Svendsen Sport A/S

Erhvervsparken 14, DK-4621 Gadstrup

Annual Report for 1 January - 31 December 2019

CVR No 16 99 75 79

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 08/06 2020

Ole Lenarth Nielsen
Chairman of the General Meeting

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Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Svendsen Sport A/S for the financial year 1 January - 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Gadstrup, 8 June 2020

Executive Board

Hans Maasbøl
Executive Officer

Board of Directors

Mikkel Vendelin Olesen
Chairman

Mads Peter Hytteballe Andersen

Søren Peschardt Olesen

Lars Erik Svendsen

Jens Høgsted

Independent Auditor's Report

To the Shareholder of Svendsen Sport A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Svendsen Sport A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the 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 Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

Independent Auditor's Report

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 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 Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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.

Hellerup, 8 June 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob Fromm Christiansen
statsautoriseret revisor
mne18628

Company Information

The Company	Svendsen Sport A/S Erhvervsparken 14 DK-4621 Gadstrup CVR No: 16 99 75 79 Financial period: 1 January - 31 December Municipality of reg. office: Roskilde
Board of Directors	Mikkel Vendelin Olesen, Chairman Mads Peter Hytteballe Andersen Søren Peschardt Olesen Lars Erik Svendsen Jens Høgsted
Executive Board	Hans Maasbøl
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	432.996	414.859	405.892	367.659	249.832
Profit/loss before interest, tax, depreciation and amortisation (EBITDA)	51.106	56.229	46.383	37.563	46.996
Profit/loss before financial income and expenses	44.763	51.129	41.498	32.969	45.186
Net financials	-5.827	-5.613	-3.549	-1.578	5.889
Net profit/loss for the year	30.367	35.368	29.488	24.208	39.150
Balance sheet					
Balance sheet total	287.530	252.314	256.104	260.209	156.029
Equity	98.672	87.290	101.891	96.048	72.670
Investment in property, plant and equipment	5.409	4.052	2.840	7.597	1.821
Number of employees	164	166	158	159	79
Ratios					
Gross margin	31,4%	32,7%	29,7%	30,4%	37,0%
Profit margin	10,3%	12,3%	10,2%	9,0%	18,1%
Return on assets	15,6%	20,3%	16,2%	12,7%	29,0%
Solvency ratio	34,3%	34,6%	39,8%	36,9%	46,6%
Return on equity	32,7%	37,4%	29,8%	28,7%	56,1%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

The company has taken over the activities of a sister company as of January 1, 2016. The key figures and financial ratios from 2016 onwards are therefore not comparable with the previous years. There has been no adjustment of comparative figures since the acquisition has been completed following the purchase method.

Management's Review

Financial Statements of Svendsen Sport A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

A majority of the Company is ultimately owned by the private equity fund, Maj Invest Equity 4 K/S, who is member of DVCA. Consequently, the annual report follows DVCA's guidelines from 2015. Please refer to www.dvca.dk.

The Annual Report has been prepared under the same accounting policies as last year.

The Company has secured sufficient loan facilities to secure the operations through 2020 also taking the difficult market conditions caused by the Covid-19 pandemic into consideration.

Key activities and business model

The Company's activities are development and sale of branded angling equipment and related products.

The Company's products are sold directly by own sales forces in most of the largest European fishing markets as well in North America. In rest of the world, the products are sold selectively through agents/distributors. The Company has own inhouse product development, sourcing, sales and marketing. Products are manufactured by 3rd parties.

Market overview

The Company's products are sold worldwide and cover most of the major fishing disciplines.

Development in the year

The income statement of the Company for 2019 shows a profit of TDKK 30,367, and at 31 December 2019 the balance sheet of the Company shows equity of TDKK 98,672.

The turnover for the year is higher than last year and in line with expectations.

The Company has taken over its Hungarian distributor from the beginning of the year.

The Company's revenue for the year amounted to DKK 433.0 million, which is an increase compared to last year when revenue amounted to DKK 414,9 million. The Company's revenue for the year is in line with the expected revenue.

