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ADD MIKKELSEN A/S

Borgergade 3
1300 København K
Central Business Registration
No 20199806

Annual report 2018

The Annual General Meeting adopted the annual report on 27.06.2019

Chairman of the General Meeting

Name: Peter Henriksen

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Entity details

Entity
ADD MIKKELSEN A/S
Borgergade 3
1300 København K

Central Business Registration No (CVR): 20199806
Registered in: København
Financial year: 01.01.2018 - 31.12.2018

Board of Directors
Keld Mikkelsen
Peter Henriksen
Jesper Bjarne Haugaard

Executive Board
Peter Henriksen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Tværkajen 5
Postboks 10
5100 Odense 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 ADD MIKKELSEN A/S for the financial year 01.01.2018 - 31.12.2018.

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

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

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

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

Copenhagen, 27.06.2019

Executive Board

Peter Henriksen

Board of Directors

Keld Mikkelsen	Peter Henriksen	Jesper Bjarne Haugaard

Independent auditor's report

To the shareholders of ADD MIKKELSEN A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of ADD MIKKELSEN A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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.

Material uncertainty related to going concern

Without modifying our opinion, we refer to note 1 of the consolidated financial statements in which Management has described the uncertainties relating to the Group's continued operations, including the assumptions underlying Management's assessments. It is Management's opinion that the assumptions are realistic and achievable and thus that the Group is able to continue its operations. Based on this, the consolidated financial statements and parent financial statements have been presented on a going concern basis.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent 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 consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the 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 consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the 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 consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are

Independent auditor's report

responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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.

Odense, 27.06.2019

Deloitte
Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Per Krause Therkelsen
State Authorised Public Accountant
Identification No (MNE) mne19698

Management commentary

	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000
Financial highlights					
Key figures					
Gross profit	8.891	50.862	61.612	57.251	56.231
Operating profit/loss	(26.606)	(7.588)	(32.598)	4.896	2.697
Net financials	(1.122)	(1.974)	(4.241)	(2.023)	(2.769)
Profit/loss for the year	43.759	(10.720)	(27.121)	1.894	(990)
Profit/Loss for the year of discontinued operations	58.964	N/A	N/A	N/A	N/A
Profit/Loss for the year of continued operations	(15.205)	N/A	N/A	N/A	N/A
Total assets	72.229	95.420	103.436	101.376	83.603
Investments in property, plant and equipment	195	2.944	6.779	5.927	3.704
Equity	29.014	(14.478)	(3.860)	23.773	22.343
Ratios					
Return on equity (%)	602,1	-	(272,4)	8,2	(4,3)
Equity ratio (%)	40,2	(15,2)	(3,7)	23,5	26,7

Financial highlights are defined and calculated in accordance with current calculations for key figures.

The key figures are not completely comparable due to profit/loss og discountinued and countinued operations.

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

Management commentary

Primary activities

The primary activities of the Company are design, wholesale, retail and online sales of fashion clothes.

Development in activities and finances

The financial result ended with a result of mio. DKK 43, due to the sale of DAY ET. The sale price of DAY ET were mio. DKK 75,7, with a net provenue of Mio DKK 59. Equity is because of the DAY ET sale again positive with mio. DKK 29. In 2018 focus has been to build up a sustainable business for the continued business within DAY Birger et Mikkelsen and 2NDDAY.

Main focus has been to:

1. Improve Gross Margin, due to a change in channel of Distribution, customer mix and minimize Inventory and cost of goods improvements.
2. Adjusting organization after selling DAY ET
3. Reduce all external costs in line with the new set up

The result is a new structure with a more slim organization and with lower external costs. The decisions made in 2018 and 2019 will have full impact in 2020 and onwards.

In order to improve liquidity and result substantially, we are considering;

1. Change in Debtors – A model where we will receive prompt payment of 70%-90% of all invoicing. This is an effect of the market situation where the demand for longer payment are increasing dramatically.

