
Zupa Aarhus A/S

Studsgade 22, DK-8000 Aarhus C

Annual Report for 1 July 2019 - 30 June 2020

CVR No 20 64 31 02

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
26/11 2020

Lone Kragh
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Zupa Aarhus A/S for the financial year 1 July 2019 - 30 June 2020.

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 30 June 2020 of the Company and of the results of the Company operations for 2019/20.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Aarhus, 26 November 2020

Executive Board

Mogens Kristensen
Executive Officer

Board of Directors

Albert Crilles Sebastian Funder
Chairman

Petter Pablo Sommerfelt-
Venegas

Lars Bo Hansen

Michael Kaltoft Paterson

Morten Eskildsen

Jesper Angelsø Hjortshøj

Jens Hjortshøj

Peer Brændholt

Lone Kragh

Mogens Kristensen

Mads Heide Mikkelsen

Peter Herlev Enevoldsen

Independent Auditor's Report

To the Shareholders of Zupa Aarhus A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2020 and of the results of the Company's operations for the financial year 1 July 2019 - 30 June 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Zupa Aarhus A/S for the financial year 1 July 2019 - 30 June 2020, 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.

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.

Independent Auditor's Report

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.
- 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

Independent Auditor's Report

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 26 November 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Lars Østergaard

statsautoriseret revisor

mne26806

Company Information

The Company

Zupa Aarhus A/S
Studsgade 22
DK-8000 Aarhus C

Telephone: + 45 87 30 98 00
Website: www.ZUPA.dk

CVR No: 20 64 31 02
Financial period: 1 July - 30 June
Financial year: 23rd financial year
Municipality of reg. office: Aarhus

Board of Directors

Albert Crilles Sebastian Funder, Chairman
Petter Pablo Sommerfelt-Venegas
Lars Bo Hansen
Michael Kaltoft Paterson
Morten Eskildsen
Jesper Angelsø Hjortshøj
Jens Hjortshøj
Peer Brændholt
Lone Kragh
Mogens Kristensen
Mads Heide Mikkelsen
Peter Herlev Enevoldsen

Executive Board

Mogens Kristensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Lawyers

Bech-Bruun
Værkmestergade 2
8000 Aarhus C

Bankers

Nordea Bank Danmark A/S
Skt. Clemens Torv
8100 Aarhus C

Management's Review

Key activities

The Company carries on business as an advertising agency.

Development in the year

Results for the year show a loss of DKK 2,158,818 compared to DKK 73,116 in 2018/19.

The primary reason for the decline is attributable to investments in new business areas and, as a result, increasing staff costs.

Management considers the results for the year unsatisfactory.

As at 30 June 2020, equity is DKK 17,348,785.

Reference is made to note 1 to the Annual Report for details on COVID-19.

Targets and expectations for the year ahead

Company Management is optimistic about the future and expects to realise a profit for the next financial year. Furthermore, Company Management expects that the liquidity necessary for conducting operations in 2020/21 will be made available.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 July - 30 June

	Note	2019/20	2018/19
		DKK	DKK
Gross profit/loss		23.591.357	24.072.248
Staff expenses	2	-25.882.649	-23.486.580
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-1.002.060	-989.776
Other operating expenses		-43.412	0
Resultat før finansielle poster		-3.336.764	-404.108
Financial income	4	1.935.918	1.625.853
Financial expenses	5	-1.353.960	-1.006.625
Resultat før skat		-2.754.806	215.120
Tax on profit/loss for the year	6	595.988	-288.236
Net profit/loss for the year		-2.158.818	-73.116

