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CVR no. 20 22 26 70

STATE OF ART SCANDINAVIA A/S

ROMS HULE 4 1., 7100 VEJLE

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2019

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 29 June 2020**

Petra Marieke Westerman

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 30 73 19 13

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COMPANY DETAILS

Company	State Of Art Scandinavia A/S Roms Hule 4 1. 7100 Vejle CVR No.: 30 73 19 13 Established: 19 July 2007 Registered Office: Vejle Financial Year: 1 January - 31 December
Board of Directors	Petra Marieke Westerman, chairman Johannes Leonard Kuijf Martijn Mateman
Board of Executives	Martijn Mateman
Auditor	BDO Statsautoriseret revisionsaktieselskab Roms Hule 4, 1. sal 7100 Vejle

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of State Of Art Scandinavia A/S for the financial year 1 January - 31 December 2019.

The Annual Report is presented 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 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Vejle, 26 June 2020

Board of Executives

Martijn Mateman

Board of Directors

Petra Marieke Westerman
Chairman

Johannes Leonard Kuijf

Martijn Mateman

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of State Of Art Scandinavia A/S

Opinion

We have audited the Financial Statements of State Of Art Scandinavia A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, notes and a summary of significant 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 assets, liabilities and financial position of the Company at 31 December 2019 and of the results of the Company's operations 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 (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 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.*

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 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.

Vejle, 26 June 2020

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Allan Lund
State Authorised Public Accountant
MNE no. mne10093

MANAGEMENT'S REVIEW

Principal activities

The company's activities is sale and distribution of fashion clothes in Scandinavia.

Significant events after the end of the financial year

After the financial year ended it's been decided to shut down the company within the next years.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2019 DKK	2018 DKK
GROSS LOSS		-185,615	-53,825
Staff costs.....	1	0	-192,995
OPERATING LOSS		-185,615	-246,820
Result of equity investments in group and associates.....		-93,356	-35,190
Other financial income.....	2	276	36
Other financial expenses.....	3	1,889	3,992
LOSS BEFORE TAX		-276,806	-277,982
Tax on profit/loss for the year.....		0	0
LOSS FOR THE YEAR		-276,806	-277,982
 PROPOSED DISTRIBUTION OF DIVIDEND			
Allocation to reserve for net revaluation according to equity valuation.....		-93,775	-35,190
Retained earnings.....		-183,031	-242,792
TOTAL		-276,806	-277,982

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2019 DKK	2018 DKK
Equity investments in group enterprises.....		1,617,466	1,697,531
Fixed asset investments.....	4	1,617,466	1,697,531
FIXED ASSETS.....		1,617,466	1,697,531
Receivables from group enterprises.....		22,708	0
Other receivables.....		11,483	60,801
Receivables.....		34,191	60,801
Cash and cash equivalents.....		912,945	1,078,319
CURRENT ASSETS.....		947,136	1,139,120
ASSETS.....		2,564,602	2,836,651

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2019 DKK	2018 DKK
Share capital.....		500,000	500,000
Reserve for net revaluation according to equity valuation.....		1,494,737	1,574,802
Retained profit.....		513,615	697,065
EQUITY.....	5	2,508,352	2,771,867
Trade payables.....		56,250	64,784
Current liabilities.....		56,250	64,784
LIABILITIES.....		56,250	64,784
EQUITY AND LIABILITIES.....		2,564,602	2,836,651

NOTES

	2019 DKK	2018 DKK	Note
Staff costs			1
Average number of employees 1 (2018: 1)			
Wages and salaries.....	0	173,660	
Pensions.....	0	17,488	
Social security costs.....	0	1,847	
	0	192,995	
Other financial income			2
Other interest income.....	276	36	
	276	36	
Other financial expenses			3
Other interest expenses.....	-1,889	-3,992	
	-1,889	-3,992	
Fixed asset investments			4
		Equity investments in group enterprises	
Cost at 1 January 2019.....		122,730	
Cost at 31 December 2019.....		122,730	
Revaluation at 1 January 2019.....		1,574,750	
Exchange adjustment.....		13,709	
Revaluation and impairment losses for the year.....		-93,723	
Revaluation at 31 December 2019.....		1,494,736	
Carrying amount at 31 December 2019.....		1,617,466	
Investments in subsidiaries			
Name and registered office		Ownership	
State of Art Norway AS, Oslo, Norway.....		100 %	
State of Art Sweden AB, Stockholm, Sweden.....		100 %	

NOTES

Equity Note
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	Share capital	Reserve for net revaluation according to equity va	Retained profit	Total
Equity at 1 January 2019.....	500,000	1,571,078	696,646	2,767,724
Foreign exchange adjustments.....		17,434		17,434
Proposed distribution of profit.....		-93,775	-183,031	-276,806
Equity at 31 December 2019.....	500,000	1,494,737	513,615	2,508,352

ACCOUNTING POLICIES

The Annual Report of State Of Art Scandinavia A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

The net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year. Net revenues is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include costs relating to distribution, sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are included in staff costs.

Investments in subsidiaries

The proportional share of results of subsidiaries after full elimination of intercompany profits/losses and deduction of amortised goodwill is recognised in the company's income statement.

Financial income and expenses

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from debt and transactions in foreign currencies as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Fixed asset investments

Investments in subsidiaries are measured in the company's balance sheet under the equity method.

ACCOUNTING POLICIES

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Tax payable and deferred tax

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

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Amortised cost of current liabilities usually corresponds to nominal value.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Accounts receivable, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivable or payable is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.