



Flowtrend Europe ApS

Industrivej Vest 36
6600 Vejen
CVR No. 34719624

Annual report 2019

The Annual General Meeting adopted the
annual report on 29.04.2020

Jan Højsgaard Hansen

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's extended review report	4
Management commentary	6
Income statement for 2019	7
Balance sheet at 31.12.2019	8
Statement of changes in equity for 2019	10
Notes	11
Accounting policies	13

Entity details

Entity

Flowtrend Europe ApS

Industrivej Vest 36

6600 Vejen

CVR No.: 34719624

Registered office: Vejen

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Jan Højsgaard Hansen, Chairman of the board

Jesper Verner

Joseph Lee Jr. Allman

Jens Martin Andersen

Executive Board

Jesper Verner

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

P. O. Box 200

6701 Esbjerg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Flowtrend Europe ApS for the financial year 01.01.2019 - 31.12.2019.

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 Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Vejen, 29.04.2020

Executive Board

Jesper Verner

Board of Directors

Jan Højsgaard Hansen
Chairman of the board

Jesper Verner

Joseph Lee Jr. Allman

Jens Martin Andersen

Independent auditor's extended review report

To the shareholders of Flowtrend Europe ApS

Conclusion

We have performed an extended review of the financial statements of Flowtrend Europe ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity

personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with 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 commentary.

Esbjerg, 29.04.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Anders Rasmussen

State Authorised Public Accountant
Identification No (MNE) mne34316

Management commentary

Primary activities

The Company's objective is trading and investing, especially trading in pumps, valves and other flow equipment.

Development in activities and finances

Flowtrend Europe ApS is a sister company to Flowtrend Inc. based in Houston Texas, USA. The Company manufactures and distributes high quality replacement parts for OEM products to the food/beverage manufacturing industry worldwide. Flowtrend Europe ApS was established in 2012 in Denmark to cover the European market and a distribution network is being developed to cover the market of responsibility. The company has showed growth in sales performance each year since the beginning. The development of adding new distributors is ongoing, though end-user conservatism and lack of area related products has delayed the expected net profit results overall. With new product lines being added and an increased market awareness, 2019 showed profitable and the positive trend of growth in both sales and net profit is expected to continue.

Outlook

The positive result in 2019 is expected to continue and is reflected in the 2020 budget with a growth sales rate of minimum 15%. Based on 2020 half year results it will be determined if the company's infrastructure need to be expanded with additional resources.

The shareholders have declared that they will continue to make the necessary funds available to the Company.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

The current outbreak of COVID-19 is not expected in any significant extent to adversely affect the company's activities, which are based on sales to the food industry, which is not particularly affected.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		2,367,709	1,746,075
Distribution costs		(1,609,024)	(1,551,239)
Administrative expenses		(601,788)	(269,097)
Operating profit/loss		156,897	(74,261)
Other financial expenses	2	(30,089)	(29,864)
Profit/loss before tax		126,808	(104,125)
Tax on profit/loss for the year	3	62,000	0
Profit/loss for the year		188,808	(104,125)
Proposed distribution of profit and loss			
Retained earnings		188,808	(104,125)
Proposed distribution of profit and loss		188,808	(104,125)

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Manufactured goods and goods for resale		912,255	847,191
Inventories		912,255	847,191
Trade receivables		563,671	937,193
Deferred tax	4	62,000	0
Other receivables		137,702	96,377
Prepayments		0	6,236
Receivables		763,373	1,039,806
Cash		1,267,076	961,971
Current assets		2,942,704	2,848,968
Assets		2,942,704	2,848,968

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		85,000	85,000
Retained earnings		214,605	25,797
Equity		299,605	110,797
Other payables		49,098	0
Non-current liabilities other than provisions	5	49,098	0
Trade payables		2,377,262	2,506,449
Other payables		216,739	231,722
Current liabilities other than provisions		2,594,001	2,738,171
Liabilities other than provisions		2,643,099	2,738,171
Equity and liabilities		2,942,704	2,848,968
Staff costs	1		
Assets charged and collateral	6		
Related parties with controlling interest	7		

Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	85,000	25,797	110,797
Profit/loss for the year	0	188,808	188,808
Equity end of year	85,000	214,605	299,605

Notes

1 Staff costs

	2019 DKK	2018 DKK
Wages and salaries	1,138,751	1,057,968
Pension costs	162,360	157,560
Other social security costs	18,438	23,470
Other staff costs	9,623	357
	1,329,172	1,239,355

Average number of full-time employees	2	2
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2 Other financial expenses

	2019 DKK	2018 DKK
Other interest expenses	30,089	29,864
	30,089	29,864

3 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Change in deferred tax	(62,000)	0
	(62,000)	0

4 Deferred tax

	2019 DKK
Tax losses carried forward	62,000
Deferred tax	62,000

5 Non-current liabilities other than provisions

	Due after more than 12 months 2019 DKK
Other payables	49,098
	49,098

6 Assets charged and collateral

Bank debt is secured by a floating charge of DKK 250k on inventories as well as trade receivables.

The carrying amount of mortgaged assets is DKK 1.476k.

7 Related parties with controlling interest

Flowtrend Europe ApS is owned by Holger Danske Inc., 11512 Space Center Boulevard, Houston Texas 77058.

Holger Danske Inc.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs

Production costs comprise cost of sales for the financial year, including ordinary writedown of inventories and other costs incurred to earn revenue for the financial year, including wages and salaries and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial expenses

Other financial expenses comprise interest expenses, including net capital or exchange losses on securities, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Inventories**

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.