

# Carheal ApS

Kastanievænget 6, 8990 Fårup

CVR no. 29 39 51 95

## Annual report 2018/19

Approved at the Company's annual general meeting on 27 December 2019

Chairman:

*Karsten Engdahl*

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Karsten Engdahl





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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Carheal ApS for the financial year 1 July 2018 - 30 June 2019.

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 of the Company at 30 June 2019 and of the results of the Company's operations for the financial year 1 July 2018 - 30 June 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Fårup, 27 December 2019  
Executive Board:

*Karsten Engdahl*

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Karsten Engdahl

Board of Directors:

*Adam Erritzøe*

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Adam Nicolai Erritzøe  
Chairman

*D-13-t*

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Daniel Thomas Zammit

*Ole Michael Meyer*

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Ole Michael Meyer

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Jakob Fuhr Hansen

## Independent auditor's report

To the shareholder of Carheal ApS

### Opinion

We have audited the financial statements of Carheal ApS for the financial year 1 July 2018 - 30 June 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2019 and of the results of the Company's operations for the financial year 1 July 2018 - 30 June 2019 in accordance with the Danish Financial Statements Act.

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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.

### 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 as to 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 the 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.

### Independent auditor's report

- ▶ 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 note 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 the Management's review

Management is responsible for the Management's review.

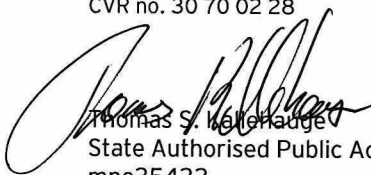
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Aalborg, 27 December 2019  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Thomas S. Vallerhaug  
State Authorised Public Accountant  
mne35422

## Management's review

### Company details

Name	Carheal ApS
Address, Postal code, City	Kastanievænget 6, 8990 Fårup
CVR no.	29 39 51 95
Established	20 February 2006
Registered office	Randers
Financial year	1 July 2018 - 30 June 2019
Website	<a href="http://www.carheal.com">www.carheal.com</a>
E-mail	<a href="mailto:info@carheal.com">info@carheal.com</a>
Telephone	+45 70 25 50 40
Board of Directors	Adam Nicolai Erritzøe, Chairman Daniel Thomas Zammit Ole Michael Meyer Jakob Fuhr Hansen
Executive Board	Karsten Engdahl
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A, 9000 Aalborg, Denmark

## Management's review

### Business review

The company's activity consists in developing and selling the Carheal concept, which is a sprayer with intelligent management of all processes for the automotive industry.

The core of the Carheal concept is a sprayer cabin with intelligent control of all processes. Two big filters always cleans the air and airflow is adapted to the task. Flow switching is complete automatically in relation to whether sanding or varnishing. And if the amount of harmful particles(VOC) becomes too high, all doors in the cabin will be opened automatically.

Read more about the Carheal concept at [www.carheal.com](http://www.carheal.com)

### Financial review

The income statement for 2018/19 shows a loss of DKK 16,148,428 against a profit of DKK 557,612 last year, and the balance sheet at 30 June 2019 shows a negative equity of DKK 5,815,387.

The loss for the year is negatively affected by the considerable resources that have been used in the year for development and implementation of the Company's global growth strategy. Based thereon, Management considers the loss for the year less satisfactory.

Equity amounts to t.DKK -5.815 at 30 June 2019. The company has thus lost more than half of the company capital, so it is covered by the Companies Act's rules on capital losses. The company's management expects to restore the company's capital through future positive earnings.

The company has received a letter of support from Carheal Holding ApS to ensure the financing of the Company's operations and the necessary investments in the coming year. Based on this, the financial statements have been prepared on a going concern basis.

The Company's Management and owners have great expectations of the future growth. As part of the strategy, Nordic Alpha Partners joined the Company as owners in September 2018 through the newly-established holding company, Carheal Holding ApS to strengthen the capital basis and support the organisational and strategic future development to fully utilise the Company's potential and the potential in the Group in general.

