review

### Company details

Name	Merrild Kaffe ApS
Address, zip code, city	Erritsø Møllebanke 3, DK-7000 Fredericia
CVR no.	36473940
Established	23 December 2014
Registered office	Fredericia
Financial year	1 January - 31 December
Website	<a href="http://www.merrild.dk">www.merrild.dk</a>
Board of Directors	Mauro Mantovani, Chairman Peter Henrik Falk Søren Svinding
Executive Board	Peter Henrik Falk, CEO Søren Svinding, CFO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade, DK-5000 Odense C

## Management's review

### Financial highlights

DKK mio.	2015
<b>Key figures</b>	
Gross profit	10,5
Operating loss	2,4
Loss from financial income and expense	0,5
<b>Loss for the year</b>	<b>2,2</b>
<b>Total assets</b>	
Portion relating to investment in goodwill	62,7
Portion relating to investment in subsidiary	18,7
Portion relating to investment in property, plant and equipment	0,5
<b>Equity</b>	<b>88,3</b>
<b>Financial ratios</b>	
Operating margin	-1,6
Current ratio	107,1
Gross margin	21,3
Solvency ratio	42,6
Return on equity	-2,5
<b>Average number of full-time employees</b>	<b>38</b>

The financial ratios have been prepared in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

## Management's review

### Operating review

#### Principal activities of the Company

On 22 December 2014, the company Charger Denmark ApS was established. This company was established in order to separate the former Merrild Kaffe ApS in two companies in connection with the merger between the parent companies D.E. Master Blenders 1753 and Mondelez ' coffee division to JDE.

The separation was made as the EU anti-trust commission would not accept the merger of the retail part of Merrild Kaffe ApS and the retail part of the coffee Division of Mondelez in Denmark. The EUROPEAN UNION estimated that the total market share of the retail market would be too high and negatively affect the conditions of competition in Denmark. The EU anti-trust commission assessed at the same time that the market shares in the Baltics would also be too high.

The merger of the professional part of Merrild Kaffe ApS and the professional part of Mondelez Coffe division were not affected by the above.

The Merrild brand in the retail industry in Denmark and in the Baltic States was sold to Luigi Lavazza S.p.A. of Turin, Italy with takeover date at 1 October 2015.

At 3 July 2015, all activities regarding sales, marketing, inventory, etc. were transferred to the stand-alone company, Charger Denmark ApS, which at the same date changed the name to Merrild Kaffe Danmark ApS. In the second half of the year 2015, the company has operated under the brand Merrild in the retail industry. The company changed its name to Merrild Kaffe ApS at 11 October 2015. The first three3 months, the company operated under JDE ownership and after 1 October under Lavazza's ownership.

At 29 September 2015, Merrild Baltic SIA in Latvia became a 100% owned subsidiary. Merrild Baltic SIA was previously owned by D.E. Master Blenders 1753, which was the parent company for the former Merrild Kaffe ApS.

#### Development in activities and financial matters

The Company's income statement for the second half of 2015 shows a deficit of DKK 2,209 thousand and the Company's balance sheet at December 31 2015 showed equity of TDKK 88,309. The deficit is mainly attributable to the establishment of a stand-alone company, including restructuring costs.

Despite the deficit, the development has been positive, with a healthy development in market share of filter coffee and in particular of beans and instant coffee.

#### Outlook

After several slack years, the general coffee market in Denmark shows a positive volume trend, latest of + 2% MAT. In 2016, Merrild Kaffe ApS expects a positive development in sales and earnings.

Expectations also base on Merrild Kaffe ApS' start-up of sales to the professional segment at 1 January 2106 with the Lavazza Brand in Denmark and the continued focus on the retail trade with the Merrild brand in most coffee categories in Denmark and in the Baltic States.

#### Risks

##### *General risks*

##### *Operation*

There does not seem to be significant operational risks. The Company buys most of its products to affiliated companies, ensuring a steady supply.



## Management's review

### Operating review

#### *Market risks*

The retail industry is characterized by few but large chains that wear off much of the Company's products. In the same way, the Company has a significant market share in competition with correspondingly larger providers of comparable products. In order to strengthen the Company's marketing, significant cost marketing and further development of trademarks and business concepts have taken place.