2. New supplier set-up, with better terms, less administrative and quicker to marked in order to serve our customers practically especially O/O online shop and partners.

Uncertainty relating to recognition and measurement

At 31.12.2018 the Company has issued a vendor loan due to sale of discontinued operations. The vendor loan is depending on future income and cash flows from the buyer’s operations, and therefore subject to significant uncertainty. The maximum value of the vendor note represents DKK 22,376 with surplus interest, but the vendor note is impaired due to uncertainty. The vendor note is recognized at DKK 5,594k.

Outlook

The turnaround will continue in 2019. For this year the plan will continue, to carry on the core businesses, to grow revenue and brand subsistence, including a digitalization of the Company.

Brand focus

The company will continue the business strategy on each brand, DAY Birger et Mikkelsen and 2NDDAY, all in all to build the brands even stronger individually, to develop brand position in key markets and to raise revenue. The strategy have always been to divide the company individually in separate divisions, and in 2018, DAY Et was ready for a sale after only 4,5 years of existing. The shareholders took the decision and it has effected the result positively with 72 mio. DKK. The value of the net assets is 16 mio. DKK and comes primary from inventory and receivables.

Online partners

A new and stronger organization will be setup in 2019, to support the fast growing development of our onliners and key accounts globally.

Management commentary

Further, our focus on Online Partners, increased by 30 % last year. This is continuing to bring value and opportunity for the Company, a crucial key area to prioritize to keep up as a strong brand profile and partner, globally.

Franchise

Franchise partners are also doing good results, which is positive. The good relationship, and outcomes, for example our strong Franchise Collaborates in Norway, are stable and profitable, expectantly to open more stores in 2019.
A new partner in Norway have been assigned in order to support the stores, open up new franchise stores as well as building the wholesale market further.

Digital investments and new online store

Moreover, a core strategy is to go from a traditional retail state-of-mind to an innovative way of thinking retail into the full perspective. It encourages connecting the platforms closer together.

Today, consumers are moving faster, and busier, and there's a need for smarter and more efficient shopping, Online is providing the channel and the focus will continue to grow the Online Partners, including online department stores and Key accounts, yet to adapt to a more digital structure of new Retail.

In 2018, the company followed the strategy to close down own stores, though keeping the core stores in right locations, then to convert to own-operated online store to grow as one strong unit where online and offline will meet properly. The store is changing, yet important to ensure a physical meeting point in relevant locations to unite on and offline even smarter together, further to ensure a better communication flow 360 degrees, as well to connect the brand to the customers even closer and to be top of all direct messages.

Particular risks

Currency risks

Currency risks DAY is exposed to USD, EUR, GBP as well as NOK and SEK.

Interest risks

DAY is funded through equity and external funding. Interest risks on interest bearing debt are not hedged. The current low interest rate secures a low exposure to interest risks.

Environmental performance

It is company policy to take environmentally considerate operations as its starting point. Environmental concerns are a natural part of DAY's objectives on quality of both products and conditions of manufacturing.

Group relations

Company structure at the balance sheet date are listed in note 19.

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.