Distribution of profit

Proposed distribution of profit

Retained earnings		-2.158.818	-73.116
		-2.158.818	-73.116

Balance Sheet 30 June

Assets

	Note	2019 DKK	2018 DKK
Goodwill		2.878.787	3.454.545
Intangible assets	7	2.878.787	3.454.545
Other fixtures and fittings, tools and equipment		430.466	670.611
Leasehold improvements		696.208	835.599
Tangible assets	8	1.126.674	1.506.210
Fixed assets		4.005.461	4.960.755
Trade receivables		7.746.248	7.165.917
Contract work in progress	9	1.923.465	1.629.702
Receivables from group enterprises		54.657.220	50.909.744
Other receivables		521.879	773.835
Deferred tax asset		990.900	934.000
Corporation tax		345.752	0
Prepayments		3.152.122	371.905
Receivables		69.337.586	61.785.103
Cash at bank and in hand		15.482	20.381
Currents assets		69.353.068	61.805.484
Assets		73.358.529	66.766.239

Balance Sheet 30 June

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		710.000	710.000
Retained earnings		16.638.785	18.797.603
Equity	10	17.348.785	19.507.603
Other credit institutions		2.313.197	4.927.627
Other payables		2.221.913	0
Long-term debt	11	4.535.110	4.927.627
Other credit institutions	11	2.660.469	13.644.160
Prepayments received from customers		1.731.674	389.128
Trade payables		1.976.351	3.926.715
Payables to group enterprises		38.483.792	19.822.602
Corporation tax		0	880.990
Other payables	11	6.622.348	3.667.414
Short-term debt		51.474.634	42.331.009
Debt		56.009.744	47.258.636
Liabilities and equity		73.358.529	66.766.239
Unusual events	1		
Contingent assets, liabilities and other financial obligations	12		
Accounting Policies	13		

Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 July	710.000	18.797.603	19.507.603
Net profit/loss for the year	0	-2.158.818	-2.158.818
Equity at 30 June	710.000	16.638.785	17.348.785

Notes to the Financial Statements

1 Unusual 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.

The Company carries on business in marketing and advertising, and its customers are not assessed to be significantly affected by COVID-19; thus, the outbreak of COVID-19 has not affected and is not expected to affect the Company noticeably.

	<u>2019/20</u> DKK	<u>2018/19</u> DKK
2 Staff expenses		
Wages and salaries	23.414.031	21.081.241
Pensions	2.199.445	2.071.878
Other social security expenses	269.173	333.461
	<u>25.882.649</u>	<u>23.486.580</u>
 Average number of employees	 <u>49</u>	 <u>48</u>
 3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	575.757	575.757
Depreciation of property, plant and equipment	426.303	414.019
	<u>1.002.060</u>	<u>989.776</u>
 4 Financial income		
Interest received from group enterprises	1.935.918	1.625.853
	<u>1.935.918</u>	<u>1.625.853</u>
 5 Financial expenses		
Interest paid to group enterprises	1.173.723	769.068
Other financial expenses	180.237	237.557
	<u>1.353.960</u>	<u>1.006.625</u>

Notes to the Financial Statements

	2019/20 DKK	2018/19 DKK
6 Tax on profit/loss for the year		
Current tax for the year	-539.088	193.336
Deferred tax for the year	-56.900	-134.000
Adjustment of tax concerning previous years	0	228.900
	-595.988	288.236
7 Intangible assets		Goodwill DKK
Cost at 1 July		52.817.091
Cost at 30 June		52.817.091
Impairment losses and amortisation at 1 July		49.362.546
Impairment and amortisation of sold assets for the year		575.758
Impairment losses and amortisation at 30 June		49.938.304
Carrying amount at 30 June		2.878.787
8 Tangible assets	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 July	2.564.970	1.623.563
Additions for the year	66.890	23.288
Disposals for the year	-480.357	-115.298
Cost at 30 June	2.151.503	1.531.553
Impairment losses and depreciation at 1 July	1.894.360	787.964
Depreciation for the year	300.095	126.207
Reversal of impairment and depreciation of sold assets	-473.418	-78.826
Impairment losses and depreciation at 30 June	1.721.037	835.345
Carrying amount at 30 June	430.466	696.208

Notes to the Financial Statements

	2019 DKK	2018 DKK
9 Contract work in progress		
Selling price of work in progress	1.973.457	1.644.056
Payments received on account	-49.992	-14.354
	1.923.465	1.629.702

10 Equity

The share capital consists of 710 shares of a nominal value of DKK 1,000. No shares carry any special rights.

