

Shopconcept A/S
Egeskovvej 5
8700 Horsens
Business Registration No
11169996

Annual report 2018

The Annual General Meeting adopted the annual report on 25.04.2019

Chairman of the General Meeting

Name: Jørgen Flodgaard Olesen

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Entity details

Entity

Shopconcept A/S
Egeskovvej 5
8700 Horsens

Central Business Registration No (CVR): 11169996

Registered in: Horsens

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Jørgen Flodgaard Olesen
Michael Prip
Claus Møller

Executive Board

John Svane Hansen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Shopconcept A/S for the financial year 01.01.2018 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Horsens, 25.04.2019

Executive Board

John Svane Hansen

Board of Directors

Jørgen Flodgaard Olesen

Michael Prip

Claus Møller

Independent auditor's report

To the shareholders of Shopconcept A/S

Opinion

We have audited the financial statements of Shopconcept A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 25.04.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Michael Bach
State Authorised Public Accountant
Identification No (MNE) mne19691

Management commentary

Primary activities

Shopconcept A/S covers all activities from sale of customised shop fittings to turn-key deliveries, shop and restaurant concepts in retail, airports, stands and shop-in-shop solutions. The Company has in-house functions with knowledge of all processes in a turn-key delivery as well as own subsidiaries in Poland and Lithuania.

Development in activities and finances

2018 was a year characterised by a slowdown at some of the Company's key customers and a single bankruptcy, which have affected profit for 2018. Overall, there has been a net customer intake, which is also expected to contribute positively to the future activities.

Moreover, Shopconcept A/S has strengthened its activities within concept development and project management by setting up an office in Copenhagen besides the already established offices in Poland and Lithuania.

Profit for 2018 was as expected and is regarded as satisfactory both on earnings and cash flow.

Shopconcept A/S got off to a good start in 2019 both in relation to revenue and earnings.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Gross profit		14.159.463	17.022.938
Staff costs	1	(10.596.190)	(11.297.677)
Depreciation, amortisation and impairment losses	2	<u>(497.728)</u>	<u>(601.554)</u>
Operating profit/loss		3.065.545	5.123.707
Other financial income from group enterprises		132.682	137.416
Other financial income		46.589	10.321
Other financial expenses		<u>(247.530)</u>	<u>(258.673)</u>
Profit/loss before tax		2.997.286	5.012.771
Tax on profit/loss for the year	3	<u>(670.434)</u>	<u>(1.113.599)</u>
Profit/loss for the year		<u>2.326.852</u>	<u>3.899.172</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		2.300.000	1.500.000
Extraordinary dividend distributed in the financial year		0	639.118
Retained earnings		<u>26.852</u>	<u>1.760.054</u>
		<u>2.326.852</u>	<u>3.899.172</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Other fixtures and fittings, tools and equipment		693.270	1.091.891
Leasehold improvements		86.754	102.304
Property, plant and equipment	4	<u>780.024</u>	<u>1.194.195</u>
Fixed assets		<u>780.024</u>	<u>1.194.195</u>
Work in progress		1.533.907	1.249.954
Manufactured goods and goods for resale		953.677	1.322.059
Prepayments for goods		1.060.591	29.733
Inventories		<u>3.548.175</u>	<u>2.601.746</u>
Trade receivables		10.533.715	12.282.827
Receivables from group enterprises		3.626.808	3.656.779
Deferred tax		89.000	69.000
Other receivables		367.105	318.466
Prepayments		198.581	420.652
Receivables		<u>14.815.209</u>	<u>16.747.724</u>
Cash		<u>437.295</u>	<u>8.587</u>
Current assets		<u>18.800.679</u>	<u>19.358.057</u>
Assets		<u>19.580.703</u>	<u>20.552.252</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018</u> <u>DKK</u>	<u>2017</u> <u>DKK</u>
Contributed capital		500.000	500.000
Retained earnings		5.559.268	5.532.416
Proposed dividend		<u>2.300.000</u>	<u>1.500.000</u>
Equity		<u>8.359.268</u>	<u>7.532.416</u>
Bank loans		2.669.095	1.897.351
Prepayments received from customers		2.976.036	59.564
Trade payables		3.573.142	5.445.339
Payables to group enterprises		28.641	221.158
Joint taxation contribution payable		206.453	916.599
Other payables		<u>1.768.068</u>	<u>4.479.825</u>
Current liabilities other than provisions		<u>11.221.435</u>	<u>13.019.836</u>
Liabilities other than provisions		<u>11.221.435</u>	<u>13.019.836</u>
Equity and liabilities		<u>19.580.703</u>	<u>20.552.252</u>
Unrecognised rental and lease commitments	5		
Contingent liabilities	6		
Assets charged and collateral	7		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500.000	5.532.416	1.500.000	7.532.416
Ordinary dividend paid	0	0	(1.500.000)	(1.500.000)
Profit/loss for the year	0	26.852	2.300.000	2.326.852
Equity end of year	500.000	5.559.268	2.300.000	8.359.268

Notes

	2018	2017
	DKK	DKK
1. Staff costs		
Wages and salaries	9.306.452	9.965.221
Pension costs	858.291	858.935
Other social security costs	173.074	180.274
Other staff costs	258.373	293.247
	10.596.190	11.297.677
Average number of employees	16	15
	2018	2017
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	497.728	505.259
Profit/loss from sale of intangible assets and property, plant and equipment	0	96.295
	497.728	601.554
	2018	2017
	DKK	DKK
3. Tax on profit/loss for the year		
Current tax	690.434	1.416.599
Change in deferred tax	(20.000)	(303.000)
	670.434	1.113.599

Notes

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
4. Property, plant and equipment		
Cost beginning of year	2.427.030	721.070
Additions	243.600	29.302
Disposals	(218.217)	0
Cost end of year	<u>2.452.413</u>	<u>750.372</u>
Depreciation and impairment losses beginning of year	(1.335.139)	(618.766)
Depreciation for the year	(452.876)	(44.852)
Reversal regarding disposals	28.872	0
Depreciation and impairment losses end of year	<u>(1.759.143)</u>	<u>(663.618)</u>
Carrying amount end of year	<u>693.270</u>	<u>86.754</u>
	<u>2018</u>	<u>2017</u>
	<u>DKK</u>	<u>DKK</u>
5. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>700.559</u>	<u>550.225</u>

6. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where NordConcept Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, as well as secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

7. Assets charged and collateral

Mortgage debt is secured by way of all-moneys mortgage (floating charge) and DKK 6,500k nominal. The floating charge comprises unsecured claims, inventories, unregistered motor vehicles, operation equipment, fuel etc. as well as intellectual property rights.

The carrying amount of mortgaged assets is DKK 15.169k.

Accounting policies

Reporting class

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

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

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

Accounting policies

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of property, plant and equipment.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income

Other financial income comprises interest income etc.

Other financial expenses

Other financial expenses comprise interest expenses etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Accounting policies

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

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

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax.