



KENDAMA.DK ApS

KROM Kendama
Rosenørns Alle 39, A, st, tv,
1970 Frederiksberg C

CVR No. 32356141

Annual Report 2020

8. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 11 February 2021

Thorkild May
Chairman

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Management's Statement

Today, Management has considered and adopted the Annual Report of KENDAMA.DK ApS for the financial year 1 January 2020 - 31 December 2020.

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 assets, liabilities and financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January 2020 - 31 December 2020.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Frederiksberg, 11 February 2021

Executive Board

Thorkild May
Manager

Independent Auditors' Report

To the shareholders of KENDAMA.DK ApS

Opinion

We have audited the financial statements of KENDAMA.DK ApS for the financial year 1 January 2020 - 31 December 2020, which comprise an income statement, balance sheet, statement of changes in equity and notes. 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 Company's financial position at 31 December 2020 and of the results of its operations for the financial year 1 January 2020 - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 considers 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional skepticism throughout the audit. We also:

- * Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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 Auditors' Report

- * Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- * Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 which we identify during our audit.

Statement on 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 opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements 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 with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Holbæk, 11 February 2021

RevisorGården

Godkendte Revisorer A/S

CVR-no. 19720705

Morten Lund Wilhelmsen
State Authorised Public Accountant
mne41315

KENDAMA.DK ApS

Company details

Company	KENDAMA.DK ApS KROM Kendama Rosenørns Alle 39, A, st, tv, 1970 Frederiksberg C
email	t@kromkendama.com
CVR No.	32356141
Date of formation	27 June 2013
Registered office	Frederiksberg

Executive Board	Thorkild May, Manager
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Auditors	RevisorGården Godkendte Revisorer A/S Kalundborgvej 60 4300 Holbæk CVR-no.: 19720705
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Management's Review

The Company's principal activities

Kendama.dk ApS (KROM) develops, sells and distributes kendamas worldwide. Through the own developed brand-name KROM we have created an urban lifestyle brand with focus on authenticity and originality. With passion to get kendamas out in the hands of everybody in the world and building the action sport of tomorrow. Allowing kids and young adults worldwide to play like back in the day.

Through a wide network of distributors and direct sales channels KROM kendamas and apparel are sold in 60+ countries worldwide.

Through partnerships and sponsorships with local players we seek to stimulate the interest for playing kendama worldwide, with the ultimate goal of making kendama the biggest secondary sport in the world, as we believe it should be. Alongside this development we are building KROM to be a top tier playful urban lifestyle brand.

Key Events

As for most others 2020 has been a challenging year due to the COVID-19 pandemic. However, we have experienced an increased interest for Kendama and KROM specifically. This is related both to increased visibility efforts by the company, and the fact that many have spend a lot of time online looking for entertainment, and further for activities that can be easily done in smaller groups or in the confines of your own home. This builds into one of the strong qualities of Kendama, with great flexibility in both location and company. As such the pandemic has not had a significant impact on the financial performance of the company, but as most, we've had to adjust to this new reality. We are very satisfied with our ability to adjust to the changes and challenges of 2020.

Insecurity regarding recognition or measurement

There is no material insecurity regarding recognition or measurement.

Exceptional circumstances

No exceptional circumstances have affected recognition or measurement.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2020 - 31 December 2020 shows a result of DKK 2.378.468 and the Balance Sheet at 31 December 2020 a balance sheet total of DKK 10.585.705 and an equity of DKK 4.444.513.

In general the company has seen increased revenue on all major markets. Activity has been high in Europe, and indications are that interest is on the rise here. In the American and Asian markets we've seen steady increases, supported by increased investments in availability and visibility.

During the year the company has been able to secure increased funding through a combination of increased credit with the bank and a capital matching scheme from Danish growth fund "Vækstfonden". This has allowed us to accelerate growth rates and investments in market development, which has so far shown promising returns.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Expectations for the future

We are expecting the growth journey to continue through 2021. The current capital situation allows for sustained and increased growth in the near future, and indicators support this opportunity.