Carheal Holding ApS took over the ownership of the two operating entities, HBC System Smarttool Production ApS and Carheal ApS and in november 2018 merged the two affiliates in the Group to obtain the maximum synergies of the future growth strategy.

In february 2019 the operating activities of the former HBC System Smarttool Production was sold to focus fully on the Carheal concept.

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

### Outlook

The Company's revenue for 2019/2020 is expected to increase due to the high potential in the Company's core markets. On this basis, a more profitable profit is expected for 2019/2020. Positive results of operation are expected for 2020/21.

## Financial statements 1 July 2018 - 30 June 2019

### Income statement

Note	DKK	2018/19	2017/18
	<b>Gross profit/loss</b>	-1,099,025	6,562,808
3	Staff costs	-9,805,404	-5,262,891
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-4,662,571	-506,619
	<b>Profit/loss before net financials</b>	-15,567,000	793,298
4	Financial income	201,202	406,444
5	Financial expenses	-782,630	-470,976
	<b>Profit/loss before tax</b>	-16,148,428	728,766
6	Tax for the year	0	-171,154
	<b>Profit/loss for the year</b>	-16,148,428	557,612
	<b>Recommended appropriation of profit/loss</b>		
	Other reserves	-1,837,268	216,401
	Retained earnings/accumulated loss	-14,311,160	341,211
		-16,148,428	557,612



## Financial statements 1 July 2018 - 30 June 2019

### Balance sheet

Note	DKK	2018/19	2017/18
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
7	<b>Intangible assets</b>		
	Completed development projects	2,366,497	1,009,735
	Acquired intangible assets	0	106,629
	Goodwill	0	55,039
		<u>2,366,497</u>	<u>1,171,403</u>
8	<b>Property, plant and equipment</b>		
	Other fixtures and fittings, tools and equipment	1,853,206	429,245
	Leasehold improvements	0	55,163
		<u>1,853,206</u>	<u>484,408</u>
9	<b>Investments</b>		
	Investments in group entities, net asset value	41,920	0
		<u>41,920</u>	<u>0</u>
	<b>Total fixed assets</b>	<u>4,261,623</u>	<u>1,655,811</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Finished goods and goods for resale	3,701,603	3,540,026
	Prepayments for goods	319,079	334,636
		<u>4,020,682</u>	<u>3,874,662</u>
	<b>Receivables</b>		
	Trade receivables	411,386	1,553,036
	Receivables from group entities	0	5,987,540
	Joint taxation contribution receivable	513,336	0
	Other receivables	198,881	579,291
	Deferred income	0	59,973
		<u>1,123,603</u>	<u>8,179,840</u>
	<b>Cash</b>	<u>1,659,925</u>	<u>343,957</u>
	<b>Total non-fixed assets</b>	<u>6,804,210</u>	<u>12,398,459</u>
	<b>TOTAL ASSETS</b>	<u>11,065,833</u>	<u>14,054,270</u>

## Financial statements 1 July 2018 - 30 June 2019

### Balance sheet

Note	DKK	2018/19	2017/18
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
10	Share capital	500,000	125,000
	Reserve for development costs	1,845,868	414,285
	Retained earnings	-8,161,255	3,552,587
	<b>Total equity</b>	<b>-5,815,387</b>	<b>4,091,872</b>
	<b>Provisions</b>		
	Deferred tax	270,829	185,300
	<b>Total provisions</b>	<b>270,829</b>	<b>185,300</b>
	<b>Liabilities other than provisions</b>		
11	<b>Non-current liabilities other than provisions</b>		
	Other credit institutions	1,870,123	1,351,028
		<b>1,870,123</b>	<b>1,351,028</b>
	<b>Current liabilities other than provisions</b>		
11	Current portion of long-term liabilities	554,548	566,038
	Bank debt	4,439,315	4,381,126
	Prepayments received from customers	956,075	444,576
	Trade payables	3,852,924	744,399
	Payables to group entities	2,643,534	1,505,541
	Joint taxation contribution payable	0	322,892
	Payables to shareholders and management	0	8,209
	Other payables	2,293,872	453,289
		<b>14,740,268</b>	<b>8,426,070</b>
	<b>Total liabilities other than provisions</b>	<b>16,610,391</b>	<b>9,777,098</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,065,833</b>	<b>14,054,270</b>

