

**ICM A/S**  
Kærvej 25  
2970 Hørsholm  
Business Registration No  
15150033

## **Annual report 2019**

The Annual General Meeting adopted the annual report on 26.02.2020

### **Chairman of the General Meeting**

---

Name: Ricki Boye

## Contents

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2019	8
Balance sheet at 31.12.2019	9
Statement of changes in equity for 2019	11
Notes	12
Accounting policies	18

## Entity details

### Entity

ICM A/S

Kærvej 25

2970 Hørsholm

Central Business Registration No (CVR): 15150033

Founded: 01.05.1991

Registered in: Hørsholm

Financial year: 01.01.2019 - 31.12.2019

### Board of Directors

Jesper Boysen

Jan Selchau

Michala Charlotte Selchau

Ricki Boye

Nils Lykke Rasmussen

### Executive Board

Jan Selchau

### Bank

Danske Bank

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København 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 ICM A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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

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

Hørsholm, 26.02.2020

### Executive Board

Jan Selchau

### Board of Directors

Jesper Boysen

Jan Selchau

Michala Charlotte Selchau

Ricki Boye

Nils Lykke Rasmussen

# Independent auditor's report

## To the shareholders of ICM A/S

### Opinion

We have audited the financial statements of ICM A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

## 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.

Copenhagen, 26.02.2020

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Claus Jorch Andersen  
State Authorised Public Accountant  
Identification No (MNE) mne33712

## Management commentary

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	413.753	367.326	368.658	354.649	338.547
Gross profit/loss	94.091	82.611	80.860	74.797	70.142
Operating profit/loss	19.050	4.819	13.086	4.035	15.801
Net financials	(865)	(572)	(1.795)	(1.547)	(597)
Profit/loss for the year	12.138	1.103	6.808	2.216	11.282
Total assets	168.128	159.501	155.872	149.749	160.699
Investments in property, plant and equipment	621	873	1.899	5.744	586
Equity	86.570	84.432	83.219	63.863	61.648
Average numbers of employees	112	115	100	93	99
<b>Ratios</b>					
Return on equity (%)	14,2	1,3	9,3	3,5	21,9
Equity ratio (%)	51,5	52,9	53,4	42,6	38,4

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

<b>Ratios</b>	<b>Calculation formula</b>	<b>Calculation formula reflects</b>
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.



## Management commentary

### Primary activities

The Company's primary activities are sale of working environment solutions from leading manufacturers and proprietary products under the BlueStar brand.

The Company's sales and service activities are focused on Danish and International business-to-business customers.

### Development in activities and finances

The Company has continued to develop its position and activities relating to the sale of personal safety and environmental safety products.

The Company continues to invest in international business solutions supporting the global expansion plans of large international customers.

The Company has experienced heavy growth in certain markets, which has increased the total business of the Company. Since the Company has a platform capable of absorbing the growth, only minor investments in the organisation have been necessary, and it has had a positive impact on the net results.

The Company continues to execute its strategy on added value and digital customer solutions for Danish and international customers.

The income statement for the financial year 01.01.2019 - 31.12.2019 shows net results of DKK 12,138,076 against DKK 1,103,179 for the financial year 01.01.2018 - 31.12.2018. The balance sheet shows equity of DKK 86,570,021.

The Management is satisfied with the net results for the year.

An agreement has been made with Bunzl Holding Danmark A/S, according to which they are to acquire the majority of the shares in the company ICM. The agreement has been submitted for approval by the Danish Competition and Consumer Authority, and it is expected to be finalised during the spring of 2020.

### Outlook

The Company expects stable conditions, which will follow the general market development in Denmark. The net results for 2020 are expected to be on a par with the results for 2019.

### Market development

ICM A/S operates in the market of personal safety equipment and technical articles, particularly for the industrial and building sector.

In future, the Management will focus on continued expansion of the market share without compromising on the Company's profitability.

## Management commentary

### Business risks

For a number of years, the Company has established significant customer relations, whose continued development will affect the development of ICM A/S. Appreciable changes to these customer relations could imply that ICM A/S will be forced to adapt its business, which would, naturally, take some time and affect the results of the Company.

