## **Deloitte.**



#### **Craft Brewery Holding ApS**

Humletorvet 27, 3. 1799 København V CVR No. 37747416

#### Annual report 2019

The Annual General Meeting adopted the annual report on 10.07.2020

**Mikkel Borg Bjergsø** Chairman of the General Meeting

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## **Entity details**

#### Entity

Craft Brewery Holding ApS Humletorvet 27, 3. 1799 København V

CVR No.: 37747416 Registered office: København Financial year: 01.01.2019 - 31.12.2019

#### **Board of Directors**

Asbjørn Hangaard Joensen, Chairman Mikkel Borg Bjergsø Jacob Gram Alsing

#### **Executive Board**

Mikkel Borg Bjergsø Jacob Gram Alsing

#### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 P. O. Box 1600 0900 Copenhagen C

Lead Client Service Partner: Bjørn Winkler Jakobsen

## **Statement by Management**

The Board of Directors and Executive Board have today considered and approved the annual report of Craft Brewery Holding ApS for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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, 10.07.2020

**Executive Board** 

Mikkel Borg Bjergsø

**Jacob Gram Alsing** 

**Board of Directors** 

Asbjørn Hangaard Joensen Chairman Mikkel Borg Bjergsø

**Jacob Gram Alsing** 

## Independent auditor's report

#### To the shareholders of Craft Brewery Holding ApS

#### Opinion

We have audited the financial statements of Craft Brewery Holding ApS for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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, 10.07.2020

#### Deloitte

Statsautoriseret Revisionspartnerselskab CVR No. 33963556

#### **Hans Tauby**

State Authorised Public Accountant Identification No (MNE) mne44339

### **Management commentary**

#### **Primary activities**

The company's activities comprise investment in group enterprises and associates.

#### **Development in activities and finances**

The income statement for the period 01.01.19 – 31.12.19 shows a loss of DKK 16.897 thousand against a loss of DKK 5.372 thousand for the period 01.01.18 – 31.12.18. The balance sheet shows equity of DKK 11.419 thousand.

The company is part of the Bjergsø Group, which is a strong and well consolidated group. The company has received declaration of support from the group, which results in certainty about the company's capability of continuing operation.

#### Events after the balance sheet date

The outbreak of COVID-19 escalated in early 2020, which changed the market conditions dramatically and have had a negative impact on the Company and its subsidiaries.

The activity in the subsidiaries has been reduced since the beginning of the COVID-19 outbreak, which will affect the 2020 revenue and result negatively. The Company and its subsidiaries has to a reasonable extent managed to reduce the effects of this decline in revenue by cost savings. To this, the governmental furlough schemes have been used to secure as many jobs as possible.

At the time of reporting, it is uncertain to determine the total size of the negative COVID-19 impact, but Management considers the Company's financial position to be sufficient to get through the COVID-19 crisis.

Other than the above, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## **Income statement for 2019**

|  |       | 2019         | 2018        |
|--|-------|--------------|-------------|
|  | Notes | DKK          | DKK         |
| Gross profit/loss                            |       | (19,375)     | (18,750)    |
| Income from investments in group enterprises |       | (17,039,785) | (5,345,305) |
| Other financial income                       | 2     | 621,405      | 0           |
| Other financial expenses                     | 3     | (419,266)    | (14,907)    |
| Profit/loss before tax                       |       | (16,857,021) | (5,378,962) |
| Tax on profit/loss for the year              |       | (39,803)     | 7,000       |
| Profit/loss for the year                     |       | (16,896,824) | (5,371,962) |
| Proposed distribution of profit and loss     |       |              |             |
| Retained earnings                            |       | (16,896,824) | (5,371,962) |
| Proposed distribution of profit and loss     |       | (16,896,824) | (5,371,962) |

## **Balance sheet at 31.12.2019**

#### Assets

|                                    |       | 2019       | 2018       |
|------------------------------------|-------|------------|------------|
|                                    | Notes | DKK        | DKK        |
| Investments in group enterprises   |       | 16,308,158 | 21,900,758 |
| Receivables from group enterprises |       | 54,644,246 | 10,958,250 |
| Other financial assets             | 4     | 70,952,404 | 32,859,008 |
| Fixed assets                       |       | 70,952,404 | 32,859,008 |
| Income tax receivable              |       | 0          | 7,000      |
| Receivables                        |       | 0          | 7,000      |
| Cash                               |       | 1,344      | 0          |
| Current assets                     |       | 1,344      | 7,000      |
| Assets                             |       | 70,953,748 | 32,866,008 |