Operating profit amounted to DKK 51.1 million. Net financials amounting to a negative DKK 5.8 million.

The net result is below expectations but considered satisfactory.

Management's Review

Strategy

The Company aims to develop and sell innovative and branded angling equipment and accessories.

Targets and expectations for the year ahead

The Company has budgeted continued top line growth in 2020, as well as an improved result after taxes in 2020.

However, the expectations for 2020 has changed significantly following of the Covid-19 outbreak. Due to the impact of Covid-19 management expect a decrease in revenue in 2020 as well a negative profit of the year 2020. Adequate liquidity resources are expected for the entire year 2020.

For further understanding please refer to note 1 "Going Concern" and note 2 "Subsequent Events".

Particular Risks

Operational risks

To some extent, the Company's costs depend on the development in raw material prices and wages and salaries among its subcontractors. To the largest possible extent, the Company attempts to hedge this risk by entering into long-term agreements with its subcontractors.

The Company's production and products are mainly based on well-known and thoroughly tested techniques, and the majority of the tasks are performed under well-known risks.

Foreign exchange risks

The Company has a high international activity and is therefore exposed and vulnerable for exchange rate fluctuations primarily on US dollars vs. DKK. As the products are sold on different European markets, the Company is also to a minor extend exposed to fluctuations on other European currencies vs. DKK. The main part of the transactions in foreign currencies is denominated in EUR, which is not hedged due to Denmark's fixed exchange rate policy vis-á-vis the Euro.

Interest rate risks

In relation to its credit facility, the Company is subject to an interest rate risk. The interest rate exposure is related to fluctuations in the CIBOR rate. The Company is not hedging its interest exposure.

Credit risks

The Company's customers comprise a wide range of retailers in Europe and USA. The maximum credit risk that may occur for trade receivables and other receivables corresponds to the value at which they are recognized in the balance sheet. No single receivable constitutes a significant part.

Management's Review

Risks connected to capital structure

The Company has a solid balance sheet with a solidity ratio above 30% and a liquidity ratio above 1. The Company is only to a minor extend dependent on support from the mother company. Therefore, the Management does not see any special risks connected to the capital structure.

The Company is not affected by other unusual risks.

Research and development

The Company's development activities include functional development and design of equipment for angling, including lures, rods, reels as well as clothing and other accessories.

External environment

As we are a global organization, we are aware of our external business environment. The Company manages its risks from the external environment by having a diversified approach to suppliers, customers, markets and fishing disciplines.

Intellectual capital resources

The Company possesses extensive knowledge on product development. Retention and development of competencies in the development department is of major importance for continued growth and earnings.

Statement of corporate social responsibility

Human rights and social & employee conditions

Respect for human rights is fundamental. This goes for the employees of the Company as well as the communities the Company lives and operates in. The CSR policy is described in the employee handbook which is given to new employees upon employment.

• The Company supports and respects the protection of internationally proclaimed human rights,
• The Company will ensure that we are not complicit in human rights abuse in any of our operations,
• The Company will uphold the freedom of association and the effective recognition of the rights to collective bargaining,
• The Company will not use any form of forced or compulsory labor,
• The Company will support the elimination of direct and indirect discrimination in respect of employment and occupation, including race, color, sex, religion, political opinion and nationality or social origin,
• The Company will continuously develop employees' competencies and flexibility and will provide safe and healthy working conditions.

The Company offers their employees an opportunity for further training by offering courses to help develop their competencies.

Management’s Review

The Company main risk for Social and employee conditions lies within maintaining that employees have the proper skills to maintain their job and create value for the Company. The Company does not see any other specific, material risks to violate human rights.

Environment and Climate

The Company will continuously improve processes to minimize the environmental impact of the operation. The main environmental impact is in the distribution of products, and the indirect impact from the 3rd party manufacturing of products.

The Company has not been able to measure the direct impact of the environmental plans in 2019, nor will the Group be able to measure the direct impact in 2020.

Anticorruption

All the Company's employees are informed, when employed, that conduct of unethical, dishonest behavior and bribery is not tolerated.