Consolidated income statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Gross profit		**8.891**	**50.862**
Staff costs	3	(32.630)	(47.456)
Depreciation, amortisation and impairment losses	4	(2.867)	(10.994)
Operating profit/loss		**(26.606)**	**(7.588)**
Other financial income		4.050	3.484
Other financial expenses		(5.172)	(5.458)
Profit/loss before tax		**(27.728)**	**(9.562)**
Tax on profit/loss for the year	5	12.523	(1.158)
Profit/loss from continuing operations		**(15.205)**	**(10.720)**
Profit/loss from discontinued operations	6	**58.964**	**0**
Profit/loss for the year	7	**43.759**	**(10.720)**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Acquired rights		747	1.002
Goodwill		0	0
Intangible assets	8	**747**	**1.002**
Other fixtures and fittings, tools and equipment		776	2.094
Leasehold improvements		317	3.427
Property, plant and equipment in progress		0	982
Property, plant and equipment	9	**1.093**	**6.503**
Other receivables		5.594	0
Fixed asset investments	10	**5.594**	**0**
Fixed assets		**7.434**	**7.505**
Manufactured goods and goods for resale		19.102	23.099
Inventories		**19.102**	**23.099**
Trade receivables		26.247	44.373
Deferred tax	11	6.399	6.793
Other receivables		4.557	5.741
Prepayments	12	1.657	2.811
Receivables		**38.860**	**59.718**
Cash		**6.833**	**5.098**
Current assets		**64.795**	**87.915**
Assets		**72.229**	**95.420**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Contributed capital		536	536
Retained earnings		28.478	(15.014)
Equity		**29.014**	**(14.478)**
Other provisions	13	1.180	2.134
Provisions		**1.180**	**2.134**
Current portion of long-term liabilities other than provisions		0	1.359
Bank loans		1.387	53.444
Prepayments received from customers		288	0
Trade payables		22.806	35.185
Payables to group enterprises		1.652	940
Payables to shareholders and management		5.300	5.000
Income tax payable		3.751	1.134
Other payables		6.851	9.274
Deferred income	14	0	1.428
Current liabilities other than provisions		**42.035**	**107.764**
Liabilities other than provisions		**42.035**	**107.764**
Equity and liabilities		**72.229**	**95.420**
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Contingent liabilities	16		
Assets charged and collateral	17		
Transactions with related parties	18		
Subsidiaries	19		

Consolidated statement of changes in equity for 2018

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	536	(15.014)	(14.478)
Exchange rate adjustments	0	(267)	(267)
Profit/loss for the year	0	43.759	43.759
Equity end of year	**536**	**28.478**	**29.014**

The share capital consists of shares of a nominal value of DKK 1,000 or multiples thereof. No share certificates have been issued. The shares have been divided into A and C shares.

Consolidated cash flow statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Operating profit/loss		(26.606)	(7.588)
Amortisation, depreciation and impairment losses		2.867	10.140
Working capital changes	15	9.799	5.249
Other adjustments		0	1.444
Cash flow from ordinary operating activities		**(13.940)**	**9.245**
Financial income received		4.050	3.490
Financial expenses paid		(5.172)	(5.458)
Income taxes refunded/(paid)		(1.134)	(80)
Cash flows from operating activities		**(16.196)**	**7.197**
Acquisition etc of property, plant and equipment		(195)	(3.398)
Sale of property, plant and equipment		765	0
Cash flow from discontinued operations		71.853	0
Cash flows from investing activities		**72.423**	**(3.398)**
Reduction of lease commitments		(1.359)	(2.575)
Regulation provisions		(1.076)	0
Cash flows from financing activities		**(2.435)**	**(2.575)**
Increase/decrease in cash and cash equivalents		**53.792**	**1.224**
Cash and cash equivalents beginning of year		(48.346)	(49.570)
Cash and cash equivalents end of year		**5.446**	**(48.346)**
Cash and cash equivalents at year-end are composed of:			
Cash		6.833	5.098
Short-term debt to banks		(1.387)	(53.444)
Cash and cash equivalents end of year		**5.446**	**(48.346)**

Notes to consolidated financial statements

1. Going concern

The Management of the Company has taken several steps to improve and monitor the Company's earnings and liquidity. The full effect of the implemented initiatives will, however, not appear until in the financial year 2020.

The budgets prepared for 2019 show that the current credit limits together with introduction of further liquidity-improving measures will be sufficient.

The bankers of the Company have declared that the present credit facilities will be maintained in 2019 if the Group realizes the financial plans presented for which reason it is Management's view that the parent financial statements and consolidated financial statements may be presented on a going concern basis.

