BEIERHOLM
VI SKABER BALANCE

Junta Holding ApS

Slotsgade 2, 1., 2200 København N
CVR no. 39 71 50 15

Annual report for 2020

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 30.06.21

Tore Gynther
Dirigent

STATSAUTORISERET
REVISIONSPARTNERSELSKAB
HLB Vi er et uafhængigt medlem af det globale rådgivnings- og revisionsnetværk

København
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CVR-nr. 32 89 54 68

Table of contents

Group information etc.

The company

Junta Holding ApS
Slotsgade 2, 1.
2200 København N
Registered office: København
CVR no.: 39 71 50 15
Financial year: 01.01 - 31.12

Executive Board

Tore Gynther

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Subsidiaries

To Øl ApS, Copenhagen
Brus ApS, Copenhagen
29F ApS, Copenhagen
Junta Spirits ApS, Copenhagen
Mikropolis Cocktails ApS, Copenhagen
Æblerov ApS, Copenhagen
Kapital Goldcup, Sweden

Statement by the Executive Board on the annual report

I have on this day presented the annual report for the financial year 01.01.20 - 31.12.20 for Junta Holding ApS.

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

In my opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.20 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.01.20 - 31.12.20.

I 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, June 30, 2021

Executive Board

Tore Gynther

To the capital owners of Junta Holding ApS

Opinion

We have audited the consolidated financial statements and parent company financial statements of Junta Holding ApS for the financial year 01.01.20 - 31.12.20, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.20 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.01.20 - 31.12.20 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing and the 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 consolidated financial statements and parent company financial statements" section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for 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 responsibility for the consolidated financial statements and parent company financial statements

The Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis

of accounting in preparing the consolidated financial statements and parent company financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 International Standards on Auditing 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 consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company 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 group's and the parent company'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 consolidated financial statements and parent company 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 group's and the parent company'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 consolidated financial statements and parent company 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 group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and per-formance of the group audit. We remain solely responsible for our audit opinion.

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 regarding the management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements or parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

Soeborg, Copenhagen, June 30, 2021

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Lasse Rosenborg Petersen

State Authorized Public Accountant
MNE-no. mne42896

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2020	2019
Profit/loss		
Gross profit	22,940	14,022
Index	164	100
Operating profit/loss	-12,040	-12,096
Total net financials	-1,722	-641
Loss for the year	-10,795	-10,161
Balance		
Total assets	125,539	111,182
Investments in property, plant and equipment	8,853	50,009
Equity	53,330	53,779
Cashflow		
Net cash flow:		
Operating activities	-11,194	-15,093
Investing activities	-5,159	-18,730
Financing activities	16,119	43,785
Cash flows for the year	-234	9,962

Ratios

	2020	2019
Profitability		
Return on equity	-20%	-38%
Equity ratio		
Equity interest	42%	48%
Others		
Number of employees (average)	71	56

Ratios definitions

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Equity interest: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Primary activities

The group's activities comprise in brewing and sale of beer.

Development in activities and financial affairs

The income statement for the period 01.01.20 - 31.12.20 shows a profit/loss of DKK -10,794,728 against DKK -10,161,060 for the period 01.01.19 - 31.12.19. The balance sheet shows equity of DKK 53,330,387.

2020 proved to be a challenging year for The group mainly due to Covid-19 and getting our new brew plant fully operational. Our new state-of-the-art brewery in Svinninge was constructed during 2019 and early 2020 the new production plant was ready to produce World Class Craft Beer. Also, early 2020 the Covid-19 outbreak became a reality and all our markets closed down one by one.

Despite Covid-19 we decided to keep our new factory operational but at a slower pace compared to the original plan. Keeping our plant operational during lock down allowed us to continuously optimize and improve production while keeping our skilled employees at the factory.

With sales being lower than expected due to Covid-19 and maintaining costs of keeping the factory operational we have financial figures delivering less than expected for 2020. In order to secure our ambitious plans and continued growth we executed a successful capital increase during 2nd quarter.

Our timely investment into e-commerce proved right as sales increased steadily during the year.

The net loss is mainly derived from the Covid-19 outbreak setting in at the time when our new factory was ready for production.

Outlook

We've taken full ownership of our production value chain and, thanks to that bold investment, 2021 is the year we can now harvest the fruition of these production efficiencies. We will benefit from Economies of scale, meaning that we will produce high quality beer and at the same time deliver sound financial figures.

Looking into increased demand for high quality Craft Beer and further market expansions and operating at maximum capacity early 2021, we decided to double our production capacity by acquiring additional fermentation tanks in To Øl City on top of our already operational tanks to support the demand. The newly installed tanks are up and running by the end of 2nd quarter.