- The Company will conduct its business with high ethical standards, honesty and respect for other,
- The Company will be compliant with the laws and regulations in the countries where we are present,
- Neither the Company nor its employees will offer, promise, give and/or accept a bribe for business purposes,
- Neither the Company nor the employees will be involved in non-competition activities i.e. illegal price fixing, sharing of customers and markets.

The Company's risks related to anti-corruption and bribery is mainly present within our own operation and with our collaboration partners.

The Company has not discovered any breach of anti-corruption or bribery in 2019.

Statement on gender composition

The Company strives to maintain and fulfil the goals set for gender quotation at all management levels but will always employ the best qualified candidate. The Company believes that diversity among employees contributes positively to the working environment and strengthens the Company's performance and competitiveness. The Company’s policy is to always provide equal job opportunities regardless of gender.

The proportion of underrepresented gender among the Management was 0%, end of 2019.

According to legislation on the gender quotation on the board of directors in Danish enterprises, the Company has selected a target for the underrepresented gender among member of the Board of 20%. The Company will work focused towards identifying the possibility of fulfilling the policy and target before the general assembly in 2022.

Management's Review

Development in the number of employees

The Company had 165 employees at the beginning of the year split by 37 employees in Denmark and 128 in rest of the world.

In the year there has been a net outflow of 25 employees split by 4 in Denmark and 21 in rest of the world.

The Company has at year-end 183 employees split by 37 in Denmark and 146 in rest of the world.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

However, some measurements are based on judgements or assumptions as certain items in financial statements by their nature cannot be measured with precision.

Unusual events

The financial position at 31 December 2019 of the Company and the results of the activities of the Company for the financial year for 2019 have not been affected by any unusual events.

Subsequent events

The Covid-19 outbreak in March 2020 and the following Government restrictions in many of the Company's key markets materially affects the assessment of the Annual Report. In respect of the balance sheet, the most significant impact is on the valuation of the account receivables.

As the Company primarily sells its products through an extensive dealer network, and most physical stores are more or less closed in all relevant markets, it will have a significant impact on the Company's turnover. In addition, the Company expects higher credit losses. However, it is very difficult to judge the impact, at this stage as the full impact and duration of the different governments' restrictions are not known. As the Covid-19 impacts the Company's main season, it is not possible to recover the lost turnover during the reminder of the year.

The Company's management consider the cash flow and available cash to be the main concern. The Company has secured a strong liquidity buffer that secures the operation of the Company, going forward.

No other events that will have a material impact of the assessment of the Annual Report have occurred after the balance sheet date.

Management's Review

Statutory report on corporate governance

The Company has since the beginning of November 2015 been owned by a private equity fund, Maj Invest Equity 4 K/S, which is a member of DVCA. As a private equity portfolio company, the Company generally follows DVCA's recommendations, except that the company based on its size, has not established an audit committee.
These tasks are handled by the Board. Refer to www.DVCA.dk for more information about the guidelines.

Presentation of the Board of Directors

Maj Invest Equity 4 K/S is represented on the board by Mads Peter Hytteballe Andersen, Søren Peschardt Olesen and Jens Høgsted. In addition, Lars Erik Svendsen and Mikkel Vendelin Olesen are represented in the Board of Directors. Board positions and other managerial positions are set out below.

Mikkel Vendelin Olesen

Mikkel Vendelin Olesen, Chairman, has joined the Board on 29 November 2007 and joined as Chairman on 15 march 2013.

He holds the following other directorships:

• Chairman of Orphism ApS, Fleye ApS, Nordisk Company A/S, Karmameju ApS, MIE4 7 Datter ApS, Svendsen Sport A/S, Outfit International A/S, Rexholm A/S and Care by me Aps.
• Board member of BBHS A/S and Infinita Invest ApS
• Director of Vendelin & Vendelin ApS, Vendelin Ejendomme ApS, Vendelin Olesen Holding ApS and Nordisk Finance ApS.

Mads Peter Hytteballe Andersen

Mads Peter Hytteballe Andersen has joined as board member on 3 November 2015.