2. Uncertainty relating to recognition and measurement

At 31.12.2018 the Company has issued a vendor loan due to sale of discontinued operations. The vendor loan is depending on future income and cash flows from the buyer's operations, and therefore subject to significant uncertainty. The maximum value of the vendor note represents DKK 22,376 with surplus interest, but the vendor note is impaired due to uncertainty. The vendor note is recognized at DKK 5,594k.

	2018 DKK'000	2017 DKK'000
3. Staff costs		
Wages and salaries	30.285	42.840
Pension costs	907	1.218
Other social security costs	1.438	3.398
	32.630	**47.456**
Average number of employees	**78**	**90**

	Remuneration of management 2018 DKK'000	Remuneration of management 2017 DKK'000
Total amount for management categories	2.394	1.700
	2.394	**1.700**

Notes to consolidated financial statements

	2018 DKK'000	2017 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	255	224
Depreciation of property, plant and equipment	2.465	7.869
Impairment losses on property, plant and equipment	147	2.901
	2.867	**10.994**

	2018 DKK'000	2017 DKK'000
5. Tax on profit/loss for the year		
Current tax	(12.884)	1.158
Change in deferred tax	361	0
	(12.523)	**1.158**

	2018 DKK'000
6. Discontinued operations	
Income statement	
Final sales price DAY ET	75.654
Impairment loss vendor note	(16.780)
Revenue	88.242
Cost of sales	(45.391)
Other external expenses	(17.714)
Staff costs	(8.417)
Profit/loss for the period	**75.594**
Tax on profit/loss from discontinued operations	(16.630)
Post-tax profit/loss from discontinued operations	**58.964**

	2018 DKK'000	2017 DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	43.759	(10.720)
	43.759	**(10.720)**

Notes to consolidated financial statements

	Acquired rights DKK'000	Goodwill DKK'000
8. Intangible assets		
Cost beginning of year	1.471	1.669
Disposals	(106)	0
Cost end of year	**1.365**	**1.669**
Amortisation and impairment losses beginning of year	(469)	(1.669)
Amortisation for the year	(255)	0
Reversal regarding disposals	106	0
Amortisation and impairment losses end of year	**(618)**	**(1.669)**
Carrying amount end of year	**747**	**0**

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000	Property, plant and equipment in progress DKK'000
9. Property, plant and equipment			
Cost beginning of year	11.044	34.162	1.885
Transfers	0	1.885	(1.885)
Additions	65	130	0
Disposals	(144)	(6.933)	0
Cost end of year	**10.965**	**29.244**	**0**
Depreciation and impairment losses beginning of year	(9.376)	(30.536)	(903)
Transfers	0	(903)	903
Impairment losses for the year	0	(903)	0
Reversal of impairment losses	0	756	0
Depreciation for the year	(957)	(3.509)	0
Reversal regarding disposals	144	6.168	0
Depreciation and impairment losses end of year	**(10.189)**	**(28.927)**	**0**
Carrying amount end of year	**776**	**317**	**0**

Notes to consolidated financial statements

	Other receivables DKK'000
10. Fixed asset investments	
Additions	5.594
Cost end of year	**5.594**
Carrying amount end of year	**5.594**

See note 2 for description of other receivables.

	2018 DKK'000
11. Deferred tax	
Changes during the year	
Beginning of year	6.760
Recognised in the income statement	(361)
End of year	**6.399**

12. Prepayments

Prepayments include rent and insurances etc.

13. Other provisions

	2018 DKK'000
Other provisions beginning of the year	(1.680)
Decrease in other provisions for the year	500
Other provisions end of the year	**(1,180)**

Other provisions comprise anticipated costs of restoration of rented premises.
Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

14. Short-term deferred income

Grant regarding leasehold premises

Notes to consolidated financial statements

	2018 DKK'000	2017 DKK'000
15. Change in working capital		
Increase/decrease in inventories	3.997	3.783
Increase/decrease in receivables	20.464	(959)
Increase/decrease in trade payables etc	(14.929)	2.504
Other changes	267	(79)
	9.799	**5.249**

16. Contingent liabilities

A claim for bonus consideration has been raised against the Company. The majority of the board members and the Company's attorney assess that the claim will not succeed for which reason no provisions have been made in this respect.