As our domestic on-trade sales has been hit by Covid-19 we have successfully managed to increase the domestic off-trade market. New listings in all significant supermarkets are now in place and our beers are presently being delivered to the domestic off-trade markets in record volumes.

Subsequent events

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

Income statement

Note		Group 2020 DKK	Group 2019 DKK	Parent 2020 DKK	Parent 2019 DKK
	Gross profit	**22,939,859**	**14,021,798**	**574,069**	**777,034**
1	Staff costs	-29,567,020	-24,591,924	0	0
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**-6,627,161**	**-10,570,126**	**574,069**	**777,034**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-5,412,611	-1,525,727	-265,200	0
	Profit/loss before net financials	**-12,039,772**	**-12,095,853**	**308,869**	**777,034**
2	Income from equity investments in group enterprises	0	0	-10,875,750	-10,740,398
	Financial income	420,614	224,553	12,566	494,357
	Impairment losses on financial assets	-46,095	-544,045	0	0
	Financial expenses	-2,096,337	-321,978	-661,957	-559,834
	Loss before tax	**-13,761,590**	**-12,737,323**	**-11,216,272**	**-10,028,841**
	Tax on loss for the year	2,966,862	2,576,263	58,915	-156,530
	Loss for the year	**-10,794,728**	**-10,161,060**	**-11,157,357**	**-10,185,371**

3 Distribution of net profit

Balance sheet

ASSETS

Note		Group 31.12.20 DKK	Group 31.12.19 DKK	Parent 31.12.20 DKK	Parent 31.12.19 DKK
	Acquired rights	293,848	153,567	0	0
	Goodwill	778,340	0	0	0
4	**Total intangible assets**	**1,072,188**	**153,567**	**0**	**0**
	Land and buildings	20,349,393	20,936,293	13,844,800	14,110,000
	Leasehold improvements	2,293,628	2,736,030	0	0
	Plant and machinery	50,137,828	4,062,578	0	0
	Other fixtures and fittings, tools and equipment	2,247,725	1,773,073	0	0
	Property, plant and equipment under construction	0	40,650,099	0	0
5	**Total property, plant and equipment**	**75,028,574**	**70,158,073**	**13,844,800**	**14,110,000**
6	Equity investments in group enterprises	0	0	30,600,591	4,764,124
7	Deposits	301,000	301,000	0	0
	Total investments	**301,000**	**301,000**	**30,600,591**	**4,764,124**
	Total non-current assets	**76,401,762**	**70,612,640**	**44,445,391**	**18,874,124**
	Raw materials and consumables	5,830,815	5,512,626	0	0
	Work in progress	963,274	773,957	0	0
	Manufactured goods and goods for resale	12,615,262	7,224,211	0	0
	Total inventories	**19,409,351**	**13,510,794**	**0**	**0**
	Trade receivables	6,151,148	6,242,533	0	0
	Receivables from group enterprises	0	0	19,863,253	43,185,750
	Deferred tax asset	4,943,468	1,976,606	58,915	0
	Income tax receivable	10,000	0	0	0
	Other receivables	2,322,316	2,200,004	-192,298	-246,000
	Prepayments	271,125	375,943	0	0
8	**Total receivables**	**13,698,057**	**10,795,086**	**19,729,870**	**42,939,750**
9	**Cash**	**16,030,224**	**16,263,697**	**1,786,414**	**4,979,455**
	Total current assets	**49,137,632**	**40,569,577**	**21,516,284**	**47,919,205**
	Total assets	**125,539,394**	**111,182,217**	**65,961,675**	**66,793,329**

EQUITY AND LIABILITIES

Note		Group 31.12.20 DKK	Group 31.12.19 DKK	Parent 31.12.20 DKK	Parent 31.12.19 DKK
10	Share capital	65,167	62,500	65,167	62,500
	Retained earnings	52,941,951	53,560,680	52,941,951	53,590,935
	Equity attributable to owners of the parent	**53,007,118**	**53,623,180**	**53,007,118**	**53,653,435**
	Non-controlling interests	323,269	156,137	0	0
	Total equity	**53,330,387**	**53,779,317**	**53,007,118**	**53,653,435**
12	Mortgage debt	11,515,468	12,962,195	11,515,468	12,962,195
12	Payables to other credit institutions	5,000,000	0	0	0
12	Lease commitments	33,822,184	30,070,585	0	0
12	Other payables	2,640,789	0	0	0
	Total long-term payables	**52,978,441**	**43,032,780**	**11,515,468**	**12,962,195**
12	Short-term part of long-term payables	2,900,846	900,744	609,650	0
	Payables to other credit institutions	2,511,497	0	0	0
	Lease commitments	1,034,769	0	0	0
	Trade payables	7,967,226	10,362,864	579,438	81,471
	Payables to group enterprises	0	0	1	0
	Income taxes	0	0	0	145,530
	Other payables	4,816,228	3,106,512	250,000	-49,302
	Total short-term payables	**19,230,566**	**14,370,120**	**1,439,089**	**177,699**
	Total payables	**72,209,007**	**57,402,900**	**12,954,557**	**13,139,894**
	Total equity and liabilities	**125,539,394**	**111,182,217**	**65,961,675**	**66,793,329**