He holds the following other directorships:
• Chairman of Equity Datterholding 13 ApS
• Vice chairman of MIE4 7 Datter ApS, Sovino Brands ApS, Sovino Brands Holding ApS and Itadel A/S
• Board member of R2 Group Invest A/S, Icotera A/S, Icotera IPR P/S and Svendsen Sport A/S
• Director of Equity Datterholding 15 (FM) ApS, LDE Holding 13 ApS, LDETRE Holding 11 ApS, R2 Group Invest A/S, Komplementarselskabet Icotera IPR ApS, Mie4 Holding 7 ApS, MIE5 Holding 1 ApS, MIE5 Holding 2 ApS, MIE5 Holding 4 ApS and Equity Datterholding 13 ApS
• CEO of MPHA Invest ApS.

Søren Peschardt Olesen

Søren Peschardt Olesen has joined as board member 8 March 2012.

He holds the following other directorships:
• Chairman of Stark Danmark A/S, Stark Deutschland GmbH, DT Holding (Sweden) AB, Beijer Byggmaterial AB, Beijer Byggmaterial i Uppsaala AB, and Neumann Bygg AS

Management's Review

• Board member of Svendsen Sport A/S, Hobro Ny Trælast A/S, Hempel A/S, Stark Kalaallit Nunaat A/S, MIE4 7 Datter ApS, Stark Soumi OY, and Starkki Property Oy
• Director of LSF10 Wolverine Bidco ApS, SPO Invest Holding ApS and Stark Group Holding Germany GmbH
• CEO of Stark Group A/S and Hobro Ny Trælast A/S.

Lars Erik Svendsen

Lars Erik Svendsen has joined the board since the founding on 18 May 1993.

He holds the following other directorships:
• Board member of MIE4 7 Datter ApS, WIIK & Co. A/S, Langø A/S, EFTTA (European Fish Tackle Trade Association) and Svendsen Sport A/S
• Director of Lars Svendsen Holding ApS, Langø A/S and LSH PE ApS.

Jens Høgsted

Jens Høgsted has joined the board on 13 May 2016.

He holds the following other directorships:
• Board member of MIE4 7 Datter ApS, Svendsen Sport A/S, Imerco A/S, Imerco Holding A/S and Day et A/S.
• Director of Høgsted Consulting ApS

Income Statement 1 January - 31 December

	Note	2019 TDKK	2018 TDKK
Revenue	3	**432.996**	**414.859**
Other operating income		0	7
Expenses for raw materials and consumables		-239.556	-223.468
Other external expenses		-57.672	-55.893
Gross profit/loss		**135.768**	**135.505**
Staff expenses	4	-84.662	-79.276
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-6.343	-5.100
Profit/loss before financial income and expenses		**44.763**	**51.129**
Financial income	5	586	399
Financial expenses	6	-6.413	-6.012
Profit/loss before tax		**38.936**	**45.516**
Tax on profit/loss for the year	7	-8.569	-10.148
Net profit/loss for the year		**30.367**	**35.368**

Balance Sheet 31 December

Assets

	Note	2019	2018
		TDKK	TDKK
Completed development projects		6.613	2.546
Acquired patents		1.513	1.623
Goodwill		7.920	4.820
Intangible assets	8	**16.046**	**8.989**
Other fixtures and fittings, tools and equipment		8.993	6.900
Leasehold improvements		1.722	1.533
Property, plant and equipment	9	**10.715**	**8.433**
Investments in subsidiaries	10	1	1
Deposits	11	543	520
Fixed asset investments		**544**	**521**
Fixed assets		**27.305**	**17.943**
Inventories	12	**139.649**	**140.580**
Trade receivables		81.631	87.875
Receivables from group enterprises		26.895	3.765
Other receivables		1.370	516
Prepayments	13	5.482	1.328
Receivables		**115.378**	**93.484**
Current asset investments		**102**	**92**
Cash at bank and in hand		**5.096**	**215**
Currents assets		**260.225**	**234.371**
Assets		**287.530**	**252.314**