17. Assets charged and collateral

The parent company and the Group has rental and lease agreements for the rent of buildings and the lease of equipment from 6 months and up to 31.10.2021. The annual costs are DKK 7.781k.

A general floating charge of DKK 60,000k on intangible rights, fittings, tools and equipment, leasehold improvements, trade receivables and inventories has been provided as security for credit facilities with the banks. Book value of the included assets represent 46.157k.

Inventories are for the security of supplier debt.

Financial institutions have provided payment guarantees for a total of DKK 5.620K on behalf of the Company.

	Management DKK'000	Other related parties. DKK'000
18. Transactions with related parties		
Remunerations	2.394	0
Services	0	8.269
Liabilities other than provisions	0	(9.781)

Keld Mikkelsen have controlling interest in ADD Mikkelsen A/S through his ownership of the shares in ADD Mikkelsen Holding ApS and ADD Mikkelsen Holding II ApS.

Notes to consolidated financial statements

	Registered in	Corporate form	Equity interest %
19. Subsidiaries			
ADD Mikkelsen AS	Norway	AS	100,0
ADD Mikkelsen AB	Sweden	AB	100,0
ADD Mikkelsen LTD.	UK	LTD	100,0
ADD Mikkelsen B.V.	The Netherlands	B.V	100,0
ADD Mikkelsen G.m.b.H	Germany	G.m.b.H	100,0
ADD Mikkelsen France Sarl	France	Sarl	100,0
ADD Mikkelsen S.L.U.	Spain	S.L.U.	100,0

Parent income statement for 2018

	Notes	2018 DKK'000	2017 DKK'000
Gross profit		**9.431**	**41.526**
Staff costs	3	(27.072)	(40.256)
Depreciation, amortisation and impairment losses	4	(2.867)	(10.767)
Operating profit/loss		**(20.508)**	**(9.497)**
Income from investments in group enterprises		(6.146)	445
Other financial income		3.901	3.096
Other financial expenses		(4.970)	(4.764)
Profit/loss before tax		**(27.723)**	**(10.720)**
Tax on profit/loss for the year	5	12.518	0
Profit/loss from continuing operations		**(15.205)**	**(10.720)**
Profit/loss from discontinued operations	6	**58.964**	**0**
Profit/loss for the year	7	**43.759**	**(10.720)**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Acquired intangible assets		747	1.002
Intangible assets	8	**747**	**1.002**
Other fixtures and fittings, tools and equipment		776	1.668
Leasehold improvements		317	3.626
Property, plant and equipment in progress		0	982
Property, plant and equipment	9	**1.093**	**6.276**
Investments in group enterprises		3.045	8.915
Other receivables		5.594	0
Fixed asset investments	10	**8.639**	**8.915**
Fixed assets		**10.479**	**16.193**
Manufactured goods and goods for resale		19.102	21.702
Inventories		**19.102**	**21.702**
Trade receivables		20.152	29.110
Receivables from group enterprises		6.903	2.205
Deferred tax	11	6.399	6.760
Other receivables		4.245	5.450
Prepayments	12	1.349	2.623
Receivables		**39.048**	**46.148**
Cash		**4.018**	**3.626**
Current assets		**62.168**	**71.476**
Assets		**72.647**	**87.669**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK'000	2017 DKK'000
Contributed capital		536	536
Retained earnings		28.478	(15.014)
Equity		**29.014**	**(14.478)**
Other provisions	13	1.180	1.680
Provisions for investments in group enterprises	14	248	0
Provisions		**1.428**	**1.680**
Current portion of long-term liabilities other than provisions		0	1.359
Bank loans		1.387	53.444
Prepayments received from customers		288	0
Trade payables		22.229	25.590
Payables to group enterprises		4.975	6.915
Payables to shareholders and management		5.300	5.000
Income tax payable		3.751	0
Other payables		4.275	6.731
Deferred income	15	0	1.428
Current liabilities other than provisions		**42.205**	**100.467**
Liabilities other than provisions		**42.205**	**100.467**
Equity and liabilities		**72.647**	**87.669**
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Contingent liabilities	16		
Assets charged and collateral	17		
Related parties with controlling interest	18		
Transactions with related parties	19		