13 Contingent liabilities

14 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings
Group:		
Statement of changes in equity for 01.01.19 - 31.12.19		
Balance as at 01.01.19	50,000	14,966,141
Capital increase	12,500	48,810,165
Net profit/loss for the year	0	-10,215,626
Balance as at 31.12.19	62,500	53,560,680
Statement of changes in equity for 01.01.20 - 31.12.20		
Balance as at 01.01.20	62,500	53,560,680
Capital increase	2,667	10,122,828
Net profit/loss for the year	0	-10,741,557
Balance as at 31.12.20	65,167	52,941,951
Parent:		
Statement of changes in equity for 01.01.19 - 31.12.19		
Balance as at 01.01.19	50,000	10,424,619
Capital increase	12,500	48,810,165
Net profit/loss for the year	0	-5,643,849
Balance as at 31.12.19	62,500	53,590,935
Statement of changes in equity for 01.01.20 - 31.12.20		
Balance as at 01.01.20	62,500	53,590,935
Capital increase	2,667	10,508,373
Net profit/loss for the year	0	-11,157,357
Balance as at 31.12.20	65,167	52,941,951

Consolidated cash flow statement

Note		Group 2020 DKK	Group 2019 DKK
	Loss for the year	**-10,794,728**	**-10,161,060**
15	Adjustments	4,167,562	-409,066
	Change in working capital:		
	Inventories	-5,898,557	-7,652,693
	Receivables	63,891	-1,929,332
	Trade payables	-2,395,638	5,913,162
	Other payables relating to operating activities	4,350,505	-97,029
	Cash flows from operating activities before net financials	**-10,506,965**	**-14,336,018**
	Interest income and similar income received	420,614	224,553
	Interest expenses and similar expenses paid	-1,107,663	-866,023
	Income tax paid	0	-115,812
	Cash flows from operating activities	**-11,194,014**	**-15,093,300**
	Purchase of intangible assets	-978,403	-153,567
	Purchase of property, plant and equipment	-4,180,535	-18,576,545
	Cash flows from investing activities	**-5,158,938**	**-18,730,112**
	Raising of additional capital	10,345,798	48,822,665
	Arrangement of mortgage debt	0	12,962,195
	Repayment of mortgage debt	-837,077	0
	Arrangement of payables to credit institutions	7,511,497	0
	Repayment of lease commitments	-900,739	0
	Repayment of other long-term payables	0	-18,000,000
	Cash flows from financing activities	**16,119,479**	**43,784,860**
	Total cash flows for the year	**-233,473**	**9,961,448**
	Cash, beginning of year	16,263,697	6,302,249
	Cash, end of year	**16,030,224**	**16,263,697**
	Cash, end of year, comprises:		
	Cash	16,030,224	16,263,697
	Total	**16,030,224**	**16,263,697**

	Group		Parent	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
1. Staff costs				
Wages and salaries	27,774,762	23,226,870	0	0
Pensions	601,556	303,768	0	0
Other social security costs	355,275	272,001	0	0
Other staff costs	835,427	789,285	0	0
Total	29,567,020	24,591,924	0	0
Average number of employees during the year	71	56	0	0
2. Income from equity investments in group enterprises				
Share of profit or loss of group enterprises	0	0	-10,692,395	-10,740,398
Amortisation of goodwill	0	0	-183,355	0
Total	0	0	-10,875,750	-10,740,398
3. Distribution of net profit				
Reserve for net revaluation according to the equity method	0	0	0	-4,541,522
Retained earnings	-10,794,728	-10,161,060	-11,157,357	-5,643,849
Total	-10,794,728	-10,161,060	-11,157,357	-10,185,371