Accounting Policies

Reporting Class

The Annual Report of KENDAMA.DK ApS for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with the adoption of individual rules from class C..

The accounting policies applied remain unchanged from last year.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement

The financial statement have been prepared under the historical cost princip.

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement

Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Accounting Policies

Gross profit is a combination of the items of revenue, change in inventories of finished goods, work in progress and goods for resale, other operation income, cost of raw and consumables and other external expenses.

Revenue

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised exclusive of VAT and net of sales discounts.

Raw materials and consumables used

Costs for raw materials and consumables comprise the cost of goods purchased less discounts, costs subcontractors and change in inventories for the year.

Other external expenses

Other external costs include costs for distribution, sales, advertising, administration, premises, loss of debtors, operating leasing costs etc.

Staff expenses

Staff expenses comprise wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimbursement, pensions and social security costs.

Other staff expenses are recognised in other external expenses.

Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

Income from investments in group enterprises and associates

Income from equity investments comprises dividends received from group enterprises and associates in so far as they do not exceed the accumulated earnings in the group enterprise or the associate during the ownership period.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Balance Sheet

Tangible assets

Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

Accounting Policies

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

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

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual components differ.

	Usefull live	Scrap value
Other fixtures and fittings, tools and equipment	3 years	0%
Leasehold improvements	5 years	0%

Assets with a cost price below kr. 14,100 are recognised as expenses at acquisition.

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

The carrying amounts of intangible assets and property plant and equipment are tested annually to determine whether there is any indication of impairment other than what is expressed by amortisation and depreciation. If so, the assets are tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant assets are written down to such lower recoverable amounts. An impairment test is carried out annually of ongoing development projects, whether or not there is any indication of impairment.

The recoverable amount of an asset is determined as the higher of the net sales price and the value in use. Where the recoverable amount of the individual assets cannot be determined, the assets are grouped together into the smallest group of assets that can be estimated to determine an aggregate reliable recoverable amount for those units.

Equity investments in group enterprises and associates

Equity investments in group enterprises and associates are measured at cost. Dividends that exceed accumulated earnings of the group enterprise or the associate during the ownership period are treated as a reduction of the cost. If cost exceeds the net realisable value, a write-down to this lower value will be performed.

Deposits

Deposits are measured at cost.

Inventories

Inventories are measured at cost on the basis of the FIFO principle. Where the net realisable value is lower than cost, the inventories are written down to this lower value.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs incurred to make the sale. The value is determined taking into account the negotiability of inventories, obsolescence and expected development in sales price.

Merchandise are measured at cost comprising purchase price plus delivery costs.

Accounting Policies

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Impairment of accounts receivables past due is established on individual assessment of receivables.

Prepayments

Prepayments comprises prepaid costs regarding subsequent financial years.

Other receivables

Other receivables consists of receivable VAT.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Dividend

Proposed dividend for the year is recognised as a separate item in equity.

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Liabilities

Mortgage debt is accordingly measured at amortised cost, corresponding to the outstanding balance in case of cash loans.

Other payables

Other payables are measured at amortised cost, which usually corresponds to the nominal value

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

	Note	2020 kr.	2019 kr.
Gross profit		6.183.729	3.197.502
Other employee expense	1	-2.698.712	-1.783.050
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-82.269	-25.422
Profit from ordinary operating activities		3.402.748	1.389.030
Finance income		0	2.822
Other finance expenses		-351.756	-35.074
Profit from ordinary activities before tax		3.050.992	1.356.778
Tax expense on ordinary activities	2	-672.524	-298.881
Profit		2.378.468	1.057.897
Proposed distribution of results			
Proposed dividend recognised in equity		250.000	550.000
Retained earnings		2.128.468	507.897
Distribution of profit		2.378.468	1.057.897

