

**Strong Scandinavia A/S**  
Jellingvej 26  
9230 Svenstrup J  
Central Business Registration No  
20470143

## **Annual report 2018**

The Annual General Meeting adopted the annual report on 31.05.2019

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

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Name: Kenn Michael Jensen

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## Entity details

### Entity

Strong Scandinavia A/S  
Jellingvej 26  
9230 Svenstrup J

Central Business Registration No: 20470143

Registered in: Aalborg

Financial year: 01.01.2018 - 31.12.2018

Phone: +4598382211

### Supervisory Board

Khaled Debs, Chairman

Rima Monla

Kenn Michael Jensen

### Executive Board

Kenn Michael Jensen

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4. sal

9000 Aalborg

## Statement by Management on the annual report

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

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

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

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

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

Svenstrup, 31.05.2019

### Executive Board

Kenn Michael Jensen

### Supervisory Board

Khaled Debs  
Chairman

Rima Monla

Kenn Michael Jensen

# Independent auditor's report

## To the shareholders of Strong Scandinavia A/S

### Opinion

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

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

### Basis for opinion

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

### Management's responsibilities for the financial statements

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

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

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

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

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

## Independent auditor's report

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

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

### **Statement on the management commentary**

Management is responsible for the management commentary.

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

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

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

## Independent auditor's report

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

Aalborg, 31.05.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

Jakob Olesen  
State Authorised Public Accountant  
Identification number (MNE) mne34492

Sami Nikolai El-Galaly  
State Authorised Public Accountant  
Identification number (MNE) mne42793

## Management commentary

### Primary activities

The Company's activities comprise import, sale and marketing of digital TV, audio and video products and related accessories as well as internet and network products and computer equipment.

### Development in activities and finances

The Company's income statement for 2018 shows a loss of DKK 629.147 and equity amounts to DKK 16.909.162 at 31.12.18.

### Particular risks

The Company purchases products in foreign currencies, mainly in EUR and USD. Similarly, the Company trades in foreign currencies with some of its larger costumers.



## Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
<b>Gross profit</b>		<b>4.259.212</b>	<b>8.060.736</b>
Staff costs	2	(4.910.590)	(6.780.427)
Depreciation, amortisation and impairment losses		<u>(124.142)</u>	<u>(172.141)</u>
<b>Operating profit/loss</b>		<b>(775.520)</b>	<b>1.108.168</b>
Other financial income		18.968	42.236
Other financial expenses		<u>(49.595)</u>	<u>(891.184)</u>
<b>Profit/loss before tax</b>		<b>(806.147)</b>	<b>259.220</b>
Tax on profit/loss for the year	3	<u>177.000</u>	<u>(58.239)</u>
<b>Profit/loss for the year</b>		<b><u>(629.147)</u></b>	<b><u>200.981</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>(629.147)</u>	<u>200.981</u>
		<b><u>(629.147)</u></b>	<b><u>200.981</u></b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Land and buildings		5.261.047	5.336.408
Other fixtures and fittings, tools and equipment		69.922	118.703
<b>Property, plant and equipment</b>	4	<b><u>5.330.969</u></b>	<b><u>5.455.111</u></b>
<b>Fixed assets</b>		<b><u>5.330.969</u></b>	<b><u>5.455.111</u></b>
Manufactured goods and goods for resale		2.437.231	7.040.437
<b>Inventories</b>		<b><u>2.437.231</u></b>	<b><u>7.040.437</u></b>
Trade receivables		6.245.102	20.971.920
Deferred tax		347.268	170.268
Other receivables		27.663	88.068
Income tax receivable		271.726	126.015
<b>Receivables</b>		<b><u>6.891.759</u></b>	<b><u>21.356.271</u></b>
<b>Cash</b>		<b><u>13.192.658</u></b>	<b><u>25.286.697</u></b>
<b>Current assets</b>		<b><u>22.521.648</u></b>	<b><u>53.683.405</u></b>
<b>Assets</b>		<b><u>27.852.617</u></b>	<b><u>59.138.516</u></b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital		500.000	500.000
Retained earnings		16.409.162	17.038.309
<b>Equity</b>		<b>16.909.162</b>	<b>17.538.309</b>
Other provisions		1.235.000	142.000
<b>Provisions</b>		<b>1.235.000</b>	<b>142.000</b>
Mortgage debts		1.577.674	1.793.071
<b>Non-current liabilities other than provisions</b>	5	<b>1.577.674</b>	<b>1.793.071</b>
Current portion of long-term liabilities other than provisions	5	234.946	254.810
Payables to other credit institutions		3.353.892	14.363.079
Prepayments received from customers		209.617	647.054
Trade payables		510.678	563.255
Payables to group enterprises		111.400	14.432.375
Other payables		3.710.248	9.404.563
<b>Current liabilities other than provisions</b>		<b>8.130.781</b>	<b>39.665.136</b>
<b>Liabilities other than provisions</b>		<b>9.708.455</b>	<b>41.458.207</b>
<b>Equity and liabilities</b>		<b>27.852.617</b>	<b>59.138.516</b>
Events after the balance sheet date	1		
Contingent liabilities	6		
Mortgages and securities	7		