Parent statement of changes in equity for 2018

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	536	(15.014)	(14.478)
Exchange rate adjustments	0	(267)	(267)
Profit/loss for the year	0	43.759	43.759
Equity end of year	**536**	**28.478**	**29.014**

The share capital consists of shares of a nominal value of DKK 1,000 or multiples thereof. No share certificates have been issued. The shares have been divided into A and C shares.

Notes to parent financial statements

1. Going concern

The Management of the Company has taken several steps to improve and monitor the Company's earnings and liquidity. The full effect of the implemented initiatives will, however, not appear until in the financial year 2020.

The budgets prepared for 2019 show that the current credit limits together with introduction of further liquidity-improving measures will be sufficient.

The bankers of the Company have declared that the present credit facilities will be maintained in 2019 if the Group realizes the financial plans presented for which reason it is Management's view that the parent financial statements and consolidated financial statements may be presented on a going concern basis.

2. Uncertainty relating to recognition and measurement

At 31.12.2018 the Company has issued a vendor loan due to sale of discontinued operations. The vendor loan is depending on future income and cash flows from the buyer's operations, and therefore subject to significant uncertainty. The maximum value of the vendor note represents DKK 22,376 with surplus interest, but the vendor note is impaired due to uncertainty. The vendor note is recognized at DKK 5,594k.

	2018 DKK'000	2017 DKK'000
3. Staff costs		
Wages and salaries	24.805	37.048
Pension costs	829	1.075
Other social security costs	1.438	2.133
	27.072	**40.256**
Average number of employees	**59**	**72**

	Remuneration of management 2018 DKK'000	Remuneration of management 2017 DKK'000
Total amount for management categories	2.394	1.700
	2.394	**1.700**

Notes to parent financial statements

	2018 DKK'000	2017 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	255	224
Depreciation of property, plant and equipment	2.465	7.642
Impairment losses on property, plant and equipment	147	2.901
	2.867	**10.767**

	2018 DKK'000	2017 DKK'000
5. Tax on profit/loss for the year		
Current tax	(12.879)	0
Change in deferred tax	361	0
	(12.518)	**0**

	2018 DKK'000
6. Discontinued operations	
Income statement	
Final sales price DAY ET	75.654
Impairment loss vendor note	(16.780)
Revenue	88.242
Cost of sales	(45.391)
Other external expenses	(17.714)
Staff costs	(8.417)
Profit/loss for the period	**75.594**
Tax on profit/loss from discontinued operations	(16.630)
Post-tax profit/loss from discontinued operations	**58.964**

	2018 DKK'000	2017 DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	43.759	(10.720)
	43.759	**(10.720)**

Notes to parent financial statements

	Acquired intangible assets DKK'000
8. Intangible assets	
Cost beginning of year	1.471
Disposals	(106)
Cost end of year	**1.365**
Amortisation and impairment losses beginning of year	(469)
Amortisation for the year	(255)
Reversal regarding disposals	106
Amortisation and impairment losses end of year	**(618)**
Carrying amount end of year	**747**

