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Haamann
statsautoriserede revisorer

BALTIC FINANCE DANMARK ApS

Lejrvejen 8
6330 Padborg

CVR no. 27 95 99 54

Annual Report 2018/19

The Annual Report was presented and adopted at the company's annual general meeting on:

17. februar 2020

Klaus Krützfeldt
Chairman

Haamann
statsautoriserede revisorer

ANNUAL REPORT 2018/19
(15. financial year)

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COMPANY INFORMATION

Company
BALTIC FINANCE DANMARK ApS
Lejrvejen 8
6330 Padborg

CVR no.
27 95 99 54

Financial year
1. oktober - 30. september

Principal activities
The company's principal activities consist of insurance agency business

The company's board of directors
Klaus Krützfeldt
Philipp Brodersen
Christian Krützfeldt

CEO
Klaus Krützfeldt

The company's auditor
Haamann A/S, State Authorized Public Accountant Firm
Filmbyen 20
2650 Hvidovre
Denmark
CVR no. 24 25 69 95

MANAGEMENT'S STATEMENTS

The board of directors and the executive board have today presented the annual report for the financial year 1. oktober 2018 - 30. september 2019 for BALTIC FINANCE DANMARK ApS.

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

We consider the accounting policies appropriate for the annual report to provide a true and fair view of the company's assets and liabilities, cas flow statement, financial position and performance.

Moreover, in our opnion, the management's review includes a fair review of the matters described.

Padborg, den 17. februar 2020

Executive Board:

Klaus Krützfeldt

Board of Directors:

Klaus Krützfeldt

Philipp Brodersen

Christian Krützfeldt

INDEPENDENT AUDITOR'S REPORT

To the shareholders of BALTIC FINANCE DANMARK ApS

Opinion

We have audited the Financial Statements of BALTIC FINANCE DANMARK ApS for the financial year 1. oktober 2018 - 30. september 2019, which comprise an income statement, balance sheet and notes. 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 Company's financial position at 30. september 2019 and of the results of the Company's operations for the financial year 1. oktober 2018 - 30. september 2019 in accordance with the Danish Financial Statements Act.

Basis of 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 rules and 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 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 of accounting information 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 judgment and maintain professional skepticism 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 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 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 Financial Statements Act.

Based on the work we have performed, we conclude that 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 of Management's Review.

Hvidovre, den 17. februar 2020

Haamann A/S
State Authorized Public Accountant Firm
CVR.no. 24 25 69 95

Jan Bøllingtoft Asmussen
State Authorized Public Accountant
mne28638

MANAGEMENT'S REVIEW

The Company's principal activities

The company's principal activities consist of insurance agency business

Uncertainty as to recognition and measurement

No material uncertainties have affected the annual report.

Exceptional circumstances

No exceptional circumstances have occurred in the financial year.

Development in activities and financial affairs

The company had a profit of DKK 1.460.750, which the company's management considers satisfactory.

In the coming year the company expects a satisfactory result.

Events occurring after the end of the financial year

No events have occurred after the end of the financial year that would materially affect the company's financial position

INCOME STATEMENT
1. oktober 2018 - 30. september 2019

	Note	2018/19 DKK	2017/18 KDKK
Gross result		2.283.939	1.486
Staff costs	1	-779.664	-441
Depreciation		-417.500	-418
Operating profit and loss		1.086.775	627
Profit or loss from subsidiaries		467.320	233
Financial income	2	300.310	235
Financial expenses		-112.711	-279
Profit or loss before tax		1.741.694	816
Tax on profit or loss for the year		-280.944	-128
Net profit or loss for the year		1.460.750	688
Proposed distribution of results			
Dividend for the financial year		0	0
Transferred to reserve for development expenditure		-224.250	-224
Retained earnings		1.685.000	912
		1.460.750	688

BALANCE 30. september 2019

ASSETS

	Note	2018/19 DKK	2017/18 KDKK
Fixed assets			
Intangible assets			
Completed development projects		2.495.000	2.912
		2.495.000	2.912
Financial assets			
Long-term investments in group enterprises		1.593.513	1.126
Long-term investments in associates		114.923	65
Deposits		18.542	19
		1.726.978	1.210
Fixed assets, total		4.221.978	4.122
Current assets			
Receivables			
Work in progress	3	5.048.428	4.502
Short-term receivables from group enterprises		6.581.557	6.145
Short-term receivables from associates		18.545	0
		11.648.530	10.647
Cash and cash equivalents		1.216.350	5.278
Current assets		12.864.880	15.925
Total assets		17.086.858	20.047

BALANCE 30. september 2019

LIABILITIES AND EQUITY

	Note	2018/19 DKK	2017/18 KDKK
Equity	4		
Share capital		125.000	125
Reserve for development expenditure		1.794.000	2.018
Retained earnings		9.922.710	8.238
Total equity		11.841.710	10.381
Provisions			
Provisions for deferred tax		1.660.000	1.631
Liabilities			
Short-term liabilities other than provisions			
Short-term debt to banks		610.257	601
Trade payables		1.781.325	6.597
Payables to group enterprises		639.303	595
Corporation tax		372.604	168
Other payables		181.659	18
Liabilities to owners and management		0	56
Total liabilities		3.585.148	8.035
Total liabilities and equity		17.086.858	20.047
Contingent liabilities etc.	5		
Collaterals and assets pledges as security	6		