#### **Equity and liabilities**

|  |       | 2019       | 2018       |
|--|-------|------------|------------|
|  | Notes | DKK        | DKK        |
| Contributed capital  |       | 50,000     | 50,000     |
| Reserve for net revaluation according to the equity method |       | 0          | 1,515,766  |
| Retained earnings  |       | 11,369,267 | 25,787,642 |
| Equity   |       | 11,419,267 | 27,353,408 |
| Payables to group enterprises                              |       | 59,474,898 | 5,502,580  |
| Non-current liabilities other than provisions              | 5     | 59,474,898 | 5,502,580  |
| Bank loans   |       | 0          | 645        |
| Trade payables   |       | 19,375     | 9,375      |
| Joint taxation contribution payable                        |       | 40,208     | 0          |
| Current liabilities other than provisions                  |       | 59,583     | 10,020     |
| Liabilities other than provisions                          |       | 59,534,481 | 5,512,600  |
| Equity and liabilities                                     |       | 70,953,748 | 32,866,008 |
|  | _     |            |            |
| Events after the balance sheet date                        | 1     |            |            |
| Contingent liabilities                                     | 6     |            |            |
| Assets charged and collateral                              | 7     |            |            |
| Group relations  | 8     |            |            |

# Statement of changes in equity for 2019

|                           | Reserve for<br>net<br>revaluation<br>according to |                      |                      |              |
|---------------------------|---|----------------------|----------------------|--------------|
|                           | Contributed<br>capital                            | the equity<br>method | Retained<br>earnings | Total        |
|                           | DKK   | DKK                  | <b>D</b> КК          | DKK          |
| Equity beginning of year  | 50,000  | 1,515,766            | 25,787,642           | 27,353,408   |
| Exchange rate adjustments | 0   | 962,683              | 0                    | 962,683      |
| Profit/loss for the year  | 0   | (2,478,449)          | (14,418,375)         | (16,896,824) |
| Equity end of year        | 50,000  | 0                    | 11,369,267           | 11,419,267   |

## Notes

#### 1 Events after the balance sheet date

The outbreak of COVID-19 escalated in early 2020, which changed the market conditions dramatically and have had a negative impact on the Company and its subsidiaries.

The activity in the subsidiaries has been reduced since the beginning of the COVID-19 outbreak, which will affect the 2020 revenue and result negatively. The Company and its subsidiaries has to a reasonable extent managed to reduce the effects of this decline in revenue by cost savings. To this, the governmental furlough schemes have been used to secure as many jobs as possible.

At the time of reporting, it is uncertain to determine the total size of the negative COVID-19 impact, but Management considers the Company's financial position to be sufficient to get through the COVID-19 crisis.

Other than the above, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

#### 2 Other financial income

|   | 2019    | 2018 |
|---|---------|------|
|   | DKK     | DKK  |
| Financial income from group enterprises | 621,405 | 0    |
|   | 621,405 | 0    |

#### **3 Other financial expenses**

|   | 2019    | 2018   |
|---|---------|--------|
|   | DKK     | DKK    |
| Financial expenses from group enterprises | 418,250 | 13,899 |
| Other interest expenses                   | 1,016   | 1,008  |
|   | 419,266 | 14,907 |

#### **4 Financial assets**

|   | Investments in | Receivables<br>from group<br>enterprises |
|---|----------------|--|
|   | group          |  |
|   | enterprises    |  |
|   | DKK            | DKK                                      |
| Cost beginning of year  | 20,384,992     | 10,958,250                               |
| Additions   | 0              | 54,830,498                               |
| Disposals   | 0              | (11,144,502)                             |
| Cost end of year  | 20,384,992     | 54,644,246                               |
| Revaluations beginning of year                                      | 1,515,767      | 0  |
| Exchange rate adjustments   | 962,683        | 0  |
| Share of profit/loss for the year                                   | (17,039,785)   | 0  |
| Investments with negative equity value depreciated over receivables | 10,484,501     | 0  |
| Revaluations end of year  | (4,076,834)    | 0  |
| Carrying amount end of year   | 16,308,158     | 54,644,246                               |

|                             |                        | Equity<br>interest |
|-----------------------------|------------------------|--------------------|
| Investments in subsidiaries | Registered in          | %                  |
| Stellapolly Craft Beer ApS  | Copenhagen,<br>Denmark | 100                |
| Mikkeller ApS               | Copenhagen,<br>Denmark | 100                |
| Stella Polly Inc.           | San Diego, USA         | 100                |

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

|                               | Due after<br>more than 12<br>months<br>2019<br>DKK |
|-------------------------------|--|
| Payables to group enterprises | 59,474,898   |
|                               | 59,474,898   |

Payables to group enterprises falls due within 5 years.

#### **6** 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 obli-gations, 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.

#### 7 Assets charged and collateral

#### Collateral provided for group enterprises

The Entity has issued a letter of support to the subsidiaries which the Parent is irrevocably obligated to support the subsidiaries in fulfilling its obligations until 31 December 2020.

#### **8 Group relations**

Name and registered office of the Parent preparing consolidated financial statement for the smallest group: Bjergsø Holding ApS, Copenhagen

## **Accounting policies**

#### **Reporting class**

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

#### **Consolidated financial statements**

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The company is included in the consolidated annual report for Bjergsø Holding ApS

#### **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.

#### **Income statement**

#### Gross profit or loss

Gross profit or loss comprises external expenses.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for external interest.

#### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

#### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

#### Other financial expenses

Other financial expenses comprise interest expenses

#### 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**

#### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these en-terprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

#### Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

#### Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

#### Cash

Cash comprises bank deposits.

#### **Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

#### Joint taxation contributions payable or receivable

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