Vice ApS

Rosenborggade 15, 3. th., 1130 København K

CVR no. 31 27 80 82

Annual report
for the year 1 January - 31 December 2019

Approved at the Company's annual general meeting on 5 October 2020

Chairman:

Matt Elek
....
Matthew Christopher Elek

Building a better working world

Contents

Statement by the Board of Directors

Today, the Board of Directors has discussed and approved the annual report of Vice ApS for the financial year 1 January - 31 December 2019.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2019 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Copenhagen, 5 October 2020
Board of Directors:

Matthew Christopher Elek Chairman	Inge Marie Hjort	Simon Holger

Independent auditor's report

To the shareholders of Vice ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Vice ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows 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 consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "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 Group 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 consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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:

Independent auditor's report

- 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

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 Statements Act. We did not identify any material misstatement of the Management's review.

Report on other legal and regulatory requirements

Violation of the provisions of the Danish Tax at Source Act regarding B-salary tax

As the Company has not reported B-salary tax correctly, Management may incur liability in this respect.

Copenhagen, 5 October 2020
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Birgit Morville Schrøder
State Authorised Public Accountant
mne21337

Management's review

Company details

Name	Vice ApS
Address, Postal code, City	Rosenborggade 15, 3. th., 1130 København K
CVR no.	31 27 80 82
Established	3 January 2008
Registered office	København
Financial year	1 January - 31 December
Board of Directors	Matthew Christopher Elek, Chairman Inge Marie Hjort Simon Holger
Executive Board	Simon Holger, CEO
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights for the Group

DKK'000	2019	2018	2017
Key figures			
Revenue	188,454	88,864	114,104
Gross profit	58,754	39,463	45,990
Operating profit/loss	11,626	-12,977	-2,440
Net financials	1,261	-3,178	-510
Profit/loss for the year	**10,357**	**-13,048**	**-2,136**
Total assets	48,084	61,521	57,804
Equity	**-1,728**	**-12,055**	**927**
Cash flows from operating activities	23,386	-30,271	-8,785
Investment in property, plant and equipment	-331	-2,844	0
Total cash flows	**-5,575**	**8,083**	**-7,158**
Financial ratios			
Operating margin	6.7%	-14.6%	-2.1%
Gross margin	31.2%	44.4%	40.3%
EBITDA-margin	7.8%	-11.9%	-0.7%
Current ratio	89.6%	75.3%	92.4%
Equity ratio	-3.6%	-19.6%	1.6%
Average number of employees	**73**	**104**	**104**

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations. For terms and definitions, please see the accounting policies.

First financial period for the group was 2017, hence only 3 years of Financial highlights for the Group.

Management's review

Business review

The Company's main activities are to provide services within marketing and advertising and news magazines for the Danish market.

Further, the Company holds 100% ownership in Vice AS, Norway. Vice AS in Norway is dormant at 31 December 2019.

Unusual matters having affected the financial statements

During the year, management identified that transfer pricing true-up calculations for 2018 was finalised and recognised in 2019. As a result of the error, the Company's intercompany revenue and IC receivables in prior financial years are recognised at too low amounts, and the financial statements for 2018 do not give a true and fair view.
Therefore, the error has been corrected as a material misstatement by restating comparatives and opening equity figures in the current-year financial statements. In consequence of the restatement, intercompany revenue for 2018 has been affected by DKK 5,070 thousand, and IC receivables at 31 December 2018 have been affected by DKK 5,070 thousand. In total, the balance sheet total at 31 December 2018 has been affected by DKK 5,070, and equity has been affected by DKK 5,070 thousand. The opening equity at January 2019 has been affected by DKK 5,070 thousand.
The company had an unrecognised tax asset 31 December 2018 which equaled the tax movement on the restatement and hence no tax implications has been recognised in the 2018 financial or the opening balances 1 January 2019.

Reference is also made to the section on accounting policies.

Financial review

The income statement for 2019 shows a profit of DKK 10,357 thousand against a loss of DKK 13,048 thousand last year, and the group's balance sheet at 31 December 2019 shows a negative equity of DKK 1,728 thousand. During the year, the Company completed a restructuring of the organisation reducing the total amunt of FTEs in order to optimise the capacity costs.