#### *Financial risks*

Management considers the Company's capital preparedness to be sufficient.

#### *Currency risks*

The Company has sales of goods as well as goods sold abroad. These transactions are however, as a general rule, effected either in USD or in euro, why these currency risks shall be assessed to be limited. If deemed necessary, currency forward contracts for the hedging of future cash flows in foreign currencies are used.

#### *Interest rate risks*

The Company has significant interest-bearing records of short-term nature, where the return follows market rates. The Company's interest income and finance costs are therefore dependent thereof.

The Company's shareholders have chosen not to enter into interest rate transactions to hedge interest-rate risks, as in the case of a group internal balances.

#### *Credit risks*

The Company's policy for the assumption of credit risks implies that all major customers and other business partner's continuous credit is assessed. Mentioned policy minimizes/eliminates the risk.

### Strategy

It is the Company's strategy to deliver quality products within the Company's business areas.

It is the strategy on an ongoing basis to support the qualitative development of the total market and to gain market share at the same time as the earnings capacity is maintained.

#### **Intellectual capital**

Since the Company operates in a highly competitive market for all of its products, it is essential constantly to recruit and retain employees with a high level of expertise in sales and marketing.

The company support through continuous education and training initiatives that the employees maintain a high level of knowledge which is needed.

The Company's support functions must have the professional skills and demonstrate the stability that ensures retention of skills and the ability to act as a support function. This ensures through the company's training and personnel policies as well as knowledge sharing internally and with Group companies.

## Management's review

### Operating review

#### Environmental issues

Merrild wants to encourage the sale of sustainable products. This is reflected in e.g. our marketing of organic coffee and Single Origin, which is 100% UTZ, certified coffee. In 2015, 55 tons of organic coffee and 4 tons of Single Origin were sold in Denmark.

Merrild engages actively in dialogue with companies on sustainable products and offers communication material to enable these companies to improve their sustainable profile. In this way, Merrild contributes to spreading the message to end-users and putting sustainability on the agenda.

#### Research and development activities

The Company holds no actual research expenses, but along with affiliates held costs to product development, which are expensed on an ongoing basis.

#### Social responsibility

Since Merrild Kaffe ApS is a part of the Luigi Lavazza S.P.A. which has a separate CSR report, which can be found at <http://www.lavazza.com/en/sustainability/values/sustainability-report/>, no CSR report has been prepared exclusively for Merrild Kaffe ApS.

Beside from following the guideline set out by Luigi Lavazza S.P.A. then Merrild Kaffe ApS also have been donating coffee to various organizations in Denmark in 2015.

#### A responsible workplace

It is Merrild's wish to have a strong reputation for being a responsible workplace with focus on employees' work-life balance, physical and mental health as well as personal development. Based on satisfaction surveys on employees' satisfaction and engagement, action plans are initiated with a view to improving health and safety.

#### *Engagement in the local community*

Merrild wishes to be known as a responsible workplace in the local community. Among other things, this is reflected in the scheme set-up to enable local associations and social arrangements apply for sponsorships in terms of coffee and tea.

Moreover, Merrild actively works to help youngsters enter the job market by offering advice, internships and student jobs as well as entering into cooperation with MSc students.

#### The statutory statement of the under-represented sex

As to the statutory statement on the under-represented gender in the supreme governing body, see section 99b of the Danish Financial Statements Act. At present, women are underrepresented in Merrild top management. In December 2015, the ratio was 40% women and 60% men.

#### Events after the balance sheet date

No events have occurred after the balance sheet date that have a significant impact on the assessment of the annual report.