The strategy and operation of ICM A/S implies a reduction of the business risk of individual customers over time.

### Financial risks

As a consequence of its operating activities, investments and financing, the Company is exposed to changes in exchange rates and interest rate levels. The Company follows a financial policy approved by the Board of Directors, which is based on a low risk profile, ensuring that currency exposure as well as interest rate and credit risks shall only arise on the basis of commercial conditions.

### Recognition or measurement uncertainty

No recognition or measurement uncertainty has been found in the annual report.

### Knowledge resources and employee relations

The Company focuses on attracting and retaining the right employees as the Company depends on employees with the right skills and knowledge in order to further develop and optimise the business.

The Company has distributed its knowledge and expertise among several departments and many employees, and thus the Company estimates that it does not rely on individuals.

As at 31 December 2019, the Company had a staff of 112, which is on a par with 2018, where the Company had a staff of 115.

In 2019, ICM completed the statutory workstation assessment (APV), which found that the employee satisfaction in the Company is generally good. A workstation assessment (APV) is planned to be completed again in 2021.

### Statutory report on corporate social responsibility Social model of the Company

The Company has implemented clear and written policies on corporate social responsibility, e.g. by means of four ISO certifications within the fields of Quality, Environment, Working environment and CSR.

We take responsibility for the society we are part of. Therefore, we offer reliable products with a good match between price and quality, knowledge at a high level, good working conditions and equal opportunities for all. We pay everyone their due, have good relations with the local community and the authorities and support charitable purposes.

## Management commentary

Since 2015, we have worked with a Code of Conduct, specifying how we and our suppliers should act in relation to the 10 principles of the UN Global Compact.

We are part of the global supply chain and we wish to make a positive difference in the world just as many of our customers and suppliers. This is only achieved by making a great effort and we cannot do it alone, but through joint efforts, we believe we will succeed.

The policies on corporate social responsibility are published on the Company's website and can be found at the following URL:

<https://catalogue.icmsafety.com/csr1/icm-csr-rapport-20192020/>

The Company's policies on quality, environment and working environment can be found at the following URL:

<https://www.icmsafety.com/da/om-icm/politik-for-kvalitet-miljoe-arbejdsmiljoe-og-csr>

### Environmental conditions and climate forcing

We support a precautionary approach to environmental challenges, wish to promote environmental responsibility and encourage the development and dissemination of environmentally sound technologies.

ICM sells products made of leather. The global demand for leather is rising due to increasing usage for footwear, clothes, bags and furniture, which are considered to be luxury and status products in many countries. Thus, the global supply of leather is also increasing, resulting in a growing pressure on animal welfare and the environment in the producer countries. Increasing amounts of leather are produced in Africa, shipped to Asia for processing, and then the finished goods are shipped to Europe. Ocean shipping is increasing the global environmental impact. ICM is aware of the environmental impact and risks due to increased dependency on raw materials from African countries, which often deal with poor infrastructure and political instability.

### Social relations and employee relations

Our values define us both as a company and as individuals. They are our guideposts in all that we do - from strategic decisions to our day-to-day activities - and they lay the groundwork for the conduct of the employees. Our primary values cover responsibility above all, a professional approach to the day-to-day operations, quality in all processes, we challenge status quo and seek new methods, we have a solutions-oriented approach to our activities and believe that knowledge sharing is key.

In 2019, we introduced exercise equipment in the Company, both in the offices and warehouse, in order to prevent injuries as a result of sedentary work and motivate the employees to exercise more. Furthermore, the Company has participated with several teams in the nationwide DHL running event, also to appeal to increased exercise and health among the employees.

## Management commentary

In our warehouse, we have made a special effort to instruct the employees in ergonomically correct working postures and correct lifting techniques. To prevent pains in joints and muscles, the employees in the warehouse got a massage chair and a back stretcher to share.

We constantly assess our options to exercise social responsibility by integrating refugees and creating flex-jobs and traineeships in the Company. In 2020, we expect to establish an extra traineeship in the Company.