During the year, employees were terminated in Vice AS, Norway. The Group expects to liquidate the entity in the near future. Reference is also made to the section 'Financing' regarding the financial support from the Group.

Management considers the result for the year to be satisfactory compared to prior year results.

Financing

at 31 December 2019, the Group's current liabilities exceeds the non-fixed assets. The ultimate parent company, Vice Group Holding Inc., has confirmed that it will continue to provide the necessary financial support in order for the Company to pay its obligations as they fall due.

Further, the ultimate parent company, Vice Group Holding Inc., has confirmed that Vice ApS will not incur any losses on intercompany receivables including financial support for any impairment losses or losses incurred in connection with liquidation of the subsidiary, Vice Norway AS.

On this basis, management has prepared the financial statements under the assumption of the going concern principle.

Events after the balance sheet date

After the balance sheet date 31 December 2019, the COVID-19 pandemic impacted Denmark. Management consider the pandemic to constitute a non-adjusting event and as a result, management have not adjusted any figures in the financial statements 2019.

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

Outlook

Management's review

The Company's pre-tax profit for 2020 is expected to in the range of DKK 5-15 million due to the continued growth in the Danish market, however also taking into considerations the expected financial implications of the COVID-19 pandemic.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

		Group		Parent company	
Note	DKK'000	2019	2018	2019	2018
	Revenue	188,454	88,864	188,319	88,058
	Cost of sales	-103,899	-42,661	-103,899	-42,019
	Other operating income	931	0	931	0
	Other external expenses	-26,732	-6,740	-26,356	-6,157
	Gross profit	58,754	39,463	58,995	39,882
3	Staff costs	-44,117	-49,994	-43,602	-48,772
4	Depreciation of property, plant and equipment	-2,079	-2,446	-2,079	-2,446
	Profit/loss before net financials	12,558	-12,977	13,314	-11,336
5	Financial income	3,374	63	3,368	62
6	Financial expenses	-2,113	-3,241	-2,096	-3,215
	Profit/loss before tax	13,819	-16,155	14,586	-14,489
7	Tax for the year	-3,462	3,107	-3,462	3,107
	Profit/loss for the year	10,357	-13,048	11,124	-11,382

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2019	2018	2019	2018
	ASSETS				
	Fixed assets				
8	**Property, plant and equipment**				
	Fixtures and fittings, other plant and equipment	2,768	4,516	2,768	4,516
		2,768	4,516	2,768	4,516
9	**Investments**				
	Investments in group enterprises	0	0	25	25
	Deposits, investments	1,843	2,093	1,843	2,039
		1,843	2,093	1,868	2,064
	Total fixed assets	4,611	6,609	4,636	6,580
	Non-fixed assets				
	Receivables				
	Trade receivables	18,582	12,039	18,582	12,039
10	Work in progress	1,562	1,971	1,562	1,971
	Receivables from group enterprises	20,756	30,293	22,762	32,312
13	Deferred tax assets	1,581	3,868	1,451	3,740
	Corporation tax receivable	0	88	0	88
	Other receivables	77	217	77	217
11	Prepayments	99	44	99	43
		42,657	48,520	44,533	50,410
	Cash	816	6,392	794	6,305
	Total non-fixed assets	43,473	54,912	45,327	56,715
	TOTAL ASSETS	48,084	61,521	49,963	63,295