The share capital has developed as follows:

	2019/20 DKK	2018/19 DKK	2017/18 DKK	2016/17 DKK	2015/16 DKK
Share capital at 1 July	710.000	710.000	710.000	710.000	705.000
Capital increase	0	0	0	0	5.000
Capital decrease	0	0	0	0	0
Share capital at 30 June	710.000	710.000	710.000	710.000	710.000

11 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2019 DKK	2018 DKK
Other credit institutions		
Between 1 and 5 years	2.313.197	4.927.627
Long-term part	2.313.197	4.927.627
Within 1 year	1.321.361	1.732.769
Other short-term debt to credit institutions	1.339.108	11.911.391
Short-term part	2.660.469	13.644.160
	4.973.666	18.571.787

Notes to the Financial Statements

11 Long-term debt (continued)

	<u>2019</u>	<u>2018</u>
	DKK	DKK
Other payables		
Between 1 and 5 years	2.221.913	<u>0</u>
Long-term part	2.221.913	0
Other short-term payables	<u>6.622.348</u>	<u>3.667.414</u>
	<u>8.844.261</u>	<u>3.667.414</u>

Notes to the Financial Statements

12 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Surety has been provided to ZUPA Copenhagen A/S, ZUPA BrandBox A/S, Spring Family ApS and Spring Production A/S. The underlying bank loans amount to DKK 6,577k as at 30 June 2020.

An all monies mortgage of DKK 25,000k has been provided as security for the Company's own exposure with Nordea Bank A/S, securing a company charge over receivables from sale, other plant, operating equipment and inventory as well as goodwill. The Company's book value of the said assets totals DKK 11,056k on 30 June 2020. The Company has a loan with Nordea Bank A/S of DKK 1,347k on 30 June 2020.

Rental and lease obligations, etc.

A tenancy agreement has been entered into, including parking spaces, at an annual rent of approx. DKK 2,223k. The lease is non-terminable until 31 December 2020 and subsequently non-terminable for six months (total liability of DKK 1,078k).

In addition, the Company has entered into car lease agreements, expiring on 1 July 2023. The remaining liability constitutes DKK 797k.

Moreover, the Company has entered into car lease agreements, the costs of which are paid by the affiliated companies Spring Production A/S and ZUPA Copenhagen A/S. The lease agreements expire on 30 June 2021 and 31 July 2021, and the remaining liability amounts to DKK 214k.

The Company has leased photo copying machines, and its share is paid by the affiliated companies ZUPA Brandbox A/S and ZUPA Copenhagen A/S. The lease term expires on 31 January 2024, and the remaining liability totals DKK 210k, of which the Company share constitutes DKK 126k.

The group companies are jointly and severally liable for tax on the group's jointly taxed income etc. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments to corporation taxes and withholding taxes may imply that the Company's liability is higher.

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Zupa Aarhus A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019/20 are presented in DKK.

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.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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.

Notes to the Financial Statements

13 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

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.

Expenses for consumables

Expenses for consumables comprise the 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.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

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.

Notes to the Financial Statements

13 Accounting Policies (continued)

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 comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

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. 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 5 years.

Tangible assets

Tangible assets 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.

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:

Production buildings	5-10 years
Other buildings	3 years
Plant and machinery	1-10 years
Leasehold improvements	10 years

Notes to the Financial Statements

13 Accounting Policies (continued)

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 14,100 are expensed in the year of acquisition.

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, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Contract work in progress

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

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

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 elimi-

Notes to the Financial Statements

13 Accounting Policies (continued)

nation 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 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

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

Dividend

Dividend distribution proposed by Management for the year is recognised in debts.