4. Intangible assets

Figures in DKK	Acquired rights	Goodwill
Group:		
Cost as at 01.01.20	179,162	0
Additions during the year	193,522	784,881
Cost as at 31.12.20	372,684	784,881
Amortisation and impairment losses as at 01.01.20	-25,595	0
Amortisation during the year	-53,241	-6,541
Amortisation and impairment losses as at 31.12.20	-78,836	-6,541
Carrying amount as at 31.12.20	293,848	778,340

5. Property, plant and equipment

Figures in DKK	Land and buildings	Leasehold improve-ments	Plant and machinery	Other fixtures and fittings, tools and equipment
Group:				
Cost as at 01.01.20	20,936,293	4,269,668	5,922,668	3,197,064
Additions during the year	-50,675	0	7,760,171	1,143,422
Transfers during the year to/from other items	0	0	41,906,559	0
Cost as at 31.12.20	20,885,618	4,269,668	55,589,398	4,340,486
Depreciation and impairment losses as at 01.01.20	0	-1,533,638	-1,795,775	-1,423,992
Depreciation during the year	-536,225	-442,402	-3,655,795	-668,769
Depreciation and impairment losses as at 31.12.20	-536,225	-1,976,040	-5,451,570	-2,092,761
Carrying amount as at 31.12.20	20,349,393	2,293,628	50,137,828	2,247,725
Parent:				
Transfers during the year to/from other items	14,110,000	0	0	0
Cost as at 31.12.20	14,110,000	0	0	0
Depreciation during the year	-265,200	0	0	0

Depreciation and impairment losses as at 31.12.20	-265,200	0	0	0
Carrying amount as at 31.12.20	13,844,800	0	0	0
Carrying amount of assets held under finance leases as at 31.12.20	0	0	39,118,173	733,916

6. Equity investments in group enterprises

Figures in DKK	Equity investments in group enterprises
Cost as at 01.01.20	10,963,000
Additions during the year	36,712,217
Cost as at 31.12.20	47,675,217
Depreciation and impairment losses as at 01.01.20	-6,198,876
Amortisation of goodwill	-183,355
Net profit/loss from equity investments	-10,692,395
Depreciation and impairment losses as at 31.12.20	-17,074,626
Carrying amount as at 31.12.20	30,600,591
Positive balances ascertainable on initial recognition of equity investments measured at equity value	0

Name and registered office:	Ownership interest
Subsidiaries:	
To Øl ApS, Copenhagen	100%
Brus ApS, Copenhagen	100%
29F ApS, Copenhagen	80%
Junta Spirits ApS, Copenhagen	95%
Mikropolis Cocktails ApS, Copenhagen	95%
Æblerov ApS, Copenhagen	60%
Kapital Goldcup, Sweden	100%

7. Other non-current financial assets

Figures in DKK	Deposits
Group:	
Cost as at 01.01.20	301,000
Cost as at 31.12.20	301,000
Carrying amount as at 31.12.20	301,000

	Group		Parent	
	31.12.20 DKK	31.12.19 DKK	31.12.20 DKK	31.12.19 DKK
8. Receivables				
Receivables which fall due for payment more than 1 year after the end of the financial year	0	0	0	29,259,601

9. Cash

Group:
Cash includes term deposits of DKK'000 9.954. The amount cannot be paid out before theexpiry of the term and only when all the conditions of the agreement with the bank have been met.

10. Share capital

The share capital consists of:

	Quantity	Total nominal value
Share capital	65,167	65,167
Capital increase during the financial year	2,667	2,667

	Group		Parent	
	31.12.20 DKK	31.12.19 DKK	31.12.20 DKK	31.12.19 DKK
11. Deferred tax				
Provisions for deferred tax as at 01.01.20	1,976,606	-599,657	0	0
Deferred tax recognised in the income statement	2,966,862	2,576,263	58,915	0
Provisions for deferred tax as at 31.12.20	4,943,468	1,976,606	58,915	0

As at 31.12.2020, the company has recognised a deferred tax asset of DKK 4,943k, which can primarily be attributed to tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

12. Long-term payables

Figures in DKK	Repayment first year	Total payables at 31.12.20	Total payables at 31.12.19
Group:			
Mortgage debt	609,650	12,125,118	12,962,195
Payables to other credit institutions	0	5,000,000	0
Lease commitments	2,291,196	36,113,380	30,971,329
Other payables	0	2,640,789	0
Total	2,900,846	55,879,287	43,933,524
Parent:			
Mortgage debt	609,650	12,125,118	12,962,195
Total	609,650	12,125,118	12,962,195

13. Contingent liabilities

Group:

Guarantee commitments

The group has provided a payment guarantee of DKK 419k to contractors.

