HQN Holding ApS

C/O Lund Elmer Sandager Advokatpartnerselskab, Kalvebod Brygge 39-41, 1560 København

Company reg. no. 28 11 46 13

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 19 April 2021.

Peter Sørensen
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's report

Today, the managing director has presented the annual report of HQN Holding ApS for the financial year 1 January - 31 December 2020.

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

I consider the accounting policies appropriate and, in my opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

I am of the opinion that the management commentary presents a fair account of the issues dealt with.

I recommend that the annual report be approved by the general meeting.

Copenhagen, 19 April 2021

Managing Director

Ana Maria Mazalu

Independent auditor's report

To the shareholders of HQN Holding ApS

Opinion

We have audited the financial statements of HQN Holding ApS for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the 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 express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 19 April 2021

Redmark
State Authorised Public Accountants
Company reg. no. 29 44 27 89

Darnell Vagnild
State Authorised Public Accountant
mne32116

Company information

The company	HQN Holding ApS C/O Lund Elmer Sandager Advokatpartnerselskab Kalvebod Brygge 39-41 1560 København	
	E mail	ps@lundelmersandager.dk
	Company reg. no.	28 11 46 13
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December 17th financial year
Managing Director	Ana Maria Mazalu	
Auditors	Redmark Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg	
Bankers	Danske Bank, Frederikssundsvej 52, 2400 København	
Lawyer	Peter Sørensen, Kalvebod Brygge 39, 1560 København	
Parent company	M.S.Holding A/S	
Subsidiary	Cape Horn Investment ApS, Copenhagen	

Management commentary

The principal activities of the company

The object of the company is portfolie of shares, shareholding and investment as well as related business.

Development in activities and financial matters

The gross loss for the year totals DKK -39.750 against DKK -37.252 last year. Income or loss from ordinary activities after tax totals DKK 5.740.348 against DKK 11.117.080 last year. Management considers the net profit or loss for the year satisfactory.

Events subsequent to the financial year

No events have occured subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2020	2019
	Gross loss	**-39.750**	**-37.252**
	Income from equity investments in group enterprises	5.539.916	10.920.363
	Other financial income	309.969	300.305
1	Other financial costs	-13.269	-10.852
	Pre-tax net profit or loss	**5.796.866**	**11.172.564**
	Tax on ordinary results	-56.518	-55.484
	Net profit or loss for the year	**5.740.348**	**11.117.080**
	Proposed appropriation of net profit:		
	Reserves for net revaluation according to the equity method	5.539.916	10.920.363
	Transferred to retained earnings	200.432	196.717
	Total allocations and transfers	**5.740.348**	**11.117.080**

Statement of financial position at 31 December

All amounts in DKK.

Assets

Note		2020	2019
	Non-current assets		
2	Equity investments in group enterprises	102.950.007	97.410.091
	Total investments	102.950.007	97.410.091
	Total non-current assets	**102.950.007**	**97.410.091**
	Current assets		
	Amounts owed by group enterprises	15.800.850	15.418.023
	Total receivables	15.800.850	15.418.023
	Available funds	1.683.498	1.867.359
	Total current assets	**17.484.348**	**17.285.382**
	Total assets	**120.434.355**	**114.695.473**

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities

Note		2020	2019
	Equity		
	Contributed capital	200.000	200.000
	Reserves for net revaluation as per the equity method	80.703.007	75.163.091
	Results brought forward	39.449.830	39.249.398
	Total equity	**120.352.837**	**114.612.489**
	Liabilities other than provisions		
	Trade creditors	25.000	27.500
	Income tax payable	56.518	55.484
	Total short term liabilities other than provisions	81.518	82.984
	Total liabilities other than provisions	**81.518**	**82.984**
	Total equity and liabilities	**120.434.355**	**114.695.473**
3	**Contingencies**		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
Equity 1 January 2020	200.000	75.163.091	39.249.398	114.612.489
Profit or loss for the year brought forward	0	5.539.916	200.432	5.740.348
	200.000	**80.703.007**	**39.449.830**	**120.352.837**

Notes

All amounts in DKK.

		2020	2019
1.	**Other financial costs**		
	Other financial costs	13.269	10.852
		13.269	**10.852**

		2020	2019
2.	**Equity investments in group enterprises**		
	Cost 1 January 2020	22.247.000	22.247.000
	Cost 31 December 2020	**22.247.000**	**22.247.000**
	Revaluations, opening balance 1 January 2020	75.163.091	64.242.728
	Net profit or loss for the year before amortisation of goodwill	5.539.916	10.920.363
	Revaluation 31 December 2020	**80.703.007**	**75.163.091**
	Carrying amount, 31 December 2020	**102.950.007**	**97.410.091**

Group enterprises:

	Domicile	**Equity interest**
Cape Horn Investment ApS	Copenhagen	100 %

3. Contingencies

Joint taxation

With M.S.Holding A/S being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The total tax payable under the joint taxation amounts to DKK 107.800.

Accounting policies

The annual report for HQN Holding ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross loss

Gross loss comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Other external costs comprise costs for administration.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Financial fixed assets

Equity in group enterprises

Equity in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity in group enterprises recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

Accounting policies

Equity in group enterprises with a negative equity value measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, HQN Holding ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.