NOTES

	2018/19 DKK	2017/18 KDKK
1. Staff costs		
Wages and salaries	739.846	430
Social security costs	39.818	11
	779.664	441
Average number of employees	2	2
2. Financial income		
Associated companies	300.310	235
	300.310	235
3. Work in progress		
Sales value according to the production principle	5.048.428	4.502
	5.048.428	4.502
Work in progress consists as follows:		
Work in progress	5.048.428	4.502
Work in progress, liabilities	0	0
Work in progress, net	5.048.428	4.502

4. Equity

	Share Capital	Reserve for net revaluation of development cost	Retained earnings	Proposed dividends for the financial year	Total
Equity 1. oktober 2018	125.000	2.018.250	8.237.710	0	10.380.960
Net profit for the year		-224.250	1.685.000	0	1.460.750
Equity 30. september 2019	125.000	1.794.000	9.922.710	0	11.841.710

NOTES

5. Contingent liabilities etc.

The company is part of a joint taxation relation. The company is liable unlimited and jointly with the mother company Baltic Finance Holding ApS and the the subsidiary Balticfinance Scandinavia A/S for Danish corporation tax and withholding tax on dividends, interest and royalties within the joint taxation. Any subsequent corrections of the taxable joint taxation income or withholding taxes on dividends, interest and royalties may result in the company's liability amounting to a larger amount.

6. Collaterals and assets pledges as security

General pledge letter DKK 2 mill. in trade receivables with carrying amount DKK 5,1 mill. for bank credit.

ACCOUNTING POLICIES

The Annual Report of BALTIC FINANCE DANMARK ApS for 2018/19 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with the option of certain provisions for class C.

The accounting policies applied remain unchanged from last year.

General principles for recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation and impairment losses, are also 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 accrue 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 financial benefits will flow out of the Company, and the value of the liability can be measured reliably

On initial recognition, assets and liabilities are measured at cost. Subsequent to initial recognition, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, foreseeable risks and losses arising before the annual report is presented and proving or disproving matters existing on the balance sheet date are taken into consideration.

INCOME STATEMENT

Revenue

Gross profit is made up of net sales less the direct sales costs attributable to net sales and less other external costs. Other operating income and expenses comprise items of a secondary nature to the principal activity of the company.

Income from the sale of insurance products and services is recognised in the income statement from the date of delivery and when the risk has passed to the buyer and services are possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

Other external expenses

Other external expenses include expenses concerning distribution, sale, losses on debtors, auto operations, facilities, small purchases, administration, operational leasing costs etc.

ACCOUNTING POLICIES

Staff expenses

Staff costs include wages and salaries, incl. holiday pay and pensions, as well as other social security costs, etc. of the company's employees. In personnel costs, allowances received from public authorities are deducted.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax. Current and deferred tax regarding changes in equity is recognised directly in equity.

BALANCE SHEET

Intangible assets

Development costs comprise costs, including personnel costs and depreciation directly attributable to the company's development activities, and fulfill the criteria for recognition.

Capitalised development costs are measured at cost less accumulated depreciation or recoverable amount, if this is lower.

Capitalised development costs are amortized on a straight-line basis after completion of development work over the expected economic life, usually estimated at 7-10 years.

Financial assets

Investments in subsidiary and associated companies are measured at the proportionate share of the equity value of the company calculated in accordance with the parent's accounting policies adjusted for unrealised intercompany gains and losses.

Net revaluation of investments in subsidiary and associated companies during the year is transferred through the profit allocation to the reserve for net revaluation using the equity method to the extent that the carrying amount of the equity exceeds the acquisition value.

Any negative value of shareholdings in subsidiary companies and associates is maximized to the company's liabilities, guarantees or liability.

Leasehold deposits are recognised in the balance sheet at cost.

ACCOUNTING POLICIES

Work in progress

Work in progress is measured at the selling price of the work performed. The sales value is measured on the basis of the completion rate at the balance sheet date and the total expected income for each ongoing work.

Where the selling price of an insurance contract cannot be measured reliably, the lower of the selling price for the costs incurred and the net realisable value is recognised.

If it is probable that total costs will exceed total revenue from work in progress, the full expected contract loss is recognised immediately.

Receivables

Receivables are measured at amortised cost, usually corresponding to nominal value. The value is reduced by impairment losses for bad and doubtful debts

Cash and equivalents

Cash and equivalents include bank account deposits on current accounts. Furthermore included premium payments from clients to client bankaccounts, from which premiums to the insurance company and commissions to agents and brokers have not yet been transferred.

Tax payable and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured under the balance-sheet liability method for temporary differences between the carrying amount and the tax base of assets and liabilities. In those cases, e.g. in respect of shares where the calculation of the tax value can be made according to alternative tax rules, deferred tax is measured on the basis of the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Any net deferred tax assets are measured at net realisable value.

Deferred tax is measured on the basis of the tax regulations and rates that according to the rules in force at the reporting date, will be applicable at the time when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement. For the current year, a tax rate of 22% has been applied.

Liabilities

Financial liabilities are recognised initially at the proceeds received net of transaction costs incurred. In subsequent periods, financial liabilities are measured at amortised cost corresponding to the capitalised value using the effective interest rate, entailing that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other debt is measured at amortised cost, usually corresponding to nominal value.

ACCOUNTING POLICIES

Foreign currency translation

Foreign currency transactions are converted to the exchange rate prevailing at the date of the transaction. Exchange differences arising between the exchange rate prevailing at the transaction date and the exchange rate at the payment date are recognised in the income statement as a net financial income or expence. If currency positions are regarded as a hedge of future cash flows, value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled on the reporting date are measured at the closing exchange rate. The difference between the closing rate and the rate at the time of the establishment of the receivable or payable is recognised in the income statement under financial income and expenses.

Non-current assets purchased in foreign currencies are measured at the exchange rate at the transaction date.