Balance Sheet as of 31 December

	Note	2020 kr.	2019 kr.
Assets			
Fixtures, fittings, tools and equipment		158.118	157.967
Leasehold improvements		59.308	80.216
Property, plant and equipment		217.426	238.183
Long-term investments in group enterprises	3, 4	6.519	6.519
Deposits, investments		98.533	97.850
Investments		105.052	104.369
Fixed assets		322.478	342.552
Manufactured goods and goods for resale		5.173.950	776.170
Prepayments for goods		1.195.802	493.852
Inventories		6.369.752	1.270.022
Short-term trade receivables		478.108	945.948
Short-term receivables from group enterprises		0	157.354
Current deferred tax		0	8.987
Other short-term receivables		444.895	40.699
Prepayments		360.330	0
Receivables		1.283.333	1.152.988
Cash and cash equivalents		2.610.142	646.003
Current assets		10.263.227	3.069.013
Assets		10.585.705	3.411.565

Balance Sheet as of 31 December

	Note	2020 kr.	2019 kr.
Liabilities and equity			
Contributed capital		80.000	80.000
Retained earnings		4.114.513	1.986.042
Proposed dividend recognised in equity		250.000	550.000
Equity		4.444.513	2.616.042
Provisions for deferred tax		7.112	0
Provisions		7.112	0
Mortgage debt		4.500.000	0
Other payables		134.620	43.220
Long-term liabilities other than provisions	5	4.634.620	43.220
Short-term part of long-term liabilities other than provisions		49.707	0
Mortgage debt		34.869	195.889
Trade payables		296.416	255.045
Payables to group enterprises		64.173	0
Tax payables		564.425	147.372
Other payables		467.696	148.217
Payables to shareholders and management		22.174	5.780
Short-term liabilities other than provisions		1.499.460	752.303
Liabilities other than provisions within the business		6.134.080	795.523
Liabilities and equity		10.585.705	3.411.565
Contingent liabilities	6		
Collaterals and assets pledged as security	7		

Statement of changes in Equity

	Contributed capital	Retained earnings	Proposed dividend recognised in equity	Total
Equity 1 January 2020	80.000	1.986.042	550.000	2.616.042
Dividend paid	0	0	-550.000	-550.000
Profit (loss)	0	2.128.471	250.000	2.378.471
Equity 31 December 2020	80.000	4.114.513	250.000	4.444.513

The share capital has remained unchanged for the last 5 years.

Notes

	2020	2019
1. Employee benefits expense		
Wages and salaries	2.542.902	1.667.053
Post-employment benefit expense	129.120	83.916
Social security contributions	26.690	32.081
	<u>2.698.712</u>	<u>1.783.050</u>

Average number of employees	<u>4</u>	<u>4</u>
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2. Tax expense

Current tax of the year	656.425	189.372
Deferred tax for the year	16.099	109.509
	<u>672.524</u>	<u>298.881</u>

3. Long-term investments in group enterprises

Cost at the beginning of the year	<u>6.519</u>	<u>6.519</u>
Cost at the end of the year	<u>6.519</u>	<u>6.519</u>
Carrying amount at the end of the year	<u>6.519</u>	<u>6.519</u>

4. Disclosure in long-term investments in group enterprises and associates

Investments in group enterprises are specified as below:

Group enterprises

Name	Registered office	Share held in %
KROM US LLC	Delaware, USA	100,00

5. Long-term liabilities

	Due after 1 year	Due within 1 year	Due after 5 years
Mortgage debt	4.500.000	0	1.202.377
Other payables	134.620	0	0
	<u>4.634.620</u>	<u>0</u>	<u>1.202.377</u>

Notes

6. Contingent liabilities

The Company is jointly taxed with the other enterprises in the group and are jointly and severally liable for the taxes that concern the joint taxation.

The total amount appears from the annual report of SSSMILEYGANG ApS which is the administration company in the joint taxation.

Rental- and leaseagreements:

A rentalagreement has been entered with a notice of 4 months. The liability amounts to t.kr. 76 at 31 December 2020.

7. Collaterals and securities

Corporate mortgages have been made for t.kr.10,000 in the company's intangible and tangible fixed assets, inventories and receivables from the sale of goods and services