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group 2019	Group 2018	Parent company 2019	Parent company 2018
	EQUITY AND LIABILITIES				
	Equity				
12	Share capital	125	125	125	125
	Share premium account	0	0	0	0
	Retained earnings	-1,853	-12,180	980	-10,144
	Total equity	-1,728	-12,055	1,105	-10,019
	Liabilities other than provisions				
14	**Non-current liabilities other than provisions**				
	Lease liabilities	146	402	146	402
	Deposits	0	243	0	243
	Other payables	1,159	0	1,159	0
		1,305	645	1,305	645
	Current liabilities other than provisions				
14	Short-term part of long-term liabilities other than provisions	0	242	0	242
	Bank debt	0	1	0	1
	Prepayments received from customers	559	0	559	0
10	Prepayments on work in progress	297	0	297	0
10	Work in progress	9,900	5,164	9,886	5,164
	Trade payables	4,315	9,010	4,312	8,959
	Payables to group enterprises	23,437	51,263	22,595	51,192
	Corporation tax payable	1,158	0	1,158	0
	Joint taxation contribution payable	15	0	15	0
	Other payables	8,826	7,251	8,731	7,111
		48,507	72,931	47,553	72,669
	Total liabilities other than provisions	49,812	73,576	48,858	73,314
	TOTAL EQUITY AND LIABILITIES	48,084	61,521	49,963	63,295

1 Accounting policies
2 Events after the balance sheet date
15 Contractual obligations and contingencies, etc.
16 Collateral
17 Related parties
18 Appropriation of profit/loss

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

		Group			
Note	DKK'000	Share capital	Share premium account	Retained earnings	Total
	Equity at 1 January 2018	125	1	802	928
	Transfer to retained earnings	0	-1	1	0
	Transfer through appropriation of loss	0	0	-13,048	-13,048
	Adjustment of investments through forreign exchange adjustments	0	0	65	65
	Equity at 1 January 2019	125	0	-12,180	-12,055
	Transfer through appropriation of profit	0	0	10,357	10,357
	Adjustment of investments through forreign exchange adjustments	0	0	-30	-30
	Equity at 31 December 2019	125	0	-1,853	-1,728

		Parent company		
Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2019	125	-10,144	-10,019
18	Transfer, see "Appropriation of profit/loss"	0	11,124	11,124
	Equity at 31 December 2019	125	980	1,105

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

		Group	
Note	DKK'000	2019	2018
	Profit/loss for the year	10,357	-13,048
19	Adjustments	6,552	-4,130
	Cash generated from operations (operating activities)	16,909	-17,178
20	Changes in working capital	7,738	-16,308
	Cash generated from operations (operating activities)	24,647	-33,486
	Interest received, etc.	-3,374	-63
	Interest paid, etc.	2,113	3,241
	Income taxes paid	0	37
	Cash flows from operating activities	23,386	-30,271
	Additions of property, plant and equipment	-331	-2,844
	Cash flows to investing activities	-331	-2,844
	Repayments, borrowings from group enterprises	-28,630	41,198
	Cash flows from financing activities	-28,630	41,198
	Net cash flow	-5,575	8,083
	Cash and cash equivalents at 1 January	6,391	-1,692
21	**Cash and cash equivalents at 31 December**	816	6,391

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Vice ApS for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

Material misstatements

During the year, management identified that transfer pricing true-up calculations for 2018 was finalised and recognised in 2019.
As a result of the error, the Company's intercompany revenue and IC receivables in prior financial years are recognised at too low amounts, and the financial statements for 2018 do not give a true and fair view.Therefore, the error has been corrected as a material misstatement by restating comparatives and opening equity figures in the current-year financial statements. In consequence of the restatement, intercompany revenue for 2018 has been affected by DKK 5,070 thousand, and IC receivables at 31 December 2018 have been affected by DKK 5,070 thousand. In total, the balance sheet total at 31 December 2018 has been affected by DKK 5,070, and equity has been affected by DKK 5,070 thousand. The opening equity at January 2019 has been affected by DKK 5,070 thousand.
The company had an unrecognised tax asset 31 December 2018 which equaled the tax movement on the restatement and hence no tax implications has been recognised in the 2018 financial or the opening balances 1 January 2019.
Reference is also made to the Management's review.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Foreign group entities

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a service contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

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

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

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

Depreciation

The item comprises depreciation of property, plant and equipment.

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:

Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	3-5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

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.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

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

Investments comprise of deposit for office premises.

Leases

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

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual 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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Receivables

Receivables are measured at amortised cost.

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.

