martinsen
Rådgivning & Revision

Bertoni Group Holding ApS

Fruebjergvej 3, 2100 København Ø

Annual report

2021

Company reg. no. 42 20 47 22

The annual report was submitted and approved by the general meeting on the 7 July 2022.

Rasmus Berger
Chairman of the meeting

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's statement

Today, the Managing Director has approved the annual report of Bertoni Group Holding ApS for the financial year 2021.

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

I consider the chosen accounting policy to be appropriate, and in my opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 3 March – 31 December 2021.

Further, in my opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

København Ø, 7 July 2022

Managing Director

Rasmus Berger

Independent auditor's report

To the Shareholders of Bertoni Group Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Bertoni Group Holding ApS for the financial year 3 March to 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 3 March - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 the Parent Company Financial Statements” section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We point out that there is material uncertainty that may raise significant doubts about the company's opportunity to continue operations. We refer to the management's discussion of this in note 1 in the accounts. Our conclusion is not modified regarding this relationship.

Management’s Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

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, and for such internal control as 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.

Independent auditor's report

In preparing the consolidated financial statements and the 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 the parent company financial statements unless Management either intends to liquidate the Group or 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 the Parent Company Financial Statements

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

As part of an audit conducted in accordance with ISAs 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 the 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the 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 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 the 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 the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the 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 performance 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 on Management's Review
Management is responsible for Management's Review.

Our opinion on the consolidated financial statements and the 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 the 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 and the 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 financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Independent auditor's report

Copenhagen, 7 July 2022

Martinsen
State Authorised Public Accountants
Company reg. no. 32 28 52 01

Leif Tomasson	Lars Greve Jensen
State Authorised Public Accountant	State Authorised Public Accountant
mne25346	mne32199

Company information

The company	Bertoni Group Holding ApS Fruebjergvej 3 2100 København Ø	
	Company reg. no.	42 20 47 22
	Financial year:	3 March 2021 - 31 December 2021
Managing Director	Rasmus Berger	
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Øster Allé 42 2100 København Ø	
Subsidiaries	Bertoni Group A/S, Aarhus, Danmark Bertoni Norway AS, Oslo, Norge TSO Retail AS (Norge), Oslo, Norge	

Consolidated financial highlights

DKK in thousands.	2021
Income statement:	
Gross profit	16.061
Profit from operating activities	-4.546
Net financials	-1.336
Net profit or loss for the year	-5.882
Statement of financial position:	
Balance sheet total	57.031
Investments in property, plant and equipment	1.189
Equity	12.571
Cash flows:	
Operating activities	31
Investing activities	-21.377
Financing activities	29.552
Total cash flows	8.206
Employees:	
Average number of full-time employees	61
Key figures in %:	
Acid test ratio	76,2
Solvency ratio	22,0

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio

$$\frac{\text{Current assets x 100}}{\text{Short term liabilities other than provisions}}$$

Solvency ratio

$$\frac{\text{Equity less non-controlling interests, closing balance x 100}}{\text{Total assets, closing balance}}$$

Management´s review

The principal activities of the group

The principal activities of the company designs, manufactures and sells men’s wear under the Bertoni brand, on the basis of trademark rights acquired in a number of countries. The Bertoni Group sells its products mainly in the European market, partly through its own brand stores, partly through whole selling to external distributors including on-liners and partly through Bertoni brand webstore.

Development in activities and financial matters

This fiscal report covers a period from April 1st 2021 until December 31st 2021. Loss from ordinary activities after tax totals DKK 5.882k.
Management considers the net loss of the year unsatisfactory.

Unusual circumstances

The company acquired all of the activities related to the Bertoni brand from Bertoni af 1972 A/S by March 31rd 2021, including all 20 brand stores, all wholesale and web activities.
Financially the company has received a capital injection from the owners and a credit line with the bank has been provided. A strong beginning of the new enterprise setup was seen throughout April-November. During autumn an increasing fear of the COVID19 virus spreading again among men consumers and in December and ultimately an external push from the Danish and Norwegian authorities encouraging its population to terminate all social activities on December 17th, 2021, had a significant negative impact on Sales, resulting in a 4 M.DKK below budget result in December.