- 1 Accounting policies
- 2 Liquidity and capital losses
- 12 Contractual obligations and contingencies, etc.
- 13 Collateral

## Financial statements 1 July 2018 - 30 June 2019

### Statement of changes in equity

DKK	<u>Share capital</u>	<u>Reserve for development costs</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 July 2018	125,000	414,285	3,552,587	4,091,872
Additions on intra-group business combination	375,000	0	-6,370,682	-5,995,682
Transfer through appropriation of loss	0	1,431,583	-14,311,160	-12,879,577
Contribution from group	0	0	8,968,000	8,968,000
<b>Equity at 30 June 2019</b>	<b>500,000</b>	<b>1,845,868</b>	<b>-8,161,255</b>	<b>-5,815,387</b>

## Financial statements 1 July 2018 - 30 June 2019

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Carheal ApS for 2018/19 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Change in the Company's activities, including effect of intra-group business combinations

The Company has carried out an intra-group business combination applying the book value method, which does not require restatement of comparative figures. Consequently, comparative figures for previous financial years have not been restated.

The Company's activities underwent some change in the financial year due to the intra-group business combination, see the Management's review.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

All leases are considered operating leases. Payments under operating leases are recognised in the income statement over the term of the lease.

## Financial statements 1 July 2018 - 30 June 2019

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

Income from the sale of goods and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

###### Gross profit/loss

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

###### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

###### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

###### Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	5 years
Acquired intangible assets	5-10 years
Goodwill	5-10 years

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

###### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

## Financial statements 1 July 2018 - 30 June 2019

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period.

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development projects are capitalised if they are clearly defined and identifiable and the following recognition criteria can be satisfied:

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

## Financial statements 1 July 2018 - 30 June 2019

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

##### Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

##### Impairment of fixed assets

Every year, intangible assets and property, plant and equipment as well as investments in subsidiaries and associates are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

## Financial statements 1 July 2018 - 30 June 2019

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

##### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.



## Financial statements 1 July 2018 - 30 June 2019

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Equity

###### *Reserve for development costs*

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

###### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### Income taxes

Current tax payable and receivable is recognised in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

#### 2 Liquidity and capital losses

Equity amounts to t.DKK -5.815 at 30 June 2019. The company has thus lost more than half of the company capital, so it is covered by the Companies Act's rules on capital losses. The company's management expects to restore the company's capital through future positive earnings.

The company has received a letter of support from Carheal Holding ApS to ensure the financing of the Company's operations and the necessary investments in the coming year. Based on this, the financial statements have been prepared on a going concern basis.

## Financial statements 1 July 2018 - 30 June 2019

### Notes to the financial statements

DKK	<u>2018/19</u>	<u>2017/18</u>
<b>3 Staff costs</b>		
Wages/salaries	8,968,886	4,806,588
Pensions	697,027	398,306
Other social security costs	144,160	104,973
Other staff costs	-4,669	-46,976
	<u>9,805,404</u>	<u>5,262,891</u>
 Average number of full-time employees	 <u>16</u>	 <u>13</u>
 <b>4 Financial income</b>		
Interest receivable, group entities	0	345,807
Other financial income	201,202	60,637
	<u>201,202</u>	<u>406,444</u>
 <b>5 Financial expenses</b>		
Interest expenses, group entities	166,667	92,828
Other financial expenses	615,963	378,148
	<u>782,630</u>	<u>470,976</u>
 <b>6 Tax for the year</b>		
Estimated tax charge for the year	0	151,067
Deferred tax adjustments in the year	0	20,087
	<u>0</u>	<u>171,154</u>