Work in progress

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

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

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, mortgage debt is 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 payables

Other payables are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Prepayments received from customers

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin x 100}}{\text{Revenue}}$
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA) x 100}}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$

2 Events after the balance sheet date

After the balance sheet date 31 December 2019, the COVID-19 pandemic impacted Denmark. Management consider the pandemic to constitute a non-adjusting event and as a result, management have not adjusted any figures in the financial statements 2019.

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

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

	Group		Parent company	
DKK'000	2019	2018	2019	2018
3 **Staff costs**				
Wages/salaries	41,819	46,183	41,254	45,004
Pensions	2,434	1,958	2,434	1,958
Other social security costs	450	344	450	344
Other staff costs	-586	1,509	-536	1,466
	44,117	49,994	43,602	48,772

	Group		Parent company	
	2019	2018	2019	2018
Average number of full-time employees	73	104	73	102

Group

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to the Group's Management is not disclosed.

Parent company

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

	Group		Parent company	
DKK'000	2019	2018	2019	2018
4 **Depreciation of property, plant and equipment**				
Depreciation of property, plant and equipment	2,079	2,446	2,079	2,446
	2,079	2,446	2,079	2,446

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

	Group		Parent company	
DKK'000	2019	2018	2019	2018
5 Financial income				
Interest receivable, Group entities	16	3	16	3
Other interest income	179	0	179	0
Exchange gains	3,172	59	3,172	58
Other financial income	7	1	1	1
	3,374	63	3,368	62

	Group		Parent company	
DKK'000	2019	2018	2019	2018
6 Financial expenses				
Interest expenses, Group entities	909	272	909	272
Other interest expenses	418	59	418	59
Exchange losses	769	2,788	769	2,780
Other financial expenses	17	122	0	104
	2,113	3,241	2,096	3,215

	Group		Parent company	
DKK'000	2019	2018	2019	2018
7 Tax for the year				
Estimated tax charge for the year	1,173	0	1,173	0
Deferred tax adjustments in the year	2,289	-3,107	2,289	-3,107
	3,462	-3,107	3,462	-3,107

8 **Property, plant and equipment**

	Group
DKK'000	Fixtures and fittings, other plant and equipment
Cost at 1 January 2019	9,755
Additions	331
Cost at 31 December 2019	10,086
Impairment losses and depreciation at 1 January 2019	5,239
Depreciation	2,079
Impairment losses and depreciation at 31 December 2019	7,318
Carrying amount at 31 December 2019	2,768
Property, plant and equipment include finance leases with a carrying amount totalling	388
Depreciated over	3-5 years

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Parent company Fixtures and fittings, other plant and equipment
Cost at 1 January 2019	9,755
Additions	331
Cost at 31 December 2019	10,086
Revaluations at 1 January 2019	0
Revaluations at 31 December 2019	0
Impairment losses and depreciation at 1 January 2019	5,239
Depreciation	2,079
Impairment losses and depreciation at 31 December 2019	7,318
Carrying amount at 31 December 2019	2,768
Property, plant and equipment include finance leases with a carrying amount totalling	388

9 Investments

DKK'000	Group Deposits, investments
Cost at 1 January 2019	2,093
Disposals	-250
Cost at 31 December 2019	1,843
Carrying amount at 31 December 2019	1,843

Parent company

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
Vice Norway AS	AS	Oslo, Norway	100.00%	-2,040	-768

At 31 December 2019, the subsidiary has negative equity which amounts to DKK -2,040 thousand. The ultimate parent company has confirmed that it will cover any impairment losses and negative equity and, hence, Management has not made any provisions for such negative equity in the parent financial statements for Vice ApS.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK'000	2019	2018	2019	2018
10	**Work in progress**				
	Selling price of work performed	1,945	1,971	1,946	1,971
	Progress billings	-10,580	-5,164	-10,567	-5,164
		-8,635	-3,193	-8,621	-3,193
	recognised as follows:				
	Work in progress(assets)	1,562	1,971	1,562	1,971
	Work in progress(liabilities)	-10,197	-5,164	-10,183	-5,164
		-8,635	-3,193	-8,621	-3,193

11 **Prepayments**

Group

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies etc.

12 **Share capital**

The parent's share capital has remained DKK 125 thousand in the past year.