IThe Corona has severe impact on global supply chain performance resulting on extremely long lead time and higher freight costs. Bertoni is no exeption and in major seasonal product categories delays was 4 month or even cancellations from supplier.

Development in activities and economical conditions

The impact continued in Q 1 2022 and gradually raising in Q2.
Sales gradually picked up from Q2 starting in own 21 brand stores, spreading to own webshop and in Q 3 into wholesale activities.

The management continues to address the global and local challenges coming from supply shortage, possible restrictions and exchange rate changes and increasing procurement prices with an intense focus to defend the gross margin on all products as well as retail sales units. A continue process of negotiation terms and conditions with all stakeholders to secure supplies.

Improving the enterprises responsiveness to the rapid market changes has been the top priority for the management throughout 2022
The management will continue to focus on reducing costs and alter its supply-chain in 2022 to improve earnings and reducing capital costs, thus reducing the negative impact of the current uncertain market situation with a significant supply shortage challenge mounting throughout 2022.

Management´s review

Expected developments

We expect to regain from the turbulence and adjust stock levels and liquidity performance in 2022. Bertoni is a classic modern brand with 50 years anniversary in 2022. After a strategic product transformation and focus on sales and brand building we expect to rebuild distribution and become growing and profitable in our Mens wear segment. Many competitors has withdrawn from the segment du to its fairly specified segment.

Know how resources

Supply chain is working on fairly basic and traditional conditions. Steps towards LEAN production and cost saving programs are slowly developing. Laser print and cut is upcoming and more trim suppliers have a local set-up. Company has the design and construction resources and maintain knowledge.

Sales has a significant digital approach and Company are investing in open source solution to follow the new market conditions. Changes in sales profiles has maintained ability to follow market.

Environmental issues

Design, Production and Logistic has diploma in Green Circular Changeability. From a halfyear education session supported by EU, Company has focus on sustainable development in the total value chain.

Research and development activities

Wiyhin sustainability R&D are specifically used in sourcing of materials and not in investments in general.

Financial risks

Income are generated in DKK, NOK and EUR. Buyings mainly in EUR, USD and DKK.
EUR, USD and NOK are main currencies and fluctuation is under constant observation.
An increased interest level may have an impact.

Due to the quite long lead time in the industry we are relying on suppliers and stakeholders to maintain credit levels.

Income statement

All amounts in DKK.

Note		Group 3/3 2021 - 31/12 2021	Parent 3/3 2021 - 31/12 2021
	Gross profit	**16.061.459**	**-10.670**
2	Staff costs	-18.859.315	0
	Depreciation, amortisation, and impairment	-1.747.653	0
	Operating profit	**-4.545.509**	**-10.670**
	Income from investments in subsidiaries	0	-5.871.132
	Other financial income	563.586	0
	Other financial expenses	-1.899.879	0
	Pre-tax net profit or loss	**-5.881.802**	**-5.881.802**
	Tax on net profit or loss for the year	0	0
3	**Net profit or loss for the year**	**-5.881.802**	**-5.881.802**
	Break-down of the consolidated profit or loss:		
	Shareholders in Bertoni Group Holding ApS	-5.881.802	
		-5.881.802	

Balance sheet

All amounts in DKK.

Assets

Note		Group 31/12 2021	Parent 31/12 2021
	Non-current assets		
4	Acquired concessions, patents, licenses, trademarks, and similar rights	358.322	0
5	Goodwill	23.903.026	0
	Total intangible assets	24.261.348	0
6	Other fixtures and fittings, tools and equipment	1.331.176	0
	Total property, plant, and equipment	1.331.176	0
7	Investments in subsidiaries	0	14.100.624
8	Deposits	2.107.170	0
	Total investments	2.107.170	14.100.624
	Total non-current assets	**27.699.694**	**14.100.624**
	Current assets		
	Manufactured goods and goods for resale	15.260.946	0
	Prepayments for goods	2.784.594	0
	Total inventories	18.045.540	0
	Trade receivables	1.543.121	0
	Other receivables	1.202.724	0
9	Prepayments	344.245	0
	Total receivables	3.090.090	0
	Cash and cash equivalents	8.195.549	401.330
	Total current assets	**29.331.179**	**401.330**
	Total assets	**57.030.873**	**14.501.954**

Balance sheet

All amounts in DKK.