## Financial statements 1 July 2018 - 30 June 2019

### Notes to the financial statements

#### 7 Intangible assets

DKK	Completed development projects	Acquired intangible assets	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 July 2018	2,192,908	518,636	322,758	0	3,034,302
Additions on merger / corporate acquisition	4,156,973	0	0	1,565,812	5,722,785
Additions in the year	705,963	500,000	0	0	1,205,963
Disposals in the year	-2,192,908	-1,018,636	-322,758	0	-3,534,302
Transfer from other accounts	1,565,812	0	0	-1,565,812	0
Cost at 30 June 2019	6,428,748	0	0	0	6,428,748
Impairment losses and amortisation at 1 July 2018	1,183,173	412,007	267,719	0	1,862,899
Impairment losses and amortisation of additions through mergers and business combinations	1,059,592	0	0	0	1,059,592
Impairment losses in the year	2,491,355	0	0	0	2,491,355
Amortisation/depreciation in the year	617,079	11,139	11,139	0	639,357
Reversal of amortisation/depreciation and impairment of disposals	-1,288,948	-423,146	-278,858	0	-1,990,952
Impairment losses and amortisation at 30 June 2019	4,062,251	0	0	0	4,062,251
Carrying amount at 30 June 2019	2,366,497	0	0	0	2,366,497

#### Completed development projects

Completed development projects include the Company's Carheal-concept containing Carheal Cabinand Carheal Portal, which enables on site same-day-repair of minor and medium sized body and paintrepairs of cars.

The carrying amount of the project is based on the very promising sales potential of the Carhealconcept.

Based on this, management expects to exploit the market potential in the coming years.

## Financial statements 1 July 2018 - 30 June 2019

### Notes to the financial statements

#### 8 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 July 2018	1,773,579	387,983	2,161,562
Additions on merger / corporate acquisition	1,467,000	0	1,467,000
Additions in the year	2,401,500	102,397	2,503,897
Disposals in the year	-2,146,981	-490,380	-2,637,361
Cost at 30 June 2019	3,495,098	0	3,495,098
Impairment losses and depreciation at 1 July 2018	1,344,334	332,820	1,677,154
Accumulated impairment losses and depreciation of additions through mergers and business combinations	335,097	0	335,097
Impairment losses in the year	893,083	0	893,083
Amortisation/depreciation in the year	564,336	1,923	566,259
Reversal of amortisation/depreciation and impairment of disposals	-1,494,958	-334,743	-1,829,701
Impairment losses and depreciation at 30 June 2019	1,641,892	0	1,641,892
Carrying amount at 30 June 2019	1,853,206	0	1,853,206

#### 9 Investments

Name	Domicile	Interest
<b>Subsidiaries</b>		
Carheal UK Limited	Ferndown, UK	100.00%

#### 10 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK	2018/19	2017/18	2016/17	2015/16	2014/15
Opening balance	125,000	125,000	125,000	125,000	125,000
Capital increase	375,000	0	0	0	0
	500,000	125,000	125,000	125,000	125,000

## Financial statements 1 July 2018 - 30 June 2019

### Notes to the financial statements

#### 11 Non-current liabilities other than provisions

DKK	Total debt at 30/6 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other credit institutions	2,424,671	554,548	1,870,123	0
	<u>2,424,671</u>	<u>554,548</u>	<u>1,870,123</u>	<u>0</u>

#### 12 Contractual obligations and contingencies, etc.

##### Contingent liabilities

##### Other contingent liabilities

As at June 30, 2019 the company is party in a few pending cases against the company. Based on the content of the case, management believes that the outcome of the cases can not significantly affect the company's financial position.

The Company is jointly taxed with its parent, Carheal Holding ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

##### Other financial obligations

Rent and lease liabilities include liabilities under operating leases for cars and IT equipment and a rent obligation totalling t.DKK 408 in interminable rent agreements with remaining contract terms of 1-4 years.

#### 13 Collateral

As security for the Company's bank, the Company has provided security in its shares of Carheal ApS for at total amount of t.DKK 500.

As security for the Company's debt to other credit institutions, the Company has provided security (company mortgage) in its assets for at total amount of t.DKK 2,500. The total carrying amount of these assets is approx. t.DKK 9,000 as at June 30, 2019.