Financing

at 31 December 2019, the Group's current liabilities exceeds the non-fixed assets. The ultimate parent company, Vice Group Holding Inc., has confirmed that it will continue to provide the necessary financial support in order for the Company to pay its obligations as they fall due.

Further, the ultimate parent company, Vice Group Holding Inc., has confirmed that Vice ApS will not incur any losses on intercompany receivables including financial support for any impairment losses or losses incurred in connection with liquidation of the subsidiary, Vice Norway AS.

		Group		Parent company	
	DKK'000	2019	2018	2019	2018
13	**Deferred tax**				
	Deferred tax at 1 January	-3,868	-763	-3,740	-633
	Change in deferred tax for the year	2,417	-3,105	2,289	-3,107
	Other deferred tax	-130	0	0	0
	Deferred tax at 31 December	-1,581	-3,868	-1,451	-3,740

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

14 Non-current liabilities other than provisions

	Group			
DKK'000	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	146	0	146	0
Other payables	1,159	0	1,159	0
	1,305	0	1,305	0

	Parent company			
DKK'000	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	146	0	146	0
Other payables	1,159	0	1,159	0
	1,305	0	1,305	0

Other payables comprise of holiday allowance accrued under the Danish Holiday Act for the period 1 September 2019 until 31 December 2019. The maturity is below 5 years.

15 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

	Group		Parent company	
DKK'000	2019	2018	2019	2018
Rent and lease liabilities	3,907	6,866	3,907	6,746

Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes and withholding taxes falling due for payment.

16 Collateral

Group

The Group has not provided any security or other collateral in assets at 31 December 2019.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

17 Related parties

Group

Vice ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Vice Europe Holding Limited	37 Esplanade, St. Helier, Jersey, JE2 3QA, Great Britain	Ownership
Vice Group Holding Inc.		Ultimative parent company

Related party transactions

DKK'000	2019	2018
Group		
Revenue (services), direct parent company	0	651
Revenue (services), group sister companies	45,553	48,700
Expenses (services), group sister companies	-18,769	-13,834
Receivables from direct parent company	0	243
Receivables from group sister companies	23,105	26,992
Payables to direct parent company	0	-99
Payables to group sister companies	-16,440	-53,177
Parent Company		
Revenue (services), direct parent company	0	651
Revenue (services), group sister companies	45,530	49,436
Expenses (services), group sister companies	-18,769	-13,950
Receivables from direct parent company	0	243
Receivables from group sister companies	23,105	24,979
Payables to direct parent company	0	-99
Payables to group sister companies	-14,434	-51,164

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Vice Europe Holding Limited	37 Esplanade, st Helier, Jersey, JE2 3QA, Great Britain

Parent company

Parties exercising control

Related party	Domicile	Basis for control
Vice Europe Holding Limited	37 Esplanade, st Helier, Jersey, JE2 3QA, Great Britain	Ownership
Vice Group Holding Inc.	49 S. 2nd St., Brooklyn, 11241 NY, USA	Ultimate parent company

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Vice Europe Holding Limited	37 Esplanade, st Helier, Jersey, JE2 3QA, Great Britain

	DKK'000	Parent company 2019	Parent company 2018
18	**Appropriation of profit/loss**		
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	11,124	-11,382
		11,124	-11,382

	DKK'000	Group 2019	Group 2018
19	**Adjustments**		
	Amortisation/depreciation and impairment losses	2,079	2,445
	Loss on disposed assets	0	173
	Change in deposits	-250	-528
	Financial income	3,374	63
	Financial expenses	-2,113	-3,241
	Tax for the year	3,462	-3,107
	Other adjustments	0	65
		6,552	-4,130

	DKK'000	Group 2019	Group 2018
20	**Changes in working capital**		
	Change in receivables	1,739	4,754
	Change in trade and other payables	5,999	-21,062
		7,738	-16,308

	DKK'000	Group 2019	Group 2018
21	**Cash and cash equivalents at year-end**		
	Cash according to the balance sheet	816	6,392
	Short-term debt to banks	0	-1
		816	6,391