### Human rights

We support and respect the internationally accepted human rights and we will not be involved in any violation of these. We respect the right to freedom of association and collective bargaining and we will contribute to the abolition of forced labour, child labour and discriminatory treatment with regard to employment and occupation.

ICM sells products made of textiles that come from Danish recycling organisations and are cut up at supplier facilities abroad. The textile industry has a reputation of having many challenges with regard to human rights and for this reason, ICM has increased its dialogue with selected suppliers on this matter by requesting them to accept and respect the requirements in our Code of Conduct.

ICM wishes to ensure that work, which is contracted or sourced out, will be performed in a safe manner to avoid any harm or injuries to suppliers. For this reason, we have communicated our expectations to the suppliers through our Code of Conduct and the suppliers are reviewed regularly to identify those who require special dialogue, audit or other follow-up.

### Anti-corruption and bribery

We will work against corruption, including blackmail and bribery. ICM does business with suppliers in many countries where the business practices often are very different from Denmark. Naturally, we respect the cultural differences, but we will not accept having to compromise on corruption. This has been communicated through our Code of Conduct.

We have distributed our Code of Conduct, which our suppliers have been requested to respect and accept. Internally in the Company, we follow the generally accepted business practices through our values, policies, procedures, accounts and audit.

### Substantial risks in relation to the business activities of the Company

Fire in the warehouse in Odense, where the Company could lose its stock, is a risk, which should be taken into consideration. The Company has a permanent service agreement on a fire-extinguishing installation, an internal employee who is trained in checking the installation and conditions, and internal training in fire and emergency response is implemented.

## Management commentary

Inadequate quality and compliance in connection with particularly critical products is a business risk. The Company performs systematic inspections of high-risk products with special focus on reviewing all requirements and establishing a modification procedure. The Company will assess future resources in the QHSE department.

The Company is highly dependent on IT, which is also related to a business risk. IT breakdowns are prevented by using a hosting solution with backup from a major provider. In this way, the risk of internal IT failures is reduced, but the Company is still vulnerable to external failures, such as cable cuts.

Violation of the laws on personal data is a risk, which the Company prevents by having a procedure for handling of sensitive personal data as well as a policy for deletion of personal data that are no longer relevant.

### **Performance achieved as a result of the Company's CSR efforts**

The application of protected workshops is a local community involvement. We work to form a partnership with a local technical school, teachers as well as students, on working environment knowhow.

ICM supports local and national knowledge and society building through participation in different business and industry networks. We are sponsors of Skills and Arbejdsmiljøprisen (the Danish working environment award), which is aimed at young people in the process of training, more specifically craftsmen, where focus is on a good working environment.

ICM creates jobs through organic growth and acquisition and only applies temporary workers to a limited extent. ICM uses local as well as international suppliers. ICM supports the development of the employees' competencies and applies certification schemes e.g. for service and maintenance of the customers' products. ICM has three flex-job employees - one has successfully increased his/her working hours - and we have established a traineeship.

### **Statutory report on the underrepresented gender**

The Board of Directors has established a target figure for the under-represented gender in the Board of 33%, corresponding to 1 out of 3 members. At present, the Board consists of 5 persons, of whom 1 person is a woman. Active efforts are made to meet the target figure for the under-represented gender in the Board.

### **Statutory report on corporate governance**

#### **Corporate governance**

The framework of the organisation of the Management's responsibilities is the Danish Companies Act, the Danish Financial Statements Act, the Company's Articles of Association and good practice for businesses of the same size and with identical international activities as ICM.

## Management commentary

The Company's Board of Directors and Management constantly seek to ensure that the Group's management structure and control systems are appropriate and work in a satisfactory way. The Management will currently assess whether this is the case.

### Shareholder relations

The top management shall currently assess whether the capital structure of the Company is in keeping with the interests of the Company and its stakeholders. The overall purpose is to ensure a capital structure that supports long-term, profitable growth.

The Company's Articles of Association contain no limitations in relation to ownership or voting rights.

### Work of the Board of Directors

ICM's Board of Directors will ensure that the Management complies with the objectives and business processes adopted by the Board. Management briefings will take place systematically at planned meetings and as current oral and written reports. These reports will e.g. include outside developments, the development of the Company and the profitability of the financial position.