## Financial statements for the period 1 January - 31 December

### Income statement

Note	DKK'000	2015	2014
	<b>Gross profit</b>	10,545	0
2	Staff costs	-12,195	0
6	Depreciation, amortisation and impairment losses	-783	0
	<b>Operating loss</b>	-2,433	0
3	Financial expenses	-482	0
	<b>Loss before tax</b>	-2,915	0
4	Tax on loss for the year	706	0
	<b>Loss for the year</b>	-2,209	0
	<b>Distribution of loss</b>		
	Dividends for the financial year	0	0
	Retained earnings	-2,209	0
		-2,209	0

## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	TDKK	2015	2014
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
5	<b>Intangible assets</b>		
	Goodwill	61,886	0
		61,886	0
6	<b>Property, plant and equipment</b>		
	Fixtures and fittings, tools and equipment	503	0
		503	0
	<b>Investments</b>		
7	Shares in subsidiaries	18,653	
		18,653	0
	<b>Total non-current assets</b>	81,042	0
	<b>Current assets</b>		
	<b>Inventories</b>		
	Finished goods and goods for resale	23,823	
		23,823	0
	<b>Receivables</b>		
	Trade receivables	24,461	0
	Other receivables	13	50
8	Prepayments	631	0
		25,105	50
	<b>Cash at hand and in bank</b>	77,572	0
	<b>Total current assets</b>	126,500	50
	<b>TOTAL ASSETS</b>	207,542	50

## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	TDKK	2015	2014
	<b>EQUITY AND LIABILITIES</b>		
9	<b>Equity</b>		
	Share capital	50	50
	Retained earnings	88,259	0
	<b>Total equity</b>	<b>88,309</b>	<b>50</b>
	<b>Provisions</b>		
10	Deferred tax	1,108	0
	<b>Total provisions</b>	<b>1,108</b>	<b>0</b>
	<b>Liabilities other than provisions</b>		
11	<b>Non-current liabilities other than provisions</b>		
	Loan, group enterprises	20,000	
		<b>20,000</b>	<b>0</b>
	<b>Current liabilities other than provisions</b>		
	Trade payables	19,144	0
	Payables to group enterprises	66,040	0
	Other payables	12,941	0
		<b>98,125</b>	<b>0</b>
	<b>Total liabilities</b>	<b>118,125</b>	<b>0</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>207,542</b>	<b>50</b>

- 1 Accounting policies
- 12 Contractual obligations and contingencies, etc.
- 13 Related party disclosures

## Financial statements for the period 1 January - 31 December

### Statement of changes in equity

DKK'000	Share capital	Retained earnings	Proposed dividends	Total
Equity at 23 December 2014	50	0	0	50
Transferred; profit appropriation	0	0	0	0
<b>Equity at 1 January 2015</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>50</b>
Proposed dividends	0	0	0	0
Intercompany contribution		90,468		90,468
Transferred; see distribution of loss	0	-2,209	0	-2,209
<b>Equity at 31 December 2015</b>	<b>50</b>	<b>88,259</b>	<b>0</b>	<b>88,309</b>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Merrild Kaffe ApS for 2015 has been prepared in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

In accordance with section 112(1) of the Danish Financial Statements Act, consolidated financial statements have not been prepared. The annual report of Merrild Kaffe ApS and its subsidiary is included in the Consolidated Financial Statements of Luigi Lavazza S.p.A.

In accordance with section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The enterprises cash-flow statement is included in the consolidated financial statement of Luigi Lavazza S.p.A.

The annual report is presented in TDKK.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are measured at the exchange rate at the transactions date.

#### Income statement

##### Revenue

Income from the sale of goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

##### Gross profit

In accordance with section 32 of the Danish Financial Statements Act, Management has chosen to aggregate revenue, costs of goods sold and other external costs in the item "Gross profit" in the income statement.

##### Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, charges in respect of finance leases, realised and unrealised gains and losses on payables and transactions denominated in foreign currencies and refunds under the on-account tax scheme, etc.

Dividend from investments in subsidiaries is recognised in the income statement in the financial year when the dividend is declared.

##### Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

Merrild Kaffe ApS was jointly taxed with Jacobs Egberts ApS, which was the administrative company, until 30 September 2015.

### Balance sheet

#### Intangible assets

On initial recognition, intangible assets are measured at cost.

Goodwill acquired is subsequently measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life estimated at 20 years, as goodwill is assessed to possess long-term market potential.

#### Property, plant and equipment

On initial recognition, property, plant and equipment are measured at cost.

Fittings, tools and equipment are subsequently measured at cost less accumulated depreciation.

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment 3-5 years

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Leases

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingencies, etc.

##### Investments

Investments in subsidiaries are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower.

##### Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets.

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

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

##### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, write-down is made on an individual basis.

##### Equity - dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

##### Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

##### Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit for the year after tax} \times 100}{\text{Average equity}}$

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

DKK'000	2015	2014
<b>2 Staff costs</b>		
Wages and salaries	10,878	0
Pensions	1,214	0
Other social security costs	103	0
	<u>12,195</u>	<u>0</u>
Management remuneration	<u>4,805</u>	<u>0</u>
Average number of full-time employees	<u>38</u>	<u>0</u>
<b>3 Financial expenses</b>		
Interest expense to group enterprises	100	0
Interest expense, other	357	0
Foreign exchange losses	24	0
	<u>482</u>	<u>0</u>
<b>4 Tax on loss for the year</b>		
Computed tax on the taxable income for the year	0	0
Joint taxation contribution re. former joint taxation arrangement	1,814	0
Adjustment of deferred tax for the year	-1.108	0
	<u>706</u>	<u>0</u>
<b>5 Intangible assets</b>		
DKK'000		<b>Goodwill</b>
Cost at 1 January 2015		0
Additions		62,669
Cost at 31 December 2015		<u>62,669</u>
Impairment and amortisation at 1 January 2015		0
Amortisation		783
Impairment and amortisation at 31 December 2015		<u>783</u>
Carrying amount at 31 December 2015		<u>61,886</u>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 6 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment
Cost at 1 January 2015	0
Additions	503
Disposals	0
Cost at 31 December 2015	503
Impairment and depreciation at 1 January 2015	0
Depreciation	0
Depreciation, assets disposed of	0
Impairment and depreciation at 31 December 2015	0
<b>Carrying amount at 31 December 2015</b>	<b>503</b>

DKK'000	2015	2014
<b>Depreciation on property, plant and equipment and amortisation of intangible assets</b>		
Goodwill	783	0
Fixtures and fittings, tools and equipment	0	0
	<b>783</b>	<b>0</b>

#### 7 Investments in subsidiaries

Key figures of the Company's subsidiary at 31 December 2015:

Name and registered office (TDKK)	Ownership interest	Equity	Profit for the year
Merrild Baltic SIA	100%	5,221	738

DKK'000	2015	2014
<b>8 Prepayments</b>		
Other prepaid costs	631	0

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 9 Equity

Share capital consists of 50,000 shares of a nominal value of DKK 1. No shares carry any special rights.

Changes in share capital can be specified as follows:

DKK'000	2015	2014
Balance at 1 January	50	0
Cash capital increase	0	50
	<u>50</u>	<u>50</u>

#### 10 Deferred tax

Deferred tax relates to:

DKK'000	Carrying amounts	Tax values	Temporary differences
Intangible assets	61,886	53,717	8,169
Property, plant and equipment	503	377	126
Tax loss carry-forward	0	3,259	-3,259
	<u>62,389</u>	<u>57,705</u>	<u>5,036</u>
Deferred tax, 22%			<u>1,108</u>

#### 11 Non-current liabilities other than provisions

DKK'000	Total debt at 31 Dec. 2015	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Loan, group enterprises	<u>20,000</u>	<u>0</u>	<u>20,000</u>	<u>0</u>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 12 Contractual obligations and contingencies, etc.

##### Contingent liabilities

The Company was jointly taxed with Jacobs Egberts ApS, cvr no. 36473959, which was the administrative company, until 30 September 2015, thus together with Jacobs Egberts ApS has joint and several unlimited liability for Danish corporation taxes.

##### Other financial obligations

The Company has entered into operating leases on cars and IT equipment. The total operating lease obligation is DKK 6,081 thousand.

The rent obligation totals DKK 1,925 thousand.

DKK'000	31 December 2015
Total rent and lease liabilities	<u>8,006</u>
<i>Specified as:</i>	
Due within 1 year	3,786
Due after 1 year	<u>4,220</u>
<b>Total</b>	<u><b>8,006</b></u>

#### 13 Related party disclosures

Merrild Kaffe ApS' related parties comprise the following:

##### Parties exercising control

Luigi Lavazza S.p.A.  
Torino, Italy

holds the share capital in the Company.

The consolidated financial statements of Luigi Lavazza S.p.A. are available at the Company's address or on the Company's website [www.lavazza.com](http://www.lavazza.com).