Parent:

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

14. Charges and security

Group:

Land and buildings with a carrying amount of DKK 14,110k have been provided as security for mortgage debt.

As security for debt to credit institutions there have been provided security comprising net cash.

As security for debt to credit institutions, a company charge has been provided comprising goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories and agricultural stock, trade receivables as well as fuels and other ancillary materials.

Parent:

Land and buildings with a carrying amount of DKK 14,110k have been provided as security for mortgage debt.

	Group	
	2020 DKK	2019 DKK

15. Adjustments for the cash flow statement

Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	5,412,611	1,525,727
Financial income	-420,619	-224,553
Impairment losses on financial assets	46,095	544,045
Financial expenses	2,096,337	321,978
Tax on profit or loss for the year	-2,966,862	-2,576,263
Total	4,167,562	-409,066

16. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for medium-sized groups and enterprises in reporting class C.

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.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

The subsidiary Company Y has gone bankrupt, and the parent's right of disposal of the subsidiary has passed to the trustee in bankruptcy. The parent no longer has control, and Company Y is no longer included in the consolidation effective as at xx.xx.xx.

16. Accounting policies - continued -

BUSINESS COMBINATIONS

Newly acquired or newly founded enterprises are recognised as from the date of acquisition and the date of foundation, respectively. The date of acquisition is the date at which control of the enterprise is obtained. Divested or discontinued enterprises are recognised until the date of divestment or discontinuation. The date of discontinuation is the date at which control of the enterprise passes to a third party.

Acquired enterprises are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of the newly acquired enterprises are measured at fair value at the date of acquisition.

[Her beskrives metode for opgørelse af dagsværdi af væsentlige regnskabsposter ved overtagelsen samt de anvendte forudsætninger.]

The cost of the equity investments in the acquired enterprises is offset against the proportionate share of the fair value of the enterprises' net assets at the acquisition date.

On acquisition of subsidiaries, goodwill is recognised on a proportionate basis based on the actual ownership interest in the acquired equity investments.

The goodwill (positive difference) determined at the date of acquisition is recognised under intangible assets in the consolidated financial statements and under equity investments in subsidiaries in the parent's balance sheet. Goodwill from acquired enterprises is adjusted until 12 months after the acquisition date.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

16. Accounting policies - continued -

INCOME STATEMENT

Gross profit

Gross profit comprises revenue, other operating income, raw materials and consumables and cost of sales 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.

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

Income from the rental of properties is recognised in the income statement for the relevant period. Revenue is measured at fair value and determined exclusive of VAT and discounts.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

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.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

16. Accounting policies - continued -

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, amortisation and impairment losses

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

	Useful lives, years	Residual value, per cent
Acquired rights	5	0
Buildings	50	0
Leasehold improvements	10-15	0
Plant and machinery	10-15	0
Other plant, fixtures and fittings, tools and equipment	5-10	0

Land is not depreciated.

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

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

Income from equity investments in group entreprises

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

16. Accounting policies - continued -

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment of investments at a lower recoverable amount and write-downs of financial current assets at a lower net realisable value.

Other net financials

Interest income and interest expenses, the interest element of finance lease payments etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

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.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

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

16. Accounting policies - continued -

Property, plant and equipment

Property, plant and equipment comprise land and buildings, leasehold improvements, plant and machinery 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.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

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.

Property, plant and equipment under construction

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

Prepayments for property, plant and equipment

Prepayments for property, plant and equipment comprise prepayments to suppliers.

Gains and losses on the disposal of property, plant and equipment

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.

Equity investments in group entreprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

Accounting policies for the acquisition of subsidiaries are stated in the 'Business combinations' section.

16. Accounting policies - continued -

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred. Where the cost on acquisition of equity investments includes a contingent purchase consideration, this consideration is measured at fair value at the date of acquisition. Subsequent value adjustment of contingent purchase consideration at fair value is recognised in the cost of acquired equity investments. For subsidiaries, subsequent value adjustment of contingent purchase consideration at fair value is recognised in the income statement in the consolidated financial statements.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Goodwill recognised under equity investments is amortised according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at years for equity investments in subsidiaries. The useful life has been determined in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

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 and 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

16. Accounting policies - continued -

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-method. 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.

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.

16. Accounting policies - continued -

Equity

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Grants received from the parent are recognised directly in equity under retained earnings, as the grants are treated as capital contributions.

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.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

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 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.

16. Accounting policies - continued -

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables. Cash flows from financing activities also comprise finance lease payments.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.