

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 2019

The annual report was submitted and approved by the general meeting on the 8 June 2020.

Peter Sørensen
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS British 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 %.

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Management's report

Today, the managing director has presented the annual report of HQN Holding ApS for the financial year 1 January - 31 December 2019.

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 2019 and of the company's results of activities in the financial year 1 January – 31 December 2019.

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

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

København, 8 June 2020

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 2019, which comprise accounting policies, income statement, statement of financial position and notes. 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 2019 and of the results of the company's activities for the financial year 1 January - 31 December 2019 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 and 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, 8 June 2020

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
	Phone 33300200 Fax 33300299 E mail ps@lundelmersandager.dk
	Company reg. no. 28 11 46 13 Domicile: Copenhagen Financial year: 1 January - 31 December 16th 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, København

Management commentary

The principal activities of the company

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

Development in activities and financial matters

The gross loss for the year totals DKK -37.252 against DKK -33.500 last year. Income or loss from ordinary activities after tax totals DKK 11.117.080 against DKK -8.094.836 last year. Management considers the net profit or loss for the year satisfactory.

Events subsequent to the financial year

No events have occurred 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.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Gross loss	-37.252	-33.500
Income from equity investments in group enterprises	10.920.363	-8.281.889
Other financial income	300.305	286.518
Other financial costs	<u>-10.852</u>	<u>-13.231</u>
Pre-tax net profit or loss	11.172.564	-8.042.102
Tax on ordinary results	<u>-55.484</u>	<u>-52.734</u>
Net profit or loss for the year	<u>11.117.080</u>	<u>-8.094.836</u>
Proposed appropriation of net profit:		
Reserves for net revaluation according to the equity method	10.920.363	-8.281.889
Transferred to retained earnings	<u>196.717</u>	<u>187.053</u>
Total allocations and transfers	<u>11.117.080</u>	<u>-8.094.836</u>

Statement of financial position at 31 December

All amounts in DKK.

Assets		<u>2019</u>	<u>2018</u>
<u>Note</u>			
Non-current assets			
1	Equity investments in group enterprises	<u>97.410.091</u>	<u>86.489.728</u>
	Total investments	<u>97.410.091</u>	<u>86.489.728</u>
	Total non-current assets	<u>97.410.091</u>	<u>86.489.728</u>
Current assets			
	Amounts owed by group enterprises	<u>15.418.023</u>	<u>14.612.394</u>
	Total receivables	<u>15.418.023</u>	<u>14.612.394</u>
	Available funds	<u>1.867.359</u>	<u>2.522.767</u>
	Total current assets	<u>17.285.382</u>	<u>17.135.161</u>
	Total assets	<u>114.695.473</u>	<u>103.624.889</u>

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities		<u>2019</u>	<u>2018</u>
<u>Note</u>			
Equity			
2	Contributed capital	200.000	200.000
3	Reserves for net revaluation as per the equity method	75.163.091	64.242.728
4	Results brought forward	<u>39.249.398</u>	<u>39.052.681</u>
	Total equity	<u>114.612.489</u>	<u>103.495.409</u>
 Liabilities other than provisions			
	Trade creditors	27.500	25.000
	Corporate tax	55.484	51.746
	Tax payables to group enterprises	<u>0</u>	<u>52.734</u>
	Total short term liabilities other than provisions	<u>82.984</u>	<u>129.480</u>
	Total liabilities other than provisions	<u>82.984</u>	<u>129.480</u>
	Total equity and liabilities	<u>114.695.473</u>	<u>103.624.889</u>

5 Contingencies

Notes

All amounts in DKK.

	2019	2018
1. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January 2019	22.247.000	22.247.000
Cost 31 December 2019	22.247.000	22.247.000
Revaluations, opening balance 1 January 2019	64.242.728	72.524.617
Results for the year before goodwill amortisation	10.920.363	-8.281.889
Revaluation 31 December 2019	75.163.091	64.242.728
Carrying amount, 31 December 2019	97.410.091	86.489.728
Group enterprises:		
	Domicile	Equity interest
Cape Horn Investment ApS	København	100 %
2. Contributed capital		
Contributed capital 1 January 2019	200.000	200.000
	200.000	200.000
3. Reserves for net revaluation as per the equity method		
Reserves for net revaluation 1 January 2019	64.242.728	72.524.617
Share of results	10.920.363	-8.281.889
	75.163.091	64.242.728
4. Results brought forward		
Results brought forward 1 January 2019	39.052.681	38.865.628
Profit or loss for the year brought forward	196.717	187.053
	39.249.398	39.052.681

Notes

All amounts in DKK.

5. Contingencies

Joint taxation

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 18.310.

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.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

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.

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 comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Accounting policies

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).

The balance sheet

Financial fixed assets

Equity in group enterprises

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

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.

Profit or loss in connection with the disposal of group enterprises are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

Accounting policies

For the acquisition of new group enterprises, the purchase method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for pre-determined restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of revaluations is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and are amortised over their estimated useful economic life. The useful life is determined on the basis of management's experience in the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a longterm earnings potential. The carrying amount of goodwill is subject to impairment tests on a continuing basis and written down in the income statement in those cases when the carrying amount exceeds the expected future net income from the enterprise or the activity to which the goodwill is attached.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

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 and associates 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 receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

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.

Accounting policies

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.