Equity and liabilities

Note		Group 31/12 2021	Parent 31/12 2021
	Equity		
	Contributed capital	40.200	40.200
	Share premium	361.800	361.800
	Reserve for foreign currency translation	-28.244	-28.244
	Retained earnings	12.197.205	12.197.205
	Equity before non-controlling interest.	12.570.961	12.570.961
	Total equity	**12.570.961**	**12.570.961**
	Long term labilities other than provisions		
	Other payables	5.957.176	0
	Total long term liabilities other than provisions	5.957.176	0
	Bank loans	24.193.216	0
	Trade payables	7.385.756	0
	Payables to subsidiaries	0	1.920.993
	Other payables	6.923.764	10.000
	Total short term liabilities other than provisions	38.502.736	1.930.993
	Total liabilities other than provisions	**44.459.912**	**1.930.993**
	Total equity and liabilities	**57.030.873**	**14.501.954**

1 **Uncertainties concerning the enterprise's ability to continue as a going concern**

10 **Charges and security**

11 **Contingencies**

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Reserve for foreign currency translation	Retained earnings	Total
Equity 3 2021	40.200	361.800	0	0	402.000
Transferred to results brought forward	0	0	0	-5.881.802	-5.881.802
Foreign currency translation adjustments	0	0	-28.244	0	-28.244
Equity adjustment, subsidairies	0	0	0	18.079.007	18.079.007
	40.200	**361.800**	**-28.244**	**12.197.205**	**12.570.961**

Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Share premium	Reserve for foreign currency translation	Retained earnings	Total
Equity 3 March 2021	0	0	0	0	0
Cash capital increase	40.200	361.800	0	0	402.000
Profit or loss for the year brought forward	0	0	0	-5.881.802	-5.881.802
Foreign currency translation adjustments	0	0	-28.244	0	-28.244
Equity adjustment, subsidairies	0	0	0	18.079.007	18.079.007
	40.200	**361.800**	**-28.244**	**12.197.205**	**12.570.961**

Statement of cash flows

All amounts in DKK.

Note		Group 3/3 2021 - 31/12 2021
	Net profit or loss for the year	-5.881.802
12	Adjustments	3.748.258
13	Change in working capital	4.112.100
	Cash flows from operating activities before net financials	1.978.556
	Interest received, etc.	0
	Interest paid, etc.	-1.947.174
	Cash flows from ordinary activities	31.382
	Cash flows from operating activities	**31.382**
	Purchase of property, plant, and equipment	-469.797
14	Acquisition of enterprises and activities	-19.420.041
	Repayments received	-1.487.340
	Cash flows from investment activities	**-21.377.178**
	Repayments of long-term payables	-5.696.694
	Changes in short-term bank loans	17.169.766
	Other cash flows from financing activities	18.079.007
	Cash flows from investment activities	**29.552.079**
	Change in cash and cash equivalents	**8.206.283**
	Foreign currency translation adjustments (cash and cash equivalents)	-10.734
	Cash and cash equivalents at 31 December 2021	**8.195.549**

Cash and cash equivalents	
Cash and cash equivalents	8.195.549
Cash and cash equivalents at 31 December 2021	**8.195.549**

Notes

All amounts in DKK.

1. Uncertainties concerning the enterprise's ability to continue as a going concern

There is material uncertainty, which may raise significant doubts about the company's ability to continue operations. The Covid-19 situation has had a significant negative effect on the company's earnings and liquidity. It is management's expectation that earnings for the remainder of 2022 will be positive. There's on the time of the approval of the financial statements, no formal agreement has been entered into with the companys financing partners about extension of current credits and loans, but it is management's expectation that this will be achieved and that the liquidity thereby will be sufficient to continue operations. There is a natural uncertainty attached to this condition.