Balance Sheet 31 December

Liabilities and equity

	Note	2019	2018
		TDKK	TDKK
Share capital		1.000	1.000
Reserve for development costs		5.224	0
Retained earnings		92.448	86.290
Equity	14	**98.672**	**87.290**
Provision for deferred tax	16	1.737	744
Provisions		**1.737**	**744**
Credit institutions		73.196	67.334
Trade payables		45.083	50.739
Payables to group enterprises		34.939	23.825
Corporation tax		16.823	11.267
Other payables	17	17.080	11.115
Short-term debt		**187.121**	**164.280**
Debt		**187.121**	**164.280**
Liabilities and equity		**287.530**	**252.314**
Going concern	1		
Subsequent events	2		
Distribution of profit	15		
Contingent assets, liabilities and other financial obligations	18		
Related parties	19		
Fee to auditors appointed at the general meeting	20		
Accounting Policies	21		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1.000	0	86.290	87.290
Extraordinary dividend paid	0	0	-20.000	-20.000
Fair value adjustment of hedging instruments, end of year	0	0	1.015	1.015
Development costs for the year	0	5.224	-5.224	0
Net profit/loss for the year	0	0	30.367	30.367
Equity at 31 December	**1.000**	**5.224**	**92.448**	**98.672**

Notes to the Financial Statements

1 Going concern

The outbreak of Covid-19 has impacted the Company by a significant decrease in revenue after the end of the financial year and the company now expects a negative profit for the year 2020. Furthermore, the Company's liquidity has been negatively affected.

As a result of the Covid-19 impacts and the increased uncertainty, the Company has increased the bank credit facility, which results in satisfactory liquidity resources of the Company.

The annual report has therefore been prepared in accordance with the going concern principles.

2 Subsequent events

The implications of COVID-19 with many governments across the world deciding to ”close down their countries” will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date 31 December 2019, and therefore will not have any effect on the Financial Statements for 2019 a non-adjusting event.

The Company is impacted negatively of the Covid-19 as the Company's industry is subject to restrictions and guidelines from governments and health authorities in the countries in which it operates. Moreover, the Company is affected by the fact that management had sent home employees as a result of the guidelines and restrictions.

Currently, it is not possible to assess the negative impact of Covid-19 for year 2020 financial statements

3 Revenue

	2019	2018
	TDKK	TDKK
Geographical segments		
Domestic	33.184	23.878
EU excl. domestic	353.426	337.955
Rest of the world	46.386	53.026
	432.996	**414.859**

Notes to the Financial Statements

		2019	2018
		TDKK	TDKK
4	**Staff expenses**		
	Wages and salaries	73.067	68.284
	Pensions	1.621	1.639
	Other social security expenses	8.229	8.147
	Other staff expenses	1.745	1.206
		84.662	**79.276**
	Average number of employees	**164**	**166**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

		2019	2018
		TDKK	TDKK
5	**Financial income**		
	Interest received from group enterprises	448	239
	Other financial income	138	160
		586	**399**
6	**Financial expenses**		
	Other financial expenses	6.372	5.468
	Exchange loss	41	544
		6.413	**6.012**
7	**Tax on profit/loss for the year**		
	Current tax for the year	7.576	10.258
	Deferred tax for the year	993	-110
		8.569	**10.148**

Notes to the Financial Statements

8 Intangible assets

	Completed development projects	Acquired patents	Goodwill	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	10.495	2.960	9.183	22.638
Additions for the year	5.063	721	4.211	9.995
Cost at 31 December	15.558	3.681	13.394	32.633
Impairment losses and amortisation at 1 January	7.949	1.337	4.363	13.649
Amortisation for the year	996	831	1.111	2.938
Impairment losses and amortisation at 31 December	8.945	2.168	5.474	16.587
Carrying amount at 31 December	**6.613**	**1.513**	**7.920**	**16.046**