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000	Property, plant and equipment in progress DKK'000
9. Property, plant and equipment			
Cost beginning of year	11.044	34.162	1.885
Transfers	0	1.885	(1.885)
Additions	65	130	0
Disposals	(144)	(6.933)	0
Cost end of year	**10.965**	**29.244**	**0**
Depreciation and impairment losses beginning of year	(9.376)	(30.536)	(903)
Transfers	0	(903)	903
Impairment losses for the year	0	(903)	0
Reversal of impairment losses	0	756	0
Depreciation for the year	(957)	(3.509)	0
Reversal regarding disposals	144	6.168	0
Depreciation and impairment losses end of year	**(10.189)**	**(28.927)**	**0**
Carrying amount end of year	**776**	**317**	**0**

Notes to parent financial statements

	Investments in group enterprises DKK'000	Other receivables DKK'000
10. Fixed asset investments		
Cost beginning of year	34.581	0
Additions	0	5.594
Cost end of year	**34.581**	**5.594**
Impairment losses beginning of year	(25.666)	0
Exchange rate adjustments	(267)	0
Share of profit/loss for the year	(6.147)	0
Investments with negative equity value depreciated over receivables	544	0
Impairment losses end of year	**(31.536)**	**0**
Carrying amount end of year	**3.045**	**5.594**

See note 2 for description of other receivables.

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

	2018 DKK'000
11. Deferred tax	
Changes during the year	
Beginning of year	6.760
Recognised in the income statement	(361)
End of year	**6.399**

12. Prepayments

Prepayments include rent and insurances etc.

13. Other provisions

	2018 DKK'000
Other provisions beginning of the year	(1.680)
Decrease in other provisions for the year	500
Other provisions end of the year	**(1,180)**

Notes to parent financial statements

Other provisions comprise anticipated costs of restoration of rented premises.
Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

14. Provisions for investments in group enterprises
The provision are related to negative equity in the subsidiaries.

15. Deferred income
Grant regarding leasehold premises

16. Contingent liabilities
A claim for bonus consideration has been raised against the Company. The majority of the board members and the Company's attorney assess that the claim will not succeed for which reason no provisions have been made in this respect.

The Company has issued an unlimited letter of support to the subsidiary in which the Company guarantees that the necessary funding and liquidity will be available for the subsidiary.

17. Assets charged and collateral
The parent company has rental and lease agreements for the rent of buildings and the lease of equipment from 6 months and up to 31.10.2021. The annual costs are DKK 7.074k.

A general floating charge of DKK 60,000k on intangible rights, fittings, tools and equitment, leasehold improvements, trade receivables and inventories has been provided as security for credit facilities with the banks. Book value of the included assets represent 46.157k.

Inventories are for the security of supplier debt.

Financial institutions have provided payment guarantees for a total of DKK 5.620k on behalf of the Company.

18. Related parties with controlling interest
Keld Mikkelsen has controlling interest in ADD Mikkelsen A/S through his ownership of the shares in ADD Mikkelsen Holding ApS and ADD Mikkelsen Holding II ApS.

Notes to parent financial statements

19. Transactions with related parties	Management DKK'000	Other related parties. DKK'000
Remuneration	2.394	0
Services	0	8.269
Liabilities other than provisions	0	(9.781)

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 (medium).

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

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

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

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

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

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

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Income statement

Gross profit or loss

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

Revenue

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

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income from group enterprises

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

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including

Accounting policies

interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme 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.

Balance sheet
Goodwill
Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area.. Useful lives are reassessed on an annual basis. The amortisation periods used are 5 years.

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

Intellectual property rights etc
Acquired rights comprise "earnest money" and are measured at cost less accumulated depreciation. Acquired rights are depreciated straight-line over its estimated useful life which is 7 years

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

Accounting policies

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

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	2-8 years

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

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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

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

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

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 carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

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

Accounting policies

Cash
Cash comprises cash in hand and bank deposits.

Other provisions
Other provisions comprise anticipated costs of restoration of rented premises.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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.

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

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

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of

Accounting policies

enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.