The Board of Directors will meet according to a fixed schedule at least 6 times a year. In between the ordinary board meetings, the Board will currently get written information about the Company's results and financial position, and extraordinary meetings will be convened if the situation so requires.

### Management remuneration

In order to attract and retain a well-qualified management, the remuneration of the Management and Executives of the Company is fixed in consideration of responsibilities, value creation and conditions in comparable businesses.

### Dividend policy

Payment of dividend will be made in consideration of any required consolidation of equity, as the basis of the Company's continued expansion, and of the existing agreements with the sources of finance.

### 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 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Revenue	1	413.752.806	367.326.412
Cost of sales		(298.998.293)	(262.206.478)
Other external expenses	2	<u>(20.663.646)</u>	<u>(22.508.970)</u>
<b>Gross profit/loss</b>		<b>94.090.867</b>	<b>82.610.964</b>
Staff costs	3	(65.274.569)	(66.924.604)
Depreciation, amortisation and impairment losses	4	<u>(9.766.175)</u>	<u>(10.867.198)</u>
<b>Operating profit/loss</b>		<b>19.050.123</b>	<b>4.819.162</b>
Other financial income		327.987	262.734
Other financial expenses	5	<u>(1.192.635)</u>	<u>(834.295)</u>
<b>Profit/loss before tax</b>		<b>18.185.475</b>	<b>4.247.601</b>
Tax on profit/loss for the year	6	<u>(6.047.399)</u>	<u>(3.144.422)</u>
<b>Profit/loss for the year</b>	7	<u><b>12.138.076</b></u>	<u><b>1.103.179</b></u>

## Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Completed development projects		524.614	268.786
Goodwill		<u>5.551.288</u>	<u>14.094.015</u>
<b>Intangible assets</b>	<b>8</b>	<b><u>6.075.902</u></b>	<b><u>14.362.801</u></b>
Other fixtures and fittings, tools and equipment		1.239.935	1.600.433
Leasehold improvements		<u>1.143.710</u>	<u>1.032.571</u>
<b>Property, plant and equipment</b>	<b>9</b>	<b><u>2.383.645</u></b>	<b><u>2.633.004</u></b>
Deposits		1.144.753	1.507.200
Deferred tax	12	<u>0</u>	<u>148.000</u>
<b>Fixed asset investments</b>	<b>10</b>	<b><u>1.144.753</u></b>	<b><u>1.655.200</u></b>
<b>Fixed assets</b>		<b><u>9.604.300</u></b>	<b><u>18.651.005</u></b>
Manufactured goods and goods for resale		79.324.804	66.723.419
Prepayments for goods		<u>636.662</u>	<u>2.505.516</u>
<b>Inventories</b>		<b><u>79.961.466</u></b>	<b><u>69.228.935</u></b>
Trade receivables		69.867.273	67.897.976
Receivables from group enterprises		5.436.800	2.908.000
Prepayments	11	<u>479.515</u>	<u>536.716</u>
<b>Receivables</b>		<b><u>75.783.588</u></b>	<b><u>71.342.692</u></b>
<b>Cash</b>		<b><u>2.778.174</u></b>	<b><u>278.612</u></b>
<b>Current assets</b>		<b><u>158.523.228</u></b>	<b><u>140.850.239</u></b>
<b>Assets</b>		<b><u>168.127.528</u></b>	<b><u>159.501.244</u></b>



## Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		560.091	560.091
Reserve for development expenditure		409.199	268.786
Retained earnings		<u>85.600.731</u>	<u>83.603.068</u>
<b>Equity</b>		<b><u>86.570.021</u></b>	<b><u>84.431.945</u></b>
Deferred tax	12	<u>85.000</u>	<u>0</u>
<b>Provisions</b>		<b><u>85.000</u></b>	<b><u>0</u></b>
Other payables	13	<u>1.954.468</u>	<u>0</u>
<b>Non-current liabilities other than provisions</b>		<b><u>1.954.468</u></b>	<b><u>0</u></b>
Bank loans		26.199.680	12.835.169
Payables to other credit institutions		0	6.463.772
Trade payables		36.643.280	34.893.450
Payables to group enterprises		0	435.268
Payables to shareholders and management		0	2.600.000
Income tax payable		5.814.399	3.177.478
Other payables	14	<u>10.860.680</u>	<u>14.664.162</u>
<b>Current liabilities other than provisions</b>		<b><u>79.518.039</u></b>	<b><u>75.069.299</u></b>
<b>Liabilities other than provisions</b>		<b><u>81.472.507</u></b>	<b><u>75.069.299</u></b>
<b>Equity and liabilities</b>		<b><u>168.127.528</u></b>	<b><u>159.501.244</u></b>
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Related parties with controlling interest	18		
Transactions with related parties	19		
Group relations	20		

## Statement of changes in equity for 2019

	<b>Contributed capital DKK</b>	<b>Reserve for development expenditure DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>
Equity beginning of year	560.091	268.786	83.603.068	84.431.945
Extraordinary dividend paid	0	0	(10.000.000)	(10.000.000)
Transfer to reserves	0	140.413	(140.413)	0
Profit/loss for the year	<u>0</u>	<u>0</u>	<u>12.138.076</u>	<u>12.138.076</u>
<b>Equity end of year</b>	<b><u>560.091</u></b>	<b><u>409.199</u></b>	<b><u>85.600.731</u></b>	<b><u>86.570.021</u></b>

## Notes

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Revenue</b>		
Danmark	313.125.204	306.760.481
Andre EU-lande	72.322.784	47.624.220
Resten af verden	28.304.818	12.941.711
	<b>413.752.806</b>	<b>367.326.412</b>
	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Fees to the auditor appointed by the Annual General Meeting</b>		
Statutory audit services	169.000	166.000
Tax services	20.500	20.000
Other services	15.500	15.000
	<b>205.000</b>	<b>201.000</b>
	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Staff costs</b>		
Wages and salaries	57.403.328	59.450.835
Pension costs	5.715.304	5.582.862
Other social security costs	808.466	701.235
Other staff costs	1.347.471	1.189.672
	<b>65.274.569</b>	<b>66.924.604</b>
Average number of employees	<b>112</b>	<b>115</b>
	<b>Remunera-</b>	<b>Remunera-</b>
	<b>tion of</b>	<b>tion of</b>
	<b>manage-</b>	<b>manage-</b>
	<b>ment</b>	<b>ment</b>
	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Total amount for management categories	2.656.042	2.650.299
	<b>2.656.042</b>	<b>2.650.299</b>

## Notes

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	8.896.131	10.038.783
Depreciation of property, plant and equipment	870.044	771.391
Profit/loss from sale of intangible assets and property, plant and equipment	0	57.024
	<b><u>9.766.175</u></b>	<b><u>10.867.198</u></b>
	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
<b>5. Other financial expenses</b>		
Financial expenses from group enterprises	89.970	219.194
Other interest expenses	722.252	529.966
Exchange rate adjustments	93.320	0
Other financial expenses	287.093	85.135
	<b><u>1.192.635</u></b>	<b><u>834.295</u></b>
	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
<b>6. Tax on profit/loss for the year</b>		
Current tax	5.814.399	3.146.422
Change in deferred tax	233.000	(2.000)
	<b><u>6.047.399</u></b>	<b><u>3.144.422</u></b>
	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
<b>7. Proposed distribution of profit/loss</b>		
Retained earnings	12.138.076	1.103.179
	<b><u>12.138.076</u></b>	<b><u>1.103.179</u></b>