The Company's development expenses relates to capitalisation of costs in respect of filing for trademarks and patents and development of the Company's ERP system in connection with the Group's entrance on the US market.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK
Cost at 1 January	20.148	2.228	22.376
Additions for the year	5.390	404	5.794
Disposals for the year	-363	-22	-385
Cost at 31 December	25.175	2.610	27.785
Impairment losses and depreciation at 1 January	13.248	695	13.943
Depreciation for the year	3.213	193	3.406
Reversal of impairment and depreciation of sold assets	-279	0	-279
Impairment losses and depreciation at 31 December	16.182	888	17.070
Carrying amount at 31 December	**8.993**	**1.722**	**10.715**

Notes to the Financial Statements

10 Investments in subsidiaries

	2019	2018
	TDKK	TDKK
Cost at 1 January	1	1
Carrying amount at 31 December	**1**	**1**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Savage Gear Americas, Inc.	Miramar, Florida, USA	USD 1	100%	-11.153.994	-8.344.175

11 Other fixed asset investments

	Deposits
	TDKK
Cost at 1 January	520
Additions for the year	67
Disposals for the year	-44
Cost at 31 December	543
Carrying amount at 31 December	**543**

12 Inventories

	2019	2018
	TDKK	TDKK
Finished goods and goods for resale	139.649	140.580
	139.649	**140.580**

13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

14 Equity

The share capital consists of 2 shares of a nominal value of TDKK 500. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

15 Distribution of profit

	2019	2018
	TDKK	TDKK
Extraordinary dividend paid	20.000	54.000
Retained earnings	10.367	-18.632
	30.367	**35.368**

16 Provision for deferred tax

	2019	2018
	TDKK	TDKK
Provision for deferred tax at 1 January	744	854
Amounts recognised in the income statement for the year	993	-110
Provision for deferred tax at 31 December	**1.737**	**744**

17 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	2019	2018
	TDKK	TDKK
Liabilities	0	1.103

The company entered into forward exchange contracts for hedging future purchases in USD for a total of TDKK 52,615 for payment in EUR in 2018. This has been redeemed 2019. Hence the value is DKK 0 as well as DKK 0 under equity.

Notes to the Financial Statements

	2019	2018
	TDKK	TDKK

18 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:
The factoring of receivables, TDKK 59,503, has been put up as security for the company's debt.

As security for the Company's credit facilities with Jyske Bank a floating company charge ("virksomhedspant") of up to nominal TDKK 60,000 has been put up. The floating charge covers the Company assets in general including inventories, trade receivables, tangible assets and intangible assets. AL Finans and the Company has also agreed on a pledge as security up to nominal TDKK 1,107.

The Company has issued guarantees for TDKK 1,717 against third parties at 31 December 2019.

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

	2019 TDKK	2018 TDKK
Within 1 year	6.130	5.737
Between 1 and 5 years	16.572	19.842
	22.702	**25.579**

Notes to the Financial Statements

19 Related parties

	Basis
Controlling interest	
MIE4 7 Datter ApS	Parent Company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

MIE4 7 Datter ApS has a controlling interest in the company.

MIE4 Holding 7 ApS has a controlling interest in the company.

Maj Invest Equity 4 K/S has a controlling interest in the company.

Consolidated Financial Statements

The Company is included in the consolidation of the parent companies.

Name	Place of registered office
MIE4 Holding 7 ApS	Copenhagen, Denmark
MIE 4 7 Datter ApS	Gadstrup, Denmark

The Group Annual Report of MIE 4 7 Datter ApS may be obtained at the following address:

Erhvervsparken 14
DK-4621 Gadstrup

Notes to the Financial Statements

20 Fee to auditors appointed at the general meeting

With reference to the Danish Financial Statements Act section 96 (3), fee to auditors appointed at the general meeting has not been disclosed.

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Svendsen Sport A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of MIE 4 7 Datter ApS, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in

21 Accounting Policies (continued)

the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards

Notes to the Financial Statements

21 Accounting Policies (continued)

the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

Information on geographical segments based on the Companys risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Notes to the Financial Statements

21 Accounting Policies (continued)

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Notes to the Financial Statements

21 Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	2-5	years
Leasehold improvements	5-10	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits, which are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the

21 Accounting Policies (continued)

inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes

Notes to the Financial Statements

21 Accounting Policies (continued)

in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$

21 Accounting Policies (continued)

Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$