## Statement of changes in equity for 2018

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	500.000	17.038.309	17.538.309
Profit/loss for the year	0	(629.147)	(629.147)
<b>Equity end of year</b>	<b>500.000</b>	<b>16.409.162</b>	<b>16.909.162</b>

## Notes

### 1. Events after the balance sheet date

No events have occurred after the balance sheet date to this date, that effects the annual report.

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Staff costs</b>		
Wages and salaries	4.220.423	5.926.724
Pension costs	528.602	653.811
Other social security costs	75.378	73.224
Other staff costs	86.187	126.668
	<b>4.910.590</b>	<b>6.780.427</b>
Average number of employees	<b>8</b>	<b>11</b>

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Tax on profit/loss for the year</b>		
Tax on current year taxable income	0	143.019
Change in deferred tax for the year	(177.000)	(84.780)
	<b>(177.000)</b>	<b>58.239</b>

	<b>Land and buildings</b>	<b>Other fixtures and fittings, tools and equipment</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Property, plant and equipment</b>		
Cost beginning of year	8.116.095	731.790
<b>Cost end of year</b>	<b>8.116.095</b>	<b>731.790</b>
Depreciation and impairment losses beginning of the year	(2.779.687)	(613.087)
Depreciation for the year	(75.361)	(48.781)
<b>Depreciation and impairment losses end of the year</b>	<b>(2.855.048)</b>	<b>(661.868)</b>
<b>Carrying amount end of year</b>	<b>5.261.047</b>	<b>69.922</b>

## Notes

	<b>Instalments within 12 months 2018 DKK</b>	<b>Instalments within 12 months 2017 DKK</b>	<b>Instalments beyond 12 months 2018 DKK</b>	<b>Outstanding after 5 years DKK</b>
<b>5. Liabilities other than provisions</b>				
Mortgage debts	234.946	254.810	1.577.674	620.000
	<b>234.946</b>	<b>254.810</b>	<b>1.577.674</b>	<b>620.000</b>

### 6. Contingent liabilities

Non recognised lease commitment comprises of DKK 541.785.

### 7. Mortgages and securities

Mortgage debt of DKK 1.812.620 to Nordea Kredit is secured by mortgage on land and buildings with a book value of DKK 5.261.074.

Trade receivable of DKK 3.358.529 has been provided as security for Midtfactoring A/S.

## Accounting policies

### Reporting class

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

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

The annual report is presented in DKK.

### Recognition and measurement

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

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

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

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

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

### Foreign currency translation

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

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and other external expenses.

#### Revenue

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

## Accounting policies

### 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

Depreciation and impairment losses relating to property, plant and equipment comprise, 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 property, plant and equipment.

### Other financial income

Other financial income comprises interest income, exchange rate adjustments and tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, exchange rate adjustments and 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

#### Property, plant and equipment

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

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

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



## Accounting policies

Buildings	5-50 years
Other fixtures and fittings, tools and equipment	3-4 years

Residual values applied on buildings are 4.060.000 DKK.

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

### Inventories

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

Cost consists of purchase price plus delivery costs.

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

### Receivables

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

### Deferred tax

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

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

### Income tax payable or receivable

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

### Cash

Cash comprises cash in hand and bank deposits.

### Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

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.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

## Accounting policies

### **Mortgage debt**

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

### **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.