## Notes

	<b>Completed develop- ment projects DKK</b>	<b>Goodwill DKK</b>
<b>8. Intangible assets</b>		
Cost beginning of year	805.678	48.852.258
Additions	609.232	0
<b>Cost end of year</b>	<b>1.414.910</b>	<b>48.852.258</b>
Amortisation and impairment losses beginning of year	(536.892)	(34.758.243)
Amortisation for the year	(353.404)	(8.542.727)
<b>Amortisation and impairment losses end of year</b>	<b>(890.296)</b>	<b>(43.300.970)</b>
<b>Carrying amount end of year</b>	<b>524.614</b>	<b>5.551.288</b>
Completed development projects consist of costs related to webshop and CRM system.		
	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>
<b>9. Property, plant and equipment</b>		
Cost beginning of year	6.882.262	2.217.112
Additions	98.000	522.685
<b>Cost end of year</b>	<b>6.980.262</b>	<b>2.739.797</b>
Depreciation and impairment losses beginning of year	(5.281.829)	(1.184.541)
Depreciation for the year	(458.498)	(411.546)
<b>Depreciation and impairment losses end of year</b>	<b>(5.740.327)</b>	<b>(1.596.087)</b>
<b>Carrying amount end of year</b>	<b>1.239.935</b>	<b>1.143.710</b>

## Notes

	<b>Deposits DKK</b>	<b>Deferred tax DKK</b>
<b>10. Fixed asset investments</b>		
Cost beginning of year	1.507.200	148.000
Additions	1.790	0
Disposals	(364.237)	(148.000)
<b>Cost end of year</b>	<b><u>1.144.753</u></b>	<b><u>0</u></b>
<b>Carrying amount end of year</b>	<b><u>1.144.753</u></b>	<b><u>0</u></b>

## Notes

### 11. Prepayments

Prepayments consist of insurance etc.

	<b>2019</b>
	<b>DKK</b>
<b>12. Deferred tax</b>	
<b>Changes during the year</b>	
Additions	85.000
<b>End of year</b>	<b>85.000</b>

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
<b>13. Other long-term payables</b>		
Holiday pay obligation	1.954.468	0
	<b>1.954.468</b>	<b>0</b>

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
<b>14. Other payables</b>		
VAT and duties	2.710.314	2.211.188
Wages and salaries, personal income taxes, social security costs, etc payable	285.420	622.433
Holiday pay obligation	5.672.141	8.134.159
Other costs payable	2.192.805	3.696.382
	<b>10.860.680</b>	<b>14.664.162</b>

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
<b>15. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b>20.355.519</b>	<b>24.571.496</b>

### 16. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which JSE Invest ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 01.07.2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

## Notes

The Company has pledged a guarantee for the debt of Selchau Ejendomme ApS with credit institutions. The guarantee is unlimited. Selchau Ejendomme ApS does not have any debt with credit institutions as of 31. December 2019.

### **17. Assets charged and collateral**

The Company has pledged a company charge of DKK 40,750,000 as collateral for all debts with credit institutions. The amount of bank loans etc. covered by the pledge amount to DKK 26,199,680 as of 31. December 2019.

### **18. Related parties with controlling interest**

Jan Selchau (principal shareholder in JSE Invest ApS)

Piniehøj 21

2960 Rungsted Kyst

JSE Invest ApS (principal shareholder in Safety Star A/S)

Piniehøj 21

2960 Rungsted Kyst

Safety Star A/S (principal shareholder in ICM A/S)

Piniehøj 21

2960 Rungsted Kyst

### **19. Transactions with related parties**

No transactions on non-arm's length are disclosed in the financial statements.

### **20. Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

JSE Invest ApS, Rungsted Kyst

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

JSE Invest ApS, Rungsted Kyst



## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

### 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.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Revenue

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

#### Cost of sales

Cost of sales comprises cost of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

## Accounting policies

### 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 write-downs 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

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and foreign currency transactions, etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and foreign currency transactions, 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 subsidiaries. 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

#### Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a

## Accounting policies

long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at ten years. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are three years.

### Property, plant and equipment

Land and buildings, other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-10 years

## Accounting policies

Leasehold improvements

3 years

Estimated useful lives and residual values are reassessed annually.

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance, depreciation and impairment losses for machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

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 write-downs for bad and doubtful debts.

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

### Deferred tax

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

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Other financial liabilities

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

## **Accounting policies**

### **Income tax receivable or payable**

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

### **Cash flow statement**

Referring to section 86(4) of the Danish Financial Statements Act, the Company has decided not to prepare any cash flow statement because the Company is included in the consolidated cash flow statement.