	Group 3/3 2021 - 31/12 2021	Parent 3/3 2021 - 31/12 2021
2. Staff costs		
Salaries and wages	17.841.651	0
Pension costs	139.001	0
Other costs for social security	878.663	0
	18.859.315	**0**
Average number of employees	61	0

	Parent 3/3 2021 - 31/12 2021
3. Proposed appropriation of net profit	
Allocated from retained earnings	-5.881.802
Total allocations and transfers	**-5.881.802**

Notes

All amounts in DKK.

		Group 31/12 2021
4.	**Acquired concessions, patents, licenses, trademarks, and similar rights**	
	Additions during the year	770.868
	Cost 31 December 2021	**770.868**
	Amortisation for the year	-412.546
	Amortisation and writedown 31 December 2021	**-412.546**
	Carrying amount, 31 December 2021	**358.322**

		Group 31/12 2021
5.	**Goodwill**	
	Additions concerning company transfer	16.776.806
	Additions during the year	8.000.000
	Cost 31 December 2021	**24.776.806**
	Amortisation for the year	-873.780
	Amortisation and writedown 31 December 2021	**-873.780**
	Carrying amount, 31 December 2021	**23.903.026**

Notes

All amounts in DKK.

		Group 31/12 2021	Parent 31/12 2021
6.	**Other fixtures and fittings, tools and equipment**		
	Translation by use of the exchange rate valid on balance sheet date 31 December 2021	180.635	0
	Additions concerning company transfer	3.112.312	0
	Additions during the year	1.266.045	0
	Disposals during the year	-671.594	0
	Cost 31 December 2021	**3.887.398**	**0**
	Translation by use of the exchange rate valid on balance sheet date 31 December 2021	-151.880	0
	Depreciation on and writedown of additions concerning company transfer	-2.596.588	0
	Depreciation for the year	-461.327	0
	Reversal of depreciation, amortisation and writedown, assets disposed of	653.573	0
	Depreciation and writedown 31 December 2021	**-2.556.222**	**0**
	Carrying amount, 31 December 2021	**1.331.176**	**0**

Notes

All amounts in DKK.

		Parent 31/12 2021
7.	**Investments in subsidiaries**	
	Additions during the year	20.000.000
	Cost 31 December 2021	**20.000.000**
	Translation by use of the exchange rate valid on b	-28.244
	Results for the year before goodwill amortisation	-6.255.406
	Revaluation 31 December 2021	**-6.283.650**
	Amortisation of goodwill for the year	384.274
	Depreciation on goodwill 31 December 2021	**384.274**
	Carrying amount, 31 December 2021	**14.100.624**
	The item includes goodwill with an amount of	0
	Goodwill is recognised under the item "Additions during the year" with an amount of	-384.274

Subsidiaries:

	Domicile	**Equity interest**
Bertoni Group A/S	Aarhus, Danmark	100 %
Bertoni Norway AS	Oslo, Norge	100 %
TSO Retail AS (Norge)	Oslo, Norge	100 %

		Group 31/12 2021
8.	**Deposits**	
	Additions during the year	2.107.170
	Cost 31 December 2021	**2.107.170**
	Carrying amount, 31 December 2021	**2.107.170**

9.	**Prepayments**	
	Other prepayments/deferred income 1	344.245
		344.245

Notes

All amounts in DKK.

10. Charges and security

As collateral for loans, DKK 4.900.000. Security has been granted on shares in Bertoni Norway.

For bank loans, DKK 24.193.216 the company has provided security in company assets representing a nominal value of DKK 25.000.000.

11. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into operational leases with an average annual lease payment of DKK 904.071. The leases have 1-36 months to maturity and total outstanding lease payments total DKK 3.567.269.

Rent liabilities:

The house rent have 1-84 months to maturity and total outstanding house rent payments total DKK 13.511.342.

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of DKK 0.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

Notes

All amounts in DKK.

		Group 3/3 2021 - 31/12 2021
12.	**Adjustments**	
	Depreciation, amortisation, and impairment	1.747.653
	Other financial income	-563.586
	Other financial expenses	1.899.879
	Other adjustments	664.312
		3.748.258

13.	**Change in working capital**	
	Change in inventories	-1.047.152
	Change in receivables	-771.117
	Change in trade payables and other payables	5.930.369
		4.112.100

14.	**Acquisition of enterprises and activities**	
	Property, plant, and equipment	1.567.116
	Inventories	11.059.753
	Receivables	1.289.277
	Cash on hand and demand deposits	823.898
	Bank loans	-7.023.450
	Other payables	-13.073.359
	Goodwill	24.776.806
		19.420.041

Accounting policies

The annual report for Bertoni Group Holding ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The annual report is presented in DKK. The annual report comprises the first financial year and hence comparative figures are not available.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.
Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

The consolidated financial statements

The consolidated income statements comprise the parent company Bertoni Group Holding ApS and those group enterprises of which Bertoni Group Holding ApS directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' market value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Accounting policies

Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value i calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognised after elimination of the proportional share of intercompany gains and losses.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Business combinations

Acquisitions completed by the 1 July 2018 or later (method of consolidation)

Acquisition of group enterprises are dealt with in accordance with the acquisition method, and afterwards the assets and liabilities of the acquired entity are measured at fair value at the date of acquisition. If it is possible to measure the value reliably, acquired contingent liabilities are measured at fair value under the item Equity investments in group enterprises.

The date of acquisition is the date when control of the acquired entity is obtained.

The cost of the acquired entity represents the fair value of the consideration agreed upon, including the considerations that are conditional on future events. Transaction costs directly attributable to the acquisition of group enterprises are recognised in the income statement as incurred.

Positive differences between the cost of the acquired entity and the identified assets and liabilities are recognised in the equity investment as goodwill, which is amortised on a straight-line basis in the income statement over the expected useful life. Amortisation of goodwill is allocated to the functions to which the goodwill relates. If the difference is negative, this is recognised immediately in the income statement.

If the allocation of the purchase price is not final, positive and negative differences from acquired group enterprises may, as a result of changes in recognition and measurement of the identified net assets, be adjusted up to 12 months from the date of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including depreciation already made.

If the cost includes contingent considerations, these are measured at fair value at the date of acquisition. Subsequently, contingent considerations at fair value are measured again. Value adjustments are recognised in the income statement.

In case of step-by-step acquisitions, the value of the hitherto equity holding in the acquired entity is measured again at the fair value at the date of acquisition. The difference between the carrying amount of the hitherto equity investment and the fair value is recognised in the income statement.

Accounting policies

Non-controlling interests

Non-controlling interests constitute a share of the group's total equity. By distribution of net profit, profit or loss for the year is distributed on the share attributable to the non-controlling interests and the share attributable to the parent's shareholders respectively.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, other operating income, and external costs.

The enterprise will be applying IAS 11 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual subsidiaries are recognised in the income statement of the parent as a proportional share of the subsidiaries' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish income tax payable by the Danish group companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Licences

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised over the estimated useful life, which is determined on the basis of management’s experience in the individual business areas. Goodwill is amortised on a straightline basis over the amortisation period, which is set at 20 years. The amortisation period is determined on the basis of an expected pay-back period, being the longer for strategical acquirees with a strong market position and an expected longterm earnings profile.

Accounting policies

Property, plant, and equipment

Equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0%

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

Accounting policies

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Accounting policies

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Accounting policies

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Reserve for foreign currency translation

The reserve for foreign currency translation arises when translating accounting items in foreign currency.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

Income tax and deferred tax

As administration company, Bertoni Group Holding ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Accounting policies

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Payments received concerning future income are recognised under deferred income.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Accounting policies

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.